

The Chefs' Warehouse (CHEF)

Jefferies 2012 Global Consumer Conference

Takeaways

Key Takeaway

Christopher Pappas, Chairman and CEO of Chefs' Warehouse, presented at the Jefferies Global Consumer Conference.

CHEF's growing competitive advantage looks to be increasing as the company deploys technology. Indeed, the company's systems both on the sales-side of the business as well as those such as the warehouse management system, pick-to-voice, and other logistics technology are driving increased efficiencies and allowing the company to be more flexible, distancing Chefs' Warehouse from other of its "mom and pop" competitors which don't have similar capabilities. Mr. Pappas noted the success the company had using its technological advantage to pressure competitors when it entered the San Francisco market, something he hopes will be repeated.

Differentiated sales force creates additional advantages. The company's sales force, more than 50% of which have experience in the culinary industry, are also a significant advantage. In fact, the company indicated that its high-touch service model provides a meaningful competitive advantage over larger broadline distributors. The company revels in doing the hard things, such as finding a very specialized product on short notice, that larger, less flexible companies simply have a difficult time doing. We believe this high service model in concert with its technology creates a recipe for lasting partnerships with its customers.

Growth opportunities coming from a number of different fronts. Mr. Pappas suggested that Chefs' Warehouse has significant opportunity to consolidate its fragmented industry over time through a combination of increased customer penetration, on-boarding of additional unique customers, and the potential for 2-4 accretive tuck-in acquisitions per year. Indeed, along with continued growth outside of the company's current geographies, we also expect Chefs' Warehouse to enter into adjacent product categories over time, something which should enhance the company's ability to sell more to existing customers as well as win new business.

BUY

Price target \$25.00

Price \$18.18

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Company Description

The Chefs' Warehouse, Inc. is one of the largest specialty food distributors in the U.S., largely serving upscale independent menu restaurants, fine hotels and clubs.

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			Count	Percent
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