HEDGEYE

Looking Past The Peak

We are shifting the focus to 2H21

March 26, 2020

Hedgeye Restaurants

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Please submit questions* to

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*Answered at the end of the call

Restaurants | Investment Themes (from November 2020)

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1 DON'T IGNORE THE INFLATION SIGNAL

The timing of the industry seeing significant protein inflation could not be worse. Most industry participants enter long-term contracts for essential proteins when they can – late 3Q/early 4Q is when many industry participants look to renew contracts. We see significant inflation in many vital commodities, mostly ground beef, meat, poultry, fish, and eggs

2 ACCELERATING/DECELERATING SAME-STORE SALES

Is it that simple? Do fast money and retail investors just care about acceleration and/or deceleration in same-store sales? What we have learned coming out of the pandemic, is that the absolute level of same-store sales is less important than the rate of change (i.e., are sales recovering). The role of day traders trading on just headlines can have a substantial impact on security prices, and it is not for just a few hours. For the balance of the next six months, most companies will see a rate of change in a positive direction, while a few will see slowing trends. Others have expectations that appear to be too aggressive, given structural changes to consumer spending behavior.

3 THE BULL MARKET FOR CASUAL DINING

Can casual dining compete with the drive-thru or fast casual counter service? I don't think we can fully appreciate the magnitude of how the pandemic has impacted independent restaurant operators just yet. The government has helped with the PPP, but even that has fallen short of real, long-term sustainable benefits. Notably, there was no follow-up to the PPP, leaving many restaurant operators looking at a long cold winter. It will take to the spring to know the extent of the damage to independent operators. Still, for the next 6-12 months there will be a supply shortage of dining out options that will benefit sizeable, financially strong sit-down dining brands.

4 ELEVATED FOOD-AT-HOME SPENDING

The supply shortage of restaurants has two notable benefits. As we noted above, casual dining will be a beneficiary, but this will also contribute to elevated food-at-home spending. As General Mills (GIS) reported last week, food-at-home spending slowed in its 4Q20 numbers, but remain elevated relative to pre-COVID levels. We believe that this trend will continue well into 1Q21.

5 DIGITAL, DELIVERY, & GHOST BRANDS

The COVID pandemic has taken the focus off the Takeaway acquisition of GRUB, while at the same time increasing the importance of delivery to the overall industry. We have a positive bias toward Takeaway, given the historical operating performance and management focus on running a profitable operation. Can Takeaway stem the tide of market share losses for GRUB? Is it still a race to the bottom from a spending perspective? Or did Takeaway purchase GRUB at precisely the right time as an industry disruptor (DoorDash) needs to focus on profitability, given that it signaled to the market its intention to go public? How has the management of Takeaway done with its acquisition of Just Eat, and what are the current trends for the core UK business? The accelerated digitization of the restaurant industry also will play a role in casual dining becoming more successful and more profitable in the future. Is the ghost kitchen the answer to better utilization of the kitchen? Will ghost kitchens usher in an era of new brand launches by the larger chains?

Data Source: Hedgeye Research

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Restaurants | Past the Peak

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1 Coming off the Bullish Casual Dining call

We are removing TXRH, EAT, DRI, BJRI from the long list and moving them to the shortlist. We are also moving PZZA to the shortlist. Casual dining stocks have had a significant run YTD and over the past six months. Valuations more that reflect an opening and the surge in sales that are on the horizon. We have the next two quarters of accelerating same-store sales trends, and 2H sales trends will see a meaningful deceleration. At current prices many stock prices don't reflect the economic reality of the current operating environment and valuations are past the recent 5-yearr peak.

2 What is not reflected are the difficulties of re-opening

We keep hearing from many operators how difficult it is to hire employees. The stimulus checks are making a segment of the population complacent. The implications from potential labor shortages can increase costs, limit table turns and thus dining room capacity, and potentially hurt the customer experience. An unanswered question is how much muscle memory for the pandemic and the new digital engagement will increase/maintain to-go/delivery sales for casual dining.

3 Sell into the reopening

My biggest mistake of 2020 was to not buy the news of shutting down and the generational opportunity that was presented at the time. Using the Hedgeye MARCO process and knowing what the machines are long in restaurant equities we are headed for a very different MACRO set up for 2H21. To that end as we get to the summer and fall we are looking at a massive deceleration in sales trends which the machines will turn into a negative event for the industry and many stocks.

Data Source: Company Filings

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The Restaurant Macro – Accelerating Inflation

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Macro | Retail Sales of FAH & FAFH

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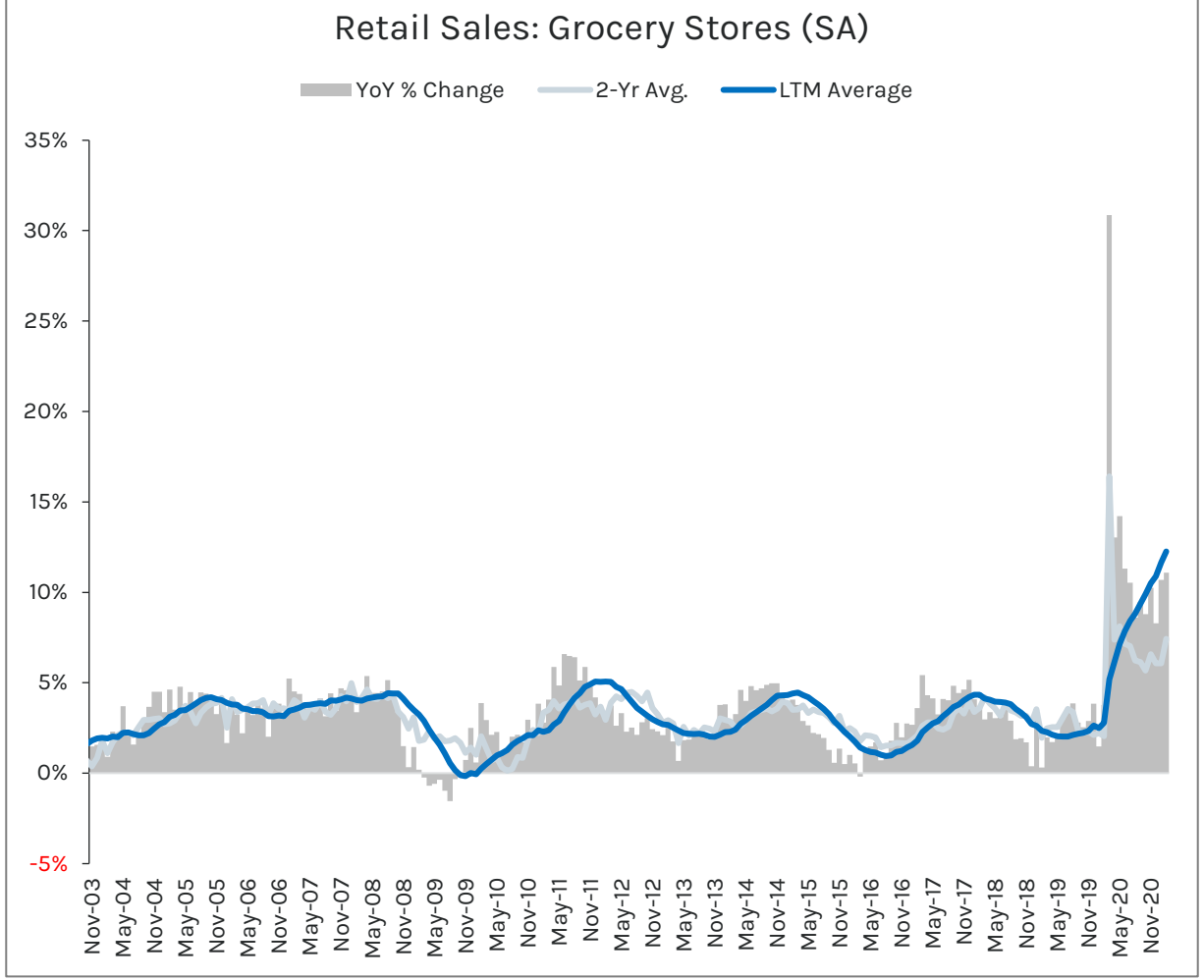
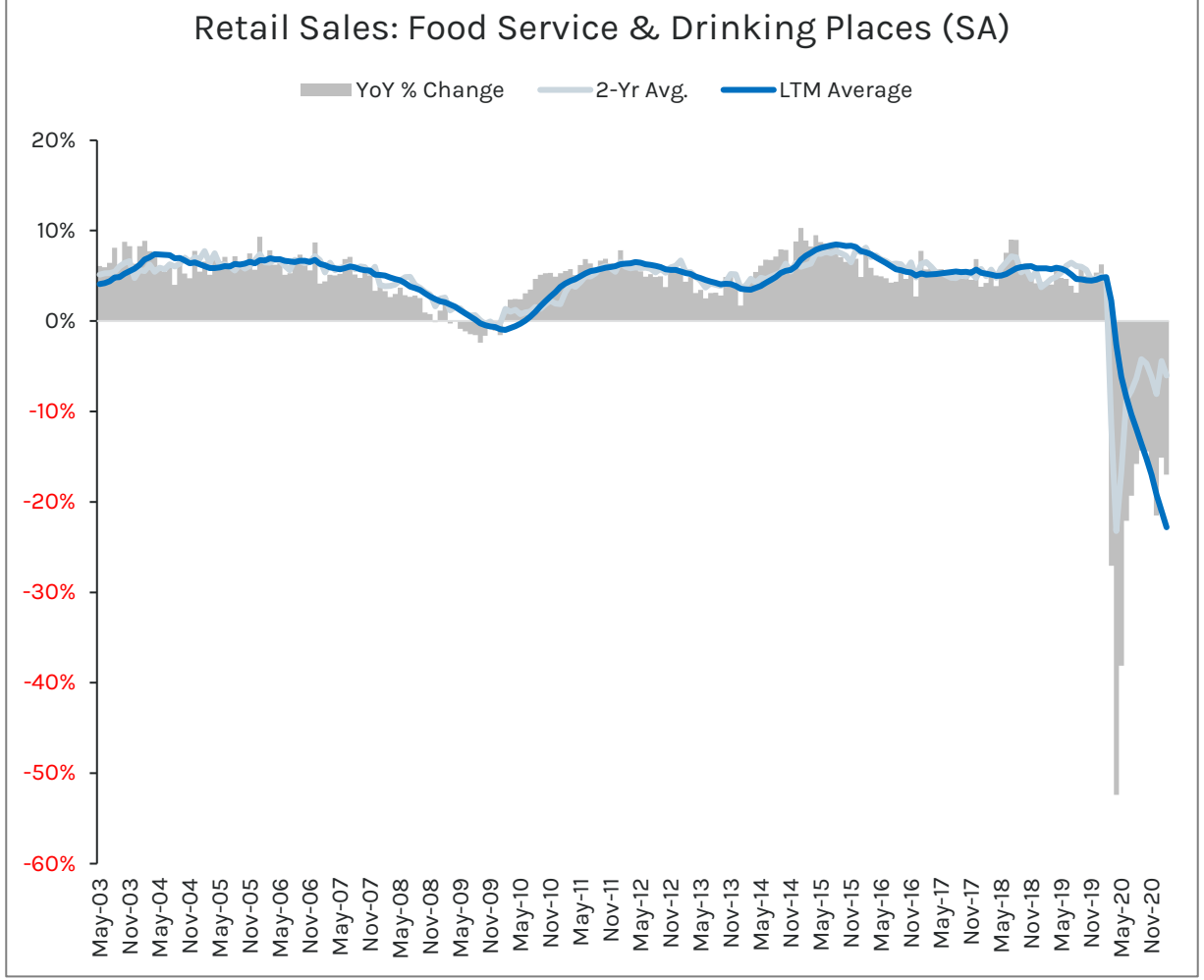
RETAIL SALES: GROCERY STORES (SA)



RETAIL SALES: FOOD SERVICE & DRINKING PLACES (SA)



Data Source: BLS

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Macro | JOLTS Accommodation & Food Service

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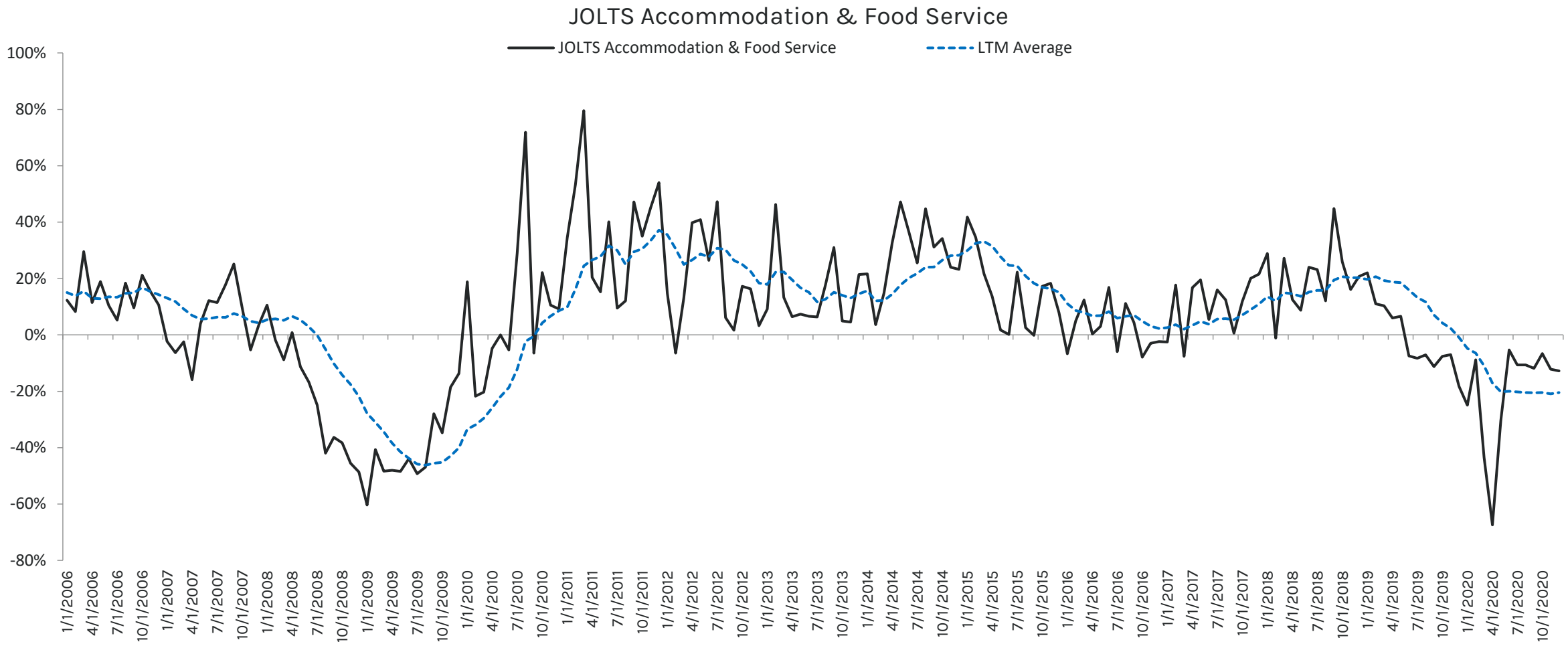
How Many In The Industry Have Sought Out Different Careers?



Data Source: BLS

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Macro | Restaurant Employment Growth

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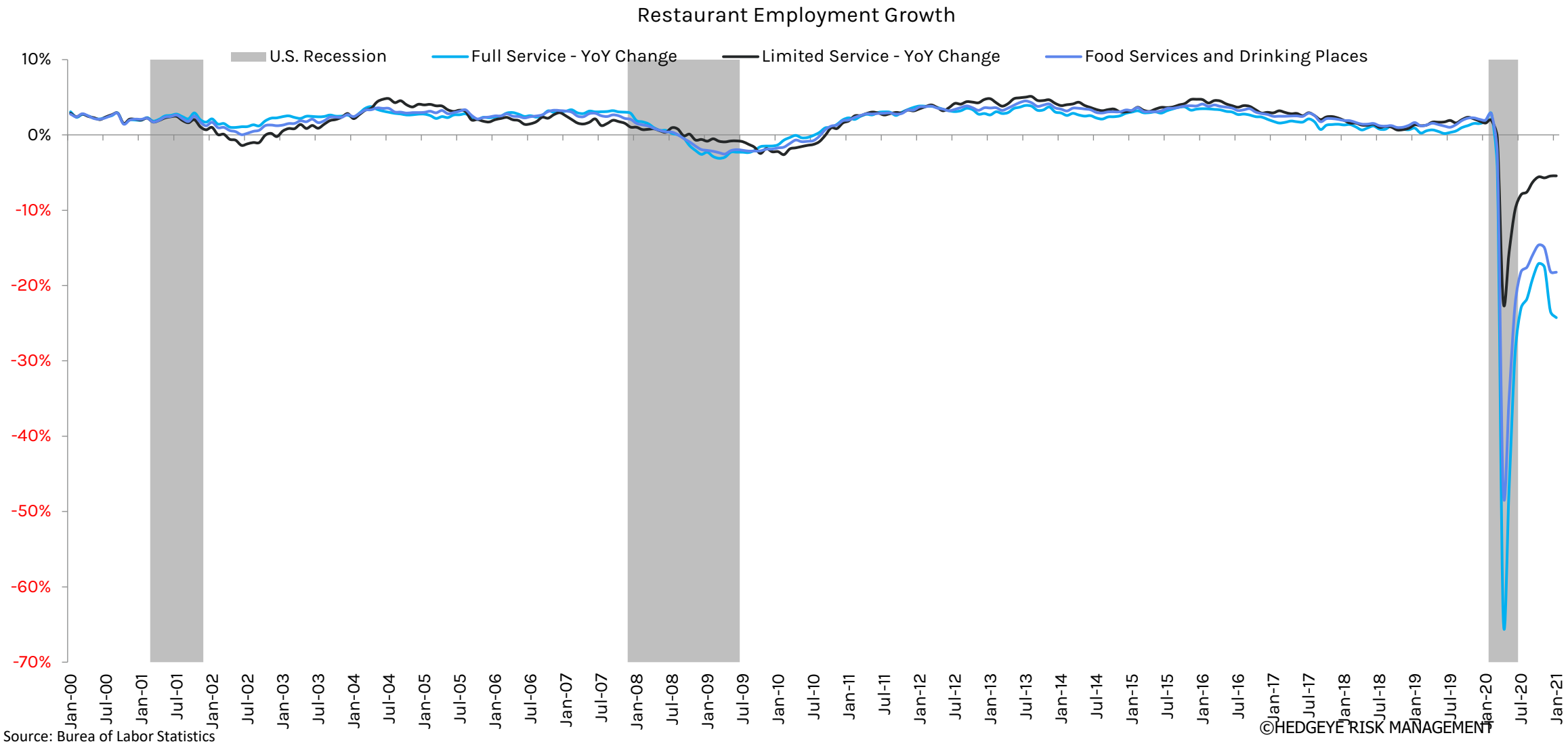

Source: Burea of Labor Statistics

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Macro | Hourly Wage Growth

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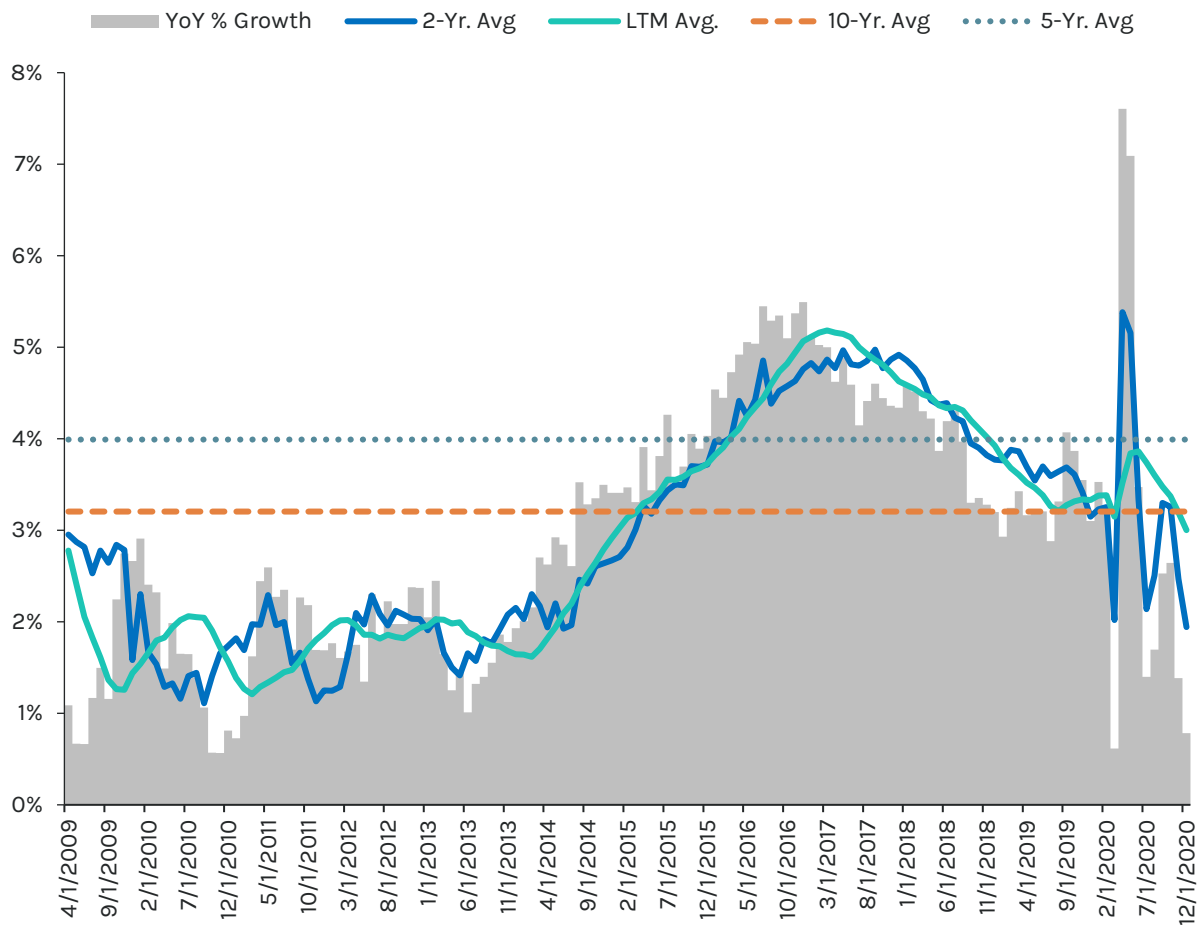
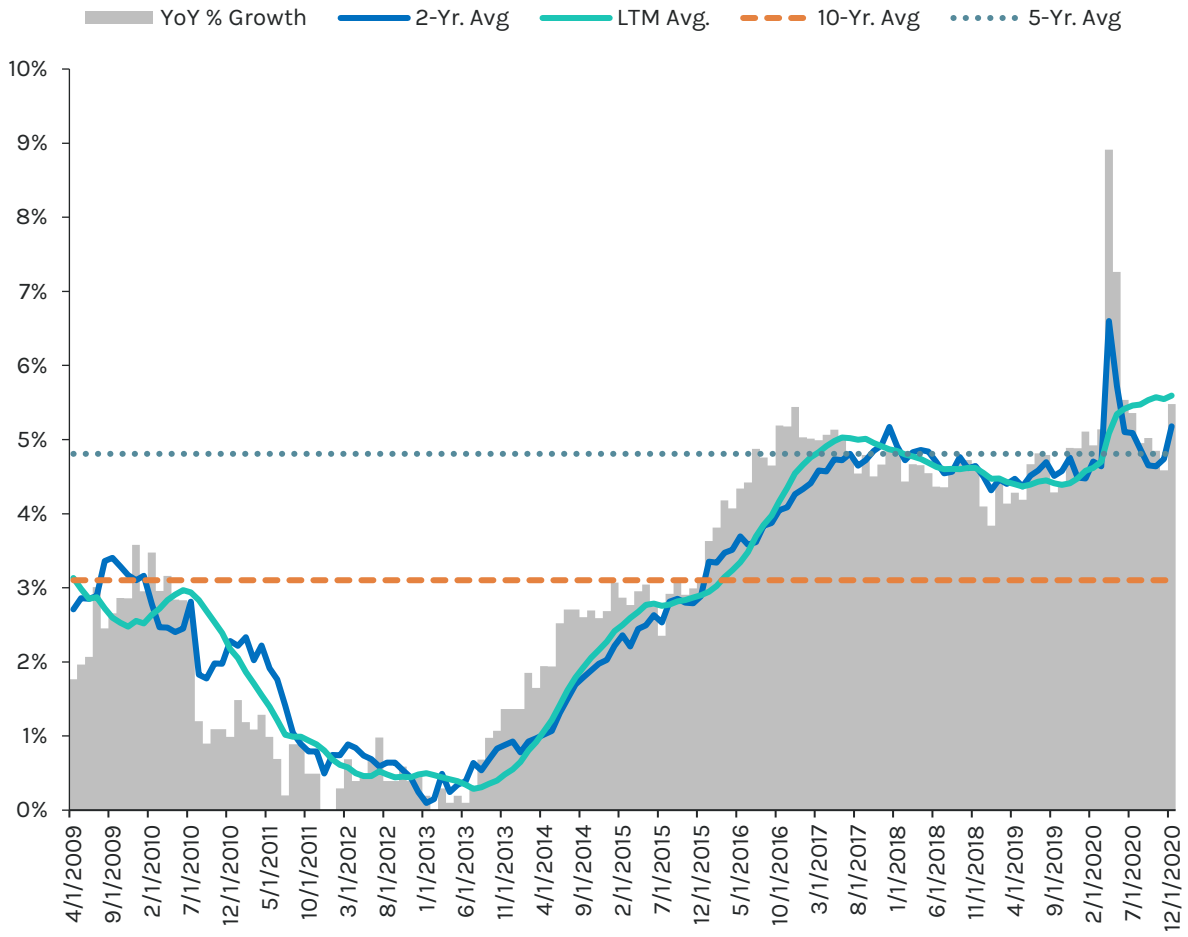
AVERAGE HOURLY EARNINGS GROWTH: FULL-SERVICE



AVERAGE HOURLY EARNINGS GROWTH: LIMITED-SERVICE



Data Source: BLS

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Macro | FAH/FAFH Differential & CPI Proteins

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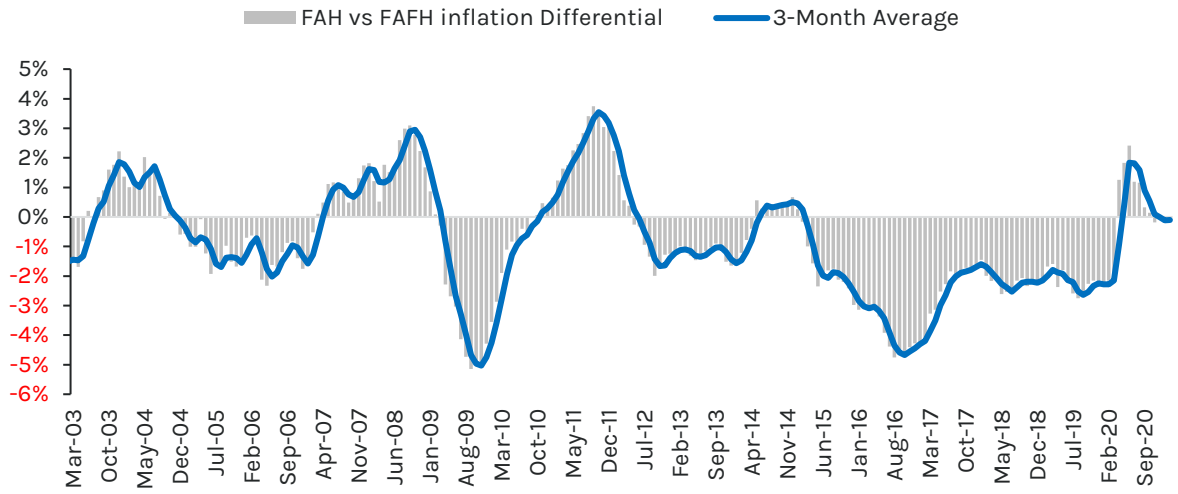
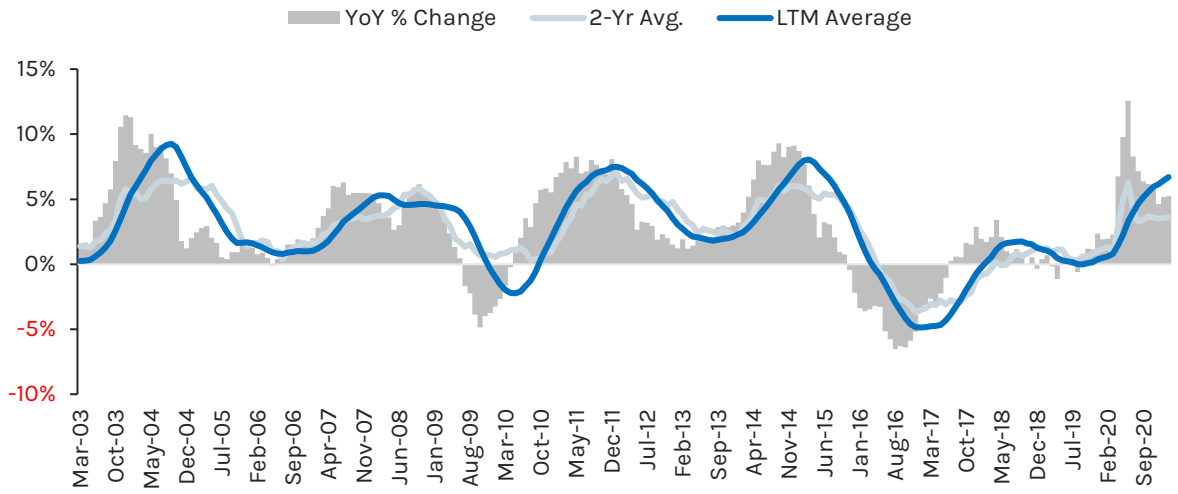
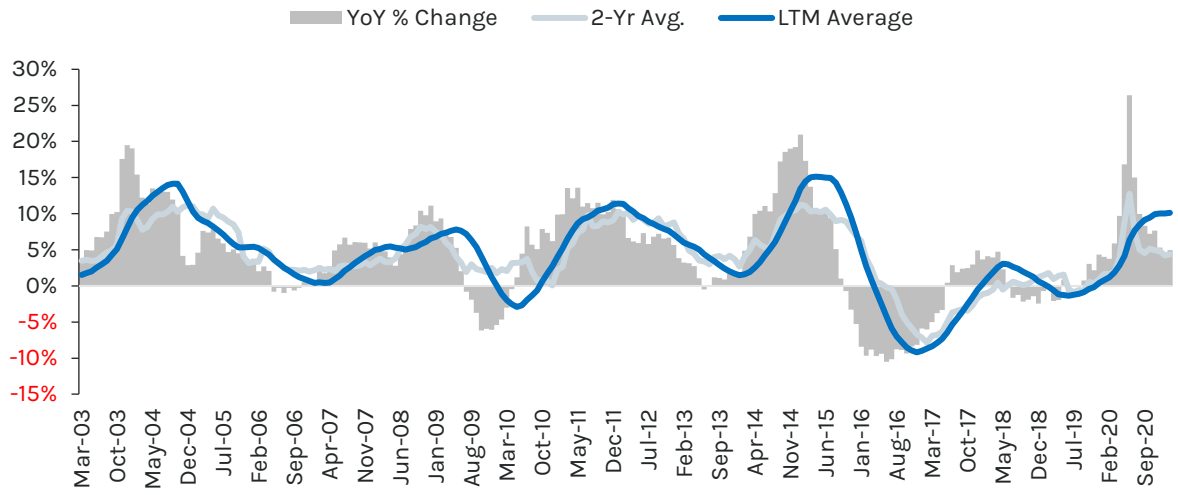
FAH vs. FAFH Inflation Differential



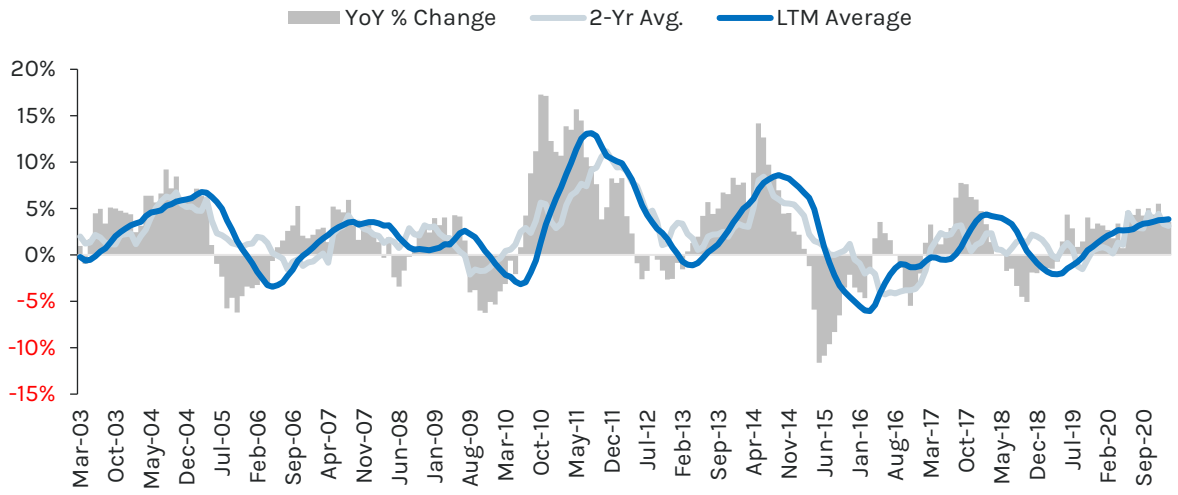
Meats, Poultry, Fish and Eggs



Uncooked Ground Beef



Bacon, Breakfast Sausage, and Related Products



Data Source: BLS

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Macro | CPI – Coffee

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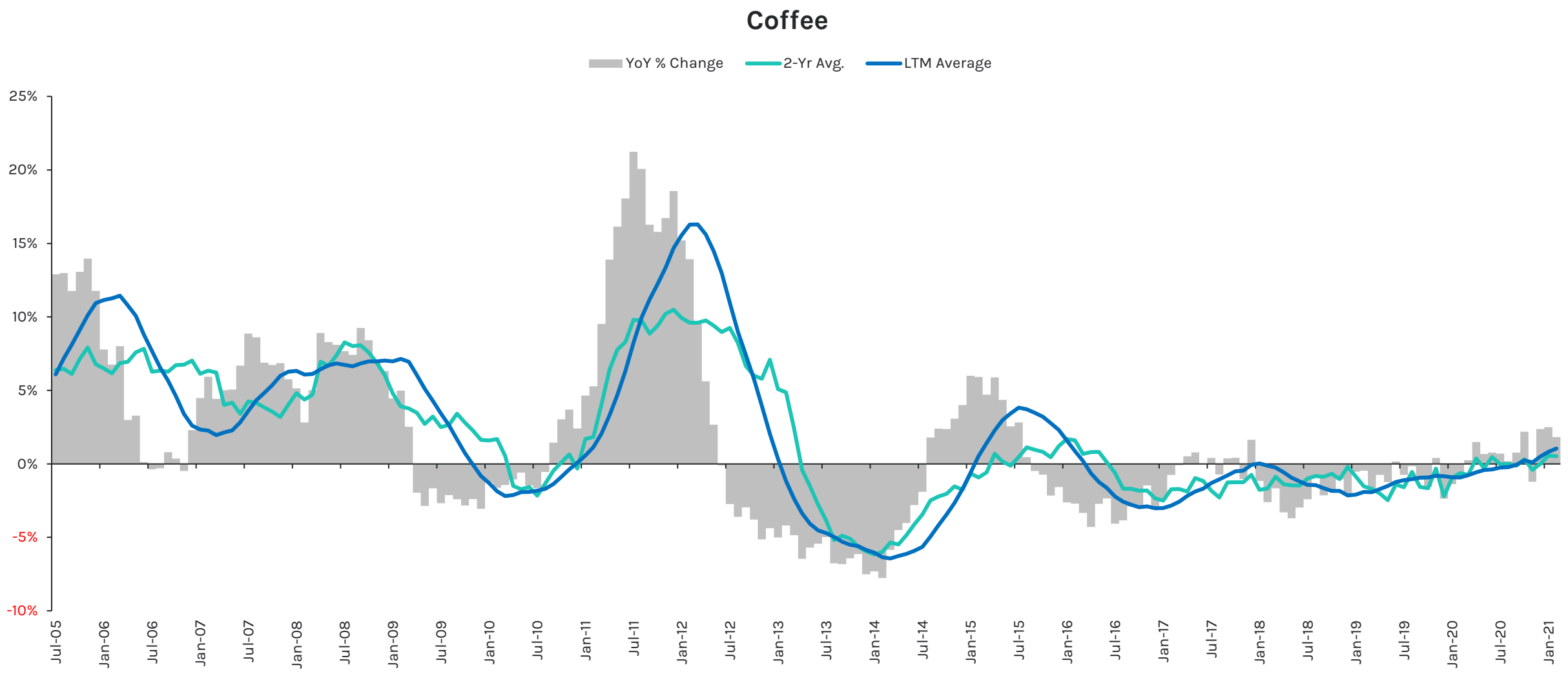

Data Source: BLS

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Macro | NFIB Small Business Optimism

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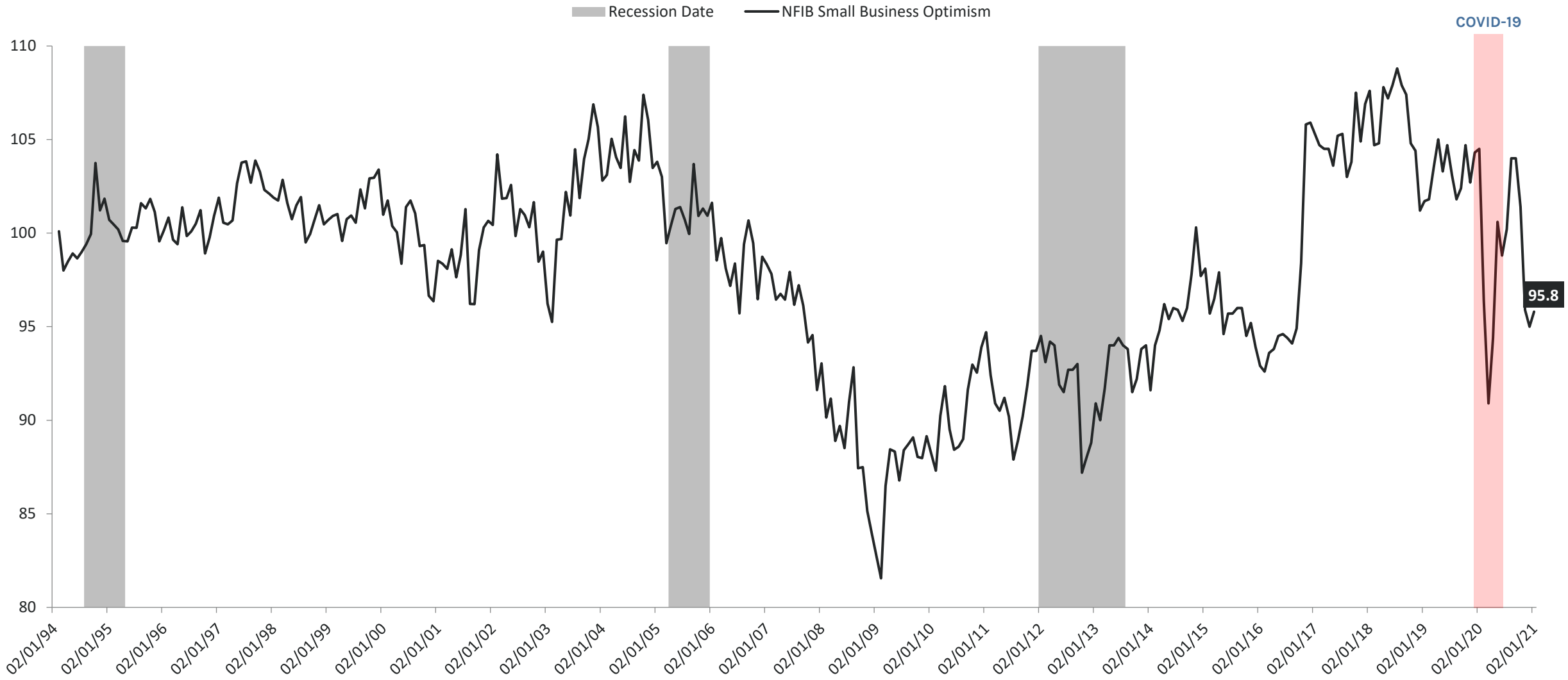
Unsurprisingly, The Pandemic Has Weakened Optimism Among Small Businesses



Data Source: NFIB

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Macro | What are the Quads?

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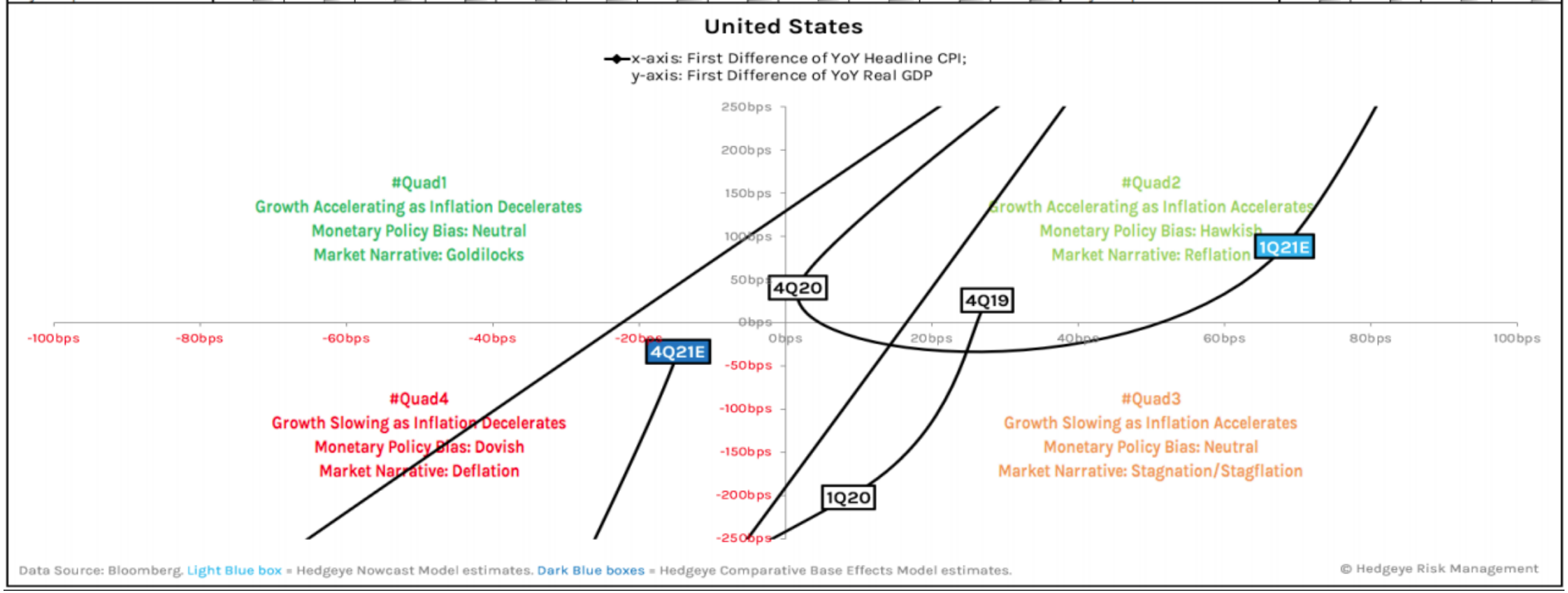
Our GIP Model is a quantitatively oriented, regime-based framework that helps investors proactively prepare for volatility phase transitions within and across asset classes by triangulating the three factors that matter most to Macro Risk Management – i.e. GROWTH, INFLATION, and POLICY.

United States	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	← Actuals | Estimates →	1Q21E	2Q21E	3Q21E	4Q21E
Real GDP QoQ SAAR	3.80%	2.70%	2.10%	1.30%	2.90%	1.50%	2.60%	2.40%	-5.00%	-31.40%	33.40%	4.10%	Real GDP QoQ SAAR	-1.47%	4.22%	5.14%	2.72%
Real GDP YoY	3.08%	3.33%	3.12%	2.48%	2.27%	1.96%	2.08%	2.34%	0.32%	-9.03%	-2.85%	-2.44%	Real GDP YoY	-1.56%	9.30%	3.01%	2.67%
2yr Comparative Base Effects	1.92%	1.80%	1.98%	2.39%	2.52%	2.75%	2.74%	2.59%	2.62%	2.64%	2.60%	2.41%	2yr Comparative Base Effects	1.29%	-3.53%	-0.39%	-0.05%
Headline CPI YoY	2.21%	2.71%	2.64%	2.20%	1.64%	1.81%	1.76%	2.03%	2.12%	0.36%	1.22%	1.24%	Headline CPI YoY	1.92%	3.07%	2.66%	2.52%
2yr Comparative Base Effects	1.81%	1.48%	1.54%	1.96%	2.38%	2.31%	2.30%	2.16%	1.93%	2.26%	2.20%	2.12%	2yr Comparative Base Effects	1.88%	1.09%	1.49%	1.64%



Data Source: Bloomberg. Light Blue box = Hedgeye Nowcast Model estimates. Dark Blue boxes = Hedgeye Comparative Base Effects Model estimates.

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Highest/Lowest Expected Values By Quad Regime

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Quad 1: Goldilocks

Best Asset Classes:

Equities, Credit, Commodities, FX

Worst Asset Classes:

Fixed Income, USD

Best Equity Sectors:

Tech, Consumer Discretionary, Materials, Industrials, Telecom

Worst Equity Sectors:

Utilities, REITS, Consumer Staples, Financials, Energy

Best Equity Style Factors:

High Beta, Momentum, Leverage, Secular Growth, Mid Caps

Worst Equity Style Factors:

Low Beta, Defensives, Value, Dividend Yield, Small Caps

Best Fixed Income Sectors:

BDCs, Convertibles, HY Credit, EM $ Debt, Leveraged Loans

Worst Fixed Income Sectors:

TIPS, Short Duration Treasurys, MBS, Treasury Belly, Long Bond

Quad 2: Reflation

Best Asset Classes:

Commodities, Equities, Credit, FX

Worst Asset Classes:

Fixed Income, USD

Best Equity Sectors:

Tech, Consumer Discretionary, Industrials, Energy, Financials

Worst Equity Sectors:

Telecom, Utilities, REITS, Consumer Staples, Health Care

Best Equity Style Factors:

Secular Growth, High Beta, Small Caps, Cyclical Growth, Momentum

Worst Equity Style Factors:

Low Beta, Dividend Yield, Value, Defensives, Size

Best Fixed Income Sectors:

Convertibles, BDCs, Preferreds, Leveraged Loans, HY Credit

Worst Fixed Income Sectors:

Long Bond, Treasury Belly, Munis, MBS, IG Credit

Quad 3: Stagflation

Best Asset Classes:

Gold, Commodities, Fixed Income

Worst Asset Classes:

Credit

Best Equity Sectors:

Utilities, Tech, Energy, Industrials, Consumer Discretionary

Worst Equity Sectors:

Financials, REITS, Materials, Telecom, Consumer Staples

Best Equity Style Factors:

Secular Growth, Momentum, Mid Caps, Low Beta, Quality

Worst Equity Style Factors:

Small Caps, Dividend Yield, Value, Defensives, Size

Best Fixed Income Sectors:

Munis, EM $ Debt, Long Bond, TIPS, Treasury Belly

Worst Fixed Income Sectors:

BDCs, Preferreds, Convertibles, Leveraged Loans, HY Credit

Quad 4: Deflation

Best Asset Classes:

Fixed Income, Gold, USD

Worst Asset Classes:

Commodities, Equities, Credit, FX

Best Equity Sectors:

Consumer Staples, Utilities, REITS, Health Care, Telecom

Worst Equity Sectors:

Energy, Tech, Industrials, Financials, Materials

Best Equity Style Factors:

Low Beta, Dividend Yield, Quality, Defensives, Value

Worst Equity Style Factors:

High Beta, Momentum, Leverage, Secular Growth, Cyclical Growth

Best Fixed Income Sectors:

Long Bond, Treasury Belly, IG Credit, Munis, MBS

Worst Fixed Income Sectors:

Preferreds, EM Local Currency, BDCs, Leveraged Loans, TIPS

Data Source: Hedgeye GIP Model

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Macro | HE Hyper High-Frequency U.S. Economic Data Tracker

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Increased Mobility = Increased Eating Out

HEDGEYE HYPER HIGH-FREQUENCY US ECONOMIC DATA TRACKER	12/17	12/24	12/31	1/7	1/14	1/21	1/28	2/4	2/11	2/18	2/25	3/4	3/11	3/18	Δ	Feb-21	Mar-21	Δ	Dec-20	Mar-21	Δ
Initial Jobless Claims NSA YoY Nominal Change	671	586	523	584	775	654	611	625	648	626	517	540	522	495	-27	583	-1,613	-2,195	565	-50	-615
Continuing Jobless Claims NSA YoY Nominal Change	3,631	3,461	3,235	3,512	3,342	3,143	3,041	2,951	2,872	2,767	2,743	2,525	2,509	-	-15	2,727	577	-2,150	4,755	2,375	-2,380
Total Unemployment Insurance Claimants NSA	19,596	19,151	18,407	15,989	18,322	17,838	19,666	18,342	19,045	18,029	20,118	18,216	-	-	-1,902	18,852	-	-	20,561	18,396	-2,164
Bloomberg Consumer Comfort Index	48.4	47.0	44.6	44.4	43.2	43.7	45.7	44.6	44.9	45.8	47.3	48.9	49.4	48.6	-0.80	46.7	49.0	2.28	47.9	46.0	-1.82
Bloomberg Consumer Comfort Index - Income > $100K	66.8	65.7	59.2	57.4	56.8	60.7	65.4	65.7	61.6	62.5	58.5	61.0	68.2	66.5	-1.70	60.9	67.4	6.45	62.9	62.2	-0.70
JP Morgan Global Equity Sentiment Indicator	0.28	0.32	0.28	0.19	0.20	0.20	0.26	0.25	0.26	0.28	0.59	0.57	0.57	0.56	-0.01	0.42	0.57	0.14	-0.21	0.36	0.56
Baker, Bloom & Davis US Economic Policy Uncertainty Index	195	204	334	245	193	208	226	180	135	149	136	167	215	163	-52	154	180	26	258	185	-73
Dallas Fed National Mobility & Engagement Index YoY	-46.2	-48.2	-62.8	-60.6	-49.5	-48.5	-46.1	-47.4	-49.0	-59.4	-41.7	-29.4	-28.8	-32.3	-344bps	-45.9	-30.0	1589bps	-44.2	-43.9	25bps
TSA Checkpoint Total Traveler Throughput YoY	-67.3	-57.8	-58.1	-56.4	-63.6	-64.0	-65.4	-64.6	-61.7	-59.3	-57.4	-53.6	-43.4	-16.5	2685bps	-59.5	-38.1	2146bps	-63.3	-56.2	702bps
Department of Transportation Highway Traffic Volume YoY	-11.0	-14.0	-12.0	-9.0	-6.0	-5.0	-7.0	-5.0	-8.0	-12.0	-15.0	-7.0	-6.0	-8.0	-200bps	-10.5	-7.0	350bps	-10.2	-8.0	215bps
New York/New Jersey Public Transit Demand Drawdown	-46.1	-42.8	-47.2	-49.6	-48.4	-47.2	-54.9	-50.2	-40.5	-43.5	-42.7	-42.3	-42.5	-41.3	119bps	-42.6	-42.0	62bps	-42.6	-45.8	-318bps
Los Angeles Public Transit Demand Drawdown	-54.7	-55.0	-59.5	-61.4	-58.2	-57.5	-63.5	-60.3	-55.0	-53.5	-53.1	-52.8	-52.4	-	41bps	-54.2	-52.5	168bps	-52.4	-56.8	-435bps
Chicago Public Transit Demand Drawdown	-56.2	-56.6	-60.3	-60.1	-58.7	-57.9	-63.9	-58.5	-53.7	-54.7	-48.2	-49.1	-48.7	-49.0	-36bps	-52.1	-48.8	328bps	-50.2	-54.8	-462bps
Houston Public Transit Demand Drawdown	-49.6	-52.1	-54.2	-54.7	-50.1	-51.2	-56.2	-51.6	-49.4	-54.3	-61.4	-49.0	-46.9	-46.7	23bps	-53.6	-47.0	661bps	-49.2	-52.1	-281bps
Philadelphia Public Transit Demand Drawdown	-45.3	-42.9	-48.7	-49.4	-45.9	-45.2	-52.3	-48.1	-40.0	-41.8	-40.9	-39.9	-39.4	-39.4	1bps	-41.1	-39.5	160bps	-42.2	-43.9	-167bps
San Francisco/San Jose Public Transit Demand Drawdown	-70.3	-71.8	-73.4	-74.5	-73.0	-71.5	-75.9	-73.4	-69.2	-68.2	-67.6	-66.8	-66.3	-66.4	-16bps	-68.4	-66.5	197bps	-66.6	-70.3	-366bps
Boston Public Transit Demand Drawdown	-54.7	-52.0	-56.3	-59.0	-56.6	-56.1	-62.0	-59.0	-54.2	-52.7	-51.7	-52.0	-51.3	-49.7	160bps	-53.2	-50.9	223bps	-49.5	-55.0	-552bps
Miami Public Transit Demand Drawdown	-25.8	-23.7	-27.7	-25.2	-16.7	-17.7	-27.9	-17.0	-13.1	-8.7	-5.2	-2.9	-3.6	-2.1	143bps	-8.6	-2.8	579bps	-30.8	-12.8	1799bps
DC/Baltimore Public Transit Demand Drawdown	-55.5	-55.2	-59.5	-59.3	-57.3	-58.9	-65.3	-63.1	-59.6	-59.0	-59.1	-58.4	-57.8	-55.4	236bps	-59.3	-57.0	233bps	-52.9	-59.4	-651bps
Seattle/Tacoma Public Transit Demand Drawdown	-73.6	-73.9	-75.0	-75.7	-74.5	-72.8	-76.8	-74.5	-72.0	-67.7	-67.1	-70.1	-69.0	-68.5	50bps	-69.6	-69.0	55bps	-70.8	-71.7	-96bps
Open Table US Total Seated Diners YoY	-67.2	-59.9	-56.3	-51.8	-60.3	-57.7	-59.3	-50.9	-53.9	-48.1	-44.5	-38.4	-38.1	-33.5	458bps	-47.7	-37.3	1041bps	-51.5	-49.3	227bps
Johnson Redbook Index Same Store Sales YoY	2.5	6.5	8.9	5.5	2.1	2.2	3.9	4.4	0.7	4.0	2.9	4.6	8.0	8.5	50bps	3.1	8.3	520bps	3.5	4.3	79bps
MBA Weekly Mortgage Purchase Applications YoY	26.3	26.5	24.7	19.2	11.5	16.9	6.5	17.9	19.2	15.9	-3.0	1.5	3.0	5.8	287bps	8.3	15.7	746bps	22.4	13.9	-850bps
AAR Weekly Railroad Freight Traffic YoY	4.9	2.5	8.4	1.9	4.7	5.8	9.0	2.1	2.2	0.3	-21.7	1.7	11.4	12.5	112bps	-4.4	12.9	1730bps	3.1	3.5	33bps
US Commercial Bank Assets - Total Assets YoY	15.5	15.8	16.4	16.4	15.6	15.6	16.0	15.4	15.9	16.5	15.9	15.2	-	-	-69bps	15.7	11.6	-413bps	15.3	14.3	-108bps
US Commercial Bank Assets - Total Loans & Leases YoY	3.3	3.4	3.5	3.4	3.1	3.1	3.0	2.9	3.0	3.1	3.1	2.9	-	-	-19bps	2.9	0.7	-221bps	4.2	2.2	-201bps
US Commercial Bank Assets - Credit Card YoY	-10.8	-10.8	-11.7	-11.7	-12.0	-11.9	-12.4	-12.5	-12.3	-12.3	-12.3	-12.6	-	-	-29bps	-12.5	-12.6	-15bps	-10.5	-12.4	-192bps
US Commercial Bank Assets - Auto YoY	3.0	3.3	3.5	3.4	3.3	3.4	3.3	3.2	3.3	3.2	3.2	3.2	-	-	0bps	3.1	2.9	-22bps	3.1	3.0	-5bps
US Commercial Bank Assets - Other Consumer YoY	4.4	4.6	4.5	4.8	4.0	4.4	4.4	4.4	4.5	4.4	4.6	5.3	-	-	76bps	4.4	5.3	89bps	4.6	4.4	-15bps
US Commercial Bank Assets - CRE YoY	4.0	4.2	4.1	4.1	4.1	4.0	4.0	3.4	3.3	3.1	3.2	2.9	-	-	-22bps	3.2	2.7	-51bps	5.0	3.3	-165bps
US Commercial Bank Assets - C&I YoY	10.6	10.3	10.5	10.4	9.4	9.0	9.0	9.4	9.6	10.4	10.7	10.6	-	-	-15bps	10.0	4.5	-550bps	12.3	7.8	-451bps

Data Source: Bloomberg. Intellectual Property of Hedgeye Risk Management. Weekly/monthly/quarterly averages. Color-coding based on displayed values for each indicator.

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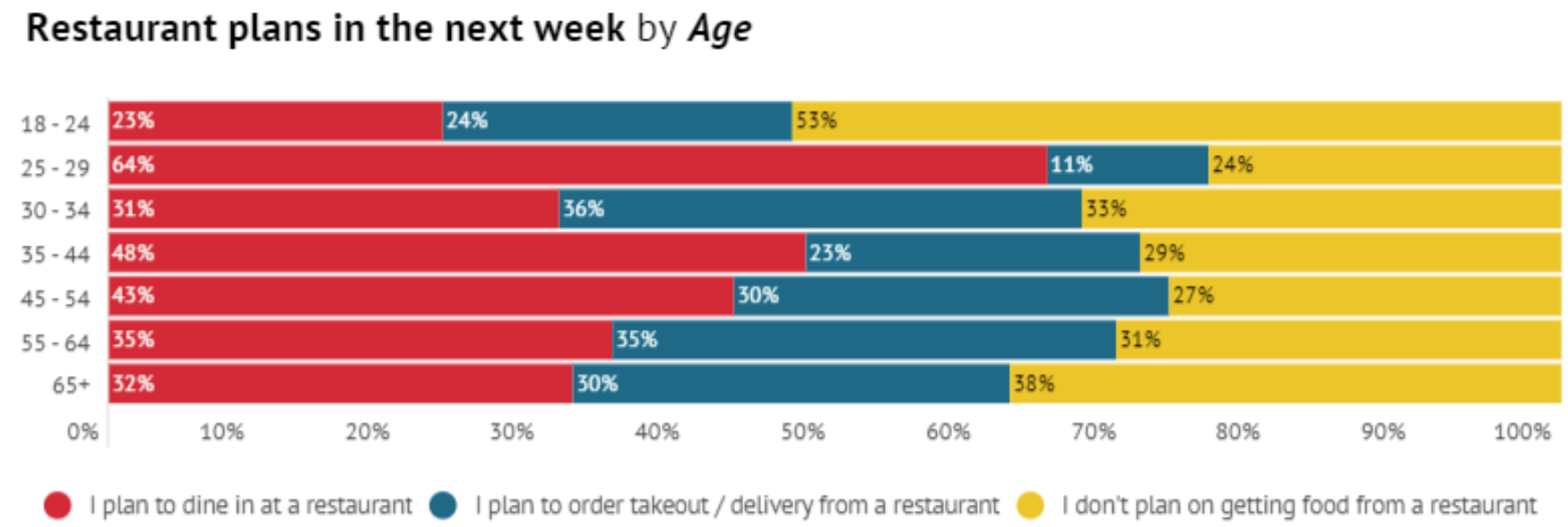
Industry | Consumer Survey on Dining Out

HEDGEYE

Half Of American Adults Are Now Comfortable Dining Out



4,495 responses weighted by US Adults 3/1/21 – 3/8/21
© CivicScience 2021

Younger Millennials aged 25 to 29 are the most likely by far to have current plans to dine in at a restaurant in the coming week. They're closely followed by middle-age Americans between 35 and 54.

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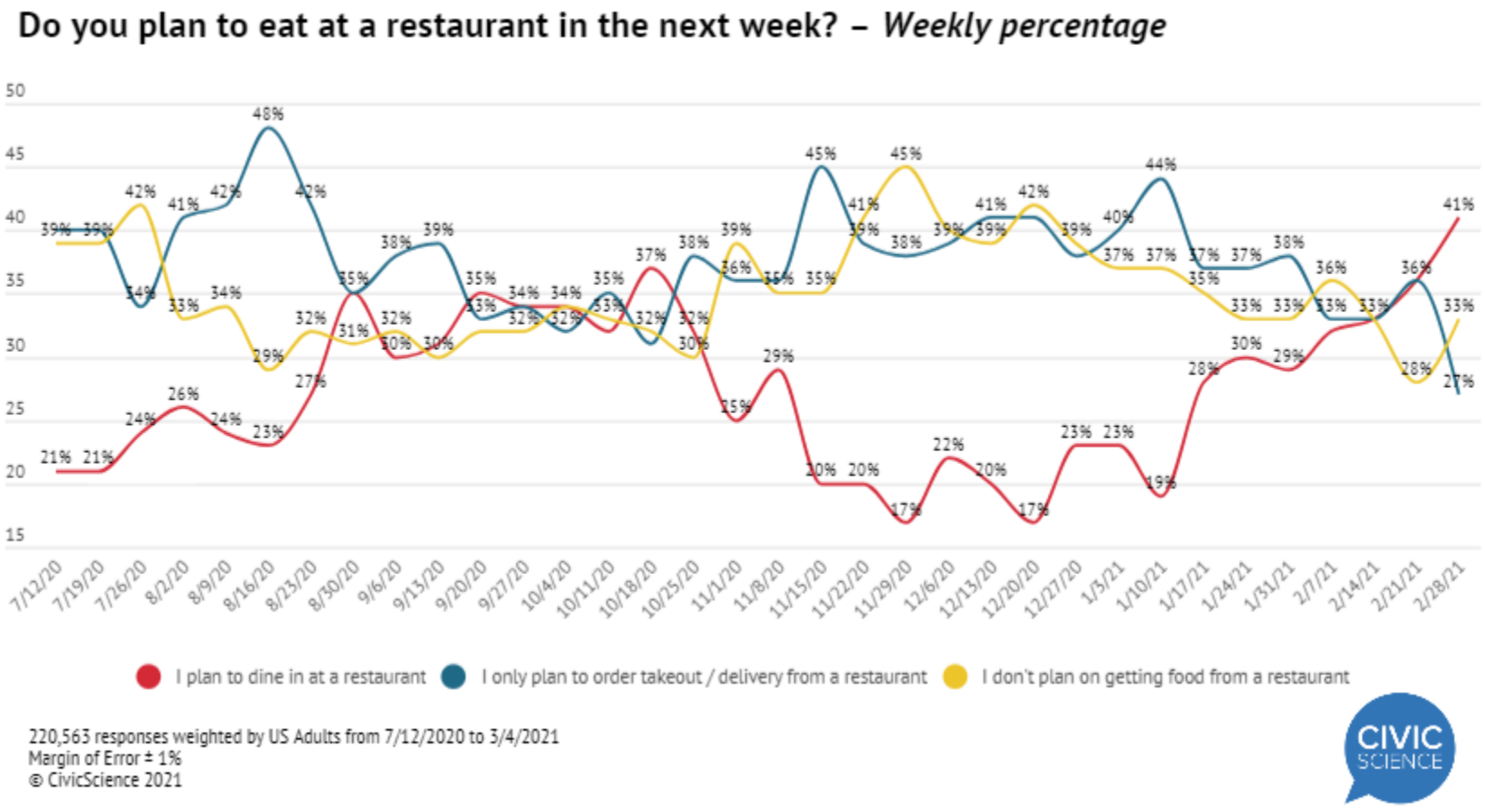
Industry | Consumer Survey on Dining Out

HEDGEYE

Half of American Adults Are Now Comfortable Dining Out



Restaurant comfort has held strong since last week, with about half of the population feeling good about dining in right now. Furthermore, the percentage of people with plans to dine in at a restaurant in the next week reached the highest point since tracking started in July.

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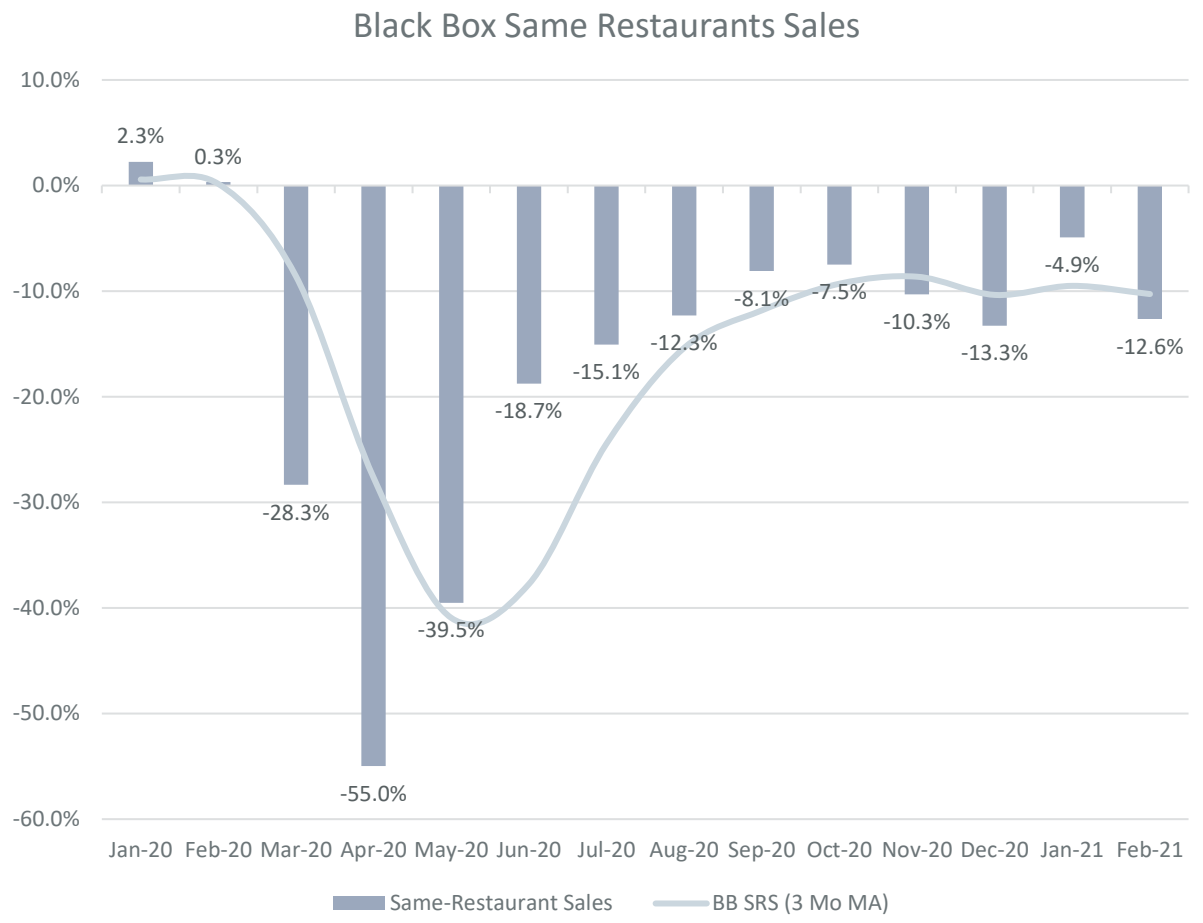
Industry | Black Box Same-Restaurant Sales and Traffic

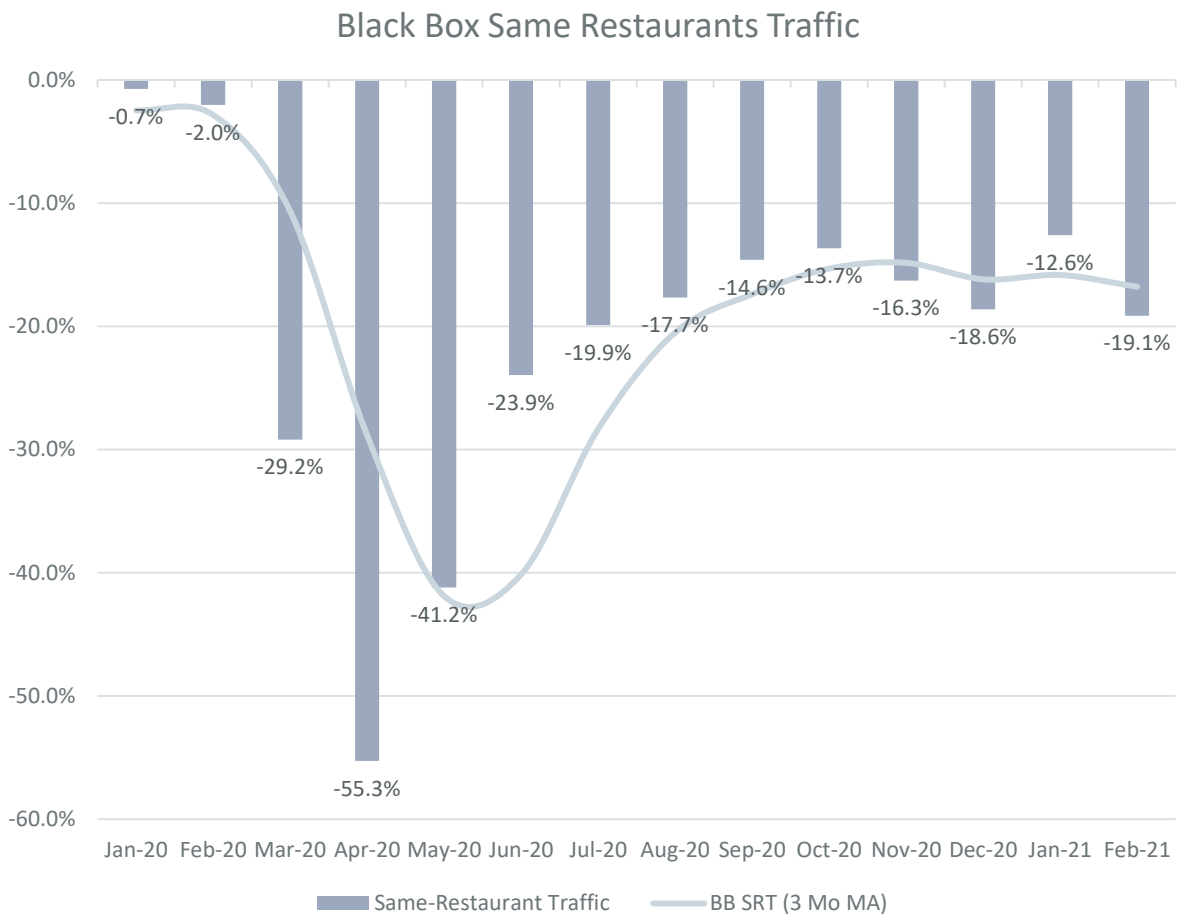
HEDGEYE

The Gradual Recovery

BLACK BOX SAME RESTAURANT SALES



BLACK BOX SAME RESTAURANT TRAFFIC



Data Source: Black Box

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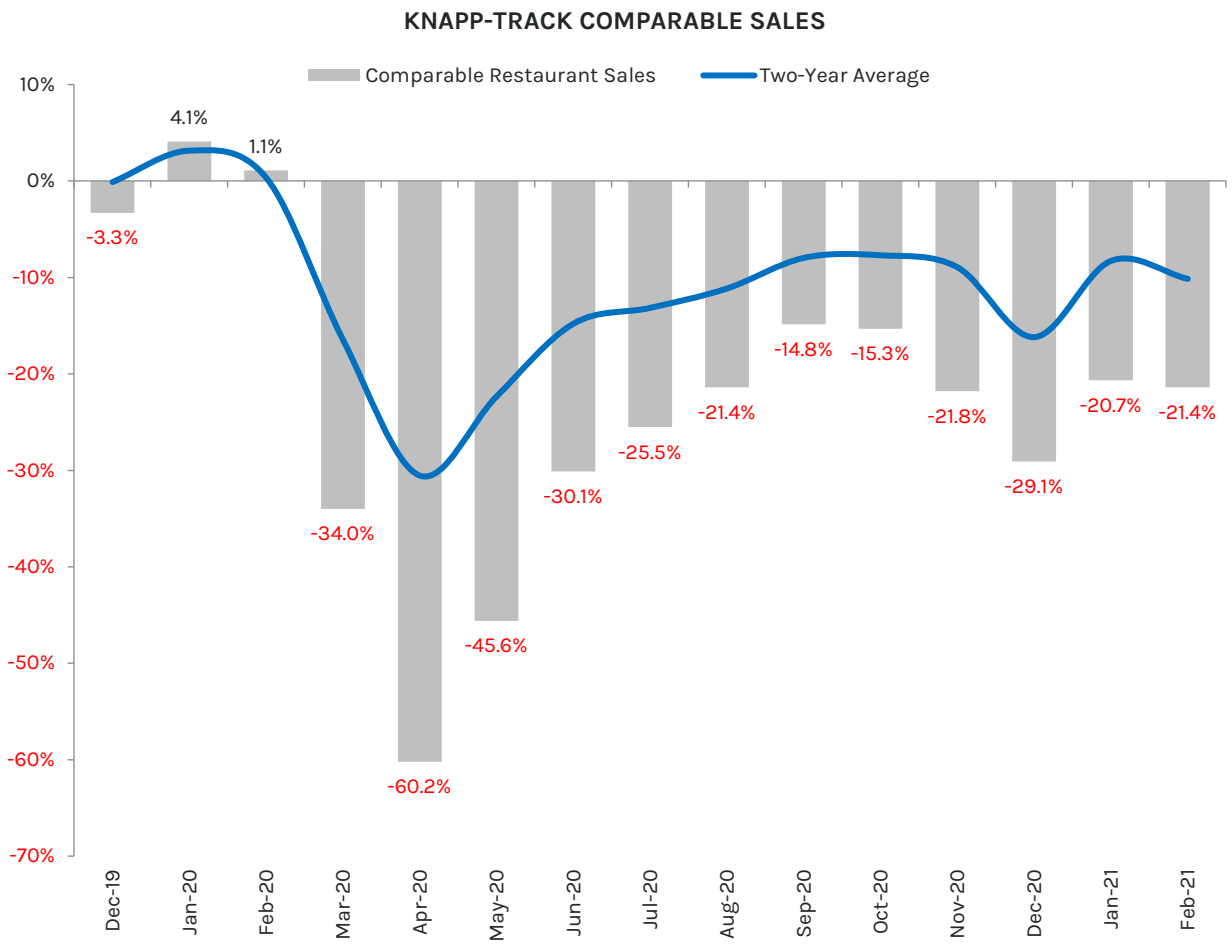
Industry | Knapp Track Comparable Restaurant Sales & Traffic

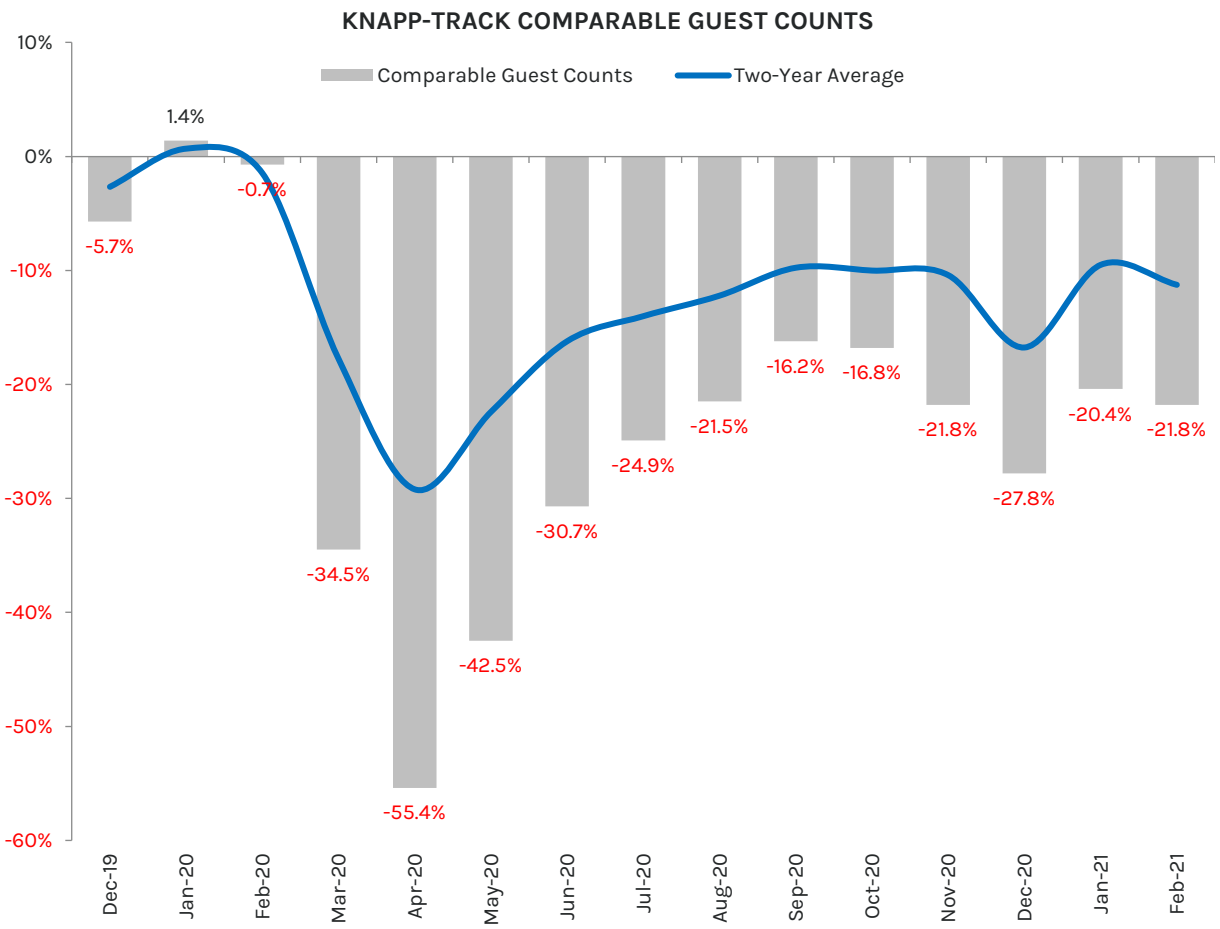
HEDGEYE

Industry SSS Expected To Explode To The Upsdise Over The Balance Of 2021

KNAPP TRACK COMPARABLE RESTAURANT SALES



KNAPP TRACK COMPARABLE GUEST COUNT



Data Source: Knapp Track

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Restaurant Industry SPACs

HEDGEYE

Tastemaker Acquisition Corp. (TMKR)

Size: $240 million

Target sectors: Restaurants, restaurant technology.

Notes: The SPAC run by former Barteca exec Andy Pforzheimer and former Jamba CEO Dave Pace was oversubscribed when it went public early this year.

Fast Acquisition Corp. (FST)

Size: $200 million

Target company: Landry's/Golden Nugget.

Notes: Fast Acquisition Corp. featured Ruby Tuesday Founder Sandy Beall and former Noodles & Co. CEO Kevin Reddy, along with &pizza investors, including cofounder and CEO Michael Lastoria. The firm has a deal to merge with the $6 billion empire owned and run by Tilman Fertitta, including Landry's and the Golden Nugget Casinos empire.

Fast Acquisition Corp. II (FZT.UN)

Size: $200 million

Target sectors: Hospitality businesses, including restaurants, hotels and other "adjacent verticals" such as amusements.

Notes: Well, if the first one worked, why not do another one? Fast Acquisition II has largely the same group as the first one, which was able to quickly get a deal done.

USHG Acquisition Corp. (HUGS.UN)

Size: $250 million

Target sectors: E-commerce, technology, food and beverage, health and retail and consumer goods, or "any business industry" that are "culture-driven businesses."

Notes: Danny Meyer, the highly regarded restaurateur and founder of Shake Shack, is behind a SPAC that aims to target companies that follow his principles of "enlightened hospitality." USHG—which stands for Meyer's Union Square Hospitality Group—has a wide range of potential businesses that it could target.

Data Source: Black Box

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Restaurant Industry SPACs

HEDGEYE

Bite Acquisition Corp. (BITE.UN)

Size: $175 million

Target sectors: Traditional or non-traditional restaurants.

The most notable name associated with Bite is Julia Stewart, the former CEO of what is now known as Dine Brands Global, parent company of Applebee's and IHOP, along with Joseph Essa, CEO of Thomas Keller Restaurant Group. Leading the SPAC is Rafael Felipe de Jesus Aguirre Gomez, founder of the airport restaurant operator Mera Corp.

Do It Again Acquisition Corp. (DOITU)

Size: $125 million

Target sectors: Retail, restaurant and food-related businesses.

Do It Again's chairman and CEO is Cliff Hudson, who has with him a number of former executives of Sonic Drive-Ins, where he was CEO, as well as Dunkin'. Longtime industry executive Sid Feltenstein is involved in this SPAC, as are franchisees-turned-brand-operators Sunil Dharod and Anand Gala.

Sizzle Acquisition Corp. (SZZL)

Size: $125 million

Target sectors: Restaurants, retail, consumer food, food-related technology or real estate or businesses that serve these industries.

Sizzle features Steve Salis, the cofounder of &pizza and founder of Salis Holdings, which owns Ted's Bulletin. For what it's worth this SPAC appears willing to take on companies that might have been hurt during the pandemic.

Starboard Acquisition Corp. (SVAC)

Size: $360 million

Target company: Cyxtera Technologies.

The SPAC formed by Starboard Acquisition did include restaurants as a potential target—former Dunkin' Brands CEO Nigel Travis was involved—but ultimately the blank-check company agreed to combine with a technology company in Cyxtera, a data company for retailers. Many of these SPACs, in fact, will not end up with restaurants at all.

Data Source: RB, Sentieo

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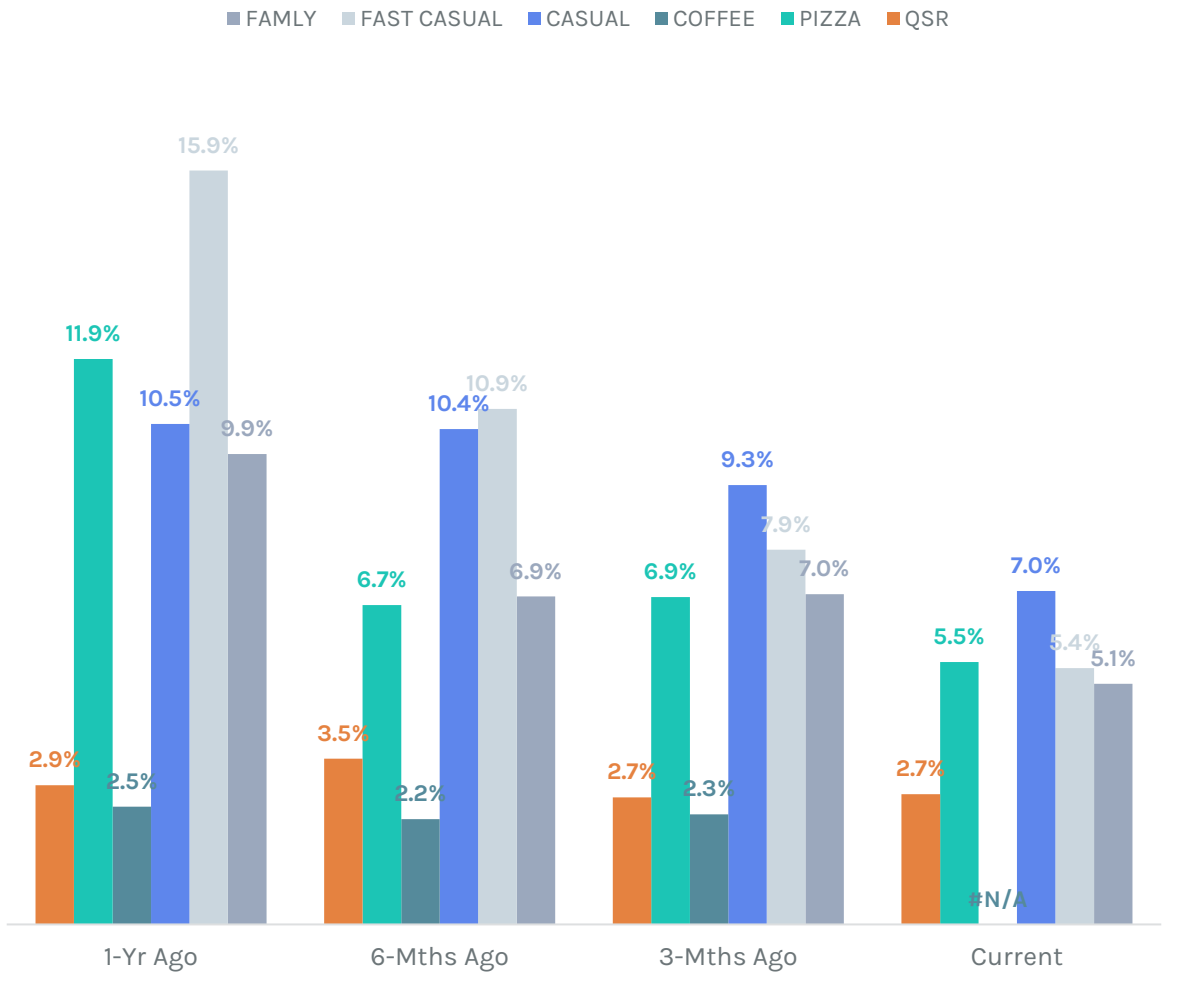
Industry | Short Interest

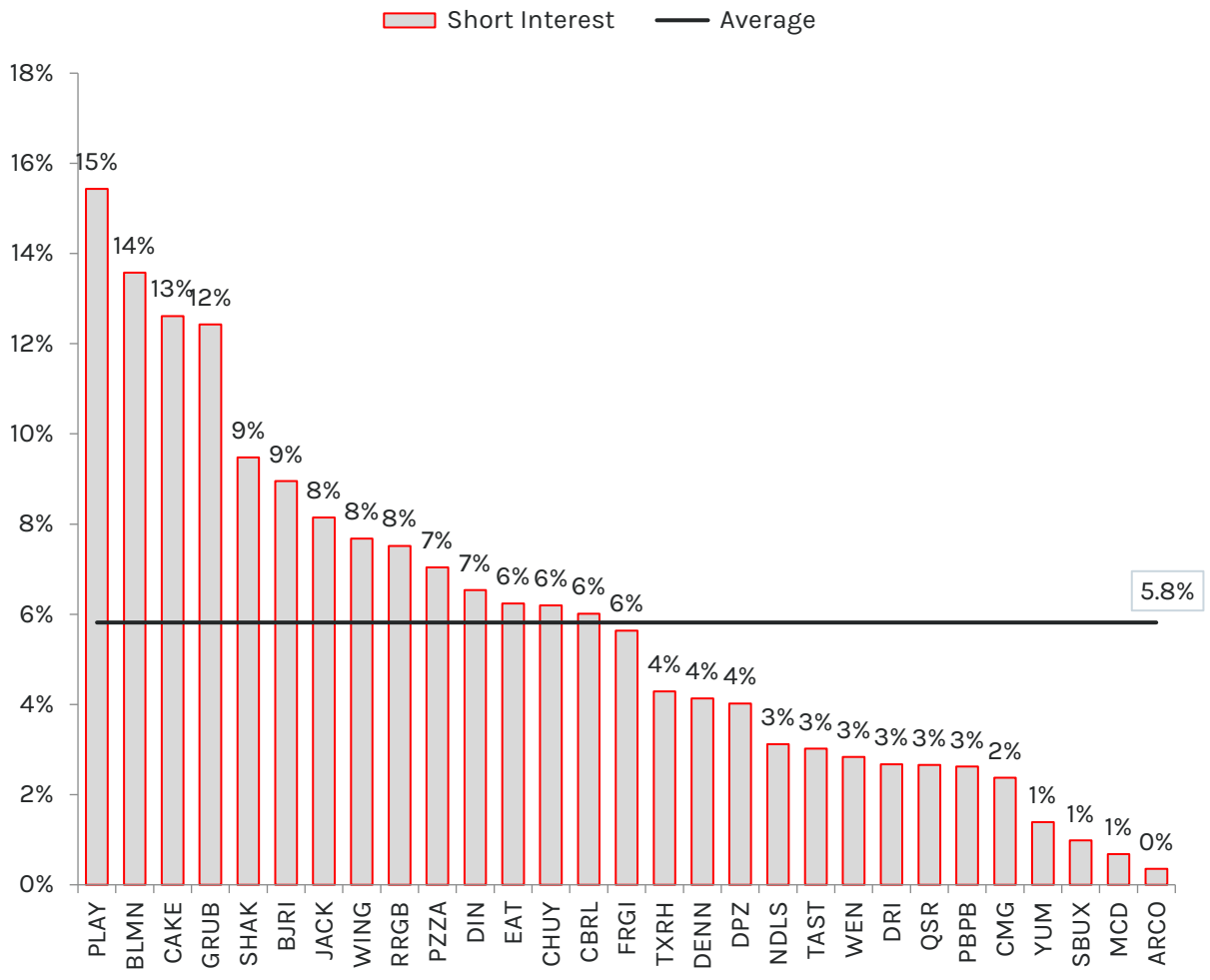
HEDGEYE

Short Interest Is Lower Now Than It Has Been Over The Past Year.

SHORT INTEREST BY SUBSECTOR



SHORT INTEREST BY COMPANY



Data Source: FactSet

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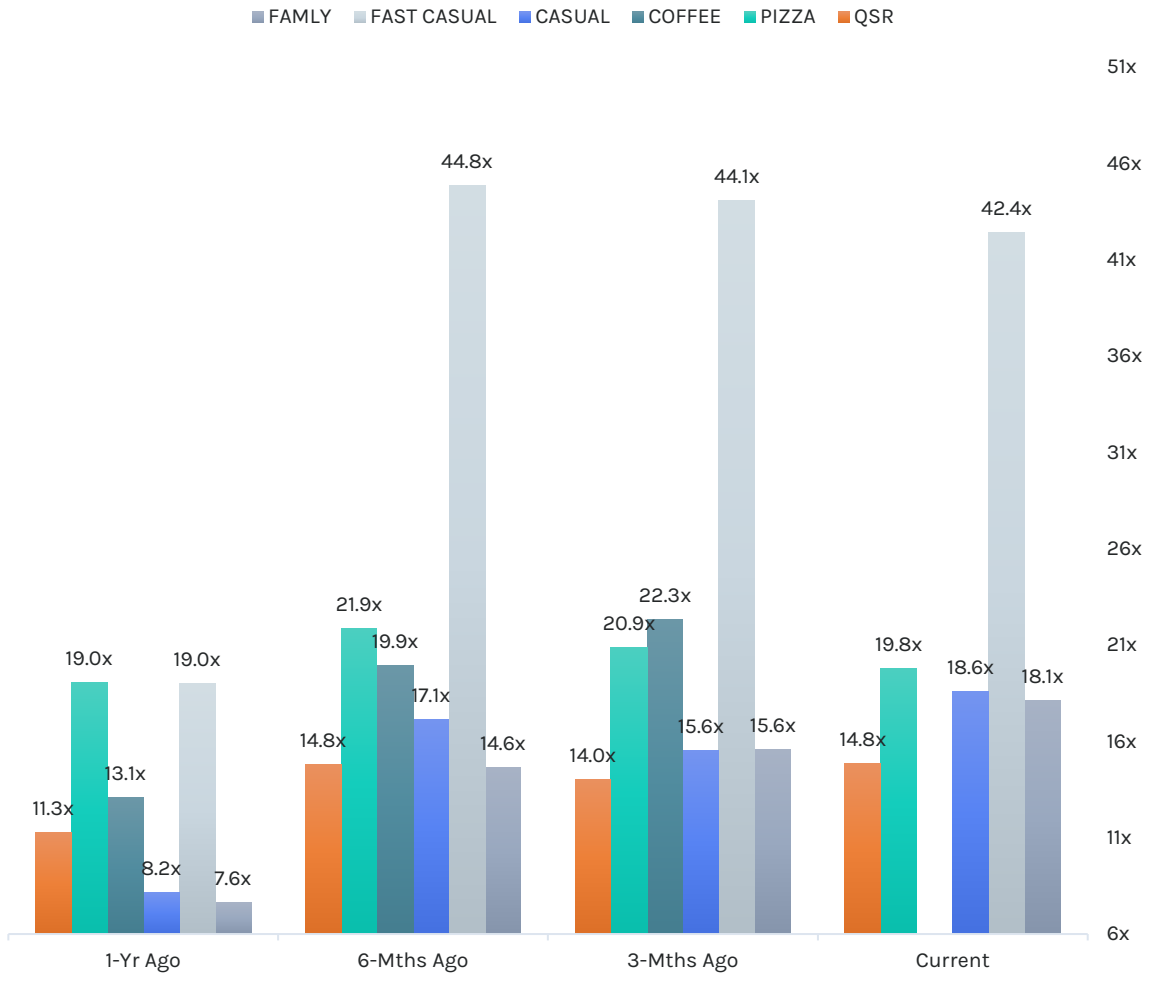
Industry | EV/NTM EBITDA

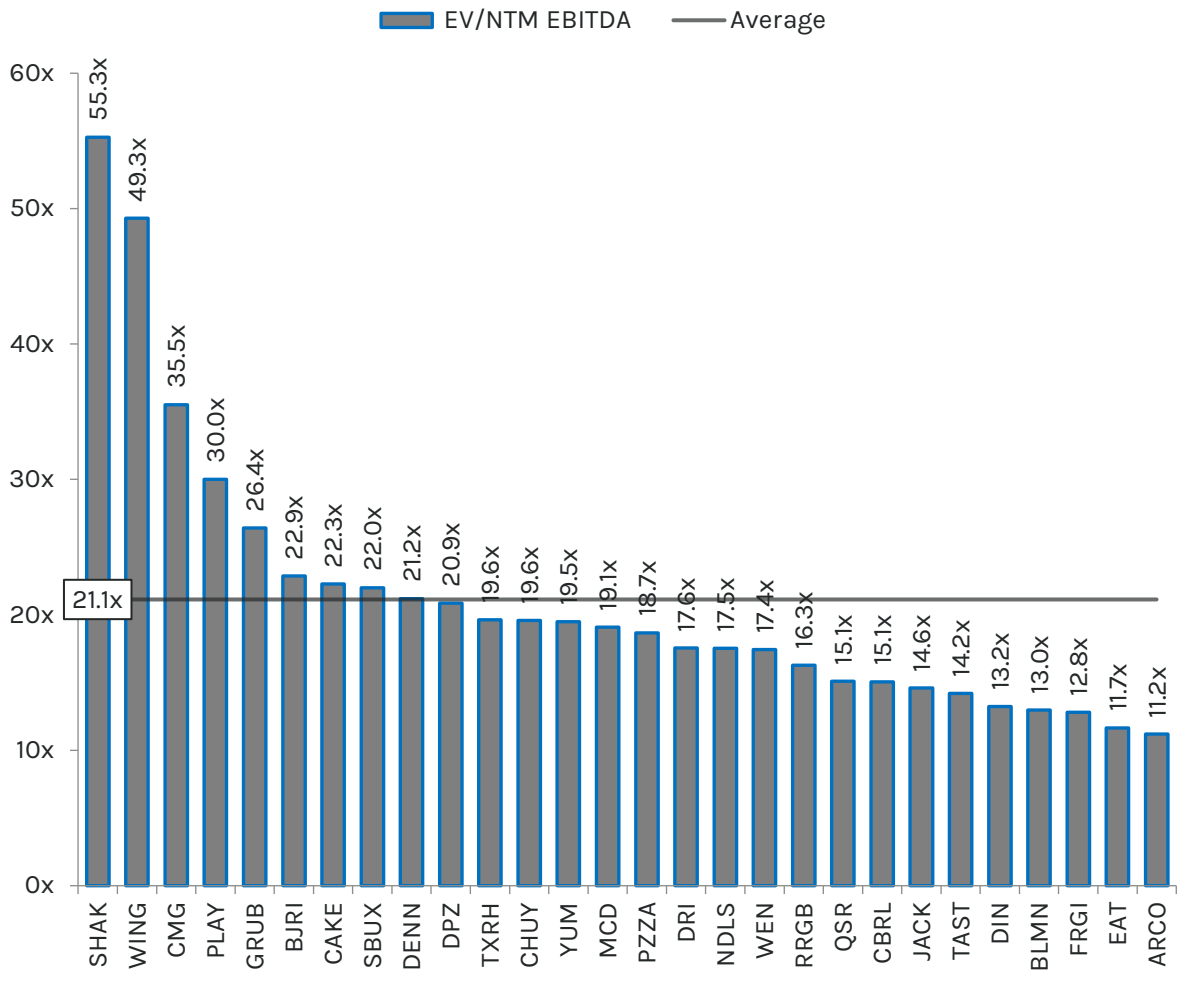
HEDGEYE

Valuations Are Generally Higher Now Than Over The Past Year.

EV/NTM EBITDA BY SUBSECTOR



EV/NTM EBITDA BY COMPANY



Data Source: FactSet

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Industry Same-Store Sales Trends

© Hedgeye Risk Management LLC.

Hedgeye Restaurants Position Monitor

HEDGEYE

HEDGEYE RESTAURANTS POSITION MONITOR

LONG

TICKER	COMPANY	Price	Mkt. Cap (M)	NTM P/E
BFI	BurgerFi International, Inc.	$15.66	$398	N/A
STKL	SunOpta Inc.	$14.01	$2,014	270.6x
SBUX	Starbucks Corporation	$106.35	$123,581	33.8x
CMG	Chipotle Mexican Grill, Inc.	$1,427.35	$40,048	57.7x
DPZ	Domino's Pizza, Inc.	$365.81	$14,212	27.3x
TAST	Carrols Restaurant Group Inc	$6.35	$319	882.0x
WEN	Wendy's Company	$20.70	$4,634	29.0x
MCD	McDonald's Corporation	$224.20	$167,157	26.1x
YUM	Yum! Brands, Inc.	$107.38	$32,220	26.1x

SHORT

TICKER	COMPANY	Price	Mkt. Cap (M)	NTM P/E
BYND	Beyond Meat, Inc.	$130.31	$8,195	N/A
SHAK	Shake Shack, Inc. Class A	$113.90	$4,654	669.1x
RRGB	Red Robin Gourmet Burgers, Inc.	$38.37	$567	N/A
PLAY	Dave & Buster's Entertainment, Inc.	$46.62	$2,041	N/A
BLMN	Bloomin' Brands, Inc.	$27.84	$2,312	20.7x
BJRI	BJ's Restaurants, Inc.	$57.81	$1,256	508.8x
CHUY	Chuy's Holdings, Inc.	$40.55	$767	33.8x
DIN	Dine Brands Global, Inc.	$86.50	$1,369	17.2x
DASH	DoorDash, Inc. Class A	$128.09	$40,353	N/A
TKWY-NL	Just Eat Takeaway.com N.V.	€78.12	€11,494	N/A
PZZA	Papa John's International, Inc.	$87.35	$2,833	38.3x
QSR	Restaurant Brands International Inc	$66.41	$37,921	24.2x
WING	Wingstop, Inc.	$122.77	$3,736	89.6x
EAT	Brinker International, Inc.	$69.22	$3,013	17.9x
DRI	Darden Restaurants, Inc.	$141.18	$17,455	23.5x

Data Source: FactSet

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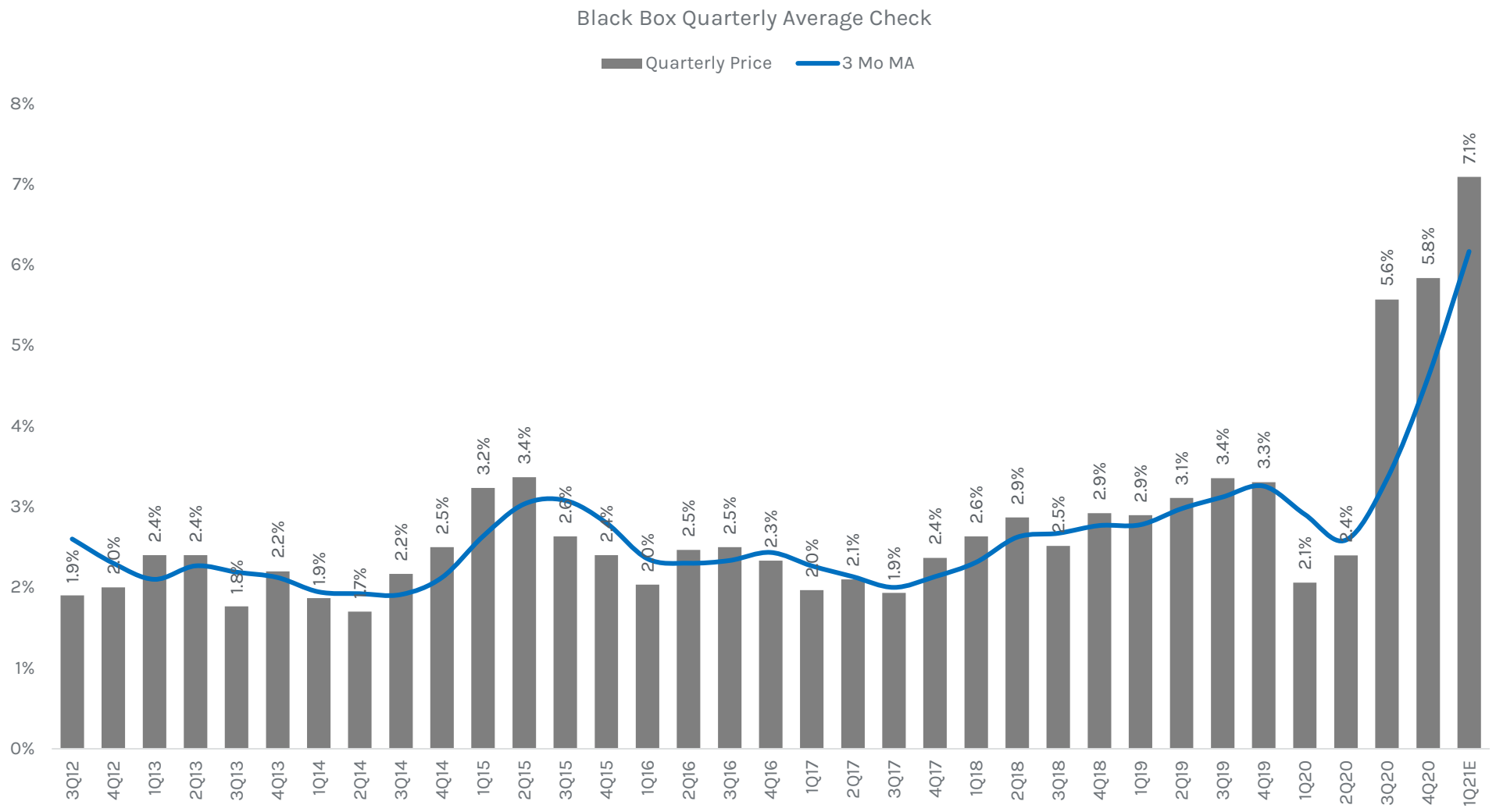
Industry | Average Check Growth

HEDGEYE



Full Service spend per guest was +2.4% in 2019.

Acceleration in average check growth has aided sales performance since the beginning of the pandemic.

Guest check growth was 6.5% in November and December.

In 2021, growth is again on the rise. Average check growth in January was 7.2% followed by 7.1% in February.

Check growth in limited-service restaurants grew by a much larger margin (quick service and fast casual) a 10% or higher increase in average check.

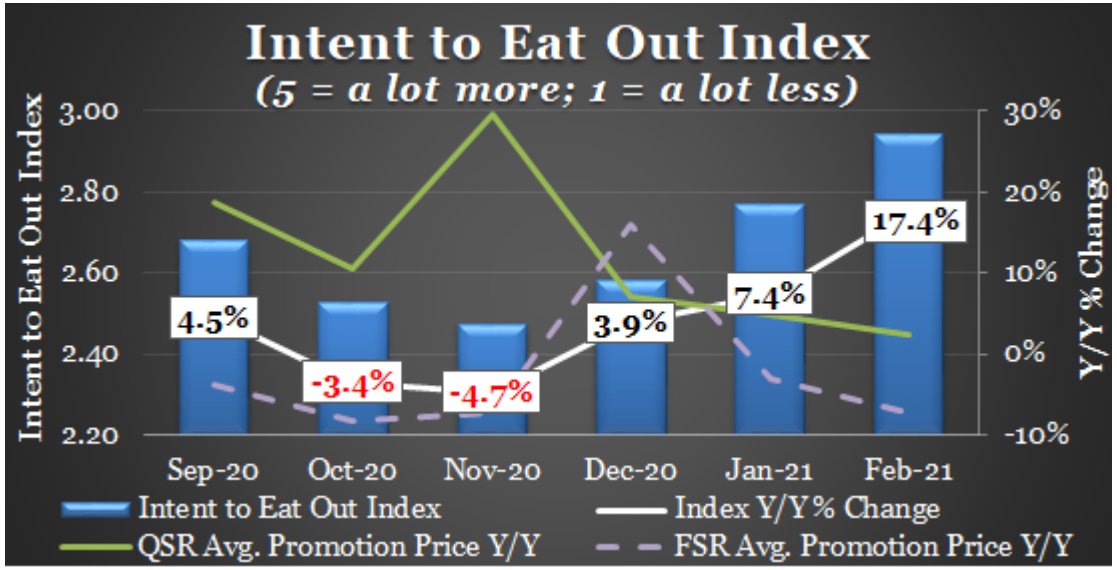
Data Source: Black Box

© Hedgeye Risk Management LLC.

Restaurants | Intent to Eat Out

HEDGEYE

The Coming Surge In Restaurant Industry Same-Store Sales



Month/Month Change to Plans for Eating Out (Feb % - Jan %)

	Total	Male	Female	18-24	25-34	35-44	45-54	55-64	65+
A lot more	3.2%	3.5%	2.9%	5.0%	2.9%	4.6%	-0.7%	3.2%	4.9%
A little more	3.8%	3.0%	4.6%	-0.7%	8.6%	5.1%	-0.7%	7.3%	1.8%
About the same	-2.2%	-4.8%	0.3%	-7.1%	3.7%	-7.0%	-2.7%	0.1%	-4.4%
A little less	-2.3%	-0.4%	-4.1%	-5.4%	-9.7%	3.6%	3.0%	-5.6%	0.5%
A lot less	-2.6%	-1.3%	-3.7%	8.0%	-5.4%	-6.3%	1.1%	-5.1%	-2.8%

Data Source: Restaurant Research

© Hedgeye Risk Management LLC.

Industry | Same-Store Sales Trends Q3 2020 – Q1 2022E

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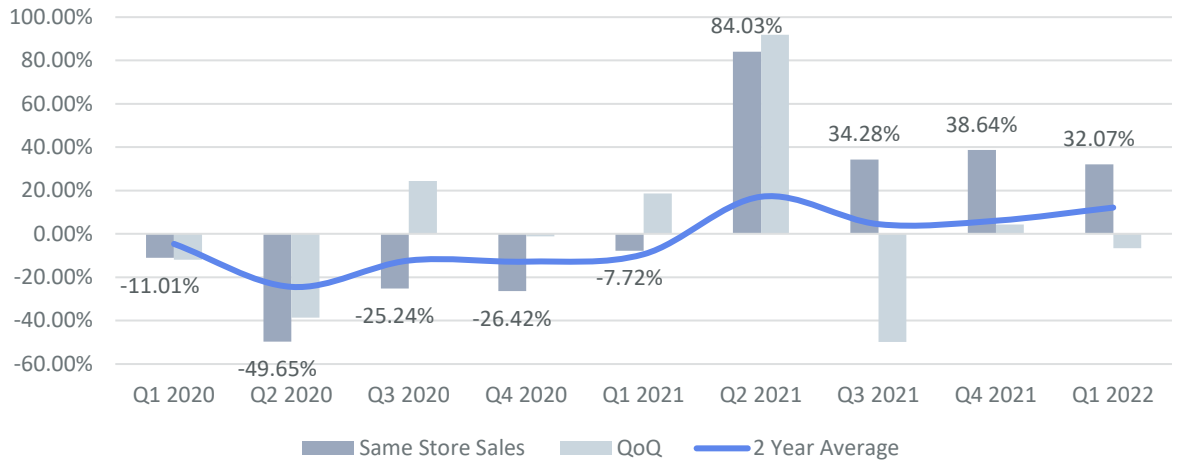
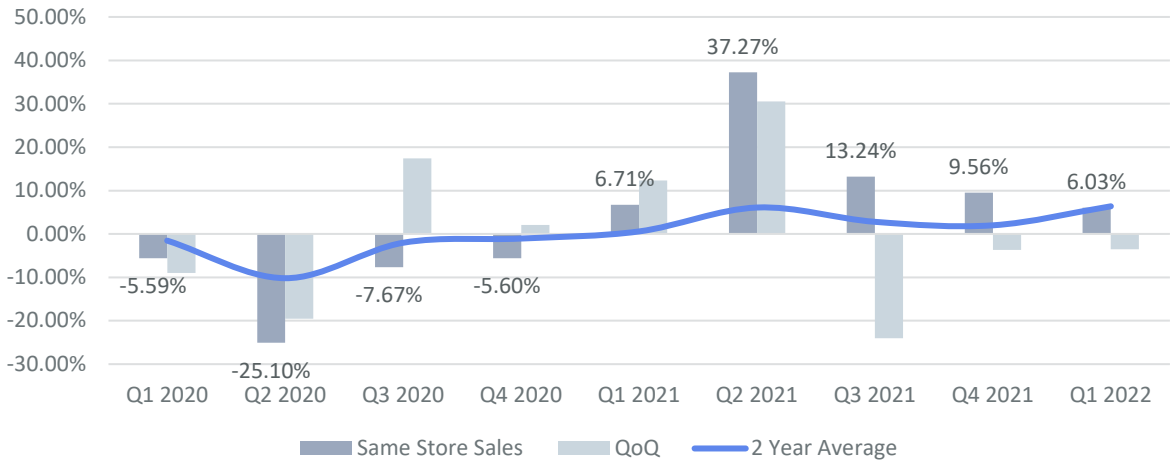
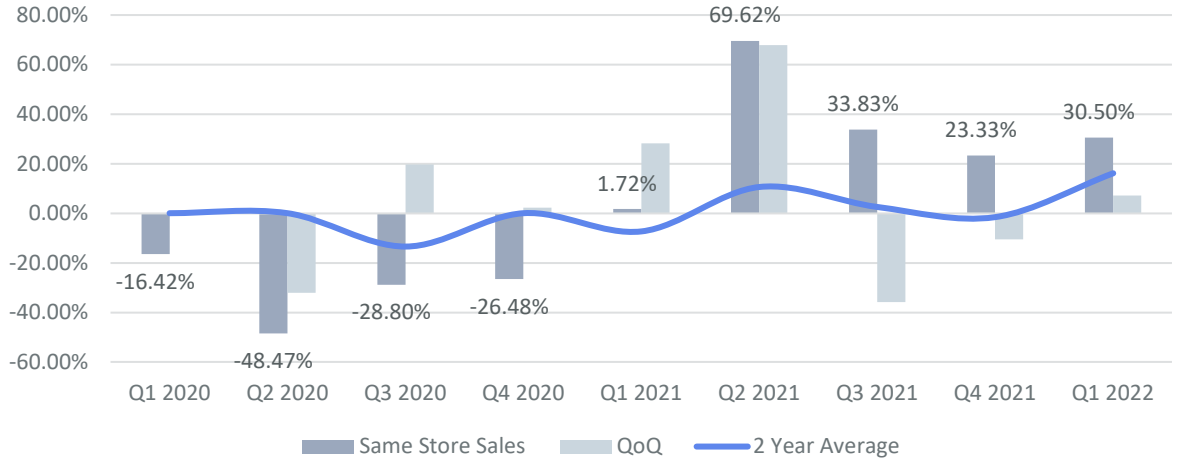
CASUAL DINING



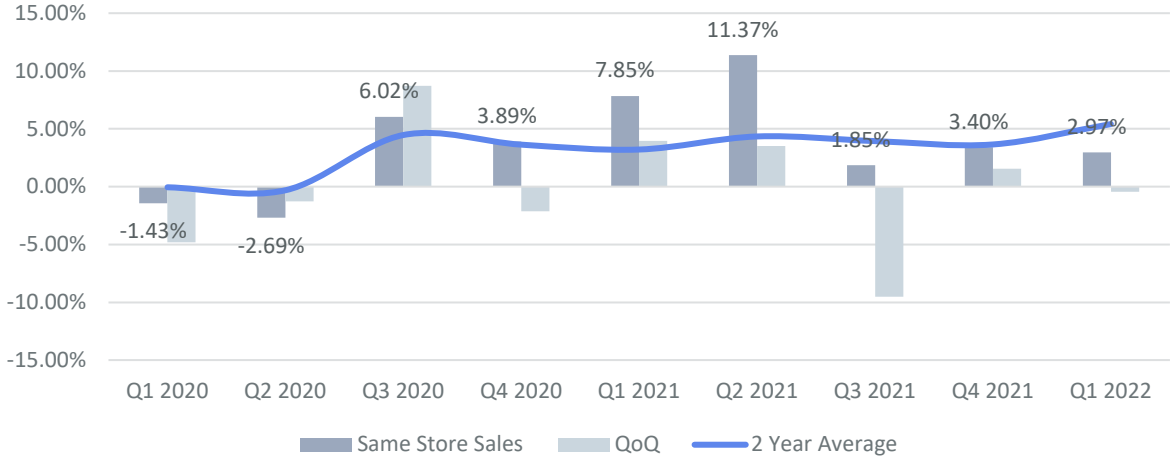
FAST CASUAL-SMALL BOX



FAMILY DINING



TRADITIONAL QUICK SERVICE



Data Source: Consensus Metrix

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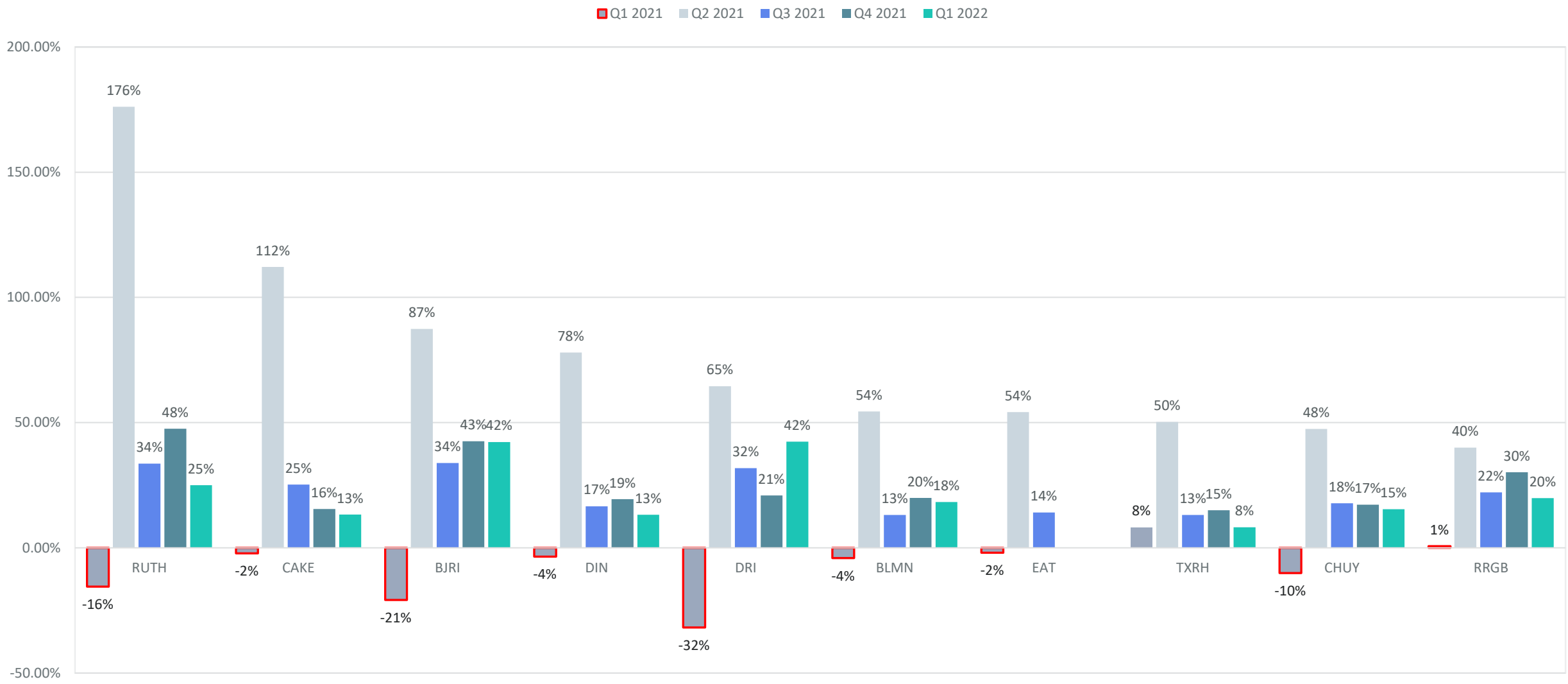
Industry | Casual Dining Sales Trends Q1 2021E – Q1 2022E

HEDGEYE

Managing The Surge In SSS Will Not Be Easy!



Data Source: Consensus Metrix

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Industry | Fast Casual-Small Box Sales Trends Q1 2021E – Q1 2022E

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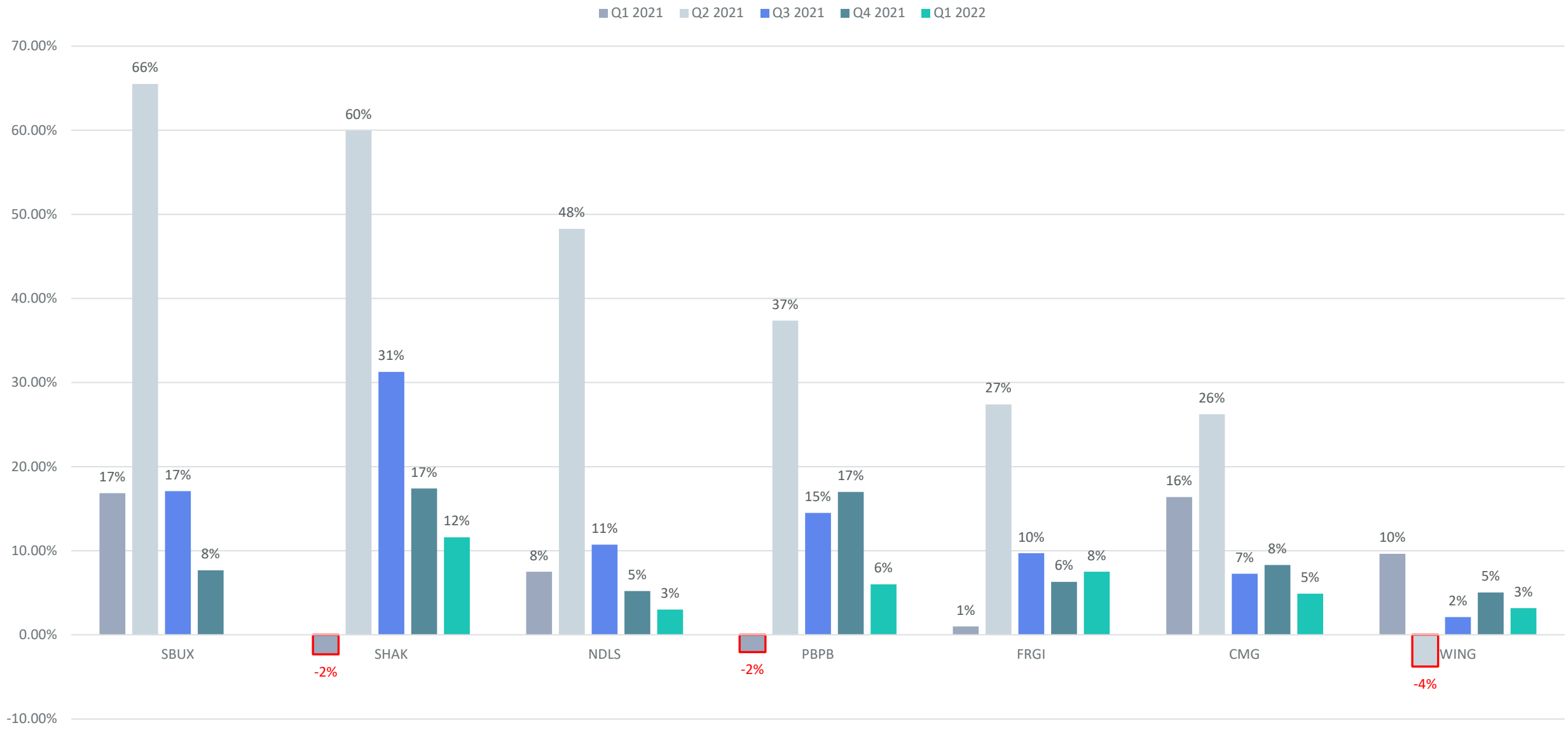

Data Source: Consensus Metrix

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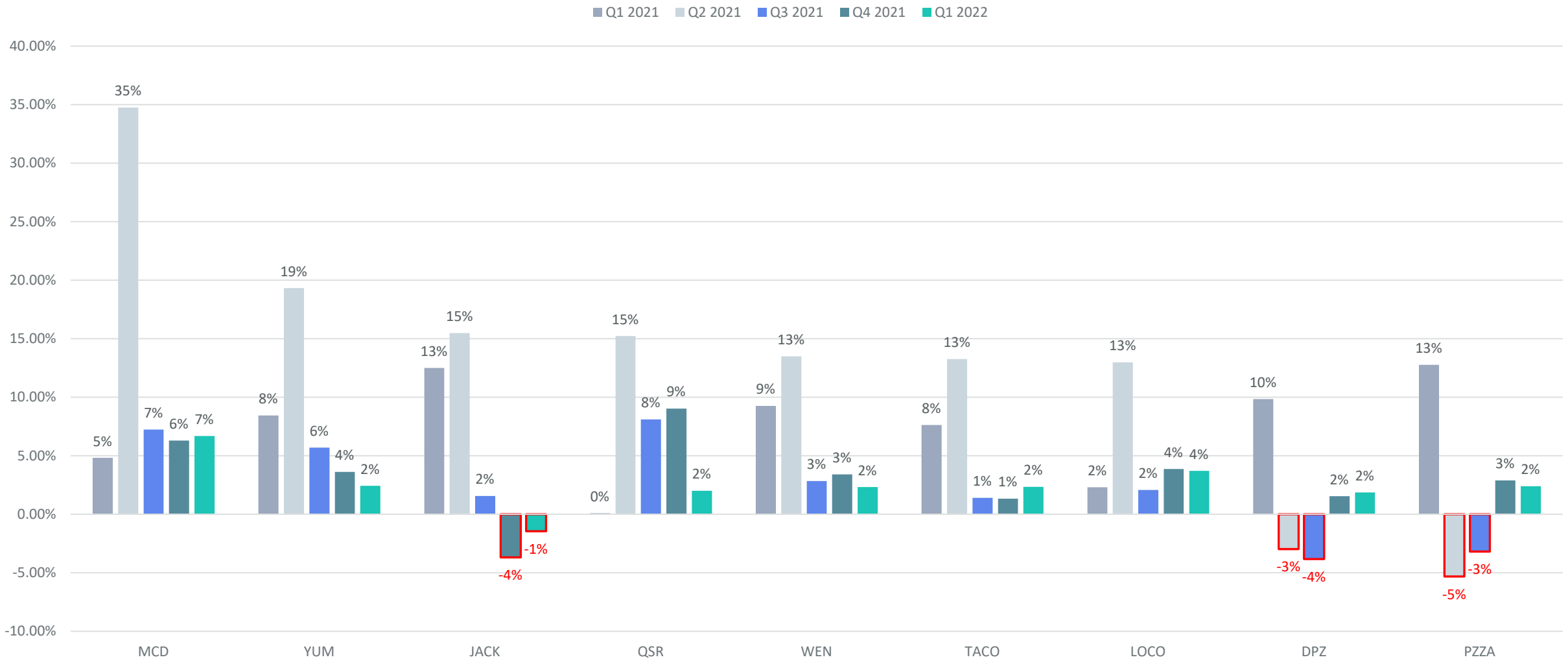
Industry | Traditional Quick Service Sales Trends Q1 2021E – Q1 2022E

HEDGEYE

DPZ Is The One Pandemic Winner We Like



Data Source: Consensus Metrix

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Industry | What's Next For The Restaurant Industry

HEDGEYE

1 In The Restaurant Industry, Certain Pockets Will Be Irreversibly Changed

The Leisure and Hospitality industry (restaurants represent 73%) accounts for 16.5 million jobs in the U.S. alone. Safety is a priority in these scenarios, as many of these employees are on the front line and in contact with up to 10 million people each day. A coordinated effort with the government will likely be necessary to help ensure that millions aren't out of work indefinitely.

2 The New Environment Favors Large Chains

Some chains are showing leadership in their response, but many operators will not be able to sustain 20%–50% revenue losses, even if they are able to secure financing. Large chains have had an easier time with earlier financing and working with banks as compared to the average independent. The composition in the industry between chains and independents will move further in favor of the former, for the foreseeable future.

3 Casual Dining Has Adjusted The Most

The economic model of the casual dining restaurant will be re-thought in a way that makes it more viable in the longer term. This is most relevant for full-service restaurants and, lower-price point casual-dining/family dining operators who can't keep up with the rapidly increasing cost of labor and rent. This is where employees will be hurt the most.

4 Low-Hanging Fruit Is Done

The low-hanging fruit has been cut across many restaurant systems (reducing food waste, cutting labor hours, etc.), so implementing other purely cost-cutting strategies would lead to cutting bone and hurting the guest and employee experience. Reinventing and reimagining digital optimization strategies can help to find non-obvious areas to improve.

Data Source: Hedgeye Research

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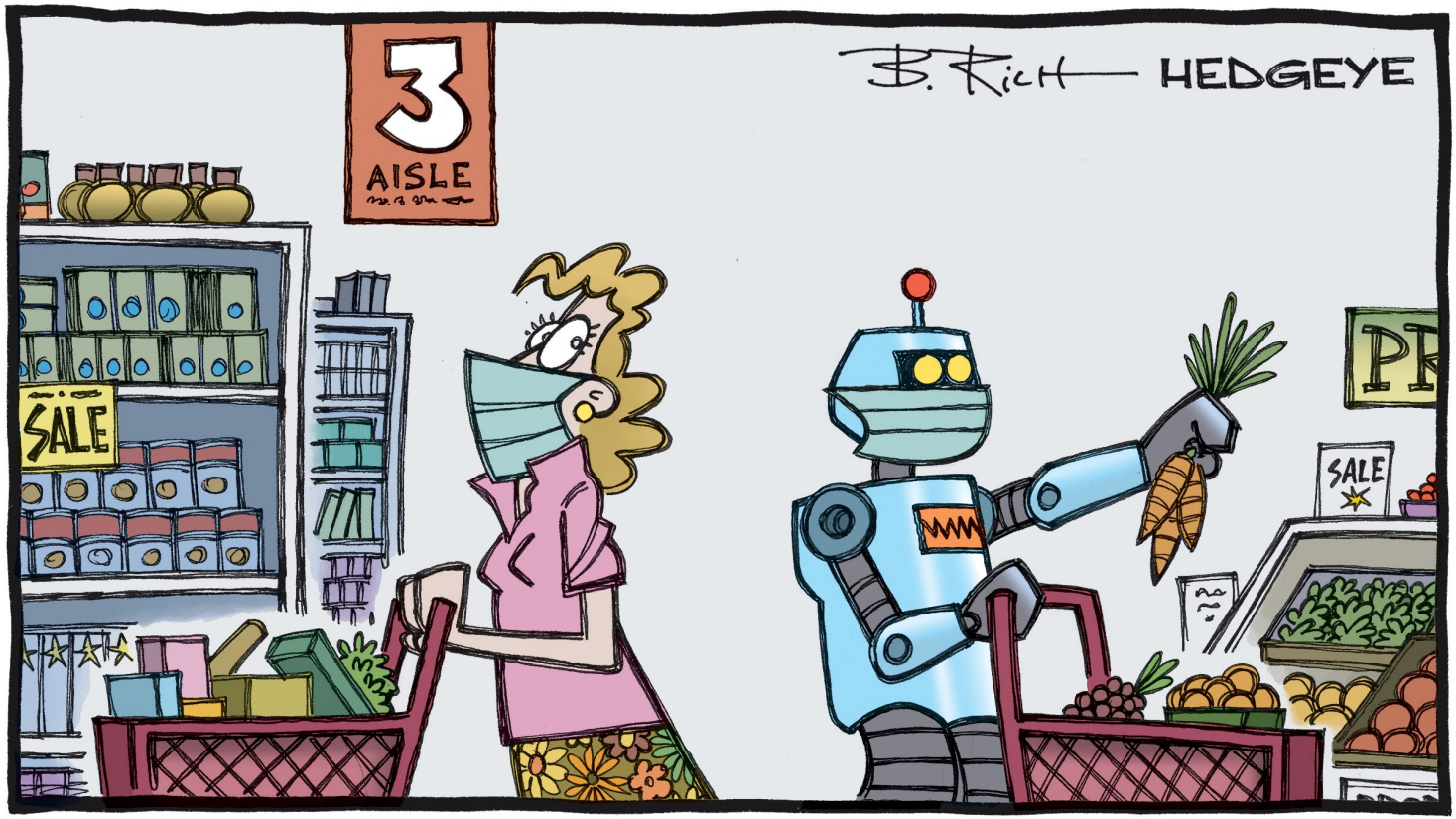
Consumption Shift



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Shift | Food At Home vs. Food Away From Home

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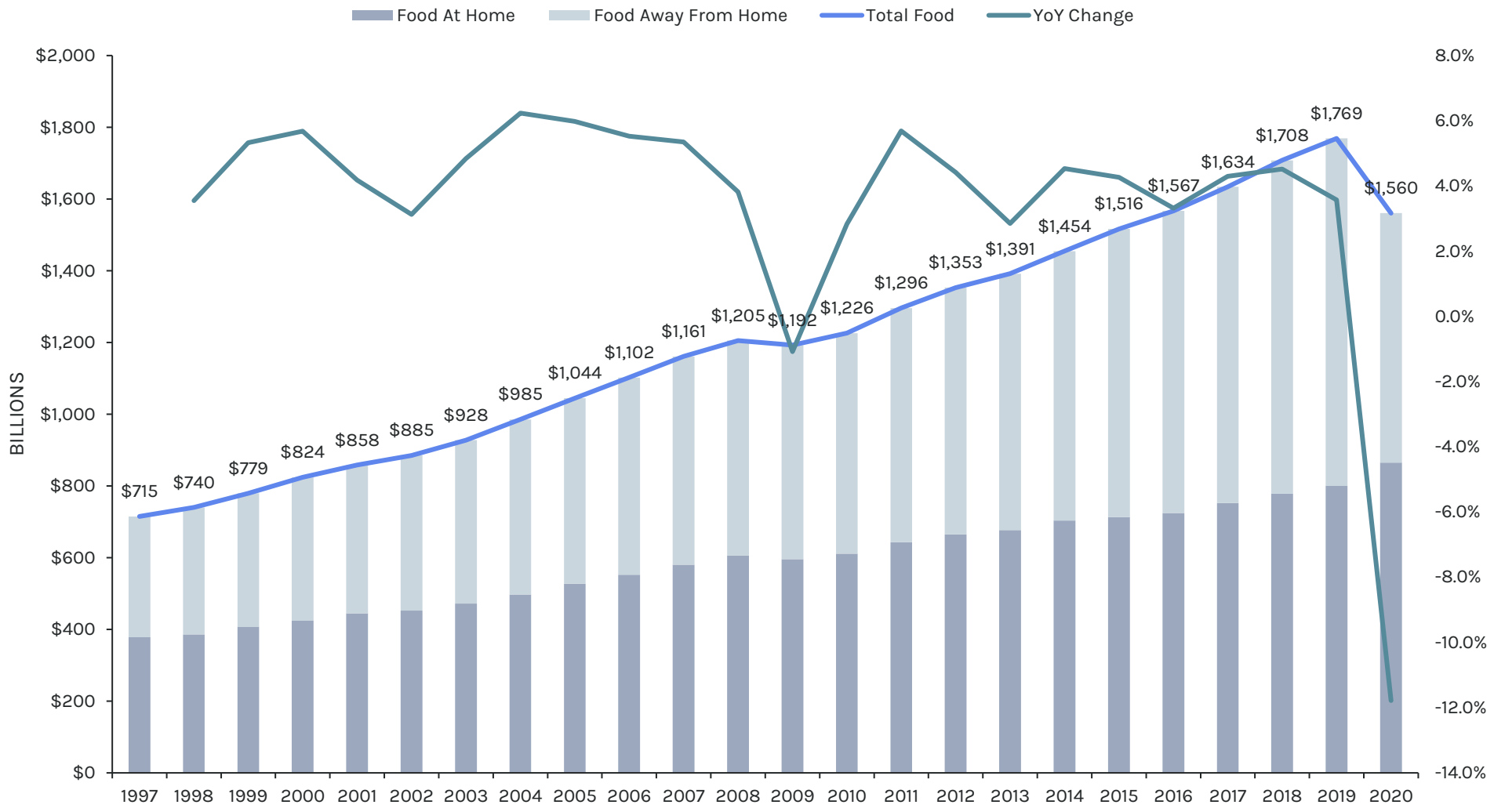
U.S. Total Nominal Food Expenditure 1997 – 2019



Food away from home has steadily gained share from food at home since the last recession. Food away from home will recapture some of the lost share during the pandemic, but it will take a few years to return to pre-COVID-19 levels.

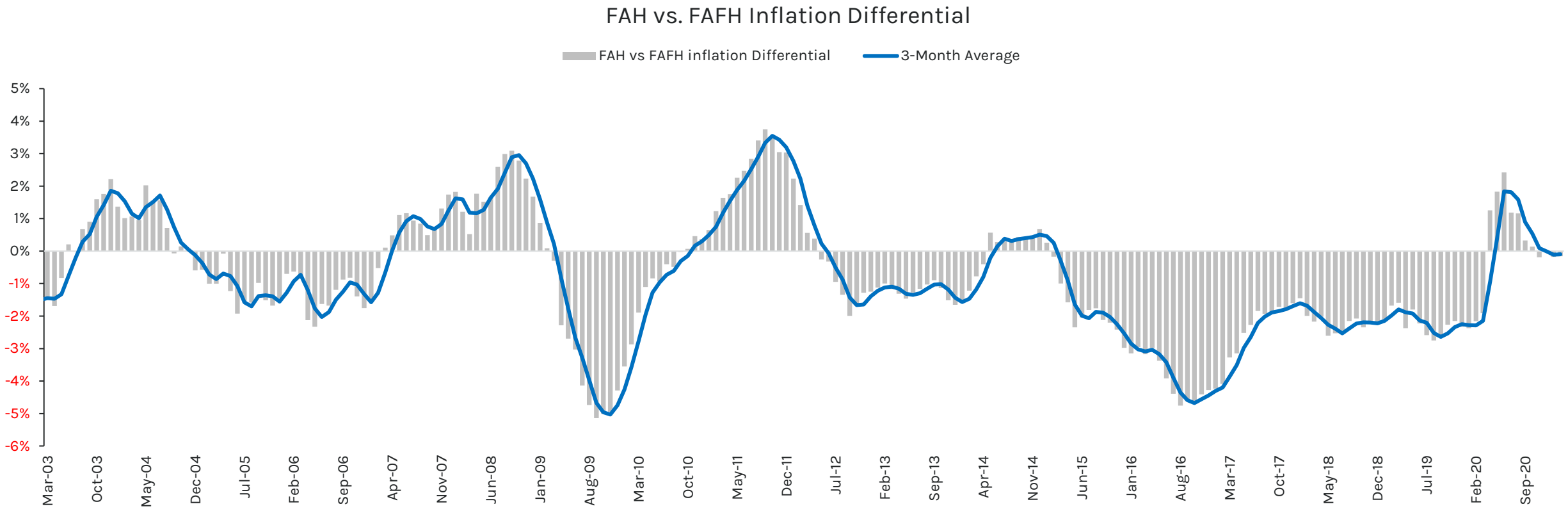
Data Source: USDA

© Hedgeye Risk Management LLC.

Shift | CPI-FAH vs. CPI-FAFH Inflation Differential

HEDGEYE

Soon It Will Be Costing More To Eat Away From Home



Since September the Food At Home vs. Food Away From Home differential has narrowed to less than 30bps. In the coming months grocery inflation comparisons will accelerate which will likely lead to the inflation rate for Food Away From Home to exceed the inflation rate for Food At Home. In other words the chart will point to negative numbers in the coming months.

Data Source: BLS

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Shift | Returning To The Workplace

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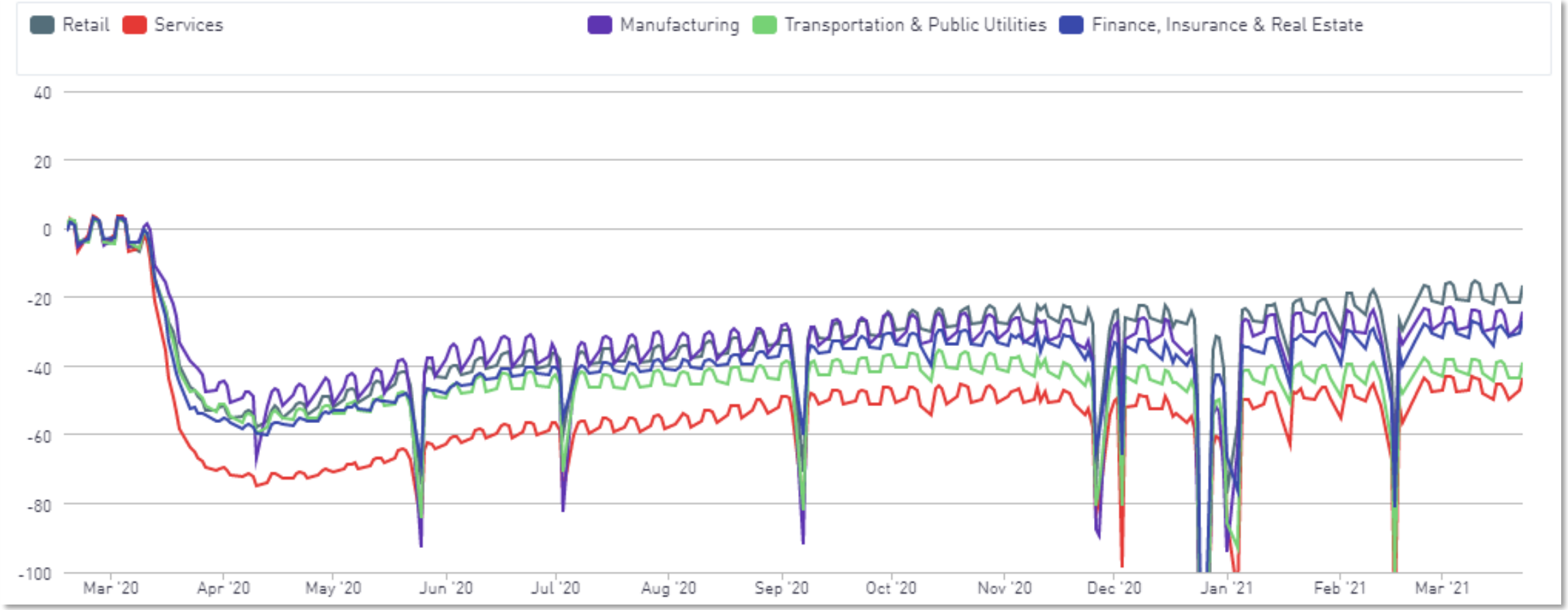

Some industries are seeing more of a return to the workplace than others. Vaccine distribution has not made a significant change to the pace of returning to the workplace yet.

Data Source: Brivo

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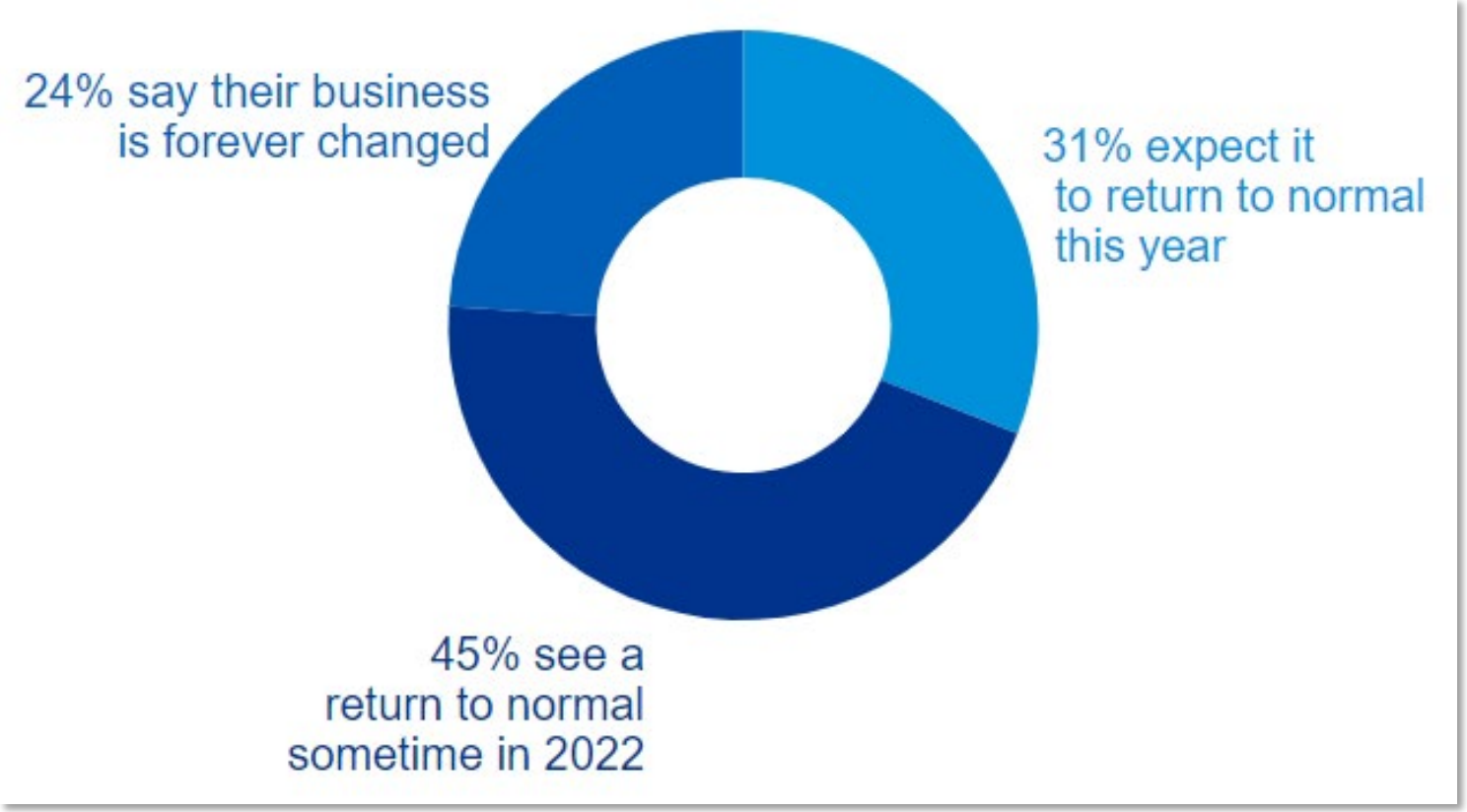
Shift | Office Workers Returning Slowly

HEDGEYE

2/3 of CEOs Say They Will Wait For Successful Vaccine Rollout Before Staff Are Asked To Return.



Only 1/3 of global CEOs anticipate returning to normal in 2021. 45% expect normality to resume in 2022. ¼ believe their business has changed forever. 90% of CEOs intend to ask employees to report when they have been vaccinated. Just 17% say they will downsize their physical office space compared to 69% in the August 2020 survey saying they would.

Data Source: KPMG 2021 CEO Outlook Pulse (500 CEOs from 11 countries all having annual revenue over $500M).

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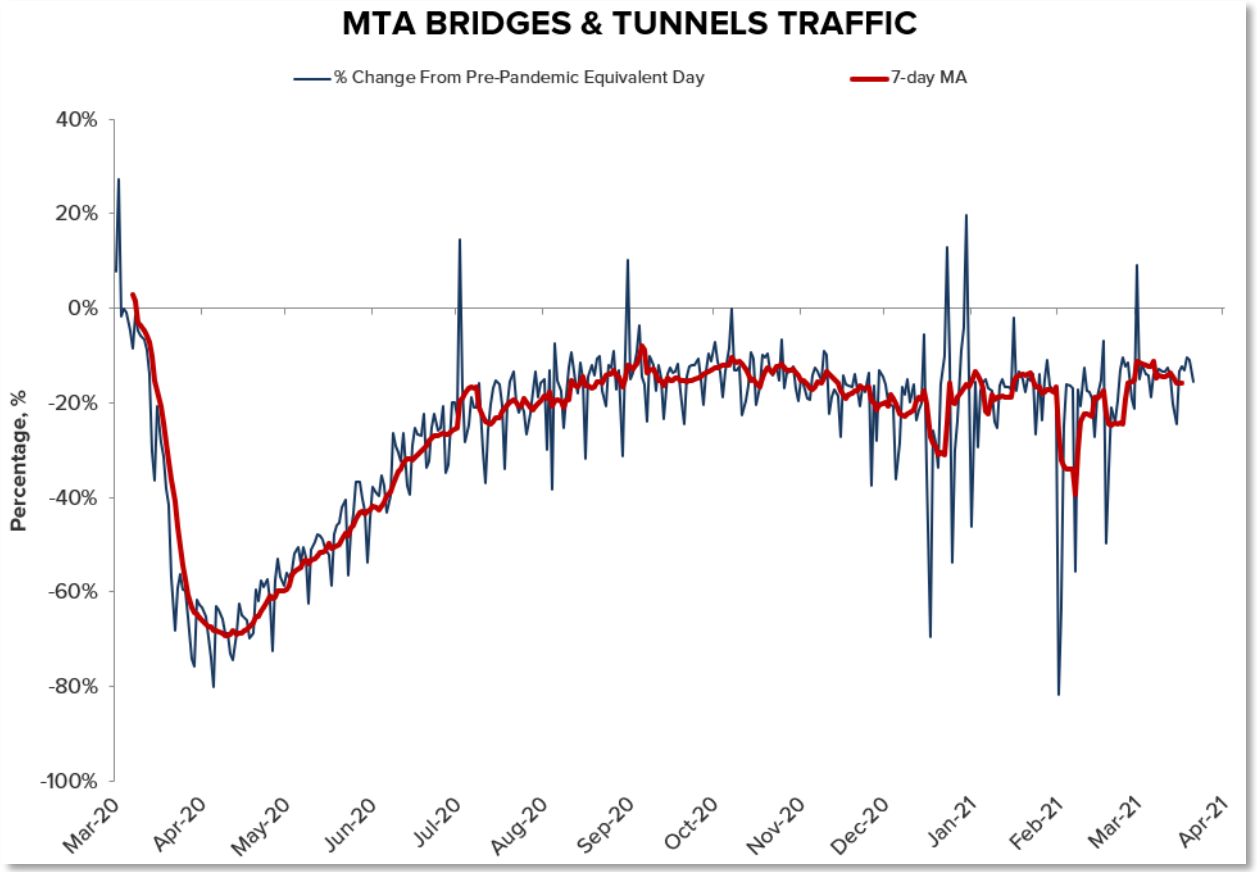
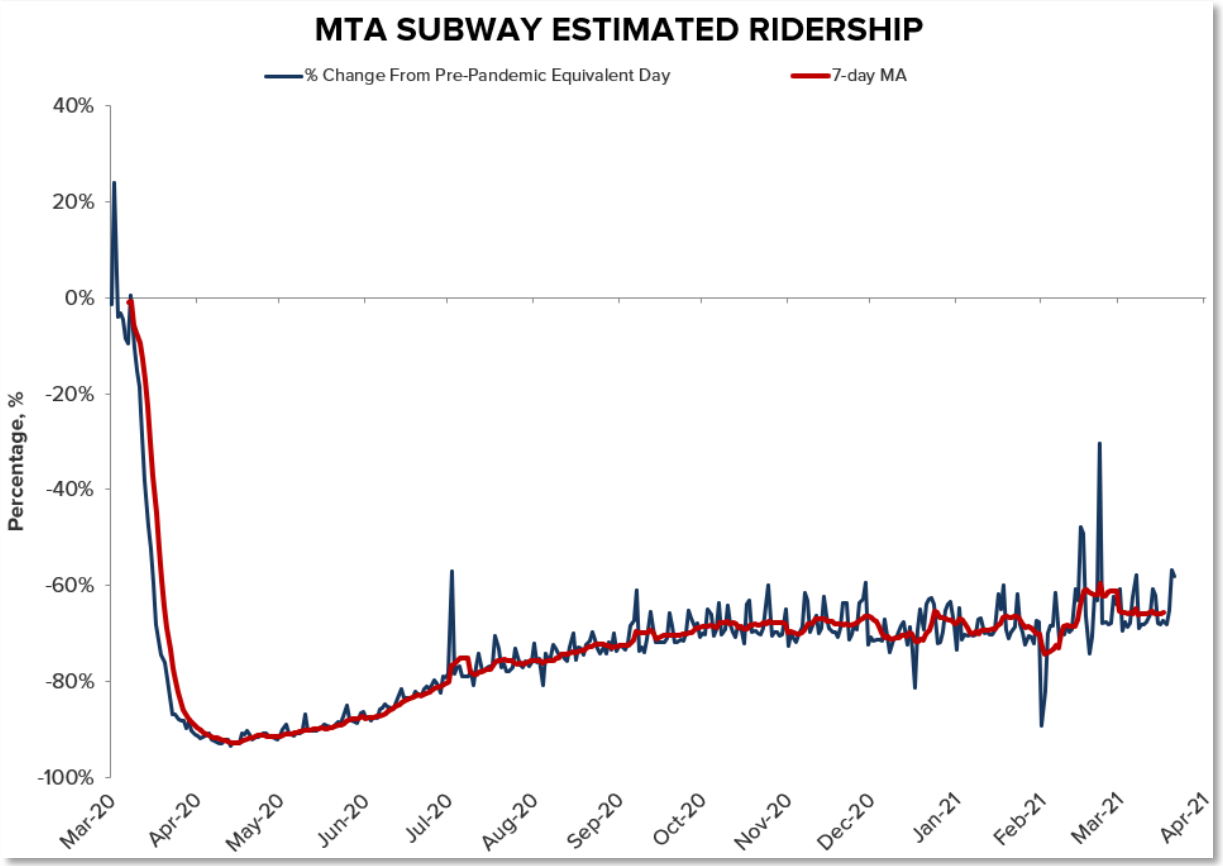
Shift | Commuting Remains Depressed

HEDGEYE





According to a study by the Partnership for New York City less than half of Manhattan's 1 million office employees will resume in person work by September.

Only 22% of NYC's largest companies will require staffers to return to the workplace full time. 66% of NYC's biggest companies reported plans to adopt a hybrid model in the coming months. Only 10% of NYC's office employees have returned to their workplace.

61% said they will not mandate returning employees be immunized.

Data Source: MTA, Hedgeye Industrials Team Estimates

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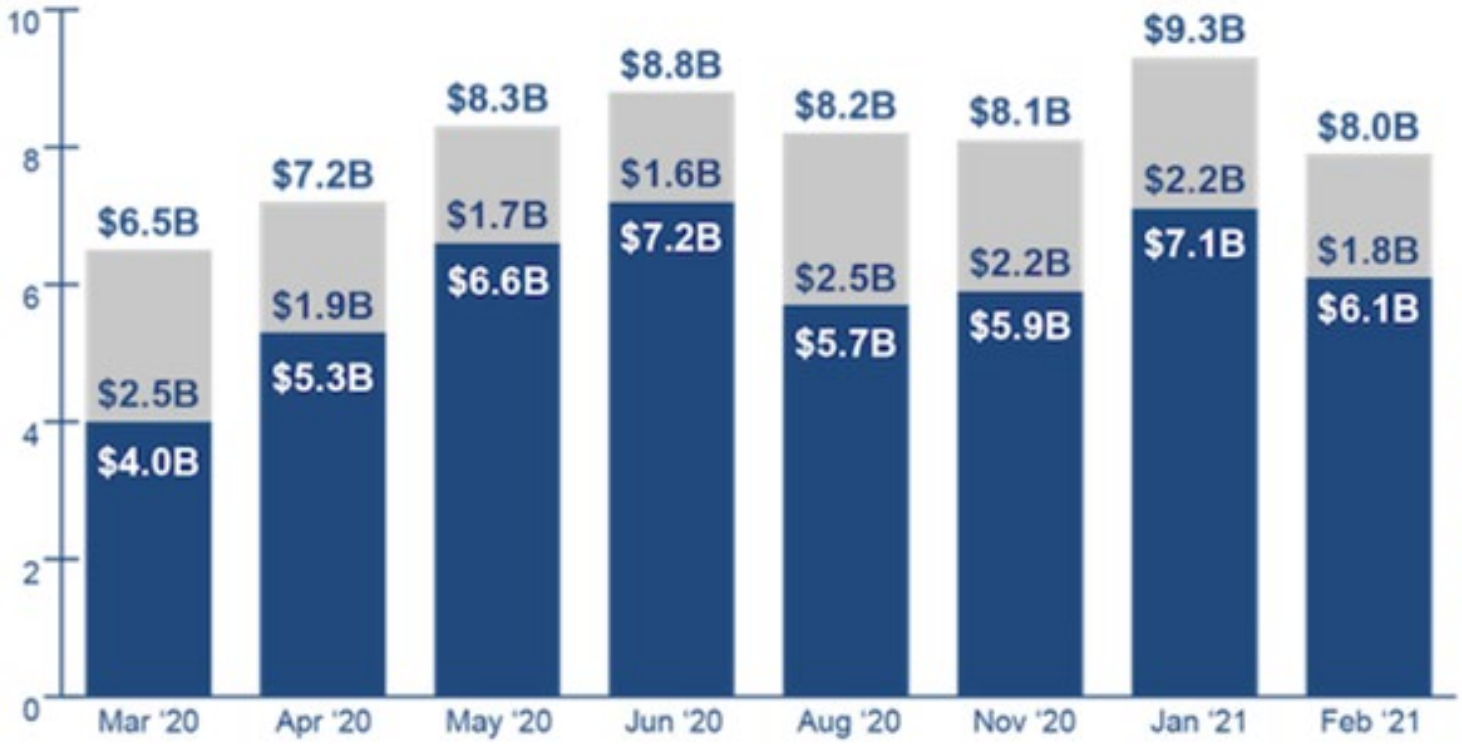
Shift | Online Grocery Shift

HEDGEYE



Delivery includes first- and third-party providers (e.g. Amazon Fresh, Albertsons, FreshDirect, Instacart, Shipt)
Pickup includes in-store, curbside, lockers, and drive up
Ship-to-Home includes common (e.g. FedEx, UPS, USPS) and other parcel couriers
Monthly total may not be equal due to rounding.

Online grocery sales in the U.S. fell 14% in February to $8B than the $9.3B in January. The biggest decrease came in the ship-to-home category. February online sales were at roughly the same level as in the November and August surveys at $8.1B and $8.2B respectively. Delivery and pickup sales were higher in February at $6.1B than $5.9B in November and $5.7B in August. The delivery and pickup segment remained at 76% of the online grocery market in February. The monthly active users fell 12% to 60.1M in February, down from 69.7M in January. More than 40% of the decrease came from the over 60 age group, likely reflecting a change in behavior as vaccines have become more available for them.

In the January survey, shopper sentiment for completing an online order in the next month fell 32 percentage points to 56%, presaging the drop seen in February. In February, the likelihood to use online ordering stabilized at 58%.

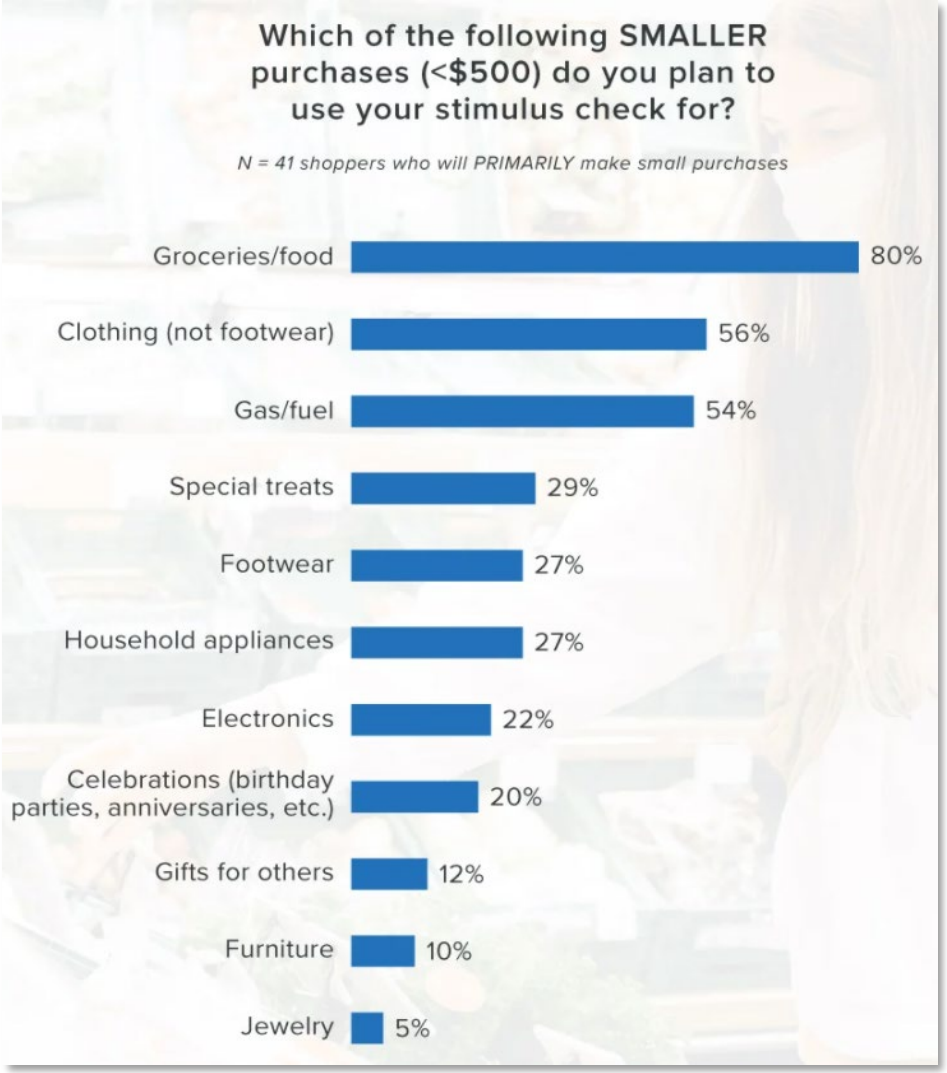
Data Source: Brick Meets Click, Mercatus

© Hedgeye Risk Management LLC.

Shift | Stimulus Checks Going to Groceries

HEDGEYE

A Small Portion Of Stimulus Checks Will Go Toward Food Purchases.



88% of respondents expected to receive a stimulus check. 45% of respondents said they would use the checks primarily to pay bills/debt, followed by 29% saying they would use it for savings. Using the checks for smaller purchases was similar to the 9% saying they would use it for major purchases.

Data Source: Field Agent (n=500)

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Casual Dining

© Hedgeye Risk Management LLC.

Industry | The Casual Dining Wake-Up Call

HEDGEYE

1. Casual dining operators have been forced to rethink their entire business models and adjust to lower volumes, but more off-premise.

2. Now, most of the industry is operating under lower operating cost structures & simplified menus, allowing for better flow thru on sales

3. Acceleration of digital enhancements & contactless operating model. Contactless payments enhance the customer experience

4. Going more digital is allowing for increased labor efficiencies, which is being offset by increased labor inflation.

5. All of the in-store initiatives is allowing for an enhanced guest experience

Data Source: Hedgeye Research

© Hedgeye Risk Management LLC.

BJ’s Brewhouse

© Hedgeye Risk Management LLC.

BJRI | Tear Sheet

HEDGEYE

BJ's Restaurants, Inc. USD 60.98

BJ's Restaurants, Inc. owns and operates restaurants. The Company segment includes casual dining company-owned restaurants. Each of its restaurants is operated either as a BJ's Restaurant & Brewhouse, a BJ's Restaurant & Brewery, a BJ's Pizza & Grill or a BJ's Grill restaurant. The Company's restaurants offer craft beers and other beers, as well as a selection of appetizers, entrees, pastas, burgers and sandwiches, specialty salads, and desserts, including its warm pizza cookie dessert, the Pizookie. As of February 27, 2017, the Company owned and operated 189 restaurants located in 24 states of Alabama, Arizona, Arkansas, California, Colorado, Florida, Indiana, Kansas, Kentucky, Louisiana, Maryland, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Virginia and Washington.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Mar 31, 2021
Next FY End Date	Dec 31, 2021
Next Earnings Date	Apr 29, 2021
Latest Earnings Date	Feb 11, 2021

**in millions USD, except per share data*

Market Cap	1,437.7
EV	1,502.8
Shares Outstanding	22.3
Annual Dividend	0.2
Dividend Yield	0.45%
Dividend Payout	-0.3%

FIN. MODEL SUMMARY	FY0	FY1	FY2
Period end	*12/31/2020*	*12/31/2021*	*12/31/2022*
Revenue	778.5	994.4	1,209.6
Gross Profit	277.3	133.3	194.7
Gross Margin	35.6%	13.4%	16.1%
Operating Profit	- 78.3	- 8.0	51.3
Operating Margin	-10.1%	-0.8%	4.2%
Net Income	- 51.8	- 9.6	44.9
EPS	- 2.5	- 0.4	1.9

VALUATION RATIOS	Last 5y avg fy1	ltm	ntm
EV/Sales	0.96 x	0.97 x	0.92 x
EV/EBITDA	14.00 x	10.71 x	9.26 x
P/E	12.07 x	14.34 x	6.52 x
P/B	3.14 x	3.07 x	
FCF Yield	3.43 x	4.08 x	

STOCK PRICE PERFORMANCE	
**stock data in trading currency*	
Last price	60.98
52 Week High	63.42
52 Week Low	6.01
YTD Change	49.9%
1 Year Change	173.6%
5 Year Change	125.2%
10 Year Change	170.0%

Earnings Algo:

1Q21 -20.4%% revenue growth and -221.7% EPS growth

2Q21 90.5% revenue growth and 81.5% EPS growth

3Q21 34.8% revenue growth and 121.1% EPS growth

Net Debt/EBITDA – 8.9x

Guidance:

"AWS of approximately $74,000 per week, we expect to be a modest use of cash of less than $500,000 a week, commodity inflation between 1% and 2%, with cost of sales in the mid-25% range.

We are targeting G&A of approximately $67 million for 2021, which includes more than $6 million for incentive compensation compared to less than $500,000 booked in 2020 due to the impact of COVID. The G&A budget also includes $7.8 million related to equity compensation compared to $7 million in 2020.

Data Source: Sentieo

© Hedgeye Risk Management LLC.

BJRI | Trending Topics

HEDGEYE

BJRI - TRENDING TOPICS

Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Sites	Marketing	Sites	Lunch	Dining Room	Patio	Labor	California
Traffic	Labor	California	Average Check	Sites	Menu	Coronavirus, Epidemic & Par	Diners
Kitchen	Kitchen	Beer	California	Menu	Dining Room	Revenue	Coronavirus, Epidemic & Par
Sirloin	Sites	Revenue	Catering	Texas	Revenue	Patio	Beer
Takeout	California	Labor	SEC	Coronavirus, Epidemic & Par	Sites	California	Kitchen
Lease	Revenue	Menu	Store Openings/Closings	Revenue	Pizza	Locations	Patio
Daypart	Rollout	P&L	Sites	Takeout	California	Loyalty Point Expiration	Store Openings/Closings
Labor	Brewhouse Special	Marketing	Entree	Late Night	Labor	Texas	Dining Room
Handheld	Avocados	Lease	Revenue	Burn Rate	Occasion	Takeout	Vaccination
Lunch	Same Store Sales	Florida	Traffic	Uncertainty	Uncertainty	Dining Room	Uncertainty
Discounting	Tri Tip	Operating Occupancy Cost	Labor	Landlords	Payment	Dividers	Partition
Daily Brewhouse Specials	Inflation	Same Store Sales	Occupancy Cost	Covenant	Bar	Loyalty Point	Catering
Store Openings/Closings	GSK	Commodity	Beer	Payment	Coronavirus, Epidemic & Par	Uncertainty	Michigan
Menu	Macro	Hurricane Dorian	Macro	Volume	Family Bundles	Kitchen	Regulations
Marketing Expenses	Lease	Entrees	Closures	Same Store Sales	Seat	Macro	Bar

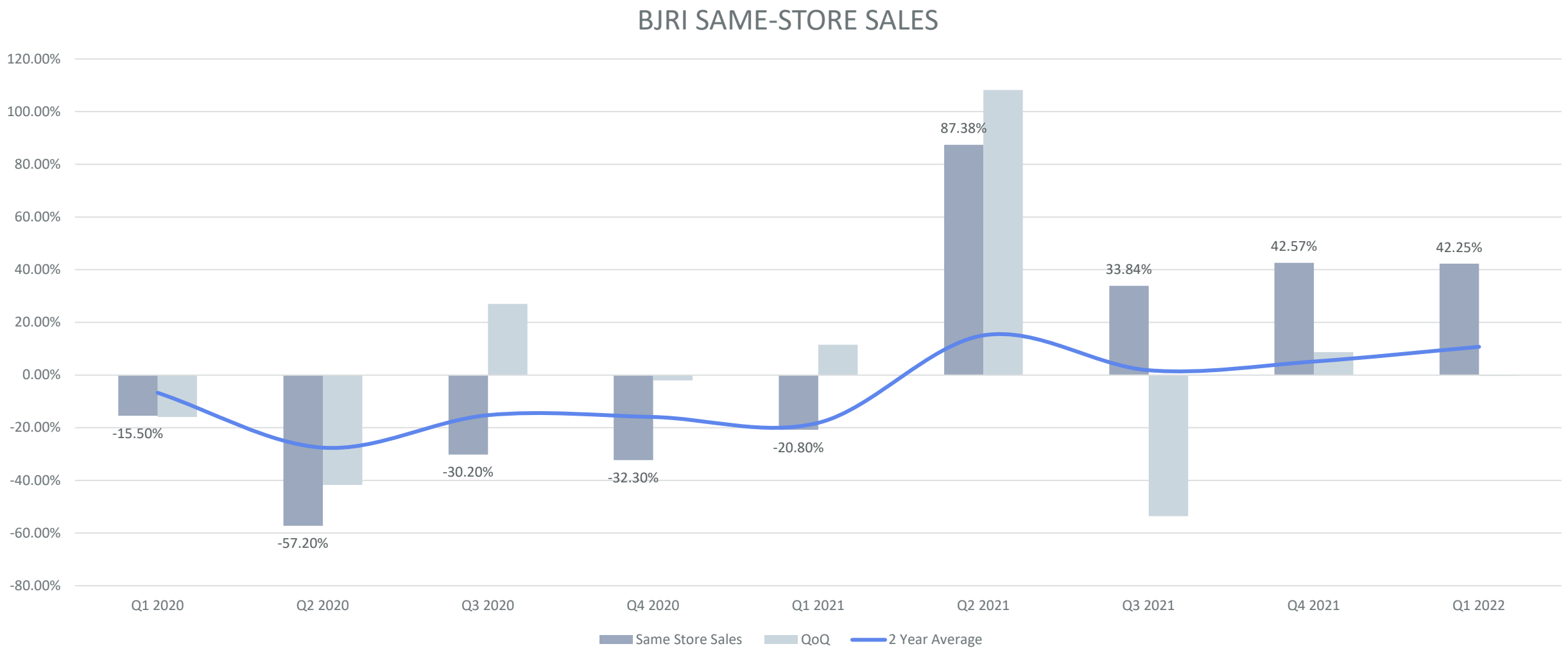
- 62 of the 209 investments are located in CA
- *beer* club membership program continued to show promise.
- Made important physical improvements to our restaurants to better execute off-premise demand such as *kitchen* system technology to improve order visibility and pacing, enabling our *kitchens* to sync both in-restaurant and off-premise demand with our restaurant capacity.
- Notable Labor was not a trending topic in the most recent earnings call

Data Source: Sentieo

© Hedgeye Risk Management LLC.

BJRI | Same-Store Sales Trends

HEDGEYE



Data Source: FactSet

© Hedgeye Risk Management LLC.

BJRI | Relative Price Return 2002 – 1Q21

HEDGEYE

BJRI Has Been A Chronic Underperformer

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	21.17	18.94	-3.09	40.12													40.12
2020	1.76	-11.11	-50.36	-52.96	42.41	-7.24	-9.69	20.71	-11.55	46.18	-0.82	28.38	-1.13	5.86	11.82	17.82	-46.17
2019	-10.47	-6.98	-4.91	-22.97	0.06	-7.84	-2.46	-11.01	-11.98	-6.31	5.87	-12.72	-2.45	-0.13	-11.41	-14.87	-62.76
2018	-5.05	16.52	7.45	20.55	23.88	-5.40	6.21	26.44	2.62	13.90	-4.16	12.10	-6.67	-10.95	2.02	-12.99	39.89
2017	-14.68	-2.12	9.33	-8.93	8.91	-4.56	-14.27	-11.77	-9.30	-16.80	1.68	-23.93	-0.50	10.80	1.43	12.45	-38.84
2016	5.58	6.22	-13.75	-1.99	10.48	-3.92	0.37	6.96	-18.54	1.22	-12.46	-29.29	3.00	2.33	5.10	10.75	-15.51
2015	-9.71	10.68	-0.81	-1.80	-9.16	-4.43	8.54	-5.36	1.86	-9.80	2.54	-6.23	-11.60	6.08	-3.19	-8.90	-21.76
2014	-6.77	-7.05	21.04	5.64	-12.40	6.16	7.66	-0.39	-3.02	3.74	-2.44	-2.10	19.67	7.13	4.74	35.00	44.27
2013	-5.50	-4.03	5.30	-4.74	0.53	5.87	1.53	8.14	-10.25	-11.95	-12.75	-33.40	-10.57	5.98	2.19	-3.18	-40.65
2012	1.97	-6.43	-4.23	-9.89	-13.05	8.43	-16.61	-19.51	3.16	-1.47	9.87	12.47	-21.69	2.22	-3.04	-22.44	-44.06
2011	-3.11	-1.40	9.99	5.55	16.50	10.33	4.45	33.79	-13.11	4.64	0.21	-7.76	9.59	-6.47	-4.75	-3.62	25.40
2010	18.74	-3.37	1.28	18.47	1.32	3.49	8.11	12.60	0.79	-0.99	4.72	4.43	11.38	10.74	-7.89	14.83	69.12
2009	5.35	17.25	1.77	27.20	5.49	-16.25	14.82	1.29	-13.12	5.18	-18.14	-27.28	9.52	0.61	5.28	17.33	21.00
2008	18.04	-12.88	-0.73	3.27	-11.24	-13.97	-14.42	-35.79	10.87	5.83	18.21	36.57	-10.07	21.47	7.99	13.77	8.17
2007	-1.17	1.58	3.22	3.69	-8.14	-4.81	-2.92	-15.93	1.46	10.43	-12.26	-1.37	-13.03	-3.35	-8.42	-22.39	-38.22
2006	6.66	2.58	4.32	14.35	-2.29	8.49	-16.08	-9.72	-10.06	-8.43	14.85	-6.33	-6.93	-7.08	-0.58	-14.35	-18.39
2005	16.94	4.74	21.81	46.88	-4.63	-4.61	13.96	4.33	11.67	-10.74	-5.27	-6.84	7.71	3.30	-1.70	9.48	62.04
2004	-14.21	13.07	-8.36	-10.70	4.06	-2.92	9.41	11.07	6.37	0.16	4.81	11.23	-8.44	-8.40	-8.44	-25.37	-15.64
2003	-1.74	-17.50	20.47	-1.87	13.37	-10.74	18.79	23.84	3.92	3.99	0.82	9.25	0.85	10.64	1.36	14.52	66.62
2002	0.06	9.27	20.63	29.68	19.09	25.91	34.82	84.79	-15.23	-2.96	6.70	-10.35	2.42	-22.88	4.09	-17.47	70.32
2Y Ann. Avg	11.46	3.91	-26.72	-6.42	42.41	-7.24	-9.69	20.71	-11.55	46.18	-0.82	28.38	-1.13	5.86	11.82	17.82	-3.02
3Y Ann. Avg	4.15	0.28	-19.45	-11.94	21.23	-7.54	-6.08	4.85	-11.77	19.94	2.53	7.83	-1.79	2.87	0.20	1.47	-22.94
5Y Ann. Avg	-1.46	3.05	-8.32	-4.84	18.81	-6.26	-5.05	6.09	-7.55	9.24	0.64	0.96	-2.69	1.40	0.96	0.60	-13.55
10Y Ann. Avg	-2.17	1.46	-3.40	-3.70	5.74	-1.44	-2.08	1.58	-6.33	2.08	-1.41	-6.08	-3.55	3.26	1.07	1.52	-14.55
15Y Ann. Avg	1.08	1.05	-1.23	1.41	3.97	-2.44	-0.62	0.73	-5.01	3.13	-1.42	-3.58	-1.75	3.74	0.13	2.40	-4.00

Data Source: Sentieo

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BJRI | Sales VS. Price/Sales

HEDGEYE

Based On Historical P/Sales Downside Is 30% (Assuming 0.86x sales)

Data Source: Sentieo

© Hedgeye Risk Management LLC.

Bloomin Brands

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BLMN | Tear Sheet

HEDGEYE

Bloomin' Brands Inc USD 27.84

Bloomin' Brands, Inc. is a holding company. The Company owns and operates casual, upscale casual and fine dining restaurants. The Company operates through two segments: U.S. and International. The U.S. segment includes all brands operating in the United States. The International segment includes brands operating outside the United States. As of December 25, 2016, the Company had a portfolio of four restaurant concepts: Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill, and Fleming's Prime Steakhouse & Wine Bar. OSI Restaurant Partners, LLC (OSI) is the Company's primary operating entity. New Private Restaurant Properties, LLC (PRP), an indirect subsidiary of the Company, leases the Company-owned restaurant properties to OSI's subsidiaries. As of December 25, 2016, the Company owned and operated 1,276 restaurants and franchised 240 restaurants across 48 states, Puerto Rico, Guam and 20 countries.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Mar 31, 2021
Next FY End Date	Dec 31, 2021
Next Earnings Date	Apr 22, 2021
Latest Earnings Date	Feb 18, 2021

**in millions USD, except per share data*

Market Cap	2,460.5
EV	3,393.8
Shares Outstanding	87.9
Annual Dividend	17.5
Dividend Yield	n/a
Dividend Payout	-10.8%

FIN. MODEL SUMMARY	FY0	FY1	FY2
Period end	*12/31/2020*	*12/31/2021*	*12/31/2022*
Revenue	3,170.6	3,763.9	4,074.5
Gross Profit	2,199.6	515.7	611.2
Gross Margin	69.4%	13.7%	15.0%
Operating Profit	- 50.8	167.7	248.8
Operating Margin	-1.6%	4.5%	6.1%
Net Income	- 60.8	100.0	179.8
EPS	- 0.69	1.12	2.01

VALUATION RATIOS	Last 5y avg fy1	ltm	ntm
EV/Sales	0.71 x	0.70 x	0.69 x
EV/EBITDA	9.08 x	8.01 x	7.75 x
P/E	7.50 x	4.29 x	14.34 x
P/B	10.08 x	14.17 x	
FCF Yield		6.49 x	

STOCK PRICE PERFORMANCE	
**stock data in trading currency*	
Last price	27.84
52 Week High	29.16
52 Week Low	4.54
YTD Change	38.6%
1 Year Change	170.4%
5 Year Change	118.4%
10 Year Change	

Earnings Algo:

1Q21 -5.94%% revenue growth and -130.7% EPS growth

2Q21 57.5% revenue growth and 126.5% EPS growth

3Q21 20.8% revenue growth and 265.1% EPS growth

Net Debt/EBITDA – 7.37x

Guidance:

Not going providing comp sales guidance or EPS guidance

Commodity inflation to be flat. We expect favorability in beef and seafood costs, which will be offset by higher freight, poultry and produce expenses.

Labor inflation is expected to be 3% to 3.5%. This inflation estimate only contemplates wage legislation impacts that have already been passed into law.

G&A expense is expected to be between $225 million and $230 million in 2021 - a modest increase from 2020. This is primarily due to higher travel and training costs. In addition, we will also face higher compensation expense to our area operating partners as performance improves.

These will be offset by additional transformational savings in 2021.

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BLMN | Trending Topics

HEDGEYE

BLMN - TRENDING TOPICS

Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Traffic	Commodity	DoorDash	Latin America/Caribbean	Dining Room	Coronavirus, Epidemic & Par	Menu	Facility
USA	Traffic	Outback	Outback	Location	Location	Coronavirus, Epidemic & Par	Dining
Revenue	Brazil	Pricing	Traffic	USA	Simplification	Aussie Grill	Outback
Discounting	Latin America/Caribbean	Traffic	Brazil	Coronavirus, Epidemic & Par	Revenue	Revenue	California
Operating Expenses	Discounting	Payment	Cost Reduction	Covenant	Menu	Outback	Tender Shack
Outback	Menu	Average Check	Revenue	Brazil	Labor	Volume	Revenue
Commodity	Outback	Carrabba	Net Income/EPS	Latin America/Caribbean	USA	USA	Marketing
Gift Card	Pricing	Dinner	Carrabba	Payment	Carryout	Tender Shack	Leverage
Health Measures	Inflation	ESG	BoneFish	Asset Base	Portfolio	Fleming	Fleming
Same Store Sales	PPA	Revenue	Gregg	Closures	Outdoor Dining	Carrabba	Pricing
Margin Change	Closures	Store Openings/Closings	PPA	Menu	Outback	Brazil	Volume
Location	Revenue	General Expenses	USA	Carryout	Volume	Latin America/Caribbean	Menu
Carrabba	Carrabba	Margin Change	Debt	Landlords	Dining Room	Positive Cash Flow	Brazil
Bonefish	USA	Brazil	Leverage	Cash Burn	Fleming	Cost Reduction	Latin America/Caribbean
Competition & Market Share	Portfolio	Latin America/Caribbean	Same Store Sales	Debt	Managing Partner	Holiday Season	Carrabba

- During the fourth quarter, off-premises represent 37% of U.S.
- Total debt is just over $1 billion. "For the foreseeable future, we will use excess free cash flow to pay down debt as we make progress towards a 3x lease-adjusted net debt-to-EBITDAR target."
- Outback new menu (Sep 20) will go more "price value"
- Capital expenditures are expected to be between $170 million and $185 million. This includes $48 million of spend from projects deferred in 2020
- Expect to open between 20 to 25 system-wide locations. Most of the new locations will be in Brazil.

Data Source: Sentieo

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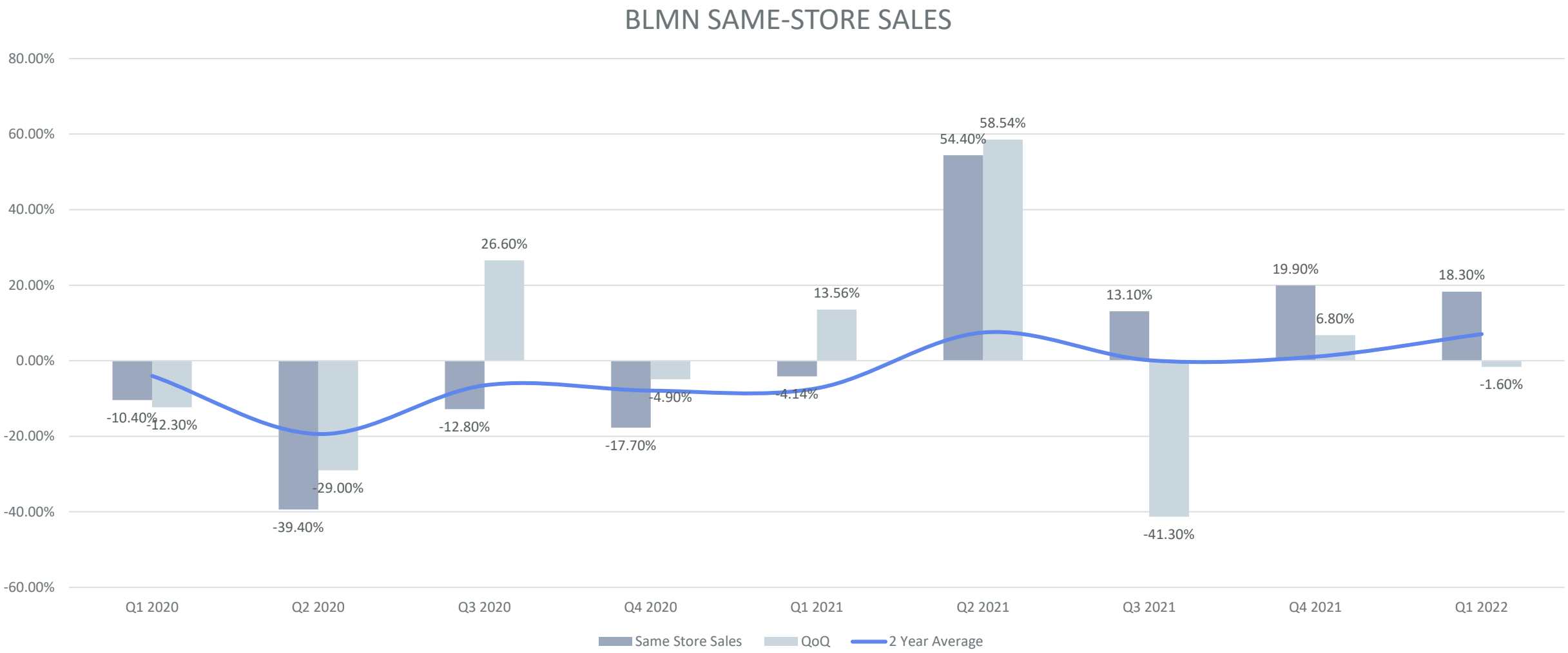
BLMN | Same-Store Sales Trends

HEDGEYE

Estimates For 4Q21 Look Agressive



Data Source: FactSet

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BLMN | Relative Price Return 2012 – 1Q21

HEDGEYE

BJRI has been a chronic underperformer, what's changed?

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	8.24	18.03	7.27	37.36													37.36
2020	-8.93	-7.33	-52.83	-57.20	53.79	-11.91	-12.68	19.26	0.72	13.53	12.26	31.03	-5.40	13.95	6.26	14.26	-59.57
2019	-5.99	9.22	-4.85	-2.16	-7.75	4.82	-9.42	-11.47	-12.28	7.83	4.22	-1.00	0.27	17.33	-11.89	3.98	-14.46
2018	-5.52	6.10	9.39	10.97	-3.06	-15.99	-6.21	-24.41	-6.58	-5.99	3.00	-9.78	9.40	-1.74	0.43	7.37	-15.20
2017	-10.24	-4.49	13.63	-2.30	7.21	-11.55	8.57	3.63	-21.96	-4.48	3.98	-22.77	-3.58	18.78	-1.00	14.16	-13.11
2016	11.47	-0.35	-9.07	2.26	14.03	-2.50	-3.66	7.45	-6.54	7.63	-13.73	-13.92	1.81	7.08	-3.90	4.78	0.83
2015	1.90	-2.99	-2.97	-4.01	-8.79	-3.13	-2.23	-13.64	4.53	-4.30	-9.73	-9.89	-18.03	1.39	-0.53	-17.02	-40.12
2014	-2.41	4.73	-1.18	0.70	-11.22	-6.74	4.78	-14.05	-13.84	-20.07	11.21	-23.43	0.47	15.87	11.34	30.49	-14.26
2013	16.06	-7.67	0.99	8.30	19.24	3.37	9.67	35.97	-11.46	-4.27	0.41	-15.78	1.04	1.14	-10.96	-9.82	18.46
2012											26.13		-11.62	14.49	-0.18	0.09	
2011																	
2010																	
2009																	
2008																	
2007																	
2006																	
2005																	
2004																	
2003																	
2002																	
2Y Ann. Avg	-0.35	5.35	-22.78	-9.92	53.79	-11.91	-12.68	19.26	0.72	13.53	12.26	31.03	-5.40	13.95	6.26	14.26	-11.11
3Y Ann. Avg	-2.23	6.64	-16.80	-7.33	23.02	-3.54	-11.05	3.89	-5.78	10.68	8.24	15.01	-2.57	15.64	-2.82	9.12	-12.23
5Y Ann. Avg	-4.49	4.31	-5.48	-2.67	12.55	-8.66	-4.93	-3.25	-10.02	2.72	5.87	-0.63	0.17	12.08	-1.55	9.94	-13.00
10Y Ann. Avg	0.51	1.69	-4.40	-0.68	7.93	-5.45	-1.40	0.34	-8.43	-1.26	4.20	-8.19	-2.85	9.81	-1.16	5.37	-11.12
15Y Ann. Avg	0.51	1.69	-4.40	-0.68	7.93	-5.45	-1.40	0.34	-8.43	-1.26	4.20	-8.19	-2.85	9.81	-1.16	5.37	-11.12

Data Source: Sentieo

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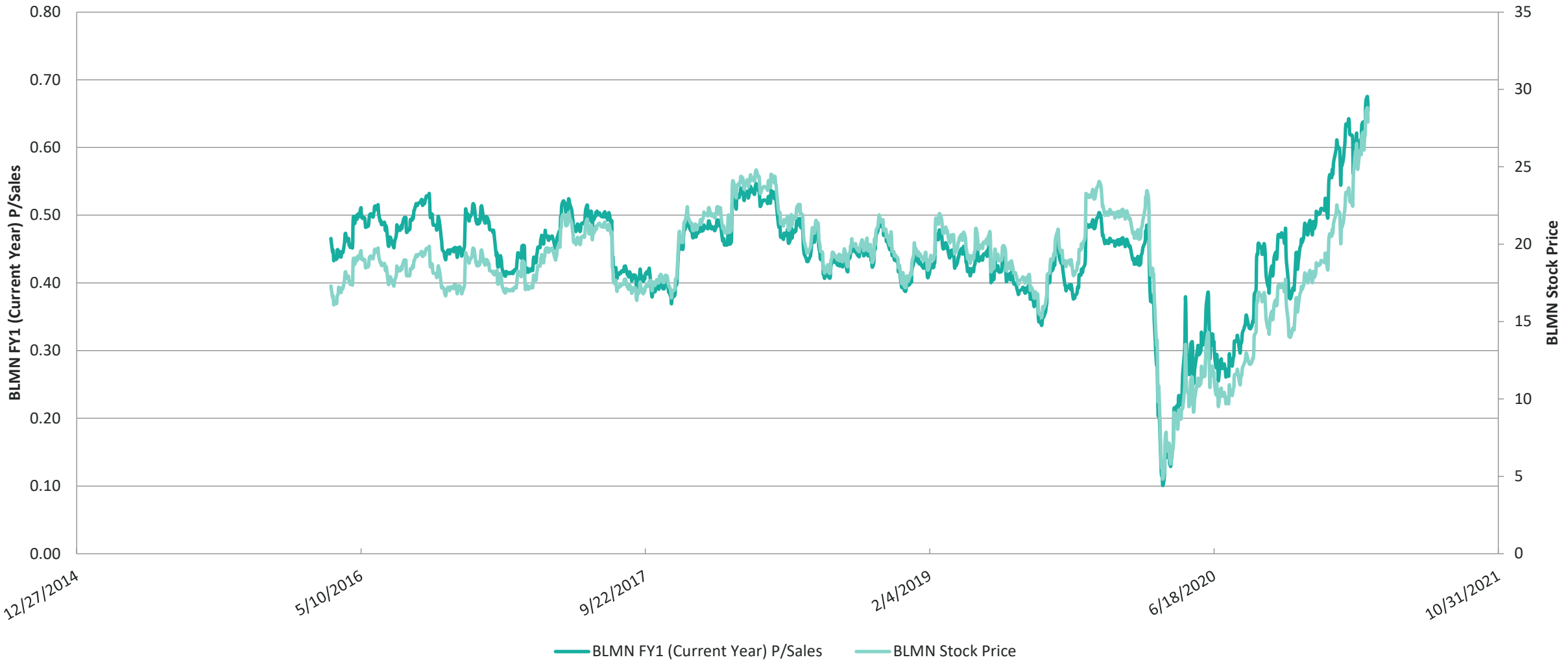
BLMN | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Downside Is 32%



Data Source: Sentieo

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Brinker International

Brinker INTERNATIONAL®

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EAT | Tear Sheet

HEDGEYE

Brinker International, Inc. USD $ 74.99

Brinker International, Inc. is engaged in the ownership, operation, development, and franchising of the Chili's Grill & Bar (Chili's) and Maggiano's Little Italy (Maggiano's) restaurant brands. The Company's Chili's operates Bar & Grill category of casual dining. Chili's menu features authentic Fresh Mex and Fresh Tex cuisine, including signature items, such as Baby Back Ribs smoked in-house, Hand-Crafted Burgers served with house-made garlic dill pickles, Mix and Match Fajitas, Tableside Guacamole and house-made Chips and Salsa. Maggiano's is a full-service, casual dining Italian restaurant brand. Its Maggiano's restaurants feature individual and family-style menus, and its restaurants also has banquet facilities designed to host party business or social events. The Company owns, operates or franchises restaurants, which include approximately 1,650 restaurants in the United States, over 30 countries and approximately two territories outside of the United States.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Mar 31, 2021
Next FY End Date	Jun 30, 2021
Next Earnings Date	Apr 28, 2021
Latest Earnings Date	Jan 27, 2021

**in millions USD, except per share data*

Market Cap	*3,405.4*
EV	*4,492.8*
Shares Outstanding	*45.0*
Annual Dividend	*43.6*
Dividend Yield	*n/a*
Dividend Payout	*178.7%*

FIN. MODEL SUMMARY	FY0	FY1	FY2	
Period end	*6/30/2020*	*6/30/2021*	*6/30/2022*	
Revenue	3,078.5	3,261.0	3,624.4	ev_sales
Gross Profit	508.3	424.6	528.4	ev_ebitda
Gross Margin	*16.5%*	*13.0%*	*14.6%*	p_eps
Operating Profit	119.8	182.7	272.9	p_bv
Operating Margin	*3.9%*	*5.6%*	*7.5%*	fcfyield_mkt
Net Income	66.6	118.4	198.5	
EPS	1.71	2.54	4.34	

VALUATION RATIOS	Last 5y avg fy1	ltm	ntm
EV/Sales	0.99 x	1.01 x	0.98 x
EV/EBITDA	8.16 x	8.07 x	8.31 x
P/E	13.82 x	14.63 x	10.23 x
P/B	-4.65 x	-6.11 x	
FCF Yield	8.37 x	9.81 x	

STOCK PRICE PERFORMANCE	
**stock data in trading currency*	
Last price	74.99
52 Week High	78.33
52 Week Low	7.08
YTD Change	31.4%
1 Year Change	249.5%
5 Year Change	135.9%
10 Year Change	220.5%

Financial Matric:

3Q21 -3.1% revenue growth and -41.5% EPS growth

2Q21 64.5% revenue growth and 233.5% EPS growth

3Q21 14.3% revenue growth and 145.1% EPS growth

Net Debt/EBITDA – 4.3x

Liquidity - $64M cash; total liquidity of $658M

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EAT | Trending Topics

HEDGEYE

EAT - TRENDING TOPICS

Add Sub-Industry

Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Franchise	Chili	Menu	Dining Room	Wings	Coronavirus, Epidemic & Par	Chili
ERJ	Maggiano	Incrementality	Diners	Location	Wings	California
Diners	Commodity	Traffic	Menu	Virtual Brand	Chili	DoorDash
Inflation	Traffic	Revenue	Crisis	Coronavirus, Epidemic & Par	Maggiano	Wings
Incrementality	Takeout	Pricing	Coronavirus, Epidemic & Par	Revenue	California	Coronavirus, Epidemic & Par
Net Income/EPS	DoorDash	Chili	Georgia	Chili	Revenue	Minimum Wage
Reimage	Metrics	Diners	Distancing	Dining Room	Virtual Brand	Takeout
M&A, JVs & Spinoffs	Labor	Maggiano	Franchise	Same Store Sales	Independents	Locations
DoorDash	Revenue	Same Store Sales	Parking Lot	Leverage	Dining Room	AUV
Maggiano	Headwinds	Debt	Texas	Kitchen	Traffic	Labor
Chili	P&L	M&A, JVs & Spinoffs	Takeout	Patio	Alcohol	Competition & Market Share
Volatility	Leverage	Volatility	Chili	Debt	Employees Expense	Employees Expense
Casual Dining	M&A, JVs & Spinoffs	Casual Dining	Supply Chain	Labor	Vaccine	Revenue
Adjusted Earnings Per Share	Inflation	Commodity	Mask	California	Location	Volatility
Labor	Lap	Delivery Channel	General Expenses	Banquet	Uncertainty	Leverage

Strong January

YTD OCF of $130M and FCF $93M

Chili's fully-integrated guest experience

Chili's 2Q21 -6.3%

Its just wings – Door Dash brand

Want to partner at a "higher level" – loyalty data

"We got good at Take out and delivery"

Target $3.0M AUV – looking at $3.5 – technology virtual brands.

Pay down debt

Data Source: Sentieo

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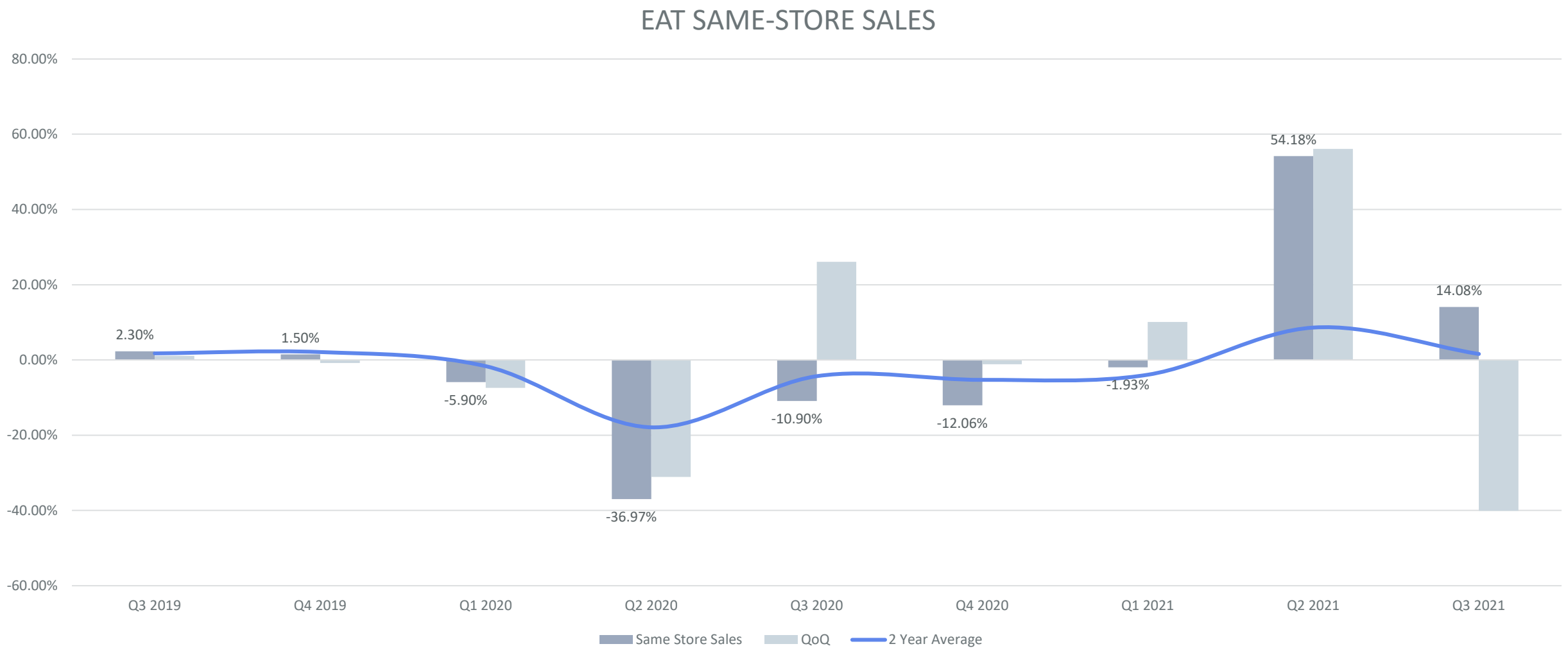
EAT | Same-Store Sales Trends

HEDGEYE

Estimates For 4Q21 Look Reasonable



Data Source: FactSet

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EAT | Relative Price Return 2002-1Q21

HEDGEYE

Big Relative Outperformance Following The "It's Just Wings" Announcement

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	3.82	16.62	-2.22	18.64													18.64
2020	-1.40	-13.48	-57.55	-60.96	78.86	6.59	-15.02	69.79	4.70	56.55	0.63	65.79	4.96	3.86	8.18	19.50	-12.88
2019	-16.88	9.97	-6.77	-15.56	-9.13	-3.93	-2.61	-15.27	-1.06	-2.74	11.57	7.33	-0.21	-3.28	-9.91	-14.18	-42.33
2018	-15.19	-3.96	9.08	-9.86	20.24	-5.35	7.92	24.66	-3.70	-11.91	5.99	-10.07	1.36	18.10	-4.98	11.09	14.20
2017	-15.30	-9.45	2.26	-22.98	-2.20	-15.12	-0.30	-17.30	-10.96	-14.06	2.56	-22.05	-8.18	17.59	5.35	14.82	-53.05
2016	10.64	1.92	-14.34	-1.79	3.99	-7.28	3.78	0.61	-3.61	12.89	-8.07	0.37	-0.90	7.42	-7.57	-1.58	-2.62
2015	1.64	-5.46	6.11	2.61	-11.98	-2.59	7.18	-7.74	-0.65	-4.48	1.58	-3.68	-24.96	-0.37	7.00	-18.89	-26.64
2014	6.28	9.01	-1.68	13.51	-5.99	-3.45	-4.86	-14.36	-9.01	4.04	4.86	-0.80	2.97	0.47	6.79	11.04	9.27
2013	2.98	1.61	10.01	15.60	0.78	-2.78	3.26	1.39	-4.49	0.00	-3.17	-7.89	4.64	2.32	-4.07	2.82	14.48
2012	-11.82	0.15	-4.84	-18.04	15.40	9.71	-4.75	20.70	0.70	1.14	1.84	3.89	-7.47	-4.07	4.49	-7.19	-0.85
2011	9.86	-2.69	7.61	15.72	-7.66	8.23	-2.88	-2.66	-3.46	-0.93	-2.68	-6.48	-0.94	7.84	12.12	21.55	25.65
2010	15.85	6.36	-1.14	23.95	-6.18	3.39	-12.34	-13.68	1.46	5.32	6.84	15.54	-8.03	10.43	-2.41	-0.27	20.91
2009	6.37	5.54	27.14	41.31	4.29	-2.19	-7.69	-7.21	-10.73	-13.97	2.49	-23.77	-16.59	2.83	3.09	-13.43	-12.28
2008	6.88	4.82	-1.77	9.48	14.34	-9.28	-4.14	-1.43	-3.34	1.43	10.19	8.51	-32.54	-17.14	56.61	-17.52	-4.18
2007	2.50	9.35	-4.20	7.56	-10.48	-0.39	-8.82	-19.84	-7.81	4.23	-10.05	-14.26	-14.51	-2.54	-14.89	-28.35	-53.82
2006	1.35	4.48	-0.58	5.53	-7.12	0.96	-0.96	-6.55	-6.44	13.96	-0.37	5.59	11.07	-5.50	1.49	6.67	10.22
2005	13.54	1.15	-2.59	11.66	-2.33	2.44	9.87	10.00	-5.48	-7.67	-0.13	-13.50	2.99	-2.00	-0.56	0.52	8.99
2004	4.93	7.80	2.79	16.09	4.38	-9.02	-10.94	-15.35	12.50	-12.47	-0.99	-1.82	-1.32	-0.36	0.73	-1.00	-3.72
2003	-8.04	-9.77	9.67	-9.04	-4.61	1.18	2.88	-0.52	-9.01	-7.29	0.45	-15.63	-13.10	1.73	-1.21	-13.06	-46.79
2002	14.47	14.00	-12.37	16.23	18.27	2.74	7.75	25.58	11.30	-13.46	5.23	2.19	-8.87	-7.95	20.31	6.90	45.74
2Y Ann. Avg	1.21	1.57	-29.89	-21.16	78.86	6.59	-15.02	69.79	4.70	56.55	0.63	65.79	4.96	3.86	8.18	19.50	2.88
3Y Ann. Avg	-4.82	4.37	-22.18	-19.29	34.87	1.33	-8.82	27.26	1.82	26.90	6.10	36.56	2.38	0.29	-0.87	2.66	-12.19
5Y Ann. Avg	-8.99	-0.06	-11.04	-18.14	21.94	-4.45	-2.50	15.47	-2.76	6.96	5.19	10.25	-0.52	9.07	-0.34	7.81	-15.08
10Y Ann. Avg	-3.52	0.69	-5.99	-7.88	10.00	-2.69	-0.60	6.94	-3.12	4.60	1.98	3.65	-3.09	4.67	0.59	1.94	-8.18
15Y Ann. Avg	0.42	2.02	-2.15	1.28	6.02	-1.75	-2.95	1.26	-3.71	2.68	1.76	0.89	-7.17	3.11	4.27	-1.47	-7.03

Data Source: Senteio

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EAT | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Downside Is 42.7%

Data Source: Sentieo

© Hedgeye Risk Management LLC.

Chuy

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CHUY | Tear Sheet

HEDGEYE

CHUY'S HOLDINGS, INC. USD 43.2

desc Chuy's Holdings, Inc. operates Chuy's, a restaurant concept offering a distinct menu of authentic, freshly prepared Mexican and Tex-Mex inspired food. As of December 25, 2016, the Company operated 80 Chuy's restaurants across 16 states. The Company offers the same menu during lunch and dinner, which includes enchiladas, fajitas, tacos, burritos, combination platters and daily specials, complemented by a range of appetizers, soups and salads. Each of the Company's restaurants offers a range of homemade sauces, including the signature Hatch green chile and creamy jalapeno sauces. The Company also offers a full-service bar in all of its restaurants providing its customers a range of beverage offerings, featuring a selection of specialty cocktails including its signature on-the-rocks margaritas made with fresh, hand-squeezed lime juice, and the Texas Martini, a made-to-order, hand-shaken cocktail served with jalapeno-stuffed olives.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Mar 31, 2021
Next FY End Date	Dec 31, 2021
Next Earnings Date	May 07, 2021
Latest Earnings Date	Mar 04, 2021

*in millions USD, except per share data

mcap	Market Cap	851.8
ev	EV	765.0
shares	Shares Outstanding	19.7
div	Annual Dividend	-
div_yield	Dividend Yield	n/a
	Dividend Payout	0.0%

FIN. MODEL SUMMARY	FY0	FY1	FY2
Period end	12/31/2020	12/31/2021	12/31/2022
Revenue	321.0	378.4	435.1
Gross Profit	241.9	72.3	82.7
Gross Margin	75.4%	19.1%	19.0%
Operating Profit	17.3	25.6	30.9
Operating Margin	5.4%	6.8%	7.1%
Net Income	15.4	22.6	27.7
EPS	0.84	1.15	1.37

	VALUATION RATIOS	Last 5y avg fy1	ltm	ntm
ev_sales	EV/Sales	1.14 x	1.18 x	1.08 x
ev_ebitda	EV/EBITDA	11.33 x	11.10 x	10.37 x
p_eps	P/E	20.55 x	27.36 x	18.57 x
p_bv	P/B	2.37 x	2.58 x	
fcfyield_mkt	FCF Yield	1.92 x	1.15 x	

STOCK PRICE PERFORMANCE	
*stock data in trading currency	
Last price	43.20
52 Week High	46.14
52 Week Low	7.28
YTD Change	52.8%
1 Year Change	166.7%
5 Year Change	98.9%
10 Year Change	

No regular guidence

4-6 new restaurants

Cap-ex $15-$25M

Marketing expenses flat at 1.1%

Commodity inflation 1-2.5%

$86M in cash and no debt

Data Source: Sentieo

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CHUY | Trending Topics

HEDGEYE

CHUY - TRENDING TOPICS

Add Sub-Industry

Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Diluted Share	Locations	DoorDash	Dining Rooms	Revenue	Coronavirus, Epidemic & Par	Restaurants
Labor	Dispatch	Revenue	Facility	Dining Room	Menu	Distancing
Revenue	Traffic	Labor	Menu	Labor	Employees Expense	Coronavirus, Epidemic & Par
Pricing	Catering	Leverage	Coronavirus, Epidemic & Par	Coronavirus, Epidemic & Par	Facility	Prototype
Menu	Diluted Share	Closures	Burn Rate	Menu	Labor	Hiring
Houston	Pricing	Locations	Abatement	Facility	Revenue	Dining Room
Store Openings/Closings	ESG	Prices	Texas	Beef	Salary	Bar
Macro	Chuy	Store Openings/Closings	Revenue	Macro	Patio	Deflation
Chuy	Drink	Diluted Share	Crisis	Chuy	Appetizer	Texas
Catering	Revenue	Catering	Uncertainty	Competition & Market Share	Diluted Share	Capacity
Locations	Hospitality	Pricing	Chuy	Kits	Beef	Kits
Texas	Houston	Macro	Landlords	Uncertainty	Prices	Diluted Share
Dispatch	Previous Range	Net Income/EPS	Payments	Gross Margin	Store Openings/Closings	Revenue
Leverage	World Series	Same Store Sales	Store Openings/Closings	Diluted Share	Gross Margin	Check
Same Store Sales	Beef	Chuy		Employees Expense	AUVs	Cost Reduction

Prototype – notorious bad developer of units.

Hiring – common theme – hard to hire people.

The bars scene has upside?

Off-premis in the 20% range

Family meal kits

6% increase in average check

Data Source: Sentieo

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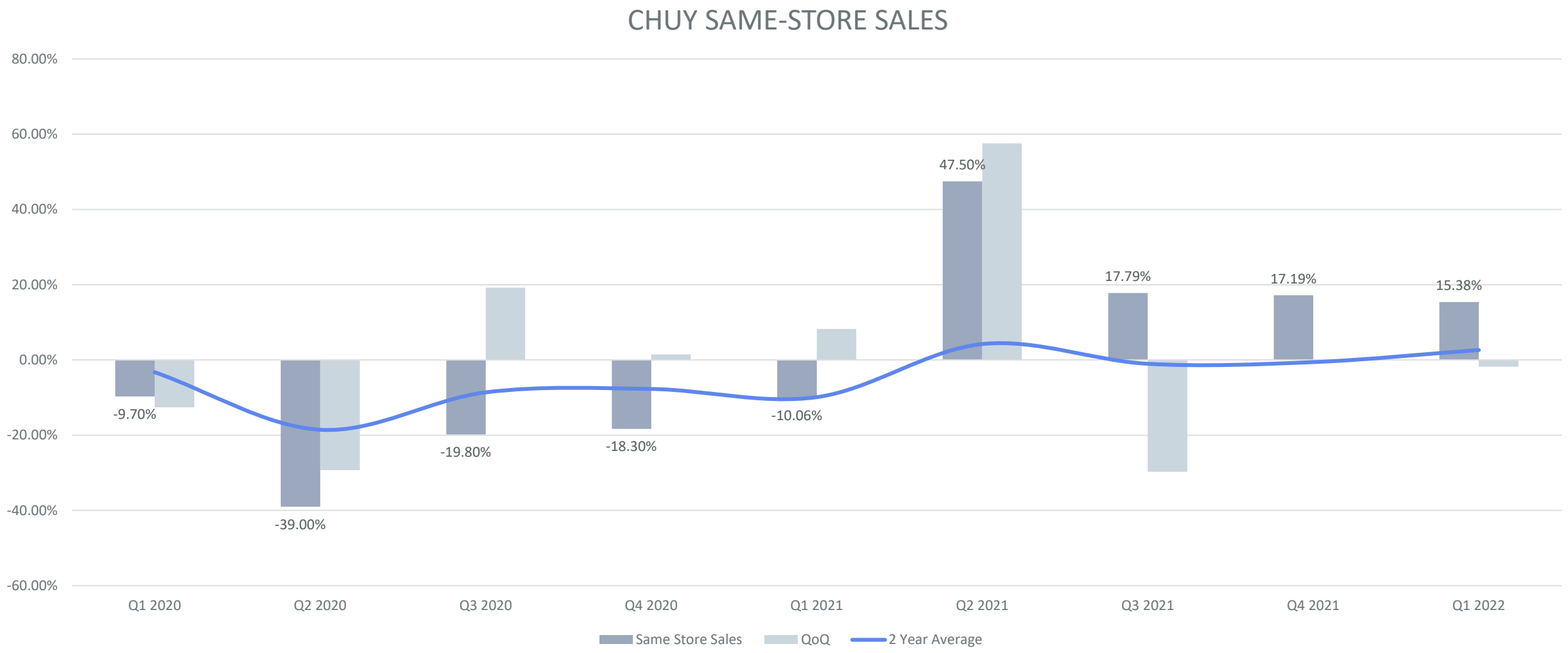
CHUY | Same-Store Sales Trends

HEDGEYE

Estimates For 4Q21 Look Aggressive



Data Source: FactSet

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CHUY | Total Return 2012 – 1Q21

HEDGEYE

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	32.17	17.01	2.90	60.48													60.48
2020	-8.32	-6.61	-45.75	-50.89	51.46	-11.20	-13.23	17.50	-0.42	28.84	-6.32	19.21	10.25	1.69	6.87	22.16	-46.42
2019	19.06	-4.53	-2.14	11.68	-18.15	19.44	-3.97	-3.51	0.85	9.17	-3.32	6.72	-5.96	14.19	-13.95	-8.16	7.15
2018	-14.28	3.18	1.11	-9.57	8.65	-2.70	3.10	9.75	0.30	-14.31	-9.04	-22.93	1.43	-11.92	-8.45	-15.69	-36.64
2017	-14.54	-7.44	2.53	-20.13	-2.73	-13.63	-10.69	-25.73	-3.42	-22.24	12.26	-15.95	2.28	8.69	12.05	25.94	-46.22
2016	16.00	-6.49	-8.00	1.23	1.48	3.52	7.31	12.65	-9.72	-11.25	-9.94	-29.94	3.10	9.95	2.38	16.05	-3.56
2015	10.72	-2.07	2.63	12.03	-1.52	12.65	5.56	17.28	1.49	14.67	-5.11	10.73	-15.56	21.59	-4.16	0.08	49.88
2014	2.20	5.07	11.10	19.45	-16.35	-13.61	7.99	-23.26	-22.26	-13.21	20.11	-18.97	-7.36	-32.97	-5.88	-42.24	-64.57
2013	24.37	0.11	11.25	39.70	-2.17	3.00	12.41	14.02	-14.27	2.27	-5.00	-17.40	-0.19	-10.89	0.46	-11.50	24.60
2012										11.38	18.03		4.91	-4.91	-4.68	-4.41	
2011																	
2010																	
2009																	
2008																	
2007																	
2006																	
2005																	
2004																	
2003																	
2002																	
2Y Ann. Avg	11.92	5.20	-21.42	4.79	51.46	-11.20	-13.23	17.50	-0.42	28.84	-6.32	19.21	10.25	1.69	6.87	22.16	7.03
3Y Ann. Avg	14.30	1.96	-15.00	7.09	16.66	4.12	-8.60	6.99	0.21	19.01	-4.82	12.96	2.15	7.94	-3.54	7.00	7.07
5Y Ann. Avg	2.82	0.32	-8.27	-1.69	9.81	-2.02	-6.20	-0.50	-0.67	0.36	-1.61	-3.24	2.00	3.16	-0.87	6.06	-12.33
10Y Ann. Avg	7.49	-0.20	-2.71	7.11	2.59	-0.32	1.06	2.34	-5.93	0.59	1.30	-8.57	-0.79	-0.51	-1.71	-1.97	-6.14
15Y Ann. Avg	7.49	-0.20	-2.71	7.11	2.59	-0.32	1.06	2.34	-5.93	0.59	1.30	-8.57	-0.79	-0.51	-1.71	-1.97	-6.14

Data Source: Sentieo

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CHUY | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Downside Is 46.9% - Target $22 (Assuming 1.2x Sales - lol)

Data Source: Sentieo

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Darden

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DRI | Tear Sheet

HEDGEYE

Darden Restaurants, Inc. USD 141.25

desc Darden Restaurants, Inc. is a full-service restaurant company. The Company owned and operated 1,536 restaurants through its subsidiaries in the United States and Canada, as of May 29, 2016. The Company's segments include Olive Garden, LongHorn Steakhouse, Fine Dining (which includes The Capital Grille, and Eddie V's Prime Seafood and Wildfish Seafood Grille (Eddie V's)) and Other Business (which includes Yard House, Seasons 52, Bahama Breeze, consumer-packaged goods and franchise revenues). As of May 29, 2016, the Company also had 50 restaurants operated by independent third parties pursuant to area development and franchise agreements. Olive Garden's menu includes a range of authentic Italian foods featuring fresh ingredients and a selection of imported Italian wines. LongHorn Steakhouse restaurants feature a range of menu items, including fresh steaks and chicken, as well as salmon, shrimp, ribs, pork chops, burgers and prime rib.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Feb 28, 2021
Next FY End Date	May 31, 2021
Next Earnings Date	Mar 25, 2021
Latest Earnings Date	Dec 18, 2020

*in millions USD, except per share data

mcap	Market Cap	18,408.9
ev	EV	18,999.1
shares	Shares Outstanding	129.9
div	Annual Dividend	325.1
div_yield	Dividend Yield	0.84%
	Dividend Payout	-620.4%

FIN. MODEL SUMMARY	FY0	FY1	FY2
Period end	5/31/2020	5/31/2021	5/31/2022
Revenue	7,806.9	6,741.3	8,824.6
Gross Profit	1,408.4	1,321.3	1,913.2
Gross Margin	18.0%	19.6%	21.7%
Operating Profit	583.4	523.4	994.9
Operating Margin	7.5%	7.8%	11.3%
Net Income	388.9	425.3	846.9
EPS	3.13	3.29	6.45

	VALUATION RATIOS	Last 5y avg fy1	ltm	ntm
ev_sales	EV/Sales	1.56 x	1.59 x	1.52 x
ev_ebitda	EV/EBITDA	11.63 x	12.49 x	11.69 x
p_eps	P/E	20.94 x	23.10 x	65.82 x
p_bv	P/B	5.05 x	5.43 x	4.76 x
fcfyield_mkt	FCF Yield	4.12 x	5.27 x	

STOCK PRICE PERFORMANCE	
*stock data in trading currency	
Last price	141.25
52 Week High	147.93
52 Week Low	26.15
YTD Change	18.2%
1 Year Change	146.4%
5 Year Change	118.6%
10 Year Change	182.9%

Financial Matric:

3Q21 -30.1% revenue growth and -63.5% EPS growth

2Q21 53.2% revenue growth and 200.5% EPS growth

3Q21 35.3% revenue growth and 145.1% EPS growth

Net Debt/EBITDA – 4.8x

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DRI | Trending Topics

HEDGEYE

DRI - TRENDING TOPICS

Add Sub-Industry

Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Diners	Traffic	Marketing	Coronavirus, Epidemic & Par	Olive Garden	Olive Garden	Coronavirus, Epidemic & Pa
Cheddar	Store	Longhorn	KNAPP	Diner	Revenue	Raj
Olive Garden	Same Store Sales	Olive Garden	Dining Room	Revenue	Coronavirus, Epidemic & Par	Marketing
Cash Balance	Marketing	Diner	Diner	Longhorn	Labor	Labor
Longhorn	Independents	Inflation	Variable Margin	Menu	Volume	Restaurants
Traffic	Catering	Revenue	Social Distancing	Coronavirus, Epidemic & Par	California	Kitchen
Burden	Pricing	Volatility	Debt	Labor	Margin Change	Capacity Restrictions
Guest Count	Metrics	Beef	Casual Dining	Cheddar	Same Store Sales	Olive Garden
Volatility	Menu	Macro	Net Income/EPS	Dining Room	Dining Room	Cannibalization
Net Income/EPS	Weekday	Same Store Sales	Leverage	Curbside	Georgia	Employees Expense
Competition & Market Share	Uncertainty	Lunch	Cash Burn	Competition & Market Share	Diner	Portfolio
Pricing	Olive Garden	Cheddar	Cash	Georgia	Marketing	Menu
Revenue	Cheddar	Casual Brand	Revolver	Stimulus	Traffic	Store Openings/Closings
Kitchen	Inflation	Meal	Revenue	Portfolio	Capacity Restrictions	Emergency Pay
M&A, JVs & Spinoffs	Lunch	Competition & Market Share	USA	Store Openings/Closings	Menu	Closure

New CFO – Raj

25 million email data base

Reduced marketing spend by $50M last Q – simplification/no plans to return to normal

Improved labor productivity/simplification

Labor is a challenge

$770 million in cash

20% of OG was digital

OG/LH new web sites – digital store fronts

Handle cannibalization better at OG

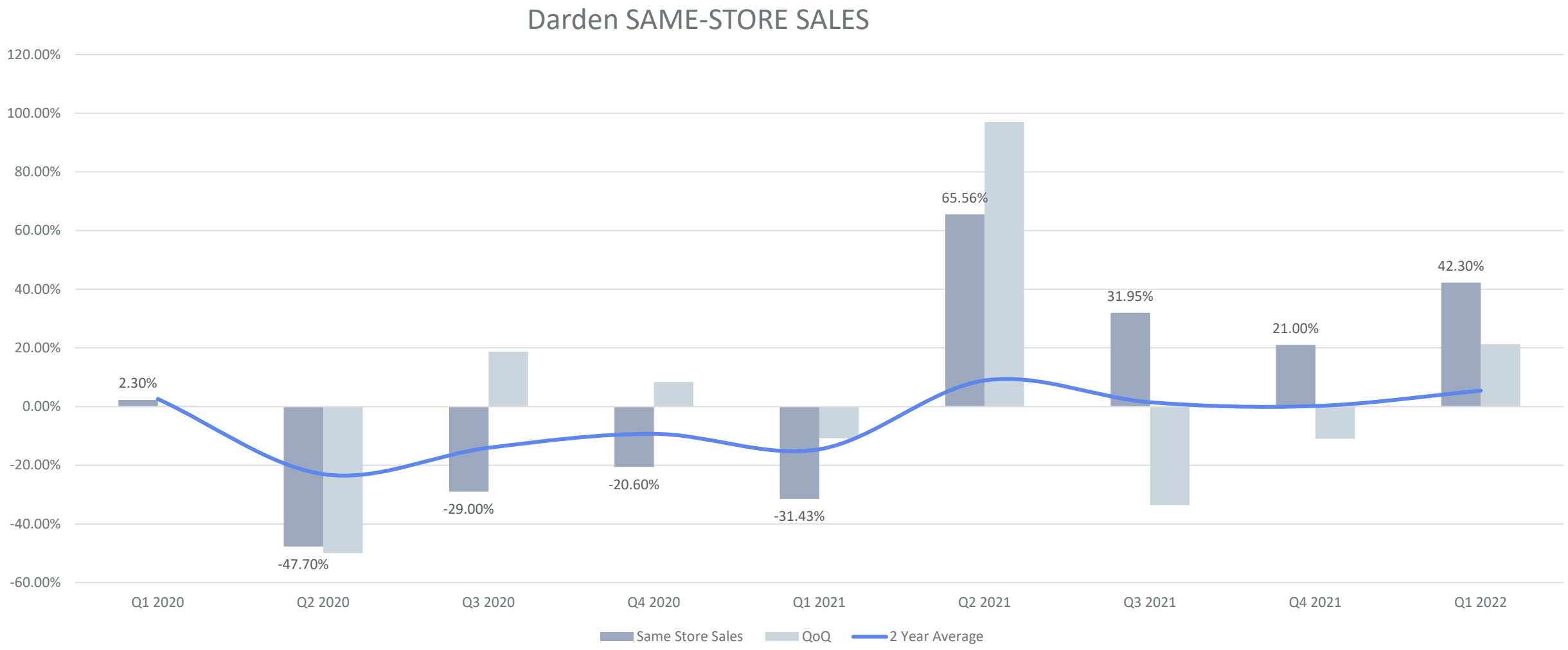
Data Source: Sentieo

© Hedgeye Risk Management LLC.

DRI | Same-Store Sales Trends

HEDGEYE

One More Quarter. What Does The Stock Reflect?

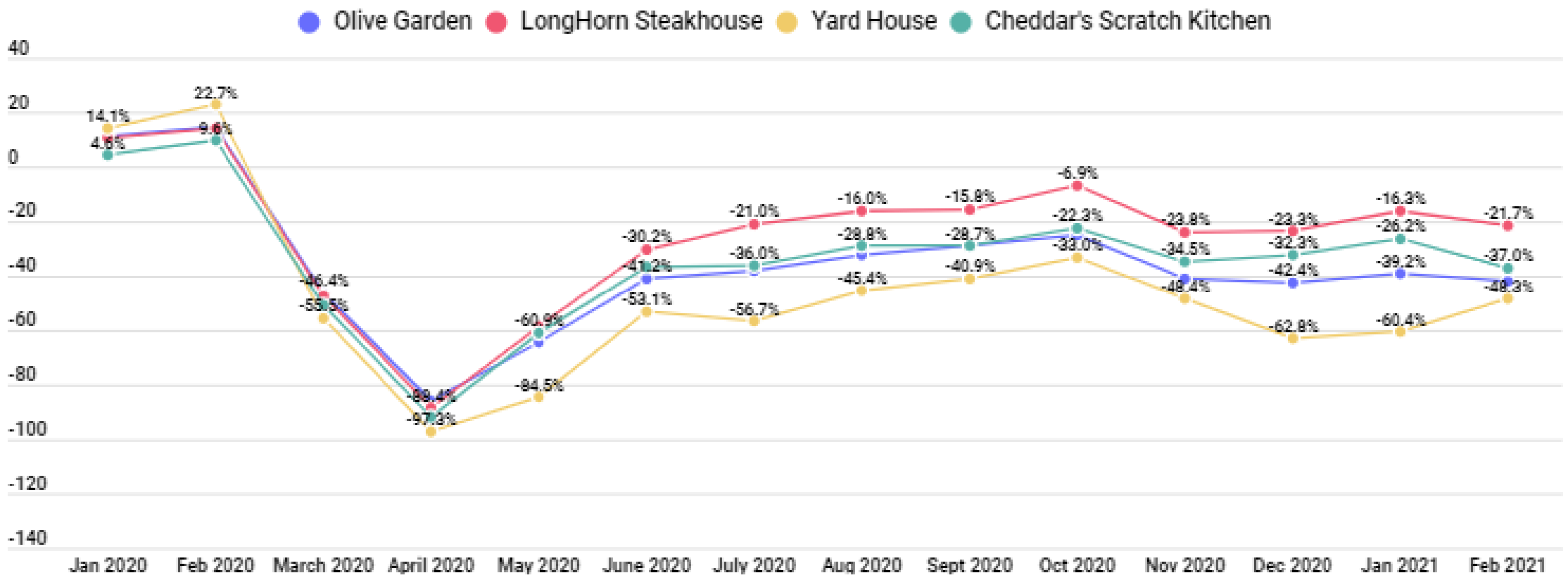


Data Source: FactSet

© Hedgeye Risk Management LLC.

DRI | Monthly Traffic YOY By Brand

HEDGEYE



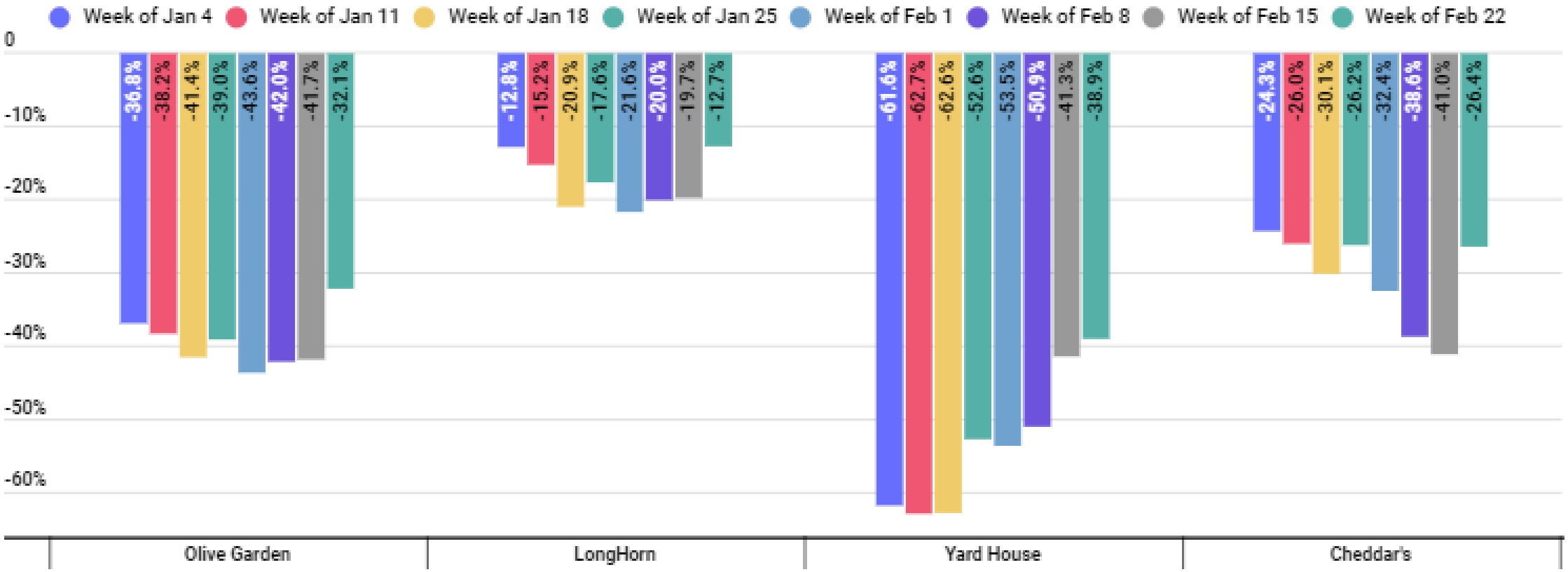
After the initial months of the restrictions LongHorn's traffic recovered the most while Yard House's larger bar mix lagged the other brands. Yard House also had the toughest comparisons of Darden's brands.

Data Source: Placer.ai

© Hedgeye Risk Management LLC.

DRI | Weekly Traffic YOY

HEDGEYE



Darden's brands are seeing traffic improve from the beginning of the year. With the weather warming up restrictions on indoor dining will have less of an impact in the spring comparing against shutdowns in March and April.

Data Source: Placer.ai

© Hedgeye Risk Management LLC.

DRI | Relative Price Return 2002 – 1Q21

HEDGEYE

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	-2.13	17.62	-1.40	13.69													13.69
2020	3.77	-10.20	-36.66	-39.59	20.52	-2.44	-7.52	9.09	-7.17	3.25	22.01	20.74	-5.71	6.25	5.60	5.32	-38.29
2019	-3.93	3.85	4.61	5.17	-8.69	7.14	-2.70	-3.73	-2.47	1.42	-3.00	-3.99	-9.41	1.43	-11.62	-20.40	-28.66
2018	-8.93	-2.53	-3.29	-14.02	8.42	-11.54	21.55	18.39	-2.91	2.73	-3.72	-4.38	4.42	4.01	-0.74	6.78	4.96
2017	-4.37	-2.46	10.22	3.33	-0.91	0.49	4.28	4.12	-11.31	-4.21	-3.52	-18.57	-0.18	0.52	13.48	14.80	0.58
2016	6.00	1.75	-1.56	6.56	-2.92	4.59	-4.08	-2.94	-9.96	-0.92	-2.48	-13.59	7.12	12.70	-1.63	18.79	8.35
2015	6.77	-2.95	10.93	15.99	-9.96	0.53	11.16	1.12	-0.79	-0.97	3.22	1.39	-21.07	0.75	15.19	-6.23	12.88
2014	-7.15	-1.44	2.37	-6.31	-1.75	-3.66	-10.53	-15.96	-0.14	-3.79	9.74	6.02	-2.02	5.52	5.48	9.42	-9.55
2013	0.50	-0.84	8.91	8.77	-2.63	-3.25	0.15	-5.66	-9.15	-5.39	-4.35	-18.98	6.36	-0.06	-0.65	5.94	-14.42
2012	-7.78	4.40	-4.19	-8.75	-0.94	10.33	-5.51	3.98	0.09	-3.68	6.71	3.24	-0.34	-0.81	-13.75	-14.14	-17.78
2011	-1.39	-3.12	4.83	0.34	-7.27	9.05	0.49	1.94	0.42	-0.25	-6.46	-6.09	1.60	2.34	-3.47	0.26	-4.37
2010	11.86	5.11	2.24	21.74	-1.77	3.25	-3.10	-1.46	0.57	3.63	-9.22	-4.78	0.51	7.27	-9.69	-2.43	13.38
2009	-4.67	8.77	16.10	19.63	-5.15	-5.37	-11.65	-23.72	-10.23	0.20	-1.90	-12.65	-8.14	-2.65	6.55	-5.53	-29.38
2008	14.13	12.16	5.43	32.11	1.33	-9.67	2.93	-5.19	1.33	-11.52	13.38	3.50	-7.09	-6.04	51.94	22.00	43.63
2007	-4.67	6.41	0.03	1.68	-4.88	6.71	-3.87	-2.55	-3.08	-5.10	-4.57	-12.85	-4.32	-0.71	-30.18	-33.43	-49.69
2006	0.65	5.29	-4.19	1.77	-3.29	-3.34	11.40	3.56	-9.91	-0.04	15.39	2.94	-6.09	-7.61	2.05	-11.59	-3.48
2005	12.86	-8.86	16.22	18.98	2.13	-0.60	4.95	6.92	-2.38	-7.98	-4.54	-15.20	8.25	4.27	10.67	25.61	38.91
2004	-6.62	23.35	3.59	19.52	-5.61	-5.83	-11.92	-22.41	11.35	0.99	7.70	20.37	0.05	5.24	-0.27	5.37	22.37
2003	5.83	-20.87	-0.13	-16.33	-10.62	4.61	-4.73	-12.28	-7.60	11.52	-9.94	-8.14	1.75	-1.71	-1.46	-1.72	-46.73
2002	17.41	14.90	-10.75	21.99	10.31	-0.20	11.40	18.90	2.63	11.89	6.37	18.75	-40.18	1.05	6.63	-33.25	24.02
2Y Ann. Avg	0.82	3.71	-19.03	-12.95	20.52	-2.44	-7.52	9.09	-7.17	3.25	22.01	20.74	-5.71	6.25	5.60	5.32	-12.30
3Y Ann. Avg	-0.77	3.76	-11.15	-6.91	5.92	2.35	-5.11	2.68	-4.82	2.33	9.51	8.37	-7.56	3.84	-3.01	-7.54	-17.75
5Y Ann. Avg	-3.12	1.26	-5.30	-6.29	4.84	-1.59	3.90	6.97	-5.97	0.80	2.94	-1.55	-2.72	3.05	1.68	1.63	-9.55
10Y Ann. Avg	-1.73	0.72	-1.01	-1.52	0.13	0.24	0.76	0.93	-4.87	-1.29	2.74	-3.12	-2.31	3.37	1.26	2.25	-6.82
15Y Ann. Avg	-0.13	2.44	1.24	4.02	-1.19	0.44	-0.60	-1.61	-3.92	-1.76	1.13	-4.36	-2.73	2.18	1.89	0.08	-6.31

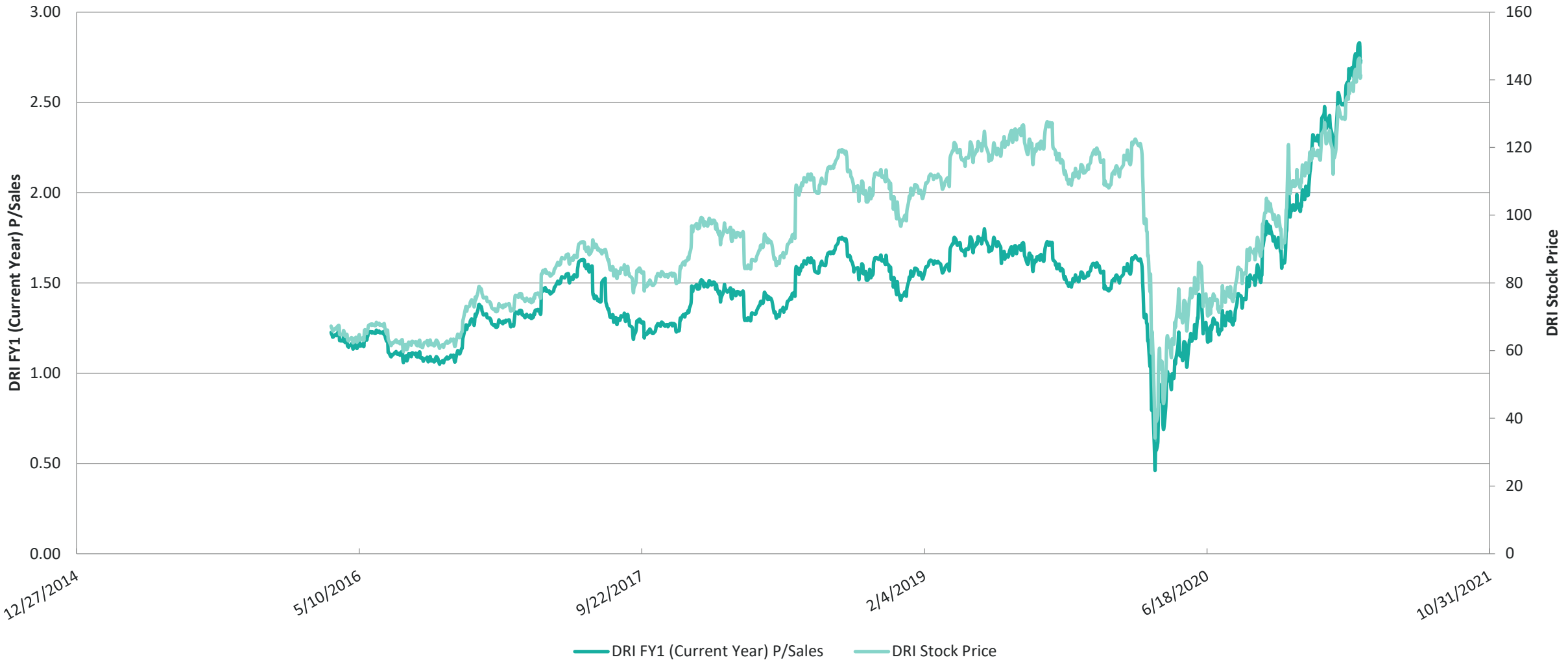
Data Source: Sentieo

© Hedgeye Risk Management LLC.

DRI | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Downside Is 45.7% To $76 (Assuming 1.48x P/Sales)



Data Source: Sentieo

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Dave & Busters

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PLAY | Trending Topics

HEDGEYE

PLAY - TRENDING TOPICS

Add Sub-Industry

Dec-18	Jun-19	Sep-19	Dec-19	Jun-20	Sep-20	Dec-20
Amusement	Amusement	Wow Wall	Gaming	Menu	Cash Burn	Menu
Wing	Revenue	F&B	Asset	Coronavirus, Epidemic & Par	Store Openings/Closings	Coronavirus, Epidemic & Pa
Menu	VR/AR	VR/AR	Menu	Store Openings/Closings	Coronavirus, Epidemic & Par	Revenue
Dragonfrost	Competition & Market Share	Guest	Revenue	Gaming	Revenue	Labor
VR/AR	Pricing	Jackman	Arcade	Variable Profit	Comp Base	Service Model
Revenue	Gaming	Terminator	Multiplayer	Revenue	General Expenses	Store Openings/Closings
Same Store Sales	Wing	Existing Stores	Wow Wall	Labor	Traffic	EBITDA
Game Play	EBITDA	ESG	Guest	Crisis	Mall	Reopening
AUV	Guest Experience	Revenue	Competition & Market Share	Dave & Buster	New York	Revolver
New Store	Geopolitical Risks	Amusement	Amusement	Deferral	Labor	California
Star Trek	F&B	Uncertainty	EBITDA	Protocol	Competition & Market Share	Store Base
Bev	Same Store Sales	Store Openings/Closings	Dave & Buster	Burn Rate	Dave & Buster	Resurgence
Special Event	Traffic	Rollover	Restructuring	Sanitation	Uncertainty	Temporary Setback
Headwinds	Menu	Menu	Holiday Season	VR/AR	Open Stores	Rollback
Store Base	Store Openings/Closings	Capital Allocation	Attraction	California	Menu	Burn Rate

Financial Matric:

4Q20 -72.6% revenue growth and -260.5% EPS growth

1Q21 -1.0% revenue growth and 45.5% EPS growth

2Q21 330.3% revenue growth and 71.1% EPS growth

Debt/EBITDA – 9.6x

Accelerating changes service model menu programing and marketing.

Trying to establish a “food identity” at PLAY

Labor pressure

68 of 104 reopened stores have positive EBITDA

Revolver stood at $314M, no maturities until 2024

$576M total debt

CA was closed

Improved weekly burn rate to $1.7M/wk vs $3.5 in 2Q20

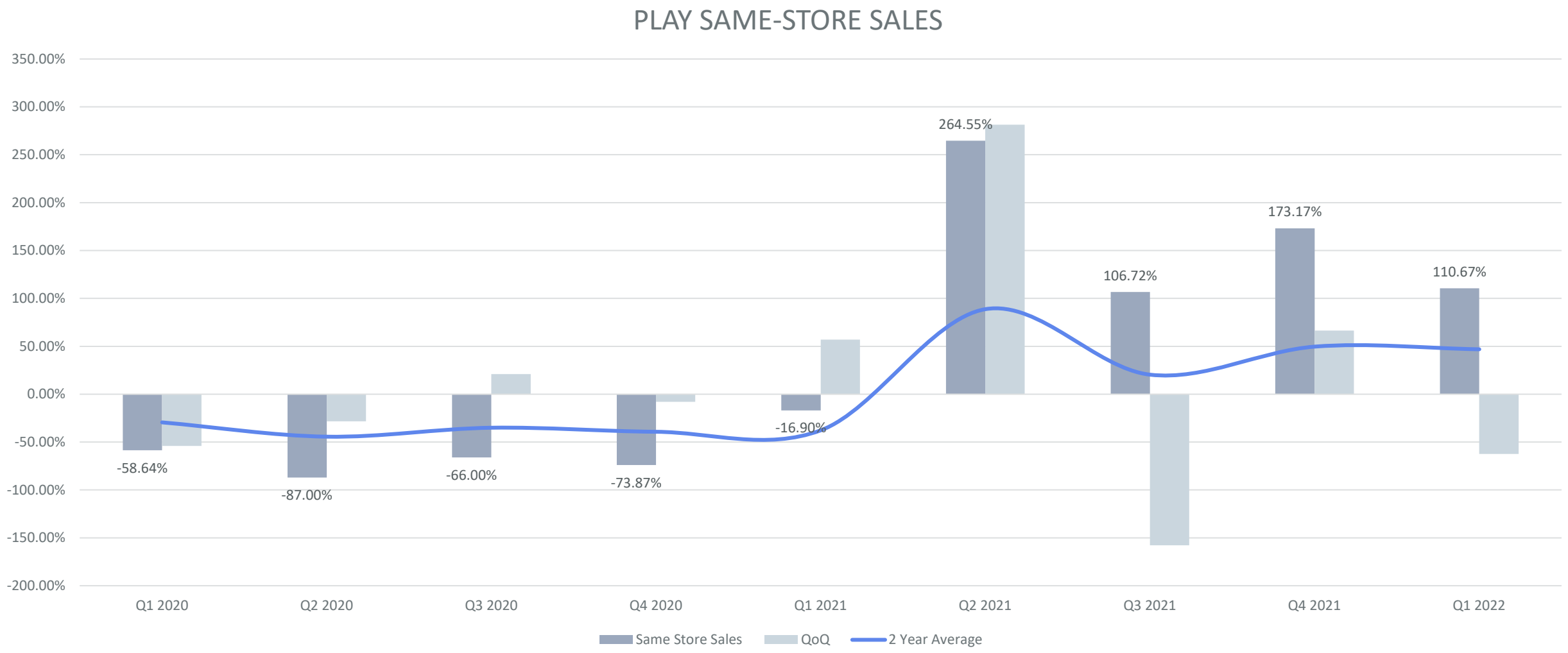
Data Source: Sentieo

© Hedgeye Risk Management LLC.

PLAY | Same-Store Sales Trends

HEDGEYE

Theses Estimates!



Data Source: FactSet

© Hedgeye Risk Management LLC.

PLAY | Relative Price Return 2015 – 1Q21

HEDGEYE

Structurally Changed From The Pandemic?

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	13.06	19.50	4.24	41.23													41.23
2020	6.89	-19.19	-52.89	-56.99	-3.05	-16.51	-5.04	-28.13	-14.77	23.82	-3.06	1.52	16.24	36.33	13.85	85.10	-72.83
2019	6.45	-3.22	-6.58	-4.55	8.48	-4.27	-25.99	-22.79	-1.89	7.80	-10.24	-4.86	-2.25	-3.06	-3.69	-9.47	-47.68
2018	-23.57	-3.45	-2.53	-27.15	1.29	-7.67	13.38	6.85	0.46	12.57	14.30	30.88	-1.48	-4.25	-12.71	-15.74	-18.27
2017	-8.41	0.64	5.00	-3.22	2.05	0.31	2.30	4.90	-10.68	-7.95	-9.72	-26.77	-12.76	8.05	3.64	-1.96	-33.47
2016	-6.19	2.02	-0.08	-4.71	2.98	-3.52	22.42	22.18	-12.05	3.33	-17.61	-26.66	7.00	12.87	19.34	43.90	28.96
2015	7.36	1.34	0.21	9.30	1.56	-1.90	16.81	17.09	2.95	-4.41	12.29	9.78	-9.39	-1.23	10.76	0.41	44.55
2014														12.04	21.71		
2013																	
2012																	
2011																	
2010																	
2009																	
2008																	
2007																	
2006																	
2005																	
2004																	
2003																	
2002																	
2Y Ann. Avg	9.98	0.16	-24.33	-7.88	-3.05	-16.51	-5.04	-28.13	-14.77	23.82	-3.06	1.52	16.24	36.33	13.85	85.10	-15.80
3Y Ann. Avg	8.80	-0.97	-18.41	-6.77	2.71	-10.39	-15.52	-25.46	-8.33	15.81	-6.65	-1.67	6.99	16.63	5.08	37.81	-26.43
5Y Ann. Avg	-1.11	-1.15	-10.55	-10.14	2.19	-7.03	-3.84	-9.79	-6.72	9.06	-2.18	0.19	-0.06	9.26	0.27	14.48	-26.20
10Y Ann. Avg	-0.63	-0.34	-7.52	-6.59	2.22	-5.59	3.98	0.01	-6.00	5.86	-2.34	-2.69	-0.44	8.68	7.56	17.04	-8.21
15Y Ann. Avg	-0.63	-0.34	-7.52	-6.59	2.22	-5.59	3.98	0.01	-6.00	5.86	-2.34	-2.69	-0.44	8.68	7.56	17.04	-8.21

Data Source: Sentieo

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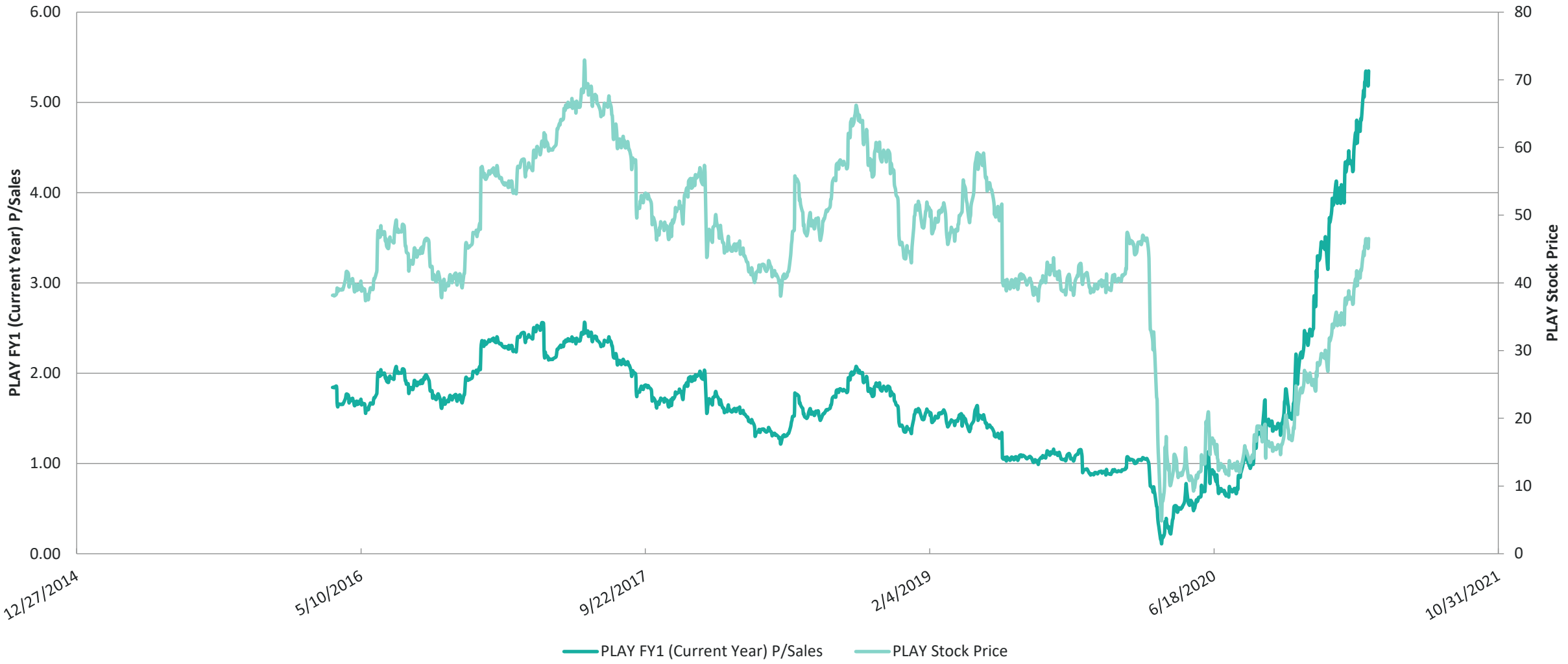
PLAY | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Downside Is 50.4% To $23



Data Source: Sentieo

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Dine Brands

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DIN | Tear Sheet

HEDGEYE

Dine Brands Global, Inc. USD 90.42

desc Dine Brands Global, Inc., formerly DineEquity, Inc., through its subsidiaries, owns and franchises the Applebee's Neighborhood Grill & Bar (Applebee's) concept in the bar and grill segment within the casual dining category of the restaurant industry. The Company owns, franchises and operates the International House of Pancakes (IHOP) concept in the family dining category of the restaurant industry. It operates through four segments: Franchise operations, Rental operations, Company restaurant operations and Financing operations. As of December 31, 2017, it had 3,722 restaurants. Applebee's menu features a selection of grill and bar fare, such as appetizers, bar snacks, burgers, classic entrees and lighter fare, as well as cocktails, beers and desserts. As of December 31, 2017, IHOP franchise and area license restaurants were located in 50 states within the United States, in the District of Columbia, in three United States territories and in 13 countries outside of the United States.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Mar 31, 2021
Next FY End Date	Dec 31, 2021
Next Earnings Date	Apr 30, 2021
Latest Earnings Date	Mar 02, 2021

**in millions USD, except per share data*

mcap	Market Cap	1,476.1
ev	EV	2,710.8
shares	Shares Outstanding	16.5
div	Annual Dividend	12.7
div_yield	Dividend Yield	n/a
	Dividend Payout	-12.2%

FIN. MODEL SUMMARY	FY0	FY1	FY2
Period end	*12/31/2020*	*12/31/2021*	*12/31/2022*
Revenue	689.3	834.8	879.3
Gross Profit	248.7	373.3	366.1
Gross Margin	36.1%	44.7%	41.6%
Operating Profit	106.0	169.6	199.4
Operating Margin	15.4%	20.3%	22.7%
Net Income	29.3	77.6	104.3
EPS	1.79	4.69	6.32

	VALUATION RATIOS	Last 5y avg fy1	ltm	ntm
ev_sales	EV/Sales	3.50 x	3.29 x	3.43 x
ev_ebitda	EV/EBITDA	11.27 x	11.04 x	10.54 x
p_eps	P/E	15.56 x	13.83 x	13.51 x
p_bv	P/B		-2.67 x	
fcfyield_mkt	FCF Yield	7.05 x	9.23 x	

STOCK PRICE PERFORMANCE	
**stock data in trading currency*	
Last price	90.42
52 Week High	91.20
52 Week Low	14.16
YTD Change	45.2%
1 Year Change	170.6%
5 Year Change	97.6%
10 Year Change	179.2%

Financial Matric:

1Q21 -5.6% revenue growth and -43.5% EPS growth

2Q21 86.0% revenue growth and 240.5% EPS growth

3Q21 20.3% revenue growth and 64.3% EPS growth

Debt/EBITDA – 9.5x

© Hedgeye Risk Management LLC.

DIN | Trending Topics

HEDGEYE

DIN - TRENDING TOPICS

Add Sub-Industry

Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Applebee	Franchise	Franchise	Restaurants	Dining Room	Applebee	Applebee
Franchise	IHOP	IHOP	Revenue	Restaurants	Indoor Dining	Coronavirus, Epidemic & Pa
Sites	Applebee	Sites	Franchise	Independent	IHOP	Cosmic Wings
Labor	EBITDA	Traffic	Store Openings/Closings	Applebee	Deferral	IHOP
Menu	Portfolio	Applebee	Coronavirus, Epidemic & Par	Franchise	Coronavirus, Epidemic & Par	Revenue
Pricing	Uncertainty	Catering	Uncertainty	Coronavirus, Epidemic & Par	Franchise	Store
IHOP	Competition & Market Share	Net Income/EPS	Deferral	Menu	Payment	Crisis
Traffic	USA	Pricing	IHOP	IHOP	Same Store Sales	Kitchen
Fajita	Sites	Competition & Market Share	Crisis	Store Openings/Closings	IHOPPY Hour	USA
Daypart	Traffic	Margin	Dining Room	Closures	Association	General Expenses
Leverage	Catering	Marketing	Payment	Deferral	Uncertainty	Burritos & Bowls
Revenue	Menu	Guest	Variable Costs	Revenue	Sanitation	Debt
Incrementality	Net Income/EPS	Incrementality	Variable Expenses	Payment	Portfolio	Capacity Restriction
Refinancing	Closures	ESG	Royalty	Competition & Market Share	Trajectory	Traffic
Guest Experience	Marketing Expenses	Same Store Sales	Margin	ESG	General Expenses	Dining Room

Applebee's heavy penetration in NE and Midwest – hard hit

Feb mix of sales 63% din-in, 22% car-side and 15% delivery

Arkansas franchisee opened drive-thru window

Feb 17 launch of Cosmic Wings – delivery only

IHOP Burrito bowls

Bad debt of $12.8 million

Focus on debt pay down

Virtually all 1,600 dining rooms are open

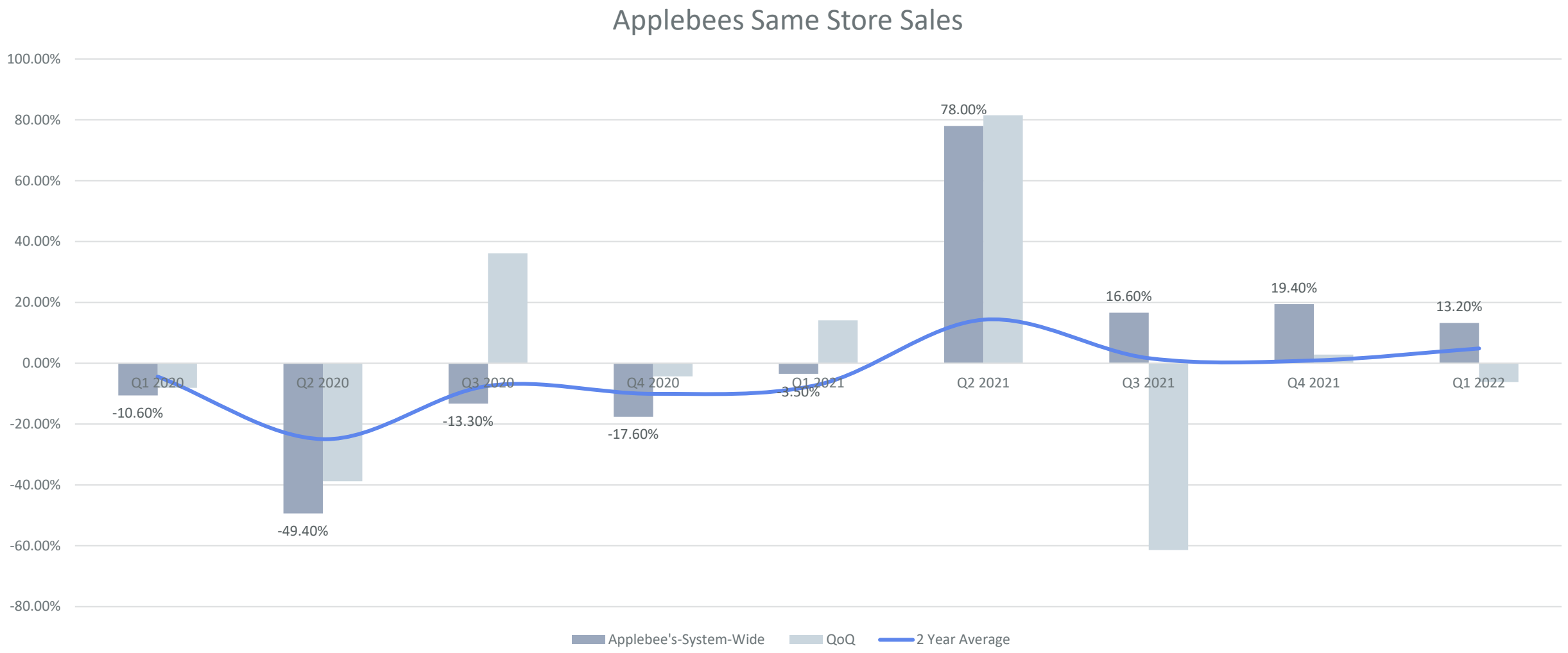
Data Source: Sentieo

© Hedgeye Risk Management LLC.

DIN | Same-Store Sales Trends

HEDGEYE

Theses Estimates!



Data Source: FactSet

© Hedgeye Risk Management LLC.

DIN | Relative Price Return 2002 – 1Q21

HEDGEYE

One Of The Worst Positioned Casual Dining Companies

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	18.29	15.19	5.68	44.37													44.37
2020	-0.97	2.07	-57.48	-55.21	39.80	-4.35	-13.35	16.75	0.56	20.16	-2.57	17.45	-2.71	11.16	-12.61	-6.67	-78.12
2019	4.25	27.07	-11.71	19.10	-8.38	14.72	-6.24	0.64	-16.35	-12.16	6.81	-21.65	-7.95	9.23	-2.89	-2.51	-13.80
2018	0.41	38.49	-9.45	26.47	20.48	-25.70	16.96	6.87	-7.84	11.66	-2.07	0.47	8.26	10.31	-15.57	-0.21	33.71
2017	-16.08	-17.15	-10.84	-41.06	1.17	-22.98	-1.13	-23.03	-10.67	-5.45	8.64	-8.10	6.17	-5.63	10.20	10.94	-65.58
2016	7.21	7.71	-2.80	12.72	-4.77	-6.63	3.39	-7.74	-11.17	-5.20	-0.42	-16.99	1.34	5.23	-8.71	-2.56	-14.98
2015	5.08	-5.55	1.18	0.98	-11.81	-1.04	4.23	-8.79	0.41	-1.36	-1.58	-2.54	-20.33	1.06	1.69	-17.55	-26.64
2014	-4.95	2.92	-3.83	-6.23	-2.58	0.24	-2.72	-5.30	0.78	-2.36	-0.94	-2.55	6.39	7.11	6.94	22.51	6.66
2013	6.67	-4.94	-4.36	-3.22	1.02	-1.96	-2.16	-3.22	-5.15	-4.48	-0.40	-10.49	13.99	-1.04	-3.29	9.58	-10.35
2012	4.16	3.32	-9.69	-3.48	-0.89	5.85	-10.38	-4.98	18.40	-5.80	5.12	18.57	17.24	-0.75	7.28	24.66	42.07
2011	1.63	7.76	-3.31	5.89	-11.99	8.80	-0.53	-4.27	-1.99	-14.51	-3.47	-18.37	11.60	2.95	-9.35	3.30	-17.04
2010	0.09	24.42	27.13	57.47	1.81	-10.51	-10.99	-18.05	23.33	-7.32	28.01	46.21	-7.65	20.52	-12.12	-1.20	84.26
2009	-21.24	-11.59	51.23	0.65	157.09	-16.66	9.65	143.00	-29.21	-16.16	11.86	-36.78	-11.45	-5.64	8.96	-10.14	56.29
2008	57.43	-9.05	2.33	45.59	-10.61	-5.40	-10.65	-25.32	-38.81	-15.48	0.53	-41.01	22.41	-17.93	-11.32	-7.87	-26.46
2007	-1.16	6.21	5.01	10.43	-5.12	-4.46	-6.80	-16.55	19.99	-6.44	-4.47	8.35	-7.04	-13.12	-27.73	-41.87	-49.26
2006	0.89	5.66	-7.83	-1.56	0.15	7.45	0.25	7.83	-1.14	-2.07	-5.31	-8.45	7.81	-2.59	2.17	7.53	5.54
2005	9.26	9.64	3.02	22.20	-9.87	7.54	-5.45	-9.57	-6.38	-7.06	0.21	-13.39	17.40	-4.87	0.15	12.73	10.74
2004	-9.42	7.66	-6.75	-8.80	10.85	-8.21	-3.92	-1.47	10.99	-3.70	6.82	13.74	-4.77	4.61	-3.16	-3.96	-0.61
2003	-11.58	2.97	-0.40	-9.69	7.97	7.83	2.63	21.45	-0.06	0.19	-3.88	-4.19	4.42	4.55	-4.39	4.68	10.72
2002	-0.85	20.80	1.30	22.38	19.84	-0.86	-0.52	14.98	1.66	-8.09	9.09	2.45	-23.51	-7.84	11.88	-18.03	19.28
2Y Ann. Avg	8.66	8.63	-25.90	-5.42	39.80	-4.35	-13.35	16.75	0.56	20.16	-2.57	17.45	-2.71	11.16	-12.61	-6.67	-16.87
3Y Ann. Avg	7.19	14.78	-21.17	2.75	15.71	5.19	-9.80	8.69	-7.89	4.00	2.12	-2.10	-5.33	10.20	-7.75	-4.59	-15.85
5Y Ann. Avg	1.18	13.13	-16.76	-1.27	13.27	-9.58	-0.94	0.31	-8.57	3.55	2.70	-2.96	0.94	6.27	-5.22	0.39	-15.88
10Y Ann. Avg	2.41	6.91	-10.33	-0.56	3.78	-4.65	-1.27	-3.20	-3.45	-0.56	1.40	-2.87	2.49	4.08	-1.88	4.24	-8.27
15Y Ann. Avg	4.06	5.79	-1.39	7.63	11.80	-5.01	-2.19	3.57	-4.12	-4.64	3.22	-4.82	2.16	1.68	-4.89	-1.40	-2.33

Data Source: Sentieo

© Hedgeye Risk Management LLC.

DIN | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Downside Is 1.0% To $85 (Assuming 1.67x P/Sales)

Data Source: Sentieo

© Hedgeye Risk Management LLC.

Red Robin

© Hedgeye Risk Management LLC.

RRGB | Tear Sheet

HEDGEYE

RED ROBIN GOURMET BURGERS INC USD 39.15

Red Robin Gourmet Burgers, Inc., together with its subsidiaries, primarily develops, operates, and franchises full-service restaurants in North America and focuses on serving selection of gourmet burgers. The Company's menu features a line of gourmet burgers, which it makes from ground beef, as well as its line of Red's Tavern Double Burgers and its Red Robin's line of half-pound Angus beef burgers with various toppings. The Company also offers burgers made from chicken breasts, fish fillets, turkey patties, as well as vegetarian and vegan options. The Company offered a selection of buns, including ciabatta, gluten free, sesame, onion, whole grain, jalapeno and lettuce wraps a range of toppings, including fresh guacamole, house made barbeque sauces, aiolis, grilled pineapple, crispy onion straws, sauteed mushrooms, fried jalapenos, bruschetta salsa, coleslaw, eight different cheese choices and a fried egg, as of December 25, 2016.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Mar 31, 2021
Next FY End Date	Dec 31, 2021
Next Earnings Date	Jun 03, 2021
Latest Earnings Date	Mar 03, 2021

*in millions USD, except per share data	
Market Cap	613.2
EV	779.7
Shares Outstanding	15.5
Annual Dividend	-
Dividend Yield	n/a
Dividend Payout	0.0%

FIN. MODEL SUMMARY	FY0	FY1	FY2
Period end	12/31/2020	12/31/2021	12/31/2022
Revenue	868.7	1,108.2	1,213.2
Gross Profit	140.7		
Gross Margin	16.2%		
Operating Profit	- 121.3	- 16.3	17.6
Operating Margin	-14.0%	-1.5%	1.5%
Net Income	- 162.2	- 20.4	10.9
EPS	- 11.33	- 1.31	0.70

	VALUATION RATIOS	Last 5y avg fy1	ltm	ntm
ev_sales	EV/Sales	0.59 x	0.59 x	0.58 x
ev_ebitda	EV/EBITDA	2.70 x	-90.87 x	8.15 x
p_eps	P/E	17.38 x	17.02 x	28.49 x
p_bv	P/B	1.57 x	1.45 x	
fcfyield_mkt	FCF Yield			

STOCK PRICE PERFORMANCE *stock data in trading currency	
Last price	39.15
52 Week High	41.34
52 Week Low	4.04
YTD Change	76.7%
1 Year Change	252.1%
5 Year Change	80.5%
10 Year Change	217.9%

Financial Matric:

1Q21 -0.5% revenue growth and 82.6% EPS growth

2Q21 58.5% revenue growth and 91.8% EPS growth

3Q21 31.3% revenue growth and 77.9% EPS growth

Debt/EBITDA – 11.5x

RRGB has structural real estate issues that will never allow a full recovery.

Many stores will likely need to be closed.

Data Source: Sentieo

© Hedgeye Risk Management LLC.

RRGB | Trending Topics

HEDGEYE

RRGB - TRENDING TOPICS

Add Sub-Industry

Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Traffic	Menu	Donatos	Coronavirus, Epidemic & Par	Coronavirus, Epidemic & Par	Tents	Coronavirus, Epidemic & Par
Facilities	Debt	Rollout	Dining Room	California	Lease	Store
Guest	Revenue	Facilities	Facilities	Partitions	Revenue	California
Pricing	Closures	Pizza	Reopening	Patio	Restaurants	Revenue
Tavern	Facilities	Prototype	Onset	TGX	Menu	Indoor Dining Rooms
Hourly Turnover	Guest	Service Model	Revenue	Landlords	Coronavirus, Epidemic & Par	Oregon
Revenue	Inflation	Closures	Lease	Cash	Uncertainty	ESG
Kitchen	Burger	Guest	Donatos	Labor	Restructuring	Volume
Price Point	Loyalty Program	Menu	Amendment	Facilities	Employees Expense	Donatos
Same Store Sales	Leverage	Revenue	Restaurant Support Center	Restaurant Level	Margin Change	Dining Room
Menu	Creative Campaign	Debt	Wages	Guest Experience	Service Model	Same Store Sales
Real Estate Portfolio	Tavern	Restructuring	Restaurant Level	Cost Reduction	Traffic	Cost Reduction
POS	ESG	Leverage	Restructuring	Hospitality	Donatos	Guest Satisfaction Scores
Handheld	Gross Margin	Catering	West Coast	Cash Tax Refunds	Salary	TGX
Metrics	Renegotiations	Traffic	Cash	Revenue	Tax	Competition & Market Share

100bps incremental mrgn improvement

Donato's

Higher that the 15% pr-pandemic off-premise mix

Key states CA, CO, OG & WA

Feb 28 126 dining room open

Moving 2 salary positions to 1-3 hourly = cost savings

TGX service model = using technology and improved service coverage to deliver a better guest experience

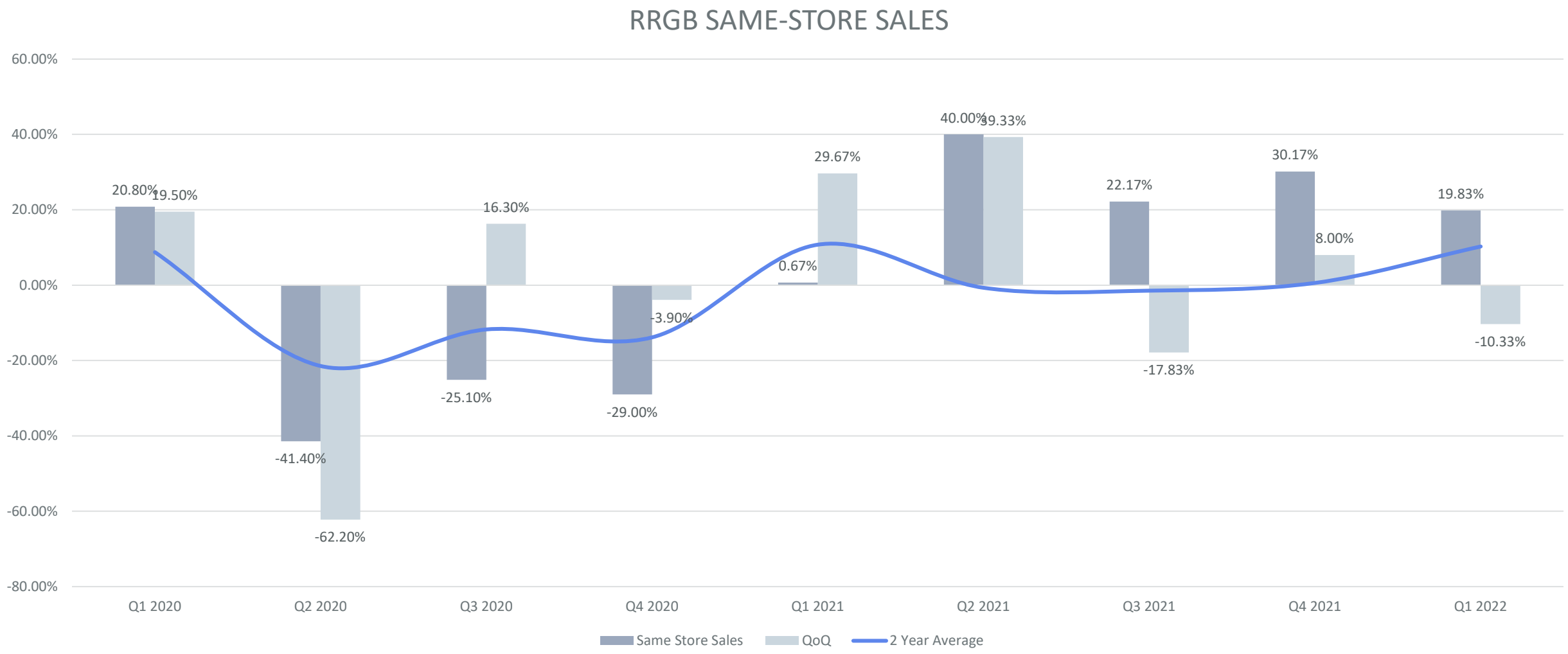
Data Source: Sentieo

© Hedgeye Risk Management LLC.

RRGB | Same-Store Sales Trends

HEDGEYE

Accelerating SSS Recovery With Poor Site Locations



Data Source: FactSet

© Hedgeye Risk Management LLC.

RRGB | Relative Price Return 2012 – 1Q21

HEDGEYE

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	35.93	17.32	16.22	85.94													85.94
2020	-3.49	-10.28	-61.54	-63.75	56.74	-11.86	-32.51	-10.32	-21.66	16.06	24.34	16.81	-5.47	55.80	-9.09	33.20	-89.33
2019	10.67	-7.90	-9.00	-8.64	5.68	-11.91	12.15	2.17	5.68	3.32	-1.40	7.69	-12.68	-14.66	17.42	-13.33	-14.25
2018	-15.41	3.19	12.34	0.03	6.99	-24.92	-8.38	-26.85	-1.29	-18.47	-2.32	-22.08	-16.19	15.13	-14.05	-16.48	-51.66
2017	-20.83	-8.37	26.22	-8.10	-2.21	18.78	-6.89	7.66	-12.41	-6.76	18.06	-2.99	-2.52	-25.36	7.24	-22.91	-31.47
2016	6.91	4.54	-5.05	6.80	3.79	-26.19	-3.93	-24.91	-5.19	2.88	-12.54	-15.65	3.82	11.41	8.79	25.70	-14.57
2015	2.76	0.48	6.81	10.75	-15.61	8.81	5.62	-2.75	2.24	-7.21	-1.43	-6.79	-12.49	-10.50	-6.61	-28.41	-28.13
2014	-10.47	16.24	-5.06	-2.20	-4.84	1.55	-4.07	-7.79	-10.79	-22.50	8.15	-25.28	-6.03	17.98	16.89	30.77	-12.71
2013	2.09	15.64	3.56	23.32	3.54	4.98	7.79	17.67	-3.23	14.43	5.10	18.17	2.19	1.08	-10.34	-8.08	73.33
2012	2.45	5.84	3.02	13.27	-2.94	-3.22	-8.04	-12.94	-3.16	-1.30	4.49	-0.06	7.74	-3.23	8.77	13.30	10.74
2011	-6.69	12.44	13.30	19.80	-1.77	36.19	1.37	35.94	-7.05	-4.29	-18.12	-25.79	-6.33	8.72	5.21	8.62	26.50
2010	9.43	2.99	15.65	31.27	-2.36	-8.18	-10.40	-18.47	17.10	-8.04	-7.08	-0.61	-2.82	-8.54	11.31	-1.50	0.91
2009	-25.34	21.93	13.93	2.80	26.19	-32.74	5.56	-13.63	-8.60	1.52	0.37	-7.23	-15.12	-12.93	9.64	-20.62	-47.48
2008	20.92	-1.52	12.82	32.09	1.36	-24.12	-7.79	-29.48	-11.13	6.08	16.01	10.47	-27.85	-8.29	35.93	-13.63	-5.45
2007	-2.39	12.11	-2.13	7.43	-3.57	5.25	-6.36	-5.36	-4.31	-3.08	6.32	-1.74	-13.75	5.61	-18.96	-25.06	-29.44
2006	-26.05	2.90	16.01	-11.13	-4.56	0.55	1.58	-2.29	-4.41	3.88	4.66	3.49	-0.13	-32.18	6.30	-28.43	-36.45
2005	-5.33	-3.58	14.06	3.59	-0.46	4.39	16.35	21.17	-10.73	-18.42	-5.89	-33.33	6.71	7.73	-5.17	8.76	-5.94
2004	-10.37	12.38	-6.13	-5.16	4.29	-9.47	-3.73	-8.86	32.14	5.04	21.59	66.44	-9.50	17.09	2.10	8.85	66.01
2003	17.45	-26.28	15.21	0.71	6.34	7.56	6.28	24.05	7.80	-0.19	15.31	26.04	7.43	-9.38	10.13	7.22	89.56
2002										7.76	-7.19		-28.75	27.54	9.93	5.71	
2Y Ann. Avg	16.22	3.52	-22.66	11.10	56.74	-11.86	-32.51	-10.32	-21.66	16.06	24.34	16.81	-5.47	55.80	-9.09	33.20	-1.69
3Y Ann. Avg	14.37	-0.29	-18.10	4.52	31.21	-11.89	-10.18	-4.08	-7.99	9.69	11.47	12.25	-9.07	20.57	4.17	9.94	-5.88
5Y Ann. Avg	1.38	-1.21	-3.15	1.10	16.80	-7.48	-8.90	-6.84	-7.42	-1.46	9.67	-0.14	-9.21	7.73	0.38	-4.88	-20.15
10Y Ann. Avg	1.06	3.67	-1.25	5.74	5.68	-4.89	-4.25	-6.45	-5.54	-2.17	4.72	-3.35	-4.63	5.29	2.11	1.53	-7.21
15Y Ann. Avg	0.44	5.64	2.74	10.05	5.07	-4.83	-3.99	-6.36	-4.56	-1.95	2.85	-3.93	-7.68	2.30	4.44	-2.74	-8.47

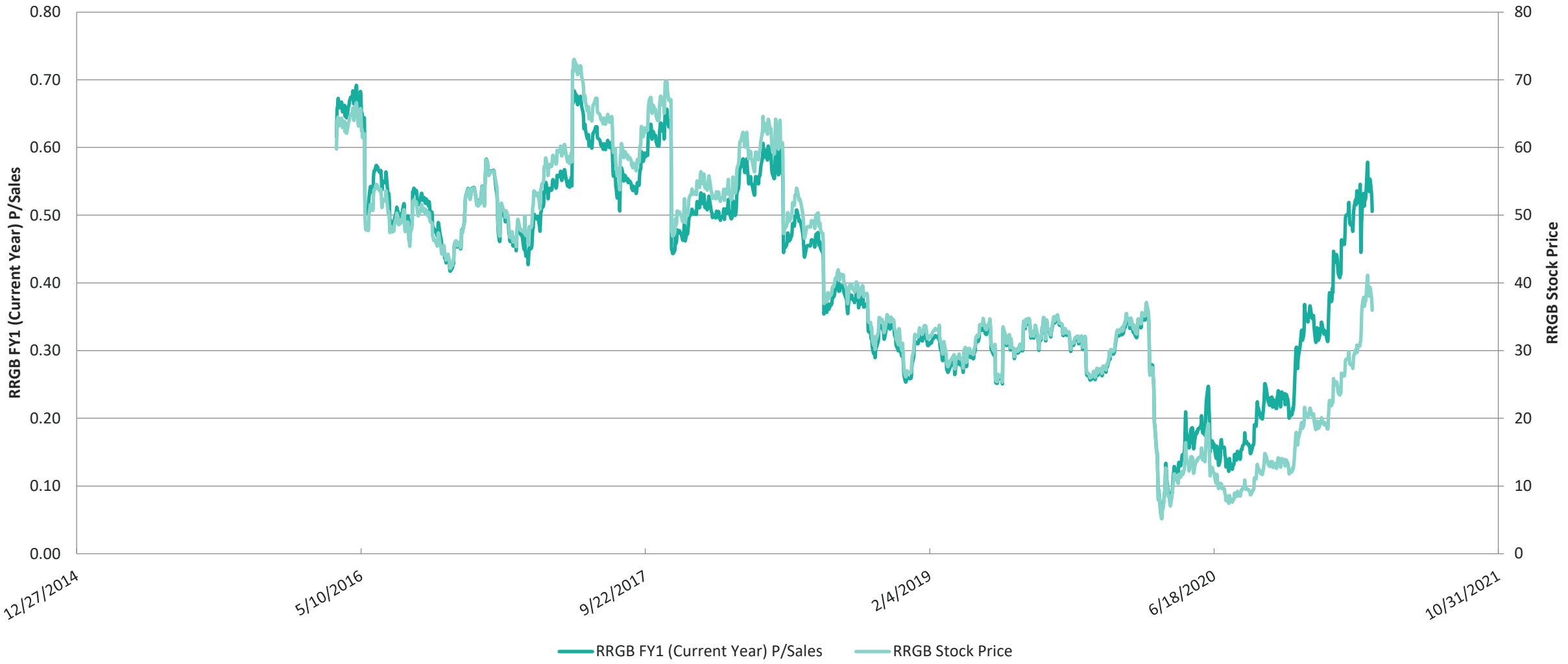
Data Source: Sentieo

© Hedgeye Risk Management LLC.

RRGB | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Downside Is 19.1% To $29



Data Source: Sentieo

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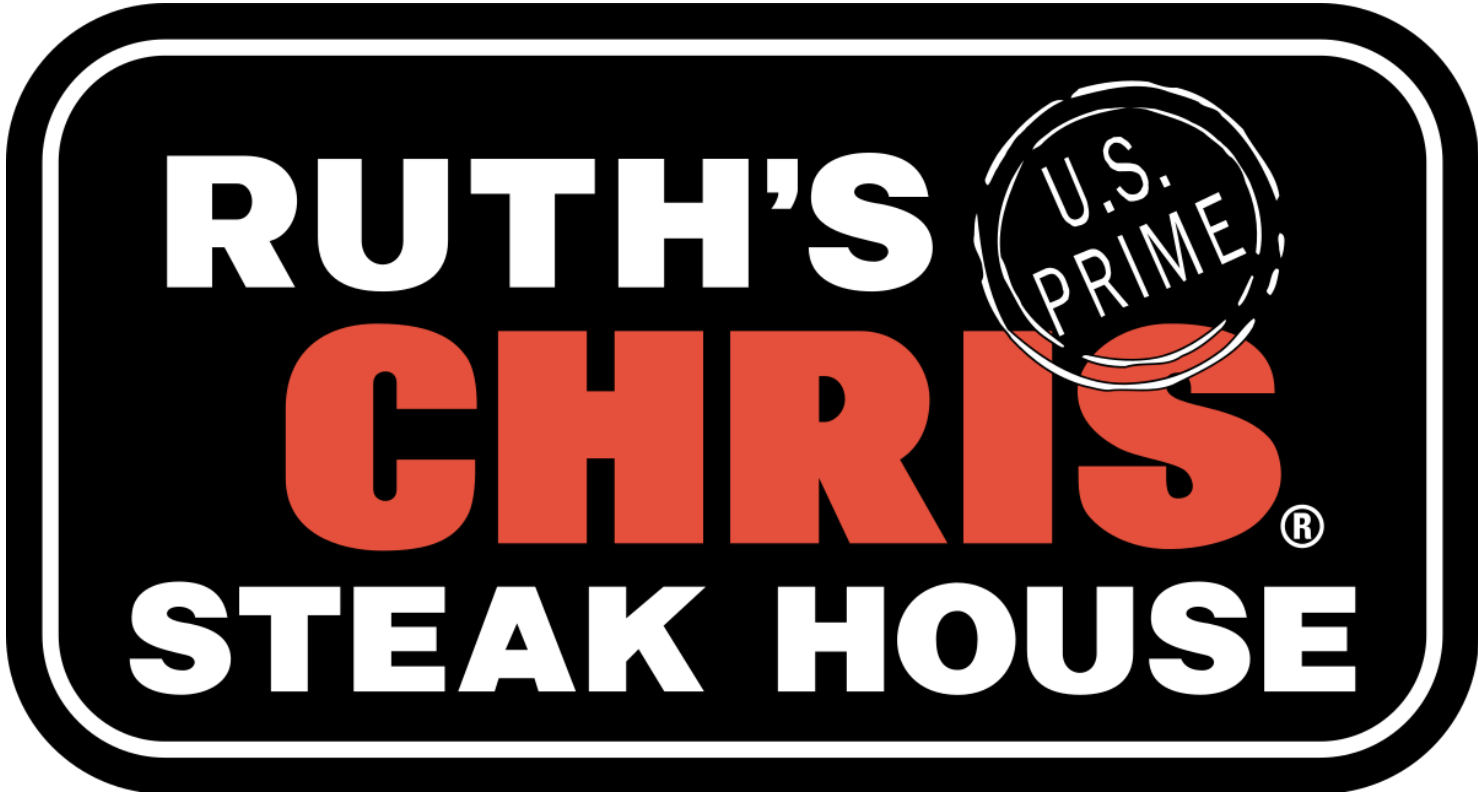
Ruth’s Hospitality Group



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RUTH | Tear Sheet

HEDGEYE

Ruth's Hospitality Group, Inc. USD 24.83

Ruth's Hospitality Group, Inc. develops and operates fine dining restaurants under the name, Ruth's Chris Steak House. The Company operates through two segments. As of December 25, 2016, the Company-owned steakhouse restaurant segment included 68 Ruth's Chris Steak House restaurants and one Ruth's Chris Steak House restaurant, and the franchise operations segment included 81 franchisee-owned Ruth's Chris Steak House restaurants. Its restaurant's menu features a selection of Prime and Choice grade steaks, and other offerings. Its menu also includes lamb chops, fish, shrimp, crab, chicken and lobster. Its Ruth's Chris restaurants offer 10 to 13 appetizer items, including Orleans-style barbequed shrimp, mushrooms stuffed with crabmeat, lobster bisque and osso bucco ravioli. It also offers a range of potatoes and vegetables as side dishes. For dessert, creme brulee, white chocolate bread pudding, cheesecake, fresh seasonal berries with sweet cream sauce and other selections are available.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Mar 31, 2021
Next FY End Date	Dec 31, 2021
Next Earnings Date	May 06, 2021
Latest Earnings Date	Mar 05, 2021

**in millions USD, except per share data*

Market Cap	887.7
EV	907.3
Shares Outstanding	34.3
Annual Dividend	4.4
Dividend Yield	n/a
Dividend Payout	-17.5%

FIN. MODEL SUMMARY		FY0	FY1	FY2	
Period end		*12/31/2020*	*12/31/2021*	*12/31/2022*	
Revenue		277.7	370.7	428.3	ev_sales
Gross Profit		51.5	79.0	100.2	ev_ebitda
Gross Margin		18.5%	21.3%	23.4%	p_eps
Operating Profit	-	10.4	28.1	44.9	p_bv
Operating Margin		-3.7%	7.6%	10.5%	fcfyield_mkt
Net Income	-	12.1	16.5	31.7	
EPS	-	0.38	0.58	1.00	

VALUATION RATIOS	Last 5y avg fy1	ltm	ntm
EV/Sales	1.63 x	1.62 x	1.56 x
EV/EBITDA	15.67 x	11.91 x	16.11 x
P/E	10.76 x	30.40 x	12.69 x
P/B		6.87 x	
FCF Yield	4.40 x	6.66 x	

STOCK PRICE PERFORMANCE	
**stock data in trading currency*	
Last price	24.83
52 Week High	26.87
52 Week Low	2.31
YTD Change	38.0%
1 Year Change	205.2%
5 Year Change	119.8%
10 Year Change	286.6%

Financial Matric:

1Q21 -21.4% revenue growth and 8.9% EPS growth

2Q21 193.4% revenue growth and 117.5% EPS growth

3Q21 38.3% revenue growth and 315.0% EPS growth

Debt/EBITDA – 7.3x

Slow recovery story

© Hedgeye Risk Management LLC.

RUTH | Trending Topics

HEDGEYE

Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Beef	Traffic	Sites	Sites	Sites	Coronavirus, Epidemic & Par	Coronavirus, Epidemic & Par
Franchise	Revenue	Ruth	Takeout	Dining Room	Location	Diners
Inflations	Long Island	Guest	Dining Room	Revenue	Revenue	Store Openings/Closings
M&A, JVs & Spinoffs	Sites	Bar	Crisis	Store Openings/Closings	Portfolio	Labor
Sites	Menu	Inflation	Franchise	Closures	Ruth	Dining Room
Pricing	Guest	TasteMaker	Coronavirus, Epidemic & Par	California	Chris	Florida
Menu	Share Repurchase	ESG	Uncertainty	Franchise	Menu	Menu
Same Store Sales	Beef	Store Openings/Closings	Payment	Guest	Labor	ESG
Net Income/EPS	Inflations	Wine	Grading	Lease	Franchise	General Expenses
Revenue	M&A, JVs & Spinoffs	Franchise	General Expenses	Debt	Uncertainty	Ruth
Store Openings/Closings	Lease	Beef	Ruth	Takeout	Outdoor Dining	Guest
	Share Repurchase Program	Long Island	Supply Chain	Landlord	Occasion	Operating Status
	Net Income/EPS	Total Revenues	Revenue	Menu	Beef	Revenue
	Store Openings/Closings	Revenue	Menu	Payment	Guest	Marketing Expenses
	Pricing	Lease	Cash	Tax	Florida	Competition & Market Share

Buckets of business are blurred from pre-covid

Flexible and innovation

Flex able labor model

Business guests slow to

Special occasions driving the current trends return

SSS -16% first 9 weeks of ’21 – restricted stores

Fewer labor hours – expect leverage as sales pick up

Marketing spend down 65% - learned a lot about efficiencies and spending

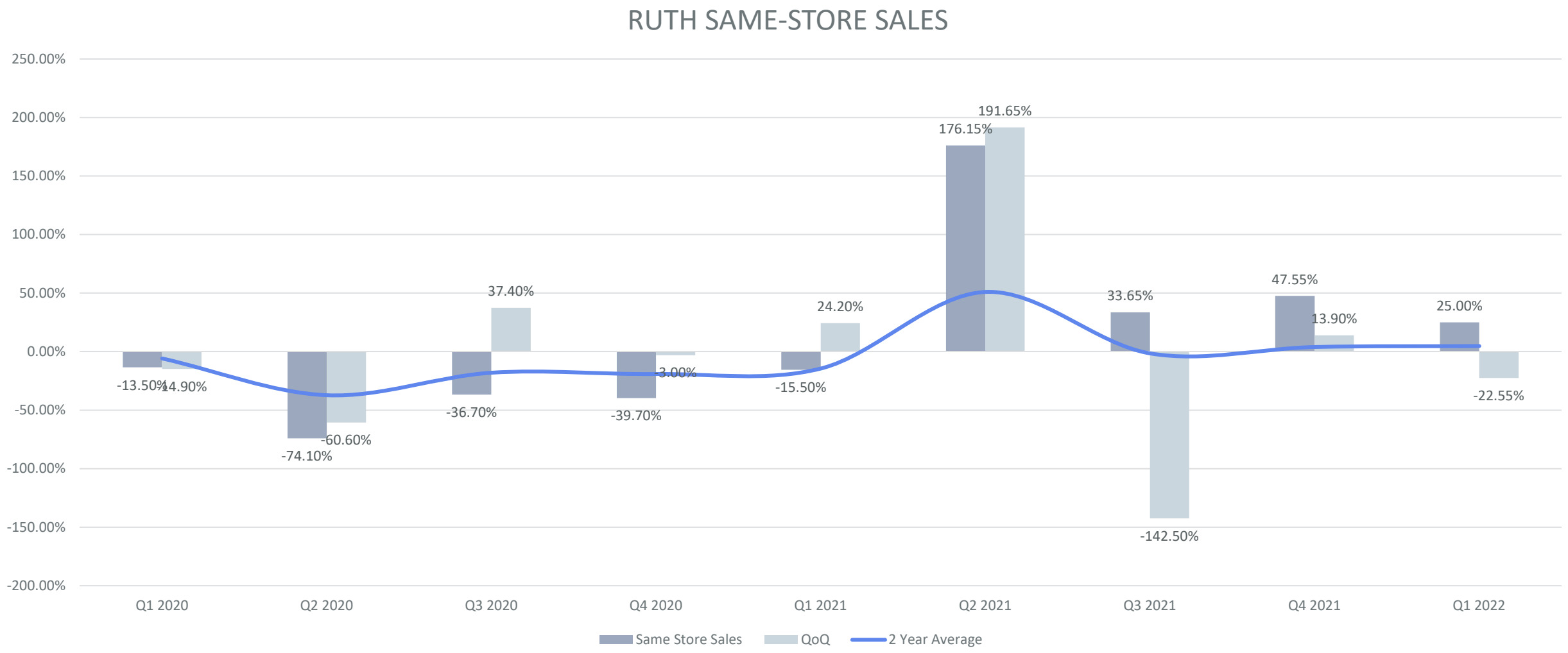
Data Source: Sentieo

© Hedgeye Risk Management LLC.

RUTH | Same-Store Sales Trends

HEDGEYE

Accelerating SSS Recovery With Poor Site Locations



Data Source: FactSet

© Hedgeye Risk Management LLC.

RUTH | Relative Price Return 2006 – 1Q21

HEDGEYE

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	2.33	25.50	-0.43	28.22													28.22
2020	-8.85	-0.63	-57.60	-58.86	53.51	-34.54	-5.49	-7.89	-25.30	42.53	13.42	23.33	4.13	28.04	9.16	47.39	-66.11
2019	-7.38	7.05	-3.07	-3.88	-3.98	-3.75	-8.05	-15.20	-4.27	-10.76	4.25	-11.21	-3.57	9.49	-10.53	-5.99	-42.07
2018	0.71	4.88	3.83	10.13	9.31	-6.79	4.72	7.53	0.41	0.61	2.90	4.24	-5.73	-9.21	1.81	-10.98	5.95
2017	-11.42	-6.12	17.18	-2.17	-3.48	4.65	3.28	4.51	-12.11	-4.32	7.67	-9.35	-3.89	-0.31	0.54	-3.75	-13.16
2016	8.98	4.00	4.07	18.02	-10.56	0.23	-1.44	-11.84	-7.03	-7.37	-7.57	-21.87	13.71	6.82	6.81	29.81	9.03
2015	-1.12	-2.12	6.65	3.59	-10.30	-1.01	12.14	0.12	4.19	-1.45	3.44	5.70	-15.87	10.61	-5.82	-11.90	-2.21
2014	-5.96	-10.29	0.77	-14.59	4.46	-7.19	-2.03	-4.97	-9.28	-6.77	0.01	-15.80	7.59	3.42	16.76	31.36	-11.82
2013	4.07	16.41	2.51	25.33	1.34	9.44	10.47	23.19	-7.23	-0.77	-4.26	-12.50	-2.26	14.61	-3.78	8.40	60.42
2012	15.73	-4.94	16.26	31.72	-7.66	1.84	-2.77	-8.03	0.82	-14.11	3.80	-10.06	9.36	11.47	-2.05	18.79	29.61
2011	-2.18	4.35	3.58	5.99	-7.72	10.18	7.10	9.38	0.83	-2.93	-14.24	-15.54	-0.38	7.78	1.19	9.49	4.83
2010	48.65	25.15	38.81	164.83	0.22	-3.48	-7.30	-9.82	-10.61	-13.93	9.72	-18.96	7.38	8.52	-10.84	4.48	116.92
2009	-15.83	-6.24	10.87	-14.27	186.11	3.42	-7.75	183.32	-1.63	-0.45	1.02	-1.15	-23.25	-36.57	-8.71	-58.76	-2.38
2008	4.51	-10.56	-3.39	-8.06	-1.62	-9.88	-16.95	-28.35	-8.56	-6.06	2.01	-10.27	-26.26	-23.47	-9.51	-41.32	-42.63
2007	15.40	2.14	-6.12	10.52	-8.09	-10.91	-7.61	-25.90	-1.44	-3.42	-19.46	-24.13	-18.34	2.49	-25.94	-36.89	-69.77
2006	12.99	3.89	8.62	27.86	-1.74	-6.68	1.72	-6.70	-8.77	7.23	-9.91	-12.68	-0.13	-7.19	-1.54	-9.04	-5.75
2005											-3.47		-1.33	-7.11	4.33	-3.99	
2004																	
2003																	
2002																	
2Y Ann. Avg	-3.26	12.44	-29.02	-15.32	53.51	-34.54	-5.49	-7.89	-25.30	42.53	13.42	23.33	4.13	28.04	9.16	47.39	-18.94
3Y Ann. Avg	-4.63	10.64	-20.37	-11.51	24.77	-19.14	-6.77	-11.54	-14.79	15.88	8.83	6.06	0.28	18.76	-0.68	20.70	-26.65
5Y Ann. Avg	-4.92	6.14	-8.02	-5.31	13.84	-10.11	-1.38	-2.76	-10.32	7.01	7.06	1.75	-2.27	7.00	0.25	6.67	-17.43
10Y Ann. Avg	-0.29	3.37	-0.98	3.75	3.63	-4.13	1.20	-1.40	-6.64	-0.27	2.63	-5.28	0.39	8.33	1.43	11.46	-0.21
15Y Ann. Avg	3.18	3.24	2.26	13.10	14.40	-3.41	-1.55	8.29	-5.80	-2.09	0.19	-8.40	-4.10	2.41	-2.92	-1.42	0.32

Data Source: Sentieo

© Hedgeye Risk Management LLC.

RUTH | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Downside Is 27.6% To $16

Data Source: Sentieo

© Hedgeye Risk Management LLC.

Texas Roadhouse

© Hedgeye Risk Management LLC.

TXRH | Tear Sheet

HEDGEYE

Texas Roadhouse Inc USD 96.34

Texas Roadhouse, Inc. is a restaurant company, which operates in the casual dining segment. The Company offers an assortment of seasoned and aged steaks, all cooked over open grills and all but one hand cut daily on the premises. Its restaurants offer a range of menu items at prices that are designed to appeal to a range of consumer tastes. The Company also offers its guests a selection of ribs, fish, seafood, chicken, pork chops, pulled pork and vegetable plates, and an assortment of hamburgers, salads and sandwiches. The Company offers an assortment of wings, sandwiches, pizzas and burgers, including its bacon grind patty. In addition, the Company also offers its guests a selection of chicken, beef, fish and seafood. Other menu items include specialty appetizers, such as the Cactus Blossom and Rattlesnake Bites. As of December 27, 2016, the Company had 23 franchisees that operated 86 Texas Roadhouse restaurants in 23 states and six foreign countries.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Mar 31, 2021
Next FY End Date	Dec 31, 2021
Next Earnings Date	Apr 30, 2021
Latest Earnings Date	Feb 18, 2021

**in millions USD, except per share data*

Market Cap	6,767.7
EV	6,660.1
Shares Outstanding	69.6
Annual Dividend	25.0
Dividend Yield	0.67%
Dividend Payout	80.0%

FIN. MODEL SUMMARY	FY0	FY1	FY2
Period end	*12/31/2020*	*12/31/2021*	*12/31/2022*
Revenue	2,398.1	3,006.3	3,341.1
Gross Profit	1,617.5	1,513.9	1,327.8
Gross Margin	67.4%	50.4%	39.7%
Operating Profit	23.8	204.5	280.0
Operating Margin	1.0%	6.8%	8.4%
Net Income	31.3	167.6	232.0
EPS	0.45	2.37	3.30

	VALUATION RATIOS	Last 5y avg fy1	ltm	ntm
ev_sales	EV/Sales	1.73 x	1.81 x	1.64 x
ev_ebitda	EV/EBITDA	16.78 x	16.23 x	13.93 x
p_eps	P/E	-32.27 x	36.36 x	36.30 x
p_bv	P/B	4.39 x	4.82 x	4.75 x
fcfyield_mkt	FCF Yield	1.35 x	2.94 x	2.43 x

STOCK PRICE PERFORMANCE	
**stock data in trading currency*	
Last price	96.34
52 Week High	99.64
52 Week Low	25.15
YTD Change	23.2%
1 Year Change	119.3%
5 Year Change	122.0%
10 Year Change	237.0%

Our condolences to the family of Kent Taylor!

The system will rally behind the charismatic leader!

Financial Matric:

1Q21 12.5% revenue growth and 141.3% EPS growth

2Q21 57.8% revenue growth and 224.2% EPS growth

3Q21 18.7% revenue growth and 40.2% EPS growth

Debt/EBITDA – 1.1x

Data Source: Sentieo

© Hedgeye Risk Management LLC.

TXRH | Trending Topics

HEDGEYE

TXRH - TRENDING TOPICS

Add Sub-Industry

Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Labor	Traffic	Location	Dining Room	Outdoor Dining	Location	Dining Room
Location	Inflation	Labor	Location	Coronavirus, Epidemic & Par	Revenue	Facility
Traffic	Labor	Revenue	Curbside	Partition	Labor	Revenue
Chicken	Comp	Macro	Booth	Location	Coronavirus, Epidemic & Par	Pricing
Inflation	Restaurant Margin	Same Store Sales	Coronavirus, Epidemic & Par	Revenue	Positive Comp	Comp
Share Repo	Tour	Relocation	Revenue	Volume	Volume	Labor
Beef	Commodity	Restaurant Margin	Vendor	Dining Room	Employees Expense	Menu
Roadhouse	Guest	Volume	Bubba	Shoulder	Seats	Inflation
Employees Expense	Volume	General Expenses	Store Openings/Closings	Prices	Bubba	General Expenses
Competition & Market Share	Town	Pricing	Outbreak	Beverage Attachment	Menu	Commodities
Staffing Level	Pricing	Margin Change	Checks	Beef	Steak	App
Wage Rate	Supply Chain	Inflation	Family Packs	Restaurant Margin	Pricing	Uncertainty
Lunch	General Expenses	Lunch	Parking Lot	Roadie	Capacity Restrictions	Kitchen
Bubba	Menu	Guest	Restaurant Margin	Guest	P10	Coronavirus, Epidemic & Par
Returns	Macro	Traffic	Roadie	Store Openings/Closings	Margin Perspective	Store Openings/Closings

Additional pricing in 2Q21

Commodity inflation of 3% in 2021 was 1.5% in 4Q20

Labor dollars down 3.5%

"We are feeling the impact of inflationary pressures throughout the business from commodities to wage rates to the cost of supplies and food packaging."

App downloads accelerating in December.

To-go average $25k per week or 23% of sales for the first 7 weeks of 21

Store week growth of 4-5%

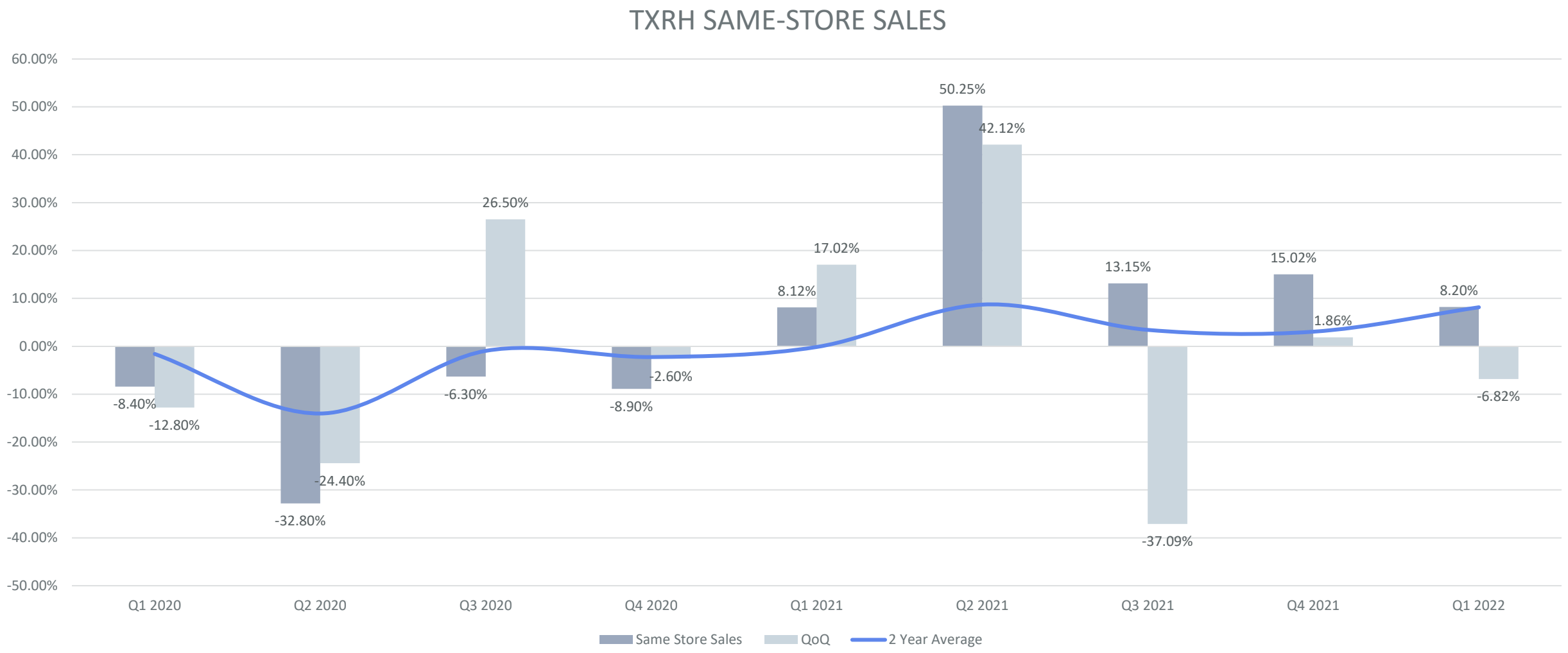
Data Source: Sentieo

© Hedgeye Risk Management LLC.

TXRH | Same-Store Sales Trends

HEDGEYE

Sustained 2-yr Growth



Data Source: FactSet

© Hedgeye Risk Management LLC.

TXRH | Relative Price Return 2005 – 1Q21

HEDGEYE

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	-2.76	19.38	0.31	16.66													16.66
2020	7.93	-3.99	-19.06	-16.22	-0.95	3.51	-4.71	-2.75	-0.46	1.16	2.29	3.42	18.24	-2.99	-1.60	15.65	-8.79
2019	-7.10	1.07	-5.50	-12.29	-18.65	3.13	-2.65	-17.64	0.57	-4.93	1.35	-3.25	3.20	-1.59	-6.39	-5.37	-43.49
2018	2.71	-4.60	8.79	6.88	10.40	-8.97	4.78	6.18	-6.87	3.94	0.95	-2.47	-4.15	9.48	-0.67	3.13	14.29
2017	-8.46	-13.68	3.46	-19.42	2.55	0.45	6.73	10.44	-11.23	-1.76	4.07	-9.23	-2.84	0.15	2.76	0.12	-22.26
2016	9.87	15.06	-2.14	24.21	-3.38	5.67	4.30	6.16	-3.60	-7.30	-13.79	-24.80	5.27	15.28	2.05	23.80	28.94
2015	1.58	4.84	-0.63	5.63	-9.69	1.98	9.59	1.35	0.68	-1.81	5.81	4.34	-19.03	1.28	4.09	-13.77	-2.39
2014	-10.85	4.35	1.56	-5.86	-4.82	-2.30	0.00	-7.42	-5.49	1.86	5.69	1.88	1.06	9.97	4.72	16.75	4.06
2013	2.03	9.60	1.61	14.28	13.86	-2.94	8.50	20.59	-8.47	1.91	1.32	-5.56	-0.70	-1.51	-3.24	-5.81	30.42
2012	-6.67	4.39	-5.77	-9.31	4.84	12.43	-2.20	15.57	-6.90	-5.99	-1.01	-13.91	0.42	0.78	2.16	3.26	-3.91
2011	-6.03	-0.99	0.65	-6.50	-7.11	7.12	4.01	3.87	-7.45	-8.37	-2.88	-16.61	-2.01	-3.87	12.27	6.34	-15.74
2010	10.03	10.87	-4.17	18.42	4.17	6.17	-7.22	2.17	-0.44	3.42	-6.87	-3.56	3.20	11.36	-4.21	11.22	33.86
2009	0.74	12.74	6.09	21.02	6.35	-1.01	-9.02	-5.51	-6.42	-9.92	-1.33	-18.79	-7.78	2.21	4.21	-2.54	-8.93
2008	21.02	-19.97	5.27	3.25	12.43	-12.46	-9.00	-11.79	2.81	-4.68	15.74	14.08	-6.44	-8.91	36.51	9.77	12.01
2007	0.00	9.88	-3.19	6.61	-2.99	-8.42	-8.05	-19.60	-7.05	5.10	-13.86	-16.53	1.25	6.13	-11.98	-5.10	-35.27
2006	-4.19	1.11	9.32	6.15	-11.45	-2.63	-0.53	-13.35	-15.66	6.87	-2.92	-14.02	12.92	-8.62	-1.21	1.81	-21.53
2005	15.07	-12.40	2.03	3.41	-2.99	8.97	16.75	23.18	0.66	-10.72	-10.98	-21.53	7.13	-10.10	4.92	1.95	4.00
2004														4.32	14.31		
2003																	
2002																	
2Y Ann. Avg	2.59	7.70	-9.37	0.22	-0.95	3.51	-4.71	-2.75	-0.46	1.16	2.29	3.42	18.24	-2.99	-1.60	15.65	3.94
3Y Ann. Avg	-0.64	5.49	-8.08	-3.95	-9.80	3.32	-3.68	-10.20	0.06	-1.88	1.82	0.09	10.72	-2.29	-3.99	5.14	-11.87
5Y Ann. Avg	-1.53	-0.36	-2.40	-4.88	-1.66	-0.47	1.04	-0.94	-4.50	-0.40	2.16	-2.88	3.61	1.26	-1.47	3.38	-8.72
10Y Ann. Avg	-1.17	3.64	-1.74	0.46	-0.65	1.44	2.70	3.61	-4.64	-1.43	0.74	-5.51	0.17	3.43	0.43	4.20	1.35
15Y Ann. Avg	0.94	3.26	-0.85	3.16	0.50	0.31	-0.35	0.12	-4.31	-1.95	-0.18	-6.50	-0.73	2.70	2.91	4.10	-0.03

Data Source: Sentieo

© Hedgeye Risk Management LLC.

TXRH | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Downside Is 21.5% To $76

Data Source: Sentieo

© Hedgeye Risk Management LLC.

The Cheesecake Factory

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CAKE | Tear Sheet

HEDGEYE

Cheesecake Factory Inc USD $ 60.34

The Cheesecake Factory Inc. is an experiential dining company. The Company owns and operates approximately 294 restaurants throughout the United States and Canada under brands, including The Cheesecake Factory, North Italia and a collection within the Fox Restaurant Concepts (FRC) subsidiary. Its segments include The Cheesecake Factory, North Italia, other FRC brands and Other. The Company's Cheesecake Factory menu features approximately 250 items and menu offerings include appetizers, pizza, seafood, steaks, chicken, burgers, small plates, pastas, salads and sandwiches. It also operates two bakery production facilities, one in Calabasas Hills, California, and one in Rocky Mount, North Carolina. Its cheesecakes include the Original Cheesecake, Ultimate Red Velvet Cake Cheesecake, Godiva Chocolate Cheesecake and Oreo Dream Extreme Cheesecake. The Company also operates Grand Lux Cafe, RockSugar Southeast Asian Kitchen and Social Monk Asian Kitchen.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Mar 31, 2021
Next FY End Date	Dec 31, 2021
Next Earnings Date	Apr 29, 2021
Latest Earnings Date	Feb 17, 2021

**in millions USD, except per share data*

Market Cap	2,765.2
EV	3,109.4
Shares Outstanding	45.6
Annual Dividend	16.4
Dividend Yield	0.84%
Dividend Payout	-5.9%

FIN. MODEL SUMMARY	FY0	FY1	FY2	
Period end	*12/31/2020*	*12/31/2021*	*12/31/2022*	
Revenue	1,983.2	2,615.3	2,979.3	ev_sales
Gross Profit	1,524.9	344.3	462.0	ev_ebitda
Gross Margin	76.9%	13.2%	15.5%	p_eps
Operating Profit	- 106.3	72.6	156.8	p_bv
Operating Margin	-5.4%	2.8%	5.3%	fcfyield_mkt
Net Income	- 74.9	55.2	132.8	
EPS	- 1.49	1.14	2.58	

VALUATION RATIOS	Last 5y avg fy1	ltm	ntm
EV/Sales	0.94 x	0.96 x	0.89 x
EV/EBITDA	35.90 x	9.71 x	10.87 x
P/E	11.50 x	15.83 x	34.94 x
P/B	3.52 x	3.74 x	3.89 x
FCF Yield		6.28 x	

STOCK PRICE PERFORMANCE	
**stock data in trading currency*	
Last price	60.34
52 Week High	63.20
52 Week Low	14.63
YTD Change	52.0%
1 Year Change	163.8%
5 Year Change	69.4%
10 Year Change	145.1%

Mall based retailer?

Recovered to -9% with dining rooms open.

Financial Matric:

1Q21 -2.8% revenue growth and -315% EPS growth

2Q21 118.6% revenue growth and 134.6% EPS growth

3Q21 30.9% revenue growth and 227% EPS growth

Debt/EBITDA – 8.9x

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CAKE | Trending Topics

HEDGEYE

CAKE - TRENDING TOPICS

Add Sub-Industry

Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
FRC	Location	Location	Revenue	Dining Room	Coronavirus, Epidemic & Par	Facility
M&A, JVs & Spinoffs	Revenue	Reservation	Coronavirus, Epidemic & Par	Coronavirus, Epidemic & Par	Menu	Coronavirus, Epidemic & Pa
North Italia	FRC	Mall	Mall	Location	California	Revenue
Fox	M&A, JVs & Spinoffs	Traffic	Volume	Revenue	FRC	Menu
Location	Same Store Sales	Lease Accounting	Reopening	Preferred Stock	Same Store Sales	California
Flower Child	Labor	M&A, JVs & Spinoffs	Menu	Wait	Labor	Employees Expense
Synergy	Acquisition Costs	Revenue	Location	Guest	Revenue	FRC
Revenue	Purchase Accounting	Slight Leverage	Labor	Patio	Location	Indoor Dining Rooms
Portfolio	North Italia	Ice Cream	DoorDash	Traffic	Debt	Inflation
Produce	Preopening	DoorDash	Store Openings/Closings	Capacity Restrictions	Guest	Kitchen
Experiential Dining	Store Openings/Closings	Net Income/EPS	Dining Room	Flower Child	Employees Expense	Minimum Wage
Menu	General Expenses	D&A	Staff Members	Mall	Operating Environment	Survey
Debt	DoorDash	Menu	Social Distancing	Midafternoon	Deleverage	Capacity Restrictions
DoorDash	Interest Expense	Preopening	USA	Menu	Flower Child	Guest
Leverage	Pricing	Pricing	Meal	Affinity	Macro	Competition & Market Share

Exited 4Q20 - 60% of the locations with open dining rooms

75 stores off-premise-only

Breath of the menu

Wage inflation up but a decelerating rate

Love FRC and North Italia

Commodity inflation 2%

Accelerate unit growth to capture market share

Data Source: Sentieo

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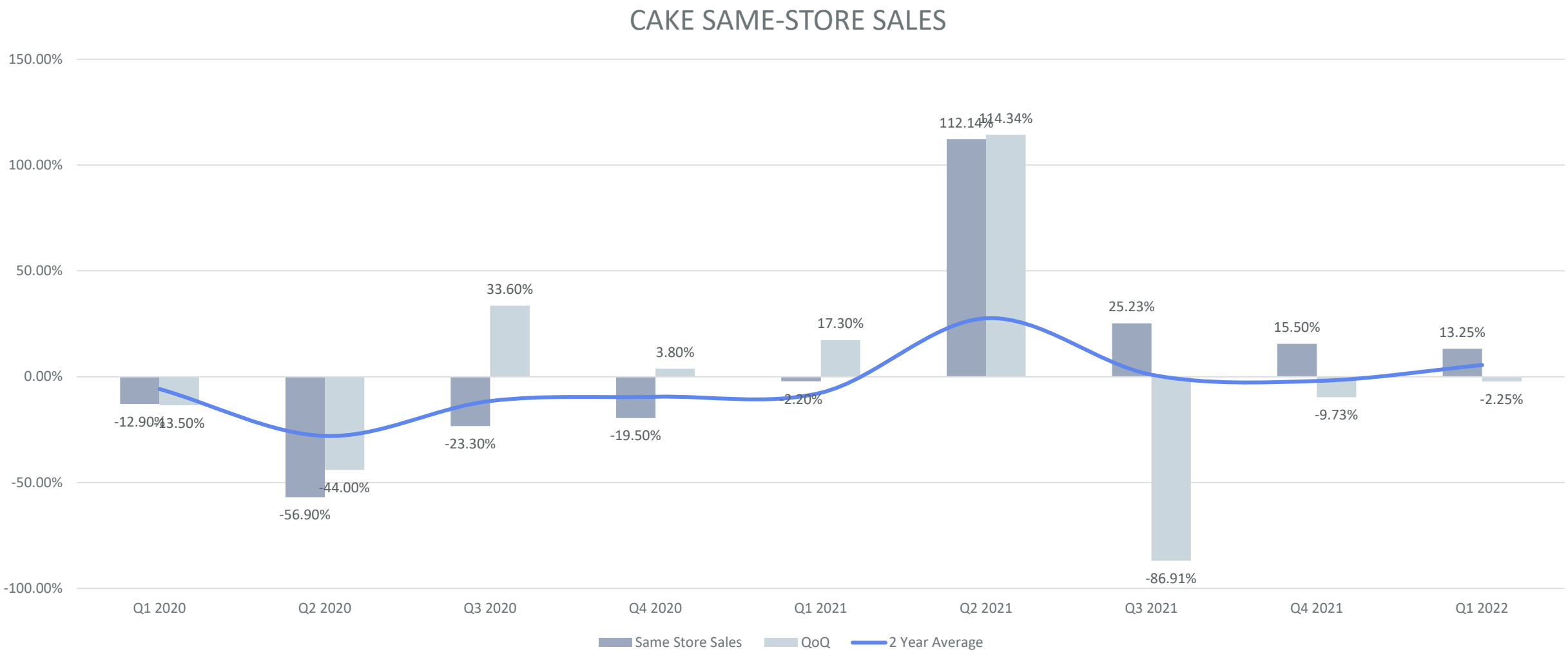
CAKE | Same-Store Sales Trends

HEDGEYE

Sustained 2-yr Growth



Data Source: FactSet

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CAKE | Relative Pricel Return 2012 – 1Q21

HEDGEYE

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	21.08	22.33	0.67	48.79													48.79
2020	-4.22	-1.16	-44.58	-45.60	15.53	-10.23	0.60	4.15	-2.63	12.10	-0.28	8.82	10.18	14.88	-5.83	20.68	-52.20
2019	-5.86	2.40	-0.31	-4.03	-4.07	-4.61	-6.27	-14.57	-3.80	-9.92	9.00	-5.77	-4.12	0.29	-14.55	-19.37	-48.51
2018	-6.66	-4.20	7.96	-2.72	7.23	-5.94	5.34	6.99	-1.03	-10.89	1.16	-11.00	-1.12	-2.11	1.12	-1.76	-8.73
2017	-4.51	-3.06	1.97	-5.92	-1.46	-11.97	-12.13	-24.59	-9.47	-15.00	2.18	-21.94	1.61	7.64	-2.15	7.30	-51.00
2016	11.66	4.79	-0.01	17.52	-0.73	-6.60	-0.93	-7.80	0.31	-1.67	-4.58	-6.41	7.71	10.81	0.37	19.82	23.95
2015	6.46	-16.72	6.39	-4.22	-0.30	0.62	8.46	9.16	1.32	0.81	1.87	3.91	-22.04	-2.83	-0.27	-24.47	-16.69
2014	-5.81	1.97	3.19	-1.00	-5.43	-2.30	-1.65	-9.66	-8.81	-0.18	2.22	-7.18	-1.68	0.87	6.49	6.06	-13.16
2013	-1.30	4.15	8.64	12.14	0.60	-3.33	7.64	5.16	-5.00	-1.18	0.70	-5.76	2.55	-0.38	-3.59	-1.68	12.52
2012	-7.63	-6.52	-5.42	-20.86	8.35	10.02	-4.86	13.76	3.88	-6.11	7.05	4.99	-2.22	2.08	-3.31	-3.49	-5.21
2011	-6.58	-4.75	4.20	-7.31	-5.07	9.17	0.99	4.92	-9.76	0.28	-5.53	-13.43	3.15	4.01	4.48	12.70	-6.79
2010	4.39	7.27	6.82	20.07	-1.83	1.24	-6.37	-6.42	-1.96	0.52	5.47	4.02	3.67	9.63	-8.36	4.85	22.97
2009	-11.77	-0.96	30.53	11.42	38.64	-4.99	-1.42	31.10	3.53	-6.63	-4.73	-9.08	1.22	-2.77	9.63	8.29	59.93
2008	4.05	-0.55	3.50	6.54	-4.13	-17.42	-10.89	-30.30	-12.14	7.71	10.75	5.75	-24.34	-5.81	36.61	-7.35	-15.47
2007	10.21	0.45	-2.81	7.48	-2.02	-0.91	-13.51	-17.34	0.55	-1.56	-11.05	-12.29	-11.47	10.59	1.98	1.39	-22.29
2006	-5.37	0.27	1.55	-3.60	-15.54	-0.02	-7.80	-20.50	-10.91	4.16	4.66	-3.96	-0.85	-5.38	-9.19	-15.70	-41.01
2005	5.99	5.61	5.92	17.56	-9.08	6.19	1.77	-2.61	-4.66	-9.94	-2.56	-17.34	11.35	0.87	3.86	17.27	13.91
2004	-4.47	11.67	-0.40	6.38	-5.24	-12.90	-1.28	-18.99	12.53	1.56	1.59	15.96	-4.99	6.60	-2.41	-1.36	1.12
2003	-12.32	-9.90	8.70	-14.34	-10.82	-1.12	5.09	-7.55	-14.24	5.59	2.52	-6.96	1.54	7.97	-1.48	8.86	-27.78
2002	4.28	7.30	1.43	13.45	24.83	-2.99	6.07	23.77	10.76	-19.88	16.50	4.69	-4.84	-7.72	13.46	3.57	41.34
2Y Ann. Avg	8.43	10.59	-21.96	1.59	15.53	-10.23	0.60	4.15	-2.63	12.10	-0.28	8.82	10.18	14.88	-5.83	20.68	-1.70
3Y Ann. Avg	3.67	7.86	-14.74	-0.28	5.73	-7.42	-2.83	-5.21	-3.22	1.09	4.36	1.52	3.03	7.59	-10.19	0.65	-17.31
5Y Ann. Avg	-0.03	3.26	-6.86	-1.90	4.31	-8.19	-3.11	-7.00	-4.23	-5.93	3.01	-7.47	1.64	5.17	-5.35	1.71	-22.33
10Y Ann. Avg	0.32	0.40	-2.15	-0.59	2.19	-3.82	-0.42	-1.93	-2.80	-3.56	2.14	-4.48	-1.01	3.47	-2.41	0.34	-11.02
15Y Ann. Avg	0.23	0.36	1.38	2.15	3.24	-3.38	-2.50	-2.53	-3.22	-2.26	1.02	-4.67	-2.63	3.35	1.62	1.64	-4.79

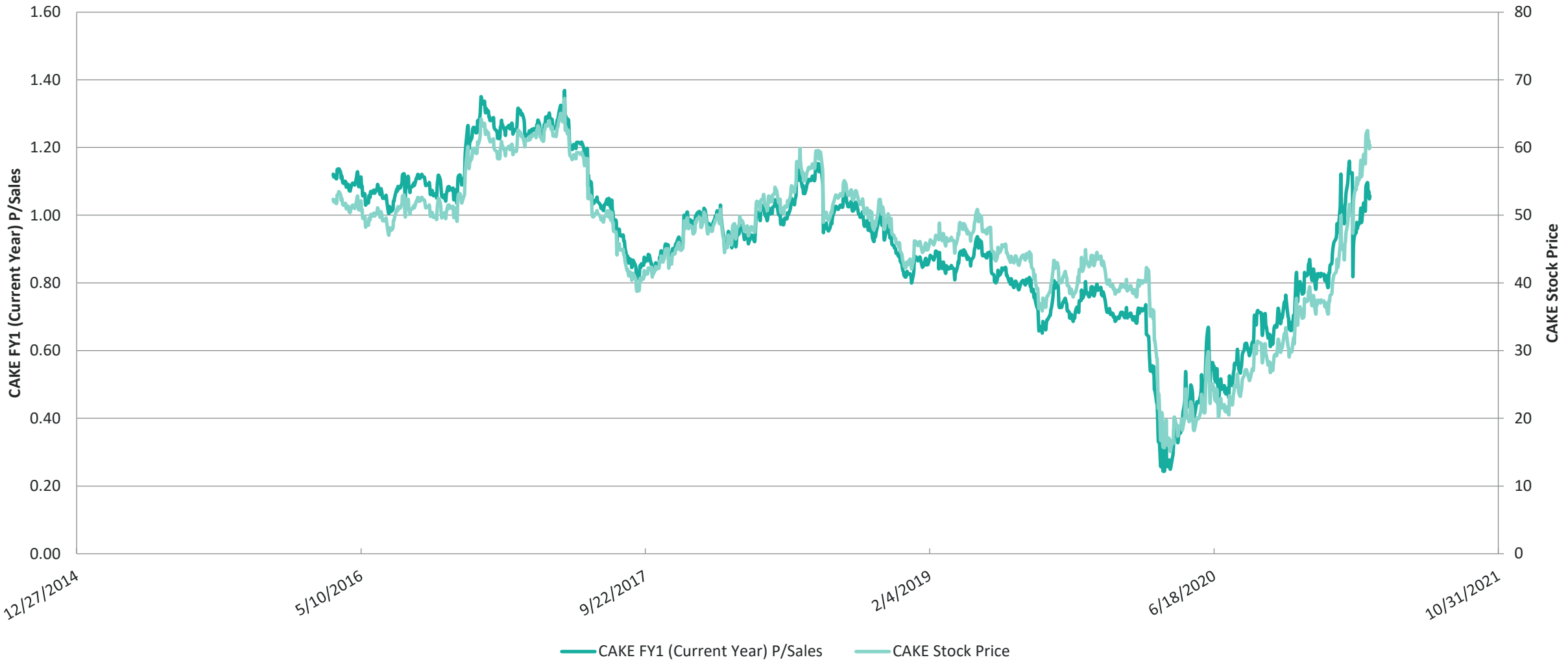
Data Source: Sentieo

© Hedgeye Risk Management LLC.

CAKE | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Downside Is 12.6% To $52



Data Source: Sentieo

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Fast Casual

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Chipotle

© Hedgeye Risk Management LLC.

CMG | Tear Sheet

HEDGEYE

CHIPOTLE MEXICAN GRILL INC **USD $ 1,435.00**

Chipotle Mexican Grill, Inc. (Chipotle), together with its subsidiaries, operates Chipotle Mexican Grill restaurants. The Company's Chipotle Mexican Grill restaurants serve a menu of burritos, tacos, burrito bowls (a burrito without the tortilla) and salads. As of December 31, 2016, the Company managed its operations and restaurants based on 11 regions. As of December 31, 2016, the Company operated 2,198 Chipotle restaurants throughout the United States, as well as 29 international Chipotle restaurants, and it also had 23 restaurants in operation in other non-Chipotle concepts. As of December 31, 2016, 29 of its restaurants were located outside of the United States, with 17 in Canada, six in the United Kingdom, five in France and one in Frankfurt, Germany. The Company sells gift cards, which do not have an expiration date. The Company categorizes its restaurants as end-caps (at the end of a line of retail outlets), in-lines (in a line of retail outlets), free-standing or other.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Mar 31, 2021
Next FY End Date	Dec 31, 2021
Next Earnings Date	Apr 21, 2021
Latest Earnings Date	Feb 02, 2021

**in millions USD, except per share data*		**FIN. MODEL SUMMARY**	**FY0**	**FY1**	**FY2**		**VALUATION RATIOS**	**Last 5y avg** fy1	ltm	ntm	**STOCK PRICE PERFORMANCE** **stock data in trading currency*	
		Period end	*12/31/2020*	*12/31/2021*	*12/31/2022*							
Market Cap	*39,998.3*	**Revenue**	5,984.6	7,235.3	8,148.1	ev_sales	**EV/Sales**	3.31 x	3.49 x	3.13 x	**Last price**	1435.00
EV	*39,046.7*	**Gross Profit**	969.0	1,615.6	1,922.9	ev_ebitda	**EV/EBITDA**	31.56 x	35.12 x	25.08 x	**52 Week High**	1564.91
Shares Outstanding	*28.0*	**Gross Margin**	*16.2%*	*22.3%*	*23.6%*	p_eps	**P/E**	80.14 x	100.24 x	53.66 x	**52 Week Low**	450.53
Annual Dividend	-	**Operating Profit**	356.3	876.1	1,149.4	p_bv	**P/B**	10.89 x	11.56 x	10.97 x	**YTD Change**	3.7%
Dividend Yield	*n/a*	**Operating Margin**	*6.0%*	*12.1%*	*14.1%*	fcfyield_mkt	**FCF Yield**	1.91 x	1.70 x	2.97 x	**1 Year Change**	100.2%
Dividend Payout	*0.0%*	**Net Income**	305.0	649.7	856.8						**5 Year Change**	147.5%
		EPS	10.73	22.99	30.46						**10 Year Change**	236.4%

No guidance for 2021

1Q21 mid-to-high teens SSS

Food costs around 31% - declining avocado prices?

Accelerating growth

$1.1B in cash; $600M untapped credit facility

200 new restaurants

Financial Matric:

1Q21 22.8% revenue growth and 55.8% EPS growth

2Q21 33.3% revenue growth and 1394.0% EPS growth

3Q21 14.4% revenue growth and 62.0% EPS growth

© Hedgeye Risk Management LLC.

CMG | Trending Topics

HEDGEYE

CMG - TRENDING TOPICS

Add Sub-Industry

Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Avocado	Chipotlane	Labor	Coronavirus, Epidemic & Par	Dining Room	Coronavirus, Epidemic & Par	Coronavirus, Epidemic & Pa
Menu	Carne Asada	Location	Dining Room	Chipotlane	Carne Asada	Culinary
Rewards Program	Location	Supergreen	Location	Menu	Chipotlane	Beverage
Cohort	Revenue	Macro	Crisis	Occasion	Prices	Vaccine
Pricing	Supply Chain	Loyalty Program	Chipotlane	Pricing	Labor	Revenue
Quesadilla	Labor	Menu	Uncertainty	Access Point	Comp	Cauliflower Rice
DoorDash	Steak	AUV	Landlord	Entree	Revenue	Occasion
Sites	USA	Asset	Real Estate	Beef	Uncertainty	General Expenses
Legal Reserves	Unit Economics	Carne Asada	Dinner	Revenue	Location	USA
Carne Asada	Queso	Bonus	Pantry	Queso	Delivery Fee	Smoked Brisket
Digital Mix	Leverage	M&A, JVs & Spinoffs	Food Safety	Delivery Fee	White Label	Carne
Food Safety	Menu	Metrics	Remodel	Coronavirus, Epidemic & Par	Pricing	Tax
Commodity	NCAP	Revenue	Occasion	Quesadilla	Digital Channel	Quesadilla
Prices	Seasonality	Pricing	Gloves	Location	Food With Integrity	Volume
Mobile Order	Macro	Ingredient	Cash Burn	Labor	Crew	Pricing

2-years stack in 4Q20 was 19.9% vs 20.2% in 3Q – consistent across all 3 months of 4Q

Strong January up 11%

Digital mix 50%

Culinary – all about the food!

Lost beverage sales

All about new products – cauliflower rice, Brisket test and quesadillas digital only

Digital = higher occasions

G&A investments

Brisket test

Marketing 3.9%

Taking menus price to cover inflation and delivery costs

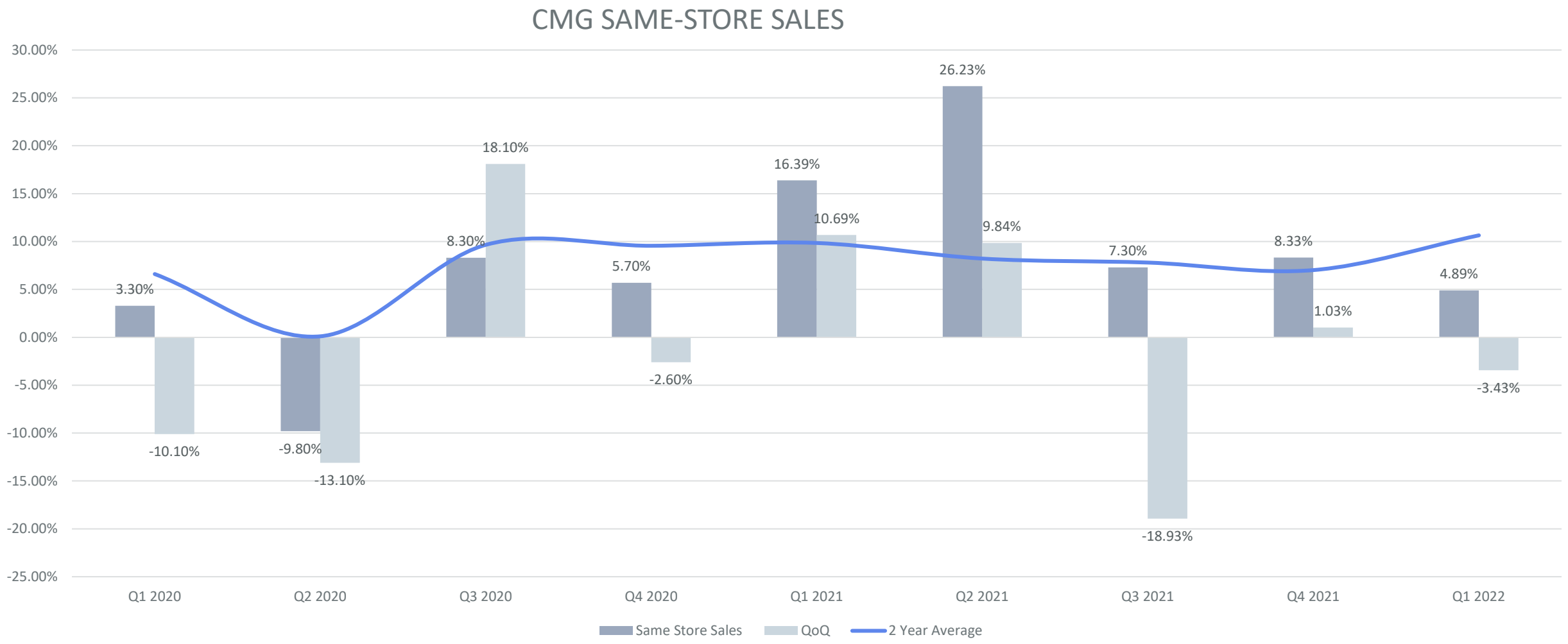
Data Source: Sentieo

© Hedgeye Risk Management LLC.

CMG | Same-Store Sales Trends

HEDGEYE

Sustained 2-yr Growth Accelerating In 1Q22?



Data Source: FactSet

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CMG | Relative Price Return 2012 – 1Q21

HEDGEYE

How Long Will It Last?

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	6.47	-2.43	-0.60	3.21													3.21
2020	0.50	-4.69	-7.92	-11.38	19.28	7.67	-1.28	30.77	2.42	2.48	0.70	5.97	-0.35	-3.91	2.83	-1.42	18.09
2019	13.64	11.72	13.18	48.04	-8.63	4.15	3.69	-0.76	6.21	7.29	-0.47	13.57	-11.79	0.53	-0.81	-13.01	56.04
2018	3.60	-0.66	5.71	8.99	30.51	-4.05	-0.65	26.31	-2.27	3.79	-3.89	-2.87	9.87	3.06	0.17	11.97	50.36
2017	6.55	-5.02	4.58	6.34	3.77	-3.29	-10.25	-10.58	-21.44	-9.95	-2.29	-31.69	-16.28	9.98	-5.44	-13.20	-54.86
2016	1.31	12.38	-12.50	0.53	-7.43	0.62	-6.33	-12.96	-1.88	-3.47	0.40	-5.25	-13.36	9.42	-5.63	-10.70	-27.29
2015	5.78	-13.54	0.41	-7.24	-6.41	-3.19	1.00	-8.39	18.13	2.48	3.89	24.01	-22.48	-10.09	-15.31	-43.30	-38.24
2014	5.52	-2.32	3.46	6.95	-11.92	5.26	5.45	-2.81	12.32	-4.10	-0.78	7.31	-6.93	-0.53	5.75	-1.83	11.10
2013	0.54	2.84	0.08	3.66	8.92	-4.18	3.63	8.47	6.84	-0.60	0.54	7.01	17.94	-4.14	-0.90	12.74	44.06
2012	0.33	-0.17	2.24	2.77	0.25	6.78	-11.40	-4.08	-24.06	-6.45	9.41	-23.30	-14.56	2.33	13.79	-1.31	-28.58
2011	0.12	8.75	11.76	22.62	-4.92	9.57	8.86	13.81	3.65	1.62	1.34	6.29	0.55	-1.64	6.02	5.12	56.30
2010	15.88	3.95	0.01	22.53	17.50	12.85	2.49	32.74	0.85	7.11	1.13	10.83	15.88	23.15	-22.29	12.66	122.18
2009	-20.66	19.65	11.37	5.15	9.10	-5.55	-1.80	0.53	8.85	-12.07	10.16	5.18	-12.98	-3.94	0.62	-17.44	-11.59
2008	-6.26	-13.00	12.07	-8.23	-21.47	-11.87	-0.81	-30.48	-17.73	-0.25	-4.32	-18.98	6.93	9.16	22.88	35.26	-15.92
2007	2.14	2.64	3.06	8.09	-0.54	29.64	-1.95	27.98	3.74	14.90	8.40	30.52	10.63	2.55	10.63	24.87	139.34
2006		-1.90	19.45		-5.59	17.93	5.63	17.57	-9.56	-10.79	-3.91	-23.36	15.85	-6.68	0.36	8.58	
2005																	
2004																	
2003																	
2002																	
2Y Ann. Avg	3.48	-3.56	-4.26	-4.08	19.28	7.67	-1.28	30.77	2.42	2.48	0.70	5.97	-0.35	-3.91	2.83	-1.42	10.65
3Y Ann. Avg	6.87	1.53	1.55	13.29	5.32	5.91	1.21	15.00	4.32	4.89	0.11	9.77	-6.07	-1.69	1.01	-7.21	25.78
5Y Ann. Avg	6.15	-0.22	2.99	11.04	11.23	1.12	-2.12	11.44	-3.77	0.91	-1.49	-3.76	-4.64	2.42	-0.81	-3.91	14.57
10Y Ann. Avg	4.43	-0.19	0.86	6.19	3.15	1.08	-1.79	2.88	-0.41	-0.94	0.83	-0.58	-6.44	0.74	-0.62	-6.67	3.39
15Y Ann. Avg	2.37	1.34	3.13	7.47	2.00	3.17	-0.67	5.04	-0.31	0.20	1.73	2.04	-2.64	2.57	0.88	0.03	21.61

Data Source: Sentieo

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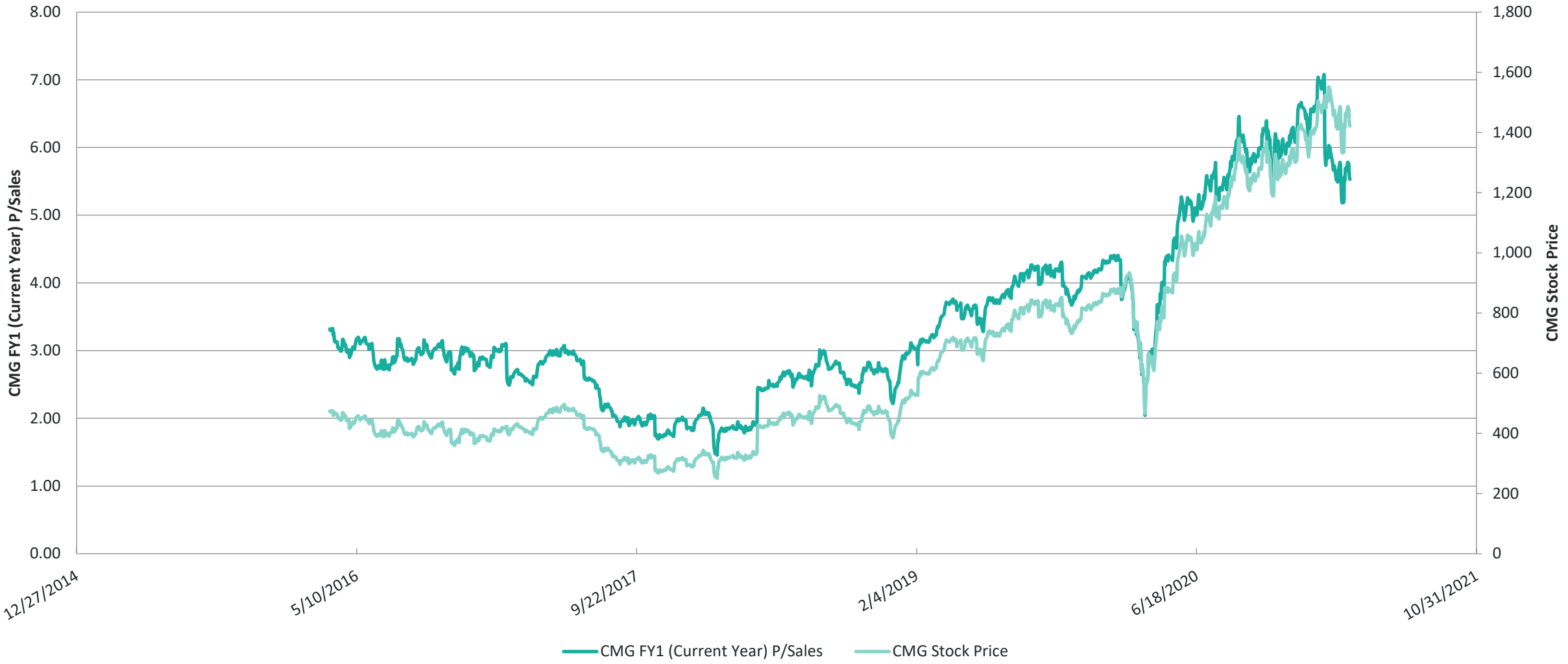
CMG | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Downside Is 37.66 To $887



Data Source: Sentieo

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Shake Shack

© Hedgeye Risk Management LLC.

SHAK | Tear Sheet

HEDGEYE

Shake Shack Inc. USD $ 121.02

Shake Shack Inc operates roadside burger stands. The Company serves an American menu of burgers, chicken sandwiches, hot dogs, crinkle cut fries, shakes, frozen custard, beer and wine. Its menu focuses on food and beverages, crafted from a range of classic American foods. The Company's domestic menu includes a range of signature items, such as the ShackBurger, SmokeShack, Shack-cago Dog, 'Shroom Burger, seasonal frozen custard, hand-spun shakes, concretes, ShackMeister Ale, and Shack Red and Shack White wines. The Company operates over 298 Shacks, of which over 175 are domestic Company-operated Shacks, 22 are domestic licensed Shacks and over 101 are international licensed Shacks.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Mar 31, 2021
Next FY End Date	Dec 31, 2021
Next Earnings Date	Apr 29, 2021
Latest Earnings Date	Feb 25, 2021

**in millions USD, except per share data*

Market Cap	5,138.5
EV	4,987.5
Shares Outstanding	41.7
Annual Dividend	-
Dividend Yield	n/a
Dividend Payout	0.0%

FIN. MODEL SUMMARY	FY0	FY1	FY2	
Period end	*12/31/2020*	*12/31/2021*	*12/31/2022*	
Revenue	522.9	737.4	943.6	ev_sales
Gross Profit	369.5	533.9	440.7	ev_ebitda
Gross Margin	70.7%	72.4%	46.7%	p_eps
Operating Profit	- 37.2	2.7	31.1	p_bv
Operating Margin	-7.1%	0.4%	3.3%	fcfyield_mkt
Net Income	- 22.3	3.5	25.8	
EPS	- 0.56	0.07	0.58	

VALUATION RATIOS	Last 5y avg fy1	ltm	ntm
EV/Sales	4.56 x	5.12 x	4.06 x
EV/EBITDA	45.70 x	42.39 x	33.06 x
P/E	74.26 x	29.46 x	212.64 x
P/B	8.57 x	10.39 x	
FCF Yield	0.66 x	-0.03 x	0.73 x

STOCK PRICE PERFORMANCE	
**stock data in trading currency*	
Last price	121.02
52 Week High	138.38
52 Week Low	30.57
YTD Change	41.1%
1 Year Change	147.4%
5 Year Change	188.2%
10 Year Change	

Operating expenses to remain elevated on higher delivery mix

Ramping up openings 35-40 new stores

G&A up to ($83-86M)

Digital marketing

Commodity costs stable

Packaging coats up

Financial Matric:

1Q21 12.3% revenue growth and -530% EPS growth

2Q21 96.9% revenue growth and 109% EPS growth

3Q21 51.4% revenue growth and 181.0% EPS growth

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SHAK | Trending Topics

HEDGEYE

SHAK - TRENDING TOPICS

Add Sub-Industry

Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Grub	Grub	Location	Shack	Shack	Coronavirus, Epidemic & Par	Revenue
Revenue	Shack	Traffic	Revenue	Coronavirus, Epidemic & Par	Shack	New York City
Grubhub	Weeks	Revenue	Dining Room	Location	Revenue	Southeast
Location	Revenue	Labor	Coronavirus, Epidemic & Par	Revenue	Dining Room	Digital Tools
Shack	Kiosk	N Bite	Beef	Real Estate	Uncertainty	Coronavirus, Epidemic & Pa
Labor	Location	Shack Level	Cash Burn	Protest	Development Schedule	ESG
N Bite	Project Concrete	Op	Crisis	Neighborhood	Location	Inflation
Digital Channel	Food Court	Cost Profile	Real Estate	Airport	EBIT	Window
Chicken	Marketing	Asia	New York City	Lease	Labor	Closures
Menu Item	Uncertainty	Menu Innovation	Mall	UK	Volume	Bonus
Volatility	Guest Experience	Volume	Preordering	Data Analytics		Dining
Rollout	Mall	Tactics	Web Channels	Delivery Channel		Labor
Lease	Postmates	Texas	Digital Channel	Uncertainty		Traffic
Traffic	Average Unit Volume	Menu Item	Supply Chain	Dining Room		Pricing
New York City	Hong Kong	Project Concrete	Location	Pricing		Competition & Market Share

White label delivery in NYC

Southeast has a relative strong performer

MSD labor inflation

¼ of delivery order pick up in the delivery/walk-up windows

50% of dining rooms closed

Significant declines in traffic

2% menu px increase and 5% menu price increase on delivery marketplace orders

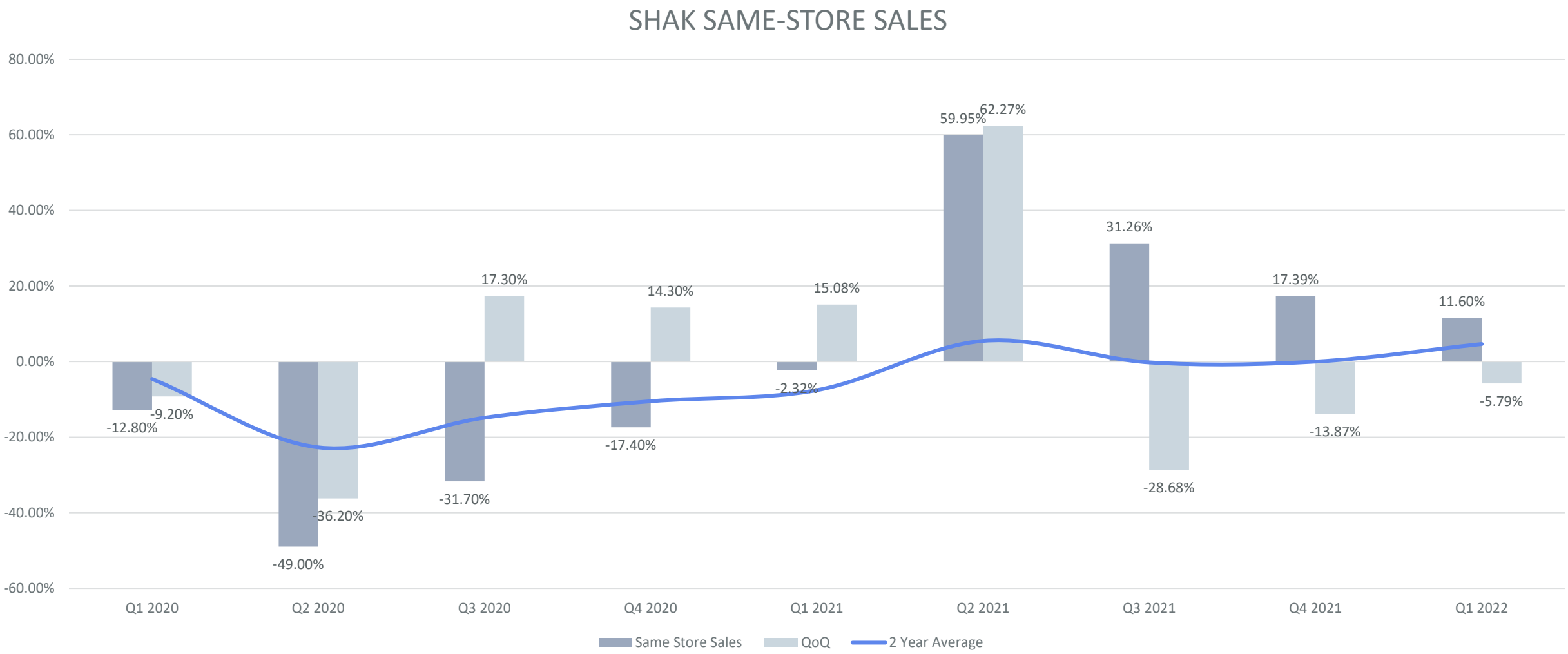
Data Source: Sentieo

© Hedgeye Risk Management LLC.

SHAK | Same-Store Sales Trends

HEDGEYE

Sustained 2-yr Growth Accelerating In 1Q22?



Data Source: FactSet

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SHAK | Total Return 2015 – 1Q21

HEDGEYE

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	33.78	4.46	3.33	44.41													44.41
2020	13.23	-11.88	-36.51	-36.65	44.44	1.91	-4.63	40.38	-8.36	40.58	-5.52	21.71	4.71	20.94	3.82	31.48	42.32
2019	5.15	15.45	7.27	30.23	3.63	0.08	17.69	22.06	3.41	32.82	-1.13	35.79	-16.08	-24.67	-3.89	-39.24	31.15
2018	1.18	-10.80	6.77	-3.63	14.36	25.23	11.00	58.97	-5.82	-3.02	4.23	-4.79	-16.06	5.03	-18.24	-27.92	5.14
2017	-1.34	1.47	-6.78	-6.68	1.62	9.07	-5.78	4.43	-5.36	-6.33	7.47	-4.73	14.23	8.27	5.11	30.00	20.70
2016	-12.68	16.25	-7.16	-5.76	-2.14	4.87	-4.88	-2.38	9.83	-11.77	-1.78	-4.83	-8.02	15.65	-2.96	3.23	-9.62
2015		-5.99	15.99		37.36	20.45	-27.22	20.42	12.91	-26.61	-5.09	-21.35	-3.86	0.83	-13.82	-16.46	
2014																	
2013																	
2012																	
2011																	
2010																	
2009																	
2008																	
2007																	
2006																	
2005																	
2004																	
2003																	
2002																	
2Y Ann. Avg	23.50	-3.71	-16.59	3.88	44.44	1.91	-4.63	40.38	-8.36	40.58	-5.52	21.71	4.71	20.94	3.82	31.48	43.36
3Y Ann. Avg	17.39	2.68	-8.63	12.66	24.04	0.99	6.53	31.22	-2.48	36.70	-3.33	28.75	-5.68	-1.86	-0.03	-3.88	39.29
5Y Ann. Avg	10.40	-0.26	-5.18	5.54	16.01	9.07	4.57	31.46	-4.03	16.01	1.26	11.99	-3.30	2.39	-3.30	-1.42	28.75
10Y Ann. Avg	6.55	1.28	-2.44	3.65	16.55	10.27	-2.30	23.98	1.10	4.28	-0.30	3.63	-4.18	4.34	-4.99	-3.15	22.35
15Y Ann. Avg	6.55	1.28	-2.44	3.65	16.55	10.27	-2.30	23.98	1.10	4.28	-0.30	3.63	-4.18	4.34	-4.99	-3.15	22.35

Data Source: Sentieo

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SHAK | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Downside Is 25.9% To $82.34 (Assuming 14.6x Sales)

Data Source: Sentieo

© Hedgeye Risk Management LLC.

Starbucks

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SBUX | Tear Sheet

HEDGEYE

STARBUCKS CORP USD $ 107.64

Starbucks Corp is a coffee roaster and retailer of specialty coffee with operations in approximately 82 markets around the world. The Company has over 32,000 Company-operated and licensed stores. It operates through three segments: Americas, International and Channel Development. It also sells a variety of coffee and tea products and license its trademarks through other channels, such as licensed stores, grocery and foodservice. It purchases and roasts coffees that it sells, along with handcrafted coffee, tea and other beverages and a variety of food items through Company-operated stores. In addition to its flagship Starbucks Coffee brand, it sells goods and services under various brands, including Teavana, Seattle's Best Coffee, Evolution Fresh, Ethos, Starbucks Reserve and Princi.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Mar 31, 2021
Next FY End Date	Sep 30, 2021
Next Earnings Date	Apr 27, 2021
Latest Earnings Date	Jan 26, 2021

*in millions USD, except per share data

Market Cap	125,194.1
EV	135,852.3
Shares Outstanding	1,173.3
Annual Dividend	1,436.7
Dividend Yield	1.91%
Dividend Payout	154.8%

FIN. MODEL SUMMARY	FY0	FY1	FY2	
Period end	9/30/2020	9/30/2021	9/30/2022	
Revenue	23,518.0	28,520.7	30,839.1	ev_sales
Gross Profit	15,823.1	19,786.2	21,448.6	ev_ebitda
Gross Margin	67.3%	69.4%	69.6%	p_eps
Operating Profit	2,133.2	4,846.0	5,733.9	p_bv
Operating Margin	9.1%	17.0%	18.6%	fcfyield_mkt
Net Income	1,382.7	3,345.6	4,069.5	
EPS	1.17	2.84	3.46	

VALUATION RATIOS	Last 5y avg fy1	ltm	ntm
EV/Sales	3.83 x	4.02 x	3.69 x
EV/EBITDA	18.16 x	18.89 x	16.73 x
P/E	33.03 x	35.92 x	29.15 x
P/B	-0.75 x	29.52 x	1.80 x
FCF Yield	2.56 x	4.16 x	

STOCK PRICE PERFORMANCE	
*stock data in trading currency	
Last price	107.64
52 Week High	112.34
52 Week Low	53.55
YTD Change	0.2%
1 Year Change	66.9%
5 Year Change	77.1%
10 Year Change	213.6%

From an EPS perspective in Q2, we are expecting GAAP EPS in the range of $0.36 to $0.41 and non-GAAP EPS in the range of $0.45 to $0.50.

2Q21 12.9% rev growth and 16.5% EPS growth

3Q21 68.2% revenue growth and 270% EPS growth

Financial Matric:

2Q21 12.9% revenue growth and 63.1% EPS growth

2Q21 68.2% revenue growth and 270% EPS growth

4Q21 28.0% revenue growth and 82.4% EPS growth

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SBUX | Trending Topics

HEDGEYE

SBUX - TRENDING TOPICS

Add Sub-Industry

Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
USA	America	China	USA	Roz	USA	USA
China	Revenue	Coronavirus, Epidemic & Par	Coronavirus, Epidemic & Par	Coronavirus, Epidemic & Par	Coronavirus, Epidemic & Par	Net Income/EPS
Roz	USA	Closures	China	Revenue	Roz	Brady
Customer Experience	Global Coffee Alliance	Store Openings/Closings	Revenue	Daypart	Seating	Rossann
Nitro	Net Income/EPS	Starbucks Partner	Crisis	Labor	Restructuring	China
Inventory	Nestle	Competition & Market Share	Safety Protocols	Store Format	Closure	Traffic
Labor	Store Openings/Closings	Channel Development	America	Starbucks Rewards	Star	GAAP EPS
Headwinds	Nitro	Happy Hour	Green Coffee	Rewards Program	China	Volatility
Inventory Reserves	Breakage	Uncertainty	Same Store Sales	Margin Recovery	Traffic	Trade Area
Mobile Order	China	Cold Beverage	Store Openings/Closings	USA	United States	Handcrafted Beverage
Traffic	Mastrena	Restructuring	Curbside	Curbside	RTD	Cost Reduction
Brightloom	Wages	Global Coffee Alliance	Contactless	Work From Home	Partner Wages	Pricing
Revenue	EBIT	Nitro	Virus	Government Stimulus Progra	Labor Productivity	Roz
Star	Starbucks Rewards	USA	EBIT	Preliminary Perspective	Starbucks Now	
Metrics	EPS Accretive	Supply Chain	Deferral	Milk	Tax Rate	

China has recovered

Full sales recovery by 2Q21

US -5% 1Q21 vs -9% in 4Q21

60% of stores with limited seating entering 1Q21 and ended with 40%

Out-the-window time improved

Ticket growth of 19% - food attach, premium beverage mix and increased customization

Raised FY guidance by $0.08 in 1Q21 – lower trade area costs

New CMO flatter org structure

Data Source: Sentieo

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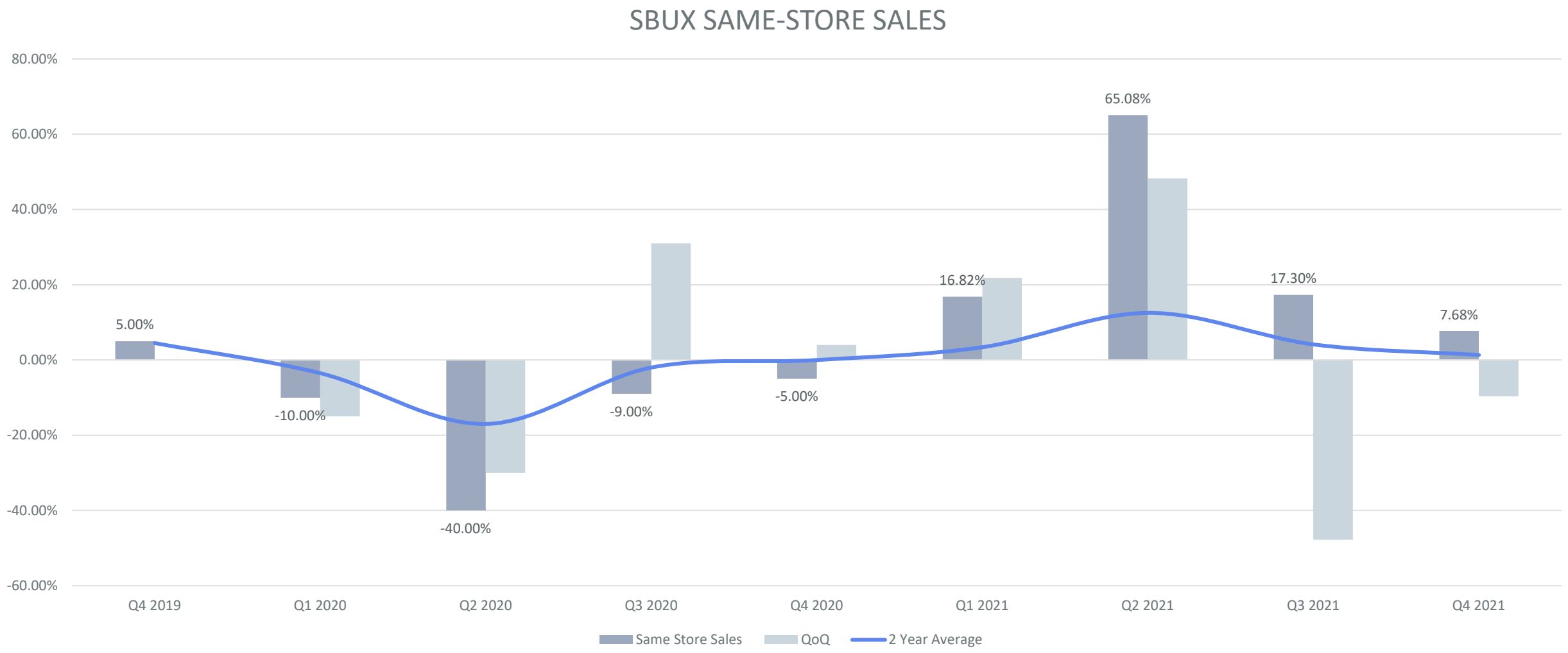
SBUX | Same-Store Sales Trends

HEDGEYE

2Q21 Should Be Reported 4/27



Data Source: FactSet

© Hedgeye Risk Management LLC.

SBUX | Total Return 2002 – 1Q21

HEDGEYE

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	-9.51	12.07	-1.56	-0.17													-0.17
2020	-3.51	-7.11	-16.18	-24.88	16.72	2.19	-5.64	12.54	4.00	10.97	1.72	17.39	1.21	13.26	9.14	25.11	24.17
2019	5.81	3.65	5.81	16.04	4.49	-1.63	10.22	13.29	12.95	2.36	-8.43	5.87	-4.37	1.53	2.91	-0.08	39.07
2018	-1.08	1.06	1.38	1.36	-0.55	-1.05	-13.80	-15.17	7.25	2.74	6.34	17.17	2.52	15.12	-3.48	13.91	14.75
2017	-0.54	3.45	2.67	5.65	2.86	6.35	-8.33	0.27	-7.43	2.10	-2.10	-7.47	2.10	5.99	-0.67	7.49	5.37
2016	1.23	-3.68	2.33	-0.22	-5.81	-2.04	4.06	-3.98	1.63	-2.79	-3.72	-4.88	-1.98	9.73	-4.23	3.02	-6.12
2015	6.68	7.19	1.30	15.83	4.71	5.14	3.19	13.60	8.05	-5.30	3.89	6.30	10.08	-1.57	-2.22	5.96	48.21
2014	-9.27	0.14	3.41	-6.05	-3.76	4.10	5.65	5.85	0.39	0.51	-3.02	-2.15	0.13	7.92	1.03	9.18	6.24
2013	4.64	-1.90	3.83	6.59	6.83	4.13	3.75	15.42	8.82	-0.79	9.15	17.83	5.30	0.83	-3.77	2.17	48.11
2012	4.15	2.43	14.27	21.90	2.65	-4.03	-2.86	-4.31	-15.08	9.99	2.22	-4.52	-9.49	13.48	3.39	6.20	18.28
2011	-1.87	5.02	12.04	15.46	-2.03	2.00	7.34	7.26	1.52	-3.30	-3.44	-5.21	13.60	3.04	5.82	23.86	45.40
2010	-5.51	5.14	5.94	5.25	7.48	-0.35	-6.14	0.53	2.26	-7.04	11.18	5.70	11.78	7.61	5.00	26.30	41.25
2009	-0.21	-3.07	21.42	17.44	30.15	-0.48	-3.47	25.02	27.43	7.29	8.74	48.67	-8.09	15.38	5.30	11.67	143.76
2008	-7.62	-1.80	-5.76	-14.51	-7.26	12.08	-13.47	-10.06	-6.67	5.92	-4.43	-5.53	-11.70	-31.99	5.94	-36.38	-53.79
2007	-1.36	-11.56	1.49	-11.46	-1.08	-7.12	-8.92	-16.33	1.68	3.26	-4.90	-0.15	1.83	-12.33	-12.48	-21.87	-42.21
2006	5.63	14.57	3.61	25.39	-0.96	-4.35	5.92	0.35	-9.35	-9.41	9.80	-9.83	10.87	-6.50	0.35	4.02	18.03
2005	-13.41	-4.06	-0.29	-17.16	-4.14	10.64	-5.71	0.00	1.72	-6.70	2.18	-3.02	12.89	7.67	-1.45	19.80	-3.75
2004	10.40	2.16	1.26	14.20	2.77	4.32	7.12	14.84	8.05	-7.98	5.13	4.53	16.32	6.39	10.84	37.18	88.06
2003	11.48	3.21	9.85	26.40	-8.73	4.93	-0.49	-4.70	11.32	3.88	1.44	17.31	9.72	1.80	3.08	15.14	62.71
2002	24.78	-3.20	0.52	21.42	-1.34	6.40	2.35	7.44	-21.01	2.39	2.69	-16.94	15.50	-8.81	-6.26	-1.26	6.98
2Y Ann. Avg	-6.51	2.48	-8.87	-12.52	16.72	2.19	-5.64	12.54	4.00	10.97	1.72	17.39	1.21	13.26	9.14	25.11	12.00
3Y Ann. Avg	-2.40	2.87	-3.98	-3.00	10.61	0.28	2.29	12.92	8.47	6.67	-3.36	11.63	-1.58	7.39	6.03	12.52	21.02
5Y Ann. Avg	-1.77	2.63	-1.58	-0.40	5.88	1.46	-4.39	2.73	4.19	4.54	-0.62	8.24	0.37	8.97	1.98	11.61	16.64
10Y Ann. Avg	-0.14	1.73	1.73	3.60	3.13	1.46	-0.42	4.17	2.29	2.20	0.67	5.06	0.61	7.37	0.24	8.11	19.79
15Y Ann. Avg	-1.20	0.74	3.49	3.22	3.96	1.38	-2.03	3.14	3.34	1.85	0.94	6.36	0.92	3.43	0.83	5.47	22.16

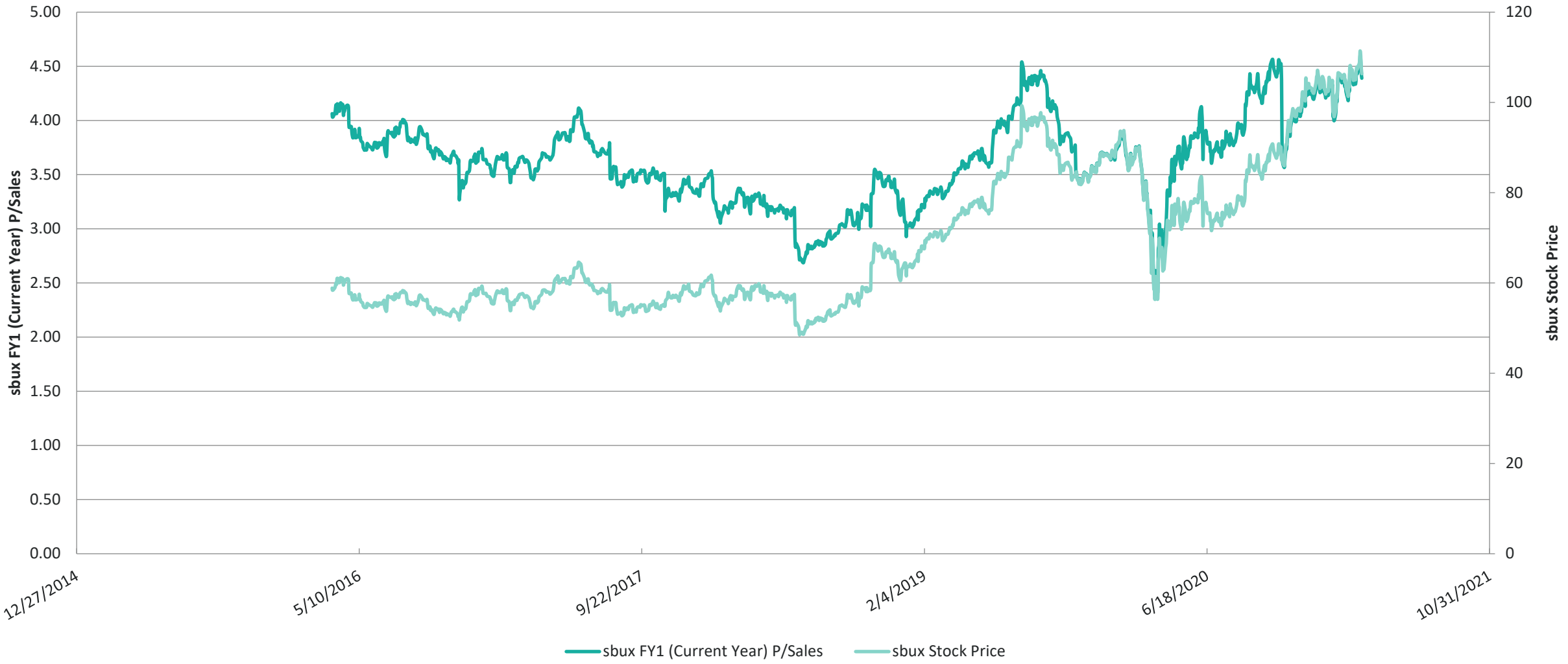
Data Source: Sentieo

© Hedgeye Risk Management LLC.

SBUX | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Downside Is 16.8% To $88.45 (Assuming 3.6x Sales)



Data Source: Sentieo

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Wingstop

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WING | Tear Sheet

HEDGEYE

Wingstop Inc USD $ 130.67

Wingstop Inc. is franchisor and operator of restaurants that specializes in cooked-to-order, hand-sauced and tossed chicken wings. The Company operates through two segments: Franchise and Company. The Company operates its chicken wings-focused restaurant chain in over 1,400 locations worldwide. It offers classic wings, boneless wings and tenders, always cooked to order and hand-sauced-and-tossed in 11 distinctive flavors. It offers various order options, including eat-in, to go, individual, combo meals and family packs. It markets Wingstop products, services and restaurants through the Website, www.wingstop.com.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Mar 31, 2021
Next FY End Date	Dec 31, 2021
Next Earnings Date	May 03, 2021
Latest Earnings Date	Feb 17, 2021

**in millions USD, except per share data*		**FIN. MODEL SUMMARY**	**FY0**	**FY1**	**FY2**		**VALUATION RATIOS**	**Last 5y avg** fy1	ltm	ntm	**STOCK PRICE PERFORMANCE** **stock data in trading currency*	
		Period end	*12/31/2020*	*12/31/2021*	*12/31/2022*							
Market Cap	*3,901.6*	**Revenue**	248.8	282.4	326.3	ev_sales	**EV/Sales**	13.07 x	14.03 x	12.46 x	**Last price**	130.67
EV	*4,331.3*	**Gross Profit**	200.2	70.9	83.4	ev_ebitda	**EV/EBITDA**	40.82 x	44.27 x	38.24 x	**52 Week High**	172.87
Shares Outstanding	*29.7*	**Gross Margin**	*80.5%*	*25.1%*	*25.6%*	p_eps	**P/E**	80.07 x	88.12 x	77.61 x	**52 Week Low**	44.27
Annual Dividend	*14.8*	**Operating Profit**	57.4	65.2	82.6	p_bv	**P/B**	-8.52 x	-24.13 x		**YTD Change**	2.3%
Dividend Yield	*0.47%*	**Operating Margin**	*23.1%*	*23.1%*	*25.3%*	fcfyield_mkt	**FCF Yield**	1.33 x	1.59 x	1.57 x	**1 Year Change**	97.9%
Dividend Payout	*63.5%*	**Net Income**	23.3	38.5	51.5						**5 Year Change**	216.1%
		EPS	0.78	1.28	1.70						**10 Year Change**	

Financial Matric:

1Q21 20.1% revenue growth and 8.5% EPS growth

2Q21 6.3% revenue growth and -3.8% EPS growth

4Q21 11.5% revenue growth and 10.3% EPS growth

© Hedgeye Risk Management LLC.

WING | Trending Topics

HEDGEYE

WING - TRENDING TOPICS

Add Sub-Industry

Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Location	DoorDash	USA	Location	Location	Location	Wing
Franchise	Chicken	Location	Brand Partner	Coronavirus, Epidemic & Par	Brand Partner	Bird
Inflation	Brand Partner	Franchise	Coronavirus, Epidemic & Par	Store Openings/Closings	Dining Room	Convention
Kitchen	Revenue	Revenue	Chicken	Wing	Revenue	Labor
Pricing	Location	Kitchen	Crisis	Rooms	Wing	Brand Partner
Revenue	SG&A	Wing Price	Supply Chain	Real Estate	Coronavirus, Epidemic & Par	Supply Chain
DoorDash	Menu	Comp	Dining Room	Uncertainty	Comp	DoorDash
Guest	P&L	Same Store Sales	Occasion	Franchise	Pricing	Chicken
Store Openings/Closings	National TV Advertising	Ad Fund	Free Delivery	QSR	China	USA
Comp	National Advertising	National Advertising	Franchise	Leverage	Denver	Competition & Market Share
P&L	Bird	Locker	Uncertainty	Quarterly Dividend	USA	Food Cost
London	Domestic System	Super Bowl	Stimulus	Competition & Market Share	Stickiness	Kitchen
National Advertising	Price Point	Bird	Wing	USA	Same Store Sales	Pricing
Quarterly Dividend	Volume	Windows	Store Openings/Closings	Brand Partner	Labor	Coronavirus, Epidemic & Par
Tax Rate	Convention	Ad Dollars	Digital Platform	Surplus	Commission	Employees Expense

Wing prices up 27%; GM 270bps

60% of COGS

Uncertainty of px's

$1.5M AUV

Convention in 2021

Labor efficacies

Door Dash increasing TRP's

13 WING Ghost litchens

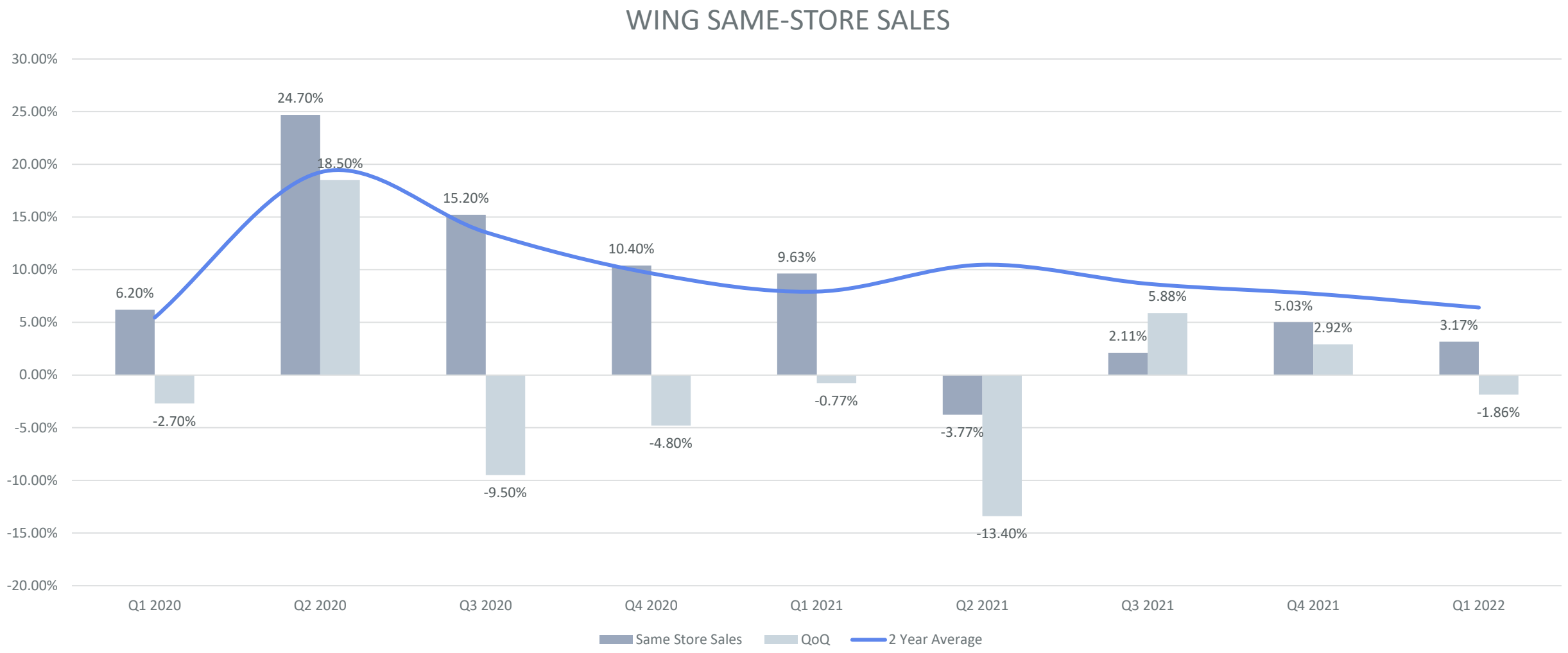
Data Source: Sentieo

© Hedgeye Risk Management LLC.

WING | Same-Store Sales Trends

HEDGEYE

2Q21 Should Be Reported 4/27



Data Source: FactSet

© Hedgeye Risk Management LLC.

WING | Total Return 2015 – 1Q21

HEDGEYE

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	13.20	-9.26	-3.36	-0.74													-0.74
2020	7.58	-8.97	-5.49	-7.44	47.14	3.99	14.06	74.52	12.43	4.66	-16.37	-1.59	-14.87	13.79	4.12	0.86	60.33
2019	2.27	1.46	14.30	18.60	-1.00	5.86	19.03	24.75	0.89	4.90	-12.87	-7.79	-4.41	-3.98	7.79	-1.07	34.98
2018	24.06	0.45	4.40	30.10	3.45	3.58	3.13	10.51	-5.31	35.85	1.97	31.16	-8.28	9.87	-2.04	-1.27	86.17
2017	-3.79	-7.62	7.53	-4.43	4.07	-3.13	8.38	9.26	-2.88	8.23	2.59	7.84	1.86	15.71	-0.36	17.44	32.26
2016	6.36	-5.48	-1.09	-0.57	9.96	11.87	-2.33	20.15	6.19	16.50	-3.27	19.67	-8.67	14.69	-3.58	0.99	44.38
2015									20.70	-20.19	-12.35	-15.56	-3.54	-6.83	5.85	-4.88	
2014																	
2013																	
2012																	
2011																	
2010																	
2009																	
2008																	
2007																	
2006																	
2005																	
2004																	
2003																	
2002																	
2Y Ann. Avg	10.39	-9.12	-4.43	-4.09	47.14	3.99	14.06	74.52	12.43	4.66	-16.37	-1.59	-14.87	13.79	4.12	0.86	29.80
3Y Ann. Avg	7.69	-5.59	1.81	3.47	23.07	4.92	16.55	49.63	6.66	4.78	-14.62	-4.69	-9.64	4.91	5.95	-0.11	31.52
5Y Ann. Avg	8.67	-4.79	3.47	7.22	13.41	2.58	11.15	29.76	1.28	13.41	-6.17	7.41	-6.42	8.85	2.38	3.99	42.60
10Y Ann. Avg	8.28	-4.90	2.71	5.92	12.72	4.43	8.45	27.84	5.34	8.33	-6.72	5.62	-6.32	7.21	1.96	2.01	42.90
15Y Ann. Avg	8.28	-4.90	2.71	5.92	12.72	4.43	8.45	27.84	5.34	8.33	-6.72	5.62	-6.32	7.21	1.96	2.01	42.90

Data Source: Sentieo

© Hedgeye Risk Management LLC.

WING | Sales VS. Price/Sales

HEDGEYE

Based On 5-Yers Historical P/Sales Downside Is 14.9% To $111.87 (Assuming 11.7x Sales)

Data Source: Sentieo

© Hedgeye Risk Management LLC.

Traditional QSR

© Hedgeye Risk Management LLC.

Restaurant Brands

© Hedgeye Risk Management LLC.

QSR | Tear Sheet

HEDGEYE

Restaurant Brands International Inc USD $ 64.51

Restaurant Brands International Inc. is a quick service restaurant (QSR) company. The Company has approximately 27,000 restaurants in more than 100 countries and the United States territories. It owns three quick service restaurant brands: Burger King, Tim Hortons and Popeyes. Tim Hortons restaurants are quick service restaurants with a menu that includes blend coffee, tea, espresso-based hot and cold specialty drinks, baked goods, including donuts, Timbits, bagels, muffins, cookies and pastries, grilled paninis, classic sandwiches, wraps and soups. Burger King restaurants are quick service restaurants featuring flame-grilled hamburgers, chicken, specialty sandwiches, French fries, soft drinks and other food items. Popeyes restaurants are chicken quick service restaurants featuring a Louisiana style menu that includes fried chicken, chicken tenders, fried shrimp, seafood, red beans and rice, and other regional items.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Mar 31, 2021
Next FY End Date	Dec 31, 2021
Next Earnings Date	Apr 23, 2021
Latest Earnings Date	Feb 11, 2021

**in millions USD, except per share data*

Market Cap	33,955.9
EV	46,772.9
Shares Outstanding	304.7
Annual Dividend	631.0
Dividend Yield	3.20%
Dividend Payout	129.8%

FIN. MODEL SUMMARY	FY0	FY1	FY2	
Period end	*12/31/2020*	*12/31/2021*	*12/31/2022*	
Revenue	4,968.0	5,558.5	5,896.4	ev_sales
Gross Profit	3,358.0	1,234.0	1,668.7	ev_ebitda
Gross Margin	67.6%	22.2%	28.3%	p_eps
Operating Profit	1,650.0	1,963.9	2,166.4	p_bv
Operating Margin	33.2%	35.3%	36.7%	fcfyield_mkt
Net Income	948.0	1,218.1	1,317.7	
EPS	2.03	2.66	3.03	

VALUATION RATIOS	Last 5y avg fy1	ltm	ntm
EV/Sales	8.20 x	8.47 x	7.98 x
EV/EBITDA	19.41 x	19.79 x	18.69 x
P/E	26.71 x	28.08 x	25.24 x
P/B	6.82 x	7.52 x	
FCF Yield	2.19 x	4.56 x	2.02 x

STOCK PRICE PERFORMANCE	
**stock data in trading currency*	
Last price	64.51
52 Week High	65.73
52 Week Low	26.66
YTD Change	6.7%
1 Year Change	80.0%
5 Year Change	77.2%
10 Year Change	

QSR is a broken company - another 3G disaster (BUD & KHC)

Financial Matric:

1Q21 2.2% revenue growth and 6.9% EPS growth

2Q21 28.9% revenue growth and 89.3% EPS growth

3Q21 11.4% revenue growth and 11.3% EPS growth

Data Source: Sentieo

© Hedgeye Risk Management LLC.

QSR | Trending Topics

HEDGEYE

Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
TIM	Canada	Tim	Crisis	Location	Canada	USA
BURGER KING	Popeye	Canada	USA	Coronavirus, Epidemic & Par	Tim	Facility
Revenue	Chicken	Revenue	Coronavirus, Epidemic & Par	Revenue	Menu	Burger King
Beverage	Sandwich	Popeye	Location	USA	Franchise	Tim
Canada	Guest	Menu	Restaurant Owners	Tim	Coronavirus, Epidemic & Par	Popeye
USA	Location	Marketing	BURGER KING	Canada	Core Platform	Closure
Lunch	Term Loan	Coffee	Tim	Same Store Sales	Burger King	Lockdown
Coffee	Competition & Market Share	BURGER KING	Revenue	Latin America/Caribbean	Guest Experience	Franchise
Menu	Leverage	USA	Same Store Sales	Closures	Daypart	App
Chicken	USA	RBI	Onset	Restaurant Owners	Dining Rooms	Revenue
China	TIM	Ad Fund	Closures	RBI	USA	Coronavirus, Epidemic & Pa
Loyal Guests	Cafe	Visit	Breakfast	Store Openings/Closings	EBITDA	Europe
Europe	Donut	Closures	Europe	Franchise	Chicken Sandwich	General Expenses
Daypart	Menu	POS	Store Openings/Closings	Menu Boards	Mobility	Chain
Loyalty Program	Franchise	Capital Allocation	EBITDA	Europe	Coffee Share	EBITDA

96% of restaurant open – many limited dining rooms

Digital menu board in drive-thru

Breakfast challenges

Repositioning the BK brand – value strategy

8% digital at BK; 16% at Popeye's

Master franchise strategy

Like other benefited from PPP

G&A investments

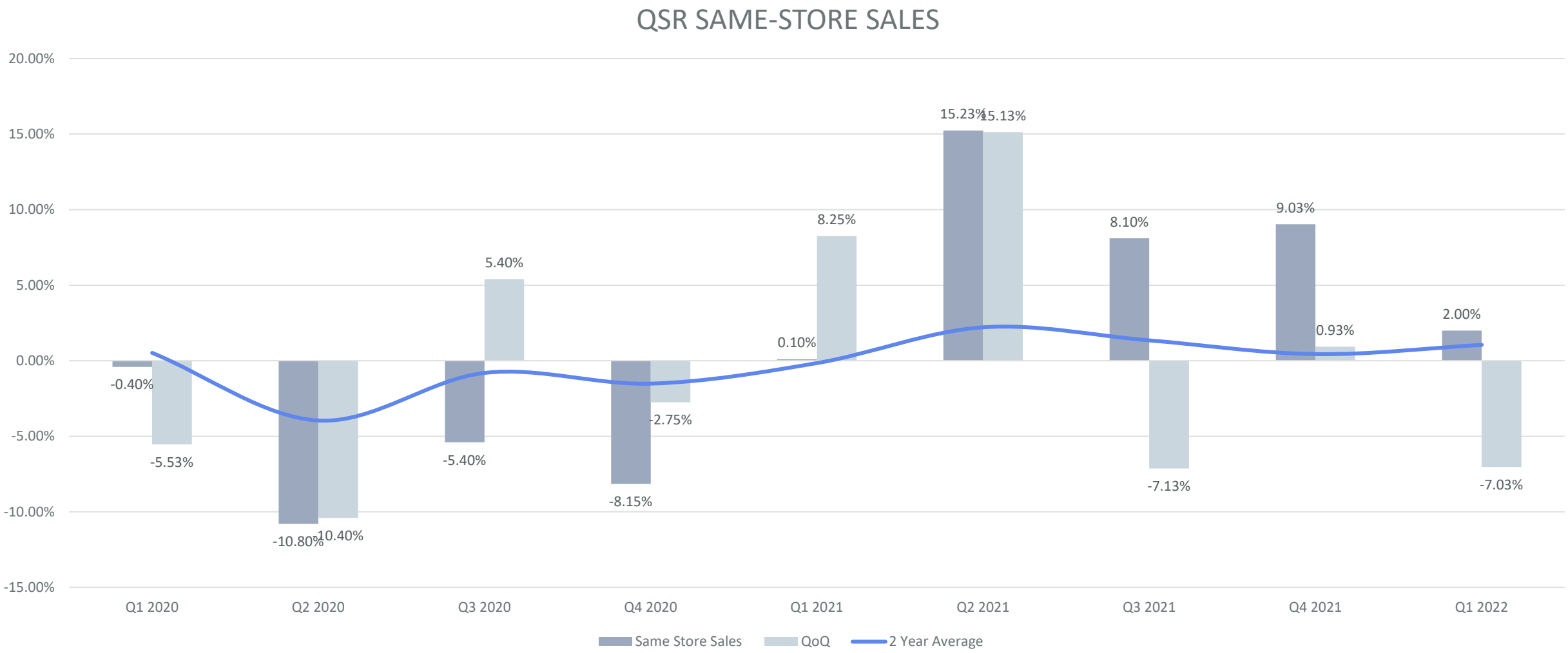
Data Source: Sentieo

© Hedgeye Risk Management LLC.

QSR | Same-Store Sales Trends

HEDGEYE

2Q21 Should Be Reported 4/28



Data Source: FactSet

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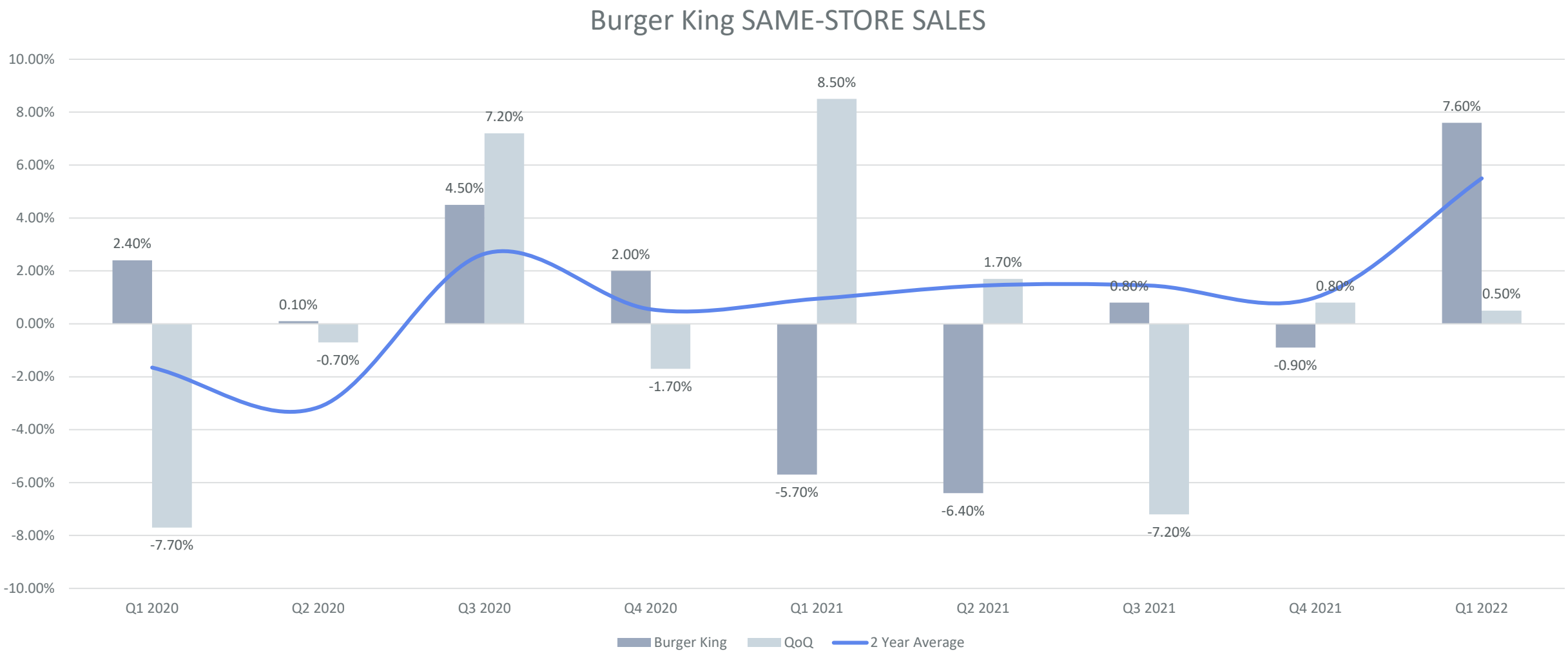
TAST | Same-Store Sales Trends

HEDGEYE

2Q21 Should Be Reported 4/28



Data Source: FactSet

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QSR | Relative Price Return 2015 – 1Q21

HEDGEYE

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	-5.84	3.98	5.67	3.46													3.46
2020	-7.37	1.94	-24.09	-26.78	8.18	4.07	-5.97	6.43	-3.89	-15.16	12.00	-6.94	-6.54	-1.69	2.57	-6.66	-51.74
2019	10.78	-2.10	-0.73	8.03	-5.30	9.08	-1.67	2.86	3.65	8.34	-10.03	1.19	-12.39	-3.78	-6.50	-22.97	-15.89
2018	-10.53	-1.69	1.38	-10.22	-4.90	2.78	1.24	-1.26	1.90	-14.86	3.74	-9.93	0.99	6.76	-1.42	5.20	-13.97
2017	-2.16	7.08	0.09	5.22	-1.96	5.89	3.99	8.23	-8.79	0.36	5.18	-3.53	-3.50	-4.91	-2.32	-10.85	-2.47
2016	-3.21	2.97	7.46	6.31	14.60	-7.84	2.15	8.65	0.37	5.55	-8.46	-3.23	1.21	6.45	-0.56	7.11	21.65
2015	1.16	7.13	-10.58	-3.89	4.25	-7.42	1.52	-1.91	8.61	-4.51	-3.87	-1.03	0.43	-9.50	4.00	-5.92	-12.64
2014																	
2013																	
2012																	
2011																	
2010																	
2009																	
2008																	
2007																	
2006																	
2005																	
2004																	
2003																	
2002																	
2Y Ann. Avg	-6.60	2.96	-9.21	-11.66	8.18	4.07	-5.97	6.43	-3.89	-15.16	12.00	-6.94	-6.54	-1.69	2.57	-6.66	-24.14
3Y Ann. Avg	-0.81	1.28	-6.38	-5.10	1.44	6.58	-3.82	4.65	-0.12	-3.41	0.99	-2.87	-9.46	-2.73	-1.96	-14.81	-21.39
5Y Ann. Avg	-3.02	1.84	-3.54	-4.06	-0.99	5.46	-0.60	4.07	-1.78	-5.33	2.72	-4.80	-5.36	-0.90	-1.92	-8.82	-16.12
10Y Ann. Avg	-2.45	2.76	-2.97	-2.55	2.48	1.09	0.21	3.83	0.31	-3.38	-0.24	-3.91	-3.30	-1.11	-0.70	-5.68	-10.23
15Y Ann. Avg	-2.45	2.76	-2.97	-2.55	2.48	1.09	0.21	3.83	0.31	-3.38	-0.24	-3.91	-3.30	-1.11	-0.70	-5.68	-10.23

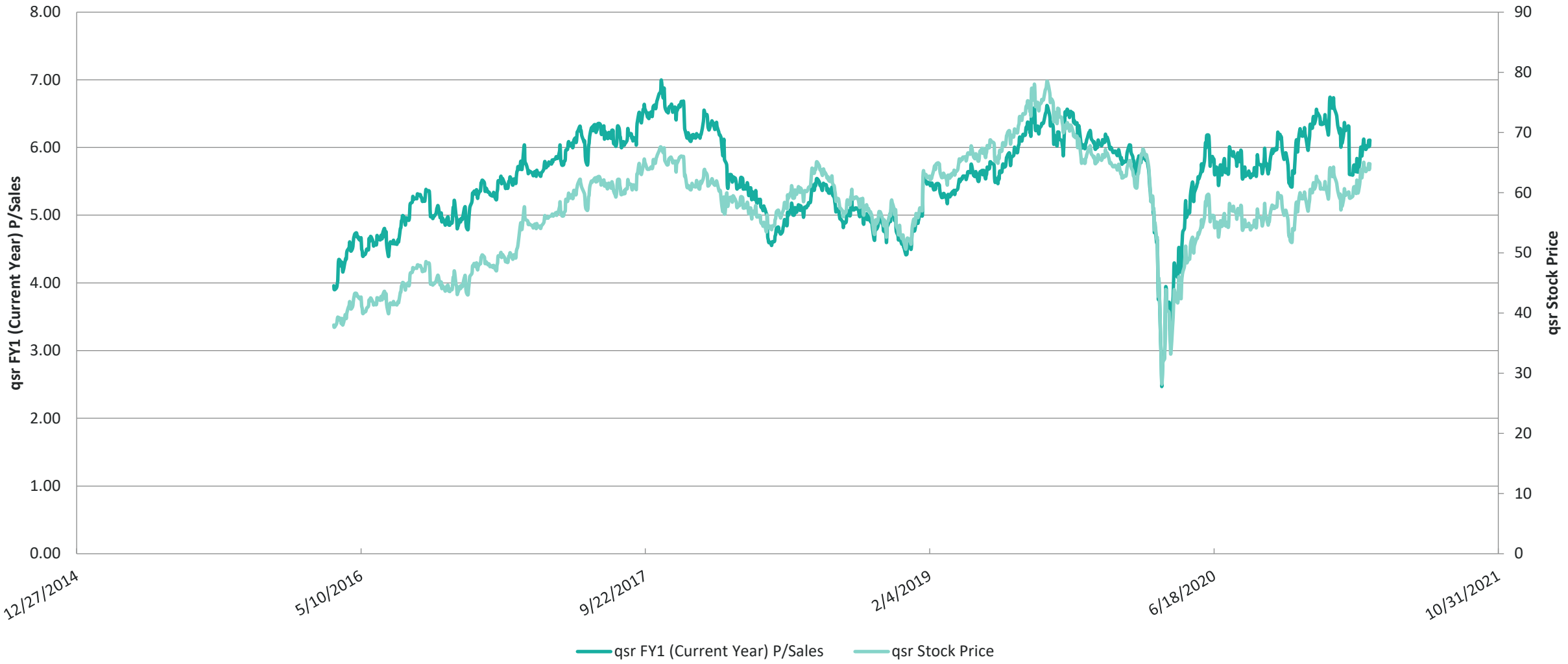
Data Source: Sentieo

© Hedgeye Risk Management LLC.

QSR | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Upside Is 56.5% To $101.40 (Assuming 5.5x Sales)



Data Source: Sentieo

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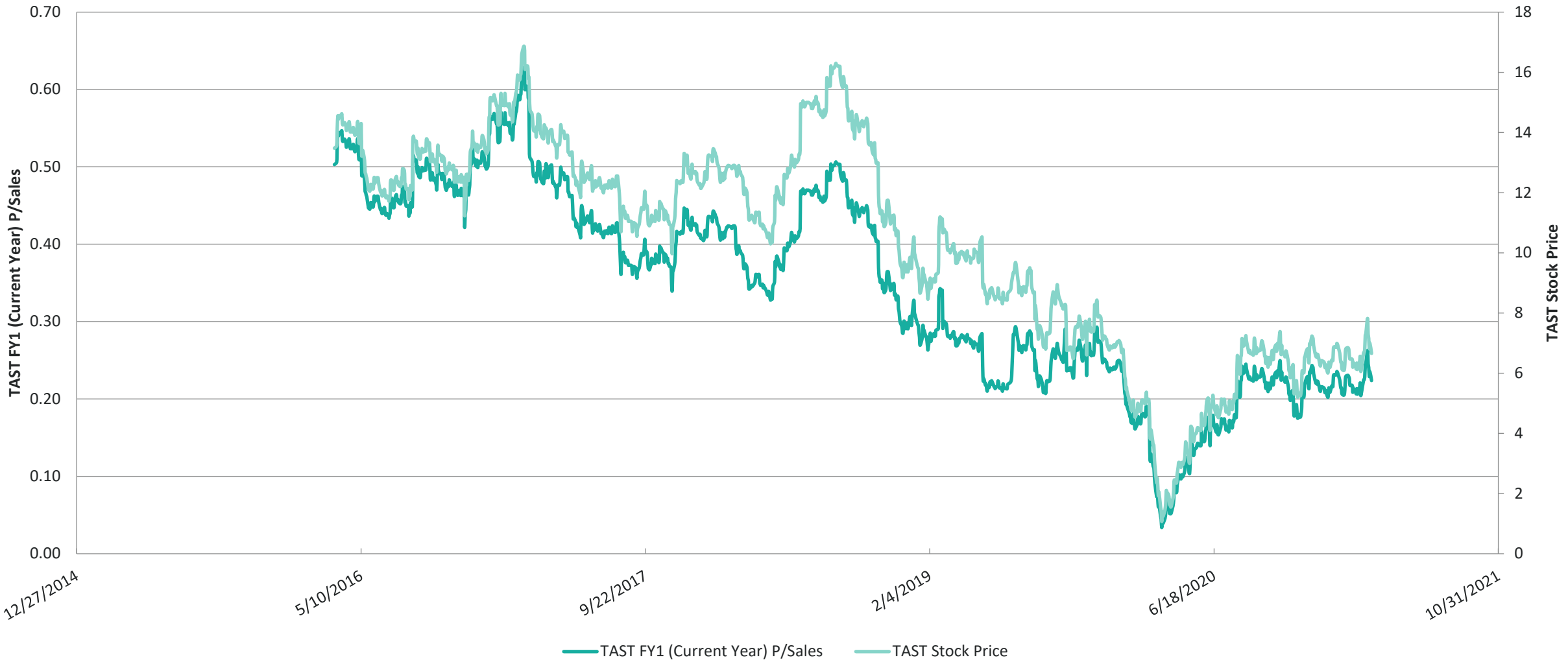
TAST | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Upside Is 57.5% To $10.47 (Assuming 0.34x Sales)



Data Source: Sentieo

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Domino’s

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DPZ | Tear Sheet

HEDGEYE

DOMINOS PIZZA INC USD $ 370.20

Domino's Pizza, Inc. is a pizza restaurant chain company. As of January 1, 2017, the Company operated in over 13,800 locations in over 85 markets around the world. The Company operates through three segments: domestic stores, international franchise and supply chain. Its basic menu features pizza products in various sizes and crust types. As of January 1, 2017, its Domestic Stores segment consisted primarily of its franchise operations, which consisted of 4,979 franchised stores located in the contiguous United States. As of January 1, 2017, its International Franchise segment consisted of a network of franchised stores in over 85 international markets. As of January 1, 2017, its supply chain segment operated 18 regional dough manufacturing and food supply chain centers in the United States, one thin crust manufacturing center, one vegetable processing center and one center providing equipment and supplies to certain of its domestic and international stores.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Mar 31, 2021
Next FY End Date	Dec 31, 2021
Next Earnings Date	Apr 23, 2021
Latest Earnings Date	Feb 25, 2021

*in millions USD, except per share data	
Market Cap	14,331.0
EV	18,151.9
Shares Outstanding	38.9
Annual Dividend	122.2
Dividend Yield	1.00%
Dividend Payout	24.9%

FIN. MODEL SUMMARY	FY0	FY1	FY2	
Period end	12/31/2020	12/31/2021	12/31/2022	
Revenue	4,117.4	4,291.6	4,608.8	ev_sales
Gross Profit	1,594.5	1,669.5	1,800.7	ev_ebitda
Gross Margin	38.7%	38.9%	39.1%	p_eps
Operating Profit	725.6	775.4	851.9	p_bv
Operating Margin	17.6%	18.1%	18.5%	fcfyield_mkt
Net Income	491.3	499.2	561.5	
EPS	12.39	12.87	14.82	

VALUATION RATIOS	Last 5y avg fy1	ltm	ntm
EV/Sales	4.20 x	4.47 x	4.06 x
EV/EBITDA	21.61 x	23.14 x	20.69 x
P/E	32.36 x	36.18 x	30.88 x
P/B	-4.09 x	-4.53 x	
FCF Yield	2.39 x	5.12 x	2.49 x

STOCK PRICE PERFORMANCE *stock data in trading currency	
Last price	370.20
52 Week High	435.58
52 Week Low	294.21
YTD Change	-3.0%
1 Year Change	25.6%
5 Year Change	126.8%
10 Year Change	344.9%

The EPS Algo:

6-10% global Retail sales; 6-8% store growth

1Q21 12% revenue growth and -5% EPS growth

2Q21 3.2% revenue growth and -5.7% EPS growth

3Q21 1.1% revenue growth and 15.2% EPS growth

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DPZ | Trending Topics

HEDGEYE

DPZ - TRENDING TOPICS

Add Sub-Industry

Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Marketing	Pizza	GPS	Crisis	Carryout	Coronavirus, Epidemic & Par	Carryout
Pricing	USA	Carryout	USA	Coronavirus, Epidemic & Par	Closure	Revenue
Aggregator	Competition & Market Share	Franchise	Coronavirus, Epidemic & Par	Wing	Franchise	Domino
Franchise	Carryout	USA	Domino	USA	Pizza	USA
Revenue	Domino	Revenue	Franchise	Domino	Compensation	Franchise
Competition & Market Share	Franchise	Store Openings/Closings	Closure	Dash	General Expenses	Coronavirus, Epidemic & Par
Fortressing	General Expenses	Traffic	Carryout	M&A, JVs & Spinoffs	Pandemic Environment	Competition & Market Share
Pizza	U.S. System	Pizza	Corporate Store	New Products	M&A, JVs & Spinoffs	Independents
USA	U.S. Comp	Salads	Revenue	Competition & Market Share	Chicken	Net Stores
Uncertainty	Effective Tax Rate	Fortress Store	Bonuses	Aggregator	Operating Environment	Foreign Exchange
New York Sale	Revenue	Domino	Foreign Exchange	Service Method	G&A Expense	Employees Expense
Menu	Supply Chain	Leverage	Gloves	Franchise	Marketing	Innovation
Domino	Active Users	Europe	Independents	Contactless Experience	Employees Expense	Labor Cost
Traffic	Volume	Compensation	Unemployment	Dinner	Uncertainty	Foreign Currency
Price Point	Uncertainty	Headwinds	Closing	Delays	Tailwinds	Compensation

Fortress

Carryout more that half of the biz was impacted by the pandemic

US retail sales was 14.3% in 4Q20 – 11.2% SSS

Broad growth including independents

Margin pressure from employee expense

Rising wages

GPS driver tracking

AI forecasting to match demand – increase speed an accuracy

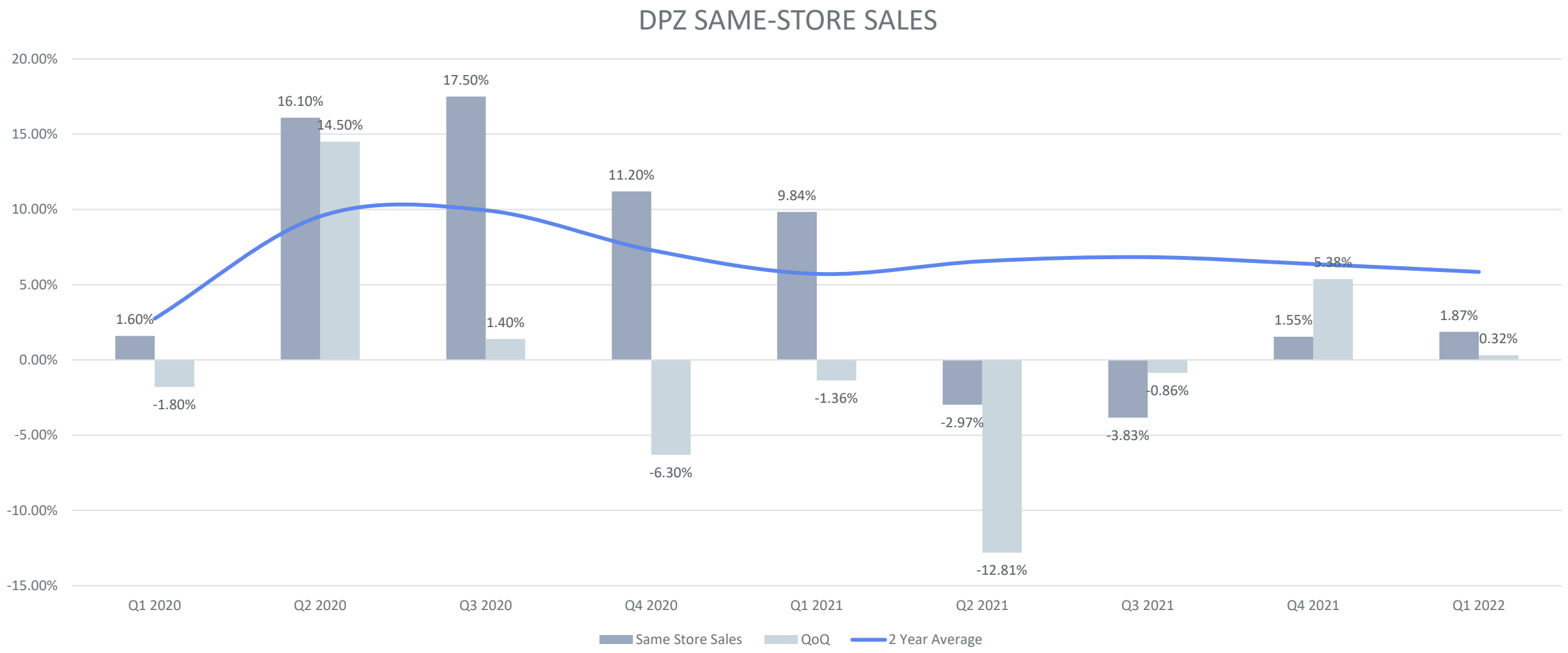
Data Source: Sentieo

© Hedgeye Risk Management LLC.

DPZ | Same-Store Sales Trends

HEDGEYE

2Q21 Should Be Reported 4/29



Data Source: FactSet

© Hedgeye Risk Management LLC.

DPZ | Total Return 2004 – 1Q21

HEDGEYE

The Set Up for DPZ Is Interesting

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	-3.57	-6.41	6.41	-3.90													-3.90
2020	-7.13	26.54	2.95	20.76	-3.29	0.01	-10.35	-16.04	-2.70	-5.16	9.77	2.90	-8.00	-7.46	-7.03	-22.75	-17.04
2019	5.40	-14.55	-0.88	-12.39	-0.66	11.52	-7.79	3.88	-14.46	-5.33	7.11	-13.22	6.67	4.28	-3.84	7.51	-19.36
2018	6.00	3.86	9.25	20.80	2.99	-1.64	11.27	13.62	-9.71	7.89	-0.80	-3.76	-0.23	3.44	-1.65	1.09	32.20
2017	4.47	4.37	-4.72	4.01	-4.31	12.82	2.49	10.80	-15.89	-4.35	9.45	-11.81	-12.44	-0.24	1.11	-11.92	-12.80
2016	9.32	18.63	-7.46	20.90	-5.14	-4.37	11.22	1.16	4.97	0.49	-0.43	5.18	12.91	-1.15	-6.07	5.07	37.22
2015	7.26	-4.72	1.62	4.50	5.34	-1.50	7.07	11.39	-4.17	-0.12	4.30	0.12	-12.52	0.14	5.41	-6.83	9.80
2014	3.30	7.25	0.31	10.84	-3.05	-7.08	-1.96	-12.16	-2.67	-0.22	2.99	0.10	12.73	1.15	2.94	17.85	17.82
2013	4.26	1.91	5.23	12.22	4.77	3.80	0.81	9.71	1.30	-1.43	6.08	6.18	-6.27	-0.46	-1.85	-9.01	24.88
2012	-12.25	12.01	-10.90	-14.07	5.33	-11.74	-2.73	-9.83	9.45	-1.38	5.78	15.09	13.02	1.10	5.71	20.53	11.62
2011	-0.01	-0.29	9.83	10.10	-2.11	35.41	3.53	37.61	4.79	8.27	2.94	15.96	7.14	5.53	4.06	18.22	110.34
2010	41.31	5.93	1.61	57.50	10.74	-8.25	-6.74	-5.84	5.93	5.36	-9.79	2.10	5.92	-0.29	3.43	9.67	71.30
2009	44.32	7.36	-14.23	37.12	31.06	-7.23	-20.16	-5.64	1.31	-3.05	3.72	1.89	-13.92	0.87	1.45	-13.49	24.09
2008	14.76	1.72	0.54	16.61	-9.54	-4.58	-4.88	-18.07	12.05	1.94	6.23	19.42	-35.52	-23.66	19.89	-37.64	-22.46
2007	-0.07	9.69	4.76	15.11	-6.26	-42.32	-7.28	-53.08	4.96	-10.97	-10.88	-17.20	-13.97	-3.47	-4.37	-19.88	-71.42
2006	-1.00	4.51	9.94	14.22	-7.59	-2.82	4.61	-5.81	-3.78	2.75	0.33	-1.17	1.22	-2.40	3.96	2.99	8.90
2005	0.01	2.82	11.24	13.38	1.51	17.18	0.66	18.53	4.80	-6.57	0.16	-2.52	4.07	-1.58	-1.19	1.36	34.71
2004										5.01	-0.13		6.56	3.43	-2.86	7.50	
2003																	
2002																	
2Y Ann. Avg	-5.35	10.07	4.68	8.43	-3.29	0.01	-10.35	-16.04	-2.70	-5.16	9.77	2.90	-8.00	-7.46	-7.03	-22.75	-10.47
3Y Ann. Avg	-1.77	1.86	2.83	1.49	-1.98	5.76	-9.07	-6.08	-8.58	-5.25	8.44	-5.16	-0.66	-1.59	-5.44	-7.62	-13.43
5Y Ann. Avg	1.03	2.76	2.60	5.85	-1.32	5.68	-1.09	3.06	-10.69	-1.74	6.38	-6.47	-3.50	0.00	-2.85	-6.52	-4.18
10Y Ann. Avg	1.71	4.89	0.18	6.37	0.22	0.20	1.12	1.39	-3.77	-1.07	4.92	0.09	0.65	0.09	-0.59	0.17	8.04
15Y Ann. Avg	7.83	4.89	0.29	13.34	1.85	-1.80	-1.82	-2.32	-0.35	-0.57	2.60	1.64	-3.18	-1.44	1.37	-2.97	12.82

Data Source: Sentieo

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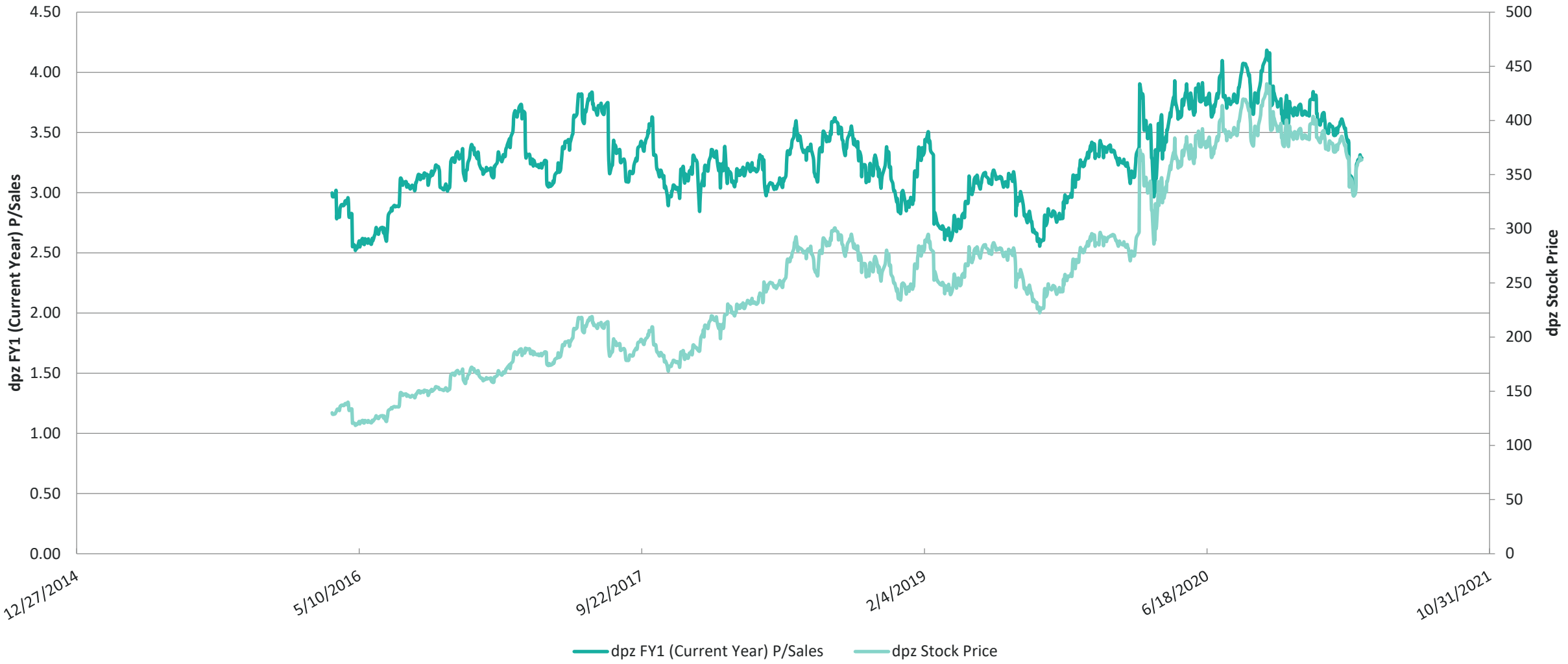
DPZ | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Upside Is -0.6% To $360.34 (Assuming 3.2x Sales)



Data Source: Sentieo

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McDonald’s

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MCD | Tear Sheet

HEDGEYE

MCDONALDS CORP USD $ 225.69

McDonald's Corporation (McDonald's) operates and franchises McDonald's restaurants. The Company's restaurants serve a locally relevant menu of food and drinks sold at various price points in over 100 countries. The Company's segments include U.S., International Lead Markets, High Growth Markets, and Foundational Markets and Corporate. The U.S. segment focuses on offering a platform for authentic ingredients that allows customers to customize their sandwiches. Its High Growth Markets segment includes its operations in markets, such as China, Italy, Korea, Poland, Russia, Spain, Switzerland, the Netherlands and related markets. The International Lead markets segment includes the Company's operations in various markets, such as Australia, Canada, France, Germany, the United Kingdom and related markets. The Foundational markets and Corporate segment is engaged in operating restaurants and increasing convenience to customers, including through drive-thru and delivery.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Mar 31, 2021
Next FY End Date	Dec 31, 2021
Next Earnings Date	Apr 30, 2021
Latest Earnings Date	Jan 28, 2021

*in millions USD, except per share data	
Market Cap	167,805.9
EV	201,797.2
Shares Outstanding	745.4
Annual Dividend	3,752.9
Dividend Yield	2.35%
Dividend Payout	79.3%

FIN. MODEL SUMMARY	FY0	FY1	FY2	
Period end	*12/31/2020*	*12/31/2021*	*12/31/2022*	
Revenue	19,207.8	22,124.3	23,313.0	ev_sales
Gross Profit	9,752.1	11,951.6	12,843.1	ev_ebitda
Gross Margin	50.8%	54.0%	55.1%	p_eps
Operating Profit	7,056.0	9,297.2	10,036.7	p_bv
Operating Margin	36.7%	42.0%	43.1%	fcfyield_mkt
Net Income	4,534.9	6,315.0	6,842.7	
EPS	6.05	8.43	9.20	

VALUATION RATIOS	Last 5y avg fy1	ltm	ntm
EV/Sales	7.60 x	7.35 x	7.60 x
EV/EBITDA	16.25 x	16.29 x	15.82 x
P/E	24.96 x	25.51 x	23.65 x
P/B	-26.62 x	-37.20 x	9.10 x
FCF Yield	3.34 x	3.29 x	2.72 x

STOCK PRICE PERFORMANCE	
stock data in trading currency	
Last price	225.69
52 Week High	231.91
52 Week Low	136.50
YTD Change	5.2%
1 Year Change	46.3%
5 Year Change	73.1%
10 Year Change	130.7%

The EPS Algo:

1Q21 6.5% revenue growth and 22% EPS growth

2Q21 44.32% revenue growth and 207.4% EPS growth

3Q21 8.0% revenue growth and 7% EPS growth

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MCD | Trending Topics

HEDGEYE

MCD - TRENDING TOPICS

Add Sub-Industry

Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
EOTF	McDelivery	Franchise	Facility	Store	UK	Coronavirus, Epidemic & Par
Revenue	Dynamic Yield	USA	Crisis	USA	Europe	IOM
Breakfast	Facility	Dynamic Yield	Coronavirus, Epidemic & Par	Dining Rooms	Locations	USA
Europe	Menu	China	Franchise	Coronavirus, Epidemic & Par	Same Store Sales	Revenue
China	Pricing	McDonald	USA	Uncertainty	Revenue	McDonald
UberEATS	Apprente	M&A, JVs & Spinoffs	Store Openings/Closings	Breakfast	USA	Locations
Traffic	Margin Change	Chicken	Revenue	Menu	Coronavirus, Epidemic & Par	Menu
Coop	General Expenses	Breakfast	Breakfast	Australia	Australia	Chicken
Rollout	Uncertainty	Convention	Europe	Europe	Store Openings/Closings	Franchise
Accelerator	Russia	Competition & Market Share	Menu	McDonald	General Expenses	Competition & Market Share
Refranchising	Revenue	IDL	Deferral	Australia & Oceania	Competition & Market Share	Breakfast
Guest Count	Competition & Market Share	Ian	China	Competition & Market Share		Uncertainty
Facility	USA	Apprente	Routine	Revenue		Labor
USA	Chicken	Facility	Daypart	UK		Australia
Menu	McDonald	Accelerator	Same Store Sales	Resurgence		Europe

$90B in System-wide sales

IOM margins will not fully recover

½ of cap ex

30,000 delivery restaurants

Significant benefits from streamline and reduced complexity

New chicken

Growing breakfast

Strong positive comps in Australia and the U.K. were more than offset by negative double-digit comps in France, Germany, Italy and Spain.

Data Source: Sentieo

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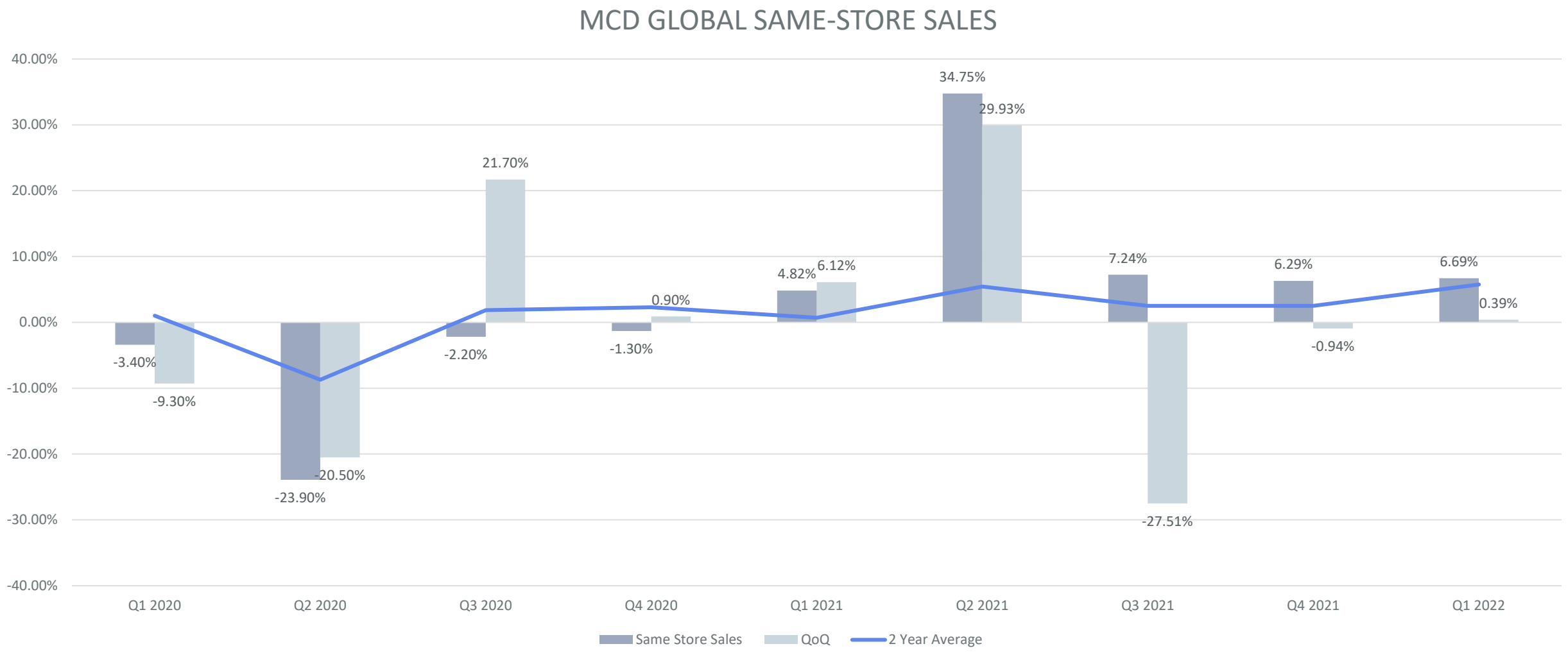
MCD | Same-Store Sales Trends

HEDGEYE

2Q21 Should Be Reported 4/29



Data Source: FactSet

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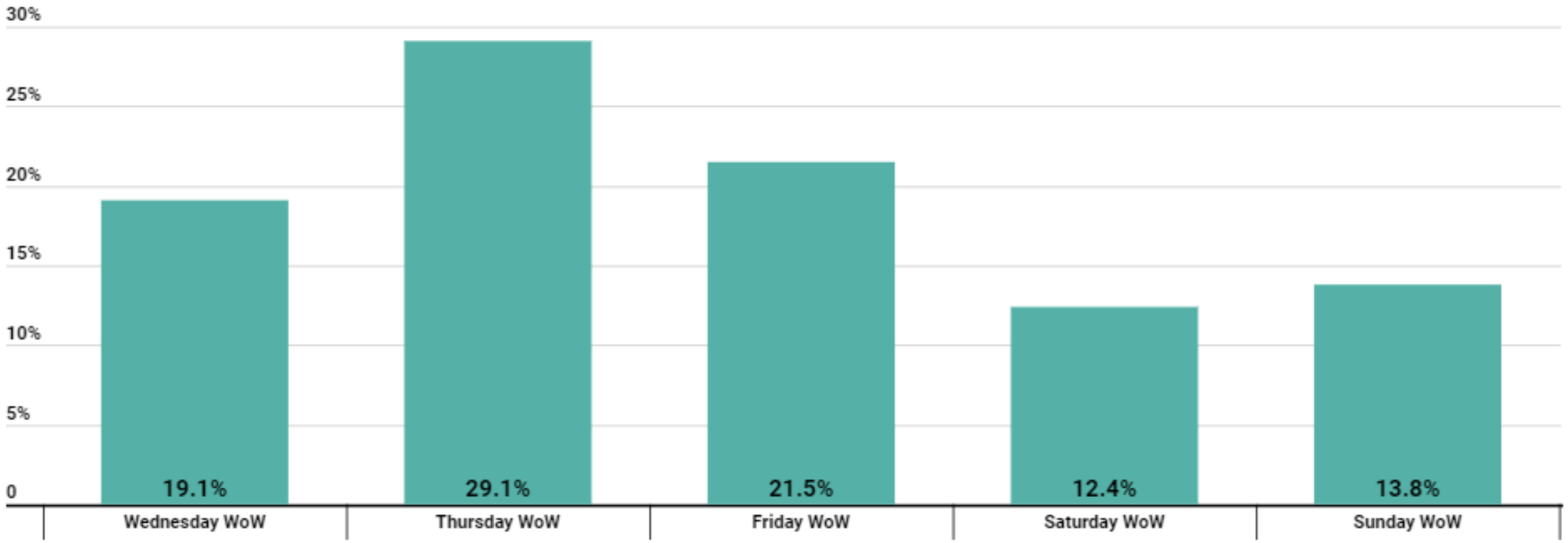
MCD | Chicken Sandwich Traffic Boost

HEDGEYE



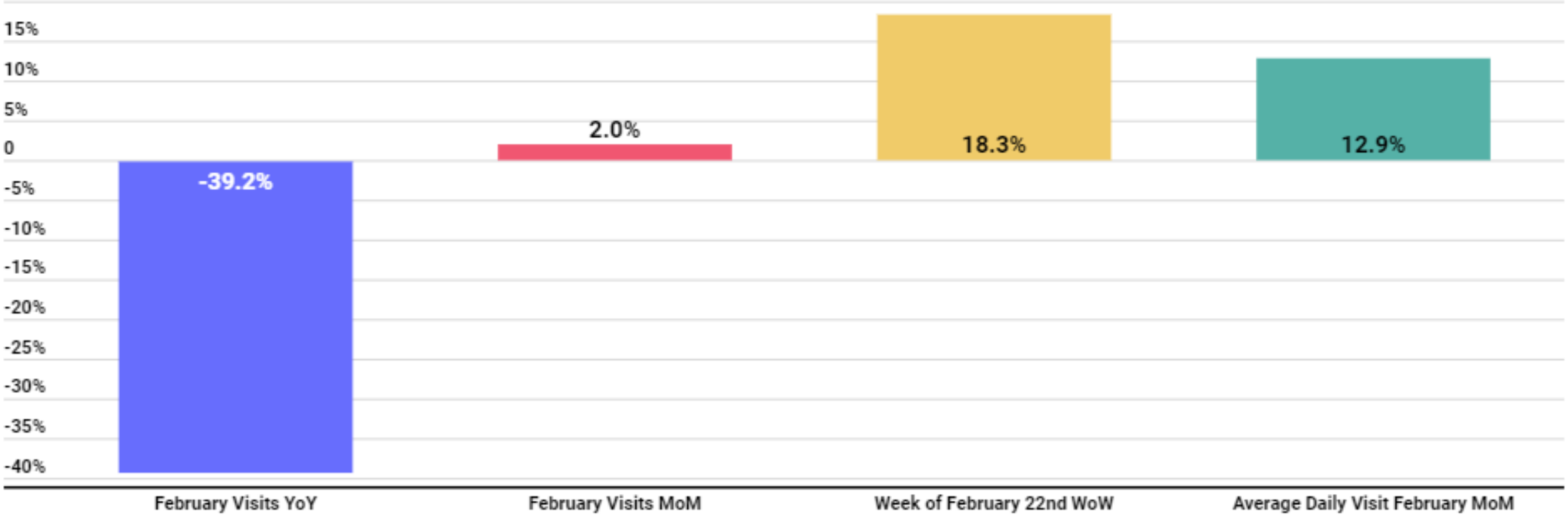
McDonald's has seen a significant boost in traffic from the chicken sandwich launch. Traffic increased 19.1% on the day of the launch compared to the Wednesday in the prior week. The traffic boost was sustained for the rest of the week.

Data Source: Placer.ai

© Hedgeye Risk Management LLC.

MCD | Chicken Sandwich Traffic Boost

HEDGEYE



Compared to the prior year traffic was still down 39.2% due to the pandemic, which doesn't include the strength in delivery or increase in order size. Visits in February were up 2% compared to January despite fewer days in the month. The average daily visits were up 12.9% compared to January driven by the chicken sandwich launch.

Data Source: Placer.ai

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MCD | Total Return 2002 – 1Q21

HEDGEYE

Seasonally The Best Time To Be LONG

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	-3.14	-0.20	9.18	5.55													5.55
2020	8.28	-8.67	-14.84	-15.79	13.43	0.01	-0.99	12.31	5.32	10.55	2.80	19.68	-2.96	2.69	-1.32	-1.66	11.32
2019	0.68	3.48	3.30	7.62	4.04	0.94	4.74	9.99	1.47	3.99	-1.50	3.95	-8.39	-0.49	1.61	-7.37	13.97
2018	-0.57	-7.24	-0.86	-8.56	7.07	-4.44	-1.45	0.83	0.54	3.62	3.12	7.43	5.74	7.22	-5.80	6.80	5.78
2017	0.70	4.92	1.54	7.27	7.96	7.83	2.13	18.90	1.29	3.72	-2.06	2.90	6.53	3.64	0.09	10.50	45.02
2016	4.77	-4.71	7.36	7.19	0.64	-3.50	-0.69	-3.55	-2.24	-0.93	-0.26	-3.40	-2.42	6.78	2.05	6.34	6.20
2015	-1.34	7.90	-1.48	4.88	-0.91	0.23	-0.90	-1.57	5.04	-4.01	3.69	4.55	13.92	2.49	3.49	20.84	30.42
2014	-2.95	1.90	3.03	1.89	3.42	0.85	-0.68	3.59	-6.13	-0.04	1.16	-5.08	-1.14	4.20	-3.21	-0.30	-0.11
2013	8.03	1.45	3.95	13.92	2.46	-4.70	2.52	0.10	-0.93	-3.01	1.96	-2.03	0.32	1.72	-0.35	1.69	13.61
2012	-1.28	1.44	-1.68	-1.54	-0.66	-7.60	-0.91	-9.05	0.94	0.94	2.53	4.46	-5.40	1.17	1.34	-3.00	-9.26
2011	-4.03	3.57	0.54	-0.06	2.92	4.90	3.41	11.64	2.56	5.25	-2.86	4.85	5.73	3.65	5.04	15.10	34.66
2010	-0.02	3.15	4.49	7.77	5.80	-4.49	-1.50	-0.47	5.86	5.57	1.98	13.97	4.38	1.47	-1.97	3.82	26.93
2009	-6.71	-9.08	4.44	-11.41	-2.35	10.70	-1.73	6.23	-4.23	3.05	1.48	0.15	2.70	8.85	-1.28	10.36	4.01
2008	-9.05	2.64	2.11	-4.68	6.83	-0.44	-4.61	1.46	6.35	4.31	-0.48	10.40	-6.11	2.29	5.86	1.66	8.55
2007	0.05	-1.49	3.11	1.62	7.17	4.70	0.42	12.67	-5.69	2.88	10.60	7.31	9.69	0.43	0.75	10.99	36.38
2006	3.83	-0.29	-1.58	1.90	0.61	-4.05	1.30	-2.21	5.33	1.44	8.97	16.43	7.16	2.53	5.62	16.05	34.63
2005	1.03	2.13	-5.86	-2.87	-5.88	5.56	-10.31	-10.89	12.32	4.11	3.20	20.68	-5.64	9.28	-0.38	2.72	7.30
2004	3.66	9.95	0.95	15.06	-4.69	-3.05	-1.52	-9.00	5.77	-1.75	3.74	7.81	4.00	7.39	4.29	16.47	31.48
2003	-11.44	-4.42	6.25	-10.07	18.26	9.53	17.78	52.56	4.31	-2.56	5.00	6.71	6.20	4.08	-3.12	7.09	56.77
2002	2.68	-3.97	6.32	4.84	2.34	5.42	-4.98	2.52	-13.01	-4.00	-25.67	-37.93	2.55	3.55	-13.08	-7.70	-38.42
2Y Ann. Avg	2.57	-4.43	-2.83	-5.12	13.43	0.01	-0.99	12.31	5.32	10.55	2.80	19.68	-2.96	2.69	-1.32	-1.66	8.43
3Y Ann. Avg	1.94	-1.80	-0.79	-0.87	8.74	0.47	1.87	11.15	3.40	7.27	0.65	11.81	-5.67	1.10	0.15	-4.51	10.28
5Y Ann. Avg	1.19	-1.54	-0.34	-0.78	8.13	1.09	1.11	10.51	2.16	5.47	0.59	8.49	0.23	3.26	-1.36	2.07	16.33
10Y Ann. Avg	1.32	0.03	0.95	2.24	4.16	-1.15	0.42	3.51	0.59	1.65	1.27	3.61	0.69	3.27	-0.23	3.76	12.25
15Y Ann. Avg	-0.44	-0.06	1.61	1.04	4.13	0.36	-0.02	4.51	0.73	2.56	1.58	4.94	1.61	3.29	0.45	5.41	15.53

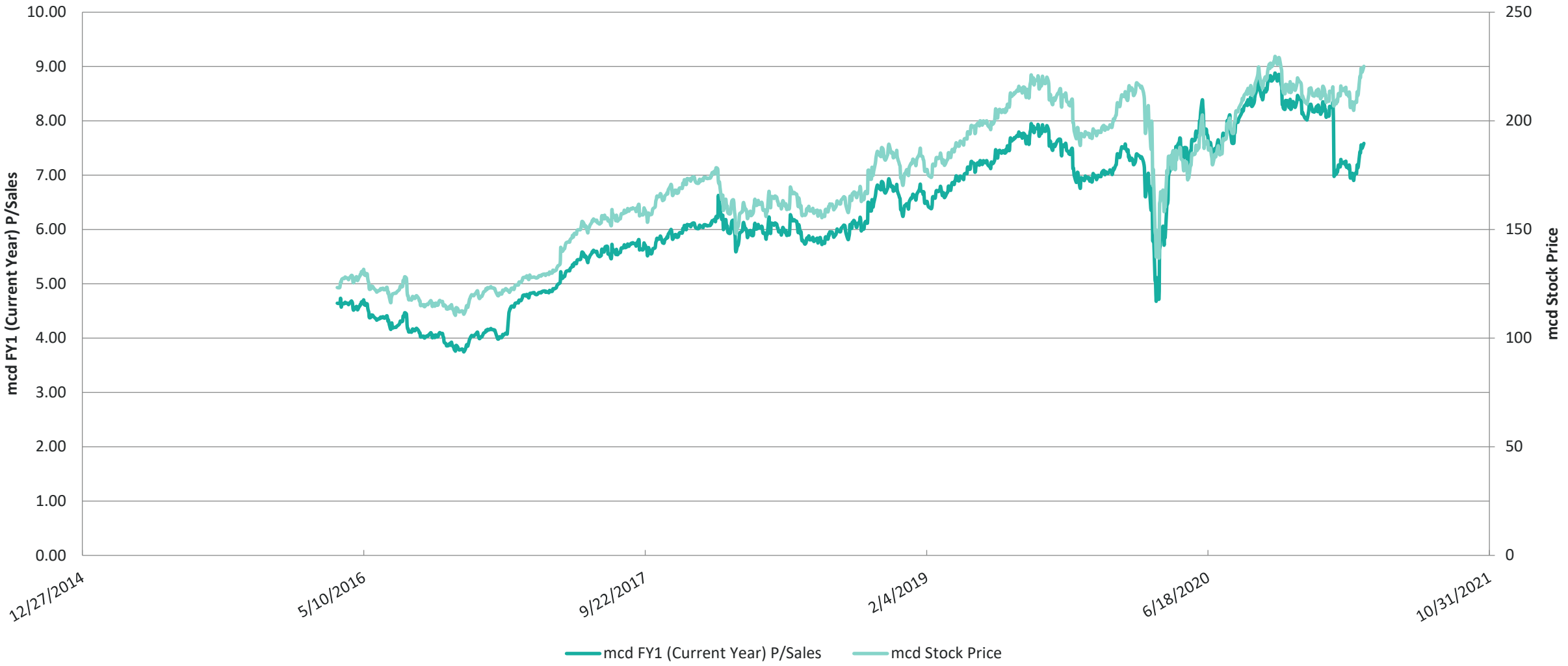
Data Source: Sentieo

© Hedgeye Risk Management LLC.

MCD | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Downside Is -17.6% To $185.68 (Assuming 6.6x Sales)



Data Source: Sentieo

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Papa John’s

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PZZA | Tear Sheet

HEDGEYE

PAPA JOHNS INTERNATIONAL INC **USD $ 89.12**

Papa John's International, Inc. (Papa John's) operates and franchises pizza delivery and carryout restaurants and, in certain international markets, dine-in and delivery restaurants under the trademark Papa John's. The Company operates through five segments: domestic Company-owned restaurants, North America commissaries, North America franchising, international operations and all other business units. North America is defined as the United States and Canada. Domestic is defined as the contiguous United States. International franchisees are defined as all franchise operations outside of the United States and Canada. As of December 25, 2016, there were 5,097 Papa John's restaurants in operation, consisting of 744 Company-owned and 4,353 franchised restaurants operating domestically in all 50 states and in 45 countries and territories. It offers pizza along with side items, including breadsticks, cheesesticks, chicken poppers and wings, dessert items and canned or bottled beverages.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Mar 31, 2021
Next FY End Date	Dec 31, 2021
Next Earnings Date	May 04, 2021
Latest Earnings Date	Feb 25, 2021

**in millions USD, except per share data*	
Market Cap	*2,915.8*
EV	*3,424.6*
Shares Outstanding	*32.5*
Annual Dividend	*29.5*
Dividend Yield	*1.02%*
Dividend Payout	*70.7%*

FIN. MODEL SUMMARY	**FY0**	**FY1**	**FY2**	
Period end	*12/31/2020*	*12/31/2021*	*12/31/2022*	
Revenue	1,813.2	1,889.5	2,002.5	ev_sales
Gross Profit	544.5	482.8	518.6	ev_ebitda
Gross Margin	*30.0%*	*25.6%*	*25.9%*	p_eps
Operating Profit	96.2	133.0	151.1	p_bv
Operating Margin	*5.3%*	*7.0%*	*7.5%*	fcfyield_mkt
Net Income	45.7	73.3	87.9	
EPS	1.40	2.23	2.58	

VALUATION RATIOS	**Last 5y avg** fy1	ltm	ntm
EV/Sales	1.60 x	1.62 x	1.58 x
EV/EBITDA	17.21 x	17.28 x	16.29 x
P/E	37.98 x	38.67 x	33.99 x
P/B	9.21 x	########	
FCF Yield	2.90 x	3.36 x	2.30 x

STOCK PRICE PERFORMANCE	
**stock data in trading currency*	
Last price	89.12
52 Week High	110.33
52 Week Low	47.03
YTD Change	6.8%
1 Year Change	64.7%
5 Year Change	88.5%
10 Year Change	238.9%

The EPS Algo:

1Q21 13.7% revenue growth and 31.7% EPS growth

2Q21 0.5% revenue growth and 16.5% EPS growth

3Q21 -0.8% revenue growth and 53.1% EPS growth

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PZZA | Trending Topics

HEDGEYE

PZZA - TRENDING TOPICS

Add Sub-Industry

Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Franchise	Store	Store	Franchise	Coronavirus, Epidemic & Par	Restaurants	Store
Aggregator	Papa John	Papadia	Coronavirus, Epidemic & Par	Closures	Papa John	Franchise
USA	Pizza	Innovation	Store	Papa John	Franchise	Stuffed Crust
Revenue	Franchise	USA	PPP	Franchise	Atlanta	AUV
Papa John	Aggregator	Revenue	North America	Revenue	Coronavirus, Epidemic & Par	Papa John
Royalty Relief	Max	Franchise	Pizza	Loyalty Program	Latin America/Caribbean	Revenue
Same Store Sales	Revenue	Menu	USA	USA	Pizza	Volume
Store	Competition & Market Share	ESG	Contact Delivery	Facility	Papadia	Uncertainty
Testing Methodology	Uncertainty	Daypart	Carryout	Foreseeable Future	Capital Allocation	Loyalty Program
National Promotion	Shaq	Supply Chain	Korea	Uncertainty	China	Customer Experience
QCC	Menu	Same Store Sales	Aggregator	Undistributed Earnings	Volatility	Brand Sentiment
North America	Pricing	North America	Revenue	Repeat Rate	Dough	Special Items
Marketing Fund	New Products	Special Charge	Loyalty Program	ESG	UK	Bonuses
Refranchising	Europe	Unit Economics	Royalty Relief	North America	Tailwinds	New Products
UK	Tax	Pretax Income	Uncertainty	Leverage	Uncertainty	North America

Cap ex accelerating - New Store development growth

New product/increased pace of innovation

stuffed crust

AUV passed $1.0M

Q4 results continued the momentum we achieved in Q2 and Q3. Comparable sales rose 13.5% in North America and 21.4% internationally.

Customer experience

Brand sentiment

Data Source: Sentieo

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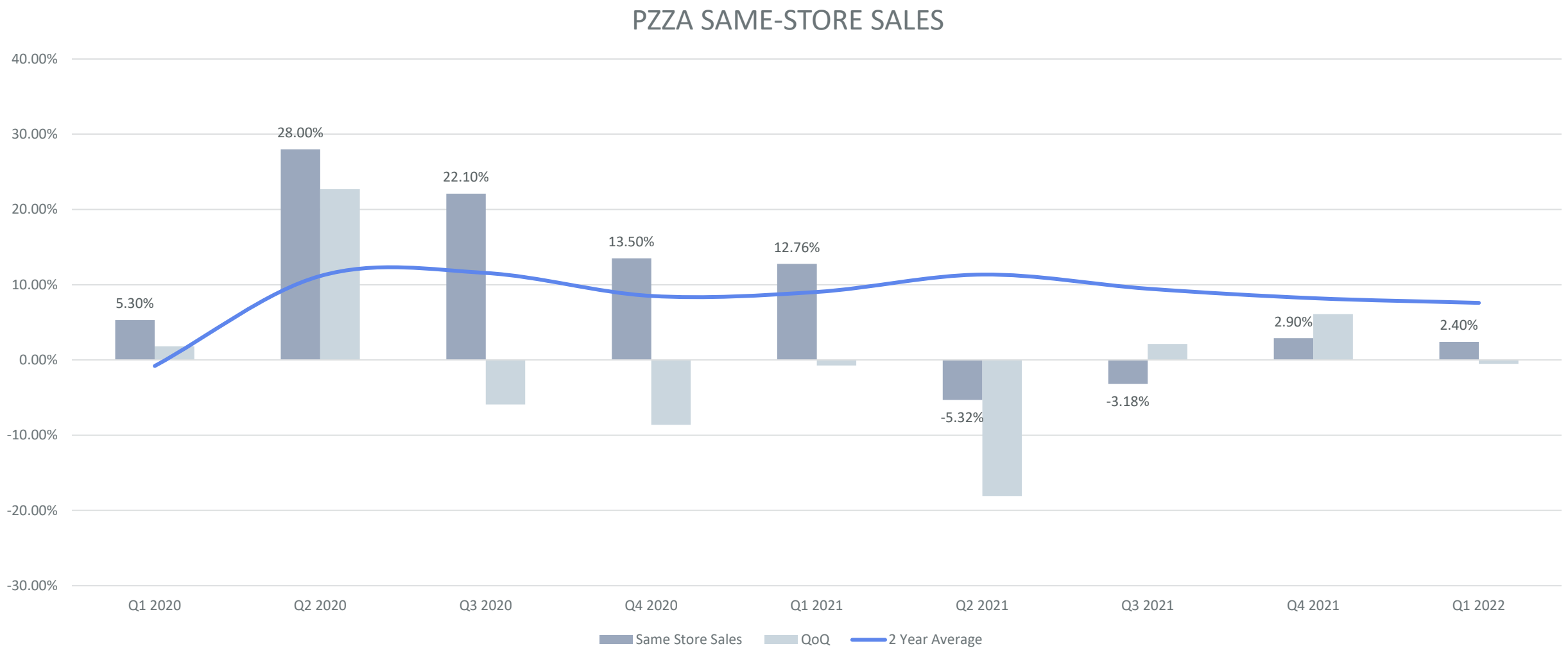
PZZA | Same-Store Sales Trends

HEDGEYE

2Q21 Should Be Reported 5/1



Data Source: FactSet

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PZZA | Return Price Return 2002 – 1Q21

HEDGEYE

Seasonally The Best Time To Be LONG

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	20.28	-11.69	-3.93	1.94													1.94
2020	-0.46	-5.01	0.12	-5.04	19.78	1.70	-4.15	18.75	11.87	-7.12	-10.51	-8.60	-3.86	-6.32	0.87	-9.80	-13.20
2019	-2.78	0.37	17.40	16.54	-8.88	2.97	-15.09	-19.48	-3.01	13.92	4.49	15.95	7.46	4.01	-3.87	8.03	20.80
2018	6.89	-9.73	3.47	-0.68	7.70	-22.85	-2.16	-18.68	-20.07	4.13	11.65	-7.13	14.95	-11.74	-8.12	-5.40	-28.09
2017	-5.56	-11.77	-0.40	-18.21	-3.95	-1.99	-8.35	-14.32	-4.66	2.78	-1.79	-3.85	-11.48	-16.06	-4.41	-30.30	-65.90
2016	-7.62	28.57	-16.84	-0.63	7.62	7.56	9.89	27.00	1.60	0.14	3.41	5.56	-2.85	16.67	-3.98	8.74	47.26
2015	15.81	-9.77	2.53	8.49	-2.63	9.71	12.75	20.93	-4.62	-4.17	4.27	-4.47	-8.90	-18.69	-0.91	-28.34	-8.21
2014	7.93	1.04	5.33	15.11	-15.51	-5.65	-5.06	-25.77	-2.83	-10.02	1.98	-10.86	14.29	8.33	8.33	35.02	5.52
2013	-0.54	-7.63	16.07	6.64	-0.62	-1.31	4.16	2.41	-4.03	2.30	-1.95	-3.78	3.33	8.61	4.38	18.43	30.25
2012	-5.66	-11.15	-2.81	-21.05	8.13	22.53	-1.13	31.33	6.23	-4.24	3.13	5.40	5.11	-2.04	4.80	7.86	29.12
2011	0.78	-1.49	9.12	8.88	-7.96	11.43	2.64	5.68	-7.83	0.39	6.85	-0.61	0.65	14.96	0.41	17.58	33.51
2010	7.50	-1.17	-2.27	4.79	4.34	-1.99	-0.55	1.24	2.30	-0.87	-2.24	-0.92	-8.31	-0.67	3.60	-5.86	-0.46
2009	5.43	21.78	-6.88	22.14	2.99	-1.10	-11.35	-11.59	-5.94	-9.66	-0.23	-17.02	-5.37	-8.04	0.58	-13.21	-27.08
2008	23.30	7.89	-8.49	21.29	3.54	3.07	0.03	6.51	5.75	-2.76	12.91	16.00	-1.47	-9.99	1.88	-8.58	23.13
2007	-6.90	8.59	-0.90	0.49	-1.13	-2.37	-7.48	-11.53	-4.48	-10.37	-8.83	-23.03	-11.71	7.83	-3.43	-6.75	-40.43
2006	13.18	-3.13	-2.29	6.88	2.05	1.38	5.66	8.73	1.11	1.02	1.63	3.92	-3.11	-18.96	-4.42	-25.84	-8.98
2005	-0.29	7.38	2.71	9.19	3.08	4.91	5.90	14.55	0.23	12.45	3.58	18.11	5.11	-1.23	10.91	15.92	70.97
2004	0.18	9.23	-5.99	2.81	2.10	-18.15	-1.71	-17.78	10.36	-2.97	3.57	10.75	0.21	4.17	-5.20	-1.33	-6.30
2003	-9.79	-8.73	4.94	-13.83	-13.75	-4.15	12.20	-6.87	-11.97	-9.36	1.36	-19.54	-3.35	0.58	23.43	22.08	-29.88
2002	4.19	3.68	0.85	8.78	23.56	14.39	11.55	47.38	3.17	-2.70	8.12	7.85	-29.13	-8.65	14.81	-21.91	38.82
2Y Ann. Avg	9.91	-8.35	-1.91	-1.55	19.78	1.70	-4.15	18.75	11.87	-7.12	-10.51	-8.60	-3.86	-6.32	0.87	-9.80	-5.63
3Y Ann. Avg	5.68	-5.44	4.53	4.48	5.45	2.33	-9.62	-0.37	4.43	3.40	-3.01	3.68	1.80	-1.15	-1.50	-0.89	3.18
5Y Ann. Avg	3.67	-7.56	3.33	-1.09	3.66	-5.04	-7.44	-8.43	-3.97	3.43	0.96	-0.91	1.77	-7.53	-3.88	-9.37	-16.89
10Y Ann. Avg	2.83	-3.68	2.09	0.31	1.29	1.41	-1.01	2.46	-2.17	-0.25	1.63	-1.31	2.01	-1.91	-0.32	0.47	1.95
15Y Ann. Avg	3.89	-0.08	0.77	4.05	0.96	1.55	-1.85	0.89	-2.12	-1.83	1.65	-2.67	-0.58	-0.94	0.01	-0.90	0.54

Data Source: Sentieo

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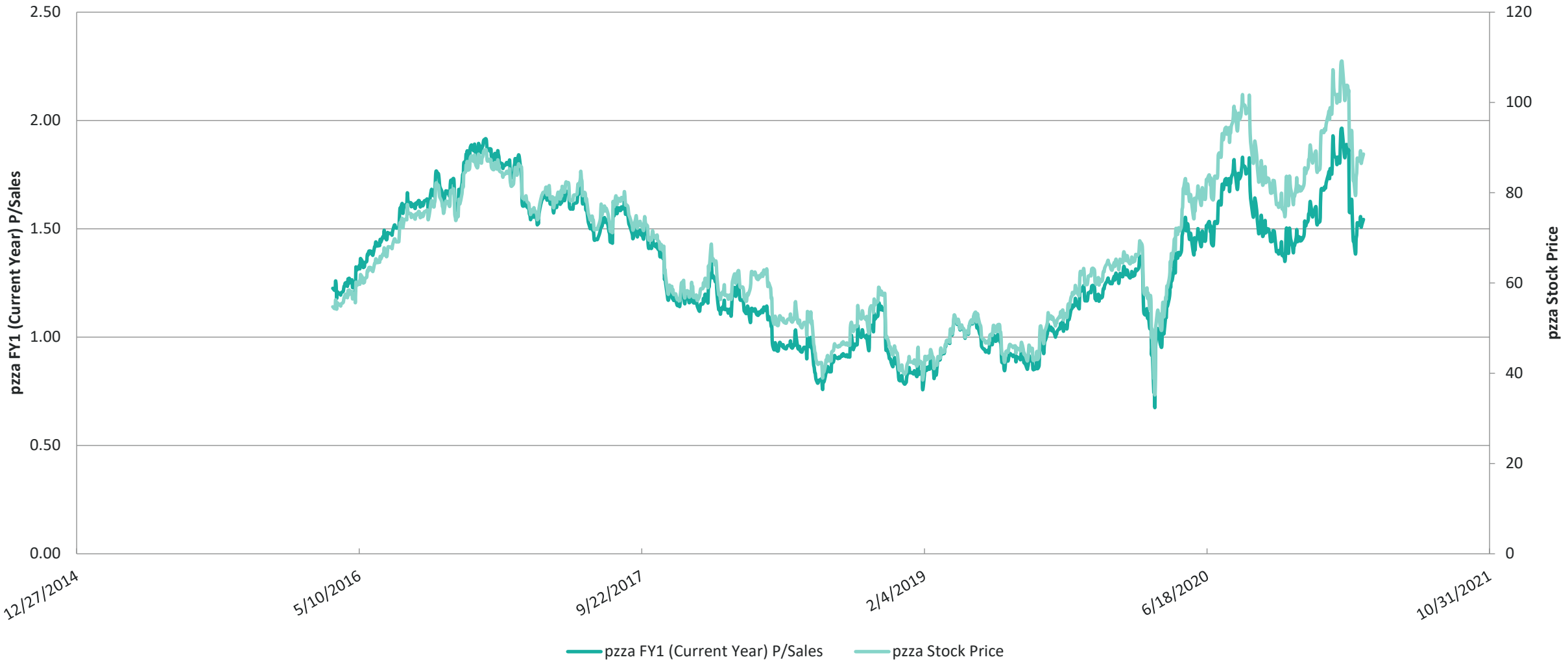
PZZA | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Downside Is -13.6% To $185.68 (Assuming 1.3x Sales)



Data Source: Sentieo

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Wendy's

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WEN | Tear Sheet

HEDGEYE

Wendy's Co USD $ 20.84

The Wendy's Company (Wendy) is engaged in the business of operating, developing and franchising a system of quick-service restaurants. The Company operates three segments: Wendy's U.S., Wendy's International and Global Real Estate & Development. Wendy's U.S. includes the operation and franchising of Wendy's restaurants in the United States. Wendy's International includes the franchising of Wendy's restaurants in countries and territories other than the United States. Global Real Estate & Development includes real estate activity for owned sites and sites leased from third parties, which are leased and/or subleased to franchisees, and also includes its share of the income of its Canadian restaurant real estate joint venture. It operates approximately 5,852 Wendy's restaurants in the United States. Of these restaurants, over 357 were operated by the Company and 5,495 were operated by approximately 241 franchisees.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Mar 31, 2021
Next FY End Date	Dec 31, 2021
Next Earnings Date	May 12, 2021
Latest Earnings Date	Mar 03, 2021

**in millions USD, except per share data*	
Market Cap	*4,638.0*
EV	*7,096.3*
Shares Outstanding	*224.3*
Annual Dividend	*64.9*
Dividend Yield	*1.97%*
Dividend Payout	*55.0%*

FIN. MODEL SUMMARY	**FY0**	**FY1**	**FY2**	
	Period end	*12/31/2020*	*12/31/2021*	*12/31/2022*	
Revenue	1,733.8	1,808.1	1,861.1	ev_sales
Gross Profit	1,122.1	1,197.9	1,246.9	ev_ebitda
Gross Margin	*64.7%*	*66.3%*	*67.0%*	p_eps
Operating Profit	287.3	318.9	344.9	p_bv
Operating Margin	*16.6%*	*17.6%*	*18.5%*	fcfyield_mkt
Net Income	129.1	155.0	176.9	
EPS	0.57	0.68	0.80	

VALUATION RATIOS	**Last 5y avg**		
	fy1	ltm	ntm
EV/Sales	4.25 x	4.23 x	4.27 x
EV/EBITDA	15.63 x	15.90 x	15.30 x
P/E	32.81 x	34.99 x	31.14 x
P/B	8.39 x	6.94 x	7.95 x
FCF Yield	3.85 x	3.42 x	3.98 x

STOCK PRICE PERFORMANCE	
**stock data in trading currency*	
Last price	20.84
52 Week High	24.91
52 Week Low	10.02
YTD Change	-4.4%
1 Year Change	73.9%
5 Year Change	109.2%
10 Year Change	203.9%

The EPS Algo:

1Q21 9.4% revenue growth and 56.7% EPS growth

2Q21 12.1% revenue growth and 46.7% EPS growth

3Q21 2.0% revenue growth and 3.2% EPS growth

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WEN | Trending Topics

HEDGEYE

WEN - TRENDING TOPICS

Add Sub-Industry

Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Chicken	Breakfast	Breakfast	Coronavirus, Epidemic & Par	Coronavirus, Epidemic & Par	Kevin	Franchise
Site	Revenue	Franchise	Facility	Breakfast	Sandwich	Breakfast
Salad	Daypart	Wendy	Beef	Facilities	Restaurant Margin	Revenue
Closure	Marketing	Marketing	Marketing	Franchise	Franchise	Loyalty Program
Revenue	Spicy Nuggets	Daypart	Breakfast	Daypart	Chicken	Menu
Franchise	Europe	Location	USA	USA	Premium Items	UK
Restaurant Margin	General Expenses	USA	Dining Room	Restaurant Margin	Restructuring	Royalty
Company Margin	Site	Habit	Uncertainty	Dining Room	Hiring	Wendy
Credit Card	Menu	Hiring	Franchise	Wendy	Mobility	Active Users
Bacon	Labor	Inflation	Menu	Revenue	Competition & Market Share	AUV
Same Store Sales	Same Store Sales	Chicken	Headwinds	Routine	Technology Organization	Store Openings/Closings
Scanner	Chicken	Competition & Market Share	Payout	Mobility	Habit	EBITDA
Wendy	Visit	Revenue	Daypart	Royalty	Breakfast	Chicken
Leverage	Traffic	Labor	Supply Chain	NPC	Payment	Returns
EBITDA	EBITDA	Commodity	Cash Balance	Margin Change	General Expenses	Abatement

Cap ex accelerating - New Store development growth

Data Source: Sentieo

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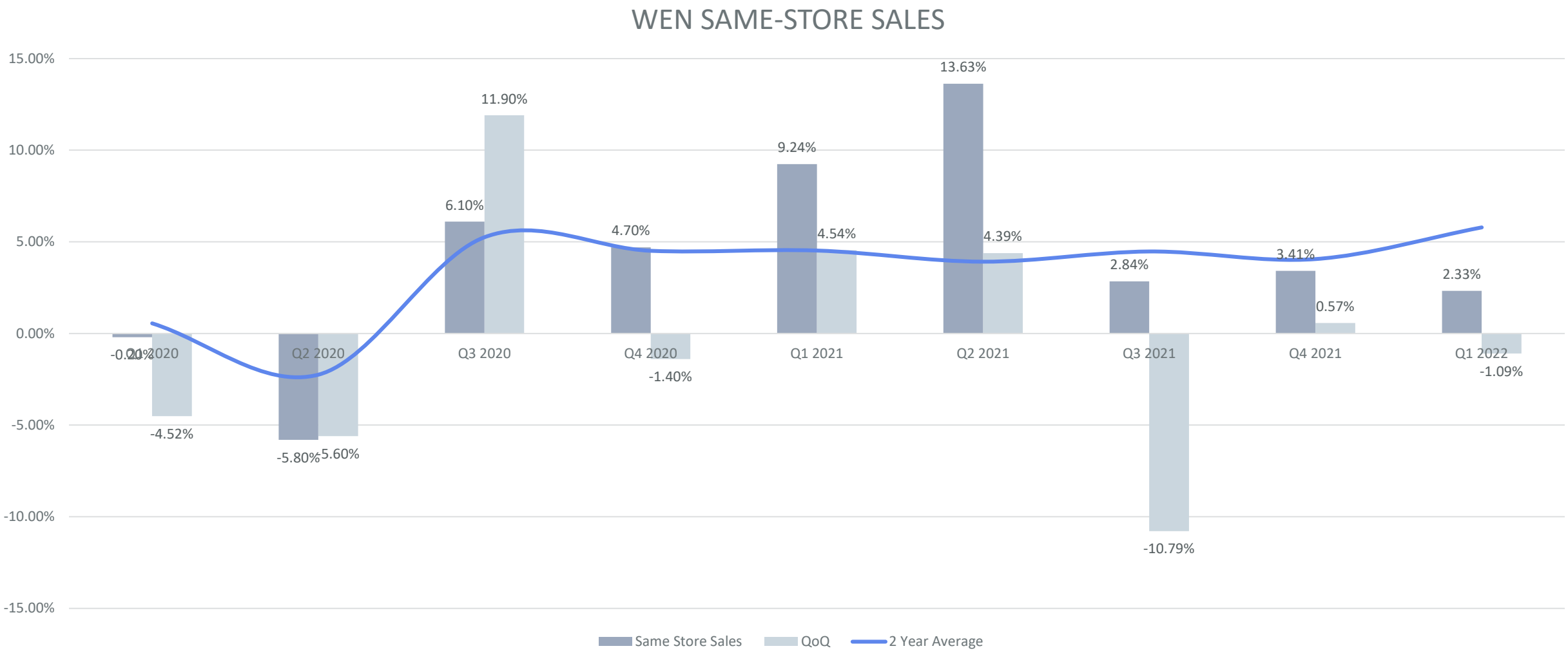
WEN | Same-Store Sales Trends

HEDGEYE

2Q21 Should be reported 5/12



Data Source: FactSet

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WEN | Relative Price Return 2002 – 1Q21

HEDGEYE

Recent Underperformance Into An Acceleration In SSS

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	-7.20	0.28	1.55	-5.43													-5.43
2020	-5.47	-6.82	-13.70	-22.56	18.49	0.45	-3.66	16.33	-0.92	-20.61	12.25	-9.85	1.05	-10.59	-5.03	-14.60	-48.87
2019	1.94	-2.93	-0.50	-1.86	-1.47	7.04	-0.88	5.51	-9.43	22.85	-9.90	0.93	1.63	-2.84	-0.07	-1.44	4.45
2018	-10.22	-0.13	14.27	4.08	-5.12	-9.44	5.71	-9.30	-5.71	0.03	-2.43	-8.47	9.18	4.27	-4.02	8.04	-3.97
2017	-5.07	-1.34	-4.18	-11.07	5.58	5.80	-1.50	9.99	-4.51	-5.44	4.60	-5.55	-6.67	-4.08	9.88	-1.36	-10.02
2016	1.90	-7.64	10.52	3.49	2.91	-9.71	-3.88	-10.14	-6.74	4.44	4.03	1.87	1.83	15.52	6.72	25.39	19.62
2015	18.80	-2.00	0.87	18.43	-9.08	8.82	3.06	2.09	-13.60	-4.38	-2.60	-18.36	-5.47	14.13	4.37	14.58	10.93
2014	5.94	0.91	-1.85	4.92	-8.56	-5.81	1.18	-13.59	-5.64	-5.01	2.34	-8.36	-5.55	4.18	6.16	4.81	-13.83
2013	6.69	10.55	-3.23	14.85	-2.27	0.99	0.69	-0.60	15.64	6.73	7.65	34.78	-2.48	-4.47	-1.32	-8.68	50.48
2012	-20.92	3.56	-7.69	-27.52	-1.62	1.29	-0.55	-0.77	-3.75	-12.16	5.37	-11.00	-0.58	8.08	1.88	8.88	-28.97
2011	1.72	-4.61	6.26	3.42	-7.05	5.58	3.04	1.46	2.28	-2.52	-1.08	-1.47	-0.16	0.72	9.06	10.41	13.50
2010	4.76	1.25	-5.14	1.34	3.96	-7.68	-4.97	-8.68	1.74	-5.19	2.95	-1.64	-4.79	3.88	-7.70	-9.00	-20.53
2009	4.31	-4.85	0.90	-0.13	-13.66	-19.21	-7.59	-40.46	6.06	8.57	-11.70	2.11	-13.44	-2.55	9.36	-9.13	-58.89
2008	20.14	-5.49	-25.37	-11.72	1.54	0.59	-3.25	-1.73	-14.24	3.97	5.86	-3.95	-15.71	22.51	20.76	17.48	-0.32
2007	-4.41	-6.42	-4.51	-14.70	-11.08	-10.39	-3.75	-24.62	-8.23	-1.10	-22.10	-30.56	-15.02	-18.53	3.49	-28.60	-78.52
2006	2.58	-2.62	5.34	5.14	-4.58	2.11	-0.72	-2.89	-2.12	-0.19	-0.76	-3.26	5.50	9.09	7.63	24.87	23.07
2005	25.53	1.00	-7.11	17.61	1.88	4.13	6.29	12.81	-0.27	-3.76	1.40	-2.94	-0.77	-6.52	4.39	-2.77	27.52
2004	-3.11	-4.32	1.54	-5.74	3.53	-6.48	-8.05	-10.88	2.13	13.45	2.15	17.54	-5.62	7.97	-1.64	0.15	0.51
2003	-3.03	1.48	4.15	2.52	-9.25	-9.54	8.84	-10.93	-6.41	-0.55	12.30	5.74	-5.04	6.82	2.58	4.92	3.31
2002	11.93	11.91	-3.21	21.73	12.73	3.40	13.63	26.90	-1.45	1.03	3.65	2.82	-12.71	0.21	8.73	-1.97	45.35
2Y Ann. Avg	-6.33	-3.27	-6.07	-13.99	18.49	0.45	-3.66	16.33	-0.92	-20.61	12.25	-9.85	1.05	-10.59	-5.03	-14.60	-27.15
3Y Ann. Avg	-3.57	-3.16	-4.22	-9.95	8.51	3.75	-2.27	10.92	-5.18	1.12	1.18	-4.46	1.34	-6.71	-2.55	-8.02	-16.61
5Y Ann. Avg	-5.20	-2.19	-0.51	-7.37	4.37	0.96	-0.08	5.63	-5.14	-0.79	1.13	-5.73	1.30	-3.31	0.19	-2.34	-12.77
10Y Ann. Avg	-1.36	-0.56	-0.39	-2.27	-0.13	-0.06	0.02	-0.05	-3.85	-1.51	2.37	-2.67	-0.78	2.69	2.06	3.96	-2.56
15Y Ann. Avg	0.86	-1.71	-2.12	-2.96	-1.96	-2.26	-1.17	-5.32	-3.36	-0.70	-0.34	-4.25	-4.01	2.16	3.82	1.20	-11.36

Data Source: Sentieo

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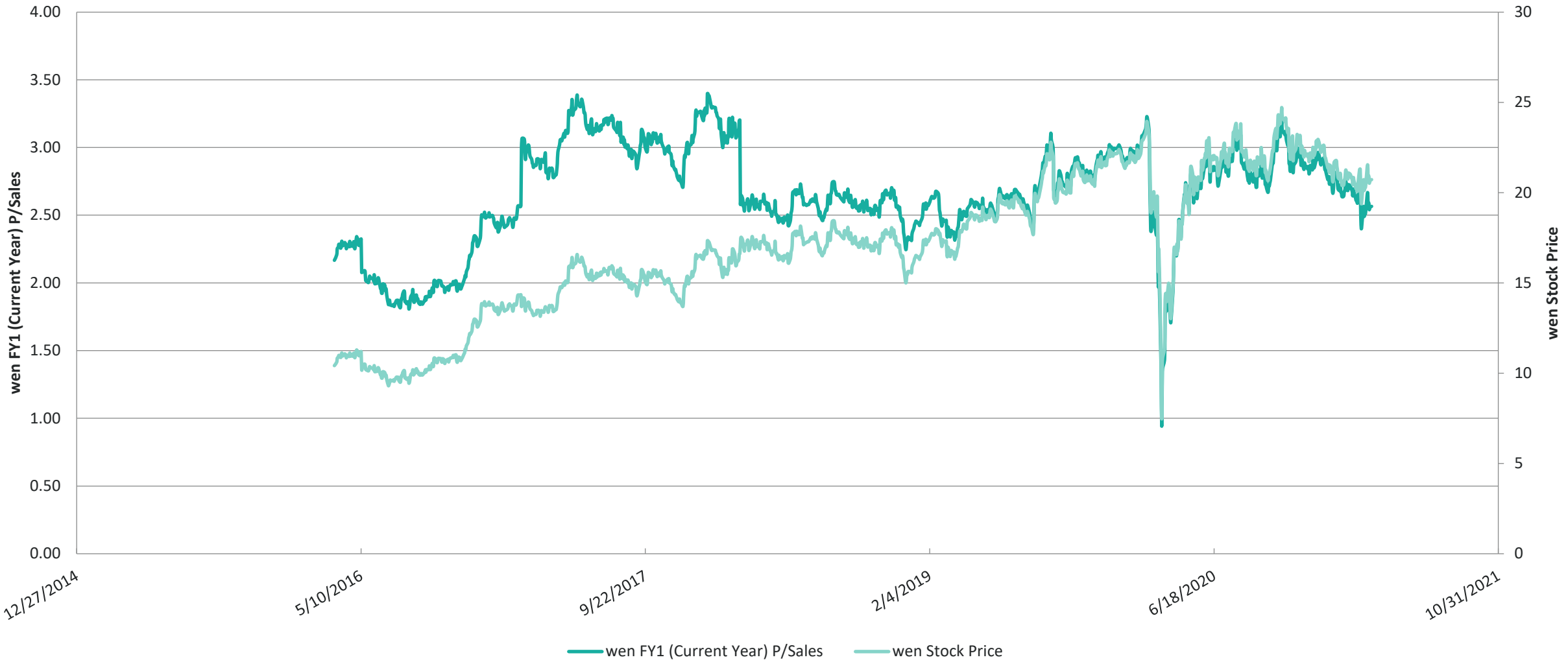
WEN | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Upside Is 3.3% To $185.68 (Assuming 2.65x Sales)



Data Source: Sentieo

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YUM Brands

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YUM | Tear Sheet

HEDGEYE

YUM BRANDS INC USD $ 107.82

YUM! Brands, Inc. is engaged in restaurant business. The Company operates or franchised over 50,000 restaurants in more than 150 countries and territories operating under the KFC, Pizza Hut or Taco Bell (collectively the Concepts) brands. The Company operates through three segments: The KFC Division, which includes the operations of the KFC concept around the world; The Pizza Hut Division, which includes the operations of the Pizza Hut concept around the world, and The Taco Bell Division, which includes the operations of the Taco Bell concept around the world. KFC restaurants across the world offer fried and non-fried chicken products, such as sandwiches, chicken strips, chicken-on-the-bone and other chicken products. Pizza Hut is a restaurant chain specialized in the sale of ready-to-eat pizza products. Taco Bell specializes in Mexican-style food products, including various types of tacos, burritos, quesadillas, salads, nachos and other related items.

GICS Sector	Restaurants
GICS Industry	Consumer Discretionary
Trading Currency	USD
Next FQ/FH End Date	Mar 31, 2021
Next FY End Date	Dec 31, 2021
Next Earnings Date	Apr 28, 2021
Latest Earnings Date	Feb 04, 2021

*in millions USD, except per share data

Market Cap	32,631.0
EV	42,626.0
Shares Outstanding	300.0
Annual Dividend	569.0
Dividend Yield	1.84%
Dividend Payout	62.9%

FIN. MODEL SUMMARY	FY0	FY1	FY2	
Period end	12/31/2020	12/31/2021	12/31/2022	
Revenue	5,652.0	6,303.1	6,691.3	ev_sales
Gross Profit	2,832.0	4,541.4	4,863.9	ev_ebitda
Gross Margin	50.1%	72.1%	72.7%	p_eps
Operating Profit	1,779.0	2,038.7	2,224.1	p_bv
Operating Margin	31.5%	32.3%	33.2%	fcfyield_mkt
Net Income	1,114.0	1,201.4	1,329.4	
EPS	3.62	3.99	4.55	

VALUATION RATIOS	Last 5y avg fy1	ltm	ntm
EV/Sales	6.12 x	7.38 x	6.17 x
EV/EBITDA	17.71 x	16.80 x	17.25 x
P/E	25.58 x	26.11 x	24.74 x
P/B	-4.58 x	28.48 x	-4.16 x
FCF Yield	2.55 x		2.42 x

STOCK PRICE PERFORMANCE	
*stock data in trading currency	
Last price	107.82
52 Week High	111.68
52 Week Low	54.95
YTD Change	0.7%
1 Year Change	69.9%
5 Year Change	80.1%
10 Year Change	141.4%

The EPS Algo:

1Q21 1.84% revenue growth and 34.7% EPS growth

2Q21 21.2% revenue growth and 12.7% EPS growth

3Q21 7.8% revenue growth and 1.5% EPS growth

Dividend growth 6%

Net leverage 5.18x (4.81% in 2019)

Data Source: Sentieo

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YUM | Trending Topics

HEDGEYE

YUM - TRENDING TOPICS

Add Sub-Industry

Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Franchise	Franchise	USA	Coronavirus, Epidemic & Par	Location	Asset	USA
Diners	USA	Kevin	Franchise	Habit	Closures	KFC
Taco Bell	Asset	Franchise	Leverage	Closures	Pizza Hut	Locations
Revenue	Clay	China	Revenue	Taco Bell	Coronavirus, Epidemic & Par	Revenue
KFC	Gavin	Coronavirus, Epidemic & Par	Contactless	NPC	Taco Bell	Coronavirus, Epidemic & Par
USA	Marketing	Habit	Location	Dining Room	M&A, JVs & Spinoffs	Habit
Same Store Sales	Diners	Pizza Hut U.S	Crisis	Coronavirus, Epidemic & Par	USA	Pizza Hut
Store Openings/Closings	Customer Experience	Choppiness	KFC	Uncertainty	KFC	Franchise
Pizza Hut	Pizza Hut	Store Openings/Closings	Closures	Recipe	Uncertainty	Flynn
Liz	Menu	Pizza Hut	Carryout	Pizza Hut	Portfolio	Conference Call
Asset	General Expenses	Same Store Sales	Same Store Sales	Revenue	Revenue	E-Commerce
Latin America/Caribbean	Uncertainty	Leverage	Breakfast	USA	Store Openings/Closings	Lap
Lap	Debt	Net New Units	Curbside Pickup	Restaurant Development	Long Run	Special Items
Europe	Leverage	Debt	Unit Development	Franchise	EBIT	Asset Base
India	China	KFC U.S	Taco Bell	Aggregator	Location	EBIT

Greg Flynn to the rescue – PH

Strong drive-thru performance

KFC e-commerce platform (46% of OP)

PH – omnichannel menu management platform (17% of OP)

Tictuk Technologies

PH store closures will slow growth – 4% growth in 2022?

TB now tablet POS system (36% of OP)

Healthy franchises - little deferred royalties

Data Source: Sentieo

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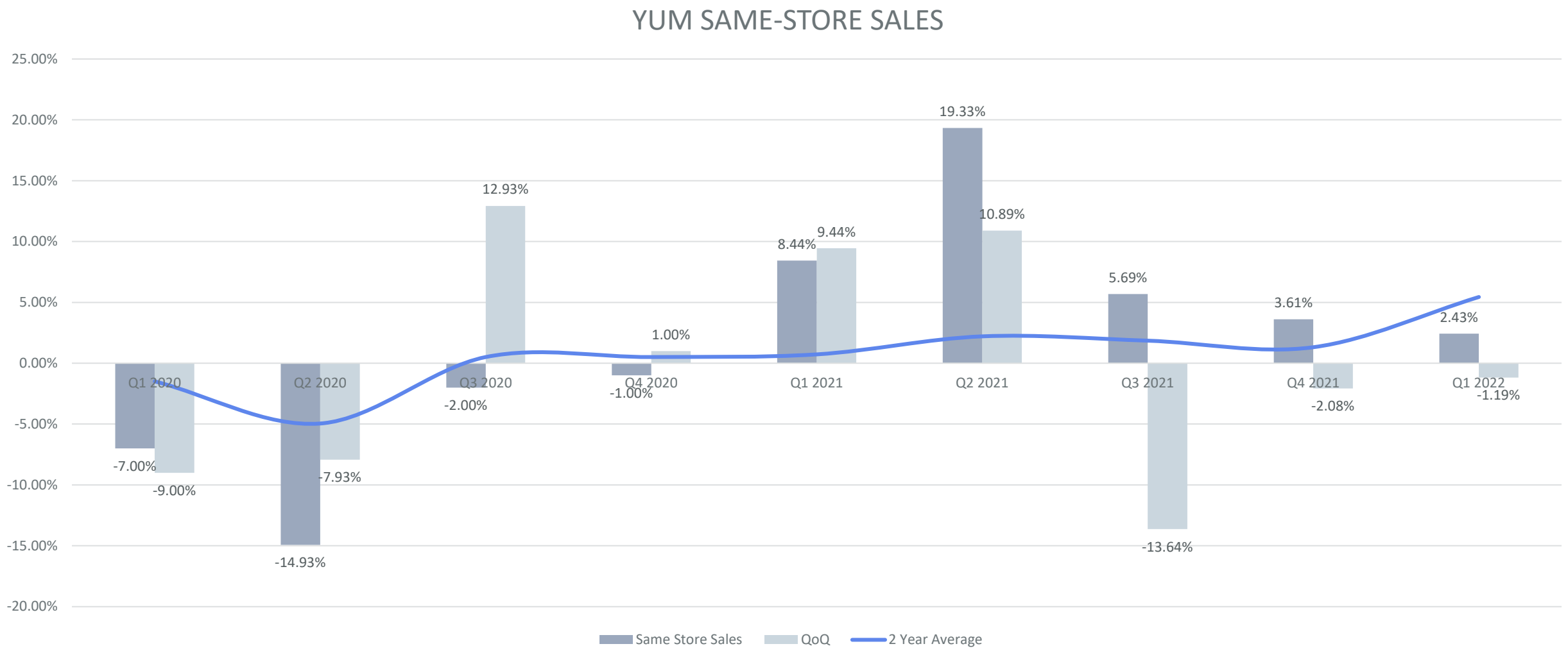
YUM | Same-Store Sales Trends

HEDGEYE

2Q21 Should Be Reported 4/28



Data Source: FactSet

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YUM | Relative Price Return 2002 – 1Q21

HEDGEYE

%	Jan	Feb	Mar	Q1	Apr	May	June	Q2	July	Aug	Sept	Q3	Oct	Nov	Dec	Q4	Y
2021	-6.77	2.14	4.15	-0.77													-0.77
2020	1.97	-9.56	-15.73	-21.52	11.15	-2.78	-9.25	-3.22	-2.58	-5.67	1.03	-7.16	5.27	2.14	-2.10	5.98	-39.79
2019	-6.77	-2.44	1.88	-7.88	-0.91	6.27	0.78	6.94	-0.66	5.69	-3.58	1.39	-14.71	-5.09	-3.60	-23.80	-28.24
2018	-5.11	-2.50	8.84	1.51	1.81	-12.30	-4.75	-15.31	-1.43	3.80	5.09	7.99	8.05	2.27	8.60	18.08	13.60
2017	-1.67	-4.70	-3.99	-10.83	0.17	6.58	4.13	11.46	-1.73	-0.30	-3.67	-5.88	-3.47	10.14	-2.62	3.78	-2.60
2016	5.98	-0.64	9.03	14.42	0.39	-1.19	3.55	2.83	0.69	0.39	-1.85	-0.88	-3.53	1.74	-0.93	-2.81	14.65
2015	1.30	5.00	-0.36	5.78	7.27	2.58	2.67	13.04	-7.13	-2.28	2.67	-6.29	-22.68	1.65	2.64	-18.56	-8.06
2014	-9.27	5.60	4.72	0.04	2.44	-4.07	2.18	0.59	-15.71	-0.64	0.37	-16.55	-2.85	3.00	-3.09	-3.31	-21.03
2013	-4.87	0.49	7.08	2.45	-7.85	-4.12	5.05	-6.95	-1.15	-3.58	-2.56	-7.72	-10.24	11.33	-5.27	-5.60	-21.18
2012	-1.10	-2.74	3.51	-0.37	3.35	3.78	-11.83	-4.48	-0.35	-6.91	3.51	-3.89	10.96	-5.63	0.00	5.11	-4.13
2011	-7.50	4.48	2.67	-0.70	1.53	4.35	2.10	8.17	-6.05	8.00	-4.49	-2.60	-1.94	7.30	6.29	13.11	17.79
2010	4.30	-6.04	6.08	4.34	8.43	3.92	1.67	13.17	-1.47	6.10	-2.45	3.09	1.26	1.23	-6.62	-4.49	21.22
2009	-6.86	-2.91	-5.57	-14.71	8.30	0.63	-6.55	1.34	-2.08	-4.88	-6.98	-14.88	0.65	0.69	-5.88	-4.70	-42.82
2008	1.15	5.55	6.35	11.87	1.34	-8.34	-1.93	-9.01	1.44	-1.84	7.03	6.79	4.43	4.33	14.80	20.16	24.25
2007	-0.05	-1.77	-0.77	-2.63	1.52	6.32	-3.77	3.95	-1.93	-0.70	-1.81	-4.61	11.99	-0.99	3.19	13.49	11.50
2006	1.60	-1.44	0.41	0.47	5.96	4.76	-0.13	10.42	-6.18	3.85	1.91	-1.31	9.49	-0.52	-1.91	6.79	18.63
2005	4.54	5.72	7.96	18.19	-5.01	0.36	4.95	-0.05	-7.08	-7.99	0.94	-14.33	6.58	-10.19	-1.91	-5.57	-1.88
2004	-3.10	10.55	4.59	12.14	5.09	-8.45	-4.00	-7.33	10.70	5.93	-0.90	16.13	1.98	-1.65	1.89	2.45	27.68
2003	-4.58	-0.23	1.83	-3.16	-7.19	4.67	5.19	2.88	-4.93	-5.94	2.80	-8.04	6.75	0.46	-3.31	3.68	-7.58
2002	14.44	18.25	-7.34	26.80	19.29	6.66	4.67	27.14	14.26	-0.34	3.15	15.35	-37.18	-6.79	13.38	-30.21	35.82
2Y Ann. Avg	-2.40	-3.71	-5.79	-11.14	11.15	-2.78	-9.25	-3.22	-2.58	-5.67	1.03	-7.16	5.27	2.14	-2.10	5.98	-20.28
3Y Ann. Avg	-3.86	-3.29	-3.23	-10.06	5.12	1.74	-4.23	1.86	-1.62	0.01	-1.28	-2.89	-4.72	-1.48	-2.85	-8.91	-22.93
5Y Ann. Avg	-3.67	-3.41	-0.97	-7.90	3.05	-0.56	-2.27	-0.03	-1.60	0.88	-0.28	-0.92	-1.22	2.36	0.07	1.01	-11.56
10Y Ann. Avg	-2.63	-0.93	1.91	-1.72	1.98	-0.58	-0.83	0.54	-3.34	-1.06	0.11	-4.33	-3.69	2.39	-0.71	-2.35	-9.76
15Y Ann. Avg	-2.35	-0.67	1.86	-1.27	2.78	0.12	-1.14	1.61	-2.87	-0.20	-0.55	-3.66	-1.20	2.44	0.39	1.18	-4.38

Data Source: Sentieo

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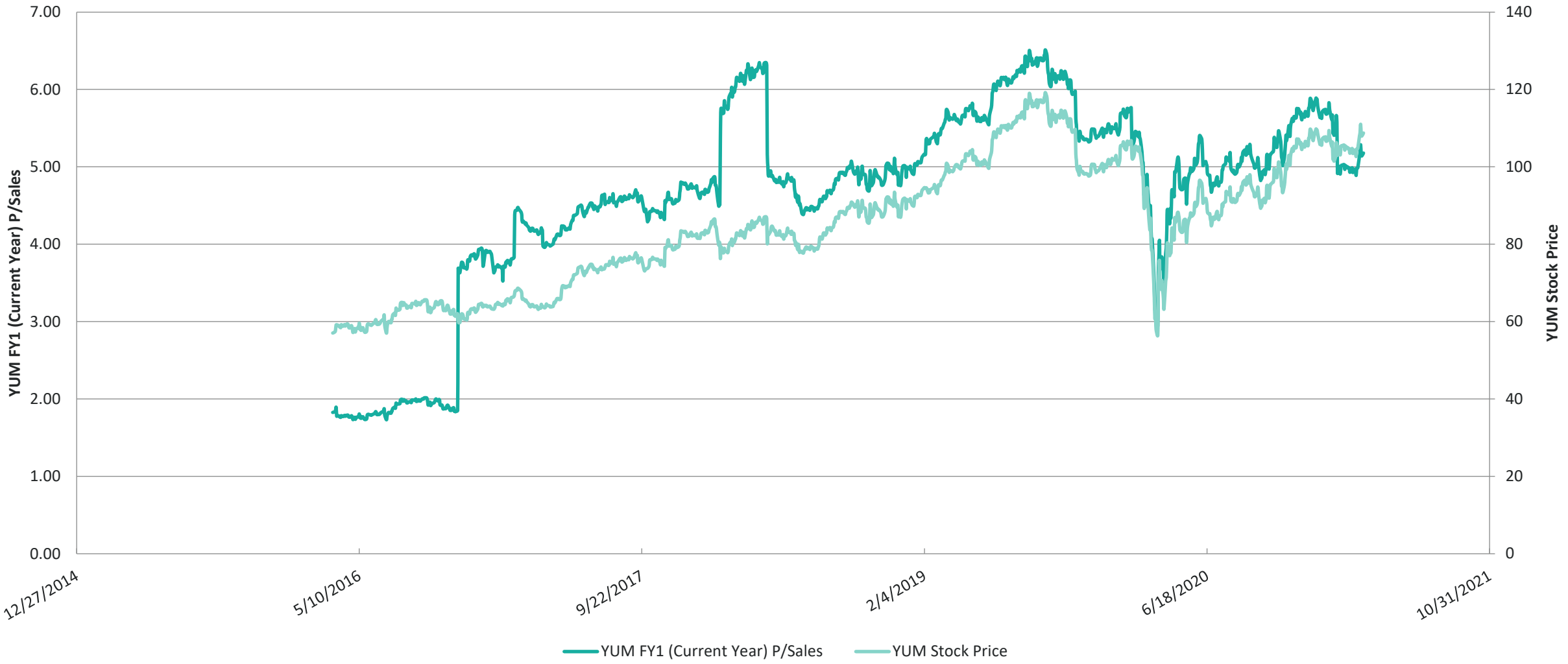
YUM | Sales VS. Price/Sales

HEDGEYE

Based On 5-Years Historical P/Sales Upside Is -10.5% To $97.38 (Assuming 4.63x Sales)



Data Source: Sentieo

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