

Chipotle Mexican Grill, Inc. (CMG)

Location: Denver, Colorado

Analysts: Adeeb Huq and Stephen Kristan

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BUSINESS DESCRIPTION

Chipotle Mexican Grill, Inc. (Chipotle) develops and operates fast-casual, fresh Mexican food restaurants in 22 states throughout the United States. It operates in the restaurant industry. There were 454 Chipotle stores, at August 31, 2005, 149 of which have opened since January 1, 2004. The Company transforms its food in the same way the jalapeno is transformed into a chipotle, elevating basic raw ingredients like beans, chicken, beef, rice and vegetables through its recipes and cooking techniques. McDonald's Corporation (McDonald's) is the majority owner of the Company (approximately 87%).

INVESTMENT THESIS

With a fanatical customer base and positioning as the market leader in the Mexican Fast Casual dining segment, Chipotle has been growing at a 4-yr CAGR of 45%. The future shows even brighter prospects, with no significant risk of slowing down of the growth rate in the next few years. Add that to improving operating margins, decreasing labor costs, and growing same-store sales and you have successfully elevated a simple jalapeno to a Chipotle.

STOCK PRICE PERFORMANCE



FINANCIAL HIGHLIGHTS

Operating Performance	FY Ended Dec 31,			
	2003	2004	2005	2006 E
Revenue	\$315,520	\$470,721	\$627,695	\$820,429
Revenue Growth Rate	54.2%	49.2%	33.3%	30.7%
EBITDA	\$7,155	\$27,908	\$59,020	\$87,487
EBITDA Margin	2.3%	5.9%	9.4%	10.7%
EBIT	(\$7,935)	\$6,106	\$30,994	\$56,619
EBIT Margin	(2.5%)	1.3%	4.9%	6.9%
D&A	\$15,090	\$21,802	\$28,026	\$30,868
CapEx	N/A	N/A	\$72,800	\$77,170
Earnings Per Share	(\$0.30)	\$0.23	\$1.17	\$2.14

Balance Sheet Data (12/31/2005)	
Total Debt	\$4,690.0
Cash & Equivalents	\$1,960.0
Net Debt	2,730.0
Credit Statistics TTM	
Total Debt/EBITDA	0.08x
Net Debt/EBITDA	0.05x
EBITDA/Interest	74.7x
Price/Earnings	57.1x
BV/Share	\$11.40

Trading Statistics	
Share Price (03/24/2006)	\$54.45
Shares Outstanding	26.46 M
52 Week High	\$56.75
52 Week Low	\$39.51
Equity Market Value	1.77 B
Net Debt (including Operating Leases)	
Enterprise Value	1.77 B

Valuation Multiples	2003	2004	2005	2006 E [†]
EV/Revenue	5.6x	3.8x	2.8x	2.2x
EV/EBITDA	247.4x	63.4x	30.0x	20.2x
EV/EBIT	NMF	289.9x	57.1x	31.3x

(1) Figures as of 03/24/2006 unless otherwise indicated

(2) In 000's of US Dollars, except for per share items

(3) Most figures taken from GOOGLE FINANCE