

Restaurant Quarterly Update

Winter 2020



Q Market Update

December restaurant survey data indicated that same-store sales (SSS) have hit their worst industry result in over two years, with an overall 2019 SSS decrease of 0.1%. This slight decline, relative to significantly decreasing traffic figures, represents how rising guest checks have impacted the sector. Although the industry would rather see strong positive sales growth consistently at 1%-2% every month before confirming the sector's recovery, there may be no further clarity in the coming months, as only modest growth is expected in the face of declining traffic and rising turnover.

2018 proved to be a strong year in consistent SSS growth, but since then the industry's movement has been unpredictable. The third quarter of 2019 experienced a 3.5% decline overall in guest traffic, but restaurant sales improved 0.3% from Q3 to Q4 of 2019.

In reality, the industry has not moved much over the past two years. Given the traffic challenges restaurants are battling, long-term sustained sales growth is likely not feasible. The only element offsetting decreasing traffic numbers is higher check averages, which are likely due to large groups ordering takeout and delivery.

The only subsector performing extremely well throughout the declining third quarter is fine dining, which is stimulated by business spending and a typically wealthier consumer market. Family and upscale dining is the only other segment to experience SSS growth during the fourth quarter.

Outlook for the restaurant industry remains predicated on uncertainty in the overall economy, where income growth is slowing. Unlike in the past two years, restaurant employment has also slowed down as the available workforce is shrinking.

KEY INFORMATION



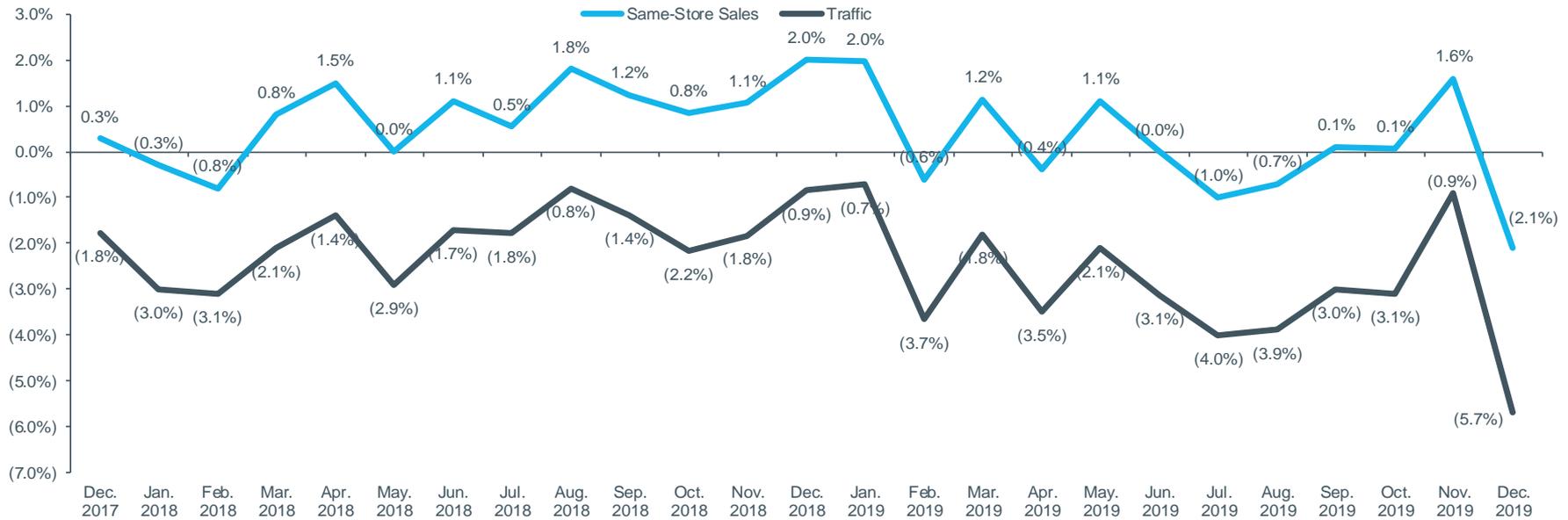
December SSS declined 2.1%, while comparable traffic fell by 5.7%

Average guest checks were up in 2019, helping to mitigate the drop in traffic

Turnover rates for restaurant employees and managers continue to be at all-time highs; however it seems the industry has reached a ceiling in terms of hourly employee turnover

Retaining current employees continues to be a challenge for restaurants and job creation within the industry has not improved the staffing environment

Restaurant Sector Monthly SSS and Traffic Growth



Quarterly SSS Performance—Last Three Years¹



	2017		2018				2019									
	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3							
Mass Casual																
Cracker Barrel Old Country Store Inc.	0.2%	↔	1.1%	↑	1.5%	↑	(0.4%)	↔	3.8%	↑	1.3%	↑	3.8%	↑	2.1%	↑
Brinker International Inc.																
Chili's Grill & Bar	(2.2%)	↓	(0.4%)	↔	0.6%	↔	1.9%	↑	2.9%	↑	2.1%	↑	2.2%	↑	2.9%	↑
Maggiano's Little Italy	0.5%	↔	0.5%	↔	0.3%	↔	0.0%	↔	1.8%	↑	0.4%	↔	0.6%	↔	(1.8%)	↓
Bloomin' Brands Inc.																
Bonefish Grill	(4.3%)	↓	(0.1%)	↔	1.5%	↑	1.8%	↑	(1.1%)	↓	1.9%	↑	0.1%	↔	(2.2%)	↓
Carrabba's Italian Grill	(2.8%)	↓	0.9%	↔	(0.6%)	↔	(0.6%)	↔	0.8%	↔	0.3%	↔	(1.6%)	↓	0.1%	↔
Fleming's Prime Steakhouse & Wine Bar	(1.0%)	↓	2.9%	↑	0.3%	↔	0.5%	↔	(0.4%)	↔	0.6%	↔	1.6%	↑	0.4%	↔
Outback Steakhouse	0.6%	↔	4.3%	↑	4.0%	↑	4.6%	↑	2.9%	↑	3.5%	↑	1.3%	↑	0.2%	↔
DineEquity Inc.																
Applebee's	1.3%	↑	3.3%	↑	5.7%	↑	7.7%	↑	3.5%	↑	1.8%	↑	(0.5%)	↔	(1.6%)	↓
IHOP	(0.4%)	↔	1.0%	↑	0.7%	↔	1.2%	↑	3.0%	↑	1.2%	↑	2.0%	↑	0.0%	↔
Denny's Corporation	2.5%	↑	1.5%	↑	(0.7%)	↔	1.0%	↑	1.4%	↑	1.3%	↑	3.8%	↑	1.1%	↑
Red Robin Gourmet Burgers Inc.	(0.1%)	↔	(0.9%)	↔	(2.6%)	↓	(3.4%)	↓	(4.5%)	↓	(3.3%)	↓	(1.5%)	↓	1.6%	↑
Biglari Holdings Inc.	(2.2%)	↓	(1.7%)	↓	(3.4%)	↓	(6.9%)	↓	(5.1%)	↓	(7.9%)	↓	(5.9%)	↓	(6.5%)	↓
Luby's Inc.	(5.1%)	↓	0.8%	↔	(0.9%)	↔	(0.5%)	↔	(5.5%)	↓	(3.3%)	↓	(4.0%)	↓	(3.7%)	↓
Famous Dave's of America Inc.	1.8%	↑	(0.9%)	↔	(1.6%)	↓	(1.4%)	↓	2.1%	↑	(1.1%)	↓	(0.7%)	↔	0.4%	↔
Median	(0.3%)	↔	0.9%	↔	0.3%	↔	0.3%	↔	1.6%	↑	0.9%	↔	0.4%	↔	0.2%	↔
Mean	(0.8%)	↔	0.9%	↔	0.3%	↔	0.4%	↔	0.4%	↔	(0.1%)	↔	0.1%	↔	(0.5%)	↔

1. SSS 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.

2. Source: SEC filings, S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., *The New York Times DealBook*, *The Deal*, *The Wall Street Journal*).

Quarterly SSS Performance—Last Three Years¹



	2017		2018					2019								
	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3							
Specialty Casual																
Darden Restaurants Inc.																
Bahama Breeze	2.5%	↑	0.2%	↔	0.6%	↔	1.1%	↑	(1.1%)	↓	(3.7%)	↓	(4.2%)	↓	NA	
The Capital Grille	3.8%	↑	2.8%	↑	2.6%	↑	3.9%	↑	3.7%	↑	4.3%	↑	1.5%	↑	NA	
Cheddar's Scratch Kitchen ¹	(3.0%)	↓	(4.7%)	↓	(2.0%)	↓	(4.0%)	↓	(4.0%)	↓	(2.7%)	↓	(5.4%)	↓	NA	
Eddie V's	6.8%	↑	2.7%	↑	3.6%	↑	3.0%	↑	0.9%	↔	3.7%	↑	1.2%	↑	NA	
LongHorn Steakhouse	3.8%	↑	2.0%	↑	2.4%	↑	3.1%	↑	2.9%	↑	3.8%	↑	2.6%	↑	NA	
Olive Garden	3.0%	↑	2.2%	↑	2.4%	↑	5.3%	↑	3.5%	↑	4.3%	↑	2.2%	↑	NA	
Seasons 52	(0.5%)	↔	(0.2%)	↔	0.4%	↔	(1.9%)	↓	(0.8%)	↔	(1.3%)	↓	(4.2%)	↓	NA	
Yard House	2.0%	↑	1.9%	↑	1.4%	↑	0.6%	↔	(1.1%)	↓	(2.1%)	↓	(1.9%)	↓	NA	
Texas Roadhouse Inc.	5.4%	↑	4.4%	↑	5.7%	↑	5.0%	↑	5.6%	↑	5.2%	↑	4.7%	↑	4.4%	↑
Dave & Buster's Entertainment Inc.	(1.3%)	↓	(5.9%)	↓	(4.9%)	↓	(2.4%)	↓	(1.3%)	↓	2.9%	↑	(1.8%)	↓	4.1%	↑
BJ's Restaurants Inc.	1.6%	↑	4.2%	↑	5.6%	↑	6.9%	↑	4.2%	↑	2.0%	↑	2.0%	↑	(0.3%)	↔
Chuy's Holdings Inc.	1.3%	↑	(6.0%)	↓	1.0%	↑	0.5%	↔	(0.9%)	↔	3.2%	↑	1.9%	↑	2.6%	↑
Median	2.3%	↑	2.0%	↑	1.9%	↑	2.1%	↑	0.1%	↔	3.1%	↑	1.4%	↑	3.4%	↑
Mean	2.1%	↑	0.3%	↔	1.6%	↑	1.8%	↑	1.0%	↔	1.6%	↑	(0.1%)	↔	2.7%	↑

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Quarterly SSS Performance—Last Three Years¹



	2017		2018					2019								
	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3							
Polished Casual																
The Cheesecake Factory Incorporated	(0.9%)	↔	1.9%	↑	1.1%	↑	1.5%	↑	1.9%	↑	1.3%	↑	1.0%	↑	0.4%	↔
J. Alexander's Holdings Inc.																
J. Alexander's/Redlands Grill	1.8%	↑	2.3%	↑	1.9%	↑	2.6%	↑	0.3%	↔	0.3%	↔	0.3%	↔	(2.0%)	↓
Stoney River Steakhouse and Grill	2.0%	↑	7.3%	↑	6.2%	↑	5.6%	↑	2.4%	↑	2.2%	↑	0.3%	↔	(0.7%)	↔
Median	1.8%	↑	2.3%	↑	1.9%	↑	2.6%	↑	1.9%	↑	1.3%	↑	0.3%	↔	(0.7%)	↔
Mean	1.0%	↔	3.8%	↑	3.1%	↑	3.2%	↑	1.5%	↑	1.3%	↑	0.5%	↔	(0.8%)	↔
Fine Dining																
Ruth's Hospitality Group Inc.	(1.6%)	↓	1.5%	↑	1.1%	↑	3.7%	↑	0.4%	↔	1.8%	↑	(0.5%)	↔	0.6%	↔
The ONE Group Hospitality Inc.	(0.2%)	↔	6.6%	↑	7.5%	↑	7.7%	↑	15.0%	↑	8.6%	↑	6.4%	↑	9.3%	↑
Median	(0.9%)	↔	(0.7%)	↔	(0.1%)	↔	1.1%	↑	1.0%	↑	2.8%	↑	3.0%	↑	5.0%	↑
Mean	(1.5%)	↓	0.4%	↔	1.5%	↑	0.7%	↔	3.0%	↑	3.4%	↑	3.0%	↑	5.0%	↑

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Quarterly SSS Performance—Last Three Years¹



	2017		2018					2019								
	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3							
Fast Casual																
Chipotle Mexican Grill Inc.	0.9%	↔	2.2%	↑	3.3%	↑	4.4%	↑	4.0%	↑	9.9%	↑	10.0%	↑	11.0%	↑
Wingstop Inc.	4.1%	↑	9.5%	↑	4.3%	↑	6.3%	↑	6.0%	↑	7.1%	↑	12.8%	↑	12.3%	↑
Shake Shack Inc.	0.8%	↔	1.7%	↑	1.1%	↑	(0.7%)	↔	2.3%	↑	3.6%	↑	3.6%	↑	2.0%	↑
El Pollo Loco Holdings Inc.	1.7%	↑	1.4%	↑	1.1%	↑	2.6%	↑	4.4%	↑	2.4%	↑	0.7%	↔	1.1%	↑
Fiesta Restaurant Group Inc.																
Pollo Tropical	(0.1%)	↔	1.1%	↑	3.4%	↑	6.5%	↑	(0.9%)	↔	(2.6%)	↓	(1.3%)	↓	(3.8%)	↓
Taco Cabana	(7.4%)	↓	(1.7%)	↓	3.1%	↑	12.2%	↑	5.1%	↑	(0.5%)	↔	(3.0%)	↓	(4.8%)	↓
Potbelly Corporation	(2.4%)	↓	(3.6%)	↓	(0.2%)	↔	(0.2%)	↔	(1.7%)	↓	(4.7%)	↓	(4.0%)	↓	(3.0%)	↓
The Habit Restaurants Inc.	(1.0%)	↓	(1.4%)	↓	1.2%	↑	3.6%	↑	2.4%	↑	3.2%	↑	3.9%	↑	3.1%	↑
Noodles & Company	(0.9%)	↔	(0.2%)	↔	5.4%	↑	5.5%	↑	3.7%	↑	3.0%	↑	4.6%	↑	2.1%	↑
Median	(0.1%)	↔	1.1%	↑	3.1%	↑	4.4%	↑	3.7%	↑	3.0%	↑	3.6%	↑	2.0%	↑
Mean	(0.5%)	↔	1.0%	↑	2.5%	↑	4.5%	↑	2.8%	↑	2.4%	↑	3.0%	↑	2.2%	↑

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2. Source: SEC filings, S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., *The New York Times DealBook*, *The Deal*, *The Wall Street Journal*).

Quarterly SSS Performance—Last Three Years¹

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	2017		2018					2019								
	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3							
Quick Service																
McDonald's Corporation	5.5%	↑	5.5%	↑	4.0%	↑	2.4%	↑	4.4%	↑	4.5%	↑	6.5%	↑	5.9%	↑
Yum! Brands Inc.																
KFC	3.0%	↑	2.0%	↑	2.0%	↑	3.0%	↑	3.0%	↑	5.0%	↑	6.0%	↑	3.0%	↑
Pizza Hut	1.0%	↑	1.0%	↑	(1.0%)	↓	(1.0%)	↓	0.0%	↔	0.0%	↔	2.0%	↑	0.0%	↔
Taco Bell	2.0%	↑	1.0%	↑	2.0%	↑	5.0%	↑	6.0%	↑	4.0%	↑	7.1%	↑	4.0%	↑
Restaurant Brands International Inc.																
Burger King	2.7%	↑	3.8%	↑	1.8%	↑	1.0%	↑	1.9%	↑	2.2%	↑	0.5%	↔	4.8%	↑
Tim Hortons	0.0%	↔	(0.3%)	↔	0.0%	↔	0.6%	↔	6.1%	↑	(0.3%)	↔	3.6%	↑	(1.4%)	↓
Popeyes Louisiana Kitchen Inc.	(2.5%)	↓	3.2%	↑	2.9%	↑	0.5%	↔	7.3%	↑	0.6%	↔	3.0%	↑	9.7%	↑
Domino's Pizza Inc.	4.2%	↑	8.3%	↑	6.9%	↑	6.3%	↑	5.6%	↑	3.9%	↑	3.0%	↑	7.1%	↑
The Wendy's Company	1.3%	↑	1.6%	↑	1.9%	↑	(0.2%)	↔	0.2%	↔	1.3%	↑	1.4%	↑	4.4%	↑
Jack in the Box Inc.	(1.2%)	↓	(0.2%)	↔	0.9%	↔	0.5%	↔	0.5%	↔	(0.1%)	↔	2.7%	↑	3.0%	↑
Papa John's International Inc.	(3.9%)	↓	(5.3%)	↓	(6.1%)	↓	(9.8%)	↓	(8.1%)	↓	(6.9%)	↓	(5.7%)	↓	1.0%	↑
Del Taco Restaurants Inc.	3.0%	↑	3.7%	↑	3.3%	↑	1.4%	↑	1.9%	↑	(0.1%)	↔	2.2%	↑	1.0%	↑
Nathan's Famous Inc.	11.5%	↑	10.9%	↑	(4.1%)	↓	(6.3%)	↓	2.8%	↑	4.1%	↑	14.0%	↑	6.7%	↑
Median	2.0%	↑	2.0%	↑	1.9%	↑	0.6%	↔	2.8%	↑	1.3%	↑	3.0%	↑	4.0%	↑
Mean	2.0%	↑	2.7%	↑	1.1%	↑	0.3%	↔	2.4%	↑	1.4%	↑	3.6%	↑	3.8%	↑

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Quarterly SSS Performance—Last Three Years¹

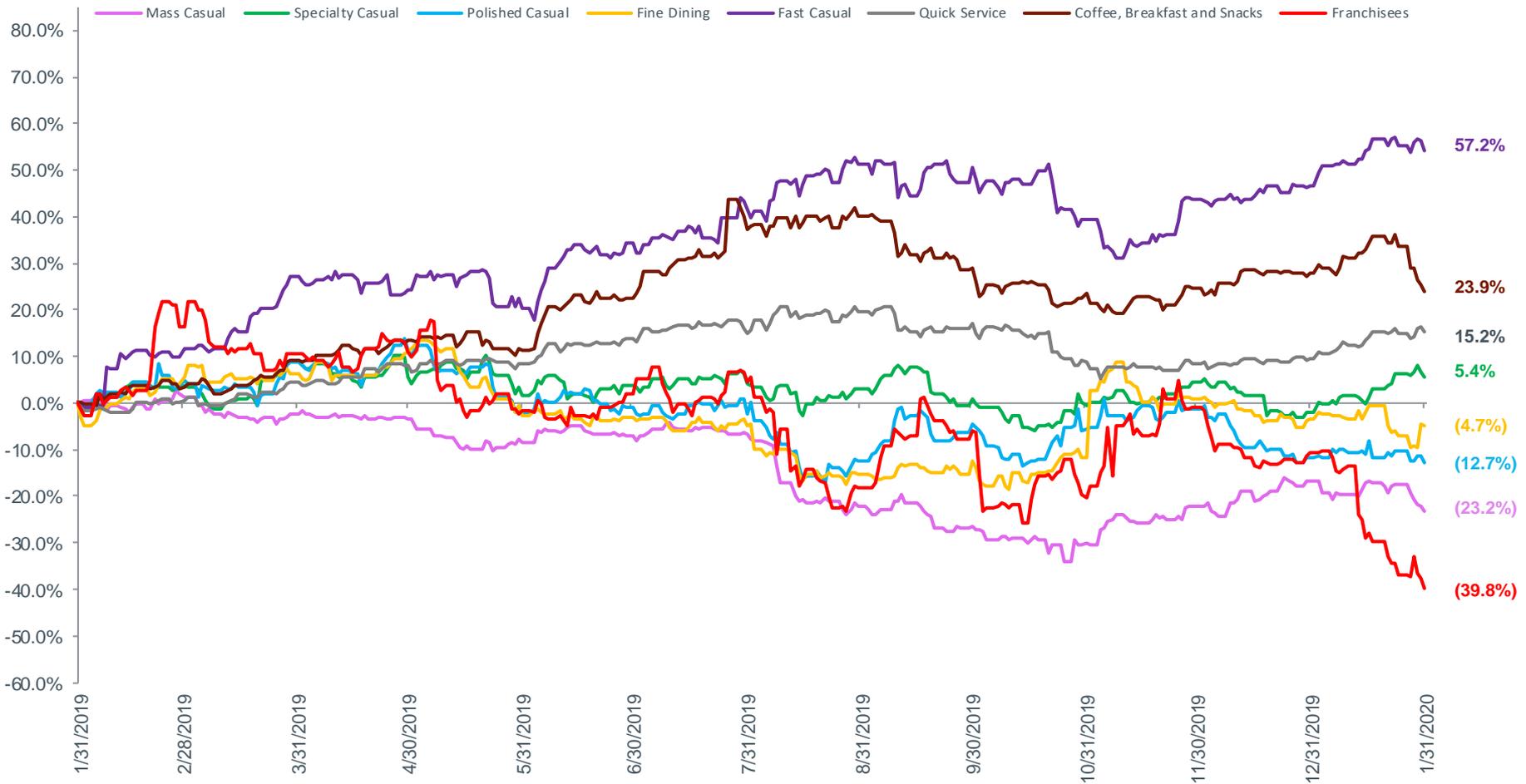


	2017		2018					2019								
	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3							
Coffee, Breakfast and Snacks																
Starbucks Corporation	2.0%	↑	2.0%	↑	1.0%	↑	3.0%	↑	4.0%	↑	4.0%	↑	7.0%	↑	5.0%	↑
Dunkin' Brands Group Inc.																
Dunkin' Donuts	0.9%	↔	(0.3%)	↔	1.6%	↑	1.3%	↑	0.0%	↔	2.4%	↑	1.7%	↑	1.5%	↑
Baskin-Robbins	3.5%	↑	6.8%	↑	(1.8%)	↓	1.8%	↑	3.7%	↑	(2.8%)	↓	1.4%	↑	3.6%	↑
Median	2.0%	↑	2.0%	↑	1.0%	↑	1.8%	↑	3.7%	↑	2.4%	↑	1.7%	↑	3.6%	↑
Mean	2.1%	↑	2.8%	↑	0.3%	↔	2.0%	↑	2.6%	↑	1.2%	↑	3.4%	↑	3.4%	↑
Franchisees																
Carrols Restaurant Group Inc.	8.9%	↑	6.2%	↑	5.0%	↑	1.6%	↑	2.7%	↑	2.4%	↑	0.1%	↔	4.5%	↑
Diversified Restaurant Holdings Inc.	(6.8%)	↓	(8.5%)	↓	(6.4%)	↓	(3.6%)	↓	2.2%	↑	4.2%	↑	5.8%	↑	NA	↑
Median	1.1%	↑	(1.2%)	↓	(0.7%)	↔	(1.0%)	↓	2.5%	↑	3.3%	↑	3.0%	↑	4.5%	↑
Mean	1.1%	↑	(1.2%)	↓	(0.7%)	↔	(1.0%)	↓	2.5%	↑	3.3%	↑	3.0%	↑	4.5%	↑

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Indexed Stock Price Performance—Last 12 Months



Sector index weight based upon company market capitalization at valuation date.

Source: S&P Global Market Intelligence; data as of January 31, 2020. Mass casual index includes Brinker International Inc., Cracker Barrel Old Country Store, Bloomin' Brands, DineEquity, Biglari Holdings, Denny's Corporation, Red Robin Gourmet Burgers and Luby's. Specialty casual index includes Darden Restaurants, Texas Roadhouse, Dave & Buster's Entertainment, BJ's Restaurants and Chuy's Holdings. Polished casual index includes The Cheesecake Factory, J. Alexander's Holdings. Fine dining index includes Ruth's Hospitality Group and The ONE Group Hospitality. Fast casual index includes Chipotle Mexican Grill, Shake Shack Inc., Wingstop Inc., Fiesta Restaurant Group, El Pollo Loco Holdings, The Habit Restaurants, Potbelly Corporation and Noodles & Company. Quick service index includes McDonald's Corporation, Yum! Brands, Restaurant Brands International Inc., Domino's Pizza, The Wendy's Company, Jack in the Box Inc., Papa John's International Inc., Del Taco Restaurants, Nathan's Famous Inc. and Papa Murphy's Holdings. Coffee, breakfast and snacks index includes Starbucks Corporation and Dunkin' Brands Group. Franchisees index includes Carrols Restaurant Group Inc. and Diversified Restaurant Holdings Inc. 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	Avg. % Change in Market Value			Avg. EV/ EBITDA Multiple	
		31-Jan-20	1 Month	3 Months	12 Months	LTM	2019A
Mass Casual	9	\$1,190	(6.4%)	6.9%	(23.2%)	58.1x	11.7x
Specialty Casual	5	4,201	7.5%	6.0%	5.4%	14.3x	13.2x
Polished Casual	2	929	(0.9%)	(7.0%)	(12.7%)	8.7x	8.2x
Fine Dining	2	357	(1.3%)	6.9%	(4.7%)	15.0x	9.8x
Fast Casual	8	3,820	6.3%	12.6%	75.3%	26.3x	20.8x
Quick Service	9	25,816	5.9%	6.4%	8.5%	17.8x	16.4x
Coffee, Breakfast and Snacks	2	53,017	(3.8%)	0.3%	23.9%	20.6x	18.6x
Franchisees	2	274	(29.2%)	(19.6%)	(39.8%)	10.0x	5.9x
Market Indices							
S&P 500 Index		\$3,226	(0.2%)	6.2%	19.3%		
Dow Jones Industrial		28,256	(1.0%)	4.5%	13.0%		
Russell 2000 Index		1,614	(3.3%)	3.3%	7.6%		
S&P Restaurant Index		1,967	3.7%	5.5%	22.1%		

Sector index weight based upon company market capitalization at valuation date.

Source: S&P Global Market Intelligence; data as of January 31, 2019. Mass casual index includes Brinker International Inc., Cracker Barrel Old Country Store, Bloomin' Brands, DineEquity, Biglari Holdings, Denny's Corporation, Red Robin Gourmet Burgers and Luby's, Famous Dave's of America. Specialty casual index includes Darden Restaurants, Texas Roadhouse, Dave & Buster's Entertainment, BJ's Restaurants and Chuy's Holdings. Polished casual index includes The Cheesecake Factory, J. Alexander's Holdings, Kona Grill. Fine dining index includes Ruth's Hospitality Group, Del Frisco's Restaurant Group and The ONE Group Hospitality. Fast casual index includes Chipotle Mexican Grill, Shake Shack Inc., Wingstop Inc., Fiesta Restaurant Group, El Pollo Loco Holdings, The Habit Restaurants, Potbelly Corporation and Noodles & Company. Quick service index includes McDonald's Corporation, Yum! Brands, Restaurant Brands International Inc., Domino's Pizza, The Wendy's Company, Jack in the Box Inc., Papa John's International Inc., Del Taco Restaurants, Nathan's Famous Inc. and Papa Murphy's Holdings. Coffee, breakfast and snacks index includes Starbucks Corporation and Dunkin' Brands Group. Franchisees index includes Carrols Restaurant Group Inc. and Diversified Restaurant Holdings Inc.

Represents most actively traded public restaurant companies.

Public Restaurant Valuations .oooo

(\$ in millions, except per-share data)

	Stock Price 31-Jan-20	% of 52-Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM EBITDA Margin
					Revenue			EBITDA			
					LTM	2019A	2020E	LTM	2019A	2020E	
Mass Casual											
Cracker Barrel Old Country Store Inc.	\$152.93	84.5%	\$3,680	\$4,650	1.51x	1.44x	1.39x	11.7x	11.5x	11.4x	12.9%
Brinker International Inc.	42.69	89.7%	1,597	2,800	0.84x	0.77x	0.75x	7.4x	7.0x	6.8x	11.3%
Bloomin' Brands Inc.	20.77	85.5%	1,780	4,329	1.05x	1.02x	0.99x	11.1x	10.5x	10.3x	9.4%
Dine Brands Global	85.25	82.0%	1,432	3,188	3.55x	3.51x	3.44x	12.9x	11.7x	11.5x	27.6%
Denny's Corporation	20.47	85.7%	1,209	1,644	2.80x	3.88x	3.80x	17.3x	16.0x	15.4x	16.2%
Biglari Holdings Inc.	142.50	32.1%	474	638	0.90x	0.74x	0.73x	NM	NM	NM	3.0%
Red Robin Gourmet Burgers Inc.	32.87	89.2%	425	1,119	0.85x	0.87x	0.86x	11.2x	11.2x	10.6x	7.6%
Luby's Inc.	2.42	96.8%	73	115	0.35x	NA	NA	380.64x	NM	NA	0.1%
BBQ Holdings, Inc.	4.11	65.0%	38	66	0.91x	0.69x	0.62x	12.9x	14.2x	8.1x	7.0%
Median		85.5%	\$1,209	\$1,644	0.91x	0.95x	0.93x	12.3x	11.5x	10.6x	9.4%
Mean		78.9%	\$1,190	\$2,061	1.42x	1.62x	1.57x	58.1x	11.7x	10.6x	10.6%

Public Restaurant Valuations ○○○○

(\$ in millions, except per-share data)

	Stock Price 31-Jan-20	% of 52-Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM EBITDA Margin
					LTM	Revenue 2019A	2020E	LTM	EBITDA 2019A	2020E	
Specialty Casual											
Darden Restaurants Inc.	\$116.43	90.7%	\$14,147	\$19,704	2.27x	2.14x	2.08x	16.5x	15.0x	14.2x	13.8%
Texas Roadhouse Inc.	62.50	93.7%	4,338	4,805	1.82x	1.63x	1.50x	15.8x	14.4x	13.3x	11.5%
Dave & Buster's Entertainment Inc.	44.16	74.1%	1,350	3,214	2.40x	2.21x	2.07x	11.5x	11.1x	10.4x	20.8%
BJ's Restaurants Inc.	39.78	73.6%	762	1,361	1.18x	1.10x	1.04x	11.1x	10.9x	10.4x	10.7%
Chuy's Holdings Inc.	24.55	83.4%	408	623	1.48x	1.37x	1.31x	16.8x	14.6x	13.6x	8.8%
Median		83.4%	\$1,350	\$3,214	1.82x	1.63x	1.50x	15.8x	14.4x	13.3x	11.5%
Mean		83.1%	\$4,201	\$5,942	1.83x	1.69x	1.60x	14.3x	13.2x	12.4x	13.1%
Polished Casual											
The Cheesecake Factory Inc.	\$38.40	75.1%	\$1,714	\$2,792	1.18x	0.95x	0.89x	12.6x	11.1x	10.4x	9.3%
J. Alexander's Holdings Inc.	9.58	79.8%	143	229	0.93x	0.88x	NA	9.4x	7.5x	NA	9.9%
Median		77.4%	\$929	\$1,511	1.05x	0.91x	0.89x	11.0x	9.3x	10.4x	9.6%
Mean		77.4%	\$929	\$1,511	1.05x	0.91x	0.89x	11.0x	9.3x	10.4x	9.6%

Public Restaurant Valuations ○○●○○

(\$ in millions, except per-share data)

	Stock Price 31-Jan-20	% of 52-Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM EBITDA Margin
					Revenue			EBITDA			
					LTM	2019A	2020E	LTM	2019A	2020E	
Fine Dining											
Ruth's Hospitality Group Inc.	\$20.50	75.5%	\$587	\$892	1.94x	1.77x	1.66x	11.9x	11.6x	10.5x	16.3%
The ONE Group Hospitality Inc.	4.41	98.0%	127	196	2.07x	0.95x	0.86x	18.1x	8.0x	7.5x	11.5%
Median		86.8%	\$357	\$544	2.01x	1.36x	1.26x	15.0x	9.8x	9.0x	13.9%
Mean		86.8%	\$357	\$544	2.01x	1.36x	1.26x	15.0x	9.8x	9.0x	13.9%
Fast Casual											
Chipotle Mexican Grill Inc.	\$866.76	97.5%	\$24,092	\$26,086	4.86x	4.18x	3.74x	40.0x	28.8x	23.7x	12.2%
Wingstop Inc.	92.77	86.4%	2,732	3,049	16.31x	13.44x	11.91x	62.5x	45.6x	39.2x	26.1%
Shake Shack Inc.	67.45	63.7%	2,277	2,571	4.53x	3.49x	2.91x	36.4x	28.2x	23.4x	12.5%
Fiesta Restaurant Group Inc.	9.93	58.9%	269	615	0.92x	0.91x	0.86x	9.7x	10.0x	9.7x	9.5%
El Pollo Loco Holdings Inc.	13.78	82.5%	481	786	1.78x	1.73x	1.68x	13.2x	12.7x	12.8x	13.5%
Potbelly Corporation	4.31	45.8%	102	323	0.79x	0.80x	0.79x	15.2x	15.2x	13.2x	5.2%
The Habit Restaurants Inc.	13.91	98.2%	289	464	1.04x	0.93x	0.84x	13.5x	11.3x	10.1x	7.7%
Noodles & Company	7.14	79.0%	315	608	1.32x	1.26x	1.19x	20.3x	14.4x	12.8x	6.5%
Median		80.7%	\$398	\$701	1.55x	1.49x	1.43x	17.7x	14.8x	13.0x	10.8%
Mean		76.5%	\$3,820	\$4,313	3.94x	3.34x	2.99x	26.3x	20.8x	18.1x	11.6%

Public Restaurant Valuations ○○○○●

(\$ in millions, except per-share data)

	Stock Price 31-Jan-20	% of 52-Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM EBITDA Margin
					Revenue			EBITDA			
					LTM	2019A	2020E	LTM	2019A	2020E	
Quick Service											
McDonald's Corporation	\$213.97	96.4%	\$161,139	\$207,117	9.83x	9.43x	9.07x	19.7x	18.4x	17.5x	49.8%
Yum! Brands Inc.	105.77	88.3%	31,991	42,676	7.81x	7.36x	6.95x	21.4x	19.5x	18.3x	36.5%
Restaurant Brands International Inc.	61.01	76.8%	18,188	32,184	5.84x	5.48x	5.23x	14.8x	13.1x	12.3x	39.5%
Domino's Pizza Inc.	281.75	93.3%	11,524	15,134	4.26x	3.91x	3.67x	23.4x	20.1x	18.7x	18.2%
The Wendy's Company	21.67	94.9%	4,985	8,276	6.15x	4.54x	4.43x	20.6x	19.0x	17.5x	29.9%
Jack in the Box Inc.	81.75	87.8%	1,887	3,037	3.20x	3.10x	3.01x	11.5x	11.1x	10.8x	27.8%
Papa John's International Inc.	64.78	96.5%	2,069	2,843	1.88x	1.73x	1.65x	24.3x	19.5x	17.7x	7.7%
Del Taco Restaurants Inc.	7.54	55.9%	279	672	1.31x	1.34x	1.31x	11.7x	10.5x	10.2x	11.2%
Nathan's Famous Inc.	66.00	80.3%	279	354	3.45x	NA	NA	12.5x	NA	NA	27.7%
Median		88.3%	\$4,985	\$8,276	4.26x	4.22x	4.05x	19.7x	18.7x	17.5x	27.8%
Mean		85.6%	\$25,816	\$34,699	4.86x	4.61x	4.42x	17.8x	16.4x	15.4x	27.6%

Public Restaurant Valuations ○○○○●

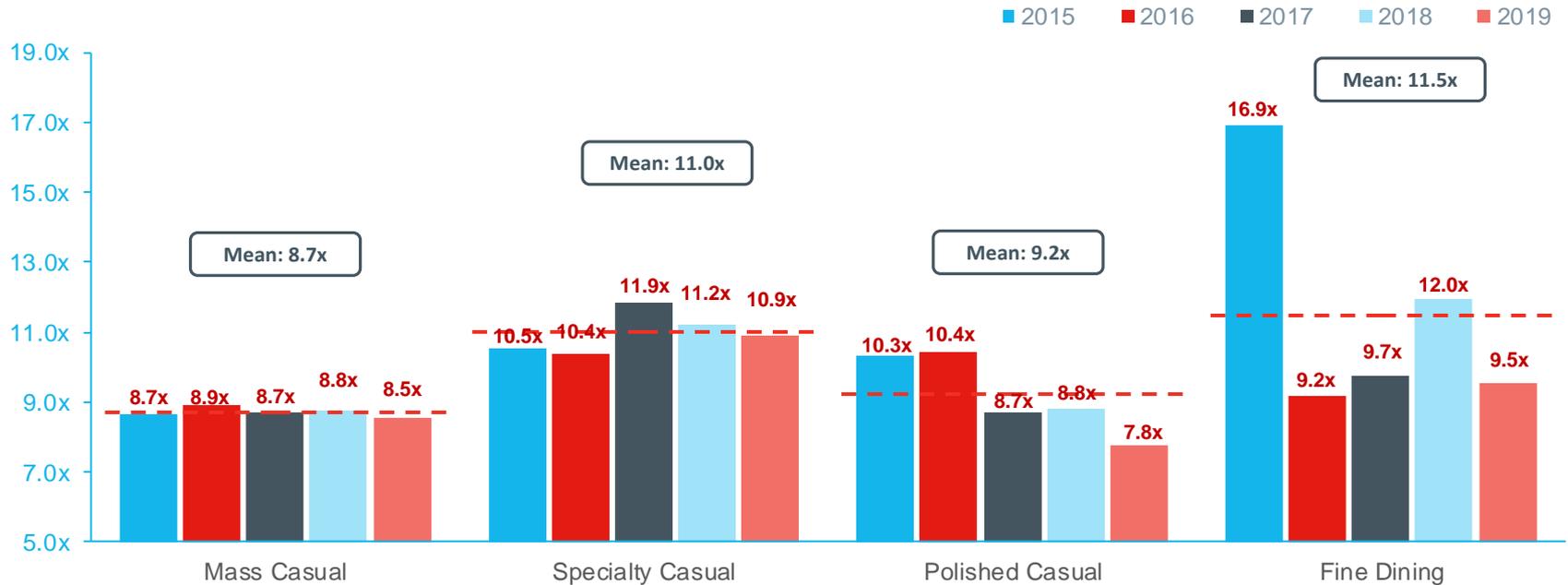
(\$ in millions, except per-share data)

	Stock Price 31-Jan-20	% of 52-Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM EBITDA Margin
					Revenue			EBITDA			
					LTM	2019A	2020E	LTM	2019A	2020E	
Coffee, Breakfast and Snacks											
Starbucks Corporation	\$84.83	85.1%	\$99,565	\$117,087	4.34x	4.09x	3.75x	21.1x	18.6x	16.7x	20.6%
Dunkin' Brands Group Inc.	78.09	92.2%	6,469	9,416	6.95x	6.65x	6.42x	20.1x	18.6x	17.8x	34.6%
Median		88.6%	\$53,017	\$63,252	5.65x	5.37x	5.08x	20.6x	18.6x	17.3x	27.6%
Mean		88.6%	\$53,017	\$63,252	5.65x	5.37x	5.08x	20.6x	18.6x	17.3x	27.6%
Franchisees											
Carrols Restaurant Group Inc. ¹	\$4.54	39.3%	\$513	\$938	0.69x	0.64x	0.52x	6.6x	5.9x	5.2x	10.3%
Diversified Restaurant Holdings Inc.	1.04	85.5%	35	176	1.12x	NA	NA	13.4x	NA	NA	8.4%
Median		62.4%	\$274	\$557	0.90x	0.64x	0.52x	10.0x	5.9x	5.2x	9.4%
Mean		62.4%	\$274	\$557	0.90x	0.64x	0.52x	10.0x	5.9x	5.2x	9.4%

Note: 1 Financial information is pro-forma for the February acquisition of Cambridge Holdings.
 Source: S&P Global Market Intelligence report as of January 31, 2020.
 Represents most actively traded public restaurant companies.

Historical Public Restaurant Trends .o

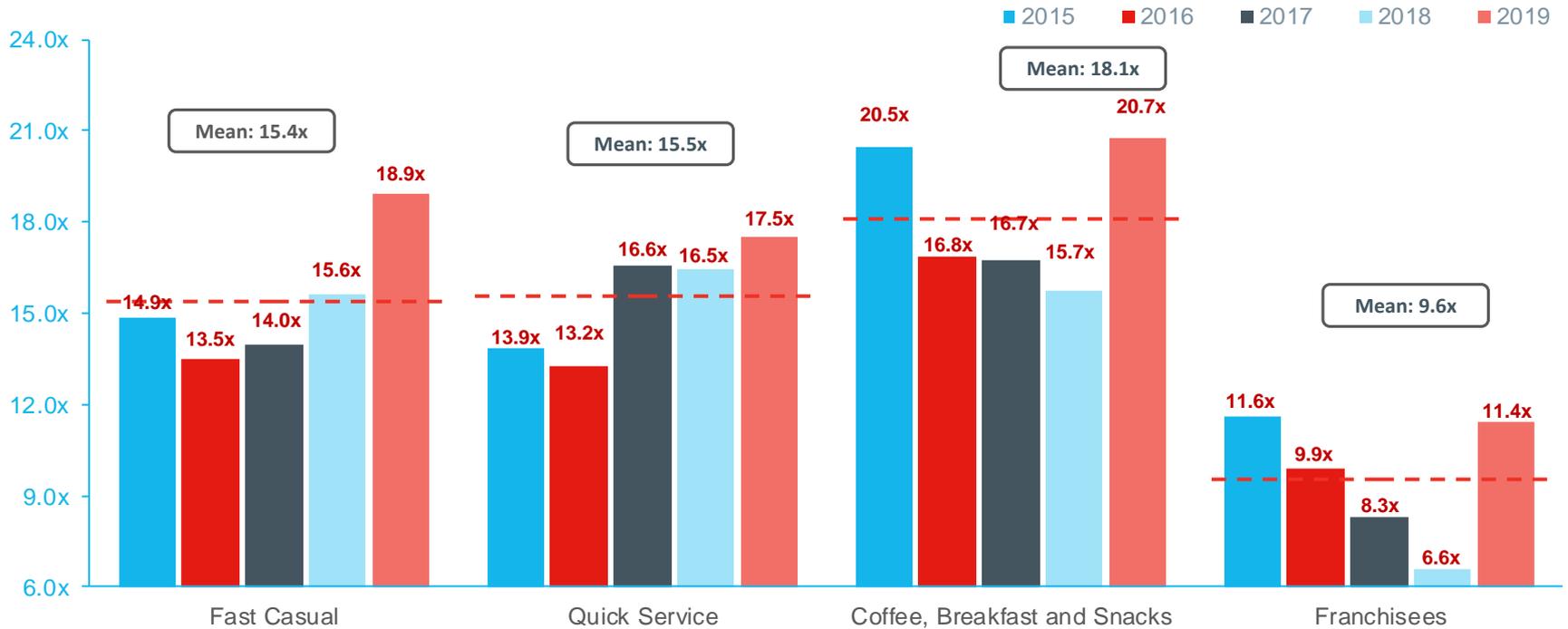
Enterprise Value as a Multiple of EBITDA¹



¹ Index calculation excludes any companies with nonmeaningful trading multiples. Source: S&P Global Market Intelligence; Last Twelve Months (LTM) values as of January 31, 2020. Segments weighted based on market cap values at period end. Represents most actively traded public restaurant companies.

Historical Public Restaurant Trends

Enterprise Value as a Multiple of EBITDA¹



¹ Index calculation excludes any companies with nonmeaningful trading multiples. Source: S&P Global Market Intelligence; Last Twelve Months (LTM) values as of January 31, 2020. Segments weighted based on market cap values at period end. Represents most actively traded public restaurant companies.

Recent Restaurant M&A Transaction Activity

Bar Louie Files for Chapter 11 Bankruptcy

On January 27, private-equity-backed Bar Louie filed for Chapter 11 bankruptcy protection. BL Restaurant Holding LLC, and three affiliates, files for Chapter 11 Bankruptcy as a result of increased competition and declining sales. This action was taken after closing down 38 restaurants and arranging to sell all 72 remaining restaurants to its lenders who are serving as the stalking horse in the bankruptcy sale. The lenders' credit bid was for \$82.5 million.

Zuul Kitchens Acquires Ontray

On January 27, Zuul Kitchens announced it has acquired the online ordering system Ontray. Zuul Kitchens is a New York-based ghost kitchen operator now seeking to leverage Ontray's technology to better support its restaurant members. With Ontray, Zuul believes they have the ability to innovate a full product delivery solution that includes affordable ordering for its members.

Chopt Creative Salad Co. to Acquire Dos Tors Taqueria

On January 23, Chopt Creative Salad Co. announced it will be acquiring Dos Toros Taqueria and will be forming a new holding company financed by L Catterton to house both concepts. The new company, Founders Table Restaurant, may act as a new vehicle to go out and acquire several other "innovative, founder-led, line-out-of-the-door" restaurant concepts in the near future.

Yum! Brands to Acquire Habit Burger Grill

On January 6, Yum! Brands agreed to buy The Habit Restaurants, parent to Habit Burger Grill, for approximately \$375 million. Yum! Brands will acquire in cash all of the issues and outstanding common shares for \$14 a share. The brand has grown to nearly 270 restaurants in 13 states and has experienced six consecutive quarters of SSS growth. Yum! Brands will also benefit from the restaurant's strong off-premise sales channel.

Cracker Barrel Acquires Maple Street

On October 11, Cracker Barrel Old Country Store Inc. acquired emerging fast-casual brand Maple Street Biscuit Company in an all-cash deal for \$36 million. Cracker Barrel plans to convert Holler & Dash units to the Maple Street banner. Per CEO Sandra B. Cochran, the breakfast and lunch fast-casual category is an attractive segment to invest in, given future growth potential.

ONE Group Hospitality Acquires Kona Grill

On October 7, STK parent ONE Group Hospitality acquired Kona Grill for \$25 million in cash and \$11 million in debt (senior secured credit facility) in a bankruptcy court deal. The deal includes 24 Kona Grill domestic units and one international location in Dubai. One Group believes the acquisition will add approximately \$100 million in annual revenue and a nearly \$25 million contribution to adjusted earnings before interest, taxes, depreciation and amortization (EBITDA).

MAD Greens and Snappy Salads Merge

On October 1, fast-casual chain MAD Greens and Snappy Salads announced their merger, with plans to remain separate under the Salad Collective umbrella. Per MAD Greens CEO Darden Coors, the company is looking to grow its restaurant system and, given that the merger would eliminate competition and expand the bottom line, the transaction was a strong play. Both chains offer salads, wraps, soups and sides while using high-quality and fresh ingredients. All units are company owned outside of one licensed MAD Greens location in Austin.

Landry's Acquires Del Frisco's Grille and Double Eagle Steakhouse

On September 25, Landry's acquired two Del Frisco's Restaurant Group brands that had been recently purchased by L Catterton—Del Frisco's Grille and Double Eagle Steakhouse—for an undisclosed amount. The remaining brands, Bartaco and Barcelona Wine Bar, will operate as independent entities under overarching leadership from L Catterton. Per L Catterton managing partner Andrew Taub, divesting the steak concepts to Landry's will help to unlock significantly more value in the remaining brands.

Recent Restaurant M&A Transaction Activity

Inspire to Acquire Jimmy John's

On September 25, brand consolidator Inspire Brands announced that it had agreed to acquire Jimmy John's. Atlanta-based Inspire Brands also owns the Arby's, Buffalo Wild Wings, Sonic Drive-In and Rusty Taco brands. Per Jimmy John's owner Jimmy John Liautaud, Inspire is the best home for the company given its experience in executing on long-term growth/sustainability as well as fostering innovation. Per the agreement, Liautaud will be stepping down, while President James North will continue on.

Huddle House Agrees to Acquire Perkins

On September 12, Huddle House Inc. agreed to buy 342 Perkins Restaurant & Bakery locations. In early August, Perkins & Marie Callender's Inc. filed for bankruptcy protection and closed 29 Perkins Restaurant & Bakery and Marie Callender's units. Per management, Perkins units will be managed out of the company's Atlanta headquarters, with no current plan to convert existing units to Huddle House or vice versa.

DoorDash to Acquire Delivery Platform Caviar

On August 1, DoorDash announced its plans to acquire competing food-service platform Caviar from Square Inc for an estimated \$410 million in cash and DoorDash preferred stock. Prior to announcement of the transaction, DoorDash was already integrated with Square's point-of-sale technology for both in-person and online orders.

Cheesecake Factory to Acquire Fox Restaurants

On July 31, The Cheesecake Factory Inc. agreed to acquire incubator Fox Restaurant Concepts for an estimated \$308 million, with an additional \$45 million due over the next four years. The company has also stipulated they will be buying Fox's remaining interest in North Italia. Following the transaction, North Italia's operations will be located at Cheesecake Factory's corporate headquarters in Calabasas Hills, California.

YO! Sushi Acquires JFE Franchising

On July 2, London-based YO! Sushi Limited agreed to acquire JFE Franchising Inc., the third-largest sushi kiosk franchisor in the U.S., for more than \$100 million. The expanded group—made up of YO!, Snowfox, Bento Sushi and Taiko Foods, will consist of four fast-growing businesses with \$425 million of sales annually, including franchisees' sales. The merger, which creates one of the largest Japanese food companies outside of Japan, aims to capitalize on the fast-growing \$1 billion sushi market.

TriArtisan Capital and Nord Bay Capital Acquire Hooters

On July 1, Nord Bay Capital and TriArtisan Capital Advisors LLC agreed to acquire Hooters of America LLC, a Georgia-based restaurant Chain, for an undisclosed amount. Hooters is a franchisor and operator of more than 430 Hooters restaurants in 38 states and 27 countries. The selling entities, H.I.G. Capital and Chanticleer Holdings, will each retain a stake in Hooters.

MTY Food Group to Acquire Yuzu Sushi

On June 10, MTY Food Group Inc. announced that it would acquire Quebec-based chain Yuzu Sushi. The announcement was made two weeks after the Canadian franchisor completed its \$190 million acquisition of Papa Murphy's Holdings. Yuzu currently has 123 points of sale in operation, with system sales totaling more than \$40 million in 2018. Yuzu is expected to join MTY's various multi-concept brands, including TCBY Frozen Yogurt, Baja Fresh and Pinkberry, among others.

Pei Wei Asian Diner Acquired by PWD Acquisition

On June 5, fast-casual Asian restaurant brand Pei Wei Asian Diner was acquired by PWD Acquisition LLC from Centerbridge Partners. Pei Wei, which was spun off from parent company P.F. Chang's in 2017, has 193 restaurants in 19 states and South Korea. PWD is owned by Lorne Goldberg, who also owns and operates quick service restaurant Asian brands Pick Up Stix, Leeann Chinn and Mandarin Express.

Selected Recent Duff & Phelps Restaurant Transactions

<p>Sell-Side Advisor</p>  <p>a portfolio company of KarpReilly LLC</p> <p>has received a significant investment from CAROLO</p>	<p>Sell-Side Advisor</p>   <p>has been acquired by</p> 	<p>Sell-Side Advisor</p> <p><i>Signed Purchase Agreement</i></p>   <p>has been acquired by</p> 	<p>Sell-Side Advisor</p>  <p>TURNING POINT breakfast, brunch & lunch</p> <p>has received a growth equity investment from</p>  	<p>Buy-Side Advisor</p>  <p>has acquired</p>  <p>Raised \$130 million credit facility</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 received a significant growth equity investment from</p> 	<p>Sell-Side Advisor</p> <p>Barrand, Inc. (dba "Whataburger")</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>Elysium Management</p>	<p>Sell-Side Advisor</p>  <p>PIZZERIA & GRILL a portfolio company of</p>  <p>has been acquired by</p> 
<p>Sell-Side Advisor</p>  <p>has been acquired by</p> 	<p>Board Advisor</p>  <p>has been acquired by</p> 	<p>Board Advisor</p>  <p>has completed a spinoff transaction of its real estate holdings</p>	<p>Sell-Side Advisor</p>  <p>has been acquired by</p> 	<p>Sell-Side Advisor</p>  <p>has been acquired by</p> 

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