

Chuck E Cheese (CEC)

Price:	\$54.78	Net Tang. Bk Value Incl. Cash, Excl.	\$117,050,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$483,508,950.00
Market Cap:	\$961,389,000	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$152,801,790.00
Cash:	\$21,380,000	NTBVIC/Market Downside Recovery:	12.18%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$421,660,000	Op. Cash Flow:	\$152,801,790	Year 5 Disposition Price:	\$941,914,320.00
Net Cash:	-\$400,280,000	Implied Years to Fill Gap:	5.53		
Enterprise Value:	\$1,361,669,000	Today's Equity if 5x Op. CF:	\$575,455,370		
		Net Tang. Book+ Gain Disposition:			\$941,914,320.00
Shares Outstanding:	17,550,000	IRR:			-0.41%
		Price:			\$53.67
		Target Market Cap:			\$941,914,320
		Target Enterprise Value:			\$1,342,194,320

* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

Beloved pizza, children's arcade restaurant chain to be taken private by private equity firm, Apollo Group for \$1.3BB, including debt.

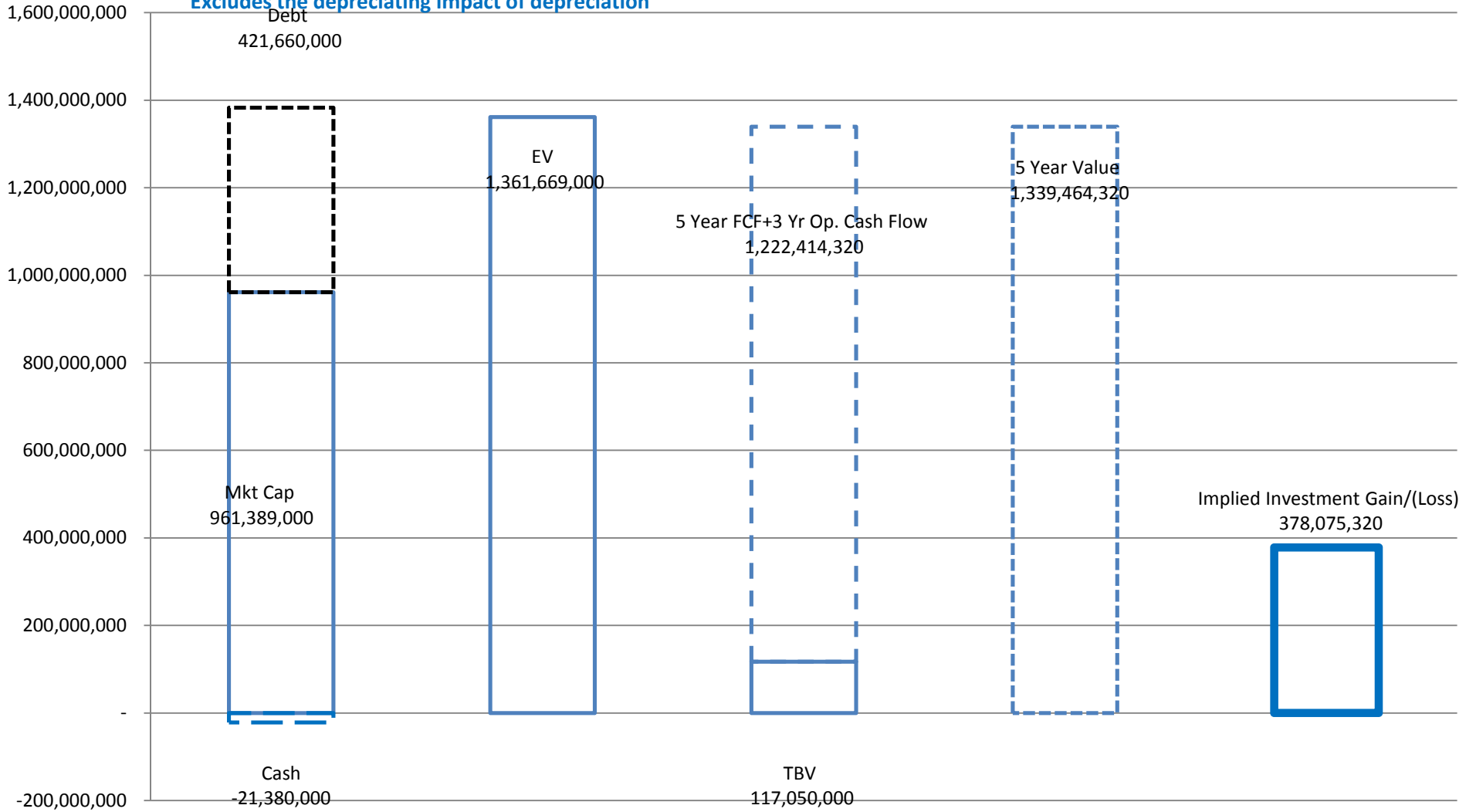
The transaction is a tender offer, not a merger. As reported by a leading financial paper, the transaction seems rushed, on Apollo's end, only requiring 3 weeks to wrap up the whole transaction. They might be getting their foot in the door before another competitor bids with a higher price.

When we first included the stock in Mar. 2013, we mentioned we liked the strong cash flow, the famous brand, and the strong balance sheet.

We believe the stock is at the higher end of our valuation range, but it is not an exorbitant multiple.

We have no clue how Apollo will dissect the Co. to extract additional value, especially with the aging arcade platform. Yet, when a parent wants to celebrate the kids' birthday with friends, there is no better alternative than Chuck E Cheese. The Kindergarten to 3rd grade age group provides stable revenue for the Co. and we don't anticipate this to change.

Excludes the depreciating impact of depreciation



CEC Entertainment, Inc., a Kansas corporation was incorporated in 1980. The Company develops, operates and franchises family dining and entertainment centers under the name "Chuck E. Cheese's" in 47 states and eight foreign countries and territories. As of December 30, 2012, the Company and its franchises operated a total of 565 stores, of which 514 were Company-owned stores located in 44 states and Canada. Its franchises operated a total of 51 stores located in 15 states and seven foreign countries and territories including Chile, Guam, Guatemala, Mexico, Puerto Rico, Saudi Arabia and the United Arab Emirates. Chuck E. Cheese's stores offer wholesome family dining, distinctive musical and comic entertainment by computer-controlled robotic characters, family-oriented arcade-style and skill-oriented games, video games, rides and other activities. All of the Company's stores offer a variety of pizzas, sandwiches, appetizers, a salad bar and desserts. Soft drinks, coffee and tea are also served, along with beer and wine where permitted by local laws. The Company periodically reevaluates the site characteristics of its stores. Chuck E. Cheese's stores are located in shopping centers or in free-standing buildings near shopping centers. Its stores are divided into three areas: (a) a kitchen and other store-related areas (cashier and prize area, salad bar, manager's office, technician's office, restrooms, etc.); (b) a showroom area; and (c) a playroom area. The average size of its existing stores is approximately 12,000 square feet. The main customer base for its stores consists of families with children between two and 12 years of age. The family dining industry and the entertainment industry are highly competitive, with a number of major national and regional chains operating in each of these spaces. It owns various trademarks, including "Chuck E. Cheese's" and the Chuck E. Cheese character image used in connection with its business, which have been registered with the appropriate patent and trademark offices. The Company and its franchises are subject to various federal, state and local laws and regulations affecting the development and operation of Chuck E. Cheese's stores.

Company Name:		Chuck E Cheese		Market Capitalization:		\$961,389,000.00		Revenue:		\$820,910,000.00		100.0%				
Ticker Symbol:	CEC	Total Debt:	\$421,660,000.00	Cost of Goods Sold:	\$365,310,000.00	44.5%		Gross Profit:	\$455,600,000.00	55.5%		EBITDA:		\$171,250,000.00	20.9%	
Last Price:	\$54.78	Net Cash/(Debt):	-\$400,280,000.00	Enterprise Value:	\$1,361,669,000.00			Net Income:	\$47,350,000.00	5.8%		Balance Sheet				
Net Cash/Share:	-\$22.81	Current EV/Share:	\$77.59	EBITDA:	\$237,350,000.00			Cash:	\$21,380,000.00			Short Term Investment:		\$0.00		
Net Cash to Last Price:	-41.64%	EV/EBITDA Multiple:	5.74	EV/EBITDA Multiple Average Year 1-5:	5.86			A/R:	\$7,000,000.00			PP&E:		\$686,000,000.00		
Shares Outstanding:	17,550,000	EV/FCF Multiple (excluding acquisition):	25.79	DCF: EV/EBITDA Terminal Value				Assets:	\$793,300,000.00			A/P:		\$33,000,000.00		
Industry:	Restaurants	Upper Range		DCF: EV/EBITDA Terminal Value				Deferred Tax:	\$62,560,000.00			Other Liabilities:		\$105,680,000.00		
Sector:	Consumer Cyclical	Implied TV from 3 X EV/EBITDA Multiple		\$457,983,600.00				Short term Debt:	\$1,010,000.00			Long Term Debt:		\$420,650,000.00		
Institutional Ownership:	96.62%	Enterprise Value		\$457,983,600.00				Liabilities:	\$622,900,000.00			Retained Earnings:		\$823,000,000.00		
Mutual Fund Ownership:	55.68%	Cash at Year 5:		\$285,388,950.00				Paid-In Capital:	\$454,170,000.00			Treasury Stock:		-\$1,140,000,000.00		
Insider Ownership:	6.06%	Debt at Year 5:		\$421,660,000.00				Stockholder's Equity:	\$143,050,000.00			Cash Flow				
Float:	80.00%	Equity Value Year 5:		\$321,712,550.00				Net Income:	43,590,000.00			Depreciation/Amortization:		79,510,000.00		
Technicals		52 week low:		\$28.95				Change in Working capital:	-1,630,000.00			Cash from Operating Activities:		137,090,000.00		
		Today from 52 week low:		89.22%				Cash from Investing Activities:	-98,900,000.00			Total Cash Dividends Paid:		-19,850,000.00		
		52 week high:		\$55.03				Cash from Financing Activities:	-37,280,000.00			Issuance (Retirement) of Stock:		-14,350,000.00		
		Today from 52 week high:		0.46%				Capital Expenditures:	-99,490,000.00			Issuance (Retirement) of Debt:		-1,050,000.00		
Analyst/Consensus		Analyst Sales Growth FY1:		2.70%				Cash from Investing Activities:	-98,900,000.00			Return on Equity:		30.47%		
		Analyst Sales Growth FY2:		4.20%				Profitability Margins				Debt to Equity:		294.76%		
		SN Valuation Estimate FY1:		0.00%				Return on Assets:				Return on Capital:		7.72%		
		SN Valuation Estimate FY2:		0.00%				Return on Equity:				Return on Equity:		30.47%		
Analyst Earnings Estimate FY1:		\$2.95						Annualized return				Current Net Tangible Asset				
Analyst Earnings Estimate FY2:		\$3.19						Net Tangible Asset/Share:				Net Tangible Asset/Share:		\$7.60		
SN Valuation Earnings Est. FY1:		\$4.18						Net Tangible Asset/Share in Year 5:				Net Tangible Asset/Share in Year 5:		\$28.48		
SN Valuation Earnings Est. FY2:		\$4.18						Annualized return				Annualized return		30.24%		
Multiples		Market Value to Book:		6.72				Current Equity Price:				Selling at Discount?		\$54.78		
		EV to Book:		9.52				Appreciation Potential:				Copyright SN Valuation All Rights Reserved		-86.12%		
		Market Value to Tangible Net Assets:		-1.60				www.snvaluation.com								
		P/E Ratio:		20.30												
		Trailing P/E Ratio:		20.04												
		Forward P/E Ratio:		17.17												
		Beta:		0.7												
		Dividend:		1.08												
		Dividend Yield:		1.97%												
		Dividend Date:		Dec 27, 2013												
		Ex-Dividend Date:		Dec 3, 2013												
Competitors		Average EV to EBITDA:		N/A												
		Company EV to EBITDA:		5.74												
		Average EV to EBIT:		N/A												
		Company EV to EBITA:		17.22												

SN VALUATION

LBO Pro Forma Income Statement

Name:

Chuck E Cheese

Ticker:

CEC

	Historical				Forecasted				
	53 weeks ending 2010-01-03	52 weeks ending 2011-01-02	52 weeks ending 2012-01-01	52 weeks ending 2012-12-30	2013	2014	2015	2016	2017
Revenue	818.35	817.25	821.18	803.48	803.48	803.48	803.48	803.48	803.48
COGS	351.33	347.22	350.95	347.88	353.53	353.53	353.53	353.53	353.53
Gross margin	467.02	470.03	470.23	455.60	449.95	449.95	449.95	449.95	449.95
SG&A	278.95	284.48	288.69	291.01	297.29	297.29	297.29	297.29	297.29
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.00	0.94	2.74	6.75	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Excluded from COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	188.07	184.61	178.80	157.84	152.66	152.66	152.66	152.66	152.66
Interest income/(expense)	-12.02	-12.14	-8.88	-9.40	-39.90	-39.90	-39.90	-39.90	-39.90
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income before tax	98.95	92.76	89.10	69.67	112.76	112.76	112.76	112.76	112.76
Tax	37.76	38.73	34.14	26.06	39.46	39.46	39.46	39.46	39.46
Income after tax	61.19	54.03	54.96	43.59	73.29	73.29	73.29	73.29	73.29
Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	61.19	54.03	54.96	43.59	73.29	73.29	73.29	73.29	73.29
*Figures are in millions (\$)									
EPS (based off today's share count)	\$3.49	\$3.08	\$3.13	\$2.48	\$4.18	\$4.18	\$4.18	\$4.18	\$4.18
P/E (historical today's price; forecasted intrinsic price)	15.71	17.79	17.49	22.06	13.06	13.01	12.96	12.90	12.85
Revenue Growth		-0.13%	0.49%	-2.16%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	38.16%	41.75%	38.32%	37.43%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-3.29%	-3.13%	-2.22%	-2.28%	-9.98%	-9.98%	-9.98%	-9.98%	-9.98%
Margins									
COGS	42.93%	42.49%	42.74%	43.30%	44.00%	44.00%	44.00%	44.00%	44.00%
Gross margin	57.07%	57.51%	57.26%	56.70%	56.00%	56.00%	56.00%	56.00%	56.00%
SG&A	34.09%	34.81%	35.16%	36.22%	37.00%	37.00%	37.00%	37.00%	37.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.00%	0.12%	0.33%	0.84%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Excluded from COGS					0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	22.98%	22.59%	21.77%	19.64%	19.00%	19.00%	19.00%	19.00%	19.00%
Interest income/(expense)	-1.47%	-1.49%	-1.08%	-1.17%	-4.97%	-4.97%	-4.97%	-4.97%	-4.97%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	12.09%	11.35%	10.85%	8.67%	14.03%	14.03%	14.03%	14.03%	14.03%
Tax	4.61%	4.74%	4.16%	3.25%	4.91%	4.91%	4.91%	4.91%	4.91%
Income after tax	7.48%	6.61%	6.69%	5.43%	9.12%	9.12%	9.12%	9.12%	9.12%
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	7.48%	6.61%	6.69%	5.43%	9.12%	9.12%	9.12%	9.12%	9.12%

						Adjustment		Adjusted Proforma	2014	2015	2016	2017	2018
	As of 2010-01-03	As of 2011-01-02	As of 2012-01-01	As of 2012-12-30	As of 2013-09-29	+	-						
Cash	17.36	19.27	18.67	18.64	21.38			21.38	74,181.79	126.98	179.79	232.59	285.39
Short term investment	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	17.36	19.27	18.67	18.64	21.38			21.38	74.18	126.98	179.79	232.59	285.39
Accounts Receivable	7.31	6.84	6.63	7.32	7.00			7.00	7.00	7.00	7.00	7.00	7.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	7.31	6.84	6.63	7.32	7.00			7.00	7.00	7.00	7.00	7.00	7.00
Total Inventory	18.02	18.48	18.66	18.96	20.59			20.59	20.59	20.59	20.59	20.59	20.59
Prepaid Expenses	13.91	13.94	15.44	18.17	18.45			18.45	18.45	18.45	18.45	18.45	18.45
Other Current Assets	3.39	3.42	3.66	2.88	2.88			2.88	2.88	2.88	2.88	2.88	2.88
Current Assets	59.99	61.95	63.06	66.97	70.30	0.00	0.00	70.30	123.10179	175.90	228.71	281.51	334.31
PP&E, Gross	1,152.33	1,224.23	1,256.68	0.00	1,260.00			1,260.00	1,360.00	1,460.00	1,560.00	1,660.00	1,760.00
Change in Depreciation	78.07	80.68	81.56	79.51	79.51			79.51	79.51	79.51	79.51	79.51	79.51
Accumulated Depreciation	489.59	541.04	573.29	0.00	574.00			574.00	653.51	733.02	812.53	892.04	971.55
PP&E, Net	662.74	683.19	683.39	0.00	686.00			686.00	706.49	726.98	747.47	767.96	788.45
Goodwill	0.00	0.00	0.00	0.00	26.00	0.00		26.00	26.00	26.00	26.00	26.00	26.00
Intangibles	0.00	0.00	0.00	0.00	11.00			11.00	11.00	11.00	11.00	11.00	11.00
Long term investments	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	1.80	7.48	8.40	11.79	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long Term Assets	664.54	690.67	691.79	11.79	723.00			723.00	743.49	763.98	784.47	804.96	825.45
Total Assets	724.53	752.62	754.85	78.76	793.30	0.00	0.00	793.30	866.59	939.88	1,013.18	1,086.47	1,159.76
Accounts Payable	32.75	42.84	32.86	32.68	33.00			33.00	33.00	33.00	33.00	33.00	33.00
Accrued Expense	35.00	33.92	36.03	28.02	28.00			28.00	28.00	28.00	28.00	28.00	28.00
Other current Liabilities	12.10	11.37	13.96	21.38	15.09			15.09	15.09	15.09	15.09	15.09	15.09
Total Current Liabilities	79.85	88.13	82.85	82.08	76.09	0.00	0.00	76.09	76.09	76.09	76.09	76.09	76.09
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	0.88	0.94	0.83	1.06	1.01			1.01	1.01	1.01	1.01	1.01	1.01
Long term Debt	354.30	377.00	389.60	389.50	400.00	0.00	0.00	400.00	400.00	400.00	400.00	400.00	400.00
Capital Lease Obligations	10.63	10.33	10.07	21.66	20.65			20.65	20.65	20.65	20.65	20.65	20.65
Total Interest Earning Debt	365.81	388.27	400.50	412.22	421.66	0.00	0.00	421.66	421.66	421.66	421.66	421.66	421.66
Deferred Income tax	33.69	43.04	64.36	62.93	62.56			62.56	62.56	62.56	62.56	62.56	62.56
Minority Interest	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	97.00	100.53	100.57	101.31	62.59			62.59	62.59	62.59	62.59	62.59	62.59
Total Liabilities	576.35	619.97	648.28	658.54	622.90	0.00	0.00	622.90	622.90	622.90	622.90	622.90	622.90
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	6.11	6.14	6.16	6.17	6.17		0.00	6.17	6.17	6.17	6.17	6.17	6.17
Additional Paid-in capital	425.72	436.05	441.96	447.45	448.00	0.00	0.00	448.00	448.00	448.00	448.00	448.00	448.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	698.93	755.23	795.60	823.01	823.00			823.00	896.29	969.58	1,042.88	1,116.17	1,189.46
Treasury Stock	-967.47	-1,045.10	-1,124.88	-1,139.24	-1,140.00		0.00	-1,140.00	-1,140.00	-1,140.00	-1,140.00	-1,140.00	-1,140.00
Other Equity	4.62	5.74	5.34	5.88	5.88		0.00	5.88	5.88	5.88	5.88	5.88	5.88
Total Equity	167.91	158.06	124.18	143.27	143.05	0.00	0.00	143.05	216.34	289.63	362.93	436.22	509.51
Liability + Equity	744.26	778.03	772.46	801.81	765.95	0.00	0.00	765.95	839.24	912.53	985.83	1,059.12	1,132.41
Variance	-19.73	-25.41	-17.61	-723.05	27.35			27.35	27.35	27.35	27.35	27.35	27.35
Debt/Equity	2.18	2.46	3.23	2.88	2.95			2.95	1.95	1.46	1.16	0.97	0.83
Inventory Turnover	45.41	44.22	44.01	42.38	39.02			39.02	39.02	39.02	39.02	39.02	39.02
Inventory Turnover Days	8.04	8.25	8.29	8.61	9.35			9.35	9.35	9.35	9.35	9.35	9.35
Days Inventory Outstanding	18.72	19.43	19.41	19.89	21.26			21.60	21.26	21.26	21.26	21.26	21.26
Accounts Receivable Turnover	111.95	119.48	123.86	109.77	114.78			114.78	114.78	114.78	114.78	114.78	114.78
Accounts Receivable Turnover Days	3.26	3.05	2.95	3.33	3.18			3.18	3.18	3.18	3.18	3.18	3.18
Days Payable Outstanding	34.02	45.03	34.18	34.29	34.07			34.62	34.07	34.07	34.07	34.07	34.07
Days Sales Outstanding	3.26	3.05	2.95	3.33	3.18			3.33	3.18	3.18	3.18	3.18	3.18
Cash Conversion Cycle	-12.04	-22.55	-11.82	-11.07	-9.63			-9.70	-9.63	-9.63	-9.63	-9.63	-9.63
Net tangible assets/share	\$9.57	\$9.01	\$7.08	\$8.16	\$6.04			\$10.22	\$14.40	\$18.57	\$22.75	\$26.92	\$26.92

	53 weeks ending 2010-01-03	52 weeks ending 2011-01-02	52 weeks ending 2012-01-01	52 weeks ending 2012-12-30	2014	2015	2016	2017	2018
Net Income	61.19	54.03	54.96	43.59	73.29	73.29	73.29	73.29	73.29
Depreciation	78.07	80.68	81.56	79.51	79.51	79.51	79.51	79.51	79.51
Net Income + Depreciation	139.26	134.71	136.52	123.10	152.80	152.80	152.80	152.80	152.80
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	8.58	7.21	20.29	-0.84	0.00	0.00	0.00	0.00	0.00
Non Cash Items	11.14	9.84	11.72	16.45	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-4.73	5.11	8.70	-1.63	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	0.47	0.21	-0.69	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	-0.46	-0.18	-0.30	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-0.03	-1.50	-2.73	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	10.09	-9.98	-0.18	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	154.25	156.87	177.23	137.08	152.80	152.80	152.80	152.80	152.80
Capital Expenditures Expenditures	-73.09	-99.84	-94.67	-99.49	-100.00	-100.00	-100.00	-100.00	-100.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	0.16	-3.02	0.02	0.59	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-72.93	-102.86	-94.65	-98.90	-100.00	-100.00	-100.00	-100.00	-100.00
Financing Cash flow items	0.68	-2.14	-4.00	-2.04	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	-11.49	-19.85	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	-32.89	-71.84	-79.15	-14.35	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	-48.36	21.82	11.66	-1.05	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-80.57	-52.16	-82.98	-37.29	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	-1.17	0.07	-0.20	0.06	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	17.77	17.36	19.27	18.67	21.38	74.18	126.98	179.79	232.59
Net Change in Cash	-0.41	1.91	-0.60	0.96	52.80	52.80	52.80	52.80	52.80
Ending Cash Balance	17.36	19.27	18.67	19.63	74.18	126.98	179.79	232.59	285.39
Capex to Revenue	8.93%	12.22%	11.53%	12.38%	12.45%	12.45%	12.45%	12.45%	12.45%
Depreciation to Sales	9.54%	9.87%	9.93%	9.90%	9.90%	9.90%	9.90%	9.90%	9.90%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	0.89%	0.84%	0.81%	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%
Distributable FCF/EV Yield	5.97%	3.97%	6.06%	2.80%	3.88%	3.88%	3.88%	3.88%	3.88%
Dividend Yield	0.00%	0.00%	-1.20%	-2.06%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	81.16	57.03	94.05	57.44	52.80	52.80	52.80	52.80	52.80

SN VALUATION

LBO Debt Schedule

Ticker:

CEC

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	0.96	52.80	52.80	52.80	52.80	52.80
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	401.01	401.01	401.01	401.01	401.01	401.01
Current Portion Debt Balance	1.01	1.01	1.01	1.01	1.01	1.01
Long Term Debt Balance	400.00	400.00	400.00	400.00	400.00	400.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		7.00%	7.00%	7.00%	7.00%	7.00%
Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%
Interest Expense		40.10	40.10	40.10	40.10	40.10
Cash Balance		19.64				
Interest @ 1.0%		0.20	0.20	0.20	0.20	0.20
Net Interest Expense/(Income)		39.90	39.90	39.90	39.90	39.90
Net Interest Rate		9.98%	9.98%	9.98%	9.98%	9.98%
EBITDA		152.66	152.66	152.66	152.66	152.66
EBITDA/Interest Expense Coverage		3.81	3.81	3.81	3.81	3.81

Interest Rate Coverage Table

Debt Rating					
AAA					
AA					
A+					
A					
A-					
BBB					
BB+	BB+	BB+	BB+	BB+	BB+
BB					
B+					
B					
B-					
CCC					
CC					
C					
D					

*Source: NYU; Professor Damodaran

SN VALUATION

Altman Z Score

Company Name:

Chuck E Cheese

Ticker:

CEC

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	-19.86	-26.18	-19.79	-5.79	47.01	99.81	152.62	205.42	258.22
Total Assets	724.53	752.62	754.85	793.30	866.59	939.88	1,013.18	1,086.47	1,159.76
X1	-0.03	-0.03	-0.03	-0.01	0.05	0.11	0.15	0.19	0.22
Retained Earnings	698.93	755.23	795.60	823.00	896.29	969.58	1,042.88	1,116.17	1,189.46
Total Assets	724.53	752.62	754.85	793.30	866.59	939.88	1,013.18	1,086.47	1,159.76
X2	0.96	1.00	1.05	1.04	1.03	1.03	1.03	1.03	1.03
EBITDA	188.07	184.61	178.80	157.84	152.66	152.66	152.66	152.66	152.66
Total Assets	724.53	752.62	754.85	793.30	866.59	939.88	1,013.18	1,086.47	1,159.76
X3	0.26	0.25	0.24	0.20	0.18	0.16	0.15	0.14	0.13
Market Value of Equity	961.39	961.39	961.39	961.39	957.46	953.55	949.66	945.78	941.91
Total Liabilities	576.35	619.97	648.28	622.90	622.90	622.90	622.90	622.90	622.90
X4	1.67	1.55	1.48	1.54	1.54	1.53	1.52	1.52	1.51
Net Sales	818.35	817.25	821.18	803.48	803.48	803.48	803.48	803.48	803.48
Total Assets	724.53	752.62	754.85	793.30		939.88	1,013.18	1,086.47	1,159.76
X5	1.13	1.09	1.09	1.01	#DIV/0!	0.85	0.79	0.74	0.69
Altman Z Score	4.30	4.19	4.20	4.04	#DIV/0!	3.88	3.83	3.78	3.74

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red

Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
Tangible Book Value	117.05	190.34	263.63	336.93	410.22	483.51				483.51
Annual Change		73.29	73.29	73.29	73.29	73.29				
Annual FCF	37.59	52.80	52.80	52.80	52.80	52.80	52.80	52.80	52.80	158.41
Annual Op. Cash Flow	137.08	152.80	152.80	152.80	152.80	152.80	152.80	152.80	152.80	
Annual PP&E Investment	(99.49)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	
Today's Tangible Book Value	117.05	155.45	206.44	274.15	364.08	483.51				641.91
Intrinsic Value IRR	32.80%									
Market Price	961.39	886.78	817.96	754.48	695.92	641.91				641.91
Market Price IRR	-7.76%									

Debt	50.00%	480.69
Equity	50.00%	480.69
Total	100.00%	961.39

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5			
Book Equity	143.05	480.69	522.68	564.66	606.65	648.63	690.62			
Goodwill	26	844.34	844.34	844.34	844.34	844.34	844.34			
Debt	400	880.69	880.69	880.69	880.69	880.69	880.69			
Debt Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%			
Additional Interest Expense		48.16	48.16	48.16	48.16	48.16	48.16			
Tangible Book Value	117.05	-363.64	-321.66	-279.68	-237.69	-195.71	-153.72			-153.72
Annual Change			41.98	41.98	41.98	41.98	41.98			
Annual FCF	37.59		21.49	21.49	21.49	21.49	21.49	21.49	21.49	64.48
Annual Net Income	43.59		41.98	41.98	41.98	41.98	41.98	41.98	41.98	
Annual Op. Cash Flow	137.08		121.49	121.49	121.49	121.49	121.49	121.49	121.49	
Dividend Payments										
Annual PP&E Investment	(99.49)		(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	
Debt Paydown	0.00							0.00	0.00	0.00

Sale Price in Year 5 (99.24)

Capital Left for Equity Investor (99.24)
 Dividend Payments 0.00
 Total Cash In Flow (99.24)

Invested Equity 480.69
 IRR -171.41%

Value Creation
 TBV Growth (equals sum of NI Year 1-5) 209.92
 Cash Flow (Year 6-8) 64.48
274.41

Value Dilution
 Debt 480.69
 Goodwill 818.34
 Additional Interest 240.82
1,539.86