

# Restaurant Monthly Update

December 2016



## Q Market Update

October marked the seventh month out of the past eight with declining sales for the restaurant industry, as the latest survey data indicated a -0.9% decline in same-store sales and -3.4% decline in traffic. While both same-store sales and traffic growth showed modest improvements from September, the results continue to raise concerns for the industry, which is on pace for its worst year since the end of the Great Recession.

California was once again the best performing region in the first month of the fourth quarter, logging positive same-store sales growth of +1.1% in October, albeit with declining traffic of -1.1%. Additionally, the New England region notched its first positive monthly same-store sales growth since May. The worst performing region was once again the Southwest, which reported same-store sales and traffic declines of -2.4% and -4.7%. Florida and Texas also suffered through major slumps due to the effects of hurricane season and the energy sector downturn, respectively.

Based on same-store sales performance, QSR (Quick Service Restaurants) continued to be the top performing segment during October for the eighth consecutive month. Upscale casual and family dining have also notched positive sales growth during October and, along with QSR, are the only three restaurant segments with positive same-store sales growth during 2016. These results seem to suggest consumers are favoring chain restaurants and higher-end, experience-based dining over the mid-scale casual dining sector, which was once again the worst performing sector during the month of October.

As rising overhead costs and employee turnover continue to create worries for restaurant managers, the election of Donald Trump as the next U.S. President has largely decreased the probability that the federal minimum wage will increase in the near future. Furthermore, on November 22, 2016, a federal judge blocked the Labor Department's recent overtime pay rule, which attempted to extend mandatory overtime pay to all employees earning less than \$47,500 per year and working over 40 hours per week. This decision will certainly impact the trend of rising employee and management turnover, leaving concerns over brand sales and traffic results in the near future. While the economy expanded by +2.9% in Q3 (its strongest in two years), the impact of a Trump presidency on household incomes and consumer spending will be difficult to ascertain in the first half of 2017. The restaurant industry will likely continue to face these same challenges in the near- to mid-term.

### KEY INFORMATION



October same-store sales and traffic declined -0.9% and -3.4%, respectively



QSR continued to be the top performing segment during October for the eighth consecutive month



Consumers appearing to trend toward limited service chain restaurants and higher-end dining over mid-scale casual dining



Staffing and retention difficulties have added to the difficulties faced by the restaurant industry in 2016

# Fast-Casual Pizza Segment Shows Signs of Cooldown

Nearly eight years after its inception, the fast-casual pizza space has begun to show early signs of saturation and cooling down. While fast-casual chains such as Blaze Fast Fire'd Pizza, MOD Pizza, &pizza, Pieology and 800 Degrees Pizza have successfully completed strong funding rounds from both strategic and financial investors and emerged as clear leaders within the space, a large number of concepts started rebranding or closed altogether. Numerous one-off establishments, such as Clusi Batusi, CYO Pizza & Salad, Pizzasmith and PieAwesome Pizzeria have all closed locations across the country over the past six months amidst increased competition.

Other large pizza concepts, like Pie Five, a fast-casual chain run by Rave Restaurant Group, have reported double-digit declines in average weekly sales and quarterly results, prompting management to make dramatic branding changes or face the possibility of closure. Brands like Los Angeles-based Pizza Studio began rethinking the company's real estate choices to compete in the overheated segment, with plans to expand unit-count in hospitals and international airports and create potential partnerships with larger retail chains. The immense competition is also helping create a new niche within the segment, where brands have started focusing on craft beer offerings and loyalty programs to pair with unique pizza designs. It remains to be seen whether a small number of concepts will continue to dominate the fast-casual pizza segment, forcing smaller participants out of the market, or if another subsector will develop in response to the sector dynamics.

# Continued Investment In Emerging Concepts

Over the past two months, a number of emerging concepts across the restaurant industry received additional rounds of funding from institutional and strategic investors. Four concepts in particular – Honeygrow, Just Salad, MOD Pizza, and Veggie Grill – have completed their second and third rounds of funding for the year in the past month. Nearly all four of these restaurants have existed for less than a decade but have each introduced a number of nontraditional offerings to attract a diverse customer base. For example, Philadelphia-based Honeygrow focuses on sourcing seasonal ingredients from local sources in its stir-fry and salad menu options, while New York City-based Just Salad has demonstrated success with its fast-casual customized salad design. MOD Pizza, a Seattle-based concept, has found success in the fast-casual pizza segment by focusing less on franchising and more on the quality of its artisan style pizzas and salads, while Los Angeles-based Veggie Grill has focused on popularizing plant-based and meat alternative options.

 <p>MILLER INVESTMENT MANAGEMENT</p>	 <p>just salad</p>	 <p>P/W/P PERELLA WEINBERG PARTNERS Fidelity</p>	 <p>BRENTWOOD ASSOCIATES</p>
\$20M	N/A	\$42M	\$22M
 <p>honeygrow</p>	 <p>Panda Restaurant Group, Inc.</p>	 <p>MOD</p>	 <p>veggiegrill</p>
			
Nov. 2016	Nov. 2016	Oct. 2016	Oct. 2016
13 Units	29 Units	177 Units	28 Units

Source: Nation's Restaurant News, TDn2K's Black Box Intelligence, Morningstar and The WSJ

## Restaurant Investments Taking Many Forms

Restaurant investments have taken a number of forms in recent months in response to changing industry dynamics. The month of November, in particular, saw a number of notable transactions:

Cheddar's Scratch Kitchen announced plans to acquire its largest franchisee, Greer Restaurant Operation Entities, for \$335M. The transaction will increase Cheddar's company-owned store count to nearly 140 of the 160 total locations nationwide.

Cheesecake Factory announced a strategic relationship with North Italia and Flowerchild, two concepts operated by Fox Restaurants Concepts. Both restaurants have experienced strong regional growth in recent years.

Panda Restaurant Group completed another investment in Just Salad, a New York City-based fast-casual salad chain with growing popularity. This marks the second investment that Panda Restaurant Group has made in the 29-unit chain, which plans to continue its unit-growth in new markets.

Tilman Fertitta, owner of hospitality giant Landry's Inc., has acquired BR Guest, an operator of 15 popular Manhattan eateries. The acquisition makes Fertitta the largest independent restaurant operator in Manhattan and allows for further strategic expansion in the NYC market.

Colowide, the Japan-based restaurant and pub chain operator, has announced the strategic and international acquisition of Reins International, a Hawaii-based operator of the Gyu-Kaku grilled meat restaurant chain for \$86M.

Former Wingstop executives announced the acquisition of Huey Magoo's Chicken Tenders, a Florida-based chicken concept. The investors, which have experience across the residential/commercial real estate and restaurant industries, will assume new management positions in the firm and look to expand the chain outside of the Florida market.

## C-Suite Changes Continue Across Many Segments

As a result of a challenging sales environment, over 20 restaurant companies have announced changes at the executive level since June. The new executives come from a range of backgrounds, spanning from internal promotions to lateral hires.

Del Frisco's Restaurant Group recently named Norman Abdallah, one of the company's directors, CEO following the retirement of Mark Mednansky in November. Abdallah served as an operating partner for CIC Partners and the interim CEO of Dinosaur BBQ before joining the Del Frisco's board.

Buffalo Wild Wings hired Santiago Abraham, former vice president of IT strategy with Royal Caribbean Cruises, as CIO in November. Abraham will be in charge of mapping out a new technology strategy to help improve the company's previous three straight quarters of SSS declines.

Church's Chicken named Joseph Christina, executive vice president of U.S. operations since 2013, as CEO in November, succeeding Jim Hyatt in the role. Christina oversaw operations at more than 1,150 franchise and company-owned restaurants in 29 states in his previous role and has held other leadership positions at Burger King in his career.

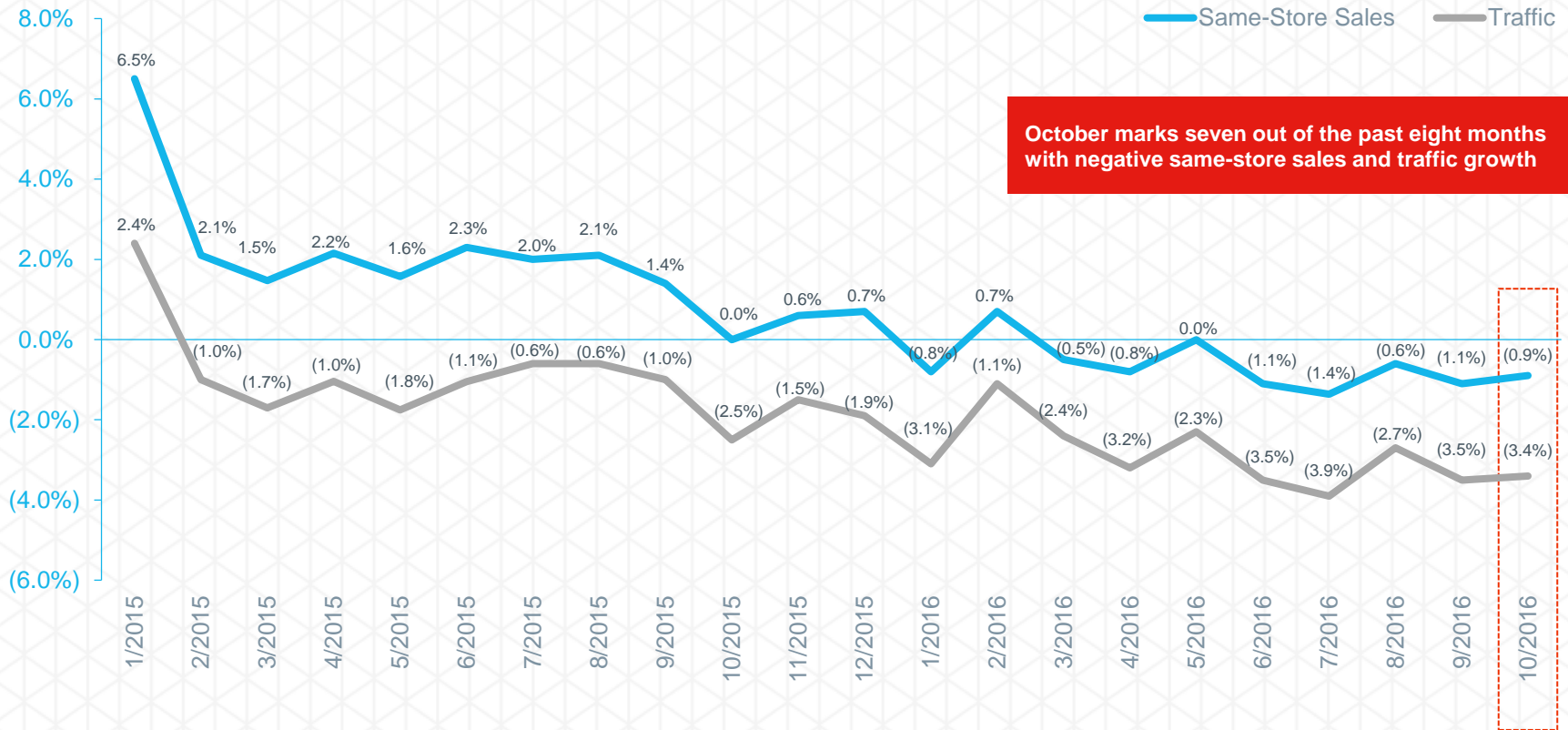
Lemonade Restaurant Group named Larry Kurzweil, former Universal Studios executive, president and CEO in October. Founded in 2008, the fast-casual concept operates 25 restaurants in the southern California area.

Johnny Rockets named John Maguire, current Friendly's CEO, as Chief Executive Officer in July. The decision occurred one month after Friendly's finalized the sale of its trademark and ice cream business to Dean Foods for \$155M. The companies will remain independently operated by Sun Capital.

Quiznos named Susan Lintonsmith, former global chief marketing officer, to the role of president and CEO in July. Lintonsmith, who replaces interim president and CEO Katie Scherping, led the revitalization of the Quiznos brand marketing efforts with a focus on menu-improvements and simplification.

Source: Nation's Restaurant News, TDn2K's Black Box Intelligence, Morningstar and The WSJ

# Restaurant Sector Monthly Same-Store Sales and Traffic Growth



# Quarterly Same-Store Sales Performance – Last 2 Years ●○○○○○

	2014		2015				2016											
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3									
<b>Mass Casual</b>																		
Cracker Barrel Old Country Store, Inc.	3.3%	↑	7.9%	↑	5.2%	↑	3.8%	↑	2.5%	↑	0.6%	↔	2.3%	↑	3.2%	↑	1.3%	↑
Brinker International, Inc.																		
Chili's Grill & Bar	2.3%	↑	4.2%	↑	2.2%	↑	0.1%	↔	(1.1%)	↓	(2.1%)	↓	(3.6%)	↓	(1.8%)	↓	(1.4%)	↓
Maggiano's Little Italy	0.6%	↔	2.3%	↑	0.1%	↔	(0.1%)	↔	(1.7%)	↓	(1.8%)	↓	0.2%	↔	(1.7%)	↓	(0.6%)	↔
Bloomin' Brands, Inc.																		
Bonefish Grill	2.6%	↑	0.7%	↔	0.9%	↔	(4.6%)	↓	(6.1%)	↓	(5.4%)	↓	(2.7%)	↓	0.9%	↔	1.7%	↑
Carrabba's Italian Grill	(1.2%)	↓	0.3%	↔	1.9%	↑	0.9%	↔	(2.0%)	↓	(4.0%)	↓	(2.0%)	↓	(4.8%)	↓	(2.1%)	↓
Fleming's Prime Steakhouse & Wine Bar	4.8%	↑	3.4%	↑	3.0%	↑	3.2%	↑	(0.6%)	↔	(0.3%)	↔	1.3%	↑	(0.8%)	↔	(1.9%)	↓
Outback Steakhouse	4.8%	↑	6.4%	↑	5.0%	↑	4.0%	↑	0.1%	↔	(2.2%)	↓	(1.3%)	↓	(2.5%)	↓	(0.7%)	↔
DineEquity, Inc.																		
Applebee's	1.7%	↑	2.8%	↑	2.9%	↑	1.0%	↑	(0.5%)	↔	(2.5%)	↓	(3.7%)	↓	(4.2%)	↓	(5.2%)	↓
IHOP	2.4%	↑	6.1%	↑	4.8%	↑	6.2%	↑	5.8%	↑	1.4%	↑	1.5%	↑	0.2%	↔	(0.1%)	↔
Bob Evans Farms, Inc.	0.0%	↔	3.8%	↑	2.1%	↑	(0.3%)	↔	(3.2%)	↓	(3.6%)	↓	(3.0%)	↓	(3.2%)	↓	(1.8%)	↓
Biglari Holdings Inc.	2.6%	↑	2.9%	↑	6.0%	↑	4.8%	↑	3.0%	↑	3.6%	↑	1.8%	↑	(0.7%)	↔	0.2%	↔
Denny's Corporation	2.4%	↑	4.7%	↑	7.2%	↑	7.3%	↑	6.1%	↑	2.9%	↑	2.5%	↑	(0.5%)	↔	1.0%	↑
Red Robin Gourmet Burgers Inc.	1.4%	↑	4.3%	↑	3.8%	↑	3.6%	↑	3.7%	↑	(1.6%)	↓	(2.2%)	↓	(3.2%)	↓	(3.6%)	↓
Ruby Tuesday, Inc.	1.1%	↑	(1.0%)	↓	(0.3%)	↔	(1.7%)	↓	0.6%	↔	0.8%	↔	(3.1%)	↓	(3.7%)	↓	(2.7%)	↓
Luby's, Inc.	0.4%	↔	0.2%	↔	3.1%	↑	(1.0%)	↓	0.2%	↔	1.2%	↑	3.1%	↑	(0.6%)	↔	0.7%	↔
Ignite Restaurant Group, Inc.																		
Brick House Tavern + Tap	7.5%	↑	5.7%	↑	5.4%	↑	2.8%	↑	(0.7%)	↔	(2.8%)	↓	(4.5%)	↓	(6.3%)	↓	(8.9%)	↓
Joe's Crab Shack	(4.4%)	↓	(4.5%)	↓	(3.8%)	↓	(4.0%)	↓	(6.6%)	↓	(2.9%)	↓	(1.3%)	↓	(6.8%)	↓	(6.5%)	↓
Famous Dave's of America Inc.	(2.3%)	↓	(4.0%)	↓	(4.9%)	↓	(9.2%)	↓	(9.8%)	↓	(10.6%)	↓	(7.7%)	↓	(6.4%)	↓	(1.0%)	↓
<b>Median</b>	<b>2.0%</b>	<b>↑</b>	<b>3.2%</b>	<b>↑</b>	<b>3.0%</b>	<b>↑</b>	<b>1.0%</b>	<b>↔</b>	<b>(0.6%)</b>	<b>↔</b>	<b>(2.0%)</b>	<b>↓</b>	<b>(1.7%)</b>	<b>↓</b>	<b>(2.2%)</b>	<b>↓</b>	<b>(1.2%)</b>	<b>↓</b>
<b>Mean</b>	<b>1.7%</b>	<b>↑</b>	<b>2.6%</b>	<b>↑</b>	<b>2.5%</b>	<b>↑</b>	<b>0.9%</b>	<b>↔</b>	<b>(0.6%)</b>	<b>↔</b>	<b>(1.6%)</b>	<b>↓</b>	<b>(1.2%)</b>	<b>↓</b>	<b>(2.4%)</b>	<b>↓</b>	<b>(1.8%)</b>	<b>↓</b>

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

Same store sales represents the change in year-over-year sales for restaurants that have been open for at least 18 months.

Represents most actively traded public restaurant companies

# Quarterly Same-Store Sales Performance – Last 2 Years

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	2014		2015				2016		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Specialty Casual</b>									
Darden Restaurants, Inc.									
Bahama Breeze	1.1% ↑	(0.6%) ↔	3.2% ↑	1.7% ↑	1.8% ↑	2.4% ↑	9.9% ↑	5.4% ↑	3.9% ↑
The Capital Grille	3.9% ↑	5.0% ↑	6.1% ↑	4.4% ↑	7.2% ↑	1.5% ↑	5.3% ↑	1.5% ↑	(1.2%) ↓
Eddie V's	2.5% ↑	4.9% ↑	9.6% ↑	5.2% ↑	5.1% ↑	1.1% ↑	4.1% ↑	0.9% ↔	(1.7%) ↓
LongHorn Steakhouse	2.8% ↑	2.6% ↑	5.4% ↑	5.2% ↑	4.4% ↑	2.6% ↑	5.2% ↑	1.1% ↑	0.6% ↔
Olive Garden	(1.3%) ↓	0.5% ↔	2.2% ↑	3.4% ↑	2.7% ↑	1.0% ↑	6.8% ↑	1.6% ↑	2.0% ↑
Seasons 52	(0.3%) ↔	1.2% ↑	5.2% ↑	3.1% ↑	3.9% ↑	4.5% ↑	5.7% ↑	3.7% ↑	0.7% ↔
Yard House	2.3% ↑	3.7% ↑	5.4% ↑	3.2% ↑	3.4% ↑	1.7% ↑	3.9% ↑	1.4% ↑	0.0% ↔
Texas Roadhouse, Inc.	5.8% ↑	6.8% ↑	8.7% ↑	8.0% ↑	7.0% ↑	4.4% ↑	4.3% ↑	4.5% ↑	3.4% ↑
Buffalo Wild Wings Inc.	5.8% ↑	5.5% ↑	6.5% ↑	3.3% ↑	2.6% ↑	1.0% ↑	(2.0%) ↓	(2.1%) ↓	(1.7%) ↓
Dave & Buster's Entertainment, Inc.	8.7% ↑	10.5% ↑	9.9% ↑	11.0% ↑	8.8% ↑	6.0% ↑	3.6% ↑	1.0% ↑	5.9% ↑
BJ's Restaurants, Inc.	0.3% ↔	1.2% ↑	3.2% ↑	0.5% ↔	2.3% ↑	0.7% ↔	0.6% ↔	(0.2%) ↔	(3.4%) ↓
Chuy's Holdings, Inc.	3.0% ↑	3.8% ↑	1.9% ↑	3.2% ↑	4.2% ↑	3.2% ↑	3.2% ↑	1.0% ↑	0.3% ↔
<b>Median</b>	<b>2.7% ↑</b>	<b>3.8% ↑</b>	<b>5.4% ↑</b>	<b>3.4% ↑</b>	<b>4.1% ↑</b>	<b>2.1% ↑</b>	<b>4.2% ↑</b>	<b>1.3% ↑</b>	<b>0.5% ↔</b>
<b>Mean</b>	<b>2.9% ↑</b>	<b>3.8% ↑</b>	<b>5.6% ↑</b>	<b>4.4% ↑</b>	<b>4.5% ↑</b>	<b>2.5% ↑</b>	<b>4.2% ↑</b>	<b>1.7% ↑</b>	<b>0.7% ↔</b>

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	2014				2015				2016									
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3									
<b>Polished Casual</b>																		
The Cheesecake Factory Incorporated	2.1%	↑	1.4%	↑	4.2%	↑	2.8%	↑	2.2%	↑	1.1%	↑	1.7%	↑	0.3%	↔	1.7%	↑
J. Alexander's Holdings, Inc.																		
J. Alexander's/Redlands Grill	N/A		N/A		N/A		N/A		(0.2%)	↔	1.4%	↑	(3.0%)	↓	(1.8%)	↓	1.4%	↑
Stoney River Steakhouse and Grill	N/A		N/A		N/A		N/A		4.7%	↑	6.2%	↑	0.7%	↔	1.8%	↑	1.8%	↑
Kona Grill Inc.	2.7%	↑	3.1%	↑	2.2%	↑	1.0%	↑	1.6%	↑	3.2%	↑	3.6%	↑	2.5%	↑	0.7%	↔
Bravo Brio Restaurant Group, Inc.																		
Bravo! Cucina Italiana	(6.7%)	↓	(3.9%)	↓	(1.7%)	↓	(2.1%)	↓	(3.1%)	↓	(5.2%)	↓	(4.1%)	↓	(8.4%)	↓	(8.0%)	↓
Brio Tuscan Grille	(5.2%)	↓	(4.2%)	↓	(1.0%)	↓	(1.6%)	↓	(3.8%)	↓	(4.3%)	↓	(2.1%)	↓	(6.4%)	↓	(3.7%)	↓
<b>Median</b>	<b>(1.6%)</b>	<b>↓</b>	<b>(1.3%)</b>	<b>↓</b>	<b>0.6%</b>	<b>↔</b>	<b>(0.3%)</b>	<b>↔</b>	<b>0.7%</b>	<b>↔</b>	<b>1.3%</b>	<b>↑</b>	<b>(0.7%)</b>	<b>↔</b>	<b>(0.8%)</b>	<b>↔</b>	<b>1.1%</b>	<b>↑</b>
<b>Mean</b>	<b>(1.8%)</b>	<b>↓</b>	<b>(0.9%)</b>	<b>↔</b>	<b>0.9%</b>	<b>↔</b>	<b>0.0%</b>	<b>↔</b>	<b>0.2%</b>	<b>↔</b>	<b>0.4%</b>	<b>↔</b>	<b>(0.5%)</b>	<b>↔</b>	<b>(2.0%)</b>	<b>↓</b>	<b>(1.0%)</b>	<b>↓</b>
<b>Fine Dining</b>																		
Ruth's Hospitality Group Inc.	4.8%	↑	5.0%	↑	2.8%	↑	4.2%	↑	3.3%	↑	3.2%	↑	3.1%	↑	1.5%	↑	2.1%	↑
Fogo de Chao, Inc.	N/A		N/A		N/A		4.2%	↑	2.8%	↑	3.5%	↑	1.1%	↑	(1.6%)	↓	0.6%	↔
Del Frisco's Restaurant Group, Inc.																		
Del Frisco's Double Eagle Steak House	8.4%	↑	4.8%	↑	2.3%	↑	1.0%	↑	(1.4%)	↓	(1.6%)	↓	(0.1%)	↔	(1.9%)	↓	(3.7%)	↓
Del Frisco's Grille	N/A		N/A		(3.5%)	↓	(6.3%)	↓	(3.5%)	↓	(4.5%)	↓	(2.8%)	↓	(2.0%)	↓	(1.4%)	↓
Sullivan's Steakhouse	0.6%	↔	1.8%	↑	4.8%	↑	(3.0%)	↓	1.2%	↑	(1.8%)	↓	(1.8%)	↓	2.9%	↑	(3.2%)	↓
The ONE Group Hospitality, Inc.	5.7%	↑	2.6%	↑	(3.5%)	↓	3.1%	↑	0.3%	↔	(0.8%)	↔	2.8%	↑	(5.2%)	↓	(4.2%)	↓
<b>Median</b>	<b>5.3%</b>	<b>↑</b>	<b>3.7%</b>	<b>↑</b>	<b>2.3%</b>	<b>↑</b>	<b>2.1%</b>	<b>↑</b>	<b>0.8%</b>	<b>↔</b>	<b>(1.2%)</b>	<b>↓</b>	<b>0.5%</b>	<b>↔</b>	<b>(1.8%)</b>	<b>↓</b>	<b>(2.3%)</b>	<b>↓</b>
<b>Mean</b>	<b>4.9%</b>	<b>↑</b>	<b>3.6%</b>	<b>↑</b>	<b>0.6%</b>	<b>↔</b>	<b>0.5%</b>	<b>↔</b>	<b>0.5%</b>	<b>↔</b>	<b>(0.3%)</b>	<b>↔</b>	<b>0.4%</b>	<b>↔</b>	<b>(1.1%)</b>	<b>↓</b>	<b>(1.6%)</b>	<b>↓</b>

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

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	2014				2015				2016									
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3									
<b>Fast Casual</b>																		
Chipotle Mexican Grill, Inc.	19.8%	↑	16.1%	↑	10.4%	↑	4.3%	↑	2.6%	↑	(14.6%)	↓	(29.7%)	↓	(23.6%)	↓	(21.9%)	↓
Panera Bread Company	1.4%	↑	3.0%	↑	0.7%	↔	1.8%	↑	2.8%	↑	2.3%	↑	4.7%	↑	2.6%	↑	3.4%	↑
Shake Shack Inc.	N/A		7.2%	↑	11.7%	↑	12.9%	↑	17.1%	↑	11.0%	↑	9.9%	↑	4.5%	↑	2.9%	↑
El Pollo Loco Holdings, Inc.	7.9%	↑	7.6%	↑	5.1%	↑	1.3%	↑	0.6%	↔	1.8%	↑	0.7%	↔	2.4%	↑	1.6%	↑
Zoe's Kitchen, Inc.	5.9%	↑	7.8%	↑	7.7%	↑	5.6%	↑	4.5%	↑	7.7%	↑	8.1%	↑	4.0%	↑	2.4%	↑
The Habit Restaurants, Inc.	N/A		13.2%	↑	12.6%	↑	8.9%	↑	2.9%	↑	3.3%	↑	2.0%	↑	4.0%	↑	0.2%	↔
Noodles & Company	1.7%	↑	1.3%	↑	0.9%	↔	0.1%	↔	(0.9%)	↔	(1.1%)	↓	(0.1%)	↔	(1.0%)	↓	(0.7%)	↔
Potbelly Corporation	0.5%	↔	3.7%	↑	5.4%	↑	4.9%	↑	3.7%	↑	3.7%	↑	3.7%	↑	1.7%	↑	0.6%	↔
Fiesta Restaurant Group, Inc.																		
Pollo Tropical	5.9%	↑	7.7%	↑	6.4%	↑	4.3%	↑	4.2%	↑	0.4%	↔	0.0%	↔	(1.4%)	↓	(1.0%)	↓
Taco Cabana	3.5%	↑	6.1%	↑	3.8%	↑	5.6%	↑	4.8%	↑	3.3%	↑	1.7%	↑	(3.8%)	↓	(4.1%)	↓
Wingstop Inc.	12.4%	↑	12.5%	↑	10.7%	↑	9.0%	↑	6.3%	↑	5.9%	↑	4.6%	↑	3.1%	↑	4.1%	↑
<b>Median</b>	<b>5.9%</b>	<b>↑</b>	<b>7.6%</b>	<b>↑</b>	<b>6.4%</b>	<b>↑</b>	<b>4.9%</b>	<b>↑</b>	<b>3.7%</b>	<b>↑</b>	<b>3.3%</b>	<b>↑</b>	<b>2.0%</b>	<b>↑</b>	<b>2.4%</b>	<b>↑</b>	<b>0.6%</b>	<b>↔</b>
<b>Mean</b>	<b>6.6%</b>	<b>↑</b>	<b>7.8%</b>	<b>↑</b>	<b>6.9%</b>	<b>↑</b>	<b>5.3%</b>	<b>↑</b>	<b>4.4%</b>	<b>↑</b>	<b>2.2%</b>	<b>↑</b>	<b>0.5%</b>	<b>↔</b>	<b>(0.7%)</b>	<b>↔</b>	<b>(1.1%)</b>	<b>↓</b>

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

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Represents most actively traded public restaurant companies

# Quarterly Same-Store Sales Performance – Last 2 Years

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	2014		2015				2016		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Quick Service</b>									
McDonald's Corp.	(3.3%) ↓	(1.7%) ↓	(2.6%) ↓	(2.0%) ↓	0.9% ↔	5.7% ↑	5.4% ↑	3.1% ↑	3.5% ↑
Yum! Brands, Inc.									
KFC	2.0% ↑	6.0% ↑	7.0% ↑	3.0% ↑	0.0% ↔	3.0% ↑	1.0% ↑	2.0% ↑	4.0% ↑
Pizza Hut	(2.0%) ↓	0.0% ↔	(1.0%) ↓	1.0% ↑	0.0% ↔	2.0% ↑	5.0% ↑	0.0% ↔	(1.0%) ↓
Taco Bell	3.0% ↑	7.0% ↑	6.0% ↑	6.0% ↑	4.0% ↑	4.0% ↑	1.0% ↑	(1.0%) ↓	3.0% ↑
Restaurant Brands International Inc.									
Burger King	3.6% ↑	4.2% ↑	6.9% ↑	7.9% ↑	5.2% ↑	2.8% ↑	4.4% ↑	3.9% ↑	1.7% ↑
Tim Hortons	6.8% ↑	4.1% ↑	8.9% ↑	7.0% ↑	4.3% ↑	5.8% ↑	5.8% ↑	4.8% ↑	2.0% ↑
Domino's Pizza, Inc.	7.7% ↑	11.1% ↑	14.5% ↑	12.8% ↑	10.5% ↑	10.7% ↑	6.4% ↑	9.7% ↑	13.0% ↑
The Wendy's Company	0.8% ↔	1.7% ↑	3.2% ↑	2.2% ↑	3.1% ↑	4.8% ↑	3.6% ↑	0.4% ↔	1.4% ↑
Jack in the Box Inc.	3.1% ↑	4.4% ↑	8.9% ↑	7.3% ↑	6.2% ↑	1.4% ↑	0.0% ↔	1.1% ↑	2.0% ↑
Papa John's International Inc.	7.4% ↑	4.1% ↑	6.5% ↑	5.5% ↑	3.0% ↑	1.9% ↑	0.1% ↔	4.8% ↑	5.5% ↑
Sonic Corp.	3.5% ↑	8.5% ↑	11.5% ↑	6.1% ↑	4.9% ↑	5.3% ↑	6.5% ↑	2.0% ↑	(2.0%) ↓
Popeyes Louisiana Kitchen, Inc.	7.2% ↑	10.7% ↑	7.0% ↑	7.9% ↑	5.6% ↑	2.0% ↑	1.1% ↑	0.7% ↔	1.8% ↑
Bojangles', Inc.	5.3% ↑	7.0% ↑	7.9% ↑	4.4% ↑	4.1% ↑	0.6% ↔	2.0% ↑	0.2% ↔	0.8% ↔
Del Taco Restaurants, Inc.	N/A	N/A	7.7% ↑	6.0% ↑	5.6% ↑	5.8% ↑	3.2% ↑	3.3% ↑	6.7% ↑
Nathan's Famous Inc.	3.0% ↑	(2.0%) ↓	(2.8%) ↓	(0.7%) ↔	0.5% ↔	(1.3%) ↓	0.2% ↔	(2.2%) ↓	(6.3%) ↓
Papa Murphy's Holdings, Inc.	4.6% ↑	8.4% ↑	5.6% ↑	4.5% ↑	1.4% ↑	(3.1%) ↓	(2.8%) ↓	(4.0%) ↓	(5.8%) ↓
<b>Median</b>	<b>3.5% ↑</b>	<b>4.4% ↑</b>	<b>7.0% ↑</b>	<b>5.8% ↑</b>	<b>4.1% ↑</b>	<b>2.9% ↑</b>	<b>2.6% ↑</b>	<b>1.6% ↑</b>	<b>1.9% ↑</b>
<b>Mean</b>	<b>3.5% ↑</b>	<b>4.9% ↑</b>	<b>6.0% ↑</b>	<b>4.9% ↑</b>	<b>3.7% ↑</b>	<b>3.2% ↑</b>	<b>2.7% ↑</b>	<b>1.8% ↑</b>	<b>1.9% ↑</b>

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

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# Quarterly Same-Store Sales Performance – Last 2 Years ○○○○○●

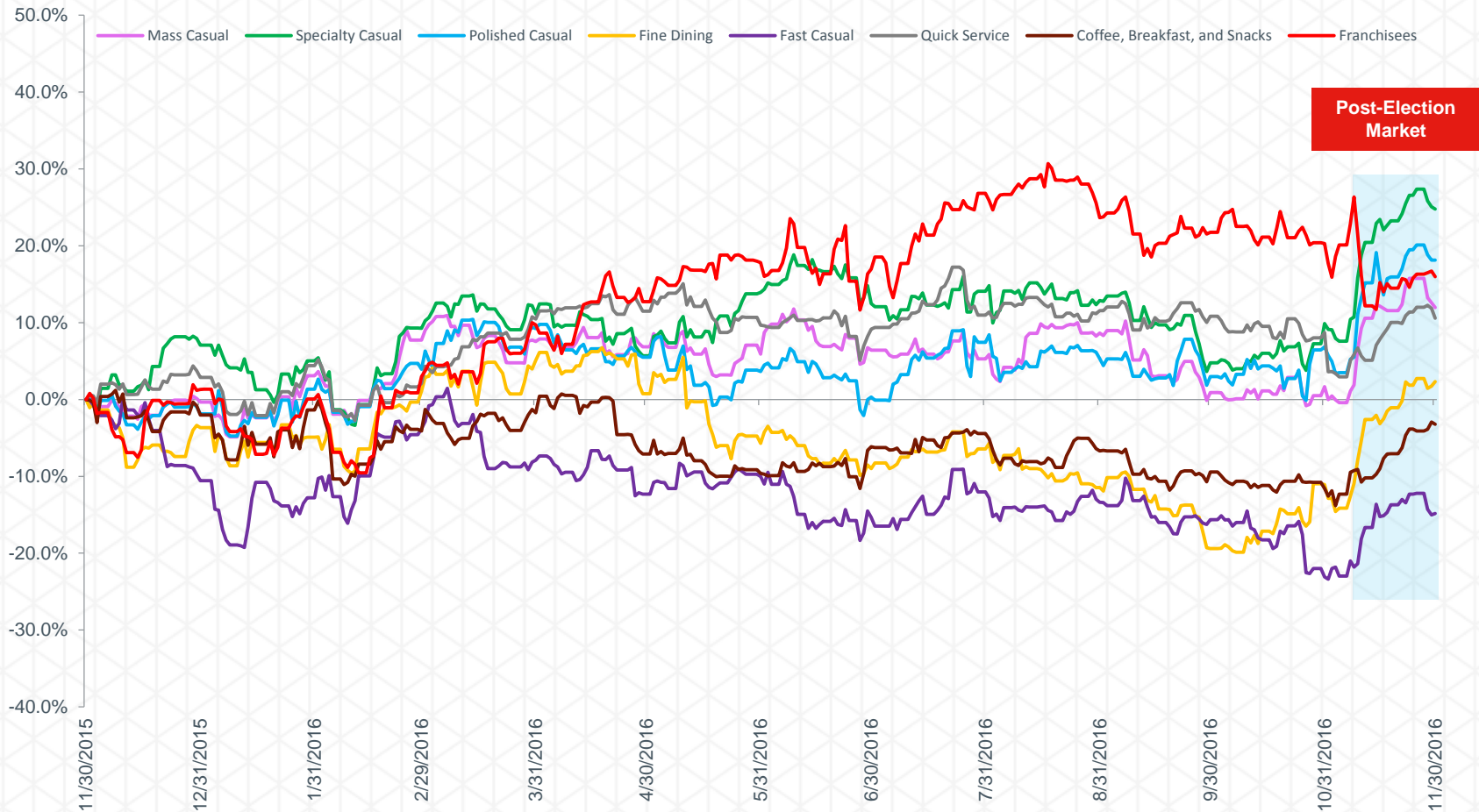
	2014		2015				2016											
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3									
<b>Coffee, Breakfast, and Snacks</b>																		
Starbucks Corporation	5.0%	↑	5.0%	↑	7.0%	↑	8.0%	↑	9.0%	↑	9.0%	↑	7.0%	↑	4.0%	↑	5.0%	↑
Dunkin' Brands Group, Inc.																		
Dunkin' Donuts	2.0%	↑	1.4%	↑	2.7%	↑	2.9%	↑	1.1%	↑	1.8%	↑	2.0%	↑	0.5%	↔	2.0%	↑
Baskin Robbins	5.8%	↑	9.3%	↑	8.0%	↑	3.4%	↑	7.5%	↑	4.4%	↑	5.0%	↑	0.6%	↔	(0.9%)	↔
Jamba, Inc.	3.7%	↑	4.9%	↑	5.0%	↑	(5.9%)	↓	6.6%	↑	5.4%	↑	(2.1%)	↓	4.2%	↑	(1.1%)	↓
<b>Median</b>	4.4%	↑	5.0%	↑	6.0%	↑	3.2%	↑	7.1%	↑	4.9%	↑	3.5%	↑	2.3%	↑	0.6%	↔
<b>Mean</b>	4.1%	↑	5.2%	↑	5.7%	↑	2.1%	↑	6.1%	↑	5.2%	↑	3.0%	↑	2.3%	↑	1.3%	↑
<b>Franchisees</b>																		
Alsea, S.A.B. De C.V.	2.0%	↑	2.4%	↑	6.3%	↑	8.0%	↑	11.4%	↑	10.4%	↑	10.1%	↑	9.6%	↑	9.0%	↑
Domino's Pizza Enterprises Limited	N/A		N/A		N/A		N/A		N/A		N/A		N/A		N/A		N/A	
Arcos Dorados Holdings, Inc.	7.4%	↑	15.4%	↑	9.4%	↑	8.5%	↑	9.4%	↑	12.0%	↑	15.9%	↑	9.5%	↑	15.6%	↑
Domino's Pizza Group plc	N/A		N/A		N/A		N/A		N/A		N/A		N/A		N/A		N/A	
Carrols Restaurant Group, Inc.	3.3%	↑	3.6%	↑	8.4%	↑	10.3%	↑	6.5%	↑	5.1%	↑	5.7%	↑	0.7%	↔	0.0%	↔
<b>Median</b>	3.3%	↑	3.6%	↑	8.4%	↑	8.5%	↑	9.4%	↑	10.4%	↑	10.1%	↑	9.5%	↑	9.0%	↑
<b>Mean</b>	4.2%	↑	7.1%	↑	8.0%	↑	8.9%	↑	9.1%	↑	9.2%	↑	10.6%	↑	6.6%	↑	8.2%	↑

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

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# Indexed Stock Price Performance – Last 12 Months



Source: Capital IQ; data as of 11/30/2016. Fast Casual index includes Chipotle Mexican Grill, Panera Bread Company, Shake Shack Inc., Wingstop Inc., Fiesta Restaurant Group, El Pollo Loco Holdings, Zoe's Kitchen, The Habit Restaurants, Potbelly Corporation, Noodles & Company. Quick Service index includes McDonald's Corp, Yum! Brands, Restaurant Brands International Inc., Domino's Pizza, The Wendy's Company, Jack in the Box Inc., Papa John's International Inc., Sonic Corp., Popeyes Louisiana Kitchen, Bojangles, Del Taco Restaurants, Nathan's Famous Inc., Papa Murphy's Holdings. Coffee, Breakfast, & Snacks index includes Starbucks Corporation, Dunkin' Brands Group, Jamba. Franchisees index includes Domino's Pizza Enterprises Limited, Alsea S.A.B., Domino's Pizza Group, Arcos Dorados Holdings, Carrols Restaurant Group. Mass Casual index includes Brinker International, Cracker Barrel Old Country Store, Bloomin' Brands, DineEquity, Bob Evans Farms, Biglari Holdings, Denny's Corporation, Red Robin Gourmet Burgers, Ruby Tuesday, Luby's, Ignite Restaurant Group, Famous Dave's of America. Specialty Casual index includes Darden Restaurants, Texas Roadhouse, Buffalo Wild Wings, Dave & Buster's Entertainment, BJ's Restaurants, Chuy's Holdings. Polished Casual index includes The Cheesecake Factory, J. Alexander's Holdings, Kona Grill, Bravo Brio Restaurant Group. Fine Dining index includes Ruth's Hospitality Group, Fogo de Chao, Del Frisco's Restaurant Group, The ONE Group Hospitality. Represents most actively traded public restaurant companies

# Public Restaurant Valuations ●○○○○○○

(\$ in millions, except per share data)

	% Franchised	Stock Price	% of	Market	Enterprise	Enterprise Value as a Multiple of						LTM
		30-Nov-16	52 Wk High	Value	Value	Revenue		EBITDA		EBITDA		
						LTM	2016E	2017E	LTM	2016E	2017E	Margin
<b>Mass Casual</b>												
Brinker International, Inc.	40%	\$53.11	95.1%	\$2,637	\$4,049	1.24x	1.24x	1.24x	8.4x	8.6x	9.2x	14.8%
Cracker Barrel Old Country Store, Inc.	0%	162.74	94.1%	3,912	4,203	1.44x	1.43x	1.38x	11.3x	11.0x	10.5x	12.7%
Bloomin' Brands, Inc.	11%	18.60	93.0%	1,960	3,138	0.73x	0.73x	0.72x	7.3x	7.2x	7.2x	10.0%
DineEquity, Inc.	100%	83.58	84.6%	1,512	2,814	4.32x	4.40x	4.29x	10.7x	10.7x	10.6x	40.3%
Bob Evans Farms, Inc.	0%	44.65	92.6%	883	1,243	0.94x	0.94x	0.93x	10.6x	9.1x	8.8x	8.8%
Biglari Holdings Inc.	30%	468.93	97.7%	969	1,163	1.35x	1.33x	1.30x	20.4x	18.4x	17.3x	6.6%
Denny's Corporation	90%	12.09	94.4%	887	1,129	2.25x	2.22x	2.13x	12.2x	11.5x	10.8x	18.5%
Red Robin Gourmet Burgers Inc.	16%	51.45	74.2%	662	962	0.74x	0.74x	0.70x	6.7x	7.0x	6.5x	11.2%
Ruby Tuesday, Inc.	12%	3.02	52.3%	179	334	0.31x	NA	NA	4.8x	NA	NA	6.4%
Luby's, Inc.	37%	4.26	83.5%	123	159	0.40x	NA	NA	8.2x	NA	NA	4.8%
Ignite Restaurant Group, Inc.	1%	0.27	6.0%	7	120	0.26x	0.26x	0.29x	6.0x	5.2x	5.1x	4.3%
Famous Dave's of America Inc.	75%	4.65	56.7%	32	39	0.38x	0.39x	0.40x	9.0x	7.7x	6.6x	4.2%
<b>Median</b>			<b>88.6%</b>	<b>\$885</b>	<b>\$1,146</b>	<b>0.84x</b>	<b>1.09x</b>	<b>1.08x</b>	<b>8.7x</b>	<b>8.9x</b>	<b>9.0x</b>	<b>9.4%</b>
<b>Mean</b>			<b>77.0%</b>	<b>\$1,147</b>	<b>\$1,613</b>	<b>1.20x</b>	<b>1.37x</b>	<b>1.34x</b>	<b>9.6x</b>	<b>9.6x</b>	<b>9.3x</b>	<b>11.9%</b>

# Public Restaurant Valuations ●○○○○○

(\$ in millions, except per share data)

	% Franchised	Stock Price 30-Nov-16	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of					LTM	
						Revenue		EBITDA		EBITDA Margin		
						LTM	2016E	2017E	LTM	2016E	2017E	
<b>Specialty Casual</b>												
Darden Restaurants, Inc.	3%	\$73.30	97.7%	\$9,022	\$9,347	1.34x	1.33x	1.30x	10.3x	10.2x	9.2x	13.1%
Texas Roadhouse, Inc.	17%	46.89	95.7%	3,307	3,285	1.68x	1.64x	1.49x	12.5x	12.2x	10.9x	13.4%
Buffalo Wild Wings Inc.	49%	168.60	97.5%	3,069	3,155	1.59x	1.57x	1.42x	10.3x	10.4x	9.2x	15.5%
Dave & Buster's Entertainment, Inc.	0%	46.85	93.9%	1,971	2,237	2.40x	2.26x	1.99x	10.3x	9.8x	8.6x	23.3%
BJ's Restaurants, Inc.	0%	37.10	78.0%	863	946	0.99x	0.95x	0.90x	7.4x	7.6x	7.1x	13.3%
Chuy's Holdings, Inc.	0%	31.35	83.0%	527	513	1.59x	1.54x	1.31x	12.6x	12.1x	10.7x	12.6%
<b>Median</b>			<b>94.8%</b>	<b>\$2,520</b>	<b>\$2,696</b>	<b>1.59x</b>	<b>1.55x</b>	<b>1.37x</b>	<b>10.3x</b>	<b>10.3x</b>	<b>9.2x</b>	<b>11.9%</b>
<b>Mean</b>			<b>91.0%</b>	<b>\$3,126</b>	<b>\$3,247</b>	<b>1.60x</b>	<b>1.55x</b>	<b>1.40x</b>	<b>10.6x</b>	<b>10.4x</b>	<b>9.3x</b>	<b>11.2%</b>
<b>Polished Casual</b>												
The Cheesecake Factory Incorporated	5%	\$59.17	98.3%	\$2,694	\$2,726	1.24x	1.20x	1.15x	9.8x	9.4x	9.4x	12.7%
J. Alexander's Holdings, Inc.	0%	9.50	78.5%	140	159	0.72x	0.72x	0.65x	7.5x	6.7x	5.5x	9.6%
Kona Grill Inc.	0%	12.30	71.2%	130	148	0.90x	0.86x	0.73x	12.4x	11.0x	7.8x	7.3%
Bravo Brio Restaurant Group, Inc.	1%	4.15	38.4%	61	112	0.27x	0.27x	0.27x	4.4x	4.8x	4.0x	6.2%
<b>Median</b>			<b>74.9%</b>	<b>\$135</b>	<b>\$153</b>	<b>0.81x</b>	<b>0.79x</b>	<b>0.69x</b>	<b>8.6x</b>	<b>8.1x</b>	<b>6.6x</b>	<b>8.4%</b>
<b>Mean</b>			<b>71.6%</b>	<b>\$756</b>	<b>\$786</b>	<b>0.78x</b>	<b>0.76x</b>	<b>0.70x</b>	<b>8.5x</b>	<b>8.0x</b>	<b>6.7x</b>	<b>8.9%</b>

# Public Restaurant Valuations ○○●○○○

(\$ in millions, except per share data)

	% Franchised	Stock Price 30-Nov-16	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM EBITDA Margin
						Revenue			EBITDA			
						LTM	2016E	2017E	LTM	2016E	2017E	
<b>Fine Dining</b>												
Ruth's Hospitality Group Inc.	54%	\$17.00	90.5%	\$521	\$555	1.45x	1.43x	1.33x	9.5x	9.3x	8.6x	15.3%
Fogo de Chao, Inc.	0%	13.85	77.4%	390	517	1.81x	1.82x	1.63x	7.5x	9.3x	8.6x	24.3%
Del Frisco's Restaurant Group, Inc.	0%	17.20	98.9%	405	404	1.17x	1.15x	1.06x	8.8x	8.8x	8.0x	13.2%
The ONE Group Hospitality, Inc.	0%	2.89	84.3%	72	85	1.21x	1.13x	0.95x	NM	12.5x	6.3x	NM
<b>Median</b>			<b>87.4%</b>	<b>\$397</b>	<b>\$461</b>	<b>1.33x</b>	<b>1.29x</b>	<b>1.20x</b>	<b>8.8x</b>	<b>9.3x</b>	<b>8.3x</b>	<b>15.3%</b>
<b>Mean</b>			<b>87.8%</b>	<b>\$347</b>	<b>\$390</b>	<b>1.41x</b>	<b>1.38x</b>	<b>1.24x</b>	<b>8.6x</b>	<b>10.0x</b>	<b>7.9x</b>	<b>17.6%</b>
<b>Fast Casual</b>												
Chipotle Mexican Grill, Inc.	0%	\$396.33	67.6%	\$11,474	\$11,115	2.87x	2.83x	2.42x	40.0x	49.7x	18.5x	7.2%
Panera Bread Company	54%	212.11	94.6%	4,962	5,316	1.93x	1.90x	1.77x	13.6x	13.0x	11.9x	14.1%
Shake Shack Inc.	48%	36.88	80.2%	1,337	1,312	5.33x	4.94x	3.72x	47.5x	29.3x	22.5x	11.2%
Wingstop Inc.	98%	30.69	92.7%	882	1,036	11.88x	11.30x	10.13x	34.3x	30.0x	26.1x	34.6%
Fiesta Restaurant Group, Inc.	11%	28.65	74.3%	766	831	1.15x	1.16x	1.08x	8.8x	8.9x	8.0x	13.2%
El Pollo Loco Holdings, Inc.	57%	12.60	81.6%	485	586	1.57x	1.54x	1.41x	9.3x	9.1x	8.6x	16.8%
Zoe's Kitchen, Inc.	2%	24.66	59.1%	480	498	1.87x	1.80x	1.51x	21.2x	21.5x	18.1x	8.8%
The Habit Restaurants, Inc.	4%	16.80	68.6%	437	424	1.57x	1.50x	1.24x	15.4x	14.0x	12.0x	10.2%
Potbelly Corporation	6%	13.65	91.1%	344	315	0.79x	0.77x	0.68x	8.0x	8.1x	7.1x	9.8%
Noodles & Company	14%	4.20	30.8%	117	199	0.42x	0.41x	0.40x	8.0x	7.7x	7.2x	5.3%
<b>Median</b>			<b>77.3%</b>	<b>\$626</b>	<b>\$708</b>	<b>1.72x</b>	<b>1.67x</b>	<b>1.46x</b>	<b>14.5x</b>	<b>13.5x</b>	<b>11.9x</b>	<b>10.7%</b>
<b>Mean</b>			<b>74.0%</b>	<b>\$2,128</b>	<b>\$2,163</b>	<b>2.94x</b>	<b>2.82x</b>	<b>2.44x</b>	<b>20.6x</b>	<b>19.1x</b>	<b>14.0x</b>	<b>13.1%</b>

# Public Restaurant Valuations ○○○●○○○

(\$ in millions, except per share data)

	% Franchised	Stock Price	% of	Market	Enterprise	Enterprise Value as a Multiple of						LTM
		30-Nov-16	52 Wk High	Value	Value	Revenue			EBITDA			EBITDA
						LTM	2016E	2017E	LTM	2016E	2017E	Margin
<b>Quick Service</b>												
McDonald's Corp.	82%	\$119.27	90.4%	\$99,047	\$122,787	4.92x	4.99x	5.39x	13.3x	13.0x	12.5x	37.1%
Yum! Brands, Inc.	77%	63.39	68.9%	23,264	29,619	2.30x	4.63x	5.15x	9.9x	14.2x	14.5x	23.2%
Restaurant Brands International Inc.	99%	47.53	96.8%	11,127	23,797	5.82x	5.74x	5.44x	13.6x	13.0x	11.9x	42.7%
Domino's Pizza, Inc.	97%	168.04	97.3%	8,079	10,280	4.29x	4.22x	3.83x	21.9x	21.1x	18.6x	19.6%
The Wendy's Company	90%	12.57	95.5%	3,231	5,438	3.42x	3.79x	4.66x	13.6x	13.7x	13.7x	25.1%
Jack in the Box Inc.	75%	104.02	95.1%	3,378	4,356	2.72x	2.68x	2.71x	13.0x	13.1x	11.5x	20.9%
Papa John's International Inc.	85%	88.36	98.9%	3,260	3,574	2.11x	2.08x	1.97x	18.5x	18.6x	17.3x	11.4%
Sonic Corp.	89%	26.10	71.8%	1,212	1,740	2.87x	2.94x	3.52x	10.3x	10.4x	11.0x	27.8%
Popeyes Louisiana Kitchen, Inc.	97%	59.88	95.0%	1,241	1,391	5.21x	5.16x	5.07x	16.0x	15.8x	14.4x	32.5%
Bojangles', Inc.	58%	17.90	88.8%	653	837	1.61x	1.57x	1.42x	10.5x	10.4x	9.6x	15.4%
Del Taco Restaurants, Inc.	45%	14.52	95.2%	569	728	1.67x	1.61x	1.52x	12.1x	10.3x	9.5x	13.8%
Nathan's Famous Inc.	98%	61.85	95.8%	258	334	3.44x	NA	NA	12.3x	NA	NA	27.9%
Papa Murphy's Holdings, Inc.	90%	4.74	36.6%	80	192	1.53x	1.48x	1.35x	8.8x	9.9x	8.8x	17.4%
<b>Median</b>			<b>95.1%</b>	<b>\$3,231</b>	<b>\$3,574</b>	<b>2.87x</b>	<b>3.37x</b>	<b>3.67x</b>	<b>13.0x</b>	<b>13.0x</b>	<b>12.2x</b>	<b>23.2%</b>
<b>Mean</b>			<b>86.6%</b>	<b>\$11,954</b>	<b>\$15,775</b>	<b>3.22x</b>	<b>3.41x</b>	<b>3.50x</b>	<b>13.4x</b>	<b>13.6x</b>	<b>12.8x</b>	<b>24.2%</b>



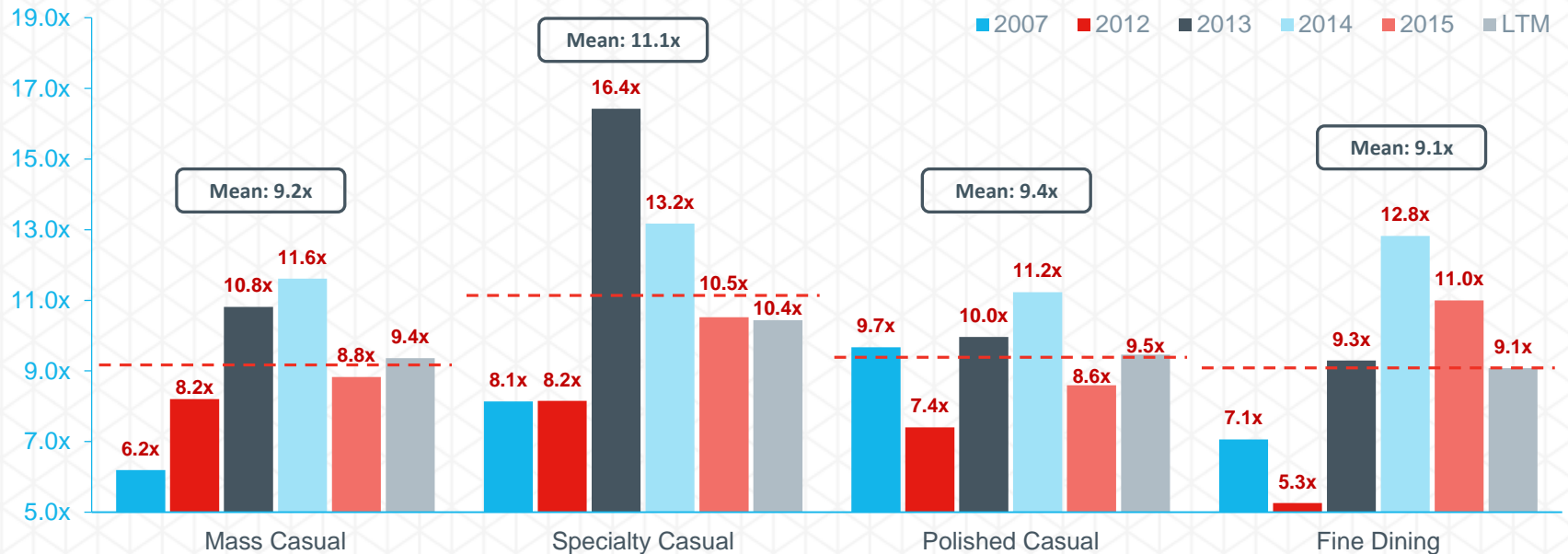
# Public Restaurant Valuations ○○○○●○○

(\$ in millions, except per share data)

	% Franchised	Stock Price 30-Nov-16	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of					LTM EBITDA Margin	
						LTM	Revenue 2016E	2017E	LTM	EBITDA 2016E		2017E
<b>Coffee, Breakfast, and Snacks</b>												
Starbucks Corporation	47%	\$57.97	92.7%	\$85,227	\$86,630	4.06x	3.97x	3.65x	17.7x	16.4x	14.6x	22.9%
Dunkin' Brands Group, Inc.	100%	54.29	99.7%	4,980	7,149	8.75x	8.63x	8.41x	16.9x	15.6x	15.0x	51.8%
Jamba, Inc.	92%	9.92	69.8%	152	138	1.68x	1.74x	1.77x	NM	20.7x	11.9x	NM
<b>Median</b>			<b>92.7%</b>	<b>\$4,980</b>	<b>\$7,149</b>	<b>4.06x</b>	<b>3.97x</b>	<b>3.65x</b>	<b>17.3x</b>	<b>16.4x</b>	<b>14.6x</b>	<b>37.3%</b>
<b>Mean</b>			<b>87.4%</b>	<b>\$30,120</b>	<b>\$31,306</b>	<b>4.83x</b>	<b>4.78x</b>	<b>4.61x</b>	<b>17.3x</b>	<b>17.6x</b>	<b>13.8x</b>	<b>37.3%</b>
<b>Franchisees</b>												
Domino's Pizza Enterprises Limited	77%	\$50.03	84.0%	\$4,542	\$4,738	6.95x	6.11x	5.06x	40.0x	30.6x	23.8x	17.4%
Alsea, S.A.B. De C.V.	0%	2.95	83.0%	2,462	3,105	1.76x	1.73x	1.52x	12.8x	12.6x	10.7x	13.8%
Domino's Pizza Group plc	98%	4.37	86.3%	2,161	2,174	5.14x	4.73x	4.28x	21.1x	19.1x	17.1x	24.3%
Arcos Dorados Holdings, Inc.	26%	5.90	89.4%	1,243	1,744	0.60x	0.59x	0.55x	6.2x	8.2x	7.2x	9.7%
Carrols Restaurant Group, Inc.	0%	13.60	91.9%	596	801	0.86x	0.85x	0.81x	9.0x	8.9x	8.3x	9.6%
<b>Median</b>			<b>86.3%</b>	<b>\$2,161</b>	<b>\$2,174</b>	<b>1.76x</b>	<b>1.73x</b>	<b>1.52x</b>	<b>12.8x</b>	<b>12.6x</b>	<b>10.7x</b>	<b>13.8%</b>
<b>Mean</b>			<b>86.9%</b>	<b>\$2,201</b>	<b>\$2,512</b>	<b>3.06x</b>	<b>2.80x</b>	<b>2.45x</b>	<b>17.8x</b>	<b>15.9x</b>	<b>13.4x</b>	<b>15.0%</b>

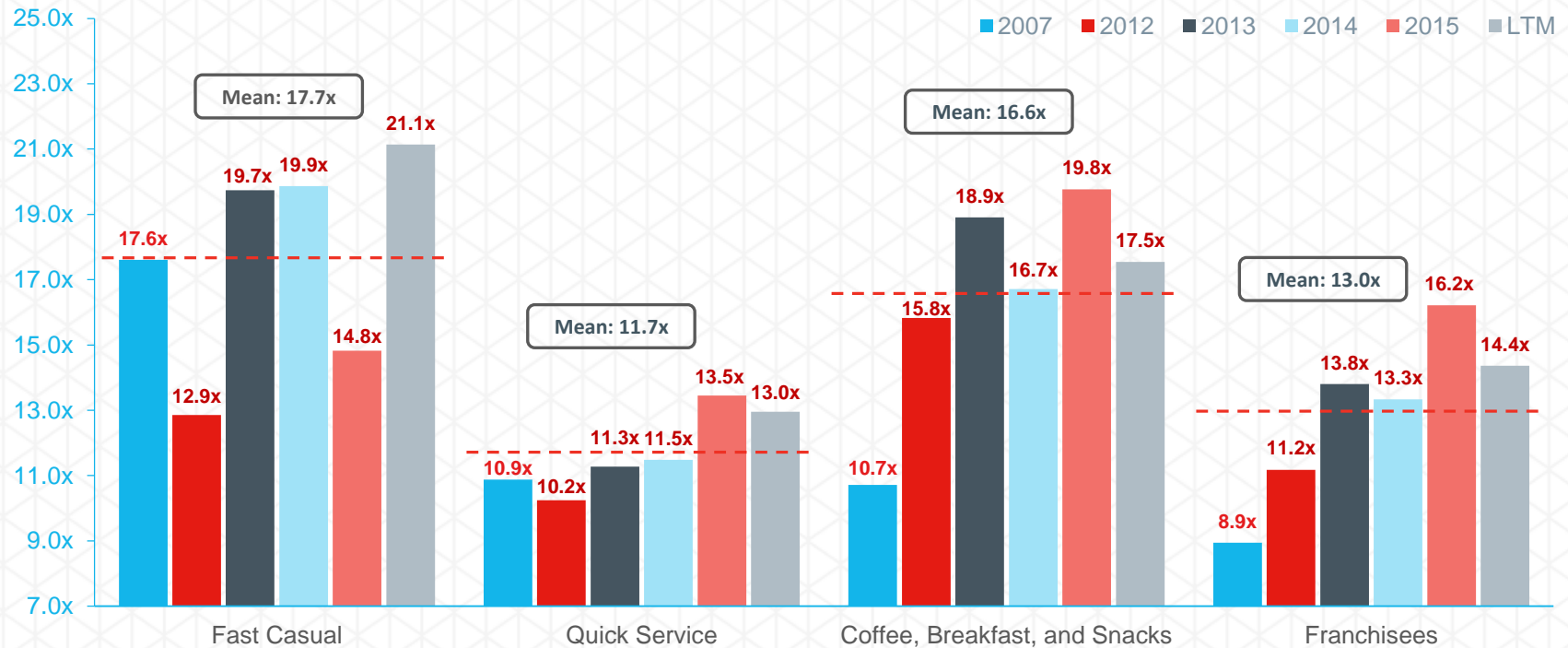
# Historical Public Restaurant Trends ○○○○○●○

**Enterprise Value as a Multiple of EBITDA**



# Historical Public Restaurant Trends ○○○○○○●

**Enterprise Value as a Multiple of EBITDA**



# Recent Restaurant M&A Transaction Activity

## Colowide Acquires Reins International (USA) for \$86M

On November 25, 2016, Colowide, the Japan-based restaurant and pub chain operator and franchisor, acquired Reins International (USA), a Hawaii-based operator of the Gyu-Kaku Japanese BBQ restaurant chain, for \$86M. Colowide made the acquisition through its Kanagawa-based consolidated subsidiary, Reins International, which acquired all of the shares in Reins International (USA) from owner and private investor Tomoyoshi Nishiyama.

## Honeygrow Raises \$20M in Latest Funding Round

On November 17, 2016, Honeygrow, a Philadelphia-based stir-fry and salad fast-casual concept, announced that it has closed on a \$20M series D round of financing to further expand the concept. The funding, led by Miller Investments of Philadelphia, will allow the concept to expand in the Mid-Atlantic region and continue funding the growth of new restaurants in Baltimore, Brooklyn and Washington D.C. Founded in 2012, the company focuses on offering local, seasonal ingredients and “honeybars,” which allow the customers to build sweet treats with various toppings.

## Cheesecake Factory Invests in North Italia and Flower Child

On November 14, 2016, The Cheesecake Factory completed its minority equity investments in North Italia and Flower Child, which are two restaurants founded by Fox Restaurant Concepts. Casual-dining concept North Italia was founded in 2002 and operates nine locations in five states. Founded in 2014, Flower Child operates five fast-casual locations, which focus on salads, bowls and wraps, in three states. Under the agreement, The Cheesecake Factory will continue providing Fox Restaurants with ongoing growth capital to further fund unit expansion.

## Tilman Fertitta Acquires BR Guest

On November 8, 2016, Tilman Fertitta, the owner of hospitality giant Landry's Inc., acquired BR Guest from Starwood Capital Group. BR Guest currently operates 15 popular Manhattan eateries, including several branches of Dos Caminos, Bill's Bar & Burger, Atlantic Grill, and Strip House locations. The acquisition makes Fertitta the largest independent restaurant operator in Manhattan, as he will look to utilize his vast experience in the restaurant industry to work with BR Guest's management team and increase unit expansion.

## Panda Restaurant Group Invests in Just Salad

On November 21, 2016, Panda Express operator Panda Restaurant Group made a second investment in Just Salad, the New York City-based salad chain. The investment comes nearly a year after Panda Restaurant Group made its initial investment in the company, which allowed the concept to expand its 29-unit count in the Chicago and Manhattan, Kansas areas. Just Salad will look to utilize the investment to expand its fast-casual brand into new geographical markets in 2017.

## MOD Pizza Raises \$42M in Latest Funding Round

On November 16, 2016, MOD Super Fast Pizza Holdings, parent to the fast-casual MOD pizza chain, announced its completion of a \$42M round of equity funding, led by Fidelity and PWP Growth Equity. Founded in 2008, MOD Pizza has quickly emerged as a leading fast-casual concept, specializing in made-to-order, thin crust pies. The company has received nearly \$77M in funding in 2016 and \$150M in total funding since its inception. The 177-unit chain will look to move into the southern states and the United Kingdom with the investment.

## Former Wingstop Executives Acquire Huey Magoo's Concept

On November 9, 2016, several former Wingstop executives acquired Huey Magoo's Chicken Tenders. The four-unit tenders concept was founded in 2004 by golf professionals Matt “Huey” Armstrong and Thad “Magoo” Hudgens and operates its locations within the Florida market. Under the leadership of the new company executives, whose backgrounds span the real estate and restaurant industries, the company will look to continue expansion in the northern Florida area and begin opening locations across the country in the future.

## Cheddar's Scratch Kitchen to Acquire Largest Franchisee for \$335M

On November 7, 2016, Dallas-based casual dining concept Cheddar's Scratch Kitchen announced its plan to take on nearly \$335M in new debt to buy the 44 locations owned by its largest franchisee, Greer Restaurant Operation Entities. There are currently 160 Cheddar's locations, 67 of which were franchised. Greer owns the Cheddar's locations within the Midwest and Southern regions of the U.S., which comprise about a quarter of all Cheddar's outlets.

# Selected Recent Duff & Phelps Restaurant Transactions

Sell-Side Advisor



has been acquired by



Board Advisor



has been acquired by



Sell-Side Advisor



has been acquired by



Sell-Side Advisor



has been acquired by



Board Advisor



has completed a spin-off of Four Corners Property Trust.

Sell-Side Advisor



has been acquired by



Sell-Side Advisor



has been acquired by



Placement Agent



has secured senior debt financing from



Sell-Side Advisor



has completed a going-private transaction.

Board Advisor



has completed a leveraged dividend recapitalization transaction.

# Contact Us



**Joshua Benn**

Global Head of Restaurants  
Retail, Consumer and Food  
+1 212 450 2840  
joshua.benn@duffandphelps.com



**Darren Gange**

Managing Director  
+1 212 871 9429  
darren.gange@duffandphelps.com



**Farzad Mukhi**

Director  
+1 424 249 1661  
farzad.mukhi@duffandphelps.com

# About Duff & Phelps

Duff & Phelps is the premier global valuation and corporate finance advisor with expertise in complex valuation, disputes and investigations, M&A, real estate, restructuring, and compliance and regulatory consulting. The firm's more than 2,000 employees serve a diverse range of clients from offices around the world.

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