

INTRODUCING NATIONAL RETAIL CONCEPT PARTNERS



National Retail Concept Partners

- Who we are
- What do we do



Who We Are

Dean Haskell

Wall Street Analyst

Called sell-off for Boston Market, McD's

Raised \$1 Billion for restaurant industry:

IPO's & Secondary Offerings

Convertible equity

Debt Offerings

Private M&A

Ops experience in multiple categories

Dance Clubs

QSR

Fast Casual

Casual & Fine Dining

CEO Real American Restaurants

3 year turnaround

23 years restaurant finance experience

MBA Vanderbilt University

Larry DeVries

Every level of restaurant industry from line cook to "C-level" jobs

Pizza Hut West - Regional Vice President

Managed over 300 units

Boston Market Area Developer/VP

Built 18 stores in 18 months

Caribou Coffee VP Ops

Opened 180 units in 3 years

Metromedia Restaurant Group COO

Steak and Ale/Bennigan's

Papa Johns Franchisee

84 units Colorado and Minnesota

Consulting experience in:

QSR

Fast Casual

Casual Dining

Delivery (Pizza)

Experience managing

most restaurant disciplines



What do we do?

We create and implement strategies to grow and improve your business

- **Growth strategies**
 - Unit Development
 - Financing
 - Franchising
- **Existing Operations**
 - Optimize Operating costs – Food & Labor
 - “Improve efficiency without sacrificing guest experience”
 - Change Management / Training
 - HR planning and assessments
 - Brand positioning
 - Turnaround
 - Re-organization
 - Re-engineering



What do we do?

We create and implement strategies to grow and improve your business

- **M & A Strategy**
 - Segment Analysis and Strategic Direction
 - Target Analysis and Valuation
 - Anonymous Contact with Targets
 - Negotiation and Advisory
“We do the Math, so you don’t have to”
- **Organizational Enhancements**
 - Board membership
 - Interim executive management
 - Executive recruitment



VALUATIONS IN A POST-COVID WORLD



Data Review

- No true comparables to the recent experience
- Spanish Flu (no/limited data)
- SARS (2003) / H1N1 (2009)
- 9-11-2001
- COVID 19 is a sudden and immediate change in our

WORLD EXPERIENCE

- COVID 19 is not an event in a specific place. There is no start/end to it like a hurricane, an earthquake or tornado



“Pre-Pandemic” Considerations to Valuation

- Competitive Segment
- Company Owned / Franchisee
- Asset-light Franchisor
- Revenue & Unit Growth Models
- Unit Model Returns
 - Based on EBITDA
- Discounts to Relevant Public Valuations



Pandemic Considerations that may Impact Valuations

- Capacity restrictions: Short term/Long term
 - Geography; (Multi) - State, County, City vs. CDC
 - How long? Guidelines changing 2nd Spike in Cases?
- Commodity pricing & availability; local farm-to-table
 - Supply Chain impacts to menu focus, menu pricing, higher COGS
- Changing commute/travel/tourism habits
 - i.e. High density office areas suffer when EE's work from home
 - Locations on high-traffic corridors face lower counts / sales
 - Concepts based on tourism may suffer as habits change
- EBITDA-C expectations (earnings before interest/taxes depreciation & amortization and COVID)



Pandemic Financial Considerations

- Supply chains are stressed; impacts to menu/costs.
- Local sourcing may help smaller casual dining chains.
- Over-leveraged operators will need restructuring.
- Landlord restructurings may make them a partner.
- Franchisor / Franchisee relationships are strained.
- Visible glidepath in revenue and profits required, and
- will dictate financial negotiations between parties.

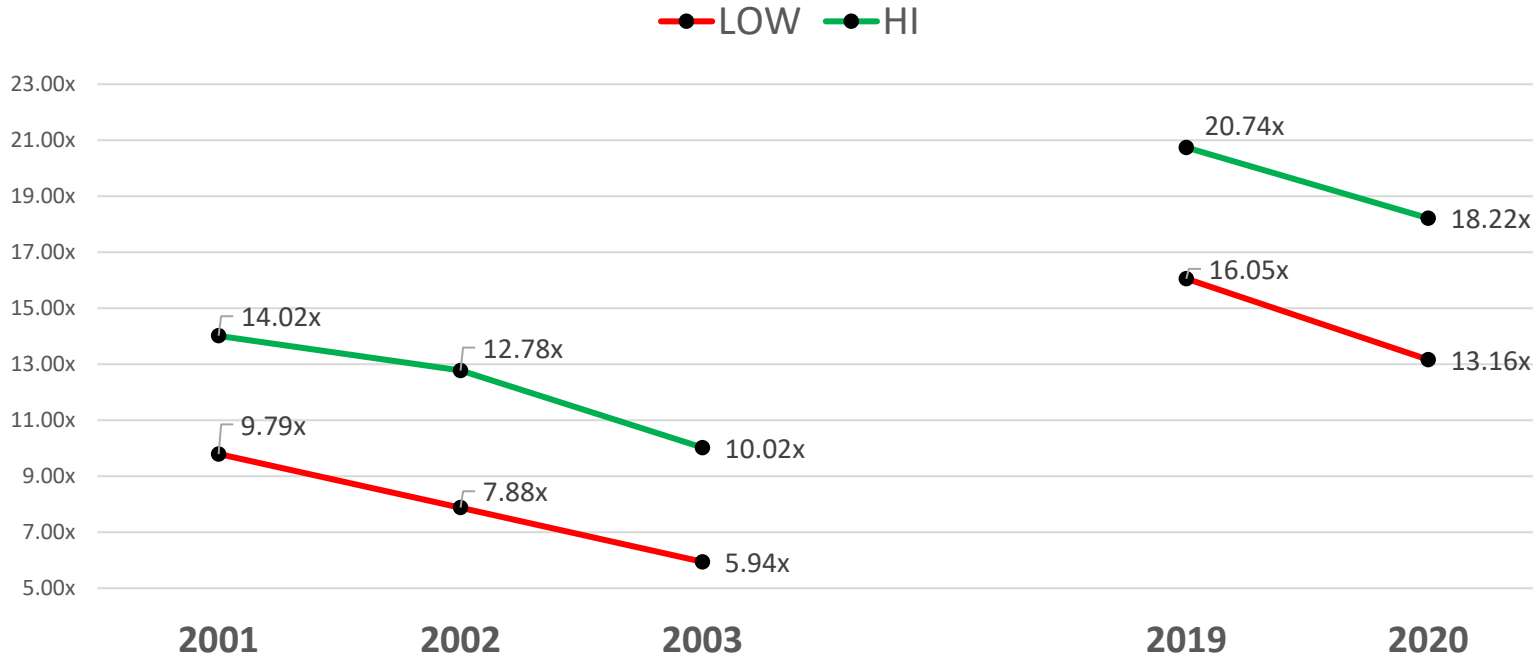


National Restaurant Association estimates:

- That, Industry COVID costs now exceed \$120B, in addition to the lost sales.
- That, ONLY 25% of the industry expects to turn an Operating profit in 2020.



QSR Valuations

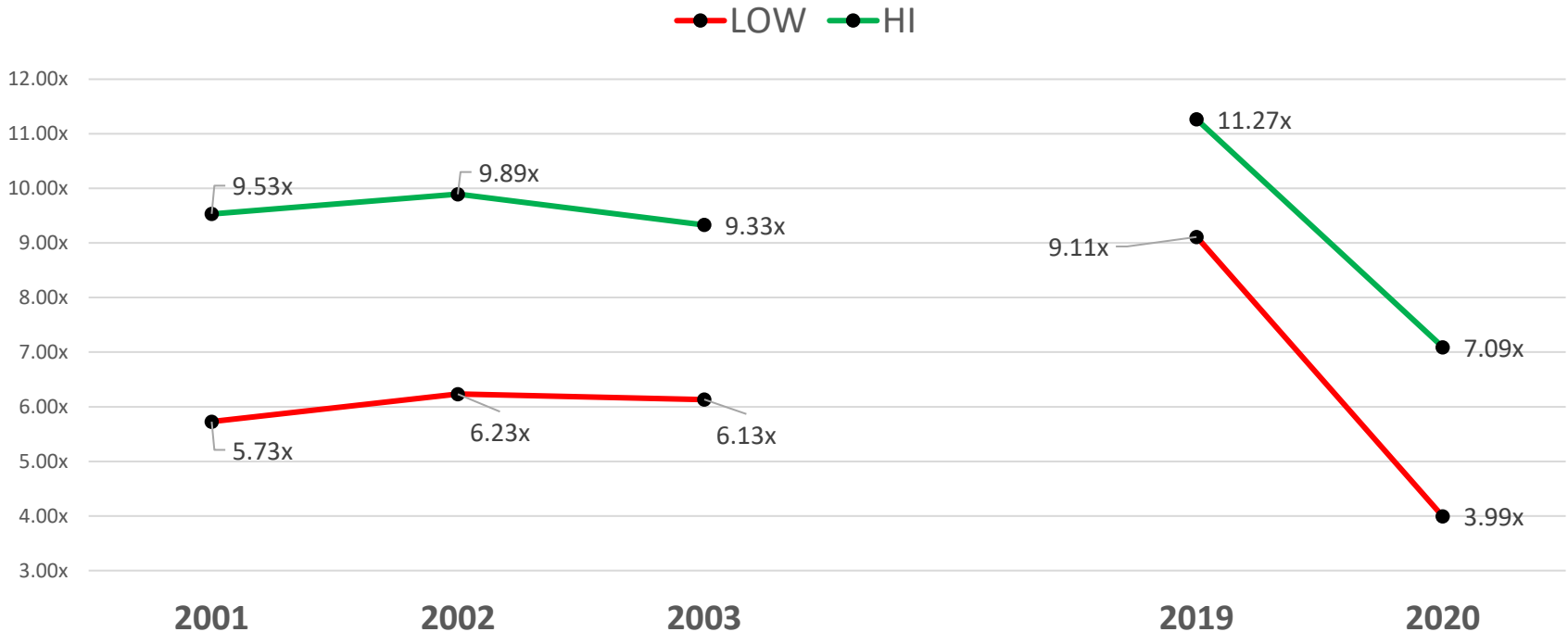


QSR – mostly franchised (asset-light) with high recurring revenues have held stronger valuations since 2001-3. (low valuations down 20% in 02, another 20% in 03).

Resilience in 2020 with a 20% decrease immediately on the low end;
only 10% decline on the higher valuation recognizing min COVID impact created a widening gap b/n low and high valuations; mostly small and larger companies; digitally savvy vs. non-digital.



Casual Dining Valuations

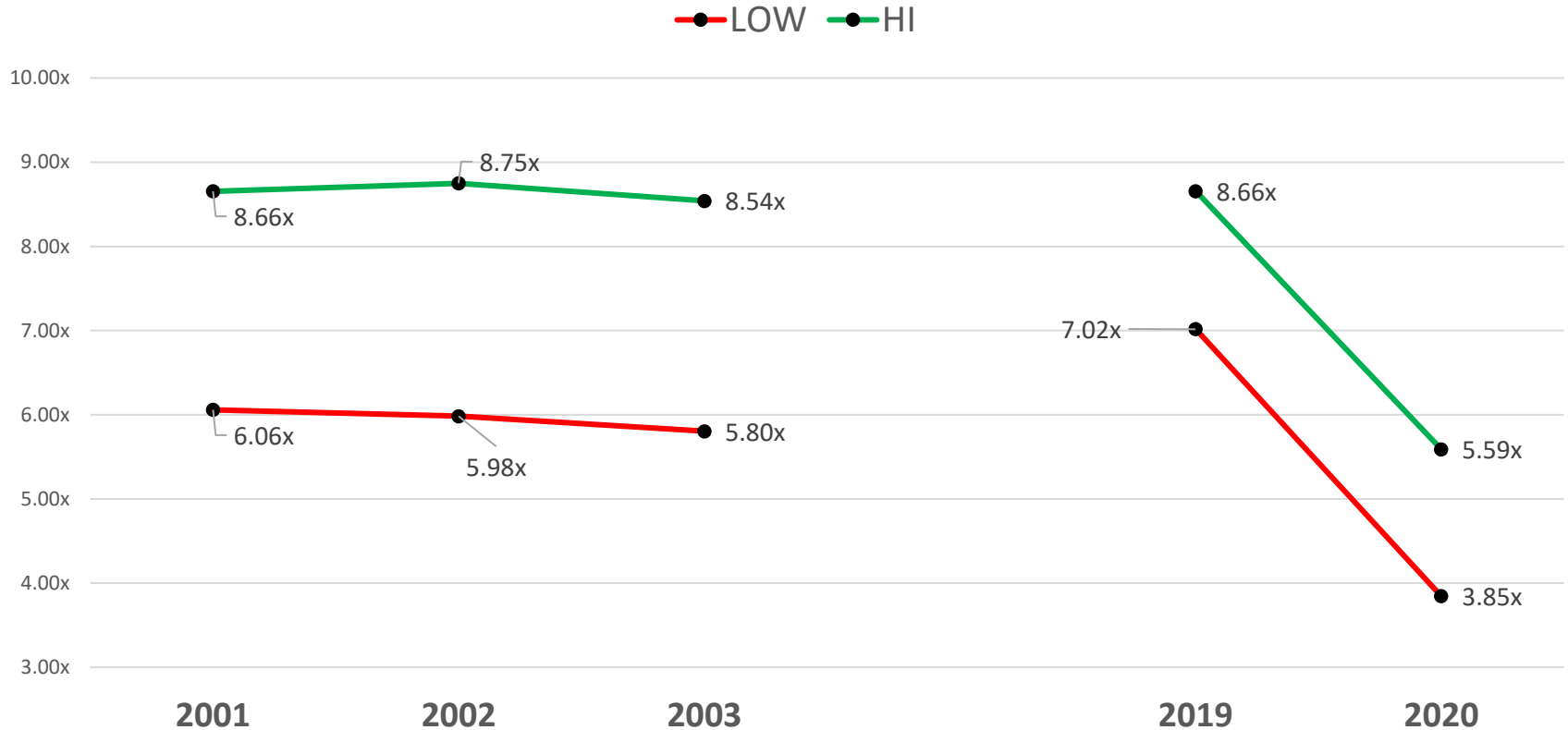


Casual Dining companies have been facing headwinds as competitive pressures (fast casual) over the last few years impacted valuations. Franchising had been a way to keep valuations higher.

2020 Valuations got hit hard (L-56% / H-37%) as the closures and resulting capacity constraints put a crimp on the potential revenues and EBITDAC.



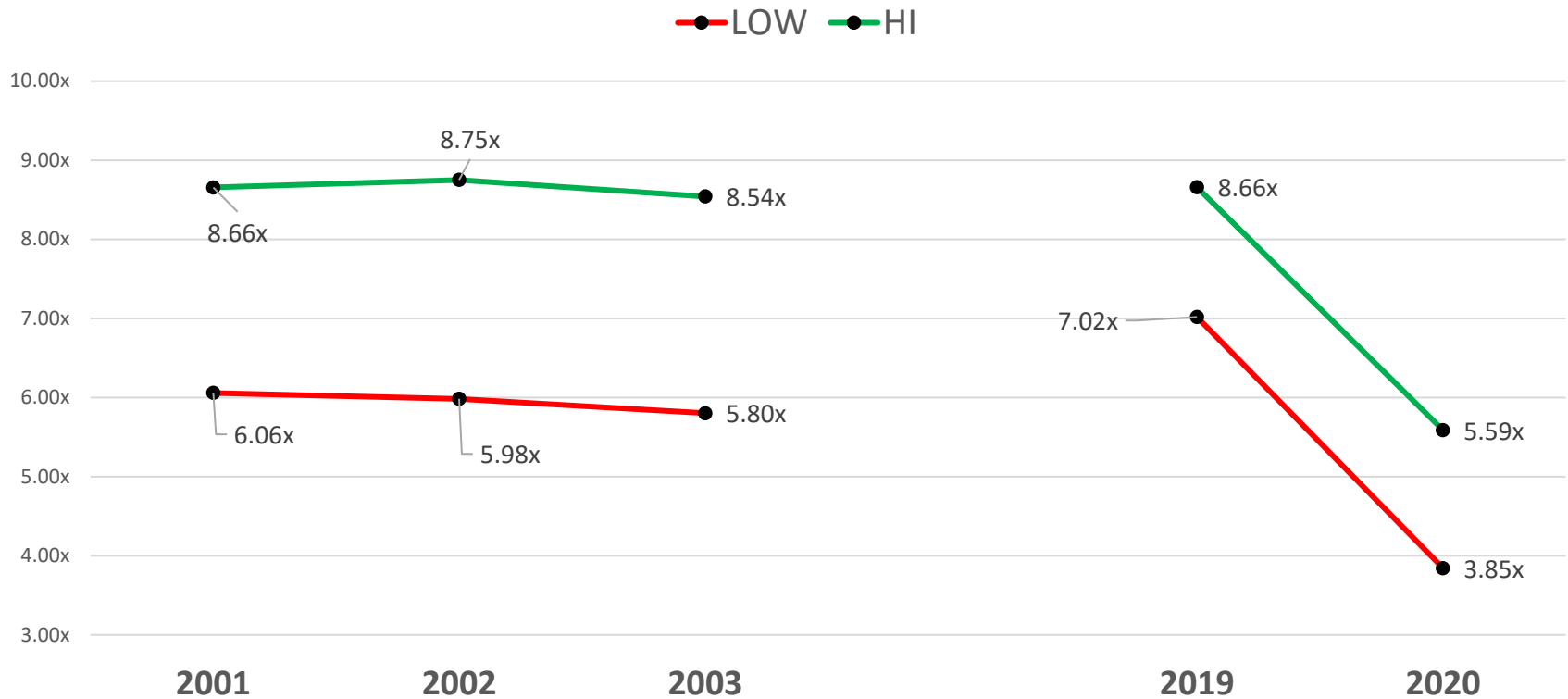
Corporate-Owned Casual Dining



Clearly the decline in valuations in 2020 based on the COVID expectations were dramatic. The rebound has been equally dramatic, but valuations remain well below 2019 and 2020 high are in line with historic lows.



Franchised Casual Dining



In the early 2000's, Casual Dining Franchisors were valued similarly to Corp-owned concepts, but Franchising did suffer a slight decline in valuations after 9-11 as the market recognized that franchisees were likely less well-capitalized.

By 2020, with a larger proportion franchised, the market hammered the franchisors, (L-45% / H-35%) reflecting the casual dining market AND the likely capitalization issues.



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