



SHAKE  SHACK®  
2016 Annual Meeting

# We're All Ears

We value the opinion of all our shareholders and welcome any feedback or questions you have.

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Visit: <http://investor.shakeshack.com>



Drop us a line at: [investor@shakeshack.com](mailto:investor@shakeshack.com)



Give us a ring at: **844-SHACK-04 (844-742-2504)**



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# Disclaimer

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## Forward-Looking Information

This presentation contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), which are subject to known and unknown risks, uncertainties and other important factors that may cause actual results to be materially different. All statements other than statements of historical fact included in this presentation are forward-looking statements, including, but not limited to, expected financial outlook for fiscal 2016, preliminary outlook for fiscal 2017, target Shack-onomics, expected Shack openings, expected same-Shack sales growth and trends in the Company's operations. Forward-looking statements discuss the Company's current expectations and projections relating to our financial position, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "aim," "anticipate," "believe," "estimate," "expect," "forecast," "outlook," "potential," "project," "projection," "plan," "intend," "seek," "may," "could," "would," "will," "should," "can," "can have," "likely," the negatives thereof and other similar expressions. All forward-looking statements are expressly qualified in their entirety by these cautionary statements, except that the safe harbor provisions of the PSLRA do not apply to any forward-looking statements relating to the operations of any of the Company's partnerships or limited liability companies. You should evaluate all forward-looking statements made in this presentation in the context of the risks and uncertainties disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2016, as amended, and subsequent Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission ("SEC"). All of the Company's SEC filings are available online at [www.sec.gov](http://www.sec.gov), [www.shakeshake.com](http://www.shakeshake.com) or upon request from Shake Shack Inc. The forward-looking statements included in this presentation are made only as of the date hereof. The Company undertakes no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

## Non-GAAP Financial Information

This presentation contains non-GAAP financial measures, including but not limited to, EBITDA, Adjusted EBITDA, Shack-level operating profit and Shack-level operating profit margin. Shack-level operating profit and Shack-level operating profit margin are not required by, or presented in accordance with, GAAP. Shack-level operating profit is a supplemental measure of operating performance and our calculations thereof may not be comparable to similar measures reported by other companies. Shack-level operating profit margin has limitations as an analytical tool and should not be considered as a substitute for analysis of our results as reported under GAAP. Management believes that Shack-level operating profit and Shack-level operating profit margin are important measures to evaluate the performance and profitability of each Shack, individually and in the aggregate. The Company uses Shack-level operating profit margin information to benchmark their performance versus their competitors. EBITDA and Adjusted EBITDA are non-GAAP supplemental measures of operating performance that do not represent and should not be considered alternatives to net income (loss) or cash flow from operations, as determined by GAAP. EBITDA and Adjusted EBITDA are used by management to measure the operating performance of their business, excluding specifically identified items that management believes do not directly reflect their core operations. The Company believes that these non-GAAP financial measures, when used in conjunction with GAAP financial measures, provide useful information about operating results, enhance the overall understanding of past financial performance and future prospects, and allow for greater transparency with respect to key metrics used by management in its financial and operational decision making. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. The non-GAAP measures used by the Company are not necessarily comparable to similarly titled measures used by other companies due to different methods of calculation. Reconciliations of the non-GAAP financial measures included in this presentation to the most directly comparable GAAP measure are included in the Financial Appendix.



SHAKE  SHACK®

2016 Annual Meeting



# Executive Team

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**Randy Garutti**

*Chief Executive Officer*



**Danny Meyer**

*Founder & Chairman  
of the Board*



**Zach Koff**

*Chief Operating Officer*



**Tara Comonte**

*Chief Financial Officer*



THE SHACK PACT

STAND FOR SOMETHING GOOD



WE ARE ACCOUNTABLE  
FOR RESULTS



# Shack System-wide Sales†

(\$ in millions)

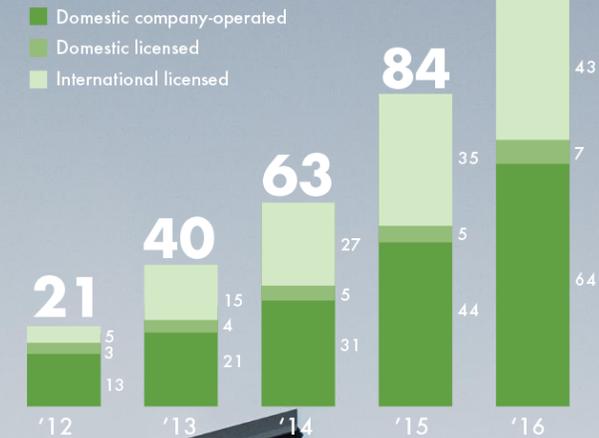


# Total Revenue

(\$ in millions)

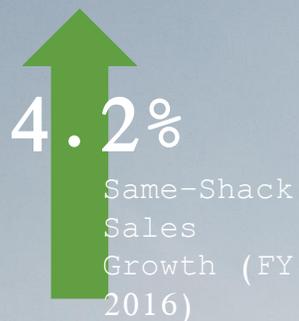


# Shack Count



# Domestic Company-Operated AUV

**\$4.98M**



# Adjusted EBITDA\* (FY 2016)

**\$50.2M** 18.7% of total revenue

# Shack-level Operating Profit Margin\* (FY 2016)

**28.3%**

† System-wide sales consists of sales from our domestic company-operated Shacks, our domestic licensed Shacks and our international licensed Shacks. We do not recognize the sales from our licensed Shacks as revenue. Of these amounts, our revenue is limited to Shack sales from domestic company-operated Shacks and licensing revenue based on a percentage of sales from domestic and international licensed Shacks.

\* Shack-level operating profit and adjusted EBITDA are non-GAAP measures. Reconciliations of Shack-level operating profit to operating income and adjusted EBITDA to net income attributable to Shake Shack Inc., the most directly

# 15 NYC Shacks

Out of 75 domestic-company  
operated Shacks\*

\*as of May 31, 2017

**\$7.5M**

NYC AUV in 2016

over  
**30%**

Shack-level Operating Profit

RS FROZEN CUSTARD FRIES SHAKES HOT DOGS CON

over

27%

Non-NYC Markets\*  
Shack-level Operating Profit  
for FY 2016

\$4.2M

Non-NYC Markets\* AUVs  
for FY 2016

\*48 Non-NYC Shacks

WE ARE BOUNDLESS  
HOSPITALITY



**15+%**

**increase in average  
check on the  
App vs in-Shack**



**nearly  
3%**

**of total domestic sales  
come from the app\***

**\*data March 1 – May 31, 2017**

**340,000+**

**downloads as of May 31, 2017**

WE ARE A TEAM  
WE TAKE CARE OF EACH OTHER





Average hourly wage over  
**\$13/hour**

**90,000**  
training courses completed  
since site launch in 2014



More than **700** internal promotions, with **80** Team Members graduating to management roles in 2016

WE ARE FINE CASUAL  
INSPIRED FOOD & DRINK















**Maker's**  
**Mark**  
KENTUCKY STRAIGHT BOURBON  
**WHISKY**  
Handmade

DISTILLED, AGED AND BOTTLED BY THE  
MAKER'S MARK DISTILLERY, INC.  
STAR HILL FARM, LORETTO, KY USA  
100% GRAIN NEUTRAL SPIRITS



**WE ARE A WARM**  
COMMUNITY GATHERING PLACE





Christiana, DE



SHAKE SHACK

SHAKE SHACK

BURGERS FROZEN CUSTARD FRIES SHAKES HOT DOGS FLOATS BURGERS CONES



Detroit, MI



# SHAKE SHACK

BURGERS FROZEN CUSTARD FRIES SHAKES HOT DOGS FLOATS CONES



Lexington, KY



# SHAKE SHACK

BURGERS FROZEN CUSTARD FRIES SHAKES HOT DOGS CONCRETES FRIES

D-150



SHAKE SHACK  
*Opening in Progress*

Plano, TX



# SHAKE SHACK

HOT DOGS CONCRETES

BURGERS FROZEN CUSTARD FRIES SHAKES SODA

West Loop, Chicago



Troy, MI



**Preston Royal, Dallas, TX**



SHAKE SHACK

SHAKE SHACK

CONCRETES SODA BURGERS SHAKES BURGERS FROZEN CUSTARD FRIES SHAKES HOT DOGS CONCRETES SODA BURGERS FROZEN CUSTARD

Rice Village, Houston, TX



RiNo, Denver



SHAKE SHACK

SHAKE SHACK

SHAKE SHACK

BUS TOURS

Leicester Square, London



SHAKE SHACK

Canary Wharf, London



Riverland, Dubai, UAE



SHAKE SHACK



SHAKE SHACK

BURGERS FROZEN CUSTARD FRIES SHAKES HOT DOGS CONCRETES FLOATS CONES BURGERS

hall C ←  
hall B 57 ↑  
hall A ↑

Tokyo International Forum, Japan



Gangnam, Seoul, S. Korea



Cheongdam, Seoul, S. Korea



Cheongdam, Seoul, S. Korea



Doota, Seoul, S. Korea



BURGERS FROZEN MUSTARD FRIES SHAKI HOTDOGS CONCRI S BURGER FROZEI USTARD FRIES SHAI

# SHAKE SHACK

SHAKE SHACK

SHAKE SHACK

Avenues, Bahrain

# SHAKE SHACK



Shinjuku, Tokyo

# SHAKE SHACK

BURGERS FROZEN CUSTARD FRIES SHAKES HOT DOGS CONCRETE SODA



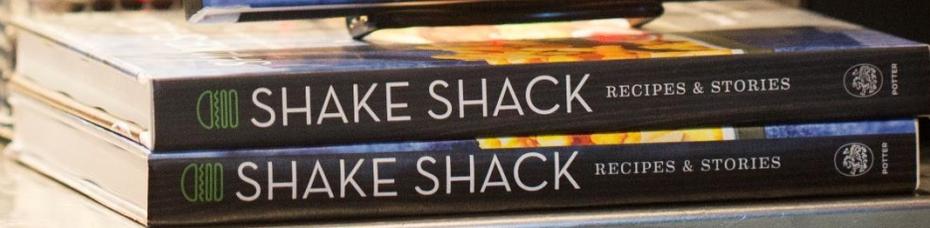
# STARBUCKS



LAX, Terminal 3

WE ARE A  
BELOVED BRAND





SHAKE SHACK

HOT DOGS CONCRETES BURGERS FROZEN CUSTARD CO





# SHAKE SHACK

RECIPES & STORIES



Randy Garutti &  
Introdu

@BUIL

BUILD



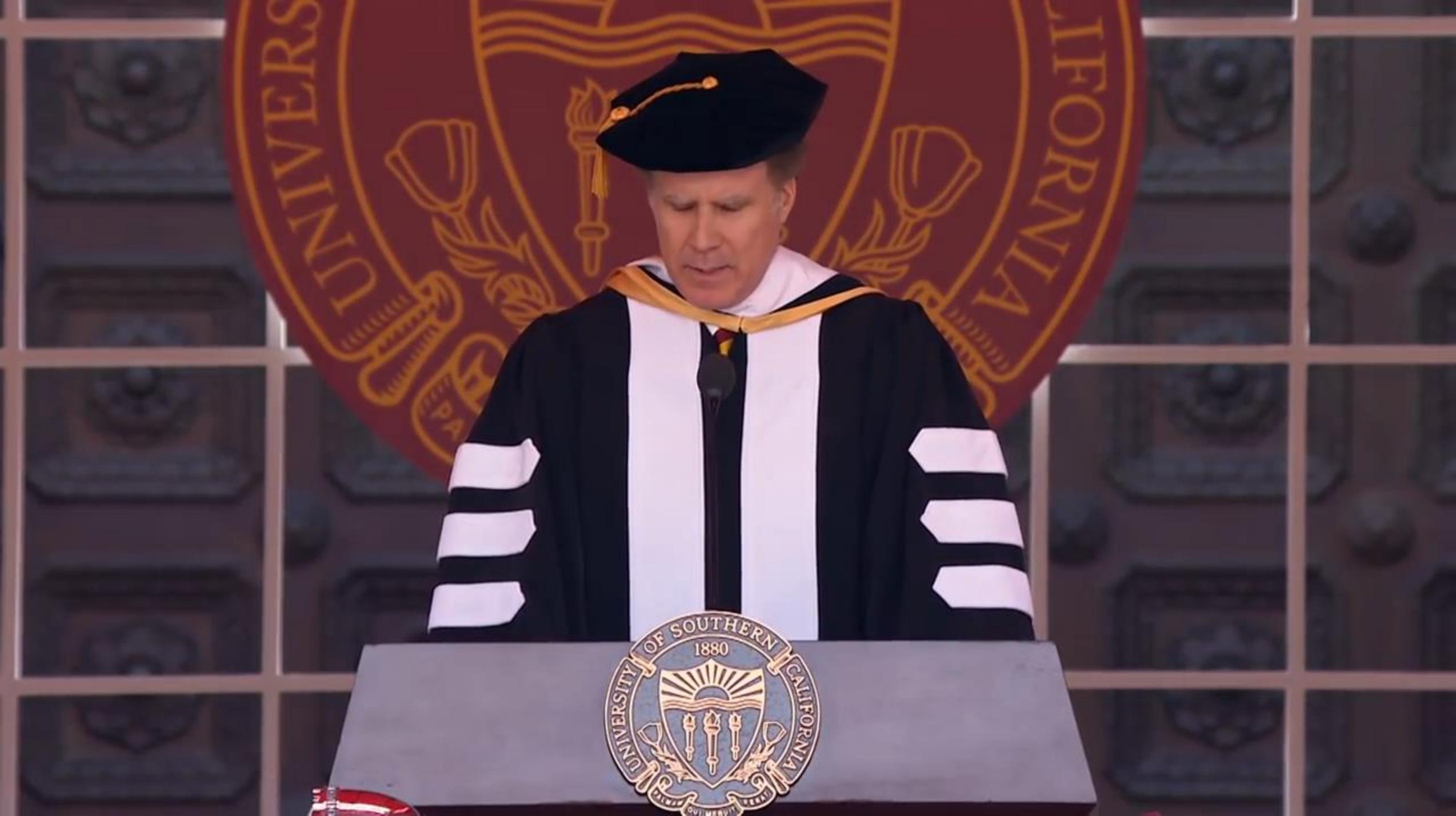


MORNINGS  
with MARIA

U.S. ST...

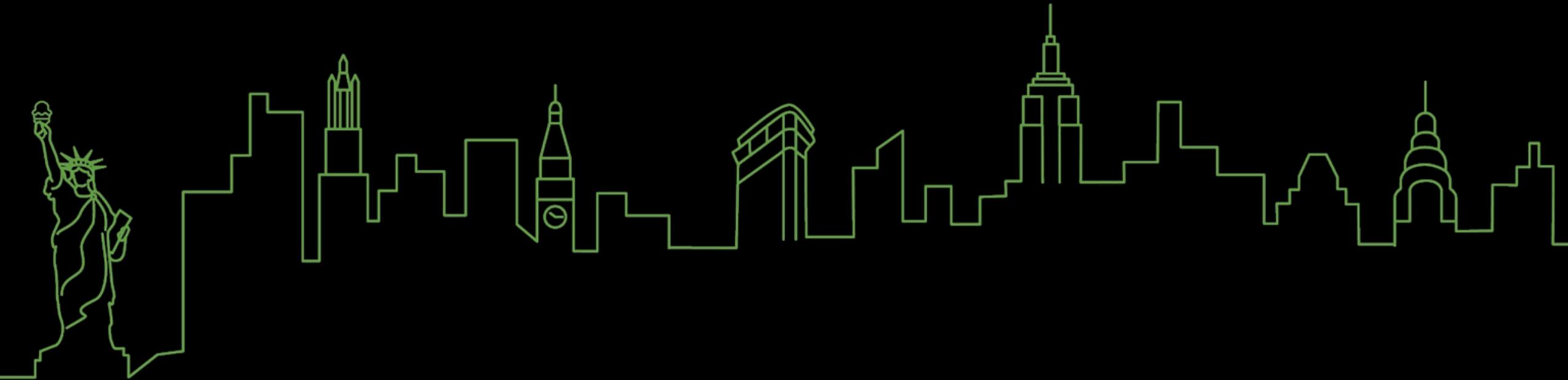
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a clear script

MORNINGS  
with MARIA





# Financial Appendix



# Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures, including but not limited to, EBITDA, Adjusted EBITDA, Shack-level operating profit and Shack-level operating profit margin. Shack-level operating profit and Shack-level operating profit margin are not required by, or presented in accordance with, GAAP.

## **Shack-level Operating Profit**

Shack-level operating profit is defined as Shack sales less Shack-level operating expenses including food and paper costs, labor and related expenses, other operating expenses and occupancy and related expenses.

### *How This Measure Is Useful*

When used in conjunction with GAAP financial measures, Shack-level operating profit and Shack-level operating profit margin are supplemental measures of operating performance that we believe are useful measures to evaluate the performance and profitability of our Shacks. Additionally, Shack-level operating profit and Shack-level operating profit margin are key metrics used internally by our management to develop internal budgets and forecasts, as well as assess the performance of our Shacks relative to budget and against prior periods. It is also used to evaluate employee compensation as it serves as a metric in certain of our performance-based employee bonus arrangements. We believe presentation of Shack-level operating profit and Shack-level operating profit margin provides investors with a supplemental view of our operating performance that can provide meaningful insights to the underlying operating performance of our Shacks, as these measures depict the operating results that are directly impacted by our Shacks and exclude items that may not be indicative of, or are unrelated to, the ongoing operations of our Shacks. It may also assist investors to evaluate our performance relative to peers of various sizes and maturities and provides greater transparency with respect to how our management evaluates our business, as well as our financial and operational decision-making.

### *Limitations of the Usefulness of this Measure*

Shack-level operating profit and Shack-level operating profit margin are not necessarily equivalent to similarly titled measures used by other companies due to different methods of calculation. Presentation of Shack-level operating profit and Shack-level operating profit margin is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. Shack-level operating profit excludes certain costs, such as general and administrative expenses and pre-opening costs which are considered normal, recurring cash operating expenses, and therefore may not provide a complete understanding of the operating results of our company as a whole. Therefore, Shack-level operating profit and Shack-level operating profit margin should be reviewed in conjunction with our GAAP financial results. A reconciliation of Shack-level operating profit to operating income, the most directly comparable GAAP financial measure, is set forth on the following slides.

## **EBITDA and Adjusted EBITDA**

EBITDA is defined as net income before net interest expense, income tax expense and depreciation and amortization expense. Adjusted EBITDA is defined as EBITDA (as defined above) excluding equity-based compensation expense, deferred rent expense, losses on the disposal of property and equipment, as well as certain non-recurring items that we don't believe directly reflect our core operations and may not be indicative of our recurring business operations.

### *How These Measures Are Useful*

When used in conjunction with GAAP financial measures, EBITDA and Adjusted EBITDA are supplemental measures of operating performance that we believe are useful measures to facilitate comparisons to historical performance and competitors' operating results. Adjusted EBITDA is a key metric used internally by our management to develop internal budgets and forecasts and also serves as a metric in our performance-based equity incentive programs and certain of our bonus arrangements. We believe presentation of EBITDA and Adjusted EBITDA provides investors with a supplemental view of our operating performance that facilitates analysis and comparisons of our ongoing business operations because they exclude items that may not be indicative of our ongoing operating performance.

### *Limitations of the Usefulness of These Measures*

EBITDA and Adjusted EBITDA are not necessarily comparable to similarly titled measures used by other companies due to different methods of calculation. Presentation of EBITDA and Adjusted EBITDA is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. EBITDA and Adjusted EBITDA exclude certain normal recurring expenses. Therefore, these measures may not provide a complete understanding of our performance and should be reviewed in conjunction with our GAAP financial measures. A reconciliation of EBITDA and Adjusted EBITDA to net income, the most directly comparable GAAP measure, is set forth on the following slides.



# Non-GAAP Reconciliation (FY 2016)

## Shack-level Operating Profit to Operating Income

	Fiscal Year Ended	
	December 28, 2016	December 30, 2015
(dollar amounts in thousands)		
Operating income	\$ 27,805	\$ 6,753
<b>Less:</b>		
Licensing revenue	9,125	7,373
<b>Add:</b>		
General and administrative expenses	30,556	37,825
Depreciation expense	14,502	10,222
Pre-opening costs	9,520	5,430
Loss on disposal of property and equipment	34	17
Shack-level operating profit	\$ 73,292	\$ 52,874
Total revenue	\$ 268,475	\$ 190,592
Less: licensing revenue	9,125	7,373
Shack sales	\$ 259,350	\$ 183,219
Shack-level operating profit margin	28.3%	28.9%



# Non-GAAP Reconciliation (FY 2016)

## Adjusted EBITDA to Net Income

	Fiscal Year Ended	
	December 28, 2016	December 30, 2015 <sup>(1)</sup>
<i>(in thousands)</i>		
Net income	\$ 22,146	\$ 3,124
Depreciation expense	14,502	10,222
Interest expense, net	285	325
Income tax expense	6,350	3,304
<b>EBITDA</b>	<b>43,283</b>	<b>16,975</b>
Equity-based compensation	5,354	4,314
Deferred rent	2,251	1,482
Loss on disposal of property and equipment	34	17
Non-recurring compensation expenses related to the IPO <sup>(2)</sup>	—	12,818
IPO-related expenses	—	635
Legal settlement	—	770
Other income related to adjustment of liabilities under tax receivable agreement	(688)	—
<b>ADJUSTED EBITDA</b>	<b>\$ 50,234</b>	<b>\$ 37,011</b>

(1) The Company no longer excludes pre-opening costs from its computation of Adjusted EBITDA. Adjusted EBITDA for the year ended December 30, 2015 has been restated to conform to the current period computation methodology.

(2) Non-recurring compensation expense incurred in connection with the IPO, including expense recognized upon settlement of outstanding unit appreciation rights, the related employer withholding taxes and the accelerated vesting of outstanding restricted Class B units.

