

FOR IMMEDIATE RELEASE



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Buffalo Wild Wings, Inc. Announces Fourth Quarter Earnings per Share of \$1.10

Minneapolis, Minnesota, February 4, 2014 – [Buffalo Wild Wings, Inc.](#) (NASDAQ: BWLD) announced today financial results for the fourth quarter and fiscal year ended December 29, 2013. Highlights for the fourth quarter versus the same period a year ago were:

- Total revenue increased 12.4% to \$341.5 million
- Company-owned restaurant sales grew 13.1% to \$319.8 million
- Same-store sales increased 5.2% at company-owned restaurants and 3.1% at franchised locations
- Net earnings increased 24.9% to \$20.8 million from \$16.7 million, and earnings per diluted share increased 23.6% to \$1.10 from \$0.89

As a reminder, Buffalo Wild Wings utilizes a 52- or 53-week fiscal year. The fiscal year ended December 29, 2013 was a 52-week year, with the fourth quarter of 2013 having thirteen weeks. The fiscal year ended December 30, 2012 was a 53-week year, with the fourth quarter of 2012 including fourteen weeks.

Sally Smith, President and Chief Executive Officer, commented, “The fourth quarter completed a great year for Buffalo Wild Wings. In 2013 we continued to build the brand for future success by focusing on several key initiatives, including selling chicken wings by portion, our new Stadia restaurant design, continued rollout of our guest experience model, launch of Game Changer beer brewed by Redhook, continued international expansion, and a minority investment in PizzaRev.”

Ms. Smith continued, “Same-store sales growth, along with 53 additional company-owned and 49 franchised restaurants, helped drive the total revenue increase of 12.4% in the fourth quarter. Excluding the fourteenth week of the fourth quarter of 2012, total revenue increased 22.0%. Cost of sales and labor improved as a percentage of company-owned restaurant sales in the fourth quarter compared to last year. As a result, our net earnings grew 24.9% and earnings per

diluted share increased 23.6% for the quarter when compared to the fourth quarter of 2012. Excluding the fourteenth week in fourth quarter last year, our 2013 fourth quarter net earnings grew 59.6% and earnings per diluted share increased 57.1%.”

Total revenue increased 12.4% to \$341.5 million in the fourth quarter compared to \$303.8 million in the fourth quarter of 2012. Company-owned restaurant sales for the quarter increased 13.1% over the same period in 2012, to \$319.8 million, driven by a company-owned same-store sales increase of 5.2% and 53 additional company-owned restaurants at the end of fourth quarter 2013 relative to the same period in 2012. Franchise royalties and fees increased 2.7% to \$21.7 million for the quarter versus \$21.1 million in the fourth quarter of 2012. This increase is attributed to a franchised same-store sales increase of 3.1% and 49 additional franchised restaurants at the end of the period versus a year ago. The revenue increases were calculated using the thirteen weeks of operation in the fourth quarter of 2013 compared to the fourteen weeks of operation in the fourth quarter of 2012.

Average weekly sales for company-owned restaurants were \$58,204 for the fourth quarter of 2013 compared to \$55,595 for the same quarter last year, a 4.7% increase. Franchised restaurants averaged \$61,167 for the period versus \$58,490 in the fourth quarter a year ago, a 4.6% increase.

For the fourth quarter, net earnings increased 24.9% to \$20.8 million versus \$16.7 million in the fourth quarter of 2012. Earnings per diluted share were \$1.10 as compared to fourth quarter 2012 earnings per diluted share of \$0.89.

2014 Outlook

Ms. Smith remarked, “With our wall-to-wall televisions and big screens, Buffalo Wild Wings was the place for our guests to Tablegate™ and watch football - from NCAA bowl games to the NFL playoffs culminating with the Super Bowl. Same-store sales for the first five weeks of 2014 were 4.8% at company-owned restaurants and 2.1% at franchised locations compared to (0.2%) and 1.0%, respectively, for the same period last year. The excitement of March Madness is just around the corner and we’ll launch our Blazin’ Bracket Challenge to engage guests online and in restaurant. In the first quarter we expect to open nine company-owned restaurants, we anticipate our franchise partners in the United States will open 13 locations, and our international franchisees in Mexico have already opened two restaurants.”

Ms. Smith concluded, “We continue to evolve Buffalo Wild Wings as a vibrant and strong brand. We recently achieved a significant milestone with the opening of our 1,000th location. We are rolling out new guest-facing technologies, including tabletop tablets and proprietary TV content, to further enhance guest engagement. In addition to continued unit growth, net earnings will be driven by same-store sales momentum and continued operational diligence. We reaffirm our 20% net earnings growth goal for 2014.”

[Buffalo Wild Wings](#) will be hosting a conference call today, February 4, 2014 at 4:00 p.m. Central Standard 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 February 11, 2014. To access this replay, please dial 1-858-384-5517 password 4659693.

About the Company

[Buffalo Wild Wings, Inc.](#), founded in 1982 and headquartered in Minneapolis, Minnesota, is a growing owner, operator and franchisor of Buffalo Wild Wings® 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™ to Blazin'®. 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 1,000 [Buffalo Wild Wings locations](#) across 49 states in the United States, Canada and Mexico.

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 store performance measures and growth goals for 2014 and beyond, including but not limited to those relating to our first quarter sales trends and projected unit and net earnings growth rates for 2014 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," "intends," "may," "plans," "potential," "predicts," "should" 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 non-U.S. locations), success of acquired restaurants and 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, 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 30, 2012, 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.

BUFFALO WILD WINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(Dollar and share amounts in thousands except per share data)
(unaudited)

| | Three months ended | | Twelve months ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | December 29, 2013 | December 30, 2012 | December 29, 2013 | December 30, 2012 |
| Revenue: | | | | |
| Restaurant sales | \$ 319,830 | 282,679 | 1,185,351 | 963,963 |
| Franchise royalties and fees | 21,717 | 21,147 | 81,368 | 76,567 |
| Total revenue | <u>341,547</u> | <u>303,826</u> | <u>1,266,719</u> | <u>1,040,530</u> |
| Costs and expenses: | | | | |
| Restaurant operating costs: | | | | |
| Cost of sales | 95,345 | 90,440 | 363,755 | 303,653 |
| Labor | 95,802 | 85,457 | 360,302 | 289,167 |
| Operating | 47,353 | 41,645 | 174,338 | 141,417 |
| Occupancy | 18,127 | 14,798 | 68,394 | 54,147 |
| Depreciation and amortization | 22,164 | 19,023 | 84,978 | 67,462 |
| General and administrative | 26,620 | 21,936 | 96,182 | 84,149 |
| Preopening | 4,965 | 5,968 | 14,647 | 14,630 |
| Loss on asset disposals and impairment | 1,560 | 1,169 | 3,262 | 3,291 |
| Total costs and expenses | <u>311,936</u> | <u>280,436</u> | <u>1,165,858</u> | <u>957,916</u> |
| Income from operations | 29,611 | 23,390 | 100,861 | 82,614 |
| Investment income | 30 | 41 | 674 | 754 |
| Earnings before income taxes | 29,641 | 23,431 | 101,535 | 83,368 |
| Income tax expense | 8,826 | 6,771 | 29,981 | 26,093 |
| Net earnings | <u>\$ 20,815</u> | <u>16,660</u> | <u>71,554</u> | <u>57,275</u> |
| Earnings per common share – basic | \$ 1.11 | 0.90 | 3.81 | 3.08 |
| Earnings per common share – diluted | 1.10 | 0.89 | 3.79 | 3.06 |
| Weighted average shares outstanding – basic | 18,787 | 18,608 | 18,770 | 18,582 |
| Weighted average shares outstanding – diluted | 18,965 | 18,789 | 18,872 | 18,705 |

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 | | Twelve months ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 29, 2013 | December 30, 2012 | December 29, 2013 | December 30, 2012 |
| Revenue: | | | | |
| Restaurant sales | 93.6% | 93.0% | 93.6% | 92.6% |
| Franchising royalties and fees | 6.4 | 7.0 | 6.4 | 7.4 |
| Total revenue | 100.0 | 100.0 | 100.0 | 100.0 |
| Costs and expenses: | | | | |
| Restaurant operating costs: | | | | |
| Cost of sales | 29.8 | 32.0 | 30.7 | 31.5 |
| Labor | 30.0 | 30.2 | 30.4 | 30.0 |
| Operating | 14.8 | 14.7 | 14.7 | 14.7 |
| Occupancy | 5.7 | 5.2 | 5.8 | 5.6 |
| Depreciation and amortization | 6.5 | 6.3 | 6.7 | 6.5 |
| General and administrative | 7.8 | 7.2 | 7.6 | 8.1 |
| Preopening | 1.5 | 2.0 | 1.2 | 1.4 |
| Loss on asset disposals and impairment | 0.5 | 0.4 | 0.3 | 0.3 |
| Total costs and expenses | 91.3 | 92.3 | 92.0 | 92.1 |
| Income from operations | 8.7 | 7.7 | 8.0 | 7.9 |
| Investment income | 0.0 | 0.0 | 0.1 | 0.1 |
| Earnings before income taxes | 8.7 | 7.7 | 8.0 | 8.0 |
| Income tax expense | 2.6 | 2.2 | 2.4 | 2.5 |
| Net earnings | 6.1 | 5.5 | 5.6 | 5.5 |

BUFFALO WILD WINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Dollar amounts in thousands)

(unaudited)

| | <u>December 29, 2013</u> | <u>December 30, 2012</u> |
|--|------------------------------|------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 57,502 | 21,340 |
| Marketable securities | 7,584 | 9,579 |
| Accounts receivable – net of allowance of \$25 | 21,845 | 20,203 |
| Inventory | 9,492 | 7,820 |
| Prepaid expenses | 4,509 | 3,869 |
| Refundable income taxes | 4,329 | 4,122 |
| Deferred income taxes | 9,287 | 5,774 |
| Restricted assets | 68,208 | 52,829 |
| Total current assets | <u>182,756</u> | <u>125,536</u> |
| Property and equipment, net | 440,538 | 386,570 |
| Reacquired franchise rights, net | 33,403 | 37,370 |
| Goodwill | 32,533 | 32,365 |
| Other assets | 16,498 | 9,246 |
| Total assets | <u>\$ 705,728</u> | <u>591,087</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Unearned franchise fees | \$ 1,818 | 1,763 |
| Accounts payable | 31,806 | 36,418 |
| Accrued compensation and benefits | 52,049 | 39,637 |
| Accrued expenses | 13,784 | 11,461 |
| System-wide payables | 67,017 | 51,564 |
| Total current liabilities | <u>166,474</u> | <u>140,843</u> |
| Long-term liabilities: | | |
| Other liabilities | 1,913 | 1,752 |
| Deferred income taxes | 37,822 | 37,128 |
| Deferred lease credits | 33,711 | 27,992 |
| Total liabilities | <u>239,920</u> | <u>207,715</u> |
| 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 18,803,663 and 18,623,370, respectively | 133,203 | 121,450 |
| Retained earnings | 333,601 | 262,047 |
| Accumulated other comprehensive loss | (996) | (125) |
| Total stockholders' equity | <u>465,808</u> | <u>383,372</u> |
| Total liabilities and stockholders' equity | <u>\$ 705,728</u> | <u>591,087</u> |

BUFFALO WILD WINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollar amounts in thousands)

(unaudited)

| | Twelve months ended | |
|---|----------------------|----------------------|
| | December 29, 2013 | December 30, 2012 |
| Cash flows from operating activities: | | |
| Net earnings | \$ 71,554 | 57,275 |
| Adjustments to reconcile net earnings to cash provided by operations: | | |
| Depreciation | 79,881 | 64,154 |
| Amortization | 5,097 | 3,308 |
| Loss on asset disposals and impairment | 3,253 | 2,883 |
| Deferred lease credits | 5,247 | 4,322 |
| Deferred income taxes | (2,209) | (835) |
| Stock-based compensation | 11,496 | 8,119 |
| Excess tax benefit from stock issuance | (5,471) | (4,151) |
| Change in operating assets and liabilities: | | |
| Trading securities | (1,287) | (992) |
| Accounts receivable | (2,012) | (11,797) |
| Inventory | (1,581) | (1,088) |
| Prepaid expenses | (647) | (46) |
| Other assets | (1,218) | (2,071) |
| Unearned franchise fees | 55 | (89) |
| Accounts payable | (1,467) | 3,172 |
| Income taxes | 5,264 | 7,590 |
| Accrued expenses | 13,405 | 15,434 |
| Net cash provided by operating activities | 179,360 | 145,188 |
| Cash flows for investing activities: | | |
| Acquisition of property and equipment | (138,735) | (130,542) |
| Acquisition of businesses/investments in affiliates | (10,288) | (43,580) |
| Purchase of marketable securities | — | (132,140) |
| Proceeds from marketable securities | 3,282 | 163,509 |
| Net cash used in investing activities | (145,741) | (142,753) |
| Cash flows for financing activities: | | |
| Proceeds from line of credit | 5,000 | — |
| Repayments of line of credit | (5,000) | — |
| Issuance of common stock | 2,514 | 2,783 |
| Excess tax benefit from stock issuance | 5,471 | 4,151 |
| Tax payments for restricted stock units | (4,946) | (8,522) |
| Net cash provided by (used in) financing activities | 3,039 | (1,588) |
| Effect of exchange rate changes on cash and cash equivalents | (496) | (37) |
| Net increase in cash and cash equivalents | 36,162 | 810 |
| Cash and cash equivalents at beginning of year | 21,340 | 20,530 |
| Cash and cash equivalents at end of year | \$ 57,502 | 21,340 |

BUFFALO WILD WINGS, INC. AND SUBSIDIARIES
Supplemental Information

Restaurant Count

Company-owned Restaurants:

| | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> |
|------|-----------|-----------|-----------|-----------|
| 2013 | 397 | 407 | 415 | 434 |
| 2012 | 327 | 330 | 343 | 381 |
| 2011 | 263 | 277 | 288 | 319 |
| 2010 | 235 | 234 | 244 | 259 |
| 2009 | 206 | 215 | 220 | 232 |

Franchised Restaurants:

| | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> |
|------|-----------|-----------|-----------|-----------|
| 2013 | 514 | 525 | 534 | 559 |
| 2012 | 505 | 505 | 511 | 510 |
| 2011 | 488 | 492 | 498 | 498 |
| 2010 | 430 | 447 | 457 | 473 |
| 2009 | 373 | 383 | 400 | 420 |

Same-Store Sales

Company-owned Restaurants:

| | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> | <u>Year</u> |
|------|-----------|-----------|-----------|-----------|-------------|
| 2013 | 1.4% | 3.8% | 4.8% | 5.2% | 3.9% |
| 2012 | 9.2% | 5.3% | 6.2% | 5.8% | 6.6% |
| 2011 | 3.9% | 5.9% | 5.7% | 8.9% | 6.1% |
| 2010 | 0.1% | (0.1%) | 2.6% | (0.3%) | 0.6% |
| 2009 | 6.4% | 2.8% | 0.8% | 2.6% | 3.1% |

Franchised Restaurants:

| | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> | <u>Year</u> |
|------|-----------|-----------|-----------|-----------|-------------|
| 2013 | 2.2% | 4.1% | 3.9% | 3.1% | 3.3% |
| 2012 | 7.3% | 5.5% | 5.8% | 7.4% | 6.5% |
| 2011 | 1.6% | 2.7% | 4.2% | 5.9% | 3.6% |
| 2010 | 0.7% | (0.7%) | 0.3% | (1.1%) | (0.2%) |
| 2009 | 6.0% | 3.7% | 1.9% | 2.0% | 3.4% |

BUFFALO WILD WINGS, INC. AND SUBSIDIARIES
Supplemental Information

Average Weekly Sales Volumes

Company-owned Restaurants:

| | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> | <u>Year</u> |
|------|-----------|-----------|-----------|-----------|-------------|
| 2013 | \$56,953 | 54,759 | 55,592 | 58,204 | 56,392 |
| 2012 | 55,131 | 51,524 | 52,561 | 55,595 | 53,783 |
| 2011 | 48,845 | 47,970 | 49,461 | 51,983 | 49,627 |
| 2010 | 45,327 | 43,021 | 44,394 | 45,595 | 44,601 |
| 2009 | 45,593 | 42,938 | 42,602 | 44,583 | 43,912 |

Franchised Restaurants:

| | <u>Q1</u> | <u>Q2</u> | <u>Q3</u> | <u>Q4</u> | <u>Year</u> |
|------|-----------|-----------|-----------|-----------|-------------|
| 2013 | \$60,050 | 58,186 | 58,926 | 61,167 | 59,594 |
| 2012 | 57,282 | 54,766 | 55,608 | 58,490 | 56,570 |
| 2011 | 52,744 | 50,995 | 51,350 | 53,385 | 52,081 |
| 2010 | 51,532 | 49,051 | 49,005 | 49,837 | 49,835 |
| 2009 | 50,729 | 48,619 | 48,458 | 50,115 | 49,479 |