

FIRST QUARTER 2019
SUPPLEMENTAL EARNINGS SLIDES
MAY 2, 2019

Jewel Changi Airport, Singapore

Cautionary note on forward-looking statements

This presentation contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), which are subject to known and unknown risks, uncertainties and other important factors that may cause actual results to be materially different.

All statements other than statements of historical fact included in this presentation are forward-looking statements, including, but not limited to, expected financial outlook for fiscal 2019, expected Shack openings, expected same-Shack sales growth and trends in Shake Shack Inc.'s (the "Company's") operations.

Forward-looking statements discuss the Company's current expectations and projections relating to their financial position, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "aim," "anticipate," "believe," "estimate," "expect," "forecast," "outlook," "potential," "project," "projection," "plan," "intend," "seek," "may," "could," "would," "will," "should," "can," "can have," "likely," the negatives thereof and other similar expressions.

All forward-looking statements are expressly qualified in their entirety by these cautionary statements. You should evaluate all forward-looking statements made in this presentation in the context of the risks and uncertainties disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 2018, filed with the Securities and Exchange Commission ("SEC"). All of the Company's SEC filings are available online at www.sec.gov, www.shakeshack.com or upon request from Shake Shack Inc. The forward-looking statements included in this presentation are made only as of the date hereof. The Company undertakes no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

We are relentlessly focused on excellence, experience and hospitality



2019 Strategic Commitments

- Commit to excellence in **our people**
- Cultivate a loyal and connected **community**
- Deliver a consistently **great experience**
- **Innovate** our business for **growth**

Stand for Something Good

Q1 2019 highlights

+3.6%

Growth in Same-Shack Sales[1]



$133M

Total Revenue
+34% YoY



$195M

Shack System-wide Sales[2]
+34% YoY

$4.3M

Average Unit Volume[3]

$17.8M

Adjusted EBITDA[4]
+10% YoY



12

New Company-Operated and Licensed Shacks opened in Q1

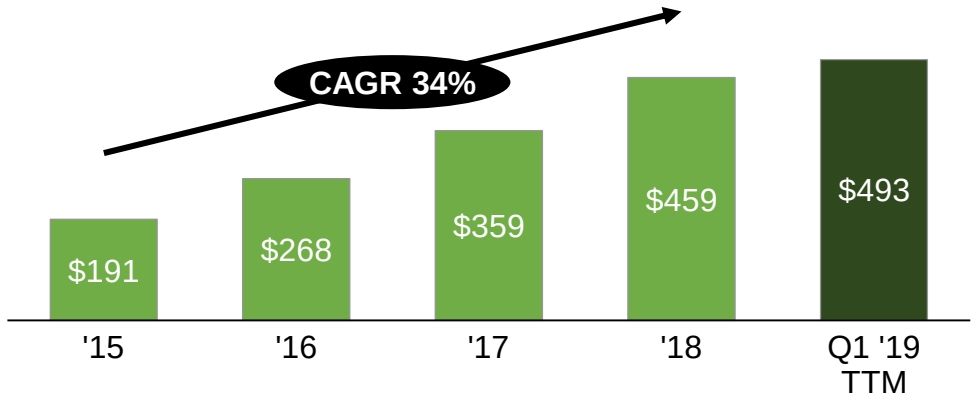
$27.0M

Shack-Level Operating Profit[4]
+13% YoY

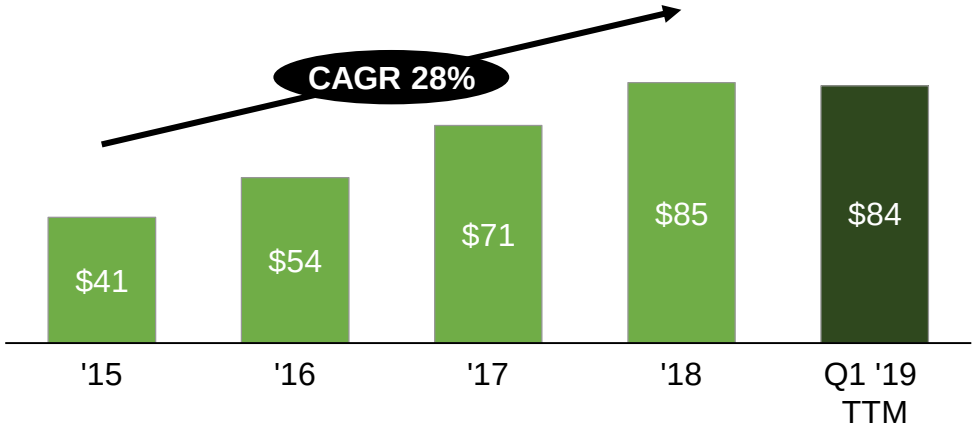
1. "Same-Shack Sales" represents Shack sales for the comparable Shack base, which is defined as the number of domestic company-operated Shacks open for 24 full fiscal months or longer
2. "Shack System-wide Sales" is an operating measure and consists of sales from domestic company-operated Shacks, domestic licensed Shacks and international licensed Shacks. The Company does not recognize the sales from licensed Shacks as revenue. Of these amounts, revenue is limited to Shack sales from domestic company-operated Shacks and licensing revenue based on a percentage of sales from domestic and international licensed Shacks, as well as certain up-front fees such as territory fees and opening fees
3. "Average unit volume" or "AUV" for any 12-month period consist of the average annualized sales of all domestic company-operated Shacks over that period. AUV is calculated by dividing total Shack sales from domestic company-operated Shacks by the number of domestic company-operated Shacks open during that period. For Shacks that are not open for the entire period, fractional adjustments are made to the number of Shacks open such that it corresponds to the period of associated sales. The measurement of AUV allows the Company to assess changes in guest traffic and per transaction patterns at domestic company-operated Shacks
4. "Adjusted EBITDA" and "Shack-level Operating Profit" are non-GAAP measures. Definitions of Adjusted EBITDA and Shack-level Operating Profit, the most directly comparable financial measure presented in accordance with GAAP, is included in the appendix of this presentation

Consistent, strong performance

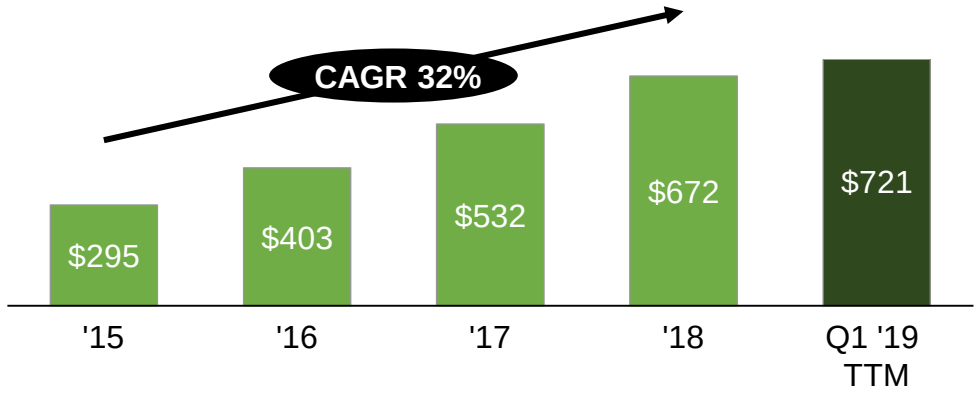
Total Revenue ($M)



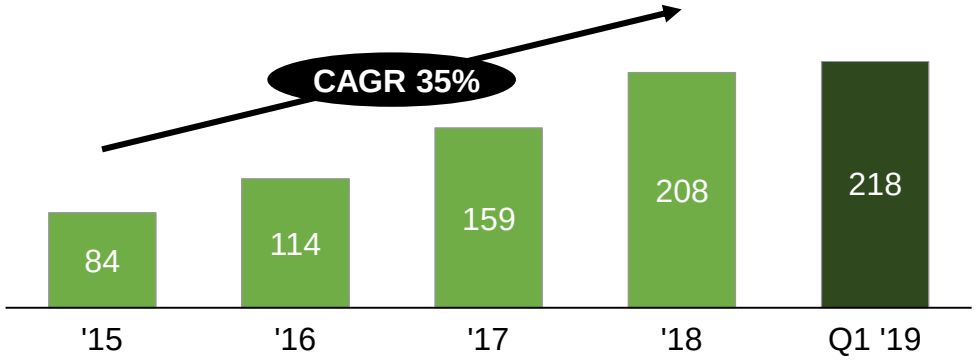
Cash Flow from Operations ($M)



Shack System-wide Sales[1] ($M)



System-wide Shack Count



1. "Shack system-wide sales" is an operating measure and consists of sales from domestic company-operated Shacks, domestic licensed Shacks and international licensed Shacks. The Company does not recognize the sales from licensed Shacks as revenue. Of these amounts, revenue is limited to Shack sales from domestic company-operated Shacks and licensing revenue based on a percentage of sales from domestic and international licensed Shacks, as well as certain up-front fees such as territory fees and opening fees..

Note: CAGR for total revenue, cash flow from operations, system-wide Shack count and system-wide sales is the compounded annual growth rate between '15 and '18

First quarter updates



- New Shack development pipeline remains robust both domestically and internationally, supporting continued growth in new markets and further penetration of existing markets
  - New company-operated markets of Providence, New Orleans, Columbus and Salt Lake City launching in 2019
  - Licensed Shacks also continue to grow with focus in Asia: first Shack in mainland China, Shanghai opened in January 2019, while first Singapore Shack opened in April 2019
  - The Philippines and Mexico, both new markets in 2019, opening later this year
- Digital channels, particularly delivery, represent significant growth opportunity
- Menu innovation remains a key strategic focus with nationwide launch of Chick’n Bites LTO; receiving positive guest response
- Labor inflation and increased regulation in key markets combined with higher costs in new Shacks remain a headwind for margin

Committing to excellence in our people

'All-In'

Launched Shake Shack's Diversity & Inclusion Program

~60%

Promotions earned by women across all Shacks in 2018

4-Day

Workweek testing in select markets to attract & retain talent

100%

Human Rights Campaign 2019 Corporate Equality Index



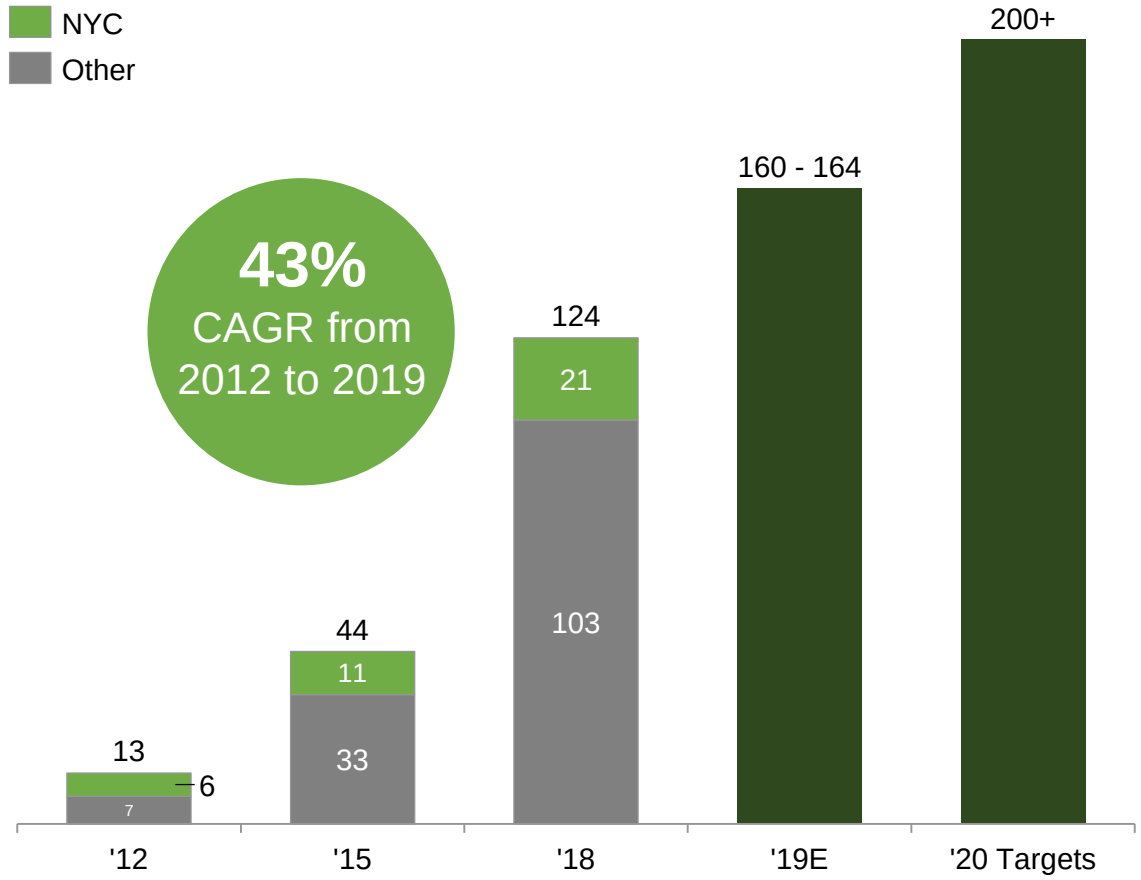






Domestic company-operated development remains strong

Domestic Company-Operated Shacks



36 to 40
New Shacks in 2018

5
Shacks opened in the First Quarter

>80%
Shacks outside of New York City[1]

~80%
Shacks in existing vs. new markets planned for 2019

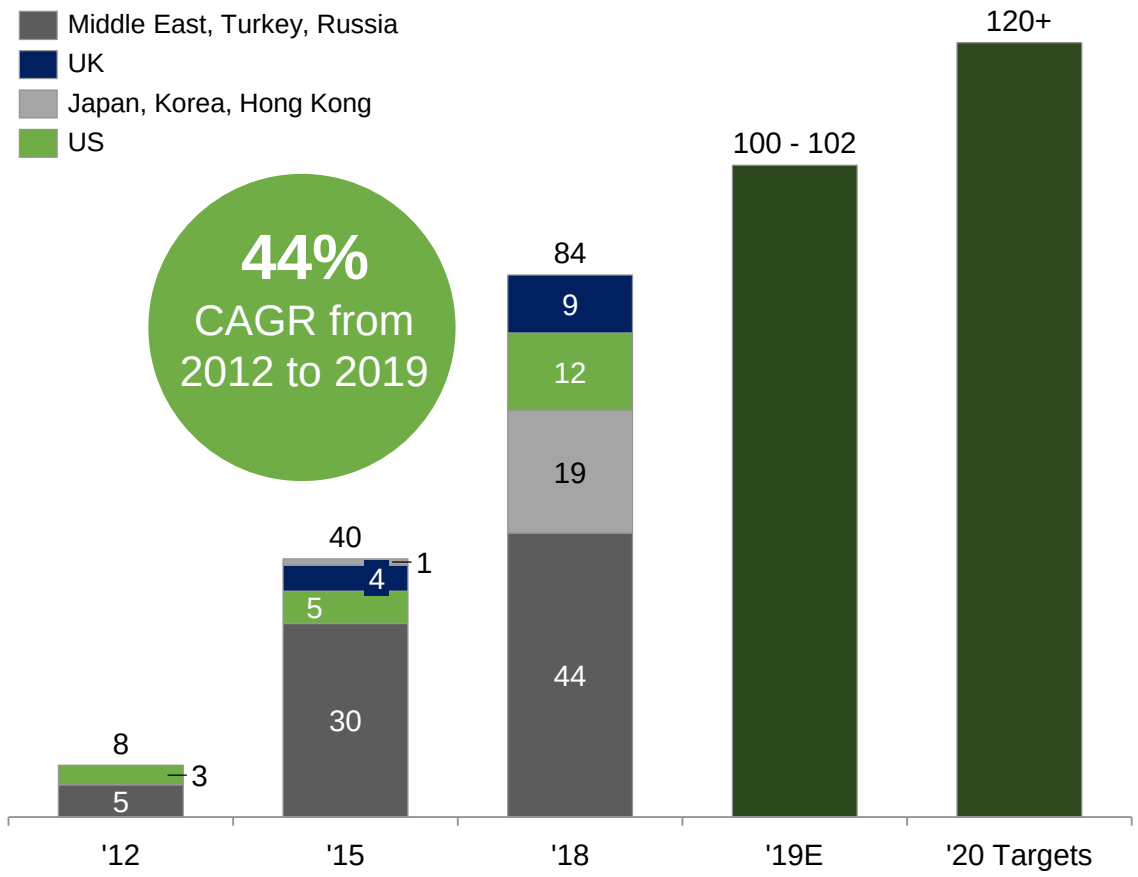


Hudson Yards, Manhattan, NY

1. Represents number of Shacks outside of the New York City area at the end of Q1 2019
Note: CAGR is the compounded annual growth rate represented by the midpoint of the '19 range in relation to number of Shacks at end of '12

Global licensing expansion remains sizeable with focus on Asia and domestic airports

Licensed Shacks



1st

International office planned in Hong Kong to support growth

7

Licensed Shacks opened in the First Quarter

8

Airport locations in the U.S. with more to come in 2019

4

New markets in 2019 include China, Singapore, the Philippines, and Mexico



Note: CAGR is the compounded annual growth rate represented by the midpoint of the '19 range in relation to number of Shacks at end of '12

Driving excitement through exclusive collaborations and events



Game of Thrones™ Collab



Coachella 2019



Dominque Ansel Collab



Crowd Cow ATX Burger



Fiscal year 2019 guidance

These forward-looking projections are subject to known and unknown risks, uncertainties and other important factors that may cause actual results to be materially different. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A of the Company's Form 10-K for the fiscal year ended December 26, 2018 under the heading “Risk Factors.” These forward-looking projections should be reviewed in conjunction with the consolidated financial statements and the section titled “Trends in Our Business” which forms the basis of our assumptions used to prepare these forward-looking projections. You should not attribute undue certainty to these projections and we undertake no obligation to revise or update any forward-looking information, except as required by law.

	FY 2019 Guidance February 25, 2019	FY 2019 Guidance May 2, 2019
Total Revenue	$570M to $576M	**$576M to $582M**
Licensed Revenue	$15M to $16M	$15M to $16M
Same-Shack Sales growth[1]	0% to 1%	**1% to 2%**
Average Unit Volume[2]	$4.0M to $4.1M	$4.0M to $4.1M
Domestic company-operated openings	36 to 40	36 to 40
Licensed Shack openings	16 to 18, net	16 to 18, net
Shack-level operating profit margin[3,4] (%)	23% to 24%	23% to 24%
General and administrative expenses[5]	$66.4M to $68.2M	$66.4M to $68.2M
Core general and administrative expenses	$56M to $57M	$56M to $57M
Equity-based compensation	$7.4M to $7.7M	$7.4M to $7.7M
Project Concrete	$3M to $3.5M (G&A) $4M (Capex)	$3M to $3.5M (G&A) $4M (Capex)
Depreciation expense	$41M to $42M	$41M to $42M
Pre-opening costs	$13M to $14M	$13M to $14M
Interest expense	$0.3M to $0.4M	$0.3M to $0.4M
Adjusted pro forma tax rate[6] (%)	26.5% to 27.5%	26.5% to 27.5%

1. Includes approximately 1.5% of menu price increases taken in December 2018
2. Includes all domestic company-operated Shacks
3. Includes approximately 50 bps of impact from the adoption of the new lease accounting standard
4. Shack-level operating profit margin is a non-GAAP measure. A reconciliation to the most directly comparable GAAP measure, operating income, has not been provided as we cannot project certain reconciling items, such as gains or losses on disposal of property and equipment, without unreasonable effort given the uncertainty around the timing and amount of such losses or gains. Losses on disposal of property and equipment were less than $1 million for each of the fiscal years 2018, 2017 and 2016
5. Includes Project Concrete, equity-based compensation, and other one-time charges
6. Adjusted pro forma effective tax rate is a non-GAAP measure. A reconciliation to the most directly comparable GAAP measure, income tax expense, has not been provided as we cannot project income tax expense without unreasonable effort due to our inability to predict changes in our ownership interest in SSE Holdings resulting from redemptions of LLC Interests by non-controlling interest holders and equity-based award activity. Income tax expense for fiscal years 2018, 2017 and 2016 was $8.9 million, $151.4 million and $6.4 million, respectively



APPENDIX

INCLUDING GAAP & NON-GAAP MEASURES

Impact of New Accounting Standard

First Quarter 2019

Balance Sheet changes

- ↑ Right-of-use asset & lease liabilities
- ↓ Landlord funded assets & deemed landlord financing liabilities
- ↓ Deferred rent liabilities

→

Balance Sheet impact from the adoption of the new lease accounting standard

- Net increase to total assets of $218 million
- Net increase to total liabilities of $213 million

Income Statement changes

- ↑ Occupancy and related expenses
- ↓ Other operating expenses
- ↓ Interest expense

→

Net resulting Income Statement impact

- Expect approximately 50 basis points net unfavorable impact to Shack-level Operating Profit margin in 2019 due to adoption of the new lease standard
- Expect unfavorable impact to Adjusted EBITDA; minimal net impact to Net Income

Definitions
First Quarter 2019

“Adjusted EBITDA,” a non-GAAP measure, is defined as EBITDA (as defined above), excluding equity-based compensation expense, deferred lease costs, losses on the disposal of property and equipment, as well as certain non-recurring items that the Company does not believe directly reflect its core operations and may not be indicative of the Company's recurring business operations..

“Adjusted EBITDA margin,” a non-GAAP measure, is defined as net income before net interest, taxes, depreciation and amortization, which also excludes equity-based compensation expense, deferred lease costs, losses on the disposal of property and equipment, as well as certain non-recurring and other items that the Company does not believe directly reflect its core operations, as a percentage of revenue.

"Average unit volumes" or "AUVs" for any 12-month period consist of the average annualized sales of all domestic company-operated Shacks over that period. AUVs are calculated by dividing total Shack sales from domestic company-operated Shacks by the number of domestic company-operated Shacks open during that period. For Shacks that are not open for the entire period, fractional adjustments are made to the number of Shacks open such that it corresponds to the period of associated sales.

"Same-Shack Sales" represents Shack sales for the comparable Shack base, which is defined as the number of domestic company-operated Shacks open for 24 full fiscal months or longer.

“EBITDA,” a non-GAAP measure, is defined as net income before interest expense (net of interest income), income tax expense, and depreciation and amortization expense.

"Shack-level operating profit," a non-GAAP measure, is defined as Shack sales less Shack-level operating expenses including food and paper costs, labor and related expenses, other operating expenses and occupancy and related expenses.

"Shack-level operating profit margin," a non-GAAP measure, is defined as Shack sales less Shack-level operating expenses, including food and paper costs, labor and related expenses, other operating expenses and occupancy and related expenses as a percentage of Shack sales.

"Shack sales" is defined as the aggregate sales of food, beverages and Shake Shack-branded merchandise at domestic company-operated Shacks and excludes sales from licensed Shacks.

“Shack system-wide sales” is an operating measure and consists of sales from domestic company-operated Shacks, domestic licensed Shacks and international licensed Shacks. The Company does not recognize the sales from licensed Shacks as revenue. Of these amounts, revenue is limited to Shack sales from domestic company-operated Shacks and licensing revenue based on a percentage of sales from domestic and international licensed Shacks, as well as certain up-front fees such as territory fees and opening fees.

Income Statement
First Quarter 2019

(in thousands, except per share amounts)	Thirteen Weeks Ended March 27, 2019		Thirteen Weeks Ended March 28, 2018	
Shack sales	$ 128,569	97.0%	$ 96,089	96.9%
Licensing revenue	4,040	3.0%	3,027	3.1%
TOTAL REVENUE	132,609	100.0%	99,116	100.0%
Shack-level operating expenses[1]:				
Food and paper costs	37,991	29.5%	26,955	28.1%
Labor and related expenses	37,093	28.9%	26,687	27.8%
Other operating expenses	15,568	12.1%	10,759	11.2%
Occupancy and related expenses	10,899	8.5%	7,675	8.0%
General and administrative expenses	13,937	10.5%	11,809	11.9%
Depreciation expense	8,966	6.8%	6,498	6.6%
Pre-opening costs	2,642	2.0%	2,029	2.0%
Loss on disposal of property and equipment	351	0.3%	190	0.2%
TOTAL EXPENSES	127,447	96.1%	92,602	93.4%
OPERATING INCOME	5,162	3.9%	6,514	6.6%
Other income, net	564	0.4%	228	0.2%
Interest expense	(72)	-0.1%	(565)	-0.6%
INCOME BEFORE INCOME TAXES	5,654	4.3%	6,177	6.2%
Income tax expense	2,047	1.5%	1,198	1.2%
NET INCOME	3,607	2.7%	4,979	5.0%
Less: net income attributable to non-controlling interests	1,061	0.8%	1,471	1.5%
NET INCOME ATTRIBUTABLE TO SHAKE SHACK INC.	$ 2,546	1.9%	$ 3,508	3.5%
Earnings per share of Class A common stock:				
Basic	$0.09		$0.13	
Diluted	$0.08		$0.13	
Weighted-average shares of Class A common stock outstanding:				
Basic	29,563		27,039	
Diluted	30,392		27,822	

(1) As a percentage of Shack sales.

Shack-Level Operating Profit Definitions

First Quarter 2019

Shack-Level Operating Profit

Shack-level operating profit is defined as Shack sales less Shack-level operating expenses, including food and paper costs, labor and related expenses, other operating expenses and occupancy and related expenses.

How This Measure Is Useful

When used in conjunction with GAAP financial measures, Shack-level operating profit and Shack-level operating profit margin are supplemental measures of operating performance that the Company believes are useful measures to evaluate the performance and profitability of its Shacks. Additionally, Shack-level operating profit and Shack-level operating profit margin are key metrics used internally by management to develop internal budgets and forecasts, as well as assess the performance of its Shacks relative to budget and against prior periods. It is also used to evaluate employee compensation as it serves as a metric in certain performance-based employee bonus arrangements. The Company believes presentation of Shack-level operating profit and Shack-level operating profit margin provides investors with a supplemental view of its operating performance that can provide meaningful insights to the underlying operating performance of the Shacks, as these measures depict the operating results that are directly impacted by the Shacks and exclude items that may not be indicative of, or are unrelated to, the ongoing operations of the Shacks. It may also assist investors to evaluate the Company's performance relative to peers of various sizes and maturities and provides greater transparency with respect to how management evaluates the business, as well as the financial and operational decision-making.

Limitations of the Usefulness of this Measure

Shack-level operating profit and Shack-level operating profit margin may differ from similarly titled measures used by other companies due to different methods of calculation. Presentation of Shack-level operating profit and Shack-level operating profit margin is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. Shack-level operating profit excludes certain costs, such as general and administrative expenses and pre-opening costs, which are considered normal, recurring cash operating expenses and are essential to support the operation and development of the Company's Shacks. Therefore, this measure may not provide a complete understanding of the Company's operating results as a whole and Shack-level operating profit and Shack-level operating profit margin should be reviewed in conjunction with the Company’s GAAP financial results. A reconciliation of Shack-level operating profit to operating income, the most directly comparable GAAP financial measure, is set forth below.

Shack-Level Operating Profit

First Quarter 2019

(dollar amounts in thousands)	Thirteen Weeks Ended March 27, 2019	Thirteen Weeks Ended March 28, 2018
Operating income	$ 5,162	$ 6,514
Less:		
Licensing revenue	4,040	3,027
Add:		
General and administrative expenses	13,937	11,809
Depreciation expense	8,966	6,498
Pre-opening costs	2,642	2,029
Loss on disposal of property and equipment	351	190
Shack-level operating profit	$ 27,018	$ 24,013
Total revenue	$ 132,609	$ 99,116
Less: licensing revenue	4,040	3,027
Shack sales	$ 128,569	$ 96,089
Shack-level operating profit margin	21.0%	25.0%

Adjusted EBITDA Definitions

First Quarter 2019

EBITDA and Adjusted EBITDA

EBITDA is defined as net income before interest expense (net of interest income), income tax expense and depreciation and amortization expense. Adjusted EBITDA is defined as EBITDA (as defined above) excluding equity-based compensation expense, deferred lease costs, losses on the disposal of property and equipment, as well as certain non-recurring items that the Company does not believe directly reflect its core operations and may not be indicative of the Company's recurring business operations.

How These Measures Are Useful

When used in conjunction with GAAP financial measures, EBITDA and adjusted EBITDA are supplemental measures of operating performance that the Company believes are useful measures to facilitate comparisons to historical performance and competitors' operating results. Adjusted EBITDA is a key metric used internally by management to develop internal budgets and forecasts and also serves as a metric in its performance-based equity incentive programs and certain bonus arrangements. The Company believes presentation of EBITDA and adjusted EBITDA provides investors with a supplemental view of the Company's operating performance that facilitates analysis and comparisons of its ongoing business operations because they exclude items that may not be indicative of the Company's ongoing operating performance.

Limitations of the Usefulness of These Measures

EBITDA and adjusted EBITDA may differ from similarly titled measures used by other companies due to different methods of calculation. Presentation of EBITDA and adjusted EBITDA is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. EBITDA and adjusted EBITDA exclude certain normal recurring expenses. Therefore, these measures may not provide a complete understanding of the Company's performance and should be reviewed in conjunction with the GAAP financial measures. A reconciliation of EBITDA and adjusted EBITDA to net income, the most directly comparable GAAP measure, is set forth below.

Adjusted EBITDA
First Quarter 2019

	Thirteen Weeks Ended	
(in thousands)	**March 27, 2019**	**March 28, 2018**
Net income	$ 3,607	$ 4,979
Depreciation expense	8,966	6,498
Interest expense, net	72	558
Income tax expense	2,047	1,198
EBITDA	14,692	13,233
Equity-based compensation	1,720	1,437
Deferred lease costs[1]	585	69
Loss on disposal of property and equipment	351	190
Other income related to the adjustment of liabilities under tax receivable agreement	(14)	—
Executive transition costs[2]	38	—
Project Concrete[3]	472	239
Costs related to relocation of Home Office[4]	—	998
Adjusted EBITDA	**$ 17,844**	**$ 16,166**
Adjusted EBITDA margin[5]	13.5%	16.3%

(1) Reflects the extent to which lease expense is greater than or less than cash lease payments. As a result of adoption of the new lease accounting standard on December 27, 2018, these lease costs may also include certain additional lease components, such as common area maintenance costs and property taxes, that were previously not included in lease expense for prior periods.

(2) Represents fees paid in connection with the search for certain of the Company's executive and key management positions.

(3) Represents consulting and advisory fees related to the Company's enterprise-wide system upgrade initiative called Project Concrete.

(4) Costs incurred in connection with the Company's relocation to a new Home Office.

(5) Calculated as a percentage of total revenue.

Adjusted Pro Forma Effective Tax Rate

First Quarter 2019

	Thirteen Weeks Ended March 27, 2019		
(in thousands)	Income Tax Expense	Income Before Income Taxes	Effective Tax Rate
As reported	**$ 2,047**	**$ 5,654**	**36.2%**
Non-GAAP adjustments (before tax):			
Executive transition costs		38	
Project Concrete		472	
Other income related to the adjustment of liaibilities under tax receivable agreement		(14)	
Tax effect of change in basis related to the adoption of ASC 842	(1,161)		
Tax effect of non-GAAP adjustments and assumed exchange of outstanding LLC Interests	315		
Adjusted pro forma	**$ 1,201**	**$ 6,150**	**19.5%**
Less:			
Windfall tax benefits from stock-based compensation	459		
Adjusted pro forma (excluding windfall tax benefits)	**$ 1,660**	**$ 6,150**	**27.0%**



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