Chipotle Mexican Grill
(NYSE:CMG)

BUY

40% Upside
Price Target: $2,300
Last Close (3/17/23): $1,609

CALIFORNIA STATE UNIVERSITY
FULLERTON

Risks

Declining Unit Economics with Store Expansion

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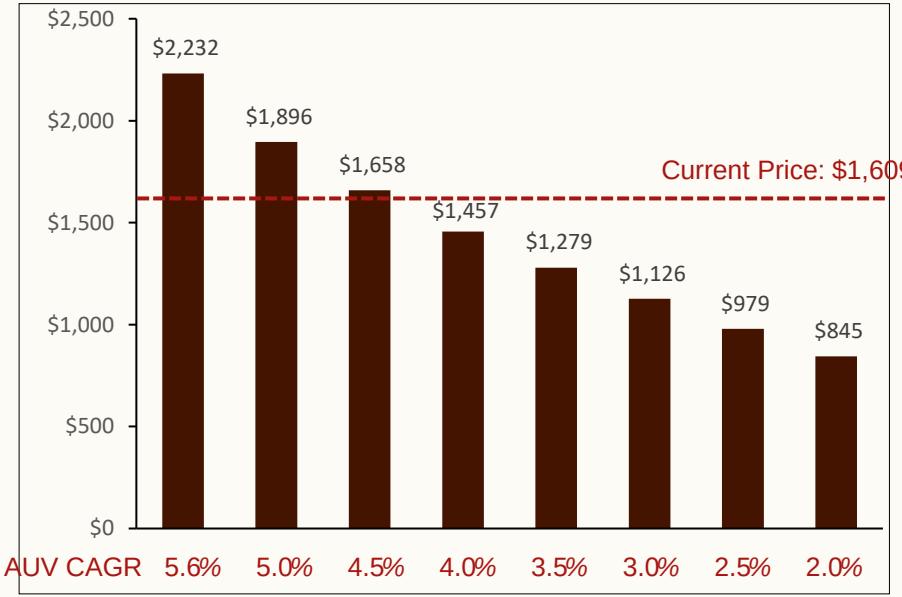

AUV CAGR	5.6%	5.0%	4.5%	4.0%	3.5%	3.0%	2.5%	2.0%
Store CAGR	9.7%	9.0%	8.5%	8.0%	7.5%	7.0%	6.5%	6.0%
EBIT Margins '32E	18.2%	17.5%	17.0%	16.5%	16.0%	15.5%	15.5%	14.5%
Exit P/E Multiple	23.0x	22.5x	22.0x	21.5x	21.0x	20.5x	20.0x	19.5x

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- Wide Price Gap
- Debt Free Balance Sheet
- Corporate Owned Model

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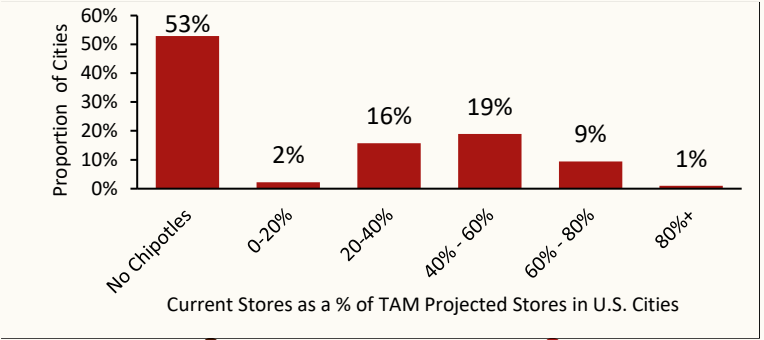

Competitive Advantage | Expansive Growth | Growing Profitability | Strong ESG | Substantial Value Creation

Risks

Unproven International Growth

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Brian Niccol
CEO of Chipotle Mexican Grill
Former CEO of Taco Bell

Term. Growth Rate	WACC 7.8%	8.3%	8.8%	9.3%	9.8%
2.00%	$ 1,736	$ 1,573	$ 1,435	$ 1,316	$ 1,214
2.25%	$ 1,794	$ 1,620	$ 1,474	$ 1,349	$ 1,241
2.50%	$ 1,858	$ 1,672	$ 1,516	$ 1,383	$ 1,270
2.75%	$ 1,928	$ 1,728	$ 1,561	$ 1,421	$ 1,301
3.00%	$ 2,006	$ 1,789	$ 1,610	$ 1,461	$ 1,334

Source: Company Data

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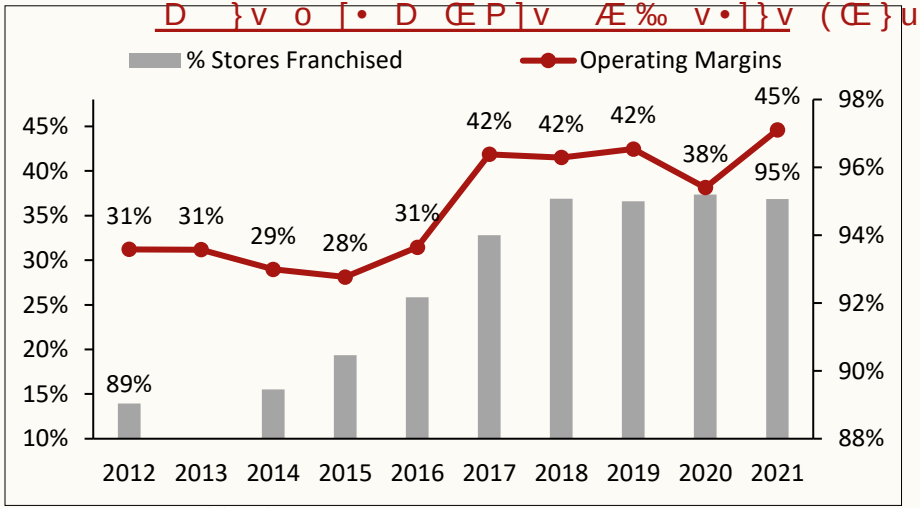

Source: Chipotle

Competitive Advantage | Expansive Growth | Growing Profitability | Strong ESG | Substantial Value Creation

Conclusion

All the Ingredients for Success

Competitive Advantage

Expansive Store Growth Potential

Growing Profitability

Strong ESG

Substantial Value Creation

Appendix Network

All the Ingredients for Success

Main Deck

1. Cover Page
2. Investment Summary
3. Business Description
4. Wide Price Gap (1)
5. Wide Price Gap (2)
6. Corporate Owned Store Base
7. Robust Same Store Sales
8. Doubling North American Store Count (1)
9. Doubling North American Store Count (2)
10. Strong Domestic Store Growth
11. Untapped International Opportunities (1)
12. Untapped International Opportunities (2)
13. Store Growth Opportunities After 2023
14. Thriving Unit Economics
15. Sales Leverage From Same Store Sales
16. Automation Drives Efficiencies
17. Clear Path Towards Heightened Margins
18. Improving ESG Decreases Business Risk
19. [illegible]
20. Strong Management Creates Shareholder Value
21. Strong Revenue Growth from SSS and Store Expansion
22. Growing Scale & Profitability
23. Substantial Free Cash Flow Generation
24. Significant Upside from Discounted Cash Flow Model
25. Relative Valuations Confirm DCF Price Target
26. Premium From High Investor Expectations
27. Declining Unit Economics with Store Expansion
28. Unproven International Growth
29. Conclusion

Appendix Network

30. Appendix

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33. Same Store Sales Growth of Peer Group
34. Restaurant Margins of Peer Group

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36. Suburban Population Growth
37. Growing Healthy Eating Trends
38. Fast Casual Outperformance
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40. Europe Tangible Addressable Market Analysis
41. Asia Tangible Addressable Market Analysis
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44. Strong Appetite for Mexican Cuisine

Growing Profitability

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46. Operating Margins – Historical and Forecasted
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48. Labor & Occupancy Expense Forecast
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62. Cost of Equity Comparison
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75. Store Level Employees

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77. TAM Suburban Expansion

Industry Analysis

Price Gap Analysis

900-1000 calories

Chipotle - Chicken Burrito Price		
Los Angeles, CA	$	9.10
Miami, FL	$	8.45
Philadelphia, PA	$	8.85
Columbus, OH	$	8.50
Houston, TX	$	8.20
Average	**$**	**8.62**

920 calories

El Pollo Loco - Chicken Avocado Burrito		
Los Angeles, CA	$	10.99
Houston, TX	$	9.29
Las Vegas, NV	$	9.59
Phoenix, AZ	$	9.99
Salt Lake City, UT	$	9.79
Average	**$**	**9.93**

790 calories

Shake Shack - Double Shack Burger		
New York City, NY	$	9.59
Burbank, CA	$	9.59
Ft. Lauderdale, FL	$	9.39
Boston, MA	$	11.69
Hoboken, NJ	$	9.59
Average	**$**	**9.97**

420 calories

Sweetgreen - Kale Caesar Salad		
New York, NY	$	12.95
Wahington, DC	$	11.95
Boston, MA	$	11.95
Chicago, IL	$	11.95
Los Angeles, CA	$	12.95
Average	**$**	**12.35**

800-1100 calories

Wingstop - 10 Wings (Boneless)		
Houston, TX	$	10.99
Los Angeles, CA	$	11.35
Miami, FL	$	9.99
Chicago, IL	$	13.79
Atlanta, GA	$	10.99
Average	**$**	**11.42**

900-1000 calories

Moe's - Chicken Burrito Price		
Jacksonville, FL	$	9.49
Atlanta, GA	$	9.49
Rochester, NY	$	10.49
Greenville, SC	$	8.99
Norfolk, VA	$	8.99
Average	**$**	**9.49**

900-1000 calories

QDOBA - Chicken Burrito Price		
Colorado Springs, CO	$	9.45
Grand Rapids, MI	$	9.45
Milwaukee, WI	$	9.45
Indianapolis, IN	$	9.65
Louisville, KY	$	9.65
Average	**$**	**9.53**

900-1000 calories

Baja Fresh - Chicken Burrito Price		
Los Angeles, CA	$	10.59
Atlanta, GA	$	8.99
Washington, DC	$	9.99
Fairfax, VA	$	9.99
El Paso, TX	$	8.49
Average	**$**	**9.61**

Source: Company Data, Team Analysis

Financial Analysis

Historical & Forecasted Same Store Sales

Same Store Sales Growth of Peer Group

Same Store Sales Growth - Peer Analysis									
Ticker	Company	2018	2019	2020	2021	2022E	2023E	2024E	2025E
CMG	Chipotle	4.0%	11.1%	1.8%	19.3%	8.0%	9.1%	10.3%	6.1%
SHAK	Shake Shack	1.0%	1.3%	0.0%	24.2%	7.8%	6.3%	3.0%	2.8%
SG	Sweetgreen		14.0%	-26.0%	25.0%	14.7%	9.2%	6.4%	6.0%
WING	Wingstop					1.6%	4.2%	3.6%	5.0%
LOCO	El Pollo Loco	0.4%	1.9%	0.0%	7.6%	5.7%	3.3%	2.6%	
YUM	Yum! Brands	2.0%	3.0%	0.0%	10.0%	3.1%	4.7%	2.7%	2.3%
MCD	McDonalds	4.5%	5.9%	0.0%	17.0%	9.0%	4.2%	3.7%	3.6%

Source: FactSet, Team Analysis

Financial Analysis

Restaurant Margins of Peer Group

Restaurant Margins										
Ticker	Company	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2032E
CMG	**Chipotle**	**18.7%**	**20.5%**	**17.4%**	**22.6%**	**23.0%**	**24.6%**	**25.4%**	**26.3%**	**27.6%**	**29.0%**
SHAK	Shake Shack	25.3%	22.3%	14.1%	16.7%	17.4%	18.5%	18.8%	18.7%	-	-
SG	Sweetgreen	-	16.0%	-3.9%	11.9%	15.4%	17.0%	17.7%	17.9%	-	-
WING	Wingstop	31.5%	25.9%	25.3%	19.0%	21.0%	24.6%	25.1%	27.8%	28.9%	-
LOCO	El Pollo Loco	19.0%	18.7%	18.3%	18.4%	13.0%	14.9%	14.1%	0.0%	-	-
YUM	Yum! Brands	-	20.1%	16.8%	18.1%	16.3%	17.2%	17.7%	-	-	-
MCD	McDonald's	17.4%	17.6%	14.2%	17.8%	15.8%	16.2%	16.5%	-	-	-

Trailing 5-year Average Restaurant Margin Breakdown							
5-yr Avg (% of sales)	**CMG**	**SHAK**	**SG**	**WING**	**LOCO**	**YUM**	**MCD**
Food	32.0%	29.8%	28.9%	35.9%	29.8%	30.9%	31.6%
Labor	26.3%	29.2%	33.4%	24.9%	28.8%	26.3%	28.6%
Occupancy	6.2%	8.4%	15.6%				
Other	15.2%	13.5%	12.5%				
Occupancy & Other	21.4%	22.0%	28.0%	15.6%	22.4%	25.5%	22.8%
Restaurant Margins	**20.3%**	**19.0%**	**9.6%**	**23.0%**	**19.0%**	**17.7%**	**16.7%**
Operating Margins	**7.0%**	**2.0%**	**-43.1%**	**26.0%**	**5.0%**	**36.2%**	**41.7%**

Source: FactSet, Team Analysis

International Expansion

North American Density Analysis

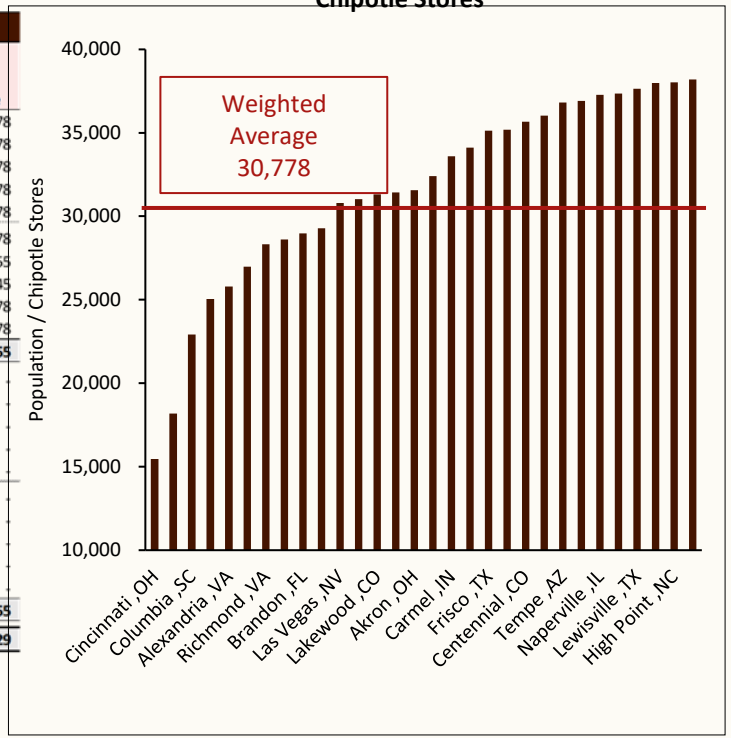
Assumptions	
Max Density (city population/store)	30,778
Min Populaiton (th ppl)	35,000
Total Stores	**7,285**

Projected Store Count	
United States	6,254
Canada	1,032
Total Stores	7,285

North American Density Analysis by City Population

#	City	Population	State	Country	Existing Chipotles	Projected Chipotles	Increase	Current Pop. Count Per Chipotle	Projected Pop. Count Per Chipotle
1	New York	8,467,513	New York	USA	56	275	219	151,206	30,778
2	Toronto	5,429,524	ON	CA	29	176	147	187,225	30,778
3	Los Angeles	3,849,297	California	USA	24	125	101	160,387	30,778
4	Montréal	3,519,595	QC	CA		114	114	-	30,778
5	Chicago	2,696,555	Illinois	USA	40	88	48	67,414	30,778
1555	Buenaventura Lakes	35,117	Florida	USA	-	1	1	-	30,778
1556	College Park	35,110	Maryland	USA	2	2	-	17,555	17,555
1557	Mason	35,089	Ohio	USA	2	2	-	17,545	17,545
1558	Glastonbury	35,054	Connecticut	USA	1	1	0	35,054	30,778
1559	Orangevale	35,030	California	USA	-	1	1	-	30,778
Total: Cities > 35,000 People		**196,187,008**			**2,072**	**6,473**	**4,401**	**64,240**	**29,455**
1560	San Juan Capistrano	34,955	California	USA	-	-	-	-	-
1561	West Hollywood	34,938	California	USA	-	-	-	-	-
1562	Bethlehem	34,924	New York	USA	-	-	-	-	-
1563	Martinez	34,912	Georgia	USA	-	-	-	-	-
1564	University Place	34,900	Washington	USA	-	-	-	-	-
31779	Homer C Jones	2	New Mexico	USA	-	-	-	-	-
31780	Mayfield Colony and Clark Colc	2	South Dakota	USA	-	-	-	-	-
31781	Warm River	1	Idaho	USA	-	-	-	-	-
31782	Goldcreek	1	Montana	USA	-	-	-	-	-
31783	Provo	1	South Dakota	USA	-	-	-	-	-
Total: Cities < 35,000 People		**120,179,473**			**812**	**812**	**-**	**16,655**	**16,655**
Total: North America		**316,366,481**			**2,884**	**7,285**	**-**	**50,842**	**28,029**

Top 30 North American Cities with Highest Density of Chipotle Stores (City Population/Number of Chipotle Stores

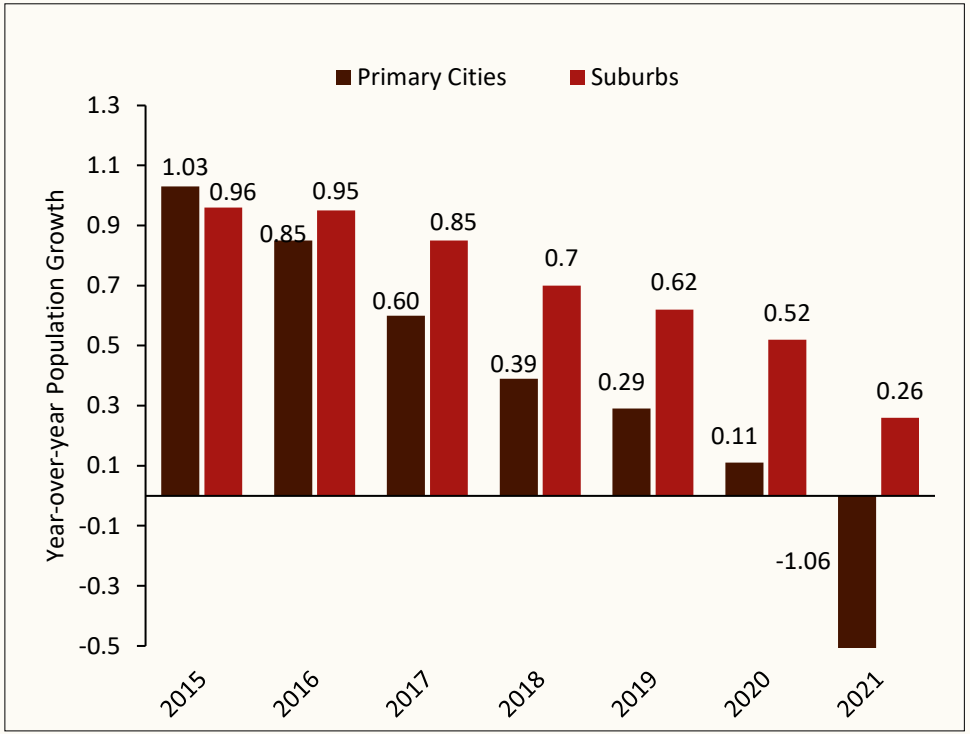


Source: Team Analysis

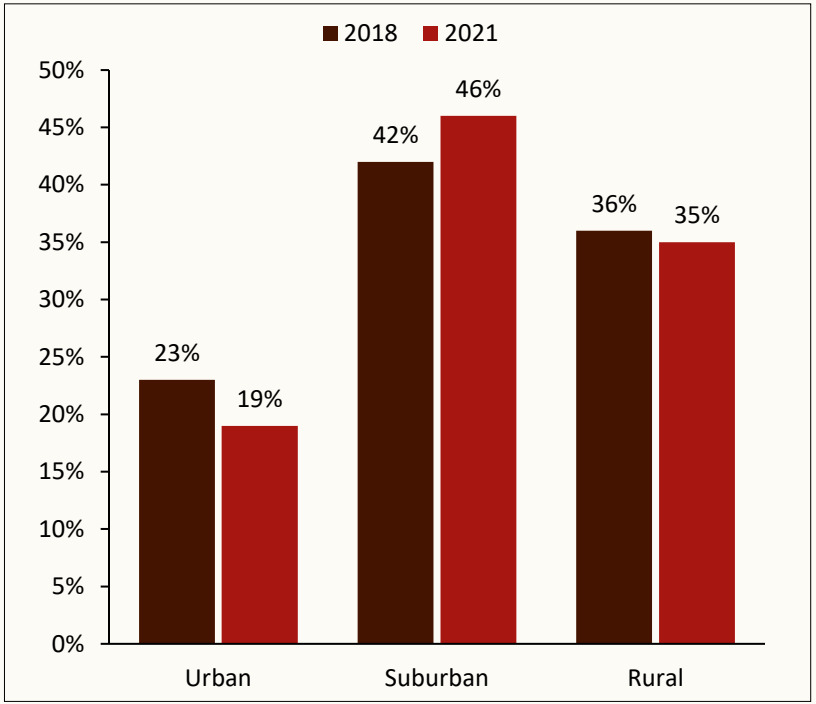
Industry Analysis

Suburban Population Growth

Secular Trend of Suburban Growth Accelerates



Share of Respondents Expressing Preference for Each Community Type

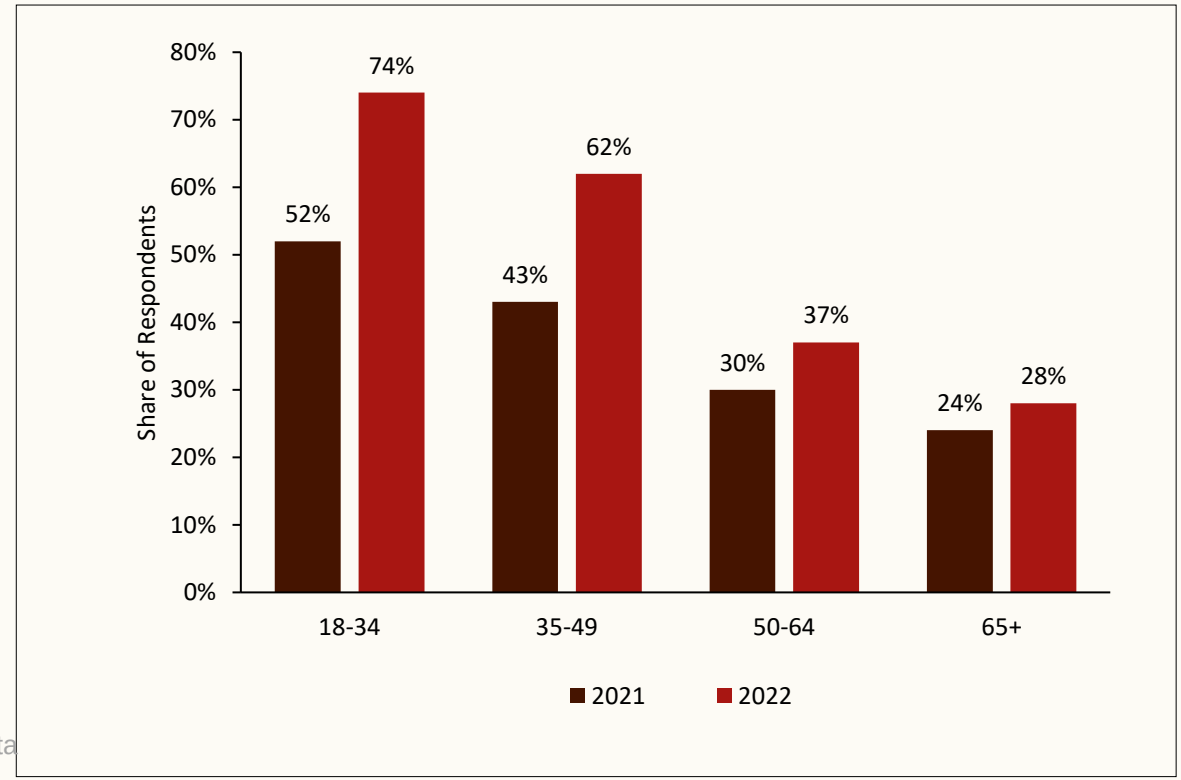


Source: Statista

Industry Analysis

Growing Healthy Eating Trends

Share of Respondents Following Diets or Eating Patterns in the United States

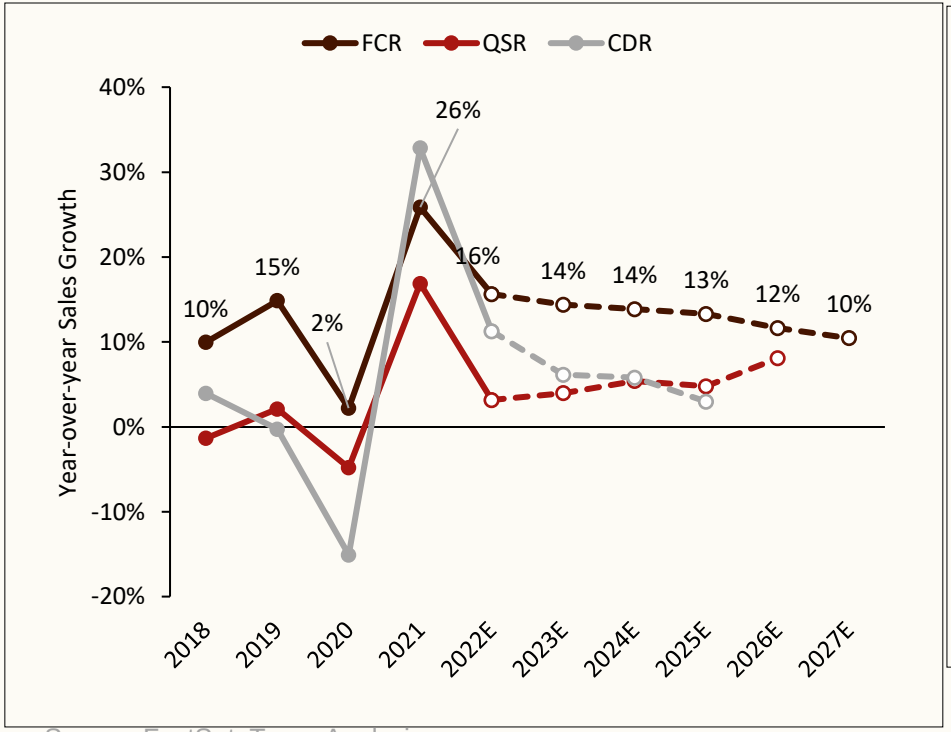


Source: Statista

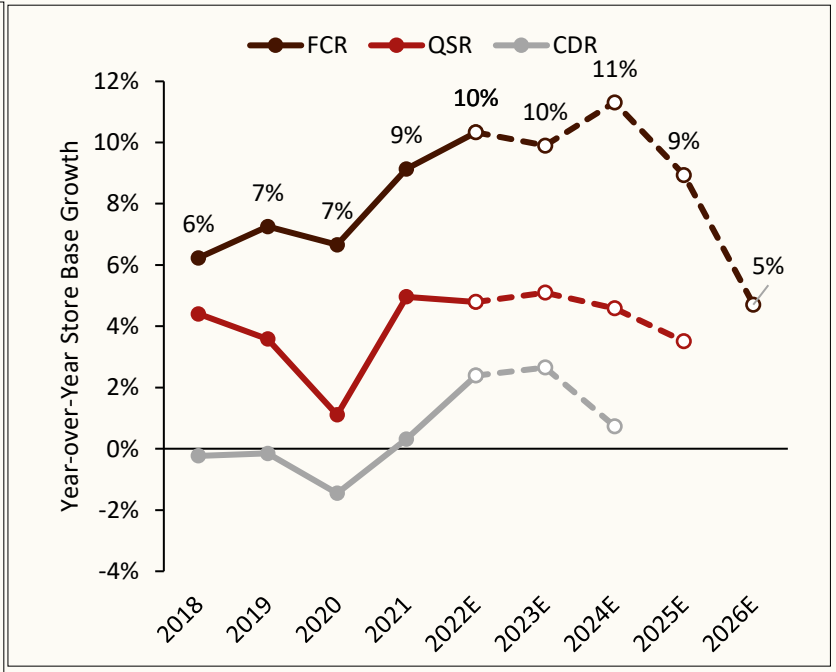
Industry Analysis

Fast Casual Outperformance

Fast Casual Restaurant (FCR) Sales Growth Outperformance



Fast Casual Restaurant (FCR) Store Growth Outperformance



Source: FactSet, Team Analysis

Financial Analysis

Domestic Store Growth t Historical & Forecasted

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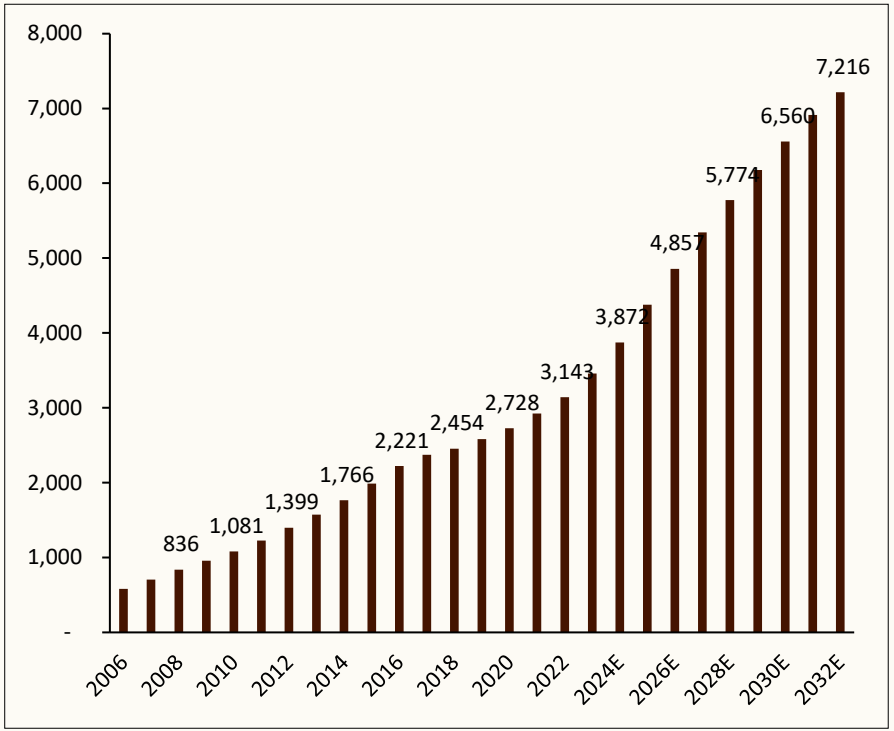

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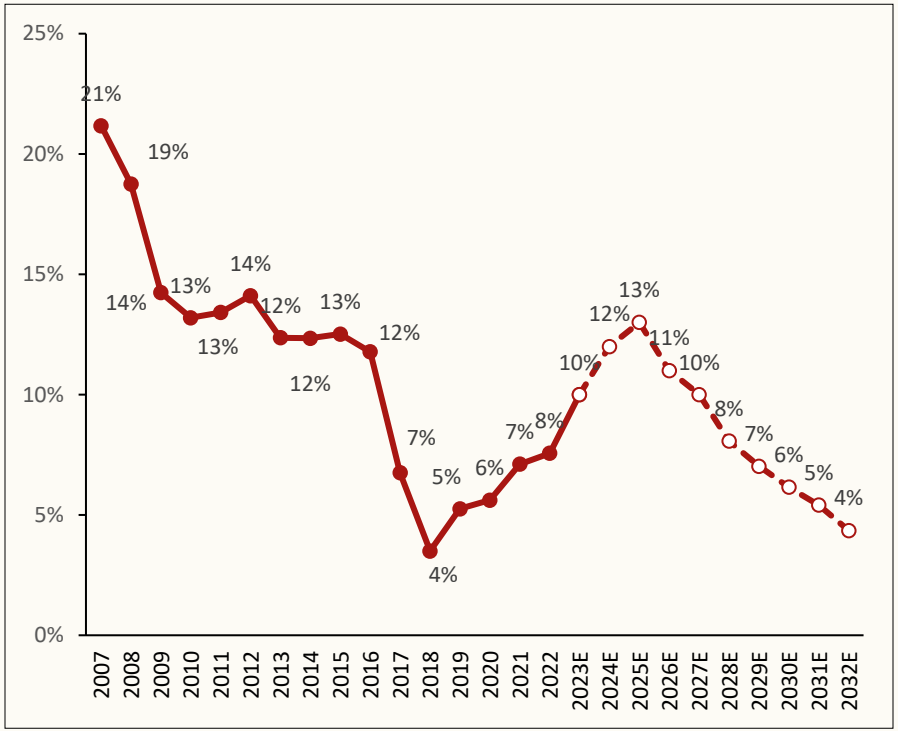


Source: Company Data, Team Analysis

International Expansion

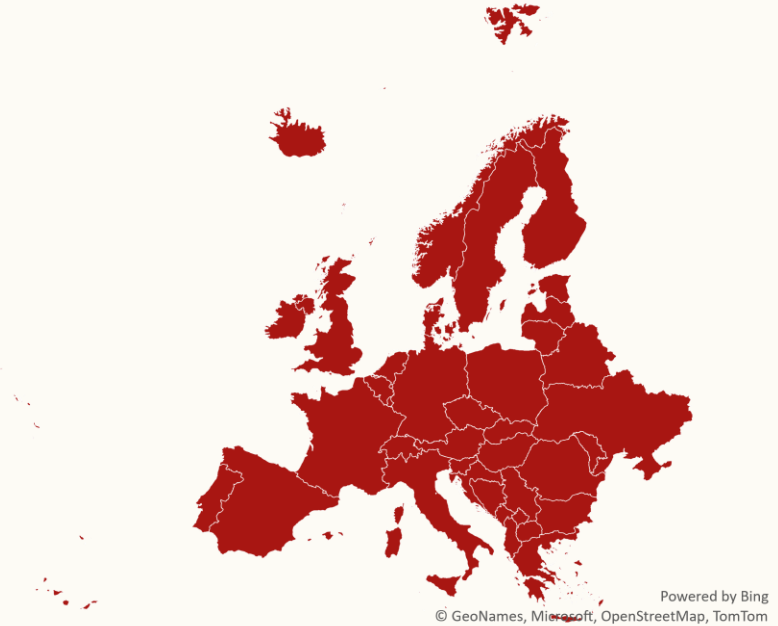
Europe Tangible Addressable Market Analysis

Assumptions	
Max Density (city population/store)	60,000

European Density Analysis

#	City	Country	Population	Chipotles
1	London	United Kingdom	8,961,989	149
2	Berlin	Germany	3,426,354	57
3	Madrid	Spain	3,255,944	54
4	Kyiv	Ukraine	2,797,553	47
5	Rome	Italy	2,318,895	39
370	Rzeszow	Poland	158,382	3
371	Doncaster	United Kingdom	158,141	3
372	San Blas-Canillejas	Spain	157,367	3
373	Tiraspol	Moldova	157,000	3
374	Pecs	Hungary	156,649	3
Total: European Cities			**156,716,983**	**2,612**

Europe: ~2,600 Stores



Source: FactSet, Team Analysis

International Expansion

Asia Tangible Addressable Market Analysis

Assumptions	
Max Density (city population/store)	100,000

Asian Population Density Analysis

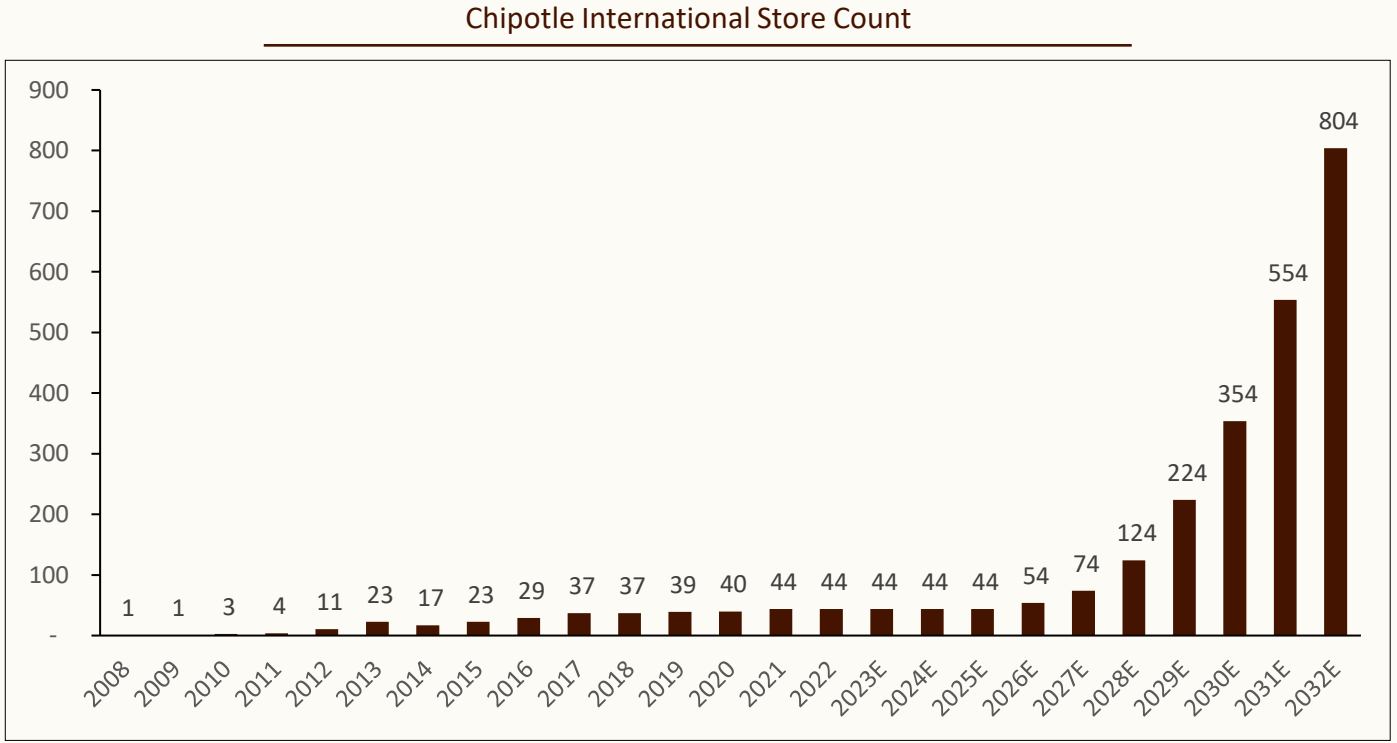
#	City	Country	Population	Chipotles
1	Mumbai	India	12,691,836	127
2	Delhi	India	10,927,986	109
3	Dhaka	Bangladesh	10,356,500	104
4	Seoul	South Korea	10,349,312	103
5	Ho Chi Minh City	Vietnam	8,993,082	90
170	Anyang-si	South Korea	595,644	6
171	Las Pinas	Philippines	590,000	6
172	Thuan An	Vietnam	588,616	6
173	Cuttack	India	580,000	6
174	Bikaner	India	576,015	6
Total: Asian Cities			**319,547,109**	**3,195**

Asia: ~3,200 Stores

Source: FactSet, Team Analysis

Financial Analysis

International Store Growth t Historical & Forecasted



Source: Company Data, Team Analysis

ESG

Total Store Growth t Historical & Forecasted

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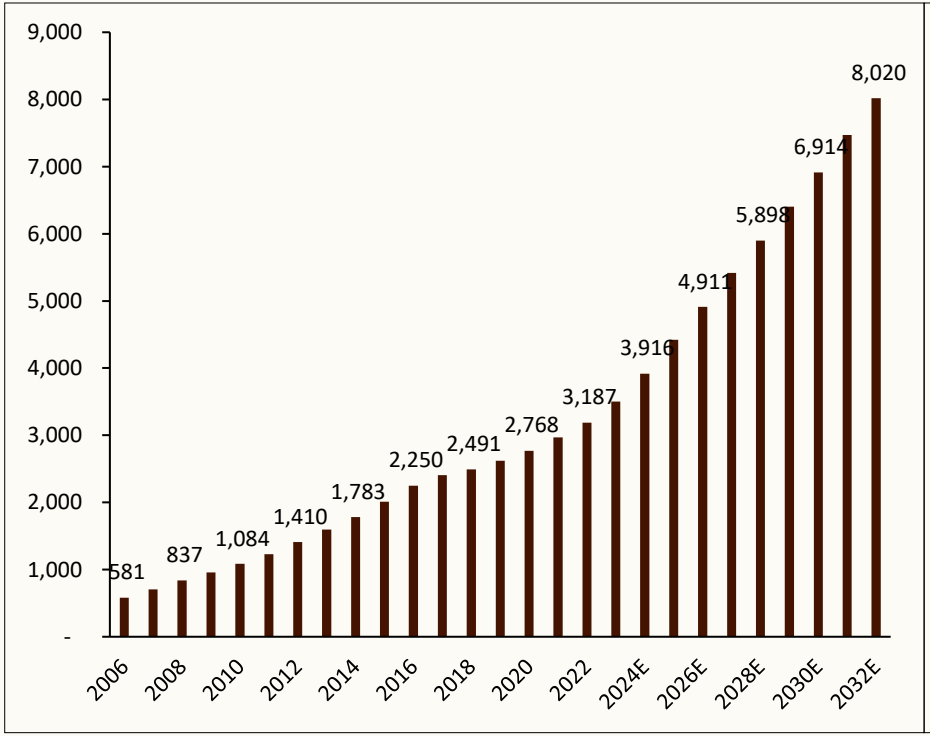

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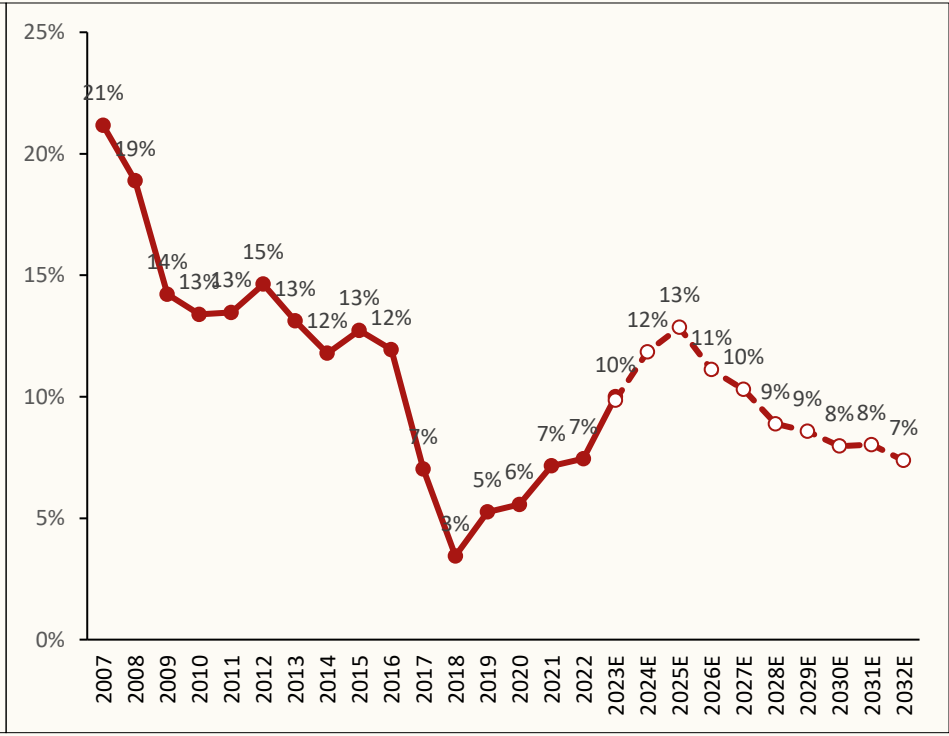
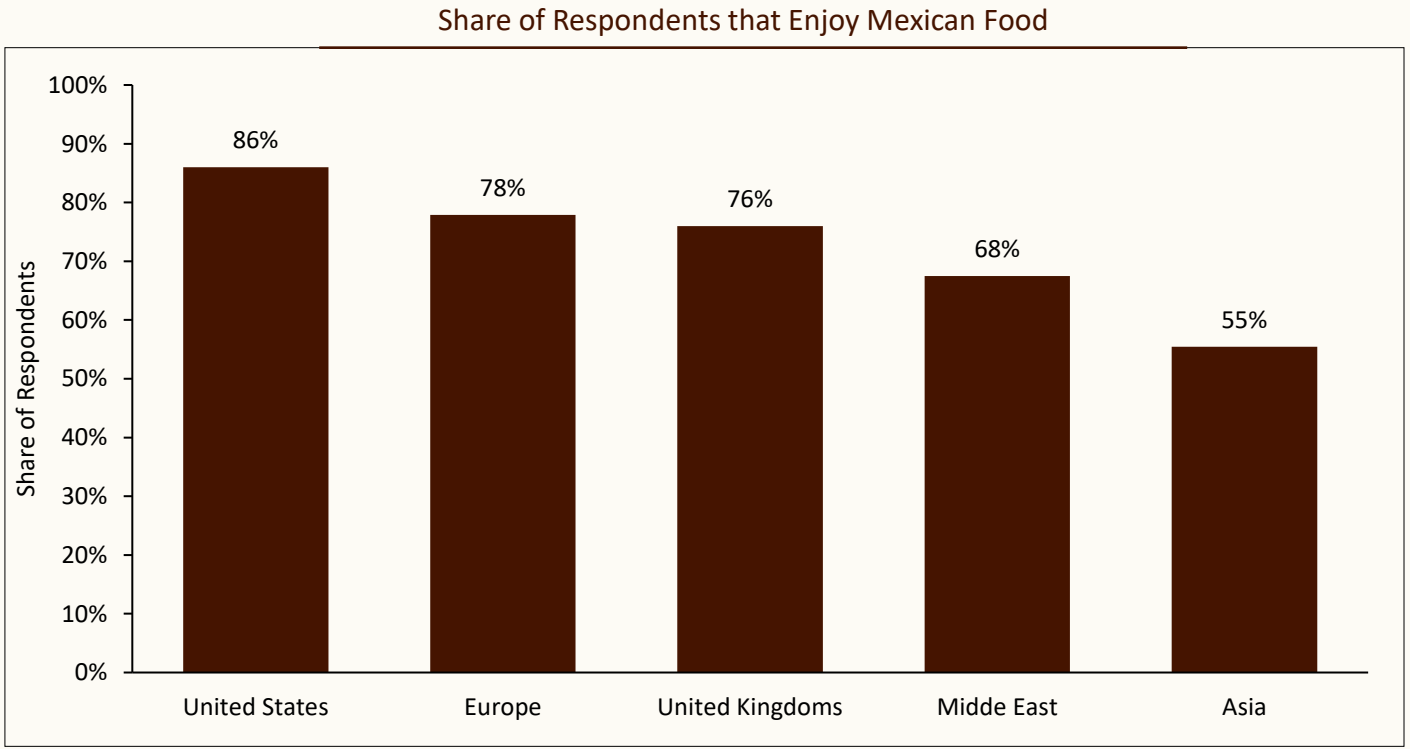


Source: Company Data, Team Analysis

Industry Analysis

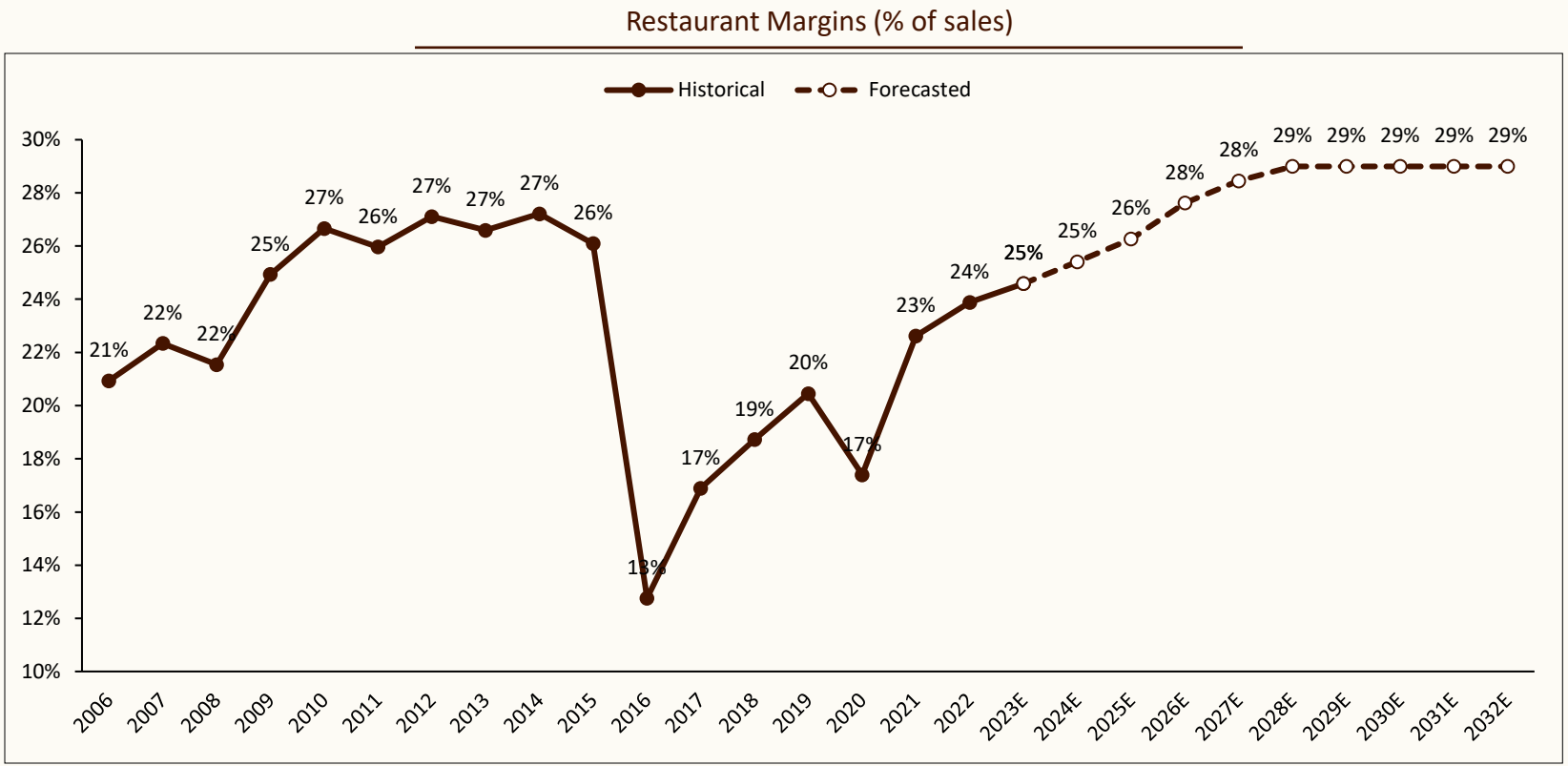
Strong Appetite For Mexican Cuisine



Source: Statista

Financial Analysis

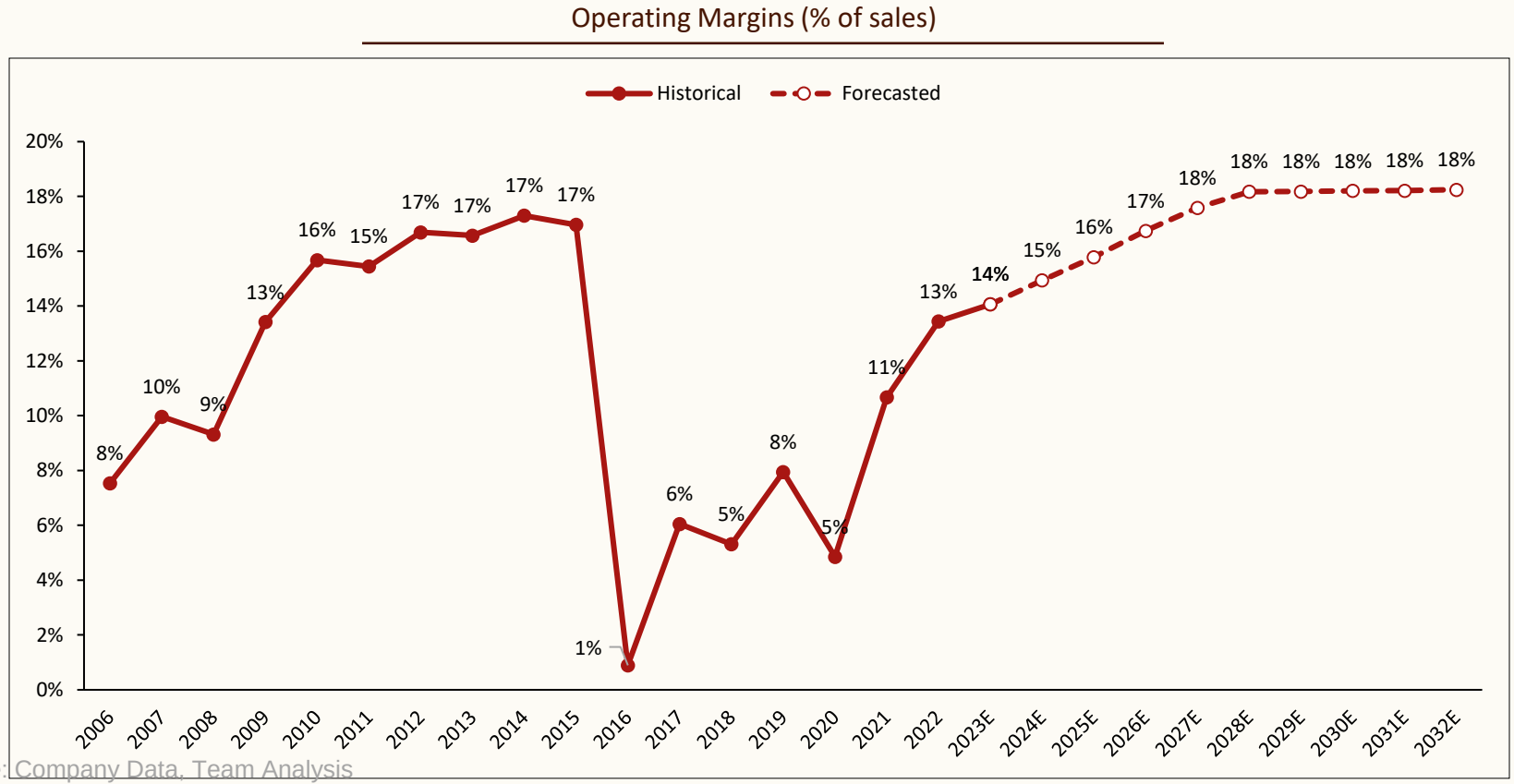
Restaurant Margins t Historical & Forecasted



Source: Company Data, Team Analysis

Financial Analysis

Operating Margins t Historical & Forecasted



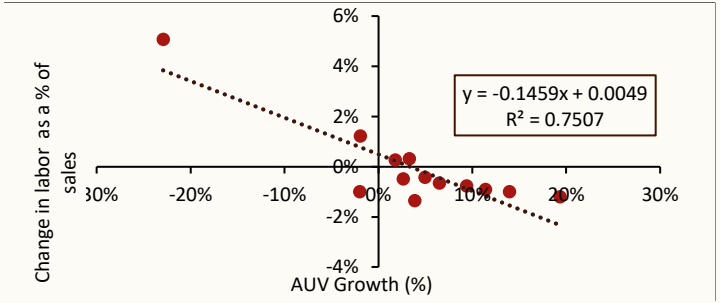
Source: Company Data, Team Analysis

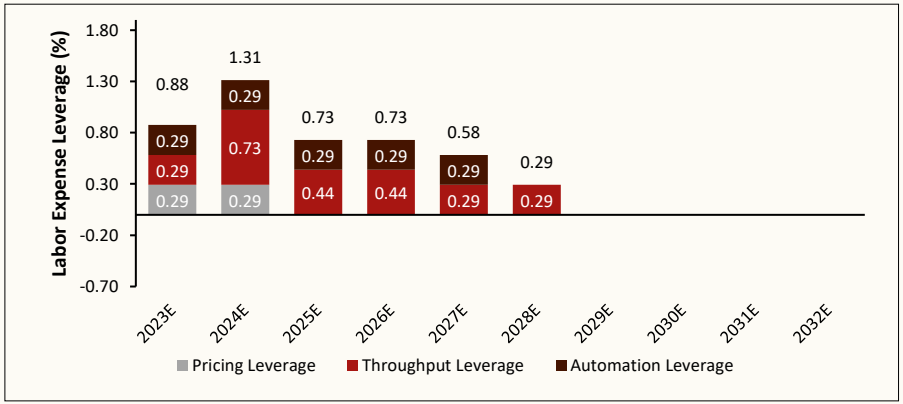
Valuation

Sales Leverage Regression Analysis

Labor Leverage Analysis

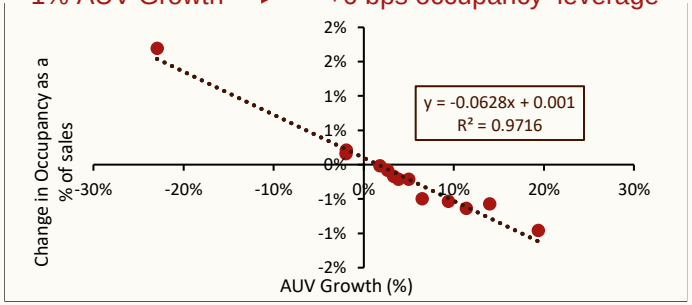
1% AUV Growth → +16 bps labor leverage

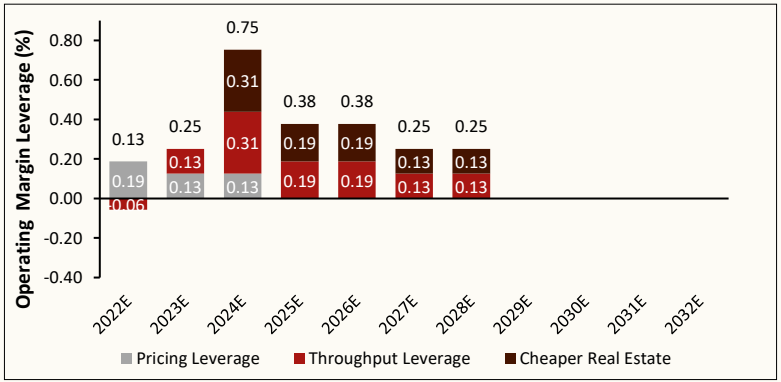




Occupancy Leverage Analysis

1% AUV Growth → +6 bps occupancy leverage



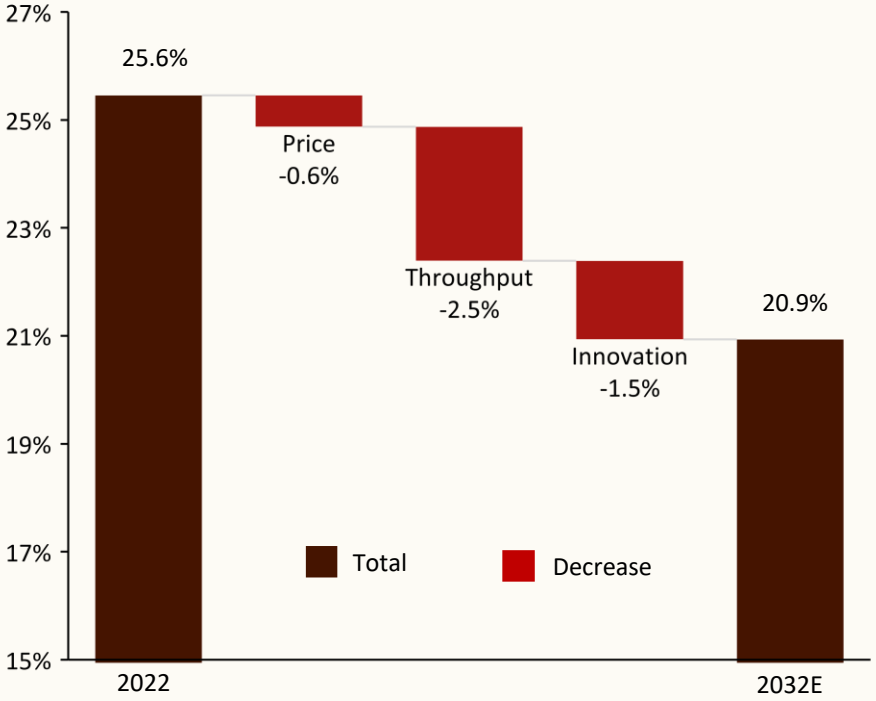


Source: FactSet, Team Analysis

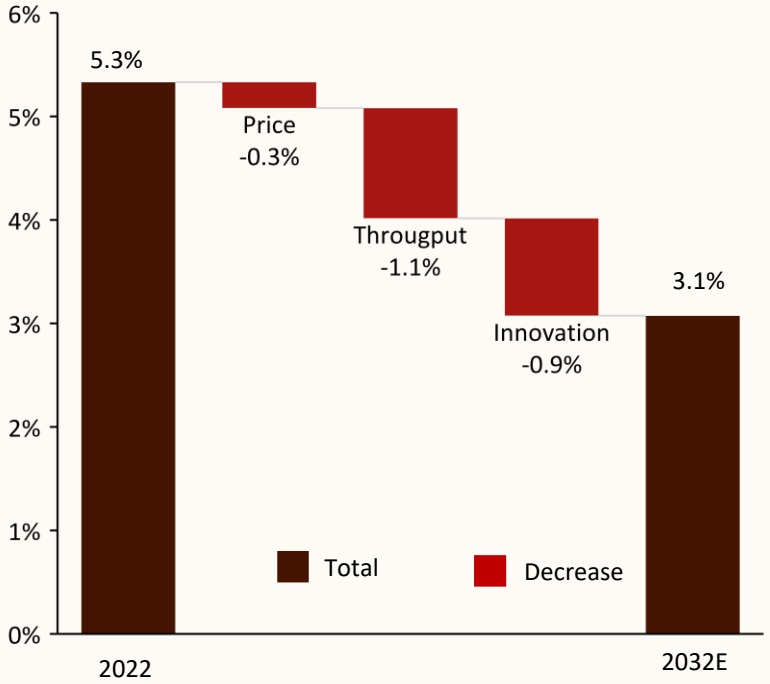
Valuation

Labor & Occupancy Expense Forecast

Labor Expense Forecast (% of sales)



Occupancy Expense Forecast (% of sales)

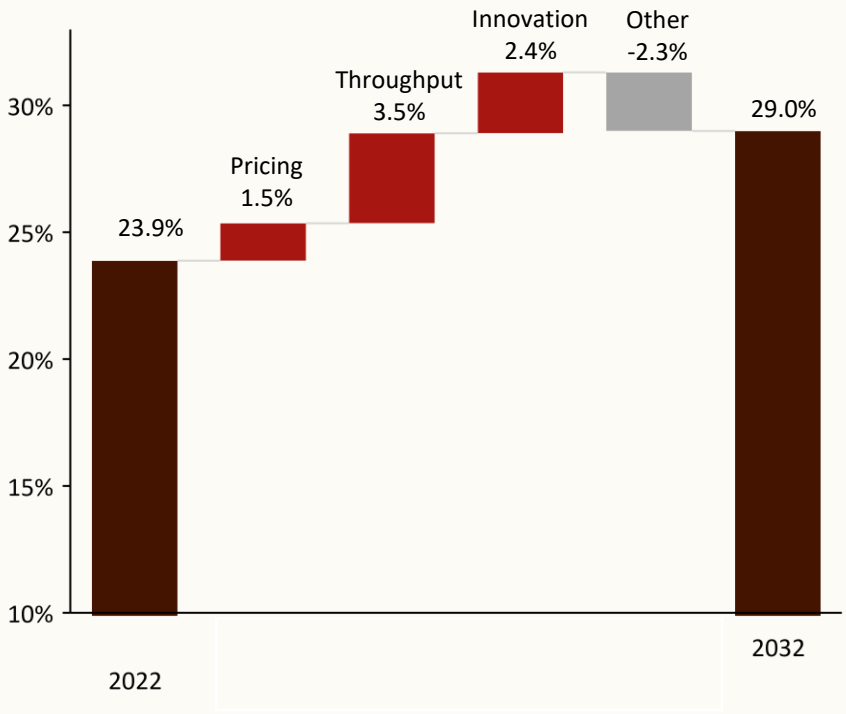


Source: FactSet, Team Analysis

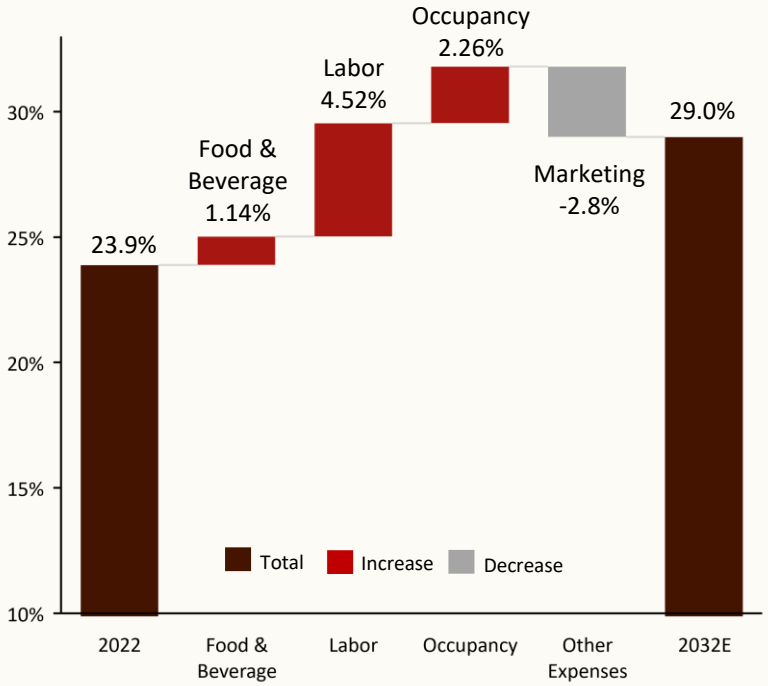
Valuation

Restaurant Margin Bridges

Restaurant Margin Forecast by Driver (% of sales)



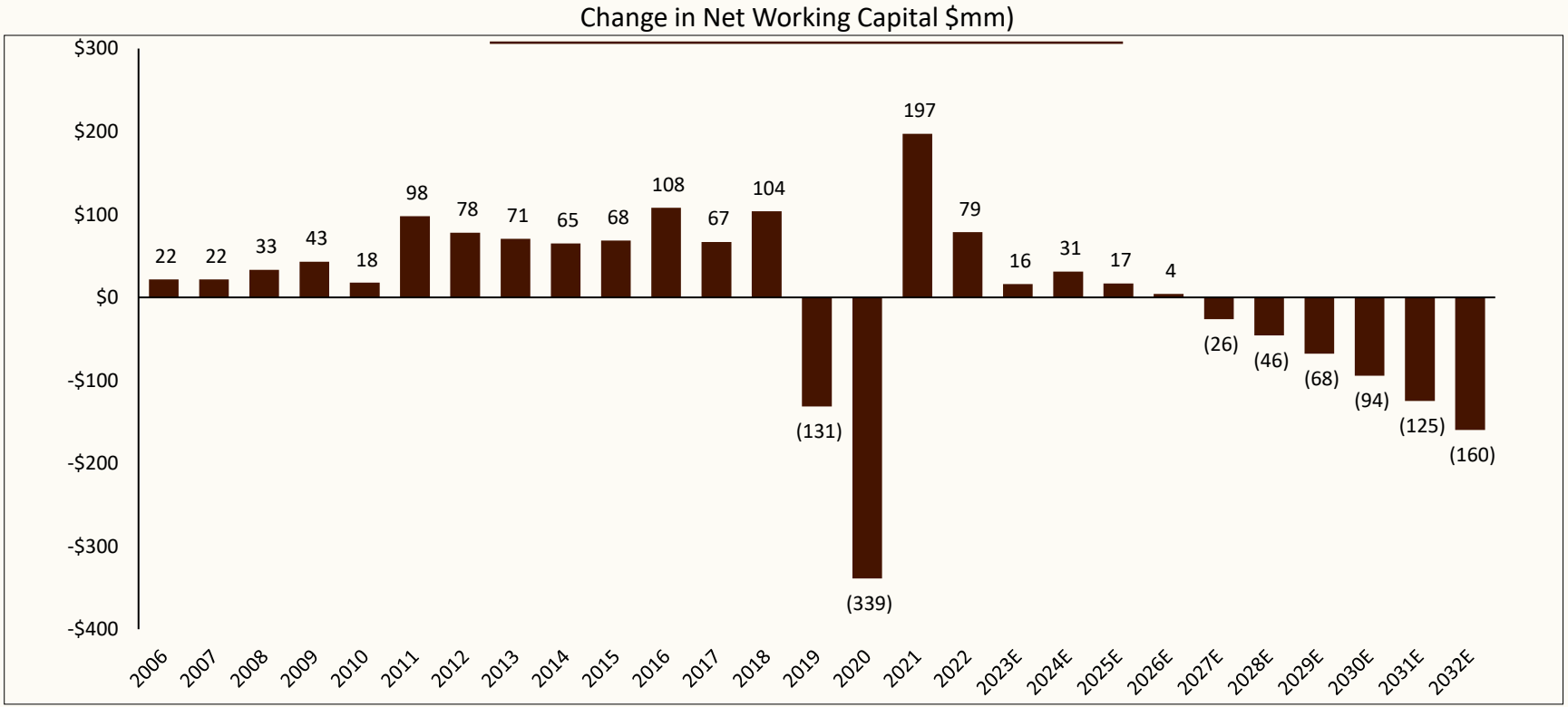
Restaurant Margin Forecast by Expense(% of sales)



Source: FactSet, Team Analysis

ESG

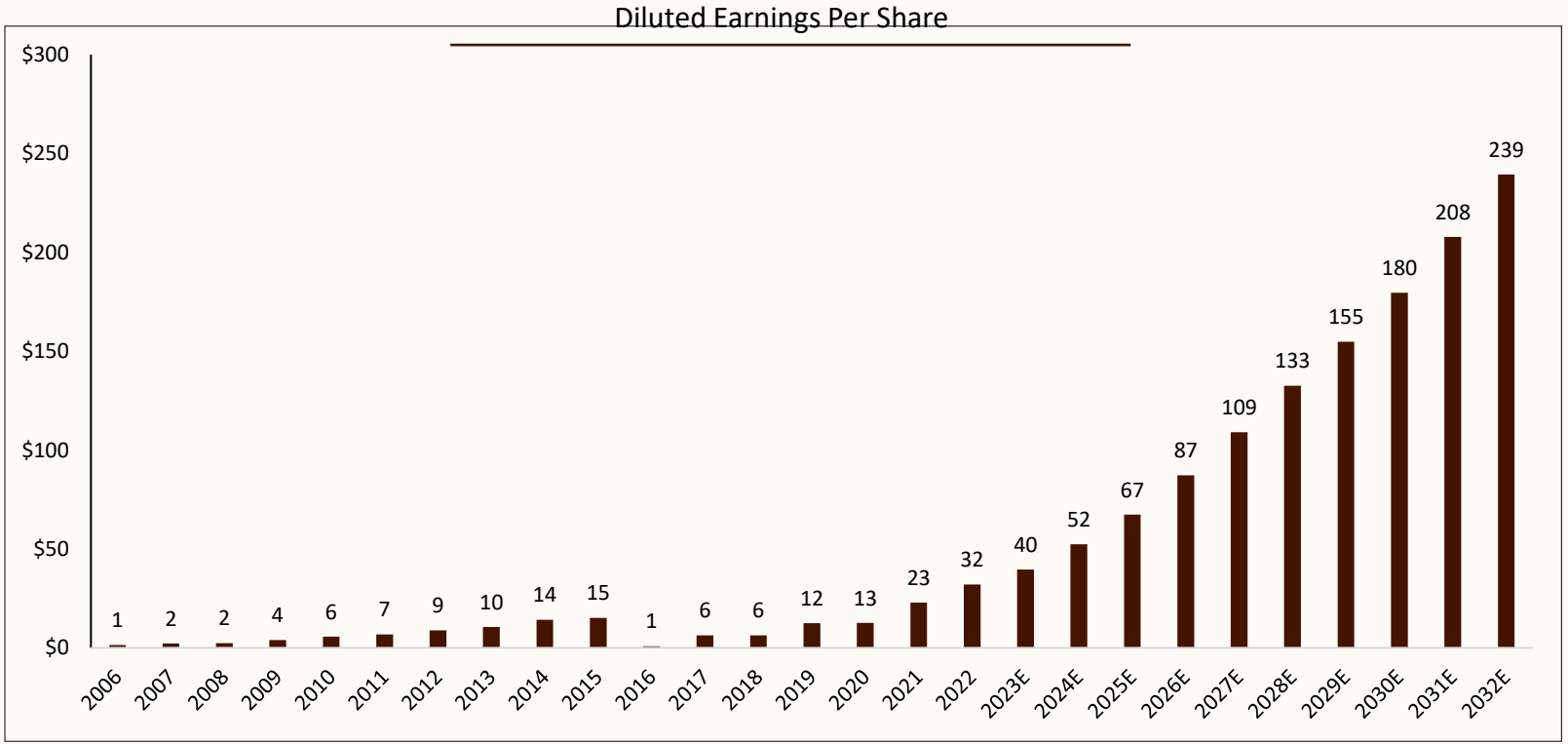
Change In Net Working Capital t Historical & Forecasted



Source: Company Data, Team Analysis

Financial Analysis

Earnings Per Share t Historical & Forecasted



Source: Company Data, Team Analysis

Supplemental Financials - Historical

Supplemental Financial and Other Data																	
Fiscal Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
AUV ($ millions)			**1.76**	**1.73**	**1.84**	**2.01**	**2.11**	**2.17**	**2.47**	**2.42**	**1.87**	**1.94**	**2.00**	**2.20**	**2.20**	**2.60**	**2.82**
% YoY Same Store Sales Growth				***-2.0%***	***6.5%***	***9.4%***	***5.0%***	***2.7%***	***14.0%***	***-1.9%***	***-22.9%***	***3.9%***	***3.3%***	*11.4%*	*1.8%*	*19.4%*	*8.0%*
Starting Stores		581	704	836	955	1,081	1,226	1,399	1,572	1,766	1,987	2,221	2,371	2,454	2,583	2,922	2,922
Increase/Decrease in Stores		123	132	119	126	145	173	173	194	221	234	150	83	129	145	221	221
North American Stores	581	704	836	955	1,081	1,226	1,399	1,572	1,766	1,987	2,221	2,371	2,454	2,583	2,728	**3,143**	**3,143**
% YoY Growth		*21.2%*	*18.8%*	*14.2%*	*13.2%*	*13.4%*	*14.1%*	*12.4%*	*12.3%*	*12.5%*	*11.8%*	*6.8%*	*3.5%*	*5.3%*	*5.6%*	*7.6%*	*7.6%*
Starting Stores				1	1	3	4	11	23	17	23	29	37	37	39	40	44
Increase/Decrease in Stores			1	-	2	1	7	12	(6)	6	6	8	-	2	1	4	-
International Stores			1	1	3	4	11	23	17	23	29	37	37	39	40	**44**	**44**
% YoY Growth				*0.0%*	*200.0%*	*33.3%*	*175.0%*	*109.1%*	*-26.1%*	*35.3%*	*26.1%*	*27.6%*	*0.0%*	*5.4%*	*2.6%*	*10.0%*	*0.0%*
Starting Stores	-	581	704	837	956	1,084	1,230	1,410	1,595	1,783	2,010	2,250	2,408	2,491	2,622	2,768	2,966
Increase/Decrease in Stores	-	123	133	119	128	146	180	185	188	227	240	158	83	131	146	198	221
Total Stores	581	704	837	956	1,084	1,230	1,410	1,595	1,783	2,010	2,250	2,408	2,491	2,622	2,768	**2,966**	**3,187**
% YoY Growth		*21.2%*	*18.9%*	*14.2%*	*13.4%*	*13.5%*	*14.6%*	*13.1%*	*11.8%*	*12.7%*	*11.9%*	*7.0%*	*3.4%*	*5.3%*	*5.6%*	*7.2%*	*7.5%*

Source: Company Data

Supplemental Financials - Forecasted

Supplemental Financial and Other Data

Fiscal Year	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
AUV ($ millions)	**2.60**	**2.82**	**3.08**	**3.40**	**3.60**	**3.82**	**3.98**	**4.14**	**4.31**	**4.48**	**4.66**	**4.85**
% YoY Same Store Sales Growth	*19.4%*	*8.0%*	*9.1%*	*10.3%*	*6.1%*	*6.1%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*
Starting Stores	2,922	2,922	3,143	3,457	3,872	4,376	4,857	5,343	5,774	6,179	6,560	6,915
Increase/Decrease in Stores	221	221	314	415	503	481	486	431	406	380	355	301
North American Stores	**3,143**	**3,143**	**3,457**	**3,872**	**4,376**	**4,857**	**5,343**	**5,774**	**6,179**	**6,560**	**6,915**	**7,216**
% YoY Growth	*7.6%*	*7.6%*	*10.0%*	*12.0%*	*13.0%*	*11.0%*	*10.0%*	*8.1%*	*7.0%*	*6.2%*	*5.4%*	*4.4%*
Starting Stores	40	44	44	44	44	44	54	74	124	224	354	554
Increase/Decrease in Stores	4	-	-	-	-	10	20	50	100	130	200	250
International Stores	**44**	**44**	**44**	**44**	**44**	**54**	**74**	**124**	**224**	**354**	**554**	**804**
% YoY Growth	*10.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*22.7%*	*37.0%*	*67.6%*	*80.6%*	*58.0%*	*56.5%*	*45.1%*
Starting Stores	2,768	2,966	3,187	3,501	3,916	4,420	4,911	5,417	5,898	6,403	6,914	7,469
Increase/Decrease in Stores	198	221	314	415	503	491	506	481	506	510	555	551
Total Stores	**2,966**	**3,187**	**3,501**	**3,916**	**4,420**	**4,911**	**5,417**	**5,898**	**6,403**	**6,914**	**7,469**	**8,020**
% YoY Growth	*7.2%*	*7.5%*	*9.9%*	*11.8%*	*12.9%*	*11.1%*	*10.3%*	*8.9%*	*8.6%*	*8.0%*	*8.0%*	*7.4%*

Source: Company Data

Financial Analysis

Income Statement - Historical

Income Statement																	
Fiscal Year ($ in millions)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue	**823**	**1,086**	**1,332**	**1,518**	**1,836**	**2,270**	**2,731**	**3,215**	**4,108**	**4,501**	**3,904**	**4,476**	**4,865**	**5,586**	**5,985**	**7,547**	**8,635**
Food and beverage revenue															5,921	7,457	8,558
Delivery service revenue															64	90	77
Restaurant operating costs excl. D&A	**(651)**	**(843)**	**(1,045)**	**(1,140)**	**(1,347)**	**(1,680)**	**(1,991)**	**(2,360)**	**(2,991)**	**(3,327)**	**(3,406)**	**(3,720)**	**(3,954)**	**(4,444)**	**(4,944)**	**(5,840)**	**(6,573)**
Food, beverage and packaging	(258)	(346)	(432)	(466)	(561)	(739)	(891)	(1,074)	(1,421)	(1,504)	(1,366)	(1,535)	(1,601)	(1,848)	(1,933)	(2,309)	(2,602)
Labor	(231)	(289)	(351)	(385)	(454)	(543)	(642)	(740)	(904)	(1,046)	(1,105)	(1,206)	(1,326)	(1,472)	(1,593)	(1,918)	(2,198)
Occupancy	(59)	(76)	(98)	(114)	(129)	(147)	(171)	(199)	(231)	(262)	(294)	(327)	(347)	(363)	(388)	(417)	(460)
Other operating costs	(103)	(132)	(164)	(175)	(203)	(251)	(287)	(347)	(434)	(515)	(642)	(652)	(680)	(761)	(1,030)	(1,197)	(1,312)
General and administrative expenses	(65)	(75)	(89)	(99)	(119)	(149)	(183)	(204)	(274)	(250)	(276)	(296)	(375)	(452)	(466)	(607)	(564)
Depreciation and amortization	(34)	(44)	(53)	(61)	(69)	(75)	(84)	(96)	(110)	(130)	(146)	(163)	(202)	(213)	(239)	(255)	(287)
Pre-opening costs	(7)	(10)	(12)	(8)	(8)	(8)	(12)	(16)	(16)	(17)	(17)	(12)	(9)	(11)	(16)	(21)	(30)
Total operating expenses	(761)	(978)	(1,208)	(1,315)	(1,548)	(1,919)	(2,275)	(2,682)	(3,397)	(3,738)	(3,870)	(4,206)	(4,607)	(5,142)	(5,694)	(6,742)	(7,474)
Income / loss from operations	62	108	124	204	288	351	456	533	711	764	35	271	258	444	290	**805**	**1,160**
Interest and other income / expense, net	**6**	**6**	**3**	**1**	**1**	**(1)**	**2**	**2**	**4**	**6**	**4**	**5**	**10**	**14**	**4**	**8**	21
Income / loss before income taxes	68	114	127	204	289	350	458	534	714	770	39	276	268	458	294	813	1,182
Provision / benefit for income taxes	(27)	(43)	(49)	(77)	(110)	(135)	(180)	(207)	(269)	(294)	(16)	(99)	(92)	(108)	62	(160)	(282)
Net income / loss	**41**	**71**	**78**	**127**	**179**	**215**	**278**	**327**	**445**	**476**	**23**	**176**	**177**	**350**	**356**	**653**	**899**
EPS	**1.3**	**2.1**	**2.4**	**4.0**	**5.6**	**6.8**	**8.8**	**10.5**	**14.1**	**15.1**	**0.8**	**6.2**	**6.3**	12.6	12.7	**23.2**	**32.0**
Per share dividend																	**-**
Weighted average shares	32.5	33.1	33.1	32.1	31.7	31.8	31.8	31.3	31.5	31.5	29.8	28.6	28.0	27.7	27.9	28.1	28.1

Source: Company Data

Income Statement - Forecasted

Income Statement												
Fiscal Year ($ in millions)	2021	2022	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**
Revenue	**7,547**	**8,635**	**10,389**	**12,689**	**15,113**	**17,932**	**20,638**	**23,511**	**26,582**	**29,929**	**33,618**	**37,655**
Food and beverage revenue	7,457	8,558	10,307	12,602	15,025	17,842	20,547	23,419	26,491	29,837	33,526	37,563
Delivery service revenue	90	77	82	86	88	90	91	91	91	91	91	91
Restaurant operating costs excl. D&A	**(5,840)**	**(6,573)**	**(7,835)**	**(9,465)**	**(11,144)**	**(12,980)**	**(14,766)**	**(16,694)**	**(18,875)**	**(21,251)**	**(23,871)**	**(26,737)**
Food, beverage and packaging	(2,309)	(2,602)	(3,091)	(3,743)	(4,421)	(5,200)	(5,985)	(6,818)	(7,709)	(8,679)	(9,749)	(10,920)
Labor	(1,918)	(2,198)	(2,554)	(2,952)	(3,406)	(3,911)	(4,380)	(4,921)	(5,564)	(6,265)	(7,037)	(7,882)
Occupancy	(417)	(460)	(528)	(549)	(597)	(641)	(686)	(723)	(817)	(920)	(1,033)	(1,157)
Other operating costs	(1,197)	(1,312)	(1,662)	(2,220)	(2,720)	(3,228)	(3,715)	(4,232)	(4,785)	(5,387)	(6,051)	(6,778)
General and administrative expenses	(607)	(564)	(727)	(888)	(1,058)	(1,345)	(1,548)	(1,763)	(1,994)	(2,245)	(2,521)	(2,824)
Depreciation and amortization	(255)	(287)	(331)	(392)	(466)	(545)	(631)	(721)	(818)	(921)	(1,035)	(1,155)
Pre-opening costs	(21)	(30)	(35)	(48)	(60)	(60)	(63)	(60)	(63)	(64)	(69)	(69)
Total operating expenses	(6,742)	(7,474)	(8,928)	(10,793)	(12,727)	(14,929)	(17,008)	(19,238)	(21,749)	(24,481)	(27,497)	(30,785)
Income / loss from operations	**805**	**1,160**	**1,461**	**1,896**	**2,385**	**3,003**	**3,630**	**4,273**	**4,833**	**5,448**	**6,121**	**6,870**
Interest and other income / expense, net	**8**	21	-	-	-	-	-	-	-	-	-	-
Income / loss before income taxes	813	1,182	1,461	1,896	2,385	3,003	3,630	4,273	4,833	5,448	6,121	6,870
Provision / benefit for income taxes	(160)	(282)	(365)	(474)	(596)	(751)	(907)	(1,068)	(1,208)	(1,362)	(1,530)	(1,717)
Net income / loss	**653**	**899**	**1,096**	**1,422**	**1,789**	**2,252**	**2,722**	**3,205**	**3,624**	**4,086**	**4,591**	**5,152**
EPS	**23.2**	**32.0**	**39.6**	**52.3**	**67.3**	**87.3**	**109.0**	**132.6**	**154.9**	**179.5**	**207.8**	**239.4**
Per share dividend		**-**	**-**	**-**	**-**	**-**	**10.0**	**15.0**	**20.0**	**30.0**	**40.0**	**50.0**
Weighted average shares	28.1	28.1	27.7	27.2	26.6	25.8	25.0	24.2	23.4	22.8	22.1	21.5

Source: Company Data

Financial Analysis

Balance Sheet - Historical

Balance Sheet

Fiscal Year ($ millions)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total assets	**604**	**722**	**825**	**962**	**1,122**	**1,425**	**1,669**	**2,009**	**2,546**	**2,725**	**2,026**	**2,046**	**2,266**	**5,105**	**5,983**	**6,653**	**6,928**
Total current assets	**179**	**202**	**211**	**297**	**406**	**501**	**547**	**666**	**878**	**815**	**522**	**630**	**815**	**1,072**	**1,420**	**1,382**	**1,176**
Cash and cash equivalents	154	151	88	220	225	401	323	323	419	248	88	185	250	481	608	815	384
Accounts receivable	5	5	4	5	6	8	17	24	35	38	40	40	62	81	105	100	107
Inventory	4	4	5	6	7	9	11	13	15	15	15	20	22	26	26	33	36
Prepaid expenses and other current assets	7	9	12	14	16	21	27	34	35	40	44	51	54	57	55	79	86
Investments		20	100	50	125	55	150	255	339	415	330	324	427	400	344	261	515
Leasehold improvements, net														**1,459**	**1,584**	**1,769**	**1,951**
Leasehold improvements, gross															2,964	3,306	3,685
Accumulated Depreciation															(1,380)	(1,536)	(1,734)
Long term investments						128	191	314	496	623	125	-			102	274	388
Other assets	**3**	**3**	**6**	**6**	**17**	**22**	**43**	**44**	**43**	**48**	**53**	**56**	**50**	**46**	**87**	**88**	**88**
Restricted cash													30	28	28	31	25
Other assets excluding restricted cash													19	18	59	57	63
Operating lease assets														2,505	2,767	3,118	3,302
Goodwill	18	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Total liabilities and shareholders' equity	**604**	**722**	**825**	**962**	**1,122**	**1,425**	**1,669**	**2,009**	**2,546**	**2,725**	**2,026**	**2,046**	**2,266**	**5,105**	**5,983**	**6,653**	**6,928**
Total liabilities	**130**	**160**	**202**	**258**	**311**	**381**	**423**	**471**	**534**	**597**	**624**	**681**	**824**	**3,422**	**3,963**	**4,356**	**4,559**
Total current liabilities	**61**	**73**	**77**	**102**	**123**	**157**	**187**	**199**	**246**	**280**	**282**	**324**	**450**	**667**	**822**	**874**	**922**
Accounts payable	20	20	24	25	34	46	59	59	70	86	78	82	113	116	122	163	185
Accrued payroll and benefits	17	26	24	41	50	60	72	67	74	65	76	83	113	127	203	162	170
Accrued liabilities	**23**	**27**	**28**	**31**	**39**	**46**	**56**	**73**	**102**	**129**	**127**	**159**	**218**	**251**	**292**	**329**	**331**
Accrued liabilities excluding unearned revenue	23	27	28	31	39	46	56						148	156	165	173	148
Unearned revenue													70	95	128	156	183
Current operating lease liabilities														173	205	219	236
Long-term operating lease liabilities														2,678	2,952	3,302	3,495
Deferred income tax liability	19	16	30	39	51	64	49	55	41	32	19	1	12	38	149	142	99
Other liabilities	**4**	**7**	**9**	**11**	**13**	**16**	**20**	**24**	**28**	**33**	**34**	**40**	**32**	**39**	**39**	**39**	**44**
Total shareholders' equity	**474**	**562**	**623**	**703**	**811**	**1,044**	**1,246**	**1,538**	**2,012**	**2,128**	**1,402**	**1,364**	**1,441**	**1,683**	**2,020**	**2,297**	**2,368**
Common stock	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.4**	**0.2**
Additional paid-in capital	471	489	502	540	594	677	817	920	1,039	1,173	1,239	1,305	1,374	1,466	1,550	1,729	1,829
Treasury stock, at cost			(30)	(114)	(241)	(304)	(522)	(660)	(749)	(1,235)	(2,049)	(2,334)	(2,501)	(2,699)	(2,802)	(3,356)	(4,282)
Accumulated other comprehensive income / loss	0	-	(0)	0	1	0	1	2	(0)	(8)	(8)	(4)	(6)	(5)	(4)	(5)	(8)

Source: Company Data

Financial Analysis

Balance Sheet - Forecasted

Balance Sheet												
Fiscal Year ($ millions)	**2021**	**2022**	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**
Total assets	**6,653**	**6,928**	**7,825**	**8,987**	**10,440**	**11,942**	**13,533**	**15,439**	**17,738**	**18,502**	**21,518**	**22,091**
Total current assets	**1,382**	**1,176**	**1,424**	**1,655**	**1,925**	**2,224**	**2,531**	**3,194**	**4,165**	**3,568**	**5,076**	**4,126**
Cash and cash equivalents	815	384	471	590	735	882	1,031	1,516	2,286	1,460	2,706	1,460
Accounts receivable	100	107	218	279	348	430	516	611	718	838	975	1,130
Inventory	33	36	59	75	93	114	138	164	193	226	263	306
Prepaid expenses and other current ass	79	86	113	148	187	234	284	340	406	482	569	667
Investments	261	515	515	515	515	515	515	515	515	515	515	515
Leasehold improvements, net	**1,769**	**1,951**	**2,289**	**2,766**	**3,371**	**3,993**	**4,668**	**5,331**	**6,048**	**6,795**	**7,634**	**8,493**
Leasehold improvements, gross	3,306	3,685	4,353	5,223	6,293	7,460	8,766	10,149	11,685	13,353	15,227	17,242
Accumulated Depreciation	(1,536)	(1,734)	(2,065)	(2,457)	(2,922)	(3,467)	(4,098)	(4,819)	(5,637)	(6,558)	(7,593)	(8,749)
Long term investments	274	388	388	388	388	388	388	388	388	388	388	388
Other assets	**88**	**88**	**88**	**88**	**88**	**88**	**88**	**88**	**88**	**88**	**88**	**88**
Restricted cash	31	25	25	25	25	25	25	25	25	25	25	25
Other assets excluding restricted cash	57	63	63	63	63	63	63	63	63	63	63	63
Operating lease assets	3,118	3,302	3,615	4,068	4,646	5,226	5,836	6,416	7,026	7,641	8,310	8,975
Goodwill	22	22	22	22	22	22	22	22	22	22	22	22
Total liabilities and shareholders' equity	**6,653**	**6,928**	**7,825**	**8,987**	**10,440**	**11,942**	**13,533**	**15,439**	**17,738**	**18,502**	**21,518**	**22,091**
Total liabilities	**4,356**	**4,559**	**5,049**	**5,645**	**6,365**	**7,102**	**7,844**	**8,556**	**9,300**	**10,050**	**10,855**	**11,656**
Total current liabilities	**874**	**922**	**1,114**	**1,285**	**1,464**	**1,655**	**1,826**	**1,994**	**2,166**	**2,338**	**2,517**	**2,694**
Accounts payable	163	185	210	247	283	323	356	388	419	449	479	508
Accrued payroll and benefits	162	170	211	238	268	300	327	358	393	430	469	510
Accrued liabilities	**329**	**331**	**442**	**520**	**597**	**681**	**753**	**823**	**890**	**958**	**1,025**	**1,092**
Accrued liabilities excluding unearne	173	148	231	273	314	359	397	435	472	509	546	584
Unearned revenue	156	183	210	247	283	323	356	388	419	449	479	508
Current operating lease liabilities	219	236	251	279	315	351	389	425	463	501	543	584
Long-term operating lease liabilities	3,302	3,495	3,792	4,218	4,759	5,304	5,876	6,420	6,992	7,569	8,196	8,819
Deferred income tax liability	142	99	99	99	99	99	99	99	99	99	99	99
Other liabilities	**39**	**44**	**44**	**44**	**44**	**44**	**44**	**44**	**44**	**44**	**44**	**44**
Total shareholders' equity	**2,297**	**2,368**	**2,776**	**3,342**	**4,074**	**4,840**	**5,689**	**6,883**	**8,438**	**8,453**	**10,662**	**10,435**
Common stock	**0.4**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**
Additional paid-in capital	1,729	1,829	1,829	1,829	1,829	1,829	1,829	1,829	1,829	1,829	1,829	1,829
Treasury stock, at cost	(3,356)	(4,282)	(4,969)	(5,825)	(6,882)	(8,369)	(9,992)	(11,639)	(13,241)	(14,628)	(16,124)	(17,424)
Accumulated other comprehensive income	(5)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)
Retained earnings / accumulated deficit	3,929	4,828	5,924	7,346	9,135	11,387	13,859	16,701	19,857	21,259	24,965	26,038

Source: Company Data

Financial Analysis

Cashflow Statement - Historical

Cash Flow Statement

Fiscal Year Ends: December	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net cash provided by operating activities	**104**	**147**	**199**	**261**	**289**	**411**	**420**	**529**	**682**	**683**	**349**	**467**	**622**	**722**	**664**	**1,282**	**1,323**
Net income / loss	**41**	**71**	**78**	**127**	**179**	**215**	**278**	**327**	**445**	**476**	**23**	**176**	**177**	**350**	**356**	**653**	**899**
Adjustments to reconcile net income	**62**	**76**	**120**	**134**	**110**	**196**	**142**	**201**	**237**	**208**	**326**	**291**	**445**	**371**	**308**	**629**	**424**
Depreciation and amortization	34	44	53	61	69	75	84	96	110	130	146	163	202	213	239	255	287
Deferred income tax benefit / provision	(2)	(3)	13	8	10	12	(18)	2	(21)	12	(14)	(18)	11	30	108	(12)	(43)
Loss on disposal and impairment of assets	4	6	9	6	6	6	5	7	7	13	24	13	62	15	29	17	21
Stock-based compensation expense	5	8	11	15	21	41	64	64	96	58	64	65	69	91	83	176	98
Other	(0)	0	(0)	0	(15)	(36)	(73)	(38)	(22)	(74)	(2)	(0)	(3)	(11)	4	(5)	(16)
Changes in operating assets and liabilities	**22**	**22**	**33**	**43**	**18**	**98**	**78**	**71**	**65**	**68**	**108**	**67**	**104**	**(131)**	**(339)**	**197**	**79**
Accounts receivable	(3)	(1)	1	(1)	(1)	(3)	(9)	(7)	(11)	(4)	(2)	(0)	(8)	(3)	3	(2)	(14)
Inventory	(1)	(1)	(0)	(1)	(1)	(2)	(2)	(2)	(2)	0	(0)	(5)	(2)	(5)	(0)	(6)	(3)
Prepaid expenses and other current assets	1	(2)	(3)	(3)	(2)	(5)	(6)	(7)	(1)	(5)	(4)	(7)	(4)	(23)	(11)	(27)	(15)
Operating lease assets																224	234
Other assets	(0)	(0)	(3)	0	(9)	(7)	(21)	(1)	1	(6)	(5)	(3)	(2)	3	(27)	4	(0)
Accounts payable	1	2	4	1	7	9	8	2	2	20	(7)	11	32	(1)	(4)	21	18
Accrued liabilities and accrued payroll and benefits	**11**	**13**	**(1)**	**20**	**17**	**17**	**21**	**12**	**35**	**(7)**	**33**	**39**	**51**	**79**	**119**	**1**	**15**
Accrued payroll and benefits													30	12	77	(45)	10
Accrued liabilities													15	37	6	11	(28)
Unearned revenue													7	30	37	34	33
Income tax payable / receivable	2	(9)	9	4	(13)	67	59	44	9	33	54	(4)	14	(32)	(255)	193	46
Operating lease liabilities														(152)	(165)	(207)	(207)
Other long-term liabilities	0	1	2	2	3	3	4	4	5	5	1	6	1	2	2	(4)	4
Net cash provided by / used in investing activities	**(97)**	**(166)**	**(232)**	**(67)**	**(190)**	**(210)**	**(355)**	**(428)**	**(519)**	**(464)**	**327**	**(87)**	**(388)**	**(292)**	**(433)**	**(522)**	**(830)**
Purchases of leasehold improvements, property and equipment	(97)	(141)	(152)	(117)	(113)	(151)	(197)	(200)	(253)	(257)	(259)	(217)	(287)	(334)	(373)	(442)	(479)
Purchases of investments		(20)	(100)	(50)	(125)	(183)	(213)	(388)	(521)	(559)	-	(200)	(485)	(449)	(468)	(429)	(614)
Maturities of investments			20	100	50	125	55	159	255	353	45	330	385	477	419	346	264
Proceeds from sale of equipment														14	-	4	-
Net cash used in / provided by financing activities	147	17	(30)	(62)	(95)	(24)	(144)	(100)	(67)	(386)	(836)	(286)	(167)	**(202)**	**(105)**	**(549)**	**(929)**
Net proceeds from sale of common stock	133	-	-											-	-	-	-
Acquisition of treasury stock	**1**	**7**	**(30)**	**(74)**	**(112)**	**(25)**	**(144)**	**(101)**	**(67)**	**(386)**	**(836)**	**(286)**	**(166)**	**(201)**	**(103)**	**(546)**	**(929)**
Acquisition of treasury stock excl. tax benefit			(30)	(84)	(127)	(64)	(217)	(139)	(88)	(461)	(838)	(286)	(161)	(191)	(54)	(466)	(830)
Excess tax benefit on stock-based compensation	1	7	0	10	15	39	73	38	22	74	1	-	(5)	(10)	(49)	(80)	(99)
Dividends																	**-**
Annual Dividends to Common Stock Shareholders																	-
Special Dividends																	-
Stock plan transactions and other financing activities	3	4	0	12	18	1	0	0	(0)	(0)	0	0	(0)	(1)	(2)	(2)	-
Effect of exchange rate changes on cash and cash equivalents					0	(0)	0	1	(0)	(4)	0	2	(1)	0	1	(1)	(1)
Net change in cash and cash equivalents	154	(2)	(63)	132	5	176	(79)	1	96	(171)	(160)	97	66	**228**	**127**	**210**	**(437)**
Cash and cash equivalents at beginning of period	0	154	151	88	220	225	401	323	323	419	248	88	214	280	508	636	846
Cash and cash equivalents at end of period	**154**	**151**	**88**	**220**	**225**	**401**	**323**	**323**	**419**	**248**	**88**	**185**	**280**	**508**	**636**	**846**	**409**

Source: Company Data

Financial Analysis

Cashflow Statement - Forecasted

Cash Flow Statement												
Fiscal Year Ends: December	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net cash provided by operating activities	**1,282**	**1,323**	**1,588**	**2,022**	**2,483**	**3,070**	**3,637**	**4,232**	**4,773**	**5,362**	**6,006**	**6,713**
Net income / loss	**653**	**899**	**1,096**	**1,422**	**1,789**	**2,252**	**2,722**	**3,205**	**3,624**	**4,086**	**4,591**	**5,152**
Adjustments to reconcile net income	**629**	**424**	**493**	**601**	**694**	**818**	**915**	**1,028**	**1,149**	**1,276**	**1,415**	**1,560**
Depreciation and amortization	255	287	331	392	466	545	631	721	818	921	1,035	1,155
Deferred income tax benefit / provision	(12)	(43)	-	-	-	-	-	-	-	-	-	-
Loss on disposal and impairment of assets	17	21	-	-	-	-	-	-	-	-	-	-
Stock-based compensation expense	176	98	145	178	212	269	310	353	399	449	504	565
Other	(5)	(16)	-	-	-	-	-	-	-	-	-	-
Changes in operating assets and liabilities	**197**	**79**	**16**	**31**	**17**	**4**	**(26)**	**(46)**	**(68)**	**(94)**	**(125)**	**(160)**
Accounts receivable	(2)	(14)	(111)	(61)	(68)	(83)	(86)	(95)	(106)	(120)	(137)	(155)
Inventory	(6)	(3)	(23)	(16)	(18)	(22)	(23)	(26)	(29)	(33)	(38)	(43)
Prepaid expenses and other current assets	(27)	(15)	(27)	(34)	(39)	(47)	(50)	(56)	(66)	(76)	(87)	(99)
Operating lease assets	224	234	312	453	578	581	610	580	610	615	669	664
Other assets	4	(0)	0	-	-	-	-	-	-	-	-	-
Accounts payable	21	18	26	37	36	39	33	32	31	30	30	29
Accrued liabilities and accrued payroll and benefits	**1**	**15**	**152**	**106**	**107**	**116**	**99**	**100**	**103**	**104**	**107**	**107**
Accrued payroll and benefits	(45)	10	41	27	30	32	27	31	36	37	39	41
Accrued liabilities	11	(28)	84	42	41	45	39	38	37	37	37	37
Unearned revenue	34	33	27	37	36	39	33	32	31	30	30	29
Income tax payable / receivable	193	46	-	-	-	-	-	-	-	-	-	-
Operating lease liabilities	(207)	(207)	(312)	(453)	(578)	(581)	(610)	(580)	(610)	(615)	(669)	(664)
Other long-term liabilities	(4)	4	-	-	-	-	-	-	-	-	-	-
Net cash provided by / used in investing activities	**(522)**	**(830)**	**(668)**	**(869)**	**(1,071)**	**(1,167)**	**(1,306)**	**(1,384)**	**(1,535)**	**(1,668)**	**(1,874)**	**(2,015)**
Purchases of leasehold improvements, property and equipment	(442)	(479)	(668)	(869)	(1,071)	(1,167)	(1,306)	(1,384)	(1,535)	(1,668)	(1,874)	(2,015)
Purchases of investments	(429)	(614)	-	-	-	-	-	-	-	-	-	-
Maturities of investments	346	264	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of equipment	4	-	-	-	-	-	-	-	-	-	-	-
Net cash used in / provided by financing activities	**(549)**	**(929)**	**(833)**	**(1,034)**	**(1,268)**	**(1,756)**	**(2,183)**	**(2,363)**	**(2,469)**	**(4,520)**	**(2,885)**	**(5,944)**
Net proceeds from sale of common stock	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of treasury stock	**(546)**	**(929)**	**(833)**	**(1,034)**	**(1,268)**	**(1,756)**	**(1,933)**	**(2,000)**	**(2,000)**	**(1,836)**	**(2,000)**	**(1,865)**
Acquisition of treasury stock excl. tax benefit	(466)	(830)	(833)	(1,034)	(1,268)	(1,756)	(1,933)	(2,000)	(2,000)	(1,836)	(2,000)	(1,865)
Excess tax benefit on stock-based compensation	(80)	(99)	-	-	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	**(250)**	**(363)**	**(469)**	**(2,684)**	**(885)**	**(4,079)**
Annual Dividends to Common Stock Shareholders		-	-	-	-	-	(250)	(363)	(469)	(684)	(885)	(1,079)
Special Dividends		-	-	-	-	-	-	-	-	(2,000)	-	(3,000)
Stock plan transactions and other financing activities	(2)	-	-	-	-	-	-	-	-	-	-	-
Effect of exchange rate changes on cash and cash equivalents	(1)	(1)	-	-	-	-	-	-	-	-	-	-
Net change in cash and cash equivalents	**210**	**(437)**	**87**	**119**	**144**	**147**	**149**	**486**	**769**	**(826)**	**1,246**	**(1,246)**
Cash and cash equivalents at beginning of period	636	846	409	496	615	760	907	1,056	1,541	2,311	1,485	2,731
Cash and cash equivalents at end of period	**846**	**409**	**496**	**615**	**760**	**907**	**1,056**	**1,541**	**2,311**	**1,485**	**2,731**	**1,485**

Source: Company Data

Free Cash Flow Forecast

Free Cash Flow Forecast												
Assumptions	**2021A**	**2022A**	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**
Sales Growth	26.1%	11.5%	23.5%	22.1%	19.1%	18.7%	15.1%	13.9%	13.1%	12.6%	12.3%	12.0%
Restaurant Margin (% of sales)	22.6%	23.0%	24.6%	25.4%	26.3%	27.6%	28.5%	29.0%	29.0%	29.0%	29.0%	29.0%
EBIT Margin (% of sales)	10.7%	12.1%	14.1%	14.9%	15.8%	16.7%	17.6%	18.2%	18.2%	18.2%	18.2%	18.2%
Depreciation (% of sales)	3.4%	3.3%	3.2%	3.1%	3.1%	3.0%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
Change in NWC (% of sales)	-2.6%	-2.1%	-0.2%	-0.2%	-0.1%	0.0%	0.1%	0.2%	0.3%	0.3%	0.4%	0.4%
CapEx (% of sales)	-5.9%	-5.4%	-6.4%	-6.9%	-7.1%	-6.5%	-6.3%	-5.9%	-5.8%	-5.6%	-5.6%	-5.4%
Fiscal Years	**2021A**	**2022A**	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**	**2032E**
Sales	**7,547**	**8,415**	**10,389**	**12,689**	**15,113**	**17,932**	**20,638**	**23,511**	**26,582**	**29,929**	**33,618**	**37,655**
Operating Income	**805**	**1,022**	**1,461**	**1,896**	**2,385**	**3,003**	**3,630**	**4,273**	**4,833**	**5,448**	**6,121**	**6,870**
(-) Taxes	(160)	(237)	(365)	(474)	(596)	(751)	(907)	(1,068)	(1,208)	(1,362)	(1,530)	(1,717)
NOPAT	**645**	**786**	**1,096**	**1,422**	**1,789**	**2,252**	**2,722**	**3,205**	**3,624**	**4,086**	**4,591**	**5,152**
(+) Depreciation	255	279	331	392	466	545	631	721	818	921	1,035	1,155
(-) Change in NWC	197	179	16	31	17	4	(26)	(46)	(68)	(94)	(125)	(160)
(-) CapEx	(442)	(457)	(668)	(869)	(1,071)	(1,167)	(1,306)	(1,384)	(1,535)	(1,668)	(1,874)	(2,015)
FCFF	**655**	**786**	**774**	**975**	**1,201**	**1,634**	**2,022**	**2,496**	**2,839**	**3,245**	**3,627**	**4,133**
% Growth	*-*	*20.0%*	*-1.4%*	*25.9%*	*23.2%*	*36.0%*	*23.7%*	*23.5%*	*13.7%*	*14.3%*	*11.8%*	*13.9%*

Source: Refinitiv

Valuation

Cost of Equity Derivation

Cost of Equity Calculation					
Company	Ticker	Market Value	Net Debt	Debt/Equity	Levered Beta (3yr)
Chipotle Mexican Grill, Inc.	**CMG**	**42,150**	**2,945**	**7%**	**.99x**
BJ's Restaurants, Inc.	BJRI	752	504	67%	1.69
Bloomin' Brands, Inc.	BLMN	1,884	2,073	110%	1.64
Dutch Bros, Inc. Class A	BROS	1,555	534	34%	1.84
Cheesecake Factory Incorporated	CAKE	1,957	1,697	87%	1.47
Cracker Barrel Old Country Store, Inc.	CBRL	3,038	1,159	38%	1.17
Chuy's Holdings, Inc.	CHUY	550	114	21%	1.37
Cannae Holdings, Inc.	CNNE	2,868	(88)	0%	1.17
Denny's Corporation	DENN	1,005	416	41%	1.41
Dine Brands Global, Inc.	DIN	1,244	1,387	111%	1.95
Domino's Pizza, Inc.	DPZ	17,212	4,927	29%	0.53
Darden Restaurants, Inc.	DRI	18,264	5,661	31%	1.36
Brinker International, Inc.	EAT	1,655	2,273	137%	1.72
First Watch Restaurant Group, Inc.	FWRG	917	452	49%	1.23
Jack in the Box Inc.	JACK	1,850	3,030	164%	1.20
Kura Sushi USA, Inc. Class A	KRUS	479	69	14%	1.47
El Pollo Loco Holdings Inc	LOCO	507	190	37%	0.81
McDonald's Corporation	MCD	192,573	44,460	23%	0.78
Portillo's, Inc. Class A	PTLO	1,033	272	26%	1.44
Papa John's International, Inc.	PZZA	4,296	714	17%	0.74
Starbucks Corporation	SBUX	115,591	20,622	18%	1.10
Sweetgreen, Inc. Class A	SG	2,451	(381)	0%	1.91
Shake Shack, Inc. Class A	SHAK	2,712	383	14%	1.42
Texas Roadhouse, Inc.	TXRH	6,079	587	10%	1.14
Wendy's Company	WEN	5,145	3,377	66%	1.01
Wingstop, Inc.	WING	4,623	515	11%	1.09
Yum! Brands, Inc.	YUM	37,245	11,179	30%	0.82

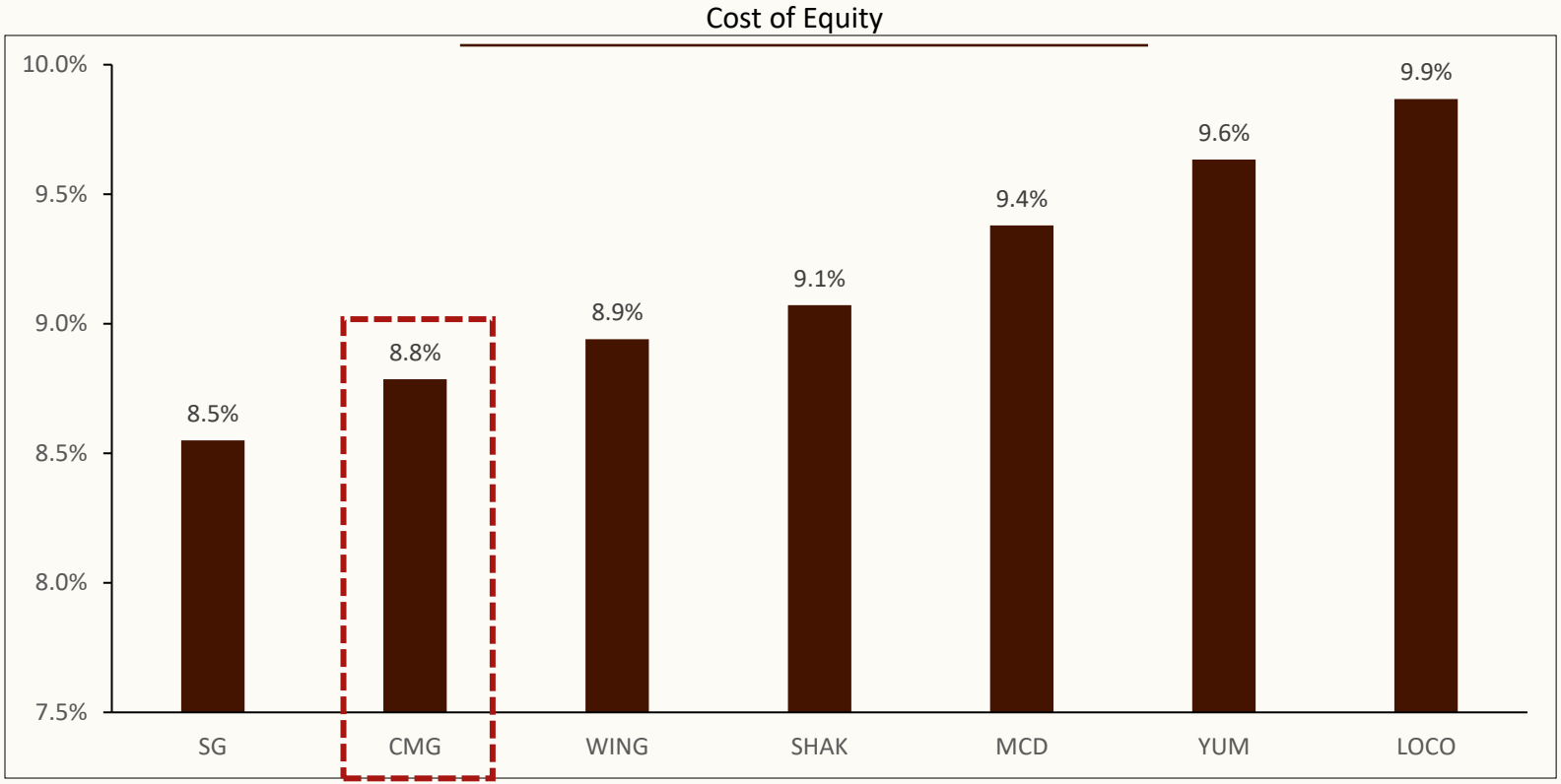
Source: Refinitiv

Levered Beta (indusry)	1.28x
MV D/E	44%
Tax Rate	25%
Unlevered beta	0.96
Chipotle Beta	1.01

Cost of Equity Calculation	
Risk free rate	3.9%
Beta	1.01
EMR	8.8%
ERP	4.9%
Cost of Equity	**8.8%**

Valuation

Cost of Equity Comparison



SourceFactset

Relative Valuation Derivation

Internationally Growing Restaurant Valuations (NTM)					International Store Additions 2021
Ticker	Company Name	P/E	FCF Yield	EV/EBITDA	
MCD	McDonalds	25.3	2.5%	18.7	1,077
YUM	Yum! Brands	25.5	2.8%	19.4	-
SBUX	Starbucks	30.2	2.9%	19.9	1,449
DPZ	Dominos Pizza	26.7	2.5%	20.3	999
QSR	Restaurant Brands	21.8	3.1%	18.2	-
WEN	Wendy's	23.2	4.1%	15.7	64
PZZA	Pizzahut	30.7	1.5%	19.0	220
Average		26.2	2.8%	18.7	

Team Analysis - Terminal Valuations (2032E)					International Store Additions 2032E
Ticker	Company Name	P/E	FCF Yield	EV/EBITDA	
CMG	Chipotle	23.6	2.5%	16.9	250
Discount to Peer Average		10%	10%	10%	

Source: FactSet, Team Analysis

Discounted Cash Flow Model

Discounted Free Cash Flow

Two Stage DCF	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
FCFF	WACC	8.8%	774	975	1,201	1,634	2,022	2,491	2,834	3,239	3,621	4,126
PV of FCFF			712	824	933	1,167	1,327	1,503	1,572	1,652	1,697	1,777

Equity Share Price		
Forecast Period		**10-yrs**
Net Income 2032		5,145
Exit P/E Multiple		23x
Terminal Value		**118,327**
PV of Terminal Value		50,977
PV of Cashflows		13,163
Enterprise Value		**64,141**
(-) Debt		-
(+) Current Cash		384
Equity Value		**64,525**
# of Shares		28.06
Share Price	**$**	**2,299**
Current Price		1,609
Upside		**42.9%**

Source: Refinitiv

Valuation

WACC & Exit Multiple Sensitivity Analysis

		WACC				
	2,303	7.8%	8.3%	8.8%	9.3%	9.8%
Exit P/E Multiple	17.0x	$ 1,986	$ 1,905	$ 1,828	$ 1,754	$ 1,684
	20.0x	$ 2,247	$ 2,154	$ 2,065	$ 1,981	$ 1,901
	23.0x	$ 2,507	$ 2,402	$ 2,303	$ 2,208	$ 2,117
	26.0x	$ 2,767	$ 2,651	$ 2,540	$ 2,434	$ 2,334
	29.0x	$ 3,027	$ 2,899	$ 2,777	$ 2,661	$ 2,550

Source: Refinitiv

Valuation

Same Store Sales Sensitivity Analysis

Financial Impact				Valuation Impact	
AUV CAGR '22-'32E	AUV ($mm) 2032E	Store Count CAGR '22-'32E	Revenue CAGR '22-'32E	Price Target	Upside
5.50%	4.85	9.7%	15.8%	2,255	39.1%
5.25%	4.71	9.7%	15.5%	2,195	35.4%
5.00%	4.60	9.7%	15.3%	2,136	31.7%
4.75%	4.49	9.7%	15.0%	2,078	28.2%
4.50%	4.39	9.7%	14.7%	2,022	24.7%
4.25%	4.28	9.7%	14.4%	1,966	21.3%
4.00%	4.18	9.7%	14.2%	1,912	17.9%
3.75%	4.08	9.7%	13.9%	1,859	14.7%
3.50%	3.98	9.7%	13.6%	1,807	11.4%
3.25%	3.89	9.7%	13.3%	1,756	8.3%
3.00%	3.80	9.7%	13.1%	1,706	5.2%

Source: Team Analysis

Store Count Growth Sensitivity Analysis

Financial Impact				Valuation Impact	
Store Count CAGR '22-'32E	Store Count 2032E	AUV CAGR '22-'32E	Revenue CAGR '22-'32E	Price Target	Upside
9.67%	8,020	5.6%	15.8%	2,261	39.5%
9.50%	7,898	5.6%	15.6%	2,229	37.5%
9.25%	7,720	5.6%	15.3%	2,189	35.0%
9.00%	7,545	5.6%	15.1%	2,150	32.6%
8.75%	7,374	5.6%	14.8%	2,111	30.2%
8.50%	7,206	5.6%	14.6%	2,073	27.9%
8.25%	7,041	5.6%	14.3%	2,036	25.6%
8.00%	6,880	5.6%	14.1%	2,000	23.4%
7.75%	6,723	5.6%	13.8%	1,964	21.2%
7.50%	6,569	5.6%	13.6%	1,929	19.0%
7.25%	6,417	5.6%	13.3%	1,895	16.9%
7.00%	6,269	5.6%	13.1%	1,861	14.8%

Source: Team Analysis

Relative Valuations

P/E Multiple Valuation	
Rel. Valuation	**Base**
EPS Year 10	239
P/E Multiple	23.0x
Share Price Year 10	5,505
IRR	13.0%
Price estimate @ 8.8% WACC	2,372
Upside	47.4%

EV/EBITDA Multiple Valuation	
Rel. Valuation	**Base**
EBITDA / Per Share	286
EV/EBITDA	19x
Share Price Year 10	5,370
IRR	12.7%
Price estimate @ 8.6% WACC	2,313
Upside	43.8%

FCF Yield Valuation	
Rel. Valuation	**Base**
FCFPS Year 10	147
FCF Yield	3.0%
Share Price Year 10	4,846
IRR	11.6%
Price estimate @ 8.8% WACC	2,088
Upside	29.8%

Source: Refinitiv

Valuation

Base Case DCF Summary

Base Case							
Fiscal Year	**2022**	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2032E**
AUV	2.8	3.1	3.4	3.6	3.8	4.0	4.9
Store Count	3,187	3,501	3,916	4,420	4,911	5,417	7,216
Revenue Growth	14.4%	20.3%	22.1%	19.1%	18.7%	15.1%	12.8%*
Food Expense (% of sales)	30.1%	29.8%	29.5%	29.3%	29.0%	29.0%	29.0%
Labor Expense (% of sales)	25.5%	24.6%	23.3%	22.5%	21.8%	21.2%	20.9%
Occupancy Expense (% of sales)	5.3%	5.1%	4.3%	4.0%	3.6%	3.3%	3.1%
Other Expenses (% of sales)	15.2%	16.0%	17.5%	18.0%	18.0%	18.0%	18.0%
Restaurant Margins	23.9%	24.6%	25.4%	26.3%	27.6%	28.5%	29.0%
Operating Margins	13.4%	14.1%	14.9%	15.8%	16.7%	17.6%	18.2%

** 2028-2032 CAGR*

Equity Share Price		
Forecast Period		**10-yrs**
Net Income 2032		5,145
Exit P/E Multiple		23x
Terminal Value		**118,327**
PV of Terminal Value		50,977
PV of Cashflows		13,163
Enterprise Value		**64,141**
(-) Debt		-
(+) Current Cash		384
Equity Value		**64,525**
# of Shares		28.06
Share Price	**$**	**2,299**
Current Price		1,609
Upside		**42.9%**

Source Company Data, Team Analysis

Valuation

Downside DCF Summary

Pessimistic Case							
Fiscal Year	**2022**	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2032E**
AUV	2.8	2.8	3.1	3.3	3.4	3.5	4.2
Store Count	3,187	3,470	3,770	4,086	4,410	4,737	6,644
Revenue Growth	14.4%	10.7%	18.6%	13.9%	12.4%	11.4%	10.9%*
Food Expense (% of sales)	30.1%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Labor Expense (% of sales)	25.5%	25.7%	24.0%	23.1%	22.5%	22.1%	21.9%
Occupancy Expense (% of sales)	5.3%	5.5%	4.7%	4.3%	4.1%	3.9%	3.7%
Other Expenses (% of sales)	15.2%	16.0%	17.5%	18.5%	18.5%	18.5%	18.5%
Restaurant Margins	23.9%	22.8%	23.8%	24.1%	24.9%	25.5%	25.9%
Operating Margins	13.4%	11.0%	12.7%	12.9%	13.7%	14.3%	14.6%

** 2028-2032 CAGR*

Equity Share Price		
Forecast Period		**10-yrs**
Net Income 2032		2,983
Exit P/E Multiple		21x
Terminal Value		**62,637**
PV of Terminal Value		26,985
PV of Cashflows		7,912
Enterprise Value		**34,897**
(-) Debt		-
(+) Current Cash		384
Equity Value		**35,281**
# of Shares		28.06
Share Price	**$**	**1,257**
Current Price		1,609
Upside		**-21.9%**

Source: Refinitiv

ESG

Independent & Third Party ESG Rating Breakdown

Factor	Bloomberg	Refinitiv	MSCI	FactSet	CSUF	Key Considerations
Environmental	3.3/10 Below Average	50/100 Average	4/10 Below Average	61/100 Average	Above Average	• Significant investments into local farmers improves supply chain robustness • Strong carbon emission goals given corporate owned structures compared to franchised peers • Focus on ethically sourced ingredients
Social	2.4/10 Below Average	80/100 Above Average	3.7/10 Below Average	60/100 Average	Below Average	• Well defined path to management level positions for store workers • Commitment to internal promotions • Above average restaurant employee turnover • 25% board diversity should be improved
Governance	7.1/10 Average	50/100 Average	6.8/10 Average	32/100 Below Average	Above Average	• Third parties reduce governance scores due to management turnover • New management and board members have demonstrated shareholder value creation with brand turnaround • 90% performance-based compensation model

Source: Refinitiv

ESG

Executive Compensation

C-Suite Compensation of CMG and Selected Peers, 2021				
Officer	**Total Compensation**	**% of Sales**	**% of Earnings**	**Share Ownership (%)**
Chipotle				
Brian Niccol (CEO)	$ 17,880,580	0.24%	2.62%	0.10%
Jack Hartung (CFO)	$ 6,168,673	0.08%	0.91%	0.23%
Curt Garner (CTO)	$ 5,704,712	0.08%	0.84%	0.04%
Christopher Brandt (CMO)	$ 4,899,260	0.07%	0.72%	0.03%
Scott Boatwright (CRO)	$ 4,839,015	0.06%	0.71%	0.02%
Shake Shack				
Randy Garutti (CEO)	$ 5,466,562	0.76%	0.00%	0.23%
Tara Comonte (CFO)	$ 1,923,758	0.27%	0.00%	0.00%
Zachary Koff (COO)	$ 1,810,576	0.25%	0.00%	0.08%
Katherine Fogertey (CFO)	$ 3,055,695	0.43%	0.00%	0.08%
Sweetgreen				
Jonathan Neman (CEO)	$ 38,819,816	11.42%	0.00%	3.18%
Nicolas Jammet (CCO)	$ 38,821,230	11.42%	0.00%	2.16%
Nathaniel Ru (CBO)	$ 38,807,732	11.41%	0.00%	2.18%
Wingstop				
Charles R. Morrison (CEO)	$ 5,042,788	0.22%	12.61%	0.26%
Michael J. Skipworth (CEO)	$ 2,611,488	0.11%	6.53%	0.06%
Alex R. Kaleida (CFO)	$ 1,134,627	0.05%	2.84%	0.01%
Stacy Peterson (CTO)	$ 2,059,139	0.09%	5.15%	0.01%
Donnie S. Upshaw (CPO)	$ 1,536,071	0.07%	3.84%	0.01%
Nicolas Boudet (Pres. Int)	$ 1,517,759	0.07%	3.79%	0.01%
El Pollo Loco				
Laurance Roberts (CEO)	$ 1,499,832	0.33%	4.72%	0.40%
Miguel Lozano (COO)	$ 1,107,640	0.24%	3.48%	0.23%
Bernard Acoca (CEO)	$ 2,011,266	0.44%	6.32%	0.30%
McDonald's				
Christopher Kempczinski (CEO)	$ 20,028,132	0.02%	0.27%	0.00%
Kevin Ozan (CFO)	$ 10,008,133	0.01%	0.14%	0.00%
Ian Borden (Pres. Int)	$ 8,275,790	0.01%	0.11%	0.00%

Executive	Value of Shares
Brian Niccol	$46.6million
Jack Hartung	$97.2million
Curt Garner	$25.7million
Chris Brandt	$14.4million
Scott Boatwright	$17.9million
*as of March 1 2022	
Source: Chipotle 2021 Proxy Statement	

Source: Company Data

Executive Ownership Requirements

	Ownership Requirement (multiple of base salary)	Value of Share Ownership Towards Requirement[1]	Actual Share Ownership as Multiple of Base Salary[2]
Brian Niccol	7 times	$46.6 million	37x
Jack Hartung	4 times	$97.2 million	112x
Curt Garner	3 times	$25.7 million	34x
Chris Brandt	3 times	$14.4 million	21x
Scott Boatwright	3 times	$17.9 million	32x

Source: Company Data

ESG

Environmental Initiatives

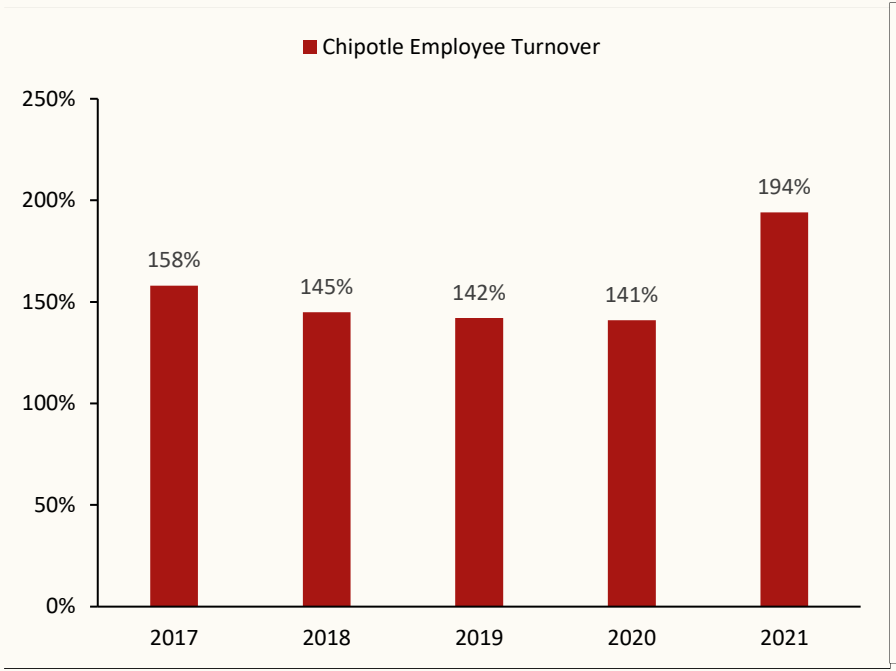
CMG Emissions Breakdown (2021)							
Emission Category	**Subcategory**	**Emissions***	**% Contribution**	**Emission Category**	**Subcategory**	**Emissions***	**% Contribution**
Scope 1 Emissions		**126,373**	**50%**	**Scope 3 Emissions**		**3,567,125**	**100%**
Restaurants	Natural Gas	119,069	47%	Category 1	Purchased Goods and Services	2,974,374	83%
Corporate Offices	Natural Gas	608	0%	Category 2	Capital goods	125,208	4%
Other	Natural Gas	6	0%	Category 3	Fuel- and energy-related activities	28,788	1%
Restaurants	Propane	600	0%	Category 4	Upstream Transportation and Distribution	120,307	3%
Vehicle Fleet	Gasoline	3,043	1%	Category 5	Waste generated in operations	115,111	3%
Corporate Jets	Jet Fuel	3,047	1%	Category 6	Business travel	4,760	0%
Refrigerants	N/A	N/A		Category 7	Employee commuting	133,620	4%
Scope 2 Emissions		**128,786**	**50%**	Category 8	Upstream leased assets	N/A	N/A
Restaurants	Electricity	126,413	49%	Category 9	Downstream Transportation and Distributio	29,931	1%
Corporate Offices	Electricity	2,362	1%	Category 10	Purchasing of sold products	N/A	N/A
Other	Electricity	11	0%	Category 11	Use of sold products	N/A	N/A
Total Scope 1 & 2 Emissions		255,159	100%	Category 12	End of Life Treatment of Sold Products	35,026	1%
*Metric tons of CO2/equiv. per year				Category 13	Downstream leased assets	N/A	N/A
				Category 14	Franchises	N/A	N/A
				Category 15	Investments	N/A	N/A

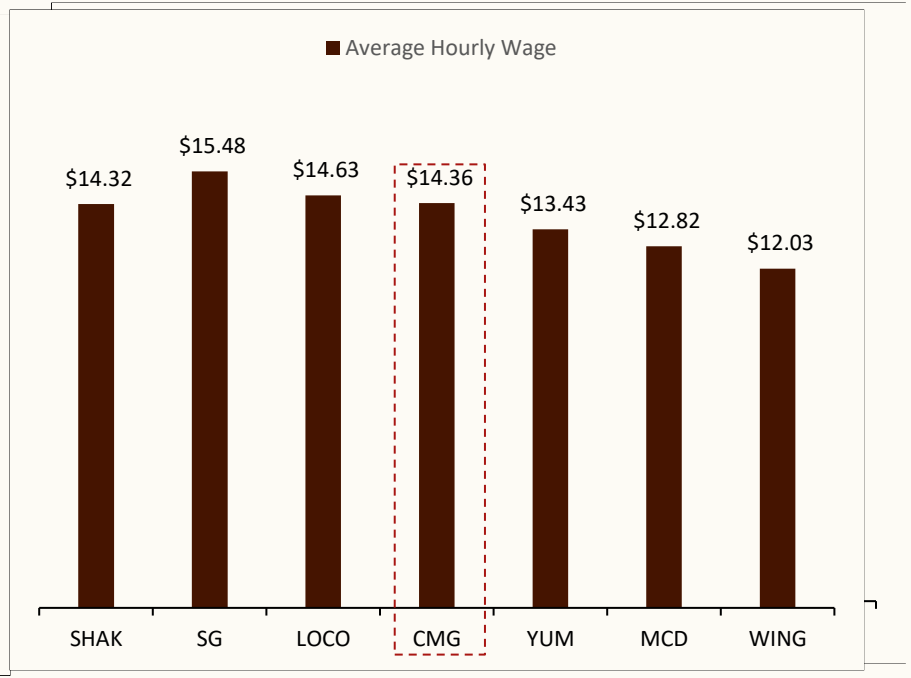
CMG Progress on Green Initiatives (2021)	
Percent of stores participating in recycling programs:	50%
Percent of stores participating in compost programs:	31%
Waste produced (cubic yards):	5.1 million
Waste recycled (cubic yards):	2.4 million
Waste composted (thousands of cubic yards):	107,900
Waste converted into energy (thousands of cubic yards):	68,490

Source: Company Data

ESG

Store Level Employees





Source: Company Data

Industry Analysis

Restaurant Segment Data

Historical & Consensus Sales Growth										
Ticker	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E
CMG	9%	15%	7%	26%	15%	13%	13%	14%	14%	11%
WING	15%	30%	25%	14%	25%	18%	17%	13%	16%	-
SHAK	28%	29%	-12%	42%	22%	20%	18%	17%	-	-
SG	-	-	-20%	54%	40%	33%	28%	28%	-	-
PTLO	-	-	-5%	17%	11%	14%	11%	-	-	-
CHUY	8%	7%	-25%	24%	6%	9%	9%	-	-	-
LOCO	8%	1%	-4%	7%	3%	4%	2%	-	-	-
Fast Casual	**10%**	**15%**	**2%**	**26%**	**16%**	**14%**	**14%**	**13%**	**12%**	**10%**
MCD	-8%	2%	-10%	21%	-1%	3%	5%	4%	9%	-
YUM	-3%	-2%	1%	16%	2%	6%	8%	7%	6%	-
DPZ	23%	5%	14%	6%	5%	4%	6%	7%	5%	-
JACK	-21%	9%	8%	12%	28%	14%	2%	1%	1%	-
WEN	30%	7%	1%	9%	10%	4%	5%	10%	7%	-
PZZA	-7%	-3%	12%	14%	2%	4%	4%	-	-	-
Quick Service	-1%	2%	-5%	17%	3%	4%	5%	5%	8%	-
DRI	5%	-8%	-8%	34%	8%	6%	6%	7%	-	-
EAT	0%	3%	-4%	8%	14%	6%	4%	2%	-	-
FWRG	-	-	-22%	76%	22%	17%	12%	14%	-	-
BJRI	8%	4%	-33%	40%	18%	4%	5%	-	-	-
CAKE	3%	6%	-20%	48%	13%	6%	7%	-	-	-
DENN	19%	-14%	-47%	38%	15%	3%	1%	-	-	-
DIN	7%	17%	-24%	30%	2%	-10%	4%	-	-	-
TXRH	11%	12%	-13%	44%	16%	10%	9%	-	-	-
BLMN	-2%	0%	-23%	30%	8%	5%	2%	-	-	-
KRUS	39%	24%	-30%	44%	117%	31%	28%	-	-	-
Casual Dining	**4%**	**0%**	**-15%**	**33%**	**11%**	**6%**	**6%**	**3%**	**-**	**-**

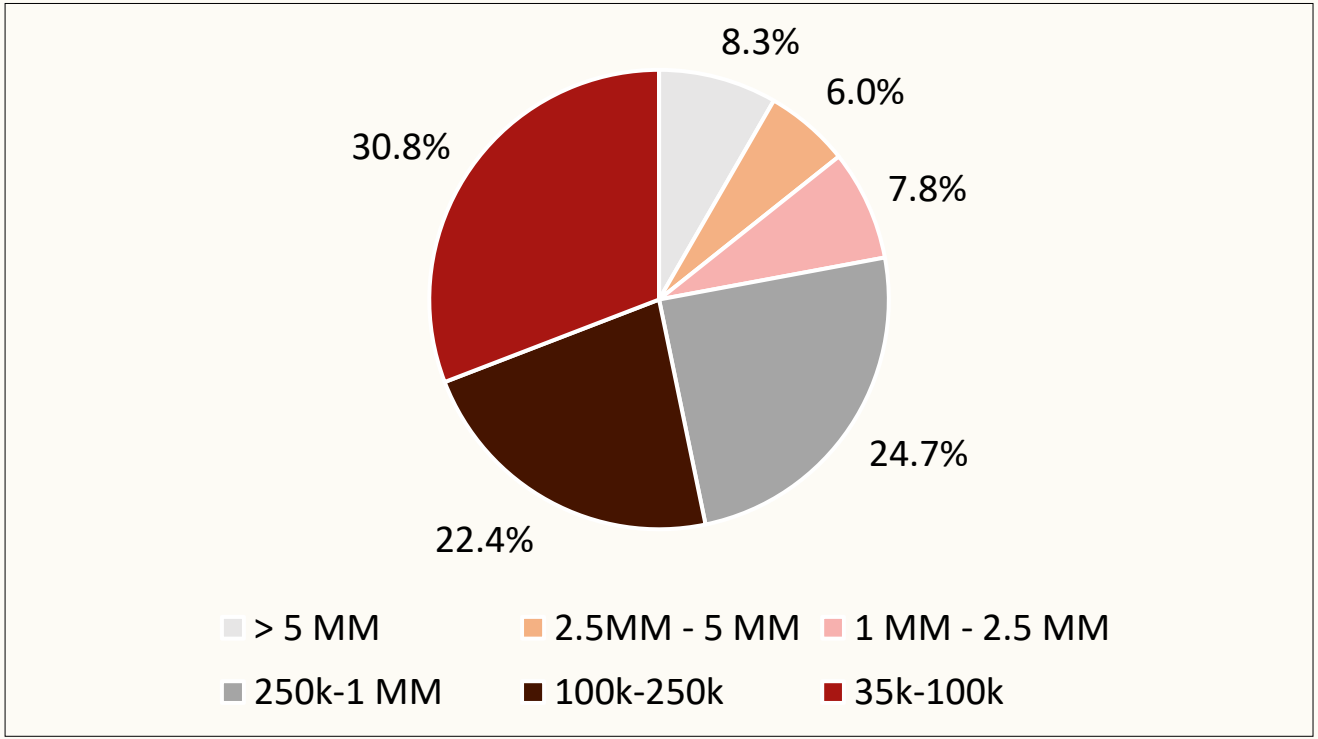
Historical & Consensus Store Growth										
Ticker	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E
CMG	3%	5%	6%	7%	8%	8%	9%	9%	9%	8%
WING	11%	11%	11%	13%	13%	13%	13%	13%	12%	-
SHAK	31%	32%	13%	19%	18%	15%	3%	28%	-	-
SG	-	-	-	26%	23%	26%	25%	23%	-	-
PTLO	-	-	-	-	-	17%	13%	-	-	-
CHUY	10%	-	-	4%	3%	7%	-	-	-	-
LOCO	1%	-	-	-	2%	3%	3%	-	-	-
Fast Casual	**6%**	**7%**	**7%**	**9%**	**10%**	**10%**	**10%**	**11%**	**9%**	**5%**
MCD	2%	2%	1%	2%	1%	3%	4%	4%	-	-
YUM	7%	4%	-	6%	3%	6%	6%	5%	5%	-
DPZ	7%	7%	4%	7%	6%	6%	6%	6%	6%	-
JACK	-	-	-	25%	-	-	1%	-	-	-
WEN	1%	1%	-	2%	2%	4%	4%	7%	-	-
PZZA	2%	2%	-	5%	-	6%	7%	-	-	-
Quick Service	4%	4%	1%	5%	3%	5%	5%	5%	4%	-
DRI	2%	-	1%	2%	-	3%	3%	-	-	-
EAT	-	-	-	-	-	-	1%	-	-	-
FWRG	-	-	-	-	-	11%	20%	11%	-	-
BJRI	3%	3%	-	-	2%	3%	3%	-	-	-
CAKE	-	-	-	-	-	4%	22%	-	-	-
DENN	-	-	-	-	-	-	-	-	-	-
DIN	-	-	-	-	-	2%	-	-	-	-
TXRH	6%	5%	4%	5%	-	6%	5%	-	-	-
BLMN	-	-	-	2%	-	2%	1%	-	-	-
KRUS	-	-	-	-	-	25%	25%	-	-	-
Casual Dining	**0%**	**0%**	**-1%**	**0%**	**-1%**	**2%**	**3%**	**1%**	**-**	**-**

Source: Company Data

Industry Analysis

TAM Suburban Expansion

North American Store Additions by City Population (%)



Source: Demographics by Cubit, Team Analysis