

## Denny's Corporation (DENN)



%old school value

August 5, 2013

Figures in Millions except per share values



### Valuation

|                            |    |        |
|----------------------------|----|--------|
| Current Price              | \$ | 5.78   |
| NCAV                       | \$ | (2.74) |
| Total Net Reprod. Cost     | \$ | 2.04   |
| Earnings Power Value (EPV) | \$ | 5.16   |
| Discounted Cash Flow (DCF) | \$ | 5.84   |
| Katsenelson Absolute PE    | \$ | 8.62   |
| Ben Graham Formula         | \$ | 5.61   |

### Key Statistics

|                |    |        |
|----------------|----|--------|
| Mkt Cap (\$M)  | \$ | 529.79 |
| 52 Wk High     | \$ | 6.24   |
| 52 Wk Low      | \$ | 4.52   |
| % off 52Wk Low |    | 27.9%  |

### Cash Flows

|                  |  |      |
|------------------|--|------|
| Free Cash Flow   |  |      |
| 5 yr FCF Growth  |  | 0.0% |
| 10 yr FCF Growth |  | 0.0% |

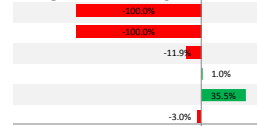
### Effectiveness

|       |  |        |
|-------|--|--------|
| CROIC |  |        |
| Avg   |  | 6.4%   |
| FCF/S |  |        |
| Avg   |  | 2.2%   |
| ROA   |  |        |
| Avg   |  | 10.5%  |
| ROE   |  |        |
| Avg   |  | -24.9% |

### Efficiency

|                              |  |       |
|------------------------------|--|-------|
| Receivables Turnover (TTM)   |  | 25.8  |
| Inventory Turnover (TTM)     |  | 117.0 |
| Days Sales Outstanding (TTM) |  | 12.8  |

### Margin of Safety



### Company Stats

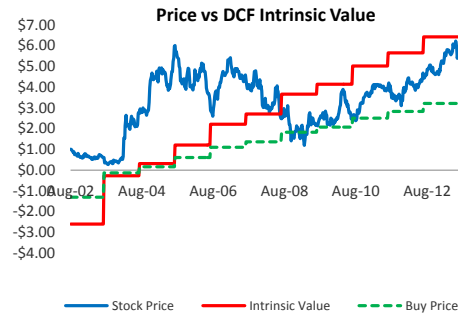
|                       |       |
|-----------------------|-------|
| Shares Outstanding    | 91.7  |
| Shares Float          | 88.7  |
| Insider Ownership     | 1.10% |
| Insider Transactions  | 19.6% |
| Institutional Ownersh | 93.4% |
| Float Short           | 1.7%  |
| Short Ratio           | 2.4   |
| Piotroski (TTM)       | 7     |
| Altman (MRQ)          | -0.8  |
| Beneish (TTM)         | -3.0  |

### Margins & Profitability

|                  |       |
|------------------|-------|
| Gross            |       |
| Gross Margin     | 44.9% |
| Operating        |       |
| Operating Margin | 12.1% |
| Net Profit       |       |
| Net Margin       | 5.4%  |

### Financial Strength (MRQ)

|                    |      |
|--------------------|------|
| Current Ratio(MRQ) | 0.6  |
| Quick Ratio(MRQ)   | 0.6  |
| LTD/Eq(MRQ)        | 67.8 |
| Tot D/Eq(MRQ)      | 70.6 |



### Fundamental Ratios

|                         | 2011    | 2012     | TTM     |
|-------------------------|---------|----------|---------|
| P/E                     | 3.37    | 18.93    | 15.96   |
| P/E (cash adjusted)     | 3.25    | 18.40    | 15.90   |
| EV/EBITDA               | 7.23    | 8.34     | 9.26    |
| EV/Free Cash Flow       | 14.09   | 14.83    | 18.05   |
| P/S                     | 0.72    | 1.01     | 1.16    |
| P/BV                    | (39.83) | (110.20) | 220.07  |
| P/Tang BV               | (4.22)  | (5.80)   | (6.99)  |
| P/CF                    | 0.75    | 6.43     | 6.27    |
| P/FCF                   | 9.21    | 10.91    | 13.65   |
| ROE                     | #####   | -582.3%  | 1406.8% |
| ROA                     | 32.6%   | 8.0%     | 11.5%   |
| ROIC                    | 76.4%   | 14.7%    | 15.1%   |
| CROIC                   | 15.2%   | 18.3%    | 15.8%   |
| Current Ratio           | 0.70    | 0.70     | 0.65    |
| Total Debt/Equity Ratio | (20.69) | (39.05)  | 65.44   |
| Inventory Turnover      | 107.59  | 110.27   | 116.96  |

### Selected Financial Statements

(In Millions, Except per Share Amounts)

|                  | 2008   | 2009   | 2010   | 2011   | 2012   | TTM/Latest |
|------------------|--------|--------|--------|--------|--------|------------|
| Revenue          | \$ 760 | \$ 608 | \$ 548 | \$ 539 | \$ 488 | \$ 468     |
| Gross Profit     | \$ 155 | \$ 148 | \$ 135 | \$ 136 | \$ 139 | \$ 136     |
| Margin %         | 20.42% | 24.27% | 24.70% | 25.33% | 28.56% | 29.04%     |
| R&D              | \$ -   | \$ -   | \$ -   | \$ -   | \$ -   | \$ -       |
| Margin %         | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%      |
| Operating Income | \$ 55  | \$ 58  | \$ 50  | \$ 53  | \$ 57  | \$ 56      |
| Margin %         | 7.17%  | 9.53%  | 9.16%  | 9.86%  | 11.65% | 11.93%     |
| Net Income       | \$ 27  | \$ 42  | \$ 18  | \$ 114 | \$ 26  | \$ 35      |
| Margin %         | 3.55%  | 6.83%  | 3.24%  | 21.24% | 5.32%  | 7.40%      |

### Earnings Per Share

|         |         |         |         |         |         |         |
|---------|---------|---------|---------|---------|---------|---------|
| Basic   | \$ 0.28 | \$ 0.43 | \$ 0.18 | \$ 1.17 | \$ 0.27 | \$ 0.37 |
| Diluted | \$ 0.27 | \$ 0.42 | \$ 0.18 | \$ 1.15 | \$ 0.27 | \$ 0.36 |

### Weighted Average Diluted Shares

|                                    |       |       |        |       |       |       |
|------------------------------------|-------|-------|--------|-------|-------|-------|
| Outstanding                        | 98.84 | 98.50 | 101.39 | 99.59 | 96.75 | 93.67 |
| Dividends Per Share                | \$ -  | \$ -  | \$ -   | \$ -  | \$ -  | \$ -  |
| Dividend Yield                     | 0.00% | 0.00% | 0.00%  | 0.00% | 0.00% | 0.00% |
| Net Cash From Operating Activities | \$ 20 | \$ 33 | \$ 38  | \$ 60 | \$ 59 | \$ 57 |

(Dollars in Millions)

|                                  |          |          |          |         |        |        |
|----------------------------------|----------|----------|----------|---------|--------|--------|
| Net Property, Plants & Equipment | \$ 160   | \$ 131   | \$ 130   | \$ 113  | \$ 107 | \$ 104 |
| Total Assets                     | \$ 347   | \$ 313   | \$ 311   | \$ 351  | \$ 325 | \$ 301 |
| Long-term Debt                   | \$ 414   | \$ 348   | \$ 325   | \$ 273  | \$ 238 | \$ 225 |
| Stockholders' Equity             | \$ (174) | \$ (127) | \$ (104) | \$ (10) | \$ (4) | \$ 2   |