

# Chipotle Mexican Grill, Inc.

## Into the 2Q21 Print

Restaurants | Increase Target Price

CMG

Target price (12M, US\$)

1,950

Outperform

- **Considerations into 2Q Print:** CMG reports 2Q earnings 7/20 AMC, with a conference call scheduled @4:30PM ET. CMG guided 2Q SSS in the range of high 20% to 30%, implying 2-yr SSS of ~15-17%. SSS in the first few weeks of April were in the high-teens to 20%+ range, and we believe trends remained strong in the quarter, and model SSS of 31%, implying 2-yr SSS of ~18% (1Q21 ~21%), supported by digital, quesadilla launch, marketing, pricing & easing dining restrictions. QSR industry trends (MillerPulse) remained strong in 2Q, with underlying sales ~15.5% above pre-COVID levels in April & May and ~11.7% in June, noting CMG generally outperforms the index. We expect CMG to address its long-term AUV/restaurant margin framework following the mid-quarter labor investment and 3.5-4% price increase, with the company suggesting the price increase would cover the dollar cost of the labor investment, though likely be a margin headwind. That said, sell-side numbers already embed an ongoing ~200bps AUV/margin gap, and we believe levers exist to offset margin headwinds, including additional pricing. Sell-side models 2Q SSS of ~30% (guide high 20% to 30%), a restaurant margin of ~23.7% and EPS of \$6.51.
- **Framing the CMG Thesis:** CMG continues to be one of our favorite near-term and long-term stocks as a rare compounding growth story positioned for double-digit top-line and margin expansion over the years to come. While we acknowledge concerns around a walk back on the margin algorithm, we believe estimates already embed an ongoing ~200bps AUV/margin gap (consensus 2022/2023 AUVs \$2.7/2.8MM+ and restaurant margins ~24.9%/26%), the price increase covers the dollar cost of the investment and levers exist to help offset margin headwinds. Further, we view CMG's culture & commitment to labor investments as competitive advantages, well positioning CMG to recruit and retain employees in a challenging environment. We believe CMG is on path to exceed \$3MM AUVs and deliver restaurant margins in the high 20% range, translating to among the best unit economics and unit returns in restaurants, and accelerate unit openings.
- **Estimate Changes:** We are increasing our 2Q21 EPS to \$6.53 (from \$6.30), and 2021/2022 EPS to \$25.44/34.74 (from \$24.28/32.91).
- **Valuation:** We are increasing our TP to \$1,950 (from \$1,875) based on ~53x/32x our NTM EPS/EBITDA in 12 months, and supported by our DCF. Risks: food safety headlines, COVID-19, consumer spending.

Previous target price (12M, US\$)	1875.00
Price (14 Jul 21, US\$)	1619.98
52-week price range	1619.98 - 1112.23
Enterprise value (US\$ m)	44,675

### Research Analysts

**Lauren Silberman**  
212 325 2720  
lauren.silberman@credit-suisse.com

**Douglas Eisman**  
212 325 8212  
douglas.eisman@credit-suisse.com

### Financial and valuation metrics

Year	12/20A	12/21E	12/22E	12/23E
EPS (CS adj.) (US\$)	10.73	25.44	34.74	43.05
Prev. EPS (US\$)	-	24.28	32.91	40.92
Revenue (US\$ m)	5,984.6	7,475.2	8,517.9	9,506.9
EBITDA (US\$ m) 1	594.9	1,221.5	1,618.7	1,944.5
P/OCF (x)	59.4	40.0	33.5	28.0
EV/EBITDA (current)	75.5	36.8	27.7	23.1
Net debt (US\$ m)	-608	-928	-1,394	-2,110
ROIC (%)	21.38	47.62	60.03	70.14
Number of shares (m)	28.15	IC (current, US\$ m)		1,412.15
Net debt (Next Qtr., US\$ m) 1	-810.7	Dividend (current, US\$)		-
Net debt/tot eq (Next Qtr., %)	-36.3			

Source: Company data, Refinitiv, Credit Suisse estimates

### Share price performance



On 14-Jul-2021 the S&P 500 INDEX closed at 4374.3Daily  
Jul14, 2020 - Jul14, 2021, 07/14/20 = US\$1103.02

Quarterly EPS	Q1	Q2	Q3	Q4
2020A	3.08	0.40	3.76	3.48
2021E	5.36	6.51	6.81	6.77
2022E	7.31	9.09	9.13	9.22

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# Chipotle Mexican Grill, Inc. (CMG)

Price (14 Jul 2021): **US\$1619.98** Target Price: (from 1875.00) **1950.00**

Analyst: **Lauren Silberman**

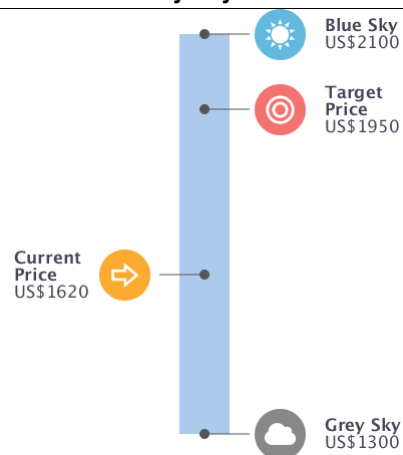
Rating: **Outperform**

Income Statement	12/20A	12/21E	12/22E	12/23E
Revenue (US\$ m)	5,984.6	7,475.2	8,517.9	9,506.9
EBITDA (US\$ m)	595	1,222	1,619	1,944
Depr. & amort.	(239)	(265)	(294)	(318)
EBIT (US\$)	356	957	1,325	1,626
Net interest exp	-0	-0	-0	-0
PBT (US\$)	360	960	1,333	1,634
Income taxes	(55)	(236)	(353)	(433)
Net profit (US\$)	305	725	980	1,201
Other NPAT adjustments	0	0	0	0
Cash Flow	12/20A	12/21E	12/22E	12/23E
Cash flow from operations	664	1,154	1,365	1,616
CAPEX	(373)	(402)	(400)	(400)
Free cashflow to the firm	290	753	965	1,216
Cash flow from investments	(433)	(432)	(400)	(400)
Net share issue/(repurchase)	(54)	(357)	(500)	(500)
Dividends paid	0	0	0	0
Changes in Net Cash/Debt	127	320	465	716
Balance Sheet (US\$)	12/20A	12/21E	12/22E	12/23E
Cash & cash equivalents	608	928	1,394	2,110
Account receivables	105	68	68	68
Other current assets	681	669	669	669
Total fixed assets	1,584	1,727	1,833	1,915
Investment securities	102	111	111	111
Total assets	5,983	6,496	7,068	7,865
Total current liabilities	822	834	834	834
Shareholder equity	2,020	2,444	3,016	3,814
Total liabilities and equity	5,983	6,496	7,068	7,865
Net debt	(608)	(928)	(1,394)	(2,110)
Per share	12/20A	12/21E	12/22E	12/23E
No. of shares (wtd avg)	28	28	28	28
CS adj. EPS	10.73	25.44	34.74	43.05
Prev. EPS (US\$)	-	24.28	32.91	40.92
Dividend (US\$)	0.00	0.00	0.00	0.00
Free cash flow per share	10.22	26.42	34.24	43.59
Earnings	12/20A	12/21E	12/22E	12/23E
Sales growth (%)	7.1	24.9	13.9	11.6
EBIT growth (%)	(28.5)	168.5	38.5	22.7
Net profit growth (%)	(23.3)	137.7	35.2	22.6
EPS growth (%)	(23.6)	137.0	36.6	23.9
EBITDA margin (%)	9.9	16.3	19.0	20.5
EBIT margin (%)	6.0	12.8	15.6	17.1
Pretax margin (%)	6.0	12.8	15.6	17.2
Net margin (%)	5.1	9.7	11.5	12.6
Valuation	12/20A	12/21E	12/22E	12/23E
P/E (x)	150.9	63.7	46.6	37.6
Returns	12/20A	12/21E	12/22E	12/23E
ROIC (%)	21.4	47.6	60.0	70.1
Gearing	12/20A	12/21E	12/22E	12/23E
Net debt/equity (%)	(30.1)	(38.0)	(46.2)	(55.3)
Quarterly EPS	Q1	Q2	Q3	Q4
2020A	3.08	0.40	3.76	3.48
2021E	5.36	6.51	6.81	6.77
2022E	7.31	9.09	9.13	9.22

## Company Background

Chipotle Mexican Grill operates fast casual restaurants with a focused menu of burritos, tacos, burrito bowls and salads, made using fresh ingredients.

## Blue/Grey Sky Scenario



## Our Blue Sky Scenario (US\$)

**2100.00**

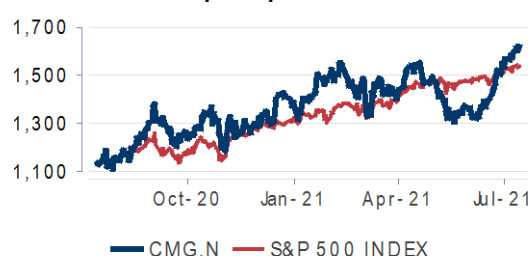
Our \$2,100 one-year valuation in a blue sky scenario is based on a P/E multiple of ~53x our blue sky FY22 EPS. Our blue sky FY22 EPS is based on: 1) SSS of 8.5%; 2) unit growth of ~7.5%; and 3) restaurant-level margins of ~26%.

## Our Grey Sky Scenario (US\$)

**1300.00**

Our \$1,300 one-year valuation in a grey sky scenario is based on a P/E multiple of ~40.5x our grey sky FY22 EPS. Our grey sky FY22 EPS is based on: 1) SSS of 5%; 2) unit growth of ~6.5%; and 3) restaurant-level margins of ~24%.

## Share price performance



On 14-Jul-2021 the S&P 500 INDEX closed at 4374.3  
Daily Jul14, 2020 - Jul14, 2021, 07/14/20 = US\$1103.02

Source: Company data, Refinitiv, Credit Suisse estimates

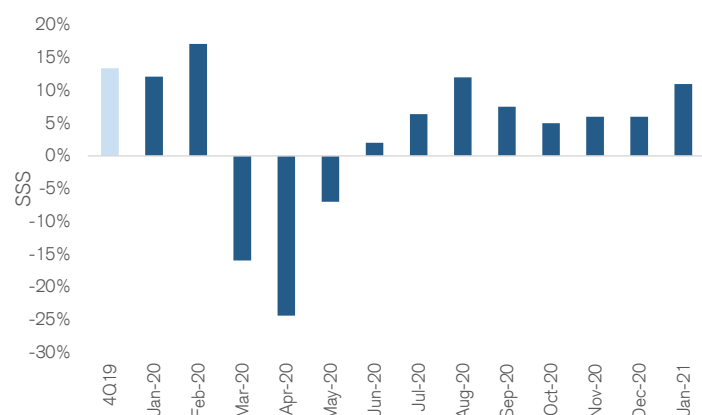
## Considerations for 2Q21 and 2021

### SSS

For 2Q21, sell-side consensus models SSS of ~30%, noting CMG guided 2Q SSS in the range of high 20% to 30%, implying 2-yr SSS of ~15-17% (1Q21 2-yr SSS ~21%). April 2-yr SSS were running in the high teens to 20%+. Compares got tougher throughout the quarter, with CMG lapping April SSS of -24.4%, May SSS of -7% and June SSS of 2%.

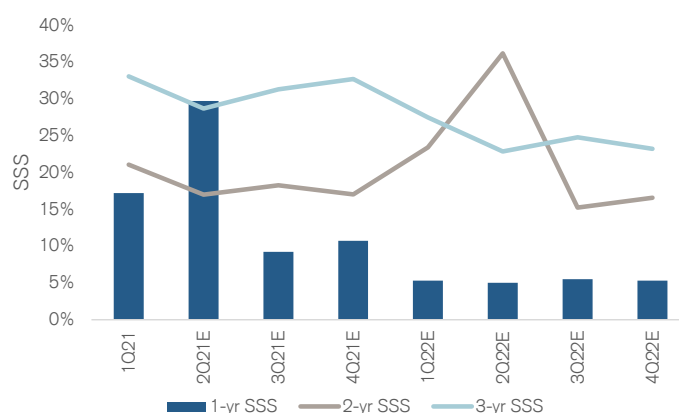
Consensus currently estimates SSS of 16.8% in 2021 (including 2H21 of 9.5-11%) and 5.3% in 2022. Estimates imply 2-yr compounding SSS of ~19% in 2021, in-line with its average from 2011-2015 (five years pre-food safety incidences). Consensus estimates imply 3-yr compounding SSS of ~25% in 2022, relative to an average of ~27% in 2011-2015.

**Figure 1: SSS compares got tougher throughout the quarter, with CMG lapping April -24.4%, May -7% and June 2%.**



Source: Company data, Credit Suisse estimates

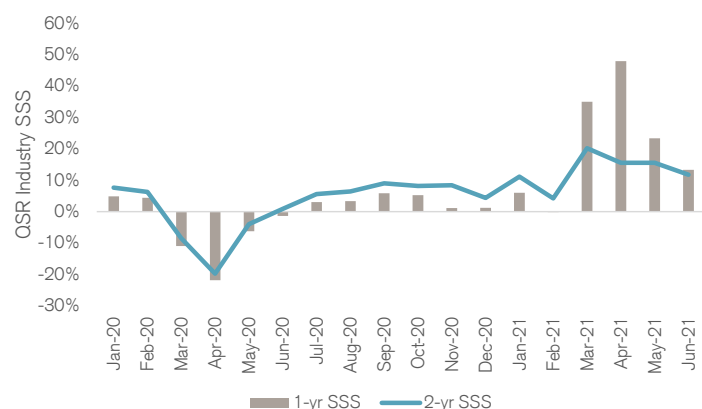
**Figure 2: Consensus estimates imply 1-yr SSS of 16.8% in 2021 and 5.3% in 2022, implying 2-yr compounding SSS of ~19% in 2021 & 3-yr compounding SSS of ~25% in 2022.**



Source: Company data, Credit Suisse estimates

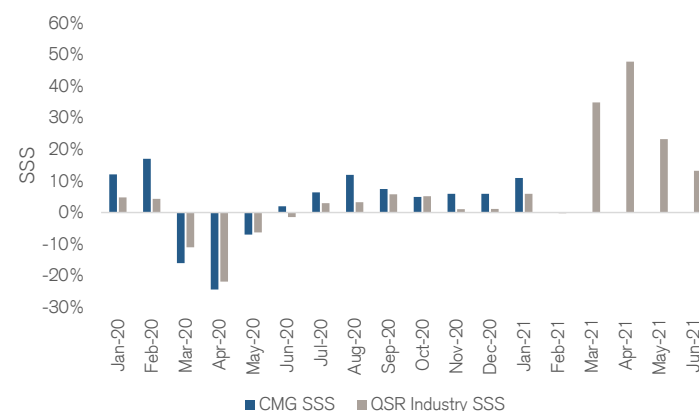
Note: Represents compounding 2-yr and 3-yr SSS.

**Figure 3: Based on QSR industry data, trends remained strong in 2Q, with 2-yr SSS in April & May ~15.5% & June 11.5-12%.**



Source: MillerPulse, Credit Suisse estimates

**Figure 4: CMG has generally outperformed the QSR industry SSS index, which we expect continued in 2Q21.**



Source: MillerPulse, Credit Suisse estimates

In 2021, we expect CMG to continue to outperform and gain market share, with contribution from company-specific initiatives including benefits from new menu innovation, digital and marketing, as well as industry tailwinds from increased consumer mobility.

## Menu Innovation

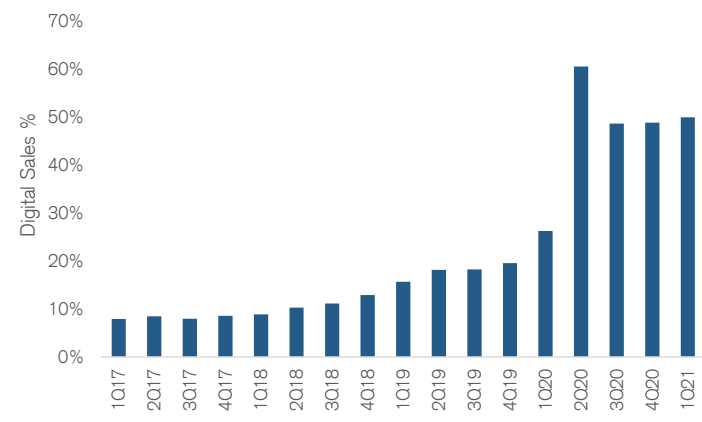
- **Quesadillas** – On 3/11, CMG launched quesadillas, the #1 most requested new menu item, as a digital-only item following a long stage-gate testing process to improve operational challenges, and an opportune time given a digital mix of ~50%. As of late April, quesadillas were running at a ~10% incidence mix, with CMG noting the item drove high penetration of new customers and had a higher attach rate than burritos and bowls. We believe this mix implies the average store is selling ~75 units per day per store, and assuming ~75% incrementality, would imply SSS contribution of ~7-8%.
- **Cauliflower Rice** – In early January, CMG launched cauliflower rice nationwide, which was available through mid-May. We estimate cauliflower rice contributed ~200bps to SSS when available, which assumes ~5% of customers traded up at an additional cost of \$2 and a slight benefit from traffic.
- **Smoked Brisket** – In November 2020, CMG announced it began testing Smoked Brisket at 64 restaurants in Ohio (Cincinnati) and California (parts of Sacramento). We expect Smoked Brisket to be rolled out later this year as a limited time offer.
- **Pollo Asado** – We believe Pollo Asado is currently in test in select markets.

We believe the new equipment for the quesadilla and digital-only nature of the quesadilla are supportive of future menu innovation that could be executed off of the front line, with potential menu items such as nachos, enchiladas & churros. We expect CMG to launch 2-3 new products a year.

## Digital

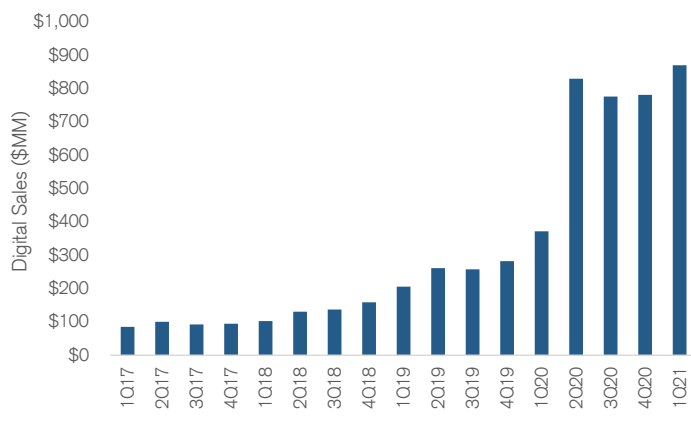
Digital represents ~50% of overall sales (order ahead 25%+) following accelerated digital adoption in 2020. We expect the digital mix to settle at ~40% of sales in a normalized environment, noting: 1) CMG is retaining ~80-85% of digital sales even as restaurants reopen dining rooms; 2) markets that have been open longer, have easier restrictions and warmer weather (e.g., Southeast, Florida, etc.) have digital mixes of ~40%; 3) digital customers tend to be stickier; 4) CMG was already reaching a digital sales mix as high as 30% in some restaurants pre-COVID; 5) Chipotlanes, which have been running a digital mix of ~60%, will become a bigger part of the portfolio (~10% of asset base by end of 2021); and 6) select digital-forward fast casual peers were already generating high digital utilization pre-COVID (digital represented ~35% of Panera sales & 50%+ of Sweetgreen orders pre-COVID).

**Figure 5: Digital represents ~50% of CMG's sales mix currently, up from ~20% in 2019 & ~13% in 2018.**



Source: Company data, Credit Suisse estimates

**Figure 6: CMG's digital business grew to ~\$870MM in 1Q21, translating to annualized digital sales of \$1.1MM+ per unit.**

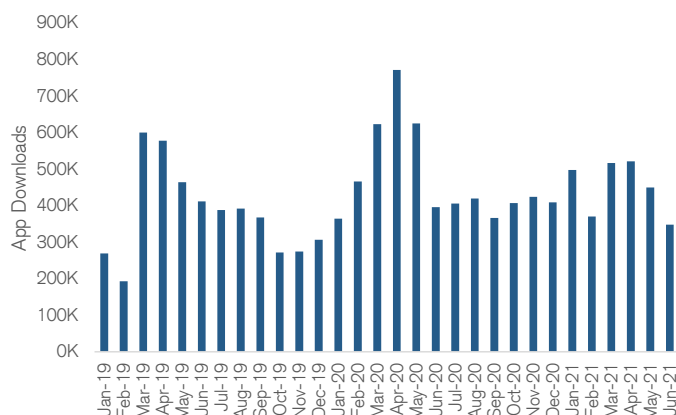


Source: Company data, Credit Suisse estimates

Based on digital app download data from SensorTower, Chipotle monthly digital app downloads averaged ~440K in the quarter, with downloads decreasing from ~520K in April to ~450K in May and ~350K in June (relatively in-line with monthly average pre-COVID). Digital app

downloads increased in March and April to ~520K per month, likely reflecting the benefit from the introduction of digital-only quesadillas in mid-March. We would expect digital app downloads to reaccelerate in July following the recent loyalty program update (launched 6/23).

**Figure 7: Based on data from SensorTower, Chipotle monthly app downloads increased in March & April to ~520K following the launch of digital-only quesadillas.**



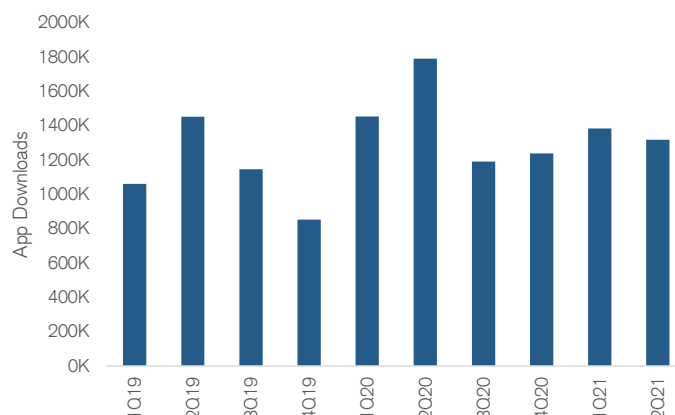
Source: SensorTower, Credit Suisse estimates

We view CMG as better positioned than nearly every other large restaurant chain to capitalize on digital, supported by CMG's younger and more affluent customer base, transportable food, best-in-class operations with separate in-store and digital production lanes and no drive-thrus – enhancing the perception of convenience from digital access. CMG's secondary production lines (digital make-lines) assemble digital orders without disrupting the main production line, effectively offering the ability to nearly double restaurant capacity.

### Loyalty

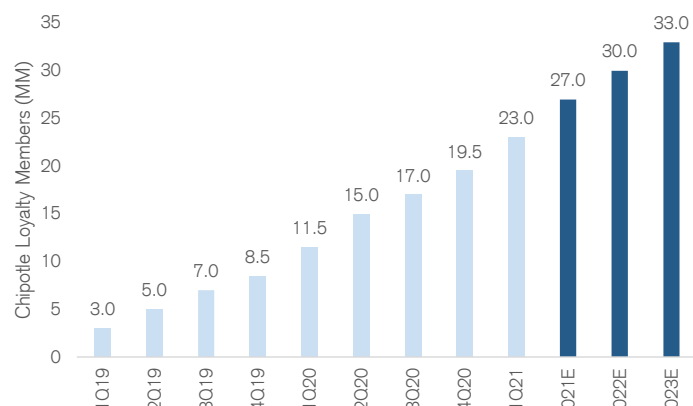
Chipotle Rewards has grown to ~23MM members after launching in March 2019. Chipotle recently introduced the Chipotle Rewards Exchange, expanding its loyalty program to offer multi-tier redemption, which effectively lowers the entry point into the rewards program and offers customers the opportunity to redeem rewards at a lower spend level (now \$25 spend vs \$125 previously). We believe loyalty is still in early innings, and we expect more meaningful SSS contribution going forward as the brand leverages its customer database to influence behavior, noting personalization has increased transaction levels across all frequency cohorts.

**Figure 8: Total downloads in 2Q21 were ~1.3MM, a slight deceleration from 1Q's ~1.4MM (-5%), though above 3Q20 (1.2MM) and 4Q20 (1.25MM).**



Source: SensorTower, Credit Suisse estimates

**Figure 9: Chipotle has grown its loyalty program to ~23MM members in ~2.5 years, one of the fastest growing programs in restaurants.**



Source: Company data, Credit Suisse estimates

### Delivery

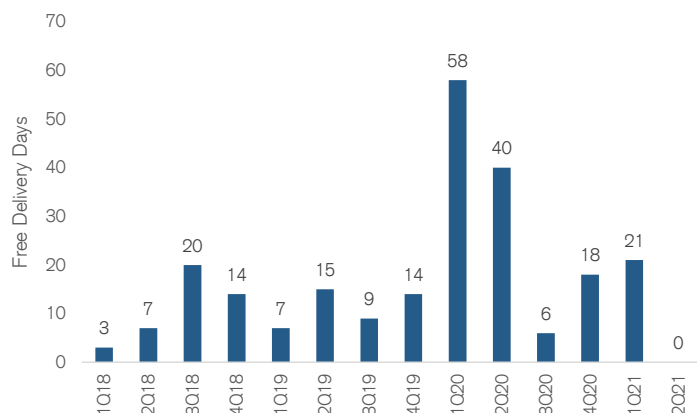
Delivery currently represents 20-25% of CMG's sales mix, up from ~10% pre-COVID, with a ~60%/40% split between third-party marketplace and white label delivery orders.

Delivery is CMG's least margin accretive channel, as CMG generally pays a commission based on a percentage of the order value for orders placed through third-party platforms and a per order fee to DoorDash for orders placed through CMG's direct channels.

2Q21 was the first quarter the brand did not offer any days of free delivery since launching these offers with national partners in 1Q18. During the quarter, Chipotle partnered with Uber Eats to offer a free side of guac from 6/3-6/16. This compares to 40 days of free delivery in 2Q20, including all of April 2020 as part of a Healthcare Heroes promotion (4/1-4/30) and ten days associated with Cinco de Mayo (5/1-5/10).

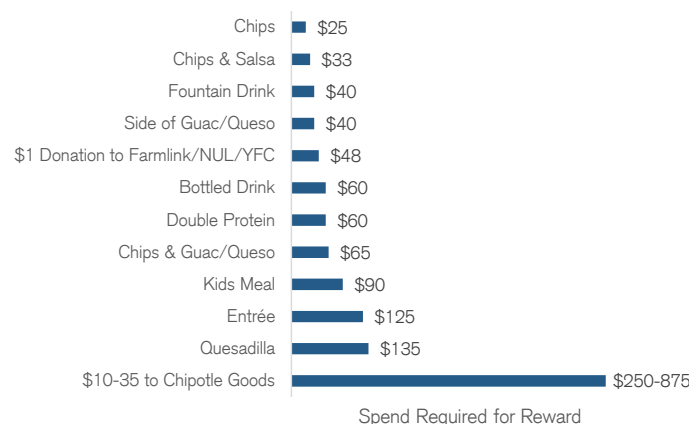
CMG raised delivery menu prices in September to an average of ~13%, and again increased delivery prices another 4% in April to an average of ~17%. CMG has suggested delivery is still margin dilutive, though the brand has largely recouped margin dollars lost, with potential opportunity to further increase prices to fully offset the margin headwind.

**Figure 10: 2Q21 was the first quarter Chipotle did not offer any days of free delivery since launching these offers with national partners in 1Q18.**



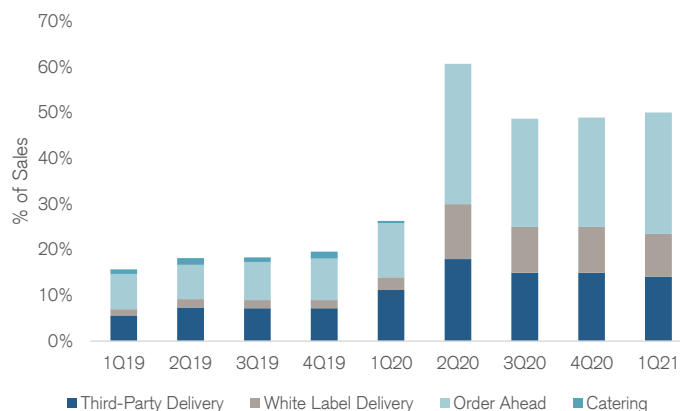
Source: Company data, Credit Suisse estimates

**Figure 10: Chipotle expanded its loyalty program at the end of June to offer multi-tier redemption, lowering the entry point for customers to start redeeming rewards.**



Source: Company data, Credit Suisse estimates

**Figure 11: Delivery represents nearly 25% of sales, up from ~10% pre-COVID, with a ~60%/40% split between third party marketplaces and white label in-app delivery.**



Source: Company data, Credit Suisse estimates

Note: Assumes catering sales mix of 1% in 1Q/3Q and 1.5% in 2Q/4Q in 2019.

## Marketing & Social Media

CMG leverages traditional and nontraditional channels to connect with its audience and encourage engagement. The brand frequently collaborates with social media influencers and celebrities that are organic Chipotle fans across different channels, has a featured section in its app for favorite menu items from collaborations and is increasingly leveraging its loyalty program as a channel to connect with its member base. The brand's promotions generally require engagement from fans or are connected to a social cause.

During 2Q, CMG pledged 250K in burritos to be given to healthcare heroes, inviting fans to thank medical professionals in their community on social media. The brand also launched an egift card program, agreeing to match 10% of special egift card purchases from 4/28-5/9 to be donated to the American Nurses Foundation.

In celebration of National Burrito Day (4/1), CMG gave away \$100K in free burritos and \$100K in Bitcoin to fans who correctly guessed a six-digit code. For Cinco de Mayo, CMG offered 250K BOGO deals, giving away 50K BOGOs each day for five days (5/3-5/7) to the first 50K fans to answer 10 Chipotle IQ questions correctly.

CMG partnered with superstars Trixie Mattel, Kim Chi and Gottmik to support LGBTQIA+ charities for Pride Month, launching its first-ever Queen of Pride competition, featuring the three drag stars' go-to Chipotle orders on digital channels 6/1-6/16, with \$1 from each purchase to go towards a charity of their choice, and the winner to receive an additional \$10K to donate. On 6/13, the trio hosted a Chipotle Drag Lunch on Trixie Mattel's YouTube channel to talk about Chipotle & their charities. CMG also featured custom bowls inspired by the orders for three top NFL prospects in advance of the NFL draft at the end of April, and partnered with artist Twenty One Pilots to feature a burrito on digital channels 5/13-5/21. On 6/14, CMG began featuring the go-to orders of American Athletes with the "Team Chipotle" menu on digital channels, is releasing new episodes of its "Unwrapped" video series and aired its first national TV commercial on 7/5 featuring a professional athlete. CMG is also airing TV commercials throughout the 2021 NBA finals in July, with each commercial to have a keyword hidden for fans to unlock 10-40K burritos.

On 6/23, CMG launched Rewards Exchange, expanding its loyalty program to offer customers multi-tier redemption. This effectively lowered the entry point for customers to redeem rewards, starting at \$25 of required spend from \$125 previously.

## Unit Growth

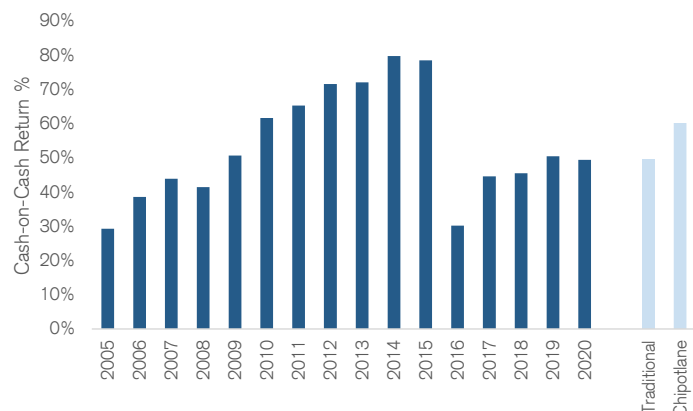
CMG expects to open ~200 units in 2021, with ~70% of the new class to include a Chipotlane. We model 200 net new units in 2021 and an incremental 10 units per year following, translating to ~7% unit growth over the next four years. Compelling and improving new unit returns and an expanding portfolio of prototypes support our confidence in the unit growth outlook.

CMG has historically demonstrated among the best new unit economics in restaurants given its simplistic operating structure, high AUVs, strong new unit productivity and labor leverage. At peak in 2014/2015, CMG was demonstrating cash-on-cash returns of 70-80%. Currently, we estimate cash-on-cash returns of a traditional prototype are trending at 40-50%, while Chipotlanes are likely closer to 50-60%. Chipotlanes add an incremental investment cost of \$75-100K, though returns are ~10pp higher given higher overall sales, digital sales, digital mix and margins.

CMG is targeting a total unit potential of ~6,000 US units, from 2,800+ currently, noting the company continues to expand its total addressable market potential as it adds new formats. CMG started testing Chipotlanes in late 2018/early 2019, and has since accelerated the rollout of the digital-forward prototype, now in ~200 units or ~7% of the portfolio, with 10%+ of the asset base expected to include a Chipotlane by the end of 2021. In late 2020, CMG opened its first digital-only restaurant, noting plans for future digital-only units, and opportunities to further expand into urban markets in sites that would otherwise be unsuitable for a traditional restaurant.

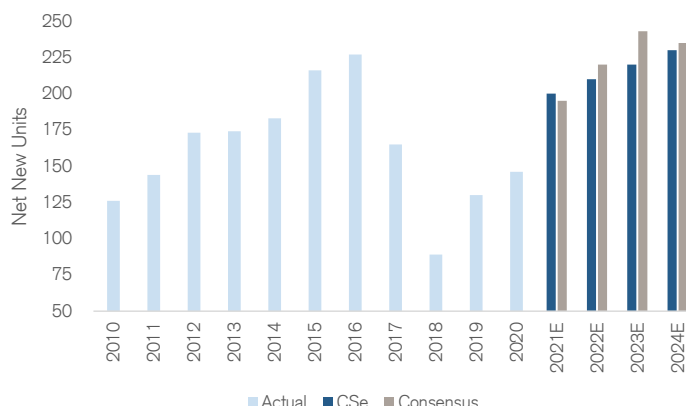


**Figure 12: We estimate CMG is demonstrating cash-on-cash returns of 40-50% for traditional restaurants and 50-60% for Chipotle restaurants.**



Source: Company data, Credit Suisse estimates

**Figure 13: We model 200 new units in 2021 and ~10 incremental per year following, implying unit growth of ~7% over the next few years.**



Source: Company data, Consensus Metrix, Credit Suisse estimates

## Restaurant Margin

Sell-side models a restaurant margin of ~23.7% in 2Q, largely in-line with CMG's guide, which implied a restaurant margin of ~23.5-24%. For 2Q, CMG guided to COGS in the mid-to-high 30% range (consensus 30.7%), labor in the low 24% range (consensus 24.3%) and other opex of ~16% (consensus ~15.8%), including marketing in the mid-2% range. CMG noted expectations for 2Q TTM AUVs to surpass \$2.4MM and for the margin algorithm to keep pace, suggesting underlying margins should be ~24% (all else equal).

For 2H21, sell-side models a restaurant margin of ~23.5-23.6% on AUVs of \$2.5MM+, implying a ~200bps gap to CMG's long-term AUV/margin framework. CMG largely closed the margin gap to its long-term structural framework in 1Q21, delivering 22.3% restaurant margins with ~\$2.27MM AUVs (ex-delivery menu price increase), or ~22.7% excluding elevated marketing spend in 1Q.

We expect CMG to address its long-term AUV/restaurant margin framework following the mid-quarter labor investment and 3.5-4% price increase, with the company suggesting the price increase would cover the dollar cost of the labor investment, though likely be a margin headwind. While we acknowledge concerns around a walk back on the algorithm, we believe estimates already embed an ongoing ~200bps AUV/margin gap, the recent price increase covers the dollar cost of the investment (no change to earnings power) & levers exist to help offset margin headwinds. For reference, sell-side models 2022 AUVs of \$2.7MM & a restaurant margin of ~24.9%, and 2023 AUVs of \$2.8MM & a restaurant margin of ~26%.

### COGS

For 2021, CMG guided to COGS in the mid-to-high 30% range, relative to 30% in 1Q21, with benefits from delivery menu price increases (average price increase ~17%) to be more than offset by seasonally higher avocado prices. Avocado costs in 2Q were up ~2% YOY and ~23% above 1Q costs, with 2Q costs historically seasonally higher. Avocado costs decreased throughout the quarter.

Sell-side models COGS of ~30.7% in 2021, and ~30.5% for 2021.

### Labor

For 2021, CMG guided to labor in the low 24% range, relative to 24.9% in 1Q21, with sequential improvement driven by benefits from delivery menu price increases and seasonally higher sales.

Sell-side models labor of ~24.3% in 2021, and ~24.7% for 2021.



In May, CMG announced plans to increase average hourly wages to \$15 by the end of June, up from an average of \$13. CMG increased menu prices in June by 3.5-4% to offset the dollar impact of the wage increase, though the investment will likely be an ~80bps headwind to margins, with potential for another increase later this year to offset the margin impact. CMG has previously addressed potential wage increases, noting a ~10% increase in wages across the board would impact margins by 150-200bps, and could be offset by a price increase of 2-3%.

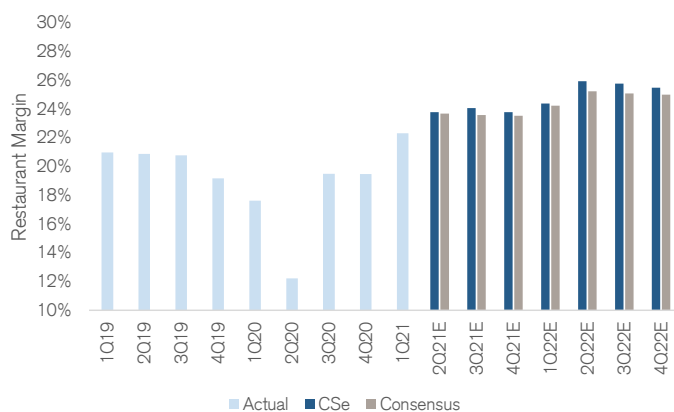
### Occupancy

For 2021, sell-side models occupancy of ~5.5%, and ~5.7% for 2021. Sales leverage should be the primary driver of further improvement.

### Other Operating Expenses

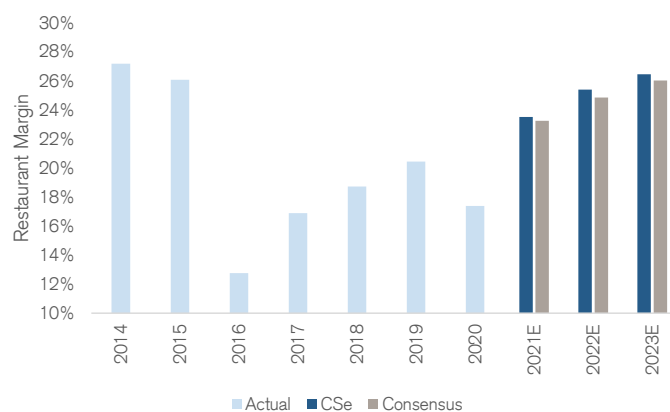
Other opex has faced meaningful headwinds due to the increase in delivery mix, and is likely the most challenging to model given uncertainty in where the delivery mix settles and quarterly fluctuations in marketing. CMG guided other opex to ~16% in 2021, including marketing in the mid-2% range (~3% for the full year). For 2021, sell-side models other opex at ~15.9% of sales, and assuming estimates embed 3% marketing, other costs would be ~13%. Sell-side models other opex improves to ~15% in 2022 and ~14.5% in 2023, which likely assumes marketing of ~3% and delivery mix decreases (albeit stays elevated relative to historical levels).

**Figure 14: Consensus models a restaurant margin of ~23.7% in 2Q21, and ~23.5-23.6% in 2H21.**



Source: Company data, Consensus Metrix, Credit Suisse estimates

**Figure 15: Consensus estimates imply restaurant margins of ~23.3% in 2021, ~24.9% in 2022 & ~26% in 2023. Estimates embed a ~200bps gap to the long-term AUV/margin algorithm.**



Source: Company data, Consensus Metrix, Credit Suisse estimates

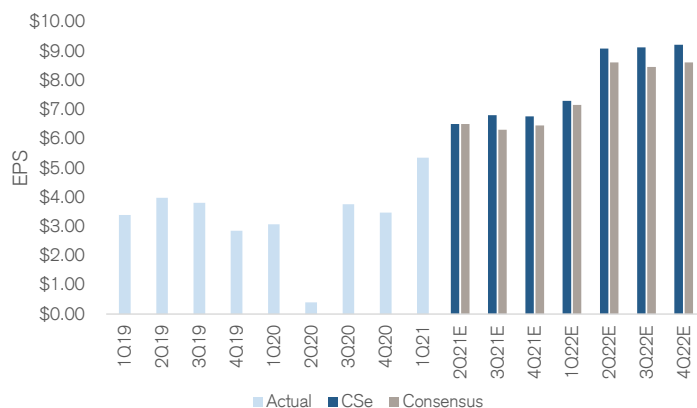
## EPS

Sell-side models 2Q EPS of \$6.51, representing a ~63% increase from 2Q19's \$3.99, and embeds expectations for SSS of ~30% (2-yr SSS 17.2%) and a restaurant margin of ~23.7%. The ~\$2.50 increase is largely driven by higher revenue, and better food, labor and occupancy margins, partially offset by higher other operating costs.

For 2021, consensus models EPS of \$24.61, ~75% above 2019 EPS of \$14.05. The increase is largely driven by higher revenue, and better food, labor and occupancy margins, partially offset by higher other operating costs. Consensus models a 2021 restaurant margin of ~23.3%, ~280bps higher than 2019, including improvement of ~260bps in food, ~170bps in labor and ~80bps in occupancy, partially offset by ~225bps of contraction from higher other operating expenses, largely driven by a higher delivery mix.

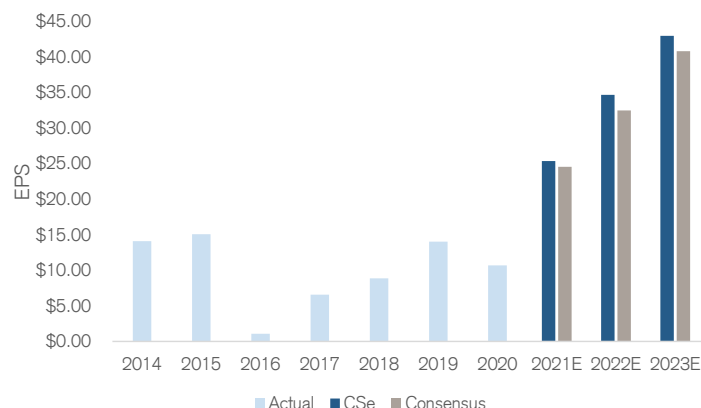
Consensus models FY22 EPS of \$32.57, +32% YOY. Estimates embed SSS of 5.3% and a restaurant margin of 24.9%, with ~160bps of expansion from 2021 driven by ~15bps in food, 30-35bps in labor, ~20bps in occupancy and ~90bps in other operating expenses.

**Figure 16: Consensus models 2Q21 EPS of \$6.51, up ~63% from 2Q19.**



Source: Company data, Consensus Metrix, Credit Suisse estimates

**Figure 17: Consensus models EPS of \$24.61 in 2021, ~75% above 2019 earnings power, and growth of ~32% in 2022.**



Source: Company data, Consensus Metrix, Credit Suisse estimates

# Financials

**Figure 18: CMG Income Statement**

Chipotle (CMG) (\$ in millions)	Fiscal Yr 2019	Fiscal Yr 2020	2021				Fiscal Yr 2021E	2022				Fiscal Yr 2022E	2023				Fiscal Yr 2023E	Fiscal Yr 2024E
	2019	2020	1Q21	2Q21E	3Q21E	4Q21E	2021E	1Q22E	2Q22E	3Q22E	4Q22E	2022E	1Q23E	2Q23E	3Q23E	4Q23E	2023E	2024E
Income Statement																		
Food and beverage revenue	\$5,561.0	\$5,920.5	\$1,716.0															
YOY %		6.5%	22.4%															
Delivery service revenue	\$25.3	\$64.1	\$25.6															
YOY %		253.0%	295.6%															
Total revenue	\$5,586.3	\$5,984.6	\$1,741.6	\$1,875.8	\$1,914.7	\$1,943.1	\$7,475.2	\$2,015.7	\$2,139.9	\$2,164.9	\$2,197.5	\$8,517.9	\$2,251.1	\$2,388.0	\$2,415.5	\$2,452.2	\$9,506.9	\$10,622.5
YOY %	14.8%	7.1%	23.4%	37.4%	19.6%	20.9%	24.9%	15.7%	14.1%	13.1%	13.1%	13.9%	11.7%	11.6%	11.6%	11.6%	11.6%	11.7%
Food, beverage and packaging	\$1,847.9	\$1,932.8	\$522.7	\$576.3	\$570.6	\$578.2	\$2,247.7	\$597.9	\$636.0	\$643.0	\$651.6	\$2,528.5	\$666.6	\$708.6	\$716.2	\$725.9	\$2,817.3	\$3,142.6
YOY %	15.4%	4.6%	13.1%	26.7%	10.3%	16.0%	16.3%	14.4%	10.4%	12.7%	12.7%	12.5%	11.5%	11.4%	11.4%	11.4%	11.4%	11.5%
% of Revenue	33.1%	32.3%	30.0%	30.7%	29.8%	29.8%	30.1%	29.7%	29.7%	29.7%	29.7%	29.7%	29.6%	29.7%	29.7%	29.6%	29.6%	29.6%
Margin Chg. YOY	18bps	-78bps	-276bps	-260bps	-250bps	-125bps	-223bps	-35bps	-100bps	-10bps	-10bps	-387bps	-50bps	-50bps	-50bps	-50bps	-50bps	-50bps
Labor	\$1,472.1	\$1,593.0	\$433.7	\$454.5	\$482.3	\$490.6	\$1,861.1	\$507.0	\$523.8	\$534.5	\$543.9	\$2,109.2	\$557.2	\$575.0	\$586.8	\$597.1	\$2,316.1	\$2,550.8
YOY %	11.0%	8.2%	10.2%	18.0%	18.9%	20.2%	16.8%	16.9%	15.3%	10.8%	10.8%	13.3%	9.9%	9.8%	9.8%	9.8%	9.8%	10.1%
% of Revenue	26.4%	26.6%	24.9%	24.2%	25.2%	25.3%	24.9%	25.2%	24.5%	24.7%	24.8%	24.8%	24.8%	24.1%	24.3%	24.4%	24.4%	24.0%
Margin Chg. YOY	-91bps	27bps	-300bps	-400bps	-15bps	-15bps	-172bps	25bps	25bps	-50bps	-50bps	-14bps	-40bps	-40bps	-40bps	-40bps	-40bps	-35bps
Occupancy	\$363.1	\$387.8	\$101.8	\$103.6	\$105.5	\$107.8	\$418.6	\$112.3	\$113.9	\$116.0	\$118.6	\$460.9	\$122.1	\$123.5	\$125.9	\$128.6	\$500.1	\$542.9
YOY %	4.6%	6.8%	6.8%	8.4%	8.0%	8.6%	8.0%	10.4%	9.9%	10.0%	10.0%	10.1%	8.7%	8.5%	8.5%	8.5%	8.5%	8.6%
% of Revenue	6.5%	6.5%	5.8%	5.5%	5.5%	5.5%	5.6%	5.6%	5.3%	5.4%	5.4%	5.4%	5.4%	5.2%	5.2%	5.2%	5.3%	5.1%
Margin Chg. YOY	-64bps	-2bps	-91bps	-148bps	-59bps	-63bps	-88bps	-27bps	-20bps	-15bps	-15bps	-19bps	-15bps	-15bps	-15bps	-15bps	-15bps	-15bps
Other operating costs	\$760.8	\$1,030.0	\$294.7	\$295.0	\$295.1	\$304.1	\$1,188.9	\$306.8	\$310.8	\$313.1	\$323.1	\$1,253.8	\$332.5	\$336.1	\$338.4	\$349.5	\$1,356.6	\$1,478.8
YOY %	11.9%	35.4%	39.8%	12.4%	9.9%	5.4%	15.4%	16.9%	5.4%	6.1%	6.2%	5.5%	8.4%	8.1%	8.1%	8.2%	8.2%	9.0%
% of Revenue	13.6%	17.2%	16.9%	15.7%	15.4%	15.7%	15.9%	15.2%	14.5%	14.5%	14.7%	14.7%	14.8%	14.1%	14.0%	14.3%	14.3%	13.9%
Margin Chg. YOY	-36bps	35bps	198bps	-350bps	-135bps	-229bps	-131bps	-170bps	-120bps	-95bps	-95bps	-119bps	-45bps	-45bps	-45bps	-45bps	-45bps	-35bps
Total cost of sales	\$4,443.9	\$4,943.6	\$1,352.8	\$1,429.3	\$1,453.5	\$1,480.7	\$5,716.4	\$1,524.0	\$1,584.6	\$1,606.6	\$1,637.2	\$6,352.4	\$1,678.4	\$1,743.3	\$1,767.3	\$1,801.2	\$6,990.1	\$7,715.1
Restaurant Profit	\$1,142.5	\$1,041.1	\$388.8	\$446.4	\$461.2	\$462.4	\$1,758.8	\$491.7	\$555.3	\$558.2	\$560.3	\$2,165.5	\$572.7	\$644.7	\$648.3	\$651.0	\$2,516.7	\$2,907.4
Restaurant Margin	20.5%	17.4%	22.3%	23.8%	24.1%	23.8%	23.5%	24.4%	25.9%	25.8%	25.5%	25.4%	25.4%	27.0%	26.8%	26.5%	26.5%	27.4%
Margin Chg. YOY	173bps	-306bps	468bps	1158bps	459bps	432bps	613bps	207bps	215bps	170bps	170bps	189bps	105bps	105bps	105bps	105bps	105bps	90bps
General & administrative expenses	\$405.2	\$417.6	\$129.2	\$125.3	\$126.2	\$128.6	\$509.2	\$134.2	\$128.3	\$128.6	\$126.8	\$517.9	\$134.1	\$135.4	\$135.6	\$137.8	\$543.0	\$577.2
YOY %	18.0%	3.1%	29.4%	24.0%	23.3%	12.4%	21.9%	3.9%	2.4%	1.9%	-1.4%	1.7%	-0.1%	5.5%	5.5%	8.7%	4.8%	6.3%
% of Revenue	7.3%	7.0%	7.4%	6.7%	6.6%	6.6%	6.8%	6.7%	6.0%	5.9%	5.8%	6.1%	6.0%	5.7%	5.6%	5.6%	5.7%	5.4%
Margin Chg. YOY	19bps	-27bps	34bps	-73bps	20bps	-50bps	-17bps	-76bps	-68bps	-65bps	-85bps	-73bps	-70bps	-33bps	-33bps	-15bps	-37bps	-28bps
Depreciation & amortization	\$212.6	\$238.5	\$63.1	\$65.2	\$67.9	\$68.6	\$264.9	\$71.0	\$72.7	\$74.6	\$75.4	\$293.8	\$77.1	\$78.8	\$80.9	\$81.6	\$318.4	\$345.1
YOY %	9.2%	12.2%	8.1%	8.7%	12.9%	14.4%	11.0%	12.5%	11.5%	9.9%	9.9%	10.9%	8.5%	8.3%	8.3%	8.3%	8.4%	8.4%
% of Revenue	3.8%	4.0%	3.6%	3.5%	3.5%	3.5%	3.5%	3.5%	3.4%	3.4%	3.4%	3.4%	3.4%	3.3%	3.3%	3.3%	3.3%	3.2%
Margin Chg. YOY	-20bps	18bps	-51bps	-92bps	-21bps	-20bps	-44bps	-10bps	-8bps	-10bps	-10bps	-9bps	-10bps	-10bps	-10bps	-10bps	-10bps	-10bps
Pre-operating costs	\$11.1	\$15.5	\$3.4	\$4.0	\$4.0	\$4.6	\$16.0	\$4.0	\$4.1	\$4.1	\$4.7	\$16.9	\$4.1	\$4.2	\$4.2	\$4.8	\$17.3	\$17.7
Asset disposals	\$15.4	\$13.1	\$3.0	\$3.0	\$3.0	\$3.0	\$12.0	\$3.0	\$3.0	\$3.0	\$3.0	\$12.0	\$3.0	\$3.0	\$3.0	\$3.0	\$12.0	\$12.0
Total operating expenses	\$5,088.1	\$5,628.3	\$1,551.6	\$1,626.9	\$1,654.6	\$1,685.5	\$6,516.5	\$1,736.2	\$1,792.7	\$1,816.9	\$1,847.1	\$7,192.9	\$1,896.7	\$1,964.6	\$1,991.0	\$2,028.5	\$7,880.8	\$8,667.1
Operating Income	\$498.2	\$356.3	\$190.0	\$248.9	\$260.1	\$257.7	\$956.6	\$279.4	\$347.2	\$347.9	\$350.4	\$1,325.0	\$354.4	\$423.4	\$424.5	\$423.7	\$1,626.1	\$1,955.4
YOY %	42.7%	-28.5%	126.4%	-20154.6%	82.2%	96.8%	168.5%	47.1%	39.5%	33.8%	36.0%	38.5%	26.8%	21.9%	22.0%	20.9%	22.7%	20.3%
Operating Margin	8.9%	6.0%	10.9%	13.3%	13.6%	13.3%	12.8%	13.9%	16.2%	16.1%	15.9%	15.6%	15.7%	17.7%	17.6%	17.3%	17.1%	18.4%
Margin Chg. YOY	174bps	-296bps	496bps	1336bps	467bps	512bps	684bps	295bps	296bps	249bps	269bps	276bps	188bps	151bps	150bps	133bps	155bps	130bps
Interest and other income, net	\$14.3	\$3.6	(\$2.2)	\$2.0	\$2.0	\$2.0	\$3.8	\$2.0	\$2.0	\$2.0	\$2.0	\$8.0	\$2.0	\$2.0	\$2.0	\$2.0	\$8.0	\$8.0
Interest expense	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total other income	\$14.3	\$3.6	(\$2.2)	\$2.0	\$2.0	\$2.0	\$3.8	\$2.0	\$2.0	\$2.0	\$2.0	\$8.0	\$2.0	\$2.0	\$2.0	\$2.0	\$8.0	\$8.0
Pre-Tax Income	\$512.6	\$360.0	\$187.8	\$250.9	\$262.1	\$259.7	\$960.5	\$281.4	\$349.2	\$349.9	\$352.4	\$1,333.0	\$356.4	\$425.4	\$426.5	\$425.7	\$1,634.1	\$1,963.4
Pre-Tax Margin	9.2%	6.0%	10.8%	13.4%	13.7%	13.4%	12.8%	14.0%	16.3%	16.2%	16.0%	15.6%	15.8%	17.8%	17.7%	17.4%	17.4%	18.5%
Income tax expense	\$114.9	\$55.0	\$34.7	\$65.2	\$68.1	\$67.5	\$235.6	\$74.6	\$92.5	\$92.7	\$93.4	\$353.2	\$94.5	\$112.7	\$113.0	\$112.8	\$433.0	\$520.3
Tax Rate	22.4%	15.3%	18.5%	26.0%	26.0%	26.0%	24.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%	26.5%
Net Income	\$397.6	\$305.0	\$153.1	\$185.6	\$193.9	\$192.2	\$724.9	\$206.8	\$256.7	\$257.2	\$259.0	\$979.7	\$262.0	\$312.7	\$313.5	\$312.9	\$1,201.1	\$1,443.1
Net Income Margin	7.1%	5.1%	8.8%	9.9%	10.1%	9.9%	9.7%	10.3%	12.0%	11.9%	11.8%	11.5%	11.6%	13.1%	13.0%	12.8%	12.6%	13.6%
Adj EPS	\$14.05	\$10.73	\$5.36	\$6.51	\$6.81	\$6.77	\$25.44	\$7.31	\$9.09	\$9.13	\$9.22	\$34.74	\$9.35	\$11.19	\$11.25	\$11.26	\$43.05	\$52.28
YOY %	58.2%	-23.6%	74.1%	1510.3%	81.1%	94.6%	137.0%	36.3%	39.7%	34.1%	36.3%	36.6%	28.0%	23.1%	23.2%	22.1%	23.9%	21.4%
Weighted Average Basic Shares	27.7	27.9	28.1	28.1	28.0	27.9	28.0	27.9	27.8	27.7	27.6	27.7	27.6	27.5	27.4	27.3	27.4	27.1
YOY %	-0.3%	0.6%	1.2%	0.6%	0.1%	-0.2%	0.4%	-0.9%	-1.0%	-1.1%	-1.1%	-1.0%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%
Weighted Average Diluted Shares	28.3	28.4	28.6	28.5	28.5	28.4	28.5	28.3	28.2	28.2	28.1	28.2	28.0	27.9	27.9	27.8	27.9	27.6
YOY %	1.2%	0.4%	0.9%	0.7%	0.1%	-0.6%	0.3%	-0.9%	-1.0%	-1.1%	-1.1%	-1.0%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%
Cash Dividends per Share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
YOY %																		
Payout Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA																		
Operating Income	\$498.2	\$356.3	\$190.0	\$248.9	\$260.1	\$257.7	\$956.6	\$279.4	\$347.2	\$347.9	\$350.4	\$1,325.0	\$354.4	\$423.4	\$424.5	\$423.7	\$1,626.1	\$1,955.4
Depreciation	\$212.6	\$238.5	\$63.1	\$65.2	\$67.9	\$68.6	\$264.9	\$71.0	\$72.7	\$74.6	\$75.4	\$293.8	\$77.1	\$78.8	\$80.9	\$81.		

Figure 19: CMG Balance Sheet

Chipotle (CMG) (\$ in millions)	Fiscal Yr		2021				Fiscal Yr	2022				Fiscal Yr	2023				Fiscal Yr	Fiscal Yr
	2019	2020	1Q21	2Q21E	3Q21E	4Q21E		1Q22E	2Q22E	3Q22E	4Q22E		1Q23E	2Q23E	3Q23E	4Q23E		
	2019	2020	Mar-21	Jun-21	Sep-21	Dec-21		Mar-22	Jun-22	Sep-22	Dec-22		Mar-23	Jun-23	Sep-23	Dec-23		
<b>Balance Sheet</b>																		
Cash and cash equivalents	\$480.6	\$608.0	\$694.8	\$810.7	\$892.5	\$928.3	\$928.3	\$1,019.2	\$1,161.5	\$1,286.4	\$1,393.8	\$1,393.8	\$1,547.0	\$1,752.6	\$1,941.1	\$2,109.8	\$2,109.8	\$3,099.5
Accounts and notes receivable, net	\$80.5	\$104.5	\$68.4	\$68.4	\$68.4	\$68.4	\$68.4	\$68.4	\$68.4	\$68.4	\$68.4	\$68.4	\$68.4	\$68.4	\$68.4	\$68.4	\$68.4	\$68.4
Inventory	\$26.1	\$26.4	\$24.3	\$24.3	\$24.3	\$24.3	\$24.3	\$24.3	\$24.3	\$24.3	\$24.3	\$24.3	\$24.3	\$24.3	\$24.3	\$24.3	\$24.3	\$24.3
Prepaid expenses and other current assets	\$57.1	\$54.9	\$61.6	\$61.6	\$61.6	\$61.6	\$61.6	\$61.6	\$61.6	\$61.6	\$61.6	\$61.6	\$61.6	\$61.6	\$61.6	\$61.6	\$61.6	\$61.6
Current deferred tax assets	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Income tax receivable	\$27.7	\$282.8	\$244.1	\$244.1	\$244.1	\$244.1	\$244.1	\$244.1	\$244.1	\$244.1	\$244.1	\$244.1	\$244.1	\$244.1	\$244.1	\$244.1	\$244.1	\$244.1
Investments	\$400.2	\$343.6	\$363.6	\$363.6	\$363.6	\$363.6	\$363.6	\$363.6	\$363.6	\$363.6	\$363.6	\$363.6	\$363.6	\$363.6	\$363.6	\$363.6	\$363.6	\$363.6
<b>Total Current Assets</b>	<b>\$1,072.2</b>	<b>\$1,420.2</b>	<b>\$1,456.9</b>	<b>\$1,572.7</b>	<b>\$1,654.6</b>	<b>\$1,690.4</b>	<b>\$1,690.4</b>	<b>\$1,781.2</b>	<b>\$1,923.6</b>	<b>\$2,048.4</b>	<b>\$2,155.8</b>	<b>\$2,155.8</b>	<b>\$2,309.1</b>	<b>\$2,514.6</b>	<b>\$2,703.2</b>	<b>\$2,871.9</b>	<b>\$2,871.9</b>	<b>\$3,861.5</b>
Leasehold improvements, property and equipment	\$1,458.7	\$1,584.3	\$1,613.7	\$1,633.4	\$1,670.5	\$1,726.9	\$1,726.9	\$1,740.9	\$1,753.2	\$1,783.5	\$1,833.2	\$1,833.2	\$1,841.1	\$1,847.3	\$1,871.4	\$1,914.8	\$1,914.8	\$1,969.7
Restricted Cash	\$27.9	\$27.8	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9
Long-term investments	\$0.0	\$102.3	\$110.9	\$110.9	\$110.9	\$110.9	\$110.9	\$110.9	\$110.9	\$110.9	\$110.9	\$110.9	\$110.9	\$110.9	\$110.9	\$110.9	\$110.9	\$110.9
Operating lease assets	\$2,505.5	\$2,767.2	\$2,858.3	\$2,858.3	\$2,858.3	\$2,858.3	\$2,858.3	\$2,858.3	\$2,858.3	\$2,858.3	\$2,858.3	\$2,858.3	\$2,858.3	\$2,858.3	\$2,858.3	\$2,858.3	\$2,858.3	\$2,858.3
Other assets	\$18.5	\$59.0	\$59.5	\$59.5	\$59.5	\$59.5	\$59.5	\$59.5	\$59.5	\$59.5	\$59.5	\$59.5	\$59.5	\$59.5	\$59.5	\$59.5	\$59.5	\$59.5
Right of use assets	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Goodwill	\$21.9	\$21.9	\$21.9	\$21.9	\$21.9	\$21.9	\$21.9	\$21.9	\$21.9	\$21.9	\$21.9	\$21.9	\$21.9	\$21.9	\$21.9	\$21.9	\$21.9	\$21.9
<b>Total Assets</b>	<b>\$5,104.6</b>	<b>\$5,982.9</b>	<b>\$6,149.1</b>	<b>\$6,284.7</b>	<b>\$6,403.6</b>	<b>\$6,495.8</b>	<b>\$6,495.8</b>	<b>\$6,600.7</b>	<b>\$6,755.3</b>	<b>\$6,910.5</b>	<b>\$7,067.5</b>	<b>\$7,067.5</b>	<b>\$7,228.7</b>	<b>\$7,440.5</b>	<b>\$7,653.1</b>	<b>\$7,865.2</b>	<b>\$7,865.2</b>	<b>\$8,909.7</b>
Accounts payable	\$115.8	\$122.0	\$147.4	\$147.4	\$147.4	\$147.4	\$147.4	\$147.4	\$147.4	\$147.4	\$147.4	\$147.4	\$147.4	\$147.4	\$147.4	\$147.4	\$147.4	\$147.4
Accrued payroll and benefits	\$126.6	\$203.1	\$221.7	\$221.7	\$221.7	\$221.7	\$221.7	\$221.7	\$221.7	\$221.7	\$221.7	\$221.7	\$221.7	\$221.7	\$221.7	\$221.7	\$221.7	\$221.7
Accrued liabilities	\$155.8	\$164.6	\$145.6	\$145.6	\$145.6	\$145.6	\$145.6	\$145.6	\$145.6	\$145.6	\$145.6	\$145.6	\$145.6	\$145.6	\$145.6	\$145.6	\$145.6	\$145.6
Unearned revenue	\$95.2	\$127.8	\$110.2	\$110.2	\$110.2	\$110.2	\$110.2	\$110.2	\$110.2	\$110.2	\$110.2	\$110.2	\$110.2	\$110.2	\$110.2	\$110.2	\$110.2	\$110.2
Income tax payable	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Current operating lease liabilities	\$173.1	\$204.8	\$209.1	\$209.1	\$209.1	\$209.1	\$209.1	\$209.1	\$209.1	\$209.1	\$209.1	\$209.1	\$209.1	\$209.1	\$209.1	\$209.1	\$209.1	\$209.1
Other	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Total Current Liabilities</b>	<b>\$666.6</b>	<b>\$822.2</b>	<b>\$834.0</b>	<b>\$834.0</b>	<b>\$834.0</b>	<b>\$834.0</b>	<b>\$834.0</b>	<b>\$834.0</b>	<b>\$834.0</b>	<b>\$834.0</b>	<b>\$834.0</b>	<b>\$834.0</b>	<b>\$834.0</b>	<b>\$834.0</b>	<b>\$834.0</b>	<b>\$834.0</b>	<b>\$834.0</b>	<b>\$834.0</b>
Deferred rent	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Deferred landlord financing	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Deferred income tax liability	\$37.8	\$149.4	\$135.9	\$135.9	\$135.9	\$135.9	\$135.9	\$135.9	\$135.9	\$135.9	\$135.9	\$135.9	\$135.9	\$135.9	\$135.9	\$135.9	\$135.9	\$135.9
Long-term operating lease liabilities	\$2,678.4	\$2,952.3	\$3,040.2	\$3,040.2	\$3,040.2	\$3,040.2	\$3,040.2	\$3,040.2	\$3,040.2	\$3,040.2	\$3,040.2	\$3,040.2	\$3,040.2	\$3,040.2	\$3,040.2	\$3,040.2	\$3,040.2	\$3,040.2
Other liabilities	\$38.8	\$38.8	\$41.4	\$41.4	\$41.4	\$41.4	\$41.4	\$41.4	\$41.4	\$41.4	\$41.4	\$41.4	\$41.4	\$41.4	\$41.4	\$41.4	\$41.4	\$41.4
<b>Total Liabilities</b>	<b>\$3,421.6</b>	<b>\$3,962.8</b>	<b>\$4,051.5</b>	<b>\$4,051.5</b>	<b>\$4,051.5</b>	<b>\$4,051.5</b>	<b>\$4,051.5</b>	<b>\$4,051.5</b>	<b>\$4,051.5</b>	<b>\$4,051.5</b>	<b>\$4,051.5</b>	<b>\$4,051.5</b>	<b>\$4,051.5</b>	<b>\$4,051.5</b>	<b>\$4,051.5</b>	<b>\$4,051.5</b>	<b>\$4,051.5</b>	<b>\$4,051.5</b>
Preferred stock	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Common Stock	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4
Additional Paid in Capital	\$1,465.7	\$1,549.9	\$1,606.5	\$1,606.5	\$1,606.5	\$1,606.5	\$1,606.5	\$1,606.5	\$1,606.5	\$1,606.5	\$1,606.5	\$1,606.5	\$1,606.5	\$1,606.5	\$1,606.5	\$1,606.5	\$1,606.5	\$1,606.5
Treasury stock, at cost	(\$2,699.1)	(\$2,802.1)	(\$2,908.1)	(\$2,983.1)	(\$3,083.1)	(\$3,208.1)	(\$3,208.1)	(\$3,333.1)	(\$3,458.1)	(\$3,583.1)	(\$3,708.1)	(\$3,708.1)	(\$3,833.1)	(\$3,958.1)	(\$4,083.1)	(\$4,208.1)	(\$4,208.1)	(\$4,708.1)
Accumulated other comprehensive income/loss	(\$5.4)	(\$4.2)	(\$4.5)	(\$4.5)	(\$4.5)	(\$4.5)	(\$4.5)	(\$4.5)	(\$4.5)	(\$4.5)	(\$4.5)	(\$4.5)	(\$4.5)	(\$4.5)	(\$4.5)	(\$4.5)	(\$4.5)	(\$4.5)
Retained earnings	\$2,921.4	\$3,276.2	\$3,403.3	\$3,613.9	\$3,832.9	\$4,050.0	\$4,050.0	\$4,279.9	\$4,559.5	\$4,839.7	\$5,121.7	\$5,121.7	\$5,407.9	\$5,744.7	\$6,082.3	\$6,419.4	\$6,419.4	\$7,964.0
Tax Receivable	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Shareholders' Equity</b>	<b>\$1,683.0</b>	<b>\$2,020.1</b>	<b>\$2,097.5</b>	<b>\$2,233.2</b>	<b>\$2,352.1</b>	<b>\$2,444.3</b>	<b>\$2,444.3</b>	<b>\$2,549.1</b>	<b>\$2,703.8</b>	<b>\$2,859.0</b>	<b>\$3,016.0</b>	<b>\$3,016.0</b>	<b>\$3,177.1</b>	<b>\$3,388.9</b>	<b>\$3,601.6</b>	<b>\$3,813.7</b>	<b>\$3,813.7</b>	<b>\$4,858.2</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$5,104.6</b>	<b>\$5,982.9</b>	<b>\$6,149.1</b>	<b>\$6,284.7</b>	<b>\$6,403.6</b>	<b>\$6,495.8</b>	<b>\$6,495.8</b>	<b>\$6,600.7</b>	<b>\$6,755.3</b>	<b>\$6,910.5</b>	<b>\$7,067.5</b>	<b>\$7,067.5</b>	<b>\$7,228.7</b>	<b>\$7,440.5</b>	<b>\$7,653.1</b>	<b>\$7,865.2</b>	<b>\$7,865.2</b>	<b>\$8,909.7</b>
check	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance Sheet Analysis</b>	<b>2019</b>	<b>2020</b>	<b>1Q21</b>	<b>2Q21E</b>	<b>3Q21E</b>	<b>4Q21E</b>	<b>2021E</b>	<b>1Q22E</b>	<b>2Q22E</b>	<b>3Q22E</b>	<b>4Q22E</b>	<b>2022E</b>	<b>1Q23E</b>	<b>2Q23E</b>	<b>3Q23E</b>	<b>4Q23E</b>	<b>2023E</b>	<b>2024E</b>
<b>Debt Analysis</b>																		
<b>Total Debt</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
Less: Cash and cash equivalents	\$480.6	\$608.0	\$694.8	\$810.7	\$892.5	\$928.3	\$928.3	\$1,019.2	\$1,161.5	\$1,286.4	\$1,393.8	\$1,393.8	\$1,547.0	\$1,752.6	\$1,941.1	\$2,109.8	\$2,109.8	\$3,099.5
<b>Net Debt</b>	<b>(\$480.6)</b>	<b>(\$608.0)</b>	<b>(\$694.8)</b>	<b>(\$810.7)</b>	<b>(\$892.5)</b>	<b>(\$928.3)</b>	<b>(\$928.3)</b>	<b>(\$1,019.2)</b>	<b>(\$1,161.5)</b>	<b>(\$1,286.4)</b>	<b>(\$1,393.8)</b>	<b>(\$1,393.8)</b>	<b>(\$1,547.0)</b>	<b>(\$1,752.6)</b>	<b>(\$1,941.1)</b>	<b>(\$2,109.8)</b>	<b>(\$2,109.8)</b>	<b>(\$3,099.5)</b>
Average Debt	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Average Net Debt	(\$365.3)	(\$544.3)	(\$651.4)	(\$752.7)	(\$851.6)	(\$910.4)	(\$768.1)	(\$973.7)	(\$1,090.4)	(\$1,224.0)	(\$1,340.1)	(\$1,161.0)	(\$1,470.4)	(\$1,649.8)	(\$1,846.8)	(\$2,025.4)	(\$1,751.8)	(\$2,604.6)
TTM EBITDA	\$710.8	\$594.9	\$705.7	\$961.0	\$1,086.1	\$1,221.5	\$1,221.5	\$1,318.9	\$1,424.6	\$1,519.2	\$1,618.7	\$1,618.7	\$1,699.8	\$1,782.0	\$1,864.9	\$1,944.5	\$1,944.5	\$2,300.6
NTM EBITDA	\$594.9	\$1,221.5	\$1,318.9	\$1,424.6	\$1,519.2	\$1,618.7	\$1,618.7	\$1,699.8	\$1,782.0	\$1,864.9	\$1,944.5	\$1,944.5	\$2,023.9	\$2,114.2	\$2,205.0	\$2,300.6	\$2,300.6	\$2,300.6
Total Debt/TTM EBITDA	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x
Net Debt/TTM EBITDA	-0.7x	-1.0x	-1.0x	-0.8x	-0.8x	-0.8x	-0.8x	-0.8x	-0.8x	-0.8x	-0.9x	-0.9x	-0.9x	-1.0x	-1.0x	-1.1x	-1.1x	-1.3x

Source: Company data, Credit Suisse estimates

Figure 11: CMG Cash Flow Statement

Chipotle (CMG) (\$ in millions)	Fiscal Yr 2019	Fiscal Yr 2020	2021				Fiscal Yr 2021E	2022				Fiscal Yr 2022E	2023				Fiscal Yr 2023E	Fiscal Yr 2024E
	2019	2020	1Q21	2Q21E	3Q21E	4Q21E	2021E	1Q22E	2Q22E	3Q22E	4Q22E	2022E	1Q23E	2Q23E	3Q23E	4Q23E	2023E	2024E
			Mar-21	Jun-21	Sep-21	Dec-21		Mar-22	Jun-22	Sep-22	Dec-22		Mar-23	Jun-23	Sep-23	Dec-23		
<b>Cash Flow Statement</b>																		
<b>Operating Cash Flows</b>																		
Net income	\$350.2	\$355.8	\$127.1	\$185.6	\$193.9	\$192.2	\$698.9	\$206.8	\$256.7	\$257.2	\$259.0	\$979.7	\$262.0	\$312.7	\$313.5	\$312.9	\$1,201.1	\$1,443.1
Depreciation and amortization	\$212.8	\$238.5	\$63.1	\$65.2	\$67.9	\$68.6	\$264.9	\$71.0	\$72.7	\$74.6	\$75.4	\$293.8	\$77.1	\$78.8	\$80.9	\$81.6	\$318.4	\$345.1
Amortization of operating lease assets	\$164.0	\$184.5	\$49.3	\$0.0	\$0.0	\$0.0	\$49.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Deferred income tax (benefit) provision	\$30.0	\$108.4	\$(13.5)	\$0.0	\$0.0	\$0.0	\$(13.5)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Loss on disposal and impairment of assets	\$15.4	\$28.9	\$4.9	\$0.0	\$0.0	\$0.0	\$4.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Bad debt allowance	\$0.0	\$0.2	\$(0.3)	\$0.0	\$0.0	\$0.0	\$(0.3)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Stock-based compensation expense	\$91.4	\$82.6	\$55.4	\$25.0	\$25.0	\$25.0	\$130.4	\$23.0	\$23.0	\$23.0	\$23.0	\$92.0	\$24.2	\$24.2	\$24.2	\$24.2	\$96.6	\$101.4
Other	\$(10.6)	\$3.6	\$2.2	\$0.0	\$0.0	\$0.0	\$2.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Changes in working capital:																		
Accounts receivable	\$(2.6)	\$3.0	\$32.2	\$0.0	\$0.0	\$0.0	\$32.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Inventory	\$(4.5)	\$(0.4)	\$2.1	\$0.0	\$0.0	\$0.0	\$2.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Prepaid expenses and other current assets	\$(23.1)	\$(11.4)	\$(8.8)	\$0.0	\$0.0	\$0.0	\$(8.8)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other assets	\$2.8	\$(26.6)	\$(0.2)	\$0.0	\$0.0	\$0.0	\$(0.2)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Accounts payable	\$(1.0)	\$(3.9)	\$19.4	\$0.0	\$0.0	\$0.0	\$19.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Accrued liabilities	\$48.3	\$82.3	\$0.3	\$0.0	\$0.0	\$0.0	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Unearned Revenue	\$30.4	\$37.0	\$(15.6)	\$0.0	\$0.0	\$0.0	\$(15.6)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Income tax payable/receivable	\$(32.1)	\$(255.3)	\$38.6	\$0.0	\$0.0	\$0.0	\$38.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Deferred rent	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Operating lease liabilities	\$(151.6)	\$(165.2)	\$(50.9)	\$0.0	\$0.0	\$0.0	\$(50.9)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other long-term liabilities	\$1.9	\$1.8	\$0.5	\$0.0	\$0.0	\$0.0	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Net Operating Cash Flows</b>	<b>\$721.6</b>	<b>\$663.8</b>	<b>\$306.0</b>	<b>\$275.9</b>	<b>\$286.9</b>	<b>\$285.7</b>	<b>\$1,154.5</b>	<b>\$300.9</b>	<b>\$352.4</b>	<b>\$354.8</b>	<b>\$357.4</b>	<b>\$1,365.5</b>	<b>\$363.2</b>	<b>\$415.6</b>	<b>\$418.5</b>	<b>\$418.7</b>	<b>\$1,616.0</b>	<b>\$1,889.7</b>
Year-to-date			\$306.0	\$581.9	\$868.7	\$1,154.5		\$300.9	\$653.3	\$1,008.1	\$1,365.5		\$363.2	\$778.8	\$1,197.3	\$1,616.0		
<b>Investing Cash Flows</b>																		
Purchases of leasehold improvements, property and equipment	\$(333.9)	\$(373.4)	\$(86.6)	\$(85.0)	\$(105.0)	\$(125.0)	\$(401.6)	\$(85.0)	\$(85.0)	\$(105.0)	\$(125.0)	\$(400.0)	\$(85.0)	\$(85.0)	\$(105.0)	\$(125.0)	\$(400.0)	\$(400.0)
Purchases of investments	\$(448.8)	\$(468.4)	\$(90.5)	\$0.0	\$0.0	\$0.0	\$(90.5)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Maturities of investments	\$476.7	\$419.1	\$60.6	\$0.0	\$0.0	\$0.0	\$60.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other, net	\$14.0	\$(10.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Net Investing Cash Flows</b>	<b>\$(292.0)</b>	<b>\$(432.7)</b>	<b>\$(116.5)</b>	<b>\$(85.0)</b>	<b>\$(105.0)</b>	<b>\$(125.0)</b>	<b>\$(431.5)</b>	<b>\$(85.0)</b>	<b>\$(85.0)</b>	<b>\$(105.0)</b>	<b>\$(125.0)</b>	<b>\$(400.0)</b>	<b>\$(85.0)</b>	<b>\$(85.0)</b>	<b>\$(105.0)</b>	<b>\$(125.0)</b>	<b>\$(400.0)</b>	<b>\$(400.0)</b>
Year-to-date			\$(116.5)	\$(201.5)	\$(306.5)	\$(431.5)		\$(85.0)	\$(170.0)	\$(275.0)	\$(400.0)		\$(85.0)	\$(170.0)	\$(275.0)	\$(400.0)		
<b>Financing Cash Flows</b>																		
Acquisition of treasury stock	\$(190.6)	\$(54.4)	\$(57.2)	\$(75.0)	\$(100.0)	\$(125.0)	\$(357.2)	\$(125.0)	\$(125.0)	\$(125.0)	\$(125.0)	\$(500.0)	\$(125.0)	\$(125.0)	\$(125.0)	\$(125.0)	\$(500.0)	\$(500.0)
Stock plan transactions and other financing activities	\$(10.4)	\$(48.6)	\$(0.2)	\$0.0	\$0.0	\$0.0	\$(0.2)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Excess tax benefits of stock-based compensation	\$(0.7)	\$(1.9)	\$(44.8)	\$0.0	\$0.0	\$0.0	\$(44.8)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Net Financing Cash Flows</b>	<b>\$(201.7)</b>	<b>\$(104.9)</b>	<b>\$(102.3)</b>	<b>\$(75.0)</b>	<b>\$(100.0)</b>	<b>\$(125.0)</b>	<b>\$(402.3)</b>	<b>\$(125.0)</b>	<b>\$(125.0)</b>	<b>\$(125.0)</b>	<b>\$(125.0)</b>	<b>\$(500.0)</b>	<b>\$(125.0)</b>	<b>\$(125.0)</b>	<b>\$(125.0)</b>	<b>\$(125.0)</b>	<b>\$(500.0)</b>	<b>\$(500.0)</b>
Effect of exchange rates	\$0.4	\$1.1	\$(0.4)	\$0.0	\$0.0	\$0.0	\$(0.4)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Year-to-date			\$(102.3)	\$(177.3)	\$(277.3)	\$(402.3)		\$(125.0)	\$(250.0)	\$(375.0)	\$(500.0)		\$(125.0)	\$(250.0)	\$(375.0)	\$(500.0)		
Change in cash and equivalents incl restricted cash	\$228.3	\$127.4	\$86.8	\$115.9	\$81.9	\$35.7	\$320.3	\$90.9	\$142.4	\$124.8	\$107.4	\$465.5	\$153.2	\$205.6	\$188.5	\$168.7	\$716.0	\$989.7
Cash at beginning of period	\$250.0	\$480.6	\$608.0	\$694.8	\$810.7	\$892.5	\$608.0	\$928.3	\$1,019.2	\$1,161.5	\$1,286.4	\$928.3	\$1,393.8	\$1,547.0	\$1,752.6	\$1,941.1	\$1,393.8	\$2,109.8
Less: change in restricted cash	\$(2.3)	\$(0.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Cash at end of period</b>	<b>\$480.6</b>	<b>\$608.0</b>	<b>\$694.8</b>	<b>\$810.7</b>	<b>\$892.5</b>	<b>\$928.3</b>	<b>\$928.3</b>	<b>\$1,019.2</b>	<b>\$1,161.5</b>	<b>\$1,286.4</b>	<b>\$1,393.8</b>	<b>\$1,393.8</b>	<b>\$1,547.0</b>	<b>\$1,752.6</b>	<b>\$1,941.1</b>	<b>\$2,109.8</b>	<b>\$2,109.8</b>	<b>\$3,099.5</b>
Restricted cash	\$27.9	\$27.8	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9	\$27.9
Change in restricted cash	\$(2.3)	\$(0.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Change in cash and cash equivalents excl restricted cash	\$230.7	\$127.4	\$86.8	\$115.9	\$81.9	\$35.7	\$320.3	\$90.9	\$142.4	\$124.8	\$107.4	\$465.5	\$153.2	\$205.6	\$188.5	\$168.7	\$716.0	\$989.7
Cash on Balance Sheet	\$480.6	\$608.0	\$694.8	\$810.7	\$892.5	\$928.3	\$928.3	\$1,019.2	\$1,161.5	\$1,286.4	\$1,393.8	\$1,393.8	\$1,547.0	\$1,752.6	\$1,941.1	\$2,109.8	\$2,109.8	\$3,099.5
Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Free Cash Flow</b>	<b>2019</b>	<b>2020</b>	<b>1Q21</b>	<b>2Q21E</b>	<b>3Q21E</b>	<b>4Q21E</b>	<b>2021E</b>	<b>1Q22E</b>	<b>2Q22E</b>	<b>3Q22E</b>	<b>4Q22E</b>	<b>2022E</b>	<b>1Q23E</b>	<b>2Q23E</b>	<b>3Q23E</b>	<b>4Q23E</b>	<b>2023E</b>	<b>2024E</b>
Operating Cash Flow	\$721.6	\$663.8	\$306.0	\$275.9	\$286.9	\$285.7	\$1,154.5	\$300.9	\$352.4	\$354.8	\$357.4	\$1,365.5	\$363.2	\$415.6	\$418.5	\$418.7	\$1,616.0	\$1,889.7
Less: Capex	\$(333.9)	\$(373.4)	\$(86.6)	\$(85.0)	\$(105.0)	\$(125.0)	\$(401.6)	\$(85.0)	\$(85.0)	\$(105.0)	\$(125.0)	\$(400.0)	\$(85.0)	\$(85.0)	\$(105.0)	\$(125.0)	\$(400.0)	\$(400.0)
<b>Free Cash Flow</b>	<b>\$387.7</b>	<b>\$290.5</b>	<b>\$219.4</b>	<b>\$190.9</b>	<b>\$181.9</b>	<b>\$160.7</b>	<b>\$752.9</b>	<b>\$215.9</b>	<b>\$267.4</b>	<b>\$249.8</b>	<b>\$232.4</b>	<b>\$965.5</b>	<b>\$278.2</b>	<b>\$330.6</b>	<b>\$313.5</b>	<b>\$293.7</b>	<b>\$1,216.0</b>	<b>\$1,489.7</b>
FCF/Share	\$13.7	\$10.2	\$7.7	\$6.7	\$6.4	\$5.7	\$26.4	\$7.6	\$9.5	\$8.9	\$8.3	\$34.2	\$9.9	\$11.8	\$11.3	\$10.6	\$43.6	\$54.0

Source: Company data, Credit Suisse estimates

## Valuation Methodology and Risks

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### Target Price and Rating

#### Valuation Methodology and Risks: (12 months) for Chipotle Mexican Grill, Inc. (CMG.N)

**Method:** Our \$1,950 target price and Outperform rating is based on ~32x our NTM EBITDA in 12 months & ~53x our NTM EPS in 12 months.

**Risk:** Key risks to our Outperform rating \$1,950 price target include: food safety headlines, competition and food safety. Chipotle's headline risk is still elevated as multiple food safety incidents have emerged over the last few years, with brand perceptions which are likely still sensitive. In recent years, there has been an emergence of smaller competitors delivering on attributes that have differentiated Chipotle for many years, offering high quality food at reasonable prices, many of which are similarly mission-driven and locally sourced.

**Companies Mentioned** (Price as of 14-Jul-2021)

Chipotle Mexican Grill, Inc. (CMG.N, \$1619.98, OUTPERFORM, TP \$1950.0)

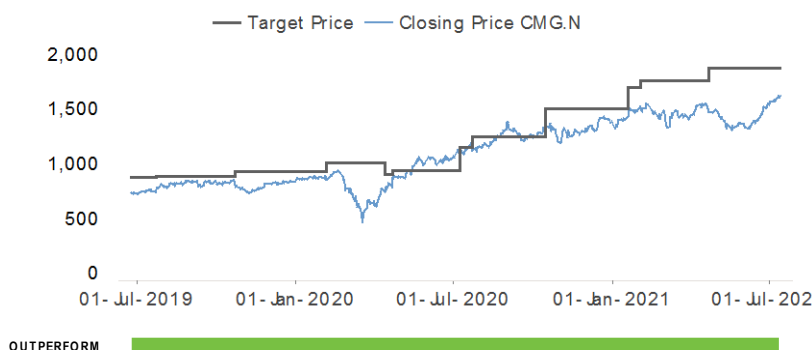
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I, Lauren Silberman, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

**3-Year Price and Rating History for Chipotle Mexican Grill, Inc. (CMG.N)**

CMG.N	Closing Price	Target Price	
Date	(US\$)	(US\$)	Rating
25-Jun-19	733.22	870.00	O *
24-Jul-19	777.96	880.00	
23-Oct-19	788.19	930.00	
05-Feb-20	854.01	1010.00	
13-Apr-20	744.08	900.00	
22-Apr-20	882.26	940.00	
09-Jul-20	1115.58	1150.00	
23-Jul-20	1121.03	1250.00	
16-Oct-20	1339.68	1500.00	
19-Jan-21	1429.48	1700.00	
03-Feb-21	1499.99	1760.00	
22-Apr-21	1480.00	1875.00	



\* Asterisk signifies initiation or assumption of coverage.

**As of December 10, 2012 Analysts' stock rating are defined as follows:**

**Outperform (O)** : The stock's total return is expected to outperform the relevant benchmark\* over the next 12 months.

**Neutral (N)** : The stock's total return is expected to be in line with the relevant benchmark\* over the next 12 months.

**Underperform (U)** : The stock's total return is expected to underperform the relevant benchmark\* over the next 12 months.

\*Relevant benchmark by region: As of 10th December 2012, Japanese ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. As of 2nd October 2012, U.S. and Canadian as well as European (excluding Turkey) ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. For Latin America, Turkey and Asia (excluding Japan and Australia), stock ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark (India - S&P BSE Sensex Index); prior to 2nd October 2012 U.S. and Canadian ratings were based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe. For Australian and New Zealand stocks, the expected total return (ETR) calculation includes 12-month rolling dividend yield. An Outperform rating is assigned where an ETR is greater than or equal to 7.5%; Underperform where an ETR less than or equal to 5%. A Neutral may be assigned where the ETR is between -5% and 15%. The overlapping rating range allows analysts to assign a rating that puts ETR in the context of associated risks. Prior to 18 May 2015, ETR ranges for Outperform and Underperform ratings did not overlap with Neutral thresholds between 15% and 7.5%, which was in operation from 7 July 2011.

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**Market Weight** : The analyst's expectation for the sector's fundamentals and/or valuation is neutral over the next 12 months.

**Underweight** : The analyst's expectation for the sector's fundamentals and/or valuation is cautious over the next 12 months.

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Underperform/Sell*	10%	(19% banking clients)
Restricted	2%	

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This research report is authored by:

**Credit Suisse Securities (USA) LLC** ..... Lauren Silberman ; Douglas Eisman

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