

January 25, 2012

SN VALUATION [Stocks, Real Estate, Bonds]

Analyst: Sung Nam

inTest Corp (INTT)

Price:	\$2.98	Price/Book:	1.89	EV/EBITDA 5x TV:	\$4.92
Market Cap:	\$30,366,200	Price/Earnings:	2.92	Net Tangible Asset TV:	\$3.35
Cash:	\$6,890,000	EV/EBITA:	3.03	SN Defined TV:	\$6.39
Debt:	\$0	EV/FCF:	4.05	Economic Value Added:	\$5.57
Net Cash:	\$6,890,000	Net Tang. Asset/Share:	\$1.31	Year 5 Target:	\$5.06
Enterprise Value:	\$23,476,200	FCF/Share:	\$0.57	Appreciation:	69.722%

Overview

Dividend?

Dividend yield is 0.00%.

Price to Book

Price to book is 1.88. Price to book excluding goodwill is 2.27.

Cashflow Generation

Cashflows are \$5 MM from operating cashflow.

Capex is \$1 MM, minority interest payment is \$0 MM, intangibles are \$0 MM and dividend is \$0 MM.

Free cash flow is about \$4 MM.

15.9% EBITA margin and FCF yield is 17.7%.

The company has \$7 MM in cash/short term investment and \$0 MM in debt.

We are projecting a \$0.0 MM paydown annually.

Profitability

ROA is 33.9%, and ROC is 45.0%.

Bankruptcy Risk

Altman Z is at 6.54.

LBO?

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

Price

We are forecasting a \$5.05/share in Year 5, or a 69.7% holding return, or 11.2% annual return. Thus, the 1 year forecasted price is \$3.30.

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Economic Indicators

Indicators	Period	Value	Previous Value	Chg %	Released
Adjusted National Financial Conditions Index	Jan 6 2012	-0.25	-0.25	-1.87%	-0.0215
Case-Shiller Home Price Index: National	Sep 2011	127.78	129.35	-1.21%	-0.0395
Philly Fed Manufacturing Activity Index	Jan 2012	7.3	6.80	7.35%	-0.578
Philly Fed Manufacturing Future Activity Index	Jan 2012	49	40.00	22.50%	0.0294
US Average Claims for Unemployment Insurance	Jan 7 2012	3580	3613.971331	-0.94%	-0.1227
US Average Initial Claims for Unemployment Insurance	Jan 14 2012	379.00K	N/A	-0.92%	-0.0987
US Industrial Production Index	Nov 2011	94.83	95.04	-0.22%	0.0374
US Initial Claims for Unemployment Insurance	Jan 14 2012	352.00K	N/A	-12.44%	-0.1945
US Producer Price Index	Dec 2011	192.6	192.79	-0.10%	0.0484
US Quits Rate: Total Nonfarm	Nov 2011	0.015	0.015	0.00%	0.1538
US Quits: Total Nonfarm	Nov 2011	1960	1919.12	2.13%	0.1185
US Retail Sales	Dec 2011	357980000	357,944,206	0.01%	0.0627
US Total Business Inventories	Nov 2011	1.55T	N/A	0.32%	0.0855
US Total Business Inventory/Sales Ratio	Nov 2011	1.27	1.27	0.00%	-0.0078
US Total Business Sales	Nov 2011	1.22T	N/A	0.31%	0.096
US Total Separations Rate: Total Nonfarm	Nov 2011	0.03	0.03	0.00%	0
US Total Separations: Total Nonfarm	Nov 2011	4000	3902.82	2.49%	0.0326

U.S. Key Indicators

10 Year Treasury Rate	2.05%
US Producer Price Index	192.6
US Initial Claims for Unemployment Insurance	352.00K
US 30 Year Mortgage Rate	3.88%
US Average Claims for Unemployment Insurance	3,580
US Retail Sales	357,980,000
US Unemployment Rate	0.085
US Durable Goods Orders	207,070,000
US Purchasing Managers Index	53.9
US Personal Consumption Expenditures	10.87T
US Consumer Price Index	226.75
US Consumer Sentiment	69.8
US Housing Starts	657.00K

Korea Key Indicators

	Period	Value	Chg from 1 Year
Gold Price in Korean Won	Jan 20 2012	1,874,915	24.26%
Korea Change in Stocks	Sep 2011	3.3	230.00%
Korea Consumer Price Index	Dec 2011	122.13	4.16%
Korea Core Consumer Price Index	Dec 2011	117.45	2.68%
Korea Core Inflation Rate	Oct 2011	0.0315	68.28%
Korea GDP	Sep 2011	310.1	5.30%
Korea Inflation Rate	Oct 2011	0.039	-3.90%
Korea Manufacturing Producer Price Index	Nov 2011	125.69	6.71%
Korea Misery Index	Oct 2011	7	-7.39%
Korea Real GDP Growth	Sep 2011	0.0349	-20.14%
Korea Unemployment Rate	Nov 2011	0.031	-3.12%

Source: Ycharts.com

2012-01-25

Altman Z Score

Company Name:

inTest Corp

Ticker:

INTT

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015
Working Capital	12.93	6.84	3.50	9.11	12.96	16.96	21.11	25.41	29.87
Total Assets	27.72	20.49	15.14	21.41	25.85	30.43	35.14	39.99	44.98
X1	0.47	0.33	0.23	0.43	0.50	0.56	0.60	0.64	0.66
Retained Earnings	-3.83	-12.96	-17.80	-10.55	-6.11	-1.53	3.18	8.03	13.02
Total Assets	27.72	20.49	15.14	21.41	25.85	30.43	35.14	39.99	44.98
X2	-0.14	-0.63	-1.18	-0.49	-0.24	-0.05	0.09	0.20	0.29
EBITDA	-6.86	-9.43	-5.05	7.35	6.66	6.86	7.07	7.28	7.50
Total Assets	27.72	20.49	15.14	21.41	25.85	30.43	35.14	39.99	44.98
X3	-0.25	-0.46	-0.33	0.34	0.26	0.23	0.20	0.18	0.17
Market Value of Equity	30.37	30.37	30.37	30.37	33.75	37.52	41.71	46.36	51.54
Total Liabilities	6.21	7.03	6.56	5.30	5.30	5.30	5.30	5.30	5.30
X4	4.89	4.32	4.63	5.73	6.37	7.08	7.87	8.75	9.72
Net Sales	48.70	38.79	23.50	46.20	47.59	49.01	50.48	52.00	53.56
Total Assets	27.72	20.49	15.14	21.41	25.85	30.43	35.14	39.99	44.98
X5	1.76	1.89	1.55	2.16	1.84	1.61	1.44	1.30	1.19
Altman Z Score	4.24	2.48	1.86	6.55	6.78	7.20	7.67	8.19	8.78

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

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

SN VALUATION

LBO Analysis

WACC Terminal Value:		Intrinsic Price in 5 Years:	5.06	Non-LBO Forecast		Non-LBO Forecast	
EV/EBITDA with 3X Multiple Terminal Value:	\$4.92	Market Price:	2.98	Year 1 Target	3.31	Desired Return Rate	20.00%
Net Tangible Asset Terminal Value:	\$3.35	LBO Price:	1.32	Year 2 Target	3.68	Implied Today's Price	2.03
EV/EBITDA with Today's Multiple Terminal Value:	\$6.39	Premium to Market Price:	-55.70%	Year 3 Target	4.09	Overvalued/(Undervalued)	46.61%
EVA Enterprise Value:	\$5.57	LBO Price/Intrinsic Price Target:	30.82%	Year 4 Target	4.55		
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	37.09%	Year 5 Target	5.06		
Average (Excluding Dividend Discount):	\$5.06	Implied IRR at today's EV/EBITDA:	16.49%	Implied IRR (Market Price):	11.16%		
		5 Year Return:	69.72%				

Current Evaluation				Exit Evaluation			
Current Market Price:	2.98	LBO Price:	1.32	Exit Price:	5.06	Exit Price:	6.39
Outstanding Shares:	10,190,000	Outstanding Shares:	10,190,000	Outstanding Shares:	10,190,000	Outstanding Shares:	10,190,000
Market Capitalization:	30,366,200	Market Capitalization:	13,450,800	Market Capitalization:	51,538,120	Market Capitalization:	65,139,643
Available Cash:	6,890,000	Available Cash:	6,890,000	Available Cash:	27,648,720	Available Cash:	27,648,720
Debt:	0	Debt:	0	Debt:	0	Debt:	0
Net Cash:	6,890,000	Net Cash:	6,890,000	Net Cash:	27,648,720	Net Cash:	27,648,720
Enterprise Value:	23,476,200	Enterprise Value:	6,560,800	Enterprise Value:	23,889,400	Enterprise Value:	37,490,924
Original EV/EBITDA:	3.19	EV/EBITDA:	0.89	EV/EBITDA at 5 Years:	3.19	EV/EBITDA at 5 Years:	5.00
Original EV/EBITDA:	3.03	EV/EBITDA:	0.85	EV/EBITDA at 5 Years:	4.38	EV/EBITDA at 5 Years:	4.71
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:	1.32	1.32	1.73	2.26	2.96	3.87	5.06
Shares Outstanding:	10,190,000	10,190,000	10,190,000	10,190,000	10,190,000	10,190,000	10,190,000
Market Capitalization:	13,450,800	13,450,800	17,596,415	23,019,734	30,114,551	39,396,032	51,538,120
Available Cash:	6,890,000	6,890,000	10,744,420	14,743,109	18,890,394	23,190,734	27,648,720
Debt:	0	0	0	0	0	0	0
Net Cash:	6,890,000	6,890,000	10,744,420	14,743,109	18,890,394	23,190,734	27,648,720
Enterprise Value:	6,560,800	6,560,800	6,851,995	8,276,625	11,224,156	16,205,298	23,889,400
EBIT	7,350,000	7,350,000	6,662,040	6,861,901	7,067,758	7,279,791	7,498,185
EV/EBIT:	0.89	0.89	1.03	1.21	1.59	2.23	3.19
EBITDA	7,750,000	7,750,000	7,074,040	7,286,261	7,504,849	7,729,995	7,961,894
EV/EBITDA:	0.85	0.85	0.97	1.14	1.50	2.10	3.00

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	1.32	1.32	1.64	2.05	2.47	2.91	3.37
Shares Outstanding:	10,190,000	10,190,000	10,190,000	10,190,000	10,190,000	10,190,000	10,190,000
Market Capitalization:	13,450,800	13,450,800	16,691,130	20,868,220	25,199,258	29,688,864	34,341,793
Available Cash:	6,890,000	6,890,000	10,744,420	14,743,109	18,890,394	23,190,734	27,648,720
Debt:	0	0	0	0	0	0	0
Net Cash:	6,890,000	6,890,000	10,744,420	14,743,109	18,890,394	23,190,734	27,648,720
Enterprise Value:	6,560,800	6,560,800	5,946,709	6,125,110	6,308,864	6,498,130	6,693,074
EBIT	7,350,000	7,350,000	6,662,040	6,861,901	7,067,758	7,279,791	7,498,185
EV/EBIT:	0.89	0.89	0.89	0.89	0.89	0.89	0.89
EBITDA	7,750,000	7,750,000	7,074,040	7,286,261	7,504,849	7,729,995	7,961,894
EV/EBITDA:	0.85	0.85	0.84	0.84	0.84	0.84	0.84

LBO Price	1.32	Equity Partners:	13,450,800	Weighting	100.00%	Annualized Return for Equity Partners: 37.09%
Shares Outstanding	10,190,000	Debt Partners:	0		0.00%	
Market Capitalization	13,450,800	Total Funds for LBO:	13,450,800		100.00%	
Debt	0					
Cash	6,890,000					
Enterprise Value	6,560,800					
Capital Investment	13,450,800					

Book Value		Enterprise Value		Stock Valuation		Debt Reduction	
Beginning Book Value	16.09	Beginning Enterprise Value	6.56	Current Market Price	\$2.98	Starting Debt	0.00
Year 5 Book Value	39.66	Year 5 Enterprise Value	37.49	Year 5 Market Price	\$6.39	Debt Repayment	0.00
Annualized Return	19.77%	Annualized Return	41.71%	Annualized Return	16.49%	Year 5 Ending Debt	0.00
						% of Starting Debt	#DIV/0!

SN VALUATION

LBO Pro Forma Income Statement

Name:

inTest Corp

Ticker:

INTT

	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	48.70	38.79	23.50	46.20	47.59	49.01	50.48	52.00	53.56
COGS	30.01	25.00	15.69	24.06	25.22	25.98	26.76	27.56	28.39
Gross margin	18.69	13.79	7.81	22.14	22.37	23.04	23.73	24.44	25.17
SG&A	15.55	15.94	19.78	11.75	12.37	12.74	13.13	13.52	13.93
R&D	5.52	5.06	2.42	3.04	3.33	3.43	3.53	3.64	3.75
Unusual expense	3.38	2.22	0.66	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: Excluded from COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	-6.86	-9.43	-5.05	7.35	6.66	6.86	7.07	7.28	7.50
Interest income/(expense)	0.42	0.28	-0.02	-0.05	0.07	0.07	0.07	0.07	0.07
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	-0.03	0.08	0.18	0.10	0.00	0.00	0.00	0.00	0.00
Income before tax	-6.46	-9.08	-4.89	7.40	6.73	6.93	7.14	7.35	7.57
Tax	0.28	0.05	-0.05	0.15	2.29	2.36	2.43	2.50	2.57
Income after tax	-6.74	-9.13	-4.84	7.25	4.44	4.57	4.71	4.85	4.99
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	-6.74	-9.13	-4.84	7.25	4.44	4.57	4.71	4.85	4.99
*Figures are in millions (\$)									
EPS (based off today's share count)	-\$0.66	-\$0.90	-\$0.47	\$0.71	\$0.44	\$0.45	\$0.46	\$0.48	\$0.49
P/E (historical today's price; forecasted intrinsic price)	-4.51	-3.33	-6.27	4.19	7.60	8.20	8.86	9.56	10.32
Revenue Growth	N/A	-20.35%	-39.42%	96.60%	3.00%	3.00%	3.00%	3.00%	3.00%
Tax Rate	-4.33%	-0.55%	1.02%	2.03%	34.00%	34.00%	34.00%	34.00%	34.00%
Implied Debt Interest Rate	2100.00%	18.30%	-1.32%	0.00%	NA	NA	NA	NA	NA
Margins									
COGS	61.62%	64.45%	66.77%	52.08%	53.00%	53.00%	53.00%	53.00%	53.00%
Gross margin	38.38%	33.23%	32.23%	47.92%	47.00%	47.00%	47.00%	47.00%	47.00%
SG&A	34.19%	41.09%	41.62%	25.43%	26.00%	26.00%	26.00%	26.00%	26.00%
R&D	11.33%	13.04%	10.30%	6.58%	7.00%	7.00%	7.00%	7.00%	7.00%
Unusual expense	6.94%	5.72%	2.81%	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: Excluded from COGS					0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	-14.09%	-24.31%	-21.49%	15.91%	14.00%	14.00%	14.00%	14.00%	14.00%
Interest income/(expense)	0.86%	0.72%	-0.09%	-0.11%	0.14%	0.14%	0.14%	0.13%	0.13%
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	-0.06%	0.21%	0.77%	0.22%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	-13.26%	-23.41%	-20.81%	16.02%	14.14%	14.14%	14.14%	14.13%	14.13%
Tax	0.57%	0.13%	-0.21%	0.32%	4.81%	4.81%	4.81%	4.81%	4.80%
Income after tax	-13.84%	-23.54%	-20.60%	15.69%	9.34%	9.33%	9.33%	9.33%	9.32%
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	-13.84%	-23.54%	-20.60%	15.69%	9.34%	9.33%	9.33%	9.33%	9.32%

					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	12.21	7.14	2.65	6.89			6.89	10.74	14.74	18.89	23.19	27.65
Short term investment	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	12.21	7.14	2.65	6.89			6.89	10.74	14.74	18.89	23.19	27.65
Accounts Receivable	6.03	3.76	5.41	6.24			6.24	6.24	6.24	6.24	6.24	6.24
Other receivables	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	6.03	3.76	5.41	6.24			6.24	6.24	6.24	6.24	6.24	6.24
Deferred Income Tax	-5.73	-3.85	-3.12	-2.68			-2.68	-2.68	-2.68	-2.68	-2.68	-2.68
Total Inventory	5.10	4.19	3.06	3.49			3.49	3.49	3.49	3.49	3.49	3.49
Prepaid Expenses	1.12	0.82	0.38	0.43			0.43	0.43	0.43	0.43	0.43	0.43
Other Current Assets	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current Assets	18.73	12.06	8.38	14.37	0.00	0.00	14.37	18.22	22.22	26.37	30.67	35.13
PP&E, Gross	7.93	4.45	3.91	4.30			4.30	5.30	6.30	7.30	8.30	9.30
Change in Depreciation	1.31	1.07	0.50	0.40			0.40	0.41	0.42	0.44	0.45	0.46
Accumulated Depreciation	0.00	0.00	0.50	0.90			0.90	1.31	1.74	2.17	2.62	3.09
PP&E, Net	7.93	4.45	3.41	3.40			3.40	3.99	4.56	5.13	5.68	6.21
Goodwill	0.00	1.66	1.66	1.66	0.00		1.66	1.66	1.66	1.66	1.66	1.66
Intangibles	0.27	1.35	1.21	1.08			1.08	1.08	1.08	1.08	1.08	1.08
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	0.79	0.97	0.48	0.90			0.90	0.90	0.90	0.90	0.90	0.90
Long Term Assets	8.99	8.43	6.76	7.04	0.00	0.00	7.04	7.63	8.20	8.77	9.32	9.85
Total Assets	27.72	20.49	15.14	21.41	0.00	0.00	21.41	25.85	30.43	35.14	39.99	44.98
Accounts Payable	1.92	1.83	2.58	1.67			1.67	1.67	1.67	1.67	1.67	1.67
Accrued Expense	3.54	3.10	2.16	3.44			3.44	3.44	3.44	3.44	3.44	3.44
Other current Liabilities	0.34	0.29	0.14	0.15			0.15	0.15	0.15	0.15	0.15	0.15
Total Current Liabilities	5.80	5.22	4.88	5.26	0.00	0.00	5.26	5.26	5.26	5.26	5.26	5.26
Notes Payables/Short Term Debt	0.00	0.00	0.38	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	0.01	0.01	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	0.00	1.52	1.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	0.01	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	0.02	1.53	1.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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	0.39	0.28	0.16	0.04			0.04	0.04	0.04	0.04	0.04	0.04
Total Liabilities	6.21	7.03	6.56	5.30	0.00	0.00	5.30	5.30	5.30	5.30	5.30	5.30
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	0.10	0.10	0.10	0.10		0.00	0.10	0.10	0.10	0.10	0.10	0.10
Additional Paid-in capital	24.76	25.66	25.80	25.97	0.00	0.00	25.97	25.97	25.97	25.97	25.97	25.97
Dividends Paid	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	-3.83	-12.96	-17.80	-10.55		0.00	-10.55	-6.11	-1.53	3.18	8.03	13.02
Treasury Stock	-0.86	-0.86	-0.86	-0.74			-0.74	-0.74	-0.74	-0.74	-0.74	-0.74
Other Equity	1.34	1.52	1.36	1.31		0.00	1.31	1.31	1.31	1.31	1.31	1.31
Total Equity	21.51	13.46	8.60	16.09	0.00	0.00	16.09	20.53	25.11	29.82	34.67	39.66
Liability + Equity	27.72	20.49	15.16	21.39	0.00	0.00	21.39	25.83	30.41	35.12	39.97	44.96
Variance	0.00	0.00	-0.02	0.02			0.02	0.02	0.02	0.02	0.02	0.02
Debt/Equity	0.00	0.11	0.18	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	9.55	9.26	7.68	13.24			13.24	13.63	14.04	14.47	14.90	15.35
Inventory Turnover Days	38.22	39.43	47.53	27.57			27.57	26.77	25.99	25.23	24.50	23.78
Days Inventory Outstanding	62.03	61.17	71.19	52.94			52.94	50.51	49.04	47.61	46.22	44.88
Accounts Receivable Turnover	8.08	10.32	4.34	7.40			7.40	7.63	7.85	8.09	8.33	8.58
Accounts Receivable Turnover Days	45.19	35.38	84.03	49.30			49.30	47.86	46.47	45.12	43.80	42.53
Days Payable Outstanding	23.35	26.72	60.02	25.33			25.33	24.17	23.46	22.78	22.12	21.47
Days Sales Outstanding	45.19	35.38	84.03	49.30			49.30	49.30	47.86	46.47	45.12	43.80
Cash Conversion Cycle	83.87	69.84	95.19	76.91			76.91	75.64	73.44	71.30	69.22	67.20

SN VALUATION

LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	4.25	3.85	4.00	4.15	4.30	4.46
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	0.00	0.00	0.00	0.00	0.00	0.00
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		4.00%	4.00%	4.00%	4.00%	4.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
Interest Rate		8.00%	8.00%	8.00%	8.00%	8.00%
Interest Expense		0.00	0.00	0.00	0.00	0.00
Cash Balance		6.89				
Interest @ 1.0%		0.07	0.07	0.07	0.07	0.07
Net Interest Expense/(Income)		(0.07)	(0.07)	(0.07)	(0.07)	(0.07)
Net Interest Rate		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
EBITDA		6.66	6.86	7.07	7.28	7.50
EBITDA/Interest Expense Coverage		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Interest Rate Coverage Table

Debt Rating	2011	2012	2013	2014	2015
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