Today's Changes	Annual EPS	Annual Revenue	Rating/Target
	2012E $0.91 from $0.95	2012E $461.1M from $456.3M	No changes
	2013E $1.05 from $1.08	2013E $514.3M from $504.2M	

The Chefs' Warehouse

CHEF : NASDAQ : US$19.89

BUY

Target: US$24.00

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Consumer & Retail -- Health, Wellness and Lifestyle

GUIDANCE CHANGE CREATES A BUYING OPPORTUNITY; MAINTAIN BUY AND $24 PRICE TARGET

Investment recommendation

We expect that CHEF will deliver an EPS growth CAGR approaching 20% over the next few years and has considerable geographic growth and consolidation opportunities to enhance strong organic growth within its existing markets.

Investment highlights

- We recommend using today's correction as a buying opportunity as a negative guidance revision has simply hit the share price momentum while the growth remains robust.
- Lowering F2012 EPS estimate to $0.91 from $0.95 and our F2013 EPS estimate to $1.05 from $1.08. The change reflects lower revenue before adding in the acquisition of Praml given dairy deflation and a customer loss, partially offset by potential acquisition accretion.
- The softer Q1 revenue than expected was not driven by a change in case volume growth, but rather inflation and mix, which we view as a more favorable outcome and demonstrates continued demand health.

Valuation

No change to our $24 price target. The shares look attractive at 19x next year's EPS and 9x next year's EBITDA.

COMPANY STATISTICS:

Shares Out diluted:	20.8
Market Cap (M):	US$414.5
52-week Range:	11.32 - 23.75
Avg. Daily Vol. (000s):	91.5
EV/EBITDA:	10.2

EARNINGS SUMMARY:

FYE Dec		2010A	2011A	2012E	2013E
P/Sales:		1.3	1.0	0.9	0.8
P/E:		36.2	25.5	21.9	18.9
Revenue (M):	Q1	70.0	83.2	98.1A	-
	Q2	83.6	99.3	115.2	-
	Q3	84.9	101.7	116.2	-
	Q4	91.6	116.5	131.7	-
Total		330.1	400.6	461.1	514.3
EPS:	Q1	0.07	0.12	0.13A	-
	Q2	0.15	0.20	0.24	-
	Q3	0.17	0.19	0.23	-
	Q4	0.17	0.26	0.31	-
Total		0.55	0.78	0.91	1.05

SHARE PRICE PERFORMANCE:

Source: Interactive Data Corporation

COMPANY DESCRIPTION:

The Chefs' Warehouse was founded in 1985 and is a premier distributor of specialty food products with a focus on serving the specific needs of chefs who own and/or operate some of the nation's leading menu-driven independent restaurants, fine dining establishments, country clubs, hotels, caterers, culinary schools and specialty food stores in the United States.

All amounts in US$ unless otherwise noted.

INVESTMENT CONCLUSION

CHEF reported another quarter of strong growth in both revenue and earnings, but it was below consensus. The stock is understandably under pressure on the results and trading lower at a higher rate than the reduction in the earnings outlook given the momentum that was present in the shares and the premium valuation. We view the correction as a healthy one as it reflects the stock, the valuation and short-term investor reactions rather than any material fundamental change. As such, it provides another opportunity to buy the shares at a discount to its best peer and with more modest expectations. Not only is the consensus EPS forecast moderating, but likely so is the expectation for upside that was present in the shares. We reiterate our BUY rating and recommend investors capitalize on what we believe is an attractive buying opportunity.

THE RESULTS

CHEF reported EPS of $0.13, compared to the consensus EPS estimate of $0.15. Revenue of $98.1M was about $1M below the forecast and was driven by both 7.3% internal growth and the benefit of three acquisitions over the last 12 months. Given the shortfall, even as modest as it was, our initial conclusion was that sales simply softened in March as one would understand given how the landscape has progressed this year. However, it appears that case volume did not indicate any change in the growth rate. The shortfall vs. expectations, and likely to management's expectations entering the year, was driven by rapid deflation of dairy pricing during the quarter that should have led to slower revenue growth later in the quarter than at the onset. While the company held gross margin percentage at 26.6%, this of course implies lower gross margin dollar contribution. Given we must assume dairy pricing remains at the lower level, we are flowing this lower contribution into our remaining F2012 estimates. Additionally, the decision to not pursue an existing customer with less favorable pricing impacts the forward guidance. As a result of about a $0.02 impact from the lower dairy pricing and a $0.02 impact from the customer loss, the company lowered the high end of its EPS guidance range to $0.94 from $0.96. The guidance change is more modest than the called-out items, and likely benefits from a modest offset from the acquisition of Praml in Las Vegas. We are reducing our F2012 EPS estimate to $0.91 from $0.95 and our F2013 EPS estimate to $1.05 from $1.08 as a result of the recent revenue trends. Our revenue forecast, however, is increased to $461.1 million from $456.3 million in F2012 and to $514.3 million from $504.2 million in F2013. Our revenue forecast increase reflects the acquisition of Praml, which we haven't forecasted adding to EPS yet.

Figure 1: Estimate revision

in $ millions, except EPS	Actual F2011	New F2012E	Prior F2012E	New F2013E	Prior F2013E
Revenue	400.6	461.1	456.3	514.3	504.2
Adjusted EBITDA	29.9	44.7	45.3	49.7	50.3
Pro forma EPS	$0.78	$0.91	$0.95	$1.05	$1.08
Gross margin	26.4%	26.6%	26.6%	26.6%	26.7%
Adjusted EBITDA margin	7.5%	9.7%	9.9%	9.7%	10.0%
Adjusted net margin	4.1%	4.1%	4.4%	4.3%	4.6%

Source: Company reports and Canaccord Genuity forecasts

VALUATION

Valuation is appropriate, in our view. Shares trade at 19x our 2013 EPS forecast and 9x our forecasted EBITDA. While the valuation represents a significant premium to the traditional food distribution peer group multiples generally in the low teens on forward earnings and 7 to 8x EBITDA, the valuation is at a discount to its best and only real comparable peer from a standpoint of growth, United Natural Foods. We view UNFI as the best comparison for CHEF given it also enjoys a naturally growing market, superior margins relative to most distributors (yet at 18% UNFI's gross margins are inferior to CHEF at 26%) and is the leader in its segment as is CHEF. We continue to argue that CHEF should trade at a premium to its distribution peers (as UNFI does) given its vastly superior margins, growth outlook and higher returns on invested capital.

We maintain our price target of $24.00, which reflects 11x our 2013 EBITDA forecast and 22x our 2013 EPS estimate, which is consistent with where CHEF currently trades prior to expected share price weakness today and reflects the premium valuations of the specialty food peer group.

Figure 2: Relative valuation

Food distribution Peer Group			Price	Market	Enterprise	C2012E	C2013E	P/E	P/E	Enterprise Value/ EBITDA	Enterprise Value/ EBITDA
Company	Symbol	Rating	5/4/2012	Cap ($M)	Value	EPS	EPS	C2012E	C2013E	C2012E	C2013E
Core-Mark Holdings	CORE	Not rated	37.69	430	492	3.59	4.10	10.5	9.2	5.0	NA
Nash Finch	NAFC	Not rated	23.52	287	584	2.72	3.00	8.7	7.8	4.6	4.4
Supervalu	SVU	Not rated	5.57	1,182	7,281	1.28	1.35	4.3	4.1	4.1	4.1
Sysco	SYY	Not rated	27.97	16,350	18,872	1.98	2.13	14.1	13.1	7.8	7.3
United Natural Foods	UNFI	Buy	50.32	2,467	2,676	2.07	2.27	24.3	22.2	12.1	11.2
Average								**12.9x**	**11.8x**	**7.2x**	**6.7x**

Specialty Food Peer Group			Price	Market	Enterprise	C2012E	C2013E	P/E	P/E	Enterprise Value/ EBITDA	Enterprise Value/ EBITDA
Company	Symbol	Rating	5/4/2012	Cap ($M)	Value	EPS	EPS	C2012E	C2013E	C2012E	C2013E
Diamond Foods	DMND	Not rated	20.82	459	988	2.72	3.44	7.6	6.1	4.4	2.6
Hain Celestial	HAIN	Buy	51.59	2,373	2,762	1.51	1.99	34.1	25.9	21.1	13.5
Lifeway Foods	LWAY	Not rated	8.18	134	139	0.26	0.30	31.5	27.3	14.0	NA
Peet's Coffee & Tea	PEET	Not rated	62.93	832	797	1.76	2.28	35.8	27.6	14.9	NA
Smart Balance	SMBL	Hold	5.37	319	413	0.24	0.31	22.6	17.6	10.3	8.8
United Natural Foods	UNFI	Buy	50.32	2,467	2,676	2.07	2.27	24.3	22.2	12.1	11.2
Average								**26.0x**	**21.1x**	**12.8x**	**9.0x**
Chefs' Warehouse	**CHEF**	Buy	**19.89**	**414**	**460**	**0.91**	**1.05**	**21.9x**	**18.9x**	**10.3x**	**9.4x**
Relative to conventional group								70.6%	60.0%	43.9%	39.3%
Relative to specialty group								(15.6%)	(10.3%)	(19.6%)	4.0%
Relative to UNFI								(9.8%)	(14.8%)	(15.0%)	(16.2%)

Source: Estimates for CHEF, HAIN, SMBL, UNFI and CHEF are Canaccord Genuity forecasts. All others are Thomson Reuters consensus

Figure 3: Historical and projected operating results

Fiscal Year End - December (in millions, except per-share data)

	2011				2011	2012E				2012E	2013E
Income Statement	Q1	Q2	Q3	Q4	FY	Q1A	Q2	Q3	Q4	FY	FY
Revenue	**83.2**	**99.3**	**101.7**	**116.5**	**400.6**	**98.1**	**115.2**	**116.2**	**131.7**	**461.1**	**514.3**
COGS	(61.1)	(73.0)	(75.1)	(85.5)	(294.7)	(72.0)	(84.6)	(85.3)	(96.6)	(338.5)	(377.6)
Gross Profit	22.0	26.3	26.6	31.0	105.9	26.0	30.6	30.9	35.0	122.6	136.8
Operating Expenses	(17.0)	(18.6)	(21.3)	(21.3)	(78.1)	(21.0)	(21.6)	(22.2)	(23.8)	(88.5)	(97.7)
Operating Income	5.1	7.7	5.3	9.7	27.8	5.1	9.0	8.8	11.3	34.1	39.1
EBITDA	**5.6**	**8.0**	**5.8**	**10.1**	**33.3**	**5.7**	**9.6**	**9.3**	**11.8**	**44.1**	**49.0**
Net Interest	(3.5)	(3.3)	(7.2)	(0.5)	(14.6)	(0.5)	(1.7)	(0.6)	(0.6)	(3.4)	(2.0)
Other expenses	0.1	0.0	0.0	(0.0)	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Pretax Income	1.7	4.4	(1.9)	9.2	13.3	4.5	7.3	8.2	10.7	30.7	37.1
Income Tax	(0.7)	(1.7)	0.7	(4.0)	(5.6)	(1.9)	(3.0)	(3.3)	(4.4)	(12.6)	(15.2)
Net Income	1.0	2.7	(1.2)	5.2	7.7	2.6	4.3	4.8	6.3	18.1	21.9
Average Shares	16.0	16.0	18.7	20.8	17.9	20.9	20.9	21.0	21.1	21.0	21.2
EPS	$0.06	$0.17	($0.06)	$0.25	$0.43	$0.13	$0.21	$0.23	$0.30	$0.86	$1.03
Pro forma adjustments											
GAAP Pretax income	1.7	4.4	(1.9)	9.2	13.3	4.5	7.3	8.2	10.7	30.7	37.1
SG&A	(0.8)	(0.7)	1.7	0.2	0.5	0.0	0.2	0.2	0.2	0.6	0.7
D&A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest	3.0	2.9	6.7	0.0	12.7	0.0	1.0	0.0	0.0	1.0	0.0
Adjusted EBITDA	**4.8**	**7.3**	**7.5**	**10.3**	**29.9**	**5.7**	**9.8**	**9.5**	**12.0**	**44.7**	**49.7**
Adjusted pre-tax	4.2	6.9	6.6	9.4	27.0	4.5	8.5	8.3	10.9	32.3	37.7
Taxes	(1.6)	(2.7)	(2.6)	(3.9)	(10.8)	(1.9)	(3.5)	(3.4)	(4.5)	(13.3)	(15.5)
Adjusted net income	2.6	4.2	4.0	5.5	16.2	2.6	5.0	4.9	6.4	19.0	22.3
Pro Forma EPS	**$0.12**	**$0.20**	**$0.19**	**$0.26**	**$0.78**	**$0.13**	**$0.24**	**$0.23**	**$0.31**	**$0.91**	**$1.05**
Shares outstanding	20.8	20.8	20.8	20.8	20.8	20.9	20.9	21.0	21.1	21.0	21.2
Margin Analysis											
Gross Margin	**26.5 %**	**26.5 %**	**26.2 %**	**26.6 %**	**26.4 %**	**26.6 %**	**26.6 %**	**26.6 %**	**26.6 %**	**26.6 %**	**26.6 %**
Warehousing and distribution	10.3 %	9.2 %	10.4 %	10.0 %	10.0 %	11.4 %	8.9 %	9.8 %	9.5 %	9.9 %	9.7 %
SG&A	9.3 %	9.1 %	10.1 %	7.9 %	9.0 %	9.3 %	8.8 %	8.2 %	7.7 %	8.4 %	8.3 %
Adjusted operating margin	5.2 %	7.1 %	6.9 %	8.5 %	7.1 %	5.2 %	8.0 %	7.7 %	8.7 %	7.5 %	7.7 %
Adjusted EBITDA margin	**5.8 %**	**7.4 %**	**7.4 %**	**8.8 %**	**7.5 %**	**5.8 %**	**8.5 %**	**8.2 %**	**9.1 %**	**9.7 %**	**9.7 %**
Pretax margin	2.0 %	4.4 %	-1.9 %	7.9 %	3.3 %	4.6 %	6.4 %	7.0 %	8.1 %	6.7 %	7.2 %
Adjusted net margin	3.1 %	4.2 %	3.9 %	4.7 %	4.1 %	2.7 %	4.4 %	4.2 %	4.9 %	4.1 %	4.3 %
Tax Rate	39.0%	39.0%	39.0%	41.5%	39.9%	41.6%	41.0%	41.0%	41.0%	41.1%	41.0%
Growth (vs Year Ago)											
Revenue	19 %	19 %	20 %	27 %	21 %	18 %	16 %	14 %	13 %	15 %	12 %
Operating	67 %	37 %	-15 %	50 %	29 %	0 %	17 %	64 %	16 %	23 %	15 %
Pro forma Pre-Tax Income	89 %	38 %	16 %	62 %	45 %	7 %	24 %	27 %	17 %	20 %	21 %
Pro forma Net Income	89 %	38 %	16 %	56 %	43 %	2 %	20 %	23 %	18 %	17 %	21 %
Pro forma EPS	87 %	36 %	15 %	55 %	42 %	2 %	19 %	22 %	16 %	16 %	16 %
Ratio Analysis											
Net debt	95.7	100.9	43.8	45.5	45.5	32.9	32.7	27.1	25.9	25.9	2.1
DSOs	39.6	37.1	37.6	38.4	38.4	39.9	37.1	37.6	38.4	38.4	38.4
Days Inventory	25.7	24.1	23.4	22.1	25.7	25.7	24.1	23.4	22.1	25.3	25.1
Inventory Turns	3.5	3.8	3.9	4.1	14.2	3.5	3.8	3.9	4.1	14.4	14.5
ROIC	25.2%	33.1%	20.6%	32.3%	23.8%	19.0%	31.2%	29.7%	34.7%	26.2%	27.9%
Return on Equity	nmf	nmf	nmf	nmf	nmf	74.7 %	38.1 %	35.0 %	38.3 %	37.4 %	24.6 %
Operating ROA	24.9%	32.2%	22.0%	37.0%	29.7%	19.3%	32.7%	31.0%	37.1%	30.2%	30.4%
Debt/Total Capital	85.8%	86.5%	70.8%	68.5%	71.7%	65.9%	64.1%	62.0%	59.8%	59.9%	34.8%
Cash Flow Analysis											
Operating cash flow	3.1	5.3	(1.9)	1.3	7.7	13.8	4.3	3.4	2.7	24.1	28.2
Free cash flow	2.7	4.8	(2.6)	0.6	5.6	13.1	3.6	2.7	2.0	21.5	25.6
EBITDA	5.6	8.0	7.7	12.0	33.3	7.6	11.5	11.2	13.8	44.1	49.0

Source: Company reports and Canaccord Genuity forecasts

Investment risks

Key risks that may impede the achievement of our forecasts and/or price target include the following:

A rise in commodity prices: While normally beneficial for food distributors, excessive commodity costs, which have been volatile over the last several years, could alter consumption behavior and lower consumer demand. Major products sold that have had their inputs fluctuate greatly are dairy, wheat, flour, and cooking oils. Additionally, rises in fuel costs could negatively impact CHEF's operations.

Economic sensitivity: Given CHEF's focus on higher end food service establishments, the company is exposures to potential sales volatility as consumer confidence and spending fluctuation. Recent concerns surrounding incremental economic weakness have impacted the performance of the shares.

Competitive activity: Despite its favorable positioning in specialty foods, competition in the food distribution industry is fierce and CHEF competes with larger food companies with greater resources. Market leaders include Sysco, U.S. Foodservices, Inc and United Natural Foods.

Market concentration: CHEF operations are concentrated in six markets, leaving the Company susceptible to economic downturns. As of the end of 2010, 66% of CHEF's total sales originated from the New York market.

Acquisition and integration risk: CHEF has made several acquisitions over its history and it remains a key growth initiative. The specialty foods distribution industry is highly fragmented and the Company has indicated plans for future acquisitions. Future acquisitions could strain management resources; result in sales disruptions or loss of key personnel and the company may not achieve expected cost reductions or distribution gains.

Product recalls and/or food safety concerns: CHEF products are ingested and any concern about food safety or quality can impair consumer confidence in the brands sold through CHEF. The risk of adverse health impacts is always present.

Industry regulation: CHEF's line of business is highly regulated at the federal, state and local levels, and its specialty food products and distribution operations require various licenses, permits and approvals. Suppliers are also subject to similar regulatory requirements and oversight. In addition, as a distributor of specialty food products, CHEF is subject to increasing governmental scrutiny of and public awareness regarding food safety and the sale, packaging and marketing of natural and organic products

Weather: Adverse weather conditions can significantly impact CHEF's ability to profitably and efficiently conduct its operations and, in severe cases, could result in its trucks being unable to make deliveries or cause the temporary closure or the destruction of one or more of its distribution centers.

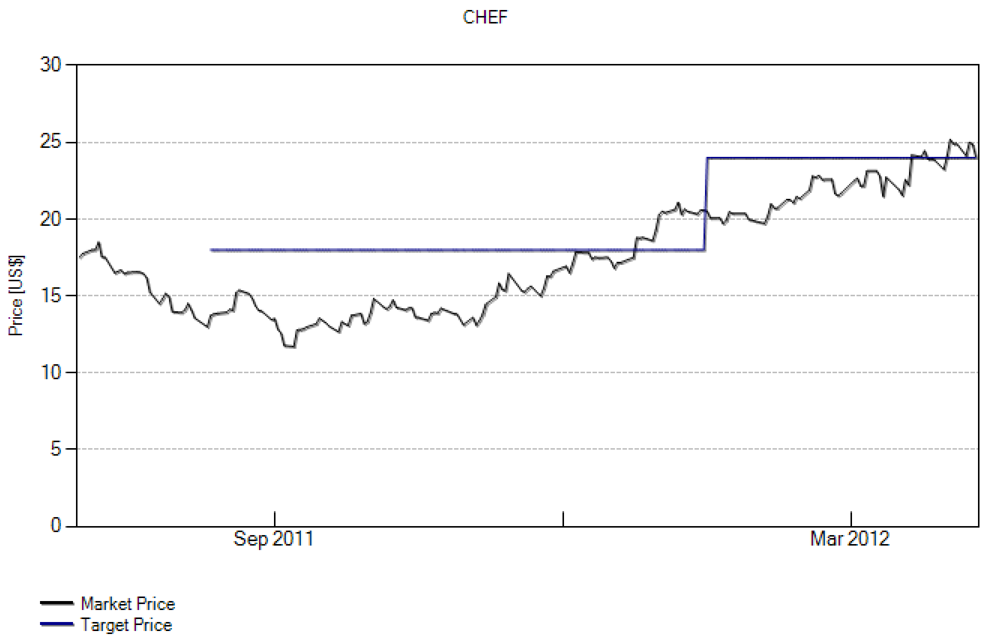
In addition, we strongly urge investors to review the complete set of risk factors that can be found in The Chefs' Warehouse's most recent regulatory filing.

APPENDIX: IMPORTANT DISCLOSURES

Analyst Certification: Each authoring analyst of Canaccord Genuity whose name appears on the front page of this investment research hereby certifies that (i) the recommendations and opinions expressed in this investment research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst's coverage universe and (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the investment research.

Site Visit: An analyst has visited the issuer's material operations in Ridgefield, Connecticut. No payment or reimbursement was received from the issuer for the related travel costs.

Price Chart:*



	Date	Analyst	Rating	Target Price		Date	Analyst	Rating	Target Price
1)	09/07/2011	Winkle	Buy	18.00	2)	02/09/2012	Winkle	Buy	24.00

*Price charts assume event 1 indicates initiation of coverage or the beginning of the measurement period.

Distribution of Ratings:
Global Stock Ratings
(as of 2 April 2012)

	Coverage Universe		IB Clients
Rating	#	%	%
Buy	503	59.3%	31.0%
Speculative Buy	91	10.7%	73.6%
Hold	232	27.4%	18.5%
Sell	22	2.6%	9.1%
	848	100%	

Canaccord Genuity Ratings System:

BUY: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.
HOLD: The stock is expected to generate risk-adjusted returns of 0-10% during the next 12 months.
SELL: The stock is expected to generate negative risk-adjusted returns during the next 12 months.
NOT RATED: Canaccord Genuity does not provide research coverage of the relevant issuer.

"Risk-adjusted return" refers to the expected return in relation to the amount of risk associated with the designated investment or the relevant issuer.

Risk Qualifier: **SPECULATIVE:** Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.

Canaccord Genuity Research Disclosures as of 4 May 2012

Company	Disclosure
The Chefs' Warehouse	1A, 2, 3, 5, 7

1	The relevant issuer currently is, or in the past 12 months was, a client of Canaccord Genuity or its affiliated companies. During this period, Canaccord Genuity or its affiliated companies provided the following services to the relevant issuer: A. investment banking services. B. non-investment banking securities-related services. C. non-securities related services.
2	In the past 12 months, Canaccord Genuity or its affiliated companies have received compensation for Corporate Finance/Investment Banking services from the relevant issuer.
3	In the past 12 months, Canaccord Genuity or any of its affiliated companies have been lead manager, co-lead manager or co-manager of a public offering of securities of the relevant issuer or any publicly disclosed offer of securities of the relevant issuer or in any related derivatives.
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5	Canaccord Genuity or any of its affiliated companies is a market maker or liquidity provider in the securities of the relevant issuer or in any related derivatives.
6	In the past 12 months, Canaccord Genuity, its partners, affiliated companies, officers or directors, or any authoring analyst involved in the preparation of this investment research has provided services to the relevant issuer for remuneration, other than normal course investment advisory or trade execution services.
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9	The authoring analyst, a member of the authoring analyst's household, or any individual directly involved in the preparation of this investment research, has a short position in the shares or derivatives, or has any other financial interest in the relevant issuer, the value of which increases as the value of the underlying equity decreases.
10	Those persons identified as the author(s) of this investment research, or any individual involved in the preparation of this investment research, have purchased/received shares in the relevant issuer prior to a public offering of those shares, and such person's name and details are disclosed above.
11	A partner, director, officer, employee or agent of Canaccord Genuity and its affiliated companies, or a member of his/her household, is an officer, or director, or serves as an advisor or board member of the relevant issuer and/or one of its subsidiaries, and such person's name is disclosed above.
12	As of the month end immediately preceding the date of publication of this investment research, or the prior month end if publication is within 10 days following a month end, Canaccord Genuity or its affiliate companies, in the aggregate, beneficially owned 1% or more of any class of the total issued share capital or other common equity securities of the relevant issuer or held any other financial interests in the relevant issuer which are significant in relation to the investment research (as disclosed above).
13	As of the month end immediately preceding the date of publication of this investment research, or the prior month end if publication is within 10 days following a month end, the relevant issuer owned 1% or more of any class of the total issued share capital in Canaccord Genuity or any of its affiliated companies.
14	Other specific disclosures as described above.

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