

Presentation to: ACG 101

Regarding: Trends in the Fast
Casual Restaurant
Industry

September 2016



CALABASAS CAPITAL

DISCLOSURE

- *This presentation should not be considered in any way an offer to buy or sell a security.*
- *Buying or selling a security involves substantial risk and may be worth more or less than the original investment.*
- *This presentation is for informational purposes only.*
- *Securities offered through Fallbrook Capital Securities Corp. Member FINRA/SIPC.*

INTRODUCTION TO CALABASAS CAPITAL

Investment banking firm primarily servicing clients with \$10 to \$100 million in revenues

Mergers & Acquisitions

- Business sales
- Subsidiary dispositions
- Businesses purchases
- Mergers and JVs

Capital Raising

- Private Equity
- Subordinated Debt
- Senior Debt
- Venture Capital

*Historically, our business has been split about 50/50
between M&A and Capital Raising*

Securities offered through Fallbrook Capital Securities Corp., Member FINRA/SIPC

RESTAURANT INDUSTRY EXPERTISE

Six Holdings, LLC

has acquired the assets of



FRESH ASIAN
FLAVORS

from



CARLSON

with financing provided by



Calabasas Capital served as financial advisor to Stix Holdings, LLC an affiliate of Mandarin Express, Leeann Chin & Chin's Asia Fresh.



Strategic & Financial Advisory

Calabasas Capital advised Fired Pie on strategic and financing alternatives



has been acquired by

A Private Investment Group

A managing director of Calabasas Capital served as exclusive financial advisor to Hamlet Group while at a previous firm.

Mandarin Holdings

has acquired



with financing provided by



A managing director of Calabasas Capital served as financial advisor to Mandarin Holdings while at a previous firm.

Parco Holdings, LP



buy-side M&A and strategic advisory

Calabasas Capital served as exclusive financial advisor to Parco Holdings, LP.



strategic advisory

Calabasas Capital advised Rice Garden on strategic alternatives.



financial advisory

Calabasas Capital advised Slim Chickens on valuation and financing alternatives.

Stripes Restaurants, Inc



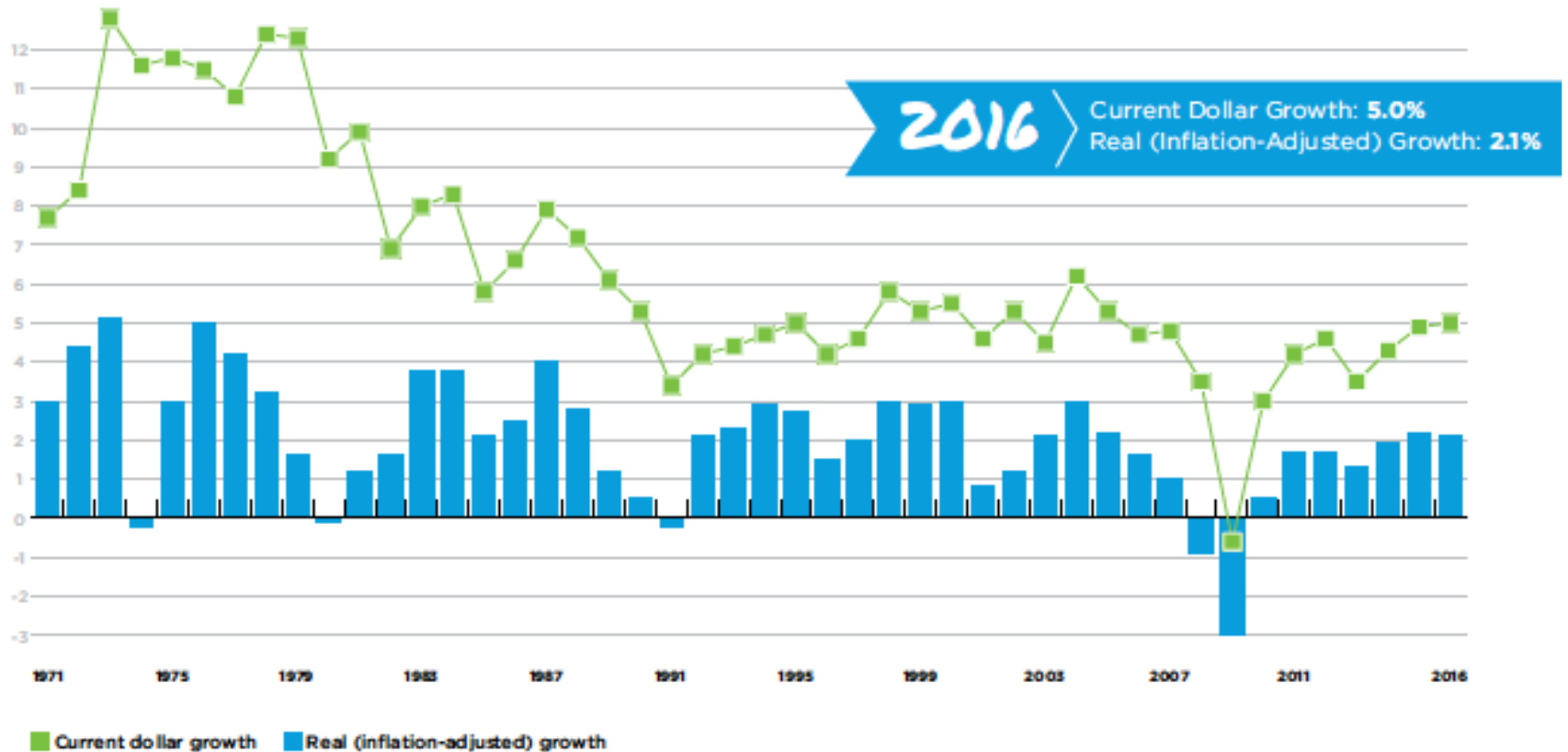
buy-side M&A and strategic advisory

Calabasas Capital acted as exclusive financial advisor to Stripes Restaurants.

RESTAURANT INDUSTRY GROWTH

46 Years of Restaurant-Industry* Sales

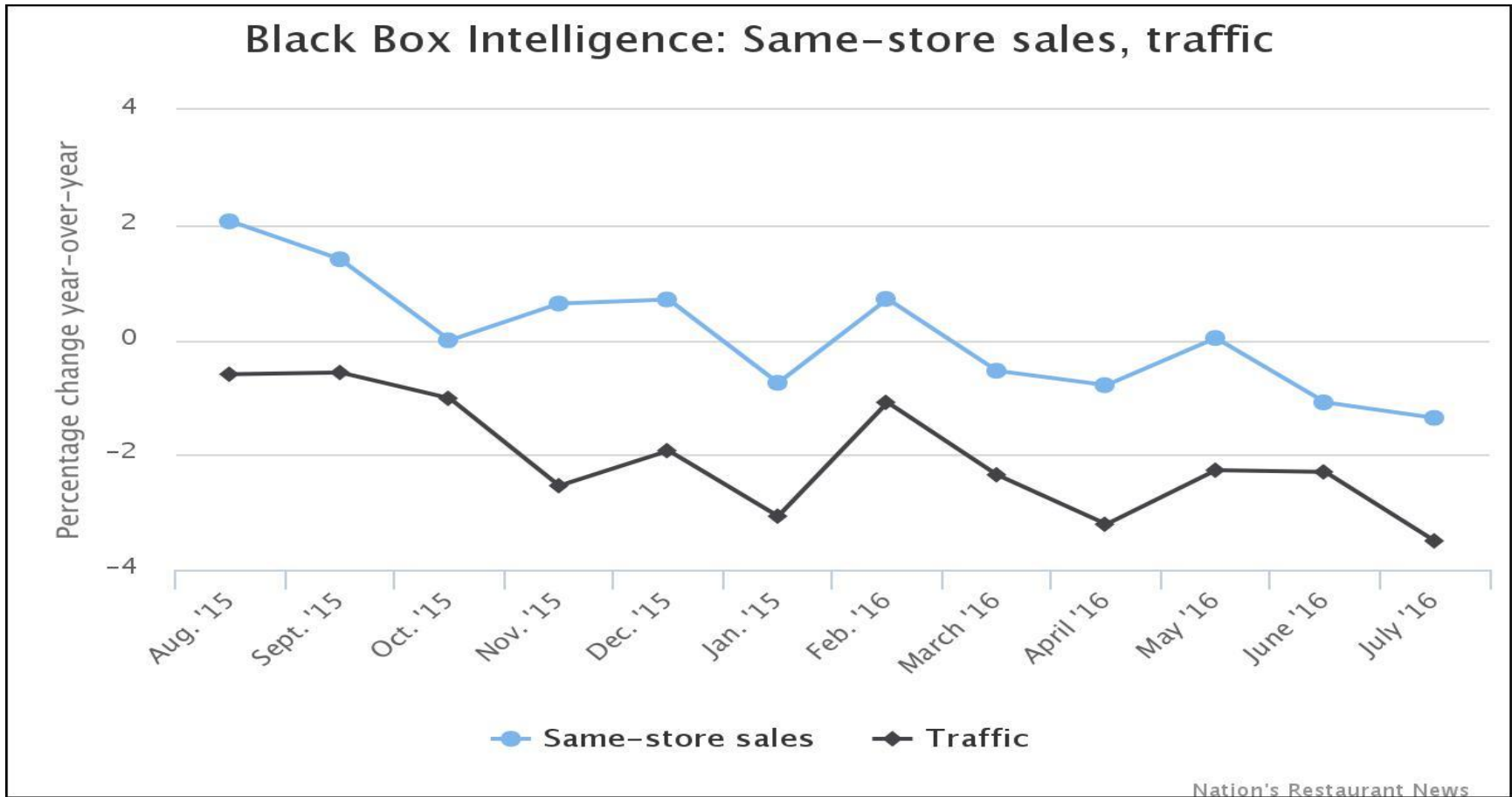
Growth in the number of dollars spent each year in the restaurant industry, as well as real (inflation-adjusted) sales growth.



*The National Restaurant Association defines the restaurant industry as that which encompasses all meals and snacks prepared away from home, including all takeout meals and beverages.
Source: National Restaurant Association

INDUSTRY GROWTH TRENDS

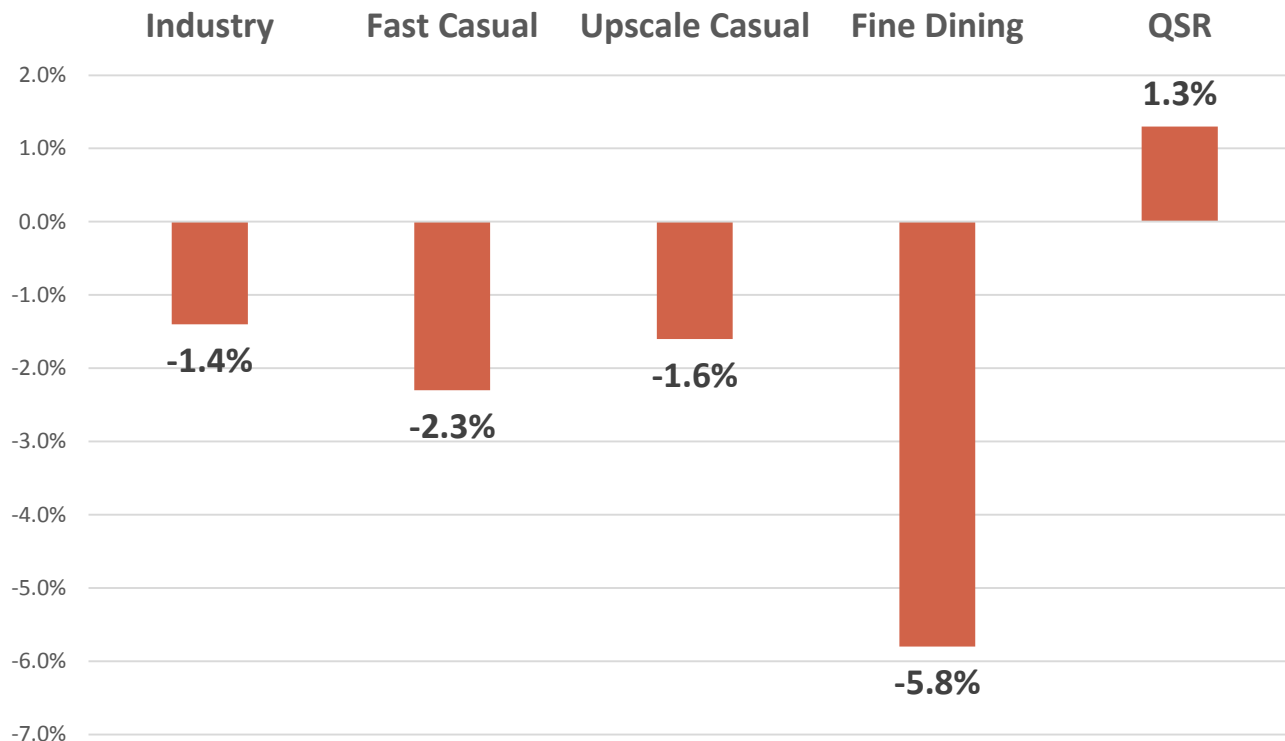
- Same store sales and traffic growth in July 2016 were at the lowest levels since December 2013: SSS down 1.4%, Traffic down 3.8%



Source: NRN based on according to TDn2K's Black Box Intelligence, encompassing nearly 25,000 restaurant units and representing \$64 billion in sales

SAME STORE SALES: JULY 2016

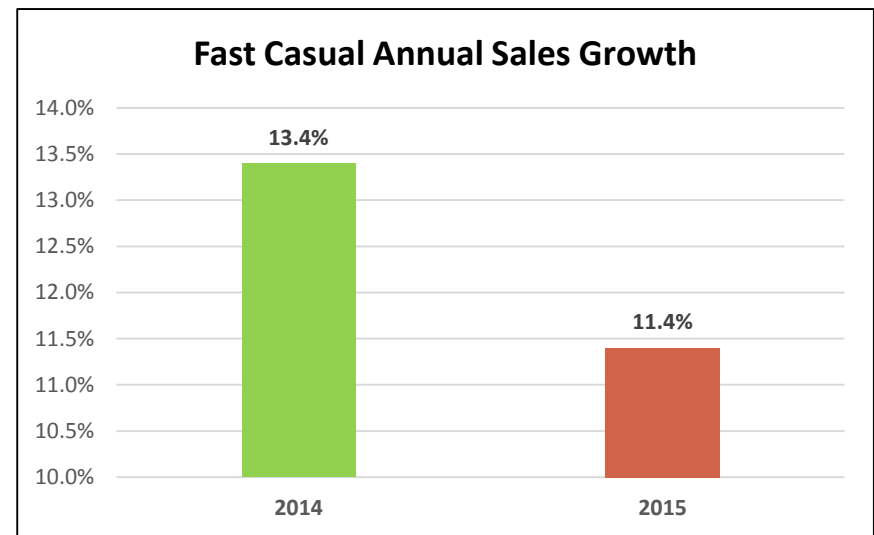
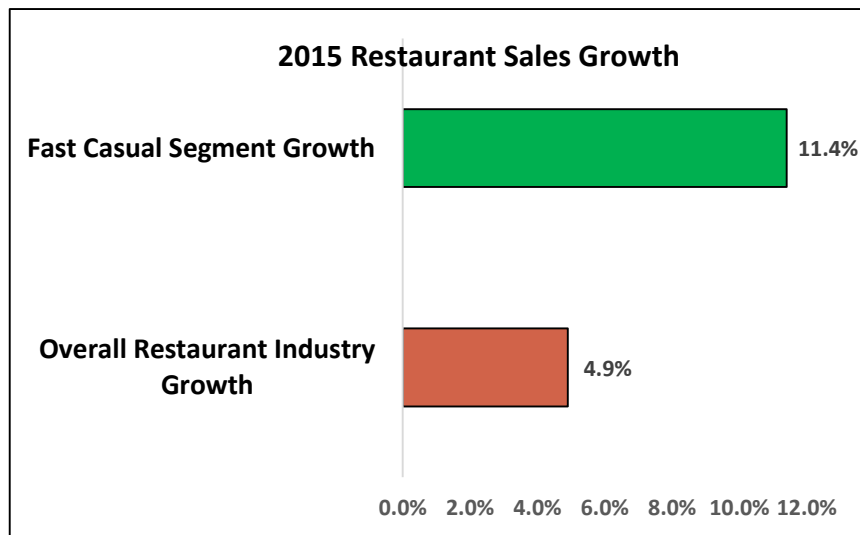
- In July, fast-casual same-store sales fell 2.3%, the first time the segment has lagged the industry (-1.4%) since January 2015.
- Quick service was the only segment to grow same-store sales in July, by 1.3% percent.



Source: Nation's Restaurant News

FAST CASUAL RESTAURANT INDUSTRY GROWTH

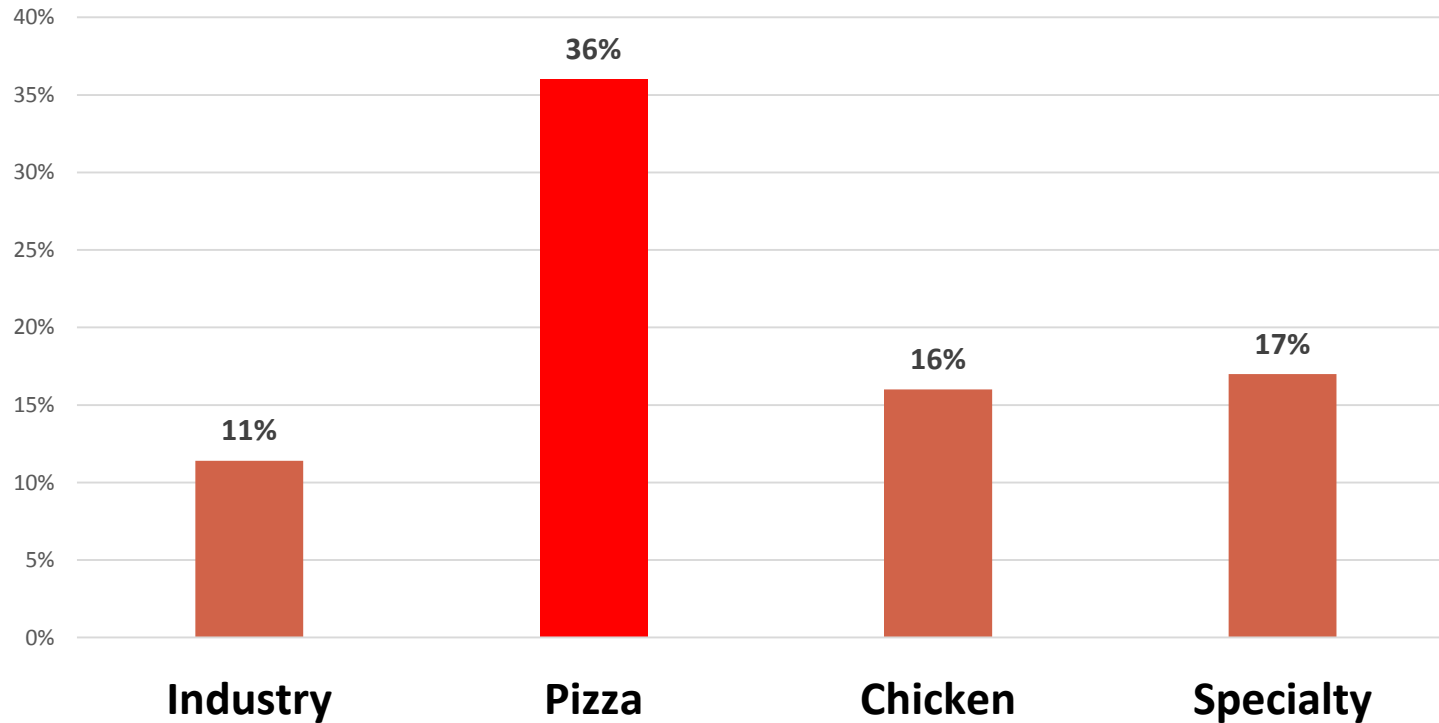
- Although the Fast Casual sector continues to outpace the rest of the industry in terms of sales growth, the growth rate in Fast Casual dropped considerably from 2014 to 2015 indicating the possibility of saturation.



FAST CASUAL GROWTH BY CATEGORY

- The pizza category was the fastest growing category in fast casual in 2015 in terms of sales growth

2015 Fast Casual Revenue Growth by Sector



NRN'S 'NEXT 20' HOT CONCEPTS

RANK	CHAIN	CONCEPT	2015 US SYSTEMWIDE SALES (\$MM)	SALES % CHG	TOTAL U.S. UNITS	UNITS % CHANGE	ESTIMATED SALES PER UNIT (\$000S)
	<u>TOTALS/AVERAGES:</u>		\$1,713.90	43.26%	1,379	32.31%	\$2,809.50
1	Lee's Famous Recipe Chicken	Chicken	\$160.40	7.72%	134	0.00%	\$1,197.00
2	Cooper's Hawk Winery & Restaurant	Casual Dining	\$147.90	26.30%	20	11.11%	\$7,784.20
3	Wetzel's Pretzels	Beverage-Snack	\$138.30	12.44%	281	6.04%	\$506.60
4	Chart House Restaurants	Casual Dining	\$136.90	2.09%	29	-3.33%	\$4,640.70
5	Duffy's Sports Grill	Casual Dining	\$114.20	20.59%	30	15.38%	\$4,078.60
6	Blaze Fast-Fire'd Pizza	Pizza	\$101.00	206.06%	105	110.00%	\$1,303.20
7	Cotton Patch Cafe	Casual Dining	\$94.60	10.26%	45	7.14%	\$2,174.70
8	Costa Vida Fresh Mexican Grill	LSR/Mexican	\$81.30	19.91%	72	5.88%	\$1,161.40
9	Not Your Average Joe's`	Casual Dining	\$77.40	17.45%	25	13.64%	\$3,293.60
10	STK	Casual Dining	\$77.10	22.38%	10	42.86%	\$9,070.60
11	Pieology Pizzeria	Pizza	\$74.60	67.26%	78	85.71%	\$1,243.30
12	True Food Kitchen	Casual Dining	\$71.50	22.64%	11	10.00%	\$6,809.50
13	Monical's Pizza	Pizza	\$64.90	5.53%	63	-3.08%	\$1,014.10
14	MOD Pizza	Pizza	\$64.80	220.79%	92	196.77%	\$1,053.70
15	Pizza Factory	Pizza	\$60.80	11.56%	111	0.00%	\$547.70
16	Another Broken Egg Cafe	Family Dining	\$60.60	42.92%	51	54.55%	\$1,442.90
17	Pie Five Pizza Co.	Pizza	\$55.10	117.79%	90	66.67%	\$765.30
18	STONEFIRE Grill	LSR/American	\$48.00	12.68%	8	14.29%	\$6,400.00
19	Vocelli Pizza	Pizza	\$43.30	0.70%	88	0.00%	\$492.00
20	Russo's New York Pizzeria/Coal-Fired Italian Kitchen	Pizza	\$41.20	18.05%	36	12.50%	\$1,211.80



RESTAURANT INDUSTRY CHALLENGES/OPPORTUNITIES

- **Increasing Labor Costs**
- **Lower Commodity Costs**
- **Investments in Technology, Including Mobile**
- **Continuous Unit Upgrades**
- **Healthy Menu Items**
- **Tipping**
- **Capital Markets - private vs public**

CONTACT INFORMATION

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