

Nature's Sunshine, Inc. (NASDAQ: NATR)

Vitamins and Supplements – Direct Selling

Cloudy with a Chance of Sunshine

June 29, 2018

Nature's Sunshine, Inc. (NATR) manufactures health and wellness products and markets them globally through independent sellers.

Quality but Overvalued Products

Although Nature's Sunshine's products are of quality and made with natural ingredients, there is skepticism among consumers of its potency. As well, the products are not differentiated from other direct sellers of health products and retail stores enough to justify the relatively higher prices the company sells them at. The company is also trading at a significantly higher P/E and EV/EBITDA than its peers.

Little Potential for Growth

Being established in 1972, the company is one of the first direct sellers of health and wellness products, yet it has still been unable to establish itself as one of the major players in the direct selling industry. The current supplement and direct selling industries are both heavily saturated and growing slowly, leaving little room for competition. Only few companies can succeed, and in these specific industries, it is usually those who are larger and have stronger brand recognition. However, the company has an opportunity to increase its presence by capitalizing on health and wellness trends and recruiting distributors from the middle class.

Valuation

Our target share price of \$10.00 was calculated with a 50% weight on our 5-year DCF based on the perpetuity growth method and a 50% weight on our comparable company analysis based on the EV/EBITDA multiple. We assumed a 2% perpetuity growth rate and used a 9.8% WACC. With this, we initiate a **hold** rating with a total expected return of 6.95%.

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Equity Research U.S.

Price Target	USD\$ 10.00
Rating	Hold
Share Price (Jun. 29 Close)	CAD\$ 9.35
Total Return	6.95%

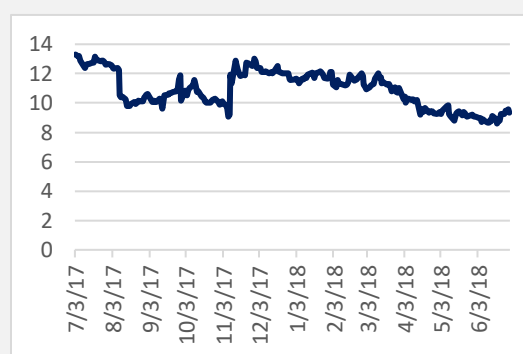
Key Statistics

52 Week H/L	\$14.75/\$8.40
Market Capitalization	\$176.86M
Average Daily Trading Volume	17K
Net Debt	\$13.2M
Enterprise Value	\$148.5M
Net Debt/EBITDA	-2.97x
Diluted Shares Outstanding	\$18.9M
Free Float	43.2%
Dividend Yield	0.04%

WestPeak's Forecast

	2018E	2019E	2020E
Revenue	\$361M	\$374M	\$388M
EBITDA	\$18M	\$18M	\$19M
Net Income	\$9M	\$9.5M	\$10M
EPS	\$0.47	\$0.50	\$0.54
P/E	N/A	20.3x	N/A
EV/EBITDA	8.5x	8.2x	N/A

1-Year Price Performance



All figures in USD

Business Overview/Fundamentals

Company Overview

Nature's Sunshine is involved in the manufacturing and global multi-level marketing of over 700 unique health and personal care products ranging from weight management shakes to essential oils. The company was founded in 1972 being the first to encapsulate herbal medicines to make them more palate-friendly. The company is represented by more than 500,000 independent distributors in the Americas, Europe, Asia, and Oceania. Distributors work towards commissions or "volume incentives" which are awarded for their sales and the sales of the distributors they recruit. The company reports its sales based on four geographic segments: NSP Americas; NSP Russia, Central and Eastern Europe; Synergy WorldWide; and NSP China.

Figure 1: Product Samples



Source: blog.naturessunshine

Products

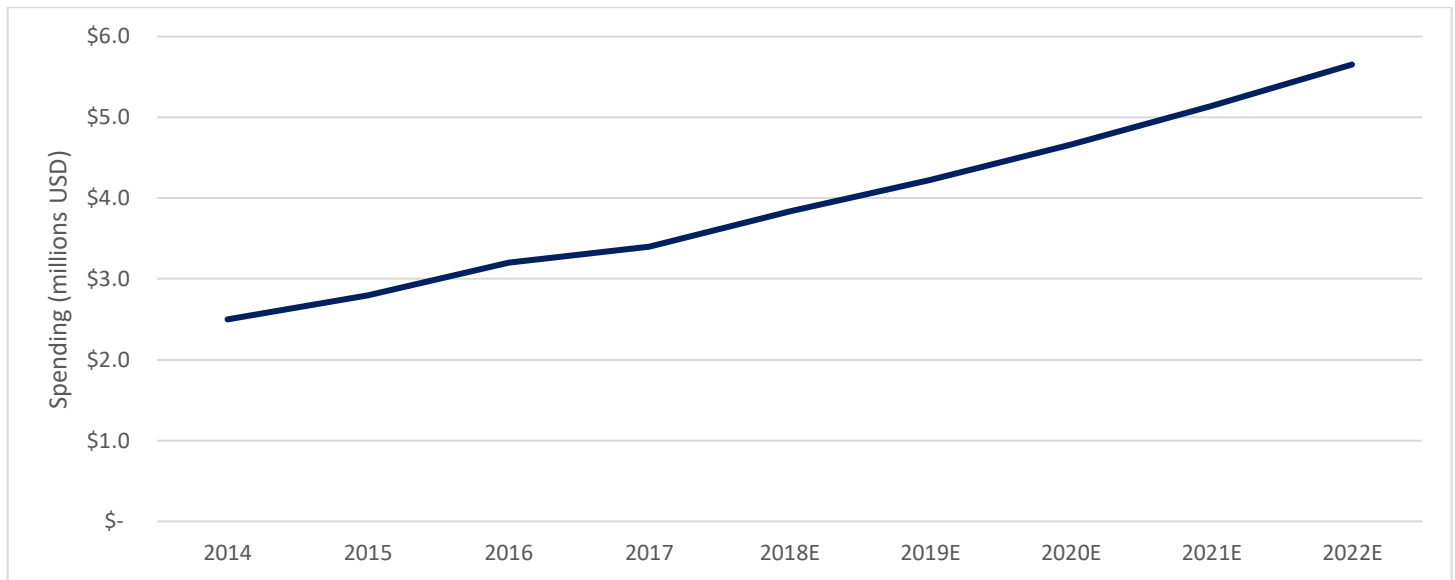
Nature's Sunshine's products are classified into six different groups: general health, immune, cardiovascular, digestive, personal care, and weight management. The company spends on research and development to create new products in order to differentiate itself from competing health and wellness companies. However, few of the products are patent pending, leaving the rest of the products unprotected with a patent. The company claims its products' competitive advantage to be medicinal potency and advancement, engineered through their research and development.

Research and Development

Nature's Sunshine conducts its research and development at its Hughes Centre for Research and Innovation, located at its main facility in Spanish Forks, Utah. R&D spending is used for the research of natural herbs and how they can be treated and combined with other ingredients to be potent and used by consumers. The company reported 3.4MM, 3.2MM, 2.8MM, and 2.5MM in R&D spending in FY 2017, 2016, 2015, and 2014 respectively. To align with management's plans, R&D

spending is projected to continue growing at ~0.07% of total revenues to 3.8MM, 4.2MM, and 4.7MM in the next 3 fiscal years. These growth assumptions support the company's plans to continue adding new products to its inventory and improve the effectiveness of its current inventory. The development of new products is crucial to Nature's Sunshine's success in the competitive health supplement industry as it helps the company differentiate itself.

Figure 2: R&D Spending Schedule



Source: Company filings

Manufacturing

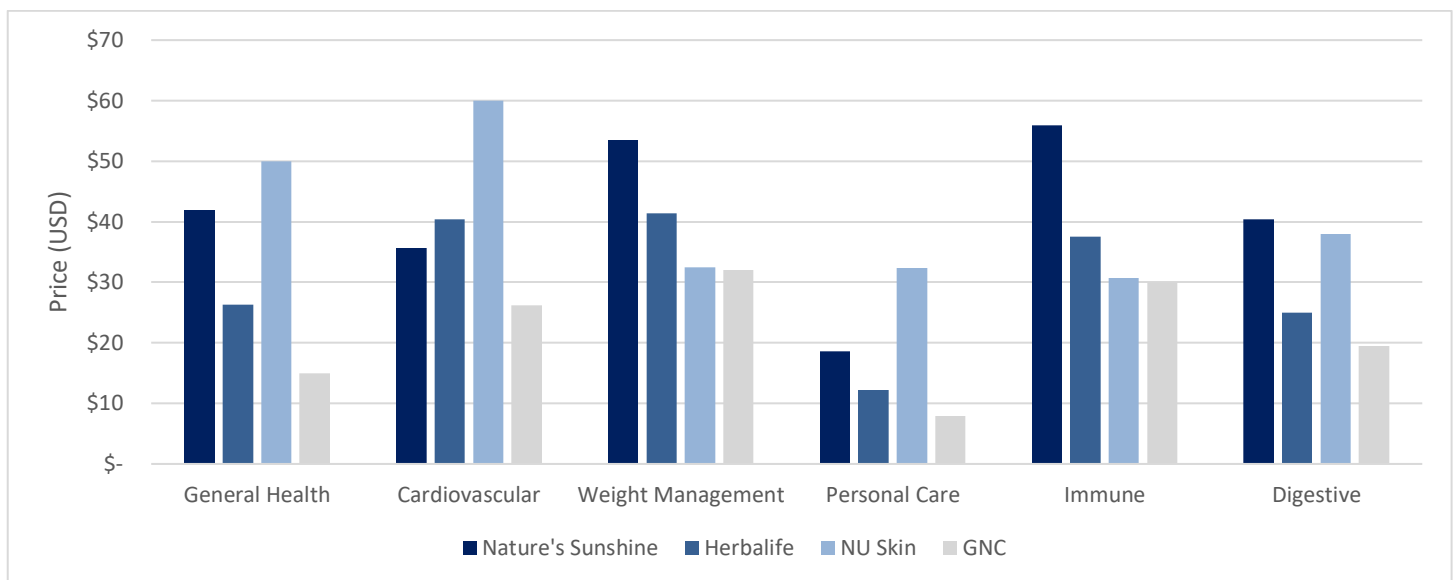
Approximately 80% of products are manufactured at the Spanish Forks, Utah facility. The company ensures the quality of their raw materials by globally sourcing from third-party farmers who are frequently audited for product purity and environmentally-friendly farming. The company contracts with suppliers to prevent ingredient shortage to fulfill manufacturing demands. Alternatively, backup sources of raw materials can be easily obtained. Nature's Sunshine has also been audited by NSF International and awarded the NSF Good Manufacturing Certification for satisfying all criteria for manufacturing facility and procedures.

Marketing and Distribution

The company markets and distributes its products through its website, Amazon, and over 500,000 independent distributors globally. Independent distributors pay a \$40 membership fee to join and the fee is paid every year to renew the membership. Membership entitles distributors to discounts on products of at least 10% and other benefits such as health education. As members sell more products and recruit other members, they have the opportunity to move up the ranks into levels of management, each with its own benefits and policies. The products on the company's website are priced noticeably higher than similar products sold by its peers, partially due to price increases in NSP North America. Independent distributors are also able to price their own inventory to any price they see fit, further driving prices up. The

graph below shows the prices of Nature's Sunshine's best selling products: AnxiousLess, Super Omega 3, Carbo Grabbers with Chromium, Aloe Vera Gel, Immune Stimulator, and Probiotic Eleven. Respectively, each receives their own classifications: general health, cardiovascular, weight management, personal care, immune, and digestive. The prices of these Nature's Sunshine's products are compared to the prices of equivalent products produced by its peers. Prices in general health, cardiovascular, weight management, immune, and digestive are adjusted to reflect price for 30 days of use, with recommended dosage taken into consideration. The prices recorded for the personal care product comparison reflects price per 8 fl.oz. as usage amount is subject to user discretion.

Figure 3: Product Price Comparisons



Sources: [Nature's Sunshine](#), [Herbalife](#), [NU Skin](#), and [GNC](#)

Nature's Sunshine's prices fall on the higher end when compared to its competitors. There is also little to no difference in the efficacy of the products, which may encourage consumers to substitute towards more affordable options.

Customers

Nature's Sunshine markets and sells its products to its managers, independent distributors, and customers. Traditionally, the largest consumers of supplements were those aged 50 and over. However, recent years has seen an increase in demand of health supplements from all ages due to health trends spread by media and increases in reports of diet-related health problems.

Revenues and Costs

Despite only entering Asian markets in 2012, the company has seen impressive sales growth and potential for great future earnings. In 2012, the company partnered with Chinese pharmaceutical, Fosun Pharma, allowing Nature's Sunshine to test the market with its products before officially entering. Nature's Sunshine received its direct selling license in Q2 2017, resulting in revenue increase from 14.4 million in FY 2016 to 20 million in FY 2017, representing a 38% increase YoY

in NSP China. Management believes NSP China is a great opportunity for business and is currently investing in capital in anticipation of further growth in the segment. NSP China made up only 6% of total global sales in 2017 so it would be a while before its successes make a significant impact on revenues.

NSP Americas' revenues have been declining for the past few years due to declining sales and high operating costs. In April 2017, the company invested in Oracle ERP, a cloud based operating software to consolidate data and manage operations, deducting amortization from NSP Americas revenues. In addition, the initial complications with the system resulted in unexpected disruptions to customer service by increasing call centre wait times and causing difficulties with the online ordering system. Management reported resolution of the matter in Q1 2018 and reported a steadying of revenue decline.

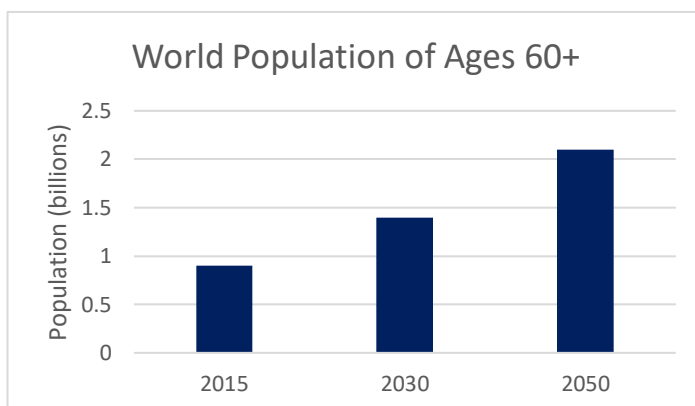
Synergy Worldwide reported overall increase in revenues. Synergy North America and Europe reported losses but were offset by strong growth in Synergy Asia Pacific, primarily in South Korea and Japan. NSP Russia, Central, and Eastern Europe also reported increases in revenues.

Industry Analysis

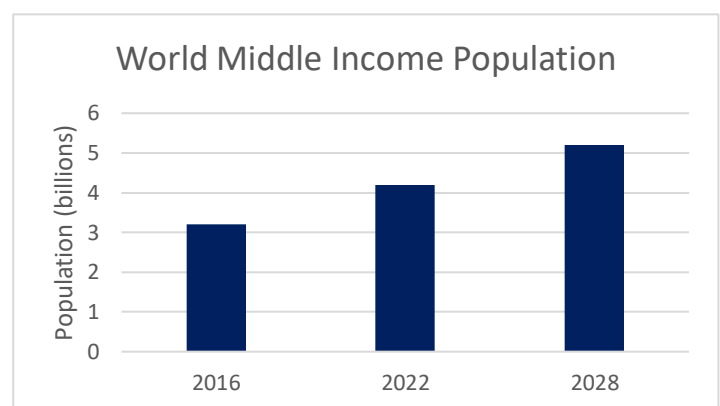
Potential for Increased Volume of Distributors

Revenues in the direct selling industry rely heavily on the number of active independent distributors. The independent distributor demographic historically has been heavily dominated by those 55 and over. The aging world demographic poses as an opportunity for the industry to grow. In addition, the ongoing media-spread trend in health and wellness is encouraging millennials, primarily in the middle-income population, to join the direct selling industry. Middle income is defined as those who earn between 75% to 125% of the median income in each country.

Figure 4: Growth in Potential Distributor Populations



Source: [United Nations](#)



Source: [Brookings](#)

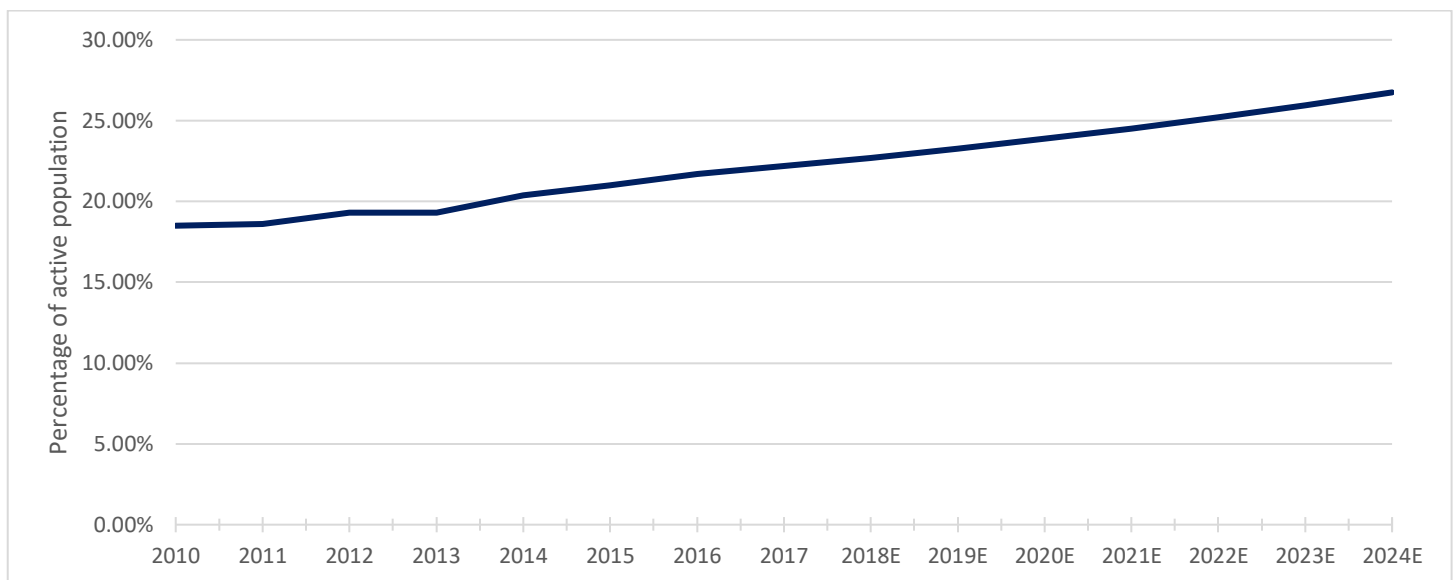
Increase in Disposable Income in North America

Health and wellness spending is fueled by disposable income. Disposable income is expected to be on the rise in North America due to a rapid growth in wages due to lowering of unemployment rates. In the United States, new tax policies including the recent cut in corporate taxes from 30% to 21% is expected to increase overall increase in disposable income. With NSP Americas generating ~50% of total revenues, this increase in spending may have significant impact.

Increase in Physical Activity in North America

Another primary driver for health and wellness products is physical activity. Those who lead active lifestyles usually supplement their diet with nutrition products. Physical activity levels are projected to increase in the upcoming years due to a more health-conscious public influenced by media and popular culture.

Figure 5: Physical Activity in North America



Source: [IBISWorld](#)

Catalysts

Change in Management

Nature's Sunshine's Chief Executive Officer, Gregory L. Probert, announced his [retirement](#) at the end of 2018. He will remain on the company's as Chairman of the Board and will be involved in the recruiting and transition process following his retirement. The company's Chief Compliance Officer, Richard D. Strulson, resigned from his position on December 1, 2017. There has been no announcement of a replacement to date.

Management Team

Gregory L. Probert – CEO, Chairman of the Board of Directors

Probert was appointed CEO in October 2013 and served as the Executive Chairman of the Board since January 2013. He started at the company as an independent consultant in October 2010. Prior to joining Nature's Sunshine, Probert was President and COO of Herbalife International of America, Inc. (2003 – 2008) from which he stepped down after it was discovered he had [falsified the completion](#) of his MBA at California State University. Probert's annual compensation including options is \$1.4MM.

Joseph W. Baty – Executive Vice President, CFO and Treasurer

Baty was appointed Executive Vice President, CFO and Treasurer on October 31, 2016. Previously, he had served at Schiff Nutrition International Inc. as Executive Vice President, CFO and Senior Vice President, Finance. Baty holds a B.S. in Accounting from the University of Utah. Baty's total annual compensation is 552K.

Susan M. Armstrong – Executive Vice President and COO

Armstrong has served as COO since December 2014. Previously, Armstrong had been Senior Vice President, Value Chain at Metagenics and Vice President, Global Supply Chain at Carl Zeiss Vision. She holds a B.S. in Chemistry from the University of Sheffield in the United Kingdom.

Dr. Matthew Tripp – Chief Scientific Officer

Before being appointed to Chief Scientific Officer in April 2013, Tripp served as Vice President of Research and Development at Metagenics where he helped create over 100 patents and applications. Dr. Tripp has also conducted applied research for Fortune 500 companies such as Miller, General Foods, Kraft, and Kellogg's and has published in peer-reviewed journals. Dr. Tripp holds a Ph.D. from Washington State University in Physiology/Microbial Genetics/Microbiology. He also holds a master's degree in Microbial Physiology/Bacterial Genetics and a B.S. in Biology from Western Michigan University.

Shareholder Base, Liquidity, Market Depth

Ownership Summary

Institutional holdings make up the majority of Nature's Sunshine's stock ownership at 75.21%. Figure 6 below shows top shareholders.

Figure 6: Shareholder Distribution

Shareholder	Position (mm)	Percent Outstanding	Latest Change (01/04/18)	Filing Date
Shanghai Fosun Pharmaceutical	2.85	15.1	0	02-20-17
Fosun International Holdings Ltd.	2.85	15.1	0	09-30-17
Red Mountain Capital Mgmt Inc.	2.51	13.29	0	09-30-17

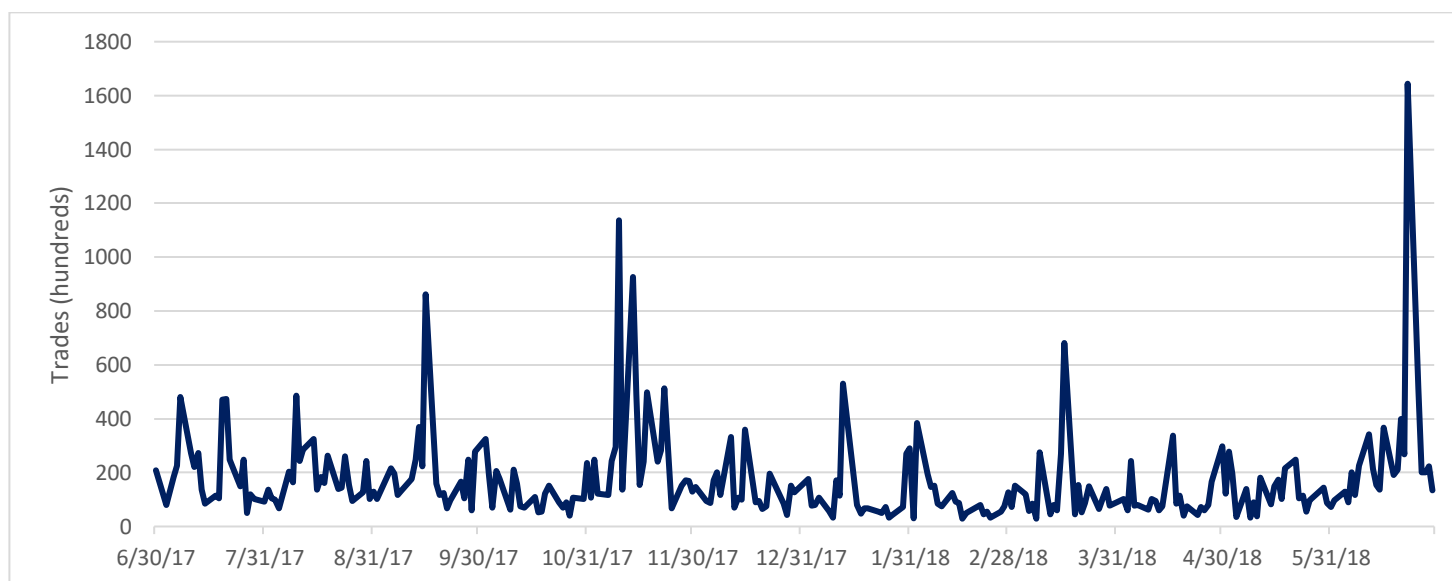
Wynnefield Capital Inc.	2.19	11.6	8749	11-20-17
Prescott Group Capital Mgmt	2	10.58	0	09-30-17
Paradigm Capital Management	0.9	4.74	-103,961	09-30-17
First Wilshire Securities Mngt	0.71	3.73	-15,675	09-30-17
Hughes Eugene L	0.65	3.45	-2,000	12-06-17
Nantahala Capital Management	0.51	2.7	197,175	09-30-17
BlackRock	0.49	2.62	8,176	09-30-17
Total Identified Investors	15.66	82.91%		

Source: Bloomberg

Liquidity

Nature's Sunshine's average daily trading volume is relatively low at 17,047 compared to companies of similar market capitalizations.

Figure 7: 1 Year Daily Trading Volume

Source: [Yahoo Finance](#)

Valuation

Discounted Cash Flow Analysis

Capex Assumptions

In the past four years, capex has been, on average, 4.7% of total revenue. The company's capex spending has been decreasing YoY from 3.2% to 1.6% of total revenues from FY 2016 to FY 2017 respectively. The company went through a period of investment in the few years. In the next few years, it is expected that capex will stabilize at ~1.2% of total revenues.

Weighted Average Cost of Capital

Our DCF has determined a weighted average cost of capital (WACC) of 8.2% which is realistic considering the risks. This was calculated using the 2.5% yield on the U.S. Treasury bill and a 7.6% market risk premium rate. We applied a 1.26 beta from Bloomberg.

Dividends

Dividends paid have been consistent at \$0.10 per common share each quarter as stated on the company's 10Q. There is no forecasted deviation from this trend and management has not expressed any plans to change dividend amounts.

Comparable Company Analysis

Nature's Sunshine is categorized in the direct selling industry due to its distinct business model and operations. However, Nature's Sunshine also competes closely with retail companies that sell health and wellness products. The comparable company valuation was conducted with the following companies with similar business models and inventory:

1. Herbalife Ltd.
2. Nu Skin Enterprises, Inc.
3. USANA Health Sciences, Inc.
4. GNC Holdings Inc.

Herbalife Ltd. (NYSE: HLF)

Herbalife Ltd. Is a global manufacturer and multi-level marketer of health and lifestyle supplements.

Nu Skin Enterprises, Inc. (NYSE: NUS)

Nu Skin is a manufacturer and direct seller of personal care products and nutritional supplements.

USANA Health Sciences, Inc. (NYSE: USNA)

USANA uses scientific research to manufacturer health, wellness, and personal care products.

GNC Holdings Inc. (NYSE: GNC)

GNC Holdings is a global retailer of health, sport, diet, and nutrition products.

Valuation Summary

We concluded an implied share price of \$10.00. This was calculated with a 25% weight on the DCF perpetuity growth method, 25% on the DCF terminal EV/EBITDA multiple, and 50% on the EV/EBITDA multiple from the comparable company analysis.

Risks

Changes to Government Policies and Global Events

Nature's Sunshine is subject to the regulations specific to each country it operates in. Any violations of the rules and regulations may force the company to withdraw products or business until changes have been made to abide by them. In addition, legal actions on other direct selling companies may set precedence for Nature's Sunshine to follow. Because Nature's Sunshine operates globally, its business is affected by world events. Depending on the severity and impact of the events, Nature's Sunshine may need to make changes to its operational strategy to adapt to the environment.

Distributor Retention

The number of distributors directly correlates with sales revenue generated. A large part of Nature's Sunshine's revenues in some geographical segments are reliant on a few main networks of distributors. Sales would have adverse impact should any of the key sales networks leave the business. Factors like negative publicity, economic conditions, and changes to distributor compensation may also affect the company's ability to recruit and retain its independent distributors.

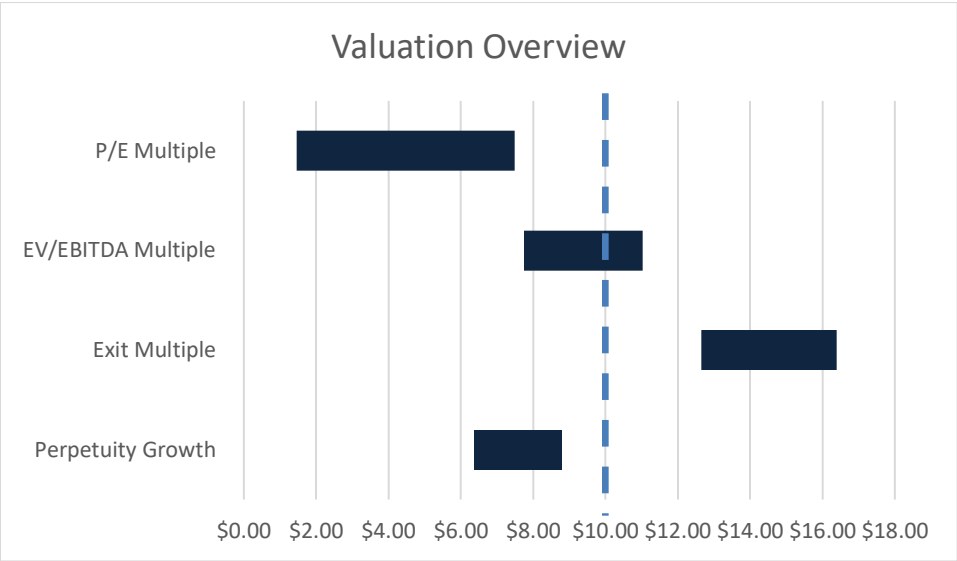
Manufacturing Risk

80% of all sold products are manufactured at the main facility in Spanish Forks, Utah. There will be severe financial consequences if the facility is exposed to damages or interruptions. These may be caused by natural disasters, terrorism, or equipment failures.

Recommendation

Nature's Sunshine operates in a highly saturated direct selling industry. The company's largest operating segment by revenues, NSP Americas, has been reporting declining revenue for years; however, there is still potential for Synergy World Wide and NSP China to offset this loss. At present time, there is no definite indication of the results of the company's expansion into China or the total effect of the new Oracle ERT system. With a target price of \$10.00, the 6.95% upside from the current share price of \$9.35 gives Nature's Sunshine a **hold** rating.

Appendix 1: Valuation Summary



All figures in USD

Appendix 2: Pro Forma Income Statement

	Dec-13	Dec-14	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
	FY2013	FY2014	FY2015	Q1-2016	Q2-2016	Q3-2016	Q4-2016	FY2016	Q1-2017	Q2-2017	Q3-2017	Q4-2017	FY2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018	FY2018	FY2019	FY2020	FY2021	FY2022
Income Statement																						
Revenue	378.1	366.4	324.7	82.4	89.4	85.4	84.0	341.2	83.1	81.3	89.3	88.3	342.0	87.3	85.8	94.7	94.1	361.9	374.2	388.5	404.9	421.9
COGS	90.3	87.2	80.8	20.9	21.9	20.3	23.1	86.1	20.3	19.1	21.1	22.0	82.4	20.1	21.4	23.7	23.5	88.7	93.5	97.1	101.2	105.5
Gross profit	287.7	279.2	243.9	61.6	67.5	65.1	60.8	255.0	62.8	62.3	68.2	66.3	259.6	67.2	64.3	71.0	70.6	273.1	280.6	291.3	303.7	316.5
SG&A	120.7	119.9	107.7	28.4	31.2	29.2	31.5	120.3	30.3	31.8	32.9	34.5	129.6	32.4	30.9	34.1	33.9	131.2	134.7	139.8	145.8	151.9
OPEX	138.5	135.8	117.8	29.9	30.8	29.7	29.6	119.9	29.0	28.3	30.7	32.0	120.0	31.4	29.2	32.2	32.0	124.7	127.2	132.1	137.7	143.5
EBITDA	28.5	23.5	18.4	3.3	5.5	6.3	(0.2)	14.8	3.5	2.2	4.6	(0.2)	10.0	3.5	4.3	4.7	4.7	17.2	18.7	19.4	20.2	21.1
D&A	4.5	4.4	4.5	1.2	1.2	1.2	1.2	4.8	1.5	2.1	2.5	2.6	8.6	2.6	1.7	1.7	1.7	7.6	6.6	6.5	6.3	6.2
EBIT	24.1	19.0	13.9	2.1	4.2	5.1	(1.4)	10.0	2.1	0.0	2.2	(2.8)	1.4	0.9	2.6	3.1	3.0	9.6	12.1	12.9	13.9	14.9
Interest expense	0.2	0.2	0.1				0.0	0.0					0.3	0.3	-	-	-	-	-	-	-	-
Other expenses (income)	(1.8)	(0.2)	0.5	(1.6)	0.6	(0.0)	1.7	0.8	(1.3)	(0.4)	(0.2)	(0.2)	(2.1)	(0.7)				(0.7)				
EBT	25.7	19.0	13.3	3.7	3.6	5.1	(3.1)	9.3	3.3	0.5	2.3	(2.9)	3.2	1.6	2.6	3.1	3.0	10.3	12.1	12.9	13.9	14.9
Provision (benefit) for income tax	8.0	(0.7)	1.7	1.9	1.3	1.1	4.3	8.6	1.5	0.9	(0.0)	14.7	17.0	1.3	0.5	0.6	0.6	3.0	2.4	2.6	2.8	3.0
Net Income from continuing operations	17.6	19.8	11.5	1.8	2.4	3.9	(7.4)	0.7	1.9	(0.4)	2.3	(17.6)	(13.8)	0.3	2.1	2.5	2.4	7.3	9.7	10.4	11.1	11.9
Income (loss) from discontinued operations or noncontrolling interests		(10.0)	2.1																			
Net income	17.6	9.8	13.7	1.8	2.4	3.9	(7.4)	0.7	1.9	(0.4)	2.3	(17.6)	(13.8)	0.3	2.1	2.5	2.4	7.3	9.7	10.4	11.1	11.9
Shares outstanding, basic	16.0	17.1	18.7	18.7	18.7	18.8	-	18.7	18.8	18.9	18.9	18.9	18.9	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Shares outstanding, diluted	16.4	17.6	19.2	19.1	18.9	19.3	-	19.1	19.3	18.9	19.3	18.9	18.9	19.4	19.4	19.4	19.4	19.4	19.4	19.4	19.4	19.4
Earnings per share, basic	\$ 1.10	\$ 0.57	\$ 0.73	\$ 0.10	\$ 0.13	\$ 0.21	\$ -	\$ 0.04	\$ 0.10	\$ (0.02)	\$ 0.12	\$ (0.93)	\$ (0.73)	\$ 0.02	\$ 0.11	\$ 0.13	\$ 0.13	\$ 0.38	\$ 0.51	\$ 0.54	\$ 0.58	\$ 0.63
Earnings per share, diluted	\$ 1.07	\$ 0.56	\$ 0.71	\$ 0.09	\$ 0.12	\$ 0.20	\$ -	\$ 0.04	\$ 0.10	\$ (0.02)	\$ 0.12	\$ (0.93)	\$ (0.73)	\$ 0.02	\$ 0.11	\$ 0.13	\$ 0.13	\$ 0.38	\$ 0.50	\$ 0.54	\$ 0.57	\$ 0.61

Appendix 3: Pro Forma Cash Flow Statement

	Dec-13	Dec-14	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
	FY2013	FY2014	FY2015	Q1-2016	Q2-2016	Q3-2016	Q4-2016	FY2016	Q1-2017	Q2-2017	Q3-2017	Q4-2017	FY2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018	FY2018	FY2019	FY2020	FY2021	FY2022
Cash Flow Statement																						
Operating activities																						
Net income	17.6	9.8	13.7	1.8	2.4	3.9	(7.4)	0.7	1.9	(0.4)	2.3	(17.6)	(13.8)	0.3	2.1	2.5	2.4	7.3	9.7	10.4	11.1	11.9
Depreciation and amortization	4.5	4.4	4.5	1.2	1.2	1.2	1.2	4.8	1.5	2.1	2.5	2.6	8.6	2.6	1.7	1.7	1.7	7.6	6.6	6.5	6.3	6.2
Provision for doubtful accounts	0.5	(0.1)	0.0	0.1	-	0.2	0.0	0.3	(0.0)	-	-	0.2	0.2	0.0				0.0				
Tax benefit from stock option exercise	(0.7)	(0.3)	-	-	-	-	-	-	-	-	-	-	-	-				-				
Share-based compensation expense	3.4	3.9	4.5	0.9	0.7	0.8	0.8	3.2	0.8	1.0	0.1	0.3	2.2	0.5				0.5				
(Gain) loss on sale of property and equipment	(0.1)	0.1	(2.7)	0.1	0.0	0.1	0.0	0.1	(0.0)	0.0	0.0	0.3	0.3	-				-				
Deferred income taxes	1.1	(3.9)	(3.4)	0.6	(0.3)	-	0.5	0.8	0.3	-	(0.0)	13.9	14.1	(0.0)				(0.0)				
Amortization of bond discount	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-				-				
Purchase of trading investment securities	(0.1)	(0.2)	(0.3)	(0.2)	(0.1)	(0.1)	(0.1)	(0.4)	(0.3)	(0.1)	(0.1)	(0.1)	(0.5)	(0.1)				(0.1)				
Proceeds from sale of trading investment securities	0.5	0.2	0.2	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.2	0.3				0.3				
Realized and unrealized gains on investments	(0.1)	(0.1)	(0.5)	(0.0)	(0.0)	(0.0)	0.0	(0.1)	(0.0)	(0.0)	(0.1)	(0.1)	(0.2)	0.0				0.0				
Foreign exchange losses (gains)	(1.3)	(0.2)	1.9	(0.9)	0.4	0.0	1.8	1.3	(1.3)	(0.6)	(0.2)	0.1	(2.0)	(1.0)				(1.0)				
Write-off of cumulative translation adjustment	-	4.1	-	-	-	-	-	-	-	-	-	-	-	-				-				
Impairment of (Venezuela PPT) long-lived assets	-	2.9	-	-	-	-	0.2	0.2	-	-	-	0.1	0.1	-				-				
Cash flow before working capital	25.4	20.7	18.1	3.5	4.3	6.2	(2.8)	11.1	2.7	2.0	4.6	(0.1)	9.2	2.7	3.8	4.1	4.1	14.7	16.3	16.8	17.5	18.1
Accounts receivable	(1.4)	3.5	(1.1)	(0.4)	0.3	0.6	(0.8)	(0.3)	(0.9)	(0.5)	(1.7)	1.9	(1.2)	0.7	0.4	(0.8)	0.1	0.3	(0.3)	(0.7)	(0.4)	(0.0)
Inventories	0.8	0.7	0.9	(2.7)	(3.5)	(3.7)	0.3	(9.6)	(0.9)	(1.5)	1.7	5.8	5.2	0.9	(4.4)	(5.0)	0.3	(8.2)	0.3	(2.0)	(2.3)	(2.4)
Prepaid expenses and other	(5.7)	3.4	0.6	(0.1)	(0.8)	1.0	2.3	2.4	(0.2)	(1.0)	0.6	(0.6)	(1.2)	0.0	0.5	(0.5)	0.0	0.1	0.0	(0.2)	(0.2)	(0.3)
Other assets	(0.3)	(1.2)	(4.0)	(0.8)	(0.2)	0.3	(2.3)	(3.0)	0.1	0.3	0.4	1.6	2.4	0.0				0.0				
Accounts payable	(0.6)	(0.4)	0.6	2.6	(0.2)	(2.1)	(1.3)	(0.9)	0.3	(0.2)	(0.5)	(0.7)	(1.1)	1.0	0.0	0.5	(0.0)	1.5	(0.0)	0.2	0.2	0.3
Accrued liabilities	7.4	(5.4)	(3.5)	(3.4)	4.4	(0.6)	1.2	1.5	(3.5)	(0.1)	2.9	(0.4)	(1.0)	(1.1)	(2.3)	2.3	(0.2)	(1.3)	(0.1)	0.9	1.1	1.1
Accrued volume incentives	1.3	(1.9)	(1.4)	2.2	0.6	(0.1)	(1.2)	1.5	2.5	(1.4)	3.2	(2.4)	1.9	1.1				1.1				
Deferred revenue	(0.1)	0.5	(0.6)	2.3	(1.6)	(1.6)	0.4	(0.5)	0.3	1.3	(0.5)	(1.4)	(0.3)	(1.1)				(1.1)				
Income taxes payable	1.1	0.0	(0.9)	(0.4)	0.2	0.3	1.8	1.9	(0.1)	(0.6)	(0.2)	(0.9)	(1.8)	(0.3)				(0.3)				
Liability related to unrecognized tax position	1.8	(5.8)	1.4	(0.0)	0.3	(2.0)	0.7	(1.1)	0.1	0.1	(2.0)	(0.3)	(2.1)	0.1				0.1				
Deferred compensation payable	(0.3)	(0.1)	0.0	0.2	(0.2)	0.3	0.0	0.3	0.3	0.1	0.1	0.1	0.6	(0.2)				(0.2)				
Cash flow from operating activities	29.4	14.2	10.2	2.9	3.6	(1.4)	(1.6)	3.4	0.8	(1.5)	8.7	2.5	10.5	3.7	(2.0)	0.6	4.3	6.7	16.1	15.0	15.8	16.8

Appendix 4: Pro Forma Cash Flow Statement cont'd

	Dec-13	Dec-14	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
	FY2013	FY2014	FY2015	Q1-2016	Q2-2016	Q3-2016	Q4-2016	FY2016	Q1-2017	Q2-2017	Q3-2017	Q4-2017	FY2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018	FY2018	FY2019	FY2020	FY2021	FY2022
Investing activities																						
Capital expenditures	(8.6)	(26.3)	(22.5)	(1.3)	(3.3)	(3.3)	(3.1)	(11.0)	(2.7)	(0.4)	(0.8)	(1.6)	(5.5)	(0.5)	(1.3)	(1.3)	(1.3)	(4.5)	(5.3)	(5.2)	(5.1)	(5.0)
Acquisitions	(0.4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale/maturities of investment	0.2	0.2	0.8	-	-	-	0.0	0.0	-	1.8	-	-	1.8	-	-	-	-	-	-	-	-	-
Proceeds from sale of PPE	0.2	0.1	3.1	0.0	(0.0)	-	-	-	0.5	-	-	(0.0)	0.5	-	-	-	-	-	-	-	-	-
Purchases of investments available for sale	-	(0.7)	(0.0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of intangible assets	-	-	-	-	-	-	(0.5)	(0.5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash used in investing activities	(8.6)	(26.7)	(18.6)	(1.3)	(3.3)	(3.3)	(3.6)	(11.5)	(2.2)	1.4	(0.8)	(1.6)	(3.2)	(0.5)	(1.3)	(1.3)	(1.3)	(4.5)	(5.3)	(5.2)	(5.1)	(5.0)
Financing activities																						
Dividends paid	(30.4)	(35.2)	(7.5)	(1.9)	(1.9)	(1.9)	(1.9)	(7.5)	(1.9)	-	0.0	-	(1.8)	-	-	-	-	-	-	-	-	-
Borrowings on long-term debt and revolving	10.0	-	2.7	4.8	(3.6)	5.1	0.9	7.2	3.3	(1.3)	(12.0)	0.1	(9.9)	-	-	-	-	-	-	-	-	-
Principal payments of long-term debt and rev	(3.4)	(12.3)	-	-	-	-	-	-	-	-	-	(6.0)	(6.0)	(5.5)	-	-	-	(5.5)	-	-	-	-
Tax benefit from stock option exercise	0.7	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from exercise of stock options	4.3	0.8	3.9	0.1	-	0.1	(0.1)	-	-	0.1	-	(0.5)	(0.3)	(0.2)	-	-	-	(0.2)	-	-	-	-
Repurchase of common stock	(2.5)	(7.5)	(6.6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net proceeds from the issuance of shares to	-	44.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment by noncontrolling interests	-	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment of withholding taxes related to the	-	-	-	(0.2)	-	-	0.2	-	(0.5)	-	(0.0)	0.5	-	-	-	-	-	-	-	-	-	-
Proceeds from new revolving credit facility	-	-	-	-	-	-	-	-	-	-	19.2	-	19.2	-	-	-	-	-	-	-	-	-
Proceeds from related party borrowing	-	-	-	-	-	-	-	-	-	-	0.5	0.0	0.5	0.5	-	-	-	0.5	-	-	-	-
Cash from financing activities	(21.3)	(5.1)	(7.6)	2.9	(5.5)	3.3	(0.9)	(0.3)	0.9	(1.2)	7.7	(5.9)	1.6	(5.2)	-	-	-	(5.2)	-	-	-	-
FX effect	(1.5)	(1.0)	(1.3)	0.6	0.2	0.5	(2.0)	(0.7)	1.2	0.1	0.2	0.2	1.7	1.4	-	-	-	1.4	-	-	-	-
Net change in cash	(2.0)	(18.5)	(17.3)	5.0	(5.0)	(1.0)	(8.2)	(9.1)	0.8	(1.2)	15.9	(4.8)	10.6	(0.6)	(3.3)	(0.7)	3.0	(1.6)	10.8	9.8	10.7	11.9
Beginning cash balance	79.2	77.2	58.7	41.4	46.4	41.4	40.4	41.4	32.3	33.1	31.8	47.7	32.3	42.9	42.3	39.0	38.3	42.9	41.3	52.1	62.0	72.7
Ending cash balance	77.2	58.7	41.4	46.4	41.4	40.4	32.3	32.3	33.1	31.8	47.7	42.9	42.9	42.3	39.0	38.3	41.3	41.3	52.1	62.0	72.7	84.6

Appendix 5: Pro Forma Balance Sheet

	Dec-13	Dec-14	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
	FY2013	FY2014	FY2015	Q1-2016	Q2-2016	Q3-2016	Q4-2016	FY2016	Q1-2017	Q2-2017	Q3-2017	Q4-2017	FY2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018	FY2018	FY2019	FY2020	FY2021	FY2022
Balance Sheet																						
Current assets																						
Cash and cash equivalents	77.2	58.7	41.4	46.4	41.4	40.4	32.3	32.3	33.1	31.8	47.7	42.9	42.9	42.3	39.0	38.3	41.3	41.3	52.1	62.0	72.7	84.6
Accounts receivable	10.2	6.7	7.7	8.1	8.0	7.2	7.7	7.7	8.8	9.2	10.9	8.9	8.9	8.3	7.9	8.7	8.7	8.7	9.0	9.7	10.1	10.1
Inventories	41.9	40.4	38.5	41.6	45.0	48.9	47.6	47.6	49.3	51.0	49.4	44.0	44.0	43.7	48.0	53.0	52.7	52.7	52.4	54.4	56.7	59.1
Prepaid expenses	11.5	7.9	7.1	7.3	8.0	7.0	4.6	4.6	4.8	5.9	5.3	5.7	5.7	5.7	5.1	5.7	5.6	5.6	5.6	5.8	6.1	6.3
Investments available for sale	2.0	2.5	1.8	1.8	1.8	1.8	1.8	1.8	1.8			-	-	-	-	-	-	-	-	-	-	-
Deferred income tax assets	5.7	5.0	5.0	4.8	4.8	4.8	5.6	5.6				-	-	-	-	-	-	-	-	-	-	-
Assets held for sale							0.5	0.5			1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total current assets	148.6	121.2	101.5	110.0	109.0	110.2	100.1	100.1	97.7	97.9	114.3	102.5	102.5	100.9	101.0	106.7	109.3	109.3	120.1	132.9	146.6	161.1
Non-current assets																						
Property and equipment	32.0	51.3	68.7	69.4	70.4	72.9	73.3	73.3	74.7	72.7	70.2	69.1	69.1	67.1	66.8	66.4	66.1	66.1	64.8	63.5	62.2	61.0
Investment securities - trading	1.0	1.0	1.0	1.2	1.3	1.4	1.4	1.4	1.7	1.8	1.9	2.0	2.0	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Intangible assets, net	0.9	0.7	0.6	0.5	0.5	0.5	1.0	1.0	1.0	1.0	1.0	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Deferred income tax assets	9.9	14.5	17.3	17.1	17.4	17.4	16.0	16.0	21.4	21.4	21.4	8.3	8.3	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4
Other assets	7.2	8.0	11.3	12.3	12.4	12.5	13.8	13.8	14.2	13.8	13.4	12.6	12.6	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8	12.8
Total non-current assets	51.0	75.6	99.0	100.5	102.0	104.7	105.4	105.4	113.0	110.7	107.9	92.7	92.7	90.6	90.3	90.0	89.6	89.6	88.3	87.0	85.8	84.5
Total assets	199.6	196.8	200.5	210.5	211.0	214.9	205.6	205.6	210.7	208.6	222.2	195.2	195.2	191.6	191.3	196.7	198.9	198.9	208.4	219.9	232.3	245.6

Appendix 6: Pro Forma Balance Sheet cont'd

	Dec-13	Dec-14	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
	FY2013	FY2014	FY2015	Q1-2016	Q2-2016	Q3-2016	Q4-2016	FY2016	Q1-2017	Q2-2017	Q3-2017	Q4-2017	FY2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018	FY2018	FY2019	FY2020	FY2021	FY2022
Current liabilities																						
Current portion of long-term debt	2.3						-					-	-		-	-	-	-	-	-	-	-
Accounts payable	5.7	5.2	6.3	8.7	9.0	7.1	5.3	5.3	5.8	5.4	4.9	4.2	4.2	5.1	5.1	5.7	5.6	5.6	5.6	5.8	6.1	6.3
Accrued liabilities	34.9	29.0	23.7	21.2	24.0	23.7	24.4	24.4	21.2	21.8	25.0	25.0	25.0	24.6	22.3	24.6	24.5	24.5	24.3	25.2	26.3	27.4
Accrued volume incentives	19.2	16.9	14.9	17.3	17.9	17.9	16.3	16.3	19.0	17.7	20.9	18.8	18.8	20.1	20.1	20.1	20.1	20.1	20.1	20.1	20.1	20.1
Deferred revenue	4.2	4.7	4.2	6.5	4.9	3.3	3.7	3.7	4.0	5.3	4.8	3.3	3.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Income taxes payable	2.4	2.1	1.3	1.0	1.3	1.6	3.5	3.5	3.5	2.8	2.6	1.8	1.8	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Revolving credit facility			2.7	7.5	3.9	9.0	9.9	9.9	13.3	12.0	19.2	-	-	-	-	-	-	-	-	-	-	-
Related party note payable							-				0.5	0.5	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total current liabilities	68.6	57.9	53.1	62.2	61.0	62.6	63.0	63.0	66.7	64.8	77.8	53.7	53.7	54.7	52.4	55.3	55.1	55.1	54.9	56.0	57.3	58.7
Non-current liabilities																						
Long-term debt	10.0						-					13.2	13.2	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7
Liability related to unrecognized tax benefits	12.4	6.6	7.8	7.8	7.8	6.1	6.8	6.8	6.8	7.0	4.9	4.6	4.6	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Deferred compensation payable	1.0	1.0	1.0	1.2	1.3	1.4	1.4	1.4	1.7	1.8	1.9	2.0	2.0	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Other liabilities	2.4	2.3	2.3	2.4	2.4	2.4	2.0	2.0	2.0	1.3	1.2	1.2	1.2	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Long-term deferred income tax liabilities												0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Total non-current liabilities	25.8	9.9	11.1	11.3	11.5	9.9	10.1	10.1	10.5	10.1	8.0	21.8	21.8	15.8	15.8	15.8	15.8	15.8	15.8	15.8	15.8	15.8
Total liabilities	94.4	67.8	64.3	73.6	72.4	72.5	73.2	73.2	77.2	74.9	85.9	75.5	75.5	70.5	68.2	71.1	70.9	70.9	70.7	71.9	73.2	74.6
Shareholders' equity																						
Common stock	83.1	125.5	126.7	127.4	128.1	129.0	129.7	129.7	129.9	131.0	131.1	131.5	131.5	131.8	131.8	131.8	131.8	131.8	131.8	131.8	131.8	131.8
Additional paid-in capital							-					-	-	-	-	-	-	-	-	-	-	-
Retained earnings (accumulated deficit)	36.1	10.9	18.1	18.3	19.0	21.2	12.7	12.7	13.0	12.8	15.3	(2.1)	(2.1)	(0.7)	1.4	3.8	6.3	6.3	15.9	26.3	37.4	49.3
Treasury stock							-					-	-	-	-	-	-	-	-	-	-	-
Accumulated other comprehensive income (loss)	(14.0)	(11.2)	(11.2)	(11.3)	(10.8)	(9.9)	(11.3)	(11.3)	(10.3)	(10.9)	(10.8)	(10.1)	(10.1)	(10.3)	(10.3)	(10.3)	(10.3)	(10.3)	(10.3)	(10.3)	(10.3)	(10.3)
Total shareholders' equity	105.3	125.2	133.5	134.4	136.4	140.4	131.1	131.1	132.6	132.9	135.7	119.3	119.3	120.8	122.9	125.3	127.7	127.7	137.4	147.8	158.9	170.8
Non-controlling interest		3.8	2.8	2.5	2.3	2.1	1.3	1.3	1.0	0.8	0.7	0.4	0.4	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total equity	105.3	129.0	136.3	136.9	138.6	142.4	132.4	132.4	133.6	133.7	136.3	119.7	119.7	121.0	123.1	125.6	128.0	128.0	137.7	148.0	159.1	171.0

Appendix 7: Revenue Analysis

	Dec-13	Dec-14	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22
	FY2013	FY2014	FY2015	Q1-2016	Q2-2016	Q3-2016	Q4-2016	FY2016	Q1-2017	Q2-2017	Q3-2017	Q4-2017	FY2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018	FY2018	FY2019	FY2020	FY2021	FY2022
Growth Analysis																						
NSP Americas revenue growth, %		-5.8%	-3.0%					-1.8%	-1.2%	-11.9%	-4.5%	-4.9%	-5.6%	-6.2%	-5.0%	-5.0%	-5.0%	-5.3%	-4.0%	-4.0%	-4.0%	-4.0%
Synergy Worldwide revenue growth, %		18.3%	-10.9%					9.4%	-8.5%	-8.0%	10.0%	3.5%	-0.8%	16.5%	8.0%	8.0%	8.0%	9.9%	8.0%	8.0%	8.0%	7.0%
NSP China revenue growth, %		17.5%	20.7%					256.0%	246.7%	-8.6%	44.5%	40.7%	38.1%	16.1%	40.0%	40.0%	40.0%	35.8%	10.0%	10.0%	10.0%	10.0%
NSP Russia, Central, and Eastern Europe revenue gr		-19.9%	-45.5%					-5.2%	19.8%	6.3%	11.0%	55.8%	23.9%	25.6%	30.0%	30.0%	30.0%	28.9%	12.0%	12.0%	12.0%	12.0%
Total revenue growth, %		-0.9%	-11.4%					5.1%	0.8%	-9.0%	4.5%	5.2%	0.3%	5.1%	5.4%	6.0%	6.6%	5.8%	3.4%	3.8%	4.2%	4.2%
Segment Breakdown																						
NSP Americas revenue, mm	195.9	184.6	179.2	45.2	44.7	43.3	42.8	175.9	44.6	39.4	41.3	40.7	166.0	41.9	37.4	39.2	38.6	157.2	150.9	144.9	139.1	133.5
Synergy Worldwide revenue, mm	108.3	128.1	114.1	29.8	33.0	31.3	30.6	124.8	27.3	30.4	34.5	31.7	123.8	31.8	32.8	37.2	34.2	136.1	146.9	158.7	171.4	183.4
NSP China, mm	2.9	3.4	4.1	1.0	5.4	4.4	3.7	14.5	3.5	4.9	6.4	5.2	20.0	4.1	6.9	9.0	7.2	27.1	29.9	32.8	36.1	39.7
NSP Russia, Central, and Eastern Europe	62.7	50.3	27.4	6.4	6.3	6.4	6.9	26.0	7.6	6.7	7.1	10.8	32.2	9.6	8.7	9.3	14.0	41.5	46.5	52.1	58.3	65.3
Total revenue, mm	369.8	366.4	324.7	82.4	89.4	85.4	84.0	341.2	83.1	81.3	89.3	88.3	342.0	87.3	85.8	94.7	94.1	361.9	374.2	388.5	404.9	421.9
NSP Americas revenue, %	53.0%	50.4%	55.2%	54.8%	50.0%	50.6%	50.9%	51.6%	53.7%	48.5%	46.2%	46.0%	48.5%	47.9%	43.7%	41.4%	41.0%	43.4%	40.3%	37.3%	34.3%	31.6%
Synergy Worldwide revenue, %	29.3%	35.0%	35.1%	36.2%	36.9%	36.7%	36.5%	36.6%	32.9%	37.3%	38.6%	35.9%	36.2%	36.4%	38.2%	39.3%	36.4%	37.6%	39.3%	40.9%	42.3%	43.5%
NSP China revenue, %	0.8%	0.9%	1.3%	1.2%	6.0%	5.2%	4.4%	4.2%	4.3%	6.0%	7.2%	5.8%	5.8%	4.7%	8.0%	9.5%	7.7%	7.5%	8.0%	8.5%	8.9%	9.4%
NSP Russia, Central, and Eastern Europe	17.0%	13.7%	8.4%	7.7%	7.0%	7.5%	8.3%	7.6%	9.2%	8.2%	8.0%	12.2%	9.4%	10.9%	10.1%	9.8%	14.9%	11.5%	12.4%	13.4%	14.4%	15.5%
Total revenue, %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Appendix 8: WACC Calculation and Sensitivity Analyses

WACC Calculations	
Cost of Equity	
Risk-free rate	2.5%
Expected market return	10.0%
Market risk premium	7.6%
Beta	1.26
Cost of equity	12.0%
Cost of Debt	
Pre-tax cost of debt	2.5%
Effective tax rate	20.0%
Cost of debt	2.0%
WACC	
Total shareholders' equity	135.7
Total outstanding debt	80.9
Total capitalization	216.6
Cost of equity	12.0%
Cost of debt	2.0%
WACC	8.2%

		WACC				
		11.95%	11.45%	10.95%	10.45%	9.95%
Perpetuity Growth Rate	1.00%	\$ 6.41	\$ 6.67	\$ 6.95	\$ 7.27	\$ 7.62
	1.50%	\$ 6.57	\$ 6.84	\$ 7.15	\$ 7.49	\$ 7.87
	2.00%	\$ 6.74	\$ 7.04	\$ 7.37	\$ 7.74	\$ 8.16
	2.50%	\$ 6.93	\$ 7.25	\$ 7.62	\$ 8.03	\$ 8.49
	3.00%	\$ 7.14	\$ 7.50	\$ 7.90	\$ 8.35	\$ 8.87

		WACC				
		11.95%	11.45%	10.95%	10.45%	9.95%
Terminal EV/EBITDA Multiple	15.0 x	\$ 12.67	\$ 12.91	\$ 13.16	\$ 13.41	\$ 13.67
	16.0 x	\$ 13.31	\$ 13.56	\$ 13.82	\$ 14.09	\$ 14.37
	17.0 x	\$ 13.94	\$ 14.21	\$ 14.49	\$ 14.77	\$ 15.06
	18.0 x	\$ 14.58	\$ 14.86	\$ 15.15	\$ 15.45	\$ 15.76
	19.0 x	\$ 15.21	\$ 15.51	\$ 15.82	\$ 16.13	\$ 16.45

Appendix 9: Discounted Cash Flow Analysis

Discounted Cash Flow Valuations					
Perpetuity Growth Method			Exit Multiple Method		
Perpetuity growth rate		2.0%	Terminal EV/EBITDA multiple		9.0 x
PV sum of unlevered FCF		35.5	PV sum of unlevered FCF		35.5
PV of terminal value		128.4	PV of terminal value		127.9
Enterprise value		163.8	Enterprise value		163.4
Add: Cash		47.7	Add: Cash		47.7
Less: Debt		19.2	Less: Debt		19.2
Less: Other EV adjustments		0.7	Less: Other EV adjustments		0.7
Equity value		191.6	Equity value		191.2
Shares outstanding		18.9	Shares outstanding		18.9
Implied share price	\$	10.14	Implied share price	\$	10.11
Current price	\$	9.35	Current price	\$	9.35
Implied price	\$	10.14	Implied price	\$	10.11
Total return		8.4%	Total return		8.2%

Appendix 10: Comparable Company Analyses

Company	Ticker	Share Price	Shares Outstanding	Equity Value	Enterprise Value	2018E EV/EBITDA	2019E EV/EBITDA	2018E P/E	2019E P/E
Herbalife	NYSE:HLF	\$ 54.00	82.3	4,444.2	5,433.5	5.7 x	5.4 x	8.0 x	6.7 x
Nu Skin	NYSE:NUS	\$ 80.79	52.7	4,257.6	4,208.0	8.9 x	8.3 x	17.6 x	15.9 x
USANA	NYSE:USNA	\$ 119.05	24.0	2,857.2	2,610.1	12.2 x	11.6 x	21.4 x	18.7 x
GNC Holdings Inc	NYSE:GNC	\$ 3.39	83.6	283.4	1,516.4	5.8 x	6.1 x	3.1 x	2.8 x
Nature's Sunshine Products	NASDAQ:NAT	\$ 9.40	18.9	177.7	148.4	8.6 x	7.9 x	n/a	18.8 x
Median						7.3 x	7.2 x	12.8 x	11.3 x
Mean						8.2 x	7.8 x	12.5 x	11.0 x
High						12.2 x	11.6 x	21.4 x	18.7 x
Low						5.7 x	5.4 x	3.1 x	2.8 x
Median						\$ 8.23	\$ 8.70	\$ 4.83	\$ 5.67
Mean						\$ 8.98	\$ 9.32	\$ 4.73	\$ 5.52
High						\$ 12.68	\$ 13.02	\$ 8.09	\$ 9.36
Low						\$ 6.78	\$ 6.86	\$ 1.17	\$ 1.38

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