



**the chefsWAREHOUSE**

Investor Presentation – May 2019

# SAFE HARBOR STATEMENT



Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: Statements in this presentation regarding the business of The Chefs' Warehouse, Inc. (the "Company") that are not historical facts are "forward-looking statements" that involve risks and uncertainties and are based on current expectations and management estimates; actual results may differ materially. The risks and uncertainties which could impact these statements include, but are not limited to, the Company's ability to successfully deploy its operational initiatives to achieve synergies from the acquisition of Del Monte Capitol Meat Co. and related entities (collectively, the "Del Monte Entities"); the Company's sensitivity to general economic conditions, including the current economic environment, changes in disposable income levels and consumer discretionary spending on food-away-from-home purchases; the Company's vulnerability to economic and other developments in the geographic markets in which it operates; the risks of supply chain interruptions due to a lack of long-term contracts, severe weather or more prolonged climate change, work stoppages or otherwise; the risk of loss of customers due to the fact that the Company does not customarily have long-term contracts with its customers; changes in the availability or cost of the Company's specialty food products; the ability to effectively price the Company's specialty food products and reduce the Company's expenses; the relatively low margins of the foodservice distribution industry and the Company's and its customers' sensitivity to inflationary and deflationary pressures; the Company's ability to successfully identify, obtain financing for and complete acquisitions of other foodservice distributors and to integrate and realize expected synergies from those acquisitions; the Company's ability to open, and begin servicing customers from, new Chicago, San Francisco and Las Vegas distribution centers and the expenses associated therewith; increased fuel cost volatility and expectations regarding the use of fuel surcharges; fluctuations in the wholesale prices of beef, poultry and seafood, including increases in these prices as a result of increases in the cost of feeding and caring for livestock; the loss of key members of the Company's management team and the Company's ability to replace such personnel; and the strain on the Company's infrastructure and resources caused by its growth. Any forward-looking statements are made pursuant to the Private Securities Litigation Reform Act of 1995 and, as such, speak only as of the date made. A more detailed description of these and other risk factors is contained in the Company's most recent annual report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 1, 2019 and other reports filed by the Company with the SEC since that date. The Company is not undertaking to update any information in the foregoing report until the effective date of its future reports required by applicable laws. Any projections of future results of operations are based on a number of assumptions, many of which are outside the Company's control and should not be construed in any manner as a guarantee that such results will in fact occur. These projections are subject to change and could differ materially from final reported results. The Company may from time to time update these publicly announced projections, but it is not obligated to do so.

This presentation also contains the non-GAAP financial measures "EBITDA", "Adjusted EBITDA", "Adjusted Operating Expenses" and "Free Cash Flow" on an historical basis. Management believes that EBITDA, Adjusted EBITDA, Adjusted Operating Expenses and Free Cash Flow are each a measure commonly reported by issuers and widely used by investors as indicators of a company's operating performance. These non-GAAP financial measures, while providing useful information, should not be considered in isolation or as a substitute for the Company's net earnings as an indicator of operating performance. Investors should carefully consider the specific items included in the computations of EBITDA, Adjusted EBITDA, Adjusted Operating Expenses and Free Cash Flow. Adjusted EBITDA, Adjusted Operating Expenses and Free Cash Flow do not have any standardized meanings prescribed by GAAP and, therefore, are unlikely to be comparable to similar measures presented by other companies.

## **Christopher Pappas**

*Founder, President, Chief Executive Officer and Chairman*

## **Jim Leddy**

*Chief Financial Officer*





## COMPANY OVERVIEW

# OUR BRAND VIDEO



# COMPANY OVERVIEW



*Premier distributor of specialty food products, focused on serving the specific needs of chefs at menu-driven independent restaurants, fine dining establishments, country clubs, hotels, caterers, culinary schools, bakeries, pâtisseries, chocolatiers, cruise lines and specialty food retailers*

## Key Statistics

FY 2018 Net Sales: \$1,445 million

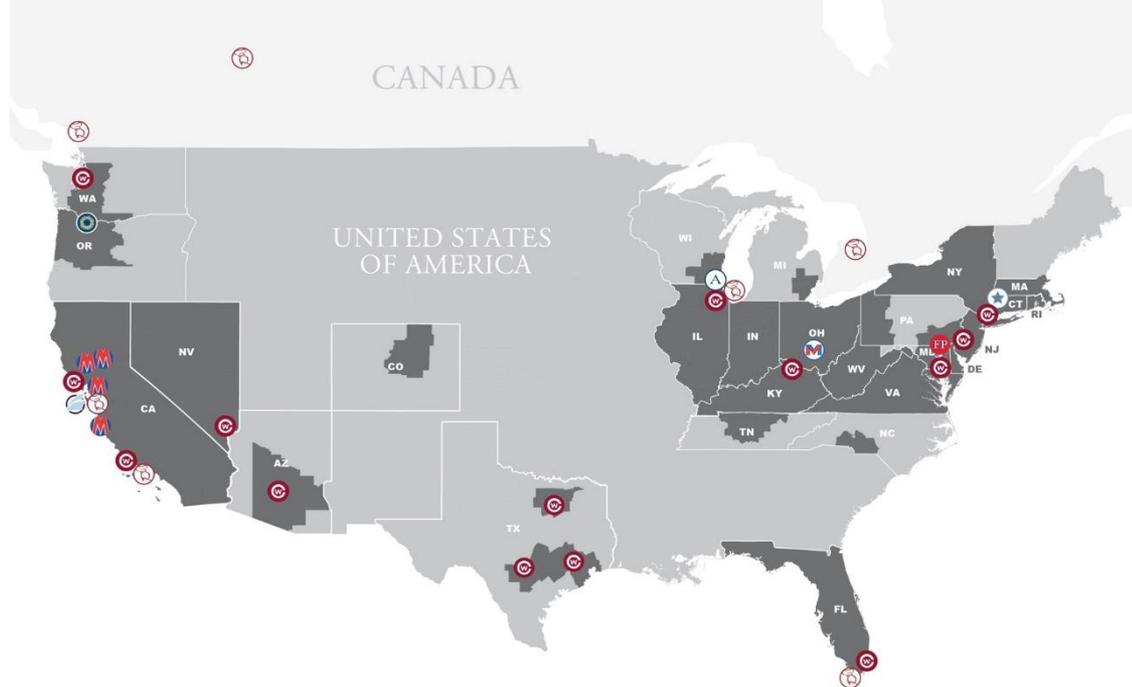
FY 2018 Adjusted EBITDA: \$77.2 million

Diverse portfolio of over 55,000 SKUs from more than 2,200 different suppliers

Serve over 34,000 customer locations in 16 key markets across the U.S. and Canada

Operate 28 distribution centers and provide services six days a week in many service areas

## Key Geographies Served



# INDUSTRY SNAPSHOT



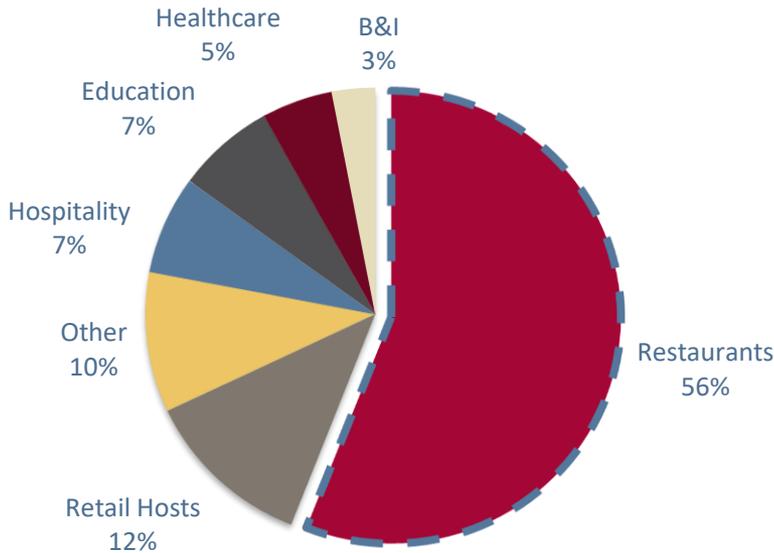
**\$293 billion U.S. foodservice distribution industry with more than 15,000 distribution companies**

- Chefs' Warehouse is focused on independent restaurants
- Chefs' FY 2018 Net Sales of \$1.445 billion represents approximately 5% of the Company's targeted market

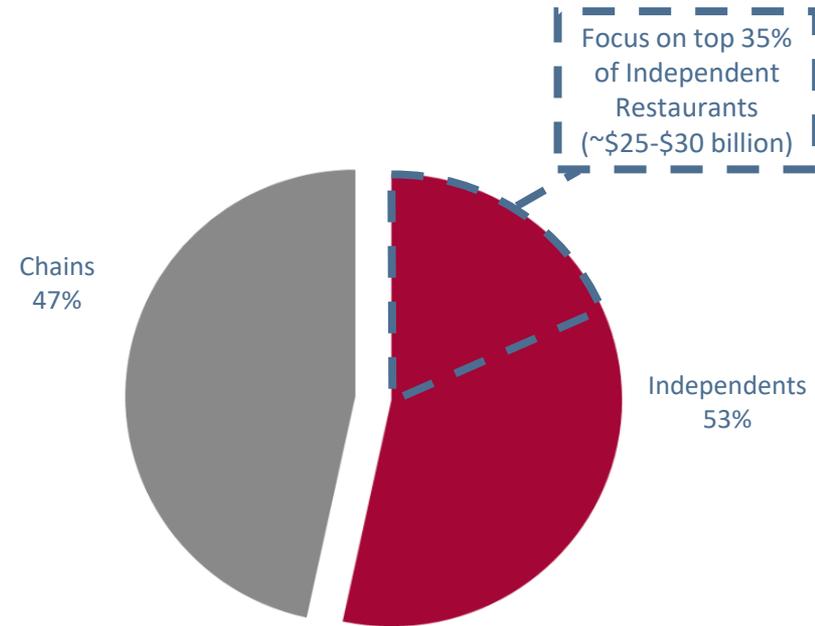
**Specialty food distribution remains highly fragmented with CHEF representing the leading national competitor**

### Market by Customer Segment <sup>(1)</sup>

**\$293 billion**



### Restaurant Segment Breakdown <sup>(2)</sup>



(1) Source: Technomic as of January 2018.

(2) Source: The NPD Group: Spring 2018 ReCount.

# KEY INVESTMENT HIGHLIGHTS

Unique Competitive Position Within the Large, Fragmented Foodservice Distribution Industry

Expansive and Differentiated Product Offering

Critical Route-to-Market for Specialty Suppliers

Customer Centric Sales Organization

Expanding Base of Premier Customer Relationships

Investments in Infrastructure Capable of Supporting Meaningful Growth

Superior Margin Profile with Strong Free Cash Flow Conversion

Experienced and Proven Management Team





	Average Broadline Distributors		Average Specialty Distributors
Breadth and Depth of Specialty Products			
Broadline Selection	✓		
Geographic Diversity	✓		
Chef Focused			✓
Relationship Oriented			✓
Differentiated			✓
High Growth			

# CRITICAL ROUTE-TO-MARKET FOR SPECIALTY SUPPLIERS



Sourcing the world's finest gourmet brands

Critical route-to-market for boutique suppliers and artisanal producers

- Products sourced from more than 2,200 different suppliers from across the globe

CW's attractive portfolio of brands provides high-quality value-added products

## Representative Brands

### Oil & Vinegar



### Pastry



### Protein



### Dairy



### Other Specialty



# CUSTOMER-CENTRIC SALES ORGANIZATION

## High-quality sales force is a key differentiator

A significant number have culinary experience

Extensive education and training

Retention rate higher than national average\*

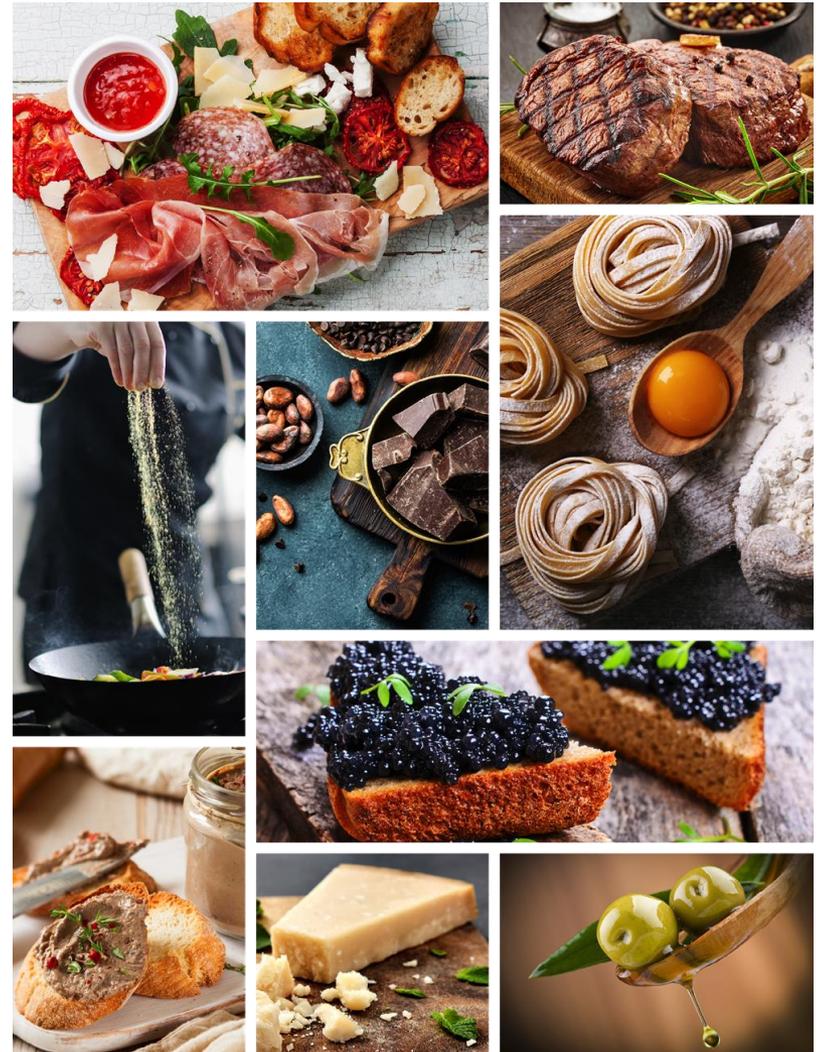
## Relationship-focused sales force adds value

Educate clients on latest products and culinary trends

Assist with menu planning and pricing

## Entrepreneurial environment focused on meeting customer needs

\*National average for Sales Professionals ~70 to 75% source: LinkedIn, HBR



# PREMIER CUSTOMER RELATIONSHIPS

## One-stop-shop for chefs

- Approximately 34,000 unique customer locations
- Top 10 customers accounted for less than 2% of FY2018 net sales

## Relationships with well-known chefs and leading culinary schools built on service and collaboration

### Representative Customers



# E-COMMERCE WEBSITE AND MOBILE APP ENABLES SALES AND CREATES A SIMPLE USER EXPERIENCE

Salesperson and Customer generated order guides are created, shared, and collaborated on for quick ordering and simplicity.

Real-time inventory and pricing available to customers on demand.

Artificial Intelligence customizes each customer's experience based on their purchasing patterns and browsing history.

Mobile app enhanced with push messaging, barcode scanning, and multiple account capabilities.

~15% of specialty transactions were placed via e-Commerce in April 2019.

## Recommended Categories



DAIRY & EGGS  
*Liquid Dairy*

Order Now



CHEESE & CHARCUTERIE  
*Salami & Cured Meats*

Order Now

## Recommended Items



Calabro Ricotta  
Fresh Cone

Order Now



Dececco Farfalle  
#93

Order Now



Fra' Mani Ham  
Smoked Uncured

Order Now



Reblochon  
Douceur Du Jura

Order Now



Frantoia Sicilian  
Extra Virgin Olive  
Oil

Order Now

# INVESTMENTS IN INFRASTRUCTURE CAPABLE OF SUPPORTING GROWTH



*We believe we have the opportunity to increase our market share in our existing markets as well as develop and grow in new and emerging restaurant markets (ex. Texas)*

## Key Geographies Served – Strong Presence in Key Markets with Opportunity for Growth



# MULTIPLE LEVERS TO GROW MARKET SHARE



1

## Increase Penetration with Existing Customers

- Increase product placements
- Increase weekly sales gross profit contribution per customer
- Leverage investments in new product categories (e.g. Fresh Seafood), facilities and infrastructure
- Provide industry-leading customer service

2

## Increase Number of Unique Customers

- Improve brand recognition
- Continue to add highly-trained sales professionals
- Enhance product offering through new category expansion

3

## Establish New Markets and Product Categories

- Expansion into new markets through acquisitions and greenfield development
- Tuck-in acquisitions to drive category diversification and enhance existing market presence
- Leverage management expertise, infrastructure and customer relationships

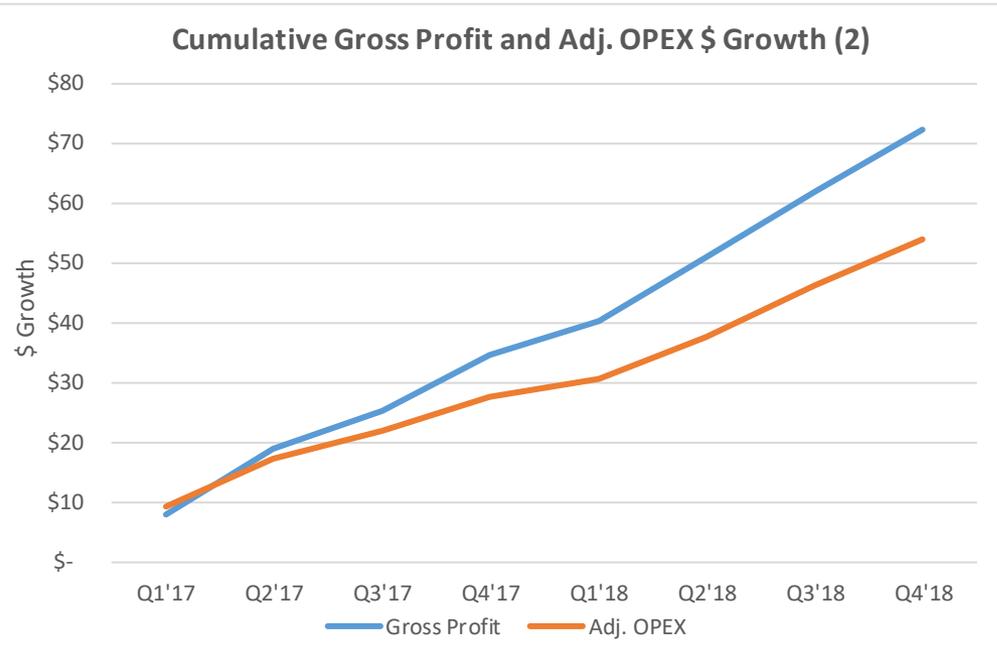


## FINANCIAL DISCUSSION

# FINANCIAL HIGHLIGHTS



**Growth Company delivering high-touch/high-value service model supported by improving efficiency - focused on gross profit dollar growth at a higher rate than adjusted operating expense**



**Gross Profit \$ YOY > adj. OPEX ~150 Bps**

- |                         |                          |
|-------------------------|--------------------------|
| Growth/Customer Profile | Scale – Capacity Util.   |
| Pricing Investments     | Tech – Ops, Sales, Corp. |
| Inventory Tech/Process  | Capital to lower costs   |

**adj. EBITDA growth ~17%, Margin +30 bps**

**Free Cash Flow + 7% to \$57m**

**Balance Sheet strengthening<sup>(1)</sup>**

- 2017-2018 de-lever, repriced Debt , ABL upsize
- S&P upgrade from B to B+
- Net Debt/adj. EBITDA 3.4<sup>(1)</sup>

Growth rates based on FY 2018

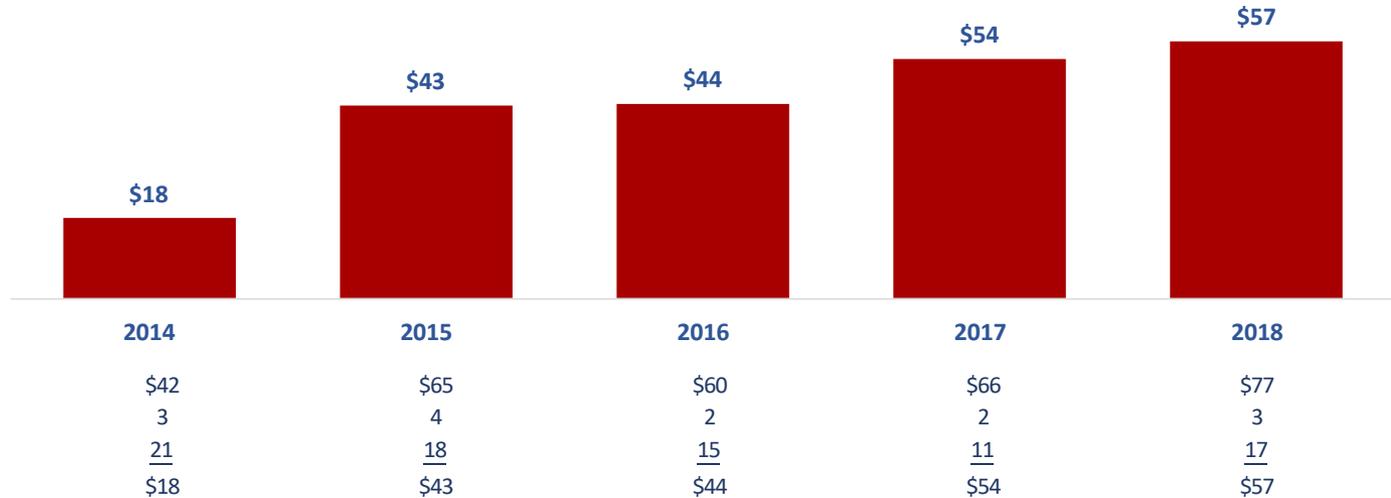
(1) Net debt cash capped at \$25M  
 (2) Q4'16 Baseline data for chart adjusted to 13 weeks

# STRONG FREE CASH FLOW CONVERSION

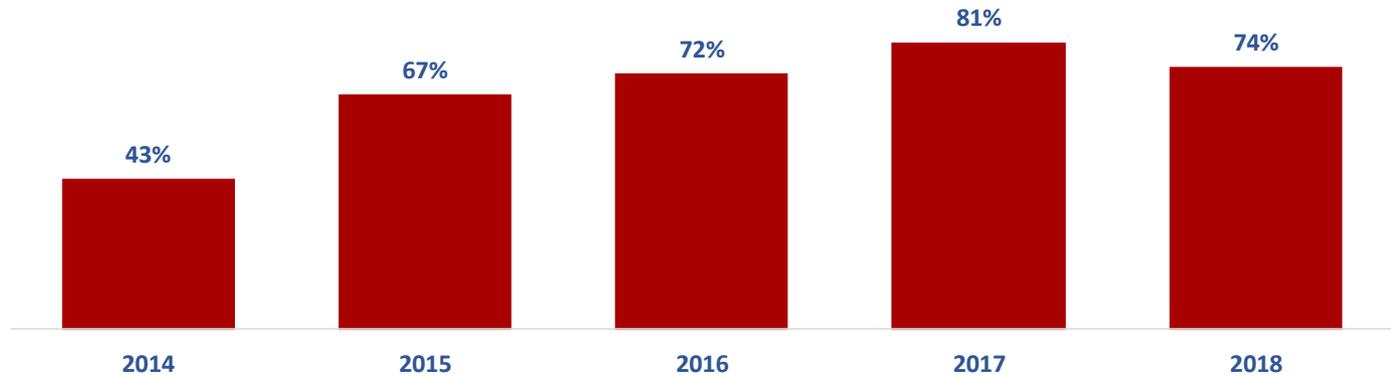


## Free Cash Flow <sup>(1)</sup>

(\$ in millions)



## Free Cash Flow Conversion<sup>(3)</sup>



(1) Free Cash Flow defined as Adjusted EBITDA less Capital Expenditures.

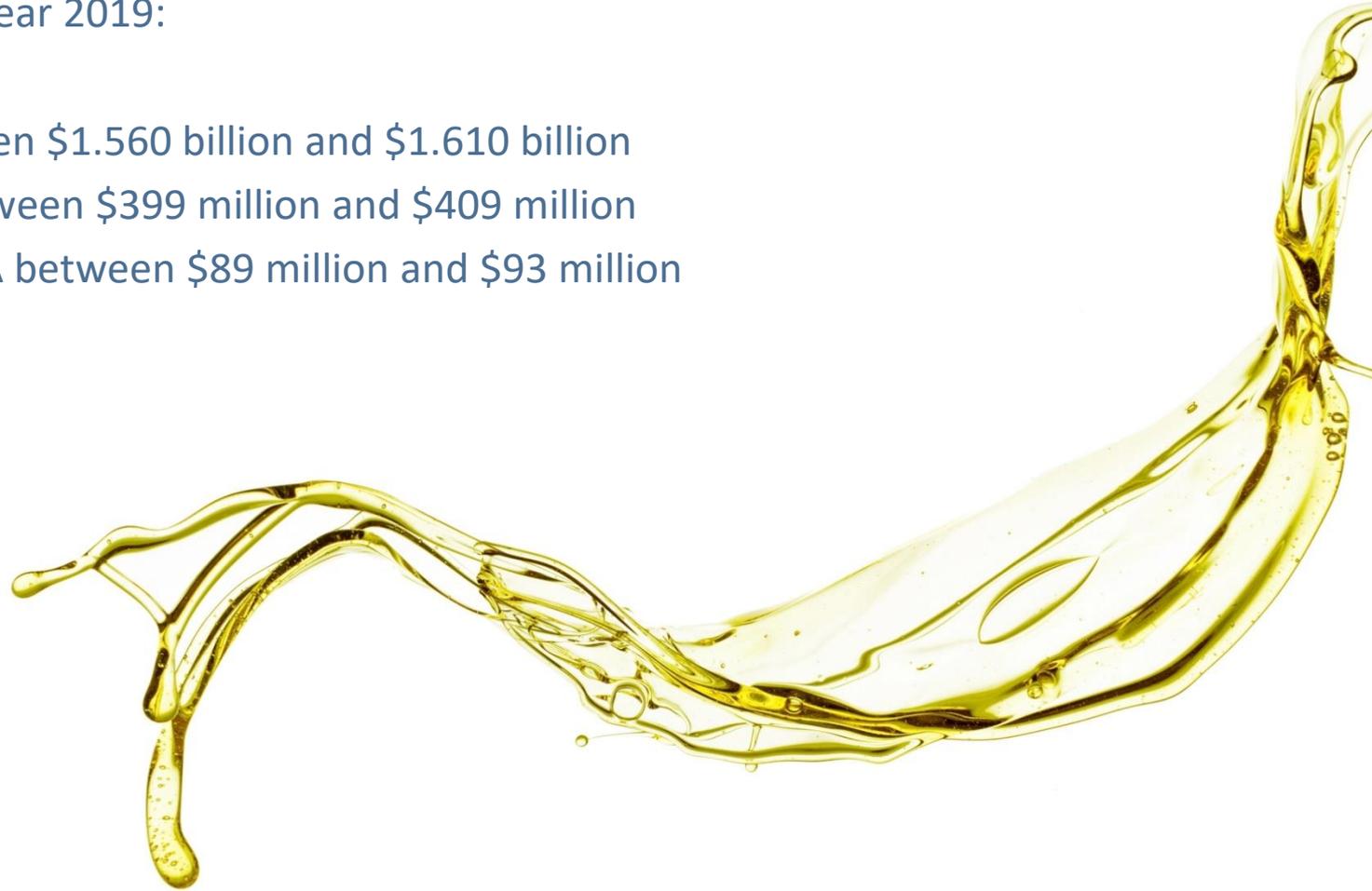
(2) Please refer to the Appendix for a reconciliation of Adjusted EBITDA.

(3) Free Cash flow Conversion defined as Free Cash Flow divided by Adjusted EBITDA.

# FULL YEAR 2019 GUIDANCE

Based on current trends in the business, the Company is providing the following financial guidance for fiscal year 2019:

- Net sales between \$1.560 billion and \$1.610 billion
- Gross profit between \$399 million and \$409 million
- Adjusted EBITDA between \$89 million and \$93 million





APPENDIX

# ANNUAL ADJUSTED EBITDA RECONCILIATION

Fiscal Year Ended, December

(\$ in millions)

	2014	2015	2016	2017	2018
Net Income	\$14.2	\$16.2	\$3.0	\$14.4	\$20.4
Interest Expense	8.2	13.0	41.6	22.7	20.7
Depreciation and Amortization	8.2	15.4	18.5	20.5	22.2
Provision for Income Taxes	10.6	11.5	2.7	4.0	7.4
<b>EBITDA<sup>(1)</sup></b>	<b>\$41.2</b>	<b>\$56.1</b>	<b>\$65.8</b>	<b>\$61.7</b>	<b>\$70.8</b>
Adjustments:					
Stock Compensation <sup>(2)</sup>	1.4	1.9	2.6	3.0	4.1
Duplicate Rent <sup>(3)</sup>	1.7	1.0	0.8	0.1	0.0
One-time executive management costs <sup>(4)</sup>	-	-	-	0.9	-
Investigation Costs <sup>(5)</sup>	0.7	-	-	-	-
Integration & Deal Costs/Third Party Transaction Costs <sup>(6)</sup>	0.6	4.5	0.4	0.3	0.6
Settlement with Former Owners of Michael's Finer Meats <sup>(7)</sup>	(1.5)	-	-	-	-
Change in Fair Value of Earn-Out Obligation <sup>(8)</sup>	(1.9)	0.5	(10.0)	(0.6)	1.4
Loss on Asset Disposal <sup>(9)</sup>	-	-	-	0.0	0.2
Moving Expenses <sup>(10)</sup>	-	0.6	0.6	0.4	0.0
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>\$42.2</b>	<b>\$64.6</b>	<b>\$60.3</b>	<b>\$65.8</b>	<b>\$77.2</b>

(1) EBITDA represents earnings before interest, taxes, depreciation and amortization. CW presents EBITDA and Adjusted EBITDA, which are not measurements determined in accordance with the U.S. generally accepted accounting principles, or GAAP, because CW believes these measures provide additional metrics to evaluate CW's operations and which CW believes, when considered with both its GAAP results and the reconciliation to net income, provide a more complete understanding of CW's business than could be obtained absent this disclosure. CW uses EBITDA and Adjusted EBITDA, together with financial measures prepared in accordance with GAAP, such as revenue and cash flows from operations, to assess its historical and prospective operating performance and to enhance CW's understanding of its core operating performance. The use of EBITDA and Adjusted EBITDA as performance measures permits a comparative assessment of CW's operating performance relative to its performance based upon GAAP results while isolating the effects of some items that vary from period to period without any correlation to core operating performance or that vary widely among similar companies.

(2) Represents non-cash stock compensation expense associated with awards of restricted shares of CW's common stock to CW's key employees and independent directors.

(3) Represents rent expense and other facility costs, including utilities and insurance, incurred in connection with the Company's facility consolidation and renovation while CW is unable to use those facilities.

(4) Represents cost associated with changing a member of our executive management team.

(5) Represents the costs incurred in CW's investigation of the accounting issue relating to prior year inventory misstatements at Michael's Finer Meats.

(6) Represents transaction related costs incurred to complete and integrate acquisitions, including due diligence, legal, integration and cash and non-cash stock transaction bonuses.

(7) Represents the payment received from the former owners of Michael's Finer Meats in settlement of a dispute involving the previously disclosed accounting issue related to inventory.

(8) Represents the non-cash change in fair value of contingent earn-out liabilities related to CW's acquisitions.

(9) Represents the non-cash charge related to the disposal of certain equipment.

(10) Represents moving expenses for the consolidation of certain facilities

# ADJUSTED OPERATING EXPENSES RECONCILIATION



(\$ in millions)

	Fiscal Year Ended, December				
	2014	2015	2016	2017	2018
Operating Expenses	\$173.0	\$228.3	\$254.0	\$288.3	\$318.3
Adjustments:					
Depreciation	\$3.1	\$6.0	\$7.1	\$8.5	\$10.3
Amortization	5.1	9.5	11.4	12.0	11.9
Stock Compensation <sup>(1)</sup>	1.4	1.9	2.6	3.0	4.1
Duplicate Rent <sup>(2)</sup>	1.7	1.0	0.8	0.1	0.0
Investigation Costs <sup>(3)</sup>	0.7	-	-	-	-
Integration & Deal Costs/Third Party Transaction Costs <sup>(4)</sup>	0.6	4.5	0.4	0.3	0.6
Settlement with Former Owners of Michael's Finer Meats <sup>(5)</sup>	(1.5)	-	-	-	-
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Moving Expenses <sup>(7)</sup>	-	0.6	0.6	0.4	0.0
Loss on Asset Disposal <sup>(8)</sup>	-	-	-	0.0	0.2
One-time executive management costs <sup>(9)</sup>	-	-	-	0.9	-
Adjusted Operating Expenses	\$163.8	\$204.2	\$241.0	\$263.5	\$289.7

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