



Roark Capital Group's Acquisition of Dunkin' Brands

Deal Discussion

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By: Anuja Weerasinghe, Keke Zhang, Mateen Roushani, Simrat Minhas, Si Ran Wang

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An in-depth overview of the transaction, parties involved, and future strategy

- Transaction Overview
- Overview of Financial Sponsors
- Industry Overview
- Target Overview
- Competitor Analysis
- Strategic Rationale
- Transaction Case Study
- Valuation & Returns Analysis
- Final Notes and Thoughts
- Appendix

Transaction Overview

Transaction Details

- In late October of 2020, Inspire Brands acquired Dunkin' Brands, being the restaurant industry's second-largest transaction and its most expensive based at about 23x EBITDA
- Its all-cash deal to take the owner of Dunkin' Donuts and Baskin-Robbins chains private would value it at \$106.50 a share.
- The deal represents a nearly 20% premium over Dunkin's last closing share price on Oct. 23
- **Conditions:** The tender of shares representing at least a majority of the total number of Dunkin' Brands' outstanding shares, and the expiration of the antitrust waiting period
- Inspire will acquire all remaining shares not tendered in the tender offer through a second-step merger at the same price

Party Overview

ROARK
CAPITAL GROUP

Financial Sponsor

- \$19B AUM buyout fund

INSPIRE

Holding Company

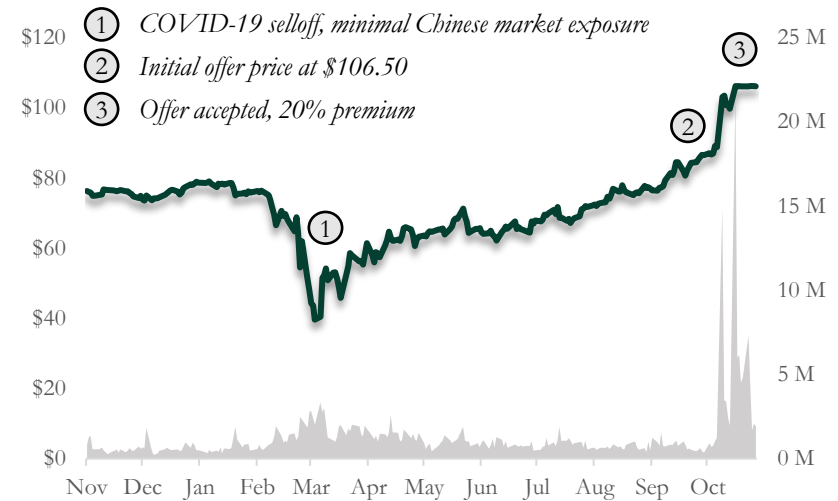
- Restaurants focused vehicle with \$14.6B total revenue

DUNKIN'

Portfolio Company

- \$11.3B North American fast-food retailer

Stock Performance



Market Reactions

“...we believe DNKN would be a complementary fit within the Inspire Brands portfolio given limited competitive overlap among existing concepts, adding to the diversification of occasions to the current system.”

CREDIT SUISSE
November 2, 2020

“The stunning rise of portfolio strategy has stemmed from the acquisitive ways of JAB, Inspire Brands...global development, consumer insights, advertising... Dunkin's overhead spending is half the size of its EBITDA—so even a 25% reduction in overhead would shave only 2.5 turns off the acquisition multiple.”

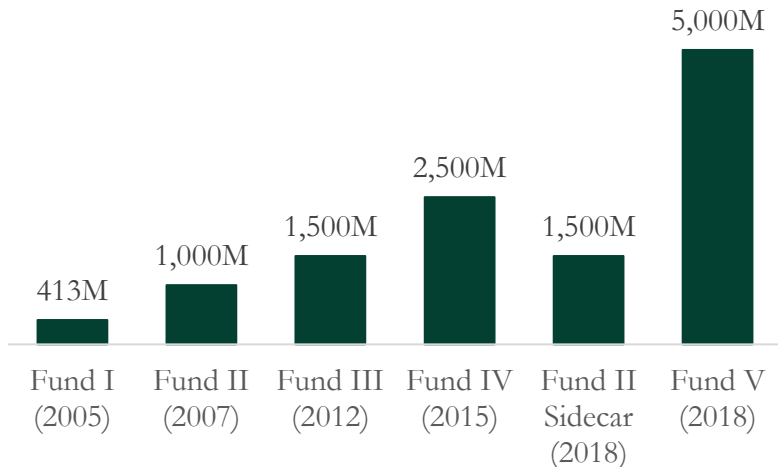
EVERCORE
November 2, 2020

Overview of Financial Sponsors

Who is Roark Capital Group?

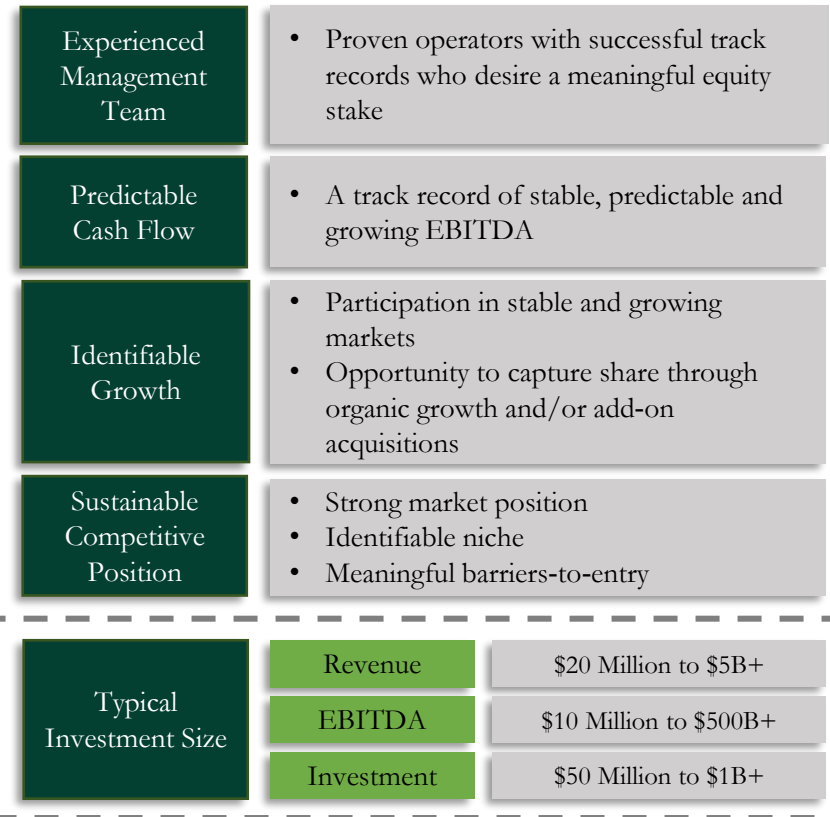
- Founded in 2001, Roark Capital Group is an Atlanta-based private equity firm with \$19B in assets under management.
- Roark’s philosophy upholds that the best way to create value is to form a close partnership with outstanding operating executives and a value-added Board of Directors.
- Roark focuses on investments in consumer and business service companies, with a specialization in franchised and multi-location business models in the restaurant, specialty retail, consumer and business services, and health, wellness and beauty sectors.
- Since inception, affiliates of Roark have acquired 88 franchise/multi-location brands which generate approximately \$43B in system revenues from 42,000 locations located in 50 states and 85 countries

Fund Breakdown



Investment Criteria

- Roark partners with outstanding operating executives to build profitable businesses capable of sustaining their success for all stakeholders - management, employees, shareholders, customers and advisors - over the long haul
- Key criteria in evaluating potential investments include:



Sponsor Background Cont. – Roark Capital

Leading Private Equity Firm Focused on Restaurant, Food, and Franchise Segments

Restaurant and Food

Health and Fitness

Business Services

Retail Healthcare

MILLER'S
ALE-HOUSE

Arby's

jamba.

Auntie Anne's

Culver's

JIMMY JOHN'S
GOURMET SANDWICHES

JIM'N NICK'S
COMMUNITY
BAR-B-Q

Carl's Jr.
Hardee's

The Cheesecake
Factory.

BUFFALO
WILD
WINGS

TACO

Schlotzsky's
BAKERY
CAFE

Carvel

SONIC

Naf Naf Grill
FALAFEL • SHAWARMA • FRIES

CINNABON

McALISTER'S
DELI

Mo's
Southwest

INSPIRE
Brands.

FOCUS BRANDS

SEATTLE'S BEST
COFFEE

NORTH
ITALIA



BASECAMP
FITNESS

ANYTIME
FITNESS

Orangetheory
FITNESS

SELF ESTEEM
BRANDS

the [bar] method.

drybar

FITNESS
CONNECTION

WAXING
THE CITY

ME
Massage Envy.

DMG DIVISIONS
MAINTENANCE
GROUP

ServiceMaster

Installation
Made Easy.

ServiceMASTER
Restore

ServiceMASTER
Clean

SOLTERRA
RECYCLING SOLUTIONS

Great
Expressions
DENTAL CENTERS

- Roark Capital is extremely experienced in the restaurant and food industry, with longer than average holding periods
- RC II Sidecar invests in Inspire Brands, acquirer and manager of multiple restaurants
- 54 current franchised/multi-unit portfolio – similar to Dunkin' Brand's business model

Sponsor Background – Inspire Brands

Who is Inspire Brands

- Founded in 2018 after CEO Paul Brown renamed Arby's Restaurant Group as the company acquired Buffalo Wild Wings
- Inspire Brands: Holding company and owner of Arby's, Buffalo Wild Wings, Sonic Drive-In, Jimmy John's and Rusty Taco
- Inspire's vision of invigorating great brands and supercharging long-term growth guided their three-year acquisition spree

System Sales

\$14.5B

Restaurants

11,000+

Members

325,000+

Countries

14

Franchises

1,400+

Size

Top 5 in U.S.

Paul Brown, CEO

- Paul Brown is the former CEO of Arby's and current CEO of Inspire Brands
- Brown was previously the President of Brands and Commercial Services at Hilton Worldwide
- The decision to move Inspire to its current model came from Brown's experience at Hilton; leading him to adopt a multi-branded structure in the restaurant industry
- "The four brands...will enjoy independent brand identities but pull from these centers of excellence"
- The creation of Inspire placed a bet on the sum of its parts, relying on the scale it can achieve with multiple brands to better serve the individual franchisees

Franchise Focus



Purchase Year

July 2011

February 2018

December 2018

September 2016

August 2014

Purchase Price

\$0.68B

\$2.90B

\$2.30B

\$3.00B

-

Locations

3,500

1,238

3,500

2,800

33

2019 Sales

\$4.00B

\$3.80B

\$4.70B

\$2.17B

\$0.33B

Industry

Fast Food

Sports Bar

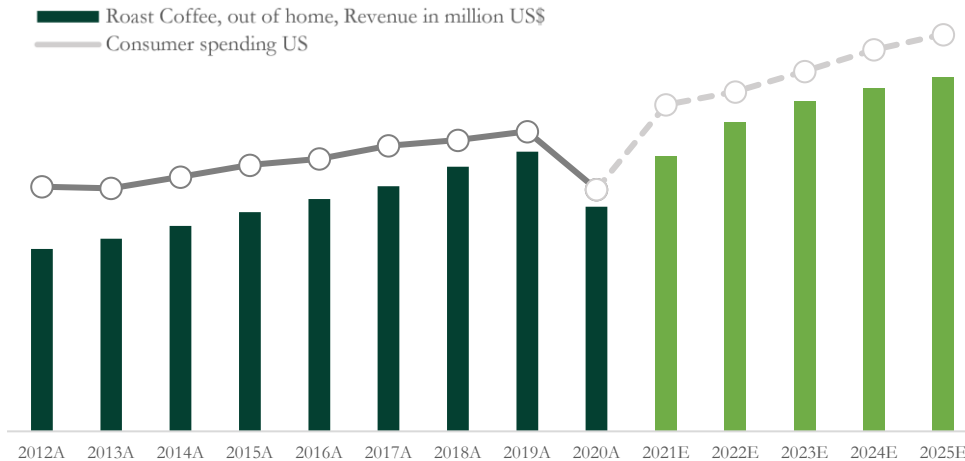
Drive-In Fast Food

Sandwich and Subs

Fast Food Taco

Industry Overview

Global Coffee Market Revenue & US Consumer Spending



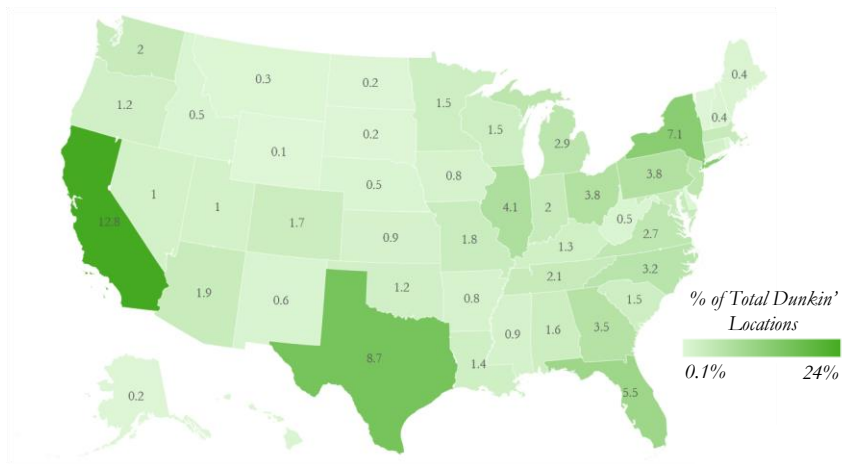
Disruptions

- New health and safety protocols and constrained supply chains are anticipated to hamper near-term profitability
- Coffee drinkers are expected to purchase home brewing systems and make coffee at home

Recovery

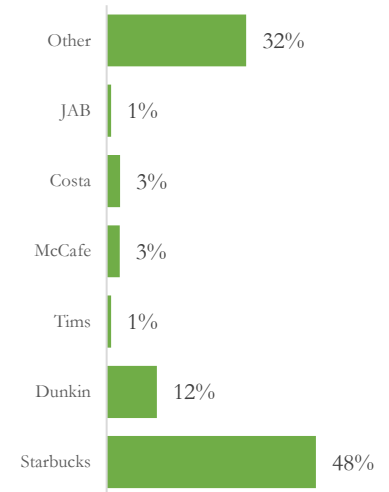
- Strong correlation with US Consumer Spending. Consumer Confidence index is expected to rise at a 4% five-year CAGR
- Mobile ordering trends. 50.0% of Dunkin' restaurants have drive-throughs
- Aging population with more disposable income

Dunkin' Location Breakdown

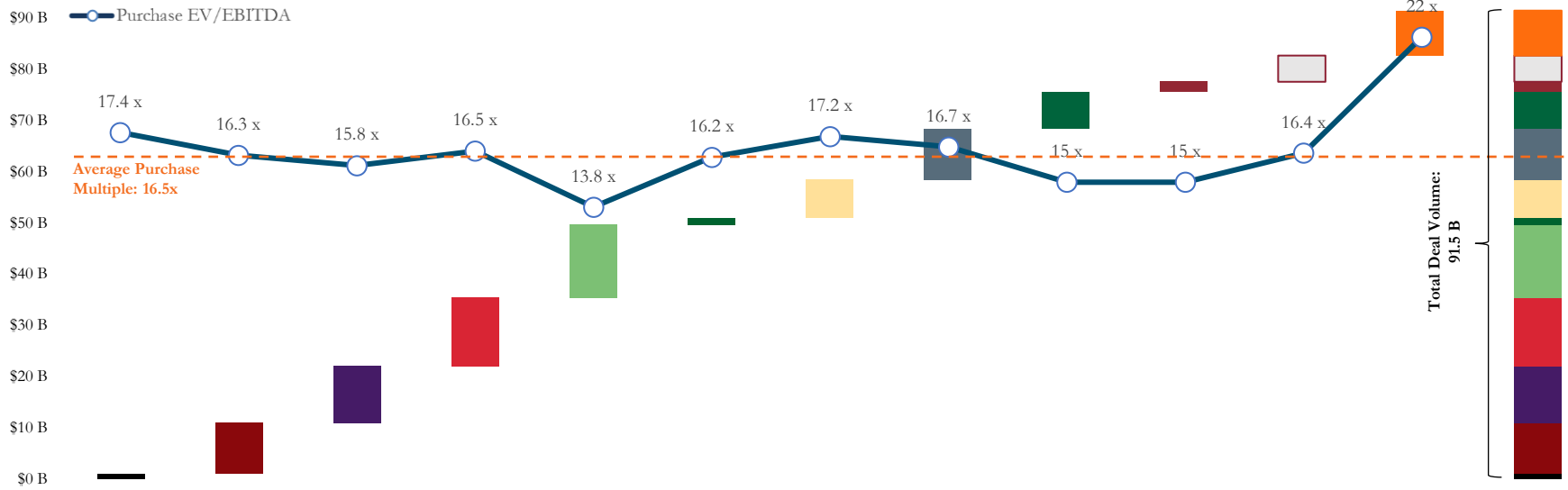


Global Out-of-home Coffee Market Share

- Addictive product and routine/habit-based purchase schedule results in inelastic demand
- Dunkin' is expanding into underrepresented areas in Texas, Colorado, California
- Dunkin' is the largest coffee franchisor by market share with 84.6% market share
- Increased competition from fast food operators, such as McDonald's Corporation and Burger King Holdings Inc.



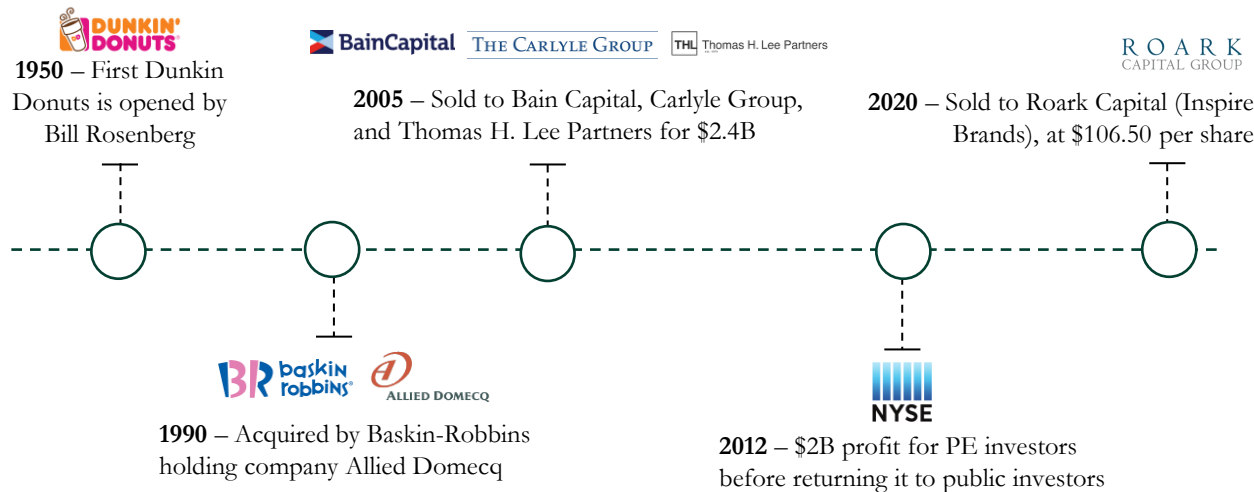
Coffee-Related Acquisitions



TARGET	Peets Coffee	Master Blenders	Mondelez	Tim Hortons	Keurig	Krispy Kreme	Panera Bread	Dr Pepper Snapple	Starbucks	PRET	Costa Coffee	Dunkin' Brands	
SPONSOR	JAB	JAB	JAB	Burger King 3G Capital	JAB	JAB	JAB	JAB	Nestlé	JAB	JAB	ROARK CAPITAL GROUP	
YEAR	2012	2013	2014	2014	2015	2016	2017	2018	2018	2018	2018	2020	<i>Total</i>
SIZE (\$B)	1.0	9.9	11.1	13.4	14.3	1.3	7.5	9.9	7.2	2.0	5.1	8.8	91.5

Target Overview

Dunkin’ History



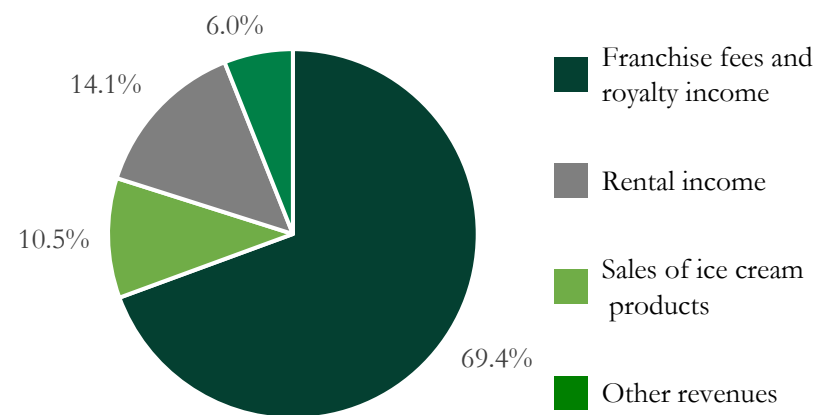
Financial Summary

Share Price	\$106.13
52 Week Range	\$38.51 - \$106.28
Market Cap	\$8.75B
Enterprise Value	\$2.82B
Net Debt	\$11.56B
EV/EBITDA NTM	22.01 x
P/E NTM	31.10 x

Company Overview

- Leading franchisors of quick service restaurants focused on serving hot and cold coffee, baked goods, and hard serve ice cream
- Geographic Coverage
 - Fairly concentrated in eastern U.S and a few international locations. Currently expanding to western U.S.
 - Corporate leadership will benefit from sponsor guidance in developing a good distribution strategy to support expansion goals
- Competitive Advantage
 - Traditional fast-food services at more competitive prices; produce more, spread fixed costs, standardized products

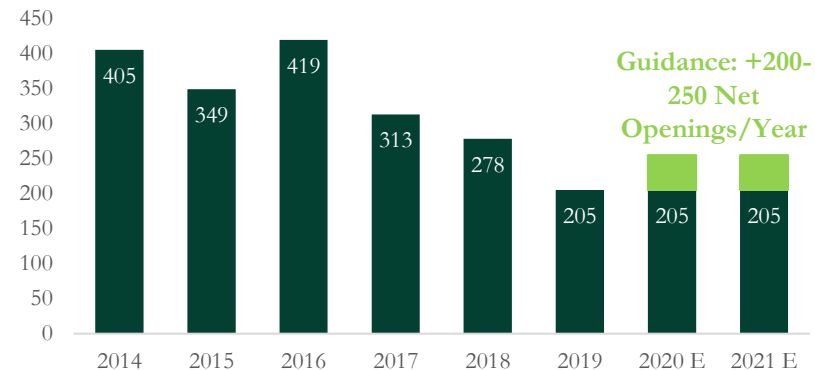
Product Mix



Financial Highlights

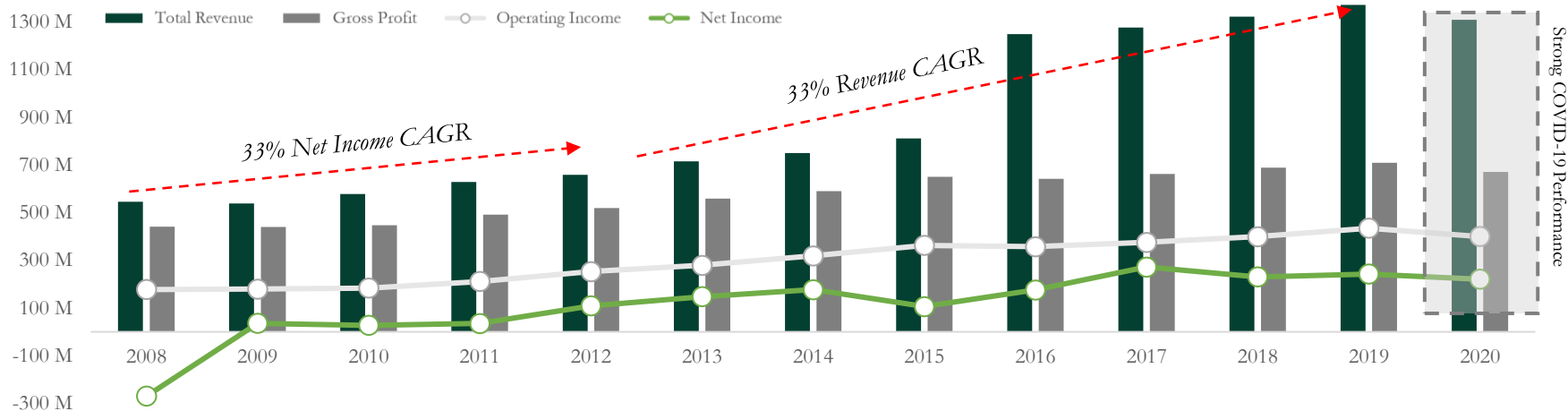
- Dunkin’ Brands Group, Inc is a restaurant holding company and runs two quick service restaurant franchises: Dunkin’ and Baskin-Robbins
- Has an 100% franchised model which allows Dunkin’ Brands to focus on menu innovation, marketing, franchisee coaching and support
- Enables points of distribution growth with limited capital investment and asset light balance sheet
- Dunkin’ charges a 5.9% royalty fee on gross sales
- Same store sales grew 0.9% and 6.5% for Dunkin’ and Baskin-Robbins in Q3 2020, respectively
- In Q3 2020, 8% of orders were through digital means and they have 5.4M active loyalty members

Unit Growth



- Closed 8% of stores by end of 2020 as they were completing their rebranding and launching a new customer experience

Historical Financial Performance



Competitor Analysis

Competitor Analysis: SBUX vs DNKN

Financials

Starbucks
Revenue: \$26B
Market cap: \$80B
P/E: 123.8x

Dunkin' Brands
Revenue: \$1.4B
Market cap: \$8.7B
P/E: 41.0x

Business Model

- 60% corporate-owned and operated stores
- EBIT margins: 14.8%
- Store build <2 year payback, 30% store level EBITDA margins

- 100% franchise model
- EBIT margins: 35.4%
- Less exposure to Asian markets than Starbucks, and decreased store count

Strategy

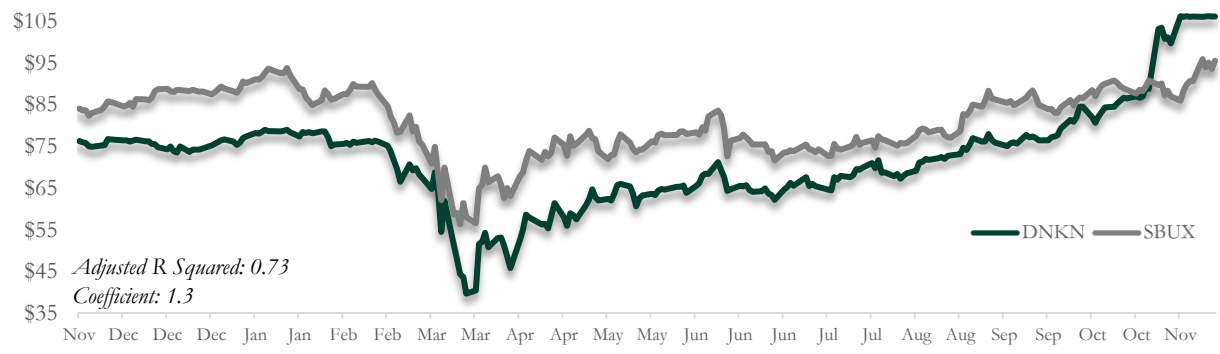
- Premium offering of specialty coffee; product optimization
- Aligned with health and wellness and sustainability trends
- COGS/OpEx are larger percentage of sales, impacted by coffee bean pricing

- Competitive pricing, focusing on the middle class
- Stores resemble more traditional fast-food eateries; menu expansion (introduced steak options in 2014)
- Increasing consumer focus; 'Charli' drink

Locations

- 30,000 locations worldwide
- 15,000 US locations
- Over 25% of Starbucks' revenue are generated outside the U.S.

- 11,300 locations worldwide
- 8,500 US locations
- International revenue contributes only a small part to total sales



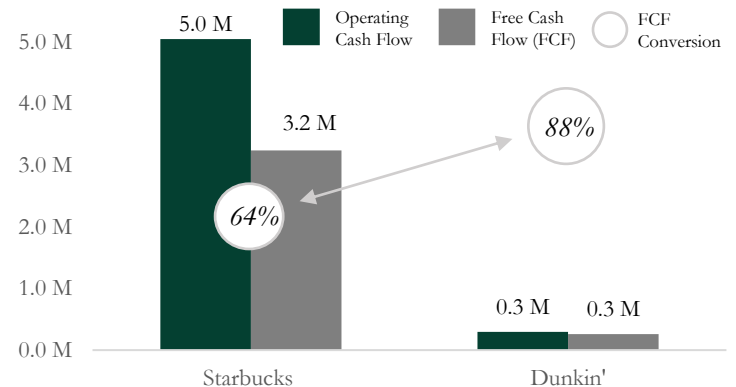
Strategic Rationale

Why Dunkin'

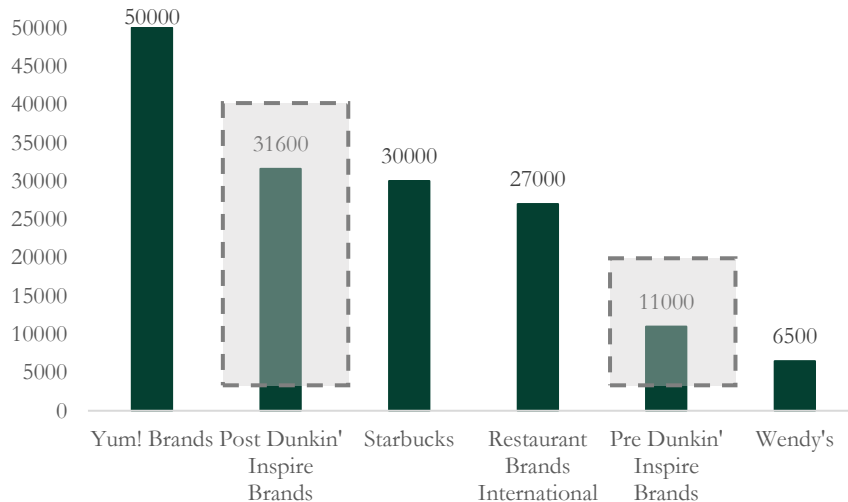
- Diversifies Inspire's portfolio of companies to various quick service restaurants (QSR) segments
- Dunkin' increases exposure to the QSR breakfast segment, which has low overlap with existing portfolio companies
- Digital scaling of loyalty programs – post transaction will result in 25 million+ loyalty members
- Adds consumer packaging goods licensing infrastructure capabilities and international scale to Inspire Brands
- Dunkin' has had the goal of expanding out of Northeast (~60% of US stores), and this take private allows the company to focus on long-term goals and accelerate store openings
- Inspire Brands specializes in turnaround cases and Dunkin' has not struggled as hard as other QSR during Covid-19

Safe Bet: Asset-Light, Pure-Play Franchise

- High free cash flow conversion at 88% due to Dunkin's franchise model and asset light business, compared to 64% at Starbucks in 2019



Post-Acquisition Inspire Brands



- Increases system-wide sales to \$26B from \$14.6B
- Total number of restaurants increase by 2.87x from 11,000 to 31,600
- 85% of Dunkin's profits are from its US stores, and expansion into less penetrated market has shown the most prospect for growth
- In Q3 2019, International same-store sales surged 7.3% for Dunkin Donuts and 3% for Baskin Robbins, compared to U.S. sales rising 1.5%
- Expands Inspire Brand's international footprint from 14 countries to 60 countries
- Inspire Brands can leverage international expertise from Dunkin' to expand geographically for existing portfolio companies

Transaction Case Study

Case Study: Burger King Acquires Tim Hortons



Transaction Overview

- August 2014, Burger King and Tim Hortons merged
- Shareholders received \$65.50 in cash per share and 0.8025 of a share in the new parent company → expected purchase price per share of \$89.32
- 3G Capital owns 51% of the combined company with Berkshire Hathaway providing \$3B in preferred equity financing

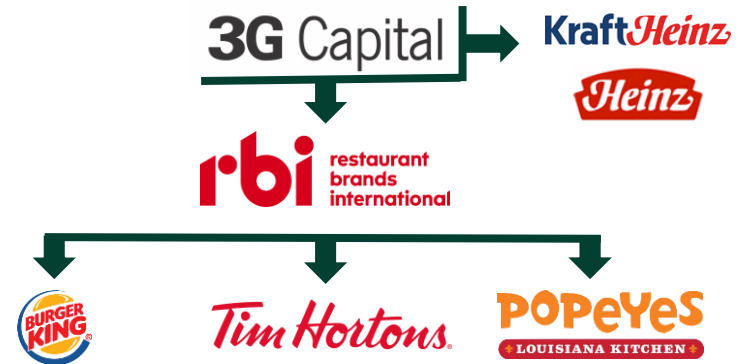
✓ International Expansion

- Primary focus on international expansion of Tim Horton's brand

✓ Increase Competition with QSR Growth

- Burger King is one of the fastest growing and most profitable QSR businesses. Apply same growth to Tim's

Ownership Structure & Portfolio



Since 1954
15,700+ locations

Well known brand name for flame grilled burgers, in 100+ countries and U.S. territories

Since 1964
4,600+ locations

Quick Service Restaurant leader in Canada, growing internationally and in the U.S

Since 1972
2,600 restaurants

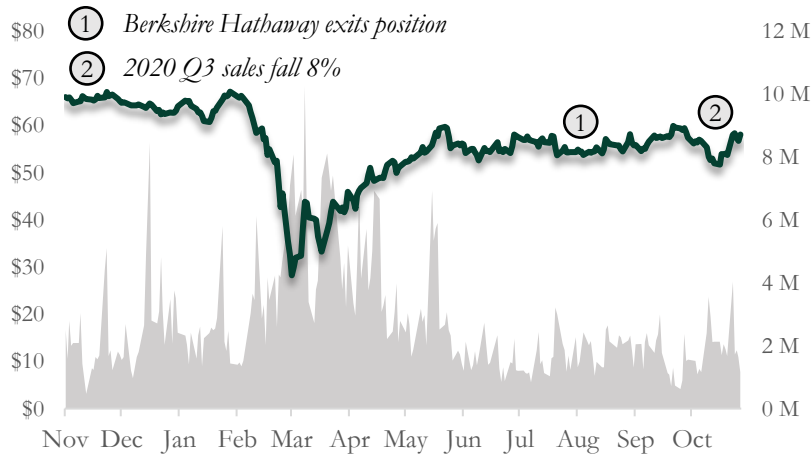
Rich Louisiana heritage and leading chicken Quick Service Restaurant. Operating in U.S and 25 countries

"We found that the majority of investors would prefer to see QSR add more brands to the portfolio rather than a one-time special dividend, even if the deal was not highly accretive at the outset or if it takes time to find the next acquisition."



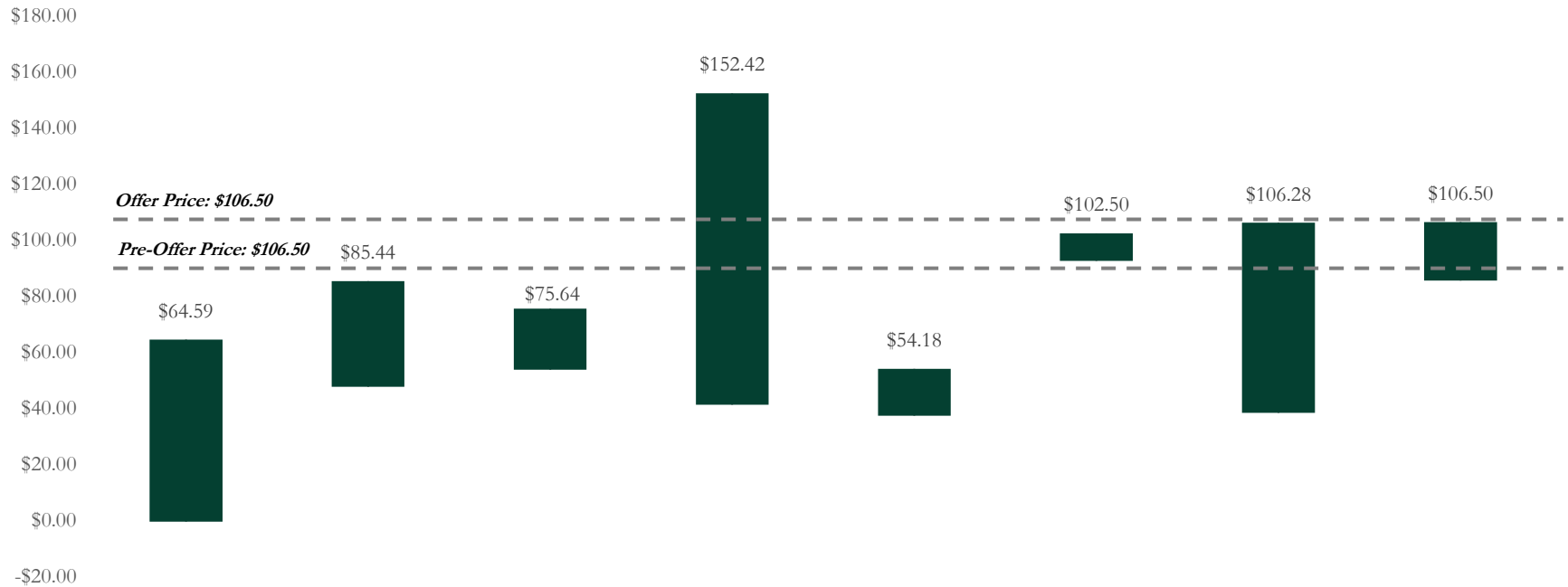
October 18, 2017

Restaurant Brands International Stock Performance



Valuation & Returns Analysis

Football Field



Scenario	LTM EV/REV	LTM EV/EBITDA	NTM EV/EBITDA	LTM P/E	NTM P/E	DCF: 22x – 24x Exit Multiple	52-Week Range	Analyst Estimates
Implied Upside	-64%	-25%	-27%	9%	-48%	10%	-18%	8%
Implied Price	\$31.13	\$66.62	\$64.75	\$96.91	\$45.82	\$97.57	\$72.40	\$96.06

Comparable Companies Analysis

Restaurant Peer Universe – November 14, 2020

Company Name	EV/Revenue		EV/EBITDA		P/E		Profitability (LTM)			Growth (LTM YoY)		
	LTM	NTM	LTM	NTM	LTM	NTM	Gross Profit	EBITDA	Net Income	Revenue	EBITDA	Net Income
The Wendy's Company	6 x	5 x	22 x	19 x	48 x	32 x	43.40%	28.20%	7.77%	1.12%	-10.63%	-18.27%
Jack in the Box Inc.	4 x	4 x	10 x	15 x	26 x	17 x	30.10%	22.30%	7.49%	8.94%	-12.38%	-16.55%
Papa John's International, Inc.	2 x	2 x	18 x	18 x	63 x	37 x	30.10%	8.20%	2.42%	10.11%	51.79%	-
Domino's Pizza, Inc.	5 x	4 x	24 x	23 x	33 x	31 x	27.40%	18.60%	11.98%	10.16%	12.63%	22.38%
Chipotle Mexican Grill, Inc.	6 x	5 x	41 x	39 x	148 x	64 x	33.70%	9.40%	4.08%	8.30%	-14.32%	-23.42%
Texas Roadhouse, Inc.	2 x	2 x	24 x	16 x	93 x	29 x	13.70%	7.10%	2.19%	-5.74%	-42.02%	-66.45%
The Cheesecake Factory Incorporated	2 x	1 x	12 x	19 x	-9 x	29 x	39.30%	1.50%	-8.12%	-10.58%	-85.77%	-
Red Robin Gourmet Burgers, Inc.	1 x	1 x	12 x	16 x	-1 x	-	12.10%	-1.30%	-25.18%	-26.40%	-	-
Yum! Brands, Inc.	7 x	7 x	22 x	20 x	29 x	27 x	48.30%	34.10%	18.92%	2.60%	-4.74%	-7.02%
McDonald's Corporation	11 x	10 x	19 x	19 x	32 x	27 x	51.40%	47.10%	25.88%	-9.79%	-13.81%	-16.07%
Restaurant Brands International Inc	6 x	6 x	17 x	14 x	32 x	22 x	57.50%	37.20%	11.00%	-7.62%	-12.75%	-12.64%
Starbucks Corporation	6 x	5 x	16 x	22 x	120 x	34 x	21.50%	12.80%	3.95%	-11.28%	-43.69%	-74.21%
Median	5 x	5 x	18 x	19 x	32 x	29 x	31.90%	15.70%	5.79%	-2.31%	-12.75%	-16.55%
Mean	5 x	4 x	20 x	20 x	51 x	32 x	34.04%	18.77%	5.20%	-2.52%	-15.97%	-23.58%

Dunkin' Brands Group, Inc.	9 x	8 x	21 x	24 x	40 x	34 x	51.20%	34.00%	16.84%	5.79%	-3.39%	-5.06%	-7.26%
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Company Name	Market Data		Firm Value	
	Ticker	Price	Market Cap	Enterprise Value
The Wendy's Company	WEN	22.68	5,083	8,455
Jack in the Box Inc.	JACK	83.71	1,898	4,066
Papa John's International, Inc.	PZZA	80.98	2,669	3,302
Domino's Pizza, Inc.	DPZ	389.6	15,329	19,342
Chipotle Mexican Grill, Inc.	CMG	1251.43	35,015	37,101
Texas Roadhouse, Inc.	TXRH	72.94	5,068	5,583
The Cheesecake Factory Incorporated	CAKE	35.11	1,601	3,308
Red Robin Gourmet Burgers, Inc.	RRGB	16.99	264	966
Yum! Brands, Inc.	YUM	102.87	31,033	41,174
McDonald's Corporation	MCD	213.28	158,917	206,520
Restaurant Brands International Inc	QSR	58.11	17,659	31,695
Starbucks Corporation	SBUX	95.56	112,158	132,928
Median		82.35	10,206	13,899
Mean		201.94	32,224	41,203
Dunkin' Brands Group, Inc.	DNKN	106.13	8,747	11,562

- Dunkin' Brands is superior to its competitors in almost all profitability and growth categories; faring well through COVID-19
- The company has the highest gross profit and net income margin, with the exception of McDonald's and Yum! Brands which has different business models
- Currently trading at a premium across revenue, EBITDA, and net income multiples; as reflected in their superior financial performance

Discounted Cash Flow Analysis

Base Case DCF

Unlevered Free Cash Flow Build									
	2016A	2017A	2018A	2019A	2020E	2021E	2022E	2023E	2024E
Revenue	\$1,248.36	\$1,275.55	\$1,321.62	\$1,370.23	\$1,420.62	\$1,472.88	\$1,527.05	\$1,583.22	\$1,641.45
<i>% YoY Growth</i>		2%	4%	4%	4%	4%	4%	4%	4%
Unlevered Free Cash Flow	\$284.94	\$236.92	\$234.13	\$286.27	\$319.79	\$331.56	\$343.75	\$356.40	\$369.50
<i>% Margin of Revenue</i>	23%	19%	18%	21%	23%	23%	23%	23%	23%
Period					0.50	1.50	2.50	3.50	4.50
Discount Factor					0.97	0.92	0.87	0.82	0.77
PV of UFCF					\$310.68	\$304.02	\$297.50	\$291.12	\$284.88

Valuation Summary

Sum of PV of Projected UFCF \$1,488.21

Terminal Value Calculation

Final Year EBITDA	547.24
Exit Multiple	22.0x
Implied Perpetuity Growth	1.34%
Terminal Value	\$12,039.33
PV of Terminal Value	\$9,017.59

Equity Value Calculation

Implied Enterprise Value	\$10,505.80
Less: Debt	\$3,428.68
Add: Cash	\$621.15
Implied Equity Value	\$7,698.27

Share Price Calculation

Diluted Shares Outstanding	\$83.10
Projected Share Price	\$92.64
Offer Price	\$106.50

Offer Premium to Projected Share Price 14.96%

Weighted Average Cost of Capital

Capital Structure Weightings

Debt/Equity (D/E)	0.39
% Debt	28%
% Equity	72%

Cost of Debt Calculation

Pre-Tax Cost of Debt	3.74%
Tax Rate	21%
After Tax Cost of Debt	2.95%

Cost of Equity Calculation

Beta	1.05
Risk Free Rate	1.65%
Market Risk Premium	5.23%
Cost of Equity	7.12%

WACC 5.95%

- With conservative operating assumptions, we can see that the valuation provided by the DCF is relatively in line with the share price before the announcement of the Inspire brands acquisition
- Assuming a 22x exit multiple which is the current NTM multiple that DNKN is trading at results in a low implied perpetuity growth of 1.34% (at/below inflation)
- This conservative valuation combined with synergies that inspire may realize point toward this being a good deal for Roark

Leveraged Buyout Analysis

Levered Free Cash Flow Build									
	2016A	2017A	2018A	2019A	2020E	2021E	2022E	2023E	2024E
Revenue	\$1,248.36	\$1,275.55	\$1,321.62	\$1,370.23	\$1,434.33	\$1,501.43	\$1,571.66	\$1,645.19	\$1,722.15
<i>% YoY Growth</i>		2%	4%	4%	5%	5%	5%	5%	5%
Free Cash Flow	\$284.94	\$236.92	\$234.13	\$286.27	-\$213.22	-\$177.64	-\$139.67	-\$99.16	-\$55.95
<i>% Margin of Revenue</i>	0.23	0.19	0.18	0.21	-0.15	-0.12	-0.09	-0.06	-0.03
Inflows									
New Debt				\$9,494.40					
Existing Cash				\$621.15					
Exit Proceeds									\$14,715.05
Outflows									
Cash Consideration for Purchase				\$8,850.15					
Debt Refinancing				\$3,428.68					
Financing Fees				\$149.91					
Other Closing Costs				\$49.97					
Debt Repayment									\$9,687.40
Net Cash Inflow/Outflow				-\$2,363.16	\$0.00	\$0.00	\$0.00	\$0.00	\$5,027.65

Sources of Cash EBITDA Multiple

Excess Cash	\$621.15	1.24x
Senior Debt A	\$3,497.94	7.00x
Senior Debt B	\$3,497.94	7.00x
Subordinated Debt	\$2,498.53	5.00x
Total Debt		19.00x
Equity Infusion	\$2,363.16	4.73x

Total Sources \$12,478.72 24.97x

Uses of Cash EBITDA Multiple

Cash Consideration	\$8,850.15	17.71x
Debt Refinancing	\$3,428.68	6.86x
Debt Financing Fees	\$49.97	0.10x
Equity Financing Fees	\$99.94	0.20x
Other Closing Costs	\$49.97	0.10x

Total Uses \$12,478.72 24.97x

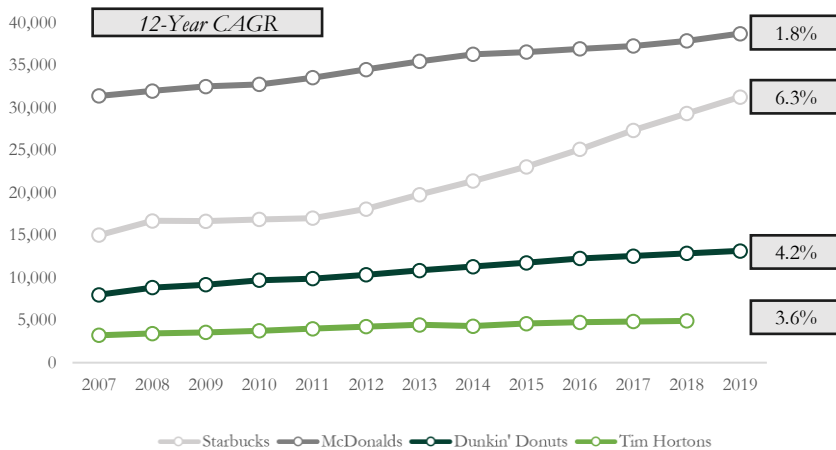
IRR 16.30%

Final Thoughts & Opinions

IPC Thoughts

- Due to the high take private multiple at 23x EV/EBITDA, it will be important for Inspire Brands to reduce overhead costs
- Complementary fit within the Inspire Brands portfolio given limited competitive overlap – sponsor expertise in franchised and multi-unit business models
- Minimal internal exposure, which resulted in nullified COVID-19 impacts but also opens up expansion opportunities
- Roark's experience rebranding Arby's could be applied to Dunkin' considering the decreased store openings recently
- Inspire should look to separate each brand's culture and management team to ensure accountability within each organization, and use Dunkin's strong digital infrastructure across existing brands

Competitor Store Growth



Key Questions and Concerns

- ❓ What will happen to Dunkin's CPG business given its long term licensing relationship with J.M. Smucker & 50/50 profit sharing agreement with franchisees in CPG Channel?
- ❓ How will execution of global expansion work with a pure-play franchised model?
- ❓ Why did Roark Capital extend holding periods in 2018 for restaurant companies rather than other industries?

Sponsor Strategy – Bain, Carlyle, Lee → Roark

- February 2006 – June 2012
 - EBIT (70.6%): \$194 M → \$331 M
 - Employees (21.6%): 982 → 1,194
 - Stores (36.9%): 12,434 → 17,016
- \$2.425 B purchase (2005), ~\$2 B profit at 3x MOIC (2012)

- **Strategy (Previous Sponsor)**
 - Focus on increasing beverages to drive customer frequency
 - Change management team and impose service-oriented culture for faster lines
 - Offered healthier snacks, such as egg-white breakfasts
 - Introduce lunches, expand caffeine offerings (Turbo Shots)
- **Strategy (Current Sponsor)**
 - Appears to have a long-term value creation process
 - Previous success includes acquiring Arby's (at \$350 M net loss), and turning around through closing underperforming locations and developing new menu items
 - Hired a new team of executives (restaurant and kitchen remodelling efforts), and aggressive social media campaigns



Thank You For Listening

Appendix

Base Case Assumptions

Net Income Build	2016A	2017A	2018A	2019A	2020E	2021E	2022E	2023E	2024E
Revenue	1,248.4	1,275.6	1,321.6	1,370.2	1,434.3	1,501.4	1,571.7	1,645.2	1,722.2
<i>% YoY Growth</i>		2%	4%	4%	5%	5%	5%	5%	5%
Cost of Goods Sold	607.2	613.5	633.5	661.8	678.4	702.6	727.6	753.4	780.1
<i>% of Revenue</i>	0.5	52%	52%	52%	53%	53%	54%	54%	55%
Gross Profit	641.2	662.1	688.1	708.5	755.9	798.8	844.0	891.8	942.1
Selling General & Admin Exp.	242.3	246.7	246.8	238.7	242.7	246.5	250.2	253.7	256.9
<i>% of Revenue</i>	19%	19%	19%	17%	17%	16%	16%	15%	15%
Depreciation and Amort.	20.5	20.1	19.9	18.4	19.3	20.2	21.1	22.1	23.2
<i>% of Revenue</i>	2%	2%	2%	1%	1%	1%	1%	1%	1%
Amort. Of Goodwill and Intangib.	22.1	21.3	21.1	18.5	19.3	20.2	21.2	22.2	23.2
<i>% of Revenue</i>	2%	2%	2%	1%	1%	1%	1%	1%	1%
EBITDA	376.8	394.0	420.2	451.3	494.0	532.1	572.7	615.9	662.0
<i>% of Revenue</i>	30%	31%	32%	33%	34%	35%	36%	37%	38%
EBIT	356.4	373.9	400.2	432.9	474.7	511.9	551.5	593.8	638.8
<i>% of Revenue</i>	29%	29%	30%	32%	33%	34%	35%	36%	37%
Interest Expense	0.0	0.0	0.0	0.0	567.7	557.8	547.1	535.8	523.6
EBT	356.4	373.9	400.2	432.9	-93.0	-45.9	4.4	58.0	115.2
Tax Expense	74.8	78.5	84.1	90.9	-19.5	-9.6	0.9	12.2	24.2
Tax Rate	21%	21%	21%	21%	21%	21%	21%	21%	21%
Net Income	281.5	295.4	316.2	342.0	-73.5	-36.2	3.5	45.8	91.0

Base Case Assumptions

Levered Free Cash Flow

Net Income	281.5	295.4	316.2	342.0	-73.5	-36.2	3.5	45.8	91.0
<i>% of Revenue</i>	23%	23%	24%	25%	-5%	-2%	0%	3%	5%
(+) D&A	24.2	23.9	23.9	23.9	25.0	26.2	27.4	28.7	30.1
<i>% of Revenue</i>	2%	2%	2%	2%	2%	2%	2%	2%	2%
(-) Capex	20.8	21.1	51.9	36.8	38.5	40.3	42.2	44.2	46.3
<i>% of Revenue</i>	2%	2%	4%	3%	3%	3%	3%	3%	3%
(-) Increase in Working Capital		61.3	54.1	42.8	27.2	28.5	29.9	31.3	32.7
(-) Mandatory Debt Repayment	0.0	0.0	0.0	0.0	408.1	408.1	408.1	408.1	408.1
Free Cash Flow	284.9	236.9	234.1	286.3	-522.3	-487.0	-449.2	-409.0	-366.0
(+) Revolver Drawdown					522.3	487.0	449.2	409.0	366.0
(-) Revolver Repayment					0.0	0.0	0.0	0.0	0.0
Cash Paid Out as Dividends					0.0	0.0	0.0	0.0	0.0

Working Capital Schedule

Working Capital Balance	424.2	485.5	539.6	582.4	609.7	638.2	668.0	699.3	732.0
<i>% of Revenue</i>	34%	38%	41%	43%	43%	43%	43%	43%	43%

Base Case Assumptions

Debt Schedule	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A
Debt Tranches									
Amortization Period									
Senior Debt A	15 Years								
Senior Debt B	20 Years								
Subordinated Debt	Bullet								
Libor	0.34%								
Revolver									
Beginning Balance				0.0	522.3	1,009.3	1,458.5	1,867.5	
Drawdown				522.3	487.0	449.2	409.0	366.0	
Repayment				0.0	0.0	0.0	0.0	0.0	
Ending Balance				522.3	1,009.3	1,458.5	1,867.5	2,233.5	
Interest Rate				2%	2%	2%	2%	2%	
Senior Debt A									
Beginning Balance				3,497.9	3,264.7	3,031.5	2,798.3	2,565.2	
Amortization				233.2	233.2	233.2	233.2	233.2	
Ending Balance				3,264.7	3,031.5	2,798.3	2,565.2	2,332.0	
Interest Rate				4%	4%	4%	4%	4%	
Senior Debt B									
Beginning Balance				3,497.9	3,323.0	3,148.1	2,973.2	2,798.3	
Amortization				174.9	174.9	174.9	174.9	174.9	
Ending Balance				3,323.0	3,148.1	2,973.2	2,798.3	2,623.5	
Interest Rate				5%	5%	5%	5%	5%	
Subordinated Debt									
Beginning Balance				2,498.5	2,498.5	2,498.5	2,498.5	2,498.5	
Amortization									
Ending Balance				2,498.5	2,498.5	2,498.5	2,498.5	2,498.5	
Interest Rate				10%	10%	10%	10%	10%	
Total Interest Expense					567.7	557.8	547.1	535.8	523.6

Appendix: Discounted Cash Flow

Base Case Assumptions

Unlevered Free Cash Flow Build	2016A	2017A	2018A	2019A	2020E	2021E	2022E	2023E	2024E
EBIT	356.4	373.9	400.2	432.9	448.8	465.3	482.4	500.2	520.2
Margin	29%	29%	30%	32%	32%	32%	32%	32%	32%
Tax Expense	74.8	78.5	84.1	90.9	94.3	97.7	101.3	105.0	109.2
Tax Rate	21%	21%	21%	21%	21%	21%	21%	21%	21%
NOPAT	281.5	295.4	316.2	342.0	354.6	367.6	381.1	395.1	411.0
Margin	23%	23%	24%	25%	25%	25%	25%	25%	25%
Add: D&A	24.2	23.9	23.9	23.9	24.8	25.7	26.7	27.6	28.7
<i>% of Revenue</i>	2%	2%	2%	2%	2%	2%	2%	2%	2%
Less: Capex	20.8	21.1	51.9	36.8	38.2	39.6	41.0	42.5	44.2
<i>% of Revenue</i>	2%	2%	4%	3%	3%	3%	3%	3%	3%
Less: Increase in WC		61.3	54.1	42.8	21.4	22.2	23.0	23.9	26.9
Unlevered Free Cash Flow	284.9	236.9	234.1	286.3	319.8	331.6	343.8	356.4	368.6
Period					0.5	1.5	2.5	3.5	4.5
Discount Factor					1.0	0.9	0.9	0.8	0.8
PV of UFCF					310.7	304.0	297.5	291.1	284.2
Working Capital	424.2	485.5	539.6	582.4	603.8	626.1	649.1	673.0	699.9
<i>% of Revenue</i>	34%	38%	41%	43%	43%	43%	43%	43%	43%

Unlevered and Levered Beta

Company	Levered Beta	Debt	Equity	Debt/Market Equity	Unlevered Beta
The Wendy's Company	1.09	41.7%	58.3%	71.6%	0.70
Chipotle Mexican Grill, Inc.	1.42	7.5%	92.5%	8.1%	1.33
Texas Roadhouse, Inc.	1.03	9.9%	90.1%	11.0%	0.95
The Cheesecake Factory Incorporated	1.63	49.2%	50.8%	96.7%	0.92
Restaurant Brands International Inc	1.21	42.6%	57.4%	74.3%	0.76
Jack in the Box Inc.	1.70	39.1%	60.9%	64.2%	1.13
Papa John's International, Inc.	1.08	16.7%	83.3%	20.1%	0.93
Domino's Pizza, Inc.	0.41	22.3%	77.7%	28.7%	0.33
Red Robin Gourmet Burgers, Inc.	2.52	72.0%	28.0%	256.8%	0.83
Yum! Brands, Inc.	0.98	26.4%	73.6%	35.9%	0.76
McDonald's Corporation	0.63	22.7%	77.3%	29.4%	0.51
Starbucks Corporation	0.77	18.1%	81.9%	22.1%	0.66
Median	1.09	24.6%	75.4%	32.7%	0.80
Average	1.21	30.7%	69.3%	59.9%	0.82

Assumptions

Debt/Market Equity	Debt/Capital	Common Equity	Market Cap	Total Debt
71.6%	88%	521	5192.8	3717.7
8.1%	63%	1805	35274	2851.5
11.0%	47%	902	5079.5	558.1
96.7%	77%	322	1662.5	1608
74.3%	79%	23	18209.8	13538
64.2%	155%	-836	1986.1	1275.1
20.1%	103%	-288	2613.8	525.2
28.7%	384%	-3211	15140.4	4350.5
256.8%	83%	153	278.4	715
35.9%	337%	-7919	31602.8	11340
29.4%	120%	-8472	161487.9	47556
22.1%	14432%	-7805	114764.4	25396

Target Company Info		Debt/Market Equity	39.5%	Final Beta Calculation	
Name	Dunkin' Brands	Total Debt	3459.60	Levered Beta	1.05
Tax Rate	21.0%	Total Market Capitalization	8754.20		

Multiple Assumptions and Calculation

	Low	High	Average	Upside/Downside
LTM EV/Rev	-0.34	64.59	32.13	-64%
LTM EV/EBITDA	47.80	85.44	66.62	-25%
NTM EV/EBITDA	53.85	75.64	64.75	-27%
LTM P/E	41.39	152.42	96.91	9%
NTM P/E	37.46	54.18	45.82	-48%
DCF: 22x - 24x Exit Multiple	92.64	102.50	97.57	10%
52-Week Range	38.51	106.28	72.40	-18%
Analyst Estimates	85.62	106.50	96.06	8%

LTM EV/EBITDA			NTM EV/EBITDA			LTM EV/Rev			LTM P/E			NTM P/E		
Comparables			Comparables			Comparables			Comparables			Comparables		
Multiple	15	22	Multiple	16	20	Multiple	2	6	Multiple	28	70	Multiple	27	33
Percentile	0	1	Percentile	0	1	Percentile	0	1	Percentile	0	1	Percentile	0	1
EBITDA	445	445	EBITDA	445	445	Revenue	1308	1308	Earnings	220	220	Earnings	220	220
EV	6780	9908	EV	7283	9093	EV	2780	8175	EV	6247	15474	EV	5920	7310
Cash	621	621	Cash	621	621	Cash	621	621	Cash	621	621	Cash	621	621
Debt	3429	3429	Debt	3429	3429	Debt	3429	3429	Debt	3429	3429	Debt	3429	3429
Implied Equity	3972	7100	Implied Equity	4475	6285	Implied Equity	-28	5367	Implied Equity	3440	12666	Implied Equity	3113	4502
Shares Outs.	83	83	Shares Outs.	83	83	Shares Outs.	83	83	Shares Outs.	83	83	Shares Outs.	83	83
Share Price	48	85	Share Price	54	76	Share Price	0	65	Share Price	41	152	Share Price	37	54