

DELIVERY: DINING IN IS THE NEW DINING OUT

Equity Research

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My thoughts and prayers
are with every single
food delivery person
I shamelessly send
into freezing
temperatures.

someecards



Please see pages 14 to 16 of this report for important disclosures.

Source: someecard

12 Month Restaurant Stock Performance; Investors Appreciate the Delivery Theme!

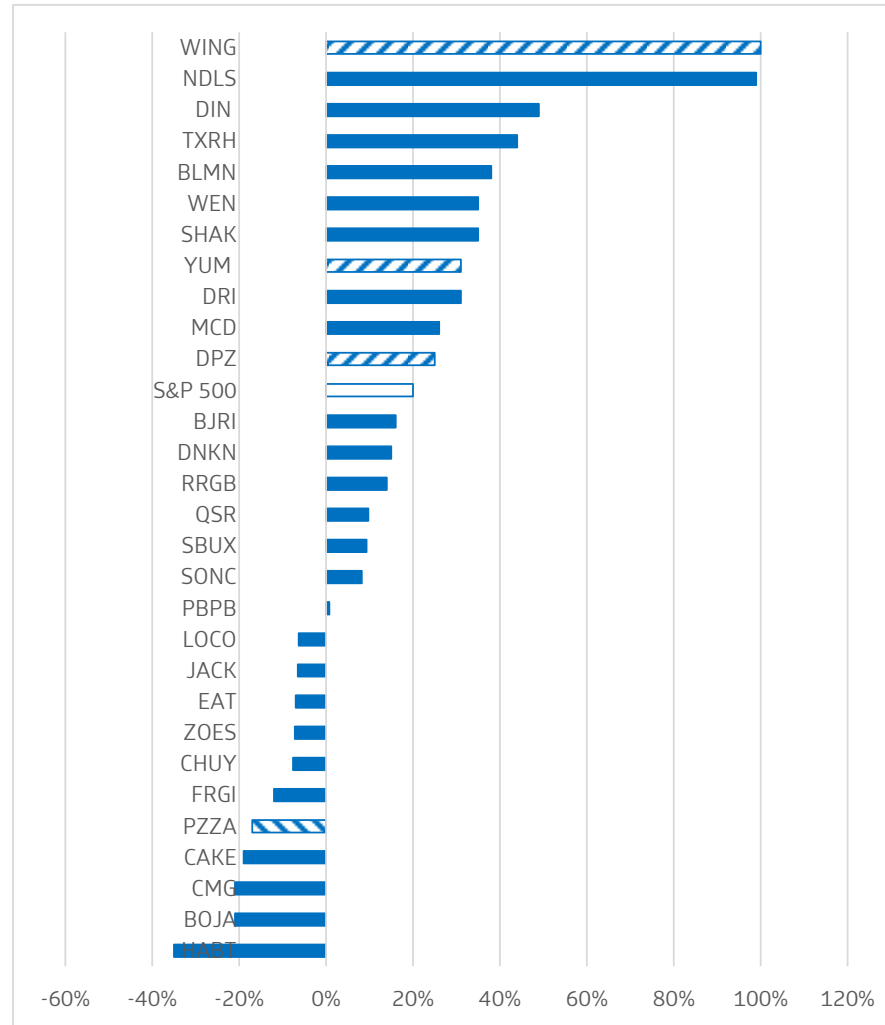


Chart Excludes GRUB's +221% Move!

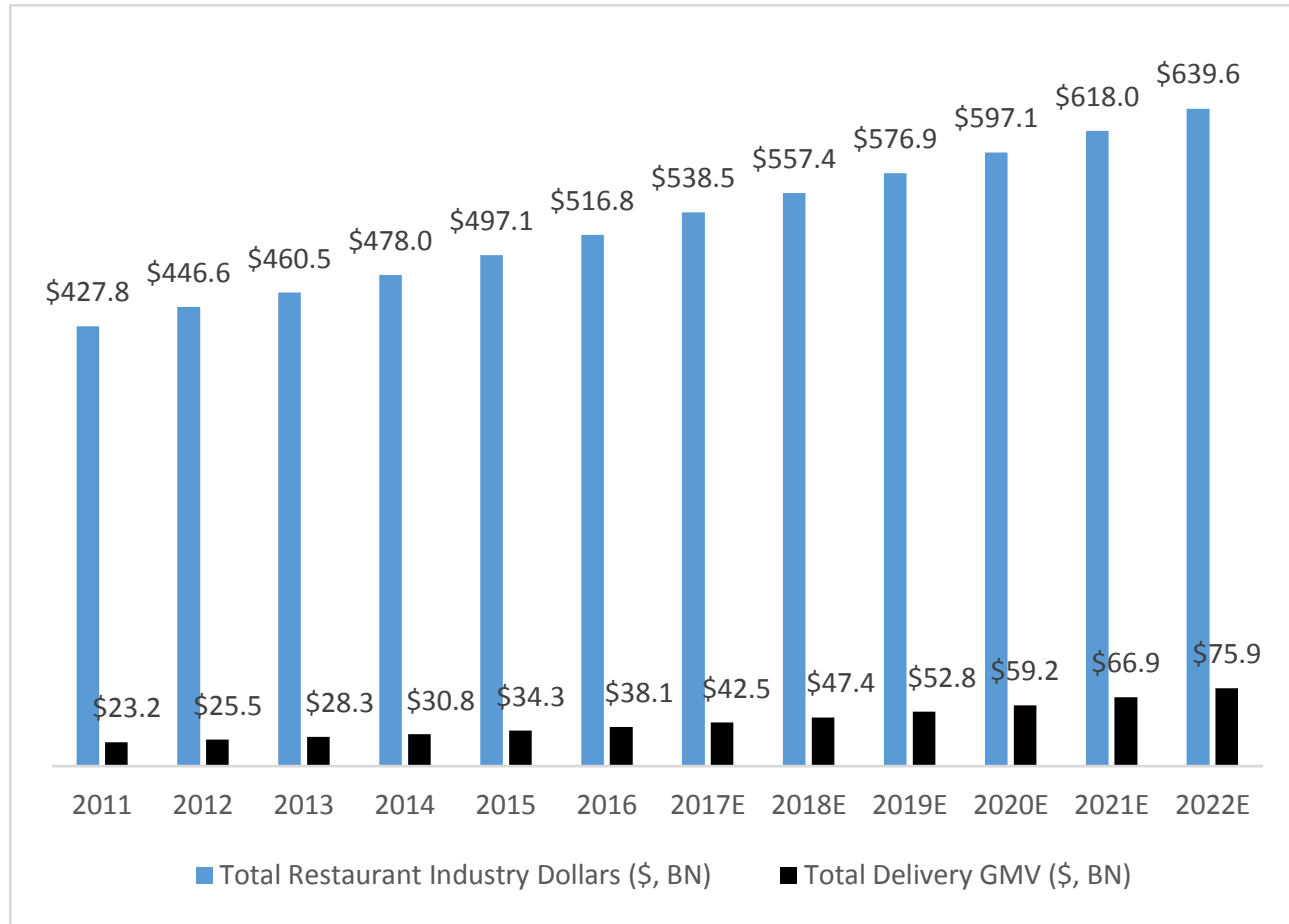
Source: Thomson Reuters; stocks as of close on 3/9/18

Cumulative and Average Number of Delivery Mentions on Restaurant Industry Earnings Conference Calls

All Brands (27)	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
Total	42	54	60	73	150	206	294	254	208
Average	2	2	2	3	6	8	11	9	8
<i>Sequential q/q growth</i>		29%	11%	22%	105%	37%	43%	-14%	-15%
<i>y/y growth</i>					257%	281%	390%	248%	44%

Source: Cowen and Company, Company reports

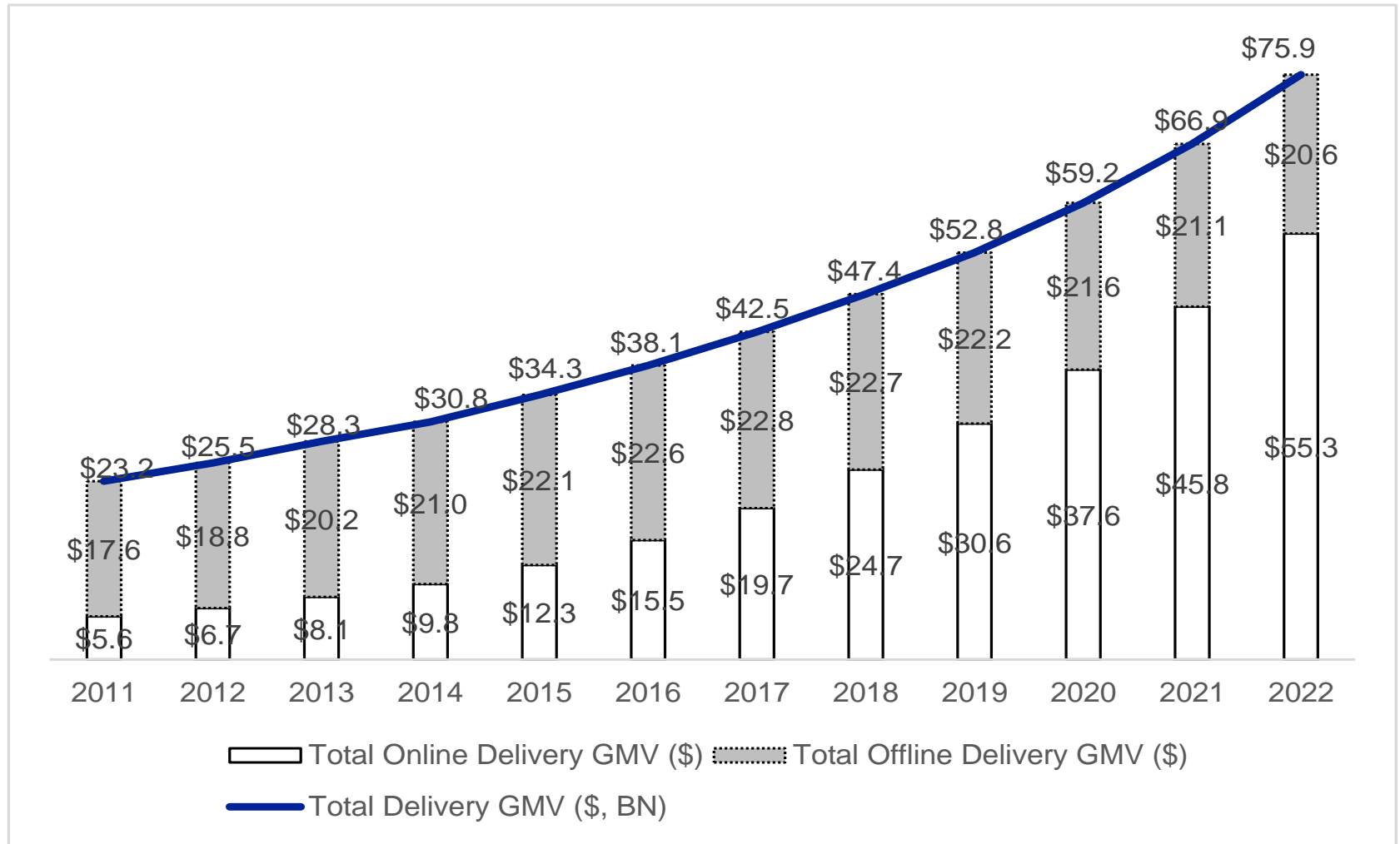
Estimated Restaurant Delivery Market vs Total Restaurant Industry (\$BN)



Our delivery model is premised on delivery driving about 30% of restaurant industry sales growth on average from 2017-22, from a starting point of 20% in 2017.

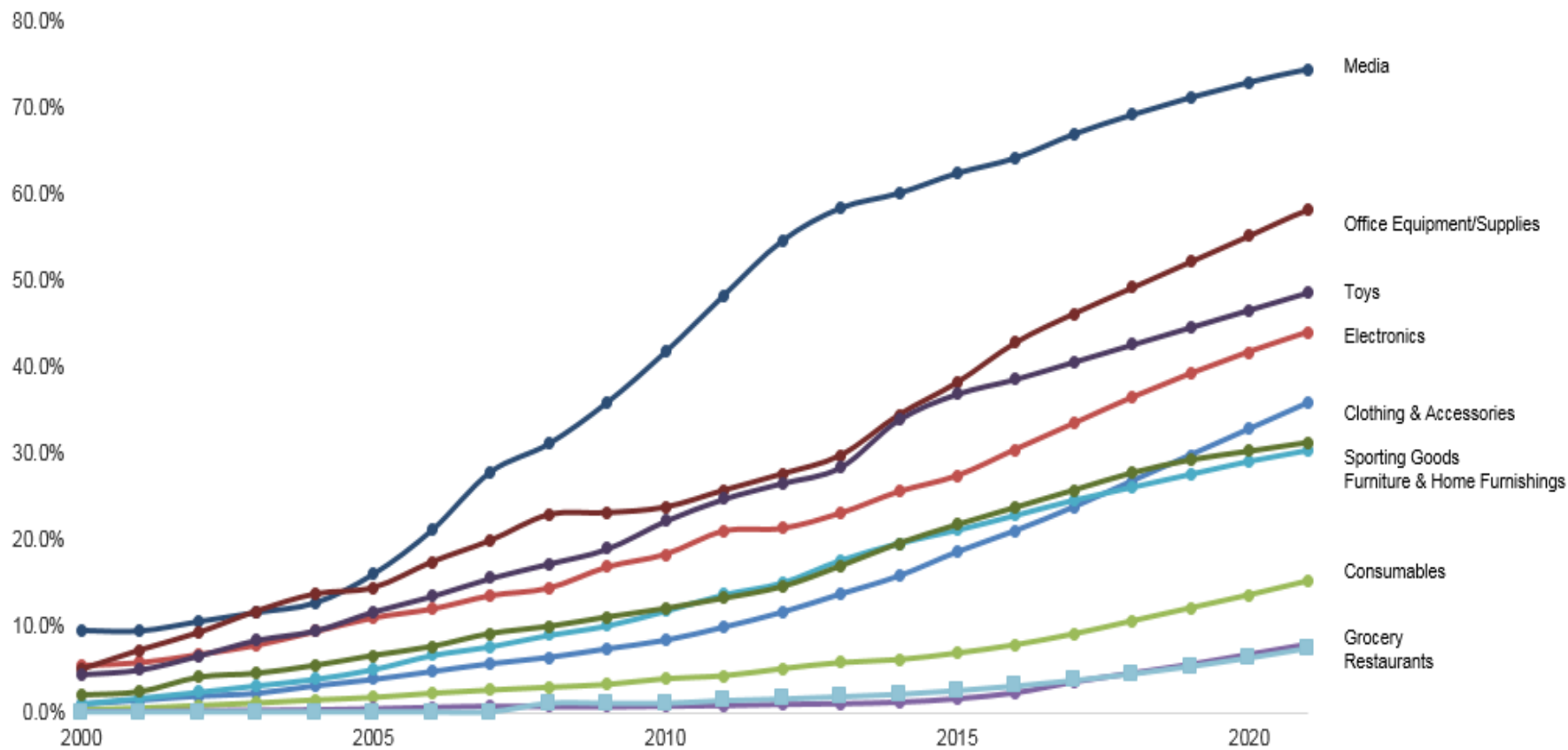
Source: NPD, Cowen and Company

Rapid Growth in Delivery is Complemented by Rapid Shift from Offline to Online; Est 26% in 2012, 46% in 2017 and 73% in 2022



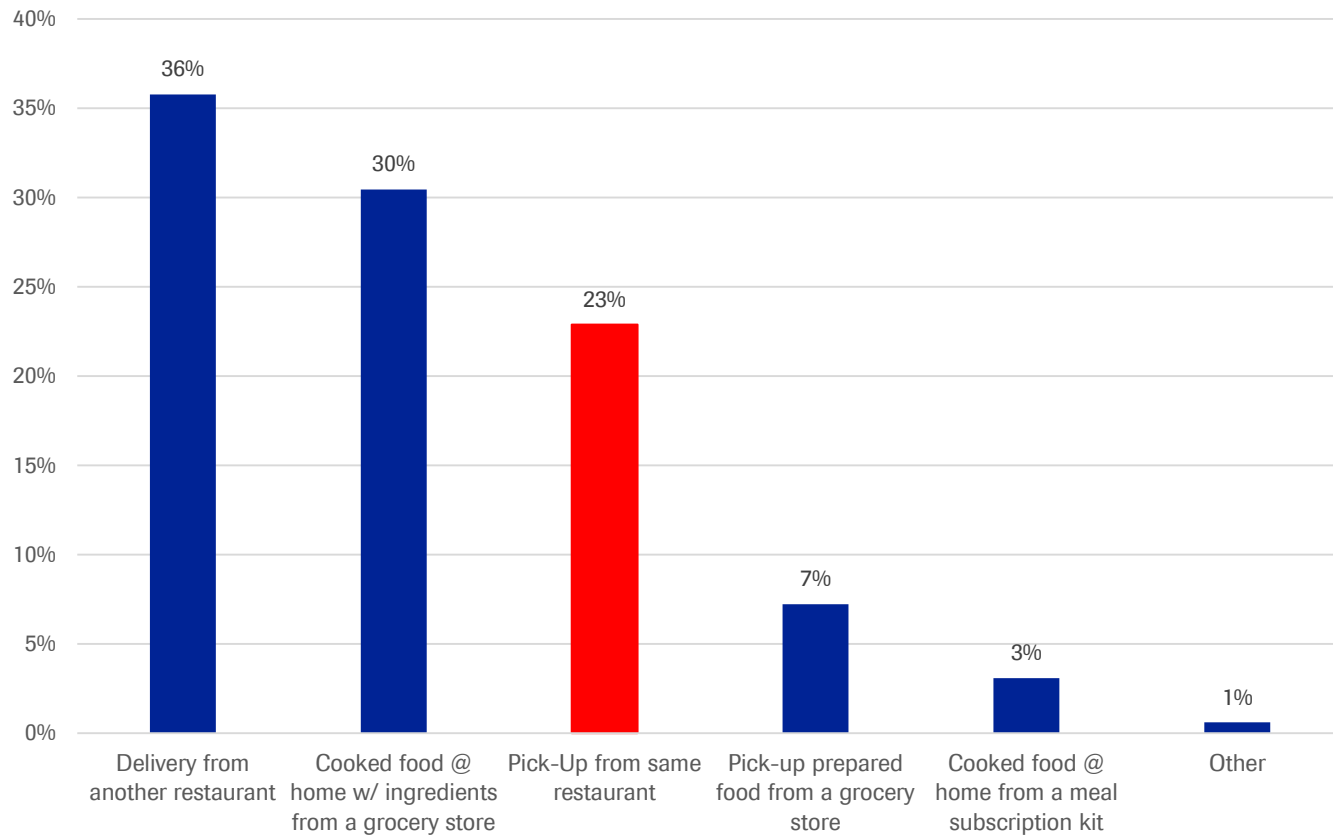
Source: Cowen and Company, NPD

E-Commerce Penetration by Consumer Vertical, 2000-2022E



Source: Cowen and Company, U.S. Census Bureau

Delivery Users Clearly Prioritize Convenience and Time Over the Specific Restaurant's Food



“During the typical occasion when you order delivery from a restaurant, what would you have eaten instead during that time had delivery from the restaurant you selected been unavailable?”

Implies delivery occasions are 77% incremental!

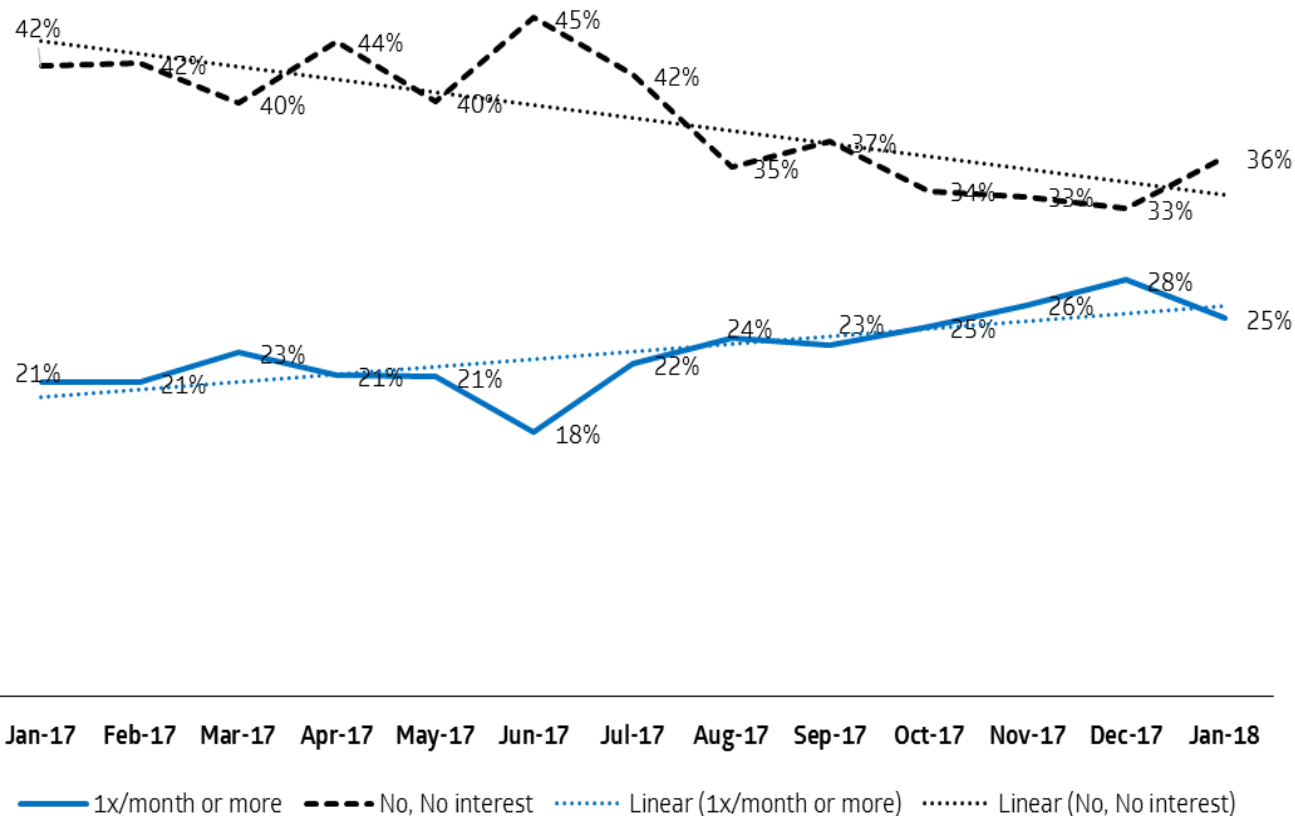
Source: Cowen Proprietary Delivery Survey May 2017, N = 2800

Who is the Delivery Customer? Survey Conclusions...

	Delivery Usage		
	High	Medium	Low
Age	18-34	35-44	45+
Geography	Major Metro Area	Suburb of Major Metro, Mid-Sized Metro	Smaller Metro, Small City
Income	>\$100k	\$50k-\$100k	<\$50k

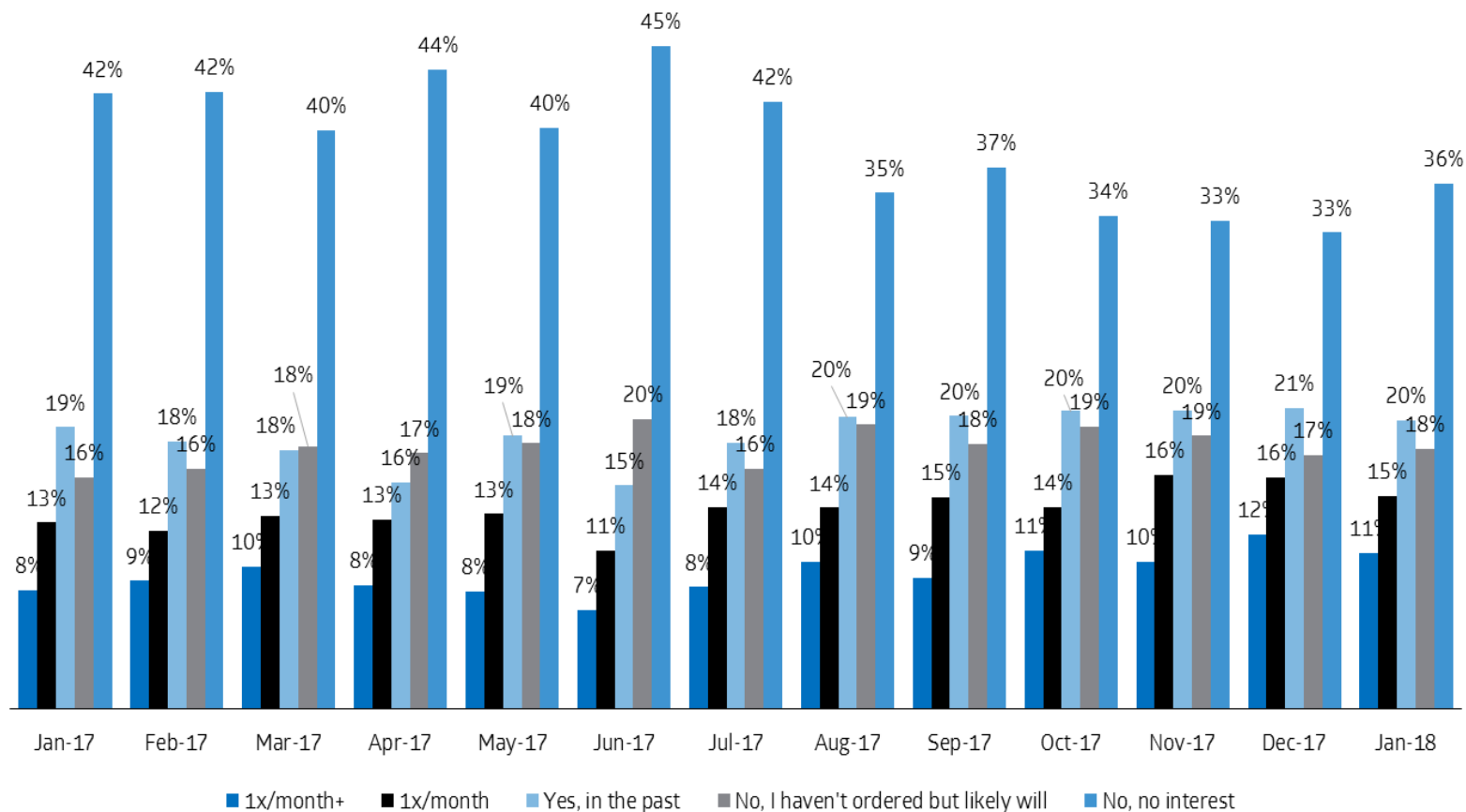
Source: Cowen and Company

Monthly Proprietary Survey Data Shows Declining Number of Non-Delivery Users & Corresponding Increase in Light Users



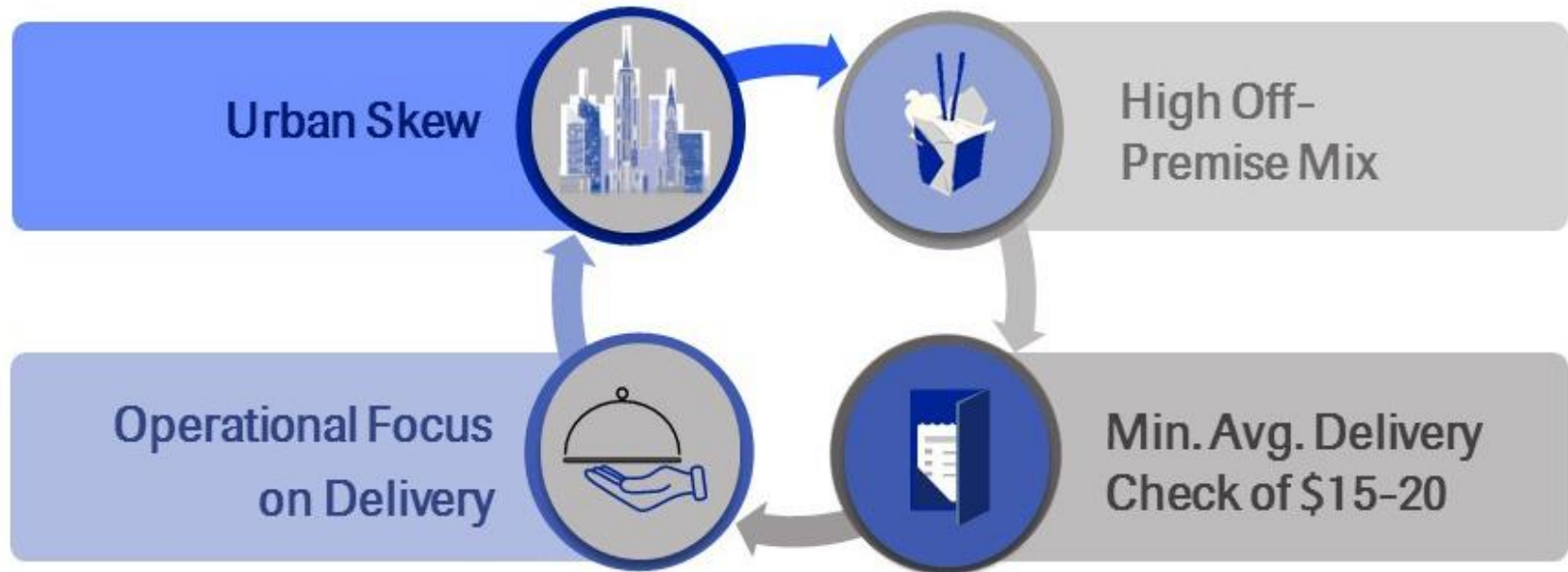
Source: Cowen Consumer Tracking Survey, n=~2500, January 2018

Have You Used An Online Food Delivery Service (e.g. ordered prepared food from a restaurant via a web site or app)?



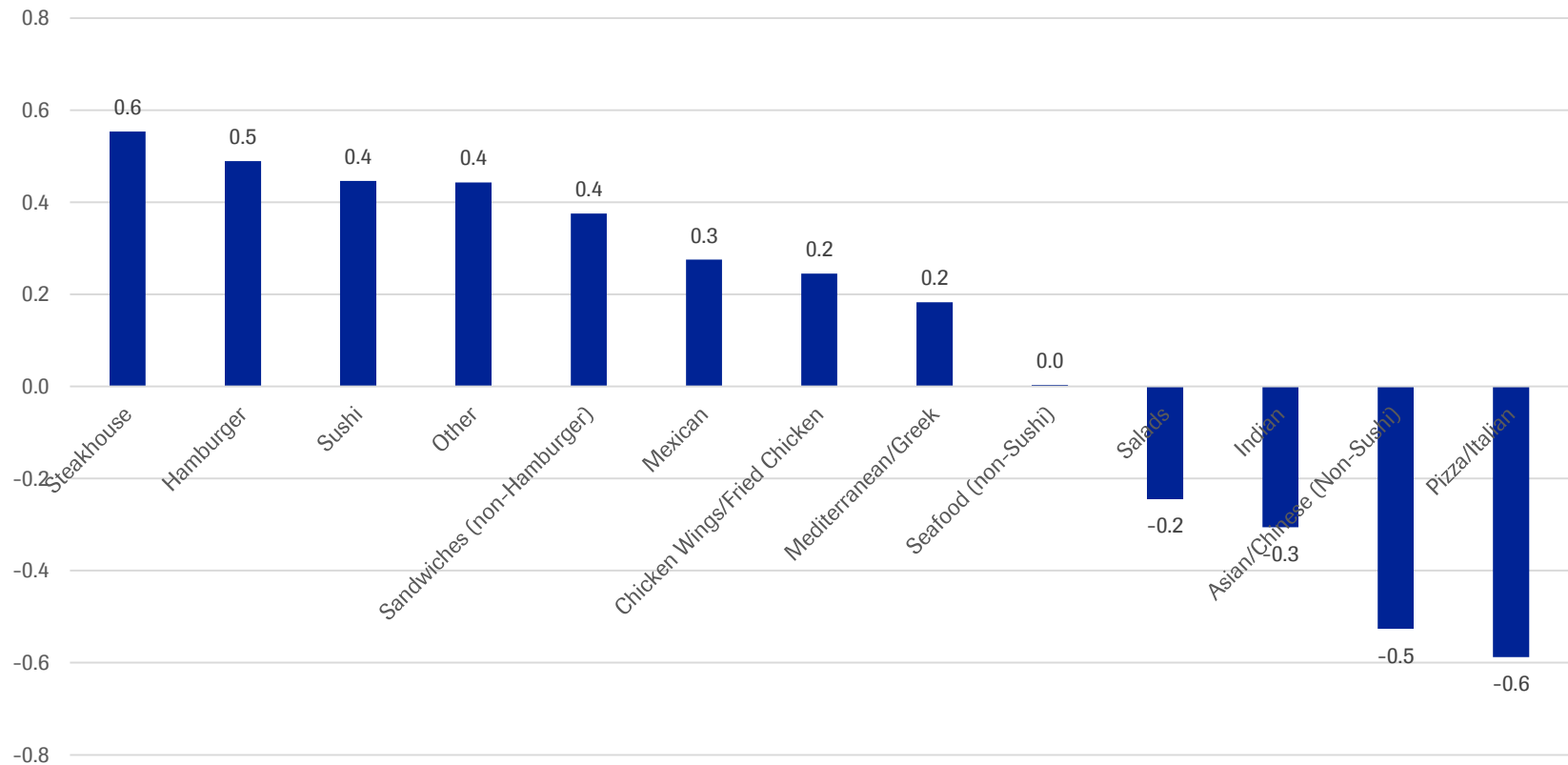
Source: Cowen Consumer Tracking Survey, n=~2500, January 2018

The Four Key Delivery Criteria: The Better Restaurants Can Meet These Criteria, The More Likely Delivery Will Be A Prosperous Sales Driver



Source: Cowen and Company

Cuisine is Not an Inhibiting Factor!



Correlation between changes in cuisine mix and growth in restaurants added to the GrubHub platform

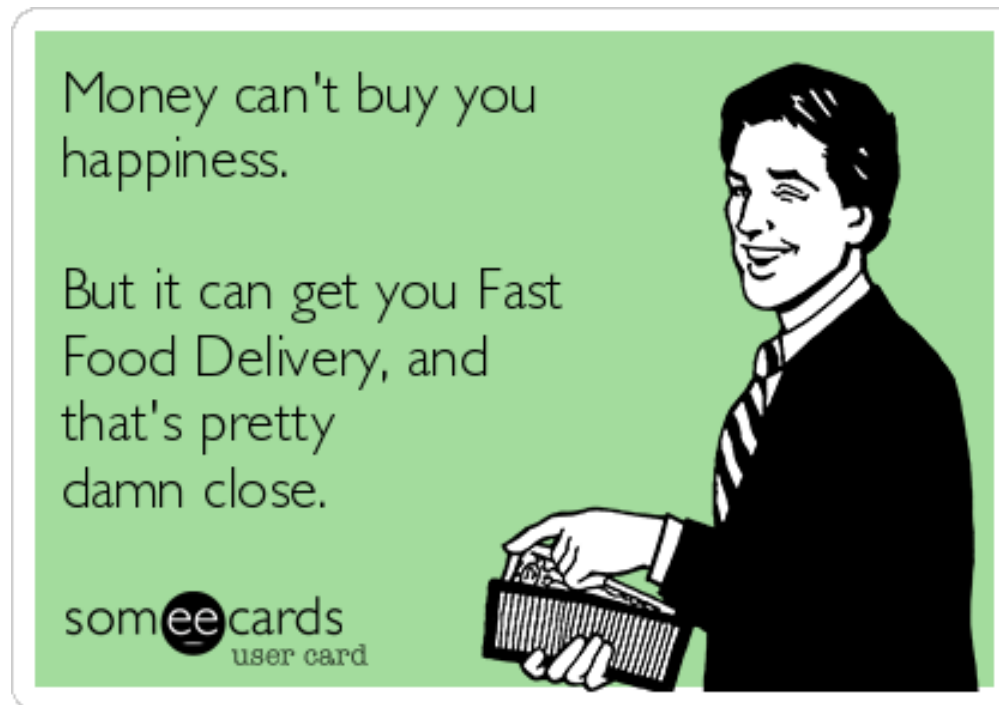
Implies Steakhouse and Hamburger Are Gaining the Most Delivery Share of Delivery as Markets Grow while Pizza and Asian Are Losing the Most Share

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Source: someecard

ADDENDUM

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