

## Message from Bill Gregson, Chief Executive Officer and Chair of the Board

**2015 was a transformational year for Cara on many fronts – we had breakthrough financial results, established valuable new partnerships and set a clear course for the next 5-7 years**

*April 8, 2016*



This is Cara’s first year-end since it became a public company in April 2015. We’ve opted to forgo an annual report as it is historical in nature and instead I’ll take this opportunity to celebrate our most meaningful 2015 achievements and talk about Cara’s future.

### Cara’s 2015 Achievements

**Historic IPO** – Cara’s IPO offering was 20 times oversubscribed by investors and the IPO itself was considered one of the most successful IPOs in Canadian history. We believe investors’ interest in Cara has a lot to do with the power of our iconic brands, Cara’s two lead shareholders with long-term intentions and our exciting growth opportunities.

**Breakthrough Results** – 2015 marked the second consecutive year of breakthrough financial results for Cara. Total system sales grew 4.4% to \$1,765.7 million in 2015. Operating EBITDA increased to \$111.4 million in 2015 compared to \$83.6 million in 2014, an increase of 33.3%. Earnings from operations before income taxes grew to \$66.2 million from \$9.9 million in 2014. Compared to our 2013 year-end, Cara’s financial turnaround is even more pronounced. Total system sales grew 28.7% or \$393.8 million and Operating EBITDA grew 132.6% or \$63.5 million from 2013 to 2015. Earnings from operations before income taxes also grew, increasing \$108.4 million from a loss of \$42.2 million in 2013 to earnings of \$66.2 million in 2015.

**Successful Acquisitions** – Cara successfully acquired 100% of New York Fries and the remaining interest in the Landing Group in 2015. As with the acquisition of Prime Restaurants in 2013, these acquisitions demonstrated our ability to acquire already strong brands and provide them with the benefits of Cara’s scale, systems and expertise.

### Cara’s Relationships

**It Takes a Village** – I’d like to recognize that our 2015 financial achievements arose out of the hard work of Cara’s head office associates and field managers. Cara’s franchise partners were also central to Cara’s success - 88% of Cara’s total restaurants are operated by our franchise partners and they played a critical role collaborating on new initiatives, challenging ideas and providing an environment where restaurant associates can execute with excellence every day. There are approximately 45,000

restaurant associates employed in Cara's franchise and corporate restaurants and much of Cara's overall success in 2015 can be attributed to these individuals.

**Our Customers** – Cara's restaurant associates served more than 100 million meals in 2015 – that's 3 times the size of Canada's total population. I'd be remiss in not recognizing that Canadians did their part to help Cara reach new heights in 2015, one delicious bite at a time.

**New Partnerships** – 2015 also marked the year Cara established valuable new relationships with Scene and the Canadian Automobile Association. We also partnered with the Boys and Girls Club of Canada ("BGCC") as we saw an opportunity to make a real difference in the lives of those who are part of our local communities. BGCC is a national organization of associated clubs and provider of after-school programs to underprivileged youth.

### **Cara's Bright Future**

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**Ready for More Acquisitions** – Cara reduced its net debt by \$344.2 million to \$65.9 million at the end of 2015 (from \$410.1 million at the end of 2014). As further evidenced by a Net Debt / Operating EBITDA ratio of 0.6x, Cara was in a position at its 2015 year-end to strategically invest in its business and to fund further acquisitions. Indeed, on March 31, 2016, we announced that an agreement was reached for Cara to acquire 100% of Groupe St-Hubert Inc. ("St-Hubert") for \$537 million. The acquisition of St-Hubert, which is targeted to close in the summer of 2016, provides Cara with an iconic restaurant chain that resonates with guests in Québec as well as with a food retail solution for the Cara brands. Cara and St-Hubert's food retail business will be managed from Québec by St-Hubert's experienced management team. Cara will also rely on St-Hubert's management team to drive restaurant growth in Québec through the addition of Cara brands. The Cara and St-Hubert alliance promises to bring growth for both businesses. Cara will continue to seek out opportunistic acquisitions in the future as part of its growth strategy.

**Opportunities for Organic Growth** – In conjunction with our IPO in April of 2015, we shared our 5-7 year growth plan. A key growth lever was the opening of net new restaurants. Excluding the addition of 159 locations from the acquisition of New York Fries, Cara opened 16 net new restaurants in 2015. We also primed our new store opening engine for years to come. As shared in our 5-7 year growth plan, we are targeting 30 to 50 net new restaurant openings per year and we expect to deliver on this goal in 2016. Another key growth lever for Cara is the ability to grow sales in our network of existing restaurants. We ended 2015 with 8 straight quarters of positive sales growth in existing restaurants.

In summary, 2015 was another remarkable year for Cara – thank you to everyone who helped make this happen. Together, we are beginning to shape the future of the restaurant industry in Canada and there's much to be excited about in the years ahead.

Sincerely,



Bill Gregson,  
Chief Executive Officer and Chair of the Board