

Restaurants Industry

2/29 4Q Earnings Recap: PZZA, SG

Earnings Review

PZZA: Unit growth expectations reset

We believe Papa John's (PZZA) fourth quarter results and F24 guidance gave the market the unit growth expectations reset it was anticipating (vs recent LT guide of 5-7%). With international gross units slowing to 100-140 - partly offset by a 20%+ increase in net growth in North America - the systemwide unit count will grow at ~1.4%, a modest growth rate for a system of its still fairly modest size (3,433 domestic stores, 2,473 int'l) in our view. Continued growth in the aggregator channel (+50% y/y in 4Q, 1Q QTD trends increased vs 4Q run rate) suggests the competitive impact from DPZ's entry is manageable. We therefore view F24 guidance (North America SSSG at the low end of long-term 2-4% range, \$153-163mm adj EBIT) as very achievable.

F24 EBIT down slightly on slower SSSG, int'l unit growth

Our 1Q and F24 estimates come down due to slower N. America SSSG (adverse weather impact in 1Q) and slower unit growth internationally (Middle East conflict). As a result, F24 EBIT declines slightly (\$168.3mm to \$162.7mm, at the high end of PZZA's guide of \$153-163mm). Higher tax results in lower EPS in 1Q24 (from \$0.70 to \$0.65) and F24 (from \$2.89 to \$2.77). Relative to the S&P 500, PZZA's earnings multiple currently stands at 1.3x, below its 1.5x 5-year average. We view the unit growth runway as achievable despite near term headwinds (UK store rationalization, Middle East conflict) and view the historical average as appropriate. We apply a 1.5x (25.7x absolute from 26.8x) multiple to our 12-month-forward EPS estimate (F25: \$3.50) EPS to arrive at our \$90 PO (unchanged).

SG: 4Q delivers topline & margin beat, more clarity on IK

Sweetgreen's (SG) 4Q SSSG of 6% came in ahead of expectations (vs 4.0%/3.8% BofAE/VA consensus) and profitability was better-than-expected (both RLMs and adj. EBITDA beat). Notable, in our view, was SG's commentary regarding Infinite Kitchen (IK). At the 2 IK units currently open, SG is seeing numerous benefits including higher throughput, higher average ticket, fewer labor hours and lower turnover, and tailwinds to COGS (i.e., actual food costs closer to theoretical with consistent portioning). SG reaffirmed F24 unit growth guidance (we model +12% y/y). Although the rate of unit growth is moderating in F24 (to accommodate IK roll out), SG highlighted that it expects to reaccelerate unit growth to 15% in F25.

Raising F24 EBITDA; Reiterate Buy and \$16 PO

We are raising our F24 EBITDA to \$12mm (vs \$11.8mm prior) as our lower revenue forecast from slightly lower new unit productivity (\$671mm vs \$682mm prior) is more than offset by improving expense leverage (we model 110 bps of restaurant margin expansion y/y) and lower G&A. We set our \$16 PO assuming SG's steady-state normalized earnings discounted back to present. Based on \$2.8mm AUVs, 18% RLMs, and 8% G&A ratio, we estimate EBITDA of \$274mm. Applying a 16.5x terminal multiple (in line with mature growth restaurant peers), we arrive at an enterprise value of \$4.7bb. Discounted back, we arrive at a PO of \$16 (unchanged). We reiterate our Buy rating.

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Refer to important disclosures on page 6 to 9. Analyst Certification on page 5. Price Objective Basis/Risk on page 5.

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Stock symbol key:
PZZA – Papa John's
SG – Sweetgreen

Glossary:
AUV – average unit volumes
G&A – general & administrative expense
IK – Infinite Kitchen
RLM – restaurant level margin
SSSG – same-store sales growth, also known as comparable sales or “comps”

Exhibit 1: We forecast adj EBIT of \$162.7mm in F24 and \$190.7mm in F25

PZZA Income Statement F23-F25E

(\$ in millions; FYE December)

	2023	1Q24E	2Q24E	3Q24E	4Q24E	2024E	1Q25E	2Q25E	3Q25E	4Q25E	2025E
Revenues:											
Domestic Company-owned restaurant sales	726.4	183.5	182.5	183.2	184.4	733.6	185.5	188.7	190.8	193.4	758.4
North America franchise	144.6	37.4	36.6	37.0	38.0	149.0	39.2	39.2	39.9	41.2	159.4
North America commissary and other sales	852.4	213.2	210.9	208.9	215.8	848.8	230.5	233.2	232.8	241.4	938.0
International	157.2	45.9	43.3	37.2	39.0	165.4	44.8	45.2	42.3	41.6	173.9
Other revenues	255.3	68.8	65.1	65.5	60.4	259.8	72.2	69.8	70.8	65.4	278.4
Total revenues	2,135.7	548.8	538.4	531.8	537.6	2,156.6	572.2	576.0	576.7	583.1	2,308.1
growth y/y (%)	2%	4%	5%	2%	(6%)	1%	4%	7%	8%	8%	7%
Costs and expenses:											
Domestic Company-owned restaurant expenses	587.9	150.2	148.6	149.7	143.1	591.6	151.1	152.9	155.1	150.2	609.4
North America commissary and other expenses	787.6	196.0	192.0	191.1	197.7	776.8	210.1	210.5	211.3	219.4	851.4
International expenses	103.2	28.5	25.8	25.1	28.0	107.4	27.8	27.0	28.6	30.0	113.4
Other expenses	235.5	62.5	61.4	60.0	55.4	239.3	65.8	66.0	64.9	60.0	256.7
Total expenses	1,714.1	437.2	427.8	425.9	424.3	1,715.1	454.9	456.4	459.9	459.7	1,830.8
Adj. G&A	201.1										
General and administrative expenses	210.4	54.9	53.8	50.5	51.1	210.3	54.9	55.3	52.5	55.4	218.1
Depreciation and amortization	64.1	16.8	17.1	17.6	17.0	68.4	16.8	17.1	17.6	17.0	68.4
Operating income	147.1	40.0	39.6	37.8	45.3	162.7	45.6	47.3	46.8	51.1	190.7
Operating income margin (%)	6.9%	7.3%	7.4%	7.1%	8.4%	7.5%	8.0%	8.2%	8.1%	8.8%	8.3%
growth y/y (%)	35%	6%	14%	19%	6%	11%	14%	19%	24%	13%	17%
Adjusted operating income	157.0	40.0	39.6	37.8	45.3	162.7	45.6	47.3	46.8	51.1	190.7
Adjusted operating income margin (%)	7.4%	7.3%	7.4%	7.1%	8.4%	7.5%	8.0%	8.2%	8.1%	8.8%	8.3%
growth y/y (%)	(0%)	2%	7%	12%	(4%)	4%	14%	19%	24%	13%	17%
EBITDA	211.2	56.8	56.7	55.4	62.2	231.1	62.4	64.4	64.3	68.0	259.2
EBITDA margin (%)	9.9%	10.3%	10.5%	10.4%	11.6%	10.7%	10.9%	11.2%	11.2%	11.7%	11.2%
Adjusted EBITDA	221.1	56.8	56.7	55.4	62.2	231.1	62.4	64.4	64.3	68.0	259.2
Adjusted EBITDA margin (%)	10.4%	10.3%	10.5%	10.4%	11.6%	10.7%	10.9%	11.2%	11.2%	11.7%	11.2%
growth y/y (%)	6%	5%	8%	11%	(4%)	5%	10%	13%	16%	9%	12%
Interest expense, net	(43.5)	(10.8)	(10.8)	(10.8)	(10.8)	(43.2)	(10.8)	(10.8)	(10.8)	(10.8)	(43.2)
Implied interest rate	6%										
Pre-tax income	103.7	29.2	28.8	27.0	34.5	119.5	34.8	36.5	36.0	40.3	147.6
Income taxes	(20.9)	(7.9)	(6.5)	(6.1)	(7.8)	(28.2)	(8.4)	(8.2)	(8.1)	(9.1)	(33.7)
Tax rate (%)	20%	27%	23%	23%	23%	24%	24%	23%	23%	23%	23%
Income attributable to noncontrolling interests	(0.7)	(0.2)	(0.1)	(0.1)	(0.4)	(0.7)	(0.2)	(0.1)	(0.1)	(0.4)	(0.7)
Net income	82.1	21.1	22.3	20.9	26.4	90.6	26.3	28.2	27.8	30.9	113.1
Net margin (%)	3.8%	3.9%	4.1%	3.9%	4.9%	4.2%	4.6%	4.9%	4.8%	5.3%	4.9%
Net income attributable to common shareholders	82.1	21.1	22.3	20.9	26.4	90.6	26.3	28.2	27.8	30.9	113.1
Basic EPS (GAAP)	\$2.49	\$0.65	\$0.69	\$0.64	\$0.81	\$2.79	\$0.81	\$0.88	\$0.87	\$0.96	\$3.52
growth y/y (%)	31%	(1%)	26%	32%	2%	12%	25%	28%	35%	18%	26%
Diluted EPS (GAAP)	\$2.48	\$0.65	\$0.68	\$0.64	\$0.81	\$2.77	\$0.81	\$0.87	\$0.86	\$0.96	\$3.49
growth y/y (%)	31%	(1%)	25%	32%	2%	12%	25%	28%	35%	18%	26%
Adjusted diluted EPS	\$2.71	\$0.65	\$0.68	\$0.64	\$0.81	\$2.77	\$0.81	\$0.87	\$0.86	\$0.96	\$3.50
growth y/y (%)	-8%	-5%	15%	21%	-11%	2%	25%	28%	35%	18%	26%

Source: Company reports, BofA Global Research estimates

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Exhibit 2: Our F24 adj. EBIT lowers from \$168.3mm to \$162.7mm

Papa John's BofA Estimates - Prior vs New

	Prior 1Q24E	New 1Q24E	% Change	Prior 2Q24E	New 2Q24E	% Change	Prior 2024E	New 2024E	% Change	Prior 2025E	New 2025E	% Change
Total Revenue (\$mm)	\$554.5	\$548.8	(1%)	\$537.5	\$538.4	0%	\$2,245.0	\$2,156.6	(4%)	\$2,416.9	\$2,308.1	(5%)
Adjusted operating income (\$mm)	\$41.5	\$40.0	(4%)	\$40.1	\$39.6	(1%)	\$168.3	\$162.7	(3%)	\$190.5	\$190.7	0%
Adjusted EBITDA(\$mm)	\$58.3	\$56.8	(3%)	\$56.2	\$56.7	1%	\$234.3	\$231.1	(1%)	\$256.5	\$259.2	1%
Adjusted diluted EPS	\$0.70	\$0.65	(8%)	\$0.67	\$0.68	1%	\$2.89	\$2.77	(4%)	\$3.45	\$3.50	1%

Source: BofA Global Research estimates

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Exhibit 3: SG reported 4Q SSSG of 6%, ahead of consensus

SG 4Q23 Reported 4Q23 Earnings vs BofAE/Visible Alpha Consensus

	Reported 4Q22	Reported 4Q23	y/y change	BofAE 4Q23	Consensus 4Q23	Variance (vs BofAE) 4Q23	Variance (vs Cons) 4Q23
SSSG	4.0%	6.0%	2 ppt	4.0%	3.9%	2 ppt	2 ppt
Total Restaurants (EOP)	186	221	19%	221	221	0%	0%
Revenue	\$118.6	\$153.0	29%	\$150.7	\$151.1	2%	1%
Food, beverage, and packaging	\$34.7	\$43.4	25%	\$42.8	\$41.8	1%	4%
% of Revenue	29.2%	28.4%	-87 bps	28.4%	27.7%	-7 bps	71 bps
Labor and related expenses	\$38.2	\$44.8	17%	\$44.5	\$45.5	1%	-2%
% of Revenue	32.2%	29.3%	-290 bps	29.5%	30.1%	-24 bps	-83 bps
Occupancy and related expenses	\$12.1	\$14.2	17%	\$15.1	\$15.4	-6%	-8%
% of Revenue	10.2%	9.3%	-92 bps	10.0%	10.2%	-76 bps	-90 bps
Other restaurant operating costs	\$20.9	\$25.9	24%	\$26.1	\$26.1	-1%	-1%
% of Revenue	17.6%	16.9%	-68 bps	17.3%	17.3%	-40 bps	-37 bps
Restaurant operating costs	\$105.7	\$128.2	21%	\$128.5	\$128.8	0%	0%
% of Revenue	89.2%	83.8%	-538 bps	85.3%	85.2%	-147 bps	-140 bps
RLM	10.8%	16.2%	538 bps	14.7%	14.8%	147 bps	140 bps
G&A Adjustments (SBC, nonrecurring)	\$15.8	\$9.4	-40%	\$12.1	\$12.7	-22%	-26%
G&A Excl. SBC	\$27.7	\$26.1	-6%	\$25.5	\$24.9	3%	5%
Depreciation & Amort.	\$12.6	\$16.2	28%	\$15.8	\$16.0	2%	1%
Pre-Opening costs	\$3.4	\$1.1	-69%	\$0.3	\$0.8	248%	32%
Income Tax Expense	\$0.0	\$0.6	NM	-\$3.3	-\$3.3	-118%	-117%
Net Income/Loss	-\$49.3	-\$27.4	-44%	-\$26.5	-\$28.2	4%	-3%
Adjusted EBITDA	-\$17.9	-\$1.8	-90%	-\$3.3	-\$3.3	-45%	-44%
Adjusted EPS	-\$0.35	-\$0.17	-51%	-\$0.17	-\$0.17	0%	0%

Source: Company reports, BofA Global Research estimates, Visible Alpha

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Exhibit 4: We forecast EBITDA of \$12.0mm in F24 and \$39.9mm in F25

SG Income Statement, F23-F25E

(\$ in mm except per share amounts; YE December)

	2023	1Q24E	2Q24E	3Q24E	4Q24E	2024E	1Q25E	2Q25E	3Q25E	4Q25E	2025E
Revenue	\$584.0	\$152.0	\$177.1	\$172.5	\$169.5	\$671.0	\$175.7	\$205.2	\$201.8	\$198.3	\$781.1
y/y growth (%)	24%					15%					16%
Food, beverage, and packaging	\$161.7	\$41.0	\$47.4	\$46.9	\$48.1	\$183.4	\$47.5	\$55.2	\$55.1	\$56.4	\$214.3
Labor and related expenses	\$171.3	\$46.4	\$53.0	\$47.6	\$47.9	\$194.9	\$53.6	\$61.6	\$55.5	\$56.1	\$226.8
Occupancy and related expenses	\$54.3	\$15.0	\$15.6	\$16.1	\$16.3	\$62.9	\$16.8	\$17.5	\$18.2	\$18.5	\$71.0
Other restaurant operating costs	\$94.8	\$24.6	\$26.9	\$27.6	\$25.7	\$104.8	\$27.5	\$30.1	\$30.9	\$28.8	\$117.3
Restaurant operating costs	\$482.1	\$127.0	\$142.8	\$138.2	\$137.9	\$545.9	\$145.5	\$164.4	\$159.7	\$159.8	\$629.5
General & Admin Exp.	\$146.8	\$34.4	\$35.9	\$34.3	\$29.4	\$134.1	\$23.6	\$31.1	\$29.8	\$25.4	\$109.9
G&A Adjustments (SBC, nonrecurring)	\$49.5	\$7.6	\$8.9	\$8.6	\$8.5	\$33.6	\$3.5	\$4.1	\$4.0	\$4.5	\$16.1
G&A Excl. SBC	\$97.2	\$26.8	\$27.0	\$25.7	\$20.9	\$100.5	\$20.1	\$27.0	\$25.7	\$20.9	\$93.8
Depreciation & Amort.	\$59.5	\$15.9	\$16.9	\$17.6	\$17.9	\$68.3	\$18.4	\$19.5	\$20.6	\$21.0	\$79.6
Pre-Opening costs	\$9.3	\$2.0	\$1.3	\$1.5	\$9.0	\$13.7	\$10.4	\$2.2	\$1.3	\$1.5	\$15.3
Impairment of long-lived assets	\$0.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Loss on disposal of property and equipment	\$0.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$4.0	\$4.0



Exhibit 4: We forecast EBITDA of \$12.0mm in F24 and \$39.9mm in F25

SG Income Statement, F23-F25E

(\$ in mm except per share amounts; YE December)

	2023	1Q24E	2Q24E	3Q24E	4Q24E	2024E	1Q25E	2Q25E	3Q25E	4Q25E	2025E
Total Operating Expense	\$216.8	\$52.3	\$54.0	\$53.5	\$56.3	\$216.1	\$52.4	\$52.9	\$51.7	\$51.8	\$208.8
Adjusted Operating Expense	\$166.8	\$44.5	\$44.9	\$44.5	\$47.6	\$181.4	\$48.6	\$48.4	\$47.3	\$47.0	\$191.3
Operating Income/Loss from operations	(\$114.9)	(\$27.3)	(\$19.8)	(\$19.2)	(\$24.8)	(\$91.0)	(\$22.3)	(\$12.0)	(\$9.6)	(\$13.3)	(\$57.2)
Interest Expense	(\$0.1)	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.1)	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.1)
Interest Income	\$12.9	\$3.2	\$3.2	\$3.2	\$3.2	\$13.0	\$3.2	\$3.2	\$3.2	\$3.2	\$13.0
Net Interest Exp.	\$12.8	\$3.2	\$3.2	\$3.2	\$3.2	\$12.9	\$3.2	\$3.2	\$3.2	\$3.2	\$12.9
Other Income	(\$3.5)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Income/Loss before income tax	(\$112.4)	(\$24.1)	(\$16.5)	(\$15.9)	(\$21.6)	(\$78.1)	(\$19.0)	(\$8.8)	(\$6.4)	(\$10.1)	(\$44.2)
Income Tax Expense	\$0.4	\$1.2	\$0.8	\$0.8	\$1.1	\$3.9	\$1.0	\$0.4	\$0.3	\$0.5	\$2.2
Tax rate (%)	-0.3%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%
Net Income/Loss	(\$112.7)	(\$25.3)	(\$17.4)	(\$16.7)	(\$22.7)	(\$82.0)	(\$20.0)	(\$9.2)	(\$6.7)	(\$10.6)	(\$46.5)
Adjusted Net Income	(\$66.8)	(\$17.4)	(\$8.2)	(\$7.8)	(\$13.9)	(\$47.3)	(\$16.2)	(\$4.8)	(\$2.3)	(\$5.8)	(\$29.0)
Basic EPS	(\$1.01)	(\$0.23)	(\$0.16)	(\$0.15)	(\$0.20)	(\$0.73)	(\$0.18)	(\$0.08)	(\$0.06)	(\$0.09)	(\$0.41)
Weighted Avg. Basic Shares Out.	111.6	111.8	112.0	112.2	112.4	112.1	112.3	112.5	112.7	112.9	112.6
Diluted EPS	(\$1.01)	(\$0.22)	(\$0.15)	(\$0.15)	(\$0.20)	(\$0.72)	(\$0.17)	(\$0.08)	(\$0.06)	(\$0.09)	(\$0.41)
Adjusted EPS	(\$0.60)	(\$0.15)	(\$0.07)	(\$0.07)	(\$0.12)	(\$0.41)	(\$0.14)	(\$0.04)	(\$0.02)	(\$0.05)	(\$0.25)
Weighted Avg. Diluted Shares Out.	111.9	113.8	114.0	114.2	114.4	114.1	114.3	114.5	114.7	114.9	114.6
Stock-based compensation	\$49.5	\$7.6	\$8.9	\$8.6	\$8.5	\$33.6	\$3.5	\$4.1	\$4.0	\$4.5	\$16.1
Spyce acquisition costs	\$0.5	\$0.3	\$0.3	\$0.3	\$0.3	\$1.2	\$0.3	\$0.4	\$0.4	\$0.3	\$1.4
Restructuring charges	\$7.4										
Adjusted EBITDA	(\$2.8)	(\$3.5)	\$6.2	\$7.4	\$1.9	\$12.0	(\$0.0)	\$12.0	\$15.4	\$12.5	\$39.9

Source: Company reports, BofA Global Research estimates

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Exhibit 5: Our F24 EBITDA estimate ticks up slightly from \$11.8mm to \$12.0mm

Sweetgreen BofA Estimates - Prior vs New

	Prior 1Q24	New 1Q24	% Change	Prior 2Q24	New 2Q24	% Change	Prior 2024E	New 2024E	% Change	Prior 2025E	New 2025E	% Change
Revenue	\$151.2	\$152.0	1%	\$180.2	\$177.1	-2%	\$681.5	\$671.0	-2%	\$793.3	\$781.1	-2%
Adjusted EPS	(\$0.18)	(\$0.15)	-14%	(\$0.08)	(\$0.07)	-6%	(\$0.45)	(\$0.41)	-7%	(\$0.33)	(\$0.25)	-23%
Adjusted EBITDA	(\$5.7)	(\$3.5)	-38%	\$6.6	\$6.2	-5%	\$11.8	\$12.0	2%	\$34.2	\$39.9	16%

Source: BofA Global Research estimates

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Exhibit 6: Stocks mentioned

Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
PZZA	PZZA US	Papa John's Int	US\$ 71.89	B-1-7
SG	SG US	Sweetgreen	US\$ 12.74	C-1-9

Source: BofA Global Research

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Price objective basis & risk

Papa Johns International (PZZA)

Our \$90 PO is based on FQ25 EPS (\$3.50) and a 1.5x multiple relative to the S&P (25.7x absolute multiple), in line with its 10-year historical average.

Downside risks: slower-than-expected consumer growth, increased competition in response to slower consumer spending driving promotional intensity, higher-than-expected inflationary pressures, labor shortages.

Sweetgreen (SG)

Our \$16 PO is based on normalized earnings power. Assuming SG is able to reach its long-term target of 1000 stores in ten years, with 18% restaurant-level margin and 8% G&A, we arrive at \$274mm EBITDA. We apply a 16.5x terminal multiple - consistent with mature growth restaurant peers - after adjusting for SG's domestic, company-operated status - to arrive at EV of \$4.5 bb, or \$1.5 bb discounted back to today at 12%.

Downside risks include i) slower SSSG as a result of lower discretionary spending, ii) inability to gain traction in new markets outside of the urban core, iii) failure to offset food and labor cost inflation through pricing and volume growth, iv) worse than expected development challenges (construction costs, permitting) which could limit unit growth.

Analyst Certification

We, Sara Senatore and Katherine Griffin, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

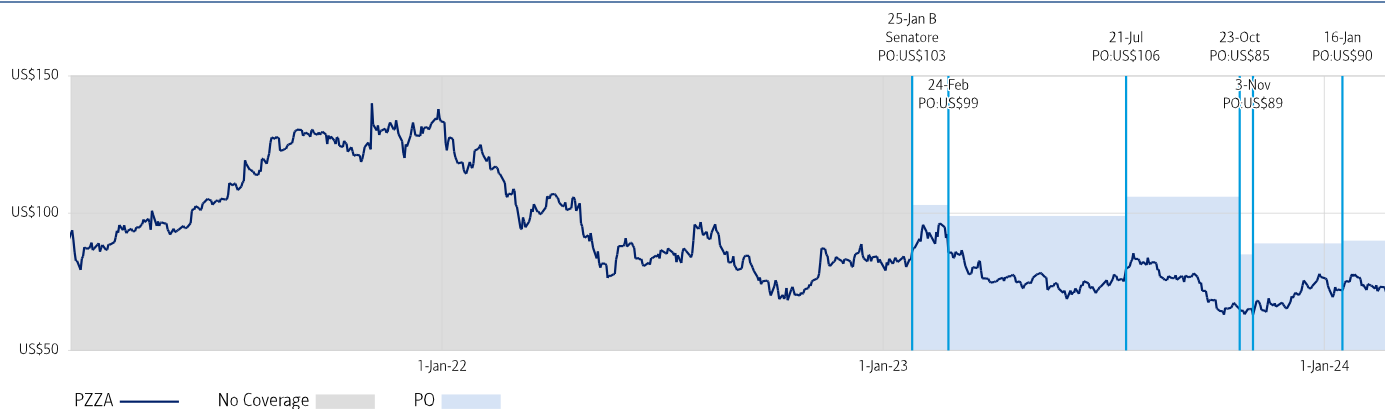
US - Restaurants Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Chipotle Mexican Grill	CMG	CMG US	Sara Senatore
	Darden Restaurants	DRI	DRI US	Sara Senatore
	Domino's Pizza	DPZ	DPZ US	Sara Senatore
	Dutch Bros	BROS	BROS US	Sara Senatore
	First Watch	FWRG	FWRG US	Sara Senatore
	Jack in the Box	JACK	JACK US	Sara Senatore
	Krispy Kreme	DNUT	DNUT US	Sara Senatore
	Papa Johns International	PZZA	PZZA US	Sara Senatore
	Starbucks	SBUX	SBUX US	Sara Senatore
	Sweetgreen	SG	SG US	Katherine Griffin
	Texas Roadhouse	TXRH	TXRH US	Sara Senatore
	Wingstop Inc	WING	WING US	Sara Senatore
NEUTRAL				
	Bloomin Brands	BLMN	BLMN US	Sara Senatore
	McDonald's	MCD	MCD US	Sara Senatore
	Shake Shack	SHAK	SHAK.US	Sara Senatore
	The Cheesecake Factory	CAKE	CAKE US	Katherine Griffin
	Yum Brands Inc	YUM	YUM US	Sara Senatore
UNDERPERFORM				
	Brinker International	EAT	EAT US	Katherine Griffin
	Cracker Barrel	CBRL	CBRL US	Katherine Griffin
	Restaurant Brands International	YQSR	QSR CN	Sara Senatore
	Restaurant Brands International Inc.	QSR	QSR US	Sara Senatore
	Wendy's Co	WEN	WEN US	Sara Senatore
RSTR				
	Portillo's Inc.	PTLO	PTLO US	Sara Senatore

Disclosures

Important Disclosures

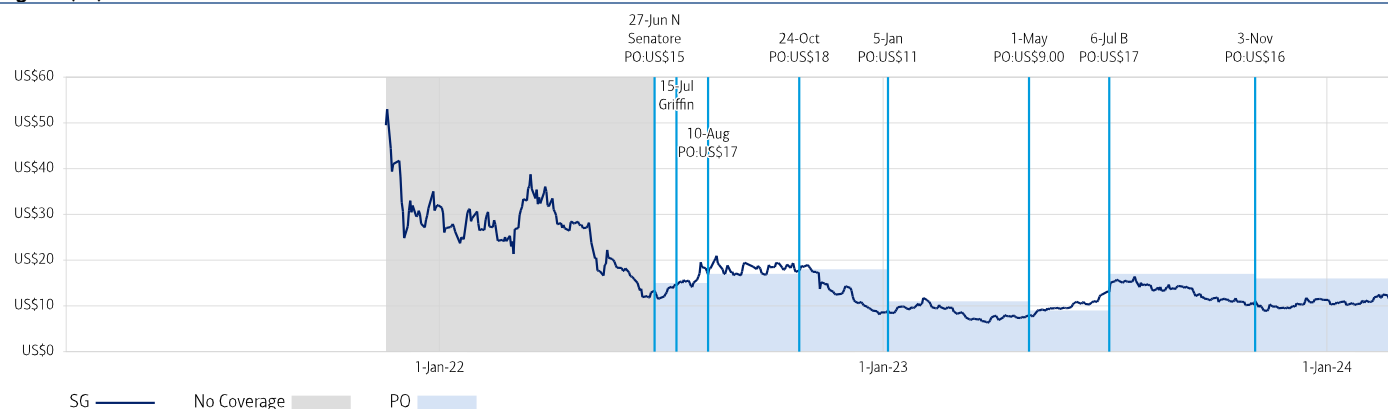
Papa Johns Int (PZZA) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Sweetgreen (SG) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Equity Investment Rating Distribution: Restaurants Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	21	58.33%	Buy	10	47.62%
Hold	10	27.78%	Hold	3	30.00%
Sell	5	13.89%	Sell	4	80.00%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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