

Rue21 (RUE)

Price:	\$41.61	Net Tang. Bk Value Incl. Cash, Excl.	\$186,030,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$612,334,438.15
Market Cap:	\$977,002,800	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$138,595,820.27
Cash:	\$55,700,000	NTBVIC/Market Downside Recovery:	19.04%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$0	Op. Cash Flow:	\$97,847,042	Year 5 Disposition Price:	\$1,028,121,898.97
Net Cash:	\$55,700,000	Implied Years to Fill Gap:	8.08		
Enterprise Value:	\$921,302,800	Today's Equity if 5x Op. CF:	\$479,571,126		
		Net Tang. Book+ Gain Disposition:			\$1,028,121,898.97
Shares Outstanding:	23,480,000	IRR:			1.03%
				Price:	\$43.79
				Target Market Cap:	\$1,028,121,899
				Target Enterprise Value:	\$972,421,899

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

Heesu Sin wrote a great piece valuing the buyout offer from a PE firm.

We believe the offer price for \$42 is pricey. It is roughly the value extractable through 8 years of FCF + today's Net tangible book value.

Surely, the revenue growth has been phenomenal at 15-20% over the past 4 years, but like any fashion business, it can run out of love from the consumers and all the money that went toward expanding their geographic footprint could become idle capital, even resulting in operational cash burn. The risk of overexpanding is always a risk and it is an integral part of the company's strategy, so there should be a compensation in line with the risk/reward.

Should the PE firm be able to maneuver the growth strategy as planned, then come Year 5, the Co. would have a tangible book value of roughly \$600MM and shoot off \$100MM in op. cash flow annually. If we assume a 5 year FCF from the cash portion, then a disposition price of \$1.1 BB would match today's offer price.

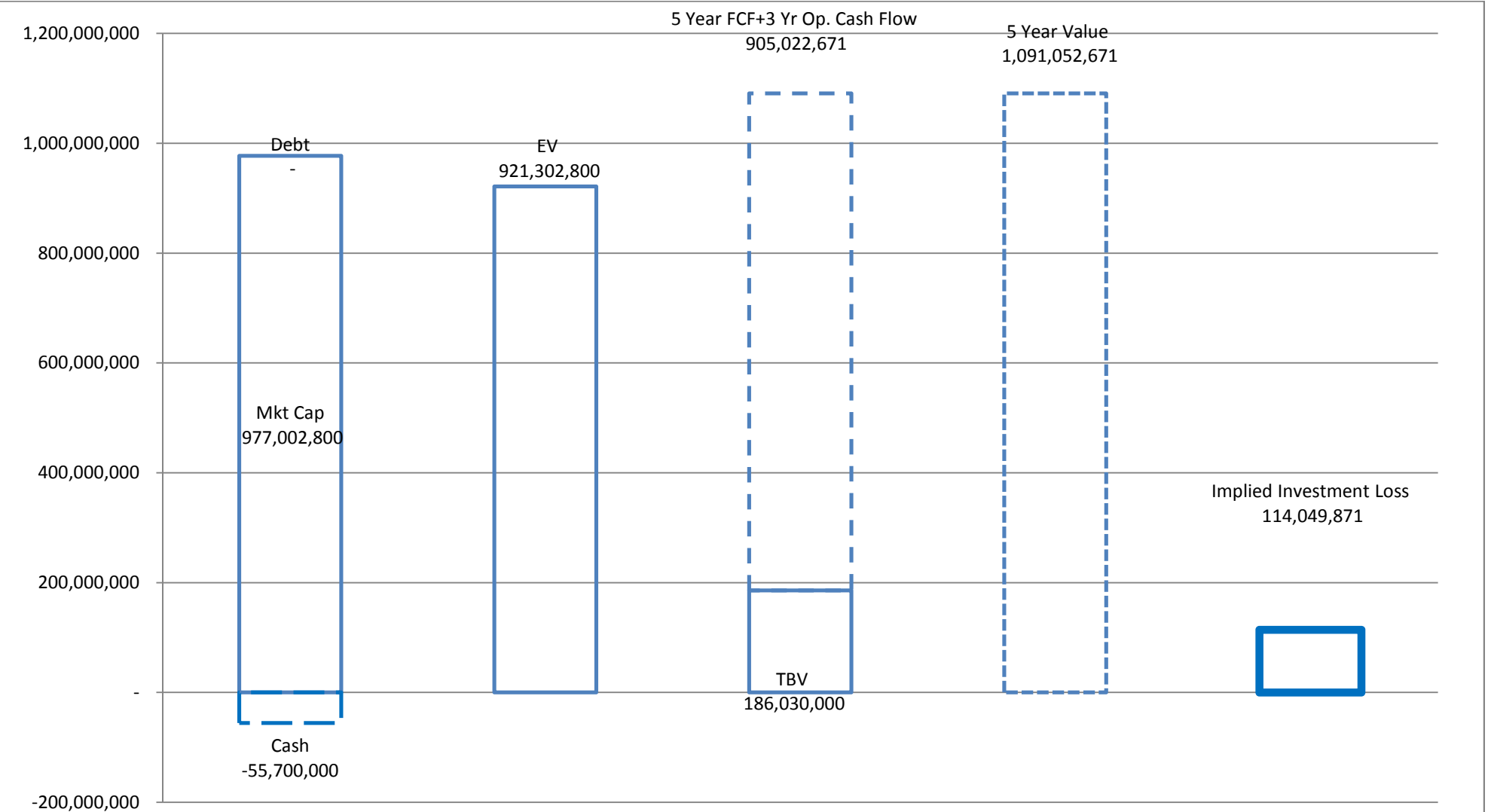
I don't see why another PE firm, or market investors, 5 years down the line would acquire the Co. for more than \$1.5BB at a max, or Year 5 TBV+ 10 years op. cash.

As one can see from the chart, the bulk of the acquisition price is the recovery of future cash flow, which may never materialize. There is very little downside support.

We believe the PE Firm paid a heavy premium and the success of the flip is entirely based on the acceptance of the clothing brand in new markets.

Rue21, inc. was incorporated in Pennsylvania in October 1976. The company changed its name to rue21, inc. in May 2003 and reincorporated in Delaware on October 30, 2009. It is a specialty apparel retailer offering the newest fashion trends. It is a specialty apparel retailer. As of February 2, 2013, it operated 877 stores in 47 states throughout the United States. It offers a complete assortment of fashion apparel and accessories for girls and guys, including graphic t-shirts, denim, dresses, shirts, hoodies, belts, jewelry, handbags, footwear, intimate apparel and other accessories at day great value. It seeks to identify the most current fashion trends in the market and utilize its product and sourcing teams to quickly introduce these fashions to its stores. All its brands are sold exclusively through its own stores. Its apparel and accessory brands include rue21 (Girls apparel), rue21 etc!, (Girls accessories), terea by rue21 (Girls intimate apparel), Carbon and CJ Black (Guys apparel), and Carbon Elements (Guys accessories). In addition, it sells its own line of fragrances under names of rue by rue21, revert eco rue21, CJ Black, sparkle rue21, Pink Ice by rue21, MetroBlack rue21, terea by rue21, twentyone black, runway21 by rue21, Carbon Elements, Intense by rue21, and rue21 etc!. The company uses website and social networking to promote its brand image. At a store level, it reinforces its brands through in-store signage, events, and product labeling, and by hiring diverse, energetic and enthusiastic individuals. The company's competitors include Walmart, Target, Kohl's, Dillard', JC Penney, and other junior retailers. The company is subject to labor and employment laws, laws governing advertising and promotions, privacy laws, safety regulations and other laws, including consumer protection regulations that regulate retailers and/or govern the promotion and sale of merchandise and the operation of stores and warehouse facilities. facilities.

Company Name:	Rue21	Market Capitalization:	\$977,002,800.00	Revenue:	\$920,650,000.00	100.0%
Ticker Symbol:	RUE	Total Debt:	\$0.00	Cost of Goods Sold:	\$575,130,000.00	62.5%
Last Price:	\$41.61	Total Cash:	\$55,700,000.00	Gross Profit:	\$345,520,000.00	37.5%
Net Cash/Share:	\$2.37	Net Cash/(Debt):	\$55,700,000.00	EBITDA:	\$101,610,000.00	11.0%
Net Cash to Last Price:	5.70%	Enterprise Value:	\$921,302,800.00	Net Income:	\$43,100,000.00	4.7%
Shares Outstanding:	23,480,000	Current EV/Share:	\$39.24			
Industry:	Apparel Stores	EBITDA:	\$134,380,000.00			
Sector:	Consumer Cyclical	EV/EBITDA Multiple:	6.86	Balance Sheet		
Institutional Ownership:	#VALUE!	EV/EBITDA Multiple Average Year 1-5:	5.01	Cash:	\$55,700,000.00	
Mutual Fund Ownership:	35.24%	EV/FCF Multiple (excluding acquisition):	62.08	Short Term Investment:	\$0.00	
Insider Ownership:	5.49%	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	11.72	A/R:	\$11,000,000.00	
Retail Ownership:	#VALUE!			PP&E:	\$153,000,000.00	
Float:	0.55%			Assets:	\$413,450,000.00	
		Upper Range		A/P:	\$109,000,000.00	
		DCF: EV/EBITDA Terminal Value		Deferred Tax:	\$8,070,000.00	
				Other Liabilities:	\$113,220,000.00	
Technicals		Implied TV from 3 X EV/EBITDA Multiple	\$624,654,853.74	Short term Debt:	\$0.00	
52 week low:	\$23.85			Long Term Debt:	\$0.00	
Today from 52 week low:	74.47%	Enterprise Value	\$624,654,853.74	Liabilities:	\$230,290,000.00	
52 week high:	\$42.49	Cash at Year 5:	\$448,679,101.35	Retained Earnings:	\$160,000,000.00	
Today from 52 week high:	2.11%	Debt at Year 5:	\$0.00	Paid-In Capital:	\$51,030,000.00	
50 day Moving Average:	Error	Equity Value Year 5:	\$1,073,333,955.09	Treasury Stock:	-\$25,000,000.00	
200 day Moving Average:	Error	Equity/Share at Year 5:	\$45.71	Stockholder's Equity:	\$186,030,000.00	
		Annualized Return:	1.90%			
Analyst/Consensus		Lower Range		Cash Flow		
Analyst Sales Growth FY1:	13.10%	DCF: Net Tangible Asset excluding Cash/Debt Terminal Value		Net Income:	43,900,000.00	
Analyst Sales Growth FY2:	12.50%			Depreciation/Amortization:	32,960,000.00	
SN Valuation Estimate FY1:	20.00%	Year 5 Net Tangible Assets excluding cash and debt	\$122,950,000.00	Change in Working capital:	-8,840,000.00	
SN Valuation Estimate FY2:	15.00%			Cash from Operating Activities:	74,980,000.00	
Analyst Earnings Estimate FY1:	\$1.97	Enterprise Value	\$122,950,000.00	Capital Expenditures:	-60,130,000.00	
Analyst Earnings Estimate FY2:	\$2.31	Cash at Year 5:	\$448,679,101.35	Cash from Investing Activities:	-50,130,000.00	
SN Valuation Earnings Est. FY1:	\$2.48	Debt at Year 5:	\$0.00	Total Cash Dividends Paid:	0.00	
SN Valuation Earnings Est. FY2:	\$2.98	Equity Value Year 5:	\$571,629,101.35	Issuance (Retirement) of Stock:	-24,310,000.00	
		Equity/Share at Year 5:	\$24.35	Issuance (Retirement) of Debt:	0.00	
		Annualized Return:	-10.17%	Cash from Financing Activities:	-23,290,000.00	
Multiples		EVA				
Market Value to Book:	5.25	EVA today:	\$230,573,825.13	Profitability Margins		
EV to Book:	4.95	EVA in 5 Years:	\$561,186,519.43	Debt to Equity:	0.00%	
Market Value to Tangible Net Assets:	7.95	EVA/Share:	\$23.90	Return on Assets:	10.62%	
P/E Ratio:	22.67	Cash at Year 5:	\$448,679,101.35	Return on Capital:	23.60%	
Trailing P/E Ratio:	23.91	Debt at Year 5:	\$0.00	Return on Equity:	23.60%	
Forward P/E Ratio:	18.01	Equity Value Year 5:	\$1,009,865,620.79			
Beta:	1.99	Equity/Share at Year 5:	\$43.01			
Dividend:	0	Annualized return	19.47%			
Dividend Yield:	0.00%					
Dividend Date:	N/A	Current Net Tangible Asset				
Ex-Dividend Date:	N/A	Net Tangible Asset/Share:	\$7.80			
		Net Tangible Asset/Share in Year 5:	\$25.96			
Competitors		Annualized return	27.18%			
Average EV to EBITDA:	N/A	Current Equity Price:	\$41.61			
Company EV to EBITDA:	6.86	Selling at Discount?	Premium			
Average EV to EBIT:	N/A	Appreciation Potential:	-81.25%			
Company EV to EBITA:	13.46					



SN VALUATION

LBO Pro Forma Income Statement

Name:

Rue21

Ticker:

RUE

	Historical				Forecasted				
	52 weeks ending 2010-01-30	52 weeks ending 2011-01-29	52 weeks ending 2012-01-28	53 weeks ending 2013-02-02	2013	2014	2015	2016	2017
Revenue	525.60	634.73	760.30	901.89	1,082.27	1,244.61	1,431.30	1,645.99	1,892.89
COGS	337.69	399.90	473.66	556.37	671.01	771.66	887.41	1,020.52	1,173.59
Gross margin	187.91	234.83	286.64	345.52	411.26	472.95	543.89	625.48	719.30
SG&A	133.81	162.78	196.85	244.00	292.21	336.04	386.45	444.42	511.08
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.27	0.22	0.33	0.10	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					30.00	30.00	30.00	30.00	30.00
Operating Income (EBITA)	53.83	71.83	89.46	101.42	89.05	106.91	127.44	151.06	178.22
Interest income/(expense)	-0.44	-0.08	0.00	0.03	0.64	0.64	0.64	0.64	0.64
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	36.40	49.77	62.85	68.49	89.68	107.54	128.08	151.69	178.85
Tax	14.38	19.53	23.90	24.59	31.39	37.64	44.53	53.09	62.60
Income after tax	22.02	30.24	38.95	43.90	58.30	69.90	83.25	98.60	116.25
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	22.02	30.24	38.95	43.90	58.30	69.90	83.25	98.60	116.25
* Figures are in millions (\$)									
EPS (based off today's share count)	\$0.94	\$1.29	\$1.66	\$1.87	\$2.48	\$2.98	\$3.55	\$4.20	\$4.95
P/E (historical today's price; forecasted intrinsic price)	44.37	32.31	25.08	22.26	16.93	14.26	12.10	10.32	8.84
Revenue Growth	N/A	20.76%	19.78%	18.62%	20.00%	15.00%	15.00%	15.00%	15.00%
Tax Rate	39.51%	39.24%	38.03%	35.00%	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	64.25%	63.00%	62.30%	61.69%	62.00%	62.00%	62.00%	62.00%	62.00%
Gross margin	35.75%	37.00%	37.70%	38.31%	38.00%	38.00%	38.00%	38.00%	38.00%
SG&A	25.46%	25.65%	25.89%	27.05%	27.00%	27.00%	27.00%	27.00%	27.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.05%	0.03%	0.04%	0.01%	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%	2.77%	2.41%	2.10%	1.82%	1.58%
Operating Income (EBITA)	10.24%	11.32%	11.77%	11.25%	8.23%	8.59%	8.90%	9.18%	9.42%
Interest income/(expense)	-0.08%	-0.01%	0.00%	0.00%	0.06%	0.05%	0.04%	0.04%	0.03%
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	6.93%	7.84%	8.27%	7.59%	8.29%	8.64%	8.95%	9.22%	9.45%
Tax	2.74%	3.08%	3.14%	2.73%	2.90%	3.02%	3.13%	3.23%	3.31%
Income after tax	4.19%	4.76%	5.12%	4.87%	5.39%	5.62%	5.82%	5.99%	6.14%
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	4.19%	4.76%	5.12%	4.87%	5.39%	5.62%	5.82%	5.99%	6.14%

	As of 2010-01-30	As of 2011-01-29	As of 2012-01-28	As of 2013-02-02	As of 2013-05-04	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	26.75	50.11	41.96	43.52	55.70			55.70	93.55	148.93	224.49	323.25	448.68
Short term investment	0.00	0.00	30.00	20.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	26.75	50.11	71.96	63.52	55.70			55.70	93.55	148.93	224.49	323.25	448.68
Accounts Receivable	3.83	6.29	6.67	10.55	11.00			11.00	11.00	11.00	11.00	11.00	11.00
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	3.83	6.29	6.67	10.55	11.00			11.00	11.00	11.00	11.00	11.00	11.00
Total Inventory	72.69	96.05	131.14	157.27	168.20			168.20	168.20	168.20	168.20	168.20	168.20
Prepaid Expenses	6.78	10.58	11.77	13.90	15.63			15.63	15.63	15.63	15.63	15.63	15.63
Other Current Assets	4.29	5.02	5.12	5.91	5.85			5.85	5.85	5.85	5.85	5.85	5.85
Current Assets	114.34	168.05	226.66	251.15	256.38	0.00	0.00	256.38	294.23	349.61	425.17	523.93	649.36
PP&E, Gross	129.17	167.12	218.57	294.41	295.00			295.00	355.00	415.00	475.00	535.00	595.00
Change in Depreciation	16.99	21.98	26.62	32.96	32.96			32.96	39.55	45.48	52.31	60.15	69.18
Accumulated Depreciation	56.02	75.75	100.78	141.40	142.00			142.00	181.55	227.04	279.34	339.50	408.67
PP&E, Net	73.15	91.37	117.79	153.01	153.00			153.00	173.45	187.96	195.66	195.50	186.33
Goodwill	0.00	0.00	0.00	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	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	0.00
Other long term assets	0.94	0.92	3.56	3.50	4.07			4.07	4.07	4.07	4.07	4.07	4.07
Long Term Assets	74.09	92.29	121.35	156.51	157.07			157.07	177.52	192.03	199.73	199.57	190.40
Total Assets	188.43	260.34	348.01	407.66	413.45	0.00	0.00	413.45	471.75	541.65	624.90	723.50	839.75
Accounts Payable	59.96	81.63	103.91	108.76	109.00			109.00	109.00	109.00	109.00	109.00	109.00
Accrued Expense	24.87	27.67	28.61	33.13	34.00			34.00	34.00	34.00	34.00	34.00	34.00
Other current Liabilities	7.91	9.03	9.72	10.35	15.79			15.79	15.79	15.79	15.79	15.79	15.79
Total Current Liabilities	92.74	118.33	142.24	152.24	158.79	0.00	0.00	158.79	158.79	158.79	158.79	158.79	158.79
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	4.25	5.65	11.59	9.62	8.07			8.07	8.07	8.07	8.07	8.07	8.07
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	23.99	34.23	46.97	59.33	63.43			63.43	63.43	63.43	63.43	63.43	63.43
Total Liabilities	120.98	158.21	200.80	221.19	230.29	0.00	0.00	230.29	230.29	230.29	230.29	230.29	230.29
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	0.02	0.02	0.02	0.03	0.03		0.00	0.03	0.03	0.03	0.03	0.03	0.03
Additional Paid-in capital	27.11	31.55	37.70	50.28	51.00	0.00	0.00	51.00	51.00	51.00	51.00	51.00	51.00
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	40.31	70.55	109.50	153.40	160.00		0.00	160.00	218.30	288.20	371.45	470.05	586.30
Treasury Stock	0.00	0.00	0.00	-25.40	-25.00		0.00	-25.00	-25.00	-25.00	-25.00	-25.00	-25.00
Other Equity	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Equity	67.44	102.12	147.22	178.31	186.03	0.00	0.00	186.03	244.33	314.23	397.48	496.08	612.33
Liability + Equity	188.42	260.33	348.02	399.50	416.32	0.00	0.00	416.32	474.62	544.52	627.77	726.37	842.62
Variance	0.01	0.01	-0.01	8.16	-2.87			-2.87	-2.87	-2.87	-2.87	-2.87	-2.87
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	7.23	6.61	5.80	5.73	6.43			5.36	6.43	7.40	8.51	9.79	11.25
Inventory Turnover Days	50.48	55.23	62.96	63.65	56.73			68.07	56.73	49.33	42.89	37.30	32.43
Days Inventory Outstanding	78.57	87.67	101.06	103.18	91.49			110.35	91.49	79.56	69.18	60.16	52.31
Accounts Receivable Turnover	137.23	100.91	113.99	85.49	98.39			81.99	98.39	113.15	130.12	149.64	172.08
Accounts Receivable Turnover Days	2.66	3.62	3.20	4.27	3.71			4.45	3.71	3.23	2.81	2.44	2.12
Days Payable Outstanding	64.81	74.51	80.07	71.35	59.29			71.51	59.29	51.56	44.83	38.99	33.90
Days Sales Outstanding	2.66	3.62	3.20	4.27	3.71			4.27	4.45	3.71	3.23	2.81	2.44
Cash Conversion Cycle	16.42	16.78	24.19	36.09	35.91			43.11	36.65	31.71	27.58	23.98	20.85
Net tangible assets/share	\$2.87	\$4.35	\$6.27	\$7.59	\$7.92			\$10.41	\$13.38	\$16.93	\$21.13	\$26.08	

	52 weeks ending 2010-01-30	52 weeks ending 2011-01-29	52 weeks ending 2012-01-28	53 weeks ending 2013-02-02	2011	2012	2013	2014	2015
Net Income	22.02	30.24	38.95	43.90	58.30	69.90	83.25	98.60	116.25
Depreciation	16.99	21.98	26.62	32.96	39.55	45.48	52.31	60.15	69.18
Net Income + Depreciation	39.01	52.22	65.57	76.86	97.85	115.39	135.56	158.76	185.43
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	1.16	0.66	5.84	-2.75	0.00	0.00	0.00	0.00	0.00
Non Cash Items	0.41	1.14	4.94	9.70	0.00	0.00	0.00	0.00	0.00
Change in Working capital	8.20	7.62	-2.15	-8.84	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-2.46	-0.38	-3.88	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	-23.36	-35.09	-26.13	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-3.80	-1.19	-2.13	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	21.67	22.28	4.85	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	48.78	61.64	74.20	74.97	97.85	115.39	135.56	158.76	185.43
Capital Expenditures Expenditures	-33.63	-40.48	-53.55	-60.13	-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	0.00	0.00	-30.00	10.00	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-33.63	-40.48	-83.55	-50.13	-60.00	-60.00	-60.00	-60.00	-60.00
Financing Cash flow items	0.12	1.51	0.64	1.02	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	26.35	0.69	0.56	-24.31	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	-19.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	6.99	2.20	1.20	-23.29	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	4.61	26.75	50.11	41.96	55.70	93.55	148.93	224.49	323.25
Net Change in Cash	22.14	23.36	-8.15	1.56	37.85	55.39	75.56	98.76	125.43
Ending Cash Balance	26.75	50.11	41.96	43.52	93.55	148.93	224.49	323.25	448.68
Capex to Revenue	6.40%	6.38%	7.04%	6.67%	5.54%	4.82%	4.19%	3.65%	3.17%
Depreciation to Sales	3.23%	3.46%	3.50%	3.65%	3.65%	3.65%	3.65%	3.65%	3.65%
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	0.73%	0.99%	0.88%	1.17%	0.97%	0.85%	0.74%	0.64%	0.56%
Distributable FCF/EV Yield	1.64%	2.30%	-1.01%	2.70%	4.11%	6.01%	8.20%	10.72%	13.61%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	15.15	21.16	20.65	14.84	37.85	55.39	75.56	98.76	125.43

SN VALUATION

LBO Debt Schedule

Ticker:

RUE

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	1.56	37.85	55.39	75.56	98.76	125.43
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		63.52				
Interest @ 1.0%		0.64	0.64	0.64	0.64	0.64
Net Interest Expense/(Income)		(0.64)	(0.64)	(0.64)	(0.64)	(0.64)
Net Interest Rate		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
EBITDA		89.05	106.91	127.44	151.06	178.22
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:

Rue21

Ticker:

RUE

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	21.60	49.72	84.42	97.59	135.44	190.82	266.38	365.14	490.57
Total Assets	188.43	260.34	348.01	413.45	471.75	541.65	624.90	723.50	839.75
X1	0.11	0.19	0.24	0.24	0.29	0.35	0.43	0.50	0.58
Retained Earnings	40.31	70.55	109.50	160.00	218.30	288.20	371.45	470.05	586.30
Total Assets	188.43	260.34	348.01	413.45	471.75	541.65	624.90	723.50	839.75
X2	0.21	0.27	0.31	0.39	0.46	0.53	0.59	0.65	0.70
EBITDA	53.83	71.83	89.46	101.42	119.05	136.91	157.44	181.06	208.22
Total Assets	188.43	260.34	348.01	413.45	471.75	541.65	624.90	723.50	839.75
X3	0.29	0.28	0.26	0.25	0.25	0.25	0.25	0.25	0.25
Market Value of Equity	977.00	977.00	977.00	977.00	987.02	997.14	1,007.36	1,017.69	1,028.12
Total Liabilities	120.98	158.21	200.80	230.29	230.29	230.29	230.29	230.29	230.29
X4	8.08	6.18	4.87	4.24	4.29	4.33	4.37	4.42	4.46
Net Sales	525.60	634.73	760.30	901.89	1,082.27	1,244.61	1,431.30	1,645.99	1,892.89
Total Assets	188.43	260.34	348.01	413.45	471.75	541.65	624.90	723.50	839.75
X5	2.79	2.44	2.18	2.18	2.29	2.30	2.29	2.28	2.25
Altman Z Score	9.01	7.66	6.68	6.36	6.69	6.90	7.09	7.27	7.43

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

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	186.03	244.33	314.23	397.48	496.08	612.33				612.33
Annual Change		58.30	69.90	83.25	98.60	116.25				
Annual FCF	14.84	37.85	55.39	75.56	98.76	125.43	78.60	78.60	78.60	235.79
Annual Op. Cash Flow	74.97	97.85	115.39	135.56	158.76	185.43	138.60	138.60	138.60	
Annual PP&E Investment	(60.13)	(60.00)	(60.00)	(60.00)	(60.00)	(60.00)	(60.00)	(60.00)	(60.00)	
Today's Tangible Book Value	186.03	236.08	299.60	380.21	482.51	612.33				848.12
Intrinsic Value IRR	26.91%									
Market Price	977.00	949.75	923.25	897.50	872.46	848.12				848.12
Market Price IRR	-2.79%									

Debt	0.00%	0.00
Equity	100.00%	977.00
Total	100.00%	977.00

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5			
Book Equity	186.03	977.00	1,035.30	1,105.20	1,188.45	1,287.05	1,403.31			
Goodwill	0	790.97	790.97	790.97	790.97	790.97	790.97			
Debt	0	0.00	0.00	0.00	0.00	0.00	0.00			
Debt Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%			
Additional Interest Expense		0.00	0.00	0.00	0.00	0.00				
Tangible Book Value	186.03	186.03	244.33	314.23	397.48	496.08	612.33			612.33
Annual Change			58.30	69.90	83.25	98.60	116.25			
Annual FCF	14.84		37.85	55.39	75.56	98.76	125.43	125.43	125.43	376.29
Annual Net Income	43.90		58.30	69.90	83.25	98.60	116.25	116.25	116.25	
Annual Op. Cash Flow	74.97		97.85	115.39	135.56	158.76	185.43	185.43	185.43	
Dividend Payments										
Annual PP&E Investment	(60.13)		(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										988.63
Remaining Debt Balance										0.00
Capital Left for Equity Investor										988.63
Dividend Payments										0.00
Total Cash In Flow										988.63
Invested Equity	977.00	979.32	981.64	983.96	986.29	988.63				
IRR	0.24%									

Value Creation

TBV Growth (equals sum of NI Year 1-5)	426.30
Cash Flow (Year 6-8)	376.29
802.60	

Value Dilution

Debt	0.00
Goodwill	790.97
Additional Interest	0.00
790.97	