TM capital

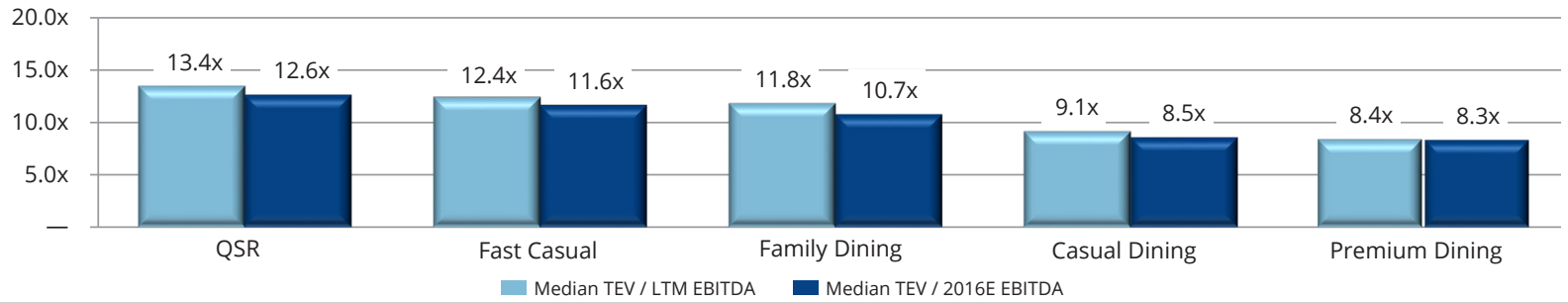
An M&A International Inc. firm

Restaurant Monthly
June 2016

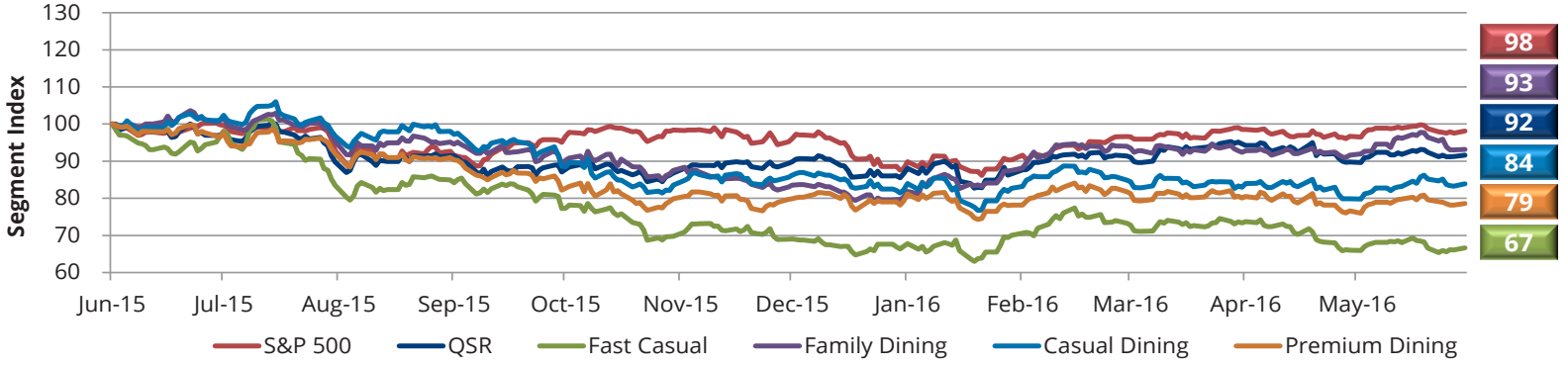
Restaurant Industry Commentary

As we approach the midpoint of 2016, the restaurant industry is beginning to show signs of optimism. Despite same store sales and comparable traffic continuing to decline year over year and industry indices trading below the S&P 500, our Family Dining and Casual Dining indices **beat** the S&P 500 in the last month. Additionally, there was a flurry of high profile M&A activity during May and June, including **JAB Beech Inc.'s** $1.3 billion acquisition of **Krispy Kreme Doughnuts, Inc. (NYSE:KKD)** and **MTY Food Group Inc.'s (TSX:MTY)** $300 million acquisition of **Kahala Corp. (OTCPK:KAHL)**. Additionally, **Friendly's Ice Cream, LLC**, a portfolio company of **Sun Capital Partners**, sold its manufacturing and retail ice cream business to **Dean Foods Company (NYSE:DF)**— ensuring future focus on its core restaurant business. The recent uptick in market performance, coupled with the rise in restaurant M&A – including experience oriented concepts like **Pink Taco**, the "original Rock'n Roll Mexican Restaurant" (recently acquired by **Z Capital Group**)– lead us to believe the industry is primed for continued growth as investors seek differentiators in their quest for consumers' discretionary dollars.

Current Restaurant Valuations by Price Point (TEV / EBITDA)



Public Market Performance (Latest Twelve Months)



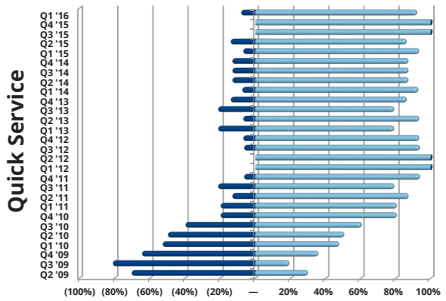
Recent Restaurant M&A Activity

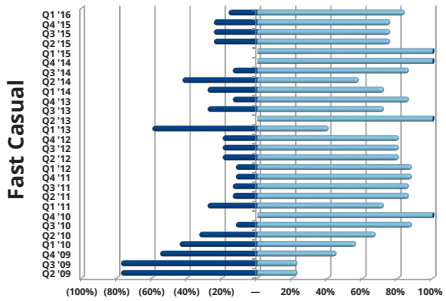
Closed / Announced	Target	Acquiror	Enterprise Value	EBITDA / Value Multiple			Industry Segment
6/23/2016A	Project Pie, LLC	Pieology Pizzeria	NA	NA	/	NA	Fast Casual
06/20/2016	Friendly's Ice Cream, LLC	Dean Foods Company (NYSE:DF)	$155.0	NA	/	NA	Casual
06/16/2016	El Pollo Loco Holdings, Inc., Tucson Locations	PLM Restaurants L.C.	NA	NA	/	NA	QSR
06/08/2016A	18 Wendy's Restaurants in Oklahoma	Meritage Hospitality Group Inc. (OTCPK:MHGU)	NA	NA	/	NA	QSR
06/07/2016	6 Burger King Restaurants in Tennessee	Cambridge Franchise Holdings, LLC	NA	NA	/	NA	QSR
06/03/2016	Dolphin Fast Foods, Inc, Burger King Portfolio	Tri-City Foods, Inc.	NA	NA	/	NA	QSR
06/01/2016	Lime Fresh Mexican Grill, Inc.	EverFresh Endeavors	NA	NA	/	NA	Fast Casual
05/26/2016	Burger King Restaurants in Michigan	Carrols Restaurant Group, Inc. (NasdaqGS:TAST)	NA	NA	/	NA	QSR
05/25/2016A	Kahala Corp. (OTCPK:KAHL)	MTY Food Group Inc. (TSX:MTY)	$301.5	NA	/	NA	Fast Casual
05/09/2016A	Krispy Kreme Doughnuts, Inc. (NYSE:KKD)	JAB Holding Company	$1,324.3	$73.0	/	18.1x	QSR

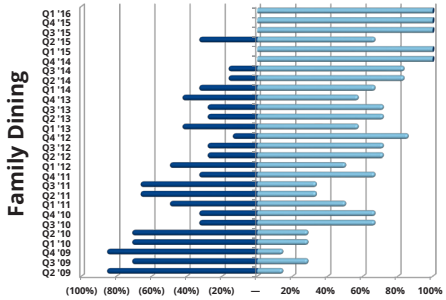
Indices consist of all publicly-available information for restaurant operators in their respective price points. For full listing, please contact the TM Capital Restaurant Practice.

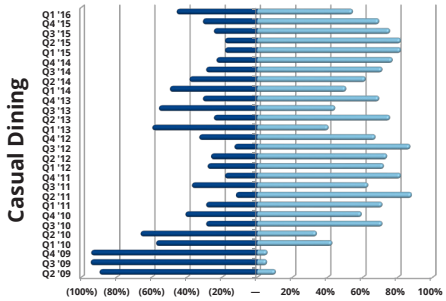
Quarterly Gainers & Losers by Price Point

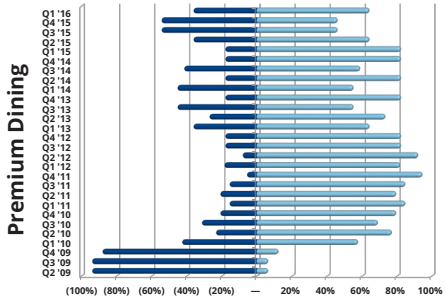
Decliners / Gainers



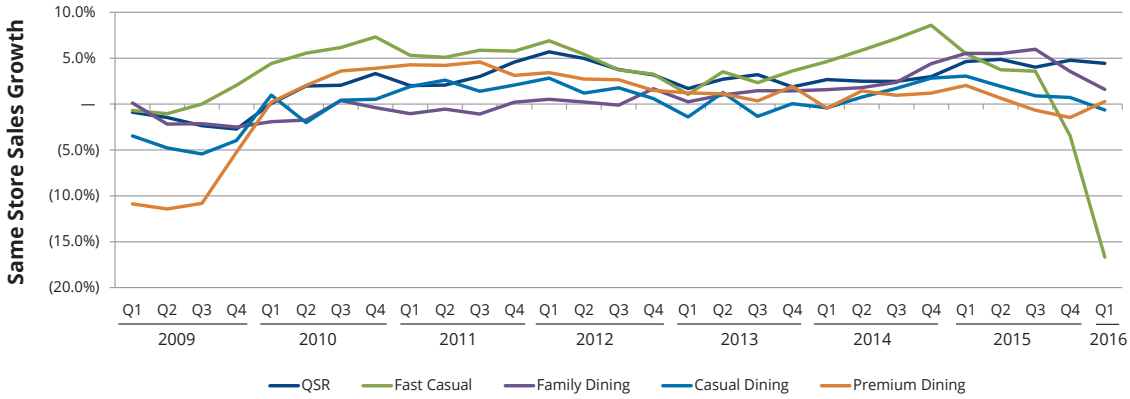








Same Store Sales by Price Point



Selected TM Capital Restaurant Experience

STARBUCKS®
has sold the exclusive rights to operate
Starbucks Puerto Rico
to
Baristas Del Caribe, LLC
an affiliate of
Empresas Fonalledas Inc.

Burger King Coldco
a portfolio company of
PNC RIVERARCH CAPITAL
has sold a portfolio of restaurants to
Burger Gulf Coast, LLC

Burger King Coldco
a portfolio company of
PNC RIVERARCH CAPITAL
has acquired
FAST FOOD ENTERPRISES #2, LLP
A FRANCHISE OF THE BURGER KING CORPORATION

PNC RIVERARCH CAPITAL
has acquired
Burger King Coldco
a portfolio company of
EQUICORP Partners

Smith & Wollensky
has been acquired by
BUNKER HILL CAPITAL
and
PATINA RESTAURANT GROUP

BACK BAY RESTAURANT GROUP
has sold
Atlantic Fish · Joe's American Bar & Grille · Alex & Lulu's · Coach Grill
to
TAVISTOCK GROUP

BACK BAY RESTAURANT GROUP
has sold
PAPA · RAZZI TRATTORIA · BAR
to
NHC

Arby's
a subsidiary of
TRIARC
has acquired
RTM RESTAURANT GROUP

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