

Summary

Prepared for: Adam Manson	SIC: 7011
Date: 8/28/2008	Description: Hotels and motels
Database #: 2007.2	Sales Range: \$1,000,000 - \$2,499,999
Profile Type: Industry Profile	Final Year Business Count: 2,688

SIC	Description	Sales Range	# of Firms In Sales Range
7011	Commercial establishments, known to the public as hotels, motor hotels, motels, or tourist courts, primarily engaged in providing lodging, or lodging and meals, for the general public. Hotels which are operated by membership organizations and open to the general public are included in this industry. Hotels operated by organizations for their members only are classified in Industry 7041. Apartment hotels are classified in Real Estate, Industry 6513; rooming and boarding houses are classified in Industry 7021; and sporting and recreational camps are classified in Industry 7032.	\$1,000,000 - \$2,499,999	2,688

Overview

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Industry Growth	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>CAGR</u>
Industry Growth - Revenue	8.5%	5.9%	4.9%	7.2%	6.6%
Industry Growth - EBITDA	7.9%	5.5%	4.5%	6.7%	6.2%
Industry Growth - Pre-Tax Income	7.9%	5.1%	4.6%	6.3%	6%

Year Ending: 2007

(Dollars in Thousand)

Balance Sheet					
	\$	%		\$	%
Current Assets	371	13.6%	Current Liabilities	202	7.4%
Fixed Assets	1,992	72.9%	Long Term Debt	1,013	37.0%
Other Assets	43	1.6%	Other Liabilities	94	3.4%
Total Assets	2,733	100.0%	Total Liabilities	1,536	56.2%
			Net Worth	1,197	43.8%

Income Statement		
	\$	%
Revenue	1,535	100.0%
Gross Margin		0.0%
Operating Expenses	1,377	89.7%
Operating Income	158	10.3%
Pre-tax Income	55	3.6%
Net Income	34	2.2%

Cash Flow Analysis	
<i>Provided/(Used) by</i>	\$
Operating Activities	164
Investing Activities	(268)
Financing Activities	111

Ratios	
Return on Net Worth	2.9%
Return on Assets	1.3%
Current Ratio	1.84
Quick Ratio	1.33
Debt/Net Worth	x1.28
Z Score <1.23 Weak	3.04
>2.90 Strong	

Business Counts	
<i>Sales Range</i>	<i>Business Count</i>
All Sales Ranges	24,975
Less Than \$250,000	14,231
\$250,000 - \$499,999	2,994
\$500,000 - \$999,999	3,440
\$1,000,000 - \$2,499,999	2,688
\$2,500,000 - \$4,999,999	866
\$5,000,000 - \$9,999,999	392
\$10,000,000 - \$24,999,999	223
\$25,000,000 - \$49,999,999	70
\$50,000,000 - \$99,999,999	40
\$100,000,000 - \$249,999,999	18
\$250,000,000 - \$499,999,999	12
More Than \$500,000,000	1

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Income Statement	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Margin	0.0%	0.0%	0.0%	0.0%	0.0%
Selling, General & Administrative	67.5%	67.6%	67.6%	67.6%	67.6%
Officer Compensation	3.5%	3.4%	3.4%	3.3%	3.3%
Pension & Benefits	1.6%	1.6%	1.6%	1.6%	1.6%
Advertising & Sales	2.6%	2.5%	2.5%	2.5%	2.5%
Bad Debts	0.1%	0.1%	0.2%	0.2%	0.2%
Rents Paid	5.9%	6.0%	6.1%	6.2%	6.3%
Depreciation & Amortization	8.1%	8.1%	8.1%	8.2%	8.2%
Operating Expenses	89.2%	89.4%	89.5%	89.6%	89.7%
Operating Income	10.8%	10.6%	10.5%	10.4%	10.3%
Interest Income	0.2%	0.2%	0.2%	0.2%	0.2%
Interest Expense	-7.7%	-7.6%	-7.5%	-7.4%	-7.3%
Total Other Inc(Exp)	0.4%	0.4%	0.4%	0.4%	0.4%
Pre-Tax Income	3.7%	3.7%	3.6%	3.6%	3.6%
Income Taxes *	-1.4%	-1.4%	-1.4%	-1.4%	-1.4%
Net Income	2.3%	2.3%	2.3%	2.3%	2.2%

* Income taxes are derived by applying a 38% tax rate to pre-tax income.

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Income Statement	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenue	1,188	1,289	1,365	1,432	1,535
Cost of Sales					
Gross Margin					
Selling, General & Administrative	802	871	923	968	1,038
Officer Compensation	41	44	46	48	50
Pension & Benefits	19	20	22	23	25
Advertising & Sales	30	33	35	36	39
Bad Debts	2	2	2	2	2
Rents Paid	70	77	83	89	96
Depreciation & Amortization	96	104	111	117	126
Operating Expenses	1,060	1,152	1,222	1,283	1,377
Operating Income	128	137	144	149	158
Interest Income	2	3	3	3	3
Interest Expense	(91)	(98)	(102)	(106)	(112)
Total Other Inc(Exp)	5	5	5	6	6
Pre-Tax Income	44	47	50	52	55
Income Taxes *	(17)	(18)	(19)	(20)	(21)
Net Income	27	29	31	32	34

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Balance Sheet	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>Assets</u>					
Cash	5.2%	5.1%	5.1%	5.1%	5.0%
Marketable Securities	0.4%	0.4%	0.4%	0.4%	0.4%
Accounts Receivable	4.4%	4.4%	4.4%	4.4%	4.4%
less Allowance for Bad Debt	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts Receivable, net	4.4%	4.4%	4.4%	4.4%	4.4%
Raw Material	0.0%	0.0%	0.0%	0.0%	0.0%
Work in Process	0.0%	0.0%	0.0%	0.0%	0.0%
Finished Goods	0.0%	0.0%	0.0%	0.0%	0.0%
Inventory	0.6%	0.6%	0.6%	0.6%	0.6%
Other Current Assets	3.4%	3.4%	3.3%	3.3%	3.2%
Total Current Assets	14.0%	13.9%	13.8%	13.7%	13.6%
Property, Plant & Equipment	110.5%	112.4%	115.1%	118.1%	120.1%
less Accumulated Depreciation	-38.5%	-40.2%	-42.6%	-45.4%	-47.2%
Property, Plant & Equipment, net	72.0%	72.3%	72.5%	72.7%	72.9%
Intangible Assets, net	2.1%	2.1%	2.1%	2.0%	2.0%
Depletable Assets, net	0.0%	0.0%	0.0%	0.0%	0.0%
Investments	10.2%	10.1%	10.1%	10.0%	9.9%
Other Assets	1.7%	1.6%	1.6%	1.6%	1.6%
Total Assets	100.0%	100.0%	100.0%	100.0%	100.0%
<u>Liabilities & Net Worth</u>					
Short Term Debt	2.2%	2.3%	2.4%	2.5%	2.5%
Accounts Payable	2.1%	2.2%	2.2%	2.2%	2.2%
Other Current Liabilities	2.4%	2.4%	2.5%	2.6%	2.6%
Total Current Liabilities	6.8%	6.9%	7.1%	7.2%	7.4%
Long Term Debt	39.4%	38.8%	38.2%	37.6%	37.0%
Loans from Shareholders	7.7%	7.9%	8.0%	8.2%	8.3%
Other Liabilities	3.1%	3.2%	3.3%	3.4%	3.4%
Total Long Term Liabilities	50.2%	49.9%	49.5%	49.2%	48.8%
Total Liabilities	57.0%	56.8%	56.6%	56.4%	56.2%
Total Net Worth	43.0%	43.2%	43.4%	43.6%	43.8%
Total Liabilities & Net Worth	100.0%	100.0%	100.0%	100.0%	100.0%

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<u>Assets</u>					
Cash	113	121	126	130	137
Marketable Securities	8	9	9	10	10
Accounts Receivable less Allowance for Bad Debt	96	104	109	113	121
Accounts Receivable, net	96	103	109	113	121
Raw Material Work in Process Finished Goods					
Inventory	13	14	15	15	16
Other Current Assets	75	79	82	84	88
Total Current Assets	306	326	341	352	371
Property, Plant & Equipment less Accumulated Depreciation	2,411 (841)	2,640 (944)	2,841 (1,053)	3,035 (1,167)	3,284 (1,291)
Property, Plant & Equipment, net	1,571	1,697	1,789	1,868	1,992
Intangible Assets, net	46	49	51	52	55
Depletable Assets, net					
Investments	223	238	248	256	271
Other Assets	36	39	40	41	43
Total Assets	2,181	2,348	2,468	2,570	2,733
<u>Liabilities & Net Worth</u>					
Short Term Debt	49	54	59	63	69
Accounts Payable	47	51	54	56	60
Other Current Liabilities	51	57	62	66	72
Total Current Liabilities	147	162	174	186	202
Long Term Debt	859	911	944	968	1,013
Loans from Shareholders	169	185	198	210	228
Other Liabilities	68	75	81	86	94
Total Long Term Liabilities	1,095	1,171	1,223	1,264	1,334
Total Liabilities	1,242	1,333	1,397	1,450	1,536
Total Net Worth	939	1,015	1,072	1,120	1,197
Total Liabilities & Net Worth	2,181	2,348	2,468	2,570	2,733

Cash Flow Analysis

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Analysis of Cash Flow

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Operating Cash Flow				
Net Income	29	31	32	34
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and Amortization	104	111	117	126
Change in Accounts Receivable, net	(7)	(6)	(5)	(7)
Change in Inventory	(1)	(1)		(1)
Change in Accounts Payable	4	3	2	4
Change in Other Operating	6	7	7	8
Total Adjustments	106	114	121	130
Cash Provided by Operating	136	145	153	164

Investing Activities				
Capital Expenditures	(233)	(205)	(197)	(253)
Change in Marketable Securities	(1)			
Change in Investments	(15)	(10)	(8)	(15)
Cash Provided by Investing Activities	(249)	(216)	(206)	(268)

Financing Activities				
Change in Short Term Debt	5	5	4	6
Change in Long Term Debt	52	33	24	45
Change in Loans from Shareholders	16	13	12	17
Change in Equity	47	26	16	42
Cash Provided by Financing Activities	121	76	57	111

Note: The intent of the Cash Flow Analysis is to reflect operating performance. It does not address investments or changes in capital structure which can vary significantly from firm to firm. When evaluating cash flow, this information should be used in conjunction with specifics around an individual firm's capital structure.

Ratios

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Liquidity / Solvency

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Quick Ratio	1.48	1.43	1.40	1.36	1.33
Current Ratio	2.08	2.01	1.96	1.90	1.84
Days Accounts Receivable	0	28	28	28	28
Days Accounts Payable	0	0	0	0	0
Days Working Capital	0	46	44	42	40
Days Inventory	0	0	0	0	0
Accounts Receivable to Sales	0.0%	7.8%	7.8%	7.8%	7.6%
Accounts Payable to Sales	0.0%	3.8%	3.8%	3.8%	3.8%
Current Liabilities to Net Worth	15.7%	16.0%	16.3%	16.6%	16.9%
Current Liabilities to Inventory	x10.94	x11.39	x11.65	x12.13	x12.62
Cost of Sales to Payables	x0.00	x0.00	x0.00	x0.00	x0.00

Turnover

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Receivables Turnover	0.00	x12.91	x12.87	x12.88	x13.12
Cash Turnover	0.00	x11.04	x11.09	x11.22	x11.53
Inventory Turnover	0.00	x0.00	x0.00	x0.00	x0.00
Current Asset Turnover	0.00	x4.08	x4.10	x4.13	x4.24
Working Capital Turnover	0.00	x7.99	x8.27	x8.60	x9.13
Fixed Asset Turnover	0.00	x0.79	x0.78	x0.78	x0.80
Total Asset Turnover	0.00	x0.57	x0.57	x0.57	x0.58

Debt

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt Service Coverage - EBITDA	0.00	1.65	1.63	1.62	1.63
Debt Service Coverage - Pre-Tax	0.00	1.70	1.68	1.67	1.68
Debt Service Coverage - After-Tax	0.00	1.58	1.56	1.55	1.56
Interest Coverage	x1.40	x1.41	x1.41	x1.41	x1.42
Current Assets to Short Term Debt	x6.26	x6.01	x5.80	x5.60	x5.39
Accounts Payable to Total Debt	3.8%	3.8%	3.9%	3.9%	3.9%
Short Term Debt to Total Debt	3.9%	4.1%	4.2%	4.3%	4.5%
Long Term Debt to Total Assets	39.4%	38.8%	38.2%	37.6%	37.0%
ST Debt plus LT Debt to Net Worth	96.7%	95.1%	93.5%	92.0%	90.4%
Total Debt to Assets	57.0%	56.8%	56.6%	56.4%	56.2%
Total Debt to Inventory	x92.26	x93.55	x93.37	x94.76	x96.08
Total Debt to Net Worth	x1.32	x1.31	x1.30	x1.30	x1.28

Risk

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Z Score	3.07	3.06	3.05	3.05	3.04
Fixed Assets to Net Worth	x1.67	x1.67	x1.67	x1.67	x1.67

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Profitability

	2003	2004	2005	2006	2007
Gross Margin	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA to Sales	18.8%	18.7%	18.6%	18.6%	18.5%
Operating Margin	10.8%	10.6%	10.5%	10.4%	10.3%
Operating Cash Flow to Sales	0.0%	10.5%	10.6%	10.7%	10.7%
Pre-Tax Return on Assets	2.0%	2.0%	2.0%	2.0%	2.0%
After-Tax Return on Assets	1.2%	1.2%	1.2%	1.3%	1.3%
Pre-Tax Return on Net Worth	4.7%	4.7%	4.6%	4.6%	4.6%
After-Tax Return on Net Worth	2.9%	2.9%	2.9%	2.9%	2.9%
Pre-Tax Return on Sales	3.7%	3.7%	3.6%	3.6%	3.6%
After-Tax Return on Sales	2.3%	2.3%	2.3%	2.3%	2.2%

Working Capital *(Dollars in Thousand)*

	2003	2004	2005	2006	2007
Working Capital	158.0	163.0	166.0	166.0	169.0
Working Capital to Sales	13.3%	12.7%	12.2%	11.7%	11.0%
Net Income to Working Capital	17.1%	17.9%	18.5%	19.3%	20.2%
Inventory to Working Capital	8.5%	8.7%	9.0%	9.2%	9.4%
Short Term Debt to Working Capital	30.8%	33.1%	35.3%	37.7%	40.7%
Long Term Debt to Working Capital	541.7%	555.9%	567.2%	579.7%	598.1%

Operating Efficiency

	2003	2004	2005	2006	2007
Operating Expenses to Gross Margin	0.0%	0.0%	0.0%	0.0%	0.0%
Operating Expenses to Sales	89.2%	89.4%	89.5%	89.6%	89.7%
Depreciation & Amortization to Sales	8.1%	8.1%	8.1%	8.2%	8.2%
Total Assets to Sales	183.6%	182.2%	180.8%	179.4%	178.0%
Sales to Net Worth	x1.27	x1.27	x1.27	x1.28	x1.28
Sales to Fixed Assets	75.6%	76.0%	76.3%	76.7%	77.1%
Inventory to Cost of Sales	0.0%	0.0%	0.0%	0.0%	0.0%
Intangible Assets to Sales	3.8%	3.8%	3.7%	3.6%	3.6%
Capital Expenditures to Sales	0.0%	18.1%	15.0%	13.8%	16.5%

Growth (CAGR 5 Years)

	2007
Sales	6.6%
Operating Income	5.5%
Pre-Tax Profit	6.0%
Net Income	6.0%
Assets	5.8%
Liabilities	5.5%
Net Worth	6.2%