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Industry
Restaurant Industry

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Forecast Change

3Q13 Preview: Challenging Set-Up into Earnings

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3Q13 Preview: The Set-Up Remains Challenging

We believe the July sluggishness discussed on 2Q conf. calls generally continued through the balance of 3Q. From MCD to DFRG, mgmt. tone has remained cautious on the restaurant consumer. In contrast, sector valuations are near cyclical peaks (~22x NTM P/E), leaving us concerned about relative and absolute perf. for the group into earnings season. Also, an extended govt. shutdown would likely cause some further retrenchment in restaurant spending. Maintain defensive bias. Reiterate Buys on MCD (franchise income on the cheap) and BWLD (favorable margin outlook protects EPS).

The "guidance" quarter: Initial 2014 guidance against a volatile backdrop

If historical practice holds, we expect several covered companies to offer initial 2014 guidance metrics with 3Q results, including: PNRA, CMG, BWLD, TXRH, WEN, YUM & BLMN. We review our expectations for initial 2014 guidance in the co.-specific sections of this report.

Key takeaway #1: Trimming estimates on BLMN & TXRH

We are trimming ests. on BLMN & TXRH given sluggish casual dining sales trends throughout the qtr. As with many restaurant cos., both BLMN & TXRH pointed to a slow start to 3Q. Our models had baked in a meaningful recovery over Aug/Sept. Unfortunately, industry trends remained soft. Our BLMN 3QE SSS goes to +1.0% from +2.5% (cons. = +1.3%). TXRH 3QE SSS goes to +2.5% from +3.5% (cons. = +3.2%). We're below cons. for 2014 on both.

Key takeaway #2: Maintain Buy on BWLD, despite strong run; raise PT; checks

We're raising our PT on BWLD to \$130 from \$110 as we roll forward the model and continue to see a favorable margin outlook over the next ~4 qtrs. BWLD is now lapping the peak period of wing inflation from last yr., with wing prices tracking down ~15% y/y. We also believe the risk around chicken remains wtd. to the downside given rising production, lower corn costs, and as MCD winds down its "Mighty Wings" promotion in coming wks. Our store checks (~40 locations) also continue to point to limited customer pushback on the new portion-based wing ordering system and a reasonably healthy start to football season. We are maintaining 3Q/4Q 2013 co. SSS forecasts at +2.5%/+3.5%.

Key takeaway #3: PNRA guidance likely to come up short

Our 2014E of \$7.62/sh. is 21c (3%) below consensus on lower buybacks (assuming none) and EBIT margins (13.5% vs. 13.9%). Our 2014E implies ~15% underlying EPS growth, when adj. for the ~2% drag from lapping an extra week. This is at the low end of PNRA's long-term range of 15-20%. We believe PNRA is likely to guide underlying growth toward the lower end of the long-term range due to recent sluggish SSS trends and planned investments in ops. PNRA also typically does not include any future buybacks in their forecast. Despite this below-consensus 2014 EPS outlook, we maintain a Buy rating as current valuation (19x 2014E P/E, ex-cash) already reflects low expectations. Also, PNRA could quickly close the gap between our est. and consensus via share buybacks. (~\$50mm/qtr. = +20c to 2014E).

Valuation & risks

We use target valuation multiples (P/E, EV/EBITDA, rel. P/E, FCF yd) and DCFs to derive our price targets. Key risks incl. changes in consumer spending patterns, input costs, contamination and other health concerns.

Top picks

McDonald's (MCD.N),USD94.70	Buy
Buffalo Wild Wings (BWLD.OQ),USD116.04	Buy
Del Frisco's Restaurant Grp (DFRG.OQ),USD19.56	Buy

Source: Deutsche Bank

Companies Featured

McDonald's (MCD.N),USD94.70	Buy
Bloomin' Brands (BLMN.OQ),USD22.33	Hold
Buffalo Wild Wings (BWLD.OQ),USD116.04	Buy
Chipotle Mexican Grill, Inc (CMG.N),USD43.12	Hold
Del Frisco's Restaurant Grp (DFRG.OQ),USD19.56	Buy
Darden Restaurants (DRI.N),USD46.72	Hold
Panera Bread Co (PNRA.OQ),USD159.17	Buy
Ruth's Hospitality Grp. (RUTH.OQ),USD11.75	Hold
Starbucks Corporation (SBUX.OQ),USD77.40	Buy
Texas Roadhouse (TXRH.OQ),USD25.93	Hold
-	Hold
YUM Brands, Inc. (YUM.N),USD71.53	Hold

Source: Deutsche Bank

This report changes target prices and estimates for a number of companies under coverage. See page 2 for details.

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3Q Preview

Summary of estimate and PT changes

Figure 1: Summary of DB estimate and PT changes and DB vs. consensus

Deutsche Bank Rating, Price Target, and Estimate Changes

Company	Ticker	Rating	Price tgt.			EPS 3Q13E			EPS FY13E			EPS FY14E		
			NEW	OLD	% chg.	NEW	OLD	% chg.	NEW	OLD	% chg.	NEW	OLD	% chg.
Bloomin' Brands	BLMN	Hold	\$24.50	\$24.50	0%	\$0.08	\$0.08	0%	\$1.10	\$1.12	-2%	\$1.27	\$1.28	0%
Buffalo Wild Wings	BWLD	Buy	\$130.00	\$110.00	18%	\$0.88	\$0.88	0%	\$3.70	\$3.70	0%	\$4.55	\$4.48	1%
Chipotle	CMG	Hold	\$400.00	\$375.00	7%	\$2.72	\$2.72	0%	\$10.51	\$10.64	-1%	\$13.11	\$13.26	-1%
Darden*	DRI	Hold	\$47.00	\$47.00	0%	\$1.01A	\$1.01A	0%	\$3.14A	\$3.14A	0%	\$2.82	\$3.00	-6%
Del Frisco's	DFRG	Buy	\$24.00	\$24.00	0%	\$0.09	\$0.09	0%	\$0.90	\$0.93	-3%	\$1.04	\$1.05	-1%
McDonald's	MCD	Buy	\$110.00	\$110.00	0%	\$1.49	\$1.49	0%	\$5.56	\$5.66	-2%	\$6.14	\$6.32	-3%
Panera Bread	PNRA	Buy	\$185.00	\$185.00	0%	\$1.32	\$1.32	0%	\$6.78	\$7.03	-4%	\$7.62	\$7.95	-4%
Ruth's Hospitality	RUTH	Hold	\$13.00	\$13.00	0%	\$0.03	\$0.03	0%	\$0.65	\$0.60	9%	\$0.73	\$0.67	9%
Starbucks*	SBUX	Buy	\$85.00	\$80.00	6%	\$0.60	\$0.60	0%	\$2.23	\$2.19	2%	\$2.65	\$2.63	1%
Texas Roadhouse	TXRH	Hold	\$24.00	\$24.00	0%	\$0.25	\$0.27	-6%	\$1.13	\$1.16	-2%	\$1.23	\$1.27	-3%
The Wendy's Co.	WEN	Hold	\$8.00	\$7.00	14%	\$0.06	\$0.06	0%	\$0.19	\$0.16	23%	\$0.22	\$0.17	29%
YUM! Brands	YUM	Hold	\$72.00	\$72.00	0%	\$0.90	\$0.90	0%	\$2.99	\$2.95	1%	\$3.54	\$3.48	1%
Avg % change					4%			-1%			2%			2%

Deutsche Bank vs. Consensus**

EPS ESTIMATES		EPS 3Q13E	EPS 3Q13E	EPS FY13E	EPS FY13E	EPS FY14E	EPS FY14E
Company	Ticker	DB	Consensus	DB	Consensus	DB	Consensus
Bloomin' Brands	BLMN	\$0.08	\$0.10	\$1.10	\$1.13	\$1.27	\$1.34
Buffalo Wild Wings	BWLD	\$0.88	\$0.85	\$3.70	\$3.63	\$4.55	\$4.45
Chipotle	CMG	\$2.72	\$2.76	\$10.51	\$10.58	\$13.11	\$12.92
Darden*	DRI	\$1.01A	\$1.01A	\$3.14A	\$3.14A	\$2.82	\$3.04
Del Frisco's	DFRG	\$0.09	\$0.11	\$0.90	\$0.95	\$1.04	\$1.09
McDonald's	MCD	\$1.49	\$1.51	\$5.56	\$5.60	\$6.14	\$6.10
Panera Bread	PNRA	\$1.32	\$1.35	\$6.78	\$6.81	\$7.62	\$7.83
Ruth's Hospitality	RUTH	\$0.03	\$0.03	\$0.65	\$0.65	\$0.73	\$0.71
Starbucks*	SBUX	\$0.60	\$0.59	\$2.23	\$2.22	\$2.65	\$2.66
Texas Roadhouse	TXRH	\$0.25	\$0.25	\$1.13	\$1.15	\$1.23	\$1.31
The Wendy's Co.	WEN	\$0.06	\$0.06	\$0.19	\$0.23	\$0.22	\$0.27
YUM! Brands	YUM	\$0.90	\$0.93	\$2.99	\$3.06	\$3.54	\$3.79

* 3Q13 is F1Q14 for DRI and F4Q13 for SBUX

** Estimates for non-covered companies based on Consensus Metrix

Source: Deutsche Bank estimates, company information, Consensus Metrix



Figure 2: DB same store sales estimates vs. consensus and prior year

SAME STORE SALES		SSS	SSS	SSS	SSS	SSS	SSS	SSS	SSS
Company	Ticker	3Q13E	3Q13E	3Q12A	FY13E	FY13E	FY12A	FY14E	FY14E
		DB	Consensus		DB	Consensus		DB	Consensus
Bloomin' Brands	BLMN	1.0%	1.3%	3.6%	1.5%	1.8%	3.7%	2.1%	2.7%
Outback Steakhouse (US)		1.0%	1.6%	4.5%	1.9%	2.3%	4.4%	2.3%	2.8%
Carrabba's		0.0%	0.5%	1.0%	-0.2%	0.2%	1.7%	0.9%	2.0%
Bonefish Grill		0.9%	0.2%	3.5%	0.9%	0.8%	3.2%	2.4%	2.6%
Flemings		3.5%	4.4%	4.1%	4.0%	4.5%	5.1%	4.1%	3.7%
Buffalo Wild Wings (co.)	BWLD	2.5%	2.7%	6.2%	2.8%	2.8%	6.6%	3.0%	3.2%
Chipotle	CMG	4.5%	4.6%	4.8%	3.9%	4.1%	7.3%	6.4%	5.2%
Darden ("Big 3")*	DRI	-3.3%A	-3.3%A	-0.3%	-1.3%A	-1.3%A	1.8%	-0.6%	-0.2%
Red Lobster		-5.2%A	-5.2%A	-2.6%	-2.2%A	-2.2%A	4.6%	-1.6%	-1.4%
Olive Garden		-4.0%A	-4.0%A	0.3%	-1.5%A	-1.5%A	-1.2%	-1.4%	-0.5%
Longhorn		+3.2%A	+3.2%A	3.6%	+1.2%A	+1.2%A	5.3%	3.7%	2.9%
Del Frisco's	DFRG	0.4%	1.8%	3.5%	1.6%	1.8%	4.4%	2.9%	2.6%
McDonald's (global)	MCD	1.3%	0.9%	1.9%	0.9%	0.9%	1.3%	3.2%	2.7%
US		0.8%	0.9%	1.2%	0.7%	0.7%	0.8%	3.0%	2.4%
Europe		0.5%	0.4%	1.8%	0.4%	0.3%	0.5%	3.0%	2.3%
APMEA		-0.5%	-0.3%	1.4%	-0.5%	-0.3%	-0.5%	4.0%	2.7%
Panera Bread	PNRA	3.0%	2.9%	5.8%	3.5%	3.4%	5.7%	3.8%	4.1%
Ruth's Hospitality (Ruth's)	RUTH	4.5%	3.4%	5.9%	5.1%	4.5%	5.2%	2.6%	3.2%
Starbucks (global)*	SBUX	5.6%	6.5%	6.0%	6.4%	6.7%	7.0%	4.6%	5.5%
Americas		6.0%	6.9%	7.0%	7.0%	7.2%	8.0%	4.8%	5.5%
EMEA		0.0%	1.7%	-1.0%	0.0%	0.3%	0.0%	3.4%	2.1%
China & Asia Pacific		8.0%	9.1%	10.0%	8.5%	9.2%	15.0%	5.5%	8.4%
Texas Roadhouse (co.)	TXRH	2.5%	3.1%	3.6%	3.3%	3.6%	4.7%	2.8%	3.2%
The Wendy's Co.	WEN	3.5%	3.4%	2.7%	1.7%	2.0%	1.6%	1.6%	2.0%
YUM! Brands (China)	YUM	-20.0%A	-20.0%A	6.0%	-10.8%	-10.9%	4.0%	11.7%	10.3%

* 3Q13E is F1Q14 for DRI and F4Q13 for SBUX

Source: Deutsche Bank estimates, company information, Consensus Metrix

Industry set-up remains challenging

We believe the sluggish July trends discussed on 2Q conf. calls generally continued through the balance of 3Q. However, most Street estimates had assumed trends would accelerate post-July, leaving estimates likely too high in many cases. We are below consensus on 3Q EPS for 6 of the 11 companies we have reporting in the upcoming period.

From MCD to DFRG, mgmt. tone has remained generally cautious on the restaurant consumer in recent months. Nonetheless, sector valuations remain near cyclical peaks (~22x NTM P/E), leaving us concerned about relative and absolute performance for the group into earnings season, esp. since many cos. will be providing initial 2014 guidance this quarter, amidst an uncertain macro and political backdrop.

Exposure to VA/MD

An extended government shutdown would likely cause some further retrenchment in restaurant spending. In terms of specific exposure to the DC area, the states of Virginia and Maryland represent about 5% of restaurants for the average chain. Companies with above-average exposure to these states include NDLS (13% of store base), RUTH (10%), CAKE/CMG/PNRA/BLMN (8%).



The “guidance” quarter

If historical disclosure practices hold true, we expect several covered companies to offer initial 2014 guidance metrics with 3Q results, including: PNRA, CMG, BWLD, TXRH, WEN, YUM, BLMN, among our coverage. Of these, we expect BWLD, PNRA and WEN to give a more specific guidance range on EPS or EBITDA, with the others likely providing color on items such as SSS, unit growth, or food inflation. We review our expectations for initial 2014 guidance in the company-specific sections of this report.

Key takeaways heading into 3Q results

Key takeaway #1: Trimming estimates on BLMN, TXRH

We are trimming estimates on BLMN and TXRH, given sluggish casual dining sales trends throughout the quarter. As with many restaurant companies, both BLMN and TXRH pointed to a slow start to 3Q. Our models had baked in a meaningful recovery over Aug/Sept. Unfortunately, industry-wide casual dining trends remained soft. We estimate the Knapp-Track casual dining index will finish 3Q at negative 2.5%. Our prior SSS estimates for both companies looked high when analyzing the historical sales spread to this index (~+3% historical spread for BLMN vs. Knapp; ~+4% for TXRH). Our BLMN 3QE SSS goes to +1.0% from +2.5% (cons. = +1.3%). Our TXRH 3QE goes to +2.5% from +3.5% (cons. = +3.2%). The silver lining here is that many investors are likely aware of the risk to SSS forecasts for casual dining companies. Nonetheless, with TXRH near 52-week highs, we believe the risk is weighted to the downside.

Key takeaway #2: Maintain Buy on BWLD, despite strong run; raise PT; checks

We’re raising our PT on BWLD to \$130 from \$110 as we roll forward the model and continue to see a favorable margin outlook over the next ~4 qtrs. A few key positives in its margin outlook:

- BWLD is now lapping the peak period of wing inflation from last year, with wing prices tracking down ~15% y/y.
- We believe the forward risk around chicken wing prices remains weighted to the downside given rising chicken production, lower corn costs, and the fact that MCD has now launched its “Mighty Wings” promotion. This promotion will be winding down over the next ~month, removing what has likely been a significant buyer in the wing market in recent months.
- Recall that BWLD has indicated its new ordering system (by which wings are sold by a range of unit counts instead of a fixed unit count) should help COGS by ~40bps going forward.

Key takeaways from BWLD store checks: We spoke with 40 BWLD locations around the US in early/mid-Sept. to gauge any initial customer feedback on the new ordering system (which rolled out nationally on July 15) and to get a sense of overall trends. While these types of checks are more anecdotal, than analytical, we felt that the overall feedback was constructive. A few key takeaways:

- Our store checks continue to point to limited customer “pushback” on the new portion-based wing ordering system (similar to our previous checks in Dec ‘12). While managers noted some customer comments/complaints about the new system, most of these



complaints were described these as infrequent and limited. Only 10% of the stores noted customer “pushback” from the new system.

- Store managers more often cited customer confusion rather the complaints around the new system. Employees and managers have clearly been well trained in how to address questions around the new ordering system, consistently citing the increase in meat per wing as the main reason for the change. Employees also often highlighted the long-standing Tuesday and Thursday discounted wing promotions as a good value for consumers.
- Customer awareness of the new system seemed to be highest on smaller orders (~5-6 wings). However, in some cases managers noted that customers have traded up to larger orders (e.g., ordering the 15-wing size instead of 10). In other words, some customers that used to spend ~\$10-11 for 12 wings are spending ~\$14 to get 15 wings.
- Our checks also suggest a reasonably healthy start to football season with most stores sounding constructive on recent trends.

We are maintaining our 3Q/4Q 2013 company-operated SSS forecasts at +2.5%/+3.5%. Our EPS forecasts are also unchanged at \$3.70/\$4.55 for 2013/2014.

Thoughts on upcoming guidance: We expect BWLD to provide initial 2014 EPS guidance with 3Q results. Current 2013 guidance implies EPS of ~\$3.58 (DB = \$3.70; cons. = \$3.63). BWLD typically guides to 20% forward EPS growth, which would imply likely guidance of ~\$4.30/sh. using the 2013 guidance as a base. However, given the favorable wing cost environment, it's possible the company may offer a more optimistic growth target for next year (i.e., something in the 20-25% range). Overall, we see potential below-consensus initial 2014 guidance as a modest risk to the stock though we believe most investors recognize that SSS and wing cost trends will ultimately dictate the earnings outlook next year.

Key takeaway #3: PNRA guidance likely to come up short

For the past several years, PNRA has provided a forward-year EPS range on the 3Q conf. call. Our 2014E EPS of \$7.62 is 21c (3%) below cons. as we've taken a more conservative approach on buybacks (assuming none) and EBIT margins (13.5% vs. 13.9%). Our estimate assumes 13% EPS growth next year. When adj. for the ~2% drag from lapping the extra week, this implies ~15% underlying EPS growth, which is at the low end of PNRA's long-term range of 15-20%. We believe PNRA is likely to guide underlying growth toward the lower end of the long-term range, due to recent sluggish SSS trends and planned investments in operations. PNRA also typically does not include any future buybacks in their forecast. We estimate the company could drive ~20c upside to our forecast with share repurchases of ~\$50mm/qtr. (PNRA has \$341mm in cash, and no debt, on the balance sheet.) Despite concerns about near-term sales trends and the 2014 EPS outlook, we maintain a Buy rating as current valuation (19x 2014E P/E, ex-cash) already reflects low investor expectations. We note that PNRA currently trades at a 3% discount to the restaurant industry average 2014 P/E vs. a 34% premium historically.



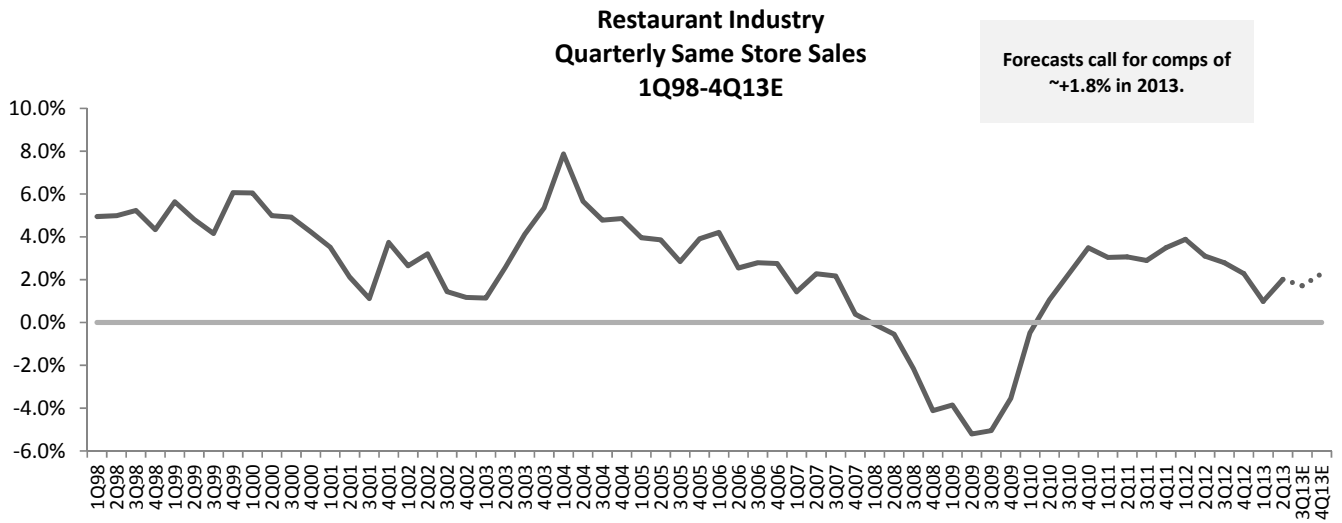
Figure 3: Restaurant earnings calendar

Company	Ticker	Fiscal YE	Earnings release date	Conf. call date	Time (ET)	Dial-in	Code
YUM! Brands*	YUM	12	8-Oct-13	9-Oct-13	9:15 AM	1-877-815-2029	none
Del Frisco's Restaurant Group*	DFRG	12	9-Oct-13	9-Oct-13	8:30 AM	1-888-539-3612	9881363
Ruby Tuesday	RT	5	9-Oct-13	9-Oct-13	5:00 PM	1-877-269-7756	none
Domino's	DPZ	12	15-Oct-13	15-Oct-13	10:00 AM	1-888-306-6182	Domino's Pizza
Chipotle*	CMG	12	17-Oct-13	17-Oct-13	4:30 PM	1-800-390-5312	6685758
McDonald's*	MCD	12	21-Oct-13	21-Oct-13	11:00AM	1-888-282-6212	McDonald's
Sonic	SONC	8	21-Oct-13	21-Oct-13	5:00 PM	1-877-870-5176	8270295
Panera*	PNRA	12	22-Oct-13	23-Oct-13	8:30 AM	1-888-208-1386	9829993
Brinker	EAT	6	23-Oct-13	23-Oct-13	10:00 AM	TBD	TBD
Starbucks*	SBUX	9	31-Oct-13	31-Oct-13	5:00 PM	TBD	TBD
Jack in the Box	JACK	9	18-Nov-13	19-Nov-13	11:30 AM	TBD	TBD
Wendy's*	WEN	12	7-Nov-13	7-Nov-13	TBD	TBD	TBD

* Covered by Deutsche Bank

Source: Deutsche Bank, company information

Figure 4: Restaurant same store sales trends

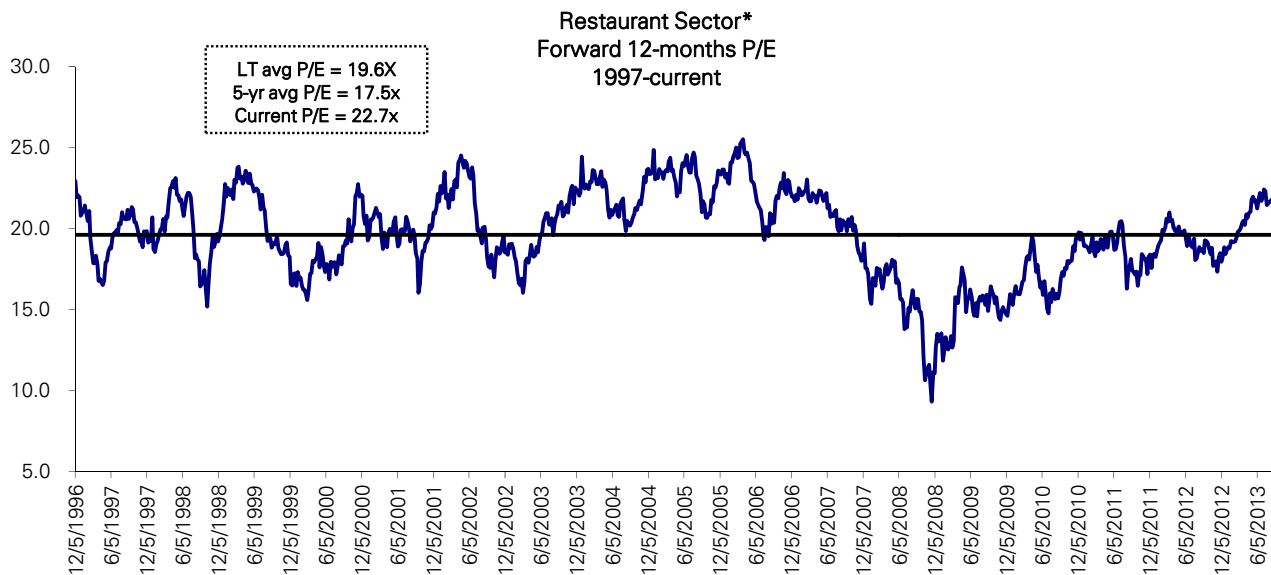


* Based on an avg of ~50 restaurant chains.

Source: Deutsche Bank estimates, company information Consensus Metrix.

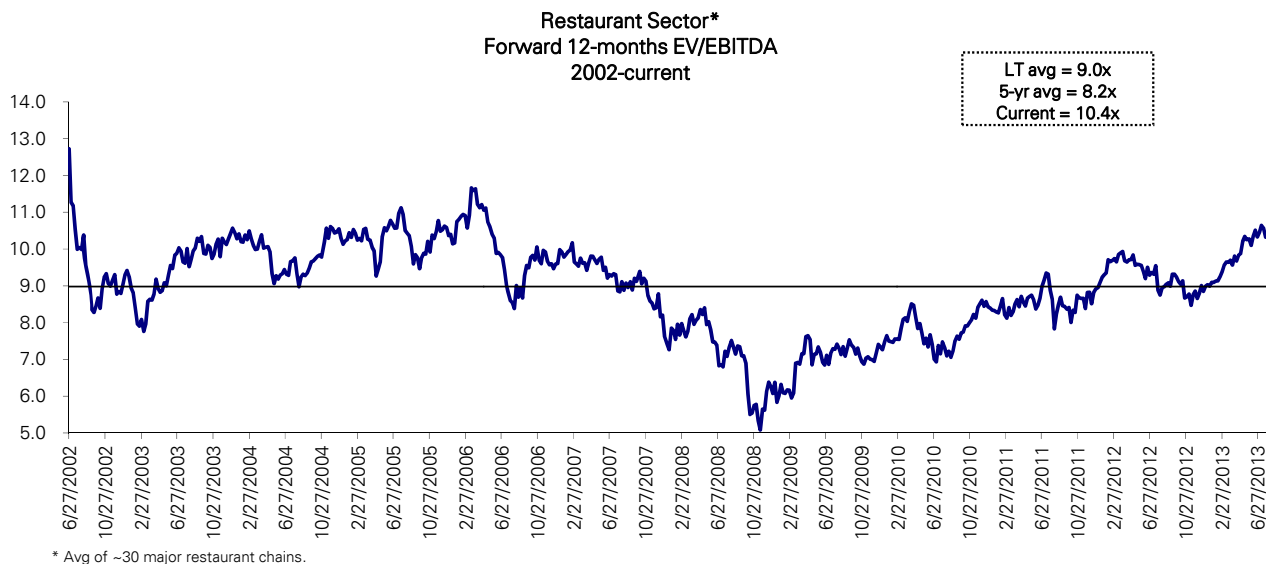


Figure 5: P/E valuations are at 5-year highs



Source: Deutsche Bank estimates, company information, Consensus Metrix

Figure 6: Restaurants are trading at ~10x EV/EBITDA, well above the 5-yr average (~8.2x)



Source: Deutsche Bank estimates, company information, Consensus Metrix



YUM Brands (YUM: Hold)

3Q13 results on Oct 8 AMC; conf. call Oct 9 at 9:15AM ET

- DB EPS \$0.90 vs. consensus \$0.93 and \$0.99 last year
- DB revenue \$3.52 bn vs. consensus \$3.54 bn and \$3.57 bn last year

Figure 7: YUM forecast and summary valuation

YUM! Brands							
Price Data		DB Revenue Estimates (\$MM)					
Price @ 10/3/2013	\$70.44		1Q	2Q	3Q	4Q	Year
Market Cap (\$MM)	\$32,684	2012A	\$2,743	\$3,168	\$3,569	\$4,153	\$13,633
Avg daily volume	3.3mm	2013E	\$2,535A	\$2,904A	\$3,520	\$4,429	\$13,388
LT EPS Growth Rate Est. (DB)	11%	2014E	\$2,927	\$3,368	\$3,986	\$4,916	\$15,197
Valuation Analysis		DB EPS Estimates					
2013E EV/ EBITDA	13.0x		1Q	2Q	3Q	4Q	Year
2014E EV/ EBITDA	11.4x	2012A	\$0.76	\$0.67	\$0.99	\$0.83	\$3.25
2013E P/E	23.6x	2013E	\$0.70A	\$0.56A	\$0.90	\$0.82	\$2.99
2014E P/E	19.9x	2014E	\$0.84	\$0.70	\$1.08	\$0.92	\$3.54
NTM P/E	20.7x						
NTM P/E to Growth	1.90x	DB Same Store Sales Estimates (China only)					
Dividend yield	1.9%		1Q	2Q	3Q	4Q	Year
FCF Yield ('13E)	2.2%	2012A	14.0%	10.0%	6.0%	-6.0%	4.0%
		2013E	-20.0%A	-20.0%A	-11.0%	1.0%	-10.8%
		2014E	17.0%	17.0%	9.0%	7.0%	11.7%

Source: Deutsche Bank estimates, company information, Consensus Metrix.

3Q PREVIEW: THE WAITING GAME CONTINUES

- Our model assumes 3Q EPS of \$0.99, a 9% decline vs. last year, as China uncertainty persists.
- We believe the most important data point, coming out of this release will be the September China same store sales results. We are expecting a 6% decline versus our September 2012 estimate of +3% (consisting of a -8% KFC comp versus our estimate of +1% last year and a 3% gain at Pizza Hut Casual Dining versus our estimate of +12% last year). **The company's most recent guidance was that China SSS will be positive in 4Q.** We believe the company will have a difficult time achieving this goal given recent trends. However, compares ease significantly through the quarter, esp. in December. Below we summarize our monthly YUM China SSS data, including monthly estimates by brand for 2012 (YUM did not report monthly comps for China last year).



Figure 8: YUM China monthly same store sales results and forecasts

YUM China -- monthly same store sales*

KFC	Jan	Feb	1Q	March	April	May	2Q	June	July	Aug	3Q	Sep	Oct	Nov	Dec	4Q
2011																
2012	13%	13%	13%	12%	10%	5%	9%	6%	6%	5%	6%	1%	-3%	-9%	-21%	-8%
2013E	-41%	0%	-24%	-16%	-36%	-25%	-26%	-13%	-16%	-12%	-14%	-8%	-4%	3%	8%	0%
2014E	32%	6%	19%	17%	23%	17%	19%	10%	10%	10%	10%	8%	8%	8%	8%	7.5%

Pizza Hut	Jan	Feb	1Q	March	April	May	2Q	June	July	Aug	3Q	Sep	Oct	Nov	Dec	4Q
2012	18%	18%	18%	13%	10%	7%	10%	8%	8%	8%	8%	12%	5%	3%	6%	7%
2013E	-15%	13%	-2%	4%	5%	12%	7%	6%	3%	5%	5%	3%	7%	8%	6%	6%
2014E	10%	0%	5%	6%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%

Total	Jan	Feb	1Q	March	April	May	2Q	June	July	Aug	3Q	Sep	Oct	Nov	Dec	4Q
2011	11%	15%	13%	16%	18%	20%	18%	19%	19%	19%	19%	21%	21%	21%	21%	21%
2012	14%	14%	14%	14%	11%	5%	10%	6%	6%	5%	6%	3%	-2%	-7%	-17%	-6%
2013E	-37%	2%	-20%	-13%	-29%	-19%	-20%	-10%	-13%	-10%	-11%	-6%	-2%	4%	8%	1%
2014E	28%	5%	17%	15%	20%	15%	17%	9%	9%	9%	9%	7%	7%	7%	7%	7%

YUM China -- monthly 2-yr same store sales

KFC	Jan	Feb	1Q	March	April	May	2Q	June	July	Aug	3Q	Sep	Oct	Nov	Dec	4Q
2013E	-28%	13%	-11%	-4%	-26%	-20%	-17%	-7%	-10%	-7%	-8%	-7%	-7%	-6%	-13%	-8%
2014E	-9%	6%	-5%	1%	-13%	-8%	-7%	-3%	-6%	-2%	-4%	-1%	4%	11%	16%	7%

Pizza Hut	Jan	Feb	1Q	March	April	May	2Q	June	July	Aug	3Q	Sep	Oct	Nov	Dec	4Q
2013E	3%	31%	16%	17%	15%	19%	17%	14%	11%	13%	13%	15%	12%	11%	12%	13%
2014E	-5%	13%	3%	10%	10%	17%	12%	11%	8%	10%	10%	8%	12%	13%	11%	11%

Total	Jan	Feb	1Q	March	April	May	2Q	June	July	Aug	3Q	Sep	Oct	Nov	Dec	4Q
2012	25%	29%	27%	30%	29%	25%	28%	25%	25%	24%	25%	24%	19%	14%	4%	15%
2013E	-23%	16%	-6%	1%	-18%	-14%	-10%	-4%	-7%	-5%	-5%	-3%	-4%	-3%	-9%	-5%
2014E	-9%	7%	-3%	2%	-9%	-4%	-3%	-1%	-4%	-1%	-2%	1%	5%	11%	15%	8%

* 2012 monthly data is estimated based on YUM commentary around trends through the quarters.

Source: Deutsche Bank estimates, company information

Review of potential 2014 guidance

YUM has historically waited to provide its full, detailed guidance for the upcoming year until its December analyst day. However, the company has provided some color on its out-year outlook inclusive of its 3Q release and conf. call in most years. We would expect YUM to provide some thoughts on its consolidated earnings outlook for 2014, as well as some commentary around the long-term growth model for each division. Specifically, YUM has historically guided to “double digit” unit percentage growth in China and “3-4%” unit growth at YRI. We will be looking for any adjustments to these targets, as well as any commentary on SSS. YUM’s long-term model for China calls for at least 3-5% SSS growth.

YUM’s long-term model calls for “at least double-digit” EPS growth. Given the disappointing results in 2013 (guiding to “mid single-digit” EPS decline), YUM has indicated that 2014 should be an above-average year for growth. We believe YUM is likely to reiterate a similar sentiment with 3Q results though is unlikely to provide much specificity. We note that our 2014 EPS estimate assumes a rebound to \$3.54, up 18% in 2014, but is well below the Street’s \$3.79 consensus estimate (+24%).



[Key modeling assumptions for 3Q13E:](#)

- **Same store sales:**
 - **US:** +1.2% vs. consensus +1.5% and +6.0% last year
 - **Taco Bell:** +3.0% vs. consensus +3.4% and +7.0% last year
 - **Pizza Hut:** -1.0% vs. consensus +0.8% and +6.0% last year
 - **KFC:** +1.0% vs. consensus +0.8% and +4.0% last year
 - **China:** -11.0% (already reported) vs. consensus -9.8% and +6.0% last year (last year estimate)
 - **YRI:** +3.0% vs. consensus +2.4% and +2.0% last year
 - **India:** +4.0% vs. consensus +2.8% and +5.0% last year
- **Consol. restaurant margin: -160bps y/y (to 17.3%)**
 - **US:** +110bps y/y (to 17.8%)
 - **China:** -325bps y/y (to 18.1%)
 - **YRI:** +60bps y/y (to 13.9%)
 - **India:** +225bps y/y (to 11.8%)
- **Consol. operating margin: -110bps y/y (to 17.6%)**
 - **US:** +230bps y/y (to 22.9%)
 - **China:** -375bps y/y (to 15.1%)
 - **YRI:** +310bps y/y (to 25.6%)
 - **India:** +380bps y/y (to 3.8%)
- **G&A:** +30bps y/y
- **Tax rate:** 28.0% vs. 25.3% last year
- **Share count:** -2.0% (463mm diluted shares)

[Key modeling assumptions for 2013E:](#)

- **EPS:** \$2.99 vs. consensus \$3.06 and \$3.25 last year
- **Revenue:** \$13.4bn vs. consensus \$13.4bn and \$13.6bn last year
- **Same store sales:**
 - **US:** +1.5% vs. consensus +1.8% and +5.0% last year
 - **Taco Bell:** +3.5% vs. consensus +3.8% and +8.0% last year
 - **Pizza Hut:** -0.8% vs. consensus -0.4% and +4.0% last year
 - **KFC:** +1.0% vs. consensus +1.0% and +3.0% last year
 - **China:** -10.8% vs. consensus -10.8% and +4.0% last year
 - **YRI:** +2.0% vs. consensus +1.8% and +3.0% last year
 - **India:** +2.3% vs. consensus +1.8% and +7.0% last year
- **Consol. restaurant margin: -190ps y/y (to 14.7%)**
 - **US:** +130bps y/y (to 17.6%)



- **China:** -395bps y/y (to 14.2%)
- **YRI:** +85bps y/y (to 13.8%)
- **India:** +45ps y/y (to 6.4%)
- **Consol. operating margin:** -120bps y/y (to 15.2%)
 - **US:** +320bps y/y (to 23.1%)
 - **China:** -465bps y/y (to 10.1%)
 - **YRI:** +315bps y/y (to 24.9%)
 - **India:** -120bps y/y (to -2.2%)
- **G&A:** +10bps y/y
- **Tax rate:** 26.5% vs. 25.8% last year
- **Share count:** -2.2% (463mm diluted shares)

YUM's 2013 guidance:

- **EPS:** mid single digit decline in EPS (implies ~\$3.05-3.12, down 4-6%)
- **US**
 - **Same store sales:** at least +2%
 - **New unit growth:** Pizza Hut, +125 net new units: Taco Bell +80 net new unit
 - **Commodities:** 2% food inflation net of 2% supply chains savings
 - **Margins:** modest improvement
 - **EBIT growth:** 3%
- **China**
 - **Same store sales:** "continue to recover over the course of the year and be positive in 4Q"
 - **New unit growth:** at least 700 gross new units
 - **Commodities:** 3% food inflation (lower 1H, higher 2H)
 - **Labor:** mid-teens labor inflation
 - **Pricing:** was running ~4.0% going into 2013
 - **Restaurant margin:** "mid-teens" (as of Feb '13 conf. call)
- **YRI**
 - **Same store sales:** +2-3%
 - **New unit growth:** at least 1,000 gross new units
 - **Operating Profit:** achieve its ongoing growth target of 10% profit growth
 - **Commodities:** 2% food inflation
- **India**
 - **New unit growth:** at least 150 gross new units
- **G&A:** +3% worldwide



- **Interest expense:** Flat
- **Tax rate:** 27.0%
- **Share count:** down ~2%
- **Capex:** \$1.1bn

\$72 price target

We derive our PT by assuming ~20x our 2014E EPS, which assumes a premium to YUM's longer-term P/E of ~17-18x as our 2014E still somewhat under-represents YUM's full earnings power given the recent sales issues in China. This is a slight premium to QSR peers as YUM has superior international growth prospects (specifically in emerging markets), a track record of consistent earnings growth, solid management, and strong cash flow. However, this is partly offset by historically weaker trends in developed markets and a large base of existing assets (limiting future growth rates).

Risks

YUM generates a significant % of profits from its China segment, giving it significant exposure to fluctuations in that market. We see key downside risks as a stronger USD, a slower-than-expected recover in China, and input cost volatility. YUM must also execute major strategic initiatives, such as China expansion and US refranchising, to meet our earnings and cash flow expectations. Upside risks include improved US comps, a weaker US dollar, or food price deflation.



Del Frisco's Restaurant Group (DFRG: Buy)

3Q13 results and conf. call on October 9 BMO

- DB EPS \$0.09 vs. consensus \$0.11 and \$0.09 last year
- DB revenue \$53.6mm vs. consensus \$55.1mm and \$47.9mm last year

Figure 9: DFRG forecast and summary valuation

Del Frisco's Restaurant Group								
Price Data			DB Revenue Estimates (\$MM)					
Stock price @	10/3/2013	\$19.81	1Q	2Q	3Q	4Q	Year	
Market Cap (\$mm)		\$472	2012A	\$53	\$51	\$48	\$81	\$232
Enterprise value (\$mm)		\$458	2013E	\$60A	\$60A	\$54	\$102	\$276
Avg. daily volume		350k	2014E	\$69	\$69	\$61	\$110	\$310
LT EPS Growth Rate		18-20%						
Valuation Analysis			DB EBITDA Estimates (\$MM)					
2013E EV/ EBITDA		10.8x	1Q	2Q	3Q	4Q	Year	
2014E EV/ EBITDA		9.4x	2012A	\$11	\$9	\$6	\$14	\$39
2013E P/E		22.0x	2013E	\$10A	\$9A	\$6	\$18	\$42
2014E P/E		19.4x	2014E	\$12	\$11	\$8	\$19	\$49
NTM P/E		19.7x						
NTM P/E to Growth		116%	DB Same Store Sales Ests. (blended)					
Dividend yield		0.0%	1Q	2Q	3Q	4Q	Year	
FCF Yield ('13E)		0.5%	2012A	6.7%	4.2%	3.5%	2.7%	4.4%
			2013E	-0.5% A	2.5% A	0.4%	3.0%	1.6%
			2014E	3.6%	2.9%	2.9%	2.6%	2.9%
			DB EPS Estimates (ex-items)					
			1Q	2Q	3Q	4Q	Year	
			2012A	\$0.30	\$0.24	\$0.10	\$0.31	\$0.94
			2013E	\$0.21A	\$0.20A	\$0.09	\$0.39	\$0.90
			2014E	\$0.25	\$0.24	\$0.14	\$0.41	\$1.04

Source: Deutsche Bank estimates, company information, Consensus Metrix.

3Q PREVIEW: Recently lowered our estimates on sluggish industry sales

- We recently trimmed our EPS and sales estimates (see September 13 note) for DFRG's 3Q.
- 3Q continues to be the least important quarter of the year, representing ~20% of annual revenues and ~10% of annual EPS.
- Easier comparisons (incl. lapping Hurricane Sandy) and a potential 1-2% planned menu price increase in October provide support to the 4Q SSS outlook.
- Our 3Q blended DFRG SSS forecast is +0.4% on a softer sales environment (esp. at Sullivan's).



- Our 3Q EPS estimate of \$0.09 and a slightly more conservative view on 4Q13 puts us slightly below the low end of management's 2013 EPS guidance range of \$0.92-0.96.

Review of potential 2014 guidance

DFRG has not typically offered up much in the way of guidance in its 3Q release. Our model assumes \$1.04 (versus consensus of \$1.09) and represents 15% EPS growth, which is based on low-double-digit revenue growth from +3% blended SSS and +12% unit growth (consisting largely of Del Frisco Grille units). We note that DFRG will be lapping an extra week in 2014.

Key modeling assumptions for 3Q13E:

- **Del Frisco's Double Eagle (company-operated):** +2.5% vs. consensus +4.1% and +5.3% last year
 - Pricing/mix: +0.0% vs. +3.1% last year
 - Traffic: +2.5% vs. +2.2% last year
- **Sullivan's (company-operated):** -3.5% vs. consensus -0.7% and +1.4% last year
 - Pricing/mix: -3.0% vs. +0.9% last year
 - Traffic: -0.5% vs. +0.5% last year
- **Del Frisco's Grille (company-operated):** +3.0% vs. consensus 3.0%
 - Pricing/mix: +1.0%
 - Traffic: +2.0%
- **New unit development:** 1 net new units in 3Q13
- **COGS:** -25bps y/y
- **Restaurant operating expenses:** +65bps y/y
- **Restaurant EBITDA margin:** -30bps y/y (to 20.7%)
- **G&A:** +15bps y/y
- **Operating margin:** -145bps y/y (to 6.1%)
- **Tax rate:** 31.0% vs. 32.0% last year
- **Share count:** +14.7% y/y (23.9mm diluted shares)

Key modeling assumptions for 2013E:

- **EPS:** \$0.90 vs. consensus \$0.95 and \$0.93 last year
- **Revenue:** \$275.8mm vs. consensus \$277.43mm & \$232.4mm last year
- **Del Frisco's Double Eagle (company-operated):** +3.8% vs. consensus +4.1% and +6.5% last year
 - Pricing/mix: +0.5% vs. +4.1% last year
 - Traffic: +3.3% vs. +2.4% last year
- **Sullivan's (company-operated):** 2.1% vs. consensus -0.9% and +1.1% last year
 - Pricing/mix: -2.0% vs. +2.6% last year



- **Traffic:** -0.1% vs. +1.5% last year
- **Del Frisco's Grille (company-operated):** +3.3% vs. consensus +2.4%
 - Pricing/mix: +1.3%
 - Traffic: +1.8%
- **New unit development:** 6 Del Frisco Grilles
- **COGS:** -25bps y/y
- **Restaurant operating expenses:** +135bps y/y
- **Restaurant EBITDA margin:** -100bps y/y (to 23.3%)
- **G&A:** +50bps y/y
- **Operating margin:** -180bps y/y (to 11.2%)
- **Tax rate:** 30.5% vs. 30.0% last year
- **Share count:** +16% y/y (23.9mm diluted shares)

DFRG's 2013 guidance:

- **EPS:** +\$0.92-0.96
- **Same store sales:** +1.5-2.5%
- **Unit development:** +5-6 Del Frisco's Grilles
- **Commodity outlook:** DFRG expects higher inflation in 2H vs. 1H13, with 2H beef inflation estimated at +3-5%
- **Cost of goods sold:** between 30.5-30.9% of company sales
- **Restaurant level EBITDA margin:** between 23.0-23.4%
- **G&A:** \$17-18mm
- **Tax rate:** 30-32%
- **Share count:** ~23.9mm shares
- **Gross capex:** \$31-33mm

PT unchanged at \$24

Our PT remains unchanged and assumes ~24x our next 12-months (NTM) EPS forecast previously due to higher forward estimates and higher group multiples. We assume a premium to the restaurant industry average (22x) given DFRG's above-average unit growth profile, solid unit economics, and clean balance sheet. These positives are partly offset by higher risk around macro trends and discretionary spending for this business. DFRG's new units also require significant capital investment, which inherently brings more risk than some other restaurant chains.

Risks

As an upscale chain, DFRG is particularly sensitive to changes in consumer discretionary income, sentiment and spending. Our model takes a fairly conservative view on spending trends in coming quarters but does not assume



a recession. Further, beef is DFRG's largest commodity cost (33% of COGS). Beef costs have risen in each of the past three years. Given still-tight cattle supply and rising feed costs, beef inflation is likely to continue into 2013, and perhaps beyond. Additionally, with only six units opened so far, the Grille concept remains somewhat unproven. This concept is expected to be DFRG's key growth vehicle going forward. If the early success of this concept begins to fade, this could significantly diminish the revenue growth outlook for DFRG. Other risks include significant exposure to the NY market (~20% of sales), mgmt. turnover, food contamination, and competition.



Chipotle (CMG: Hold)

3Q13 results and conf. call on October 17 AMC

- DB EPS \$2.72 vs. consensus \$2.76 and \$2.27 last year
- DB revenue \$818mm vs. consensus \$819mm and \$701mm last year

Figure 10: CMG forecast and summary valuation

Chipotle Mexican Grill								
Price Data (CMG)			DB Revenue Estimates (\$MM)					
Price @	10/03/13	\$426.50	1Q	2Q	3Q	4Q	Year	
Market Cap (\$MM)		\$13,297	2012A	\$641	\$691	\$701	\$699	\$2,731
Avg daily volume		950k	2013E	\$727A	\$817A	\$818	\$812	\$3,174
LT EPS Growth Rate		21%	2014E	\$839	\$948	\$952	\$949	\$3,688
Valuation Analysis			DB EPS Estimates					
2013E EV/ EBITDA		19.9x	1Q	2Q	3Q	4Q	Year	
2014E EV/ EBITDA		16.4x	2012A	\$2.07	\$2.56	\$2.27	\$1.95	\$8.85
2013E P/E		40.6x	2013E	\$2.45A	\$2.85A	\$2.72	\$2.50	\$10.51
2014E P/E		32.5x	2014E	\$2.60	\$3.69	\$3.55	\$3.27	\$13.11
NTM P/E		34.2x	DB Same Store Sales Estimates					
NTM P/E to Growth		1.66x	1Q	2Q	3Q	4Q	Year	
Dividend yield		0.0%	2012A	12.7%	8.0%	4.8%	3.8%	7.3%
FCF Yield ('13E)		2.7%	2013E	1.0%A	5.5%A	4.5%	4.5%	3.9%
			2014E	5.0%	6.5%	7.0%	7.0%	6.4%

Source: Deutsche Bank estimates, company information, Consensus Metrix.

Review of potential 2014 guidance

Chipotle's 3Q release typically provides the Street with a few pieces of data on the coming year, such as unit expansion targets, same store sales and the tax rate.

- Expansion:** At this time last year, the 2013 outlook assumed the addition of 165-180 new units, which DB estimates now project them hitting the top of that forecast. Our 2014 model contains 185 new units (versus consensus of +193), up modestly from our 2013E of 180 new units.
- Same store sales:** CMG has normally started the year with conservative guidance on SSS, typically calling for "low single-digit" SSS for the coming year, which excludes any potential pricing. We believe the company is likely to offer similar guidance to start 2014. **DB's 2014 same store sales estimate currently call for +6.4% in 2014, as we have a 4% price increase built into the model starting in 2Q 2014. The consensus forecast of +5.2% includes ~3% in pricing for the year. CMG has not yet officially announced plans to raise prices next year.**
- Tax rate:** Our forecast assumes a 38.5% tax rate in 2014 vs. 38.7% in 2013E.



Key modeling assumptions for 3Q13E:

- **New unit growth:** 38 net new units
- **Same store sales:** +4.5% vs. consensus +4.6% and +4.8% last year
 - **Pricing:** +0.0% vs. consensus +0.0% and +1.2% last year
 - **Traffic/mix:** +4.5% vs. consensus +4.6% and +3.6% last year
- **Restaurant margin:** -50bps y/y (to 26.9%)
 - **Food & paper:** +60bps y/y
 - **Labor:** -20bps y/y
 - **Occupancy:** -30bps y/y
 - **Other operating expenses:** +40bps y/y
- **G&A:** -50bps y/y
- **Operating margin:** +20bps y/y (to 17.0%)
- **Tax rate:** 39.4% vs. 38.8% last year
- **Share count:** -2.2% (31.1mm diluted shares)

Key modeling assumptions for 2013E:

- **EPS:** \$10.51 vs. consensus \$10.58 and \$8.75 last year
- **Revenue:** \$3.2bn vs. consensus \$3.2bn and \$2.7bn last year
- **New unit growth:** 180 net new units
- **Same store sales:** +3.9% vs. consensus +4.1% and +7.3% last year
 - **Pricing:** +0.2% vs. consensus +0.1% and +2.9% last year
 - **Traffic/mix:** +3.7% vs. consensus +3.9% and +4.4% last year
- **Restaurant margin:** -55bps y/y (to 26.6%)
 - **Food & paper:** +50bps y/y
 - **Labor:** -26bps y/y
 - **Occupancy:** -10-15bps y/y
 - **Other operating expenses:** +40bps y/y
- **G&A:** -30bps y/y
- **Operating margin:** -10bps y/y (to 16.8%)
- **Tax rate:** 38.7% vs. 39.3% last year
- **Share count:** -1.9% (31.2mm diluted shares)

CMG's 2013 guidance:

- **Same store sales:** Low to mid single digit comparable restaurant sales, excluding additional menu price increases
- **New unit growth:** +165-180 net new units
- **COGS:** slightly above 33% of sales, before any menu price increases
- **Tax rate:** 38.9% for full year, 39.4% for remainder of 2013 (vs. 39.3% last year)



Raising PT to \$400 from \$375

Our PT still assumes 31x our NTM EPS, as we roll forward our model and given improved traffic trends with continued focus on improving throughput. Our target multiple is a significant premium to the restaurant industry (~23x) owing to a long runway for growth, industry-leading returns on new units, strong cash flow, and a clean balance sheet for CMG. Our PT is also supported by a DCF analysis assuming 7x terminal multiple, 10% WACC, and 15% long-term EBIT growth.

Risks

Key upside risks to our estimates include the potential of re-accelerating same store sales in the coming quarters. This could also drive higher margins than what we have forecasted leading to better earnings vs. our model. Downside risks include a significant slowdown in macro-economic activity in the US, which is not assumed in our forecasts and could cause a shortfall on sales. Volatility in key cost inputs (such as food and labor) could also impact our profit outlook. In addition, CMG must continue to secure adequate real estate sites to execute on unit growth targets, a task that becomes more challenging as the company gets larger.



McDonald's (MCD: Buy)

3Q13 results and conf. call on October 21 BMO

- DB EPS \$1.49 vs. consensus \$1.51 and \$1.43 last year
- DB revenue \$ \$7.27bn vs. consensus \$7.32bn and \$7.15bn last year

Figure 11: MCD forecast and summary valuation

McDonald's Corp.								
Price Data			DB Revenue Estimates (\$MM)					
Price @ 10/3/2013	\$94.67		1Q	2Q	3Q	4Q	Year	
Market Cap (\$MM)	\$95,494		2012A	\$6,547	\$6,916	\$7,152	\$6,952	\$27,567
Avg daily volume	10mm		2013E	\$6,605A	\$7,084A	\$7,271	\$7,133	\$28,093
LT EPS Growth Rate Est. (DB)	8%		2014E	\$7,038	\$7,551	\$7,737	\$7,570	\$29,896
Valuation Analysis			DB EPS Estimates					
2013E EV/ EBITDA	10.3x		1Q	2Q	3Q	4Q	Year	
2014E EV/ EBITDA	9.7x		2012A	\$1.23	\$1.32	\$1.43	\$1.38	\$5.36
2013E P/E	17.0x		2013E	\$1.26A	\$1.38A	\$1.49	\$1.43	\$5.56
2014E P/E	15.4x		2014E	\$1.35	\$1.50	\$1.68	\$1.61	\$6.14
NTM P/E	15.8x		DB Same Store Sales Estimates (Global)					
NTM P/E to Growth	1.89x		1Q	2Q	3Q	4Q	Year	
Dividend yield	3.3%		2012A	7.3%	3.7%	1.9%	0.1%	3.1%
FCF Yield ('13E)	3.9%		2013E	-1.0%A	1.0%A	1.3%	2.5%	0.9%
			2014E	3.2%	3.2%	3.2%	3.2%	3.2%

Source: Deutsche Bank estimates, company information, Consensus Metrix.

EUROPE AND WINGS ARE THE KEY SEPTEMBER QUESTIONS

- 3Q EPS release will include the company's global September SSS, which we are modeling at +1.0%. We see the risk weighted slightly to the upside, driven by the new "Mighty Wings" promotion in the US and an improving European backdrop.
- We're modeling October global SSS at +3.0% as MCD will be lapping a very easy compare (-1.8%). MCD typically provides some directional color on the current month on the earnings conf. call.

Key modeling assumptions for 3Q13E:

- September same store sales forecasts:**
 - Global:** +1.0% vs. consensus +1.3% and +1.9% last year
 - US:** +0.5% vs. consensus +0.9% and +0.7% last year
 - Europe:** +0.0% vs. consensus +0.8% and +3.0% last year
 - APMEA:** +1.0% vs. consensus +1.2% and +0.1% last year



- **October same store sales forecasts:**
 - **Global:** +3.0% vs. consensus +3.6% and -1.8% last year
 - **US:** +3.0% vs. consensus +3.3% and -2.2% last year
 - **Europe:** +3.0% vs. consensus +3.1% and -2.2% last year
 - **APMEA:** +1.5% vs. consensus +2.9% and -2.4% last year
- **3Q13E same store sales forecasts:**
 - **Global:** +1.2% vs. consensus +1.3% and +5.6% last year
 - **US:** +0.8% vs. consensus +1.3% and +1.2% last year
 - **Europe:** +0.5% vs. consensus +0.6% and +1.8% last year
 - **APMEA:** +1.5% vs. consensus +0.9% and -2.4% last year
- **COGS:** -10bps y/y
- **Restaurant margin:** -70bps y/y (to 18.4%)
- **SG&A:** -50bps y/y
- **Operating margin:** +45bps y/y (to 32.4%)
- **Tax rate:** 32.5% vs. 32.4% last year
- **Share count:** -1.1% (1,004mm diluted shares)
- **Foreign currency translation:** \$6mm tailwind to EBIT; \$0.00 to EPS

[Key modeling assumptions for 2013E:](#)

- **EPS:** \$2.95 vs. consensus \$3.05 and \$3.25 last year
- **Revenue:** \$13.5bn vs. consensus \$13.5bn and \$13.6bn last year
- **Same store sales:**
 - **Global:** +0.9% vs. consensus +0.9% and +3.1% last year
 - **US:** +0.7% vs. consensus +0.7% and +3.3% last year
 - **Europe:** +0.4% vs. consensus +0.4% and +2.4% last year
 - **APMEA:** -0.5% vs. consensus -0.3% and +1.4% last year
- **COGS:** -240bps y/y (to 14.2%)
- **Restaurant margin:** -130bps y/y (to 15.1%)
- **SG&A:** -10bps y/y
- **Operating margin:** -130bps y/y (to 15.1%)
- **Tax rate:** 26.9% vs. 25.8% last year
- **Share count:** -2.2% (463mm diluted shares)
- **Foreign currency translation:** \$39mm tailwind to EBIT; \$0.03 to EPS

[MCD's 2013 guidance:](#)

- **New unit growth:** 1,200-1,300 net new units
- **SG&A:** increase of 2-3% on constant currency basis
- **Interest expense:** increase of 2-3% on constant currency basis
- **Capex:** \$3.2bn



- **Reimaging:** over 1,600 units globally
- **Tax rate:** 31-33%
- **US – commodities:** +1.5-2.5%
- **Europe – commodities:** +2.5-3.5%

\$110 price target

Our PT assumes ~18x our 2014E EPS, at the high end of MCD's historical range of 13x-18x. While MCD has below-average unit growth given the large installed base of restaurants, this is partly offset by above-average cash flow (one of the highest dividend yields in the sector), improving returns on capital, market share gains, best-in-class operations and a largely franchise-driven business, combined with above average market multiples.

Risks

Slowing consumer traffic, particularly in the US or Europe, could negatively impact our sales forecast for MCD. The competitive environment remains challenging in the fast food industry, particularly in the US, as chains compete for foot traffic in a still-soft retail environment. MCD has significant exposure to foreign currencies (most notably the euro and the UK pound), which could cause volatility in sales and earnings due to both translation and transactional effects. As a food retailer, MCD also has exposure to input costs, such as food and labor, which can be volatile and can be impacted by factors outside of the company's control, such as global supply and demand, weather, and government-mandated minimum wage rates.



Panera Bread (PNRA: Buy)

3Q13 results on Oct. 22 AMC; conf. call on Oct. 23 at 8:30AM ET

- DB EPS \$1.32 vs. consensus \$1.35 and \$1.24 last year
- DB revenue \$585mm vs. consensus \$585mm and \$529mm last year

Figure 12: PNRA forecast and summary valuation

Panera Bread							
Price Data		DB Revenue Estimates (\$MM)					
Price @ 10/3/2013	\$156.90	1Q	2Q	3Q	4Q	Year	
Market Cap (\$MM)	\$4,595	2012A	\$499	\$531	\$529	\$572	\$2,130
Avg daily volume	500k	2013E	\$562A	\$589A	\$585	\$690	\$2,425
LT EPS Growth Rate	18%	2014E	\$629	\$658	\$654	\$715	\$2,656
Valuation Analysis		DB EPS Estimates					
2013E EV/ EBITDA	10.0x	1Q	2Q	3Q	4Q	Year	
2014E EV/ EBITDA	9.0x	2012A	\$1.40	\$1.50	\$1.24	\$1.75	\$5.89
2013E P/E	23.1x	2013E	\$1.64A	\$1.74A	\$1.32	\$2.07	\$6.78
2014E P/E	20.6x	2014E	\$1.83	\$2.02	\$1.58	\$2.20	\$7.62
NTM P/E	21.2x	DB Same Store Sales Ests. (system)					
NTM P/E to Growth	1.20x	1Q	2Q	3Q	4Q	Year	
Dividend yield	0.0%	2012A	6.3%	5.9%	5.8%	4.9%	5.7%
FCF Yield ('13E)	2.6%	2013E	3.3%A	3.7%A	3.0%	4.0%	3.5%
		2014E	3.5%	3.5%	4.0%	4.0%	3.8%

Source: Deutsche Bank estimates, company information, Consensus Metrix.

Review of potential 2014 guidance

With its 3Q 2012 release, Panera provided the Street with initial targets for the upcoming year, which we would anticipate them doing again in this upcoming 3Q release (for the initial 2014 outlook):

- **EPS:** DB's 2014 EPS estimate of \$7.62 (versus consensus \$7.82), represents ~13% growth and includes the negative impact of an extra week in fiscal 2013 (~2% drag). PNRA's long-term model calls for 15-20% EPS growth. We believe PNRA may guide to the lower end of this range given recent sluggish sales trends and planned spending for operations improvements.
- **Expansion:** Our model assumes a modest slowdown in 2014 new cafes growth to +120 net new units (Street consensus of +132 net new units) compared with our 2013 estimate of +125.
- **Same store sales:** PNRA cut its 2013 growth targets during its 2Q release on July 2013. At that time we lowered our sale store sales



forecast for 2014 (to reflect the ongoing challenges) and assume +3-4% same store sales growth in 2014, which is in line with our 2013 forecast.

- **Operating margin:** Last year's guidance assumed operating margin improvements of +75-100bps supported by a still-strong sales environment. We are modeling a 30bps operating margin improvement in 2014 on top of our flat 2013 estimate.

Key modeling assumptions for 3Q13E:

- **New unit growth:** 30 new units
- **Same store sales:**
 - **Company operated:** +2.5% vs. consensus +2.9% and +6.2% last year
 - **Traffic:** -0.5% vs. consensus -0.6% and +0.6% last year
 - **Ticket:** +1.5% vs. consensus +1.7% and +3.0% last year
 - **Mix:** +1.5% vs. consensus +1.8% and +2.6% last year
 - **Franchise:** +3.5% vs. consensus +2.7% and +5.5% last year
- **Restaurant margin:** -65bps y/y (to 18.2%)
 - **COGS:** +50bps y/y
 - **Labor:** +10bps y/y
 - **Occupancy:** -10bps y/y
 - **Other operating expenses:** +15bps y/y
- **FDF costs:** -200bps y/y
- **G&A:** +20bps y/y
- **Operating margin:** -65bps y/y (to 10.7%)
- **Tax rate:** 38.4% vs. 38.2% last year
- **Share count:** -0.4% (29.3mm diluted shares)

Key modeling assumptions for 2013E:

- **EPS:** \$6.78 vs. consensus \$6.81 and \$5.89 last year
- **Revenue:** \$2.4bn vs. consensus \$2.4bn and \$2.1bn last year
- **New unit growth:** 125 new units
- **Same store sales:**
 - **Company operated:** +3.4% vs. consensus +3.5% and +6.5% last year
 - **Traffic:** -0.7% vs. consensus -0.8% and +0.8% last year
 - **Ticket:** +1.8% vs. consensus +1.8% and +3.0% last year
 - **Mix:** +2.4% vs. consensus +2.4% and +2.7% last year
 - **Franchise:** +3.5% vs. consensus +3.3% and +5.5% last year
- **Restaurant margin:** -35bps y/y (to 19.9%)
 - **COGS:** +35bps y/y



- **Labor:** -20bps y/y
- **Occupancy:** -5bps y/y
- **Operating:** +20-25bps y/y
- **FDF costs:** -200bps y/y
- **G&A:** -10-15bps y/y
- **Operating margin:** -5bps y/y (to 13.2%)
- **Tax rate:** 38.7% vs. 38.7% last year
- **Share count:** -0.4% (29.3mm diluted shares)

PNRA's 3Q/4Q guidance:

- **3Q13 EPS:** \$1.32-1.36, +6%-10% vs. 3Q12 (does not assume additional share repurchases)
- **4Q13 EPS:** \$2.05-2.11, +17%-21% vs. 4Q12 (includes +700bp impact for 53rd week in 2013, but does not assume additional share repurchases)
- **3Q/4Q same store sales:** +3-5% comparable café sales growth
- **Operating margin:** Flat to down 50bps y/y

PNRA's 2013 guidance:

- **EPS:** \$6.75-6.85 (includes +200bp impact for 53rd week in 2013, but does not assume additional share repurchases)
- **Same store sales:** +3-5% comparable café sales growth
- **New unit growth:** +115-125 new units
- **Operating margin:** Flat y/y

\$185 price target

Our PT assumes 24x our NTM EPS est, which represents a premium to the restaurant industry at ~22x. This premium is more in line with PNRA's historical relative valuation. We believe PNRA still deserves a premium given above-average unit growth (+7%), strong same store sales, high new unit returns, strong cash flow/balance sheet (no debt) and a consistent track record of conservative guidance.

Risks

Our outlook for Panera assumes solidly positive comps, despite a challenging macro-economic environment and difficult compares. There is a risk that consumers could cut back on discretionary restaurant spending, particularly if unemployment stays high, causing Panera to fall short of our sales expectations. As a bakery café concept, Panera faces significant exposure to commodity prices, particularly wheat, which have been volatile in recent years.



Starbucks (SBUX: Buy)

3Q13 results and conf. call on October 31 AMC

- DB EPS \$0.60 vs. consensus \$0.59 and \$0.46 last year
- DB revenue \$3.76bn vs. consensus \$3.81bn and \$3.36bn last year

Figure 13: SBUX forecast and summary valuation

Starbucks							
Price Data		DB Revenue Estimates (\$MM)					
Price @ 10/3/2013	\$76.87	1Q	2Q	3Q	4Q	Year	
Market Cap (\$MM)	\$58,567	FY12A	\$3,436	\$3,196	\$3,304	\$3,364	\$13,300
Avg daily volume	10mm	FY13E	\$3,800A	\$3,556A	\$3,742A	\$3,764	\$14,861
LT EPS Growth Rate	19%	FY14E	\$4,314	\$3,955	\$4,146	\$4,170	\$16,585
Valuation Analysis		DB EPS Estimates					
FY13E EV/ EBITDA	18.8x	1Q	2Q	3Q	4Q	Year	
FY14E EV/ EBITDA	15.7x	FY12A	\$0.50	\$0.40	\$0.43	\$0.46	\$1.79
FY13E P/E	34.5x	FY13E	\$0.57A	\$0.51A	\$0.55A	\$0.60	\$2.23
FY14E P/E	29.0x	FY14E	\$0.70	\$0.59	\$0.67	\$0.69	\$2.65
NTM P/E	29.0x	DB Same Store Sales Estimates (Global)					
NTM P/E to Growth	1.52x	1Q	2Q	3Q	4Q	Year	
Dividend yield	1.1%	FY12A	9.0%	7.0%	6.0%	6.0%	7.0%
FCF Yield (FY13E)	2.4%	FY13E	6.0%A	6.0%A	8.0%A	5.6%	6.4%
		FY14E	5.5%	4.8%	4.0%	4.0%	4.6%

Source: Deutsche Bank estimates, company information, Consensus Metrix.

Key modeling assumptions for F4Q13E:

- **New unit growth:** 501 net new units
- **Same store sales (systemwide):**
 - **Starbucks (worldwide):** +5.6% vs. consensus +6.5% and +6.0% last year
 - **Traffic:** +3.8% vs. +5.0% last year
 - **Ticket:** +1.8% vs. +1.0% last year
 - **Americas:** +0.7% vs. consensus +6.9% and +7.8% last year
 - **Traffic:** +4.0% vs. +5.0% last year
 - **Ticket:** +2.0% vs. +2.0% last year
 - **EMEA:** +0.7% vs. consensus +1.7% and -1.0% last year
 - **Traffic:** +0.0% vs. +0.0% last year
 - **Ticket:** +0.0% vs. -1.0% last year



- **China Asia/Pac:** +0.7% vs. consensus +9.1% and +10.0% last year
 - **Traffic:** +6.0% vs. +7.0% last year
 - **Ticket:** +2.0% vs. +2.0% last year
- **G&A:** +10-15bps y/y
- **Operating margin:** +150ps y/y (to 16.9%)
 - **Americas:** +130bps y/y (to 22.1%)
 - **EMEA:** +390bps y/y (to 1.5%)
 - **China Asia/Pac:** +95bps y/y (to 34.1%)
 - **Channel Development:** +75bps y/y (to 31.8%)
 - **Other:** +1620bps y/y (to -9.5%)
- **Tax rate:** 33.0% vs. 33.4% last year
- **Share count:** -1.8% (759mm diluted shares)

F4Q13 guidance

- **EPS:** \$0.59-0.60, incl. 3c gain on sale of equity stakes in Argentina and Chile to a licensee.
- **Total revenue:** 10-13% growth
- **Operating margin:** +100bps y/y

SBUX FY14 guidance

- **EPS:** \$2.55-2.65, up 15-19% y/y, or up 18-22% when excluding the 6c in gains on sale from FY13.
- **Total revenue:** +10-13% y/y
- **Same store sales:** +mid single-digit globally
- **Net new unit growth:** 1,400 net new units globally (up from 1,300 in FY13)
 - **Americas:** 600 net new units
 - **EMEA:** 100 net new units
 - **China Asia/Pac:** 700 net new units, up from 600 in FY13
- **Consolidated operating margin:** +150-200bps (vs. prior DBe of +130bps)
- **Commodities:** ~9-10c coffee tailwind, net of "routine" investments and a price reduction in the grocery channel
- **Tax rate:** Modestly higher tax rate

Raise PT to \$85 from \$80

Our PT moves higher as we roll forward SBUX earnings and the company continues to post results significantly above its peers. Our PT assumes a multiple of ~31x our NTM EPS est. on improved comp trends and margin outlook. While this is a premium valuation to the industry's ~22x multiple, we believe SBUX deserves a premium multiple given its strong same store sales performance, dominant competitive positioning, long runway for international



growth, easing input costs, margin expansion potential, mix-shift to the higher return Channel Development segment, a strong balance sheet, solid cash flow, and increasing share buyback potential.

Risks

Key downside risks include weaker than expected traffic trends, which could lead to lower margins and profits. SBUX is particularly exposed to US consumer trends (over 80% of profits), and to a lesser extent Canada and the UK. Competitive activity could also impact SBUX's ability to open new stores, grow same store sales and protect margins through menu pricing. SBUX is also exposed to somewhat volatile commodity input costs, particularly coffee and milk.



Ruth's Hospitality Group (RUTH: Hold)

3Q13 results and conf. call TBD (late-October/early-November)

- DB EPS \$0.03 vs. consensus \$0.03 and \$0.02 last year
- DB revenue \$87.6mm vs. consensus \$88.3mm and \$84.8mm last year

Figure 14: RUTH forecast and summary valuation

Ruth's Hospitality Group								
Price Data			DB Revenue Estimates (\$MM)					
Price @ 10/3/13	\$11.83		1Q	2Q	3Q	4Q	Year	
Market Cap (\$MM)	\$422		2012A	\$100	\$97	\$85	\$115	\$397
Avg daily volume	380k		2013E	\$107A	\$102A	\$88	\$111	\$408
LT EPS Growth Rate	14%		2014E	\$110	\$107	\$92	\$116	\$425
Valuation Analysis			DB EPS Estimates					
2013E EV/ EBITDA	9.4x		1Q	2Q	3Q	4Q	Year	
2014E EV/ EBITDA	8.9x		2012A	\$0.15	\$0.17	\$0.02	\$0.18	\$0.54
2013E P/E	18.1x		2013E	\$0.25A	\$0.20A	\$0.03	\$0.17	\$0.65
2014E P/E	16.2x		2014E	\$0.26	\$0.21	\$0.05	\$0.20	\$0.73
NTM P/E	16.7x		DB Same Store Sales Ests. (Ruth's Chris co. only)					
NTM P/E to Growth	1.19x		1Q	2Q	3Q	4Q	Year	
Dividend yield	0.0%		2012A	3.7%	6.0%	5.9%	5.4%	5.2%
FCF Yield ('13E)	6.4%		2013E	6.6% A	4.6% A	4.5%	4.5%	5.1%
			2014E	2.0%	3.5%	2.5%	2.5%	2.6%

Source: Deutsche Bank estimates, company information, Consensus Metrix.

Key modeling assumptions for 3Q13E:

- Same store sales (company-operated):**
 - Ruth's Chris: +4.5% vs. consensus +3.6% and +5.9% last year
 - Mitchell's: -2.0% vs. consensus -0.5% and +4.6% last year
- Same store sales (franchise):** +4.5% vs. consensus +3.6% and +3.1% last year
- New unit development:** 1 net new unit
- COGS:** +25bps y/y (to 32.1%)
- Restaurant margin:** +20bps y/y (to 12.9%)
- G&A:** +20bps y/y
- Operating margin:** +30bps y/y (to 2.4%)



- **Tax rate:** 30.3% vs. 26.1% last year
- **Share count:** +1.7% (35.8mm diluted shares)

Key modeling assumptions for 2013E:

- **EPS:** \$0.65 vs. consensus \$0.65 and \$0.55 last year
- **Revenue:** \$408mm vs. consensus \$409mm and \$399mm last year
- **Same store sales (company-operated):**
 - **Ruth's Chris:** +5.1% vs. consensus +4.6% and +5.2% last year
 - **Mitchell's:** -0.8% vs. consensus -0.1% and +2.5% last year
- **Same store sales (franchise):** +3.4% vs. consensus +3.0% and +4.6% last year
- **New unit development:** 5 net new units
- **COGS:** -40bps y/y (to 31.3%)
- **Restaurant margin:** +60bps y/y (to 11.9%)
- **G&A:** -10bps y/y
- **Operating margin:** +90bps y/y (to 8.6%)
- **Tax rate:** 30.4% vs. 29.8% last year
- **Share count:** +1.5% (35.7mm diluted shares)

RUTH's 2013 guidance:

- **Commodity outlook:** ~50% of its 2H beef needs are locked at +3-5% higher y/y, inflation guidance implies significant double digit inflation for the remaining 50% of the un-hedged beef needs
- **COGS:** 31.5-32.5% of sales
- **Restaurant operating expenses:** 50-51%
- **Marketing and advertising:** 3.0-3.5%
- **G&A:** \$28-29mm
- **Tax rate:** 28-32%
- **Capex:** \$14-16mm
- **Diluted share count:** 35.5-36.5mm

\$13 price target

Our \$13 price target is based on ~10x our NTM EBITDA estimate, which is in line with the sector average EV/EBITDA multiple given above-average SSS and substantial room for margin improvement relative to prior peak and strong free cash flow, partly offset by above average inflation risk and limited unit growth.

Risks

Downside risks: A slowdown in consumer spending could put downward pressure on our earnings forecast, which currently assumes some improvement in upcoming quarters. RUTH is also somewhat dependent on business-related spending. RUTH's upscale dining model, involving premium



food quality and service, makes it difficult to cut costs in a slowing sales environment, adding risk to margins. RUTH also faces exposure to volatility in food costs, particularly beef, which represents nearly 40% of RUTH's food costs. Upside risks: Overall employment trends continue to improve, particularly for "white collar" business employment. This trend could result in upside to our RUTH's forecasts. Also, an acceleration in unit growth or a decline in commodity costs (esp. beef) could drive upside to our estimates.



Buffalo Wild Wings (BWLD: Buy)

3Q13 results TBD

- DB EPS \$0.88 vs. consensus \$0.85 and \$0.57 last year
- DB revenue \$308mm vs. consensus \$312mm and \$247mm last year

Figure 15: BWLD forecast and summary valuation

Buffalo Wild Wings							
Price Data		DB Revenue Estimates (\$MM)					
Price @ 10/3/2013	\$115.43	1Q	2Q	3Q	4Q	Year	
Market Cap (\$MM)	\$2,173	2012A	\$251	\$239	\$247	\$304	\$1,041
Avg daily volume	500,000	2013E	\$304A	\$305A	\$308	\$344	\$1,262
LT EPS Growth Rate	20%	2014E	\$358	\$354	\$359	\$402	\$1,474
Valuation Analysis		DB EPS Estimates					
2013E EV/ EBITDA	11.7x	1Q	2Q	3Q	4Q	Year	
2014E EV/ EBITDA	9.6x	2012A	\$0.98	\$0.62	\$0.57	\$0.89	\$3.06
2013E P/E	31.2x	2013E	\$0.87A	\$0.88A	\$0.88	\$1.07	\$3.70
2014E P/E	16.0x	2014E	\$1.12	\$1.08	\$0.94	\$1.41	\$4.55
NTM P/E	17.5x	DB Same Store Sales Ests. (co.-owned)					
NTM P/E to Growth	0.89x	1Q	2Q	3Q	4Q	Year	
Dividend yield	0.0%	2012A	9.2%	5.3%	6.2%	5.8%	6.6%
FCF Yield ('13E)	0.7%	2013E	1.4%A	3.8%A	2.5%	3.5%	2.8%
		2014E	3.0%	3.0%	3.0%	3.0%	3.0%

Source: Deutsche Bank estimates, company information, Consensus Metrix.

Review of potential 2014 guidance

Last year, Buffalo Wild Wings provided some high level initial comments on its 2013 outlook. We would expect them to discuss similar unit and earnings commentary this year.

- Expansion:** We are currently modeling +90-95 new units for 2014 (Street estimates call for 100 units). This comes in modestly behind our 2013 estimated +102 build-out.
- Earnings growth:** DB's 2014 EPS estimates call for \$4.55 (consensus estimate = \$4.45) or +18% EPS growth, roughly in line with the 20% growth target they normally issue (see earlier discussion for more color).

Key modeling assumptions for 3Q13E:

- Same store sales:**
 - Company operated:** +2.5% vs. consensus +2.8% and +6.2% last year
 - Franchise operated:** +2.5% vs. consensus +2.9% and +5.8% last year



- **New unit growth:**
 - **Company operated:** 8 net new units
 - **Franchise operated:** 12 net new units
- **Restaurant margin:** +85bps y/y (to 18.5%)
 - **COGS:** -130bps y/y
 - **Labor:** +65bps y/y
 - **Operating:** flat y/y as a % of sales
 - **Occupancy:** -20bps y/y
- **G&A:** -80bps y/y
- **Operating margin:** +180bps y/y (to 7.8%)
- **Tax rate:** 31.0% vs. 29.4% last year
- **Share count:** +0.5% (18.8mm diluted shares)

Key modeling assumptions for 2013E:

- **EPS:** \$3.70 vs. consensus \$3.64 and \$3.06 last year
- **Revenue:** \$1.26bn vs. consensus \$1.27bn and \$1.04bn last year
- **Same store sales:**
 - **Company operated:** +2.8% vs. consensus +2.9% and +6.6% last year
 - **Franchise operated:** +3.0% vs. consensus +3.1% and +6.5% last year
- **New unit growth:**
 - **Company operated:** 59 net new units
 - **Franchise operated:** 43 net new units
- **Restaurant margin:** -320bps y/y (to 11.9%)
 - **COGS:** +75bps y/y
 - **Labor:** -650bps y/y
 - **Operating:** +235bps y/y as a % of sales
 - **Occupancy:** +275bps y/y as a % of sales
- **G&A:** +30bps y/y
- **Operating margin:** -320bps y/y (to 11.9%)
- **Tax rate:** 27.5% vs. 23.8% last year
- **Share count:** -2.8% (464mm diluted shares)

BWLD's 2013 guidance:

- **EPS growth:** 17% net earnings growth for 2013, equating to 25% on a 52-week basis
- **New unit growth:** 105 gross new openings
- **Tax rate:** 31.0% tax rate for 2H13 (30.0% for the full year)
- **Capex:** \$160mm



Raising PT to \$130 from \$110

Our new PT assumes ~29x our NTM P/E, a premium to the restaurant industry given above-average unit, SSS, and EPS growth for BWLD, along with a clean balance sheet. The near term improvement appears more favorable for BWLD's key input cost (wing's prices), which presents the potential for upward earnings revisions. This ~29x multiple represents a slightly premium from BWLD's average forward 12-mos. multiple. Our PT also implies ~10x our NTM EBITDA, which is also slightly above the restaurant industry average.

Risks

Key risks include slowing consumer spending and high input costs, particularly for chicken wings and breasts (~40% of sales for BWLD). Our model assumes solid traffic trends at BWLD in coming quarters as the concept takes share from competitors and as macro-economic trends recover. If this does not occur, there could be downside risk to our estimates. In addition, weak same store sales and increased competition for alcohol business could put pressure on traffic and margins. Consumers may also push back on pricing, limiting the company's ability to offset high wing prices.



Texas Roadhouse (TXRH: Hold)

3Q13 results TBD

- DB EPS \$0.25 vs. consensus \$0.25 and \$0.25 last year
- DB revenue \$334mm vs. consensus \$339mm and \$309mm last year

Figure 16: TXRH forecast and summary valuation

Texas Roadhouse							
Price Data		DB Revenue Estimates (\$MM)					
Price @ 10/3/2013	\$25.80		1Q	2Q	3Q	4Q	Year
Market Cap (\$MM)	\$1,839	2012A	\$325	\$320	\$309	\$310	\$1,263
Avg daily volume	1mm	2013E	\$360A	\$352A	\$334	\$365	\$1,411
LT EPS Growth Rate	13%	2014E	\$399	\$391	\$371	\$376	\$1,537
Valuation Analysis		DB EPS Estimates					
2013E EV/ EBITDA	10.5x		1Q	2Q	3Q	4Q	Year
2014E EV/ EBITDA	9.7x	2012A	\$0.31	\$0.28	\$0.25	\$0.19	\$1.04
2013E P/E	22.7x	2013E	\$0.37A	\$0.28A	\$0.25	\$0.23	\$1.13
2014E P/E	20.9x	2014E	\$0.39	\$0.34	\$0.28	\$0.22	\$1.23
NTM P/E	20.8x						
NTM P/E to Growth	1.63x						
Dividend yield	1.9%	DB Same Store Sales Estimates					
FCF Yield ('13E)	3.9%		1Q	2Q	3Q	4Q	Year
		2012A	6.0%	4.5%	3.6%	4.4%	4.7%
		2013E	3.5%A	4.5%A	2.5%	2.8%	3.3%
		2014E	2.8%	2.8%	2.8%	2.8%	2.8%

Source: Deutsche Bank estimates, company information, Consensus Metrix.

Trimming estimates on weak industry trends

We are lowering our forecasts on TXRH ahead of 3Q results to reflect persistently sluggish casual dining sales trends through the quarter. Our TXRH co.-operated SSS forecast goes to +2.5% from +3.5%. (Consensus = +3.2%.) This assumes an ~5% positive sales gap vs. the Knapp-Track index, which we estimate posted a -2.5% result for 3Q SSS. This gap would still be above TXRH's historical spread of ~4%. Our 3QE EPS goes to \$0.25 from \$0.27 on the lower SSS forecast, putting us in line with consensus. Our 2013/2014 forecasts go to \$1.13/\$1.23 from \$1.16/\$1.27 on lower forward SSS assumptions.

Review of potential 2014 guidance

Texas Roadhouse issued its preliminary expectations for the following year during last year's 3Q release. We expect to receive similar color in the coming 3Q report on the following categories:



- **Same store sales:** DB's forecast calls for SSS growth of +2.8% for 2014 compared with the company's typical guidance commentary of "positive comparable store sales." Consensus = +3.2%.
- **Menu pricing:** On the 2Q conf. call, TXRH indicated that it was testing a menu price increase in the ~+1.5% range that may be implemented in late 2013 (at the earliest). The update on pricing plans will be a critical piece of the 2014 earnings outlook, as each 1% change in annual menu pricing impacts EPS by ~12c (10%). Our model assumes TXRH moves forward with ~1.5% menu pricing next year. Consensus appears to be closer to +1.8% (per Consensus Metrix).
- **Expansion:** TXRH provided initial guidance of 25-30 new unit openings for 2014 on the 2Q13 conf. call. We assume this guidance is for co.-operated stores only, so our model assumes slightly higher total new unit openings (34) when factoring in franchised stores (mostly international).
- **Food cost inflation:** We have modeled ~50bps of COGS pressure in 2014. This embeds ~3-4% commodity inflation, down from guidance of 6.5-7.0% in 2013. Consensus forecasts (COGS +20bps) appear to embed closer to 2-3% inflation.
- **Tax rate:** Modeling 32.5% tax rate in 2014 vs. 30% in 2013.
- **Capex:** We have capital expenditures in the \$100-105mm range, similar to 2013 given a similar number of new store openings.

[Key modeling assumptions for 3Q13E:](#)

- **Same store sales:**
 - **Company:** +2.5% vs. consensus +3.1% and +3.6% last year
 - **Traffic:** +0.5% vs. consensus +1.3% and +0.7% last year
 - **Ticket:** +2.0% vs. consensus +2.0% and +2.9% last year
 - **Franchise:** +2.5% vs. consensus +3.4% and +4.9% last year
- **New unit growth:** 5 new units
- **Restaurant margin:** -85bps y/y (to 17.1%)
 - **Food & beverage costs:** +125bps y/y
 - **Restaurant labor costs:** -20bps y/y
 - **Rent:** flat y/y as a % of sales
 - **Other operating costs:** -20bps y/y
- **G&A:** +20bps y/y
- **Operating margin:** -100bps y/y (to 8.0%)
- **Tax rate:** 31.5% vs. 32.7% last year
- **Share count:** -2.2% (70.4mm diluted shares)

[Key modeling assumptions for 2013E:](#)

- **EPS:** \$1.16 vs. consensus \$1.15 and \$1.04 last year
- **Revenue:** \$1.4bn vs. consensus \$1.4bn and \$1.3bn last year
- **Same store sales:**
 - **Company:** +3.3% vs. consensus +3.6% and +4.6% last year



- **Traffic:** +1.1% vs. consensus +1.3% and +1.2% last year
- **Ticket:** +2.3% vs. consensus +2.3% and +3.6% last year
- **Franchise:** +3.7% vs. consensus +4.1% and +5.3% last year
- **New unit growth:** 34 new units
- **Restaurant margin:** -45bps y/y (to 18.0%)
 - **Food & beverage costs:** +95bps y/y
 - **Restaurant labor costs:** -30bps y/y
 - **Rent:** flat y/y as a % of sales
 - **Other operating costs:** -20bps y/y
- **G&A:** +20bps y/y
- **Operating margin:** -70ps y/y (to 8.5%)
- **Tax rate:** 30.2% vs. 33.0% last year
- **Share count:** -1.5% (70.4mm diluted shares)

TXRH's 2013 guidance:

- **Same store sales:** Positive comparable restaurant sales growth
- **Unit growth:** ~28 new co.-operated units
- **Commodity outlook:** Food cost inflation of +6.5-7.0%
- **Capex:** ~\$100-105mm
- **Tax rate:** 30.0-30.5% vs. 29.4% last year

\$24 price target

Our PT assumes 20x our next 12-months (NTM) EPS estimate, which is in line with TXRH's long-term avg. multiple and about in line with the peer group. This reflects TXRH's above-avg. unit growth and consistent market share gains, partly offset by longer-term concerns around beef inflation (beef = ~42% of COGS).

Risks

Key risks include consumer spending, competition, and input costs. Our model assumes solid same store sales for TXRH, but there could be downside risk to same store sales if consumer spending weakens. In addition, weak same store sales in the casual dining sector may lead to heavy discounting by TXRH's competitors, putting pressure on traffic or margins. Our model also assumes TXRH can largely offset rising food costs via traffic growth, menu pricing, and oversight of controllable costs. However, costs could rise further than expected and damage margins and profitability. TXRH is particularly exposed to beef prices given its positioning as a steakhouse concept. Beef represents about 42% of TXRH's COGS.



Bloomin' Brands (BLMN: Hold)

3Q13 results TBD

- DB EPS \$0.08 vs. consensus \$0.10 and \$0.08 last year
- DB revenue \$983mm vs. consensus \$987mm and \$953mm last year

Figure 17: BLMN forecast and summary valuation

Bloomin' Brands							
Price Data		DB Revenue Ests. (\$MM)					
Price @ 10/4/2013	\$23.55	1Q	2Q	3Q	4Q	Year	
Market Cap (\$MM)	\$3,022	FY12A	\$1,056	\$981	\$953	\$998	\$3,988
Enterprise Value (\$MM)	\$4,264	FY13E	\$1,092A	\$1,019A	\$983	\$1,042	\$4,136
LT EPS growth rate	18%	FY14E	\$1,152	\$1,073	\$1,039	\$1,102	\$4,366
Valuation Analysis		DB EBITDA Ests. (\$MM)					
2013E EV/ EBITDA	10.1x	1Q	2Q	3Q	4Q	Year	
2014E EV/ EBITDA	9.2x	FY12A	\$135	\$87	\$72	\$88	\$381
2013E P/E	21.0x	FY13E	\$135A	\$108A	\$71	\$105	\$419
2014E P/E	18.5x	FY14E	\$148	\$114	\$83	\$116	\$461
NTM P/E	19.0x	DB EPS Ests.					
NTM P/E to Growth	106%	1Q	2Q	3Q	4Q	Year	
Dividend yield	0.0%	FY12A	\$0.56	\$0.18	\$0.08	\$0.20	\$0.99
FCF Yield ('13E)	4.4%	FY13E	\$0.50A	\$0.25A	\$0.08	\$0.28	\$1.10
* NTM = next 12 months		FY14E	\$0.50	\$0.31	\$0.13	\$0.33	\$1.27
		DB Same Store Sales Ests. ("Core 4" brands)					
		1Q	2Q	3Q	4Q	Year	
		FY12A	5.2%	2.4%	3.6%	3.5%	3.7%
		FY13E	1.6% A	2.0% A	1.0%	1.4%	1.5%
		FY14E	2.9%	1.9%	1.9%	1.9%	2.1%

Source: Deutsche Bank estimates, company information, Consensus Metrix.

Trimming estimates on weak industry trends

We are lowering our forecasts on BLMN ahead of 3Q results to reflect persistently sluggish casual dining sales trends through the quarter. Our BLMN blended co.-operated SSS forecast goes to +1.0% from +2.5%. (Consensus = +1.3%.) For the core Outback brand, we've moved to +1.0% on the quarter vs. +2.5% previously. This assumes an ~3.5% positive sales gap vs. the Knapp-Track index, which we estimate posted a -2.5% result for 3Q SSS. This gap is slightly above BLMN's historical spread of ~3%. Our 3QE EPS is unchanged at \$0.08, leaving us 2c below consensus. Our 2013/2014 forecasts go to \$1.10/\$1.27 from \$1.12/\$1.28 on lower forward SSS assumptions. Guidance calls for 2013 EPS of "at least \$1.10".



[Review of potential 2014 guidance](#)

In 3Q12 (BLMN's first 3Q as a public co.), the mgmt. team provided some initial guidance around top line items (revenue and SSS) and food inflation, and referred to its long-term model with respect to profitability items:

- **Revenues:** Our 2014 top line forecast calls for revenue of \$4.37bn or growth of +5.6%, which falls below the company's stated long-term top line growth rate of +7% and consensus of \$4.42bn.
- **Same store sales:** We have built in 2014 blended same store sales growth of +2.0%, trailing BLMN's long-term model of "at least 3%" and a blended consensus of +2.7%.
- **Commodities inflation:** Our model embeds ~2-3% commodity inflation next year.
- **Operating and net income:** On the 3Q12 conf. call, BLMN did not provide specific 2013 profit guidance but pointed to its long-term target of 13% operating profit and 20% net income growth. Our 2014 assumptions only call for 12% operating profit growth (\$297mm versus consensus of \$303mm) and 15% net income growth (\$165mm versus consensus of \$173mm). The company typically provides forward-year EPS guidance with 4Q results.

[Key modeling assumptions for 3Q13E:](#)

- **Blended domestic SSS:** +1.0% vs. consensus +1.2% and +3.6% last year
 - **Outback Steakhouse US (company operated) SSS:** +1.0% vs. consensus +1.5% and +4.5% last year
 - **Traffic/Mix:** -1.0% vs. +2.3% last year
 - **Ticket:** +2.0% vs. +2.2% last year
 - **Carrabba's (company operated) SSS:** +0.0% vs. consensus +0.5% and +1.0% last year
 - **Traffic/Mix:** -1.5% vs. -1.2% last year
 - **Ticket:** +1.5% vs. +2.2% last year
 - **Bonefish Grill (company operated) SSS:** +0.9% vs. consensus +0.2% and +3.5% last year
 - **Traffic/Mix:** -1.0% vs. +1.4% last year
 - **Ticket:** +1.9% vs. +2.1% last year
 - **Fleming's (company operated) SSS:** +3.5% vs. consensus +4.5% and +4.1% last year
 - **Traffic/Mix:** +1.5% vs. +2.3% last year
 - **Ticket:** +2.0% vs. +1.8% last year
- **New unit development:** 15 new units
- **Restaurant margin:** +25bps y/y (to 13.8%)
 - **Cost of sales:** -15bps y/y
 - **Labor and other related:** +5bps y/y



- **Other restaurant operating expenses:** -15bps y/y
- **Operating margin:** -45bps y/y (to 3.3%)
- **SG&A:** +20bps y/y (to 7.0%)
- **Tax rate:** 22.0% vs. 19.8% last year
- **Share count:** +12.9% (129.1mm diluted shares)

Key modeling assumptions for 2013E:

- Blended domestic SSS: +1.5% vs. consensus +1.8% and +3.7% last year
- **Outback Steakhouse US (company operated) SSS:** +1.9% vs. consensus +2.3% and +4.4% last year
 - **Traffic/Mix:** -0.4% vs. +2.2% last year
 - **Ticket:** +2.3% vs. +2.2% last year
- **Carrabba's (company operated) SSS:** -0.2% vs. consensus +0.2% and +1.7% last year
 - **Traffic/Mix:** -1.9% vs. -0.6% last year
 - **Ticket:** +1.7% vs. +2.3% last year
- **Bonefish Grill (company operated) SSS:** +0.9% vs. consensus +0.7% and +3.2% last year
 - **Traffic/Mix:** -0.9% vs. +1.0% last year
 - **Ticket:** +1.8% vs. +2.2% last year
- **Fleming's (company operated) SSS:** +4.0% vs. consensus +4.5% and +5.1% last year
 - **Traffic/Mix:** +1.7% vs. +3.1% last year
 - **Ticket:** +2.2% vs. +2.0% last year
- **New unit development:** 47 new units
- **Restaurant margin:** +15bps y/y (to 16.1%)
 - **Cost of sales:** -10bps y/y
 - **Labor and other related:** -5bps y/y
 - **Other restaurant operating expenses:** -5bps y/y
- **Operating margin:** +45bps y/y (to 6.4%)
- **SG&A:** -10-15bps y/y (to 6.7%)
- **Tax rate:** 22.0% vs. 16.5% last year
- **Share count:** +11.8% (128.4mm diluted shares)

BLMN's 2013 guidance:

- **EPS:** "at least" \$1.10
- **Revenues:** ~\$4.2bn in revenue or +4.5% growth y/y
- **Same store sales:** blended SS of "at least" +2%, with positive traffic
- **Unit development:** 45-55 gross new units with 60% domestic/40% international



- **Commodity outlook:** +3-5% commodity inflation, with 10-12% beef inflation (over 80% of items are locked)
- **Interest expense:** \$74mm for 2013
- **Tax rate:** 20-22%
- **Capex:** \$220-250mm
- **Remodels:** ~180 remodels (80 Outback; 50-60 Carrabba's)
- **Relocations:** 10-20 restaurants
- **Adjusted net income:** \$136mm-\$141mm

\$24.50 price target

Our PT assumes ~10x our NTM EBITDA forecast, a premium to the casual dining industry average of ~8.5x. We believe BLMN deserves a premium to casual dining peers given unique blend of tailwinds such as cost saving initiatives, visible comp drivers (lunch, remodels), and deleverage. These are partly offset by a mature core brand, below-average unit growth (mature core brand) and above-average commodity risk.

Risks

Upside: Better than expected macro recovery, lunch sales, or productivity savings could drive upside to our model. Downside: Higher than expected competitive activity, weaker consumer spending, difficult compares, and rising commodity costs (esp. beef) are the key downside risks in our BLMN model.



Wendy's (WEN: Hold)

3Q13 results and conf. call on November 7

- DB EPS \$0.06 vs. consensus \$0.06 and \$0.03 last year
- DB revenue \$646mm vs. consensus \$644mm and \$636mm last year

Figure 18: WEN forecast and summary valuation

The Wendy's Company							
Price Data			DB Revenue Estimates (\$MM)				
Price @ 10/3/2013	\$8.41		1Q	2Q	3Q	4Q	Year
Market Cap (\$MM)	\$3,346	2012A	\$593	\$646	\$636	\$630	\$2,505
Avg daily volume	5.4mm	2013E	\$604A	\$651A	\$646	\$595	\$2,494
LT EPS Growth Rate	18%	2014E	\$522	\$547	\$540	\$516	\$2,124
Valuation Analysis			DB EPS Estimates				
2013E EV/ EBITDA	11.8x		1Q	2Q	3Q	4Q	Year
2014E EV/ EBITDA	11.6x	2012A	\$0.01	\$0.05	\$0.03	\$0.09	\$0.17
2013E P/E	43.4x	2013E	\$0.00A	\$0.07A	\$0.06	\$0.05	\$0.19
2014E P/E	37.6x	2014E	\$0.03	\$0.08	\$0.06	\$0.06	\$0.22
NTM P/E	39.6x						
NTM P/E to Growth	2.15x						
Dividend yield	2.4%						
FCF Yield ('13E)	2.0%						
			Wendy's Systemwide Comps				
			1Q	2Q	3Q	4Q	Year
		2012A	0.7%	3.2%	2.8%	-0.5%	1.5%
		2013E	0.7%A	0.4%A	3.5%	2.0%	1.6%
		2014E	2.5%	2.0%	0.5%	1.5%	1.6%

Source: Deutsche Bank estimates, company information, Consensus Metrix.

Review of potential 2014 guidance

Wendy's provided the Street with some strategic and financial guidance during last year's 3Q release, and we would not be surprised to hear them discuss:

- **Reimaging:** WEN's has already guided to 200 co. and 200 franchised "Image Activation" remodels in 2014.
- **New openings:** The company has guided to 40 new franchised restaurants and 25 new co. restaurants, although we expect essentially zero net new units after store closures.
- **Adjusted EBITDA and adjusted EPS:** In 3Q12, WEN provided a specific EBITDA target for 2013 (\$350-360mm) and said that it expects to grow EBITDA and EPS in the "high single-digit to low double-digit" range beyond 2013. Our forecast calls for \$374mm in EBITDA next year, up 2% (consensus = \$376mm). WEN did not provide 2013 EPS guidance until January 2013.



Key modeling assumptions for 3Q13E:

- **Same store sales:**
 - **Company:** +3.5% vs. consensus +3.4% and +2.7% last year
 - **Franchise:** +3.5% vs. consensus +3.3% and +2.9% last year
- **Restaurant margin:** +130bps y/y (to 15.2%)
 - **Food & beverage costs:** +10bps y/y
 - **Restaurant labor costs:** -40bps y/y
 - **Occupancy and other costs:** -100bps y/y
- **G&A:** -60bps y/y
- **Operating margin:** +230bps y/y (to 9.0%)
- **EBITDA:** +230bps y/y (to 15.6%)
- **Tax rate:** 39.0% vs. 48.5% last year
- **Share count:** +0.5% (392.2mm diluted shares)

Key modeling assumptions for 2013E:

- **Same store sales:**
 - **Company:** +1.7% vs. consensus +2.0% and +1.6% last year
 - **Franchise:** +1.6% vs. consensus +1.8% and +1.6% last year
- **Restaurant margin:** +125bps y/y (to 15.2%)
 - **Food & beverage costs:** -15-20bps y/y
 - **Restaurant labor costs:** -25bps y/y
 - **Occupancy and other costs:** -80bps y/y
- **G&A:** +5bps y/y
- **Operating margin:** +45-50bps y/y (to 7.9%)
- **EBITDA:** +140bps y/y (to 14.7%)
- **Tax rate:** 37.3% vs. 28.5% last year
- **Share count:** +0.2% (393.1mm diluted shares)

WEN's 2013 guidance:

- **Adjusted EPS:** \$0.20-0.22, excludes \$20-25mm anticipated pretax D&A as part of the company's Image Activation initiative.
- **Same store sales:** +2-3%
- **Unit growth:** 125 gross new openings (+135-150 closures)
- **Restaurant margin:** +85bps y/y (to 18.5%)
- **D&A:** +15-20% y/y
- **G&A:** \$10mm incremental spend associated with Image Activation franchise incentive program
- **Adjusted EBITDA:** \$350-360mm
- **Capex:** \$245mm
- **Reimaging:** 100 company operated restaurants



Raise PT to \$8 from \$7

Our new PT assumes ~11x (from ~10.5x) our NTM EBITDA estimate, is still at the lower end of the valuation range for the highly franchised peer group given below-avg. unit growth, margins, and returns on capital, combined with above-avg. leverage and tax burden. However, recent SSS and EBITDA gains deserve a modest near-term bump in WEN's multiple. Furthermore a capital-intensive remodel program with unclear returns provides additional reasons for WEN to trade at a slightly below avg. multiple. However, these negatives are partly offset by WEN's franchised business model, which generates steady cash flow.

Risks

Key downside risks for WEN include constrained consumer spending, higher input costs and turnaround execution. We expect consumer spending to improve, albeit at a slow pace, given still-high unemployment among WEN's core customers. We are assuming modest same store sales improvement at Wendy's. If this does not occur, there could be downside risk to our estimates. Commodity pricing continues to increase, particularly for ground beef, Wendys' most important food input. If prices remain elevated, and cannot be offset by higher menu prices, this could put pressure on margins. Management needs to continue to execute on the Wendy's turnaround, including a very capital intensive remodel program. Key upside risks include better than expected comps from sales drivers such as new product rollouts, incremental pricing, successful promotional advertising and asset reinvestment. Wendy's may also look to further cut costs at the restaurant level or in G&A to increase profitability or further refranchise.



Valuation summary and Financial models

Figure 19: RESTAURANT INDUSTRY VALUATION COMPARABLES

Restaurant Industry Comparables



QSR	Ticker	FYE	10/31/2013			Mkt cap (mm)	Div yld	-- EPS estimates --			-- P/E --			LT growth	PEG	Rel. P/E	-- EV-to-EBITDA--			Debt/ '13E EBITDA	Adj Debt/ '13E EBITDA	Total restlants	Company-operated %
			Stock price	Price target	Rating			FY12	FY13E	FY14E	FY13E	FY14E	NTM*				FY13E	FY14E	NTM*				
Burger King	BKW	12	\$19.33	NA	NR	\$6,914	1.2%	\$0.69	\$0.81	\$0.92	23.9x	21.0x	21.7x	16%	145%	153%	14.2x	13.2x	13.5x	4.7x	5.3x	12,819	3%
Jack in the Box	JACK	9	\$40.34	NA	NR	\$1,825	0.0%	\$1.63	\$1.76	\$2.15	22.9x	18.8x	18.8x	19%	97%	126%	9.5x	8.5x	8.5x	1.6x	4.8x	2,877	30%
McDonald's	MCD	12	\$94.67	\$110.00	Buy	\$95,494	3.3%	\$5.36	\$5.56	\$6.14	17.0x	15.4x	15.8x	8%	197%	110%	10.3x	9.7x	9.9x	1.3x	2.3x	34,480	19%
Sonic	SONC	8	\$17.83	NA	NR	\$1,014	0.0%	\$0.60	\$0.72	\$0.83	24.8x	21.5x	24.5x	15%	167%	174%	10.8x	10.3x	10.3x	3.5x	4.0x	3,556	12%
The Wendy's Co.	WEN	12	\$8.51	\$8.00	Hold	\$3,386	2.4%	\$0.17	\$0.19	\$0.22	44.0x	38.1x	40.0x	18%	217%	269%	11.9x	11.7x	11.9x	4.0x	4.7x	6,560	22%
YUM! Brands	YUM	12	\$70.44	\$72.00	Hold	\$32,684	1.9%	\$3.25	\$2.99	\$3.54	23.6x	19.9x	20.7x	11%	192%	144%	13.0x	11.4x	12.1x	1.1x	3.0x	39,014	19%
							1.5%	avg			26.0x	22.4x	23.6x	15%	169%	163%	11.6x	10.8x	11.0x	2.7x	4.0x	99,306	18%
PIZZA																							
Domino's	DPZ	12	\$68.34	NA	NR	\$3,961	1.2%	\$1.97	\$2.44	\$2.79	28.0x	24.5x	25.3x	14%	175%	165%	16.1x	14.9x	15.3x	4.5x	4.9x	10,255	4%
Papa John's	PZZA	12	\$69.80	NA	NR	\$1,553	1.4%	\$2.62	\$3.02	\$3.51	23.1x	19.9x	20.6x	12%	173%	140%	12.2x	11.1x	11.4x	2.2x	2.2x	4,163	17%
							1.3%	avg			25.6x	22.2x	22.9x	13%	174%	153%	14.1x	13.0x	13.3x	2.8x	3.6x	14,418	10%
QUICK CASUAL																							
Chipotle Mexican Grill	CMG	12	\$426.50	\$400.00	Hold	\$13,297	0.0%	\$8.85	\$10.51	\$13.11	40.6x	32.5x	34.2x	22%	158%	229%	19.9x	16.4x	17.4x	0.0x	1.6x	1,410	100%
Panera Bread	PNRA	12	\$156.90	\$185.00	Buy	\$4,595	0.0%	\$5.89	\$6.78	\$7.62	23.1x	20.6x	21.2x	18%	127%	154%	10.0x	9.0x	9.3x	0.0x	1.7x	1,652	49%
							0.0%	avg			31.9x	26.6x	27.7x	20%	142%	192%	14.9x	12.7x	13.4x	0.0x	1.6x	3,062	74%
UPSCALE DINING																							
Del Frisco's	DFRG	12	\$19.81	\$24.00	Buy	\$472	0.0%	\$0.94	\$0.90	\$1.04	22.0x	19.1x	19.7x	19%	99%	128%	10.8x	9.4x	9.6x	0.0x	1.9x	34	100%
Ruth's Hospitality Group	RUTH	12	\$11.83	\$13.00	Hold	\$422	0.0%	\$0.54	\$0.65	\$0.73	18.1x	16.2x	16.7x	14%	119%	112%	9.4x	8.9x	9.0x	0.8x	3.3x	158	54%
							0.0%	avg			20.1x	17.6x	18.2x	17%	109%	120%	10.1x	9.1x	9.3x	0.4x	2.6x	192	77%
CASUAL DINING																							
BJ's Restaurants	BJRI	12	\$28.70	NA	NR	\$830	0.0%	\$1.12	\$1.04	\$1.28	27.6x	22.4x	23.5x	17%	149%	176%	8.8x	7.4x	7.8x	0.0x	2.0x	130	99%
Bloomin' Brands	BLMN	12	\$22.47	\$24.50	Hold	\$2,884	0.0%	\$0.99	\$1.10	\$1.27	20.4x	17.7x	18.1x	18%	109%	131%	9.8x	9.0x	9.2x	3.5x	4.6x	1,471	89%
Bravo Brio	BBRG	12	\$15.22	NA	NR	\$312	0.0%	\$0.90	\$0.84	\$0.99	18.1x	15.4x	16.0x	15%	112%	113%	7.0x	6.3x	6.5x	0.4x	2.5x	103	100%
Brinker International	EAT	6	\$39.40	NA	NR	\$2,922	2.4%	\$1.96	\$2.33	\$2.75	16.9x	14.3x	13.8x	16%	93%	99%	9.0x	8.3x	8.2x	2.0x	3.2x	1,581	55%
Buffalo Wild Wings	BWLD	12	\$115.43	\$130.00	Buy	\$2,173	0.0%	\$3.06	\$3.70	\$4.55	31.2x	25.4x	26.6x	18%	144%	172%	11.7x	9.6x	10.2x	0.0x	1.6x	891	43%
Cracker Barrel	CBRL	7	\$102.58	NA	NR	\$2,467	2.9%	\$4.61	\$5.76	\$6.40	17.8x	16.0x	17.5x	10%	181%	122%	9.5x	9.0x	9.5x	1.4x	2.6x	616	100%
Cheesecake Factory	CAKE	12	\$43.72	NA	NR	\$2,408	1.3%	\$1.89	\$2.12	\$2.45	20.6x	17.8x	18.5x	14%	129%	125%	9.3x	8.6x	8.8x	0.0x	2.6x	179	99%
Darden Restaurants	DRI	5	\$45.95	\$47.00	Hold	\$6,093	4.8%	\$3.58	\$3.14	\$2.82	14.7x	16.3x	16.0x	5%	327%	108%	8.4x	8.6x	8.2x	2.6x	3.4x	1,994	99%
DineEquity	DIN	12	\$67.11	NA	NR	\$1,290	4.5%	\$4.28	\$4.00	\$4.43	16.8x	15.1x	15.5x	10%	155%	104%	9.9x	9.6x	9.7x	5.2x	5.9x	3,615	1%
Ignite Restaurant Group	IRG	12	\$15.76	NA	NR	\$404	0.0%	\$0.62	\$0.20	\$0.65	NM	24.2x	29.3x	20%	143%	192%	12.9x	7.8x	9.0x	2.7x	5.1x	144	100%
Red Robin	RRGB	12	\$73.22	NA	NR	\$1,060	0.0%	\$2.06	\$2.28	\$2.69	32.1x	27.2x	28.3x	12%	228%	182%	10.6x	9.4x	9.7x	0.8x	3.1x	479	71%
Ruby Tuesday	RT	5	\$7.43	NA	NR	\$443	0.0%	\$0.41	\$0.05	\$0.21	NM	NM	NM	11%	183%	133%	6.6x	6.1x	6.5x	2.9x	4.5x	824	90%
Texas Roadhouse	TXRH	12	\$25.80	\$24.00	Hold	\$1,839	1.9%	\$1.04	\$1.13	\$1.23	22.7x	20.9x	20.8x	13%	162%	139%	10.5x	9.7x	9.7x	0.3x	1.4x	392	82%
							1.4%	avg			21.7x	19.4x	20.3x	14%	163%	138%	9.5x	8.4x	8.7x	1.7x	3.3x	12,419	79%
COFFEE																							
Dunkin' Brands	DNKN	12	\$44.48	NA	NR	\$4,813	1.7%	\$1.28	\$1.53	\$1.82	29.1x	24.4x	25.5x	16%	163%	176%	17.6x	15.8x	16.3x	5.0x	5.4x	17,447	0%
Starbucks	SBUX	9	\$76.87	\$85.00	Buy	\$58,567	1.1%	\$1.79	\$2.23	\$2.65	34.5x	29.0x	29.0x	19%	149%	192%	18.8x	15.7x	15.9x	0.2x	1.8x	18,066	52%
Tim Hortons**	THI-TSE	12	\$59.00	NA	NR	\$9,006	1.7%	\$2.69	\$2.95	\$3.33	20.0x	17.7x	18.2x	12%	153%	123%	11.9x	11.0x	11.3x	0.7x	2.0x	4,282	0%
							1.5%	avg			27.9x	23.7x	24.2x	16%	155%	164%	16.1x	14.1x	14.5x	1.9x	3.1x	39,795	18%
							1.2%	S&P 500			24.4x	21.2x	22.1x	15%	159%	150%	11.4x	10.2x	10.5x	1.8x	3.3x	169,192	54%
											14.3x	13.4x	14.6x										

All estimates from Factset consensus except for DB covered companies.

* NTM = next twelve months

** All \$ figures for THI are in Canadian \$

Source: Deutsche Bank estimates, company information, Consensus Metrix



Figure 20: RESTAURANT STOCK PERFORMANCE

		Date 10/3/2013	One Week	One Month	Three Months	Six Months	One Year	2013 YTD	2012	2011	2010	2009	2008
QUICK SERVICE													
Burger King	BKW	\$19.33	-2.4%	-1.2%	-1.1%	4.2%	32.2%	17.6%	13.4%	NA	NA	-21.2%	-16.2%
Jack in the Box	JACK	\$40.34	0.5%	2.6%	-0.4%	16.7%	47.0%	41.0%	36.8%	-1.1%	7.4%	-11.0%	-14.3%
McDonald's	MCD	\$94.67	-3.6%	0.2%	-5.2%	-6.7%	4.8%	7.3%	-12.1%	30.7%	22.9%	0.4%	5.6%
Sonic	SONC	\$17.83	-0.4%	13.2%	15.3%	41.8%	73.6%	71.3%	54.7%	-33.5%	0.5%	-17.3%	-44.4%
The Wendy's Co.	WEN	\$8.51	0.5%	10.7%	43.5%	53.6%	99.3%	81.1%	-12.3%	16.0%	-1.5%	-5.1%	-43.4%
YUM! Brands	YUM	\$70.44	-2.7%	0.6%	-1.7%	5.2%	6.1%	6.1%	12.5%	20.3%	40.3%	11.0%	-17.7%
PIZZA													
Domino's	DPZ	\$68.34	1.0%	11.2%	12.0%	35.2%	80.8%	56.9%	28.3%	112.9%	90.3%	77.9%	-64.4%
Papa John's	PZZA	\$69.80	-1.3%	2.2%	2.5%	13.4%	32.3%	27.1%	45.8%	36.0%	18.6%	26.7%	-18.8%
QUICK CASUAL													
Chipotle Mexican Grill	CMG	\$426.50	1.5%	5.3%	10.4%	30.0%	41.8%	43.4%	-11.9%	58.8%	141.2%	42.2%	-57.9%
Panera Bread	PNRA	\$156.90	-5.2%	-4.5%	-17.6%	-11.5%	-9.4%	-1.2%	12.3%	39.8%	51.2%	28.1%	45.8%
UPSCALE DINING													
Del Frisco's	DFRG	\$19.81	-1.9%	3.4%	-11.4%	16.4%		27.1%	19.9%	NA	NA	NA	NA
Ruth's Hospitality Group	RUTH	\$11.83	1.2%	0.9%	52.8%	23.1%	77.4%	62.7%	46.3%	7.3%	136.0%	51.4%	-84.6%
CASUAL DINING													
BJ's Restaurants	BJRI	\$28.70	-2.1%	-7.3%	-26.0%	-12.3%	-33.4%	-12.8%	-27.4%	27.9%	88.2%	74.8%	-33.8%
Bloomin' Brands	BLMN	\$22.47	-4.1%	-1.3%	-13.6%	22.1%		43.7%	42.2%	NA	NA	NA	NA
Bravo Brio	BBRG	\$15.22	0.5%	0.7%	-16.1%	-4.8%	8.5%	13.3%	-21.7%	NA	NA	NA	NA
Brinker	EAT	\$39.40	-3.9%	-1.3%	-4.3%	2.4%	15.8%	27.1%	15.8%	28.2%	39.9%	41.6%	-46.1%
Buffalo Wild Wings	BWLD	\$115.43	5.1%	10.0%	14.0%	30.3%	34.9%	58.5%	7.9%	54.0%	8.9%	57.0%	10.5%
Cracker Barrel	CBRL	\$102.58	-1.3%	4.3%	3.3%	27.1%	52.2%	59.6%	27.5%	-8.0%	44.2%	84.5%	-36.4%
Cheesecake Factory	CAKE	\$43.72	-0.6%	4.0%	1.7%	16.1%	23.9%	33.7%	11.4%	-4.3%	42.0%	113.8%	-57.4%
Darden Restaurants	DRI	\$45.95	-1.1%	-0.6%	-10.5%	-9.1%	-17.5%	2.0%	-1.1%	-1.9%	32.4%	24.4%	1.7%
DineEquity	DIN	\$67.11	-1.6%	1.1%	-5.1%	-4.7%	14.9%	0.2%	58.7%	-14.5%	103.3%	110.1%	-68.4%
Ignite Restaurant Group	IRG	\$15.76	1.7%	6.7%	-17.6%	5.3%		21.2%	-7.1%	NA	NA	NA	NA
Red Robin	RRGB	\$73.22	5.5%	10.2%	27.6%	66.1%	129.7%	107.5%	27.4%	29.0%	19.9%	6.4%	-47.4%
Ruby Tuesday	RT	\$7.43	-2.6%	1.8%	-18.9%	-3.4%	3.5%	-5.5%	13.9%	-47.2%	81.4%	361.5%	-84.0%
Texas Roadhouse	TXRH	\$25.80	-1.0%	3.4%	0.0%	28.5%	48.5%	53.6%	12.8%	-13.2%	52.9%	44.9%	-29.9%
COFFEE													
Dunkin' Brands	DNKN	\$44.48	-1.4%	3.7%	0.1%	14.6%	49.6%	34.1%	32.8%	31.5%	NA	NA	NA
Starbucks	SBUX	\$76.87	-0.4%	7.4%	13.5%	33.0%	55.3%	43.3%	16.6%	43.2%	39.3%	143.8%	-53.8%
Tim Hortons	THI	\$57.13	-1.2%	4.1%	5.3%	6.4%	9.5%	16.2%	1.6%	17.4%	35.1%	5.8%	-21.9%
Industry average (simple)			-0.8%	3.3%	1.9%	15.7%	35.3%	33.4%	15.9%	15.2%	50.2%	51.1%	-35.2%
Industry average (weighted)*			-1.9%	2.7%	1.8%	10.2%	23.9%	22.6%	4.0%	30.7%	36.5%	42.0%	-19.7%
S&P 500		\$1,678.66	-1.2%	2.4%	2.9%	8.1%	15.7%	17.7%	13.4%	0.0%	12.8%	23.5%	-38.5%
S&P Restaurants		\$891.31	-2.2%	2.5%	0.8%	6.0%	16.9%	17.2%	-2.6%	29.9%	28.7%	13.6%	-7.6%

* Market cap weighted
Source: Deutsche Bank estimates, company information, Consensus Metrix



Figure 21: YUM - income statement forecast

Fiscal year ending December	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Net Revenues															
Company-operated revenue	\$9,843	\$9,413	\$9,783	\$10,893	\$11,833	\$2,099	\$2,474	\$3,066	\$3,827	\$11,466	\$2,466	\$2,914	\$3,505	\$4,280	\$13,166
Franchise and licensee fees	\$1,436	\$1,450	\$1,560	\$1,733	\$1,800	\$436	\$430	\$454	\$602	\$1,921	\$460	\$454	\$480	\$636	\$2,030
Total Net Revenues	\$11,279	\$10,863	\$11,343	\$12,626	\$13,633	\$2,535	\$2,904	\$3,520	\$4,429	\$13,388	\$2,927	\$3,368	\$3,986	\$4,916	\$15,197
Company-operated restaurant expenses															
Food & paper	\$3,239	\$3,003	\$3,091	\$3,633	\$3,874	\$680	\$805	\$1,002	\$1,263	\$3,751	\$808	\$957	\$1,156	\$1,425	\$4,346
Payroll & employee benefits	\$2,370	\$2,154	\$2,172	\$2,418	\$2,620	\$490	\$590	\$658	\$909	\$2,646	\$557	\$668	\$748	\$1,036	\$3,009
Occupancy & other operating expenses	\$2,856	\$2,777	\$2,866	\$3,102	\$3,373	\$596	\$769	\$875	\$1,145	\$3,385	\$685	\$889	\$991	\$1,282	\$3,848
Total	\$8,465	\$7,934	\$8,129	\$9,153	\$9,867	\$1,766	\$2,164	\$2,535	\$3,317	\$9,782	\$2,051	\$2,514	\$2,895	\$3,742	\$11,203
G&A	\$1,286	\$1,201	\$1,268	\$1,351	\$1,426	\$273	\$333	\$338	\$470	\$1,414	\$281	\$354	\$348	\$482	\$1,466
Franchise & license expense	\$99	\$118	\$130	\$145	\$133	\$30	\$34	\$37	\$48	\$150	\$31	\$36	\$39	\$50	\$157
Refranchising (gain) loss	-\$10	\$0	-\$14	-\$21	-\$26	\$0	-\$4	-\$2	-\$2	-\$8	-\$2	-\$2	-\$2	-\$2	-\$8
Closures and impairment expenses	\$43	\$77	\$47	\$49	\$37	\$4	\$6	\$4	\$29	\$43	\$5	\$8	\$4	\$31	\$48
Other (income) expense	-\$57	-\$36	-\$43	-\$53	-\$40	-\$8	\$9	-\$13	-\$13	-\$25	-\$8	-\$10	-\$14	-\$12	-\$44
Total operating expenses	\$9,826	\$9,294	\$9,497	\$10,624	\$11,397	\$2,065	\$2,542	\$2,899	\$3,849	\$11,355	\$2,358	\$2,900	\$3,271	\$4,292	\$12,821
Operating Income, ex-items	\$1,453	\$1,569	\$1,846	\$2,002	\$2,236	\$470	\$362	\$621	\$580	\$2,032	\$568	\$468	\$714	\$624	\$2,375
Interest expense	\$226	\$194	\$175	\$156	\$149	\$31	\$32	\$36	\$48	\$146	\$36	\$36	\$36	\$47	\$154
Pretax Income	\$1,227	\$1,375	\$1,671	\$1,846	\$2,087	\$439	\$330	\$585	\$532	\$1,886	\$533	\$432	\$679	\$577	\$2,221
Taxes	\$303	\$317	\$423	\$448	\$537	\$114	\$73	\$164	\$149	\$500	\$144	\$108	\$183	\$156	\$591
Net Income, ex-items	\$941	\$1,046	\$1,228	\$1,382	\$1,539	\$326	\$262	\$416	\$380	\$1,384	\$386	\$321	\$491	\$418	\$1,616
Average Shares Outstanding - Diluted	491	483	486	482	474	465	464	463	462	463	460	458	456	454	457
Diluted EPS, ex-items	\$1.92	\$2.17	\$2.53	\$2.87	\$3.25	\$0.70	\$0.56	\$0.90	\$0.82	\$2.99	\$0.84	\$0.70	\$1.08	\$0.92	\$3.54
Margins (% of revenue)															
Company-operated rest. expenses															
Food & paper	32.9%	31.9%	31.6%	33.4%	32.7%	32.4%	32.5%	32.7%	33.0%	32.7%	32.8%	32.8%	33.0%	33.3%	33.0%
Payroll & employee benefits	24.1%	22.9%	22.2%	22.2%	22.1%	23.3%	23.8%	21.4%	23.7%	23.1%	22.6%	22.9%	21.3%	24.2%	22.9%
Occupancy & other operating expenses	29.0%	29.5%	29.3%	28.5%	28.5%	28.4%	31.1%	28.5%	29.9%	29.5%	27.8%	30.5%	28.3%	30.0%	29.2%
Restaurant Margin	14.0%	15.7%	16.9%	16.0%	16.6%	15.9%	12.5%	17.3%	13.3%	14.7%	16.9%	13.7%	17.4%	12.6%	14.9%
G&A	11.4%	11.1%	11.2%	10.7%	10.5%	10.8%	11.5%	9.6%	10.6%	10.6%	9.6%	10.5%	8.7%	9.8%	9.6%
Franchise & license expense	6.9%	8.1%	7.1%	8.4%	7.4%	6.9%	7.9%	8.2%	8.0%	7.8%	6.8%	8.0%	8.2%	7.9%	7.7%
Operating Margin	12.9%	14.4%	16.3%	15.9%	16.4%	18.5%	12.5%	17.6%	13.1%	15.2%	19.4%	13.9%	17.9%	12.7%	15.6%
EBITDA Margin	17.8%	19.8%	21.5%	20.8%	21.1%	23.7%	18.3%	22.0%	18.1%	20.2%	24.0%	19.1%	21.9%	17.4%	20.2%
Tax Rate	24.7%	23.1%	25.3%	24.3%	25.8%	26.0%	22.1%	28.0%	28.0%	26.5%	27.0%	25.0%	27.0%	27.0%	26.6%
Net Margin, ex-items	8.3%	9.6%	10.8%	10.9%	11.3%	12.9%	9.0%	11.8%	8.6%	10.3%	13.2%	9.5%	12.3%	8.5%	10.6%
Growth rates (y/y)															
China SSS (system)	7.0%	-1.0%	6.0%	19.0%	4.0%	-20.0%	-20.0%	-11.0%	1.0%	-10.8%	17.0%	17.0%	9.0%	7.0%	11.7%
YRI SSS (system)	4.0%	1.0%	0.3%	2.5%	3.0%	1.0%	1.0%	3.0%	3.0%	2.0%	3.5%	3.5%	3.5%	3.5%	3.5%
US SSS (system)	2.0%	-5.0%	1.0%	-1.0%	5.0%	2.0%	1.0%	1.2%	1.8%	1.5%	0.9%	0.6%	0.6%	0.6%	0.7%
Company-operated revenue	8.2%	-4.4%	3.9%	11.3%	8.6%	-10.5%	-10.4%	-2.4%	6.7%	-3.1%	17.5%	17.8%	14.3%	11.9%	14.8%
Franchise and licensee fees	9.1%	1.0%	7.6%	11.1%	3.9%	9.3%	5.9%	6.3%	5.9%	6.7%	5.5%	5.6%	5.9%	5.6%	5.7%
Total revenues	8.3%	-3.7%	4.4%	11.3%	8.0%	-7.6%	-8.3%	-1.4%	6.6%	-1.8%	15.4%	16.0%	13.2%	11.0%	13.5%
G&A	-0.5%	-6.6%	5.6%	6.5%	5.6%	0.4%	-3.8%	1.9%	-1.3%	-0.8%	3.0%	6.3%	2.9%	2.7%	3.7%
Operating Income, ex-items	7.1%	8.0%	17.7%	8.5%	11.7%	-13.6%	-21.1%	-7.1%	2.6%	-9.1%	20.9%	29.3%	15.1%	7.7%	16.9%
EBITDA, ex-items	5.8%	7.0%	13.3%	8.0%	9.5%	-12.0%	-11.3%	-5.2%	2.7%	-6.0%	17.0%	20.9%	12.7%	6.4%	13.4%
Net Income, ex-items	3.5%	11.2%	17.4%	12.5%	11.3%	-10.6%	-17.9%	-11.1%	-1.8%	-10.0%	18.4%	22.6%	17.9%	10.0%	16.7%
Diluted share count	-9.2%	-1.6%	0.5%	-0.7%	-1.7%	-2.7%	-2.7%	-2.0%	-1.4%	-2.2%	-1.1%	-1.3%	-1.4%	-1.6%	-1.4%
Diluted EPS, ex-items	14.1%	13.0%	16.8%	13.3%	13.2%	-8.1%	-15.6%	-9.3%	-0.4%	-8.0%	19.7%	24.2%	19.6%	11.8%	18.3%
Cash flow summary															
Operating Income, ex-items	\$1,453	\$1,569	\$1,846	\$2,002	\$2,236	\$470	\$362	\$621	\$580	\$2,032	\$568	\$468	\$714	\$624	\$2,375
D&A	\$556	\$580	\$589	\$628	\$645	\$130	\$170	\$155	\$222	\$677	\$134	\$175	\$159	\$229	\$697
EBITDA, ex-items	\$2,009	\$2,149	\$2,435	\$2,630	\$2,881	\$600	\$532	\$775	\$802	\$2,709	\$702	\$643	\$874	\$854	\$3,073
Capex	\$935	\$797	\$796	\$940	\$1,099	\$237	\$235	\$277	\$429	\$1,179	\$246	\$244	\$289	\$447	\$1,226

Source: Deutsche Bank estimates, company information, Consensus Metrix



Figure 22: DFRG - income statement forecast

Fiscal year ending December (in millions)	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Net sales	\$178.4	\$160.2	\$165.6	\$198.6	\$232.4	\$59.8	\$60.4	\$53.6	\$102.0	\$275.8	\$69.4	\$69.1	\$61.2	\$109.8	\$309.5
Cost of sales	\$58.6	\$47.6	\$50.3	\$60.7	\$71.1	\$18.4	\$18.1	\$16.1	\$31.1	\$83.7	\$21.2	\$20.7	\$18.3	\$33.3	\$93.6
Restaurant operating expenses	\$73.8	\$69.2	\$73.6	\$86.3	\$100.1	\$26.5	\$26.9	\$25.2	\$43.9	\$122.5	\$30.7	\$31.2	\$29.1	\$47.8	\$138.7
Pre-opening costs	\$2.5	\$0.5	\$0.8	\$3.0	\$4.1	\$0.6	\$0.3	\$1.6	\$2.0	\$4.5	\$0.8	\$0.0	\$0.8	\$2.4	\$3.9
Marketing and advertising	\$3.5	\$3.5	\$2.8	\$4.2	\$4.7	\$0.9	\$1.3	\$1.2	\$1.8	\$5.3	\$1.0	\$1.5	\$1.4	\$2.0	\$5.9
G&A	\$7.8	\$9.3	\$8.6	\$10.6	\$13.4	\$3.8	\$4.2	\$3.8	\$5.6	\$17.3	\$4.1	\$4.5	\$4.2	\$5.8	\$18.6
Hudson Advisors fees	\$0.5	\$1.6	\$2.1	\$3.4	\$4.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Option expense	\$0.2	\$0.2	\$0.2	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
D&A	\$4.6	\$6.4	\$6.6	\$7.0	\$8.7	\$2.4	\$2.6	\$2.5	\$4.0	\$11.4	\$2.8	\$2.9	\$2.8	\$4.3	\$12.9
Operating income	\$24.6	\$21.8	\$20.5	\$23.3	\$24.6	\$4.9	\$6.9	\$3.3	\$13.7	\$28.8	\$8.8	\$8.3	\$4.7	\$14.3	\$36.1
Operating income, ex-items	\$27.5	\$23.5	\$22.6	\$26.7	\$30.3	\$7.1	\$6.9	\$3.3	\$13.7	\$31.0	\$8.8	\$8.3	\$4.7	\$14.3	\$36.1
Interest expense, net	-\$12.4	-\$8.2	-\$11.7	-\$6.4	-\$2.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other	-\$0.2	-\$1.5	-\$0.2	-\$0.1	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Non-operating income, net	-\$12.6	-\$9.8	-\$11.9	-\$6.5	-\$2.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Pre-tax income	\$12.0	\$12.1	\$8.6	\$16.8	\$20.2	\$4.9	\$6.9	\$3.3	\$13.7	\$28.7	\$8.8	\$8.3	\$4.7	\$14.3	\$36.1
Pre-tax income, ex-items	\$14.9	\$13.7	\$10.7	\$20.2	\$27.5	\$7.1	\$6.9	\$3.3	\$13.7	\$30.9	\$8.8	\$8.3	\$4.7	\$14.3	\$36.1
Taxes	\$6.2	\$3.9	-\$0.1	\$6.1	\$8.3	\$2.1	\$2.1	\$1.0	\$4.2	\$9.4	\$2.7	\$2.6	\$1.5	\$4.4	\$11.2
Prof. divs.															
Net income, ex-items	\$8.6	\$9.8	\$10.8	\$14.1	\$19.3	\$5.0	\$4.8	\$2.2	\$9.4	\$21.5	\$6.0	\$5.7	\$3.2	\$9.9	\$24.9
Shares outstanding - Diluted	18.0	18.0	18.0	18.0	20.6	23.8	23.8	23.9	23.9	23.9	23.9	23.9	23.9	23.9	23.9
EPS - Diluted, ex-items	\$0.48	\$0.54	\$0.60	\$0.79	\$0.94	\$0.21	\$0.20	\$0.09	\$0.39	\$0.90	\$0.25	\$0.24	\$0.14	\$0.41	\$1.04
Margins	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Cost of sales	32.8%	29.7%	30.4%	30.6%	30.6%	30.8%	30.0%	30.1%	30.4%	30.4%	30.6%	29.9%	29.9%	30.4%	30.2%
Restaurant operating expenses	41.4%	43.2%	44.5%	43.5%	43.1%	44.4%	44.6%	46.9%	43.0%	44.4%	44.3%	45.1%	47.5%	43.5%	44.8%
Restaurant margin	25.8%	27.1%	25.1%	26.0%	26.3%	24.8%	25.4%	23.0%	26.5%	25.2%	25.2%	25.0%	22.6%	26.1%	25.0%
Restaurant-level EBITDA margin	23.8%	24.9%	23.4%	23.8%	24.3%	23.3%	23.2%	20.7%	24.7%	23.3%	23.7%	22.8%	20.4%	24.3%	23.0%
Pre-opening costs	1.4%	0.3%	0.5%	1.5%	1.7%	1.0%	0.5%	3.0%	2.0%	1.6%	1.1%	0.0%	1.2%	2.1%	1.2%
Marketing and advertising	1.9%	2.2%	1.7%	2.1%	2.0%	1.5%	2.2%	2.3%	1.8%	1.9%	1.5%	2.2%	2.2%	1.8%	1.9%
G&A	4.4%	5.8%	5.2%	5.4%	5.8%	6.3%	6.9%	7.0%	5.5%	6.3%	5.9%	6.5%	6.8%	5.3%	6.0%
D&A	2.6%	4.0%	4.0%	3.5%	3.7%	4.1%	4.2%	3.9%	3.9%	4.1%	4.1%	4.2%	4.6%	3.9%	4.2%
EBITDA margin	18.0%	18.7%	17.6%	17.0%	16.8%	16.0%	15.7%	10.7%	17.3%	15.4%	16.7%	16.3%	12.3%	16.9%	15.8%
Operating margin, ex-items	15.4%	14.6%	13.6%	13.4%	13.1%	11.9%	11.5%	6.1%	13.4%	11.2%	12.6%	12.0%	7.7%	13.0%	11.6%
Tax rate	42.0%	28.5%	-1.2%	30.0%	30.0%	30.0%	30.0%	31.0%	31.0%	30.5%	31.0%	31.0%	31.0%	31.0%	31.0%
Net income, ex-items	4.8%	6.1%	6.5%	7.1%	8.3%	8.3%	8.0%	4.2%	9.2%	7.8%	8.7%	8.3%	5.3%	9.0%	8.0%
Growth rates (y/y)	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Total revenue	8.9%	-10.2%	3.4%	20.0%	17.0%	13.0%	19.0%	11.9%	26.1%	18.6%	16.1%	14.5%	14.2%	7.6%	12.2%
Cost of sales	3.1%	-18.8%	5.8%	20.7%	17.0%	12.5%	16.1%	11.0%	26.2%	17.7%	15.1%	14.2%	13.7%	7.4%	11.8%
Restaurant operating expenses	9.7%	-6.2%	6.3%	17.3%	16.0%	19.0%	25.4%	13.5%	28.3%	22.3%	15.8%	15.8%	15.5%	8.8%	13.2%
Pre-opening costs	16.2%	-80.0%	61.9%	278.2%	34.5%	NA	-60.6%	41.7%	-1.3%	11.4%	26.9%	-100.0%	-53.1%	17.5%	-14.8%
Marketing and advertising	5.5%	1.4%	-19.8%	50.3%	10.3%	6.4%	16.8%	8.0%	18.3%	13.3%	13.4%	14.9%	11.9%	7.4%	11.4%
G&A	15.3%	19.0%	-7.4%	23.3%	26.4%	42.7%	51.2%	14.4%	17.5%	28.6%	8.7%	7.9%	11.0%	3.7%	7.4%
D&A	36.7%	41.0%	3.1%	5.6%	24.0%	44.2%	36.7%	21.1%	29.5%	31.9%	16.1%	14.5%	14.2%	7.6%	12.4%
Operating income, ex-items	15.1%	-14.7%	-3.7%	18.0%	13.7%	-20.8%	-1.8%	-9.5%	28.0%	2.1%	23.0%	19.7%	44.8%	4.5%	16.4%
EBITDA, ex-items	17.5%	-6.8%	-2.2%	15.5%	15.6%	-10.5%	6.3%	1.6%	28.3%	8.7%	21.2%	18.3%	31.5%	5.2%	15.3%
Restaurant level EBITDA, ex-items	16.7%	-6.3%	-2.6%	21.9%	19.4%	3.9%	11.7%	10.3%	22.9%	13.7%	18.1%	12.4%	12.4%	5.9%	11.1%
Net income, ex-items	-24.1%	13.2%	10.3%	31.0%	36.3%	-8.7%	12.9%	11.5%	26.3%	11.5%	21.6%	18.4%	44.8%	4.5%	15.8%
Diluted EPS, ex-items	-24.1%	13.2%	10.3%	31.0%	19.3%	-30.9%	-14.8%	-2.8%	25.6%	-3.9%	20.9%	17.9%	44.5%	4.5%	15.5%
Cash flow summary	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Operating income, ex-items	\$27.5	\$23.5	\$22.6	\$26.7	\$30.3	\$7.1	\$6.9	\$3.3	\$13.7	\$31.0	\$8.8	\$8.3	\$4.7	\$14.3	\$36.1
D&A	\$4.6	\$6.4	\$6.6	\$7.1	\$8.7	\$2.4	\$2.6	\$2.5	\$4.0	\$11.4	\$2.8	\$2.9	\$2.8	\$4.3	\$12.9
EBITDA, ex-items	\$32.1	\$29.9	\$29.2	\$33.7	\$39.0	\$9.6	\$9.5	\$5.7	\$17.6	\$42.4	\$11.6	\$11.2	\$7.5	\$18.5	\$48.9
Restaurant-level EBITDA, ex-items	\$42.5	\$39.9	\$38.8	\$47.3	\$56.5	\$13.9	\$14.0	\$11.1	\$25.2	\$64.2	\$16.4	\$15.7	\$12.5	\$26.7	\$71.3
Capex	\$21.4	\$7.8	\$5.6	\$20.1	\$33.6	\$5.2	\$5.0	\$10.0	\$12.8	\$33.0	\$5.0	\$5.0	\$5.0	\$19.7	\$34.7

Source: Deutsche Bank estimates, company information, Consensus Metrix



Figure 23: CMG - income statement forecast

Fiscal year ending December (in millions)	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Restaurant sales	\$1,332.0	\$1,518.4	\$1,835.9	\$2,269.5	\$2,731.2	\$726.8	\$816.8	\$818.0	\$812.2	\$3,173.7	\$839.1	\$948.1	\$952.2	\$948.7	\$3,688.2
Franchise royalties & fees	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revenue	\$1,332.0	\$1,518.4	\$1,835.9	\$2,269.5	\$2,731.2	\$726.8	\$816.8	\$818.0	\$812.2	\$3,173.7	\$839.1	\$948.1	\$952.2	\$948.7	\$3,688.2
Food, beverage & packaging	\$431.9	\$466.0	\$561.1	\$738.7	\$891.0	\$239.6	\$270.5	\$271.8	\$269.8	\$1,051.7	\$283.4	\$311.2	\$313.5	\$312.3	\$1,220.3
Labor	\$351.0	\$385.1	\$453.6	\$543.1	\$641.8	\$171.5	\$185.8	\$188.3	\$191.9	\$737.5	\$198.8	\$210.9	\$214.4	\$219.4	\$843.6
Occupancy	\$98.1	\$114.2	\$128.9	\$147.3	\$171.4	\$47.6	\$48.6	\$48.7	\$50.3	\$195.1	\$55.8	\$54.0	\$54.3	\$56.4	\$220.5
Other operating costs	\$164.0	\$174.6	\$202.9	\$251.2	\$286.6	\$76.7	\$86.3	\$89.4	\$94.1	\$346.5	\$89.4	\$98.3	\$102.1	\$108.1	\$397.8
G&A	\$89.2	\$99.1	\$118.6	\$149.4	\$177.8	\$44.2	\$51.0	\$52.7	\$48.5	\$196.4	\$52.7	\$58.2	\$60.4	\$55.7	\$227.0
D&A	\$52.8	\$61.3	\$68.9	\$74.9	\$84.1	\$22.9	\$23.6	\$24.4	\$25.2	\$96.1	\$26.1	\$26.9	\$27.8	\$28.8	\$109.6
Pre-opening costs	\$11.6	\$8.4	\$7.8	\$8.5	\$11.9	\$2.9	\$3.2	\$2.7	\$3.5	\$12.3	\$2.0	\$3.0	\$3.2	\$4.8	\$13.2
Asset disposals	\$9.3	\$6.0	\$6.3	\$5.8	\$5.0	\$1.3	\$1.4	\$1.0	\$1.0	\$4.7	\$1.0	\$1.0	\$1.0	\$1.0	\$4.0
Operating income, ex-items	\$124.0	\$203.7	\$287.8	\$350.6	\$461.4	\$120.0	\$146.4	\$139.2	\$127.8	\$533.4	\$129.9	\$184.6	\$175.5	\$162.2	\$652.2
Interest income	\$3.5	\$0.9	\$1.5	\$2.1	\$1.8	\$0.3	\$0.3	\$0.5	\$0.5	\$1.6	\$0.6	\$0.6	\$0.6	\$0.6	\$2.3
Interest expense	-\$0.3	-\$0.4	-\$0.3	-\$0.5	\$0.0	\$0.0	\$0.0	-\$0.1	-\$0.1	-\$0.2	-\$0.1	-\$0.1	-\$0.1	-\$0.1	-\$0.4
Net interest	\$3.2	\$0.5	\$1.2	\$1.5	\$1.8	\$0.3	\$0.3	\$0.4	\$0.4	\$1.4	\$0.5	\$0.5	\$0.5	\$0.5	\$1.9
Pre-tax income	\$127.2	\$204.2	\$289.1	\$352.1	\$463.3	\$120.3	\$146.7	\$139.6	\$128.2	\$534.9	\$130.3	\$185.1	\$176.0	\$162.7	\$654.1
Taxes	-\$49.0	-\$77.4	-\$110.1	-\$135.7	-\$181.9	-\$43.7	-\$58.0	-\$55.0	-\$50.5	-\$207.2	-\$50.2	-\$71.3	-\$67.8	-\$62.6	-\$251.8
Net income, ex-items	\$78.2	\$126.8	\$179.0	\$216.4	\$281.4	\$76.6	\$88.8	\$84.6	\$77.7	\$327.7	\$80.2	\$113.8	\$108.2	\$100.1	\$402.3
Shares outstanding - Diluted	33.1	32.1	31.7	31.8	31.8	31.2	31.2	31.1	31.1	31.2	30.8	30.9	30.5	30.6	30.7
EPS - Diluted, ex-items	\$2.36	\$3.95	\$5.64	\$6.81	\$8.85	\$2.45	\$2.85	\$2.72	\$2.50	\$10.51	\$2.60	\$3.69	\$3.55	\$3.27	\$13.11
Consensus Metrix EPS (as of 9/20/13)	\$2.34	\$3.78	\$5.45	\$6.83	\$8.89	\$2.14	\$2.84	\$2.76	\$2.55	\$10.58	\$2.89	\$3.53	\$3.38	\$3.16	\$12.92
Growth	9%	60%	38%	21%	31%	3%	11%	22%	31%	20%	18%	24%	24%	26%	23%
Margins	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Food, beverage & packaging	32.4%	30.7%	30.6%	32.5%	32.6%	33.0%	33.1%	33.2%	33.2%	33.1%	33.8%	32.8%	32.9%	32.9%	33.1%
Labor	26.4%	25.4%	24.7%	23.9%	23.5%	23.6%	22.7%	23.0%	23.6%	23.2%	23.7%	22.2%	22.5%	23.1%	22.9%
Occupancy	7.4%	7.5%	7.0%	6.5%	6.3%	6.6%	5.9%	5.9%	6.2%	6.1%	6.7%	5.7%	5.7%	5.9%	6.0%
Other operating costs	12.3%	11.5%	11.1%	11.1%	10.5%	10.5%	10.6%	10.9%	11.6%	10.9%	10.6%	10.4%	10.7%	11.4%	10.8%
Restaurant margin	21.5%	24.9%	26.7%	26.0%	27.1%	26.3%	27.6%	26.9%	25.4%	26.6%	25.2%	28.9%	28.1%	26.6%	27.3%
G&A	6.7%	6.5%	6.5%	6.6%	6.5%	6.1%	6.2%	6.4%	6.0%	6.2%	6.3%	6.1%	6.3%	5.9%	6.2%
D&A	4.0%	4.0%	3.8%	3.3%	3.1%	3.2%	2.9%	3.0%	3.1%	3.0%	3.1%	2.8%	2.9%	3.0%	3.0%
Pre-opening costs	0.9%	0.6%	0.4%	0.4%	0.4%	0.4%	0.4%	0.3%	0.4%	0.4%	0.2%	0.3%	0.3%	0.5%	0.4%
EBITDA margin	13.3%	17.5%	19.4%	18.7%	20.0%	19.7%	20.8%	20.0%	18.8%	19.8%	18.6%	22.3%	21.3%	20.1%	20.7%
Operating margin	9.3%	13.4%	15.7%	15.4%	16.9%	16.5%	17.9%	17.0%	15.7%	16.8%	15.5%	19.5%	18.4%	17.1%	17.7%
Tax rate	38.5%	37.9%	38.1%	38.5%	39.3%	36.3%	39.5%	39.4%	39.4%	38.7%	38.5%	38.5%	38.5%	38.5%	38.5%
Net income, ex-items	5.9%	8.4%	9.7%	9.5%	10.3%	10.5%	10.9%	10.3%	9.6%	10.3%	9.6%	12.0%	11.4%	10.5%	10.9%
Growth rates (y/y)	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Same store sales	5.8%	2.2%	9.3%	11.2%	7.3%	1.0%	5.5%	4.5%	4.5%	3.9%	5.0%	6.5%	7.0%	7.0%	6.4%
Revenue	22.7%	14.0%	20.9%	23.6%	20.3%	13.4%	18.2%	16.8%	16.2%	16.2%	15.5%	16.1%	16.4%	16.8%	16.2%
G&A	18.8%	11.2%	19.6%	26.0%	19.0%	1.0%	20.5%	8.4%	12.4%	10.4%	19.3%	14.2%	14.6%	14.9%	15.6%
Operating income, ex-items	14.6%	64.3%	41.3%	21.8%	31.6%	11.4%	9.4%	18.3%	25.0%	15.6%	8.2%	26.1%	26.1%	26.9%	22.3%
Net income	10.0%	62.3%	41.1%	20.9%	30.0%	16.0%	8.7%	17.0%	26.7%	16.5%	4.7%	28.2%	27.9%	28.8%	22.8%
Diluted EPS, ex-items	10.0%	67.5%	42.7%	20.8%	30.0%	18.3%	11.4%	19.6%	28.2%	18.8%	6.1%	29.5%	30.6%	30.9%	24.6%
Cash flow summary	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Operating income, ex-items	\$124.0	\$203.7	\$287.8	\$350.6	\$461.4	\$120.0	\$146.4	\$139.2	\$127.8	\$533.4	\$129.9	\$184.6	\$175.5	\$162.2	\$652.2
D&A	\$52.8	\$61.3	\$68.9	\$74.9	\$84.1	\$22.9	\$23.6	\$24.4	\$25.2	\$96.1	\$26.1	\$26.9	\$27.8	\$28.8	\$109.6
EBITDA	\$176.8	\$265.0	\$366.8	\$425.5	\$545.6	\$143.0	\$170.0	\$163.6	\$153.0	\$629.6	\$156.0	\$211.5	\$203.3	\$191.0	\$761.8
Capex	\$152.1	\$117.2	\$113.2	\$151.1	\$197.0	\$36.5	\$43.6	\$44.3	\$54.5	\$178.9	\$40.1	\$46.0	\$50.3	\$69.0	\$205.3

Source: Deutsche Bank estimates, company information, Consensus Metrix



Figure 24: MCD - income statement forecast

Fiscal year ending December (in mi)	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Company-operated restaurants	\$16,561	\$15,459	\$16,233	\$18,293	\$18,603	\$4,445	\$4,761	\$4,866	\$4,741	\$18,814	\$4,737	\$5,075	\$5,172	\$5,021	\$20,005
Franchised and affiliated restaurants	\$6,962	\$7,286	\$7,841	\$8,713	\$8,965	\$2,160	\$2,322	\$2,405	\$2,392	\$9,280	\$2,301	\$2,476	\$2,565	\$2,549	\$9,891
Total Net Revenues	\$23,522	\$22,745	\$24,075	\$27,006	\$27,567	\$6,605	\$7,084	\$7,271	\$7,133	\$28,093	\$7,038	\$7,551	\$7,737	\$7,570	\$29,896
Food & paper	\$5,592	\$5,179	\$5,299	\$6,165	\$6,319	\$1,503	\$1,605	\$1,640	\$1,593	\$6,340	\$1,615	\$1,720	\$1,743	\$1,687	\$6,766
Payroll & employee benefits	\$4,296	\$3,966	\$4,125	\$4,605	\$4,709	\$1,169	\$1,224	\$1,217	\$1,218	\$4,828	\$1,236	\$1,307	\$1,296	\$1,293	\$5,132
Occupancy & other operating expense	\$3,765	\$3,506	\$3,634	\$4,066	\$4,194	\$1,054	\$1,090	\$1,114	\$1,100	\$4,358	\$1,113	\$1,157	\$1,179	\$1,160	\$4,609
Other	\$0	\$0	\$0	\$2	\$1	\$1	\$1	\$0	\$2	\$4	\$1	\$0	\$2	\$4	\$4
Company-operated restaurant expenses	\$13,653	\$12,651	\$13,060	\$14,838	\$15,224	\$3,726	\$3,920	\$3,971	\$3,913	\$15,530	\$3,966	\$4,185	\$4,218	\$4,142	\$16,511
Franchised occupancy expenses	\$1,230	\$1,302	\$1,378	\$1,482	\$1,527	\$395	\$399	\$406	\$413	\$1,613	\$416	\$420	\$428	\$435	\$1,700
SG&A	\$2,356	\$2,234	\$2,333	\$2,394	\$2,455	\$597	\$607	\$595	\$634	\$2,432	\$614	\$677	\$610	\$650	\$2,551
Other operating expenses, net	-\$159	-\$218	-\$188	-\$233	-\$252	-\$62	-\$40	-\$60	-\$96	-\$257	-\$62	-\$40	-\$60	-\$96	-\$257
Total operating expenses	\$17,080	\$15,969	\$16,583	\$18,480	\$18,954	\$4,656	\$4,886	\$4,912	\$4,864	\$19,318	\$4,935	\$5,244	\$5,196	\$5,131	\$20,505
Operating Income, ex-items	\$6,443	\$6,776	\$7,492	\$8,530	\$8,605	\$1,950	\$2,198	\$2,359	\$2,269	\$8,776	\$2,103	\$2,307	\$2,542	\$2,439	\$9,392
Interest expense	\$523	\$473	\$451	\$493	\$517	\$128	\$130	\$138	\$143	\$539	\$143	\$143	\$146	\$149	\$580
Non operating expense	-\$78	-\$25	\$22	\$25	\$9	\$5	\$8	\$6	\$7	\$26	\$8	\$9	\$4	\$4	\$26
Pretax Income	\$5,993	\$6,393	\$7,019	\$8,012	\$8,079	\$1,817	\$2,060	\$2,215	\$2,120	\$8,211	\$1,952	\$2,155	\$2,392	\$2,287	\$8,786
Taxes	\$1,798	\$1,926	\$2,051	\$2,509	\$2,614	\$547	\$663	\$720	\$689	\$2,619	\$605	\$668	\$742	\$709	\$2,724
Net Income, ex-items	\$4,203	\$4,401	\$4,968	\$5,503	\$5,465	\$1,270	\$1,397	\$1,495	\$1,431	\$5,592	\$1,347	\$1,487	\$1,651	\$1,578	\$6,062
Average Shares Outstanding - Diluted	1,146	1,107	1,080	1,045	1,020	1,011	1,009	1,004	1,000	1,006	996	990	984	979	987
Diluted EPS ex-items	\$3.67	\$3.98	\$4.60	\$5.27	\$5.36	\$1.26	\$1.38	\$1.49	\$1.43	\$5.56	\$1.35	\$1.50	\$1.68	\$1.61	\$6.14

Margins	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Food & paper	33.8%	33.5%	32.6%	33.7%	34.0%	33.8%	33.7%	33.7%	33.6%	33.7%	34.1%	33.9%	33.7%	33.6%	33.8%
Payroll & employee benefits	25.9%	25.7%	25.4%	25.2%	25.3%	26.3%	25.7%	25.0%	25.7%	25.7%	26.1%	25.8%	25.1%	25.8%	25.7%
Occupancy & other operating expense	22.7%	22.7%	22.4%	22.2%	22.5%	23.7%	22.9%	22.9%	23.2%	23.2%	23.5%	22.8%	22.8%	23.1%	23.0%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Restaurant margin	17.6%	18.2%	19.6%	18.9%	18.2%	16.2%	17.7%	18.4%	17.5%	17.5%	16.3%	17.5%	18.4%	17.5%	17.5%
Franchised occupancy expense	17.7%	17.9%	17.6%	17.0%	17.0%	18.3%	17.2%	16.9%	17.3%	17.4%	18.1%	17.0%	16.7%	17.1%	17.2%
SG&A	10.0%	9.8%	9.7%	8.9%	8.9%	9.0%	8.6%	8.2%	8.9%	8.7%	8.7%	9.0%	7.9%	8.6%	8.5%
Operating margin, ex-items	27.4%	29.8%	31.1%	31.6%	31.2%	29.5%	31.0%	32.4%	31.8%	31.2%	29.9%	30.6%	32.9%	32.2%	31.4%
EBITDA margin, ex-items	32.5%	35.1%	36.4%	36.8%	36.6%	35.4%	36.5%	37.7%	37.4%	36.8%	35.6%	35.9%	38.0%	37.6%	36.8%
Tax Rate	30.0%	30.1%	29.2%	31.3%	32.4%	30.1%	32.2%	32.5%	32.5%	31.9%	31.0%	31.0%	31.0%	31.0%	31.0%
Net margin, ex-items	17.9%	19.4%	20.6%	20.4%	19.8%	19.2%	19.7%	20.6%	20.1%	19.9%	19.1%	19.7%	21.3%	20.8%	20.3%

Growth rates (y/y)	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
US same store sales (system)	4.0%	2.6%	3.8%	4.8%	3.3%	-1.2%	1.0%	0.8%	2.3%	0.7%	3.0%	3.0%	3.0%	3.0%	3.0%
Europe same store sales (system)	8.5%	5.2%	4.4%	5.9%	2.4%	-1.1%	-0.1%	0.5%	2.3%	0.4%	3.0%	3.0%	3.0%	3.0%	3.0%
APMEA same store sales (system)	9.0%	3.4%	6.0%	4.7%	1.4%	-3.3%	-0.3%	-0.5%	2.2%	-0.5%	4.0%	4.0%	4.0%	4.0%	4.0%
Other countries same store sales (system)	13.0%	5.5%	11.3%	10.1%	7.7%	5.6%	6.6%	8.6%	4.7%	6.4%	3.0%	3.0%	3.0%	3.0%	3.0%
Global same store sales (system)	6.9%	3.8%	5.0%	5.6%	3.1%	-1.0%	1.0%	1.3%	2.5%	0.9%	3.2%	3.2%	3.2%	3.2%	3.2%
Company-operated revenue	-0.3%	-6.7%	5.0%	12.7%	1.7%	0.3%	1.9%	0.6%	1.8%	1.1%	6.6%	6.6%	6.3%	5.9%	6.3%
Franchised and affiliated revenue	12.7%	4.7%	7.6%	11.1%	2.9%	2.2%	3.6%	3.9%	4.3%	3.5%	6.5%	6.6%	6.7%	6.6%	6.6%
Total revenue	3.2%	-3.3%	5.8%	12.2%	2.1%	0.9%	2.4%	1.7%	2.6%	1.9%	6.6%	6.6%	6.4%	6.1%	6.4%
Company-operated restaurant expenses	-0.6%	-7.3%	3.2%	13.6%	2.6%	2.0%	2.5%	1.4%	2.1%	2.0%	6.4%	6.8%	6.2%	5.9%	6.3%
Franchised occupancy expense	7.9%	5.8%	5.8%	7.5%	3.1%	5.5%	6.1%	5.8%	5.2%	5.6%	5.4%	5.4%	5.4%	5.3%	5.4%
SG&A	-0.5%	-5.1%	4.4%	2.6%	2.6%	0.7%	-1.7%	-4.2%	-0.9%	-0.9%	3.0%	11.6%	2.5%	2.5%	4.9%
Operating income, ex-items	16.1%	5.2%	10.6%	13.9%	0.9%	-0.8%	2.0%	3.2%	3.2%	2.0%	7.9%	5.0%	7.7%	7.5%	7.0%
EBITDA, ex-items	13.0%	5.4%	8.8%	13.4%	1.5%	0.5%	2.7%	3.1%	3.2%	2.4%	7.1%	4.7%	7.1%	6.8%	6.4%
Net income, ex-items	19.5%	4.7%	12.9%	10.8%	-0.7%	0.3%	3.7%	2.7%	2.5%	2.3%	6.0%	6.5%	10.4%	10.3%	8.4%
Diluted share count	-5.4%	-3.4%	-2.4%	-3.3%	-2.4%	-1.9%	-1.5%	-1.1%	-1.1%	-1.4%	-1.5%	-1.9%	-2.0%	-2.1%	-1.9%
Diluted EPS, ex-items	26.4%	8.4%	16.6%	14.5%	1.7%	2.2%	5.2%	3.9%	3.6%	3.8%	7.6%	8.5%	12.7%	12.7%	10.5%

Cash flow summary	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Operating income, ex-items	\$6,438	\$6,841	\$7,492	\$8,530	\$8,605	\$1,950	\$2,198	\$2,359	\$2,269	\$8,776	\$2,103	\$2,307	\$2,542	\$2,439	\$9,392
D&A	\$1,208	\$1,216	\$1,276	\$1,415	\$1,489	\$391	\$391	\$383	\$398	\$1,563	\$403	\$403	\$395	\$410	\$1,610
EBITDA, ex-items	\$7,646	\$8,057	\$8,768	\$9,945	\$10,093	\$2,341	\$2,589	\$2,742	\$2,667	\$10,338	\$2,506	\$2,710	\$2,936	\$2,849	\$11,001
Capital expenditures	\$2,136	\$1,952	\$2,136	\$2,730	\$3,049	\$634	\$599	\$700	\$1,166	\$3,100	\$550	\$600	\$650	\$1,000	\$2,800
Dividends	\$558	\$593	\$644	\$715	\$771	\$772	\$771	\$773	\$810	\$810	\$807	\$802	\$797	\$872	\$872

Source: Deutsche Bank estimates, company information, Consensus Metrix



Figure 25: PNRA - income statement forecast

FYE December (in millions)	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Bakery café sales	\$1,106.3	\$1,153.3	\$1,321.2	\$1,593.0	\$1,879.3	\$497.5	\$521.0	\$515.5	\$610.2	\$2,144.2	\$557.5	\$583.2	\$577.5	\$633.5	\$2,351.6
Franchise royalties and fees	\$74.8	\$78.4	\$86.2	\$92.8	\$102.1	\$26.6	\$27.5	\$27.9	\$32.4	\$114.4	\$29.4	\$30.3	\$30.9	\$33.3	\$123.8
Fresh dough sales to franchisees	\$117.8	\$121.9	\$135.1	\$136.3	\$148.7	\$37.7	\$40.5	\$41.5	\$46.9	\$166.7	\$41.7	\$44.7	\$45.9	\$48.1	\$180.4
Total Net Revenues	\$1,298.9	\$1,353.5	\$1,542.5	\$1,822.0	\$2,130.1	\$561.8	\$589.0	\$584.9	\$689.6	\$2,425.3	\$628.6	\$658.2	\$654.2	\$714.8	\$2,655.9
Food & paper	\$332.7	\$337.6	\$374.8	\$470.4	\$552.6	\$146.4	\$156.2	\$156.5	\$179.2	\$638.2	\$164.1	\$172.5	\$173.6	\$186.0	\$696.1
Labor	\$352.5	\$370.6	\$419.1	\$484.0	\$559.4	\$148.6	\$149.9	\$155.4	\$180.1	\$634.0	\$167.6	\$168.9	\$174.1	\$186.3	\$697.0
Occupancy	\$90.4	\$95.7	\$101.0	\$115.3	\$130.8	\$36.2	\$35.7	\$36.2	\$40.1	\$148.2	\$39.1	\$38.5	\$39.7	\$41.6	\$159.0
Other operating expenses	\$146.4	\$153.7	\$177.1	\$216.2	\$256.0	\$67.9	\$72.1	\$73.6	\$83.3	\$297.0	\$75.6	\$80.7	\$81.8	\$85.9	\$324.0
Fresh dough cost of sales to frans.	\$108.6	\$100.2	\$111.0	\$116.3	\$131.0	\$32.6	\$34.6	\$36.7	\$39.6	\$143.5	\$36.1	\$38.2	\$40.6	\$40.6	\$155.5
D&A	\$67.2	\$66.5	\$68.7	\$79.9	\$90.9	\$24.4	\$25.3	\$26.9	\$28.5	\$105.1	\$26.6	\$27.6	\$29.4	\$30.3	\$114.0
G&A	\$81.1	\$83.2	\$101.5	\$108.1	\$117.9	\$28.3	\$29.7	\$35.3	\$37.7	\$131.0	\$32.3	\$35.2	\$38.8	\$37.6	\$144.0
Pre-opening expenses	\$3.4	\$2.5	\$4.3	\$6.6	\$8.5	\$1.1	\$2.1	\$1.9	\$2.6	\$7.7	\$1.4	\$1.7	\$1.8	\$2.6	\$7.6
Total operating expenses	\$1,182.2	\$1,209.9	\$1,357.4	\$1,596.8	\$1,847.2	\$485.5	\$505.6	\$522.5	\$591.2	\$2,104.7	\$542.9	\$563.3	\$579.8	\$611.1	\$2,297.1
Operating income, ex-items	\$116.6	\$143.6	\$185.1	\$225.3	\$282.9	\$76.3	\$83.4	\$62.4	\$98.4	\$320.5	\$85.8	\$94.9	\$74.4	\$103.8	\$358.8
Interest expense	\$1.6	\$0.7	\$0.7	\$0.8	\$1.1	\$0.3	\$0.2	\$0.0	\$0.0	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other (income) expense, net	-\$0.3	-\$2.3	\$1.7	-\$0.5	-\$1.2	-\$2.4	-\$0.8	-\$0.5	-\$0.5	-\$4.2	-\$0.9	-\$1.0	-\$1.1	-\$1.1	-\$4.1
Pretax income	\$115.3	\$145.2	\$182.7	\$224.9	\$283.0	\$78.4	\$84.0	\$62.9	\$98.9	\$324.2	\$86.7	\$95.9	\$75.4	\$104.9	\$362.9
Taxes	\$43.4	\$55.1	\$69.5	\$85.9	\$109.5	\$30.3	\$33.0	\$24.2	\$38.0	\$125.4	\$32.9	\$36.4	\$28.7	\$39.9	\$137.9
Net Income, ex-items	\$70.4	\$90.1	\$113.2	\$139.0	\$173.4	\$48.1	\$51.0	\$38.7	\$60.9	\$198.8	\$53.7	\$59.4	\$46.8	\$65.1	\$225.0
Average Shares Outstanding - Diluted	30.3	31.0	30.9	29.9	29.5	29.3	29.3	29.3	29.4	29.3	29.4	29.5	29.6	29.6	29.5
Diluted EPS, ex-items	\$2.32	\$2.91	\$3.66	\$4.65	\$5.89	\$1.64	\$1.74	\$1.32	\$2.07	\$6.78	\$1.83	\$2.02	\$1.58	\$2.20	\$7.62
Margins	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Bakery-café expenses															
Food & paper	30.1%	29.3%	28.4%	29.5%	29.4%	29.4%	30.0%	30.4%	29.4%	29.8%	29.4%	29.6%	30.1%	29.4%	29.6%
Labor	31.9%	32.1%	31.7%	30.4%	29.8%	29.9%	28.8%	30.1%	29.5%	29.6%	30.1%	29.0%	30.1%	29.4%	29.6%
Occupancy	8.2%	8.3%	7.6%	7.2%	7.0%	7.3%	6.9%	7.0%	6.6%	6.9%	7.0%	6.6%	6.9%	6.6%	6.8%
Other operating expenses	13.2%	13.3%	13.4%	13.6%	13.6%	13.7%	13.8%	14.3%	13.7%	13.9%	13.6%	13.8%	14.2%	13.6%	13.8%
Restaurant Margin	16.7%	17.0%	18.9%	19.3%	20.2%	19.8%	20.6%	18.2%	20.9%	19.9%	19.9%	21.0%	18.8%	21.1%	20.2%
FDF costs	92.2%	82.2%	82.1%	85.3%	88.1%	86.5%	85.4%	88.4%	84.4%	86.1%	86.5%	85.4%	88.4%	84.4%	86.2%
G&A	6.2%	6.1%	6.6%	5.9%	5.5%	5.0%	5.0%	6.0%	5.5%	5.4%	5.1%	5.3%	5.9%	5.3%	5.4%
Operating Margin, ex-items	9.0%	10.6%	12.0%	12.4%	13.3%	13.6%	14.2%	10.7%	14.3%	13.2%	13.6%	14.4%	11.4%	14.5%	13.5%
Tax Rate	37.7%	37.9%	38.1%	38.2%	38.7%	38.6%	39.3%	38.4%	38.4%	38.7%	38.0%	38.0%	38.0%	38.0%	38.0%
Net Margin	5.4%	6.7%	7.4%	7.6%	8.1%	8.6%	8.7%	6.6%	8.8%	8.2%	8.5%	9.0%	7.1%	9.1%	8.5%
Growth rates (y/y)	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Systemwide SSS	3.4%	2.2%	7.9%	4.0%	5.7%	3.3%	3.7%	3.0%	4.0%	3.5%	3.5%	3.5%	4.0%	4.0%	3.8%
Total revenue	21.8%	4.2%	14.0%	18.1%	16.9%	12.7%	11.0%	10.5%	20.6%	13.9%	11.9%	11.7%	11.8%	3.7%	9.5%
Bakery-café expenses															
Food & paper	22.6%	1.5%	11.0%	25.5%	17.5%	13.5%	14.4%	12.4%	21.2%	15.5%	12.1%	10.4%	10.9%	3.8%	9.1%
Labor	23.1%	5.1%	13.1%	15.5%	15.6%	11.0%	9.5%	10.9%	21.2%	13.3%	12.8%	12.7%	12.0%	3.5%	9.9%
Occupancy	28.4%	5.9%	5.5%	14.2%	13.4%	16.2%	10.7%	9.0%	17.2%	13.3%	8.2%	7.8%	9.6%	3.8%	7.3%
Other operating expenses	20.7%	5.0%	15.2%	22.1%	18.4%	18.1%	12.4%	11.7%	21.7%	16.0%	11.2%	11.9%	11.2%	3.1%	9.1%
Restaurant profit	26.7%	6.2%	27.3%	23.2%	23.9%	12.2%	8.5%	6.7%	20.2%	12.2%	12.9%	14.4%	15.4%	4.8%	11.4%
FDF costs	16.9%	-7.7%	10.7%	4.8%	12.7%	8.1%	4.7%	7.9%	17.3%	9.6%	10.7%	10.4%	10.5%	2.5%	8.3%
G&A	19.0%	2.6%	22.0%	6.5%	9.1%	6.1%	-3.6%	14.3%	27.7%	11.1%	14.1%	18.4%	10.0%	-0.1%	9.9%
Operating Income, ex-items	29.4%	23.1%	28.9%	21.7%	25.6%	13.3%	15.5%	4.0%	18.1%	13.3%	12.4%	13.8%	19.1%	5.5%	12.0%
EBITDA, ex-items	24.2%	14.3%	20.8%	20.3%	22.5%	13.5%	15.2%	6.6%	18.6%	13.9%	11.7%	12.7%	16.2%	5.7%	11.1%
Net Income	20.9%	28.1%	25.9%	22.6%	24.8%	16.8%	15.6%	6.1%	18.0%	14.6%	11.7%	16.5%	20.7%	6.8%	13.2%
Share count	-6.0%	2.2%	-0.3%	-3.3%	-1.5%	-0.4%	-0.6%	-0.4%	-0.2%	-0.4%	0.4%	0.7%	0.8%	0.8%	0.7%
Diluted EPS, ex-items	28.6%	25.3%	25.9%	27.0%	26.6%	17.4%	16.3%	6.6%	18.2%	15.1%	11.2%	15.7%	19.8%	5.9%	12.4%
Cash flow summary	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Operating Income, ex-items	\$116.6	\$143.6	\$185.1	\$225.3	\$282.9	\$76.3	\$83.4	\$62.4	\$98.4	\$320.5	\$85.8	\$94.9	\$74.4	\$103.8	\$358.8
Depreciation & Amortization	\$67.2	\$66.5	\$68.7	\$79.9	\$90.9	\$24.4	\$25.3	\$26.9	\$28.5	\$105.1	\$26.6	\$27.6	\$29.4	\$30.3	\$114.0
EBITDA, ex-items	\$183.8	\$210.1	\$253.7	\$305.2	\$373.8	\$100.7	\$108.7	\$89.3	\$126.9	\$425.6	\$112.4	\$122.5	\$103.8	\$134.1	\$472.8
Capex	\$63.2	\$64.7	\$82.2	\$107.9	\$152.3	\$36.0	\$45.5	\$48.7	\$56.5	\$186.7	\$37.1	\$46.8	\$50.2	\$58.1	\$192.3

Source: Deutsche Bank estimates, company information, Consensus Metrix



Figure 26: SBUX - income statement forecast

Fiscal year ending September	2009	2010	2011	2012	1Q13	2Q13	3Q13	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Company-operated retail	\$8,180	\$8,964	\$9,633	\$10,535	\$2,990	\$2,808	\$2,986	\$3,001	\$11,785	\$3,416	\$3,114	\$3,299	\$3,319	\$13,147
Licensing	\$795	\$875	\$1,008	\$1,210	\$350	\$322	\$342	\$350	\$1,364	\$401	\$366	\$386	\$392	\$1,545
Foodservice & other	\$800	\$869	\$1,061	\$1,555	\$460	\$426	\$413	\$412	\$1,712	\$497	\$475	\$461	\$460	\$1,892
Total Net Revenues	\$9,775	\$10,707	\$11,701	\$13,300	\$3,800	\$3,556	\$3,742	\$3,764	\$14,861	\$4,314	\$3,955	\$4,146	\$4,170	\$16,585
Cost of sales incl. occupancy cost	\$4,272	\$4,417	\$4,916	\$5,813	\$1,621	\$1,530	\$1,598	\$1,598	\$6,346	\$1,816	\$1,673	\$1,736	\$1,743	\$6,969
Store operating expenses	\$3,359	\$3,472	\$3,595	\$3,918	\$1,090	\$1,038	\$1,084	\$1,089	\$4,301	\$1,209	\$1,135	\$1,179	\$1,183	\$4,706
Other operating expense	\$251	\$280	\$393	\$430	\$133	\$112	\$105	\$120	\$470	\$149	\$121	\$112	\$129	\$511
D&A	\$535	\$510	\$523	\$550	\$149	\$153	\$153	\$156	\$611	\$163	\$166	\$165	\$168	\$662
G&A	\$585	\$705	\$749	\$801	\$232	\$230	\$250	\$233	\$945	\$249	\$248	\$269	\$250	\$1,016
Restructuring charges	\$332	\$53	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total operating expenses	\$9,335	\$9,436	\$10,176	\$11,513	\$3,224	\$3,064	\$3,190	\$3,195	\$12,672	\$3,588	\$3,344	\$3,461	\$3,472	\$13,865
Income from equity investees	\$122	\$148	\$174	\$211	\$55	\$53	\$63	\$69	\$239	\$59	\$54	\$68	\$74	\$256
Oper. Inc. Excl.-Charges	\$894	\$1,472	\$1,698	\$1,998	\$631	\$544	\$615	\$638	\$2,428	\$785	\$664	\$753	\$772	\$2,975
Interest and other income, net	-\$2	\$18	\$28	\$62	-\$10	\$45	-\$3	\$39	\$72	\$1	\$0	\$0	-\$1	\$1
Pretax Income	\$560	\$1,437	\$1,726	\$2,059	\$621	\$589	\$612	\$677	\$2,499	\$786	\$665	\$753	\$772	\$2,976
Taxes	\$168	\$489	\$552	\$675	\$189	\$198	\$195	\$223	\$805	\$259	\$219	\$249	\$255	\$982
Net Income	\$391	\$946	\$1,246	\$1,384	\$432	\$390	\$418	\$455	\$1,695	\$528	\$446	\$506	\$518	\$1,998
Net Income Excl.-Charges	\$599	\$981	\$1,171	\$1,384	\$432	\$390	\$418	\$455	\$1,695	\$528	\$446	\$506	\$518	\$1,998
Average Shares Outstanding - Diluted	746	764	770	773	761	761	762	759	761	758	755	753	750	754
Diluted EPS (Excl.-Charges)	\$0.80	\$1.28	\$1.52	\$1.79	\$0.57	\$0.51	\$0.55	\$0.60	\$2.23	\$0.70	\$0.59	\$0.67	\$0.69	\$2.65

Margins (% of revenue)	2009	2010	2011	2012	1Q13	2Q13	3Q13	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Cost of sales	43.7%	41.2%	42.0%	43.7%	42.7%	43.0%	42.7%	42.5%	42.7%	42.1%	42.3%	41.9%	41.8%	42.0%
Store operating expense	34.4%	32.4%	30.7%	29.5%	28.7%	29.2%	29.0%	28.9%	28.9%	28.0%	28.7%	28.4%	28.4%	28.4%
Other operating expense	2.6%	2.6%	3.4%	3.2%	3.5%	3.2%	2.8%	3.2%	3.2%	3.5%	3.1%	2.7%	3.1%	3.1%
D&A	5.5%	4.8%	4.5%	4.1%	3.9%	4.3%	4.1%	4.1%	4.1%	3.8%	4.2%	4.0%	4.0%	4.0%
G&A	6.0%	6.6%	6.4%	6.0%	6.1%	6.5%	6.7%	6.2%	6.4%	5.8%	6.3%	6.5%	6.0%	6.1%
Operating margin, ex-items	9.1%	13.8%	14.5%	15.0%	16.6%	15.3%	16.4%	16.9%	16.3%	18.2%	16.8%	18.2%	18.5%	17.9%
EBITDA margin, ex-items	14.6%	18.5%	19.0%	19.2%	20.5%	19.6%	20.5%	21.1%	20.4%	22.0%	21.0%	22.2%	22.5%	21.9%
Tax Rate	30.1%	34.0%	32.0%	32.8%	30.4%	33.6%	31.8%	33.0%	32.2%	33.0%	33.0%	33.0%	33.0%	33.0%
Net Margin	6.1%	9.2%	10.0%	10.4%	11.4%	11.0%	11.2%	12.1%	11.4%	12.2%	11.3%	12.2%	12.4%	12.0%

Growth rates (y/y)	2009	2010	2011	2012	1Q13	2Q13	3Q13	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Global SSS	-6.0%	7.0%	8.0%	7.0%	6.0%	6.0%	8.0%	5.6%	6.4%	5.5%	4.8%	4.0%	4.0%	4.6%
Americas SSS	-6.0%	7.0%	8.0%	8.0%	7.0%	6.0%	9.0%	6.0%	7.0%	6.0%	5.0%	4.0%	4.0%	4.8%
EMEA SSS	-3.0%	5.0%	3.0%	0.0%	-1.0%	-2.0%	2.0%	0.0%	0.0%	3.0%	3.5%	3.5%	3.5%	3.4%
China & Asia Pacific SSS	2.0%	11.0%	22.0%	15.0%	11.0%	8.0%	9.0%	8.0%	8.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Total revenue	-5.9%	9.5%	9.3%	13.7%	10.6%	11.3%	13.3%	11.9%	11.7%	13.5%	11.2%	10.8%	10.8%	11.6%
Cost of sales	-8.0%	3.4%	11.3%	18.3%	8.3%	8.4%	10.5%	9.5%	9.2%	12.1%	9.3%	8.6%	9.1%	9.8%
Store operating expense	-10.3%	3.4%	3.6%	9.0%	9.4%	8.6%	11.1%	10.0%	9.8%	11.0%	9.3%	8.7%	8.6%	9.4%
Other operating expense	-24.1%	11.6%	40.4%	9.4%	24.2%	6.5%	-0.6%	7.0%	9.3%	12.7%	8.2%	6.1%	7.4%	8.8%
D&A	-2.7%	-4.5%	2.5%	5.1%	10.5%	11.7%	12.1%	9.8%	11.0%	9.6%	8.5%	7.9%	7.7%	8.4%
G&A	28.4%	20.4%	6.3%	6.9%	21.1%	11.3%	25.4%	14.2%	17.9%	7.4%	7.9%	7.9%	7.2%	7.6%
Operating income, ex-items	5.5%	64.6%	15.3%	17.6%	13.4%	26.4%	25.1%	22.8%	21.5%	24.5%	22.1%	22.4%	21.1%	22.6%
EBITDA, ex-items	2.3%	38.8%	12.0%	14.7%	12.8%	22.9%	22.3%	20.0%	19.3%	21.7%	19.1%	19.5%	18.4%	19.7%
Net income	13.2%	63.7%	19.5%	18.2%	13.1%	26.0%	25.4%	26.6%	22.5%	22.1%	14.4%	21.1%	14.0%	17.9%
Diluted EPS, ex-items	12.5%	59.8%	18.6%	17.6%	14.2%	28.0%	27.9%	29.0%	24.4%	22.6%	15.2%	22.5%	15.3%	18.9%

Cash flow summary	2009	2010	2011	2012	1Q13	2Q13	3Q13	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Operating income, ex-items	\$894	\$1,472	\$1,698	\$1,998	\$631	\$544	\$615	\$638	\$2,428	\$785	\$664	\$753	\$772	\$2,975
D&A	\$563	\$541	\$550	\$550	\$149	\$153	\$153	\$156	\$611	\$163	\$166	\$165	\$168	\$662
EBITDA, ex-items	\$1,429	\$1,983	\$2,222	\$2,548	\$780	\$697	\$769	\$794	\$3,039	\$949	\$831	\$919	\$940	\$3,638
Capex	\$446	\$441	\$532	\$856	\$242	\$243	\$297	\$476	\$1,258	\$250	\$250	\$306	\$490	\$1,296

Source: Deutsche Bank estimates, company information, Consensus Metrix



Figure 27: RUTH - income statement forecast

Fiscal year ending December (in millions)	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Company-operated restaurant sales	\$377.4	\$330.5	\$340.6	\$353.6	\$379.6	\$102.8	\$95.1	\$83.9	\$106.1	\$387.9	\$105.1	\$99.9	\$87.8	\$111.2	\$403.9
Franchise income	\$12.7	\$10.5	\$11.5	\$12.5	\$13.8	\$3.7	\$3.6	\$3.6	\$4.0	\$14.9	\$4.0	\$4.0	\$3.9	\$4.3	\$16.2
Other operating income	\$3.5	\$3.6	\$3.7	\$3.5	\$3.8	\$0.9	\$3.0	\$0.2	\$0.7	\$4.8	\$0.9	\$3.0	\$0.2	\$0.7	\$4.8
Total revenue	\$393.6	\$344.6	\$355.8	\$369.6	\$397.3	\$107.4	\$101.8	\$87.6	\$110.8	\$407.6	\$110.0	\$106.9	\$91.9	\$116.2	\$425.0
Food and beverage costs	\$122.3	\$96.9	\$101.4	\$109.6	\$120.6	\$32.1	\$28.9	\$26.9	\$33.8	\$121.6	\$33.3	\$31.1	\$28.3	\$35.1	\$127.8
Restaurant operating expenses	\$188.6	\$177.0	\$179.4	\$183.3	\$191.6	\$49.4	\$47.8	\$46.2	\$51.5	\$195.0	\$50.2	\$49.9	\$48.1	\$53.7	\$201.9
Marketing and advertising	\$13.9	\$11.7	\$11.5	\$11.8	\$11.2	\$2.0	\$3.6	\$2.6	\$4.9	\$13.1	\$2.0	\$3.8	\$2.8	\$5.1	\$13.7
G&A	\$27.6	\$23.4	\$22.8	\$22.8	\$28.3	\$7.3	\$7.3	\$6.3	\$7.8	\$28.7	\$7.2	\$7.5	\$6.5	\$7.9	\$29.1
D&A	\$16.7	\$16.5	\$15.4	\$14.9	\$14.6	\$3.6	\$3.1	\$3.4	\$3.4	\$13.6	\$3.6	\$3.2	\$3.5	\$3.4	\$13.7
Pre-opening costs	\$2.9	\$0.0	\$0.4	\$0.2	\$0.6	\$0.0	\$0.1	\$0.0	\$0.5	\$0.6	\$0.0	\$0.5	\$0.0	\$0.5	\$1.0
Operating income	-\$64.8	\$19.1	\$25.8	\$24.1	\$26.2	\$13.0	\$10.9	\$2.1	\$9.0	\$35.0	\$13.7	\$11.0	\$2.7	\$10.4	\$37.8
Operating income, ex-items	\$21.1	\$19.1	\$24.7	\$27.5	\$30.5	\$13.0	\$10.9	\$2.1	\$9.0	\$35.0	\$13.7	\$11.0	\$2.7	\$10.4	\$37.8
Interest expense, net	-\$10.3	-\$7.8	-\$4.2	-\$2.9	-\$2.4	-\$0.5	-\$0.4	-\$0.4	-\$0.3	-\$1.6	-\$0.2	-\$0.1	-\$0.1	-\$0.1	-\$0.5
Other	\$0.9	\$0.5	-\$0.2	-\$0.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Non-operating income, net	-\$9.5	-\$7.2	-\$4.4	-\$3.4	-\$2.4	-\$0.5	-\$0.4	-\$0.4	-\$0.3	-\$1.6	-\$0.2	-\$0.1	-\$0.1	-\$0.1	-\$0.5
Pre-tax income, ex-items	\$11.7	\$11.9	\$20.2	\$24.2	\$28.1	\$12.6	\$10.5	\$1.8	\$8.7	\$33.5	\$13.5	\$10.8	\$2.6	\$10.3	\$37.2
Taxes	\$3.4	\$1.9	\$5.1	\$7.1	\$8.4	\$3.8	\$3.2	\$0.5	\$2.6	\$10.2	\$4.0	\$3.3	\$0.8	\$3.1	\$11.2
Prof. divs.	\$0.0	\$0.0	\$2.2	\$2.5	\$0.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net income, ex-items	\$8.2	\$10.1	\$13.0	\$14.6	\$19.1	\$8.8	\$7.2	\$1.2	\$6.1	\$23.3	\$9.4	\$7.6	\$1.8	\$7.2	\$26.1
Shares outstanding - Diluted	23.3	23.7	40.2	43.3	35.2	35.5	35.7	35.8	35.9	35.7	35.9	35.8	35.7	35.6	35.8
EPS - Diluted, ex-items	\$0.35	\$0.42	\$0.32	\$0.34	\$0.54	\$0.25	\$0.20	\$0.03	\$0.17	\$0.65	\$0.26	\$0.21	\$0.05	\$0.20	\$0.73
Margins	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Food and beverage costs	32.4%	29.3%	29.8%	31.0%	31.8%	31.2%	30.4%	32.1%	31.8%	31.3%	31.7%	31.1%	32.3%	31.6%	31.6%
Restaurant operating expenses	50.0%	53.5%	52.7%	51.8%	50.5%	48.1%	50.3%	55.1%	48.6%	50.3%	47.8%	50.0%	54.8%	48.3%	50.0%
Restaurant margin	17.6%	17.1%	17.5%	17.2%	17.8%	20.8%	19.4%	12.9%	19.6%	18.4%	20.6%	18.9%	13.0%	20.1%	18.4%
Marketing and advertising	3.5%	3.4%	3.2%	3.2%	2.8%	1.9%	3.5%	3.0%	4.4%	3.2%	1.9%	3.5%	3.0%	4.4%	3.2%
G&A	7.0%	6.8%	6.4%	6.2%	7.1%	6.8%	7.2%	7.2%	7.0%	7.0%	6.6%	7.0%	7.0%	6.8%	6.8%
D&A	4.2%	4.8%	4.3%	4.0%	3.7%	3.4%	3.1%	3.9%	3.1%	3.3%	3.3%	3.0%	3.8%	3.0%	3.2%
Pre-opening costs	0.7%	0.0%	0.1%	0.1%	0.1%	0.0%	0.1%	0.0%	0.5%	0.2%	0.0%	0.5%	0.0%	0.4%	0.2%
EBITDA margin	9.7%	10.3%	11.2%	11.5%	11.3%	15.5%	13.8%	6.3%	11.2%	11.9%	15.7%	13.3%	6.8%	11.9%	12.1%
Operating margin, ex-items	5.4%	5.6%	6.9%	7.5%	7.7%	12.2%	10.7%	2.4%	8.1%	8.6%	12.4%	10.3%	3.0%	8.9%	8.9%
Tax rate	29.5%	15.6%	25.0%	29.3%	29.8%	30.3%	30.8%	30.0%	30.0%	30.4%	30.0%	30.0%	30.0%	30.0%	30.0%
Net income, ex-items	2.1%	2.9%	3.7%	3.9%	4.8%	8.2%	7.1%	1.4%	5.5%	5.7%	8.6%	7.1%	2.0%	6.2%	6.1%
Growth rates (y/y)	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Ruth's Chris - co. SSS	-9.9%	-19.3%	4.2%	5.3%	5.2%	6.6%	4.6%	4.5%	4.5%	5.1%	2.0%	3.5%	2.5%	2.5%	2.6%
Ruth's franchise SSS	-9.6%	-18.7%	6.4%	7.6%	4.6%	1.0%	3.5%	4.5%	4.5%	3.4%	2.0%	3.5%	2.5%	2.5%	2.6%
Mitchell's - co. SSS	0.0%	NA	-0.4%	-1.0%	2.5%	1.5%	-1.4%	-2.0%	-1.5%	-0.8%	0.0%	2.0%	2.0%	2.0%	1.5%
Company-operated restaurant sales	24.3%	-12.4%	3.0%	3.8%	7.4%	6.5%	4.3%	3.1%	-4.0%	2.2%	2.2%	5.0%	4.7%	4.8%	4.1%
Franchise income	-1.5%	-17.1%	9.5%	8.1%	11.0%	6.0%	12.5%	10.1%	2.9%	7.6%	8.8%	10.3%	9.2%	7.7%	9.0%
Total revenue	23.3%	-12.5%	3.2%	3.9%	7.5%	7.0%	4.8%	3.3%	-3.7%	2.6%	2.4%	5.0%	4.9%	4.8%	4.3%
G&A	9.9%	-15.3%	-2.4%	0.0%	24.1%	5.3%	17.9%	6.3%	-15.7%	1.4%	-0.6%	2.1%	2.0%	1.8%	1.3%
Operating income, ex-items	-28.8%	-9.4%	28.8%	11.7%	10.6%	31.6%	22.4%	16.6%	-8.8%	15.0%	4.7%	0.9%	27.9%	15.9%	7.8%
EBITDA, ex-items	-8.8%	-6.2%	12.3%	6.0%	6.2%	22.2%	11.9%	3.0%	-8.3%	7.9%	3.5%	1.1%	12.1%	11.9%	5.9%
Net income, ex-items	-55.8%	22.3%	29.1%	12.3%	31.3%	42.9%	21.6%	52.0%	-2.8%	21.7%	7.9%	4.8%	46.9%	18.7%	11.8%
Diluted EPS, ex-items	-55.6%	20.1%	-23.9%	4.5%	61.4%	69.5%	19.8%	49.5%	-4.3%	19.9%	6.6%	4.3%	47.1%	19.5%	11.6%
Cash flow summary	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Operating income, ex-items	\$21.1	\$19.1	\$24.7	\$27.5	\$30.5	\$13.0	\$10.9	\$2.1	\$9.0	\$35.0	\$13.7	\$11.0	\$2.7	\$10.4	\$37.8
D&A	\$16.9	\$16.5	\$15.4	\$14.9	\$14.6	\$3.6	\$3.1	\$3.4	\$3.4	\$13.6	\$3.6	\$3.2	\$3.5	\$3.4	\$13.7
EBITDA	\$38.0	\$35.6	\$40.0	\$42.4	\$45.0	\$16.7	\$14.0	\$5.6	\$12.4	\$48.6	\$17.2	\$14.2	\$6.2	\$13.8	\$51.5
Capex	\$32.0	\$4.3	\$6.1	\$9.0	\$11.5	\$2.3	\$3.4	\$4.0	\$5.3	\$15.0	\$3.5	\$3.5	\$3.5	\$5.0	\$15.5

Source: Deutsche Bank estimates, company information, Consensus Metrix



Figure 28: BWLD - income statement forecast

FYE December (in millions)	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Restaurant Sales	\$379.7	\$488.7	\$555.2	\$717.4	\$964.0	\$284.4	\$285.4	\$288.1	\$323.1	\$1,181.1	\$335.7	\$332.3	\$337.2	\$376.5	\$1,381.6
Franchise royalties and fees	\$42.7	\$50.2	\$58.1	\$67.1	\$76.6	\$19.9	\$19.6	\$19.7	\$21.3	\$80.8	\$22.4	\$22.0	\$22.0	\$25.6	\$92.0
Total Net Revenues	\$422.4	\$538.9	\$613.3	\$784.5	\$1,040.5	\$304.4	\$305.0	\$307.8	\$344.4	\$1,261.6	\$358.1	\$354.3	\$359.1	\$402.1	\$1,473.6
Cost of sales	\$113.3	\$147.7	\$160.9	\$203.3	\$303.7	\$93.1	\$86.6	\$86.1	\$98.9	\$364.7	\$105.5	\$97.5	\$99.1	\$113.3	\$415.5
Labor	\$114.6	\$146.6	\$167.2	\$215.6	\$289.2	\$85.8	\$88.9	\$88.7	\$99.6	\$363.0	\$102.3	\$104.2	\$104.4	\$116.4	\$427.4
Operating	\$60.2	\$76.4	\$88.7	\$109.7	\$141.4	\$41.1	\$41.2	\$43.7	\$47.6	\$173.6	\$48.5	\$48.0	\$51.1	\$55.5	\$203.1
Occupancy	\$25.2	\$32.4	\$36.5	\$44.0	\$54.1	\$16.1	\$16.9	\$16.4	\$16.6	\$66.0	\$19.0	\$19.6	\$19.2	\$19.3	\$77.2
Restaurant expenses	\$313.2	\$402.9	\$453.3	\$572.6	\$788.4	\$236.2	\$233.6	\$234.9	\$262.7	\$967.3	\$275.3	\$269.4	\$273.8	\$304.5	\$1,123.1
Restaurant profit	\$66.4	\$55.8	\$101.9	\$144.8	\$175.6	\$48.3	\$51.8	\$53.2	\$60.4	\$213.7	\$60.3	\$62.9	\$63.3	\$71.9	\$258.5
D&A	\$23.6	\$32.6	\$39.2	\$49.9	\$67.5	\$20.1	\$21.1	\$21.3	\$22.3	\$84.8	\$23.7	\$24.5	\$24.8	\$26.0	\$99.0
G&A	\$40.2	\$49.4	\$54.0	\$72.7	\$84.1	\$21.3	\$23.6	\$24.7	\$22.8	\$92.4	\$25.1	\$27.4	\$28.9	\$26.6	\$107.9
Pre-opening expenses	\$7.9	\$7.7	\$8.4	\$14.6	\$14.6	\$4.3	\$2.4	\$2.5	\$7.2	\$16.4	\$2.8	\$3.0	\$5.3	\$5.6	\$16.8
Loss on asset disposals & impairment	\$2.1	\$1.9	\$2.1	\$1.9	\$3.3	\$0.6	\$0.2	\$0.5	\$0.5	\$1.8	\$0.5	\$0.5	\$0.5	\$0.5	\$2.0
Total operating expenses	\$387.0	\$494.6	\$556.9	\$711.7	\$957.9	\$282.4	\$281.0	\$283.9	\$315.4	\$1,162.7	\$327.4	\$324.7	\$333.4	\$363.3	\$1,348.8
EBIT, ex-items	\$35.4	\$44.4	\$56.3	\$72.8	\$82.6	\$21.9	\$24.0	\$23.9	\$29.0	\$98.9	\$30.7	\$29.5	\$25.8	\$38.8	\$124.8
Investment income (expense)	\$1.0	\$1.1	\$0.7	\$0.1	\$0.8	\$0.3	-\$0.1	\$0.0	\$0.0	\$0.3	\$0.1	\$0.1	\$0.1	\$0.1	\$0.3
Pretax income	\$36.4	\$45.4	\$57.0	\$72.9	\$83.4	\$22.3	\$24.0	\$24.0	\$29.1	\$99.3	\$30.8	\$29.6	\$25.9	\$38.9	\$125.2
Taxes	\$11.9	\$14.8	\$18.6	\$22.5	\$26.1	\$5.9	\$7.5	\$7.4	\$9.0	\$29.8	\$9.8	\$9.5	\$8.3	\$12.5	\$40.0
Net Income, ex-items	\$24.4	\$30.7	\$38.4	\$50.4	\$57.3	\$16.4	\$16.5	\$16.6	\$20.1	\$69.5	\$20.9	\$20.1	\$17.6	\$26.5	\$85.1
Avg. shares outstanding - diluted	18.0	18.2	18.3	18.5	18.7	18.8	18.7	18.8	18.8	18.8	18.8	18.6	18.8	18.8	18.7
Diluted EPS, ex-items	\$1.36	\$1.69	\$2.10	\$2.73	\$3.06	\$0.87	\$0.88	\$0.88	\$1.07	\$3.70	\$1.12	\$1.08	\$0.94	\$1.41	\$4.55
										\$4.48					
Margins	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Restaurant expenses															
Cost of sales	29.8%	30.2%	29.0%	28.3%	31.5%	32.7%	30.4%	29.9%	30.6%	30.9%	31.4%	29.4%	29.4%	30.1%	30.1%
Labor	30.2%	30.0%	30.1%	30.1%	30.0%	30.2%	31.2%	30.8%	30.8%	30.7%	30.5%	31.4%	31.0%	30.9%	30.9%
Operating	15.9%	15.6%	16.0%	15.3%	14.7%	14.5%	14.4%	15.2%	14.7%	14.7%	14.5%	14.4%	15.2%	14.7%	14.7%
Occupancy	6.6%	6.6%	6.6%	6.1%	5.6%	5.7%	5.9%	5.7%	5.1%	5.6%	5.7%	5.9%	5.7%	5.1%	5.6%
Restaurant Margin	17.5%	17.6%	18.4%	20.2%	18.2%	17.0%	18.1%	18.5%	18.7%	18.1%	18.0%	18.9%	18.8%	19.1%	18.7%
D&A	5.6%	6.1%	6.4%	6.4%	6.5%	6.6%	6.9%	6.9%	6.5%	6.7%	6.6%	6.9%	6.8%	6.5%	6.7%
G&A	9.5%	9.2%	8.8%	9.3%	8.1%	7.0%	7.7%	8.0%	6.6%	7.3%	7.0%	7.7%	8.0%	6.6%	7.3%
Pre-opening expenses	1.9%	1.4%	1.4%	1.9%	1.4%	1.4%	0.8%	0.8%	2.1%	1.4%	0.8%	0.8%	1.5%	1.4%	1.1%
Operating Margin, ex-items	8.4%	8.2%	9.2%	9.3%	7.9%	7.2%	7.9%	7.8%	8.4%	7.8%	8.6%	8.3%	7.2%	9.7%	8.5%
EBITDA Margin, ex-items	14.0%	14.3%	15.6%	15.6%	14.4%	13.8%	14.8%	14.7%	14.9%	14.6%	15.2%	15.2%	14.1%	16.1%	15.2%
Tax Rate	32.8%	32.5%	32.7%	30.8%	31.3%	26.5%	31.2%	31.0%	31.0%	30.0%	32.0%	32.0%	32.0%	32.0%	32.0%
Net Margin	5.8%	5.7%	6.3%	6.4%	5.5%	5.4%	5.4%	5.4%	5.8%	5.5%	5.8%	5.7%	4.9%	6.6%	5.8%
Growth rates (y/y)	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Company SSS	5.9%	3.1%	0.6%	6.1%	6.6%	1.4%	3.8%	2.5%	3.5%	2.8%	3.0%	3.0%	3.0%	3.0%	3.0%
Franchise SSS	2.8%	3.4%	-0.2%	3.6%	6.5%	2.2%	4.1%	2.5%	3.2%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Total revenue	28.1%	27.6%	13.8%	27.9%	32.6%	21.2%	27.8%	24.7%	13.4%	21.2%	17.6%	16.2%	16.7%	16.7%	16.8%
Restaurant expenses															
Cost of sales	25.8%	30.4%	9.0%	26.4%	49.4%	29.0%	24.1%	20.9%	9.3%	20.1%	13.3%	12.6%	15.1%	14.6%	13.9%
Labor	30.6%	27.9%	14.1%	29.0%	34.1%	25.7%	33.5%	28.9%	16.6%	25.5%	19.2%	17.2%	17.8%	16.9%	17.7%
Operating	25.5%	26.8%	16.2%	23.6%	29.0%	25.3%	27.4%	26.1%	14.3%	22.8%	18.0%	16.4%	17.0%	16.5%	17.0%
Occupancy	25.9%	28.6%	12.8%	20.6%	23.0%	26.0%	28.8%	21.9%	12.1%	21.9%	18.0%	16.4%	17.0%	16.5%	17.0%
Restaurant profit	41.3%	29.1%	18.8%	42.1%	21.3%	4.3%	33.9%	32.2%	20.1%	21.7%	25.0%	21.6%	18.9%	19.0%	21.0%
D&A	39.1%	38.0%	20.2%	27.3%	35.2%	29.7%	31.0%	26.5%	17.0%	25.6%	17.6%	16.2%	16.7%	16.7%	16.8%
G&A	12.3%	23.0%	9.3%	34.6%	15.8%	9.6%	12.5%	13.4%	3.9%	9.8%	17.6%	16.2%	16.7%	16.7%	16.8%
Operating Income, ex-items	38.2%	25.3%	27.0%	29.2%	13.5%	-18.2%	36.2%	62.3%	24.1%	19.8%	39.9%	22.8%	7.6%	33.8%	26.2%
EBITDA, ex-items	38.5%	30.4%	24.2%	28.4%	22.3%	-0.7%	33.7%	43.2%	20.9%	22.4%	29.3%	19.7%	11.9%	26.4%	21.8%
Net Income	24.3%	25.5%	25.2%	31.3%	13.6%	-10.2%	41.4%	54.6%	20.4%	21.3%	27.8%	22.1%	6.2%	31.9%	22.5%
Diluted EPS, ex-items	23.2%	24.3%	24.6%	30.0%	12.1%	-11.0%	41.4%	53.9%	20.2%	20.9%	28.1%	22.5%	6.5%	32.3%	22.8%
Cash flow summary	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Operating Income, ex-items	\$35.4	\$44.4	\$56.3	\$72.8	\$82.6	\$21.9	\$24.0	\$23.9	\$29.0	\$98.9	\$30.7	\$29.5	\$25.8	\$38.8	\$124.8
Depreciation & Amortization	\$23.6	\$32.6	\$39.2	\$49.9	\$67.5	\$20.1	\$21.1	\$21.3	\$22.3	\$84.8	\$23.7	\$24.5	\$24.8	\$26.0	\$99.0
EBITDA, ex-items	\$59.0	\$77.0	\$95.5	\$122.7	\$150.1	\$42.1	\$45.1	\$45.2	\$51.3	\$183.7	\$54.4	\$54.0	\$50.6	\$64.8	\$223.8
Capex	\$90.5	\$73.7	\$73.4	\$130.1	\$130.5	\$34.5	\$29.4	\$42.0	\$52.0	\$157.9	\$31.0	\$33.0	\$45.0	\$55.0	\$164.0

Source: Deutsche Bank estimates, company information, Consensus Metrix



Figure 29: TXRH - income statement forecast

Fiscal year ending December (in millions)	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Restaurant sales	\$871.6	\$934.1	\$996.0	\$1,099.5	\$1,252.4	\$356.6	\$348.9	\$331.0	\$362.1	\$1,398.6	\$395.8	\$387.9	\$367.9	\$372.5	\$1,524.1
Franchise royalties & fees	\$8.9	\$8.2	\$9.0	\$9.8	\$11.0	\$3.1	\$3.2	\$2.8	\$3.2	\$12.3	\$3.4	\$3.5	\$3.1	\$3.3	\$13.2
Revenue	\$880.5	\$942.3	\$1,005.0	\$1,109.2	\$1,263.3	\$359.7	\$352.1	\$333.8	\$365.3	\$1,411.0	\$399.2	\$391.3	\$371.0	\$375.8	\$1,537.3
Cost of sales	\$308.1	\$312.8	\$324.3	\$367.4	\$423.6	\$124.6	\$120.2	\$115.5	\$126.2	\$486.5	\$140.6	\$135.6	\$129.4	\$131.3	\$537.0
Labor	\$253.1	\$276.6	\$293.0	\$326.2	\$367.8	\$101.7	\$101.7	\$98.3	\$105.1	\$406.8	\$113.2	\$113.1	\$109.3	\$108.5	\$444.1
Rent	\$15.9	\$20.0	\$21.4	\$23.2	\$25.8	\$7.1	\$7.2	\$7.0	\$7.5	\$28.7	\$7.4	\$7.6	\$7.4	\$8.5	\$30.9
Other operating	\$146.0	\$159.0	\$172.9	\$184.1	\$204.3	\$55.8	\$55.0	\$53.6	\$60.7	\$225.1	\$61.1	\$60.3	\$58.9	\$63.2	\$243.5
Pre-opening costs	\$11.6	\$5.8	\$7.1	\$11.5	\$12.4	\$2.8	\$4.2	\$2.5	\$6.5	\$16.1	\$3.3	\$3.3	\$3.5	\$5.0	\$15.1
D&A	\$37.7	\$41.8	\$41.3	\$42.7	\$46.7	\$12.2	\$12.2	\$12.5	\$13.8	\$50.7	\$13.2	\$13.2	\$13.5	\$14.9	\$54.7
Impairment and closure	\$2.2	\$3.0	\$2.0	\$1.2	\$1.6	\$0.1	\$0.0	\$0.3	\$1.0	\$1.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
G&A	\$43.8	\$47.4	\$52.5	\$57.7	\$65.6	\$17.4	\$21.8	\$17.4	\$19.9	\$76.5	\$18.9	\$22.3	\$19.0	\$21.2	\$81.3
Operating income	\$62.0	\$75.9	\$90.6	\$95.2	\$115.5	\$38.2	\$29.8	\$26.8	\$24.6	\$119.3	\$41.4	\$36.1	\$30.0	\$23.1	\$130.6
Operating income, ex-items	\$62.0	\$75.9	\$90.6	\$95.2	\$115.5	\$38.2	\$29.8	\$26.8	\$24.6	\$119.3	\$41.4	\$36.1	\$30.0	\$23.1	\$130.6
Interest expense, net	\$3.8	\$3.3	\$2.7	\$2.4	\$2.3	\$0.6	\$0.6	\$0.6	\$0.6	\$2.3	\$0.6	\$0.6	\$0.6	\$0.6	\$2.3
Equity income	-\$0.2	-\$0.2	-\$0.4	-\$0.4	-\$0.4	-\$0.2	-\$0.2	-\$0.1	-\$0.1	-\$0.7	-\$0.2	-\$0.2	-\$0.1	-\$0.1	-\$0.7
Pre-tax income	\$58.4	\$72.8	\$88.4	\$93.2	\$113.5	\$37.8	\$29.4	\$26.3	\$24.2	\$117.7	\$41.1	\$35.7	\$29.5	\$22.7	\$129.0
Taxes	\$19.4	\$23.5	\$27.7	\$26.8	\$36.6	\$10.5	\$8.6	\$8.2	\$7.4	\$34.6	\$13.1	\$11.4	\$9.4	\$7.2	\$41.1
Net income, ex-items	\$39.0	\$47.5	\$58.3	\$64.0	\$74.3	\$26.2	\$20.0	\$17.7	\$16.0	\$79.9	\$27.3	\$23.7	\$19.5	\$14.9	\$85.4
Shares outstanding - Basic	72.7	70.0	71.4	70.8	70.0	69.4	70.0	68.9	68.6	69.2	68.2	67.9	67.7	67.6	67.9
EPS - Basic	\$0.54	\$0.68	\$0.82	\$0.90	\$1.06	\$0.38	\$0.29	\$0.26	\$0.23	\$1.15	\$0.40	\$0.35	\$0.29	\$0.22	\$1.26
Shares outstanding - Diluted	74.2	71.3	72.9	72.3	71.5	70.6	71.3	70.4	70.1	70.4	69.7	69.4	69.2	69.1	69.4
EPS - Diluted, ex-items	\$0.53	\$0.67	\$0.80	\$0.88	\$1.04	\$0.37	\$0.28	\$0.25	\$0.23	\$1.13	\$0.39	\$0.34	\$0.28	\$0.22	\$1.23
Margins	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Cost of sales	35.4%	33.5%	32.6%	33.4%	33.8%	34.9%	34.5%	34.9%	34.9%	34.8%	35.5%	35.0%	35.2%	35.3%	35.2%
Labor	29.0%	29.6%	29.4%	29.7%	29.4%	28.5%	29.2%	29.7%	29.0%	29.1%	28.6%	29.2%	29.7%	29.1%	29.1%
Rent	1.8%	2.1%	2.1%	2.1%	2.1%	2.0%	2.0%	2.1%	2.1%	2.1%	1.9%	1.9%	2.0%	2.3%	2.0%
Other operating costs	16.8%	17.0%	17.4%	16.7%	16.3%	15.6%	15.8%	16.2%	16.8%	16.1%	15.4%	15.6%	16.0%	17.0%	16.0%
Pre-opening costs	1.3%	0.6%	0.7%	1.0%	1.0%	0.8%	1.2%	0.8%	1.8%	1.1%	0.8%	0.9%	1.0%	1.3%	1.0%
D&A	4.3%	4.4%	4.1%	3.9%	3.7%	3.4%	3.5%	3.7%	3.8%	3.6%	3.3%	3.4%	3.6%	4.0%	3.6%
G&A	5.0%	5.0%	5.2%	5.2%	5.2%	4.8%	6.2%	5.2%	5.4%	5.4%	4.7%	5.7%	5.1%	5.6%	5.3%
EBITDA margin	11.3%	12.5%	13.1%	12.4%	12.8%	14.0%	11.9%	11.7%	10.5%	12.0%	13.7%	12.6%	11.7%	10.1%	12.1%
Operating margin	7.0%	8.1%	9.0%	8.6%	9.1%	10.6%	8.5%	8.0%	6.7%	8.5%	10.4%	9.2%	8.1%	6.2%	8.5%
Restaurant level operating margin	17.0%	17.7%	18.5%	18.1%	18.4%	18.9%	18.6%	17.1%	17.3%	18.0%	18.5%	18.4%	17.1%	16.4%	17.6%
Tax rate	33.2%	32.3%	31.3%	29.5%	33.0%	28.7%	30.1%	31.5%	31.5%	30.2%	32.5%	32.5%	32.5%	32.5%	32.5%
Net income, ex-items	4.4%	5.0%	5.8%	5.8%	5.9%	7.3%	5.7%	5.3%	4.4%	5.7%	6.8%	6.1%	5.3%	4.0%	5.6%
Growth rates (y/y)	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Company SSS	-2.3%	-2.8%	2.3%	4.7%	4.7%	3.5%	4.5%	2.5%	2.8%	3.3%	2.8%	2.8%	2.8%	2.8%	2.8%
Franchise SSS	-3.6%	-2.5%	2.6%	4.2%	5.3%	4.5%	5.3%	2.5%	2.5%	3.7%	3.0%	3.0%	3.0%	3.0%	3.0%
Restaurant sales	20.3%	7.2%	6.6%	10.4%	13.9%	10.7%	9.9%	8.2%	18.0%	11.7%	11.0%	11.2%	11.1%	2.9%	9.0%
Franchise royalties & fees	-16.9%	-7.6%	9.4%	8.3%	12.5%	8.9%	16.9%	6.7%	17.1%	12.4%	9.8%	8.4%	9.0%	1.7%	7.1%
Revenue	19.8%	7.0%	6.6%	10.4%	13.9%	10.7%	9.9%	8.2%	18.0%	11.7%	11.0%	11.1%	11.1%	2.9%	9.0%
G&A	14.9%	8.3%	10.7%	9.9%	13.8%	15.5%	23.4%	12.5%	13.8%	16.5%	8.7%	2.2%	9.0%	6.6%	6.4%
Operating income, ex-items	-4.5%	22.3%	19.5%	5.1%	21.2%	10.9%	-4.6%	-3.5%	11.5%	3.3%	8.6%	21.0%	12.1%	-6.0%	9.5%
EBITDA, ex-items	4.6%	18.0%	12.1%	4.6%	17.6%	10.1%	-1.9%	-0.9%	12.7%	4.8%	8.4%	17.2%	10.8%	-0.8%	9.0%
Net income	-3.4%	21.7%	22.8%	9.7%	16.1%	19.1%	-1.7%	-1.9%	15.0%	7.5%	4.3%	18.7%	10.2%	-6.9%	7.0%
Diluted share count	-3.5%	-3.9%	2.3%	-0.9%	-1.1%	-0.3%	-1.4%	-2.2%	-2.0%	-1.5%	-1.2%	-1.6%	-1.6%	-1.4%	-1.5%
Diluted EPS, ex-items	0.0%	26.6%	20.0%	10.7%	17.4%	19.5%	-0.3%	0.3%	17.4%	9.2%	5.6%	20.6%	12.0%	-5.5%	8.5%
Cash flow summary	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Operating income, ex-items	\$62.0	\$75.9	\$90.6	\$95.2	\$115.5	\$38.2	\$29.8	\$26.8	\$24.6	\$119.3	\$41.4	\$36.1	\$30.0	\$23.1	\$130.6
D&A	\$37.7	\$41.8	\$41.3	\$42.7	\$46.7	\$12.2	\$12.2	\$12.5	\$13.8	\$50.7	\$13.2	\$13.2	\$13.5	\$14.9	\$54.7
EBITDA	\$99.7	\$117.7	\$131.9	\$137.9	\$162.2	\$50.4	\$42.0	\$39.2	\$38.4	\$170.0	\$54.6	\$49.2	\$43.4	\$38.1	\$185.3
Capex	\$102.5	\$45.5	\$45.1	\$81.8	\$84.9	\$15.6	\$20.3	\$27.8	\$35.9	\$99.6	\$16.1	\$20.9	\$28.6	\$36.9	\$102.6

Source: Deutsche Bank estimates, company information, Consensus Metrix



Figure 30: BLMN - income statement forecast

Fiscal year ending December (in millions)	2008	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Restaurant sales	\$3,937.9	\$3,573.8	\$3,594.7	\$3,803.3	\$3,946.1	\$1,082.4	\$1,008.0	\$973.1	\$1,030.0	\$4,093.5	\$1,141.6	\$1,060.8	\$1,028.6	\$1,089.0	\$4,320.1
Other revenues	\$23.3	\$27.9	\$33.6	\$38.0	\$41.7	\$9.9	\$10.9	\$9.9	\$11.6	\$42.3	\$10.8	\$11.9	\$10.8	\$12.6	\$46.1
Total Revenues	\$3,961.2	\$3,601.7	\$3,628.3	\$3,841.3	\$3,987.8	\$1,092.3	\$1,018.9	\$983.1	\$1,041.6	\$4,135.8	\$1,152.4	\$1,072.7	\$1,039.4	\$1,101.6	\$4,366.2
Cost of sales	\$1,389.4	\$1,184.1	\$1,152.0	\$1,226.1	\$1,281.0	\$350.0	\$325.5	\$317.8	\$332.0	\$1,325.2	\$366.9	\$340.4	\$333.8	\$348.9	\$1,389.9
Labor and other related	\$1,094.9	\$1,024.1	\$1,034.4	\$1,094.1	\$1,117.6	\$299.9	\$284.0	\$279.0	\$294.9	\$1,157.9	\$314.6	\$297.9	\$293.9	\$310.7	\$1,217.1
Other restaurant operating	\$938.4	\$849.7	\$864.2	\$890.0	\$918.5	\$233.8	\$237.4	\$242.3	\$237.8	\$951.4	\$245.5	\$248.8	\$255.1	\$250.3	\$999.7
Total restaurant operating expenses	\$3,422.6	\$3,057.8	\$3,050.6	\$3,210.2	\$3,317.1	\$883.7	\$846.9	\$839.1	\$864.7	\$3,434.5	\$926.9	\$887.1	\$882.9	\$909.9	\$3,606.7
Restaurant profit	\$515.2	\$515.9	\$544.1	\$593.0	\$629.0	\$198.7	\$161.1	\$134.0	\$165.3	\$659.1	\$214.7	\$173.8	\$145.7	\$179.1	\$713.3
Depreciation & amortization	\$205.5	\$186.1	\$156.3	\$153.7	\$155.5	\$40.2	\$40.9	\$40.5	\$39.7	\$161.3	\$42.4	\$43.1	\$42.9	\$42.0	\$170.3
G&A	\$264.0	\$242.5	\$242.1	\$274.2	\$270.7	\$72.5	\$64.4	\$68.8	\$70.0	\$275.7	\$75.3	\$68.9	\$70.6	\$71.9	\$286.7
Provision for impaired assets & restaurant closings	\$117.7	-\$58.3	\$5.2	\$14.0	\$13.0	\$1.9	\$0.7	\$4.5	\$2.0	\$9.1	\$3.5	\$3.5	\$3.5	\$4.0	\$14.5
Income from operations of unconsolidated affiliates	-\$2.3	-\$2.2	-\$5.5	-\$8.1	-\$5.5	-\$2.9	-\$2.6	-\$2.0	-\$2.0	-\$9.5	-\$2.9	-\$2.6	-\$2.0	-\$2.0	-\$9.5
Total operating expenses	\$4,767.2	\$3,508.6	\$3,448.7	\$3,610.9	\$3,750.9	\$995.4	\$950.3	\$951.0	\$974.4	\$3,871.0	\$1,045.3	\$999.9	\$997.9	\$1,025.7	\$4,068.7
Operating Income	-\$806.0	-\$109.3	\$168.9	\$213.5	\$181.1	\$96.9	\$67.9	\$32.1	\$67.2	\$264.8	\$107.1	\$72.9	\$41.6	\$75.9	\$297.4
Operating Income, ex-items	-\$46.4	\$117.6	\$179.6	\$197.3	\$236.9	\$96.9	\$68.6	\$32.1	\$67.2	\$264.8	\$107.1	\$72.9	\$41.6	\$75.9	\$297.4
EBITDA, ex-items	\$162.2	\$304.0	\$329.7	\$341.8	\$381.1	\$135.2	\$107.9	\$71.1	\$104.9	\$419.1	\$147.7	\$114.3	\$82.9	\$115.8	\$460.8
Other income (expense), net	-\$11.1	-\$0.2	\$3.0	\$0.8	-\$0.1	-\$0.2	-\$0.1	\$0.1	-\$0.1	-\$0.3	-\$0.2	-\$0.1	\$0.1	-\$0.1	-\$0.3
Interest expense, net	-\$197.0	-\$115.9	-\$91.4	-\$83.4	-\$86.6	-\$20.9	-\$18.0	-\$17.7	-\$17.3	-\$73.9	-\$16.7	-\$16.5	-\$16.1	-\$15.4	-\$64.7
Gain on extinguishment of debt	\$48.4	\$158.1	\$0.0	\$0.0	-\$21.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Pretax Income	-\$965.7	-\$67.3	\$80.5	\$130.9	\$73.4	\$75.8	\$35.2	\$14.5	\$49.8	\$190.5	\$90.2	\$56.3	\$25.6	\$60.4	\$232.4
Pretax Income, ex-items	-\$254.5	\$1.5	\$91.2	\$114.7	\$150.2	\$75.8	\$50.4	\$14.5	\$49.8	\$190.5	\$90.2	\$56.3	\$25.6	\$60.4	\$232.4
(Benefit) provision for income taxes	-\$99.4	\$0.1	\$24.1	\$19.0	\$24.8	\$10.7	\$17.1	\$3.2	\$11.0	\$41.9	\$23.5	\$14.6	\$6.6	\$15.7	\$60.4
Net Income, ex-items	-\$225.3	\$1.8	\$60.8	\$86.5	\$114.1	\$63.2	\$31.8	\$9.8	\$36.9	\$141.7	\$64.9	\$40.0	\$17.4	\$42.7	\$165.1
Average Shares Outstanding - Diluted	102.4	104.4	106.0	106.7	114.8	126.5	128.3	129.1	129.6	128.4	129.7	129.7	129.8	129.8	129.8
Diluted EPS ex-items	-\$2.20	\$0.02	\$0.57	\$0.81	\$0.99	\$0.50	\$0.25	\$0.08	\$0.28	\$1.10	\$0.50	\$0.31	\$0.13	\$0.33	\$1.27
Margins															
Cost of sales	35.3%	33.1%	32.0%	32.2%	32.5%	32.3%	32.3%	32.7%	32.2%	32.4%	32.1%	32.1%	32.5%	32.0%	32.2%
Labor and other related	27.8%	28.7%	28.8%	28.8%	28.3%	27.7%	28.2%	28.7%	28.6%	28.3%	27.6%	28.1%	28.6%	28.5%	28.2%
Other restaurant operating	23.8%	23.8%	24.0%	23.4%	23.3%	21.6%	23.6%	24.9%	23.1%	23.2%	21.5%	23.5%	24.8%	23.0%	23.1%
Restaurant margin	13.1%	14.4%	15.1%	15.6%	15.9%	18.4%	16.0%	13.8%	16.0%	16.1%	18.8%	16.4%	14.2%	16.4%	16.1%
Depreciation & amortization	5.2%	5.2%	4.3%	4.0%	3.9%	3.7%	4.0%	4.1%	3.8%	3.9%	3.7%	4.0%	4.1%	3.8%	3.9%
G&A	6.7%	6.7%	6.7%	7.1%	6.8%	6.6%	6.3%	7.0%	6.7%	6.7%	6.5%	6.4%	6.8%	6.5%	6.6%
Interest expense, net	-5.0%	-3.2%	-2.5%	-2.2%	-2.2%	-1.9%	-1.8%	-1.8%	-1.7%	-1.8%	-1.4%	-1.5%	-1.5%	-1.4%	-1.5%
Operating margin, ex-items	-1.2%	3.3%	5.0%	5.1%	5.9%	8.9%	6.7%	3.3%	6.5%	6.4%	9.3%	6.8%	4.0%	6.9%	6.8%
EBITDA margin, ex-items	4.1%	8.4%	9.1%	8.9%	9.6%	12.4%	10.6%	7.2%	10.1%	10.1%	12.8%	10.7%	8.0%	10.5%	10.6%
Tax Rate	10.3%	3.7%	26.5%	16.6%	16.5%	14.1%	33.8%	22.0%	22.0%	22.0%	26.0%	26.0%	26.0%	26.0%	26.0%
Net margin, ex-items	-5.7%	0.1%	1.7%	2.3%	2.9%	5.8%	3.1%	1.0%	3.5%	3.4%	5.6%	3.7%	1.7%	3.9%	3.8%
Growth rates (y/y)															
Blended "Core 4" SSS	-6.3%	-8.4%	3.0%	4.9%	3.7%	1.6%	2.0%	1.0%	1.4%	1.5%	2.9%	1.9%	1.9%	1.9%	2.1%
Revenues	-5.0%	-9.1%	0.7%	5.9%	3.8%	3.5%	3.9%	3.2%	4.3%	3.7%	5.5%	5.3%	5.7%	5.8%	5.6%
Cost of sales	-5.6%	-14.8%	-2.7%	6.4%	4.5%	4.2%	3.2%	2.7%	3.7%	3.5%	4.8%	4.6%	5.1%	5.1%	4.9%
Labor and other related	-5.9%	-6.5%	1.0%	5.8%	2.1%	2.2%	4.7%	3.3%	4.3%	3.6%	4.9%	4.9%	5.3%	5.4%	5.1%
Other restaurant operating	-1.5%	-9.5%	1.7%	3.0%	3.2%	6.8%	2.8%	2.5%	2.3%	3.6%	5.0%	4.8%	5.3%	5.3%	5.1%
Restaurant operating expenses	-4.6%	-10.7%	-0.2%	5.2%	3.3%	4.2%	3.6%	2.9%	3.5%	3.5%	4.9%	4.7%	5.2%	5.2%	5.0%
Interest expense	43.8%	-41.2%	-21.1%	-8.8%	3.9%	-0.4%	-25.1%	-16.3%	-15.6%	-14.7%	-20.1%	-8.7%	-9.2%	-10.8%	-12.5%
SG&A	-11.8%	-8.1%	-0.2%	13.3%	-1.3%	8.4%	-7.9%	6.2%	1.3%	1.8%	3.9%	7.0%	2.7%	2.6%	4.0%
Total operating expenses	16.1%	-26.4%	-1.7%	4.7%	3.9%	4.1%	2.2%	3.6%	2.9%	3.2%	5.0%	5.2%	4.9%	5.3%	5.1%
Operating income, ex-items	-175.0%	-353.6%	52.8%	9.8%	20.1%	-2.7%	34.5%	-9.2%	31.6%	11.7%	10.6%	6.2%	29.5%	12.9%	12.3%
EBITDA, ex-items	-34.3%	87.5%	8.4%	3.7%	11.5%	0.5%	23.8%	-0.6%	19.4%	10.0%	9.2%	6.0%	16.6%	10.5%	9.9%
Net income, ex-items	NM	NM	NM	42.2%	31.8%	6.0%	64.7%	5.0%	43.1%	24.2%	2.7%	26.0%	68.0%	15.7%	16.5%
Diluted share count	0.0%	2.0%	1.5%	0.7%	7.6%	18.2%	19.5%	12.9%	3.0%	11.8%	2.5%	1.1%	0.5%	0.2%	1.1%
EPS, ex-items	744.3%	-100.8%	3199.5%	41.2%	22.5%	-10.3%	37.8%	-7.0%	38.9%	11.1%	0.2%	24.6%	77.1%	15.5%	15.3%
Cash flow summary															
Operating income, ex-items	-\$46.4	\$117.6	\$179.6	\$197.3	\$236.9	\$96.9	\$68.6	\$32.1	\$67.2	\$264.8	\$107.1	\$72.9	\$41.6	\$75.9	\$297.4
Depreciation and amortization	\$205.5	\$186.1	\$156.3	\$153.7	\$155.5	\$40.2	\$40.9	\$40.5	\$39.7	\$161.3	\$42.4	\$43.1	\$42.9	\$42.0	\$170.3
EBITDA, ex-items	\$162.2	\$304.0	\$329.7	\$341.8	\$381.1	\$135.2	\$107.9	\$71.1	\$104.9	\$419.1	\$147.7	\$114.3	\$82.9	\$115.8	\$460.8
Capital expenditures	NA	\$57.5	\$60.5	\$120.9	\$178.7	\$41.0	\$56.2	\$71.6	\$66.3	\$235.0	\$45.3	\$62.2	\$79.2	\$73.3	\$260.0
Dividends	NA	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

Source: Deutsche Bank estimates, company information, Consensus Metrix



Figure 31: WEN - income statement forecast

Fiscal year ending December	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Company & other sales	\$3,198.3	\$3,046.3	\$2,126.5	\$2,198.3	\$530.7	\$571.2	\$563.0	\$512.8	\$2,177.6	\$437.5	\$454.2	\$451.3	\$428.9	\$1,771.8
Franchise revenues	\$382.5	\$371.1	\$304.8	\$306.9	\$73.0	\$79.3	\$82.7	\$81.8	\$316.9	\$84.3	\$92.6	\$88.8	\$86.7	\$352.4
Net revenues	\$3,580.8	\$3,416.4	\$2,431.4	\$2,505.2	\$603.7	\$650.5	\$645.7	\$594.6	\$2,494.5	\$521.8	\$546.7	\$540.1	\$515.5	\$2,124.2
Food and paper	\$942.7	\$904.4	\$679.5	\$707.3	\$169.8	\$181.9	\$181.7	\$164.5	\$697.9	\$139.6	\$143.5	\$144.1	\$136.3	\$563.4
Restaurant labor	\$946.3	\$907.4	\$613.2	\$641.3	\$158.8	\$161.6	\$161.7	\$148.4	\$630.5	\$129.3	\$126.2	\$121.7	\$121.9	\$504.8
Occupancy, advertising & other	\$753.9	\$729.3	\$470.6	\$483.6	\$121.1	\$118.9	\$119.8	\$103.1	\$462.9	\$97.5	\$92.0	\$93.9	\$84.2	\$367.5
Cost of bakery & toy sales	\$84.5	\$67.4	\$52.8	\$49.0	\$11.1	\$10.9	\$11.5	\$12.8	\$46.3	\$10.1	\$12.0	\$11.9	\$12.8	\$46.7
Total restaurant costs	\$2,727.4	\$2,608.5	\$1,816.1	\$1,881.2	\$460.8	\$473.3	\$474.7	\$428.9	\$1,837.7	\$376.5	\$373.5	\$377.3	\$355.1	\$1,482.4
G&A	\$424.0	\$405.9	\$280.0	\$287.8	\$65.3	\$74.8	\$69.3	\$78.4	\$287.8	\$62.0	\$68.8	\$65.8	\$66.6	\$263.3
D&A	\$183.8	\$182.2	\$123.0	\$147.0	\$51.8	\$38.7	\$42.7	\$35.7	\$169.0	\$49.2	\$36.8	\$44.4	\$37.2	\$167.6
Facilities relo. & corp. restructuring	\$11.0	\$2.4	\$45.7	\$40.3	\$3.0	\$6.4	\$0.0	\$0.0	\$9.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Impairment of long-lived assets	\$82.1	\$67.1	\$12.9	\$21.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other operating expense (income)	\$4.3	\$5.0	\$4.2	\$2.9	\$0.2	\$0.4	\$1.0	\$1.0	\$2.6	\$1.0	\$1.0	\$1.0	\$1.0	\$4.0
Operating income (loss)	\$241.4	\$214.7	\$149.5	\$123.5	\$22.5	\$57.0	\$58.0	\$50.5	\$188.0	\$33.1	\$66.6	\$51.6	\$55.7	\$206.8
Operating Income ex-items	\$241.4	\$214.7	\$208.1	\$186.4	\$25.5	\$63.4	\$58.0	\$50.5	\$197.5	\$33.1	\$66.6	\$51.6	\$55.7	\$206.8
Interest expense	-\$121.2	-\$137.2	-\$114.1	-\$98.6	-\$21.0	-\$19.0	-\$17.5	-\$17.5	-\$74.9	-\$17.7	-\$17.7	-\$17.7	-\$17.7	-\$70.6
Loss on early extinguishment of debt	\$0.0	-\$26.2	\$0.0	-\$75.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Investment income (expense), net	-\$5.3	\$5.3	\$0.5	\$2.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other income (expense), net	\$3.2	\$3.8	\$0.9	\$3.6	-\$2.3	\$0.0	\$0.5	\$0.5	-\$1.2	\$0.5	\$0.5	\$0.5	\$0.5	\$2.0
Pre-tax income, ex-items	\$118.1	\$81.5	\$95.4	\$91.4	\$2.3	\$44.5	\$41.1	\$33.6	\$121.4	\$15.9	\$49.4	\$34.4	\$38.5	\$138.2
(Provision for) benefit from income taxes	-\$29.9	-\$23.1	-\$34.3	-\$26.1	-\$0.9	-\$15.3	-\$16.0	-\$13.1	-\$45.3	-\$6.2	-\$19.3	-\$13.4	-\$15.0	-\$53.9
Net income ex-items	\$89.8	\$58.4	\$61.1	\$65.3	\$1.4	\$29.1	\$25.0	\$20.5	\$76.1	\$9.7	\$30.1	\$21.0	\$23.5	\$84.3
Shares outstanding - Diluted	466.7	426.5	406.9	392.1	395.7	397.9	392.2	386.5	393.1	379.3	377.9	376.6	375.4	377.3
Diluted EPS ex-items	\$0.19	\$0.14	\$0.15	\$0.17	\$0.00	\$0.07	\$0.06	\$0.05	\$0.19	\$0.03	\$0.08	\$0.06	\$0.06	\$0.22
Margins	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Food and paper	29.5%	29.7%	33.1%	33.2%	32.9%	32.8%	33.2%	33.2%	33.0%	33.1%	32.9%	33.2%	33.2%	33.1%
Restaurant labor	29.6%	29.8%	29.9%	30.1%	30.8%	29.1%	29.6%	30.0%	29.9%	30.7%	28.9%	29.4%	29.7%	29.7%
Occupancy, advertising & other	23.6%	23.9%	23.0%	22.7%	23.5%	21.4%	21.9%	20.8%	21.9%	23.1%	21.1%	21.7%	20.5%	21.6%
Cost of bakery & toy sales	NM	68.4%	69.0%	71.0%	74.0%	66.5%	69.4%	73.1%	70.7%	62.8%	66.6%	66.4%	68.0%	66.1%
Restaurant margin (ex-bakery & toy sales)	14.6%	13.8%	14.0%	14.0%	12.8%	16.7%	15.2%	16.0%	15.2%	13.0%	17.1%	15.2%	16.5%	15.6%
G&A	11.8%	11.9%	11.5%	11.5%	10.8%	11.5%	10.7%	13.2%	11.5%	11.9%	12.6%	12.2%	12.9%	12.4%
D&A	5.1%	5.3%	5.1%	5.9%	8.6%	6.0%	6.6%	6.0%	6.8%	9.4%	6.7%	8.2%	7.2%	7.9%
EBITDA ex-items margin	11.9%	11.6%	13.6%	13.3%	12.8%	15.7%	15.6%	14.5%	14.7%	15.8%	18.9%	17.8%	18.0%	17.6%
Operating income ex-items margin	6.7%	6.3%	8.6%	7.4%	4.2%	9.7%	9.0%	8.5%	7.9%	6.3%	12.2%	9.5%	10.8%	9.7%
Tax rate	25.3%	28.3%	36.0%	28.5%	37.5%	34.5%	39.0%	39.0%	37.3%	39.0%	39.0%	39.0%	39.0%	39.0%
Net income	0.1%	0.3%	0.7%	0.5%	0.4%	1.9%	3.9%	3.4%	3.1%	1.9%	5.5%	3.9%	4.6%	4.0%
Growth (y/y %)	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Total revenue	96.5%	-4.6%	-28.8%	3.0%	1.8%	0.7%	1.5%	-5.6%	-0.4%	-13.6%	-16.0%	-16.3%	-13.3%	-14.8%
Food and paper costs	NM	-4.1%	-24.9%	4.1%	0.7%	0.3%	1.0%	-7.3%	-1.3%	-17.8%	-21.1%	-20.7%	-17.2%	-19.3%
Restaurant labor	NM	-4.1%	-32.4%	4.6%	2.7%	-0.8%	-0.6%	-7.8%	-1.7%	-18.6%	-21.9%	-21.2%	-17.9%	-19.9%
Occupancy, advertising & other	NM	-3.3%	-35.5%	2.8%	1.4%	-5.9%	-3.7%	-9.1%	-4.3%	-19.5%	-22.7%	-21.6%	-18.4%	-20.6%
G&A	71.7%	-4.2%	-31.0%	2.8%	-9.7%	2.0%	-4.0%	12.0%	0.0%	-5.0%	-8.0%	-5.0%	-15.0%	-8.5%
D&A	108.1%	-0.9%	-32.5%	19.5%	60.3%	7.7%	2.0%	-3.0%	15.0%	-5.0%	-5.0%	4.0%	4.0%	-0.8%
EBITDA, ex-items	166.2%	-6.7%	-16.6%	0.7%	21.0%	14.6%	19.2%	-10.0%	9.9%	6.4%	1.2%	-4.7%	7.6%	2.2%
Operating income, ex-items	238.2%	-11.1%	-3.1%	-10.4%	-19.2%	19.3%	36.2%	-14.4%	6.0%	29.6%	5.0%	-11.2%	10.1%	4.8%
Diluted share count	151.4%	-8.6%	-4.6%	-3.6%	0.9%	1.6%	0.5%	-1.6%	0.2%	-4.1%	-5.0%	-4.0%	-2.9%	-4.0%
Net income ex-items	1788.1%	-35.0%	4.6%	6.9%	-57.7%	51.5%	121.7%	-39.1%	16.5%	584.8%	3.5%	-16.2%	14.7%	10.8%
EPS ex-items	651.0%	-28.9%	9.6%	10.9%	-58.0%	49.2%	120.7%	-38.1%	16.2%	614.4%	9.0%	-12.8%	18.1%	15.4%
Cash flow summary	2009	2010	2011	2012	1Q13	2Q13	3Q13E	4Q13E	2013E	1Q14E	2Q14E	3Q14E	4Q14E	2014E
Operating income, ex-items	\$241.4	\$214.7	\$208.1	\$186.4	\$25.5	\$63.4	\$58.0	\$50.5	\$197.5	\$33.1	\$66.6	\$51.6	\$55.7	\$206.8
D&A	\$183.8	\$182.2	\$123.0	\$147.0	\$51.8	\$38.7	\$42.7	\$35.7	\$169.0	\$49.2	\$36.8	\$44.4	\$37.2	\$167.6
EBITDA, ex-items	\$425.2	\$396.9	\$331.1	\$333.3	\$77.3	\$102.1	\$100.7	\$86.3	\$366.4	\$82.3	\$103.3	\$96.0	\$92.8	\$374.4
Capex	-\$101.9	-\$148.0	-\$146.8	-\$197.6	-\$40.0	-\$41.8	-\$64.0	-\$72.0	-\$217.8	-\$54.5	-\$59.5	-\$59.5	-\$69.5	-\$243.0

Source: Deutsche Bank estimates, company information, Consensus Metrix





Appendix 1

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Notes:

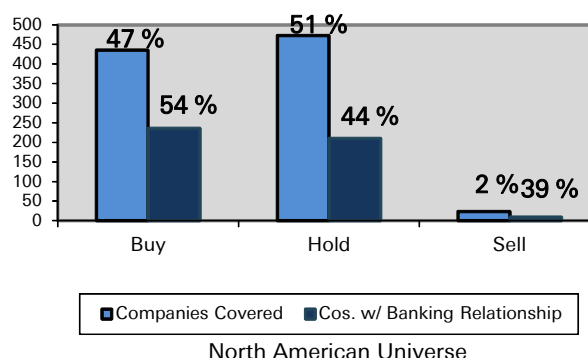
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