

# Restaurant Monthly Update

September 2017



## Q Market Update

Same-store sales (SSS) declines worsened in July and August versus the prior three months. July restaurant survey data indicated a -2.8% decline in SSS and a -4.7% decline in traffic, while August results showed a -2.0% decline in SSS and -3.9% decline in traffic. August results officially marked 15 out of the past 16 months with negative SSS and traffic results industrywide. Compounding the difficulties of the rapidly changing restaurant market, the Hurricane Harvey tragedy greatly impacted results in Texas. Given the size of the Texas economy and the number of overall restaurants in the state, the negative effects of the storm impacted results on a national level as well.

The Western area emerged as the best-performing region in August, reporting SSS gains of +0.1% in August amid declining traffic of -1.9%. Texas was the worst-performing region of the month, reporting significant SSS and traffic declines of -5.2% and -7.0%, respectively.

Based on performance, quick service and specialty casual were the best-performing segments of the month, primarily driven through growth in average checks and total sales. However, all sectors of the restaurant industry experienced falling traffic during the month. Two of the weakest-performing segments in August were family dining and mass casual, which could be an indicator that these segments are becoming oversupplied.

According to TDn2K's Black Box Intelligence Report, year-over-year job growth remained flat at +0.0% in June, with the same dampened growth expected of forthcoming July and August data. However, turnover for restaurant managers is still tracking at decade-high levels. While turnover rates appear to be stabilizing, they remain at historically high levels and affect quality execution at the unit level. Difficulties with talent retention and adequate staffing continues to compound the persistent difficulties of negative SSS and traffic trends within the restaurant industry.

### KEY INFORMATION

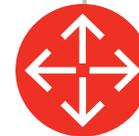


July SSS and traffic declined -2.8% and -4.7%, respectively

August SSS and traffic declined -2.0% and -3.9%, respectively



Quick service and specialty casual were the best-performing sectors of the month



Year-over-year job growth remained flat in June and is not expected to pick up until early 2018



Industry turnover rates remain at historically high levels, affecting quality execution at the unit level

## Headlines Across the Restaurant Industry

On September 18, Papa Murphy's Holdings named CFO Mark Hutchens as its chief operating officer. The company has experienced significant management overhaul over the past year as it continues a persistent struggle to drive traffic and SSS. Hutchens has been the CFO of Papa Murphy's since January 2014 and brings experience from Bloomin' Brands, Office Depot and Yum! Brands. According to the company, franchisee profitability, delivery and cost reductions are the primary goals in the coming year to bolster its business.

On September 15, CFO James O'Connor of Bravo Brio Restaurant Group resigned from the company to accept a similar role at City Barbeque, an American barbeque restaurant and catering concept backed by Freeman Spogli & Co. Bravo Brio is a casual dining chain that operates 50 Bravo Cucina Italiana locations and 63 Brio Tuscan Grille units across the United States. The company has struggled over the past several years, demonstrated by SSS declines over the past 12 straight quarters and significant management turnover.

On September 12, Chipotle launched its own queso cheese dip in response to the most highly requested item at the fast casual chain. While the company had historically resisted the request due to its "all-natural" focus, Chipotle is turning to the option as part of a strategy to reignite sales, as unit volumes fell 23% in 2016 following a series of foodborne illness outbreaks. The addition comes just two weeks after 550-unit Del Taco and 700-unit Moe's both announced plans to add queso to their national menus as well.

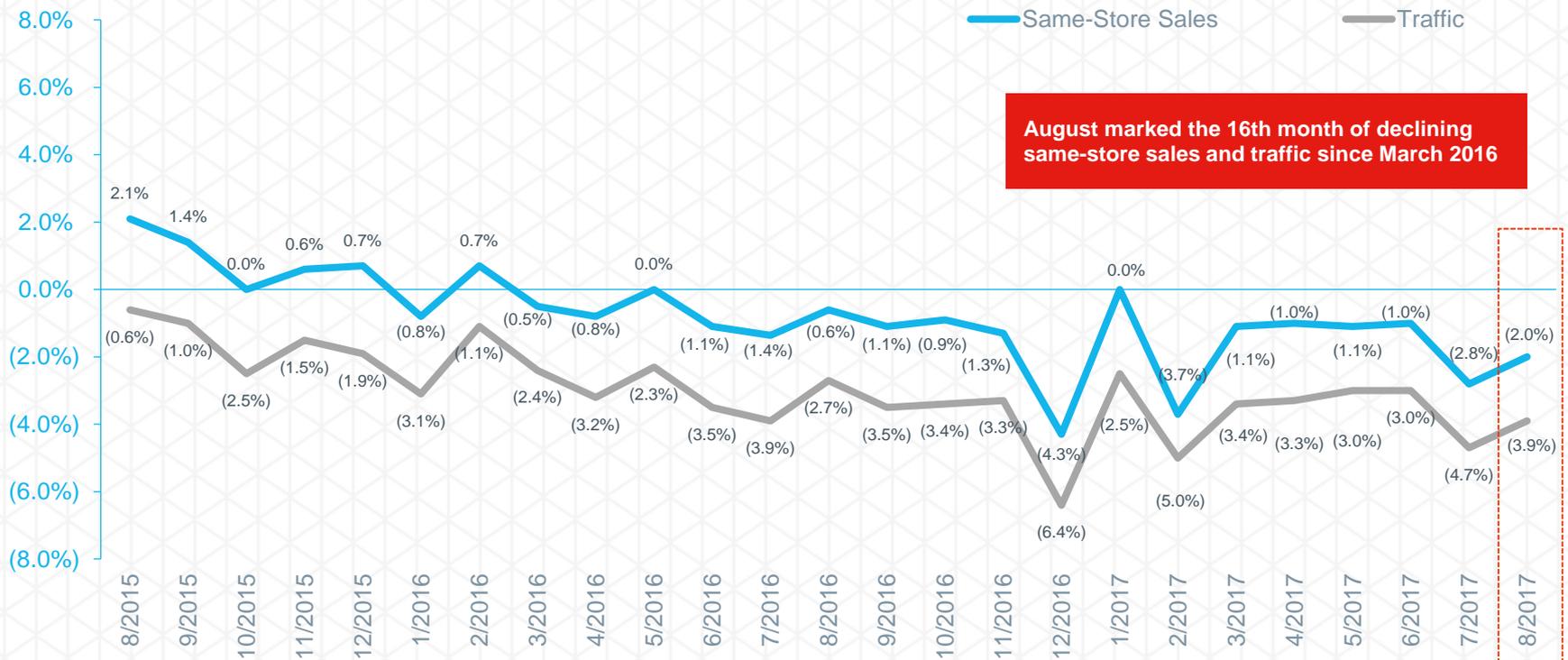
On September 8, Chili's Grill & Bar announced a system-wide reduction of its menu by 40% to concentrate on its core offerings of burgers, ribs and fajitas. Operating under parent company Brinker International, Chili's saw SSS fall -2.2% at company-owned restaurants and -1.7% at franchised units over its most recent fiscal quarter. Management expects that the reduction across the nearly 1,600 Chili's locations will help control costs and reestablish the brand as a leader across its core categories.

On August 10, DineEquity announced the closing of up to 160 Applebee's and IHOP units nationwide by year's end. The news comes on the heels of a 6.2% drop in SSS across the segment, citing changing consumer preferences for fast casual and in-home, meal-kit preparation over moderate-priced, full-service dining.

In early August, Little Caesars Enterprises announced that it is testing a new "Reserve-N-Ready" platform to order and pay via mobile devices and pick up pizzas from heated, self-service, pickup stations in the unit. The company first launched the program in Tucson, Arizona, and will expand the service to additional markets later this year. Little Caesars generated an estimated \$3.6B in U.S. system-wide sales at nearly 4,300 units in the most recent *Nation's Restaurant News* Top 100 census.

In mid-July, Amazon applied for a trademark for a new meal-kit delivery service, capitalizing on the growing trend among consumers. While the potential entrance of the e-commerce conglomerate into the meal-kit space poses the largest competition to Blue Apron, it also poses a threat to full-service restaurants, which have struggled with negative SSS and traffic trends for years. While meal-kit penetration is currently in its infancy stage with consumers, industry experts say the trend offers better value than many full-service restaurants and can further impact top-line growth across casual dining chains.

# Restaurant Sector Monthly Same-Store Sales and Traffic Growth



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

	2015						2016						2017	
	Q2	Q3	Q4	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2		
<b>Mass Casual</b>														
Cracker Barrel Old Country Store, Inc.	3.8% ↑	2.5% ↑	0.6% ↔	2.3% ↑	3.2% ↑	1.3% ↑	0.6% ↔	(0.4%) ↔	(1.7%) ↓					
Brinker International, Inc.														
Chili's Grill & Bar	0.1% ↔	(1.1%) ↓	(2.1%) ↓	(3.6%) ↓	(1.8%) ↓	(1.4%) ↓	(3.1%) ↓	(2.3%) ↓	(1.7%) ↓					
Maggiano's Little Italy	(0.1%) ↔	(1.7%) ↓	(1.8%) ↓	0.2% ↔	(1.7%) ↓	(0.6%) ↔	(0.8%) ↔	(1.6%) ↓	0.5% ↔					
Bloomin' Brands, Inc.														
Bonefish Grill	(4.6%) ↓	(6.1%) ↓	(5.4%) ↓	(2.7%) ↓	0.9% ↔	1.7% ↑	(1.9%) ↓	(0.8%) ↔	(2.6%) ↓					
Carrabba's Italian Grill	0.9% ↔	(2.0%) ↓	(4.0%) ↓	(2.0%) ↓	(4.8%) ↓	(2.1%) ↓	(2.3%) ↓	(3.8%) ↓	0.4% ↔					
Fleming's Prime Steakhouse & Wine Bar	3.2% ↑	(0.6%) ↔	(0.3%) ↔	1.3% ↑	(0.8%) ↔	(1.9%) ↓	0.2% ↔	(2.9%) ↓	(1.3%) ↓					
Outback Steakhouse	4.0% ↑	0.1% ↔	(2.2%) ↓	(1.3%) ↓	(2.5%) ↓	(0.7%) ↔	(4.8%) ↓	1.4% ↑	0.3% ↔					
DineEquity, Inc.														
Applebee's	1.0% ↑	(0.5%) ↔	(2.5%) ↓	(3.7%) ↓	(4.2%) ↓	(5.2%) ↓	(7.2%) ↓	(7.9%) ↓	(6.2%) ↓					
IHOP	6.2% ↑	5.8% ↑	1.4% ↑	1.5% ↑	0.2% ↔	(0.1%) ↔	(2.1%) ↓	(1.7%) ↓	(2.6%) ↓					
Denny's Corporation	7.3% ↑	6.1% ↑	2.9% ↑	2.5% ↑	(0.5%) ↔	1.0% ↑	0.5% ↔	(1.1%) ↓	2.6% ↑					
Red Robin Gourmet Burgers Inc.	3.6% ↑	3.7% ↑	(1.6%) ↓	(2.2%) ↓	(3.2%) ↓	(3.6%) ↓	(4.3%) ↓	(1.2%) ↓	0.5% ↔					
Biglari Holdings Inc.	4.8% ↑	3.0% ↑	3.6% ↑	1.8% ↑	(0.7%) ↔	0.2% ↔	(0.4%) ↔	(3.3%) ↓	(3.1%) ↓					
Ruby Tuesday, Inc.	(1.7%) ↓	0.6% ↔	0.8% ↔	(3.1%) ↓	(3.7%) ↓	(2.7%) ↓	(4.1%) ↓	(4.0%) ↓	(1.6%) ↓					
Luby's, Inc.	(1.0%) ↓	0.2% ↔	1.2% ↑	3.1% ↑	(0.6%) ↔	0.7% ↔	(2.3%) ↓	(3.8%) ↓	(2.7%) ↓					
Famous Dave's of America Inc.	(9.2%) ↓	(9.8%) ↓	(10.6%) ↓	(7.7%) ↓	(6.4%) ↓	(1.0%) ↓	(5.0%) ↓	(4.5%) ↓	(3.0%) ↓					
<b>Median</b>	<b>1.0%</b> ↑	<b>0.1%</b> ↔	<b>(1.6%)</b> ↓	<b>(2.6%)</b> ↓	<b>(1.7%)</b> ↓	<b>(0.7%)</b> ↔	<b>(2.3%)</b> ↓	<b>(2.3%)</b> ↓	<b>(1.7%)</b> ↓					
<b>Mean</b>	<b>1.2%</b> ↑	<b>0.0%</b> ↔	<b>(1.3%)</b> ↓	<b>(2.0%)</b> ↓	<b>(1.8%)</b> ↓	<b>(1.0%)</b> ↔	<b>(2.5%)</b> ↓	<b>(2.5%)</b> ↓	<b>(1.5%)</b> ↓					

Source: SEC filings, S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., *New York Times DealBook*, *The Deal*, *The Wall Street Journal*, etc.)  
 Same-store sales represents the change in year-over-year sales for restaurants that have been open for at least 18 months  
 Represents most actively traded public restaurant companies

# Quarterly Same-Store Sales Performance – Last 2 Years

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	2015						2016						2017					
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2					
<b>Specialty Casual</b>																		
Darden Restaurants, Inc.																		
Bahama Breeze	1.7%	↑	1.8%	↑	2.4%	↑	9.9%	↑	5.4%	↑	3.9%	↑	2.6%	↑	0.5%	↔	1.4%	↑
The Capital Grille	4.4%	↑	7.2%	↑	1.5%	↑	5.3%	↑	1.5%	↑	(1.2%)	↓	1.2%	↑	0.9%	↔	1.4%	↑
Eddie V's	5.2%	↑	5.1%	↑	1.1%	↑	4.1%	↑	0.9%	↔	(1.7%)	↓	2.7%	↑	4.7%	↑	0.5%	↔
LongHorn Steakhouse	5.2%	↑	4.4%	↑	2.6%	↑	5.2%	↑	1.1%	↑	0.6%	↔	0.1%	↔	0.2%	↔	3.5%	↑
Olive Garden	3.4%	↑	2.7%	↑	1.0%	↑	6.8%	↑	1.6%	↑	2.0%	↑	2.6%	↑	1.4%	↑	4.4%	↑
Seasons 52	3.1%	↑	3.9%	↑	4.5%	↑	5.7%	↑	3.7%	↑	0.7%	↔	(0.3%)	↔	0.8%	↔	(1.3%)	↓
Yard House	3.2%	↑	3.4%	↑	1.7%	↑	3.9%	↑	1.4%	↑	0.0%	↔	0.7%	↔	(1.0%)	↓	0.1%	↔
Texas Roadhouse, Inc.	8.0%	↑	7.0%	↑	4.4%	↑	4.3%	↑	4.5%	↑	3.4%	↑	1.2%	↑	3.1%	↑	3.9%	↑
Dave & Buster's Entertainment, Inc.	11.0%	↑	8.8%	↑	6.0%	↑	3.6%	↑	1.0%	↑	5.9%	↑	3.2%	↑	2.2%	↑	1.1%	↑
Buffalo Wild Wings Inc.	3.3%	↑	2.6%	↑	1.0%	↑	(2.0%)	↓	(2.1%)	↓	(1.7%)	↓	(4.0%)	↓	0.5%	↔	(1.7%)	↓
BJ's Restaurants, Inc.	0.5%	↔	2.3%	↑	0.7%	↔	0.6%	↔	(0.2%)	↔	(3.4%)	↓	(2.2%)	↓	(1.3%)	↓	(1.4%)	↓
Chuy's Holdings, Inc.	3.2%	↑	4.2%	↑	3.2%	↑	3.2%	↑	1.0%	↑	0.3%	↔	(1.1%)	↓	(0.7%)	↔	(1.0%)	↓
<b>Median</b>	<b>3.4%</b>	<b>↑</b>	<b>4.1%</b>	<b>↑</b>	<b>2.1%</b>	<b>↑</b>	<b>4.2%</b>	<b>↑</b>	<b>1.3%</b>	<b>↑</b>	<b>0.5%</b>	<b>↔</b>	<b>1.0%</b>	<b>↔</b>	<b>0.7%</b>	<b>↔</b>	<b>0.8%</b>	<b>↔</b>
<b>Mean</b>	<b>4.4%</b>	<b>↑</b>	<b>4.5%</b>	<b>↑</b>	<b>2.5%</b>	<b>↑</b>	<b>4.2%</b>	<b>↑</b>	<b>1.7%</b>	<b>↑</b>	<b>0.7%</b>	<b>↔</b>	<b>0.6%</b>	<b>↔</b>	<b>0.9%</b>	<b>↔</b>	<b>0.9%</b>	<b>↔</b>

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

	2015						2016						2017					
	Q2		Q3		Q4		Q1		Q2		Q3		Q4		Q1		Q2	
<b>Polished Casual</b>																		
The Cheesecake Factory Incorporated	2.8%	↑	2.2%	↑	1.1%	↑	1.7%	↑	0.3%	↔	1.7%	↑	1.1%	↑	0.3%	↔	0.5%	↔
J. Alexander's Holdings, Inc.																		
J. Alexander's/Redlands Grill	N/A		(0.2%)	↔	1.4%	↑	(3.0%)	↓	(1.8%)	↓	1.4%	↑	1.8%	↑	3.5%	↑	4.4%	↑
Stoney River Steakhouse and Grill	N/A		4.7%	↑	6.2%	↑	0.7%	↔	1.8%	↑	1.8%	↑	(1.7%)	↓	0.4%	↔	0.5%	↔
Kona Grill Inc.	1.0%	↑	1.6%	↑	3.2%	↑	3.6%	↑	2.5%	↑	0.7%	↔	(4.1%)	↓	(4.3%)	↓	(5.3%)	↓
Bravo Brio Restaurant Group, Inc.																		
Bravo! Cucina Italiana	(2.1%)	↓	(3.1%)	↓	(5.2%)	↓	(4.1%)	↓	(8.4%)	↓	(8.0%)	↓	(7.5%)	↓	(2.9%)	↓	(1.1%)	↓
Brio Tuscan Grille	(1.6%)	↓	(3.8%)	↓	(4.3%)	↓	(2.1%)	↓	(6.4%)	↓	(3.7%)	↓	(4.3%)	↓	(1.9%)	↓	(0.9%)	↔
<b>Median</b>	<b>(0.3%)</b>	↔	<b>0.7%</b>	↔	<b>1.3%</b>	↑	<b>(0.7%)</b>	↔	<b>(0.8%)</b>	↔	<b>1.1%</b>	↑	<b>(2.9%)</b>	↓	<b>(0.8%)</b>	↔	<b>(0.2%)</b>	↔
<b>Mean</b>	<b>0.0%</b>	↔	<b>0.2%</b>	↔	<b>0.4%</b>	↔	<b>(0.5%)</b>	↔	<b>(2.0%)</b>	↓	<b>(1.0%)</b>	↓	<b>(2.5%)</b>	↓	<b>(0.8%)</b>	↔	<b>(0.3%)</b>	↔
<b>Fine Dining</b>																		
Ruth's Hospitality Group Inc.	4.2%	↑	3.3%	↑	3.2%	↑	3.1%	↑	1.5%	↑	2.1%	↑	0.0%	↔	0.7%	↔	2.9%	↑
Fogo de Chao, Inc.	4.2%	↑	2.8%	↑	3.5%	↑	1.1%	↑	(1.6%)	↓	0.6%	↔	(1.0%)	↓	0.9%	↔	0.3%	↔
Del Frisco's Restaurant Group, Inc.																		
Del Frisco's Double Eagle Steak House	1.0%	↑	(1.4%)	↓	(1.6%)	↓	(0.1%)	↔	(1.9%)	↓	(3.7%)	↓	0.1%	↔	(0.5%)	↔	(0.5%)	↔
Del Frisco's Grille	(6.3%)	↓	(3.5%)	↓	(4.5%)	↓	(2.8%)	↓	(2.0%)	↓	(1.4%)	↓	2.1%	↑	(0.9%)	↔	(3.2%)	↓
Sullivan's Steakhouse	(3.0%)	↓	1.2%	↑	(1.8%)	↓	(1.8%)	↓	2.9%	↑	(3.2%)	↓	0.9%	↔	1.1%	↑	(5.2%)	↓
The ONE Group Hospitality, Inc.	3.1%	↑	0.3%	↔	(0.8%)	↔	2.8%	↑	(5.2%)	↓	(4.2%)	↓	(6.0%)	↓	3.6%	↑	1.7%	↑
<b>Median</b>	<b>2.1%</b>	↑	<b>0.8%</b>	↔	<b>(1.2%)</b>	↓	<b>0.5%</b>	↔	<b>(1.8%)</b>	↓	<b>(2.3%)</b>	↓	<b>0.1%</b>	↔	<b>0.8%</b>	↔	<b>(0.1%)</b>	↔
<b>Mean</b>	<b>0.5%</b>	↔	<b>0.5%</b>	↔	<b>(0.3%)</b>	↔	<b>0.4%</b>	↔	<b>(1.1%)</b>	↓	<b>(1.6%)</b>	↓	<b>(0.7%)</b>	↔	<b>0.8%</b>	↔	<b>(0.7%)</b>	↔

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# Quarterly Same-Store Sales Performance – Last 2 Years

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	2015						2016						2017					
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2					
<b>Fast Casual</b>																		
Chipotle Mexican Grill, Inc.	4.3%	↑	2.6%	↑	(14.6%)	↓	(29.7%)	↓	(23.6%)	↓	(21.9%)	↓	(4.8%)	↓	17.8%	↑	8.1%	↑
Shake Shack Inc.	12.9%	↑	17.1%	↑	11.0%	↑	9.9%	↑	4.5%	↑	2.9%	↑	1.6%	↑	(2.5%)	↓	(1.8%)	↓
El Pollo Loco Holdings, Inc.	1.3%	↑	0.6%	↔	1.8%	↑	0.7%	↔	2.4%	↑	1.6%	↑	(1.3%)	↓	(0.3%)	↔	2.9%	↑
Zoe's Kitchen, Inc.	5.6%	↑	4.5%	↑	7.7%	↑	8.1%	↑	4.0%	↑	2.4%	↑	0.7%	↔	(3.3%)	↓	(3.8%)	↓
The Habit Restaurants, Inc.	8.9%	↑	2.9%	↑	3.3%	↑	2.0%	↑	4.0%	↑	0.2%	↔	1.7%	↑	0.9%	↔	0.1%	↔
Noodles & Company	0.1%	↔	(0.9%)	↔	(1.1%)	↓	(0.1%)	↔	(1.0%)	↓	(0.7%)	↔	(0.8%)	↔	(2.0%)	↓	(3.4%)	↓
Potbelly Corporation	4.9%	↑	3.7%	↑	3.7%	↑	3.7%	↑	1.7%	↑	0.6%	↔	0.1%	↔	(3.1%)	↓	(4.9%)	↓
Fiesta Restaurant Group, Inc.																		
Pollo Tropical	4.3%	↑	4.2%	↑	0.4%	↔	0.0%	↔	(1.4%)	↓	(1.0%)	↓	(4.0%)	↓	(6.7%)	↓	(7.7%)	↓
Taco Cabana	5.6%	↑	4.8%	↑	3.3%	↑	1.7%	↑	(3.8%)	↓	(4.1%)	↓	(3.5%)	↓	(4.5%)	↓	(4.7%)	↓
Wingstop Inc.	9.0%	↑	6.3%	↑	5.9%	↑	4.6%	↑	3.1%	↑	4.1%	↑	1.0%	↑	(1.1%)	↓	2.0%	↑
<b>Median</b>	<b>5.3%</b>	<b>↑</b>	<b>4.0%</b>	<b>↑</b>	<b>3.3%</b>	<b>↑</b>	<b>1.9%</b>	<b>↑</b>	<b>2.1%</b>	<b>↑</b>	<b>0.4%</b>	<b>↔</b>	<b>(0.4%)</b>	<b>↔</b>	<b>(2.3%)</b>	<b>↓</b>	<b>(2.6%)</b>	<b>↓</b>
<b>Mean</b>	<b>5.7%</b>	<b>↑</b>	<b>4.6%</b>	<b>↑</b>	<b>2.1%</b>	<b>↑</b>	<b>0.1%</b>	<b>↔</b>	<b>(1.0%)</b>	<b>↓</b>	<b>(1.6%)</b>	<b>↓</b>	<b>(0.9%)</b>	<b>↔</b>	<b>(0.5%)</b>	<b>↔</b>	<b>(1.3%)</b>	<b>↓</b>

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# Quarterly Same-Store Sales Performance – Last 2 Years

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	2015						2016						2017	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
<b>Quick Service</b>														
McDonald's Corp.	(2.0%) ↓	0.9% ↔	5.7% ↑	5.4% ↑	3.1% ↑	3.5% ↑	2.7% ↑	4.0% ↑	3.9% ↑					
Yum! Brands, Inc.														
KFC	3.0% ↑	0.0% ↔	3.0% ↑	1.0% ↑	2.0% ↑	4.0% ↑	3.0% ↑	2.0% ↑	3.0% ↑					
Pizza Hut	1.0% ↑	0.0% ↔	2.0% ↑	5.0% ↑	0.0% ↔	(1.0%) ↓	(2.0%) ↓	(3.0%) ↓	(1.0%) ↓					
Taco Bell	6.0% ↑	4.0% ↑	4.0% ↑	1.0% ↑	(1.0%) ↓	3.0% ↑	3.0% ↑	8.0% ↑	4.0% ↑					
Restaurant Brands International Inc.														
Burger King	7.9% ↑	5.2% ↑	2.8% ↑	4.4% ↑	3.9% ↑	1.7% ↑	2.8% ↑	(0.1%) ↔	3.9% ↑					
Tim Hortons	7.0% ↑	4.3% ↑	5.8% ↑	5.8% ↑	4.8% ↑	2.0% ↑	0.2% ↔	(0.1%) ↔	(0.8%) ↔					
Popeyes Louisiana Kitchen, Inc.	7.9% ↑	5.6% ↑	2.0% ↑	1.1% ↑	0.7% ↔	1.8% ↑	2.4% ↑	(0.2%) ↔	(2.7%) ↓					
Domino's Pizza, Inc.	12.8% ↑	10.5% ↑	10.7% ↑	6.4% ↑	9.7% ↑	13.0% ↑	12.2% ↑	10.2% ↑	5.2% ↑					
The Wendy's Company	2.2% ↑	3.1% ↑	4.8% ↑	3.6% ↑	0.3% ↔	1.4% ↑	0.8% ↔	1.6% ↑	3.2% ↑					
Jack in the Box Inc.	7.3% ↑	6.2% ↑	1.4% ↑	0.0% ↔	1.1% ↑	2.0% ↑	3.1% ↑	(0.8%) ↔	(0.2%) ↔					
Papa John's International Inc.	5.5% ↑	3.0% ↑	1.9% ↑	0.1% ↔	4.8% ↑	5.5% ↑	3.8% ↑	2.0% ↑	1.4% ↑					
Sonic Corp.	6.1% ↑	4.9% ↑	5.3% ↑	6.5% ↑	2.0% ↑	(2.0%) ↓	(2.0%) ↓	(7.4%) ↓	(1.2%) ↓					
Bojangles', Inc.	4.4% ↑	4.1% ↑	0.6% ↔	2.0% ↑	0.2% ↔	0.8% ↔	5.5% ↑	(1.7%) ↓	(1.4%) ↓					
Del Taco Restaurants, Inc.	6.0% ↑	5.6% ↑	5.8% ↑	3.2% ↑	3.3% ↑	6.7% ↑	5.5% ↑	4.2% ↑	7.1% ↑					
Nathan's Famous Inc.	(0.7%) ↔	0.5% ↔	(1.3%) ↓	0.2% ↔	(2.2%) ↓	(6.3%) ↓	(1.3%) ↓	0.2% ↔	8.2% ↑					
Papa Murphy's Holdings, Inc.	4.5% ↑	1.4% ↑	(3.1%) ↓	(2.8%) ↓	(4.0%) ↓	(5.8%) ↓	(7.8%) ↓	(5.0%) ↓	(4.3%) ↓					
<b>Median</b>	<b>5.8% ↑</b>	<b>4.1% ↑</b>	<b>2.9% ↑</b>	<b>2.6% ↑</b>	<b>1.6% ↑</b>	<b>1.9% ↑</b>	<b>2.8% ↑</b>	<b>0.1% ↔</b>	<b>2.2% ↑</b>					
<b>Mean</b>	<b>4.9% ↑</b>	<b>3.7% ↑</b>	<b>3.2% ↑</b>	<b>2.7% ↑</b>	<b>1.8% ↑</b>	<b>1.9% ↑</b>	<b>2.0% ↑</b>	<b>0.9% ↔</b>	<b>1.8% ↑</b>					

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

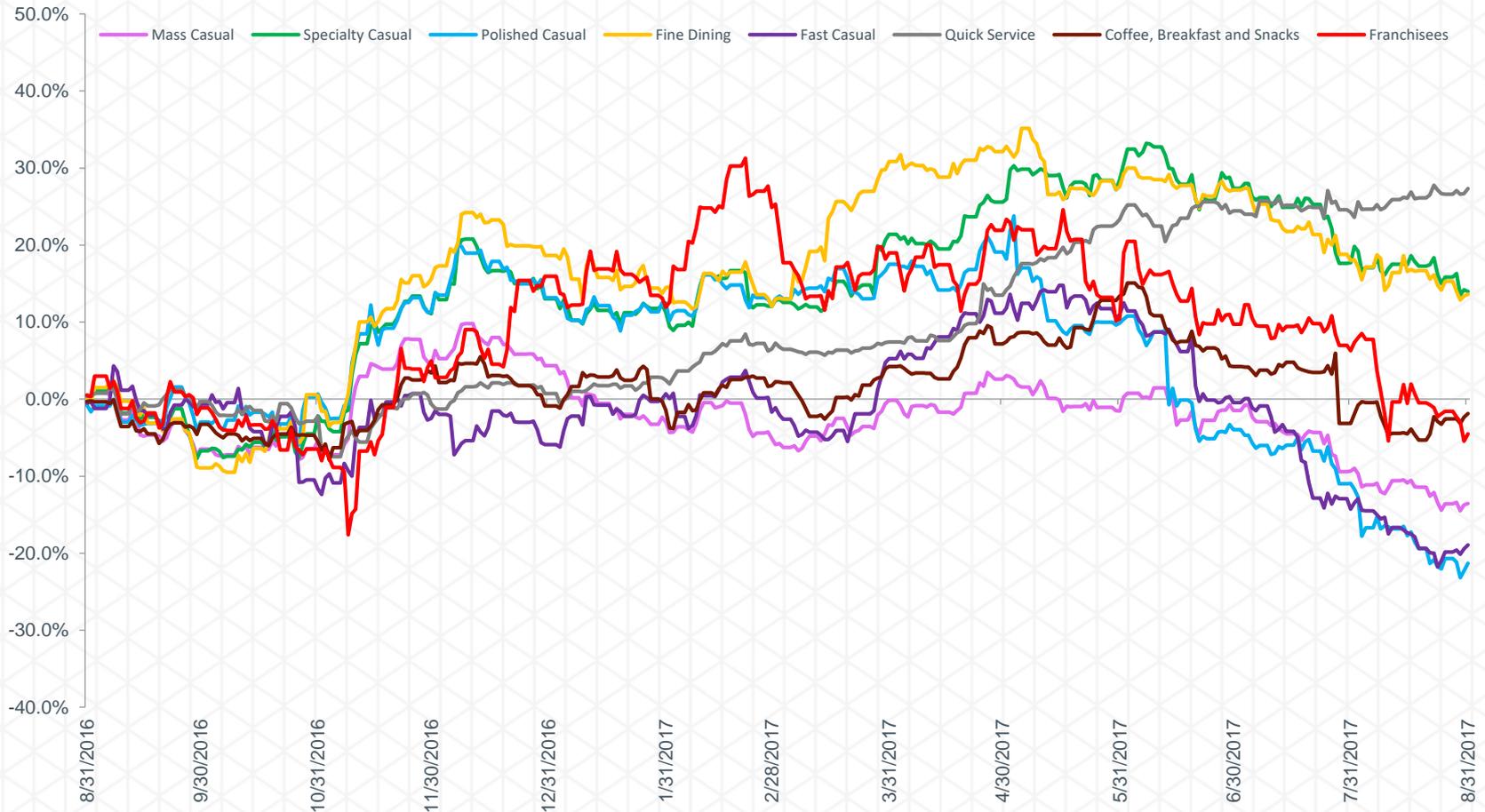
Represents most actively traded public restaurant companies

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

	2015						2016						2017					
	Q2		Q3		Q4		Q1		Q2		Q3		Q4		Q1	Q2		
<b>Coffee, Breakfast and Snacks</b>																		
Starbucks Corporation	8.0%	↑	9.0%	↑	9.0%	↑	7.0%	↑	4.0%	↑	5.0%	↑	3.0%	↑	3.0%	↑	4.0%	↑
Dunkin' Brands Group, Inc.																		
Dunkin' Donuts	2.9%	↑	1.1%	↑	1.8%	↑	2.0%	↑	0.5%	↔	2.0%	↑	1.9%	↑	0.0%	↔	0.8%	↔
Baskin-Robbins	3.4%	↑	7.5%	↑	4.4%	↑	5.0%	↑	0.6%	↔	(0.9%)	↔	(0.9%)	↔	(2.4%)	↓	(0.9%)	↔
Jamba, Inc.	(5.9%)	↓	6.6%	↑	5.4%	↑	(2.1%)	↓	4.2%	↑	(1.1%)	↓	(2.2%)	↓	NA		1.0%	↑
<b>Median</b>	<b>3.2%</b>	<b>↑</b>	<b>7.1%</b>	<b>↑</b>	<b>4.9%</b>	<b>↑</b>	<b>3.5%</b>	<b>↑</b>	<b>2.3%</b>	<b>↑</b>	<b>0.6%</b>	<b>↔</b>	<b>0.5%</b>	<b>↔</b>	<b>0.0%</b>	<b>↔</b>	<b>0.9%</b>	<b>↔</b>
<b>Mean</b>	<b>2.1%</b>	<b>↑</b>	<b>6.1%</b>	<b>↑</b>	<b>5.2%</b>	<b>↑</b>	<b>3.0%</b>	<b>↑</b>	<b>2.3%</b>	<b>↑</b>	<b>1.3%</b>	<b>↑</b>	<b>0.5%</b>	<b>↔</b>	<b>0.2%</b>	<b>↔</b>	<b>1.2%</b>	<b>↑</b>
<b>Franchisees</b>																		
Diversified Restaurant Holdings, Inc.	4.2%	↑	1.5%	↑	0.8%	↔	(1.0%)	↓	(2.7%)	↓	(1.8%)	↓	(5.4%)	↓	(0.3%)	↔	4.6%	↑
Carrols Restaurant Group, Inc.	10.3%	↑	6.5%	↑	5.1%	↑	5.7%	↑	0.7%	↔	0.0%	↔	3.2%	↑	(0.6%)	↔	3.7%	↑
<b>Median</b>	<b>7.3%</b>	<b>↑</b>	<b>4.0%</b>	<b>↑</b>	<b>3.0%</b>	<b>↑</b>	<b>2.4%</b>	<b>↑</b>	<b>(1.0%)</b>	<b>↓</b>	<b>(0.9%)</b>	<b>↔</b>	<b>(1.1%)</b>	<b>↓</b>	<b>(0.5%)</b>	<b>↔</b>	<b>4.2%</b>	<b>↑</b>
<b>Mean</b>	<b>7.3%</b>	<b>↑</b>	<b>4.0%</b>	<b>↑</b>	<b>3.0%</b>	<b>↑</b>	<b>2.4%</b>	<b>↑</b>	<b>(1.0%)</b>	<b>↓</b>	<b>(0.9%)</b>	<b>↔</b>	<b>(1.1%)</b>	<b>↓</b>	<b>(0.5%)</b>	<b>↔</b>	<b>4.2%</b>	<b>↑</b>

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



Sector index weight based upon company market capitalization at valuation date

Source: S&P Global Market Intelligence; data as of 8/31/2017. Fast Casual index includes Chipotle Mexican Grill, 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., Bojangles, Del Taco Restaurants, Nathan's Famous Inc., Papa Murphy's Holdings. Coffee, Breakfast and 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, 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.

# Sector Stock Price Performance

(\$ in millions, except per share data)

Market Sector	Number of Companies	Avg. Equity Market Value 31-Aug-17	Avg. % Change in Market Value			Avg. EV / EBITDA Multiple	
			1 Month	3 Months	12 Months	LTM	2017E
Mass Casual	10	\$980	(4.5%)	(12.4%)	(19.5%)	9.9x	10.4x
Specialty Casual	6	3,131	(3.7%)	(14.5%)	14.0%	9.3x	8.8x
Polished Casual	4	523	(10.4%)	(31.2%)	(21.3%)	6.9x	6.3x
Fine Dining	4	322	(4.4%)	(14.0%)	13.6%	8.7x	7.7x
Fast Casual	9	1,406	(4.6%)	(29.9%)	(18.9%)	14.4x	10.6x
Quick Service	12	15,895	3.1%	4.0%	27.3%	13.6x	13.2x
Coffee, Breakfast and Snacks	3	28,005	1.3%	(15.3%)	(1.9%)	15.4x	11.7x
Franchisees	2	219	(10.8%)	(14.9%)	(4.5%)	8.1x	7.2x
<b>Market Indices</b>							
S&P 500 Index		\$2,472	0.1%	2.5%	13.9%		
Dow Jones Industrials		21,948	0.3%	4.5%	19.3%		
Russell 2000 Index		1,405	(1.4%)	2.6%	13.3%		
S&P Restaurant Index		1,354	1.9%	(3.5%)	17.8%		

Sector index weight based upon company market capitalization at valuation date

Source: S&P Global Market Intelligence; data as of 8/31/2017. Fast Casual index includes Chipotle Mexican Grill, 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., Bojangles, Del Taco Restaurants, Nathan's Famous Inc., Papa Murphy's Holdings. Coffee, Breakfast and 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, 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-Aug-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
<b>Mass Casual</b>												
Cracker Barrel Old Country Store, Inc.	0%	\$148.66	84.9%	\$3,574	\$3,820	1.30x	1.28x	1.23x	9.7x	9.4x	8.9x	13.4%
Brinker International, Inc.	40%	31.22	55.9%	1,528	2,848	0.90x	0.90x	0.89x	6.5x	6.7x	6.7x	13.8%
Bloomin' Brands, Inc.	16%	17.01	76.8%	1,589	2,628	0.63x	0.63x	0.63x	6.5x	6.2x	6.3x	9.6%
DineEquity, Inc.	100%	39.75	45.2%	715	2,007	3.23x	3.31x	3.36x	8.6x	9.0x	9.0x	37.7%
Denny's Corporation	90%	11.96	83.9%	803	1,071	2.06x	2.02x	1.96x	11.6x	10.6x	10.1x	17.7%
Red Robin Gourmet Burgers, Inc.	15%	57.00	76.9%	737	1,007	0.76x	0.73x	0.73x	7.6x	6.8x	6.3x	10.0%
Biglari Holdings Inc.	37%	297.76	60.6%	616	797	0.95x	0.95x	0.93x	18.5x	20.4x	17.7x	5.1%
Ruby Tuesday, Inc.	10%	2.15	58.4%	130	302	0.32x	NA	NA	10.2x	NA	NA	3.1%
Luby's, Inc.	43%	2.65	58.5%	77	116	0.30x	NA	NA	8.3x	NA	NA	3.6%
Famous Dave's of America, Inc.	81%	4.35	65.9%	30	36	0.38x	0.41x	0.43x	11.8x	14.5x	11.7x	3.2%
<b>Median</b>			<b>63.2%</b>	<b>\$726</b>	<b>\$1,039</b>	<b>0.83x</b>	<b>0.93x</b>	<b>0.91x</b>	<b>9.2x</b>	<b>9.2x</b>	<b>9.0x</b>	<b>9.8%</b>
<b>Mean</b>			<b>66.7%</b>	<b>\$980</b>	<b>\$1,463</b>	<b>1.08x</b>	<b>1.28x</b>	<b>1.27x</b>	<b>9.9x</b>	<b>10.5x</b>	<b>9.6x</b>	<b>11.7%</b>

# Public Restaurant Valuations ●○○○○○

(\$ in millions, except per share data)

	% Franchised	Stock Price 31-Aug-17	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM EBITDA Margin
						Revenue			EBITDA			
						LTM	2017E	2018E	LTM	2017E	2018E	
<b>Specialty Casual</b>												
Darden Restaurants, Inc.	1%	\$82.09	86.2%	\$10,436	\$11,139	1.55x	1.47x	1.36x	11.9x	10.6x	9.6x	13.1%
Texas Roadhouse, Inc.	16%	47.45	91.4%	3,370	3,318	1.58x	1.50x	1.37x	11.9x	11.3x	10.2x	13.2%
Dave & Buster's Entertainment, Inc.	0%	58.46	79.6%	2,425	2,706	2.50x	2.28x	2.08x	10.4x	9.4x	8.7x	24.1%
Buffalo Wild Wings, Inc.	50%	102.75	58.7%	1,593	2,002	0.99x	0.96x	0.98x	7.7x	7.6x	7.2x	12.9%
BJ's Restaurants, Inc.	0%	30.10	63.3%	646	795	0.78x	0.77x	0.73x	6.5x	6.8x	6.3x	11.9%
Chuy's Holdings, Inc.	0%	18.80	53.3%	318	298	0.86x	0.80x	0.73x	7.2x	6.9x	6.3x	11.9%
<b>Median</b>			<b>71.4%</b>	<b>\$2,009</b>	<b>\$2,354</b>	<b>1.27x</b>	<b>1.21x</b>	<b>1.17x</b>	<b>9.0x</b>	<b>8.5x</b>	<b>7.9x</b>	<b>13.0%</b>
<b>Mean</b>			<b>72.1%</b>	<b>\$3,131</b>	<b>\$3,376</b>	<b>1.38x</b>	<b>1.30x</b>	<b>1.21x</b>	<b>9.3x</b>	<b>8.8x</b>	<b>8.1x</b>	<b>14.5%</b>
<b>Polished Casual</b>												
The Cheesecake Factory Incorporated	19%	\$41.43	61.7%	\$1,874	\$1,912	0.83x	0.84x	0.80x	6.7x	7.2x	6.9x	12.4%
J. Alexander's Holdings, Inc.	0%	9.90	80.5%	145	167	0.73x	0.31x	0.30x	8.4x	2.7x	2.6x	8.7%
Bravo Brio Restaurant Group, Inc.	1%	2.75	51.9%	42	80	0.20x	0.20x	0.20x	NM	3.0x	3.0x	NM
Kona Grill, Inc.	0%	3.00	20.8%	30	65	0.36x	0.35x	0.35x	NM	12.5x	8.7x	NM
<b>Median</b>			<b>56.8%</b>	<b>\$94</b>	<b>\$123</b>	<b>0.55x</b>	<b>0.33x</b>	<b>0.32x</b>	<b>7.6x</b>	<b>5.1x</b>	<b>4.9x</b>	<b>10.5%</b>
<b>Mean</b>			<b>53.7%</b>	<b>\$523</b>	<b>\$556</b>	<b>0.53x</b>	<b>0.42x</b>	<b>0.41x</b>	<b>7.6x</b>	<b>6.3x</b>	<b>5.3x</b>	<b>10.5%</b>

# Public Restaurant Valuations ○○●○○○

(\$ in millions, except per share data)

	% Franchised	Stock Price 31-Aug-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
<b>Fine Dining</b>												
Ruth's Hospitality Group, Inc.	54%	\$19.55	86.3%	\$594	\$610	1.54x	1.47x	1.42x	9.7x	9.4x	9.0x	15.8%
Fogo de Chao, Inc.	0%	12.65	74.2%	357	470	1.55x	1.48x	1.34x	8.9x	7.9x	7.1x	17.3%
Del Frisco's Restaurant Group, Inc.	0%	14.00	74.5%	296	316	0.89x	0.87x	0.82x	7.6x	6.9x	6.5x	11.7%
The ONE Group Hospitality, Inc.	0%	1.59	46.4%	40	54	0.68x	0.66x	NA	NM	6.7x	NA	NM
<b>Median</b>			<b>74.3%</b>	<b>\$326</b>	<b>\$393</b>	<b>1.21x</b>	<b>1.17x</b>	<b>1.34x</b>	<b>8.9x</b>	<b>7.4x</b>	<b>7.1x</b>	<b>15.8%</b>
<b>Mean</b>			<b>70.3%</b>	<b>\$322</b>	<b>\$363</b>	<b>1.16x</b>	<b>1.12x</b>	<b>1.19x</b>	<b>8.7x</b>	<b>7.7x</b>	<b>7.5x</b>	<b>14.9%</b>
<b>Fast Casual</b>												
Chipotle Mexican Grill, Inc.	0%	\$316.71	63.5%	\$9,030	\$8,460	1.96x	1.87x	1.67x	21.3x	16.4x	12.7x	9.2%
Wingstop Inc.	98%	32.41	90.3%	942	1,079	11.03x	10.39x	9.48x	30.7x	26.9x	22.8x	35.9%
Shake Shack Inc.	44%	30.92	77.9%	803	781	2.47x	2.20x	1.75x	15.7x	14.0x	11.3x	15.7%
El Pollo Loco Holdings, Inc.	56%	11.35	76.4%	439	529	1.34x	1.30x	1.21x	8.5x	8.2x	7.6x	15.8%
Fiesta Restaurant Group, Inc.	11%	17.40	56.8%	467	527	0.75x	0.78x	0.77x	7.5x	6.8x	6.4x	9.9%
The Habit Restaurants, Inc.	7%	13.00	65.8%	264	257	0.83x	0.76x	0.64x	8.7x	7.9x	6.7x	9.6%
Zoe's Kitchen, Inc.	1%	12.87	46.4%	251	289	0.98x	0.91x	0.79x	12.8x	9.6x	10.5x	7.7%
Potbelly Corporation	11%	12.00	82.5%	302	281	0.68x	0.65x	0.62x	7.1x	7.3x	7.0x	9.5%
Noodles & Company	15%	3.85	58.3%	158	216	0.45x	0.47x	0.46x	NM	7.5x	6.5x	NM
<b>Median</b>			<b>65.8%</b>	<b>\$439</b>	<b>\$527</b>	<b>0.98x</b>	<b>0.91x</b>	<b>0.79x</b>	<b>10.8x</b>	<b>8.2x</b>	<b>7.6x</b>	<b>9.8%</b>
<b>Mean</b>			<b>68.7%</b>	<b>\$1,406</b>	<b>\$1,380</b>	<b>2.28x</b>	<b>2.15x</b>	<b>1.93x</b>	<b>14.0x</b>	<b>11.6x</b>	<b>10.2x</b>	<b>14.2%</b>

# Public Restaurant Valuations ○○○●○○○

(\$ in millions, except per share data)

	% Franchised	Stock Price	% of	Market	Enterprise	Enterprise Value as a Multiple of						LTM
		31-Aug-17	52 Wk High	Value	Value	LTM	Revenue 2017E	2018E	LTM	EBITDA 2017E	2018E	EBITDA Margin
<b>Quick Service</b>												
McDonald's Corporation	85%	\$159.97	100.0%	\$129,575	\$155,544	6.43x	6.91x	7.85x	16.2x	15.3x	15.2x	39.7%
Yum! Brands, Inc.	94%	76.82	83.5%	26,485	35,361	5.63x	6.06x	7.36x	17.4x	17.5x	17.0x	32.4%
Restaurant Brands International Inc.	100%	61.03	97.0%	14,420	27,860	6.45x	6.08x	5.62x	14.6x	13.2x	11.9x	44.2%
Domino's Pizza, Inc.	97%	182.26	82.3%	8,795	10,924	4.14x	3.93x	3.57x	21.4x	19.5x	17.2x	19.4%
The Wendy's Company	96%	14.92	89.6%	3,632	6,157	4.81x	5.02x	4.85x	16.0x	15.0x	13.8x	30.1%
Jack in the Box Inc.	76%	93.62	82.6%	2,755	3,932	2.44x	2.60x	2.86x	11.2x	11.5x	10.8x	21.7%
Papa John's International, Inc.	79%	74.79	82.7%	2,724	3,029	1.73x	1.69x	1.63x	15.3x	14.6x	13.6x	11.4%
Sonic Corp.	93%	23.41	77.9%	979	1,547	3.00x	3.35x	3.33x	9.8x	10.5x	10.0x	30.8%
Bojangles', Inc.	57%	13.35	59.7%	494	657	1.22x	1.19x	1.15x	8.2x	9.0x	8.6x	14.8%
Del Taco Restaurants, Inc.	45%	14.08	91.9%	545	702	1.50x	1.48x	1.37x	10.4x	9.8x	9.0x	14.4%
Nathan's Famous, Inc.	98%	58.55	81.4%	245	316	3.22x	NA	NA	11.6x	NA	NA	27.7%
Papa Murphy's Holdings, Inc.	90%	5.11	74.3%	87	190	1.52x	1.66x	1.95x	11.5x	9.5x	9.0x	13.2%
<b>Median</b>			<b>82.6%</b>	<b>\$2,739</b>	<b>\$3,481</b>	<b>3.11x</b>	<b>3.35x</b>	<b>3.33x</b>	<b>13.1x</b>	<b>13.2x</b>	<b>11.9x</b>	<b>24.7%</b>
<b>Mean</b>			<b>83.6%</b>	<b>\$15,895</b>	<b>\$20,518</b>	<b>3.51x</b>	<b>3.63x</b>	<b>3.78x</b>	<b>13.6x</b>	<b>13.2x</b>	<b>12.4x</b>	<b>25.0%</b>

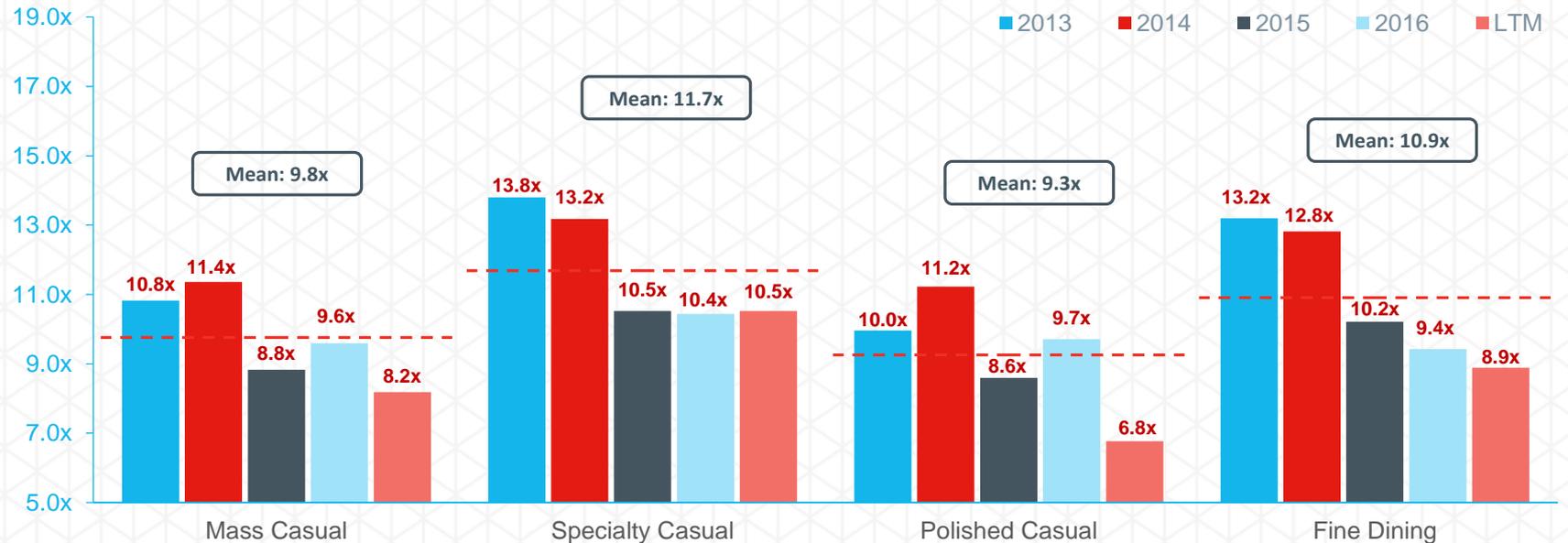
# Public Restaurant Valuations ○○○○●○○

(\$ in millions, except per share data)

	% Franchised	Stock Price 31-Aug-17	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM EBITDA Margin
						Revenue			EBITDA			
						LTM	2017E	2018E	LTM	2017E	2018E	
<b>Coffee, Breakfast and Snacks</b>												
Starbucks Corporation	50%	\$54.86	84.6%	\$79,212	\$80,148	3.58x	3.48x	3.12x	15.6x	14.5x	12.6x	23.0%
Dunkin' Brands Group, Inc.	100%	51.56	86.4%	4,653	6,814	8.19x	8.12x	7.81x	15.2x	14.5x	13.8x	54.0%
Jamba, Inc.	94%	9.84	89.0%	151	137	1.67x	1.81x	NA	NM	6.2x	NA	NM
<b>Median</b>			<b>86.4%</b>	<b>\$4,653</b>	<b>\$6,814</b>	<b>3.58x</b>	<b>3.48x</b>	<b>5.47x</b>	<b>15.4x</b>	<b>14.5x</b>	<b>13.2x</b>	<b>38.5%</b>
<b>Mean</b>			<b>86.7%</b>	<b>\$28,005</b>	<b>\$29,033</b>	<b>4.48x</b>	<b>4.47x</b>	<b>5.47x</b>	<b>15.4x</b>	<b>11.7x</b>	<b>13.2x</b>	<b>38.5%</b>
<b>Franchisees</b>												
Carrols Restaurant Group, Inc.	0%	\$10.90	62.1%	\$386	\$635	0.64x	0.60x	0.57x	7.9x	7.0x	6.5x	8.0%
Diversified Restaurant Holdings, Inc.	0%	1.97	47.8%	53	169	1.01x	0.98x	NA	8.3x	7.4x	NA	12.2%
<b>Median</b>			<b>55.0%</b>	<b>\$219</b>	<b>\$402</b>	<b>0.82x</b>	<b>0.79x</b>	<b>0.57x</b>	<b>8.1x</b>	<b>7.2x</b>	<b>6.5x</b>	<b>10.1%</b>
<b>Mean</b>			<b>55.0%</b>	<b>\$219</b>	<b>\$402</b>	<b>0.82x</b>	<b>0.79x</b>	<b>0.57x</b>	<b>8.1x</b>	<b>7.2x</b>	<b>6.5x</b>	<b>10.1%</b>

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

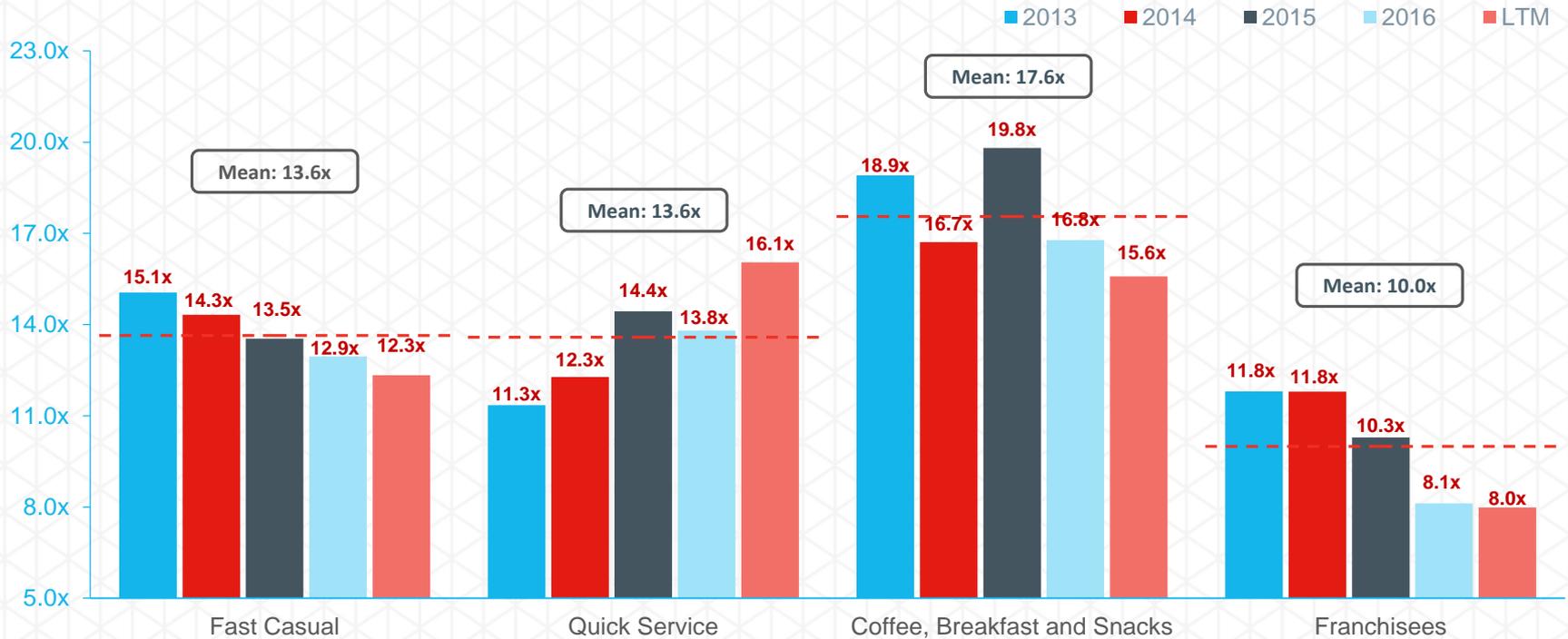
**Enterprise Value as a Multiple of EBITDA<sup>(1)</sup>**



(1) Index calculation excludes any companies with non-meaningful trading multiples  
 Source: S&P Global Market Intelligence; LTM values as of 8/31/2017  
 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 EBITDA<sup>(1)</sup>



(1) Index calculation excludes any companies with non-meaningful trading multiples  
 Source: S&P Global Market Intelligence; LTM values as of 8/31/2017  
 Segments weighted based on market cap values at period end

# Recent Restaurant M&A Transaction Activity

## Freeman Spogli Acquires Café Rio Mexican Grill

On September 8, 2017, Freeman Spogli acquired Café Rio Mexican Grill, the operator of Mexican casual restaurants in the United States, for an undisclosed sum. Café Rio specializes in made-from-scratch authentic Mexican offerings, operating more than 100 units across 11 states. The concept generated \$192M in domestic system-wide sales in its previous fiscal year with unit count growing nearly 33% since the end of 2014. KarpReilly, the restaurant's previous owner, initially invested in the company in 2004 when it had just 11 locations. The investment will help the chain continue expanding its geographic footprint.

## Perpetual Capital Partners and CR3 Partners Acquire Garden Fresh

On August 14, 2017, Perpetual Capital and CR3 Partners acquired Garden Fresh Restaurant, a San Diego, California-based casual buffet chain, for an undisclosed sum. Founded in 1983, Garden Fresh specializes in soup, pasta and salad offerings with 97 units across nine states. The company emerged from bankruptcy in January 2017 under the control of Cerberus Capital Management. CR3, which assisted in restructuring and operational efforts, will continue its relationship with Garden Fresh as part of the transaction.

## J. Alexander's to Merge with Ninety Nine Restaurant and Pub

On August 4, 2017, J. Alexander's announced plans to merge with Ninety Nine Restaurant, the Woburn, Massachusetts-based casual dining concept, for \$199M. Nashville, Tennessee-based J. Alexander's operates upscale casual restaurants in 19 locations in the Southeast and Midwest in addition to 12 Redlands Grills, 12 Stony Rivers and 1 Lyndhurst Grill unit. Under the terms of the agreement, Fidelity Newport Holdings, current owner of Ninety Nine Restaurant, will regain controlling interest in J. Alexander's, which it spun-off in 2015. J. Alexander's will issue 16.3M common shares at \$11 per share to finance the transaction, representing an equity value of \$179M and \$20M in debt, which will be refinanced at closing.

## Partners Group Acquires 17 Buffalo Wild Wings Locations

On July 26, 2017, Princess Private Equity, a fund managed by Partners Group Holding AG, acquired Consolidated Wings, a group of 17 Buffalo Wild Wings restaurants in Indiana. Founded in 1982, Buffalo Wild Wings is a casual dining and sports bar restaurant which has approximately 1,220 locations worldwide. The transaction marks the second Partners Group investment in the Buffalo Wild Wings concept, previously acquiring 139 Taco Bell and Buffalo Wild Wings units across five states in 2015.

## Caribou Coffee to Acquire Bruegger's Bagels

On August 24, 2017, Caribou Coffee acquired Bruegger's Bagels, the operator and franchisor of bakeries in North America, for an undisclosed sum. Formerly a subsidiary of French holding company Groupe Le Duff, Bruegger's Bagels operated 269 units and generated \$197M in system-wide sales in 2016. Caribou Coffee has operated as a subsidiary of JAB Holdings, a Luxembourg-based private equity firm, since December 2012. The acquisition marks JAB Holding's sixth acquisition in the coffee, breakfast and snacks market, with the previous acquisitions of Einstein Bagels, Intelligentsia Coffee & Tea, Peet's Coffee & Tea and Krispy Kreme.

## CIC Partners Invests in East Hampton Sandwich Company

On August 14, 2017, CIC Partners made an undisclosed growth investment in East Hampton Sandwich Company, a Dallas-based upscale American grill-sandwich concept. Founded in 2012, East Hampton Sandwich Company operates eight locations in Dallas with two additional locations to be opened in Houston. The transaction marks the fifth restaurant transaction by CIC Partners, with previous investments made in Granite City, Willie's Grill & Icehouse, Tiff's Treats and Taco Mac.

## Advent International Acquires First Watch

On July 27, 2017, Advent International acquired First Watch, the University Park, Florida-based breakfast-and-lunch chain, for an undisclosed sum. Founded in 1983, First Watch currently operates over 300 restaurants in 26 states across the First Watch and The Egg & I brands concepts, which are open from 7:00 a.m. to 2:30 p.m. seven days a week. The company has tripled its unit count over the past decade while generating positive SSS for 33 straight years. The transaction marks Advent's second U.S. restaurant acquisition since buying The Coffee Bean & Tea Leaf in September 2013.

## CapitalSpring Invests in Beef 'O' Brady's and The Brass Tap

On June 29, 2017, CapitalSpring acquired Beef 'O' Brady's and The Brass Tap in an all-cash transaction. Beef 'O' Brady's, a Brandon, Florida-based family friendly Irish pub concept, has grown to 180 locations since its founding in 1985. The chain was acquired from previous majority owner Levine Leichtman Capital and marks the third restaurant investment made by CapitalSpring, which also owns a majority stake in family dining chains Shari's Café & Pies and Norms Restaurants.

# Selected Recent Duff & Phelps Restaurant Transactions

<p>Sell-Side Advisor</p>  <p>PIZZERIA &amp; GRILL a portfolio company of</p>  <p>TWIN HAVEN has been acquired by</p>  <p>NEWPORT GLOBAL ADVISORS</p>	<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>YumChina</p>	<p>Board Advisor</p>  <p>a portfolio company of</p>  <p>ROARK CAPITAL GROUP has completed a leveraged dividend recapitalization transaction.</p>	<p>Sell-Side Advisor</p>  <p>Ovation BRANDS a portfolio company of</p>  <p>TWIN HAVEN has been acquired by</p> 	<p>Sell-Side Advisor</p>  <p>MAX &amp; ERMA'S a division of</p>  <p>AMERICAN BLUE RIBBON HOLDINGS has been acquired by</p> 	<p>Sell-Side Advisor</p>  <p>FAZOL'S a portfolio company of</p>  <p>SUN CAPITAL PARTNERS, INC. has been acquired by</p> 

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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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