



CAPTARGET

Comparable value and DCF Sample

Comparable Public Company Descriptions

Tenneco, Inc.

- Designs, manufactures and sells automotive emission control and ride control systems and products.
- 2012 revenues of \$5.5 billion.
- Serves both original equipment manufacturers and replacement markets worldwide.
- Produces individual component parts for vehicles as well as groups of components that are combined as modules or systems within vehicles.

Federal-Mogul Corp.

- Manufactures and distributes parts, components, modules, and systems to customers in the automotive, small engine, heavy-duty, marine, railroad, aerospace, and industrial markets worldwide.
- Operates four segments: Powertrain Energy, Powertrain Sealing and Bearings, Vehicle Safety and Protection, and Global Aftermarket.

Dorman Products, Inc.

- Leading supplier of original equipment dealer "exclusive" automotive replacement parts, and fasteners and service line products primarily for the automotive aftermarket.
- Approximately 36% of the parts and 58% of net sales consist of original equipment dealer "exclusive" parts and fasteners.

Standard Motor Products, Inc.

- Leading independent manufacturer, distributor and marketer of replacement parts for motor vehicles in the automotive aftermarket industry, with an increasing focus on the original equipment and original equipment service markets.
- Organized into two major operating segments, each of which focuses on a specific line of replacement parts.

Comparable Public Company Multiples

Company ^{(1) (2)}	Equity Value	Firm Value ⁽³⁾	Fiscal Year	Current Firm Value /				P/E
				Rev.	EBITDA	EBIT	FCF ⁽⁴⁾	
Tenneco Automotive, Inc.	\$2,192.5	\$3,372.5	2010	0.6x	6.7x	11.8x	9.6x	56.2x
			2011	0.5	5.6	8.4	8.6	13.4
			LTM	0.5	5.2	7.5	8.7	7.9
Federal-Mogul Corporation	793.2	3,179.2	2010	0.5	5.2	11.6	8.9	5.3
			2011	0.5	5.0	9.1	11.1	NM
			LTM	0.5	6.1	13.5	20.1	NM
Standard Motor Products, Inc.	510.4	560.0	2010	0.7	9.1	11.6	11.0	19.0
			2011	0.6	7.0	8.6	8.2	7.8
			LTM	0.6	6.9	8.5	8.1	7.6
Dorman Products, Inc.	1,295.2	1,232.2	2010	2.7	14.9	16.5	17.2	28.1
			2011	2.3	13.3	14.6	16.6	24.3
			LTM	2.1	11.2	12.1	13.3	19.4
Median			2010	0.6x	7.9x	11.7x	10.3x	23.5x
Median			2011	0.6	6.3	8.8	9.8	13.4
Median			LTM	0.5	6.5	10.3	11.0	7.9

(1) Figures in millions and US dollars except when noted as of 1/21/2013

(2) All financial data is for continuing operations before extraordinary and non-recurring items

(3) Firm value includes equity value plus LT and ST debt, capitalized leases, pfd. stock, out-of-the-money convertibles and minority interest, less equity in unconsolidated affiliates, cash & equivalents

(4) Free cash flow defined as EBITDA minus net capital expenditures

Comparable Public Company Op Statistics

Company ⁽¹⁾	Fiscal		Gross				Net			
	Year	Revenue	Margins	EBITDA	Margins	EBIT	Margins	Income	Margins	EPS
Tenneco Automotive, Inc.	2010	\$5,937.0	17.5%	\$503.0	8.5%	\$287.0	4.8%	\$39.0	0.7%	\$0.64
	2011	7,205.0	16.2%	607.0	8.4%	400.0	5.6%	163.7	2.3%	2.66
	LTM	7,394.0	16.0%	649.0	8.8%	450.0	6.1%	278.7	3.8%	4.56
Federal-Mogul Corporation	2010	6,219.0	16.2%	607.0	9.8%	274.0	4.4%	149.4	2.4%	1.50
	2011	6,910.0	15.7%	635.0	9.2%	351.0	5.1%	(87.6)	NM	(0.89)
	LTM	6,724.0	14.7%	520.0	7.7%	236.0	3.5%	(274.6)	NM	(2.76)
Standard Motor Products, Inc.	2010	810.9	25.6%	61.7	7.6%	48.2	5.9%	26.8	3.3%	1.19
	2011	874.6	26.2%	79.4	9.1%	65.3	7.5%	65.1	7.4%	2.80
	LTM	930.7	26.9%	81.6	8.8%	65.8	7.1%	67.2	7.2%	2.90
Dorman Products, Inc.	2010	455.7	37.9%	82.9	18.2%	74.9	16.4%	46.1	10.1%	2.55
	2011	529.3	36.1%	92.4	17.5%	84.7	16.0%	53.3	10.1%	2.93
	LTM	586.9	36.7%	110.0	18.7%	102.0	17.4%	66.9	11.4%	3.66

(1) Figures in millions and US dollars except when noted as of 1/21/2013

(2) Free cash flow defined as EBITDA minus net capital expenditures

Precedent Transaction Analysis Summary

Announce Date	Acquirer	Target	Target Description	Firm Value ³	Rev.	EBITDA
6/26/2012	Graham Partners	Ground Effects, Ltd.	leading OEM designer and manufacturer of automotive accessories and provider of vehicle upfit services	\$55.0	-	5.0x
4/29/2011	Highlander Partners	Lund International	manufacturer of a broad range of functional body and appearance products	50.0	-	5.3x
1/11/2011	Uni-Select	Finishmaster	distributor of paints, coatings and related accessories	217.0	-	8.3x
12/14/2010	Castle Harlan	IDQ Holdings, Inc.	an automotive aftermarket company focused on do-it-yourself automotive air conditioner repair	170.0	-	8.0x
11/29/2010	Rank Group	UCI International	manufacturer of filtration products, fuel, electronics and cooling systems	971.0	1.0x	5.8x
10/19/2010	General Public	Faurecia, SA	leading manufacturer of seating, exterior and interior accessories	359.9	-	5.9x
10/15/2010	Carlisle Companies	Hawk Corp.	a global supplier of friction products for brakes, clutches and transmissions	-	1.8x	11.1x
7/19/2010	ONEX	Tomkins	manufacturer of belts and hoses	4,906.9	1.1x	7.7x
7/18/2010	GENCO	ATC Technology Corp.	provider of supply chain logistics and transmission remanufacturing	417.1	0.9x	5.8x
1/5/2010	Zep, Inc.	Amrep Inc	manufacturer of specialty chemicals	64.4	0.6x	6.5x
				Median	1.0x	5.9x

(1) Figures in millions and US dollars except when noted as of January 2013

(2) All financial data is for continuing operations before extraordinary and non-recurring items

(3) Firm value includes equity value plus LT debt, ST debt, capitalized leases, preferred stock, out-of-the-money convertibles, and minority interest, less equity investments in unconsolidated affiliates, cash & equivalents

Implied Valuation of Comparable Public Companies

	ABC Co.	Multiple Range	Implied Aggregate Value
2012 E Revenue	56,908	0.5x - 0.6x	25,609 – 31,299
2012 E EBITDA	11,423	5.9x - 7.2x	66,825 – 81,674
2012 E EBIT	10,485	9.3x – 11.3x	97,196 – 118,795

REFERENCE RANGE (1) \$66,000 – 81,000

(1) Implied aggregate value of 2012 EBITDA rounded to nearest million. Figures in USD, thousands

Implied valuation of precedent transactions

	ABC Co.	Multiple Range	Implied Aggregate Value
2012 E Revenue	56,908	0.9x – 1.1x	51,217 -62,599
2012 E EBITDA	11,423	5.3x – 6.5x	60,656 – 74,135

REFERENCE RANGE (1) \$60,000 – 73,000

(1) Implied aggregate value of 2012 EBITDA rounded to nearest ten million. Figures in USD, thousands

Discount Cash Flow Model

Assumptions

- Date of valuation: FYE 2013
- 15 percent weighted average cost of capital
- Terminal EBITDA multiple is 6.0
- Revenue growth: based on management forecast
- Gross margins: management forecast
- Working capital: 31.6 days receivable, 107.7 inventory days, and 15.2 days payable.

Discount Cash Flow Model

(figures in US dollars, thousands)

	Projected FYE December 31:				
	2014	2015	2016	2017	2018
Net Income	\$6,217	\$7,058	\$7,875	\$8,757	\$9,708
Net Interest Expense / (Income)	4,203	3,912	3,506	3,052	2,546
Marginal Tax Rate	30.0%	30.0%	30.0%	30.0%	30.0%
Financing Tax Shield	(1,261)	(1,174)	(1,052)	(915)	(764)
Earnings Before Interest	\$9,159	\$9,794	\$10,329	\$10,893	\$11,488
Depreciation	500	500	500	500	500
Adjusted Earnings Before Interest, Depreciation & Amortization	\$9,659	\$10,294	\$10,829	\$11,393	\$11,988
Less: Change in Net Working Capital	(1,003)	(421)	(442)	(464)	(488)
Less: Capital Expenditures	(500)	(500)	(500)	(500)	(500)
Unlevered Free Cash Flow	\$8,156	\$9,373	\$9,886	\$10,429	\$11,001
Terminal EBITDA					\$19,223
Terminal Adjusted Free Cash Flow (3)					\$11,001

Terminal EBITDA Multiple Range				
4.0x	5.0x	6.0x	7.0x	8.0x
FV of Terminal Value				
\$76,892	\$96,115	\$115,338	\$134,561	\$153,785

Terminal EBITDA Multiple Range				
4.0x	5.0x	6.0x	7.0x	8.0x
Implied Terminal P/E Multiple				
6.5x	8.5x	10.5x	12.5x	14.5x

WACC	Firm Value				
11.0%	\$81,214	\$92,622	\$104,030	\$115,438	\$126,846
13.0%	75,511	85,944	96,378	106,811	117,245
15.0%	70,341	79,898	89,455	99,013	108,570
17.0%	65,645	74,413	83,181	91,949	100,716
19.0%	61,371	69,427	77,482	85,538	93,593

WACC	Equity Value (2)				
11.0%	\$67,855	\$79,263	\$90,671	\$102,079	\$113,487
13.0%	62,152	72,585	83,019	93,452	103,886
15.0%	56,982	66,539	76,096	85,654	95,211
17.0%	52,286	61,054	69,822	78,590	87,357
19.0%	48,012	56,068	64,123	72,179	80,234

WACC	PV of Terminal Value / Firm Value				
11.0%	56%	62%	66%	69%	72%
13.0%	55%	61%	65%	68%	71%
15.0%	54%	60%	64%	68%	70%
17.0%	53%	59%	63%	67%	70%
19.0%	53%	58%	62%	66%	69%

WACC	Implied Perpetuity Growth Rate				
11.0%	(2.9%)	(0.4%)	1.3%	2.6%	3.6%
13.0%	(1.1)	1.4	3.2	4.5	5.5
15.0%	0.6	3.2	5.0	6.3	7.3
17.0%	2.4	5.0	6.8	8.2	9.2
19.0%	4.1	6.8	8.6	10.0	11.1

(1)

Equity Value equals Firm Value less total straight and convertible debt, straight and convertible preferred stock and minority interest, plus cash, options and warrants proceeds and investments in unconsolidated subsidiaries.

(2) Terminal Adjusted Free Cash Flow adjusted for capex and depreciation.

Valuation Summary

Comparable Public Company, Precedent Transaction, Discounted Cashflow, and Leveraged Buyout Analyses reveal a preliminary enterprise value range of \$75 to \$90 million for a 100% interest in the Company.

Valuation Methodology

Aggregate Value (figures in US dollars, thousands)

Comparable Public Company Analysis

Precedent Transaction Analysis

Discounted Cashflow Analysis

Leveraged Buyout Analysis (LTM June 2013)

Leveraged Buyout Analysis (FYE 2013)

