

Small Talk – Chuy's Holdings





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Presented by
Betsy Wills, Director
Rocky Mountain Chapter

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Poll Question


▶ Have you completed a Stock Study of Chuy's Holdings?

- YES
- NO








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Chuy's is Tex-Mex Unchained!

Leave the cookie cutters to the other guys. Each Chuy's has genuine character: a noisy, sprawling Tex-Mex hacienda full of feel-good drinks and home-cooked foods.

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Highlights of Chuy's

- Fresh, Authentic Mexican and Tex-Mex Inspired Cuisine
- Considerable Dining Value with Broad Customer Appeal
- Upbeat Atmosphere Coupled with Irreverent Brand Helps Differentiate Concept
- Flexible Business Model with Industry Leading Unit Economics
- Deep Rooted and Inspiring Company Culture
- Highly Experienced Management Team




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Chuy Facts

- First Chuy's Restaurant: 1982 in Austin
- IPO: July 27, 2012
 - 2 Secondary offerings for shareholders in 2013
- Symbol: CHUY
- Market: Nasdaq
- Sector/Industry: Consumer Cyclical/Restaurants
- Headquarters: Austin, TX
- 80 Restaurants a/o 12/31/16



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Serious Food!

Homemade Sauces

SIGNATURE SAUCES

- Tex-Mex
- Ranchero
- Hatch Green Chile
- Green Chile
- Tomatillo
- Deluxe Tomatillo
- Creamy Jalapeno

SPICE METER


- 1 green chili = MILD
- 2 green chilis = MEDIUM
- 3 green chilis = HOT!

"Big As Yo' Face" Burritos



- A homemade, 12" flour tortilla stuffed with refried beans, cheese and choice of beef or chicken. Served with choice of sauce & choice of Mexican or green chile rice
- Price: \$8.69 - \$10.49

Chicka-Chicka Boom-Boom



- Freshly-roasted, hand-pulled chicken & cheese with Boom-Boom sauce, made with cheese, roasted New Mexican green chiles, tomatillos, green onions, cilantro and lime juice. Served with choice of Mexican or green chile rice & refried or charro beans
- Price: \$10.69

Texas Martini



- Served "shaken, not stirred," this south-of-the-border martini features tequila, Patrón Citrónge, fresh lime juice and a jalapeño-stuffed olive
- Three drinks for the price of one
- Price: \$9.25


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Industry Leading Operating Metrics


- 7 consecutive years of comparable restaurant sales growth
- Comparable restaurant base generated LTM average unit volumes of \$4.6 million
 - Highest volume restaurant had LTM sales of \$9.1 million
 - Serve approximately 316,000 customers per location per year, on average
- Comparable restaurant base generated LTM restaurant-level operating margins of 21.4%

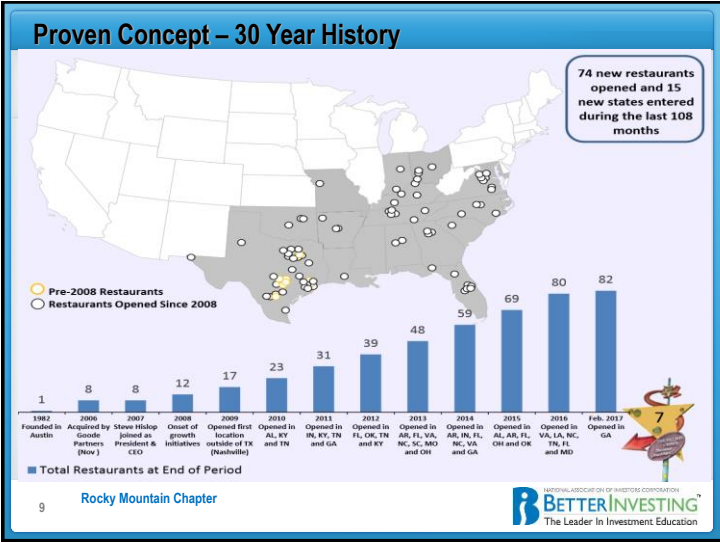
Average Unit Volume (\$Millions)



Concept	Average Unit Volume (\$Millions)
Wendy's	\$6.7
Chuy's	\$4.6
Chick-fil-A	\$3.7
Arbello's	\$3.1
On the Border	\$2.5
Texas	\$5.7
Green Chiles	\$4.8
El Pasa	\$4.5
Chuy's (Average)	\$4.1

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Morningstar – CHUY: Sector – Consumer Cyclical Industry – Restaurants

Key Stats CHUY

	Stock	Ind Avg	Relative to Industry
Price/Earnings TTM	28.8	26.0	
Price/Book	3.2	17.0	
Price/Sales TTM	1.5	2.5	
Rev Growth (3 Yr Avg)	17.4	0.8	
Net Income Growth (3 Yr Avg)	15.9	10.3	
Operating Margin % TTM	7.4	16.6	
Net Margin % TTM	5.2	9.8	
ROA TTM	7.8	9.8	
ROE TTM	11.9	61.9	
Debt/Equity	–	6.5	

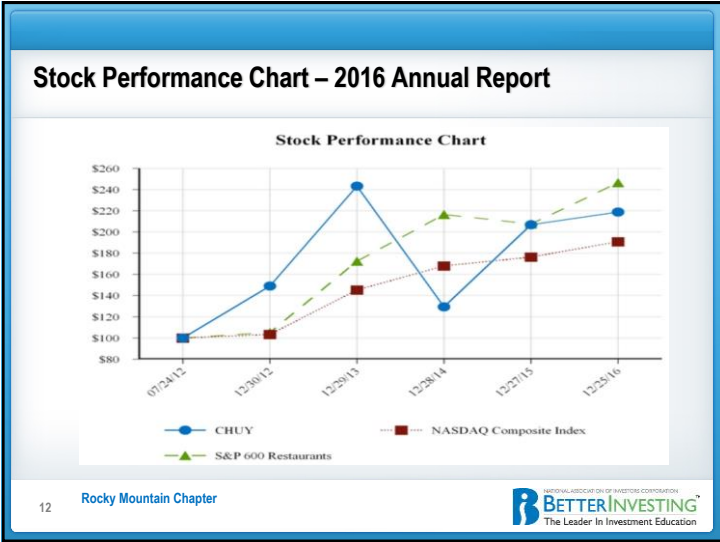
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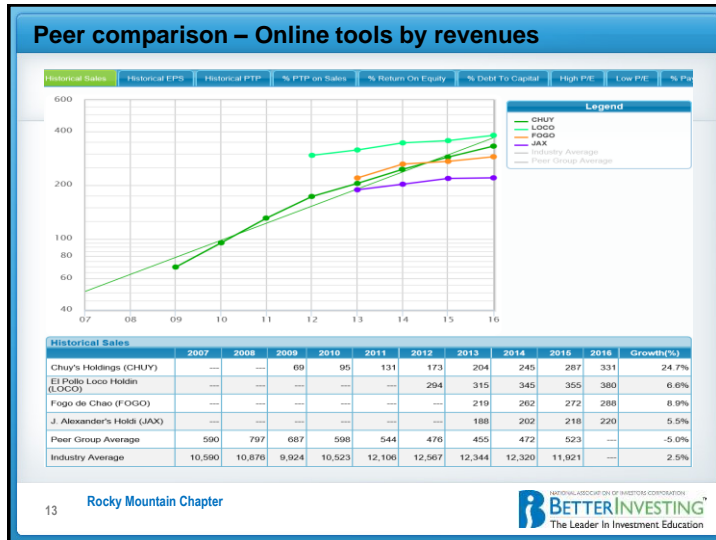
Morningstar – CHUY Competitors

Competitors CHUY

Name	Price	% Chg	TTM Sales \$ mil
Chuy's Holdings Inc	\$29.75	1.28 ↑	331
McDonald's Corp	\$129.03	-0.32 ↓	24,622
Compass Group PLC ADR	\$19.10	-0.26 ↓	24,575
Compass Group PLC	\$18.40	1.10 ↑	24,575
Starbucks Corp	\$57.61	0.44 ↑	21,675
Yum Brands Inc	\$64.02	-0.68 ↓	6,366

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SWOT Analysis

Strengths – **Internal** factors that may positively influence company performance

Weaknesses – **Internal** factors that may negatively influence company performance

Opportunities – **External** factors that may positively influence company performance

Threats – **External** factors that may negatively influence company performance

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- ### Strengths
- ▶ Fresh authentic Mexican and Tex-Mex Cuisine – hard to find, especially in the North and East Coast
 - ▶ 34-year operating history
 - ▶ Considerable dining value with broad customer appeal (core demographic is 21-44)
 - ▶ Chuy's culture - upbeat atmosphere coupled with irreverent brand helps differentiate concept ("If you've seen one Chuy's, you've seen one Chuy's")
 - ▶ Experienced management team
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- ### Weaknesses
- ▶ Rapid expansion (plan is for 12-14 restaurants in 2017)
 - ▶ Competes with some formidable restaurant brands
 - ▶ Ability to identify appropriate sites for restaurants
 - ▶ Concentration of restaurants in Texas (41%)
 - ▶ Emerging Growth Company (reduced SEC reporting requirements)
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Opportunities

- ▶ Plans to double number of restaurants in next 3-5 years – 12 to 14 new locations in 2017
- ▶ Back fill in existing markets
- ▶ New customers from restaurant expansion = increased revenues



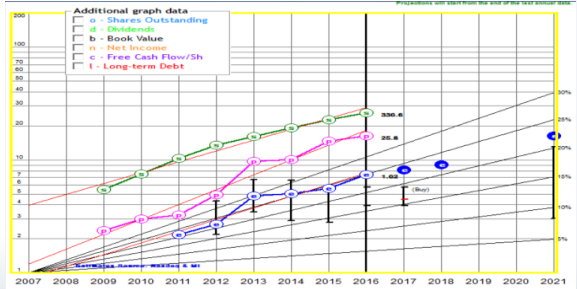
Threats

- ▶ Consumer tastes may change
- ▶ Food safety and illness scare (Chipotle)
- ▶ Restaurant business is intensely competitive
- ▶ Seasonal fluctuations/weather adversely impacting outdoor patio availability
- ▶ Increases in cost of food, labor, etc.
- ▶ It is in a cyclical industry and a domestic downturn would affect sales & profitability

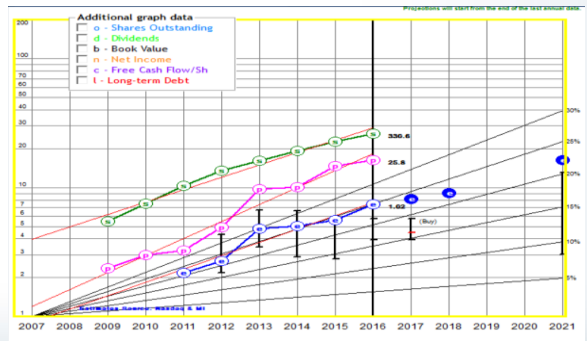


Let's look at the SSG

It's Time to Make Some Judgments



Is this a Quality Company? Chuy Holdings



Adding Judgment - Sales

- ▶ 14.4 Yahoo 2018
- ▶ 14.8 ACE Online tools 2 year est.
- ▶ 15.2 Toolkit ACE est.
- ▶ 18.0 Manifest Investing
- ▶ 24.7 Seven years historical

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Adding Judgment - EPS

- ▶ 15.2 Toolkit ACE est. and Three Year Historical
- ▶ 17.5 Nasdaq ACE 5 year est.
- ▶ 27.0 Five Year Historical
- ▶ 32.5 One Year Historical

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Adding Judgment - High P/E

- ▶ 28.2 Current P/E
- ▶ 30.0 Better Investing High P/E
- ▶ 37.4 52 week High P/E
- ▶ 44.0 Five year average P/E
- ▶ 58.0 Five year average High P/E

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Adding Judgment - Low P/E

- ▶ 23.9 2015 Low P/E & Five Year Lowest P/E
- ▶ 25.6 52-week Low P/E
- ▶ 28.7 Current P/E
- ▶ 29.9 Five Year Average Low P/E

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Adding Judgment – Low Price

- ▶ ____ Forecasted Low Price
- ▶ 20.00 Average low price last 5 years
- ▶ 18.40 Recent market low
- ▶ 19.99 Price Variient Quotient
- ▶ 22.76 80% of current price
- ▶ 25.90 52-week low

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Would You Consider Buying

- ▶ Yes – Chuy has ability to continue growing
- ▶ Maybe – price is little high
- ▶ No – Restaurant stocks are too risky
- ▶ No – It doesn't fit my portfolio

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