

Snap Shot Summary

Beginning Reference Point:
May 01, 2017



Purchase Target Company
Acquisition of Mfg Company

Case Study 2 Project Calculation # 43247d8a
-OK

Company Valuation/Base Purchase Price	\$ 26,500,000	10.00	EBITDA Multiple for 100% of Company
Performance Based Increase	\$ 78,612	0.03	EBITDA Multiple (1)
Seller Retained Assets	\$ -		
Indicated Value for 100% of Company	\$ 26,578,612	10.03	EBITDA Multiple - EBITDA prior to Adjustment (1)
Amount Financed	\$ 13,000,000	Not Including Equity Debt	
Equity Required	\$ 14,750,000	Includes Equity Debt	

ThruThink Deal ScoreSM

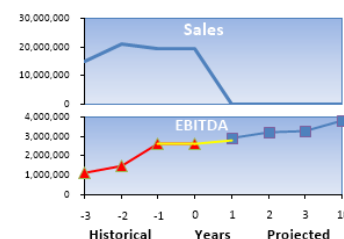
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Horizon is 10 Years

Sales and Earnings

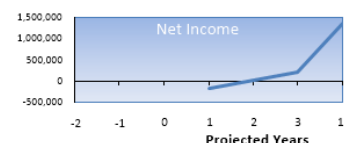
100% of Company:

	Initial	Year 1	Projected Year 2	Year 3	Horizon Year 10
Total Net Sales	\$ 19,500,000	\$ -	\$ -	\$ -	\$ -
% Sales Growth over prior year	0.00%				0.0%
Cost of Goods Sold-% of Sales	62.40%	EBITDA Override	EBITDA Override	EBITDA Override	EBITDA Override
Gross Margin-% of Sales	37.60%				
Operating Expenses -% of Sales	21.36%				
EBITDA prior to Adj (1)	\$ 2,650,000	2,915,000	3,206,500	3,302,695	3,793,758
(1) Adj for UnCompensated Owner Contribution	None				
Adjusted EBITDA	\$ 2,650,000	\$ 2,915,000	\$ 3,206,500	\$ 3,302,695	\$ 3,793,758
EBITDA Margin	13.59%	0.00%	0.00%	0.00%	0.00%
% Growth	0.00%	10.0%	10.0%	3.0%	14.9%
Total Debt to Adjusted EBITDA	7.45	6.49	5.66	5.23	0.22
Less Depreciation and Amortization	\$ (1,535,100)	\$ (1,535,100)	\$ (1,537,043)	\$ (1,537,685)	\$ (1,533,333)
Adjusted EBIT (1)	\$ 1,114,900	\$ 1,379,900	\$ 1,669,457	\$ 1,765,010	\$ 2,260,425
(Earnings before Interest & Taxes)					
Adj EBIT/Total Assets	4.02%	5.16%	6.43%	6.97%	14.21%



Net Income

	Year 1	Projected Year 2	Year 3	Horizon Year 10
Accrued Net Income (after income taxes)	(184,305)	32,492	211,519	1,361,340
% of Sales				

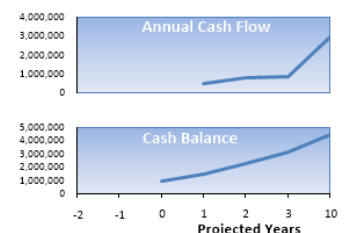


Cash Flow

		Projected				Horizon
		Year 1	Year 2	Year 3	Year 10	
Annual Cash Flow	Initial	\$ 478,859	\$ 770,359	\$ 866,554	\$ 2,932,805	
Cumulative Cash Balance	\$ 1,000,000	\$ 1,478,859	\$ 2,249,219	\$ 3,115,773	\$ 4,455,220	

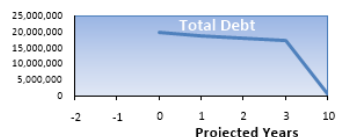
Cash Flow Factors

Accounts Receivable-Average Weeks to Collect	4	4	4	4
Inventory-Average Weeks to Hold	6	6	6	6
Accounts Payable-Average Days to Pay	28	28	28	28



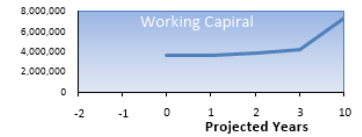
Debt

	Initial	Year 1	Projected Year 2	Year 3	Horizon Year 10
Total Debt	\$ 19,750,000	\$ 18,904,564	\$ 18,134,539	\$ 17,261,510	\$ 837,674
Total Debt to Equity	2.47 :1	2.42 :1	2.31 :1	2.14 :1	0.06 :1



Working Capital

	Initial	Year 1	Projected Year 2	Year 3	Horizon Year 10	
Working Capital						
Current Assets Less Current Liabilities	\$ 3,623,859	\$ 3,618,889	\$ 3,899,105	\$ 4,268,738	\$ 7,297,722	
Current Ratio						
Current Assets/Current Liabilities	4.22 :1	3.25 :1	2.86 :1	2.64 :1	N/A-Neg Cur Asset	



Exit Strategy

Market Value of Company for Exit in Horizon Year		EBITDA Prior to Adj (1) Multiple required to breakeven	3.02
Based on 100% of Company Value	\$ 7,367,546	EBITDA Prior to Adj (1) Multiple for Sale	0.00
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	
Equity Group, Class or Name:	% Equity	Initial Outlay			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/ Hard Asset Sale	
Owner	100%	\$ 8,000,000	\$	-	\$ -	\$ 8,059,705	\$ 7,367,546	
Investor	0%	\$ 6,750,000	\$	-	\$ -	\$ 7,965,000	\$ 2,025,000	
Equity Group 3	0%	\$ -	\$	-	\$ -	\$ -	\$ -	
	100%	\$ 14,750,000	\$	-	\$ -	\$ 16,024,705	\$ 9,392,546	

Exit @ Market Value Horizon Yr 10 MIRR (2)	Exit @ Book Value Horizon Yr 10 MIRR (2)
-1%	7%
-9%	-9%
0%	0%
-4%	2%

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