

Analyst: Sung Nam

**Rimage Corp (RIMG)**

Market Price:	\$11.17	EBITDA/Share:	\$1.46	Net Asset/Share:	\$13.53
DCF Net Book Value:	11.694%	DCF EBITDA Multiple:		3.647%	
Percentage of Cash Flow:	3.980%	EVA Analysis:		4.971%	

**Opinion**

We have followed Rimage for about 2 years. Never understood why the company was selling at a discount, but now that we saw growth in the past year, we have a stronger conviction of the possible continued growth and an uptick due to the discounted value, based on both Net assets and cashflows.

- 1) Negative enterprise value
- 2) No debt, a horde of cash
- 3) Concerns revolving around growth story mitigated by growth posted in 2010.

Company made an acquisition recently for \$50 MM. Investors have been hounding management for a strategic move, or returning cash as a special dividend.

**Financial Analysis**

**Cashflow:** Roughly \$10 MM EBITDA and \$4 MM after capex each year.

**Debt and Liquidity:** No debt, \$119 MM in cash. The company's market cap is \$105 MM, so it is selling for less than net cash value.

**Sales growth:** Was a concern, but grew 6% in 2010. Granted, in 2008 and 2009, it dipped with the economy, but most companies were not immune during the same period.

**LBO candidate?:** Not a strong LBO candidate since it doesn't generate enough cash to support heavy debt. We believe it is a likely takeover candidate.

**Valuation Peers**

According to the Financial Times, analysts placed a median price at \$17.00, near \$15.00 based off the model. 0 Buys, 2 Hold, 0 Sell.

Rimage Corporation (Rimage) is a provider of digital publishing systems that are used by businesses to produce recordable compact disc (CD), digital versatile disc (DVD) and Blu-ray Discs with customized digital content on an on-demand basis. Rimage products provide solutions for distribution and archiving of information on recordable CD, DVD and Blu-ray media for just-in-time, on-demand and mass customization of discs with content and labels. Rimage's digital publishing systems have been divided into two primary product lines: the Producer line of equipment for higher volume requirements for production of recordable CD, DVD or Blu-ray media, and the Desktop line of lower-cost products for office and other desktop applications. On October 10, 2011, it acquired Qumu, Inc.

<b>Company Name:</b>		<b>Rimage Corp</b>			<b>Income Statement</b>	
Ticker Symbol:	RIMG	Market Capitalization:	\$105,780,000.00	Revenue:	\$89,710,000.00	100.0%
<b>Last Price:</b>	<b>\$11.17</b>	Total Debt:	\$0.00	Cost of Goods Sold:	\$46,200,000.00	51.5%
Net Cash/Share:	12.33051742	Total Cash:	\$116,770,000.00	Gross Profit:	\$43,510,000.00	48.5%
Net Cash to Last Price:	110.39%	Net Cash/(Debt):	\$116,770,000.00	EBITDA:	\$13,830,000.00	15.4%
Shares Outstanding:	9,470,000	Enterprise Value:	-\$10,990,000.00	Net Income:	\$7,660,000.00	8.5%
Industry:	Computer Systems	<b>EV/Share:</b>	<b>-\$1.16</b>			
Sector:	Technology	EBITDA:	\$13,830,000.00	<b>Balance Sheet</b>		
		EV/EBITDA Multiple:	-0.79	Cash:	\$107,980,000.00	
Institutional Ownership:	77.63%	<b>DCF Valuation: Net Tangible Asset</b>		Short Term Investment:	\$8,790,000.00	
Mutual Fund Ownership:	0.26%	<b>Current Market Price:</b>	<b>\$11.17</b>	A/R:	\$13,760,000.00	
Insider Ownership:	0.41%	<b>DCF Enterprise Valuation:</b>	<b>\$19.42</b>	PP&E:	\$18,000,000.00	
Retail Ownership:	21.30%	Appreciation/ (Depreciation) Over Period:	73.84%	Assets:	\$148,040,000.00	
Float:	99.60%	<b>App./ (Dep) Per Annum Over 5 Year Holding Period:</b>	<b>11.69%</b>	A/P:	\$6,040,000.00	
		Beta:	0.38	Deferred Tax:	\$0.00	
<b>Technicals</b>		Risk Free (5 Year Treasury):	2.11%	Other Liabilities:	\$13,870,000.00	
52 week low:	\$10.30	Average Growth Rate Used:	3.00%	Short term Debt:	\$0.00	
Today from 52 week low:	8.45%	Discount Rate Used:	0.00%	Long Term Debt:	\$0.00	
52 week high:	\$16.98	Terminal Value EV/EBITDA Ratio:	-0.79	Liabilities:	\$19,910,000.00	
Today from 52 week high:	52.01%	Net Tangible Asset:	\$128,140,000.00	Retained Earnings:	\$84,660,000.00	
50 day Moving Average:	\$12.91	<b>DCF Valuation: EBITDA Multiple</b>		Paid-In Capital:	\$43,060,000.00	
200 day Moving Average:	\$14.17	EBITDA in 5 Years:	\$13,534,537.71	Treasury Stock:	\$0.00	
		Today's EV/EBITDA Multiple:	-0.79	Stockholder's Equity:	\$128,130,000.00	
<b>Profitability Margins</b>		Implied Enterprise Value:	-\$10,755,211.09	<b>Cash Flow</b>		
Debt to Equity:	0.00%	Net Cash at 5 years:	\$137,417,456.37	Net Income:	7,600,000.00	
Return on Assets:	5.20%	Implied Equity Value:	\$126,662,245.27	Depreciation/Amortization:	2,110,000.00	
Return on Capital:	6.01%	<b>Implied Equity Value/Share:</b>	<b>\$13.36</b>	Change in Working capital:	170,000.00	
Return on Equity:	6.01%	Return over 5 Years:	19.62%	Cash from Operating Activities:	11,640,000.00	
		<b>Annualized Return (Zero reinvestment rate):</b>	<b>3.65%</b>	Capital Expenditures:	-4,180,000.00	
<b>Analyst/Consensus</b>		<b>Waterfall Analysis Enterprise Value</b>		Cash from Investing Activities:	24,090,000.00	
Analyst Sales Growth FY1:	-2.00%	High range:	\$3,124,000.0	Total Cash Dividends Paid:	0.00	
Analyst Sales Growth FY2:	16.70%	High range/share:	\$0.33	Issuance (Retirement) of Stock:	-880,000.00	
SN Valuation Estimate FY1:	3.00%	Mid range:	-\$10,990,000.0	Issuance (Retirement) of Debt:	-20,000.00	
SN Valuation Estimate FY2:	3.00%	Mid range/share:	-\$1.16	Cash from Financing Activities:	-260,000.00	
Analyst Earnings Estimate FY1:	\$0.56	Low range:	-\$22,338,000.0			
Analyst Earnings Estimate FY2:	\$0.63	Low range/share:	-\$2.36			
SN Valuation Earnings Est. FY1:	\$0.81	<b>SN Valuation Mutliplies</b>				
SN Valuation Earnings Est. FY2:	\$0.74	Enterprise Value:	-\$10,990,000.00			
		4 Year Sum EBITDA:	\$55,450,000.00			
<b>Multiples</b>		EV/4 Year Sum EBITDA:	-0.20			
Market Value to Book:	0.83	Enterprise Value:	-\$10,990,000.00			
EV to Book:	-0.09	4 Year Sum Operating Cash Flow:	\$64,130,000.00			
P/E Ratio:	13.81	EV/4 Year Sum EBITDA:	-0.17			
Trailing P/E Ratio:	14.14					
Forward P/E Ratio:	17.73					
Net Tangible Asset/Share:	\$13.53					
<b>Competitors</b>						
Average EV to EBITDA:	6.97	Implied Enterprise Value in 5 Years:	-\$8,840,838.81			
Company EV to EBITDA:	-0.79	Net Cash at 5 years:	\$137,417,456.37			
		Implied Equity Value:	\$128,576,617.55			
Average EV to EBIT:	13.50	<b>Implied Equity Value/Share:</b>	<b>\$13.58</b>			
Company EV to EBIT:	-0.95	Return over 5 Years:	21.55%			
		<b>Annualized Return (Zero reinvestment rate):</b>	<b>3.98%</b>			

**SN VALUATION**

**Competitors/Industry**

**Name:**

**Rimage Corp**

**Ticker: RIMG**

Ticker	Name of Company	Stock Price	Market Cap	Cash	Debt	Net Cash	Enterprise Value	EV/Market Cap	EBITDA	EV/EBITDA	EBIT	EV/EBIT
<b>RIMG</b>	Rimage Corp	\$11.17	105,780,000	119,080,000	0	119,080,000	-13,300,000	-12.573%	13,830,000	-0.96	12,100,000	-1.10
<b>IBM</b>	International Business Machines Corp	\$180.36	212,820,000,000	11,300,000,000	28,624,000,000	-17,324,000,000	230,144,000,000	108.140%	26,560,000,000	8.67	19,723,000,000	11.67
<b>HPQ</b>	Hewlett Packard Co	\$25.05	49,770,000,000	12,950,000,000	22,304,000,000	-9,354,000,000	59,124,000,000	118.794%	18,020,000,000	3.28	10,974,000,000	5.39
<b>DELL</b>	Dell Inc	\$15.61	28,480,000,000	15,130,000,000	5,997,000,000	9,133,000,000	19,347,000,000	67.932%	5,610,000,000	3.45	3,350,000,000	5.78
<b>CSCO</b>	Cisco Systems Inc	\$17.62	94,850,000,000	44,580,000,000	16,822,000,000	27,758,000,000	67,092,000,000	70.735%	11,020,000,000	6.09	7,825,000,000	8.57
<b>XRX</b>	Xerox Corp	\$8.02	11,260,000,000	1,100,000,000	9,257,000,000	-8,157,000,000	19,417,000,000	172.442%	3,020,000,000	6.43	815,000,000	23.82
<b>STX</b>	Seagate Technology	\$15.61	6,570,000,000	2,900,000,000	3,512,000,000	-612,000,000	7,182,000,000	109.315%	1,570,000,000	4.57	579,000,000	12.40
<b>AAPL</b>	Apple Inc	\$397.77	369,640,000,000	25,950,000,000	0	25,950,000,000	343,690,000,000	92.980%	35,600,000,000	9.65	34,205,000,000	10.05
<b>NCR</b>	NCR Corp	\$18.44	2,900,000,000	457,000,000	11,000,000	446,000,000	2,454,000,000	84.621%	250,000,000	9.82	86,000,000	28.53

Pro Forma Income Statement

Name:

Rimage Corp

Ticker:

RIMG

	Historical				Forecasted				
	12 months ending 2007-12-31	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	2011	2012	2013	2014	2015
Revenue	108.87	91.39	83.23	88.73	91.39	94.13	96.96	99.87	102.86
COGS	57.72	51.73	42.89	45.22	47.25	48.44	49.92	51.43	52.96
<b>Gross margin</b>	<b>51.16</b>	<b>39.66</b>	<b>40.33</b>	<b>43.51</b>	<b>44.14</b>	<b>45.69</b>	<b>47.04</b>	<b>48.44</b>	<b>49.90</b>
SG&A	24.37	22.66	21.94	25.43	25.21	26.15	26.97	27.74	28.59
R&D	5.90	5.25	7.14	6.51	6.90	7.14	7.32	7.55	7.78
Depreciation	1.52	1.37	1.25	2.11	1.55	1.66	1.78	1.92	1.86
Interest expense/(income)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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
<b>Operating Income</b>	<b>20.88</b>	<b>11.75</b>	<b>11.25</b>	<b>11.57</b>	<b>10.49</b>	<b>10.73</b>	<b>10.97</b>	<b>11.22</b>	<b>11.68</b>
Interest income/(expense)	3.53	2.71	1.86	0.53	1.29	1.18	1.20	1.26	1.29
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	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Income before tax</b>	<b>24.39</b>	<b>14.46</b>	<b>13.11</b>	<b>12.10</b>	<b>11.78</b>	<b>11.91</b>	<b>12.17</b>	<b>12.48</b>	<b>12.97</b>
Tax	8.63	5.03	4.62	4.50	4.20	4.92	5.06	5.22	5.38
<b>Income after tax</b>	<b>15.76</b>	<b>9.43</b>	<b>8.49</b>	<b>7.60</b>	<b>7.58</b>	<b>6.98</b>	<b>7.11</b>	<b>7.26</b>	<b>7.59</b>
Minority Interest	0.00	0.00	0.00	0.10	0.06	0.07	0.07	0.07	0.08
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net income</b>	<b>15.76</b>	<b>9.43</b>	<b>8.49</b>	<b>7.70</b>	<b>7.64</b>	<b>7.05</b>	<b>7.18</b>	<b>7.33</b>	<b>7.66</b>
*Figures are in millions (\$)									
Revenue Growth	N/A	-16.06%	-8.93%	6.61%	3.00%	3.00%	3.00%	3.00%	3.00%
Tax Rate	35.38%	34.79%	35.24%	37.19%	35.65%	35.72%	35.95%	36.13%	35.86%
<u>Margins</u>									
COGS	53.02%	56.60%	51.53%	50.96%	51.70%	51.46%	51.48%	51.50%	51.49%
<b>Gross margin</b>	<b>46.99%</b>	<b>43.40%</b>	<b>48.46%</b>	<b>49.04%</b>	<b>48.30%</b>	<b>48.54%</b>	<b>48.52%</b>	<b>48.50%</b>	<b>48.51%</b>
SG&A	22.38%	24.79%	26.36%	28.66%	27.58%	27.78%	27.81%	27.78%	27.79%
R&D	5.42%	5.74%	8.58%	7.34%	7.55%	7.59%	7.55%	7.56%	7.56%
Interest expense/(income)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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%
<b>Operating Income</b>	<b>19.18%</b>	<b>12.86%</b>	<b>13.52%</b>	<b>13.04%</b>	<b>11.47%</b>	<b>11.40%</b>	<b>11.32%</b>	<b>11.24%</b>	<b>11.35%</b>
Interest income/(expense)	3.24%	3.86%	2.23%	0.60%	1.42%	1.25%	1.24%	1.26%	1.25%
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	-0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Income before tax</b>	<b>22.40%</b>	<b>15.82%</b>	<b>15.75%</b>	<b>13.64%</b>	<b>12.89%</b>	<b>12.65%</b>	<b>12.55%</b>	<b>12.50%</b>	<b>12.60%</b>
Tax	7.93%	5.50%	5.55%	5.07%	5.26%	5.23%	5.22%	5.23%	5.23%
<b>Income after tax</b>	<b>14.48%</b>	<b>10.32%</b>	<b>10.20%</b>	<b>8.57%</b>	<b>8.29%</b>	<b>7.64%</b>	<b>7.78%</b>	<b>7.94%</b>	<b>8.30%</b>
Minority Interest	0.00%	0.00%	0.00%	0.11%	0.07%	0.07%	0.08%	0.07%	0.08%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Net income</b>	<b>14.48%</b>	<b>10.32%</b>	<b>10.20%</b>	<b>8.68%</b>	<b>8.36%</b>	<b>7.49%</b>	<b>7.41%</b>	<b>7.34%</b>	<b>7.45%</b>

Time Period	1	2	3	4	5
FCFF	3.30	3.57	3.84	4.14	4.37
<b>Net Asset = Terminal Value</b>			<b>EBITDA Multiple = Terminal Value</b>		
Sum of Present Value of Cash flow	19.22				19.22
Year 5 Net Tangible Assets	164.67				-9.28
Cash Burn Over Period	0				0
Enterprise Value	183.89				9.94
<b>Price/Share</b>	<b>\$19.42</b>				<b>\$1.05</b>

	As of 2007-12-31	As of 2008-12-31	As of 2009-12-31	As of 2010-12-31	2011	2012	2013	2014	2015
Cash	7.42	14.88	72.51	107.98	112.18	115.90	119.86	124.11	128.63
Short term investment	51.60	39.87	28.58	8.79	8.79	8.79	8.79	8.79	8.79
<b>Cash and Short term</b>	<b>59.02</b>	<b>54.75</b>	<b>101.09</b>	<b>116.77</b>	<b>120.97</b>	<b>124.69</b>	<b>128.65</b>	<b>132.90</b>	<b>137.42</b>
Accounts Receivable	14.45	11.10	13.73	13.76	13.76	13.76	13.76	13.76	13.76
Other receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Receivables</b>	<b>14.45</b>	<b>11.10</b>	<b>13.73</b>	<b>13.76</b>	<b>13.76</b>	<b>13.76</b>	<b>13.76</b>	<b>13.76</b>	<b>13.76</b>
Deferred Income Tax	0.00	0.01	0.00	0.01	0.01	0.01	0.01	0.01	0.01
Total Inventory	8.07	5.62	4.12	4.50	4.50	4.50	4.50	4.50	4.50
Prepaid Expenses	1.59	2.33	1.27	1.07	1.07	1.07	1.07	1.07	1.07
Other Current Assets	1.64	0.34	0.55	0.42	0.42	0.42	0.42	0.42	0.42
<b>Current Assets</b>	<b>84.77</b>	<b>74.15</b>	<b>120.76</b>	<b>136.53</b>	<b>140.73</b>	<b>144.45</b>	<b>148.41</b>	<b>152.66</b>	<b>157.18</b>
PP&E, Gross	9.42	13.64	16.43	18.00	23.00	28.00	33.00	38.00	43.00
Change in Depreciation	1.52	1.37	1.25	2.11	1.55	1.66	1.78	1.92	1.86
Accumulated Depreciation	6.21	7.46	8.71	10.82	12.37	14.03	15.81	17.73	19.58
PP&E, Net	3.21	6.18	7.72	7.18	10.63	13.97	17.19	20.27	23.42
Goodwill	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	0.00	0.00	0.00	0.00	0.00	0.00
Long term investments	35.20	40.65	9.04	0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	1.92	2.48	2.63	3.98	3.98	3.98	3.98	3.98	3.98
<b>Long Term Assets</b>	<b>46.54</b>	<b>56.77</b>	<b>28.10</b>	<b>21.98</b>	<b>14.61</b>	<b>17.95</b>	<b>21.17</b>	<b>24.25</b>	<b>27.40</b>
<b>Total Assets</b>	<b>125.10</b>	<b>123.46</b>	<b>140.28</b>	<b>148.04</b>	<b>155.34</b>	<b>162.39</b>	<b>169.58</b>	<b>176.91</b>	<b>184.57</b>
Accounts Payable	7.56	4.53	6.90	6.04	6.04	6.04	6.04	6.04	6.04
Accrued Expense	4.29	2.71	4.75	4.48	4.48	4.48	4.48	4.48	4.48
Other current Liabilities	6.02	4.77	5.95	5.77	5.77	5.77	5.77	5.77	5.77
<b>Total Current Liabilities</b>	<b>17.87</b>	<b>12.01</b>	<b>17.60</b>	<b>16.29</b>	<b>16.29</b>	<b>16.29</b>	<b>16.29</b>	<b>16.29</b>	<b>16.29</b>
Notes Payables/Short Term Debt	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
Long term Debt	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
<b>Total Interest Earning Debt</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Deferred Income tax	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	0.51	0.51	0.51	0.51	0.51	0.51
Other liabilities	2.15	2.40	2.74	3.10	3.10	3.10	3.10	3.10	3.10
<b>Total Liabilities</b>	<b>20.02</b>	<b>14.41</b>	<b>20.34</b>	<b>19.90</b>	<b>19.90</b>	<b>19.90</b>	<b>19.90</b>	<b>19.90</b>	<b>19.90</b>
Redeemable Preferred Stock	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
Common Stock	0.10	0.09	0.09	0.10	0.10	0.10	0.10	0.10	0.10
Additional Paid-in capital	33.83	37.48	40.30	43.06	43.06	43.06	43.06	43.06	43.06
Dividends Paid					0.00	0.00	0.00	0.00	0.00
Retained Earnings	70.46	70.29	78.78	84.66	92.30	99.35	106.54	113.87	121.53
Treasury Stock	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	0.68	1.18	0.78	0.32	0.32	0.32	0.32	0.32	0.32
<b>Total Equity</b>	<b>105.07</b>	<b>109.04</b>	<b>119.95</b>	<b>128.14</b>	<b>135.78</b>	<b>142.83</b>	<b>150.02</b>	<b>157.35</b>	<b>165.01</b>
<b>Liability + Equity</b>	<b>125.09</b>	<b>123.45</b>	<b>140.29</b>	<b>148.04</b>	<b>155.68</b>	<b>162.73</b>	<b>169.92</b>	<b>177.25</b>	<b>184.91</b>
<b>Variance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shares Outstanding</b>	<b>9.71</b>	<b>9.33</b>	<b>9.47</b>	<b>9.48</b>					

	12 months ending 2007-12-31	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	2011	2012	2013	2014	2015
Net Income	15.76	9.43	8.49	7.60	7.64	7.05	7.18	7.33	7.66
Depreciation	1.52	1.37	1.25	2.11	1.55	1.66	1.78	1.92	1.86
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-1.23	0.67	-0.57	-0.12	0.00	0.00	0.00	0.00	0.00
Non Cash Items	0.53	0.46	1.24	1.89	0.00	0.00	0.00	0.00	0.00
Change in Working capital	9.55	0.26	3.75	0.17	0.00	0.00	0.00	0.00	0.00
Accounts Receivable		3.35	-2.63	-0.03	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
Inventory		2.45	1.50	-0.38	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses		-0.74	1.06	0.20	0.00	0.00	0.00	0.00	0.00
Accounts Payable		-3.03	2.37	-0.86	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>26.14</b>	<b>12.19</b>	<b>14.16</b>	<b>11.64</b>	<b>9.19</b>	<b>8.72</b>	<b>8.96</b>	<b>9.25</b>	<b>9.52</b>
Capital Expenditures	-1.28	-4.37	-0.42	-4.18	-5.00	-5.00	-5.00	-5.00	-5.00
Long term investment					0.00	0.00	0.00	0.00	0.00
Intangibles	-17.44	7.07	42.59	28.27	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>-18.73</b>	<b>2.71</b>	<b>42.16</b>	<b>24.09</b>	<b>-5.00</b>	<b>-5.00</b>	<b>-5.00</b>	<b>-5.00</b>	<b>-5.00</b>
Financing Cash flow items	1.22	0.67	0.06	0.65	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	-9.87	-8.06	1.23	-0.88	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Debt	-0.01	-0.02	-0.04	-0.02	0.00	0.00	0.00	0.00	0.00
<b>Cash from Financing Activities</b>	<b>-8.67</b>	<b>-7.41</b>	<b>1.25</b>	<b>-0.26</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Foreign Exchange effect	0.17	-0.02	0.04	0.00					
Beginning Cash Balance	8.50	7.42	14.88	72.51	107.99	112.18	115.90	119.86	124.11
<b>Net Change in Cash</b>	<b>-1.08</b>	<b>7.47</b>	<b>57.62</b>	<b>35.48</b>	<b>4.19</b>	<b>3.72</b>	<b>3.96</b>	<b>4.25</b>	<b>4.52</b>
Ending Cash Balance	7.42	14.88	72.50	107.99	112.18	115.90	119.86	124.11	128.63
Cash Interest Paid	0.00	0.00	0.00	0.00					
Cash Taxes Paid	8.70	4.87	4.03	4.35					
Depreciation to Sales	1.40%	1.50%	1.50%	2.38%	1.69%	1.77%	1.84%	1.92%	1.80%
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	13.27%	12.15%	16.50%	15.51%	15.06%	14.62%	14.19%	13.78%	13.38%

## SN VALUATION

## FCFE, FCFD, FCFF Analysis

Name:

Rimage Corp

Ticker:

RIMG

	12 months ending 2007-12-31	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	2011	2012	2013	2014	2015
Current assets	84.77	74.15	120.76	136.53	140.73	144.45	148.41	152.66	157.18
Excess cash + cash	7.42	14.88	72.51	107.98	112.18	115.90	119.86	124.11	128.63
<b>Current assets minus cash</b>	<b>77.35</b>	<b>59.27</b>	<b>48.25</b>	<b>28.55</b>	<b>28.55</b>	<b>28.55</b>	<b>28.55</b>	<b>28.55</b>	<b>28.55</b>
Current Liabilities	17.87	12.01	17.60	16.29	16.29	16.29	16.29	16.29	16.29
<b>Net Working Capital</b>	<b>59.48</b>	<b>47.26</b>	<b>30.65</b>	<b>12.26</b>	<b>12.26</b>	<b>12.26</b>	<b>12.26</b>	<b>12.26</b>	<b>12.26</b>
<b>Change in Working Capital (WCCF)</b>		<b>-12.22</b>	<b>-16.61</b>	<b>-18.39</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Net Fixed Assets	3.21	6.18	7.72	7.18	10.63	13.97	17.19	20.27	23.42
Change in net fixed assets		2.97	1.54	-0.54	3.45	3.34	3.22	3.08	3.14
Depreciation	1.52	1.37	1.25	2.11	1.55	1.66	1.78	1.92	1.86
Other assets	1.92	2.48	2.63	3.98	3.98	3.98	3.98	3.98	3.98
Change in other assets		0.56	0.15	1.35	0.00	0.00	0.00	0.00	0.00
<b>Net Investment Flow (NIF)</b>		<b>4.90</b>	<b>2.94</b>	<b>2.92</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
Net Income	15.76	9.43	8.49	7.70	7.64	7.05	7.18	7.33	7.66
Depreciation	1.52	1.37	1.25	2.11	1.55	1.66	1.78	1.92	1.86
<b>CFFO</b>	<b>17.28</b>	<b>10.80</b>	<b>9.74</b>	<b>9.81</b>	<b>9.19</b>	<b>8.72</b>	<b>8.96</b>	<b>9.25</b>	<b>9.52</b>
(-) NIF		-4.90	-2.94	-2.92	-5.00	-5.00	-5.00	-5.00	-5.00
(-) WCCF		12.22	16.61	18.39	0.00	0.00	0.00	0.00	0.00
Principal increase (repayment) in debt		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in excess cash									
<b>Free cash flow to equity (FCFE)</b>		<b>18.12</b>	<b>23.41</b>	<b>25.28</b>	<b>4.19</b>	<b>3.72</b>	<b>3.96</b>	<b>4.25</b>	<b>4.52</b>
Interest on Interest bearing debt	3.45	2.82	1.54	0.51	0.00	0.00	0.00	0.00	0.00
<b>Free cash flow to debt (FCFD)</b>	<b>3.45</b>	<b>2.82</b>	<b>1.54</b>	<b>0.51</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
EBIT	20.88	11.75	11.25	11.57	10.49	10.73	10.97	11.22	11.68
Tax	7.44	4.19	4.01	4.12	3.74	3.82	3.91	4.00	4.16
<b>EBIT minus Tax</b>	<b>13.44</b>	<b>7.56</b>	<b>7.24</b>	<b>7.45</b>	<b>6.75</b>	<b>6.90</b>	<b>7.06</b>	<b>7.22</b>	<b>7.52</b>
Depreciation	1.52	1.37	1.25	2.11	1.55	1.66	1.78	1.92	1.86
<b>Net Operating Flow (NOF)</b>	<b>14.96</b>	<b>8.93</b>	<b>8.49</b>	<b>9.56</b>	<b>8.30</b>	<b>8.57</b>	<b>8.84</b>	<b>9.14</b>	<b>9.37</b>
(-) Net Investment Flow	0.00	-4.90	-2.94	-2.92	-5.00	-5.00	-5.00	-5.00	-5.00
(-) WCCF	0.00	12.22	16.61	18.39	0.00	0.00	0.00	0.00	0.00
<b>Free Cash Flow to the Firm (FCFF)</b>		<b>16.25</b>	<b>22.16</b>	<b>25.03</b>	<b>3.30</b>	<b>3.57</b>	<b>3.84</b>	<b>4.14</b>	<b>4.37</b>
FCFE + FCFD	3.45	20.94	24.95	25.79	4.19	3.72	3.96	4.25	4.52
FCFF	0.00	16.25	22.16	25.03	3.30	3.57	3.84	4.14	4.37
<b>Variance</b>	<b>3.45</b>	<b>4.69</b>	<b>2.79</b>	<b>0.76</b>	<b>0.89</b>	<b>0.15</b>	<b>0.12</b>	<b>0.11</b>	<b>0.15</b>

2011-10-26

# SN VALUATION

## EVA Analysis

Name:

Rimage Corp

Ticker:

RIMG

	2010	2011	2012	2013	2014	2015
Equity	127.72	135.36	142.41	149.60	156.93	164.59
Debt	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Capital Invested</b>	<b>127.72</b>	<b>135.36</b>	<b>142.41</b>	<b>149.60</b>	<b>156.93</b>	<b>164.59</b>
Revenue	88.73	91.39	94.13	96.96	99.87	102.86
COGS	45.22	47.25	48.44	49.92	51.43	52.96
Gross margin	43.51	44.14	45.69	47.04	48.44	49.90
SG&A	25.43	25.21	26.15	26.97	27.74	28.59
R&D	6.51	6.90	7.14	7.32	7.55	7.78
Depreciation	2.11	1.55	1.66	1.78	1.92	1.86
Interest expense/(income)	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	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
<b>Operating Income</b>	<b>11.57</b>	<b>10.49</b>	<b>10.73</b>	<b>10.97</b>	<b>11.22</b>	<b>11.68</b>
<b>Tax Rate</b>	37.19%	35.65%	35.72%	35.95%	36.13%	35.86%
NOPLAT	7.27	6.75	6.90	7.03	7.17	7.49
Invested Capital	127.72	135.36	142.41	149.60	156.93	164.59
<b>ROIC</b>	<b>5.69%</b>	<b>4.99%</b>	<b>4.84%</b>	<b>4.70%</b>	<b>4.57%</b>	<b>4.55%</b>
WACC	2.13%	2.13%	2.13%	2.13%	2.13%	2.13%
<b>Spread</b>	<b>3.56%</b>	<b>2.86%</b>	<b>2.71%</b>	<b>2.57%</b>	<b>2.44%</b>	<b>2.42%</b>
Spread in Dollars	4.55	3.86	3.86	3.84	3.83	3.98
<b>EVA</b>	<b>132.27</b>	<b>139.23</b>	<b>146.28</b>	<b>153.44</b>	<b>160.76</b>	<b>168.58</b>

EVA in 5 Years:	168,578,343.98
Number of Shares:	9,470,000.00
<b>EVA/Share:</b>	<b>\$17.80</b>
Return over 5 Years	27.45%
Annualized return	4.97%