

Snap Shot Summary

Beginning Reference Point:
April 15, 2017



Existing Company Purchases Target Company
Acquisition of ABC Corp

Case Study 4 Project Calculation # e2d49fda-OK

Results Include Existing Company and Target Company

Company Valuation/Base Purchase Price	\$ 211,000,000	3.01	EBITDA Multiple for 100% of Company
Performance Based Increase	\$ -	0.00	EBITDA Multiple (1)
Seller Retained Assets	\$ (5,000,000)		
Indicated Value for 100% of Company	\$ 206,000,000	3.01	EBITDA Multiple - EBITDA prior to Adjustment (1)
Amount Financed	\$ 161,355,158		Not Including Equity Debt
Equity Required	\$ 58,065,559		Includes Equity Debt

ThruThink Deal ScoreSM

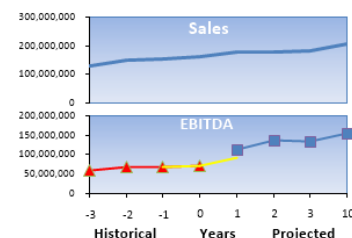
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Horizon is 10 Years

Sales and Earnings

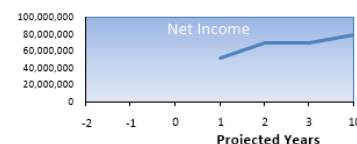
100% of Company:

	Initial	Year 1	Projected Year 2	Year 3	Horizon Year 10
Total Combined Sales	\$ 161,000,000	\$ 177,481,150	\$ 177,556,000	\$ 183,324,000	\$ 206,220,000
% Sales Growth over prior year	3.87%	10.2%	0.0%	3.2%	12.5%
Cost of Goods Sold-% of Sales	0.00%	34.0%	21.3%	21.8%	21.6%
Gross Margin-% of Sales	0.00%	66.0%	78.7%	78.2%	78.4%
Operating Expenses -% of Sales	0.00%	2.7%	1.0%	5.2%	2.6%
Combined EBITDA prior to Adj (1)	\$ 72,000,000	\$ 112,447,202	\$ 137,955,730	\$ 133,933,000	\$ 156,412,500
(1) Adj for UnCompensated Owner Contribution	(125,000)	(135,000)	(135,000)	(135,000)	(135,000)
Combined Adjusted EBITDA	\$ 71,875,000	\$ 112,312,202	\$ 137,820,730	\$ 133,798,000	\$ 156,277,500
EBITDA Margin	44.64%	63.28%	77.62%	72.98%	75.78%
% Growth	2.77%	56.3%	22.7%	-2.9%	16.8%
Total Debt to Adjusted EBITDA	3.01	4.44	2.60	2.06	0.86
Less Depreciation and Amortization	\$ (7,690,335)	\$ (7,690,335)	\$ (7,724,314)	\$ (7,710,364)	\$ (7,785,178)
Adjusted EBIT (1)	\$ 64,184,665	\$ 104,621,868	\$ 130,096,416	\$ 126,087,636	\$ 148,492,322
(Earnings before Interest & Taxes)					
Adj EBIT/Total Assets	18.18%	24.98%	29.20%	26.93%	18.10%



Net Income

	Year 1	Projected Year 2	Year 3	Horizon Year 10
Accrued Net Income (after income taxes)	51,647,904	69,334,421	70,121,850	79,097,105
% of Sales	29.1%	39.0%	38.3%	38.4%

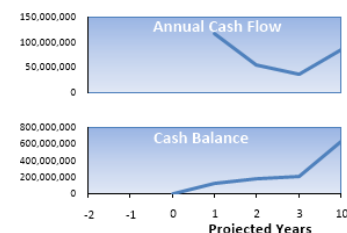


Cash Flow

	Initial	Year 1	Projected Year 2	Year 3	Horizon Year 10
Annual Cash Flow	\$ 5,275,000	\$ 118,720,538	\$ 56,128,851	\$ 35,845,585	\$ 85,605,633
Cumulative Cash Balance	\$ 5,275,000	\$ 123,995,538	\$ 180,124,389	\$ 215,969,975	\$ 625,414,662

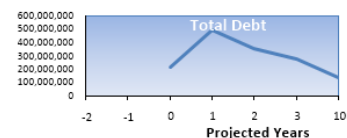
Cash Flow Factors

Accounts Receivable-Average Weeks to Collect	4	9	15	15
Inventory-Average Weeks to Hold	3	7	9	9
Accounts Payable-Average Days to Pay	217	42	80	80



Debt

	Initial	Year 1	Projected Year 2	Year 3	Horizon Year 10
Total Debt	\$ 216,198,300	\$ 498,691,320	\$ 358,761,475	\$ 276,132,371	\$ 135,008,024
Total Debt to Equity	1.58 :1	N/A-Neg Equity	4.13 :1	1.44 :1	0.20 :1

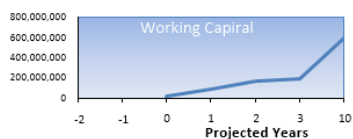


Working Capital

	Initial	Year 1	Year 2	Year 3	Horizon Year 10
Working Capital					
Current Assets Less Current Liabilities	\$ 25,222,894	\$ 96,385,630	\$ 175,473,315	\$ 197,116,654	\$ 599,247,229
Currenty Ratio					
Current Assets/Current Liabilities	1.22 :1	1.78 :1	3.04 :1	3.14 :1	7.25 :1

Working Capital


Projected Years



Exit Strategy

Market Value of Company for Exit in Horizon Year		EBITDA Prior to Adj (1) Multiple required to breakeven	0.09	
Based on 100% of Company Value	\$ 1,766,747,326	EBITDA Prior to Adj (1) Multiple for Sale	7.00	
Horizon is 10 years		General Sale Value	0	



Equity Return after Horizon Year Market Value Exit				Year 1	Year 2	Year 3	Horizon Year 10	 Value	
								Projected Years	
				Distributions, Draws and/or Dividends (Includes repayment of any Equity Debt or Seller Debt if Seller is part of Equity)			Cumulative Returns over Horizon Yrs w/ Market Value Sale	Exit @ Market Value Horizon Yr 10 MIRR (2)	Exit @ Book Value Horizon Yr 10 MIRR (2)
Equity Group, Class or Name:	% Equity	Initial Outlay							
Investor 1	20%	\$ 800,951	\$ 28,800	\$ 47,800	\$ 38,463,050	\$ 351,585,265	65%	50%	
Investor 2	30%	\$ 55,724,228	\$ 1,412,700	\$ (698,804)	\$ 62,907,080	\$ 534,957,901	25%	14%	
Investor Corp	50%	\$ 85,403,734	\$ 72,000	\$ 119,500	\$ 96,157,625	\$ 878,963,163	26%	14%	
	100%	\$ 141,928,913	\$ 1,513,500	\$ (531,504)	\$ 197,527,755	\$ 1,765,506,329	28%	17%	

<u>Exit @ Market Value</u>	<u>Exit @ Book Value</u>
Horizon Yr 10 MIRR (2)	Horizon Yr 10 MIRR (2)
65%	50%
25%	14%
26%	14%
28%	17%

(2) Modified Internal Rate of Return. Only applies if Mgmt is properly compensated in expenses.