

## Weight Watchers International Inc (WTW)

Price:	\$41.60	Net Tang. Bk Value Incl. Cash (NTBVIC):	-\$1,723,990,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	-\$678,188,630.20
Market Cap:	\$2,321,280,000	NTBVIC/Market Downside Recovery:	-74.27%	Avg. Year FCF/Share:	\$166,914,240.32
Cash:	\$70,220,000	Op. Cash Flow:	\$239,867,634	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$2,404,690,000	Implied Years to Fill Gap:	16.86	Year 5 Disposition Price:	-\$177,445,909.24
Net Cash:	-\$2,334,470,000	Today's Equity if 5x Op. CF:	-\$1,004,387,098		
Enterprise Value:	\$4,655,750,000	Net Tang. Book+5 FCF+ Gain Disposition:			-\$177,445,909.24
		IRR:			-159.80%
Shares Outstanding:	55,800,000			Price:	-\$3.18
				Target Market Cap:	-\$177,445,909
				Target Enterprise Value:	\$2,157,024,091

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

Weight watchers is an interesting valuation. They have a negative equity base, since management has allowed stock repurchases, even going as far as borrowing money to buy back stocks. This helps to bring down the WACC for the corporate level, where Cost of Debt is near 3%, or very low, and concentrates ownership to management.

The debt can be paid down with the fat cash flow, where \$250 MM op. cash flow goes to acquire the maintenance capex of \$70 MM. The extra \$180 MM in FCF, which is a 8% FCF/market equity yield, can support an additional \$1.8 BB in debt, assuming interest is 10%.

Business started in a NYC basement in 1963 and was bought by Heinz in 1978 and subsequently Artal Group in 1999 from Heinz. AG partook in a modified Dutch Auction from \$70 - \$80 in 2012, and took on additional debt to do so. Currently, 51% owned by Artal Group, and inclusive of Artal, 87% owned by institutional holders.

We believe the Management team, dominated by Artal members, executed an IPO early 2000s, as a partial exit strategy and sold off the website back to the co. from Artal Group as a separate entity, essentially milking the public investors. Since 2006, shareholders have received a steady dividend, which went mostly to Artal.

Pursuant to the Dutch auction, Artal Group was able to liquidate 8MM shares at an inflated market price in 2011. The current management and board directors are staffed by Artal Group employees. As such, we feel it is imprudent for shareholders to invest in the co. until Artal relinquishes majority control and a new management team is brought in, that will make repurchase decisions which are not biased in favor of the Artal Group interest.

The negative equity is a testament to continued stock purchases which will be used as a means to guarantee a certain exit range for Artal Group. Also, it means the retail investors will be wiped out should the co. continue to be leveraged and if Artal already recouped their initial investment and opportunity costs over the years, then there is no incentive for Artal to keep the company afloat, other than reputation.

\*\*\*\* Please disregard the valuation piece up above as it is not a relevant measure



SN VALUATION

LBO Pro Forma Income Statement

Name:

Weight Watchers International Inc

Ticker:

WTW

	Historical				Forecasted				
	52 weeks ending 2010-01-02	52 weeks ending 2011-01-01	52 weeks ending 2011-12-31	52 weeks ending 2012-12-29	2013	2014	2015	2016	2017
Revenue	1,398.91	1,452.04	1,819.16	1,826.81	1,845.08	1,863.53	1,882.16	1,900.99	1,920.00
COGS	670.94	661.41	772.02	744.03	774.93	782.68	790.51	798.41	806.40
Gross margin	727.97	790.63	1,047.14	1,082.78	1,070.15	1,080.85	1,091.66	1,102.57	1,113.60
SG&A	371.32	400.29	500.81	571.98	590.42	596.33	602.29	608.32	614.40
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	1.33	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
Operating Income (EBITA)	356.65	390.34	546.33	509.47	479.72	484.52	489.36	494.26	499.20
Interest income/(expense)	-66.72	-76.21	-59.85	-90.54	-167.63	-167.63	-167.63	-167.63	-167.63
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	0.23	-0.96	-3.39	-1.98	0.00	0.00	0.00	0.00	0.00
Income before tax	290.16	313.18	483.09	416.96	312.09	316.89	321.74	326.63	331.57
Tax	115.59	120.66	178.75	159.53	109.23	110.91	112.61	114.32	116.05
Income after tax	174.57	192.52	304.34	257.43	202.86	205.98	209.13	212.31	215.52
Minority Interest	2.77	1.71	0.52	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	177.34	194.24	304.87	257.43	202.86	205.98	209.13	212.31	215.52
*Figures are in millions (\$)									
EPS (based off today's share count)	\$3.18	\$3.48	\$5.46	\$4.61	\$3.64	\$3.69	\$3.75	\$3.80	\$3.86
P/E (historical today's price; forecasted intrinsic price)	13.09	11.95	7.61	9.02	-6.84	4.03	-2.37	1.40	-0.82
Revenue Growth	N/A	3.80%	25.28%	0.42%	1.00%	1.00%	1.00%	1.00%	1.00%
Tax Rate	39.84%	38.53%	37.00%	38.26%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-4.59%	-5.58%	-5.69%	-3.76%	-7.32%	-7.32%	-7.32%	-7.32%	-7.32%
Margins									
COGS	47.96%	45.55%	42.44%	40.73%	42.00%	42.00%	42.00%	42.00%	42.00%
Gross margin	52.04%	54.45%	57.56%	59.27%	58.00%	58.00%	58.00%	58.00%	58.00%
SG&A	26.54%	27.57%	27.53%	31.31%	32.00%	32.00%	32.00%	32.00%	32.00%
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%	0.07%	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%
Operating Income (EBITA)	25.49%	26.88%	30.03%	27.89%	26.00%	26.00%	26.00%	26.00%	26.00%
Interest income/(expense)	-4.77%	-5.25%	-3.25%	-4.96%	-9.09%	-9.00%	-8.91%	-8.82%	-8.73%
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	0.02%	-0.07%	-0.19%	-0.11%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	20.74%	21.57%	26.56%	22.82%	16.91%	17.00%	17.09%	17.18%	17.27%
Tax	8.26%	8.31%	9.83%	8.73%	5.92%	5.95%	5.98%	6.01%	6.04%
Income after tax	12.48%	13.26%	16.73%	14.09%	10.99%	11.16%	11.33%	11.51%	11.68%
Minority Interest	0.20%	0.12%	0.03%	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	12.68%	13.38%	16.76%	14.09%	10.99%	11.05%	11.11%	11.17%	11.23%

	As of 2010-01-02	As of 2011-01-01	As of 2011-12-31	As of 2012-12-29	As of 2012-12-29	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	46.14	40.53	53.20	70.22	70.22			70.22	230.09	393.44	560.32	730.76	904.79
Short term investment	0.00	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>46.14</b>	<b>40.53</b>	<b>53.20</b>	<b>70.22</b>	<b>70.22</b>			<b>70.22</b>	<b>230.09</b>	<b>393.44</b>	<b>560.32</b>	<b>730.76</b>	<b>904.79</b>
Accounts Receivable	39.62	43.72	41.45	37.36	40.00			40.00	40.00	40.00	40.00	40.00	40.00
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>39.62</b>	<b>43.72</b>	<b>41.45</b>	<b>37.36</b>	<b>40.00</b>			<b>40.00</b>	<b>40.00</b>	<b>40.00</b>	<b>40.00</b>	<b>40.00</b>	<b>40.00</b>
Total Inventory	32.49	40.57	53.44	46.85	46.85			46.85	46.85	46.85	46.85	46.85	46.85
Prepaid Expenses	63.46	45.81	41.83	41.79	41.79			41.79	41.79	41.79	41.79	41.79	41.79
Other Current Assets	18.24	19.80	24.61	21.76	21.76			21.76	21.76	21.76	21.76	21.76	21.76
<b>Current Assets</b>	<b>199.95</b>	<b>190.43</b>	<b>214.53</b>	<b>217.98</b>	<b>220.62</b>	<b>0.00</b>	<b>0.00</b>	<b>220.62</b>	<b>380.49</b>	<b>543.84</b>	<b>710.72</b>	<b>881.16</b>	<b>1,055.19</b>
PP&E, Gross	110.44	118.10	140.25	183.53	185.00			185.00	265.00	345.00	425.00	505.00	585.00
Change in Depreciation		29.01	31.00	36.64	36.64			36.64	37.01	37.38	37.75	38.13	38.51
Accumulated Depreciation	74.40	87.17	99.18	111.76	115.00			115.00	152.01	189.38	227.13	265.26	303.77
<b>PP&amp;E, Net</b>	<b>36.04</b>	<b>30.93</b>	<b>41.07</b>	<b>71.77</b>	<b>70.00</b>			<b>70.00</b>	<b>112.99</b>	<b>155.62</b>	<b>197.87</b>	<b>239.74</b>	<b>281.23</b>
Goodwill	51.37	51.42	50.01	59.41	59.41	0.00		59.41	59.41	59.41	59.41	59.41	59.41
Intangibles	790.25	795.83	801.49	839.49	839.49			839.49	839.49	839.49	839.49	839.49	839.49
Long term investments	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	9.90	23.36	14.53	29.97	29.97			29.97	29.97	29.97	29.97	29.97	29.97
<b>Long Term Assets</b>	<b>887.56</b>	<b>901.54</b>	<b>907.10</b>	<b>1,000.64</b>	<b>998.87</b>	<b>0.00</b>	<b>0.00</b>	<b>998.87</b>	<b>1,041.86</b>	<b>1,084.49</b>	<b>1,126.74</b>	<b>1,168.61</b>	<b>1,210.10</b>
<b>Total Assets</b>	<b>1,087.51</b>	<b>1,091.97</b>	<b>1,121.63</b>	<b>1,218.62</b>	<b>1,219.49</b>	<b>0.00</b>	<b>0.00</b>	<b>1,219.49</b>	<b>1,422.35</b>	<b>1,628.33</b>	<b>1,837.46</b>	<b>2,049.77</b>	<b>2,265.29</b>
Accounts Payable	28.37	39.59	60.81	49.35	49.35			49.35	49.35	49.35	49.35	49.35	49.35
Accrued Expense	132.65	134.64	156.42	176.51	176.51			176.51	176.51	176.51	176.51	176.51	176.51
Other current Liabilities	160.04	167.38	152.04	107.30	107.30			107.30	107.30	107.30	107.30	107.30	107.30
<b>Total Current Liabilities</b>	<b>321.06</b>	<b>341.61</b>	<b>369.27</b>	<b>333.16</b>	<b>333.16</b>	<b>0.00</b>	<b>0.00</b>	<b>333.16</b>	<b>333.16</b>	<b>333.16</b>	<b>333.16</b>	<b>333.16</b>	<b>333.16</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	215.00	197.52	124.93	114.69	114.69			114.69	114.69	114.69	114.69	114.69	114.69
Long term Debt	1,238.00	1,167.56	926.87	2,291.67	2,290.00	0.00	0.00	2,290.00	2,290.00	2,290.00	2,290.00	2,290.00	2,290.00
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>1,453.00</b>	<b>1,365.08</b>	<b>1,051.80</b>	<b>2,406.36</b>	<b>2,404.69</b>	<b>0.00</b>	<b>0.00</b>	<b>2,404.69</b>	<b>2,404.69</b>	<b>2,404.69</b>	<b>2,404.69</b>	<b>2,404.69</b>	<b>2,404.69</b>
Deferred Income tax	34.62	62.81	100.72	129.43	129.43			129.43	129.43	129.43	129.43	129.43	129.43
Minority Interest	3.24	4.04	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	12.10	13.21	9.60	15.11	16.79			16.79	16.79	16.79	16.79	16.79	16.79
<b>Total Liabilities</b>	<b>1,824.02</b>	<b>1,786.75</b>	<b>1,531.39</b>	<b>2,884.06</b>	<b>2,884.07</b>	<b>0.00</b>	<b>0.00</b>	<b>2,884.07</b>	<b>2,884.07</b>	<b>2,884.07</b>	<b>2,884.07</b>	<b>2,884.07</b>	<b>2,884.07</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	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
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	955.51	1,103.82	1,378.62	1,603.51	1,604.00		0.00	1,604.00	1,806.86	2,012.84	2,221.97	2,434.28	2,649.80
Treasury Stock	-1,684.34	-1,794.07	-1,793.98	-3,281.83	-3,281.00		0.00	-3,281.00	-3,281.00	-3,281.00	-3,281.00	-3,281.00	-3,281.00
Other Equity	-7.68	-4.52	5.60	12.86	12.86			12.86	12.86	12.86	12.86	12.86	12.86
<b>Total Equity</b>	<b>-736.51</b>	<b>-694.77</b>	<b>-409.76</b>	<b>-1,665.46</b>	<b>-1,664.14</b>	<b>0.00</b>	<b>0.00</b>	<b>-1,664.14</b>	<b>-1,461.28</b>	<b>-1,255.30</b>	<b>-1,046.17</b>	<b>-833.86</b>	<b>-618.34</b>
<b>Liability + Equity</b>	<b>1,087.51</b>	<b>1,091.98</b>	<b>1,121.63</b>	<b>1,218.60</b>	<b>1,219.93</b>	<b>0.00</b>	<b>0.00</b>	<b>1,219.93</b>	<b>1,422.79</b>	<b>1,628.77</b>	<b>1,837.90</b>	<b>2,050.21</b>	<b>2,265.73</b>
<b>Variance</b>	0.00	-0.01	0.00	0.02	-0.44			-0.44	-0.44	-0.44	-0.44	-0.44	-0.44
<b>Debt/Equity</b>	-1.97	-1.96	-2.57	-1.44	-1.45			-1.45	-1.65	-1.92	-2.30	-2.88	-3.89
Inventory Turnover	43.06	35.79	34.04	38.99	39.38			39.38	39.38	39.78	40.17	40.58	40.98
Inventory Turnover Days	8.48	10.20	10.72	9.36	9.27			9.36	9.27	9.18	9.09	9.00	8.91
Days Inventory Outstanding	17.67	22.39	25.27	22.98	22.07			22.98	22.07	21.85	21.63	21.42	21.21
Accounts Receivable Turnover	35.31	33.21	43.89	48.90	46.13			45.67	46.13	46.59	47.05	47.52	48.00
Accounts Receivable Turnover Days	10.34	10.99	8.32	7.46	7.91			7.99	7.91	7.83	7.76	7.68	7.60
Days Payable Outstanding	15.43	21.85	28.75	24.21	23.24			24.21	23.24	23.01	22.79	22.56	22.34
Days Sales Outstanding	10.34	10.99	8.32	7.46	7.91			7.46	7.99	7.91	7.83	7.76	7.68
Cash Conversion Cycle	12.58	11.53	4.83	6.24	6.74			6.24	6.81	6.75	6.68	6.61	6.55
Net tangible assets/share	(\$14.12)	(\$13.37)	(\$8.24)	(\$30.91)	(\$30.90)				(\$27.26)	(\$23.57)	(\$19.82)	(\$16.02)	(\$12.15)

	52 weeks ending 2010-01-02	52 weeks ending 2011-01-01	52 weeks ending 2011-12-31	52 weeks ending 2012-12-29	2011	2012	2013	2014	2015
Net Income	174.57	192.52	304.34	257.43	202.86	205.98	209.13	212.31	215.52
Depreciation	27.88	29.01	31.00	36.64	37.01	37.38	37.75	38.13	38.51
<b>Net Income + Depreciation</b>	<b>202.45</b>	<b>221.53</b>	<b>335.34</b>	<b>294.07</b>	<b>239.87</b>	<b>243.36</b>	<b>246.88</b>	<b>250.44</b>	<b>254.03</b>
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	38.39	22.28	25.29	26.77	0.00	0.00	0.00	0.00	0.00
Non Cash Items	19.35	23.87	32.65	29.23	0.00	0.00	0.00	0.00	0.00
Change in Working capital	5.32	14.00	11.53	-0.67	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-4.10	2.27	4.09	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	-8.08	-12.87	6.59	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	17.65	3.98	0.04	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	11.22	21.22	-11.46	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>265.51</b>	<b>281.68</b>	<b>404.81</b>	<b>349.40</b>	<b>239.87</b>	<b>243.36</b>	<b>246.88</b>	<b>250.44</b>	<b>254.03</b>
Capital Expenditures Expenditures	-23.44	-22.19	-44.84	-78.73	-80.00	-80.00	-80.00	-80.00	-80.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-0.19	-6.45	-0.37	-30.72	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>-23.63</b>	<b>-28.64</b>	<b>-45.21</b>	<b>-109.45</b>	<b>-80.00</b>	<b>-80.00</b>	<b>-80.00</b>	<b>-80.00</b>	<b>-80.00</b>
Financing Cash flow items	1.56	-8.91	5.83	-22.22	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-54.08	-53.41	-51.62	-51.96	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.05	-106.58	7.12	-1,491.50	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	-194.50	-87.92	-313.29	1,354.56	0.00	0.00	0.00	0.00	0.00
<b>Cash from Financing Activities</b>	<b>-246.97</b>	<b>-256.82</b>	<b>-351.96</b>	<b>-211.12</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Foreign Exchange effect	3.90	-1.63	2.22	-11.80	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	47.33	46.14	40.53	53.20	70.22	230.09	393.44	560.32	730.76
<b>Net Change in Cash</b>	<b>-1.19</b>	<b>-5.40</b>	<b>9.85</b>	<b>17.02</b>	<b>159.87</b>	<b>163.36</b>	<b>166.88</b>	<b>170.44</b>	<b>174.03</b>
Ending Cash Balance	46.14	40.53	50.38	70.22	230.09	393.44	560.32	730.76	904.79
Capex to Revenue	1.68%	1.53%	2.46%	4.31%	4.34%	4.29%	4.25%	4.21%	4.17%
Depreciation to Sales	1.99%	2.00%	1.70%	2.01%	2.01%	2.01%	2.01%	2.01%	2.01%
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	2.83%	3.01%	2.28%	2.05%	2.02%	2.00%	1.98%	1.97%	1.95%
Distributable FCF Yield	5.20%	5.43%	7.72%	5.15%	3.43%	3.51%	3.58%	3.66%	3.74%
Dividend Yield	-2.33%	-2.30%	-2.22%	-2.24%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>FCF (Ops-Investing-Dividends)</b>	<b>296.15</b>	<b>312.90</b>	<b>411.59</b>	<b>322.63</b>	<b>159.87</b>	<b>163.36</b>	<b>166.88</b>	<b>170.44</b>	<b>174.03</b>

# SN VALUATION

# LBO Debt Schedule

Ticker:

WTW

	Proforma	2013	2014	2015	2016	2017
<b>Net Change in Cash</b>	<b>17.02</b>	<b>159.87</b>	<b>163.36</b>	<b>166.88</b>	<b>170.44</b>	<b>174.03</b>
Current Portion Debt Repayment						
Long Term Debt Repayment						
<b>Outstanding Debt</b>	<b>2404.69</b>	<b>2404.69</b>	<b>2404.69</b>	<b>2404.69</b>	<b>2404.69</b>	<b>2404.69</b>
Current Portion Debt Balance	114.69	114.69	114.69	114.69	114.69	114.69
Long Term Debt Balance	2,290.00	2,290.00	2,290.00	2,290.00	2,290.00	2,290.00
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>168.33</b>	<b>168.33</b>	<b>168.33</b>	<b>168.33</b>	<b>168.33</b>
Cash Balance		70.22				
Interest @ 1.0%		0.70	0.70	0.70	0.70	0.70
<b>Net Interest Expense/(Income)</b>		<b>167.63</b>	<b>167.63</b>	<b>167.63</b>	<b>167.63</b>	<b>167.63</b>
<b>Net Interest Rate</b>		<b>7.32%</b>	<b>7.32%</b>	<b>7.32%</b>	<b>7.32%</b>	<b>7.32%</b>
EBITDA		479.72	484.52	489.36	494.26	499.20
<b>EBITDA/Interest Expense Coverage</b>		<b>2.85</b>	<b>2.88</b>	<b>2.91</b>	<b>2.94</b>	<b>2.97</b>

## Interest Rate Coverage Table

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

\*Source: NYU; Professor Damodaran

# Altman Z Score

Company Name:

Weight Watchers International Inc

Ticker:

WTW

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	-121.11	-151.18	-154.74	-112.54	47.33	210.68	377.56	548.00	722.03
Total Assets	1,087.51	1,091.97	1,121.63	1,219.49	1,422.35	1,628.33	1,837.46	2,049.77	2,265.29
<b>X1</b>	<b>-0.11</b>	<b>-0.14</b>	<b>-0.14</b>	<b>-0.09</b>	<b>0.03</b>	<b>0.13</b>	<b>0.21</b>	<b>0.27</b>	<b>0.32</b>
Retained Earnings	955.51	1,103.82	1,378.62	1,604.00	1,806.86	2,012.84	2,221.97	2,434.28	2,649.80
Total Assets	1,087.51	1,091.97	1,121.63	1,219.49	1,422.35	1,628.33	1,837.46	2,049.77	2,265.29
<b>X2</b>	<b>0.88</b>	<b>1.01</b>	<b>1.23</b>	<b>1.32</b>	<b>1.27</b>	<b>1.24</b>	<b>1.21</b>	<b>1.19</b>	<b>1.17</b>
EBITDA	356.65	390.34	546.33	509.47	479.72	484.52	489.36	494.26	499.20
Total Assets	1,087.51	1,091.97	1,121.63	1,219.49	1,422.35	1,628.33	1,837.46	2,049.77	2,265.29
<b>X3</b>	<b>0.33</b>	<b>0.36</b>	<b>0.49</b>	<b>0.42</b>	<b>0.34</b>	<b>0.30</b>	<b>0.27</b>	<b>0.24</b>	<b>0.22</b>
Market Value of Equity	2,321.28	2,321.28	2,321.28	2,321.28	-1,388.02	829.97	-496.28	296.76	-177.45
Total Liabilities	1,824.02	1,786.75	1,531.39	2,884.07	2,884.07	2,884.07	2,884.07	2,884.07	2,884.07
<b>X4</b>	<b>1.27</b>	<b>1.30</b>	<b>1.52</b>	<b>0.80</b>	<b>-0.48</b>	<b>0.29</b>	<b>-0.17</b>	<b>0.10</b>	<b>-0.06</b>
Net Sales	1,398.91	1,452.04	1,819.16	1,826.81	1,845.08	1,863.53	1,882.16	1,900.99	1,920.00
Total Assets	1,087.51	1,091.97	1,121.63	1,219.49	1,422.35	1,628.33	1,837.46	2,049.77	2,265.29
<b>X5</b>	<b>1.29</b>	<b>1.33</b>	<b>1.62</b>	<b>1.50</b>	<b>1.30</b>	<b>1.14</b>	<b>1.02</b>	<b>0.93</b>	<b>0.85</b>
<b>Altman Z Score</b>	<b>4.23</b>	<b>4.54</b>	<b>5.69</b>	<b>5.09</b>	<b>3.94</b>	<b>4.18</b>	<b>3.74</b>	<b>3.77</b>	<b>3.56</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