

Nokia (NOK)

Price:	\$3.90	Net Tang. Bk Value Incl. Cash, Excl.	\$3,183,000,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	-\$2,864,950,000.00
Market Cap:	\$14,586,000,000	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$116,410,000.00
Cash:	\$9,766,000,000	NTBVIC/Market Downside Recovery:	21.82%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$7,098,000,000	Op. Cash Flow:	\$116,410,000	Year 5 Disposition Price:	-\$2,515,720,000.00
Net Cash:	\$2,668,000,000	Implied Years to Fill Gap:	97.96		
Enterprise Value:	\$11,918,000,000	Today's Equity if 5x Op. CF:	\$3,532,230,000		
				Net Tang. Book+ Gain Disposition:	-\$2,515,720,000.00
Shares Outstanding:	3,740,000,000			IRR:	-170.36%
				Price:	-\$0.67
				Target Market Cap:	-\$2,515,720,000
				Target Enterprise Value:	-\$5,183,720,000

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

Deal Structure

Microsoft bought Nokia's hardware business for 5 BB Euros, or roughly \$7BB, which will be financed by Microsoft's offshore cash balance, giving them the benefit of avoiding the taxes assessed when repatriating the offshore cash. Google's Motorola acquisition provided Google with a hardware lineup, so this acquisition is preceded by a large tech firm. Microsoft is losing market share in the OS business, in particular mobile handsets, so this is a welcoming development on MSFT's end, but not sure if it is a game changer, as Nokia was a dud leading up to the carve out.

Still, Nokia's remaining business generated \$15BB in revenue, so it was effectively split in half. Although we presume most of the remaining business - mapping services, network infra business was linked to the handsets, it can carry its own weight on its own. Nokia will receive license fees from the patents/Nokia brand, which are held by Nokia for 10 years, and thereupon, may extend up to perpetuity, should they choose to do so.

Main points

- Nokia is now focused on mapping, network infra business, and retains patent portfolio.
- Microsoft receives the manufacturing facilities, 32,000 workers, rights to Lumia handset brand; license Nokia brand name for a fee
- Microsoft offered to purchase 1.5BB Euro in convertible bonds issued by Nokia, in 5,6,7 year maturity tranches, financing below 3% rates.
- Essentially, is a partnership between MSFT and NOK hereafter

Takeaway

NOK will be left with a higher margin business and stronger balance sheet. MSFT has placed a priority in developing their mobile business. Should MSFT fail to incorporate their OS into a successful smartphone model, this may be the beginning of the end for MSFT. Already 80% of the Windows Phone sold are Nokia phones, so MSFT is acquiring a captured audience.

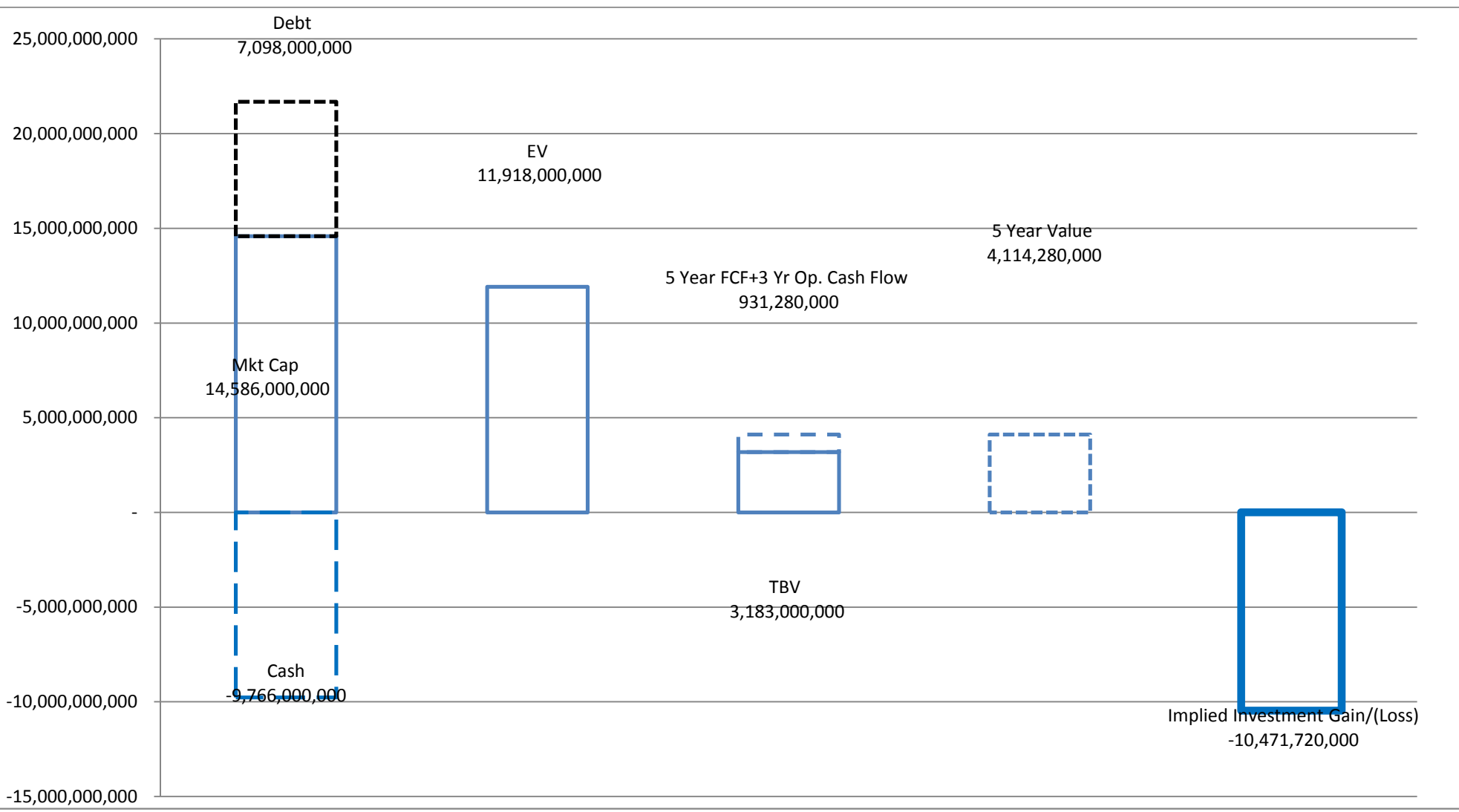
NSN

In July 2013, NOK purchased 50% stake of NSN, the broadband network business, owned previously by Siemens, and consolidated the now 100% subsidiary into the reported financials. From a strategic standpoint, both Companies have benefited from the transaction. NOK disposed of a low margin business, and MSFT acquired a business pivotal to their future growth.

Financials/Valuation

NOK did fine up to 2010, but cash flows turned sour in 2011 and 2012, resulting in dividend cuts and reduction in capex growth. The Co. has ample cash on hand to repay all the debt. However, liquidity and working capital seems to be an issue.

We don't have the breakdown in the assets and liabilities that will transfer over to MSFT, so we have not modeled the post-disposition value creation. So, we grew out what NOK could have looked like and it ain't pretty. Good thing MSFT bought the handset business, at least for NOK.



NA

Company Name:	Nokia
Ticker Symbol:	NOK
Last Price:	\$3.90
Net Cash/Share:	\$0.71
Net Cash to Last Price:	18.29%
Shares Outstanding:	3,740,000,000
Industry:	Communication Equipment
Sector:	Technology
Institutional Ownership:	12.07%
Mutual Fund Ownership:	6.03%
Insider Ownership:	#VALUE!
Float:	#VALUE!

Technicals	
52 week low:	\$2.27
Today from 52 week low:	71.81%
52 week high:	\$5.58
Today from 52 week high:	43.08%

Analyst/Consensus	
Analyst Sales Growth FY1:	-19.00%
Analyst Sales Growth FY2:	1.30%
SN Valuation Estimate FY1:	0.00%
SN Valuation Estimate FY2:	0.00%

Analyst Earnings Estimate FY1:	\$0.04
Analyst Earnings Estimate FY2:	\$0.13
SN Valuation Earnings Est. FY1:	-\$0.32
SN Valuation Earnings Est. FY2:	-\$0.32

Multiples	
Market Value to Book:	1.81
EV to Book:	1.48
Market Value to Tangible Net Assets:	-1.55
P/E Ratio:	-8.89
Trailing P/E Ratio:	N/A
Forward P/E Ratio:	39.38
Beta:	1.58
Dividend:	0.00
Dividend Yield:	0.00%
Dividend Date:	May 28, 2012
Ex-Dividend Date:	May 4, 2012

Competitors	
Average EV to EBITDA:	N/A
Company EV to EBITDA:	-12.25
Average EV to EBIT:	N/A
Company EV to EBITA:	-5.18

Market Capitalization:	\$14,586,000,000.00
Total Debt:	\$7,098,000,000.00
Total Cash:	\$9,766,000,000.00
Net Cash/(Debt):	\$2,668,000,000.00
Enterprise Value:	\$11,918,000,000.00
Current EV/Share:	\$3.19
EBITDA:	-\$973,000,000.00
EV/EBITDA Multiple:	-12.25
EV/EBITDA Multiple Average Year 1-5:	16.50
EV/FCF Multiple (excluding acquisition):	-14.62
EV/FCF Multiple Average Year 1-5 (excluding acquisition):	102.38

Upper Range	
DCF: EV/EBITDA Terminal Value	
Implied TV from 3 X EV/EBITDA Multiple	-\$1,810,560,000.00
Enterprise Value	-\$1,810,560,000.00
Cash at Year 5:	\$10,348,050,000.00
Debt at Year 5:	\$7,098,000,000.00
Equity Value Year 5:	\$1,439,490,000.00
Equity/Share at Year 5:	\$0.38
Annualized Return:	-37.07%

Lower Range	
DCF: Net Tangible Asset excluding Cash/Debt Terminal Value	
Year 5 Net Tangible Assets excluding cash and debt	-\$3,864,000,000.00
Enterprise Value	-\$3,864,000,000.00
Cash at Year 5:	\$10,348,050,000.00
Debt at Year 5:	\$7,098,000,000.00
Equity Value Year 5:	-\$613,950,000.00
Equity/Share at Year 5:	-\$0.16
Annualized Return:	-153.07%

EVA	
EVA today:	\$3,380,578,334.25
EVA in 5 Years:	\$4,859,182,844.83
EVA/Share:	\$1.30
Cash at Year 5:	\$10,348,050,000.00
Debt at Year 5:	\$7,098,000,000.00
Equity Value Year 5:	\$8,109,232,844.83
Equity/Share at Year 5:	\$2.17
Annualized return	7.53%

Current Net Tangible Asset	
Net Tangible Asset/Share:	\$1.22
Net Tangible Asset/Share in Year 5:	-\$0.39
Annualized return	-179.66%

Current Equity Price:	\$3.90
Selling at Discount?	Premium
Appreciation Potential:	-68.61%

Income Statement		
Revenue:	\$34,730,000,000.00	100.0%
Cost of Goods Sold:	\$26,340,000,000.00	75.8%
Gross Profit:	\$8,390,000,000.00	24.2%
EBITDA:	\$3,040,000,000.00	8.8%
Net Income:	-\$1,640,000,000.00	-4.7%

Balance Sheet		
Cash:	\$3,492,000,000.00	
Short Term Investment:	\$6,274,000,000.00	
A/R:	\$5,551,000,000.00	
PP&E:	\$1,832,000,000.00	
Assets:	\$29,189,000,000.00	

A/P:	\$4,395,000,000.00
Deferred Tax:	\$380,000,000.00
Other Liabilities:	\$7,210,000,000.00
Short term Debt:	\$2,011,000,000.00
Long Term Debt:	\$5,087,000,000.00
Liabilities:	\$19,083,000,000.00

Retained Earnings:	\$7,254,000,000.00
Paid-In Capital:	\$692,000,000.00
Treasury Stock:	-\$630,000,000.00
Stockholder's Equity:	\$8,060,000,000.00

Cash Flow		
Net Income:	-3,106,000,000.00	
Depreciation/Amortization:	1,326,000,000.00	
Change in Working capital:	59,000,000.00	
Cash from Operating Activities:	-354,000,000.00	

Capital Expenditures:	-461,000,000.00
Cash from Investing Activities:	562,000,000.00
Total Cash Dividends Paid:	-755,000,000.00
Issuance (Retirement) of Stock:	0.00
Issuance (Retirement) of Debt:	290,000,000.00
Cash from Financing Activities:	-465,000,000.00

Profitability Margins		
Debt to Equity:	88.06%	
Return on Assets:	-10.63%	
Return on Capital:	-20.48%	
Return on Equity:	-38.51%	

SN VALUATION

LBO Pro Forma Income Statement

Name:

Nokia

Ticker:

NOK

	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	40,984.00	42,446.00	38,659.00	30,176.00	30,176.00	30,176.00	30,176.00	30,176.00	30,176.00
COGS	27,569.00	29,283.00	27,260.00	21,786.00	22,028.48	22,028.48	22,028.48	22,028.48	22,028.48
Gross margin	13,415.00	13,163.00	11,399.00	8,390.00	8,147.52	8,147.52	8,147.52	8,147.52	8,147.52
SG&A	4,569.00	4,390.00	4,373.00	4,169.00	3,922.88	3,922.88	3,922.88	3,922.88	3,922.88
R&D	4,970.00	4,363.00	4,470.00	4,782.00	4,828.16	4,828.16	4,828.16	4,828.16	4,828.16
Unusual expense	1,348.00	514.00	2,175.00	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	28.00	-44.00	-55.00	1,747.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Excluded from COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	2,507.00	3,940.00	436.00	-2,299.00	-603.52	-603.52	-603.52	-603.52	-603.52
Interest income/(expense)	-235.00	-284.00	-125.00	-341.00	-606.07	-606.07	-606.07	-606.07	-606.07
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income before tax	962.00	1,786.00	-1,196.00	-2,640.00	-1,209.59	-1,209.59	-1,209.59	-1,209.59	-1,209.59
Tax	702.00	443.00	290.00	1,145.00	0.00	0.00	0.00	0.00	0.00
Income after tax	260.00	1,343.00	-1,488.00	-3,785.00	-1,209.59	-1,209.59	-1,209.59	-1,209.59	-1,209.59
Minority Interest	631.00	507.00	324.00	681.00	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	891.00	1,850.00	-1,164.00	-3,104.00	-1,209.59	-1,209.59	-1,209.59	-1,209.59	-1,209.59
* Figures are in millions (\$)									
EPS (based off today's share count)	\$0.24	\$0.49	-\$0.31	-\$0.83	-\$0.32	-\$0.32	-\$0.32	-\$0.32	-\$0.32
P/E (historical today's price; forecasted intrinsic price)	16.37	7.88	-12.53	-4.70	8.48	-5.97	4.20	-2.96	2.08
Revenue Growth	N/A	3.57%	-8.92%	-21.94%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	72.97%	24.80%	-24.21%	-43.37%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-4.52%	-5.38%	-2.35%	-6.15%	-11.91%	-11.91%	-11.91%	-11.91%	-11.91%
Margins									
COGS	67.27%	68.99%	70.51%	72.20%	73.00%	73.00%	73.00%	73.00%	73.00%
Gross margin	32.73%	31.01%	29.49%	27.80%	27.00%	27.00%	27.00%	27.00%	27.00%
SG&A	11.13%	10.34%	11.31%	13.79%	13.00%	13.00%	13.00%	13.00%	13.00%
R&D	12.13%	10.28%	11.56%	15.85%	16.00%	16.00%	16.00%	16.00%	16.00%
Unusual expense	3.29%	1.21%	5.63%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.07%	-0.10%	-0.14%	5.79%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	6.12%	9.28%	1.13%	-7.62%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%
Interest income/(expense)	-0.57%	-0.67%	-0.32%	-1.13%	-2.01%	-2.01%	-2.01%	-2.01%	-2.01%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	2.35%	4.21%	-3.10%	-8.75%	-4.01%	-4.01%	-4.01%	-4.01%	-4.01%
Tax	1.71%	1.04%	0.75%	3.79%	0.00%	0.00%	0.00%	0.00%	0.00%
Income after tax	0.63%	3.16%	-3.85%	-12.54%	-4.01%	-4.01%	-4.01%	-4.01%	-4.01%
Minority Interest	1.54%	1.19%	0.84%	2.26%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	2.17%	4.36%	-3.01%	-10.29%	-4.01%	-4.01%	-4.01%	-4.01%	-4.01%

	As of 2009-12-31	As of 2010-12-31	As of 2011-12-31	As of 2012-12-31	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
					+	-						
Cash	1,142.00	1,951.00	1,957.00	3,504.00	3,492.00		3,492.00	3,608.41	3,724.82	3,841.23	3,957.64	4,074.05
Short term investment	8,060.00	10,702.00	9,445.00	6,869.00	6,274.00		6,274.00	6,274.00	6,274.00	6,274.00	6,274.00	6,274.00
Cash and Short term	9,202.00	12,653.00	11,402.00	10,373.00	9,766.00		9,766.00	9,882.41	9,998.82	10,115.23	10,231.64	10,348.05
Accounts Receivable	7,981.00	7,570.00	7,181.00	5,551.00	5,551.00		5,551.00	5,551.00	5,551.00	5,551.00	5,551.00	5,551.00
Other receivables	0.00	0.00	0.00	0.00	200.00		200.00	200.00	200.00	200.00	200.00	200.00
Total Receivables	7,981.00	7,570.00	7,181.00	5,551.00	5,751.00		5,751.00	5,751.00	5,751.00	5,751.00	5,751.00	5,751.00
Total Inventory	1,865.00	2,523.00	2,330.00	1,538.00	1,420.00		1,420.00	1,420.00	1,420.00	1,420.00	1,420.00	1,420.00
Prepaid Expenses	4,551.00	4,360.00	4,488.00	3,381.00	2,920.00		2,920.00	2,920.00	2,920.00	2,920.00	2,920.00	2,920.00
Other Current Assets	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Current Assets	23,599.00	27,106.00	25,401.00	20,843.00	19,857.00	0.00	19,857.00	19,973.41	20,089.82	20,206.23	20,322.64	20,439.05
PP&E, Gross	5,447.00	5,629.00	5,652.00	0.00	5,652.00		5,652.00	5,652.00	5,652.00	5,652.00	5,652.00	5,652.00
Change in Depreciation	1,784.00	1,771.00	1,562.00	1,326.00	1,326.00		1,326.00	1,326.00	1,326.00	1,326.00	1,326.00	1,326.00
Accumulated Depreciation	3,580.00	3,675.00	3,810.00	0.00	3,820.00		3,820.00	5,146.00	6,472.00	7,798.00	9,124.00	10,450.00
PP&E, Net	1,867.00	1,954.00	1,842.00	0.00	1,832.00		1,832.00	506.00	-820.00	-2,146.00	-3,472.00	-4,798.00
Goodwill	5,171.00	5,723.00	4,838.00	4,878.00	4,877.00	0.00	4,877.00	4,877.00	4,877.00	4,877.00	4,877.00	4,877.00
Intangibles	2,905.00	1,968.00	1,412.00	647.00	650.00		650.00	650.00	650.00	650.00	650.00	650.00
Long term investments	623.00	669.00	708.00	747.00	798.00		798.00	798.00	798.00	798.00	798.00	798.00
Other long term assets	1,513.00	1,600.00	1,851.00	1,258.00	1,175.00		1,175.00	1,175.00	1,175.00	1,175.00	1,175.00	1,175.00
Long Term Assets	12,079.00	11,914.00	10,651.00	7,528.00	9,332.00		9,332.00	8,006.00	6,680.00	5,354.00	4,028.00	2,702.00
Total Assets	35,678.00	39,020.00	36,052.00	28,371.00	29,189.00	0.00	29,189.00	27,979.41	26,769.82	25,560.23	24,350.64	23,141.05
Accounts Payable	4,950.00	6,101.00	5,532.00	4,394.00	4,395.00		4,395.00	4,395.00	4,395.00	4,395.00	4,395.00	4,395.00
Accrued Expense	5,727.00	5,407.00	5,175.00	4,825.00	4,825.00		4,825.00	4,825.00	4,825.00	4,825.00	4,825.00	4,825.00
Other current Liabilities	3,740.00	4,995.00	5,385.00	4,965.00	2,475.00		2,475.00	2,475.00	2,475.00	2,475.00	2,475.00	2,475.00
Total Current Liabilities	14,417.00	16,503.00	16,092.00	14,184.00	11,695.00	0.00	11,695.00	11,695.00	11,695.00	11,695.00	11,695.00	11,695.00
Notes Payables/Short Term Debt	727.00	921.00	995.00	261.00	172.00		172.00	172.00	172.00	172.00	172.00	172.00
Current port. Of LT Debt/Capital Leases	44.00	116.00	357.00	201.00	1,839.00		1,839.00	1,839.00	1,839.00	1,839.00	1,839.00	1,839.00
Long term Debt	4,432.00	4,242.00	3,969.00	5,087.00	5,087.00	0.00	5,087.00	5,087.00	5,087.00	5,087.00	5,087.00	5,087.00
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	5,203.00	5,279.00	5,321.00	5,549.00	7,098.00	0.00	7,098.00	7,098.00	7,098.00	7,098.00	7,098.00	7,098.00
Deferred Income tax	1,303.00	1,022.00	800.00	700.00	380.00		380.00	380.00	380.00	380.00	380.00	380.00
Minority Interest	1,661.00	1,847.00	2,043.00	1,386.00	1,164.00		1,164.00	1,164.00	1,164.00	1,164.00	1,164.00	1,164.00
Other liabilities	66.00	88.00	76.00	69.00	-1,254.00		-1,254.00	-1,254.00	-1,254.00	-1,254.00	-1,254.00	-1,254.00
Total Liabilities	22,650.00	24,739.00	24,332.00	21,888.00	19,083.00	0.00	19,083.00	19,083.00	19,083.00	19,083.00	19,083.00	19,083.00
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	246.00	246.00	246.00	246.00	246.00	0.00	246.00	246.00	246.00	246.00	246.00	246.00
Additional Paid-in capital	279.00	312.00	362.00	446.00	446.00	0.00	446.00	446.00	446.00	446.00	446.00	446.00
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	13,371.00	13,664.00	11,138.00	7,254.00	7,254.00		7,254.00	6,044.41	4,834.82	3,625.23	2,415.64	1,206.05
Treasury Stock	-681.00	-663.00	-644.00	-629.00	-630.00	0.00	-630.00	-630.00	-630.00	-630.00	-630.00	-630.00
Other Equity	-127.00	825.00	771.00	744.00	744.00	0.00	744.00	744.00	744.00	744.00	744.00	744.00
Total Equity	13,088.00	14,384.00	11,873.00	8,061.00	8,060.00	0.00	8,060.00	6,850.41	5,640.82	4,431.23	3,221.64	2,012.05
Liability + Equity	35,738.00	39,123.00	36,205.00	29,949.00	27,143.00	0.00	27,143.00	25,933.41	24,723.82	23,514.23	22,304.64	21,095.05
Variance	-60.00	-103.00	-153.00	-1,578.00	2,046.00		2,046.00	2,046.00	2,046.00	2,046.00	2,046.00	2,046.00
Debt/Equity	0.40	0.37	0.45	0.69	0.88		0.88	1.04	1.26	1.60	2.20	3.53
Inventory Turnover	21.98	16.82	16.59	19.62	21.25		21.25	21.25	21.25	21.25	21.25	21.25
Inventory Turnover Days	16.61	21.70	22.00	18.60	17.18		17.18	17.18	17.18	17.18	17.18	17.18
Days Inventory Outstanding	24.69	31.45	31.20	25.77	23.53		23.79	23.53	23.53	23.53	23.53	23.53
Accounts Receivable Turnover	5.14	5.61	5.38	5.44	5.44		5.25	5.25	5.25	5.25	5.25	5.25
Accounts Receivable Turnover Days	71.08	65.10	67.80	67.14	67.14		69.56	69.56	69.56	69.56	69.56	69.56
Days Payable Outstanding	65.54	76.05	74.07	73.62	72.82		73.63	72.82	72.82	72.82	72.82	72.82
Days Sales Outstanding	71.08	65.10	67.80	67.14	69.56		67.14	69.56	69.56	69.56	69.56	69.56
Cash Conversion Cycle	30.23	20.50	24.93	19.29	20.27		17.30	20.27	20.27	20.27	20.27	20.27
Net tangible assets/share	\$1.34	\$1.79	\$1.50	\$0.68	\$0.68			\$0.35	\$0.03	(\$0.29)	(\$0.62)	(\$0.94)

	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	891.00	1,850.00	-1,164.00	-3,106.00	-1,209.59	-1,209.59	-1,209.59	-1,209.59	-1,209.59
Depreciation	1,784.00	1,771.00	1,562.00	1,326.00	1,326.00	1,326.00	1,326.00	1,326.00	1,326.00
Net Income + Depreciation	2,675.00	3,621.00	398.00	-1,780.00	116.41	116.41	116.41	116.41	116.41
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non Cash Items	904.00	-102.00	1,634.00	1,367.00	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-332.00	1,255.00	-895.00	59.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	411.00	369.00	1,630.00	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	-658.00	193.00	792.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	191.00	-128.00	1,107.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	1,151.00	-569.00	-1,138.00	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	3,247.00	4,774.00	1,137.00	-354.00	116.41	116.41	116.41	116.41	116.41
Capital Expenditures Expenditures	-558.00	-679.00	-597.00	-461.00	0.00	0.00	0.00	0.00	0.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-1,590.00	-1,742.00	2,096.00	1,023.00	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-2,148.00	-2,421.00	1,499.00	562.00	0.00	0.00	0.00	0.00	0.00
Financing Cash flow items	0.00	0.00	546.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-1,546.00	-1,519.00	-1,536.00	-755.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.00	0.00	0.00	0.00	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	850.00	607.00	-109.00	290.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-696.00	-911.00	-1,099.00	-465.00	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	-25.00	224.00	107.00	-27.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	764.00	1,142.00	1,951.00	1,957.00	3,492.00	3,608.41	3,724.82	3,841.23	3,957.64
Net Change in Cash	378.00	1,666.00	1,644.00	-284.00	116.41	116.41	116.41	116.41	116.41
Ending Cash Balance	1,142.00	1,951.00	3,595.00	1,673.00	3,608.41	3,724.82	3,841.23	3,957.64	4,074.05
Capex to Revenue	1.36%	1.60%	1.54%	1.53%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation to Sales	4.35%	4.17%	4.04%	4.39%	4.39%	4.39%	4.39%	4.39%	4.39%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	19.47%	17.83%	18.58%	18.40%	18.40%	18.40%	18.40%	18.40%	18.40%
Distributable FCF/EV Yield	9.22%	19.74%	22.12%	1.75%	0.98%	0.98%	0.98%	0.98%	0.98%
Dividend Yield	-10.60%	-10.41%	-10.53%	-5.18%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	4,235.00	5,614.00	2,076.00	-60.00	116.41	116.41	116.41	116.41	116.41

SN VALUATION

LBO Debt Schedule

Ticker:

NOK

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-284.00	116.41	116.41	116.41	116.41	116.41
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	7,098.00	7,098.00	7,098.00	7,098.00	7,098.00	7,098.00
Current Portion Debt Balance	2,011.00	2,011.00	2,011.00	2,011.00	2,011.00	2,011.00
Long Term Debt Balance	5,087.00	5,087.00	5,087.00	5,087.00	5,087.00	5,087.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		7.00%	7.00%	7.00%	7.00%	7.00%
Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%
Interest Expense		709.80	709.80	709.80	709.80	709.80
Cash Balance		10,373.00				
Interest @ 1.0%		103.73	103.73	103.73	103.73	103.73
Net Interest Expense/(Income)		606.07	606.07	606.07	606.07	606.07
Net Interest Rate		11.91%	11.91%	11.91%	11.91%	11.91%
EBITDA		(603.52)	(603.52)	(603.52)	(603.52)	(603.52)
EBITDA/Interest Expense Coverage		(0.85)	(0.85)	(0.85)	(0.85)	(0.85)

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Nokia

Ticker:

NOK

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	9,182.00	10,603.00	9,309.00	8,162.00	8,278.41	8,394.82	8,511.23	8,627.64	8,744.05
Total Assets	35,678.00	39,020.00	36,052.00	29,189.00	27,979.41	26,769.82	25,560.23	24,350.64	23,141.05
X1	0.26	0.27	0.26	0.28	0.30	0.31	0.33	0.35	0.38
Retained Earnings	13,371.00	13,664.00	11,138.00	7,254.00	6,044.41	4,834.82	3,625.23	2,415.64	1,206.05
Total Assets	35,678.00	39,020.00	36,052.00	29,189.00	27,979.41	26,769.82	25,560.23	24,350.64	23,141.05
X2	0.37	0.35	0.31	0.25	0.22	0.18	0.14	0.10	0.05
EBITDA	2,507.00	3,940.00	436.00	-2,299.00	-603.52	-603.52	-603.52	-603.52	-603.52
Total Assets	35,678.00	39,020.00	36,052.00	29,189.00	27,979.41	26,769.82	25,560.23	24,350.64	23,141.05
X3	0.07	0.10	0.01	-0.08	-0.02	-0.02	-0.02	-0.02	-0.03
Market Value of Equity	14,586.00	14,586.00	14,586.00	14,586.00	-10,263.17	7,221.49	-5,081.27	3,575.34	-2,515.72
Total Liabilities	22,650.00	24,739.00	24,332.00	19,083.00	19,083.00	19,083.00	19,083.00	19,083.00	19,083.00
X4	0.64	0.59	0.60	0.76	-0.54	0.38	-0.27	0.19	-0.13
Net Sales	40,984.00	42,446.00	38,659.00	30,176.00	30,176.00	30,176.00	30,176.00	30,176.00	30,176.00
Total Assets	35,678.00	39,020.00	36,052.00	29,189.00	27,979.41	26,769.82	25,560.23	24,350.64	23,141.05
X5	1.15	1.09	1.07	1.03	1.08	1.13	1.18	1.24	1.30
Altman Z Score	2.60	2.59	2.21	1.92	1.34	1.91	1.54	1.83	1.67

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

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	3,183.00	1,973.41	763.82	(445.77)	(1,655.36)	(2,864.95)				(2,864.95)
Annual Change		(1,209.59)	(1,209.59)	(1,209.59)	(1,209.59)	(1,209.59)				
Annual FCF	(815.00)	116.41	116.41	116.41	116.41	116.41	116.41	116.41	116.41	349.23
Annual Op. Cash Flow	(354.00)	116.41	116.41	116.41	116.41	116.41	116.41	116.41	116.41	
Annual PP&E Investment	(461.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Today's Tangible Book Value	3,183.00	-3,116.68	3,051.75	-2,988.17	2,925.91	-2,864.95				(2,315.72)
Intrinsic Value IRR	-197.92%									
Market Price	14,586.00	-10,263.17	7,221.49	-5,081.27	3,575.34	-2,515.72				(2,315.72)
Market Price IRR	-170.36%									

Debt	50.00%	7,293.00
Equity	50.00%	7,293.00
Total	100.00%	14,586.00

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	8060	7,293.00	5,451.48	3,609.96	1,768.44	(73.08)	(1,914.60)				
Goodwill	4877	11,403.00	11,403.00	11,403.00	11,403.00	11,403.00	11,403.00				
Debt	5087	12,380.00	12,380.00	12,380.00	12,380.00	12,380.00	12,380.00				
Debt Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%				
Additional Interest Expense		631.93	631.93	631.93	631.93	631.93	631.93				
Tangible Book Value	3183	-4,110.00	-5,951.52	-7,793.04	-9,634.56	-11,476.08	-13,317.60				-13,317.60
Annual Change			-1,841.52	-1,841.52	-1,841.52	-1,841.52	-1,841.52				
Annual FCF	(815.00)	(515.52)	(515.52)	(515.52)	(515.52)	(515.52)	(515.52)	(515.52)	(515.52)	(515.52)	(1,546.56)
Annual Net Income	(3,104.00)	(1,841.52)	(1,841.52)	(1,841.52)	(1,841.52)	(1,841.52)	(1,841.52)	(1,841.52)	(1,841.52)	(1,841.52)	
Annual Op. Cash Flow	(354.00)	(515.52)	(515.52)	(515.52)	(515.52)	(515.52)	(515.52)	(515.52)	(515.52)	(515.52)	
Dividend Payments											
Annual PP&E Investment	(461.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Debt Paydown	0.00							0.00	0.00	0.00	

Sale Price in Year 5 **(14,854.16)**

Capital Left for Equity Investor **(14,854.16)**
 Dividend Payments **0.00**
 Total Cash In Flow **(14,854.16)**

We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal.

Invested Equity **7,293.00**
 IRR **-215.30%**

Value Creation
 TBV Growth (equals sum of NI Year 1-5) -9,207.60
 Cash Flow (Year 6-8) -1,546.56
-10,754.16

Value Dilution
 Debt 7,293.00
 Goodwill 6,526.00
 Additional Interest 3,159.65
16,978.65