

Power One Inc (PWER)

Price:	\$5.08	Price/Book:	1.32	EV/EBITDA 5x TV:	\$10.03
Market Cap:	\$581,913,991	Price/Earnings:	4.36	Net Tangible Asset TV:	\$7.60
Cash:	\$204,880,000	EV/EBITA:	1.98	SN Defined TV:	\$12.83
Debt:	\$0	EV/FCF:	2.09	Economic Value Added:	\$10.75
Net Cash:	\$204,880,000	Net Tang. Asset/Share:	\$3.56	Year 5 Target:	\$10.30
Enterprise Value:	\$377,033,991	Avg. Year 1-5 FCF/Share:	\$0.81	Appreciation:	102.785%

PowerOne makes power inverters for 1) renewable energy(70% of rev, 600% growth) mainly solar powered photovoltaic panels and 2) power solutions (30% of rev, 10% growth), AC/DC converters and network power systems for data centers.

Company restructured in 2009, cutting 1,300 employees, or 30% of the workforce.

With solar wafers falling in prices, one could assume an increase in inverters, which convert energy from an energy generating solar, wind facility on to the power grid. The solar market is \$5BB and wind is \$2BB, expected to grow 20% annually.

Read an interesting article on the Facebook-PowerOne connection. PowerOne provided energy consulting to Facebook's newly built \$200MM server facility, which will save Facebook millions on energy cost. <http://www.investментu.com/2012/February/pwer-facebook-ipo.html>

The bulk of POWR's revenue is from solar energy driven business, which lies in the hand of government advocacy in the U.S. Renewable energy is the buzz word, but it has to materialize for POWR to realize the cashflow.

Dividend?

Dividend yield is 0.00%.

Price to Book

Price to book is 1.32. Price to book excluding intangibles is 1.43.

Cashflow Generation

Cashflows are \$120.0 MM from operating cashflow.

Capex is \$30 MM, minority interest payment is \$0 MM, intangibles are \$0 MM and dividend is \$3 MM.

Free cash flow is about \$94 MM.

17.0% EBITA margin and FCF yield is 23.8%.

The company has \$204 MM in cash/short term investment and \$0 MM in debt. Zero drawn on \$20 MM line of credit.

We are projecting a \$0.0 MM paydown annually.

Profitability

ROA is 18.7%, and ROC is 30.9%.

Bankruptcy Risk

Altman Z is at 3.46.

LBO?

We don't believe a 60% debt/40% equity would be sustainable.

Price

We are forecasting a \$10.30/share in Year 5, or a 102.8% holding return, or 15.2% annual return. Thus, the 1 year forecasted price is \$5.85.

SN VALUATION

LBO Analysis

WACC Terminal Value:	N/A	Intrinsic Price in 5 Years:	10.30	Non-LBO Forecast	Non-LBO Forecast	Desired Return Rate	20.00%
EV/EBITDA with 3X Multiple Terminal Value:	\$10.03	Market Price:	5.08	Year 1 Target	5.85	Implied Today's Price	4.14
Net Tangible Asset Terminal Value:	\$7.60	LBO Price:	5.08	Year 2 Target	6.74	Overvalued/(Undervalued)	22.71%
EV/EBITDA with Today's Multiple Terminal Value:	\$12.83	Premium to Market Price:	0.00%	Year 3 Target	7.76		
EVA Enterprise Value:	\$10.75	LBO Price/Intrinsic Price Target:	15.19%	Year 4 Target	8.94		
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	20.35%	Year 5 Target	10.30		
Average (Excluding Dividend Discount):	\$10.30	Implied IRR at today's EV/EBITDA:	20.35%	Implied IRR (Market Price):	15.19%		
		5 Year Return:	102.78%				

Current Evaluation				Exit Evaluation			
Current Market Price:	5.08	LBO Price:	5.08	Exit Price:	10.30	Exit Price:	12.83
Outstanding Shares:	114,550,000	Outstanding Shares:	114,550,000	Outstanding Shares:	114,550,000	Outstanding Shares:	114,550,000
Market Capitalization:	581,913,991	Market Capitalization:	581,914,000	Market Capitalization:	1,180,031,746	Market Capitalization:	1,469,177,730
Available Cash:	204,880,000	Available Cash:	204,880,000	Available Cash:	667,748,409	Available Cash:	667,748,409
Debt:	0	Debt:	0	Debt:	0	Debt:	0
Net Cash:	204,880,000	Net Cash:	204,880,000	Net Cash:	667,748,409	Net Cash:	667,748,409
Enterprise Value:	377,033,991	Enterprise Value:	377,034,000	Enterprise Value:	512,283,337	Enterprise Value:	801,429,321
Original EV/EBITDA:	2.18	EV/EBITDA:	2.18	EV/EBITDA at 5 Years:	3.24	EV/EBITDA at 5 Years:	5.00
Original EV/EBITDA:	1.98	EV/EBITDA:	2.00	EV/EBITDA at 5 Years:	4.20	EV/EBITDA at 5 Years:	4.59
Competitor Average EV/EBIT:	N/A						
Competitor Average EV/EBITDA:	N/A						

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	5.08	5.08	5.85	6.74	7.76	8.94	10.30
Shares Outstanding:	114,550,000	114,550,000	114,550,000	114,550,000	114,550,000	114,550,000	114,550,000
Market Capitalization:	581,914,000	581,914,000	670,294,696	772,098,591	889,364,391	1,024,440,440	1,180,031,746
Available Cash:	204,880,000	204,880,000	295,086,641	386,465,026	479,026,873	572,784,017	667,748,409
Debt:	0	0	0	0	0	0	0
Net Cash:	204,880,000	204,880,000	295,086,641	386,465,026	479,026,873	572,784,017	667,748,409
Enterprise Value:	377,034,000	377,034,000	375,208,055	385,633,565	410,337,518	451,656,424	512,283,337
EBIT	172,990,000	172,990,000	152,031,565	153,571,881	155,127,599	156,698,875	158,285,864
EV/EBIT:	2.18	2.18	2.47	2.51	2.65	2.88	3.24
EBITDA	188,350,000	188,350,000	167,545,165	169,240,617	170,953,023	172,682,553	174,429,379
EV/EBITDA:	2.00	2.00	2.24	2.28	2.40	2.62	2.94

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	5.08	5.08	5.47	6.30	7.13	7.98	8.84
Shares Outstanding:	114,550,000	114,550,000	114,550,000	114,550,000	114,550,000	114,550,000	114,550,000
Market Capitalization:	581,914,000	581,914,000	626,441,454	721,176,977	817,129,534	914,311,294	1,012,734,550
Available Cash:	204,880,000	204,880,000	295,086,641	386,465,026	479,026,873	572,784,017	667,748,409
Debt:	0	0	0	0	0	0	0
Net Cash:	204,880,000	204,880,000	295,086,641	386,465,026	479,026,873	572,784,017	667,748,409
Enterprise Value:	377,034,000	377,034,000	331,354,813	334,711,951	338,102,661	341,527,278	344,986,141
EBIT	172,990,000	172,990,000	152,031,565	153,571,881	155,127,599	156,698,875	158,285,864
EV/EBIT:	2.18	2.18	2.18	2.18	2.18	2.18	2.18
EBITDA	188,350,000	188,350,000	167,545,165	169,240,617	170,953,023	172,682,553	174,429,379
EV/EBITDA:	2.00	2.00	1.98	1.98	1.98	1.98	1.98

LBO Price	5.08	Equity Partners:	581,914,000	Weighting	100.00%	Annualized Return for Equity Partners: 20.35%
Shares Outstanding	114,550,000	Debt Partners:	0	0.00%		
Market Capitalization	581,914,000	Total Funds for LBO:	581,914,000	100.00%		
Debt	0					
Cash	204,880,000					
Enterprise Value	377,034,000					
Capital Investment	581,914,000					

Book Value	Enterprise Value	Stock Valuation	Debt Reduction				
Beginning Book Value	440.59	Beginning Enterprise Value	377.03	Current Market Price	\$5.08	Starting Debt	0.00
Year 5 Book Value	974.32	Year 5 Enterprise Value	801.43	Year 5 Market Price	\$12.83	Debt Repayment	0.00
Annualized Return	17.20%	Annualized Return	16.28%	Annualized Return	20.35%	Year 5 Ending Debt	0.00
						% of Starting Debt	#DIV/0!

SN VALUATION

LBO Pro Forma Income Statement

Name:

Power One Inc

Ticker:

PWER

	Historical				Forecasted				
	12 months ending 2008-12-28	12 months ending 2010-01-03	12 months ending 2011-01-02	12 months ending 2012-01-01	2011	2012	2013	2014	2015
Revenue	537.46	431.57	1,047.14	1,016.71	1,026.88	1,037.15	1,047.52	1,057.99	1,068.57
COGS	426.88	335.28	644.02	704.01	718.81	726.00	733.26	740.59	748.00
Gross margin	110.58	96.29	403.12	312.70	308.06	311.14	314.26	317.40	320.57
SG&A	75.06	67.66	74.63	88.46	92.42	93.34	94.38	95.22	96.17
R&D	43.80	30.31	36.40	48.08	51.34	51.86	52.38	52.90	53.43
Unusual expense	-2.22	56.43	31.64	1.34	10.27	10.37	10.48	10.58	10.69
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Included within COGS	2.40	1.55	1.53	1.83	2.00	2.00	2.00	2.00	2.00
Operating Income (EBITA)	-8.46	-49.66	258.92	172.99	152.03	153.57	155.13	156.70	158.29
Interest income/(expense)	-9.34	-7.51	-8.67	-3.54	2.05	2.05	2.05	2.05	2.05
Gain (loss) on sale of asset	0.00	0.00	0.00	18.43	0.00	0.00	0.00	0.00	0.00
Other	-2.58	0.20	0.00	7.76	0.00	0.00	0.00	0.00	0.00
Income before tax	-20.38	-56.97	250.25	195.64	154.08	155.62	157.18	158.75	160.33
Tax	-0.18	6.86	103.61	59.92	52.39	52.91	53.44	53.97	54.51
Income after tax	-20.20	-63.83	146.64	135.72	101.69	102.71	103.74	104.77	105.82
Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	2.66	0.57	1.22	0.58	0.85	0.81	0.81	0.83	0.83
Net income	-17.54	-63.27	147.86	136.30	102.54	103.52	104.55	105.60	106.65
*Figures are in millions (\$)									
EPS (based off today's share count)	-\$0.15	-\$0.55	\$1.29	\$1.19	\$0.90	\$0.90	\$0.91	\$0.92	\$0.93
P/E (historical today's price; forecasted intrinsic price)	-33.18	-9.20	3.94	4.27	6.54	7.46	8.51	9.70	11.06
Revenue Growth	N/A	-19.70%	142.64%	-2.91%	1.00%	1.00%	1.00%	1.00%	1.00%
Tax Rate	0.88%	-12.04%	41.40%	30.63%	34.00%	34.00%	34.00%	34.00%	34.00%
Implied Debt Interest Rate	-9.55%	-9.40%	-24.08%	0.00%	NA	NA	NA	NA	NA
Margins									
COGS	79.43%	77.69%	61.50%	69.24%	70.00%	70.00%	70.00%	70.00%	70.00%
Gross margin	20.57%	22.31%	38.50%	30.76%	30.00%	30.00%	30.00%	30.00%	30.00%
SG&A	13.97%	13.36%	7.13%	8.70%	9.00%	9.00%	9.00%	9.00%	9.00%
R&D	8.15%	7.02%	3.48%	4.73%	5.00%	5.00%	5.00%	5.00%	5.00%
Unusual expense	-0.41%	13.08%	3.02%	0.13%	1.00%	1.00%	1.00%	1.00%	1.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Included within COGS	0.45%	0.36%	0.15%	0.18%	0.19%	0.19%	0.19%	0.19%	0.19%
Operating Income (EBITA)	-1.57%	-11.51%	24.73%	17.01%	14.81%	14.81%	14.81%	14.81%	14.81%
Interest income/(expense)	-1.74%	-1.74%	-0.83%	-0.35%	0.20%	0.20%	0.20%	0.19%	0.19%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	1.81%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	-0.48%	0.05%	0.00%	0.76%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	-3.79%	-13.20%	23.90%	19.24%	15.00%	15.00%	15.00%	15.00%	15.00%
Tax	-0.03%	1.59%	9.89%	5.89%	5.10%	5.10%	5.10%	5.10%	5.10%
Income after tax	-3.76%	-14.79%	14.00%	13.35%	9.90%	10.00%	10.10%	10.20%	10.31%
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.49%	0.13%	0.12%	0.06%	0.08%	0.08%	0.08%	0.08%	0.08%
Net income	-3.26%	-14.66%	14.12%	13.41%	9.99%	9.98%	9.98%	9.98%	9.98%

SN VALUATION

LBO Adjusted Proforma Balance Sheet

	As of 2008-12-28	As of 2010-01-03	As of 2011-01-02	As of 2012-01-01	As of 2012-01-01	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	28.41	89.55	227.91	204.88	204.88			204.88	295.09	386.47	479.03	572.78	667.75
Short term investment	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	28.41	89.55	227.91	204.88	204.88			204.88	295.09	386.47	479.03	572.78	667.75
Accounts Receivable	143.09	119.78	262.55	233.25	233.25			233.25	233.25	233.25	233.25	233.25	233.25
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	143.09	119.78	262.55	233.25	233.25			233.25	233.25	233.25	233.25	233.25	233.25
Total Inventory	101.61	73.17	152.29	160.51	160.51			160.51	160.51	160.51	160.51	160.51	160.51
Prepaid Expenses	8.31	10.61	21.67	15.35	15.35			15.35	15.35	15.35	15.35	15.35	15.35
Other Current Assets	2.72	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current Assets	284.14	293.11	664.42	613.99	613.99	0.00	0.00	613.99	704.20	795.58	888.14	981.89	1,076.86
PP&E, Gross	136.58	137.11	162.12	162.12	162.12			162.12	192.12	222.12	252.12	282.12	312.12
Change in Depreciation		18.90	17.05	15.36	15.36			15.36	15.51	15.67	15.83	15.98	16.14
Accumulated Depreciation	81.20	88.20	80.67	80.67	80.67			80.67	96.18	111.85	127.68	143.66	159.80
PP&E, Net	55.38	48.91	81.45	81.45	81.45			81.45	95.94	110.27	124.44	138.46	152.32
Goodwill	59.03	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	20.28	18.60	18.80	17.41	17.41			17.41	17.41	17.41	17.41	17.41	17.41
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	7.42	7.94	7.29	15.24	15.24			15.24	15.24	15.24	15.24	15.24	15.24
Long Term Assets	142.11	75.45	107.54	114.10	114.10			114.10	128.59	142.92	157.09	171.11	184.97
Total Assets	426.25	368.56	771.96	728.09	728.09	0.00	0.00	728.09	832.78	938.49	1,045.23	1,153.00	1,261.82
Accounts Payable	100.66	89.07	213.10	177.33	177.33			177.33	177.33	177.33	177.33	177.33	177.33
Accrued Expense	23.84	26.12	67.34	64.75	64.75			64.75	64.75	64.75	64.75	64.75	64.75
Other current Liabilities	6.35	18.82	104.29	4.02	4.02			4.02	4.02	4.02	4.02	4.02	4.02
Total Current Liabilities	130.85	134.01	384.73	246.10	246.10	0.00	0.00	246.10	246.10	246.10	246.10	246.10	246.10
Notes Payables/Short Term Debt	26.95	0.50	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	0.47	1.27	0.10	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	70.42	78.15	35.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	97.84	79.92	36.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Income tax	4.66	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
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	11.38	16.28	39.45	56.82	56.82			56.82	56.82	56.82	56.82	56.82	56.82
Total Liabilities	244.73	230.21	460.19	302.92	302.92	0.00	0.00	302.92	302.92	302.92	302.92	302.92	302.92
Redeemable Preferred Stock	0.00	18.53	19.60	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	36.33	36.33			36.33	36.33	36.33	36.33	36.33	36.33
Common Stock	0.09	0.00	0.10	0.12	0.12		0.00	0.12	0.12	0.12	0.12	0.12	0.12
Additional Paid-in capital	618.25	620.26	629.69	652.97	652.97	0.00	0.00	652.97	652.97	652.97	652.97	652.97	652.97
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	3.00	6.00	9.00	12.00	15.00
Retained Earnings	-473.77	-537.03	-389.18	-252.88	-252.88		0.00	-252.88	-151.19	-48.48	55.26	160.03	265.85
Treasury Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	39.65	39.27	41.42	4.05	4.05		0.00	4.05	4.05	4.05	4.05	4.05	4.05
Total Equity	184.22	141.12	301.63	440.59	440.59	0.00	0.00	440.59	545.28	650.99	757.73	865.50	974.32
Liability + Equity	428.95	371.33	761.82	743.51	743.51	0.00	0.00	743.51	848.20	953.91	1,060.65	1,168.42	1,277.24
Variance	-2.70	-2.77	10.14	-15.42	-15.42			-15.42	-15.42	-15.42	-15.42	-15.42	-15.42
Debt/Equity	0.53	0.57	0.12	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	5.29	5.90	6.88	6.33	6.40			6.33	6.40	6.46	6.53	6.59	6.66
Inventory Turnover Days	69.01	61.88	53.08	57.62	57.05			57.62	57.05	56.49	55.93	55.37	54.83
Days Inventory Outstanding	86.88	79.66	86.31	83.22	81.50			83.22	81.50	80.70	79.90	79.11	78.32
Accounts Receivable Turnover	3.76	3.60	3.99	4.36	4.40			4.36	4.40	4.45	4.49	4.54	4.58
Accounts Receivable Turnover Days	97.18	101.30	91.52	83.74	82.91			83.74	82.91	82.09	81.27	80.47	79.67
Days Payable Outstanding	86.07	96.97	120.77	91.94	90.04			91.94	90.04	89.15	88.27	87.40	86.53
Days Sales Outstanding	97.18	101.30	91.52	83.74	82.91			83.74	83.74	82.91	82.09	81.27	80.47
Cash Conversion Cycle	97.99	83.99	57.05	75.02	74.37			75.02	75.20	74.45	73.71	72.98	72.26

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2007-12-30	12 months ending 2008-12-28	12 months ending 2010-01-03	12 months ending 2011-01-02	2011	2012	2013	2014	2015
Net Income	-36.37	-17.54	-63.27	147.86	101.69	102.71	103.74	104.77	105.82
Depreciation	20.57	18.90	17.05	15.36	15.51	15.67	15.83	15.98	16.14
Net Income + Depreciation	-15.80	1.36	-46.22	163.22	117.21	118.38	119.56	120.76	121.96
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	0.71	-1.65	-0.21	-3.73	0.00	0.00	0.00	0.00	0.00
Non Cash Items	3.38	4.04	43.44	12.36	0.00	0.00	0.00	0.00	0.00
Change in Working capital	14.29	-26.06	57.96	38.09	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	23.31	-142.77	29.30	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	28.44	-79.12	-8.22	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-2.30	-11.06	6.32	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-11.59	124.03	-35.77	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	2.58	-22.31	54.97	209.94	117.21	118.38	119.56	120.76	121.96
Capital Expenditures Expenditures	-8.44	-8.80	-6.75	-27.63	-30.00	-30.00	-30.00	-30.00	-30.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Expenditures Proceeds	6.75	7.56	0.19	-2.26	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-1.69	-1.24	-6.56	-29.89	-30.00	-30.00	-30.00	-30.00	-30.00
Financing Cash flow items	0.00	-0.36	-0.17	-2.92	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	-0.94	-2.36	-3.00	-3.00	-3.00	-3.00	-3.00
Issuance (Retirement) of Stock	0.76	0.30	20.41	-22.75	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	-9.19	22.90	-8.75	-14.84	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-8.43	22.84	10.55	-42.87	3.00	3.00	3.00	3.00	3.00
Foreign Exchange effect	1.48	0.76	2.17	1.20	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	34.47	28.41	89.55	227.91	204.88	295.09	386.47	479.03	572.78
Net Change in Cash	-6.06	0.05	61.14	138.35	90.21	91.38	92.56	93.76	94.96
Ending Cash Balance	28.41	89.55	150.69	366.26	295.09	386.47	479.03	572.78	667.75
Depreciation to Sales	3.83%	4.38%	1.63%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%
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	26.62%	27.75%	25.07%	22.94%	22.71%	22.49%	22.27%	22.05%	21.83%
Distributable FCF Yield	0.24%	-6.25%	12.84%	47.75%	23.13%	23.44%	23.75%	24.07%	24.39%
Dividend Yield	0.00%	0.00%	-0.16%	-0.41%	-0.52%	-0.52%	-0.52%	-0.52%	-0.52%
FCF (Ops-Investing-Dividends)	0.89	-23.55	49.35	162.41	90.21	91.38	92.56	93.76	94.96

SN VALUATION

LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	138.35	90.21	91.38	92.56	93.76	94.96
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	0.00	0.00	0.00	0.00	0.00	0.00
Current Portion Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		4.00%	4.00%	4.00%	4.00%	4.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
Interest Rate		8.00%	8.00%	8.00%	8.00%	8.00%
Interest Expense		0.00	0.00	0.00	0.00	0.00
Cash Balance		204.88				
Interest @ 1.0%		2.05	2.05	2.05	2.05	2.05
Net Interest Expense/(Income)		(2.05)	(2.05)	(2.05)	(2.05)	(2.05)
Net Interest Rate		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
EBITDA		152.03	153.57	155.13	156.70	158.29
EBITDA/Interest Expense Coverage		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Interest Rate Coverage Table

Debt Rating					
AAA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
AA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A-	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BBB	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BB+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BB	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B-	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
CCC	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
CC	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
C	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
D	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Power One Inc

Ticker:

PWER

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015
Working Capital	153.29	159.10	279.69	367.89	458.10	549.48	642.04	735.79	830.76
Total Assets	426.25	368.56	771.96	728.09	832.78	938.49	1,045.23	1,153.00	1,261.82
X1	0.36	0.43	0.36	0.51	0.55	0.59	0.61	0.64	0.66
Retained Earnings	-473.77	-537.03	-389.18	-252.88	-151.19	-48.48	55.26	160.03	265.85
Total Assets	426.25	368.56	771.96	728.09	832.78	938.49	1,045.23	1,153.00	1,261.82
X2	-1.11	-1.46	-0.50	-0.35	-0.18	-0.05	0.05	0.14	0.21
EBITDA	-6.06	-48.11	260.45	174.82	154.03	155.57	157.13	158.70	160.29
Total Assets	426.25	368.56	771.96	728.09	832.78	938.49	1,045.23	1,153.00	1,261.82
X3	-0.01	-0.13	0.34	0.24	0.18	0.17	0.15	0.14	0.13
Market Value of Equity	581.91	581.91	581.91	581.91	670.29	772.10	889.36	1,024.44	1,180.03
Total Liabilities	244.73	230.21	460.19	302.92	302.92	302.92	302.92	302.92	302.92
X4	2.38	2.53	1.26	1.92	2.21	2.55	2.94	3.38	3.90
Net Sales	537.46	431.57	1,047.14	1,016.71	1,026.88	1,037.15	1,047.52	1,057.99	1,068.57
Total Assets	426.25	368.56	771.96	728.09	832.78	938.49	1,045.23	1,153.00	1,261.82
X5	1.26	1.17	1.36	1.40	1.23	1.11	1.00	0.92	0.85
Altman Z Score	1.52	0.73	2.96	3.46	3.58	3.81	4.07	4.36	4.69

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

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

SN VALUATION

Economic Indicators

Indicators	Period	Value	Previous Value	Chg %	Released
Adjusted National Financial Conditions Index	Feb 3 2012	0.17	0.19	-9.67%	Error
Case-Shiller Home Price Index: National	Sep 2011	127.78	129.35	-1.21%	-0.0395
Philly Fed Manufacturing Activity Index	Jan 2012	7.3	6.80	7.35%	-0.578
Philly Fed Manufacturing Future Activity Index	Jan 2012	49	40.00	22.50%	0.0294
US Average Claims for Unemployment Insurance	Jan 28 2012	3500	3532.855557	-0.93%	-0.1193
US Average Initial Claims for Unemployment Insurance	Feb 4 2012	366.25K	N/A	-2.92%	-0.1478
US Industrial Production Index	Nov 2011	94.83	95.04	-0.22%	0.0374
US Initial Claims for Unemployment Insurance	Feb 4 2012	358.00K	N/A	-4.02%	-0.1557
US Producer Price Index	Dec 2011	192.6	192.79	-0.10%	0.0484
US Quits Rate: Total Nonfarm	Dec 2011	0.015	0.015	0.00%	0.0714
US Quits: Total Nonfarm	Dec 2011	1930	1958.99	-1.48%	0.0479
US Retail Sales	Jan 2012	358780000	357,493,025	0.36%	0.0554
US Total Business Inventories	Dec 2011	1.56T	N/A	0.38%	0.0772
US Total Business Inventory/Sales Ratio	Dec 2011	1.26	1.270033263	-0.79%	-0.0156
US Total Business Sales	Dec 2011	1.23T	N/A	0.71%	0.0886
US Total Separations Rate: Total Nonfarm	Dec 2011	0.03	0.03	0.00%	0.0345
US Total Separations: Total Nonfarm	Dec 2011	3910	3986.95	-1.93%	0.019

U.S. Key Indicators

10 Year Treasury Rate	1.96%
US Producer Price Index	192.6
US Initial Claims for Unemployment Insurance	358.00K
US 30 Year Mortgage Rate	3.87%
US Average Claims for Unemployment Insurance	3,500
US Retail Sales	358,780,000
US Unemployment Rate	0.083
US Durable Goods Orders	214,310,000
US Purchasing Managers Index	54.1
US Personal Consumption Expenditures	10.86T
US Consumer Price Index	226.75
US Consumer Sentiment	71.5
US Housing Starts	657.00K

Korea Key Indicators

	Period	Value	Chg from 1 Year
Gold Price in Korean Won	Feb 10 2012	1,923,469	27.28%
Korea Change in Stocks	Sep 2011	3.3	230.00%
Korea Consumer Price Index	Jan 2012	122.71	3.42%
Korea Core Consumer Price Index	Jan 2012	117.79	2.47%
Korea Core Inflation Rate	Dec 2011	0.0268	61.48%
Korea GDP	Sep 2011	310.1	5.30%
Korea Inflation Rate	Dec 2011	0.0416	37.29%
Korea Manufacturing Producer Price Index	Dec 2011	125.59	5.28%
Korea Misery Index	Dec 2011	7.26	11.18%
Korea Real GDP Growth	Dec 2011	0.0342	-27.39%
Korea Unemployment Rate	Dec 2011	0.031	-11.43%

Source: Ycharts.com

2012-02-15