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## **Buffalo Wild Wings, Inc. Announces Second Quarter Earnings per Share of \$1.27**

**Minneapolis, Minnesota, July 26, 2016** – [Buffalo Wild Wings, Inc.](#) (NASDAQ: BWLD) announced today financial results for the second quarter ended June 26, 2016. Highlights for the second quarter versus the same period a year ago were:

- Total revenue increased 15.0% to \$490.2 million
- Company-owned restaurant sales increased 16.1% to \$466.6 million
- Same-store sales decreased 2.1% at company-owned restaurants and 2.6% at franchised restaurants
- Net earnings increased 10.2% to \$23.7 million from \$21.5 million, and earnings per diluted share increased 13.1% to \$1.27 from \$1.12

Sally Smith, President and Chief Executive Officer, commented, “We delivered another solid quarter, with total revenue increasing by 15.0% from new restaurant openings and franchise acquisitions over the last year. We controlled costs and expenses well in a challenging sales environment, and this discipline, along with our revenue growth, helped us to achieve earnings per diluted share of \$1.27, a 13.1% increase compared to the prior year. In the second quarter, we opportunistically repurchased \$75 million of our common stock, delivering value to our shareholders.”

Ms. Smith concluded, "Buffalo Wild Wings® remains strong and we're continuing to differentiate our brand for the long-term while also implementing near-term traffic driving programs. We launched a 15-minute guarantee for our FastBreak™ lunch program at the beginning of the third quarter and we're pleased with its early results. Also in the third quarter, we will be highlighting our value offering on Wing Tuesdays®. We are looking forward to the return of football and our new fall media campaign. There is no better place than Buffalo Wild Wings to host your fantasy football draft party and catch all the action on the gridiron this year."

Total revenue increased 15.0% to \$490.2 million in the second quarter, compared to \$426.4 million in the second quarter of 2015. Company-owned restaurant sales for the quarter increased 16.1% over

the same period in 2015, to \$466.6 million, driven by 89 additional Buffalo Wild Wings restaurants at the end of the second quarter of 2016, partially offset by a same-store sales decrease of 2.1%. Franchise royalties and fees decreased 3.8% to \$23.6 million for the quarter, versus \$24.5 million in the second quarter of 2015. This decrease is attributed to a same-store sales decrease of 2.6% at franchised Buffalo Wild Wings restaurants in operation at the end of the period, compared to the same period in 2015.

Average weekly sales for company-owned Buffalo Wild Wings restaurants were \$59,894 for the second quarter of 2016, compared to \$61,960 for the same quarter last year, a 3.3% decrease. Franchised Buffalo Wild Wings restaurants in the United States averaged \$62,454 for the period, versus \$63,904 in the second quarter a year ago, a 2.3% decrease.

Under the previously announced share repurchase authorization, 548,402 shares were repurchased during the second quarter of 2016 for a total of \$75.0 million.

For the second quarter, net earnings increased 10.2% to \$23.7 million, versus \$21.5 million in the second quarter of 2015. Earnings per diluted share were \$1.27, compared to second quarter 2015 earnings per diluted share of \$1.12.

**For 2016, the company expects the following new unit development:**

- Approximately 40 company-owned Buffalo Wild Wings restaurants
- 30 to 35 franchised Buffalo Wild Wings locations in the United States
- 12 to 15 franchised Buffalo Wild Wing locations internationally
- 6 company-owned and 4 franchised R Taco<sup>®</sup> restaurants

**For 2016, the company expects the following:**

- Deflationary food costs, excluding traditional chicken wings
- Depreciation and amortization expense of \$150 to \$155 million
- Share repurchase activity of approximately \$150 million for the year
- Earnings per diluted share of \$5.65 to \$5.85
- Capital expenditures of approximately \$170 million

[Buffalo Wild Wings](#) will be hosting a conference call today, July 26, 2016 at 4:00 p.m. Central Daylight Time to discuss these results. There will be a simultaneous webcast conducted at our investor website [IR.BuffaloWildWings.com](#).

A replay of the call will be available until August 2, 2016. To access this replay, please dial 1-858-384-5517 password 7524224.

**About the Company**

Buffalo Wild Wings, Inc., founded in 1982 and headquartered in Minneapolis, is a growing owner, operator and franchisor of Buffalo Wild Wings<sup>®</sup> restaurants featuring a variety of boldly-flavored, made-to-order menu items including its namesake Buffalo, New York-style chicken wings. The Buffalo Wild Wings menu specializes in 21 mouth-watering signature sauces and seasonings with flavor sensations ranging from Sweet BBQ<sup>™</sup> to Blazin'<sup>®</sup>. Guests enjoy a welcoming neighborhood atmosphere that includes an extensive multi-media system for watching their favorite sporting events.

Buffalo Wild Wings is the recipient of hundreds of "Best Wings" and "Best Sports Bar" awards from across the country. There are currently more than 1,190 Buffalo Wild Wings locations around the world.

To stay up-to-date on all the latest events and offers for sports fans and wing lovers, like Buffalo Wild Wings on Facebook, follow @BWWings on Twitter and visit [www.BuffaloWildWings.com](http://www.BuffaloWildWings.com).

### **Forward-looking Statements**

Various remarks we make about future expectations, plans, and prospects for the company constitute forward-looking statements for purposes of the Safe Harbor provisions under the Private Securities Litigation Reform Act of 1995. These statements relate to our future financial and restaurant performance measures and growth goals, including but not limited to those relating to our third quarter trends and projected unit and net earnings growth rates for 2016, and beyond. All statements other than statements of historical fact are statements that could be deemed forward-looking statements and are based upon the current beliefs and expectations of our management. We have attempted to identify forward-looking statements by terminology, including "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "goal," "intends," "may," "plans," "potential," "predicts," "should," "scheduled," or "will" or the negative of these terms or other comparable terminology. Actual results may vary materially from those contained in forward-looking statements based on a number of factors, including, but not limited to, our ability to achieve and manage our planned expansion, the ability of our franchisees to open and manage new restaurants, market acceptance in the new geographic regions we enter (particularly international locations), success of acquired restaurants, success of investments in new or emerging concepts, unforeseen obstacles in developing nontraditional sites or non-U.S. locations, our ability to obtain and maintain licenses and permits necessary to operate our existing and new restaurants, our franchisees' adherence to our system standards, the cost of commodities such as traditional chicken wings and supply chain consistency, the success of our key initiatives and our advertising and marketing campaigns, our ability to control restaurant labor and other restaurant operating costs, the continued service of key management personnel, our ability to protect our name and logo and other proprietary information, economic conditions (including changes in consumer preferences or consumer discretionary spending), the impact of federal, state or local government regulations relating to our employees, the sale of food and alcoholic beverages, the effect of competition in the restaurant industry, and other factors disclosed from time to time in our filings with the U.S. Securities and Exchange Commission, including the factors described under "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 27, 2015, as updated in subsequent reports filed with the SEC. Investors should take such risks into account when making investment decisions. Shareholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update any forward-looking statements.

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**BUFFALO WILD WINGS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF EARNINGS**

**(Dollar and share amounts in thousands except per share data)**

**(unaudited)**

|   | Three months ended |                  | Six months ended |                  |
|---|--------------------|------------------|------------------|------------------|
|   | June 26,<br>2016   | June 28,<br>2015 | June 26,<br>2016 | June 28,<br>2015 |
| Revenue:  |                    |                  |                  |                  |
| Restaurant sales                                  | \$ 466,583         | 401,860          | 950,494          | 816,832          |
| Franchise royalties and fees                      | 23,595             | 24,527           | 47,941           | 50,141           |
| Total revenue                                     | 490,178            | 426,387          | 998,435          | 866,973          |
| Costs and expenses:                               |                    |                  |                  |                  |
| Restaurant operating costs:                       |                    |                  |                  |                  |
| Cost of sales                                     | 138,480            | 117,843          | 282,303          | 243,520          |
| Labor   | 149,375            | 129,294          | 298,504          | 259,688          |
| Operating   | 68,180             | 56,822           | 137,860          | 115,373          |
| Occupancy   | 27,205             | 22,354           | 53,928           | 44,344           |
| Depreciation and amortization                     | 37,953             | 29,208           | 75,502           | 57,277           |
| General and administrative                        | 29,821             | 33,701           | 61,486           | 64,223           |
| Preopening  | 1,838              | 3,204            | 3,701            | 4,474            |
| Loss on asset disposals                           | 1,874              | 2,306            | 3,096            | 2,911            |
| Total costs and expenses                          | 454,726            | 394,732          | 916,380          | 791,810          |
| Income from operations                            | 35,452             | 31,655           | 82,055           | 75,163           |
| Interest and other expense (income)               | 1,874              | (41)             | 1,847            | 34               |
| Earnings before income taxes                      | 33,578             | 31,696           | 80,208           | 75,129           |
| Income tax expense                                | 10,033             | 10,264           | 23,985           | 24,712           |
| Net earnings including noncontrolling interests   | 23,545             | 21,432           | 56,223           | 50,417           |
| Net loss attributable to noncontrolling interests | (157)              | (67)             | (252)            | (145)            |
| Net earnings attributable to Buffalo Wild Wings   | \$ 23,702          | 21,499           | 56,475           | 50,562           |
| Earnings per common share – basic                 | \$ 1.27            | 1.13             | 3.01             | 2.66             |
| Earnings per common share – diluted               | \$ 1.27            | 1.12             | 3.00             | 2.65             |
| Weighted average shares outstanding – basic       | 18,605             | 19,003           | 18,764           | 18,998           |
| Weighted average shares outstanding – diluted     | 18,636             | 19,113           | 18,797           | 19,094           |

The following table expresses results of operations as a percentage of total revenue for the periods presented, except for restaurant operating costs which are expressed as a percentage of restaurant sales:

|   | Three months ended |                  | Six months ended |                  |
|---|--------------------|------------------|------------------|------------------|
|   | June 26,<br>2016   | June 28,<br>2015 | June 26,<br>2016 | June 28,<br>2015 |
| <b>Revenue:</b>                                   |                    |                  |                  |                  |
| Restaurant sales                                  | 95.2%              | 94.2%            | 95.2%            | 94.2%            |
| Franchise royalties and fees                      | 4.8                | 5.8              | 4.8              | 5.8              |
| Total revenue                                     | 100.0              | 100.0            | 100.0            | 100.0            |
| <b>Costs and expenses:</b>                        |                    |                  |                  |                  |
| Restaurant operating costs:                       |                    |                  |                  |                  |
| Cost of sales                                     | 29.7               | 29.3             | 29.7             | 29.8             |
| Labor   | 32.0               | 32.2             | 31.4             | 31.8             |
| Operating   | 14.6               | 14.1             | 14.5             | 14.1             |
| Occupancy   | 5.8                | 5.6              | 5.7              | 5.4              |
| Depreciation and amortization                     | 7.7                | 6.9              | 7.6              | 6.6              |
| General and administrative                        | 6.1                | 7.9              | 6.2              | 7.4              |
| Preopening  | 0.4                | 0.8              | 0.4              | 0.5              |
| Loss on asset disposals                           | 0.4                | 0.5              | 0.3              | 0.3              |
| Total costs and expenses                          | 92.8               | 92.6             | 91.8             | 91.3             |
| Income from operations                            | 7.2                | 7.4              | 8.2              | 8.7              |
| Interest and other expense (income)               | 0.4                | (0.0)            | 0.2              | 0.0              |
| Earnings before income taxes                      | 6.9                | 7.4              | 8.0              | 8.7              |
| Income tax expense                                | 2.0                | 2.4              | 2.4              | 2.9              |
| Net earnings including noncontrolling interests   | 4.8                | 5.0              | 5.6              | 5.8              |
| Net loss attributable to noncontrolling interests | (0.0)              | (0.0)            | (0.0)            | (0.0)            |
| Net earnings attributable to Buffalo Wild Wings   | 4.8%               | 5.0%             | 5.7%             | 5.8%             |

**BUFFALO WILD WINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollar amounts in thousands)  
(unaudited)

|  | June 26,<br>2016  | December 27,<br>2015 |
|--|-------------------|----------------------|
| <b>Assets</b>  |                   |                      |
| Current assets:  |                   |                      |
| Cash and cash equivalents  | \$ 13,635         | 11,220               |
| Marketable securities  | —                 | 9,043                |
| Accounts receivable, net of allowance of \$25  | 36,958            | 34,087               |
| Inventory  | 13,977            | 15,351               |
| Prepaid expenses   | 5,831             | 6,386                |
| Refundable income taxes  | 5,019             | 21,591               |
| Restricted assets  | 22,370            | 100,073              |
| Total current assets   | 97,790            | 197,751              |
| Property and equipment, net  | 600,365           | 604,712              |
| Reacquired franchise rights, net   | 125,138           | 129,282              |
| Other assets   | 38,964            | 26,536               |
| Goodwill   | 115,825           | 114,101              |
| Total assets   | <u>\$ 978,082</u> | <u>1,072,382</u>     |
| <b>Liabilities and Stockholders' Equity</b>  |                   |                      |
| Current liabilities:   |                   |                      |
| Unearned franchise fees  | \$ 2,262          | 2,144                |
| Accounts payable   | 41,356            | 44,760               |
| Accrued compensation and benefits  | 43,607            | 55,578               |
| Accrued expenses   | 20,476            | 21,678               |
| Current portion of long-term debt and capital lease obligations  | 5,826             | 2,147                |
| Current portion of deferred lease credits  | 232               | 59                   |
| System-wide payables   | 70,514            | 137,257              |
| Total current liabilities  | 184,273           | 263,623              |
| Long-term liabilities:   |                   |                      |
| Other liabilities  | 16,747            | 16,473               |
| Deferred income taxes  | 26,124            | 23,726               |
| Long-term debt and capital lease obligations, net of current portion   | 93,052            | 70,954               |
| Deferred lease credits   | 42,908            | 41,869               |
| Total liabilities  | 363,104           | 416,645              |
| Commitments and contingencies  |                   |                      |
| Stockholders' equity:  |                   |                      |
| Undesignated stock, 1,000,000 shares authorized, none issued   | —                 | —                    |
| Common stock, no par value. Authorized 44,000,000 shares; issued and outstanding 18,292,937 and 18,917,776, respectively | 156,839           | 160,353              |
| Retained earnings  | 461,711           | 499,085              |
| Accumulated other comprehensive loss   | (3,713)           | (4,094)              |
| Total stockholders' equity   | 614,837           | 655,344              |
| Noncontrolling interests   | 141               | 393                  |
| Total equity   | 614,978           | 655,737              |
| Total liabilities and equity   | <u>\$ 978,082</u> | <u>1,072,382</u>     |

**BUFFALO WILD WINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Dollar amounts in thousands)  
(unaudited)

|  | Six months ended |                  |
|--|------------------|------------------|
|  | June 26,<br>2016 | June 28,<br>2015 |
| Cash flows from operating activities:                                      |                  |                  |
| Net earnings including noncontrolling interests                            | \$ 56,223        | 50,417           |
| Adjustments to reconcile net earnings to net cash provided by operations:  |                  |                  |
| Depreciation and amortization  | 75,502           | 57,277           |
| Loss on asset disposals  | 3,096            | 2,911            |
| Deferred lease credits   | 3,380            | 2,903            |
| Deferred income taxes  | 2,397            | (9,757)          |
| Stock-based compensation   | 2,108            | 7,253            |
| Excess tax benefit from stock issuance                                     | (35)             | (262)            |
| Change in fair value of contingent consideration                           | (1,106)          | —                |
| Loss on investments in affiliates  | 1,247            | —                |
| Change in operating assets and liabilities, net of effect of acquisitions: |                  |                  |
| Trading securities   | —                | (708)            |
| Accounts receivable  | 802              | 144              |
| Inventory  | 1,418            | 357              |
| Prepaid expenses   | 567              | (12,530)         |
| Other assets   | (2,462)          | 279              |
| Unearned franchise fees  | 118              | 196              |
| Accounts payable   | (3,520)          | 236              |
| Income taxes   | 16,607           | 7,187            |
| Accrued expenses   | (6,943)          | (5,033)          |
| Net cash provided by operating activities                                  | <u>149,399</u>   | <u>100,870</u>   |
| Cash flows from investing activities:                                      |                  |                  |
| Acquisition of property and equipment                                      | (70,630)         | (67,334)         |
| Acquisition of businesses  | (3,862)          | (49,036)         |
| Purchase of marketable securities  | —                | (12,301)         |
| Proceeds from marketable securities  | —                | 14,155           |
| Net cash used in investing activities                                      | <u>(74,492)</u>  | <u>(114,516)</u> |
| Cash flows from financing activities:                                      |                  |                  |
| Proceeds from line of credit   | 286,873          | —                |
| Repayments of line of credit   | (263,343)        | —                |
| Borrowings from restricted funds   | 12,288           | —                |
| Repurchases of common stock  | (99,981)         | —                |
| Other financing activities   | (1,065)          | —                |
| Issuance of common stock   | 1,960            | 1,604            |
| Excess tax benefit from stock issuance                                     | 35               | 262              |
| Tax payments for restricted stock units                                    | (9,172)          | (7,627)          |
| Net cash used in financing activities                                      | <u>(72,405)</u>  | <u>(5,761)</u>   |
| Effect of exchange rate changes on cash and cash equivalents               | (87)             | (427)            |
| Net increase (decrease) in cash and cash equivalents                       | <u>2,415</u>     | <u>(19,834)</u>  |
| Cash and cash equivalents at beginning of period                           | 11,220           | 93,329           |
| Cash and cash equivalents at end of period                                 | <u>\$ 13,635</u> | <u>73,495</u>    |

**BUFFALO WILD WINGS, INC. AND SUBSIDIARIES**  
**Supplemental Information**

**Restaurant Count**

**Company-owned Restaurants (includes Buffalo Wild Wings, R Taco, and Buffalo Wild Wings-owned PizzaRev locations):**

|             | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> |
|-------------|-----------|-----------|-----------|-----------|
| <b>2016</b> | 603       | 609       |           |           |
| <b>2015</b> | 501       | 517       | 573       | 596       |
| <b>2014</b> | 443       | 449       | 463       | 491       |
| <b>2013</b> | 397       | 407       | 415       | 434       |
| <b>2012</b> | 327       | 330       | 343       | 381       |

**Franchised Restaurants (includes Buffalo Wild Wings and R Taco locations):**

|             | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> |
|-------------|-----------|-----------|-----------|-----------|
| <b>2016</b> | 587       | 596       |           |           |
| <b>2015</b> | 593       | 593       | 569       | 579       |
| <b>2014</b> | 569       | 579       | 588       | 591       |
| <b>2013</b> | 514       | 525       | 534       | 559       |
| <b>2012</b> | 505       | 505       | 511       | 510       |

**Restaurant Count Rollforward:**

|                           | <b>Six Months Ended</b> |                  |              |                      |                  |              |
|---------------------------|-------------------------|------------------|--------------|----------------------|------------------|--------------|
|                           | <b>June 26, 2016</b>    |                  |              | <b>June 28, 2015</b> |                  |              |
|                           | <b>Corporate</b>        | <b>Franchise</b> | <b>Total</b> | <b>Corporate</b>     | <b>Franchise</b> | <b>Total</b> |
| <b>Buffalo Wild Wings</b> |                         |                  |              |                      |                  |              |
| Beginning of period       | 590                     | 573              | 1,163        | 487                  | 584              | 1,071        |
| Opened                    | 11                      | 18               | 29           | 12                   | 22               | 34           |
| Acquired                  | 1                       | (1)              | —            | 15                   | (15)             | —            |
| Closed/Relocated          | (1)                     | (1)              | (2)          | (2)                  | (4)              | (6)          |
| End of period             | 601                     | 589              | 1,190        | 512                  | 587              | 1,099        |
| <b>R Taco</b>             |                         |                  |              |                      |                  |              |
| Beginning of period       | 4                       | 6                | 10           | 2                    | 7                | 9            |
| Opened                    | 2                       | 1                | 3            | —                    | —                | —            |
| Acquired                  | —                       | —                | —            | 1                    | (1)              | —            |
| Closed/Relocated          | —                       | —                | —            | —                    | —                | —            |
| End of period             | 6                       | 7                | 13           | 3                    | 6                | 9            |
| <b>PizzaRev</b>           |                         |                  |              |                      |                  |              |
| Beginning of period       | 2                       | n/a              | 2            | 2                    | n/a              | 2            |
| Opened                    | —                       | n/a              | —            | —                    | n/a              | —            |
| Acquired                  | —                       | n/a              | —            | —                    | n/a              | —            |
| Closed/Relocated          | —                       | n/a              | —            | —                    | n/a              | —            |
| End of period             | 2                       | n/a              | 2            | 2                    | n/a              | 2            |
| <b>Consolidated</b>       |                         |                  |              |                      |                  |              |
| End of the period         | 609                     | 596              | 1,205        | 517                  | 593              | 1,110        |



**BUFFALO WILD WINGS, INC. AND SUBSIDIARIES**  
**Supplemental Information**

**Same-Store Sales at Buffalo Wild Wings in United States and Canada**

**Company-owned Restaurants:**

|             | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> | <u>Year</u> |
|-------------|-----------|-----------|-----------|-----------|-------------|
| <b>2016</b> | (1.7%)    | (2.1%)    |           |           |             |
| <b>2015</b> | 7.0%      | 4.2%      | 3.9%      | 1.9%      | 4.2%        |
| <b>2014</b> | 6.6%      | 7.7%      | 6.0%      | 5.9%      | 6.5%        |
| <b>2013</b> | 1.4%      | 3.8%      | 4.8%      | 5.2%      | 3.9%        |
| <b>2012</b> | 9.2%      | 5.3%      | 6.2%      | 5.8%      | 6.6%        |

**Franchised Restaurants:**

|             | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> | <u>Year</u> |
|-------------|-----------|-----------|-----------|-----------|-------------|
| <b>2016</b> | (2.4%)    | (2.6%)    |           |           |             |
| <b>2015</b> | 6.0%      | 2.5%      | 1.2%      | 0.1%      | 2.5%        |
| <b>2014</b> | 5.0%      | 6.5%      | 5.7%      | 5.1%      | 5.6%        |
| <b>2013</b> | 2.2%      | 4.1%      | 3.9%      | 3.1%      | 3.3%        |
| <b>2012</b> | 7.3%      | 5.5%      | 5.8%      | 7.4%      | 6.5%        |

**Average Weekly Sales Volumes at Buffalo Wild Wings locations in United States and Canada**

**Company-owned Restaurants:**

|             | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> | <u>Year</u> |
|-------------|-----------|-----------|-----------|-----------|-------------|
| <b>2016</b> | \$ 62,829 | 59,894    |           |           |             |
| <b>2015</b> | 64,851    | 61,960    | 61,831    | 61,971    | 62,529      |
| <b>2014</b> | 60,966    | 59,403    | 59,643    | 62,119    | 60,470      |
| <b>2013</b> | 56,953    | 54,759    | 55,592    | 58,204    | 56,392      |
| <b>2012</b> | 55,131    | 51,524    | 52,561    | 55,595    | 53,783      |

**Franchised Restaurants:**

|             | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> | <u>Year</u> |
|-------------|-----------|-----------|-----------|-----------|-------------|
| <b>2016</b> | \$ 65,636 | 62,454    |           |           |             |
| <b>2015</b> | 67,075    | 63,904    | 62,819    | 64,032    | 64,474      |
| <b>2014</b> | 63,852    | 61,845    | 61,586    | 63,949    | 62,595      |
| <b>2013</b> | 60,050    | 58,186    | 58,926    | 61,167    | 59,594      |
| <b>2012</b> | 57,282    | 54,766    | 55,608    | 58,490    | 56,570      |