

Qumu (QUMU)

Price:	\$2.78	Net Tang. Bk Value Incl. Cash, Excl.	\$35,090,000	Net Tang. Book Yr. 5 (Inc. Cash):	-\$174,488,298.72
Shares Outstanding:	9,220,000	Goodwill (NTBVIC):		Avg. Year Op. Cash:	-\$38,254,392.54
Market Cap:	\$25,631,600	NTBVIC/Market Downside Recovery:	136.90%	Year 5 Disposition FCF Multiple:	3.0
Cash:	\$12,780,000	Op. Cash Flow:	-\$32,217,100	Year 5 Disposition Price:	-\$289,251,476.35
Debt:	\$280,000	Implied Years to Fill Gap:	0.29		
Net Cash:	\$12,500,000	Today's Equity if 5x Op. CF:	-\$61,561,300		
Enterprise Value:	\$13,131,600			Net Tang. Book+ Gain Disposition:	-\$289,251,476.35
				IRR:	-262.37%
				Price:	-\$31.37
				Target Market Cap:	-\$289,251,476
				Target Enterprise Value:	-\$301,751,476

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

What a failure.

Completely misappropriated the cash horde and blew it on the restructuring from the outdated DVD storage to the trendy cloud video storage.

Granted it was a strategic shift which was direly needed, but at the cost of sinking the company??

2 acquisitions, RIMAGE management made - 1) QUMU and 2) some small UK company, KULU valley for \$14 million in Oct. 2014.

Now, they are blowing through 25 mm in SG&A, when Gross Profit is only 12 MM. (trailing 9 mo)

To make matters worse, they only have 24MM in revenue, which is up from 18 MM last year (trailing 9 mo)

They should have never sold off the DVD business. It was their staple, their cash cow. Equus Holdings, Inc. and Redwood Acquisition, Inc. were the buyers on Apr. 2014. \$22 million

The Co. did mention 9 MM in savings annually since they laid off 30 employees, with a new headcount at 90 people.

And related to the layoff was severance payments, and etc.

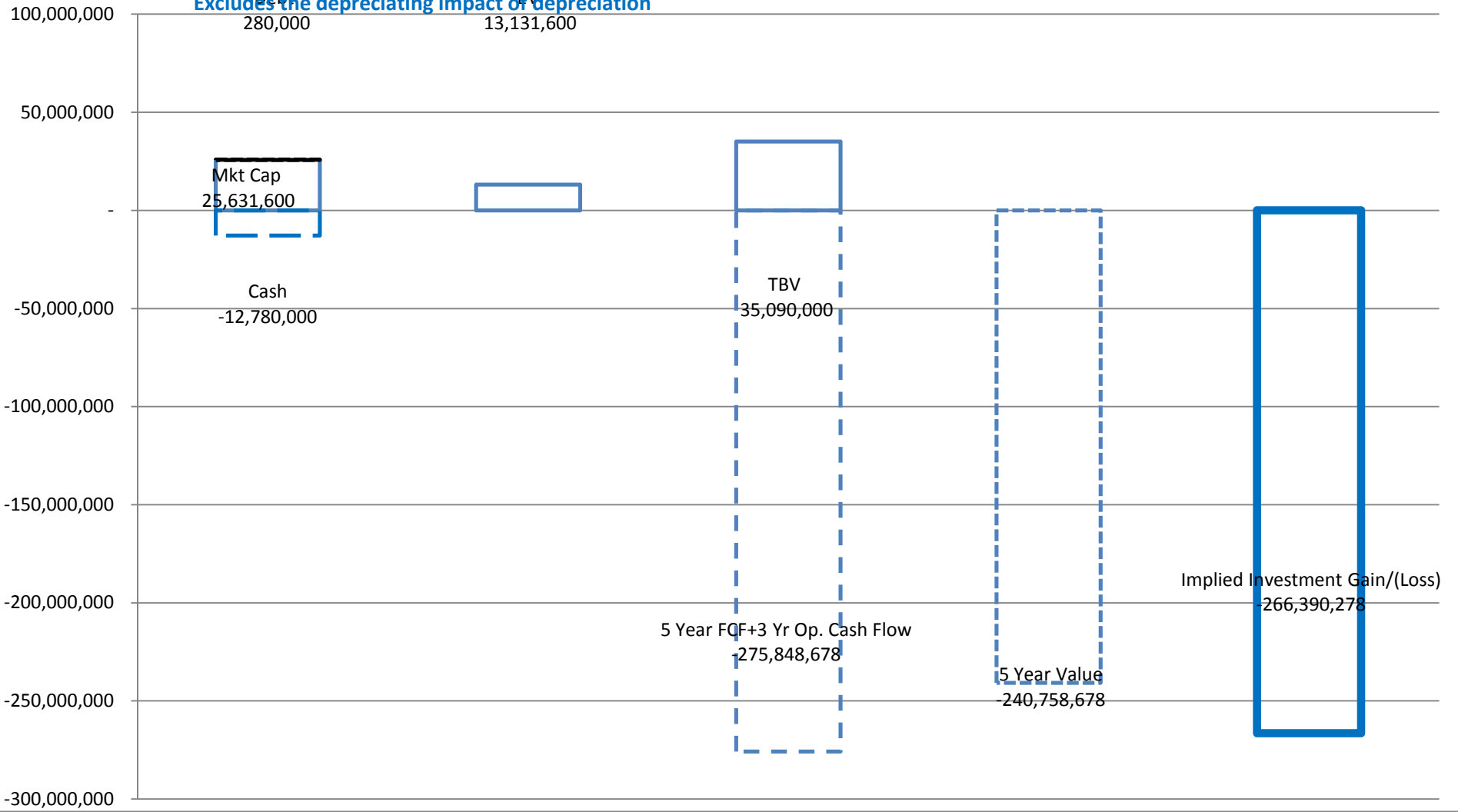
But competitors are catching up , and more importantly, there is no cash horde -60MM, that they had just 2 years ago has been diulted to only 5MM.

There is no more safety margin. The management blew it. The very management which has not practiced their fiduciary responsibility to the investors. It is not their money. It is the investors money. And they are paying themselves a heck of a lot more than they deserve while running the company to the ground, to the tune of \$1MM for the top 3 heads. Of course, \$350k is cash, while the balance is in non-cash, but the dilution, w hich most likely wont be pocketed since the stock price is at shit.

\$2.75 a stock?! It was at \$10 a year prior.

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Excludes the depreciating impact of Depreciation



Error

Company Name:	Qumu
Ticker Symbol:	QUMU
Last Price:	\$2.78
Net Cash/Share:	\$1.36
Net Cash to Last Price:	48.77%
Shares Outstanding:	9,220,000
Industry:	Computer Systems
Sector:	Technology
Institutional Ownership:	#VALUE!
Mutual Fund Ownership:	#VALUE!
Insider Ownership:	#VALUE!
Float:	#VALUE!

Technicals	
52 week low:	Error
Today from 52 week low:	#VALUE!
52 week high:	Error
Today from 52 week high:	#VALUE!

Analyst/Consensus	
Analyst Sales Growth FY1:	29.70%
Analyst Sales Growth FY2:	38.60%
SN Valuation Estimate FY1:	20.00%
SN Valuation Estimate FY2:	20.00%

Analyst Earnings Estimate FY1:	-\$3.23
Analyst Earnings Estimate FY2:	-\$1.50
SN Valuation Earnings Est. FY1:	-\$3.76
SN Valuation Earnings Est. FY2:	-\$4.11

Multiples	
Market Value to Book:	0.58
EV to Book:	0.30
Market Value to Tangible Net Assets:	10.50
P/E Ratio:	-0.80
Trailing P/E Ratio:	N/A
Forward P/E Ratio:	N/A
Beta:	Error
Dividend:	0.00
Dividend Yield:	0.00%
Dividend Date:	Sep 14, 2012
Ex-Dividend Date:	Aug 29, 2012

Competitors	
Average EV to EBITDA:	N/A
Company EV to EBITDA:	-0.50
Average EV to EBIT:	N/A
Company EV to EBITA:	-0.46

Market Capitalization:	\$25,631,600.00
Total Debt:	\$280,000.00
RCH Total Cash:	\$12,780,000.00
Net Cash/(Debt):	\$12,500,000.00
Enterprise Value:	\$13,131,600.00
RCH Current EV/Share:	\$1.42
EBITDA:	-\$26,030,000.00
EV/EBITDA Multiple:	-0.50
EV/EBITDA Multiple Average Year 1-5:	-0.34
EV/FCF Multiple (excluding acquisition):	-0.55
	-0.34

Upper Range
DCF: EV/EBITDA Terminal Value

Implied TV from 3 X EV/EBITDA Multiple	-\$158,376,591.36
Enterprise Value	-\$158,376,591.36
Cash at Year 5:	-\$178,491,962.72
Debt at Year 5:	\$280,000.00
Equity Value Year 5:	-\$337,148,554.08
Equity/Share at Year 5:	-\$36.57
Annualized Return:	-267.42%

Lower Range
DCF: Net Tangible Asset excluding Cash/Debt Terminal Value

Year 5 Net Tangible Assets excluding cash and debt	\$2,440,000.00
Enterprise Value	\$2,440,000.00
Cash at Year 5:	-\$178,491,962.72
Debt at Year 5:	\$280,000.00
Equity Value Year 5:	-\$176,331,962.72
Equity/Share at Year 5:	-\$19.12
Annualized Return:	-247.07%

EVA

EVA today:	\$17,510,676.69
EVA in 5 Years:	-\$102,841,507.50
EVA/Share:	-\$11.15
Cash at Year 5:	-\$178,491,962.72
Debt at Year 5:	\$280,000.00
Equity Value Year 5:	-\$281,613,470.22
Equity/Share at Year 5:	-\$30.54
Annualized return	-242.49%

Current Net Tangible Asset

Net Tangible Asset/Share:	\$1.90
Net Tangible Asset/Share in Year 5:	-\$20.83
Annualized return	-261.43%

Current Equity Price:	\$2.78
Selling at Discount?	Premium
Appreciation Potential:	-31.65%

Income Statement

Revenue:	\$32,670,000.00	100.0%
Cost of Goods Sold:	\$20,620,000.00	63.1%
Gross Profit:	\$12,050,000.00	36.9%
EBITDA:	-\$30,880,000.00	-94.5%
Net Income:	-\$32,020,000.00	-98.0%

Balance Sheet

Cash:	\$4,030,000.00
Short Term Investment:	\$8,750,000.00
A/R:	\$11,000,000.00
PP&E:	\$3,000,000.00
Assets:	\$47,660,000.00

A/P:	\$3,000,000.00
Deferred Tax:	\$900,000.00
Other Liabilities:	\$15,960,000.00
Short term Debt:	\$280,000.00
Long Term Debt:	\$0.00
Liabilities:	\$20,140,000.00

Retained Earnings:	-\$20,000,000.00
Paid-In Capital:	\$64,090,000.00
Treasury Stock:	\$0.00
Stockholder's Equity:	\$44,090,000.00

Cash Flow

Net Income:	-8,520,000.00
Depreciation/Amortization:	2,050,000.00
Change in Working capital:	730,000.00
Cash from Operating Activities:	-22,640,000.00

Capital Expenditures:	-1,050,000.00
Cash from Investing Activities:	-3,180,000.00

Total Cash Dividends Paid:	0.00
Issuance (Retirement) of Stock:	190,000.00
Issuance (Retirement) of Debt:	0.00
Cash from Financing Activities:	40,000.00

Profitability Margins

Debt to Equity:	0.64%
Return on Assets:	-46.87%
Return on Capital:	-50.35%
Return on Equity:	-50.67%

SN VALUATION

LBO Pro Forma Income Statement

Name:

Qumu

Ticker:

QUMU

	Historical				Forecasted				
	12 months ending 2011-12-31	12 months ending 2012-12-31	12 months ending 2013-12-31	12 months ending 2014-12-31	2014	2015	2016	2017	2018
Revenue	83.63	9.84	17.74	26.52	31.82	38.19	45.83	54.99	65.99
COGS	41.61	3.92	7.33	14.47	19.09	22.91	27.50	33.00	39.59
Gross margin	42.02	6.92	10.41	12.05	12.73	15.28	18.33	22.00	26.40
SG&A	30.09	17.14	20.64	30.62	35.01	38.19	41.24	43.99	52.79
R&D	7.26	7.70	8.74	9.51	12.73	15.28	18.33	22.00	26.40
Unusual expense	0.00	29.55	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	0.00
Operating Income (EBITA)	4.67	-48.47	-18.97	-28.08	-35.01	-38.19	-41.24	-43.99	-52.79
Interest income/(expense)	0.21	-0.09	-0.01	-0.14	0.33	0.33	0.33	0.33	0.33
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	0.01	-0.01	0.00	-0.04	0.00	0.00	0.00	0.00	0.00
Income before tax	4.67	-49.35	-19.62	-28.91	-34.68	-37.86	-40.91	-43.66	-52.46
Tax	2.00	-4.44	-3.40	-6.57	0.00	0.00	0.00	0.00	0.00
Income after tax	2.67	-53.79	-16.22	-22.34	-34.68	-37.86	-40.91	-43.66	-52.46
Minority Interest	0.16	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	2.83	-53.79	-16.22	-22.34	-34.68	-37.86	-40.91	-43.66	-52.46
*Figures are in millions (\$)									
EPS (based off today's share count)	\$0.31	-\$5.83	-\$1.76	-\$2.42	-\$3.76	-\$4.11	-\$4.44	-\$4.74	-\$5.69
P/E (historical today's price; forecasted intrinsic price)	9.06	-0.48	-1.58	-1.15	1.20	-1.78	2.68	-4.08	5.51
Revenue Growth	N/A	-88.23%	80.28%	49.49%	20.00%	20.00%	20.00%	20.00%	20.00%
Tax Rate	42.83%	-9.00%	17.33%	22.73%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Margins									
COGS	49.75%	39.84%	41.32%	54.56%	60.00%	60.00%	60.00%	60.00%	60.00%
Gross margin	50.25%	60.16%	58.68%	45.44%	40.00%	40.00%	40.00%	40.00%	40.00%
SG&A	35.98%	174.19%	116.35%	115.46%	110.00%	100.00%	90.00%	80.00%	80.00%
R&D	8.68%	78.25%	49.27%	35.86%	40.00%	40.00%	40.00%	40.00%	40.00%
Unusual expense	0.00%	300.30%	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%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	5.58%	-492.58%	-106.93%	-105.88%	-110.00%	-100.00%	-90.00%	-80.00%	-80.00%
Interest income/(expense)	0.25%	-0.91%	-0.06%	-0.53%	1.03%	0.86%	0.72%	0.60%	0.50%
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	0.01%	-0.10%	0.00%	-0.15%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	5.58%	-501.52%	-110.60%	-109.01%	-108.97%	-99.14%	-89.28%	-79.40%	-79.50%
Tax	2.39%	45.12%	-19.17%	-24.77%	0.00%	0.00%	0.00%	0.00%	0.00%
Income after tax	3.19%	-546.65%	-91.43%	-84.24%	-108.97%	-118.97%	-128.57%	-137.21%	-164.85%
Minority Interest	0.19%	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	3.38%	-546.65%	-91.43%	-84.24%	-108.97%	-99.14%	-89.28%	-79.40%	-79.50%

	As of 2011-12-31	As of 2012-12-31	As of 2013-12-31	As of 2014-12-31	As of 2015-09-30	Adjustment		Adjusted Proforma	2014	2015	2016	2017	2018
						+	-						
Cash	70.16	28.64	37.73	11.68	4.03			4.03	-28.1871	-63.09	-100.47	-139.88	-187.24
Short term investment	0.00	21.50	13.23	23.49	8.75			8.75	8.75	8.75	8.75	8.75	8.75
Cash and Short term	70.16	50.14	50.96	35.17	12.78			12.78	-19.44	-54.34	-91.72	-131.13	-178.49
Accounts Receivable	15.50	13.05	3.46	10.09	11.00			11.00	11.00	11.00	11.00	11.00	11.00
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	15.50	13.05	3.46	10.09	11.00			11.00	11.00	11.00	11.00	11.00	11.00
Total Inventory	6.20	6.04	0.12	0.17	0.33			0.33	0.33	0.33	0.33	0.33	0.33
Prepaid Expenses	3.05	6.48	3.17	3.93	4.56			4.56	4.56	4.56	4.56	4.56	4.56
Other Current Assets	3.53	0.24	14.07	3.39	2.37			2.37	2.37	2.37	2.37	2.37	2.37
Current Assets	98.44	75.95	71.78	52.75	31.04	0.00	0.00	31.04	-1.1771	-36.08	-73.46	-112.87	-160.23
PP&E, Gross	18.40	20.36	2.60	5.70	6.00			6.00	6.00	6.00	6.00	6.00	6.00
Change in Depreciation	2.94	2.35	1.79	2.05	2.05			2.05	2.46	2.95	3.54	4.25	5.10
Accumulated Depreciation	12.22	14.40	1.22	2.55	3.00			3.00	5.46	8.41	11.95	16.21	21.31
PP&E, Net	6.18	5.96	1.38	3.15	3.00			3.00	0.54	-2.41	-5.95	-10.21	-15.31
Goodwill	22.22	0.00	0.00	8.53	9.00	0.00		9.00	9.00	9.00	9.00	9.00	9.00
Intangibles	19.24	9.96	8.22	13.38	1.00			1.00	1.00	1.00	1.00	1.00	1.00
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	11.59	3.68	7.77	3.62	3.62			3.62	3.62	3.62	3.62	3.62	3.62
Long Term Assets	59.23	19.60	17.37	28.68	16.62			16.62	14.16	11.21	7.67	3.41	-1.69
Total Assets	157.67	95.55	89.15	81.43	47.66	0.00	0.00	47.66	12.98	-24.88	-65.79	-109.46	-161.92
Accounts Payable	5.47	5.19	2.06	3.20	3.00			3.00	3.00	3.00	3.00	3.00	3.00
Accrued Expense	6.15	5.63	5.20	6.55	7.00			7.00	7.00	7.00	7.00	7.00	7.00
Other current Liabilities	8.54	8.99	15.77	9.63	10.02			10.02	10.02	10.02	10.02	10.02	10.02
Total Current Liabilities	20.16	19.81	23.03	19.38	20.02	0.00	0.00	20.02	20.02	20.02	20.02	20.02	20.02
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	0.00	0.00	0.00	0.00	0.28			0.28	0.28	0.28	0.28	0.28	0.28
Long term Debt	0.00	0.00	0.00	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	0.00	0.00	0.00	0.00	0.28	0.00	0.00	0.28	0.28	0.28	0.28	0.28	0.28
Deferred Income tax	0.00	0.00	0.00	1.07	0.90			0.90	0.90	0.90	0.90	0.90	0.90
Minority Interest	0.36	0.10	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	5.20	5.13	3.54	1.46	-1.06			-1.06	-1.06	-1.06	-1.06	-1.06	-1.06
Total Liabilities	25.72	25.04	26.57	21.91	20.14	0.00	0.00	20.14	20.14	20.14	20.14	20.14	20.14
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	0.10	0.09	0.09	0.09	0.09		0.00	0.09	0.09	0.09	0.09	0.09	0.09
Additional Paid-in capital	54.84	56.71	58.41	63.57	64.00	0.00	0.00	64.00	64.00	64.00	64.00	64.00	64.00
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	76.88	13.62	3.92	-4.60	-20.00			-20.00	-54.68	-92.54	-133.45	-177.12	-229.58
Treasury Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	0.13	0.12	0.16	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Equity	131.95	70.54	62.58	58.27	44.09	0.00	0.00	44.09	9.41	-28.45	-69.36	-113.03	-165.49
Liability + Equity	157.67	95.58	89.15	80.18	64.23	0.00	0.00	64.23	29.55	-8.31	-49.22	-92.89	-145.35
Variance	0.00	-0.03	0.00	1.25	-16.57			-16.57	-16.57	-16.57	-16.57	-16.57	-16.57
Debt/Equity	0.00	0.00	0.00	0.00	0.01			0.01	0.03	-0.01	0.00	0.00	0.00
Inventory Turnover	13.49	1.63	147.83	156.00	96.44			90.36	96.44	115.72	138.87	166.64	199.97
Inventory Turnover Days	27.06	224.04	2.47	2.34	3.78			4.54	3.78	3.15	2.63	2.19	1.83
Days Inventory Outstanding	54.39	562.40	5.98	4.29	6.31			8.32	6.31	5.26	4.38	3.65	3.04
Accounts Receivable Turnover	5.40	0.75	5.13	2.63	2.89			2.41	2.89	3.47	4.17	5.00	6.00
Accounts Receivable Turnover Days	67.65	484.07	71.19	138.87	126.16			151.40	126.16	105.14	87.61	73.01	60.84
Days Payable Outstanding	47.98	483.25	102.58	80.72	57.35			75.67	57.35	47.79	39.82	33.19	27.66
Days Sales Outstanding	67.65	484.07	71.19	138.87	126.16			138.87	151.40	126.16	105.14	87.61	73.01
Cash Conversion Cycle	74.05	563.22	-25.41	62.44	75.12			71.52	100.36	83.63	69.69	58.08	48.40
Net tangible assets/share	\$9.81	\$6.57	\$5.90	\$3.94	\$3.70				(\$0.06)	(\$4.17)	(\$8.61)	(\$13.34)	(\$19.03)

	12 months ending 2011-12-31	12 months ending 2012-12-31	12 months ending 2013-12-31	12 months ending 2014-12-31	2014	2015	2016	2017	2018
Net Income	2.67	-48.34	-9.69	-8.52	-34.68	-37.86	-40.91	-43.66	-52.46
Depreciation	2.94	2.35	1.79	2.05	2.46	2.95	3.54	4.25	5.10
Net Income + Depreciation	5.61	-45.99	-7.90	-6.47	-32.22	-34.91	-37.37	-39.41	-47.36
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-2.10	7.99	0.70	-0.13	0.00	0.00	0.00	0.00	0.00
Non Cash Items	1.97	34.10	1.88	-16.77	0.00	0.00	0.00	0.00	0.00
Change in Working capital	1.58	1.98	7.69	0.73	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	2.45	9.59	-6.63	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	0.16	5.92	-0.05	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-3.43	3.31	-0.76	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-0.28	-3.13	1.14	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	7.06	-1.92	2.37	-22.64	-32.22	-34.91	-37.37	-39.41	-47.36
Capital Expenditures Expenditures	-1.18	-1.87	-0.66	-1.05	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	-33.29	-22.64	7.59	-2.13	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-34.47	-24.51	6.93	-3.18	0.00	0.00	0.00	0.00	0.00
Financing Cash flow items	-0.01	-0.06	-0.14	-0.16	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-4.59	-5.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	-5.75	-9.76	0.01	0.19	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-10.35	-15.00	-0.13	0.03	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	-0.06	-0.08	-0.08	-0.25	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	107.98	70.16	28.64	37.73	4.03	-28.19	-63.09	-100.47	-139.88
Net Change in Cash	-37.82	-41.52	9.08	-26.04	-32.22	-34.91	-37.37	-39.41	-47.36
Ending Cash Balance	70.16	28.64	37.72	11.69	-28.19	-63.09	-100.47	-139.88	-187.24
Capex to Revenue	1.41%	19.00%	3.72%	3.96%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation to Sales	3.52%	23.88%	10.09%	7.73%	7.73%	7.73%	7.73%	7.73%	7.73%
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	18.53%	132.62%	19.50%	38.05%	31.71%	26.42%	22.02%	18.35%	15.29%
Distributable FCF/EV Yield	-208.73%	-201.27%	70.82%	-196.62%	-245.34%	-265.83%	-284.60%	-300.14%	-360.67%
Dividend Yield	-17.91%	-20.21%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	10.47	1.39	1.71	-23.69	-32.22	-34.91	-37.37	-39.41	-47.36

SN VALUATION

LBO Debt Schedule

Ticker:

QUMU

	Proforma	2014	2015	2016	2017	2018
Net Change in Cash	-26.04	-32.22	-34.91	-37.37	-39.41	-47.36
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	0.28	0.28	0.28	0.28	0.28	0.28
Current Portion Debt Balance	0.28	0.28	0.28	0.28	0.28	0.28
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		5.00%	5.00%	5.00%	5.00%	5.00%
Interest Rate		8.00%	8.00%	8.00%	8.00%	8.00%
Interest Expense		0.02	0.02	0.02	0.02	0.02
Cash Balance		35.17				
Interest @ 1.0%		0.35	0.35	0.35	0.35	0.35
Net Interest Expense/(Income)		(0.33)	(0.33)	(0.33)	(0.33)	(0.33)
Net Interest Rate		N/A	N/A	N/A	N/A	N/A
EBITDA		(35.01)	(38.19)	(41.24)	(43.99)	(52.79)
EBITDA/Interest Expense Coverage		(1562.79)	(1704.86)	(1841.25)	(1964.00)	(2356.79)

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

SN VALUATION

Altman Z Score

Company Name:

Qumu

Ticker:

QUMU

Period	2010	2011	2012	2013	2014	2015	2016	2017	2018
Working Capital	78.28	56.14	48.75	11.02	-21.20	-56.10	-93.48	-132.89	-180.25
Total Assets	157.67	95.55	89.15	47.66	12.98	-24.88	-65.79	-109.46	-161.92
X1	0.50	0.59	0.55	0.23	-1.63	2.26	1.42	1.21	1.11
Retained Earnings	76.88	13.62	3.92	-20.00	-54.68	-92.54	-133.45	-177.12	-229.58
Total Assets	157.67	95.55	89.15	47.66	12.98	-24.88	-65.79	-109.46	-161.92
X2	0.49	0.14	0.04	-0.42	-4.21	3.72	2.03	1.62	1.42
EBITDA	4.67	-48.47	-18.97	-28.08	-35.01	-38.19	-41.24	-43.99	-52.79
Total Assets	157.67	95.55	89.15	47.66	12.98	-24.88	-65.79	-109.46	-161.92
X3	0.03	-0.51	-0.21	-0.59	-2.70	1.54	0.63	0.40	0.33
Market Value of Equity	25.63	25.63	25.63	25.63	-41.62	67.57	-109.72	178.15	-289.25
Total Liabilities	25.72	25.04	26.57	20.14	20.14	20.14	20.14	20.14	20.14
X4	1.00	1.02	0.96	1.27	-2.07	3.36	-5.45	8.85	-14.36
Net Sales	83.63	9.84	17.74	26.52	31.82	38.19	45.83	54.99	65.99
Total Assets	157.67	95.55	89.15	47.66	12.98	-24.88	-65.79	-109.46	-161.92
X5	0.53	0.10	0.20	0.56	2.45	-1.54	-0.70	-0.50	-0.41
Altman Z Score	2.50	-0.05	0.79	-0.93	-15.54	13.46	2.65	9.85	-4.63

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

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	35.09	0.41	(37.45)	(78.36)	(122.03)	(174.49)				(174.49)
Annual Change		(34.68)	(37.86)	(40.91)	(43.66)	(52.46)				
Annual FCF	(23.69)	(32.22)	(34.91)	(37.37)	(39.41)	(47.36)	(38.25)	(38.25)	(38.25)	(114.76)
Annual Op. Cash Flow	(22.64)	(32.22)	(34.91)	(37.37)	(39.41)	(47.36)	(38.25)	(38.25)	(38.25)	
Annual PP&E Investment	(1.05)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Today's Tangible Book Value	35.09	-48.36	66.65	-91.86	126.60	-174.49				(388.35)
Intrinsic Value IRR	-237.82%									
Market Price	25.63	-41.62	67.57	-109.72	178.15	-289.25				(388.35)
Market Price IRR	-262.37%									

Debt	50.00%	12.82
Equity	50.00%	12.82
Total	100.00%	25.63

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	44.09	12.82	(23.22)	(62.43)	(104.70)	(149.72)	(203.54)				
Goodwill	9	(9.46)	(9.46)	(9.46)	(9.46)	(9.46)	(9.46)				
Debt	0	12.82	12.82	12.82	12.82	12.82	12.82				
Debt Interest Rate		8.00%	8.00%	8.00%	8.00%	8.00%	8.00%				
Additional Interest Expense		1.35	1.35	1.35	1.35	1.35					
Tangible Book Value	35.09	22.27	-13.76	-52.97	-95.24	-140.26	-194.08				-194.08
Annual Change		-36.03	-39.21	-42.27	-45.02	-53.82					
Annual FCF	(23.69)	(33.57)	(36.26)	(38.73)	(40.77)	(48.72)	(48.72)	(48.72)	(48.72)	(48.72)	(146.15)
Annual Net Income	(22.34)	(36.03)	(39.21)	(42.27)	(45.02)	(53.82)	(53.82)	(53.82)	(53.82)	(53.82)	
Annual Op. Cash Flow	(22.64)	(33.57)	(36.26)	(38.73)	(40.77)	(48.72)	(48.72)	(48.72)	(48.72)	(48.72)	
Dividend Payments											
Annual PP&E Investment	(1.05)	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 **(340.23)**

Capital Left for Equity Investor **(340.23)**
 Dividend Payments 0.00
 Total Cash In Flow **(340.23)**

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 **12.82**
 IRR **-292.67%**

Value Creation
 TBV Growth (equals sum of NI Year 1-5) -216.35
 Cash Flow (Year 6-8) -146.15
-362.50

Value Dilution
 Debt 12.82
 Goodwill -18.46
 Additional Interest 6.77
1.13