



# INVESTOR PRESENTATION

January 2019



# DISCLAIMER



## FORWARD-LOOKING STATEMENTS

This presentation includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “anticipates,” “expects,” “intends,” “may,” “will,” “should,” “driven,” “preliminary,” “outlook,” “opportunity,” “accelerating” or “guidance” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this presentation and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, operating leverage strategies and the industry in which we operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in subsequent periods. As a result we caution you against relying on any forward-looking statement. The following listing represents some, but not necessarily all, of the factors that may cause actual results to differ from those anticipated or predicted: our ability to open and operate new restaurants in existing and new markets and expand our franchise system profitably as contemplated by our business strategy; our ability to compete with other quick service and fast casual restaurants; our ability to achieve our targeted cash- on-cash return, first year store revenues, net development costs or store-level EBITDA margin for new store openings; changes in consumer preferences, general economic conditions or consumer discretionary spending; the effect of competition in our industry; potential fluctuations in our quarterly operating results due to seasonality and other factors; the impact of potential fluctuations in the availability and cost of food and other supplies; labor shortages, labor disputes, increased labor costs, including increased labor costs resulting from minimum wage increases; the impact of instances of food-borne illness and outbreaks of disease; adverse weather and other unforeseen conditions, especially in Southern California; the impact of federal, state or local government regulations relating to our personnel or the sale of food; legislative or regulatory changes; the continued service of key management personnel; our ability to attract, motivate and retain qualified personnel; the impact of litigation; changes in accounting principles, policies or guidelines; changes in general economic conditions or conditions in securities markets or the banking industry; a materially adverse change in our financial condition; adverse local conditions, events, terrorist attacks, weather and natural disasters; and other economic, competitive, governmental, regulatory, geopolitical and technological factors affecting operations, pricing and services. These factors, along with additional factors, are described more fully in our Annual Report on Form 10-K filed by the Company with the SEC on March 15, 2018, under the heading “Item 1A – Risk Factors”.

Any forward-looking statements that we make in this presentation speak only as of the date of such statements, and we undertake no obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

## DATA AND INFORMATION CONTAINED IN THIS PRESENTATION

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## NON-GAAP FINANCIAL MEASURES

Certain financial measures presented herein, such as EBITDA, Adjusted EBITDA Margin, Restaurant Contribution and Restaurant Contribution Margin, are not recognized terms under accounting principles generally accepted in the United States (“GAAP”). Certain of these measures exclude a number of significant items, including interest expense and depreciation and amortization expense.

## KEY FINANCIAL DEFINITIONS

Comparable restaurant sales growth reflects the change in year-over-year sales for the comparable company, franchise and total system restaurant base. Restaurants are included in the comparable store base in the accounting period following its 18th full month of operations and excludes restaurant closures.

Restaurant contribution is defined as company restaurant sales less restaurant operating expenses, which are food and paper costs, labor and related expenses and occupancy and other operating expenses. Restaurant contribution margin is defined as restaurant contribution as a percentage of company restaurant sales. Restaurant contribution and restaurant contribution margin are neither required by, nor presented in accordance with, GAAP.

Adjusted EBITDA is defined as net income/loss prior to interest expense, income taxes, and depreciation and amortization, as adjusted to add back certain charges, such as stock-based compensation expense and transaction-related costs, as these expenses are not considered an indicator of ongoing company performance. Adjusted EBITDA is a non-GAAP financial measure and should not be considered as an alternative to operating income or net income/loss as a measure of operating performance or cash flows or as measures of liquidity. Non-GAAP financial measures are not necessarily calculated the same way by different companies and should not be considered a substitute for or superior to GAAP results. Adjusted EBITDA is a financial measure that was not calculated in accordance with GAAP. A reconciliation between adjusted EBITDA and the nearest GAAP financial measure is included in the appendix.



## DEL TACO ATTENDEES

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### JOHN D. CAPPASOLA, JR. PRESIDENT & CEO

- ◆ Joined Del Taco in 2008, was promoted to Chief Brand Officer in 2011, President and CEO in 2017
- ◆ Previously spent 16 years with Blockbuster in strategic marketing and concept development, field marketing and various operational roles

### STEVEN L. BRAKE EVP & CHIEF FINANCIAL OFFICER

- ◆ Joined Del Taco in 2003 and was promoted to CFO in 2010
- ◆ Previously worked at Arthur Andersen and KPMG LLP



# BRAND OVERVIEW

# DEL TACO AT A GLANCE



## OUR CONCEPT

- ❖ #2 Mexican QSR concept in the U.S.<sup>(1)</sup>
- ❖ Regional icon on West Coast
- ❖ Differentiated menu showcases a mix of Mexican-inspired cuisine and American classics
- ❖ Open 24 hours in most restaurants

## KEY STATISTICS<sup>(2)</sup>

- ❖ System-wide sales of **\$818 MILLION**
- ❖ **322** Company / **258** Franchised Restaurants
- ❖ **\$1.51 MILLION** Company Average Unit Volume
- ❖ **\$7.74** System-wide Average Check
- ❖ **26** consecutive quarters of Company-owned SSS Growth

## POSITIONED FOR GROWTH

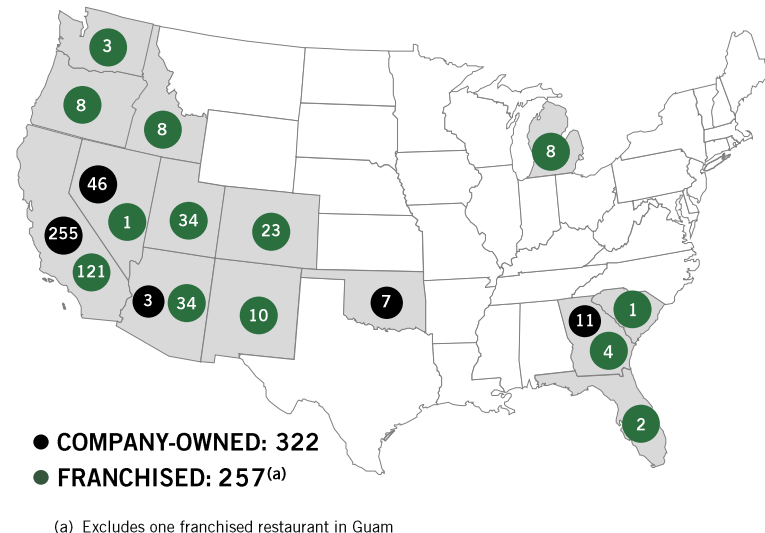
- ❖ Fast growing Mexican LSR segment
- ❖ Relevant QSR Plus positioning
- ❖ Franchisee SSS Momentum
- ❖ Strong unit economics

(1) Based on unit count

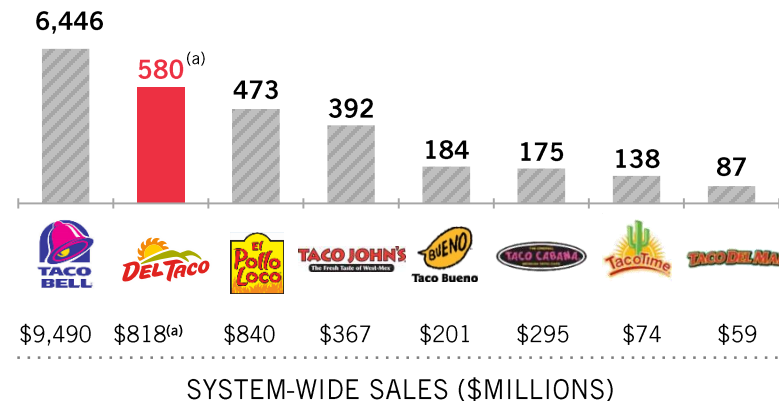
(2) Represents FY2018 sales data and unit counts as of FY2018

(3) Represents system-wide sales for fiscal 2018 and unit count as of January 1<sup>st</sup>, 2019. Mexican QSR competitive unit counts / system-wide sales are from the Technomic Top 500 2018 report reflecting 2017 results

## REGIONAL ICON WITH WHITESPACE FOR GROWTH<sup>(2)</sup>



## MEXICAN QSR SYSTEM-WIDE UNITS<sup>(3)</sup>



(a) 564 System-wide units and \$784M system-wide sales as of Fiscal 2017



# WE'RE POSITIONED AS A COMPELLING VALUE ORIENTED QSR+ BRAND



## QUICK SERVICE

SPEED OF SERVICE  
AND VALUE PROPOSITION

- Strong Value Proposition
- Convenience & Speed
- Drive-Thru Option
- 24-Hour Service Model

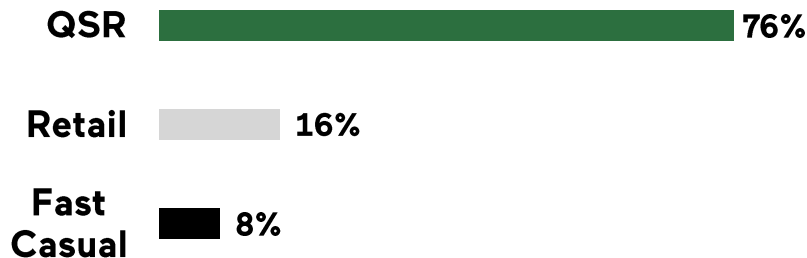


## FAST CASUAL

HIGH QUALITY FOOD &  
DINING EXPERIENCE

- Working Kitchen
- Fresh Ingredients
- High Quality Food
- Differentiated Guest Experience

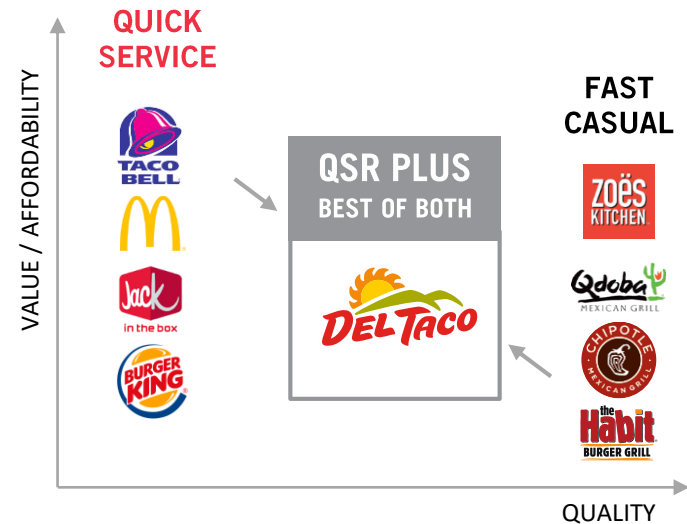
## NPD REPORTED DOMESTIC LSR TRAFFIC BY SEGMENT <sup>(1)</sup>



## BRAND POSITION

**WE START WITH FRESH AND  
SERVE WITH VALUE**

## MARKET POSITION



(1) Source: The NPD Group/CREST®, Q3, 2018

# WE'RE PASSIONATE ABOUT OUR FRESH PREPARATION AND COOKING



WORKING KITCHENS SUPPORT  
FRESH PREP AND ENABLE QSR+

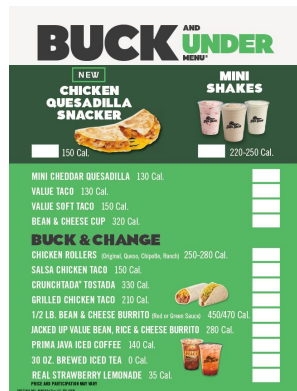
- ❖ **Carne Asada Steak and Marinated Chicken**  
Freshly Grilled In Our Restaurants
- ❖ **100% Real Cheddar Cheese**  
Grated Fresh Daily
- ❖ **Whole Pinto Beans**  
Slow Cooked In Our Kitchens
- ❖ **Fresh Avocado** Hand Sliced
- ❖ **Salsa Made From Scratch** With Fresh Tomatoes



# OUR BALANCED MENU STRATEGY PROVIDES MULTIPLE LEVERS FOR SALES AND PROFIT GROWTH ACROSS DAYPARTS



## QSR



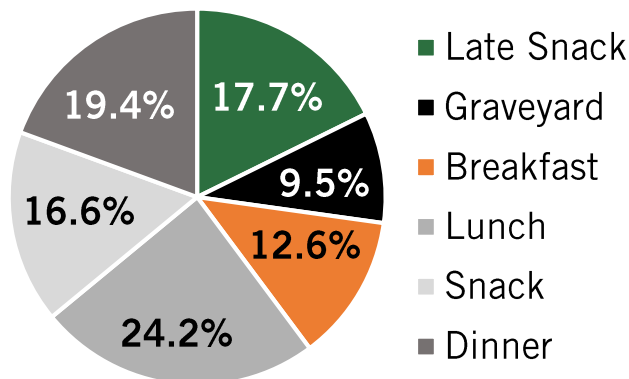
- Core menu strength targets QSR occasions
- Innovation to add Value & Mid-Tier variety
- Add-on opportunity

## FAST CASUAL

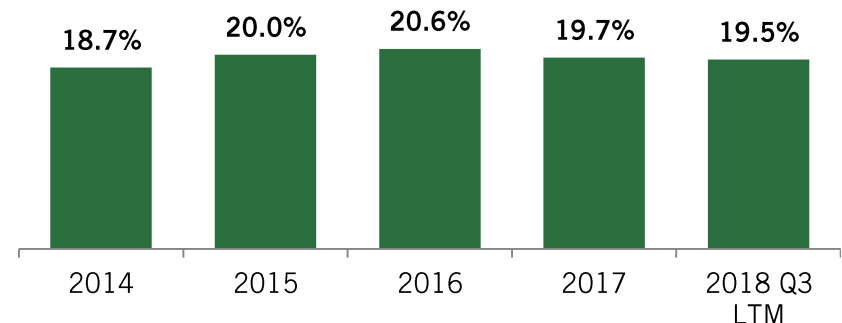


- New menu platforms targeting incremental occasions
- Premium innovation
- Enhancing quality and freshness perceptions

## 2018 SALES BY DAYPART



## RESTAURANT CONTRIBUTION MARGIN<sup>(1)</sup>



(1) Restaurant contribution is defined as company restaurant sales less company restaurant expenses. Restaurant contribution margin is defined as restaurant contribution as a percentage of company restaurant sales.



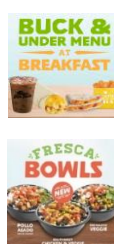
# WE'RE PROUD OF OUR AWARD WINNING INNOVATION CAPABILITIES



## STATE OF THE ART R&D CAPABILITIES & TEST KITCHEN



## PROVEN PIPELINE OF MENU INNOVATION



## 2018 MENU MASTERS BEST NEW PRODUCT INTRODUCTION



## AND A CULTURE THAT IS DRIVEN BY PRIDE



**WE'RE  
PROUD AS DEL  
TO SERVE FRESH**



**WE HAVE LESS GENERAL  
MANAGER TURNOVER AND  
THEY ARE MORE LIKELY TO  
RECOMMEND US THAN THE  
QSR AVERAGE**

|                                   |  |  |
|-----------------------------------|---|---|
| GM TURNOVER <sup>(1)</sup>        | <b>21%</b>  | <b>41%</b>  |
| GM RECOMMEND <sup>(2)</sup>       | <b>54%</b>  | <b>31%</b>  |
| GM FEELS CO. CARES <sup>(2)</sup> | <b>59%</b>  | <b>27%</b>  |

**BOTTOMS UP CULTURE  
INSTILLED WITH PRIDE...**

People Driven

Results Focused

Innovative Thinkers

Delighting Our Guests

Elevate Each Other

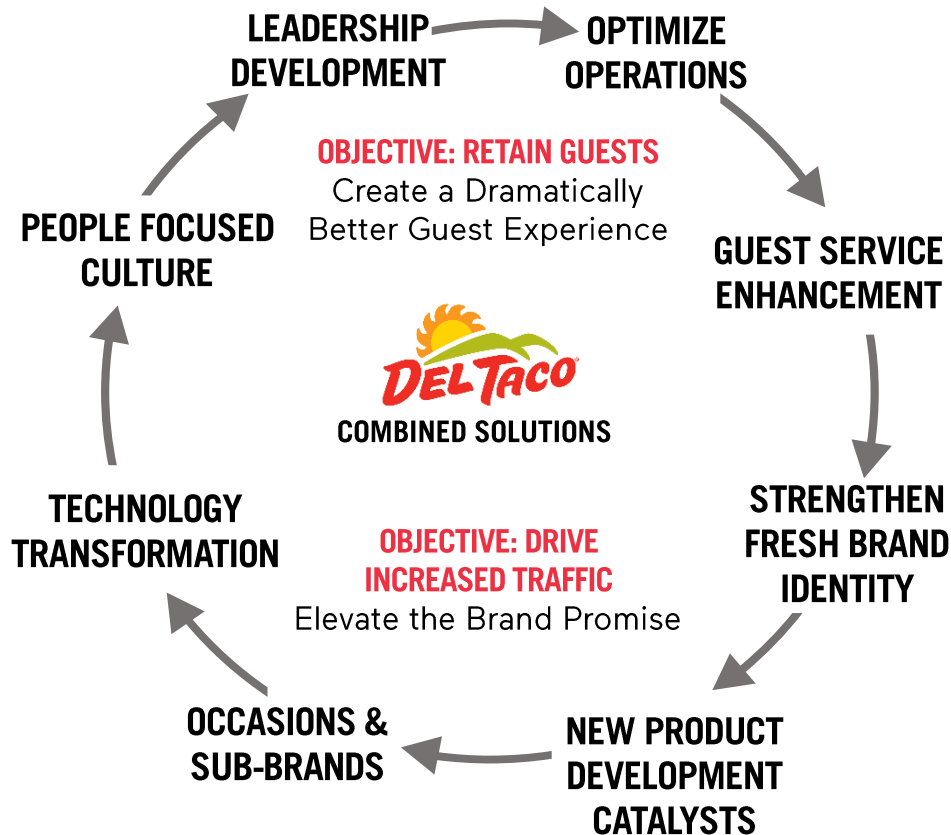
(1) Q3 2018 TDN2K People Report

(2) Del Taco 2018 Employee Survey & 2018 TDN2K/Gallup GM Connect

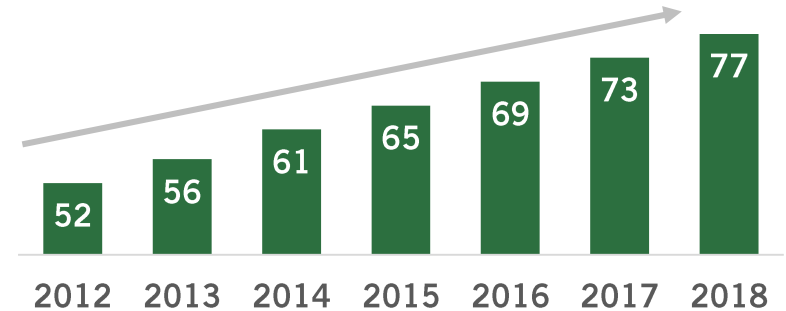
# WE BRING IT ALL TOGETHER WITH COMBINED SOLUTIONS TO ENHANCE THE GUEST EXPERIENCE & DELIVER THE BRAND PROMISE



## COMBINED SOLUTIONS STRATEGY OVERVIEW

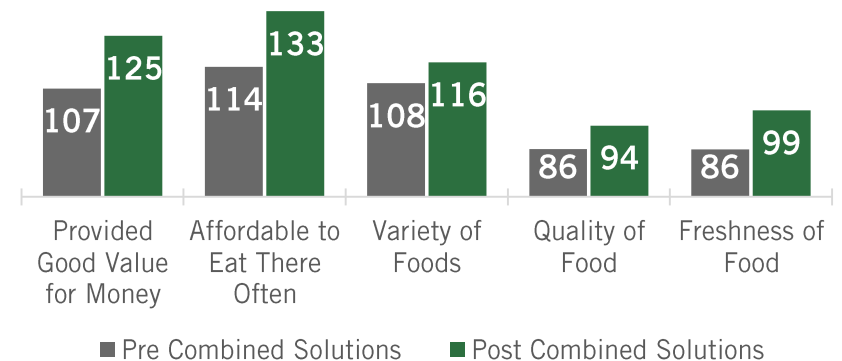


## DRAMATICALLY IMPROVING GUEST EXPERIENCES



Marketforce & Inmoment Del Taco Guest Experience Measurement Surveys

## ...AND DRIVING DEL TACO BRAND PERCEPTIONS



NPD Group Market Monitor LA/LV, Index scores represent an index to the LSR category average. Pre Combined Solutions (Q1 2011-Q1 2013), Post Combined Solutions (Q2 2013 to Q3 2018)



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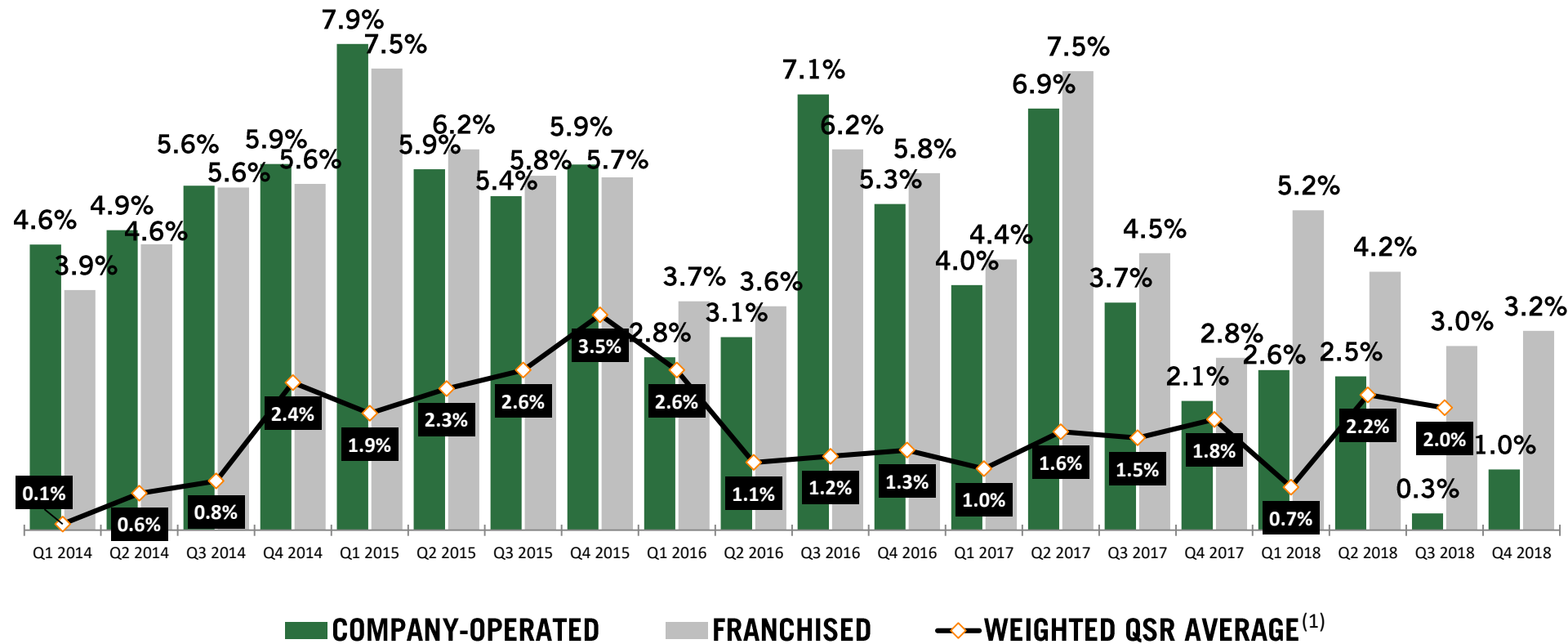
# DRIVING AUV



# OUR BRAND HAS HISTORICALLY OUTPERFORMED ON SSS WITH CONTINUED OPPORTUNITY AHEAD



## SAME STORE SALES PERFORMANCE



(1) Source: Weighted QSR Average Same Store Sales Per NPD Group Sales Track Report

# WE'RE FOCUSED ON DRIVING INCREMENTAL TRAFFIC THROUGH A SERIES OF STRATEGIC INITIATIVES



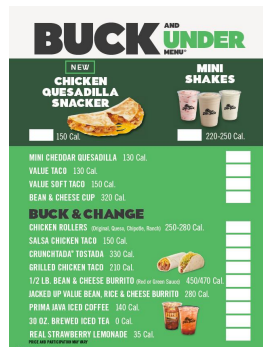
## PHASE 1

### DIGITAL TRANSFORMATION



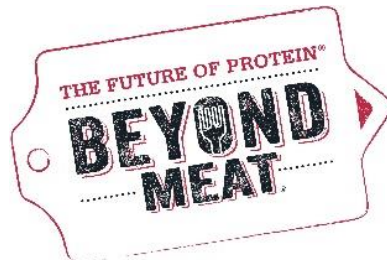
## PHASE 2

### VALUE PLATFORM EVOLUTION



## PHASE 3

### PRODUCT INNOVATION



# OUR DIGITAL TRANSFORMATION IS UNDERWAY



## DEL TACO APP

- ❖ Launched in November 2018
- ❖ 250,000 App Users Registered
- ❖ Build CRM Database to Drive Increased Frequency Via Targeted Offers



## DELIVERY

- ❖ LA Market Live With Grub Hub Delivery
- ❖ Grub Hub Expansion to System in Q1
- ❖ Two Additional DSPs Targeted for Launch Later in 2019

# AND WE'RE ENHANCING OUR VALUE PLATFORM TO DRIVE OUR CORE STRENGTH



**MIGRATION TO  
BUCK & CHANGE MENU  
TO ENABLE PRICE  
FLEXIBILITY**

**MIX 2 DRIVES PROFIT  
BY PAIRING HIGH  
MARGIN ITEMS**

**BOX MEALS DELIVER  
BETTER VALUE THAN  
COMPETITORS WITHOUT  
SACRIFICING MARGINS**

**BUCK AND UNDER MENU**

**NEW CHICKEN QUESADILLA SNACKER** 150 Cal.

**MINI SHAKES** 220-250 Cal.

**BUCK & CHANGE**

MINI CHEDDAR QUESADILLA 130 Cal.

VALUE TACO 130 Cal.

VALUE SOFT TACO 150 Cal.

BEAN & CHEESE CUP 320 Cal.

CHICKEN ROLLERS (Original, Queso, Chipotle, Ranch) 250-280 Cal.

SALSA CHICKEN TACO 150 Cal.

CRUNCHTADA\* TOSTADA 330 Cal.

GRILLED CHICKEN TACO 210 Cal.

1/2 LB. BEAN & CHEESE BURRITO (Red or Green Sauce) 450/470 Cal.

JACKED UP VALUE BEAN, RICE & CHEESE BURRITO 280 Cal.

PRIMA JAVA ICED COFFEE 140 Cal.

30 OZ. BREWED ICED TEA 0 Cal.

REAL STRAWBERRY LEMONADE 35 Cal.

PRICE AND PARTICIPATION MAY VARY

**MIX 2 MENU**

**MIX & MATCH 2 FOR \$4**

CHICKEN FLATBREAD TACO, CHICKEN STREET TACO, BEER BATTERED FISH TACO, CHEESE QUESADILLA (CHEDDAR OR SPICY JACK)

**MIX & MATCH 2 FOR \$5**

CLASSIC GRILLED CHICKEN BURRITO, SPICY GRILLED CHICKEN BURRITO, DEL COMBO™ BURRITO, DEL BEEF™ BURRITO, 8 LAYER VEGGIE BURRITO

SMALL ITEM PRICES ON MENU BOARD. PRICE AND PARTICIPATION MAY VARY.

**\$4 FRESH FAVES**

**\$5 FRESH FAVES**

**\$5 FRESH FAVES**

**\$6 FRESH FAVES**

» NEW «



# AND FINALLY, WE'LL BRING INNOVATION TO MARKET IN 2019 THAT IS DESIGNED TO DRIVE INCREMENTAL OCCASIONS



## INCREMENTAL NEED STATES



## DAYPART GROWTH



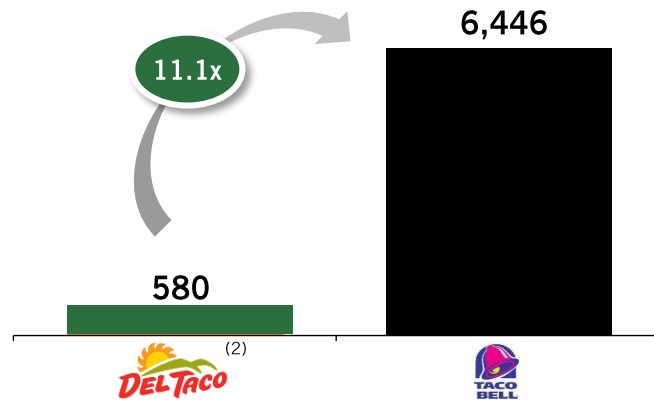


# NEW UNIT GROWTH

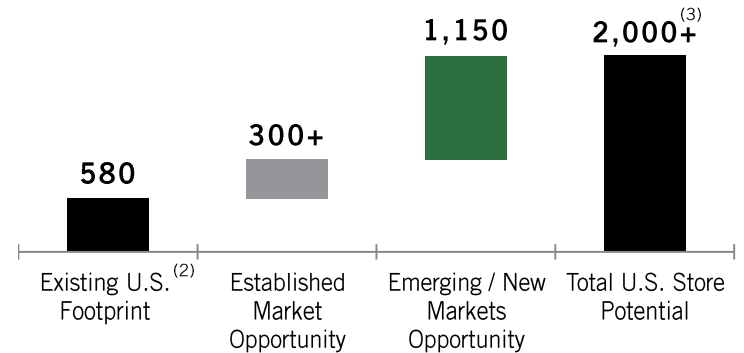
# SIGNIFICANT GROWTH OPPORTUNITY IN BOTH ESTABLISHED AND EMERGING MARKETS



## PREMIER WHITE SPACE OPPORTUNITY <sup>(1)</sup>



## NEW UNIT OPPORTUNITY



## INFILL OPPORTUNITY

300+ INFILL TRADE  
AREAS – WESTERN 1/3



## EMERGING MARKET OPPORTUNITY



(1) Technomic Top 500 2018 report reflecting 2017 results

(2) Represents FY2018 unit counts

(3) Based on internal analysis and a study prepared by a leading national consulting firm.



# CONTEMPORARY RESTAURANT PROTOTYPE ALIGNS GUEST EXPERIENCE WITH DIFFERENTIATED QSR+ POSITIONING



## FRESHNESS COOLERS

CHANGE IN BELIEVABILITY OF FRESHNESS CLAIMS<sup>(1)</sup>



|                          |      |
|--------------------------|------|
| Grates Cheddar Cheese    | +30% |
| Cooks Beans from Scratch | +28% |
| Slices Fresh Avocado     | +27% |
| Dices Fresh Tomatoes     | +24% |
| Makes Pico By Hand       | +24% |
| Grills Marinated Steak   | +19% |
| Grills Marinated Chicken | +18% |



## QUALITY CUES



(1) Del Taco Internal Attitudes & Usage Study, August 2015



# BRAND RESONATING ACROSS A DIVERSE GEOGRAPHIC FOOTPRINT



## BRAND PROVING TO BE PORTABLE

### QUICK SERVICE

SPEED OF SERVICE  
AND VALUE PROPOSITION

- ◆ Strong Value Proposition
- ◆ Convenience & Speed
- ◆ Drive-Thru Option
- ◆ 24-Hour Service Model



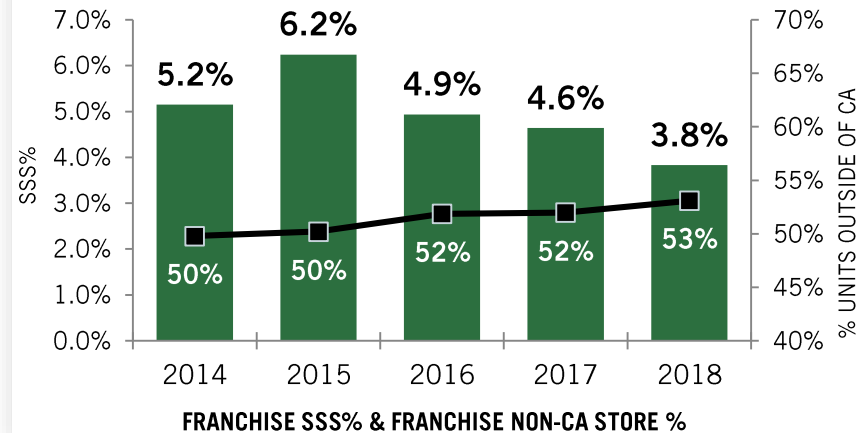
### FAST CASUAL

HIGH QUALITY FOOD &  
DINING EXPERIENCE

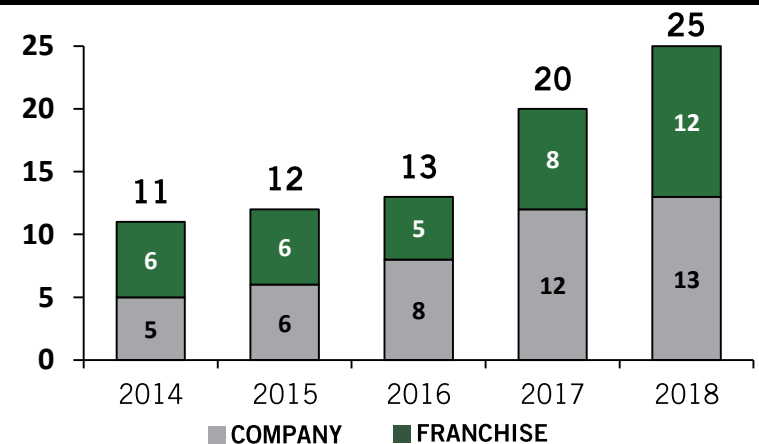
- ◆ Working Kitchen
- ◆ Fresh Ingredients
- ◆ High Quality Food
- ◆ Differentiated Guest Experience



## FRANCHISE SSS PERFORMANCE



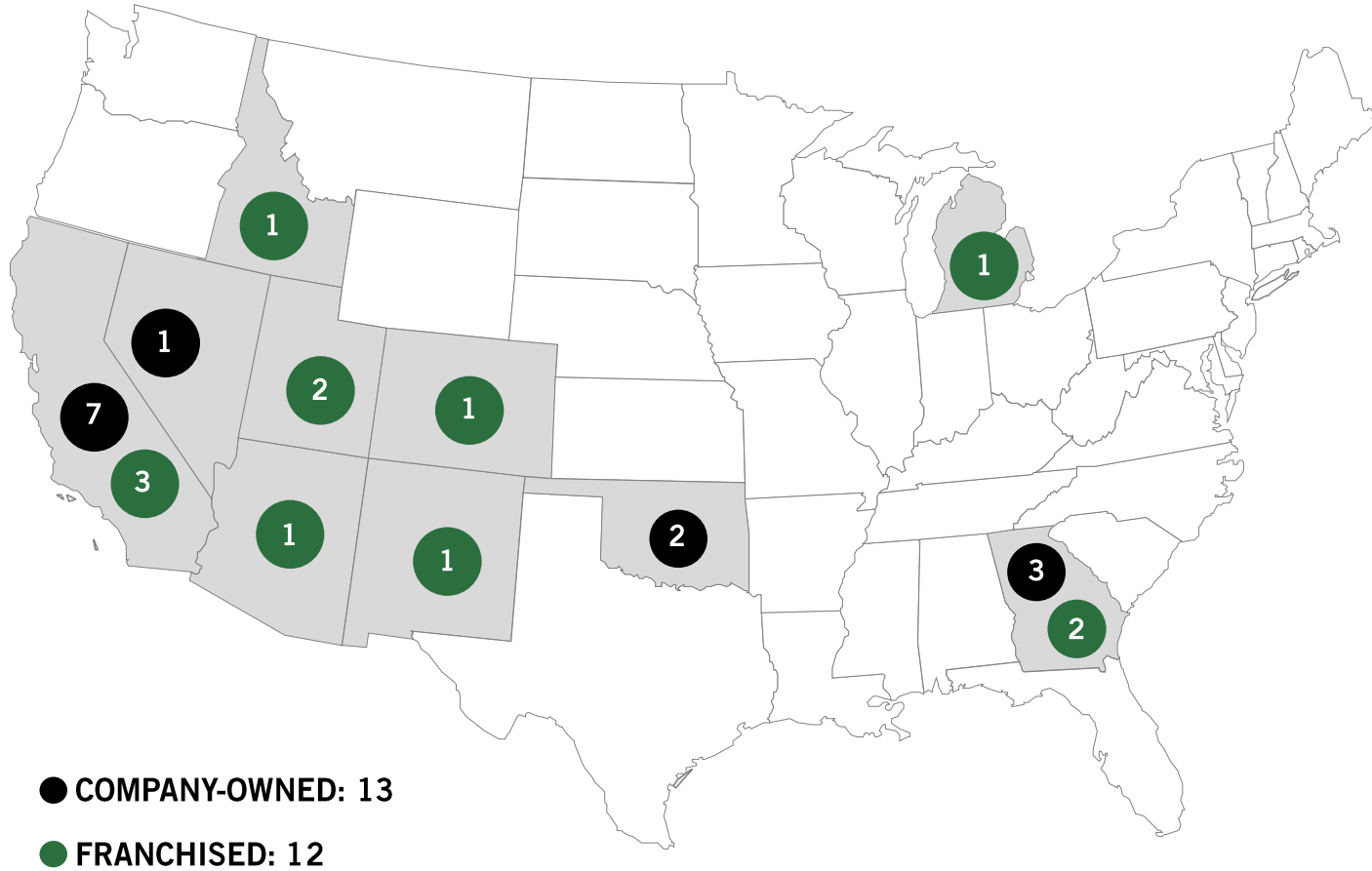
## SYSTEM-WIDE NEW UNIT GROWTH



# 2018 RESTAURANT GROWTH



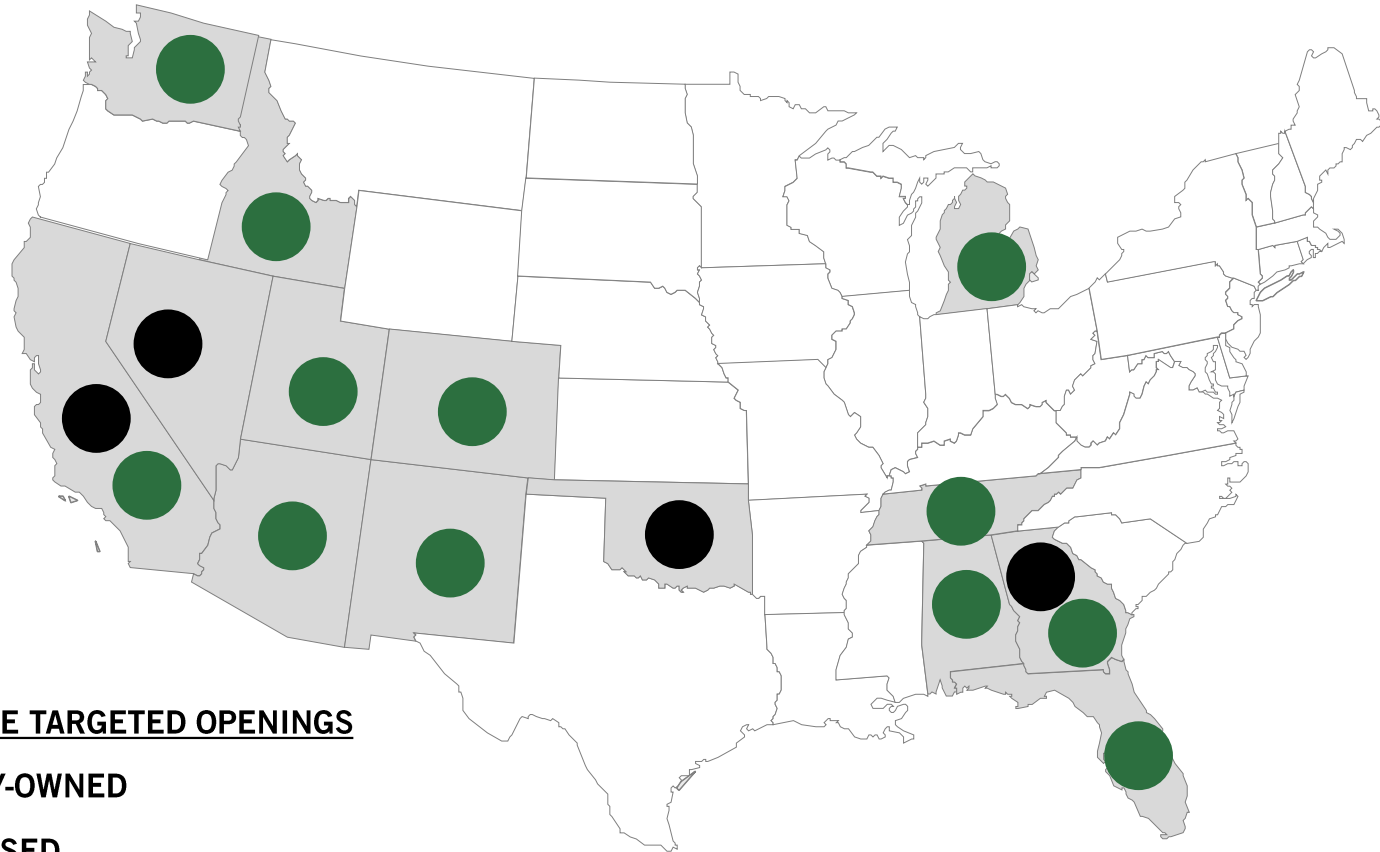
## 25 NEW UNITS IN 10 STATES



# EXPECTED 2019 RESTAURANT GROWTH



**WE EXPECT AT LEAST 25 NEW UNITS IN 14 STATES**



**ONE OR MORE TARGETED OPENINGS**

● COMPANY-OWNED

● FRANCHISED

# NEW STRATEGIES TO ACCELERATE FRANCHISE GROWTH

## STRATEGIC REFRANCHISE OF NON-CORE WESTERN STORES



- ❖ Attracts Franchisees Who Want to “Buy Then Build”
- ❖ Stimulates New Development Agreements

## COMPANY DEVELOPMENT OF FUTURE NEW “SEED” MARKETS



- ❖ Strategic Use of Company Capital
- ❖ New Company “Seed” Markets Also Enable Co-Development and Adjacent Franchise Growth Opportunities





# FINANCIAL UPDATE

# PORTFOLIO OPTIMIZATION EXPECTED TO DRIVE GROWTH, FINANCIAL AND OPERATIONAL BENEFITS



## ACQUISITIONS

Acquire (3) High Volume Franchise Restaurants in LA Area

Q1 2019

## REFRANCHISE STORES

Refranchise (13) Lower Volume Restaurants in LA Area to Franchisees Who Have Improved Performance at Acquired Restaurants

Q1 2019

## REFRANCHISE MARKETS

Refranchise Non-Core Western Markets to New or Existing Franchisees Committing to Additional Development

Into 2020

## STRATEGIC CLOSURES

Limited Strategic Company Closures When Accretive to Earnings

Ongoing

## EXPECTED BENEFITS

### GROWTH

Helps Address Franchisee "Buy Then Build" Desire  
  
Helps Fund New "Seed" Markets and Other Initiatives

### FINANCIAL

New Ownership Helps Grow AUVs, Enhance Key Metrics, Limit Ops Risks and Preserve Capital

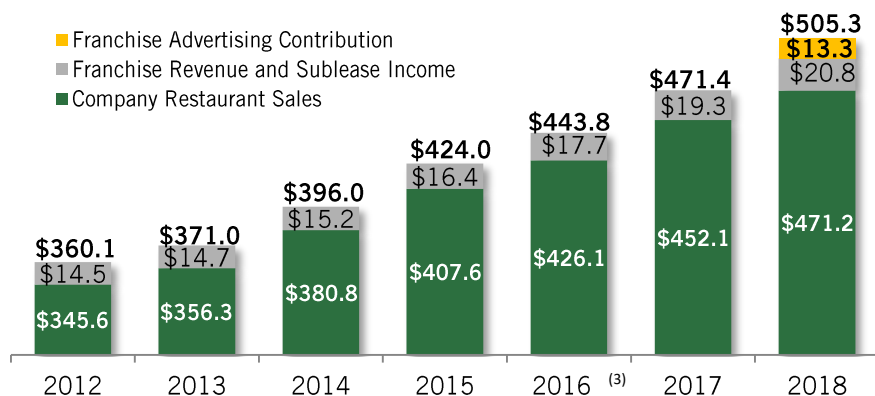
### OPERATIONAL

Sharpened Company Ops Focus in Core Western Markets and Strategic Seed Markets

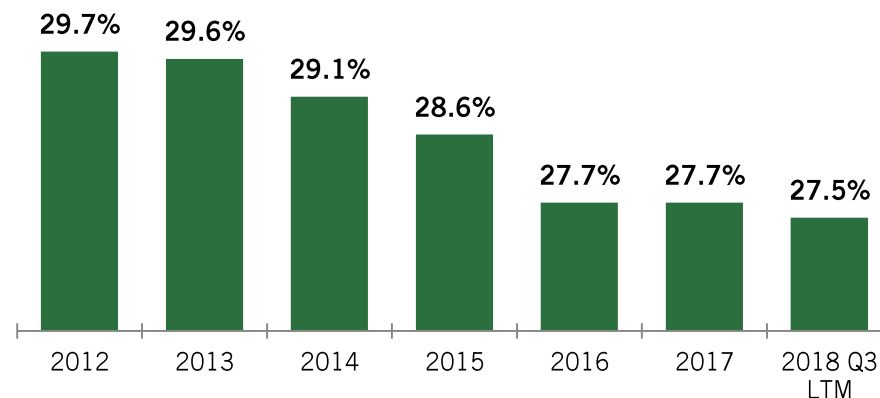
EVOLVES COMPANY OWNERSHIP FROM 55% TO 45% BY 2020

# CONSISTENT STRONG FINANCIAL PERFORMANCE

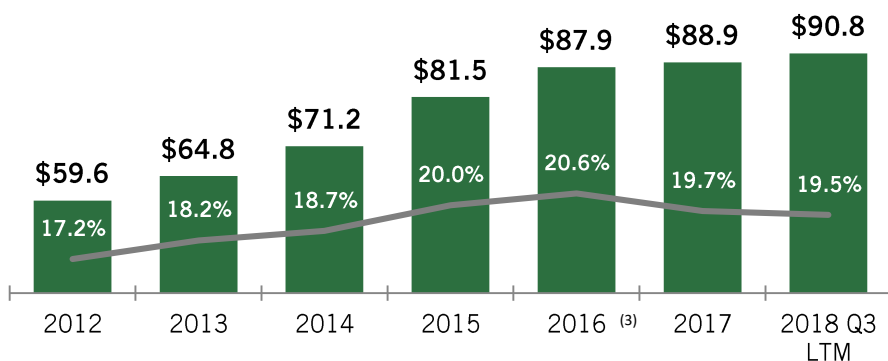
## TOTAL REVENUE (\$millions)



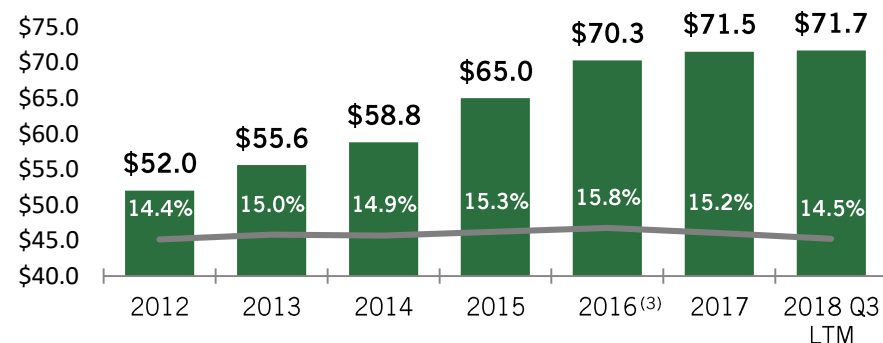
## FOOD & PAPER (% of Company Restaurant Sales)



## RESTAURANT CONTRIBUTION<sup>(1)</sup> AND MARGIN (\$millions)



## ADJUSTED EBITDA<sup>(2)</sup> AND MARGIN (\$millions)

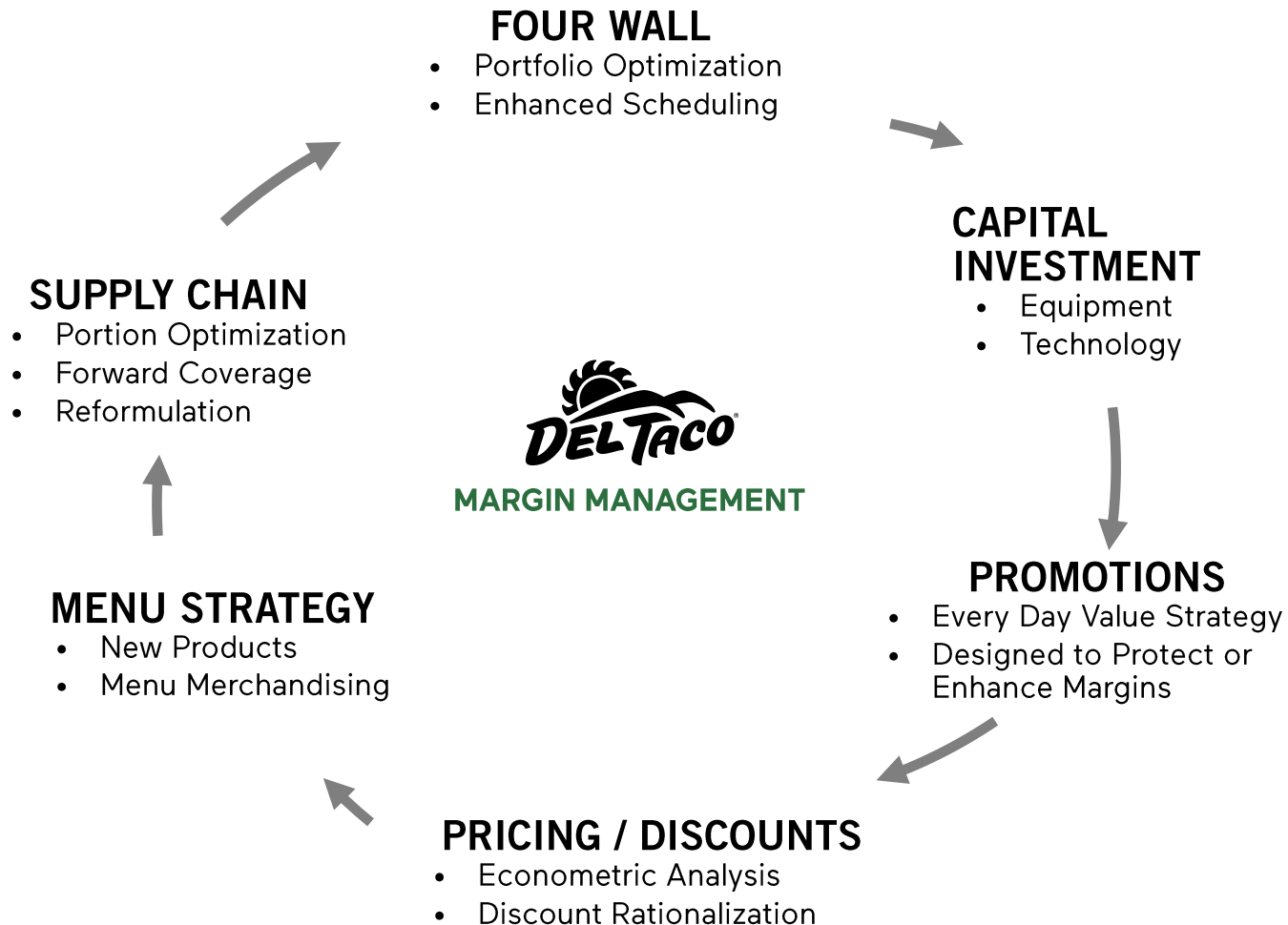


(1) Restaurant contribution is defined as company restaurant sales less company restaurant expenses. Restaurant contribution margin is defined as restaurant contribution as a percentage of company restaurant sales.

(2) Adjusted EBITDA represents a non-GAAP measure of financial results and reflects net income (loss) before interest expense, provision for income taxes, depreciation, amortization and items that we do not consider representative of our ongoing operating performance.

(3) Fiscal 2016 results exclude the estimated contribution from the additional operating week including \$8.3 million of total revenue, \$8.0 million of company restaurant sales, \$1.4 million of restaurant contribution and \$1.1 million of Adjusted EBITDA.

# HOLISTIC MARGIN MANAGEMENT PLAN



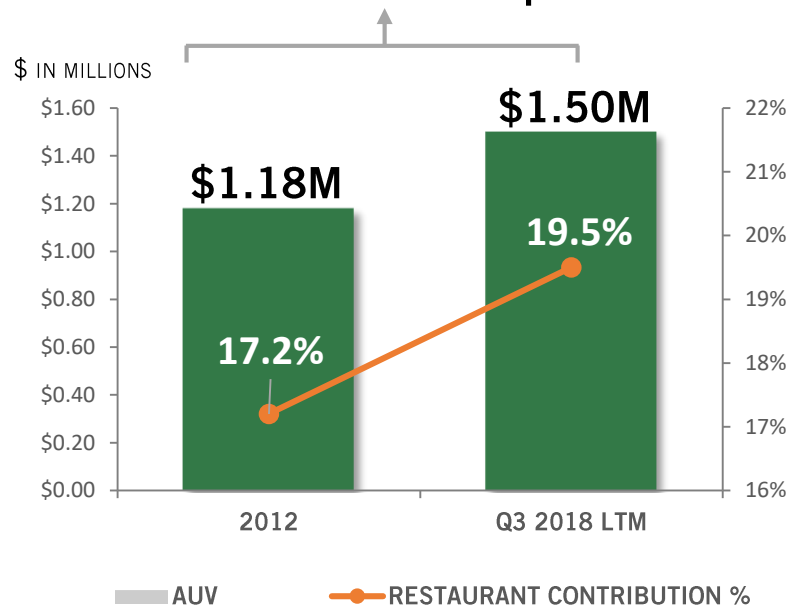


# ATTRACTIVE UNIT ECONOMICS

## BASE BUSINESS PROGRESSION

**Significant company-operated unit economic growth since 2012**

- ↑ **\$320K AUV**
- ↑ **230BPS Restaurant Contribution Expansion<sup>(1)</sup>**



## NEW UNIT ECONOMIC MODEL

| TARGET  | RANGE       |             |
|---|-------------|-------------|
| Average Unit Volume                                     | ~\$1,350    | ~\$1,500    |
| Year 3 Restaurant Contribution Margin <sup>(1)(2)</sup> | ~17.0%      | ~18.0%      |
| Net Investment Cost <sup>(3)</sup>                      | ~\$1,300    | ~\$1,300    |
| <b>Cash-on-Cash Return</b>                              | <b>~18%</b> | <b>~21%</b> |

(1) Restaurant contribution is defined as company restaurant sales less company restaurant expenses. Restaurant contribution margin is defined as restaurant contribution as a percentage of company restaurant sales

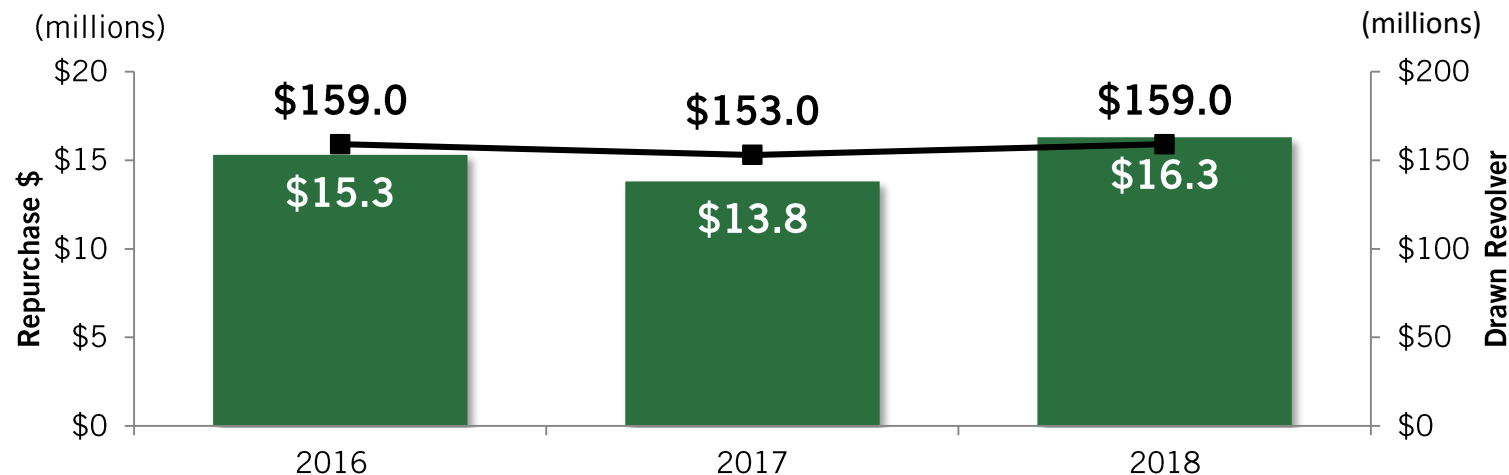
(2) Restaurant contribution margin percentage for new restaurants trends lower than our mature base due to market rental rates

(3) Net of landlord contributions or planned sale leaseback proceeds. Recent inflation driven by significant construction cost inflation and fewer projects with landlord contributions or sale leaseback opportunities

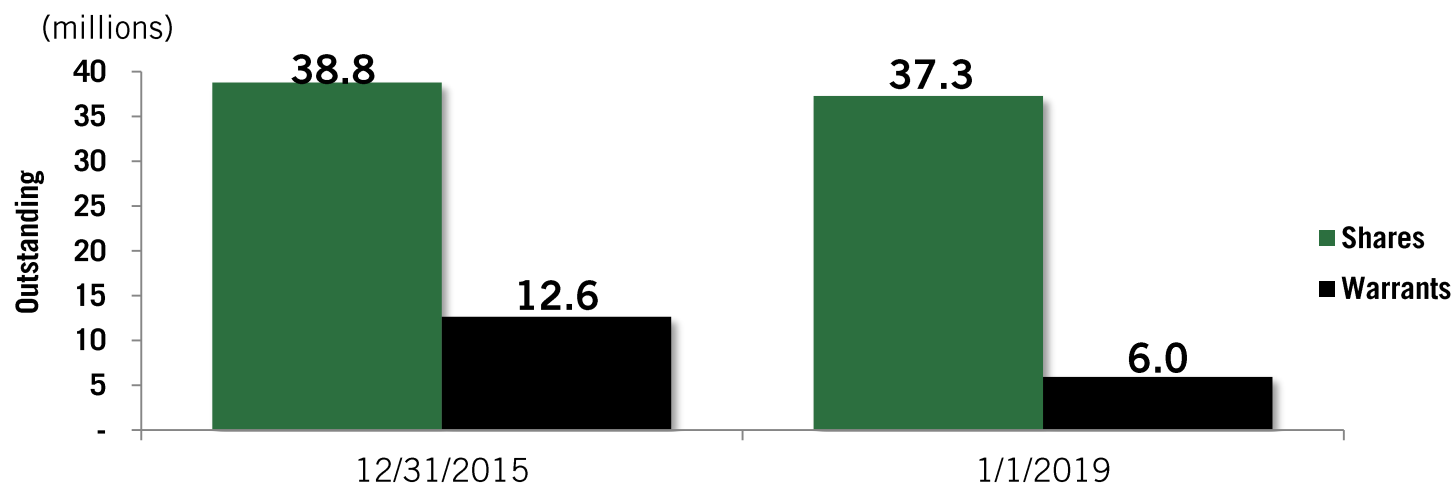
# SHARE AND WARRANT REPURCHASE PROGRAM HAS HELPED OPTIMIZE OUR EQUITY CAPITAL STRUCTURE



## SHARE AND WARRANT REPURCHASE \$'S AND DRAWN REVOLVER



## SHARES AND WARRANTS OUTSTANDING



# FISCAL 2018 PRELIMINARY SALES RESULTS AND UPDATED GUIDANCE

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## PRELIMINARY FISCAL FOURTH QUARTER RESULTS

- ◆ System-wide SSS of **1.9%**, with **1.0%** company-operated and **3.2%** franchise;
- ◆ Total revenue of **~\$157.1** million, representing **7.2%** growth; and
- ◆ Company restaurant sales of **~\$146.7** million, representing **4.4%** growth.

## UPDATED FISCAL 2018 GUIDANCE

- ◆ System-wide SSS of **2.5%**, with **1.5%** company-operated and **3.8%** franchise;
- ◆ Total revenue of **~\$505.3** million, representing **7.2%** growth;
- ◆ Company restaurant sales of **~\$471.2** million, representing **4.2%** growth;
- ◆ Restaurant contribution margin of at least **19.5%** (high end of previously guided range);
- ◆ Adjusted EBITDA of at least **\$71.5** million (high end of previously guided range); and
- ◆ Twenty five new system-wide restaurants, including thirteen company-operated.



# INITIAL FISCAL YEAR 2019 GUIDANCE

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**Del Taco is furnishing the following initial guidance for the 52-week year ending December 31, 2019.**

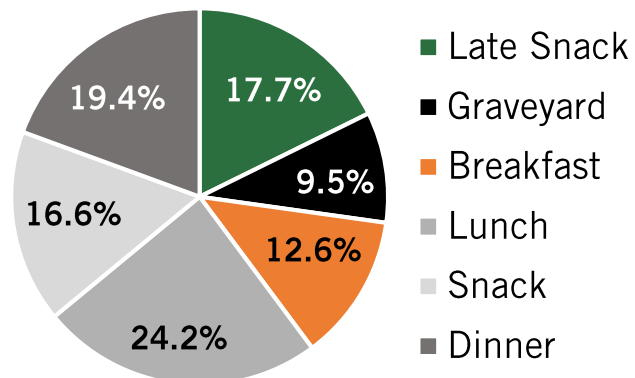
- ◇ System-wide SSS growth of **low-single digits**;
- ◇ Revenue between **\$517 million and \$527 million**;
- ◇ Company restaurant sales between **\$481 million and \$491 million**;
- ◇ Menu pricing of up to **4%**;
- ◇ Food inflation of approximately **2% to 3%**;
- ◇ Labor inflation of approximately **6%**;
- ◇ Restaurant contribution margin between **18.8% and 19.3%**;
- ◇ Adjusted EBITDA between **\$70.0 million and \$72.5 million**; and
- ◇ At least **25** gross system-wide new unit openings and an estimated 1% system-wide closure rate.



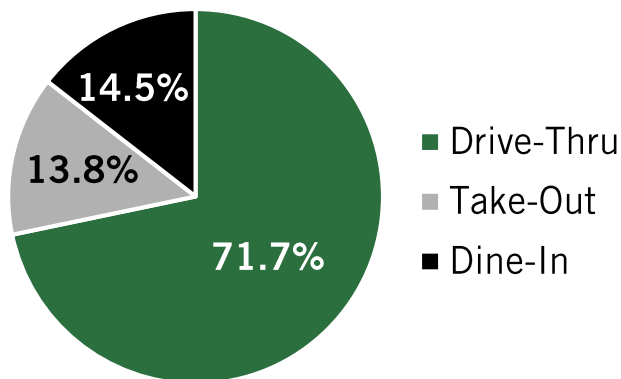


# APPENDIX

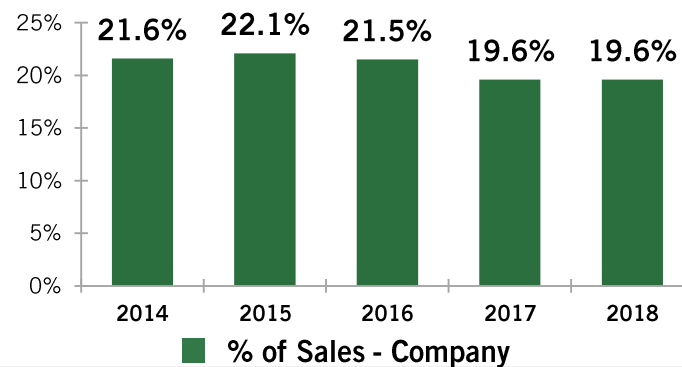
## FISCAL 2018 SALES BY DAY-PART



## FISCAL 2018 SALES BY CHANNEL



## BUCK & UNDER <sup>(1)</sup>



## FISCAL 2018 TOP INGREDIENTS

| Ingredient     | % of Purchases |
|----------------|----------------|
| Coke Syrup     | 10.3%          |
| Taco Meat      | 9.4%           |
| Fries          | 8.2%           |
| Cheddar Cheese | 8.0%           |
| Chicken        | 7.1%           |
| Tortillas      | 6.5%           |
| Steak          | 4.3%           |
| Shells         | 2.3%           |
| Lettuce        | 1.9%           |
| Beef Patties   | 1.6%           |
| Shake Mix      | 1.4%           |
| Queso Cheese   | 1.3%           |
| <b>Total</b>   | <b>62.3%</b>   |

(1) Includes Buck & Change Items

# ADJUSTED EBITDA RECONCILIATION

|  | Q3 YTD 2018     | Q3 YTD 2017     | 2017            | 2016            | 2015            | 2014            | 2013            | 2012            |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>ADJUSTED EBITDA RECONCILIATION:</b>   |                 |                 |                 |                 |                 |                 |                 |                 |
| Net income (loss)  | \$13,313        | \$14,669        | \$49,871        | \$20,913        | \$4,757         | \$(9,255)       | \$(6,539)       | \$(8,222)       |
| <b>Non-GAAP adjustments:</b>   |                 |                 |                 |                 |                 |                 |                 |                 |
| Provision (benefit) for income taxes   | 4,563           | 8,955           | (15,824)        | 15,329          | 852             | 1,098           | 80              | 1,939           |
| Interest expense   | 5,984           | 4,798           | 7,200           | 6,327           | 15,143          | 30,895          | 35,613          | 38,291          |
| Depreciation and amortization  | 17,616          | 15,903          | 23,362          | 23,129          | 19,525          | 18,608          | 19,472          | 17,082          |
| <b>EBITDA</b>  | <b>41,476</b>   | <b>44,325</b>   | <b>64,609</b>   | <b>65,698</b>   | <b>40,277</b>   | <b>41,346</b>   | <b>48,626</b>   | <b>49,090</b>   |
| Stock-based compensation expense <sup>(a)</sup>  | 4,079           | 3,340           | 4,876           | 4,096           | 2,030           | 954             | 1,290           | 3,087           |
| Loss (gain) on disposal of assets <sup>(b)</sup>   | 760             | 524             | 1,075           | 312             | 102             | (151)           | 209             | 35              |
| Impairment of long-lived assets <sup>(c)</sup>   | 1,661           | --              | --              | --              | --              | 9,617           | --              | --              |
| Restaurant closure charges, net <sup>(d)</sup>   | 635             | (1)             | 191             | 435             | 2,109           | 82              | 298             | 716             |
| Amortization of favorable and unfavorable lease assets and liabilities, net <sup>(e)</sup> | (602)           | (521)           | (809)           | (607)           | (361)           | 144             | 378             | 617             |
| Debt modification costs <sup>(f)</sup>   | --              | --              | --              | --              | 217             | 1,241           | 4,178           | --              |
| Transaction-related costs <sup>(g)</sup>   | --              | --              | --              | 731             | 20,227          | 1,936           | --              | --              |
| Change in fair value of warrant liability <sup>(h)</sup>                                   | --              | --              | --              | --              | (35)            | 1,417           | 33              | (2,634)         |
| Pre-opening costs <sup>(i)</sup>   | 900             | 531             | 1,591           | 731             | 642             | 462             | 596             | 1,080           |
| Insurance reserves adjustment <sup>(j)</sup>   | --              | --              | --              | --              | --              | 1,800           | --              | --              |
| Other income <sup>(k)</sup>  | (523)           | --              | --              | --              | (220)           | --              | --              | --              |
| <b>ADJUSTED EBITDA</b>   | <b>\$48,386</b> | <b>\$48,198</b> | <b>\$71,533</b> | <b>\$71,396</b> | <b>\$64,988</b> | <b>\$58,848</b> | <b>\$55,608</b> | <b>\$51,991</b> |
| Pro-rata Adjustment to 52 Weeks <sup>(l)</sup>   | --              | --              | --              | (1,122)         | --              | --              | --              | --              |
| <b>ADJUSTED EBITDA (52 Weeks)</b>  | <b>\$48,386</b> | <b>\$48,198</b> | <b>\$71,533</b> | <b>\$70,274</b> | <b>\$64,988</b> | <b>\$58,848</b> | <b>\$55,608</b> | <b>\$51,991</b> |

a) Includes non-cash, stock-based compensation.

b) Loss (gain) on disposal of assets includes the loss or gain on disposal of assets relates to sales, retirements and replacement or write-off of leasehold improvements or equipment, and gains or losses associated with the sale of company restaurants to franchisees.

c) Includes costs related to impairment of long-lived assets.

d) Includes costs related to future obligations associated with the closure or net sublease shortfall of a restaurant and lease termination costs, net of sublease income from leases treated as deemed landlord financing.

e) Includes amortization of favorable lease assets and unfavorable lease liabilities.

f) Includes costs associated with debt refinancing transactions in April 2013, April 2014, March 2015 and August 2015.

g) Includes costs related to the strategic sale process which commenced during 2014 and resulted in the Stock Purchase Agreement with the Levy Newco Parties and the Business Combination consummated pursuant to the Merger Agreement as well as the costs related to the secondary offering of common stock completed October 2015.

h) Relates to fair value adjustments to the warrants to purchase shares of common stock of Del Taco Holdings ("DTH") that had been issued to certain of DTH's equity shareholders, all of which were exchanged for shares of common stock of DTH on March 20, 2015.

i) Pre-opening costs consist of costs directly associated with the opening of new restaurants and incurred prior to opening, including restaurant labor, supplies, rent expense and other related pre-opening costs. These are generally incurred over the three to five months prior to opening.

j) Includes a \$1.8 million increase in fiscal 2014 in workers' compensation expense due to higher payments and reserves related to underlying claims activity.

k) In fiscal 2018 includes a gain related to the write-off of unfavorable lease liabilities related to franchise sublease terminated in connection with the acquisition of the related franchised restaurants, and in fiscal 2015 includes a gain related to the liquidating distribution received in excess of our investment in four public partnerships.

l) Estimated contribution from the additional operating week during fiscal 2016.



# RESTAURANT CONTRIBUTION RECONCILIATION

| (IN THOUSANDS)                                 |                 |                 |                 |                 |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | Q3 YTD<br>2018  | Q3 YTD<br>2017  | 2017            | 2016            | 2015            | 2014            | 2013            | 2012            |
| <b>RESTAURANT CONTRIBUTION RECONCILIATION:</b> |                 |                 |                 |                 |                 |                 |                 |                 |
| Company restaurant sales                       | \$324,468       | \$311,542       | \$452,148       | \$434,064       | \$407,615       | \$380,800       | \$356,306       | \$345,590       |
| Restaurant operating expenses                  | 261,654         | 250,620         | 363,228         | 344,749         | 326,080         | 309,649         | 291,485         | 285,993         |
| <b>RESTAURANT CONTRIBUTION</b>                 | <b>\$62,814</b> | <b>\$60,922</b> | <b>\$88,920</b> | <b>\$89,315</b> | <b>\$81,535</b> | <b>\$71,151</b> | <b>\$64,821</b> | <b>\$59,597</b> |
| Pro-rata Adjustment to 52 Weeks <sup>(a)</sup> | --              | --              | --              | (1,354)         | --              | --              | --              | --              |
| <b>RESTAURANT CONTRIBUTION (52 Weeks)</b>      | <b>\$62,814</b> | <b>\$60,922</b> | <b>\$88,920</b> | <b>\$87,961</b> | <b>\$81,535</b> | <b>\$71,151</b> | <b>\$64,821</b> | <b>\$59,597</b> |

a) Estimated contribution from the additional operating week during fiscal 2016.