

V International, Inc.

PROJECTED INCOME STATEMENT

(in thousands, except per share data)

	Historical -- Years Ending Dec. 31,			Projected -- Years Ending December 31,		
	1995	1996	1997	1998	1999	2000
Net Sales	\$ 45,111	\$ 50,232	\$ 53,455	\$ 88,222	\$ 108,338	\$ 116,753
Cost of Sales	24,811	27,125	29,400	50,100	62,000	66,869
Gross Profit	20,300	23,107	24,055	38,122	46,338	49,885
Selling, General & Administrative (SG&A)	12,546	13,002	13,545	19,045	19,545	20,045
EBIT	7,754	10,105	10,510	19,077	26,793	29,840
Interest Expense	1,450	1,450	1,450	1,450	1,450	1,450
Other Expense (Income)	54	89	58	101	122	148
Income Before Income Taxes	6,250	8,566	9,002	17,526	25,221	28,242
Income Taxes	40.0%	2,500	3,426	3,601	7,010	10,089
Net Income	\$ 3,750	\$ 5,139	\$ 5,401	\$ 10,516	\$ 15,133	\$ 16,945
Common Shares Outstanding	5,000	5,125	5,250	6,124	6,174	6,224
EPS	\$ 0.75	\$ 1.00	\$ 1.03	\$ 1.72	\$ 2.45	\$ 2.72
Other Data						
EBIT	7,754	10,105	10,510	19,077	26,793	29,840
Addback: Depreciation & Amortization	1,125	1,205	1,254	1,352	1,452	1,478
EBITDA	\$ 8,879	\$ 11,310	\$ 11,764	\$ 20,429	\$ 28,245	\$ 31,318
Growth Analysis						
Net Sales		11.4%	6.4%	65.0%	22.8%	7.8%
EBITDA		27.4%	4.0%	73.7%	38.3%	10.9%
Net Income		37.1%	5.1%	94.7%	43.9%	12.0%
Margin Analysis						
Gross Profit	45.0%	46.0%	45.0%	43.2%	42.8%	42.7%
EBIT	17.2%	20.1%	19.7%	21.6%	24.7%	25.6%
Income Before Income Taxes	13.9%	17.1%	16.8%	19.9%	23.3%	24.2%
Net Income	8.3%	10.2%	10.1%	11.9%	14.0%	14.5%
Stock Data						
Average Stock Price/Projected Stock Price	\$ 16.60	\$ 18.18	\$ 21.40	\$ 35.20	\$ 50.25	\$ 55.81
P/E Multiple/Projected P/E Multiple	22.1x	18.1x	20.8x	20.5x	20.5x	20.5x
Market Cap	\$ 83,000	\$ 93,173	\$ 112,350	\$ 215,570	\$ 310,222	\$ 347,372

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V International, Inc.

PROJECTED INCOME STATEMENT ASSUMPTIONS

(in thousands, except per share data)

	Historical -- Years Ending Dec. 31,			Projected -- Years Ending December 31,		
	1995	1996	1997	1998	1999	2000
Revenue Assumptions						
Total US Households With Children				48,000	49,000	50,000
Penetration of V-Chip				10.0%	25.0%	40.0%
V-Chip Households				4,800	12,250	20,000
New V-Chip Households				4,800	7,450	7,750
Breakdown of Distribution Channel to New V-Chip Households						
Cable Distribution Channel				25.0%	20.0%	10.0%
Retail Distribution Channel				25.0%	20.0%	10.0%
New Television Distribution Channel				50.0%	60.0%	80.0%
Total V-Chips Sold through Cable Market Dist. Channel				1,200	1,490	775
Total V-Chips Sold through Retail Market Dist. Channel				1,200	1,490	775
Total V-Chips Sold through New Television Dist. Channel				2,400	4,470	6,200
Market Share to V-International						
Cable Distribution Channel				50.0%	45.0%	40.0%
Retail Distribution Channel				35.0%	30.0%	25.0%
New Television Distribution Channel				50.0%	55.0%	60.0%
Total V-Chips sold by V-International						
Cable Distribution Channel				600	671	310
Retail Distribution Channel				420	447	194
New Television Distribution Channel				1,200	2,459	3,720
Revenue Per Unit to V-International						
Cable Distribution Channel				\$ 16.00	\$ 16.00	\$ 16.00
Retail Distribution Channel				\$ 18.00	\$ 18.00	\$ 18.00
New Television Distribution Channel				\$ 12.00	\$ 12.00	\$ 12.00
Total Revenue to V-International						
Cable Distribution Channel				9,600	10,728	4,960
Retail Distribution Channel				7,560	8,046	3,488
New Television Distribution Channel				14,400	29,502	44,640
Total V-Chip Revenue				\$ 31,560	\$ 48,276	\$ 53,088
Traditional Revenue	106.0%	\$ 45,111	\$ 50,232	\$ 53,455	\$ 56,662	\$ 60,062
Total Revenue		\$ 45,111	\$ 50,232	\$ 53,455	\$ 88,222	\$ 108,338
Other Assumptions						
Projected V-Chip Gross Margin		40.0%				
Projected Traditional Rev. Gross Margin		45.0%				
Additional S,G&A		\$ 5,000				
Annual Increase in S,G&A		\$ 500				
Capital Needed for V-Chip Rollout		\$ 18,000				
Current Stock Price		\$ 20.60				
Shares Issued to Finance V-Chip Rollout		\$ 874				

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Summary Points – Projected Income Statement #1

The key element in preparing a good projected income statement is clearly defined assumptions. As we stated in the Training Guide, the great modelers are those that can clearly isolate and define the assumptions. In modeling terms, these major assumptions are called the “drivers”. The first step to clearly laying out your assumptions is identifying the drivers. The major drivers are almost always associated to revenues -- to the “topline”. “What drives growth?”, “How do they make money?”, “Where do sales come from?” -- these are the first questions you must ask... [MORE]

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