

Pinnacle Foods (PF)

Price:	\$26.07	Net Tang. Bk Value Incl. Cash, Excl.	\$45,260,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$327,337,737.50
Market Cap:	\$3,054,100,500	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$154,535,547.50
Cash:	\$116,530,000	NTBVIC/Market Downside Recovery:	1.48%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$1,991,560,000	Op. Cash Flow:	\$154,535,548	Year 5 Disposition Price:	\$790,944,380.00
Net Cash:	-\$1,875,030,000	Implied Years to Fill Gap:	19.47		
Enterprise Value:	\$4,929,130,500	Today's Equity if 5x Op. CF:	\$508,866,643		
		Net Tang. Book+ Gain Disposition:			\$790,944,380.00
Shares Outstanding:	117,150,000	IRR:			-23.68%
				Price:	\$6.75
				Target Market Cap:	\$790,944,380
				Target Enterprise Value:	\$2,665,974,380

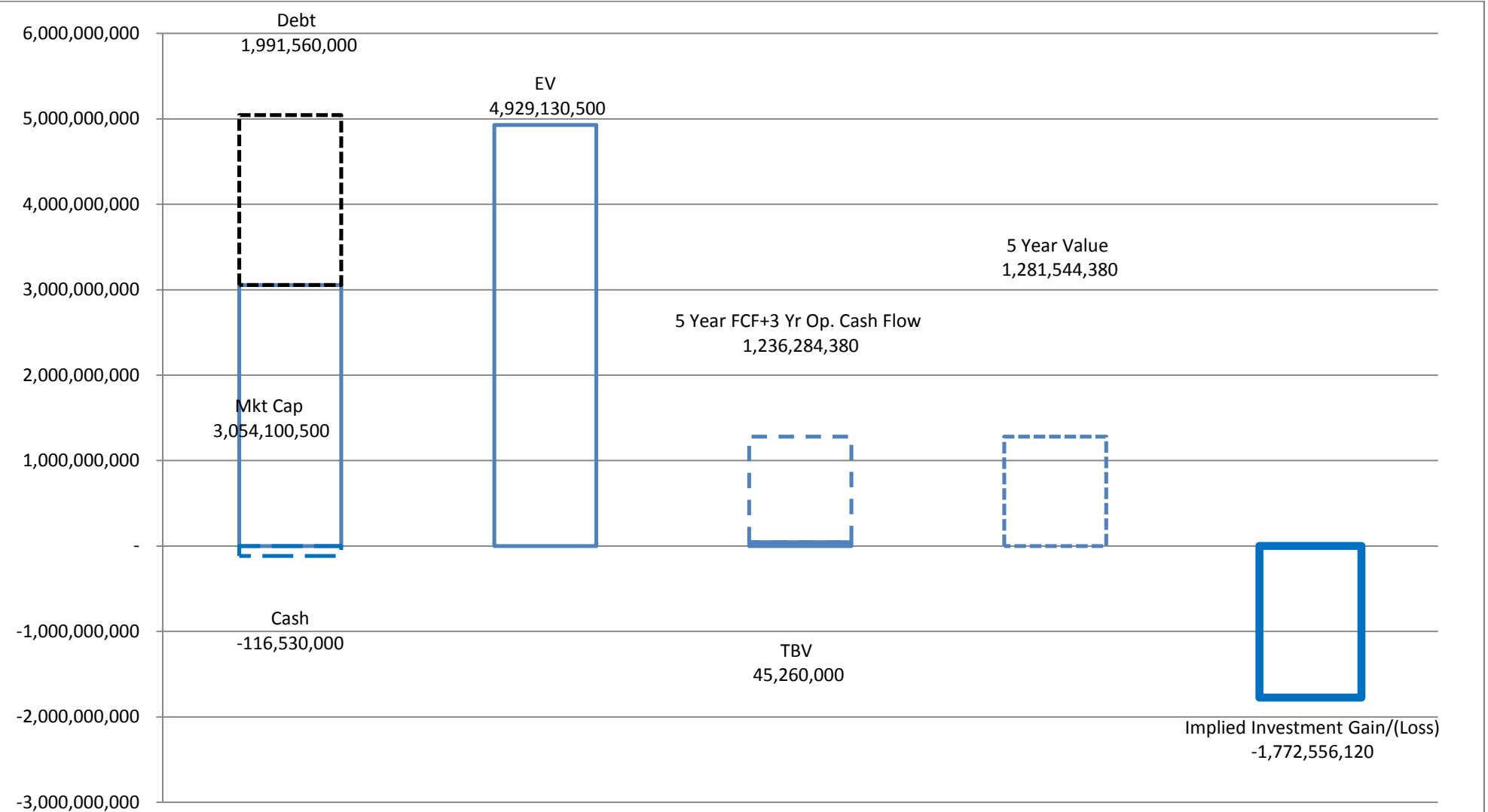
* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

Company incorporated as Aurora Foods in the 90s when the Van De Kamp frozen seafood was acquired from Pillsbury. Accounting scandal ensued and was merged into Pinnacle Foods in 2003. Pinnacle was primarily a Vlasic pickle producer. Blackstone acquired the Co. in 2007 for \$2.2BB. Blackstone's equity is valued at \$2.08BB. Pre-IPO share of 80MM shares owned by Blackstone + 29MM new shares (Raised \$580MM with shares at \$20/each, or 29MM shares sold), resulting in 119MM shares. Blackstone has a 75% stake in the equity.

Blackstone has not made money on this deal so far, unless they did a dividend recap, taking on a bunch of loan to distribute cash as dividend. They bought the Co. at the peak in 2007 and is wanting to unload.

The Co. makes frozen foods sold in grocery stores, and pickles, peppers, relish, syrup. The Co. raised capital and recapitalized, paid down \$600MM in debt, lowering the interest expense burden of roughly \$40MM annually. Co. bulked up operations by taking out \$1.3BB in debt to acquire the frozen foods business in 2009. Interest expense increased, as a result, resulting in net losses, but operating cash flow increased to \$200MM and revenue jumped from \$1.6BB to \$2.4BB.

Unfortunately, at the current price, we see no enticing value proposition, with the large goodwill balance (\$1.5BB) cutting away at the net tangible book value. Also, the Co. is paying out a scanty dividend of 2.5%, for a low margin, over leveraged business. We think Blackstone is trying to exit the investment and is an eager seller of the business.



Pinnacle Foods Inc., was incorporated in Delaware on July 28,2003 under the name Crunch Holding Corp. The company manufactures, markets, and distributes branded food products in North America. The company's brands include Armour, Aunt Jamima Frozen, Breakfast, Duncan Hines, and Vlastic among others. Its products are sold through supermarkets, grocery wholesalers and distributors, mass merchandisers, super centers, convenience stores, dollar stores, drug stores and warehouse clubs in the United States and Canada, as well as in military channels and foodservice locations.

Company Name:		Pinnacle Foods									Income Statement		
Ticker Symbol:		PF	Market Capitalization:	\$3,054,100,500.00	Revenue:	\$2,450,000,000.00	100.0%						
Last Price:		\$26.07	Total Debt:	\$1,991,560,000.00	Cost of Goods Sold:	\$1,865,450,000.00	76.1%						
Net Cash/Share:		-\$16.01	CH Total Cash:	\$116,530,000.00	Gross Profit:	\$584,550,000.00	23.9%						
Net Cash to Last Price:		-61.39%	Net Cash/(Debt):	-\$1,875,030,000.00	EBITDA:	\$417,960,000.00	17.1%						
Shares Outstanding:		117,150,000	Enterprise Value:	\$4,929,130,500.00	Net Income:	\$46,500,000.00	1.9%						
Industry:		Packaged Foods	Current EV/Share:	\$42.08									
Sector:		Consumer Defensive	EBITDA:	\$397,540,000.00									
Institutional Ownership:		91.61%	EV/EBITDA Multiple:	12.40									
Mutual Fund Ownership:		12.59%	EV/EBITDA Multiple Average Year 1-5:	12.86									
Insider Ownership:		#VALUE!	EV/FCF Multiple (excluding acquisition):	39.57									
Float:		27.00%	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	66.13									
												Balance Sheet	
												Cash:	\$116,530,000.00
												Short Term Investment:	\$0.00
												A/R:	\$148,000,000.00
												PP&E:	\$515,000,000.00
												Assets:	\$4,390,840,000.00
												A/P:	\$117,000,000.00
												Deferred Tax:	\$502,230,000.00
												Other Liabilities:	\$285,440,000.00
												Short term Debt:	\$21,560,000.00
												Long Term Debt:	\$1,970,000,000.00
												Liabilities:	\$2,896,230,000.00
												Retained Earnings:	\$224,000,000.00
												Paid-In Capital:	\$1,323,810,000.00
												Treasury Stock:	\$0.00
												Stockholder's Equity:	\$1,486,260,000.00
												Cash Flow	
												Net Income:	52,520,000.00
												Depreciation/Amortization:	98,120,000.00
												Change in Working capital:	-13,070,000.00
												Cash from Operating Activities:	202,850,000.00
												Capital Expenditures:	-78,280,000.00
												Cash from Investing Activities:	-77,710,000.00
												Total Cash Dividends Paid:	0.00
												Issuance (Retirement) of Stock:	-880,000.00
												Issuance (Retirement) of Debt:	-165,740,000.00
												Cash from Financing Activities:	-184,110,000.00
												Profitability Margins	
												Debt to Equity:	134.00%
												Return on Assets:	1.20%
												Return on Capital:	1.51%
												Return on Equity:	3.53%
												Upper Range	
												DCF: EV/EBITDA Terminal Value	
												Implied TV from 3 X EV/EBITDA Multiple	\$855,079,050.00
												Enterprise Value	\$855,079,050.00
												Cash at Year 5:	\$489,207,737.50
												Debt at Year 5:	\$1,991,560,000.00
												Equity Value Year 5:	-\$647,273,212.50
												Equity/Share at Year 5:	-\$5.53
												Annualized Return:	-173.32%
												Lower Range	
												DCF: Net Tangible Asset excluding Cash/Debt Terminal Value	
												Year 5 Net Tangible Assets excluding cash and debt	\$241,850,000.00
												Enterprise Value	\$241,850,000.00
												Cash at Year 5:	\$489,207,737.50
												Debt at Year 5:	\$1,991,560,000.00
												Equity Value Year 5:	-\$1,260,502,262.50
												Equity/Share at Year 5:	-\$10.76
												Annualized Return:	-183.78%
												EVA	
												EVA today:	\$1,397,179,558.99
												EVA in 5 Years:	\$3,041,218,601.82
												EVA/Share:	\$25.96
												Cash at Year 5:	\$489,207,737.50
												Debt at Year 5:	\$1,991,560,000.00
												Equity Value Year 5:	\$1,538,866,339.32
												Equity/Share at Year 5:	\$13.14
												Annualized return	16.83%
												Current Net Tangible Asset	
												Net Tangible Asset/Share:	-\$14.05
												Net Tangible Asset/Share in Year 5:	-\$11.65
												Annualized return	-3.69%
												Current Equity Price:	\$26.07
												Selling at Discount?	Premium
												Appreciation Potential:	-153.91%
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Technicals													
52 week low:		\$22.15											
Today from 52 week low:		17.70%											
52 week high:		\$28.52											
Today from 52 week high:		9.40%											
Analyst/Consensus													
Analyst Sales Growth FY1:		N/A											
Analyst Sales Growth FY2:		5.80%											
SN Valuation Estimate FY1:		0.00%											
SN Valuation Estimate FY2:		0.00%											
Analyst Earnings Estimate FY1:		\$1.55											
Analyst Earnings Estimate FY2:		\$1.73											
SN Valuation Earnings Est. FY1:		\$0.48											
SN Valuation Earnings Est. FY2:		\$0.48											
Multiples													
Market Value to Book:		2.05											
EV to Book:		3.32											
Market Value to Tangible Net Assets:		-1.29											
P/E Ratio:		65.68											
Trailing P/E Ratio:		52.18											
Forward P/E Ratio:		14.93											
Beta:		NA											
Dividend:		0.72											
Dividend Yield:		2.79%											
Dividend Date:		Oct 9, 2013											
Ex-Dividend Date:		Sep 19, 2013											
Competitors													
Average EV to EBITDA:		N/A											
Company EV to EBITDA:		12.40											
Average EV to EBIT:		N/A											
Company EV to EBITA:		17.38											

SN VALUATION

LBO Pro Forma Income Statement

Name:

Pinnacle Foods

Ticker:

PF

	Historical				Forecasted				
	12 months ending 2009-12-27	12 months ending 2010-12-26	12 months ending 2011-12-25	12 months ending 2012-12-30	2013	2014	2015	2016	2017
Revenue	1,642.93	2,436.70	2,469.56	2,478.49	2,478.49	2,478.49	2,478.49	2,478.49	2,478.49
COGS	1,263.63	1,834.38	1,854.70	1,893.94	1,908.44	1,908.44	1,908.44	1,908.44	1,908.44
Gross margin	379.30	602.32	614.86	584.55	570.05	570.05	570.05	570.05	570.05
SG&A	168.57	232.29	232.10	259.15	272.63	272.63	272.63	272.63	272.63
R&D	4.56	9.39	8.02	12.03	12.39	12.39	12.39	12.39	12.39
Unusual expense	25.39	29.00	156.19	14.78	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	-0.68	-0.89	-0.83	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)	162.78	282.32	199.44	299.42	285.03	285.03	285.03	285.03	285.03
Interest income/(expense)	-121.08	-235.71	-208.08	-198.37	-198.23	-198.23	-198.23	-198.23	-198.23
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	24.88	29.44	-24.61	85.22	86.79	86.79	86.79	86.79	86.79
Tax	-277.72	7.40	22.10	32.70	30.38	30.38	30.38	30.38	30.38
Income after tax	302.60	22.04	-46.91	52.52	56.42	56.42	56.42	56.42	56.42
Minority Interest	0.00	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	302.60	22.04	-46.91	52.52	56.42	56.42	56.42	56.42	56.42
* Figures are in millions (\$)									
EPS (based off today's share count)	\$2.58	\$0.19	-\$0.40	\$0.45	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48
P/E (historical today's price; forecasted intrinsic price)	10.09	138.57	-65.11	58.15	41.32	31.53	24.07	18.37	14.02
Revenue Growth	N/A	48.31%	1.35%	0.36%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	-1116.24%	25.14%	-89.08%	38.37%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	0.00%	-8.41%	-7.55%	-7.60%	-10.06%	-10.06%	-10.06%	-10.06%	-10.06%
Margins									
COGS	76.91%	75.28%	75.10%	76.42%	77.00%	77.00%	77.00%	77.00%	77.00%
Gross margin	23.09%	24.72%	24.90%	23.58%	23.00%	23.00%	23.00%	23.00%	23.00%
SG&A	11.36%	11.58%	10.21%	10.46%	11.00%	11.00%	11.00%	11.00%	11.00%
R&D	0.28%	0.39%	0.32%	0.49%	0.50%	0.50%	0.50%	0.50%	0.50%
Unusual expense	1.55%	1.19%	6.32%	0.60%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	-0.03%	-0.04%	-0.03%	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)	9.91%	11.59%	8.08%	12.08%	11.50%	11.50%	11.50%	11.50%	11.50%
Interest income/(expense)	-7.37%	-9.67%	-8.43%	-8.00%	-8.00%	-8.00%	-8.00%	-8.00%	-8.00%
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	1.51%	1.21%	-1.00%	3.44%	3.50%	3.50%	3.50%	3.50%	3.50%
Tax	-16.90%	0.30%	0.89%	1.32%	1.23%	1.23%	1.23%	1.23%	1.23%
Income after tax	18.42%	0.90%	-1.90%	2.12%	2.28%	2.28%	2.28%	2.28%	2.28%
Minority Interest	0.00%	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	18.42%	0.90%	-1.90%	2.12%	2.28%	2.28%	2.28%	2.28%	2.28%

	Error	As of				Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
		2010-12-26	2011-12-25	2012-12-30	2013-06-30	+	-						
Cash	#VALUE!	115.29	151.03	92.28	116.53			116.53	191.0655475	265.60	340.14	414.67	489.21
Short term investment	Error	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	#VALUE!	115.29	151.03	92.28	116.53			116.53	191.07	265.60	340.14	414.67	489.21
Accounts Receivable	Error	137.58	149.51	132.80	148.00			148.00	148.00	148.00	148.00	148.00	148.00
Other receivables	Error	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	#VALUE!	137.58	149.51	132.80	148.00			148.00	148.00	148.00	148.00	148.00	148.00
Total Inventory	Error	329.63	335.81	358.05	288.97			288.97	288.97	288.97	288.97	288.97	288.97
Prepaid Expenses	Error	14.11	7.55	6.53	11.63			11.63	11.63	11.63	11.63	11.63	11.63
Other Current Assets	Error	45.69	71.11	104.53	119.01			119.01	119.01	119.01	119.01	119.01	119.01
Current Assets	#VALUE!	642.30	715.01	694.19	684.14	0.00	0.00	684.14	758.6755475	833.21	907.75	982.28	1,056.82
PP&E, Gross		750.95	605.77	706.56	786.40			790.00	870.00	950.00	1,030.00	1,110.00	1,190.00
Change in Depreciation		65.47	78.05	88.48	98.12			98.12	98.12	98.12	98.12	98.12	98.12
Accumulated Depreciation		255.03	158.70	205.28	272.73			275.00	373.12	471.24	569.36	667.48	765.60
PP&E, Net	495.92	447.07	501.28	513.67	515.00			515.00	496.88	478.76	460.64	442.52	424.40
Goodwill	Error	1,564.39	1,441.49	1,441.49	1,441.00	0.00		1,441.00	1,441.00	1,441.00	1,441.00	1,441.00	1,441.00
Intangibles	Error	1,788.53	1,747.31	1,730.96	1,700.00			1,700.00	1,700.00	1,700.00	1,700.00	1,700.00	1,700.00
Long term investments	Error	0.00	1.33	0.00	29.17			29.17	29.17	29.17	29.17	29.17	29.17
Other long term assets	Error	41.65	34.72	28.59	21.53			21.53	21.53	21.53	21.53	21.53	21.53
Long Term Assets	#VALUE!	3,841.64	3,726.13	3,714.71	3,706.70	0.00	0.00	3,706.70	3,688.58	3,670.46	3,652.34	3,634.22	3,616.10
Total Assets	#VALUE!	4,483.94	4,441.14	4,408.90	4,390.84	0.00	0.00	4,390.84	4,447.26	4,503.67	4,560.09	4,616.50	4,672.92
Accounts Payable	Error	115.37	152.87	137.33	117.00			117.00	117.00	117.00	117.00	117.00	117.00
Accrued Expense	Error	190.21	163.91	163.84	168.00			168.00	168.00	168.00	168.00	168.00	168.00
Other current Liabilities	Error	0.00	0.00	0.00	21.11			21.11	21.11	21.11	21.11	21.11	21.11
Total Current Liabilities	0.00	305.58	316.78	301.17	306.11	0.00	0.00	306.11	306.11	306.11	306.11	306.11	306.11
Notes Payables/Short Term Debt	Error	1.59	1.71	2.14	1.34			1.34	1.34	1.34	1.34	1.34	1.34
Current port. Of LT Debt/Capital Leases	Error	4.65	15.66	30.42	20.22			20.22	20.22	20.22	20.22	20.22	20.22
Long term Debt	Error	2,797.31	2,738.65	2,576.39	1,970.00	0.00	0.00	1,970.00	1,970.00	1,970.00	1,970.00	1,970.00	1,970.00
Capital Lease Obligations	Error	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	0.00	2,803.55	2,756.02	2,608.95	1,991.56	0.00	0.00	1,991.56	1,991.56	1,991.56	1,991.56	1,991.56	1,991.56
Deferred Income tax	Error	365.79	417.97	471.53	502.23			502.23	502.23	502.23	502.23	502.23	502.23
Minority Interest	Error	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	Error	121.62	115.50	129.62	96.33			96.33	96.33	96.33	96.33	96.33	96.33
Total Liabilities	0.00	3,596.54	3,606.27	3,511.27	2,896.23	0.00	0.00	2,896.23	2,896.23	2,896.23	2,896.23	2,896.23	2,896.23
Redeemable Preferred Stock	Error	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	Error	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	Error	0.01	0.81	0.81	0.81		0.00	0.81	0.81	0.81	0.81	0.81	0.81
Additional Paid-in capital	Error	697.25	696.54	696.51	1,323.00	0.00	0.00	1,323.00	1,323.00	1,323.00	1,323.00	1,323.00	1,323.00
Dividends Paid	Error	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	Error	247.35	200.44	252.96	224.00			224.00	280.42	336.83	393.25	449.66	506.08
Treasury Stock	Error	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	Error	-49.53	-52.44	-61.55	-61.55		0.00	-61.55	-61.55	-61.55	-61.55	-61.55	-61.55
Total Equity	0.00	895.08	845.35	888.73	1,486.26	0.00	0.00	1,486.26	1,542.68	1,599.09	1,655.51	1,711.92	1,768.34
Liability + Equity	0.00	4,491.62	4,451.62	4,400.00	4,382.49	0.00	0.00	4,382.49	4,438.91	4,495.32	4,551.74	4,608.15	4,664.57
Variance	#VALUE!	-7.68	-10.48	8.90	8.35			8.35	8.35	8.35	8.35	8.35	8.35
Debt/Equity	#DIV/0!	3.13	3.26	2.94	1.34			1.34	1.29	1.25	1.20	1.16	1.13
Inventory Turnover	#VALUE!	7.39	7.35	6.92	8.58			8.58	8.58	8.58	8.58	8.58	8.58
Inventory Turnover Days	#VALUE!	49.38	49.63	52.73	42.56			42.56	42.56	42.56	42.56	42.56	42.56
Days Inventory Outstanding	#VALUE!	65.59	66.09	69.00	55.27			55.69	55.27	55.27	55.27	55.27	55.27
Accounts Receivable Turnover	#VALUE!	17.71	16.52	18.66	16.75			16.75	16.75	16.75	16.75	16.75	16.75
Accounts Receivable Turnover Days	#VALUE!	20.61	22.10	19.56	21.80			21.80	21.80	21.80	21.80	21.80	21.80
Days Payable Outstanding	#VALUE!	22.96	30.08	26.47	22.38			22.55	22.38	22.38	22.38	22.38	22.38
Days Sales Outstanding	#VALUE!	20.61	22.10	19.56	21.80			19.56	21.80	21.80	21.80	21.80	21.80
Cash Conversion Cycle	#VALUE!	63.24	58.10	62.09	54.69			52.70	54.69	54.69	54.69	54.69	54.69
Net tangible assets/share	#VALUE!	(\$20.98)	(\$20.00)	(\$19.49)	(\$14.12)			(\$13.64)	(\$13.16)	(\$12.68)	(\$12.20)	(\$11.72)	(\$11.24)

	12 months ending 2009-12-27	12 months ending 2010-12-26	12 months ending 2011-12-25	12 months ending 2012-12-30	2011	2012	2013	2014	2015
Net Income	302.60	22.04	-46.91	52.52	56.42	56.42	56.42	56.42	56.42
Depreciation	65.47	78.05	88.48	98.12	98.12	98.12	98.12	98.12	98.12
Net Income + Depreciation	368.07	100.09	41.57	150.64	154.54	154.54	154.54	154.54	154.54
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-277.71	4.38	20.52	30.93	0.00	0.00	0.00	0.00	0.00
Non Cash Items	21.16	62.00	153.38	34.35	0.00	0.00	0.00	0.00	0.00
Change in Working capital	4.72	90.51	-11.25	-13.07	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	#VALUE!	-11.93	16.71	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	#VALUE!	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	#VALUE!	-6.18	-22.24	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	#VALUE!	6.56	1.02	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	#VALUE!	37.50	-15.54	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	116.24	256.98	204.22	202.85	154.54	154.54	154.54	154.54	154.54
Capital Expenditures Expenditures	-52.03	-81.27	-117.31	-78.28	-80.00	-80.00	-80.00	-80.00	-80.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-1,314.75	0.00	7.90	0.57	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-1,366.78	-81.27	-109.41	-77.71	-80.00	-80.00	-80.00	-80.00	-80.00
Financing Cash flow items	-42.76	-27.11	2.01	-17.50	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	262.12	-0.66	-1.07	-0.88	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	1,100.47	-106.56	-59.97	-165.74	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	1,319.83	-134.33	-59.03	-184.12	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	0.32	0.03	-0.03	0.22	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	#VALUE!	Error	115.29	151.03	116.53	191.07	265.60	340.14	414.67
Net Change in Cash	69.61	41.41	35.74	-58.75	74.54	74.54	74.54	74.54	74.54
Ending Cash Balance	Error	115.29	151.03	92.28	191.07	265.60	340.14	414.67	489.21
Capex to Revenue	3.17%	3.34%	4.75%	3.16%	3.23%	3.23%	3.23%	3.23%	3.23%
Depreciation to Sales	3.98%	3.20%	3.58%	3.96%	3.96%	3.96%	3.96%	3.96%	3.96%
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	#VALUE!	5.65%	6.05%	5.36%	5.36%	5.36%	5.36%	5.36%	5.36%
Distributable FCF/EV Yield	-25.37%	3.56%	1.92%	2.54%	1.51%	1.51%	1.51%	1.51%	1.51%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	64.21	175.71	86.91	124.57	74.54	74.54	74.54	74.54	74.54

SN VALUATION

LBO Debt Schedule

Ticker:

PF

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-58.75	74.54	74.54	74.54	74.54	74.54
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	1,991.56	1,991.56	1,991.56	1,991.56	1,991.56	1,991.56
Current Portion Debt Balance	21.56	21.56	21.56	21.56	21.56	21.56
Long Term Debt Balance	1,970.00	1,970.00	1,970.00	1,970.00	1,970.00	1,970.00
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		199.16	199.16	199.16	199.16	199.16
Cash Balance		92.28				
Interest @ 1.0%		0.92	0.92	0.92	0.92	0.92
Net Interest Expense/(Income)		198.23	198.23	198.23	198.23	198.23
Net Interest Rate		10.06%	10.06%	10.06%	10.06%	10.06%
EBITDA		285.03	285.03	285.03	285.03	285.03
EBITDA/Interest Expense Coverage		1.43	1.43	1.43	1.43	1.43

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Pinnacle Foods

Ticker:

PF

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	#VALUE!	336.72	398.23	378.03	452.57	527.10	601.64	676.17	750.71
Total Assets	#VALUE!	4,483.94	4,441.14	4,390.84	4,447.26	4,503.67	4,560.09	4,616.50	4,672.92
X1	#VALUE!	0.08	0.09	0.09	0.10	0.12	0.13	0.15	0.16
Retained Earnings	Error	247.35	200.44	224.00	280.42	336.83	393.25	449.66	506.08
Total Assets	#VALUE!	4,483.94	4,441.14	4,390.84	4,447.26	4,503.67	4,560.09	4,616.50	4,672.92
X2	#VALUE!	0.06	0.05	0.05	0.06	0.07	0.09	0.10	0.11
EBITDA	162.78	282.32	199.44	299.42	285.03	285.03	285.03	285.03	285.03
Total Assets	#VALUE!	4,483.94	4,441.14	4,390.84	4,447.26	4,503.67	4,560.09	4,616.50	4,672.92
X3	#VALUE!	0.06	0.04	0.07	0.06	0.06	0.06	0.06	0.06
Market Value of Equity	3,054.10	3,054.10	3,054.10	3,054.10	2,330.97	1,779.05	1,357.82	1,036.32	790.94
Total Liabilities	0.00	3,596.54	3,606.27	2,896.23	2,896.23	2,896.23	2,896.23	2,896.23	2,896.23
X4	#DIV/0!	0.85	0.85	1.05	0.80	0.61	0.47	0.36	0.27
Net Sales	1,642.93	2,436.70	2,469.56	2,478.49	2,478.49	2,478.49	2,478.49	2,478.49	2,478.49
Total Assets	#VALUE!	4,483.94	4,441.14	4,390.84	4,447.26	4,503.67	4,560.09	4,616.50	4,672.92
X5	#VALUE!	0.54	0.56	0.56	0.56	0.55	0.54	0.54	0.53
Altman Z Score	#VALUE!	1.43	1.38	1.60	1.46	1.37	1.31	1.27	1.24

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

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	45.26	101.68	158.09	214.51	270.92	327.34				327.34
Annual Change		56.42	56.42	56.42	56.42	56.42				
Annual FCF	124.57	74.54	74.54	74.54	74.54	74.54	74.54	74.54	74.54	223.61
Annual Op. Cash Flow	202.85	154.54	154.54	154.54	154.54	154.54	154.54	154.54	154.54	
Annual PP&E Investment	(78.28)	(80.00)	(80.00)	(80.00)	(80.00)	(80.00)	(80.00)	(80.00)	(80.00)	
Today's Tangible Book Value	45.26	67.23	99.87	148.35	220.36	327.34				550.94
Intrinsic Value IRR	48.54%									
Market Price	3,054.10	2,168.34	1,539.48	1,092.99	776.00	550.94				550.94
Market Price IRR	-29.00%									

Debt	50.00%	1,527.05
Equity	50.00%	1,527.05
Total	100.00%	3,054.10

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5			
Book Equity	1486.26	1,527.05	1,462.37	1,397.69	1,333.01	1,268.34	1,203.66			
Goodwill	1441	3,008.84	3,008.84	3,008.84	3,008.84	3,008.84	3,008.84			
Debt	1970	3,497.05	3,497.05	3,497.05	3,497.05	3,497.05	3,497.05			
Debt Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%			
Additional Interest Expense		151.47	151.47	151.47	151.47	151.47				
Tangible Book Value	45.26	-1,481.79	-1,546.47	-1,611.15	-1,675.83	-1,740.50	-1,805.18			-1,805.18
Annual Change			-64.68	-64.68	-64.68	-64.68	-64.68			
Annual FCF	124.57		(46.56)	(46.56)	(46.56)	(46.56)	(46.56)	(46.56)	(46.56)	(139.68)
Annual Net Income	52.52		(64.68)	(64.68)	(64.68)	(64.68)	(64.68)	(64.68)	(64.68)	
Annual Op. Cash Flow	202.85		33.44	33.44	33.44	33.44	33.44	33.44	33.44	
Dividend Payments										
Annual PP&E Investment	(78.28)		(80.00)	(80.00)	(80.00)	(80.00)	(80.00)	(80.00)	(80.00)	
Debt Paydown	0.00						0.00	0.00	0.00	

Sale Price in Year 5 (1,944.00)

Capital Left for Equity Investor (1,944.00)
 Dividend Payments 0.00
 Total Cash In Flow (1,944.00)

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 1,527.05
 IRR -204.96%

Value Creation
 TBV Growth (equals sum of NI Year 1-5) -323.39
 Cash Flow (Year 6-8) -139.68
-463.07

Value Dilution
 Debt 1,527.05
 Goodwill 1,567.84
 Additional Interest 757.36
3,852.25