

Seneca Foods (SENEA)

Price:	\$30.25
Shares Outstanding:	10,740,000
Market Cap:	\$324,885,000
Cash:	\$17,880,000
Debt:	\$268,140,000
Net Cash:	-\$250,260,000
Enterprise Value:	\$575,145,000

Net Tang. Bk Value Incl. Cash, Excl.	\$398,370,000.00
Goodwill (NTBVIC):	
NTBVIC/Market Downside Recovery:	122.62%
Op. Cash Flow:	\$26,408,870
Implied Years to Fill Gap:	-2.78
Today's Equity if 5x Op. CF:	\$477,596,610

Net Tang. Book Yr. 5 (Inc. Cash):	\$414,164,350.00
Avg. Year Op. Cash:	\$26,408,870.00
Year 5 Disposition FCF Multiple:	3.0
Year 5 Disposition Price:	\$493,390,960.00
Net Tang. Book+ Gain Disposition:	\$493,390,960.00
IRR:	8.72%

Price:	\$45.94
Target Market Cap:	\$493,390,960
Target Enterprise Value:	\$743,650,960

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

P/B of 0.82x, has a lot of tangible assets in the form of factories and warehouses. Makes chips and food items.

Generates positive +\$25 MM in annual cash flow, of which \$15 MM goes back into cap ex.

Debt is revolving credit with a 1.5% interest rate.

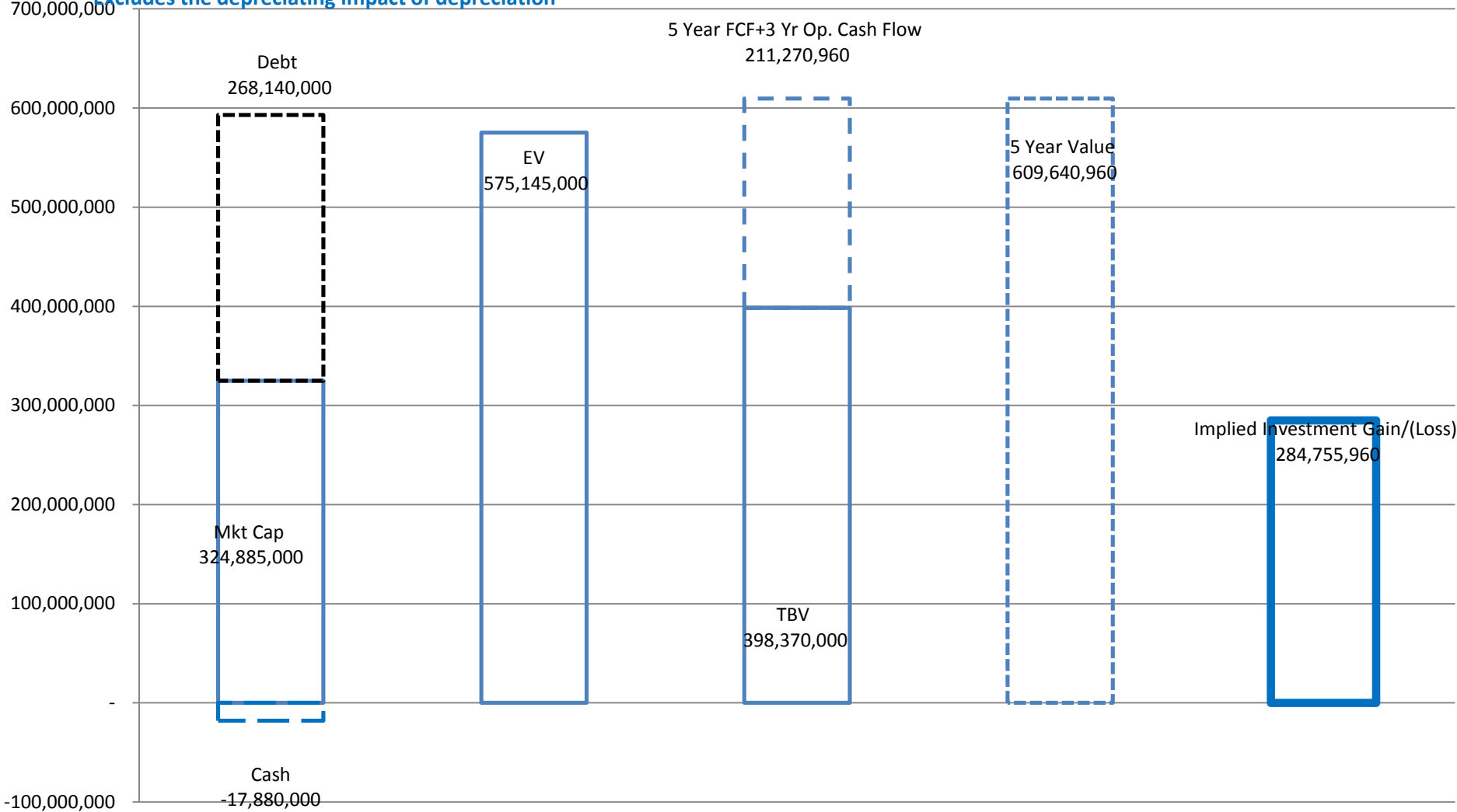
I like how there is no goodwill booked. Possibly, they wrotedown goodwill over the years (been in business for 70 years), but we hope it is organic growth.

Simple business selling canned fruits.

It is a BUY.

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Excludes the depreciating impact of depreciation



SN VALUATION

LBO Pro Forma Income Statement

Name:

Seneca Foods

Ticker:

SENEA

	Historical				Forecasted				
	12 months ending 2010-03-31	12 months ending 2011-03-31	12 months ending 2012-03-31	12 months ending 2013-03-31	2013	2014	2015	2016	2017
Revenue	1,280.11	1,189.59	1,257.81	1,276.30	1,276.30	1,276.30	1,276.30	1,276.30	1,276.30
COGS	1,129.82	1,096.36	1,164.99	1,134.98	1,186.96	1,186.96	1,186.96	1,186.96	1,186.96
Gross margin	150.29	93.23	92.82	141.32	89.34	89.34	89.34	89.34	89.34
SG&A	65.13	60.42	67.97	68.65	76.58	76.58	76.58	76.58	76.58
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.16	1.50	-0.63	3.75	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	-0.98	-0.15	-2.22	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
Operating Income (EBITA)	85.00	32.29	25.63	70.94	12.76	12.76	12.76	12.76	12.76
Interest income/(expense)	-9.64	-8.82	-8.10	-7.48	-7.90	-7.90	-7.90	-7.90	-7.90
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	75.36	23.47	17.52	63.45	4.86	4.86	4.86	4.86	4.86
Tax	26.95	5.80	6.26	22.04	1.70	1.70	1.70	1.70	1.70
Income after tax	48.41	17.67	11.26	41.41	3.16	3.16	3.16	3.16	3.16
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	48.41	17.67	11.26	41.41	3.16	3.16	3.16	3.16	3.16
* Figures are in millions (\$)									
EPS (based off today's share count)	\$4.51	\$1.65	\$1.05	\$3.86	\$0.29	\$0.29	\$0.29	\$0.29	\$0.29
P/E (historical today's price; forecasted intrinsic price)	6.71	18.39	28.85	7.85	111.81	121.56	132.15	143.67	156.19
Revenue Growth	N/A	-7.07%	5.73%	1.47%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	35.76%	24.71%	35.73%	34.74%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-4.50%	-3.79%	-3.46%	-2.77%	-2.97%	-2.97%	-2.97%	-2.97%	-2.97%
Margins									
COGS	88.26%	92.16%	92.62%	88.93%	93.00%	93.00%	93.00%	93.00%	93.00%
Gross margin	11.74%	7.84%	7.38%	11.07%	7.00%	7.00%	7.00%	7.00%	7.00%
SG&A	5.09%	5.08%	5.40%	5.39%	6.00%	6.00%	6.00%	6.00%	6.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.01%	0.13%	-0.05%	0.29%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	-0.08%	-0.01%	-0.17%	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)	6.64%	2.71%	2.04%	5.56%	1.00%	1.00%	1.00%	1.00%	1.00%
Interest income/(expense)	-0.75%	-0.74%	-0.64%	-0.59%	-0.62%	-0.62%	-0.62%	-0.62%	-0.62%
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	5.89%	1.97%	1.39%	4.97%	0.38%	0.38%	0.38%	0.38%	0.38%
Tax	2.11%	0.49%	0.50%	1.73%	0.13%	0.13%	0.13%	0.13%	0.13%
Income after tax	3.78%	1.49%	0.90%	3.24%	0.25%	0.25%	0.25%	0.25%	0.25%
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	3.78%	1.49%	0.90%	3.24%	0.25%	0.25%	0.25%	0.25%	0.25%

	As of 2010-03-31	As of 2011-03-31	As of 2012-03-31	As of 2013-03-31	As of 2013-12-28	Adjustment		Adjusted Proforma	2014	2015	2016	2017	2018
						+	-						
Cash	7.42	4.76	9.42	14.10	17.88			17.88	29,288.87	40.70	52.11	63.52	74.92
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	7.42	4.76	9.42	14.10	17.88			17.88	29.29	40.70	52.11	63.52	74.92
Accounts Receivable	73.46	78.54	77.11	82.93	83.00			83.00	83.00	83.00	83.00	83.00	83.00
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	73.46	78.54	77.11	82.93	83.00			83.00	83.00	83.00	83.00	83.00	83.00
Total Inventory	446.46	455.24	432.43	479.73	550.72			550.72	550.72	550.72	550.72	550.72	550.72
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	12.88	17.73	13.98	34.70	34.54			34.54	34.54	34.54	34.54	34.54	34.54
Current Assets	540.22	556.27	532.94	611.46	686.14	0.00	0.00	686.14	697.54887	708.96	720.37	731.78	743.18
PP&E, Gross	476.91	502.91	522.18	0.00	523.00			523.00	538.00	553.00	568.00	583.00	598.00
Change in Depreciation	22.41	22.58	22.69	23.25	23.25			23.25	23.25	23.25	23.25	23.25	23.25
Accumulated Depreciation	298.79	314.89	329.35	0.00	330.00			330.00	353.25	376.50	399.75	423.00	446.25
PP&E, Net	178.12	188.02	192.83	0.00	193.00			193.00	184.75	176.50	168.25	160.00	151.75
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	0.99	0.43	1.96	3.28	3.28			3.28	3.28	3.28	3.28	3.28	3.28
Long Term Assets	179.11	188.45	194.79	3.28	196.28			196.28	188.03	179.78	171.53	163.28	155.03
Total Assets	719.33	744.72	727.73	614.74	882.42	0.00	0.00	882.42	885.58	888.74	891.90	895.06	898.21
Accounts Payable	67.67	64.37	61.07	72.13	73.00			73.00	73.00	73.00	73.00	73.00	73.00
Accrued Expense	55.47	54.14	49.76	48.17	48.00			48.00	48.00	48.00	48.00	48.00	48.00
Other current Liabilities	6.12	0.49	0.00	4.10	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Current Liabilities	129.26	119.00	110.83	124.40	121.00	0.00	0.00	121.00	121.00	121.00	121.00	121.00	121.00
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	6.36	142.56	7.34	40.17	2.14			2.14	2.14	2.14	2.14	2.14	2.14
Long term Debt	207.92	90.06	226.87	230.02	266.00	0.00	0.00	266.00	266.00	266.00	266.00	266.00	266.00
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	214.28	232.62	234.21	270.19	268.14	0.00	0.00	268.14	268.14	268.14	268.14	268.14	268.14
Deferred Income tax	3.08	3.18	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	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	37.70	36.08	38.32	41.40	96.06			96.06	96.06	96.06	96.06	96.06	96.06
Total Liabilities	384.32	390.88	383.36	435.99	485.20	0.00	0.00	485.20	485.20	485.20	485.20	485.20	485.20
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	31.32	6.33	6.27	5.42	5.41			5.41	5.41	5.41	5.41	5.41	5.41
Common Stock	3.86	4.12	2.94	2.96	2.96		0.00	2.96	2.96	2.96	2.96	2.96	2.96
Additional Paid-in capital	65.91	90.78	92.14	93.07	93.00	0.00	0.00	93.00	93.00	93.00	93.00	93.00	93.00
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	249.20	266.85	278.08	319.47	320.00			320.00	323.16	326.32	329.48	332.64	335.79
Treasury Stock	-0.26	-0.26	-1.44	-31.20	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	-15.03	-13.98	-23.32	-23.00	-23.00		0.00	-23.00	-23.00	-23.00	-23.00	-23.00	-23.00
Total Equity	335.00	353.84	354.67	367.17	398.37	0.00	0.00	398.37	401.53	404.69	407.85	411.01	414.16
Liability + Equity	719.32	744.72	738.03	803.16	883.57	0.00	0.00	883.57	886.73	889.89	893.05	896.21	899.36
Variance	0.01	0.00	-10.30	-188.42	-1.15			-1.15	-1.15	-1.15	-1.15	-1.15	-1.15
Debt/Equity	0.64	0.66	0.66	0.74	0.67			0.67	0.67	0.66	0.66	0.65	0.65
Inventory Turnover	2.87	2.61	2.91	2.66	2.32			2.32	2.32	2.32	2.32	2.32	2.32
Inventory Turnover Days	127.30	139.68	125.49	137.19	157.50			157.50	157.50	157.50	157.50	157.50	157.50
Days Inventory Outstanding	144.23	151.56	135.48	154.28	169.35			177.11	169.35	169.35	169.35	169.35	169.35
Accounts Receivable Turnover	17.43	15.15	16.31	15.39	15.38			15.38	15.38	15.38	15.38	15.38	15.38
Accounts Receivable Turnover Days	20.95	24.10	22.38	23.72	23.74			23.74	23.74	23.74	23.74	23.74	23.74
Days Payable Outstanding	21.86	21.43	19.13	23.20	22.45			23.48	22.45	22.45	22.45	22.45	22.45
Days Sales Outstanding	20.95	24.10	22.38	23.72	23.74			23.72	23.74	23.74	23.74	23.74	23.74
Cash Conversion Cycle	143.32	154.23	138.73	154.80	170.64			177.35	170.64	170.64	170.64	170.64	170.64
Net tangible assets/share	\$31.19	\$32.95	\$33.02	\$34.19	\$37.09				\$37.39	\$37.68	\$37.97	\$38.27	\$38.56

	12 months ending 2010-03-31	12 months ending 2011-03-31	12 months ending 2012-03-31	12 months ending 2013-03-31	2014	2015	2016	2017	2018
Net Income	48.41	17.67	11.26	41.41	3.16	3.16	3.16	3.16	3.16
Depreciation	22.41	22.58	22.69	23.25	23.25	23.25	23.25	23.25	23.25
Net Income + Depreciation	70.82	40.25	33.95	64.66	26.41	26.41	26.41	26.41	26.41
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	4.25	1.72	1.37	-2.95	0.00	0.00	0.00	0.00	0.00
Non Cash Items	0.15	0.14	-0.81	1.22	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-37.11	-25.15	7.38	-31.95	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-5.08	1.43	-5.82	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	-8.78	22.81	-47.30	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-3.30	-3.30	11.06	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	38.11	16.96	41.89	30.98	26.41	26.41	26.41	26.41	26.41
Capital Expenditures Expenditures	-20.78	-19.47	-27.43	-16.37	-15.00	-15.00	-15.00	-15.00	-15.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	0.17	-19.10	-8.96	5.35	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-20.61	-38.57	-36.39	-11.02	-15.00	-15.00	-15.00	-15.00	-15.00
Financing Cash flow items	0.62	0.47	-1.23	0.28	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-0.02	-0.02	-0.02	-0.02	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.00	0.00	-1.18	-29.77	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	-16.52	18.51	1.59	14.24	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-15.92	18.96	-0.84	-15.27	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	5.85	7.42	4.76	9.42	17.88	29.29	40.70	52.11	63.52
Net Change in Cash	1.57	-2.66	4.66	4.68	11.41	11.41	11.41	11.41	11.41
Ending Cash Balance	7.42	4.76	9.42	14.10	29.29	40.70	52.11	63.52	74.92
Capex to Revenue	1.62%	1.64%	2.18%	1.28%	1.18%	1.18%	1.18%	1.18%	1.18%
Depreciation to Sales	1.75%	1.90%	1.80%	1.82%	1.82%	1.82%	1.82%	1.82%	1.82%
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	5.74%	6.60%	6.13%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Distributable FCF/EV Yield	3.04%	-3.76%	0.96%	3.47%	1.98%	1.98%	1.98%	1.98%	1.98%
Dividend Yield	-0.01%	-0.01%	-0.01%	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	17.35	-2.49	14.48	14.63	11.41	11.41	11.41	11.41	11.41

SN VALUATION

LBO Debt Schedule

Ticker:

SENEA

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	4.68	11.41	11.41	11.41	11.41	11.41
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	268.14	268.14	268.14	268.14	268.14	268.14
Current Portion Debt Balance	2.14	2.14	2.14	2.14	2.14	2.14
Long Term Debt Balance	266.00	266.00	266.00	266.00	266.00	266.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		0.00%	0.00%	0.00%	0.00%	0.00%
Interest Rate		3.00%	3.00%	3.00%	3.00%	3.00%
Interest Expense		8.04	8.04	8.04	8.04	8.04
Cash Balance		14.10				
Interest @ 1.0%		0.14	0.14	0.14	0.14	0.14
Net Interest Expense/(Income)		7.90	7.90	7.90	7.90	7.90
Net Interest Rate		2.97%	2.97%	2.97%	2.97%	2.97%
EBITDA		12.76	12.76	12.76	12.76	12.76
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

SN VALUATION

Altman Z Score

Company Name:

Seneca Foods

Ticker:

SENEA

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	410.96	437.27	422.11	565.14	576.55	587.96	599.37	610.78	622.18
Total Assets	719.33	744.72	727.73	882.42	885.58	888.74	891.90	895.06	898.21
X1	0.57	0.59	0.58	0.64	0.65	0.66	0.67	0.68	0.69
Retained Earnings	249.20	266.85	278.08	320.00	323.16	326.32	329.48	332.64	335.79
Total Assets	719.33	744.72	727.73	882.42	885.58	888.74	891.90	895.06	898.21
X2	0.35	0.36	0.38	0.36	0.36	0.37	0.37	0.37	0.37
EBITDA	85.00	32.29	25.63	70.94	12.76	12.76	12.76	12.76	12.76
Total Assets	719.33	744.72	727.73	882.42	885.58	888.74	891.90	895.06	898.21
X3	0.12	0.04	0.04	0.08	0.01	0.01	0.01	0.01	0.01
Market Value of Equity	324.89	324.89	324.89	324.89	353.20	383.99	417.45	453.84	493.39
Total Liabilities	384.32	390.88	383.36	485.20	485.20	485.20	485.20	485.20	485.20
X4	0.85	0.83	0.85	0.67	0.73	0.79	0.86	0.94	1.02
Net Sales	1,280.11	1,189.59	1,257.81	1,276.30	1,276.30	1,276.30	1,276.30	1,276.30	1,276.30
Total Assets	719.33	744.72	727.73	882.42	885.58	888.74	891.90	895.06	898.21
X5	1.78	1.60	1.73	1.45	1.44	1.44	1.43	1.43	1.42
Altman Z Score	3.85	3.45	3.58	3.39	3.22	3.27	3.32	3.37	3.43

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

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	398.37	401.53	404.69	407.85	411.01	414.16				414.16
Annual Change		3.16	3.16	3.16	3.16	3.16				
Annual FCF	14.61	11.41	11.41	11.41	11.41	11.41	11.41	11.41	11.41	34.23
Annual Op. Cash Flow	30.98	26.41	26.41	26.41	26.41	26.41	26.41	26.41	26.41	
Annual PP&E Investment	(16.37)	(15.00)	(15.00)	(15.00)	(15.00)	(15.00)	(15.00)	(15.00)	(15.00)	
Today's Tangible Book Value	398.37	401.48	404.61	407.77	410.96	414.16				448.39
Intrinsic Value IRR	0.78%									
Market Price	324.89	346.51	369.57	394.17	420.41	448.39				448.39
Market Price IRR	6.66%									

Debt	50.00%	162.44
Equity	50.00%	162.44
Total	100.00%	324.89

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	398.37	162.44	162.35	162.26	162.17	162.08	161.99				
Goodwill	0	(73.49)	(73.49)	(73.49)	(73.49)	(73.49)	(73.49)				
Debt	266	428.44	428.44	428.44	428.44	428.44	428.44				
Debt Interest Rate		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%				
Additional Interest Expense		4.95	4.95	4.95	4.95	4.95					
Tangible Book Value	398.37	235.93	235.84	235.75	235.66	235.57	235.48				235.48
Annual Change			-0.09	-0.09	-0.09	-0.09	-0.09				
Annual FCF	14.61	8.16	8.16	8.16	8.16	8.16	8.16	8.16	8.16	8.16	24.48
Annual Net Income	41.41		(0.09)	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)	
Annual Op. Cash Flow	30.98	23.16	23.16	23.16	23.16	23.16	23.16	23.16	23.16	23.16	
Dividend Payments											
Annual PP&E Investment	(16.37)		(15.00)	(15.00)	(15.00)	(15.00)	(15.00)	(15.00)	(15.00)	(15.00)	
Debt Paydown	0.00							0.00	0.00	0.00	
Sale Price in Year 5											259.96
Capital Left for Equity Investor											259.96
Dividend Payments											0.00
Total Cash In Flow											259.96
Invested Equity	162.44	178.46	196.06	215.39	236.62	259.96					
IRR	9.86%										

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.

<u>Value Creation</u>	
TBV Growth (equals sum of NI Year 1-5)	-0.45
Cash Flow (Year 6-8)	24.48
	24.03

<u>Value Dilution</u>	
Debt	162.44
Goodwill	-73.49
Additional Interest	24.75
	113.71