

Restaurant Monthly Update

February 2017



Q Market Update

January marked the first month of non-negative same-store sales since May 2016, as the latest survey data indicated a 0.0% movement in same-store sales and -2.5% decline in traffic. Both same-store sales and traffic growth improved from December's results, marking a subtle reversal from the 10-month pattern of negative same-store sales.

The Mid-Atlantic upended California as the best-performing region in the first month of the first quarter, logging same-store sales of +6.9% in January alongside rising traffic of +4.8%. The worst-performing region of the month was Texas, which reported same-store sales and traffic declines of -4.3% and -6.3%, respectively.

Based on same-store sales performance, QSR (Quick Service Restaurants) continued to be the top performing segment during January for the 11th consecutive month, despite notching a small decline over the previous two months. Upscale casual and family dining also showed positive sales growth during January and, along with QSR, were the only three restaurant segments with positive same-store sales growth in January. Both fine dining and fast casual experienced declining sales over the period, with fast casual proving to be the weakest performing segment based on sales growth for the first time in over five years. Although certain segments appear to perform better than others on a year-over-year basis, a two-year view of restaurant industry performance reveals same-store sales falling -0.8% in January when compared to 2015. A view of the restaurant industry's two-year sales growth rate displays a contraction for all months since October 2016.

Restaurant turnover continues to remain a challenge for operators across all segments of the industry. Manager and hourly employee turnover rates currently stand at their highest levels reported over the past decade. At the management level, however, a majority of terminated restaurant managers still remain employed in the restaurant industry. According to a recent survey by TDn2K's People Report, 62% of terminated restaurant managers recently left their current company to work for another restaurant company. While the industry experienced a slight relief in January from the overall contraction in 2016, it will likely face these labor challenges throughout the remainder of the year, as minimum wage pressure and industry concentration will continue to drive employee turnover in the coming months.

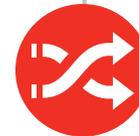
KEY INFORMATION



January same-store sales and traffic remained flat at 0.0% and declined -2.5%, respectively



QSR continued to be the top performing segment during January for the eleventh consecutive month

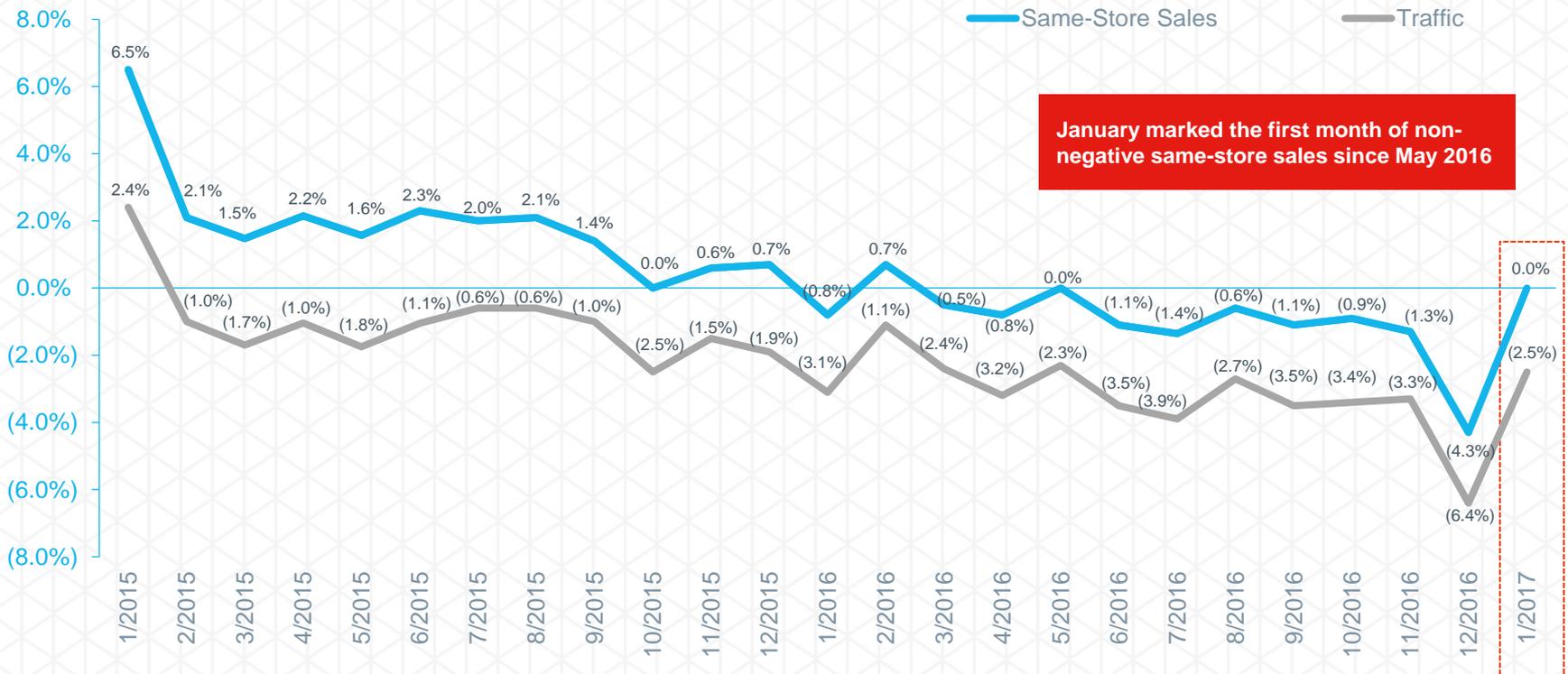


Two-year same-store sales displayed a -0.8% decrease in January industry growth in comparison to 2015



Restaurant operators continue to face labor retention difficulties at the management and hourly employee levels

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	Q4	Q1	Q2	Q3					
Mass Casual																		
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%)	↔
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%)	↓
Median	2.3%	↑	2.9%	↑	3.0%	↑	1.0%	↑	(0.5%)	↔	(1.8%)	↓	(1.3%)	↓	(1.8%)	↓	(1.0%)	↓
Mean	1.8%	↑	2.5%	↑	2.5%	↑	1.0%	↑	(0.4%)	↔	(1.5%)	↓	(1.1%)	↓	(2.3%)	↓	(1.8%)	↓

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; Mass Casual set excludes Bob Evans due to transaction announcement

Quarterly Same-Store Sales Performance – Last 2 Years

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	2014		2015				2016		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Specialty Casual									
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% ↔
Median	2.7% ↑	3.8% ↑	5.4% ↑	3.4% ↑	4.1% ↑	2.1% ↑	4.2% ↑	1.3% ↑	0.5% ↔
Mean	2.9% ↑	3.8% ↑	5.6% ↑	4.4% ↑	4.5% ↑	2.5% ↑	4.2% ↑	1.7% ↑	0.7% ↔

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 ○○●○○○

	2014				2015				2016									
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3					
Polished Casual																		
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%)	↓
Median	(1.6%)	↓	(1.3%)	↓	0.6%	↔	(0.3%)	↔	0.7%	↔	1.3%	↑	(0.7%)	↔	(0.8%)	↔	1.1%	↑
Mean	(1.8%)	↓	(0.9%)	↔	0.9%	↔	0.0%	↔	0.2%	↔	0.4%	↔	(0.5%)	↔	(2.0%)	↓	(1.0%)	↓
Fine Dining																		
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%)	↓
Median	5.3%	↑	3.7%	↑	2.3%	↑	2.1%	↑	0.8%	↔	(1.2%)	↓	0.5%	↔	(1.8%)	↓	(2.3%)	↓
Mean	4.9%	↑	3.6%	↑	0.6%	↔	0.5%	↔	0.5%	↔	(0.3%)	↔	0.4%	↔	(1.1%)	↓	(1.6%)	↓

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 ○○○●○○

	2014				2015				2016									
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3									
Fast Casual																		
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%	↑
Median	5.9%	↑	7.6%	↑	6.4%	↑	4.9%	↑	3.7%	↑	3.3%	↑	2.0%	↑	2.4%	↑	0.6%	↔
Mean	6.6%	↑	7.8%	↑	6.9%	↑	5.3%	↑	4.4%	↑	2.2%	↑	0.5%	↔	(0.7%)	↔	(1.1%)	↓

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	2014		2015				2016		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Quick Service									
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%) ↓
Median	3.5% ↑	4.4% ↑	7.0% ↑	5.8% ↑	4.1% ↑	2.9% ↑	2.6% ↑	1.6% ↑	1.9% ↑
Mean	3.5% ↑	4.9% ↑	6.0% ↑	4.9% ↑	3.7% ↑	3.2% ↑	2.7% ↑	1.8% ↑	1.9% ↑

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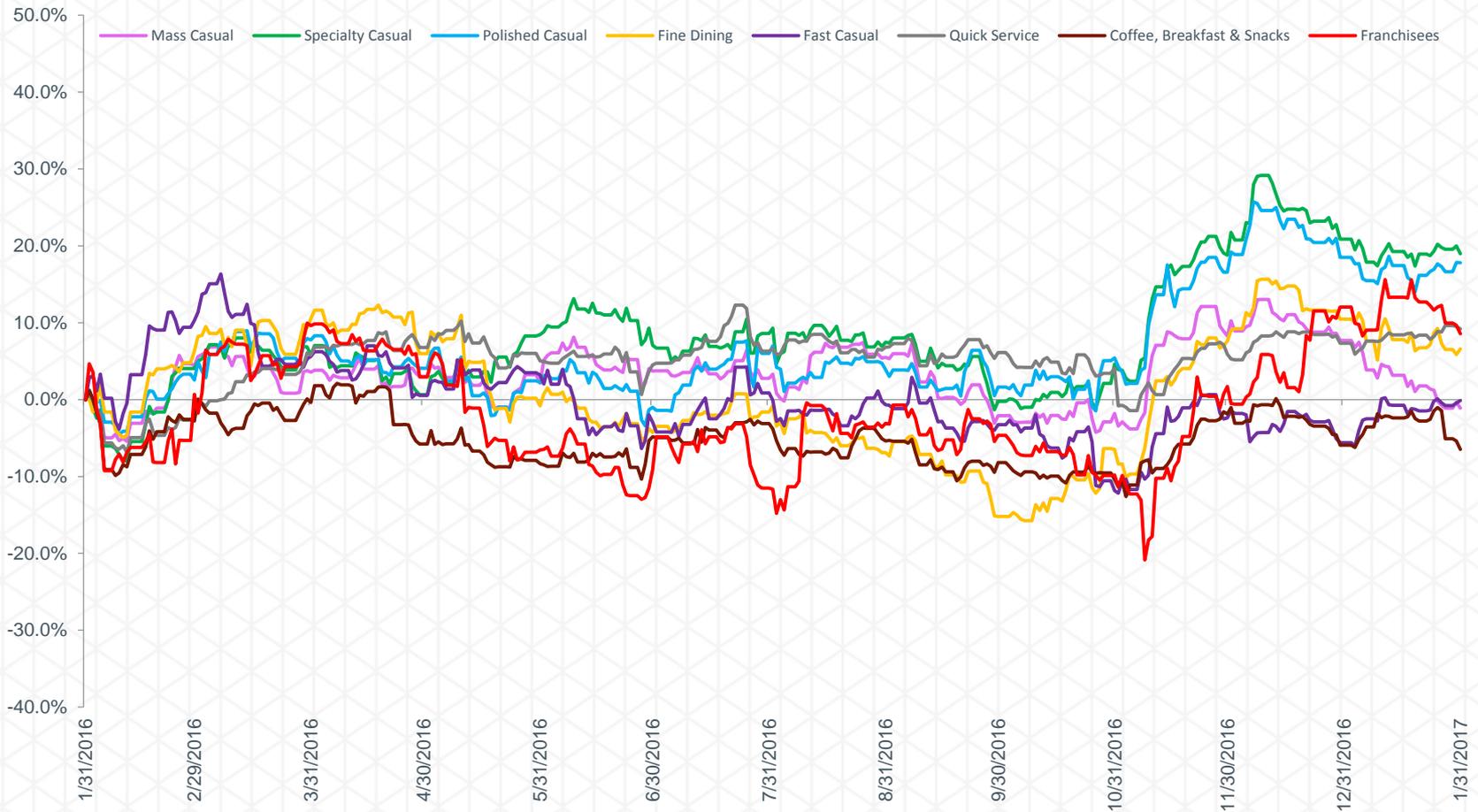
	2014				2015				2016									
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3					
Coffee, Breakfast, and Snacks																		
Starbucks Corporation	5.0%	↑	5.0%	↑	7.0%	↑	8.0%	↑	9.0%	↑	9.0%	↑	7.0%	↑	4.0%	↑	5.0%	↑
Dunkin' Brands Group, Inc.																		
Dunkin' Donuts	2.0%	↑	1.4%	↑	2.7%	↑	2.9%	↑	1.1%	↑	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%)	↓
Median	4.4%	↑	5.0%	↑	6.0%	↑	3.2%	↑	7.1%	↑	4.9%	↑	3.5%	↑	2.3%	↑	0.6%	↔
Mean	4.1%	↑	5.2%	↑	5.7%	↑	2.1%	↑	6.1%	↑	5.2%	↑	3.0%	↑	2.3%	↑	1.3%	↑
Franchisees																		
Diversified Restaurant Holdings, Inc.	5.0%	↑	5.8%	↑	7.6%	↑	4.2%	↑	1.5%	↑	0.8%	↔	(1.0%)	↓	(2.7%)	↓	(1.8%)	↓
Carrols Restaurant Group, Inc.	3.3%	↑	3.6%	↑	8.4%	↑	10.3%	↑	6.5%	↑	5.1%	↑	5.7%	↑	0.7%	↔	0.0%	↔
Median	4.2%	↑	4.7%	↑	8.0%	↑	7.3%	↑	4.0%	↑	3.0%	↑	2.4%	↑	(1.0%)	↓	(0.9%)	↔
Mean	4.2%	↑	4.7%	↑	8.0%	↑	7.3%	↑	4.0%	↑	3.0%	↑	2.4%	↑	(1.0%)	↓	(0.9%)	↔

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

Indexed Stock Price Performance – Last 12 Months



Source: Capital IQ; data as of 1/31/2017. 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 Carrols Restaurant Group, Inc., Diversified Restaurant Holdings, Inc. Mass Casual index includes Brinker International, Cracker Barrel Old Country Store, Bloomin' Brands, DineEquity, 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

Sector Stock Price Performance

(\$ in millions, except per share data)

Market Sector	Number of Companies	Avg. Equity Market Value 31-Jan-17	Avg. % Change in Market Value			Avg. EV / EBITDA Multiple	
			1 Month	3 Months	12 Months	LTM ⁽¹⁾	2017E
Mass Casual	11	\$1,068	(8.0%)	(2.3%)	(8.2%)	9.4x	8.2x
Specialty Casual	6	3,125	(1.3%)	13.4%	12.1%	10.4x	9.4x
Polished Casual	4	762	(0.8%)	10.1%	11.2%	7.8x	6.5x
Fine Dining	4	342	(3.7%)	12.5%	(3.0%)	8.5x	7.3x
Fast Casual	10	2,113	5.8%	12.6%	(9.3%)	19.6x	12.8x
Quick Service	13	12,277	1.5%	0.7%	(6.1%)	13.9x	12.9x
Coffee, Breakfast, and Snacks	3	28,458	(0.5%)	3.6%	(8.9%)	16.0x	12.1x
Franchisees	2	273	(5.0%)	16.7%	5.3%	7.9x	6.6x
Market Indices							
S&P 500 Index		\$2,279	1.8%	7.2%	17.5%		
Dow Jones Industrials		19,864	0.5%	9.5%	20.6%		
Russell 2000 Index		1,362	0.3%	14.3%	31.5%		
S&P Restaurant Index		1,185	1.1%	7.7%	(0.1%)		

(1) Calculation of Market Sector LTM EV/EBITDA multiples excludes companies lacking analyst estimates for 2017E EBITDA figures

Source: Capital IQ; data as of 1/31/2017. 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 Carrols Restaurant Group, Inc., Diversified Restaurant Holdings, Inc. Mass Casual index includes Brinker International, Cracker Barrel Old Country Store, Bloomin' Brands, DineEquity, 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 31-Jan-17	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of					LTM	
						LTM	Revenue 2017E	2018E	LTM	EBITDA 2017E	2018E	EBITDA Margin
Mass Casual												
Brinker International, Inc.	40%	\$44.50	79.7%	\$2,210	\$3,596	1.11x	1.13x	1.10x	7.7x	8.8x	8.2x	14.5%
Cracker Barrel Old Country Store, Inc.	0%	158.06	90.3%	3,800	4,091	1.40x	1.35x	1.31x	11.0x	10.2x	9.6x	12.7%
Bloomin' Brands, Inc.	11%	17.11	85.6%	1,803	2,981	0.69x	0.68x	0.68x	6.9x	6.9x	6.9x	10.0%
DineEquity, Inc.	100%	68.58	69.4%	1,241	2,542	3.90x	3.89x	3.76x	9.7x	9.7x	9.5x	40.3%
Biglari Holdings Inc.	30%	443.20	90.1%	916	1,109	1.29x	1.24x	NA	19.4x	16.5x	NM	6.6%
Denny's Corporation	90%	12.17	92.5%	893	1,134	2.26x	2.15x	2.11x	12.3x	10.8x	10.5x	18.5%
Red Robin Gourmet Burgers, Inc.	16%	47.55	68.9%	611	912	0.71x	0.67x	0.64x	6.3x	6.3x	6.0x	11.2%
Ruby Tuesday, Inc.	12%	1.96	34.8%	117	302	0.30x	NA	NA	6.3x	NA	NA	4.7%
Luby's, Inc.	37%	3.67	72.0%	106	144	0.36x	NA	NA	9.8x	NA	NA	3.7%
Ignite Restaurant Group, Inc.	1%	0.59	15.2%	16	128	0.28x	0.31x	0.32x	6.4x	5.4x	5.3x	4.3%
Famous Dave's of America, Inc.	75%	5.40	77.7%	38	44	0.43x	0.46x	0.43x	10.2x	7.5x	7.9x	4.2%
Median			78.7%	\$904	\$1,122	0.91x	1.12x	1.07x	9.8x	9.2x	8.0x	9.6%
Mean			72.4%	\$1,072	\$1,538	1.15x	1.30x	1.27x	9.9x	9.2x	8.0x	11.6%

Public Restaurant Valuations ●○○○○○

(\$ in millions, except per share data)

	% Franchised	Stock Price 31-Jan-17	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM
						Revenue		EBITDA		LTM	EBITDA Margin	
						LTM	2017E	2018E	LTM	2017E	2018E	
Specialty Casual												
Darden Restaurants, Inc.	3%	\$73.28	92.3%	\$9,099	\$9,423	1.35x	1.31x	1.26x	10.1x	9.4x	8.9x	13.3%
Texas Roadhouse, Inc.	17%	46.64	92.3%	3,289	3,268	1.67x	1.48x	1.35x	12.5x	10.9x	9.8x	13.4%
Buffalo Wild Wings, Inc.	49%	151.00	86.2%	2,749	2,908	1.46x	1.32x	1.24x	9.8x	8.7x	8.1x	15.0%
Dave & Buster's Entertainment, Inc.	0%	54.46	93.5%	2,290	2,553	2.63x	2.22x	2.00x	11.1x	9.4x	8.5x	23.7%
BJ's Restaurants, Inc.	0%	35.55	74.8%	827	910	0.95x	0.87x	0.81x	7.1x	6.8x	6.3x	13.3%
Chuy's Holdings, Inc.	0%	29.40	77.8%	495	481	1.49x	1.23x	1.08x	11.8x	10.0x	9.1x	12.6%
Median			89.2%	\$2,519	\$2,731	1.48x	1.31x	1.25x	10.6x	9.4x	8.7x	11.6%
Mean			86.2%	\$3,125	\$3,257	1.59x	1.40x	1.29x	10.4x	9.2x	8.4x	11.0%
Polished Casual												
The Cheesecake Factory Incorporated	5%	\$60.26	93.6%	\$2,743	\$2,776	1.26x	1.17x	1.11x	9.9x	9.6x	9.0x	12.7%
J. Alexander's Holdings, Inc.	0%	10.00	82.6%	147	166	0.75x	0.68x	NA	7.8x	5.8x	NM	9.6%
Kona Grill, Inc.	0%	9.15	55.3%	96	115	0.70x	0.58x	0.53x	9.6x	6.1x	4.8x	7.3%
Bravo Brio Restaurant Group, Inc.	1%	4.10	44.5%	60	111	0.27x	0.27x	0.27x	NM	4.0x	4.0x	(9.6%)
Median			69.0%	\$122	\$141	0.73x	0.63x	0.53x	9.6x	5.9x	4.8x	8.4%
Mean			69.0%	\$762	\$792	0.74x	0.68x	0.64x	9.1x	6.4x	5.9x	5.0%

Public Restaurant Valuations ○○●○○○

(\$ in millions, except per share data)

	% Franchised	Stock Price	% of	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM
		31-Jan-17	52 Wk High			LTM	Revenue 2017E	2018E	LTM	EBITDA 2017E	2018E	EBITDA Margin
Fine Dining												
Ruth's Hospitality Group, Inc.	54%	\$17.15	87.3%	\$525	\$560	1.46x	1.34x	1.27x	9.6x	8.7x	8.4x	15.3%
Fogo de Chao, Inc.	0%	13.80	77.1%	388	516	1.81x	1.62x	1.49x	7.4x	8.5x	7.6x	24.3%
Del Frisco's Restaurant Group, Inc.	0%	17.50	94.6%	412	411	1.19x	1.08x	1.02x	9.0x	8.2x	7.5x	13.2%
The ONE Group Hospitality, Inc.	0%	1.70	49.6%	43	56	0.79x	0.62x	NA	NM	4.1x	NM	NM
Median			82.2%	\$400	\$463	1.32x	1.21x	1.27x	9.0x	8.4x	7.6x	15.3%
Mean			77.1%	\$342	\$385	1.31x	1.17x	1.26x	8.7x	7.4x	7.8x	17.6%
Fast Casual												
Chipotle Mexican Grill, Inc.	0%	\$421.44	77.7%	\$12,201	\$11,783	3.02x	2.59x	2.30x	57.5x	20.6x	15.5x	5.2%
Panera Bread Company	54%	209.06	93.3%	4,891	5,245	1.88x	1.75x	1.60x	13.4x	11.7x	10.5x	14.0%
Shake Shack Inc.	48%	35.31	80.3%	880	855	3.47x	2.42x	1.95x	31.0x	14.7x	12.4x	11.2%
Wingstop Inc.	98%	28.47	85.2%	818	972	11.15x	9.50x	8.43x	32.2x	24.3x	20.7x	34.6%
Fiesta Restaurant Group, Inc.	11%	26.30	68.2%	703	768	1.07x	1.00x	0.92x	8.1x	7.4x	7.1x	13.2%
El Pollo Loco Holdings, Inc.	57%	12.45	80.6%	479	580	1.55x	1.40x	1.30x	9.2x	8.5x	8.1x	16.8%
Zoe's Kitchen, Inc.	2%	21.83	52.3%	425	443	1.66x	1.35x	1.13x	18.9x	1.1x	13.4x	8.8%
The Habit Restaurants, Inc.	4%	14.50	66.5%	278	265	0.98x	0.78x	0.65x	9.6x	7.5x	6.7x	10.2%
Potbelly Corporation	6%	13.00	86.7%	327	298	0.75x	0.64x	0.59x	7.6x	6.7x	6.0x	9.8%
Noodles & Company	14%	4.40	32.2%	123	205	0.43x	0.41x	0.40x	8.2x	7.6x	7.0x	5.3%
Median			79.0%	\$591	\$674	1.61x	1.37x	1.21x	11.5x	8.1x	9.3x	10.7%
Mean			72.3%	\$2,113	\$2,141	2.60x	2.18x	1.93x	19.6x	11.0x	10.7x	12.9%

Public Restaurant Valuations ○○○●○○○

(\$ in millions, except per share data)

	% Franchised	Stock Price	% of	Market	Enterprise	Enterprise Value as a Multiple of						LTM
		31-Jan-17	52 Wk High	Value	Value	Revenue			EBITDA			EBITDA
						LTM	2017E	2018E	LTM	2017E	2018E	Margin
Quick Service												
McDonald's Corporation	82%	\$122.57	92.9%	\$101,787	\$125,528	5.10x	5.72x	6.29x	13.4x	12.9x	12.6x	37.9%
Yum! Brands, Inc.	77%	65.53	71.2%	24,050	30,405	2.36x	5.34x	6.43x	10.2x	14.9x	14.7x	23.2%
Restaurant Brands International Inc.	99%	49.08	97.8%	11,490	24,160	5.90x	5.54x	5.25x	13.8x	12.1x	11.4x	42.7%
Domino's Pizza, Inc.	97%	174.54	99.7%	8,392	10,592	4.42x	3.95x	3.63x	22.6x	19.4x	17.2x	19.6%
The Wendy's Company	90%	13.53	96.2%	3,323	5,530	3.48x	4.73x	4.57x	13.8x	14.0x	13.1x	25.1%
Jack in the Box Inc.	75%	107.92	95.3%	3,429	4,407	2.76x	2.72x	2.86x	13.2x	11.5x	11.0x	20.9%
Papa John's International, Inc.	85%	85.22	94.2%	3,144	3,458	2.05x	1.91x	1.82x	17.9x	16.6x	15.2x	11.4%
Sonic Corp.	89%	24.90	68.5%	1,094	1,641	2.78x	3.51x	3.65x	9.9x	10.8x	10.3x	27.9%
Popeyes Louisiana Kitchen, Inc.	97%	63.19	98.9%	1,310	1,459	5.47x	5.44x	5.09x	16.8x	15.2x	14.1x	32.5%
Bojangles', Inc.	58%	19.80	95.7%	722	906	1.74x	1.54x	1.42x	11.3x	10.4x	9.6x	15.4%
Del Taco Restaurants, Inc.	45%	13.64	89.0%	534	693	1.59x	1.45x	1.33x	11.2x	9.1x	8.5x	14.2%
Nathan's Famous, Inc.	98%	62.50	93.6%	261	336	3.48x	NA	NA	12.3x	NA	NA	28.4%
Papa Murphy's Holdings, Inc.	90%	4.52	34.9%	77	188	1.50x	1.33x	1.20x	8.6x	9.6x	9.0x	17.4%
Median			94.2%	\$3,144	\$3,458	2.78x	3.73x	3.64x	13.2x	12.5x	12.0x	23.2%
Mean			86.7%	\$12,278	\$16,100	3.28x	3.60x	3.63x	13.5x	13.0x	12.2x	24.4%

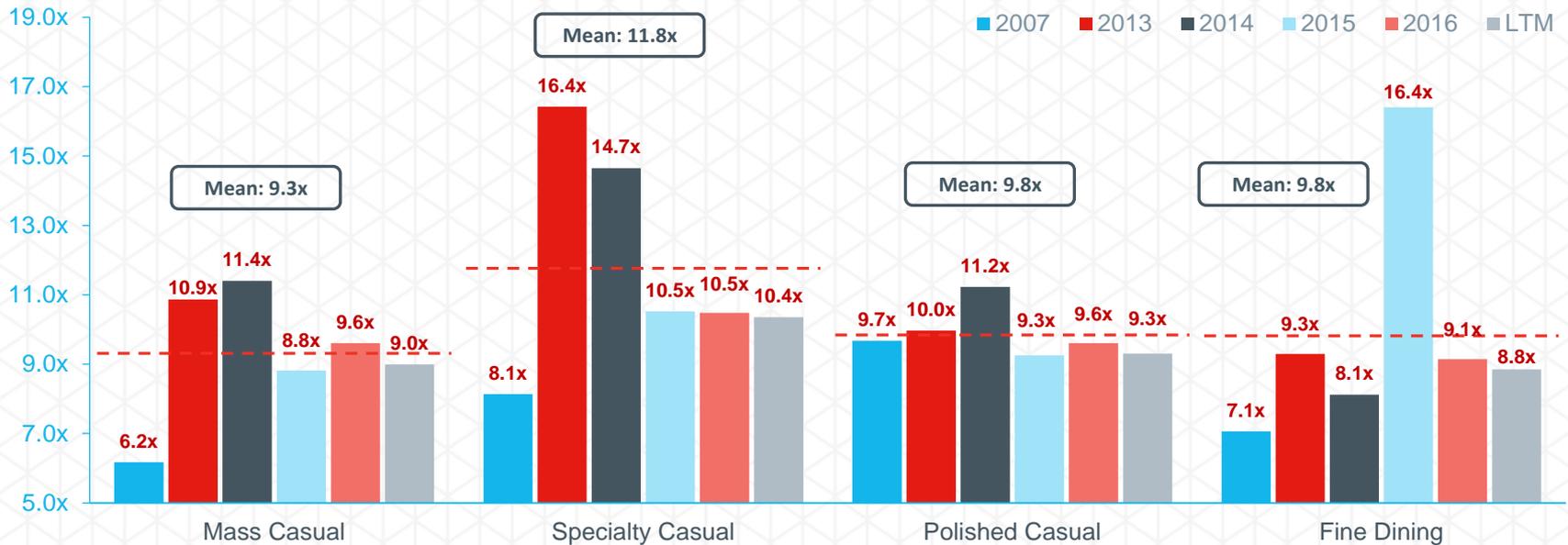
Public Restaurant Valuations ○○○○●○○

(\$ in millions, except per share data)

	% Franchised	Stock Price 31-Jan-17	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM
						Revenue			EBITDA			EBITDA Margin
						LTM	2017E	2018E	LTM	2017E	2018E	
Coffee, Breakfast, and Snacks												
Starbucks Corporation	47%	\$55.22	89.6%	\$80,478	\$81,494	3.76x	3.47x	3.14x	16.5x	13.8x	12.2x	22.9%
Dunkin' Brands Group, Inc.	100%	51.87	92.4%	4,758	6,927	8.48x	8.17x	7.76x	16.4x	14.6x	13.6x	51.8%
Jamba, Inc.	92%	9.10	65.8%	140	125	1.53x	1.63x	1.56x	NM	10.8x	11.6x	NM
Median			89.6%	\$4,758	\$6,927	3.76x	3.47x	3.14x	16.4x	13.8x	12.2x	37.3%
Mean			82.6%	\$28,458	\$29,516	4.59x	4.42x	4.15x	16.4x	13.1x	12.5x	37.3%
Franchisees												
Carrols Restaurant Group, Inc.	0%	\$14.35	92.6%	\$506	\$711	0.76x	0.68x	0.61x	8.0x	7.0x	5.5x	9.6%
Diversified Restaurant Holdings, Inc.	0%	1.51	57.0%	40	160	0.84x	0.93x	NA	7.9x	6.6x	NM	10.7%
Median			74.8%	\$273	\$436	0.80x	0.81x	0.61x	7.9x	6.8x	5.5x	10.1%
Mean			74.8%	\$273	\$436	0.80x	0.81x	0.61x	7.9x	6.8x	5.5x	10.1%

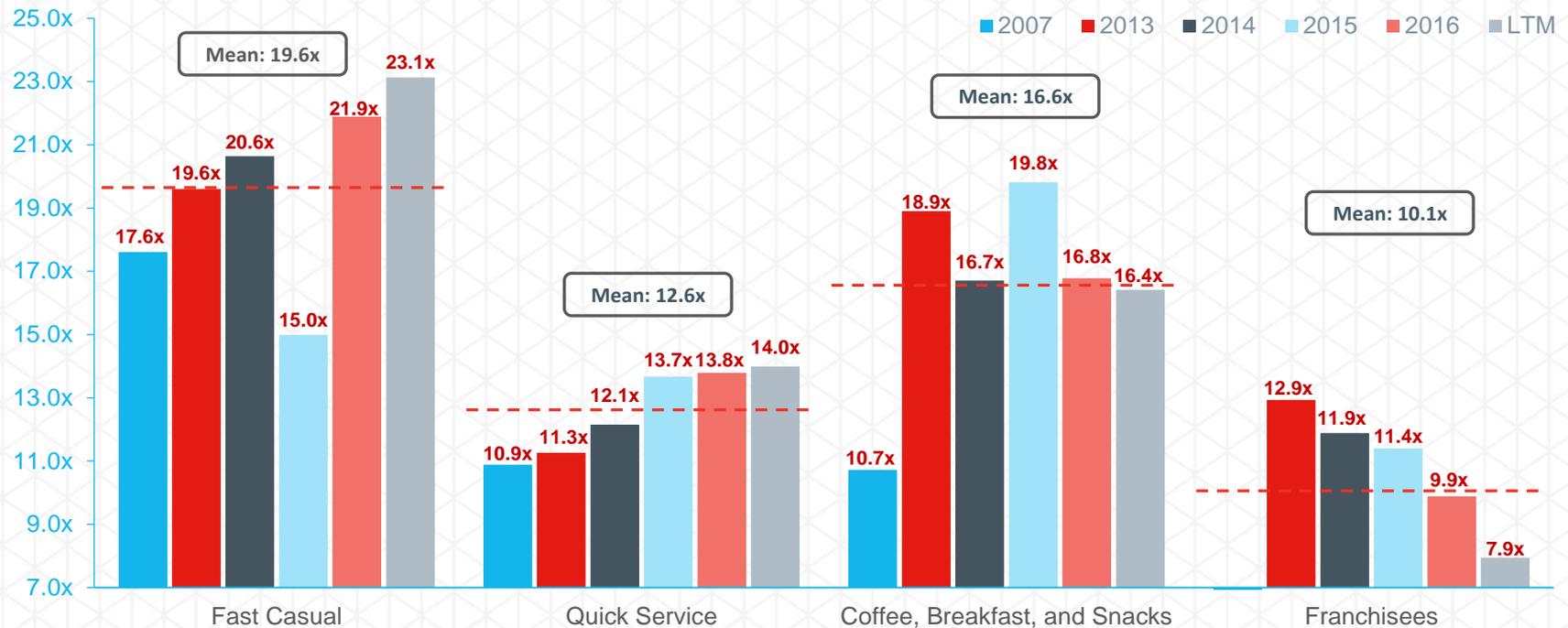
Historical Public Restaurant Trends ○○○○○●○

Enterprise Value as a Multiple of EBITDA



Historical Public Restaurant Trends ○○○○○○●

Enterprise Value as a Multiple of EBITDA



Recent Restaurant M&A Transaction Activity

Meritage Hospitality Acquires 69 Wendy's Restaurants for \$112M

On February 9, 2017, Meritage Hospitality Group, the Grand Rapids, Michigan-based operator of 181 QSR and fast casual units, acquired 69 Wendy's Restaurants within the Midwest and Mid-Atlantic regions for \$112M. The transaction, which consists of three separate deals, will represent Meritage's 19th Wendy's acquisition over the past eight years. The company, which expects to generate over \$230M in 2017 systemwide sales, plans to raise \$10.5M of the purchase price through equity from qualified investors.

Golden Gate Capital Acquires Bob Evans Restaurants for \$565M

On January 24, 2017, Golden Gate Capital acquired the restaurant business of Bob Evans Farms, the Ohio-based operator of nearly 530 full-service restaurants in the Midwest, Mid-Atlantic and Southeast regions, for \$565M in cash. The transaction marks a strategic transformation for Bob Evans, as the company will concentrate exclusively on Bob Evans Farms Foods, its fastest growing and most profitable division, going forward.

AP Franchised Concepts Invests in The Kebab Shop

On January 10, 2017, AP Franchised Concepts, a restaurant and retail growth equity company, announced its completion of an investment in The Kebab Shop, a California-based Mediterranean chain. Founded in 2007, the fast-casual concept operates eight units in the Greater San Diego and Northern California markets. The company plans to utilize the investment to double its company-owned store footprint in the Los Angeles and Northern California areas over the next three years.

CITIC, Carlyle, and TPG acquire McDonald's Chinese Business for \$2.1B

On January 9, 2017, Chinese state-backed conglomerate CITIC, Carlyle, and TPG agreed to acquire the majority of McDonald's China and Hong Kong business for \$2.1B in cash. Under the deal, CITIC will own about 52% of the business while Carlyle will retain a 20% stake in the Chinese operations. CITIC and Carlyle will look to add more than 1,500 locations in mainland China and Hong Kong over the next five years in response to the increased urbanization and income growth in China.

Madison Square Garden Company Acquires TAO Group for \$207M

On February 1, 2017, Madison Square Garden Company acquired TAO Group, a Las Vegas-based restaurant and nightlife operator, for \$207M. TAO Group owns and operates restaurants, lounges, nightclubs and pool venues in New York, Las Vegas, Los Angeles and Sydney. Madison Square Garden Company will look to utilize its experience in the entertainment space to expand TAO Group's footprint. The multiple for the transaction was 1.34x TAO Group's LTM revenue of \$154.5M.

Union Square Hospitality Group Invests in Joe Coffee

On January 23, 2017, Union Square Hospitality Group, the New York-based operator of fine dining restaurants and cafes, completed an investment in Joe Coffee, a New York-based operator of coffee bars. Founded in 2003, the company operates 14 units in New York City and Philadelphia. The investment from Union Square represents the first source of external financing in the company's history. Joe Coffee will look to utilize the investment to fund future growth and expansion.

Cerberus Capital Management Acquires Garden Fresh

On January 9, 2017, Cerberus Capital Management acquired Garden Fresh Restaurant Corporation, the San Diego-based operator of the Souplantation and Sweet Tomatoes concepts. The company filed for Chapter 11 bankruptcy protection on October 3, 2016, amidst declining same-store sales, increasing costs, and failing to service over \$175M in debt. Prior to the transaction, Garden Fresh filed for federal credit protection to close up to 30 of its 123 locations.

Cheddar's Scratch Kitchen Acquires Largest Franchisee

On January 5, 2017, Dallas-based casual dining concept Cheddar's Scratch Kitchen announced the completion of its acquisition of 44 restaurant locations owned by its largest franchisee, Greer Restaurant Operation Entities. Cheddar's financed the transaction by taking on \$370M in new debt. There are currently 164 company-owned and franchised Cheddar's locations in 29 states. 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

<p>Sell-Side Advisor</p>  <p>has been acquired by</p> 	<p>Board Advisor</p>  <p>has been acquired by</p> 	<p>Placement Agent</p>  <p>has secured senior debt financing from</p> 	<p>Sell-Side Advisor</p>  <p>HOULIHAN'S a portfolio company of</p>  <p>has been acquired by</p> 	<p>Board Advisor</p>  <p>has completed a spin-off of</p> 
<p>Board Advisor</p>  <p>a portfolio company of</p>  <p>has completed a leveraged dividend recapitalization transaction.</p>	<p>Sell-Side Advisor</p>  <p>a portfolio company of</p>  <p>has been acquired by</p> 	<p>Sell-Side Advisor</p>  <p>a division of</p>  <p>has been acquired by</p> 	<p>Sell-Side Advisor</p>  <p>a portfolio company of</p>  <p>has been acquired by</p> 	<p>Sell-Side Advisor</p>   <p>has completed a going-private transaction.</p>

Contact Us



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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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