SHAKE SHACK®

2020 ICR CONFERENCE PRESENTATION









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.

STAND FOR SOMETHING GOOD



We gather
communities



We serve
the best food



We enrich
the lives of others



We use our business
to create a better world

2019 ACCOMPLISHMENTS



Domestic Growth

49 new US Shacks
Multi-format
7 new markets



Licensed Business

China
Mexico
Philippines
Singapore
Airports



Digital Focus

Convenience
Strengthened team
Delivery partnership



Menu Innovation

Chick’n Bites
Monthly shakes
Chef collabs

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DOMESTIC GROWTH

39 domestic company operated Shacks & **10 licensed** openings

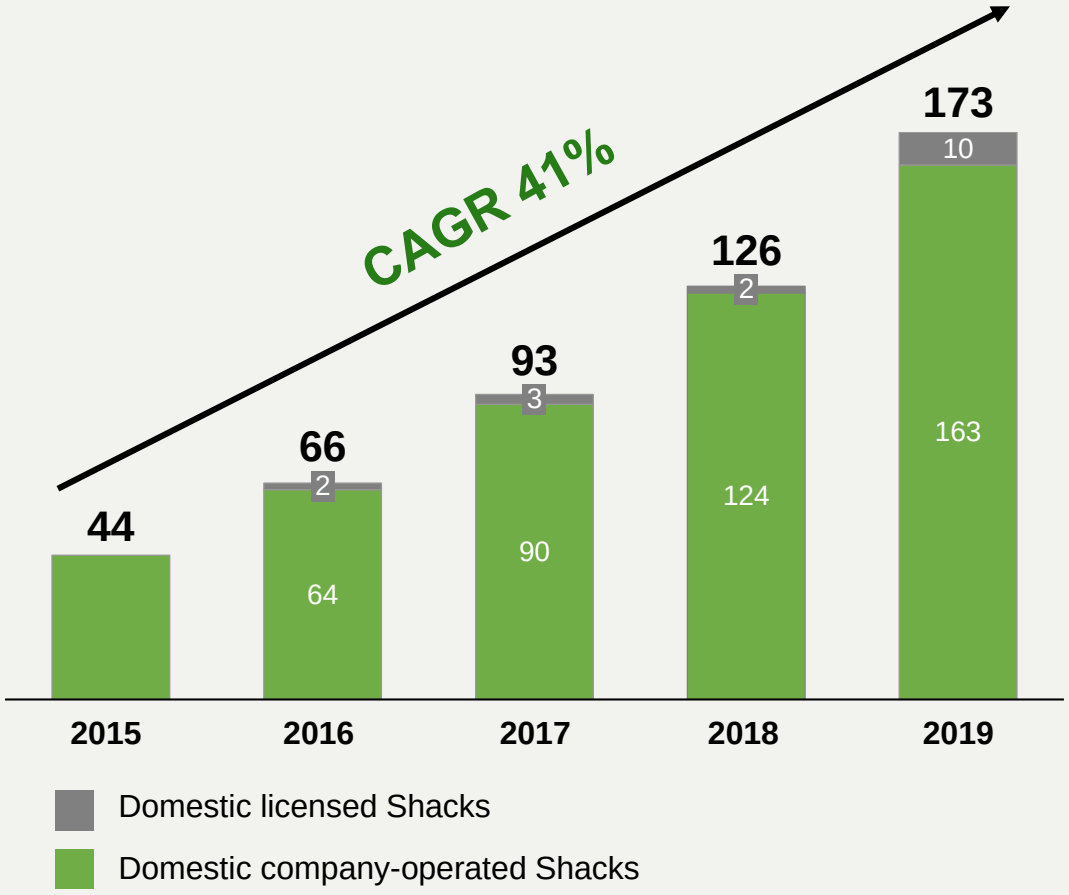
~80% of company operated openings in existing markets

~85% of US Shacks are outside of NYC

Expanding Shack formats

New markets included Columbus, New Orleans & Salt Lake City

Brand strength enables **premium real estate**



MANHATTAN, NY: URBAN

HUDSON YARDS





BOSTON, MA: URBAN

DOWNTOWN CROSSING



SAN DIEGO, CA: SHOPPING/LIFESTYLE CENTER

DEL MAR



COLUMBUS, OH: SHOPPING/LIFESTYLE CENTER

EASTON TOWN CENTER



PRINCETON, NJ: FREE STANDING PAD

BRUNSWICK PIKE



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2019 ACCOMPLISHMENTS



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Multi-format
7 new markets



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LICENSED BUSINESS: GLOBAL









Launched in
4 new international markets

Opened
28, net licensed locations

First international office opened in
Hong Kong

Brand strength continues


SHAKE SHACK®

SHANGHAI, CHINA

KERRY CENTRE



MANILA, PHILIPPINES

CENTRAL SQUARE



MEXICO CITY, MEXICO

REFORMA



MEXICO CITY, MEXICO

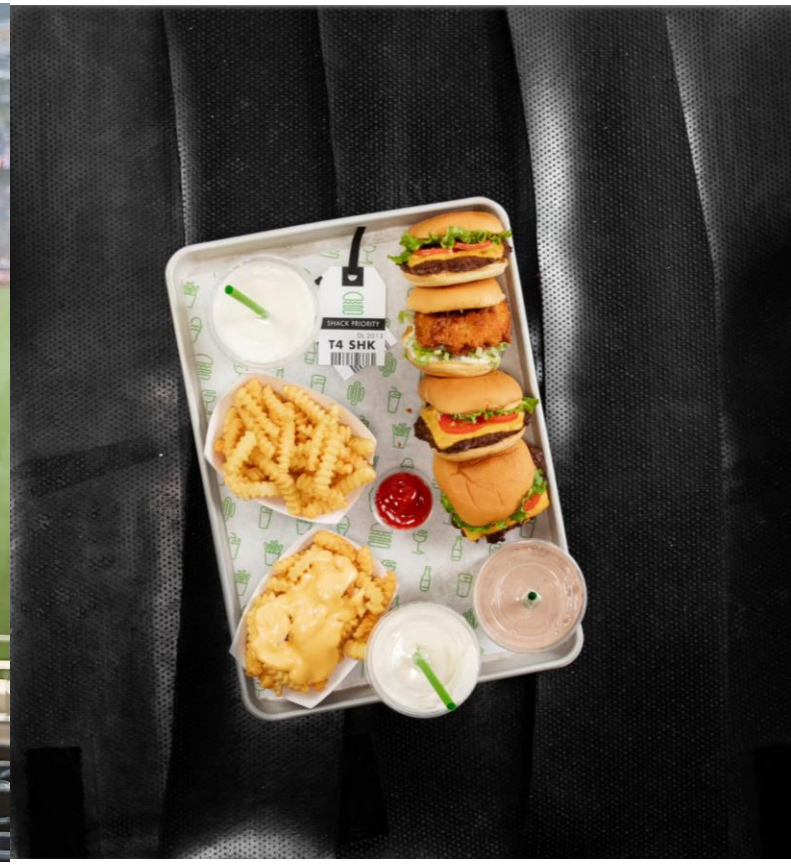
ARCOS BOSQUES



LICENSED BUSINESS: DOMESTIC







PHOENIX SKY HARBOR INTERNATIONAL AIRPORT

TERMINAL 3



PHILADELPHIA,PA

CITIZENS BANK PARK



MONMOUTH, NJ

GARDEN STATE PARKWAY





2019 ACCOMPLISHMENTS



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49 new US Shacks
Multi-format
7 new markets



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DIGITAL & TECHNOLOGY FOCUS



Formalized delivery partnership



Kiosks in place at ~1/3 of Shacks



Implemented new ERP “Project Concrete”

DELIVERY UPDATE





- POS integration with Grub completed
- Phased transition to single partner approaching ~40% of Shacks
- Joint marketing initiatives
- Guest data retention & insights
- Focus on guest experience
- Platform for growth with sustainable economics

2019 ACCOMPLISHMENTS



Domestic Growth

49 new US Shacks
Multi-format
7 new markets



Licensed Business

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Digital Focus

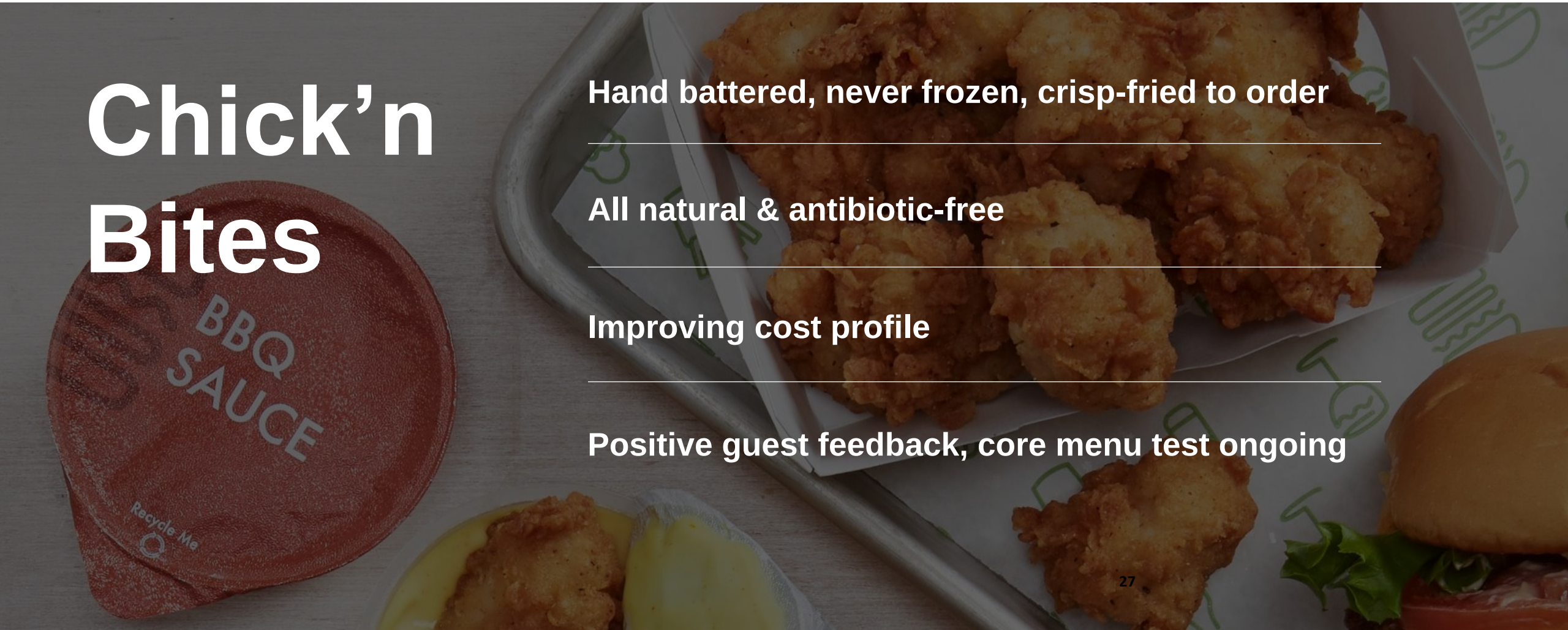
Convenience
Strengthened team
Delivery partnership



Menu Innovation

Chick’n Bites
Monthly shakes
Chef collabs

MENU INNOVATION

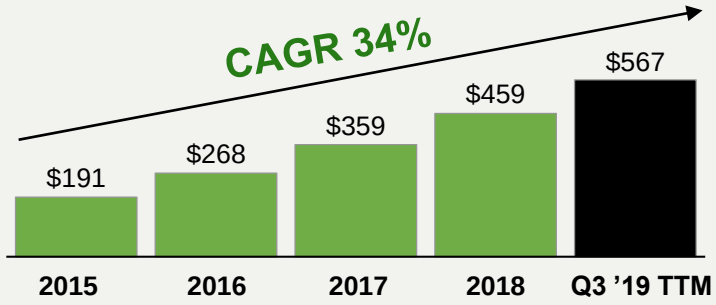


Chick’n Bites

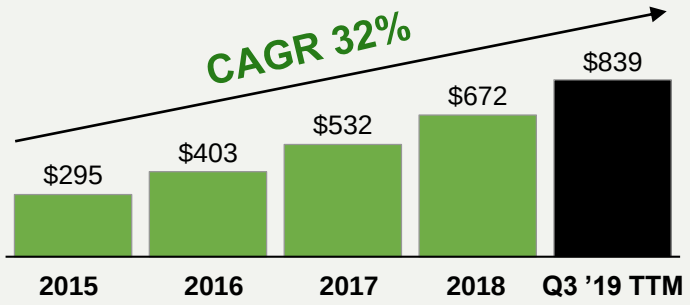
- Hand battered, never frozen, crisp-fried to order
- All natural & antibiotic-free
- Improving cost profile
- Positive guest feedback, core menu test ongoing

CONSISTENT STRONG FINANCIAL PERFORMANCE

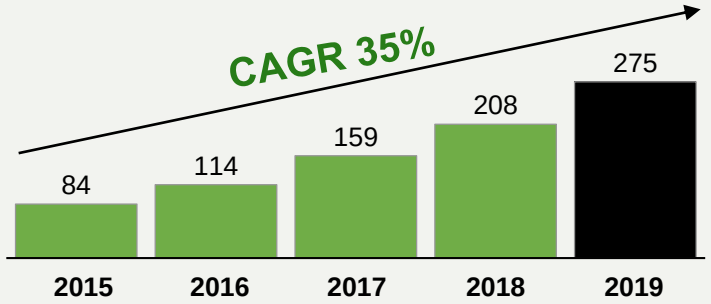
Total Revenue



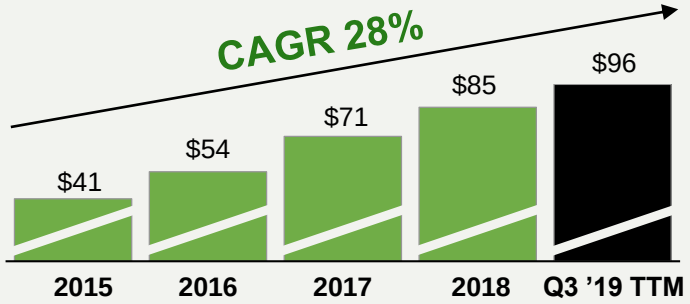
System-wide Sales



System-wide Shack Count



Cash Flow from Operations



2019 KEY FINANCIAL DRIVERS

Total Revenue

November Guidance: $592M - $597M

~29% - 30% growth

- Strong development year
- Continued digital growth
- International expansion

Shack-level operating margin

November Guidance: 22.0% - 22.5%

- Food cost headwind from Chick'n Bites launch in H1
- Recent inflation in beef prices
- New Shacks open with higher cost profile
- Strengthening of digital infrastructure
- Costs associated with Delivery
- New lease accounting standard (~50bp impact)

G&A

November Guidance: $67M - $68M

- New ERP system implementation “Project Concrete”
- Investing for growth across the business

2020 STRATEGIC GROWTH PLAN



People

Attracting
Retaining
Developing



Product

Guest acquisition
Frequency
Buzz



Experience

New formats
Community
Omnichannel



Licensing

Capital light
Cash flow
Global brand

2020 STRATEGIC GROWTH PLAN



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PEOPLE



Culture at our core

Development & career progression

4-day work week

Commitment to diversity & inclusion

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PRODUCT











Buzz-worthy LTOs

Innovation around the core

New categories

BUZZWORTHY: LTOs

ShackMeister Burger

Return of a classic

Crispy shallots and ShackSauce on a 100% Angus beef cheeseburger

January - March across the US



BUZZWORTHY: INNOVATION KITCHEN







INNOVATION AROUND THE CORE: CHICKEN CATEGORY



Hot Chick'n & Hot Chick'n Bites

PLANNED FOR MID-YEAR





MENU EXPANSION



Veggie ShackBurger

Created with 13 vegetables, herbs & grains

Innovation Kitchen test

Limited market test later in 2020



2020 STRATEGIC GROWTH PLAN



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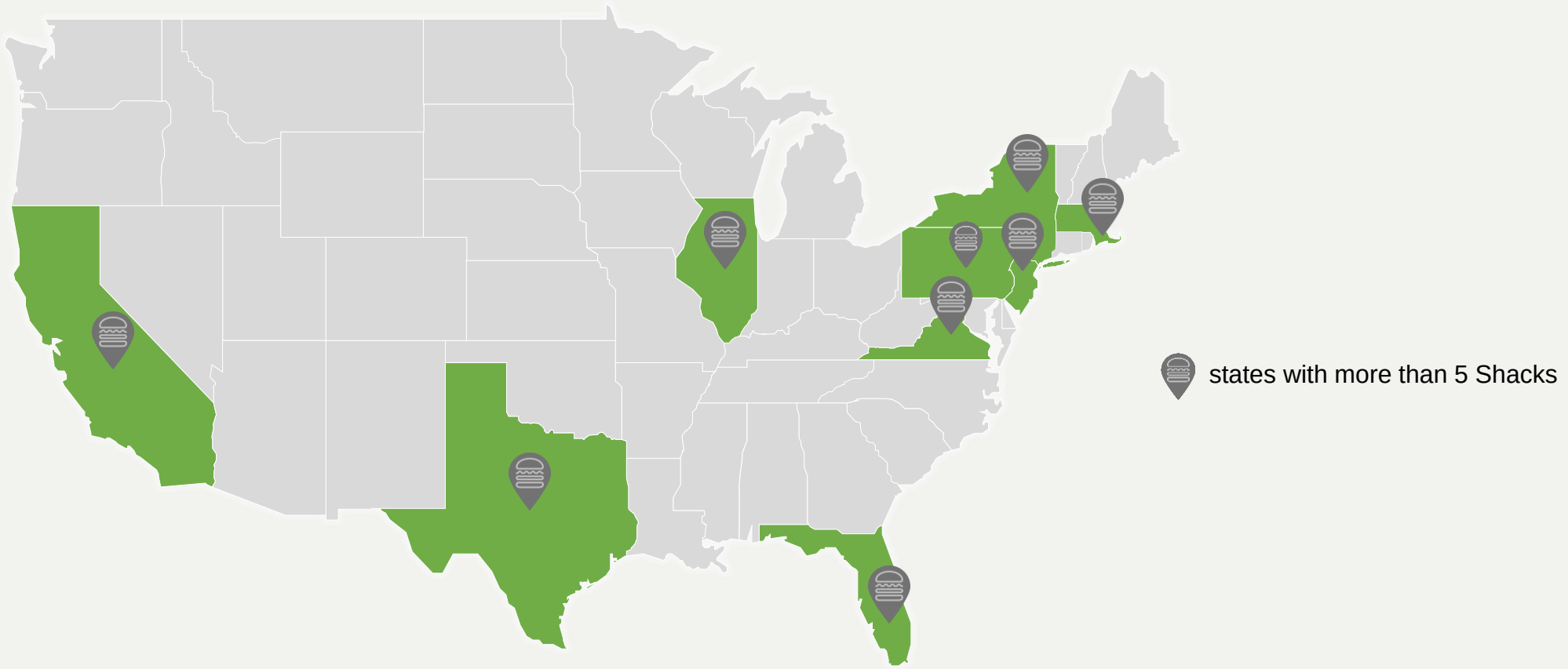


Licensing

Capital light
Cash flow
Global brand

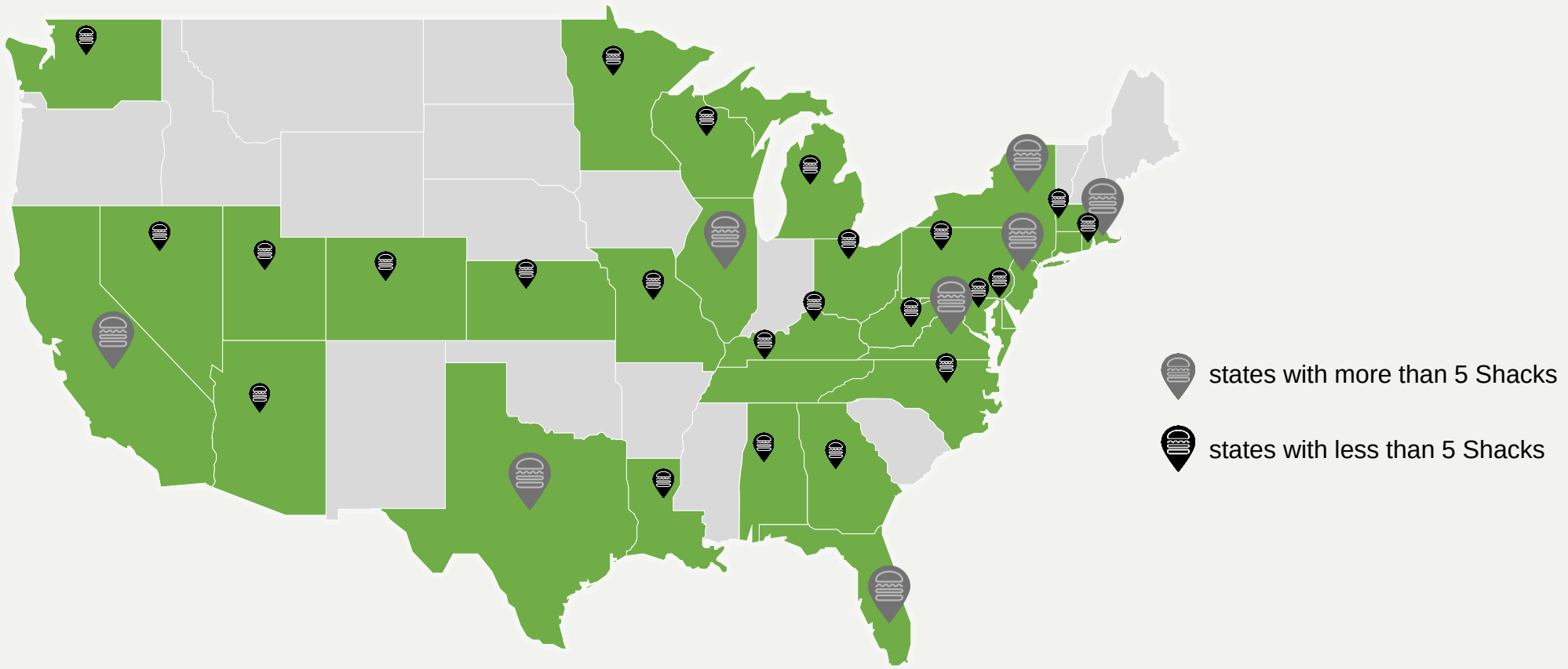
EARLY STAGE OF DOMESTIC EXPANSION PLAN

REGIONAL FOOTPRINT



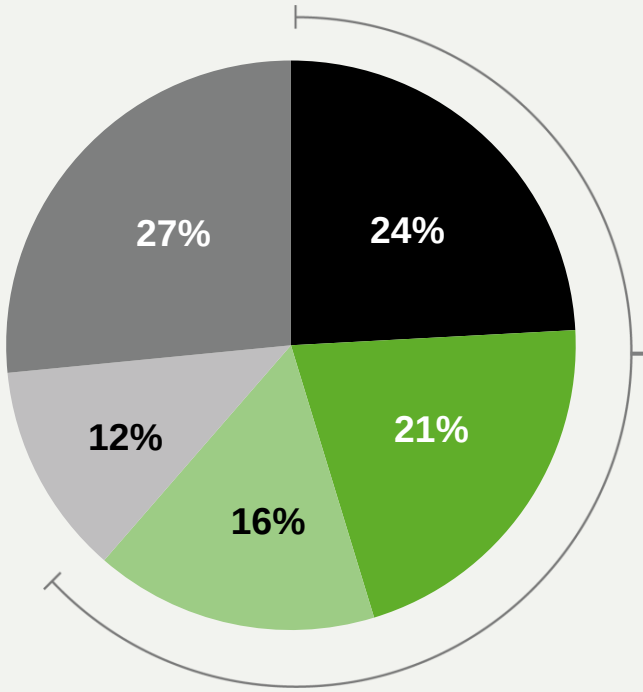
EARLY STAGE OF DOMESTIC EXPANSION PLAN

REGIONAL FOOTPRINT



EARLY STAGE OF DOMESTIC EXPANSION PLAN

AGE OF DOMESTIC COMPANY-OPERATED SHACK BASE



60%

of Shacks are < 3 years old

- Less than or equal to 12 months
- 13 to 24 months
- 25 to 36 months
- 37 to 48 months
- Greater than 48 months

2.9 years

average age of company-operated Shacks

CONTINUED EXPANSION OF SHACK FORMATS



FREE STANDING PAD



AIRPORTS



EVENTS



FOOD TRUCK



DIGITAL FOCUSED



URBAN



STADIUM



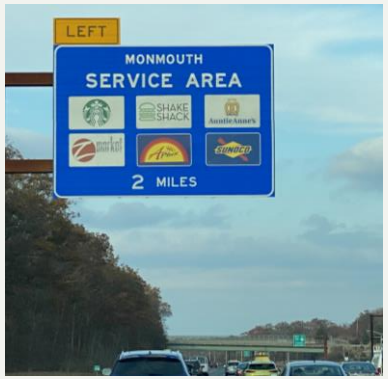
SHOPPING CENTER



MALL



FOOD COURT



ROADSIDE

SEATTLE, WA

UNIVERSITY VILLAGE



NASHVILLE, TN

FRANKLIN

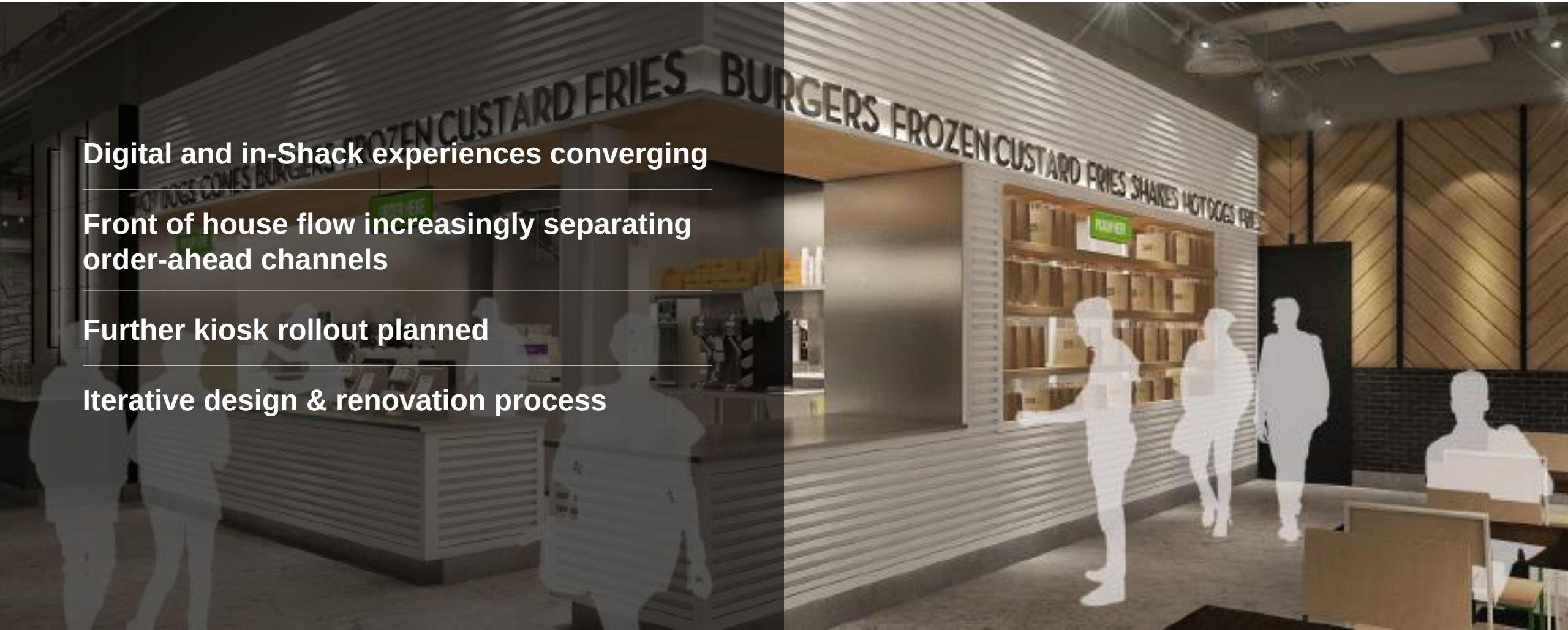


LOS ANGELES, CA

SANTA MONICA



SHACK DESIGN EVOLVING FOR THE DIGITAL JOURNEY



Digital and in-Shack experiences converging

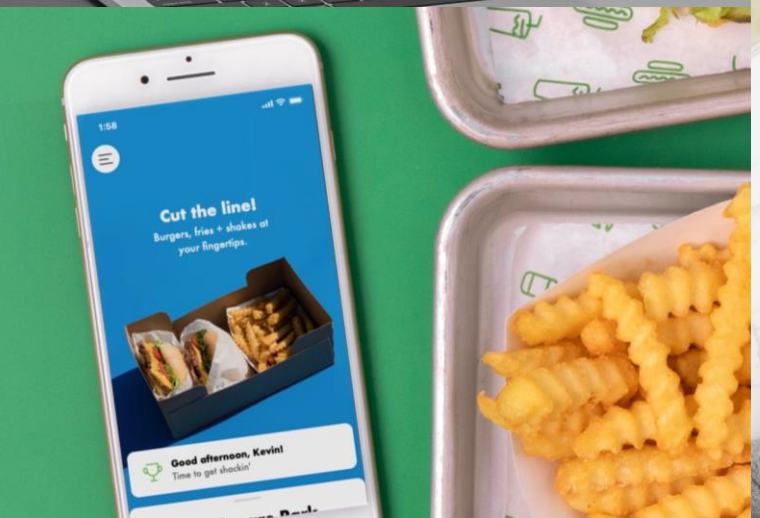
Front of house flow increasingly separating order-ahead channels

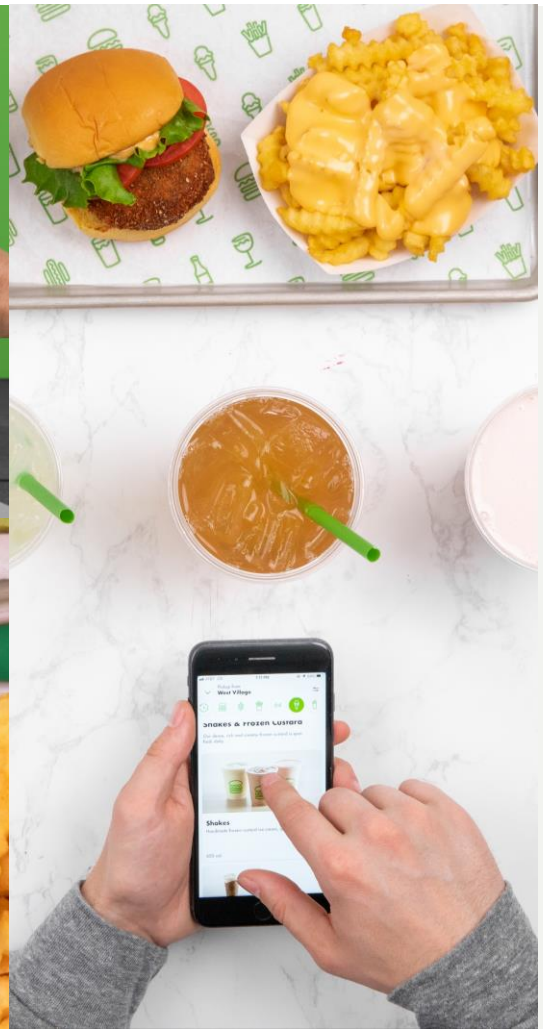
Further kiosk rollout planned

Iterative design & renovation process

HOSPITALITY MEETS COVENIENCE







- **Ongoing app, kiosk and web enhancements**
- **Redesigning web experience**
- **Building towards a single view of the guest**
- **Expanding personalized marketing-focused capabilities**
- **Delivery through own channels over time**

2020 STRATEGIC GROWTH PLAN



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Developing



Product

Guest acquisition
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Licensing

Capital light
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Global brand

LICENSING BUSINESS

Increasing penetration within existing markets

Growth in mainland China with entry to Beijing mid-year

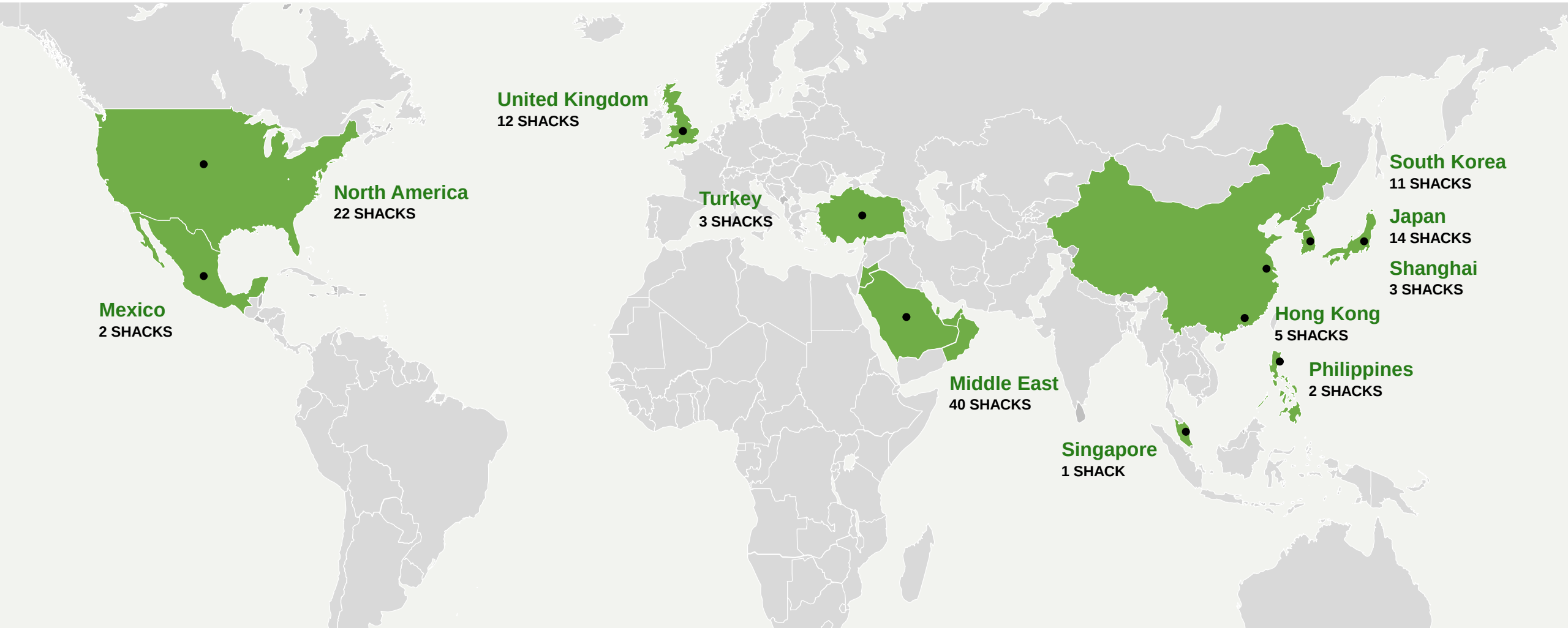
Increasing brand awareness through airport, stadium & roadside locations in US

Significant global whitespace

High margin, cash accretive operating model



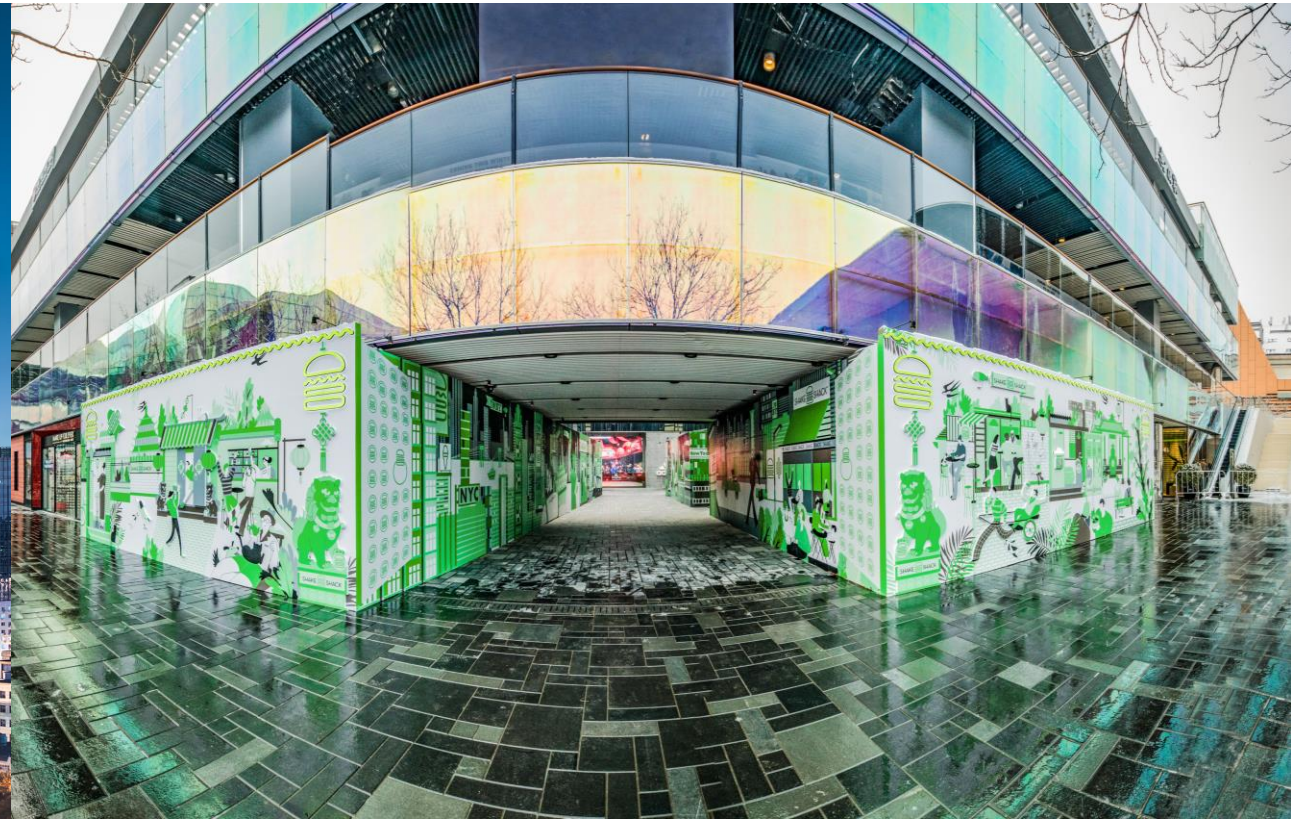
SIGNIFICANT GLOBAL OPPORTUNITY



BEIJING, CHINA

SANLITUN





SEOUL, KOREA

I-PARK



ISTANBUL, TURKEY

METROPOL MALL

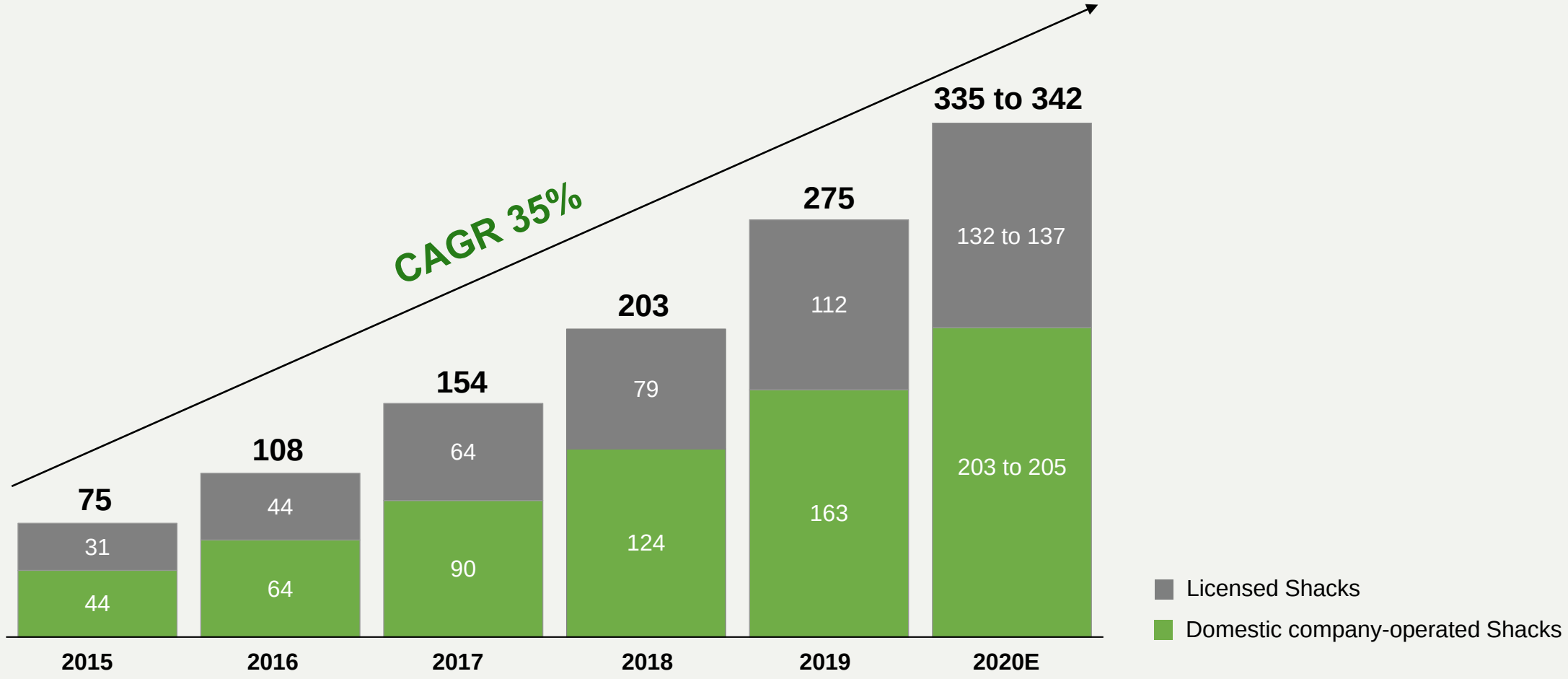


SINGAPORE

NEIL ROAD



2020 TOTAL UNIT GUIDANCE



2020 KEY FINANCIAL DRIVERS

Total Revenue

November Unit Guidance: 40-42 company-operated
20-25, net licensed

- Development focus on expansion of existing markets
- Digital product and menu innovation
- Delivery partnership transition
- Continued broad international licensed development
- Focus on continually improved guest experience

Shack-level operating margin

- Working on long-term economies of scale in supply chain
- Tight labor market continues to drive costs up across the US
- Multiple initiatives underway to accelerate use of technology to deliver labor efficiencies
- Rapid development continues to have near-term impact on cost profile of new Shacks

G&A

- Investments across the business for long-term growth
- People, operations, marketing & technology

THANK YOU

For more info:
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investor@shakeshack.com









DEFINITIONS

“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, amortization of cloud-based software implementation assets, 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, amortization of cloud-based software implementation assets, 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

	Thirteen Weeks Ended				Thirty-Nine Weeks Ended			
	September 25, 2019		September 26, 2018		September 25, 2019		September 26, 2018	
Shack sales	$ 152,366	96.6%	$ 115,882	96.9%	$ 428,811	96.8%	$ 324,869	97.0%
Licensing revenue	5,396	3.4%	3,765	3.1%	14,273	3.2%	10,176	3.0%
TOTAL REVENUE	157,762	100.0%	119,647	100.0%	443,084	100.0%	335,045	100.0%
Shack-level operating expenses[1]:								
Food and paper costs	44,159	29.0%	32,703	28.2%	125,049	29.2%	91,336	28.1%
Labor and related expenses	41,601	27.3%	31,232	27.0%	118,891	27.7%	87,651	27.0%
Other operating expenses	18,947	12.4%	13,496	11.6%	51,270	12.0%	36,536	11.2%
Occupancy and related expenses	12,537	8.2%	8,545	7.4%	35,309	8.2%	23,621	7.3%
General and administrative expenses	17,090	10.8%	13,151	11.0%	46,420	10.5%	37,547	11.2%
Depreciation expense	10,474	6.6%	7,439	6.2%	29,239	6.6%	20,905	6.2%
Pre-opening costs	4,487	2.8%	3,581	3.0%	10,678	2.4%	8,031	2.4%
Loss on disposal of property and equipment	303	0.2%	157	0.1%	1,031	0.2%	543	0.2%
TOTAL EXPENSES	149,598	94.8%	110,304	92.2%	417,887	94.3%	306,170	91.4%
OPERATING INCOME	8,164	5.2%	9,343	7.8%	25,197	5.7%	28,875	8.6%
Other income, net	248	0.2%	436	0.4%	1,259	0.3%	1,070	0.3%
Interest expense	(133)	-0.1%	(592)	-0.5%	(302)	-0.1%	(1,770)	-0.5%
INCOME BEFORE INCOME TAXES	8,279	5.2%	9,187	7.7%	26,154	5.9%	28,175	8.4%
Income tax expense	(3,144)	-2.0%	2,241	1.9%	(47)	—%	5,679	1.7%
NET INCOME	11,423	7.2%	6,946	5.8%	26,201	5.9%	22,496	6.7%
Less: net income attributable to non-controlling interests	1,079	0.7%	1,921	1.6%	4,281	1.0%	6,359	1.9%
NET INCOME ATTRIBUTABLE TO SHAKE SHACK INC.	$ 10,344	6.6%	$ 5,025	4.2%	$ 21,920	4.9%	$ 16,137	4.8%
Earnings per share of Class A common stock:								
Basic	$0.32		$0.17		$0.72		$0.58	
Diluted	$0.31		$0.17		$0.70		$0.56	
Weighted-average shares of Class A common stock outstanding:								
Basic	31,961		28,954		30,549		27,930	
Diluted	32,916		29,883		31,441		28,820	

(1) As a percentage of Shack sales.

SHACK-LEVEL OPERATING PROFIT DEFINITIONS

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

(dollar amount in thousands)	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	September 25, 2019	September 26, 2018	September 25, 2019	September 26, 2018
Operating income	$ 8,164	$ 9,343	$ 25,197	$ 28,875
Less:				
Licensing revenue	5,396	3,765	14,273	10,176
Add:				
General and administrative expenses	17,090	13,151	46,420	37,547
Depreciation expense	10,474	7,439	29,239	20,905
Pre-opening costs	4,487	3,581	10,678	8,031
Loss on disposal of property and equipment	303	157	1,031	543
Shack-level operating profit	$ 35,122	$ 29,906	$ 98,292	$ 85,725
Total revenue	$ 157,762	$ 119,647	$ 443,084	$ 335,045
Less: licensing revenue	5,396	3,765	14,273	10,176
Shack sales	$ 152,366	$ 115,882	$ 428,811	$ 324,869
Shack-level operating profit margin	23.1%	25.8%	22.9%	26.4%

ADJUSTED EBITDA DEFINITIONS

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 cost, losses on the disposal of property and equipment, amortization of cloud-based software implementation costs, 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

(dollar amounts in thousands)	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	September 25, 2019	**September 26, 2018**	**September 25, 2019**	**September 26, 2018**
Net income	$ 11,423	$ 6,946	$ 26,201	$ 22,496
Depreciation expense	10,474	7,439	29,239	20,905
Interest expense, net	133	591	302	1,762
Income tax expense	(3,144)	2,241	(47)	5,679
EBITDA	**18,886**	**17,217**	**55,695**	**50,842**
Equity-based compensation	1,884	1,636	5,839	4,376
Amortization of cloud-based software implementation costs[(1)]	107	—	107	—
Deferred lease costs[(2)]	743	813	2,043	521
Loss on disposal of property and equipment	303	157	1,031	543
Other income related to adjustment of liabilities under tax receivable agreement	—	—	(14)	—
Executive transition costs[(3)]	—	32	126	280
Project Concrete[(4)]	1,346	292	2,031	608
Costs related to relocation of Home Office[(5)]	—	2	—	1,019
Hong Kong office[(6)]	13	—	184	—
Legal Settlement[(7)]	—	1,200	—	1,200
Adjusted EBITDA	**$ 23,282**	**$ 21,349**	**$ 67,042**	**$ 59,389**
Adjusted EBITDA margin[(8)]	14.8%	17.8%	15.1%	17.7%

(1) Represents amortization of capitalized implementation costs related to cloud-based software arrangements that are included within general and administrative expenses.
(2) 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.
(3) Represents fees paid in connection with the search and hiring of certain executive and key management positions.
(4) Represents consulting and advisory fees related to the Company's enterprise-wide system upgrade initiative called Project Concrete.
(5) Costs incurred in connection with the Company's relocation to a new Home Office.
(6) Represents costs associated with establishing the Company's first international regional office in Hong Kong.
(7) Expense incurred to establish an accrual related to the settlement of a legal matter.
(8) Calculated as a percentage of total revenue, which was $157,762 and $443,084 for the thirteen and thirty-nine weeks ended September 25, 2019, respectively, and $119,647 and $335,045 for the thirteen and thirty-nine weeks ended September 26, 2018, respectively.

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