

January 19, 2012

SN VALUATION [Stocks, Real Estate, Bonds]

Analyst: Sung Nam

Star Gas Partners LP (SGU)

Price:	\$4.59	Price/Book:	1.09	EV/EBITDA 5x TV:	\$2.90
Market Cap:	\$296,192,710	Price/Earnings:	12.22	Net Tangible Asset TV:	\$0.44
Cash:	\$86,790,000	EV/EBITA:	3.30	SN Defined TV:	\$5.74
Debt:	\$124,260,000	EV/FCF:	14.22	Economic Value Added:	\$6.85
Net Cash:	-\$37,470,000	Net Tang. Asset/Share:	\$0.33	Year 5 Target:	\$3.98
Enterprise Value:	\$333,662,710	FCF/Share:	\$0.36	Appreciation:	-13.265%

Overview

We will include on our watchlist.

Dividend?

Dividend yield is 6.75%.

Price to Book

Price to book is 1.08. Price to book excluding goodwill is 14.12.

Cashflow Generation

Cashflows are \$36 MM from operating cashflow.

Capex is \$6 MM, minority interest payment is \$0 MM, intangibles are \$10 MM and dividend is \$20 MM.

Free cash flow is about \$0 MM.

3.8% EBITA margin and FCF yield is 6.4%.

The company has \$87 MM in cash/short term investment and \$124 MM in debt.

We are projecting a \$0.0 MM paydown annually.

Profitability

ROA is 3.9%, and ROC is 8.9%.

Bankruptcy Risk

Altman Z is at 3.51.

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%	Jan 18
Brent Crude Oil Spot Price	Jan 10 2012	113.3	111.07	2.01%	Jan 11
Case-Shiller Home Price Index: National	Sep 2011	127.78	129.35	-1.21%	Jan 15
National Financial Conditions Index	Jan 6 2012	-0.25	-0.25	-1.87%	Jan 18
Philly Fed Manufacturing Activity Index	Dec 2011	6.8	3.10	119.35%	Jan 12
Philly Fed Manufacturing Future Activity Index	Dec 2011	40	37.70	6.10%	Jan 12
US Average Claims for Unemployment Insurance	Dec 31 2011	3600	3600	0.00%	Jan 12
US Average Initial Claims for Unemployment Insurance	Jan 7 2012	381.75K	N/A	2.07%	Jan 12
US Industrial Production Index	Nov 2011	94.83	95.04	-0.22%	Jan 18
US Initial Claims for Unemployment Insurance	Jan 7 2012	399.00K	N/A	6.40%	Jan 13
US Monthly GDP	Nov 2011	15.27T	N/A	-0.76%	Jan 17
US Monthly Real GDP	Nov 2011	13.39T	N/A	-0.77%	Jan 17
US Producer Price Index	Dec 2011	192.6	192.79	-0.10%	Jan 18
US Quits Rate: Total Nonfarm	Nov 2011	0.015	0.015	0.00%	Jan 10
US Quits: Total Nonfarm	Nov 2011	1960	1919.12	2.13%	Jan 10
US Retail Sales	Dec 2011	357,980,000	357,944,206	0.01%	Jan 12
US Total Business Inventories	Nov 2011	1.55T	N/A	0.32%	Jan 12
US Total Business Inventory/Sales Ratio	Nov 2011	1.27	1.27	0.00%	Jan 12
US Total Business Sales	Nov 2011	1.22T	N/A	0.31%	Jan 12
US Total Separations Rate: Total Nonfarm	Nov 2011	0.03	0.03	0.00%	Jan 10
US Total Separations: Total Nonfarm	Nov 2011	4000	3902.82	2.49%	Jan 10
WTI Crude Oil Spot Price	Jan 10 2012	102.24	101.31	0.92%	Jan 11

U.S. Key Indicators

10 Year Treasury Rate	1.89%
US Producer Price Index	192.6
US Initial Claims for Unemployment Insurance	399.00K
US 30 Year Mortgage Rate	3.89%
US Average Claims for Unemployment Insurance	3,600
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	226.72
US Consumer Sentiment	69.8
US Housing Starts	628.00K

Korea Key Indicators

	Period	Value	Chg from 1 Year
Gold Price in Korean Won	Jan 13 2012	1,877,881	22.00%
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

2012-01-19

Altman Z Score

Company Name:

Star Gas Partners LP

Ticker:

SGU

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015
Working Capital	39.60	86.14	-31.83	23.42	22.10	21.83	23.18	26.20	30.93
Total Assets	605.43	664.13	582.51	626.13	619.08	612.67	607.25	602.84	599.47
X1	0.07	0.13	-0.05	0.04	0.04	0.04	0.04	0.04	0.05
Retained Earnings	0.00	0.00	0.00	0.00	12.95	26.54	41.12	56.71	73.34
Total Assets	605.43	664.13	582.51	626.13	619.08	612.67	607.25	602.84	599.47
X2	0.00	0.00	0.00	0.00	0.02	0.04	0.07	0.09	0.12
EBITDA	55.56	95.55	67.58	80.80	64.93	66.22	68.21	70.26	72.36
Total Assets	605.43	664.13	582.51	626.13	619.08	612.67	607.25	602.84	599.47
X3	0.09	0.14	0.12	0.13	0.10	0.11	0.11	0.12	0.12
Market Value of Equity	296.19	296.19	296.19	296.19	287.88	279.80	271.95	264.32	256.90
Total Liabilities	405.46	357.79	302.60	353.50	353.50	353.50	353.50	353.50	353.50
X4	0.73	0.83	0.98	0.84	0.81	0.79	0.77	0.75	0.73
Net Sales	1,543.09	1,206.81	1,212.78	1,591.31	1,623.14	1,655.60	1,705.27	1,756.42	1,809.12
Total Assets	605.43	664.13	582.51	626.13	619.08	612.67	607.25	602.84	599.47
X5	2.55	1.82	2.08	2.54	2.62	2.70	2.81	2.91	3.02
Altman Z Score	3.37	2.94	2.99	3.51	3.53	3.64	3.78	3.93	4.09

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

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

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LBO Analysis

WACC Terminal Value:		Intrinsic Price in 5 Years:	3.98	Non-LBO Forecast		Non-LBO Forecast	
EV/EBITDA with 3X Multiple Terminal Value:	\$2.90	Market Price:	4.59	Year 1 Target	4.46	Desired Return Rate	20.00%
Net Tangible Asset Terminal Value:	\$0.44	LBO Price:	4.59	Year 2 Target	4.34	Implied Today's Price	1.60
EV/EBITDA with Today's Multiple Terminal Value:	\$5.74	Premium to Market Price:	0.00%	Year 3 Target	4.21	Overvalued/(Undervalued)	186.89%
EVA Enterprise Value:	\$6.85	LBO Price/Intrinsic Price Target:	-2.81%	Year 4 Target	4.10		
Dividend Discount Model:	\$5.29	LBO Price/EV/EBIT Exit Price:	-2.52%	Year 5 Target	3.98		
Average (Excluding Dividend Discount):	\$3.98	Implied IRR at today's EV/EBITDA:	4.56%	Implied IRR (Market Price):	-2.81%		
		5 Year Return:	-13.27%				

Current Evaluation				Exit Evaluation			
Current Market Price:	4.59	LBO Price:	4.59	Exit Price:	3.98	Exit Price:	5.74
Outstanding Shares:	64,530,000	Outstanding Shares:	64,530,000	Outstanding Shares:	64,530,000	Outstanding Shares:	64,530,000
Market Capitalization:	296,192,710	Market Capitalization:	296,192,700	Market Capitalization:	256,902,428	Market Capitalization:	370,132,111
Available Cash:	86,790,000	Available Cash:	86,790,000	Available Cash:	94,302,569	Available Cash:	94,302,569
Debt:	124,260,000	Debt:	124,260,000	Debt:	124,260,000	Debt:	124,260,000
Net Cash:	-37,470,000	Net Cash:	-37,470,000	Net Cash:	-29,957,431	Net Cash:	-29,957,431
Enterprise Value:	333,662,710	Enterprise Value:	333,662,700	Enterprise Value:	286,859,859	Enterprise Value:	400,089,542
Original EV/EBITDA:	5.53	EV/EBITDA:	5.53	EV/EBITDA at 5 Years:	5.48	EV/EBITDA at 5 Years:	5.53
Original EV/EBITDA:	3.30	EV/EBITDA:	4.14	EV/EBITDA at 5 Years:	7.22	EV/EBITDA at 5 Years:	5.30
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:	4.59	4.59	4.46	4.34	4.21	4.10	3.98
Shares Outstanding:	64,530,000	64,530,000	64,530,000	64,530,000	64,530,000	64,530,000	64,530,000
Market Capitalization:	296,192,700	296,192,700	287,881,079	279,802,696	271,951,003	264,319,642	256,902,428
Available Cash:	86,790,000	86,790,000	85,466,383	85,200,055	86,551,382	89,568,891	94,302,569
Debt:	124,260,000	124,260,000	124,260,000	124,260,000	124,260,000	124,260,000	124,260,000
Net Cash:	-37,470,000	-37,470,000	-38,793,617	-39,059,945	-37,708,618	-34,691,109	-29,957,431
Enterprise Value:	333,662,700	333,662,700	326,674,697	318,862,640	309,659,622	299,010,751	286,859,859
EBIT	60,350,000	60,350,000	44,925,448	46,223,957	48,210,676	50,256,996	52,364,706
EV/EBIT:	5.53	5.53	7.27	6.90	6.42	5.95	5.48
EBITDA	80,670,000	80,670,000	65,651,848	67,364,885	69,985,832	72,685,406	75,465,969
EV/EBITDA:	4.14	4.14	4.98	4.73	4.42	4.11	3.80

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	4.59	4.59	3.25	3.36	3.55	3.77	4.02
Shares Outstanding:	64,530,000	64,530,000	64,530,000	64,530,000	64,530,000	64,530,000	64,530,000
Market Capitalization:	296,192,700	296,192,700	209,589,917	216,502,778	228,838,262	243,169,454	259,556,225
Available Cash:	86,790,000	86,790,000	85,466,383	85,200,055	86,551,382	89,568,891	94,302,569
Debt:	124,260,000	124,260,000	124,260,000	124,260,000	124,260,000	124,260,000	124,260,000
Net Cash:	-37,470,000	-37,470,000	-38,793,617	-39,059,945	-37,708,618	-34,691,109	-29,957,431
Enterprise Value:	333,662,700	333,662,700	248,383,534	255,562,722	266,546,880	277,860,563	289,513,656
EBIT	60,350,000	60,350,000	44,925,448	46,223,957	48,210,676	50,256,996	52,364,706
EV/EBIT:	5.53	5.53	5.53	5.53	5.53	5.53	5.53
EBITDA	80,670,000	80,670,000	65,651,848	67,364,885	69,985,832	72,685,406	75,465,969
EV/EBITDA:	4.14	4.14	3.78	3.79	3.81	3.82	3.84

LBO Price	4.59	Equity Partners:	420,452,700	Weighting	100.00%	Annualized Return for Equity Partners: -2.52%
Shares Outstanding	64,530,000	Debt Partners:	0		0.00%	
Market Capitalization	296,192,700	Total Funds for LBO:	420,452,700		100.00%	
Debt	124,260,000					
Cash	86,790,000					
Enterprise Value	333,662,700					
Capital Investment	420,452,700					

Book Value		Enterprise Value		Stock Valuation		Debt Reduction	
Beginning Book Value	272.63	Beginning Enterprise Value	333.66	Current Market Price	\$4.59	Starting Debt	124.26
Year 5 Book Value	245.97	Year 5 Enterprise Value	400.09	Year 5 Market Price	\$5.74	Debt Repayment	0.00
Annualized Return	-2.04%	Annualized Return	3.70%	Annualized Return	4.56%	Year 5 Ending Debt	124.26
						% of Starting Debt	100.00%

SN VALUATION

LBO Pro Forma Income Statement

Name:

Star Gas Partners LP

Ticker:

SGU

	Historical				Forecasted				
	12 months ending 2008-09-30	12 months ending 2009-09-30	12 months ending 2010-09-30	12 months ending 2011-09-30	2011	2012	2013	2014	2015
Revenue	1,543.09	1,206.81	1,212.78	1,591.31	1,623.14	1,655.60	1,705.27	1,756.42	1,809.12
COGS	1,257.59	875.75	904.05	1,237.34	1,266.05	1,291.37	1,330.11	1,370.01	1,411.11
Gross margin	285.50	331.06	308.73	353.97	357.09	364.23	375.16	386.41	398.01
SG&A	229.94	245.22	240.02	271.47	292.15	298.01	306.95	316.16	325.64
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.00	-9.71	1.13	1.70	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: Included within COGS	52.25	5.72	10.13	20.45	20.00	20.00	20.00	20.00	20.00
Operating Income (EBITA)	3.31	89.83	57.45	60.35	44.93	46.22	48.21	50.26	52.36
Interest income/(expense)	-16.15	-16.39	-13.50	-13.28	-9.07	-9.07	-9.07	-9.07	-9.07
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	16.23	16.56	17.05	17.56	18.09
Income before tax	-12.84	73.44	43.95	47.07	19.62	20.60	22.09	23.62	25.20
Tax	0.57	-57.60	15.63	22.73	6.67	7.00	7.51	8.03	8.57
Income after tax	-13.41	131.04	28.32	24.34	12.95	13.59	14.58	15.59	16.63
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	-13.41	131.04	28.32	24.34	12.95	13.59	14.58	15.59	16.63
*Figures are in millions (\$)									
EPS (based off today's share count)	-\$0.21	\$2.03	\$0.44	\$0.38	\$0.20	\$0.21	\$0.23	\$0.24	\$0.26
P/E (historical today's price; forecasted intrinsic price)	-22.09	2.26	10.46	12.17	22.23	20.58	18.66	16.96	15.45
Revenue Growth	N/A	-21.79%	0.49%	31.21%	2.00%	2.00%	3.00%	3.00%	3.00%
Tax Rate	-4.44%	-78.43%	35.56%	48.29%	34.00%	34.00%	34.00%	34.00%	34.00%
Implied Debt Interest Rate	-9.29%	-12.31%	-16.31%	-10.69%	-7.30%	-7.30%	-7.30%	-7.30%	-7.30%
Margins									
COGS	81.50%	72.57%	74.54%	77.76%	78.00%	78.00%	78.00%	78.00%	78.00%
Gross margin	18.50%	27.43%	25.46%	22.24%	22.00%	22.00%	22.00%	22.00%	22.00%
SG&A	14.90%	20.32%	19.79%	17.06%	18.00%	18.00%	18.00%	18.00%	18.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.00%	-0.80%	0.09%	0.11%	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: Included within COGS	3.39%	0.47%	0.84%	1.29%	1.23%	1.21%	1.17%	1.14%	1.11%
Operating Income (EBITA)	0.21%	7.44%	4.74%	3.79%	2.77%	2.79%	2.83%	2.86%	2.89%
Interest income/(expense)	-1.05%	-1.36%	-1.11%	-0.83%	-0.56%	-0.55%	-0.53%	-0.52%	-0.50%
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%	1.00%	1.00%	1.00%	1.00%	1.00%
Income before tax	-0.83%	6.09%	3.62%	2.96%	1.21%	1.24%	1.30%	1.34%	1.39%
Tax	0.04%	-4.77%	1.29%	1.43%	0.41%	0.42%	0.44%	0.46%	0.47%
Income after tax	-0.87%	10.86%	2.34%	1.53%	0.80%	0.84%	0.90%	0.96%	1.02%
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	-0.87%	10.86%	2.34%	1.53%	0.80%	0.82%	0.85%	0.89%	0.92%

					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2008-09-30	As of 2009-09-30	As of 2010-09-30	As of 2011-09-30	+	-						
Cash	178.81	195.16	61.06	86.79			86.79	85.47	85.20	86.55	89.57	94.30
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	178.81	195.16	61.06	86.79			86.79	85.47	85.20	86.55	89.57	94.30
Accounts Receivable	95.69	58.85	70.44	92.97			92.97	92.97	92.97	92.97	92.97	92.97
Other receivables	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	95.69	58.85	70.44	92.97			92.97	92.97	92.97	92.97	92.97	92.97
Deferred Income Tax	-91.46	-97.27	-82.75	-69.57			-69.57	-69.57	-69.57	-69.57	-69.57	-69.57
Total Inventory	44.76	62.64	66.73	80.54			80.54	80.54	80.54	80.54	80.54	80.54
Prepaid Expenses	17.59	15.44	21.22	22.30			22.30	22.30	22.30	22.30	22.30	22.30
Other Current Assets	7.45	44.81	27.41	16.83			16.83	16.83	16.83	16.83	16.83	16.83
Current Assets	252.84	279.63	164.11	229.86	0.00	0.00	229.86	228.54	228.27	229.62	232.64	237.37
PP&E, Gross	130.92	135.27	146.49	155.43			155.43	160.43	165.43	170.43	175.43	180.43
Change in Depreciation	29.12	22.16	18.43	20.32			20.32	21.14	21.14	21.78	22.43	23.10
Accumulated Depreciation	0.00	0.00	18.43	38.75			38.75	59.48	80.62	102.39	124.82	147.92
PP&E, Net	130.92	135.27	128.06	116.68			116.68	100.95	84.81	68.04	50.61	32.51
Goodwill	182.01	182.94	199.05	199.30	0.00		199.30	199.30	199.30	199.30	199.30	199.30
Intangibles	30.86	20.47	58.89	52.35			52.35	62.35	72.35	82.35	92.35	102.35
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	8.80	45.82	32.40	27.94			27.94	27.94	27.94	27.94	27.94	27.94
Long Term Assets	352.59	384.50	418.40	396.27	0.00	0.00	396.27	390.54	384.40	377.63	370.20	362.10
Total Assets	605.43	664.13	582.51	626.13	0.00	0.00	626.13	619.08	612.67	607.25	602.84	599.47
Accounts Payable	16.89	17.10	16.63	18.57			18.57	18.57	18.57	18.57	18.57	18.57
Accrued Expense	64.67	64.45	68.85	76.43			76.43	76.43	76.43	76.43	76.43	76.43
Other current Liabilities	131.68	111.94	110.46	111.44			111.44	111.44	111.44	111.44	111.44	111.44
Total Current Liabilities	213.24	193.49	195.94	206.44	0.00	0.00	206.44	206.44	206.44	206.44	206.44	206.44
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	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	173.75	133.11	82.77	124.26	0.00	0.00	124.26	124.26	124.26	124.26	124.26	124.26
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	173.75	133.11	82.77	124.26	0.00	0.00	124.26	124.26	124.26	124.26	124.26	124.26
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	18.47	31.19	23.89	22.80			22.80	22.80	22.80	22.80	22.80	22.80
Total Liabilities	405.46	357.79	302.60	353.50	0.00	0.00	353.50	353.50	353.50	353.50	353.50	353.50
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	-0.19	0.31	0.29	0.19			0.19	0.19	0.19	0.19	0.19	0.19
Common Stock	219.54	332.34	307.09	299.91		0.00	299.91	299.91	299.91	299.91	299.91	299.91
Additional Paid-in capital	0.00	0.00	0.00	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	-20.00	-40.00	-60.00	-80.00	-100.00
Retained Earnings	0.00	0.00	0.00	0.00		0.00	0.00	12.95	26.54	41.12	56.71	73.34
Treasury Stock	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	-19.38	-26.32	-27.47	-27.47		0.00	-27.47	-27.47	-27.47	-27.47	-27.47	-27.47
Total Equity	199.97	306.33	279.91	272.63	0.00	0.00	272.63	265.58	259.17	253.75	249.34	245.97
Liability + Equity	605.43	664.12	582.51	626.13	0.00	0.00	626.13	619.08	612.67	607.25	602.84	599.47
Variance	0.00	0.01	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Debt/Equity	0.87	0.43	0.30	0.46			0.46	0.47	0.48	0.49	0.50	0.51
Inventory Turnover	34.47	19.27	18.17	19.76			19.76	20.15	20.56	21.17	21.81	22.46
Inventory Turnover Days	10.59	18.95	20.08	18.47			18.47	18.11	17.76	17.24	16.74	16.25
Days Inventory Outstanding	12.99	26.11	26.94	23.76			23.76	23.22	22.76	22.10	21.46	20.83
Accounts Receivable Turnover	16.13	20.51	17.22	17.12			17.12	17.46	17.81	18.34	18.89	19.46
Accounts Receivable Turnover Days	22.63	17.80	21.20	21.32			21.32	20.91	20.50	19.90	19.32	18.76
Days Payable Outstanding	4.90	7.13	6.71	5.48			5.48	5.35	5.25	5.10	4.95	4.80
Days Sales Outstanding	22.63	17.80	21.20	21.32			21.32	21.32	20.91	20.50	19.90	19.32
Cash Conversion Cycle	30.72	36.78	41.43	39.60			39.60	39.19	38.42	37.50	36.41	35.35

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2008-09-30	12 months ending 2009-09-30	12 months ending 2010-09-30	12 months ending 2011-09-30	2011	2012	2013	2014	2015
Net Income	-13.41	131.04	28.32	24.34	12.95	13.59	14.58	15.59	16.63
Depreciation	29.12	22.16	18.43	20.32	20.73	21.14	21.78	22.43	23.10
Net Income + Depreciation	15.71	153.20	46.75	44.66	33.68	34.73	36.35	38.02	39.73
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	0.00	-61.35	13.33	15.83	0.00	0.00	0.00	0.00	0.00
Non Cash Items	37.43	-13.09	0.79	14.65	0.00	0.00	0.00	0.00	0.00
Change in Working capital	18.41	-0.30	-16.44	-35.75	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	36.64	-11.59	-22.53	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	-17.88	-4.09	-13.81	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	2.15	-5.78	-1.08	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	0.21	-0.47	1.94	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	71.55	78.46	44.43	39.39	33.68	34.73	36.35	38.02	39.73
Capital Expenditures	-4.14	-4.33	-5.57	-6.36	-5.00	-5.00	-5.00	-5.00	-5.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	-1.34	-3.23	-68.39	-9.57	-10.00	-10.00	-10.00	-10.00	-10.00
Cash from Investing Activities	-5.48	-7.56	-73.96	-15.93	-15.00	-15.00	-15.00	-15.00	-15.00
Financing Cash flow items	-0.14	-8.89	-33.36	-18.76	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	-15.41	-20.35	-20.68	20.00	20.00	20.00	20.00	20.00
Issuance (Retirement) of Stock	0.00	0.00	0.00	0.00	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	0.00	-30.23	-50.85	41.69	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-0.14	-54.53	-104.56	2.25	-20.00	-20.00	-20.00	-20.00	-20.00
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	112.89	178.81	195.16	61.06	86.79	85.47	85.20	86.55	89.57
Net Change in Cash	65.92	16.35	-134.10	25.73	-1.32	-0.27	1.35	3.02	4.73
Ending Cash Balance	178.81	195.16	61.06	86.79	85.47	85.20	86.55	89.57	94.30

Depreciation to Sales	1.89%	1.84%	1.52%	1.28%	1.28%	1.28%	1.28%	1.28%	1.28%
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	6.20%	4.88%	5.81%	5.84%	5.73%	5.62%	5.45%	5.29%	5.14%
Distributable FCF Yield	19.80%	21.25%	-8.85%	7.03%	5.60%	5.91%	6.40%	6.90%	7.41%
Dividend Yield	0.00%	-5.20%	-6.87%	-6.98%	6.75%	6.75%	6.75%	6.75%	6.75%

SN VALUATION

LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	25.73	-1.32	-0.27	1.35	3.02	4.73
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	124.26	124.26	124.26	124.26	124.26	124.26
Current Portion Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	124.26	124.26	124.26	124.26	124.26	124.26
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		9.94	9.94	9.94	9.94	9.94
Cash Balance		86.79				
Interest @ 1.0%		0.87	0.87	0.87	0.87	0.87
Net Interest Expense/(Income)		9.07	9.07	9.07	9.07	9.07
Net Interest Rate		7.30%	7.30%	7.30%	7.30%	7.30%
EBITDA		44.93	46.22	48.21	50.26	52.36
EBITDA/Interest Expense Coverage		4.52	4.65	4.85	5.06	5.27

Interest Rate Coverage Table

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

*Source: NYU; Professor Damodaran