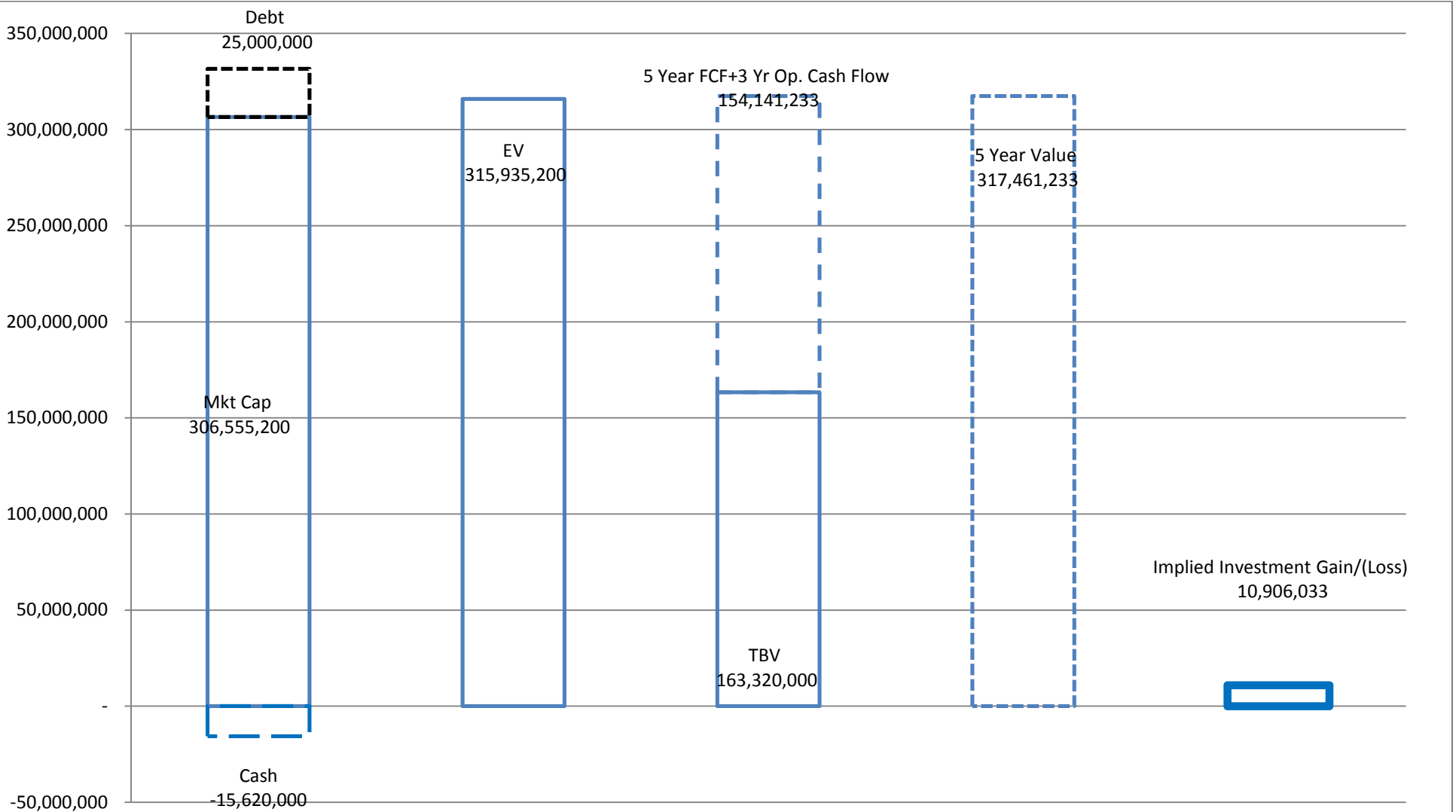


## Weyco Group (WEYS)

Price:	\$28.28	Net Tang. Bk Value Incl. Cash, Excl.	\$163,320,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$241,856,900.00
Market Cap:	\$306,555,200	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$19,284,158.98
Cash:	\$15,620,000	NTBVIC/Market Downside Recovery:	53.28%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$25,000,000	Op. Cash Flow:	\$19,257,751	Year 5 Disposition Price:	\$299,709,376.95
Net Cash:	-\$9,380,000	Implied Years to Fill Gap:	7.44		
Enterprise Value:	\$315,935,200	Today's Equity if 5x Op. CF:	\$221,093,253		
		Net Tang. Book+ Gain Disposition:			\$299,709,376.95
Shares Outstanding:	10,840,000	IRR:			-0.45%
		Price:			\$27.65
		Target Market Cap:			\$299,709,377
		Target Enterprise Value:			\$309,089,377

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

Shoe business, flagship brand is Florsheim. Operates wholesale and retail business. Mainly wholesale business (75% of total revenue). Retail is minor, with 20 company operated retail stores and an online store, which generates 10% of revenue.



Weyco Group, Inc. is a Wisconsin corporation incorporated in the year 1906 as Weyenberg Shoe Manufacturing Company. Effective April 25, 1990, the name of the corporation was changed to Weyco Group, Inc. The company and its subsidiaries engage in one line of business, the distribution of footwear. The Company designs and markets footwear principally for men, but also for women and children, under a portfolio of well-recognized brand names including: 'Florsheim,' 'Nunn Bush,' 'Stacy Adams,' 'BOGS,' 'Rafters,' and 'Umi.' The Company also has other brands, including 'which is included within Nunn Bush sales figures, and 'Florsheim by Duckie Brown' which is included within Florsheim sales figures. The Company's business is separated into two reportable segments — the North American wholesale segment and the North American retail segment. In 2012 sales of the North American wholesale segment, which include both wholesale sales and licensing revenues, constituted approximately 74% of total sales. At wholesale, shoes are marketed throughout the United States and Canada in more than 10,000 shoe, clothing and department stores. The North American retail segment constituted approximately 10% of total sales in 2012. As of December 31, 2012, the retail segment consisted of 23 company-operated stores in the United States and an Internet business. Sales in retail stores are made directly to the consumer by Company employees. The Company competes with manufacturers, distributors and retailers of men's, women's and children's shoes, certain of which are larger and have substantially greater resources than the Company has.

Company Name:		Weyco Group		Market Capitalization:		\$306,555,200.00		Revenue:		\$300,090,000.00		100.0%	
Ticker Symbol:	WEYS	Total Debt:	\$25,000,000.00	Cost of Goods Sold:	\$185,200,000.00	61.7%		Gross Profit:	\$114,890,000.00	38.3%		EBITDA:	
Last Price:	\$28.28	Enterprise Value:	\$315,935,200.00	Net Income:	\$18,470,000.00	6.2%		Net Income:					
Net Cash/Share:	-\$0.87	Current EV/Share:	\$29.15										
Net Cash to Last Price:	-3.06%	EBITDA:	\$33,440,000.00										
Shares Outstanding:	10,840,000	EV/EBITDA Multiple:	9.45										
Industry:	Footwear & Accessories	EV/EBITDA Multiple Average Year 1-5:	10.62										
Sector:	Consumer Cyclical	EV/FCF Multiple (excluding acquisition):	37.39										
Institutional Ownership:	31.30%	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	34.03										
Mutual Fund Ownership:	23.74%												
Insider Ownership:	12.04%												
Float:	60.00%												
<b>Upper Range</b>													
<b>DCF: EV/EBITDA Terminal Value</b>													
		Implied TV from 3 X EV/EBITDA Multiple	\$79,236,900.00										
		Enterprise Value	\$79,236,900.00										
		Cash at Year 5:	\$62,040,794.92										
		Debt at Year 5:	\$25,000,000.00										
		Equity Value Year 5:	\$116,277,694.92										
		<b>Equity/Share at Year 5:</b>	<b>\$10.73</b>										
		Annualized Return:	-17.62%										
<b>Lower Range</b>													
<b>DCF: Net Tangible Asset excluding Cash/Debt Terminal Value</b>													
		Year 5 Net Tangible Assets excluding cash and debt	\$106,470,000.00										
		Enterprise Value	\$106,470,000.00										
		Cash at Year 5:	\$62,040,794.92										
		Debt at Year 5:	\$25,000,000.00										
		Equity Value Year 5:	\$143,510,794.92										
		<b>Equity/Share at Year 5:</b>	<b>\$13.24</b>										
		Annualized Return:	-14.08%										
<b>EVA</b>													
		EVA today:	\$173,784,421.48										
		EVA in 5 Years:	\$186,661,305.14										
		EVA/Share:	\$17.22										
		Cash at Year 5:	\$62,040,794.92										
		Debt at Year 5:	\$25,000,000.00										
		Equity Value Year 5:	\$223,702,100.07										
		<b>Equity/Share at Year 5:</b>	<b>\$20.64</b>										
		Annualized return	1.44%										
<b>Current Net Tangible Asset</b>													
		<b>Net Tangible Asset/Share:</b>	<b>\$10.95</b>										
		<b>Net Tangible Asset/Share in Year 5:</b>	<b>\$18.30</b>										
		Annualized return	10.83%										
		Current Equity Price:	\$28.28										
		Selling at Discount?	Premium										
		Appreciation Potential:	-61.30%										
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## Income Statement

## Balance Sheet

## Cash Flow

## Profitability Margins

## Technicals

## Analyst/Consensus

## Multiples

## Market Value to Book:

## Competitors

Average EV to EBITDA:  
Company EV to EBITDA:

Average EV to EBIT:  
Company EV to EBITA:

SN VALUATION

LBO Pro Forma Income Statement

Name:

Weyco Group

Ticker:

WEYS

	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	225.31	229.23	271.10	293.47	293.47	293.47	293.47	293.47	293.47
COGS	140.83	138.93	164.38	178.58	179.02	179.02	179.02	179.02	179.02
Gross margin	84.48	90.30	106.72	114.89	114.45	114.45	114.45	114.45	114.45
SG&A	67.70	71.52	83.31	85.00	88.04	88.04	88.04	88.04	88.04
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	0.22	0.09	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					0.00	0.00	0.00	0.00	0.00
<b>Operating Income (EBITA)</b>	<b>16.78</b>	<b>18.78</b>	<b>23.19</b>	<b>29.80</b>	<b>26.41</b>	<b>26.41</b>	<b>26.41</b>	<b>26.41</b>	<b>26.41</b>
Interest income/(expense)	3.12	2.55	1.41	1.14	-2.25	-2.25	-2.25	-2.25	-2.25
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	0.11	-0.03	0.41	-0.01	0.00	0.00	0.00	0.00	0.00
<b>Income before tax</b>	<b>20.01</b>	<b>21.30</b>	<b>25.02</b>	<b>30.93</b>	<b>24.17</b>	<b>24.17</b>	<b>24.17</b>	<b>24.17</b>	<b>24.17</b>
Tax	8.94	7.17	8.58	10.53	8.46	8.46	8.46	8.46	8.46
<b>Income after tax</b>	<b>13.07</b>	<b>14.13</b>	<b>16.44</b>	<b>20.40</b>	<b>15.71</b>	<b>15.71</b>	<b>15.71</b>	<b>15.71</b>	<b>15.71</b>
Minority Interest	-0.25	-0.46	-1.19	-1.44	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
<b>Net income</b>	<b>12.82</b>	<b>13.67</b>	<b>15.25</b>	<b>18.96</b>	<b>15.71</b>	<b>15.71</b>	<b>15.71</b>	<b>15.71</b>	<b>15.71</b>
*Figures are in millions (\$)									
EPS (based off today's share count)	\$1.18	\$1.26	\$1.41	\$1.75	\$1.45	\$1.45	\$1.45	\$1.45	\$1.45
P/E (historical today's price; forecasted intrinsic price)	23.91	22.43	20.10	16.17	19.43	19.34	19.25	19.17	19.08
<b>Revenue Growth</b>	<b>N/A</b>	<b>1.74%</b>	<b>18.27%</b>	<b>8.25%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
Tax Rate	34.68%	33.66%	34.28%	34.04%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	0.00%	51.00%	3.81%	2.53%	NA	NA	NA	NA	NA
<b>Margins</b>									
COGS	62.50%	60.61%	60.63%	60.85%	61.00%	61.00%	61.00%	61.00%	61.00%
<b>Gross margin</b>	<b>37.50%</b>	<b>39.39%</b>	<b>39.37%</b>	<b>39.15%</b>	<b>39.00%</b>	<b>39.00%</b>	<b>39.00%</b>	<b>39.00%</b>	<b>39.00%</b>
SG&A	30.05%	31.20%	30.73%	28.96%	30.00%	30.00%	30.00%	30.00%	30.00%
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%	0.08%	0.03%	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	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Operating Income (EBITA)</b>	<b>7.45%</b>	<b>8.19%</b>	<b>8.55%</b>	<b>10.15%</b>	<b>9.00%</b>	<b>9.00%</b>	<b>9.00%</b>	<b>9.00%</b>	<b>9.00%</b>
Interest income/(expense)	1.38%	1.11%	0.39%	0.39%	-0.77%	-0.77%	-0.77%	-0.77%	-0.77%
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	0.05%	-0.01%	0.15%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Income before tax</b>	<b>8.88%</b>	<b>9.29%</b>	<b>9.23%</b>	<b>10.54%</b>	<b>8.23%</b>	<b>8.23%</b>	<b>8.23%</b>	<b>8.23%</b>	<b>8.23%</b>
Tax	3.08%	3.13%	3.16%	3.59%	2.88%	2.88%	2.88%	2.88%	2.88%
<b>Income after tax</b>	<b>5.80%</b>	<b>6.16%</b>	<b>6.06%</b>	<b>6.95%</b>	<b>5.35%</b>	<b>5.35%</b>	<b>5.35%</b>	<b>5.35%</b>	<b>5.35%</b>
Minority Interest	-0.11%	-0.20%	-0.44%	-0.49%	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%
<b>Net income</b>	<b>5.69%</b>	<b>5.96%</b>	<b>5.63%</b>	<b>6.46%</b>	<b>5.35%</b>	<b>5.35%</b>	<b>5.35%</b>	<b>5.35%</b>	<b>5.35%</b>

	As of 2009-12-31	As of 2010-12-31	As of 2011-12-31	As of 2012-12-31	As of 2013-09-30	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	30.00	7.15	10.32	17.29	9.74			9.74	18,997,751.13	28.28	37.58	46.88	56.16
Short term investment	3.95	4.99	4.75	8.00	5.88			5.88	5.88	5.88	5.88	5.88	5.88
<b>Cash and Short term</b>	<b>33.95</b>	<b>12.14</b>	<b>15.07</b>	<b>25.29</b>	<b>15.62</b>			<b>15.62</b>	<b>24.88</b>	<b>34.16</b>	<b>43.46</b>	<b>52.76</b>	<b>62.04</b>
Accounts Receivable	33.02	38.84	43.64	49.05	50.00			50.00	50.00	50.00	50.00	50.00	50.00
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>33.02</b>	<b>38.84</b>	<b>43.64</b>	<b>49.05</b>	<b>50.00</b>			<b>50.00</b>	<b>50.00</b>	<b>50.00</b>	<b>50.00</b>	<b>50.00</b>	<b>50.00</b>
Total Inventory	40.36	56.11	62.69	65.37	52.61			52.61	52.61	52.61	52.61	52.61	52.61
Prepaid Expenses	3.92	4.40	5.61	4.95	2.88			2.88	2.88	2.88	2.88	2.88	2.88
Other Current Assets	0.00	0.00	0.40	0.65	0.32			0.32	0.32	0.32	0.32	0.32	0.32
<b>Current Assets</b>	<b>111.25</b>	<b>111.49</b>	<b>127.41</b>	<b>145.31</b>	<b>121.43</b>	<b>0.00</b>	<b>0.00</b>	<b>121.43</b>	<b>130,687,751.1</b>	<b>139.97</b>	<b>149.27</b>	<b>158.57</b>	<b>167.85</b>
PP&E, Gross	49.62	51.09	58.02	0.00	58.00			58.00	68.00	78.00	88.00	98.00	108.00
Change in Depreciation	2.95	2.70	2.59	3.34	3.34			3.34	3.34	3.34	3.34	3.34	3.34
Accumulated Depreciation	22.75	25.41	26.94	0.00	27.00			27.00	30.34	33.68	37.02	40.36	43.70
<b>PP&amp;E, Net</b>	<b>26.87</b>	<b>25.68</b>	<b>31.08</b>	<b>0.00</b>	<b>31.00</b>			<b>31.00</b>	<b>37.66</b>	<b>44.32</b>	<b>50.98</b>	<b>57.64</b>	<b>64.30</b>
Goodwill	0.00	0.00	11.11	11.11	11.00	0.00		11.00	11.00	11.00	11.00	11.00	11.00
Intangibles	10.87	12.75	38.22	37.95	38.00			38.00	37.79	37.56	37.30	37.05	36.82
Long term investments	42.82	58.06	46.84	36.22	28.29			28.29	28.29	28.29	28.29	28.29	28.29
Other long term assets	15.33	15.46	18.04	16.38	22.54			22.54	22.54	22.54	22.54	22.54	22.54
<b>Long Term Assets</b>	<b>95.89</b>	<b>111.95</b>	<b>145.29</b>	<b>101.66</b>	<b>130.83</b>			<b>130.83</b>	<b>143.71</b>	<b>156.51</b>	<b>169.51</b>	<b>183.02</b>	<b>196.54</b>
<b>Total Assets</b>	<b>207.14</b>	<b>223.44</b>	<b>272.70</b>	<b>246.97</b>	<b>252.26</b>	<b>0.00</b>	<b>0.00</b>	<b>252.26</b>	<b>267.97</b>	<b>283.67</b>	<b>299.38</b>	<b>315.09</b>	<b>330.80</b>
Accounts Payable	9.20	10.36	12.94	11.13	11.00			11.00	11.00	11.00	11.00	11.00	11.00
Accrued Expense	7.85	10.20	13.22	13.89	14.00			14.00	14.00	14.00	14.00	14.00	14.00
Other current Liabilities	3.23	2.15	1.74	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Current Liabilities</b>	<b>20.28</b>	<b>22.71</b>	<b>27.90</b>	<b>25.02</b>	<b>25.00</b>	<b>0.00</b>	<b>0.00</b>	<b>25.00</b>	<b>25.00</b>	<b>25.00</b>	<b>25.00</b>	<b>25.00</b>	<b>25.00</b>
Notes Payables/Short Term Debt	0.00	5.00	37.00	45.00	25.00			25.00	25.00	25.00	25.00	25.00	25.00
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>5.00</b>	<b>37.00</b>	<b>45.00</b>	<b>25.00</b>	<b>0.00</b>	<b>0.00</b>	<b>25.00</b>	<b>25.00</b>	<b>25.00</b>	<b>25.00</b>	<b>25.00</b>	<b>25.00</b>
Deferred Income tax	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Minority Interest	4.05	4.70	5.40	7.22	6.60			6.60	6.60	6.60	6.60	6.60	6.60
Other liabilities	18.53	18.57	37.22	33.91	28.01			28.01	28.01	28.01	28.01	28.01	28.01
<b>Total Liabilities</b>	<b>42.86</b>	<b>50.98</b>	<b>107.52</b>	<b>111.15</b>	<b>84.61</b>	<b>0.00</b>	<b>0.00</b>	<b>84.61</b>	<b>84.61</b>	<b>84.61</b>	<b>84.61</b>	<b>84.61</b>	<b>84.61</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	11.33	11.36	10.92	10.83	10.83		0.00	10.83	10.83	10.83	10.83	10.83	10.83
Additional Paid-in capital	16.79	19.55	22.22	26.18	26.00	0.00	0.00	26.00	26.00	26.00	26.00	26.00	26.00
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	146.24	150.55	146.27	149.66	150.00			150.00	165.71	181.41	197.12	212.83	228.54
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	-10.07	-9.00	-13.42	-12.51	-12.51		0.00	-12.51	-12.51	-12.51	-12.51	-12.51	-12.51
<b>Total Equity</b>	<b>164.29</b>	<b>172.46</b>	<b>165.99</b>	<b>174.16</b>	<b>174.32</b>	<b>0.00</b>	<b>0.00</b>	<b>174.32</b>	<b>190.03</b>	<b>205.73</b>	<b>221.44</b>	<b>237.15</b>	<b>252.86</b>
<b>Liability + Equity</b>	<b>207.15</b>	<b>223.44</b>	<b>273.51</b>	<b>285.31</b>	<b>258.93</b>	<b>0.00</b>	<b>0.00</b>	<b>258.93</b>	<b>274.64</b>	<b>290.34</b>	<b>306.05</b>	<b>321.76</b>	<b>337.47</b>
<b>Variance</b>	-0.01	0.00	-0.81	-38.34	-6.67			-6.67	-6.67	-6.67	-6.67	-6.67	-6.67
<b>Debt/Equity</b>	0.00	0.03	0.22	0.26	0.14			0.14	0.13	0.12	0.11	0.11	0.10
Inventory Turnover	5.58	4.09	4.32	4.49	5.58			5.58	5.58	5.58	5.58	5.58	5.58
Inventory Turnover Days	65.38	89.34	84.40	81.30	65.43			65.43	65.43	65.43	65.43	65.43	65.43
Days Inventory Outstanding	104.60	147.41	139.20	133.61	107.27			107.53	107.27	107.27	107.27	107.27	107.27
Accounts Receivable Turnover	6.82	5.90	6.21	5.98	5.87			5.87	5.87	5.87	5.87	5.87	5.87
Accounts Receivable Turnover Days	53.49	61.84	58.76	61.01	62.19			62.19	62.19	62.19	62.19	62.19	62.19
Days Payable Outstanding	23.84	27.22	28.73	22.75	22.43			22.48	22.43	22.43	22.43	22.43	22.43
Days Sales Outstanding	53.49	61.84	58.76	61.01	62.19			61.01	62.19	62.19	62.19	62.19	62.19
Cash Conversion Cycle	134.25	182.04	169.22	171.87	147.03			146.05	147.03	147.03	147.03	147.03	147.03
Net tangible assets/share	\$14.15	\$14.73	\$10.76	\$11.54	\$11.56				\$13.03	\$14.50	\$15.97	\$17.44	\$18.92

	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	13.07	14.13	16.44	20.40	15.71	15.71	15.71	15.71	15.71
Depreciation	2.95	2.70	2.59	3.34	3.34	3.34	3.34	3.34	3.34
<b>Net Income + Depreciation</b>	<b>16.02</b>	<b>16.83</b>	<b>19.03</b>	<b>23.74</b>	<b>19.05</b>	<b>19.05</b>	<b>19.05</b>	<b>19.05</b>	<b>19.05</b>
Amortization	0.09	0.12	0.25	0.30	0.21	0.23	0.25	0.25	0.24
Deferred Taxes	-0.02	0.50	-0.34	1.65	0.00	0.00	0.00	0.00	0.00
Non Cash Items	2.13	2.31	2.06	0.96	0.00	0.00	0.00	0.00	0.00
Change in Working capital	19.68	-19.65	-3.86	-8.66	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-5.62	-4.80	-5.41	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	-15.75	-6.58	-2.68	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-0.48	-1.21	0.66	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	1.16	2.58	-1.81	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>37.90</b>	<b>0.11</b>	<b>17.14</b>	<b>17.99</b>	<b>19.26</b>	<b>19.28</b>	<b>19.30</b>	<b>19.30</b>	<b>19.28</b>
Capital Expenditures Expenditures	-1.32	-1.51	-8.19	-9.54	-10.00	-10.00	-10.00	-10.00	-10.00
Long term investment	0.00	0.00	-	-	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-10.27	-19.18	-15.38	7.18	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>-11.59</b>	<b>-20.69</b>	<b>-23.57</b>	<b>-2.36</b>	<b>-10.00</b>	<b>-10.00</b>	<b>-10.00</b>	<b>-10.00</b>	<b>-10.00</b>
Financing Cash flow items	1.44	0.56	0.50	0.42	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-6.58	-7.03	-7.16	-10.88	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	-1.95	-1.12	-11.93	-	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	-1.25	5.00	28.19	6.00	0.00	0.00	0.00	0.00	0.00
<b>Cash from Financing Activities</b>	<b>-8.34</b>	<b>-2.59</b>	<b>9.60</b>	<b>-8.72</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Foreign Exchange effect	0.54	0.33	0.00	0.05	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	11.49	30.00	7.15	10.33	9.74	19.00	28.28	37.58	46.88
<b>Net Change in Cash</b>	<b>18.51</b>	<b>-22.85</b>	<b>3.18</b>	<b>6.96</b>	<b>9.26</b>	<b>9.28</b>	<b>9.30</b>	<b>9.30</b>	<b>9.28</b>
Ending Cash Balance	30.00	7.15	10.33	17.29	19.00	28.28	37.58	46.88	56.16
Capex to Revenue	0.59%	0.66%	3.02%	3.25%	3.41%	3.41%	3.41%	3.41%	3.41%
Depreciation to Sales	1.31%	1.18%	0.96%	1.14%	1.14%	1.14%	1.14%	1.14%	1.14%
Amortization to Sales	0.04%	0.05%	0.09%	0.10%	0.07%	0.08%	0.09%	0.08%	0.08%
A/R to Sales	14.66%	16.94%	16.10%	16.71%	16.71%	16.71%	16.71%	16.71%	16.71%
Distributable FCF/EV Yield	8.33%	-6.51%	-2.04%	4.95%	2.93%	2.94%	2.94%	2.94%	2.94%
Dividend Yield	-2.15%	-2.29%	-2.34%	-3.55%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	<b>43.16</b>	<b>5.63</b>	<b>16.11</b>	<b>19.33</b>	<b>9.26</b>	<b>9.28</b>	<b>9.30</b>	<b>9.30</b>	<b>9.28</b>

# SN VALUATION

# LBO Debt Schedule

Ticker:

WEYS

	Proforma	2013	2014	2015	2016	2017
<b>Net Change in Cash</b>	<b>6.96</b>	<b>9.26</b>	<b>9.28</b>	<b>9.30</b>	<b>9.30</b>	<b>9.28</b>
Current Portion Debt Repayment						
Long Term Debt Repayment						
<b>Outstanding Debt</b>	<b>25.00</b>	<b>25.00</b>	<b>25.00</b>	<b>25.00</b>	<b>25.00</b>	<b>25.00</b>
Current Portion Debt Balance	25.00	25.00	25.00	25.00	25.00	25.00
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		7.00%	7.00%	7.00%	7.00%	7.00%
<b>Interest Rate</b>		<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>
<b>Interest Expense</b>		<b>2.50</b>	<b>2.50</b>	<b>2.50</b>	<b>2.50</b>	<b>2.50</b>
Cash Balance		25.29				
Interest @ 1.0%		0.25	0.25	0.25	0.25	0.25
<b>Net Interest Expense/(Income)</b>		<b>2.25</b>	<b>2.25</b>	<b>2.25</b>	<b>2.25</b>	<b>2.25</b>
<b>Net Interest Rate</b>		<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
EBITDA		26.41	26.41	26.41	26.41	26.41
<b>EBITDA/Interest Expense Coverage</b>		<b>10.56</b>	<b>10.56</b>	<b>10.56</b>	<b>10.56</b>	<b>10.56</b>

Interest Rate Coverage Table

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

\*Source: NYU; Professor Damodaran

## Altman Z Score

Company Name:

Weyco Group

Ticker:

WEYS

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	90.97	88.78	99.51	96.43	105.69	114.97	124.27	133.57	142.85
Total Assets	207.14	223.44	272.70	252.26	267.97	283.67	299.38	315.09	330.80
<b>X1</b>	<b>0.44</b>	<b>0.40</b>	<b>0.36</b>	<b>0.38</b>	<b>0.39</b>	<b>0.41</b>	<b>0.42</b>	<b>0.42</b>	<b>0.43</b>
Retained Earnings	146.24	150.55	146.27	150.00	165.71	181.41	197.12	212.83	228.54
Total Assets	207.14	223.44	272.70	252.26	267.97	283.67	299.38	315.09	330.80
<b>X2</b>	<b>0.71</b>	<b>0.67</b>	<b>0.54</b>	<b>0.59</b>	<b>0.62</b>	<b>0.64</b>	<b>0.66</b>	<b>0.68</b>	<b>0.69</b>
EBITDA	16.78	18.78	23.19	29.80	26.41	26.41	26.41	26.41	26.41
Total Assets	207.14	223.44	272.70	252.26	267.97	283.67	299.38	315.09	330.80
<b>X3</b>	<b>0.08</b>	<b>0.08</b>	<b>0.09</b>	<b>0.12</b>	<b>0.10</b>	<b>0.09</b>	<b>0.09</b>	<b>0.08</b>	<b>0.08</b>
Market Value of Equity	306.56	306.56	306.56	306.56	305.17	303.80	302.43	301.07	299.71
Total Liabilities	42.86	50.98	107.52	84.61	84.61	84.61	84.61	84.61	84.61
<b>X4</b>	<b>7.15</b>	<b>6.01</b>	<b>2.85</b>	<b>3.62</b>	<b>3.61</b>	<b>3.59</b>	<b>3.57</b>	<b>3.56</b>	<b>3.54</b>
Net Sales	225.31	229.23	271.10	293.47	293.47	293.47	293.47	293.47	293.47
Total Assets	207.14	223.44	272.70	252.26	267.97	283.67	299.38	315.09	330.80
<b>X5</b>	<b>1.09</b>	<b>1.03</b>	<b>0.99</b>	<b>1.16</b>	<b>1.10</b>	<b>1.03</b>	<b>0.98</b>	<b>0.93</b>	<b>0.89</b>
<b>Altman Z Score</b>	<b>7.16</b>	<b>6.33</b>	<b>4.17</b>	<b>5.02</b>	<b>4.92</b>	<b>4.88</b>	<b>4.84</b>	<b>4.80</b>	<b>4.76</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



Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
<b>Tangible Book Value</b>	163.32	179.03	194.73	210.44	226.15	241.86				241.86
Annual Change		15.71	15.71	15.71	15.71	15.71				
<b>Annual FCF</b>	8.45	9.26	9.28	9.30	9.30	9.28	9.28	9.28	9.28	27.85
Annual Op. Cash Flow	17.99	19.26	19.28	19.30	19.30	19.28	19.28	19.28	19.28	
Annual PP&E Investment	(9.54)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	
<b>Today's Tangible Book Value</b>	163.32	176.66	191.09	206.70	223.59	241.86				269.71
Intrinsic Value IRR	8.17%									
<b>Market Price</b>	306.56	298.80	291.25	283.88	276.71	269.71				269.71
Market Price IRR	-2.53%									

Debt	50.00%	153.28
Equity	50.00%	153.28
<b>Total</b>	<b>100.00%</b>	<b>306.56</b>

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	174.32	153.28	160.48	167.69	174.89	182.10	189.30				
Goodwill	11	143.24	143.24	143.24	143.24	143.24	143.24				
Debt	0	153.28	153.28	153.28	153.28	153.28	153.28				
Debt Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%				
Additional Interest Expense		13.08	13.08	13.08	13.08	13.08					
<b>Tangible Book Value</b>	163.32	10.04	17.25	24.45	31.66	38.86	46.07				46.07
Annual Change			7.20	7.20	7.20	7.20	7.20				
<b>Annual FCF</b>	8.45	0.76	0.78	0.80	0.79	0.78	0.78	0.78	0.78	0.78	2.35
Annual Net Income	18.96		7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	
<b>Annual Op. Cash Flow</b>	17.99	10.76	10.78	10.80	10.79	10.78	10.78	10.78	10.78	10.78	
Dividend Payments											
Annual PP&E Investment	(9.54)		(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	
Debt Paydown	0.00							0.00	0.00	0.00	

Sale Price in Year 5 48.41

Capital Left for Equity Investor 48.41  
 Dividend Payments 0.00  
 Total Cash In Flow 48.41

We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal.

Invested Equity 153.28  
 IRR -20.59%

Value Creation  
 TBV Growth (equals sum of NI Year 1-5) 36.02  
 Cash Flow (Year 6-8) 2.35  
**38.37**

Value Dilution  
 Debt 153.28  
 Goodwill 132.24  
 Additional Interest 65.40  
**350.92**