

Rimage Corp (RIMG)

Price:	\$8.89	Price/Book:	0.69	EV/EBITDA 5x TV:	\$3.84
Market Cap:	\$90,678,000	Price/Earnings:	#VALUE!	Net Tangible Asset TV:	\$6.39
Cash:	\$70,160,000	EV/EBITA:	2.70	SN Defined TV:	\$3.58
Debt:	\$0	EV/FCF:	-0.75	Economic Value Added:	\$10.94
Net Cash:	\$70,160,000	Net Tang. Asset/Share:	\$9.05	Year 5 Target:	\$6.19
Enterprise Value:	\$20,518,000	Avg. Year 1-5 FCF/Share:	-\$0.53	Appreciation:	-30.391%

Disappointing Q1 2012 figures related to the Qumu acquisition in 2011, weighed down on the equity. We believe the acquisition price was rich, in light of the revenue figures provided by management in the Q1 earnings release. Qumu generated \$1.4 MM in revenue, or an annualized \$6MM, or nearly \$10 MM, assuming a QoQ 30% growth. This implies RIMG purchased Qumu for a 5-8x Price/sales multiple, which will destroy value. Already from the start, disappointing sales are reported and we don't expect Qumu to live up to the acquisition price.

On a cashflow generation basis, additional G&A contributed to their first quarterly loss since 2008. Cash balance was mismanaged on the overpriced deal and now cash flow is also negatively affected. The most concerning information from the release was a decrease in the core business product sales. They explained 2011 was an exceptional year so on a YoY basis, it was difficult to outperform, which reveals the vulnerability of the underlying business model.

We don't want to rush to conclusions over a weak quarter, but definitely, the Qumu acquisition revealed management's lack of financial finesse. We are just happy they are distributing the cash balance to the investors, so it will be a safe 8% dividend yield plus a call option on the Qumu acquisition, until everything pans out in the next year or two.

SN VALUATION

Weekly Updates are Migrating from Excel to the Web!

Private		Positions							
Worth		Symbol	Amount	Cost[Base]	Mkt Price	Value[Base]	Today's Chg[Base]	Net P/L[Base]	% Net P/L
Starting Capital	USD 10,000.00	ASYS	100.00	\$1,011.00	\$7.19	\$719.00		\$-292.00	-28.88%
Open Position@Cost:	-33,852.66	NEM	16.00	\$1,027.36	\$47.73	\$763.68		\$-263.68	-25.67%
Open Position@Market:	37,012.34	PWER	200.00	\$1,090.00	\$4.16	\$833.00		\$-257.00	-23.58%
Cash Balance:	6,147.34	TNAV	120.00	\$988.80	\$6.51	\$781.20		\$-207.60	-21.00%
Cash Change:	30,000.00	DGIT	80.00	\$956.00	\$9.75	\$780.00		\$-176.00	-18.41%
Open Position Change Today:		KND	90.00	\$1,048.50	\$9.51	\$855.90		\$-192.60	-18.37%
Total Value:	42,979.68	RIMG	100.00	\$1,117.00	\$9.14	\$914.00		\$-203.00	-18.17%
Profitability		CSC	30.00	\$927.00	\$28.00	\$840.00		\$-87.00	-9.39%
Net Profit	2,979.68	PDEX	450.00	\$1,107.00	\$2.26	\$1,017.00		\$-90.00	-8.13%
Net Profit(%)	29.80	SFD	33.00	\$758.67	\$21.29	\$702.57		\$-56.10	-7.39%
Return on Capital(%)	8.80	GME	40.00	\$965.20	\$22.58	\$903.20		\$-62.00	-6.42%
Exposure(%)	60.37	BIG	30.00	\$1,129.20	\$36.29	\$1,088.70		\$-40.50	-3.59%
Profit Factor	0.00	FSTR	40.00	\$1,126.80	\$27.34	\$1,093.60		\$-33.20	-2.95%
Payoff Ratio	0.00	IDT	120.00	\$1,044.00	\$8.56	\$1,027.20		\$-16.80	-1.61%
Recovery Factor	-509.26	MUR	20.00	\$1,095.60	\$54.62	\$1,092.40		\$-3.20	-0.29%
Sharpe Ratio	0.00	OME	140.00	\$996.20	\$7.26	\$1,016.40		\$18.20	1.82%
Drawdown		MKSI	35.00	\$907.55	\$27.83	\$974.05		\$66.50	7.33%
Max DD(%)	-5.85	MCZ	2,000.00	\$1,020.00	\$0.56	\$1,120.00		\$100.00	9.80%
Longest Flat Days	1	TNDM	100.00	\$1,069.00	\$11.78	\$1,178.00		\$109.00	10.20%
Trades		UFS	12.00	\$948.72	\$89.50	\$1,074.00		\$125.28	13.21%
Number of Trades	0	GTE	160.00	\$926.40	\$6.64	\$1,062.40		\$136.00	14.68%
Win/Loss	0.00	NENG	900.00	\$1,134.00	\$1.46	\$1,314.00		\$180.00	15.87%
Avg. Trade(%)	0.00	MSN	700.00	\$1,211.00	\$2.01	\$1,407.00		\$196.00	16.18%
Avg. Winner(%)	0.00	INTT	330.00	\$983.40	\$3.52	\$1,161.60		\$178.20	18.12%
Avg. Loser(%)	0.00	FLL	400.00	\$1,000.00	\$3.05	\$1,220.00		\$220.00	22.00%
Avg. Hold Days	0	KEM	150.00	\$1,012.50	\$8.34	\$1,251.00		\$238.50	23.56%
Avg. Hold Winners	0	ORCC	450.00	\$1,035.00	\$2.86	\$1,287.00		\$252.00	24.35%
Avg. Holding Losers	0	HUN	100.00	\$1,031.00	\$14.28	\$1,428.00		\$397.00	38.51%
Max consec. win/loss	0/0	KLIC	120.00	\$1,027.20	\$12.86	\$1,543.20		\$516.00	50.23%
		CSTR	24.00	\$1,024.56	\$67.51	\$1,620.24		\$595.68	58.14%
		CRWS	300.00	\$984.00	\$5.60	\$1,680.00		\$696.00	70.73%
		JOEZ	2,000.00	\$1,040.00	\$1.29	\$2,580.00		\$1,540.00	148.08%

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LBO Analysis

WACC Terminal Value:	N/A	Intrinsic Price in 5 Years:	6.19	Non-LBO Forecast	Non-LBO Forecast	Desired Return Rate	20.00%
EV/EBITDA with 3X Multiple Terminal Value:	\$3.84	Market Price:	8.89	Year 1 Target	8.27	Implied Today's Price	2.49
Net Tangible Asset Terminal Value:	\$6.39	LBO Price:	8.89	Year 2 Target	7.69	Overvalued/(Undervalued)	257.47%
EV/EBITDA with Today's Multiple Terminal Value:	\$3.58	Premium to Market Price:	0.00%	Year 3 Target	7.15		
EVA Enterprise Value:	\$10.94	LBO Price/Intrinsic Price Target:	-6.99%	Year 4 Target	6.65		
Dividend Discount Model:	#VALUE!	LBO Price/EV/EBIT Exit Price:	-16.61%	Year 5 Target	6.19		
Average (Excluding Dividend Discount):	\$6.19	Implied IRR at today's EV/EBITDA:	-16.61%	Implied IRR (Market Price):	-6.99%		
		5 Year Return:	-30.39%				

Current Evaluation				Exit Evaluation			
Current Market Price:	8.89	LBO Price:	8.89	Exit Price:	6.19	Exit Price:	3.58
Outstanding Shares:	10,200,000	Outstanding Shares:	10,200,000	Outstanding Shares:	10,200,000	Outstanding Shares:	10,200,000
Market Capitalization:	90,678,000	Market Capitalization:	90,678,000	Market Capitalization:	63,119,874	Market Capitalization:	36,559,897
Available Cash:	70,160,000	Available Cash:	70,160,000	Available Cash:	43,031,027	Available Cash:	43,031,027
Debt:	0	Debt:	0	Debt:	0	Debt:	0
Net Cash:	70,160,000	Net Cash:	70,160,000	Net Cash:	43,031,027	Net Cash:	43,031,027
Enterprise Value:	20,518,000	Enterprise Value:	20,518,000	Enterprise Value:	20,088,847	Enterprise Value:	-6,471,130
Original EV/EBITDA:	4.61	EV/EBITDA:	4.61	EV/EBITDA at 5 Years:	-15.52	EV/EBITDA at 5 Years:	5.00
Original EV/EBITDA:	2.70	EV/EBITDA:	2.70	EV/EBITDA at 5 Years:	11.94	EV/EBITDA at 5 Years:	-6.60
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:	8.89	8.99	8.36	7.78	7.23	6.73	6.26
Shares Outstanding:	10,200,000	10,200,000	10,200,000	10,200,000	10,200,000	10,200,000	10,200,000
Market Capitalization:	90,678,000	91,692,373	85,283,703	79,322,956	73,778,824	68,622,188	63,825,967
Available Cash:	70,160,000	70,160,000	66,474,701	61,810,577	56,719,429	50,348,737	43,031,027
Debt:	0	0	0	0	0	0	0
Net Cash:	70,160,000	70,160,000	66,474,701	61,810,577	56,719,429	50,348,737	43,031,027
Enterprise Value:	20,518,000	21,532,373	18,809,002	17,512,378	17,059,394	18,273,452	20,794,940
EBIT	4,670,000	4,670,000	3,177,940	1,886,902	717,023	-340,586	-1,294,226
EV/EBIT:	4.39	4.61	5.92	9.28	23.79	-53.65	-16.07
EBITDA	7,610,000	7,610,000	5,970,940	4,540,252	3,237,705	2,054,063	980,690
EV/EBITDA:	2.70	2.70	3.15	3.86	5.27	8.90	21.20

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	8.89	8.99	7.95	6.91	5.88	4.78	3.63
Shares Outstanding:	10,200,000	10,200,000	10,200,000	10,200,000	10,200,000	10,200,000	10,200,000
Market Capitalization:	90,678,000	91,692,373	81,127,504	70,510,679	60,025,468	48,778,368	37,063,627
Available Cash:	70,160,000	70,160,000	66,474,701	61,810,577	56,719,429	50,348,737	43,031,027
Debt:	0	0	0	0	0	0	0
Net Cash:	70,160,000	70,160,000	66,474,701	61,810,577	56,719,429	50,348,737	43,031,027
Enterprise Value:	20,518,000	21,532,373	14,652,803	8,700,102	3,306,039	-1,570,368	-5,967,400
EBIT	4,670,000	4,670,000	3,177,940	1,886,902	717,023	-340,586	-1,294,226
EV/EBIT:	4.39	4.61	4.61	4.61	4.61	4.61	4.61
EBITDA	7,610,000	7,610,000	5,970,940	4,540,252	3,237,705	2,054,063	980,690
EV/EBITDA:	2.70	2.70	2.45	1.92	1.02	-0.76	-6.08

LBO Price	8.89	Equity Partners:	90,678,000	Weighting	100.00%	Annualized Return for Equity Partners: -16.61%
Shares Outstanding	10,200,000	Debt Partners:	0		0.00%	
Market Capitalization	90,678,000	Total Funds for LBO:	90,678,000		100.00%	
Debt	0					
Cash	70,160,000					
Enterprise Value	20,518,000					
Capital Investment	90,678,000					

Book Value		Enterprise Value		Stock Valuation		Debt Reduction	
Beginning Book Value	131.95	Beginning Enterprise Value	20.52	Current Market Price	\$8.89	Starting Debt	0.00
Year 5 Book Value	102.18	Year 5 Enterprise Value	-6.47	Year 5 Market Price	\$3.58	Debt Repayment	0.00
Annualized Return	-4.98%	Annualized Return	-179.39%	Annualized Return	-16.61%	Year 5 Ending Debt	0.00
						% of Starting Debt	#DIV/0!

SN VALUATION

LBO Pro Forma Income Statement

Name:

Rimage Corp

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	2011	2012	2013	2014	2015
Revenue	91.39	83.23	88.73	83.63	79.45	75.48	71.70	68.12	64.71
COGS	51.73	42.89	45.22	41.61	39.72	37.74	35.85	34.06	32.36
Gross margin	39.66	40.34	43.51	42.02	39.72	37.74	35.85	34.06	32.36
SG&A	22.96	21.94	25.43	30.09	29.40	28.68	27.96	27.25	26.53
R&D	5.25	7.14	6.51	7.26	7.15	7.17	7.17	7.15	7.12
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)	11.75	11.26	11.57	4.67	3.18	1.89	0.72	-0.34	-1.29
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	0.72	0.00	0.00
Income before tax	14.46	13.11	12.10	4.67	3.88	2.59	2.14	0.36	-0.59
Tax	5.03	4.62	4.50	2.00	1.36	0.91	0.75	0.13	0.00
Income after tax	9.43	8.49	7.60	2.67	2.52	1.68	1.39	0.23	-0.59
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	2.52	1.68	1.39	0.23	-0.59
*Figures are in millions (\$)									
EPS (based off today's share count)	\$0.92	\$0.83	\$0.75	\$0.28	\$0.25	\$0.16	\$0.14	\$0.02	-\$0.06
P/E (historical today's price; forecasted intrinsic price)	9.62	10.68	11.78	32.04	33.45	46.62	52.56	289.20	-106.51
Revenue Growth	N/A	-8.93%	6.61%	-5.75%	-5.00%	-5.00%	-5.00%	-5.00%	-5.00%
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%	50.00%	50.00%	50.00%	50.00%	50.00%
Gross margin	43.40%	48.47%	49.04%	50.25%	50.00%	50.00%	50.00%	50.00%	50.00%
SG&A	24.79%	26.36%	28.66%	35.98%	37.00%	38.00%	39.00%	40.00%	41.00%
R&D	5.74%	8.58%	7.34%	8.68%	9.00%	9.50%	10.00%	10.50%	11.00%
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%	2.50%	1.00%	-0.50%	-2.00%
Interest income/(expense)	2.97%	2.23%	0.60%	0.25%	0.88%	0.93%	0.98%	1.03%	1.08%
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%	1.00%	0.00%	0.00%
Income before tax	15.82%	15.75%	13.64%	5.58%	4.88%	3.43%	2.98%	0.53%	-0.92%
Tax	5.50%	5.55%	5.07%	2.39%	1.71%	1.20%	1.04%	0.19%	0.00%
Income after tax	10.32%	10.20%	8.57%	3.19%	3.17%	2.12%	1.75%	0.30%	-0.75%
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%	3.17%	2.23%	1.94%	0.34%	-0.92%

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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 2011-12-31	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	14.89	72.51	107.98	70.16	70.16			70.16	66.47	61.81	56.72	50.35	43.03
Short term investment	39.87	28.58	8.79	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	54.76	101.09	116.77	70.16	70.16			70.16	66.47	61.81	56.72	50.35	43.03
Accounts Receivable	11.10	13.73	13.76	15.50	15.50			15.50	15.50	15.50	15.50	15.50	15.50
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	15.50			15.50	15.50	15.50	15.50	15.50	15.50
Total Inventory	5.62	4.12	4.50	6.20	6.20			6.20	6.20	6.20	6.20	6.20	6.20
Prepaid Expenses	2.93	1.27	1.07	3.05	3.05			3.05	3.05	3.05	3.05	3.05	3.05
Other Current Assets	0.34	0.55	0.42	3.53	3.53			3.53	3.53	3.53	3.53	3.53	3.53
Current Assets	74.15	120.76	136.52	98.44	98.44	0.00	0.00	98.44	94.75	90.09	85.00	78.63	71.31
PP&E, Gross	13.64	16.43	17.00	17.00	17.00			17.00	19.00	21.00	23.00	25.00	27.00
Change in Depreciation		1.25	2.11	2.94	2.94			2.94	2.79	2.65	2.52	2.39	2.27
Accumulated Depreciation	7.45	8.57	9.00	9.00	9.00			9.00	11.79	14.45	16.97	19.36	21.64
PP&E, Net	6.19	7.86	8.00	8.00	8.00			8.00	7.21	6.55	6.03	5.64	5.36
Goodwill	0.00	0.00	0.00	22.22	22.22	0.00		22.22	22.22	22.22	22.22	22.22	22.22
Intangibles	0.00	0.00	0.00	19.24	19.24			19.24	19.24	19.24	19.24	19.24	19.24
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	11.59			11.59	11.59	11.59	11.59	11.59	11.59
Long Term Assets	49.32	19.53	11.98	61.05	61.05			61.05	60.26	59.60	59.08	58.69	58.41
Total Assets	123.47	140.29	148.50	159.49	159.49	0.00	0.00	159.49	155.01	149.69	144.08	137.32	129.72
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	4.48	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	8.54			8.54	8.54	8.54	8.54	8.54	8.54
Total Current Liabilities	12.01	17.60	16.29	20.16	20.16	0.00	0.00	20.16	20.16	20.16	20.16	20.16	20.16
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	0.00	0.00	0.00	0.00	0.00			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
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	0.36			0.36	0.36	0.36	0.36	0.36	0.36
Other liabilities	2.40	2.74	3.10	5.20	5.20			5.20	5.20	5.20	5.20	5.20	5.20
Total Liabilities	14.41	20.34	19.90	25.72	25.72	0.00	0.00	25.72	25.72	25.72	25.72	25.72	25.72
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	0.10	0.10	0.10	0.10	0.10	0.10
Additional Paid-in capital	37.48	40.30	43.06	54.84	54.84	0.00	0.00	54.84	54.84	54.84	54.84	54.84	54.84
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	-7.00	-14.00	-21.00	-28.00	-35.00
Retained Earnings	70.29	78.78	84.66	76.88	76.88		0.00	76.88	79.40	81.08	82.47	82.71	82.11
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		0.00	0.13	0.13	0.13	0.13	0.13	0.13
Total Equity	109.04	119.95	128.14	131.95	131.95	0.00	0.00	131.95	127.47	122.15	116.54	109.78	102.18
Liability + Equity	123.45	140.29	148.04	157.67	157.67	0.00	0.00	157.67	153.19	147.87	142.26	135.50	127.90
Variance	0.02	0.00	0.46	1.82	1.82			1.82	1.82	1.82	1.82	1.82	1.82
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	12.81			13.49	12.81	12.17	11.56	10.99	10.44
Inventory Turnover Days	22.45	18.07	18.51	27.06	28.48			27.06	28.48	29.98	31.56	33.22	34.97
Days Inventory Outstanding	39.65	35.06	36.32	54.39	56.97			54.39	56.97	59.97	63.12	66.44	69.94
Accounts Receivable Turnover	8.23	6.06	6.45	5.40	5.13			5.40	5.13	4.87	4.63	4.39	4.17
Accounts Receivable Turnover Days	44.33	60.21	56.60	67.65	71.21			67.65	71.21	74.96	78.90	83.06	87.43
Days Payable Outstanding	31.96	58.72	48.75	47.98	50.26			47.98	50.26	52.91	55.69	58.62	61.71
Days Sales Outstanding	44.33	60.21	56.60	67.65	71.21			67.65	67.65	71.21	74.96	78.90	83.06
Cash Conversion Cycle	52.02	36.55	44.17	74.05	77.92			74.05	74.36	78.27	82.39	86.73	91.29

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	9.43	8.49	7.60	2.67	2.52	1.68	1.39	0.23	-0.59
Depreciation	1.37	1.25	2.11	2.94	2.79	2.65	2.52	2.39	2.27
Net Income + Depreciation	10.80	9.74	9.71	5.61	5.31	4.34	3.91	2.63	1.68
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	-0.03	-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	5.31	4.34	3.91	2.63	1.68
Capital Expenditures Expenditures	-4.37	-0.42	-4.18	-1.18	-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	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	-2.00	-2.00	-2.00	-2.00	-2.00
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	7.00	7.00	7.00	7.00	7.00
Issuance (Retirement) of Stock	-8.06	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	-7.00	-7.00	-7.00	-7.00	-7.00
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	70.16	66.47	61.81	56.72	50.35
Net Change in Cash	7.47	57.62	35.48	-37.82	-3.69	-4.66	-5.09	-6.37	-7.32
Ending Cash Balance	14.88	72.51	107.99	70.16	66.47	61.81	56.72	50.35	43.03
Capex to Revenue	4.78%	0.50%	4.71%	1.41%	2.52%	2.65%	2.79%	2.94%	3.09%
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%
A/R to Sales	12.15%	16.50%	15.51%	18.53%	19.51%	20.54%	21.62%	22.75%	23.95%
Distributable FCF Yield	72.57%	274.54%	174.19%	-133.59%	16.16%	11.38%	9.30%	3.07%	-1.55%
Dividend Yield	0.00%	0.00%	0.00%	-5.06%	7.72%	7.72%	7.72%	7.72%	7.72%
FCF (Ops-Investing-Dividends)	14.89	56.33	35.74	-22.82	-3.69	-4.66	-5.09	-6.37	-7.32

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LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	-37.82	-3.69	-4.66	-5.09	-6.37	-7.32
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		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		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		3.18	1.89	0.72	(0.34)	(1.29)
EBITDA/Interest Expense Coverage		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Interest Rate Coverage Table

Debt Rating	2011	2012	2013	2014	2015
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