

## Summary of Salient Results

Beginning Reference Point:  
May 01, 2017

Case Study 3 Project Calculation # 8e93e68d-OK

Purchase Target Company

Acquisition of Apartments

### Target Company

3 Year Horizon

Company Purchase-Base Price	\$	700,000	5.38	EBITDA Multiple for 100% of Company
Performance Based Increase	\$	-	0.00	EBITDA Multiple
Seller Retained Assets	\$	-		
Indicated Value for 100% of Company	\$	700,000	5.38	EBITDA Multiple
Amount Financed	\$	636,800		
Equity Required	\$	85,000		

ThruThink Deal Score<sup>SM</sup>

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	Initial	Year 1	Year 2	Year 3
<b>Total Net Sales</b>	\$165,000	\$165,000	\$165,000	\$165,000
% Sales Growth		0.0%	0.0%	0.0%
Cost of Goods Sold-% of Sales		5.0%	10.0%	15.0%
Gross Margin-% of Sales		95.0%	90.0%	85.0%
Operating Expenses -% of Sales		10.0%	15.0%	17.0%
<b>EBITDA prior to Adj</b> (1)	\$130,000	140,250	123,750	112,200
EBITDA Margin		85.00%	75.00%	68.00%
% Growth		7.9%	-11.8%	-9.3%
(1) UnCompensated Owner Contribution adjustment	0	0	0	0
<b>Adjusted EBITDA (1)</b>	130,000	140,250	123,750	112,200
Less Depreciation and Amortization	(33,287)	(33,287)	(33,287)	(33,287)
<b>Earnings before Interest and Taxes (EBIT)</b>	96,713	106,963	90,463	78,913
<b>Accrued Net Income (after income taxes)</b>		62,692	50,402	42,280
% of Sales		38.0%	30.5%	25.6%
<b>Annual Cash Flow</b>				
Cumulative Cash Balance	\$10,000	\$81,450	\$50,249	\$39,336
<b>Working Capital</b>				
Current Assets Less Current Liabilities	\$	49,501	99,160	140,318
<b>Current Ratio</b>				
Current Assets/Current Liabilities		1.90 :1	2.76 :1	3.55 :1
<b>Total Assets (including goodwill)</b>	\$721,800	\$783,211	\$800,728	\$807,333
<b>Total Liabilities</b>	\$636,800	\$635,519	\$602,634	\$566,959
<b>Book Value Equity</b>	\$85,000	\$147,692	\$198,094	\$240,374
<b>Debt to Equity (Debt/Equity)</b>	7.49 :1	4.30 :1	3.04 :1	2.36 :1
<b>Debt to Adjusted EBITDA (1)</b>	4.90 :1	4.53 :1	4.87 :1	5.05 :1
<b>EBIT to Total Assets</b>	13.40%	13.66%	11.30%	9.77%
<b>Equity Split at Book Value</b>				
Partner Group, Class or Name:	% Equity			
Owner	100%	\$85,000	\$147,692	\$198,094
Equity Group 2	0%	\$-	\$-	\$-
Equity Group 3	0%	\$-	\$-	\$-
	100%	\$85,000	\$147,692	\$198,094
<b>Equity Split After a Market Value Sale</b>				
Partner Group, Class or Name:	% Equity			
Owner	100%	\$85,000	\$136,679	\$187,867
Equity Group 2	0%	\$-	\$-	\$-
Equity Group 3	0%	\$-	\$-	\$-
	100%	\$85,000	\$136,679	\$187,867
<b>Hard Asset Liquidation Value</b>				
Total Assets w/o Goodwill less Liabilities (Hard Asset Value)	\$	136,679	\$187,867	\$230,934
Seller Debt Amount included in Hard Asset Value	\$	(243,390)	\$(224,961)	\$(205,610)
Equity Debt Amount included in Hard Asset Value	\$	-	\$-	\$-
<b>Liquidation Value w/Market Value Sale</b>				
EBITDA Multiple required to breakeven		4.93x	5.33x	5.58x
EBITDA Multiple for a Market Value Sale (using adj EBITDA)		0.00x	0.00x	0.00x
EBITDA based Market Value Sale		0	0	0
Fixed Price Market Sale		0	0	950,000
Total Sale Value Plus Cash less Liabilities	\$	(544,069)	\$(460,936)	\$564,075
Greater of Liquidation Value of Assets or EBITDA Sale Value (Plus Cash Less Liabilities)	\$	136,679	\$187,867	\$564,075
<b>Total Gain (Loss) from Sale/Liquidation in Given Year</b>	\$	(11,013)	\$(10,227)	\$323,702
Cumulative Net Income (Loss) from Operations	\$	62,692	\$113,094	\$155,374
<b>Total Gain (Loss) after a Sale</b>	\$	51,679	\$102,867	\$479,075
Less Beginning Equity Plus Cumulative Dividends/Draws (Contributions)	\$	(85,000)	\$(85,000)	\$(85,000)
<b>Cumulative Benefit (Loss) after a Sale w/o tax on Sale Gain</b>	\$	(33,321)	\$17,867	\$394,075
<b>Year of Sub, Seller, Equity Debt Pay off</b>				
Amount of Positive Cash After Sub, Seller & Equity Debt		0	0	0
Cash less Sub, Seller & Equity Debt, Surplus, (Shortage)	\$	(151,940)	\$(83,262)	\$(24,576)
<b>Total Accrued Net Income</b>	\$	62,692	50,402	42,280
% of Total Book Equity		45.87%	26.83%	7.50%