
SHAKE SHACK®
ICR CONFERENCE
JANUARY 15, 2019

Cautionary note on forward-looking statements

ICR Conference 2019

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 2018, preliminary financial outlook for 2019, expected Shack openings, expected same-Shack sales growth and trends in 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.

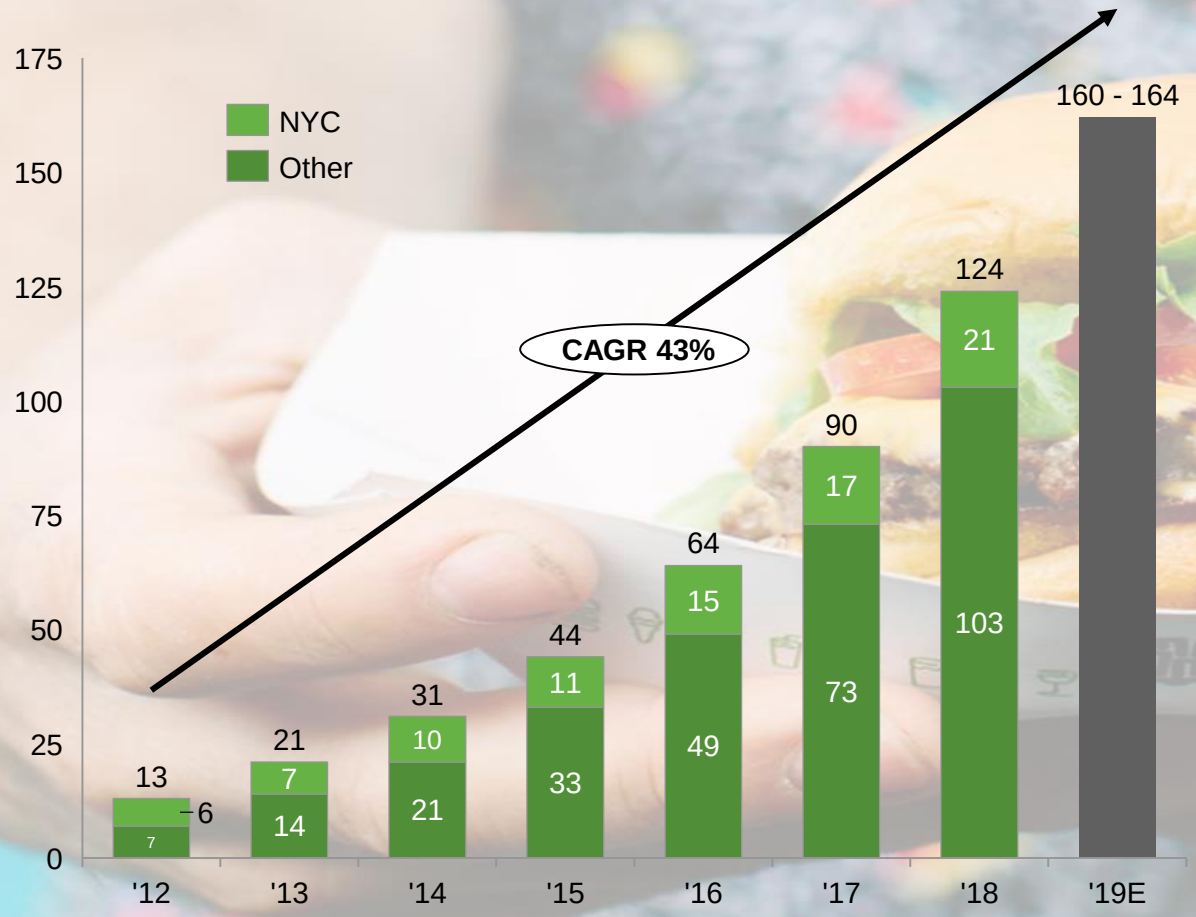
All forward-looking statements are expressly qualified in their entirety by these cautionary statements. You should evaluate all forward-looking statements made in this presentation in the context of the risks and uncertainties disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 27, 2017 and subsequent Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission ("SEC"). All of the Company's SEC filings are available online at www.sec.gov, investor.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.



Strong momentum continues in domestic expansion

Domestic company-operated Shacks (At Fiscal Year End)



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

2018 headlines

- Record year with 34 domestic openings
- >80% of domestic Shacks are outside NYC at year end
- Entered 8 new markets including Denver, Charlotte, the Bay Area & Seattle
- ~80% of new openings in existing markets
- Shack formats continue to expand as we enter new markets and deepen reach in existing markets
- Brand strength continues to support premium real estate locations

Broadening of Shack format to suit our new and existing markets

URBAN



FREE STANDING PAD



STADIUMS



AIRPORTS



SHOPPING CENTER



EVENTS



FOOD COURT



FOOD TRUCK



Shack format expanding to food trucks in Q1 ‘19



2 food trucks go into market early Feb

Based in NJ and Atlanta but will operate on a broader regional basis

Will be staffed and supported by local Shacks

Community events, festivals, private parties, buyouts likely to be main sources of business

Brand marketing halo impact as part of local activation strategy

Birmingham, AL



Aventura Mall, FL


SHAKE SHACK
1605
RESERVED PARKING
MAXIMUM PENALTY $250
VAN ACCESSIBLE
Charlotte, NC


SHAKE SHACK
USTARD FRIES SHAKES HOT DOGS CONCRETES BURGERS FROZEN CUSTARD

Denver, CO


SHAKE SHACK
CONCRETES BURGERS FROZEN CUSTARD FRIES SHAKES HOT DOGS CONCRETES BURGERS FROZEN CUSTARD FRIES SHAKES HOT DOGS CONCRETES BURGERS FROZEN CUSTARD
2115

Seattle, WA



Westlake Village, CA



Southdale, MN



West Village, NY



Palo Alto, California



Palo Alto, California



Willis Tower, Chicago, Illinois



Kirkland, Washington



Little Italy, San Diego, CA

Strong international licensing expansion continues and represents an increasingly important part of the business



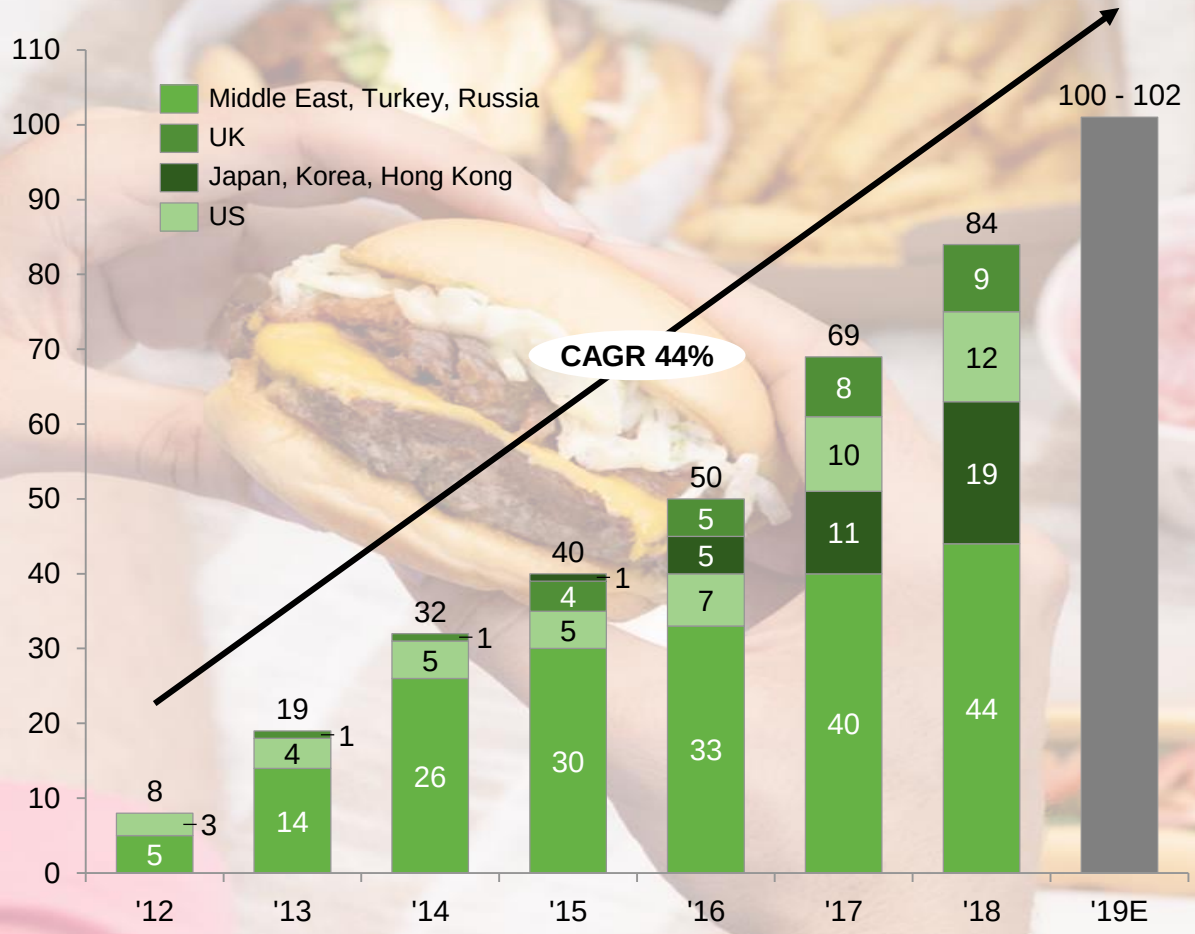
2018 headlines

- Opened 15 licensed Shacks across both the US and international locations
- Domestic airports gain strategic importance with openings in Atlanta and LaGuardia
- Entered Hong Kong for the first time in May ‘18 with second Shack in November
- Top-tier licensed partners come with strong track records and relationships
- Strength of brand proves itself internationally with strong openings and lines of excited local fans


IFC, Hong Kong

Licensing a key part of our continued growth strategy

Licensed Shacks (At Fiscal Year End)



2019 headlines

- Shacks operating across 16 countries by the end of year
- First Mainland China Shack opening Q1 in Shanghai, a major milestone in our global footprint
- Additional new markets in 2019 include Mexico, Singapore, and the Philippines
- Domestic licensed strategy continues to focus on some of the country's strongest major airports adding Dallas, Denver and Phoenix in 2019
- Capital light licensed expansion model complements domestic owned approach allowing for optimum allocation of resources

Note: CAGR is the compounded annual growth rate represent an estimated range from '18 in relation to '12



Central City, Seoul, Korea


SHAKE SHACK
ZEN CUSTARD FRIES SHAKES HOT DOGS CONCRETES FLOATS CONES BU
OSAKA

Osaka, Japan



Mansion House, London, UK



Pacific Place, Hong Kong



XinTianDi, Shanghai, China



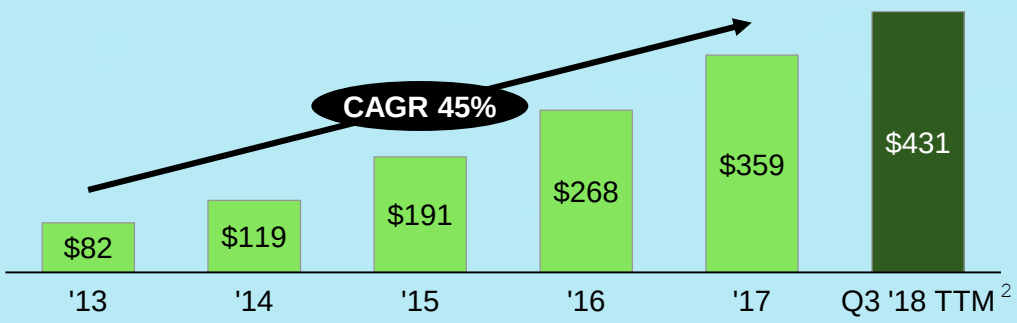
Central Square, Manila, Philippines



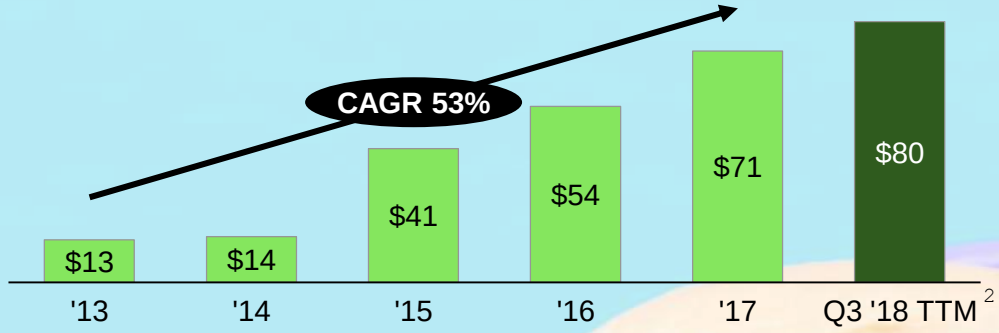
Jewel Changi Airport, Singapore

Resulting in consistently strong financial performance

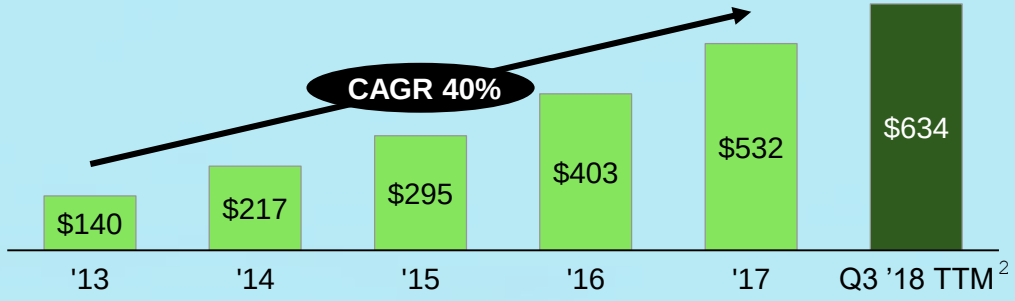
Total Revenue ($M)



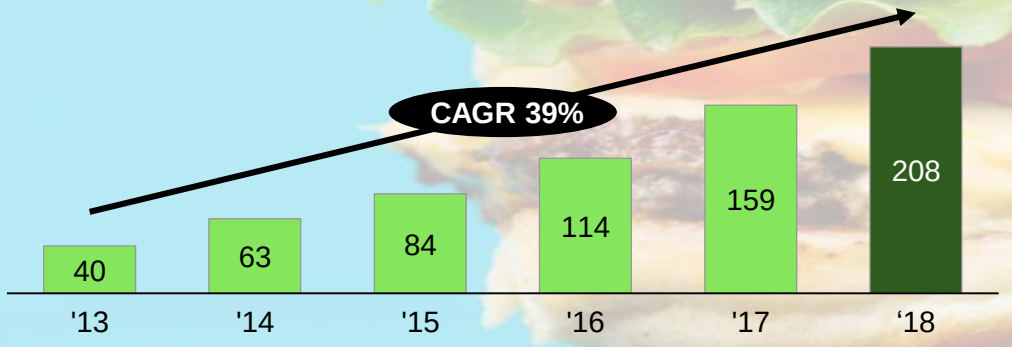
Cash Flow from Operations ($M)



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



System-wide Shack Count (At Fiscal Year End)

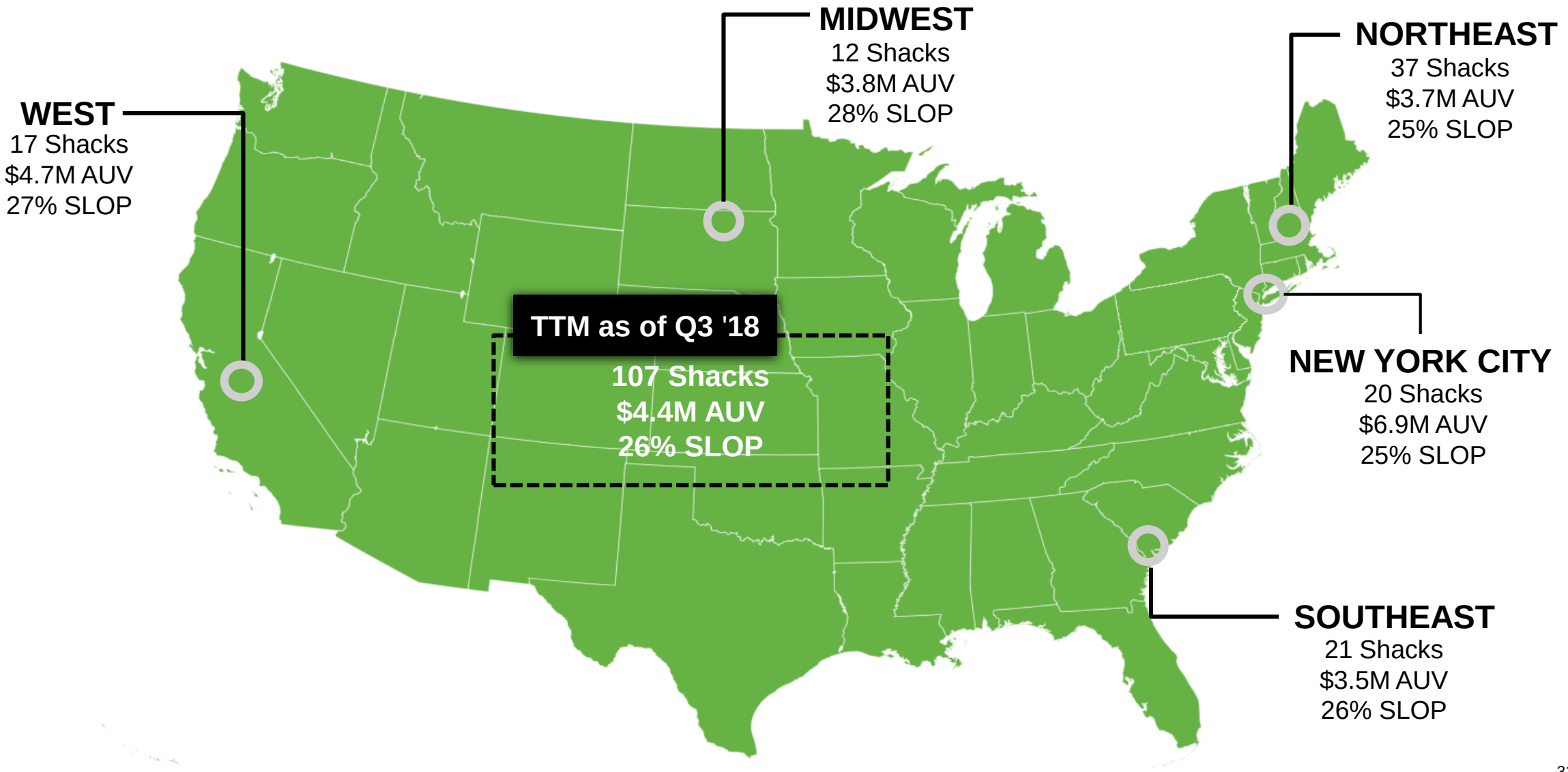


1. See appendix for definition
2. Represents trailing twelve months (TTM) as of Q3 '18 period-end

Note: CAGR for total revenue, cash flow from operations, and system-wide sales is the compounded annual growth rate between '13 and '17

Note: CAGR for system-wide Shack Count is the compounded annual growth rate between '13 and '18

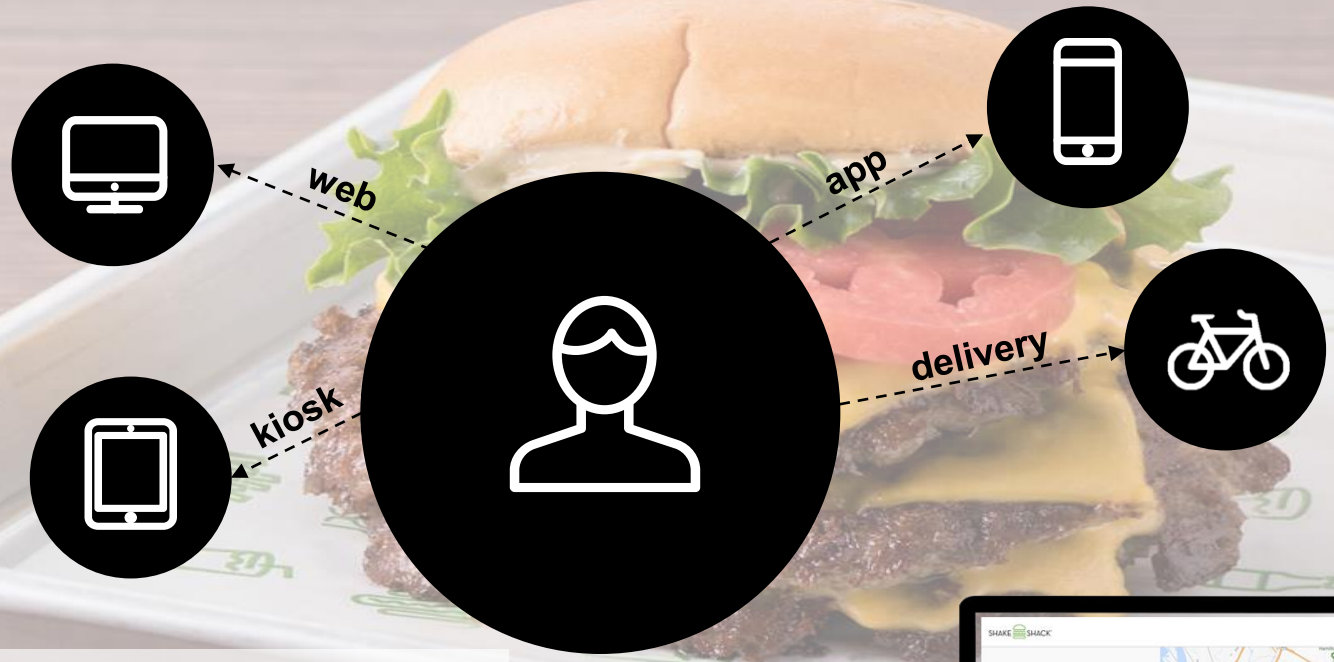
Strong results across all US regions



We are relentlessly focused on excellence, experience and hospitality.



Digital Innovation: Building deeper levels of engagement with our guests



- Key area of ongoing growth opportunity
- Listen, learn and better serve our guests' needs
- Broaden the definition of the Shake Shack experience
- In early days yet encouraged by all key metrics including typically higher average check



Digital Innovation: In-Shack kiosks



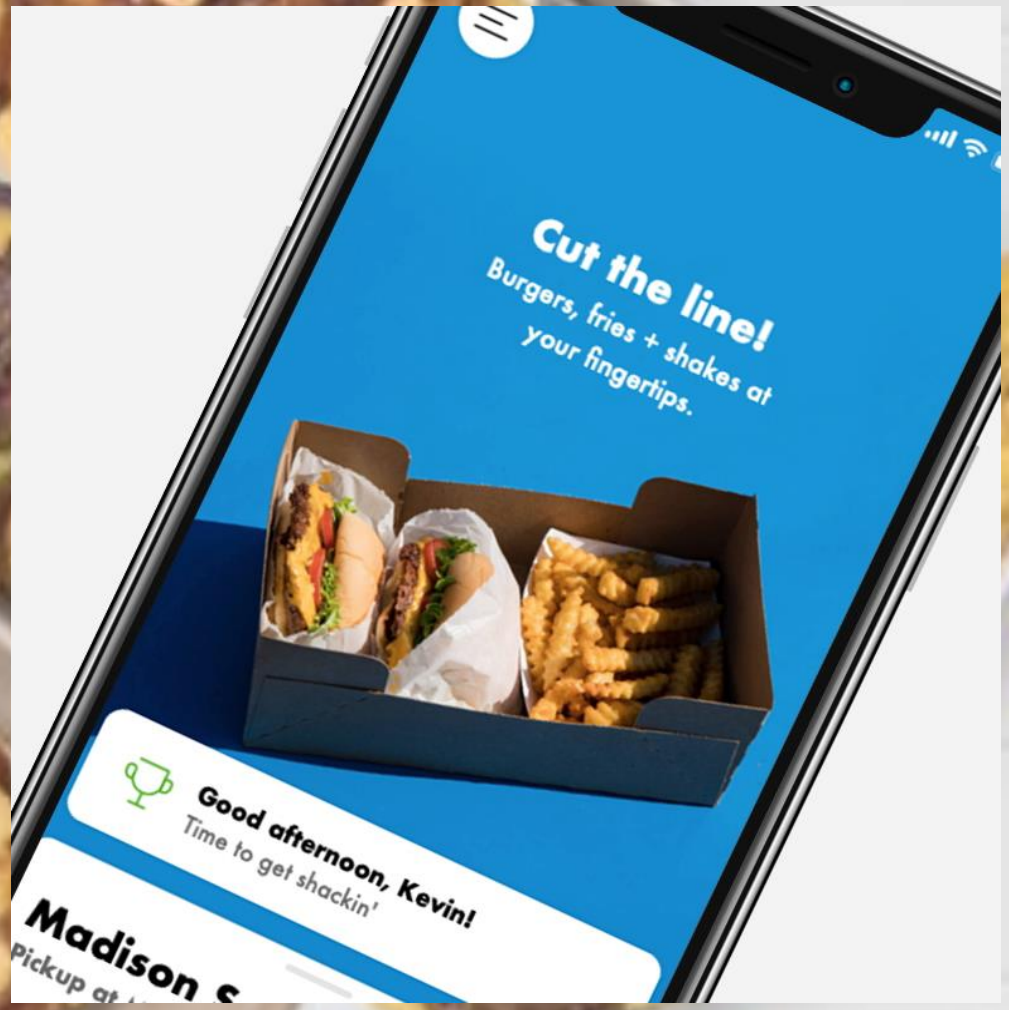
- Testing self-order kiosks in 16 Shack locations, retrofit, and hybrid environment
- Goals include enhancement of the guest experience and provide an opportunity to partially offset increasing labor costs while optimizing sales potential
- High satisfaction ratings from guests to date with additional rollout to select Shacks planned in 2019

Digital Innovation: App refresh

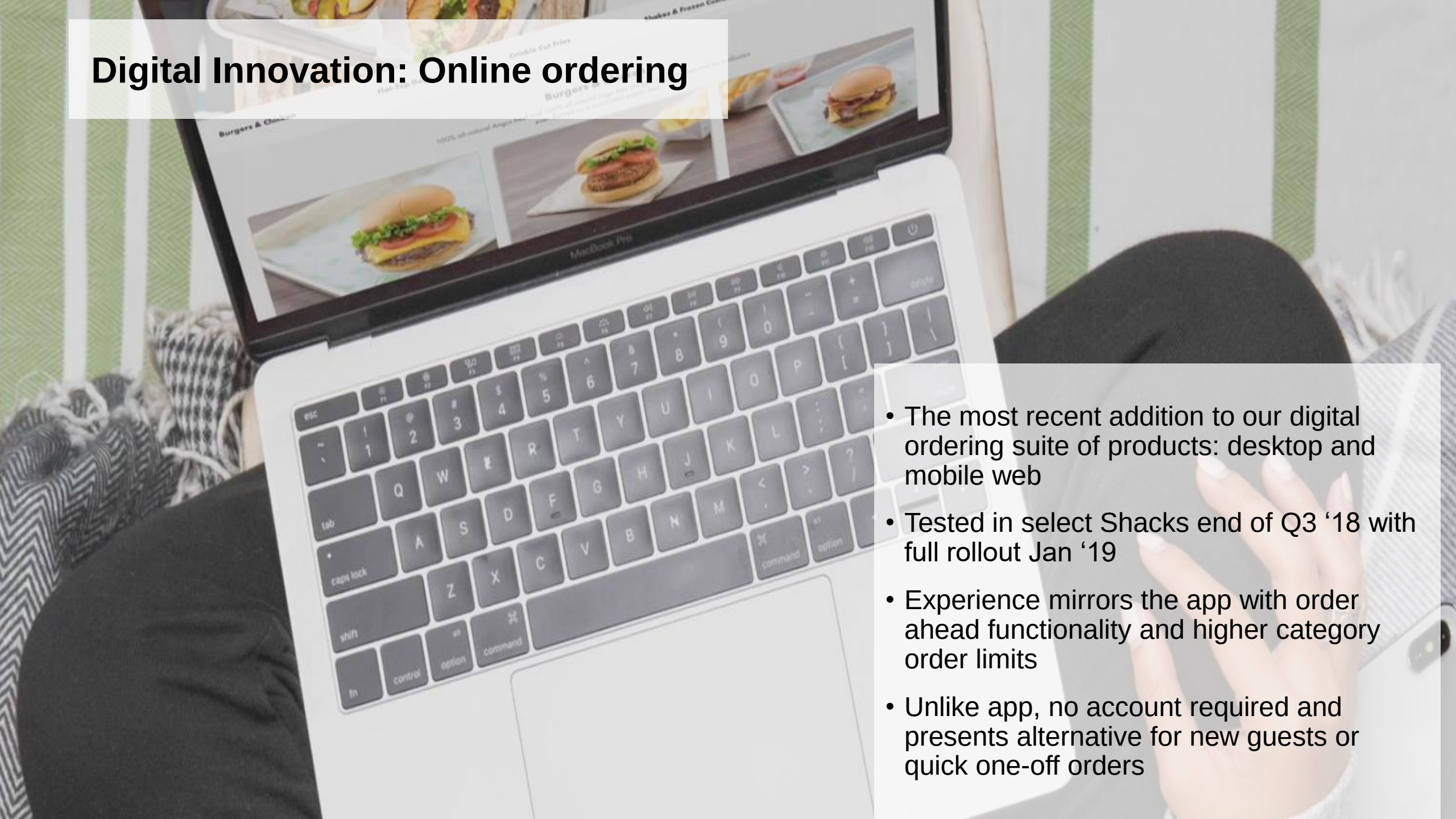
Personalized Content
Developing dynamic content based on guest journey to deliver the **right message, at the right moment**

Updated Visual Design
New look and feel feature menu items and drive engagement

Forward Looking
Designed for future state to include **personalized and offers-based marketing + delivery**



Digital Innovation: Online ordering



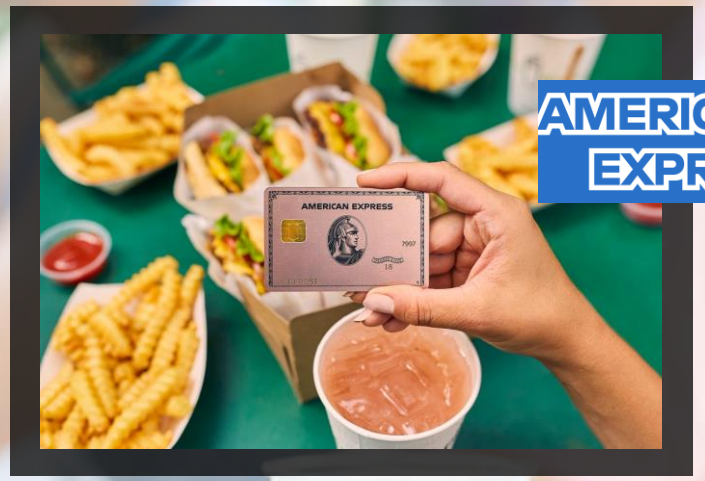
- The most recent addition to our digital ordering suite of products: desktop and mobile web
- Tested in select Shacks end of Q3 ‘18 with full rollout Jan ‘19
- Experience mirrors the app with order ahead functionality and higher category order limits
- Unlike app, no account required and presents alternative for new guests or quick one-off orders

Digital Innovation: Delivery



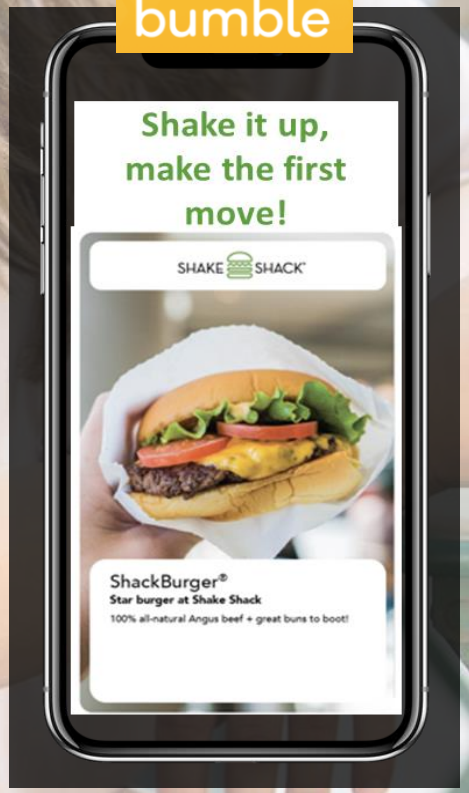
- ~18 months of testing delivery through integrated pilots with various partners
- Consistent, strong demand from our guests for Shake Shack to be delivered
- Multiple criteria for longer-term partnership viability being assessed
- Evolution of packaging is one area of focus to maximize quality of experience

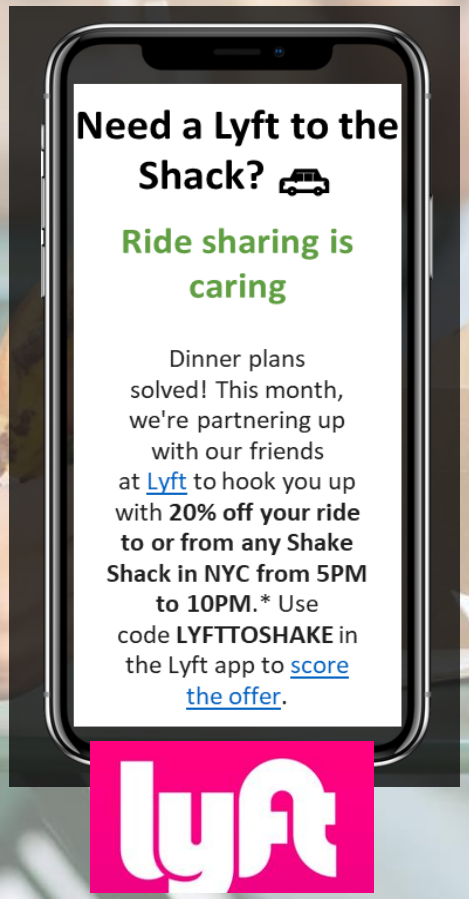
Connecting with our guests through strategic partnerships



AMERICAN EXPRESS

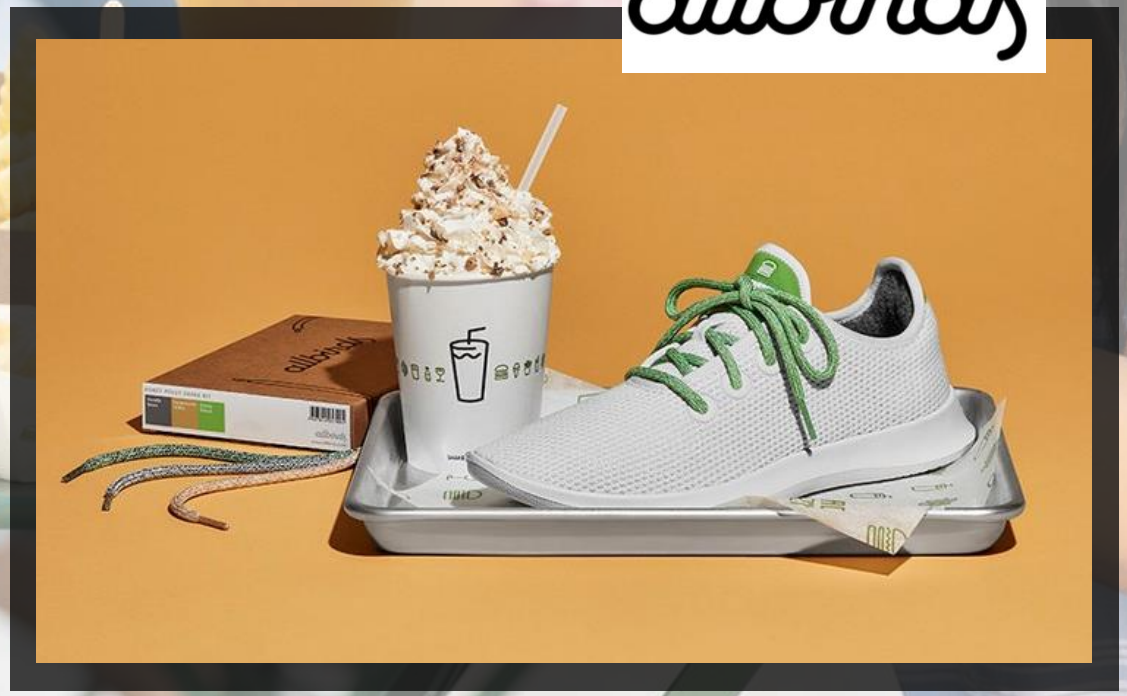
bumble





lyft

allbirds



Connecting with our guests in the community



















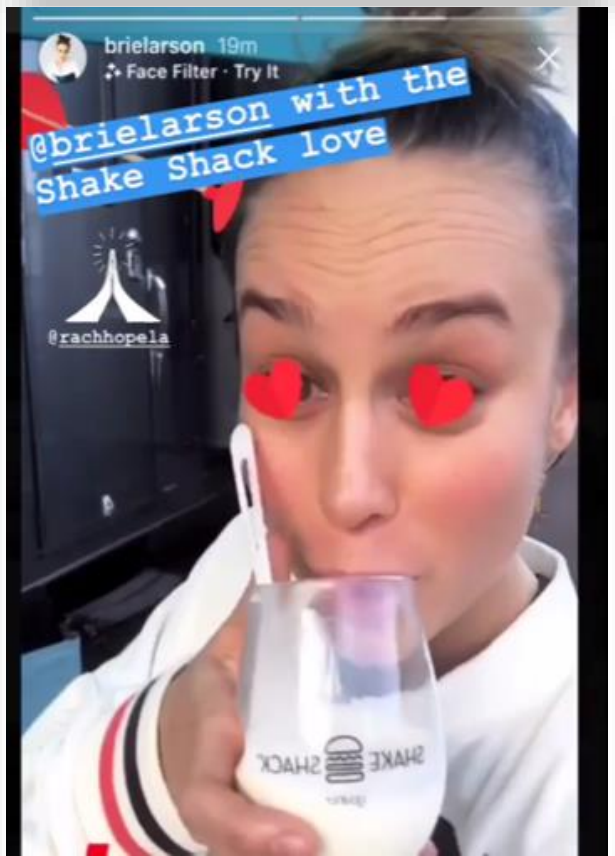
Influencers as Shack fans















We are relentlessly focused on excellence, experience and hospitality.



Investment in ERP upgrade – Project Concrete



Menu Innovation



- Co-located with West Village Shack and new Home Office
- First dedicated space for culinary team to innovate and test around both existing core menu and new items



Chick'n Bites

- Hand battered, crisp-fried to order, all natural & antibiotic-free
- Test launched in Q3 '18
- Full LTO roll-out early February '19

Veggie Shack

- Our own recipe made from brown rice, black bean, and beets
- Launched in Q1 '18
- Currently testing in 20+ locations in New York, California and Texas





Tiramisu Shake

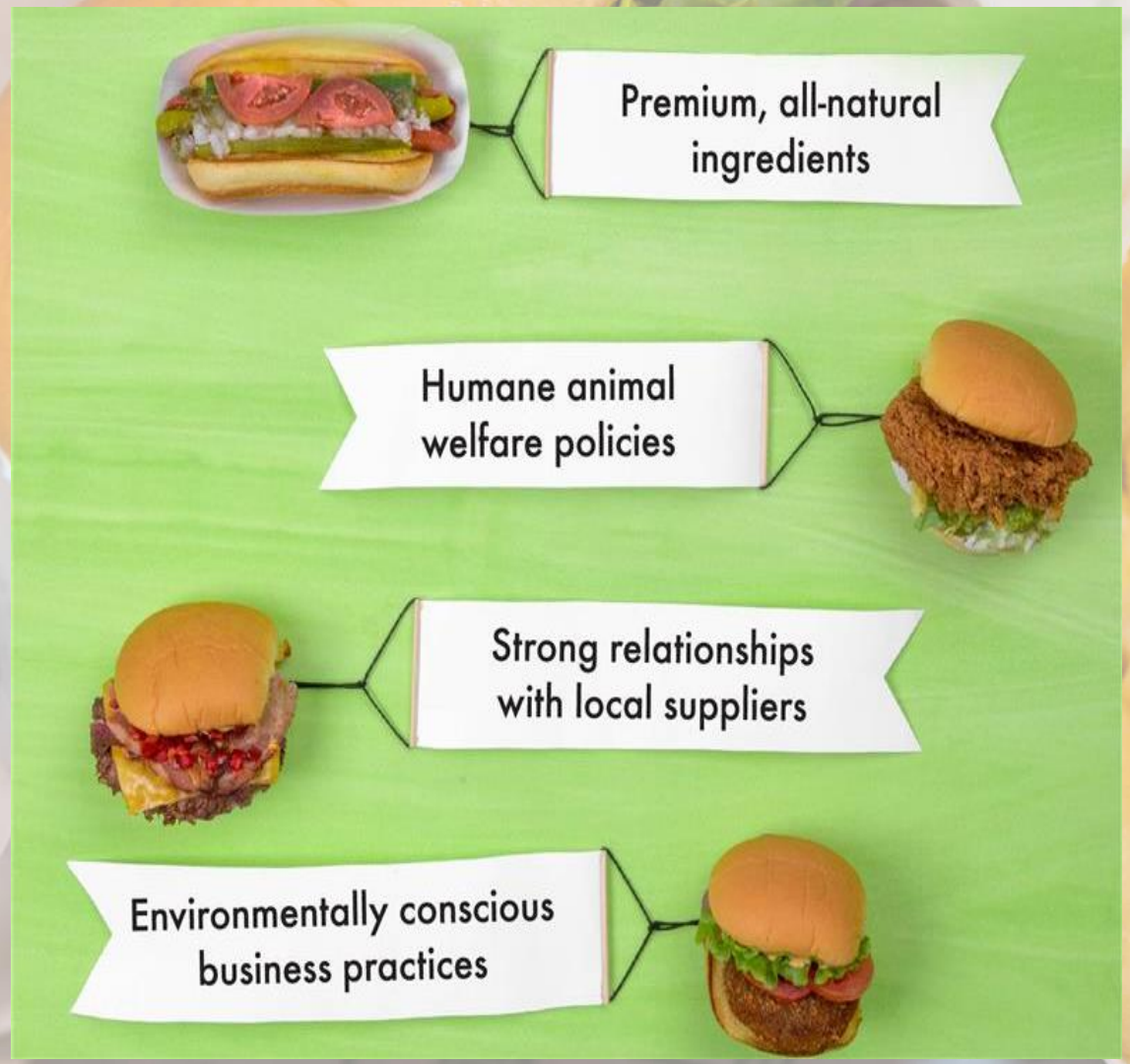
- Mascarpone, coffee and vanilla frozen custard topped with amaretti cookie crumbs and a dusting of cocoa powder
- Continuing to innovate in custard, testing smaller sizes
- LTO available now through the end of the month



Montlake Double Cut – Local Burger only in Seattle

- Working with a community run, hormone-free farm as the beef supplier
- A Washington State all-natural beef double cheeseburger topped with Beecher's Just Jack cheese, caramelized onions, and grainy mustard mayo on a Macrina Bakery bun

Stand for Something Good



Eliminating plastic straws (Q2 '19)

Cage free eggs only

Eliminating high fructose corn syrup (H2 '19)

Proactive sourcing from **local suppliers + ranchers**

Charitable donations via local and national partnerships

We are relentlessly focused on excellence, experience and hospitality.



Committed to the development of our leaders



- People are our most valuable asset and are critical to a great Shack experience
- Macro employment environment challenging with rising hourly wages & salaries, regulation and low unemployment
- Shack provides opportunity for growth and development for our teams
- Strength of culture is key to Shack success
- Continually evolving training, compensation and benefits: **in 2019 all Shack General Managers will receive equity grants**

Committed to the development of our leaders

Created nearly 2,000 jobs around the country, and **promoted 1,151 people** throughout our company



2019…

- Record year of domestic Shack openings, back-end weighted similar to 2018
- International expansion continues with Asia as a major focus; Mainland China will be a significant milestone
- Strength of culture and growth opportunities differentiate our teams; equity program will be expanded to GMs
- Digital product development and innovation remain key strategic priorities and investments
- New menu item innovation through Chick’n Bites and more
- Investment in technology and infrastructure to further enable scale and growth







Appendix

INCLUDING GAAP &
NON-GAAP MEASURES

Definitions

“Adjusted EBITDA,” a non-GAAP measure, is defined as EBITDA excluding equity-based compensation expense, deferred rent expense, 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 rent expense, 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, 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

Third Quarter and YTD 2018

	Thirteen Weeks Ended				Thirty-Nine Weeks Ended			
	September 26, 2018		September 27, 2017		September 26, 2018		September 27, 2017	
Shack sales	$ 115,882	96.9%	$ 91,100	96.3%	$ 324,869	97.0%	$ 253,258	96.4%
Licensing revenue	3,765	3.1%	3,509	3.7%	10,176	3.0%	9,416	3.6%
TOTAL REVENUE	119,647	100.0%	94,609	100.0%	335,045	100.0%	262,674	100.0%
Shack-level operating expenses[(1)]:								
Food and paper costs	32,703	28.2%	25,760	28.3%	91,336	28.1%	71,646	28.3%
Labor and related expenses	31,232	27.0%	23,806	26.1%	87,651	27.0%	66,692	26.3%
Other operating expenses	13,496	11.6%	9,229	10.1%	36,536	11.2%	25,380	10.0%
Occupancy and related expenses	8,545	7.4%	7,522	8.3%	23,621	7.3%	20,741	8.2%
General and administrative expenses	13,151	11.0%	9,204	9.7%	37,547	11.2%	27,352	10.4%
Depreciation expense	7,439	6.2%	5,604	5.9%	20,905	6.2%	15,610	5.9%
Pre-opening costs	3,581	3.0%	2,670	2.8%	8,031	2.4%	6,961	2.7%
Loss on disposal of property and equipment	157	0.1%	204	0.2%	543	0.2%	317	0.1%
TOTAL EXPENSES	110,304	92.2%	83,999	88.8%	306,170	91.4%	234,699	89.3%
OPERATING INCOME	9,343	7.8%	10,610	11.2%	28,875	8.6%	27,975	10.7%
Other income, net	436	0.4%	229	0.2%	1,070	0.3%	622	0.2%
Interest expense	(592)	-0.5%	(475)	-0.5%	(1,770)	-0.5%	(1,144)	-0.4%
INCOME BEFORE INCOME TAXES	9,187	7.7%	10,364	11.0%	28,175	8.4%	27,453	10.5%
Income tax expense	2,241	1.9%	2,494	2.6%	5,679	1.7%	7,537	2.9%
NET INCOME	6,946	5.8%	7,870	8.3%	22,496	6.7%	19,916	7.6%
Less: net income attributable to non-controlling interests	1,921	1.6%	2,873	3.0%	6,359	1.9%	7,773	3.0%
NET INCOME ATTRIBUTABLE TO SHAKE SHACK INC.	$ 5,025	4.2%	$ 4,997	5.3%	$ 16,137	4.8%	$ 12,143	4.6%
Earnings per share of Class A common stock:								
Basic	$0.17		$0.19		$0.58		$0.47	
Diluted	$0.17		$0.19		$0.56		$0.46	
Weighted-average shares of Class A common stock outstanding:								
Basic	28,954		26,024		27,930		25,733	
Diluted	29,883		26,477		28,820		26,248	

(1) As a percentage of Shack sales.

Shack-Level Operating Profit Definition

Third Quarter and YTD 2018

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

Third Quarter and YTD 2018

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
(dollar amounts in thousands)	September 26, 2018	September 27, 2017	September 26, 2018	September 27, 2017
Operating income	$ 9,343	$ 10,610	$ 28,875	$ 27,975
Less:				
Licensing revenue	3,765	3,509	10,176	9,416
Add:				
General and administrative expenses	13,151	9,204	37,547	27,352
Depreciation expense	7,439	5,604	20,905	15,610
Pre-opening costs	3,581	2,670	8,031	6,961
Loss on disposal of property and equipment	157	204	543	317
Shack-level operating profit	$ 29,906	$ 24,783	$ 85,725	$ 68,799
Total revenue	$ 119,647	$ 94,609	$ 335,045	$ 262,674
Less: licensing revenue	3,765	3,509	10,176	9,416
Shack sales	$ 115,882	$ 91,100	$ 324,869	$ 253,258
Shack-level operating profit margin	25.8%	27.2%	26.4%	27.2%

Shack-Level Operating Profit Region

Third Quarter and YTD 2018

(dollar amounts in thousands)	Total Company					Domestic Company-operated Shacks By Region[1], Q3 '18 TTM					
	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Trailing Twelve Months	NYC	Northeast	Southeast	Midwest	West	Corporate / Other [2]
Domestic Company-operated Shacks (Opened During Q3 '18 TTM Period)					28	4	5	7	5	7	0
Domestic Company-operated Shacks (as of Q3 '18)					107	20	37	21	12	17	0
Operating income	$ 5,838	$ 6,514	$ 13,018	$ 9,343	$ 34,713	$ 23,788	$ 22,622	$ 9,321	$ 7,103	$ 12,312	$ (40,433)
Less:											
Licensing revenue	3,006	3,027	3,384	3,765	13,182						13,182
Add:											
General and administrative expenses	11,651	11,809	12,587	13,151	49,198						49,198
Depreciation expense	6,094	6,498	6,968	7,439	26,999	4,980	9,216	4,122	2,358	4,686	1,637
Pre-opening costs	2,642	2,029	2,421	3,581	10,673	1,429	917	2,071	1,294	1,682	3,280
Loss on disposal of property and equipment	291	190	196	157	834	351	327	61	36	59	–
Shack-level operating profit	$ 23,510	$ 24,013	$ 31,806	$ 29,906	$ 109,235	$ 30,548	$ 33,082	$ 15,575	$ 10,791	$ 18,739	$ 500
Total revenue	$ 96,136	$ 99,116	$ 116,282	$ 119,647	$ 431,181	121,320	130,152	59,731	38,050	68,258	13,670
Less: Licensing revenue	3,006	3,027	3,384	3,765	13,182						13,182
Shack sales	$ 93,130	$ 96,089	$ 112,898	$ 115,882	$ 417,999	$ 121,320	$ 130,152	$ 59,731	$ 38,050	$ 68,258	$ 488
Shack-level operating profit margin	25%	25%	28%	26%	26%	25%	25%	26%	28%	27%	NA

[1]The regions of domestic company-operated Shacks are defined as: NYC, which represents 5 boroughs; Northeast, which represents non-NYC NY, CT, DC, DE, MA, MD, NJ, PA, VA; Southeast, which represents AL, FL, GA, NC, TN, TX; Midwest, which represents IL, KY, MI, MN, MO, OH, WI; and West, which represents AZ, CA, CO, NV.

[2]Corporate/Other includes any amounts not attributable to a specific Shack or any shack not open during the TTM Q3 2018 period and primarily relates to our corporate functions and other centralized operations.

Adjusted EBITDA Definition

Third Quarter and YTD 2018

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 rent expense, 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

Third Quarter and YTD 2018

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
(in thousands)	**September 26, 2018**	**September 27, 2017**	**September 26, 2018**	**September 27, 2017**
Net income	$ 6,946	$ 7,870	$ 22,496	$ 19,916
Depreciation expense	7,439	5,604	20,905	15,610
Interest expense, net	591	456	1,762	1,086
Income tax expense	2,241	2,494	5,679	7,537
EBITDA	**17,217**	**16,424**	**50,842**	**44,149**
Equity-based compensation	1,636	1,289	4,376	3,823
Deferred rent	813	240	521	767
Loss on disposal of property and equipment	157	204	543	317
Legal Settlement[(1)]	1,200	—	1,200	—
Executive and management transition costs[(2)]	32	13	280	664
Project Concrete[(3)]	292	—	608	—
Costs related to relocation of Home Office[(4)]	2	—	1,019	—
Adjusted EBITDA	**$ 21,349**	**$ 18,170**	**$ 59,389**	**$ 49,720**
Adjusted EBITDA margin	17.8%	19.2%	17.7%	18.9%

Full Year 2018 Guidance & 2019 Headlines

	FY 2018 Guidance August 2, 2018	FY 2018 Guidance November 1, 2018	FY 2019 Headlines November 1, 2018
Revenue	$446M to $450M	$450M to $452M	*
Same-Shack sales growth	0.0% to 1.0%	0.0% to 1.0%	*
AUV	$4.1M to $4.2M	$4.2M to $4.3M	*
Domestic company-operated openings	32 to 35	33 to 34	36 to 40
Licensed Shack openings	16 to 18, net	14 to 16, net	16 to 18, net
Shack-level operating profit margin	24.5% to 25.5%	24.5% to 25.5%	*
General and administrative expenses	$49M to $51M	$48M to $50M	*
Project Concrete	$6M to $8M	G&A: ~$1.5M Capex: ~$1M	G&A: ~$3M to $4M Capex: ~$3M
Depreciation expense	$31M to $32M	$30M to $31M	*
Pre-opening Costs	$13M	$13M	*
Interest expense	approx. $2.5M	approx. $2.5M	*
Adjusted pro forma tax rate	26% to 27%	27% to 28%	*

* Full 2019 guidance will be provided in February 2019



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