

Roundy's (RNDY)

Price:	\$8.82	Net Tang. Bk Value Incl. Cash, Excl.	-\$412,490,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	-\$316,720,300.00
Market Cap:	\$412,335,000	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$87,703,940.00
Cash:	\$65,310,000	NTBVIC/Market Downside Recovery:	-100.04%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$701,030,000	Op. Cash Flow:	\$87,703,940	Year 5 Disposition Price:	-\$53,608,480.00
Net Cash:	-\$635,720,000	Implied Years to Fill Gap:	9.40		
Enterprise Value:	\$1,048,055,000	Today's Equity if 5x Op. CF:	-\$149,378,180		
		Net Tang. Book+ Gain Disposition:			-\$53,608,480.00
Shares Outstanding:	46,750,000	IRR:			-166.50%
		Price:			-\$1.15
		Target Market Cap:			-\$53,608,480
		Target Enterprise Value:			\$582,111,520

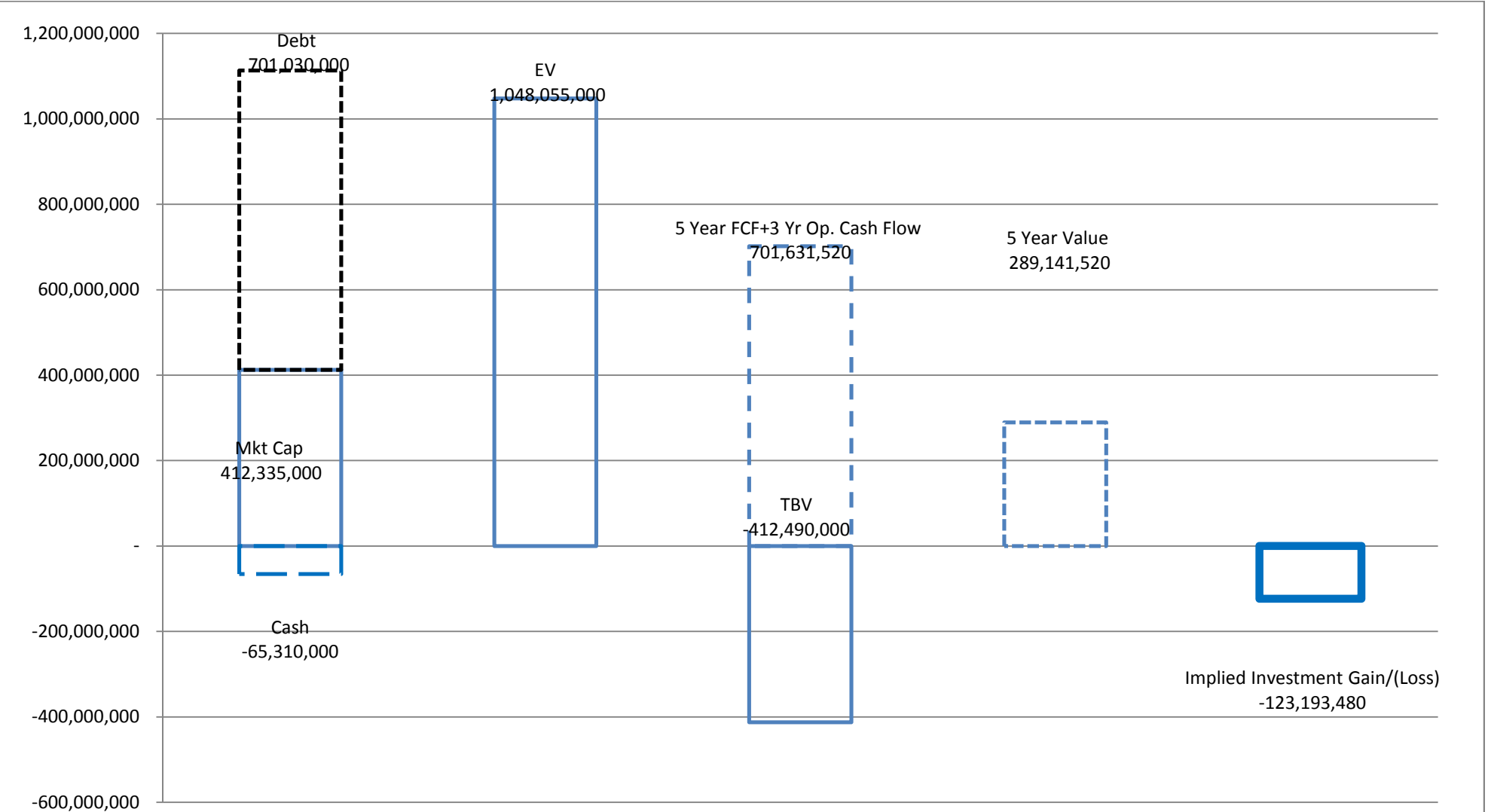
* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

The Co. recently filed their IPO and is 40% owned by a PE firm based in Chicago. The Co. was acquired in 2002. The reported goodwill is the legacy price paid for the firm along with the bolt on acquisitions during the holding period. The Co. operates 60 stores, namely PIC N Save, which is a discount store, and is primarily in Wisconsin, Minnesota and now has interests in Chicago.

The main selling point is the juicy dividends of 5.5%. We are not sure if the Co. is able to continue their dividends, with the Co. citing EBITDA going below \$200MM (historically was north of \$225MM). The Co. generates \$100MM in op cash flow, which is a 25% op cash flow/Price. So, although it may not be a 5% yield, we do anticipate continued dividends above 3%. However, there is no downside protection, with \$600 MM in goodwill. If the goodwill was impaired, there is only \$300MM in perishable food and non-food items, \$60MM in cash and \$300MM in net PP&E, which we presume are the stores.

This Co. also has pension liability with 50% of workforce under a union and labor agreements, which on a side note, contributed to bringing fellow grocer, owner of the Albertson brand, SUPERVALU, to its knees. Pension costs will bleed the Co. dry in the future.

So, we don't want to be investors in a business that is more susceptible to a hit in the cash flow, when the investment premise is heavily weighted toward the cash flow. Therefore, we will stay away from the stock.



NA

Company Name:	Roundy's
Ticker Symbol:	RNDY
Last Price:	\$8.82
Net Cash/Share:	-\$13.60
Net Cash to Last Price:	-154.18%
Shares Outstanding:	46,750,000
Industry:	Grocery Stores
Sector:	Consumer Defensive
Institutional Ownership:	72.35%
Mutual Fund Ownership:	8.90%
Insider Ownership:	#VALUE!
Float:	58.00%

Technicals	
52 week low:	\$3.69
Today from 52 week low:	139.02%
52 week high:	\$10.34
Today from 52 week high:	17.23%

Analyst/Consensus	
Analyst Sales Growth FY1:	3.20%
Analyst Sales Growth FY2:	5.10%
SN Valuation Estimate FY1:	0.00%
SN Valuation Estimate FY2:	0.00%

Analyst Earnings Estimate FY1:	\$0.92
Analyst Earnings Estimate FY2:	\$1.00
SN Valuation Earnings Est. FY1:	\$0.41
SN Valuation Earnings Est. FY2:	\$0.41

Multiples	
Market Value to Book:	2.13
EV to Book:	5.42
Market Value to Tangible Net Assets:	-0.50
P/E Ratio:	-6.56
Trailing P/E Ratio:	N/A
Forward P/E Ratio:	8.57
Beta:	NA
Dividend:	0.48
Dividend Yield:	5.60%
Dividend Date:	May 27, 2013
Ex-Dividend Date:	May 16, 2013

Competitors	
Average EV to EBITDA:	N/A
Company EV to EBITDA:	17.10
Average EV to EBIT:	N/A
Company EV to EBITA:	-17.92

Market Capitalization:	\$412,335,000.00
Total Debt:	\$701,030,000.00
Total Cash:	\$65,310,000.00
Net Cash/(Debt):	-\$635,720,000.00
Enterprise Value:	\$1,048,055,000.00
Current EV/Share:	\$22.42
EBITDA:	\$61,300,000.00
EV/EBITDA Multiple:	17.10
EV/EBITDA Multiple Average Year 1-5:	7.16
EV/FCF Multiple (excluding acquisition):	23.97
EV/FCF Multiple Average Year 1-5 (excluding acquisition):	37.83

Upper Range
DCF: EV/EBITDA Terminal Value

Implied TV from 3 X EV/EBITDA Multiple	\$233,432,400.00
Enterprise Value	\$233,432,400.00
Cash at Year 5:	\$203,829,700.00
Debt at Year 5:	\$701,030,000.00
Equity Value Year 5:	-\$263,767,900.00
Equity/Share at Year 5:	-\$5.64
Annualized Return:	-191.45%

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

Year 5 Net Tangible Assets excluding cash and debt	-\$133,650,000.00
Enterprise Value	-\$133,650,000.00
Cash at Year 5:	\$203,829,700.00
Debt at Year 5:	\$701,030,000.00
Equity Value Year 5:	-\$630,850,300.00
Equity/Share at Year 5:	-\$13.49
Annualized Return:	-208.88%

EVA

EVA today:	\$124,727,518.27
EVA in 5 Years:	\$803,971,336.68
EVA/Share:	\$17.20
Cash at Year 5:	\$203,829,700.00
Debt at Year 5:	\$701,030,000.00
Equity Value Year 5:	\$306,771,036.68
Equity/Share at Year 5:	\$6.56
Annualized return	45.16%

Current Net Tangible Asset

Net Tangible Asset/Share:	-\$8.96
Net Tangible Asset/Share in Year 5:	-\$6.91
Annualized return	-5.06%

Current Equity Price:	\$8.82
Selling at Discount?	Premium
Appreciation Potential:	-201.55%

Income Statement

Revenue:	\$3,940,000,000.00	100.0%
Cost of Goods Sold:	\$2,904,850,000.00	73.7%
Gross Profit:	\$1,035,150,000.00	26.3%
EBITDA:	\$188,880,000.00	4.8%
Net Income:	-\$62,870,000.00	-1.6%

Balance Sheet

Cash:	\$65,310,000.00
Short Term Investment:	\$0.00
A/R:	\$34,000,000.00
PP&E:	\$300,000,000.00
Assets:	\$1,390,320,000.00

A/P:	\$240,000,000.00
Deferred Tax:	\$59,350,000.00
Other Liabilities:	\$171,680,000.00
Short term Debt:	\$11,030,000.00
Long Term Debt:	\$690,000,000.00
Liabilities:	\$1,172,060,000.00

Retained Earnings:	\$125,000,000.00
Paid-In Capital:	\$115,460,000.00
Treasury Stock:	\$0.00
Stockholder's Equity:	\$193,500,000.00

Cash Flow

Net Income:	-69,250,000.00
Depreciation/Amortization:	68,550,000.00
Change in Working capital:	-25,730,000.00
Cash from Operating Activities:	105,730,000.00

Capital Expenditures:	-62,000,000.00
Cash from Investing Activities:	-61,550,000.00

Total Cash Dividends Paid:	-26,000,000.00
Issuance (Retirement) of Stock:	112,540,000.00
Issuance (Retirement) of Debt:	-126,730,000.00
Cash from Financing Activities:	-58,360,000.00

Profitability Margins

Debt to Equity:	362.29%
Return on Assets:	-4.98%
Return on Capital:	-7.74%
Return on Equity:	-35.79%

SN VALUATION

LBO Pro Forma Income Statement

Name:

Roundy's

Ticker:

RNDY

	Historical				Forecasted				
	52 weeks ending 2010-01-02	52 weeks ending 2011-01-01	52 weeks ending 2011-12-31	52 weeks ending 2012-12-29	2013	2014	2015	2016	2017
Revenue	3,745.77	3,766.99	3,841.98	3,890.54	3,890.54	3,890.54	3,890.54	3,890.54	3,890.54
COGS	2,726.67	2,748.92	2,804.71	2,855.39	2,879.00	2,879.00	2,879.00	2,879.00	2,879.00
Gross margin	1,019.10	1,018.07	1,037.27	1,035.15	1,011.54	1,011.54	1,011.54	1,011.54	1,011.54
SG&A	878.51	868.97	886.86	906.30	933.73	933.73	933.73	933.73	933.73
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	5.88	0.00	0.00	134.10	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	0.00
Operating Income (EBITA)	136.71	149.10	150.41	-7.25	77.81	77.81	77.81	77.81	77.81
Interest income/(expense)	0.00	0.00	0.00	0.00	-48.34	-48.34	-48.34	-48.34	-48.34
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	0.00	0.00	0.00	0.00	0.00	0.00
Income before tax	87.82	79.44	78.09	-58.49	29.47	29.47	29.47	29.47	29.47
Tax	40.64	33.25	30.04	10.76	10.31	10.31	10.31	10.31	10.31
Income after tax	47.18	46.19	48.05	-69.25	19.15	19.15	19.15	19.15	19.15
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	47.18	46.19	48.05	-69.25	19.15	19.15	19.15	19.15	19.15
*Figures are in millions (\$)									
EPS (based off today's share count)	\$1.01	\$0.99	\$1.03	-\$1.48	\$0.41	\$0.41	\$0.41	\$0.41	\$0.41
P/E (historical today's price; forecasted intrinsic price)	8.74	8.93	8.58	-5.95	-14.31	9.52	-6.33	4.21	-2.80
Revenue Growth	N/A	0.57%	1.99%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	46.28%	41.86%	38.47%	-18.40%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	0.00%	0.00%	0.00%	0.00%	-7.01%	-7.01%	-7.01%	-7.01%	-7.01%
Margins									
COGS	72.79%	72.97%	73.00%	73.39%	74.00%	74.00%	74.00%	74.00%	74.00%
Gross margin	27.21%	27.03%	27.00%	26.61%	26.00%	26.00%	26.00%	26.00%	26.00%
SG&A	23.40%	23.07%	23.08%	23.35%	24.00%	24.00%	24.00%	24.00%	24.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.16%	0.00%	0.00%	3.45%	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%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	3.65%	3.96%	3.91%	-0.19%	2.00%	2.00%	2.00%	2.00%	2.00%
Interest income/(expense)	0.00%	0.00%	0.00%	0.00%	-1.24%	-1.24%	-1.24%	-1.24%	-1.24%
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%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	2.34%	2.11%	2.03%	-1.50%	0.76%	0.76%	0.76%	0.76%	0.76%
Tax	1.08%	0.88%	0.78%	0.28%	0.27%	0.27%	0.27%	0.27%	0.27%
Income after tax	1.26%	1.23%	1.25%	-1.78%	0.49%	0.49%	0.49%	0.49%	0.49%
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	1.26%	1.23%	1.25%	-1.78%	0.49%	0.49%	0.49%	0.49%	0.49%

						Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2010-01-02	As of 2011-01-01	As of 2011-12-31	As of 2012-12-29	As of 2013-03-30	+	-						
Cash	74.92	36.44	87.07	72.89	65.31			65.31	93.01	120.72	148.42	176.13	203.83
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	74.92	36.44	87.07	72.89	65.31			65.31	93.01	120.72	148.42	176.13	203.83
Accounts Receivable	31.97	37.08	32.47	33.12	34.00			34.00	34.00	34.00	34.00	34.00	34.00
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	31.97	37.08	32.47	33.12	34.00			34.00	34.00	34.00	34.00	34.00	34.00
Total Inventory	249.85	258.23	286.54	292.67	288.32			288.32	288.32	288.32	288.32	288.32	288.32
Prepaid Expenses	16.25	16.82	18.88	9.71	14.96			14.96	14.96	14.96	14.96	14.96	14.96
Other Current Assets	10.93	10.13	6.04	5.26	5.26			5.26	5.26	5.26	5.26	5.26	5.26
Current Assets	383.92	358.70	431.00	413.65	407.85	0.00	0.00	407.85	435.55	463.26	490.96	518.67	546.37
PP&E, Gross	729.71	779.76	826.37	0.00	820.00			820.00	880.00	940.00	1,000.00	1,060.00	1,120.00
Change in Depreciation	81.09	75.24	72.95	68.55	68.55			68.55	68.55	68.55	68.55	68.55	68.55
Accumulated Depreciation	409.47	469.58	516.80	0.00	520.00			520.00	588.55	657.10	725.65	794.20	862.75
PP&E, Net	320.24	310.18	309.57	0.00	300.00			300.00	291.45	282.90	274.35	265.80	257.25
Goodwill	728.34	727.07	726.88	605.99	605.99	0.00		605.99	605.99	605.99	605.99	605.99	605.99
Intangibles	37.15	35.22	32.85	30.57	31.00			31.00	31.00	31.00	31.00	31.00	31.00
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	11.13	15.78	12.38	15.84	45.48			45.48	45.48	45.48	45.48	45.48	45.48
Long Term Assets	1,096.86	1,088.25	1,081.68	652.40	982.47			982.47	973.92	965.37	956.82	948.27	939.72
Total Assets	1,480.78	1,446.95	1,512.68	1,066.05	1,390.32	0.00	0.00	1,390.32	1,409.47	1,428.63	1,447.78	1,466.94	1,486.09
Accounts Payable	239.71	165.47	245.22	240.39	240.00			240.00	240.00	240.00	240.00	240.00	240.00
Accrued Expense	104.65	98.21	90.97	80.13	81.00			81.00	81.00	81.00	81.00	81.00	81.00
Other current Liabilities	0.00	2.43	4.26	2.29	8.26			8.26	8.26	8.26	8.26	8.26	8.26
Total Current Liabilities	344.36	266.11	340.45	322.81	329.26	0.00	0.00	329.26	329.26	329.26	329.26	329.26	329.26
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	10.63	64.37	10.79	10.92	11.03			11.03	11.03	11.03	11.03	11.03	11.03
Long term Debt	805.81	819.64	809.35	685.64	690.00	0.00	0.00	690.00	690.00	690.00	690.00	690.00	690.00
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	816.44	884.01	820.14	696.56	701.03	0.00	0.00	701.03	701.03	701.03	701.03	701.03	701.03
Deferred Income tax	50.80	62.23	66.44	59.11	59.35			59.35	59.35	59.35	59.35	59.35	59.35
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	84.11	82.02	108.48	108.33	82.42			82.42	82.42	82.42	82.42	82.42	82.42
Total Liabilities	1,295.71	1,294.37	1,335.51	1,186.81	1,172.06	0.00	0.00	1,172.06	1,172.06	1,172.06	1,172.06	1,172.06	1,172.06
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	1.04	1.04	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	0.28	0.27	0.27	0.46	0.46		0.00	0.46	0.46	0.46	0.46	0.46	0.46
Additional Paid-in capital	-0.46	-0.53	0.00	114.12	115.00	0.00	0.00	115.00	115.00	115.00	115.00	115.00	115.00
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	207.37	174.39	221.37	125.65	125.00		0.00	125.00	144.15	163.31	182.46	201.62	220.77
Treasury Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	-21.02	-22.62	-45.51	-46.96	-46.96		0.00	-46.96	-46.96	-46.96	-46.96	-46.96	-46.96
Total Equity	186.17	152.55	177.17	193.27	193.50	0.00	0.00	193.50	212.65	231.81	250.96	270.12	289.27
Liability + Equity	1,481.88	1,446.92	1,512.68	1,380.08	1,365.56	0.00	0.00	1,365.56	1,384.71	1,403.87	1,423.02	1,442.18	1,461.33
Variance	-1.10	0.03	0.00	-314.03	24.76			24.76	24.76	24.76	24.76	24.76	24.76
Debt/Equity	4.39	5.79	4.63	3.60	3.62			3.62	3.30	3.02	2.79	2.60	2.42
Inventory Turnover	14.99	14.59	13.41	13.29	13.49			13.49	13.49	13.49	13.49	13.49	13.49
Inventory Turnover Days	24.35	25.02	27.22	27.46	27.05			27.05	27.05	27.05	27.05	27.05	27.05
Days Inventory Outstanding	33.45	34.29	37.29	37.41	36.55			36.55	36.55	36.55	36.55	36.55	36.55
Accounts Receivable Turnover	117.17	101.59	118.32	117.47	114.43			114.43	114.43	114.43	114.43	114.43	114.43
Accounts Receivable Turnover Days	3.12	3.59	3.08	3.11	3.19			3.19	3.19	3.19	3.19	3.19	3.19
Days Payable Outstanding	32.09	21.97	31.91	30.73	30.43			30.68	30.43	30.43	30.43	30.43	30.43
Days Sales Outstanding	3.12	3.59	3.08	3.11	3.19			3.11	3.19	3.19	3.19	3.19	3.19
Cash Conversion Cycle	4.47	15.91	8.46	9.79	9.32			9.28	9.32	9.32	9.32	9.32	9.32
Net tangible assets/share	(\$12.39)	(\$13.04)	(\$12.46)	(\$9.48)	(\$9.49)				(\$9.08)	(\$8.67)	(\$8.26)	(\$7.85)	(\$7.44)

	52 weeks ending 2010-01-02	52 weeks ending 2011-01-01	52 weeks ending 2011-12-31	52 weeks ending 2012-12-29	2011	2012	2013	2014	2015
Net Income	47.18	46.19	48.05	-69.25	19.15	19.15	19.15	19.15	19.15
Depreciation	81.09	75.24	72.95	68.55	68.55	68.55	68.55	68.55	68.55
Net Income + Depreciation	128.27	121.43	121.00	-	87.70	87.70	87.70	87.70	87.70
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	28.13	12.30	18.03	-5.66	0.00	0.00	0.00	0.00	0.00
Non Cash Items	19.84	4.10	4.11	137.82	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-0.87	-97.20	38.88	-25.73	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-5.11	4.61	-0.65	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	-8.38	-28.31	-6.13	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-0.57	-2.06	9.17	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-74.24	79.75	-4.83	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	175.37	40.63	182.02	105.73	87.70	87.70	87.70	87.70	87.70
Capital Expenditures Expenditures	-76.44	-62.93	-66.50	-62.00	-60.00	-60.00	-60.00	-60.00	-60.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-17.25	5.18	0.63	0.45	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-93.69	-57.75	-65.87	-61.55	-60.00	-60.00	-60.00	-60.00	-60.00
Financing Cash flow items	-9.69	-7.81	0.00	-18.17	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-75.00	-147.83	0.00	-26.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	-4.17	-2.09	-0.44	112.54	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	-10.34	136.37	-65.08	-126.73	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-99.20	-21.36	-65.52	-58.36	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	92.45	74.92	36.44	87.07	65.31	93.01	120.72	148.42	176.13
Net Change in Cash	-17.53	-38.49	50.63	-14.18	27.70	27.70	27.70	27.70	27.70
Ending Cash Balance	74.92	36.44	87.07	72.89	93.01	120.72	148.42	176.13	203.83
Capex to Revenue	2.04%	1.67%	1.73%	1.59%	1.54%	1.54%	1.54%	1.54%	1.54%
Depreciation to Sales	2.16%	2.00%	1.90%	1.76%	1.76%	1.76%	1.76%	1.76%	1.76%
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	0.85%	0.98%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%
Distributable FCF/EV Yield	7.79%	-1.63%	11.08%	4.22%	2.64%	2.64%	2.64%	2.64%	2.64%
Dividend Yield	-18.19%	-35.85%	0.00%	-6.31%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	173.93	125.53	115.52	69.73	27.70	27.70	27.70	27.70	27.70

SN VALUATION

LBO Debt Schedule

Ticker:

RNDY

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-14.18	27.70	27.70	27.70	27.70	27.70
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	701.03	701.03	701.03	701.03	701.03	701.03
Current Portion Debt Balance	11.03	11.03	11.03	11.03	11.03	11.03
Long Term Debt Balance	690.00	690.00	690.00	690.00	690.00	690.00
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		49.07	49.07	49.07	49.07	49.07
Cash Balance		72.89				
Interest @ 1.0%		0.73	0.73	0.73	0.73	0.73
Net Interest Expense/(Income)		48.34	48.34	48.34	48.34	48.34
Net Interest Rate		7.01%	7.01%	7.01%	7.01%	7.01%
EBITDA		77.81	77.81	77.81	77.81	77.81
EBITDA/Interest Expense Coverage		1.59	1.59	1.59	1.59	1.59

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:

Roundy's

Ticker:

RNDY

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	39.56	92.59	90.55	78.59	106.29	134.00	161.70	189.41	217.11
Total Assets	1,480.78	1,446.95	1,512.68	1,390.32	1,409.47	1,428.63	1,447.78	1,466.94	1,486.09
X1	0.03	0.06	0.06	0.06	0.08	0.09	0.11	0.13	0.15
Retained Earnings	207.37	174.39	221.37	125.00	144.15	163.31	182.46	201.62	220.77
Total Assets	1,480.78	1,446.95	1,512.68	1,390.32	1,409.47	1,428.63	1,447.78	1,466.94	1,486.09
X2	0.14	0.12	0.15	0.09	0.10	0.11	0.13	0.14	0.15
EBITDA	136.71	149.10	150.41	-7.25	77.81	77.81	77.81	77.81	77.81
Total Assets	1,480.78	1,446.95	1,512.68	1,390.32	1,409.47	1,428.63	1,447.78	1,466.94	1,486.09
X3	0.09	0.10	0.10	-0.01	0.06	0.05	0.05	0.05	0.05
Market Value of Equity	412.34	412.34	412.34	412.34	-274.19	182.32	-121.24	80.62	-53.61
Total Liabilities	1,295.71	1,294.37	1,335.51	1,172.06	1,172.06	1,172.06	1,172.06	1,172.06	1,172.06
X4	0.32	0.32	0.31	0.35	-0.23	0.16	-0.10	0.07	-0.05
Net Sales	3,745.77	3,766.99	3,841.98	3,890.54	3,890.54	3,890.54	3,890.54	3,890.54	3,890.54
Total Assets	1,480.78	1,446.95	1,512.68	1,390.32	1,409.47	1,428.63	1,447.78	1,466.94	1,486.09
X5	2.53	2.60	2.54	2.80	2.76	2.72	2.69	2.65	2.62
Altman Z Score	3.25	3.38	3.33	3.19	3.04	3.27	3.11	3.22	3.15

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

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	(412.49)	(393.34)	(374.18)	(355.03)	(335.87)	(316.72)				(316.72)
Annual Change		19.15	19.15	19.15	19.15	19.15				
Annual FCF	43.73	27.70	27.70	27.70	27.70	27.70	27.70	27.70	27.70	83.11
Annual Op. Cash Flow	105.73	87.70	87.70	87.70	87.70	87.70	87.70	87.70	87.70	
Annual PP&E Investment	(62.00)	(60.00)	(60.00)	(60.00)	(60.00)	(60.00)	(60.00)	(60.00)	(60.00)	
Today's Tangible Book Value	(412.49)	-391.26	-371.12	-352.02	-333.91	-316.72				(333.61)
Intrinsic Value IRR	-5.15%									
Market Price	412.34	-368.04	328.51	-293.22	261.72	-233.61				(233.61)
Market Price IRR	-189.26%									

Debt	50.00%	206.17
Equity	50.00%	206.17
Total	100.00%	412.34

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	193.5	206.17	215.97	225.77	235.57	245.37	255.17				
Goodwill	605.99	824.83	824.83	824.83	824.83	824.83	824.83				
Debt	690	896.17	896.17	896.17	896.17	896.17	896.17				
Debt Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%				
Additional Interest Expense		14.39	14.39	14.39	14.39	14.39					
Tangible Book Value	-412.49	-618.66	-608.86	-599.05	-589.25	-579.45	-569.65				-569.65
Annual Change			9.80	9.80	9.80	9.80	9.80				
Annual FCF	43.73		18.35	18.35	18.35	18.35	18.35	18.35	18.35	18.35	55.05
Annual Net Income	(69.25)		9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80	
Annual Op. Cash Flow	105.73		78.35	78.35	78.35	78.35	78.35	78.35	78.35	78.35	
Dividend Payments											
Annual PP&E Investment	(62.00)		(60.00)	(60.00)	(60.00)	(60.00)	(60.00)	(60.00)	(60.00)	(60.00)	
Debt Paydown	0.00							0.00	0.00	0.00	

Sale Price in Year 5 (514.60)

Capital Left for Equity Investor (514.60)
 Dividend Payments 0.00
 Total Cash In Flow (514.60)

We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal.

Invested Equity 206.17
 IRR -220.07%

Value Creation
 TBV Growth (equals sum of NI Year 1-5) 49.01
 Cash Flow (Year 6-8) 55.05
104.06

Value Dilution
 Debt 206.17
 Goodwill 218.84
 Additional Interest 71.94
496.95