



1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
6.67	10.27	10.96	13.11	12.66	14.08	14.64	14.69	18.48	20.48	20.53	22.14	25.35	30.18	34.54	40.17	42.05	44.60	Revenues per sh	53.35
.63	.89	.93	1.09	.93	1.05	1.06	1.09	1.42	1.45	1.39	1.57	1.84	2.13	2.49	2.84	3.15	3.55	"Cash Flow" per sh	5.35
.41	.48	.52	.58	.51	.56	.61	.71	.83	.84	.75	.90	1.10	1.30	1.55	1.75	2.08	2.40	Earnings per sh <sup>A</sup>	4.00
..	..	..	..	..	..	..	..	..	..	..	..	..	..	.25	.53	.63	.70	Div'ds Decl'd per sh <sup>C</sup>	.72
.67	.65	.36	.26	.23	.31	.27	.58	.54	.53	.62	.61	.61	.96	1.22	1.22	1.25	1.30	Cap'l Spending per sh	1.50
2.42	1.81	2.21	1.69	2.20	2.08	2.44	2.14	2.21	2.35	3.44	4.07	4.54	4.22	3.49	2.70	2.90	3.60	Book Value per sh	8.95
120.78	91.99	88.59	72.16	72.45	66.92	66.16	68.20	57.55	55.27	53.86	50.88	48.04	44.48	41.67	39.78	39.50	39.00	Common Shs Outst'g <sup>B</sup>	37.50
24.3	13.1	12.2	12.7	12.7	14.3	17.7	23.1	16.5	14.6	15.7	14.1	14.4	18.0	22.0	26.3	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	16.0
1.39	.85	.63	.69	.72	.76	.94	1.25	.88	.88	1.05	.90	.90	1.15	1.24	1.39			Relative P/E Ratio	1.00
..	..	..	..	..	..	..	..	..	..	..	..	..	..	.7%	1.2%			Avg Ann'l Div'd Yield	1.1%

CAPITAL STRUCTURE as of 6/28/15				2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC		18-20
Total Debt \$234.0 mill. Due in 5 Yrs \$200.0 mill.				968.8	1001.6	1063.6	1132.1	1106.0	1126.4	1217.9	1342.7	1439.0	1598.1	1660	1740	Revenues (\$mill)			2000	
LT Debt \$234.0 mill. LT Interest \$12.0 mill. (75% of Cap'l)				10.0%	10.6%	10.0%	9.1%	14.0%	10.4%	9.8%	9.9%	9.8%	9.9%	10.0%	11.0%	Operating Margin			13.0%	
Leases, Uncapitalized Annual rentals \$34.2 mill.				28.8	27.2	31.9	32.8	32.8	32.4	32.7	32.8	35.1	40.0	42.0	44.0	Depreciation (\$mill)			50.0	
No Defined Benefit Pension Plan				41.5	46.8	49.9	47.4	41.9	47.6	55.7	62.0	68.5	72.9	82.0	94.0	Net Profit (\$mill)			150	
Pfd Stock None				36.1%	39.4%	27.6%	35.2%	33.9%	35.1%	31.2%	33.0%	31.2%	32.0%	32.0%	32.0%	Income Tax Rate			32.0%	
Common Stock 39,457,802 shs. as of 7/28/15				4.3%	4.7%	4.7%	4.2%	3.8%	4.2%	4.6%	4.6%	4.8%	4.6%	4.9%	5.4%	Net Profit Margin			7.5%	
MARKET CAP: \$2.9 billion (Mid Cap)				d9.5	d17.6	d33.5	d24.7	d1.4	21.7	13.7	15.0	27.1	49.2	40.0	50.0	Working Cap'l (\$mill)			75.0	
CURRENT POSITION (SMILL.)				49.0	96.5	134.0	123.6	99.1	99.0	51.5	88.3	157.9	230.5	235	245	Long-Term Debt (\$mill)			275	
Cash Assets				161.3	146.2	126.9	130.0	185.0	207.2	218.2	187.9	145.2	107.3	115	140	Shr. Equity (\$mill)			335	
Receivables				20.7%	19.9%	20.5%	20.0%	15.7%	16.4%	20.9%	22.7%	22.8%	22.2%	25.0%	26.0%	Return on Total Cap'l			25.5%	
Inventory (FIFO)				25.7%	32.0%	39.3%	36.5%	22.6%	23.0%	25.5%	33.0%	47.2%	67.9%	71.5%	67.0%	Return on Shr. Equity			45.0%	
Other				..	..	..	..	..	..	..	..	16%	30%	30%	29%	Retained to Com Eq			36.5%	
Current Assets				..	..	..	..	..	..	..	..	..	..	..	..	All Div'ds to Net Prof			18%	
Accts Payable				25.7%	32.0%	39.3%	36.5%	22.6%	23.0%	25.5%	33.0%	39.7%	47.7%	49.5%	47.5%					
Debt Due				..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Other				..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Current Liab.				97.9	106.8	117.9														

**BUSINESS:** Papa John's International operates and franchises pizza delivery and takeout stores in all 50 states and in 36 countries. At 12/28/14, there were 4,663 restaurants, roughly 84% of which were franchised locations. Operates commissaries that distribute ingredients to individual stores. '14 revenue breakdown: company-owned restaurant sales, 44% of total; commissary sales, 39%; international sales, 6%; other domestic, 11%. Has approximately 21,700 employees. Off/dir. as a group own 29.0% of common stock; Neuberger Berman, 5.1%; BlackRock, 6.8% (3/15 Proxy). Chairman and Chief Executive Officer: John Schnatter. Inc.: DE. Address: 2002 Papa Johns Boulevard, Louisville, KY 40299-2367. Telephone: 502-261-7272. Internet: www.papajohns.com.

**Strong top-line momentum is supporting profit growth at Papa John's International.** We have pared our share-net call for the year by \$0.02, to \$2.08, due to some labor-related cost pressures and stepped-up investment in technology and international expansion. But margins are still widening gradually, mainly because of favorable cheese prices and good same-store sales leverage. What's more, the profit picture ought to brighten further in the coming periods, as overseas results improve and the company finishes rolling out a new point-of-sale system. And . . .

**We see comps continuing to track in the mid-single digits.** This would be pretty impressive, in our view, given the cutthroat nature of the quick-service food space. Papa John's actually appears to be thriving in the competitive environment, using its popular digital ordering platform, focus on food quality, and strategic tie-ups with sports professionals to wrest market share away from large sector rivals, including Pizza Hut and Domino's Pizza, that rely heavily on discounting. Share trends are also benefiting from the generally fragmented state of the pizza segment, which is still cluttered with lots of mom-and-pop shops and small regional chains. Indeed, we still think there is a big consolidation movement under way in fast-food pizza category, one that should benefit Papa John's and its national competitors well into the future.

**Overseas markets, from Latin America to Asia, are a significant opportunity for the company.** Papa John's international footprint is still fairly small, especially when compared with Pizza Hut's. The company is making solid progress abroad, however, posting encouraging comp growth (6.8% during the second quarter) and continuing to build out its distribution infrastructure and store base. The overseas business is becoming more profitable, too, which is a major reason why we believe that earnings of \$4.00 a share are achievable by late decade.

**This issue is a fine choice for investors with a horizon of six months to a year (Timeliness: 2).** We like the long-term outlook, as well, but encourage buy-and-holders to wait for a more attractive entry point before committing funds.

*Justin Hellman*  
August 28, 2015

(A) Diluted earnings. Excludes nonrecurring gains (losses): '03, (9¢); '04, (50¢); '05, 4¢; '06, 25¢. Excludes gain from discontinued operations: '05, 3¢. Next earnings report due in early November.	(B) In millions, adjusted for stock splits.	(C) Dividend initiated in 8/13. Quarterly payments typically made in March, June, September, and December.	(D) Quarters don't sum due to rounding.	Company's Financial Strength	A
				Stock's Price Stability	80
				Price Growth Persistence	90
				Earnings Predictability	95