

Six Flags Inc. (NYSE: SIX)

Industry: General Entertainment

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BUSINESS DESCRIPTION

Six Flags, Inc. is the largest regional theme company in the world -- a national brand with regional focus. Through its subsidiaries, the company engages in the ownership and operation of regional theme, amusement, and water parks in North America. The theme parks offer traditional thrill rides, water attractions, themed areas, concerts and shows, restaurants, game venues, and merchandise outlets. As of March 16, 2006, it owned or operated 29 parks that drew nearly 34 million visitors last year. The company was founded in 1971 and is based in New York City.

INVESTMENT THESIS

Six Flags has been a premier family destination spot since 1971. They are currently in the midst of strategic restructuring, which includes changing management, eliminating low-revenue generating parks, selling its international operations and strengthening the scope of its attractions in existing parks. The company has a strong store of intellectual property licenses from Warner Brothers, including characters such as Looney Tunes, Batman, and Superman that give its brand built-in popularity. The company is currently trading at EV/LTM EBIT of 8.09X and EV/EBITDA of 5.61, well below the industry average of 15.58X and 12.27%, respectively. They also have a strong history of positive cash flows in recent years.

STOCK PRICE PERFORMANCE



FINANCIAL SUMMARY

Results of Operations

millions HKD	FY Ended Dec 31,			
	2003	2004	2005	LTM ⁽¹⁾
Revenue	\$1,237	\$1,038	\$1,090	\$1,436
<i>Growth</i>	--	(16.1%)	5.0%	31.7%
EBIT, net XO items	122	50	318	216
<i>EBIT Margin</i>	9.9%	4.8%	29.2%	15.1%
After-tax Earnings	(62)	(177)	129	15
<i>Net Margin</i>	(5.0%)	(17.1%)	11.8%	1.0%
D&A	154	160	205	155
CapEx	(170)	(109)	(113)	(138)
Acquisitions	(6)	-	-	-
Interest Expense	186	196	217	198
Tax Expense	3	32	(33)	4

Balance Sheet Data

Total Debt	\$2,180
Cash & Equivalents	\$59
Net Debt	\$2,121

Credit Statistics

	LTM
Total Debt/EBITDA	5.9x
EBITDA/Interest	1.9x

Valuation Multiples

EV/Revenue	2.2x
EV/EBITDA	9.9x
P/B	22.3x
MC/FCFE	2.1x
EV/FCFF	26.5x

Public Market Overview

Share Price (10/27/06)	\$6.38
52 Week High	\$10.99
52 Week Low	\$4.53
Diluted Shares Outstanding	94.38
Market Value of Equity	\$602
Plus: Net Debt	\$2,121
Enterprise Value	\$2,724

	2003	2004	2005	LTM ⁽¹⁾
EV/Revenue	2.2x	2.6x	2.5x	1.9x
EV/EBITDA	9.9x	13.0x	5.2x	7.3x
P/B	22.3x	54.5x	8.6x	12.6x
MC/FCFE	2.1x	2.3x	0.9x	1.4x
EV/FCFF	26.5x	39.6x	6.1x	11.9x

(1) sourced from CapitalIQ
all currency figures in thousands USD