

Restaurant Sector Update

Fall 2020



Market Update

The U.S. restaurant industry was hit particularly hard by the global COVID-19 pandemic, with the National Restaurant Association estimating \$185 billion in lost sales from March to August across the restaurant and foodservice industry and 6.1 million (M) individuals that lost employment.

Since the height of the pandemic in April, restaurant sales have continued to improve each month, with September same-store sales (SSS) at a decline of 8.1%, marking the best results since the onset of COVID-19. The modest rebound has been attributed to relaxed capacity restrictions, favorable outdoor dining weather and pent up consumer demand to return to a state of normalcy.

The COVID-19 pandemic has not treated all restaurant concepts the same. Concepts that entered the pandemic with strong off-premise sales capabilities, high consumer loyalty and high convenience factors have generally out-performed other concepts. More than 15 chains, 9 of which are full service, casual dining concepts, have declared bankruptcy in 2020, in large part due to the challenges experienced as a result of state-mandated dine-in closures and significantly negatively impacted traffic.

Despite the improved performance over the past few months, there is still significant ground to cover before the industry fully recovers to pre-COVID-19 levels. There are significant risks—upcoming cold weather will likely limit consumers' attraction to outdoor dining, the potential threat of a second wave of the virus and ongoing cash flow challenges across the industry—pointing to a prolonged recovery well into 2021. Changing consumer behavior has further impeded the recovery efforts, with 48% of consumers surveyed by *Restaurant 365* indicating they will exercise more caution in dining out and may not return to pre-pandemic dine-in frequency.

KEY INFORMATION



Upward trend in SSS with September improving 40% from April 2020 lows



Restaurant publicly-traded equities continue to recover, up 71% from the pandemic-driven low in April



Over 3.8M industry jobs recovered since employment bottomed in April 2020



Capacity restrictions have been relaxed in all states including seven that have completely lifted dining restrictions

State of the Industry

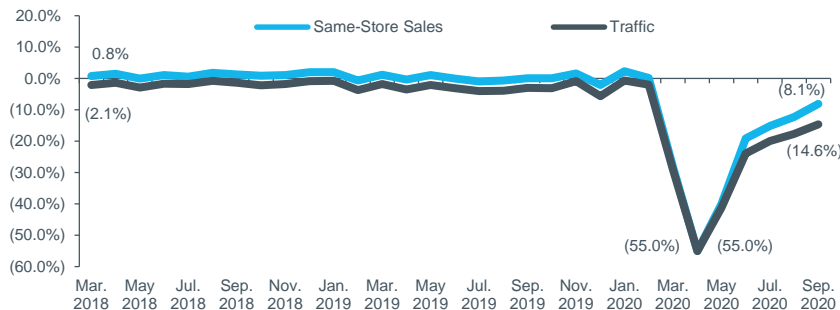
Restaurants have faced a challenging operating environment...

The U.S. restaurant industry has weathered several challenges over the past few years, prior to the exacerbation driven by COVID-19:

- ▶ An **oversaturated market, with restaurant unit growth double that of population growth** since 2010, drove intense competitive pressures at a time of changing consumer behaviors towards making healthier food choices and cooking more often at home ¹
- ▶ SSS across the industry have largely been driven by price increases as **foot traffic continues to decline, reaching -14.6%** in September vs. the prior year ²
- ▶ Historically low unemployment rates and a reviving minimum wage push have **increased labor costs**, dampening profitability and limiting investment opportunities ³

To help offset some of these challenges, operators have experimented with building out technology platforms to create efficiencies while ensuring they remain relevant to today's consumer demands—getting fresh, healthy food where and when they want it.

Restaurant Sector Monthly SSS and Traffic Growth³



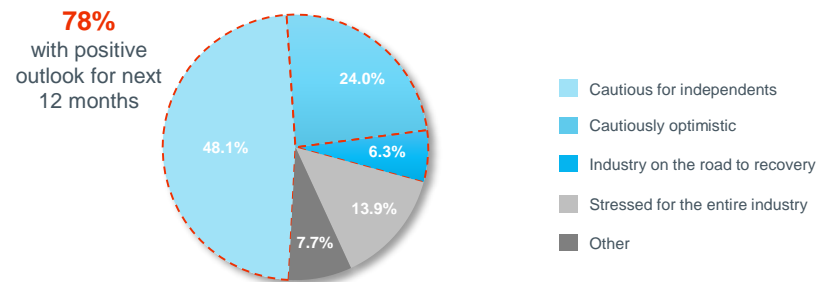
...with continued uncertainty expected over the near-term

As the industry begins to recover, many uncertainties remain on the rate of recovery:

- ▶ Consumers' likely disinterest in dining outdoors during the upcoming cold weather season, particularly in the northeast
- ▶ Intensity of this year's flu season and uncertainty surrounding a potential second wave of COVID-19
- ▶ Political uncertainty surrounding the upcoming U.S. Presidential election and the impact on current and future stimulus plans

Despite the uncertainty facing the restaurant industry over the next 6-12 months, most operators are cautiously optimistic that the worst is behind us. According to Restaurant 365, **78% of operators have an optimistic view for the next 12 months.**⁴ Further supporting a positive stance is September's consumer sentiment of 80.4, the highest reading since March, mainly due to a more optimistic outlook for the national economy.⁵

Restaurant Operator 12-Month Outlook⁴



Source: (1) Statista 2020 (2) *Nation's Restaurant News* (3) *Black Box Intelligence* (4) *Restaurant 365 September Report* (5) Consumer sentiment index

Global Pandemic Hits Restaurant Industry

COVID-19 Impact on the Restaurant Industry

The COVID-19 pandemic swiftly devastated the restaurant industry. Forced dine-in restaurant closures, office shutdowns and wide-reaching travel restrictions hit the restaurant and hospitality industries particularly hard. The restaurant industry lost an **estimated \$185 billion in sales from March to August** and is on pace to lose \$240 billion in sales by year end.¹

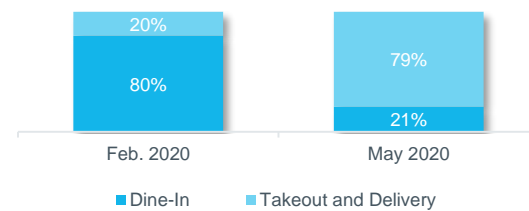
One of the largest segments of the U.S. economy, the restaurant industry employed more than 12 million people prior to the pandemic. At the depths of the pandemic as of April 2020, nearly 50% of restaurant jobs were lost, contributing to **60% of the total unemployment claims**. Notwithstanding the continued hardships faced across the industry, employment has improved significantly with **two-thirds of jobs lost from February to April returning by September**. Despite the rebound, foodservice jobs remain at 2.3 million below pre-COVID-19 levels.²

By the end of March, all states have implemented some measure of dine-in capacity restrictions for the segment, forcing operators to adjust their business models and immediately shift to off-premise channels. By the end of March, **takeout contributed to 70% of sales, up from just 18%** at the end of February.³

In addition to shifting business models to off-premise, operators made concerted efforts to conserve liquidity by **drawing down on revolvers, issuing debt and equity, minimizing lease payments and cutting off all non-essential capital spending**. Landlords entered this period of uncertainty with an accommodative perspective, with over 40% waiving, deferring or negotiating some portion of overdue rent. However, over the past couple of months landlords have taken a more aggressive stance in negotiating rent deferrals and abatements.⁴

COVID-19 has intensified the restaurant industry's challenges and has accelerated the number of restaurateurs seeking bankruptcy protection to restructure balance sheets and exit unprofitable locations. Restaurant chain **bankruptcies are on track to be the largest in a decade**, with more than 15 filings through September, including well-known chains such as Chuck E. Cheese, California Pizza Kitchen and Ruby Tuesday.⁵

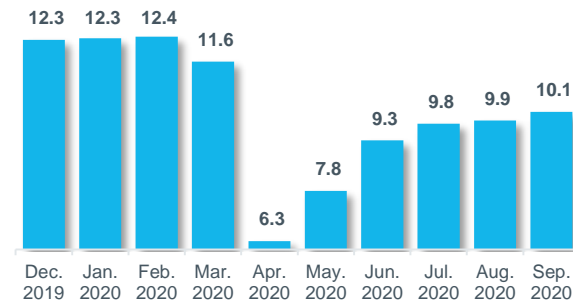
Shift in Restaurant Business Mix³



Select Bankruptcies⁵



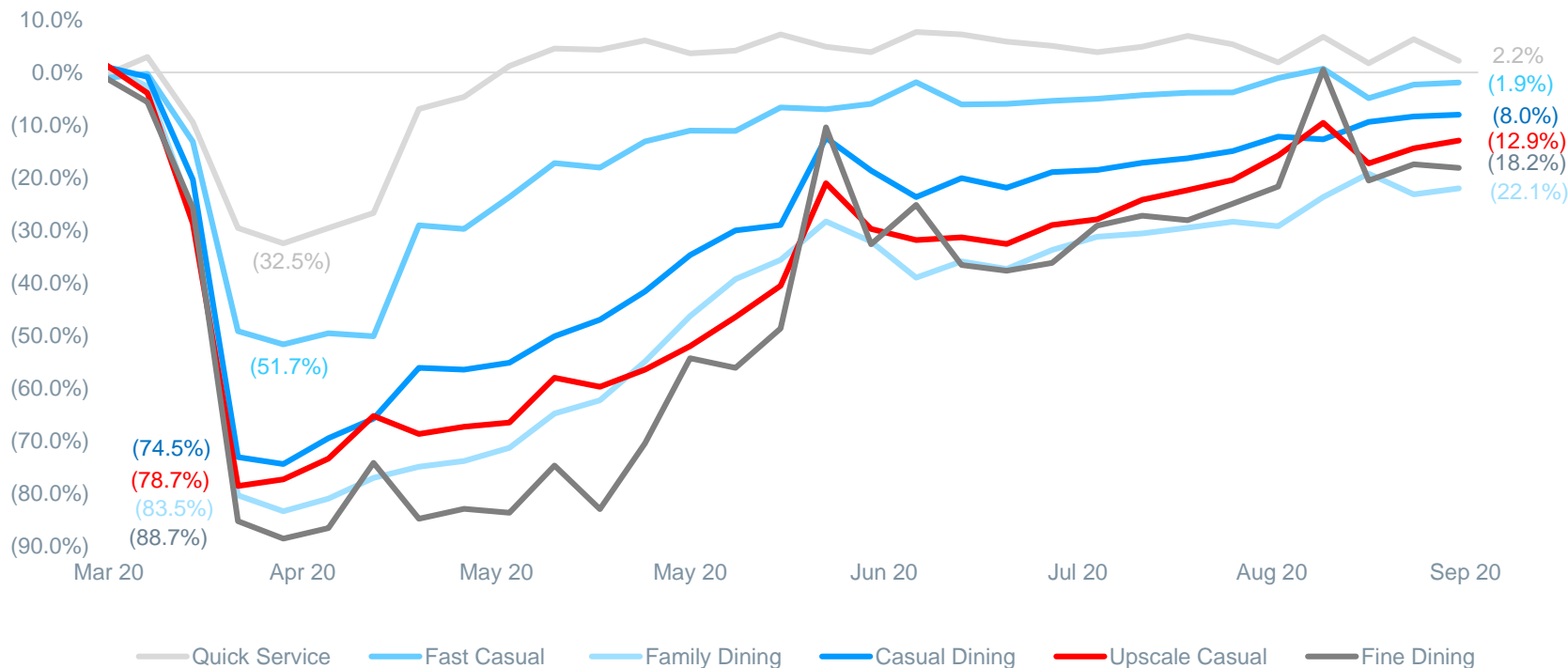
Industry Employment (M)⁶



Source: (1) *Nation's Restaurant News* (2) *Black Box Intelligence August Snapshot* (3) August 2020 Restaurant Performance Index (RPI) by *Nation's Restaurant News* (4) Alliance Hospitality survey Sep. 22 (5) S&P Global Market Intelligence (6) Statista 2020
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Restaurant Sector Weekly SSS Growth

- Industry SSS fell 28.3% in March 2020 as a result of state-mandated closures and capacity restrictions
- Concepts that entered the pandemic with strong off-premise capabilities and limited box sizes—fast casual and quick service—have fared better than casual, predominantly dine-in, concepts
- Although risks remain, a slow return to normalcy is expected as operators continue to expand off-premise capabilities and capacity restrictions are lifted



Source: Nation's Restaurant News and Black Box Intelligence report

Note: All trademarks, trade names, or logos referenced herein are the property of their respective owners

Quarterly SSS Performance—Last Three Years¹



	2018		2019				2020					
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3			
Mass Casual												
Cracker Barrel Old Country Store Inc.	(0.4%) ↔	3.8% ↑	1.3% ↑	3.8% ↑	2.1% ↑	3.8% ↑	(41.7%) ↓	(18.9%) ↓	NA			
Brinker International Inc.												
Chili's Grill & Bar	1.9% ↑	2.9% ↑	2.1% ↑	2.2% ↑	2.9% ↑	2.0% ↑	(5.3%) ↓	(10.9%) ↓	NA			
Maggiano's Little Italy	0.0% ↔	1.8% ↑	0.4% ↔	0.6% ↔	(1.8%) ↓	(1.4%) ↓	(9.9%) ↓	(44.6%) ↓	NA			
Bloomin' Brands Inc.												
Bonefish Grill	1.8% ↑	(1.1%) ↓	1.9% ↑	0.1% ↔	(2.2%) ↓	0.1% ↔	(13.9%) ↓	(56.8%) ↓	NA			
Carrabba's Italian Grill	(0.6%) ↔	0.8% ↔	0.3% ↔	(1.6%) ↓	0.1% ↔	0.1% ↔	(8.7%) ↓	(36.7%) ↓	NA			
Fleming's Prime Steakhouse & Wine Bar	0.5% ↔	(0.4%) ↔	0.6% ↔	1.6% ↑	0.4% ↔	0.7% ↔	(13.2%) ↓	(56.3%) ↓	NA			
Outback Steakhouse	4.6% ↑	2.9% ↑	3.5% ↑	1.3% ↑	0.2% ↔	2.0% ↑	(9.5%) ↓	(32.9%) ↓	NA			
Dine Brands Global, Inc.												
Applebee's	7.7% ↑	3.5% ↑	1.8% ↑	(0.5%) ↔	(1.6%) ↓	(0.7%) ↔	(10.6%) ↓	(49.4%) ↓	NA			
IHOP	1.2% ↑	3.0% ↑	1.2% ↑	2.0% ↑	0.0% ↔	1.1% ↑	(14.7%) ↓	(59.1%) ↓	NA			
Denny's Corporation	1.0% ↑	1.4% ↑	1.3% ↑	3.8% ↑	1.1% ↑	1.9% ↑	(6.3%) ↓	(55.3%) ↓	NA			
Red Robin Gourmet Burgers Inc.	(3.4%) ↓	(4.5%) ↓	(3.3%) ↓	(1.5%) ↓	1.6% ↑	NA ↑	(28.1%) ↓	(41.4%) ↓	NA			
Biglari Holdings Inc.	(6.9%) ↓	(5.1%) ↓	(7.9%) ↓	(5.9%) ↓	(6.5%) ↓	(6.9%) ↓	NA ↑	NA ↑	NA			
Luby's Inc.	(0.5%) ↔	(5.5%) ↓	(3.3%) ↓	(4.0%) ↓	(3.7%) ↓	1.7% ↑	1.3% ↑	NA ↑	NA			
BBQ Holdings, Inc.	(1.4%) ↓	2.1% ↑	(1.1%) ↓	(0.7%) ↔	0.4% ↔	2.0% ↑	(29.0%) ↓	(22.9%) ↓	NA			
Median	0.3% ↔	1.6% ↑	0.9% ↔	0.4% ↔	0.2% ↔	1.1% ↑	(10.6%) ↓	(43.0%) ↓	NA			
Mean	0.4% ↔	0.4% ↔	(0.1%) ↔	0.1% ↔	(0.5%) ↔	0.5% ↔	(14.6%) ↓	(40.4%) ↓	NA			
Coffee, Breakfast and Snacks												
Starbucks Corporation	3.0% ↑	4.0% ↑	4.0% ↑	7.0% ↑	5.0% ↑	5.0% ↑	(10.0%) ↓	(40.0%) ↓	NA			
Dunkin' Brands Group, Inc.												
Dunkin' Donuts	1.3% ↑	0.0% ↔	2.4% ↑	1.7% ↑	1.5% ↑	2.1% ↑	(2.0%) ↓	(18.7%) ↓	NA			
Baskin-Robbins	1.8% ↑	3.7% ↑	(2.8%) ↓	1.4% ↑	3.6% ↑	0.8% ↔	1.8% ↑	(6.0%) ↓	NA			
Median	1.8% ↑	3.7% ↑	2.4% ↑	1.7% ↑	3.6% ↑	2.1% ↑	(2.0%) ↓	(18.7%) ↓	NA			
Mean	2.0% ↑	2.6% ↑	1.2% ↑	3.4% ↑	3.4% ↑	2.6% ↑	(3.4%) ↓	(21.6%) ↓	NA			

1. SSS represents the change in YoY 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



	2018				2019				2020									
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3					
Specialty Casual																		
Darden Restaurants Inc.																		
Bahama Breeze	1.1%	↑	1.1%	↑	(1.1%)	↓	(3.7%)	↓	(4.2%)	↓	(3.4%)	↓	(0.5%)	↔	(20.1%)	↓	NA	
The Capital Grille	2.8%	↑	3.9%	↑	3.7%	↑	4.3%	↑	1.5%	↑	1.8%	↑	4.2%	↑	(13.6%)	↓	NA	
Cheddar's Scratch Kitchen	(2.0%)	↓	(4.0%)	↓	(4.0%)	↓	(2.7%)	↓	(5.4%)	↓	(1.2%)	↓	(1.6%)	↓	(17.1%)	↓	NA	
Eddie V's	4.1%	↑	3.0%	↑	0.9%	↔	3.7%	↑	1.2%	↑	0.5%	↔	3.9%	↑	(15.2%)	↓	NA	
LongHorn Steakhouse	2.7%	↑	3.1%	↑	2.9%	↑	3.8%	↑	2.6%	↑	6.7%	↑	3.9%	↑	(8.8%)	↓	(18.1%)	↓
Olive Garden	2.4%	↑	5.3%	↑	3.5%	↑	4.3%	↑	2.2%	↑	1.5%	↑	2.1%	↑	(8.6%)	↓	(28.2%)	↓
Seasons 52	(0.6%)	↔	(1.9%)	↓	(0.8%)	↔	(1.3%)	↓	(4.2%)	↓	(3.5%)	↓	3.0%	↑	(18.7%)	↓	NA	
Yard House	1.1%	↑	0.6%	↔	(1.1%)	↓	(2.1%)	↓	(1.9%)	↓	0.7%	↔	1.8%	↑	(17.3%)	↓	NA	
Texas Roadhouse Inc.	5.0%	↑	5.6%	↑	5.2%	↑	4.7%	↑	4.4%	↑	4.7%	↑	(8.4%)	↓	(32.8%)	↓	NA	
Dave & Buster's Entertainment Inc.	(2.4%)	↓	(1.3%)	↓	2.9%	↑	(1.8%)	↓	4.1%	↑	(2.6%)	↓	(58.6%)	↓	(87.0%)	↓	NA	
BJ's Restaurants Inc.	6.9%	↑	4.2%	↑	2.0%	↑	2.0%	↑	(0.3%)	↔	1.1%	↑	(15.5%)	↓	(57.2%)	↓	NA	
Chuy's Holdings Inc.	0.5%	↔	(0.9%)	↔	3.2%	↑	1.9%	↑	2.6%	↑	2.6%	↑	(9.7%)	↓	(39.0%)	↓	NA	
Median	1.8%	↑	2.1%	↑	2.5%	↑	2.0%	↑	1.4%	↑	0.9%	↔	0.7%	↔	(18.0%)	↓	(23.2%)	↓
Mean	1.8%	↑	1.6%	↑	1.4%	↑	1.1%	↑	0.2%	↔	0.7%	↔	(6.3%)	↓	(28.0%)	↓	(23.2%)	↓
Polished Casual																		
The Cheesecake Factory Incorporated	1.5%	↑	1.9%	↑	1.3%	↑	1.0%	↑	0.4%	↔	0.8%	↔	(12.9%)	↓	(56.9%)	↓	NA	
J. Alexander's Holdings Inc.																		
J. Alexander's/Redlands Grill	2.6%	↑	0.3%	↔	0.3%	↔	0.3%	↔	(2.0%)	↓	(0.4%)	↔	(12.8%)	↓	(55.2%)	↓	NA	
Stoney River Steakhouse and Grill	5.6%	↑	2.4%	↑	2.2%	↑	0.3%	↔	(0.7%)	↔	0.0%	↔	(14.6%)	↓	(55.9%)	↓	NA	
Median	2.6%	↑	1.9%	↑	1.3%	↑	0.3%	↔	(0.7%)	↔	0.0%	↔	(12.9%)	↓	(55.9%)	↓	NA	
Mean	3.2%	↑	1.5%	↑	1.3%	↑	0.5%	↔	(0.8%)	↔	0.1%	↔	(13.4%)	↓	(56.0%)	↓	NA	
Fine Dining																		
Ruth's Hospitality Group Inc.	3.7%	↑	0.4%	↔	1.8%	↑	(0.5%)	↔	0.6%	↔	0.9%	↔	(13.5%)	↓	(74.1%)	↓	NA	
The ONE Group Hospitality Inc.	7.7%	↑	15.0%	↑	8.6%	↑	6.4%	↑	9.3%	↑	8.3%	↑	(14.1%)	↓	(66.7%)	↓	NA	
Median	5.7%	↑	7.7%	↑	5.2%	↑	3.0%	↑	5.0%	↑	4.6%	↑	(13.8%)	↓	(70.4%)	↓	NA	
Mean	5.7%	↑	7.7%	↑	5.2%	↑	3.0%	↑	5.0%	↑	4.6%	↑	(13.8%)	↓	(70.4%)	↓	NA	

1. SSS represents the change in YoY 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

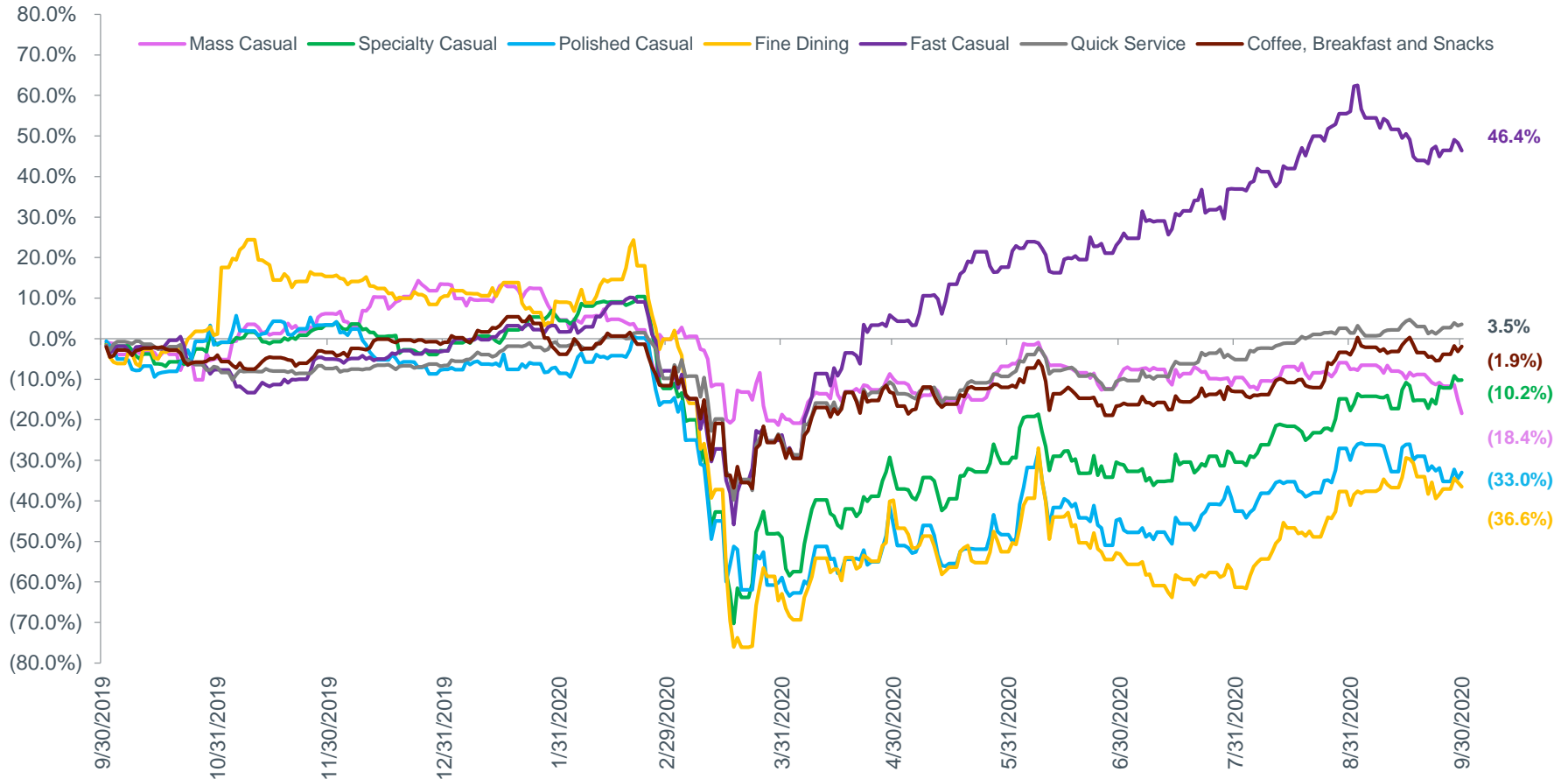


	2018				2019				2020									
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3					
Fast Casual																		
Chipotle Mexican Grill, Inc.	4.4%	↑	4.0%	↑	9.9%	↑	10.0%	↑	11.0%	↑	11.1%	↑	3.3%	↑	(9.8%)	↓	NA	
Wingstop Inc.	6.3%	↑	6.0%	↑	7.1%	↑	12.8%	↑	12.3%	↑	11.1%	↑	9.9%	↑	31.9%	↑	25.4%	↑
Shake Shack Inc.	(0.7%)	↔	2.3%	↑	3.6%	↑	3.6%	↑	2.0%	↑	1.3%	↑	(12.8%)	↓	(49.0%)	↓	NA	
El Pollo Loco Holdings, Inc.	2.6%	↑	4.4%	↑	2.4%	↑	0.7%	↔	1.1%	↑	2.0%	↑	(1.5%)	↓	(8.5%)	↓	NA	
Fiesta Restaurant Group, Inc.																		
Pollo Tropical			(0.9%)	↔	(2.6%)	↓	(1.3%)	↓	(3.8%)	↓	(1.8%)	↓	(7.3%)	↓	(31.6%)	↓	(11.1%)	↓
Taco Cabana	12.2%	↑	5.1%	↑	(0.5%)	↔	(3.0%)	↓	(4.8%)	↓	(4.1%)	↓	(13.5%)	↓	(19.2%)	↓	(14.2%)	↓
Potbelly Corporation	(0.2%)	↔	(1.7%)	↓	(4.7%)	↓	(4.0%)	↓	(3.0%)	↓	(3.0%)	↓	(10.1%)	↓	(41.5%)	↓	NA	
The Habit Restaurants, Inc.	3.6%	↑	2.4%	↑	3.2%	↑	3.9%	↑	3.1%	↑	3.5%	↑	NA	↑	NA	↑	NA	
Noodles & Company	5.5%	↑	3.7%	↑	3.0%	↑	4.6%	↑	2.1%	↑	2.9%	↑	(7.2%)	↓	(30.9%)	↓	(3.8%)	↓
Median	4.4%	↑	3.7%	↑	3.0%	↑	3.6%	↑	2.0%	↑	2.0%	↑	(7.3%)	↓	(25.1%)	↓	(7.5%)	
Mean	4.5%	↑	2.8%	↑	2.4%	↑	3.0%	↑	2.2%	↑	2.6%	↑	(4.9%)	↓	(19.8%)	↓	(0.9%)	
Quick Service																		
McDonald's Corporation	2.4%	↑	4.4%	↑	4.5%	↑	6.5%	↑	5.9%	↑	5.9%	↑	(3.4%)	↓	(23.9%)	↓	5.0%	↑
Yum! Brands, Inc.																		
KFC	3.0%	↑	3.0%	↑	5.0%	↑	6.0%	↑	3.0%	↑	4.0%	↑	(8.0%)	↓	(21.0%)	↓	NA	
Pizza Hut	(1.0%)	↓	0.0%	↔	0.0%	↔	2.0%	↑	0.0%	↔	0.0%	↔	(11.0%)	↓	(9.0%)	↓	NA	
Taco Bell	5.0%	↑	6.0%	↑	4.0%	↑	7.1%	↑	4.0%	↑	5.0%	↑	1.0%	↑	(8.0%)	↓	NA	
Restaurant Brands International Inc.																		
Burger King	1.0%	↑	1.9%	↑	2.2%	↑	0.5%	↔	4.8%	↑	3.4%	↑	(3.7%)	↓	(13.4%)	↓	(3.2%)	↓
Tim Hortons	0.6%	↔	6.1%	↑	(0.3%)	↔	3.6%	↑	(1.4%)	↓	(1.5%)	↓	(10.3%)	↓	(29.3%)	↓	(12.5%)	↓
Popeyes Louisiana Kitchen Inc.	0.5%	↔	7.3%	↑	0.6%	↔	3.0%	↑	9.7%	↑	12.1%	↑	26.2%	↑	24.8%	↑	19.7%	↑
Domino's Pizza, Inc.	6.3%	↑	5.6%	↑	3.9%	↑	3.0%	↑	7.1%	↑	3.2%	↑	1.6%	↑	16.1%	↑	17.5%	↑
The Wendy's Company	(0.2%)	↔	0.2%	↔	1.3%	↑	1.4%	↑	4.4%	↑	2.9%	↑	(0.2%)	↔	(5.5%)	↓	NA	
Jack in the Box Inc.	0.5%	↔	0.5%	↔	(0.1%)	↔	2.7%	↑	3.0%	↑	1.7%	↑	(4.2%)	↓	6.6%	↑	NA	
Carrols Restaurant Group, Inc.	1.6%	↑	2.7%	↑	2.4%	↑	0.1%	↔	4.5%	↑	2.2%	↑	(5.7%)	↓	(5.6%)	↓	NA	
Papa John's International, Inc.	(9.8%)	↓	(8.1%)	↓	(6.9%)	↓	(5.7%)	↓	1.0%	↑	(5.8%)	↓	5.3%	↑	28.0%	↑	23.8%	↑
Del Taco Restaurants, Inc.	1.4%	↑	1.9%	↑	(0.1%)	↔	2.2%	↑	1.0%	↑	0.9%	↔	(3.1%)	↓	(10.1%)	↓	4.1%	↑
Nathan's Famous, Inc.	(6.3%)	↓	2.8%	↑	4.1%	↑	14.0%		6.7%	↑	3.2%	↑	4.5%	↑	NA	↑	NA	
Median	0.8%	↔	2.8%	↑	1.8%	↑	2.9%	↑	4.2%	↑	3.1%	↑	(3.3%)	↓	(8.0%)	↓	5.0%	↑
Mean	0.4%	↔	2.5%	↑	1.5%	↑	3.3%	↑	3.8%	↑	2.7%	↑	(0.8%)	↔	(3.9%)	↓	7.8%	↑

1. SSS represents the change in YoY 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*)

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 September 30, 2020.
 Sector constituents listed on pages 11–12

Sector Stock Price Performance

Sector Stock Price Performance

(\$ in millions, except per share data)

	Number of Companies	Avg. Equity Market Value 30-Sep-20	Avg. % Change in Market Value			Avg. EV/ EBITDA Multiple		
			1 Month	3 Months	12 Months	LTM ¹	2020E	2021E
Market Sector								
Mass Casual	6	\$1,286	(12.5%)	(9.3%)	(18.4%)	33.2x	21.5x	8.9x
Specialty Casual	5	3,814	4.6%	20.7%	(10.2%)	19.1x	24.1x	9.3x
Polished Casual	2	670	(5.9%)	11.5%	(33.0%)	28.5x	NA	7.6x
Fine Dining	2	218	1.2%	16.6%	(36.6%)	12.7x	21.5x	7.5x
Fast Casual	7	6,073	(9.1%)	22.3%	46.4%	39.5x	31.0x	21.1x
Quick Service	10	23,558	1.0%	13.7%	3.5%	17.4x	16.5x	14.5x
Coffee, Breakfast and Snacks	2	53,585	1.4%	14.6%	(1.9%)	27.4x	29.9x	18.9x
Median			1.0%	14.6%	(10.2%)	27.4x	22.8x	9.3x
Mean			(2.8%)	12.9%	(7.2%)	25.4x	24.1x	12.6x
Market Indices								
S&P 500 Index		\$3,363	(3.9%)	8.5%	13.0%			
Dow Jones Industrial Average		27,782	(2.3%)	7.6%	3.2%			
Russell 2000 Index		1,508	(3.5%)	4.6%	(1.0%)			
S&P Restaurant Index		2,016	1.6%	17.3%	0.4%			
Median			(2.9%)	8.1%	1.8%			
Mean			(2.0%)	9.5%	3.9%			

Sector index weight is based upon company market capitalization at valuation date.
 Source: S&P Global Market Intelligence – data as of September 30, 2020. (1) LTM EBITDA figures are from the most recent public filing as of September 30, 2020.
 Sector constituents listed on pages 11–12

Public Restaurant Valuations

(\$ in millions, except per share data)

	Stock Price 30-Sep-20	% of 52-Wk High	Debt	Net Debt	LTM Debt Multiples		Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM EBITDA Margin	
					Debt to EBITDA	Net Debt to EBITDA			Revenue			EBITDA				
									2019A	LTM	2020E	2019A	LTM	2020E		2021E
Mass Casual																
Cracker Barrel Old Country Store Inc.	\$114.66	67.4%	\$977	\$540	5.4x	3.0x	\$2,717	\$3,257	1.04x	1.29x	1.41x	8.1x	18.1x	32.5x	9.5x	7.1%
Brinker International Inc.	42.72	86.1%	1,119	1,075	4.1x	3.9x	1,940	3,015	0.91x	0.98x	1.02x	8.0x	11.1x	13.3x	8.2x	8.8%
Bloomin' Brands Inc.	15.27	62.9%	1,248	1,066	5.3x	4.5x	1,319	2,385	0.58x	0.67x	0.74x	6.0x	10.2x	17.5x	7.0x	6.6%
Dine Brands Global, Inc.	54.59	52.3%	1,507	1,228	8.2x	6.7x	896	2,125	2.33x	2.79x	3.15x	8.5x	11.5x	13.0x	9.5x	24.2%
Denny's Corporation	10.00	43.4%	402	378	6.3x	5.9x	637	1,015	1.88x	2.71x	3.33x	10.8x	15.9x	31.0x	13.7x	17.1%
Red Robin Gourmet Burgers Inc.	13.16	35.3%	207	181	NM	NM	205	386	0.29x	0.36x	0.42x	4.0x	NM	NA	5.7x	0.3%
Median		57.6%	1,048	803	5.9x	5.2x	1,108	2,255	0.97x	1.14x	1.22x	8.0x	13.7x	17.5x	8.8x	8.0%
Mean		57.9%	910	745	16.7x	14.4x	1,286	2,030	1.17x	1.47x	1.68x	7.6x	33.2x	21.5x	8.9x	10.7%
Specialty Casual																
Darden Restaurants Inc.	\$100.74	81.2%	\$929	\$275	1.8x	0.5x	\$13,086	\$13,360	1.54x	1.86x	1.95x	12.7x	25.7x	20.6x	11.1x	7.2%
Texas Roadhouse Inc.	60.79	83.9%	240	(42)	1.3x	(0.2x)	4,219	4,177	1.52x	1.67x	1.73x	12.8x	22.8x	30.8x	13.2x	7.3%
Dave & Buster's Entertainment Inc.	15.16	31.1%	764	539	13.9x	9.8x	722	1,261	0.93x	1.47x	2.37x	4.5x	23.0x	NA	7.1x	6.4%
BJ's Restaurants Inc.	29.44	66.2%	167	80	5.3x	2.5x	656	736	0.63x	0.84x	0.92x	6.1x	23.2x	32.7x	7.2x	3.6%
Chuy's Holdings Inc.	19.58	66.5%	-	(67)	0.0x	(2.0x)	386	318	0.75x	0.86x	0.99x	8.2x	9.5x	12.4x	7.8x	9.1%
Median		66.5%	240	80	1.8x	0.5x	722	1,261	0.93x	1.47x	1.73x	8.2x	23.0x	25.7x	7.8x	7.2%
Mean		65.8%	420	157	4.5x	2.1x	3,814	3,970	1.07x	1.34x	1.59x	8.9x	20.8x	24.1x	9.3x	6.7%
Polished Casual																
The Cheesecake Factory Incorporated	\$27.74	61.3%	\$376	\$126	5.7x	1.9x	\$1,261	\$1,387	0.56x	0.63x	0.70x	6.4x	21.2x	NM	7.6x	3.0%
J. Alexander's Holdings Inc.	5.20	44.3%	25	8	10.6x	3.4x	78	86	0.35x	0.42x	NA	3.9x	35.7x	NA	NA	1.2%
Median		52.8%	201	67	8.2x	2.7x	670	737	0.45x	0.53x	0.70x	5.1x	28.5x	NA	7.6x	2.1%
Mean		52.8%	201	67	8.2x	2.7x	670	737	0.45x	0.53x	0.70x	5.1x	28.5x	NA	7.6x	2.1%
Fine Dining																
Ruth's Hospitality Group Inc.	\$11.06	42.9%	\$135	\$39	4.3x	1.2x	\$379	\$418	0.89x	1.11x	1.49x	5.6x	13.2x	NA	9.3x	8.5%
The ONE Group Hospitality Inc.	2.00	42.7%	64	41	7.9x	5.0x	58	99	0.82x	0.75x	0.75x	7.5x	12.2x	21.5x	5.7x	6.1%
Median		42.8%	100	40	6.1x	3.1x	218	258	0.86x	0.93x	1.12x	6.5x	12.7x	21.5x	7.5x	7.3%
Mean		42.8%	100	40	6.1x	3.1x	218	258	0.86x	0.93x	1.12x	6.5x	12.7x	21.5x	7.5x	7.3%

Source: S&P Global Market Intelligence – data as of September 30, 2020. EBITDA figures are from the most recent public filing as of September 30, 2020. Sector constituents listed on pages 11–12

Public Restaurant Valuations

(\$ in millions, except per share data)

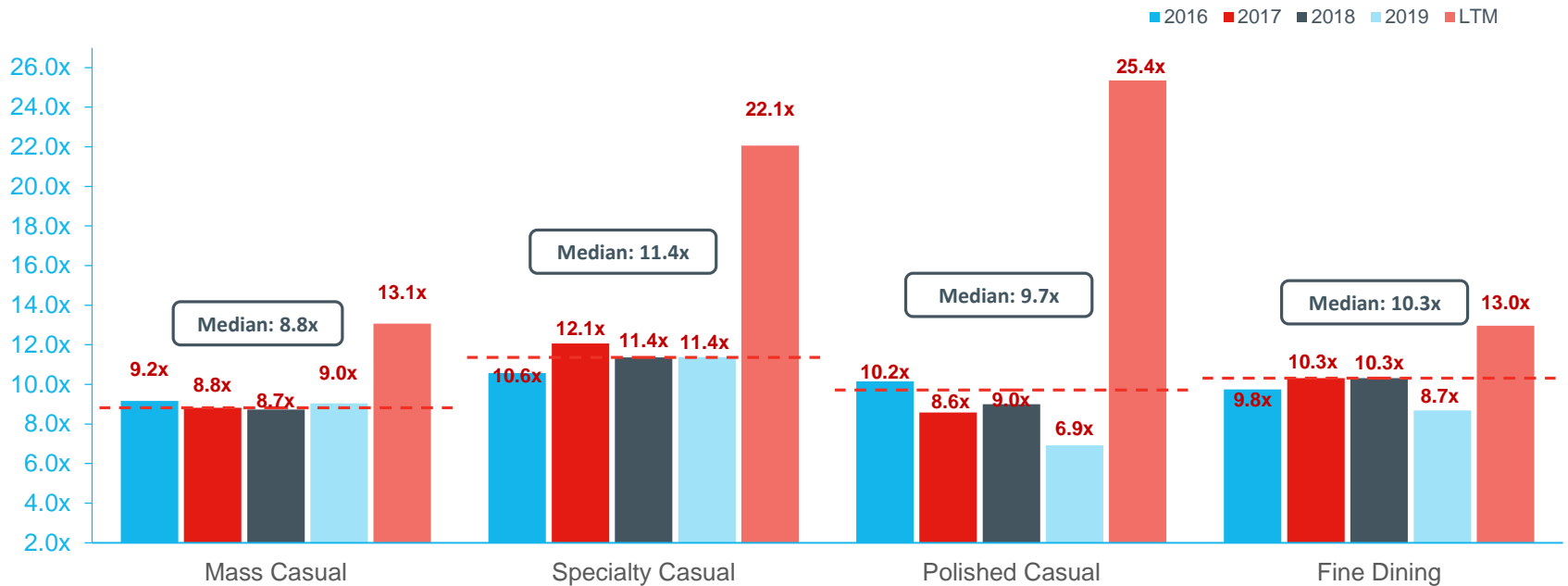
	Stock Price 30-Sep-20	% of 52-Wk High	Debt	Net Debt	LTM Debt Multiples		Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM EBITDA Margin	
					Debt to EBITDA	Net Debt to EBITDA			Revenue			EBITDA				
									2019A	LTM	2020E	2019A	LTM	2020E		2021E
Fast Casual																
Chipotle Mexican Grill Inc.	\$1,243.71	89.8%	\$85	(\$921)	0.2x	(1.7x)	\$34,784	\$33,863	6.06x	5.82x	5.66x	48.9x	62.0x	56.8x	32.1x	9.4%
Wingstop Inc.	136.65	80.4%	327	281	5.3x	4.5x	4,045	4,326	21.66x	19.26x	17.45x	88.3x	69.8x	55.9x	48.3x	27.6%
Shake Shack Inc.	64.48	67.3%	-	(191)	0.0x	(5.5x)	2,466	2,275	3.83x	4.18x	4.43x	32.6x	65.3x	NM	32.8x	6.4%
Fiesta Restaurant Group, Inc.	9.37	69.6%	148	47	5.4x	1.7x	237	284	0.43x	0.48x	0.52x	5.6x	10.3x	6.9x	5.8x	4.7%
El Pollo Loco Holdings, Inc.	16.20	81.4%	139	78	2.5x	1.4x	582	660	1.49x	1.56x	1.52x	11.1x	11.7x	11.3x	10.6x	13.3%
Potbelly Corporation	3.79	63.2%	23	(6)	NM	NM	91	85	0.21x	0.24x	0.27x	4.1x	NM	NA	10.1x	NM
Noodles & Company	6.87	73.8%	94	32	5.3x	1.8x	305	336	0.73x	0.82x	0.83x	9.5x	19.1x	24.0x	8.4x	4.3%
Median		73.8%	94	32	3.9x	1.5x	582	660	1.49x	1.56x	1.52x	11.1x	40.6x	24.0x	10.6x	7.9%
Mean		75.1%	116	(97)	3.1x	0.4x	6,073	5,976	4.92x	4.62x	4.38x	28.6x	39.7x	31.0x	21.1x	10.9%
Quick Service																
McDonald's Corporation	\$219.49	96.8%	\$38,762	\$35,507	4.4x	4.0x	\$163,323	\$198,830	9.43x	10.40x	9.15x	18.9x	22.3x	23.1x	18.2x	46.6%
Yum! Brands Inc.	91.30	79.3%	11,773	10,332	6.3x	5.5x	27,518	37,850	6.76x	6.89x	6.12x	18.8x	20.3x	21.1x	17.9x	34.0%
Restaurant Brands International Inc.	57.51	79.7%	12,878	11,338	6.6x	5.8x	17,432	28,770	5.13x	5.52x	5.11x	13.0x	14.8x	15.2x	12.5x	37.2%
Domino's Pizza Inc.	425.28	99.2%	4,067	3,736	5.6x	5.1x	16,734	20,470	5.66x	5.23x	4.79x	30.6x	28.1x	25.7x	24.1x	18.6%
The Wendy's Company	22.30	92.8%	2,385	2,047	6.3x	5.4x	4,990	7,037	5.14x	5.24x	3.96x	17.3x	18.7x	17.1x	15.8x	28.0%
Jack in the Box Inc.	79.31	85.2%	1,377	1,217	6.2x	5.5x	1,799	3,016	3.12x	3.05x	2.79x	13.7x	13.7x	11.2x	10.7x	22.3%
Carrols Restaurant Group, Inc.	6.45	76.2%	489	443	6.4x	5.8x	565	990	0.68x	0.65x	0.62x	13.3x	13.0x	9.1x	8.2x	5.0%
Papa John's International, Inc.	82.28	80.5%	348	272	2.8x	2.2x	2,700	2,972	1.84x	1.76x	1.58x	27.4x	23.7x	18.5x	15.8x	7.4%
Del Taco Restaurants, Inc.	8.20	81.1%	123	118	2.5x	2.4x	306	424	0.83x	0.86x	0.83x	7.7x	8.6x	7.7x	7.0x	10.1%
Nathan's Famous Inc.	51.25	62.4%	146	69	5.2x	2.5x	211	280	2.70x	3.10x	NA	10.1x	10.0x	NA	NA	31.0%
Median		80.8%	1,881	1,632	5.9x	5.3x	3,845	5,027	4.13x	4.17x	3.96x	15.5x	16.8x	17.1x	15.8x	25.2%
Mean		83.3%	7,235	6,508	5.2x	4.4x	23,558	30,064	4.13x	4.27x	3.88x	17.1x	17.3x	16.5x	14.5x	24.0%
Coffee, Breakfast and Snacks																
Starbucks Corporation	\$85.92	91.3%	\$16,904	\$12,708	5.0x	3.8x	\$100,432	\$113,140	4.88x	4.70x	3.95x	20.4x	33.6x	39.0x	18.9x	14.0%
Dunkin' Brands Group, Inc.	81.91	99.7%	3,030	2,514	6.9x	5.8x	6,739	9,253	7.19x	7.11x	6.75x	19.4x	21.2x	20.9x	19.0x	33.6%
Median		95.5%	9,967	7,611	6.0x	4.8x	53,585	61,197	6.04x	5.90x	5.35x	19.9x	27.4x	29.9x	18.9x	23.8%
Mean		95.5%	9,967	7,611	6.0x	4.8x	53,585	61,197	6.04x	5.90x	5.35x	19.9x	27.4x	29.9x	18.9x	23.8%

Source: S&P Global Market Intelligence – data as of September 30, 2020. EBITDA figures are from the most recent public filing as of September 30, 2020. Sector constituents listed on pages 11–12

Historical Public Restaurant Valuations .o

Declining operating performance as a result of COVID-19 and a resurgence in the equity markets is distorting valuation multiples across the industry.

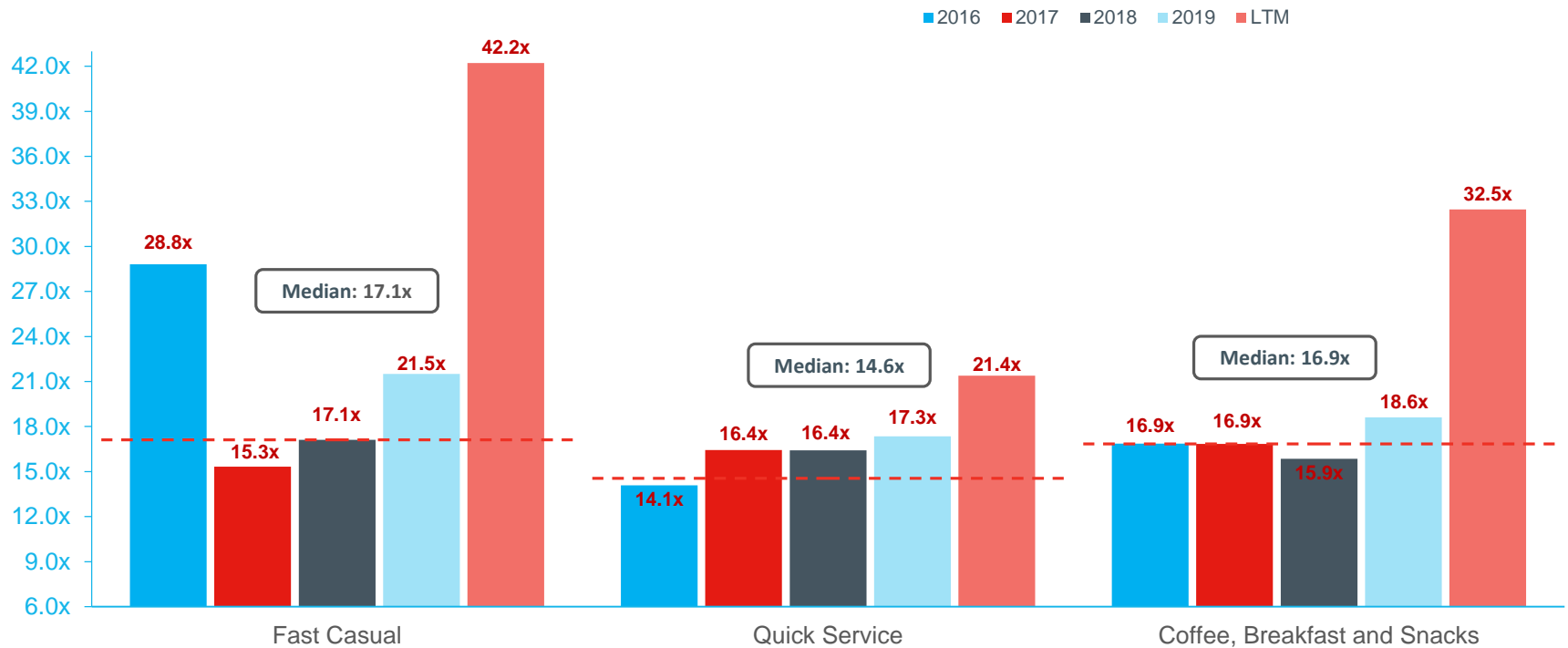
Enterprise Value as a Multiple of EBITDA¹



1 Index calculation excludes any companies with nonmeaningful trading multiples.
 Source: S&P Global Market Intelligence: Last Twelve Months (LTM) values as of September 30, 2020 – significantly impacted by decline in company performance.
 Segments weighted are based on market cap values at period end.
 Sector constituents listed on pages 11–12

Historical Public Restaurant Valuations

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 September 30, 2020 – significantly impacted by decline in company performance.
 Segments weighted are based on market cap values at period end.
 Sector constituents listed on pages 11–12

Recent Restaurant Transaction Activity



▶ **Quality Restaurant Group Acquires 62 Sonic Drive-Ins**

In October 2020, Quality Restaurant Group (QRG), a multi-concept franchise operator based in Greensboro, N.C., announced its acquisition of 62 Sonic Drive-In restaurants in Florida and Alabama. QRG, backed by GenRock Capital, was formed exclusively to own and operate a best-in-class Sonic Drive-In franchisee group and related real estate.

▶ **Sizzler Files for Chapter 11 Bankruptcy**

On September 21, Sizzler announced that it has voluntarily filed for Chapter 11 protection. The buffet-style restaurant was heavily impacted by COVID-19. The Chapter 11 process will impact only the company-owned restaurants, where the company intends to restructure its leases and reduce debt.

▶ **Medley Management Takes Control of Black Angus Steakhouse Equity in Out-of-Court-Restructuring**

On September 15, Medley Management, a senior secured lender of Black Angus Steakhouse, announced it would take control over the equity of the company. The company closed all locations in early spring due to COVID-19.

▶ **TooJay's has been Acquired in a \$363 sale**

In September 2020, TooJay's was acquired in a \$363 auction. TooJay's is a regional, neighborhood favorite deli-style restaurant concept with 26 locations across Florida. Citing the devastating economic impact of COVID-19 on restaurants across Florida coupled with unfavorable lease terms and an unsustainable capital structure, TooJay's sought relief under Section 363 of the bankruptcy code on April 29. ***Duff & Phelps acted as exclusive sell-side advisor to TooJay's Management, LLC.***

▶ **Restaurant Brands New Zealand Acquires Restaurants in California**

In September 2020, Restaurant Brands New Zealand (RBNZ) announced its acquisition of 69 restaurants in Southern California for \$80.7M. The acquisition includes 58 KFC restaurants and 11 multibrand KFC and Taco Bell locations. RBNZ has also announced its intent to purchase more franchisees in the Southern California region.

▶ **Levine Leichtman Capital to Acquire Tropical Smoothie**

In September 2020, Levine Leichtman Capital Partners (LLCP) announced that it has partnered with management to acquire Atlanta-based Tropical Smoothie Café. Tropical Smoothie is a franchisor of fast casual cafes with over 800 units across the U.S. and specializes in better-for-you smoothies, wraps, sandwiches and flatbreads. The existing management will continue to run the business.

▶ **FAT Brands Acquires Johnny Rockets**

In August 2020, FAT Brands acquired Johnny Rockets from Sun Capital Partners in an all-cash deal. Johnny Rockets, a California-based restaurant chain, is an international retro-diner chain known for their burgers and milkshakes. This acquisition will complement FAT Brands' Fatburger concept, another California-based burger brand, and will push the unit count to over 700 across the FAT Brands portfolio. ***Duff & Phelps acted as exclusive financial advisor to Johnny Rockets and Sun Capital Partners.***

▶ **Thai Union Acquires Red Lobster from Golden Gate Capital**

In August 2020, Golden Gate Capital announced the sale of Red Lobster to a consortium led by Thai Union. Thai Union, a long-term strategic supplier, originally invested \$575M in Red Lobster in 2016, with over 750 locations worldwide.

Thai Union has reconfirmed its commitment to growing the business both domestically and internationally.

Recent Restaurant Transaction Activity



▶ Sortis Holdings Acquires Sustainable Restaurant Group

In July 2020, Sortis Holdings acquired Sustainable Restaurant Group (SRG), the owner of Bamboo Sushi, a Northwest based Sushi chain, for an undisclosed sum. SRG previously filed for bankruptcy protection citing the strain from coronavirus-related restrictions that forced company officials to reassess whether they could survive post-COVID-19. Sortis has announced its commitment to rehire workers furloughed by Bamboo Sushi due to COVID-19.

▶ Uber to Acquire Postmates

In July 2020, Uber agreed to acquire Postmates for \$2.7 billion in an all-stock transaction. The acquisition of Postmates is expected to increase operational efficiency for Postmates and for Uber's own food-delivery service, Uber Eats. Postmates will continue to operate as a standalone app and complement Uber Eats with differentiated geographic focus areas and customer demographics.

▶ Just Eat Takeaway.com to Acquire Grubhub

In June 2020, Just Eat Takeaway.com, a European food delivery service, announced that it will acquire Grubhub for a total equity value of \$7.3 billion. The all-stock transaction valued Grubhub at a 27% premium to the pre-announced closing price. This acquisition will provide Just Eat an immediate foothold in the U.S. market. The acquisition will also make Just Eat the largest online food-delivery service in the world, outside of China.

▶ DoorDash Raises Capital in Series H

In June 2020, DoorDash (“the Company”) confirmed it has raised \$400M in a Series H round of funding, valuing the business at nearly \$16 billion. New investors Durable Capital Partners and Fidelity led the round, with participation from existing investors. The Company indicates the funding will be used to build out new products and services. DoorDash has launched several new programs throughout the pandemic aimed at helping its restaurant partners navigate the crisis.

▶ Earl Enterprises Acquires Brio Italian Grille, BRAVO! Italian Kitchen

In June 2020, Earl Enterprises partnered with the incumbent lender to acquire the Brio and Bravo Italian casual-dining brands. The former owner of the two restaurant chains, FoodFirst Global Restaurants, filed for bankruptcy in April. Earl Enterprises expects to maintain more than 4,000 employees who had been furloughed following FoodFirst's bankruptcy filing and is aimed at helping its restaurant partners navigate the crisis.

▶ OPES Acquisition and BurgerFi International to Merge

In June 2020, OPES Acquisition (OPES) and BurgerFi International signed a non-binding letter of intent to merge. OPES, a special purpose acquisition company, agreed to acquire BurgerFi for \$100M. BurgerFi is a Palm Beach, Florida-based fast casual, “better-burger” chain with over 125 company-owned and franchised locations. The merger is expected to close in Q3 2020.







































▶ Aurify to Acquire Le Pain Quotidien Out of Chapter 11

In May 2020, the parent of Le Pain Quotidien (LPQ) announced it has agreed to the sale of its domestic operations to Aurify Brands for \$3M (approved by court on Jun 30). The bakery-café has struggled for several years with increased competition and a lack of investment in digital platforms. The pandemic exacerbated challenges, leading to the closure of all 98 domestic locations. Aurify plans to open a select number of LPQ locations after emergence from Chapter 11.

▶ Engage Brands Completes Acquisition of Boston Market

In April 2020, Sun Capital Partners completed the sale of Boston Market to Engage Brands (part of the Rohan Group of Companies) for an undisclosed sum. Boston Market operates a chain of more than 300 fast food and casual restaurants across the U.S., offering a range of salads, soups, desserts and home-style sides, appetizers and made-from-scratch cornbread.

Select Duff & Phelps Restaurant Transaction Experience

<p>Strategic Sale</p>  <p>a portfolio company of SUN CAPITAL has been acquired by </p>	<p>\$ 363 Sale</p>  <p>has been acquired in a \$ 363 Sale</p>	<p>Restructuring/\$363 Sale</p>  <p>has been acquired by </p>	<p>Restructuring/\$363 Sale</p>  <p>has been acquired by </p>	<p>Take-Private Transaction</p>  <p>has been acquired by </p>	<p>Majority Recapitalization</p> <p>Eureka! a portfolio company of KARPREILLY GROWTH INVESTORS has received a significant investment from GRUPO CAROLO</p>
<p>Sale</p> <p><i>Rosa Mexicano</i> DESDE 1984 a portfolio company of  has been acquired by </p>	<p>Restructuring</p> <p>ROMANO'S <i>Macaroni GRILL</i></p> <p>completed a restructuring</p>	<p>Buy-Side Debt Financing</p> <p>CraftWORKS RESTAURANTS & BREWERIES, INC. has acquired </p>	<p>Growth Equity Financing</p> <p><i>Ruby Slipper</i> has received a growth equity investment from BregalPartners</p>	<p>Growth Equity Financing</p> <p> TURNING POINT breakfast, brunch & lunch has received a growth equity investment from  </p>	<p>Sale</p> <p>Huddle CORE a portfolio company of  has been acquired by Elysium Management</p>
<p>Debt Financing</p> <p> has secured financing from </p>	<p>Valuation/Fairness Opinion</p> <p> has been acquired by </p>	<p>Solvency Opinion</p> <p> a portfolio company of ROARK CAPITAL GROUP completed a dividend recapitalization</p>	<p>Restructuring/\$363 Sale</p> <p> has been acquired by </p>	<p>Strategic Sale</p> <p>  TACOS & MARGARITAS has been acquired by </p>	<p>Carve-Out/Divestiture</p> <p>MAX & ERMA'S a division of  has been acquired by </p>
<p>Restructuring/\$363 Sale</p> <p><i>Friendly's</i> has been acquired by SUN CAPITAL PARTNERS, INC.</p>	<p>Sale</p> <p> a portfolio company of SUN CAPITAL PARTNERS, INC. has been acquired by </p>	<p>Sale</p> <p> a portfolio company of GHJ&M has been acquired by </p>	<p>Strategic Sale</p> <p>BAJA FRESH MEXICAN - GRILL has been acquired by </p>	<p>Sale</p> <p> a portfolio company of  has received a significant investment from  </p>	<p>Solvency Opinion</p> <p> completed a spin-off of Four Corners</p>

Note: All trademarks, trade names, or logos referenced herein are the property of their respective owners

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About Duff & Phelps

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