

RadioShack (RSH)

Price:	\$2.65	Net Tang. Bk Value Incl. Cash, Excl.	\$468,900,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$53,302,850.38
Market Cap:	\$264,205,000	Goodwill (NTBVIC):		Avg. Year Op. Cash:	-\$13,747,092.22
Cash:	\$432,000,000	NTBVIC/Market Downside Recovery:	177.48%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$712,500,000	Op. Cash Flow:	-\$10,302,100	Year 5 Disposition Price:	\$12,061,573.73
Net Cash:	-\$280,500,000	Implied Years to Fill Gap:	19.87		
Enterprise Value:	\$544,705,000	Today's Equity if 5x Op. CF:	\$437,993,700		
		Net Tang. Book+ Gain Disposition:			\$12,061,573.73
Shares Outstanding:	99,700,000	IRR:			-46.06%
				Price:	\$0.12
				Target Market Cap:	\$12,061,574
				Target Enterprise Value:	\$292,561,574

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

Another Sears, JC Penney type of situation. Investors want to turn around a business that seems to have a broken business model. Who goes to a Radioshack to buy gadgets, when one could go to a Bestbuy, Walmart, or visit Amazon online? I remember going to a Radioshack in California a couple times because I needed to go buy batteries and I didn't want to wait in line at Walmart. Other than batteries, I don't think I would ever go in there for other stuff.

Yet, Radioshack is pushing mobile phone related services. Again, who would buy phones, services from a Radio shack? Not only is there concerns over the product sales, the CFO recently left the Co. and the Co. has hired an investment bank to possibly look for alternatives for a \$200MM debt maturity in 2013. The recent succession of events are not promising signs. Also, management is looking to continue their inventory liquidation.

The asset support is awesome at 166%, but \$825MM, or 44% is inventory. What is the value of boxes of electronics worth in a liquidation? Probably 20-30%? So, this is where the risk lies in an investment thesis that is supportive of a turn around.

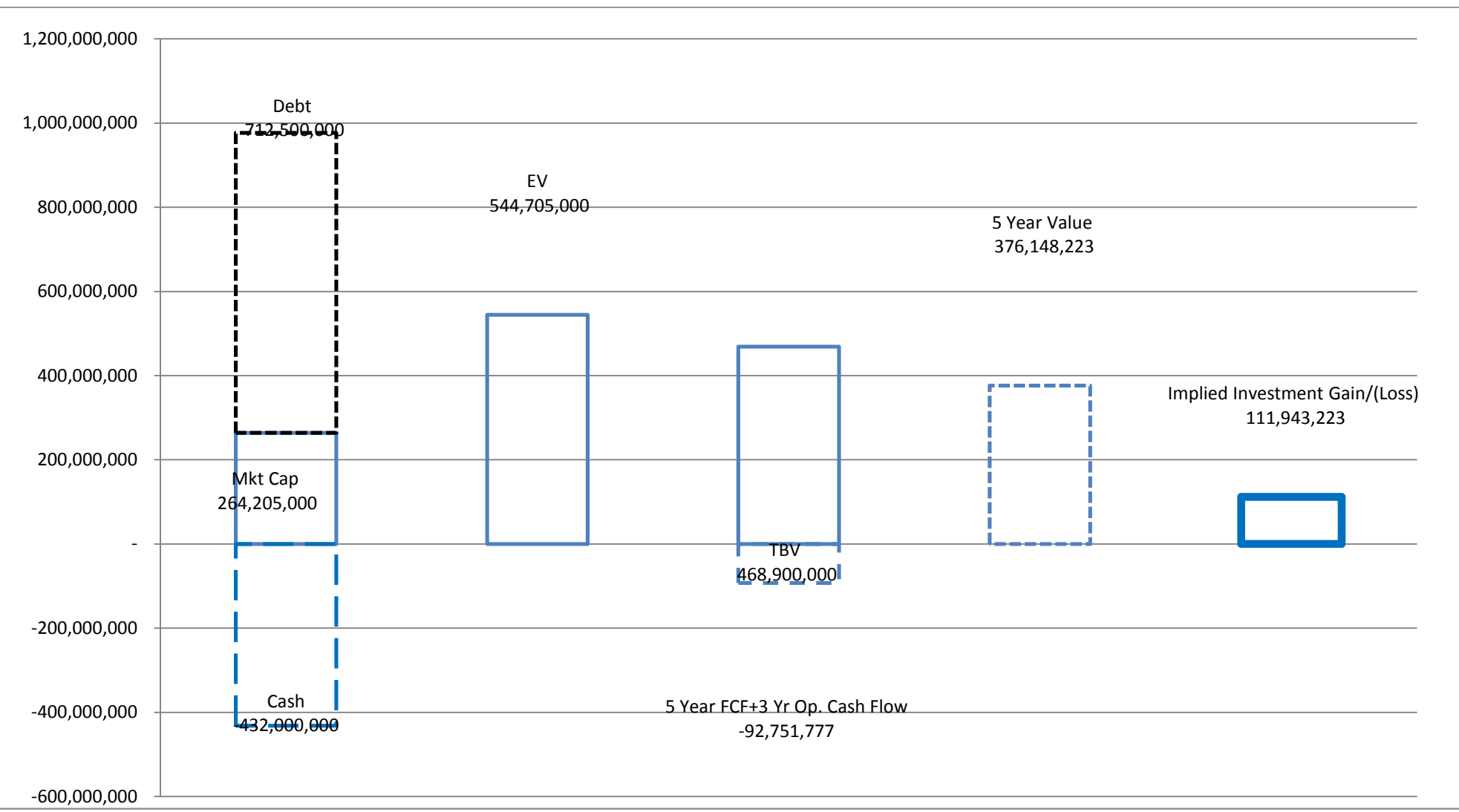
The other half of the thesis, cash flow, is in the red and we don't have any visibility on when this big ole' ship will turn. 4,395 stores in the US? A bit much? They should cut about half of the stores and save on SG&A. They reported the discontinuation of Target Mobile centers, which sold mobile related stuff. Recent quarter, SSS improved, but SG&A stayed the same. Turnaround is taking place. We say cut the anchors and throw off all the heavy baggage.

Good thing is the low leverage. Net cash is -\$280MM, which is not a dire situation. The worrisome part is the interest coverage, since interest expense is \$50MM, but EBITDA is negative. Not good.

Sales/store is \$1MM annually, which is surprising. If gross margin is 35%, each store has \$350,000, to pay for managers, employees. Let's say they spend \$100,000 on salaries alone, which leaves \$250,000 for lease, utility, insurance, upkeep. That is about \$100,000 left before taxes. After tax, only \$50,000 goes to corporate, or 5%.

A well regarded boutique investment bank lowered the price to \$1, which is essentially bankruptcy filing levels, going from \$300MM to \$100MM. That is an EV value of \$344MM for 4,500 stores, or \$75,000/store. Ouch!

Too much bad blood in this stock. We say don't be a contrarian until more visibility in the earnings. Still too early to act. We are leaning in favor of the pessimists.



RadioShack Corporation, a Delaware corporation was incorporated in 1967. The Company is involved in the retail sale of consumer electronics goods and services through its RadioShack store chain. At December 31, 2012, it operated 4,395 U.S. company-operated stores under the RadioShack brand located throughout the United States, as well as in Puerto Rico and the U.S. Virgin Islands. These stores are located in strip centers and major shopping malls, as well as individual storefronts. Each location carries a broad assortment of both name brand and private brand consumer electronics products. The Company's product lines are categorized into three platforms namely mobility platform, signature platform and consumer electronics platform. Its mobility platform includes postpaid and prepaid wireless handsets, commissions and residual income, prepaid wireless airtime, tablet devices, and e-readers. The signature platform includes home entertainment, wireless, computer, and music accessories; general purpose and special purpose power products; headphones; technical products; and services. The consumer electronics platform includes laptop computers, personal computing products, digital music players, residential telephones, GPS devices, cameras, digital televisions, and other consumer electronics products. The Company has other sales channels and support operations such as: Dealer Outlets, RadioShack de Mexico, RadioShack.com, Distribution Centers, RadioShack Technology Services and RadioShack Global Sourcing. The Company owns or is licensed to use many trademarks and service marks related to its RadioShack stores in the United States and in foreign countries. Its private brand manufactured products are sold primarily under the RadioShack, AUVIO, Enercell and Gigawatt trademark. The Company also owns various patents and patent applications relating to consumer electronics products. The Company competes in the sale of its products and services with several retail formats including national, regional, and independent consumer electronics retailers. It competes with department and specialty retail stores in more select product categories. It competes with wireless providers in the wireless telephone category through their own retail and online presence. It also competes with big-box retailers, discount and warehouse retailers, and Internet retailers. The Company is subject to various foreign, federal, state, and local laws and regulations including, but not limited to, the Fair Labor Standards Act and ERISA, each as amended, and regulations promulgated by the Federal Trade Commission, SEC, Internal Revenue Service, Department of Labor, Occupational Safety and Health Administration, and Environmental Protection Agency.

Company Name:		RadioShack			Income Statement	
Ticker Symbol:	RSH	Market Capitalization:	\$264,205,000.00	Revenue:	\$4,190,000,000.00	100.0%
Last Price:	\$2.65	Total Debt:	\$712,500,000.00	Cost of Goods Sold:	\$2,642,700,000.00	63.1%
Net Cash/Share:	-\$2.81	Total Cash:	\$432,000,000.00	Gross Profit:	\$1,547,300,000.00	36.9%
Net Cash to Last Price:	-106.17%	Net Cash/(Debt):	-\$280,500,000.00	EBITDA:	\$24,100,000.00	0.6%
Shares Outstanding:	99,700,000	Enterprise Value:	\$544,705,000.00	Net Income:	-\$169,500,000.00	-4.0%
Industry:	Specialty Retail	Current EV/Share:	\$5.46			
Sector:	Consumer Cyclical	EBITDA:	\$92,100,000.00	Balance Sheet		
Institutional Ownership:	22.09%	EV/EBITDA Multiple:	5.91	Cash:	\$432,000,000.00	
Mutual Fund Ownership:	22.87%	EV/EBITDA Multiple Average Year 1-5:	17.70	Short Term Investment:	\$0.00	
Insider Ownership:	2.76%	EV/FCF Multiple (excluding acquisition):	-4.92	A/R:	\$218,000,000.00	
Float:	89.00%	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	-34.59	PP&E:	\$212,000,000.00	
			Upper Range			
			DCF: EV/EBITDA Terminal Value			
52 week low:	\$1.90	Implied TV from 3 X EV/EBITDA Multiple	-\$98,838,134.27	A/P:	\$200,000,000.00	
Today from 52 week low:	39.47%	Enterprise Value	-\$98,838,134.27	Deferred Tax:	\$0.00	
52 week high:	\$4.28	Cash at Year 5:	\$353,264,538.91	Other Liabilities:	\$434,400,000.00	
Today from 52 week high:	61.51%	Debt at Year 5:	\$712,500,000.00	Short term Debt:	\$213,500,000.00	
Analyst/Consensus		Equity Value Year 5:	-\$458,073,595.36	Long Term Debt:	\$499,000,000.00	
Analyst Sales Growth FY1:	-12.10%	Equity/Share at Year 5:	-\$4.59	Liabilities:	\$1,346,900,000.00	
Analyst Sales Growth FY2:	0.40%	Annualized Return:	-211.63%	Retained Earnings:	\$1,264,000,000.00	
SN Valuation Estimate FY1:	-5.00%	Lower Range				
SN Valuation Estimate FY2:	-5.00%	DCF: Net Tangible Asset excluding Cash/Debt Terminal Value				
Analyst Earnings Estimate FY1:	-\$1.09	Year 5 Net Tangible Assets excluding cash and debt	\$464,400,000.00	Paid-In Capital:	\$280,000,000.00	
Analyst Earnings Estimate FY2:	-\$0.64	Enterprise Value	\$464,400,000.00	Treasury Stock:	-\$1,031,000,000.00	
SN Valuation Earnings Est. FY1:	-\$0.87	Cash at Year 5:	\$353,264,538.91	Stockholder's Equity:	\$505,500,000.00	
SN Valuation Earnings Est. FY2:	-\$0.85	Debt at Year 5:	\$712,500,000.00	Cash Flow		
Multiples		Equity Value Year 5:	\$105,164,538.91	Net Income:	-139,400,000.00	
Market Value to Book:	0.52	Equity/Share at Year 5:	\$1.05	Depreciation/Amortization:	80,700,000.00	
EV to Book:	1.08	Annualized Return:	-16.83%	Change in Working capital:	-204,100,000.00	
Market Value to Tangible Net Assets:	-0.84	EVA				
P/E Ratio:	-1.56	EVA today:	\$447,269,373.67	Cash from Operating Activities:	-43,000,000.00	
Trailing P/E Ratio:	N/A	EVA in 5 Years:	\$749,579,405.60	Capital Expenditures:	-67,800,000.00	
Forward P/E Ratio:	N/A	EVA/Share:	\$7.52	Cash from Investing Activities:	-94,200,000.00	
Beta:	1.62	Cash at Year 5:	\$353,264,538.91	Total Cash Dividends Paid:	-24,900,000.00	
Dividend:	0.00	Debt at Year 5:	\$712,500,000.00	Issuance (Retirement) of Stock:	0.00	
Dividend Yield:	0.00%	Equity Value Year 5:	\$390,343,944.52	Issuance (Retirement) of Debt:	113,400,000.00	
Dividend Date:	Jun 21, 2012	Equity/Share at Year 5:	\$3.92	Cash from Financing Activities:	81,200,000.00	
Ex-Dividend Date:	May 30, 2012	Annualized return:	10.88%	Profitability Margins		
Competitors		Current Net Tangible Asset				
Average EV to EBITDA:	N/A	Net Tangible Asset/Share:	\$4.74	Debt to Equity:	140.95%	
Company EV to EBITDA:	5.91	Net Tangible Asset/Share in Year 5:	\$0.57	Return on Assets:	-7.51%	
Average EV to EBIT:	N/A	Annualized return:	-34.45%	Return on Capital:	-11.44%	
Company EV to EBITA:	-8.94	Current Equity Price:	\$2.65	Return on Equity:	-27.58%	
		Selling at Discount?	Discount			
		Appreciation Potential:	78.95%			
		Copyright SN Valuation All Rights Reserved www.snvaluation.com				

SN VALUATION

LBO Pro Forma Income Statement

Name:

RadioShack

Ticker:

RSH

	Historical				Forecasted				
	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2013	2014	2015	2016	2017
Revenue	4,073.60	4,265.80	4,378.00	4,257.80	4,044.91	3,842.66	3,650.53	3,468.00	3,294.60
COGS	2,200.50	2,352.10	2,567.20	2,710.50	2,629.19	2,497.73	2,372.85	2,254.20	2,141.49
Gross margin	1,873.10	1,913.70	1,810.80	1,547.30	1,415.72	1,344.93	1,277.69	1,213.80	1,153.11
SG&A	1,435.00	1,465.80	1,544.50	1,514.50	1,456.17	1,383.36	1,314.19	1,248.48	1,166.06
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	1.50	4.00	36.00	21.40	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					2.00	2.00	2.00	2.00	2.00
Operating Income (EBITA)	436.60	425.90	230.30	11.40	-42.45	-40.43	-38.51	-36.68	-34.95
Interest income/(expense)	-39.30	-39.30	-43.70	-52.60	-44.52	-44.52	-44.52	-44.52	-44.52
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	-1.60	0.00	-4.10	-0.60	0.00	0.00	0.00	0.00	0.00
Income before tax	314.60	310.90	107.30	-114.10	-86.97	-84.94	-83.02	-81.20	-79.46
Tax	118.10	120.20	40.20	25.30	0.00	0.00	0.00	0.00	0.00
Income after tax	196.50	190.70	67.10	-139.40	-86.97	-84.94	-83.02	-81.20	-79.46
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	196.50	190.70	67.10	-139.40	-86.97	-84.94	-83.02	-81.20	-79.46
*Figures are in millions (\$)									
EPS (based off today's share count)	\$1.97	\$1.91	\$0.67	-\$1.40	-\$0.87	-\$0.85	-\$0.83	-\$0.81	-\$0.80
P/E (historical today's price; forecasted intrinsic price)	1.34	1.39	3.94	-1.90	-1.64	-0.90	-0.50	-0.28	-0.15
Revenue Growth	N/A	4.72%	2.63%	-2.75%	-5.00%	-5.00%	-5.00%	-5.00%	-5.00%
Tax Rate	37.54%	38.66%	37.47%	22.17%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-5.87%	-5.70%	-6.52%	-6.76%	-8.92%	-8.92%	-8.92%	-8.92%	-8.92%
Margins									
COGS	54.02%	55.14%	58.64%	63.66%	65.00%	65.00%	65.00%	65.00%	65.00%
Gross margin	45.98%	44.86%	41.36%	36.34%	35.00%	35.00%	35.00%	35.00%	35.00%
SG&A	35.23%	34.78%	35.28%	35.57%	36.00%	36.00%	36.00%	36.00%	36.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.04%	0.09%	0.82%	0.50%	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%	0.05%	0.05%	0.05%	0.06%	0.06%
Operating Income (EBITA)	10.72%	9.98%	5.26%	0.27%	-1.05%	-1.05%	-1.05%	-1.06%	-1.06%
Interest income/(expense)	-0.96%	-0.92%	-1.00%	-1.24%	-1.10%	-1.16%	-1.22%	-1.28%	-1.35%
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	-0.04%	0.00%	-0.09%	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	7.72%	7.29%	2.45%	-2.68%	-2.15%	-2.21%	-2.27%	-2.34%	-2.41%
Tax	2.90%	2.82%	0.92%	0.59%	0.00%	0.00%	0.00%	0.00%	0.00%
Income after tax	4.82%	4.47%	1.53%	-3.27%	-2.15%	-2.10%	-2.05%	-2.01%	-1.96%
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	4.82%	4.47%	1.53%	-3.27%	-2.15%	-2.21%	-2.27%	-2.34%	-2.41%

	As of					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	2009-12-31	2010-12-31	2011-12-31	2012-12-31	2013-06-30	+	-						
Cash	908.20	569.40	591.70	535.70	432.00			432.00	419.70	405.59	389.75	372.28	353.26
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	908.20	569.40	591.70	535.70	432.00			432.00	419.70	405.59	389.75	372.28	353.26
Accounts Receivable	294.80	347.20	325.90	364.00	218.00			218.00	218.00	218.00	218.00	218.00	218.00
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	294.80	347.20	325.90	364.00	218.00			218.00	218.00	218.00	218.00	218.00	218.00
Total Inventory	670.60	723.70	744.40	908.30	825.80			825.80	825.80	825.80	825.80	825.80	825.80
Prepaid Expenses	0.00	0.00	26.80	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	114.40	108.10	89.30	85.40	90.40			90.40	90.40	90.40	90.40	90.40	90.40
Current Assets	1,988.00	1,748.40	1,778.10	1,893.40	1,566.20	0.00	0.00	1,566.20	1,553.90	1,539.79	1,523.95	1,506.48	1,487.46
PP&E, Gross	1,081.70	1,094.40	1,088.80	0.00	1,100.00			1,100.00	1,102.00	1,104.00	1,106.00	1,108.00	1,110.00
Change in Depreciation	92.90	84.20	83.10	80.70	80.70			80.70	76.67	72.83	69.19	65.73	62.44
Accumulated Depreciation	799.40	820.10	818.60	0.00	888.00			888.00	964.67	1,037.50	1,106.69	1,172.42	1,234.86
PP&E, Net	282.30	274.30	270.20	0.00	212.00			212.00	137.34	66.50	-64.42	-64.42	-124.86
Goodwill	38.90	41.20	37.00	36.60	36.60	0.00		36.60	36.60	36.60	36.60	36.60	36.60
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	82.40	71.60	46.20	29.40	41.50			41.50	41.50	41.50	41.50	41.50	41.50
Long Term Assets	403.60	387.10	353.40	66.00	290.10			290.10	215.44	144.60	77.41	13.68	-46.76
Total Assets	2,391.60	2,135.50	2,131.50	1,959.40	1,856.30	0.00	0.00	1,856.30	1,769.33	1,684.39	1,601.36	1,520.17	1,440.70
Accounts Payable	221.30	223.30	348.20	435.60	200.00			200.00	200.00	200.00	200.00	200.00	200.00
Accrued Expense	341.30	298.50	287.90	263.90	213.00			213.00	213.00	213.00	213.00	213.00	213.00
Other current Liabilities	50.30	29.20	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Current Liabilities	612.90	551.00	636.10	699.50	413.00	0.00	0.00	413.00	413.00	413.00	413.00	413.00	413.00
Notes Payables/Short Term Debt	41.60	49.10	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	308.00	0.00	278.70	213.50			213.50	213.50	213.50	213.50	213.50	213.50
Long term Debt	627.80	331.80	670.60	499.00	499.00	0.00	0.00	499.00	499.00	499.00	499.00	499.00	499.00
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	669.40	688.90	670.60	777.70	712.50	0.00	0.00	712.50	712.50	712.50	712.50	712.50	712.50
Deferred Income tax	0.00	0.00	0.00	21.20	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	98.70	93.00	115.10	202.00	221.40			221.40	221.40	221.40	221.40	221.40	221.40
Total Liabilities	1,381.00	1,332.90	1,421.80	1,700.40	1,346.90	0.00	0.00	1,346.90	1,346.90	1,346.90	1,346.90	1,346.90	1,346.90
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	146.00	146.00	146.00	146.00		0.00	146.00	146.00	146.00	146.00	146.00	146.00
Additional Paid-in capital	161.80	147.30	137.10	133.30	134.00	0.00	0.00	134.00	134.00	134.00	134.00	134.00	134.00
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	2,323.90	1,502.50	1,525.10	1,360.80	1,264.00		0.00	1,264.00	1,177.03	1,092.09	1,009.06	927.87	848.40
Treasury Stock	-1,621.90	-949.00	-1,043.00	-1,033.90	-1,031.00		0.00	-1,031.00	-1,031.00	-1,031.00	-1,031.00	-1,031.00	-1,031.00
Other Equity	-6.50	-4.30	-11.90	-7.50	-7.50		0.00	-7.50	-7.50	-7.50	-7.50	-7.50	-7.50
Total Equity	1,048.30	842.50	753.30	598.70	505.50	0.00	0.00	505.50	418.53	333.59	250.56	169.37	89.90
Liability + Equity	2,429.30	2,175.40	2,175.10	2,299.10	1,852.40	0.00	0.00	1,852.40	1,765.43	1,680.49	1,597.46	1,516.27	1,436.80
Variance	-37.70	-39.90	-43.60	-339.70	3.90			3.90	3.90	3.90	3.90	3.90	3.90
Debt/Equity	0.64	0.82	0.89	1.30	1.41			1.41	1.70	2.14	2.84	4.21	7.93
Inventory Turnover	6.07	5.89	5.88	4.69	4.90			5.16	4.90	4.65	4.42	4.20	3.99
Inventory Turnover Days	60.09	61.92	62.06	77.86	74.52			70.79	74.52	78.44	82.57	86.91	91.49
Days Inventory Outstanding	111.23	112.30	105.84	122.31	114.64			111.20	114.64	120.68	127.03	133.71	140.75
Accounts Receivable Turnover	13.82	12.29	13.43	11.70	18.55			19.53	18.55	17.63	16.75	15.91	15.11
Accounts Receivable Turnover Days	26.41	29.71	27.17	31.20	19.67			18.69	19.67	20.71	21.80	22.94	24.15
Days Payable Outstanding	36.71	34.65	49.51	58.66	27.77			26.93	27.77	29.23	30.76	32.38	34.09
Days Sales Outstanding	26.41	29.71	27.17	31.20	19.67			31.20	18.69	19.67	20.71	21.80	22.94
Cash Conversion Cycle	100.94	107.36	83.50	94.86	106.55			115.48	105.57	111.12	116.97	123.13	129.61
Net tangible assets/share	\$10.12	\$8.04	\$7.18	\$5.64	\$4.70				\$3.83	\$2.98	\$2.15	\$1.33	\$0.53

	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2011	2012	2013	2014	2015
Net Income	205.00	206.10	72.20	-139.40	-86.97	-84.94	-83.02	-81.20	-79.46
Depreciation	92.90	84.20	83.10	80.70	76.67	72.83	69.19	65.73	62.44
Net Income + Depreciation	297.90	290.30	155.30	-58.70	-10.30	-12.11	-13.83	-15.47	-17.02
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	7.60	12.00	35.20	68.90	0.00	0.00	0.00	0.00	0.00
Non Cash Items	28.20	41.60	28.70	150.90	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-87.90	-188.90	-1.30	-204.10	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-52.40	21.30	-38.10	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	-53.10	-20.70	-163.90	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.00	-26.80	26.80	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	2.00	124.90	87.40	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	245.80	155.00	217.90	-43.00	-10.30	-12.11	-13.83	-15.47	-17.02
Capital Expenditures Expenditures	-81.00	-80.10	-82.10	-67.80	-2.00	-2.00	-2.00	-2.00	-2.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	0.20	0.10	2.00	-26.40	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-80.80	-80.00	-80.10	-94.20	-2.00	-2.00	-2.00	-2.00	-2.00
Financing Cash flow items	0.00	0.00	-7.10	-7.30	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-31.30	-26.50	-49.60	-24.90	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.70	-394.80	-107.30	0.00	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	-41.00	7.50	48.50	113.40	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-71.60	-413.80	-115.50	81.20	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	814.80	908.20	569.40	591.70	432.00	419.70	405.59	389.75	372.28
Net Change in Cash	93.40	-338.80	22.30	-56.00	-12.30	-14.11	-15.83	-17.47	-19.02
Ending Cash Balance	908.20	569.40	591.70	535.70	419.70	405.59	389.75	372.28	353.26
Capex to Revenue	1.99%	1.88%	1.88%	1.59%	0.05%	0.05%	0.05%	0.06%	0.06%
Depreciation to Sales	2.28%	1.97%	1.90%	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	7.24%	8.14%	7.44%	8.55%	9.00%	9.47%	9.97%	10.50%	11.05%
Distributable FCF/EV Yield	30.29%	13.77%	25.30%	-25.19%	-2.26%	-2.59%	-2.91%	-3.21%	-3.49%
Dividend Yield	-11.85%	-10.03%	-18.77%	-9.42%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	196.10	101.40	185.40	-85.90	-12.30	-14.11	-15.83	-17.47	-19.02

SN VALUATION

LBO Debt Schedule

Ticker:

RSH

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-56.00	-12.30	-14.11	-15.83	-17.47	-19.02
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	712.50	712.50	712.50	712.50	712.50	712.50
Current Portion Debt Balance	213.50	213.50	213.50	213.50	213.50	213.50
Long Term Debt Balance	499.00	499.00	499.00	499.00	499.00	499.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%
Interest Expense		49.88	49.88	49.88	49.88	49.88
Cash Balance		535.70				
Interest @ 1.0%		5.36	5.36	5.36	5.36	5.36
Net Interest Expense/(Income)		44.52	44.52	44.52	44.52	44.52
Net Interest Rate		8.92%	8.92%	8.92%	8.92%	8.92%
EBITDA		(42.45)	(40.43)	(38.51)	(36.68)	(34.95)
EBITDA/Interest Expense Coverage		(0.85)	(0.81)	(0.77)	(0.74)	(0.70)

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

Altman Z Score

Company Name:

RadioShack

Ticker:

RSH

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	1,375.10	1,197.40	1,142.00	1,153.20	1,140.90	1,126.79	1,110.95	1,093.48	1,074.46
Total Assets	2,391.60	2,135.50	2,131.50	1,856.30	1,769.33	1,684.39	1,601.36	1,520.17	1,440.70
X1	0.57	0.56	0.54	0.62	0.64	0.67	0.69	0.72	0.75
Retained Earnings	2,323.90	1,502.50	1,525.10	1,264.00	1,177.03	1,092.09	1,009.06	927.87	848.40
Total Assets	2,391.60	2,135.50	2,131.50	1,856.30	1,769.33	1,684.39	1,601.36	1,520.17	1,440.70
X2	0.97	0.70	0.72	0.68	0.67	0.65	0.63	0.61	0.59
EBITDA	436.60	425.90	230.30	11.40	-40.45	-38.43	-36.51	-34.68	-32.95
Total Assets	2,391.60	2,135.50	2,131.50	1,856.30	1,769.33	1,684.39	1,601.36	1,520.17	1,440.70
X3	0.18	0.20	0.11	0.01	-0.02	-0.02	-0.02	-0.02	-0.02
Market Value of Equity	264.21	264.21	264.21	264.21	142.51	76.86	41.46	22.36	12.06
Total Liabilities	1,381.00	1,332.90	1,421.80	1,346.90	1,346.90	1,346.90	1,346.90	1,346.90	1,346.90
X4	0.19	0.20	0.19	0.20	0.11	0.06	0.03	0.02	0.01
Net Sales	4,073.60	4,265.80	4,378.00	4,257.80	4,044.91	3,842.66	3,650.53	3,468.00	3,294.60
Total Assets	2,391.60	2,135.50	2,131.50	1,856.30	1,769.33	1,684.39	1,601.36	1,520.17	1,440.70
X5	1.70	2.00	2.05	2.29	2.29	2.28	2.28	2.28	2.29
Altman Z Score	4.47	4.43	4.17	4.13	3.98	3.95	3.94	3.93	3.94

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

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	468.90	381.93	296.99	213.96	132.77	53.30				53.30
Annual Change		(86.97)	(84.94)	(83.02)	(81.20)	(79.46)				
Annual FCF	(110.80)	(12.30)	(14.11)	(15.83)	(17.47)	(19.02)	(15.75)	(15.75)	(15.75)	(47.24)
Annual Op. Cash Flow	(43.00)	(10.30)	(12.11)	(13.83)	(15.47)	(17.02)	(13.75)	(13.75)	(13.75)	
Annual PP&E Investment	(67.80)	(2.00)	(2.00)	(2.00)	(2.00)	(2.00)	(2.00)	(2.00)	(2.00)	
Today's Tangible Book Value	468.90	303.54	196.49	127.20	82.34	53.30				6.06
Intrinsic Value IRR	-35.27%									
Market Price	264.21	124.19	58.37	27.44	12.90	6.06				6.06
Market Price IRR	-53.00%									

Debt	50.00%	132.10
Equity	50.00%	132.10
Total	100.00%	264.21

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5			
Book Equity	505.5	132.10	45.48	(39.13)	(121.81)	(202.67)	(281.79)			
Goodwill	36.6	(204.70)	(204.70)	(204.70)	(204.70)	(204.70)	(204.70)			
Debt	499	631.10	631.10	631.10	631.10	631.10	631.10			
Debt Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%			
Additional Interest Expense		-0.34	-0.34	-0.34	-0.34	-0.34				
Tangible Book Value	468.9	336.80	250.17	165.57	82.88	2.03	-77.10			-77.10
Annual Change			-86.63	-84.60	-82.68	-80.86	-79.12			
Annual FCF	(110.80)	(11.96)	(13.77)	(15.49)	(17.13)	(18.68)	(18.68)	(18.68)	(18.68)	(56.04)
Annual Net Income	(139.40)	(86.63)	(84.60)	(82.68)	(80.86)	(79.12)	(79.12)	(79.12)	(79.12)	
Annual Op. Cash Flow	(43.00)	(9.96)	(11.77)	(13.49)	(15.13)	(16.68)	(16.68)	(16.68)	(16.68)	
Dividend Payments										
Annual PP&E Investment	(67.80)	(2.00)	(2.00)	(2.00)	(2.00)	(2.00)	(2.00)	(2.00)	(2.00)	
Debt Paydown	0.00						0.00	0.00	0.00	

Sale Price in Year 5 (133.13)

Capital Left for Equity Investor (133.13)
 Dividend Payments 0.00
 Total Cash In Flow (133.13)

Invested Equity 132.10
 IRR -200.16%

Value Creation
 TBV Growth (equals sum of NI Year 1-5) -413.89
 Cash Flow (Year 6-8) -56.04
-469.93

Value Dilution
 Debt 132.10
 Goodwill -241.30
 Additional Interest -1.70
(110.90)