

Diagnostic Valuation

Sample Report

Date



INVESTMENT BANKING

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VALUATION

ADVISORY

Contents

Sample Report

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Valuation Ranges

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\$ in thousands



Valuation Range / Implied Multiples

			\$34,099	\$36,148	\$38,196	\$40,245	\$42,293
FY 2017							
Revenue	\$	77,834	0.44x	0.46x	0.49x	0.52x	0.54x
EBITDA	\$	7,512	4.54x	4.81x	5.08x	5.36x	5.63x
FY 2018							
Revenue	\$	82,000	0.42x	0.44x	0.47x	0.49x	0.52x
EBITDA	\$	8,974	3.80x	4.03x	4.26x	4.48x	4.71x

- Total Enterprise Value (TEV) was used for Valuation purposes and excludes Cash and Debt
- Each method was weighted equally

Shareholder Value

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Net shareholder value represents the equity value of the business as it includes the impact of debt and accounts for liquid assets (cash as well as net working capital).

	Low	High
Value Range	\$34,099	\$42,293
Plus: Cash	5,870	5,870
Less: Debt	(2,333)	(2,333)
Excess Net Working Capital (+/-)	9,277	9,277
Net Shareholder Value	\$46,913	\$55,107

\$ in thousands

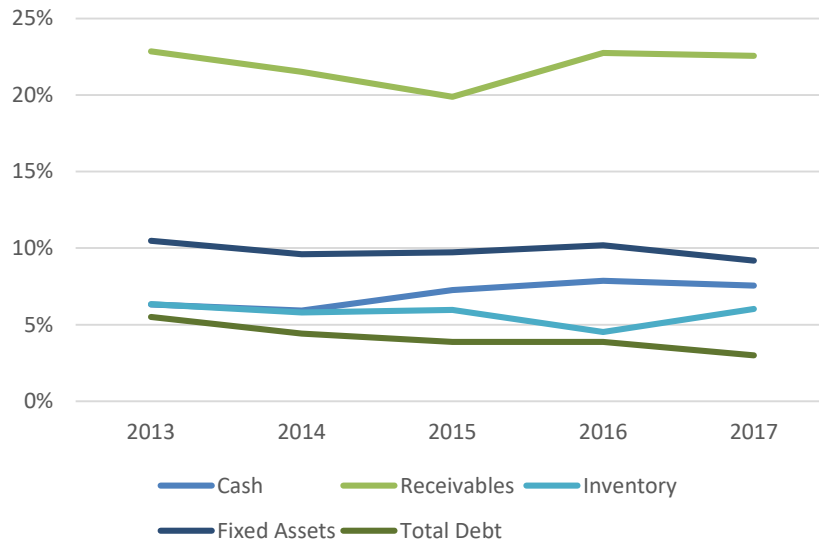


Key Performance Indicators

Growth Trends

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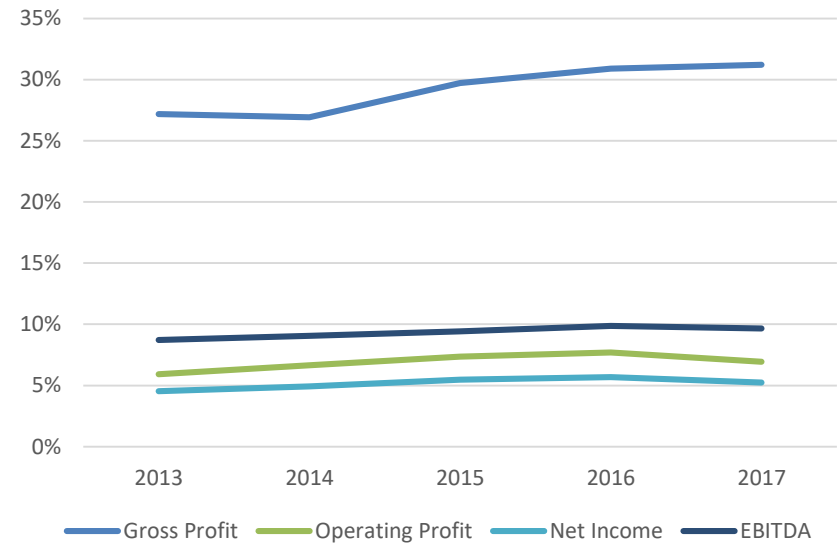
Value Drivers as a % of Revenue



Insights:

Key asset accounts: cash, receivables and inventory have grown consistently with revenue. Fixed assets are growing at a pace just below revenue.

Overall Profitability Trends



Insights:

The company experienced high levels of growth in the historic 5 year period. Gross profit margins have increased with revenue growth, while overall profitability has remained stable and saw a decline in 2017.

Working Capital Analysis

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	2013	2014	2015	2016	2017
Current Assets (less cash)	19,236,582	21,401,619	21,168,163	22,662,927	23,987,335
Current Liabilities (less debt)	7,458,701	8,429,074	7,344,496	8,485,782	8,199,178
Net Working Capital (+/-)	11,777,881	12,972,545	13,823,667	14,177,145	15,788,157
LTM Revenue	\$ 60,615,283	\$ 68,897,224	\$ 72,021,273	\$ 75,972,855	\$ 77,834,078
Net Working Capital to Sales	19.4%	18.8%	19.2%	18.7%	20.3%
Median NWC to Sales	19.2%				
Industry Median NWC to Sales	7.3%				
				Excess Net Working Capital	\$ 9,277,234

What is it:

Net working capital is the difference between a company's current assets and current liabilities, net of cash & cash equivalents and short term debt. It measures liquidity and the ability to meet short-term obligations. Net working capital to sales measures how well working capital is managed and can indicate if a business company has enough working capital to support operational expenses and other short term liabilities. While business has its unique working capital needs, excess net working capital can indicate inefficient use of assets.

What does it tell me about my company:

With the company's net working capital to sales ratio of 19.2% well above the peer group median of 7.3%, an excess net working capital of \$9.3 million is substantial. The drivers of excess working capital for the company are increases in inventory and receivables, with slower sales. The inability to sell of inventory quickly or at all, lax collection policies, and faster than average payoff times to suppliers all contribute to the large excess. Excess net working capital can be reduced by writing off obsolete inventory, implementing stricter collection policies, and reviewing supplier discounts to ensure they are the best use of short term assets.



Industry Comparison

Comparison with Industry Ratios *Sample Report*

Information about other companies in the same or similar industry can be useful in assessing the financial and operational health of a company. This information is generally identified using the Standard Industrial Classification (SIC) code for their industry.

Ratios	2017			2016			2015			2014			2013		
	INDUSTRY RMA (2)	Integra (3)	Sample Company	INDUSTRY RMA (2)	Integra (3)	Sample Company	INDUSTRY RMA (2)	Integra (3)	Sample Company	INDUSTRY RMA (2)	Integra (3)	Sample Company	INDUSTRY RMA (2)	Integra (3)	Sample Company
I. Liquidity Ratios															
Current	1.5	1.8	3.5	1.5	1.8	3.3	1.5	1.8	3.5	1.5	1.7	2.9	1.5	1.7	3.0
Acid test (Quick)	1.2	1.5	2.8	1.2	1.5	2.7	1.2	1.5	2.6	1.2	1.5	2.2	1.3	1.4	2.3
II. Profitability Ratios															
Pretax earnings to total assets	11.7%	4.1%	16.9%	11.7%	4.1%	18.2%	10.7%	4.0%	18.1%	9.0%	4.1%	16.2%	8.5%	4.0%	14.3%
Pretax earnings to total equity	35.6%	10.6%	23.6%	35.6%	10.6%	26.5%	33.6%	10.7%	26.0%	27.7%	11.2%	25.3%	23.0%	11.3%	22.7%
III. Activity Ratios															
Age of receivables	70.0	66.0	81.2	70.0	66.0	81.9	69.0	65.0	71.6	70.0	65.0	77.4	69.0	66.0	82.2
Total asset turnover	3.0	3.0	2.1	3.0	3.0	2.1	2.9	3.1	2.1	3.0	3.1	2.1	2.9	3.0	2.0
Sales to working capital	11.7	8.9	5.0	11.7	8.9	5.4	12.0	9.2	5.3	11.3	9.3	5.4	10.3	9.2	5.3
Age of inventory	45.0	8.0	31.6	61.9	8.0	23.5	49.6	7.0	30.5	54.9	7.0	28.5	54.7	8.0	31.4
Sales to net fixed assets	37.9	26.3	10.9	37.9	26.3	9.8	33.8	27.3	10.3	39.2	27.8	10.4	37.5	27.7	9.5
IV. Leverage Ratios															
Total debt to equity	2.0	1.3	0.4	2.0	1.3	0.5	1.7	1.3	0.4	1.8	1.3	0.6	1.6	1.4	0.6
Times interest earned	27.3	2.8	nm	27.3	2.8	93.6	19.7	2.7	nm	19.3	2.7	19.4	16.0	2.7	14.2
V. Working Capital															
Working capital to sales	8.55%	11.40%	27.55%	8.55%	11.40%	26.24%	8.33%	11.30%	26.12%	8.85%	11.30%	24.38%	9.71%	11.20%	25.26%

Sources: (1) Compiled F/S 12/31/2017 ; Compiled F/S 12/31/2016 ; Compiled F/S 12/31/2015 ; Compiled F/S 12/31/2014 ; Compiled F/S 12/31/2013 ; Compiled F/S 12/31/2012
(2) NAICS # 236220, RMA Year 2017.
(3) SIC # 1711, Integra Year 2017.



How Your Valuation Was Calculated

How Your Valuation Was Calculated *Sample Report*

The value provided in this report reflects Fair Market Value, defined as the price in which property would change hands between a willing buyer and a willing seller, neither under any compulsion to buy or sell, and both having reasonable knowledge and relevant facts.

There are three generally accepted approaches to estimating the fair market value of a business. These approaches include: the market approach, the income approach, and the asset approach. Each approach applies to the valuation of equity interests in a business, intangible assets, intellectual properties, real estate, and tangible personal property.

The Market Approach involves analyzing comparable companies and recent transactions involving companies in the same or similar line of business.

The Income Approach measures the value of a company using projected profits and cashflows.

The Asset Approach uses Net Asset Value, or the fair market value of total assets less total liabilities. Net Asset Value indicates the cost that would be required to recreate the business.



Appendix

Historical Financial Statements, Financial Statement Adjustments, Adjusted Financial Statements and Forecasted Financial Statements

Historical Balance Sheet *Sample Report*

	2016	2015	2014	2013	2012
Assets					
Cash and Cash Equivalents	\$ 5,869,651	\$ 5,977,463	\$ 5,234,742	\$ 4,073,439	\$ 3,826,210
Accounts Receivable, net	\$ 17,548,530	\$ 17,284,328	\$ 14,321,839	\$ 14,816,359	\$ 13,845,815
Inventories	\$ 4,694,934	\$ 3,428,448	\$ 4,287,818	\$ 3,990,181	\$ 3,848,082
Prepaid Expenses	\$ 110,531	\$ 211,181	\$ 132,258	\$ 119,253	\$ 82,491
Other Current Assets	1,633,340	1,738,970	2,426,248	2,475,826	1,460,194
Total Current Assets	\$ 29,856,986	\$ 28,640,390	\$ 26,402,905	\$ 25,475,058	\$ 23,062,792
Property & Equipment, net	\$ 7,147,254	\$ 7,737,352	\$ 7,004,492	\$ 6,616,892	\$ 6,356,711
Intangible Assets, net	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Current Assets	249,029	192,166	116,260	152,568	226,443
Total Assets	\$ 37,253,269	\$ 36,569,908	\$ 33,523,657	\$ 32,244,518	\$ 29,645,946
Liabilities					
Accounts Payable	\$ 1,126,421	\$ 1,612,372	\$ 1,144,226	\$ 2,364,833	\$ 1,793,700
Accrued Expenses	\$ 4,733,845	\$ 4,972,615	\$ 5,062,152	\$ 4,172,593	\$ 4,303,391
Short-term Debt	-	-	-	-	-
Current Portion of Long-term Debt	\$ 1,239,349	\$ 982,983	\$ 1,316,751	\$ 250,049	\$ 295,059
Other Current Liabilities	2,338,912	1,900,795	1,138,118	1,891,648	1,361,610
Total Current Liabilities	\$ 9,438,527	\$ 9,468,765	\$ 8,661,247	\$ 8,679,123	\$ 7,753,760
Long-term Debt	\$ 40,383,447	\$ 43,619,787	\$ 45,452,459	\$ 48,678,522	\$ 50,606,400
Other Long-term Liabilities	\$ 48,361	\$ 85,580	\$ 127,128	\$ 57,267	\$ 184,428
Total Liabilities	49,870,335	53,174,132	54,240,834	57,414,912	58,544,588
Shareholder's Equity					
Preferred Stock	-	-	-	-	-
ESOP Stock	\$ (6,616,306)	\$ (6,616,306)	\$ (7,867,916)	\$ (9,162,066)	\$ (10,498,757)
Common Stock	\$ 27,186,862	\$ 27,186,862	\$ 27,909,793	\$ 28,773,644	\$ 29,709,328
Treasury Stock	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Surplus / Additional Paid in Capital	\$ -	\$ -	\$ -	\$ -	\$ -
Retained Earnings	\$ (33,187,622)	\$ (37,174,780)	\$ (40,759,054)	\$ (44,781,972)	\$ (48,089,599)
Accumulated Loss / Other Comprehensive	-	-	-	-	-
Total Shareholder's Equity	(12,617,066)	(16,604,224)	(20,717,177)	(25,170,394)	(28,898,642)
Total Liabilities and Shareholder's Equity	\$ 37,253,269	\$ 36,569,908	\$ 33,523,657	\$ 32,244,518	\$ 29,645,946

Sources: (1) Compiled F/S 12/31/2017; Compiled F/S 12/31/2016; Compiled F/S 12/31/2015; Compiled F/S 12/31/2014; Compiled F/S 12/31/2013; Compiled F/S 12/31/2012

The historical financial information presented in this exhibit is included solely to assist in the development of the value conclusion presented in this report and it should not be used to obtain credit or for any other purpose. Because of the limited purpose of this presentation it may be incomplete and contain departures from generally accepted accounting principles. We have not audited, reviewed, or compiled this presentation and express no assurance on it.

Consolidated Cash Flow Statement *Sample Report*

	2018	2019	2020	2021	2022
Cash Flows from Operating Activities					
Net Earnings	\$ 5,800,694	\$ 5,151,195	\$ 5,188,523	\$ 5,225,850	\$ 4,218,007
Depreciation & Amortization	1,110,000	1,110,000	1,110,000	1,110,000	1,110,000
(Gains)/Losses on Asset Sales	-	-	-	-	-
Change in WC providing/(requiring) cash					
Accounts Receivable, net	(673,692)	807,758	162,709	(51,347)	1,723,745
Inventories	125,536	(167,173)	(55,724)	(55,724)	390,071
Prepaid Expenses	(48,693)	(5,825)	(1,942)	(1,942)	13,592
Other Current Assets	(693,354)	(85,123)	(28,374)	(28,374)	198,620
Accounts Payable	219,029	90,244	16,891	16,891	(118,234)
Accrued Expenses	537,150	192,841	64,280	64,280	(449,963)
Other Current Liabilities	(323,188)	73,746	24,582	24,582	(172,074)
Net Cash from Operating Activities	6,053,481	7,167,663	6,480,944	6,304,215	6,913,765
Cash Flows from Investing Activities					
CapX - Addition to PPE	(1,183,132)	(1,207,262)	(1,183,805)	(1,032,992)	(1,154,275)
Other Long-term Assets	85,098	(6,778)	(4,019)	(3,209)	8,026
Changes in Goodwill, Net	-	-	-	-	-
Change in Intangible Assets	-	-	-	-	-
Net Cash Used in Investing Activities	(1,098,034)	(1,214,040)	(1,187,825)	(1,036,202)	(1,146,250)
Free Cash Flow (Op. Cash less CapX)	4,870,349	5,960,401	5,297,139	5,271,223	5,759,490
Free Cash Flow (inc. Acquisitions)	4,870,349	5,960,401	5,297,139	5,271,223	5,759,490
Free Cash Flow (inc. ALL investing CF)	4,955,447	5,953,623	5,293,119	5,268,013	5,767,516
Cash Flows from Financing Activities					
Additions to (reductions in) debt	777,281	113,776	37,925	37,925	(265,478)
Other Long-term Liabilities	-	-	-	-	-
Additions to (reductions in) equity	-	-	-	-	-
Dividends paid	(4,640,555)	(4,120,956)	(4,150,818)	(4,180,680)	(2,530,804)
Net Cash Used in Financing Activities	(3,863,274)	(4,007,180)	(4,112,893)	(4,142,755)	(2,796,282)
Net (decrease) increase in cash & equivalents	1,092,173	1,946,443	1,180,227	1,125,259	2,971,233
Cash & equivalents at beginning of year	5,869,651	6,249,400	8,002,880	9,160,171	10,111,680
Cash & equivalents at end of year	6,249,400	8,002,880	9,160,171	10,111,680	13,804,380

Source: Forecasts provided by Management.

The financial forecasts presented in this exhibit are included solely to assist in the development of the value conclusion presented in this report, and they should not be used to obtain credit or for any other purpose. These presentations do not include all disclosures required by the guidelines established by the American Institute of Certified Public Accountants for the presentation of a financial forecast. We have not compiled or examined the presentations and express no assurance on them. The actual results may vary from the forecasts, and the variations may be material.