

## Summary of Salient Results

Beginning Reference Point:  
April 15, 2017

Case Study 4 Project Calculation # e2d49fda-OK

## Existing Company Purchases Target Company

### Acquisition of ABC Corp

Includes Existing Company and Target Company

10 Year Horizon

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

### ThruThink Deal Score <sup>SM</sup>

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	Initial	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Total Combined Sales</b>	\$161,000,000	\$ 177,481,150	\$ 177,556,000	\$ 183,324,000	\$ 191,220,000	\$ 196,920,000	\$ 201,220,000	\$ 206,220,000	\$ 206,220,000	\$ 206,220,000	\$ 206,220,000
% Sales Growth		10.2%	0.0%	3.2%	4.3%	3.0%	2.2%	2.5%	0.0%	0.0%	0.0%
Cost of Goods Sold-% of Sales		34.0%	21.3%	21.8%	21.7%	21.7%	21.6%	21.6%	21.6%	21.6%	21.6%
Gross Margin-% of Sales		66.0%	78.7%	78.2%	78.3%	78.3%	78.4%	78.4%	78.4%	78.4%	78.4%
Operating Expenses -% of Sales		2.7%	1.0%	5.2%	10.2%	10.2%	2.6%	2.6%	2.6%	2.6%	2.6%
<b>Combined EBITDA prior to Adj (1)</b>	\$ 72,000,000	<b>112,447,202</b>	137,955,730	133,933,000	130,193,000	134,226,000	152,435,500	156,301,500	156,412,500	156,412,500	156,412,500
EBITDA Margin		63.36%	77.70%	73.06%	68.09%	68.16%	75.76%	75.79%	75.85%	75.85%	75.85%
% Growth		56.2%	22.7%	-2.9%	-2.8%	3.1%	13.6%	2.5%	0.1%	0.0%	0.0%
(1) UnCompensated Owner Contribution adjustment	(125,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)
<b>Adjusted EBITDA (1)</b>	<b>71,875,000</b>	<b>112,312,202</b>	<b>137,820,730</b>	<b>133,798,000</b>	<b>130,058,000</b>	<b>134,091,000</b>	<b>152,300,500</b>	<b>156,166,500</b>	<b>156,277,500</b>	<b>156,277,500</b>	<b>156,277,500</b>
Less Depreciation and Amortization	(7,690,335)	(7,690,335)	(7,724,314)	(7,710,364)	(7,706,599)	(7,720,919)	(7,736,324)	(7,751,814)	(7,792,390)	(7,783,051)	(7,790,078)
<b>Earnings before Interest and Taxes (EBIT)</b>	<b>64,309,665</b>	<b>104,756,868</b>	<b>130,231,416</b>	<b>126,222,636</b>	<b>122,486,401</b>	<b>126,505,081</b>	<b>144,699,176</b>	<b>148,549,686</b>	<b>148,620,110</b>	<b>148,629,449</b>	<b>148,622,422</b>
<b>Accrued Net Income (after income taxes)</b>		51,647,904	69,334,421	70,121,850	65,269,018	68,085,011	81,076,870	81,823,052	81,839,417	83,362,080	79,097,105
% of Sales		29.1%	39.0%	38.3%	34.1%	34.6%	40.3%	39.7%	39.7%	40.4%	38.4%
<b>Annual Cash Flow</b>		\$ 118,720,538	\$ 56,128,851	\$ 35,845,585	\$ 44,562,889	\$ (39,316,488)	\$ 89,203,340	\$ 89,119,471	\$ 61,291,171	\$ 78,978,671	\$ 85,605,633
Cumulative Cash Balance	\$ 5,275,000	\$ 123,995,538	\$ 180,124,389	\$ 215,969,975	\$ 260,532,864	\$ 221,216,376	\$ 310,419,716	\$ 399,539,187	\$ 460,830,358	\$ 539,809,029	\$ 625,414,662
<b>Working Capital</b>		\$ 96,385,630	\$ 175,473,315	\$ 197,116,654	\$ 235,596,314	\$ 196,004,330	\$ 283,072,314	\$ 337,217,777	\$ 424,894,532	\$ 511,604,285	\$ 599,247,229
Current Assets Less Current Liabilities											
<b>Current Ratio</b>		1.78 :1	3.04 :1	3.14 :1	3.58 :1	3.10 :1	3.82 :1	3.52 :1	4.98 :1	6.19 :1	7.25 :1
Current Assets/Current Liabilities											
<b>Total Assets (including goodwill)</b>	\$ 353,027,213	\$ 418,882,596	\$ 445,605,107	\$ 468,283,622	\$ 498,112,713	\$ 453,136,698	\$ 539,947,253	\$ 619,934,725	\$ 673,594,392	\$ 744,074,123	\$ 820,258,671
<b>Total Liabilities</b>	\$ 216,198,300	\$ 498,691,320	\$ 358,761,475	\$ 276,132,371	\$ 287,638,601	\$ 174,799,576	\$ 180,647,261	\$ 178,934,680	\$ 150,766,929	\$ 137,896,581	\$ 135,008,024
<b>Book Value Equity</b>	\$ 136,828,913	\$ (79,808,724)	\$ 86,843,632	\$ 192,151,251	\$ 210,474,112	\$ 278,337,123	\$ 359,299,993	\$ 441,000,045	\$ 522,827,462	\$ 606,177,542	\$ 685,250,647
<b>Debt to Equity (Debt/Equity)</b>	1.58 :1	N/A-Neg Equity	4.13 :1	1.44 :1	1.37 :1	0.63 :1	0.50 :1	0.41 :1	0.29 :1	0.23 :1	0.20 :1
<b>Debt to Adjusted EBITDA (1)</b>	3.01 :1	4.44 :1	2.60 :1	2.06 :1	2.21 :1	1.30 :1	1.19 :1	1.15 :1	0.96 :1	0.88 :1	0.86 :1
<b>EBIT to Total Assets</b>	18.22%	25.01%	29.23%	26.95%	24.59%	27.92%	26.80%	23.96%	22.06%	19.98%	18.12%
<b>Equity Split at Book Value</b>											
Partner Group, Class or Name:	% Equity										
Investor 1	20%	\$ 27,365,783	\$ (15,961,745)	\$ 17,368,726	\$ 38,430,250	\$ 42,094,822	\$ 55,667,425	\$ 71,859,999	\$ 88,200,009	\$ 104,565,492	\$ 121,235,508
Investor 2	30%	\$ 41,048,674	\$ (23,942,617)	\$ 26,053,090	\$ 57,645,375	\$ 63,142,234	\$ 83,501,137	\$ 107,789,998	\$ 132,300,014	\$ 156,848,239	\$ 181,853,263
Investor Corp	50%	\$ 68,414,457	\$ (39,904,362)	\$ 43,421,816	\$ 96,075,625	\$ 105,237,056	\$ 139,168,561	\$ 179,649,996	\$ 220,500,023	\$ 261,413,731	\$ 303,088,771
	100%	\$ 136,828,913	\$ (79,808,724)	\$ 86,843,632	\$ 192,151,251	\$ 210,474,112	\$ 278,337,123	\$ 359,299,993	\$ 441,000,045	\$ 522,827,462	\$ 606,177,542
<b>Equity Split After a Market Value Sale</b>											
Partner Group, Class or Name:	% Equity										
Investor 1	20%	\$ 27,365,783	\$ 177,478,892	\$ 103,528,683	\$ 75,776,060	\$ 186,097,374	\$ 199,289,231	\$ 215,150,729	\$ 236,922,811	\$ 254,932,732	\$ 273,140,074
Investor 2	30%	\$ 41,048,674	\$ 266,218,338	\$ 155,293,025	\$ 113,664,089	\$ 279,146,061	\$ 298,933,847	\$ 322,726,093	\$ 355,384,216	\$ 382,399,097	\$ 409,074,111
Investor Corp	50%	\$ 68,414,457	\$ 443,697,231	\$ 258,821,708	\$ 189,440,149	\$ 465,243,434	\$ 498,223,079	\$ 537,876,821	\$ 592,307,027	\$ 637,331,829	\$ 682,850,185
	100%	\$ 136,828,913	\$ 887,394,462	\$ 517,643,415	\$ 378,880,298	\$ 930,486,869	\$ 996,446,157	\$ 1,075,753,643	\$ 1,184,614,054	\$ 1,274,663,658	\$ 1,365,700,371
<b>Hard Asset Liquidation Value</b>											
Total Assets w/o Goodwill less Liabilities (Hard Asset Value)	\$ (144,308,959)	\$ 29,420,757	\$ 141,780,535	\$ 167,165,456	\$ 242,090,426	\$ 330,115,155	\$ 418,876,967	\$ 507,766,044	\$ 598,177,683	\$ 684,314,147	\$ 731,656,727
Seller Debt Amount included in Hard Asset Value	\$ (44,000,000)	\$ (46,768,000)	\$ (45,898,000)	\$ (46,014,000)	\$ (46,474,000)	\$ (46,599,000)	\$ (47,484,000)	\$ (22,998,000)	\$ (13,494,000)	\$ (13,999,000)	\$ (13,999,000)
Equity Debt Amount included in Hard Asset Value	\$ (3,950,000)	\$ (4,950,004)	\$ (4,920,004)	\$ (4,920,004)	\$ (4,920,004)	\$ (4,920,004)	\$ (4,820,004)	\$ (4,820,004)	\$ (4,820,004)	\$ (1,820,004)	\$ (1,969,950)
<b>Liquidation Value w/Market Value Sale</b>											
EBITDA Multiple required to breakeven	1.40x	0.88x	0.61x	0.47x	0.40x	0.30x	0.24x	0.19x	0.14x	0.09x	0.09x
EBITDA Multiple for a Market Value Sale (using adj EBITDA)	10.00x	4.00x	2.00x	6.00x	5.00x	5.00x	5.00x	5.00x	5.00x	5.00x	7.00x
EBITDA based Market Value Sale	1,124,472,023	551,822,920	267,866,000	781,158,000	671,130,000	762,177,500	781,507,500	782,062,500	782,062,500	1,094,887,500	1,094,887,500
Fixed Price Market Sale	0	0	0	0	0	0	0	0	0	0	0
Total Sale Value Plus Cash less Liabilities	\$ 887,394,462	\$ 517,643,415	\$ 378,880,298	\$ 930,486,869	\$ 996,446,157	\$ 1,075,753,643	\$ 1,184,614,054	\$ 1,274,663,658	\$ 1,365,700,371	\$ 1,766,747,326	\$ 1,766,747,326
Greater of Liquidation Value of Assets or EBITDA Sale Value (Plus Cash Less Liabilities)	\$ 887,394,462	\$ 517,643,415	\$ 378,880,298	\$ 930,486,869	\$ 996,446,157	\$ 1,075,753,643	\$ 1,184,614,054	\$ 1,274,663,658	\$ 1,365,700,371	\$ 1,766,747,326	\$ 1,766,747,326
<b>Total Gain (Loss) from Sale/Liquidation in Given Year</b>	\$ 967,203,186	\$ 430,799,783	\$ 186,729,047	\$ 720,012,757	\$ 718,109,035	\$ 716,453,650	\$ 743,614,008	\$ 751,836,195	\$ 759,522,829	\$ 1,081,496,679	\$ 1,081,496,679
Cumulative Net Income (Loss) from Operations	\$ 51,647,904	\$ 120,982,325	\$ 191,104,175	\$ 256,373,193	\$ 324,458,203	\$ 405,535,073	\$ 487,358,126	\$ 569,197,543	\$ 652,559,622	\$ 731,656,727	\$ 731,656,727
<b>Total Gain (Loss) after a Sale</b>	\$ 1,018,851,090	\$ 551,782,108	\$ 377,833,222	\$ 976,385,949	\$ 1,042,567,238	\$ 1,121,988,723	\$ 1,230,972,134	\$ 1,321,033,738	\$ 1,412,082,451	\$ 1,813,153,406	\$ 1,813,153,406
Less Beginning Equity Plus Cumulative Dividends/Draws (Contributions)	\$ (136,684,913)	\$ (136,445,913)	\$ (136,281,913)	\$ (146,156,913)	\$ (145,934,913)	\$ (145,820,913)	\$ (145,697,913)	\$ (145,685,913)	\$ (145,685,913)	\$ (145,649,913)	\$ (145,649,913)
<b>Cumulative Benefit (Loss) after a Sale w/o tax on Sale Gain</b>	\$ 882,166,177	\$ 415,336,195	\$ 241,551,309	\$ 830,229,036	\$ 896,632,325	\$ 976,167,810	\$ 1,085,274,221	\$ 1,175,347,825	\$ 1,266,408,538	\$ 1,667,503,493	\$ 1,667,503,493
<b>Year of Sub, Seller, Equity Debt Pay off</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Amount of Positive Cash After Sub, Seller & Equity Debt	<b>48,798,588</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cash less Sub, Seller & Equity Debt, Surplus, (Shortage)	\$ 48,798,588	\$ 102,674,035	\$ 143,543,836	\$ 194,938,401	\$ 157,270,468	\$ 251,172,169	\$ 341,023,411	\$ 429,046,354	\$ 520,460,025	\$ 605,350,706	\$ 605,350,706
<b>Total Accrued Net Income</b>	\$ 51,647,904	\$ 69,334,421	\$ 70,121,850	\$ 65,269,018	\$ 68,085,011	\$ 81,076,870	\$ 81,823,052	\$ 81,839,417	\$ 83,362,080	\$ 79,097,105	\$ 79,097,105
% of Total Book Equity	5.82%	13.39%	18.51%	7.01%	6.83%	7.54%	6.91%	6.42%	6.10%	4.48%	4.48%