

Rti Biologics Inc (RTIX)

Price:	\$3.68	Price/Book:	1.17	EV/EBITDA 5x TV:	\$2.05
Market Cap:	\$202,584,004	Price/Earnings:	23.10	Net Tangible Asset TV:	\$3.72
Cash:	\$46,180,000	EV/EBITA:	7.93	SN Defined TV:	\$2.48
Debt:	\$450,000	EV/FCF:	8.13	Economic Value Added:	\$3.30
Net Cash:	\$45,730,000	Net Tang. Asset/Share:	\$3.13	Year 5 Target:	\$2.89
Enterprise Value:	\$156,854,004	Avg. Year 1-5 FCF/Share:	\$0.12	Appreciation:	-21.545%

Rti Biologics specializes in sterilizing tissue donated for the use in surgery recuperation and reconstruction. Allograft tissue is tissue taken from one person for transplantation into another. Xenograft uses animal tissue, in this case, closed-herd bovines in the U.S. and Australia. The company receives donations from 30 recovery agencies domestically. They sterilize the donated tissue using their patented, FDA validated process called BioCleanse Tissue Sterilization Solution.

The largest market is the Sports Medicine, then Spine, Dental, Surgical. Although the historic 2% growth rate is not phenomenal for a biotech company, we feel they have a niche product that could help the company stay around for the future.

The company recognized 2 large goodwill impairments in the past 4 years amounting to \$240 MM, in lost book value. The costs were associated with the stock for stock merger with Tutogen Medical, Inc in early 2008. We can see the dilutive effect the merger had on the share value, as more stocks were distributed, but the book value falling materially. We question management's effectiveness, in light of this information and the low ROA, ROC, especially for a biotech firm.

Nonetheless, the company has stable margins and we forecast \$5 MM in FCF with a 2% growth rate. We will include the stock in our watchlist, since we feel the current multiples are too high for our consideration.

Dividend?

Dividend yield is 0.00%.

Price to Book

Price to book is 1.17. Price to book excluding goodwill is 1.17.

Cashflow Generation

Cashflows are \$15 MM from operating cashflow.

Capex is \$10 MM, minority interest payment is \$0 MM, intangibles are \$0 MM and dividend is \$0 MM.

Free cash flow is about \$5 MM.

7.0% EBITA margin and FCF yield is 3.8%.

The company has \$46.2 MM in cash/short term investment and \$0.5 MM in debt.

We are projecting a \$0.0 MM paydown annually.

Profitability

ROA is 3.6%, and ROC is 4.9%.

Bankruptcy Risk

Altman Z is at 2.5.

LBO?

We don't believe a 60% debt/40% equity would be sustainable.

Price

SN VALUATION

LBO Analysis

WACC Terminal Value:		Intrinsic Price in 5 Years:	2.89	Non-LBO Forecast	Non-LBO Forecast	Desired Return Rate	20.00%
EV/EBITDA with 3X Multiple Terminal Value:	\$2.05	Market Price:	3.68	Year 1 Target	3.51	Implied Today's Price	1.16
Net Tangible Asset Terminal Value:	\$3.72	LBO Price:	3.68	Year 2 Target	3.34	Overvalued/(Undervalued)	217.17%
EV/EBITDA with Today's Multiple Terminal Value:	\$2.48	Premium to Market Price:	0.00%	Year 3 Target	3.18		
EVA Enterprise Value:	\$3.30	LBO Price/Intrinsic Price Target:	-4.74%	Year 4 Target	3.03		
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	-7.66%	Year 5 Target	2.89		
Average (Excluding Dividend Discount):	\$2.89	Implied IRR at today's EV/EBITDA:	-7.62%	Implied IRR (Market Price):	-4.74%		
		5 Year Return:	-21.55%				

Current Evaluation				Exit Evaluation			
Current Market Price:	3.68	LBO Price:	3.68	Exit Price:	2.89	Exit Price:	2.48
Outstanding Shares:	55,050,000	Outstanding Shares:	55,050,000	Outstanding Shares:	55,050,000	Outstanding Shares:	55,050,000
Market Capitalization:	202,584,004	Market Capitalization:	202,584,000	Market Capitalization:	158,936,645	Market Capitalization:	136,286,901
Available Cash:	46,180,000	Available Cash:	46,180,000	Available Cash:	78,441,955	Available Cash:	78,441,955
Debt:	450,000	Debt:	450,000	Debt:	450,000	Debt:	450,000
Net Cash:	45,730,000	Net Cash:	45,730,000	Net Cash:	77,991,955	Net Cash:	77,991,955
Enterprise Value:	156,854,004	Enterprise Value:	156,854,000	Enterprise Value:	80,944,690	Enterprise Value:	58,294,946
Original EV/EBITDA:	13.33	EV/EBITDA:	13.33	EV/EBITDA at 5 Years:	6.94	EV/EBITDA at 5 Years:	5.00
Original EV/EBITDA:	7.93	EV/EBITDA:	7.93	EV/EBITDA at 5 Years:	4.71	EV/EBITDA at 5 Years:	2.79
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:	3.68	3.68	3.50	3.34	3.18	3.03	2.89
Shares Outstanding:	55,050,000	55,050,000	55,050,000	55,050,000	55,050,000	55,050,000	55,050,000
Market Capitalization:	202,584,000	202,450,734	192,860,432	183,724,433	175,021,215	166,730,278	158,832,092
Available Cash:	46,180,000	46,180,000	51,637,744	57,854,324	64,389,616	71,249,992	78,441,955
Debt:	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Net Cash:	45,730,000	45,730,000	51,187,744	57,404,324	63,939,616	70,799,992	77,991,955
Enterprise Value:	156,854,000	156,720,734	141,672,688	126,320,109	111,081,600	95,930,286	80,840,136
EBIT	11,760,000	11,760,000	10,463,358	10,986,526	11,206,256	11,430,382	11,658,989
EV/EBIT:	13.34	13.33	13.54	11.50	9.91	8.39	6.93
EBITDA	19,790,000	19,790,000	18,734,258	19,670,971	20,064,390	20,465,678	20,874,992
EV/EBITDA:	7.93	7.93	7.56	6.42	5.54	4.69	3.87

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	3.68	3.68	3.46	3.70	3.87	4.05	4.24
Shares Outstanding:	55,050,000	55,050,000	55,050,000	55,050,000	55,050,000	55,050,000	55,050,000
Market Capitalization:	202,584,000	203,450,734	190,628,658	203,817,284	213,280,834	223,128,035	233,366,559
Available Cash:	46,180,000	46,180,000	51,637,744	57,854,324	64,389,616	71,249,992	78,441,955
Debt:	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Net Cash:	45,730,000	45,730,000	51,187,744	57,404,324	63,939,616	70,799,992	77,991,955
Enterprise Value:	156,854,000	156,720,734	139,440,914	146,412,960	149,341,219	152,328,043	155,374,604
EBIT	11,760,000	11,760,000	10,463,358	10,986,526	11,206,256	11,430,382	11,658,989
EV/EBIT:	13.34	13.33	13.33	13.33	13.33	13.33	13.33
EBITDA	19,790,000	19,790,000	18,734,258	19,670,971	20,064,390	20,465,678	20,874,992
EV/EBITDA:	7.93	7.93	7.44	7.44	7.44	7.44	7.44

LBO Price	3.68	Equity Partners:	203,034,000	Weighting	100.00%	Annualized Return for Equity Partners: -7.66%
Shares Outstanding	55,050,000	Debt Partners:	0		0.00%	
Market Capitalization	202,584,000	Total Funds for LBO:	203,034,000		100.00%	
Debt	450,000					
Cash	46,180,000					
Enterprise Value	156,854,000					
Capital Investment	203,034,000					

Book Value		Enterprise Value		Stock Valuation		Debt Reduction	
Beginning Book Value	172.42	Beginning Enterprise Value	156.85	Current Market Price	\$3.68	Starting Debt	0.00
Year 5 Book Value	210.62	Year 5 Enterprise Value	58.29	Year 5 Market Price	\$2.48	Debt Repayment	0.00
Annualized Return	4.08%	Annualized Return	-17.96%	Annualized Return	-7.62%	Year 5 Ending Debt	0.00
						% of Starting Debt	#DIV/0!

SN VALUATION

LBO Pro Forma Income Statement

Name:

Rti Biologics Inc

Ticker:

RTIX

	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	146.64	164.52	166.17	169.31	174.39	183.11	186.77	190.51	194.32
COGS	77.82	87.03	90.17	92.10	95.91	100.71	102.72	104.78	106.87
Gross margin	68.82	77.49	76.00	77.21	78.48	82.40	84.05	85.73	87.44
SG&A	54.17	59.33	59.23	55.58	57.55	60.43	61.63	62.67	64.12
R&D	8.14	8.90	9.44	9.81	10.46	10.99	11.21	11.43	11.66
Unusual expense	104.86	0.25	134.71	0.06	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)	-98.35	9.01	-127.38	11.76	10.46	10.99	11.21	11.43	11.66
Interest income/(expense)	-0.23	-0.56	-0.41	0.00	0.43	0.43	0.43	0.43	0.43
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	-0.17	0.00	0.00	0.00	0.00	0.00
Income before tax	-98.59	8.46	-127.79	11.60	10.89	11.41	11.63	11.86	12.08
Tax	-1.39	2.60	1.61	3.22	3.70	3.88	3.95	4.03	4.11
Income after tax	-99.98	5.86	-129.40	8.38	7.19	7.53	7.68	7.83	7.98
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	-99.98	5.86	-129.40	8.38	7.19	7.53	7.68	7.83	7.98
*Figures are in millions (\$)									
EPS (based off today's share count)	-\$1.82	\$0.11	-\$2.35	\$0.15	\$0.13	\$0.14	\$0.14	\$0.14	\$0.14
P/E (historical today's price; forecasted intrinsic price)	-2.03	34.57	-1.57	24.17	26.85	24.41	22.81	21.32	19.93
Revenue Growth	N/A	12.19%	1.00%	1.89%	3.00%	5.00%	2.00%	2.00%	2.00%
Tax Rate	-1.41%	30.73%	-1.26%	27.76%	34.00%	34.00%	34.00%	34.00%	34.00%
Implied Debt Interest Rate	-2.56%	-3.74%	-13.67%	0.00%	NA	NA	NA	NA	NA
Margins									
COGS	53.07%	52.90%	54.26%	54.40%	55.00%	55.00%	55.00%	55.00%	55.00%
Gross margin	46.93%	47.10%	45.74%	45.60%	45.00%	45.00%	45.00%	45.00%	45.00%
SG&A	36.94%	36.06%	35.64%	32.83%	33.00%	33.00%	33.00%	33.00%	33.00%
R&D	5.55%	5.41%	5.68%	5.79%	6.00%	6.00%	6.00%	6.00%	6.00%
Unusual expense	71.51%	0.15%	81.07%	0.04%	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)	-67.07%	5.48%	-76.66%	6.95%	6.00%	6.00%	6.00%	6.00%	6.00%
Interest income/(expense)	-0.16%	-0.34%	-0.25%	0.00%	0.24%	0.23%	0.23%	0.22%	0.22%
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%	-0.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	-67.23%	5.14%	-76.90%	6.85%	6.24%	6.23%	6.23%	6.22%	6.22%
Tax	0.95%	1.58%	0.97%	1.90%	2.12%	2.12%	2.12%	2.12%	2.11%
Income after tax	-68.18%	3.56%	-77.87%	4.95%	4.12%	4.32%	4.40%	4.49%	4.57%
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	-68.18%	3.56%	-77.87%	4.95%	4.12%	4.11%	4.11%	4.11%	4.10%

					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2008-12-31	As of 2009-12-31	As of 2010-12-31	As of 2011-12-31	+	-						
Cash	20.08	17.38	28.21	46.18			46.18	51.64	57.85	64.39	71.25	78.44
Short term investment	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	20.08	17.38	28.21	46.18			46.18	51.64	57.85	64.39	71.25	78.44
Accounts Receivable	14.67	22.23	20.13	20.67			20.67	20.67	20.67	20.67	20.67	20.67
Other receivables	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	14.67	22.23	20.13	20.67			20.67	20.67	20.67	20.67	20.67	20.67
Deferred Income Tax	-27.60	-35.66	-24.54	60.06			60.06	60.06	60.06	60.06	60.06	60.06
Total Inventory	75.18	93.94	87.28	76.60			76.60	76.60	76.60	76.60	76.60	76.60
Prepaid Expenses	2.04	2.07	3.65	14.44			14.44	14.44	14.44	14.44	14.44	14.44
Other Current Assets	17.74	17.33	15.81	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current Assets	102.11	117.29	130.54	217.95	0.00	0.00	217.95	223.41	229.62	236.16	243.02	250.21
PP&E, Gross	77.22	82.22	79.38	0.00			0.00	10.00	20.00	30.00	40.00	50.00
Change in Depreciation	7.99	7.14	7.50	8.03			8.03	8.27	8.68	8.86	9.04	9.22
Accumulated Depreciation	0.00	0.00	7.50	15.53			15.53	23.80	32.49	41.34	50.38	59.59
PP&E, Net	77.22	82.22	71.88	-15.53			-15.53	-13.80	-12.49	-11.34	-10.38	-9.59
Goodwill	134.43	134.68	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	12.68	12.30	15.61	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
Other long term assets	7.64	8.02	7.73	27.61			27.61	27.61	27.61	27.61	27.61	27.61
Long Term Assets	231.97	237.22	95.22	12.08			12.08	13.81	15.12	16.27	17.23	18.02
Total Assets	334.08	354.51	225.76	230.03	0.00	0.00	230.03	237.22	244.75	252.43	260.25	266.23
Accounts Payable	16.91	19.84	12.57	11.14			11.14	11.14	11.14	11.14	11.14	11.14
Accrued Expense	15.89	11.52	14.34	24.19			24.19	24.19	24.19	24.19	24.19	24.19
Other current Liabilities	2.92	2.67	5.41	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Current Liabilities	35.72	34.03	32.32	35.33	0.00	0.00	35.33	35.33	35.33	35.33	35.33	35.33
Notes Payables/Short Term Debt	4.17	2.10	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	1.64	1.86	1.12	0.45			0.45	0.45	0.45	0.45	0.45	0.45
Long term Debt	3.18	11.03	1.88	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
Total Interest Earning Debt	8.99	14.99	3.00	0.45	0.00	0.00	0.45	0.45	0.45	0.45	0.45	0.45
Deferred Income tax	0.13	0.11	0.25	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
Other liabilities	8.20	15.48	28.25	21.82			21.82	21.82	21.82	21.82	21.82	21.82
Total Liabilities	53.04	64.61	63.82	57.60	0.00	0.00	57.60	57.60	57.60	57.60	57.60	57.60
Redeemable Preferred Stock	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
Common Stock	0.06	0.06	0.06	411.74		0.00	411.74	411.74	411.74	411.74	411.74	411.74
Additional Paid-in capital	403.75	406.34	408.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends Paid	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	-121.97	-116.12	-245.52	-237.14		0.00	-237.14	-229.95	-222.42	-214.74	-206.92	-198.94
Treasury Stock	-0.01	-0.01	-0.01	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	-0.77	-0.37	-1.44	-2.18		0.00	-2.18	-2.18	-2.18	-2.18	-2.18	-2.18
Total Equity	281.06	289.90	161.94	172.42	0.00	0.00	172.42	179.61	187.14	194.82	202.64	210.62
Liability + Equity	334.10	354.51	225.76	230.02	0.00	0.00	230.02	237.21	244.74	252.42	260.24	266.22
Variance	-0.02	0.00	0.00	0.01			0.01	0.01	0.01	0.01	0.01	0.01
Debt/Equity	0.03	0.05	0.02	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	1.95	1.75	1.90	2.21			2.21	2.28	2.39	2.44	2.49	2.54
Inventory Turnover Days	187.13	208.41	191.71	165.13			165.13	160.33	152.69	149.70	146.76	143.88
Days Inventory Outstanding	352.62	393.98	353.30	303.57			303.57	291.50	277.62	272.18	266.84	261.61
Accounts Receivable Turnover	10.00	7.40	8.25	8.19			8.19	8.44	8.86	9.04	9.22	9.40
Accounts Receivable Turnover Days	36.51	49.32	44.22	44.56			44.56	43.26	41.20	40.39	39.60	38.83
Days Payable Outstanding	79.31	83.21	50.88	44.15			44.15	42.39	40.37	39.58	38.81	38.05
Days Sales Outstanding	36.51	49.32	44.22	44.56			44.56	44.56	43.26	41.20	40.39	39.60
Cash Conversion Cycle	309.82	360.09	346.64	303.98			303.98	293.67	280.51	273.80	268.43	263.16

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	-99.98	5.86	-129.40	8.38	7.19	7.53	7.68	7.83	7.98
Depreciation	7.99	7.14	7.50	8.03	8.27	8.68	8.86	9.04	9.22
Net Income + Depreciation	-91.99	13.00	-121.90	16.41	15.46	16.22	16.54	16.86	17.19
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	0.33	1.53	1.72	0.00	0.00	0.00	0.00	0.00	0.00
Non Cash Items	107.33	2.05	135.91	1.97	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-16.31	-20.95	13.66	9.39	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-7.56	2.10	-0.54	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	-18.76	6.66	10.68	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-0.03	-1.58	-10.79	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	2.93	-7.27	-1.43	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	-0.64	-4.37	29.39	27.77	15.46	16.22	16.54	16.86	17.19
Capital Expenditures	-6.82	-4.81	-7.06	-8.48	-10.00	-10.00	-10.00	-10.00	-10.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	6.06	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-0.76	-4.79	-7.06	-8.48	-10.00	-10.00	-10.00	-10.00	-10.00
Financing Cash flow items	0.34	0.19	0.00	0.28	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	2.49	0.53	0.76	1.12	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	0.14	5.65	-12.27	-2.60	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	2.97	6.37	-11.51	-1.20	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	-0.07	0.11	0.00	-0.12	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	18.56	20.08	17.38	28.21	46.18	51.64	57.85	64.39	71.25
Net Change in Cash	1.52	-2.69	10.83	17.97	5.46	6.22	6.54	6.86	7.19
Ending Cash Balance	20.08	17.38	28.21	46.18	51.64	57.85	64.39	71.25	78.44
Depreciation to Sales	5.45%	4.34%	4.51%	4.74%	4.74%	4.74%	4.74%	4.74%	4.74%
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	10.00%	13.51%	12.11%	12.21%	11.85%	11.29%	11.07%	10.85%	10.64%
Distributable FCF Yield	-0.89%	-5.84%	14.24%	12.30%	3.48%	3.96%	4.17%	4.37%	4.59%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing-Dividends)	-1.40	-9.16	22.33	19.29	5.46	6.22	6.54	6.86	7.19

SN VALUATION

LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	17.97	5.46	6.22	6.54	6.86	7.19
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	0.45	0.45	0.45	0.45	0.45	0.45
Current Portion Debt Balance	0.45	0.45	0.45	0.45	0.45	0.45
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		0.04	0.04	0.04	0.04	0.04
Cash Balance		46.18				
Interest @ 1.0%		0.46	0.46	0.46	0.46	0.46
Net Interest Expense/(Income)		(0.43)	(0.43)	(0.43)	(0.43)	(0.43)
Net Interest Rate		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
EBITDA		10.46	10.99	11.21	11.43	11.66
EBITDA/Interest Expense Coverage		290.65	305.18	311.28	317.51	323.86

Interest Rate Coverage Table

Debt Rating					
AAA	AAA	AAA	AAA	AAA	AAA
AA					
A+					
A					
A-					
BBB					
BB+					
BB					
B+					
B					
B-					
CCC					
CC					
C					
D					

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Rti Biologics Inc

Ticker:

RTIX

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015
Working Capital	66.39	83.26	98.22	182.62	188.08	194.29	200.83	207.69	214.88
Total Assets	334.08	354.51	225.76	230.03	237.22	244.75	252.43	260.25	268.23
X1	0.20	0.23	0.44	0.79	0.79	0.79	0.80	0.80	0.80
Retained Earnings	-121.97	-116.12	-245.52	-237.14	-229.95	-222.42	-214.74	-206.92	-198.94
Total Assets	334.08	354.51	225.76	230.03	237.22	244.75	252.43	260.25	268.23
X2	-0.37	-0.33	-1.09	-1.03	-0.97	-0.91	-0.85	-0.80	-0.74
EBITDA	-98.35	9.01	-127.38	11.76	10.46	10.99	11.21	11.43	11.66
Total Assets	334.08	354.51	225.76	230.03	237.22	244.75	252.43	260.25	268.23
X3	-0.29	0.03	-0.56	0.05	0.04	0.04	0.04	0.04	0.04
Market Value of Equity	202.58	202.58	202.58	202.58	192.99	183.85	175.14	166.84	158.94
Total Liabilities	53.04	64.61	63.82	57.60	57.60	57.60	57.60	57.60	57.60
X4	3.82	3.14	3.17	3.52	3.35	3.19	3.04	2.90	2.76
Net Sales	146.64	164.52	166.17	169.31	174.39	183.11	186.77	190.51	194.32
Total Assets	334.08	354.51	225.76	230.03	237.22	244.75	252.43	260.25	268.23
X5	0.44	0.46	0.74	0.74	0.74	0.75	0.74	0.73	0.72
Altman Z Score	1.49	2.25	-0.22	2.52	2.49	2.49	2.47	2.46	2.45

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

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

SN VALUATION

Economic Indicators

Indicators	Period	Value	Previous Value	Chg %	Released
Adjusted National Financial Conditions Index	Jan 27 2012	0.19	0.19	1.28%	Error
Case-Shiller Home Price Index: National	Sep 2011	127.78	129.35	-1.21%	-0.0395
Philly Fed Manufacturing Activity Index	Jan 2012	7.3	6.80	7.35%	-0.578
Philly Fed Manufacturing Future Activity Index	Jan 2012	49	40.00	22.50%	0.0294
US Average Claims for Unemployment Insurance	Jan 14 2012	3570	3585.417294	-0.43%	-0.1169
US Average Initial Claims for Unemployment Insurance	Jan 21 2012	377.50K	N/A	-0.66%	-0.098
US Industrial Production Index	Nov 2011	94.83	95.04	-0.22%	0.0374
US Initial Claims for Unemployment Insurance	Jan 21 2012	377.00K	N/A	5.90%	-0.0916
US Producer Price Index	Dec 2011	192.6	192.79	-0.10%	0.0484
US Quits Rate: Total Nonfarm	Nov 2011	0.015	0.015	0.00%	0.1538
US Quits: Total Nonfarm	Nov 2011	1960	1919.12	2.13%	0.1185
US Retail Sales	Dec 2011	357980000	357,944,206	0.01%	0.0627
US Total Business Inventories	Nov 2011	1.55T	N/A	0.32%	0.0855
US Total Business Inventory/Sales Ratio	Nov 2011	1.27	1.27	0.00%	-0.0078
US Total Business Sales	Nov 2011	1.22T	N/A	0.31%	0.096
US Total Separations Rate: Total Nonfarm	Nov 2011	0.03	0.03	0.00%	0
US Total Separations: Total Nonfarm	Nov 2011	4000	3902.82	2.49%	0.0326

U.S. Key Indicators

10 Year Treasury Rate	1.87%
US Producer Price Index	192.6
US Initial Claims for Unemployment Insurance	377.00K
US 30 Year Mortgage Rate	3.98%
US Average Claims for Unemployment Insurance	3,570
US Retail Sales	357,980,000
US Unemployment Rate	0.085
US Durable Goods Orders	214,520,000
US Purchasing Managers Index	54.1
US Personal Consumption Expenditures	10.86T
US Consumer Price Index	226.75
US Consumer Sentiment	69.8
US Housing Starts	657.00K

Korea Key Indicators

	Period	Value	Chg from 1 Year
Gold Price in Korean Won	Jan 20 2012	1,874,915	24.26%
Korea Change in Stocks	Sep 2011	3.3	230.00%
Korea Consumer Price Index	Dec 2011	122.13	4.16%
Korea Core Consumer Price Index	Dec 2011	117.45	2.68%
Korea Core Inflation Rate	Oct 2011	0.0315	68.28%
Korea GDP	Sep 2011	310.1	5.30%
Korea Inflation Rate	Oct 2011	0.039	-3.90%
Korea Manufacturing Producer Price Index	Nov 2011	125.69	6.71%
Korea Misery Index	Oct 2011	7	-7.39%
Korea Real GDP Growth	Sep 2011	0.0349	-20.14%
Korea Unemployment Rate	Nov 2011	0.031	-3.12%

Source: Ycharts.com

2012-02-02