

Shareholder Meeting

May 2016

Disclaimer

Matters discussed in this presentation and during our 2016 Annual Meeting of Stockholders, whether written or oral, relating to future events or our future performance, including any discussion, expressed or implied, regarding our anticipated growth, operating results, plans, objectives, future earnings per share, and the impact of our investments in sales-building initiatives and operational capabilities on future sales and earnings, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are often identified by the words "believe," "positioned," "estimate," "project," "target," "plan," "goal," "assumption," "continue," "intend," "expect," "future," "anticipate," and other similar expressions, whether in the negative or the affirmative, that are not statements of historical fact. These forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict, and you should not place undue reliance on our forward-looking statements. Our actual results and timing of certain events could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those discussed from time to time in our reports filed with the Securities and Exchange Commission, including our annual report on Form 10-K for the fiscal year ended December 29, 2015 and our quarterly reports on Form 10-Q. All forward-looking statements and the internal projections and beliefs upon which we base our expectations included in this presentation or during our 2016 Annual Meeting of Shareholders are made only as of the date of this presentation and may change. While we may elect to update forward-looking statements at some point in the future, we expressly disclaim any obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

Panera Today

Panera Today







- 1,972 Bakery-cafes
- ~97,000 Employees
- 46 States, D.C., & Canada
- 8.3M customers/week
- $2.5 million AUVs
- $4.8B System Sales
- Multiple Consumer Channels

As of FY2015 end

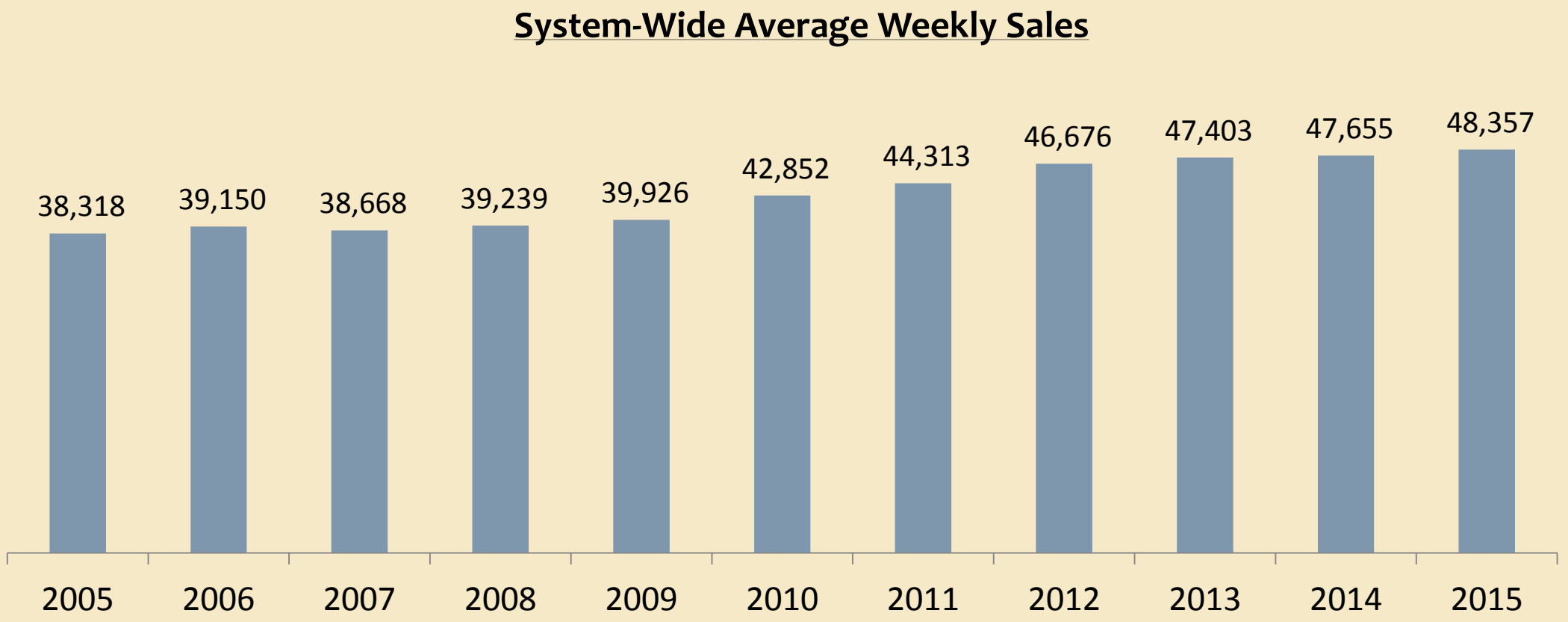
How We Compete

Craveable Wellness – Elevated Experience

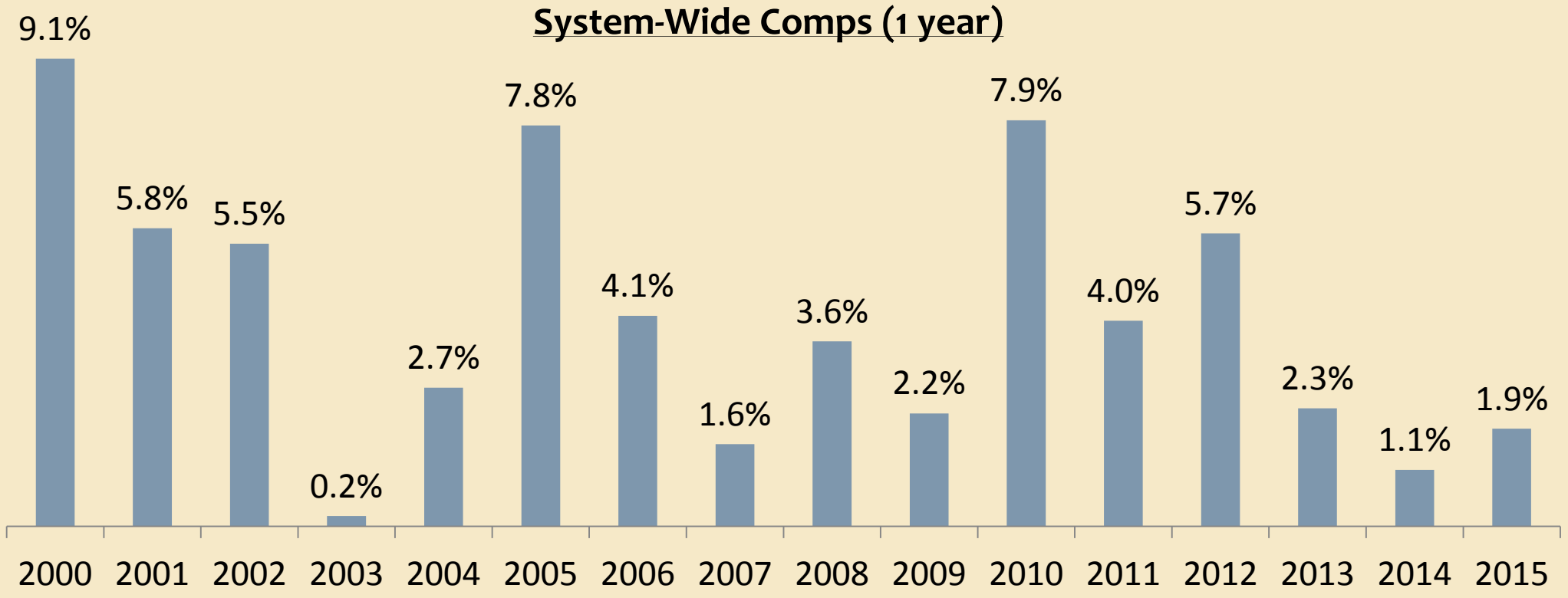
- We own the “better” soup, salad and sandwich category, serving food that is good and good for you that people trust ***and*** crave.
- We are an authority in fresh-baked bread, which drives differentiation in our food.
- Our bakery-cafes provide an everyday oasis, where guests feel welcome to eat, talk, study or relax.
- We offer multiple consumer solutions for diverse needs, spanning dayparts and available through different points of access.

Panera…A Track Record of Success

Historically High Average Weekly Sales



Along with Strong Same-Store Sales Growth



Note: 2000 – 2007 system-wide comps based on sales from bakery-cafes that had been in operation or owned for 18 months, 2008 – Present system-wide comps based on sales from bakery-cafes that had an open date or had been owned 12 months prior to the start of the fiscal year

High sales drive significant unit-level returns

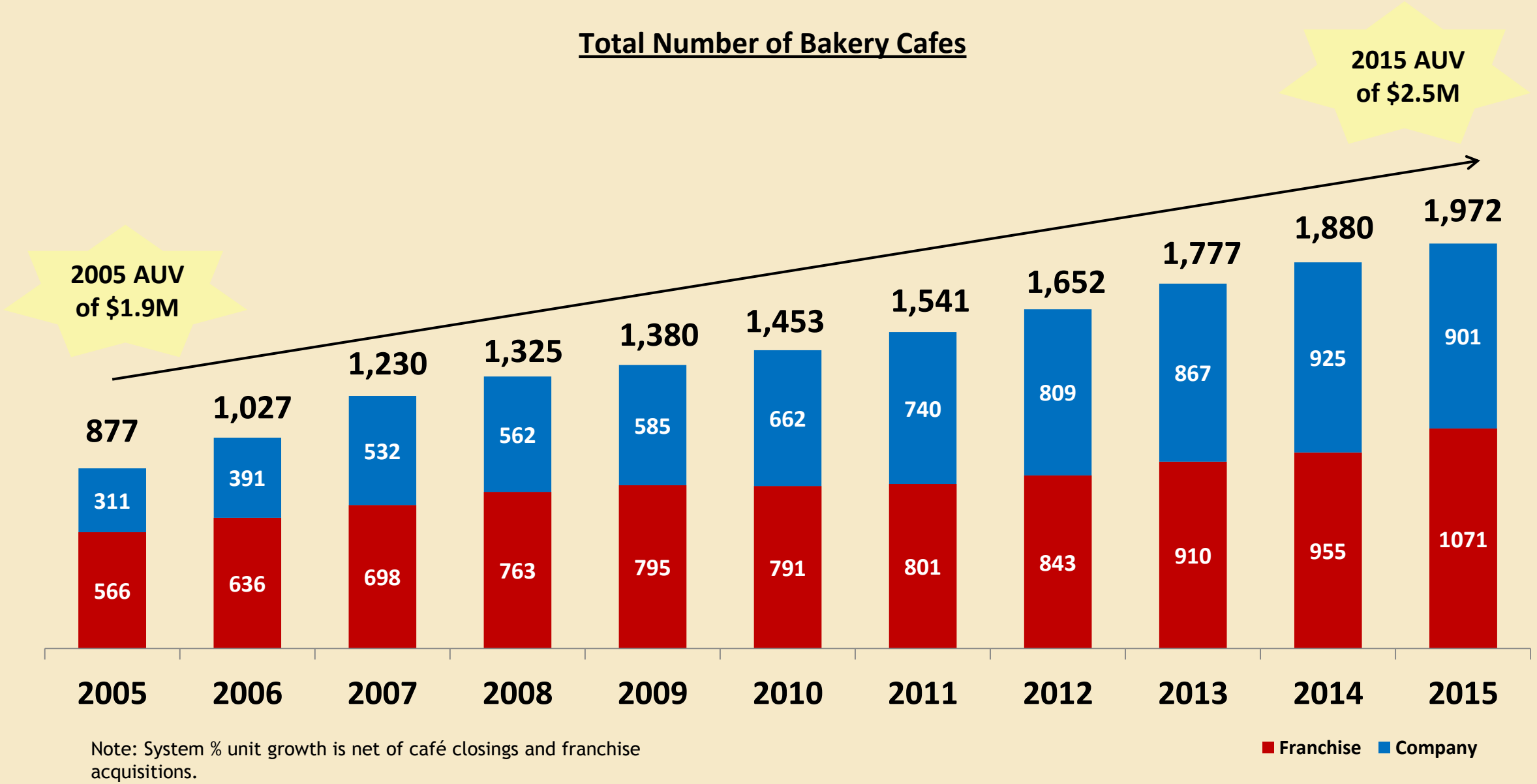
(In Millions)	Mature Store Base Average Returns [a] [b]
Avg Net Sales/Unit	$2.6
Unit EBITDA	$0.4
Unit Margin	*16.7%*
Invested Capital	
Investment before OH	$0.9
Capitalized OH	$0.1
Investment including OH	$1.0
Cash-on-cash ROI [c]	
Mid-point Corporate ROI (before OH)	49.1%
Mid-point IRR	

(a) FY15 results based off 743 company-owned Panera cafes opened before fiscal year end 2013 (excluding closed cafes)

(b) Avg investment cost for 595 company-owned Panera cafes opened prior to fiscal year end 2015 (excluding closed cafes and acquisitions)

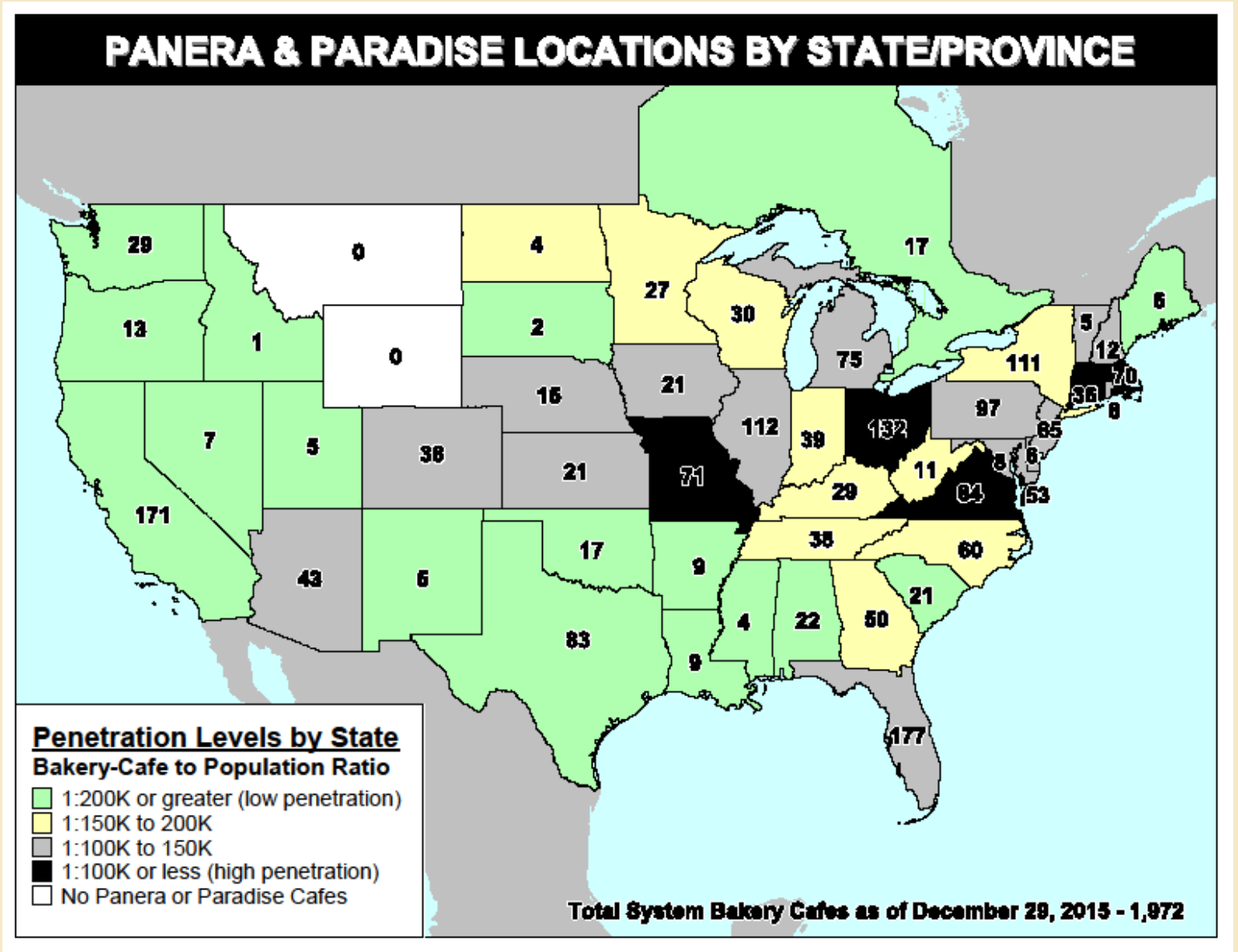
(c) Cash-on-cash ROI for New Store Approval Framework is net of any cannibalization impact

As a result, we have steadily grown new cafes



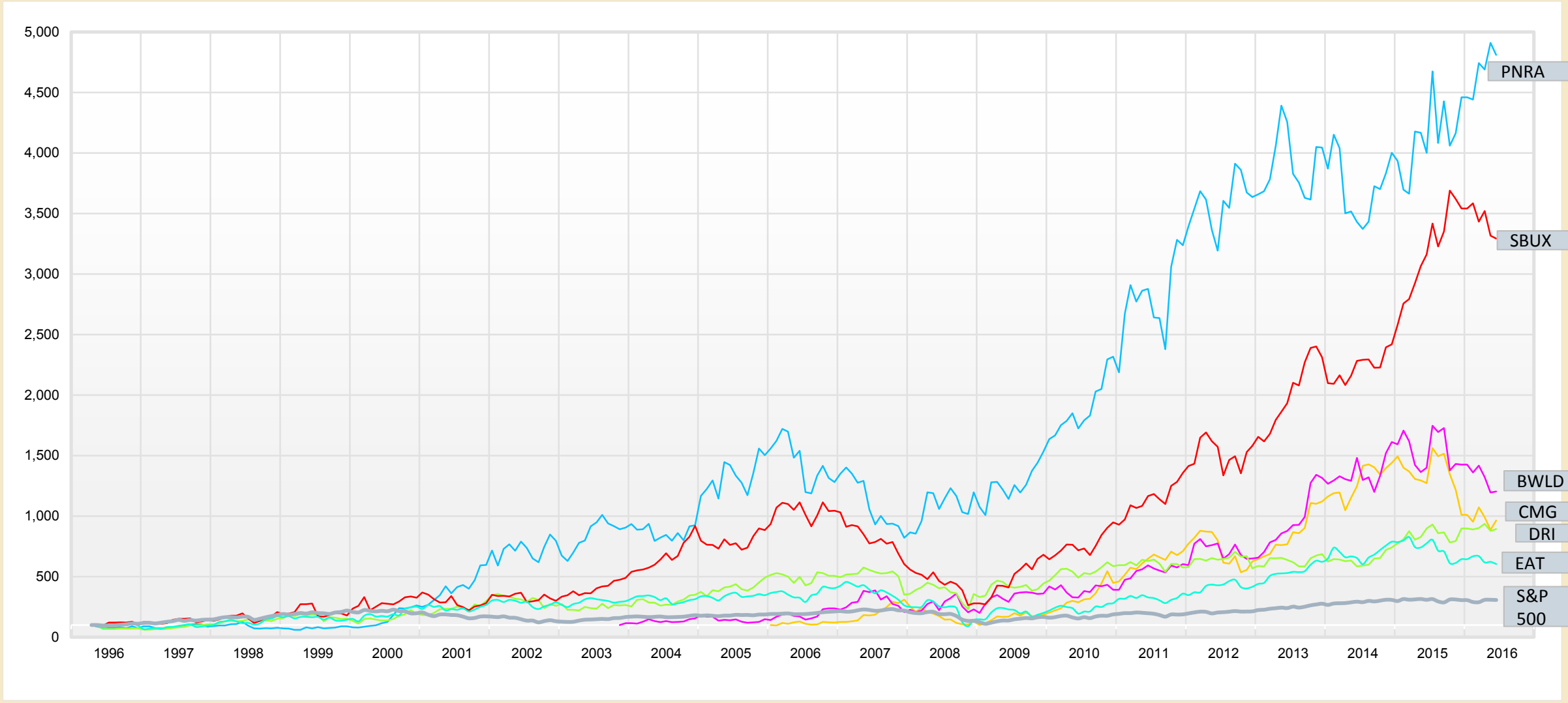
Note: System % unit growth is net of café closings and franchise acquisitions.

Panera cafes can be found throughout the United States and in select markets in Canada.



Panera…A Track Record of Creating Value for Shareholders

Over the last 20 years, our stock performance has led the industry.



Source: FactSet. Relative stock price performance indexed from 5/16/96 to 5/16/16

- **Over the last 20 years, Panera shares delivered a total return of more than 4,700% to shareholders, compared to about 200% for the S&P 500.**

- **During the five-year period ending 2015, Panera delivered a total return to shareholders of more than 90%, compared to about 60% for the S&P 500**

- **Because of the perceived power of our strategic vision and the strength of our leading indicators, Panera's stock was up 12% in 2015 – ahead of almost all peers.**

- **Thus far in 2016, shares of Panera are pushing all-time highs and significantly outperforming our high-growth peers.**

We also have a strong balance sheet and a track record of returning cash to shareholders

- **Positive cash balances**
  - **$94 million of Free Cash Flow in 2015**
- **Very little leverage**
  - **$300 million term loan, essentially one turn of debt**
- **Since 2009, we've returned $1.3B to shareholders via share repurchases**
  - **Nearly 30% of shares outstanding retired**
- **30 franchisees (average of 36 units each) partner in our growth**
  - **Over the past decade, they have constructed or acquired over 500 cafes with their capital**

Setting Panera Up for an Even Stronger Future

We've been working to transform Panera so we can once again set ourselves on a path of industry-leading performance…

…while providing opportunities for expanded high-ROI growth in several adjacent $1B+ channels.

HOW OUR PLAN HAS EVOLVED….

2012

DEFINED AN IMPROVED GUEST EXPERIENCE THAT REDUCES FRICTION

- **Panera 2.0 prototyped (Operational Integrity and digital access)**



HOW OUR PLAN HAS EVOLVED….

2013

IMAGINED RUNWAYS FOR EXPANDED GROWTH





- **Delivery, catering hubs, Panera at Home prototyped**
- **eCommerce and technology capabilities built**



HOW OUR PLAN HAS EVOLVED….

2014

REFINED VISION FOR HOW THE PANERA CAFÉ DRIVES DESIRE

- **Concept Essence redefined, giving us a powerful North Star to guide all of our innovations**
- **Craveable wellness and an elevated experience**



HOW OUR PLAN HAS EVOLVED….

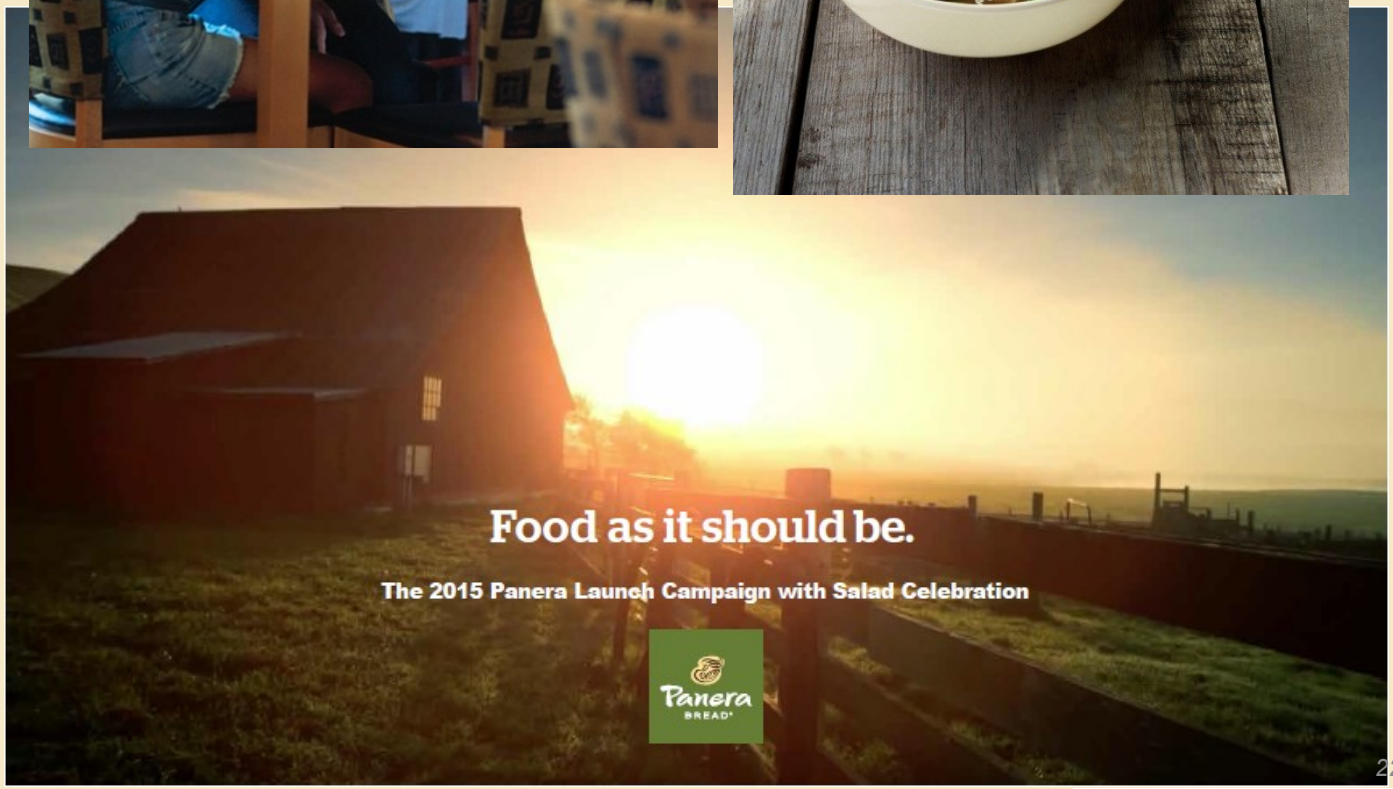
2015

BASED ON CONCEPT ESSENCE, WE ACTIVATED INNOVATION IN OPERATIONS, FOOD & BAKERY, MARKETING & STORE DESIGN

- **Panera 2.0 scaled**
- **Innovation in Ops, Food and Marketing**
- **Clean food initiative announced with “No No List”**
- **“Food as it should be” campaign launched**







Today, our 5-year vision has taken form and we can more clearly see our future.

OUR 5-YEAR VISION

ENDS

Café that is a Better Competitive Alternative
(Less Friction / Greater Desire)

Runways for expanded growth: "Hoovering"
(Take Share in Adjacent $1B+ Markets)

Strengthen Capabilities to Execute KIs
("Get the Job Done")

Resources to Invest
(Deliver Profit For Shareholders)

MEANS (INITIATIVES)

2.0 (Operational Integrity + Digital Access)
Concept Essence activating Innovation in: Food/bakery, Marketing, Operations, Design, Sourcing

Delivery
High-ROI Unit Growth (traditional, new formats)
Panera at Home
Catering

Human Capabilities in Place
Ecommerce Strategy/IT Execution

Comp growth ahead of industry
Intensive margin improvement effort
Return cash to shareholders

BYPRODUCT: SUSTAINED DOUBLE-DIGIT EARNINGS GROWTH

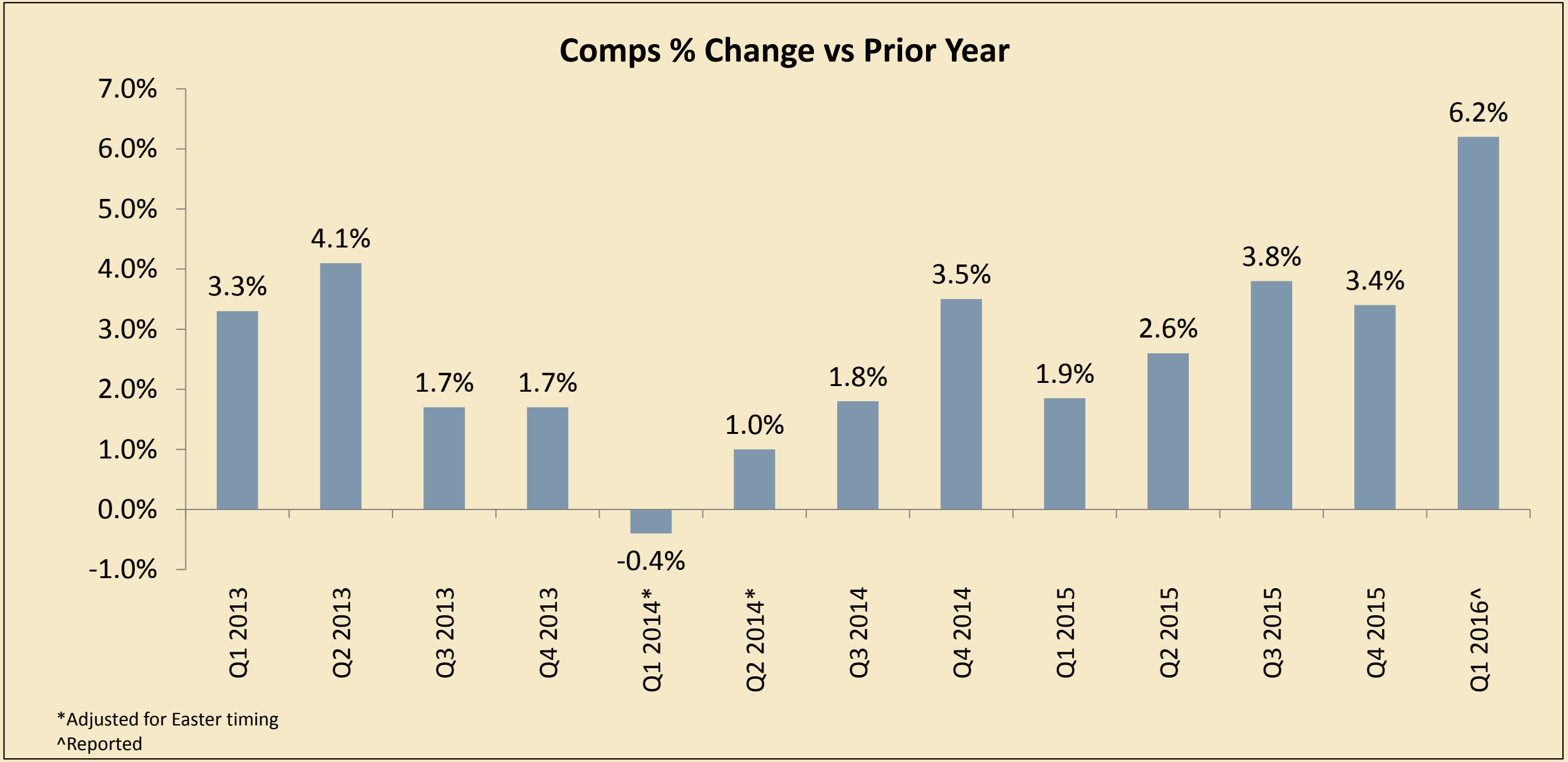
What's more, the themes that are central to our 5-year vision are now being validated by others as themes for success in the restaurant industry going forward.

“We continue to view Panera as the only stock under our coverage to fit both of our investment themes of using guest-facing technology as a competitive advantage as well as transparent food sourcing that we believe will be sales drivers for years to come.”

- Andrew M. Charles, Cowen and Company

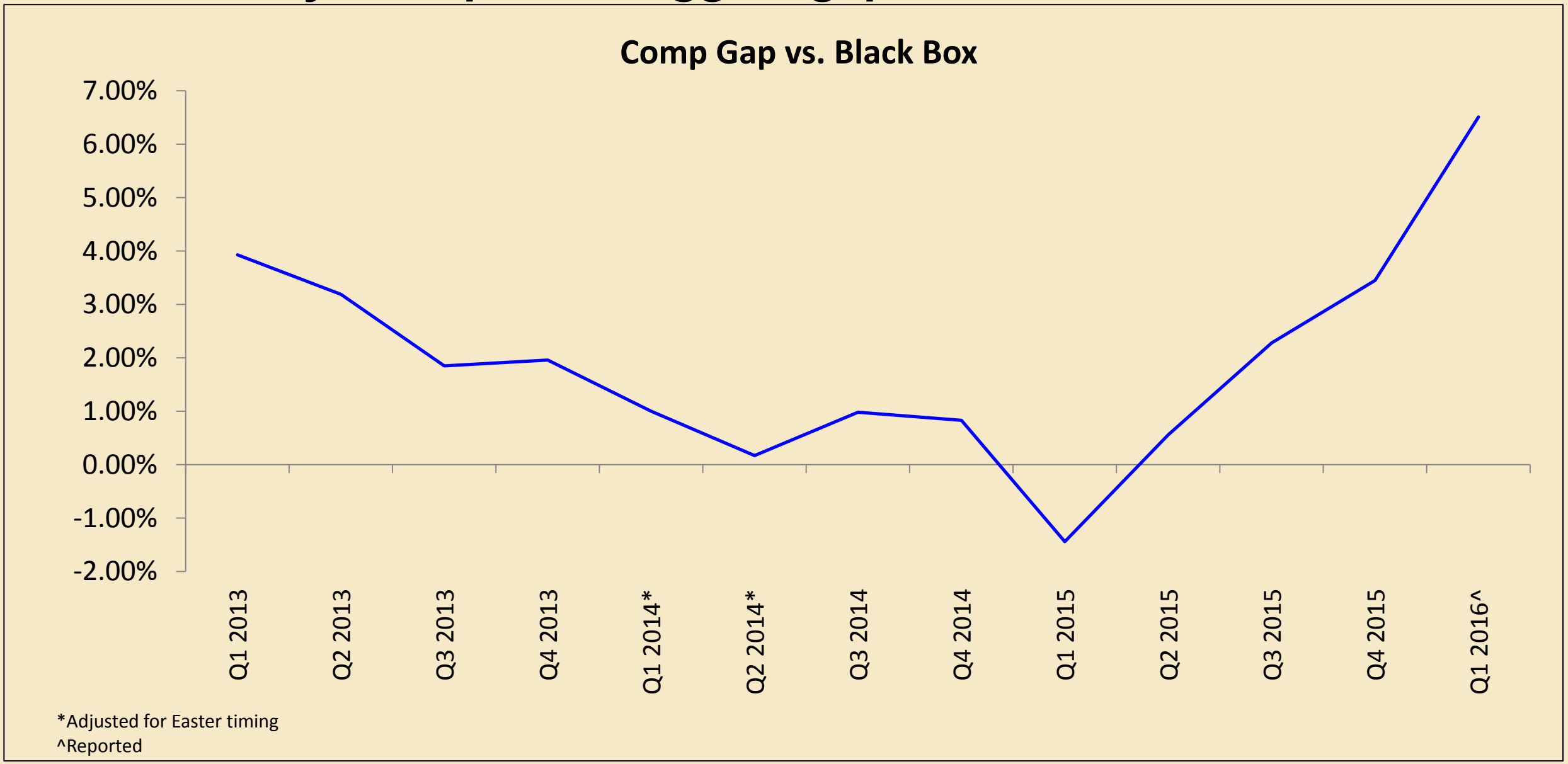
Our results indicate that our strategy to be a better competitive alternative with runways for expanded growth is working.

Q1 Comps Strongest in Over Three Years



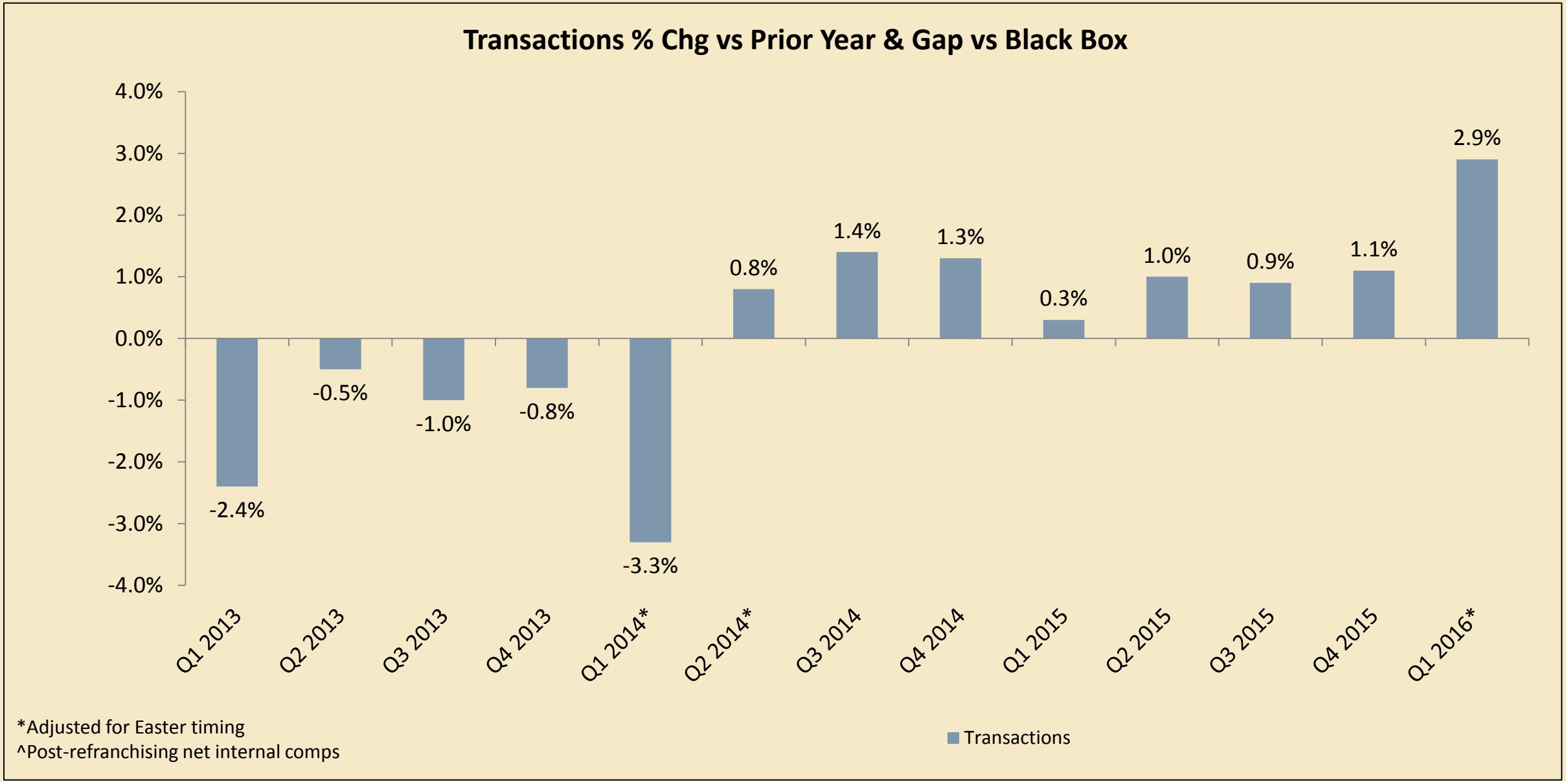
*Adjusted for Easter timing
^Reported

Q1 Comps outperformed the Black Box all-industry composite by 650 bps, the biggest gap we have ever seen



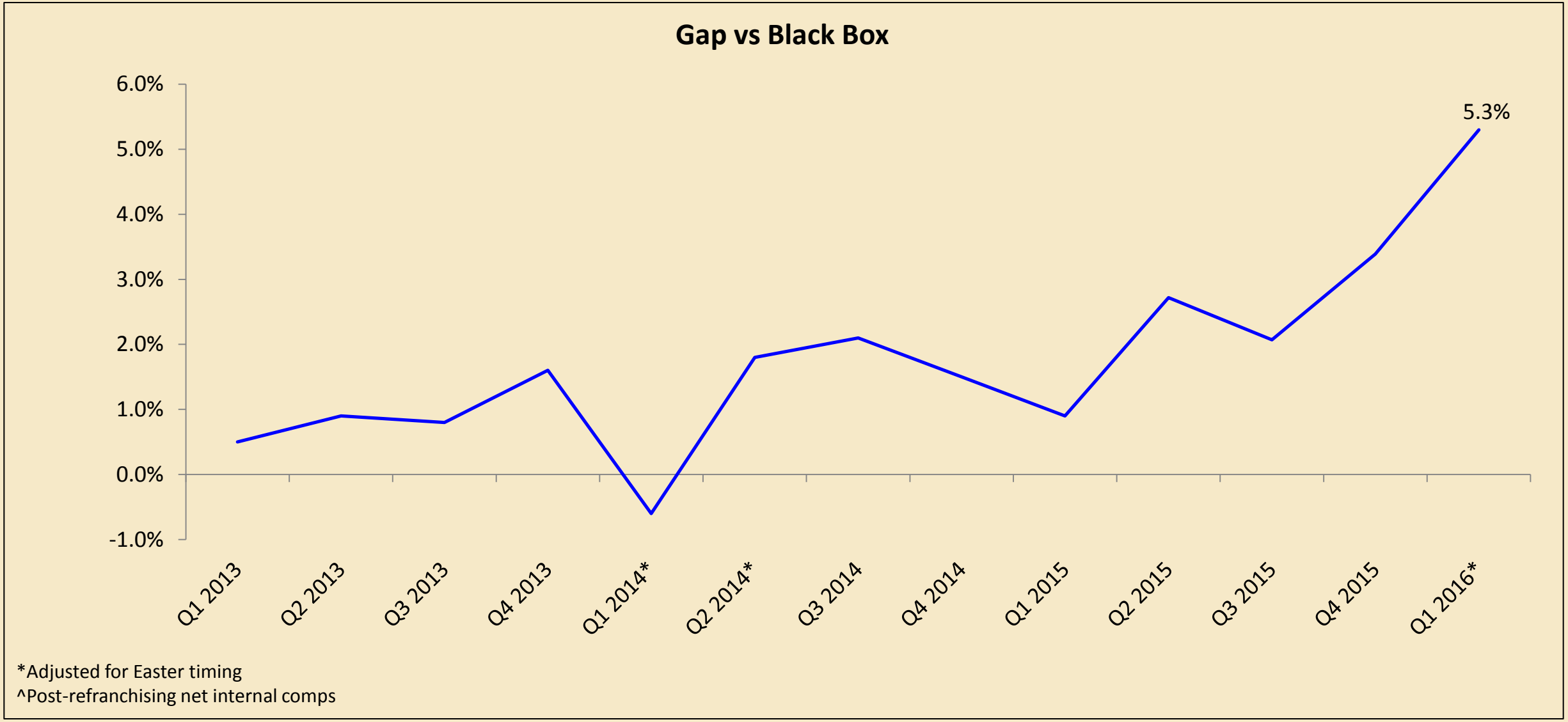
*Adjusted for Easter timing
^Reported

Eight consecutive quarters of transaction growth



*Adjusted for Easter timing
^Post-refranchising net internal comps

Transaction performance versus the Black Box all-industry composite shows we are stealing share



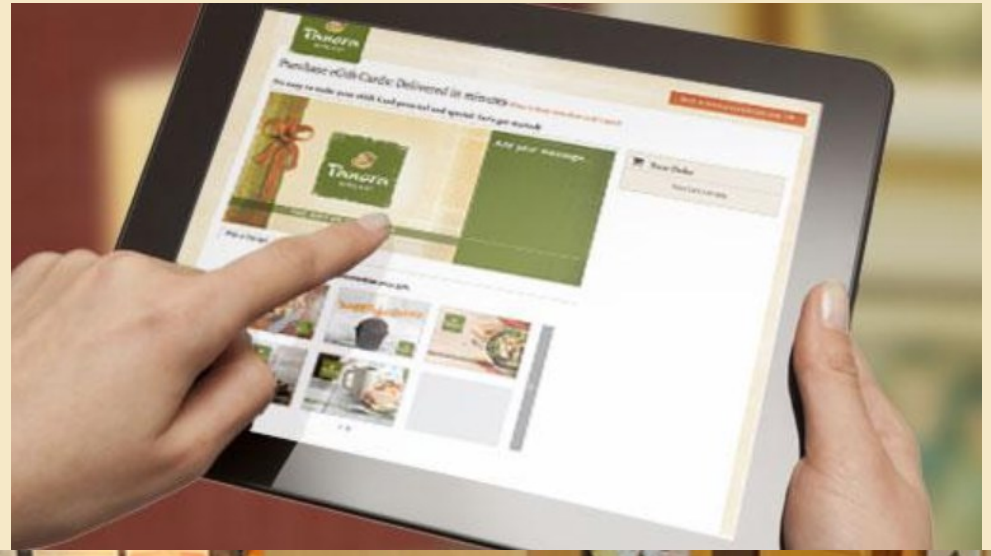
*Adjusted for Easter timing
^Post-refranchising net internal comps

And we are building on our momentum.

WE ARE REDUCING FRICTION

PANERA 2.0

- Comps growing faster in Panera 2.0 cafes
- 452 company Panera 2.0 cafes operating at the end of Q1
- Approximately 200 company cafes will be converted to Panera 2.0 in 2016
- 75% of franchise groups are expected to begin 2.0 conversions in 2016, for a total of 100 franchised 2.0 cafes by year-end





WE ARE INNOVATING

OPERATIONS

- Operational Integrity, our end-to-end approach to improving production and accuracy
- Fully staffed with great team members
- Café Health scores increased 1.6% year-over-year in Q1
- Direct correlation between Café Health and comps
- Building the capabilities to manage the increasing café volumes and complexity



WE ARE INNOVATING

FOOD

- Craveable wellness - Imaginative food that's good for you and worth going out of your way for
- Removed artificial colors, flavors, sweeteners and preservatives from more than 400 ingredients, covering more than 90% of our menu
- All soups clean in January
- All salads clean in May and three new salads: Green Goddess Cobb Salad, Chinese Citrus Cashew Salad and Watermelon Feta Salad
- All sandwiches clean this fall and new sandwiches unveiled







WE ARE INNOVATING

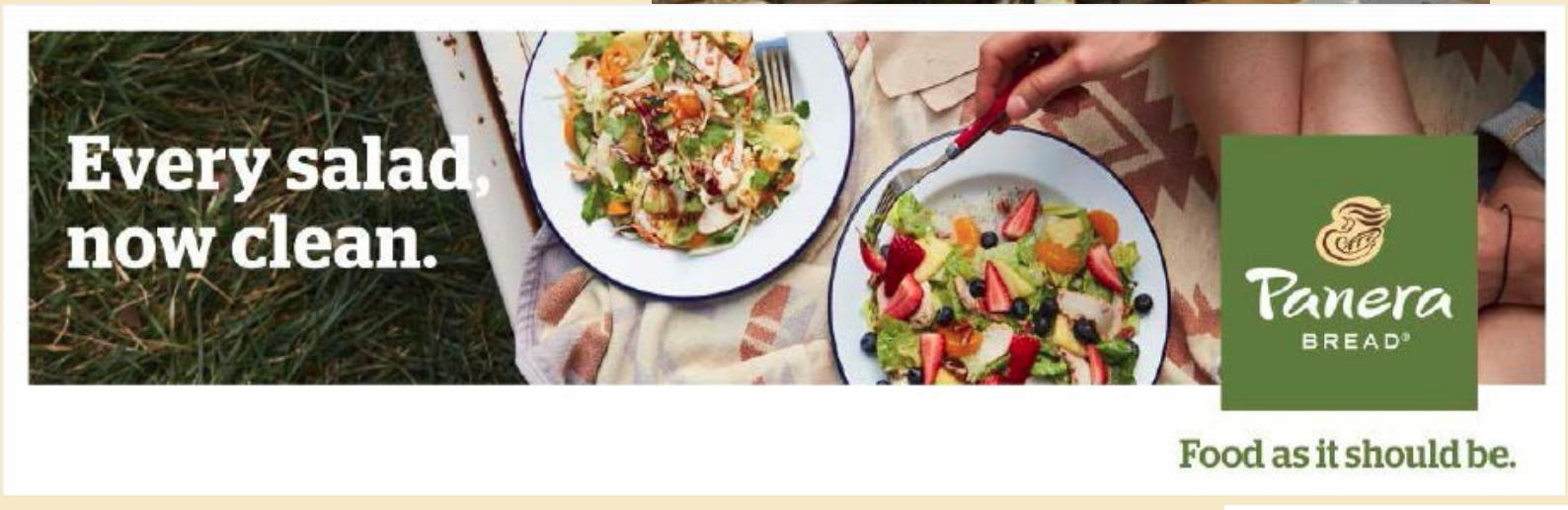
MARKETING

- “Food As It Should Be” continues to be a powerful communications platform that is helping to further strengthen our brand reputation and build relevance with our target customers.
- We continue to build our reputation with influencers through earned media.
- MyPanera, with more than 22 million members and representing about 50% of company transactions, is a powerful way to grow specific dayparts, products and channels









WE ARE EXPANDING RUNWAYS FOR GROWTH

DELIVERY

- Test cafes saw strong sales
- 70 bakery cafes offering delivery in 6 markets at end of Q1
- We plan to roll out delivery to more than 10% of our system in 2016, including both company and franchise cafes

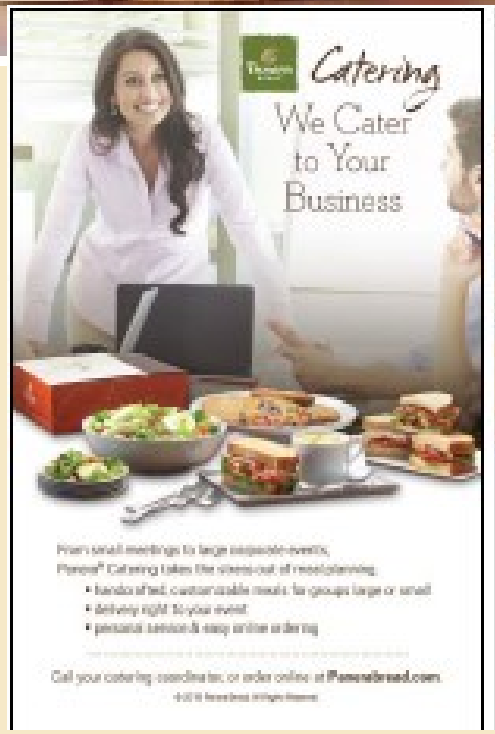


WE ARE EXPANDING RUNWAYS FOR GROWTH

CATERING

- Year-over-year catering sales grew 11% in Q1
- Catering sales in hubs outperforming café-based catering
- Professional sales teams bringing new focus to acquiring and retaining business
- Centralized customer management is engaging new and lapsed customers
- We will continue to execute our catering strategic plan this year







WE ARE EXPANDING RUNWAYS FOR GROWTH

PANERA AT HOME

- **A $150M business at retail in 2015, with sales growth of more than 15% in the past year**
- **We are currently in 6 categories: soup, mac n cheese, salad dressing, coffee, frozen bread and sliced bread**
- **We are beginning to transition categories within our Panera at Home portfolio from a licensed model to a co-pack model in which we manage the customer**





WE ARE EXPANDING RUNWAYS FOR GROWTH

HIGH-ROI UNIT GROWTH

- 90-100 new units targeted in 2016
- Evolving traditional model to expand reach through new formats, including in-fill, institutional, urban residential
- Creating remodel with lower investment cost
- Excited by results at universities and hospitals



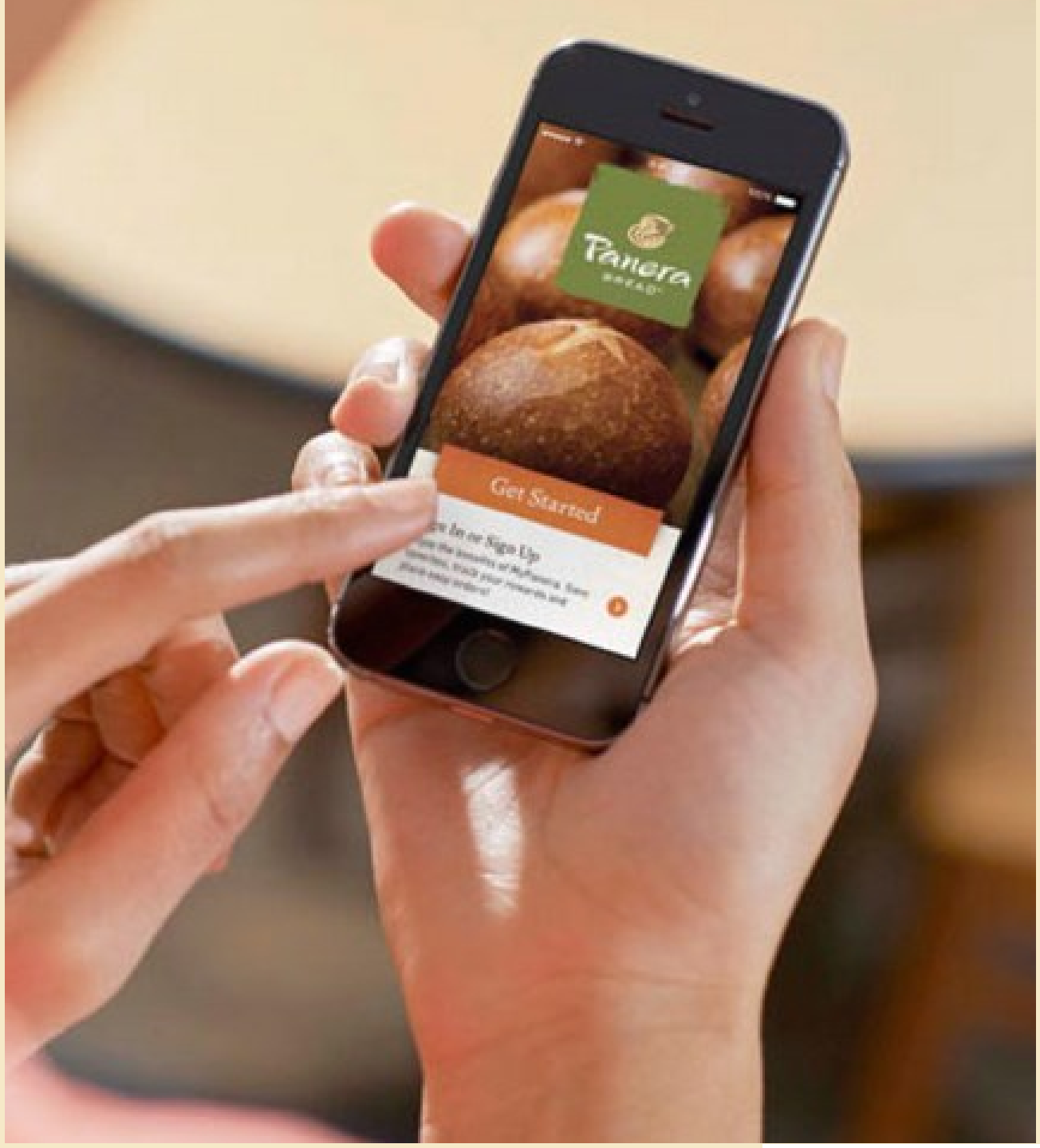




WE ARE BUILDING OUR CAPABILITIES

E-COMMERCE

- Digital utilization 17% of sales at the end of Q1 2016 and 23% at Panera 2.0 cafes
- We are filling 125,000 to 130,000 e-commerce orders daily
- Our app is one of the two highest-rated restaurant apps, rating higher than Starbucks, Chipotle, Papa John's, Taco Bell, Pizza Hut, Five Guys, Zoës and Dunkin' Donuts (Source: AppAnnie)
- System-wide digital sales represent a $600 million-plus e-commerce business and could approach $1 billion in annual sales by 2017



Imagine our sales and profit potential as we strengthen our competitive position and access the additional channels for growth we have available to us.


We can now see the mountaintop,
although we still have work to do.


947
916

Closing Thoughts

We are committed to winning this race and delivering the long-term shareholder value that has been Panera's hallmark for more than 20 years.



THANK YOU