



Krause Fund Research
Fall 2025 | November 18, 2025

Analysts

Ella Jewell | ella-jewell@uiowa.edu
Liliana Sutkus | liliana-sutkus@uiowa.edu

Recommendation: Sell

NYSE: CMG Stock Price: 30.61
Target Price: 30.43



Company Overview

Chipotle Mexican Grill is in the fast-casual dining space offering a wide variety of customizable burritos, bowls, and quesadillas. Their focus is on offering premium and sustainable products with fresh quality ingredients. The company was first founded in 1993 by Steve Eells and is currently headquartered in California.

Financial Snapshot

Current Price: \$ 30.61
52 Week Range: \$29.75 - 66.74
Market Capitalization: \$41,744 M
Shares Outstanding: 1368 M
Krause Fund Valuation Models
DCF/EP: \$30.43
DDM: \$22.47
Relative Valuation: \$23.52-25.31
WACC: 8.22%
Beta: 0.91
Financial Metrics
2024 Revenue: \$11,314 M
2025E Revenue: \$12,403 M
Financial Ratios
2024 ROE: 40.14%
2024 ROIC: 28.23
2024 Current Ratio: 1.52
2024 Debt-to-Equity: 1.52

Earnings Estimates

Year	2023	2024	2025E	2026E	2027E
EPS	0.89	1.12	1.19	1.39	1.59
Growth		25.84%	6.25%	16.81%	14.39%

Investment Thesis

We recommend a sell rating for Chipotle with a target price of \$30.43, only slightly below what the company is currently trading at - \$30.61. Our sell rating is reliant on economic and industry conditions that can no longer support Chipotle's premium pricing strategy.

Drivers of Thesis:

Lowered revenue forecasts as consumers become more price sensitive, Chipotle lowered same store sales growth by 2% as they have outpriced their main consumer base.

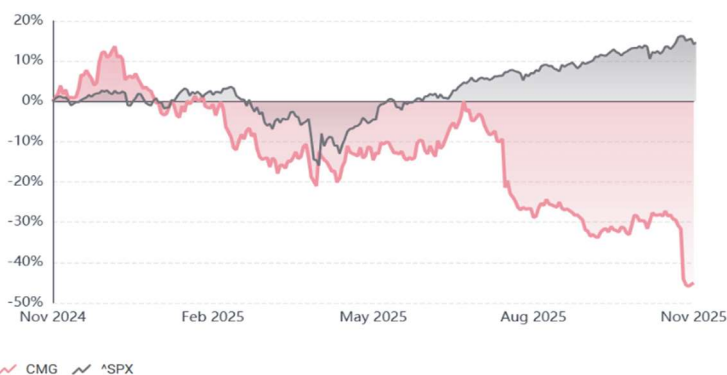
Margin pressure to maintain fresh/sustainable ingredients while inflation and tariffs rise resulting in a 1% increase in food, beverage, and packaging, expense that will require further innovations to keep other expenses down.

Risks to Thesis:

Chipotle's successful implementation of new technology may effectively lower their main expenses as AI automation of operations has potential to push labor expenses down more than the 0.10%, we have forecasted.

Chipotle's emphasis on sustainability still resonates with a large consumer base as they have one of the lowest environmental, social, governance (ESG) scores and mission focused on sourcing quality ingredients.

One Year Stock Performance [1]



Company Description

Chipotle Mexican Grill, Inc. engages in the business of developing and operating restaurants that serve a relevant menu of customizable burritos, burrito bowls, quesadillas, tacos, and salads made using fresh, high-quality ingredients. The corporate strategy is focused on providing high-quality ingredients and healthier on-the-go options than similar fast-casual restaurants in the consumer discretionary industry. The company was founded by Steve Ells in 1993 and is headquartered in Newport Beach, CA [2]. As of their last fiscal year end (2024), Chipotle was operating 3,644 restaurants in the US and 82 internationally [2]. CMG has a large focus on growth, with recent plans to expand into Mexico, South Korea, and Singapore in 2026 through their partnership with Alshaya, Alsea, and SPC group respectively [3].



Source: Yahoo Finance [6]

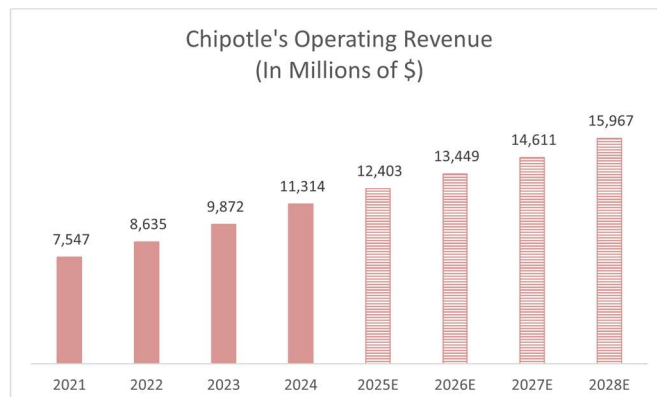
All restaurants in the US are 100% owned and operated by Chipotle as they do not yet franchise any of their businesses [2]. Per the last quarter (Q3) of 2025 Chipotle earnings are not meeting revenue expectations from declined frequency of visits by their main consumers [5].

Revenues

Historical trends + Forecasts

Chipotle is a highly driven company focused on rapid expansion. They had total revenues of \$11,314 million in 2024 with a total growth rate of 14.6%. In 2025, Chipotle only expects growth of 8-10%, and as of their Q3 earnings report, missed revenue expectations by \$30 million. In response to this the CEO, Scott Boatwright, acknowledged that the company is outpricing their main consumers of 25–35-year-olds[5]. Due to decreasing visits by main consumers, we anticipate total revenue growth of 9.57% for 2025 with

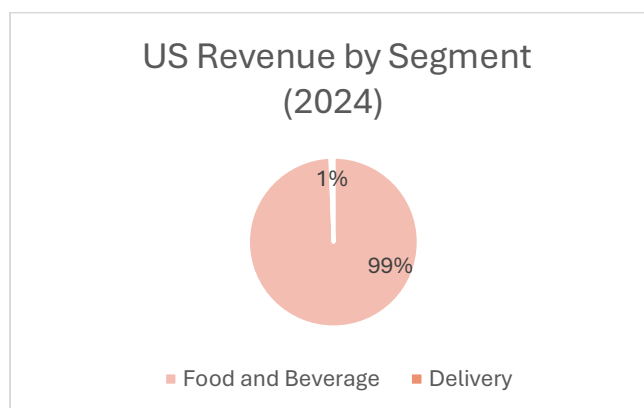
6.94% attributed to new restaurant growth. Alternatively, same store sales growth we project will see a decrease of about 2% based on management guidance and lowered estimates of Q3 2025 earnings [4]. Chipotle still plans to open 315-345 new stores in 2025 and 350-370 new stores in 2026 [4].



Source: Chipotle 10-k and Krause Fund Forecasts

Chipotle breaks its revenue into two main categories: food and beverage revenue as well as delivery revenue. Their delivery services are mainly fulfilled by third-party service providers such as Uber Eats and DoorDash; however, in some cases, they make delivery sales through their website or through the Chipotle App [2]. Delivery service was split from total revenue in 2018 and began to decline shortly thereafter in 2022 as delivery sales started to be made primarily through the third-party services [2].

In 2024 food and beverage revenue accounted for \$11,247 million of \$11,314 total revenue, or 99.41%. This leaves the delivery service revenue to account for only 0.59% of total revenues. This percentage is down 13% from the prior year's delivery service revenue of 0.68%. We anticipate delivery service will continue to fall by 8.48% for the year 2025 as more sales are facilitated through third parties. By the forecast terminal (CV) year of 2032, we anticipate delivery service growth will only decline by 0.45% as majority of the sales will have already been transferred to a different app and growth in the category has leveled off.



Source: Chipotle 10k

As of the 2024 fiscal year end, Chipotle operated 3,644 restaurants throughout the US and 82 international restaurants. Most of Chipotle's revenue is made domestically as the US segment accounted for \$11,045 million of the food and beverage revenue and \$66 million of delivery service revenue. The remaining \$202 million for the year was for all other revenue, representing sales from company owned stores in Canada, Europe, and royalty revenue from their international licensed restaurants [2].

Expenses

Operating Expenses

Chipotles operating expenses include food, beverage, packaging, labor, occupancy, other operating costs, general and administrative expense, depreciation, preopening costs, and loss on disposal of assets. The two main expenses include food and beverage as well as packaging and labor.

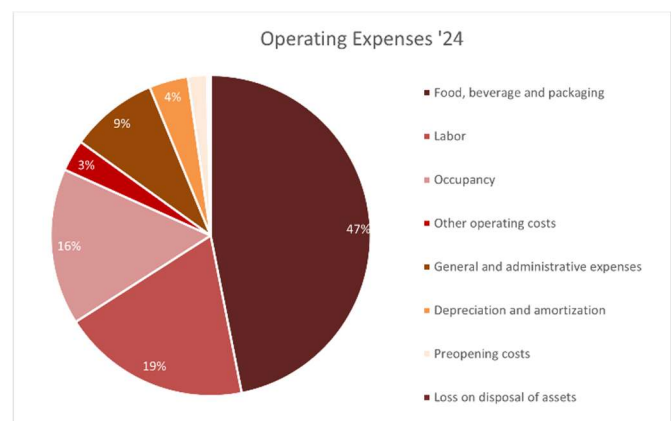
The most important expenses is food, beverage, and packaging. In 2023, the expenses accounted for 29.50% of sales and 35% of operating expenses. In 2024, it accounted for 29.83% of sales and 47% of all operating expenses. In Q3 of 2025, food, beverage, and packaging accounted for 30% of total revenue, which was down 0.6% from Q3 2024. Management attributes this decrease to menu price increases in 2024 as well as cost of sales efficiencies [4]. We project food, beverage, and packaging to be 30.60% of sales in 2025 that will eventually lower back down to 30% and then 29.60% in the CV year of our model. Our increase in this cost is related to the higher prices that Chipotle is now charging and has lost them frequent visits from their main consumers age, 25-35. Chipotles CEO stated that this demographic is pulling back due to "several headwinds, including unemployment, increased student loan repayment, and slower real wage growth" [7]. Thus, we believe, to regain this age group, Chipotle must either implement a value menu or lower prices effectively increasing food, beverage, and packaging expenses. Additionally, this increase accounts for tariff uncertainty on Chipotles premium ingredients, such as avocados.

The other main expense incurred by Chipotle is labor. Labor accounted for 24.73% of sales in 2023 and 24.66% of sales in 2024 totaling 19% of operating expenses. We forecast labor to be 24.54% of sales based upon a three-year average and scaled slightly down to reflect automation and higher operating efficiency. Chipotle is focused on upgrading much of their kitchen hardware to increase efficiency. An example of this in practice is a dual sided plancha that can reduce cooking time from 12 minutes to 4 minutes, or through automation with a robot that can peel and slice avocados

in 26 seconds [8]. These operating efficiencies are key to declining labor costs in our forecasts.

A smaller expense for Chipotle is general and administrative costs. This expense has slightly decreased from 2014 to 2024 but stays relatively consistent as 6% of sales. In 2024 it was 6.16% and we have projected it to increase slightly, based on an increase in stock-based compensation for the 2025 year compared to 2024 when the CEO forfeited his compensation [4]. After 2025, we forecast that G&A expenses will continue to fall while continuing in the 6% range.

Minor expenses to Chipotle include occupancy, other operating costs, depreciation, preopening costs, and loss on disposal of assets were. These were all forecasted based on a 3–5-year average and by considering either decreasing or increasing patterns as we anticipate many of these costs will follow trends from prior years.



Source: Chipotle 10-k [2]

CapEx

For the fiscal year ended 2024, Chipotle opened 304 restaurants, which included 257 restaurants with a Chipotlane or drive through. In 2025, they expect to open 315 to 345 company-owned restaurants, and at least 80% will include a Chipotlane [2]. These expenditures are a significant portion of Chipotles Capex.

The following section summarizes insights on Chipotle Mexican Grill Inc's Capital Expenditures:



Source: Chipotle Historical CapEx [9]

In 2024 Chipotle had \$594 million in capital expenditures (CapEx) - a 5.9% increase from the 2023 CapEx of \$561 million. The prior year growth (2022 - 2023) was a much larger 17% [10]. Managements CapEx projection for 2025 is \$684 million, 15% growth from 2024. CapEx will include: \$502 million in construction of new restaurants, \$149 million in upgrading and remodeling current restaurants, and a portion will be attributed to investments in technology to boost innovation, enhance the guest experience, and improve operations [2]. We find that this estimate is accurate to our model. So, we used this estimate, along with the management guidance of additional store openings, to forecast the 2025 CapEx. For the following years, as the company matures and they open less stores, we anticipate CapEx growing by the inflation rate of 3.0%.

Capital Structure (Debt + Repurchases)

Chipotle is unique as a restaurant because they do not carry any long-term debt (excluding operating leases). Operating leases, both current and long term, were equal to \$4.5 million as of the 2024 year-end [2]. They run their business solely on their equity investments and by relying on their strong cash flows in addition to their balance sheet. This enables the company to pay all off all current liabilities quickly.

Leases - Schedule of Maturity of Lease Liabilities (Details) \$ in Thousands	Dec. 31, 2024 USD (\$)
Leases [Abstract]	
2025	\$ 464,795
2026	507,341
2027	499,428
2028	484,473
2029	467,981
Thereafter	4,133,853
Total lease payments	6,557,871
Less: imputed interest	2,017,253
Operating lease liabilities (Current and Long-Term)	\$ 4,540,618

Source: Factset [11]

Chipotle is also unique as they do not currently pay a dividend. Chipotles' growth model is driven by store growth and automation. So, all profits are reinvested back into their business. In their Q3 earnings announcement Chipotle CEO provided guidance on how they will grow as a company which included "focusing on its in-restaurant execution, marketing, digital experience and menu innovation" [5]. The company is continuing to focus on growth to regain more customers and thus we do not think they will pay a dividend for the timeline of our model.

Industry Analysis

Industry Description

Chipotle is classified as part of the consumer discretionary sector. Restaurants account for a large portion of this and can be split into subsections: quick

service and full service. Chipotle is a fast casual restaurant under the quick service subsection.

In the current economy, quick service restaurants tend to do better based upon their low-price points, faster service, and ability to be taken home or delivered [12]. Key competitors in this industry include but are not limited to: McDonald's (MCD), YUM! Brands Inc (YUM), Wendys (WEN), Restaurant Brands Int. (QSR), Brinker International Inc. (EAT).

Recent Industry Trends

Technological Advancements

Fast casual restaurants are starting to adopt AI to accelerate their own operations, while serving customers' needs more efficiently. A big driver for these models is the high cost of labor in recent years. For example, California has increased minimum wage to \$20 an hour for most restaurant chain workers and other states are following suit [13]. Chipotle has recently started testing automation to help push down labor costs. One of the ways they are doing this is with "Autocado" that automates preparing avocados and "Chipy" that makes tortilla chips [8]. By automating these simple tasks, Chipotle and other businesses alike will not have to have as many staff, effectively pushing back on high labor expenses.

On the customer side of the operation, digital ordering has become an advancement necessary to the discretionary industry. Restaurant apps and kiosks are being used to ensure precise timing and accuracy of orders. An online ordering system is necessary for fast-casual restaurants to keep up with innovation. Delivery service, provided by restaurant apps, and online ordering services are projected to rise 0.68 trillion in 2024 to 1.37 trillion by 2029 [14]. This effectively means that restaurants focused on in-store sales with no way of online delivery are going to struggle competing in the growing market. Chipotle has tapped into this growth by offering sales through both its website, app, and third-party delivery services.

Policy Changes

Regulatory standards around labor and food safety may pose a slight risk to fast casual operations. Beginning in April 2024, California established a minimum wage of \$20/hour for fast-casual and fast-food workers at restaurants with more than 60 locations [13]. We may see more states adopting this new act, which could lead to job losses and price increases of up to 2.1% on each item [13]. On the environmental side of policy changes, many cities have created amended regulations aimed at single-use plastics. This requires companies to switch to compostable or recyclable packaging. The purposes of these operational changes are to improve labor standards, sustainability, and public health, but will largely increase expenses in the fast-casual restaurant space.

Chipotle has already adapted to these environmental changes through ecofriendly compostable packaging obtained with no additional noticeable increase in packaging expenses due to their high buying power over suppliers [15].

Demographic Shifts

Fast casual dining is propelled through social media networks such as TikTok, Instagram, YouTube, etc., with viral menu hacks and influencer trends increasing consumer traffic. Younger customers, including Millennials and Gen Z, are more interested in customizable, health-conscious, and visually enticing meals [16]. This growing interest in environmental and social responsibility may be applying pressure on brands to adjust product menus, packaging, and messaging to meet consumer expectations.

Ticker	Company	ESG Score	ISS rating
YUM	YUM! Brands inc.	20.0	C
MCD	Mcdonald's	21.9	C-
WEN	Wendy's	N/A	C-
JACK	Jack in the box inc.	N/A	D+
SHAK	Shake Shack Inc.	N/A	D
EAT	Brinker International	N/A	D+
QSR	Restaurant Brands Int.	23.3	C-
CMG	Chipotle	20.1	C

Source: Factset [11]

One of Chipotles core practices is “food with integrity.” This means Chipotle strives for environmental and employee welfare – the company raises their animals responsibly and ethically as well as sourcing all produce from suppliers who comply with these standards [2]. Companies may choose to have an ESG (environmental, social, governance) score which essentially focuses on the company’s impact on the natural environment, employee relations, and business ethics. The lower the score, the less risk the company poses to the environment. Additionally, firms may have a letter rating from the ISS (Institutional Shareholder Services) measuring the same ethical principles as ESG [17]. Chipotle has one of the lowest ESG scores compared to competitors of 20.1 (a moderate risk), as well as one on the lowest ISS ratings of a C. Most fast-casual competitors fall below these scores and thus pose a higher risk to the environment; thus Chipotle is outpacing competitors in terms of sustainability.

Porters 5 Forces Analysis

Threat of New Entrants: Low

Although there are already many fast-food options available, the threat of new entrants remains relatively low. Starting a restaurant requires substantial upfront investment, and reaching the size and brand recognition of major chains takes significant time. This makes it difficult for new businesses to compete with established players. Additionally, many consumers are highly loyal to their favorite brands. For example, CNBC reports that

Chipotle’s loyalty program alone drives roughly 30% of its daily sales. This illuminates how strong brand preference can protect large chains from competitive pressure [18].

Bargaining Power of Suppliers: Low

Supplier power in the fast casual industry is of low to moderate status depending on company size. Larger, more developed chains, such as Chipotle, benefit from the scale of their business. This helps negotiations with suppliers for lower prices or deals. Smaller restaurants do not have this benefit to the same capacity as larger chains, since they order less product. Luckily, in the restaurant industry there are many suppliers to choose from, which increase supplier competition and effectively lowers prices [19].

Bargaining Power of Buyers: High

The buyer has a lot of power in the restaurant sub industry as there are many different competitors with large scales of operation. For example, if a line is too long at one restaurant, a consumer can leave and find an option close by with a shorter line. Additionally, if a consumer thinks prices are too high at one fast-casual space, they could find a cheaper alternative somewhere else. This leaves the buyer with significant power as restaurants must cater to their wants, whether that is low prices, high quality, fast service, etc., to compete with nearby restaurants.

Threat of Substitute Products: High

The fast casual restaurant industry has many different competing players, constantly trying to steal customers from other large businesses. Factors such as menu, price, quality, geographic area, and marketing are becoming more important to fast casual businesses to stand out. Chipotle differentiates itself in this way through their premium branding which offers fresh and sustainable ingredients at a higher cost. Other top competitors, such as McDonalds, might do the opposite and try to differentiate by offering low prices with lower quality. Consequently, fast casual restaurants must carefully balance and create their own mission or brand involving specific menu innovations, prices, and standards to stand out in a crowded market [20].

Industry Rivalry: High

The food industry has many strong rivalries as the market is saturated with similar food options. Large competitors in the fast casual industry such as YUM! Brands (KFC, Taco Bell, Pizza Hut), and McDonalds own a large share of the market with cheap prices and similar options to most companies. To compete as either a large or small corporation, you must adjust to prices of the market and continuously innovate at the same rate of market dominators to continue to grow. Chipotles are currently competing by starting to automate their kitchens and through rapid growth. It must continue to make these innovations to remain a competitive force.

Peer Comparisons

Ticker	Company	Net Sales	Net Income	Market Cap
YUM	YUM! Brands inc.	\$7,549	\$1,486	\$41,376
MCD	McDonald's	\$25,920	\$8,223	\$218,650
WEN	Wendy's	\$2,247	\$194	\$1,641
JACK	Jack in the box inc.	\$1,571	(\$37)	\$282
SHAK	Shake Shack Inc.	\$1,252	\$10	\$3,865
EAT	Brinker International	\$5,384	\$383	\$5,029
QSR	Restaurant Brands Int.	\$8,406	\$1,021	\$31,235
CMG	Chipotle	\$11,314	\$1,534	\$41,744

Source: Facset [11]

The table above lists main competitors in the fast-casual atmosphere. Among all competitors, Chipotle comes in 2nd for the highest net sales, net income, and market cap. Chipotle is different from many of its competitors as it takes a premium approach focused on fresh and sustainable ingredients. This premium is beneficial to their earnings, but is also the underlying factor as to why they have lost their main consumers because they can no longer afford frequent visits.

Ticker	Company	Net D/E	Total Debt	Dividend Yield
YUM	YUM! Brands inc.	(140)	\$12,286	2
MCD	McDonald's	(944)	\$51,948	2.34
WEN	Wendy's	1,384	\$4,093	6.06
JACK	Jack in the box inc.	(367)	\$3,184	3.88
SHAK	Shake Shack Inc.	104	\$810	-
EAT	Brinker International	452	\$1,694	-
QSR	Restaurant Brands Int.	469	\$15,926	3.56
CMG	Chipotle	85	4541	-

Source: Facset [11]

Chipotle has the lowest D/E ratio due to their previously mentioned capital structure that contains no long-term debt excluding operating leases. In comparison, many of their main competitors carry large quantities of debt, such as McDonalds with total debt of \$51,948 million or YUM! Brands with \$12,286 million of debt. However, these large balances are proportional to the companies' size as McDonalds and YUM! both have some of the highest sales, income, and market caps. Additionally, Chipotle doesn't have a dividend yield to focus on their high growth expenditures whereas many of the highly established competitors with the largest sales, income, market caps, and debt do. All competitors listed above with a dividend yield, excluding Wendys, fall between the 2-4% range, which is a safe yield that may be more attractive to investors.

Ticker	Company	Number of Stores	Company Owned	Franchised	US	International
YUM	YUM! Brands inc.	61,346	1,227	60,119	18,404	42,942
MCD	McDonald's	43,477	2,174	41,303	13,557	29,920
WEN	Wendy's	7,240	394	6,846	5,933	1,307
JACK	Jack in the box inc.	2,790	310	2,480	2,790	-
SHAK	Shake Shack Inc.	579	329	250	359	approx 220
EAT	Brinker International	1665 (2019)	-	-	-	-
QSR	Restaurant Brands Int.	32,125	1,606	30,519	16,486	15,639
CMG	Chipotle	3,644	3,644	-	3,644	82

Source: All companies 10-k reports

Moreover, Chipotle is one of the only companies that does not franchise any of their operations. In doing this, Chipotle bears all operating risks, but also allows for

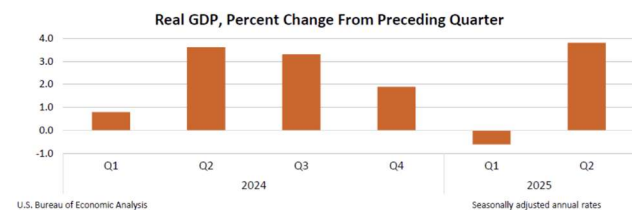
total operational control, uniform quality, and fast innovation [28]. This is beneficial to the company in their current state without debt and strong cash flows, but if as their growth efforts decline, they may need to consider franchising, so they do not bear as much risk.

All their competitors, including Brinker International, who does not break out their franchised vs. owned restaurants, typically franchise more restaurants than they own. In doing so, they bear less risk and typically have more ability to expand internationally.

Economic Analysis

Real GDP

The consumer discretionary sector is closely tied to GDP growth. As the economy expands with rising consumer confidence and low unemployment, consumers have more financial freedom to make discretionary purchases. Real GDP for the U.S. fell 0.6% in Q1 2025 and then rebounded by 3.8% in Q2 2025 [29]. For Q3 2025, the Federal Reserve Bank of Atlanta put growth at around 4.1% with a low estimate of 2.7% [30].



Source: [29] BEA GDP Estimates

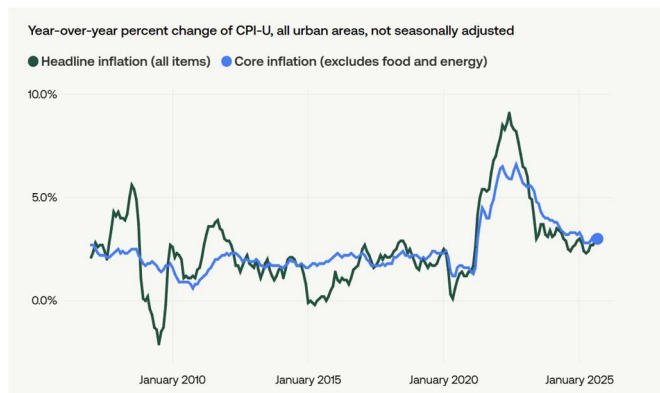
For the full year, the Congressional Budget Office projects real GDP annual growth of about 1.4% in 2025 and a rise to 2.2% in 2026 [31]. However, much of the growth in 2025 appears driven by investment in information-processing equipment and software (largely AI/datacenters). According to Harvard economist, Jason Furman, such investments account for 92% of U.S. GDP growth in that period [32].

While GDP growth is moderate and positive, the nature of the growth is skewed toward tech/AI investment rather than broad-based consumer income and spending. That suggests that for the consumer discretionary industry, which depends on wide consumer demand, the tailwind from GDP growth may be weaker than it appears at first glance.

Inflation

Inflation is the increase of products and services over time. As inflation increases, the consumer discretionary sector suffers as the buying abilities of consumers decrease; conversely, as inflation decreases, the sector sees growth. The US annual inflation rate increased to

3.0% in September 2025, which is up 0.6% from September 2024 [33]. For our model, we anticipate inflation will continue at 3% for the foreseeable future and have a slight decrease beyond our CV year.



Source: [34] USA Inflation

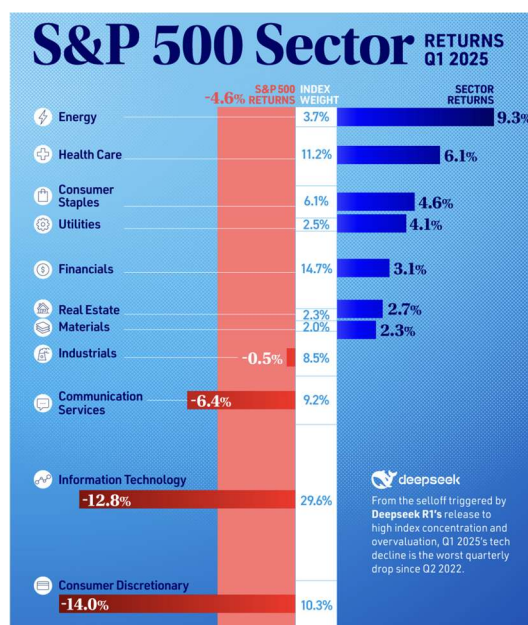
Inflation can be separated into two categories CPI (how inflation impacts consumers) and PPI (how inflation impacts producers). Chipotle's biggest costs are from their premium and fresh ingredients such as beef, chicken, and avocados. As inflation increases due to tariffs and other governmental/economic factors, Chipotle has had to raise the costs of their food in order to account for higher food costs. For example, a chicken bowl worth \$7.45 in 2019 pre-covid is now worth \$10.80 – a 44.97% increase [35]. This effectively means that the PPI was high enough that increased costs passed to the consumer.

Chipotle	2019	2025	Percentage Increase
Chicken burrito/bowl	\$7.45	\$10.80	44.97%
Steak burrito/bowl	\$8.45	\$12.55	48.52%
Barbacoa burrito/bowl	\$8.45	\$12.55	48.52%
Carnitas burrito/bowl	\$7.95	\$11.55	45.28%
Veggie burrito/bowl	\$7.45	\$10.80	44.97%
Side of guacamole	\$2.25	\$2.95	31.11%

Source: Chipotle Pricing [35]

Tariffs

Tariff policies are one of the top risk factors to the consumer discretionary sector, posing great risk to supply chain stability. Initially, when tariffs were being rolled out for liberation day in April, many businesses were absorbing them. As tariffs have continued to be enacted, more of these costs are coming directly from the consumer in the form of increased prices. This is shown as the consumer discretionary sector was down 14% in Q1 of 2025 after the liberation tariffs were announced.



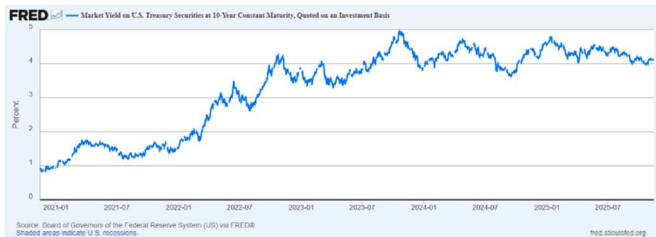
Source: [36] Tariff Impact

Consumers have felt this heavy weight and 46% of people believe they are paying more than they should be for food and groceries. In turn, they are trading down and buying cheaper alternatives [37]. We believe tariffs will continue to be a slight risk to the fast-casual industry under the current presidency as they are a key part to the presidential campaign, in following years they will continue to be of moderate risk. In our forecast this is partially included our initial percentage increase in the rise of food, beverage, and packaging costs.

Interest Rates

Interest rates, specifically cuts and hikes in the Federal Reserve rates, are highly influential on the spending of consumers. When the Federal Reserve reduces interest rates, it becomes cheaper to borrow money, in turn, stimulating the economy by encouraging consumer spending. In October of 2025 the federal reserve rates were cut by 0.25 bps to 3.75-4%, effectively lowering borrowing costs to rates not seen since 2022 [38]. The federal rates are seen as a gauge of inflation, which impacts consumer discretionary spending. This rate does not impact corporations as much, since they cannot borrow at this rate.

Chipotle and companies alike are most impacted by the long-term treasury rates as it impacts borrowing costs, valuations, CapEx spending, etc. In our model we utilize the 10-year treasury rate as our risk-free rate, considering our forecast extends 8 years. The benchmark 10-year Treasury yield is currently 4.09% and is forecasted to trade at 4.10% in the coming three to six months, before rising to 4.21% in a year [39]. At a higher rate, corporations may be less inclined to borrow funds and make large expenditures.



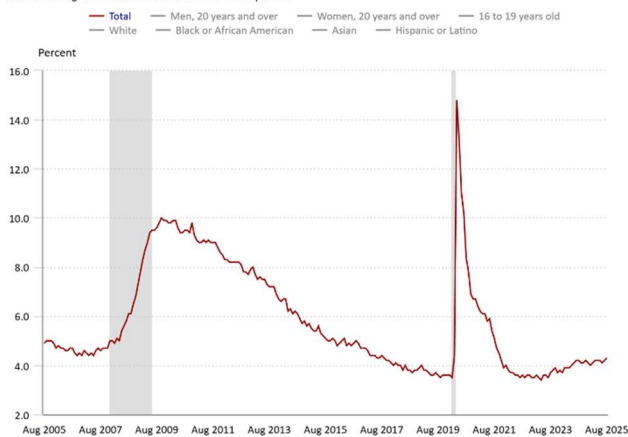
Source: [40] 10-year treasury

Unemployment

The unemployment rate is a key factor in consumer discretionary spending. In periods of low unemployment, consumers have a solid grasp on what they can spend and may be more inclined to make discretionary purchases. Likewise, in periods of high unemployment rates, discretionary spending will decrease as there is less economic certainty. As of August of 2025 the unemployment rate was 4.3%, well within the optimal amount (3-5%) [41].

Civilian unemployment rate, seasonally adjusted

Click and drag within the chart to zoom in on time periods



Source: [41] US bureau of labor statistics

In fact, the unemployment rate has remained at ideal levels since 2022, as shown in the graph above. We believe that the unemployment rate will continue to stay around 4.3%, with a slight rise in the future due to uncertain economic pressures surrounding inflation and tariffs. With a slight increase in unemployment the consumer discretionary industry may see a small future decline as consumers have less disposable income. The restaurant industry is one of the most impacted sub-industries of discretionary that would be affected by this decrease. As mentioned briefly above, unemployment is one of the factors that Chipotle's CEO attributes to their loss of visits by their main consumer group. With job uncertainty gen-z and millennials may frequent fast-casual industries less.

Valuation

Our analysis of Chipotle uses a variety of methods to estimate its value; these include a discounted cash flow method, an economic profit method (EP), a dividend discount method (DDM), as well as several benchmarking methods of relative valuation. Although each method provides some insight into Chipotle's value, we place the greatest emphasis on those methods which provide a measure of the long-term generation of cash for the business, and the amount of shareholder wealth generated through returns on invested capital. The analysis will be based upon an eight-year forecast period ending in 2032, using a terminal value in that year to calculate the total estimated value of Chipotle. The projected values are developed using an excel-based model that incorporates Chipotle's planned restaurant additions, the continuing growth of their digital sales, and the cost reductions being implemented at all levels.

Discounted Cash Flow and Economic Profit Model

Estimated share price: \$30.43

Our valuation framework consists of the Discounted Cash Flow (DCF) model and the Economic Profit (EP) model; these are the best methods to estimate a company's long-term free cash flow generation as well as value creation beyond the company's cost of capital. The company has outlined significant growth plans through the addition of 350-370 new locations in 2026 and continued improvement from both operational leverage and digital efficiencies. Therefore, our valuation includes those factors that contribute to the company's long-term sustainable value creation. Overall, the DCF and Economic Profit models reinforce Chipotle's long-term growth prospects and the ability to deliver returns that exceed the company's cost of capital. Below we provide additional information regarding the individual assumptions regarding revenue and expenses included in our estimates.

WACC

The first step to finding Chipotle's WACC was to calculate the cost of equity based upon a 4.11% risk-free rate, 0.91 beta, and 5.00% equity risk premium. The combination of those inputs produced an 8.68% cost of equity that represented the expected return from investors to account for risk that investors are exposed to with their investment in Chipotle.

The second step was to determine the cost of debt, which was done utilizing the yield on Chipotle's 5-year corporate bond to establish the company's implied borrowing rate. Based on the pre-tax cost of debt (5.17%) and the marginal tax rate of 23%, the after-tax cost of debt is 3.98%.

The last step was to apply market-value weights to the capital structure. As such, equity accounts for 90.39% of

Chipotle's financing, while debt, including only operating lease liabilities, comprises 9.61%. Utilizing both components of the capital structure produces a WACC of 8.22% and will be utilized as the discount rate in both our DCF and EP valuation models to provide us with the present value of the projected free cash flows.

Relative Valuation to Peers

Estimated share price range \$26.46 – \$24.58

We selected YUM! Brands, McDonald's, Wendy's, Brinker International, Papa John's, and Restaurant Brands International as Chipotle's closest peers, based on their participation in the quick-service and fast-casual restaurant segments.

Peer P/E multiples for 2025 and 2026 were applied as a method to establish a high-to-low valuation range for Chipotle's potential stock price. The peer comparison valuation approach does not provide an accurate representation of Chipotle's intrinsic value due to the significant differences in both capital structure and pricing strategies among the companies. Additionally, Chipotle continues to have a significantly higher P/E ratio compared to its competitors. Because of this, we believe Chipotle's elevated P/E ratio is driven by overly optimistic investor expectations. This reinforces our view that the stock is currently overvalued and is a strong candidate for a sell rating.

Divided Discount Model

Estimated Share Price \$22.47

The Dividend Discount Model (DDM) is not helpful for valuing Chipotle because the company does not pay dividends and is unlikely to begin doing so. Chipotle allocates nearly all its earnings toward expansion, automation, and marketing efforts. This is particularly necessary as Chipotle tries to rebuild its consumer base in a challenged discretionary market. Given its growth-focused strategy and continued reinvestment needs, DDM does not provide a meaningful estimate of the company's intrinsic value.

Revenue Assumptions

Revenue was forecasted based on Chipotle's projected food, beverage, and delivery sales. We anticipate the number of restaurants will increase from 3,726 in 2024 to 5,286 by 2032, which aligns with management's lower estimates of how many stores they open per year. For example, they estimate 315-345 stores in 2025, and our model currently forecasts 320 total restaurants, we have taken this more conservative growth estimate as future expansion may be hindered by increased marketing and automation expenses. We anticipate same store sales revenue will decrease by 2%

in 2025 based on management guidance from their Q3 earnings report (). We do believe this percentage will rise back to previous year growth and continue to grow to 4% until 2028 when the company starts to mature. From there same store sales will decline until it reaches 1.25% in our forecast's terminal year. New restaurant growth will continue to be the main driver of revenue starting at 6.94% in 2025 with a steady decline until it reaches 2% in 2032. This creates total growth of 9.57% in 2025, which will continue to lower to 3.26% in the final year of our model as the company matures and begins to grow with the economy.

Expense Assumptions

Historical data from Chipotle's income statement was used to estimate operating expenses as a percentage of total revenue. The major expense categories food, beverage, and packaging, as well as labor were taken as a percentage of sales average and scaled up and down respectively to account for lower prices and high automation (operating efficiency). General & administrative expenses will also continue to grow based on stock compensation and then continue to level off in the 6% range. Depreciation is also expected to grow steadily each year as the amount of capital expenditures grows. Preopening costs were forecasted as a percentage of new restaurants plus the rate of inflation (3.0%). All other expenses were forecasted by taking a 3–5-year average of their past percentages of sales. These numbers might have been slightly adjusted to follow past trends and management guidance.

Profit Assumptions

The company's profitability is projected to improve over the forecast period as new restaurants mature, and operational efficiencies continue to scale. Operating income increases each year in our model, driven by higher revenue and relatively stable cost ratios. However, the pace of improvement levels over time as the business grows larger and incremental efficiency gains become harder to realize. (need to edit/change)

Capital Expenditures Assumptions

Chipotle's capital expenditures (CapEx) are expected to be high for the remainder of the forecasted periods. As Chipotle continues to develop and open many stores along with investing in the development of its automated systems. The projected CapEx will increase from \$684 million in 2025 to greater than \$841 million in 2032. This is consistent with Chipotle's aggressive expansion plans and increasing costs associated with building new locations. This high level of reinvestment supports Chipotle's long term growth strategy but will limit the Company's ability to generate free cash flow for the short term.

Sensitivity Tables

Beta vs. Equity Risk Premium

		Beta						
Equity Risk Premium	\$ 30.43	0.76	0.81	0.86	0.91	0.96	1.01	1.06
	4.85%	35.88	34.19	32.65	31.17	29.96	28.77	27.68
	4.90%	35.61	33.92	32.39	30.92	29.72	28.54	27.45
	4.95%	35.33	33.66	32.14	30.67	29.48	28.31	27.23
	5%	35.07	33.40	31.89	30.43	29.24	28.08	27.01
	5.05%	34.80	33.15	31.64	30.19	29.01	27.86	26.79
	5.10%	34.54	32.90	31.40	29.96	28.79	27.64	26.58
	5.15%	34.29	32.65	31.16	29.73	28.56	27.42	26.37

The sensitivity test we performed reveals that beta has greater impact upon the valuation of Chipotle than the variation in the equity risk premium. By setting the equity risk premium at 5.00%, and an increase in beta from .76 to 1.06 causes a reduction in the valuation from \$35.07 to \$27.01. However, by maintaining the beta constant at 0.91, and increasing the equity risk premium from 4.85% to 5.15%, the valuation decreases from \$31.17 to \$29.73. Alternatively, both inputs directly affect the cost of equity within the CAPM model. Chipotle's valuation is especially sensitive to changes in beta which creates a more dramatic change in the discount rate than those caused by similar adjustments to the equity risk premium. The effect of this is that the variation in beta will create larger swings in the discounted cash flows and intrinsic value of Chipotle compared to adjustments made to the equity risk premium.

Food Beverage and Packaging as a % of Sales (CV Year) vs. Labor Costs as a % (2025-2032)

Food Beverage and Packaging as a % of Sales (CV Year)								
\$ 30.43	26.60%	27.60%	28.60%	29.60%	30.60%	31.60%	32.60%	
22.00%	39.53	38.02	36.50	34.99	33.47	31.96	30.44	
23.00%	37.74	36.22	34.71	33.19	31.68	30.16	28.65	
24.00%	35.94	34.43	32.91	31.40	29.88	28.37	26.85	
24.54%	34.98	33.46	31.95	30.43	28.91	27.40	25.88	
25.00%	34.15	32.63	31.12	29.60	28.09	26.57	25.06	
26.00%	32.35	30.84	29.32	27.81	26.29	24.78	23.26	
27.00%	30.56	29.04	27.53	26.01	24.50	22.98	21.47	

Input cost assumptions have a meaningful impact on valuation outcomes. When labor costs remain constant at 24.54%, increasing food, beverage, and packaging costs from 26.60% to 32.60% reduces valuation from \$34.98 to \$25.88, indicating that higher ingredient prices directly compress margins. Because Chipotle purchases fresh, high-quality ingredients for its menu items, it is especially sensitive to commodity inflation, which can materially erode intrinsic value.

Valuation also varies with labor cost assumptions. Holding food, beverage, and packaging costs constant at 29.60%, increasing labor costs from 22% to 27% lowers valuation from \$34.99 to \$26.01, demonstrating a similarly negative relationship between rising input ratios and value. Since Chipotle operates a fully corporate-owned model and performs all food preparation in-house, wage increases flow

directly into operating expenses. Maintaining labor efficiency and disciplined cost management is therefore essential to sustaining long-term margin strength.

Pre-Tax Cost of Debt vs. Cost of Equity

		Pre-Tax Cost of Debt						
Cost of Equity	\$ 30.43	2.17%	3.17%	4.17%	5.17%	6.17%	7.17%	8.17%
	7.18%	41.50	41.34	41.19	41.04	40.90	40.77	40.64
	7.68%	36.92	36.86	36.81	36.75	36.70	36.65	36.60
	8.18%	33.25	33.26	33.27	33.28	33.28	33.29	33.30
	8.68%	30.28	30.33	30.38	30.43	30.48	30.52	30.57
	9.18%	27.75	27.83	27.91	27.99	28.07	28.14	28.22
	9.68%	25.63	25.73	25.84	25.94	26.03	26.13	26.22
	10.18%	23.82	23.94	24.05	24.17	24.28	24.39	24.49

Our sensitivity table shows that valuation is driven almost entirely by the cost of equity, while debt assumptions having a small influence. At a constant 5.17% pre-tax cost of debt, raising the cost of equity from 7.18% to 10.18% cuts valuation from \$41.50 to \$23.82. Holding the cost of equity at 8.68% and widening the pre-tax cost of debt from 2.17% to 8.17% shifts valuation only slightly from \$30.28 to \$30.57. This reflects Chipotle's equity-heavy capital structure, where WACC and intrinsic value move primarily with equity-driven discount rate changes.

Risk-Free Rate vs. CV Growth of NOPLAT

		Risk-Free Rate						
CV Growth of NOPLAT	\$ 30.43	2.91%	3.31%	3.71%	4.11%	4.51%	4.91%	5.31%
	2.70%	36.66	33.89	31.50	29.44	27.62	26.02	24.60
	2.80%	37.21	34.34	31.88	29.75	27.89	26.25	24.80
	2.90%	37.79	34.82	32.28	30.09	28.17	26.49	25.00
	3.00%	38.40	35.32	32.69	30.43	28.46	26.74	25.21
	3.10%	39.04	35.84	33.12	30.79	28.76	26.99	25.43
	3.20%	39.71	36.38	33.57	31.16	29.08	27.26	25.66
	3.30%	40.42	36.95	34.03	31.55	29.40	27.53	25.89

Our sensitivity results show that valuation is more responsive to changes in long-term NOPLAT growth than to shifts in the risk-free rate. At a fixed 4.11% risk-free rate, increasing terminal growth from 2.70% to 3.30% lifts valuation from \$29.44 to \$31.55, highlighting the compounding effect of long-duration cash flows.

Overall, holding growth at 3.00% and raising the risk-free rate from 2.91% to 5.31% reduces valuation from \$38.40 to \$25.21. While discount-rate changes clearly matter, the model shows that Chipotle's value is more sensitive to growth expectations than to moderate interest-rate movements, consistent with its equity-driven, long-horizon cash-flow profile.

New Restaurant Growth (2025) vs. General and Administrative Expenses as a % of Sales (CV Year)

General and Admin	New Restaurant Growth							
	\$ 30.43	5.44%	5.94%	6.44%	6.94%	6.44%	6.94%	7.44%
	4.56%	31.97	32.15	32.32	32.49	32.32	32.49	32.67
	5.06%	31.29	31.46	31.64	31.81	31.64	31.81	31.98
	5.56%	30.61	30.78	30.95	31.12	30.95	31.12	31.29
	6.06%	29.94	30.10	30.27	30.43	30.27	30.43	30.59
	6.56%	29.26	29.42	29.58	29.74	29.58	29.74	29.90
	7.06%	28.58	28.74	28.89	29.05	28.89	29.05	29.21
	7.56%	27.90	28.05	28.21	28.37	28.21	28.37	28.52

Valuation in this sensitivity is influenced by G&A efficacy and store growth. Higher restaurant growth or expansion of 7.44% would only increase the stock price by a little more than \$0.16. However, if we were also to lower general and administrative expenses to 4.56%, stock price would increase to a little more than \$32 a share. This demonstrates that while continued expansion is beneficial, keeping general expenses low has a far greater impact on long-term value

Forecasted Marginal Tax Rate vs. Inflation

Inflation	Forecasted Marginal Tax Rate							
	\$ 30.43	21.50%	22.00%	22.50%	23.00%	23.50%	24%	44.50%
	1.5%	30.83	30.85	30.86	30.88	30.89	30.91	31.55
	2.0%	30.68	30.70	30.71	30.73	30.74	30.76	31.40
	2.5%	30.54	30.55	30.57	30.58	30.60	30.61	31.25
	3.0%	30.38	30.40	30.41	30.43	30.45	30.46	31.09
	3.5%	30.23	30.25	30.26	30.28	30.29	30.31	30.94
	4.0%	30.08	30.09	30.11	30.12	30.14	30.15	30.78
	5.5%	29.60	29.62	29.63	29.65	29.66	29.68	30.30

Valuation is mildly sensitive to changes in both inflation and the marginal tax rate, with outcomes surrounding around \$30 - \$31 per share. Holding inflation at 3%, increasing the marginal tax rate from 21.5% to 24% moves valuation only from \$30.38 to \$30.46, showing limited impact on cash flows after tax. Similarly, at a 23% tax rate, raising inflation from 1.5% to 5.5% decreases valuation from \$30.88 to \$29.65, a relatively small decline. This stability suggests that neither inflation nor tax rate assumptions meaningfully alter Chipotle's long-term free cash flow profile.

Conclusion

In conclusion, we recommend a sell rating for Chipotle driven by weakened performance and decreased consumer demand. Underlying economic factors, such as inflation and tariffs, have taken away customers' ability to pay Chipotles premium prices. Our valuations are reinforced by the DCF/EP model that provided a target price of \$30.43, slightly below that of which Chipotle is currently trading. This discounted price reflects vulnerability in Chipotles company strategy in the current economy.

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 the 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.

Citations

- [1] [Chipotle 1 year Performance](#)
- [2] [Chipotle 10-k \(2024 Fiscal Year End\)](#)
- [3] [Q3 Expansion News Release](#)
- [4] [Q3 Earnings Announcement](#)
- [5] [Q3 Earnings Explained \(CNBC\)](#)
- [6] [Yahoo Finance Chipotle Locations](#)
- [7] [Yahoo Finance on Q3 Chipotle Earnings](#)
- [8] [Chipotle Rolls Out High Efficiency Equipment](#)
- [9] [Chipotle Historical Capex](#)
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Chipotle Mexican Grill
Revenue Decomposition

<i>Fiscal Years Ending Dec. 31</i>	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
(Number in Millions)											
Food & Beverage Revenue	8,558.00	9,804.10	11,247.40	12,342.03	13,393.05	14,558.23	15,915.76	17,097.66	18,092.75	18,915.06	19,534.53
Food & Beverage %	99.11%	99.32%	99.36%	99.51%	99.59%	99.64%	99.68%	99.72%	99.74%	99.75%	99.76%
Growth %	14.76%	14.56%	14.72%	9.73%	8.52%	8.70%	9.32%	7.43%	5.82%	4.55%	3.28%
Delivery Service Revenue	76.70	67.50	66.50	60.85	55.68	53.17	50.78	48.49	47.77	47.05	46.34
Delivery Service %	0.89%	0.68%	0.59%	0.49%	0.41%	0.36%	0.32%	0.28%	0.26%	0.25%	0.24%
Growth %	-14.68%	-11.99%	-1.48%	-8.50%	-8.50%	-4.50%	-4.50%	-4.50%	-1.50%	-1.50%	-1.50%
Total Revenue	8,634.70	9,871.60	11,319.90	12,402.88	13,448.72	14,611.40	15,966.54	17,146.15	18,140.51	18,962.11	19,580.87
Total Revenue Growth %	14.41%	14.32%	14.67%	9.57%	8.43%	8.65%	9.27%	7.39%	5.80%	4.53%	3.26%
Total Restaurants	3,187	3,437	3,726	3,985	4,220	4,446	4,673	4,884	5,079	5,232	5,336
New Additional Restaurants	236	271	304	320	339	357	375	392	408	420	429
Restaurant Growth %	6.93%	7.27%	7.76%	6.94%	5.90%	5.36%	5.12%	4.50%	4.00%	3.00%	2.00%
Revenue Per Store	2.81	2.98	3.16	3.10	3.17	3.27	3.41	3.50	3.56	3.62	3.66
Same Store Sales % Growth	6.62%	6.20%	6.04%	-2.00%	2.47%	3.17%	4.00%	2.80%	1.75%	1.50%	1.25%

Chipotle Mexican Grill
Income Statement

<i>Fiscal Years Ending Dec. 31</i>	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Food and beverage revenue	8,558	9,804	11,247	12,342	13,393	14,558	15,916	17,098	18,093	18,915	19,535
Delivery service revenue	77	68	66	61	56	53	51	48	48	47	46
Total Revenue	8,635	9,872	11,314	12,403	13,449	14,611	15,967	17,146	18,141	18,962	19,581
Restaurant operating costs exclusive of depreciation and amortization	6,573	7,286	8,296	9,101	9,869	10,634	11,620	12,410	13,130	13,725	14,173
Food, beverage and packaging	2,602	2,913	3,375	3,795	4,115	4,383	4,790	5,075	5,370	5,613	5,796
Labor	2,198	2,441	2,790	3,044	3,300	3,586	3,918	4,208	4,452	4,653	4,805
Occupancy	460	503	563	583	632	687	750	806	853	891	920
Other operating costs	1,312	1,429	1,568	1,679	1,821	1,978	2,162	2,322	2,456	2,567	2,651
General and administrative expenses	564	634	697	851	869	944	1,031	1,090	1,154	1,149	1,187
Depreciation and amortization	287	319	335	343	391	436	478	516	553	587	620
Preopening costs	30	37	42	58	61	64	68	71	73	76	77
Loss on disposal of assets	21	38	27	35	38	41	45	48	51	53	55
Total operating expenses	7,474	8,314	9,398	10,387	11,228	12,120	13,242	14,136	14,961	15,590	16,111
Income / loss from operations	1,160	1,558	1,916	2,016	2,221	2,492	2,725	3,010	3,180	3,372	3,470
Interest and other income / expense, net	21	63	94	83	180	216	261	315	375	442	515
Income / loss before income taxes	1,182	1,621	2,010	2,099	2,401	2,708	2,986	3,325	3,555	3,814	3,984
Provision / benefit for income taxes	282	392	476	495	566	639	704	784	838	900	940
Net income / loss	899	1,229	1,534	1,604	1,835	2,069	2,281	2,541	2,716	2,915	3,045
Earnings Per share											
Basic	0.65	0.89	1.12	1.19	1.39	1.59	1.77	2.00	2.17	2.36	2.49
Weighted average shares outstanding											
Basic	1392.50	1377.80	1368.30	1345.04	1323.83	1304.51	1286.93	1268.97	1251.99	1236.36	1221.98

Balance Sheet

[illegible]

Chipotle Mexican Grill
Historical Cash Flow Statement

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating activities											
Net income / loss	445	476	23	176	177	350	356	653	899	1229	1534
Adjustments to reconcile net income / loss to net cash provided by operating acti	237	208	332	292	445	372	308	629	424	555	571
Depreciation and amortization	111	130	146	163	202	213	239	255	287	319	335
Deferred income tax benefit / provision	-21	12	-14	-18	11	30	108	-12	-43	-10	-43
Loss on disposal and impairment of assets	7	13	24	13	62	15	29	17	21	37	25
Bad debt allowance	0	0	0	0	0	0	0	1	-1	2	0
Stock-based compensation expense	96	58	64	65	69	91	83	176	98	124	132
Other	-22	-74	-2	0	-3	-11	4	-5	-16	-13	-4
Excess tax benefit on stock-based compensation	-22	-74									
Other excluding excess tax benefit on stock-based compensation	0	1									
Changes in operating assets and liabilities	65	69	114	68	104	33	-154	197	79	95	126
Accounts receivable	-11	-4	-2	0	-8	-3	3	-2	-14	-11	-29
Inventory	-2	0	0	-5	-2	-5	0	-6	-3	-4	-10
Prepaid expenses and other current assets	-1	-5	-4	-7	-4	-23	-11	-27	-15	-39	9
Operating lease assets				0	0	164	185	224	234	254	286
Other assets	1	-6	1	-2	-2	3	-27	4	0	4	-18
Accounts payable	2	20	-7	11	32	-1	-4	21	18	5	9
Accrued liabilities and accrued payroll and benefits	35	-7	34	39	51	79	119	1	15	96	108
Accrued payroll and benefits			11	6	30	12	77	-45	10	57	35
Accrued liabilities			14	28	15	37	6	11	-28	3	27
Unearned revenue			8	4	7	30	37	34	33	36	46
Income tax payable / receivable	9	33	54	-4	14	-32	-255	193	46	-5	-14
Deferred rent	27	33	37	30	21						
Operating lease liabilities				0	0	-152	-165	-207	-207	-215	-218
Other long-term liabilities	5	5	1	6	1	2	2	-4	4	9	3
Net cash provided by operating activities	682	683	355	468	622	722	664	1282	1323	1784	2105
Investing activities											
Purchases of leasehold improvements, property and equipment	-253	-257	-259	-217	-287	-334	-373	-443	-479	-561	-594
Purchases of investments	-521	-559	0	-200	-485	-449	-468	-429	-614	-1115	-987
Maturities of investments	255	353	45	330	385	477	419	346	264	730	723
Proceeds from sale of equipment				0	0	14	0	4	0	0	20
Proceeds from sale of investments	0	0	541								
Acquisition of interests in equity method investment					0	0	-10				
Net cash provided by / used in investing activities	-519	-464	327	-87	-388	-292	-433	-522	-830	-946	-838
Financing activities											
Acquisition of treasury stock	-67	-386	-838	-286	-166	-201	-103	-546	-929	-662	-1076
Acquisition of treasury stock excluding excess tax benefit on stock-based compensat	-88	-461	-837	-285	-161	-191	-54	-467	-830	-592	-1002
Excess tax benefit on stock-based compensation	22	74	-1	-1	-5	-10	-49	-80	-99	-69	-74
Stock plan transactions and other financing activities	0	0	1	0	0	-1	-2	-2	0	1	2
Net cash used in / provided by financing activities	-67	-386	-836	-286	-167	-202	-105	-549	-929	-661	-1074
Effect of exchange rate changes on cash and cash equivalents	0	-4	0	2	-2	0	1	-1	-1	0	-2
Net change in cash and cash equivalents	96	-172	-154	98	66	228	127	210	-437	177	192
Cash and cash equivalents at beginning of period	323	420	271	116	214	280		636	846	409	586
Cash and cash equivalents at end of period	420	248	116	214	280	509	636	846	409	586	778

Chipotle Mexican Grill*Forecasted Cash Flow Statement*

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net Income	1,604	1,835	2,069	2,281	2,541	2,716	2,915	3,045
Cash Flows from Operating Activities								
Depreciation and Amortization	343	391	436	478	516	553	587	620
Change in Accounts receivable	(24)	(14)	(16)	(18)	(16)	(13)	(11)	(8)
Change in Inventory	(3)	(4)	(5)	(6)	(5)	(4)	(3)	(3)
Change in Prepaid expenses and other current assets	(26)	(10)	(12)	(14)	(12)	(10)	(8)	(6)
Change in Accounts Payable	42	21	24	28	24	20	17	13
Change in Accrued Payroll	13	23	26	30	26	22	18	14
Change in Accrued Liabilities	23	37	41	48	42	35	29	22
Change in Income Tax Receivable	(30)	(14)	(14)	(13)	(16)	(11)	(12)	(8)
Change in Deferred Income Taxes	(6)	(7)	(8)	(9)	(16)	-	-	-
Net Cash Provided by Operating Activities	1,936	2,258	2,542	2,806	3,085	3,309	3,531	3,688
Cash Flows from Investing Activities								
Change in current investments	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
Change in long term investments	(31)	(33)	(34)	(35)	(36)	(38)	(39)	(40)
Change in Operating Lease Assets	(232)	(250)	(240)	(242)	(223)	(207)	(162)	(111)
CapEx	(684)	(704)	(725)	(747)	(770)	(793)	(816)	(841)
Other Assets	(5)	(5)	(6)	(6)	(6)	(6)	(6)	(7)
Net Cash Used for Investing Activities	(977)	(1,017)	(1,031)	(1,057)	(1,063)	(1,073)	(1,054)	(1,030)
Cash Flows from Financing Activities								
Acquisition of Treasury Stock	(803)	(803)	(803)	(803)	(803)	(803)	(803)	(803)
Proceeds from Issuance of Common Stock	81	81	81	81	16	-	-	-
Other Liabilities	3	3	3	3	3	3	3	3
Long- Term Operating Leases	2,368	391	376	379	350	325	254	174
Change in Current Operating Lease Liabilities	20	18	17	17	16	15	11	8
Net Cash Provided by Financing Activities	1,669	(311)	(326)	(324)	(418)	(460)	(535)	(618)
Change in Cash	2,628	930	1,185	1,425	1,603	1,775	1,942	2,040
Cash at beginning of year	749	3,377	4,307	5,492	6,917	8,520	10,296	12,238
Cash at end of year	3,377	4,307	5,492	6,917	8,520	10,296	12,238	14,278

Chipotle Mexican Grill
Common Size Income Statement

<i>Fiscal Years Ending Dec. 31</i>	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Food and beverage revenue	99.11%	99.32%	99.41%	99.51%	99.59%	99.64%	99.68%	99.72%	99.74%	99.75%	99.76%
Delivery service revenue	0.89%	0.68%	0.59%	0.49%	0.41%	0.36%	0.32%	0.28%	0.26%	0.25%	0.24%
Total Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Restaurant operating costs exclusive of depreciation and amortization	76.12%	73.80%	73.33%	73.38%	73.38%	72.78%	72.78%	72.38%	72.38%	72.38%	72.38%
Food, beverage and packaging	30.14%	29.50%	29.83%	30.60%	30.60%	30.00%	30.00%	29.60%	29.60%	29.60%	29.60%
Labor	25.46%	24.73%	24.66%	24.54%	24.54%	24.54%	24.54%	24.54%	24.54%	24.54%	24.54%
Occupancy	5.33%	5.10%	4.98%	4.70%	4.70%	4.70%	4.70%	4.70%	4.70%	4.70%	4.70%
Other operating costs	15.19%	14.47%	13.86%	13.54%	13.54%	13.54%	13.54%	13.54%	13.54%	13.54%	13.54%
General and administrative expenses	6.53%	6.42%	6.16%	6.86%	6.46%	6.46%	6.46%	6.36%	6.36%	6.06%	6.06%
Depreciation and amortization	3.32%	3.24%	2.96%	2.76%	2.91%	2.99%	2.99%	3.01%	3.05%	3.10%	3.17%
Preopening costs	0.34%	0.37%	0.37%	0.46%	0.45%	0.44%	0.42%	0.41%	0.40%	0.40%	0.39%
Loss on disposal of assets	0.24%	0.39%	0.24%	0.28%	0.28%	0.28%	0.28%	0.28%	0.28%	0.28%	0.28%
Total operating expenses	86.56%	84.22%	83.06%	83.75%	83.48%	82.95%	82.94%	82.44%	82.47%	82.21%	82.28%
Income / loss from operations	13.44%	15.78%	16.94%	16.25%	16.52%	17.05%	17.06%	17.56%	17.53%	17.79%	17.72%
Interest and other income / expense, net	0.24%	0.64%	0.83%	0.67%	1.34%	1.48%	1.63%	1.84%	2.07%	2.33%	2.63%
Income / loss before income taxes	13.68%	16.42%	17.77%	16.92%	17.85%	18.53%	18.70%	19.39%	19.60%	20.12%	20.35%
Provision / benefit for income taxes	3.27%	3.97%	4.21%	3.99%	4.21%	4.37%	4.41%	4.57%	4.62%	4.74%	4.80%
Net income / loss	10.41%	12.45%	13.56%	12.93%	13.64%	14.16%	14.29%	14.82%	14.97%	15.37%	15.55%

Chipotle Mexican Grill
Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Assets:											
Current Assets											
Cash and cash equivalents	4.45%	5.68%	6.62%	27.23%	32.03%	37.59%	43.32%	49.69%	56.76%	64.54%	72.92%
Accounts receivable, net	1.24%	1.18%	1.27%	1.36%	1.36%	1.36%	1.36%	1.36%	1.36%	1.36%	1.36%
Inventory	0.42%	0.40%	0.43%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%
Prepaid expenses and other current assets	1.00%	1.19%	0.87%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Income tax receivable	0.56%	0.54%	0.59%	0.78%	0.82%	0.85%	0.86%	0.89%	0.90%	0.93%	0.94%
Investments	5.96%	7.45%	5.96%	5.63%	5.38%	5.13%	4.87%	4.70%	4.60%	4.56%	4.57%
Total current assets	13.62%	16.42%	15.74%	36.42%	41.01%	46.35%	51.83%	58.06%	65.03%	72.80%	81.21%
Leasehold improvements, property and equipment, net	22.59%	21.98%	21.12%	22.02%	22.63%	22.81%	22.56%	22.48%	22.58%	22.81%	23.21%
Long term investments	4.49%	5.71%	7.67%	7.25%	6.93%	6.61%	6.27%	6.05%	5.92%	5.87%	5.89%
Other assets	1.02%	0.90%	1.27%	1.20%	1.15%	1.10%	1.04%	1.00%	0.98%	0.97%	0.98%
Restricted cash	0.29%	0.26%	0.27%	0.25%	0.24%	0.23%	0.22%	0.21%	0.20%	0.20%	0.20%
Other assets excluding restricted cash	0.73%	0.64%	1.01%	0.95%	0.91%	0.87%	0.82%	0.79%	0.78%	0.77%	0.77%
Operating lease assets	38.24%	36.25%	35.35%	34.12%	33.32%	32.32%	31.09%	30.25%	29.74%	29.30%	28.94%
Goodwill	0.25%	0.22%	0.19%	0.18%	0.16%	0.15%	0.14%	0.13%	0.12%	0.12%	0.11%
Total Assets	80.23%	81.48%	81.35%	101.19%	105.21%	109.33%	112.92%	117.97%	124.37%	131.87%	140.34%
Liabilities and Shareholders' Equity											
Current Liabilities											
Accounts payable	2.14%	2.01%	1.86%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%
Accrued payroll and benefits	1.97%	2.31%	2.32%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%
Accrued liabilities	3.83%	3.62%	3.69%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%	3.56%
Accrued liabilities excluding unearned revenue	1.71%	1.50%	1.59%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%
Unearned revenue	2.12%	2.13%	2.11%	1.96%	1.96%	1.96%	1.96%	1.96%	1.96%	1.96%	1.96%
Current operating lease liabilities	2.73%	2.51%	2.46%	2.41%	2.35%	2.28%	2.19%	2.13%	2.10%	2.07%	2.04%
Total current liabilities	10.68%	10.44%	10.33%	10.22%	10.17%	10.10%	10.01%	9.95%	9.91%	9.88%	9.86%
Income tax payable											
Deferred rent	0.00%	0.00%	0.00%								
Long-term operating lease liabilities	40.47%	38.53%	37.68%	53.47%	52.22%	50.64%	48.71%	47.40%	46.60%	45.92%	45.35%
Deferred income tax liability	1.15%	0.90%	0.41%	53.47%	52.22%	50.64%	48.71%	47.40%	46.60%	45.92%	45.35%
Other liabilities	0.51%	0.60%	0.63%	0.59%	0.57%	0.54%	0.51%	0.49%	0.48%	0.48%	0.48%
Total Liabilities	52.80%	50.47%	49.05%	64.61%	63.20%	61.45%	59.34%	57.85%	57.00%	56.28%	55.69%
Shareholders Equity:											
Common Stock + Additional paid-in capital	21.18%	19.82%	18.49%								
Treasury stock, at cost	-49.59%	-50.09%	0.00%	-6.48%	-11.94%	-16.49%	-20.12%	-23.42%	-26.57%	-29.65%	-32.81%
Accumulated other comprehensive income / loss	-0.09%	-0.07%	-0.09%	-0.08%	-0.07%	-0.07%	-0.06%	-0.06%	-0.06%	-0.05%	-0.05%
Retained earnings / accumulated deficit	55.91%	61.36%	13.91%	25.62%	37.27%	48.47%	58.64%	69.43%	80.60%	92.47%	105.10%
Total Shareholders' Equity	27.42%	31.02%	32.31%	16.23%	15.82%	9.60%	8.54%	8.40%	9.28%	10.65%	11.73%
Total Liabilities and Shareholders' Equity	80.23%	81.48%	81.35%	101.19%	105.21%	109.33%	112.92%	117.97%	124.37%	131.87%	140.34%

Chipotle Mexican Grill
Value Driver Estimation

Fiscal Years Ending Dec. 31	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
NOPLAT:											
Total Revenue	8,635	9,872	11,314	12,403	13,449	14,611	15,967	17,146	18,141	18,962	19,581
- Food, Beverage & Packaging	2,602	2,913	3,375	3,795	4,115	4,383	4,790	5,075	5,370	5,613	5,796
- Labor	2,198	2,441	2,790	3,044	3,300	3,586	3,918	4,208	4,452	4,653	4,805
- Occupancy	460	503	563	583	632	687	750	806	853	891	920
- Other operating costs	1,312	1,429	1,568	1,679	1,821	1,978	2,162	2,322	2,456	2,567	2,651
- General & Admin Expense	564	634	697	851	869	944	1,031	1,090	1,154	1,149	1,187
- Depreciation	287	319	335	343	391	436	478	516	553	587	620
- Pre Opening Costs	30	37	42	58	61	64	68	71	73	76	77
- Loss on disposal of assets	21	38	27	35	38	41	45	48	51	53	55
+ Implied Interest on Operating Leases	143	161	171	185	207	219	232	244	257	268	279
EBIT	1,304	1,719	2,088	2,201	2,428	2,711	2,956	3,254	3,436	3,641	3,749
- adj taxes											
Income tax provision	282	392	476	495	566	639	704	784	838	900	940
+ tax shield on lease interest	34	39	41	44	49	52	55	58	61	64	66
- tax on interest income	5	15	22	20	43	51	62	75	89	105	122
+ change in deferred tax	-43	-10	-43	(6)	(7)	(8)	(9)	(16)	-	-	-
NOPLAT	950	1,294	1,550	1,676	1,848	2,063	2,250	2,471	2,626	2,782	2,865
Invested Capital (IC):											
Operating current assets:											
Normal Cash	173	197	226	248	269	292	319	343	363	379	392
+ Accounts recievable	107	116	144	168	182	198	216	232	246	257	265
+ Inventory	36	39	49	52	56	61	66	71	75	79	81
+ Prepaid expenses	86	117	98	124	135	146	160	172	182	190	196
+ Income tax Recievable	48	53	67	97	111	125	138	153	164	176	184
Non interest bearing current liabilities:											
- Accounts Payable	185	198	211	253	274	298	326	350	370	387	399
- Accrued Liabilities	331	357	418	441	478	520	568	610	645	675	697
- Accrued Payroll and Benefits	170	228	262	275	299	324	354	381	403	421	435
- Income Tax Payable	0	0	0	0	0	0	0	0	0	0	0
+ PPE Net	1951	2170	2390	2731	3044	3333	3602	3855	4095	4325	4546
+ Other assets excluding restricted cash	63	63	114	118	122	127	131	136	141	146	152
+ Operating lease assets	3302	3579	4000	4232	4482	4722	4964	5187	5394	5556	5667
- Other Long Term Operating Liabilities	44	59	71	74	76	79	82	85	88	91	94
Invested Capital	5036	5492	6126	6727	7273	7783	8267	8725	9155	9535	9858
Free Cash Flow (FCF):											
NOPLAT	950	1,294	1,550	1,676	1,848	2,063	2,250	2,471	2,626	2,782	2,865
Change in IC	328	457	634	601	546	510	484	458	430	380	323
FCF	622	837	917	1,075	1,302	1,554	1,766	2,012	2,197	2,402	2,542
Return on Invested Capital (ROIC):											
NOPLAT	950	1294	1550	1676	1848	2063	2250	2471	2626	2782	2865
Beginning IC	4707.94	5035.70	5492.44	6126.28	6726.83	7272.95	7782.59	8266.98	8725.04	9154.65	9534.68
ROIC	20.18%	25.69%	28.23%	27.35%	27.48%	28.37%	28.92%	29.88%	30.10%	30.39%	30.05%
Economic Profit (EP):											
Beginning IC	4708	5036	5492	6126	6727	7273	7783	8267	8725	9155	9535
x (ROIC - WACC)	11.96%	17.47%	20.01%	19.13%	19.25%	20.15%	20.69%	21.66%	21.88%	22.17%	21.82%
EP	563	880	1099	1172	1295	1465	1610	1791	1909	2029	2081

Chipotle Mexican Grill

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:

Risk-Free Rate	4.11%
Beta	0.91
Equity Risk Premium	5.00%
Cost of Equity	8.68%

ASSUMPTIONS:

10-year Treasury bond

Average of 2,3, and 4 weekly beta

1950-2020 geometric average over 10-year Treasury

Cost of Debt:

Risk-Free Rate	4.11%
Implied Default Premium	1.06%
Pre-Tax Cost of Debt	5.17%
Marginal Tax Rate	23%
After-Tax Cost of Debt	3.98%

10-year Treasury bond

YTM on company's 5-year corporate bond

Market Value of Common Equity:

Total Shares Outstanding	1368.30
Current Stock Price	\$31.20
MV of Equity	42,690.96

MV Weights

90.39%

Market Value of Debt:

Current Operating Lease Liabilities	278
LT Operating Lease Liabilities	4263
MV of Total Debt	4,541.00

9.61%

Market Value of the Firm

47,231.96

100.00%

Estimated WACC

8.22%

Chipotle Mexican Grill

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

Key Inputs:

CV Growth of NOPLAT	3.00%
CV Year ROIC	30.05%
WACC	8.22%
Cost of Equity	8.68%

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

Free Cash Flow (FCF)	\$	1,075	\$	1,302	\$	1,554	\$	1,766	\$	2,012	\$	2,197	\$	2,402	\$	2,542
Continuing Value (CV)																\$ 49,370
PV of FCF	\$	993	\$	1,112	\$	1,226	\$	1,287	\$	1,356	\$	1,367	\$	1,382	\$	28,393

Value of Operating Assets:	\$	37,115
Non-Operating Adjustments		
Plus: Investments		674
Plus: Other Assets		144
Plus: Excess Cash		523
Plus: Long Term Investments		4263
Plus: Restricted Cash		30
Less: PV Operating Lease		-4541
Less: PV of ESOP		-123
Value of Equity		38085
Shares Outstanding		1345
Intrinsic Value of Last FYE	\$	28.32
Implied Price as of Today	\$	30.43

EP Model:

Economic Profit (EP)	\$	1,172	\$	1,295	\$	1,465	\$	1,610	\$	1,791	\$	1,909	\$	2,029	\$	2,081
Continuing Value (CV)																\$ 39,836
PV of EP	\$	1,083	\$	1,106	\$	1,156	\$	1,174	\$	1,206	\$	1,188	\$	1,167	\$	22,910

Total PV of EP	\$	30,989
Invested Capital (last FYE)	\$	6,126
Value of Operating Assets:	\$	37,115
Non-Operating Adjustments		
Plus: Investments		674
Plus: Other Assets		144
Plus: Excess Cash		523
Plus: Long Term Investments		4263
Plus: Restricted Cash		30
Less: PV Operating Lease		-4541
Less: PV of ESOP		-123
Value of Equity		38085
Shares Outstanding		1345
Intrinsic Value of Last FYE	\$	28.32
Implied Price as of Today	\$	30.43

Chipotle Mexican Grill

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Fiscal Years Ending	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
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EPS	\$	1.19	\$	1.39	\$	1.59	\$	1.77	\$	2.00	\$	2.17	\$	2.36	\$	2.49
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Key Assumptions

CV growth of EPS	3.00%
CV Year ROE	20.33%
Cost of Equity	8.68%

Future Cash Flows

P/E Multiple (CV Year)									15.02
EPS (CV Year)									\$ 2.49
Future Stock Price									\$ 37.43
Dividends Per Share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Discounted Cash Flows	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20.91	

Intrinsic Value as of Last FYE	\$	20.91
Implied Price as of Today	\$	22.47

Chipotle Mexican Grill

Relative Valuation Models

Ticker	Company	Price	EPS	EPS	P/E 25	P/E 26
			2025E	2026E		
YUM	YUM! Brands Inc.	\$138.21	\$5.54	\$6.61	24.95	20.91
MCD	McDonald's	\$298.43	\$12.13	\$13.27	24.60	22.49
WEN	Wendys	\$8.54	\$0.84	\$0.92	10.17	9.28
JACK	Jack In The Box Inc.	\$16.04	(\$3.27)	\$4.70	(4.91)	3.41
SHAK	Shake Shack Inc.	\$96.51	\$1.27	\$1.66	75.99	58.14
EAT	Brinker International Inc.	\$108.66	\$10.36	\$11.82	10.49	9.19
PZZA	Papa Johns Int.	\$50.81	\$1.46	\$2.21	34.80	22.99
QSR	Restaurant Brands Int.	\$65.69	\$2.94	\$3.88	22.34	16.93
			Average		21.23	16.97

CMG	Chipotle Mexican Grill	\$31.20	1.19	1.39	26.2	22.5
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Implied Relative Value:

P/EPS25	25.31
P/EPS26	23.52

Key Management Ratios

[illegible]

Chipotle Mexican Grill

Sensitivity Tables

Equity Risk Premium	Beta							
	\$ 30.43	0.76	0.81	0.86	0.91	0.96	1.01	1.06
	4.85%	35.88	34.19	32.65	31.17	29.96	28.77	27.68
	4.90%	35.61	33.92	32.39	30.92	29.72	28.54	27.45
	4.95%	35.33	33.66	32.14	30.67	29.48	28.31	27.23
	5%	35.07	33.40	31.89	30.43	29.24	28.08	27.01
	5.05%	34.80	33.15	31.64	30.19	29.01	27.86	26.79
	5.10%	34.54	32.90	31.40	29.96	28.79	27.64	26.58
	5.15%	34.29	32.65	31.16	29.73	28.56	27.42	26.37

Labor as a % of Sales (	Food Beverage and Packaging as a % of Sales (CV Year)							
	\$ 30.43	26.60%	27.60%	28.60%	29.60%	30.60%	31.60%	32.60%
	22.00%	39.53	38.02	36.50	34.99	33.47	31.96	30.44
	23.00%	37.74	36.22	34.71	33.19	31.68	30.16	28.65
	24.00%	35.94	34.43	32.91	31.40	29.88	28.37	26.85
	24.54%	34.98	33.46	31.95	30.43	28.91	27.40	25.88
	25.00%	34.15	32.63	31.12	29.60	28.09	26.57	25.06
	26.00%	32.35	30.84	29.32	27.81	26.29	24.78	23.26
	27.00%	30.56	29.04	27.53	26.01	24.50	22.98	21.47

Cost of Equity	Pre-Tax Cost of Debt							
	\$ 30.43	2.17%	3.17%	4.17%	5.17%	6.17%	7.17%	8.17%
	7.18%	41.50	41.34	41.19	41.04	40.90	40.77	40.64
	7.68%	36.92	36.86	36.81	36.75	36.70	36.65	36.60
	8.18%	33.25	33.26	33.27	33.28	33.28	33.29	33.30
	8.68%	30.28	30.33	30.38	30.43	30.48	30.52	30.57
	9.18%	27.75	27.83	27.91	27.99	28.07	28.14	28.22
	9.68%	25.63	25.73	25.84	25.94	26.03	26.13	26.22
	10.18%	23.82	23.94	24.05	24.17	24.28	24.39	24.49

CV Growth of NOPLA†	Risk-Free Rate							
	\$ 30.43	2.91%	3.31%	3.71%	4.11%	4.51%	4.91%	5.31%
	2.70%	36.66	33.89	31.50	29.44	27.62	26.02	24.60
	2.80%	37.21	34.34	31.88	29.75	27.89	26.25	24.80
	2.90%	37.79	34.82	32.28	30.09	28.17	26.49	25.00
	3.00%	38.40	35.32	32.69	30.43	28.46	26.74	25.21
	3.10%	39.04	35.84	33.12	30.79	28.76	26.99	25.43
	3.20%	39.71	36.38	33.57	31.16	29.08	27.26	25.66
	3.30%	40.42	36.95	34.03	31.55	29.40	27.53	25.89

General and Administ	New Restaurant Growth							
	\$ 30.43	5.44%	5.94%	6.44%	6.94%	6.44%	6.94%	7.44%
	4.56%	31.97	32.15	32.32	32.49	32.32	32.49	32.67
	5.06%	31.29	31.46	31.64	31.81	31.64	31.81	31.98
	5.56%	30.61	30.78	30.95	31.12	30.95	31.12	31.29
	6.06%	29.94	30.10	30.27	30.43	30.27	30.43	30.59
	6.56%	29.26	29.42	29.58	29.74	29.58	29.74	29.90
	7.06%	28.58	28.74	28.89	29.05	28.89	29.05	29.21
	7.56%	27.90	28.05	28.21	28.37	28.21	28.37	28.52

Inflation	Forecasted Marginal Tax Rate							
	\$ 30.43	21.50%	22.00%	22.50%	23.00%	23.50%	24%	44.50%
	1.5%	30.83	30.85	30.86	30.88	30.89	30.91	31.55
	2.0%	30.68	30.70	30.71	30.73	30.74	30.76	31.40
	2.5%	30.54	30.55	30.57	30.58	30.60	30.61	31.25
	3.0%	30.38	30.40	30.41	30.43	30.45	30.46	31.09
	3.5%	30.23	30.25	30.26	30.28	30.29	30.31	30.94
	4.0%	30.08	30.09	30.11	30.12	30.14	30.15	30.78
	5.5%	29.60	29.62	29.63	29.65	29.66	29.68	30.30

Chipotle Mexican Grill
Present Value of Operating Lease Obligations (in millions)

Fiscal Years Ending Dec. 31	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Year 1	114.8	133.8	159.0	185.9	206.4	239.7	264.9	281.5	294.2	286.8	319.0
Year 2	115.8	135.2	161.0	189.5	208.3	241.4	268.9	285.3	296.6	313.7	344.9
Year 3	116.8	136.7	162.0	189.5	209.0	244.7	269.1	283.9	294.9	313.6	340.3
Year 4	118.1	137.5	162.5	190.3	211.8	245.3	263.7	279.8	295.3	309.1	329.8
Year 5	119.4	138.0	163.5	193.2	211.8	239.9	257.4	278.6	291.0	297.5	321.4
Thereafter	1288.1	1435.2	1658.3	1908.2	1996.9	22571.1	2358.9	2497.2	2478.4	2483.6	2660.4
Total Minimum Payments	1873.0	2116.4	2466.3	2856.6	3044.2	23782.1	3682.9	3906.3	3950.4	4004.3	4315.8
Less: Cumulative Interest	616.5	683.4	786.6	900.9	937.8	19163.6	1109.4	1168.8	1154.5	1158.3	1240.4
PV of Minimum Payments	1256.5	1433.0	1679.7	1955.7	2106.4	4618.5	2573.5	2737.5	2795.9	2846.0	3075.4
Implied Interest in Year 1 Payment		65.0	74.1	86.8	101.1	108.9	238.8	133.0	141.5	144.5	147.1
Pre-Tax Cost of Debt	5.17%	5.17%	5.17%	5.17%	5.17%	5.17%	5.17%	5.17%	5.17%	5.17%	5.17%
Years Implied by Year 6 Payment	10.8	10.4	10.1	9.9	9.4	94.1	9.2	9.0	8.5	8.3	8.3
Expected Obligation in Year 6 & Beyond	119.4	138	163.5	193.2	211.8	239.9	257.4	278.6	291	297.5	321.4
Present Value of Lease Payments											
PV of Year 1	109.2	127.2	151.2	176.8	196.3	227.9	251.9	267.7	279.7	272.7	303.3
PV of Year 2	104.7	122.2	145.6	171.3	188.3	218.2	243.1	257.9	268.2	283.6	311.8
PV of Year 3	100.4	117.5	139.3	162.9	179.7	210.4	231.3	244.1	253.5	269.6	292.5
PV of Year 4	96.5	112.4	132.8	155.6	173.1	200.5	215.5	228.7	241.4	252.7	269.6
PV of Year 5	92.8	107.3	127.1	150.2	164.6	186.5	200.1	216.5	226.2	231.2	249.8
PV of 6 & beyond	752.9	846.4	983.8	1139.0	1204.4	3575.0	1431.5	1522.6	1527.0	1536.2	1648.3
Capitalized PV of Payments	1256.5	1433.0	1679.7	1955.7	2106.4	4618.5	2573.5	2737.5	2795.9	2846.0	3075.4

Chipotle Mexican Grill

Valuation of Options Granted under ESOP

Current Stock Price	\$31.20
Risk Free Rate	4.11%
Current Dividend Yield	0.00%
Annualized St. Dev. of Stock Returns	42.17% Implied Volume

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	10.414	32.53	4.20	\$ 11.81	\$ 123
Total	10.414	\$ 32.53	4.20	\$ 11.81	\$ 123

Chipotle Mexican Grill

Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares): 10.414
Average Time to Maturity (years): 4.20
Expected Annual Number of Options Exercised: 2

Current Average Strike Price: \$ 32.53
Cost of Equity: 8.68%
Current Stock Price: \$31.20

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Increase in Shares Outstanding:	2	2	2	2	0.50					
Average Strike Price:	\$ 32.53	\$ 32.53	\$ 32.53	\$ 32.53	\$ 32.53					
Increase in Common Stock Account:	81	81	81	81	16	-	-	-	-	-
Share Repurchases (\$)	803	803	803	803	803	803	803	803	803	803
Expected Price of Repurchased Shares:	\$ 31.20	\$ 33.91	\$ 36.85	\$ 40.04	\$ 43.52	\$ 47.29	\$ 51.40	\$ 55.86	\$ 60.70	\$ 65.97
Number of Shares Repurchased:	26	24	22	20	18	17	16	14	13	12
Shares Outstanding (beginning of the year)	1,368	1,345	1,324	1,305	1,287	1,269	1,252	1,236	1,222	1,209
Plus: Shares Issued Through ESOP	2	2	2	2	0	0	0	0	0	0
Less: Shares Repurchased in Treasury	26	24	22	20	18	17	16	14	13	12
Shares Outstanding (end of the year)	1,345	1,324	1,305	1,287	1,269	1,252	1,236	1,222	1,209	1,197