

Analyst: Sung Nam

**Towerstream Corp (TWER)**

<b>Market Price:</b>	<b>\$2.31</b>	<b>EBITDA/Share:</b>	<b>-\$0.01</b>	<b>Net Asset/Share:</b>	<b>\$0.65</b>
<b>DCF: EV/EBITDA Terminal Value</b>	<b>2.447%</b>	<b>DCF: Net Tangible Asset excluding Cash/Debt Terminal Value</b>		<b>-12.548%</b>	
<b>EBITDA-Cap Ex/Share</b>	<b>-\$0.12</b>	<b>EVA Analysis:</b>		<b>5.487%</b>	

**Overview**

4G wireless service provider. Growth is +30%. This may be a growth story to look out for in the future.

**Dividend?**

Dividend yield is 0.00%.

**Price to Book**

Price to book is 3.08.

**Cashflow Generation**

Cashflows are \$7MM from operating cashflow.

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

Free cash flow is about \$1 MM.

-30.8% EBITA margin and FCF yield is 1.5%.

The company has \$23 MM in cash/short term investment and \$0 MM in debt.

We are projecting a \$0 MM paydown annually.

**Profitability**

ROA is -12.6%, and ROC is -13.9%.

**Bankruptcy Risk**

Altman Z is above 3. Risk is low.

**LBO?**

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

**Price**

# Altman Z Score

Company Name:

Towerstream Corp

Ticker:

TWER

Period	0	1	2	3	4	5
Working Capital	12.74	9.80	11.30	16.45	25.95	40.83
Total Assets	44.59	40.84	40.29	41.63	45.42	52.27
<b>X1</b>	<b>0.29</b>	<b>0.24</b>	<b>0.28</b>	<b>0.40</b>	<b>0.57</b>	<b>0.78</b>
Retained Earnings	-35.35	-39.10	-39.65	-38.17	-34.38	-27.53
Total Assets	44.59	40.84	40.29	41.63	45.42	52.27
<b>X2</b>	<b>-0.79</b>	<b>-0.96</b>	<b>-0.98</b>	<b>-0.92</b>	<b>-0.76</b>	<b>-0.53</b>
EBITDA	-0.28	2.36	5.66	8.83	12.63	17.60
Total Assets	44.59	40.84	40.29	41.63	45.42	52.27
<b>X3</b>	<b>-0.01</b>	<b>0.06</b>	<b>0.14</b>	<b>0.21</b>	<b>0.28</b>	<b>0.34</b>
Market Value of Equity	123.35	118.47	113.78	109.28	104.96	100.80
Total Liabilities	4.58	4.64	4.64	4.50	4.50	4.50
<b>X4</b>	<b>26.93</b>	<b>25.53</b>	<b>24.52</b>	<b>24.28</b>	<b>23.32</b>	<b>22.40</b>
Net Sales	19.65	23.58	28.30	33.96	40.75	48.90
Total Assets	44.59	40.84	40.29	41.63	45.42	52.27
<b>X5</b>	<b>0.44</b>	<b>0.58</b>	<b>0.70</b>	<b>0.82</b>	<b>0.90</b>	<b>0.94</b>
<b>Altman Z Score</b>	<b>15.81</b>	<b>15.04</b>	<b>14.84</b>	<b>15.28</b>	<b>15.44</b>	<b>15.69</b>

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

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

# LBO Analysis

WACC Terminal Value:		<b>Intrinsic Price in 5 Years:</b>	<b>1.89</b>	<b>Non-LBO Forecast</b>	<b>Non-LBO Forecast</b>
EV/EBITDA with 5X Multiple Terminal Value:	\$2.61	Market Price:	2.31	Year 1 Target	<b>2.22</b>
Net Tangible Asset Terminal Value:	\$1.18	LBO Price:	<b>2.31</b>	Year 2 Target	<b>2.13</b>
EV/EBITDA with Today's Multiple Terminal Value:	\$1.95	Premium to Market Price:	0.00%	Year 3 Target	<b>2.05</b>
<b>EVA Enterprise Value:</b>	<b>\$1.81</b>	LBO Price/Intrinsic Price Target:	-3.96%	Year 4 Target	<b>1.97</b>
<b>Dividend Discount Model:</b>	<b>N/A</b>	LBO Price/EV/EBIT Exit Price:	-3.38%	Year 5 Target	<b>1.89</b>
<b>Average (Excluding Dividend Discount):</b>	<b>\$1.89</b>	Implied IRR at today's EV/EBITDA:	-3.36%	<b>Implied IRR (Market Price):</b>	<b>-3.96%</b>
		5 Year Return:	-18.28%	<b>Desired Return Rate</b>	<b>20.00%</b>
				<b>Implied Today's Price</b>	<b>0.76</b>
				Overvalued/(Undervalued)	204.50%

Current Evaluation				Exit Evaluation			
Current Market Price:	2.31	LBO Price:	2.31	Exit Price:	1.89	Exit Price:	1.95
Outstanding Shares:	53,400,000	Outstanding Shares:	53,400,000	Outstanding Shares:	53,400,000	Outstanding Shares:	53,400,000
<b>Market Capitalization:</b>	<b>123,354,000</b>	<b>Market Capitalization:</b>	<b>123,354,000</b>	<b>Market Capitalization:</b>	<b>100,804,103</b>	<b>Market Capitalization:</b>	<b>104,001,484</b>
Available Cash:	23,170,000	Available Cash:	23,170,000	Available Cash:	51,264,357	Available Cash:	51,264,357
Debt:	140,000	Debt:	140,000	Debt:	70,000	Debt:	70,000
Net Cash:	23,030,000	Net Cash:	23,030,000	Net Cash:	51,194,357	Net Cash:	51,194,357
<b>Enterprise Value:</b>	<b>100,324,000</b>	<b>Enterprise Value:</b>	<b>100,324,000</b>	<b>Enterprise Value:</b>	<b>49,609,746</b>	<b>Enterprise Value:</b>	<b>52,807,127</b>
Original EV/EBITDA:	-16.58	EV/EBITDA:	-16.58	EV/EBITDA at 5 Years:	4.55	EV/EBITDA at 5 Years:	<b>3.00</b>
Original EV/EBITDA:	-358.30	EV/EBITDA:	-358.30	EV/EBITDA at 5 Years:	2.38	EV/EBITDA at 5 Years:	2.12
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:	2.31	2.31	2.22	2.13	2.05	1.97	1.89
Shares Outstanding:	53,400,000	53,400,000	53,400,000	53,400,000	53,400,000	53,400,000	53,400,000
<b>Market Capitalization:</b>	<b>123,354,000</b>	<b>123,344,000</b>	<b>118,463,081</b>	<b>113,775,307</b>	<b>109,273,036</b>	<b>104,948,928</b>	<b>100,795,931</b>
Available Cash:	23,170,000	23,170,000	20,234,232	21,733,239	26,879,101	36,379,971	51,264,357
Debt:	150,000	150,000	210,000	210,000	70,000	70,000	70,000
Net Cash:	23,020,000	23,020,000	20,024,232	21,523,239	26,809,101	36,309,971	51,194,357
<b>Enterprise Value:</b>	<b>100,334,000</b>	<b>100,324,000</b>	<b>98,438,848</b>	<b>92,252,069</b>	<b>82,463,936</b>	<b>68,638,956</b>	<b>49,601,574</b>
EBIT	-6,050,000	-6,050,000	-3,642,000	-340,800	2,528,352	6,131,334	10,902,376
EV/EBIT:	-16.58	-16.58	-27.03	-270.69	32.62	11.19	4.55
EBITDA	-280,000	-280,000	3,168,532	7,706,986	12,340,042	17,841,814	24,931,704
EV/EBITDA:	-358.34	-358.30	31.07	11.97	6.68	3.85	1.99

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	2.31	2.31	1.51	0.51	-0.28	-1.22	-2.43
Shares Outstanding:	53,400,000	53,400,000	53,400,000	53,400,000	53,400,000	53,400,000	53,400,000
<b>Market Capitalization:</b>	<b>123,354,000</b>	<b>123,344,000</b>	<b>80,417,622</b>	<b>27,174,547</b>	<b>-15,117,244</b>	<b>-65,362,755</b>	<b>-129,594,062</b>
Available Cash:	23,170,000	23,170,000	20,234,232	21,733,239	26,879,101	36,379,971	51,264,357
Debt:	150,000	150,000	210,000	210,000	70,000	70,000	70,000
Net Cash:	23,020,000	23,020,000	20,024,232	21,523,239	26,809,101	36,309,971	51,194,357
<b>Enterprise Value:</b>	<b>100,334,000</b>	<b>100,324,000</b>	<b>60,393,390</b>	<b>5,651,309</b>	<b>-41,926,345</b>	<b>-101,672,726</b>	<b>-180,788,419</b>
EBIT	-6,050,000	-6,050,000	-3,642,000	-340,800	2,528,352	6,131,334	10,902,376
EV/EBIT:	-16.58	-16.58	-16.58	-16.58	-16.58	-16.58	-16.58
EBITDA	-280,000	-280,000	3,168,532	7,706,986	12,340,042	17,841,814	24,931,704
EV/EBITDA:	-358.34	-358.30	19.06	0.73	-3.40	-5.70	-7.25

LBO Price	2.31	Equity Partners:	123,504,000	Weighting	<b>100.00%</b>	<b>Annualized Return for Equity Partners:</b>	<b>-3.38%</b>
Shares Outstanding	53,400,000	Debt Partners:	0		0.00%		
<b>Market Capitalization</b>	<b>123,354,000</b>	<b>Total Funds for LBO:</b>	<b>123,504,000</b>		<b>100.00%</b>		
Debt	150,000						
Cash	23,170,000						
<b>Enterprise Value</b>	<b>100,334,000</b>						
<b>Capital Investment</b>	<b>123,504,000</b>						

<b>Book Value</b>		<b>Enterprise Value</b>		<b>Stock Valuation</b>		<b>Debt Reduction</b>	
Beginning Book Value	40.02	Beginning Enterprise Value	100.32	Current Market Price	\$2.31	Starting Debt	0.00
Year 5 Book Value	47.84	Year 5 Enterprise Value	52.81	Year 5 Market Price	\$1.95	Debt Repayment	0.09
<b>Annualized Return</b>	<b>3.64%</b>	<b>Annualized Return</b>	<b>-12.05%</b>	<b>Annualized Return</b>	<b>-3.36%</b>	Year 5 Ending Debt	0.01
						% of Starting Debt	#DIV/0!

## SN VALUATION

## LBO Pro Forma Income Statement

Name:

Towerstream Corp

Ticker:

TWER

	Historical				Forecasted				
	12 months ending 2007-12-31	12 months ending 2008-12-31	12 months ending 2009-12-31	12 months ending 2010-12-31	2011	2012	2013	2014	2015
Revenue	6.88	10.66	14.92	19.65	23.58	28.30	33.96	40.75	48.90
COGS	2.47	3.89	3.69	4.89	5.90	7.07	8.15	9.78	11.73
Gross margin	4.41	6.77	11.23	14.76	17.69	21.22	25.81	30.97	37.16
SG&A	11.35	16.99	14.62	15.04	15.33	15.56	16.98	18.34	19.56
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.00	0.00	0.00	0.00	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	1.87	3.23	4.04	5.77	6.00	6.00	6.30	6.50	6.70
Operating Income (EBITA)	-8.81	-13.45	-7.43	-6.95	-3.64	-0.34	2.53	6.13	10.90
Interest income/(expense)	0.31	0.07	-1.20	0.00	0.22	0.22	0.23	0.23	0.23
Gain (loss) on sale of asset	0.00	0.00	0.00	0.36	0.26	0.34	0.42	0.50	0.60
Other	0.00	0.00	0.00	0.09	0.06	0.09	0.11	0.12	0.15
Income before tax	-8.50	-13.38	-8.63	-5.60	-3.75	-0.55	2.23	5.74	10.39
Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.76	1.95	3.53
Income after tax	-8.50	-13.38	-8.63	-5.60	-3.75	-0.55	1.47	3.79	6.86
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	-8.50	-13.38	-8.63	-5.60	-3.75	-0.55	1.47	3.79	6.86
*Figures are in millions (\$)									
Revenue Growth	N/A	54.94%	39.96%	31.70%	20.00%	20.00%	20.00%	20.00%	20.00%
Tax Rate	0.00%	0.00%	0.00%	0.00%	34.00%	34.00%	34.00%	34.00%	34.00%
Implied Debt Interest Rate	9.63%	2.65%	0.00%	0.00%	NA	366.17%	384.83%	2309.00%	2309.00%
Margins									
COGS	35.90%	36.49%	24.73%	24.89%	25.00%	25.00%	24.00%	24.00%	24.00%
Gross margin	64.10%	63.51%	75.27%	75.11%	75.00%	75.00%	76.00%	76.00%	76.00%
SG&A	164.97%	159.38%	97.98%	76.54%	65.00%	55.00%	50.00%	45.00%	40.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.00%	0.00%	0.00%	0.00%	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	27.18%	30.30%	27.08%	29.36%	25.45%	21.20%	18.55%	15.95%	13.70%
Operating Income (EBITA)	-128.05%	-126.17%	-49.80%	-30.79%	-15.45%	-1.20%	7.45%	15.05%	22.30%
Interest income/(expense)	4.51%	0.66%	-8.04%	0.00%	0.93%	0.78%	0.68%	0.57%	0.47%
Gain (loss) on sale of asset	0.00%	0.00%	1.83%	0.00%	1.10%	1.21%	1.24%	1.22%	1.22%
Other	0.00%	0.00%	0.00%	0.46%	0.27%	0.30%	0.31%	0.30%	0.31%
Income before tax	-123.55%	-125.52%	-57.84%	-28.50%	-15.89%	-1.94%	6.58%	14.09%	21.24%
Tax	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.24%	4.79%	7.22%
Income after tax	-123.55%	-125.52%	-57.84%	-28.50%	-15.89%	-2.33%	6.25%	16.07%	29.07%
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	-123.55%	-125.52%	-57.84%	-28.50%	-15.89%	-1.94%	4.34%	9.30%	14.02%

					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	As of 2007-12-31	As of 2008-12-31	As of 2009-12-31	As of 2010-12-31	+	-						
Cash	40.76	24.74	14.04	23.17			23.17	20.23	21.73	26.88	36.38	51.26
Short term investment	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash and Short term</b>	<b>40.76</b>	<b>24.74</b>	<b>14.04</b>	<b>23.17</b>			<b>23.17</b>	<b>20.23</b>	<b>21.73</b>	<b>26.88</b>	<b>36.38</b>	<b>51.26</b>
Accounts Receivable	0.19	0.28	0.40	0.48			0.48	0.48	0.48	0.48	0.48	0.48
Other receivables	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Receivables</b>	<b>0.19</b>	<b>0.28</b>	<b>0.40</b>	<b>0.48</b>			<b>0.48</b>	<b>0.48</b>	<b>0.48</b>	<b>0.48</b>	<b>0.48</b>	<b>0.48</b>
Deferred Income Tax	-5.79	-8.92	-8.66	-7.52			-7.52	-7.52	-7.52	-7.52	-7.52	-7.52
Total Inventory	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.74	0.32	0.26	0.37			0.37	0.37	0.37	0.37	0.37	0.37
Other Current Assets	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Current Assets</b>	<b>35.90</b>	<b>16.42</b>	<b>6.04</b>	<b>16.50</b>	<b>0.00</b>	<b>0.00</b>	<b>16.50</b>	<b>13.56</b>	<b>15.06</b>	<b>20.21</b>	<b>29.71</b>	<b>44.59</b>
PP&E, Gross	14.31	21.81	26.34	32.61			32.61	38.61	44.61	50.61	56.61	62.61
Change in Depreciation	1.88	3.22	4.04	5.77			5.77	6.81	8.05	9.81	11.71	14.03
Accumulated Depreciation	0.00	0.00	4.04	9.81			9.81	16.62	24.67	34.48	46.19	60.22
<b>PP&amp;E, Net</b>	<b>14.31</b>	<b>21.81</b>	<b>22.30</b>	<b>22.80</b>			<b>22.80</b>	<b>21.99</b>	<b>19.94</b>	<b>16.13</b>	<b>10.42</b>	<b>2.39</b>
Goodwill	0.00	0.00	0.00	1.72	0.00		1.72	1.72	1.72	1.72	1.72	1.72
Intangibles	0.47	0.88	0.97	3.37			3.37	3.37	3.37	3.37	3.37	3.37
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	0.28	0.18	0.19	0.20			0.20	0.20	0.20	0.20	0.20	0.20
<b>Long Term Assets</b>	<b>15.06</b>	<b>22.87</b>	<b>23.46</b>	<b>28.09</b>			<b>28.09</b>	<b>27.28</b>	<b>25.23</b>	<b>21.42</b>	<b>15.71</b>	<b>7.68</b>
<b>Total Assets</b>	<b>50.96</b>	<b>39.29</b>	<b>29.50</b>	<b>44.59</b>	<b>0.00</b>	<b>0.00</b>	<b>44.59</b>	<b>40.84</b>	<b>40.29</b>	<b>41.63</b>	<b>45.42</b>	<b>52.27</b>
Accounts Payable	1.41	1.39	1.06	0.91			0.91	0.91	0.91	0.91	0.91	0.91
Accrued Expense	0.69	0.86	1.09	1.60			1.60	1.60	1.60	1.60	1.60	1.60
Other current Liabilities	0.63	1.04	1.11	1.25			1.25	1.25	1.25	1.25	1.25	1.25
<b>Total Current Liabilities</b>	<b>2.73</b>	<b>3.29</b>	<b>3.26</b>	<b>3.76</b>	<b>0.00</b>	<b>0.00</b>	<b>3.76</b>	<b>3.76</b>	<b>3.76</b>	<b>3.76</b>	<b>3.76</b>	<b>3.76</b>
Notes Payables/Short Term Debt	0.00	2.61	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	0.05	0.03	0.00	0.09			0.09	0.09	0.09	0.00	0.00	0.00
Long term Debt	3.14	0.00	0.00	0.00	0.00	0.00	0.00	0.06	0.06	0.01	0.01	0.01
Capital Lease Obligations	0.03	0.00	0.00	0.06			0.06	0.06	0.06	0.06	0.06	0.06
<b>Total Interest Earning Debt</b>	<b>3.22</b>	<b>2.64</b>	<b>0.00</b>	<b>0.15</b>	<b>0.00</b>	<b>0.00</b>	<b>0.15</b>	<b>0.21</b>	<b>0.21</b>	<b>0.07</b>	<b>0.07</b>	<b>0.07</b>
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	0.27	0.35	0.84	0.67			0.67	0.67	0.67	0.67	0.67	0.67
<b>Total Liabilities</b>	<b>6.22</b>	<b>6.28</b>	<b>4.10</b>	<b>4.58</b>	<b>0.00</b>	<b>0.00</b>	<b>4.58</b>	<b>4.64</b>	<b>4.64</b>	<b>4.50</b>	<b>4.50</b>	<b>4.50</b>
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	0.03	0.03	0.03	0.04		0.00	0.04	0.04	0.04	0.04	0.04	0.04
Additional Paid-in capital	53.22	54.85	55.13	75.33	0.00	0.00	75.33	75.33	75.33	75.33	75.33	75.33
Dividends Paid	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	-8.50	-21.88	-29.75	-35.35		0.00	-35.35	-39.10	-39.65	-38.17	-34.38	-27.53
Treasury Stock	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	-0.02	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Equity</b>	<b>44.73</b>	<b>33.00</b>	<b>25.41</b>	<b>40.02</b>	<b>0.00</b>	<b>0.00</b>	<b>40.02</b>	<b>36.27</b>	<b>35.72</b>	<b>37.20</b>	<b>40.99</b>	<b>47.84</b>
<b>Liability + Equity</b>	<b>50.95</b>	<b>39.28</b>	<b>29.51</b>	<b>44.60</b>	<b>0.00</b>	<b>0.00</b>	<b>44.60</b>	<b>40.91</b>	<b>40.36</b>	<b>41.70</b>	<b>45.49</b>	<b>52.34</b>
<b>Variance</b>	0.01	0.01	-0.01	-0.01			-0.01	-0.07	-0.07	-0.07	-0.07	-0.07
<b>Debt/Equity</b>	0.07	0.08	0.00	0.00			0.00	0.01	0.01	0.00	0.00	0.00
Inventory Turnover	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Inventory Turnover Days	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Days Inventory Outstanding	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable Turnover	36.21	38.07	37.30	40.94			40.94	49.13	58.95	70.74	84.89	101.87
Accounts Receivable Turnover Days	10.08	9.59	9.79	8.92			8.92	7.43	6.19	5.16	4.30	3.58
Days Payable Outstanding	208.36	130.42	104.85	67.92			67.92	56.34	46.95	40.76	33.97	28.30
Days Sales Outstanding	10.08	9.59	9.79	8.92			8.92	8.92	7.43	6.19	5.16	4.30
Cash Conversion Cycle	-198.28	-120.84	-95.07	-59.01			-59.01	-47.43	-39.52	-34.57	-28.81	-24.00



# SN VALUATION

# LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	9.13	-2.94	1.50	5.15	9.50	14.88
Current Portion Debt Repayment				0.09		
Long Term Debt Repayment				0.05		
<b>Outstanding Debt</b>	0.15	0.15	0.15	0.01	0.01	0.01
Current Portion Debt Balance	0.09	0.09	0.09	0.00	0.00	0.00
Long Term Debt Balance	0.06	0.06	0.06	0.01	0.01	0.01
Forward Libor Curve		4.00%	4.00%	4.00%	4.00%	4.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
<b>Interest Rate</b>		<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>
<b>Interest Expense</b>		<b>0.01</b>	<b>0.01</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Cash Balance		23.17				
Interest @ 1.0%		0.23	0.23	0.23	0.23	0.23
<b>Net Interest Expense/(Income)</b>		<b>(0.22)</b>	<b>(0.22)</b>	<b>(0.23)</b>	<b>(0.23)</b>	<b>(0.23)</b>
<b>Net Interest Rate</b>		<b>#DIV/0!</b>	<b>-366.17%</b>	<b>-384.83%</b>	<b>-2309.00%</b>	<b>-2309.00%</b>
EBITDA		(3.64)	(0.34)	2.53	6.13	10.90
<b>EBITDA/Interest Expense Coverage</b>		<b>(303.50)</b>	<b>(28.40)</b>	<b>3160.44</b>	<b>7664.17</b>	<b>13627.97</b>

Interest Rate Coverage Table

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

\*Source: NYU; Professor Damodaran