

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 8-K**

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**CURRENT REPORT**  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934  
Date of Report (Date of earliest event reported): September 15, 2020

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**Del Taco Restaurants, Inc.**  
(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-36197**  
(Commission  
File Number)

**46-3340980**  
(I.R.S. Employer  
Identification No.)

**25521 Commercentre Drive**  
**Lake Forest, California 92630**  
(Address of Principal executive offices, including Zip Code)

**(949) 462-9300**  
(Registrant's telephone number, including area code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	TACO	The Nasdaq Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02 Results of Operations and Financial Condition**

On September 15, 2020, Del Taco Restaurants, Inc. (the “Company” or “Del Taco”) issued a press release announcing preliminary unaudited sales results for the fiscal third quarter ended September 8, 2020. A copy of the press release is attached hereto as Exhibit 99.1.

**Item 7.01 Regulation FD Disclosure**

Attached as Exhibit 99.2 to this Current Report on Form 8-K is the investor presentation dated September 15, 2020 that will be used by Del Taco in making a presentation at the CL King & Associates' 18th Annual Best Ideas Conference on September 16, 2020 beginning at 3:30pm Eastern Time.

The information in Item 2.02 and in this Item 7.01 and Exhibits 99.1 and 99.2 attached hereto are being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise be subject to the liabilities of that section, nor shall they be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
Exhibit 99.1	<a href="#">Press Release issued on September 15, 2020</a>
Exhibit 99.2	<a href="#">Investor Presentation dated September 15, 2020</a>

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SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**DEL TACO RESTAURANTS, INC.**

By: /s/ Steven L. Brake  
Name: Steven L. Brake  
Title: Executive Vice President and Chief Financial Officer

Date: September 15, 2020



For Immediate Release

**Del Taco Restaurants, Inc. Reports Preliminary Unaudited  
Fiscal Third Quarter 2020 Sales Results  
System-Wide Comparable Restaurant Sales Grew 4.1%; Positive Trends at Both Company-operated and Franchised Restaurants  
Reduced Outstanding Revolver Balance by \$21 Million  
Presenting at CL King & Associates' 18th Annual Best Ideas Conference Tomorrow**

Lake Forest, CA. September 15, 2020 – Del Taco Restaurants, Inc. (“Del Taco” or the “Company”), (NASDAQ: TACO), the second largest Mexican-American quick service restaurant chain by units in the United States, today reported preliminary unaudited sales results for the 12-week period ending September 8, 2020 and provided a liquidity update.

John D. Cappasola, Jr., President and Chief Executive Officer of Del Taco, commented, “Our unique value-oriented QSR+ positioning combined with our expanding off-premise convenience is proving resilient and resonating with guests through our contactless or limited contact channels. I am pleased our nimble and focused approach resulted in comparable restaurant sales that sequentially improved from the fiscal second quarter and turned positive at both company-operated and franchised restaurants during the fiscal third quarter. This momentum enabled us to reduce our outstanding revolver balance by \$21 million during the fiscal third quarter.”

Cappasola continued, “We are thankful for our restaurant teams, franchisees and support center employees who are continuing to excel in this challenging environment while delivering a great guest experience. We recently became the first national Mexican QSR to launch a new Crispy Chicken menu featuring unique flavors and products across our barbell menu for an unbeatable value. Outstanding training and consistent execution are driving high overall guest satisfaction scores for Crispy Chicken and helping to accelerate comparable restaurant sales trends.”

**Fiscal Third Quarter 2020 Sales Highlights**

- System-wide comparable restaurant sales increased 4.1%;
  - Company-operated comparable restaurant sales increased 2.0%;
  - Franchised comparable restaurant sales increased 6.5%;
- Total revenue of \$120.7 million, representing a 0.4% increase from the fiscal third quarter 2019;
- Company-operated restaurant sales of \$109.5 million, representing a 1.4% decrease from the fiscal third quarter 2019 primarily due to fewer company-operated restaurants open during 2020 compared to 2019 due to our refranchising activity; and
- One company-operated and four franchise restaurants opened and two franchise restaurants closed.

The expected sales results are preliminary and unaudited, have not been reviewed by the Company’s independent registered public accountants, and remain subject to the completion of normal quarter-end accounting procedures and adjustments and are subject to change.

**Liquidity**

During the fiscal third quarter, the Company reduced its outstanding revolving credit facility borrowing by \$21 million to \$124 million from \$145 million at the end of both the fiscal second quarter and last year's fiscal fourth quarter. The Company currently has \$108.7 million available under its revolving credit facility.

**Investor Conference Participation**

As a reminder, John D. Cappasola, Jr., President and Chief Executive Officer, and Steven L. Brake, Executive Vice President and Chief Financial Officer, will present at CL King & Associates' 18th Annual Best Ideas Conference tomorrow at 3:30 PM ET and hold investor meetings throughout the day.

The presentation will be webcast live and later archived at [www.deltaco.com](http://www.deltaco.com) under the investors section. The Company has posted an investor deck to its investors website that will accompany the presentation.

**Key Financial Definitions**

**Comparable restaurant sales growth** reflects the change in year-over-year sales for the comparable company, franchise and total system restaurant base. Restaurants are included in the comparable store base in the accounting period following its 18<sup>th</sup> full month of operations and excludes restaurant closures.

**About Del Taco Restaurants, Inc.**

Del Taco (NASDAQ: TACO) offers a unique variety of both Mexican and American favorites such as burritos and fries, prepared fresh in every restaurant's working kitchen with the value and convenience of a drive-thru. Del Taco's menu items taste better because they are made with quality ingredients like fresh grilled chicken and carne asada steak, hand-sliced avocado, hand-grated cheddar cheese, slow-cooked beans made from scratch, and creamy Queso Blanco. The brand's campaign further communicates Del Taco's commitment to providing guests with the best quality and value for their money through cooking, chopping, shredding and grilling menu items from scratch. Founded in 1964, today Del Taco serves more than three million guests each week at its approximately 600 restaurants across 15 states. For more information, visit [www.deltaco.com](http://www.deltaco.com).

**Forward-Looking Statements**

In addition to historical information, this release may contain a number of "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, information concerning Del Taco's possible or assumed future results of operations, business strategies, competitive position, industry environment, potential growth opportunities and the effects of regulation. These statements are based on Del Taco's management's current expectations and beliefs, as well as a number of assumptions concerning future events. When used in this press release, the words "estimates," "projected," "expects," "anticipates," "forecasts," "plans," "intends," "believes," "seeks," "target," "may," "will," "should," "future," "propose," "preliminary," "guidance," "on track" and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements. Such forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside Del Taco's management's control that could cause actual results to differ materially from the results discussed in the forward-looking statements. These risks include, without limitation, the impact of the COVID-19 pandemic, consumer demand, our inability to successfully open company-operated or franchised restaurants or establish new markets, competition in our markets, our inability to grow and manage growth profitably, adverse changes in food and supply costs, our inability to access additional capital, changes in applicable laws or regulations (including minimum wage regulations), food safety and foodborne illness concerns, our inability to manage existing and to obtain additional franchisees, our inability to successfully execute our portfolio optimization strategy, our inability to attract and retain qualified personnel, our inability to profitably expand into new markets, changes in, or the discontinuation of, the Company's repurchase program, and the possibility that we may be adversely affected by other economic, business, and/or competitive factors. Additional risks and uncertainties are identified and discussed in Del Taco's reports filed with the SEC, including under Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2019 and Part II., Item 1A, Risk Factors in our Quarterly Report on Form 10-Q for the period ended June 16, 2020, and available at the SEC's website at [www.sec.gov](http://www.sec.gov) and the Company's website at [www.deltaco.com](http://www.deltaco.com).

Forward-looking statements included in this release speak only as of the date of this release. Del Taco undertakes no obligation to update its forward-looking statements to reflect events or circumstances after the date of this release or otherwise.

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Investor Relations Contact:  
Raphael Gross  
(203) 682-8253  
[investor@deltaco.com](mailto:investor@deltaco.com)



# INVESTOR PRESENTATION

SEPTEMBER 2020



# DISCLAIMER



## FORWARD-LOOKING STATEMENTS

This presentation includes statements that are, or may be deemed to be, forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "estimates," "projected," "expects," "anticipates," "forecasts," "plans," "intends," "believes," "seeks," "target," "may," "will," "should," "future," "propose," "preliminary," "guidance," "on track" and variations of these words or similar expressions (or the negative versions of such words or expressions). These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this presentation and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, operating leverage strategies and the industry in which we operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in subsequent periods. As a result we caution you against relying on any forward-looking statement. The following listing represents some, but not necessarily all, of the factors that may cause actual results to differ from those anticipated or predicted: the impact of the COVID-19 pandemic, consumer demand, our inability to successfully open company-operated or franchised restaurants or establish new markets, competition in our markets, our inability to grow and manage growth profitably, adverse changes in food and supply costs, our inability to access additional capital, changes in applicable laws or regulations (including minimum wage regulations), food safety and foodborne illness concerns, our inability to manage existing and to obtain additional franchisees, our inability to successfully execute our portfolio optimization strategy, our inability to attract and retain qualified personnel, our inability to profitably expand into new markets, changes in, or the discontinuation of, the Company's repurchase program, and the possibility that we may be adversely affected by other economic, business, and/or competitive factors. Additional risks and uncertainties are identified and discussed in our reports filed with the SEC, including under Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2019 and Part II., Item 1A, Risk Factors in our Quarterly Report on Form 10-Q for the period ended June 16, 2020, and available at the SEC's website at [www.sec.gov](http://www.sec.gov) and the Company's website at [www.deltaco.com](http://www.deltaco.com).

Any forward-looking statements that we make in this presentation speak only as of the date of such statements, and we undertake no obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

## DATA AND INFORMATION CONTAINED IN THIS PRESENTATION

Certain data in this presentation was obtained from various external sources, and neither the Company nor its affiliates, advisers or representatives has verified such data with independent sources. Accordingly, neither the Company nor any of its affiliates, advisers or representatives makes any representations as to the accuracy or completeness of that data or to update such data after the date of this presentation. Such data involves risks and uncertainties and is subject to change based on various factors. The trademarks included herein are the property of the owners thereof and are used for reference purposes only. Such use should not be construed as an endorsement of the products or services of the Company.

## NON-GAAP FINANCIAL MEASURES

Certain financial measures presented herein, such as EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Restaurant Contribution and Restaurant Contribution Margin, are not recognized terms under accounting principles generally accepted in the United States ("GAAP"). Certain of these measures exclude a number of significant items, including interest expense and depreciation and amortization expense.

## KEY FINANCIAL DEFINITIONS

Comparable restaurant sales growth reflects the change in year-over-year sales for the comparable company, franchise and total system restaurant base. Restaurants are included in the comparable store base in the accounting period following its 18th full month of operations and excludes restaurant closures.

Restaurant contribution is defined as company restaurant sales less restaurant operating expenses, which are food and paper costs, labor and related expenses and occupancy and other operating expenses. Restaurant contribution margin is defined as restaurant contribution as a percentage of company restaurant sales. Restaurant contribution and restaurant contribution margin are neither required by, nor presented in accordance with, GAAP.

Adjusted EBITDA is defined as net income/loss prior to interest expense, income taxes, and depreciation and amortization, as adjusted to add back certain charges, such as stock-based compensation expense and transaction-related costs, as these expenses are not considered an indicator of ongoing company performance. Adjusted EBITDA is a non-GAAP financial measure and should not be considered as an alternative to operating income or net income/loss as a measure of operating performance or cash flows or as measures of liquidity. Non-GAAP financial measures are not necessarily calculated the same way by different companies and should not be considered a substitute for or superior to GAAP results. Adjusted EBITDA is a financial measure that was not calculated in accordance with GAAP. A reconciliation between adjusted EBITDA and the nearest GAAP financial measure is included in the appendix.



## DEL TACO PARTICIPANTS

### **JOHN D. CAPPASOLA, JR.** PRESIDENT & CEO

- ◆ Joined Del Taco in 2008, was promoted to Chief Brand Officer in 2011, President and CEO in 2017
- ◆ Previously spent 16 years with Blockbuster in strategic marketing and concept development, field marketing and various operational roles

### **STEVEN L. BRAKE** EVP & CHIEF FINANCIAL OFFICER

- ◆ Joined Del Taco in 2003 and was promoted to CFO in 2010
- ◆ Previously worked at Arthur Andersen and KPMG LLP

# BRAND DIFFERENTIATION



# DEL TACO AT A GLANCE



## OUR CONCEPT

- ◆ #2 Mexican QSR concept in the U.S.<sup>(1)</sup>
- ◆ Regional icon on West Coast
- ◆ Differentiated menu showcases a mix of Mexican-inspired cuisine and American classics
- ◆ Open 24 hours in most restaurants

## KEY STATISTICS<sup>(2)</sup>

- ◆ System-wide sales of **\$851 MILLION**
- ◆ 295 Company / 301 Franchised Restaurants
- ◆ **\$1.54 MILLION** Company Average Unit Volume
- ◆ **\$8.06** System-wide Average Check
- ◆ 8 consecutive years of Company-owned SSS Growth

## POSITIONED FOR GROWTH

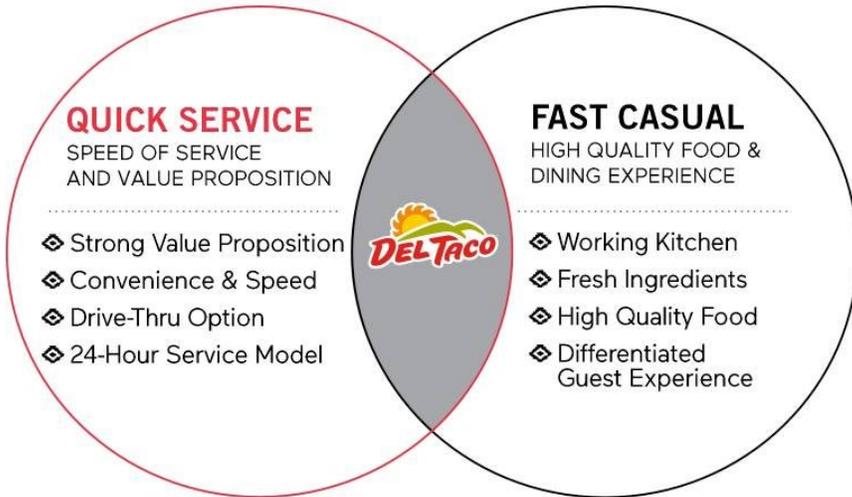
- ◆ Demonstrated Resilience
- ◆ Growing Mexican LSR segment
- ◆ Relevant QSR Plus Positioning
- ◆ Franchise SSS Momentum
- ◆ Strong Unit Economics

(1) Based on unit count.  
 (2) Represents FY2019 sales data and unit counts as of Q3-2020.  
 (3) Represents system-wide sales for fiscal 2019 and unit count as of December 31<sup>st</sup>, 2019. Mexican QSR competitive unit counts / system-wide sales are from the Restaurant Business Online Top 500 Chain Restaurant Report reflecting 2019 results

## REGIONAL ICON WITH WHITESPACE FOR GROWTH<sup>(2)</sup>



# WE'RE POSITIONED AS A COMPELLING VALUE ORIENTED QSR+ BRAND



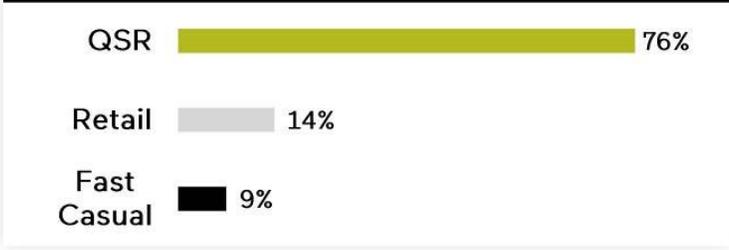
## BRAND POSITION

**WE START WITH FRESH AND SERVE WITH VALUE**

## MARKET POSITION



## NPD REPORTED DOMESTIC LSR TRAFFIC BY SEGMENT <sup>(1)</sup>



(1) Source: The NPD Group/CREST\*, December 2019 for total food visits (excluding beverage only occasions)



# OUR UNIQUE MODEL DELIVERS BEST IN CLASS VALUE & AFFORDABILITY WITH FAST CASUAL FRESHNESS & QUALITY



## BEST IN CLASS VALUE

February 2020 Launch of Updated Value Strategy



## QSR+ FRESHNESS & QUALITY

June 2020 Launch of Fresh Guacamole Platform



**Carne Asada Steak and Marinated Chicken**  
Freshly Grilled in Our Restaurants



**Whole Pinto Beans**  
Slow Cooked In Our Kitchens



**100% Real Cheddar Cheese**  
Grated Fresh Daily



**Salsa Made From Scratch**  
With Fresh Tomatoes

.....AND WE OFFER HIGHLY RELEVANT CONVENIENCE TO OUR GUESTS THAT WE CONTINUE TO EXPAND



### CORE DRIVE-THRU STRENGTH

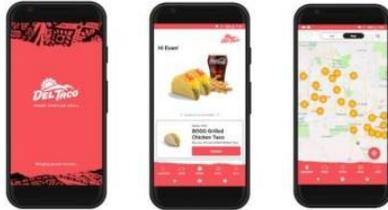


### FULLY DEPLOYED DELIVERY



### MOBILE ORDERING & PAYMENT

**DEL TACO  
MOBILE  
APP**



- ◆ Drive Thru Ordering
- ◆ Take Out Ordering
- ◆ Delivery Ordering
- ◆ 1:1 In-App Marketing
- ◆ Apple & Google Pay For Non-Contact Payment

## WE TAKE PRIDE IN OUR PEOPLE DRIVEN CULTURE



# WE'RE PROUD AS DEL TO SERVE FRESH



**OUR GENERAL MANAGERS ARE MORE SATISFIED THAN INDUSTRY AVG.**



GM EXTREMELY SATISFIED <sup>(1)</sup>	49%	35%
GM JOB IMPORTANT <sup>(1)</sup>	43%	25%

**HISTORICALLY LOW MANAGEMENT TURNOVER DURING COVID**

MGMT. TURNOVER <sup>(2)</sup>	Q1 '20	Q2 '20
	16%	8%

**BOTTOMS UP CULTURE INSTILLED WITH PRIDE...**

People Driven

Results Focused

Innovative Thinkers

Delighting Our Guests

Elevate Each Other

(1) <https://www.gallup.com/workplace/268349/restaurant-general-managers-brand.aspx> VS. Del Taco 2019 Internal Employee Survey (2) Del Taco Q1 and Q2 2020 Turnover

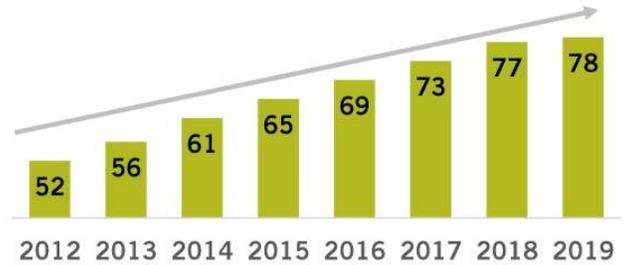
# WE BRING IT ALL TOGETHER WITH COMBINED SOLUTIONS TO DELIVER THE BRAND PROMISE AND ENHANCE THE GUEST EXPERIENCE



## COMBINED SOLUTIONS STRATEGY OVERVIEW

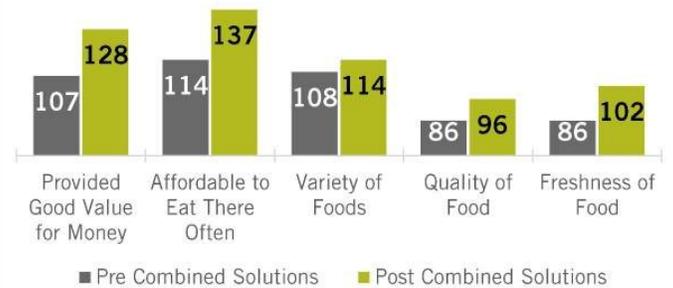


## DRAMATICALLY IMPROVING GUEST EXPERIENCES



Marketforce & Innoment Del Taco Guest Experience Measurement Surveys

## ...AND DRIVING DEL TACO BRAND PERCEPTIONS



NPD Group Market Monitor LA/LV, Index scores represent an index to the LSR category average. Pre Combined Solutions (Q1 2011-Q1 2013), Post Combined Solutions (Q1 2017 to Q4 2019)

# BRAND RESILIENCE



## COVID-19 KEY ACTIONS



### Guest & Employees

- ◆ We maintained operations through our drive-thru, take-out and delivery channels without laying-off any restaurant employees.
- ◆ We revised our operating procedures to promote social distancing, close dining rooms, provide gloves and facemasks to all employees, increase cleaning frequency, improve contactless service and implement employee health and wellness procedures.
- ◆ We recognized our general managers and restaurant teams through several programs including guaranteed first and second quarter bonuses for general managers, maintaining planned annual merit increases and providing team members free meals.

### Franchisees

- ◆ We partnered with franchisees to share best practices through regular owner conference calls and ongoing franchise support.
- ◆ To enhance franchisee liquidity we deferred half of their royalty payments for seven weeks and waived 1.5% of the typical 4% system-wide marketing fee for eight weeks.
- ◆ All franchisees who sought Payroll Protection Program loans were funded and 70% of the deferred royalties were repaid voluntarily by July 2020.

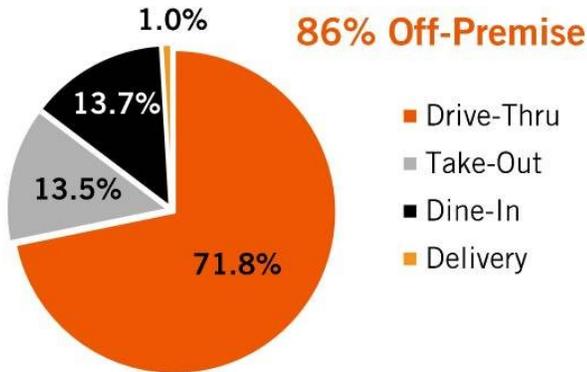
### Financial

- ◆ We initially deferred planned non-essential capital expenditures and eliminated non-essential general and administrative expense, deferred or eliminated open support center positions and conducted a small reduction in force at the support center.
- ◆ We drew \$50.0 million to take our revolver up to \$200.0 million as a precautionary measure to enhance our financial flexibility before reducing the drawn portion to \$145.0 million and \$124.0 million by the end of the fiscal second and third quarter, respectively.

# OFF-PREMISE CHANNELS AND DAYPARTS PROVE RESILIENT



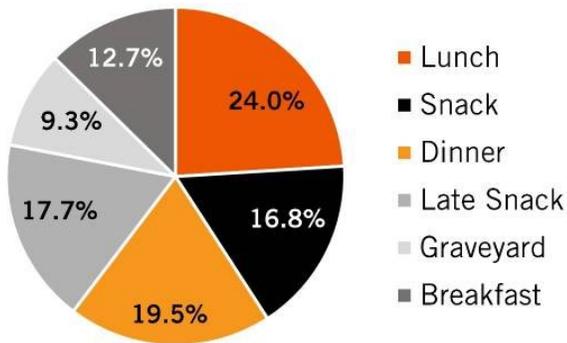
**PRE-COVID FISCAL 2019 SALES BY CHANNEL <sup>(1)</sup>**



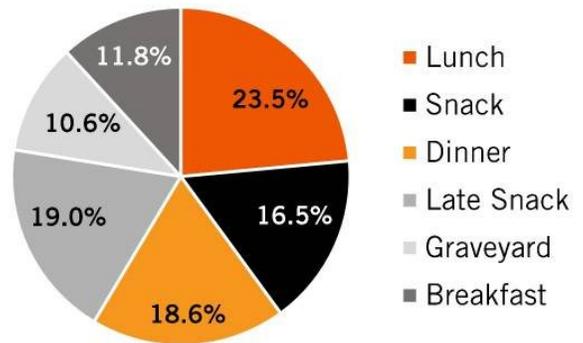
**POST-COVID Q2-Q3 FISCAL 2020 SALES BY CHANNEL <sup>(1)</sup>**



**PRE-COVID FISCAL 2019 SALES BY DAYPART <sup>(1)</sup>**

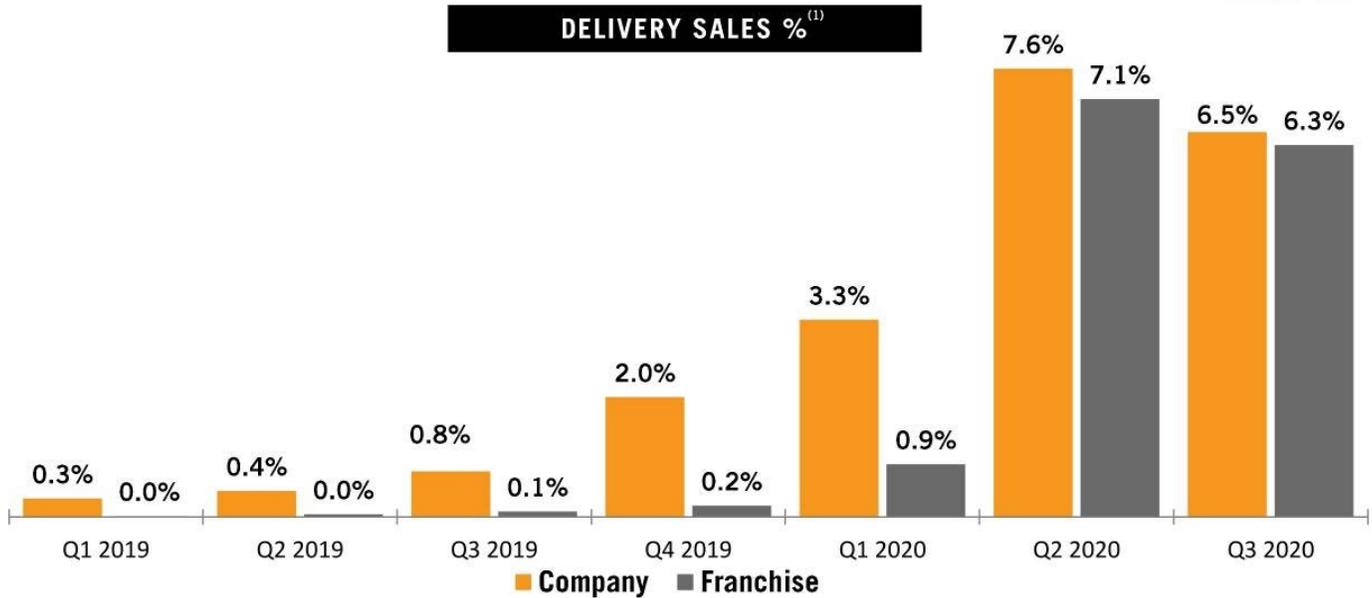


**POST-COVID Q2-Q3 FISCAL 2020 SALES BY DAYPART <sup>(1)</sup>**



(1) Based on company restaurant sales

# OUTSIZED GROWTH IN DELIVERY SALES WITH IMPROVED PROFITABILITY



- ❖ Outsized growth in delivery sales particularly since COVID-19
- ❖ Elevated delivery check average continues at ~1.85x our at-restaurant check average pre and post COVID-19
- ❖ To improve profitability, our Company delivery premium increased from 10% to 20% during fiscal Q3, consistent with the premium used by most franchise restaurants

(1) Represents third party delivery sales through the Grub Hub, Postmates, Door Dash and Uber Eats marketplaces, as well as third party delivery sourced through our Del App as a percentage of company or franchised restaurant sales

**TARGETED OPERATIONS STRATEGY TO ENSURE TEAM/GUEST SAFETY AND MEET CHANGING CONSUMER NEEDS DURING THE PANDEMIC**



Del Taco  
**FOCUS  
4  
BETTER**

**86% TOP BOX<sup>(1)</sup>  
DURING COVID**



**MAKING OUR  
TEAMS & GUESTS  
SMILE**

**82% TOP BOX OSAT<sup>(1)</sup>  
+2.5% VS. PRE-COVID**

**DRIVE THRU  
6% FASTER  
AT LUNCH  
VS. PRE-COVID**



**THROUGHPUT**

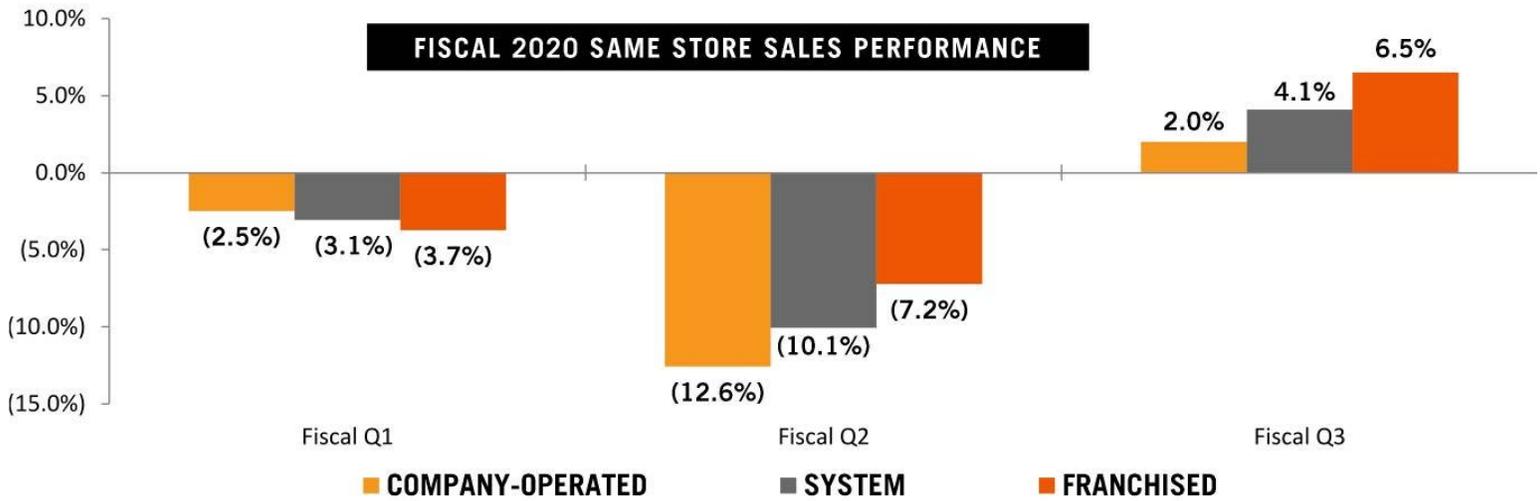


**ULTIMATE  
CONVENIENCE**

**3-4X MORE  
DELIVERY ORDERS  
VS. PRE-COVID**

(1) Inmoment Del Taco Guest Experience Measurement Surveys

# DEMONSTRATED RESILIENCE IS TRANSLATING TO ACCELERATION

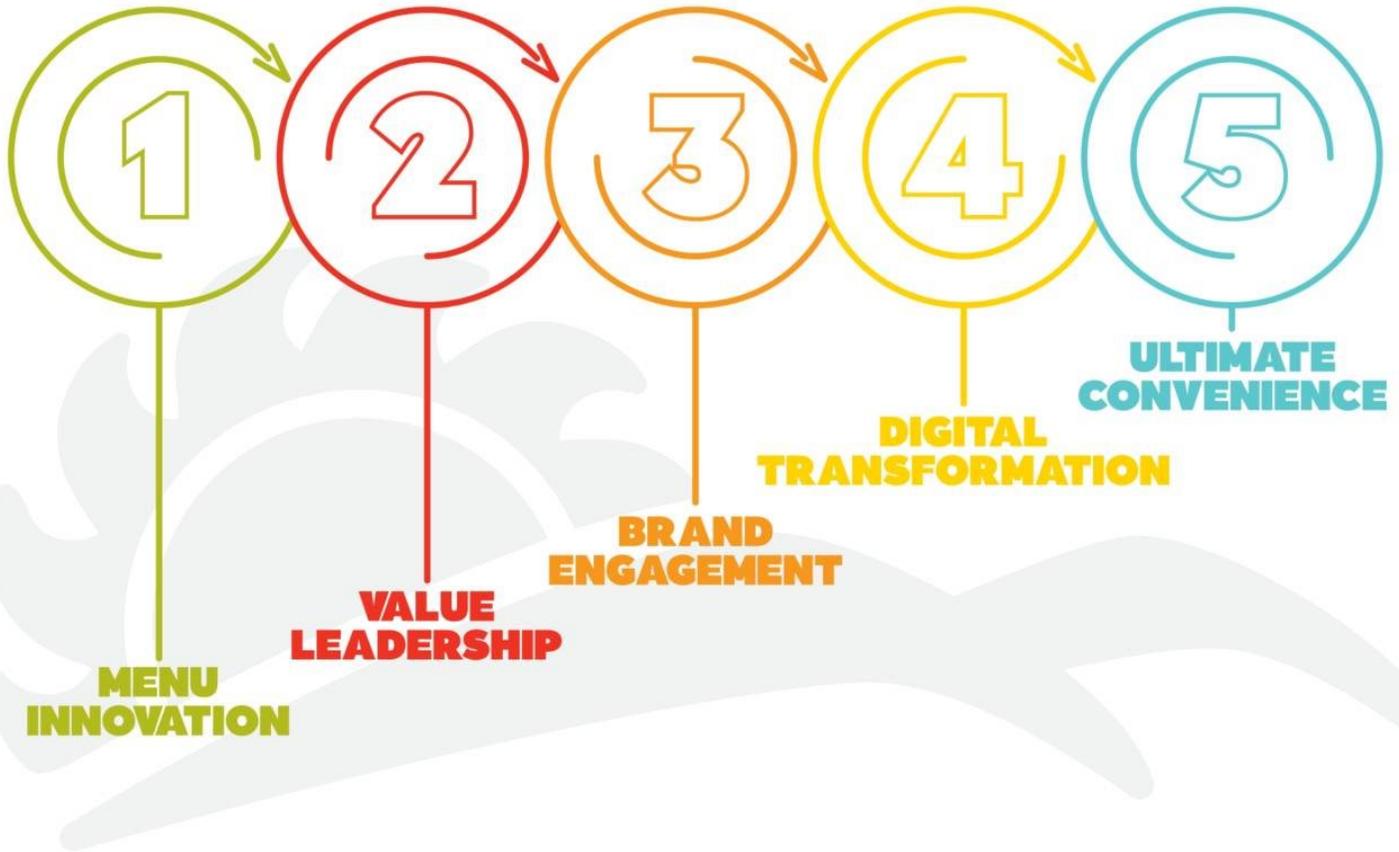


- ◆ Our effective off-premise channels enabled substantial retention of system-wide sales during Fiscal Q2
- ◆ The launch of New Fresh Guacamole and return of traditional advertising in June, followed by the launch of New Crispy Chicken in late July, have driven a significant acceleration in system-wide sales during Fiscal Q3

# BRAND ACCELERATION



# 5 DRIVERS OF ACCELERATION



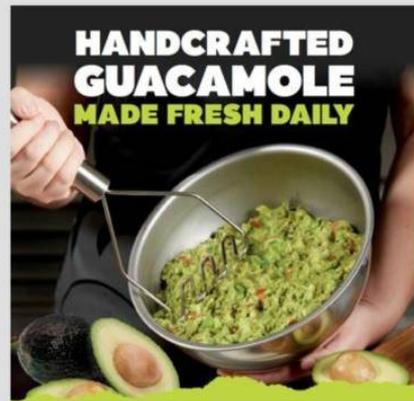
**OUR MENU INNOVATION CONTINUES TO BUILD SIGNATURE PRODUCTS & PLATFORMS THAT DIFFERENTIATE THE BRAND**



**STATE OF THE ART  
R&D CAPABILITIES  
& TEST KITCHEN**



**CONTINUOUS  
INNOVATION**



**WE'RE DRIVING UNBEATABLE VALUE ACROSS OUR BARBELL MENU & OCCASIONS WITH STRONG SUB-BRANDED FOOD PLATFORMS**



**< \$ 1**  **EVERYDAY AFFORDABILITY**  **\$ 5 >**

**VARIETY VALUE**

Small Entrée · Add-Ons  
Snacks · Self-Bundling

**MID-TIER**

Mid-Sized Entrée · Add-Ons  
Snacks · Beverages & Deserts

**QUALITY VALUE**

Main Entrée · Meals  
Delivery Multi-Meal



**WIDE SPECTRUM OF OCCASIONS**

WE FURTHER STRENGTHENED OUR VALUE THROUGH INNOVATION AS THE 1ST NATIONAL MEXICAN QSR WITH A CRISPY CHICKEN MENU



**CRISPY CHICKEN TACOS**

RANCH HABANERO

NEW FLAVOR

**\$1** EACH

DEL'S DOLLAR DEAL\$ MENU

PRICE AND PARTICIPATION MAY VARY

**CHOLULA HOT SAUCE**

ORIGINAL

PREPARED FROM DEL TACO'S ORIGINAL RECIPE

© 2015 DEL TACO. DEL TACO IS A TRADEMARK OF DEL TACO. PHOTOGRAPHY BY JEFFREY M. HARRIS

New Variety ♦ New Flavors ♦ New Products

NEW **EPIC CRISPY CHICKEN & GUAC BURRITO**

**\$5** EACH

NEW FRESH GUAC

PRICE AND PARTICIPATION MAY VARY

© 2015 DEL TACO. DEL TACO IS A TRADEMARK OF DEL TACO. PHOTOGRAPHY BY JEFFREY M. HARRIS

NEW **CRISPY CHICKEN & FRIES BOX**

**\$4** EACH

4 DIPPING SAUCES TO CHOOSE FROM:

- CHIPOTLE
- HABANERO
- RANCH
- CELSAR

PRICE AND PARTICIPATION MAY VARY

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**WE ENHANCED OUR CREATIVE & ADVERTISING APPROACH TO LAYER IN MORE IRREVERENT & HUMOROUS BRANDED CONTENT**



**MEMORABLE & SHARABLE VIDEO**

TV · Streaming Service · Social



**STAND OUT RADIO**

Terrestrial & Digital



**BUZZWORTHY EVENTS**

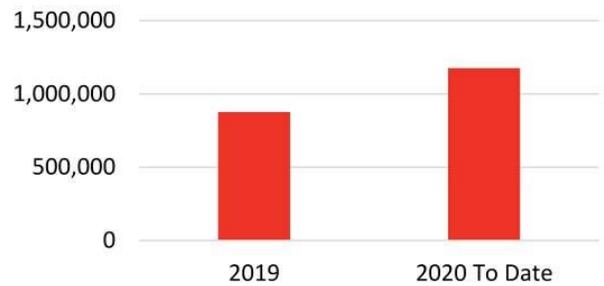
PR & Social



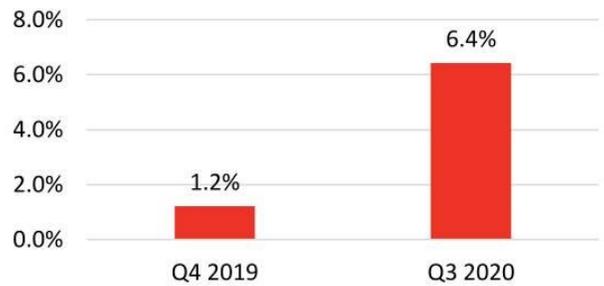
# OUR SOLID FOUNDATION OF DIGITAL USERS ARE INCREASING THEIR ENGAGEMENT WITH THE BRAND



## 37% Increase In Registered App Users Since 2019



## 5X Increase In System Delivery Sales %<sup>(1)</sup>



(1) Represents third party delivery sales through the Grub Hub, Postmates, Door Dash and Uber Eats marketplaces, as well as third party delivery sourced through our Del App as a percentage of system restaurant sales

# WE PLAN TO FURTHER OUR DIGITAL TRANSFORMATION THROUGH A HOLISTIC CRM PLATFORM



OUR "ULTIMATE CONVENIENCE" INITIATIVE MAXIMIZES OPPORTUNITIES TO ADDRESS CHANGING CONSUMER NEEDS



## GROWTH IN OFF-PREMISE DEMAND

DELIVERY

IN-CAR EXPERIENCE

LARGE PARTY

## EXPANDED SERVICE MODES & MENU OPTIONS

EXPANDED DRIVE THRU LANES & OUTSIDE ORDER TAKER/PAY



DRIVE THRU ORDER AHEAD & CURBSIDE ORDER/PICK-UP



BUNDLED GROUP MEALS  
LARGE PARTY MENU



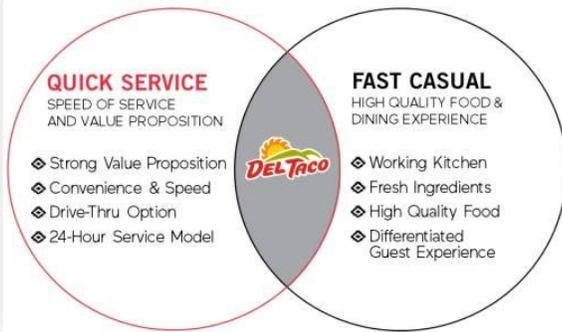
# BRAND GROWTH & INVESTMENT



# SIGNIFICANT GROWTH OPPORTUNITY IN BOTH ESTABLISHED AND EMERGING MARKETS



## BRAND POSITION DRIVES BROAD APPEAL

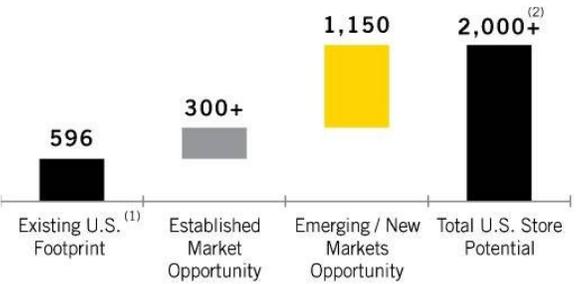


## INFILL OPPORTUNITY

300+ INFILL TRADE  
AREAS – WESTERN 1/3



## NEW UNIT OPPORTUNITY



## EMERGING MARKET OPPORTUNITY



<sup>(1)</sup> Represents unit counts as of Q3-2020

<sup>(2)</sup> Based on internal analysis and a study prepared by a leading national consulting firm.

## AVERAGE UNIT VOLUMES AND FLEXIBLE REAL ESTATE OPTIONS ENABLE ATTRACTIVE RETURNS



TARGET	BUILD TO SUIT/ CONVERSION		GROUND LEASE	
	RANGE		RANGE	
Average Unit Volume	~\$1,350	~\$1,500	~\$1,350	~\$1,500
Year 3 Restaurant Contribution Margin <sup>(1)</sup>	~16.0%	~18.0%	~18.0%	~20.0%
Net Investment Cost <sup>(2)</sup>	~\$1,050	~\$1,050	~\$1,500	~\$1,500
<b>Cash-on-Cash Return</b>	<b>~21%</b>	<b>~26%</b>	<b>~16%</b>	<b>~20%</b>

AUV & SAME STORE SALES BY REGION			
GEOGRAPHICAL REGION	TOTAL UNITS	ANNUALIZED AUV <sup>(3)</sup>	FISCAL Q3 SSS <sup>(4)</sup>
California	370	\$1.65M	2.7%
Emerging Markets <sup>(5)</sup>	46	\$1.37M	1.1%
Pacific Northwest <sup>(6)</sup>	24	\$1.39M	6.8%
Southwest <sup>(7)</sup>	155	\$1.40M	8.8%

<sup>(1)</sup> Restaurant contribution is defined as company restaurant sales less company restaurant expenses. Restaurant contribution margin is defined as restaurant contribution as a percentage of company restaurant sales

<sup>(2)</sup> Build to Suit and Conversion investment net of landlord contributions or planned sale leaseback proceeds

<sup>(3)</sup> Annualized Average Unit Volume based on fiscal third quarter 2020 results annualized on a 52 week basis for system-wide restaurants open at the beginning and end of the fiscal third quarter of 2020

<sup>(4)</sup> Comparable restaurant sales for the fiscal third quarter 2020 for system restaurants who were in the comparable restaurant sales base, including 366, 31, 19 and 149 system restaurants in California, Emerging Markets, Pacific Northwest and Southwest, respectively

<sup>(5)</sup> Emerging Markets includes system restaurants in Oklahoma, Georgia, Florida, Alabama, South Carolina and Michigan

<sup>(6)</sup> Pacific Northwest includes system restaurants in Washington, Oregon and Idaho

<sup>(7)</sup> Southwest includes system restaurants in Nevada, Utah, Arizona, Colorado and New Mexico

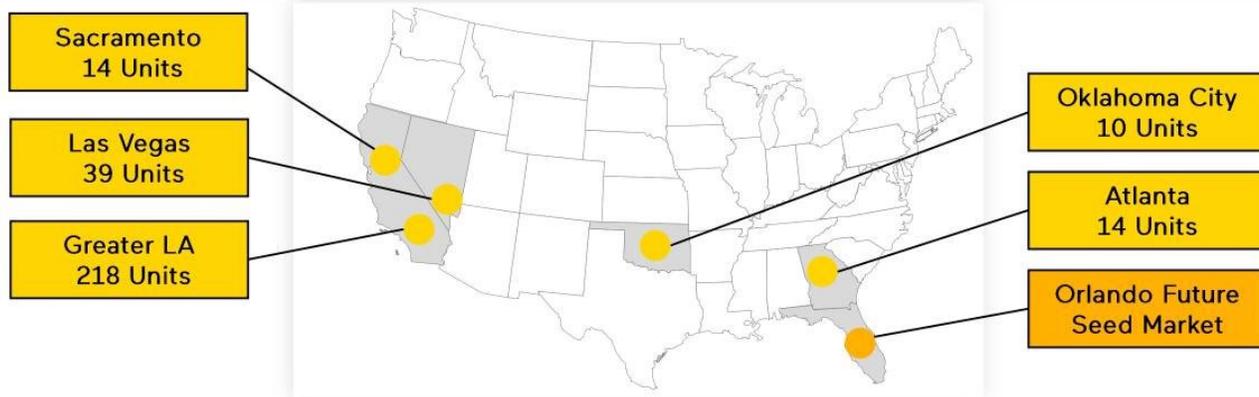
# PORTFOLIO OPTIMIZATION PROVIDES GROWTH, FINANCIAL AND OPERATIONAL BENEFITS



## PORTFOLIO OPTIMIZATION STRATEGIES AND RESULTS

<b>Strategic Refranchise</b>	We refranchised 23 restaurants in three non-core Western markets to franchisees with new development commitments for an additional 35 restaurants
<b>Opportunistic Refranchise</b>	Since 2019 we refranchised 14 lower volume restaurants to proven franchisees
<b>Opportunistic Acquisition</b>	During 2019 we acquired 4 high volume franchise restaurants in our core LA market
<b>Strategic Closures</b>	Ongoing limited strategic company closures particularly when accretive to earnings

## NARROWED WESTERN FOCUS BALANCED WITH EMERGING SEED MARKETS PROVIDES OPTIONALITY



## NEW PROTOTYPE DESIGN & FUNCTIONALITY WILL SUPPORT MENU OF VENUES STRATEGY & POSITIONS US FOR THE FUTURE



### NEW RESTAURANT PROTOTYPE

- ◆ Modernized Design
- ◆ On & Off-Premise Functionality Enhancements
- ◆ Scalable Kitchen

### MENU OF VENUES

- ◆ Improves Real Estate Access
- ◆ Lower Net Investment Cost
- ◆ Traditional & Non-Traditional Venues (i.e. Drive-Thru Only, Conversions, End-Caps)

## REMODEL TEST IN PROGRESS



**BEFORE**



**AFTER**



**BEFORE**



**AFTER**



- ◆ Contemporize Aged Assets in Core Markets
- ◆ Strong Initial Results
- ◆ Test Designed to Maximize Brand Impact and ROI

# FINANCIAL UPDATE



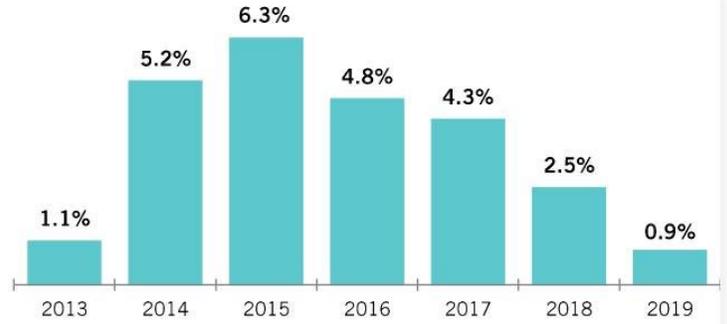
# CONSISTENT GROWTH IN REVENUE TRENDS



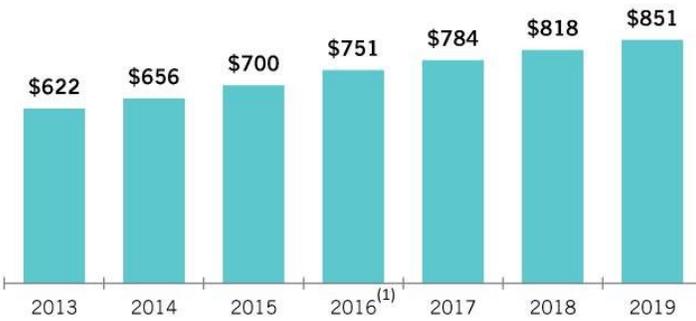
**TOTAL REVENUE (\$millions)**



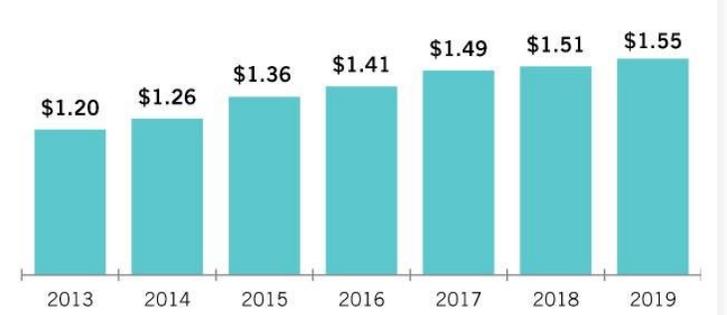
**SYSTEM-WIDE SAME STORE SALES**



**SYSTEM-WIDE SALES (\$millions)**



**COMPANY AUV (\$millions)**



<sup>(1)</sup> Fiscal 2016 results exclude the estimated contribution from the additional operating week including \$8.3 million of total revenue and \$8.0 million of company restaurant sales.

# RESTAURANT CONTRIBUTION AND ADJUSTED EBITDA TRENDS AND KEY DRIVERS OF PERFORMANCE



## RESTAURANT CONTRIBUTION(1) AND MARGIN (\$millions)



## ADJUSTED EBITDA(2) AND MARGIN (\$millions)



Company SSS	0.1%	1.8%	5.3%	6.4%	4.7%	4.0%	1.5%	0.5%
CA Min Wage	\$8.00	\$8.00	\$9.00	\$9.00	\$10.00	\$10.50	\$11.00	\$12.00
Food Inflation	3.7%	1.7%	1.0%	1.1%	-2.2%	1.6%	0.8%	3.3%
Lease Accounting <sup>(4)</sup>								0.7%

(1) Restaurant contribution is defined as company restaurant sales less company restaurant expenses. Restaurant contribution margin is defined as restaurant contribution as a percentage of company restaurant sales.

(2) Adjusted EBITDA represents a non-GAAP measure of financial results and reflects net income (loss) before interest expense, provision for income taxes, depreciation, amortization and items that we do not consider representative of our ongoing operating performance.

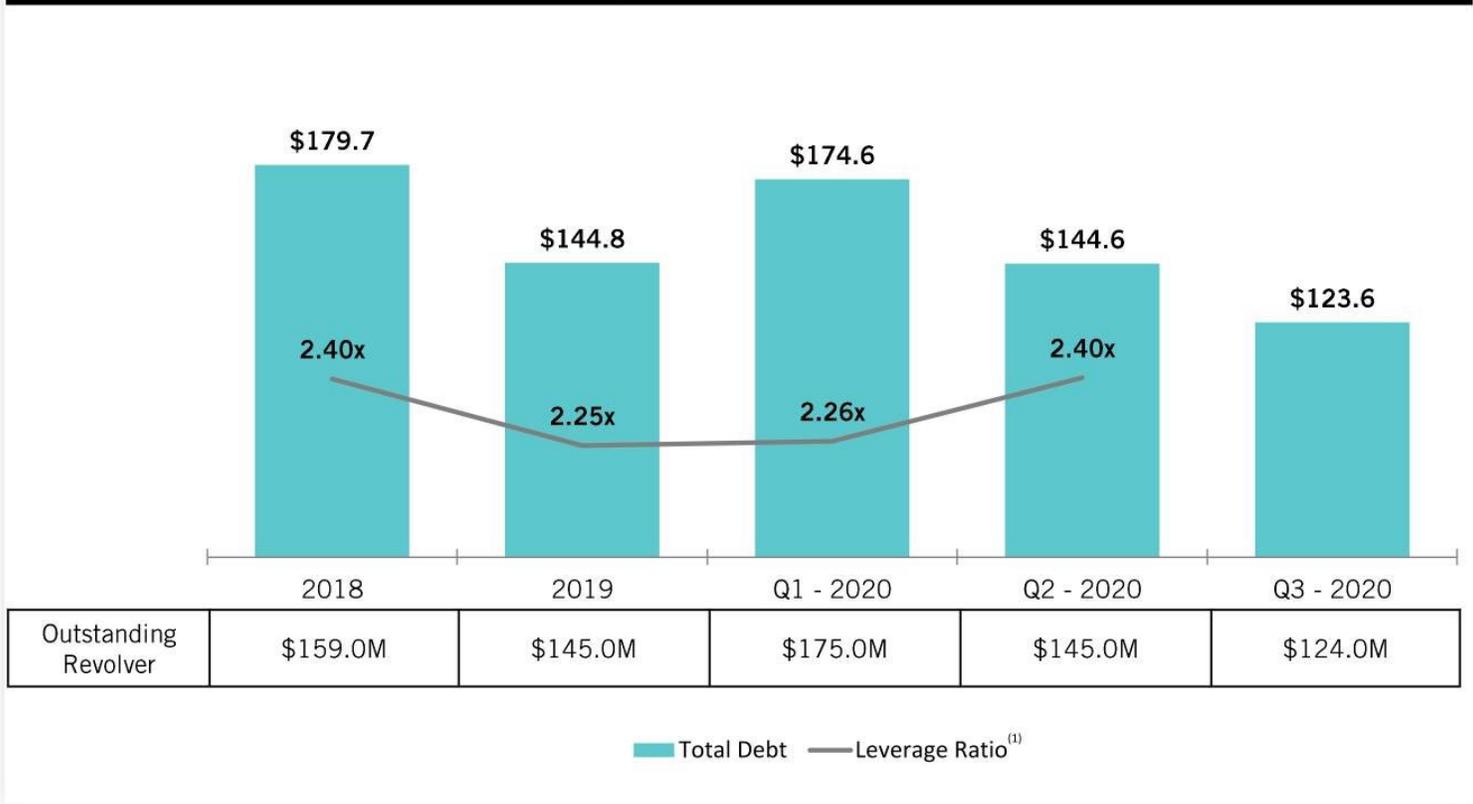
(3) Fiscal 2016 results exclude the estimated contribution from the additional operating week including \$8.3 million of total revenue, \$8.0 million of company restaurant sales, \$1.4 million of restaurant contribution and \$1.1 million of Adjusted EBITDA.

(4) Occupancy and other operating expenses as a percent of company restaurant sales increased approximately 70 basis points from the adoption of the new lease accounting standard.

# TOTAL DEBT AND LEVERAGE RATIO TRENDS



TOTAL DEBT (\$millions) & LEVERAGE RATIO <sup>(1)</sup> TRENDS



<sup>(1)</sup> Leverage ratio represents total debt, less cash, divided by Adjusted EBITDA on a rolling four fiscal quarter basis.

# APPENDIX



# ADJUSTED EBITDA RECONCILIATION



(IN THOUSANDS)	2019	2018	2017	2016	2015	2014	2013	2012
<b>ADJUSTED EBITDA RECONCILIATION:</b>								
Net income (loss)	\$(118,285)	\$18,959	\$49,871	\$20,913	\$4,757	\$(9,255)	\$(6,539)	\$(8,222)
<b>Non-GAAP adjustments:</b>								
Provision (benefit) for income taxes	4,371	6,659	(15,824)	15,329	852	1,098	80	1,939
Interest expense	7,235	9,075	7,200	6,327	15,143	30,895	35,613	38,291
Depreciation and amortization	25,488	25,794	23,362	23,129	19,525	18,608	19,472	17,082
<b>EBITDA</b>	<b>(81,191)</b>	<b>60,487</b>	<b>64,609</b>	<b>65,698</b>	<b>40,277</b>	<b>41,346</b>	<b>48,626</b>	<b>49,090</b>
Stock-based compensation expense <sup>(a)</sup>	6,293	6,079	4,876	4,096	2,030	954	1,290	3,087
Loss (gain) on disposal of assets and adjustments to assets held for sale, net <sup>(b)</sup>	9,448	1,012	1,075	312	102	(151)	209	35
Impairment of goodwill <sup>(c)</sup>	118,250	--	--	--	--	--	--	--
Impairment of long-lived assets <sup>(d)</sup>	7,159	3,861	--	--	--	9,617	--	--
Restaurant closure charges, net <sup>(e)</sup>	2,961	394	191	435	2,109	82	298	716
Amortization of favorable and unfavorable lease assets and liabilities, net <sup>(f)</sup>	--	(767)	(809)	(607)	(361)	144	378	617
Debt modification costs <sup>(g)</sup>	--	--	--	--	217	1,241	4,178	--
Transaction-related costs <sup>(h)</sup>	--	--	--	731	20,227	1,936	--	--
Change in fair value of warrant liability <sup>(i)</sup>	--	--	--	--	(35)	1,417	33	(2,634)
Executive transition costs <sup>(j)</sup>	438	--	--	--	--	--	--	--
Pre-opening costs <sup>(k)</sup>	1,650	1,584	1,591	731	642	462	596	1,080
Insurance reserves adjustment <sup>(l)</sup>	--	--	--	--	--	1,800	--	--
Other income <sup>(m)</sup>	(364)	(660)	--	--	(220)	--	--	--
Sublease income for closed restaurants	(871)	--	--	--	--	--	--	--
<b>ADJUSTED EBITDA</b>	<b>\$63,773</b>	<b>\$71,990</b>	<b>\$71,533</b>	<b>\$71,396</b>	<b>\$64,988</b>	<b>\$58,848</b>	<b>\$55,608</b>	<b>\$51,991</b>
Pro-rata Adjustment to 52 Weeks <sup>(n)</sup>	--	--	--	(1,122)	--	--	--	--
<b>ADJUSTED EBITDA (52 Weeks)</b>	<b>\$63,773</b>	<b>\$71,990</b>	<b>\$71,533</b>	<b>\$70,274</b>	<b>\$64,988</b>	<b>\$58,848</b>	<b>\$55,608</b>	<b>\$51,991</b>

a) Includes non-cash, stock-based compensation.

b) Loss (gain) on disposal of assets and adjustments to assets held for sale, net includes adjustments to reduce the carrying amount for assets held for sale to estimated fair value less cost to sell, loss or gain on disposal of assets related to sales, retirements and replacement or write-off of leasehold improvements or equipment in the ordinary course of business, net gains or losses recorded associated with the sale of company-operated restaurants to franchisees, gains from the write-off of right-of-use assets and operating lease liabilities related to the terminations of leases and net gains or losses recorded associated with sale-leaseback transactions.

c) Includes costs related to impairment of goodwill.

d) Includes costs related to impairment of long-lived assets.

e) During 2019, restaurant closure costs include rent expense, non-lease executory costs, other direct costs associated with previously closed restaurants and future obligations associated with the closure or net sublease shortfall of a restaurant. Prior to 2019, restaurant closure costs include costs related to future obligations associated with the closure or net sublease shortfall of a restaurant and lease termination costs, partially offset by sublease income from leases which are treated as deemed landlord financing.

f) Includes amortization of favorable lease assets and unfavorable lease liabilities.

g) Includes costs associated with debt refinancing transactions in April 2013, April 2014, March 2015 and August 2015.

h) Includes costs related to the offer to exchange the Company's common stock for each outstanding warrant in August 2016, the strategic sale process which commenced during 2014 and resulted in the March 2015 Stock Purchase Agreement with LAC and Levy Merger Sub and the June 2015 Business Combination consummated pursuant to the Merger Agreement, as well as costs related to the secondary offering of common stock completed in October 2015.

i) Relates to fair value adjustments to the warrants to purchase shares of common stock of Del Taco Holdings ("DTH") that had been issued to certain of DTH's equity shareholders, all of which were exchanged for shares of common stock of DTH on March 20, 2015.

j) Includes costs associated with the transition of former Company executives, such as severance expense.

k) Pre-opening costs consist of costs directly associated with the opening of new restaurants and incurred prior to opening, including restaurant labor, supplies, rent expense and other related pre-opening costs. These are generally incurred over the three to five months prior to opening.

l) Includes a \$1.8 million increase in fiscal 2014 in workers' compensation expense due to higher payments and reserves related to underlying claims activity.

m) During 2019, other income consists of insurance proceeds related to a fire at a company-operated restaurant. During 2018, other income consists of a gain related to the write-off of unfavorable lease liabilities related to franchise subleases which were terminated in connection with the Company's acquisition of the related franchise-operated restaurants and insurance proceeds related to a fire at a company-operated restaurant. During 2015, other income consists of a gain based on the amount of the liquidating distribution received in excess of our investment in four public partnerships.

n) Estimated contribution from the additional operating week during fiscal 2016.

# RESTAURANT CONTRIBUTION RECONCILIATION



(IN THOUSANDS)	2019	2018	2017	2016	2015	2014	2013	2012
(Loss) income from operations	\$ (107,043)	\$ 34,033	\$ 41,247	\$ 43,300	\$ 40,941	\$ 27,332	\$ 33,365	\$ 29,374
Less:								
Franchise revenue	(19,002)	(17,569)	(16,464)	(15,676)	(14,021)	(12,973)	(12,515)	(12,409)
Franchise advertising contributions	(14,516)	(13,300)	-	-	-	-	-	-
Franchise sublease income and other	(5,442)	(3,428)	(2,844)	(2,343)	(2,366)	(2,251)	(2,167)	(2,142)
Plus:								
General and administrative	43,877	43,773	38,154	37,220	32,351	28,136	23,112	23,184
Franchise advertising expenses	14,516	13,300	-	-	-	-	-	-
Depreciation and amortization	25,488	25,794	23,362	23,129	19,528	18,752	19,850	17,699
Occupancy and other - franchise subleases and other	4,463	3,167	2,608	2,207	2,249	2,145	2,073	2,060
Pre-opening costs	1,650	1,584	1,591	731	642	462	596	1,080
Impairment of goodwill	118,250	-	-	-	-	-	-	-
Impairment of long-lived assets	7,159	3,861	-	-	-	9,617	-	-
Restaurant closure charges, net	2,961	394	191	435	2,109	82	298	716
Loss (gain) on disposal of assets and adjustments to assets held for sale, net	9,448	1,012	1,075	312	102	(151)	209	35
<b>RESTAURANT CONTRIBUTION</b>	<b>\$81,809</b>	<b>\$92,621</b>	<b>\$88,920</b>	<b>\$89,315</b>	<b>\$81,535</b>	<b>\$71,151</b>	<b>\$64,821</b>	<b>\$59,597</b>
Company restaurant sales	\$ 473,991	\$ 471,193	\$ 452,148	\$ 434,064	\$ 407,615	\$ 380,800	\$ 356,306	\$ 345,590
<b>RESTAURANT CONTRIBUTION MARGIN</b>	<b>17.3%</b>	<b>19.7%</b>	<b>19.7%</b>	<b>20.6%</b>	<b>20.0%</b>	<b>18.7%</b>	<b>18.2%</b>	<b>17.2%</b>

