

Sung Nam
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VOXX and SVU

VOXX has been a star performer, with the momentum catching fire in Q4 2012. We project a 25% return on the call initially made in May 2012. The stock jumped 18% on the recent favorable earnings news. We believe this stock will enter our "Price Target reached" group in the next day or so. We won't make adjustments to our PT because of 1 quarter or recent momentum. We will wait it out another couple quarters and see if there is a meaningful expansion and justified demand for the co.'s products, either through a broader product line offering or a new sales channel. We are tired of being burned by the market. We want to take firm, grounded steps when making our decision.

SVU, we looked into the developing story in July 2012 and set a 1 year target of \$3.60. The recent Cerberus purchase of Albertson's brand and a handful of other chains for \$3BB, plus Cerberus' purchase for 30% of the shares for the remainder of SVU at \$4 fell in line with our estimates. The chain is left with a 1,300 store chain, Save-a-Lot, which sounds like a discount business model, along with a few other small regional chains.

We are not sure if only the equity was acquired with none of the debt assumed. If the SVU unit was sold for \$3.3BB with no liability assumed by the Acquirer, then we assume the remaining SVU EV, which generates \$17BB in revenue, to be north of \$2BB. At \$4/share, the implied EV for the remaining SVU is \$1BB in equity (250m shares) and \$3BB in net debt, or \$4BB EV, or slightly above the EV in July 2012.