

True Religion Apparel Inc (TRLG)

Price:	\$31.82	Net Tang. Bk Value Incl. Cash (NTBVIC):	\$331,730,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$591,864,805.12
Market Cap:	\$805,682,400	NTBVIC/Market Downside Recovery:	41.17%	Avg. Year FCF/Share:	\$47,541,275.88
Cash:	\$186,150,000	Op. Cash Flow:	\$60,365,797	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$0	Implied Years to Fill Gap:	7.85	Year 5 Disposition Price:	\$734,488,632.77
Net Cash:	\$186,150,000	Today's Equity if 5x Op. CF:	\$512,827,392		
Enterprise Value:	\$619,532,400			Net Tang. Book+5 FCF+ Gain Disposition:	\$734,488,632.77
				IRR:	-1.83%
Shares Outstanding:	25,320,000			Price:	\$29.01
				Target Market Cap:	\$734,488,633
				Target Enterprise Value:	\$548,338,633

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

True Religion Jeans (TRLG) will be bought out by Towerbrook, a PE firm which owned Jimmy Choo shoes. TRLG has good double digit growth, a niche following, zero leverage, 8% FCF/EV yield.

The sales growth may be misleading since they have expanded rapidly over the past few years, so Towerbrook probably saw 1) sustained Same store sales (SSS) growth, 2) expansion opportunities internationally, 3) continued demand for premium jeans. The jeans sell for 3 times their cost, so we like the business since it is a high margin, small scale business.

Levi's, Calvin Klein grew into large brand names by growing their jeans business and we believe TRLG may become a bolt on acquisition by a larger designer brand, or develop into a more global brand.

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SN VALUATION

LBO Pro Forma Income Statement

Name:

True Religion Apparel Inc

Ticker:

TRLG

	Historical				Forecasted				
	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2013	2014	2015	2016	2017
Revenue	311.00	363.71	419.80	467.29	490.65	515.19	540.95	567.99	596.39
COGS	115.44	133.74	147.97	167.76	176.64	185.47	194.74	204.48	214.70
Gross margin	195.56	229.97	271.83	314.02	314.02	329.72	346.21	363.52	381.69
SG&A	117.97	155.29	194.63	218.97	230.61	242.14	254.24	266.96	280.30
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.00	4.77	2.59	2.44	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					14.00	14.00	14.00	14.00	14.00
Operating Income (EBITA)	77.59	69.91	74.61	78.12	69.41	73.58	77.96	82.56	87.39
Interest income/(expense)	0.17	0.41	-0.64	0.09	1.86	1.86	1.86	1.86	1.86
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	77.77	70.33	73.97	78.21	71.27	75.44	79.82	84.42	89.25
Tax	30.44	26.70	28.19	31.51	24.95	26.41	27.94	29.55	31.24
Income after tax	47.33	43.63	45.78	46.70	46.33	49.04	51.88	54.87	58.01
Minority Interest	0.00	-0.14	-0.81	-0.68	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	47.33	43.50	44.97	46.02	46.33	49.04	51.88	54.87	58.01
*Figures are in millions (\$)									
EPS (based off today's share count)	\$1.87	\$1.72	\$1.78	\$1.82	\$1.83	\$1.94	\$2.05	\$2.17	\$2.29
P/E (historical today's price; forecasted intrinsic price)	17.02	18.52	17.92	17.51	17.07	15.83	14.69	13.64	12.66
Revenue Growth	N/A	16.95%	15.42%	11.31%	5.00%	5.00%	5.00%	5.00%	5.00%
Tax Rate	39.14%	37.96%	38.11%	40.29%	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	37.12%	36.77%	35.25%	35.90%	36.00%	36.00%	36.00%	36.00%	36.00%
Gross margin	62.88%	63.23%	64.75%	64.10%	64.00%	64.00%	64.00%	64.00%	64.00%
SG&A	37.93%	42.70%	46.36%	46.86%	47.00%	47.00%	47.00%	47.00%	47.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.00%	1.31%	0.62%	0.52%	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%	2.85%	2.72%	2.59%	2.46%	2.35%
Operating Income (EBITA)	24.95%	19.22%	17.77%	16.72%	14.15%	14.28%	14.41%	14.54%	14.65%
Interest income/(expense)	0.05%	-0.11%	-0.15%	0.02%	0.38%	0.36%	0.34%	0.33%	0.31%
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	25.01%	19.34%	17.62%	16.74%	14.53%	14.64%	14.76%	14.86%	14.96%
Tax	9.79%	7.34%	6.72%	6.74%	5.08%	5.13%	5.16%	5.20%	5.24%
Income after tax	15.22%	12.00%	10.91%	9.99%	9.44%	9.99%	10.57%	11.18%	11.82%
Minority Interest	0.00%	-0.04%	-0.19%	-0.15%	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	15.22%	11.96%	10.71%	9.85%	9.44%	9.52%	9.59%	9.66%	9.73%

	As of					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	2009-12-31	2010-12-31	2011-12-31	2012-12-31	2012-12-31	+	-						
Cash	105.53	153.79	200.37	76.83	76.83			76.83	117.20	160.97	208.34	259.46	314.54
Short term investment	4.95	0.00	0.00	109.32	109.32			109.32	109.32	109.32	109.32	109.32	109.32
<b>Cash and Short term</b>	<b>110.48</b>	<b>153.79</b>	<b>200.37</b>	<b>186.15</b>	<b>186.15</b>			<b>186.15</b>	<b>226.52</b>	<b>270.29</b>	<b>317.66</b>	<b>368.78</b>	<b>423.86</b>
Accounts Receivable	27.21	27.86	23.96	31.65	32.00			32.00	32.00	32.00	32.00	32.00	32.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Receivables</b>	<b>27.21</b>	<b>27.86</b>	<b>23.96</b>	<b>31.65</b>	<b>32.00</b>			<b>32.00</b>	<b>32.00</b>	<b>32.00</b>	<b>32.00</b>	<b>32.00</b>	<b>32.00</b>
Total Inventory	34.50	41.69	53.32	65.66	65.66			65.66	65.66	65.66	65.66	65.66	65.66
Prepaid Expenses	7.00	10.28	16.02	15.48	15.48			15.48	15.48	15.48	15.48	15.48	15.48
Other Current Assets	8.75	9.66	7.03	7.29	7.29			7.29	7.29	7.29	7.29	7.29	7.29
<b>Current Assets</b>	<b>187.94</b>	<b>243.28</b>	<b>300.70</b>	<b>306.23</b>	<b>306.58</b>	<b>0.00</b>	<b>0.00</b>	<b>306.58</b>	<b>346.95</b>	<b>390.72</b>	<b>438.09</b>	<b>489.21</b>	<b>544.29</b>
PP&E, Gross	52.15	70.62	98.01	99.02	100.00			100.00	120.00	140.00	160.00	180.00	200.00
Change in Depreciation		9.84	12.75	13.37	13.37			13.37	14.04	14.74	15.48	16.25	17.06
Accumulated Depreciation	12.46	22.17	35.43	37.45	40.00			40.00	54.04	68.78	84.26	100.51	117.57
<b>PP&amp;E, Net</b>	<b>39.69</b>	<b>48.45</b>	<b>62.58</b>	<b>61.57</b>	<b>60.00</b>			<b>60.00</b>	<b>65.96</b>	<b>71.22</b>	<b>75.74</b>	<b>79.49</b>	<b>82.43</b>
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	31.52	31.52			31.52	31.52	31.52	31.52	31.52	31.52
Other long term assets	2.16	4.16	5.77	6.41	6.41			6.41	6.41	6.41	6.41	6.41	6.41
<b>Long Term Assets</b>	<b>41.85</b>	<b>52.61</b>	<b>68.35</b>	<b>99.50</b>	<b>97.93</b>			<b>97.93</b>	<b>103.89</b>	<b>109.15</b>	<b>113.67</b>	<b>117.42</b>	<b>120.36</b>
<b>Total Assets</b>	<b>229.79</b>	<b>295.89</b>	<b>369.05</b>	<b>405.73</b>	<b>404.51</b>	<b>0.00</b>	<b>0.00</b>	<b>404.51</b>	<b>450.84</b>	<b>499.88</b>	<b>551.76</b>	<b>606.63</b>	<b>664.64</b>
Accounts Payable	0.00	3.58	6.76	15.40	15.40			15.40	15.40	15.40	15.40	15.40	15.40
Accrued Expense	8.84	23.16	27.62	26.85	26.85			26.85	26.85	26.85	26.85	26.85	26.85
Other current Liabilities	0.83	4.71	6.54	5.06	5.06			5.06	5.06	5.06	5.06	5.06	5.06
<b>Total Current Liabilities</b>	<b>9.67</b>	<b>31.45</b>	<b>40.92</b>	<b>47.31</b>	<b>47.31</b>	<b>0.00</b>	<b>0.00</b>	<b>47.31</b>	<b>47.31</b>	<b>47.31</b>	<b>47.31</b>	<b>47.31</b>	<b>47.31</b>
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
<b>Total Interest Earning Debt</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Deferred Income tax	2.71	2.19	2.83	4.58	4.58			4.58	4.58	4.58	4.58	4.58	4.58
Minority Interest	0.00	1.93	2.63	3.38	3.38			3.38	3.38	3.38	3.38	3.38	3.38
Other liabilities	7.85	11.29	13.99	17.52	17.51			17.51	17.51	17.51	17.51	17.51	17.51
<b>Total Liabilities</b>	<b>20.23</b>	<b>46.86</b>	<b>60.37</b>	<b>72.79</b>	<b>72.78</b>	<b>0.00</b>	<b>0.00</b>	<b>72.78</b>	<b>72.78</b>	<b>72.78</b>	<b>72.78</b>	<b>72.78</b>	<b>72.78</b>
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	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Additional Paid-in capital	49.84	66.47	77.95	89.29	90.00	0.00	0.00	90.00	90.00	90.00	90.00	90.00	90.00
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	147.81	181.63	221.12	241.99	240.00		0.00	240.00	286.33	335.37	387.25	442.12	500.13
Treasury Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	0.20	0.93	0.71	1.66	1.66		0.00	1.66	1.66	1.66	1.66	1.66	1.66
<b>Total Equity</b>	<b>197.85</b>	<b>249.03</b>	<b>299.78</b>	<b>332.94</b>	<b>331.66</b>	<b>0.00</b>	<b>0.00</b>	<b>331.66</b>	<b>377.99</b>	<b>427.03</b>	<b>478.91</b>	<b>533.78</b>	<b>591.79</b>
<b>Liability + Equity</b>	<b>218.08</b>	<b>295.89</b>	<b>360.15</b>	<b>405.73</b>	<b>404.44</b>	<b>0.00</b>	<b>0.00</b>	<b>404.44</b>	<b>450.77</b>	<b>499.81</b>	<b>551.69</b>	<b>606.56</b>	<b>664.57</b>
<b>Variance</b>	11.71	0.00	8.90	0.00	0.07			0.07	0.07	0.07	0.07	0.07	0.07
<b>Debt/Equity</b>	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	9.01	8.72	7.87	7.12	7.47			7.12	7.47	7.85	8.24	8.65	9.08
Inventory Turnover Days	40.49	41.84	46.36	51.29	48.84			51.29	48.84	46.52	44.30	42.19	40.18
Days Inventory Outstanding	109.08	113.78	131.53	142.86	135.68			142.86	135.68	129.22	123.07	117.21	111.62
Accounts Receivable Turnover	11.43	13.05	17.52	14.76	15.33			14.60	15.33	16.10	16.90	17.75	18.64
Accounts Receivable Turnover Days	31.93	27.96	20.83	24.72	23.80			25.00	23.80	22.67	21.59	20.56	19.58
Days Payable Outstanding	0.00	9.77	16.68	33.51	31.82			33.51	31.82	30.31	28.86	27.49	26.18
Days Sales Outstanding	31.93	27.96	20.83	24.72	23.80			24.72	25.00	23.80	22.67	21.59	20.56
Cash Conversion Cycle	141.02	131.97	135.68	134.07	127.66			134.07	128.85	122.72	116.87	111.31	106.01
Net tangible assets/share	\$8.28	\$9.84	\$12.19	\$13.15	\$13.10			\$14.93	\$16.87	\$18.92	\$21.08	\$23.38	\$26.38

	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2011	2012	2013	2014	2015
Net Income	47.33	43.63	45.78	46.70	46.33	49.04	51.88	54.87	58.01
Depreciation	6.49	9.84	12.75	13.37	14.04	14.74	15.48	16.25	17.06
<b>Net Income + Depreciation</b>	<b>53.82</b>	<b>53.47</b>	<b>58.53</b>	<b>60.07</b>	<b>60.37</b>	<b>63.78</b>	<b>67.36</b>	<b>71.12</b>	<b>75.08</b>
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	-0.64	-1.42	1.40	1.06	0.00	0.00	0.00	0.00	0.00
Non Cash Items	12.20	14.26	12.93	13.29	0.00	0.00	0.00	0.00	0.00
Change in Working capital	1.10	1.45	-1.09	-10.32	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-0.65	-3.90	-7.69	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	-7.19	-11.63	-12.34	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-3.28	-5.74	0.54	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	3.58	3.18	8.64	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>66.48</b>	<b>67.76</b>	<b>71.77</b>	<b>64.10</b>	<b>60.37</b>	<b>63.78</b>	<b>67.36</b>	<b>71.12</b>	<b>75.08</b>
Capital Expenditures Expenditures	-20.21	-17.62	-20.77	-21.99	-20.00	-20.00	-20.00	-20.00	-20.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	4.90	4.11	0.00	-141.77	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>-15.31</b>	<b>-13.51</b>	<b>-20.77</b>	<b>-163.76</b>	<b>-20.00</b>	<b>-20.00</b>	<b>-20.00</b>	<b>-20.00</b>	<b>-20.00</b>
Financing Cash flow items	-2.98	-6.10	-4.28	-4.12	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	-20.15	0.00	0.00	0.00	0.00	0.00
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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash from Financing Activities</b>	<b>-2.98</b>	<b>-6.10</b>	<b>-4.28</b>	<b>-24.27</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Foreign Exchange effect	0.08	0.12	-0.14	0.40	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	57.24	105.53	153.79	200.37	76.83	117.20	160.97	208.34	259.46
<b>Net Change in Cash</b>	<b>48.29</b>	<b>48.26</b>	<b>46.57</b>	<b>-123.53</b>	<b>40.37</b>	<b>43.78</b>	<b>47.36</b>	<b>51.12</b>	<b>55.08</b>
Ending Cash Balance	105.53	153.79	200.36	76.84	117.20	160.97	208.34	259.46	314.54
Capex to Revenue	6.50%	4.84%	4.95%	4.71%	4.08%	3.88%	3.70%	3.52%	3.35%
Depreciation to Sales	2.09%	2.71%	3.04%	2.86%	2.86%	2.86%	2.86%	2.86%	2.86%
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	8.75%	7.66%	5.71%	6.77%	6.45%	6.14%	5.85%	5.57%	5.31%
Distributable FCF/EV Yield	8.26%	8.76%	8.23%	-16.09%	6.52%	7.07%	7.64%	8.25%	8.89%
Dividend Yield	0.00%	0.00%	0.00%	-2.50%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>FCF (Ops-Investing-Dividends)</b>	<b>46.27</b>	<b>50.14</b>	<b>51.00</b>	<b>62.26</b>	<b>40.37</b>	<b>43.78</b>	<b>47.36</b>	<b>51.12</b>	<b>55.08</b>

# SN VALUATION

# LBO Debt Schedule

Ticker:

TRLG

	Proforma	2013	2014	2015	2016	2017
<b>Net Change in Cash</b>	<b>-123.53</b>	<b>40.37</b>	<b>43.78</b>	<b>47.36</b>	<b>51.12</b>	<b>55.08</b>
Current Portion Debt Repayment						
Long Term Debt Repayment						
<b>Outstanding Debt</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
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%
<b>Interest Rate</b>		<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>	<b>7.00%</b>
<b>Interest Expense</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Cash Balance		186.15				
Interest @ 1.0%		1.86	1.86	1.86	1.86	1.86
<b>Net Interest Expense/(Income)</b>		<b>(1.86)</b>	<b>(1.86)</b>	<b>(1.86)</b>	<b>(1.86)</b>	<b>(1.86)</b>
<b>Net Interest Rate</b>		<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
EBITDA		69.41	73.58	77.96	82.56	87.39
<b>EBITDA/Interest Expense Coverage</b>		<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>

## 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:

True Religion Apparel Inc

Ticker:

TRLG

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	178.27	211.83	259.78	259.27	299.64	343.41	390.78	441.90	496.98
Total Assets	229.79	295.89	369.05	404.51	450.84	499.88	551.76	606.63	664.64
<b>X1</b>	<b>0.78</b>	<b>0.72</b>	<b>0.70</b>	<b>0.64</b>	<b>0.66</b>	<b>0.69</b>	<b>0.71</b>	<b>0.73</b>	<b>0.75</b>
Retained Earnings	147.81	181.63	221.12	240.00	286.33	335.37	387.25	442.12	500.13
Total Assets	229.79	295.89	369.05	404.51	450.84	499.88	551.76	606.63	664.64
<b>X2</b>	<b>0.64</b>	<b>0.61</b>	<b>0.60</b>	<b>0.59</b>	<b>0.64</b>	<b>0.67</b>	<b>0.70</b>	<b>0.73</b>	<b>0.75</b>
EBITDA	77.59	69.91	74.61	78.12	83.41	87.58	91.96	96.56	101.39
Total Assets	229.79	295.89	369.05	404.51	450.84	499.88	551.76	606.63	664.64
<b>X3</b>	<b>0.34</b>	<b>0.24</b>	<b>0.20</b>	<b>0.19</b>	<b>0.19</b>	<b>0.18</b>	<b>0.17</b>	<b>0.16</b>	<b>0.15</b>
Market Value of Equity	805.68	805.68	805.68	805.68	790.91	776.41	762.18	748.21	734.49
Total Liabilities	20.23	46.86	60.37	72.78	72.78	72.78	72.78	72.78	72.78
<b>X4</b>	<b>39.83</b>	<b>17.19</b>	<b>13.35</b>	<b>11.07</b>	<b>10.87</b>	<b>10.67</b>	<b>10.47</b>	<b>10.28</b>	<b>10.09</b>
Net Sales	311.00	363.71	419.80	467.29	490.65	515.19	540.95	567.99	596.39
Total Assets	229.79	295.89	369.05	404.51	450.84	499.88	551.76	606.63	664.64
<b>X5</b>	<b>1.35</b>	<b>1.23</b>	<b>1.14</b>	<b>1.16</b>	<b>1.09</b>	<b>1.03</b>	<b>0.98</b>	<b>0.94</b>	<b>0.90</b>
<b>Altman Z Score</b>	<b>28.19</b>	<b>14.04</b>	<b>11.50</b>	<b>10.03</b>	<b>9.91</b>	<b>9.77</b>	<b>9.65</b>	<b>9.52</b>	<b>9.41</b>

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

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