

Wednesday, May 30, 2012

Chefs' Warehouse (Outperform)

(CHEF-NASDAQ)

Positioning for Growth

Flash:

Today, CHEF announced that Ken Clark is resigning effective June 30, 2012, from his role as CFO and assistant secretary. He will remain with the company through March 6, 2013, as a special advisor to the new CFO. Replacing Ken Clark is former board director John Austin, who resigned from CHEF's board on May 24, 2012, to accept the new CFO position. Dominick Cerbone replaced Mr. Austin as the new board director.

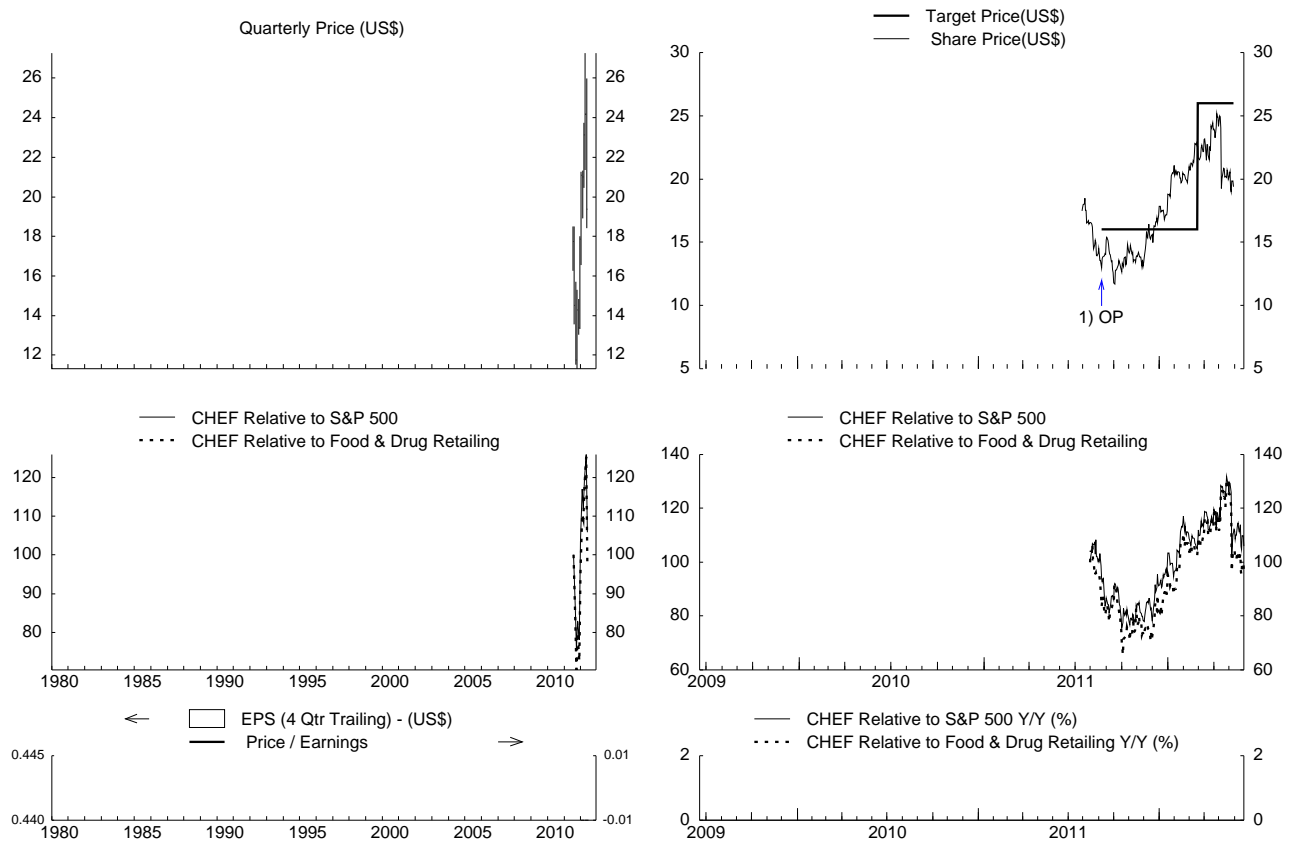
Our View:

- * We believe these personnel changes are a net positive for CHEF.
- * We believe John Austin (50 years old) will bring significantly more experience to the management team given his prior role as CFO of Performance Food Group (PFG), a position he held from 2003 to 2009. PFG publicly traded until 2008 when it was acquired by Blackstone.
- * During his tenure at PFG, revenues grew from ~\$800 million to ~\$6 billion – with acquisitions accounting for approximately 50% of the growth.
- * Given CHEF's long-term vision (to be a much larger, national, specialty distributor), we believe CHEF will significantly benefit from both Mr. Austin's extensive deal experience – as well as his experience in the CFO role at a publicly traded company.
- * Replacing Mr. Austin on the board of directors is Dominick Cerbone, who will lead the board's audit committee. Mr. Cerbone previously was a senior partner at accounting firm Ernst & Young as a part of its transaction practice where he was responsible for structuring, negotiating, facilitating and integrating over 500 transactions.

Company:	Chefs' Warehouse (CHEF)
Price/Rating/Target:	\$19.38/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 29, 2012

Important Disclosures

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Methodology and Risks to Our Price Target

Methodology: Our target price values CHEF at an FY2013 EV/EBITDA of 11.7x and P/E of 22.8x.

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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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;

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