

QUARTERLY SALES: RESTAURANTS

May 1, 2023

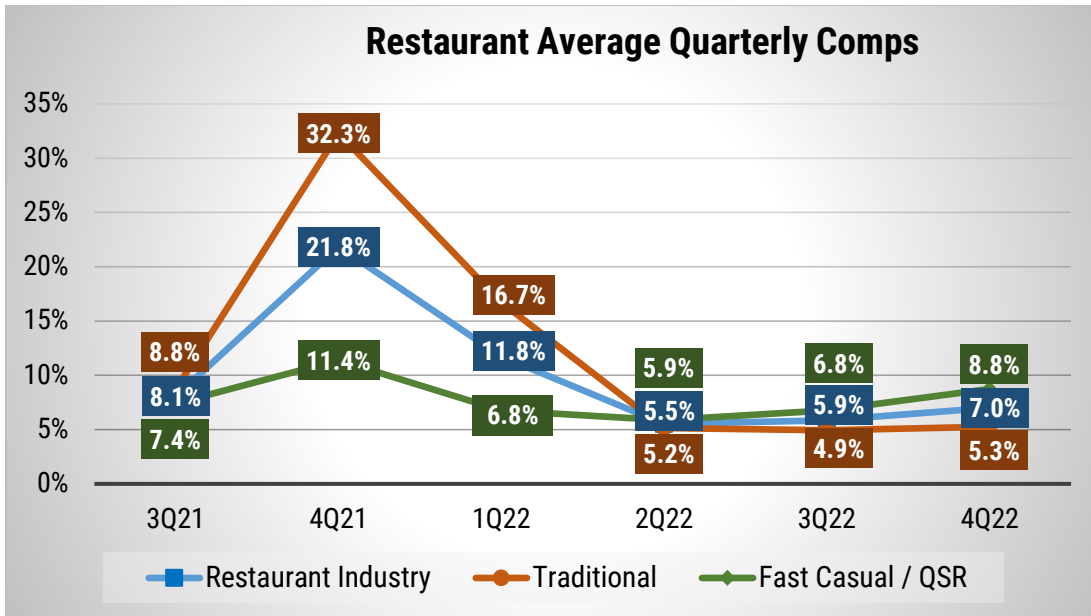
KEY TAKEAWAYS:

- *Menu price hikes fueling comp growth, but are likely to ease in line with slowing commodity inflation*
- *Staffing shortages continue to hinder operating hours and capacity*
- *Off-premise mix settling above pre-COVID levels*

| | Comps | Sales | YOY Sales % Change | Off-Premise % of Sales 4Q22 | Quarter-End Date |
|------------------------------------|-------------|-----------|-----------------------|-----------------------------------|---------------------|
| Traditional | | | | | |
| | (millions) | | | | |
| BJ's Restaurants | 6.6% | \$344.2 | 18.2% | 18% | 1/3/23 |
| Bloomin' Brands | 1.4% | \$1,095.0 | 4.6% | 24% | 12/25/22 |
| Brinker International | 9.1% | \$1,019.0 | 10.1% | 30%* | 12/28/22 |
| Cheesecake Factory Inc. | 4.0% | \$892.8 | 14.9% | 23% | 1/3/23 |
| Chuy's Holdings | 3.4% | \$104.1 | 5.5% | 29% | 12/25/22 |
| Cracker Barrel | 8.4% | \$933.9 | 8.3% | 23% | 1/3/23 |
| Darden Restaurants | 11.7% | \$2,786.2 | 13.8% | 26.0% | 2/26/23 |
| Denny's Corporation | 2.0% | \$120.8 | 12.3% | 21% | 12/28/22 |
| Dine Brands Global | 1.7% | \$208.0 | -9.4% | 24% | 12/31/22 |
| Red Robin Gourmet Burgers | 2.5% | \$290.1 | -3.8% | 27% | 12/25/22 |
| Shake Shack | 5.1% | \$238.5 | 17.4% | 36% | 12/28/22 |
| Steak 'n Shake | N/A | \$98.5 | 31.5% | N/A | 12/31/22 |
| Texas Roadhouse | 7.3% | \$1,009.5 | 12.7% | 13% | 12/27/22 |
| Average - Traditional | 5.3% | | 10.5% | | |
| Fast Casual / QSR | | | | | |
| Carrols Restaurant Group | 6.2% | \$445.1 | 7.0% | 89%* | 1/1/23 |
| Chipotle Mexican Grill | 5.6% | \$2,180.6 | 11.2% | 37% | 12/31/22 |
| El Pollo Loco | 4.7% | \$115.9 | 6.4% | N/A | 12/28/22 |
| Fiesta Restaurant Group | 11.0% | \$97.6 | 9.3% | 67% | 1/1/23 |
| Jack In The Box | 7.8% | \$527.1 | 52.9% | 94% | 1/22/23 |
| McDonald's | 10.3% | \$5,926.5 | -1.4% | 90%* | 12/31/22 |
| Noodles & Co. | 10.2% | \$136.5 | 18.9% | 54% | 1/3/23 |
| Potbelly | 18.9% | \$120.2 | 16.9% | 43% | 12/25/22 |
| Restaurant Brands Int'l | 8.4% | \$1,689.0 | 9.2% | 33%* | 12/31/22 |
| Starbucks | 10.0% | \$8,713.9 | 8.2% | 72% | 1/1/23 |
| Wendy's | 5.9% | \$536.5 | 13.4% | 77%* | 1/1/23 |
| YUM! Brands | 6.0% | \$2,019.0 | 6.8% | 85%* | 12/31/22 |
| Average - Fast Casual / QSR | 8.8% | | 13.2% | *estimated | |
| Total Average | 7.0% | | 11.8% | | |

Restaurant sales trends in 4Q were similar to previous quarters, with further increases in menu pricing driving comp growth across the sector. Restaurants are continuing to see a return to in-store dining, benefiting traditional chains that are improving staffing rates to maximize operating efficiency. Off-premise mix has generally settled above pre-pandemic levels. Overall traffic trends remain weak as customers have become more price-conscious and some continue to cut outside food spending. In this increasingly competitive environment, certain stronger operators have managed to gain share and improve customer traffic through a combination of effective promotions/LTOs, loyalty programs, and value offerings. These have mainly been QSR or Fast Casual chains, such as Chipotle and Noodles & Company, but also some traditional chains like Texas Roadhouse and BJ's, with the latter taking a conservative approach to price relative to competitors. The only restaurants in our coverage to report YOY sales declines were McDonald's due to the sale of its Russian stores, Dine Brands due to the re-franchising of nearly all Company-operated stores, and Red Robin due to store closures. Strong double-digit sales growth was recorded by several companies, including Potbelly (17%) and The Cheesecake Factory (15%). The former has seen a rebound at its urban locations with the return of more office workers, while the latter was boosted by expansion of its smaller concepts. With commodity inflation easing in 2H22 and expected to further normalize in FY23, restaurants are likely to limit further price increases as a means of reviving traffic. Labor availability is likely to remain an issue, which adds more pressure as restaurants have had to raise wage rates and benefits to improve retention.

Restaurant Average Quarterly Comps



| 2023 Seasonally Adjusted Retail Sales (Monthly % Change Year-Over-Year) Source: U.S. Census | | | | Upcoming Comparative Periods | | |
|---|--------------|--------------|--------------|------------------------------|--------------|--------------|
| | Dec'22 | Jan'23 | Feb'23 | Mar'22 | Apr'22 | May'22 |
| Total Retail Sales | 7.0% | 7.7% | 5.4% | 7.1% | 7.8% | 8.7% |
| Retail Sales Ex Auto | 8.0% | 8.6% | 6.8% | 9.5% | 10.5% | 12.0% |
| Retail Sales Ex Auto and Gas | 8.2% | 9.0% | 7.9% | 6.3% | 7.5% | 8.6% |
| By Category: | | | | | | |
| Furniture & home furnishings | 4.2% | 5.7% | 0.1% | 0.4% | 2.0% | 1.3% |
| Electronics & appliance | -6.5% | -1.6% | -2.8% | -4.3% | -4.4% | -5.9% |
| Building materials, garden equip. & supplies | 3.1% | 1.5% | 0.6% | 2.0% | 1.2% | 6.1% |
| Food & beverage stores | 6.2% | 5.3% | 5.5% | 8.4% | 7.3% | 7.7% |
| Grocery stores | 6.7% | 5.4% | 5.8% | 9.4% | 8.4% | 8.7% |
| Health & personal care | 2.0% | 5.1% | 8.0% | 1.2% | 2.0% | 4.6% |
| Gasoline stations | 6.1% | 5.6% | -1.9% | 40.1% | 39.0% | 45.0% |
| Clothing & clothing accessories | 4.4% | 8.8% | 4.3% | 8.9% | 8.7% | 4.1% |
| Sporting goods, hobby, musical instrument & book stores | 4.7% | 7.9% | 3.9% | -5.3% | -3.2% | 0.6% |
| Footwear | 1.0% | 6.9% | TBD | -5.7% | -4.6% | -4.1% |
| General merchandise | 4.7% | 7.4% | 10.5% | -1.6% | -0.7% | 2.4% |
| Department stores | -0.4% | 6.1% | 2.5% | 0.7% | 1.9% | 0.8% |
| Nonstore retailers | 13.6% | 6.8% | 8.5% | 3.6% | 9.3% | 10.9% |
| Food services & drinking places | 15.7% | 24.4% | 15.3% | 22.3% | 20.9% | 17.7% |

*Sporting goods figures are not seasonally adjusted

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