Sell

Current Price: $147.60

Price Target: $78.62 (-46.73% Downside)

Table of Contents

Company Overview

Overview of Cava

Value Proposition
- Offer authentic health-focused Mediterranean cuisine, highlighting customization and convenience to appeal to diverse demographics and health trends

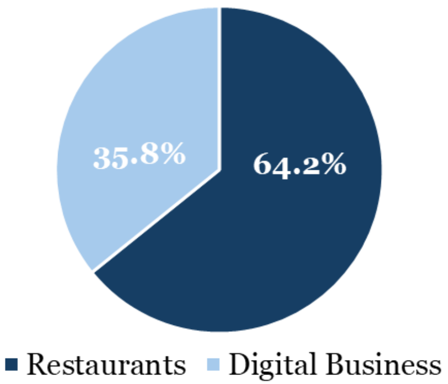
Business Segments
- Operates two business segments: (1) Cava Restaurants and (2) Consumer Packaged Goods

Operating Leverage
- Cava leverages a scalable business model with fixed cost efficiencies, enabling margin expansion through store growth and increased digital penetration

Key Statistics ($) in Millions

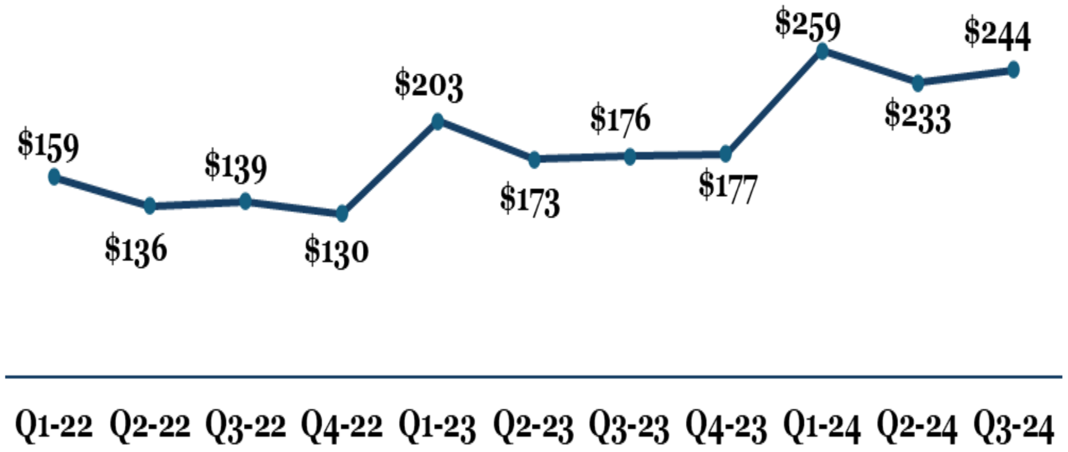
Current Stock Price:	$147.60
Market Capitalization:	16,915
LTM Revenue:	913
LTM Adjusted EBITDA:	136
LTM Restaurant Openings:	62
Cava Average Unit Volume:	2.8

Restaurant Revenue by Channel



Seasonality Analysis

Seasonal Quarterly Revenue ($) in Millions



Full Year 2024 Outlook

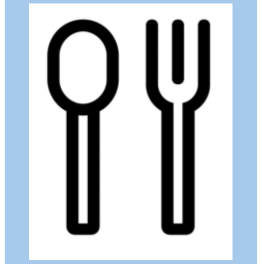
Revenues
- In Q3-2024 Cava saw revenues of $244M, representing a 3890 b.p. increase from Q3-2023
- Management raised guidance and expects a 12%-13% increase in Same Restaurant Sales Growth in 2024, representing a 350 b.p. increase from prior quarters guidance

Store Growth
- In Q3-2024 Cava saw 11 Net New Store openings representing a 4210 b.p. decrease from Q3-2023 openings
- Management expects continued store growth in Q4 2024 with total year store openings between 56 and 58

Margins
- In Q3-2024 Cava saw Gross Margin of 25.69% and EBITDA Margin of 11.54% representing a 35 and 332 b.p. increase from the previous years same quarter

Business Model

Cava's Multi-Channel Experience



Restaurant Dining

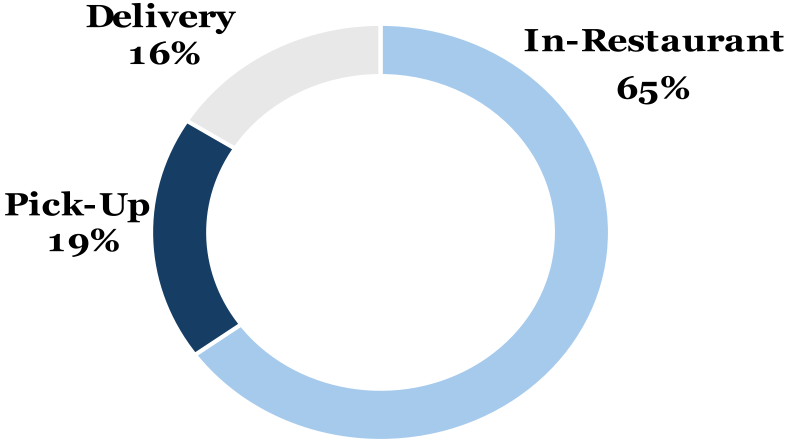
Drive-Thru Pick-up

Digital Pick-Up

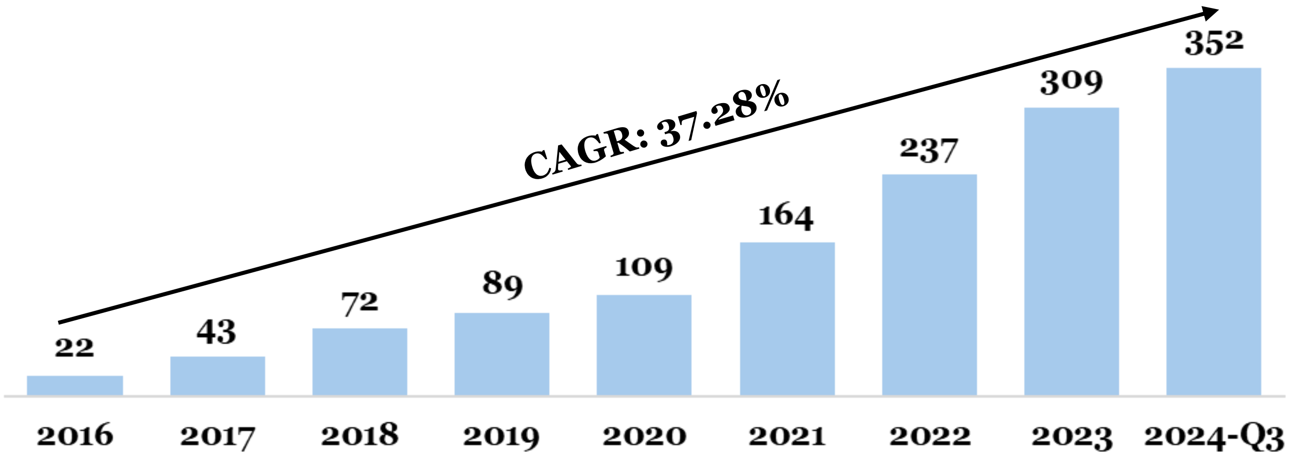
Delivery & Catering

Consumer Packaged Goods

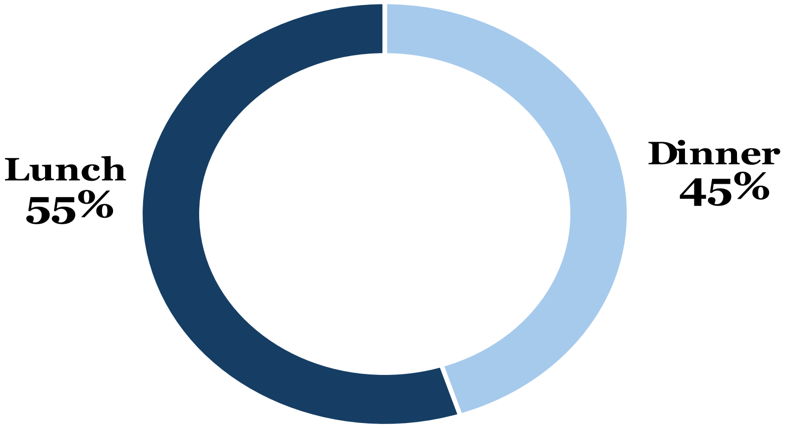
Restaurant Channel Diversity



Total Cava Store Locations



Restaurant Daypart Diversity



Product Offerings

Chef-Curated and Seasonal Options

11 Core Menu Entrées

Kid's Meal, Drinks, & Sides

34 Customizable Bowl & Pita Ingredients – 17.4+ Billion Combinations

7 Mains

6 Dips

13 Toppings

8 Dressings

Management Overview

Brett Schulman
Co-Founder & CEO
- Co-founded Cava in 2010
- Served as COO at Skiddy Snacks, previously FBR Securities, & Deutsche Bank

Theodore Xenohristos
Founder & Chief Concept Officer
- Lead of CAVA's Culinary Innovation & Brand Concept, Advisor of Executive Leadership Team

Jennifer Somers
Chief Operations Officer
- Served as VP of Customer Engagement Tech, Data Engineering, & Analytics at PetSmart

Tricia Tolivar
Chief Financial Officer
- Served as CFO of GNC for 5+ Years

Jeffrey Gaul
Chief Development Officer
- 30+ Years of Leadership Experience in Global Retail Real Estate & Development

Investment Thesis Summary

Optimistic Market Expectations Intensify Pressure on Cava's Management to Deliver

Current Price: $147.60
Price Target: $78.62
Implied Downside –(46.73%)

Continue Delivering Value Proposition

- Cava must continue focusing on providing existing and new health-focused, innovative products to sustain brand growth and loyalty
- The evolving digital landscape provides an opportunity for Cava to enhance customer engagement and retention through mobile app innovations and loyalty programs
- Successful expansion into new markets will depend on maintaining operational excellence, ensuring consistency in service and product quality, and effectively navigating operating challenges

Profitability

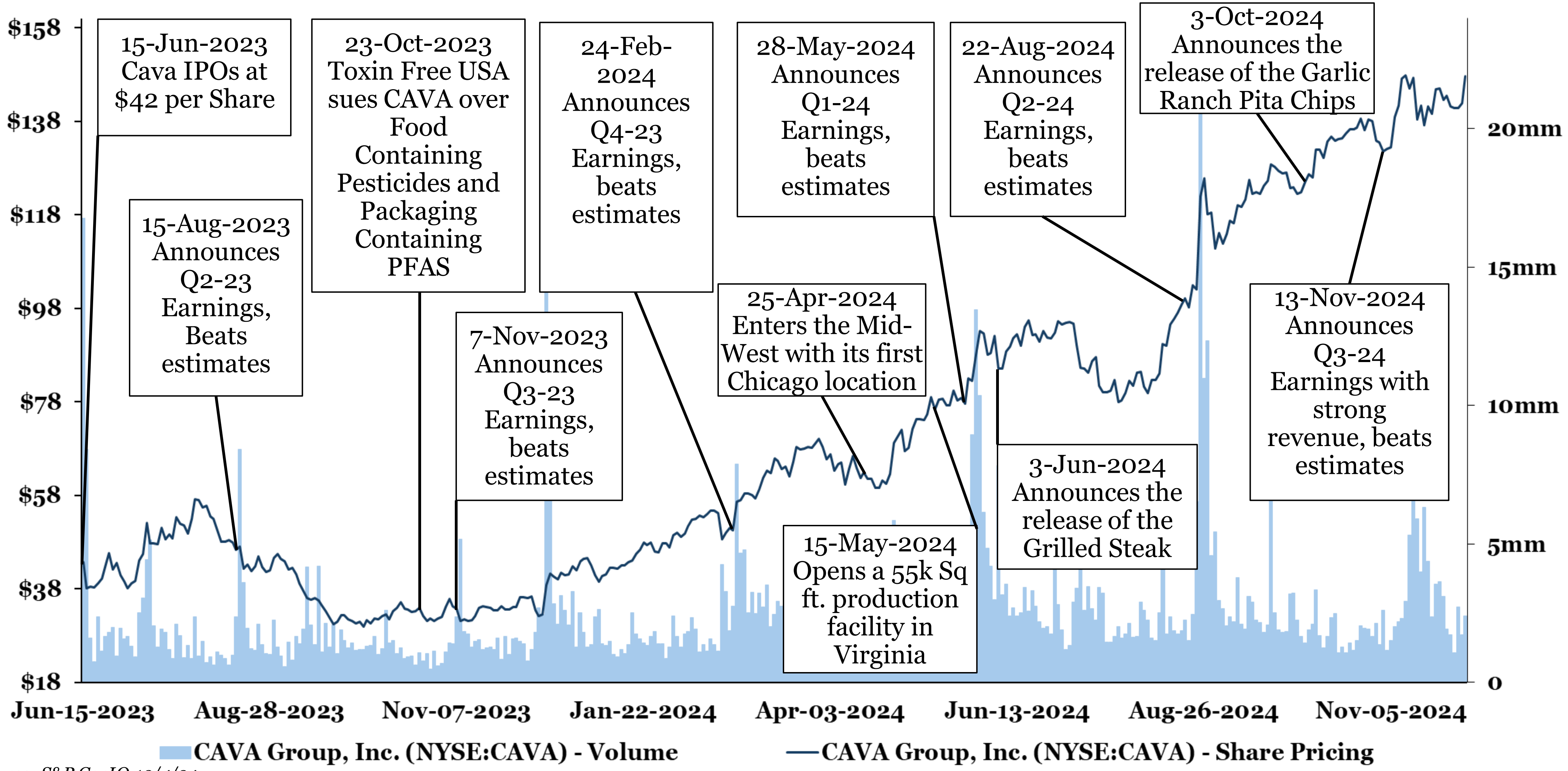
- While Cava's potential to leverage its fixed operating structure and scale volumes could improve overall margins, the execution risks associated with achieving these efficiencies pose significant challenges
- The 1,000-store location goal requires substantial capital investment, access to key locations, operational consistency, and supply chain optimization, all of which pose a risk in a particularly competitive industry
- At the current valuation, the market prices in these efficiencies and growth targets, leaving management little room for error

Unattractive Valuation

- At the current market price, Cava is trading at a 2025E P/E multiple of 116.34x, significantly above HFG's public comps average off 53.45x
- At Cava's current market capitalization, each store is worth $48.1 million, compared to Chipotle, where each store is worth $24.1 million
- HFG's implied downside of -46.73% emphasizes a significant overvaluation in Cava's stock, presenting a compelling opportunity for investors to open a short position

Stock Performance Since IPO

Investors have been rewarding managements recent performance driving the stocks price to $147.60



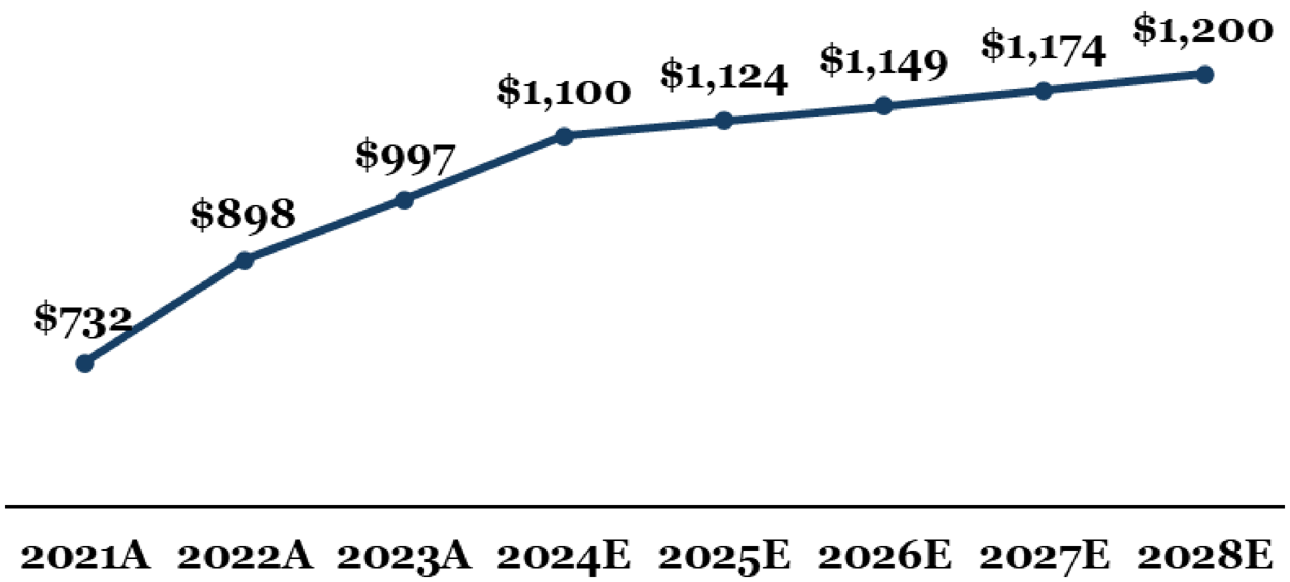
Source: S&P CapIQ 12/4/24

Industry Overview

Industry Trends & Competitive Landscape

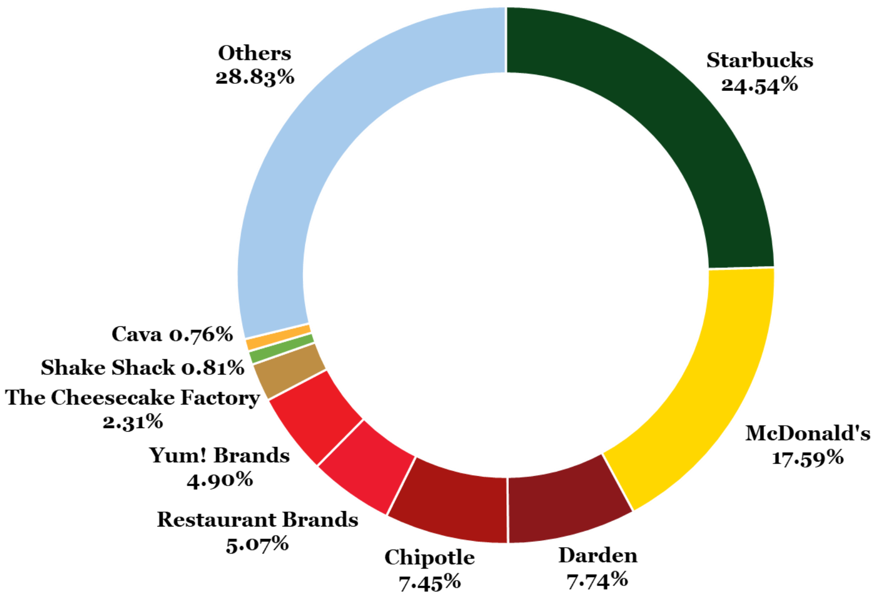
- The total United States Restaurant and Foodservice Industry is expected to reach $1.1 trillion in annual sales revenue in 2024 and continue to increase at a CAGR of 2.20% until 2030
- The Industry is dominated by mature players, allowing for potential growth and margin capture for new innovative brands
- In addition to being mature, the market boasts strong competition, with Starbucks holding a leading market share of 24.54%
- Workforce and demand for labor in the restaurant industry is forecasted to grow by 200,000 jobs, reaching 15.7 million in total employment by the end of 2024
- Labor and food costs are expected to continue to rise, representing a major concern for companies in the near and long term

Total U.S. Restaurant Sales ($ in Billions)



Source: National Restaurant Association

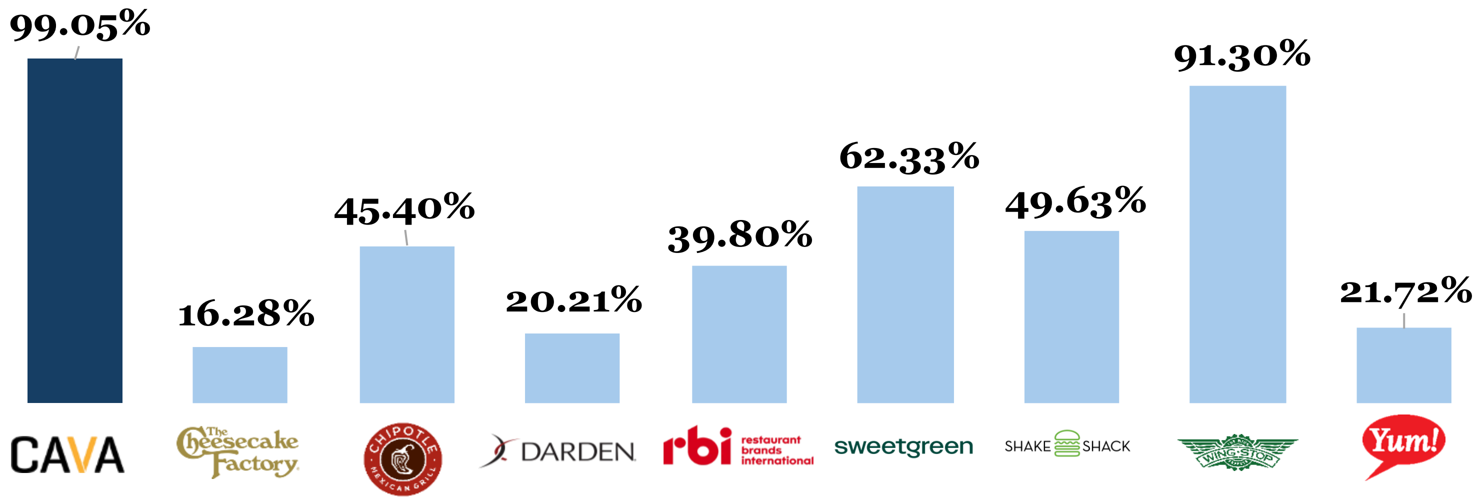
Market Share



Source: SEC EDGAR most recent 10Q Revenue, S&P CapIQ Total Market Revenue

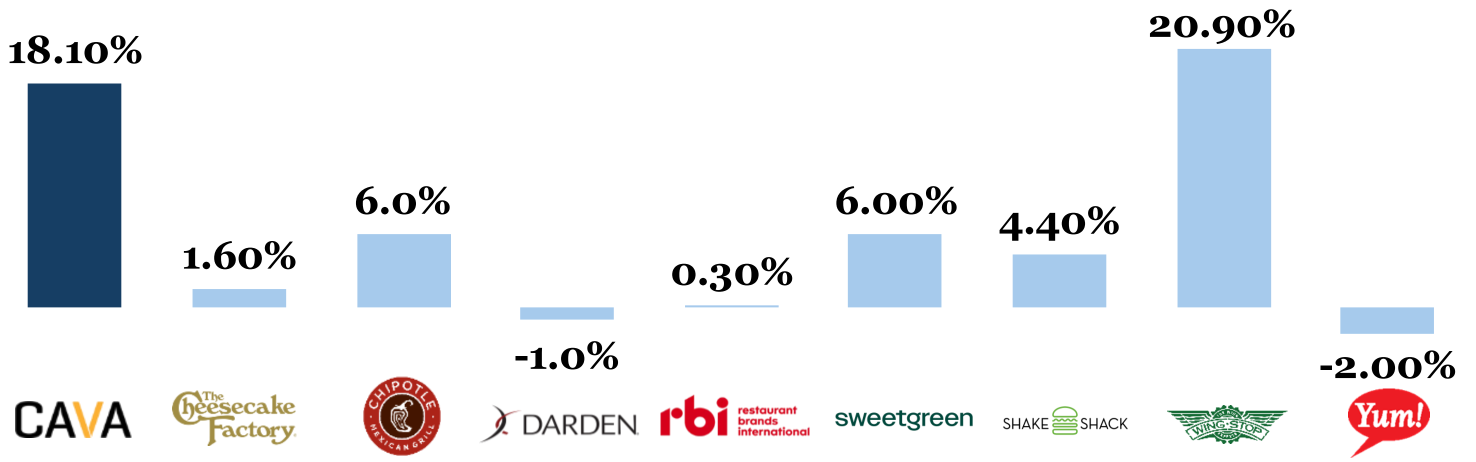
Industry Challenges

Revenue Growth 2023-2026



Source: Tegus 12/3/24

Q3 YoY Same Restaurant Sales Growth



Source: SEC EDGAR most recent 10Q Revenue, S&P CapIQ Total Market Revenue

Industry Challenges

Competition

- 45% of companies expect competition to intensify in the coming years
- With interest rates cooling off and margins fluctuating, the market will likely see consolidation and as a result an increase in M&A

Labor Costs

- In 2023, 38% of restaurants weren't profitable due to increased labor and operational costs

Supply Delays

- Supply chain disruptions continue to persist post-pandemic, with global conflicts and natural disasters being a major contribution

Customer Retention

- Competitors are finding new ways to innovate their digital infrastructure with mobile apps and vendor partnerships
- Companies are seeking to gain customer loyalty, finding success with various rewards programs that capture market share

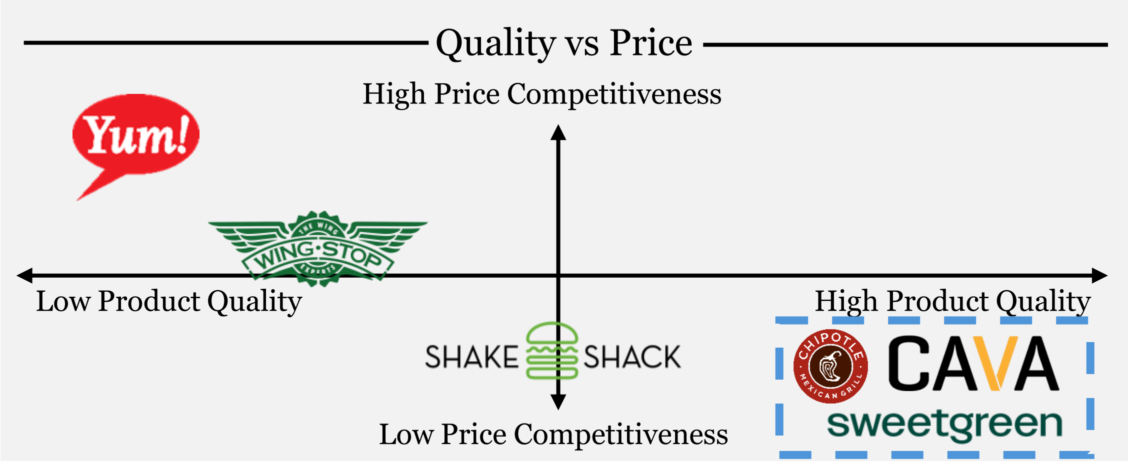
Profitability

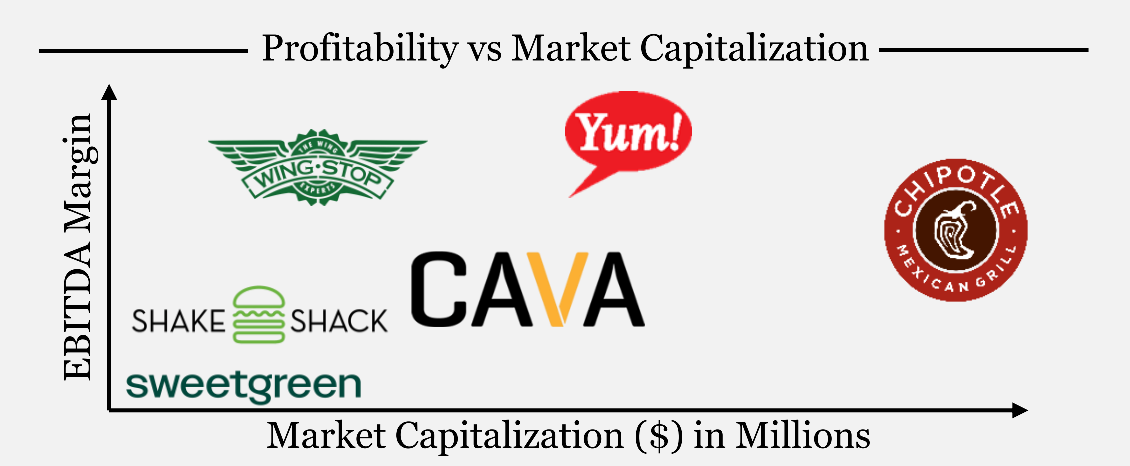
- Margins are likely to experience pressure in the coming years as a result of rising food and labor costs, inability to raise menu prices will affect overall industry profits

Food Safety

- Staff turnover and product contamination remain to be a significant challenge for the industry

Competitive Positioning

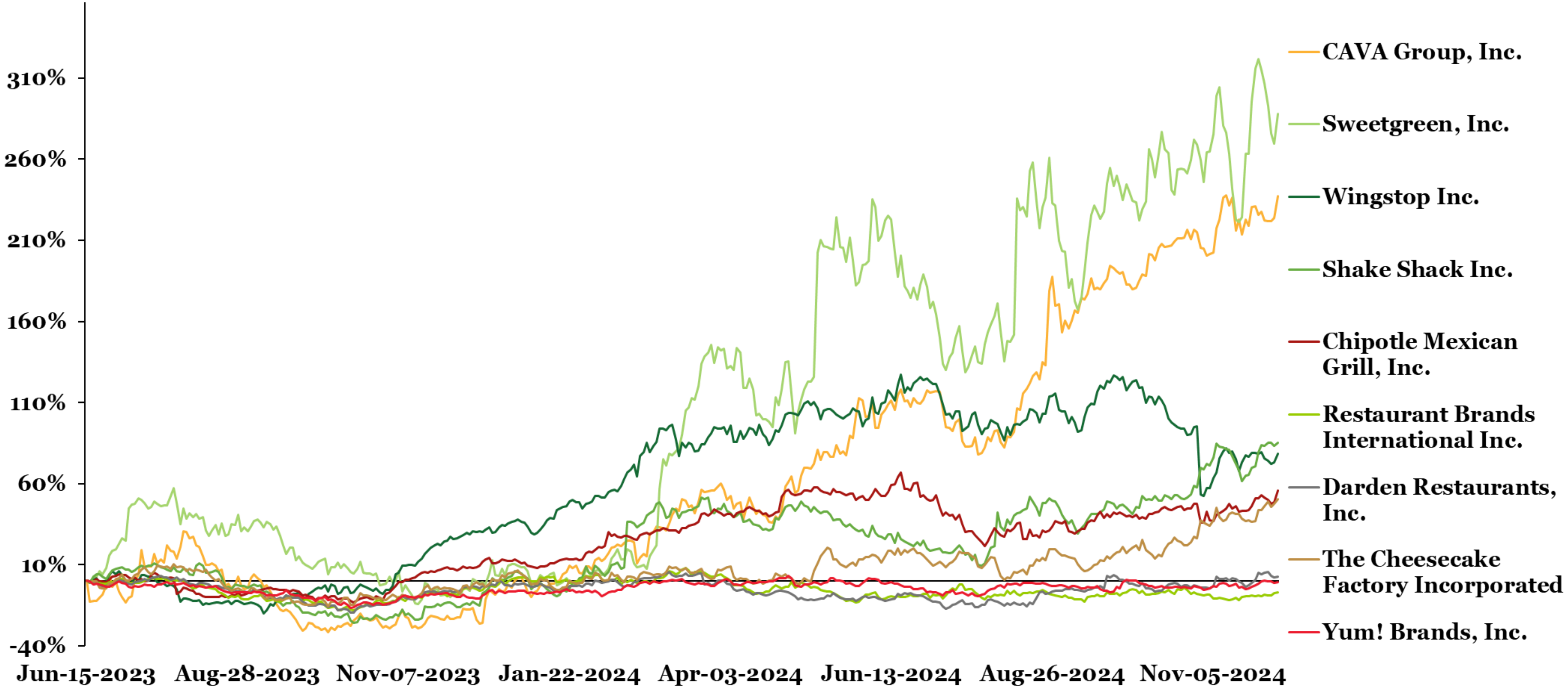




Company	Ticker	Product Quality	Customer Service	Price Competitiveness	Market Capitlization	EBITDA Margin
CAVA	CAVA	High	High	Low	16,915	14.26%
CHIPOTLE MEXICAN GRILL	CMG	High	High	Low	87,123	20.45%
sweetgreen	SG	High	High	Low	4,684	-0.97%
SHAKE SHACK	SHAK	Moderate	High	Low	5,341	14.22%
WING STOP	WING	Moderate	Moderate	Moderate	9,852	32.94%
Yum!	YUM	Low	Low	High	38,557	35.29%

Relative Stock Performance

Cava has outperformed the broader U.S. restaurant industry increasing 237% since its IPO in 2023



Source: S&P CapIQ 12/4/24

Top 25 Institutional Investors

Cava Group Inc (NYSE: CAVA)

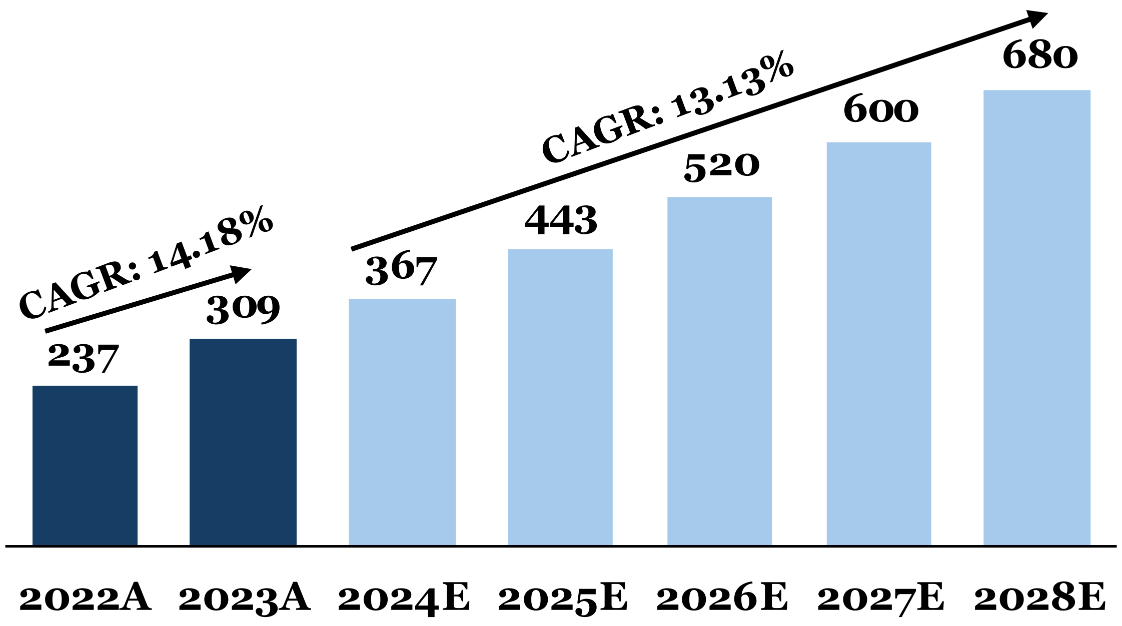
Institution	Refinitiv Style	AUM ($bn)	Cost Basis & Returns: Cost Basis	Cost Basis & Returns: Unrealized Gain	Q3 '24: % OS	Q3 '24: Shares (mm)	Historical Positions (Shares in mm): Q3 '23	Q4 '23	Q1 '24	Q2 '24	Q3 '24
Artal Group S.A.	Strategic	$ 2.38	$ 37.75	74.42%	15.28%	17.51	32.01	32.01	26.51	23.51	17.51
The Vanguard Group, Inc.	Index	5584.48	62.74	57.49	5.81	6.65	1.46	1.57	4.94	5.60	6.65
Capital Research and Management Company	Active	2.70	15.94	89.20	5.49	6.29	4.58	7.70	8.64	8.13	6.29
Act 3 Holdings, LLC	Strategic	1.00	37.75	74.42	5.26	6.03	11.64	11.64	10.14	7.14	6.03
D. E. Shaw & Co., L.P.	Quantitative	116.49	78.81	46.60	4.49	5.15	0.00	0.09	2.26	3.48	5.15
BlackRock, Inc.	Index	4763.74	73.97	49.88	3.12	3.57	0.80	0.88	1.62	2.44	3.57
FMR LLC	Active	1643.41	48.41	67.20	3.04	3.48	1.14	1.69	3.34	3.45	3.48
T. Rowe Price Group, Inc.	Active	1610.00	37.75	74.42	2.14	2.45	16.85	15.41	7.16	3.64	2.45
Two Sigma Advisers, LP	Quantitative	67.50	79.49	46.14	1.93	2.21	0.00	0.00	0.52	1.89	2.21
Two Sigma Investments, LP	Quantitative	45.63	65.74	55.46	1.72	1.97	0.00	0.02	1.21	1.99	1.97
Marshall Wace LLP	Hedge Fund	82.10	100.14	32.15	1.70	1.94	0.00	0.00	0.18	0.42	1.94
Renaissance Technologies LLC	Quantitative	66.50	88.90	39.77	1.57	1.80	0.00	0.00	0.44	0.89	1.80
Voloridge Investment Management, LLC	Quantitative	27.48	73.06	50.50	1.44	1.65	0.00	0.00	0.91	1.31	1.65
1832 Asset Management L.P.	Active	131.44	12.44	91.57	1.34	1.53	1.25	2.25	2.18	1.85	1.53
Qube Research & Technologies Ltd	Quantitative	67.85	98.72	33.12	1.29	1.48	0.00	0.00	0.00	0.53	1.48
Lord, Abbett & Co. LLC	Active	214.00	44.37	69.94	1.19	1.36	0.77	0.88	1.37	1.34	1.36
Morgan Stanley	Broker Dealer	1600.00	54.47	63.09	1.12	1.28	0.13	0.53	1.09	1.18	1.28
State Street Global Advisors, Inc.	Index	1515.67	73.12	50.46	1.11	1.27	0.18	0.23	0.59	0.95	1.27
Geode Capital Management, LLC	Index	1234.95	84.92	42.46	1.07	1.22	0.21	0.22	0.38	0.55	1.22
Federated Hermes, Inc.	Active	82.48	50.84	65.56	0.96	1.10	0.45	0.57	0.97	1.06	1.10
Schulman, Brett (Co-Founder, CEO, President & Director)	Strategic	N/A	26.72	81.90	0.92	1.06	1.18	1.19	1.22	1.24	1.06
Invesco Ltd.	Active	6023.46	64.92	56.02	0.91	1.05	0.34	0.35	0.40	1.08	1.05
Franklin Resources, Inc.	Active	2032.69	42.08	71.49	0.81	0.93	0.58	0.71	0.93	0.93	0.93
Arrowstreet Capital, Limited Partnership	Quantitative	117.40	102.61	30.48	0.67	0.77	0.00	0.00	0.06	0.10	0.77
Driehaus Capital Management LLC	Hedge Fund	11.65	52.70	64.29	0.63	0.72	0.29	0.45	0.48	0.73	0.72
Total					**64.99%**	**74.47**	**73.85**	**78.38**	**77.55**	**75.43**	**74.47**
Median			**$62.74**	**55.46%**							

Source: S&P CapIQ 12/4/24

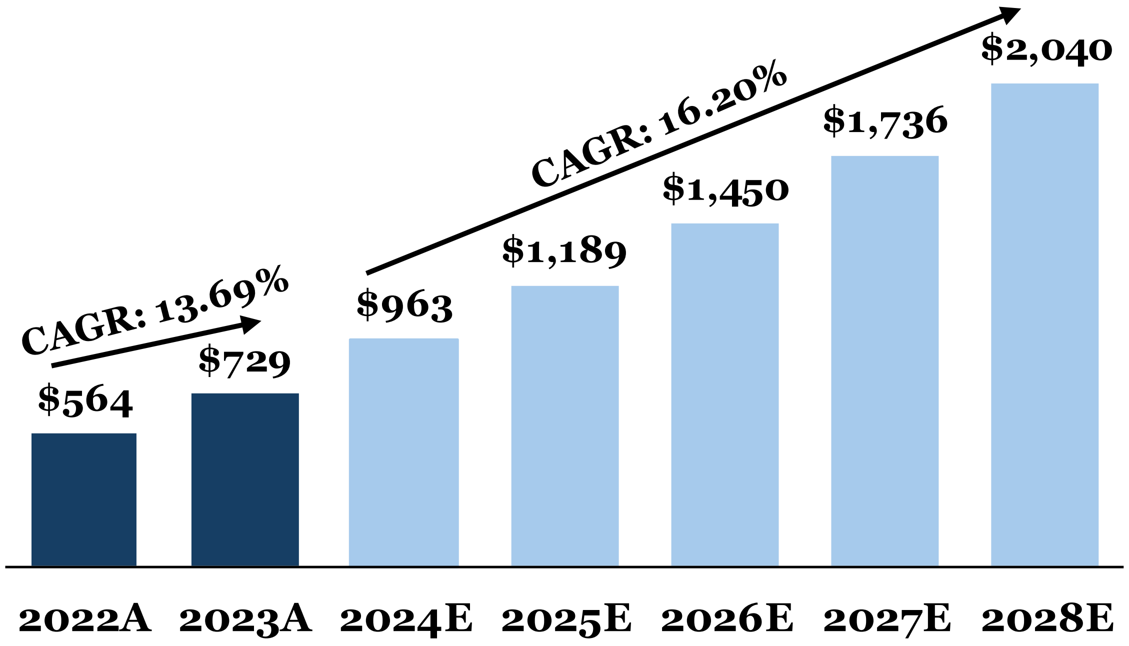
Historical & Projected Financials (HFG - Upside)

Cava Group Inc (NYSE: CAVA)

Total Store Locations



Total Revenue ($) in Millions



Store Growth Expectations

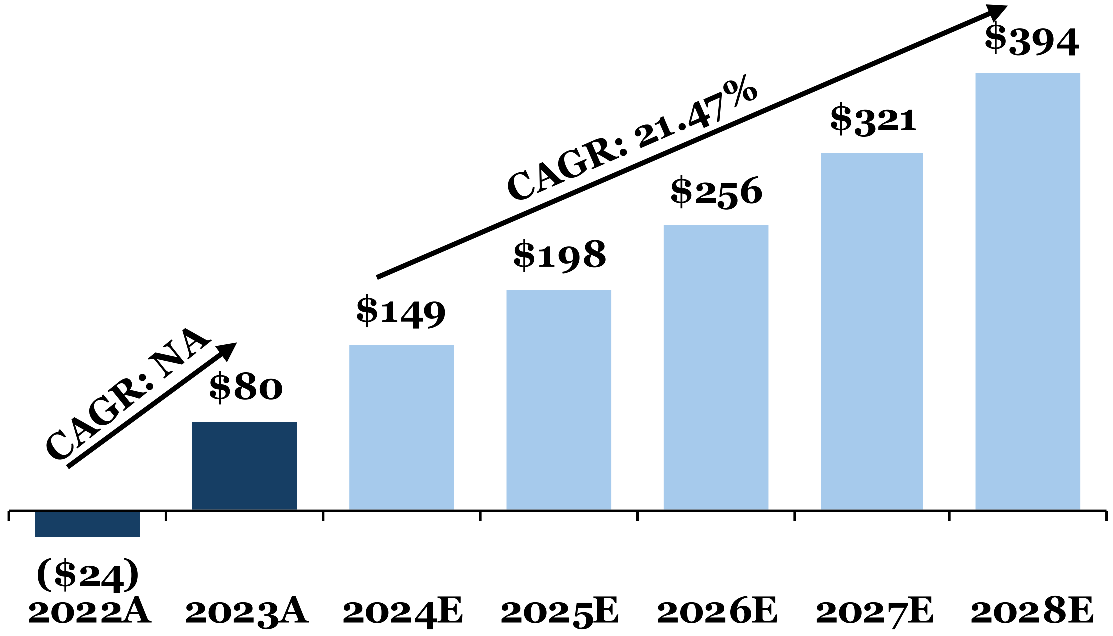
- Management’s goal is to reach 1,000 store locations by 2032, opening ~680 locations by the end of 2028
- In Q3-2024 Cava saw 11 new net store locations, the recent slowdown can be attributed to the final conversions of Zoe's Kitchen locations which allowed Cava to easily and quickly convert 200 new locations after acquisition in 2018
- Finding key geographical locations and acquiring real estate may be challenging for management
- Investors will be focused on new net store openings in 2025

Projected Revenue

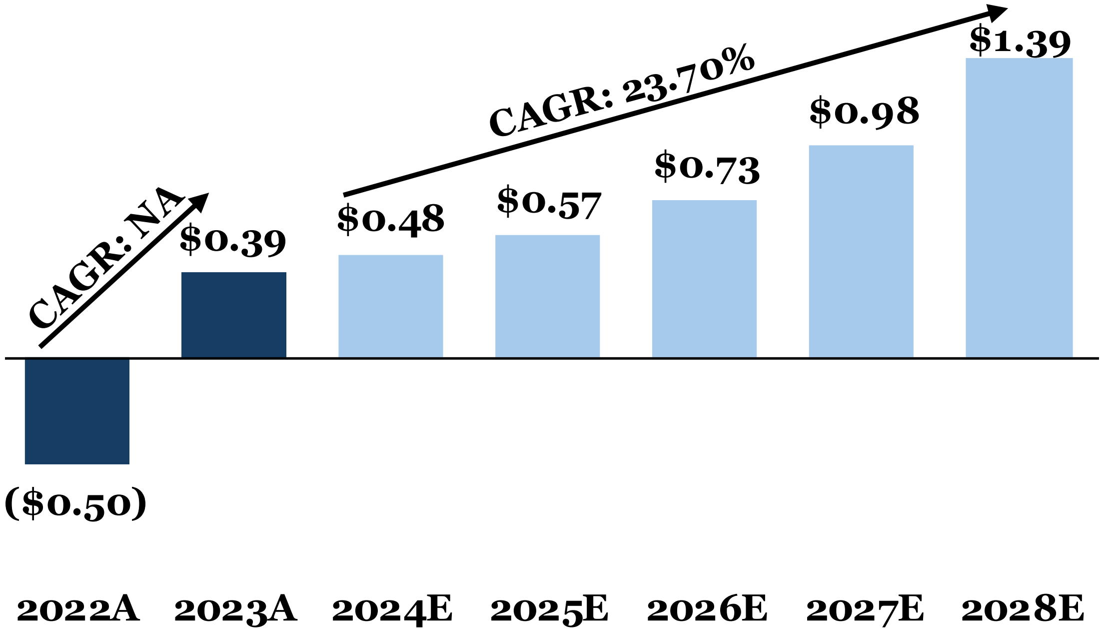
- Given management's optimistic store location goal, HFG projects that on the upside Cava will generate revenues of $2,040m in 2028
- These expectations are primarily driven by management’s continued success in opening new store locations, increasing same store revenues, and increasing its digital business infrastructure
- HFG also believes Cava will continue to grow its brand recognition through their social media marketing efforts and CPG products

Historical & Projected Financials (HFG - Upside)

Adjusted EBITDA ($) in Millions



Earnings Per Share



Projected Adjusted EBITDA

- On the upside HFG projects that Cava will continue its success in growing its store landscape, digital business, and will experience beneficial market conditions leading to 2028 projected Adj. EBITDA of $394m
- Fixed operating leverage structure allows for margin capture through increases in average unit volume and growth in Cava's digital presence
- Management continues efficient working capital management, operating lease expansion, and access to capital markets allowing them to grow FCF's

Projected Earnings Per Share

- Given management's optimistic projections, HFG believes that EPS will grow at a CAGR of 23.45% through 2028, driven primarily through store expansion and operating efficiencies
- HFG expects management to leverage strategic funding through capital markets, maintaining efficient capital allocation to support sustained earnings growth

Scenario Analysis (HFG - Upside)

	HFG Projections					Wall Street Consensus				
FYE - Dec-31st	**2023A**	**2024E**	**2025E**	**2026E**	**'23 - '26 CAGR**	**2023A**	**2024E**	**2025E**	**2026E**	**'23 - '26 CAGR**
Revenue	**729**	**963**	**1189**	**1450**	**25.8%**	**729**	**959**	**1178**	**1445**	**25.6%**
% Growth	29.2%	32.1%	23.5%	22.0%		29.2%	31.6%	22.8%	22.7%	
Δ bps to Street		54	62	(65)						
Gross Profit	**180**	**240**	**303**	**387**	**28.9%**	**180**	**239**	**307**	**387**	**28.9%**
% Margin	24.7%	25.0%	25.5%	26.7%		24.7%	25.0%	26.1%	26.8%	
Δ bps to Street		0	(62)	(10)						
Adj. EBITDA	**80**	**149**	**198**	**256**	**47.5%**	**80**	**124**	**162**	**211**	**38.3%**
% Margin	10.9%	15.5%	16.7%	17.6%		10.9%	12.9%	13.7%	14.6%	
Δ bps to Street		253	295	303						
EPS	**0.39**	**0.48**	**0.57**	**0.73**	**23.1%**	**0.39**	**0.49**	**0.62**	**0.79**	**26.5%**
Δ bps to Street		(194)	(880)	(801)						

Source: Tegus 12/4/24

Scenario Analysis (HFG - Base)

		HFG Projections				Wall Street Consensus				
FYE - Dec-31st	2023A	2024E	2025E	2026E	'23 - '26 CAGR	2023A	2024E	2025E	2026E	'23 - '26 CAGR
Revenue	**729**	**962**	**1152**	**1357**	**23.0%**	**729**	**959**	**1178**	**1445**	**25.6%**
% Growth	29.2%	32.1%	19.8%	17.8%		29.2%	31.6%	22.8%	22.7%	
Δ bps to Street		45	(308)	(488)						
Gross Profit	**180**	**236**	**292**	**358**	**25.7%**	**180**	**239**	**307**	**387**	**28.9%**
% Margin	24.7%	24.5%	25.3%	26.4%		24.7%	25.0%	26.1%	26.8%	
Δ bps to Street		(44)	(74)	(37)						
Adj. EBITDA	**80**	**145**	**185**	**230**	**42.3%**	**80**	**124**	**162**	**211**	**38.3%**
% Margin	10.9%	15.0%	16.1%	16.9%		10.9%	12.9%	13.7%	14.6%	
Δ bps to Street		208	236	231						
EPS	**0.39**	**0.46**	**0.53**	**0.65**	**18.7%**	**0.39**	**0.49**	**0.62**	**0.79**	**26.5%**
Δ bps to Street		(708)	(1382)	(1747)						

Source: Tegus 12/4/24

Scenario Analysis (HFG - Downside)

	HFG Projections					Wall Street Consensus				
FYE - Dec-31st	2023A	2024E	2025E	2026E	'23 - '26 CAGR	2023A	2024E	2025E	2026E	'23 - '26 CAGR
Revenue	**729**	**962**	**1123**	**1285**	**20.8%**	**729**	**959**	**1178**	**1445**	**25.6%**
% Growth	29.2%	32.0%	16.8%	14.4%		29.2%	31.6%	22.8%	22.7%	
Δ bps to Street		36	(603)	(824)						
Gross Profit	**180**	**231**	**279**	**329**	**22.2%**	**180**	**239**	**307**	**387**	**28.9%**
% Margin	24.7%	24.0%	24.9%	25.6%		24.7%	25.0%	26.1%	26.8%	
Δ bps to Street		(93)	(120)	(115)						
Adj. EBITDA	**80**	**140**	**170**	**201**	**36.2%**	**80**	**124**	**162**	**211**	**38.3%**
% Margin	10.9%	14.5%	15.2%	15.7%		10.9%	12.9%	13.7%	14.6%	
Δ bps to Street		159	141	105						
EPS	**0.39**	**0.42**	**0.42**	**0.45**	**5.0%**	**0.39**	**0.49**	**0.62**	**0.79**	**26.5%**
Δ bps to Street		(1518)	(3216)	(4291)						

Source: Tegus 12/4/24

Summary of Financial Analyses

Price Target: $78.62

		Illustrative Price Per Share (Low)	Illustrative Price Per Share (High)	Comments
Financial Analysis	Precedent Transaction Analysis	$9.56	$20.85	• 9.5x to 21x multiple applied to LTM EBITDA - Low: Jack In The Box / Del Taco (2022) - High: Equicorp Partners / Dunkin Brands (2020)
	Discounted Cash Flow	$11.58	$85.99	• 13.97x to 50.64x 2028E EBITDA Multiple • 8.68% to 9.03% Weighted Average Cost of Capital
	Present Value of Future Share Price	$7.93	$116.15	• 23.21x to 166.79x P/E Multiple • 8.92% Cost of Equity Applied
Market Analysis	Public Comps	$13.76	$283.93	• 13.97x - 244.28x multiple applied to 2025E EBITDA - Low: Darden Restaurants - High: SweetGreen
	52 Week High/Low	$31.47	$172.43	• High: $172.43 (11/13/24) • Low: $31.47 (12/11/23)
	Analysts High/Low	$110.00	$190.00	• High: $190.00 Wedbush (11/13/24) • Low: $110.00 JP Morgan (11/13/24)

Investment Risks

Competition

- Cava maintains high product quality and premium pricing, competing directly with industry leaders like Chipotle and Sweetgreen
- The digital landscape intensified competition for customer retention, with companies leveraging mobile apps and loyalty programs
- Securing and retaining a skilled workforce remains a persistent challenge across the industry
- Competition for prime real estate locations adds pressure, particularly as Cava enters new markets

Economic Downturns

- During a recession, Cava may face significant pressures from declining sales revenue and elevated interest rates
- Historically, Cava has benefitted from interest income on its cash and marketable securities: however, these returns could diminish in a downturn
- Persistently low unemployment levels may exacerbate operational challenges, including higher labor costs and workforce retention
- Tightened equity markets and reduced operating margins could lower Cava's intrinsic value

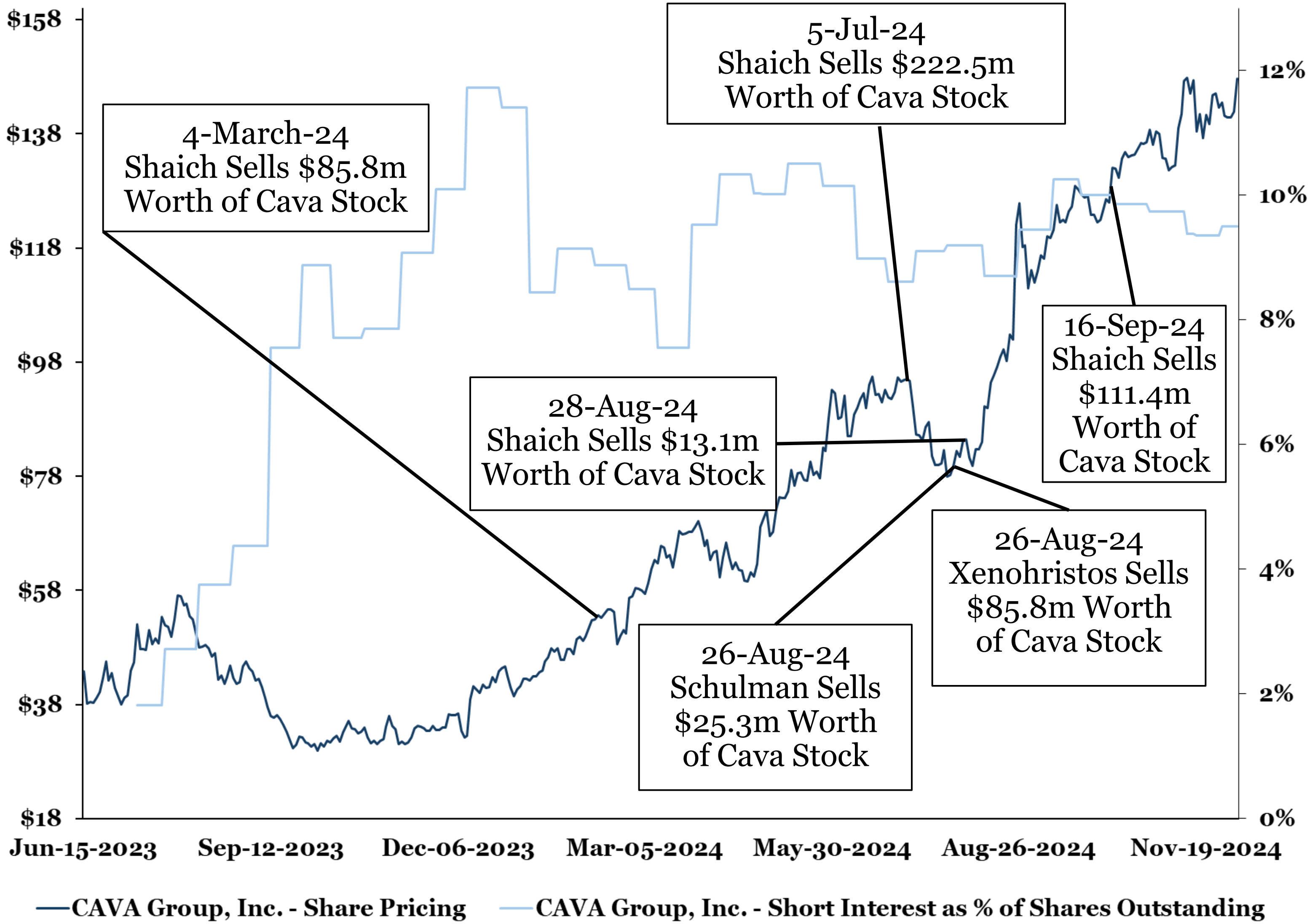
Food Safety & Health Risks

- Recently companies like McDonald's and Chipotle have experienced detrimental food safety challenges resulting in lower sales, reduced market share, and diminished brand equity
  - McDonald's E. coli outbreak: Linked to contaminated onions, the incident caused a 6.5% stock price decrease
  - Chipotle's E. coli outbreak: Tied to contaminated beef, this event led to a 28.4% stock price decrease
- In New York City, 18% of Cava's locations have a grade of "C" for health and food safety with one store closing for not displaying the correct grade
- Workforce turnover and a lack of focus on food safety could severely harm Cava's brand, if the firm faced similar food safety issues, the market would likely react, discounting the stock price

Customer Retention

- Customer spending is largely pulling back due to rising prices, driven by inflation, supply restraints, and increasing food and labor costs
- Competition is intensifying as consumers have more options, including established brands like Chipotle and Sweetgreen, alongside emerging players such as Naya
- The industry has faced challenges retaining customers in 2024, with concerning trends in same-store sales growth
- Notably, October 2024 was the only month where same-store sales growth surpassed the previous years levels
- Cava's same-store sales growth of 18.1% in Q3 signifies optimism for future revenues, investors will be focused on continued growth going forward

Investment Risks



Source: S&P CapIQ 12/4/24

Insider Sales

- Since the lockup period ended 12/12/23, insiders have been leveraging the rising stock price and aggressively selling their positions in Cava
- Total insider sales since IPO amount to $595.6 million, signaling potential concerns about managements confidence in long-term growth

Short Interest

- Hedge Funds and traders are showing skepticism about Cava's valuation, with 9.5% of the total shares outstanding sold short
- While short interest has marginally declined post-Q3 earnings, conviction in short positions remains high, suggesting ongoing concerns about overvaluation
- Elevated short interest indicates that the market perceives limited upside potential for Cava

Appendix. Price Target

Cava Price Target		
Valuation Method	**% Weight**	**PT**
Precedent Transactions Downside	4%	0.33
Precedent Transactions Base	5%	0.91
Precedent Transactions Upside	16%	3.40
Discounted Cash Flow Downside	4%	0.41
Discounted Cash Flow Base	5%	1.78
Discounted Cash Flow Upside	16%	14.04
PV of Future Share Price Downside	4%	0.28
PV of Future Share Price Base	5%	1.23
PV of Future Share Price Upside	16%	18.97
Public Comps Low	5%	0.69
Public Comps High	5%	14.20
Current Market Price	5%	7.38
Analyts Low	5%	5.50
Analyts High	5%	9.50
Weighted Price Target	**100%**	**$78.62**
Upside (Downside)		-(46.73%)

Comments

- **Methodology Overview:** HFGs PT is derived using a weighted average of the various valuation methods used to account for our different cases. Each method is assigned a weight based on its relevance and probability of occurrence
- **Result:** Given our forecast expectations and assigned weights, HFG believes that Cava is intrinsically worth $78.62

Appendix. WACC

WACC Calculation

Debt / Cap	2.23%
Equity / Cap	97.77%
Implied Debt / Equity Ratio	**0.02**
Risk Free Rate	4.18%
Equity Beta	1.68
Equity Risk Premium	7.00%
Cost of Equity	**8.92%**
Illustrative Pre-Tax Cost of Debt	6.01%
After-Tax Cost of Debt	5.94%
WACC	**8.85%**

WACC Sensitivity Table

		Debt / Total Capitalization		
		2.00%	2.23%	2.50%
Equity Beta	1.74	9.03%	9.01%	9.01%
	1.68	8.86%	8.85%	8.84%
	1.62	8.69%	8.68%	8.68%

For Reference: Selected Public Companies

Company	Historical Equity Beta	Total Equity (mm)	Total Debt (mm)	Total Cash (mm)	Net Debt (mm)	Basic Market Cap	Debt-to-Cap	Asset Beta
CAKE	1.50	2612	1836	56	1780	2612	0.41	1.07
CMG	1.27	87123	3116	561	2556	87123	0.03	1.23
DRI	1.33	20118	6802	195	6607	20118	0.25	1.06
QSR	0.96	23019	16598	1139	15459	23019	0.42	0.68
SG	2.33	4684	80	257	-177	4684	0.02	2.29
SHAK	1.87	5341	526	225	301	5341	0.09	1.72
WING	1.76	9852	694	90	604	9852	0.07	1.65
YUM	1.10	16912	3	512	-509	16912	0.00	1.10
Median	**1.42**	**13382**	**1265**	**241**	**1192**	**13382**	**0.08**	**1.16**
Mean	**1.52**	**21208**	**3707**	**379**	**3327**	**21208**	**0.16**	**1.35**

Source: S&P CapIQ 12/4/24

Appendix. Precedent Transactions

Announced Date	Target	Acquirer	Enterprise Value	EV / LTM EBITDA
Nov-24	Jersey Mikes	Blackstone	$8,000	18.35x
Apr-24	Subway	Roark Capital Group	$9,550	13.22x
Aug-23	Pollo Operations	Authentic Restaurant Brands	$255	16.90x
Mar-22	Del Taco	Jack in The Box	$846	9.50x
Dec-22	Firehouse Subs	Restaurant Brands International	$1,020	20.30x
Dec-20	Dunkin' Brands	Equicorp Partners	$12,364	21.00x
Nov-19	Papa John's International	MTY Food Group	$2,757	15.90x
May-16	Krispy Kreme Doughnuts Inc.	Cotton Parent, Inc.	$3,249	18.10x
Median			**$3,003**	**17.50x**
Mean			**$4,755**	**16.66x**
For Reference				
	Zoes Kitchen	Cava Group Inc.	300	53.73x

Source: S&P CapIQ 12/4/24

Appendix. DCF Upside

DCF - EBITDA Multiple	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Revenue	564,119	728,700	962,915	1,188,757	1,450,451	1,735,822	2,039,559
% Growth		29.2%	32.1%	23.5%	22.0%	19.7%	17.5%
EBIT	(58,941)	22,900	78,124	105,731	142,587	185,675	234,925
% of Revenue			8.1%	8.9%	9.8%	10.7%	11.5%
Taxes	93	768	703	1,156	1,561	2,035	2,577
% Effective Tax Rate	0.2%	3.5%	0.7%	1.0%	1.1%	1.1%	1.1%
EBIAT			77,420	104,574	141,026	183,640	232,348
D&A			59,142	69,991	85,399	102,201	120,085
% of Revenue			6.1%	5.9%	5.9%	5.9%	5.9%
CapEx			41,917	47,965	58,524	70,038	82,293
% of Revenue			4.4%	4.0%	4.0%	4.0%	4.0%
Δ in NWC			(20,061)	(20,196)	(22,993)	(28,232)	(29,791)
% of Revenue			-2.1%	-1.7%	-1.6%	-1.6%	-1.5%
Unlevered FCF			**114,707**	**146,797**	**190,895**	**244,035**	**299,930**
Present Value of FCF			**105,547**	**124,289**	**148,720**	**174,939**	**197,839**
Terminal Value							**17,978,250**
Present Value of Terminal Value							**11,858,774**
Equity Value							**12,610,110**
(-) Net Debt							(173,519)
Enterprise Value							**12,783,629**
Shares Outstanding							148,666
Implied Share Price							**$85.99**

Appendix. DCF Base

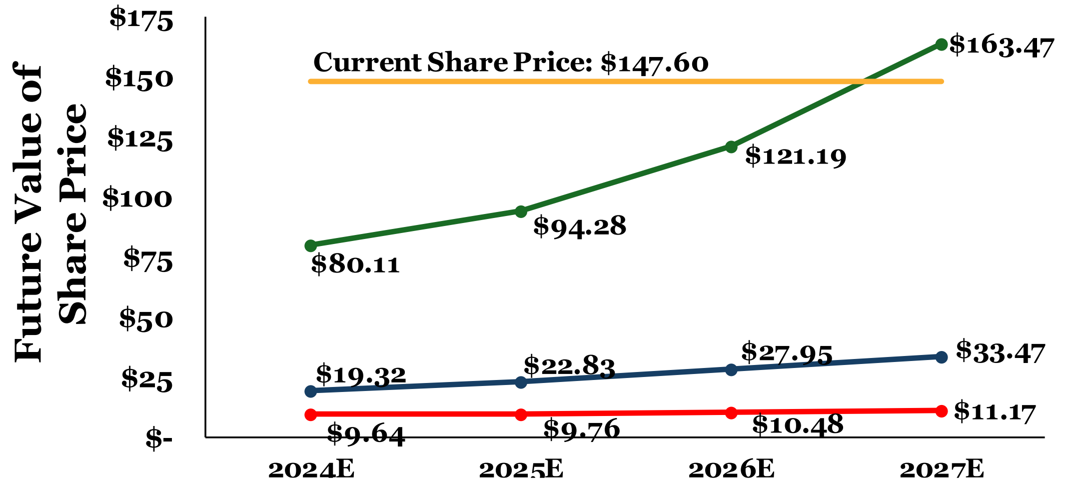
DCF - EBITDA Multiple	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Revenue	564,119	728,700	962,279	1,152,420	1,357,420	1,571,949	1,796,357
% Growth		29.2%	32.1%	19.8%	17.8%	15.8%	14.3%
EBIT	(58,941)	22,900	73,762	95,532	123,569	152,315	183,645
% of Revenue			7.7%	8.3%	9.1%	9.7%	10.2%
Taxes	93	768	655	1,043	1,351	1,667	2,011
% Effective Tax Rate	0.2%	3.5%	0.7%	1.0%	1.1%	1.1%	1.1%
EBIAT			73,107	94,489	122,218	150,649	181,634
D&A			59,105	67,852	79,922	92,553	105,766
% of Revenue			6.1%	5.9%	5.9%	5.9%	5.9%
CapEx			41,891	46,499	54,770	63,426	72,481
% of Revenue			4.4%	4.0%	4.0%	4.0%	4.0%
Δ in NWC			(16,916)	(17,234)	(17,191)	(20,897)	(22,430)
% of Revenue			-1.8%	-1.5%	-1.3%	-1.3%	-1.2%
Unlevered FCF			**107,236**	**133,076**	**164,561**	**200,672**	**237,349**
Present Value of FCF			**98,516**	**112,312**	**127,589**	**142,935**	**155,310**
Terminal Value							**7,717,483**
Present Value of Terminal Value							**5,049,960**
Equity Value							**5,686,621**
(-) Net Debt							(98,209)
Enterprise Value							**5,784,830**
Shares Outstanding							168,381
Implied Share Price							**$34.36**

Appendix. DCF Downside

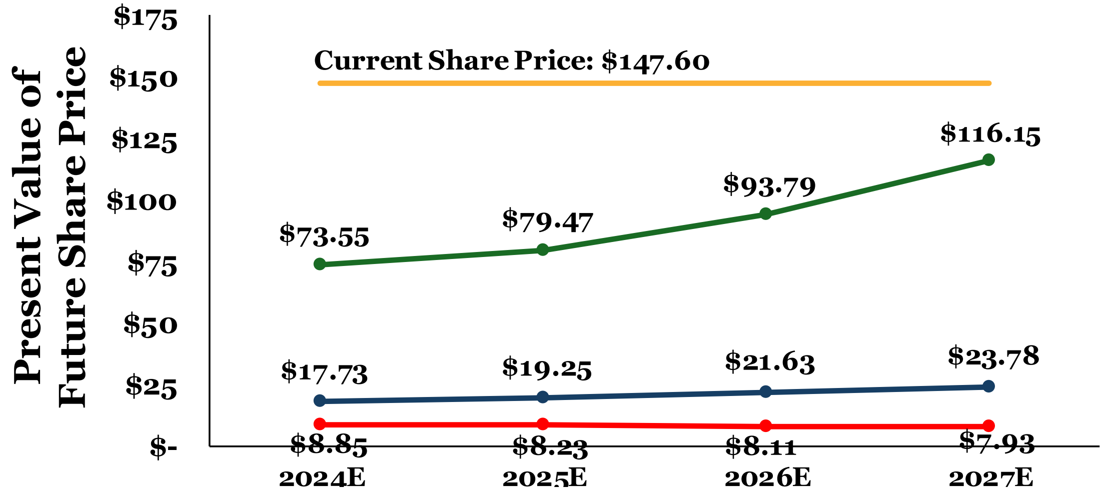
DCF - EBITDA Multiple	2022A	2023A	2024E	2025E	2026E	2027E	2028E
Revenue	564,119	728,700	961,642	1,123,273	1,285,318	1,453,396	1,627,682
% Growth		29.2%	32.0%	16.8%	14.4%	13.1%	12.0%
EBIT	(58,941)	22,900	69,000	82,439	100,724	119,257	139,273
% of Revenue			7.2%	7.3%	7.8%	8.2%	8.6%
Taxes	93	768	602	898	1,098	1,301	1,520
% Effective Tax Rate	0.2%	3.5%	0.7%	1.0%	1.0%	1.1%	1.1%
EBIAT			68,398	81,541	99,626	117,956	137,753
D&A			59,067	66,136	75,677	85,573	95,834
% of Revenue			6.1%	5.9%	5.9%	5.9%	5.9%
CapEx			41,866	45,323	51,861	58,643	65,675
% of Revenue			4.4%	4.0%	4.0%	4.0%	4.0%
Δ in NWC			(14,970)	(15,689)	(13,185)	(16,902)	(17,114)
% of Revenue			-1.6%	-1.4%	-1.0%	-1.2%	-1.1%
Unlevered FCF			**100,569**	**118,044**	**136,626**	**161,788**	**185,027**
Present Value of FCF			**92,243**	**99,307**	**105,425**	**114,505**	**120,111**
Terminal Value							**3,285,096**
Present Value of Terminal Value							**2,132,528**
Equity Value							**2,664,118**
(-) Net Debt							(33,643)
Enterprise Value							**2,697,761**
Shares Outstanding							232,935
Implied Share Price							**$11.58**

Appendix. PV of Future Share Price

Estimated Future Value of Share Price



Estimated Present Value of Future Share Price



23.21x Downside — 42.40x Base — 166.79x Upside

($ in millions except per share)	2024E	2025E	2026E	2027E
Shares Outstanding (mm)				
23.21x Downside P/E	123.4	151.1	178.6	205.9
42.40x Base P/E	123.0	142.4	156.6	165.4
166.79x Upside P/E	125.4	151.5	164.9	164.4
EPS				
24.06x Downside P/E	$ 0.42	$ 0.42	$ 0.45	$ 0.48
42.62x Base P/E	$ 0.46	$ 0.54	$ 0.66	$ 0.79
166.79x Upside P/E	$ 0.48	$ 0.57	$ 0.73	$ 0.98

Cost of Equity: 8.92%

Implied Future Share Price	2024E	2025E	2026E	2027E
24.06x Downside P/E	$ 9.64	$ 9.76	$ 10.48	$ 11.17
42.62x Base P/E	$ 19.32	$ 22.83	$ 27.95	$ 33.47
166.79x Upside P/E	$ 80.11	$ 94.28	$ 121.19	$ 163.47

Appendix. Selected Trading Comps

						Enterprise Value Multiples				P / E Multiples		Revenue			
Company	Closing Price	52-Week High	Market Cap	Enterprise Value	Equity Beta	2024E Revenue	2025E Revenue	2024E EBITDA	2025E EBITDA	2024E EPS	2025E EPS	2024E EBITDA	2025E EBITDA	2024E Net Income	2025E Net Income
CAVA	$147.60	$172.43	$16,915	$17,286	1.68	17.98x	15.39x	134.98x	116.34x	670.33x	541.22x	13.32%	13.23%	5.33%	5.66%
CAKE	$51.17	$51.23	$2,612	$4,448	1.50	1.20x	1.24x	14.59x	15.61x	14.33x	15.46x	8.23%	7.69%	3.45%	4.52%
CMG	$63.89	$69.26	$87,123	$90,239	1.27	7.26x	7.26x	35.48x	35.48x	51.11x	57.04x	20.45%	20.05%	9.84%	13.54%
DRI	$171.22	$177.67	$20,118	$26,920	1.33	2.23x	2.27x	13.71x	13.97x	17.72x	18.10x	16.29%	16.23%	8.86%	9.45%
QSR	$71.11	$83.29	$23,019	$39,617	0.96	5.66x	4.70x	15.35x	14.28x	21.95x	21.29x	36.88%	32.87%	15.96%	17.83%
SG	$40.49	$45.12	$4,684	$4,763	2.33	8.17x	7.02x	-840.11x	244.28x	-39.70x	-56.24x	-0.97%	2.87%	-7.83%	-9.40%
SHAK	$133.43	$135.76	$5,341	$5,866	1.87	4.29x	4.69x	30.14x	34.57x	132.11x	166.79x	14.22%	13.58%	1.14%	2.82%
WING	$337.25	$433.86	$9,852	$10,546	1.76	14.69x	16.77x	44.60x	50.64x	78.07x	91.64x	32.94%	33.12%	10.02%	17.21%
YUM	$138.16	$143.20	$38,557	$50,070	1.10	7.01x	6.63x	19.86x	18.76x	26.02x	25.12x	35.29%	35.31%	18.86%	20.71%
High	**$337.25**	**$433.86**	**$87,123**	**$90,239**	**2.33**	**14.69x**	**16.77x**	**44.60x**	**244.28x**	**132.11x**	**166.79x**	**36.88%**	**35.31%**	**18.86%**	**20.71%**
Mean	**125.84**	**142.42**	**23913**	**29059**	**1.52**	**6.31**	**6.32**	**-83.30**	**53.45**	**37.70**	**42.40**	**20.42%**	**20.22%**	**7.54%**	**9.58%**
Median	**102.27**	**109.53**	**14985**	**18733**	**1.42**	**6.34**	**5.66**	**17.60**	**26.67**	**23.98**	**23.21**	**18.37%**	**18.14%**	**9.35%**	**11.50%**
Low	**40.49**	**45.12**	**2612**	**4448**	**0.96**	**1.20**	**1.24**	**-840.11**	**13.97**	**-39.70**	**-56.24**	**-0.97%**	**2.87%**	**-7.83%**	**-9.40%**

Source: S&P CapIQ 12/4/24