

## Frisch Restaurant (FRS)

Price:	\$23.92	Net Tang. Bk Value Incl. Cash, Excl.	\$83,270,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$91,868,850.00
Market Cap:	\$121,513,600	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$12,109,770.00
Cash:	\$4,000,000	NTBVIC/Market Downside Recovery:	68.53%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$16,700,000	Op. Cash Flow:	\$12,109,770	Year 5 Disposition Price:	\$128,198,160.00
Net Cash:	-\$12,700,000	Implied Years to Fill Gap:	3.16		
Enterprise Value:	\$134,213,600	Today's Equity if 5x Op. CF:	\$119,599,310		
		Net Tang. Book+ Gain Disposition:			\$128,198,160.00
Shares Outstanding:	5,080,000	IRR:			1.08%
		Price:			\$25.24
		Target Market Cap:			\$128,198,160
		Target Enterprise Value:			\$140,898,160

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

Big Boy's burger franchisee turned operator/owner in the MidWest. Owns 95 stores , from 88 in 2009 and licensed to 25 stores. Not to be confused with Big Boy International, which is the original founders based in California.

We like the price and the presumably stable cash flow, but we are concerned about future growth prospects as the boundary is set to 4 states in the MidWest. Surely, the Co. may be able to extend out to other areas, but BigBoy International has the upper hand in the negotiation table, and we doubt this venue for expansion will amount to material cash flow growth for the Co.

200,000,000

150,000,000

100,000,000

50,000,000

0

-50,000,000

Debt  
16,700,000

Mkt Cap  
121,513,600

Cash  
-4,000,000

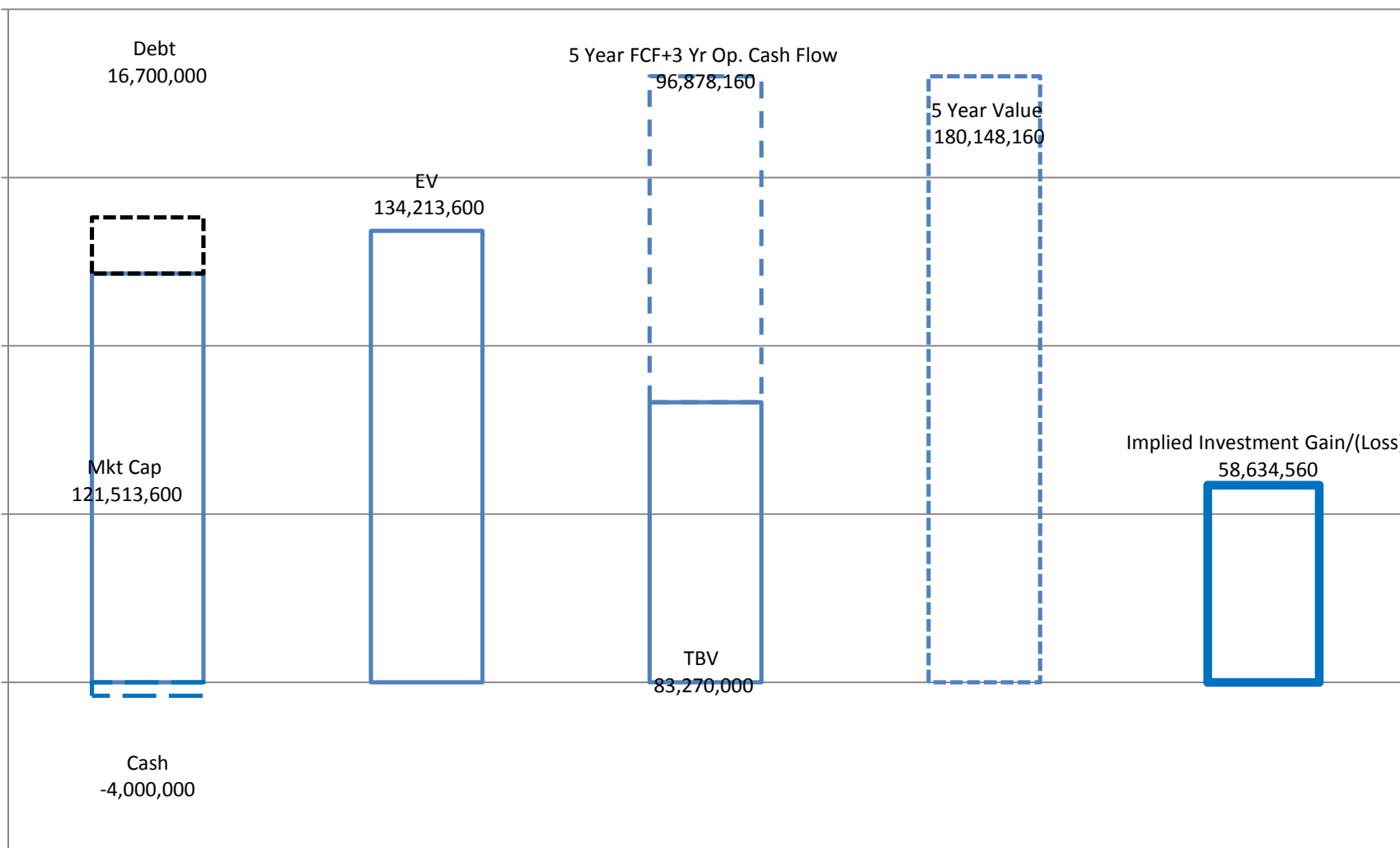
EV  
134,213,600

5 Year FCF+3 Yr Op. Cash Flow  
96,878,160

TBV  
83,270,000

5 Year Value  
180,148,160

Implied Investment Gain/(Loss)  
58,634,560



Frisch's Restaurants, Inc., was incorporated in the state of Ohio in 1947. It is a regional company that operates family-style restaurants under the name 'Frisch's Big Boy.' As of May 28, 2013, the Company operated 95 Frisch's Big Boy restaurants. Additionally, the Company licensed the rights to operate 25 Frisch's Big Boy restaurants to other operators. All of the restaurants licensed to other operators are located in various markets within the states of Ohio, Kentucky and Indiana. The Company also licenses Big Boy restaurants to other operators, currently in certain parts of Ohio, Kentucky and Indiana. In addition, the Company operates a commissary and food manufacturing plant near its headquarters in Cincinnati, Ohio that services all Big Boy restaurants operated by the Company, and is available to supply restaurants licensed to others. The Company owns the trademark 'Frisch's' and has exclusive, irrevocable ownership of the rights to the 'Big Boy' trademark, trade name and service mark in the states of Kentucky and Indiana, and in most of Ohio and Tennessee. All of the Frisch's Big Boy restaurants also offer 'drive-thru' service. The Company has registered certain trademarks and service marks on the Main Register of the United States Patent and Trademark Office, including 'Frisch's,' 'Brawny Lad,' 'Buddie Boy,' 'Frisch-ly made,' 'Pie Baby,' 'Fire & Ice' and the tag line 'What's Your Favorite Thing' Other raw materials used in food processing include equipment for cooking and preparing food, refrigeration and storage equipment and various other fixtures. The Company is subject to licensing and regulation by various federal, state and local agencies, including vendors' licenses, health, sanitation, safety and hiring and employment practices including compliance with the Fair Labor Standards Act and minimum wage statutes.

<b>Company Name:</b>	<b>Frisch Restaurant</b>
Ticker Symbol:	FRS
<b>Last Price:</b>	<b>\$23.92</b>
Net Cash/Share:	-\$2.50
Net Cash to Last Price:	-10.45%
Shares Outstanding:	5,080,000
Industry:	Restaurants
Sector:	Consumer Cyclical
Institutional Ownership:	50.37%
Mutual Fund Ownership:	24.03%
Insider Ownership:	22.63%
Float:	56.00%

Market Capitalization:	\$121,513,600.00
Total Debt:	\$16,700,000.00
Total Cash:	\$4,000,000.00
Net Cash/(Debt):	-\$12,700,000.00
Enterprise Value:	\$134,213,600.00
Current EV/Share:	\$26.42
EBITDA:	\$20,850,000.00
EV/EBITDA Multiple:	6.44
EV/EBITDA Multiple Average Year 1-5:	9.28
EV/FCF Multiple (excluding acquisition):	14.20
EV/FCF Multiple Average Year 1-5 (excluding acquisition):	63.62

<b>Income Statement</b>		
Revenue:	\$204,320,000.00	100.0%
Cost of Goods Sold:	\$181,770,000.00	89.0%
Gross Profit:	\$22,550,000.00	11.0%
EBITDA:	\$22,430,000.00	11.0%
Net Income:	\$7,930,000.00	3.9%

<b>Balance Sheet</b>	
Cash:	\$4,000,000.00
Short Term Investment:	\$0.00
A/R:	\$1,500,000.00
PP&E:	\$105,000,000.00
Assets:	\$131,490,000.00

A/P:	\$6,000,000.00
Deferred Tax:	\$360,000.00
Other Liabilities:	\$22,680,000.00
Short term Debt:	\$4,710,000.00
Long Term Debt:	\$11,990,000.00
Liabilities:	\$45,740,000.00
Retained Earnings:	\$51,000,000.00
Paid-In Capital:	\$77,590,000.00
Treasury Stock:	-\$40,000,000.00
Stockholder's Equity:	\$84,270,000.00

<b>Technicals</b>	
52 week low:	\$15.76
Today from 52 week low:	51.78%
52 week high:	\$25.42
Today from 52 week high:	6.27%

<b>Analyst/Consensus</b>	
Analyst Sales Growth FY1:	N/A
Analyst Sales Growth FY2:	N/A
SN Valuation Estimate FY1:	0.00%
SN Valuation Estimate FY2:	0.00%

Analyst Earnings Estimate FY1:	\$1.39
Analyst Earnings Estimate FY2:	\$1.44
SN Valuation Earnings Est. FY1:	\$0.34
SN Valuation Earnings Est. FY2:	\$0.34

<b>Multiples</b>	
<b>Market Value to Book:</b>	<b>1.44</b>
EV to Book:	1.59
Market Value to Tangible Net Assets:	1.51
P/E Ratio:	15.32
Trailing P/E Ratio:	15.40
Forward P/E Ratio:	16.76
Beta:	0.34
Dividend:	0.72
<b>Dividend Yield:</b>	<b>2.98%</b>
Dividend Date:	Jul 10, 2013
Ex-Dividend Date:	Sep 24, 2013

<b>Competitors</b>	
Average EV to EBITDA:	N/A
Company EV to EBITDA:	6.44
Average EV to EBIT:	N/A
Company EV to EBITA:	12.84

<b>Upper Range</b>	
<b>DCF: EV/EBITDA Terminal Value</b>	
Implied TV from 3 X EV/EBITDA Multiple	\$12,222,600.00
Enterprise Value	\$12,222,600.00
Cash at Year 5:	\$14,548,850.00
Debt at Year 5:	\$16,700,000.00
Equity Value Year 5:	\$10,071,450.00
<b>Equity/Share at Year 5:</b>	<b>\$1.98</b>
Annualized Return:	-39.23%

<b>Lower Range</b>	
<b>DCF: Net Tangible Asset excluding Cash/Debt Terminal Value</b>	
Year 5 Net Tangible Assets excluding cash and debt	\$97,180,000.00
Enterprise Value	\$97,180,000.00
Cash at Year 5:	\$14,548,850.00
Debt at Year 5:	\$16,700,000.00
Equity Value Year 5:	\$95,028,850.00
<b>Equity/Share at Year 5:</b>	<b>\$18.71</b>
Annualized Return:	-4.80%

<b>EVA</b>	
EVA today:	\$81,676,630.14
EVA in 5 Years:	\$68,327,831.54
EVA/Share:	\$13.45
Cash at Year 5:	\$14,548,850.00
Debt at Year 5:	\$16,700,000.00
Equity Value Year 5:	\$66,176,681.54
<b>Equity/Share at Year 5:</b>	<b>\$13.03</b>
Annualized return	-3.51%

<b>Cash Flow</b>	
Net Income:	6,820,000.00
Depreciation/Amortization:	10,390,000.00
Change in Working capital:	630,000.00
Cash from Operating Activities:	19,280,000.00
Capital Expenditures:	-9,840,000.00
Cash from Investing Activities:	-4,140,000.00
Total Cash Dividends Paid:	-51,180,000.00
Issuance (Retirement) of Stock:	650,000.00
Issuance (Retirement) of Debt:	-6,780,000.00
Cash from Financing Activities:	-56,850,000.00

<b>Profitability Margins</b>	
Debt to Equity:	19.82%
Return on Assets:	5.30%
Return on Capital:	6.90%
Return on Equity:	8.27%

<b>Current Net Tangible Asset</b>	
<b>Net Tangible Asset/Share:</b>	<b>\$16.68</b>
<b>Net Tangible Asset/Share in Year 5:</b>	<b>\$18.38</b>
Annualized return	1.95%

Current Equity Price:	\$23.92
Selling at Discount?	Premium
Appreciation Potential:	-30.25%

SN VALUATION

LBO Pro Forma Income Statement

Name:

Frisch Restaurant

Ticker:

FRS

	Historical				Forecasted				
	52 weeks ending 2010-06-01	52 weeks ending 2011-05-31	52 weeks ending 2012-05-29	52 weeks ending 2013-05-28	2013	2014	2015	2016	2017
Revenue	191.61	201.72	205.08	203.71	203.71	203.71	203.71	203.71	203.71
COGS	169.09	179.08	183.57	181.16	183.34	183.34	183.34	183.34	183.34
Gross margin	22.52	22.64	21.51	22.55	20.37	20.37	20.37	20.37	20.37
SG&A	12.26	12.52	13.38	13.07	14.26	14.26	14.26	14.26	14.26
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.00	0.04	1.03	0.40	2.04	2.04	2.04	2.04	2.04
Other operating expense	-1.27	-1.32	-1.32	-1.38	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)	11.53	11.40	8.42	10.46	4.07	4.07	4.07	4.07	4.07
Interest income/(expense)	-1.74	-1.58	-1.41	-0.96	-1.43	-1.43	-1.43	-1.43	-1.43
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	9.78	9.82	7.02	9.49	2.65	2.65	2.65	2.65	2.65
Tax	3.03	2.72	1.22	2.52	0.93	0.93	0.93	0.93	0.93
Income after tax	6.75	7.10	5.80	6.97	1.72	1.72	1.72	1.72	1.72
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	6.75	7.10	5.80	6.97	1.72	1.72	1.72	1.72	1.72
*Figures are in millions (\$)									
EPS (based off today's share count)	\$1.33	\$1.40	\$1.14	\$1.37	\$0.34	\$0.34	\$0.34	\$0.34	\$0.34
P/E (historical today's price; forecasted intrinsic price)	18.00	17.11	20.95	17.43	71.42	72.19	72.96	73.75	74.54
Revenue Growth	N/A	5.28%	1.67%	-0.67%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	30.98%	27.70%	17.38%	26.55%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-5.35%	-4.90%	-6.20%	-5.74%	-14.28%	-14.28%	-14.28%	-14.28%	-14.28%
Margins									
COGS	88.25%	88.78%	89.51%	88.93%	90.00%	90.00%	90.00%	90.00%	90.00%
Gross margin	11.75%	11.22%	10.49%	11.07%	10.00%	10.00%	10.00%	10.00%	10.00%
SG&A	6.40%	6.21%	6.52%	6.42%	7.00%	7.00%	7.00%	7.00%	7.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.00%	0.02%	0.50%	0.20%	1.00%	1.00%	1.00%	1.00%	1.00%
Other operating expense	-0.65%	-0.65%	-0.64%	-0.68%	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%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	6.02%	5.65%	4.11%	5.13%	2.00%	2.00%	2.00%	2.00%	2.00%
Interest income/(expense)	-0.91%	-0.78%	-0.69%	-0.47%	-0.70%	-0.70%	-0.70%	-0.70%	-0.70%
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	5.10%	4.87%	3.42%	4.66%	1.30%	1.30%	1.30%	1.30%	1.30%
Tax	1.58%	1.35%	0.59%	1.24%	0.45%	0.45%	0.45%	0.45%	0.45%
Income after tax	3.52%	3.52%	2.83%	3.42%	0.84%	0.84%	0.84%	0.84%	0.84%
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	3.52%	3.52%	2.83%	3.42%	0.84%	0.84%	0.84%	0.84%	0.84%

	As of 2010-06-01	As of 2011-05-31	As of 2012-05-29	As of 2013-05-28	As of 2013-09-17	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	0.65	2.32	45.96	4.26	4.00			4.00	6.10977	8.22	10.33	12.44	14.55
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
<b>Cash and Short term</b>	<b>0.65</b>	<b>2.32</b>	<b>45.96</b>	<b>4.26</b>	<b>4.00</b>			<b>4.00</b>	<b>6.11</b>	<b>8.22</b>	<b>10.33</b>	<b>12.44</b>	<b>14.55</b>
Accounts Receivable	1.53	2.00	1.68	1.30	1.50			1.50	1.50	1.50	1.50	1.50	1.50
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Receivables</b>	<b>1.53</b>	<b>2.00</b>	<b>1.68</b>	<b>1.30</b>	<b>1.50</b>			<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>
Total Inventory	5.96	4.94	5.59	5.76	6.49			6.49	6.49	6.49	6.49	6.49	6.49
Prepaid Expenses	2.25	4.37	3.01	3.10	2.67			2.67	2.67	2.67	2.67	2.67	2.67
Other Current Assets	0.00	1.23	3.68	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Current Assets</b>	<b>10.39</b>	<b>14.86</b>	<b>59.92</b>	<b>14.42</b>	<b>14.66</b>	<b>0.00</b>	<b>0.00</b>	<b>14.66</b>	<b>16.76977</b>	<b>18.88</b>	<b>20.99</b>	<b>23.10</b>	<b>25.21</b>
PP&E, Gross	906.75	215.79	214.96	226.09	227.00			227.00	237.00	247.00	257.00	267.00	277.00
Change in Depreciation	8.48	9.93	10.27	10.39	10.39			10.39	10.39	10.39	10.39	10.39	10.39
Accumulated Depreciation	138.05	109.14	112.83	122.11	122.00			122.00	132.39	142.78	153.17	163.56	173.95
<b>PP&amp;E, Net</b>	<b>168.70</b>	<b>106.65</b>	<b>102.13</b>	<b>103.98</b>	<b>105.00</b>			<b>105.00</b>	<b>104.61</b>	<b>104.22</b>	<b>103.83</b>	<b>103.44</b>	<b>103.05</b>
Goodwill	0.74	0.74	0.74	0.74	1.00	0.00		1.00	1.00	1.00	1.00	1.00	1.00
Intangibles	0.72	0.05	0.04	0.03	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term investments	0.92	0.92	3.39	3.17	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	7.78	72.79	13.73	8.20	10.83			10.83	10.83	10.83	10.83	10.83	10.83
<b>Long Term Assets</b>	<b>178.86</b>	<b>181.15</b>	<b>120.03</b>	<b>116.12</b>	<b>116.83</b>			<b>116.83</b>	<b>116.44</b>	<b>116.05</b>	<b>115.66</b>	<b>115.27</b>	<b>114.88</b>
<b>Total Assets</b>	<b>189.25</b>	<b>196.01</b>	<b>179.95</b>	<b>130.54</b>	<b>131.49</b>	<b>0.00</b>	<b>0.00</b>	<b>131.49</b>	<b>133.21</b>	<b>134.93</b>	<b>136.65</b>	<b>138.37</b>	<b>140.09</b>
Accounts Payable	10.56	10.03	6.29	5.88	6.00			6.00	6.00	6.00	6.00	6.00	6.00
Accrued Expense	9.64	8.78	7.34	8.03	8.00			8.00	8.00	8.00	8.00	8.00	8.00
Other current Liabilities	0.58	2.27	1.78	0.28	1.22			1.22	1.22	1.22	1.22	1.22	1.22
<b>Total Current Liabilities</b>	<b>20.78</b>	<b>21.08</b>	<b>15.41</b>	<b>14.19</b>	<b>15.22</b>	<b>0.00</b>	<b>0.00</b>	<b>15.22</b>	<b>15.22</b>	<b>15.22</b>	<b>15.22</b>	<b>15.22</b>	<b>15.22</b>
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	8.27	8.02	6.76	5.08	4.71			4.71	4.71	4.71	4.71	4.71	4.71
Long term Debt	23.29	22.57	14.45	9.60	10.00	0.00	0.00	10.00	10.00	10.00	10.00	10.00	10.00
Capital Lease Obligations	0.99	1.68	1.53	2.05	1.99			1.99	1.99	1.99	1.99	1.99	1.99
<b>Total Interest Earning Debt</b>	<b>32.55</b>	<b>32.27</b>	<b>22.74</b>	<b>16.73</b>	<b>16.70</b>	<b>0.00</b>	<b>0.00</b>	<b>16.70</b>	<b>16.70</b>	<b>16.70</b>	<b>16.70</b>	<b>16.70</b>	<b>16.70</b>
Deferred Income tax	0.00	0.00	0.00	0.25	0.36			0.36	0.36	0.36	0.36	0.36	0.36
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	15.83	17.15	20.10	13.89	13.46			13.46	13.46	13.46	13.46	13.46	13.46
<b>Total Liabilities</b>	<b>69.16</b>	<b>70.50</b>	<b>58.25</b>	<b>45.06</b>	<b>45.74</b>	<b>0.00</b>	<b>0.00</b>	<b>45.74</b>	<b>45.74</b>	<b>45.74</b>	<b>45.74</b>	<b>45.74</b>	<b>45.74</b>
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	7.59	7.59	7.59	7.59	7.59		0.00	7.59	7.59	7.59	7.59	7.59	7.59
Additional Paid-in capital	65.22	65.54	65.91	69.41	70.00	0.00	0.00	70.00	70.00	70.00	70.00	70.00	70.00
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	89.70	96.25	95.29	50.92	51.00			51.00	52.72	54.44	56.16	57.88	59.60
Treasury Stock	-34.56	-38.12	-38.06	-39.94	-40.00		0.00	-40.00	-40.00	-40.00	-40.00	-40.00	-40.00
Other Equity	-7.86	-5.73	-9.01	-4.32	-4.32		0.00	-4.32	-4.32	-4.32	-4.32	-4.32	-4.32
<b>Total Equity</b>	<b>120.09</b>	<b>125.53</b>	<b>121.72</b>	<b>83.66</b>	<b>84.27</b>	<b>0.00</b>	<b>0.00</b>	<b>84.27</b>	<b>85.99</b>	<b>87.71</b>	<b>89.43</b>	<b>91.15</b>	<b>92.87</b>
<b>Liability + Equity</b>	<b>189.25</b>	<b>196.03</b>	<b>179.97</b>	<b>128.72</b>	<b>130.01</b>	<b>0.00</b>	<b>0.00</b>	<b>130.01</b>	<b>131.73</b>	<b>133.45</b>	<b>135.17</b>	<b>136.89</b>	<b>138.61</b>
<b>Variance</b>	0.00	-0.02	-0.02	1.82	1.48			1.48	1.48	1.48	1.48	1.48	1.48
<b>Debt/Equity</b>	0.27	0.26	0.19	0.20	0.20			0.20	0.19	0.19	0.19	0.18	0.18
Inventory Turnover	32.15	40.83	36.69	35.37	31.39			31.39	31.39	31.39	31.39	31.39	31.39
Inventory Turnover Days	11.35	8.94	9.95	10.32	11.63			11.63	11.63	11.63	11.63	11.63	11.63
Days Inventory Outstanding	12.87	10.07	11.11	11.61	12.92			13.08	12.92	12.92	12.92	12.92	12.92
Accounts Receivable Turnover	125.24	100.86	122.07	156.70	135.81			135.81	135.81	135.81	135.81	135.81	135.81
Accounts Receivable Turnover Days	2.91	3.62	2.99	2.33	2.69			2.69	2.69	2.69	2.69	2.69	2.69
Days Payable Outstanding	22.79	20.44	12.51	11.85	11.95			12.09	11.95	11.95	11.95	11.95	11.95
Days Sales Outstanding	2.91	3.62	2.99	2.33	2.69			2.33	2.69	2.69	2.69	2.69	2.69
Cash Conversion Cycle	-7.02	-6.76	1.60	2.09	3.66			3.32	3.66	3.66	3.66	3.66	3.66
Net tangible assets/share	\$23.35	\$24.56	\$23.81	\$16.32	\$16.39			\$16.73	\$17.07	\$17.41	\$17.75	\$17.75	\$18.08

	52 weeks ending 2010-06-01	52 weeks ending 2011-05-31	52 weeks ending 2012-05-29	52 weeks ending 2013-05-28	2011	2012	2013	2014	2015
Net Income	10.00	9.47	2.15	6.82	1.72	1.72	1.72	1.72	1.72
Depreciation	8.48	9.93	10.27	10.39	10.39	10.39	10.39	10.39	10.39
<b>Net Income + Depreciation</b>	<b>18.48</b>	<b>19.40</b>	<b>12.42</b>	<b>17.21</b>	<b>12.11</b>	<b>12.11</b>	<b>12.11</b>	<b>12.11</b>	<b>12.11</b>
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non Cash Items	6.92	8.40	15.39	1.45	0.00	0.00	0.00	0.00	0.00
Change in Working capital	1.23	1.54	-4.03	0.63	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-0.47	0.32	0.38	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	1.02	-0.65	-0.17	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-2.12	1.36	-0.09	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-0.53	-3.74	-0.41	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>26.63</b>	<b>29.34</b>	<b>23.78</b>	<b>19.29</b>	<b>12.11</b>	<b>12.11</b>	<b>12.11</b>	<b>12.11</b>	<b>12.11</b>
Capital Expenditures Expenditures	-21.37	-17.15	-10.73	-9.84	-10.00	-10.00	-10.00	-10.00	-10.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-3.47	-2.57	43.75	5.69	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>-24.84</b>	<b>-19.72</b>	<b>33.02</b>	<b>-4.15</b>	<b>-10.00</b>	<b>-10.00</b>	<b>-10.00</b>	<b>-10.00</b>	<b>-10.00</b>
Financing Cash flow items	0.03	0.23	-0.02	0.46	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-2.60	-2.92	-3.11	-51.18	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	-0.84	-3.89	-0.48	0.65	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	1.38	-1.23	-9.54	-6.78	0.00	0.00	0.00	0.00	0.00
<b>Cash from Financing Activities</b>	<b>-2.03</b>	<b>-7.81</b>	<b>-13.15</b>	<b>-56.85</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	0.90	0.65	2.32	45.96	4.00	6.11	8.22	10.33	12.44
<b>Net Change in Cash</b>	<b>-0.25</b>	<b>1.80</b>	<b>43.65</b>	<b>-41.71</b>	<b>2.11</b>	<b>2.11</b>	<b>2.11</b>	<b>2.11</b>	<b>2.11</b>
Ending Cash Balance	0.65	2.32	45.97	4.25	6.11	8.22	10.33	12.44	14.55
Capex to Revenue	11.15%	8.50%	5.23%	4.83%	4.91%	4.91%	4.91%	4.91%	4.91%
Depreciation to Sales	4.43%	4.92%	5.01%	5.10%	5.10%	5.10%	5.10%	5.10%	5.10%
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	0.80%	0.99%	0.82%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%
Distributable FCF/EV Yield	1.33%	7.17%	42.32%	11.28%	1.57%	1.57%	1.57%	1.57%	1.57%
Dividend Yield	-2.14%	-2.40%	-2.56%	-42.12%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	<b>7.86</b>	<b>15.11</b>	<b>16.16</b>	<b>60.63</b>	<b>2.11</b>	<b>2.11</b>	<b>2.11</b>	<b>2.11</b>	<b>2.11</b>

# SN VALUATION

# LBO Debt Schedule

Ticker:

FRS

	Proforma	2013	2014	2015	2016	2017
<b>Net Change in Cash</b>	<b>-41.71</b>	<b>2.11</b>	<b>2.11</b>	<b>2.11</b>	<b>2.11</b>	<b>2.11</b>
Current Portion Debt Repayment						
Long Term Debt Repayment						
<b>Outstanding Debt</b>	<b>14.71</b>	<b>14.71</b>	<b>14.71</b>	<b>14.71</b>	<b>14.71</b>	<b>14.71</b>
Current Portion Debt Balance	4.71	4.71	4.71	4.71	4.71	4.71
Long Term Debt Balance	10.00	10.00	10.00	10.00	10.00	10.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		7.00%	7.00%	7.00%	7.00%	7.00%
<b>Interest Rate</b>		<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>	<b>10.00%</b>
<b>Interest Expense</b>		<b>1.47</b>	<b>1.47</b>	<b>1.47</b>	<b>1.47</b>	<b>1.47</b>
Cash Balance		4.26				
Interest @ 1.0%		0.04	0.04	0.04	0.04	0.04
<b>Net Interest Expense/(Income)</b>		<b>1.43</b>	<b>1.43</b>	<b>1.43</b>	<b>1.43</b>	<b>1.43</b>
<b>Net Interest Rate</b>		<b>14.28%</b>	<b>14.28%</b>	<b>14.28%</b>	<b>14.28%</b>	<b>14.28%</b>
EBITDA		4.07	4.07	4.07	4.07	4.07
<b>EBITDA/Interest Expense Coverage</b>		<b>2.77</b>	<b>2.77</b>	<b>2.77</b>	<b>2.77</b>	<b>2.77</b>

Interest Rate Coverage Table

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

\*Source: NYU; Professor Damodaran

## Altman Z Score

Company Name:

Frisch Restaurant

Ticker:

FRS

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	-10.39	-6.22	44.51	-0.56	1.55	3.66	5.77	7.88	9.99
Total Assets	189.25	196.01	179.95	131.49	133.21	134.93	136.65	138.37	140.09
<b>X1</b>	<b>-0.05</b>	<b>-0.03</b>	<b>0.25</b>	<b>0.00</b>	<b>0.01</b>	<b>0.03</b>	<b>0.04</b>	<b>0.06</b>	<b>0.07</b>
Retained Earnings	89.70	96.25	95.29	51.00	52.72	54.44	56.16	57.88	59.60
Total Assets	189.25	196.01	179.95	131.49	133.21	134.93	136.65	138.37	140.09
<b>X2</b>	<b>0.47</b>	<b>0.49</b>	<b>0.53</b>	<b>0.39</b>	<b>0.40</b>	<b>0.40</b>	<b>0.41</b>	<b>0.42</b>	<b>0.43</b>
EBITDA	11.53	11.40	8.42	10.46	4.07	4.07	4.07	4.07	4.07
Total Assets	189.25	196.01	179.95	131.49	133.21	134.93	136.65	138.37	140.09
<b>X3</b>	<b>0.06</b>	<b>0.06</b>	<b>0.05</b>	<b>0.08</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>	<b>0.03</b>
Market Value of Equity	121.51	121.51	121.51	121.51	122.82	124.14	125.48	126.83	128.20
Total Liabilities	69.16	70.50	58.25	45.74	45.74	45.74	45.74	45.74	45.74
<b>X4</b>	<b>1.76</b>	<b>1.72</b>	<b>2.09</b>	<b>2.66</b>	<b>2.69</b>	<b>2.71</b>	<b>2.74</b>	<b>2.77</b>	<b>2.80</b>
Net Sales	191.61	201.72	205.08	203.71	203.71	203.71	203.71	203.71	203.71
Total Assets	189.25	196.01	179.95	131.49	133.21	134.93	136.65	138.37	140.09
<b>X5</b>	<b>1.01</b>	<b>1.03</b>	<b>1.14</b>	<b>1.55</b>	<b>1.53</b>	<b>1.51</b>	<b>1.49</b>	<b>1.47</b>	<b>1.45</b>
<b>Altman Z Score</b>	<b>2.87</b>	<b>2.90</b>	<b>3.58</b>	<b>3.94</b>	<b>3.81</b>	<b>3.84</b>	<b>3.86</b>	<b>3.89</b>	<b>3.91</b>

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

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
<b>Tangible Book Value</b>	83.27	84.99	86.71	88.43	90.15	91.87				91.87
Annual Change		1.72	1.72	1.72	1.72	1.72				
<b>Annual FCF</b>	9.45	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11	6.33
Annual Op. Cash Flow	19.29	12.11	12.11	12.11	12.11	12.11	12.11	12.11	12.11	
Annual PP&E Investment	(9.84)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	
<b>Today's Tangible Book Value</b>	83.27	84.92	86.61	88.33	90.08	91.87				98.20
Intrinsic Value IRR	1.98%									
<b>Market Price</b>	121.51	116.44	111.59	106.93	102.47	98.20				98.20
Market Price IRR	-4.17%									

Debt	50.00%	60.76
Equity	50.00%	60.76
<b>Total</b>	<b>100.00%</b>	<b>121.51</b>

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5			
Book Equity	84.27	60.76	57.76	54.75	51.75	48.75	45.75			
Goodwill	1	38.24	38.24	38.24	38.24	38.24	38.24			
Debt	10	70.76	70.76	70.76	70.76	70.76	70.76			
Debt Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%			
Additional Interest Expense		5.65	5.65	5.65	5.65	5.65				
<b>Tangible Book Value</b>	83.27	22.51	19.51	16.51	13.51	10.51	7.51			7.51
Annual Change			-3.00	-3.00	-3.00	-3.00	-3.00			
<b>Annual FCF</b>	9.45		(2.61)	(2.61)	(2.61)	(2.61)	(2.61)	(2.61)	(2.61)	(7.83)
Annual Net Income	6.97		(3.00)	(3.00)	(3.00)	(3.00)	(3.00)	(3.00)	(3.00)	
<b>Annual Op. Cash Flow</b>	19.29		7.39	7.39	7.39	7.39	7.39	7.39	7.39	
Dividend Payments										
<b>Annual PP&amp;E Investment</b>	(9.84)		(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	
Debt Paydown	0.00							0.00	0.00	0.00

Sale Price in Year 5 (1.33)

Capital Left for Equity Investor (0.33)  
 Dividend Payments 0.00  
 Total Cash In Flow (1.33)

Invested Equity 60.76  
 IRR -135.21%

Value Creation  
 TBV Growth (equals sum of NI Year 1-5) -15.01  
 Cash Flow (Year 6-8) -7.83  
**-22.84**

Value Dilution  
 Debt 60.76  
 Goodwill 37.24  
 Additional Interest 28.24  
**126.24**