

Q4 2014

# Restaurant Industry Insights

The restaurant industry is experiencing the strongest valuations in the past ten years driven by low interest rates, ample amounts of financing and abundant equity capital chasing returns. 2014 represents the fifth consecutive year of real growth in restaurant sales with aggregate industry sales, in inflation-adjusted terms, projected to increase 1.2% in 2014, according to the National Restaurant Association.

## Robust Activity Levels

The restaurant industry has continued to experience significant merger and acquisition activity this year. There have been several highly publicized leveraged buyout deals in 2014 including Burger King's merger with Tim Hortons, Darden's divestiture of Red Lobster to Golden Gate Capital and Sentinel Capital's purchase of TGI Fridays. Substantial liquidity and robust public market valuations are facilitating strong transaction volume and premium values.

Private equity firms have an appetite for both underperforming established national brands and high growth emerging concepts. Several private equity firms that have not been traditionally active in the restaurant space have recently made investments in the sector. Berkshire Partners recently purchased a significant minority stake in Portillo's restaurant group, a Chicago inspired casual restaurant chain. Reuters estimates the deal at nearly \$1 billion, which represents approximately 14x LTM EBITDA. KKR is also penetrating the sector with a minority investment in Lemonade, a fast-growing Southern California, health-oriented, comfort food chain. The 14 location concept offers a highly-customizable menu that rotates regularly,

## "Eatertainment" Activity

There has been a renewed interest in the "Eat and Entertainment" segment. Apollo Global Management acquired Chuck E. Cheese in January 2014 for \$1.3 billion in cash and assumed debt, according to the NY Times Dealbook. On October 16, 2014, CEC expanded its brand platform with the acquisition of Peter Piper Pizza. The target operates 147 units that include family entertainment areas and arcades. Peter Piper has had success attracting Hispanic families in the Southwestern U.S., according to Nation's Restaurant News. After receiving a nearly \$1.1 billion offer, including debt, from Roark Capital in May 2014, Dave & Buster's, which operates an entertainment chain aimed at adults, instead decided to enter the IPO market in October and successfully raised \$94 million in the offering, according to Bloomberg. The stock has traded up 26.68% since debuting, as of November 25, 2014.

## Breakfast in Spotlight

Although the segment remains highly fragmented, CNBC estimates the quick service breakfast market is worth approximately \$30 billion in annual sales. There is no national brand leader in the quick service breakfast space, as many providers are regionalized or independently owned. Although breakfast is a secondary offering for McDonald's, the fast food giant is the default breakfast leader because of its large national footprint. Burger King's recent acquisition of Tim Hortons positions the combined entity as the third largest QSR group, according to a Company press release. Tim Hortons is known throughout Canada for its

coffee and doughnuts and the merger positions the combined entity to compete with McDonald's and Starbucks for breakfast market share. Taco Bell also entered the breakfast space with a new morning menu rolled out nationally in March 2014 and Chick-fil-A recently partnered with THRIVE Farmers Coffee in August 2014 to offer specialty-grade coffee at its 1,800 plus restaurants nationwide. JAB Holding Co's 10.3x LTM EBITDA acquisition of Einstein Noah, the largest operator, franchisor and licensor of bagel bakery restaurants in the U.S., also highlights the market interest in the breakfast space. JAB already owns Peet's Coffee & Tea, Caribou Coffee and D.E. Master Blenders. With the addition of a leading bagel company, JAB established itself for strong growth in the breakfast and snack segment, which has traditionally enjoyed higher margins than lunch/dinner operations. In February 2014, First Watch Restaurants, a breakfast chain backed by Freeman, Spogli & Co., acquired The Good Egg, a 20 unit breakfast concept. The combination between the two chains is expected to yield significant synergies and establish a stronghold in the Southwestern U.S.

Duff & Phelps professionals have deep experience serving the restaurant industry, providing M&A advisory, capital raising, valuation and restructuring services through a global practice.

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### Multi-Banner Platforms

The casual and fine dining segments have experienced sustained strategic consolidation activity over the past five years. According to Capital IQ, Landry's has made eleven acquisitions since 2010, including Mitchell's Restaurants, Mastro's Restaurants, Morton's, McCormick & Schmicks and Bubba Gump Shrimp Co., and has consolidated the corporate infrastructure of these brands into its headquarters in Houston, TX. By combining corporate operations, Landry's has rationalized expenses, including leveraging economies of scale for purchasing and marketing efficiencies. American Blue Ribbon Holdings, owner of O'Charley's, Ninety Nine Restaurant & Pub, Max & Erma's and Bakers Square, have successfully implemented a similar strategy. We expect additional multi-branded, multi-concept restaurant platforms to emerge and pursue synergistic acquisitions to leverage cost efficiencies enabling legacy brands to compete effectively in today's competitive market.

### Better-Burgers

Fast-casual better-burger chains are particularly active in the IPO market. Habit Burger Grill, a KarpReilly owned chain that has expanded from 26 units in 2009 to 99 units as of October 2014, successfully entered the public market with an IPO on November 20th. The Company raised about \$90 million, according to Reuters, closing at \$39.54 a share, up nearly 120% from the \$18 public offering price. Shake Shack is the most highly anticipated upcoming restaurant IPO, with reports hinting towards an offering in the coming months. The Company is rumored to be valued as high as \$1 billion, representing approximately 50 times its estimated annual earnings of \$20 million, according to Bloomberg. The better-burger space remains strong and continues to take market share from the QSR segment.

McDonald's reported that August U.S. same store sales were down 3.7% for the month, its worse monthly decline in a decade. In response, McDonald's has been testing a new "Build Your Burger" platform at Southern California locations mirrored off of the fast-casual style better-burger competition.

### Fast-Casual

Fast-casual restaurants continue to attract the lion's share of attention among growth focused investors. Within this category, there have been a number of investments in early stage concepts targeting health conscious consumers. These concepts offer high-quality, fresh and responsibly sourced food delivering compelling value in a rapid dining environment. Sweetgreen is a fast-growing organic salad chain capitalizing on this trend by offering antibiotic and hormone-free protein and organic produce from local farms. The Washington D.C. based concept raised an additional \$18.5 million from Steve Case's Revolution Growth Fund and New York restaurateurs Danny Meyer and Daniel Boulud to fund a West Coast expansion after the chain raised \$22 million in December 2013 from Revolution, according to eater.com. Upon announcement of the 2013 investment, Case wrote that the success of Chipotle and Starbucks reflects "a shift in America's taste for fast-casual dining." In the wake of Chipotle's pioneering of the fast-casual space, a host of new Chipotle-style concepts are emerging. Cava Mezze Grill is an eco-friendly Mediterranean chain that allows customers to choose a bowl, pita, or salad and add customized proteins and toppings. The chain has nine locations in the Washington D.C. area. Dig Inn Seasonal Market, a nine unit fast-casual concept taking New York by storm with a service style similar to Chipotle offers seasonal farm-to-table comfort food favorites at affordable prices. The chain aims to get customers in and out the door in 10

minutes with a \$10 plate of organic food, for lunch or dinner.

### Franchise Transactions

Franchisee transactions have also been a feature of the sector this year, as national franchisors and multi-concept franchisees have been acquiring other franchise operators. Among the franchisors that acquired franchisees are Krispy Kreme Doughnuts, Noodles & Company, and Red Robin Gourmet Burgers. By adding established and profitable franchises to the company-owned system, large chains can grow annual revenues without the expense and effort of opening new units. Among franchisee transactions, there has been significant consolidation within the Taco Bell system. In December 2013, Altamont Capital backed Tacala acquired Austaco, an operator of 80 Taco Bell restaurants. In a similar transaction, K-MAC Enterprises, a portfolio company of Brentwood Associates, acquired 21 Taco Bell restaurants operated by Ricksim, Inc. In another Yum! Brands transaction, Apex Restaurant Management acquired Morgan's Foods, an operator of 68 Yum! Brands franchises. This transaction, along with the NPC Quality Burgers acquisition of Carlisle Corporation, a network of 56 Wendy's restaurants located in North Carolina and Virginia for \$58 million, according to the deal announcement, highlights the appetite large franchisee operators have to grow within selected major franchise systems.

Current equity and financing markets are providing an ideal foundation for certain restaurateurs to explore a liquidity event. Private equity firms and strategic acquirers are eager to find and acquire growing and differentiated restaurant concepts. As a result, high quality concepts are generating robust market interest and premium valuations in public market trading and private market transactions.

## Selected Restaurant M&A Activity

Restaurant M&A activity in 2014 has continued at a torrid pace. Private equity funds have significant amounts of dry powder and the increasingly competitive marketplace is pushing EBITDA multiples higher. Strategic acquirers, particularly restaurant groups owning multiple brands and chains, are also in

search of opportunities to expand their portfolio. DineEquity CEO July Stewart announced in August 2014 that the Company is actively seeking a third national chain to grow its business. The Cheesecake Factory and Buffalo Wild Wings have also indicated they are actively searching for emerging

concepts they can acquire as vehicles for potential future growth. Growth equity investment has also remained strong with several high profile transactions.

(\$ in millions)

Date Announced	Acquirer	Target	Enterprise Value	Enterprise Value as a Multiple of LTM		LTM EBITDA Margin	Category	Strategic (S) Financial (F)
				Revenue	EBITDA			
11/17/14	Landry's Inc.	Mitchell's Restaurants	\$10	NA	NA	NA	Affordable Luxury	S
10/16/14	CEC Entertainment Inc.	Peter Piper Pizza	115	NA	NA	NA	Casual	S
10/14/14	Dinosaur Restaurants/Soros Strategic Partners	Good Smoke (Jim 'N Nick's Bar-B-Q)	NA	NA	NA	NA	Casual	S
09/29/14	JAB Holding Co.	Einstein Noah Restaurant Group	463	1.00x	10.3x	11.3%	QSR	F
09/18/14	Carrols Restaurant Group, Inc.	30 Burger King Restaurants in North Carolina	20	NA	NA	NA	QSR	S
09/04/14	Brix Holdings LLC	Souper Salad & Greenz Restaurants	NA	NA	NA	NA	Fast Casual	S
08/26/14	Burger King Worldwide, Inc.	Tim Hortons Inc.	12,746	4.30x	17.4x	24.7%	QSR	S
08/22/14	Carrols Restaurant Group, Inc.	Heartland Food Corp. (64 Burger King restaurants)	18	NA	NA	NA	QSR	S
06/23/14	Food Management Partners	Furr's Restaurant Group	NA	NA	NA	NA	Casual	S
06/13/14	NPC Quality Burgers, Inc.	Carlisle Corporation (56 Wendy's restaurants)	58	0.80x	NA	NA	QSR	S
05/20/14	Sentinel Capital	TGI Friday's Inc.	800	NA	6.4x	NA	Casual	F
05/15/14	Golden Gate Capital	Red Lobster Seafood Co.	2,113	0.80x	5.5x <sup>(1)</sup>	10.8%	Casual	F
05/13/14	Brix Holdings LLC	Smoothie Factory and RedBrick Pizza	NA	NA	NA	NA	Fast Casual	S
04/30/14	Red Robin Gourmet Burgers Inc.	Mach Robin and Red Robin of Canada	40	NA	NA	NA	Casual	S
04/24/14	Argonne Capital	On The Border Mexican Grill & Cantina	NA	NA	NA	NA	Casual	F
04/04/14	International Meal Company Holdings SA	Margaritaville Enterprises, LLC (12 MargaritaVille brand restaurants)	48	0.59x	7.4x	7.9%	Casual	S
03/31/14	Apex Restaurant Management	Morgan's Foods Inc.	47	0.54x	7.3x	7.4%	QSR	S
03/25/14	Sentinel Capital Partners	Newk's Franchise Company LLC	NA	NA	NA	NA	Fast Casual	F
02/26/14	Victory Park Capital Advisors	Daphne's California Greek	NA	NA	NA	NA	Fast Casual	F
02/08/14	Delaware North Companies, Inc.	Patina Restaurant Group, LLC	NA	NA	NA	NA	Fine Dining	S
02/07/14	Cerebrus Capital Management	Fox & Hound Restaurant Group	130	NA	NA	NA	Casual	F
02/03/14	First Watch Restaurants	Good Egg Restaurant LLC	NA	NA	NA	NA	Casual	S
01/31/14	Food Management Partners	Don Pablo's Operating Co.	NA	NA	NA	NA	Casual	S
01/24/14	Sentinel Capital Partners	Checkers Drive-In Restaurants	NA	NA	NA	NA	QSR	F
01/15/14	Apollo Global Management	CEC Entertainment Inc.	1,309	1.59x	7.9x	20.2%	Casual	F
01/09/14	TPG Growth	PJ United	NA	NA	NA	NA	QSR	F
12/16/13	Eagle Merchant Partners	Vasari, LLC	NA	NA	NA	NA	QSR	F
11/19/13	Roark Capital Group	CKE Restaurants	1,750	NA	8.0x	NA	QSR	F
			<b>Median</b>	<b>0.80x</b>	<b>7.7x</b>	<b>11.1%</b>		
			<b>Mean</b>	<b>1.37x</b>	<b>8.8x</b>	<b>13.7%</b>		

(1) Red Lobster transaction multiple is pro forma reflecting the \$1.5B sale leaseback transaction  
Source: Capital IQ; For definitions see page 7

## Selected Restaurant Equity Investments

Date Announced	Investor	Concept	Key Transaction Elements
11/19/14	Revolution Growth, Danny Meyer & Daniel Boulud	Sweetgreen	The "farm to table" salad chain raised \$18.5 million after attracting a \$22 million investment from Revolution in late 2013
10/07/14	KKR & Co.	Lemonade	Lemonade, a Southern California fast-casual concept, attracted investment from KKR with the hopes of building a major brand
07/27/14	The Raine Group	Margaritaville	Minority stake in Margaritaville, which grosses over \$1 billion in annual revenue
07/01/14	Berkshire Partners	Portillo Restaurant Group	Portillo's, a 38 location chain, commanded nearly \$1 billion in enterprise value, representing approximately 14x LTM EBITDA
05/28/14	Ontario Teachers Pension Plan	Flynn Restaurant Group	\$300 million investment in the Applebee's and Taco Bell operator valuing franchisee Flynn at \$1.1 billion
04/16/14	Coulton Creek Capital	Punch Bowl Social	\$1.75 million investment for restaurant, bar and bowling concept developed by renowned restaurateur Robert Thompson
01/23/14	Rosser Capital Partners	T&B Management (dba Hickory Tavern)	Investment in the 16 unit chain will help the Company expand outside of its existing markets
01/20/14	Lee Equity Partners	Project Pie	Significant investment in the fast-casual pizza chain to launch an aggressive expansion plan

Source: SEC filings, Capital IQ, MergerMarket, Company Press Releases, and various news sources (e.g. NY Times Dealbook, the Deal, Wall Street Journal, etc.)

## Selected Restaurant M&A Transactions

### **KKR & Co / Lemonade Restaurant Group**

On October 7, 2014, KKR & Co (“KKR”) acquired a minority stake in Lemonade Restaurant Group LLC (“Lemonade”), the operator of cafeteria-style Southern California comfort food restaurants. Lemonade has been praised as a forward-thinking fast-casual concept for its rotating seasonal ingredients and unique menu offerings. KKR’s partnership with Lemonade will help the brand grow into a regional and possibly national chain. KKR has begun to target the restaurant segment because this is one area within the consumer sector where there are larger opportunities.

### **JAB Holding Company / Einstein Noah Restaurant Group**

On September 29, 2014, Einstein Noah Restaurant Group (“Einstein Noah”) agreed to be acquired by JAB Holding Company (“JAB”). Einstein Noah is the largest owner/operator, franchisor and licensor of bagel bakery restaurants in the U.S. The Company operates three restaurant brands: Einstein Bros Bagels, Noah’s New York Bagels and Manhattan Bagel Company. JAB and the Company believe that the deal will yield significant synergies. JAB, an investment vehicle for a wealthy German family, already

owns Peet’s Coffee & Tea, Caribou Coffee and D.E. Master Blenders. JAB purchased the Company for an implied enterprise value of \$463 million, representing a 10.3x LTM EBITDA multiple.

### **Sentinel Capital Partners / TGI Fridays Restaurants**

On May 20, 2014, Sentinel Capital Partners (“Sentinel”), announced it would acquire TGI Fridays Restaurants (“TGI Fridays”) from Carlson, a global hospitality and travel company. Carlson, who acquired the Company in 1975, grew the company from 12 locations into a chain of over 900 units in 60 countries and reported aggregate 2013 sales of \$2.7 billion. Sentinel has extensive restaurant and franchising investment experience, including its March 2014 acquisition of Checkers Drive-In Restaurants.

### **Golden Gate Capital / Red Lobster Seafood Co.**

On May 15, 2014, Darden Restaurants, Inc. announced the sale of Red Lobster Seafood Co. (“Red Lobster”) to Golden Gate Capital (“Golden Gate”). Darden received \$2.1 billion in the exit. Golden Gate acquired the restaurant operations of Red Lobster for \$600 million, representing a 5.5x EBITDA

multiple, and American Realty Capital Properties acquired the real-estate assets for \$1.5 billion in a sale-leaseback transaction. Golden Gate has experience investing in mass-market casual dining chains including, California Pizza Kitchen, Romano’s Macaroni Grill, and On The Border Mexican Grill & Cantina. Golden Gate plans to expand the chain and enhance the already strong brand profile of Red Lobster and has announced plans to refocus the menu back on lobster and its core seafood offerings.

### **Argonne Capital Group / On The Border Mexican Grill & Cantina**

On April 24, 2014, Argonne Capital Group (“Argonne”) announced it would acquire On The Border Mexican Grill & Cantina (“On The Border”) from Golden Gate Capital. On The Border is the largest Mexican casual dining brand in the U.S. The Company owns and operates 121 locations in the U.S. and franchises 36 locations in the U.S. and internationally. Ward Whitworth, previously President of ACG Texas, the largest IHOP franchisee, was appointed President of On The Border following the Argonne acquisition. Argonne partnered with Fortress Investment Group and purchased On The Border through the acquisition company Border Holdings LLC.

## Selected Publicly Traded Restaurant Companies

The highest performing restaurant category is the fast-casual group, outperforming the S&P 500 and delivering 12.85% growth compared with the S&P 500 Index performance of 12.46% in the YTD period as of November 25, 2014 according to Capital IQ. The only other group to deliver strong results this year is the polished casual group, which gained 12.48% YTD. The worst performing category was the fine dining group, losing 5.06% YTD.

Investors have been particularly excited about some recent IPOs as evidenced by post IPO

trading activity. The April IPO of Zoe's Kitchen, the fast-casual Mediterranean concept that raised \$87.5 million in its offering, was noteworthy because the stock nearly doubled from its IPO price just days after its addition to the NYSE. Papa Murphy's Holdings, a "Take 'N' Bake" custom pizza chain operator with 1,400 stores peaked investor interest after the Company announced it aims to open 4,500 locations in the U.S. alone. Dave & Buster's became a publicly held company this October after eight years of private ownership with an offering that raised \$94 million,

according to Bloomberg. J. Alexander's Holdings, operator of J. Alexander's and Stoney River Steakhouse and Grill, filed an S-1 in October 2014. The company's initial filing indicated it was planning to raise \$75 million. However, Shake Shack is the most publicized potential IPO with news outlets such as Bloomberg predicting that the company could be valued as high as \$1 billion. Investors may believe that this fast-casual burger chain could become the next Chipotle.

	Stock Price 11/25/14	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM
				Revenue			EBITDA			Price / EPS
				LTM	2014E	2015E	LTM	2014E	2015E	
<b>Fast Casual</b>										
Chipotle Mexican Grill, Inc.	\$663.30	\$20,571	\$19,781	NM	4.81x	4.11x	25.9x	24.0x	19.4x	49.8x
Fiesta Restaurant Group, Inc.	57.19	1,507	1,574	2.66x	2.59x	2.25x	19.9x	18.9x	15.9x	45.8x
Noodles & Company	25.00	745	764	1.98x	1.89x	1.61x	17.7x	16.5x	13.6x	NM
Panera Bread Company	167.56	4,519	4,473	1.78x	1.77x	1.61x	11.0x	11.2x	10.6x	25.3x
Potbelly Corporation	13.52	392	323	1.02x	0.99x	0.90x	10.2x	10.1x	9.6x	NM
Zoe's Kitchen, Inc.	32.15	620	601	3.75x	3.50x	2.75x	NM	NM	NM	NM
			<b>Median</b>	<b>1.98x</b>	<b>2.24x</b>	<b>1.93x</b>	<b>17.7x</b>	<b>16.5x</b>	<b>13.6x</b>	<b>45.8x</b>
			<b>Mean</b>	<b>2.24x</b>	<b>2.59x</b>	<b>2.20x</b>	<b>16.9x</b>	<b>16.1x</b>	<b>13.8x</b>	<b>40.3x</b>
<b>Mass Casual</b>										
Biglari Holdings Inc.	\$364.68	\$753	\$932	1.17x	NM	NM	21.5x	NM	NM	NM
Bloomin' Brands, Inc.	22.51	2,829	4,128	0.94x	0.93x	0.88x	9.7x	9.1x	8.4x	26.8x
Bob Evans Farms, Inc.	54.30	1,281	1,740	1.31x	1.28x	1.22x	14.7x	12.6x	9.6x	NM
Brinker International, Inc.	55.57	3,532	4,361	1.49x	1.47x	1.42x	10.1x	9.9x	9.4x	21.9x
Buffalo Wild Wings Inc.	167.99	3,179	3,080	2.13x	2.03x	1.71x	13.1x	13.1x	11.0x	35.7x
Chuy's Holdings, Inc.	21.82	359	364	1.55x	1.49x	1.26x	14.0x	13.8x	11.3x	33.5x
Cracker Barrel Old Country Store, Inc.	124.49	2,975	3,244	1.19x	1.19x	1.15x	11.2x	11.3x	10.8x	23.5x
Darden Restaurants, Inc.	56.44	7,487	8,708	1.37x	1.13x	1.28x	13.6x	12.2x	11.0x	NM
Dave & Buster's Entertainment, Inc.	21.89	856	1,319	1.91x	1.83x	1.68x	10.2x	9.5x	8.5x	0.4x
Denny's Corporation	9.72	824	994	2.17x	2.13x	2.11x	12.8x	12.1x	11.4x	28.9x
DineEquity, Inc.	98.23	1,862	3,094	4.77x	4.77x	4.62x	11.4x	11.4x	11.2x	24.4x
Famous Dave's of America Inc.	25.65	183	194	1.29x	1.30x	1.28x	10.2x	11.3x	11.1x	24.4x
Frisch's Restaurants, Inc.	27.30	140	142	0.68x	NM	NM	6.7x	NM	NM	21.8x
Luby's, Inc.	4.96	141	180	0.46x	NM	NM	10.5x	NM	NM	NM
Red Robin Gourmet Burgers Inc.	68.06	954	1,090	0.99x	0.95x	0.85x	9.5x	9.1x	8.0x	30.9x
Ruby Tuesday, Inc.	8.23	510	710	0.61x	0.62x	0.61x	10.3x	10.2x	11.0x	NM
Texas Roadhouse, Inc.	32.20	2,234	2,235	1.44x	1.42x	1.28x	12.0x	11.7x	10.4x	29.9x
			<b>Median</b>	<b>1.31x</b>	<b>1.36x</b>	<b>1.28x</b>	<b>11.2x</b>	<b>11.4x</b>	<b>10.9x</b>	<b>25.6x</b>
			<b>Mean</b>	<b>1.50x</b>	<b>1.61x</b>	<b>1.52x</b>	<b>11.8x</b>	<b>11.2x</b>	<b>10.2x</b>	<b>25.2x</b>

Source: Capital IQ; For definitions see page 7

# Selected Publicly Traded Restaurant Companies

	Stock Price 11/25/14	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM
				Revenue			EBITDA			Price / EPS
				LTM	2014E	2015E	LTM	2014E	2015E	
<b>Polished Casual</b>										
BJ's Restaurants, Inc.	\$48.52	\$1,266	\$1,273	1.53x	1.51x	1.37x	15.1x	14.1x	12.1x	NM
Bravo Brio Restaurant Group, Inc.	13.20	246	260	0.64x	0.64x	0.62x	6.7x	7.1x	6.6x	23.2x
Kona Grill Inc.	24.90	275	236	2.11x	2.00x	1.63x	29.8x	27.8x	22.7x	NM
The Cheesecake Factory Incorporated	47.74	2,278	2,358	1.21x	1.19x	1.11x	10.1x	9.9x	8.9x	26.3x
			<b>Median</b>	<b>1.37x</b>	<b>1.35x</b>	<b>1.24x</b>	<b>12.6x</b>	<b>12.0x</b>	<b>10.5x</b>	<b>24.7x</b>
			<b>Mean</b>	<b>1.37x</b>	<b>1.33x</b>	<b>1.18x</b>	<b>15.4x</b>	<b>14.7x</b>	<b>12.6x</b>	<b>24.7x</b>
<b>Fine Dining</b>										
Del Frisco's Restaurant Group, Inc.	\$23.05	\$540	\$545	1.86x	1.79x	1.51x	13.3x	12.4x	10.1x	25.2x
Ruth's Hospitality Group Inc.	13.07	462	489	1.17x	1.18x	1.16x	9.9x	9.4x	8.9x	20.8x
The ONE Group Hospitality, Inc.	4.80	120	119	2.49x	2.31x	1.97x	NM	13.1x	9.6x	NM
			<b>Median</b>	<b>1.86x</b>	<b>1.79x</b>	<b>1.51x</b>	<b>11.6x</b>	<b>12.4x</b>	<b>9.6x</b>	<b>23.0x</b>
			<b>Mean</b>	<b>1.84x</b>	<b>1.76x</b>	<b>1.55x</b>	<b>11.6x</b>	<b>11.6x</b>	<b>9.6x</b>	<b>23.0x</b>
<b>Coffee, Breakfast, &amp; Snacks</b>										
Starbucks Corporation	\$80.81	\$61,321	\$61,527	3.74x	3.62x	3.15x	17.4x	15.0x	13.7x	31.8x
Dunkin' Brands Group, Inc.	48.61	5,084	6,752	NM	NM	NM	18.9x	17.6x	16.1x	32.2x
Krispy Kreme Doughnuts, Inc.	20.31	1,308	1,278	2.72x	2.59x	2.30x	21.3x	19.1x	15.4x	44.8x
Jamba, Inc.	12.67	220	190	0.87x	0.87x	1.05x	29.4x	15.3x	10.6x	NM
			<b>Median</b>	<b>2.72x</b>	<b>2.59x</b>	<b>2.30x</b>	<b>20.1x</b>	<b>16.4x</b>	<b>14.6x</b>	<b>32.2x</b>
			<b>Mean</b>	<b>2.45x</b>	<b>2.36x</b>	<b>2.16x</b>	<b>21.8x</b>	<b>16.7x</b>	<b>13.9x</b>	<b>36.3x</b>
<b>Quick Service</b>										
Domino's Pizza, Inc.	\$93.61	\$5,149	\$6,642	3.46x	3.37x	3.20x	18.2x	17.4x	15.8x	32.5x
Jack in the Box Inc.	74.67	2,942	3,439	2.32x	2.31x	2.24x	12.8x	12.7x	11.7x	30.0x
McDonald's Corp.	97.23	94,625	106,522	3.81x	3.84x	3.83x	10.7x	10.8x	10.5x	19.9x
Papa John's International Inc.	52.46	2,107	2,336	1.50x	1.48x	1.41x	15.5x	14.8x	13.4x	33.6x
Sonic Corp.	26.76	1,477	1,905	3.45x	3.41x	3.24x	13.5x	13.2x	12.1x	32.0x
The Wendy's Company	8.71	3,181	4,286	1.99x	2.07x	2.19x	12.8x	11.0x	10.4x	28.4x
Yum! Brands, Inc.	76.41	33,427	35,902	2.67x	2.67x	2.41x	12.3x	12.7x	11.2x	26.0x
			<b>Median</b>	<b>2.67x</b>	<b>2.67x</b>	<b>2.41x</b>	<b>12.8x</b>	<b>12.7x</b>	<b>11.7x</b>	<b>30.0x</b>
			<b>Mean</b>	<b>2.74x</b>	<b>2.74x</b>	<b>2.65x</b>	<b>13.7x</b>	<b>13.3x</b>	<b>12.2x</b>	<b>28.9x</b>
<b>Franchise</b>										
Alsea, S.A.B. De C.V.	\$3.12	\$2,612	\$3,123	2.21x	1.97x	1.51x	18.0x	15.4x	10.9x	NM
Domino's Pizza Enterprises Limited	21.88	1,922	1,990	3.95x	3.55x	3.01x	27.0x	21.6x	17.7x	NM
Arcos Dorados Holdings, Inc.	6.21	1,305	2,096	0.55x	0.56x	0.58x	7.2x	8.7x	7.2x	NM
Domino's Pizza Group plc	10.71	1,772	1,778	3.98x	3.84x	3.54x	21.5x	18.2x	16.0x	31.4x
Carrols Restaurant Group, Inc.	7.60	265	380	0.57x	0.54x	0.47x	11.0x	10.2x	7.5x	NM
			<b>Median</b>	<b>2.21x</b>	<b>1.97x</b>	<b>1.51x</b>	<b>18.0x</b>	<b>15.4x</b>	<b>10.9x</b>	<b>31.4x</b>
			<b>Mean</b>	<b>2.25x</b>	<b>2.09x</b>	<b>1.82x</b>	<b>16.9x</b>	<b>14.8x</b>	<b>11.9x</b>	<b>31.4x</b>

**Enterprise Value**

Market Capitalization + Total Debt + Preferred Equity + Minority Interest - Cash and Short Term Investments

**EBITDA**

Earning Before Interest, Taxes, Depreciation and Amortization

**LTM**

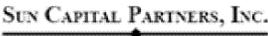
Last Twelve Months

Note: Revenue multiples less than 0.00x and larger than 5.00x are shown as Not Material (NM).

EBITDA multiples less than 0.0x and greater than 30.0x are also shown as NM.

Source: Capital IQ and SEC filings

## Selected Recent Duff & Phelps Restaurant Transactions

<p><b>Buy Side Advisor</b></p>  <p>has been acquired by</p> 	<p><b>Board Advisor</b></p>  <p>Ark Restaurants Corp. received an unsolicited takeover proposal</p>	<p><b>Sell Side Advisor</b></p>  <p>has been acquired by</p> 	<p><b>Placement Agent</b></p>  <p>has received a \$38,000,000 Senior Credit Facility</p>
<p><b>Sell Side Advisor</b></p>  <p>has been acquired by</p>  <p>a portfolio company of</p> 	<p><b>Sell Side Advisor</b></p>  <p>has been acquired by</p> 	<p><b>Placement Agent</b></p>  <p>has completed a \$55 million Senior Credit Facility with</p> 	<p><b>Board Advisor</b></p>  <p>has completed a levered Dividend recapitalization</p>

For more information about our global locations and expertise or to subscribe, visit: [www.duffandphelps.com/subscribe](http://www.duffandphelps.com/subscribe)

### About Duff & Phelps

Duff & Phelps is the premier global valuation and corporate finance advisor with expertise in complex valuation, dispute consulting, M&A and restructuring. The firm's more than 1,000 employees serve a diverse range of clients from offices in North America, Europe and Asia.

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