

Newmont Mining (NEM)

Price:	\$27.71
Market Cap:	\$13,777,689,100
Cash:	\$1,453,000,000
Debt:	\$6,410,000,000
Net Cash:	-\$4,957,000,000
Enterprise Value:	\$18,734,689,100
Shares Outstanding:	497,210,000

Net Tang. Bk Value Incl. Cash, Excl. Goodwill (NTBVIC):	\$13,766,000,000.00
NTBVIC/Market Downside Recovery:	99.92%
Op. Cash Flow:	\$1,552,634,700
Implied Years to Fill Gap:	0.01
Today's Equity if 5x Op. CF:	\$18,423,904,100

Net Tang. Book Yr. 5 (Inc. Cash):	\$20,368,173,500.00
Avg. Year Op. Cash:	\$1,655,129,231.25
Year 5 Disposition FCF Multiple:	3.0
Year 5 Disposition Price:	\$25,333,561,193.75
Net Tang. Book+ Gain Disposition:	\$25,333,561,193.75
IRR:	12.95%

Price:	\$50.95
Target Market Cap:	\$25,333,561,194
Target Enterprise Value:	\$30,290,561,194

* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

NEM was hit hard when gold prices plunged. However, NEM still generates strong cash flow and has the assets to back up its' equity price with a near 100% Price/TBV protection.

Gold is a great market hedge, since people tend to flock to gold, for some unapparent reason, when the market becomes unsteady. The Co. has been investing 100%+ of their op. cash flow, taking on additional debt, to acquire more mines. We think this is a profitable capital allocation, as long as the return on the assets is higher than the cost of the debt. With ROA at 6.5%, we conclude management thinks the assets will generate a respectable return.

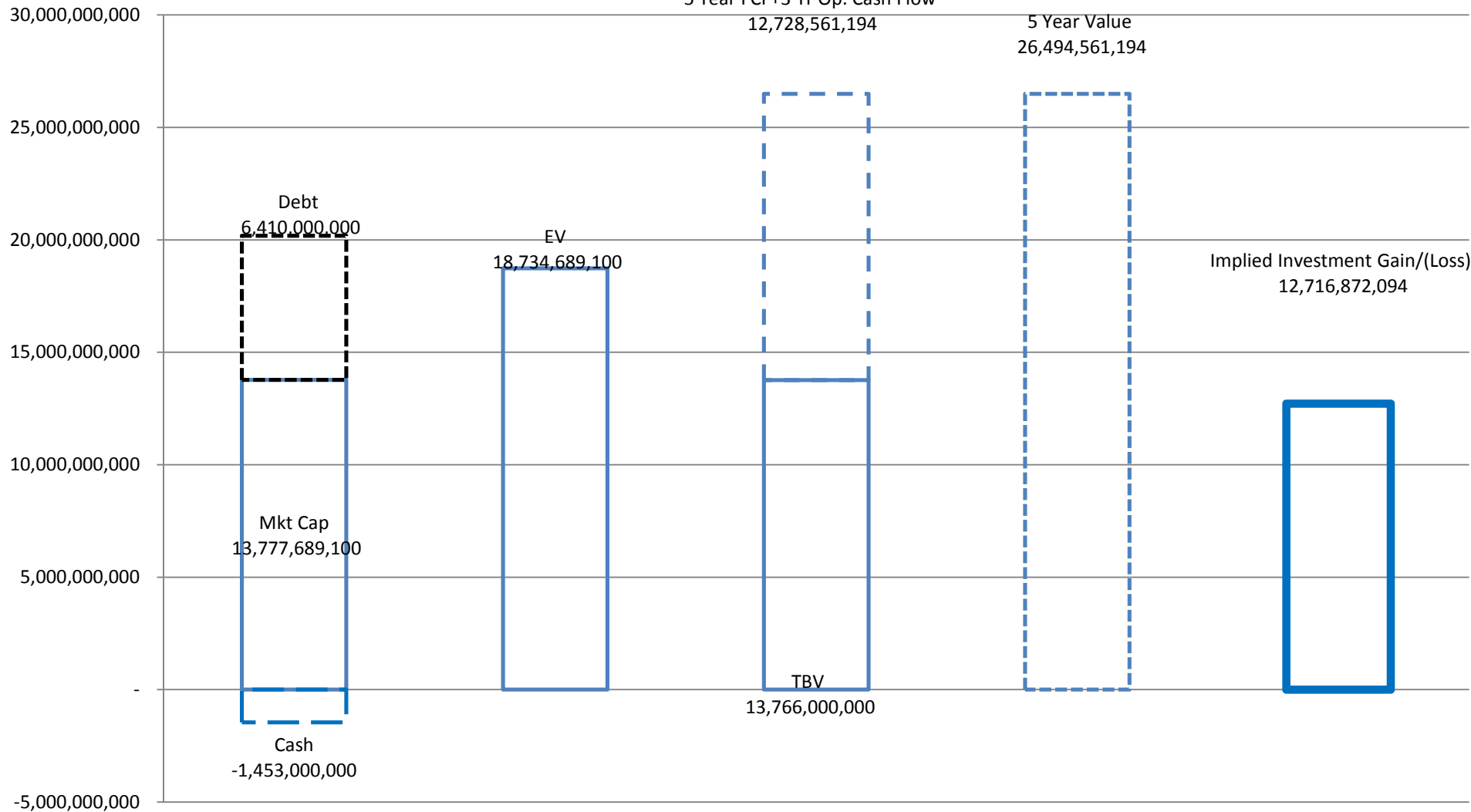
So, NEM is a great buy right now with the assets and future cash flows to build the Book value.



The big concern is the continued fall out in gold prices. We can see the impact Gold prices has on NEM. It is strongly correlated and the drop in prices will compress margins. However, the recent 10Q revealed a 50% GM, so it has not completely broken the bank. We imagine management will scaleback their PP&E program, so growth will not be as robust, but once gold prices recover, we foresee a pickup in the stock price and margins as well. Still a buy at this price point.

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5 Year FCF+3 Yr Op. Cash Flow



SN VALUATION

LBO Pro Forma Income Statement

Name:

Newmont Mining

Ticker:

NEM

	Historical				Forecasted				
	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2013	2014	2015	2016	2017
Revenue	7,705.00	9,540.00	10,358.00	9,868.00	8,881.20	8,881.20	8,881.20	8,881.20	8,881.20
COGS	3,008.00	3,484.00	3,890.00	4,238.00	4,440.60	4,440.60	4,440.60	4,440.60	4,440.60
Gross margin	4,697.00	6,056.00	6,468.00	5,630.00	4,440.60	4,440.60	4,440.60	4,440.60	4,440.60
SG&A	218.00	243.00	318.00	308.00	355.25	355.25	355.25	355.25	355.25
R&D	322.00	434.00	723.00	704.00	621.68	621.68	621.68	621.68	621.68
Unusual expense	80.00	7.00	2,286.00	169.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	291.00	261.00	243.00	379.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Excluded from COGS					1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Operating Income (EBITA)	3,786.00	5,111.00	2,898.00	4,070.00	2,463.67	2,463.67	2,463.67	2,463.67	2,463.67
Interest income/(expense)	-85.00	-279.00	-220.00	-171.00	-432.23	-432.23	-432.23	-432.23	-432.23
Gain (loss) on sale of asset	24.00	64.00	81.00	107.00	0.00	0.00	0.00	0.00	0.00
Other	35.00	46.00	87.00	140.00	0.00	0.00	0.00	0.00	0.00
Income before tax	2,954.00	3,997.00	1,910.00	3,114.00	2,031.44	2,031.44	2,031.44	2,031.44	2,031.44
Tax	829.00	856.00	713.00	869.00	711.00	711.00	711.00	711.00	711.00
Income after tax	2,125.00	3,141.00	1,997.00	2,245.00	1,320.43	1,320.43	1,320.43	1,320.43	1,320.43
Minority Interest	-796.00	-839.00	-606.00	-309.00	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	-16.00	3.00	11.00	-51.00	-24.43	-27.49	-28.41	-27.74	-27.91
Net income	1,313.00	2,305.00	502.00	1,885.00	1,296.00	1,292.95	1,292.02	1,292.70	1,292.52
*Figures are in millions (\$)									
EPS (based off today's share count)	\$2.64	\$4.64	\$1.01	\$3.79	\$2.61	\$2.60	\$2.60	\$2.60	\$2.60
P/E (historical today's price; forecasted intrinsic price)	10.49	5.98	27.45	7.31	12.01	13.60	15.37	17.35	19.60
Revenue Growth	N/A	23.82%	8.57%	-4.73%	-10.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	28.06%	21.42%	38.39%	27.91%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-1.77%	-6.28%	-5.10%	-2.72%	-6.75%	-6.75%	-6.75%	-6.75%	-6.75%
Margins									
COGS	39.04%	36.52%	37.56%	42.95%	50.00%	50.00%	50.00%	50.00%	50.00%
Gross margin	60.96%	63.48%	62.44%	57.05%	50.00%	50.00%	50.00%	50.00%	50.00%
SG&A	2.83%	2.55%	3.07%	3.12%	4.00%	4.00%	4.00%	4.00%	4.00%
R&D	4.18%	4.55%	6.98%	7.13%	7.00%	7.00%	7.00%	7.00%	7.00%
Unusual expense	1.04%	0.07%	22.07%	1.71%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	3.78%	2.74%	2.35%	3.84%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	11.26%	11.26%	11.26%	11.26%	11.26%
Operating Income (EBITA)	49.14%	53.57%	27.98%	41.24%	27.74%	27.74%	27.74%	27.74%	27.74%
Interest income/(expense)	-1.10%	-2.92%	-2.12%	-1.73%	-4.87%	-4.87%	-4.87%	-4.87%	-4.87%
Gain (loss) on sale of asset	0.31%	0.67%	0.78%	1.08%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.45%	0.48%	0.84%	1.42%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	38.34%	41.90%	17.47%	31.56%	22.87%	22.87%	22.87%	22.87%	22.87%
Tax	10.76%	8.97%	6.88%	8.81%	8.01%	8.01%	8.01%	8.01%	8.01%
Income after tax	27.58%	32.92%	10.59%	22.75%	14.87%	14.87%	14.87%	14.87%	14.87%
Minority Interest	-10.33%	-8.79%	-5.89%	-3.13%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	-0.21%	0.03%	0.11%	-0.52%	-0.28%	-0.31%	-0.32%	-0.31%	-0.31%
Net income	17.04%	24.16%	4.85%	19.10%	14.59%	14.56%	14.55%	14.56%	14.55%

	As of 2009-12-31	As of 2010-12-31	As of 2011-12-31	As of 2012-12-31	As of 2013-03-31	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	3,215.00	4,056.00	1,760.00	1,561.00	1,378.00			1,378.00	1,430.63	1,541.32	1,724.57	1,998.52	2,153.65
Short term investment	56.00	113.00	94.00	86.00	75.00			75.00	75.00	75.00	75.00	75.00	75.00
Cash and Short term	3,271.00	4,169.00	1,854.00	1,647.00	1,453.00			1,453.00	1,505.63	1,616.32	1,799.57	2,073.52	2,228.65
Accounts Receivable	540.00	670.00	620.00	860.00	553.00			553.00	553.00	553.00	553.00	553.00	553.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	540.00	670.00	620.00	860.00	553.00			553.00	553.00	553.00	553.00	553.00	553.00
Total Inventory	1,164.00	1,275.00	1,510.00	1,979.00	1,690.00			1,690.00	1,690.00	1,690.00	1,690.00	1,690.00	1,690.00
Prepaid Expenses	70.00	65.00	93.00	213.00	234.00			234.00	234.00	234.00	234.00	234.00	234.00
Other Current Assets	777.00	1,062.00	1,299.00	1,246.00	1,484.00			1,484.00	1,484.00	1,484.00	1,484.00	1,484.00	1,484.00
Current Assets	5,822.00	7,241.00	5,376.00	5,945.00	5,414.00	0.00	0.00	5,414.00	5,466.63	5,577.32	5,760.57	6,034.52	6,189.65
PP&E, Gross	19,185.00	20,710.00	24,583.00	0.00	27,000.00			27,000.00	28,500.00	30,000.00	31,500.00	33,000.00	34,500.00
Change in Depreciation	806.00	945.00	1,036.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Accumulated Depreciation	6,815.00	7,803.00	8,702.00	0.00	8,900.00			8,900.00	8,900.00	8,900.00	8,900.00	8,900.00	8,900.00
PP&E, Net	12,370.00	12,907.00	15,881.00	0.00	18,100.00			18,100.00	19,600.00	21,100.00	22,600.00	24,100.00	25,600.00
Goodwill	188.00	188.00	188.00	188.00	188.00	0.00		188.00	188.00	188.00	188.00	188.00	188.00
Intangibles	29.00	91.00	147.00	136.00	140.00			140.00	-92.20	-382.45	-745.26	-1,198.78	-1,533.47
Long term investments	1,186.00	1,568.00	1,472.00	1,446.00	1,361.00			1,361.00	1,361.00	1,361.00	1,361.00	1,361.00	1,361.00
Other long term assets	2,618.00	3,493.00	4,237.00	3,776.00	3,977.00			3,977.00	3,977.00	3,977.00	3,977.00	3,977.00	3,977.00
Long Term Assets	16,391.00	18,247.00	21,925.00	5,546.00	23,766.00	0.00	0.00	23,766.00	25,033.80	26,243.55	27,380.74	28,427.22	29,592.53
Total Assets	22,213.00	25,488.00	27,301.00	11,491.00	29,180.00	0.00	0.00	29,180.00	30,500.43	31,820.87	33,141.30	34,461.74	35,782.17
Accounts Payable	396.00	427.00	561.00	657.00	590.00			590.00	590.00	590.00	590.00	590.00	590.00
Accrued Expense	699.00	723.00	879.00	675.00	680.00			680.00	680.00	680.00	680.00	680.00	680.00
Other current Liabilities	1,068.00	1,338.00	1,811.00	1,799.00	1,187.00			1,187.00	1,187.00	1,187.00	1,187.00	1,187.00	1,187.00
Total Current Liabilities	2,163.00	2,488.00	3,251.00	3,131.00	2,457.00	0.00	0.00	2,457.00	2,457.00	2,457.00	2,457.00	2,457.00	2,457.00
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	157.00	259.00	689.00	10.00	10.00			10.00	10.00	10.00	10.00	10.00	10.00
Long term Debt	4,652.00	4,182.00	3,624.00	6,288.00	6,400.00	0.00	0.00	6,400.00	6,400.00	6,400.00	6,400.00	6,400.00	6,400.00
Capital Lease Obligations	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	4,809.00	4,441.00	4,313.00	6,298.00	6,410.00	0.00	0.00	6,410.00	6,410.00	6,410.00	6,410.00	6,410.00	6,410.00
Deferred Income tax	1,341.00	1,488.00	2,147.00	858.00	862.00			862.00	862.00	862.00	862.00	862.00	862.00
Minority Interest	1,910.00	2,371.00	2,875.00	3,175.00	3,231.00			3,231.00	3,231.00	3,231.00	3,231.00	3,231.00	3,231.00
Other liabilities	1,373.00	1,530.00	1,992.00	2,415.00	2,597.00			2,597.00	2,597.00	2,597.00	2,597.00	2,597.00	2,597.00
Total Liabilities	11,596.00	12,318.00	14,578.00	15,877.00	15,557.00	0.00	0.00	15,557.00	15,557.00	15,557.00	15,557.00	15,557.00	15,557.00
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	770.00	778.00	784.00	787.00	787.00		0.00	787.00	787.00	787.00	787.00	787.00	787.00
Additional Paid-in capital	8,158.00	8,279.00	8,408.00	8,330.00	8,407.00	0.00	0.00	8,407.00	8,407.00	8,407.00	8,407.00	8,407.00	8,407.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	1,149.00	3,180.00	3,052.00	4,166.00	4,270.00		0.00	4,270.00	5,590.43	6,910.87	8,231.30	9,551.74	10,872.17
Treasury Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	626.00	1,108.00	652.00	490.00	490.00		0.00	490.00	490.00	490.00	490.00	490.00	490.00
Total Equity	10,703.00	13,345.00	12,896.00	13,773.00	13,954.00	0.00	0.00	13,954.00	15,274.43	16,594.87	17,915.30	19,235.74	20,556.17
Liability + Equity	22,299.00	25,663.00	27,474.00	29,650.00	29,511.00	0.00	0.00	29,511.00	30,831.43	32,151.87	33,472.30	34,792.74	36,113.17
Variance	-86.00	-175.00	-173.00	-18,159.00	-331.00			-331.00	-331.00	-331.00	-331.00	-331.00	-331.00
Debt/Equity	0.45	0.33	0.33	0.46	0.46			0.46	0.42	0.39	0.36	0.33	0.31
Inventory Turnover	6.62	7.48	6.86	4.99	5.26			5.84	5.26	5.26	5.26	5.26	5.26
Inventory Turnover Days	55.14	48.78	53.21	73.20	69.46			62.51	69.46	69.46	69.46	69.46	69.46
Days Inventory Outstanding	141.24	133.57	141.68	170.44	138.91			145.55	138.91	138.91	138.91	138.91	138.91
Accounts Receivable Turnover	14.27	14.24	16.71	11.47	16.06			17.84	16.06	16.06	16.06	16.06	16.06
Accounts Receivable Turnover Days	25.58	25.63	21.85	31.81	22.73			20.45	22.73	22.73	22.73	22.73	22.73
Days Payable Outstanding	48.05	44.73	52.64	56.58	48.50			50.81	48.50	48.50	48.50	48.50	48.50
Days Sales Outstanding	25.58	25.63	21.85	31.81	22.73			31.81	20.45	22.73	22.73	22.73	22.73
Cash Conversion Cycle	118.77	114.47	110.89	145.67	113.14			126.55	110.87	113.14	113.14	113.14	113.14
Net tangible assets/share	\$21.09	\$26.28	\$25.26	\$27.05	\$27.40				\$30.53	\$33.77	\$37.15	\$40.72	\$44.05

SN VALUATION

LBO Adjusted Proforma Cash Flow

Ticker:

NEM

	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2011	2012	2013	2014	2015
Net Income	2,093.00	3,116.00	972.00	2,118.00	1,320.43	1,320.43	1,320.43	1,320.43	1,320.43
Depreciation	806.00	945.00	1,036.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Income + Depreciation	2,899.00	4,061.00	2,008.00	2,118.00	1,320.43	1,320.43	1,320.43	1,320.43	1,320.43
Amortization	0.00	0.00	0.00	1,032.00	232.20	290.25	362.81	453.52	334.69
Deferred Taxes	1.00	-380.00	-671.00	15.00	0.00	0.00	0.00	0.00	0.00
Non Cash Items	298.00	304.00	2,639.00	280.00	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-251.00	-818.00	-392.00	-1,073.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-130.00	50.00	-240.00	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	-111.00	-235.00	-469.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	5.00	-28.00	-120.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	31.00	134.00	96.00	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	2,947.00	3,167.00	3,584.00	2,372.00	1,552.63	1,610.68	1,683.25	1,773.95	1,655.13
Capital Expenditures Expenditures	-1,769.00	-1,402.00	-2,787.00	-3,210.00	-1,500.00	-1,500.00	-1,500.00	-1,500.00	-1,500.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-1,012.00	-17.00	-2,280.00	-54.00	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-2,781.00	-1,419.00	-5,067.00	-3,264.00	-1,500.00	-1,500.00	-1,500.00	-1,500.00	-1,500.00
Financing Cash flow items	-80.00	-299.00	-138.00	-188.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-196.00	-246.00	-494.00	-695.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	1,278.00	60.00	40.00	24.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	1,568.00	-430.00	-262.00	1,548.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	2,570.00	-915.00	-854.00	689.00	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	44.00	8.00	41.00	4.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	435.00	3,215.00	4,056.00	1,760.00	1,378.00	1,430.63	1,541.32	1,724.57	1,998.52
Net Change in Cash	2,780.00	841.00	-2,296.00	-199.00	52.63	110.68	183.25	273.95	155.13
Ending Cash Balance	3,215.00	4,056.00	1,760.00	1,561.00	1,430.63	1,541.32	1,724.57	1,998.52	2,153.65
Capex to Revenue	22.96%	14.70%	26.91%	32.53%	16.89%	16.89%	16.89%	16.89%	16.89%
Depreciation to Sales	10.46%	9.91%	10.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Amortization to Sales	0.00%	0.00%	0.00%	10.46%	2.61%	3.27%	4.09%	5.11%	3.77%
A/R to Sales	7.01%	7.02%	5.99%	8.72%	9.68%	9.68%	9.68%	9.68%	9.68%
Distributable FCF/EV Yield	0.89%	9.33%	-7.92%	-4.76%	0.28%	0.59%	0.98%	1.46%	0.83%
Dividend Yield	-1.42%	-1.79%	-3.59%	-5.04%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	1,374.00	2,011.00	1,291.00	-143.00	52.63	110.68	183.25	273.95	155.13

SN VALUATION

LBO Debt Schedule

Ticker:

NEM

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-199.00	52.63	110.68	183.25	273.95	155.13
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	6,410.00	6,410.00	6,410.00	6,410.00	6,410.00	6,410.00
Current Portion Debt Balance	10.00	10.00	10.00	10.00	10.00	10.00
Long Term Debt Balance	6,400.00	6,400.00	6,400.00	6,400.00	6,400.00	6,400.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%
Interest Expense		448.70	448.70	448.70	448.70	448.70
Cash Balance		1,647.00				
Interest @ 1.0%		16.47	16.47	16.47	16.47	16.47
Net Interest Expense/(Income)		432.23	432.23	432.23	432.23	432.23
Net Interest Rate		6.75%	6.75%	6.75%	6.75%	6.75%
EBITDA		2,463.67	2,463.67	2,463.67	2,463.67	2,463.67
EBITDA/Interest Expense Coverage		5.49	5.49	5.49	5.49	5.49

Interest Rate Coverage Table

Debt Rating					
AAA					
AA					
A+					
A					
A-	A-	A-	A-	A-	A-
BBB					
BB+					
BB					
B+					
B					
B-					
CCC					
CC					
C					
D					

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Newmont Mining

Ticker:

NEM

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	3,659.00	4,753.00	2,125.00	2,957.00	3,009.63	3,120.32	3,303.57	3,577.52	3,732.65
Total Assets	22,213.00	25,488.00	27,301.00	29,180.00	30,500.43	31,820.87	33,141.30	34,461.74	35,782.17
X1	0.16	0.19	0.08	0.10	0.10	0.10	0.10	0.10	0.10
Retained Earnings	1,149.00	3,180.00	3,052.00	4,270.00	5,590.43	6,910.87	8,231.30	9,551.74	10,872.17
Total Assets	22,213.00	25,488.00	27,301.00	29,180.00	30,500.43	31,820.87	33,141.30	34,461.74	35,782.17
X2	0.05	0.12	0.11	0.15	0.18	0.22	0.25	0.28	0.30
EBITDA	3,786.00	5,111.00	2,898.00	4,070.00	3,463.67	3,463.67	3,463.67	3,463.67	3,463.67
Total Assets	22,213.00	25,488.00	27,301.00	29,180.00	30,500.43	31,820.87	33,141.30	34,461.74	35,782.17
X3	0.17	0.20	0.11	0.14	0.11	0.11	0.10	0.10	0.10
Market Value of Equity	13,777.69	13,777.69	13,777.69	13,777.69	15,562.54	17,578.60	19,855.84	22,428.09	25,333.56
Total Liabilities	11,596.00	12,318.00	14,578.00	15,557.00	15,557.00	15,557.00	15,557.00	15,557.00	15,557.00
X4	1.19	1.12	0.95	0.89	1.00	1.13	1.28	1.44	1.63
Net Sales	7,705.00	9,540.00	10,358.00	9,868.00	8,881.20	8,881.20	8,881.20	8,881.20	8,881.20
Total Assets	22,213.00	25,488.00	27,301.00	29,180.00	30,500.43	31,820.87	33,141.30	34,461.74	35,782.17
X5	0.35	0.37	0.38	0.34	0.29	0.28	0.27	0.26	0.25
Altman Z Score	1.89	2.11	1.55	1.66	1.64	1.74	1.85	1.97	2.10

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red

Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
Tangible Book Value	13,766.00	15,086.43	16,406.87	17,727.30	19,047.74	20,368.17				20,368.17
Annual Change		1,320.43	1,320.43	1,320.43	1,320.43	1,320.43				
Annual FCF	(838.00)	52.63	110.68	183.25	273.95	155.13	155.13	155.13		465.39
Annual Op. Cash Flow	2,372.00	1,552.63	1,610.68	1,683.25	1,773.95	1,655.13	1,655.13	1,655.13		
Annual PP&E Investment	(3,210.00)	(1,500.00)	(1,500.00)	(1,500.00)	(1,500.00)	(1,500.00)	(1,500.00)	(1,500.00)		
Today's Tangible Book Value	13,766.00	14,888.01	16,101.47	17,413.83	18,833.16	20,368.17				20,833.56
Intrinsic Value IRR	8.15%									
Market Price	13,777.69	14,965.59	16,255.91	17,657.48	19,179.89	20,833.56				20,833.56
Market Price IRR	8.62%									

Debt	50.00%	6,888.84
Equity	50.00%	6,888.84
Total	100.00%	13,777.69

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5	6	7	8
Book Equity	13954	6,888.84	7,885.59	8,882.33	9,879.07	10,875.81	11,872.55			
Goodwill	188	11.69	11.69	11.69	11.69	11.69	11.69			
Debt	6400	13,288.84	13,288.84	13,288.84	13,288.84	13,288.84	13,288.84			
Debt Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%			
Additional Interest Expense		497.99	497.99	497.99	497.99	497.99				
Tangible Book Value	13766	6,877.16	7,873.90	8,870.64	9,867.38	10,864.12	11,860.86			11,860.86
Annual Change			996.74	996.74	996.74	996.74	996.74			
Annual FCF	(838.00)	(271.06)	(213.01)	(140.45)	(49.74)	(168.56)	(168.56)	(168.56)	(168.56)	(505.69)
Annual Net Income	1,885.00		996.74	996.74	996.74	996.74	996.74	996.74	996.74	
Annual Op. Cash Flow	2,372.00		1,228.94	1,286.99	1,359.55	1,450.26	1,331.44	1,331.44	1,331.44	
Dividend Payments										
Annual PP&E Investment	(3,210.00)		(1,500.00)	(1,500.00)	(1,500.00)	(1,500.00)	(1,500.00)	(1,500.00)	(1,500.00)	
Debt Paydown	0.00						0.00	0.00	0.00	

Sale Price in Year 5										11,355.17
Remaining Debt Balance										6,488.44
Capital Left for Equity Investor										4,466.33
Dividend Payments										0.00
Total Cash In Flow										4,466.33
Invested Equity	6,888.84	6,316.95	5,792.53	5,311.64	4,870.68	4,466.33				
IRR	-8.30%									

Value Creation	
TBV Growth (equals sum of NI Year 1-5)	4,983.71
Cash Flow (Year 6-8)	-505.69
Total	4,478.02

Value Dilution	
Debt	6,888.84
Goodwill	-176.31
Additional Interest	2,489.95
Total	9,202.48