

Papa John's and Starboard Value Enter Strategic Investment Agreement

Additional Capital and New Expertise to Support
Enhanced Growth and Value Creation

February 2019



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Certain matters discussed in this presentation constitute forward-looking statements within the meaning of the federal securities laws. Generally, the use of words such as “expect,” “intend,” “estimate,” “believe,” “anticipate,” “will,” “forecast,” “plan,” “project,” “opportunity” or similar words identify forward-looking statements that we intend to be included within the safe harbor protections provided by the federal securities laws. Such forward-looking statements may relate to projections or guidance concerning business performance; revenue; earnings; adjusted earnings per share; same store sales; cash flow; use of proceeds from the sale of the Series B Preferred Stock, including investments in certain growth initiatives, debt repayment, advertising, marketing and promotional activity, rebranding efforts, technological investments, and franchisee support; consumer sentiment; profit margins; unit growth; unit level performance; capital expenditures; corporate governance; shareholder and other stakeholder engagement and support; strategic decisions and actions; changes to our current business plan; compliance with debt covenants; previously announced external audit and investigation that the Special Committee (the “Special Committee”) of the Board of Directors of Papa John’s International, Inc. (the “Company”) is overseeing regarding the Company’s existing processes, policies and systems related to diversity and inclusion, supplier and vendor engagement and the Company’s culture (the “Culture Audit”); 2019 guidance; and related initiatives and actions. Such statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict and many of which are beyond our control. Therefore, actual outcomes and results may differ materially from those matters expressed or implied in such forward-looking statements.

The risks, uncertainties and assumptions that are involved in our forward-looking statements include, but are not limited to: negative publicity and consumer sentiment as a result of statements and actions by the founder and former spokesperson of the Company, which may continue to cause sales to decline and/or change consumers’ acceptance of and enthusiasm for our brand; the results of the Culture Audit, costs the Company expects to incur as a result of the recent negative publicity and negative consumer sentiment, including costs related to the Culture Audit, costs associated with the operations of the Special Committee, any costs associated with related litigation, legal fees, and increased costs for branding initiatives and launching a new advertising and marketing campaign and promotions to mitigate negative consumer sentiment and negative sales trends; costs the Company expects to incur relating to franchisee financial assistance to mitigate store closings; the ability of the Company to mitigate the negative consumer sentiment through advertising, marketing and promotional activities; the Company’s ability to regain lost customers; aggressive changes in pricing or other marketing or promotional strategies by competitors, which may adversely affect sales and profitability; new product and concept developments by food industry competitors; changes in consumer preferences or consumer buying habits, including the growing popularity of delivery aggregators, as well as changes in general economic conditions or other factors that may affect consumer confidence and discretionary spending; the adverse impact on the Company or our results caused by product recalls, food quality or safety issues, incidences of foodborne illness, food contamination and other general public health concerns about our company-owned or franchised restaurants or others in the restaurant industry; the effectiveness of our initiatives to improve our brand proposition and operating results, including marketing, advertising and public relations initiatives, technology investments and changes in unit-level operations; the risk that any new advertising or marketing campaign may not be effective in increasing sales; the ability of the Company and its franchisees to meet planned growth targets and operate new and existing restaurants profitably, including difficulties finding qualified franchisees, store level employees or suitable sites; increases in food costs or other sustained higher operating costs. Higher operating costs could include increased employee compensation, benefits or insurance costs, tax rates, increasing compliance costs or new regulatory requirements; increases in insurance claims and related costs for programs funded by the Company up to certain retention limits, including medical, owned and non-owned vehicles, workers’ compensation, general liability and property; disruption of our supply chain or commissary operations which could be caused by our sole source of supply of cheese or limited source of suppliers for other key ingredients or more generally due to weather, natural disasters including drought, disease, or geopolitical or other disruptions beyond our control; increased risks associated with our international operations, including economic and political conditions, instability or uncertainty in our international markets, especially emerging markets, fluctuations in currency exchange rates, difficulty in meeting planned sales targets and new store growth; the impact of current or future claims and litigation and our ability to comply with current, proposed or future legislation that could impact our business including compliance with the European Union General Data Protection Regulation; maintaining compliance with debt covenants under our credit agreement if restaurant sales and operating results continue to decline, and our ability to obtain a waiver or modification to the credit agreement from our lenders if we are unable to maintain compliance; failure to effectively execute succession planning; disruption of critical business or information technology systems, or those of our suppliers, and risks associated with systems failures and data privacy and security breaches, including theft of confidential company, employee and customer information, including payment cards; changes in Federal or state income, general and other tax laws, rules and regulations, including changes from the Tax Cuts and Jobs Act and any related Treasury regulations, rules or interpretations if and when issued; and changes in generally accepted accounting principles, including new standards for revenue recognition and leasing.

These and other risk factors are discussed in detail in “Part I. Item 1A. – Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 as updated by “Part II. Item 1A. – Risk Factors” in our Quarterly Report on Form 10-Q for the quarterly period ended July 1, 2018. We undertake no obligation to update publicly any forward-looking statements, whether as a result of future events, new information or otherwise, except as required by law.

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Culmination of Comprehensive Process



Our agreement with Starboard concludes a comprehensive strategic review conducted over the past five months to better position Papa John's for growth, improve the Company's financial performance and serve the best interests of our stakeholders.

JULY 2018	Special Committee consisting of all of the Board's independent directors is formed and retains Akin Gump Strauss Hauer & Feld as independent outside legal counsel. Hogan Lovells is legal counsel to the Company
AUG 2018	After receiving inbound expressions of interest, Special Committee retains Lazard and BofA Merrill Lynch as independent financial advisors
SEPT 2018	Company commences process to evaluate a wide range of strategic options with the goal of maximizing value for all shareholders and serving the best interest of the Company's stakeholders
SEPT – OCT 2018	Information package distributed to potential strategic and financial investors following execution of NDAs and initial proposals received
OCT – DEC 2018	Certain bidders chosen for further diligence and final proposals received
DEC 2018 – FEB 2019	Special Committee conducts multiple rounds of negotiations with Starboard
FEB 4, 2019	Papa John's announces it has entered strategic investment agreement with Starboard

Transaction Overview



New Financial Resources

Starboard to purchase

\$200M

of new convertible preferred stock¹

Option to purchase up to an additional

\$50M

of convertible preferred stock through 3/29/19²

Potential opportunity for franchisees to purchase

\$10M

of convertible preferred stock through 3/30/19³



Additional Experience and Expertise

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New directors to join Papa John's Board

- Jeff Smith
- Anthony Sanfilippo
- Steve Ritchie

Jeff Smith

to be appointed Chairman

Substantial experience

in restaurant, retail and hospitality industries; skill sets spanning operational turnaround, corporate finance, and corporate governance



Key Terms of the Preferred Equity

Conversion price based on fixed 22.5% premium to 10-day VWAP ending 2/15/19

Lock-up: Starboard may not transfer its shares for one year after closing

May be forcibly converted by PZZA after 5 years

Annual dividend rate: initially 3.60%⁴

Redeemable at the option of either party in 8 years, and provides for additional rights and obligations typical for an investment of this kind

Customary regulatory approvals already received

1. Based upon the Company's closing stock price as of February 1, 2019 of \$38.51, Starboard's initial \$200 million investment would equate to approximately 11% to 15% of Papa John's outstanding common stock on an as-converted basis
2. Subject to certain limitations, including limitations on the amount available for issuance pursuant to the terms of the purchase agreement.
3. Subject to certain limitations (including limitations on the amount available for issuance pursuant to the terms of the purchase agreement), Papa John's has the right to offer franchisees who satisfy the accredited investor requirements under the federal securities laws (subject to verification) an opportunity to purchase a total of \$10 million of the Series B convertible preferred stock on the same terms as Starboard.
4. Payable quarterly in arrears, and the Series B convertible preferred stock will also participate on an as-converted basis in any regular or special dividends paid to holders of Papa John's common stock

Additional Financial Resources to Support Our Operating Priorities



Approximately half of the proceeds from the investment will be used to repay debt, with the remaining proceeds providing financial flexibility that enables Papa John's to invest capital to further advance its five strategic priorities.

“ Our agreement with Starboard provides new expertise and additional financial resources to invest in areas that we believe matter to our customers and the opportunities ahead. Quality and how our product brings people together will be front and center in our efforts. ”

Making People a Priority

People are our most important ingredient

Improving Our Brand Differentiation

Emphasize our **quality** position through our creative media to **differentiate our brand**; it's more than just a tagline

Creating Accessible Value

Drive **value perception** by providing every day **accessible value** to our consumers

Implementing Technological Advancements

Build new technology with **enhanced data** and **analytics** capabilities to **engage** the consumer, create **operational efficiencies**, and better **optimize** our **marketing** spend

Improving Unit Economics

Build a stronger **unit economic** model through **new tools, products, equipment and procedures** to improve customer experience, sales and overall financial performance

New Independent Directors Are Experienced, Proven Value-Creators



Jeffrey C. Smith (46)

Managing Member, CEO, and Chief Investment Officer of Starboard Value

- Extensive experience in capital markets, corporate finance and best-in-class corporate governance practices
- Record of success in significantly improving value at other premier restaurant and consumer facing companies; Named to the Nation's Restaurant News Power List: The 50 Most Powerful People in Food Service in 2015
- Currently Chair of Advance Auto Parts and member of Perrigo Board; previously Chair of Board for Darden and Phoenix Technologies; formerly on Boards of Yahoo!, Quantum Corporation, Office Depot, Regis Corporation, Surmodics, Zoran Corporation, Actel Corporation, Kensey Nash, S1 Corp and the Fresh Juice Company



Anthony Sanfilippo (60)

Former Chairman and CEO of Pinnacle Entertainment

- Significant Board, senior executive and operating expertise in the gaming and hospitality industries
- Prior to Pinnacle Entertainment, served as President and CEO of Multimedia Games and in various operating leadership roles at Harrah's Entertainment (now known as Caesars Entertainment)
- Previously served on the Boards of Directors of Pinnacle Entertainment, Multimedia Games and Jazz Casino Corporation



Financial Update



Preliminary, unaudited selected financial results for the three months and full year ended December 30, 2018 and comparable sales for the period December 31, 2018 to January 31, 2019. Further details regarding the fourth quarter and fiscal 2018 performance as well as outlook for 2019 will be discussed when results are reported in February

Q4'18 and FY'18

	Q4'18	FY'18	FY'18 Guidance
System-wide North America SSS	(8.1%)	(7.3%)	(6.5%) – (8.5%)
System-wide International SSS	(2.6%)	(1.6%)	(2.0%) – 1.0%
Global Net Unit Growth		2.0%	0.0% – 3.0%
Adj. Diluted EPS		near low-end of guidance ¹	\$1.30 – \$1.60 ¹

Period December 31, 2018 to January 31, 2019

System-wide North America SSS	(10.5%)
System-wide International SSS	flat

Primary Drivers of North America January Sales Results

- Consumer sentiment challenges in the U.S.
- Conversion to the Company's new loyalty program
- Ineffective promotions in the heightened competitive environment

1. Excludes the impact of restaurant divestitures and the special charges discussed in the Company's third quarter earnings release. The Company now expects these special charges to be approximately \$51 million, which is at the low-end of its previously provided range of \$50 million to \$60 million. The Company believes presenting the financial information excluding the special items is important for purposes of comparison to prior year results. In addition, management uses these metrics to evaluate the Company's underlying operating performance and analyze trends

Papa John's + Starboard



- ✓ Papa John's has a **strong foundation** in place
- ✓ Our agreement provides **additional financial resources and new expertise** to support the Company's strategy and our differentiated **"BETTER INGREDIENTS. BETTER PIZZA."** market position
- ✓ This is our opportunity to **energize the brand** and the Company
- ✓ We are extending our focus on **BETTER across the Papa John's organization** - for the benefit of our shareholders, team members, franchisees, customers and the communities we serve



