



Stock Rating

Hold

Company Overview

Chipotle Mexican Grill, Inc. engages in the business of developing and operating restaurants that serve a relevant menu of burritos, burrito bowls, quesadillas, tacos, and salads made using fresh, high-quality ingredients. The company was founded by Steve Eells in 1993 and is headquartered in Newport Beach, CA.

Source: 18 FactSet

Valuation Summary

DCF/EP	\$2,903.72
DDM	\$2,057.78
Relative PE	\$1,261.67 - \$2,946.27

Price Data

Current Price	\$2,957.60
52-week Low – High	\$1,694 - \$3,024
Beta Value	1.09
WACC	9.01%
Current P/E	\$66.67

Share Highlights

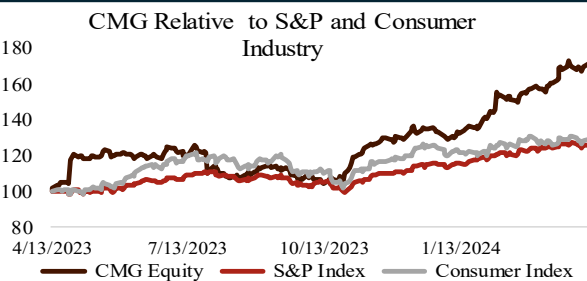
Market Capitalization	\$81.101B
Shares Outstanding	27.43 M
EPS (FY23)	\$44.59

Financial Metrics

2023 Revenue	\$9,871.6M
2024E Revenue	\$11,586.M
2023 Net Income	\$1,228.7M
2024E Net Income	\$1,279.6M
2023 Profit Margin	15.78%
2024E Profit Margin	14.03%

Financial Ratios

2023 ROE	40.13%
2023 ROA	15.27%
2023 EBITDA Margin	19.02%



*Investment Thesis*

We recommend a **HOLD** for Chipotle because of its strong relative positioning, overall positive industry outlook, and continued store growth opportunities.

Drivers of Thesis

- Strong Positioning: Chipotle is dominant in the quick-service restaurant space specializing in healthier food options. With no direct competitors, other than Cava and Sweetgreen, who both have market caps of less than \$10B, Chipotle can retain a loyal customer base.
- Industry Outlook: Technology is creating opportunities for innovation within the restaurant space as AI can increase efficiency within these companies. Additionally, over the next few years, we expect a continued push towards healthier food options, which benefits companies like Chipotle.
- Store Growth: Chipotle currently receives over 95% of its revenue domestically in the United States. Chipotle is planning on adding 300+ restaurants worldwide over the next year which provides them the opportunity to expand into new customer bases in places like Dubai and Kuwait.

Risks to Thesis

- Low Relative Valuation: Chipotle is currently trading at a P/E multiple of 67x which is, on average, almost double the respective P/E multiples of comparable companies. Even while using the 75<sup>th</sup> percentile multiple, we still received a valuation that is significantly lower than Chipotle’s current stock price.
- Food Safety Concerns: Chipotle focuses on healthy food options produced without the addition of preservatives and processed ingredients, but in the past, Chipotle has had issues with the safety of these food options. Without the addition of some of these preservatives, it can be harder to confirm the absolute safety of these foods.

*Earnings Estimates*

2024	2025	2026	2027
\$1.447	\$1.796	\$2.150	\$2.518

## Executive Summary

Chipotle Mexican Grill (NYSE: CMG) is a Mexican Restaurant in the consumer discretionary sector.

We recommend a **HOLD** rating as Chipotle is an opportunistic company with a great growth profile. Its ability to operate without debt, maintain tight operations at every location, expansion possibilities, and its integral use of quality ingredients will drive this growth.

## Macroeconomic Analysis

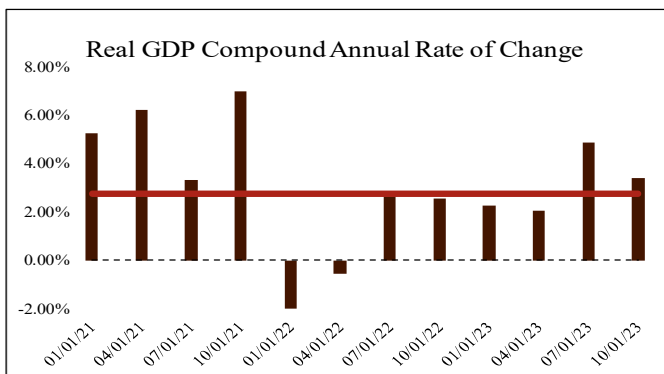
### Real GDP Growth (rGDP)

Real Gross Domestic Product is an inflation-corrected value of all goods and services produced by the economy each year.

Personal consumption expenditures currently account for 67% of GDP<sup>1</sup>, highlighting the strong relationship between consumer spending and GDP. rGDP has grown steadily<sup>2</sup>, implying that consumers are spending more money on consumer discretionary products and services.

rGDP increased at an annualized rate of 4.9% in Q3 2024, followed by a 3.4% increase in Q4. Both quarters grew more than the 50-year average of 2.7%<sup>3</sup>. An increase in consumer spending was a contributing factor in rGDP growth.

Specifically, food services/accommodations and other nondurable goods were the most significant contributors to consumer spending growth<sup>4</sup>. Consumer spending remaining strong in these categories has been a positive catalyst for the quick-service restaurant industry.

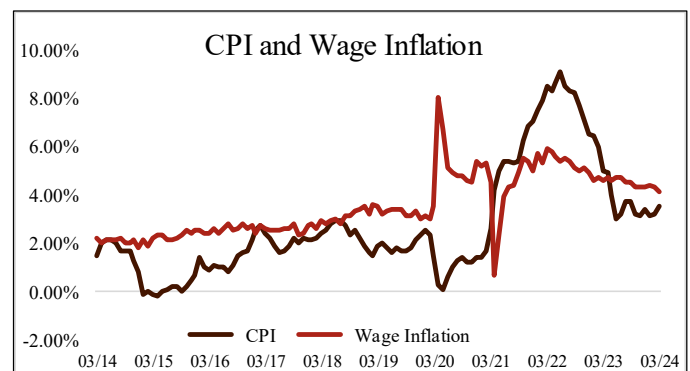


Despite the recent positive sentiment, the historically rapid increase in interest rates and difficulty containing persistent inflation creates a negative short-term outlook. We believe consumer spending has yet to reflect the recent monetary policy, and rGDP growth will significantly slow in 2H 2024. We believe the Fed will begin to cut rates in Q4 2024<sup>5</sup>,

creating an environment for rGDP growth to moderate in 2025, around 2.5%. In the short term, we expect the consumer discretionary industry to face pressures from slowing consumer spending. We then expect rGDP to arrive at a steady-state growth rate equal to its historical average of 3%. Having the rGDP reach its steady state will be a positive sign for Chipotle and will allow them to reach growth initiatives.

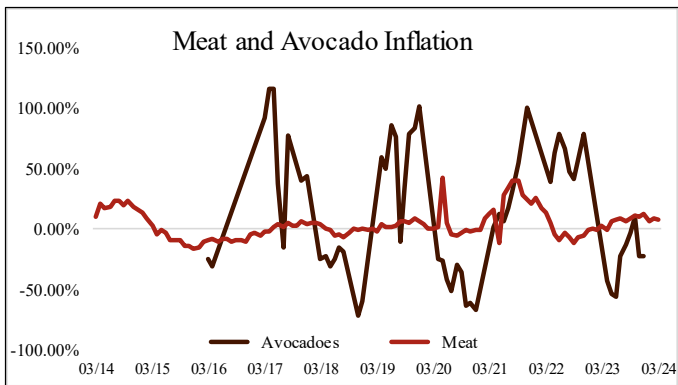
### Inflation and Consumer Price Index (CPI)

The Consumer Price Index (CPI) is a measure of the average change in prices paid by consumers over time for a market basket of goods. Inflation erodes consumers' purchasing power, resulting in less discretionary income. Chipotle sells non-essential products and is directly affected by a decline in consumer discretionary income. The Fed has historically targeted a long-run CPI growth rate of 2%<sup>8</sup>. Additionally, wage inflation is a crucial consideration for the quick-service restaurant industry, as labor is a significant portion of operating expenses. Nonfarm payroll earnings broadly track labor costs for jobs excluding farm workers and military.



CPI reached an unprecedented level of 9.1% in 2022 but has since moderated to 3.5% in March 2024. We expect CPI to remain between 3-4% throughout 2024 due to persistent consumer spending, then slowly approach the Fed target of 2.0%. As CPI falls, purchasing power will increase, creating a positive environment for consumer spending. As CPI stabilizes and consumers spend extra money, companies must raise wages to attract and retain talent. We expect wage inflation to remain at a growth rate between 4-5% in the near term. Wages account for ~30% of Chipotle's operating expenses, and rising wages could negatively impact margins.

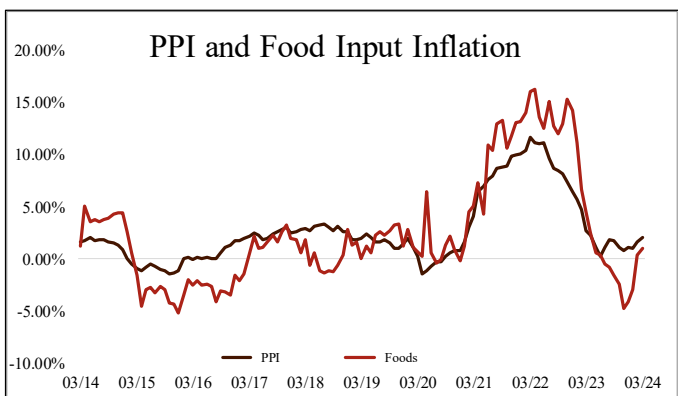
Avocado and meat prices are two volatile food-related input costs. Increases in food costs can reduce margins significantly. Chipotle could raise prices to combat rising costs, but this could be detrimental to sales volume and sales as fewer customers can afford the product.



Meat experienced significant inflation during COVID-19, as meatpacking plants shut down and supply fell. Meat inflation persisted throughout 2021, driven by rising production costs and supply-chain problems, which have since eased. Avocado prices are heavily tied to production output. Chipotle sources most avocados from Mexico, but also from California, Peru, and Columbia in the fall. Mexico’s avocado production volume waned in 2021 due to the natural production volatility of avocado trees<sup>7</sup>, explaining the higher prices in the subsequent year. Mexico’s avocado production in 2023 was at an all-time high, implying lower future costs for avocados. High production volume, coupled with an adaptable sourcing strategy creates a positive sentiment for input costs.

### **Producer Price Index (PPI)**

The Producer Price Index (PPI) measures the average change that domestic producers pay for their inputs. PPI often moves in tandem with CPI, as input costs are a significant influence on prices charged to consumers. To keep margins steady during periods of input cost inflation, companies may be incentivized to raise prices. Higher prices can make it difficult for consumers to purchase goods, resulting in lower sales volume.



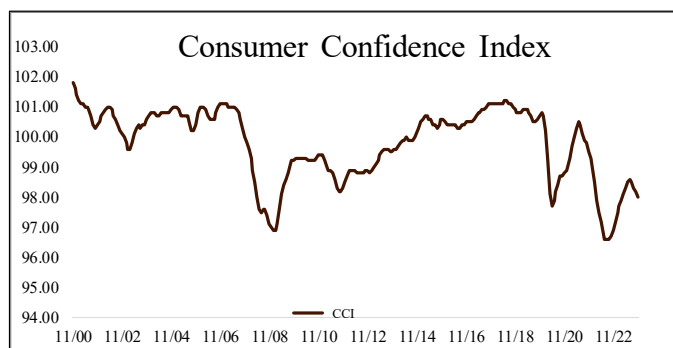
Input costs rose significantly from 2021-2023 due to supply chain disruptions, rising energy prices, and geopolitical uncertainty. PPI reached a high of 11.7% in March 2022. Chipotle has raised prices consistently throughout this period<sup>9</sup>, but revenue has performed well to offset the rising costs. We expect input costs to remain at current levels in the short term

and move in line with CPI in the long term. Input costs retreating to normal levels creates an opportunity for Chipotle to capitalize on previous menu price hikes and expand margins.

### **Consumer Confidence Index**

The Consumer Confidence Index is a survey that measures how consumers feel about their future expected financial situation. The intuition is that if consumers are more optimistic about their finances, they will spend more and stimulate the economy. If consumers are pessimistic, they will spend less, which could lead to an economic slowdown.

The CCI survey measures sentiment for future economic conditions. An indicator above 100 represents a boost in consumers’ confidence in the economy, resulting in higher spending and a growing economy. An indicator below 100 indicates the opposite.



Consumer confidence hit its lowest level since 2008 in June 2022. As inflation rose at a historic rate, consumer confidence plummeted. As inflation has eased, consumer confidence has elevated slightly. We expect consumer confidence to remain close to current levels in the short term as the Fed continues working to get CPI to its 2.0% target rate. As rates get cut in the 2H 2024 through 2025, we expect CCI to rise.

Consumer confidence directly translates into consumer spending. The CCI measures sentiment, and consumer decisions are driven by sentiment. The consumer discretionary industry is affected heavily by changes in consumer confidence, as the goods and services sold are not considered essential. During periods of negative consumer sentiment, discretionary goods are expected to face significant demand contraction as consumers prioritize essential goods. Although Chipotle sells non-essential goods, they achieved record revenue throughout the downturn in 2022. We believe Chipotle’s strong customer loyalty and price point shield them from some of the negative impacts of broad consumer spending habits.

### **Retail Sales: Retail Trade and Food Services**

Retail sales directly affect our industry because they reflect the quantitative value of consumer discretionary spending. The retail sales report uses data that is just a few weeks old, showing a more representative picture of current spending sentiment.

As retail sales increase, we expect the valuation of consumer discretionary companies to grow because they produce more cash flow. However, a decrease in retail sales can be the earliest sign of consumer sentiment in the discretionary industry.



Source: 22

Generally, we predict retail sales to follow a similar growth pattern to that of GDP. In the next 6 months, we expect retail sales to grow by 1.5%. An increased interest rate environment makes spending difficult as borrowing becomes more expensive. Consumers also begin to reap the effects of higher prices in retail stores. This affects retail sales as consumers are less willing to continue purchasing in high volumes at elevated prices. However, in the long-term, as interest rates begin to decrease and CPI normalizes near the Fed’s target, we expect retail sales to grow at 3% in line with our predictions for real GDP growth. Money will continue to be pumped into the economy and GDP will grow long-term, which will continuously attract consumers to spend growing amounts at retail and food services companies.

### Industry Analysis

#### Outlook for Quick-Service Restaurants: *Positive*

We have a positive outlook on the quick-service restaurant industry. The industry adapted through the pandemic with mobile ordering, and we see the sub-industry performing extremely well with several growth opportunities.

### Industry Overview

We will focus on the restaurant industry, which includes quick-service restaurants, fast-casual restaurants, casual dining, and fine dining restaurants. We will target our analysis on the quick-service industry in the United States because Chipotle is a quick-service restaurant. A few product lines in this sub-vertical include food, beverages, and promotional items. These products tend to be priced lower than the alternative full-service restaurants. The business segments include delivery, in-house dining, drive-thru, and curbside delivery. Revenue streams in the industry are mainly

generated through sales of products like food and beverages to customers at operating locations. Revenue can also come from merchandising, digital ordering and mobile apps, partnerships, drive-thru sales, and delivery sales. The differentiators in the quick-service industry consist of high-quality ingredients, customer efficiency, drive-thru services, and pricing strategies.

### Recent Industry Trends

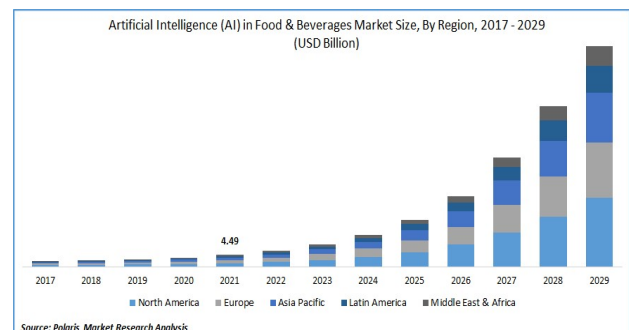
Recently, companies within the space have begun investing significant money into technological advancements such as AI. YUM! Brands, Chipotle, and others are attempting to create an industry powered by Artificial Intelligence, which increases margins as companies become more efficient<sup>6</sup>. Artificial Intelligent dispensers can fill a bowl or salad without the need for an employee.

Artificial intelligence also seems to be a promising way to increase operational efficiency in restaurants. AI has the potential to take orders and forecast inventory and staffing needs. The technology considers real-time food levels, traffic patterns, weather, and local events that could impact demand.

Food safety is an important consideration in restaurant companies. For example: In 2020, Chipotle was forced to pay a \$25 million fine in response to 1,000+ cases of food illness. As Chipotle continues its attempt to grow, it is vital to maintain proper training to decrease the likelihood of additional issues.

Health-and-wellness has also seen an emphasis within the quick-service restaurant space. There is growing consumer demand for nutritious food sourced by economically friendly companies. This provides an opportunity for companies like Chipotle, Cava, and more to capitalize on their established health-focused offerings.

The biggest trends in the restaurant industry currently are automation, food safety, and health-and-wellness. Automation provides a strong opportunity for companies worldwide to improve business practices and increase margins. We believe that companies that are agile enough to adapt to these changing consumer preferences will benefit strongly from these industry-wide trends.



Source: 10



## **Quick-Service Restaurant Porter's Five Forces**

### ***Bargaining Power of Buyers: Moderate/High***

The buyers have modest-to-high bargaining power in the quick-service restaurant industry regarding pricing decisions. In this specific industry, it is important to create competitive prices to retain customers<sup>11</sup>. Customers value quality and the variability of the menu, but overpriced products will not bring in revenue. Pricing should be targeted for specific demographics and budgets, which is why we think buyer power has a moderate-to-high level of power in the quick-service restaurant industry.

### ***Bargaining Power of Suppliers: Low***

The bargaining power of suppliers in the quick-service restaurant industry is low because there are many suppliers available with minimal power. Another factor that is attributed to supplier power is the size of the restaurant. Smaller restaurants have less negotiating power because they traditionally have smaller order sizes. This is an advantage to large fast-food chains and is why we believe the power of suppliers is low in the quick-service restaurant industry.

### ***Competitive Rivalry Among Competitors: High***

The quick-service restaurant industry has intense competition, with additional companies added to the sub-industry each year. This increased competition forces companies to grow their business, sustain profitability, and retain market share. The large number of companies in the market also forces companies to constantly provide competitive pricing. These reasons force quick-service restaurants to have a low margin of error, and why we believe there is a high level of competitive rivalry in the industry.

### ***Threat of Substitute Products: High***

The threat of substitutes is reasonably high within the quick-service restaurant industry because each chain risks having its product reformed at another restaurant. Naturally, numerous quick-service restaurants already provide a similar menu of food items to customers. Additionally, companies within the industry run the risk of customers changing their preferences and switching to a competitor. Due to the ease of substituting products, we believe this is a high pressure for the quick-service restaurant industry.

### ***Threat of New Entrants: Low***

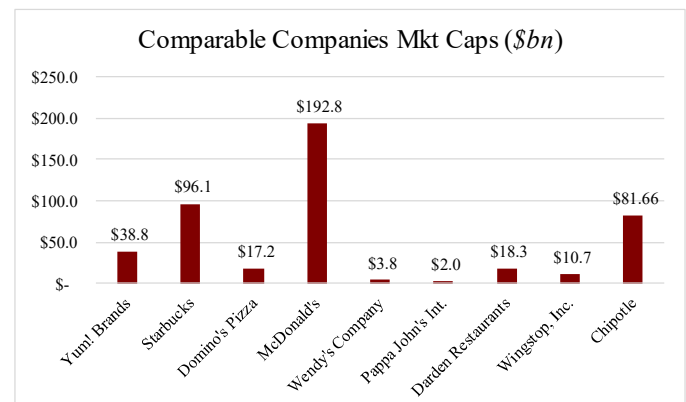
To enter the quick-service industry, an initial investment is required in equipment, real estate, marketing, and personnel. Existing quick-service restaurants benefit from economies of scale, providing them with negotiating power with suppliers, lower production costs, and competitive prices. New entrants

face the risk of elevated fixed costs with low margins, forcing management to be tight with their operations. Established chains in the industry can make it difficult for new entrants to compete effectively, which is why we believe this is a low pressure for the industry.

## **Peer Comparisons**

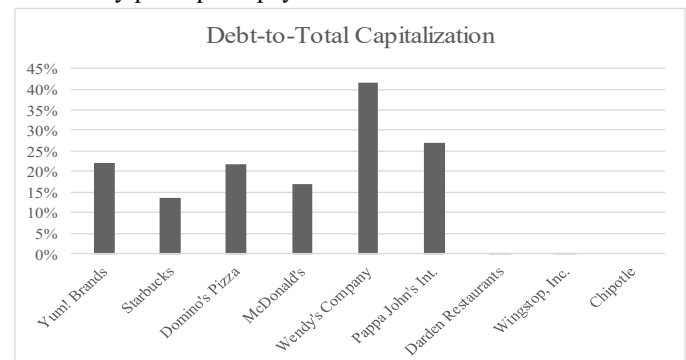
Chipotle has many competitors in the quick-service sub-vertical. Those consist of McDonald's (MCD), Yum Brands! (YUM), Domino's Pizza (DPZ), Wingstop (WING), Wendy's (WEN), Pappa John's (PZZA), Darden Restaurants (DRI), Restaurant Brands International (QSR), and Starbucks (SBUX). Each of these companies operates in the fast-casual/casual dining vertical of the consumer discretionary sector. A few of the companies operate in countries outside of the United States; however, they produce most of their revenue domestically.

From our peer analysis of Chipotle, we have included a graph with all the company's market capitalizations. Chipotle's market capitalization is currently \$81.101 billion, which is third compared to its competitors. First is MCD, with a market capitalization of \$192.8 billion, and second is SBUX, with a market capitalization of \$96.146 billion.

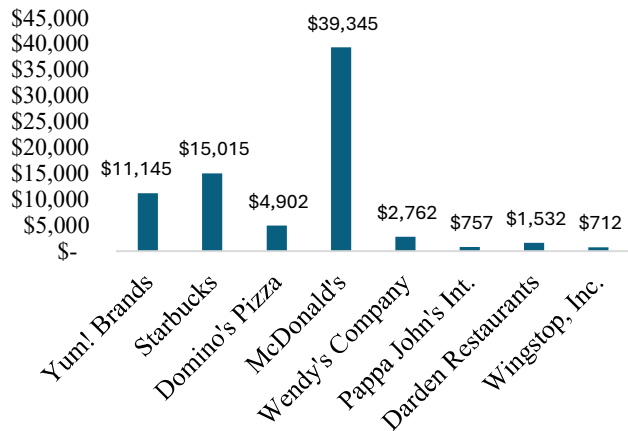


Source: Factset

Many of Chipotle's competitors are financed partially with debt. Companies like McDonalds and Starbucks have debt/total cap percentages of roughly 10-15%. Whereas Chipotle has no debt on its balance sheet. This allows Chipotle to have fewer expenses with no interest payments and no mandatory principal repayments.



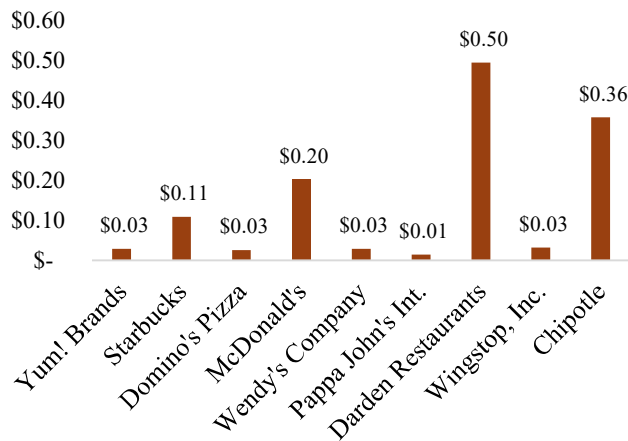
## Debt Outstanding by Comparable Company (\$bn)



Source: Factset

Chipotle also owns and operates all its stores, allowing the company to not pay rent expenses like many other competitors. Companies like McDonald's and Starbucks have a mix of owned and operated stores, as well as leased and franchised stores. Chipotle's complete focus on owned and operated stores gives them continuity throughout all restaurant locations. It can also provide customers peace of mind knowing that every Chipotle throughout the world will contain a similar menu with a simple ordering method. This allows Chipotle to have strong earnings per store in comparison to other competitors, as seen in the chart below.

## FY23 Earnings per Store (\$mn)

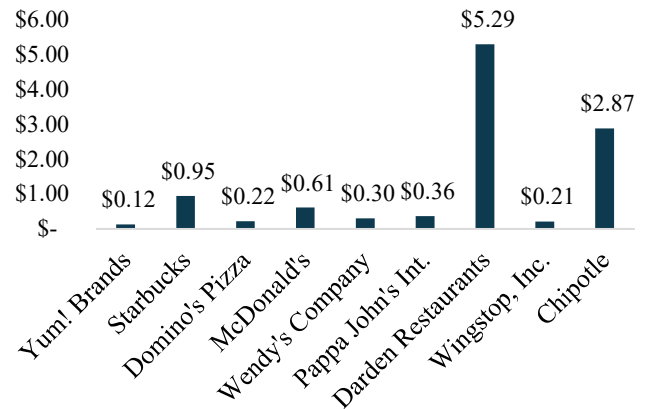


Source: Factset

As opposed to a lot of other industries, the fast-casual food industry is not shaped entirely by price. It is mainly shaped by a loyal customer base and the quality of the product. Consumers feel comfortable with spending money at places where they have received quality service and enjoyable food. Chipotle has been a market leader in this industry. Chipotle charges higher prices than several of its competitors, however, they have grown a loyal customer base and have solidified themselves as one of the industry leaders. Chipotle is well-

positioned going forward as they continue to offer evolving food options and keep the maintenance of a loyal customer base as a priority. Numerous other firms in the space are also well-positioned as fast casual food services continue to grow in popularity. However, it will be difficult for other restaurants to establish a dominant market share in the space with Chipotle remaining so strong. Despite having higher prices than competitors, Chipotle can maintain a loyal customer base and record higher revenue per restaurant than many of its competitors as seen below.

## FY23 Revenue per Store (\$mn)



Source: Factset

## Growth Catalysts:

### *Technological Integration*

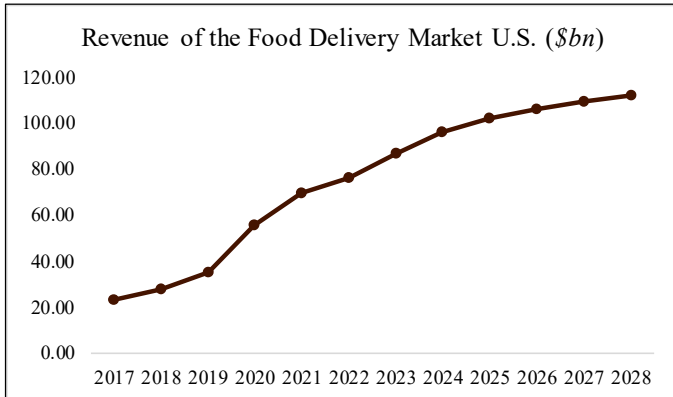
Technology is a meaningful growth catalyst in the quick-service restaurant industry. Companies in the industry have utilized AI to help with customer service and operations of the business. Having this resource improves efficiency and enhances the overall customer experience.

Self-serve kiosks in quick-service restaurants offer consumers a lower-contact, engaging menu experience with self-service electronic point of sale (EPOS). This technology not only enhances operational efficiency but also boosts revenue, with up to a 30% increase in 2021 in the average basket size along with reduced wait times. As of 2021, 32% of consumers prefer self-service options. Due to this increased demand, brands are adopting kiosks to meet evolving customer preferences. Additionally, the importance of drive-thrus is key in the industry, with 2021 reports stating that 50% of the sales in the quick-service industry came through the drive-thru channel. Restaurant chains seeking market share must stay on top of technological efficiencies to align with varying consumer preferences<sup>12</sup>.

### *Delivery and Takeout Services*

The delivery and takeout sector of the quick-service restaurant industry became popular during the pandemic and has

continued to grow since. Consumers enjoy the ease of having delicious food delivered right to their doorstep, even if there is a fee applied to the purchase. In 2023, it was estimated that 161 million people used a meal delivery service, and that statistic is expected to exceed 173 million by 2028<sup>13</sup>.



Source: 13

We do not see third-party delivery services fading away any time soon. However, we see this as a growth catalyst for the industry by having restaurants provide their own delivery services to consumers. This will allow them to gain more revenue per customer and consumers will receive food at a cheaper price as most third-party vendors have a 10% menu price increase<sup>14</sup>. Restaurants can revert to their own delivery system through old-fashioned phone ordering or creating their own digital ordering system<sup>15</sup>. This would require substantial capital in the beginning, but in the long run, it would allow restaurants to save money in fees.

### ***Creative Menus***

Quick-service restaurants have the flexibility of changing their menus as frequently as they like. With most quick-service restaurants, the menu is standardized with the ingredients they use, allowing them to diversify their ingredients for different products that are appealing to consumers<sup>16</sup>. Having a diverse menu that provides dietary options for people with allergies or other health concerns is a growth catalyst for the quick-restaurant industry. The creative menu allows restaurants to cater to their diverse demographic with differing preferences and is a growth catalyst for the industry.

### ***Rewards Programs***

Having a loyalty program can significantly increase sales for restaurants, especially quick-service restaurants due to lower prices. This catalyst helps drive customer engagement, retain customers, and boost earnings. This is an enticing feature for loyal consumers who can reap the benefits. Nearly 77% of the people who use a loyalty program are willing to pay a premium on their purchases because they know they will receive rewards<sup>17</sup>. This resource helps spread brand awareness and is a growth catalyst for the quick-service restaurant industry.

## ***Chipotle Analysis***

### **Business Profile:**

Chipotle Mexican Grill prides itself on serving high-quality, sustainably sourced ingredients prepared using classic cooking techniques. They aim to provide customers with delicious, customizable meats made from responsibly raised animals, organic produce, and wholesome, unprocessed ingredients. This distinct variable is what separates Chipotle in the quick-service restaurant industry. There are currently 3,458 locations globally, with just 57 locations outside the U.S. In 2023, they added 271 new locations, which was a 14.8% increase from 2022<sup>21</sup>.

### **SWOT Analysis:**

#### ***Strengths***

Chipotle is famous for providing customers with simple, regular menus that contain tasty food. Their simple menu allows them to focus on quality within their products, ensuring consumers are happy with the outcome. They provide their product with fresh and clean ingredients of the highest quality for the consumers. They focus on using animals that are grown with care, without the use of non-therapeutic antibiotics or hormones. Also, providing vegetables that are organically and locally grown. Chipotle's mission statement is "Food with integrity," and each restaurant location has walk-in refrigerators stocked with fresh ingredients. This simple but successful food menu creates a loyal customer base that consistently picks Chipotle as their meal of choice.

Chipotle's customizable service model enables customers to tailor their orders to one's individual preferences. Their menu offers a variety of options for those following dietary guidelines such as Gluten-free, vegetarian, and dairy-free. This mitigates the inability to access certain customers who may not have been able to order items in line with their restrictions.

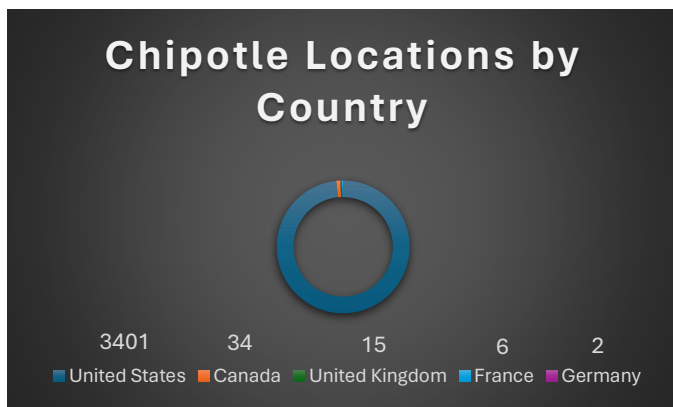
#### ***Weaknesses***

One weakness of Chipotle is providing food with contaminated substances, like Escherichia coli. Since Chipotle uses organic produce, they run the risk of having the products infested. From 2015 to 2018, issues with contaminated food caused illnesses in 1,100+ people nationally. Chipotle accepted responsibility and subsequently paid a \$25 million criminal fine along with an undisclosed amount in out-of-court settlements. They developed a comprehensive food safety program in the wake of the outbreak with the intent of minimizing this risk going forward.

Chipotle's menu, while heavily customizable, relies on a few key ingredients, such as chicken and avocados. Disruptions in the supply chain or price increases in select items can limit the ability to offer a consistent menu to customers. Coupled with their commitment to high-quality ingredients, they have a limited ability to shift between suppliers in the event of a disruption or price increase. Inconsistency in availability and pricing may turn some customers away from the business.

### **Opportunities**

Currently, Chipotle receives over 95% of its revenue domestically within the United States. Although this provides a limited sample size for success outside of the United States, Chipotle has significant opportunities to expand into new geographies. They recently expanded worldwide into places like Canada and the United Kingdom. Additionally, they are planning to add 300+ Chipotle locations in 2024-expanding into geographies such as Dubai and Kuwait. Given Chipotle's success within the United States, expanding into international locations is a tremendous opportunity to further scale market share and gain a new customer base.



Source: 23

Chipotle is also experimenting with innovative ideas such as AI. Chipotle is attempting to create an automated robot that can assemble bowls/burritos more quickly and efficiently than a human employee. Not only would this allow for a quicker assembly line and increased production, but it would also increase margins as Chipotle can spend less on employee salaries/wages.

In 2023, 37.4% of Chipotle's business came from digital orders, which includes delivery through partner platforms, in-store pickup, and Chipotlanes- their drive-thru format for pickup of digital orders. In addition to third-party delivery, Chipotle is one of the few QSRs to have their own delivery service through their app. Continued investment into their digital platforms could enable revenue growth moving forward.

### **Threats**

One threat to Chipotle's business is that consumer preferences are constantly changing. Currently, consumers prefer quality food with healthier ingredients, which has made Chipotle successful. However, consumers are unpredictable, and a preference change could drastically change Chipotle's ability to be successful.

With Chipotle's ongoing plans to expand into places like Dubai and Kuwait, there is a risk that Chipotle will fail in foreign locations. Although Chipotle has had significant success in the United States, countries across the globe have different food preferences, and natives may have loyalty to established local restaurants. The uncertainty of international markets poses a threat to Chipotle as it continues its expansion plans.

### **Revenue Analysis**

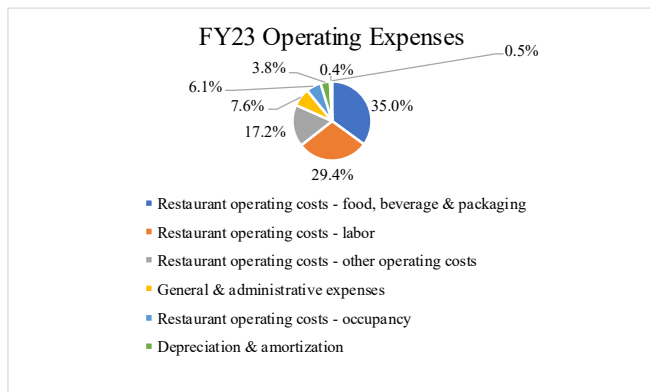
Chipotle's central source of revenue is from food and beverage sales, along with delivery. They offer burritos, burrito bowls, quesadillas, tacos, and salads. Chipotle also serves tortilla chips, fruit, and organic milk. Food and beverage made up roughly 99% of Chipotle's total revenue in 2023. The delivery service revenue became increasingly popular in the height of COVID-19. We believe the delivery service revenue will increase with the use of the Chipotle app.

Total revenue growth has remained steady over the last nine years, with an increase in new store locations. We see store growth expanding in the future, along with total revenue. Part of the revenue growth has been attributable to inflation and increasing menu prices. Since the pandemic, Chipotle, and other quick-service restaurants, have been forced to increase their prices. They have successfully increased menu prices while food, beverage, labor, packaging, and occupancy costs have increased. As of 2023, Chipotle has not taken consumer engagement losses regarding revenue, but we are concerned this could be a future risk if menu prices continue to increase.

An additional driver of revenue production is same store traffic growth, which has been strong for Chipotle. In 2023, restaurant companies saw an average of -1% traffic growth industry wide. However, Chipotle saw an increase of 7% in traffic growth. We expect Chipotle to maintain their customer base while continuing to entice more customers with their healthy, and tasty food options. We projected 5% traffic growth over the next 2 years, which then slowly decreases to a long-term growth rate of 2%. We also expect menu prices to increase 5% over the next 2 years as inflation remains elevated, but then to fall off to a modest long-term growth of 3%. These drivers, along with an increase in total number of stores annually, gives us confidence that Chipotle will be able to continue growing their revenue at a high percentage of 15%.

## Expense Analysis

The biggest expense category for Chipotle is food, beverage, and packaging, labor, and other operating costs. Operating expenses increased by nearly 11% YoY compared to 2022. By the end of 2023, Chipotle had a gross margin of 15.78%, a 2.34% increase from 2022 and nearly 10% higher than the average profit margin for quick-service restaurants. Chipotle does a phenomenal job managing costs in a competitive industry with historically lower margins. We expect Chipotle to continue mitigating costs as they expand production and increase efficiency. Although Chipotle plans to improve margins over the next couple of years and diminish operational costs as a percentage of sales, we used a 2-year historical average when projecting out operating costs. We believe this conservative projection reflects realistic operational costs as Chipotle expands its business.



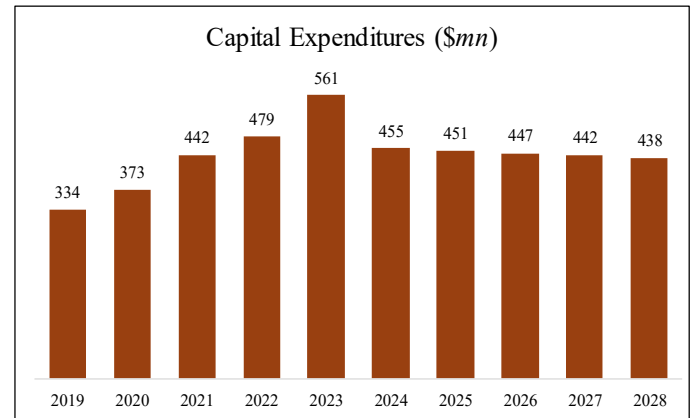
Source: Income Statement

Labor costs are a large portion of Chipotle's annual operating expenses. Although we believe that technology will allow companies like Chipotle to spend less on labor and be more efficient with employees, wage increases are likely to more than offset these improvements. Wage inflation was 4.7% last year and is expected to be similar, if not worse, over the next year. California increased its fast-food employee minimum wage by 25%, and unfortunately for Chipotle, roughly 13% of its restaurants are in California. We believe this will cause Chipotle to increase the amount spent on labor over the next few years as wage inflation continues to surge.

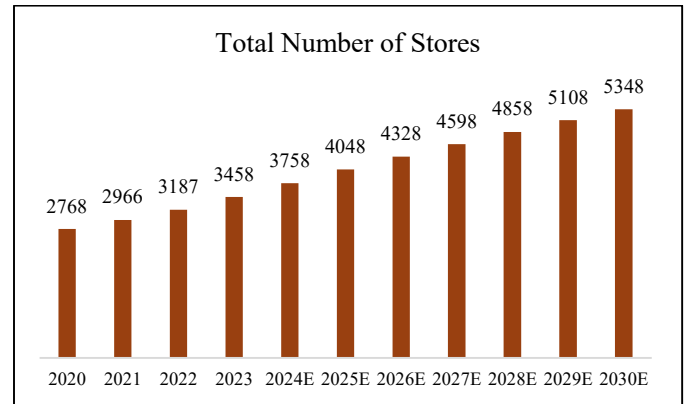
## Capital Expenditures

Chipotle opened 273 new restaurants in 2023, with 121 coming in the fourth quarter. This was a 14.8% increase YoY from 2022, and management expects a 15% increase in 2024. We saw nearly \$561 million in Capital Expenditures in 2023, which has grown by 17% from 2022. Chipotle plans to add between 285 and 315<sup>20</sup> new restaurants each year for the next 3-5 years. We projected capital expenditures using a historical average for gross PPE per new store over the past eight years. We felt historical averages considered rising prices of expenditures mixed with Chipotle's expertise in creating new store locations. We then multiplied our gross PPE per new

store by the projected number of new stores added annually. We projected aggressive annual stores added based on a management range. For example, we used 315 as our stores added in 2024 based on the range of 285-315 to reflect the potential expedition of Chipotle's long-term expansion plans to reach 7,000 restaurants in North America.



Source: Cash Flow Forecast



Source: Revenue Decomposition

## WACC

Chipotle's WACC was calculated using the market weights and current capital structure. This is an important assumption used in valuation as it is the discount rate, and any change to it has a significant impact on the overall valuation. Chipotle's cost of equity is calculated using a 4.50% risk-free rate from the 10-year UST, a raw beta of 1.09 (2-year weekly average), and a 4.33% equity risk premium. This calculates to a **9.22% cost of equity**. Next, Chipotle has no debt, so we used a peer to calculate the cost of debt. We used SBUX's 2050 outstanding debt, which is trading at 5.58% YTM<sup>19</sup>, and adjusted to an after-tax return using a 23% marginal tax rate. We used SBUX because we feel this is the closest peer to Chipotle in terms of market capitalization and consumer demographic. This calculates to a **4.30% cost of debt**. Chipotle's management has said they do not want to change their current capital structure significantly, so we assume their current capital structure stays constant. The **weight of equity was 95.77%, and the weight of debt (Operating Leases) was 4.23%**. This equates to a **WACC of 9.01%**.



## CMG Valuation Models

### Discounted Cash Flow and Economic Profit Model

Estimated Share Price: **\$2,903.72**

Our DCF and EP model is the best projection of Chipotle's value. This specific model allows us to consider Chipotle's special brand and business model and how it separates itself from competitors. The model is a 10-year projection before Chipotle reaches a steady state. In projecting free cash flow and economic profit, we were able to consider factors such as growth, profitability, and risk. We are confident the DCF and EP model is the best way to value Chipotle and that our assumptions are based on the most up-to-date public information.

Our model is highly volatile to changes in the company's long-term growth rate of 5.75% and changes to the WACC. Therefore, any major changes to the company's stability or growth prospects will significantly alter our valuation. However, we believe that Chipotle's financial structure of no debt gives us confidence in an accurately projected WACC.

### Relative Valuation to Peers

Estimated Share Price: **\$1,261.67 - \$2,946.27**

Model is based upon P/E (2024 & 2025), PEG (2024 & 2025), a revenue multiple (2023), and an EBIT multiple (2023).

Comparable companies: YUM, SBUX, DPZ, MCD, QSR, WEN, PZZA, DRI, and WING. We used the 75<sup>th</sup> percentile of our group of comparables to derive our target valuation.

We have concluded that relative valuations are not an accurate depiction of Chipotle's relative value, as the company has several operational and capital structure differences from peers in the industry. Also, many of our comparable companies are not accurately comparable due to differences in financials and specific verticals within restaurants. Many of these comparable operate in the fast-food space, whereas Chipotle prioritizes healthier food options. Across these different sub-verticals within the restaurant industry, companies have significant differences in metrics like P/E and EPS, but also large financial measures like market cap and enterprise value. Due to the wide ranges in share prices and multiples, we decided that we could not rely on this valuation method for Chipotle.

### Dividend Discount Model

Estimated Share Price: **\$2,057.78**

The DDM we performed is the least reliable valuation method as Chipotle does not currently pay a dividend, with no plans of distribution in the future. We do not predict the company to pay a dividend, which is why the DDM is the least reliable valuation method. Currently, Chipotle returns a lot of capital to shareholders through share repurchases.

## CMG Sensitivity Analysis

### Risk-Free Rate vs Beta

		Risk-Free Rate							
		2,903.72	3.90%	4.10%	4.30%	4.50%	4.70%	4.90%	5.10%
Beta	0.79	6,886.74	6,047.71	5,385.25	4,848.98	4,405.99	4,033.93	3,717.04	
	0.89	5,289.43	4,770.47	4,340.51	3,978.49	3,669.51	3,402.73	3,170.06	
	0.99	4,276.87	3,924.50	3,623.14	3,362.47	3,134.80	2,934.23	2,756.22	
	1.09	3,577.87	3,323.12	3,100.28	2,903.72	2,729.06	2,572.84	2,432.30	
	1.19	3,066.48	2,873.80	2,702.40	2,548.94	2,410.75	2,285.68	2,171.93	
	1.29	2,676.23	2,525.46	2,389.57	2,266.47	2,154.45	2,052.07	1,958.16	
	1.39	2,368.74	2,247.58	2,137.23	2,036.33	1,943.70	1,858.39	1,779.55	

In this table, we tested the effects of changing CMG's beta and the risk-free rate on the stock price. Changing the risk-free rate has significantly more of an impact on the stock price than the beta. Both variables affect our WACC, but the risk-free rate appears to have a greater impact. We expect these variables to change if interest rates are changed by the FOMC, and if macroeconomic uncertainty either increases or decreases.

### WACC vs. CV Growth Rate of NOPLAT

		WACC							
		2,903.72	8.41%	8.61%	8.81%	9.01%	9.21%	9.41%	9.61%
CV Growth Rate of NOPLAT	4.0%	2,432.67	2,312.30	2,202.07	2,100.76	2,007.35	1,920.95	1,840.81	
	4.5%	2,663.33	2,518.07	2,386.41	2,266.56	2,157.00	2,056.47	1,963.91	
	5.0%	2,961.70	2,780.87	2,619.17	2,473.72	2,342.21	2,222.74	2,113.74	
	5.8%	3,619.75	3,347.53	3,111.05	2,903.72	2,720.48	2,557.39	2,411.30	
	6.0%	3,930.21	3,608.85	3,333.41	3,094.71	2,885.88	2,701.67	2,537.98	
	6.5%	4,795.27	4,317.50	3,922.67	3,590.94	3,308.32	3,064.68	2,852.49	
	7.0%	6,274.94	5,466.98	4,837.94	4,334.36	3,922.12	3,578.47	3,287.62	

In this table, we tested the effects of changing the WACC and the perpetuity growth of NOPLAT to the share price. The manipulation of the growth rate seems to have a greater impact on the share price than WACC. Some factors that could lead to these changes taking place are a change in the capital structure or long-term market growth of quick-service restaurants.

### Labor Cost as a % of Sales vs. Food, Beverage, and Packaging as a % of Sales

	23.70%	24.20%	24.70%	25.20%	25.70%	26.20%	26.70%
2,903.72	23.70%	24.20%	24.70%	25.20%	25.70%	26.20%	26.70%
28.58%	3,450.95	3,359.74	3,268.54	3,177.33	3,086.13	2,994.92	2,903.72
29.08%	3,359.74	3,268.54	3,177.33	3,086.13	2,994.92	2,903.72	2,812.51
29.58%	3,268.54	3,177.33	3,086.13	2,994.92	2,903.72	2,812.51	2,721.31
30.08%	3,177.33	3,086.13	2,994.92	2,903.72	2,812.51	2,721.31	2,630.10
30.58%	3,086.13	2,994.92	2,903.72	2,812.51	2,721.31	2,630.10	2,538.90
31.08%	2,994.92	2,903.72	2,812.51	2,721.31	2,630.10	2,538.90	2,447.69
31.58%	2,903.72	2,812.51	2,721.31	2,630.10	2,538.90	2,447.69	2,356.49

In this table, we tested the impact of changing the labor cost as a percentage of sales along with the food, beverage, and packaging as a percentage of sales to the share price. With the high inflation that the economy is currently experiencing, we wanted to have food costs in the table. Additionally, labor costs continue to rise, which is why we chose to do labor costs.

### Other Operating Costs as a % of Sales vs. Equity Risk Premium

	13.68%	14.18%	14.68%	15.18%	15.68%	16.18%	16.68%
2,903.72	13.68%	14.18%	14.68%	15.18%	15.68%	16.18%	16.68%
4.03%	3,242.68	3,241.06	3,239.45	3,237.84	3,236.23	3,234.62	3,233.00
4.13%	3,123.65	3,122.04	3,120.43	3,118.82	3,117.21	3,115.60	3,113.99
4.23%	3,012.53	3,010.92	3,009.31	3,007.70	3,006.09	3,004.48	3,002.87
4.33%	2,908.55	2,906.94	2,905.33	2,903.72	2,902.11	2,900.50	2,898.89
4.43%	2,811.04	2,809.43	2,807.82	2,806.22	2,804.61	2,803.00	2,801.39
4.53%	2,719.43	2,717.82	2,716.21	2,714.60	2,713.00	2,711.39	2,709.78
4.63%	2,633.19	2,631.58	2,629.98	2,628.37	2,626.76	2,625.15	2,623.55

In this table, we tested the impact of changing other operating costs as a percentage of sales along with the equity risk premium. Manipulating the equity risk premium changes the share price much more than changing the other operating costs as a percentage of sales. This change is attributable to changing the discount rate used in the model. These changes could occur from stock market performance, market outlook, or tax policy changes through political differences that may occur.

### Marginal Tax Rate vs. Pre-tax Cost of Debt

	17%	19%	21%	23%	25%	27%	29%
2,903.72	17%	19%	21%	23%	25%	27%	29%
4.08%	2,875.14	2,884.60	2,894.09	2,903.59	2,913.12	2,922.67	2,932.25
4.58%	2,875.36	2,884.76	2,894.18	2,903.63	2,913.11	2,922.61	2,932.14
5.08%	2,875.58	2,884.92	2,894.28	2,903.67	2,913.10	2,922.54	2,932.02
5.58%	2,875.80	2,885.08	2,894.38	2,903.72	2,913.09	2,922.48	2,931.91
6.08%	2,876.02	2,885.24	2,894.48	2,903.76	2,913.08	2,922.42	2,931.81
6.58%	2,876.24	2,885.39	2,894.58	2,903.81	2,913.07	2,922.37	2,931.70
7.08%	2,876.46	2,885.55	2,894.69	2,903.86	2,913.07	2,922.31	2,931.60

In this table, we tested the impact of changing the marginal tax rate as well as the pre-tax cost of debt. Changing the pre-tax cost of debt marginally changes the overall valuation. Similarly, changing the marginal tax rate does not have a significant effect on the overall valuation, though it does have a larger impact than changing the pre-tax cost of debt. Due to Chipotle's heavy equity-financed capital structure, these variables have a limited impact on the valuation of Chipotle. However, these changes in marginal tax rates could come from changes in policies, possibly resulting from the election

in 2024. Changes in the cost of debt can come from fluctuations in interest rates as the Fed decides whether to lower, pause, or raise the federal funds rate over the next few months.

### Important Disclaimer

This report was created by students enrolled in the Security Analysis (6F:112) class at the University of Iowa. The report was originally created to offer an internal investment recommendation for the University of Iowa Krause Fund and its advisory board. The report also provides potential employers and other interested parties an example of students' skills, knowledge, and abilities. Members of the Krause Fund are not registered investment advisors, brokers, or officially licensed financial professionals. The investment advice contained in this report does not represent an offer or solicitation to buy or sell any of the securities mentioned. Unless otherwise noted, facts and figures included in this report are from publicly available sources. This report is not a complete compilation of data, and its accuracy is not guaranteed. From time to time, the University of Iowa, its faculty, staff, students, or the Krause Fund may hold a financial interest in the companies mentioned in this report.

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Chipotle Mexican Grill  
Revenue Decomposition

Fiscal Years Ending Dec. 31	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
<b>(Numbers in Millions)</b>														
Food and Beverage Revenue	5,920.55	7,457.17	8,558.00	9,804.12	\$ 12,365.73	\$ 14,593.24	\$ 17,031.36	\$ 19,492.65	\$ 21,994.26	\$ 24,537.07	\$ 27,206.85	\$ 30,066.98	\$ 33,129.02	\$ 36,405.23
Food and Beverage as a %	98.93%	98.81%	99.11%	99.32%	99.32%	99.32%	99.32%	99.32%	99.32%	99.32%	99.32%	99.32%	99.32%	99.32%
Delivery Service Revenue	64.09	89.89	76.65	67.53	\$ 85.17	\$ 100.51	\$ 117.30	\$ 134.25	\$ 151.48	\$ 169.00	\$ 187.38	\$ 207.08	\$ 228.17	\$ 250.74
Delivery service as a %	1.07%	1.19%	0.89%	0.68%	0.68%	0.68%	0.68%	0.68%	0.68%	0.68%	0.68%	0.68%	0.68%	0.68%
<b>Total revenue</b>	<b>\$ 5,984.63</b>	<b>\$ 7,547.06</b>	<b>\$ 8,634.65</b>	<b>\$ 9,871.65</b>	<b>\$ 12,450.90</b>	<b>\$ 14,693.75</b>	<b>\$ 17,148.66</b>	<b>\$ 19,626.90</b>	<b>\$ 22,145.75</b>	<b>\$ 24,706.06</b>	<b>\$ 27,394.24</b>	<b>\$ 30,274.06</b>	<b>\$ 33,357.20</b>	<b>\$ 36,655.97</b>
<b>Total revenue growth %</b>	<b>7.13%</b>	<b>26.11%</b>	<b>14.41%</b>	<b>14.33%</b>	<b>26.13%</b>	<b>18.01%</b>	<b>16.71%</b>	<b>14.45%</b>	<b>12.83%</b>	<b>11.56%</b>	<b>10.88%</b>	<b>10.51%</b>	<b>10.18%</b>	<b>9.89%</b>
<b>New restaurants</b>	<b>146</b>	<b>198</b>	<b>221</b>	<b>271</b>	<b>315</b>	<b>312</b>	<b>309</b>	<b>306</b>	<b>303</b>	<b>300</b>	<b>297</b>	<b>294</b>	<b>291</b>	<b>288</b>
Total number of stores	2,768	2,966	3,187	3,458	3,773	4,085	4,394	4,700	5,003	5,303	5,600	5,894	6,185	6,473
Restaurant growth	6.46%	7.15%	7.45%	8.50%	9.11%	8.27%	7.56%	6.96%	6.45%	6.00%	5.60%	5.25%	4.94%	4.66%
<b>Average unit volume</b>	<b>8.00</b>	<b>2.60</b>	<b>2.80</b>	<b>3.00</b>	<b>3.30</b>	<b>3.60</b>	<b>3.90</b>	<b>4.18</b>	<b>4.43</b>	<b>4.66</b>	<b>4.89</b>	<b>5.14</b>	<b>5.39</b>	<b>5.66</b>
<b>Restaurant revenue per store</b>	<b>8.00</b>	<b>2.60</b>	<b>2.80</b>	<b>3.00</b>	<b>3.30</b>	<b>3.60</b>	<b>3.90</b>	<b>4.18</b>	<b>4.43</b>	<b>4.66</b>	<b>4.89</b>	<b>5.14</b>	<b>5.39</b>	<b>5.66</b>
Food and beverage revenue per restaurant	7.91	2.57	2.78	2.98	3.28	3.57	3.88	4.15	4.40	4.63	4.86	5.10	5.36	5.62
Food and beverage revenue (% of revenue)	98.93%	98.81%	99.11%	99.32%	99.32%	99.32%	99.32%	99.32%	99.32%	99.32%	99.32%	99.32%	99.32%	99.32%
Delivery service revenue per restaurant	0.09	0.03	0.02	0.02	0.02	0.02	0.03	0.03	0.03	0.03	0.03	0.04	0.04	0.04
Delivery service (% of revenue)	1.07%	1.19%	0.89%	0.68%	0.68%	0.68%	0.68%	0.68%	0.68%	0.68%	0.68%	0.68%	0.68%	0.68%
<b>Average Unit Volume</b>	<b>8.0</b>	<b>2.6</b>	<b>2.8</b>	<b>3.0</b>	<b>3.3</b>	<b>3.6</b>	<b>3.9</b>	<b>4.2</b>	<b>4.4</b>	<b>4.7</b>	<b>4.9</b>	<b>5.1</b>	<b>5.4</b>	<b>5.7</b>
AUV (assumes full maturity)	8.0	2.6	2.8	3.0	3.3	3.6	3.9	4.2	4.4	4.7	4.9	5.1	5.4	5.7
Discount for immaturity	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Traffic growth (%)</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.90%</b>	<b>5.00%</b>	<b>5%</b>	<b>4%</b>	<b>4%</b>	<b>3%</b>	<b>3%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>
<b>Average check impact (%)</b>	<b>0.00%</b>	<b>0.00%</b>	<b>7.10%</b>	<b>2.90%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>4%</b>	<b>4%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>
Menu price increase % (Last 4Q)	0.00%	0.00%	12.00%	5.20%	5%	5%	5%	4%	4%	3%	3%	3%	3%	3%
Sales mix impact %	0.00%	0.00%	-4.90%	-2.30%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>% growth</b>	<b>0.00%</b>	<b>0.00%</b>	<b>8.00%</b>	<b>7.90%</b>	<b>10%</b>	<b>9%</b>	<b>9%</b>	<b>7%</b>	<b>6%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>



Chipotle Mexican Grill  
Income Statement

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Food & beverage revenue	-	-	-	-	4,860.63	5,561.04	5,920.55	7,457.17	8,558.00	9,804.12	12,365.73	14,593.24	17,031.36	19,492.65	21,994.26	24,537.07	27,206.85	30,066.98	33,129.02	36,405.23
Delivery service revenue	-	-	-	-	4.36	25.33	64.09	89.89	76.65	67.53	85.17	100.51	117.30	134.25	151.48	169.00	187.38	207.08	228.17	250.74
<b>Total revenue</b>	<b>4,108.27</b>	<b>4,501.22</b>	<b>3,904.38</b>	<b>4,476.41</b>	<b>4,864.99</b>	<b>5,586.37</b>	<b>5,984.63</b>	<b>7,547.06</b>	<b>8,634.65</b>	<b>9,871.65</b>	<b>12,450.90</b>	<b>14,693.75</b>	<b>17,148.66</b>	<b>19,626.90</b>	<b>22,145.75</b>	<b>24,706.06</b>	<b>27,394.24</b>	<b>30,274.06</b>	<b>33,357.20</b>	<b>36,655.97</b>
<b>Restaurant Operating Costs</b>																				
Restaurant operating costs - food, beverage & packaging	1,420.99	1,503.84	1,365.58	1,535.43	1,600.76	1,847.92	1,932.77	2,308.63	2,602.25	2,912.56	3,744.87	4,419.46	5,157.82	5,903.21	6,660.80	7,430.87	8,239.40	9,105.57	10,032.88	11,025.06
Restaurant operating costs - labor	904.41	1,045.73	1,105.00	1,205.99	1,326.08	1,472.06	1,593.01	1,917.76	2,197.96	2,440.98	3,137.34	3,702.48	4,321.06	4,945.52	5,580.21	6,225.35	6,902.71	7,628.35	8,405.23	9,236.45
Restaurant operating costs - occupancy	230.87	262.41	293.64	327.13	347.12	363.07	387.76	416.61	460.43	503.26	649.34	766.31	894.33	1,023.58	1,154.94	1,288.47	1,428.66	1,578.85	1,739.64	1,911.68
Restaurant operating costs - other operating costs	434.24	514.96	641.95	651.64	680.03	760.83	1,030.01	1,197.05	1,311.91	1,428.75	1,889.55	2,179.58	2,543.72	2,911.33	3,284.96	3,664.74	4,063.49	4,490.66	4,947.99	5,437.31
General & administrative expenses	273.90	250.21	276.24	296.39	375.46	451.55	466.29	606.85	564.19	633.58	806.34	951.59	1,110.57	1,271.06	1,434.19	1,600.00	1,774.09	1,960.59	2,160.25	2,373.89
Depreciation & amortization	110.47	130.37	146.37	163.35	201.98	212.78	238.53	254.66	286.83	319.39	295.89	317.61	335.78	350.88	363.34	373.50	381.68	388.16	393.17	396.90
Pre-opening costs	15.61	16.92	17.16	12.34	8.55	11.11	15.52	21.26	29.56	36.93	42.93	42.52	42.11	41.70	41.29	40.88	40.47	40.07	39.66	39.25
Gain (loss) on disposal & impairment of assets	6.98	13.19	23.88	13.35	66.64	23.09	30.58	19.29	21.14	38.37	39.44	46.54	54.32	62.17	70.15	78.26	86.77	95.89	105.66	116.11
<b>Total operating expenses</b>	<b>3,397.47</b>	<b>3,737.63</b>	<b>3,869.82</b>	<b>4,205.62</b>	<b>4,606.62</b>	<b>5,142.41</b>	<b>5,694.47</b>	<b>6,742.12</b>	<b>7,474.25</b>	<b>8,313.84</b>	<b>10,605.68</b>	<b>12,426.08</b>	<b>14,459.72</b>	<b>16,509.45</b>	<b>18,589.87</b>	<b>20,702.06</b>	<b>22,917.27</b>	<b>25,288.14</b>	<b>27,824.49</b>	<b>30,536.64</b>
Income (loss) from operations	710.80	763.59	34.56	270.79	258.37	443.96	290.16	804.94	1,160.40	1,557.81	1,845.22	2,267.67	2,688.94	3,117.45	3,555.87	4,004.00	4,476.97	4,985.92	5,532.71	6,119.33
Interest & other income (expense), net	3.50	6.28	4.17	4.95	10.07	14.33	3.62	7.82	21.13	62.69	55.80	92.48	136.47	191.94	259.65	337.88	427.16	529.20	645.77	778.05
Income (loss) before income taxes	714.30	769.87	38.73	275.74	268.44	458.29	293.78	812.76	1,181.53	1,620.51	1,901.02	2,360.15	2,825.41	3,309.39	3,815.53	4,341.88	4,904.13	5,515.12	6,178.48	6,897.38
Total provision (benefit) for current income taxes	268.00	294.00	15.00	99.00	91.00	108.00	(61.99)	159.78	282.43	391.77	454.34	564.07	675.27	790.94	911.91	1,037.71	1,172.09	1,318.11	1,476.66	1,648.47
<b>Net income (loss)</b>	<b>446.30</b>	<b>475.87</b>	<b>23.73</b>	<b>176.74</b>	<b>177.44</b>	<b>350.29</b>	<b>355.77</b>	<b>652.98</b>	<b>899.10</b>	<b>1,228.74</b>	<b>1,446.67</b>	<b>1,796.07</b>	<b>2,150.14</b>	<b>2,518.45</b>	<b>2,903.62</b>	<b>3,304.17</b>	<b>3,732.04</b>	<b>4,197.01</b>	<b>4,701.82</b>	<b>5,248.91</b>
		6.6%	-95.0%	644.8%	0.4%	97.4%	1.6%	83.5%	37.7%	36.7%	17.7%	24.2%	19.7%	17.1%	15.3%	13.8%	12.9%	12.5%	12.0%	11.6%
Weighted average shares outstanding - basic	31.04	31.09	29.27	28.49	27.82	27.74	27.92	28.13	25.95	27.56	27.46	27.47	27.42	27.39	27.34	27.25	27.15	27.06	26.98	26.91
Year end shares outstanding	31.03	30.58	28.81	28.03	27.70	27.76	28.00	28.08	27.63	27.43	27.49	27.44	27.40	27.37	27.30	27.20	27.11	27.02	26.94	26.87
Net earnings (loss) per share - basic	14.35	15.30	0.78	6.19	6.35	12.62	12.74	23.21	32.28	44.59	52.69	65.39	78.41	91.96	106.22	121.26	137.45	155.08	174.26	195.07
Annual Dividend per Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restaurant-level profit	1,117.76	1,174.28	498.21	756.22	911.00	1,142.49	1,041.08	1,707.01	2,062.12	2,586.09	3,029.81	3,625.93	4,231.72	4,843.27	5,464.83	6,096.63	6,759.99	7,470.63	8,231.45	9,045.47
Restaurant-level margin (%)	27.21%	26.09%	12.76%	16.89%	18.73%	20.45%	17.40%	22.62%	23.88%	26.20%	24.33%	24.68%	24.68%	24.68%	24.68%	24.68%	24.68%	24.68%	24.68%	24.68%
Food, beverage & packaging margin (* commodity % / pricing %)								30.96%	30.41%	29.71%	29.42%	28.86%	28.31%	28.04%	27.91%	27.91%	27.91%	27.91%	27.91%	27.91%
Commodity inflation growth								6%	10%	4%	4%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Pricing (%)									12.00%	5.20%	5.00%	5.00%	5.00%	4.00%	3.50%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Total labor costs</b>											2,895.23	3,632.07	4,223.21	4,881.25	5,536.35	6,207.78	6,885.27	7,610.23	8,386.40	9,216.88
Labor dollar value growth (labor hours + wage + store wks %)											18.61%	15.77%	14.06%	12.96%	11.95%	11.25%	10.60%	10.25%	9.94%	9.66%
Labor hours growth (%)											5.00%	4.00%	3.50%	3.00%	2.50%	2.25%	2.00%	2.00%	2.00%	2.00%
as a function of traffic growth (50% of traffic)											5.00%	4.00%	3.50%	3.00%	2.50%	2.25%	2.00%	2.00%	2.00%	2.00%
Wage inflation (%)											4.50%	3.50%	3%	3%	3%	3%	3%	3%	3%	3%
Store weeks growth (%)											9.11%	8.27%	7.56%	6.96%	6.45%	6.00%	5.60%	5.25%	4.94%	4.66%

Chipotle Mexican Grill  
Balance Sheet

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	
<b>Assets</b>																					
Cash & cash equivalents	419.47	248.01	87.88	184.57	249.95	480.63	607.99	815.37	384.00	560.61	1,724.76	3,130.18	4,915.22	7,105.67	9,643.49	12,546.63	15,871.73	19,677.94	24,004.10	28,891.73	
Accounts receivable, net	36.04	39.46	40.71	40.45	62.31	80.55	104.50	99.60	106.88	115.54	172.22	201.52	222.73	257.41	296.89	341.73	378.91	418.74	461.39	507.01	
Inventory	15.33	15.04	15.02	19.86	21.56	26.10	26.45	32.83	35.67	39.31	53.67	62.28	72.31	82.61	94.00	106.50	118.08	130.50	143.79	158.01	
Current deferred tax asset	18.97																				
Prepaid expenses & other current assets	34.80	39.97	44.08	50.92	54.13	57.08	54.91	78.76	86.41	117.46	128.83	152.41	181.90	207.84	236.01	255.63	283.44	313.24	345.14	379.27	
Income tax receivable	16.49	58.15	5.11	9.35		27.71	282.78	94.06	47.74	52.96	28.73	40.46	30.28	37.22	50.23	65.62	74.12	83.35	93.38	104.24	
Investments	338.59	415.20	329.84	324.38	426.85	400.16	343.62	260.95	515.14	734.84	767.91	802.46	838.57	876.31	915.74	956.95	1,000.01	1,045.01	1,092.04	1,141.18	
<b>Total current assets</b>	<b>878.48</b>	<b>814.65</b>	<b>522.37</b>	<b>629.54</b>	<b>814.79</b>	<b>1,072.20</b>	<b>1,420.24</b>	<b>1,381.56</b>	<b>1,175.84</b>	<b>1,620.71</b>	<b>2,876.10</b>	<b>4,389.31</b>	<b>6,261.01</b>	<b>8,567.06</b>	<b>11,236.36</b>	<b>14,273.05</b>	<b>17,726.30</b>	<b>21,668.78</b>	<b>26,139.82</b>	<b>31,181.45</b>	
Leasehold improvements, property & equipment, gross	1,720.66	1,938.10	2,149.03	2,317.29	2,462.76	2,660.13	2,964.02	3,305.60	3,685.73	4,152.06	4,607.27	5,058.15	5,504.69	5,946.89	6,384.76	6,818.29	7,247.49	7,672.35	8,092.88	8,509.07	
Less: accumulated depreciation	613.68	720.88	845.47	978.92	1,083.51	1,201.44	1,379.71	1,536.32	1,734.59	1,982.02	2,277.91	2,595.52	2,931.30	3,282.19	3,645.52	4,019.02	4,400.71	4,788.87	5,182.04	5,578.94	
Leasehold improvements, property & equipment, net	1,106.98	1,217.22	1,303.56	1,338.37	1,379.25	1,458.69	1,584.31	1,769.28	1,951.15	2,170.04	2,329.36	2,462.62	2,573.38	2,664.70	2,739.23	2,799.27	2,846.78	2,883.48	2,910.84	2,930.14	
Long term investments	496.11	622.94	125.06				102.33	274.31	388.06	564.49	589.89	616.44	644.17	673.16	703.45	735.11	768.19	802.76	838.88	876.63	
Other assets	42.78	48.32	53.18	55.85	19.33	18.45	59.05	56.72	63.16	63.08	85.63	111.57	119.96	134.79	150.15	169.92	188.41	208.22	229.42	252.11	
Restricted cash				30.20	27.86	27.85	30.86	24.97	25.55	26.70	27.91	29.16	30.47	31.84	33.28	34.78	36.34	37.98	39.68		
Operating lease assets						2,505.47	2,767.19	3,118.29	3,302.40	3,578.55	3,822.46	4,117.43	4,402.24	4,676.87	4,941.33	5,195.62	5,439.73	5,673.68	5,897.45	6,111.05	
Goodwill	21.94	21.94	21.94	21.94	21.94	21.94	21.94	21.94	21.94	21.94	21.94	21.94	21.94	21.94	21.94	21.94	21.94	21.94	21.94	21.94	
<b>Total assets</b>	<b>2,546.29</b>	<b>2,725.07</b>	<b>2,026.10</b>	<b>2,045.69</b>	<b>2,265.52</b>	<b>5,104.60</b>	<b>5,982.90</b>	<b>6,652.96</b>	<b>6,927.50</b>	<b>8,044.36</b>	<b>9,752.09</b>	<b>11,747.21</b>	<b>14,051.86</b>	<b>16,768.99</b>	<b>19,824.32</b>	<b>23,228.19</b>	<b>27,026.13</b>	<b>31,295.19</b>	<b>36,076.34</b>	<b>41,413.00</b>	
<b>Liabilities</b>																					
Accounts payable	69.61	85.71	78.36	82.03	113.07	115.82	121.99	163.16	184.57	197.65	259.31	306.29	358.98	407.75	457.65	514.54	570.52	630.50	694.71	763.41	
Accrued payroll & benefits	73.89	64.96	76.30	82.54	113.47	126.60	203.05	162.41	170.46	227.54	301.07	359.76	386.43	452.72	530.48	597.40	662.40	732.03	806.58	886.35	
Accrued liabilities	102.20	129.28	127.13	159.32	147.85	155.84	164.65	173.05	147.54	147.69	274.88	307.30	340.00	385.78	457.40	545.44	604.79	668.37	736.44	809.26	
Unearned revenue				40.47	95.20	127.75	156.35	183.07	209.68	252.87	308.02	355.93	405.77	453.89	501.76	556.36	614.84	677.46	744.46		
Current operating lease liabilities					173.14	204.76	218.71	236.25	248.07	264.98	285.43	305.17	324.21	342.55	360.17	377.10	393.31	408.83	423.63		
<b>Total current liabilities</b>	<b>245.71</b>	<b>279.94</b>	<b>281.79</b>	<b>323.89</b>	<b>449.99</b>	<b>666.59</b>	<b>822.20</b>	<b>873.68</b>	<b>921.88</b>	<b>1,030.63</b>	<b>1,353.10</b>	<b>1,566.80</b>	<b>1,746.51</b>	<b>1,976.23</b>	<b>2,241.96</b>	<b>2,519.31</b>	<b>2,771.16</b>	<b>3,039.06</b>	<b>3,324.01</b>	<b>3,627.11</b>	
Long-term operating lease liabilities					2,678.37	2,952.30	3,301.60	3,495.16	3,803.55	4,062.80	4,376.32	4,679.03	4,970.93	5,252.02	5,522.29	5,781.76	6,030.41	6,268.26	6,495.29		
Deferred income tax liability	40.53	32.31	18.94	0.81	11.57	37.81	149.42	141.77	98.62	89.11	98.18	105.88	112.55	119.74	127.12	134.21	140.53	146.75	152.90	158.98	
Other liabilities	28.26	32.88	33.95	40.04	31.64	38.80	38.84	38.54	43.82	58.87	73.66	82.33	92.28	106.70	121.75	132.95	147.42	162.92	179.51	197.26	
<b>Total liabilities</b>	<b>534.19</b>	<b>794.86</b>	<b>623.61</b>	<b>681.25</b>	<b>824.18</b>	<b>3,421.58</b>	<b>3,962.76</b>	<b>4,355.58</b>	<b>4,559.48</b>	<b>4,982.16</b>	<b>5,587.75</b>	<b>6,131.33</b>	<b>6,630.37</b>	<b>7,173.60</b>	<b>7,742.85</b>	<b>8,308.76</b>	<b>8,840.87</b>	<b>9,379.14</b>	<b>9,924.67</b>	<b>10,478.64</b>	
<b>Stockholders equity</b>																					
Common equity	1,039.91	1,173.34	1,239.59	1,305.81	1,374.87	1,436.06	1,550.28	1,729.68	1,829.68	1,956.54	2,078.21	2,199.88	2,321.56	2,443.23	2,491.90	2,491.90	2,491.90	2,491.90	2,491.90	2,491.90	
Treasury stock, at cost	748.76	1,234.61	2,049.39	2,234.41	2,500.56	2,669.12	2,802.08	3,356.10	4,282.01	4,944.66	5,410.87	5,877.08	6,343.29	6,809.50	7,275.71	7,741.92	8,208.13	8,674.34	9,140.55	9,606.76	
Accumulated other comprehensive income (loss)	(0.43)	(8.27)	(8.16)	(3.66)	(6.24)	(5.36)	(4.23)	(5.35)	(7.89)	(6.66)	(6.66)	(6.66)	(6.66)	(6.66)	(6.66)	(6.66)	(6.66)	(6.66)	(6.66)	(6.66)	
Retained earnings (accumulated deficit)	1,722.27	2,197.87	2,220.81	2,397.06	2,573.62	2,921.45	3,276.16	3,929.15	4,828.25	6,056.99	7,503.66	9,299.73	11,449.87	13,968.31	16,871.93	20,176.10	23,908.14	28,105.15	32,806.97	38,055.88	
<b>Total shareholders' equity (deficit)</b>	<b>2,012.10</b>	<b>1,930.20</b>	<b>1,402.49</b>	<b>1,364.45</b>	<b>1,441.34</b>	<b>1,683.03</b>	<b>2,020.14</b>	<b>2,297.37</b>	<b>2,368.02</b>	<b>3,062.21</b>	<b>4,164.35</b>	<b>5,615.88</b>	<b>7,421.48</b>	<b>9,595.39</b>	<b>12,081.47</b>	<b>14,919.43</b>	<b>18,185.26</b>	<b>21,916.05</b>	<b>26,151.67</b>	<b>30,934.36</b>	

Chipotle Mexican Grill  
Historical Cash Flow Statement

Fiscal Years Ending Dec. 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Operating Activities:</b>											
Net income (loss)	327,438.00	445,374.00	475,602.00	22,938.00	176,253.00	176,553.00	350,158.00	355,766.00	652,984.00	899,101.00	1,228,737.00
Depreciation & amortization	96,054.00	110,474.00	130,368.00	146,368.00	163,348.00	201,979.00	212,778.00	238,534.00	254,657.00	286,826.00	319,394.00
Amortization of operating lease assets	-	-	-	-	-	-	163,952.00	184,538.00	-	-	-
Deferred income tax provision (benefit)	2,103.00	(20,671.00)	11,666.00	(14,207.00)	(18,026.00)	10,585.00	29,962.00	108,350.00	(12,357.00)	(43,195.00)	(9,505.00)
Loss on disposal of assets	6,751.00	6,976.00	13,194.00	-	-	-	-	-	-	-	-
Loss on disposal & impairment of assets	-	-	-	23,877.00	13,345.00	61,987.00	15,402.00	28,874.00	17,086.00	20,738.00	37,025.00
Provision for credit losses	-	-	-	-	-	-	-	164.00	493.00	(760.00)	-
Bad debt allowance	19.00	9.00	(23.00)	(262.00)	214.00	125.00	33.00	-	-	-	1,570.00
Stock-based compensation expense	63,657.00	96,440.00	57,911.00	64,166.00	65,255.00	69,164.00	91,396.00	82,626.00	176,392.00	98,030.00	124,016.00
Excess tax benefit on stock-based compensation	(38,379.00)	(21,667.00)	(74,442.00)	(1,320.00)	-	-	-	-	-	-	-
Other adjustments	507.00	104.00	582.00	(604.00)	(218.00)	(2,918.00)	(10,592.00)	3,643.00	(4,599.00)	(16,202.00)	(13,080.00)
<b>Changes in Operating Assets and Liabilities:</b>											
Accounts receivable	(7,238.00)	(10,966.00)	(3,504.00)	(1,923.00)	(140.00)	(8,298.00)	(2,630.00)	3,010.00	(1,687.00)	(14,026.00)	(11,216.00)
Inventory	(1,950.00)	(2,307.00)	262.00	(91.00)	(5,250.00)	(1,722.00)	(4,530.00)	(394.00)	(6,392.00)	(3,011.00)	(3,649.00)
Prepaid expenses & other current assets	(6,806.00)	(658.00)	(5,259.00)	(4,259.00)	(6,710.00)	(3,811.00)	(23,066.00)	(11,442.00)	(26,826.00)	(14,660.00)	(39,211.00)
Operating lease assets	-	-	-	-	-	-	-	-	223,837.00	234,273.00	254,241.00
Other assets	(1,354.00)	1,071.00	(5,619.00)	(4,855.00)	(2,587.00)	(2,005.00)	2,818.00	(26,577.00)	3,993.00	(346.00)	4,204.00
Accounts payable	2,052.00	2,168.00	19,525.00	(6,734.00)	10,908.00	32,080.00	(973.00)	(3,859.00)	21,440.00	18,208.00	5,313.00
Accrued payroll & benefits	-	-	-	-	-	29,568.00	11,759.00	76,683.00	(44,555.00)	9,864.00	57,048.00
Accrued liabilities	12,020.00	35,019.00	(7,440.00)	33,491.00	38,574.00	14,831.00	36,543.00	5,596.00	10,997.00	(27,964.00)	3,188.00
Unearned revenue	-	-	-	-	-	6,829.00	30,400.00	36,958.00	34,387.00	33,374.00	-
Income tax payable or receivable	44,334.00	8,831.00	32,756.00	54,340.00	(4,173.00)	14,439.00	(32,083.00)	(255,251.00)	193,379.00	46,262.00	(5,237.00)
Deferred rent	25,715.00	27,025.00	32,911.00	37,030.00	29,996.00	21,297.00	-	-	-	-	35,685.00
Operating lease liabilities	-	-	-	-	-	-	(151,557.00)	(165,154.00)	(207,164.00)	(207,186.00)	(214,477.00)
Other long-term liabilities	3,857.00	4,845.00	4,826.00	1,287.00	6,316.00	869.00	1,862.00	1,782.00	(3,984.00)	3,853.00	9,431.00
<b>Net cash flows from operating activities</b>	<b>528,780.00</b>	<b>682,067.00</b>	<b>683,316.00</b>	<b>349,242.00</b>	<b>467,105.00</b>	<b>621,552.00</b>	<b>721,632.00</b>	<b>663,847.00</b>	<b>1,282,081.00</b>	<b>1,323,179.00</b>	<b>1,783,477.00</b>
<b>Investing Activities:</b>											
Purchases of leasehold improvements, property & equipment	(199,926.00)	(252,590.00)	(257,418.00)	(258,842.00)	(216,777.00)	(287,390.00)	(333,912.00)	(373,352.00)	(442,475.00)	(479,164.00)	(560,731.00)
Purchases of investments	(387,639.00)	(521,004.00)	(559,372.00)	-	(199,801.00)	(485,188.00)	(448,754.00)	(468,418.00)	(429,350.00)	(614,416.00)	(1,115,131.00)
Maturities of investments	159,250.00	254,750.00	352,650.00	45,000.00	330,000.00	385,000.00	476,723.00	419,078.00	345,748.00	263,548.00	-
Proceeds from sale of equipment	-	-	-	540,648.00	-	-	13,969.00	-	4,035.00	-	729,853.00
Acquisitions of equity method investments	-	-	-	-	-	-	-	(10,025.00)	-	-	-
<b>Net cash flows from investing activities</b>	<b>(428,315.00)</b>	<b>(518,844.00)</b>	<b>(464,140.00)</b>	<b>326,806.00</b>	<b>(86,578.00)</b>	<b>(387,578.00)</b>	<b>(291,974.00)</b>	<b>(432,717.00)</b>	<b>(522,042.00)</b>	<b>(830,032.00)</b>	<b>(946,009.00)</b>
<b>Financing Activities:</b>											
Acquisition of treasury stock	(138,903.00)	(88,338.00)	(460,675.00)	(837,655.00)	(285,920.00)	(160,937.00)	(190,617.00)	(54,401.00)	(466,462.00)	(830,140.00)	(592,349.00)
Proceeds from employee stock plan transactions	316.00	-	-	-	-	-	-	-	-	-	-
Tax withholding on stock-based compensation awards	38,379.00	21,667.00	74,442.00	1,320.00	-	(5,411.00)	(10,420.00)	(48,555.00)	(79,870.00)	(98,970.00)	843.00
Stock plan transactions & other financing activities	-	(66.00)	(207.00)	52.00	26.00	(187.00)	(698.00)	-	-	-	-
Payments on deemed landlord financing	-	-	-	-	-	-	-	-	-	-	-
Other financing payments	(143.00)	-	-	-	-	-	-	(1,895.00)	(2,274.00)	(294.00)	(69,146.00)
<b>Net cash flows from financing activities</b>	<b>(100,351.00)</b>	<b>(66,737.00)</b>	<b>(386,440.00)</b>	<b>(836,283.00)</b>	<b>(285,894.00)</b>	<b>(166,535.00)</b>	<b>(201,735.00)</b>	<b>(104,851.00)</b>	<b>(548,606.00)</b>	<b>(929,404.00)</b>	<b>(660,652.00)</b>
Effect of exchange rate changes on cash & cash equivalents	536.00	(224.00)	(4,196.00)	110.00	2,056.00	-	-	-	-	-	-
Effect of exchange rate changes on cash, cash equivalents & restricted cash	-	-	-	-	-	(1,457.00)	406.00	1,076.00	(1,039.00)	(1,007.00)	381.00
<b>Net change in cash, cash &amp; cash equivalents for the period</b>	<b>646,406.00</b>	<b>838,930.00</b>	<b>496,010.00</b>	<b>175,760.00</b>	<b>369,138.00</b>	<b>560,304.00</b>	<b>1,016,962.00</b>	<b>1,271,672.00</b>	<b>1,692,460.00</b>	<b>817,932.00</b>	<b>1,172,326.00</b>

**Chipotle Mexican Grill**

*Forecasted Cash Flow Statement*

<b>Fiscal Years Ending Dec. 31</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>	<b>2029E</b>	<b>2030E</b>	<b>2031E</b>	<b>2032E</b>	<b>2033E</b>
<b>Net income (loss)</b>	1,446.67	1,796.07	2,150.14	2,518.45	2,903.62	3,304.17	3,732.04	4,197.01	4,701.82	5,248.91
<b>OPERATING ACTIVITIES</b>										
Plus: depreciation and amortization	295.89	317.61	335.78	350.88	363.34	373.50	381.68	388.16	393.17	396.90
Accounts receivable	(56.68)	(29.30)	(21.22)	(34.68)	(39.47)	(44.84)	(37.18)	(39.83)	(42.64)	(45.63)
Operating lease assets	(243.91)	(294.97)	(284.80)	(274.63)	(264.46)	(254.29)	(244.12)	(233.95)	(223.77)	(213.60)
Restricted cash	(1.15)	(1.20)	(1.26)	(1.31)	(1.37)	(1.43)	(1.50)	(1.56)	(1.64)	(1.71)
Inventory	(14.36)	(8.61)	(10.03)	(10.30)	(11.40)	(12.49)	(11.59)	(12.41)	(13.29)	(14.22)
Prepaid expenses and other current assets	(11.36)	(23.59)	(29.48)	(25.94)	(28.17)	(19.62)	(27.81)	(29.80)	(31.90)	(34.13)
Income tax receivables	24.23	(11.73)	10.18	(6.94)	(13.01)	(15.39)	(8.50)	(9.23)	(10.03)	(10.87)
Operating lease liabilities	16.91	20.45	19.74	19.04	18.33	17.63	16.92	16.22	15.51	14.81
Accounts payable	61.66	46.99	52.69	48.77	49.90	56.89	55.98	59.98	64.21	68.70
Accrued payroll and benefits	73.53	58.69	26.67	66.29	77.76	66.92	65.00	69.63	74.55	79.77
Accrued liabilities	127.19	32.41	32.70	45.79	71.61	88.04	59.35	63.58	68.07	72.83
Unearned revenue	43.19	55.16	47.91	49.84	48.12	47.87	54.59	58.49	62.62	67.00
Deferred income tax liability	9.08	7.69	6.67	7.19	7.38	7.09	6.32	6.22	6.14	6.09
Other liabilities	14.79	8.67	9.95	14.42	15.05	11.20	14.47	15.50	16.59	17.75
<b>Net cash provided by operating activities:</b>	<b>1,785.67</b>	<b>1,974.34</b>	<b>2,345.64</b>	<b>2,766.86</b>	<b>3,197.23</b>	<b>3,625.24</b>	<b>4,055.68</b>	<b>4,548.00</b>	<b>5,079.41</b>	<b>5,652.59</b>
<b>INVESTING ACTIVITIES</b>										
Long-term investments	(25.40)	(26.55)	(27.74)	(28.99)	(30.29)	(31.66)	(33.08)	(34.57)	(36.12)	(37.75)
Long-term lease liability	259.25	313.52	302.71	291.90	281.09	270.28	259.47	248.65	237.84	227.03
Short-term investments	(33.07)	(34.56)	(36.11)	(37.74)	(39.43)	(41.21)	(43.06)	(45.00)	(47.03)	(49.14)
Capital expenditures	(455.21)	(450.88)	(446.54)	(442.20)	(437.87)	(433.53)	(429.20)	(424.86)	(420.53)	(416.19)
Other assets	(22.55)	(25.93)	(8.39)	(14.83)	(15.36)	(19.77)	(18.49)	(19.81)	(21.21)	(22.69)
<b>Net cash provided by investing activities:</b>	<b>(276.98)</b>	<b>(224.39)</b>	<b>(216.07)</b>	<b>(231.86)</b>	<b>(241.87)</b>	<b>(255.89)</b>	<b>(264.36)</b>	<b>(275.58)</b>	<b>(287.04)</b>	<b>(298.74)</b>
<b>FINANCING ACTIVITIES</b>										
Acquisition of Treasury Stock	(466.21)	(466.21)	(466.21)	(466.21)	(466.21)	(466.21)	(466.21)	(466.21)	(466.21)	(466.21)
Common Equity	121.67	121.67	121.67	121.67	48.67	-	-	-	-	-
<b>Net cash provided by financing activities:</b>	<b>(344.54)</b>	<b>(344.54)</b>	<b>(344.54)</b>	<b>(344.54)</b>	<b>(417.54)</b>	<b>(466.21)</b>	<b>(466.21)</b>	<b>(466.21)</b>	<b>(466.21)</b>	<b>(466.21)</b>
<b>Net change in cash</b>	<b>1,164.15</b>	<b>1,405.42</b>	<b>1,785.04</b>	<b>2,190.46</b>	<b>2,537.82</b>	<b>2,903.14</b>	<b>3,325.10</b>	<b>3,806.20</b>	<b>4,326.16</b>	<b>4,887.64</b>







Chipotle Mexican Grill  
Value Driver Estimation

Fiscal Years Ending Dec. 31	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
<b>NOPLAT:</b>														
Food & Beverage Revenue	5,920.55	7,457.17	8,558.00	9,804.12	12,365.73	14,593.24	17,031.36	19,492.65	21,994.26	24,537.07	27,206.85	30,066.98	33,129.02	36,405.23
Delivery Service Revenue	64.09	89.89	76.65	67.53	85.17	100.51	117.30	134.25	151.48	169.00	187.38	207.08	228.17	250.74
<b>Total Revenue</b>	<b>5,984.63</b>	<b>7,547.06</b>	<b>8,634.65</b>	<b>9,871.65</b>	<b>12,450.90</b>	<b>14,693.75</b>	<b>17,148.66</b>	<b>19,626.90</b>	<b>22,145.75</b>	<b>24,706.06</b>	<b>27,394.24</b>	<b>30,274.06</b>	<b>33,357.20</b>	<b>36,655.97</b>
Less: Food, beverage & packaging	1,932.77	2,308.63	2,602.25	2,912.56	3,744.87	4,419.46	5,157.82	5,903.21	6,660.80	7,430.87	8,239.40	9,105.57	10,032.88	11,025.06
Less: Labor	1,593.01	1,917.76	2,197.96	2,440.98	3,137.34	3,702.48	4,321.06	4,945.52	5,580.21	6,225.35	6,902.71	7,628.35	8,405.23	9,236.45
Less: Occupancy	387.76	416.61	460.43	503.26	649.34	766.31	894.33	1,023.58	1,154.94	1,288.47	1,428.66	1,578.85	1,739.64	1,911.68
Less: Other operating costs	1,030.01	1,197.05	1,311.91	1,428.75	1,889.55	2,179.58	2,543.72	2,911.33	3,284.96	3,664.74	4,063.49	4,490.66	4,947.99	5,437.31
Less: General & administrative expenses	466.29	606.85	564.19	633.58	806.34	951.59	1,110.57	1,271.06	1,434.19	1,600.00	1,774.09	1,960.59	2,160.25	2,373.89
Less: Depreciation & amortization	238.53	254.66	286.83	319.39	295.89	317.61	335.78	350.88	363.34	373.50	381.68	388.16	393.17	396.90
Less: Pre-opening costs	15.52	21.26	29.56	36.93	42.93	42.52	42.11	41.70	41.29	40.88	40.47	40.07	39.66	39.25
Plus: Implied Interest on operating leases	129.86	167.36	184.39	199.41	199.65	213.26	229.71	245.60	260.92	275.68	289.86	303.48	316.53	329.02
<b>EBITA</b>	<b>450.60</b>	<b>991.59</b>	<b>1,365.93</b>	<b>1,795.60</b>	<b>2,084.31</b>	<b>2,527.47</b>	<b>2,972.97</b>	<b>3,425.22</b>	<b>3,886.94</b>	<b>4,357.93</b>	<b>4,853.61</b>	<b>5,385.30</b>	<b>5,954.90</b>	<b>6,564.46</b>
Less: Adjusted Taxes														
Total income tax provision (benefit)	(61.99)	159.78	282.43	391.77	454.34	564.07	675.27	790.94	911.91	1,037.71	1,172.09	1,318.11	1,476.66	1,648.47
Plus: Tax shield on operating lease interest	29.87	38.49	42.41	45.87	45.92	49.05	52.83	56.49	60.01	63.41	66.67	69.80	72.80	75.67
Less: Tax shield on interest and other expenses (income)	0.83	1.80	4.86	14.42	12.83	21.27	31.39	44.15	59.72	77.71	98.25	121.72	148.53	178.95
Adjusted taxes	(32.95)	196.47	319.98	423.21	487.43	591.85	696.72	803.29	912.20	1,023.40	1,140.51	1,266.20	1,400.93	1,545.20
Plus: Change in deferred tax liability	(111.61)	7.66	43.14	9.51	(9.08)	(7.69)	(6.67)	(7.19)	(7.38)	(7.09)	(6.32)	(6.22)	(6.14)	(6.09)
<b>NOPLAT</b>	<b>371.94</b>	<b>802.78</b>	<b>1,089.09</b>	<b>1,381.90</b>	<b>1,587.80</b>	<b>1,927.92</b>	<b>2,269.58</b>	<b>2,614.74</b>	<b>2,967.36</b>	<b>3,327.44</b>	<b>3,706.77</b>	<b>4,112.88</b>	<b>4,547.83</b>	<b>5,013.18</b>
<b>Invested Capital (IC):</b>														
Operating Current Assets:														
Normal cash	111.73	119.69	150.94	172.69	197.43	249.02	293.87	342.97	392.54	442.91	494.12	547.88	605.48	667.14
Plus: Accounts receivable	104.50	99.60	106.88	115.54	172.22	201.52	222.73	257.41	296.89	341.73	378.91	418.74	461.39	507.01
Plus: Inventory	26.45	32.83	35.67	39.31	53.67	62.28	72.31	82.61	94.00	106.50	118.08	130.50	143.79	158.01
Plus: Prepaid expenses & other current assets	54.91	78.76	86.41	117.46	128.83	152.41	181.90	207.84	236.01	255.63	283.44	313.24	345.14	379.27
Plus: Income tax receivable	282.78	94.06	47.74	52.96	28.73	40.46	30.28	37.22	50.23	65.62	74.12	83.35	93.38	104.24
<b>Operating Current Assets:</b>	<b>580.37</b>	<b>424.94</b>	<b>427.64</b>	<b>497.96</b>	<b>580.88</b>	<b>705.69</b>	<b>801.10</b>	<b>928.05</b>	<b>1,069.67</b>	<b>1,212.38</b>	<b>1,348.67</b>	<b>1,493.71</b>	<b>1,649.17</b>	<b>1,815.67</b>
Operating Current Liabilities:														
Less: Accounts Payable	121.99	163.16	184.57	197.65	259.31	306.29	358.98	407.75	457.65	514.54	570.52	630.50	694.71	763.41
Less: Accrued Payroll & benefits	203.05	162.41	170.46	227.54	301.07	359.76	386.43	452.72	530.48	597.40	662.40	732.03	806.58	886.35
Less: Accrued Liabilities	164.65	173.05	147.54	147.69	274.88	307.30	340.00	385.78	457.40	545.44	604.79	668.37	736.44	809.26
Less: Deferred revenue	127.75	156.35	183.07	209.68	252.87	308.02	355.93	405.77	453.89	501.76	556.36	614.84	677.46	744.46
Less: Income tax payable	7.00	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	17.00	18.00	19.00	20.00
Less: Non-interest bearing current liabilities	624.44	662.97	694.63	792.55	1,099.12	1,293.37	1,454.34	1,666.02	1,914.42	2,175.14	2,411.07	2,663.74	2,934.19	3,223.48
Total Operating Working Capital	(44.08)	(238.03)	(266.99)	(294.59)	(518.25)	(587.69)	(653.24)	(737.97)	(844.75)	(962.75)	(1,062.39)	(1,170.03)	(1,285.02)	(1,407.80)
Plus: Net PP&E	1,584.31	1,769.28	1,951.15	2,170.04	2,329.36	2,462.62	2,573.38	2,664.70	2,739.23	2,799.27	2,846.78	2,883.48	2,910.84	2,930.14
Plus: Operating lease assets	2,767.19	3,118.29	3,302.40	3,578.55	3,822.46	4,117.43	4,402.24	4,676.87	4,941.33	5,195.62	5,439.73	5,673.68	5,897.45	6,111.05
Less: Other operating liabilities	38.84	38.54	43.82	58.87	73.66	82.33	92.28	106.70	121.75	132.95	147.42	162.92	179.51	197.26
<b>Total Invested Capital</b>	<b>4,268.58</b>	<b>4,611.01</b>	<b>4,942.74</b>	<b>5,395.12</b>	<b>5,559.92</b>	<b>5,910.04</b>	<b>6,230.09</b>	<b>6,496.90</b>	<b>6,714.06</b>	<b>6,899.18</b>	<b>7,076.70</b>	<b>7,224.22</b>	<b>7,343.77</b>	<b>7,436.13</b>
<b>Free Cash Flow (FCF):</b>														
NOPLAT	371.94	802.78	1,089.09	1,381.90	1,587.80	1,927.92	2,269.58	2,614.74	2,967.36	3,327.44	3,706.77	4,112.88	4,547.83	5,013.18
Less: Change in IC	162.95	342.43	331.73	452.38	164.79	350.12	320.05	266.81	217.16	185.12	177.52	147.51	119.56	92.36
<b>FCF</b>	<b>208.99</b>	<b>460.34</b>	<b>757.36</b>	<b>929.51</b>	<b>1,423.01</b>	<b>1,577.80</b>	<b>1,949.53</b>	<b>2,347.94</b>	<b>2,750.20</b>	<b>3,142.32</b>	<b>3,529.25</b>	<b>3,965.36</b>	<b>4,428.27</b>	<b>4,920.82</b>
<b>Return on Invested Capital (ROIC):</b>														
NOPLAT	371.94	802.78	1,089.09	1,381.90	1,587.80	1,927.92	2,269.58	2,614.74	2,967.36	3,327.44	3,706.77	4,112.88	4,547.83	5,013.18
Beginning IC	1,026.83	4,268.58	4,611.01	4,942.74	5,395.12	5,559.92	5,910.04	6,230.09	6,496.90	6,714.06	6,899.18	7,076.70	7,224.22	7,343.77
<b>ROIC</b>	<b>36.22%</b>	<b>18.81%</b>	<b>23.62%</b>	<b>27.96%</b>	<b>29.43%</b>	<b>34.68%</b>	<b>38.40%</b>	<b>41.97%</b>	<b>45.67%</b>	<b>49.56%</b>	<b>53.73%</b>	<b>58.12%</b>	<b>62.95%</b>	<b>68.26%</b>
<b>Economic Profit (EP):</b>														
Beginning IC	1,026.83	4,268.58	4,611.01	4,942.74	5,395.12	5,559.92	5,910.04	6,230.09	6,496.90	6,714.06	6,899.18	7,076.70	7,224.22	7,343.77
x (ROIC - WACC)	27.21%	9.80%	14.61%	18.95%	20.42%	25.67%	29.39%	32.96%	36.67%	40.55%	44.72%	49.11%	53.95%	59.26%
<b>EP</b>	<b>279.45</b>	<b>418.28</b>	<b>673.75</b>	<b>936.68</b>	<b>1,101.84</b>	<b>1,427.11</b>	<b>1,737.23</b>	<b>2,053.57</b>	<b>2,382.15</b>	<b>2,722.67</b>	<b>3,085.33</b>	<b>3,475.44</b>	<b>3,897.11</b>	<b>4,351.69</b>

## Chipotle Mexican Grill

### Weighted Average Cost of Capital (WACC) Estimation

#### Cost of Equity:

Risk-Free Rate	4.50%
Beta	1.09
Equity Risk Premium	4.33%
<b>Cost of Equity</b>	<b>9.22%</b>

#### ASSUMPTIONS:

10 year Treasury Bond  
2 year weekly average  
Damodoran March 1st

#### Cost of Debt:

Risk-Free Rate	4.50%
Implied Default Premium	1.08%
Pre-Tax Cost of Debt	5.58%
Marginal Tax Rate	23%
<b>After-Tax Cost of Debt</b>	<b>4.30%</b>

10 year Treasury Bond  
Bloomberg from peer s

#### Market Value of Common Equity:

Total Shares Outstanding	27.43
Current Stock Price	\$2,957.60
<b>MV of Equity</b>	<b>81,115.14</b>

#### MV Weights

95.77%

#### Market Value of Debt:

PV of Operating Leases	3,578.55
<b>MV of Total Debt</b>	<b>3,578.55</b>

4.23%

#### Market Value of the Firm

84,693.69

100.00%

Estimated WACC

9.01%

## Chipotle Mexican Grill

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

### Key Inputs:

CV Growth of NOPLAT	5.75%
CV Year ROIC	68.26%
WACC	9.01%
Cost of Equity	9.22%

Fiscal Years Ending Dec. 31	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
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### DCF Model:

Free Cash Flow (FCF)	1423.0	1577.8	1949.5	2347.9	2750.2	3142.3	3529.2	3965.4	4428.3	4920.8
Continuing Value (CV)										140,933.33
PV of FCF	1305.4	1327.8	1505.1	1662.9	1786.8	1872.9	1929.7	1989.0	2037.6	64849.4

Value of Operating Assets: 80266.7

Non-Operating Adjustments

+ Excess Cash	387.9
+Investments-Available for Sale	734.8
+Long-term investments	564.5
+Restricted Cash	25.6
+Other Assets	63.1
-PV of Operating Leases	3578.5
-PV of Employee Stock Options	777.9

**Value of Equity** 77686.1

Shares Outstanding 27.4

Intrinsic Value of Last FYE \$ 2,832.57

**Implied Price as of Today** \$ 2,903.72

### EP Model:

Economic Profit (EP)	1101.8	1427.1	1737.2	2053.6	2382.2	2722.7	3085.3	3475.4	3897.1	4351.7
Continuing Value (CV)										133589.6
PV of EP	1010.8	1201.0	1341.2	1454.4	1547.7	1622.8	1687.0	1743.2	1793.2	61470.2

Total PV of EP 74871.5

Invested Capital (last FYE) 5395.1

Value of Operating Assets: 80266.7

Non-Operating Adjustments

+ Excess Cash	387.9
+Investments-Available for Sale	734.8
+Long-term investments	564.5
+Restricted Cash	25.6
+Other Assets	63.1
-PV of Operating Leases	3578.5
-PV of Employee Stock Options	777.9

**Value of Equity** 77686.1

Shares Outstanding 27.4

Intrinsic Value of Last FYE \$ 2,832.57

**Implied Price as of Today** \$ 2,903.72





## Chipotle Mexican Grill

### Relative Valuation Models

Ticker	Company	Price	EPS 2024E	EPS 2025E	P/E 24	P/E 25	Est. 5yr EPS gr.	PEG 24	PEG 25	Revenue Multiple	EBIT Multiple
YUM	Yum! Brands	\$138.65	\$5.81	\$6.56	23.86	21.14	14.0	1.71	1.51	6.90	20.60
SBUX	Starbucks	\$91.39	\$4.05	\$4.71	22.57	19.40	14.6	1.55	1.33	3.50	21.70
DPZ	Domino's Pizza	\$496.88	\$15.79	\$17.85	31.47	27.84	11.0	2.87	2.54	4.30	23.70
MCD	McDonald's	\$281.95	\$12.43	\$13.55	22.68	20.81	9.8	2.32	2.13	10.40	22.30
QSR	Restaurant Brands Int.	\$107.57	\$4.62	\$5.27	23.28	20.41	8.6	2.71	2.38	7.10	22.60
WEN	Wendy's Company	\$18.85	\$0.99	\$1.10	19.04	17.14	9.7	1.97	1.77	3.50	19.80
PZZA	Pappa John's Int.	\$63.22	\$2.64	\$3.14	23.95	20.13	9.5	2.51	2.11	1.60	22.10
DRI	Darden Restaurants	\$155.90	\$8.66	\$9.60	18.00	16.24	12.7	1.42	1.28	2.40	20.80
WING	Wingstop, Inc.	\$360.05	\$2.99	\$3.67	120.42	98.11	18.5	6.51	5.30	18.00	73.40
75th Percentile					<b>23.95</b>	<b>21.14</b>		<b>2.71</b>	<b>2.38</b>	<b>6.41</b>	<b>27.44</b>

CMG	Chipotle Mexican Grill	\$2,957.60	\$52.69	\$65.39	56.1	45.2	19.0	3.0	2.4	6.7	41.9
										Sales (2023)	EBIT (2023)
										9,871.65	1,557.81

#### Implied Relative Value:

P/E (EPS24)	\$ 1,261.67
P/E (EPS25)	\$ 1,382.15
PEG (EPS24)	\$ 2,707.69
PEG (EPS25)	\$ 2,946.27
Revenue Multiple (2023)	\$ 2,296.80
EBIT Multiple (2023)	\$ 1,551.56

Chipotle Mexican Grill  
Key Management Ratios

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
<b>Liquidity Ratios:</b>																				
Current Ratio (CA/CL)	3.58	2.91	1.85	1.94	1.81	1.61	1.73	1.58	1.28	1.57	2.13	2.80	3.58	4.34	5.01	5.67	6.40	7.13	7.86	8.60
Cash Ratio (Cash/CL)	1.71	0.89	0.31	0.57	0.56	0.72	0.74	0.93	0.42	0.54	1.27	2.00	2.81	3.60	4.30	4.98	5.73	6.48	7.22	7.97
SG&A to Sales (SGA/Sales)	0.79	0.79	0.94	0.90	0.89	0.88	0.90	0.85	0.83	0.80	0.82	0.82	0.82	0.82	0.82	0.82	0.82	0.82	0.82	0.82
<b>Asset-Management Ratios:</b>																				
Inventory Turnover Ratio (Revenue/Inventory)	267.95	299.22	259.96	225.40	225.70	214.07	226.30	229.91	242.08	251.13	231.99	235.94	237.15	237.59	235.58	231.99	231.99	231.99	231.99	231.99
Total Asset Turnover (Sales/Total Assets)	1.61	1.65	1.93	2.19	2.15	1.09	1.00	1.13	1.25	1.23	1.28	1.25	1.22	1.17	1.12	1.06	1.01	0.97	0.92	0.89
Days Sales Inventory (365/Inv Turnover Ratio)	1.36	1.22	1.40	1.62	1.62	1.71	1.61	1.59	1.51	1.45	1.57	1.55	1.54	1.54	1.55	1.57	1.57	1.57	1.57	1.57
Accounts Receivable Turnover Ratio (Revenue/AR)	114.00	114.07	95.91	110.66	78.07	69.36	57.27	75.77	80.79	85.44	72.30	72.92	76.99	76.25	74.59	72.30	72.30	72.30	72.30	72.30
Average Collection Period (365/Receivable Turnover Ratio)	3.20	3.20	3.81	3.30	4.68	5.26	6.37	4.82	4.52	4.27	5.05	5.01	4.74	4.79	4.89	5.05	5.05	5.05	5.05	5.05
<b>Financial Leverage Ratios:</b>																				
Debt-to-Equity Ratio (Debt/Equity)	0.27	0.41	0.44	0.50	0.57	2.03	1.96	1.90	1.93	1.63	1.34	1.09	0.89	0.75	0.64	0.56	0.49	0.43	0.38	0.34
Debt-to-Asset Ratio (Debt/Assets)	0.21	0.29	0.31	0.33	0.36	0.67	0.66	0.65	0.66	0.62	0.57	0.52	0.47	0.43	0.39	0.36	0.33	0.30	0.28	0.25
Equity Ratio (Equity/Assets)	0.79	0.71	0.69	0.67	0.64	0.33	0.34	0.35	0.34	0.38	0.43	0.48	0.53	0.57	0.61	0.64	0.67	0.70	0.72	0.75
<b>Profitability Ratios:</b>																				
Return on Equity (NI/Equity)	22.18%	24.65%	1.69%	12.95%	12.31%	20.81%	17.61%	28.42%	37.97%	40.13%	34.74%	31.98%	28.97%	26.25%	24.03%	22.15%	20.52%	19.15%	17.98%	16.97%
Gross Margin (NI/Sales)	17.30%	16.96%	0.89%	6.05%	5.31%	7.95%	4.85%	10.67%	13.44%	15.78%	14.82%	15.43%	15.68%	15.88%	16.06%	16.21%	16.34%	16.47%	16.59%	16.69%
Return on Assets (NI/Assets)	17.53%	17.46%	1.17%	8.64%	7.83%	6.86%	5.95%	9.81%	12.98%	15.27%	14.83%	15.29%	15.30%	15.02%	14.65%	14.22%	13.81%	13.41%	13.03%	12.67%
<b>Payout Policy Ratios:</b>																				
Repurchase Ratio	167.77%	259.44%	8636.28%	1264.24%	1409.28%	761.98%	787.62%	513.96%	476.26%	402.42%	374.02%	327.22%	295.02%	270.39%	250.57%	234.31%	219.94%	206.68%	194.40%	183.02%

**Chipotle Mexican Grill**  
Sensitivity Tables

		Risk-Free Rate							
		2,903.72	3.90%	4.10%	4.30%	4.50%	4.70%	4.90%	5.10%
Beta	0.79	6,886.74	6,047.71	5,385.25	4,848.98	4,405.99	4,033.93	3,717.04	
	0.89	5,289.43	4,770.47	4,340.51	3,978.49	3,669.51	3,402.73	3,170.06	
	0.99	4,276.87	3,924.50	3,623.14	3,362.47	3,134.80	2,934.23	2,756.22	
	1.09	3,577.87	3,323.12	3,100.28	2,903.72	2,729.06	2,572.84	2,432.30	
	1.19	3,066.48	2,873.80	2,702.40	2,548.94	2,410.75	2,285.68	2,171.93	
	1.29	2,676.23	2,525.46	2,389.57	2,266.47	2,154.45	2,052.07	1,958.16	
	1.39	2,368.74	2,247.58	2,137.23	2,036.33	1,943.70	1,858.39	1,779.55	

		Other Operating Costs as a % of Sales							
		2,903.72	13.68%	14.18%	14.68%	15.18%	15.68%	16.18%	16.68%
Equity Risk Premium	4.03%	3,242.68	3,241.06	3,239.45	3,237.84	3,236.23	3,234.62	3,233.00	
	4.13%	3,123.65	3,122.04	3,120.43	3,118.82	3,117.21	3,115.60	3,113.99	
	4.23%	3,012.53	3,010.92	3,009.31	3,007.70	3,006.09	3,004.48	3,002.87	
	4.33%	2,908.55	2,906.94	2,905.33	2,903.72	2,902.11	2,900.50	2,898.89	
	4.43%	2,811.04	2,809.43	2,807.82	2,806.22	2,804.61	2,803.00	2,801.39	
	4.53%	2,719.43	2,717.82	2,716.21	2,714.60	2,713.00	2,711.39	2,709.78	
	4.63%	2,633.19	2,631.58	2,629.98	2,628.37	2,626.76	2,625.15	2,623.55	

		WACC							
		2,903.72	8.41%	8.61%	8.81%	9.01%	9.21%	9.41%	9.61%
CV Growth Rate of NOPLAT	4.0%	2,432.67	2,312.30	2,202.07	2,100.76	2,007.35	1,920.95	1,840.81	
	4.5%	2,663.33	2,518.07	2,386.41	2,266.56	2,157.00	2,056.47	1,963.91	
	5.0%	2,961.70	2,780.87	2,619.17	2,473.72	2,342.21	2,222.74	2,113.74	
	5.8%	3,619.75	3,347.53	3,111.05	2,903.72	2,720.48	2,557.39	2,411.30	
	6.0%	3,930.21	3,608.85	3,333.41	3,094.71	2,885.88	2,701.67	2,537.98	
	6.5%	4,795.27	4,317.50	3,922.67	3,590.94	3,308.32	3,064.68	2,852.49	
	7.0%	6,274.94	5,466.98	4,837.94	4,334.36	3,922.12	3,578.47	3,287.62	

		Maginal Tax Rate							
		2,903.72	17%	19%	21%	23%	25%	27%	29%
Pre Tax Cost of Debt	4.08%	2,875.14	2,884.60	2,894.09	2,903.59	2,913.12	2,922.67	2,932.25	
	4.58%	2,875.36	2,884.76	2,894.18	2,903.63	2,913.11	2,922.61	2,932.14	
	5.08%	2,875.58	2,884.92	2,894.28	2,903.67	2,913.10	2,922.54	2,932.02	
	5.58%	2,875.80	2,885.08	2,894.38	2,903.72	2,913.09	2,922.48	2,931.91	
	6.08%	2,876.02	2,885.24	2,894.48	2,903.76	2,913.08	2,922.42	2,931.81	
	6.58%	2,876.24	2,885.39	2,894.58	2,903.81	2,913.07	2,922.37	2,931.70	
	7.08%	2,876.46	2,885.55	2,894.69	2,903.86	2,913.07	2,922.31	2,931.60	

		Labor Cost as a % of Sales							
		2,903.72	23.70%	24.20%	24.70%	25.20%	25.70%	26.20%	26.70%
FBP costs as a % of sales	28.58%	3,450.95	3,359.74	3,268.54	3,177.33	3,086.13	2,994.92	2,903.72	
	29.08%	3,359.74	3,268.54	3,177.33	3,086.13	2,994.92	2,903.72	2,812.51	
	29.58%	3,268.54	3,177.33	3,086.13	2,994.92	2,903.72	2,812.51	2,721.31	
	30.08%	3,177.33	3,086.13	2,994.92	2,903.72	2,812.51	2,721.31	2,630.10	
	30.58%	3,086.13	2,994.92	2,903.72	2,812.51	2,721.31	2,630.10	2,538.90	
	31.08%	2,994.92	2,903.72	2,812.51	2,721.31	2,630.10	2,538.90	2,447.69	
	31.58%	2,903.72	2,812.51	2,721.31	2,630.10	2,538.90	2,447.69	2,356.49	

## Chipotle Mexican Grill

### Valuation of Options Granted under ESOP

Current Stock Price	\$2,957.60
Risk Free Rate	4.50%
Current Dividend Yield	0.00%
Annualized St. Dev. of Stock Returns	21.92%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Stock Options	0.4	\$ 1,302.60	4.40	\$ 1,892.74	\$ 777.92
Total	0	\$ 1,302.60	4.40	\$ 1,892.74	<b>\$ 777.92</b>