

WESTPEAK RESEARCH ASSOCIATION

The Cheesecake Factory Inc. (NASDAQ: CAKE)

Consumer Discretionary – Restaurants

A Sweet and Cheesy Deal

March 29, 2019

The Cheesecake Factory Inc. (The Company) is a leading American chain of casual dining restaurants. Having recently completed a complex acquisition of Fox Restaurant Concepts (FRC), the Factory now owns 294 restaurants under brands including the Cheesecake Factory® and North Italia. In addition, it holds licensing agreements for 24 international Cheesecake Factory® restaurants.

Thesis

Over the past decade, the Cheesecake Factory has managed to establish itself as a household name in the American dining industry. The Company's ability to continuously outperform the casual dining market as evidenced by the Knapp Track Index demonstrates that it is capable of maintaining a leadership position in the industry and keep up with emerging trends.. Furthermore, the accelerated growth potential brought on by the FRC acquisition is largely being undervalued by the market as it has not taken into consideration the future restaurant concepts that can be developed as a result of the joint partnership.

Drivers

With the recent acquisition of Fox Restaurant Concepts (FRC), the Company will be able to expand into growing and previously untapped markets. FRC will serve as an incubation engine, providing the Company with a steady stream of market-tested dining concepts and allowing it to stay ahead of major competitors. Additionally, the Company plans to expand its collection of restaurants in the fast-casual segment --- one of the fastest growing sectors in the industry --- as well as its off-premise sales channels.

Valuation

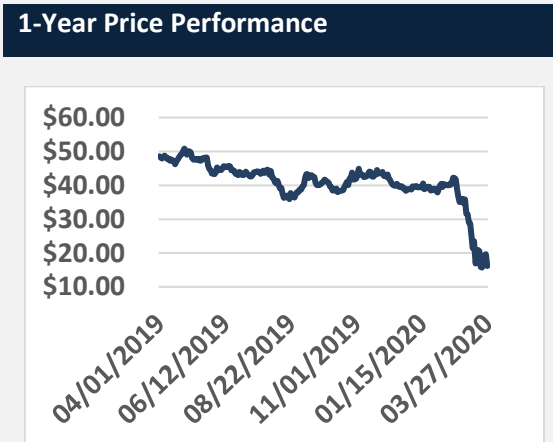
Through conducting a Discounted Cash Flow Analysis and a Comparable Company Analysis weighted at 50% each, we arrived at the target price of \$25.32, representing an estimated return of 59%, which includes the one-year dividend. Based on this valuation, we have assigned a BUY rating.

Analyst: Sally Jiao, BCom. '23
contact@westpeakresearch.com

Equity Research	Canada
Price Target	CAD\$ 25.32
Rating	Buy
Share Price (Mar. 27 Close)	CAD\$ 16.18
Total Return	59%

Key Statistics	
52 Week H/L	\$51.15/\$14.52
Market Capitalization	\$0.90B
Average Daily Trading Volume	0.8M
Net Debt	\$1.61B
Enterprise Value	\$2.27B
Net Debt/EBITDA	8.4x
Diluted Shares Outstanding	44.6M
Free Float	92.2%
Dividend Yield	3.30%

WestPeak's Forecast			
	2018A	2019A	2020E
Revenue	\$2.33B	\$2.48B	\$2.68B
EBITDA	\$215M	\$192M	\$220M
Net Income	\$99M	\$127M	\$105M
EPS	\$2.14	\$2.90	\$2.40
P/E	5.0x	5.7x	5.4x
EV/EBITDA	9.2x	11.8x	10.4x



Business Overview/Fundamentals

Company Overview

Founded in 1978, the Cheesecake Factory Inc. is a leader in the casual dining industry. The Factory owns and operates 294 restaurants throughout the United States and Canada, in addition to holding 24 international licensing agreements. Through focusing on hospitality and guest experience, the Factory is able to provide an upscale casual dining experience for a widespread audience at moderate prices. Over the past 30 years, the Company has grown to develop several more restaurant concepts including the Grand Luxe Café, Social Monk Asian Kitchen, and RockSugar Southeast Asian Kitchen. Through brand diversification and constant menu innovation, the Company has been able to expand to capture and capitalize on more niche consumer segments, such as the growing fast-casual and fast food sectors. A brief overview of the brands and concepts it currently carries is given in the following section.

Company Brands

The Cheesecake Factory®



Source: Company Website

The original Cheesecake Factory® restaurants features 250 menu items which appeal to a large and diverse target demographic. Low-calorie and gluten-free options are provided to cater to those with dietary restrictions. All menu items are made in-house with the exception of desserts, which are manufactured at two bakery production facilities.

The brand is known for its unique line of desserts and innovative and ever-evolving menu. In 2018, dessert sales represented approximately 16% of overall company-operated Cheesecake Factory® restaurant sales. The Cheesecake Factory® concept operates within the upscale casual dining industry and focuses on providing friendly service and quality meals at moderately low prices (around \$10-\$15 per meal). Currently, the Company has plans to continue this brand's expansion. Average unit volumes are approximately \$10 million each.

Grand Luxe Café



Source: Company Website

An upscale casual dining concept, Grand Luxe Café focuses on providing an atmosphere of modern sophistication. Its menu options feature globally inspired, artisan cuisine made from fresh ingredients. Each café comes with a full-service bar and in-house bakery. No future expansions to the line have been planned for the concept at this time.

North Italia



Source: Company Website

North Italia operates in the upscale, casual dining segment with a modern take on handmade Italian cuisine. With average annual unit volumes of about \$7 million per location, North Italia serves lunch, dinner, weekly brunch, and offers weekday happy hours. The Company plans on further expanding this restaurant chain by as many as six additional locations in fiscal year 2020. Currently, the North Italia brand is expected to see a 20% plus in annual same-store growth, according to investor presentations. The long-term target is to open 200 new North Italia restaurants.

RockSugar SouthEast Asian Kitchen



Source: Company Website

RockSugar is a fine casual concept that offers family-style handmade dishes incorporated with signature flavours from SouthEast Asia. Restaurants are designed to look exotic and innovative, a sentiment that is echoed by their menu. Dishes are made with fresh ingredients and hand-ground spice blends. There are no plans to expand the restaurant chain at this time.

Social Monk Asian Kitchen



Source: Company Website

Social Monk is a new restaurant concept operating within the fast-casual dining industry. With a menu created by an award-winning Singaporean chef, Social Monk serves made-to-order meals and delicacies from Thailand, Vietnam, Malaysia, Indonesia, and China. Currently, Social Monk only has one location in West Village, California, and the Company does not have future expansion plans.

Independent Subsidiary - Fox Restaurant Concepts

Acquired in October, FRC is an independent subsidiary acting as a test platform for innovations in experimental dining experiences. FRC is a multi-concept restaurant company operated by founder and CEO Sam Fox, one of the 50 most influential people named by the *Nation's Restaurant News* and a reigning leader in dining innovation.

Bakery Divisions

The Company owns and operates two bakery production facilities in the United States. Close to 70 varieties of cheesecakes are produced in these facilities and shipped for sale at company-owned restaurants, international licensees, and to external food operators, retailers, and distributors.

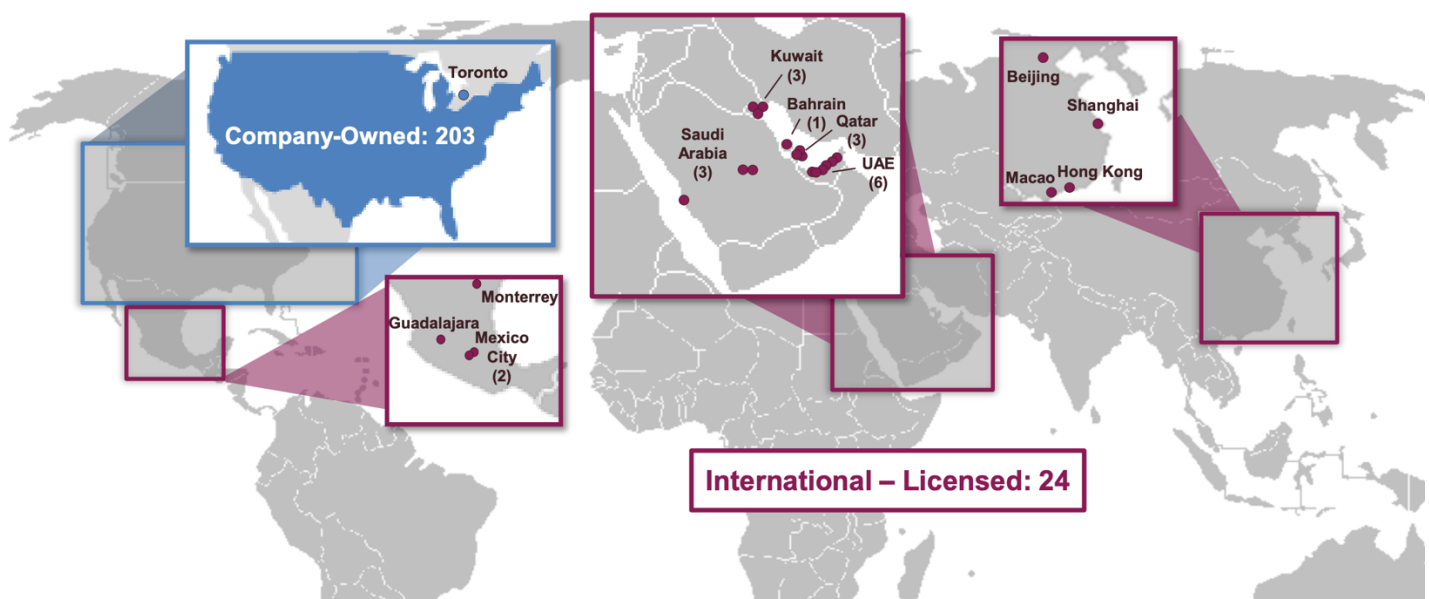
Revenue Segmentation

Geographic Segmentation

In Fiscal 2018, the Cheesecake Factory Inc. operated a total of 22 restaurants, 203 of which were company-owned and 24 of which were licensed internationally. The Company obtains the majority of its revenue from its primary brand's locations in Canada and the United States.

In the past three quarters, the Company has continued to expand its domestic reach both organically, through same-store sales growth, and inorganically through acquisitions. On October 2, 2019, the collection of North Italia restaurants and others within the FRC subsidiary was added to the mix. As of the closing date, North Italia operated 21 locations and FRC operated 10 concepts with 47 locations across eight states and Washington D.C. In Kuwait, one restaurant has been closed down for relocation early in fiscal 2020.

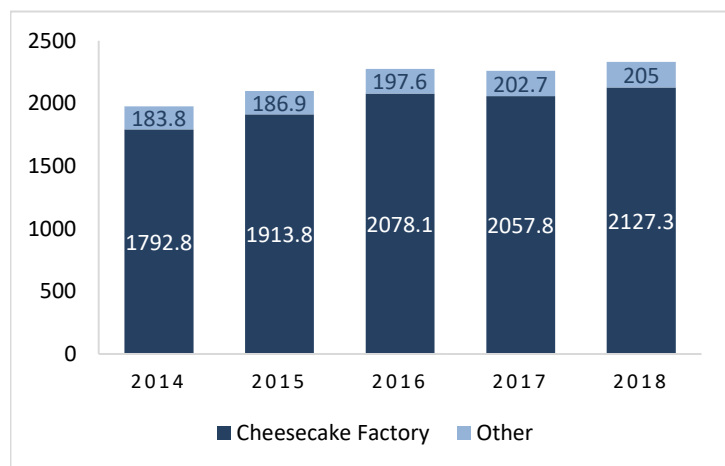
Exhibit 1: Map of Company-Owned and Franchised Restaurants, Fiscal 2018



Source: Investor Presentation

Revenue Streams and Sale Channels

Exhibit 2: 5Y Segmented Revenue (millions)



Source: Company Filings

Revenue growth for the Cheesecake Factory Inc. is primarily being driven by sales from new, company-owned restaurant openings and increases in comparable restaurant sales. The Company gains income through two key revenue streams, classified in its financial statements as “The Cheesecake Factory” and “Other”. Currently, 91% of the overall sales revenue enters through the company-owned Cheesecake Factory® restaurants. The “Other” segment is comprised of revenue from Grand Luxe Café, RockSugar Southeast Asian Kitchen, Social Monk Asian Kitchen, bakery divisions, consumer packaged goods, and international licensing operations. The “Other” segment is currently too small comparatively to meet the quantitative threshold for separated reporting.

Over the past five years, the Cheesecake Factory® has experienced an annual segment growth of approximately 6.3%, as shown above, while the “Other” segment has experienced an annual growth of around 1-2%. However, with the proposed expansion of the North Italia and Flower Child line by as many as 11 restaurants nationwide in fiscal 2020, we believe that we will be able to see accelerated growth in the “Other” segment in the near future. Overall, the annual revenue growth for the sum of both segments is expected to increase from a historical average of 6.2% to 8% in fiscal 2020, according to quotes from management. We believe this to be credible as historically, the Company has proved itself to be capable of meeting and/or exceeding quarterly targets for earnings per share. Furthermore, it consistently meets annual development goals in terms of the number of new restaurants it expects to open and operate during the fiscal year.

Exhibit 3. Quarterly Estimated EPS V.S. Actual EPS

Date	EPS Predicted	EPS Actual	% Deviation
Q3 2019	0.55	0.59	+7.3
Q2 2019	0.81	0.82	+1.2
Q1 2019	0.60	0.62	+3.3
Q4 2018	0.62	0.60	-3.3
Q3 2018	0.62	0.66	+6.5

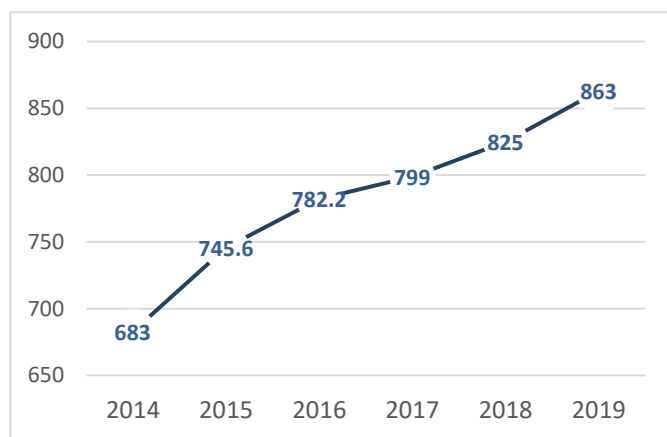
Source: Seeking Alpha and Company Filings

Industry Analysis

Industry Overview

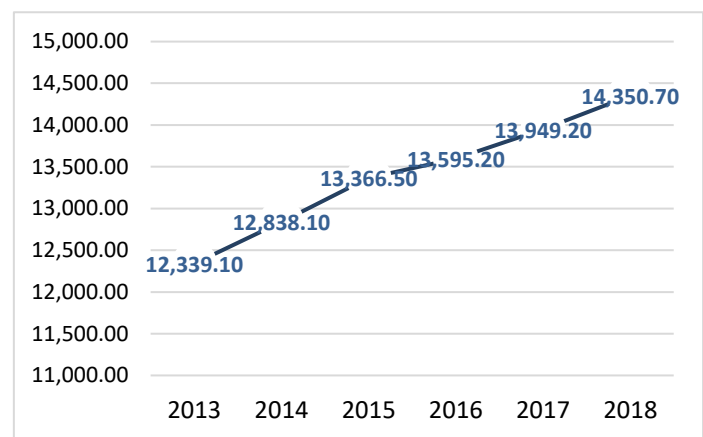
Starting in 2006, the U.S. restaurant industry has experienced a transformative period of rapid growth, marked by an average nominal sales growth of 4%. According to the [National Restaurant Association, the restaurant industry is projected to register a total of \\$863 billion in sales in 2019](#). This will account for nearly 4% of the total GDP in the United States. Since the restaurant industry is a subsector of the consumer discretionary sector, it is also largely dependent on the amount of real disposable personal income consumers have available at any given time. The U.S. economy has experienced a long period of economic expansion, and real disposable personal income has been on the rise, contributing to the sustained growth of the restaurant industry. While the risk of an impending recession will definitely have an opposing effect on this upwards trend, the industry has shown that it is capable of fast recovery. For example, in 2009, it experienced a -2.8% in real sales growth but quickly rose back up to +0.5% in the following year.

**Exhibit 4a: Restaurant Sales Volume Over Time
(\$ Billions)**



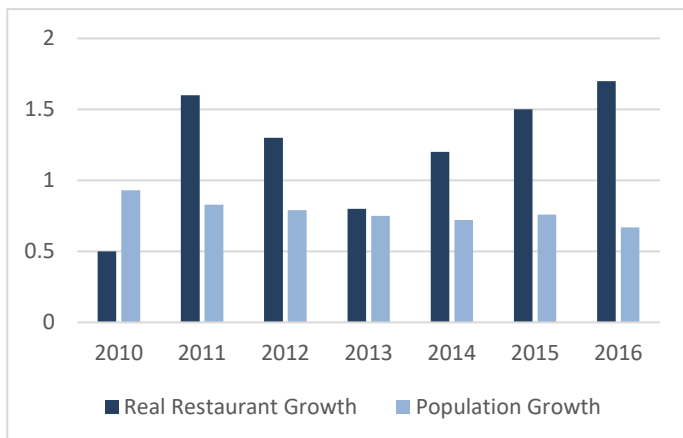
Source: National Restaurant Association

Exhibit 4b: Growth in Real Disposable Personal Income (\$)



Source: U.S. Bureau of Economic Analysis

Exhibit 5: Restaurant Growth V.S. Population Growth (%)



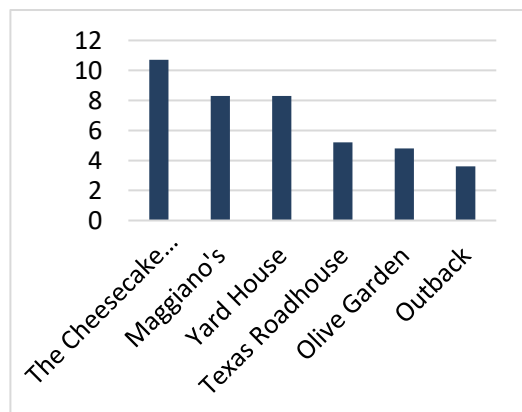
Several industry analysts have expressed concerns for the competitive nature of the restaurant industry. [For example, David Henkes, a senior principal at Technomic, states that the rate of restaurant growth has exceeded population growth.](#) People between the ages of 35 to 54 frequent restaurants the most, but the percentage of the population in this segment has decreased from 41 percent in 2007 to 34 percent.

Source: National Restaurant Association; US Census Bureau

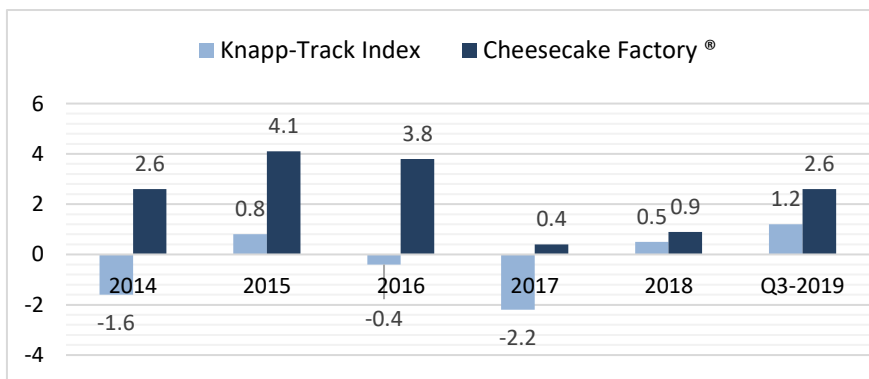
Competition in the Full-Service Casual Dining Segment

The Cheesecake Factory Inc. primarily operates within the full-service, upscale casual dining segment, with Social Monk being its only fast casual restaurant concept. However, as the Knapp-Track index, a benchmark for same-store sales in the casual dining sector shows, this segment has been struggling for the last couple of years. According to Technomic Ignite consumer data, the percentage of millennials who say they visit restaurants “more than once a week” has declined to 55% from 59% over the past year, largely due to the emerging trend of online and mobile ordering platforms and the rise of fast-casual dining. Traditionally, orders fulfilled online are not included in the “brick and mortar” same-store-sales metric. But despite the overall fall in restaurant traffic, Cheesecake Factory Inc. has managed to consistently outperform the industry. Additionally, the Cheesecake Factory® restaurants have the highest unit volume sales compared to their direct competitors. We believe that these statistics demonstrate how the company’s value proposition is unique and well-positioned in the market.

Exhibit 7a: Revenue per Store (\$ in Millions) **Exhibit 7b: Comparable Sales (%) – Historical 2-year Stack**



Source: Company Filings



Source: Investor Presentations

Emerging Trends

Adaptability to Technology

With the advancement of technology, a higher percentage of the younger generation is shifting towards online and mobile ordering platforms due to the increased convenience that they offer. A study conducted by the [U.S. Department of Agriculture's Economic Research Service](#) recently found that "Millennials spend significantly less time on food preparation, presentation, and cleanup — 55 minutes less than Gen X'ers, who spend the most time at 143 minutes...suggesting the preference for time savings." As such, restaurants need to have the ability to adapt to the latest changes in user-based technology. Fast food chains such as McDonald's, Tim Hortons, and Starbucks are mainly leading this technological revolution as they were one of the first to implement self-service electronic kiosks and mobile-ordering apps. The Cheesecake Factory Inc. is keeping up with this trend through its partnership with Doordash and its easy-to-navigate online ordering platform.

Rise of Fast-Casual Dining

The fast-casual dining concept, a mash-up of fast food and casual dining, has been rapidly rising in popularity amongst consumers. This trend is expected to continue as it caters to a growing segment of business professionals who prefer to have both the convenience and affordability of fast-food chains and the healthier/more fulfilling options given by casual dining restaurants. Overall, fast casual chains generated \$42.2 billion in total U.S. sales in 2018, up 8% from the year before. Currently, the Cheesecake Factory Inc. only owns and operates one fast-casual restaurant concept, although it has plans for future development.

Company Strategy

Increasing Online Presence and Brand Recognition

The Cheesecake Factory Inc. is taking large steps toward increasing their digital marketing and social media marketing efforts. Consumer research conducted after one TV commercial test in 12 markets indicated an increase in purchase intent, thereby confirming the run's effectiveness.

Over the past year, the Company has partnered with various social media influencers and content creators to increase user engagement and brand recognition. For example, the Company collaborated with BuzzFeed and Doordash to launch a content series on Tasty, a subchannel of BuzzFeed focused on food. The 2 videos, namely ["Can We Make A Cheesecake Factory Dish Just By Seeing It?"](#) and ["Race Against the Clock: The Cheesecake Factory Edition"](#) featured the Cheesecake Factory in a positive light, highlighting the Company's fresh ingredients and advanced cooking techniques. The videos, which were paid for by the Cheesecake Factory, captured over 700,000 views in total and increased exposure for the Company, which now has over 5M fans on Facebook and 800k followers on Instagram.

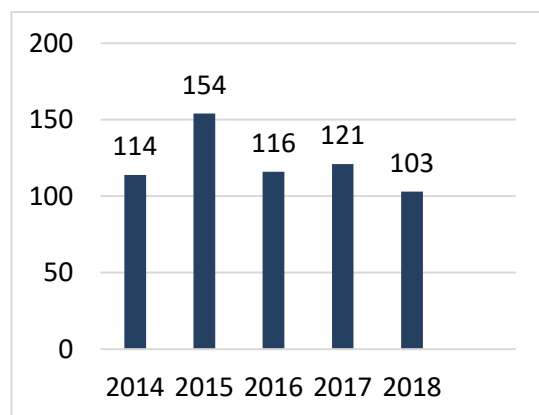
Encouraged by the positive feedback resulting from these advertising ventures, the Company has stated that they are interested in pursuing additional targeted media buys and collaborations in the future for the Cheesecake Factory®, North Italia, and other FRC acquisitions. Historically, it relied quite heavily on word-of-mouth advertising. In 2015, it only spent

0.2% of its total sales on advertising costs, much lower compared to those of its competitors such as Texas Roadhouse (0.7%) and Brinker International (3.2%)

Effective Capital Allocation and Acquisitions

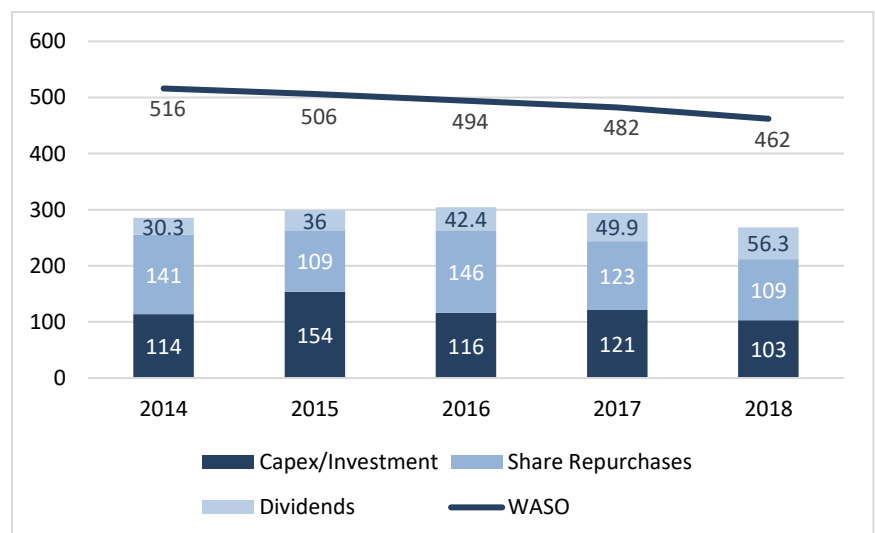
The Cheesecake Factory Inc. has continuously demonstrated effective and efficient capital allocation. As shown in the exhibits below, the Company has consistently maintained a steady stream of cash flow and a strong balance sheet, which have provided the Company with significant financial flexibility. Currently, the Dividends are being increased at a steady rate year-over-year, because management has stated that they are committed to supporting the dividend payments. This includes going as far as to make incremental share repurchases to reduce the Weighted Average of Shares Outstanding (WASO) on the market by an annual rate of 3%. In the October investor presentation, management stated that they would like to continue this practice.

Exhibit 8a: Unlevered Free Cash Flow (millions)

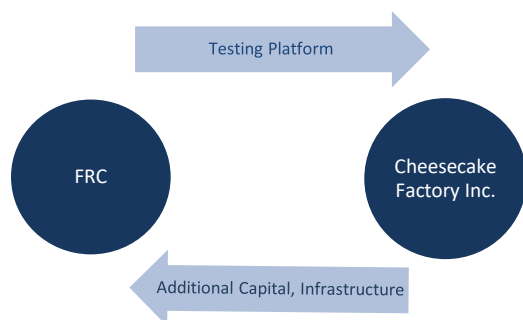


Source: Company Filings and Investor Presentations

Exhibit 8b: Capital Allocation (\$ millions) against WASO (hundreds of thousands)



We believe that management is taking the necessary steps to allocate this free cash flow in a manner that most maximizes the Company's value in the long run. In addition to expanding existing business operations and licensing agreements, the Cheesecake Factory is pursuing acquisitions which add new customer segments in growing sectors and revenue streams. With the decline of the full-casual dining sector, it is therefore beneficial for the Company to explore options in the rapidly rising fast-casual segment and off-premise sales channels.



On October 2nd, the Cheesecake Factory Inc. completed the acquisition of FRC for a total consideration of \$308 million in cash, in addition to an earn-out provision based on the financial performance of FRC brands other than North Italia and Flower Child.. Prior to this transaction, the Company had made equity investments in the North Italia and Flower Child concepts. We believe that the combined company arising from this acquisition will give Cheesecake Factory Inc. the opportunity to secure its leadership position in experiential dining. The FRC will act as an incubator and a testing platform for new restaurant concepts, and in turn receive

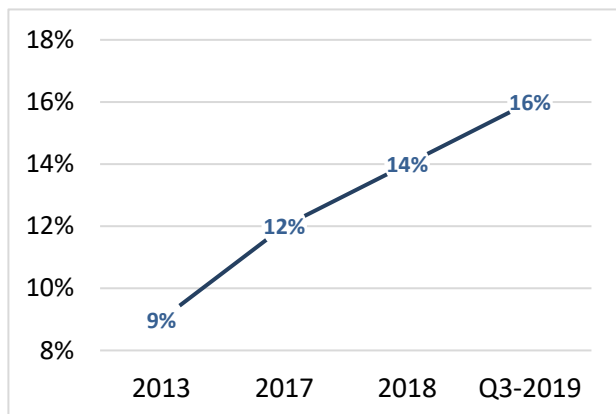
access and leverage to the Company's larger infrastructure. Prior to the Company's acquisition, the FRC group simply developed, operated, and sold individual restaurant concepts to interested buyers. In the future, management has stated that they will continue investing in new Company-owned restaurants as they believe this to be their top capital allocation priority.

The reported rate of Return on Invested Capital for the Cheesecake Factory from the October investor presentation is 14%, which is significantly higher than the calculated Weighted Average Cost of Capital, at 6.5%. This is a positive sign as it suggests that invested capital is being used effectively for value creation.

Improving Off-Premise Sales Channels

Exhibit 9: To-Go Sales (% of Total Revenue)

Source: Investor Presentations



Over the past two years, the Company has made it a priority to improve its off-premise sales channels to combat the industry-wide decline in the market share of full-service restaurants. Since the contract that the Cheesecake Factory Inc. holds with DoorDash has recently been renegotiated to improve the delivery juncture, we believe that this will lead to higher profit margins. Recent updates to improve the user interface of the Company's online ordering platform have also resulted in significant year-over-year growth. New environmentally friendly take-out packaging has been introduced to increase the service's appeal to the general public. Combined

together, this trifecta improvements will allow the Company to properly cater and respond to the emerging trends of online delivery systems and environmentalism in the restaurant industry.

Catalysts

Development of Flower Child and Other New Concepts

Exhibit 8: Brands and Restaurant Concepts under the FRC



Source: Investor Presentations

Following the integration of North Italia, the next concept to transition from FRC to the Cheesecake Factory Inc. is likely to be Flower Child, Fox's health-focused fast-casual operation. In anticipation of the acquisition, the Company had previously invested \$88 million in North Italia and Flower Child concepts. With 22 branches of Flower Child already open under FRC, the chain is scheduled to become part of the Cheesecake Factory by the end of fiscal 2020.

Other FRC brands that could be transferred to Cheesecake's active portfolio from the independent subsidiary within the next year include Doughbird, a casual operation specializing in pizza and rotisserie chicken; Culinary Dropout, a full-service venture specializing in classic dishes such as fried chicken, ribs and burgers; The Arrogant Butcher, a place specializing in upscale riffs on classic comfort foods; and Wildflower, a casual spot offering what FRC calls new American cuisine. The successful integration of these concepts will likely increase revenue streams for the company, accelerate its cash-flow generation, and expand its present-day customer segments. The combined company is expected to become a leader in experiential dining, with its diversified concepts and meaningful growth drivers, and reach nearly \$3 billion in 2020 pro forma revenue.

Ongoing Partnership with BuzzFeed Tasty

The Cheesecake Factory Inc. has expressed interest in continuing to pursue a partnership with BuzzFeed Tasty and/or other producers of digital media. The Company continues to demonstrate strong engagement with its target audience, college-age students to young adults, and is looking to expand its brand awareness and recognition, particularly online. If the

Company does start another venture and/or collaboration on a social media platform for any of its restaurants, then sales revenue can be expected to rise. These digital media marketing campaigns are good for reaching and appealing to the growing population of millennials and social media users, although their effectiveness in comparison to TV advertising still needs to be tested.

Growing Demand for Experiential Dining

According to a recent survey conducted by Eventbrite, ticket sales and attendances at unique pop-up dining experiences have shown an 82% year-over-year increase over the past five years. The growing demand for experiential dining could be beneficial for the Cheesecake Factory Inc., as most of its brands revolve around providing specific atmospheres and themes in an upscale casual dining space. Local and culturally authentic experiences are also highly sought after, and it is one that North Italia can easily offer. As off-premises traffic and sales continue to accelerate, consumers will place a heightened importance on experiential dining for on-premises occasions, giving the Cheesecake Factory an opportunity to thrive under these market conditions.

Management Team

David Overton - Founder and Chief Executive Officer



David M. Overton, the current CEO of the Cheesecake Factory, co-founded the company with his parents in 1978 and incorporated it on February 13th, 1992. He opened the first Cheesecake Factory restaurant in Beverly Hills, California, before expanding the namestake concept into an internationally known brand. Mr. Overton holds a bachelor's degree in Economics and History from Wayne State University. Under his leadership, The Cheesecake Factory has been leading the casual dining industry in average annual sales per restaurant, with an estimated \$10.7 million in fiscal 2018. Mr. Overton has received numerous awards and honours for his talent and contributions to the restaurant and hospitality industry, including the "Executive of the Year Award" from Restaurants & Institutions Magazine; the "MenuMasters Hall of Fame Award" and "Golden Chain Award" from Nation's Restaurant News; and the "Entrepreneur of the Year" in the Food Services category for the Los Angeles region by Ernst & Young. In 2018, Mr. Overton received a total compensation of \$6,267,151, consisting of \$4,194,840 in equity and stock award values, \$995,000 in base pay, and \$930,325 in bonuses.

David M. Gordon – President

David M. Gordon became the president of the Factory in 2013 after experiencing success in his previous role as the Chief Operating Officer. During this tenure, he was able to increase both restaurant-level margins and customer satisfaction scores significantly. Since joining the company in 1993 as a manager, he has worked his way up to hold operational roles of increasing responsibility from general manager to the area director of operations. Currently, he holds 0.065% of outstanding shares in the Factory.



Matthew E. Clark – Executive Vice President and Chief Financial Officer



A recent addition to the team, Matthew E. Clark was promoted to replace W. Douglass Benn in the role of Executive Vice President and Chief Financial Officer in 2017. Previously, Mr. Clark worked as the Senior Vice President of Finance and Strategy. He has also held a number of finance-related positions at Groupe Danone, Kinko's, and the Walt Disney Company. He holds an MBA from the University of Southern California, a B.A. in Economics and Mathematics from the University of California. Mr. Clark most recently led the Cheesecake Factory's minority investment in two external, high-growth restaurant brands, namely, North Italia and Flower Child.

Scarlett May – Executive Vice President, General Counsel, and Secretary

In 2018, Scarlett May made the switch to the Cheesecake Factory Inc. from her previous position as the Senior Vice President at Brinker International Inc., a major competitor for the company. Ms. May holds a J.D. from the University of Tennessee and previously held a career in private practice. Last fiscal year, Scarlett May received a total compensation of \$1,178,766.



Summary

In consideration of their individual performance and contributions to the Company, we believe that the executive team is being fairly compensated. The Company seeks to ensure that its compensation policies are aligned with shareholder interests. Aside from a base salary which is determined by the executive's level of responsibility and tenure, management benefits from a performance incentive plan (tied to achieving a stockholder-approved financial goal) and a long-term stock incentive plan (directly linked to long-term stock price performance). Three-year performance targets are largely based upon achieving specified EBITDAs and Earnings Per Share, both of which are decided and approved by shareholders. The compensation structure used by the Cheesecake Factory is similar to those of its competitors, Bloomin' Brands and Cracker Barrel Old Country Store. In 2015, the compensation committee for the Company analyzed the relationship between EPS and stock price and found a strong correlation between the two, indicating that EPS is closely related to shareholder return. Together with EBITDA, the two performance targets ensure that management is being compensated in a way that maximizes shareholder value.

Based on their extensive experience, diverse backgrounds, and outstanding personal achievements, we also believe that the management team will be fully capable of leading and executing ideas from the drawing board to reality, as we have seen with the acquisition of FRC.

Shareholder Base, Liquidity, Market Depth

Shareholder Summary

Currently, there are 44.6mm shares outstanding and 43.88% of it is composed of institutional shareholders. 8.5% of shares are held by insiders. Most notably, Mr. Overton holds approximately 7.06% of shares. This may be advantageous for the company as the CEO therefore has an increased personal incentive to improve company performance and financials. The top two shareholders are index funds, which are known for being passive investors. A list of the top 10 shareholders in the company is broken down below:

Exhibit 10: Top 10 Shareholders of the Cheesecake Factory Inc.

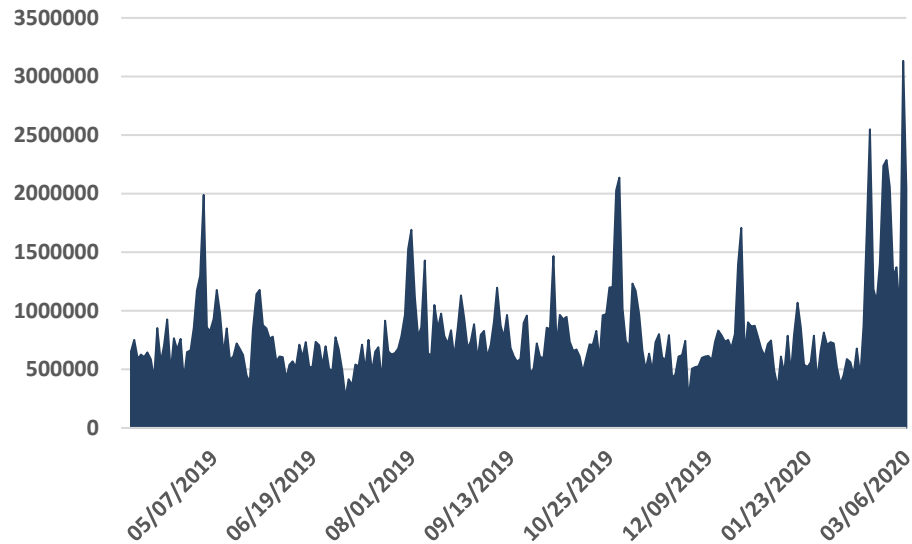
Shareholder Name	Shares Owned (mm)	% of Outstanding Shares	Insider (Y/N)
Blackrock Inc.	4.7	10.01	N
Wellington Management Company, LLP	4.0	9.00	N
Vanguard Group, Inc	3.9	8.75	N
David Overton	3.1	7.06	Y
Kayne Anderson Rudnick Investment Management LLC	2.4	5.38	N
Macquarie Group Limited	2.2	4.98	N
Bank of New York Mellon Corporation	1.8	3.96	N
Dimensional Fund Advisors LP	1.5	3.35	N
State Street Corporation	1.4	3.14	N
iShares Core S&P Midcap ETF	1.2	2.39	N
Total for Top 10 Shareholders	26.2	58.02	-

Source: Bloomberg

Liquidity

As of January 3rd, 2020, the one-year average trading volume for the Cheesecake Factory Inc. is 668 thousand shares. We believe that this liquidity risk is relatively low for investors in comparison to its major competitors due to its higher share volume. For example, Cracker Barrel Old Country Store (CBRL) only has an average share volume of 341 thousands. As shown in the exhibit below, most of the spikes in trading volume can be attributed to the release of annual and quarterly earnings reports, as well as the recent coronavirus pandemic.

Exhibit 11: Year-to-Date Daily Trading Volume



Source: Nasdaq

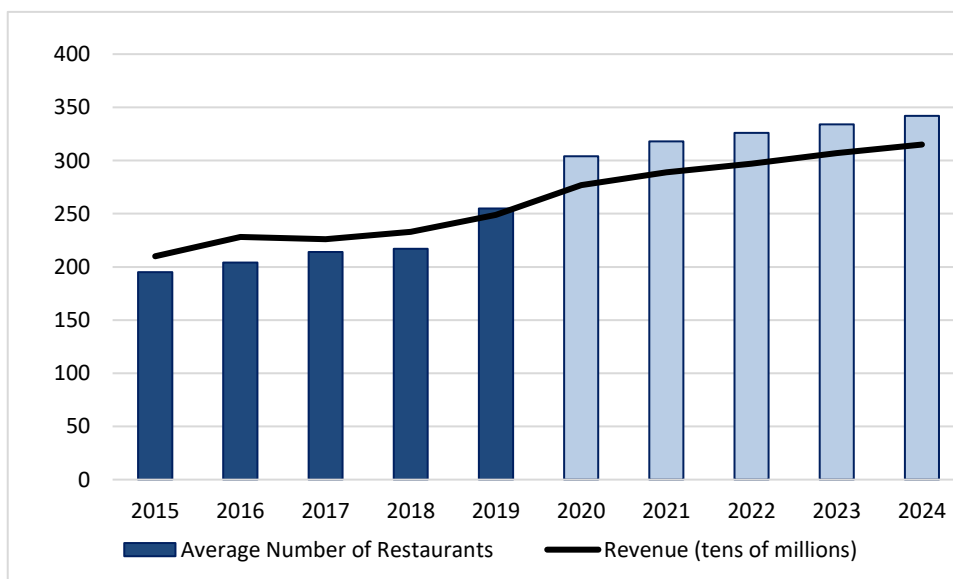
Valuation

Discounted Cash Flow

Revenue Forecasts

Exhibit 12: Forecast of Average Number of Restaurants and Revenue

Source: Company Filings and Forecasted Model



To measure and accurately predict the growth of the Cheesecake Factory Inc. revenue overtime, a schedule of the average number of restaurants over time was modelled. For fiscal year 2020, management has announced plans to open as many as 20 new restaurants, including 6 Cheesecake Factory locations, 6 North Italia restaurants, and 8 restaurants within the FRC subsidiary. Every year after this, the Factory is expected to open two restaurants per quarter, based on historical data and information from the latest earnings call transcripts. This amounts to exactly 8

restaurants per year after 2020. The sales per restaurant are predicted to remain the same at \$9.1m in the first three years, before gradually increasing to \$9.2m in later years. The initial \$9.1m estimate is lower than the historical average to account for the fact that North Italia and Flower Child are expected to open and generate slightly lower unit volume than the Cheesecake Factory®, at \$7 million, \$5 million, and \$10.7 million respectively. Over time, however, the sales revenue is expected to rise with increased promotion, customer traffic, and brand awareness. The opening of more restaurants after 2024 should also be expected to drive up future revenue.

Cost Forecasts

We expect labour costs and operating expenses to stay constant at 61.5% of overall revenue. Cost of goods sold should remain steady at 23% of overall revenue, although it may increase in later years due to inflation, changes in supply chain management, and/or other economic conditions. Similarly, SG&A should stay flat at 6.8% of overall revenue.

Capital Expenditures

The estimated total investment to open and operate a North Italia restaurant ranges from \$3 to \$3.5 million based on the MD&A and the October investor presentation. Since the Cheesecake Factory Inc. plans to expand its domestic restaurant chains at a constant and steady rate, we can expect the Capital Expenditures (CAPEX) as a percentage of property and equipment will also remain fairly stable over the next few years. Thus, capital expenditure has been projected to remain at a conservative rate of 10% of P&E.

Weighted Average Cost of Capital (WACC)

The weighted average cost of capital was calculated to be 6.6%. The cost of equity was found through combining the beta obtained from Bloomberg with the market risk premium. The risk-free rate of 1.68% was used to reflect the 5Y US treasury bond yield, and the expected market return of 9.8% was obtained from the normalized return of the S&P 500 Index. The pre-tax cost of debt was obtained from Bloomberg to be 4.5% and the effective tax rate calculated from the current quarter was found to be 3.2%. However, historically, the effective tax rate for the Cheesecake Factory has mostly centered around 7%, and that is the rate that we chose to go with for this analysis. Sensitivity analyses were also conducted for the WACC against the perpetuity growth rate and the terminal EV/EBITDA Multiple

Dividends

We expect dividend yields to grow by approximately \$0.1 each year according to the growth in historical averages reported by company filings.

Terminal EV/EBITDA Multiple

The Terminal EV/EBITDA Multiple of 10.5x was used because it a) reflects the Cheesecake Factory's historical multiples and b) is relatively similar to the Company's comparable set mean of 8.4x EV/EBITDA.

Comparable Company Analysis

As the Cheesecake Factory Inc. operates within the upscale casual dining industry, it is in direct and indirect competition with many similar restaurant chains. To build an appropriate set for our comparable company analysis, the following competitors were carefully selected based on similar market capitalization (between \$1B and \$5B), size, geography, product lines and services offered, and customer segments (casual dining).

Cracker Barrel Old Country Store, Inc.: An American chain of restaurants and retail gift shops offering classic Southern meals with a country theme. The company focuses on providing a friendly and comfortable atmosphere which reminds guests of their homes. Signature dishes include home-style country food such as meatloaf, homemade chicken n’ dumplings, as well as biscuits. Restaurants are combined with retail gift shops, which sell items, trinkets, and CDs from earlier decades.

Bloomin’ Brands, Inc.: A major player in the casual dining and hospitality industry, Bloomin’ Brands owns and operates an extensive portfolio of differentiated restaurant concepts. Based in the US, the company currently has over 1,450 restaurants worldwide consisting of the Outback Steakhouse, Carrabba’s Italian Grill, Bonefish Grill, and Fleming’s Prime Steakhouse & Wine Bar.

Brinker International, Inc.: A multinational company operating within the hospitality and casual dining industry, primarily known for its ownership of Chili’s and Maggiano’s Little Italy restaurant concepts.

Denny’s Corporation: Known as “America’s Diner”, Denny’s Corporation is a full-service, diner-style restaurant chain which mainly derives its revenue from more than 1,706 franchised restaurants around the world. Denny’s prides itself on being open for 24/7.

Wendy’s Company: An international fast food chain based primarily in America; Wendy’s focuses on providing low-cost menu options with high quality ingredients. Its value proposition lies in its dedication to using fresh ingredients, including never frozen beef® and hand-chopped lettuce.

Arcos Dorados Holdings, Inc: McDonald’s largest franchisee in the world in terms of systemwide sales and number of restaurants. Arcos Dorados Holdings, Inc. was chosen as opposed to McDonald’s as it has a smaller market capitalization, similar to that of the Cheesecake Factory Inc.

Dine Brands Global, Inc: A full-service American food and beverage company owning two major restaurant concepts in the casual dining industry: Applebee’s and IHOP. Similar to Denny’s, Dine Brands Global, Inc. also derives most of its revenue from mass franchising, with approximately 3,700 locations in 18 countries.

Recommendation

Based on its recent strategic acquisition of FRC, its intentions for future restaurant restaurant expansions, its plans to extend and improve upon off-premise sales channels, and its willingness to adapt to changing market trends and increase its online presence, we believe that the Cheesecake Factory Inc. has the potential to rapidly grow and rise above the valuation given by its present share price. The Company's dedication to continuous innovation and expansion is a crucial economic moat which allows them to stay ahead of its competition and keep up with emerging market trends. Compared to its major competitors, which are continuing to operate within the declining full-service industry, the Cheesecake Factory is able to capture the growing upscale and experiential dining sector. Revenues are on track to rise steadily with the acquisition of FRC. The Company's strategic capital allocation provides them with the cash flow needed to open more restaurants and maximize returns from investments. Historically, the Cheesecake Factory has held much higher rates of ROIC (avg of 15%) and lower WACC than their competitors, indicating that they have the ability to generate more growth on their investments than the market expects them to. The undervaluation of the share price is evident in that the P/E ratio of the Company is below its 10-year average of 19.8x even though the Cheesecake Factory Inc. consistently performing at or outperforming the Knapp Track Index. While average same-store sales are expected to decline following the FRC acquisition due to the small unit volumes of North Italia and Flower Child, the market is overlooking the potential for them to rise again to their historical values of around \$10M after integration. As more restaurant concepts continue to be implemented, the target demographic will only expand and contribute to long-term development. The Company has indicated that their value proposition lies in their exceptional guest services and innovative menu options, which it has worked hard to maintain and improve. The Company has the ability to launch more aggressive marketing campaigns and collaborations than their biggest competitors, as they are currently operating on exceptionally low advertising expenses. Through pursuing these online collaborations with major influencers and firms, and increasing the attractiveness and convenience of off-premise sales channels, the Cheesecake Factory Inc. has shown that it is capable of recognizing and capturing industry trends as they rise.

Our one-year target share price for the Cheesecake Factory Inc. is \$25.32 Based on our Discounted Flow Analysis and Comparable Company Analysis, weighted equally at 50% each, we believe that the Company is currently being undervalued by the market. As such, we assign a BUY rating to the Cheesecake Factory Inc. The equal weighting was determined as we believe that it is important for the Company to be positioned well in an industry marked by high competition.

Exhibit 13: Valuation Summary (\$)



Risks

Labour Pressures – Increase in Minimum Wages Across 24 States

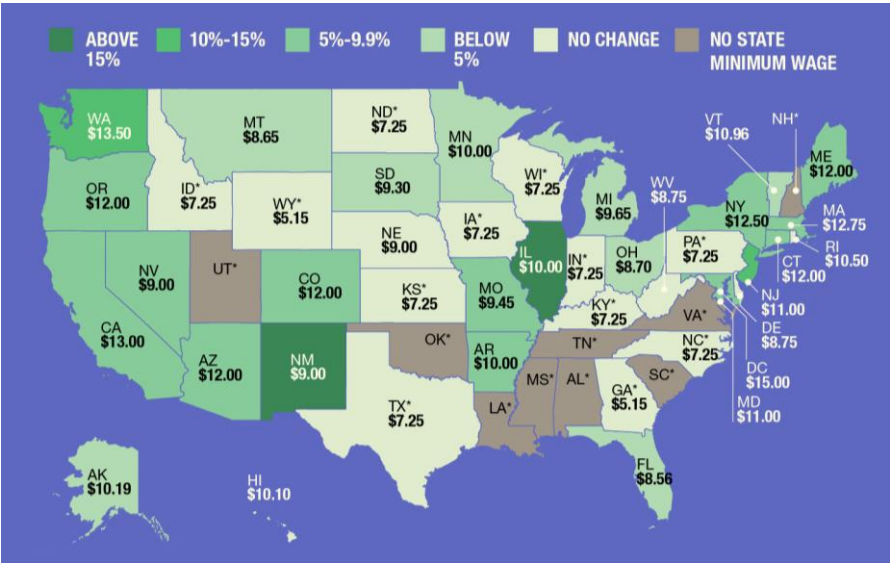


Exhibit 13: Minimum Wage Increases in 2020

Source: Yahoo Finance

In 2020, the minimum wage is set to rise in 72 jurisdictions within 24 states. In particular, California is expected to increase its minimum wage by 8.3% from \$13 to \$15 over the next four years. Since the Cheesecake Factory has many locations in California, the increased state legislated wages could negatively impact future labour costs for the company.

Integration Risk

Although the Cheesecake Factory has had prior experience in working with Fox Restaurants Concepts and its core brands of North Italia and Flower Child, it may face challenges in smoothly integrating the rest of the company. The Cheesecake Factory primarily focuses on operating restaurant chains with large and uniform menus, while Fox Restaurant Concepts is known for its unique dining experiences. The clash of these two different cultures could prove to be difficult in the transition process and this issue can slow or halt the predicted growth of established FRC brands. In pursuing this acquisition, the Company also depleted its cash reserve and took on a sizable debt burden. If these new brands cannot generate their predicted growth, it could put the Company's balance sheet and survival into jeopardy.

Shift Towards Healthier, Organic Alternatives

In the past, the Cheesecake Factory has been heavily criticized for its unhealthy menu options, which are often high in calories and fatty acids. For example, the average sandwich offered contains 1400 calories. With the recent shift in consumer preferences towards healthier eating habits, the Factory may face challenges in continuing to appeal to its present audience. Although it does currently offer a diet menu, its signature dishes (mainly desserts) remain high in calories and sugar content.

Global Political and Economic Conditions

Since the Factory operates within the consumer discretionary sector, the success of its international franchises may be affected by fluctuations in foreign exchange rates, tariffs and cross border taxations, unemployment rates, and local laws and regulations. For example, political unrest and poor economic conditions in Hong Kong and Saudi Arabia may lead to an unprecedented impact on regional consumer spending and confidence. Currently, the Cheesecake Factory holds around 15 restaurants in the Middle East, 3 in Saudi Arabia specifically. In Asia, the Company has a total of 5 restaurants.

Food Safety Risks

The risk of food-borne illnesses and food contamination is common to both the restaurant industry and the food supply chain. Reports and adverse publicity regarding food quality and/or possible pandemics can negatively affect the general sector and damage the reputation of the Company. For example, if a pathogen such as the coronavirus contaminates the food supply and/or distribution system, then the Company can experience a decrease in its customer segment and subsequently, its financial performance. As recently as 2018, a Cheesecake Factory in Toronto was reported to have failed a health inspection due to contaminated cooking utensils. Although the Company generally tries to practice and uphold a high standard of quality assurance, it has stated that it cannot ensure that food safety risks will be completely eliminated as the complexity of its supplier network makes it difficult to detect and pinpoint food contamination.

The current coronavirus pandemic has caused tremendous financial strain on the Company. In an open letter to its landlords released on March 26th, the Cheesecake Factory indicated that it would not be able to pay rent for the month of April due to the severe decrease in restaurant traffic. This drove the share price down significantly, but as the crisis is temporary and the Company has held strong and long-standing relationships with its landlords, it should not affect the value of the business in the long run.

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Appendix 1 – Model Summary

	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24
(Figures in mm USD)	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Income Statement											
Revenue	1,976.6	2,100.6	2,275.7	2,260.5	2,332.3	2,482.7	2,829.0	3,021.0	3,097.0	3,173.0	3,249.0
EBITDA	227.6	250.8	289.0	245.6	214.9	191.7	217.8	232.6	238.5	244.3	250.2
Net Income	101.3	116.5	139.5	157.4	99.0	127.3	94.6	109.7	115.9	122.0	128.1
Earnings Per Share	\$ 1.96	\$ 2.30	\$ 2.83	\$ 3.27	\$ 2.14	\$ 2.86	\$ 2.14	\$ 2.48	\$ 2.62	\$ 2.76	\$ 2.90
Cash Flow Statement											
Capital Expenditures	(114.0)	(153.9)	(115.8)	(120.8)	(102.9)	(73.8)	(80.6)	(82.1)	(81.4)	(80.7)	(79.9)
Acquisitions	(1.9)	(1.8)	(1.6)	(1.7)	(3.0)	(2.1)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)
Divestitures	-	-	(42.0)	(18.0)	(25.0)	(3.0)	0.3	-	-	-	-
Dividend Payment	(30.3)	(36.0)	(42.4)	(49.9)	(56.3)	-	(14.4)	(14.4)	(14.4)	(14.4)	(14.4)
Dividend Per Share	\$ 1.96	\$ 2.30	\$ 2.83	\$ 1.06	\$ 1.24	\$ 1.38	\$ 1.48	\$ 1.58	\$ 1.68	\$ 1.78	\$ 1.88
Dividend Payout to Earnings	29.9%	30.9%	30.4%	31.7%	56.8%	-	15.2%	13.1%	12.4%	11.8%	11.2%
Dividend Payout to Core FCF	13.0%	13.4%	14.4%	16.5%	19.6%	-	5.4%	5.1%	5.0%	4.9%	4.9%
Dividend Yield	4.2%	4.7%	5.2%	2.0%	2.4%	3.4%	4.9%	9.8%	10.4%	11.0%	11.6%
Balance Sheet											
Current Assets	239.5	225.4	221.4	208.6	195.2	244.5	300.2	428.6	558.2	693.9	835.7
Non-Current Assets	937.0	1,008.0	1,071.9	1,124.4	1,118.9	2,596.1	2,585.6	2,578.3	2,571.0	2,563.9	2,556.8
Assets	1,176.5	1,233.3	1,293.3	1,333.1	1,314.1	2,840.6	2,885.8	3,006.9	3,129.3	3,257.8	3,392.4
Current Liabilities	322.0	350.2	376.5	398.0	416.5	614.6	564.9	576.2	582.7	589.3	595.8
Non-Current Liabilities	297.9	294.6	313.6	321.6	326.6	1,654.3	1,654.3	1,654.3	1,654.3	1,654.3	1,654.3
Liabilities	619.9	644.8	690.1	719.5	743.1	2,268.9	2,219.1	2,230.4	2,237.0	2,243.5	2,250.1
Shareholders' Equity	556.5	588.5	603.2	613.5	571.1	571.7	666.7	776.4	892.3	1,014.3	1,142.4
Cash	58.0	43.9	53.8	6.0	26.6	58.4	91.0	213.1	339.0	471.1	609.1
Debt	50.4	51.3	59.0	81.0	81.7	1,375.7	1,620.4	1,620.4	1,620.4	1,620.4	1,620.4
Net Debt	(7.6)	7.5	5.2	75.0	55.1	1,317.3	1,529.4	1,407.4	1,281.4	1,149.4	1,011.3
Minority Interests	-	-	-	-	-	-	-	-	-	-	-
Debt/EBITDA	n/a	0.0 x	0.0 x	0.3 x	0.3 x	6.9 x	7.0 x	6.1 x	5.4 x	4.7 x	4.0 x
Operating Metrics											
Return on Equity (ROE)	18.2%	19.8%	23.1%	25.7%	17.3%	22.3%	14.2%	14.1%	13.0%	12.0%	11.2%
Return on Assets (ROA)	8.6%	9.4%	10.8%	11.8%	7.5%	4.5%	3.3%	3.6%	3.7%	3.7%	3.8%
Return on Invested Capital (ROIC)	13.3%	14.4%	16.9%	17.7%	12.6%	4.3%	5.2%	5.9%	6.2%	6.5%	6.8%
Valuation Metrics											
Stock Price (High)	\$ 50.79	\$ 52.28	\$ 64.16	\$ 65.87	\$ 60.19	\$ 44.92	\$ 42.13	\$ 16.18	\$ 16.18	\$ 16.18	\$ 16.18
Stock Price (Low)	\$ 42.00	\$ 45.17	\$ 44.16	\$ 38.45	\$ 42.05	\$ 35.83	\$ 17.70	\$ 16.18	\$ 16.18	\$ 16.18	\$ 16.18
Stock Price (Average)	\$ 46.40	\$ 48.73	\$ 54.16	\$ 52.16	\$ 51.12	\$ 40.38	\$ 29.92	\$ 16.18	\$ 16.18	\$ 16.18	\$ 16.18
Diluted Shares Outstanding (Average)	51.6	50.6	49.4	48.2	46.2	44.5	44.2	44.2	44.2	44.2	44.2
Market Capitalization (Average)	2,393.2	2,465.6	2,674.0	2,511.6	2,362.5	1,798.1	1,321.8	714.9	714.9	714.9	714.9
Enterprise Value (Average)	2,385.6	2,473.1	2,679.2	2,586.6	2,417.6	3,115.4	2,851.2	2,122.3	1,996.3	1,864.3	1,726.2
P/E	23.6 x	21.2 x	19.2 x	16.0 x	23.9 x	14.1 x	14.0 x	6.5 x	6.2 x	5.9 x	5.6 x
EV/EBITDA	10.5 x	9.9 x	9.3 x	10.5 x	11.2 x	16.2 x	13.1 x	9.1 x	8.4 x	7.6 x	6.9 x
FCF Yield to Market Capitalization	4.7%	2.3%	6.4%	4.9%	7.0%	6.7%	4.2%	20.4%	20.9%	21.8%	22.6%
FCF Yield to Enterprise Value	4.7%	2.3%	6.4%	4.7%	6.8%	3.8%	2.0%	6.9%	7.5%	8.3%	9.4%
Free Cash Flow											
EBIT	144.7	165.2	201.0	152.8	118.9	103.6	126.0	142.4	149.0	155.7	162.3
Tax Expense	(37.3)	(42.8)	(52.3)	10.9	(8.4)	(7.3)	(8.8)	(10.0)	(10.4)	(10.9)	(11.4)
D&A	82.8	85.6	88.0	92.7	96.0	88.1	91.9	90.2	89.4	88.6	87.8
Capital Expenditures	(114.0)	(153.9)	(115.8)	(120.8)	(102.9)	(73.8)	(80.6)	(82.1)	(81.4)	(80.7)	(79.9)
Changes in NWC	36.2	3.3	51.0	(13.7)	60.7	9.2	(72.8)	5.0	2.9	2.9	2.9
Unlevered Free Cash Flow	112.5	57.3	171.9	122.1	164.3	119.9	55.6	145.5	149.5	155.6	161.7
Valuation Summary											

Appendix 2 – Discounted Cash Flow Analysis

Free Cash Flow															
EBIT	144.7	165.2	201.0	152.8	118.9	30.1	40.1	27.0	(21.1)	103.6	126.0	142.4	149.0	155.7	162.3
Less: Tax expense	(37.3)	(42.8)	(52.3)	10.9	(8.4)	(2.1)	(2.8)	(1.9)	1.5	(7.3)	(8.8)	(10.0)	(10.4)	(10.9)	(11.4)
Add: Depreciation and amortization	82.8	85.6	88.0	92.7	96.0	21.4	21.7	21.3	21.1	88.1	91.9	90.2	89.4	88.6	87.8
Less: Capital expenditures	(114.0)	(153.9)	(115.8)	(120.8)	(102.9)	(13.4)	(16.0)	(17.3)	(17.1)	(73.8)	(80.6)	(82.1)	(81.4)	(80.7)	(79.9)
Less: Change in net working capital	36.2	3.3	51.0	(13.7)	60.7	(23.9)	(9.1)	(19.6)	(105.2)	9.2	(72.8)	5.0	2.9	2.9	2.9
Unlevered Free Cash Flow	112.5	57.3	171.9	122.1	164.3	12.1	33.8	9.5	(120.8)	119.9	55.6	145.5	149.5	155.6	161.7
Discount factor						0.25	0.50	0.75	1.00	1.00	2.00	3.00	4.00	5.00	6.00
Present Value of Unlevered Free Cash Flow						12.0	32.9	9.1	(114.5)	(60.5)	49.4	124.0	120.9	119.3	117.5

WACC Calculations	
Cost of Equity	
Risk-free rate	1.7%
Expected market return	9.8%
Market Risk Premium	8.1%
Beta	0.82
Cost of Equity	8.3%
Cost of Debt	
Pre-tax cost of debt	4.5%
Effective tax rate	7.0%
Cost of Debt	4.2%
WACC	
Market value of equity	714.9
Market value of debt	1,608.0
Total Capitalization	2,322.9
Cost of equity	8.3%
Cost of debt	4.2%
WACC	5.5%

Appendix 2 Continued

Perpetuity Growth Method	
Perpetuity Growth Rate	2.0%
PV sum of unlevered FCF	470.6
Terminal value	3,414.7
Enterprise Value	3,885.3
Add: Cash	58.4
Less: Debt	1,608.0
Less: Other EV adjustments	
Equity Value	2,335.8
Shares outstanding	44.2
Implied Share Price	\$ 52.86
Current Price	\$ 16.18
Implied Price	\$ 52.86
Total Return	226.7%

Exit Multiple Method	
Terminal EV/EBITDA Multiple	10.5 x
PV sum of unlevered FCF	470.6
Terminal value	1,909.0
Enterprise Value	2,379.6
Add: Cash	58.4
Less: Debt	1,608.0
Less: Other EV adjustments	
Equity Value	830.1
Shares outstanding	44.2
Implied Share Price	\$ 18.79
Current Price	\$ 16.18
Implied Price	\$ 18.79
Total Return	16.1%

		WACC				
		7.50%	7.00%	6.50%	6.00%	5.50%
Perpetuity Growth Rate	1.00%	\$ 11.40	\$ 15.80	\$ 21.01	\$ 27.27	\$ 34.93
	1.50%	\$ 14.46	\$ 19.52	\$ 25.60	\$ 33.04	\$ 42.35
	2.00%	\$ 18.08	\$ 23.98	\$ 31.21	\$ 40.25	\$ 51.89
	2.50%	\$ 22.42	\$ 29.44	\$ 38.22	\$ 49.53	\$ 64.61
	3.00%	\$ 27.72	\$ 36.26	\$ 47.24	\$ 61.90	\$ 82.43

		WACC				
		7.50%	7.00%	6.50%	6.00%	5.50%
Terminal EV/EBITDA Multiple	11.0 x	\$ 15.04	\$ 16.39	\$ 17.79	\$ 19.24	\$ 20.73
	12.0 x	\$ 18.70	\$ 20.17	\$ 21.67	\$ 23.23	\$ 24.84
	13.0 x	\$ 22.37	\$ 23.94	\$ 25.55	\$ 27.22	\$ 28.95
	14.0 x	\$ 26.04	\$ 27.71	\$ 29.43	\$ 31.21	\$ 33.05
	15.0 x	\$ 29.71	\$ 31.48	\$ 33.31	\$ 35.21	\$ 37.16

Appendix 3 – Comparable Company Analysis

(Figures in mm USD)

Company	Ticker	Share Price	Diluted Shares Outstanding	Equity Value	Enterprise Value	EV/EBITDA Multiple			P/E Multiple		
						2018A EV/EBITDA	2019E EV/EBITDA	2020E EV/EBITDA	2018A P/E	2019E P/E	2020E P/E
Cracker Barrel Old Country Store (NASDAQ: CBRL)		\$ 73.17	24.0	1,754.6	2,652.1	6.6 x	6.8 x	6.8 x	8.7 x	8.0 x	7.9 x
Bloomin' Brands, Inc. (NASDAQ: BLMN)		\$ 6.66	86.9	578.6	2,839.2	8.6 x	8.2 x	7.3 x	6.5 x	4.6 x	3.2 x
Brinker International, Inc. (NYSE: EAT)		\$ 11.07	37.4	413.7	2,994.4	7.3 x	7.9 x	7.8 x	3.7 x	3.0 x	2.4 x
Denny's Corporation (NASDAQ: DENN)		\$ 8.51	59.1	502.6	921.1	9.8 x	9.2 x	5.0 x	15.2 x	4.5 x	9.3 x
Wendy's (NASDAQ: WEN)		\$ 14.07	226.0	3,179.8	6,593.3	19.4 x	11.2 x	15.7 x	18.3 x	24.3 x	18.5 x
Arcos Dorados Holding (NYSE: ARCO)		\$ 3.53	124.1	438.0	1,887.9	15.3 x	6.9 x	6.6 x	5.8 x	5.9 x	8.8 x
Dine Brands Global, Inc. (NYSE: DIN)		\$ 32.61	16.8	547.5	2,280.3	n/a	18.9 x	9.4 x	(1.7 x)	5.6 x	4.3 x
NASDAQ: CAKE	(NASDAQ: CAKE)	\$ 16.18	44.6	721.5	2,271.0	9.2 x	11.8 x	10.4 x	5.0 x	5.7 x	5.4 x
Median							8.2 x	7.1 x		5.6 x	7.9 x
Mean							9.9 x	8.4 x		8.0 x	7.8 x
High							18.9 x	7.8 x		24.3 x	18.5 x
Low							6.8 x	5.0 x		3.0 x	2.4 x
						EV/EBITDA Implied Price			P/E Implied Price		
Median						\$	0.45	-\$ 0.28	\$	15.94	\$ 23.71
Mean						\$	7.71	\$ 6.20	\$	22.82	\$ 23.42
High						\$	46.48	\$ 3.54	\$	69.38	\$ 55.91
Low						-\$	5.31	-\$ 10.55	\$	8.70	\$ 7.19