

Restaurant Monthly Update

March 2018



Q Market Update

Following an uptick in December, same-store sales (SSS) in January and February fell back into negative territory. Although January's (0.3%) and February's (0.8%) SSS declines reflect an improvement over the (1.1%) growth rate reported for 2017. The last two months have reversed the positive momentum experienced in Q4 2017, and have revived concerns that the industry may not yet be positioned for sustained growth.

Same-store traffic declined (3.0%) in January and (3.1%) in February, respectively; representing the worst performance since September 2017. Although traffic dropped by only (0.1%) compared to January, the negative effect on sales was amplified by a significant slowdown in the growth of guest checks. However, favorable macroeconomic conditions, strong consumer confidence, and the fact that some of the decline in February sales could be attributed to factors external to the industry, fuels optimism for increased restaurant spending in upcoming months.

Severe winter storms and record rainfall hit large regions of the U.S., primarily in the Midwest and East Coast, causing significant losses in restaurant sales during the last two months. The three worst performing regions were the Mid-Atlantic, Midwest and New England, each experiencing more than (2.0%) declines in SSS. If sales from these three regions were excluded from all calculations, restaurant sales would have remained essentially flat. In addition to weather, the Winter Olympics (which captured the attention of almost 20 million Americans nightly for two weeks) and Valentine's Day falling on Ash Wednesday, were believed to negatively impact sales during the period.

February results were soft across the industry and all segments, including fine dining, reported negative sales. Fast casual was the top performing segment in February, a welcomed improvement in its relative sales performance. Although fast casual continues to gain market share through new unit openings, it has not been the top performing segment in SSS since the beginning of 2015. Fine dining, which led the industry in SSS for 2017, experienced a dramatic downturn in February, posting its third-worst month in three years. The external factors noted earlier could have been particularly troublesome for this segment.

KEY INFORMATION



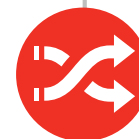
February SSS fell by (0.8%) while comparable traffic slid (3.1%)



Fast casual was the top performing segment for the first month in three years

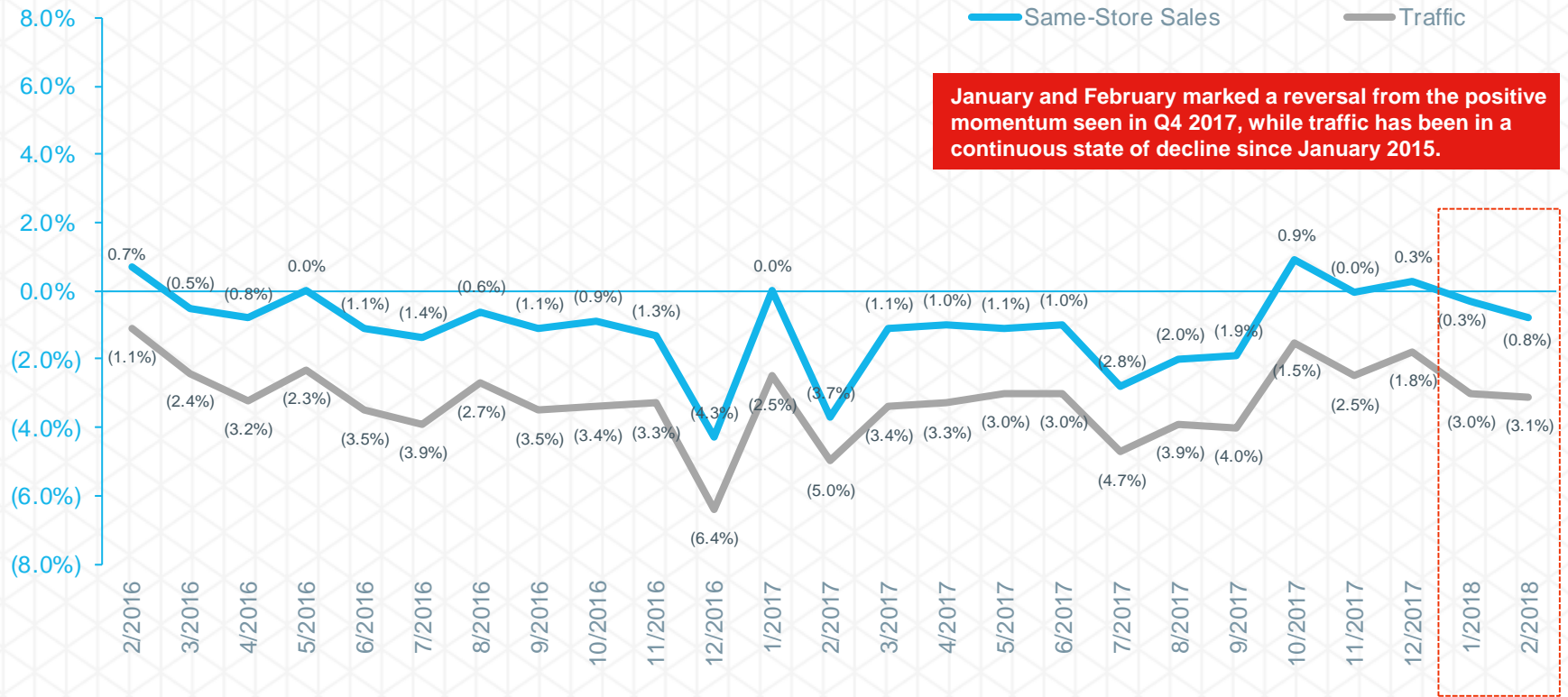


Year-over-year job growth sank (1.0%) in January



January turnover saw negative results, as hourly employee and manager turnover rose

Restaurant Sector Monthly Same-Store Sales and Traffic Growth



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

	2015		2016				2017											
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4									
Mass Casual																		
Cracker Barrel Old Country Store, Inc.	0.6%	↔	2.3%	↑	3.2%	↑	1.3%	↑	0.1%	↔	(1.2%)	↓	(1.4%)	↓	0.2%	↔	1.0%	↑
Brinker International, Inc.																		
Chili's Grill & Bar	(2.1%)	↓	(3.6%)	↓	(1.8%)	↓	(1.4%)	↓	(1.4%)	↓	(3.3%)	↓	(2.3%)	↓	(2.2%)	↓	(3.4%)	↓
Maggiano's Little Italy	(1.8%)	↓	(1.8%)	↓	0.2%	↔	(1.7%)	↓	(0.6%)	↔	(0.8%)	↔	(1.6%)	↓	0.5%	↔	(2.6%)	↓
Bloomin' Brands, Inc.																		
Bonefish Grill	(6.1%)	↓	(5.4%)	↓	(2.7%)	↓	0.9%	↔	1.7%	↑	(1.9%)	↓	(0.8%)	↔	(2.6%)	↓	(4.3%)	↓
Carrabba's Italian Grill	(2.0%)	↓	(4.0%)	↓	(2.0%)	↓	(4.8%)	↓	(2.1%)	↓	(2.3%)	↓	(3.8%)	↓	0.4%	↔	(2.8%)	↓
Fleming's Prime Steakhouse & Wine Bar	(0.6%)	↔	(0.3%)	↔	1.3%	↑	(0.8%)	↔	(1.9%)	↓	0.2%	↔	(2.9%)	↓	(1.3%)	↓	(1.0%)	↓
Outback Steakhouse	0.1%	↔	(2.2%)	↓	(1.3%)	↓	(2.5%)	↓	(0.7%)	↔	(4.8%)	↓	1.4%	↑	0.3%	↔	0.6%	↔
DineEquity, Inc.																		
Applebee's	(2.5%)	↓	(3.7%)	↓	(4.2%)	↓	(5.2%)	↓	(7.2%)	↓	(7.9%)	↓	(6.2%)	↓	(7.7%)	↓	1.3%	↑
IHOP	1.4%	↑	1.5%	↑	0.2%	↔	(0.1%)	↔	(2.1%)	↓	(1.7%)	↓	(2.6%)	↓	(3.2%)	↓	(0.4%)	↔
Denny's Corporation	2.9%	↑	2.5%	↑	(0.5%)	↔	1.0%	↑	0.6%	↔	(1.1%)	↓	2.6%	↑	0.9%	↔	2.5%	↑
Red Robin Gourmet Burgers, Inc.	3.7%	↑	(1.6%)	↓	(2.2%)	↓	(3.2%)	↓	(3.6%)	↓	(4.3%)	↓	(1.2%)	↓	0.5%	↔	(0.1%)	↔
Biglari Holdings, Inc.	3.6%	↑	1.8%	↑	(0.7%)	↔	0.2%	↔	0.4%	↔	(3.3%)	↓	(3.1%)	↓	(2.2%)	↓	(2.2%)	↓
Luby's, Inc.	1.2%	↑	3.1%	↑	(0.6%)	↔	0.7%	↔	(2.3%)	↓	(3.8%)	↓	(2.7%)	↓	(5.1%)	↓	0.8%	↔
Famous Dave's of America, Inc.	(10.6%)	↓	(7.7%)	↓	(6.4%)	↓	(1.0%)	↓	(5.4%)	↓	(4.5%)	↓	(3.0%)	↓	(1.5%)	↓	1.8%	↑
Median	(0.3%)	↔	(1.7%)	↓	(1.0%)	↓	(0.9%)	↔	(1.7%)	↓	(2.8%)	↓	(2.5%)	↓	(1.4%)	↓	(0.3%)	↓
Mean	(0.9%)	↔	(1.4%)	↓	(1.3%)	↓	(1.2%)	↓	(1.8%)	↓	(2.9%)	↓	(2.0%)	↓	(1.6%)	↓	(0.6%)	↓

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.). 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.

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

	2015		2016					2017			
	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Specialty Casual											
Darden Restaurants, Inc.											
Bahama Breeze	2.4%	↑	9.9%	5.4%	3.9%	2.6%	0.5%	1.4%	1.2%	2.5%	
The Capital Grille	1.5%	↑	5.3%	1.5%	(1.2%)	1.2%	0.9%	1.4%	2.0%	3.8%	
Eddie V's	1.1%	↑	4.1%	0.9%	(1.7%)	2.7%	4.7%	0.5%	2.5%	6.8%	
LongHorn Steakhouse	2.6%	↑	5.2%	1.1%	0.6%	0.1%	0.2%	3.5%	2.6%	3.8%	
Olive Garden	1.0%	↑	6.8%	1.6%	2.0%	2.6%	1.4%	4.4%	1.9%	3.0%	
Seasons 52	4.5%	↑	5.7%	3.7%	0.7%	(0.3%)	0.8%	(1.3%)	(2.2%)	(0.5%)	
Yard House	1.7%	↑	3.9%	1.4%	0.0%	0.7%	(1.0%)	0.1%	(0.4%)	2.0%	
Texas Roadhouse, Inc.	4.4%	↑	4.3%	4.5%	3.4%	1.1%	3.2%	3.9%	4.5%	5.4%	
Dave & Buster's Entertainment, Inc.	6.0%	↑	3.6%	1.0%	5.9%	5.9%	3.2%	2.2%	1.1%	(1.3%)	
BJ's Restaurants, Inc.	0.7%	↔	0.6%	(0.2%)	(3.4%)	(3.4%)	(2.2%)	(1.3%)	(1.4%)	(1.7%)	
Chuy's Holdings, Inc.	3.2%	↑	3.2%	1.0%	0.3%	0.3%	(1.1%)	(0.7%)	(1.0%)	(2.1%)	
Median	2.1%	↑	4.2%	1.3%	0.5%	0.9%	0.7%	1.0%	1.2%	2.3%	
Mean	2.5%	↑	4.2%	1.6%	0.7%	1.0%	0.6%	1.2%	0.8%	1.6%	

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										
	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4							
Polished Casual																		
The Cheesecake Factory Incorporated	1.1%	↑	1.7%	↑	0.3%	↔	1.7%	↑	1.8%	↑	1.0%	↑	0.1%	↔	(0.6%)	↔	(2.4%)	↓
J. Alexander's Holdings, Inc.																		
J. Alexander's/Redlands Grill	1.4%	↑	(3.0%)	↓	(1.8%)	↓	1.4%	↑	1.5%	↑	1.1%	↑	2.9%	↑	4.0%	↑	1.8%	↑
Stoney River Steakhouse and Grill	6.2%	↑	0.7%	↔	1.8%	↑	1.8%	↑	(1.7%)	↓	0.4%	↔	0.5%	↔	3.7%	↑	2.0%	↑
Kona Grill, Inc.	3.2%	↑	3.6%	↑	2.5%	↑	0.7%	↔	0.7%	↔	(4.1%)	↓	(4.3%)	↓	(5.3%)	↓	(7.2%)	↓
Median	1.3%	↑	(0.7%)	↔	(0.8%)	↔	1.1%	↑	(0.5%)	↔	(1.9%)	↓	(0.9%)	↔	(0.8%)	↔	(2.6%)	↓
Mean	0.4%	↔	(0.5%)	↔	(2.0%)	↓	(0.8%)	↔	(1.6%)	↓	(2.2%)	↓	(0.9%)	↔	0.1%	↔	(2.7%)	↓
Fine Dining																		
Ruth's Hospitality Group, Inc.	3.2%	↑	3.1%	↑	1.5%	↑	2.1%	↑	2.1%	↑	0.0%	↔	0.7%	↔	2.9%	↑	(1.6%)	↓
Del Frisco's Restaurant Group, Inc.																		
Del Frisco's Double Eagle Steak House	(1.6%)	↓	(0.1%)	↔	(1.9%)	↓	(2.0%)	↓	(3.7%)	↓	0.1%	↔	(5.0%)	↓	(0.5%)	↔	(1.1%)	↓
Del Frisco's Grille	(4.5%)	↓	(2.8%)	↓	(2.0%)	↓	(1.4%)	↓	2.1%	↑	2.1%	↑	(0.9%)	↔	(3.2%)	↓	(5.4%)	↓
Sullivan's Steakhouse	(1.8%)	↓	(1.8%)	↓	2.9%	↑	(3.2%)	↓	0.9%	↔	0.9%	↔	1.1%	↑	(5.2%)	↓	(7.7%)	↓
The ONE Group Hospitality, Inc.	0.3%	↔	(0.8%)	↔	2.8%	↑	(5.2%)	↓	(4.2%)	↓	(6.0%)	↓	3.6%	↑	1.7%	↑	(0.2%)	↔
Median	(1.6%)	↓	(0.8%)	↔	1.5%	↑	(2.0%)	↓	0.9%	↔	0.1%	↔	0.7%	↔	(0.5%)	↔	(1.6%)	↓
Mean	(0.9%)	↔	(0.5%)	↔	0.7%	↔	(1.9%)	↓	(0.6%)	↔	(0.6%)	↔	(0.1%)	↔	(0.9%)	↔	(3.2%)	↓

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Quarterly Same-Store Sales Performance – Last 2 Years

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	2015		2016				2017											
	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4								
Fast Casual																		
Chipotle Mexican Grill, Inc.	(14.6%)	↓	(29.7%)	↓	(23.6%)	↓	(21.9%)	↓	(4.8%)	↓	17.8%	↑	8.1%	↑	0.9%	↔	0.9%	↔
Wingstop, Inc.	2.0%	↑	5.9%	↑	4.6%	↑	3.1%	↑	4.1%	↑	1.0%	↑	(1.1%)	↓	2.0%	↑	4.1%	↑
Shake Shack, Inc.	11.0%	↑	9.9%	↑	4.5%	↑	2.9%	↑	1.6%	↑	(2.5%)	↓	(1.8%)	↓	(1.6%)	↓	0.8%	↔
El Pollo Loco Holdings, Inc.	0.8%	↔	1.8%	↑	0.7%	↔	2.4%	↑	1.6%	↑	(1.3%)	↓	(0.3%)	↔	2.9%	↑	1.7%	↑
Fiesta Restaurant Group, Inc.																		
Pollo Tropical	0.4%	↔	0.0%	↔	(1.4%)	↓	(1.0%)	↓	(4.0%)	↓	(6.7%)	↓	(7.7%)	↓	(10.9%)	↓	(0.1%)	↔
Taco Cabana	3.3%	↑	1.7%	↑	(3.8%)	↓	(4.1%)	↓	(3.5%)	↓	(4.5%)	↓	(4.7%)	↓	(12.6%)	↓	(7.4%)	↓
Potbelly Corporation	3.7%	↑	3.7%	↑	2.0%	↑	1.7%	↑	0.6%	↔	0.1%	↔	3.1%	↑	(4.9%)	↓	(4.8%)	↓
Zoe's Kitchen, Inc.	7.7%	↑	8.1%	↑	4.0%	↑	2.4%	↑	0.7%	↔	(3.3%)	↓	(3.8%)	↓	(0.5%)	↔	0.3%	↔
The Habit Restaurants, Inc.	3.3%	↑	2.0%	↑	4.0%	↑	0.2%	↔	1.7%	↑	0.9%	↔	0.1%	↔	(0.2%)	↔	(1.0%)	↓
Noodles & Company	(1.1%)	↓	(0.1%)	↔	(1.0%)	↓	(0.7%)	↔	(0.8%)	↔	(2.0%)	↓	(3.4%)	↓	(3.5%)	↓	(3.0%)	↓
Median	2.7%	↑	1.9%	↑	1.4%	↑	1.0%	↑	0.7%	↔	(1.7%)	↓	(1.5%)	↓	(1.1%)	↓	0.1%	↔
Mean	1.7%	↑	0.3%	↔	(1.0%)	↓	(1.5%)	↓	(0.3%)	↔	(0.1%)	↔	(1.2%)	↓	(2.8%)	↓	(0.9%)	↔

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Quarterly Same-Store Sales Performance – Last 2 Years

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	2015		2016								2017							
	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Quick Service																		
McDonald's Corporation	5.7%	↑	5.4%	↑	3.1%	↑	3.5%	↑	2.7%	↑	3.6%	↑	6.3%	↑	5.6%	↑	5.5%	↑
Yum! Brands, Inc.																		
KFC	3.0%	↑	1.0%	↑	2.0%	↑	4.0%	↑	3.0%	↑	2.0%	↑	3.0%	↑	7.0%	↑	3.0%	↑
Pizza Hut	2.0%	↑	5.0%	↑	0.0%	↔	(1.0%)	↓	(2.0%)	↓	(3.0%)	↓	(1.0%)	↓	6.0%	↑	1.0%	↑
Taco Bell	4.0%	↑	1.0%	↑	(1.0%)	↓	3.0%	↑	3.0%	↑	8.0%	↑	4.0%	↑	3.0%	↑	2.0%	↑
Restaurant Brands International, Inc.																		
Burger King	2.8%	↑	4.4%	↑	3.9%	↑	1.7%	↑	2.8%	↑	(0.1%)	↔	3.9%	↑	3.6%	↑	2.7%	↑
Tim Hortons	5.8%	↑	5.8%	↑	4.8%	↑	2.0%	↑	0.2%	↔	(0.1%)	↔	(0.8%)	↔	0.3%	↔	0.0%	↔
Popeyes Louisiana Kitchen, Inc.	2.0%	↑	1.1%	↑	0.7%	↔	1.8%	↑	2.4%	↑	(0.2%)	↔	(2.7%)	↓	(1.8%)	↓	(2.5%)	↓
Domino's Pizza, Inc.	10.7%	↑	6.4%	↑	9.7%	↑	13.0%	↑	12.2%	↑	10.2%	↑	9.5%	↑	8.4%	↑	4.2%	↑
The Wendy's Company	4.8%	↑	3.6%	↑	0.3%	↔	1.4%	↑	0.8%	↔	1.6%	↑	3.2%	↑	2.0%	↑	1.3%	↑
Jack in the Box, Inc.	1.4%	↑	0.0%	↔	1.1%	↑	2.0%	↑	1.8%	↑	1.8%	↑	(1.3%)	↓	(0.1%)	↔	(1.2%)	↓
Papa John's International, Inc.	1.9%	↑	0.1%	↔	4.8%	↑	5.5%	↑	3.8%	↑	2.0%	↑	1.4%	↑	1.0%	↑	(1.3%)	↓
Sonic Corp.	5.3%	↑	6.5%	↑	2.0%	↑	(2.0%)	↓	(2.0%)	↓	(7.4%)	↓	(1.2%)	↓	(3.3%)	↓	(1.7%)	↓
Bojangles', Inc.	0.6%	↔	2.0%	↑	0.2%	↔	0.8%	↔	5.5%	↑	(1.7%)	↓	(1.4%)	↓	(2.2%)	↓	2.4%	↑
Del Taco Restaurants, Inc.	5.8%	↑	3.2%	↑	3.3%	↑	6.7%	↑	5.5%	↑	4.2%	↑	7.1%	↑	4.1%	↑	3.0%	↑
Nathan's Famous, Inc.	(1.3%)	↓	0.2%	↔	(2.2%)	↓	(6.3%)	↓	(1.3%)	↓	0.2%	↔	8.2%	↑	8.2%	↑	11.5%	↑
Papa Murphy's Holdings, Inc.	(3.1%)	↓	(2.8%)	↓	(4.0%)	↓	(5.8%)	↓	(7.8%)	↓	(5.0%)	↓	(4.3%)	↓	(4.1%)	↓	(3.0%)	↓
Median	2.9%	↑	2.6%	↑	1.6%	↑	1.9%	↑	2.6%	↑	0.9%	↔	2.2%	↑	2.5%	↑	1.7%	↑
Mean	3.2%	↑	2.7%	↑	1.8%	↑	1.9%	↑	1.9%	↑	1.0%	↑	2.1%	↑	2.4%	↑	1.7%	↑

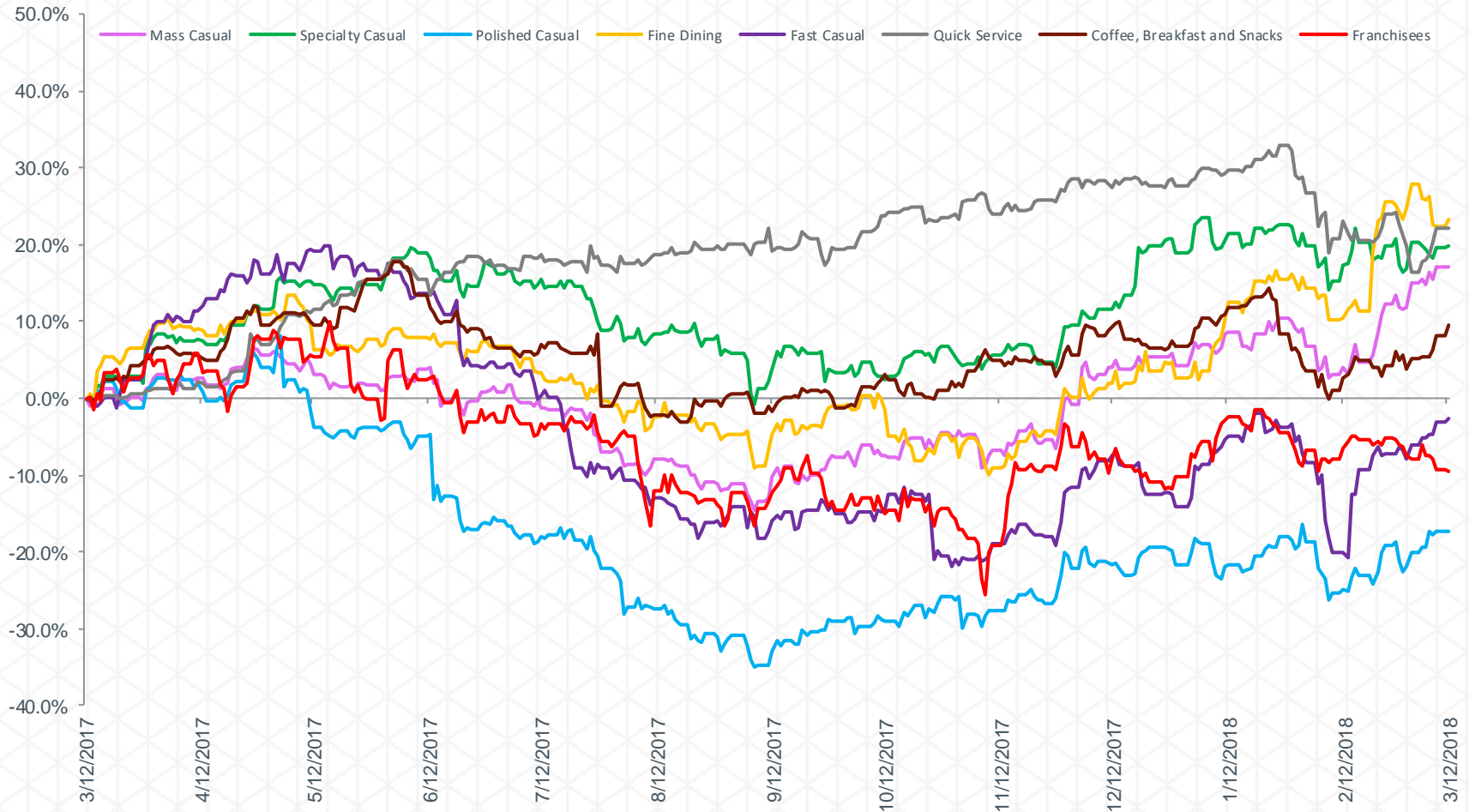
Source: SEC filings, S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., *New York Times DealBook*, *The Deal*, *The Wall Street Journal*, etc.). Same-store sales represents the change in year-over-year sales for restaurants that have been open for at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

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

	2015		2016					2017										
	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4								
Coffee, Breakfast and Snacks																		
Starbucks Corporation	9.0%	↑	7.0%	↑	4.0%	↑	5.0%	↑	3.0%	↑	3.0%	↑	4.0%	↑	2.0%	↑	2.0%	↑
Dunkin' Brands Group, Inc.																		
Dunkin' Donuts	1.8%	↑	2.0%	↑	0.5%	↔	2.0%	↑	0.0%	↔	0.0%	↔	0.5%	↔	0.7%	↔	0.9%	↔
Baskin-Robbins	4.4%	↑	5.0%	↑	0.6%	↔	(0.9%)	↔	0.0%	↔	(2.1%)	↓	(2.5%)	↓	(3.1%)	↓	3.5%	↑
Jamba, Inc.	5.4%	↑	(2.1%)	↓	4.2%	↑	(1.1%)	↓	3.9%	↑	(2.1%)		4.2%	↑	(1.1%)	↓	5.3%	↑
Median	4.9%	↑	3.5%	↑	2.3%	↑	0.6%	↔	1.5%	↑	(1.1%)	↓	2.3%	↑	(0.2%)	↔	2.8%	↑
Mean	5.2%	↑	3.0%	↑	2.3%	↑	1.3%	↑	1.7%	↑	(0.3%)	↔	1.6%	↑	(0.4%)	↔	2.9%	↑
Franchisees																		
Carrols Restaurant Group, Inc.	5.1%	↑	5.7%	↑	0.7%	↔	0.0%	↔	3.2%	↑	(0.6%)	↔	3.7%	↑	7.5%	↑	8.9%	↑
Diversified Restaurant Holdings, Inc.	0.8%	↔	(1.0%)	↓	(2.7%)	↓	(1.8%)	↓	(5.4%)	↓	(0.3%)	↔	4.6%	↑	(4.4%)	↓	(6.8%)	↓
Median	3.0%	↑	2.4%	↑	(1.0%)	↓	(0.9%)	↔	(1.1%)	↓	(0.5%)	↔	4.2%	↑	1.6%	↑	1.1%	↑
Mean	3.0%	↑	2.4%	↑	(1.0%)	↓	(0.9%)	↔	(1.1%)	↓	(0.5%)	↔	4.2%	↑	1.6%	↑	1.1%	↑

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 March 12, 2018. Mass casual index includes Brinker International, Cracker Barrel Old Country Store, Bloomin' Brands, DineEquity, Biglari Holdings, Denny's Corporation, Red Robin Gourmet Burgers, Luby's, Famous Dave's of America. Specialty casual index includes Darden Restaurants, Texas Roadhouse, Dave & Buster's Entertainment, BJ's Restaurants, 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, The ONE Group Hospitality. 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. 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	
		12-Mar-18	1 Month	3 Months	12 Months	LTM	2017E
Mass Casual	9	\$1,359	14.0%	14.6%	18.2%	11.1x	9.9x
Specialty Casual	5	3,817	4.6%	8.3%	19.8%	10.9x	10.1x
Polished Casual	3	788	7.8%	3.8%	(17.4%)	8.4x	7.9x
Fine Dining	3	383	13.2%	22.2%	23.4%	11.2x	10.1x
Fast Casual	9	1,520	17.3%	5.4%	(2.7%)	16.3x	14.1x
Quick Service	12	15,933	1.4%	(6.0%)	22.2%	14.0x	13.8x
Coffee, Breakfast and Snacks	3	29,547	8.5%	1.5%	9.6%	15.9x	14.7x
Franchisees	2	240	(1.7%)	(1.6%)	(9.6%)	7.9x	7.1x
Market Indices							
S&P 500 Index		\$2,783	2.5%	4.1%	17.8%		
Dow Jones Industrials		25,179	0.6%	1.9%	21.9%		
Russell 2000 Index		1,601	5.9%	4.3%	15.5%		
S&P Restaurant Index		1,399	1.6%	(2.9%)	12.2%		

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

Source: S&P Global Market Intelligence; data as of March 12, 2018. Mass casual index includes Brinker International, Cracker Barrel Old Country Store, Bloomin' Brands, DineEquity, Biglari Holdings, Denny's Corporation, Red Robin Gourmet Burgers, Luby's, Famous Dave's of America. Specialty casual index includes Darden Restaurants, Texas Roadhouse, Dave & Buster's Entertainment, BJ's Restaurants, 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, The ONE Group Hospitality. 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.

Represents most actively traded public restaurant companies.

Public Restaurant Valuations ●○○○○

(\$ in millions, except per share data)

	% Franchised	Stock Price	% of	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM
		12-Mar-18	52-Wk High			LTM	Revenue		EBITDA		EBITDA Margin	
						LTM	2018E	2019E	LTM	2018E	2019E	
Mass Casual												
Cracker Barrel Old Country Store, Inc.	0%	\$162.60	90.8%	\$3,903	\$4,136	1.41x	1.34x	1.31x	10.6x	10.0x	9.6x	13.3%
Brinker International, Inc.	40%	37.12	81.0%	1,720	3,079	0.98x	0.98x	0.96x	7.2x	7.6x	7.7x	13.7%
Bloomin' Brands, Inc.	20%	24.28	99.1%	2,351	3,352	0.80x	0.81x	0.78x	8.9x	8.7x	8.5x	9.0%
DineEquity, Inc.	100%	74.53	93.6%	1,358	2,639	4.36x	4.11x	4.00x	12.3x	14.1x	11.2x	35.4%
Denny's Corporation	90%	16.15	99.6%	1,050	1,336	2.53x	2.16x	2.03x	14.3x	12.5x	12.2x	17.7%
Red Robin Gourmet Burgers, Inc.	15%	62.15	83.9%	809	1,068	0.77x	0.77x	0.76x	7.7x	7.6x	7.2x	10.0%
Biglari Holdings, Inc.	37%	434.02	96.2%	898	1,080	1.29x	1.26x	1.24x	NM	NM	NM	2.6%
Luby's, Inc.	43%	2.92	83.6%	86	116	0.31x	NA	NA	8.7x	NA	NA	3.6%
Famous Dave's of America, Inc.	84%	7.25	75.1%	54	55	0.85x	0.98x	0.90x	19.2x	8.6x	8.1x	4.4%
Median			90.8%	\$1,050	\$1,336	0.98x	1.12x	1.10x	9.7x	8.7x	8.5x	10.0%
Mean			89.2%	\$1,359	\$1,873	1.48x	1.55x	1.50x	11.1x	9.9x	9.2x	12.2%

Public Restaurant Valuations ●○○○○

(\$ in millions, except per share data)

	% Franchised	Stock Price	% of	Market	Enterprise	Enterprise Value as a Multiple of						LTM
		12-Mar-18	52-Wk High	Value	Value	Revenue			EBITDA			EBITDA
						LTM	2018E	2019E	LTM	2018E	2019E	Margin
Specialty Casual												
Darden Restaurants, Inc.	1%	\$94.75	94.6%	\$11,705	\$12,679	1.66x	1.53x	1.46x	12.6x	11.1x	10.3x	13.1%
Texas Roadhouse, Inc.	16%	59.04	97.7%	4,213	4,126	1.86x	1.70x	1.53x	14.0x	13.2x	12.0x	13.3%
Dave & Buster's Entertainment, Inc.	0%	44.55	60.6%	1,813	2,113	1.91x	1.68x	1.49x	7.9x	7.4x	6.6x	24.3%
BJ's Restaurants, Inc.	0%	43.70	91.9%	910	1,050	1.02x	0.97x	0.94x	9.3x	9.0x	8.6x	10.9%
Chuy's Holdings, Inc.	0%	26.10	81.3%	441	424	1.15x	1.04x	0.95x	10.8x	10.0x	9.2x	10.7%
Median			91.9%	\$1,813	\$2,113	1.66x	1.53x	1.46x	10.8x	10.0x	9.2x	13.1%
Mean			85.2%	\$3,817	\$4,078	1.52x	1.39x	1.27x	10.9x	10.1x	9.3x	14.5%
Polished Casual												
The Cheesecake Factory, Incorporated	20%	\$49.07	73.1%	\$2,181	\$2,294	1.01x	0.97x	0.94x	9.0x	9.3x	9.1x	11.3%
J. Alexander's Holdings, Inc.	0%	11.05	89.8%	162	162	0.70x	0.65x	0.65x	7.8x	6.5x	6.2x	9.0%
Kona Grill, Inc.	0%	2.10	32.3%	21	55	0.31x	NA	NA	NM	NA	NA	NM
Median			73.1%	\$162	\$162	0.70x	0.81x	0.79x	8.4x	7.9x	7.7x	10.1%
Mean			65.1%	\$788	\$837	0.67x	0.81x	0.79x	8.4x	7.9x	7.7x	10.1%

Public Restaurant Valuations ○○●○○

(\$ in millions, except per share data)

	% Franchised	Stock Price 12-Mar-18	% of 52-Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM EBITDA Margin
						Revenue			EBITDA			
						LTM	2018E	2019E	LTM	2018E	2019E	
Fine Dining												
Ruth's Hospitality Group, Inc.	54%	\$24.90	97.6%	\$749	\$774	1.87x	1.71x	1.62x	11.7x	11.2x	10.7x	15.9%
Del Frisco's Restaurant Group, Inc.	0%	15.85	84.1%	336	376	1.04x	0.99x	0.83x	10.7x	9.0x	7.4x	9.7%
The ONE Group Hospitality, Inc.	0%	2.56	90.1%	65	78	0.99x	NA	NA	NM	NA	NA	1.0%
Median			90.1%	\$336	\$376	1.04x	1.35x	1.23x	11.2x	10.1x	9.1x	9.7%
Mean			90.6%	\$383	\$409	1.30x	1.35x	1.23x	11.2x	10.1x	9.1x	8.9%
Fast Casual												
Chipotle Mexican Grill, Inc.	0%	\$323.76	64.9%	\$9,043	\$8,534	1.91x	1.76x	1.64x	19.1x	16.6x	14.5x	10.0%
Wingstop, Inc.	98%	48.13	96.9%	1,419	1,548	14.67x	10.56x	9.37x	39.0x	35.5x	30.3x	37.6%
Shake Shack, Inc.	45%	42.48	89.6%	1,150	1,135	3.16x	2.53x	1.96x	20.0x	18.7x	14.0x	15.8%
El Pollo Loco Holdings, Inc.	45%	10.55	71.0%	408	486	1.21x	1.17x	1.13x	8.4x	8.1x	7.9x	14.4%
Fiesta Restaurant Group, Inc.	11%	19.20	75.7%	515	588	0.88x	0.88x	0.83x	11.6x	9.8x	8.7x	7.6%
Potbelly Corporation	12%	13.25	92.8%	341	316	0.74x	0.72x	0.70x	8.5x	8.5x	7.7x	8.7%
Zoe's Kitchen, Inc.	1%	16.23	86.1%	318	361	1.15x	1.00x	0.93x	15.9x	12.0x	12.7x	7.2%
The Habit Restaurants, Inc.	8%	9.95	50.4%	203	215	0.65x	0.55x	0.48x	8.0x	7.1x	6.3x	8.1%
Noodles & Company	15%	6.80	91.9%	280	341	0.72x	0.74x	0.72x	NM	10.6x	10.0x	NM
Median			86.1%	\$408	\$486	1.15x	1.00x	0.93x	13.8x	10.6x	10.0x	9.3%
Mean			79.9%	\$1,520	\$1,503	2.79x	2.21x	1.97x	16.3x	14.1x	12.4x	13.7%

Public Restaurant Valuations ○○○●○

(\$ in millions, except per share data)

	% Franchised	Stock	% of	Market	Enterprise	Enterprise Value as a Multiple of						LTM
		Price				52-Wk High	Value	Value	LTM	Revenue	2019E	LTM
		12-Mar-18					2018E	2019E		2018E	2019E	
Quick Service												
McDonald's Corporation	85%	\$157.74	88.3%	\$126,386	\$153,465	6.72x	7.29x	7.34x	15.8x	14.7x	14.1x	42.6%
Yum! Brands, Inc.	95%	82.41	94.8%	28,089	36,371	6.19x	8.13x	8.37x	18.2x	18.4x	17.2x	34.0%
Restaurant Brands International Inc.	100%	59.13	85.8%	15,106	28,532	6.23x	5.66x	5.43x	13.7x	12.4x	11.7x	45.4%
Domino's Pizza, Inc.	97%	227.69	96.5%	10,179	13,297	4.77x	4.30x	3.94x	24.3x	21.0x	19.0x	19.6%
The Wendy's Company	96%	17.35	98.2%	4,289	6,872	5.62x	4.31x	4.14x	17.2x	16.2x	15.0x	32.6%
Jack in the Box Inc.	76%	89.30	79.0%	2,637	3,739	2.50x	4.61x	5.00x	11.3x	14.1x	13.7x	22.1%
Papa John's International, Inc.	79%	62.77	73.7%	2,119	2,585	1.45x	1.46x	1.41x	13.2x	14.3x	13.4x	11.0%
Sonic Corp.	48%	24.67	82.1%	949	1,610	3.55x	3.57x	3.48x	10.9x	10.6x	10.1x	32.6%
Bojangles', Inc.	57%	14.90	66.7%	579	720	1.32x	1.31x	1.28x	10.0x	12.1x	11.7x	13.1%
Del Taco Restaurants, Inc.	45%	12.90	80.7%	499	655	1.38x	1.29x	1.19x	9.8x	8.8x	8.1x	14.1%
Nathan's Famous, Inc.	98%	65.95	65.4%	276	353	3.40x	NA	NA	12.4x	NA	NA	27.5%
Papa Murphy's Holdings, Inc.	90%	5.21	76.6%	88	188	1.52x	1.89x	2.25x	11.3x	8.9x	8.2x	13.4%
Median			81.4%	\$2,378	\$3,162	3.48x	4.30x	3.94x	12.8x	14.1x	13.4x	24.8%
Mean			82.3%	\$15,933	\$20,699	3.72x	3.99x	3.98x	14.0x	13.8x	12.9x	25.7%

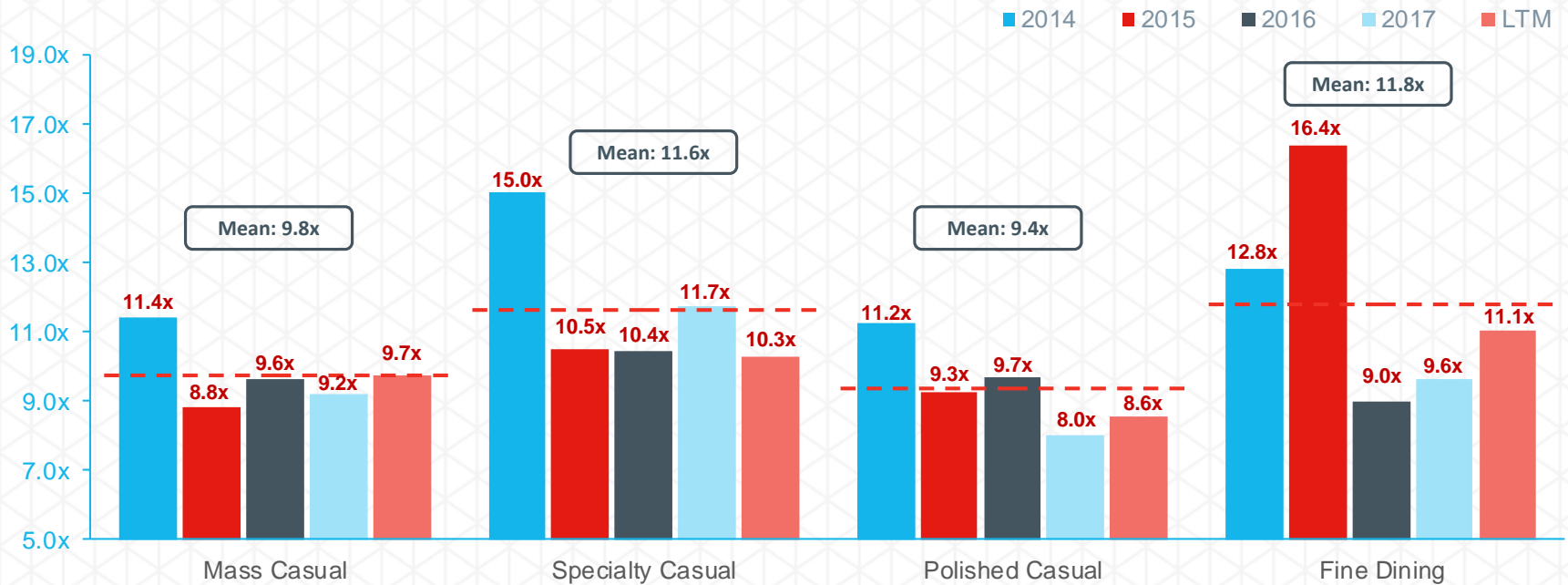
Public Restaurant Valuations ○○○○●

(\$ in millions, except per share data)

	% Franchised	Stock Price	% of	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM
		12-Mar-18	52-Wk High			LTM	Revenue		EBITDA		EBITDA Margin	
						LTM	2018E	2019E	LTM	2018E	2019E	
Coffee, Breakfast and Snacks												
Starbucks Corporation	50%	\$59.40	91.6%	\$83,493	\$84,648	3.72x	3.33x	3.03x	17.0x	14.3x	12.7x	21.9%
Dunkin' Brands Group, Inc.	100%	60.21	88.0%	5,008	7,065	8.21x	5.36x	5.13x	14.9x	15.2x	14.3x	55.2%
Jamba, Inc.	94%	8.95	85.7%	140	132	1.66x	NA	NA	NM	NA	NA	1.6%
Median			88.0%	\$5,008	\$7,065	3.72x	4.34x	4.08x	15.9x	14.7x	13.5x	21.9%
Mean			88.4%	\$29,547	\$30,615	4.53x	4.34x	4.08x	15.9x	14.7x	13.5x	26.2%
Franchisees												
Carrols Restaurant Group, Inc.	0%	\$12.50	85.3%	\$443	\$681	0.63x	0.59x	0.58x	7.9x	7.1x	7.0x	7.9%
Diversified Restaurant Holdings, Inc.	0%	1.39	33.7%	37	147	0.89x	NA	NA	7.9x	NA	NA	11.3%
Median			59.5%	\$240	\$414	0.76x	0.59x	0.58x	7.9x	7.1x	7.0x	9.6%
Mean			59.5%	\$240	\$414	0.76x	0.59x	0.58x	7.9x	7.1x	7.0x	9.6%

Historical Public Restaurant Trends

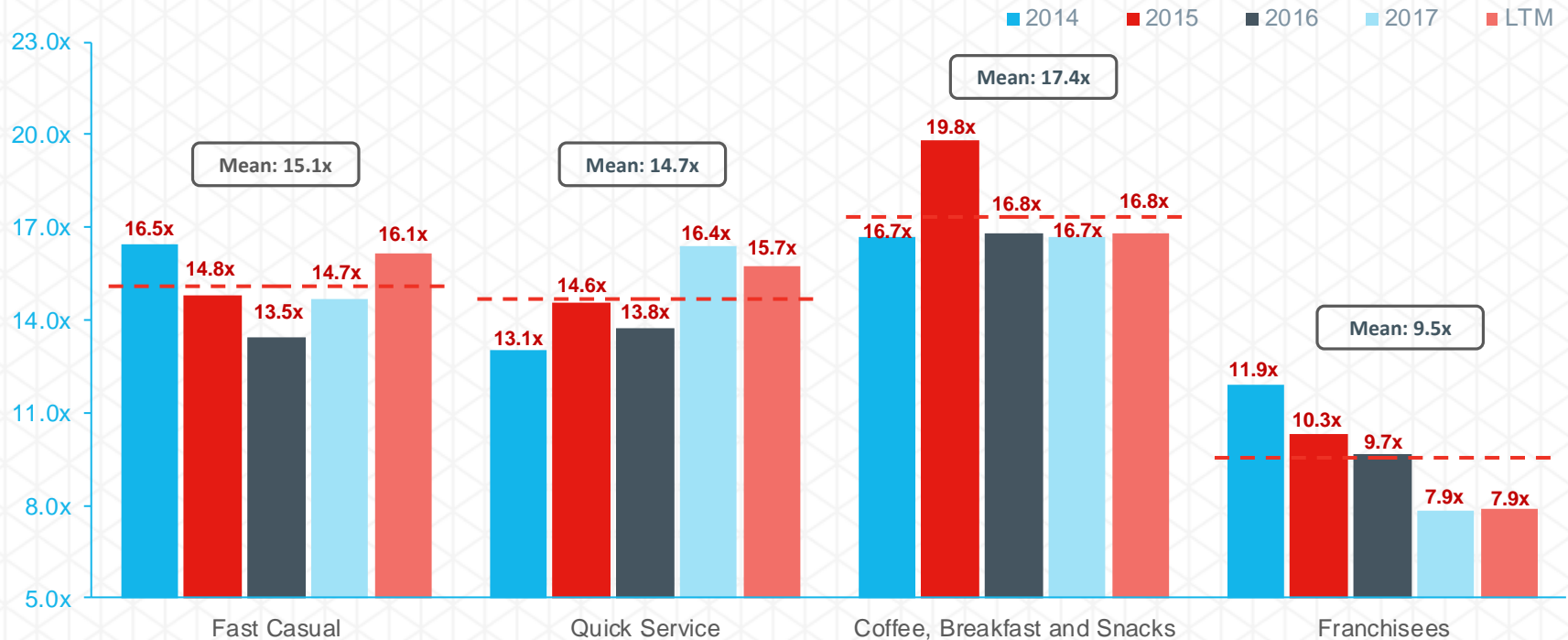
Enterprise Value as a Multiple of EBITDA⁽¹⁾



(1) Index calculation excludes any companies with non-meaningful trading multiples.
 Source: S&P Global Market Intelligence; LTM values as of March 12, 2018.
 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⁽¹⁾



(1) Index calculation excludes any companies with non-meaningful trading multiples.
 Source: S&P Global Market Intelligence; LTM values as of March 12, 2018.
 Segments weighted based on market cap values at period end.
 Represents most actively traded public restaurant companies.

Recent Restaurant M&A Transaction Activity

Spice Private Equity to Acquire Bravo Brio Restaurant Group

On March 8, Spice Private Equity, an affiliate of GP Investments, announced that it will take Bravo Brio Restaurant Group private at a price of \$4.05 per share (\$107 million). This represents a 37% premium with LTM multiples of 0.27x revenue and 4.5x EBITDA. The Columbus, Ohio-based operator of Italian restaurants has recently rationalized their location count, but still operates 110 restaurants in 32 states.

CIC Partners Sale of Taco Mac to Fresh Hospitality

On March 5, Dallas-based CIC Partners sold the 27-unit Taco Mac sports bar-wine brand to Fresh Hospitality, a Nashville-based group that operates restaurants and provides consulting services. Taco Mac operates locations primarily in Georgia. Terms of the deal were not disclosed.

Butterfly Equity Acquires Modern Market

On February 27, Los Angeles-based Butterfly Equity acquired Modern Market, a farm-to-table fast casual restaurant company. Modern Market currently operates 28 restaurants across Colorado, Texas, Arizona, D.C. and Maryland. Terms of the transaction were not disclosed.

Barington/Hilco Acquisition Corp. Acquires Papa Gino's

On February 21, Barington/Hilco, a special purpose acquisition company, agreed to acquire Papa Gino's (dba D'Angelo's Sandwich Shop), the Dedham, Massachusetts-based operator of a QSR Italian restaurant chain, from Bunker Hill Capital's Specialty Brand Holdings for \$23 million in cash. Barington/Hilco will have an estimated \$20 million+ of available cash post acquisition and will continue to seek merger partners.

Rhône Capital to Acquire Fogo de Chão

On February 20, Rhône Capital announced that it will perform a take-private acquisition of the Brazilian steakhouse chain, Fogo de Chão, Inc., in a cash deal valued at \$560 million. Fogo de Chão operates 38 restaurants in the U.S., 9 in Brazil, and 4 other international locations. LTM multiples were 1.85x revenue and 11.0x EBITDA. The Dallas-based casual dining chain said stockholders will receive a 25.5% premium. The transaction is expected to close in the second quarter of 2018 and was unanimously approved by the company's board of directors.

Jollibee Acquires Additional Stake in Smashburger

On February 12, Jollibee acquired an additional stake in Smashburger, the Denver, Colorado-based owner and operator of a burger restaurant chain, for \$100 million in cash. The transaction values Smashburger at \$222 million.

Yum! Invests in GrubHub

On February 8, Yum!, the restaurant group comprised of the KFC, Pizza Hut and Taco Bell brands, announced a \$200 million private investment in public equity (PIPE) in GrubHub, the online and mobile food delivery platform. The investment will provide GrubHub with cash to accelerate its delivery network expansion, which is expected to cover three-quarters of KFC and Taco Bell's U.S. locations by the end of 2018.

Sentinel Capital Sale of Huddle House to Elysium Management

On January 31, Huddle House, a portfolio company of Sentinel Capital and leading franchisor of family dining restaurants, was acquired by Elysium Management. Huddle House operates and franchises 349 locations, primarily in the Southeast U.S.

Cara Operations to Acquire The Keg Restaurants

On January 23, Cara Operations "Cara" agreed to acquire The Keg, the Richmond, Canada-based operator and franchisor of 100 steakhouse locations in Canada and the U.S., from Fairfax Financial for \$200 million in cash and stock. Cara operates 1,237 restaurants under the Swiss Chalet, Harvey's, St-Huber, Milestones, Montana's, Kelsey's, East Side Mario's, Casey's, New York Fries, Prime Pubs, Original Joe's, State & Main, Elephant & Castle, Bier Markt and Landing brand names. The transaction values The Keg at 8.7x LTM EBITDA.

WKS Restaurant Corporation Acquires Pennant Foods

On January 10, WKS Restaurant Corporation announced its acquisition of Pennant Foods, an operator of 52 Wendy's restaurants in Southern California, from Brockway Moran & Partners. Pennant generates more than \$100 million in annual revenues. CapitalSpring provided financing along side existing lender Wintrust Franchise Finance.

Selected Recent Duff & Phelps Restaurant Transactions

Sell-Side Advisor



a portfolio company of



has been acquired by

Elysium Management

Sell-Side Advisor



has been acquired by



Sell-Side Advisor



a portfolio company of



has been acquired by



Board Advisor



has been acquired by



Sell-Side Advisor



a division of
AMERICAN
BLUE RIBBON
HOLDINGS

has been acquired by



Placement Agent



has secured senior debt financing from



Sell-Side Advisor



has been acquired by



Sell-Side Advisor



HOULIHAN'S

a portfolio company of



has been acquired by



Sell-Side Advisor



a portfolio company of
SUN CAPITAL PARTNERS, INC.

has been acquired by



Board Advisor

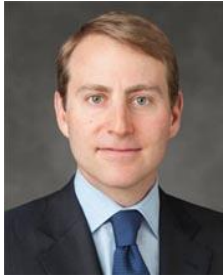


a portfolio company of

ROARK
CAPITAL GROUP

has completed a leveraged dividend recapitalization transaction

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