

RadioShack (RSH)

Price:	\$2.60
Market Cap:	\$258,518,000
Cash:	\$517,700,000
Debt:	\$679,300,000
Net Cash:	-\$161,600,000
Enterprise Value:	\$420,118,000
Target Market Cap:	\$857,996,850
Target Enterprise Value:	\$1,019,596,850

Price/Book:	0.34
EV/FCF:	3.05
Net Tang. Asset/Share:	\$7.23
Avg. Year 1-5 FCF/Share:	\$0.12
5 Years of FCF:	\$0.60
Net Tang. Asset+5 FCF:	\$7.83

Net Tang. Asset Yr. 5/Share:	\$7.67
Avg. Year FCF/Share:	\$0.12
Year 5 Disposition FCF Multipl:	3.0
Year 5 Disposition Price:	\$8.03
Gain Year 5:	\$0.80

Net Tang. Asset+5 FCF+ Gain Disposition:	\$8.63
IRR:	27.12%

Radio Shack (RSH) disappointed the Street with lower qtr. rev., growing only 1% YoY. However, it spells for an investment opportunity, with the equity down 28% to \$2.60, or a market cap of \$258 MM, with net debt of \$161 MM resulting in an EV of \$420 MM. \$375 MM maturing shortly on Aug. 2013 and co. has ample cash to pay down the debt. Remaining are 6.75% fixed 2018 bonds. FCF is \$10 MM, after paying \$50 MM in dividends and \$80 MM in capex. Dividend yield is roughly 20% at the moment. Co. has \$750 MM in tangible assets, or a P/B at 0.33. On a valuation basis, the company is extremely cheap.

The company's qualitative traits are weaker, on a similar page with Best Buy's business model. The stock price has been trending downward from \$14 just this past November. We find the growing inventory balance concerning, which is growing while sales are stagnating. Radio Shack's inventory are mostly commodity electronic goods, which should fetch a small percentage of their retail value in a liquidation stage. The current valuation is really a liquidation price. However, we feel there is enough cash to pay down debt, and we don't foresee the co. facing any dire situation in the next few years.

Company Name: RadioShack
Ticker Symbol: RSH
Last Price: \$2.60
 Net Cash/Share: -\$1.63
 Net Cash to Last Price: -62.51%
 Shares Outstanding: 99,430,000
 Industry: Specialty Retail
 Sector: Consumer Cyclical

Institutional Ownership: #VALUE!
 Mutual Fund Ownership: #VALUE!
 Insider Ownership: #VALUE!
 Retail 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!
 50 day Moving Average: Error
 200 day Moving Average: Error

Analyst/Consensus

Analyst Sales Growth FY1: 1.50%
 Analyst Sales Growth FY2: 1.10%
 SN Valuation Estimate FY1: 0.00%
 SN Valuation Estimate FY2: 0.00%

Analyst Earnings Estimate FY1: \$0.28
 Analyst Earnings Estimate FY2: \$0.37
 SN Valuation Earnings Est. FY1: \$0.59
 SN Valuation Earnings Est. FY2: \$0.59

Multiples

Market Value to Book: 0.34
 EV to Book: 0.55
 Market Value to Tangible Net Assets: 2.16
 P/E Ratio: 9.33
 Trailing P/E Ratio: 9.32
 Forward P/E Ratio: 7.03
 Beta: Error
 Dividend: 0.5
 Dividend Yield: 19.23%
 Dividend Date: Jun 21, 2012
 Ex-Dividend Date: May 30, 2012

Competitors

Average EV to EBITDA: N/A
 Company EV to EBITDA: 1.34
 Average EV to EBIT: N/A
 Company EV to EBITA: 2.71

Market Capitalization: \$258,518,000.00
 Total Debt: \$679,300,000.00
 Total Cash: \$517,700,000.00
 Net Cash/(Debt): -\$161,600,000.00
 Enterprise Value: \$420,118,000.00
 Current EV/Share: \$4.23
 EBITDA: \$313,400,000.00
 EV/EBITDA Multiple: 1.34
 EV/EBITDA Multiple Average Year 1-5: 1.89
 EV/FCF Multiple: 3.05
 EV/FCF Multiple Average Year 1-5: 6.79

Upper Range

DCF: EV/EBITDA Terminal Value

Implied TV from 3 X EV/EBITDA Multiple: \$656,700,000.00
 Enterprise Value: \$656,700,000.00
 Cash at Year 5: \$577,237,250.00
 Debt at Year 5: \$679,300,000.00
 Equity Value Year 5: \$554,637,250.00
Equity/Share at Year 5: \$5.58
 Annualized Return: 16.49%

Lower Range

DCF: Net Tangible Asset excluding Cash/Debt Terminal Value

Year 5 Net Tangible Assets excluding cash and debt: \$790,400,000.00
 Enterprise Value: \$790,400,000.00
 Cash at Year 5: \$577,237,250.00
 Debt at Year 5: \$679,300,000.00
 Equity Value Year 5: \$688,337,250.00
Equity/Share at Year 5: \$6.92
 Annualized Return: 21.64%

EVA

EVA today: \$813,893,741.37
 EVA in 5 Years: \$1,720,372,928.00
 EVA/Share: \$17.30
 Cash at Year 5: \$577,237,250.00
 Debt at Year 5: \$679,300,000.00
 Equity Value Year 5: \$1,618,310,178.00
Equity/Share at Year 5: \$16.28
Annualized return: 16.15%

Current Net Tangible Asset

Net Tangible Asset/Share: \$7.23
Net Tangible Asset/Share in Year 5: \$7.67
 Annualized return: 1.20%

Current Equity Price: \$2.60
 Selling at Discount? Discount
 Appreciation Potential: 178.01%

Dividend Model

Next Year Dividend: \$46,214,552.38
WACC: 6.09%
 Dividend: \$49,715,000.00
 Net Income: \$27,700,000.00

Income Statement

Revenue: \$4,370,000,000.00 100.0%
 Cost of Goods Sold: \$2,560,000,000.00 58.6%
 Gross Profit: \$1,810,000,000.00 41.4%
 EBITDA: \$212,500,000.00 4.9%
 Net Income: \$27,700,000.00 0.6%

Balance Sheet

Cash: \$517,700,000.00
 Short Term Investment: \$0.00
 A/R: \$250,000,000.00
 PP&E: \$309,000,000.00
 Assets: \$2,140,200,000.00
 A/P: \$352,300,000.00
 Deferred Tax: \$0.00
 Other Liabilities: \$351,500,000.00
 Short term Debt: \$355,400,000.00
 Long Term Debt: \$323,900,000.00
 Liabilities: \$1,383,100,000.00
 Retained Earnings: \$1,525,100,000.00
 Paid-In Capital: \$283,100,000.00
 Treasury Stock: -\$1,038,900,000.00
 Stockholder's Equity: \$757,400,000.00

Cash Flow

Net Income: 72,200,000.00
 Depreciation/Amortization: 83,100,000.00
 Change in Working capital: -1,300,000.00
 Cash from Operating Activities: 217,900,000.00
 Capital Expenditures: -82,100,000.00
 Cash from Investing Activities: -80,100,000.00
 Total Cash Dividends Paid: -49,600,000.00
 Issuance (Retirement) of Stock: -107,300,000.00
 Issuance (Retirement) of Debt: 48,500,000.00
 Cash from Financing Activities: -115,500,000.00

Profitability Margins

Debt to Equity: 89.69%
 Return on Assets: 3.14%
 Return on Capital: 4.67%
 Return on Equity: 8.86%

SN VALUATION

LBO Analysis

WACC Terminal Value:	N/A	Intrinsic Price in 5 Years:	9.69	Non-LBO Forecast	Year 1 Target	3.38	Non-LBO Forecast	Desired Return Rate	20.00%
EV/EBITDA with 3X Multiple Terminal Value:	\$5.58	Market Price:	2.60		Year 2 Target	4.40		Implied Today's Price	3.89
Net Tangible Asset Terminal Value:	\$6.92	LBO Price:	2.60		Year 3 Target	5.72		Overvalued/(Undervalued)	-33.23%
EV/EBITDA with Today's Multiple Terminal Value:	\$9.98	Premium to Market Price:	0.00%		Year 4 Target	7.45			
EVA Enterprise Value:	\$16.28	LBO Price/Intrinsic Price Target:	30.10%		Year 5 Target	9.69			
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	1.33%		Implied IRR (Market Price):	30.10%			
Average (Excluding Dividend Discount):	\$9.69	Implied IRR at today's EV/EBITDA:	30.87%						
		5 Year Return:	272.67%						

Current Evaluation				Exit Evaluation			
Current Market Price:	2.60	LBO Price:	2.60	Exit Price:	9.69	Exit Price:	9.98
Outstanding Shares:	99,430,000	Outstanding Shares:	99,430,000	Outstanding Shares:	99,430,000	Outstanding Shares:	99,430,000
Market Capitalization:	258,518,000	Market Capitalization:	258,518,000	Market Capitalization:	963,430,482	Market Capitalization:	992,437,250
Available Cash:	517,700,000	Available Cash:	517,700,000	Available Cash:	577,237,250	Available Cash:	577,237,250
Debt:	679,300,000	Debt:	679,300,000	Debt:	679,300,000	Debt:	679,300,000
Net Cash:	-161,600,000	Net Cash:	-161,600,000	Net Cash:	-102,062,750	Net Cash:	-102,062,750
Enterprise Value:	420,118,000	Enterprise Value:	420,118,000	Enterprise Value:	1,065,493,232	Enterprise Value:	1,094,500,000
Original EV/EBITDA:	2.71	EV/EBITDA:	2.71	EV/EBITDA at 5 Years:	7.67	EV/EBITDA at 5 Years:	5.00
Original EV/EBITDA:	1.34	EV/EBITDA:	1.76	EV/EBITDA at 5 Years:	7.51	EV/EBITDA at 5 Years:	4.93
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:	2.60	2.60	3.38	4.40	5.72	7.45	9.69
Shares Outstanding:	99,430,000	99,430,000	99,430,000	99,430,000	99,430,000	99,430,000	99,430,000
Market Capitalization:	258,518,000	258,518,000	336,323,107	437,544,899	569,231,002	740,550,132	963,430,482
Available Cash:	517,700,000	517,700,000	529,607,450	541,514,900	553,422,350	565,329,800	577,237,250
Debt:	679,300,000	679,300,000	679,300,000	679,300,000	679,300,000	679,300,000	679,300,000
Net Cash:	-161,600,000	-161,600,000	-149,692,550	-137,785,100	-125,877,650	-113,970,200	-102,062,750
Enterprise Value:	420,118,000	420,118,000	486,015,657	575,329,999	695,108,652	854,520,332	1,065,493,232
EBIT	155,100,000	155,100,000	138,900,000	138,900,000	138,900,000	138,900,000	138,900,000
EV/EBIT:	2.71	2.71	3.50	4.14	5.00	6.15	7.67
EBITDA	238,200,000	238,200,000	222,000,000	222,000,000	222,000,000	222,000,000	222,000,000
EV/EBITDA:	1.76	1.76	2.19	2.59	3.13	3.85	4.80

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	2.60	2.60	2.28	2.40	2.52	2.64	2.76
Shares Outstanding:	99,430,000	99,430,000	99,430,000	99,430,000	99,430,000	99,430,000	99,430,000
Market Capitalization:	258,518,000	258,518,000	226,544,653	238,452,103	250,359,553	262,267,003	274,174,453
Available Cash:	517,700,000	517,700,000	529,607,450	541,514,900	553,422,350	565,329,800	577,237,250
Debt:	679,300,000	679,300,000	679,300,000	679,300,000	679,300,000	679,300,000	679,300,000
Net Cash:	-161,600,000	-161,600,000	-149,692,550	-137,785,100	-125,877,650	-113,970,200	-102,062,750
Enterprise Value:	420,118,000	420,118,000	376,237,203	376,237,203	376,237,203	376,237,203	376,237,203
EBIT	155,100,000	155,100,000	138,900,000	138,900,000	138,900,000	138,900,000	138,900,000
EV/EBIT:	2.71	2.71	2.71	2.71	2.71	2.71	2.71
EBITDA	238,200,000	238,200,000	222,000,000	222,000,000	222,000,000	222,000,000	222,000,000
EV/EBITDA:	1.76	1.76	1.69	1.69	1.69	1.69	1.69

LBO Price	2.60	Equity Partners:	929,118,000	Weighting	100.00%	Annualized Return for Equity Partners:	1.33%
Shares Outstanding	99,430,000	Debt Partners:	0		0.00%		
Market Capitalization	258,518,000	Total Funds for LBO:	929,118,000		100.00%		
Debt	670,600,000						
Cash	517,700,000						
Enterprise Value	411,418,000						
Capital Investment	929,118,000						

Book Value	Enterprise Value	Stock Valuation	Debt Reduction
Beginning Book Value	757.40	Current Market Price	Starting Debt
Year 5 Book Value	801.44	Year 5 Market Price	Debt Repayment
Annualized Return	1.14%	Annualized Return	30.87%
			% of Starting Debt
			100.00%

SN VALUATION

LBO Pro Forma Income Statement

Name:

RadioShack

Ticker:

RSH

	Historical				Forecasted				
	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	2013	2014	2015	2016	2017
Revenue	4,224.50	4,073.60	4,265.80	4,378.00	4,378.00	4,378.00	4,378.00	4,378.00	4,378.00
COGS	2,301.80	2,200.50	2,352.10	2,567.20	2,626.80	2,626.80	2,626.80	2,626.80	2,626.80
Gross margin	1,922.70	1,873.10	1,913.70	1,810.80	1,751.20	1,751.20	1,751.20	1,751.20	1,751.20
SG&A	1,509.80	1,435.00	1,463.80	1,544.50	1,532.30	1,532.30	1,532.30	1,532.30	1,532.30
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	2.80	1.50	4.00	36.00	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: Included within COGS	87.90	81.10	75.70	75.20	80.00	80.00	80.00	80.00	80.00
Operating Income (EBITA)	322.20	355.50	350.20	155.10	138.90	138.90	138.90	138.90	138.90
Interest income/(expense)	-20.30	-39.30	-39.30	-43.70	-48.43	-48.43	-48.43	-48.43	-48.43
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	-2.40	-1.60	0.00	-4.10	0.00	0.00	0.00	0.00	0.00
Income before tax	299.50	314.60	310.90	107.30	90.47	90.47	90.47	90.47	90.47
Tax	110.10	118.10	120.20	40.20	31.67	31.67	31.67	31.67	31.67
Income after tax	189.40	196.50	190.70	67.10	58.81	58.81	58.81	58.81	58.81
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	189.40	196.50	190.70	67.10	58.81	58.81	58.81	58.81	58.81
*Figures are in millions (\$)									
EPS (based off today's share count)	\$1.90	\$1.98	\$1.92	\$0.67	\$0.59	\$0.59	\$0.59	\$0.59	\$0.59
P/E (historical today's price; forecasted intrinsic price)	1.36	1.32	1.36	3.85	5.72	7.44	9.68	12.59	16.38
Revenue Growth	N/A	-3.57%	4.72%	2.63%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	36.76%	37.54%	38.66%	37.47%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-2.90%	-5.87%	-5.70%	-6.52%	-14.95%	-14.95%	-14.95%	-14.95%	-14.95%
Margins									
COGS	54.49%	54.02%	55.14%	58.64%	60.00%	60.00%	60.00%	60.00%	60.00%
Gross margin	45.51%	45.98%	44.86%	41.36%	40.00%	40.00%	40.00%	40.00%	40.00%
SG&A	35.74%	35.23%	34.78%	35.28%	35.00%	35.00%	35.00%	35.00%	35.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.07%	0.04%	0.09%	0.82%	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: Included within COGS	2.08%	1.99%	1.77%	1.72%	1.83%	1.83%	1.83%	1.83%	1.83%
Operating Income (EBITA)	7.63%	8.73%	8.21%	3.54%	3.17%	3.17%	3.17%	3.17%	3.17%
Interest income/(expense)	-0.48%	-0.96%	-0.92%	-1.00%	-1.11%	-1.11%	-1.11%	-1.11%	-1.11%
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	-0.06%	-0.04%	0.00%	-0.09%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	7.09%	7.72%	7.29%	2.45%	2.07%	2.07%	2.07%	2.07%	2.07%
Tax	2.61%	2.90%	2.82%	0.92%	0.72%	0.72%	0.72%	0.72%	0.72%
Income after tax	4.48%	4.82%	4.47%	1.53%	1.34%	1.34%	1.34%	1.34%	1.34%
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	4.48%	4.82%	4.47%	1.53%	1.34%	1.34%	1.34%	1.34%	1.34%

SN VALUATION

LBO Adjusted Proforma Balance Sheet

	As of 2008-12-31	As of 2009-12-31	As of 2010-12-31	As of 2011-12-31	As of 2012-06-30	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	814.80	908.20	569.40	591.70	517.70			517.70	529.61	541.51	553.42	565.33	577.24
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	814.80	908.20	569.40	591.70	517.70			517.70	529.61	541.51	553.42	565.33	577.24
Accounts Receivable	211.30	294.80	347.20	325.90	250.00			250.00	250.00	250.00	250.00	250.00	250.00
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	211.30	294.80	347.20	325.90	250.00			250.00	250.00	250.00	250.00	250.00	250.00
Total Inventory	636.30	670.60	723.70	744.40	828.70			828.70	828.70	828.70	828.70	828.70	828.70
Prepaid Expenses	0.00	0.00	0.00	26.80	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	98.60	114.40	108.10	89.30	144.80			144.80	144.80	144.80	144.80	144.80	144.80
Current Assets	1,761.00	1,988.00	1,748.40	1,778.10	1,741.20	0.00	0.00	1,741.20	1,753.11	1,765.01	1,776.92	1,788.83	1,800.74
PP&E, Gross	1,095.90	1,081.70	1,094.40	1,159.00	1,159.00			1,159.00	1,239.00	1,319.00	1,399.00	1,479.00	1,559.00
Change in Depreciation		92.90	84.20	83.10	83.10			83.10	83.10	83.10	83.10	83.10	83.10
Accumulated Depreciation	789.50	799.40	820.10	850.00	850.00			850.00	933.10	1,016.20	1,099.30	1,182.40	1,265.50
PP&E, Net	306.40	282.30	274.30	309.00	309.00			309.00	305.90	302.80	299.70	296.60	293.50
Goodwill	36.70	38.90	41.20	37.00	38.40	0.00		38.40	38.40	38.40	38.40	38.40	38.40
Intangibles	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
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	109.00	82.40	71.60	46.20	51.60			51.60	51.60	51.60	51.60	51.60	51.60
Long Term Assets	452.10	403.60	387.10	392.20	399.00			399.00	399.00	392.80	389.70	386.60	383.50
Total Assets	2,213.10	2,391.60	2,135.50	2,170.30	2,140.20	0.00	0.00	2,140.20	2,149.01	2,157.81	2,166.62	2,175.43	2,184.24
Accounts Payable	206.40	221.30	223.30	348.20	352.30			352.30	352.30	352.30	352.30	352.30	352.30
Accrued Expense	346.80	341.30	298.50	294.80	267.50			267.50	267.50	267.50	267.50	267.50	267.50
Other current Liabilities	44.70	50.30	29.20	20.60	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Current Liabilities	597.90	612.90	551.00	663.60	619.80	0.00	0.00	619.80	619.80	619.80	619.80	619.80	619.80
Notes Payables/Short Term Debt	39.30	41.60	49.10	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	308.00	0.00	355.40			355.40	355.40	355.40	355.40	355.40	355.40
Long term Debt	659.50	627.80	331.80	670.60	323.90	0.00	0.00	323.90	323.90	323.90	323.90	323.90	323.90
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	698.80	669.40	688.90	670.60	679.30	0.00	0.00	679.30	679.30	679.30	679.30	679.30	679.30
Deferred Income tax	0.00	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	96.50	98.70	93.00	87.60	84.00			84.00	84.00	84.00	84.00	84.00	84.00
Total Liabilities	1,393.20	1,381.00	1,332.90	1,421.80	1,383.10	0.00	0.00	1,383.10	1,383.10	1,383.10	1,383.10	1,383.10	1,383.10
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	191.00	191.00	146.00	146.00	146.00		0.00	146.00	146.00	146.00	146.00	146.00	146.00
Additional Paid-in capital	152.50	161.80	147.30	137.10	137.10	0.00	0.00	137.10	137.10	137.10	137.10	137.10	137.10
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	-50.00	-100.00	-150.00	-200.00	-250.00
Retained Earnings	2,150.20	2,323.90	1,502.50	1,525.10	1,525.10		0.00	1,525.10	1,583.91	1,642.71	1,701.52	1,760.33	1,819.14
Treasury Stock	-1,625.90	-1,621.90	-949.00	-1,043.00	-1,038.90			-1,038.90	-1,038.90	-1,038.90	-1,038.90	-1,038.90	-1,038.90
Other Equity	-7.00	-6.50	-4.30	-11.90	-11.90		0.00	-11.90	-11.90	-11.90	-11.90	-11.90	-11.90
Total Equity	860.80	1,048.30	842.50	753.30	757.40	0.00	0.00	757.40	766.21	775.01	783.82	792.63	801.44
Liability + Equity	2,254.00	2,429.30	2,175.40	2,175.10	2,140.50	0.00	0.00	2,140.50	2,149.31	2,158.11	2,166.92	2,175.73	2,184.54
Variance	-40.90	-37.70	-39.90	-4.80	-0.30			-0.30	-0.30	-0.30	-0.30	-0.30	-0.30
Debt/Equity	0.81	0.64	0.82	0.89	0.90			0.89	0.89	0.88	0.87	0.86	0.85
Inventory Turnover	6.64	6.07	5.89	5.88	5.28			5.28	5.28	5.28	5.28	5.28	5.28
Inventory Turnover Days	54.98	60.09	61.92	62.06	69.09			69.09	69.09	69.09	69.09	69.09	69.09
Days Inventory Outstanding	100.90	111.23	112.30	105.84	115.15			117.82	115.15	115.15	115.15	115.15	115.15
Accounts Receivable Turnover	19.99	13.82	12.29	13.43	17.51			17.51	17.51	17.51	17.51	17.51	17.51
Accounts Receivable Turnover Days	18.26	26.41	29.71	27.17	20.84			20.84	20.84	20.84	20.84	20.84	20.84
Days Payable Outstanding	32.73	36.71	34.65	49.51	48.95			50.09	48.95	48.95	48.95	48.95	48.95
Days Sales Outstanding	18.26	26.41	29.71	27.17	20.84			27.17	20.84	20.84	20.84	20.84	20.84
Cash Conversion Cycle	86.43	100.94	107.36	83.50	87.04			94.90	87.04	87.04	87.04	87.04	87.04

Net tangible assets/share 7.23 7.32 7.41 7.49 7.58 7.67

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	2011	2012	2013	2014	2015
Net Income	189.40	205.00	206.10	72.20	58.81	58.81	58.81	58.81	58.81
Depreciation	99.10	92.90	84.20	83.10	83.10	83.10	83.10	83.10	83.10
Net Income + Depreciation	288.50	297.90	290.30	155.30	141.91	141.91	141.91	141.91	141.91
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	11.70	7.60	12.00	35.20	0.00	0.00	0.00	0.00	0.00
Non Cash Items	39.30	28.20	41.60	28.70	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-64.90	-87.90	-188.90	-1.30	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-83.50	-52.40	21.30	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	-34.30	-53.10	-20.70	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.00	0.00	-26.80	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	14.90	2.00	124.90	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	274.60	245.80	155.00	217.90	141.91	141.91	141.91	141.91	141.91
Capital Expenditures Expenditures	-85.60	-81.00	-80.10	-82.10	-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	-38.70	0.20	0.10	2.00	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-124.30	-80.80	-80.00	-80.10	-80.00	-80.00	-80.00	-80.00	-80.00
Financing Cash flow items	-95.70	0.00	0.00	-7.10	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-31.30	-31.30	-26.50	-49.60	50.00	50.00	50.00	50.00	50.00
Issuance (Retirement) of Stock	-71.40	0.70	-394.80	-107.30	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	353.20	-41.00	7.50	48.50	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	154.80	-71.60	-413.80	-115.50	-50.00	-50.00	-50.00	-50.00	-50.00
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	509.70	814.80	908.20	569.40	517.70	529.61	541.51	553.42	565.33
Net Change in Cash	305.10	93.40	-338.80	22.30	11.91	11.91	11.91	11.91	11.91
Ending Cash Balance	814.80	908.20	569.40	591.70	529.61	541.51	553.42	565.33	577.24
Capex to Revenue	2.03%	1.99%	1.88%	1.88%	1.83%	1.83%	1.83%	1.83%	1.83%
Depreciation to Sales	2.35%	2.28%	1.97%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%
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	5.00%	7.24%	8.14%	7.44%	7.44%	7.44%	7.44%	7.44%	7.44%
Distributable FCF Yield	35.78%	39.27%	17.85%	32.80%	14.74%	14.74%	14.74%	14.74%	14.74%
Dividend Yield	-12.11%	-12.11%	-10.25%	-19.19%	19.34%	19.34%	19.34%	19.34%	19.34%
FCF (Ops-Investing-Dividends)	181.60	196.30	101.50	187.40	11.91	11.91	11.91	11.91	11.91

SN VALUATION

LBO Debt Schedule

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	22.30	11.91	11.91	11.91	11.91	11.91
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	679.30	679.30	679.30	679.30	679.30	679.30
Current Portion Debt Balance	355.40	355.40	355.40	355.40	355.40	355.40
Long Term Debt Balance	323.90	323.90	323.90	323.90	323.90	323.90
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		54.34	54.34	54.34	54.34	54.34
Cash Balance		591.70				
Interest @ 1.0%			5.92	5.92	5.92	5.92
Net Interest Expense/(Income)		48.43	48.43	48.43	48.43	48.43
Net Interest Rate		14.95%	14.95%	14.95%	14.95%	14.95%
EBITDA		138.90	138.90	138.90	138.90	138.90
EBITDA/Interest Expense Coverage		2.56	2.56	2.56	2.56	2.56

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

RadioShack

Ticker:

RSH

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	1,163.10	1,375.10	1,197.40	1,121.40	1,133.31	1,145.21	1,157.12	1,169.03	1,180.94
Total Assets	2,213.10	2,391.60	2,135.50	2,140.20	2,149.01	2,157.81	2,166.62	2,175.43	2,184.24
X1	0.53	0.57	0.56	0.52	0.53	0.53	0.53	0.54	0.54
Retained Earnings	2,150.20	2,323.90	1,502.50	1,525.10	1,583.91	1,642.71	1,701.52	1,760.33	1,819.14
Total Assets	2,213.10	2,391.60	2,135.50	2,140.20	2,149.01	2,157.81	2,166.62	2,175.43	2,184.24
X2	0.97	0.97	0.70	0.71	0.74	0.76	0.79	0.81	0.83
EBITDA	410.10	436.60	425.90	230.30	218.90	218.90	218.90	218.90	218.90
Total Assets	2,213.10	2,391.60	2,135.50	2,140.20	2,149.01	2,157.81	2,166.62	2,175.43	2,184.24
X3	0.19	0.18	0.20	0.11	0.10	0.10	0.10	0.10	0.10
Market Value of Equity	258.52	258.52	258.52	258.52	336.32	437.54	569.23	740.55	963.43
Total Liabilities	1,393.20	1,381.00	1,332.90	1,383.10	1,383.10	1,383.10	1,383.10	1,383.10	1,383.10
X4	0.19	0.19	0.19	0.19	0.24	0.32	0.41	0.54	0.70
Net Sales	4,224.50	4,073.60	4,265.80	4,378.00	4,378.00	4,378.00	4,378.00	4,378.00	4,378.00
Total Assets	2,213.10	2,391.60	2,135.50	2,140.20	2,149.01	2,157.81	2,166.62	2,175.43	2,184.24
X5	1.91	1.70	2.00	2.05	2.04	2.03	2.02	2.01	2.00
Altman Z Score	4.62	4.47	4.43	4.14	4.18	4.26	4.34	4.44	4.57

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

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