

November 8, 2011

CHEF-NASDAQ--Outperform (1) / V

Restaurants & Foodservice

## CHEF: Announced Acquisition Of Specialty Foods Company In Pacific Northwest

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**The Chefs' Warehouse, Inc.**

**Price as of 11/7/2011: \$14.08**

**Sector Rating: Restaurants & Foodservice, Market Weight**

- On November 7, CHEF announced that it has acquired substantially all of the assets of Provvista Specialty Foods, which is a specialty foods importer and wholesale distributor located in Portland, OR. Terms of the transaction were not disclosed.
- Provvista was founded in 1993 and had 2010 annual revenue of approximately \$17 million. The acquired company services over 500 customer locations in the Portland, OR and Seattle, WA metropolitan areas.
- We think that acquisitions can represent an important opportunity for CHEF, and we have been impressed by the recent completion and integration of the Harry Wils acquisition so far in 2011. We are initially encouraged by this latest acquisition announcement.
- CHEF shares are trading at 14.4x our 2012 EPS estimate versus a multiple of 15.4x for the peer group and our estimated 3-5 year growth rate of 17%. On a P/E-to-growth basis, CHEF shares are trading at a multiple of 0.8x versus a peer group PEG ratio of 1.6x.

**FY 11 EPS: \$0.77**

**FY 12 EPS: \$0.98**

**Shares Out.: 20.8 MM**

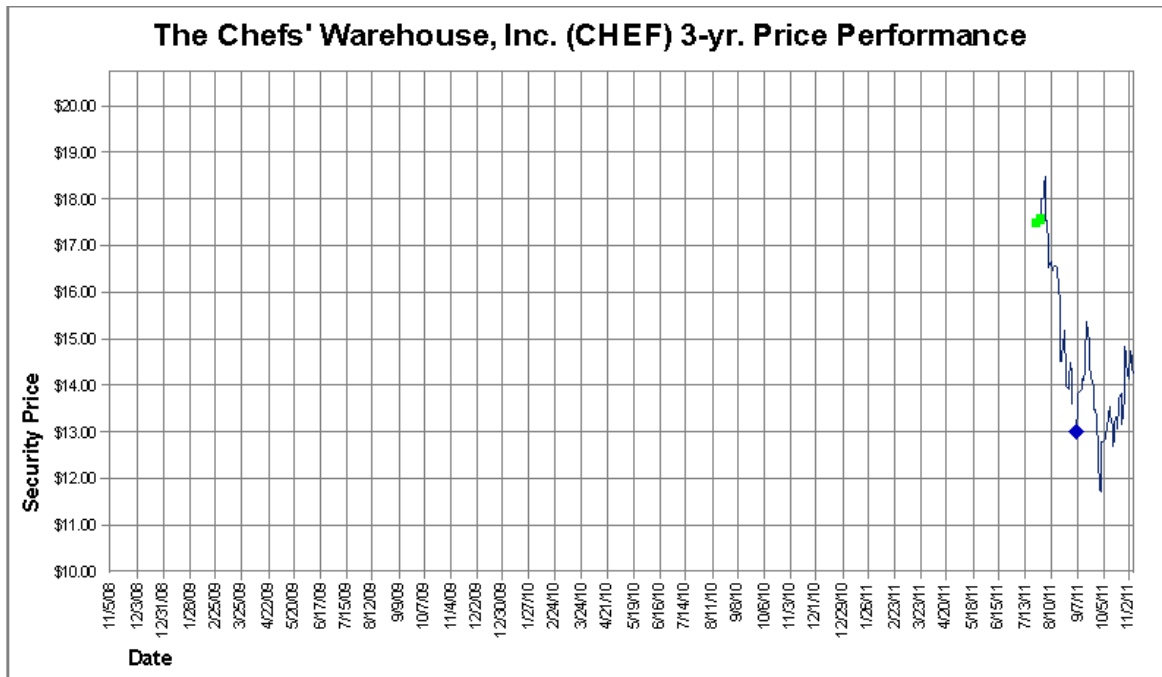
**Market Cap.: \$292.86 MM**

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## DISCLOSURE APPENDIX

### Required Disclosures



	Date	Publication Price (\$)	Rating Code	Val. Rng. Low	Val. Rng. High	Close Price (\$)
□	7/28/2011		IPO at \$15.00			
	9/2/2011		Omohundro			
◆	9/6/2011	13.56	1	19.00	20.00	12.98

Source: Wells Fargo Securities, LLC estimates and Reuters data

#### Symbol Key

- ▼ Rating Downgrade
- ▲ Rating Upgrade
- Valuation Range Change

- ◆ Initiation, Resumption, Drop or Suspend
- Analyst Change
- Split Adjustment

#### Rating Code Key

- 1 Outperform/Buy
- 2 Market Perform/Hold
- 3 Underperform/Sell
- SR Suspended
- NR Not Rated
- NE No Estimate

## Additional Information Available Upon Request

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**1 = Outperform:** The stock appears attractively valued, and we believe the stock's total return will exceed that of the market over the next 12 months. BUY

**2 = Market Perform:** The stock appears appropriately valued, and we believe the stock's total return will be in line with the market over the next 12 months. HOLD

**3 = Underperform:** The stock appears overvalued, and we believe the stock's total return will be below the market over the next 12 months. SELL

### SECTOR RATING

**O = Overweight:** Industry expected to outperform the relevant broad market benchmark over the next 12 months.

**M = Market Weight:** Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.

**U = Underweight:** Industry expected to underperform the relevant broad market benchmark over the next 12 months.

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**V =** A stock is defined as volatile if the stock price has fluctuated by +/-20% or greater in at least 8 of the past 24 months or if the analyst expects significant volatility. All IPO stocks are automatically rated volatile within the first 24 months of trading.

### As of: November 8, 2011

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