

PEAKSTONE

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Restaurant Industry Insight Spotlight on Fast Casual & Quick Service

February 2019

Restaurant M&A Update

For announced transactions, Restaurant multiples saw a modest increase from 9.6x EBITDA in 2016 to 10.8x EBITDA in 2017.

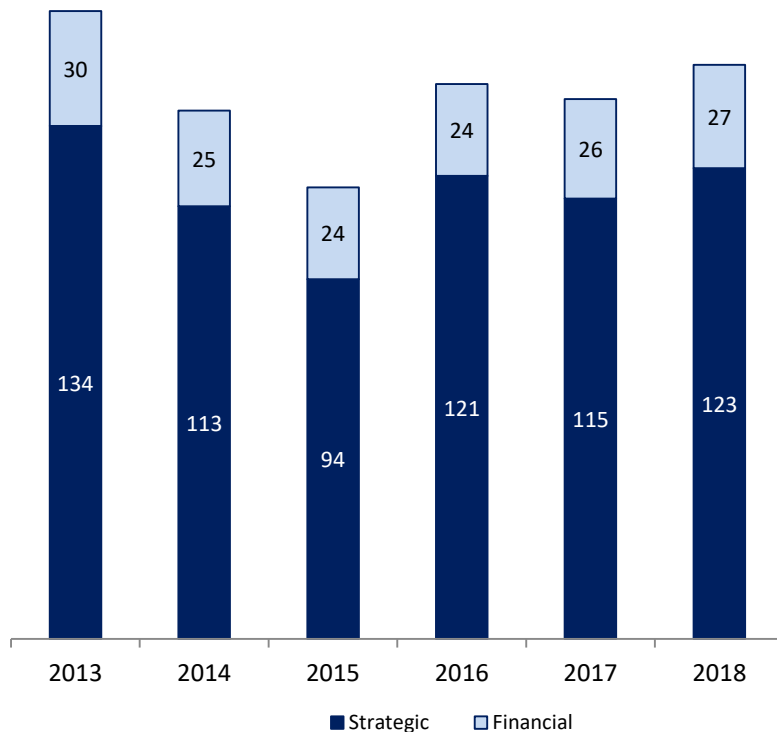
Select Recent Notable Publicly Announced U.S. M&A Transactions

Date	Status	Target	Transaction Size	Buyer
Nov-2018	Announced		\$770 million	 THE JORDAN COMPANY
Sep-2018	Announced		\$2.3 billion	
Aug-2018	Announced		\$300 million	
Aug-2018	Announced		\$213 million	
May-2018	Announced		\$330 million	
Mar-2018	Closed		\$100 million	

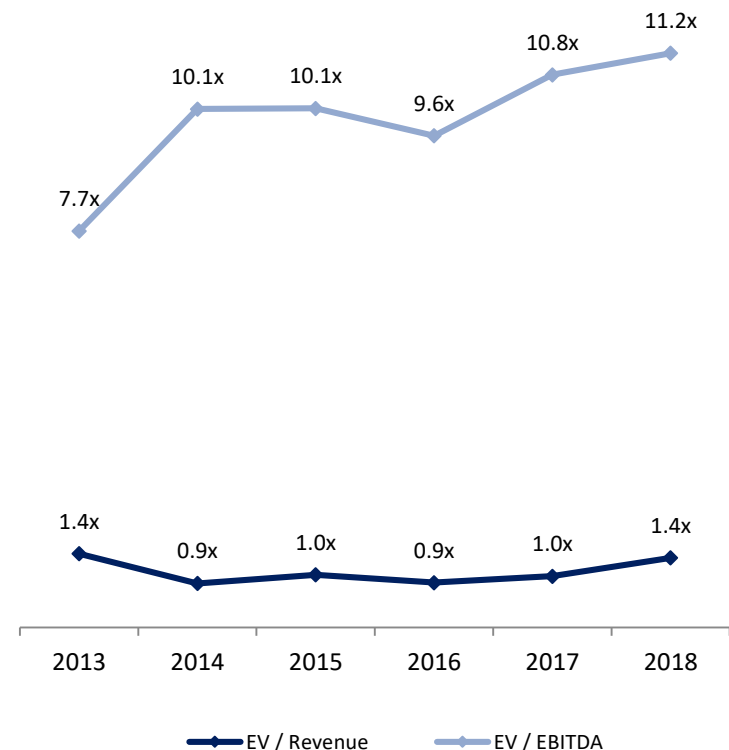
U.S. Restaurant - M&A Market Overview

U.S. Restaurant industry transaction activity has been strong

U.S. Restaurant Transactions by Buyer Type



U.S. Restaurant Transaction Multiples

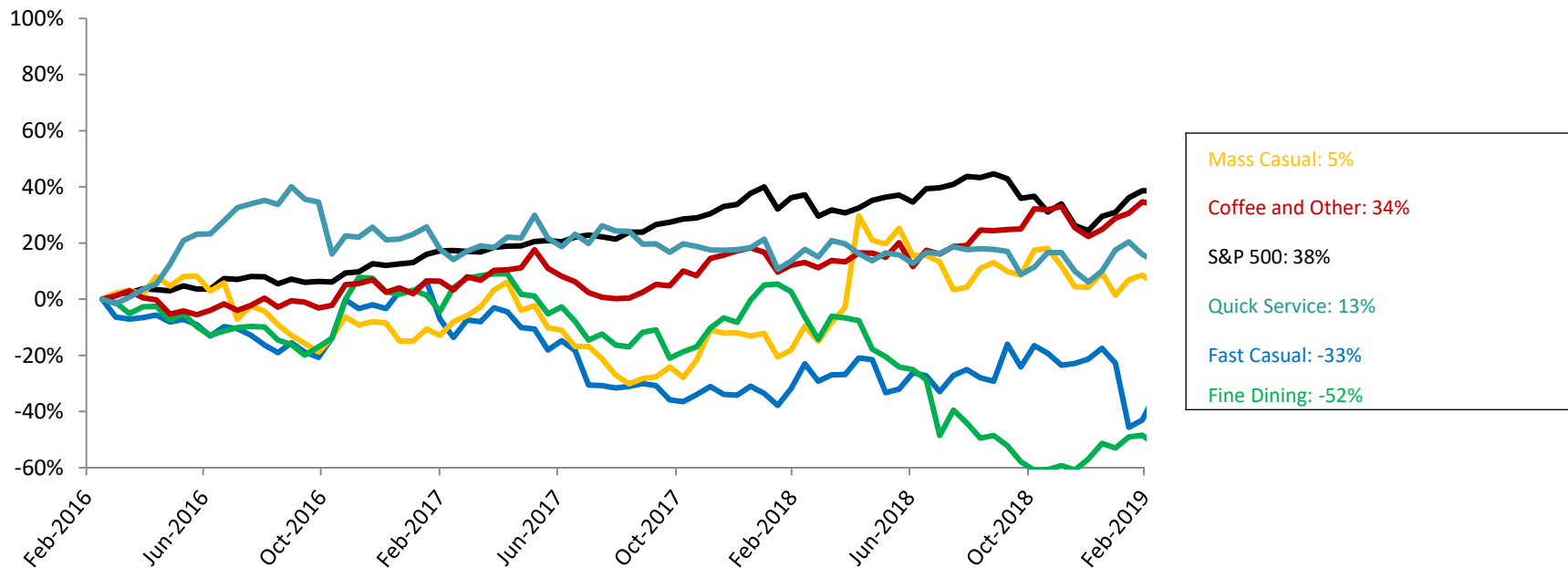


Source: Peakstone & Capital IQ.

Peakstone Restaurant Index - Trading Statistics

Some Restaurant categories have performed well compared to the S&P 500

Relative Stock Performance



Peakstone Restaurant Index:

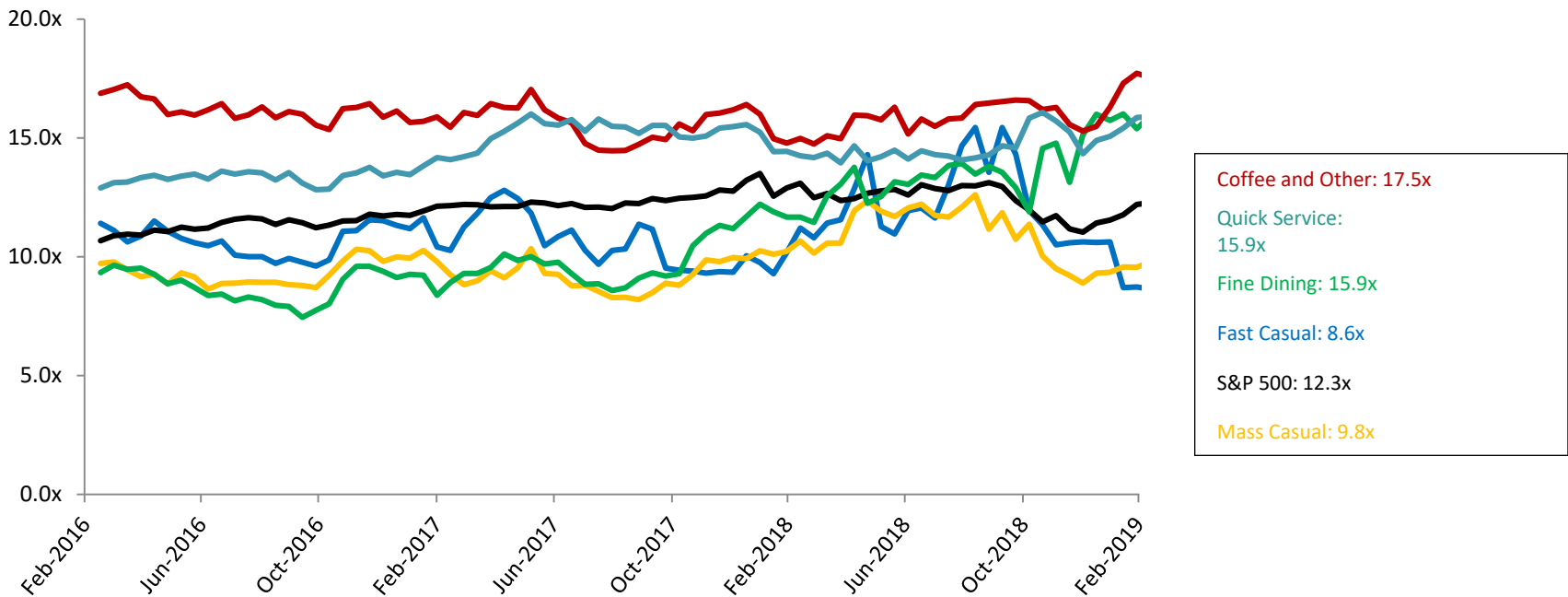
Fast Casual:	BOJA, CMG, FRGI, HABT, LOCO, NDLS, PBPB, SHAK, TACO, WING, ZOES
Mass Casual:	BH.A, BJRI, BLMN, CAKE, CBRL, CHUY, DAVE, DENN, DIN, DRI, EAT, KONA, LUB, RRGB, TXRH
Fine Dining:	DFRG, RUTH, STKS
Coffee & Other:	DNKN, SBUX
Quick Service:	DPZ, JACK, MCD, PZZA, QSR, TAST, WEN, YUM

Source: Capital IQ, data as of 2/28/2019.

Peakstone Restaurant Index - Trading Statistics

Some Restaurant categories have performed well compared to the S&P 500

Comparable Valuation Trends – Enterprise Value / EBITDA



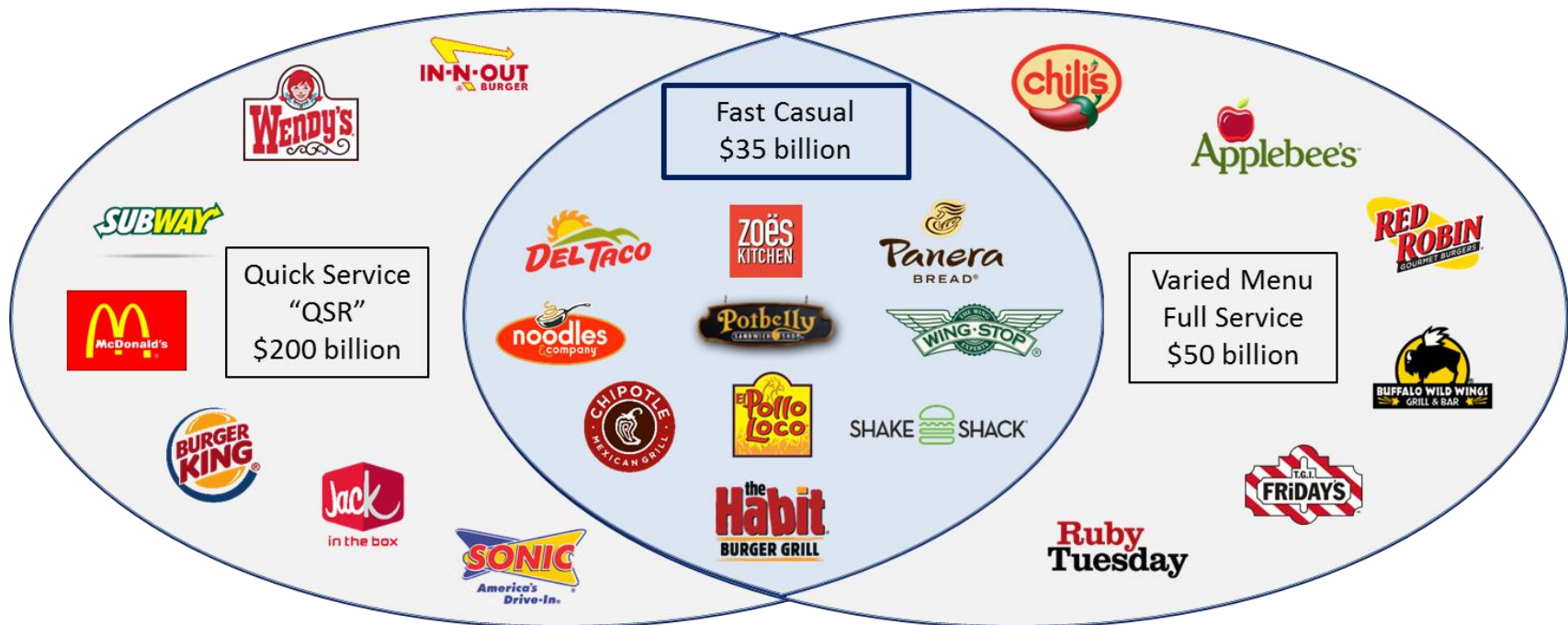
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Fast Casual:	BOJA, CMG, FRGI, HABT, LOCO, NDLS, PBPB, SHAK, TACO, WING, ZOES
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Source: Capital IQ, data as of 2/28/2019.

Industry Landscape

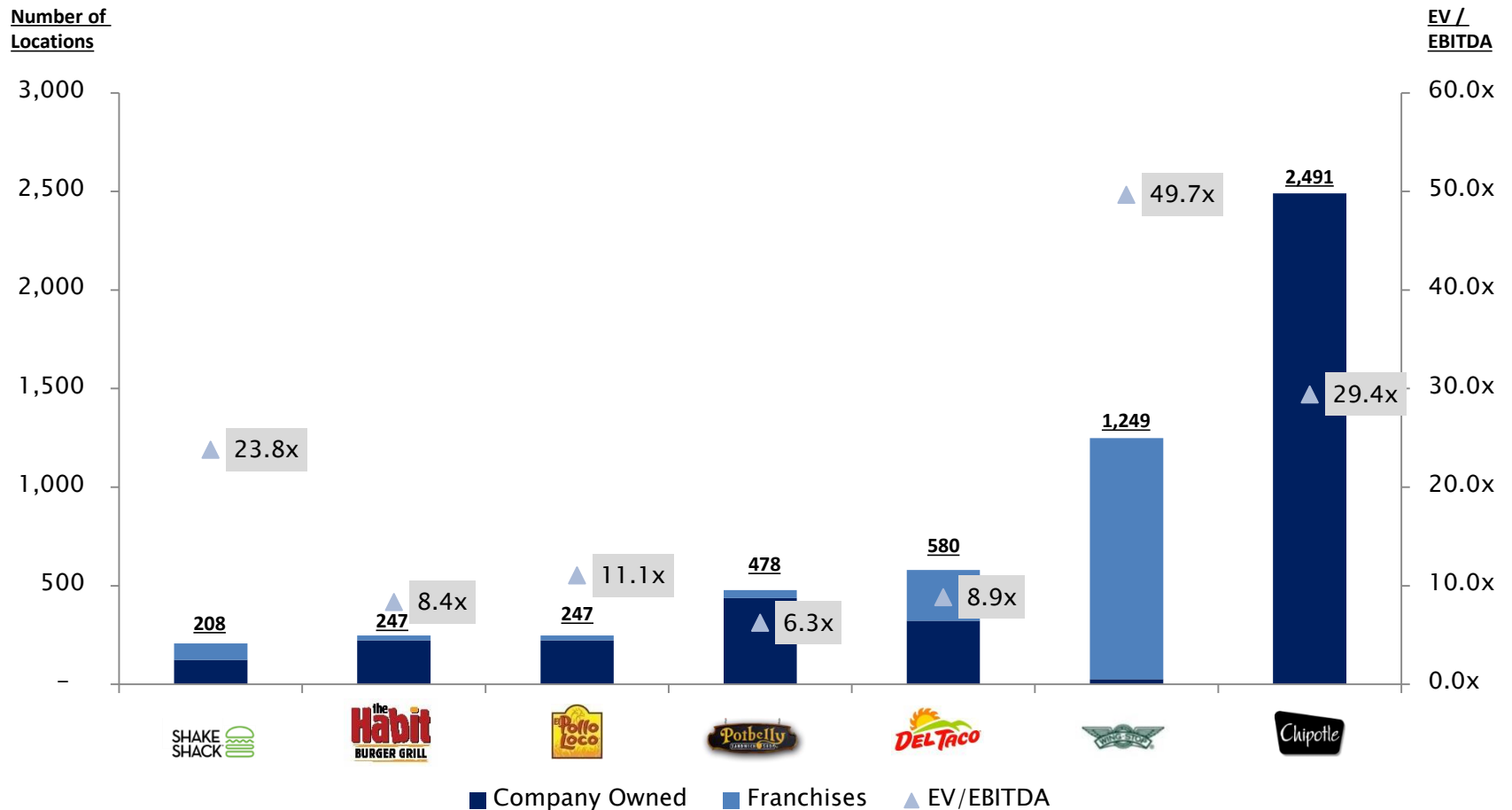
Fast Casual concepts have been growing rapidly in the restaurant industry

- Fast casual concepts attract customers away from other restaurant segments and, accordingly, are generating faster growth than the overall restaurant industry and increasing market share relative to other segments.



Fast Casual Snapshot

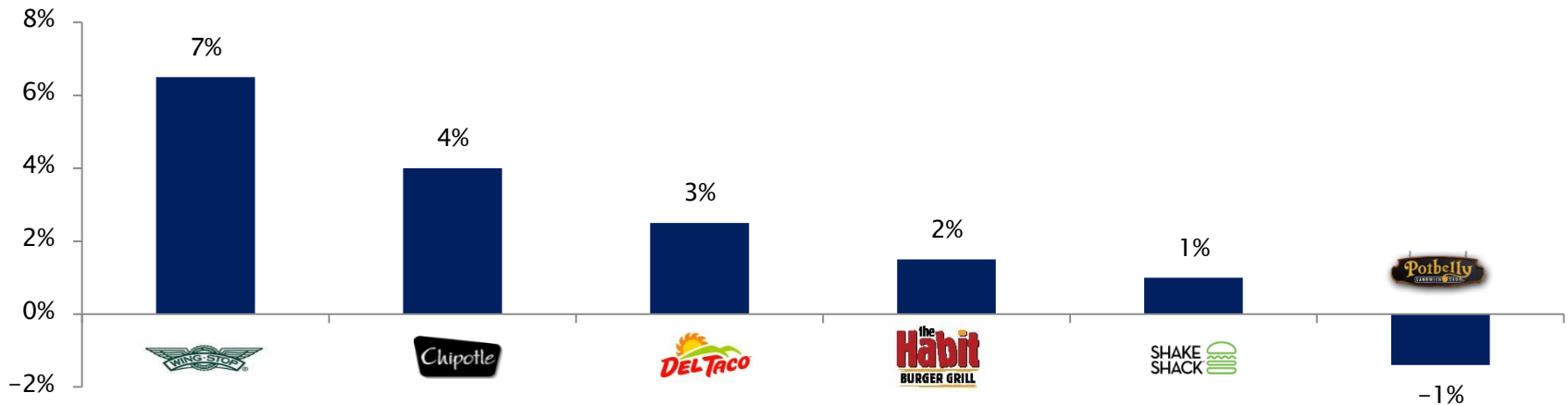
Company-Owned / Franchise Locations



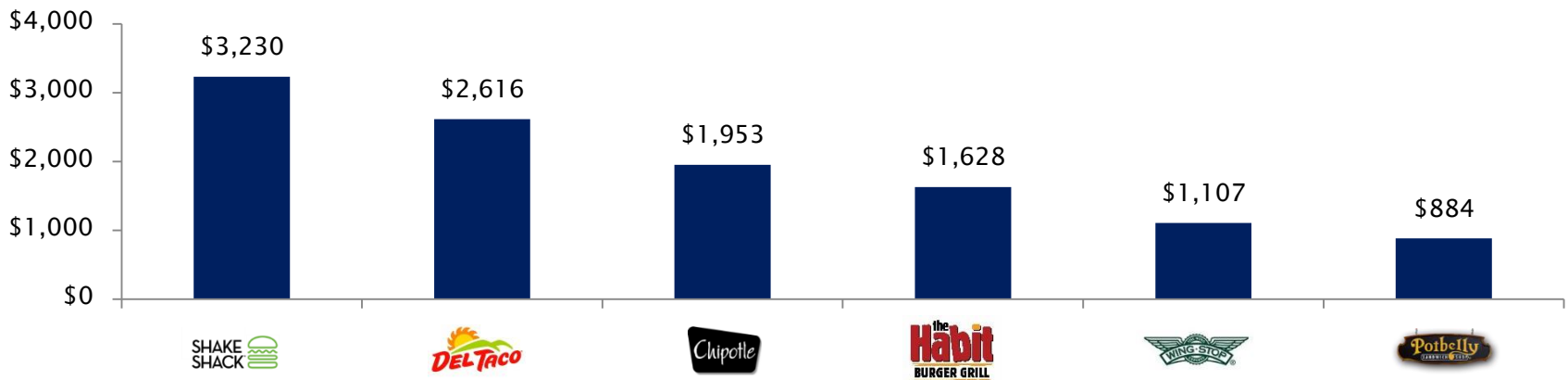
Source: Public Company Filings.
As of Q4 2018.

Fast Casual Snapshot (continued)

YTD Same-Store-Sales Growth



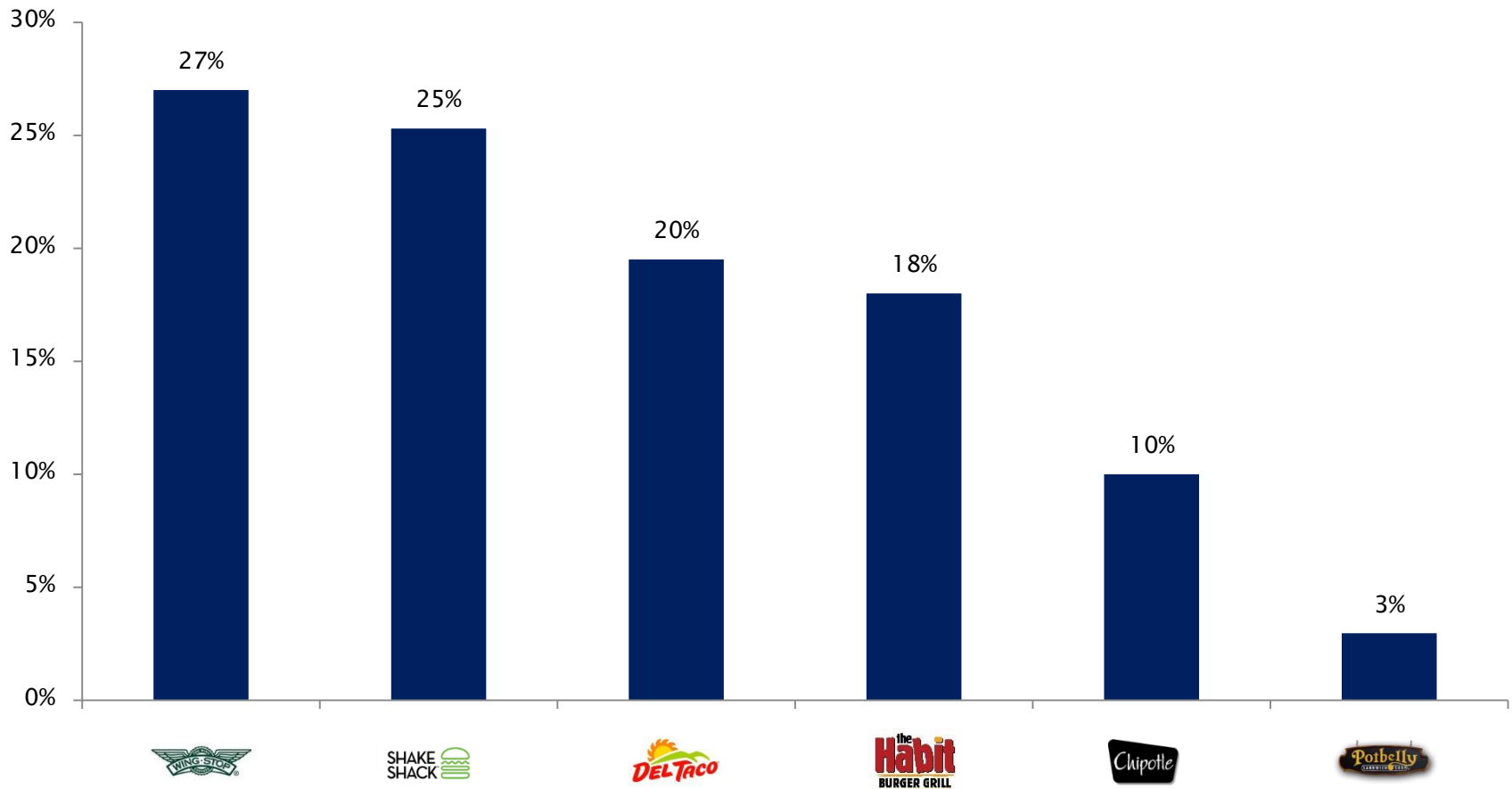
Average Unit Volume (\$ in thousands)



Source: Public Company Filings & Wall Street Research.
As of Q4 2018.

Fast Casual Snapshot (continued)

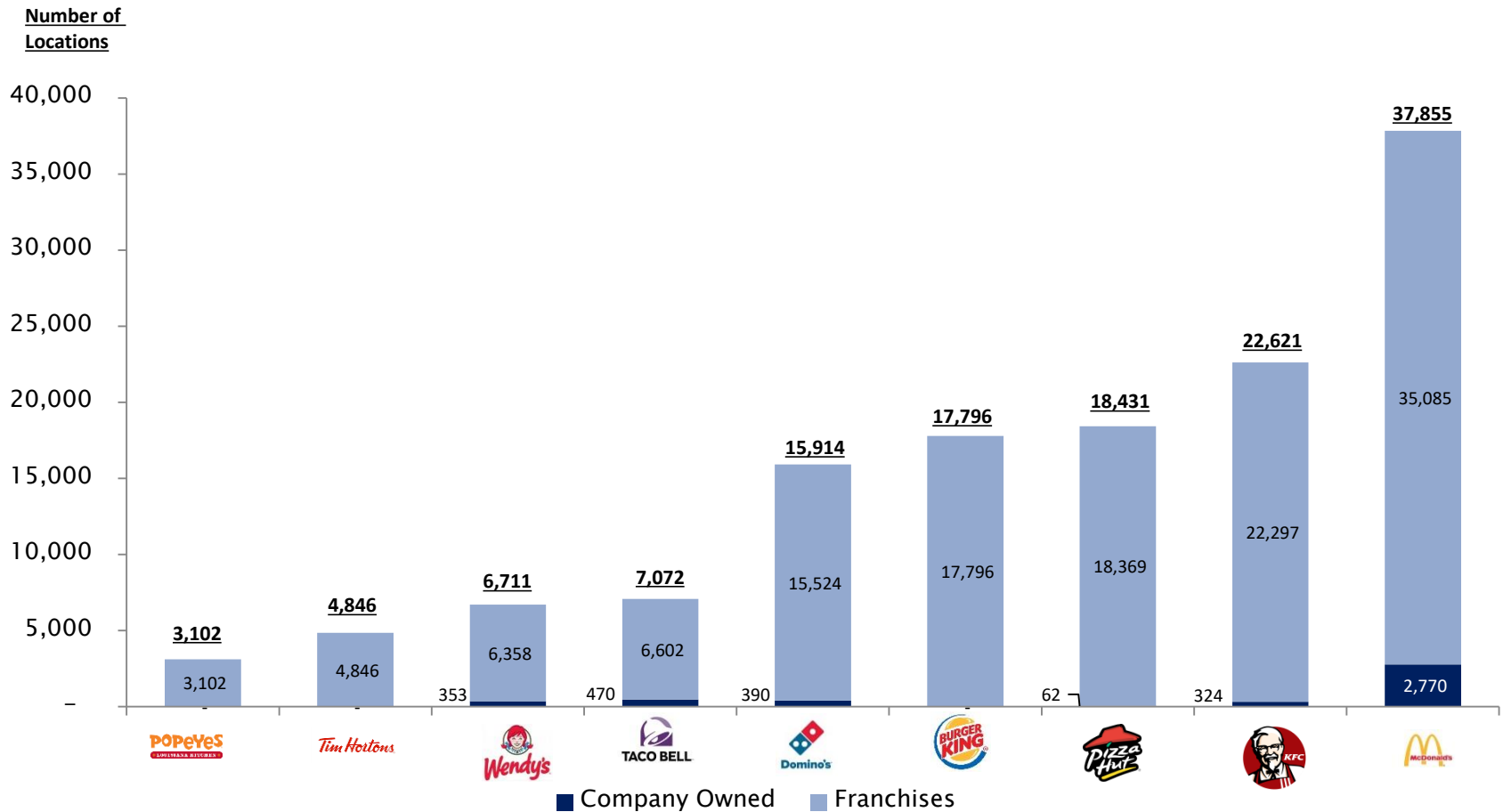
Restaurant-Level EBITDA Margin



Source: Public Company Filings & Wall Street Research.
As of Q4 2018.

Quick Service Snapshot

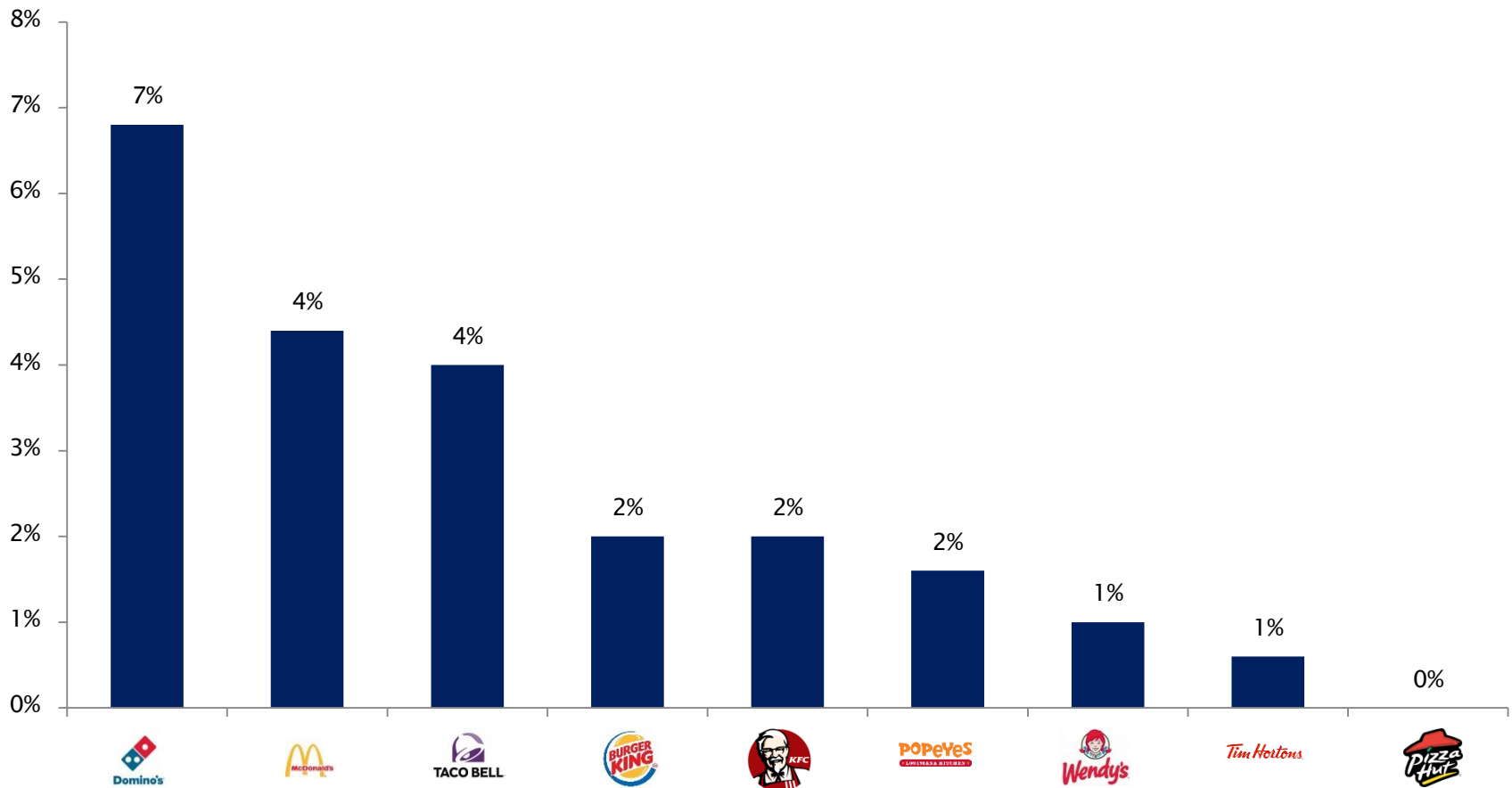
Company-Owned / Franchise Locations



Source: Public Company Filings.
As of Q4 2018.

Quick Service Snapshot (continued)

YTD Same-Store-Sales Growth



Source: Public Company Filings & Wall Street Research.
As of Q4 2018.

Selected Public Trading Comparables

Selected Public Trading Comparables

(\$ in millions)

Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
Fast Casual								
Chipotle Mexican Grill, Inc.	\$17,453	\$16,776	3.4x	30.0x	47.0x	51.3x	33%	11%
Wingstop Inc.	\$1,961	\$2,260	14.8x	50.0x	55.2x	87.0x	57%	30%
Shake Shack Inc.	\$1,566	\$1,547	3.4x	24.5x	45.3x	90.7x	39%	14%
El Pollo Loco Holdings, Inc.	\$502	\$569	1.3x	9.5x	13.6x	17.5x	22%	14%
Fiesta Restaurant Group, Inc.	\$364	\$438	0.6x	7.0x	17.3x	18.9x	21%	9%
Del Taco Restaurants, Inc.	\$383	\$547	1.1x	8.7x	13.7x	18.3x	26%	13%
Noodles & Company	\$318	\$364	0.8x	11.7x	46.4x	67.0x	16%	7%
The Habit Restaurants, Inc.	\$234	\$255	0.6x	7.7x	30.1x	100.4x	19%	8%
Potbelly Corporation	\$199	\$180	0.4x	6.1x	27.9x	38.2x	29%	7%
Fast Casual Median	\$364	\$438	0.8x	8.7x	27.9x	38.2x	22%	11%
Mass Casual								
Darden Restaurants, Inc.	\$13,517	\$14,349	1.7x	12.7x	17.4x	18.6x	22%	14%
Texas Roadhouse, Inc.	\$4,283	\$4,090	1.7x	14.0x	21.4x	23.9x	19%	12%
Cracker Barrel Old Country Store, Inc.	\$3,718	\$3,949	1.3x	10.3x	13.9x	16.5x	34%	13%
Brinker International, Inc.	\$1,647	\$2,903	0.9x	7.4x	11.9x	11.1x	17%	12%
Bloomin' Brands, Inc.	\$1,852	\$2,883	0.7x	7.7x	15.7x	13.1x	16%	9%
Dine Brands Global, Inc.	\$1,575	\$2,877	3.7x	13.8x	16.3x	12.6x	45%	27%
The Cheesecake Factory Incorporated	\$2,009	\$2,105	0.9x	9.3x	15.9x	17.7x	41%	10%
BJ's Restaurants, Inc.	\$1,007	\$1,072	1.0x	8.1x	17.4x	21.5x	17%	12%
Denny's Corporation	\$1,079	\$1,395	2.2x	13.5x	18.3x	25.7x	35%	16%
Red Robin Gourmet Burgers, Inc.	\$370	\$555	0.4x	4.6x	21.6x	20.5x	20%	9%
Biglari Holdings Inc.	\$419	\$581	0.7x	27.4x	NM	NM	18%	3%
Chuy's Holdings, Inc.	\$373	\$362	0.9x	10.3x	23.2x	24.1x	16%	9%
Luby's, Inc.	\$44	\$91	0.3x	NM	NM	0.0x	27%	-1%
Kona Grill, Inc.	\$13	\$42	0.3x	6.2x	NM	NM	13%	4%
Famous Dave's of America, Inc.	\$50	\$42	0.8x	5.7x	6.9x	17.2x	28%	14%
Mass Casual Median	\$1,079	\$1,395	0.9x	9.8x	16.8x	17.7x	20%	12%

Source: Peakstone & Capital IQ, as of 2/28/2019.

Selected Public Trading Comparables (continued)

Selected Public Trading Comparables

(\$ in millions)

Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
Fine Dining								
Ruth's Hospitality Group, Inc.	\$745	\$781	1.7x	10.9x	14.7x	17.6x	28%	16%
Del Frisco's Restaurant Group, Inc.	\$267	\$596	1.6x	27.5x	NM	NM	20%	6%
The ONE Group Hospitality, Inc.	\$84	\$94	1.2x	15.9x	32.6x	11.5x	23%	7%
Fine Dining Median	\$267	\$596	1.6x	15.9x	23.6x	14.6x	23%	7%
Coffee and Other								
Starbucks Corporation	\$87,114	\$91,259	3.6x	16.9x	22.7x	25.3x	29%	20%
Dunkin' Brands Group, Inc.	\$5,820	\$8,352	6.3x	18.2x	20.2x	23.8x	52%	34%
Coffee and Other Median	\$46,467	\$49,806	5.0x	17.5x	21.4x	24.5x	41%	27%
Quick Service								
McDonald's Corporation	\$139,158	\$169,379	8.1x	16.6x	19.4x	22.3x	51%	48%
YUM! Brands, Inc.	\$30,022	\$39,781	7.0x	20.9x	22.6x	25.6x	47%	33%
Restaurant Brands International Inc.	\$15,742	\$29,048	5.4x	13.5x	14.8x	22.7x	58%	40%
Domino's Pizza, Inc.	\$9,850	\$13,357	3.9x	22.0x	23.3x	26.3x	28%	18%
The Wendy's Company	\$3,790	\$6,143	4.9x	15.7x	23.3x	27.1x	47%	30%
Jack in the Box Inc.	\$1,966	\$3,018	3.5x	11.6x	15.0x	17.4x	41%	30%
Papa John's International, Inc.	\$1,437	\$2,059	1.3x	16.1x	25.3x	40.5x	22%	8%
Carrols Restaurant Group, Inc.	\$369	\$645	0.5x	6.7x	17.0x	41.0x	18%	8%
Quick Service Median	\$6,820	\$9,750	4.4x	15.9x	21.0x	26.0x	44%	30%
Restaurant Total Median	\$1,078	\$1,395	1.6x	15.9x	21.4x	24.5x	23%	12%

Source: Peakstone & Capital IQ, as of 2/28/2019.

Selected U.S. Restaurant Industry Transactions

Selected Restaurant Transactions

Date	Target/Issuer	Transaction Size (\$mm)	Buyers/Investors	EV/EBITDA	Transaction Comments
12/20/2018	11 Restaurants in Georgia of Origin Development Group	-	Simply Southern Restaurant Group, Inc.	-	Simply Southern Restaurant Group, Inc. acquired 11 restaurants in Georgia of Origin Development Group on December 20, 2018.
12/17/2018	MarketPlace Grill	-	Clean Plate Restaurants, Inc.	-	Clean Plate Restaurants, Inc. acquired MarketPlace Grill from Dave Godwin and family on December 16, 2018.
12/14/2018	SJBF LLC	\$10	Bee Good, Inc.	-	Bee Good, Inc. acquired 15% stake in SJBF LLC for \$10 million on December 14, 2018.
12/14/2018	Humble Pie, LLC	-	Cornwell Development Partners, LLC	-	Cornwell Development Partners acquired Humble Pie, LLC from Tom Kaufman, Rich Sullivan, Patrick King, Dave Dabruzzi, Tim Valencia and Tony Eden on December 4, 2018.
12/13/2018	69 Restaurants in North and South Carolina	-	Dine Brands Global, Inc. (NYSE:DIN)	-	Dine Brands Global, Inc. (NYSE:DIN) acquired 69 Restaurants in North and South Carolina from Apple Gold, Inc. on December 12, 2018.
12/12/2018	Finezza Italian Bistro	-	-	-	Chuck Cinelli and Joan Cinelli acquired Finrezza on December 12, 2018.
12/6/2018	Tesoro Pizzeria & Restaurant	-	-	-	Johanna Harvey and Mark Greenleaf acquired Tesoro Pizzeria & Restaurant from Fortunata and Rocco Agrusa in November 2018.

Source: Capital IQ & Wall Street Research.

Selected U.S. Restaurant Industry Transactions (continued)

Selected Restaurant Transactions

Date	Target/Issuer	Transaction Size (\$mm)	Buyers/Investors	EV/EBITDA	Transaction Comments
12/5/2018	368 Arby's Restaurant Locations of United States Beef Corporation	-	RB American Group LLC	-	RB American Group LLC acquired 368 Arby's restaurant locations of United States Beef Corporation on December 5, 2018.
11/29/2018	Thirteen stores in the Dallas, Texas	-	Tom Lovelace Company, LLC	-	Tom Lovelace Company, LLC acquired Thirteen stores in the Dallas, Texas from Papa Murphy's Holdings, Inc. (NasdaqGS:FRSH) on November 29, 2018.
11/28/2018	Pigskin Brewing Company LLC	-	Multiple Brewing Company LLC	-	Multiple Brewing Company acquired Pigskin Brewing Co. from Firas Habli on November 28, 2018.
11/27/2018	Max Brenner International, LLC	-	United Cinemas Australia Pty Ltd	-	United Cinemas Australia Pty Ltd acquired Max Brenner International Inc. on November 27, 2018.
11/25/2018	PFC Systems Inc.	\$1	-	-	John Park acquired Burrito Loco from Greg Pillsbury for \$1 million on November 20, 2018.
11/21/2018	Texaz Grill, Inc.	-	-	-	The Nguyen family acquired Texaz Grill from Steve Freidkin on November 21, 2018.
11/21/2018	Green Bar & Kitchen, LLC	-	Damn Good Hospitality Group LLC	-	Damn Good Hospitality Group acquired Green Bar & Kitchen from Elena Pezzo and Charlie Grippo in October 2018.

Source: Capital IQ & Wall Street Research.

Selected U.S. Restaurant Industry Transactions (continued)

Selected Restaurant Transactions

Date	Target/Issuer	Transaction Size (\$mm)	Buyers/Investors	EV/EBITDA	Transaction Comments
11/7/2018	El Mirador Restaurant, Ltd.	\$3	-	-	Lisa Wong acquired El Mirador Restaurant, Ltd. from Chris Hill for over \$3 million on November 7, 2018.
11/6/2018	Bojangles', Inc.	\$772	The Jordan Company, L.P.; Durational Capital Management LP	-	Durational Walker LP, a fund managed by Durational Capital Management LP and The Resolute Fund IV, L.P., a fund managed by The Jordan Company LP entered into a definitive agreement to acquire Bojangles' Inc. (NASDAQ:BOJA) from Advent International Corporation and others for approximately \$610 million on November 5, 2018.
11/6/2018	16 Restaurants in the Columbus, Ohio	\$21	The Wendy's Company (NasdaqGS:WEN)	-	The Wendy's Company (NasdaqGS:WEN) acquired 16 Restaurants in the Columbus, Ohio for \$21.4 million during the third quarter of 2018.
11/5/2018	Ticket Sports Pubs Inc.	-	Mad Dogs Restaurant Group	-	Mad Dogs Restaurant Group acquired Ticket Sports Pub on November 5, 2018.
11/2/2018	All Assets of Movie Tavern, Inc.	\$126	Marcus Theatres Corporation	-	Marcus Theatres Corporation entered into an asset purchase agreement to acquire all assets of Movie Tavern, Inc. for approximately \$130 million on November 1, 2018.
11/1/2018	LRI Holdings, Inc.	-	CraftWorks Restaurants & Brewery, Inc.	-	Craftworks Restaurants & Breweries acquired Logan's Roadhouse on November 1, 2018.
11/1/2018	Eight company-owned restaurants of UNO Restaurants, LLC	-	MV Pizza LLC	-	MV Pizza LLC acquired Eight company-owned restaurants from Uno Restaurants LLC on November 1, 2018.

Source: Capital IQ & Wall Street Research.

Commitment to the Restaurant Industry



Peakstone Momentum

  M&A Advisor PEAKSTONE	 <small>Every Mattress Needs Protection™</small>   M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	 Strategic Investor M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE	  M&A Advisor PEAKSTONE
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About Peakstone

Peakstone is an investment bank that specializes in mergers and acquisitions advisory and capital raising for middle market clients. Our team is comprised of senior investment banking professionals who have decades of experience and have executed hundreds of transactions totaling billions of dollars. For additional information, visit www.peakstone.com.

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