

April 9, 2013

SN VALUATION [Stocks, Real Estate, Bonds]

Rimage (RIMG)

Price:	\$8.91	Net Tang. Bk Value Incl.	\$80,340,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$93,170,259.27
Market Cap:	\$77,160,600	Cash (NTBVIC):		Avg. Year FCF/Share:	\$4,419,019.07
Cash:	\$59,190,000	Market Price/NTBVIC:	0.96	Year 5 Disposition FCF Multiple:	5.0
Debt:	\$0	Op. Cash Flow:	\$5,519,276	Year 5 Disposition Price:	\$115,265,354.63
Net Cash:	\$59,190,000	Implied Years to Fill Gap:	-0.58		
Enterprise Value:	\$17,970,600	Today's Equity if 5x Op. CF:	\$107,936,381		
		Net Tang. Book+5 FCF+ Gain Disposition:			\$115,265,354.63
Shares Outstanding:	8,660,000	IRR:			8.36%
		Price:			\$13.31
		Target Market Cap:			\$115,265,355
		Target Enterprise Value:			\$56,075,355

We want to reiterate our bullish view of the co., on a purely valuation basis. We would have written some scathing letters to management for their underperformance, mainly their misjudgment in acquiring the internet content delivery platform. However, the stock is trading below the net tangible book value. There is plenty of downside protection, and the stock is distributing double digit dividends at the current price.

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Company Name:	Rimage
Ticker Symbol:	RIMG
Last Price:	\$8.91
Net Cash/Share:	\$6.83
Net Cash to Last Price:	76.71%
Shares Outstanding:	8,660,000
Industry:	Computer Systems
Sector:	Technology
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:	2.00%
Analyst Sales Growth FY2:	N/A
SN Valuation Estimate FY1:	-1.00%
SN Valuation Estimate FY2:	-1.00%
Analyst Earnings Estimate FY1:	-\$0.72
Analyst Earnings Estimate FY2:	N/A
SN Valuation Earnings Est. FY1:	\$0.30
SN Valuation Earnings Est. FY2:	\$0.30

Multiples	
Market Value to Book:	0.97
EV to Book:	0.23
Market Value to Tangible Net Assets:	3.65
P/E Ratio:	-1.60
Trailing P/E Ratio:	N/A
Forward P/E Ratio:	N/A
Beta:	Error
Dividend:	0.68
Dividend Yield:	7.73%
Dividend Date:	Sep 13, 2012
Ex-Dividend Date:	Aug 29, 2012

Competitors	
Average EV to EBITDA:	N/A
Company EV to EBITDA:	2.36
Average EV to EBIT:	N/A
Company EV to EBITA:	4.04

Market Capitalization:	\$77,160,600.00
Total Debt:	\$0.00
Total Cash:	\$59,190,000.00
Net Cash/(Debt):	\$59,190,000.00
Enterprise Value:	\$17,970,600.00
Current EV/Share:	\$2.08
EBITDA:	\$7,610,000.00
EV/EBITDA Multiple:	2.36
EV/EBITDA Multiple Average Year 1-5:	2.95
EV/FCF Multiple (excluding acquisition):	3.06
EV/FCF Multiple Average Year 1-5 (excluding acquisition):	4.07

Upper Range
DCF: EV/EBITDA Terminal Value

Implied TV from 3 X EV/EBITDA Multiple	\$9,543,755.74
Enterprise Value	\$9,543,755.74
Cash at Year 5:	\$81,285,095.35
Debt at Year 5:	\$0.00
Equity Value Year 5:	\$90,828,851.10
Equity/Share at Year 5:	\$10.49
Annualized Return:	3.32%

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

Year 5 Net Tangible Assets excluding cash and debt	\$21,150,000.00
Enterprise Value	\$21,150,000.00
Cash at Year 5:	\$81,285,095.35
Debt at Year 5:	\$0.00
Equity Value Year 5:	\$102,435,095.35
Equity/Share at Year 5:	\$11.83
Annualized Return:	5.83%

EVA

EVA today:	\$73,487,300.00
EVA in 5 Years:	\$49,486,652.75
EVA/Share:	\$5.71
Cash at Year 5:	\$81,285,095.35
Debt at Year 5:	\$0.00
Equity Value Year 5:	\$130,771,748.10
Equity/Share at Year 5:	\$15.10
Annualized return	-7.60%

Current Net Tangible Asset

Net Tangible Asset/Share:	\$8.09
Net Tangible Asset/Share in Year 5:	\$9.57
Annualized return	3.42%
Current Equity Price:	\$8.91
Selling at Discount?	Premium
Appreciation Potential:	-9.24%

Dividend Model

Next Year Dividend	\$6,123,756.37
WACC:	11.00%
Dividend:	\$5,888,800.00
Net Income:	-\$48,340,000.00

Income Statement

Revenue:	\$79,440,000.00	100.0%
Cost of Goods Sold:	\$40,780,000.00	51.3%
Gross Profit:	\$38,660,000.00	48.7%
EBITDA:	-\$7,180,000.00	-9.0%
Net Income:	-\$48,340,000.00	-60.9%

Balance Sheet

Cash:	\$29,210,000.00
Short Term Investment:	\$29,980,000.00
A/R:	\$16,000,000.00
PP&E:	\$7,000,000.00
Assets:	\$108,180,000.00

A/P:	\$5,470,000.00
Deferred Tax:	\$0.00
Other Liabilities:	\$22,370,000.00
Short term Debt:	\$0.00
Long Term Debt:	\$0.00
Liabilities:	\$27,840,000.00

Retained Earnings:	\$23,120,000.00
Paid-In Capital:	\$56,320,000.00
Treasury Stock:	\$0.00
Stockholder's Equity:	\$79,570,000.00

Cash Flow

Net Income:	2,670,000.00
Depreciation/Amortization:	2,940,000.00
Change in Working capital:	1,550,000.00
Cash from Operating Activities:	7,060,000.00
Capital Expenditures:	-1,180,000.00
Cash from Investing Activities:	-34,470,000.00
Total Cash Dividends Paid:	-4,590,000.00
Issuance (Retirement) of Stock:	-5,750,000.00
Issuance (Retirement) of Debt:	-20,000.00
Cash from Financing Activities:	-10,350,000.00

Profitability Margins

Debt to Equity:	0.00%
Return on Assets:	2.62%
Return on Capital:	3.56%
Return on Equity:	3.56%

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LBO Pro Forma Income Statement

Name:

Rimage

Ticker:

RIMG

	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	91.39	83.23	88.73	83.63	82.79	81.97	81.15	80.33	79.53
COGS	51.73	42.89	45.22	41.61	43.05	42.62	42.20	41.77	41.36
Gross margin	39.66	40.34	43.51	39.74	39.74	39.34	38.95	38.56	38.18
SG&A	22.96	21.94	25.43	30.09	29.81	29.51	29.21	28.92	28.63
R&D	5.25	7.14	6.51	7.26	6.62	6.56	6.49	6.43	6.36
Unusual expense	0.00	0.00	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: Included within COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	11.75	11.26	11.57	4.67	3.31	3.28	3.25	3.21	3.18
Interest income/(expense)	2.71	1.86	0.53	0.21	0.70	0.70	0.70	0.70	0.70
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00
Income before tax	14.46	13.11	12.10	4.67	4.01	3.98	3.95	3.91	3.88
Tax	5.03	4.62	4.50	1.40	1.40	1.39	1.38	1.37	1.36
Income after tax	9.43	8.49	7.60	2.67	2.61	2.59	2.57	2.54	2.52
Minority Interest	0.00	0.00	0.10	0.16	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	9.43	8.49	7.70	2.83	2.61	2.59	2.57	2.54	2.52
*Figures are in millions (\$)									
EPS (based off today's share count)	\$1.09	\$0.98	\$0.89	\$0.33	\$0.30	\$0.30	\$0.30	\$0.29	\$0.29
P/E (historical today's price; forecasted intrinsic price)	8.18	9.09	10.02	27.27	31.48	33.78	36.24	38.89	41.72
Revenue Growth		-8.93%	6.61%	-5.75%	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%
Tax Rate	34.79%	35.24%	37.19%	42.63%	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	56.60%	51.53%	50.96%	49.75%	52.00%	52.00%	52.00%	52.00%	52.00%
Gross margin	43.40%	48.47%	49.04%	50.25%	48.00%	48.00%	48.00%	48.00%	48.00%
SG&A	24.79%	26.36%	28.66%	35.98%	36.00%	36.00%	36.00%	36.00%	36.00%
R&D	5.74%	8.58%	7.34%	8.68%	8.00%	8.00%	8.00%	8.00%	8.00%
Unusual expense	0.00%	0.00%	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: Included within COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	12.86%	13.53%	13.04%	5.58%	4.00%	4.00%	4.00%	4.00%	4.00%
Interest income/(expense)	2.97%	2.23%	0.25%	0.25%	0.85%	0.86%	0.86%	0.87%	0.88%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	15.82%	15.75%	13.64%	5.58%	4.85%	4.86%	4.86%	4.87%	4.88%
Tax	5.50%	5.55%	5.07%	2.39%	1.70%	1.70%	1.70%	1.71%	1.71%
Income after tax	10.32%	10.20%	8.57%	3.19%	3.15%	3.12%	3.10%	3.07%	3.05%
Minority Interest	0.00%	0.00%	0.11%	0.19%	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	10.32%	10.20%	8.68%	3.38%	3.15%	3.16%	3.16%	3.17%	3.17%

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LBO Adjusted Proforma Balance Sheet

	As of					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	2008-12-31	2009-12-31	2010-12-31	2011-12-31	2012-09-30	+	-						
Cash	14.89	72.51	107.96	70.16	29.21			29.21	33.73	38.20	42.82	46.99	51.31
Short term investment	39.87	26.58	8.79	0.00	29.98			29.98	29.98	29.98	29.98	29.98	29.98
Cash and Short term	54.76	101.09	116.77	70.16	59.19			59.19	63.71	68.18	72.60	76.97	81.29
Accounts Receivable	11.10	13.73	13.76	15.50	16.00			16.00	16.00	16.00	16.00	16.00	16.00
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	11.10	13.73	13.76	15.50	16.00			16.00	16.00	16.00	16.00	16.00	16.00
Total Inventory	5.82	4.12	4.50	6.20	5.75			5.75	5.75	5.75	5.75	5.75	5.75
Prepaid Expenses	2.33	1.27	1.07	3.05	6.82			6.82	6.82	6.82	6.82	6.82	6.82
Other Current Assets	0.34	0.55	0.42	3.53	0.01			0.01	0.01	0.01	0.01	0.01	0.01
Current Assets	74.15	120.76	136.52	98.44	87.77	0.00	0.00	87.77	92.29	96.76	101.18	105.55	109.87
PP&E, Gross	13.64	16.43	18.00	18.00	18.00			18.00	19.00	20.00	21.00	22.00	23.00
Change in Depreciation		1.25	2.11	2.94	2.94			2.94	2.91	2.88	2.85	2.82	2.80
Accumulated Depreciation	7.45	8.57	10.47	11.00	11.00			11.00	13.91	16.79	19.64	22.47	25.26
PP&E, Net	6.19	7.86	7.53	7.00	7.00			7.00	5.09	3.21	1.36	-0.47	-2.26
Goodwill	0.00	0.00	0.00	22.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	0.00	0.00	0.00	19.24	10.31			10.31	10.31	10.31	10.31	10.31	10.31
Long term investments	40.65	9.04	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	2.48	2.63	3.98	11.59	3.19			3.10	3.10	3.10	3.10	3.10	3.10
Long Term Assets	49.32	19.53	11.51	60.05	20.41			20.41	18.50	16.62	14.77	12.94	11.15
Total Assets	123.47	140.29	148.03	158.49	108.18	0.00	0.00	108.18	110.79	113.38	115.94	118.49	121.01
Accounts Payable	4.53	6.90	6.04	5.47	5.47			5.47	5.47	5.47	5.47	5.47	5.47
Accrued Expense	2.71	4.75	6.15	6.15	6.15			6.15	6.15	6.15	6.15	6.15	6.15
Other current Liabilities	4.77	5.95	5.77	8.54	10.13			10.13	10.13	10.13	10.13	10.13	10.13
Total Current Liabilities	12.01	17.60	16.29	20.16	21.75	0.00	0.00	21.75	21.75	21.75	21.75	21.75	21.75
Notes Payable/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	0.00			0.00	0.00	0.00	0.00	0.00	0.00
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	0.00	0.00
Total Interest Earning 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
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	0.51	0.36	0.15			0.15	0.15	0.15	0.15	0.15	0.15
Other liabilities	2.40	2.74	3.10	5.20	5.94			5.94	5.94	5.94	5.94	5.94	5.94
Total Liabilities	14.41	20.34	19.90	25.72	27.84	0.00	0.00	27.84	27.84	27.84	27.84	27.84	27.84
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	0.09	0.09	0.10	0.10	0.10	0.00	0.00	0.10	0.10	0.10	0.10	0.10	0.10
Additional Paid-in capital	37.48	40.30	43.06	54.84	56.22	0.00	0.00	56.22	56.22	56.22	56.22	56.22	56.22
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	70.29	78.78	84.86	76.88	23.12			23.12	25.73	28.32	30.88	33.43	35.95
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	1.18	0.78	0.32	0.13	0.13			0.13	0.13	0.13	0.13	0.13	0.13
Total Equity	109.04	119.95	128.14	131.95	79.57	0.00	0.00	79.57	82.18	84.77	87.33	89.88	92.40
Liability + Equity	123.45	140.29	148.04	157.67	107.41	0.00	0.00	107.41	110.02	112.61	115.17	117.72	120.24
Variance	0.02	0.00	-0.01	0.82	0.77			0.77	0.77	0.77	0.77	0.77	0.77
Debt/Equity	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	16.26	20.20	19.72	13.49	14.40			14.54	14.40	14.25	14.11	13.97	13.83
Inventory Turnover Days	22.45	18.07	18.51	27.06	25.35			25.10	25.35	25.61	25.86	26.13	26.39
Days Inventory Outstanding	39.65	35.06	36.32	54.39	48.75			50.44	48.75	49.24	49.74	50.24	50.75
Accounts Receivable Turnover	8.23	6.06	6.45	5.40	5.17			5.23	5.17	5.12	5.07	5.02	4.97
Accounts Receivable Turnover Days	44.33	60.21	56.60	67.65	70.54			69.83	70.54	71.25	71.97	72.70	73.43
Days Payable Outstanding	31.96	58.72	48.75	47.98	46.37			47.98	46.37	46.84	47.32	47.79	48.28
Days Sales Outstanding	44.33	60.21	56.60	67.65	70.54			67.65	69.83	70.54	71.25	71.97	72.70
Cash Conversion Cycle	52.02	36.55	44.17	74.05	72.91			70.11	72.21	72.93	73.67	74.42	75.17
Net tangible assets/share	\$12.59	\$13.85	\$14.80	\$12.77	\$9.28			\$9.58	\$9.88	\$10.17	\$10.47	\$10.76	

If disposition is less than purchase price, then

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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	9.43	8.49	7.60	2.67	2.61	2.59	2.57	2.54	2.52
Depreciation	1.37	1.25	2.11	2.94	2.91	2.98	2.85	2.82	2.80
Net Income + Depreciation	10.80	9.74	9.71	5.61	5.52	5.47	5.42	5.37	5.32
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	0.67	-0.57	-0.12	-2.10	0.00	0.00	0.00	0.00	0.00
Non Cash Items	0.46	1.24	1.89	2.00	0.00	0.00	0.00	0.00	0.00
Change in Working capital	0.26	3.75	0.17	1.55	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-2.63	0.00	-1.74	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	1.50	-0.38	-1.70	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	1.06	0.20	-1.98	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	2.37	-0.86	-0.57	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	12.19	14.16	11.65	7.06	5.52	5.47	5.42	5.37	5.32
Capital Expenditures Expenditures	-4.37	-0.42	-4.18	-1.18	-1.00	-1.00	-1.00	-1.00	-1.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	7.07	42.59	28.27	-33.29	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	2.70	42.17	24.09	-34.47	-1.00	-1.00	-1.00	-1.00	-1.00
Financing Cash flow items	0.67	0.06	0.65	0.01	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	-4.59	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	-8.05	1.23	-0.88	-5.75	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	-0.02	-0.04	-0.02	-0.02	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-7.41	1.25	-0.25	-10.35	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	-0.02	0.04	0.00	-0.06	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	7.41	14.88	72.51	107.98	29.21	33.73	38.20	42.62	46.99
Net Change in Cash	7.47	57.62	35.48	-37.82	4.52	4.47	4.42	4.37	4.32
Ending Cash Balance	14.88	72.51	107.99	70.16	33.73	38.20	42.62	46.99	51.31
Capex to Revenue	4.78%	0.50%	4.71%	1.41%	1.21%	1.22%	1.23%	1.24%	1.26%
Depreciation to Sales	1.50%	1.50%	2.38%	3.52%	3.52%	3.52%	3.52%	3.52%	3.52%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AR to Sales	12.15%	15.50%	15.51%	18.53%	18.72%	18.91%	19.10%	19.29%	19.49%
Distributable FCF Yield	82.86%	313.46%	198.88%	-152.53%	25.15%	24.87%	24.59%	24.31%	24.04%
Dividend Yield	0.00%	0.00%	0.00%	-5.95%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing-Dividends)	7.82	13.74	7.47	10.47	4.52	4.47	4.42	4.37	4.32

If disposition is less than purchase price, then higher leverage worsens the return.

SN VALUATION

LBO Debt Schedule

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-37.82	4.52	4.47	4.42	4.37	4.32
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		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		0.00	0.00	0.00	0.00	0.00
Cash Balance		70.16				
Interest @ 1.0%		0.70	0.70	0.70	0.70	0.70
Net Interest Expense/(Income)		(0.70)	(0.70)	(0.70)	(0.70)	(0.70)
Net Interest Rate		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
EBITDA		3.31	3.28	3.25	3.21	3.18
EBITDA/Interest Expense Coverage		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Interest Rate Coverage Table

Debt Rating	2013	2014	2015	2016	2017
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:

Rimage

Ticker:

RIMG

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	62.14	103.16	120.23	66.02	70.54	75.01	79.43	83.80	88.12
Total Assets	123.47	140.29	148.03	108.18	110.79	113.38	115.94	118.49	121.01
X1	0.50	0.74	0.81	0.61	0.64	0.66	0.69	0.71	0.73
Retained Earnings	70.29	78.78	84.66	23.12	25.73	28.32	30.88	33.43	35.95
Total Assets	123.47	140.29	148.03	108.18	110.79	113.38	115.94	118.49	121.01
X2	0.57	0.56	0.57	0.21	0.23	0.25	0.27	0.28	0.30
EBITDA	11.75	11.26	11.57	4.67	3.31	3.28	3.25	3.21	3.18
Total Assets	123.47	140.29	148.03	108.18	110.79	113.38	115.94	118.49	121.01
X3	0.10	0.08	0.08	0.04	0.03	0.03	0.03	0.03	0.03
Market Value of Equity	77.16	77.16	77.16	77.16	82.11	87.38	92.99	98.96	105.31
Total Liabilities	14.41	20.34	19.90	27.84	27.84	27.84	27.84	27.84	27.84
X4	5.35	3.79	3.88	2.77	2.95	3.14	3.34	3.55	3.78
Net Sales	91.39	83.23	88.73	83.63	82.79	81.97	81.15	80.33	79.53
Total Assets	123.47	140.29	148.03	108.18	110.79	113.38	115.94	118.49	121.01
X5	0.74	0.59	0.60	0.77	0.75	0.72	0.70	0.68	0.66
Altman Z Score	5.67	4.80	4.96	3.61	3.70	3.85	3.99	4.14	4.30

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

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