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Restaurant Industry Insight Spotlight on Fast Casual & Quick Service

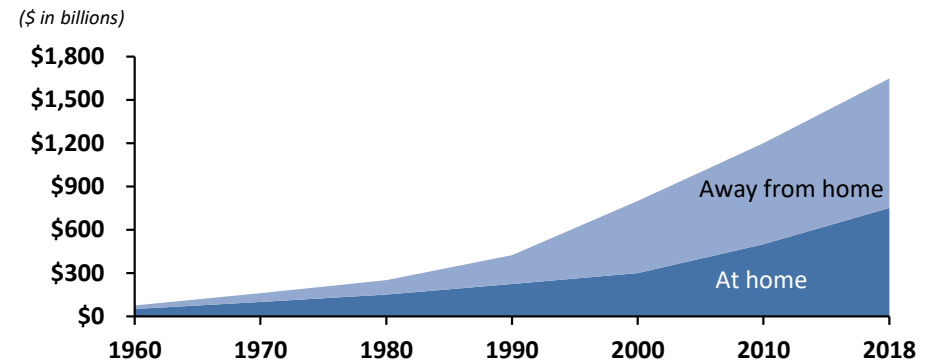
May 2020

Restaurant – Covid-19 Impact

Overview

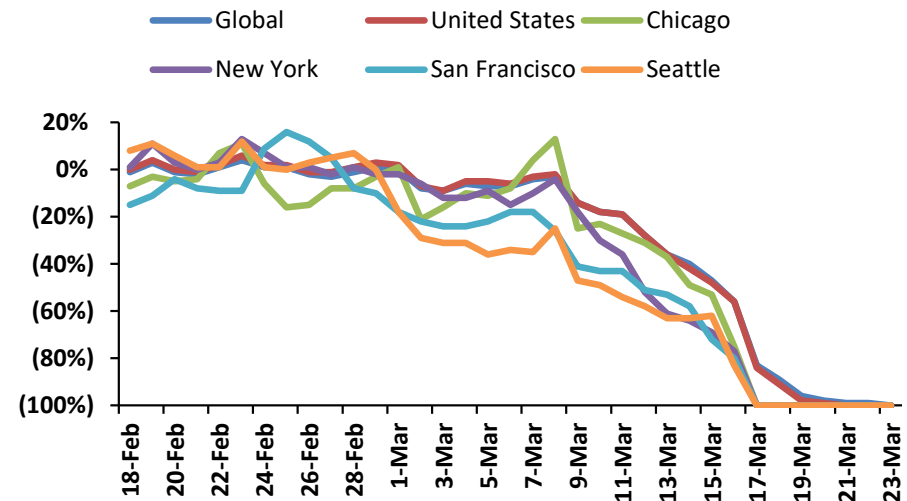
- Various government mandates to stay at home and “shelter in place” have sent shockwaves through the food and restaurant industry, immediately reversing the 70-year trend towards away-from-home eating
- U.S. consumers are increasingly shifting preference towards meal kit delivery and on-line grocery delivery options
- Restaurants face unique challenges pivoting to carryout/delivery, according to the research firm Technomic, as not all food travels well and a restaurant’s atmosphere competitive advantage is eliminated through delivery or takeout
- Darden Restaurants, Inc.’s says same-store sales are down nearly 60% as the restaurant conglomerate scrambles to modify their business to be delivery or curbside pick-up
- The U.S. has seen record unemployment claims in late March/early April 2020 – many of these claims from furloughed restaurant employees
- According to Homebase, a free scheduling and time tracking tool for small businesses, the total number of hours worked for local businesses in the food and drink sector had dropped 40% by March 17, while the number of hourly workers overall declined 45%

Food Expenditures: At Home vs. Away from Home (U.S.)



Spending on food away from home continued to outpace food-at-home spending through 2018











YoY Change in Seated Diners (Opentable Network)



Restaurant M&A Update

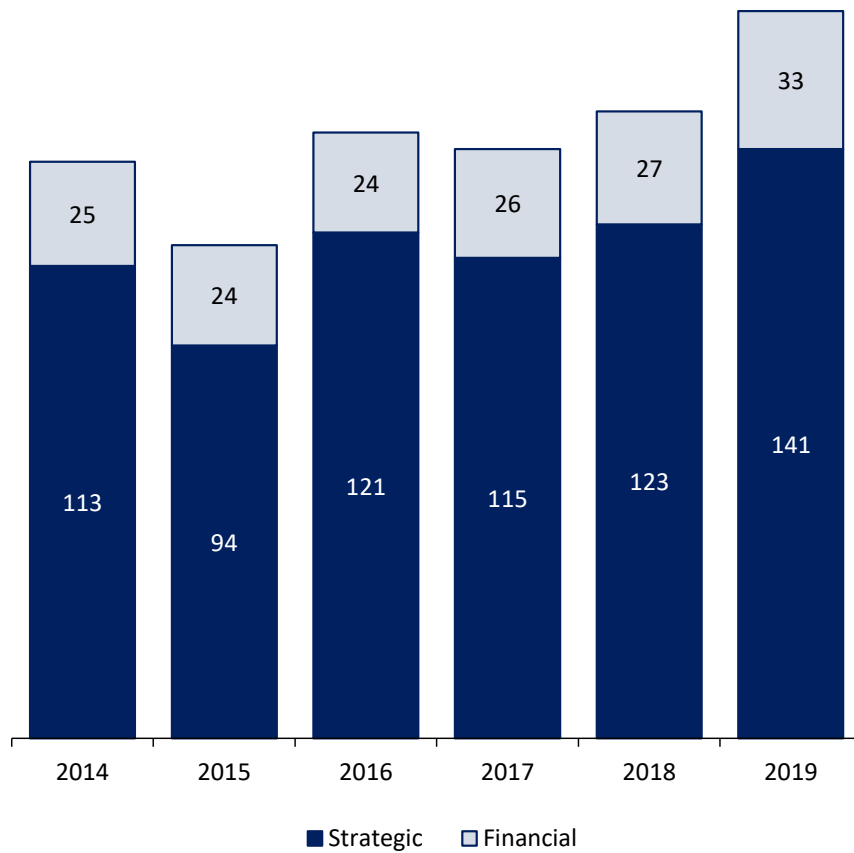
For 2019, strategic buyers accounted for 81% of Restaurant M&A transactions. During 2018, strategic buyers accounted for 82% of the transactions.

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

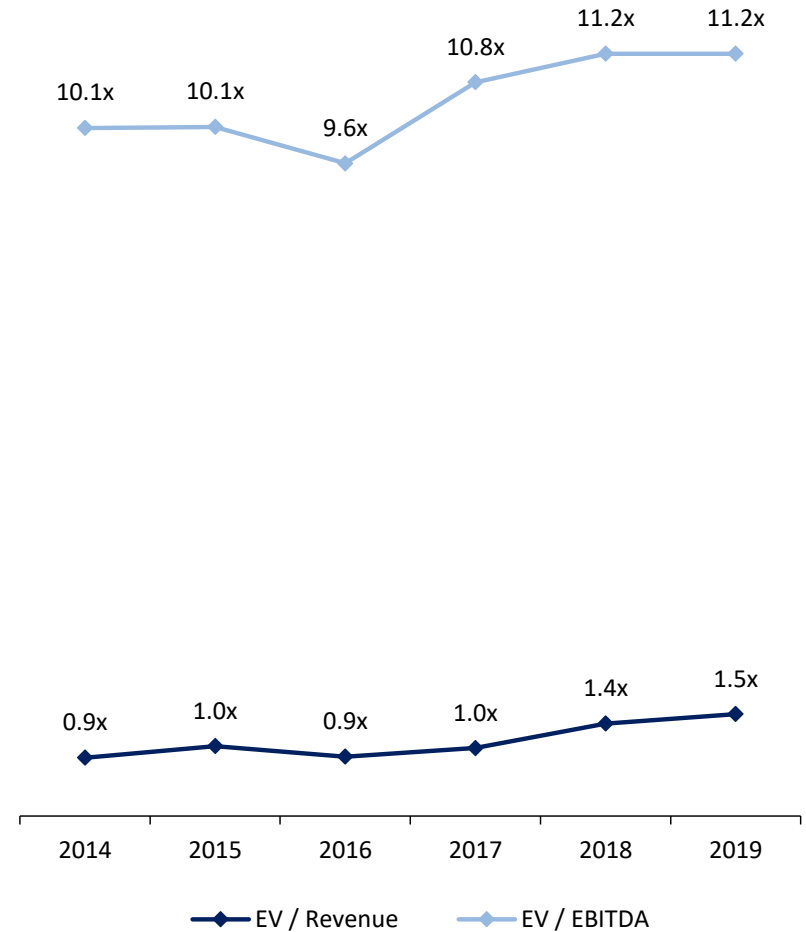
Date	Status	Target	Transaction Size	Buyer
Mar-2020	Announced		\$138 million	 FORTRESS
Feb-2020	Announced		\$50 million	
Jan-2020	Announced		\$587 million	
Nov-2019	Closed		\$181 million	
Jul-2019	Closed		\$223 million	

U.S. Restaurant - M&A Market Overview

U.S. Restaurant Transactions by Buyer Type



U.S. Restaurant Transaction Multiples

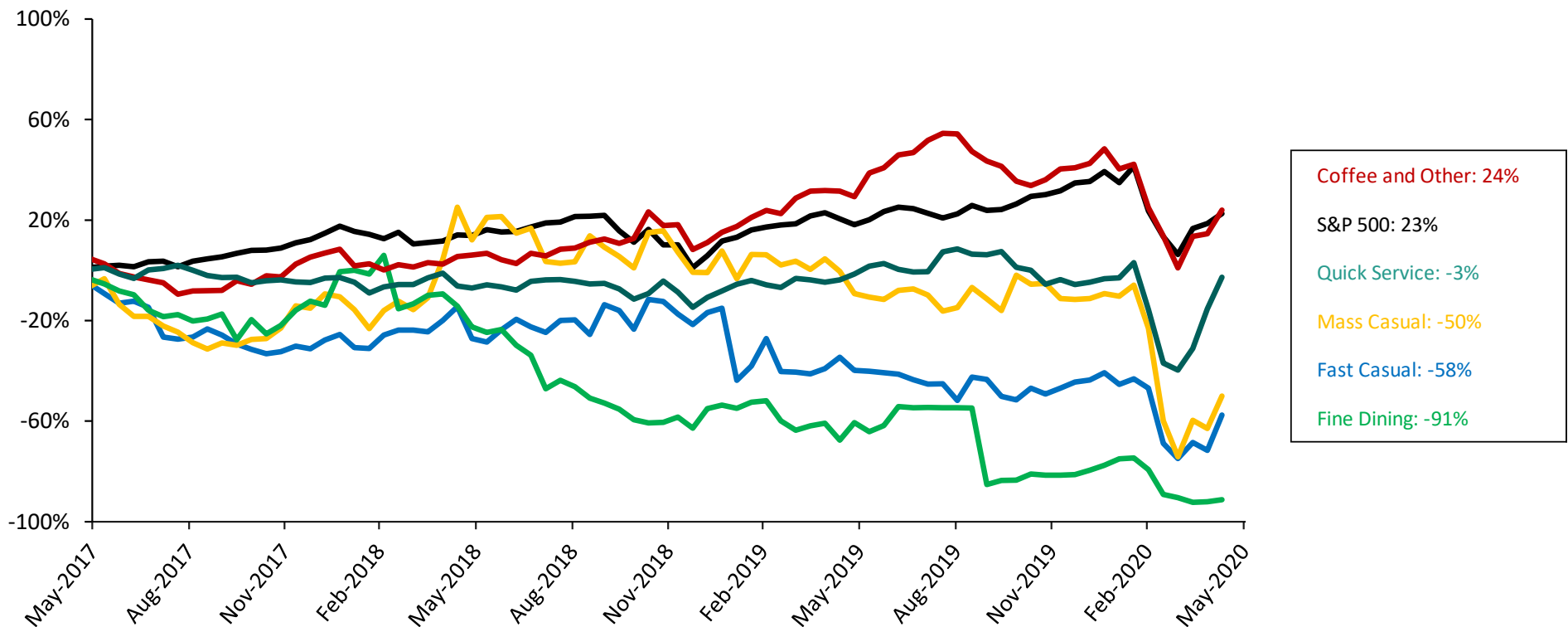


Source: Capital IQ

Peakstone Restaurant Index - Trading Statistics

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

Relative Stock Performance



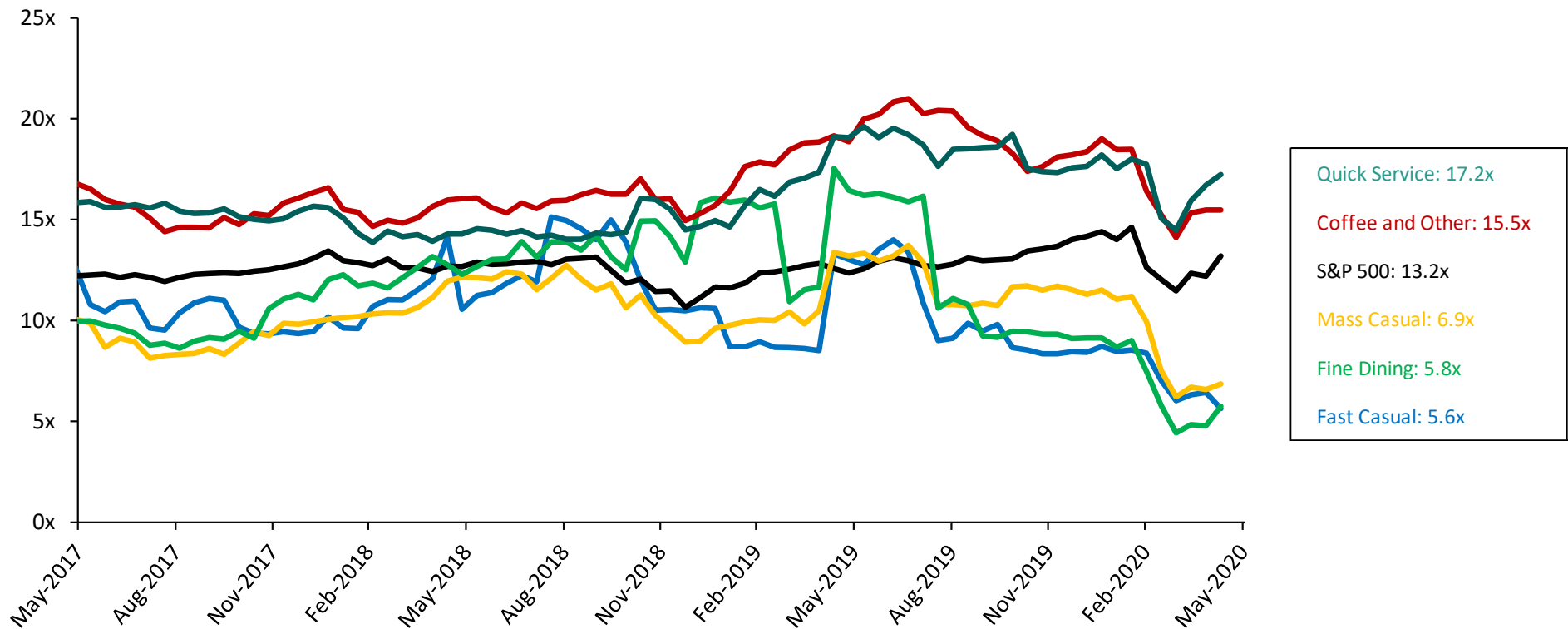
Peakstone Restaurant Index:	
Fast Casual:	BOJA, CMG, FRGI, LOCO, NDLS, PBPB, SHAK, TACO, WING, ZOES
Mass Casual:	BH.A, BJRI, BLMN, CAKE, CBRL, CHUY, DAVE, DENN, DIN, DRI, EAT, KONA, LUB, RRGB, TXRH
Fine Dining:	RUTH, STKS
Coffee & Other:	DNKN, SBUX
Quick Service:	DPZ, JACK, MCD, PZZA, QSR, TAST, WEN,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

Source: Capital IQ, data as of May 2020

Peakstone Restaurant Index - Trading Statistics

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

Comparable Valuation Trends – Enterprise Value / EBITDA



Peakstone Restaurant Index:

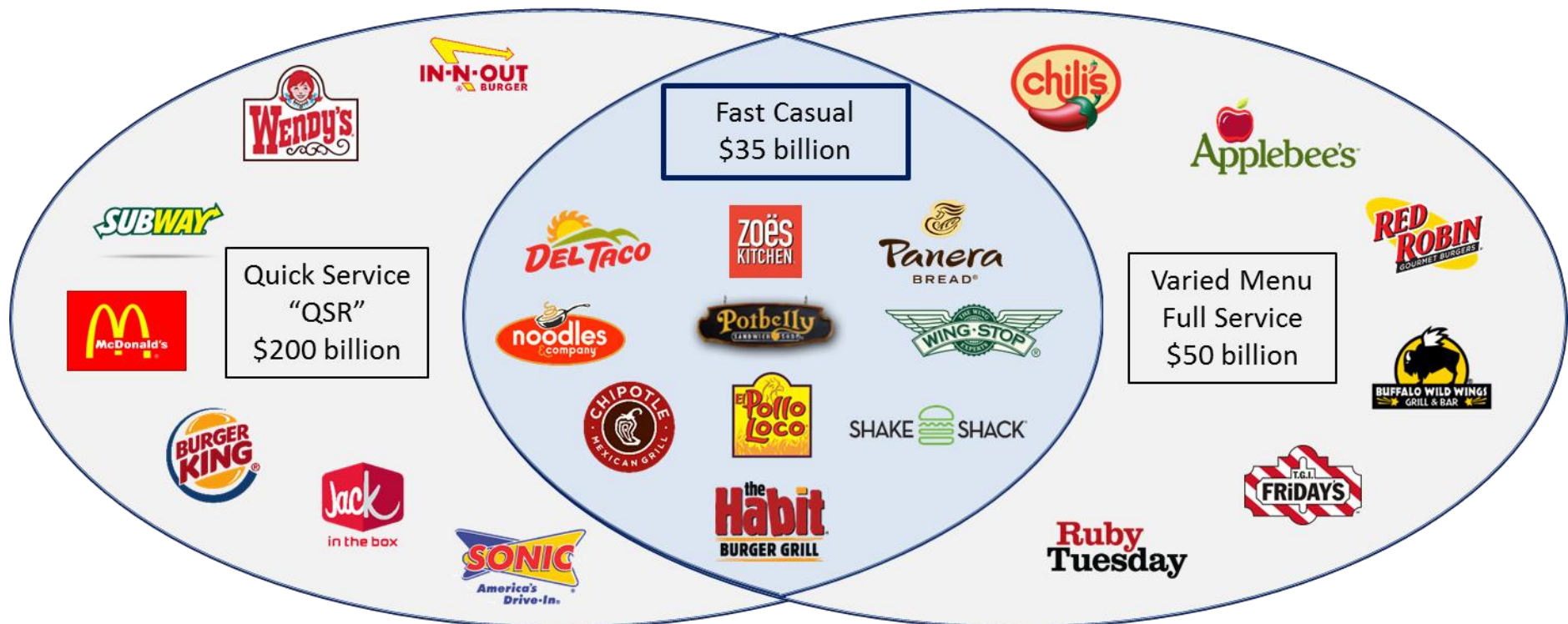
Fast Casual:	BOJA, CMG, FRGI, LOCO, NDLS, PBPB, SHAK, TACO, WING, ZOES
Mass Casual:	BH.A, BJRI, BLMN, CAKE, CBRL, CHUY, DAVE, DENN, DIN, DRI, EAT, KONA, LUB, RRGB, TXRH
Fine Dining:	RUTH, STKS
Coffee & Other:	DNKN, SBUX
Quick Service:	DPZ, JACK, MCD, PZZA, QSR, TAST, WEN, YUM

Source: Capital IQ, data as of May 2020

Industry Landscape

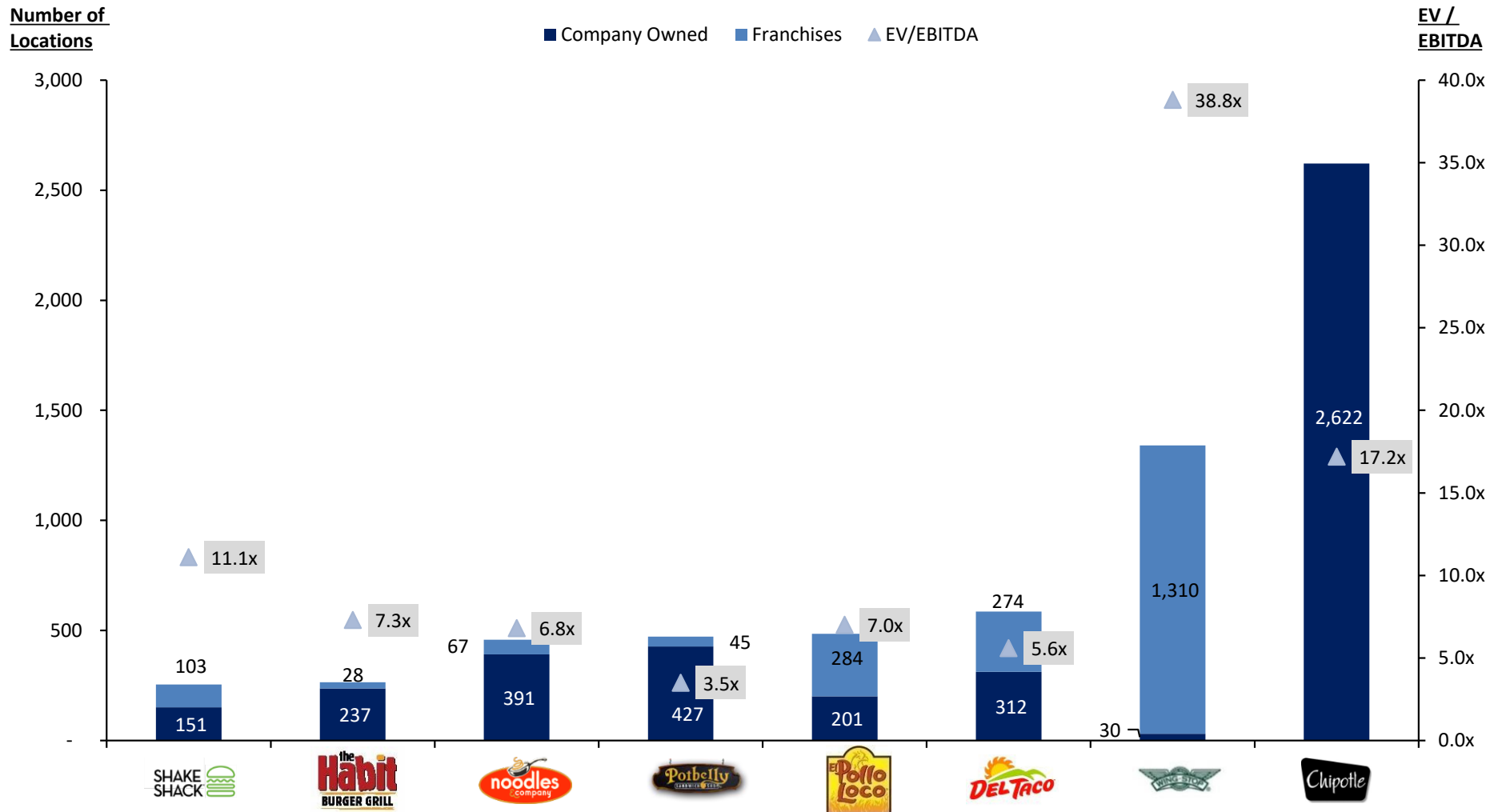
Fast Casual concepts have been growing rapidly in the restaurant industry

- 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

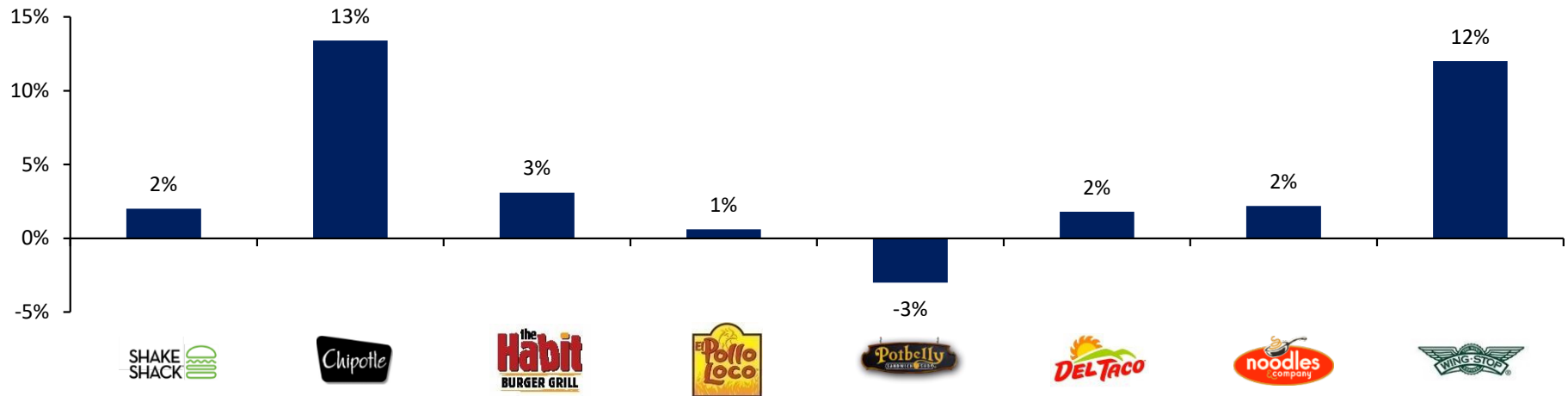
Company-Owned / Franchise Locations



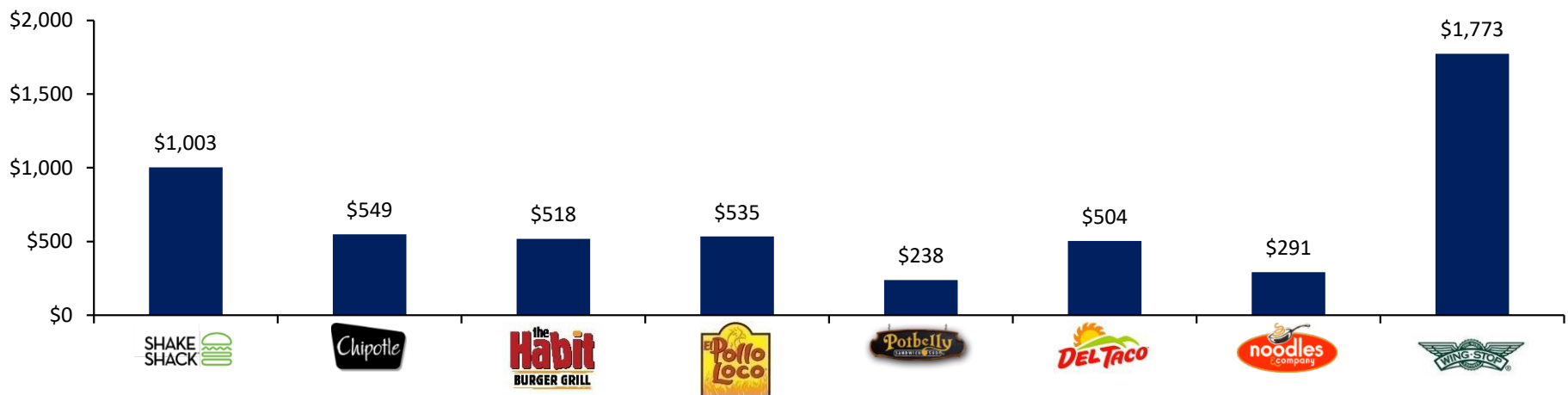
Source: Public Company Filings

Fast Casual Snapshot (continued)

YTD Same-Store-Sales Growth



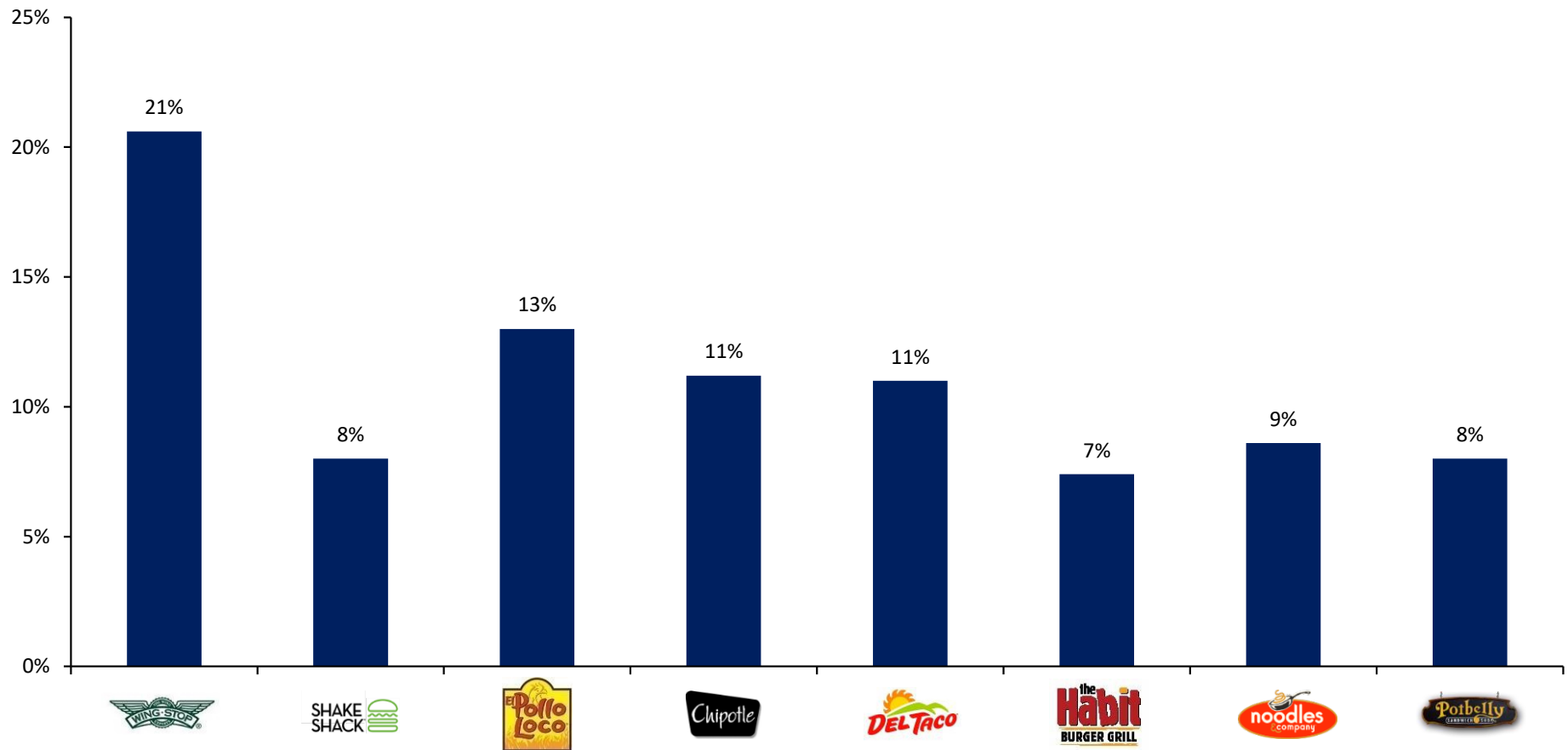
Average Unit Volume (\$ in thousands)



Source: Public Company Filings

Fast Casual Snapshot (continued)

Restaurant-Level EBITDA Margin



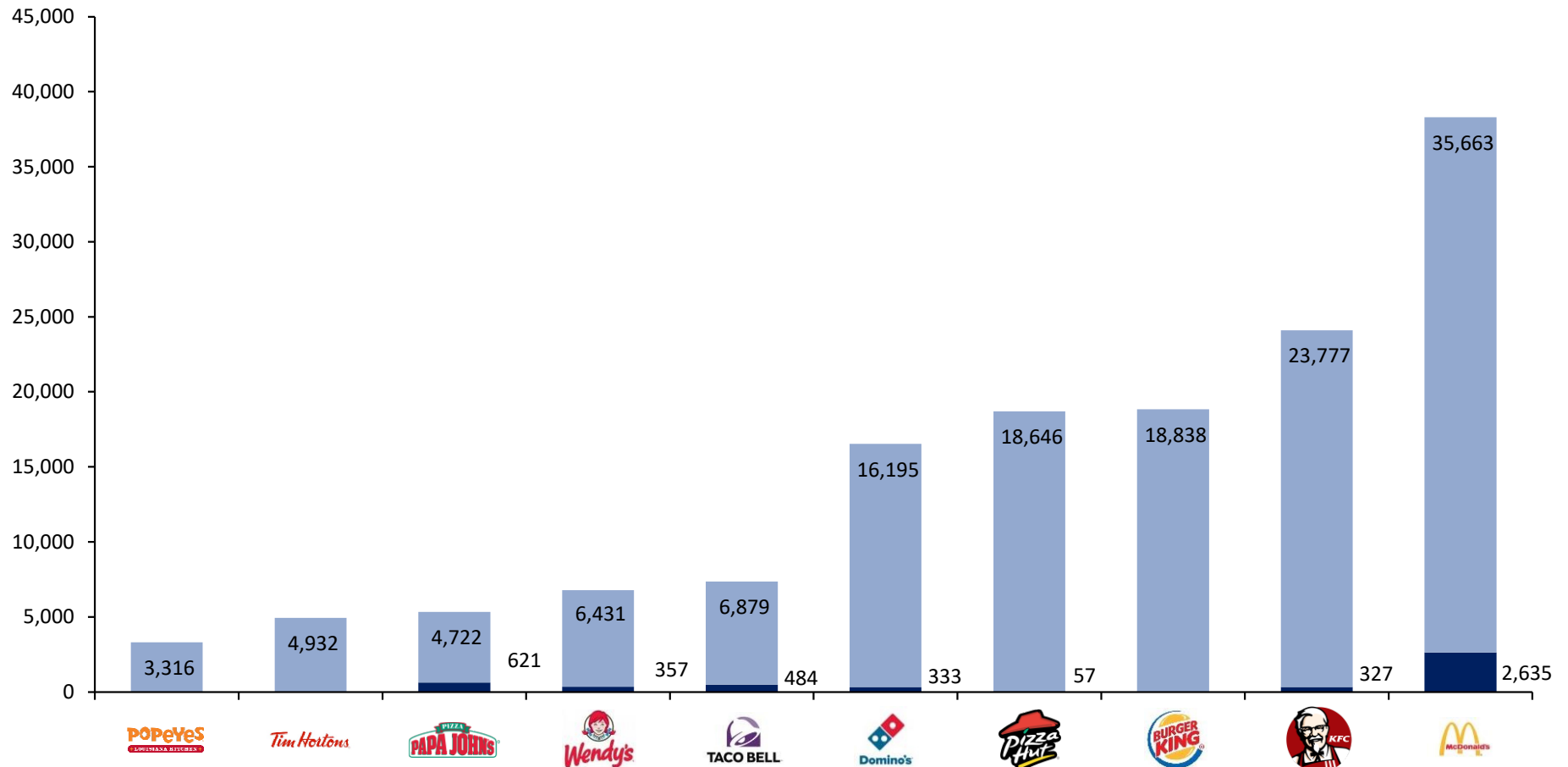
Source: Public Company Filings

Quick Service Snapshot

Company-Owned / Franchise Locations

Number of
Locations

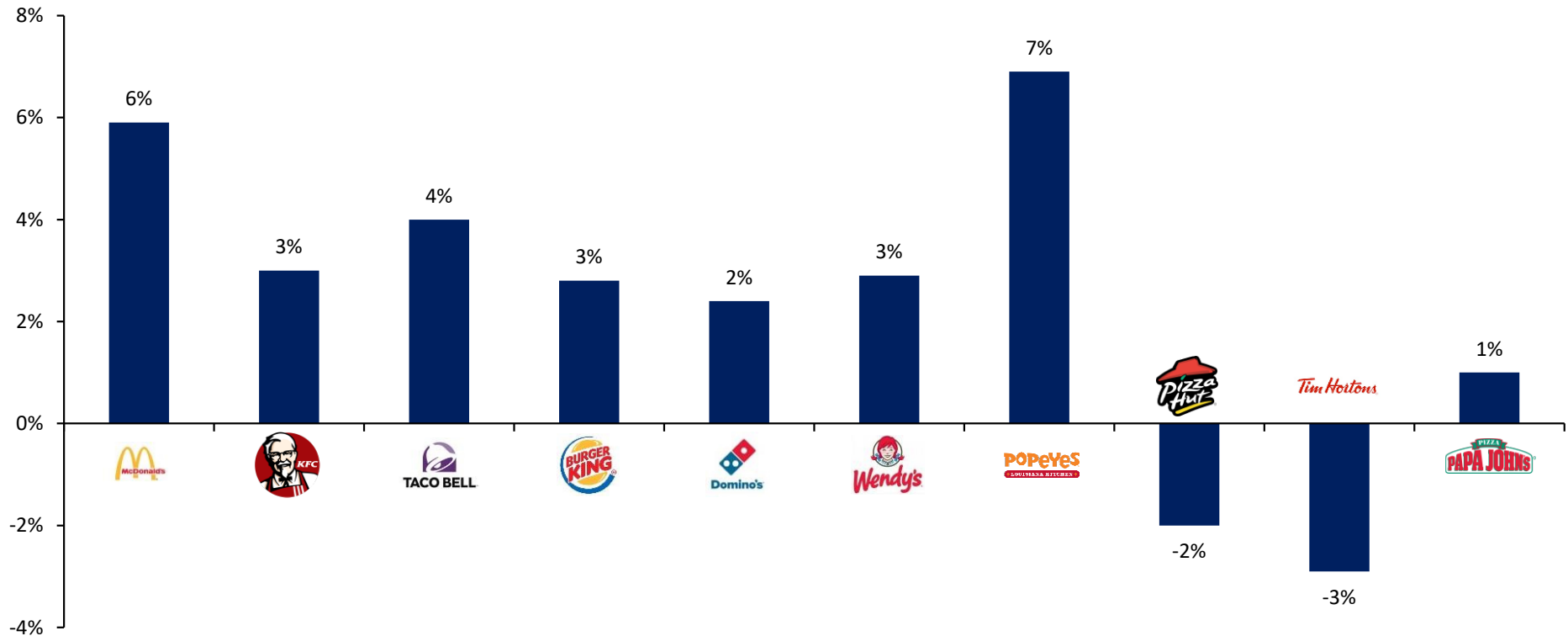
■ Company Owned ■ Franchises



Source: Public Company Filings

Quick Service Snapshot (continued)

YTD Same-Store-Sales Growth



Source: Public Company Filings

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.	\$25,822	\$27,884	4.9x	27.6x	62.2x	99.3x	34%	12%
Wingstop Inc.	3,773	4,069	19.7x	75.9x	90.0x	120.6x	53%	25%
Shake Shack Inc.	2,100	2,439	4.0x	19.5x	96.5x	NM	36%	11%
El Pollo Loco Holdings, Inc.	487	796	1.8x	9.4x	19.3x	29.3x	22%	13%
Del Taco Restaurants, Inc.	213	633	1.2x	7.1x	22.8x	150.1x	19%	10%
Fiesta Restaurant Group, Inc.	197	551	0.9x	5.6x	NM	NM	19%	6%
Noodles & Company	215	301	0.7x	4.2x	29.9x	NM	17%	7%
Potbelly Corporation	72	290	0.7x	3.6x	NM	NM	28%	5%
Fast Casual Median	\$213	\$551	0.9x	5.6x	22.8x	29.3x	20%	10%
Mass Casual								
Darden Restaurants, Inc.	\$9,705	\$15,140	1.7x	11.1x	20.5x	NM	22%	12%
Texas Roadhouse, Inc.	3,300	3,827	1.4x	13.5x	22.9x	NM	17%	10%
Bloomin' Brands, Inc.	966	3,430	0.9x	6.7x	28.0x	NM	15%	8%
Brinker International, Inc.	827	3,377	1.0x	6.3x	15.5x	NM	15%	11%
Cracker Barrel Old Country Store, Inc.	2,272	3,183	1.0x	7.3x	11.4x	NM	35%	13%
The Cheesecake Factory Incorporated	1,020	2,570	1.0x	6.4x	18.8x	NM	40%	7%
Dine Brands Global, Inc.	684	2,397	2.7x	10.1x	12.3x	36.4x	42%	27%
Denny's Corporation	563	1,026	1.9x	10.0x	13.9x	NM	37%	17%
BJ's Restaurants, Inc.	401	1,003	0.9x	6.4x	35.8x	NM	14%	9%
Red Robin Gourmet Burgers, Inc.	184	869	0.7x	4.3x	160.4x	NM	20%	7%
Chuy's Holdings, Inc.	273	488	1.1x	6.9x	26.8x	NM	17%	9%
Biglari Holdings Inc.	203	396	0.6x	4.6x	11.8x	0.0x	24%	11%
Luby's, Inc.	25	101	0.3x	NM	NM	0.0x	26%	0%
BBQ Holdings, Inc.	25	57	0.7x	8.7x	NM	NM	16%	3%
Kona Grill, Inc.	0	37	0.3x	NM	NM	0.0x	10%	0%
Mass Casual Median	\$563	\$1,026	1.0x	6.9x	19.7x	0.0x	20%	9%

Source: Capital IQ, data as of May 2020

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.	\$266	\$580	1.3x	5.8x	14.2x	NM	25%	14%
The ONE Group Hospitality, Inc.	45	181	1.5x	7.3x	23.8x	NM	21%	11%
Fine Dining Median	\$155	\$380	1.4x	6.5x	19.0x	-	23%	12%
Coffee and Other								
Starbucks Corporation	\$90,960	\$111,318	4.2x	16.8x	28.1x	51.0x	27%	19%
Dunkin' Brands Group, Inc.	5,419	8,381	6.1x	14.2x	18.6x	25.7x	52%	35%
Coffee and Other Median	\$48,190	\$59,849	5.1x	15.5x	23.3x	38.3x	39%	27%
Quick Service								
McDonald's Corporation	\$134,755	\$181,686	8.7x	15.2x	20.8x	31.3x	53%	49%
Yum! Brands, Inc.	25,939	36,434	6.5x	17.8x	19.2x	28.7x	50%	36%
Restaurant Brands International Inc.	15,509	29,406	5.3x	15.1x	14.8x	25.1x	58%	39%
Domino's Pizza, Inc.	14,439	18,579	5.1x	24.8x	28.9x	35.0x	28%	19%
The Wendy's Company	4,775	8,298	6.1x	24.0x	30.6x	38.2x	44%	29%
Jack in the Box Inc.	1,486	3,669	3.8x	16.7x	22.6x	24.0x	31%	23%
Papa John's International, Inc.	2,636	3,391	2.1x	22.3x	56.1x	51.2x	29%	7%
Carrols Restaurant Group, Inc.	223	1,564	1.0x	9.1x	NM	NM	14%	4%
Quick Service Median	\$9,607	\$13,438	5.2x	17.2x	22.6x	31.3x	37%	26%
Restaurant Total Median	\$563	\$1,026	1.4x	6.9x	22.6x	30.3x	23%	12%

Source: Capital IQ, data as of May 2020

Selected U.S. Restaurant Industry Transactions

Selected Restaurant Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
03/03/2020	Assets of CraftWorks Restaurants and Breweries, Inc.	\$138	Fortress Credit Corporation	-	Fortress Credit Corporation's affiliates entered into a stalking horse asset purchase agreement to acquire the Assets of CraftWorks Holdings, LLC from CraftWorks Holdings, LLC for approximately \$140 million on March 3, 2020.
02/21/2020	The Palm chain	\$50	Golden Nugget LLC	-	Golden Nugget LLC as a stalking horse bidder agreed to acquire The Palm chain from Just One More Restaurant Corp. for \$50 million on February 21, 2020.
02/12/2020	Assets of Granite City Food & Brewery, Ltd.	\$4	BBQ Holdings, Inc. (NasdaqGS:BBQ)	-	BBQ Holdings, Inc. (NasdaqGS:BBQ) won the bid to acquire assets of Granite City Food & Brewery, Ltd. (OTCPK:GCFB) for \$3.7 million on February 11, 2020. In a related transaction, Landry's, Inc.
02/12/2020	Cadillac Ranch Assets of Granite City Food & Brewery, Ltd.	\$8	Landry's, Inc.	-	Landry's, Inc. won the bid to acquire Cadillac Ranch assets of Granite City Food & Brewery, Ltd. (OTCPK:GCFB) from \$7.5 million on February 11, 2020. In a related transaction, BBQ Holdings, Inc.
01/08/2020	Certain Assets Of US Star 39, LLC	\$1	Newco Dining, LLC	-	Newco Dining, LLC entered into an asset purchase agreement to acquire certain assets of US Star 39, LLC from US Star 39, LLC for \$1.5 million on January 8, 2020. Newco Dining, LLC shall transfer \$1.
01/06/2020	The Habit Restaurants, Inc. (NasdaqGM:HABT)	\$587	Yum! Brands, Inc. (NYSE:YUM)	9.9x	YUM! Brands, Inc. (NYSE:YUM) entered into an agreement to acquire The Habit Restaurants, Inc. (NasdaqGM:HABT) from a group of shareholders for approximately \$370 million on January 5, 2020.
01/03/2020	UNO Chicago Bar & Grill	\$1	Schulze Drive Lodging Partners LLP	-	Schulze Drive Lodging Partners LLP acquired UNO Chicago Bar & Grill for \$1.3 million in August 2019.

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
11/11/2019	Craft Brew Alliance, Inc. (NasdaqGS:BREW)	\$288	Anheuser-Busch Companies, LLC	48.2x	Anheuser-Busch Companies, LLC signed an agreement to acquire remaining 68.9% stake in Craft Brew Alliance, Inc. (NasdaqGS:BREW) for approximately \$230 million on November 11, 2019.
11/06/2019	Diversified Restaurant Holdings, Inc.	\$181	ICV Partners, LLC	10.0x	ICV Partners IV, L.P. managed by ICV Partners, LLC entered into definitive merger agreement to acquire Diversified Restaurant Holdings, Inc. (NasdaqCM:SAUC) from T. Michael Ansley, Jason Curtis and others for \$35 million on November 6, 2019.
11/05/2019	Papa John's International, Inc. (NasdaqGS:PZZA)	\$108	-	17.1x	An unknown buyer acquired 6.01% in Papa John's International, Inc. (NasdaqGS:PZZA) from John H. Schnatter for approximately \$110 million on November 1, 2019.
10/28/2019	Buffalo Wild Wings Restaurant Property Located in Texas	\$2	Four Corners Property Trust, Inc. (NYSE:FCPT)	-	Four Corners Property Trust, Inc. (NYSE:FCPT) acquired Buffalo Wild Wings restaurant property located in Texas for \$2.4 million on October 28, 2019. The transaction was priced at a 6.
10/23/2019	Sundy House	\$40	Pebb Capital	-	Pebb Capital acquired Sundy House for \$40 million on October 23, 2019. Kapp Morrison acted as legal advisor to Pebb Capital.
10/15/2019	Circus Circus Casinos, Inc.	\$825	-	13.3x	Phil Ruffin entered into a definitive agreement to acquire Circus Circus Casinos, Inc. from MGM Resorts International (NYSE:MGM) for approximately \$830 million on October 15, 2019. The purchase price comprises \$662.5 million in cash and a \$162.
10/14/2019	All Assets of Soaring Wings, LLC	\$18	ARC Group, Inc. (OTCPK:RLLY)	-	ARC Group, Inc. (OTCPK:RLLY) entered into an asset purchase agreement to acquire all assets of Soaring Wings, LLC for \$18 million on October 11, 2019. The purchase price is subject to working capital adjustment.

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
10/11/2019	Agincourt Industries, LLC	\$36	Cracker Barrel Old Country Store, Inc. (NasdaqGS:CBRL)	-	Cracker Barrel Old Country Store, Inc. (NasdaqGS:CBRL) acquired Maple Street Biscuit Company for \$36 million on October 10, 2019. The consideration of the transaction will be in an all-cash transaction.
10/03/2019	Applebee's Fishers	\$3	Sky Development Alhambra, LLC	-	Sky Development Alhambra LLC entered into an agreement to acquire Applebee's Fishers from AEI Income & Growth Fund 24 LLC managed by AEI Fund Management XXI, Inc. for \$2.9 million on June 26, 2019. Sky Development will deposit \$0.
10/03/2019	Turfway Park, LLC	\$46	NKYRG, LLC	-	NKYRG, LLC signed a definitive agreement to acquire Turfway Park, LLC from JACK Entertainment LLC and Hard Rock International for \$46 million on October 3, 2019.
09/27/2019	Outback Steakhouse Restaurant Property in Ohio	\$2	Four Corners Property Trust, Inc. (NYSE:FCPT)	-	Four Corners Property Trust, Inc. (NYSE:FCPT) acquired Outback Steakhouse Restaurant Property in Ohio from Washington Prime Group Inc. (NYSE:WPG) for \$2 million on September 27, 2019.
09/26/2019	Jetro Holdings, Inc.	\$750	Fomento Económico Mexicano, S.A.B. de C.V. (BMV:FEMSA UBD)	-	Fomento Económico Mexicano, S.A.B. de C.V. (BMV:FEMSA UBD) signed a non-binding memorandum of understanding to acquire a minority stake in Jetro Holdings, Inc. for \$750 million on September 26, 2019. Jetro Holdings, Inc.
09/13/2019	Marie Callender Pie Shops, LLC	\$2	Elite Restaurant Group, Inc.	-	Elite Restaurant Group, Inc., Bob LaRue and Dave McDonough acquired Marie Callender Pie Shops, LLC from Perkins & Marie Callender's, LLC for \$1.75 million on September 13, 2019.
09/12/2019	Il Fornaio (America) LLC	\$74	Create Restaurants NY Inc.	-	Create Restaurants NY Inc agreed to acquire Il Fornaio (America) LLC from IFCB Holding Corporation for \$74.2 million on September 11, 2019. The transaction agreement was signed on September 12, 2019.

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
09/12/2019	Perkins & Marie Callender's, LLC	\$52	Huddle House, Inc.	-	Huddle House, Inc. agreed to acquire Perkins Restaurant & Bakery from Wayzata Investment Partners LLC and others for \$51.5 million on September 12, 2019. As of August 5, 2019 Perkins & Marie Callender's, LLC filed for Chapter 11 in the U.S.
09/10/2019	Assets of Eat Here Brands, LLC and Associated Entities	\$4	Spell Restaurant Group, LLC	-	Spell Restaurant Group, LLC entered into asset purchase agreement to acquire assets from Eat Here Brands, LLC.
08/30/2019	Substantially All of Restaurants of Kona Grill, Inc. and Affiliated Entities	\$36	The ONE Group Hospitality, Inc. (NasdaqCM:STKS)	-	The ONE Group Hospitality, Inc. (NasdaqCM:STKS) entered into a definitive agreement to acquire substantially all of the assets of Kona Grill, Inc. (OTCPK:KONA.Q), Kona Texas Restaurant, Inc., Kona Sushi, Inc., Kona Restaurant Holdings, Inc.
08/29/2019	McDonald's Restaurant in Virginia	\$3	Four Corners Property Trust, Inc. (NYSE:FCPT)	-	Four Corners Property Trust, Inc. (NYSE:FCPT) acquired McDonald's restaurant in Virginia from Washington Prime Group Inc. (NYSE:WPG) for \$3.4 million on August 29, 2019.
08/29/2019	Assets of Restaurants Unlimited, Inc.	\$37	Landry's, Inc.	-	Landry's, Inc. agreed to acquire Restaurants Unlimited, Inc. for \$37.2 million on August 29, 2019. Landry's stalking horse agreement calls for a breakup fee of more than \$1.1 million.
08/07/2019	Project Service LLC	\$229	TD Greystone Asset Management; Applegreen plc (AIM:APGN); IST3 Investmentstiftung	-	IST3 Investmentstiftung, Applegreen plc and TD Greystone Asset Management entered into a securities purchase agreement to acquire Project Service LLC (CT Service Plazas) from John Laing Infrastructure for an enterprise value of approximately \$230 million on August 7, 2019.
08/05/2019	Business and a Foxtail Bakery Business segment of Perkins & Marie Callender's, LLC	\$40	Perkins Group, LLC	-	Perkins Group, LLC signed an asset purchase agreement to acquire business and a Foxtail Bakery Business segment of Perkins & Marie Callender's, LLC for \$40 million on August 5, 2019.

Source: Capital IQ & Wall Street Research

Commitment to the Restaurant Industry



Peakstone Momentum

 <p>M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>
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 <p>Strategic Investor & Financial Investor M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>
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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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