



INVESTOR PRESENTATION

JUNE 2019



Cautionary Statements



Forward-Looking Statements

This presentation includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, “forward-looking statements.” These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “anticipates,” “expects,” “strives,” “goal,” “seeks,” “projects,” “intends,” “forecasts,” “plans,” “may,” “will” or “should” or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this presentation and include statements regarding our intentions, beliefs, goals or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate. Our forward-looking statements are subject to risks and uncertainties, including those highlighted under “Risk Factors” and “Cautionary Statement on Forward-Looking Statements” in our most recent annual report on Form 10-K and other risk factors described from time to time in subsequent quarterly reports on Form 10-Q, which may cause actual results to differ materially from those projected or implied by the forward-looking statement.

Forward-looking statements are based on current expectations and assumptions and currently available data and are neither predictions nor guarantees of future events or performance. You should not place undue reliance on forward-looking statements, which only speak as of the date hereof. We do not undertake to update or revise any forward-looking statements after they are made, whether as a result of new information, future events, or otherwise, except as required by applicable law.

Note Regarding Non-GAAP Measures

This presentation includes financial measures, including adjusted EBITDA, adjusted net income, and shop-level profit margin, that are derived on the basis of methodologies other than generally accepted accounting principles (“GAAP”). We offer these measures to assist the users of our financial statements in assessing our financial performance under GAAP, but these measures are non-GAAP measures and investors should not rely on these measures as a substitute for any GAAP measure. Reconciliations of these measures to the GAAP measures we consider most comparable are included in the Financial Appendix.

Why Invest in PBPB?



Strong Brand, Differentiated Experience

Authentic fast casual concept, with fast, friendly service and high brand regard across 481 locations



Energized New Management Team

New CEO, CFO, CMO, SVP-Development, VP-Franchise Development, VP-Off-Premise, VP-Culinary Innovation



Strategic Turnaround Plan

Strategy focused on driving positive same store sales comps and improving traffic trends



Initial Success in Strategic Initiatives

Demonstrated success in optimizing menu, growing off-premise, and adding members to loyalty platform



Market Share Opportunity

Significant opportunity to expand share in growing market through franchising and more effective advertising/marketing mix



Supportive Balance Sheet, Low Capital Needs

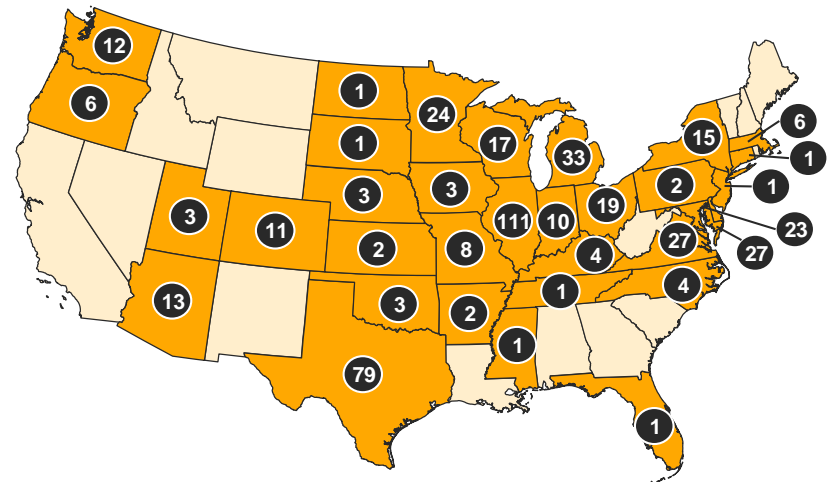
Strong balance sheet and capital light model provides ample support for turnaround initiatives

Welcome to Potbelly



Potbelly is a differentiated fast casual restaurant concept specializing in sandwiches, salads, soups, shakes & cookies

- Strong heritage – founded in Chicago in 1977
- 481 locations today
- Delicious, craveable food made-to-order with fresh, high quality ingredients
- Authentic concept:
 - Inviting neighborhood feel
 - Driven by fast but friendly service
 - Engaging brand personality



431 company-owned shops
43 domestic franchise locations

7 international franchise locations¹
481 world-wide²

Source: Potbelly management

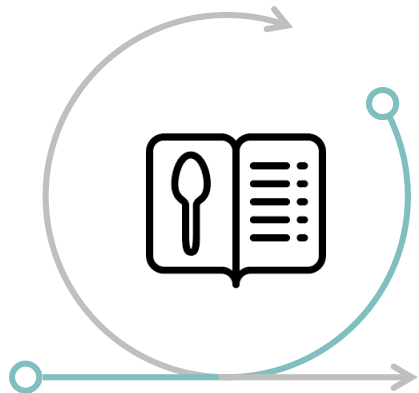
¹ Not reflected on the map

² As of March 31, 2019

2018 was a transition year for Potbelly as we executed our turnaround strategy designed to reposition the company to return to profitable growth

- Built and invested in the right team
- Became a more sales-focused organization
- Grew our off-premise business
- Invested in digital marketing
- Enhanced in-shop experience
- Learned what it takes to positively impact traffic and same store sales

Turnaround Strategy: Improve SSS Sales & Traffic Trends



Menu Optimization

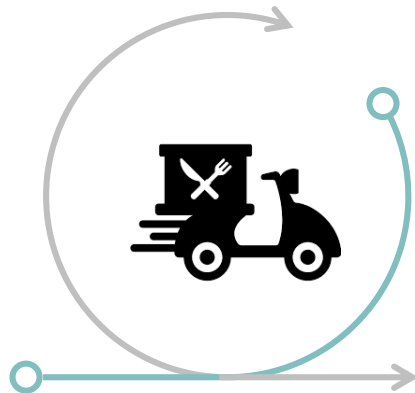
Improve the in-shop experience

Simplify ordering

Focus on suggestive selling (PYP & MD)

Broaden reach through menu variety

Drive check traffic and profitability

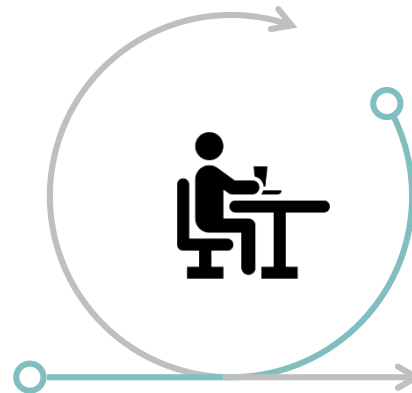


Grow Off-Premise

Delivery, catering and pickup in-shop

Build market share in growing segment

Unique approach of Potbelly drivers + national DoorDash agreement

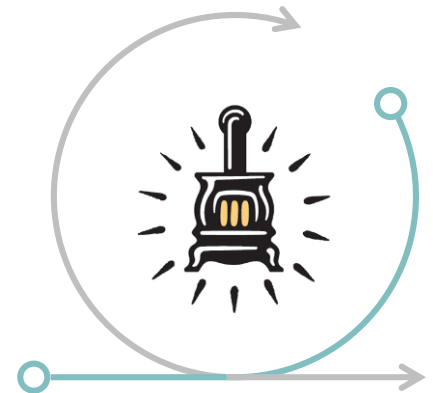


Improve Retention

Grow Potbelly Perks

Increase customer loyalty rates

Better leverage customer data across the business

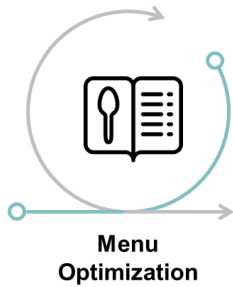


Grow Share of Market

Increase unaided awareness

Continue testing right message, media, creative and spend

Menu Optimization



Enhanced menu recently rolled out, driven by positive results during initial testing

■ Simplified Menu Launched Feb 2019

- Improved shopability
- Improved layout
- Reduction in price points (18 vs 55)

■ Introduced Bundle/Combo Options

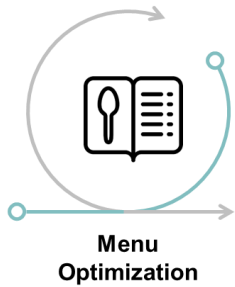
- “Pick Your Pair” and “Meal Deal”
- Exceeding expectations
- 24% of entrée mix in 1Q19
- Increase in average check, driven by growth in UPT

■ Next Steps

- Testing multiple new initiatives
- Driving pipeline of innovation and LTOs



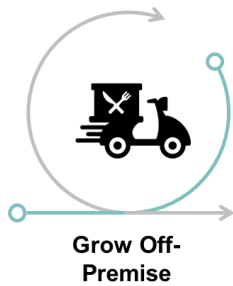
Menu Optimization



***Accelerated innovation to drive traffic and check through
LTO's developed by Michelin-starred chef***



Grow Off-Premise



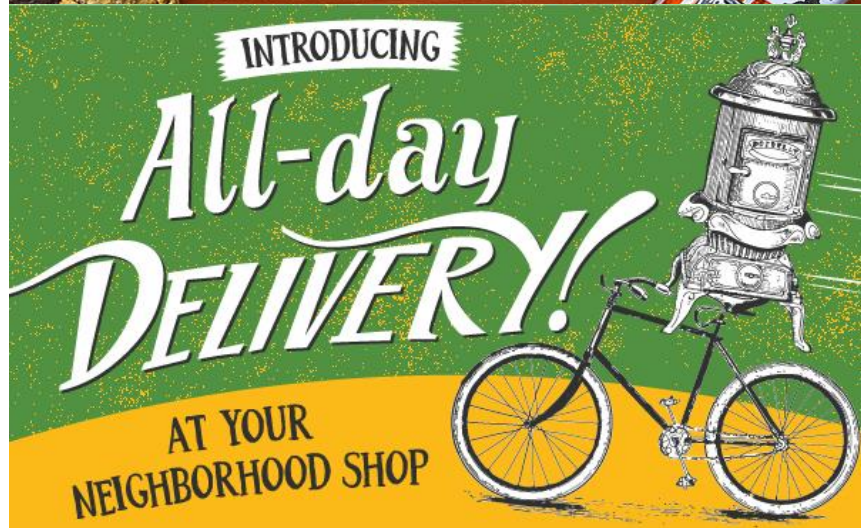
Invest in people and technology to provide a differentiated Off-Premise experience

■ Tremendous Growth Opportunity

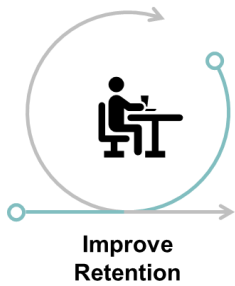
- Craveable product that travels well
- Delivery & catering now available in all shops, all day
- Partnered with DoorDash nationally to augment Company drivers during peak hours and for off-peak delivery windows
- 21.0% of comp sales at 1Q19 up 13.5% vs. 1Q18

■ Next Steps

- Pick-up racks to be rolled out to all shops by 2Q19
- Investing in technology to better integrate off-premise orders, and ability to track your order



Improve Customer Retention



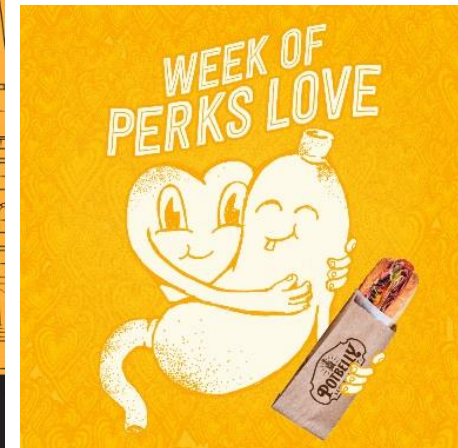
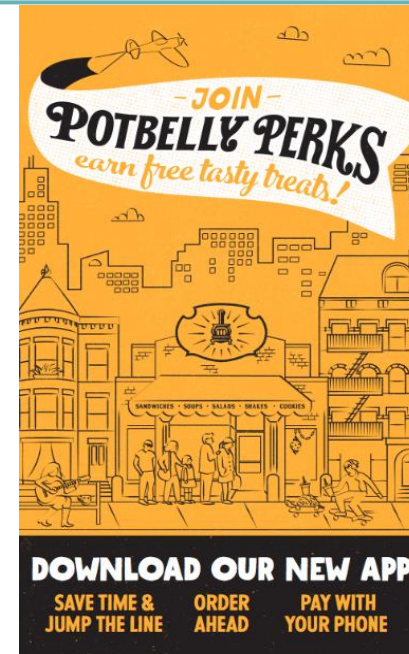
Potbelly Perks – a significant platform to drive retention and build brand

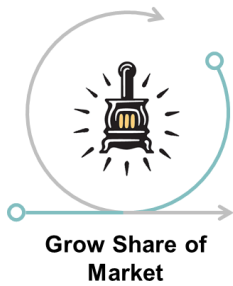
■ Potbelly Perks and Mobile App

- Simple user interface
- Positive customer feedback (PBPB APP Store 4.8 Stars)
- Over 1.3 million registrants vs. 0.8 million in 1Q18
- 18% of sales in 1Q19 vs. 8% in LY
- Members historically spend significantly more

■ Enhancements to Perks Loyalty Program

- “Summer of Smiles” launched June 2019; virtual punch card program
- Focused on driving frequency and retention through timely and relevant rewards
- Learnings will inform go-forward plans





Testing for right combination of message, media, creative and spend to attract/retain customers and build brand awareness

■ Opportunity: improve unaided awareness and consideration

- Remind cult followers why they love Potbelly
- Attract the attention of lapsed customers
- Acquire and retain new customers

■ Launched “New” campaign in April

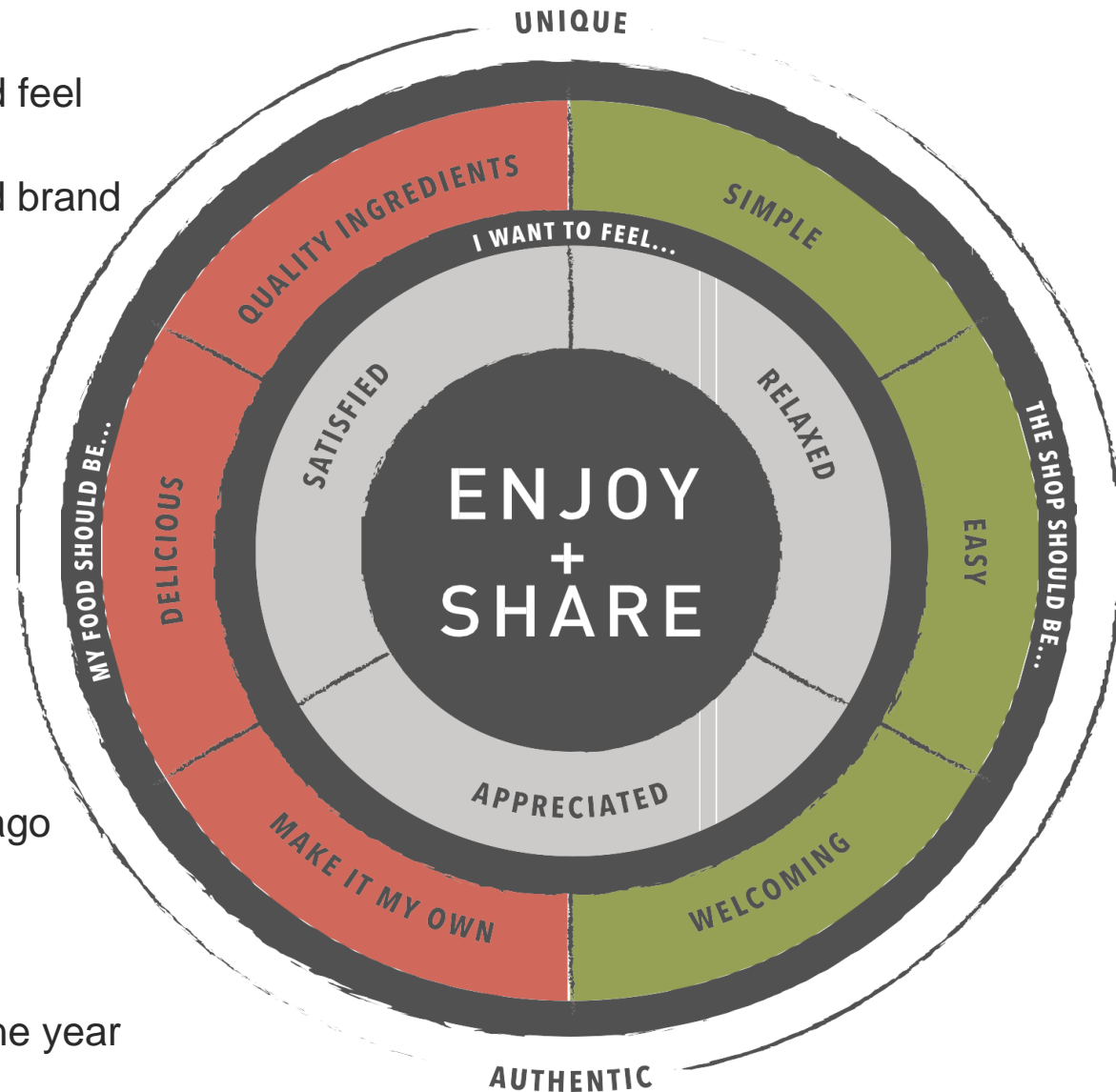
- Significant investment in digital marketing targeting “millennial mindset” psychographic, primarily across three core markets
- Skewed towards digital + social media, complemented by traditional
- Initial few weeks of the campaign drove improved traffic trends, but the results not enough relative to the size of the investment
- Assessing learnings to find the **right mix** of advertising and discounting to drive long-term success



The Potbelly Shop of the Future



- Bottom-up redesign that updates look and feel
- But still maintains unique atmosphere and brand
- Updated format to:
 - Increase customer convenience
 - Shop productivity
 - Optimize sales
 - Better leverage technology
- First two stores will open in 2H19 in Chicago
- 25% less investment cost
- Reduces franchisee payback period by one year



The Potbelly Shop of the Future*



* Subject to change but representative of the final design

The Potbelly Shop of the Future*



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The Potbelly Shop of the Future*



More Shopable Menu Boards!

PICK-YOUR-PAIR \$7.40



HALF BIGS TOASTED SANDWICH
440-1500 cal



CUP OF SOUP OR CHILI
440-1500 cal



HALF SALAD
440-1500 cal



CUP OF MAC & CHEESE
440-1500 cal

SOUPS & MORE CUP \$3.60 BOWL \$4.80

BROCCOLI CHEDDAR 230/350 cal
CHICKEN ENCHILADA 180/270 cal
CLASSIC TOMATO 160/240 cal
GARDEN VEGETABLE 300/110 cal
LOADED BAKED POTATO 210/310 cal
CHICKEN POT PIE SOUP 420/560 cal
CHILI 420/560 cal
 CUP \$3.65
 BOWL \$5.10
 ADD CHEESE 60 cal +.60

SALADS FULL \$7.05 HALF \$4.80

FARMHOUSE 440/220 cal
 All-natural grilled chicken, fresh lettuce, hard-boiled egg, bacon, blue cheese, tomatoes, cucumbers and red onion
UPTOWN 560/230 cal
 All-natural grilled chicken, fresh lettuce, grapes, apples, dried cranberries, canned walnuts, blue cheese and red onion
POWERHOUSE 330/180 cal
 All-natural grilled chicken, avocado, hummus, cucumbers & tomatoes on an all-spinach base
MEDITERRANEAN 390/200 cal
 All-natural grilled chicken, artichoke, chickpeas, roasted red pepper, cucumbers, red onion, tomatoes, feta & seasoning served on romaine, iceberg and spinach
CHICKEN SALAD SALAD 390/200 cal
 Chicken salad, provolone, dried cranberries, cucumbers & tomatoes served on romaine, iceberg and spinach

CHIPS & SIDES

CHIPS \$1.30
 180-220 cal
GARDEN SALAD \$1.70
 220 cal
COLESLAW \$1.70
 230 cal
POTATO SALAD \$1.70
 330 cal
MACARONI SALAD \$1.70
 450 cal
BIG PICKLE \$1.00
 25 cal

MAC & CHEESE CHOOSE ANY 2 TOPPINGS - FREE

BACON 70 cal
CHILI 30 cal
HOT PEPPERS 25 cal
MUSHROOMS 5 cal
ROASTED RED PEPPERS 10 cal

DRESSINGS

POTBELLY VINAIGRETTE 210 cal
 BALSAMIC VINAIGRETTE 270 cal
 LOW FAT VINAIGRETTE 180 cal
 BUTTERMILK RANCH 240 cal

DRINKS

CANNED SODA \$1.40
 BOTTLED DRINKS \$1.90-2.40
 FOUNTAIN DRINKS \$2.20/2.45

OUR WAY SIGNATURE SANDWICHES ORIGINAL \$5.60 BIGS \$7.05

A WRECK® 540/710 cal
 Our Signature sandwich. Salami, roast beef, turkey and ham with Swiss
GRILLED CHICKEN 460/620 cal
 All-natural chicken breast with cheddar
ITALIAN 650/870 cal
 Capicola, mortadella, pepperoni, salami and provolone
PIZZA SANDWICH 580/840 cal
 Pepperoni, meatball, capicola, marinara sauce, provolone, mushrooms & Italian seasoning
MEDITERRANEAN 470/620 cal
 Hummus, feta cheese, cucumbers, artichokes, roasted red pepper. Adding chicken is extra
TURKEY CLUB 640/860 cal
 With lettuce, tomato, cheddar and mayo

YOUR WAY BUILD YOUR SANDWICH ORIGINAL \$5.60 BIGS \$7.05

TURKEY BREAST 440/580 cal
SMOKED HAM 500/650 cal
ROAST BEEF 510/670 cal
TUNA SALAD 520/690 cal
CHICKEN SALAD 590/770 cal
MEATBALL 670/870 cal

SKINNY SANDWICHES 1/3 LESS MEAT, CHEESE AND BREAD \$4.35

T-K-Y 290 cal
MUSHROOM MELT 350 cal
HAMMIE 330 cal

FREE TOPPINGS

MAYO 100-150 cal
MUSTARD 10-15 cal
LETTUCE 5-10 cal
ONION 0-5 cal
TOMATOES 5-10 cal
PICKLES 5-10 cal
HOT PEPPERS 25-40 cal
OLIVE OIL 30-40 cal
ITALIAN SPICES 0 cal

TOPPING EXTRAS

NUESKE'S BACON \$1.45
 120 cal
 AVOCADO \$1.10
 60 cal
 MUSHROOMS \$.65
 5 cal
 CHEESE \$.65
 35-60 cal
 EXTRA MEAT \$1.45
 25-100 cal
 DOUBLE MEAT \$2.25
 90-400 cal

SHAKES, SMOOTHIES & MALTS REGULAR \$3.89 SHORT \$2.79

	SHAKES	SMOOTHIES
VANILLA	710/510 cal	420/310 cal
CHOCOLATE	840/640 cal	520/410 cal
COFFEE	770/580 cal	460/350 cal
OREO	770/580 cal	460/350 cal
BANANA	710/510 cal	420/310 cal
STRAWBERRY	770/580 cal	460/350 cal
MIXED BERRY	770/580 cal	460/350 cal
EXTRA FRUIT	30-90 cal	+\$.30

SHAKES ARE MADE WITH HAND-DIPPED REAL ICE CREAM
 SMOOTHIES ARE MADE WITH NON-FAT FROZEN YOGURT

AMAZING COOKIES BAKED FRESH IN THIS SHOP EVERY DAY \$1.50

SUGAR COOKIE 500 cal
CHOCOLATE BROWNIE 420 cal
OATMEAL CHOCOLATE CHIP 420 cal
 MINI 2-PACK 190 cal \$1.20
 MINI DOZEN 150 cal \$4.15

SWEET TREATS

DREAM BAR 330 cal \$1.70
ICE CREAM SANDWICH 1080/1240 cal \$2.95
 Made with our fresh-baked cookies

MAKE IT A MEAL DEAL

ADD CHIPS & REG FOUNTAIN DRINK +\$2.50
 ADD CHIPS & SHORT SHAKE +\$3.25
 ADD DELI SALAD +\$1.70
 ADD FRESH-BAKED COOKIE +\$1.50

* Subject to change but representative of the final design

The Potbelly Shop of the Future*



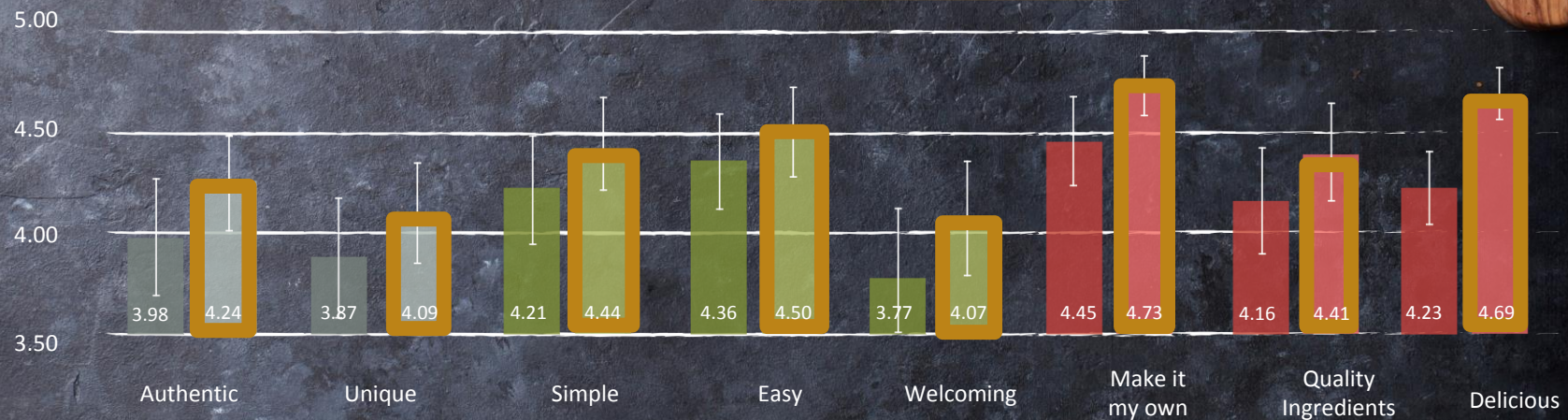
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The Potbelly Shop of the Future



THE SHOP OF THE FUTURE CONCEPT EVALUATION RATINGS:

Potbelly Consumers vs Lapsed Potbelly Consumers



Overall, in this study, Lapsed Potbelly consumers rated the concept slightly higher in every evaluation category. However, there are no statistical differences between the two segments.

KEY:

Potbelly Consumers:

- Food & Shop
- Shop
- Food

Non- Potbelly Consumers:

- Food & Shop
- Shop
- Food

Built the foundation to go to market with the right processes, tools, people and mindset to be competitive in the franchise marketplace

■ Built the Team

- Strong leadership team with franchise, real estate, and operations experience across organizations such as Krispy Kreme, Pizza Hut, Taco Bell, KFC, Moe's Southwest Grill, Carvel, and Schlotzsky's

■ Prioritize Markets for Future Franchise Development

- Focused exclusively on domestic franchise growth

■ Proactive Franchise Recruitment

- Actively participating in franchise events and conferences
- Hosted Discovery Days for prospective franchisees
- Specifically targeting well-capitalized multi-unit operators with significant restaurant experience

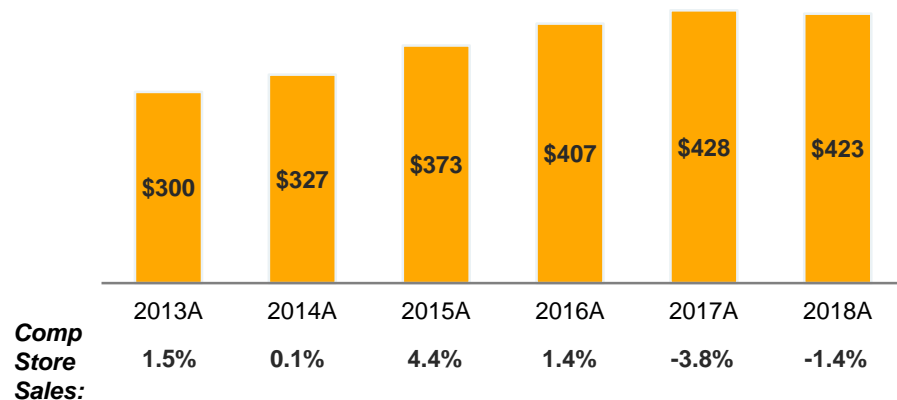
■ Franchise Pipeline Gaining Momentum

- Signed two new franchisees in 1Q19

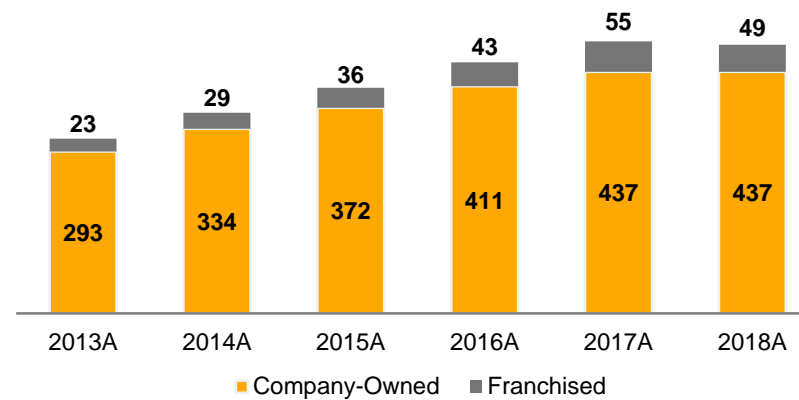
Historical Financial Performance



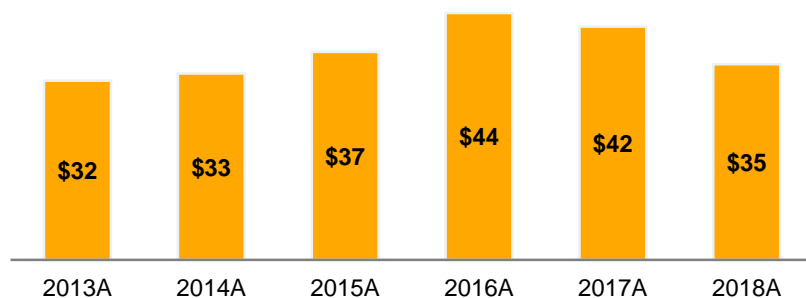
Total Revenues (\$mm)



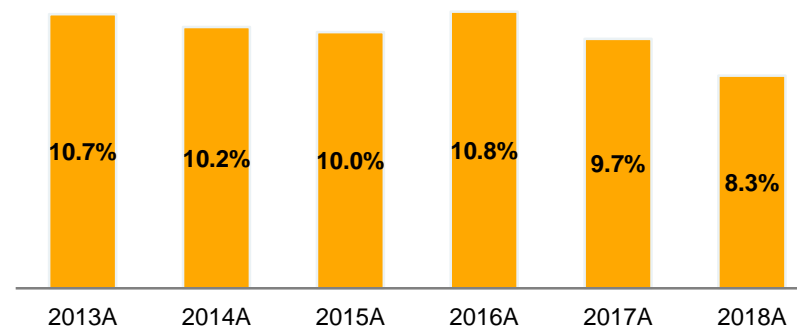
Shop Count (end of period)



Adjusted EBITDA (\$mm) ¹



Adjusted EBITDA Margin ²



(1) Adjusted to exclude impairments, gain or loss on disposal of property and equipment, store closure expense, and stock-based compensation expense.

(2) Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by Total Revenues.

Metric	Fiscal 2019
Same Store Sales	Negative Low Single Digit to Flat
Adjusted EBITDA	\$25 - \$30 million
COGS/Sales	26.5% - 27.0%
Labor/Sales	31.5% - 32.3%
Adjusted G&A	\$42 - \$43 million
New Stores Opened	12-18 Stores (6-8 Company, 6-10 Franchised)
Store Closures	9-12 Company Owned Stores

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APPENDIX



Reported Net Income to Adjusted EBITDA ⁽¹⁾



(amounts in thousands)

	52 Wks Ended 12/29/13	52 Wks Ended 12/28/14	52 Wks Ended 12/27/15	52 Wks Ended 12/25/16	53 Wks Ended 12/31/17	52 Wks Ended 12/30/18
Net income attributable to Potbelly Corporation, as reported	\$1,258	\$4,358	\$5,628	\$8,212	\$(6,956)	\$(8,878)
Depreciation expense	17,875	19,615	21,476	22,734	25,680	23,142
Interest expense, net	387	179	221	134	124	142
Income tax expense (benefit)	(204)	2,748	3,466	4,443	4,643	(2,195)
Impairment, loss on disposal of property and equipment, and closures	1,132	3,885	4,006	4,265	11,659	15,603
Stock-based compensation	11,610	2,542	2,399	3,057	3,848	2,882
Legal settlement	---	---	---	1,300	---	---
CEO transition costs	---	---	---	---	2,695	1,564
Proxy related costs	---	---	---	---	---	810
Restructuring costs	---	---	---	---	---	1,920
Adjusted EBITDA	\$32,058	\$33,327	\$37,196	\$44,145	\$41,693	\$34,990

(1) Adjusted EBITDA as presented in the table titled, "Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures" in our earnings release filed with the SEC on May 7, 2019.

