

2H 2013

# Restaurant Industry Insights

Despite sluggish sales amidst continued economic uncertainty, many expect the restaurant industry to sustain its pace of recovery through 2013, underscoring the industry's flexibility and resilience.

Due to tremendous concept proliferation in an already over-supplied domestic restaurant market, consumers are faced with an abundance of dining-out options, making vying for the consumer dollar increasingly difficult. To compete more effectively, restaurant companies, particularly older, casual dining concepts, are pursuing brand revitalization and menu innovation strategies to create a more compelling consumer value proposition. Many operators have embarked on unit-remodeling strategies, upgrading units to create a more modern feel and rolling out new and smaller prototypes to augment the perception of value and drive traffic. Huddle House, Perkins, Chili's, Uno's and others have launched substantial remodel programs to contemporize their brand and enhance the value proposition. With respect to menu innovation, local sourcing of ingredients and healthier offerings remain at the strategic forefront; however, traditional, limited-time offers, loyalty programs and social media marketing are critical elements to sustaining traffic.

In response to domestic saturation, certain restaurant companies have also begun to test the waters on international market penetration. The burgeoning middle-income population in emerging countries, particularly within Latin America and Asia, presents significant expansion opportunity for established U.S. concepts. Several chains, including Starbucks Corp., Krispy Kreme and Dunkin' Donuts, are tapping the fast-growing Indian market, while other concepts such as Cinnabon, Auntie Anne's, Carvel (Focus Brands) and Charley's Grilled Subs are pursuing franchising opportunities in Latin America with well-established partners.

The fast casual segment continues to take the restaurant industry by storm. Quick-service and full-service casual dining concepts are feeling the pressure from fast casual chains as they grow at breakneck speed. The recent successful initial public offerings of Noodles & Company and Potbelly Corporation highlight the popularity and demand for fast casual concepts. On the heels of these successful IPOs, Focus Brands, Smashburger, Papa Murphy's and Zoe's Kitchen are reportedly contemplating initial public offerings (see source below).

Consistent with the broader U.S. M&A middle market, which is down 2.2% YTD through September 2013, restaurant deal activity has been relatively sparse with only seven change of control transactions completed to date in 2013 compared with 15 total transactions in 2012. While there have been fewer control transactions, the appetite for growth equity investments has been robust. Recent transaction announcements and rumored deals in the making may be a sign of an uptick in activity for the balance of 2013 and heading into 2014. With a likely rising rate environment ahead and given strong valuations and a plethora of capital chasing transactions, many sellers are exploring transactions. The acquisition of Captain D's by Centre Partners marks the latest private equity-backed transaction. Attracted by the growth potential in fast casual, Catterton Partners, a prolific restaurant investor, has made five growth equity investments in the fast casual space in the last 12 months, leveraging its experience with Noodles & Company. These investments include Bruxië (4-unit, waffle sandwich brand), Protein Bar (12-unit protein-focused healthy concept), The Piada Group (14-unit Italian chain) and Snap Kitchen (10-unit healthy takeaway brand). We have also seen growth investments made by other active restaurant sector investors such as The

Beekman Group (Ted's Café Escondido) and Brentwood Associates (Veggie Grill), as well as first-time restaurant investors such as Gridiron Capital (Tokyo Joe's).

While the restaurant sector continues to attract private equity capital, substantial debt financing with flexible terms remains available to experienced restaurant operators who require additional capital to execute unit expansion and store remodel strategies.

Although economic fundamentals are improving, the restaurant sector continues to eagerly anticipate a full-fledged return of the consumer. Until a more sustained consumer recovery emerges, restaurant companies continue to fiercely battle for share of stomach. As we have seen thus far in 2013, restaurant operators are pursuing brand innovation and operational improvement strategies to keep current and competitive, and continue to attract debt and equity capital.

Duff & Phelps professionals have deep experience serving the restaurant industry, providing M&A advisory, capital raising, valuation and restructuring services through a global practice. We will be attending the **Restaurant Finance & Development Conference** in Las Vegas on **November 4 - 6, 2013** and we would be delighted to meet with you.

Contact John Secor at [john.secor@duffandphelps.com](mailto:john.secor@duffandphelps.com) or (212) 277-0134 to arrange a time to meet.

## Selected Restaurant M&A Activity

Restaurant M&A activity has been slow in 2013, but a flurry of transaction announcements over the summer and rumored potential deals may be a sign of increased activity heading into 2014. While control transactions

are down year-over-year in 2013, growth equity investment activity from the private equity community has been significant.

(\$ in millions)

Date Announced	Acquiror	Target	Category	Enterprise Value	Enterprise Value as a Multiple of LTM:		LTM EBITDA Margin	Strategic (S) Financial (F)
					Revenue	EBITDA		
10/08/13	Centre Partners	Captain D's	Casual	\$175	NA	5.8x	NA	F
07/22/13	Roark Capital Group	Miller's Ale House	Casual	315	1.05x	NA	NA	F
06/18/13	Sun Capital / Friendly's	The Johnny Rockets Group, Inc.	Fast Casual	90	NA	NA	NA	S
05/28/13	Landry's Holdings	Mastro's Restaurants	Fine Dining	220	1.69x	10.0x	16.9%	S
02/06/13	Ignite Restaurant Group	Romano's Macaroni Grill	Casual	54	0.14x	NA	NA	S
01/28/13	Le Duff America Inc.	Mimi's Café	Casual	50	0.13x	NA	NA	S
01/02/13	Nimes Capital, LLC	Pacific Island Restaurants	QSR	NA	NA	NA	NA	F
12/20/12	Altamont Capital Partners	Tacala LLC	QSR	NA	NA	NA	NA	F
12/17/12	BDT Capital and JAB Beech	Caribou Coffee Company, Inc.	QSR	310	0.94x	11.4x	8.2%	F
12/10/12	Sterling Investment Partners	Southern California Pizza Company	Casual	NA	NA	NA	NA	F
07/31/12	CIC Partners	Taco Mac	Casual	130	NA	10.0x	NA	F
07/12/12	Darden Restaurants, Inc.	Yard House USA, Inc.	Casual	585	1.79x	13.9x	12.9%	S
06/25/12	American Blue Ribbon Holdings	J. Alexander's Corp.	Casual	100	0.62x	9.0x	6.9%	S
05/28/12	Thomas H. Lee Partners	Fogo de Chão Churrascaria	Fine	400	NA	NA	NA	F
05/22/12	Angelo, Gordon & Co.	Benihana	Polished Casual	275	0.78x	9.1x	8.6%	F
05/01/12	Centerbridge Partners	P.F. Chang's China Bistro	Casual	1,054	0.85x	8.5x	10.0%	F
04/04/12	Justice Holdings Limited	Burger King Worldwide, Inc.	QSR	4,826 <sup>(1)</sup>	2.07x <sup>(1)</sup>	8.4x <sup>(1)</sup>	24.5%	S
04/04/12	Sentinel Capital Partners	Huddle House	Family	80	0.35x	NA	NA	F
03/22/12	Argonne Capital Group	The Krystal Company	QSR	175	0.44x	NA	NA	F
03/06/12	Rosser Capital Partners	Barteca Holdings	Polished Casual	NA	NA	NA	NA	F
02/14/12	Quilvest Group	Anthony's Coal Fired Pizza	Casual	NA	NA	NA	NA	F
02/06/12	American Blue Ribbon Holdings	O'Charley's	Casual	198	0.24x	5.3x	4.5%	S
				<b>Median</b>	<b>0.78x</b>	<b>9.0x</b>	<b>9.3%</b>	
				<b>Mean</b>	<b>0.85x</b>	<b>9.1x</b>	<b>11.6%</b>	

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization  
LTM: Last Twelve Months

Source: SEC filings, Capital IQ, company press releases and various news sources (e.g. Nation's Restaurant News, The Deal, Mergermarket, Wall Street Journal, etc.)

(1) Enterprise value is implied and is based on purchase of stake

## Selected Restaurant Equity Investments

Date Announced	Investor	Concept	Key Transaction Elements
10/01/13	Catterton Partners	Protein Bar	\$22 million investment in a 12-unit protein-focused healthy concept based in Chicago
09/30/13	Catterton Partners	Bruxië	4-unit gourmet waffle sandwich concept based in Orange County, CA
09/27/13	Catterton Partners	The Piada Group	14-unit Ohio-based fast casual Italian eatery
09/10/13	Catterton Partners	Snap Kitchen	10-unit "healthy takeaway brand"
07/29/13	Brentwood Associates	Lazy Dog Restaurant & Bar	Significant investment in a popular 12-unit West Coast-based concept serving family favorite foods
07/09/13	Beekman Group	Ted's Café Escondido	Well-recognized 6-unit casual dining Tex-Mex brand based in Oklahoma City
05/01/13	Gridiron Capital	Tokyo Joe's	Denver, CO-based fast casual modern Asian restaurant chain with 26 units
01/08/13	Morehead Capital	Chop't Creative Salad Company	\$41 million investment in growing fast casual salad chain with 22 units
01/04/13	Catterton Partners	Primanti Bros. Restaurant Corp.	Iconic Pittsburgh, PA-based restaurant sandwich shop chain with 20 units
12/28/12	Brentwood Associates	Veggie Grill	\$20 million equity raise led by Brentwood for the 7-unit vegan chain
12/18/12	Leonard Green & Partners	Union Square Hospitality Group	Leonard Green & Partners acquired a 39.5% stake in this leading restaurant development group that owns Shake Shack

Source: SEC filings, Capital IQ, company press releases and various news sources (e.g. Nations Restaurant News, The Deal, mergermarket, Wall Street Journal, etc.)

## Selected Restaurant M&A Transactions

### Centre Partners / Captain D's

On October 8, 2013, Centre Partners Management, LLC ("Centre Partners") agreed to acquire the Captain D's, LLC ("Captain D's") seafood chain from Sun Capital Partners, Inc. ("Sun Capital") for an approximate enterprise value of \$175 million, representing an approximate multiple of 5.8x LTM EBITDA. Known for its hand-breaded fish tenders, Nashville, Tennessee-based Captain D's operates and franchises 527 restaurants in 25 states and on military bases around the world.

### Brentwood Associates, Inc. / Lazy Dog Restaurants, LLC

On July 29, 2013, Lazy Dog Restaurants, LLC ("Lazy Dog") received a significant investment from private equity firm Brentwood Associates, Inc. ("Brentwood"). Lazy Dog operates 12 casual dining restaurants in California, and has an approximate average check of \$16.00, with 20% of sales from the bar, which features a line of artisan cocktails, wine and craft beer. Lazy Dog plans to use the capital from Brentwood to accelerate its slow-but-steady growth pace, including opening three more restaurants in 2014.

### Roark Capital Group / Miller's Ale House

On July 22, 2013, Roark Capital Group ("Roark") acquired Miller's Ale House, Inc. ("Miller's Ale House") from private equity firm KarpReilly. Miller's Ale House operates 65 casual dining restaurants that boast 75 different varieties of beer in each restaurant and recorded approximately \$300 million in system-wide annual sales. As part of the transaction, restaurant industry veteran and National Restaurant Association Chairman, Phil Hickey, will join Miller's Ale House as chairman.

### Sun Capital Partners, Inc. / Johnny Rockets Group, Inc.

On June 18, 2013, Sun Capital, owner of Friendly Ice Cream Corp. and several other restaurant concepts, completed an acquisition of the Johnny Rockets Group, Inc. ("Johnny Rockets"). The company operates and franchises about 300 restaurants in 30 states and 16 countries, including 17 Six Flags amusement parks, which were also previously owned by RedZone Capital, and 11 Royal Caribbean cruise ships. Johnny Rockets, in recent years, has been aggressively building its Americana-themed brand overseas,

opening for the first time in Nigeria, as well as growing in Central America, Pakistan, India, Indonesia and the Philippines.

### Landry's, Inc. / Mastro's Restaurants, LLC

On May 28, 2013, Landry's, Inc. ("Landry's"), the owner of a wide variety of restaurant, hospitality and gaming brands, announced its acquisition of Mastro's Restaurants, LLC ("Mastro's") at an approximate enterprise value of \$220 million, representing an approximate 10.0x multiple of LTM EBITDA. Mastro's operates 11 fine dining steakhouse and seafood restaurants in Arizona, California, Nevada and Illinois. Each location has an average check of \$135.00 and generates approximately \$13 million in sales, among the highest sales per unit in the U.S.

# Selected Publicly Traded Restaurant Companies

Despite sluggish sales across the industry, restaurant stocks have outperformed the S&P 500, up 19.5% vs. 16.7% during the LTM period ended September 30, 2013. Some of the investor interest has been fueled by successful Noodles & Company and Potbelly

Corporation initial public offerings. The depth of Wall Street investor appetite for restaurants is likely to be tested as Focus Brands, Papa Murphy's, Smashburger and Zoe's Kitchen are all reportedly exploring initial public offerings (see source below).

(\$ in millions, except per share data)

Fine Dining	Price at 10/15/13	% of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of							
					Revenue			EBITDA			LTM	
					LTM	2013E	2014E	LTM	2013E	2014E	EBITDA Margin	Revenue Growth
Del Frisco's Restaurant Group, Inc.	\$18.23	78.1%	\$434.1	\$425.4	1.67x	1.55x	1.35x	11.0x	9.7x	8.2x	15.1%	14.2%
Ruth's Hospitality Group, Inc.	11.50	83.6%	402.9	437.4	1.07x	1.06x	0.99x	8.8x	8.9x	8.5x	12.1%	8.8%
	<b>Median</b>	<b>80.8%</b>			<b>1.37x</b>	<b>1.30x</b>	<b>1.17x</b>	<b>9.9x</b>	<b>9.3x</b>	<b>8.4x</b>	<b>13.6%</b>	<b>11.5%</b>
	<b>Mean</b>	<b>80.8%</b>			<b>1.37x</b>	<b>1.30x</b>	<b>1.17x</b>	<b>9.9x</b>	<b>9.3x</b>	<b>8.4x</b>	<b>13.6%</b>	<b>11.5%</b>
<b>Polished Casual</b>												
BJ's Restaurants, Inc.	\$28.48	69.5%	\$803.0	\$768.4	1.01x	0.98x	0.87x	9.3x	9.4x	8.0x	10.8%	9.3%
Bravo Brio Restaurant Group, Inc.	15.08	79.0%	295.7	306.0	0.73x	0.74x	0.68x	6.7x	6.7x	6.0x	11.0%	8.0%
Kona Grill, Inc.	11.71	84.2%	100.5	90.1	0.94x	0.90x	0.74x	8.4x	8.8x	6.7x	11.1%	0.1%
The Cheesecake Factory Incorporated	42.76	95.5%	2,241.3	2,171.2	1.16x	1.15x	1.07x	9.3x	8.8x	8.3x	12.5%	2.5%
	<b>Median</b>	<b>81.6%</b>			<b>0.97x</b>	<b>0.94x</b>	<b>0.80x</b>	<b>8.8x</b>	<b>8.8x</b>	<b>7.4x</b>	<b>11.1%</b>	<b>5.3%</b>
	<b>Mean</b>	<b>82.0%</b>			<b>0.96x</b>	<b>0.94x</b>	<b>0.84x</b>	<b>8.4x</b>	<b>8.4x</b>	<b>7.3x</b>	<b>11.4%</b>	<b>5.0%</b>
<b>Mass Casual</b>												
Biglari Holdings, Inc.	\$411.33	87.9%	\$589.8	\$672.4	0.90x	NA	NA	12.1x	NA	NA	7.4%	2.2%
Bloomin' Brands, Inc.	22.12	82.8%	2,747.0	3,993.2	0.98x	0.96x	0.91x	11.0x	9.4x	8.3x	8.9%	3.6%
Bob Evans Farms, Inc.	57.38	95.3%	1,565.2	1,774.6	1.10x	1.29x	1.24x	9.7x	9.8x	8.6x	11.3%	2.7%
Brinker International, Inc.	40.44	91.3%	2,678.1	3,426.5	1.20x	1.18x	1.14x	8.4x	8.0x	7.6x	14.3%	0.4%
Buffalo Wild Wings, Inc.	120.34	99.3%	2,259.7	2,229.6	1.92x	1.76x	1.48x	13.6x	12.0x	9.8x	14.1%	27.7%
CEC Entertainment, Inc.	45.58	97.9%	772.9	1,126.6	1.37x	1.36x	1.30x	6.5x	6.5x	6.2x	21.1%	1.7%
Chuy's Holdings, Inc.	37.93	86.1%	618.8	619.5	3.23x	3.00x	2.51x	25.9x	23.7x	19.4x	12.5%	28.3%
Cracker Barrel Old Country Store, Inc.	105.20	97.4%	2,512.7	2,802.6	1.06x	1.03x	0.99x	10.5x	9.5x	9.1x	10.1%	2.5%
Darden Restaurants, Inc.	51.01	91.3%	6,660.3	9,311.5	1.07x	1.03x	0.97x	9.3x	8.9x	8.3x	11.5%	7.2%
Denny's Corporation	6.32	98.0%	571.5	746.1	1.59x	1.61x	1.59x	9.6x	9.6x	9.0x	16.6%	-9.7%
DineEquity, Inc.	70.17	89.5%	1,343.5	2,658.8	3.82x	4.19x	4.09x	10.0x	10.0x	10.0x	38.1%	-29.1%
Famous Dave's of America, Inc.	16.49	95.7%	125.9	138.8	0.89x	0.89x	0.84x	10.7x	9.4x	7.4x	8.4%	-0.5%
Frisch's Restaurants, Inc.	23.43	92.2%	119.0	131.5	0.64x	0.64x	0.63x	5.9x	NA	NA	11.0%	0.0%
Ignite Restaurant Group, Inc.	16.69	78.4%	428.1	532.0	0.90x	0.70x	0.58x	12.8x	14.2x	8.9x	7.1%	34.3%
Luby's, Inc.	7.10	77.3%	200.7	218.5	0.59x	0.56x	0.53x	8.6x	7.7x	7.3x	6.9%	4.3%
Red Robin Gourmet Burgers Inc.	72.64	97.5%	1,040.1	1,105.7	1.11x	1.09x	0.99x	10.6x	10.3x	9.1x	10.5%	6.8%
Ruby Tuesday, Inc.	6.01	60.7%	361.4	600.2	0.49x	0.52x	0.51x	8.1x	11.0x	7.9x	6.1%	-7.3%
Texas Roadhouse, Inc.	26.02	97.7%	1,828.7	1,789.0	1.35x	1.26x	1.14x	10.7x	10.2x	9.0x	12.6%	11.7%
	<b>Median</b>	<b>91.7%</b>			<b>1.09x</b>	<b>1.09x</b>	<b>0.99x</b>	<b>10.3x</b>	<b>9.7x</b>	<b>8.7x</b>	<b>11.1%</b>	<b>2.6%</b>
	<b>Mean</b>	<b>89.8%</b>			<b>1.35x</b>	<b>1.36x</b>	<b>1.26x</b>	<b>10.8x</b>	<b>10.6x</b>	<b>9.1x</b>	<b>12.7%</b>	<b>4.8%</b>

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization  
LTM: Last Twelve Months

Source: SEC filings, Capital IQ, company press releases and various news sources (e.g. Nations Restaurant News, The Deal, mergermarket, Wall Street Journal, etc.). Enterprise value is implied is based on purchase of stake. Potential IPO reported in mergermarket for Focus Brands on 8/2/13; Smashburger on 9/1/13; Papa Murphy's: on 7/30/13 and Zoe's Kitchen on 9/25/13.

# Selected Publicly Traded Restaurant Companies

(\$ in millions, except per share data)

Fast Casual	Price at 10/15/13	% of 52-Week High	Market Value	Enterprise Value	Enterprise Value as a Multiple of							
					Revenue			EBITDA			LTM	
					LTM	2013E	2014E	LTM	2013E	2014E	EBITDA Margin	Revenue Growth
Chipotle Mexican Grill, Inc.	\$433.61	96.9%	\$13,417.8	\$12,901.5	4.20x	4.04x	3.46x	21.3x	20.3x	16.6x	19.7%	16.8%
Einstein Noah Restaurant Group, Inc.	17.57	97.7%	305.5	419.4	0.98x	0.96x	0.91x	9.0x	8.0x	7.2x	10.9%	0.1%
Fiesta Restaurant Group, Inc.	38.85	97.7%	918.6	1,115.3	2.11x	2.01x	1.82x	17.4x	16.1x	13.7x	12.1%	7.3%
Noodles & Company	45.99	88.5%	1,352.1	1,351.7	4.15x	3.81x	3.28x	36.9x	31.7x	25.5x	11.2%	NA
Panera Bread Co.	160.55	82.4%	4,492.9	4,391.4	1.91x	1.84x	1.69x	10.8x	10.5x	9.8x	17.8%	11.7%
Potbelly Corporation	25.68	75.8%	719.2	712.8	2.46x	NA	NA	21.8x	NA	NA	11.3%	NA
	<b>Median</b>	<b>96.9%</b>			<b>2.11x</b>	<b>2.01x</b>	<b>1.82x</b>	<b>17.4x</b>	<b>16.1x</b>	<b>13.7x</b>	<b>12.1%</b>	<b>9.5%</b>
	<b>Mean</b>	<b>92.6%</b>			<b>2.67x</b>	<b>2.53x</b>	<b>2.23x</b>	<b>19.1x</b>	<b>17.3x</b>	<b>14.6x</b>	<b>14.3%</b>	<b>9.0%</b>
<b>Quick Service</b>												
AFC Enterprises Inc.	\$43.16	96.1%	\$1,029.9	\$1,083.1	5.56x	5.26x	4.55x	17.7x	16.7x	14.2x	31.5%	18.6%
Domino's Pizza, Inc.	64.90	92.8%	3,616.2	5,126.6	2.89x	2.85x	2.72x	16.1x	15.0x	13.9x	18.0%	8.2%
Jack in the Box Inc.	39.14	91.9%	1,694.8	2,065.5	1.34x	1.38x	1.41x	9.0x	8.8x	7.9x	14.9%	35.5%
McDonald's Corp.	93.80	90.5%	93,766.8	104,858.2	3.75x	3.72x	3.54x	10.4x	10.2x	9.7x	36.0%	1.9%
Nathan's Famous Inc.	53.19	85.3%	237.2	211.7	2.96x	2.67x	2.54x	16.4x	NA	NA	18.1%	5.4%
Papa John's International Inc.	70.99	98.1%	1,542.8	1,665.9	1.19x	1.17x	1.11x	12.0x	11.9x	10.8x	9.9%	10.8%
Sonic Corp.	18.14	95.8%	1,019.8	1,439.2	2.65x	2.60x	2.50x	11.0x	10.1x	9.4x	24.2%	-0.2%
The Wendy's Company	8.36	94.1%	3,288.1	4,262.5	1.69x	1.71x	1.94x	12.0x	11.7x	11.2x	14.1%	2.2%
Yum! Brands, Inc.	65.80	87.6%	29,302.8	31,587.8	2.42x	2.39x	2.14x	11.8x	12.0x	10.2x	20.6%	-3.9%
	<b>Median</b>	<b>92.8%</b>			<b>2.65x</b>	<b>2.60x</b>	<b>2.50x</b>	<b>12.0x</b>	<b>11.8x</b>	<b>10.5x</b>	<b>18.1%</b>	<b>5.4%</b>
	<b>Mean</b>	<b>92.5%</b>			<b>2.72x</b>	<b>2.64x</b>	<b>2.50x</b>	<b>12.9x</b>	<b>12.1x</b>	<b>10.9x</b>	<b>20.8%</b>	<b>8.7%</b>
<b>Coffee, Breakfast and Snacks</b>												
Dunkin' Brands Group, Inc.	\$46.20	98.4%	\$4,913.6	\$6,575.2	9.50x	9.30x	8.65x	18.7x	18.4x	16.4x	50.9%	4.1%
Jamba, Inc.	11.08	63.3%	189.0	156.4	0.67x	0.68x	0.65x	11.8x	11.3x	8.0x	5.7%	5.2%
Krispy Kreme Doughnuts, Inc.	22.77	96.6%	1,498.2	1,439.2	3.14x	3.07x	2.80x	26.6x	23.3x	20.2x	11.8%	11.5%
Starbucks Corporation	76.71	97.9%	57,639.9	56,151.4	3.88x	3.77x	3.36x	20.6x	18.5x	15.5x	18.8%	11.5%
Tim Hortons Inc.	57.81	97.5%	8,729.1	9,171.3	3.07x	2.99x	2.82x	12.0x	12.0x	11.2x	25.6%	4.4%
	<b>Median</b>	<b>97.5%</b>			<b>3.14x</b>	<b>3.07x</b>	<b>2.82x</b>	<b>18.7x</b>	<b>18.4x</b>	<b>15.5x</b>	<b>18.8%</b>	<b>5.2%</b>
	<b>Mean</b>	<b>90.7%</b>			<b>4.05x</b>	<b>3.96x</b>	<b>3.66x</b>	<b>17.9x</b>	<b>16.7x</b>	<b>14.3x</b>	<b>22.6%</b>	<b>7.3%</b>
<b>Franchisees</b>												
Alsea, S.A.B. de C.V.	\$3.05	93.3%	\$2,097.0	\$2,333.2	0.19x	1.90x	1.46x	1.3x	14.9x	10.6x	15.4%	16.4%
Arcos Dorados Holdings, Inc.	11.39	71.2%	2,389.0	2,950.0	0.75x	0.73x	0.68x	8.8x	8.9x	7.9x	8.5%	4.5%
Carrols Restaurant Group, Inc.	5.54	79.4%	126.9	274.7	0.42x	0.41x	0.40x	15.6x	8.4x	6.3x	2.7%	71.9%
Domino's Pizza Group plc	9.57	84.4%	1,573.6	1,618.0	4.11x	3.77x	3.43x	32.0x	17.5x	15.2x	12.9%	17.4%
Domino's Pizza Enterprises Limited	12.89	93.3%	1,106.8	1,126.8	4.22x	2.14x	1.73x	25.1x	13.5x	11.0x	16.8%	11.8%
	<b>Median</b>	<b>84.4%</b>			<b>0.75x</b>	<b>1.90x</b>	<b>1.46x</b>	<b>15.6x</b>	<b>13.5x</b>	<b>10.6x</b>	<b>12.9%</b>	<b>16.4%</b>
	<b>Mean</b>	<b>84.3%</b>			<b>1.94x</b>	<b>1.79x</b>	<b>1.54x</b>	<b>16.6x</b>	<b>12.7x</b>	<b>10.2x</b>	<b>11.2%</b>	<b>24.4%</b>

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization  
LTM: Last Twelve Months

Source: SEC filings, Capital IQ, company press releases and various news sources (e.g. Nations Restaurant News, The Deal, mergemarket, Wall Street Journal, etc.). Enterprise value is implied is based on purchase of stake.

## Selected Recent Duff & Phelps Restaurant Transactions

<p>Placement Agent</p> <p>\$55 million Senior Credit Facility</p>  <p>Exclusive financial advisor to SBE Restaurant Group</p>	<p>M&amp;A Advisory</p>  <p>Financial advisor to the Board of Directors of Ark Restaurants</p>	<p>Board Advisory</p>  <p>Financial Advisor to the Board of Directors at Brazil Fast Food Corporation</p>	<p>Placement Agent</p> <p>\$38 million Senior Credit Facility</p>  <p>Exclusive financial advisor to Black Angus Steakhouses</p>
<p>M&amp;A Advisory</p> <p>Rock Bottom Brewery has been acquired by Centerbridge Partners</p>  <p>Exclusive financial advisor to Rock Bottom Brewery</p>	<p>M&amp;A Advisory</p> <p>Noodles &amp; Company has been acquired by Catterton Partners</p>  <p>Financial advisor to Catterton Partners</p>	<p>M&amp;A Advisory</p> <p>Friendly Ice Cream Corporation has been acquired by Sun Capital Partners, Inc.</p>  <p>Exclusive financial advisor to Friendly Ice Cream Corporation</p>	<p>Board Advisory</p> <p>CKE Holdings, Inc. has completed a leveraged dividend recap</p>  <p>Financial advisor to the Board of Directors of CKE Holdings, Inc.</p>

### The Duff & Phelps Restaurant Industry Group

The Duff & Phelps Restaurant Industry Group provides advisory services to many leading participants in the restaurant industry. Duff & Phelps professionals have significant knowledge of the restaurant industry sector and possess senior-level relationships throughout the restaurant industry community. The firm's world-class capabilities and resources, combined with an agile and responsive delivery, distinguish the Duff & Phelps client experience.

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- Mergers and Acquisitions Advisory
- Capital Raising and Private Placements
- Financial Restructurings and Special Situations
- Fairness and Solvency Opinions
- ESOP and ERISA Advisory
- Transaction Due Diligence

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#### About Duff & Phelps

As a leading global financial advisory and investment banking firm, Duff & Phelps leverages analytical skills, market expertise and independence to help clients make sound decisions. The firm advises clients in the areas of valuation, M&A and transactions, restructuring, alternative assets, disputes and taxation - with more than 1,000 employees serving clients from offices in North America, Europe and Asia. For more information, visit [www.duffandphelps.com](http://www.duffandphelps.com).

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