

BIGLARI HOLDINGS INC.  
Form 10-Q  
May 21, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 14, 2010

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-8445

BIGLARI HOLDINGS INC.

(Exact name of registrant as specified in its charter)

INDIANA

(State or other jurisdiction of incorporation or organization)

37-0684070

(I.R.S. Employer Identification No.)

175 East Houston Street, Suite 1300

San Antonio, Texas

78205

(Address of principal executive offices)

(Zip Code)

(317) 633-4100

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T

Edgar Filing: BIGLARI HOLDINGS INC. - Form 10-Q

(§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of May 20, 2010 1,433,587 shares of the registrant’s Common Stock, \$.50 stated value, were outstanding.

---

BIGLARI HOLDINGS INC.

FORM 10-Q

TABLE OF CONTENTS

<u>PART I. FINANCIAL INFORMATION</u>		Page
<u>ITEM 1.</u>	<u>FINANCIAL STATEMENTS</u>	
	<u>Condensed Consolidated Statements of Financial Position (Unaudited) as of April 14, 2010 and September 30, 2009</u>	3
	<u>Condensed Consolidated Statements of Operations (Unaudited) for the Sixteen and Twenty-Eight Weeks Ended April 14, 2010 and April 8, 2009</u>	4
	<u>Condensed Consolidated Statements of Cash Flows (Unaudited) for the Twenty-Eight Weeks Ended April 14, 2010 and April 8, 2009</u>	5
	<u>Condensed Consolidated Statements of Shareholders' Equity (Unaudited) for the Twenty-Eight Weeks Ended April 14, 2010 and April 8, 2009</u>	6
	<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	7
<u>ITEM 2.</u>	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	19
<u>ITEM 3.</u>	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	24
<u>ITEM 4.</u>	<u>CONTROLS AND PROCEDURES</u>	25
<u>PART II. OTHER INFORMATION</u>		
<u>ITEM 1.</u>	<u>LEGAL PROCEEDINGS</u>	25
<u>ITEM 1A.</u>	<u>RISK FACTORS</u>	25
<u>ITEM 6.</u>	<u>EXHIBITS</u>	26
	<u>SIGNATURES</u>	27

Table of Contents

## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## Condensed Consolidated Statements of Financial Position (Unaudited)

Biglari Holdings Inc.

(Amounts in \$000s, except share and per share data)

	April 14, 2010	September 30, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$75,216	\$51,395
Investments	5,806	3,001
Receivables, net of allowance of \$538 and \$538, respectively	10,848	7,660
Inventories	8,125	6,595
Deferred income taxes	4,329	3,910
Assets held for sale	12,284	13,733
Other current assets	4,561	4,421
Total current assets	121,169	90,715
Property and equipment, net	392,609	399,635
Marketable securities held by consolidated affiliated partnerships	11,658	-
Goodwill	33,220	14,503
Other intangible assets, net	1,463	1,567
Other assets	8,420	8,076
Total assets	\$568,539	\$514,496
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
Accounts payable	\$25,962	\$22,293
Accrued expenses	33,628	30,381
Revolving credit	17,500	18,500
Current portion of obligations under leases	4,390	4,339
Current portion of long-term debt	148	20
Total current liabilities	81,628	75,533
Deferred income taxes	10,754	9,388
Obligations under leases	127,098	130,076
Long-term debt	25,396	48
Other long-term liabilities	9,377	7,404
Total liabilities	254,253	222,449
Commitments and contingencies		
Redeemable noncontrolling interests of consolidated affiliated partnerships	12,004	-
Shareholders' equity		
Common stock - \$0.50 stated value, 2,500,000 shares authorized - 1,511,175 shares issued, 1,431,608 shares outstanding*	756	757
Additional paid-in capital	143,693	143,691
Retained earnings	178,732	167,731

Edgar Filing: BIGLARI HOLDINGS INC. - Form 10-Q

Accumulated other comprehensive income	252	112
Treasury stock - at cost: 79,567 shares as of April 14, 2010; 77,796 shares as of September 30, 2009*	(21,151 )	(20,430 )
Biglari Holdings Inc. shareholders' equity	302,282	291,861
Noncontrolling interest	-	186
Total shareholders' equity	302,282	292,047
Total liabilities and shareholders' equity	\$568,539	\$514,496

\* Adjusted for 1-for-20 reverse stock split effective December 18, 2009.

See accompanying notes.

Table of Contents

## Condensed Consolidated Statements of Operations

(Unaudited)

Biglari Holdings Inc.

(Amounts in \$000s except share and per share data)

	Sixteen Weeks Ended		Twenty-Eight Weeks Ended	
	April 14, 2010	April 8, 2009	April 14, 2010	April 8, 2009
<b>Revenues</b>				
Net sales	\$ 196,650	\$ 187,975	\$ 344,236	\$ 318,694
Franchise fees	1,192	1,054	2,111	2,012
Total revenues	197,842	189,029	346,347	320,706
<b>Costs and expenses</b>				
Cost of sales	54,160	50,714	92,639	85,831
Restaurant operating costs	98,394	96,423	171,551	168,019
General and administrative	11,609	10,799	20,394	19,444
Depreciation and amortization	8,962	9,606	15,885	17,049
Marketing	9,882	9,873	17,609	17,416
Interest	3,527	4,049	6,081	7,651
Rent	4,936	4,659	8,629	8,224
Asset impairments and provision for restaurant closing	(28 )	741	143	917
Loss (gain) on disposal of assets	122	47	99	(12 )
Total costs and expenses	191,564	186,911	333,030	324,539
<b>Other income (expense)</b>				
Other income	1,741	726	2,677	1,254
Other expense	(186 )	(238 )	(295 )	(796 )
Other income (expense), net	1,555	488	2,382	458
Realized investment gains/losses	522	-	834	-
Earnings (loss) before income taxes	8,355	2,606	16,533	(3,375 )
Income taxes	2,838	353	5,522	(2,188 )
Net earnings (loss)	5,517	2,253	11,011	(1,187 )
Less: (Loss) earnings attributable to noncontrolling interest	(7 )	-	10	-
Net earnings (loss) attributable to Biglari Holdings Inc.	\$ 5,524	\$ 2,253	\$ 11,001	\$ (1,187 )
Basic earnings (loss) per common and common equivalent share*	\$ 3.87	\$ 1.58	\$ 7.70	\$ (0.84 )
Diluted earnings (loss) per common and common equivalent share*	\$ 3.84	\$ 1.58	\$ 7.66	\$ (0.84 )
Weighted average shares and equivalents*				

Edgar Filing: BIGLARI HOLDINGS INC. - Form 10-Q

Basic	1,428,699	1,423,918	1,427,835	1,420,134
Diluted	1,437,806	1,427,720	1,436,746	1,420,134

\* Adjusted for 1-for-20 reverse stock split effective December 18, 2009.

See accompanying notes.

Table of Contents

Condensed Consolidated Statements of Cash Flows (Unaudited)  
Biglari Holdings Inc.  
(Amounts in \$000s)

Twenty-Eight Weeks Ended  
April  
14,  
2010  
April 8,  
2009