

Outerwall (Formerly Coinstar) (OUTR)

Price:	\$61.29	Net Tang. Bk Value Incl. Cash, Excl.	\$232,400,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$971,869,858.49
Market Cap:	\$1,719,798,319	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$364,649,103.48
Cash:	\$506,450,000	NTBVIC/Market Downside Recovery:	13.51%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$518,870,000	Op. Cash Flow:	\$316,124,124	Year 5 Disposition Price:	\$2,065,817,168.92
Net Cash:	-\$12,420,000	Implied Years to Fill Gap:	4.71		
Enterprise Value:	\$1,732,218,319	Today's Equity if 5x Op. CF:	\$1,180,772,372		
		Net Tang. Book+ Gain Disposition:			\$2,065,817,168.92
Shares Outstanding:	28,060,015	IRR:			3.73%
		Price:			\$73.62
		Target Market Cap:			\$2,065,817,169
		Target Enterprise Value:			\$2,078,237,169

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

Coinstar changed its' name to Outerwall. The Co. purchased an innovative business named ecoATM, which pays cash to the users in return for old, used MP3, mobile phones and tablets. The Co. purchased ecoATM for \$350MM.

Coinstar is known for their machines in front of grocery stores that change coins into cash, where the Co. takes a cut of the face value. They then made it big with Redbox, which is a DVD rental vending machine. Now, they believe ecoATM will be another vending craze, which at 1st glance, seems very promising since I wondered what I was going to do with my old gadgets.



We believe the Co. is being sold at an attractive valuation. Granted, the net tangible book value is very slim (13% downside protection), and the large balance hanging on the graces of future operations. The main reason for the slim TBV is the stock repurchase, which has cut cash on hand. The Co. announced they will continue their repurchase, this time with the buyback at around \$100MM, or 1 year of FCF. Whenever, a Co. has the luxury to buyback stock, it is a good sign and signals the shares are undervalued, relative to the management's expectation of future growth. It also raises EPS, which is meaningless to our valuation, but is a common measurement of value for the investment community.

NA

Company Name:	Outerwall (Formerly Coinstar)
Ticker Symbol:	OUTR
Last Price:	\$61.29
Net Cash/Share:	-\$0.44
Net Cash to Last Price:	-0.72%
Shares Outstanding:	28,060,015
Industry:	Announcements
Sector:	Error
Institutional Ownership:	#VALUE!
Mutual Fund Ownership:	#VALUE!
Insider Ownership:	#VALUE!
Retail Ownership:	#VALUE!
Float:	#VALUE!

Technicals	
52 week low:	\$59.68
Today from 52 week low:	2.70%
52 week high:	\$61.50
Today from 52 week high:	0.34%
50 day Moving Average:	Error
200 day Moving Average:	Error

Analyst/Consensus	
Analyst Sales Growth FY1:	Error
Analyst Sales Growth FY2:	Error
SN Valuation Estimate FY1:	5.00%
SN Valuation Estimate FY2:	5.00%

Analyst Earnings Estimate FY1:	Error
Analyst Earnings Estimate FY2:	Error
SN Valuation Earnings Est. FY1:	\$4.26
SN Valuation Earnings Est. FY2:	\$4.74

Multiples	
Market Value to Book:	3.17
EV to Book:	3.19
Market Value to Tangible Net Assets:	-13.27
P/E Ratio:	#VALUE!
Trailing P/E Ratio:	Error
Forward P/E Ratio:	Error
Beta:	NA
Dividend:	Error
Dividend Yield:	Error
Dividend Date:	Error
Ex-Dividend Date:	Error

Competitors	
Average EV to EBITDA:	N/A
Company EV to EBITDA:	2.73

Average EV to EBIT:	N/A
Company EV to EBITA:	6.59

Market Capitalization:	\$1,719,798,319.35
Total Debt:	\$518,870,000.00
Total Cash:	\$506,450,000.00
Net Cash/(Debt):	-\$12,420,000.00
Enterprise Value:	\$1,732,218,319.35
Current EV/Share:	\$61.73
EBITDA:	\$633,930,000.00
EV/EBITDA Multiple:	2.73
EV/EBITDA Multiple Average Year 1-5:	3.70
EV/FCF Multiple (excluding acquisition):	6.77
EV/FCF Multiple Average Year 1-5 (excluding acquisition):	10.52

Upper Range	
DCF: EV/EBITDA Terminal Value	
Implied TV from 3 X EV/EBITDA Multiple	\$1,517,628,448.02
Enterprise Value	\$1,517,628,448.02
Cash at Year 5:	\$1,329,695,517.39
Debt at Year 5:	\$518,870,000.00
Equity Value Year 5:	\$2,328,453,965.40
Equity/Share at Year 5:	\$82.98
Annualized Return:	6.25%

Lower Range	
DCF: Net Tangible Asset excluding Cash/Debt Terminal Value	
Year 5 Net Tangible Assets excluding cash and debt	\$256,170,000.00
Enterprise Value	\$256,170,000.00
Cash at Year 5:	\$1,329,695,517.39
Debt at Year 5:	\$518,870,000.00
Equity Value Year 5:	\$1,066,995,517.39
Equity/Share at Year 5:	\$38.03
Annualized Return:	-9.11%

EVA	
EVA today:	\$716,707,487.94
EVA in 5 Years:	\$1,982,160,010.04
EVA/Share:	\$70.64
Cash at Year 5:	\$1,329,695,517.39
Debt at Year 5:	\$518,870,000.00
Equity Value Year 5:	\$2,792,985,527.43
Equity/Share at Year 5:	\$99.54
Annualized return	22.56%

Current Net Tangible Asset	
Net Tangible Asset/Share:	\$4.86
Net Tangible Asset/Share in Year 5:	\$32.79
Annualized return	46.50%

Current Equity Price:	\$61.29
Selling at Discount?	Premium
Appreciation Potential:	-92.07%

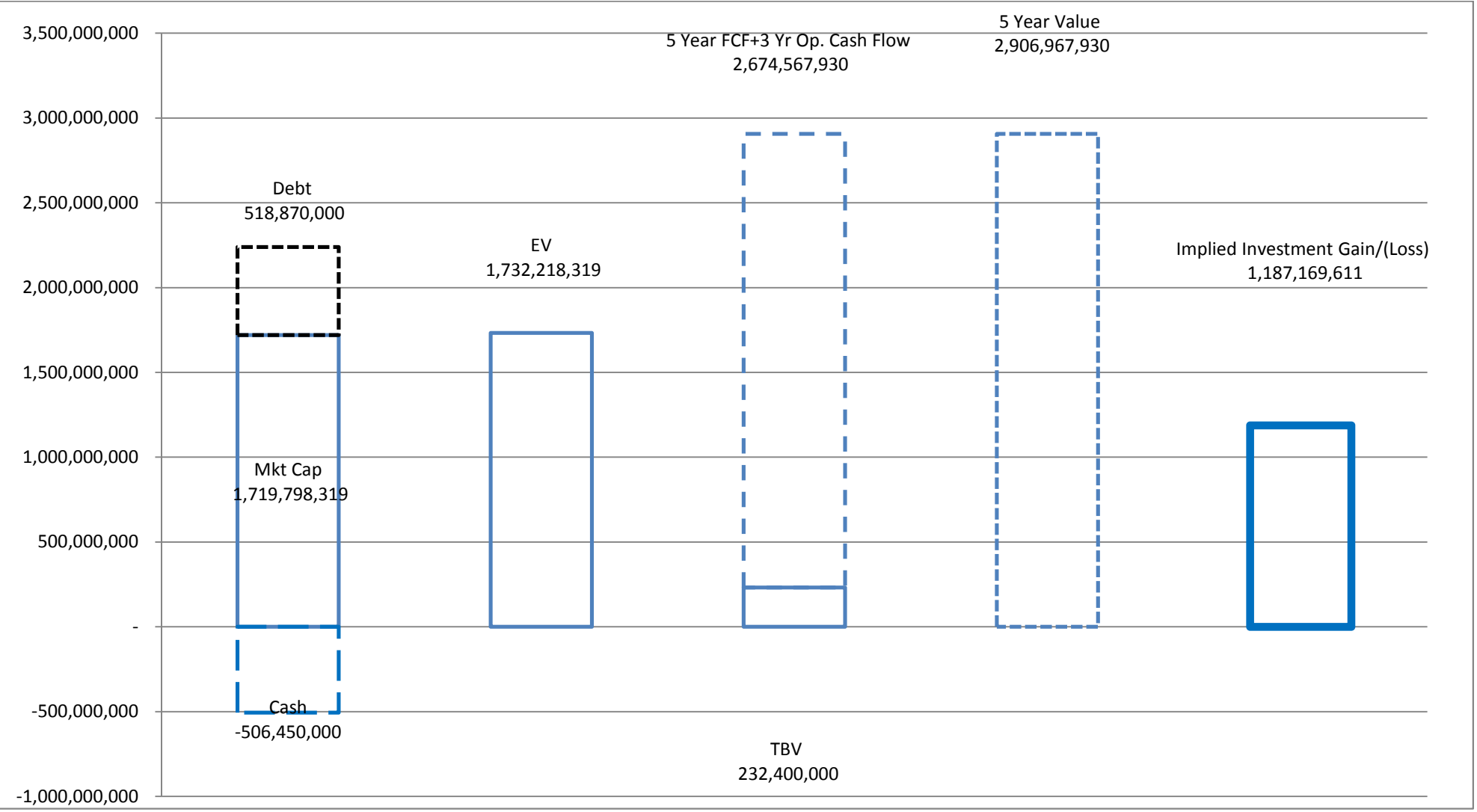
Income Statement		
Revenue:	#VALUE!	100.0%
Cost of Goods Sold:	#VALUE!	#VALUE!
Gross Profit:	\$699,060,000.00	#VALUE!
EBITDA:	#VALUE!	#VALUE!
Net Income:	#VALUE!	#VALUE!

Balance Sheet	
Cash:	\$220,950,000.00
Short Term Investment:	\$285,500,000.00
A/R:	\$59,000,000.00
PP&E:	\$573,000,000.00
Assets:	\$1,797,850,000.00

A/P:	\$251,000,000.00
Deferred Tax:	\$92,350,000.00
Other Liabilities:	\$398,410,000.00
Short term Debt:	\$162,390,000.00
Long Term Debt:	\$356,480,000.00
Liabilities:	\$1,260,630,000.00
Retained Earnings:	\$339,000,000.00
Paid-In Capital:	\$504,880,000.00
Treasury Stock:	-\$300,000,000.00
Stockholder's Equity:	\$542,260,000.00

Cash Flow	
Net Income:	150,230,000.00
Depreciation/Amortization:	186,650,000.00
Change in Working capital:	17,640,000.00
Cash from Operating Activities:	463,910,000.00
Capital Expenditures:	-208,050,000.00
Cash from Investing Activities:	-346,650,000.00
Total Cash Dividends Paid:	0.00
Issuance (Retirement) of Stock:	-135,130,000.00
Issuance (Retirement) of Debt:	-47,910,000.00
Cash from Financing Activities:	-177,300,000.00

Profitability Margins	
Debt to Equity:	95.69%
Return on Assets:	8.36%
Return on Capital:	14.16%
Return on Equity:	27.70%



SN VALUATION

LBO Pro Forma Income Statement

Name:

Outerwall (Formerly Coinstar)

Ticker:

OUTR

	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	1,032.62	1,436.42	1,845.37	2,202.04	2,312.14	2,427.75	2,549.14	2,676.59	2,810.42
COGS	716.04	1,000.94	1,283.35	1,502.98	1,618.50	1,699.42	1,784.40	1,873.62	1,967.30
Gross margin	316.58	435.48	562.02	699.06	693.64	728.32	764.74	802.98	843.13
SG&A	116.58	152.47	192.36	237.67	254.34	267.05	280.41	294.43	309.15
R&D	6.31	7.44	11.56	13.91	23.12	24.28	25.49	26.77	28.10
Unusual expense	1.08	5.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Excluded from COGS					200.00	200.00	200.00	200.00	200.00
Operating Income (EBITA)	193.61	270.19	358.10	447.28	216.19	236.99	258.84	281.79	305.88
Interest income/(expense)	-34.22	-34.70	-25.41	-20.83	-32.41	-32.41	-32.41	-32.41	-32.41
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	0.42	0.26	-0.18	0.00	0.00	0.00	0.00	0.00
Income before tax	69.41	108.93	184.73	241.75	183.78	204.59	226.44	249.38	273.47
Tax	25.72	43.04	69.79	91.52	64.32	71.61	79.25	87.28	95.71
Income after tax	43.69	65.89	114.95	150.23	119.46	132.98	147.18	162.10	177.75
Minority Interest	-3.63	0.00	0.00	0.00	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	40.07	65.89	114.95	150.23	119.46	132.98	147.18	162.10	177.75
*Figures are in millions (\$)									
EPS (based off today's share count)	\$1.43	\$2.35	\$4.10	\$5.35	\$4.26	\$4.74	\$5.25	\$5.78	\$6.33
P/E (historical today's price; forecasted intrinsic price)	42.92	26.10	14.96	11.45	14.93	13.92	13.04	12.29	11.62
Revenue Growth	N/A	39.10%	28.47%	19.33%	5.00%	5.00%	5.00%	5.00%	5.00%
Tax Rate	37.06%	39.51%	37.77%	37.86%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-7.30%	-9.20%	-6.40%	-5.40%	-9.50%	-9.50%	-9.50%	-9.50%	-9.50%
Margins									
COGS	69.34%	69.68%	69.54%	68.25%	70.00%	70.00%	70.00%	70.00%	70.00%
Gross margin	30.66%	30.32%	30.46%	31.75%	30.00%	30.00%	30.00%	30.00%	30.00%
SG&A	11.29%	10.61%	10.42%	10.80%	11.00%	11.00%	11.00%	11.00%	11.00%
R&D	0.51%	0.52%	0.63%	0.63%	1.00%	1.00%	1.00%	1.00%	1.00%
Unusual expense	0.10%	0.37%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	8.65%	8.24%	7.85%	7.47%	7.12%
Operating Income (EBITA)	18.75%	18.81%	19.41%	20.31%	9.35%	9.76%	10.15%	10.53%	10.88%
Interest income/(expense)	-3.31%	-2.42%	-1.38%	-0.95%	-1.40%	-1.33%	-1.27%	-1.21%	-1.15%
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%	0.03%	0.01%	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	6.72%	7.58%	10.01%	10.98%	7.95%	8.43%	8.88%	9.32%	9.73%
Tax	2.49%	3.00%	3.78%	4.16%	2.78%	2.95%	3.11%	3.26%	3.41%
Income after tax	4.23%	4.59%	6.23%	6.82%	5.17%	5.75%	6.37%	7.01%	7.69%
Minority Interest	-0.35%	0.00%	0.00%	0.00%	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	3.88%	4.59%	6.23%	6.82%	5.17%	5.48%	5.77%	6.06%	6.32%

	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	19.39	141.82	296.46	222.49	220.95		220.95	337.07	475.84	638.91	828.03	1,044.20
Short term investment	0.00	41.60	45.40	60.40	285.50		285.50	285.50	285.50	285.50	285.50	285.50
Cash and Short term	19.39	183.42	341.86	282.89	506.45		506.45	622.57	761.34	924.41	1,113.53	1,329.70
Accounts Receivable	19.27	25.96	41.25	58.33	59.00		59.00	59.00	59.00	59.00	59.00	59.00
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	19.27	25.96	41.25	58.33	59.00		59.00	59.00	59.00	59.00	59.00	59.00
Total Inventory	95.53	140.32	142.39	177.41	155.80		155.80	155.80	155.80	155.80	155.80	155.80
Prepaid Expenses	7.76	14.74	25.27	29.69	39.14		39.14	39.14	39.14	39.14	39.14	39.14
Other Current Assets	298.14	123.96	84.23	7.19	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Current Assets	440.09	488.40	635.00	555.51	760.39	0.00	760.39	876.51	1,015.28	1,178.35	1,367.47	1,583.64
PP&E, Gross	730.13	866.17	1,039.54	1,287.30	1,300.00		1,300.00	1,500.00	1,700.00	1,900.00	2,100.00	2,300.00
Change in Depreciation	86.42	123.69	145.48	179.15	179.15		179.15	188.11	197.51	207.39	217.76	228.65
Accumulated Depreciation	343.70	421.48	540.37	726.17	727.00		727.00	915.11	1,112.62	1,320.01	1,537.77	1,766.41
PP&E, Net	386.43	444.69	499.17	561.13	573.00		573.00	584.89	587.38	579.99	562.23	533.59
Goodwill	267.75	267.75	267.75	309.86	309.86	0.00	309.86	309.86	309.86	309.86	309.86	309.86
Intangibles	14.99	9.57	6.83	48.97	91.00		91.00	82.44	74.16	65.67	56.41	46.64
Long term investments	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	113.55	72.31	17.71	49.30	63.60		63.60	63.60	63.60	63.60	63.60	63.60
Long Term Assets	782.72	794.32	791.46	969.26	1,037.46		1,037.46	1,040.79	1,035.00	1,019.12	992.10	953.68
Total Assets	1,222.81	1,282.72	1,426.46	1,524.77	1,797.85	0.00	1,797.85	1,917.31	2,050.29	2,197.47	2,359.57	2,537.32
Accounts Payable	80.08	161.55	175.55	250.59	251.00		251.00	251.00	251.00	251.00	251.00	251.00
Accrued Expense	169.73	202.92	276.45	284.54	285.00		285.00	285.00	285.00	285.00	285.00	285.00
Other current Liabilities	91.83	70.92	0.00	0.00	1.40		1.40	1.40	1.40	1.40	1.40	1.40
Total Current Liabilities	341.64	435.39	452.00	535.13	537.40	0.00	537.40	537.40	537.40	537.40	537.40	537.40
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	33.13	197.90	26.04	28.88	162.39		162.39	162.39	162.39	162.39	162.39	162.39
Long term Debt	409.39	167.26	359.29	341.18	341.00	0.00	341.00	341.00	341.00	341.00	341.00	341.00
Capital Lease Obligations	26.23	12.16	11.77	15.70	15.48		15.48	15.48	15.48	15.48	15.48	15.48
Total Interest Earning Debt	468.75	377.32	397.10	385.76	518.87	0.00	518.87	518.87	518.87	518.87	518.87	518.87
Deferred Income tax	0.02	0.01	87.84	91.75	92.35		92.35	92.35	92.35	92.35	92.35	92.35
Minority Interest	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	0.00	26.85	0.00	0.00	112.01		112.01	112.01	112.01	112.01	112.01	112.01
Total Liabilities	810.41	839.57	936.94	1,012.64	1,260.63	0.00	1,260.63	1,260.63	1,260.63	1,260.63	1,260.63	1,260.63
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	406.33	434.17	481.25	504.88	504.88	0.00	504.88	504.88	504.88	504.88	504.88	504.88
Additional Paid-in capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	50.97	101.98	188.75	338.98	339.00		339.00	458.46	591.44	738.62	900.72	1,078.47
Treasury Stock	-40.83	-90.08	-153.43	-293.15	-300.00		-300.00	-300.00	-300.00	-300.00	-300.00	-300.00
Other Equity	-4.08	-2.95	-2.67	-1.62	-1.62		-1.62	-1.62	-1.62	-1.62	-1.62	-1.62
Total Equity	412.39	443.12	513.90	549.09	542.26	0.00	542.26	661.72	794.70	941.88	1,103.98	1,281.73
Liability + Equity	1,222.80	1,282.69	1,450.84	1,561.73	1,802.89	0.00	1,802.89	1,922.35	2,055.33	2,202.51	2,364.61	2,542.36
Variance	0.01	0.03	-24.38	-36.96	-5.04		-5.04	-5.04	-5.04	-5.04	-5.04	-5.04
Debt/Equity	1.14	0.85	0.77	0.70	0.96		0.96	0.78	0.65	0.55	0.47	0.40
Inventory Turnover	10.81	10.24	12.96	12.41	14.84		14.13	14.84	15.58	16.36	17.18	18.04
Inventory Turnover Days	33.77	35.66	28.16	29.41	24.59		25.82	24.59	23.42	22.31	21.25	20.23
Days Inventory Outstanding	48.70	51.17	40.50	43.08	35.14		37.84	35.14	33.46	31.87	30.35	28.91
Accounts Receivable Turnover	53.59	55.33	44.74	37.75	39.19		37.32	39.19	41.15	43.21	45.37	47.63
Accounts Receivable Turnover Days	6.81	6.60	8.16	9.67	9.31		9.78	9.31	8.87	8.45	8.05	7.66
Days Payable Outstanding	40.82	58.91	49.93	60.86	56.60		60.96	56.60	53.91	51.34	48.90	46.57
Days Sales Outstanding	6.81	6.60	8.16	9.67	9.31		9.67	9.78	9.31	8.87	8.45	8.05
Cash Conversion Cycle	14.69	-1.15	-1.27	-8.10	-12.16		-13.45	-11.69	-11.13	-10.60	-10.10	-9.62
Net tangible assets/share	\$4.62	\$5.91	\$8.53	\$6.78	\$5.04		\$9.60	\$14.64	\$20.18	\$26.29	\$32.97	

SN VALUATION

LBO Adjusted Proforma Cash Flow

Ticker:

OUTR

	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	57.27	51.01	103.88	150.23	119.46	132.98	147.18	162.10	177.75
Depreciation	86.42	123.69	145.48	179.15	188.11	197.51	207.39	217.76	228.65
Net Income + Depreciation	143.69	174.70	249.36	329.38	307.56	330.49	354.57	379.85	406.40
Amortization	5.04	5.34	5.18	7.50	8.56	8.27	8.49	9.27	9.77
Deferred Taxes	14.68	41.40	60.08	87.57	0.00	0.00	0.00	0.00	0.00
Non Cash Items	-9.17	21.19	42.53	21.82	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-38.62	63.47	59.04	17.64	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-6.59	-15.29	-17.08	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	-44.79	-2.07	-35.02	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-6.98	-10.53	-4.42	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	81.47	14.00	75.04	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	115.62	306.10	416.19	463.91	316.12	338.77	363.06	389.12	416.17
Capital Expenditures	-148.47	-170.85	-179.24	-208.05	-200.00	-200.00	-200.00	-200.00	-200.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-4.66	25.16	-8.68	-138.60	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-153.13	-145.69	-187.92	-346.65	-200.00	-200.00	-200.00	-200.00	-200.00
Financing Cash flow items	-120.39	6.72	-1.73	5.74	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	15.97	-17.62	-60.09	-135.13	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	143.92	-111.31	-7.58	-47.91	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	39.40	-122.21	-69.40	-177.30	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	3.47	-0.64	-0.45	1.08	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	14.03	19.39	141.82	296.45	220.95	337.07	475.84	638.91	828.03
Net Change in Cash	5.36	37.56	158.44	-58.96	116.12	138.77	163.06	189.12	216.17
Ending Cash Balance	19.39	141.82	300.26	237.49	337.07	475.84	638.91	828.03	1,044.20
Capex to Revenue	14.38%	11.89%	9.71%	9.45%	8.65%	8.24%	7.85%	7.47%	7.12%
Depreciation to Sales	8.37%	8.61%	7.88%	8.14%	8.14%	8.14%	8.14%	8.14%	8.14%
Amortization to Sales	0.49%	0.37%	0.28%	0.34%	0.37%	0.34%	0.33%	0.35%	0.35%
A/R to Sales	1.87%	1.81%	2.24%	2.65%	2.52%	2.40%	2.29%	2.18%	2.08%
Distributable FCF/EV Yield	-2.17%	9.26%	13.18%	6.77%	6.70%	8.01%	9.41%	10.92%	12.48%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	-32.85	135.25	236.95	255.86	116.12	138.77	163.06	189.12	216.17

SN VALUATION

LBO Debt Schedule

Ticker:

OUTR

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-58.96	116.12	138.77	163.06	189.12	216.17
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	503.39	503.39	503.39	503.39	503.39	503.39
Current Portion Debt Balance	162.39	162.39	162.39	162.39	162.39	162.39
Long Term Debt Balance	341.00	341.00	341.00	341.00	341.00	341.00
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		35.24	35.24	35.24	35.24	35.24
Cash Balance		282.89				
Interest @ 1.0%		2.83	2.83	2.83	2.83	2.83
Net Interest Expense/(Income)		32.41	32.41	32.41	32.41	32.41
Net Interest Rate		9.50%	9.50%	9.50%	9.50%	9.50%
EBITDA		216.19	236.99	258.84	281.79	305.88
EBITDA/Interest Expense Coverage		6.14	6.73	7.35	8.00	8.68

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:

Outerwall (Formerly Coinstar)

Ticker:

OUTR

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	98.45	53.01	183.00	222.99	339.11	477.88	640.95	830.07	1,046.24
Total Assets	1,222.81	1,282.72	1,426.46	1,797.85	1,917.31	2,050.29	2,197.47	2,359.57	2,537.32
X1	0.08	0.04	0.13	0.12	0.18	0.23	0.29	0.35	0.41
Retained Earnings	50.97	101.98	188.75	339.00	458.46	591.44	738.62	900.72	1,078.47
Total Assets	1,222.81	1,282.72	1,426.46	1,797.85	1,917.31	2,050.29	2,197.47	2,359.57	2,537.32
X2	0.04	0.08	0.13	0.19	0.24	0.29	0.34	0.38	0.43
EBITDA	193.61	270.19	358.10	447.28	416.19	436.99	458.84	481.79	505.88
Total Assets	1,222.81	1,282.72	1,426.46	1,797.85	1,917.31	2,050.29	2,197.47	2,359.57	2,537.32
X3	0.16	0.21	0.25	0.25	0.22	0.21	0.21	0.20	0.20
Market Value of Equity	1,719.80	1,719.80	1,719.80	1,719.80	1,784.02	1,850.65	1,919.76	1,991.45	2,065.82
Total Liabilities	810.41	839.57	936.94	1,260.63	1,260.63	1,260.63	1,260.63	1,260.63	1,260.63
X4	2.12	2.05	1.84	1.36	1.42	1.47	1.52	1.58	1.64
Net Sales	1,032.62	1,436.42	1,845.37	2,202.04	2,312.14	2,427.75	2,549.14	2,676.59	2,810.42
Total Assets	1,222.81	1,282.72	1,426.46	1,797.85	1,917.31	2,050.29	2,197.47	2,359.57	2,537.32
X5	0.84	1.12	1.29	1.22	1.21	1.18	1.16	1.13	1.11
Altman Z Score	2.80	3.20	3.56	3.28	3.32	3.45	3.58	3.71	3.84

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

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	232.40	351.86	484.84	632.02	794.12	971.87				971.87
Annual Change		119.46	132.98	147.18	162.10	177.75				
Annual FCF	255.86	116.12	138.77	163.06	189.12	216.17	164.65	164.65	164.65	493.95
Annual Op. Cash Flow	463.91	316.12	338.77	363.06	389.12	416.17	364.65	364.65	364.65	
Annual PP&E Investment	(208.05)	(200.00)	(200.00)	(200.00)	(200.00)	(200.00)	(200.00)	(200.00)	(200.00)	
Today's Tangible Book Value	232.40	309.39	411.89	548.35	730.02	971.87				1,465.82
Intrinsic Value IRR	33.13%									
Market Price	1,719.80	1,665.70	1,613.31	1,562.57	1,513.42	1,465.82				1,465.82
Market Price IRR	-3.15%									

Debt	50.00%	859.90
Equity	50.00%	859.90
Total	100.00%	1,719.80

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	542.26	859.90	945.78	1,045.18	1,158.79	1,287.31	1,431.49				
Goodwill	309.86	1,487.40	1,487.40	1,487.40	1,487.40	1,487.40	1,487.40				
Debt	341	1,200.90	1,200.90	1,200.90	1,200.90	1,200.90	1,200.90				
Debt Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%				
Additional Interest Expense		51.65	51.65	51.65	51.65	51.65					
Tangible Book Value	232.4	-627.50	-541.62	-442.21	-328.61	-200.09	-55.91				-55.91
Annual Change		85.88	99.41	113.61	128.52	144.18					
Annual FCF	255.86	82.55	105.19	129.49	155.54	182.59	182.59	182.59	182.59	182.59	547.78
Annual Net Income	150.23	85.88	99.41	113.61	128.52	144.18	144.18	144.18	144.18		
Annual Op. Cash Flow	463.91	282.55	305.19	329.49	355.54	382.59	382.59	382.59	382.59		
Dividend Payments											
Annual PP&E Investment	(208.05)	(200.00)	(200.00)	(200.00)	(200.00)	(200.00)	(200.00)	(200.00)	(200.00)		
Debt Paydown	0.00						0.00	0.00	0.00		
Sale Price in Year 5											491.87
Remaining Debt Balance											822.30
Capital Left for Equity Investor											(368.02)
Dividend Payments											0.00
Total Cash In Flow											(368.02)
Invested Equity	859.90	-725.66	612.38	-516.78	436.11	-368.02					
IRR	-184.39%										

<u>Value Creation</u>	
TBV Growth (equals sum of NI Year 1-5)	571.59
Cash Flow (Year 6-8)	547.78
	1,119.37

<u>Value Dilution</u>	
Debt	859.90
Goodwill	1,177.54
Additional Interest	258.27
	2,295.71