

Thursday, May 17, 2012

Chefs' Warehouse (Outperform)

(CHEF-NASDAQ)

Presents at BMO Capital Markets' 2012 Farm to Market Conference

Flash:

Yesterday, CEO Christopher Pappas, CFO Kenneth Clark and COO James Wagner presented at our Farm to Market Conference in New York City. We believe the story remains intact and believe the company can continue to gain share in an extremely fragmented market through select acquisitions, increasing penetration with new customers and existing customers.

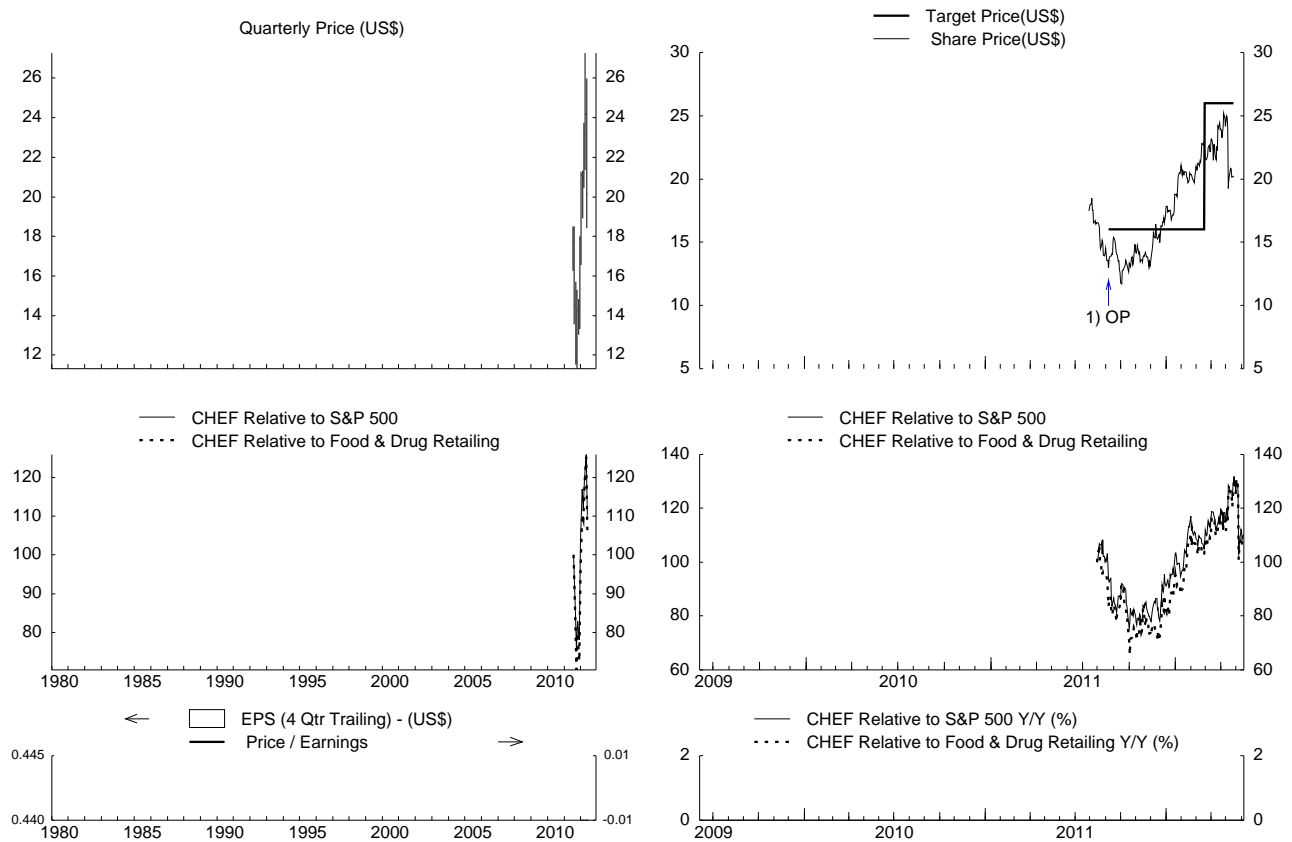
Our View:

- * We believe the recent pullback presents investors with a compelling entry point because we believe CHEF's long-term prospects remain robust. Our \$26 price target reflects 25% upside from yesterday's closing price.
- * The acquisition pipeline remains strong.
- * The company continues to search for three types of acquisitions: new market, tuck-in and strategic acquisition opportunities. Strategic acquisitions would likely involve acquiring a company with a specialty in meat, seafood, produce, direct ship pastry, or supplies given CHEF's limited current exposure to those categories. Strategic acquisitions are more accretive than new market acquisitions, so purchase multiples could also be higher (on a multiple of sales). This was the case with the most recent – Praml – acquisition.
- * Execution risk on the Bronx facility transition is very low – mostly because CHEF's employee base will remain consistent. Employee turnover is generally the greatest risk in facility transitions.

Company:	Chefs' Warehouse (CHEF)
Price/Rating/Target:	\$20.73/Outperform/\$26.00
Sector Name:	Food Retail
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Please refer to pages 2 to 5 for Disclosure Statements, including the Analyst's Certification.

CHEFS WHSE INC (CHEF)



CHEF - Rating as of 28-Jul-11 = NR

Date	Rating Change	Share Price
1 6-Sep-11	NR to OP	\$13.56

Last Daily Data Point: May 15, 2012

Important Disclosures

Analyst's Certification

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Methodology and Risks to Our Price Target

Methodology: Our target price values CHEF at an FY12 EV/EBITDA of xx and P/E of xx.

Risks: Key risks to our CHEF price target include increased competition from traditional broadline operators or consolidation among other regional specialty distributors, deterioration in the national or New York economy as it relates to discretionary spending at restaurants, the success and completion of future acquisitions at fair prices, significant increases in raw material costs, and tainted product or product recall which could tarnish the company's image.

Distribution of Ratings (March 31, 2012)

Rating Category	BMO Rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	Starmine Universe
Buy	Outperform	37.7%	12.1%	52.1%	39.2%	48.3%	54.6%
Hold	Market Perform	60.0%	7.0%	47.9%	57.6%	51.0%	40.1%
Sell	Underperform	2.4%	0.0%	0.0%	3.2%	0.7%	5.3%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

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We use the following ratings system definitions:

OP = Outperform - Forecast to outperform the market;

Mkt = Market Perform - Forecast to perform roughly in line with the market;

Und = Underperform - Forecast to underperform the market;

(S) = speculative investment;

NR = No rating at this time;

R = Restricted – Dissemination of research is currently restricted.

Market performance is measured by a benchmark index such as the S&P/TSX Composite Index, S&P 500, Nasdaq Composite, as appropriate for each company. BMO Capital Markets eight Top 15 lists guide investors to our best ideas according to different objectives (Canadian large, small, growth, value, income, quantitative; and US large, US small) have replaced the Top Pick rating.

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