

January 25, 2012

SN VALUATION [Stocks, Real Estate, Bonds]

Analyst: Sung Nam

SMTC Corp (SMTX)

Price:	\$2.56	Price/Book:	1.26	EV/EBITDA 5x TV:	\$4.03
Market Cap:	\$41,471,999	Price/Earnings:	14.71	Net Tangible Asset TV:	\$4.53
Cash:	\$930,000	EV/EBITA:	3.77	SN Defined TV:	\$5.54
Debt:	\$12,680,000	EV/FCF:	4.16	Economic Value Added:	\$4.96
Net Cash:	-\$11,750,000	Net Tang. Asset/Share:	\$2.03	Year 5 Target:	\$4.76
Enterprise Value:	\$53,221,999	FCF/Share:	\$0.79	Appreciation:	86.053%

Overview

Dividend?

Dividend yield is 0.00%.

Price to Book

Price to book is 1.26. Price to book excluding goodwill is 1.26.

Cashflow Generation

Cashflows are \$10 MM from operating cashflow.

Capex is \$2 MM, minority interest payment is \$0 MM, intangibles are \$0 MM and dividend is \$0 MM.

Free cash flow is about \$8 MM.

4.4% EBITA margin and FCF yield is 15.6%.

The company has \$1.0 MM in cash/short term investment and \$13 MM in debt.

We are projecting a \$5.0 MM paydown annually.

Profitability

ROA is 12.6%, and ROC is 37.6%.

Bankruptcy Risk

Altman Z is at 0.03. The figure indicates a highly likely bankruptcy scenario, but low debt, high FCF reveals a brighter picture.

LBO?

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

Price

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Economic Indicators

Indicators	Period	Value	Previous Value	Chg %	Released
Adjusted National Financial Conditions Index	Jan 6 2012	-0.25	-0.25	-1.87%	-0.0215
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 7 2012	3580	3613.971331	-0.94%	-0.1227
US Average Initial Claims for Unemployment Insurance	Jan 14 2012	379.00K	N/A	-0.92%	-0.0987
US Industrial Production Index	Nov 2011	94.83	95.04	-0.22%	0.0374
US Initial Claims for Unemployment Insurance	Jan 14 2012	352.00K	N/A	-12.44%	-0.1945
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	2.05%
US Producer Price Index	192.6
US Initial Claims for Unemployment Insurance	352.00K
US 30 Year Mortgage Rate	3.88%
US Average Claims for Unemployment Insurance	3,580
US Retail Sales	357,980,000
US Unemployment Rate	0.085
US Durable Goods Orders	207,070,000
US Purchasing Managers Index	53.9
US Personal Consumption Expenditures	10.87T
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

2012-01-25

Altman Z Score

Company Name:

SMTC Corp

Ticker:

SMTX

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015
Working Capital	-20.85	-24.56	-8.80	-11.09	-10.27	-7.26	0.11	8.78	17.78
Total Assets	94.85	87.31	93.61	98.43	98.63	100.93	107.51	115.32	123.36
X1	-0.22	-0.28	-0.09	-0.11	-0.10	-0.07	0.00	0.08	0.14
Retained Earnings	-240.27	-246.17	-242.15	-229.80	-222.97	-215.67	-208.09	-200.28	-192.24
Total Assets	94.85	87.31	93.61	98.43	98.63	100.93	107.51	115.32	123.36
X2	-2.53	-2.82	-2.59	-2.33	-2.26	-2.14	-1.94	-1.74	-1.56
EBITDA	7.09	4.64	4.01	11.56	10.82	11.14	11.48	11.82	12.18
Total Assets	94.85	87.31	93.61	98.43	98.63	100.93	107.51	115.32	123.36
X3	0.07	0.05	0.04	0.12	0.11	0.11	0.11	0.10	0.10
Market Value of Equity	41.47	41.47	41.47	41.47	46.96	53.16	60.19	68.15	77.16
Total Liabilities	68.00	65.99	75.36	65.60	59.93	54.93	53.93	53.93	53.93
X4	0.61	0.63	0.55	0.63	0.78	0.97	1.12	1.26	1.43
Net Sales	200.98	206.88	179.51	262.58	270.46	278.57	286.93	295.54	304.40
Total Assets	94.85	87.31	93.61	98.43	98.63	100.93	107.51	115.32	123.36
X5	2.12	2.37	1.92	2.67	2.74	2.76	2.67	2.56	2.47
Altman Z Score	-1.08	-1.36	-1.35	0.03	0.28	0.63	0.98	1.32	1.64

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

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

SMTC Corporation (SMTC) is a provider of electronics manufacturing services (EMS), including product design and sustaining engineering services, printed circuit board assembly (PCBA), production, enclosure fabrication, systems integration and testing services, configuration to order and end customer fulfillment. SMTC offers two vertically integrated manufacturing streams: PCBA Products and Larger-scale Systems. SMTC provides a range of manufacturing services, from assembly, test, integration and box-build through to system level test, configure-to-order, and end-customer order fulfillment. The manufacturing services provided by the Company includes PCBA assembly services, system-level integration, box-build and test, enclosures and precision metal fabrication, custom interconnect, engineering services, global procurement and supply chain network, and management methods and tools. In September 2011, the Company acquired ZF Array Technology, Incorporated.

Company Name: SMTC Corp		Market Capitalization: \$41,471,999.07		Income Statement	
Ticker Symbol:	SMTX	Total Debt:	\$12,680,000.00	Revenue:	\$213,870,000.00 100.0%
Last Price:	\$2.56	Total Cash:	\$930,000.00	Cost of Goods Sold:	\$196,310,000.00 91.8%
Net Cash/Share:	-\$0.73	Net Cash/(Debt):	-\$11,750,000.00	Gross Profit:	\$17,560,000.00 8.2%
Net Cash to Last Price:	-28.33%	Enterprise Value:	\$53,221,999.07	EBITDA:	\$7,780,000.00 3.6%
Shares Outstanding:	16,200,000	Current EV/Share:	\$3.29	Net Income:	\$2,820,000.00 1.3%
Industry:	Contract Manufacturers	EBITDA:	\$14,110,000.00	Balance Sheet	
Sector:	Technology	EV/EBITDA Multiple:	3.77	Cash:	\$0.00
Institutional Ownership:	13.14%	EV/EBITDA Multiple Average Year 1-5:	3.73	Short Term Investment:	\$0.00
Mutual Fund Ownership:	0.00%	EV/FCF Multiple:	4.16	A/R:	\$34,750,000.00
Insider Ownership:	4.20%	EV/FCF Multiple Average Year 1-5:	6.41	PP&E:	\$58,230,000.00
Retail Ownership:	78.46%	Upper Range		Assets:	\$98,430,000.00
Float:	95.80%	DCF: EV/EBITDA Terminal Value		A/P:	\$42,920,000.00
		Implied TV from 3 X EV/EBITDA Multiple	\$36,528,262.37	Deferred Tax:	\$0.00
Technicals		Enterprise Value	\$36,528,262.37	Other Liabilities:	\$10,000,000.00
52 week low:	\$1.17	Cash at Year 5:	\$29,799,964.98	Short term Debt:	\$4,630,000.00
Today from 52 week low:	118.80%	Debt at Year 5:	\$1,010,000.00	Long Term Debt:	\$8,050,000.00
52 week high:	\$3.74	Equity Value Year 5:	\$65,318,227.36	Liabilities:	\$65,600,000.00
Today from 52 week high:	46.09%	Equity/Share at Year 5:	\$4.03	Retained Earnings:	-\$229,800,000.00
50 day Moving Average:	\$2.62	Annualized Return:	9.51%	Paid-In Capital:	\$256,720,000.00
200 day Moving Average:	\$2.13	Lower Range		Treasury Stock:	\$0.00
Analyst/Consensus		DCF: Net Tangible Asset excluding Cash/Debt Terminal Value		Stockholder's Equity:	\$32,830,000.00
Analyst Sales Growth FY1:	N/A	Year 5 Net Tangible Assets excluding cash and debt	\$44,580,000.00	Cash Flow	
Analyst Sales Growth FY2:	N/A	Enterprise Value	\$44,580,000.00	Net Income:	12,350,000.00
SN Valuation Estimate FY1:	3.00%	Cash at Year 5:	\$29,799,964.98	Depreciation/Amortization:	2,550,000.00
SN Valuation Estimate FY2:	3.00%	Debt at Year 5:	\$1,010,000.00	Change in Working capital:	930,000.00
Analyst Earnings Estimate FY1:	N/A	Equity Value Year 5:	\$73,369,964.98	Cash from Operating Activities:	14,010,000.00
Analyst Earnings Estimate FY2:	N/A	Equity/Share at Year 5:	\$4.53	Capital Expenditures:	-1,210,000.00
SN Valuation Earnings Est. FY1:	\$0.42	Annualized Return:	12.09%	Cash from Investing Activities:	-1,210,000.00
SN Valuation Earnings Est. FY2:	\$0.45	EVA		Total Cash Dividends Paid:	0.00
Multiples		EVA today:	\$41,694,643.35	Issuance (Retirement) of Stock:	1,980,000.00
Market Value to Book:	1.26	EVA in 5 Years:	\$51,491,447.08	Issuance (Retirement) of Debt:	-15,770,000.00
EV to Book:	1.62	EVA/Share:	\$3.18	Cash from Financing Activities:	-13,450,000.00
Market Value to Tangible Net Assets:	1.30	Cash at Year 5:	\$29,799,964.98	Profitability Margins	
P/E Ratio:	14.71	Debt at Year 5:	\$1,010,000.00	Debt to Equity:	38.62%
Trailing P/E Ratio:	15.33	Equity Value Year 5:	\$80,281,412.06	Return on Assets:	12.55%
Forward P/E Ratio:	N/A	Equity/Share at Year 5:	\$4.96	Return on Capital:	27.14%
Beta:	1.76	Annualized return:	4.31%	Return on Equity:	37.62%
Dividend:	0	Current Net Tangible Asset			
Dividend Yield:	0.00%	Net Tangible Asset/Share:	\$2.03		
Dividend Date:	N/A	Net Tangible Asset/Share in Year 5:	\$4.29		
Ex-Dividend Date:	N/A	Annualized return:	16.16%		
Competitors		Current Equity Price:	\$2.56		
Average EV to EBITDA:	N/A	Selling at Discount?	Premium		
Company EV to EBITDA:	3.77	Appreciation Potential:	-20.84%		
Average EV to EBIT:	N/A	Dividend Model			
Company EV to EBITA:	4.60	Next Year Dividend	\$0.00		
		WACC:	12.32%		
		Dividend:	\$0.00		
		Net Income:	\$2,820,000.00		

SN VALUATION

LBO Analysis

WACC Terminal Value:		Intrinsic Price in 5 Years:	4.76	Non-LBO Forecast	Year 1 Target	2.90	Non-LBO Forecast	Desired Return Rate	20.00%
EV/EBITDA with 3X Multiple Terminal Value:	\$4.03	Market Price:	2.56		Year 2 Target	3.28		Implied Today's Price	1.91
Net Tangible Asset Terminal Value:	\$4.53	LBO Price:	2.56		Year 3 Target	3.72		Overvalued/(Undervalued)	33.74%
EV/EBITDA with Today's Multiple Terminal Value:	\$5.54	Premium to Market Price:	0.00%		Year 4 Target	4.21			
EVA Enterprise Value:	\$4.96	LBO Price/Intrinsic Price Target:	13.22%		Year 5 Target	4.76			
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	10.61%						
Average (Excluding Dividend Discount):	\$4.76	Implied IRR at today's EV/EBITDA:	16.68%		Implied IRR (Market Price):	13.22%			
		5 Year Return:	86.05%						

Current Evaluation				Exit Evaluation			
Current Market Price:	2.56	LBO Price:	2.56	Exit Price:	4.76	Exit Price:	5.54
Outstanding Shares:	16,200,000	Outstanding Shares:	16,200,000	Outstanding Shares:	16,200,000	Outstanding Shares:	16,200,000
Market Capitalization:	41,471,999	Market Capitalization:	41,472,000	Market Capitalization:	77,160,002	Market Capitalization:	89,670,402
Available Cash:	930,000	Available Cash:	930,000	Available Cash:	29,799,965	Available Cash:	29,799,965
Debt:	12,680,000	Debt:	12,680,000	Debt:	1,010,000	Debt:	1,010,000
Net Cash:	-11,750,000	Net Cash:	-11,750,000	Net Cash:	28,789,965	Net Cash:	28,789,965
Enterprise Value:	53,221,999	Enterprise Value:	53,222,000	Enterprise Value:	48,370,037	Enterprise Value:	60,880,437
Original EV/EBITDA:	4.60	EV/EBITDA:	4.60	EV/EBITDA at 5 Years:	3.97	EV/EBITDA at 5 Years:	5.00
Original EV/EBITDA:	3.77	EV/EBITDA:	3.77	EV/EBITDA at 5 Years:	4.40	EV/EBITDA at 5 Years:	4.02
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:	2.56	2.56	2.90	3.28	3.72	4.21	4.76
Shares Outstanding:	16,200,000	16,200,000	16,200,000	16,200,000	16,200,000	16,200,000	16,200,000
Market Capitalization:	41,472,000	41,472,000	46,955,063	53,163,049	60,191,800	68,149,830	77,160,002
Available Cash:	930,000	930,000	1,753,273	4,763,544	12,128,402	20,804,100	29,799,965
Debt:	12,680,000	12,680,000	7,010,000	2,010,000	1,010,000	1,010,000	1,010,000
Net Cash:	-11,750,000	-11,750,000	-5,256,727	2,753,544	11,118,402	19,794,100	28,789,965
Enterprise Value:	53,222,000	53,222,000	52,211,790	50,409,505	49,073,398	48,355,730	48,370,037
EBIT	11,560,000	11,560,000	10,818,296	11,142,845	11,477,130	11,821,444	12,176,087
EV/EBIT:	4.60	4.60	4.83	4.52	4.28	4.09	3.97
EBITDA	14,110,000	14,110,000	13,444,796	13,848,140	14,263,584	14,691,492	15,132,236
EV/EBITDA:	3.77	3.77	3.88	3.64	3.44	3.29	3.20

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	2.56	2.56	2.75	3.34	3.95	4.58	5.24
Shares Outstanding:	16,200,000	16,200,000	16,200,000	16,200,000	16,200,000	16,200,000	16,200,000
Market Capitalization:	41,472,000	41,472,000	44,550,484	54,054,970	63,958,871	74,219,784	84,848,419
Available Cash:	930,000	930,000	1,753,273	4,763,544	12,128,402	20,804,100	29,799,965
Debt:	12,680,000	12,680,000	7,010,000	2,010,000	1,010,000	1,010,000	1,010,000
Net Cash:	-11,750,000	-11,750,000	-5,256,727	2,753,544	11,118,402	19,794,100	28,789,965
Enterprise Value:	53,222,000	53,222,000	49,807,210	51,301,426	52,840,469	54,425,683	56,058,454
EBIT	11,560,000	11,560,000	10,818,296	11,142,845	11,477,130	11,821,444	12,176,087
EV/EBIT:	4.60	4.60	4.60	4.60	4.60	4.60	4.60
EBITDA	14,110,000	14,110,000	13,444,796	13,848,140	14,263,584	14,691,492	15,132,236
EV/EBITDA:	3.77	3.77	3.70	3.70	3.70	3.70	3.70

LBO Price	2.56	Equity Partners:	54,152,000	Weighting	100.00%	Annualized Return for Equity Partners: 10.61%
Shares Outstanding	16,200,000	Debt Partners:	0		0.00%	
Market Capitalization	41,472,000	Total Funds for LBO:	54,152,000		100.00%	
Debt	12,680,000					
Cash	930,000					
Enterprise Value	53,222,000					
Capital Investment	54,152,000					

Book Value		Enterprise Value		Stock Valuation		Debt Reduction	
Beginning Book Value	32.82	Beginning Enterprise Value	53.22	Current Market Price	\$2.56	Starting Debt	7.09
Year 5 Book Value	70.38	Year 5 Enterprise Value	60.88	Year 5 Market Price	\$5.54	Debt Repayment	4.63
Annualized Return	16.48%	Annualized Return	2.73%	Annualized Return	16.68%	Year 5 Ending Debt	0.05
						% of Starting Debt	0.71%

SN VALUATION

LBO Pro Forma Income Statement

Name:

SMTC Corp

Ticker:

SMTX

	Historical				Forecasted				
	12 months ending 2007-12-31	12 months ending 2009-01-04	12 months ending 2010-01-03	12 months ending 2011-01-02	2011	2012	2013	2014	2015
Revenue	200.88	206.88	179.51	262.58	270.46	278.57	286.93	295.54	304.40
COGS	180.71	188.42	161.95	233.06	240.71	247.93	255.37	263.03	270.92
Gross margin	20.27	18.46	17.56	29.52	29.75	30.64	31.56	32.51	33.48
SG&A	12.58	12.59	12.77	17.26	18.93	19.50	20.08	20.69	21.31
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.60	1.11	0.78	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	-0.18	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)	7.09	4.64	4.01	11.56	10.82	11.14	11.48	11.82	12.18
Interest income/(expense)	-5.56	-2.92	-1.96	-1.70	-0.47	-0.07	0.01	0.01	0.01
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	1.53	1.73	2.05	9.86	10.34	11.07	11.48	11.83	12.18
Tax	-1.32	0.11	-0.31	-2.49	3.52	3.76	3.90	4.02	4.14
Income after tax	2.85	1.62	2.36	12.35	6.83	7.30	7.58	7.81	8.04
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	2.85	1.62	2.36	12.35	6.83	7.30	7.58	7.81	8.04
*Figures are in millions (\$)									
EPS (based off today's share count)	\$0.18	\$0.10	\$0.15	\$0.76	\$0.42	\$0.45	\$0.47	\$0.48	\$0.50
P/E (historical today's price; forecasted intrinsic price)	14.55	25.60	17.57	3.36	6.88	7.28	7.94	8.73	9.60
Revenue Growth		2.94%	-13.23%	46.28%	3.00%	3.00%	3.00%	3.00%	3.00%
Tax Rate	-86.27%	6.36%	-15.12%	-25.25%	34.00%	34.00%	34.00%	34.00%	34.00%
Implied Debt Interest Rate	-24.22%	-13.66%	-7.26%	-13.41%	-6.70%	-1.23%	0.50%	10.60%	10.60%
Margins									
COGS	89.91%	91.08%	90.22%	88.76%	89.00%	89.00%	89.00%	89.00%	89.00%
Gross margin	10.09%	8.92%	9.78%	11.24%	11.00%	11.00%	11.00%	11.00%	11.00%
SG&A	6.26%	6.23%	7.11%	6.84%	7.00%	7.00%	7.00%	7.00%	7.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.30%	0.54%	0.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	-0.09%	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)	3.53%	2.24%	2.23%	4.40%	4.00%	4.00%	4.00%	4.00%	4.00%
Interest income/(expense)	-2.77%	-1.41%	-1.09%	-0.65%	-0.18%	-0.03%	0.00%	0.00%	0.00%
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	0.76%	0.84%	1.14%	3.76%	3.82%	3.97%	4.00%	4.00%	4.00%
Tax	-0.66%	0.05%	-0.17%	-0.95%	1.30%	1.35%	1.36%	1.36%	1.36%
Income after tax	1.42%	0.78%	1.31%	4.70%	2.52%	2.70%	2.80%	2.89%	2.97%
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	1.42%	0.78%	1.31%	4.70%	2.52%	2.62%	2.64%	2.64%	2.64%

					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2007-12-31	As of 2009-01-04	As of 2010-01-03	As of 2011-01-02	+	-						
Cash	0.18	2.62	1.59	0.93			0.93	1.75	4.76	12.13	20.80	29.80
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	0.18	2.62	1.59	0.93			0.93	1.75	4.76	12.13	20.80	29.80
Accounts Receivable	38.66	28.65	37.15	34.75			34.75	34.75	34.75	34.75	34.75	34.75
Other receivables	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	38.66	28.65	37.15	34.75			34.75	34.75	34.75	34.75	34.75	34.75
Deferred Income Tax	-46.29	-49.23	-38.34	-38.36			-38.36	-38.36	-38.36	-38.36	-38.36	-38.36
Total Inventory	30.88	36.82	37.03	42.41			42.41	42.41	42.41	42.41	42.41	42.41
Prepaid Expenses	0.94	1.20	2.12	2.10			2.10	2.10	2.10	2.10	2.10	2.10
Other Current Assets	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current Assets	24.19	20.06	39.55	41.83	0.00	0.00	41.83	42.65	45.66	53.03	61.70	70.70
PP&E, Gross	68.77	65.99	56.02	58.23			58.23	60.23	62.23	64.23	66.23	68.23
Change in Depreciation	4.97	3.30	2.88	2.55			2.55	2.71	2.71	2.79	2.87	2.96
Accumulated Depreciation	0.00	0.00	2.88	5.43			5.43	8.06	10.76	13.55	16.42	19.37
PP&E, Net	68.77	65.99	53.14	52.80			52.80	52.17	51.47	50.68	49.81	48.86
Goodwill	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
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	1.89	1.26	0.92	3.80			3.80	3.80	3.80	3.80	3.80	3.80
Long Term Assets	70.66	67.25	54.06	56.60			56.60	55.97	55.27	54.48	53.61	52.66
Total Assets	94.85	87.31	93.61	98.43	0.00	0.00	98.43	98.63	100.93	107.51	115.32	123.36
Accounts Payable	37.17	37.21	41.59	42.92			42.92	42.92	42.92	42.92	42.92	42.92
Accrued Expense	7.27	6.91	6.22	9.30			9.30	9.30	9.30	9.30	9.30	9.30
Other current Liabilities	0.60	0.50	0.54	0.70			0.70	0.70	0.70	0.70	0.70	0.70
Total Current Liabilities	45.04	44.62	48.35	52.92	0.00	0.00	52.92	52.92	52.92	52.92	52.92	52.92
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
Current port. Of LT Debt/Capital Leases	3.81	3.84	5.80	4.63			4.63	0.00	0.00	0.00	0.00	0.00
Long term Debt	17.91	15.94	20.67	7.09	0.00	0.00	7.09	6.05	1.05	0.05	0.05	0.05
Capital Lease Obligations	1.24	1.59	0.54	0.96			0.96	0.96	0.96	0.96	0.96	0.96
Total Interest Earning Debt	22.96	21.37	27.01	12.68	0.00	0.00	12.68	7.01	2.01	1.01	1.01	1.01
Deferred Income tax	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	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Liabilities	68.00	65.99	75.36	65.60	0.00	0.00	65.60	59.93	54.93	53.93	53.93	53.93
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	7.85	7.46	7.09	5.90		0.00	5.90	5.90	5.90	5.90	5.90	5.90
Additional Paid-in capital	259.25	260.03	253.30	256.72	0.00	0.00	256.72	256.72	256.72	256.72	256.72	256.72
Dividends Paid	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	-240.27	-246.17	-242.15	-229.80		0.00	-229.80	-222.97	-215.67	-208.09	-200.28	-192.24
Treasury Stock	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
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	26.83	21.32	18.24	32.82	0.00	0.00	32.82	39.65	46.95	54.53	62.34	70.38
Liability + Equity	94.83	87.31	93.60	98.42	0.00	0.00	98.42	99.58	101.88	108.46	116.27	124.31
Variance	0.02	0.00	0.01	0.01			0.01	-0.95	-0.95	-0.95	-0.95	-0.95
Debt/Equity	0.86	1.00	1.48	0.39			0.39	0.18	0.04	0.02	0.02	0.01
Inventory Turnover	6.51	5.62	4.85	6.19			6.19	6.38	6.57	6.77	6.97	7.18
Inventory Turnover Days	56.08	64.96	75.29	58.95			58.95	57.24	55.57	53.95	52.38	50.85
Days Inventory Outstanding	62.37	71.33	83.46	66.42			66.42	64.31	62.44	60.62	58.85	57.14
Accounts Receivable Turnover	5.20	7.22	4.83	7.56			7.56	7.78	8.02	8.26	8.50	8.76
Accounts Receivable Turnover Days	70.21	50.55	75.54	48.30			48.30	46.90	45.53	44.21	42.92	41.67
Days Payable Outstanding	75.08	72.08	93.73	67.22			67.22	65.08	63.19	61.35	59.56	57.82
Days Sales Outstanding	70.21	50.55	75.54	48.30			48.30	48.30	46.90	45.53	44.21	42.92
Cash Conversion Cycle	57.51	49.79	65.26	47.51			47.51	47.53	46.15	44.80	43.50	42.23

SN VALUATION

LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	-0.66	0.82	3.01	7.36	8.68	9.00
Current Portion Debt Repayment		4.63				
Long Term Debt Repayment		2.00	5.00	1.00		
Outstanding Debt	12.68	6.05	1.05	0.05	0.05	0.05
Current Portion Debt Balance	4.63	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	8.05	6.05	1.05	0.05	0.05	0.05
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		0.48	0.08	0.00	0.00	0.00
Cash Balance		0.93				
Interest @ 1.0%		0.01	0.01	0.01	0.01	0.01
Net Interest Expense/(Income)		0.47	0.07	(0.01)	(0.01)	(0.01)
Net Interest Rate		6.70%	1.23%	-0.50%	-10.60%	-10.60%
EBITDA		10.82	11.14	11.48	11.82	12.18
EBITDA/Interest Expense Coverage		22.35	132.65	2869.28	2955.36	3044.02

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