

Restaurants Industry

4Q preview: Can margin recovery continue?

Price Objective Change

Restaurant demand improved throughout 4Q

According to [BAC aggregate credit and debit card Data \(see here\)](#), spending growth improved through the quarter – from a -0.6% decline in October to +2.3% in November before exiting the quarter at +3.6% in December. The most pronounced improvement was in spending on Pizza (-2.0% y/y in Dec vs -3.7% in Nov and -7.0% in October) and while the casual dining segment slowed. Spending at independent/local restaurants outpaced chain restaurants for most of 4Q - independents spend grew 2.3% y/y vs +0.3% y/y among chains - which helps explain the better performance of brick & mortar restaurants (+3.2% y/y in Dec vs -1.8% in Nov). See [BofA on USA](#) for methodology, limitations, and disclaimers for BAC card data and commentary on broader retail trends from the Economics team. We believe the relative strength of independents (who also tend to have smaller digital businesses) may explain the divergence across different industry datasets.

Deflation/disinflation in 1Q; cattle now flat y/y

Given that inflation for most commodities is in-line or lower than last quarter – especially notable in beef, which has been the source of much of the recent inflationary impulse – commodity guidance ranges could move lower for some restaurants. The fourth quarter of the year saw meaningful deflation for natural gas (-44.6%), wheat (-29.4%), corn (-22.4%) and soybean oil (-18.4%). Futures forecast continued deflation in 1Q24 for most commodities; greatest declines are forecasted for wheat (-24.4%), corn (-24.2%) and dairy (CME cheese -13.6%, CME milk -11.3%). Sugar and coffee are expected to increase 8.8% and 2.6% respectively, implying a slowdown in y/y inflation (41.3% and 6.5% y/y in 4Q). Cattle prices are expected to be stable y/y (+0.1%). Nat. gas, oil prices are forecasted to decline y/y.

Fine-tune estimates for FX, inflation; update POs

We are fine-tuning estimates for 14 of our companies. We also adjust POs to reflect estimate changes and higher market multiples. Please see company pages for details on revised estimates.

Industry relative valuation below historical averages

Relative to the equal-weighted S&P 500, an index of the restaurants in the S&P 500 is trading at a 9% discount, below its 5-year and 10-year historical averages (1.1x, 1.2x respectively) and below its 15-year average (1.3x).

Promotions, margins in focus

As we wrote in our [2024 Outlook \(see here\)](#), promotional intensity has historically increased as input prices have fallen so more promotions don't necessarily translate into margin pressure. That said, many FSRs reduced marketing spend during the pandemic, largely flowing the lower spend to margins. We see some risk that spend increases beyond what has been telegraphed.

BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Refer to important disclosures on page 30 to 33. Analyst Certification on page 29. Price Objective Basis/Risk on page 24.

12651906

Timestamp: 29 January 2024 05:00AM EST

29 January 2024

Equity
United States
Restaurants

Sara Senatore
Research Analyst
BofAS
+1 646 743 2110
sara.senatore@bofa.com

Katherine Griffin
Research Analyst
BofAS
+1 646 855 2849
katherine.griffin@bofa.com

Jessica Owusu Afari
Research Analyst
BofAS
+1 646 617 9040
jessica.owusu-afari@bofa.com

Exhibit 1: We are updating POs on higher market multiples, updated estimates

PO change summary

	Last Price	Prior PO	Updated PO	% change
CAKE	\$34	\$33	\$37	13%
CMG	\$2,324	\$2,570	\$2,700	5%
DPZ	\$419	\$483	\$491	2%
EAT	\$39	\$37	\$43	17%
MCD	\$292	\$291	\$341	17%
TXRH	\$123	\$123	\$146	19%
WING	\$273	\$285	\$323	13%
YUM	\$129	\$130	\$151	16%

Source: Bloomberg, BofA Global Research estimates
BofA GLOBAL RESEARCH

Please see Glossary of terms on pages 22 and 23.

Exhibit 2: Confirmed and estimated* EPS release dates for companies in our coverage

EPS Release Calendar

Company	Reporting Quarter	EPS Release Date	EPS Release Time	Conference Call
SBUX	1Q24	1/30/2024	4:05pm ET	5:00pm ET
EAT	2Q24	1/31/2024	6:45am ET	10:00am ET
MCD	4Q23	2/5/2024	7:00am ET	8:30am ET
CMG	4Q23	2/6/2024	4:10pm ET	4:30pm ET
YUM	4Q23	2/7/2024	7:00am ET	8:15am ET
QSR	4Q23	2/13/2024	6:00am ET	8:30am ET
TXRH	4Q23	2/15/2024	4:03pm ET	5:00pm ET
WEN	4Q23	2/15/2024	7:00am ET	8:30am ET
SHAK	4Q23	2/15/2024	7:00am ET	8:00am ET
DNUT*	4Q23	2/15/2024	6:45am ET	8:30am ET
BLMN*	4Q23	2/16/2024	6:45am ET	8:00am ET
WING	4Q23	2/21/2024	8:01am ET	10:00am ET
CAKE	4Q23	2/22/2024	4:15pm ET	5:00pm ET
BROS*	4Q23	2/22/2024	4:05pm ET	5:00pm ET
SG*	4Q23	2/23/2024	4:05pm ET	5:00pm ET
DPZ	4Q23	2/26/2024	6:05am ET	8:30am ET
CBRL*	2Q24	2/28/2024	8:00am ET	11:00am ET
PZZA	4Q23	2/29/2024	7:00am ET	8:00am ET
PTLO*	4Q23	3/1/2024	8:00am ET	10:00am ET
JACK*	1Q24	3/1/2024	4:00pm ET	5:00pm ET
FWRG*	4Q23	3/7/2024	7:00am ET	8:00am ET
DRI*	3Q24	3/22/2024	7:00am ET	8:30am ET

Source: Company reports, Bloomberg

*Indicates date/time estimated by Bloomberg yet to be confirmed by the company

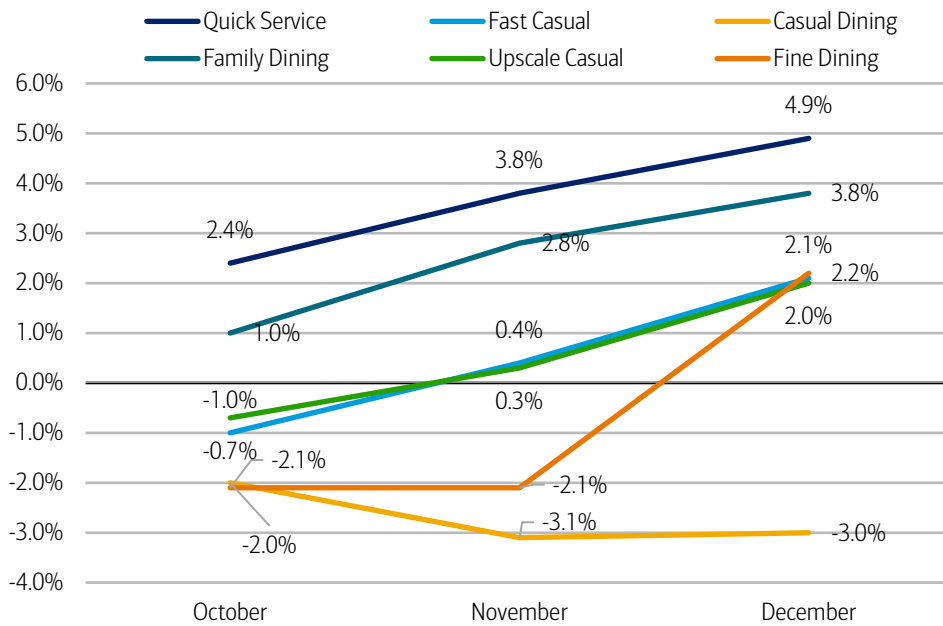
BofA GLOBAL RESEARCH

Restaurant spending improved sequentially through 4Q

Black Box industry data SSSG improved sequentially through 4Q for all restaurant segments, excluding Casual Dining. According to [BAC aggregated credit and debit card data](#), spending growth improved in December (3.6%) vs November (2.3%) for the industry as a whole, but was most pronounced for Pizza (-2.0% y/y in Dec vs -3.7% in Nov) and Brick & mortar restaurants (+3.2% y/y in Dec vs -1.8% in Nov) while the casual dining segment slowed. Spending at independent/local restaurants outpaced chain restaurants for most of 4Q: spending at independents grew 2.3% y/y, faster than the +0.3% y/y increase among chains. See [BofA on USA](#) for methodology, limitations, and disclaimers for BAC card data and commentary on broader retail trends from the Economics team. We believe the relative strength of independents and aggregators may explain the divergence across different datasets.

Exhibit 3: Black Box data show most segments accelerating through C4Q

Black Box Intelligence Restaurant SSSG by Segment

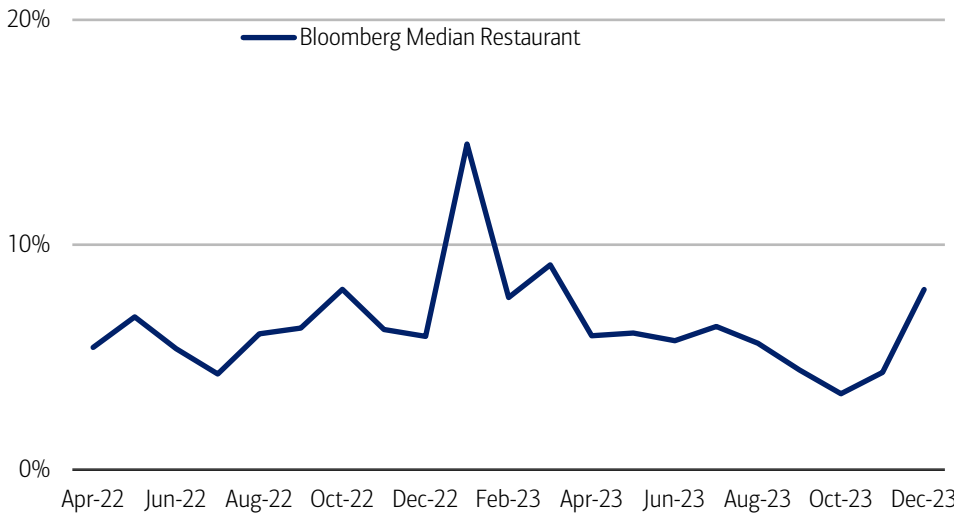


Source: Black Box Intelligence, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 4: Second Measure median restaurant performance also accelerated

Bloomberg Second Measure: Observed Sales YoY Growth for Restaurants – Median

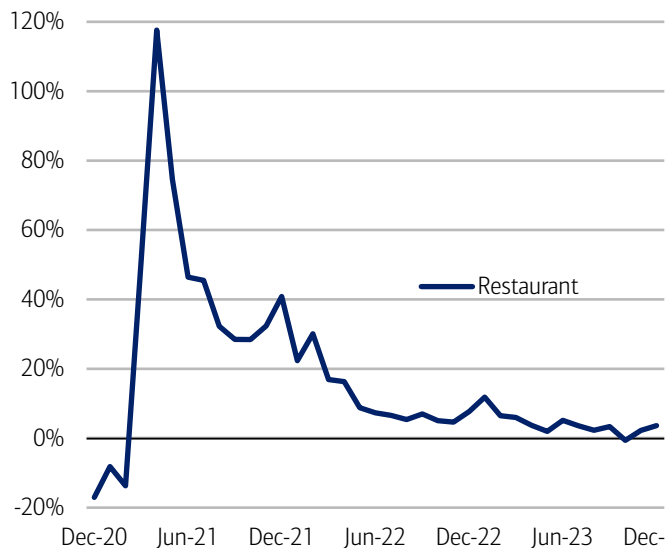


Source: Bloomberg; Note: Restaurants – Median is defined as "Median growth across peers within the selected time period"

BofA GLOBAL RESEARCH

Exhibit 5: All restaurant spending: y/y growth according to BAC aggregated credit and debit card data (Monthly)

Restaurant y/y spend growth accelerated m/m from 2.3% in November to 3.6% in December

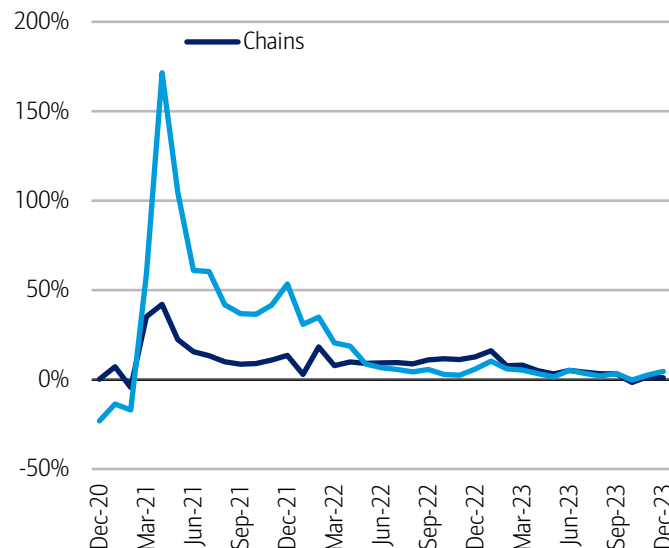


Source: BAC internal data

BofA GLOBAL RESEARCH

Exhibit 6: Spending on chain vs local/independent restaurants according to BAC aggregated credit and debit card data (Monthly)

Spending at chains decelerated m/m from 1.6% in November to 1.0% in December. Independent/local spend also accelerated from 2.5% to 4.6%



Source: BAC internal data

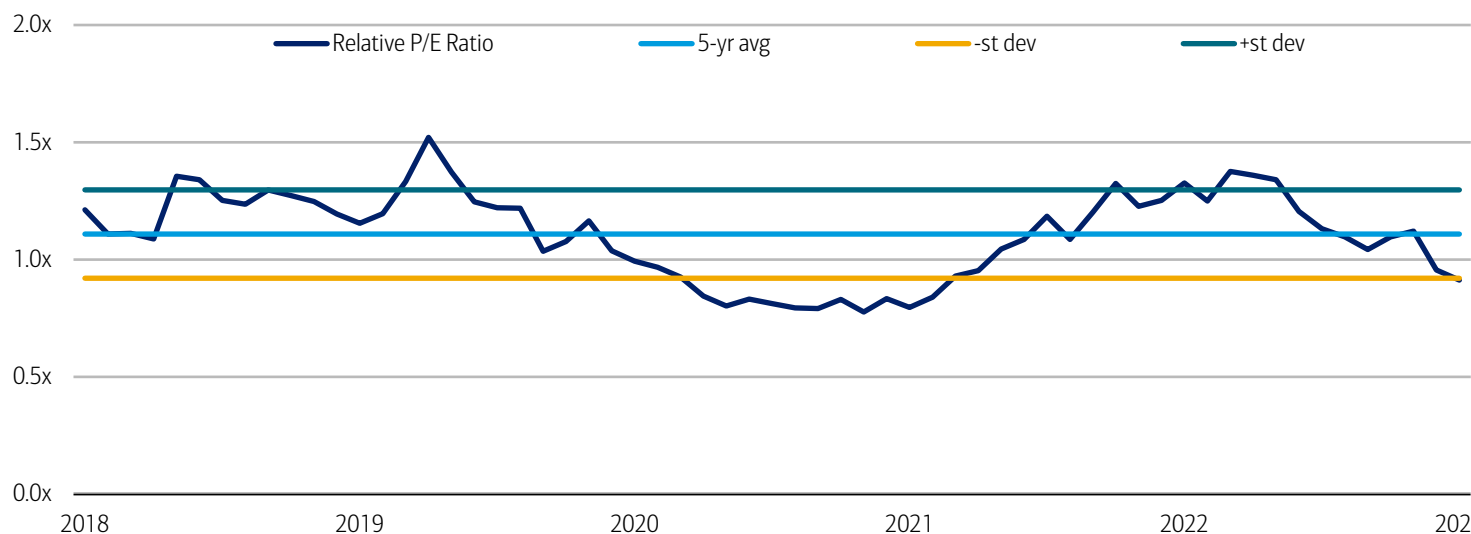
BofA GLOBAL RESEARCH

Industry relative valuation below historical averages

Relative to the equal-weighted S&P 500, an index of the restaurants in the S&P 500 is trading at a 9% discount, below its 5-year and 10-year historical averages (1.1x, 1.2x respectively) and below its 15-year average (1.3x).

Exhibit 7: The S&P 500 Restaurants Index Relative P/E has averaged 1.1x over the past 5 years

S&P 500 Restaurants Index Relative P/E (5-yr history)

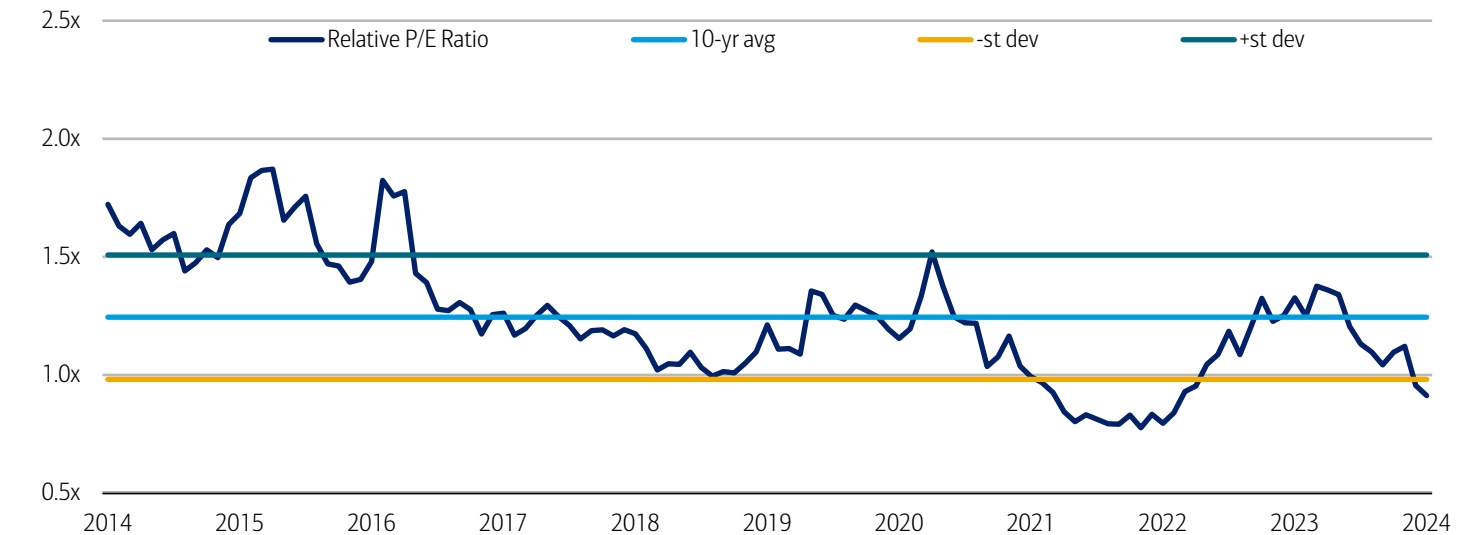


Source: Bloomberg

BofA GLOBAL RESEARCH

Exhibit 8: The S&P 500 Restaurants Index Relative P/E has averaged 1.2x over the past 10 years

S&P 500 Restaurants Index Relative P/E (10-yr history)

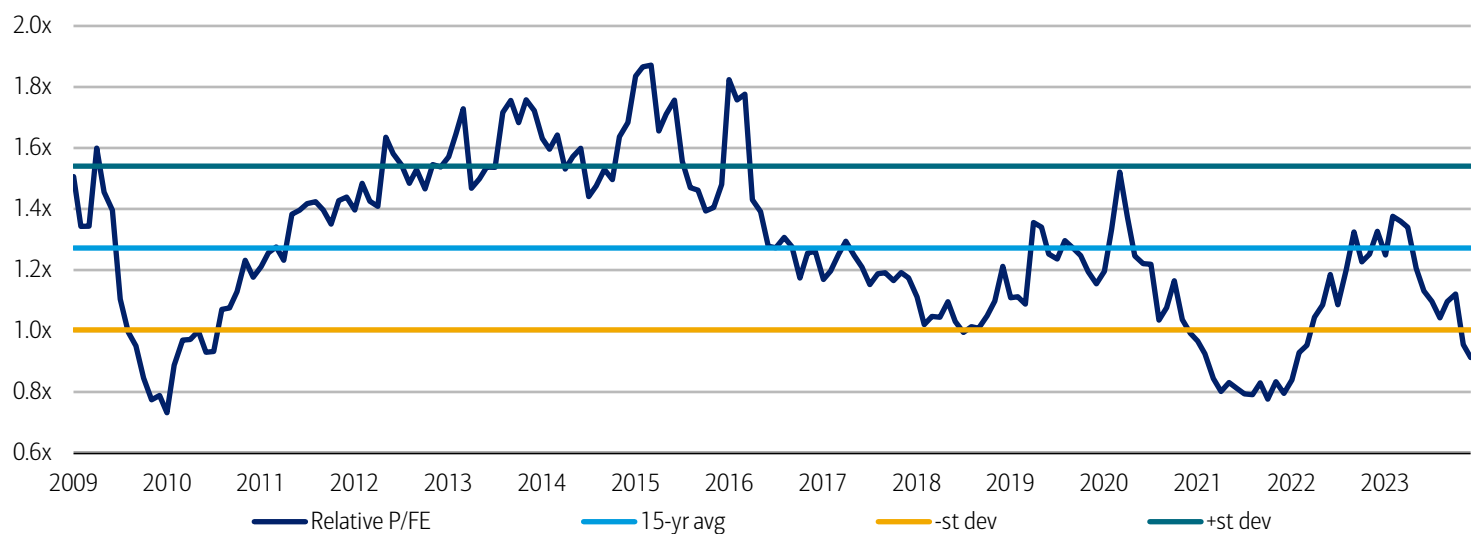


Source: Bloomberg

BofA GLOBAL RESEARCH

Exhibit 9: The S&P 500 Restaurants Index Relative P/E has averaged 1.3x over the past 15 years

S&P 500 Restaurants Index Relative P/E (15-yr history)



Source: Bloomberg

BofA GLOBAL RESEARCH

BofA Estimates vs Consensus-Quickservice

Exhibit 10: Our MCD estimates are in-line to above consensus for F23 and F24

MCD BofA vs Visible Alpha Consensus

	4Q23E			1Q24E			2023E			2024E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Total Units	41,828	41,731	0%	42,089	42,054	0%	41,828	41,731	0%	43,355	43,402	0%
U.S. total units	13,504	13,471	0%	13,499	13,483	0%	13,504	13,471	0%	13,529	13,542	0%
Intl Operated total units	10,246	10,295	0%	10,246	10,340	-1%	10,246	10,295	0%	10,409	10,590	-2%
Intl Dev Licensed total units	18,078	17,964	1%	18,344	18,229	1%	18,078	17,964	1%	19,417	19,268	1%
Global SSS	8.8%	4.9%	4 ppts	5.4%	4.1%	1 ppts	9.5%	9.4%	0 ppts	3.6%	3.9%	0 ppts
U.S. SSS	4.5%	4.3%	0 ppts	3.0%	3.2%	0 ppts	8.7%	8.8%	0 ppts	3.3%	3.3%	0 ppts
Intl Operated SSS	6.0%	4.9%	1 ppts	3.0%	4.2%	-1 ppts	9.7%	9.4%	0 ppts	3.0%	3.9%	-1 ppts
Intl Dev Licensed SSS	6.0%	5.9%	0 ppts	5.0%	5.6%	-1 ppts	10.7%	10.7%	0 ppts	5.0%	5.2%	0 ppts
Total revenues	\$6,465.2	\$6,448.1	0%	\$6,198.2	\$6,264.8	-1%	\$25,552.7	\$25,535.6	0%	\$27,507.9	\$27,149.1	1%
Company-operated sales	\$2,462.9	\$2,458.2	0%	\$2,387.5	\$2,383.7	0%	\$9,730.4	\$9,725.7	0%	\$10,612.0	\$10,422.6	2%
Franchise revenues	\$3,922.5	\$3,906.6	0%	\$3,720.5	\$3,791.6	-2%	\$15,490.4	\$15,474.5	0%	\$16,538.0	\$16,383.9	1%
Other revenues	\$79.9	\$82.2	-3%	\$90.2	\$88.7	2%	\$332.0	\$334.3	-1%	\$357.9	\$349.3	2%
Expenses												
Company-operated Margins	\$379.0	\$380.8	0%	\$329.4	\$345.0	-5%	\$1,497.1	\$1,494.7	0%	\$1,663.1	\$1,659.1	0%
Franchise Margins	\$3,317.9	\$3,291.2	1%	\$3,101.8	\$3,171.0	-2%	\$13,044.0	\$13,017.2	0%	\$13,940.6	\$13,826.4	1%
Other restaurant expenses	\$65.6	\$62.9	4%	\$64.5	\$64.9	-1%	\$253.5	\$250.8	1%	\$246.8	\$258.3	-4%
SG&A	\$910.0	\$864.4	5%	\$691.8	\$694.2	0%	\$2,905.5	\$2,860.0	2%	\$3,079.9	\$3,022.3	2%
Other Operating (Inc)/Exp, net	-\$62.7	-\$39.3	60%	-\$12.7	\$7.8	-263%	\$5.3	\$61.3	-91%	-\$17.8	\$21.7	-182%
Company-operated Margins Rate	15.4%	15.5%	-10 bps	13.8%	14.5%	-68 bps	15.4%	15.4%	2 bps	15.7%	15.9%	-25 bps
Franchise Margins Rate	84.6%	84.2%	34 bps	83.4%	83.6%	-26 bps	84.2%	84.1%	9 bps	84.3%	84.4%	-10 bps
Operating Income	\$2,863.8	\$2,889.3	-1%	\$2,777.9	\$2,877.7	-3%	\$11,708.6	\$11,948.5	-2%	\$12,652.7	\$12,647.8	0%
Interest Expense	\$350.7	\$353.9	-1%	\$350.7	\$352.1	0%	\$1,351.3	\$1,354.5	0%	\$1,404.1	\$1,409.6	0%
Pretax Income	\$2,560.4	\$2,565.6	0%	\$2,465.1	\$2,520.0	-2%	\$10,567.6	\$10,585.4	0%	\$11,418.0	\$11,268.5	1%
Taxes	\$512.1	\$506.5	1%	\$493.0	\$496.8	-1%	\$2,089.5	\$2,087.4	0%	\$2,283.6	\$2,218.3	3%
Net Income	\$2,048.4	\$2,048.3	0%	\$1,972.0	\$2,025.0	-3%	\$8,478.2	\$8,644.4	-2%	\$9,134.4	\$9,022.0	1%
Average diluted shares	729.2	729.3	0%	726.6	726.5	0%	732.7	732.5	0%	722.8	722.0	0%
Adjusted EPS	\$2.81	\$2.82	0%	\$2.71	\$2.79	-3%	\$11.80	\$11.80	0%	\$12.64	\$12.51	1%
EBITDA	\$3,381.7	\$3,422.9	-1%	\$3,325.0	\$3,373.3	-1%	\$13,780.1	\$13,763.4	0%	\$14,841.2	\$14,771.8	0%

Source: BofA Global Research estimates, Visible Alpha

BofA GLOBAL RESEARCH

Exhibit 11: Our PZZA estimates are ahead of consensus for F23 and F24

PZZA BofA vs Visible Alpha consensus

	4Q23E			1Q24E			2023E			2024E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Systemwide Units	5,916	5,949	-1%	5,974	5,991	0%	5,916	5,933	0%	6,181	6,201	0%
North American Units	3,433	3,429	0%	3,458	3,442	0%	3,433	3,429	0%	3,533	3,503	1%
International Units	2,483	2,511	-1%	2,516	2,538	-1%	2,483	2,511	-1%	2,648	2,705	-2%
Same Store Sales												
Domestic Company-owned restaurants	2.0%	2.7%	-1 ppts	2.5%	2.0%	0 ppts	3.4%	3.5%	0 ppts	2.5%	2.3%	0 ppts
North America franchised restaurants	2.0%	1.6%	0 ppts	2.5%	2.3%	0 ppts	0.3%	0.2%	0 ppts	2.5%	2.4%	0 ppts
North America restaurants	2.0%	1.8%	0 ppts	2.5%	2.2%	0 ppts	0.9%	0.8%	0 ppts	2.5%	2.4%	0 ppts
International restaurants	-6.0%	-1.5%	-5 ppts	-2.0%	-0.5%	-2 ppts	-3.2%	-2.1%	-1 ppts	-2.3%	0.3%	-3 ppts
Total Revenues	\$589.7	\$580.5	2%	\$554.5	\$556.3	0%	\$2,154.1	\$2,145.1	0%	\$2,245.0	\$2,228.4	1%
Domestic Company-owned restaurant sales	\$195.1	\$192.0	2%	\$186.5	\$186.1	0%	\$728.0	\$724.8	0%	\$747.7	\$741.1	1%
North America franchise	\$38.1	\$38.5	-1%	\$37.7	\$37.0	2%	\$144.0	\$144.3	0%	\$151.3	\$148.1	2%
North America commissary and other sales	\$241.9	\$234.9	3%	\$215.0	\$219.8	-2%	\$866.3	\$859.3	1%	\$879.0	\$881.0	0%
International	\$45.1	\$47.0	-4%	\$45.0	\$45.0	0%	\$154.1	\$156.1	-1%	\$192.8	\$190.0	1%
Other revenues	\$69.5	\$68.5	2%	\$70.3	\$68.6	2%	\$261.8	\$260.9	0%	\$274.2	\$268.4	2%
Costs and expenses:												
Domestic Company-owned restaurant expenses	\$159.5	\$156.8	2%	\$152.7	\$151.9	1%	\$596.4	\$593.7	0%	\$610.0	\$603.7	1%
North America commissary and other expenses	\$220.4	\$215.8	2%	\$198.7	\$202.0	-2%	\$796.8	\$792.2	1%	\$805.2	\$807.9	0%
International expenses	\$30.4	\$31.0	-2%	\$27.9	\$28.4	-2%	\$97.9	\$97.4	1%	\$127.4	\$122.4	4%
Other expenses	\$64.3	\$63.3	2%	\$64.5	\$63.4	2%	\$241.9	\$240.9	0%	\$255.5	\$250.5	2%
General and administrative expenses	\$54.8	\$53.2	3%	\$52.4	\$52.7	-1%	\$209.3	\$207.4	1%	\$212.6	\$210.1	1%
Operating income	\$43.7	\$42.0	4%	\$41.5	\$40.5	2%	\$148.3	\$146.8	1%	\$168.3	\$161.8	4%

Exhibit 11: Our PZZA estimates are ahead of consensus for F23 and F24

PZZA BofA vs Visible Alpha consensus

	4Q23E			1Q24E			2023E			2024E		
Operating income margin	7.4%	7.2%	17 bps	7.5%	7.3%	20 bps	6.9%	6.8%	4 bps	7.5%	7.3%	23 bps
Adjusted net income, after tax	\$24.5	\$24.0	2%	\$22.7	\$22.5	1%	\$84.5	\$84.6	0%	\$93.2	\$92.2	1%
Adjusted EBITDA	\$60.3	\$60.6	0%	\$58.3	\$57.3	2%	\$216.8	\$217.3	0%	\$234.3	\$233.4	0%
Tax rate (%)	23.0%	22.9%	7 bps	24.0%	22.3%	169 bps	22.8%	22.6%	20 bps	23.5%	22.6%	92 bps
Net income	\$24.7	\$23.4	5%	\$22.7	\$22.2	2%	\$80.7	\$79.6	1%	\$93.4	\$91.4	2%
Adjusted diluted EPS	\$0.76	\$0.73	4%	\$0.70	\$0.69	2%	\$2.56	\$2.54	1%	\$2.89	\$2.82	2%

Source: BofA Global Research, Visible Alpha

BofA GLOBAL RESEARCH

Exhibit 12: Our DPZ estimates are above consensus

DPZ BofAE vs Visible Alpha consensus

	4Q23E			1Q24E			2023E			2024E		
	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var
Total	20,650	20,628	0%	20,851	20,813	0%	20,650	20,627	0%	21,906	21,745	1%
Domestic units	6,827	6,536	4%	6,857	6,563	4%	6,827	6,536	4%	7,000	6,707	4%
Same Store Sales												
U.S. system	2.0%	2.3%	0 ppts	3.5%	3.7%	0 ppts	1.4%	1.4%	0 ppts	4.5%	4.3%	0 ppts
U.S. company-owned	3.0%	2.7%	0 ppts	3.5%	3.5%	0 ppts	4.5%	4.5%	0 ppts	5.3%	4.1%	1 ppts
U.S. franchised	2.0%	2.3%	0 ppts	3.5%	3.7%	0 ppts	1.2%	1.3%	0 ppts	4.4%	4.3%	0 ppts
International system (constant FX)	6.0%	3.5%	2 ppts	3.0%	3.0%	0 ppts	3.7%	2.9%	1 ppts	3.5%	3.0%	0 ppts
Total Revenues	\$1,420.0	\$1,419.6	0%	\$1,070.7	\$1,084.1	-1%	\$4,496.4	\$4,496.0	0%	\$4,829.2	\$4,815.9	0%
Domestic Company-owned Stores	\$114.7	\$112.6	2%	\$89.6	\$89.1	1%	\$373.6	\$371.5	1%	\$403.0	\$394.3	2%
Domestic Franchise, and other	\$188.8	\$189.5	0%	\$142.3	\$143.1	-1%	\$599.2	\$600.0	0%	\$644.1	\$641.9	0%
Supply Chain	\$856.3	\$861.0	-1%	\$643.2	\$658.1	-2%	\$2,714.3	\$2,719.0	0%	\$2,890.4	\$2,908.4	-1%
International Franchise	\$102.3	\$100.6	2%	\$75.6	\$75.3	0%	\$315.6	\$313.9	1%	\$346.2	\$341.9	1%
Domestic Franchise advertising	\$157.9	\$155.7	1%	\$120.0	\$118.9	1%	\$493.6	\$491.4	0%	\$545.6	\$530.2	3%
Total cost of sales	\$862.3	\$871.2	-1%	\$654.0	\$667.7	-2%	\$2,750.3	\$2,759.2	0%	\$2,917.2	\$2,941.5	-1%
Domestic Company-owned Stores COGS	\$92.3	\$92.8	-1%	\$73.0	\$73.4	-1%	\$306.9	\$307.4	0%	\$324.6	\$324.1	0%
Supply Chain COGS	\$769.9	\$778.2	-1%	\$581.0	\$594.5	-2%	\$2,443.3	\$2,451.6	0%	\$2,592.6	\$2,617.8	-1%
SG&A	\$137.7	\$139.1	-1%	\$97.3	\$101.7	-4%	\$427.9	\$429.3	0%	\$451.9	\$456.6	-1%
Franchise advertising expense	\$157.9	\$155.5	2%	\$120.0	\$118.9	1%	\$493.6	\$491.3	0%	\$545.6	\$529.9	3%
Interest Expense	\$56.1	\$57.1	-2%	\$44.6	\$43.3	3%	\$184.7	\$186.2	-1%	\$185.2	\$187.0	-1%
Pretax Income (excl. non-recurring items)	\$206.0	\$197.9	4%	\$154.7	\$152.0	2%	\$653.1	\$644.0	1%	\$729.5	\$700.9	4%
Provision for Income Taxes	\$45.3	\$43.5	4%	\$33.1	\$33.2	0%	\$130.4	\$128.7	1%	\$157.6	\$152.8	3%
Tax Rate	22.0%	22.0%	0 bps	21.4%	21.9%	-44 bps	20.0%	20.0%	-1 bps	21.6%	21.8%	-20 bps
Reported Net Income	\$160.7	\$154.5	4%	\$121.5	\$119.0	2%	\$522.7	\$516.3	1%	\$571.8	\$550.2	4%
Pro-forma EPS	\$4.47	\$4.38	2%	\$3.40	\$3.40	0%	\$14.66	\$14.47	1%	\$16.15	\$15.76	2%
EBITDA	\$286.6	\$278.0	3%	\$218.1	\$214.6	2%	\$904.1	\$895.4	1%	\$1,001.5	\$972.9	3%

Source: BofA Global Research estimates, Visible Alpha consensus

BofA GLOBAL RESEARCH

Exhibit 13: Our JACK EPS estimates are above consensus for F24-25

JACK BofAE vs Visible Alpha consensus

	1Q24E			2Q24E			2024E			2025E		
	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var
JIB Ending Units	2,194	2,190	0%	2,201	2,194	0%	2,215	2,204	0%	2,263	2,236	1%
JIB Co-op Ending Number	142	143	(0%)	142	143	(1%)	142	146	(2%)	136	150	(9%)
DT Ending Units	594	594	(0%)	597	596	0%	602	599	0%	713	610	17%
JIB System SSSG	3.0%	2.9%	0 ppts	3.0%	3.1%	0 ppts	3.0%	3.4%	0 ppts	3.5%	2.7%	1 ppts
DT System SSSG	3.0%	1.3%	2 ppts	3.0%	2.0%	1 ppts	3.0%	2.2%	1 ppts	3.0%	2.2%	1 ppts
JIB Est. Company-Operated Sales	\$129.5	\$129.8	(0%)	\$99.1	\$100.1	(1%)	\$427.5	\$433.8	(1%)	\$439.8	\$457.7	(4%)
DT Est. Company-Operated Sales	\$86.2	\$89.2	(3%)	\$60.0	\$65.6	(8%)	\$252.4	\$279.5	(10%)	\$150.4	\$230.1	(35%)
Restaurant Sales	\$215.6	\$218.7	(1%)	\$159.1	\$165.6	(4%)	\$679.9	\$713.7	(5%)	\$590.2	\$684.9	(14%)
Franchisee advertising and other contributions	\$76.9	\$75.8	1%	\$59.9	\$58.8	2%	\$258.2	\$254.3	2%	\$279.2	\$265.6	5%
Franchise Rents and Royalties	\$187.8	\$188.1	(0%)	\$146.0	\$144.3	1%	\$629.2	\$628.1	0%	\$669.2	\$650.7	3%
Total Revenue Franchise	\$264.7	\$262.9	1%	\$205.9	\$202.2	2%	\$887.5	\$878.7	1%	\$948.4	\$911.7	4%
Total Revenue	\$480.4	\$482.3	(0%)	\$364.9	\$368.4	(1%)	\$1,567.3	\$1,595.8	(2%)	\$1,538.6	\$1,600.5	(4%)
Food and Packaging	\$62.7	\$65.3	(4%)	\$45.1	\$48.1	(6%)	\$193.1	\$208.9	(8%)	\$167.7	\$199.5	(16%)
Payroll and Employee Benefits	\$74.7	\$72.0	4%	\$53.4	\$54.1	(1%)	\$234.8	\$236.4	(1%)	\$197.5	\$228.7	(14%)
Occupancy and other	\$39.0	\$40.4	(4%)	\$29.0	\$31.0	(6%)	\$126.2	\$133.3	(5%)	\$103.1	\$124.7	(17%)

Exhibit 13: Our JACK EPS estimates are above consensus for F24-25

JACK BofAE vs Visible Alpha consensus

	1Q24E			2Q24E			2024E			2025E		
Total Restaurant Costs	\$176.3	\$177.6	(1%)	\$127.5	\$133.2	(4%)	\$554.1	\$578.5	(4%)	\$468.3	\$552.9	(15%)
Restaurant Costs as % of Revenue	81.8%	81.2%	1 bps	80.1%	80.4%	0 bps	81.5%	81.1%	0 bps	79.4%	80.7%	-1 bps
Adj. EBITDA	\$97.7	\$100.6	-3%	\$74.6	\$75.8	-2%	\$314.9	\$326.8	-4%	\$334.0	\$339.1	-2%
Diluted EPS - non-GAAP	\$1.99	\$2.00	-1%	\$1.53	\$1.48	4%	\$6.44	\$6.43	0%	\$7.44	\$7.23	3%

Source: BofA Global Research estimates, Visible Alpha consensus

BofA GLOBAL RESEARCH

Exhibit 14: Our QSR estimates are slightly above consensus for F23. Our F24 revenue and COGS estimates incorporate the contribution from the acquired TAST stores and are therefore not comparable to consensus

QSR BofAE vs Visible Alpha consensus

	4Q23E			1Q24E			2023E			2024E		
	BofA	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Total Units	26,662	29,853	-11%	26,818	30,041	-11%	26,662	29,853	-11%	28,097	31,392	-10%
Tim Horton's Units	5,914	5,894	0%	5,955	5,932	0%	5,914	5,894	0%	6,273	6,257	0%
Burger King Units	19,265	19,414	-1%	19,310	19,477	-1%	19,265	19,414	-1%	19,992	20,117	-1%
Popeye's Units	1,483	4,545	-67%	1,553	4,633	-66%	1,483	4,545	-67%	1,832	5,017	-63%
Firehouse Subs Units	1,277	1,275	0%	1,294	1,284	1%	1,277	1,273	0%	1,334	1,327	0%
Same Store Sales Growth												
Tim Horton's SSS	5.0%	4.5%	1 ppts	3.0%	3.1%	0 ppts	7.4%	9.1%	-2 ppts	2.0%	2.7%	-1 ppts
Burger King SSS	6.0%	6.9%	-1 ppts	2.0%	3.3%	-1 ppts	7.4%	8.8%	-1 ppts	2.0%	3.2%	-1 ppts
Popeye's SSS	5.0%	5.3%	0 ppts	2.5%	3.0%	0 ppts	4.7%	6.1%	-1 ppts	2.5%	2.8%	0 ppts
Firehouse Subs SSS	2.9%	2.8%	0 ppts	2.9%	2.3%	1 ppts	3.7%	3.6%	0 ppts	2.9%	2.5%	0 ppts
Total Revenues	\$1,773.8	\$1,809.0	-2%	\$1,723.9	\$1,677.3	3%	\$6,977.4	\$7,011.4	0%	\$8,754.6	\$7,510.3	17%
Company sales	\$755.5	\$772.8	-2%	\$706.9	\$696.3	2%	\$2,938.5	\$2,954.1	-1%	\$4,448.5	\$3,148.1	41%
Franchise and property revenues	\$715.2	\$737.2	-3%	\$725.0	\$706.9	3%	\$2,879.0	\$2,900.4	-1%	\$3,038.9	\$3,079.1	-1%
Advertising revenues	\$303.1	\$299.7	1%	\$292.1	\$275.6	6%	\$1,159.9	\$1,155.9	0%	\$1,267.2	\$1,228.6	3%
Cost of sales	\$631.7	\$634.5	0%	\$584.4	\$569.0	3%	\$2,422.7	\$2,426.3	0%	\$3,751.9	\$2,557.5	47%
Franchise and property expenses	\$130.3	\$133.0	-2%	\$127.1	\$126.7	0%	\$503.3	\$505.3	0%	\$535.6	\$521.8	3%
Advertising expenses	\$350.1	\$336.1	4%	\$339.1	\$296.7	14%	\$1,260.1	\$1,245.3	1%	\$1,455.2	\$1,313.4	11%
General and administrative expenses	\$155.5	\$180.3	-14%	\$156.8	\$161.3	-3%	\$662.5	\$687.3	-4%	\$658.5	\$715.9	-8%
SG&A	\$505.6	\$516.4	-2%	\$495.9	\$457.9	8%	\$1,922.6	\$1,932.6	-1%	\$2,113.8	\$2,029.3	4%
Interest expense, net	\$139.8	\$146.9	-5%	\$145.6	\$145.6	0%	\$569.8	\$579.9	-2%	\$582.4	\$587.1	-1%
Income tax expense	\$51.0	\$59.8	-15%	\$66.8	\$65.3	2%	\$196.0	\$204.9	-4%	\$318.8	\$298.0	7%
Adjusted net income (ex. preferred div.)	\$329.2	\$339.1	-3%	\$318.9	\$334.6	-5%	\$1,470.3	\$1,478.8	-1%	\$1,508.8	\$1,552.0	-3%
Total sharecount (incl PEUs) - diluted	455	\$456.4	0%	455	\$456.0	0%	457	\$457.3	0%	454	\$454.2	0%
Adjusted Diluted EPS	\$0.72	\$0.70	4%	\$0.70	\$0.69	1%	\$3.22	\$3.19	1%	\$3.32	\$3.27	2%
Adjusted EBITDA	\$617.5	\$631.7	-2%	\$616.2	\$621.3	-1%	\$2,569.1	\$2,442.3	5%	\$2,833.0	\$2,774.3	2%

Source: Visible Alpha, BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 16: Our YUM estimates are slightly below consensus

YUM BofAE vs Visible Alpha consensus

	4Q23E			1Q24E			2023E			2024E		
	4QFY-2023			1QFY-2024			FY-2023			FY-2024		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Total Systemwide Units	58,681	58,670	0%	59,198	59,157	0%	58,681	58,670	0%	62,387	62,078	0%
KFC	29,953	29,852	0%	30,246	30,160	0%	29,953	29,852	0%	32,158	31,946	1%
Pizza Hut	19,711	19,783	0%	19,823	19,883	0%	19,711	19,783	0%	20,668	20,570	0%
Taco Bell	8,639	8,615	0%	8,742	8,687	1%	8,639	8,615	0%	9,150	9,087	1%
Habit	378	378	0%	387	386	0%	378	378	0%	411	410	0%
Global SSSG	4.3%	2.3%	1.9ppts	2.7%	7.7%	-5.0ppts	6.7%	3.2%	3.5ppts	2.7%	5.1%	-2.3ppts

SSSG by Segment

Exhibit 16: Our YUM estimates are slightly below consensus

YUM BofAE vs Visible Alpha consensus

		4Q23E			1Q24E			2023E			2024E		
KFC	5.7%	5.4%	0.3ppts	2.4%	3.5%	-1.1ppts	8.3%	8.3%	0.1ppts	2.5%	3.2%	-0.8ppts	
Pizza Hut	2.1%	1.4%	0.7ppts	2.0%	0.9%	1.1ppts	3.3%	3.3%	0.0ppts	2.0%	1.7%	0.3ppts	
Taco Bell	3.5%	3.7%	-0.2ppts	4.0%	3.3%	0.7ppts	5.6%	5.8%	-0.2ppts	4.0%	3.4%	0.6ppts	
Habit	0.0%	-0.6%	0.6ppts	1.5%	1.0%	0.5ppts	-1.2%	-1.0%	-0.2ppts	1.5%	1.5%	0.0ppts	
Total Revenue	\$2,095	\$2,110	-1%	\$1,763	\$1,753	1%	\$7,135	\$7,150	0%	\$7,698	\$7,720	0%	
KFC	\$789	\$821	-4%	\$728	\$734	-1%	\$2,858	\$2,890	-1%	\$3,083	\$3,146	-2%	
Pizza Hut	\$294	\$290	1%	\$271	\$264	3%	\$1,032	\$1,028	0%	\$1,100	\$1,085	1%	
Taco Bell	\$828	\$826	0%	\$619	\$614	1%	\$2,650	\$2,648	0%	\$2,865	\$2,856	0%	
Habit	\$185	\$177	4%	\$145	\$145	0%	\$596	\$590	1%	\$650	\$643	1%	
Expenses													
Company-Operated Expense	\$552	\$544	2%	\$428	\$421	2%	\$1,792	\$1,783	0%	\$1,933	\$1,890	2%	
G&A ex-special	\$354	\$362	-2%	\$293	\$288	2%	\$1,194	\$1,202	-1%	\$1,233	\$1,247	-1%	
Franchise and Property Expense	\$34	\$34	0%	\$37	\$37	0%	\$129	\$129	0%	\$138	\$138	0%	
Franchise advertising and other expense	\$520	\$522	0%	\$424	\$431	-1%	\$1,702	\$1,705	0%	\$1,835	\$1,881	-2%	
Operating Profit	\$635	\$644	-1%	\$581	\$580	0%	\$2,318	\$2,353	-1%	\$2,559	\$2,590	-1%	
Net Interest Expense	\$125	\$129	-3%	\$125	\$127	-1%	\$506	\$510	-1%	\$502	\$511	-2%	
Pretax Reported Income	\$496	\$509	-3%	\$434	\$452	-4%	\$1,850	\$1,864	-1%	\$2,025	\$2,073	-2%	
Taxes	\$109	\$110	-1%	\$87	\$93	-7%	\$329	\$333	-1%	\$405	\$429	-6%	
Tax Rate	22.0%	21.6%	42 bps	20.0%	20.7%	-68 bps	17.8%	17.9%	-8 bps	20.0%	20.7%	-68 bps	
Adjusted Net Income	\$387	\$403	-4%	\$347	\$362	-4%	\$1,504	\$1,535	-2%	\$1,620	\$1,645	-2%	
Adjusted EPS	\$1.35	\$1.42	-5%	\$1.21	\$1.27	-5%	\$5.26	\$5.33	-1%	\$5.68	\$5.82	-2%	
Average Shares Out. (Diluted)	286	285	0%	285.7251677	284	1%	285.75	286	0%	285.4568066	282	1%	
EBITDA	\$676	\$684	-1%	\$610	\$614	-1%	\$2,450	\$2,500	-2%	\$2,705	\$2,738	-1%	

Source: BofA Global Research estimates, Visible Alpha

BofA GLOBAL RESEARCH

Exhibit 17: Our WEN 4Q estimates are slightly above consensus

Wendy's BofA Estimates vs Consensus

	4Q23E 4QFY-2023			1Q24E 1QFY-2024			2023E FY-2023			2024E FY-2024		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Systemwide units	7,224	7,232	(0%)	7,261	7,265	(0%)	7,224	7,232	(0%)	7,420	7,423	(0%)
Company-operated	416	417	(0%)	405	418	(3%)	416	417	(0%)	420	424	(1%)
U.S. Franchised	5,630	5,633	(0%)	5,642	5,645	(0%)	5,630	5,633	(0%)	5,678	5,702	(0%)
International	1,178	1,194	(1%)	1,214	1,215	(0%)	1,178	1,194	(1%)	1,322	1,312	1%
SSS - Global total	2.5%	2.2%	0 ppts	3.1%	1.8%	1 ppts	4.5%	4.6%	0 ppts	3.1%	2.4%	1 ppts
SSS - U.S. company	0.7%	1.3%	-1 ppts	3.0%	1.6%	1 ppts	2.9%	3.1%	0 ppts	3.0%	2.3%	1 ppts
SSS - U.S. franchised	2.0%	1.7%	0 ppts	3.0%	1.7%	1 ppts	4.1%	4.0%	0 ppts	3.0%	2.3%	1 ppts
SSS - U.S. total	1.9%	1.7%	0 ppts	3.0%	1.7%	1 ppts	4.0%	4.0%	0 ppts	3.0%	2.3%	1 ppts
Total Revenues	\$553.7	\$547.2	1%	\$550.4	\$543.8	1%	\$2,194.6	\$2,186.7	0%	\$2,276.1	\$2,265.9	0%
Sales	\$230.7	\$232.1	(1%)	\$233.4	\$233.3	0%	\$934.1	\$934.2	(0%)	\$960.8	\$966.8	(1%)
Total franchise revenues	\$213.5	\$207.0	3%	\$210.8	\$205.0	3%	\$830.9	\$824.5	1%	\$870.8	\$852.8	2%
Advertising fund revenues	\$109.5	\$108.2	1%	\$106.2	\$105.3	1%	\$429.6	\$428.1	0%	\$444.5	\$447.2	(1%)
Cost of sales	\$195.3	\$198.1	(1%)	\$199.4	\$200.5	(1%)	\$792.4	\$795.1	(0%)	\$805.2	\$820.6	(2%)
Franchise support and other	\$14.4	\$14.6	(1%)	\$13.5	\$13.4	1%	\$56.2	\$56.4	(0%)	\$57.3	\$56.9	1%
Franchise rental expense	\$32.5	\$32.5	(0%)	\$31.2	\$31.7	(1%)	\$127.4	\$127.4	(0%)	\$129.9	\$130.2	(0%)
Advertising fund expense	\$114.9	\$109.1	5%	\$109.4	\$105.5	4%	\$434.1	\$428.1	1%	\$457.9	\$448.9	2%
G&A	\$67.8	\$66.3	2%	\$63.5	\$63.3	0%	\$252.1	\$250.6	1%	\$257.1	\$256.7	0%
D&A	\$35.2	\$36.0	(2%)	\$34.8	\$36.3	(4%)	\$136.4	\$143.5	(5%)	\$141.7	\$148.2	(4%)
Pretax income	\$68.6	\$66.3	3%	\$68.3	\$67.2	2%	\$280.8	\$276.4	2%	\$306.6	\$303.7	1%
Taxes	\$18.2	\$17.4	4%	\$17.7	\$17.4	2%	\$72.9	\$72.0	1%	\$78.3	\$79.1	(1%)
Tax rate	26.5%	26.3%	24 bps	26.0%	25.9%	4 bps	26.0%	26.1%	-11 bps	25.5%	26.1%	-52 bps
Adjusted EBITDA	\$128.8	\$129.3	(0%)	\$134.1	\$132.0	2%	\$539.4	\$538.7	0%	\$572.3	\$568.1	1%
Pro-Forma EPS	\$0.24	\$0.23	1%	\$0.24	\$0.24	(1%)	\$1.00	\$1.00	0%	\$1.08	\$1.11	(3%)

Source: BofA Global Research estimates, Visible Alpha

BofA GLOBAL RESEARCH

Exhibit 18: Our WING estimates are in-line to above consensus for F23 and F24

Wing BofAe vs Visible Alpha Consensus

	4Q23E			1Q24E			2023E			2024E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Domestic Co-op SSSG	8.0%	6.0%	2.0 ppts	3.0%	2.6%	0.4 ppts	7.5%	7.0%	0.5 ppts	3.3%	3.4%	-0.1 ppts
Domestic franchise SSSG (estimated)	16.2%	14.3%	1.9 ppts	6.1%	4.6%	1.4 ppts	17.2%	16.7%	0.5 ppts	5.8%	4.9%	0.9 ppts
Domestic SSSG	16.0%	14.1%	0.1 ppts	6.0%	3.9%	0.5 ppts	16.9%	16.5%	0.0 ppts	5.8%	4.4%	0.3 ppts
Domestic Company-owned Restaurants EOP	47	48	-2.3%	48	49	-1.3%	47	48	-2.2%	51	52	-2.1%
Domestic Franchised Restaurants EOP	1,869	1,870	0.0%	1,911	1,908	0.1%	1,869	1,870	0.0%	2,103	2,073	1.4%
International Franchised Restaurants EOP	287	285	0.7%	298	295	0.9%	287	285	0.7%	354	346	2.3%
Royalty revenue, franchise fees and other	\$54.6	\$54.1	0.8%	\$56.7	\$55.9	1.4%	\$203.9	\$203.5	0.2%	\$238.2	\$236.5	0.7%
Advertising fees	\$40.9	\$41.2	-0.7%	\$42.5	\$43.2	-1.4%	\$154.9	\$155.2	-0.2%	\$178.6	\$182.0	-1.8%
Company-owned restaurant sales	\$26.6	\$24.3	9.6%	\$26.9	\$26.5	1.8%	\$96.2	\$93.9	2.5%	\$109.7	\$106.8	2.8%
	\$122.1	\$119.6	2.0%	\$126.2	\$125.6	0.5%	\$455.1	\$452.6	0.5%	\$526.5	\$525.3	0.2%
Food, beverage and packaging costs	\$9.1	\$8.2	9.8%	\$9.0	\$9.1	-0.7%	\$31.7	\$30.9	2.6%	\$37.6	\$36.6	2.5%
Labor costs	\$6.2	\$5.9	4.7%	\$6.5	\$6.4	1.4%	\$22.9	\$22.6	1.2%	\$26.4	\$25.9	1.9%
Other restaurant operating expenses	\$5.1	\$4.8	6.1%	\$5.0	\$4.9	1.0%	\$18.4	\$18.0	1.8%	\$21.1	\$20.6	2.9%
Vendor rebates	-\$0.7	-\$0.6	19.3%	-\$0.6	-\$0.6	-0.7%	-\$2.4	-\$2.2	5.0%	-\$2.6	-\$2.5	6.2%
Cost of sales	\$19.6	\$18.3	7.1%	\$19.9	\$19.8	0.6%	\$70.6	\$69.3	1.9%	\$82.4	\$80.5	2.4%
Selling, general and administrative	\$26.0	\$26.1	-0.3%	\$25.1	\$25.3	-1.1%	\$94.9	\$95.0	-0.2%	\$103.4	\$103.6	-0.1%
Depreciation and amortization	\$4.6	\$4.5	2.7%	\$3.7	\$4.0	-7.4%	\$14.2	\$14.0	0.9%	\$16.7	\$17.6	-5.4%
Advertising expenses	\$43.8	\$43.1	1.7%	\$44.3	\$45.0	-1.8%	\$164.6	\$163.8	0.4%	\$185.8	\$189.6	-2.0%
Total costs and expenses	\$94.3	\$92.2	2.2%	\$93.1	\$94.6	-1.7%	\$344.5	\$342.5	0.6%	\$388.6	\$391.7	-0.8%
Operating income	\$27.8	\$27.2	2.3%	\$33.1	\$31.9	3.9%	\$110.6	\$110.0	0.6%	\$138.0	\$134.3	2.8%
Operating income margin %	22.8%	22.7%	6.4 bps	26.3%	25.4%	86.5 bps	24.3%	24.3%	0.7 bps	26.2%	25.6%	64.1 bps
Income before income tax expense	\$23.3	\$22.5	3.7%	\$28.2	\$27.0	4.6%	\$92.6	\$91.8	0.9%	\$118.2	\$114.5	3.2%
Interest expense, net	-\$4.5	-\$4.7	-4.1%	-\$4.9	-\$4.9	1.1%	-\$17.9	-\$18.1	-1.1%	-\$19.7	-\$19.7	-0.1%
Income tax expense	\$5.9	\$5.9	1.0%	\$7.3	\$7.0	4.9%	\$23.9	\$23.8	0.3%	\$30.7	\$29.9	2.8%
	25.4%	26.1%	-68.3 bps	26.0%	25.9%	5.7 bps	25.8%	26.0%	-17.1 bps	26.0%	26.1%	-9.6 bps
EBITDA	\$32.4	\$31.7	2.2%	\$36.9	\$35.9	2.6%	\$124.6	\$124.0	0.5%	\$154.6	\$152.6	1.3%
Adjusted EBITDA	\$32.4	\$32.1	0.8%	\$36.9	\$35.4	4.2%	\$139.7	\$129.4	8.0%	\$154.5	\$152.3	1.5%
Adjusted EBITDA margin %	26.5%	26.9%	-32 bps	29.2%	28.2%	104 bps	30.7%	28.6%	212 bps	29.3%	29.0%	36 bps

Exhibit 18: Our WING estimates are in-line to above consensus for F23 and F24

WING BofAE vs Visible Alpha Consensus

	4Q23E			1Q24E			2023E			2024E		
Diluted Adj. EPS	\$0.58	\$0.57	2.3%	\$0.70	\$0.68	3.2%	\$2.42	\$2.41	0.5%	\$2.92	\$2.87	1.7%

Source: BofA Global Research estimates, Visible Alpha

BofA GLOBAL RESEARCH

BofA Estimates vs Consensus- Coffee and Sweets**Exhibit 19: Our BROS estimates are above consensus for F23 and F24**

Dutch Bros BofAE vs Visible Alpha Consensus

	4Q23E			1Q24E			2023E			2024E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Systemwide SSSG	2.8%	2.3%	0 ppt	2.0%	2.3%	0 ppt	2.3%	2.2%	0 ppt	2.0%	1.8%	0 ppt
Company SSSG	2.0%	1.5%	1 ppt	2.0%	2.3%	0 ppt	1.0%	0.8%	0 ppt	2.0%	1.9%	0 ppt
Franchise SSSG	4.0%	3.5%	0 ppt	2.0%	2.7%	-1 ppt	4.0%	4.1%	0 ppt	2.0%	2.2%	0 ppt
Total Revenue	\$251.6	\$251.8	0%	\$260.1	\$256.8	1%	\$963.3	\$963.4	0%	\$1,240.2	\$1,214.8	2%
Company-operated Shops	\$224.3	\$225.3	0%	\$234.1	\$230.7	1%	\$854.9	\$855.9	0%	\$1,123.9	\$1,099.0	2%
Franchising and Other	\$27.3	\$26.5	3%	\$26.0	\$26.2	0%	\$108.4	\$107.5	1%	\$116.3	\$115.7	0%
Beverage, Food and Packaging	\$60.9	\$59.1	3%	\$66.3	\$63.8	4%	\$230.6	\$228.8	1%	\$303.7	\$292.7	4%
Labor Costs	\$61.1	\$62.4	-2%	\$66.1	\$65.5	1%	\$229.9	\$231.2	-1%	\$306.3	\$302.2	1%
Occupancy and Other Costs	\$39.9	\$40.1	0%	\$40.5	\$40.7	-1%	\$139.2	\$139.4	0%	\$177.3	\$179.7	-1%
Preopening Costs	\$4.6	\$4.6	-1%	\$5.0	\$4.8	3%	\$15.3	\$15.3	0%	\$18.6	\$19.1	-2%
Company Shop Depreciation	\$16.6	\$17.1	-3%	\$17.6	\$18.0	-2%	\$60.7	\$61.3	-1%	\$77.6	\$81.2	-4%
Company Operated Costs	\$166.4	\$166.2	0%	\$177.8	\$174.8	2%	\$614.9	\$614.7	0%	\$806.0	\$793.5	2%
Franchising and other costs	\$10.9	\$10.4	5%	\$7.8	\$7.9	-1%	\$37.8	\$36.8	3%	\$40.8	\$40.1	2%
RLM (ex pre-opening)	25.8%	26.2%	0 ppt	24.0%	24.2%	0 ppt	28.1%	28.2%	0 ppt	28.3%	27.8%	0 ppt
Selling, general and administrative (adjusted)	\$46.3	\$45.9	1%	\$44.3	\$44.9	-1%	\$164.6	\$163.0	1%	\$200.2	\$196.0	2%
Total costs and expenses	\$250.6	\$249.6	0%	\$253.5	\$252.0	1%	\$918.2	\$916.1	0%	\$1,148.7	\$1,132.7	1%
Depreciation and Amortization	\$18.8	\$19.1	-2%	\$20.4	\$20.2	1%	\$68.2	\$68.5	-1%	\$88.9	\$90.4	-2%
Operating Income	\$1.0	\$1.0	2%	\$6.6	\$4.9	34%	\$45.1	\$45.3	-1%	\$91.5	\$78.9	16%
Adjusted Operating Income	\$11.4	\$13.8	-18%	\$12.6	\$10.3	22%	\$85.2	\$88.8	-4%	\$115.5	\$103.1	12%
Interest expense, net	-\$5.8	-\$6.3	-9%	-\$6.4	-\$6.7	-4%	-\$32.1	-\$32.6	-2%	-\$36.4	-\$28.8	26%
Other income (expense), net	\$0.4	\$0.4	14%	\$1.0	\$0.0	-3100%	-\$1.8	\$2.4	-176%	\$4.0	-\$0.1	-3100%
Pretax Income	-\$5.2	-\$4.7	10%	-\$0.8	-\$1.6	-48%	\$14.8	\$15.3	-3%	\$51.1	\$51.4	-1%
Income tax expense (benefit)	-\$0.8	-\$0.5	77%	-\$0.1	-\$0.3	-55%	\$5.4	\$5.8	-6%	\$8.2	\$6.9	19%
Tax rate (%)	16%	10%	6 ppt	16%	19%	-3 ppt	-37%	-38%	1 ppt	16%	13%	3 ppt
Adjusted EBITDA	\$29.7	\$30.9	-4%	\$31.9	\$31.0	3%	\$155.2	\$156.3	-1%	\$200.4	\$192.2	4%
Adjusted EPS	\$0.03	\$0.03	-3%	\$0.03	\$0.02	38%	\$0.30	\$0.29	3%	\$0.38	\$0.36	4%

Source: BofA Global Research estimates, Visible Alpha

BofA GLOBAL RESEARCH

Exhibit 20: Our estimates are in-line to above consensus for F23 and F24

DNUT BofAE vs Visible Alpha Consensus

	4Q23E			1Q24E			2023E			2024E		
	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var
Total US & Canada Points of Access	7,132	7,127	0%	7,269	7,361	-1.3%	7,158	7,133	0.3%	7,599	7,846	-3.1%
Total International Points of Access	3,937	3,892	1%	4,065	4,012	1.3%	3,937	3,892	1.2%	4,452	4,333	2.8%
Market Development Total Points of Access	2,567	2,480	4%	2,653	2,555	3.8%	2,567	2,480	3.5%	2,924	2,789	4.8%
Total Points of Access	13,636	13,498	1%	13,987	13,928	0.4%	13,662	13,505	1.2%	14,975	14,968	0.0%
US Revenues	\$291.1	\$292.5	-1%	\$317.7	\$307.3	3.4%	\$1,100.0	\$1,101.5	-0.1%	\$1,205.8	\$1,198.4	0.6%
International Revenues	\$105.0	\$104.7	0%	\$99.5	\$99.1	0.4%	\$399.8	\$399.4	0.1%	\$454.2	\$437.9	3.7%
Market Development Revenues	\$43.9	\$42.6	3%	\$54.3	\$52.5	3.4%	\$175.5	\$174.2	0.7%	\$191.8	\$191.6	0.1%
Total Net Revenue	\$440.0	\$438.8	0%	\$471.5	\$457.1	3.2%	\$1,675.2	\$1,674.0	0.1%	\$1,851.8	\$1,822.6	1.6%
Product and distribution costs	\$109.5	\$109.4	0%	\$126.0	\$121.6	3.6%	\$439.8	\$439.7	0.0%	\$474.5	\$468.1	1.4%
Operating expenses	\$191.4	\$194.5	-2%	\$197.2	\$203.2	-3.0%	\$767.3	\$768.2	-0.1%	\$796.1	\$816.7	-2.5%
Selling, general and administrative expense	\$77.8	\$77.3	1%	\$75.6	\$73.6	2.8%	\$302.3	\$301.7	0.2%	\$319.7	\$315.9	1.2%
Preopening costs	\$0.8	\$1.0	-24%	\$0.9	\$1.2	-28.8%	\$3.7	\$3.9	-6.2%	\$4.1	\$5.1	-19.9%
Other expenses, net	\$3.1	\$2.6	20%	\$0.9	\$1.5	-35.0%	-\$3.0	\$4.7	-163.7%	\$3.7	\$7.5	-50.8%
Depreciation and amortization	\$29.9	\$30.2	-1%	\$31.0	\$31.2	-0.7%	\$119.0	\$119.3	-0.2%	\$129.7	\$126.9	2.2%
% of Revenues												
Product and distribution costs	24.9%	24.9%	-5 bps	26.7%	26.6%	12 bps	26.3%	26.3%	-1 bps	25.6%	25.7%	-6 bps
Operating expenses	43.5%	44.3%	-84 bps	41.8%	44.5%	-265 bps	45.8%	45.9%	-8 bps	43.0%	44.8%	-182 bps
SG&A	17.7%	17.6%	7 bps	16.0%	16.1%	-6 bps	18.0%	18.0%	2 bps	17.3%	17.3%	-7 bps
Preopening costs	0.2%	0.2%	-6 bps	0.2%	0.3%	-8 bps	0.2%	0.2%	-1 bps	0.2%	0.3%	-6 bps
Adjusted EBITDA	\$62.5	\$64.3	-3%	\$76.0	\$62.8	21%	\$210.0	\$211.8	-1%	\$273.7	\$241.9	13%
Adjusted EBITDA margin	14.2%	14.6%	-45bps	16.1%	13.7%	238bps	12.5%	12.6%	-12bps	14.8%	13.3%	151bps
Operating Income	\$27.6	\$28.6	-4%	\$40.0	\$27.5	46%	\$46.0	\$45.4	1%	\$123.9	\$95.3	30%
Interest expense, net	\$12.0	\$12.3	-2%	\$11.9	\$12.1	-2%	\$48.8	\$49.1	-1%	\$47.5	\$48.4	-2%
Pre-tax income	\$14.6	\$16.2	-10%	\$27.1	\$15.3	77%	-\$6.8	-\$7.5	-9%	\$72.6	\$46.2	57%
Income tax expense / (Benefit)	\$3.7	\$4.2	-13%	\$8.1	\$4.0	101%	\$20.8	\$20.6	1%	\$21.8	\$12.3	78%
Net income	\$11.0	\$10.5	5%	\$19.0	\$10.7	78%	-\$27.6	-\$28.0	-2%	\$50.8	\$28.2	80%
Adjusted Net Income	\$22.2	\$22.3	0%	\$25.6	\$20.1	28%	\$53.3	\$55.4	-4%	\$78.2	\$72.5	8%
Adjusted EPS	\$0.13	\$0.13	0%	\$0.15	\$0.12	28%	\$0.32	\$0.32	0%	\$0.46	\$0.43	8%

Source: BofA Global Research estimates, Visible Alpha

BofA GLOBAL RESEARCH

Exhibit 21: Our SBUX estimates are above consensus for F24 and F25

SBUX BofAE vs Visible Alpha Consensus

	1Q24E			2Q24E			2024E			2025E		
	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var
Systemwide Stores:												
Total	38,846	38,618	1%	39,416	39,192	1%	40,836	40,720	0%	43,606	43,453	0%
North America	18,045	18,208	-1%	18,205	18,350	-1%	18,645	18,747	-1%	19,415	19,436	0%
Int'l	20,801	20,410	2%	21,211	20,841	2%	22,191	21,973	1%	24,191	24,016	1%
Same Store Sales:												
Blended SSS	5.3%	7.2%	-2 ppts	4.2%	4.7%	-1 ppts	5.1%	5.6%	-1 ppts	5.0%	5.2%	0 ppts
North America SSS	5.0%	5.6%	-1 ppts	4.5%	4.7%	0 ppts	5.4%	5.3%	0 ppts	5.5%	5.3%	0 ppts
Int'l SSS	7.0%	12.0%	-5 ppts	3.0%	4.9%	-2 ppts	4.0%	6.5%	-3 ppts	3.0%	4.9%	-2 ppts
Net Revenues	\$9,446	\$9,630	-2%	\$9,390	\$9,489	-1%	\$39,310	\$39,476	0%	\$43,175	\$43,474	-1%
Americas	\$6,992	\$7,167	-2%	\$6,798	\$6,925	-2%	\$28,540	\$29,005	-2%	\$31,219	\$31,679	-1%
Int'l	\$1,947	\$1,998	-3%	\$2,083	\$2,083	0%	\$8,756	\$8,598	2%	\$9,842	\$9,840	0%
Channel Development revenue	\$502	\$454	11%	\$505	\$461	10%	\$1,988	\$1,817	9%	\$2,088	\$1,878	11%
Foodservice & Other	\$4	\$5	-4%	\$4	\$4	-7%	\$25	\$25	0%	\$26	\$26	0%
Expenses:												
Cost of Sales (and rel. occupancy)	\$3,040	\$3,021	1%	\$3,008	\$2,967	1%	\$12,555	\$12,279	2%	\$13,796	\$13,425	3%
Store Operating Exp.	\$3,842	\$3,964	-3%	\$3,852	\$3,962	-3%	\$15,676	\$16,077	-2%	\$16,982	\$17,656	-4%
Other Operating Exp.	\$135	\$139	-3%	\$135	\$136	-1%	\$588	\$581	1%	\$626	\$634	-1%
D&A	\$351	\$354	-1%	\$362	\$365	-1%	\$1,464	\$1,469	0%	\$1,565	\$1,578	-1%
G&A	\$605	\$629	-4%	\$652	\$659	-1%	\$2,561	\$2,620	-2%	\$2,684	\$2,744	-2%
Operating Income	\$1,532	\$1,548	-1%	\$1,435	\$1,451	-1%	\$6,773	\$6,696	1%	\$7,835	\$7,665	2%
Net Interest Income & Other	\$20	\$24	-15%	\$20	\$24	-14%	\$81	\$94	-13%	\$81	\$92	-11%
Interest Expense	(\$150)	(\$145)	3%	(\$159)	(\$147)	8%	(\$658)	(\$595)	11%	(\$716)	(\$620)	16%
Pretax Income	\$1,402	\$1,435	-2%	\$1,296	\$1,326	-2%	\$6,196	\$6,199	0%	\$7,201	\$7,143	1%
Income Taxes	\$337	\$351	-4%	\$311	\$323	-4%	\$1,487	\$1,513	-2%	\$1,728	\$1,746	-1%

Exhibit 21: Our SBUX estimates are above consensus for F24 and F25

SBUX BofAE vs Visible Alpha Consensus

		1Q24E			2Q24E			2024E			2025E	
Adj. tax rate	24.0%	24.5%	-46 bps	24.0%	24.7%	-68 bps	24.0%	24.6%	-64 bps	24.0%	24.5%	-46 bps
Net income attributable to SBUX	\$1,066	\$1,079	-1%	\$985	\$1,005	-2%	\$4,709	\$4,683	1%	\$5,472	\$5,380	2%
Diluted Shares Outstanding	1149	1144	0%	\$1,149	\$1,140	1%	\$1,149	\$1,137	1%	\$1,138	\$1,119	2%
Adj. diluted EPS	\$0.93	\$0.94	-2%	\$0.86	\$0.88	-3%	\$4.10	\$4.12	0%	\$4.81	\$4.81	0%
Adjusted EBITDA	\$1,884	\$1,908	-1%	\$1,797	\$1,808	-1%	\$8,237	\$8,154	1%	\$9,401	\$9,223	2%

Source: BofA Global Research estimates, Visible Alpha

BofA GLOBAL RESEARCH

BofA Estimates vs Consensus- Fast Casual**Exhibit 22: Our CMG estimates are above consensus**

CMG BofAE vs Visible Alpha consensus

	4Q23E			1Q24E			2023E			2024E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Restaurants in Operation—EOP	3,427	3,436	0%	3,475	3,489	0%	3,427	3,436	0%	3,722	3,727	0%
Same store sales growth	7.2%	6.9%	0 ppts	6.4%	4.8%	2 ppts	7.6%	7.5%	0 ppts	5.8%	5.5%	0 ppts
Food and beverage revenue	\$2,474	\$2,469	0%	\$2,685	\$2,658	1%	\$9,779	\$9,774	0%	\$11,125	\$11,121	0%
Delivery service revenue	\$17	\$17	1%	\$19	\$19	0%	\$67	\$67	0%	\$68	\$72	-5%
Total Revenues	\$2,491	\$2,488	0%	\$2,703	\$2,673	1%	\$9,846	\$9,843	0%	\$11,193	\$11,185	0%
Expenses:												
Food, beverage, and packaging	\$747	\$744	1%	\$796	\$783	2%	\$2,913	\$2,909	0%	\$3,333	\$3,285	1%
Labor	\$630	\$631	0%	\$666	\$656	2%	\$2,442	\$2,442	0%	\$2,776	\$2,764	0%
Occupancy	\$129	\$129	0%	\$133	\$134	-1%	\$501	\$502	0%	\$547	\$553	-1%
Other Operating Costs	\$379	\$377	0%	\$412	\$403	2%	\$1,437	\$1,435	0%	\$1,588	\$1,604	-1%
Total Store Level Expenses	\$1,885	\$1,881	0%	\$2,006	\$1,975	2%	\$7,293	\$7,288	0%	\$8,244	\$8,206	0%
Depreciation and amortization	\$81	\$83	-2%	\$84	\$85	-1%	\$315	\$317	-1%	\$346	\$351	-2%
Pre-opening expenses	\$15	\$15	2%	\$8	\$8	1%	\$38	\$38	1%	\$43	\$40	7%
G&A	\$163	\$163	0%	\$160	\$165	-3%	\$627	\$627	0%	\$662	\$672	-1%
Operating Income	\$347	\$341	2%	\$445	\$433	3%	\$1,573	\$1,548	2%	\$1,899	\$1,893	0%
Pretax Income	\$358	\$358	0%	\$460	\$449	3%	\$1,597	\$1,610	-1%	\$1,960	\$1,962	0%
Income Tax Provision (benefit)	\$90	\$90	-1%	\$115	\$112	3%	\$381	\$382	0%	\$490	\$492	0%
Adjusted tax rate	25.0%	25.2%	-21 bps	25.0%	25.0%	3 bps	23.9%	23.7%	14 bps	25.0%	25.1%	-8 bps
Net Income	\$269	\$264	2%	\$345	\$336	3%	\$1,215	\$1,212	0%	\$1,470	\$1,468	0%
Adjusted Net Income	\$269	\$266	1%	\$345	\$337	2%	\$1,226	\$1,222	0%	\$1,470	\$1,464	0%
EBITDA	\$428	\$424	1%	\$529	\$518	2%	\$1,888	\$1,865	1%	\$2,245	\$2,245	0%
Adjusted EPS	\$9.75	\$9.64	1%	\$12.56	\$12.24	3%	\$44.26	\$44.11	0%	\$53.78	\$53.40	1%

Source: BofA Global Research estimates, Visible Alpha consensus

BofA GLOBAL RESEARCH

Exhibit 23: Our PTLO estimates are above consensus for F23 and F24

PTLO BofAE vs Visible Alpha consensus

	4Q23E			1Q24E			2023E			2024E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Total restaurants (EOP)	84	84	0%	85	86	-2%	84	84	0%	94	94	1%
Same-restaurant sales	2.8%	3.7%	-1 ppts	3.5%	2.7%	1 ppts	5.3%	5.6%	0 ppts	3.1%	3.0%	0 ppts
Revenues	\$183.6	\$185.6	-1%	\$180.0	\$178.8	1%	\$675.6	\$677.7	0%	\$761.7	\$763.3	0%
Cost of goods sold, excluding depreciation and amortization	\$63.0	\$63.2	0%	\$61.6	\$60.9	1%	\$228.4	\$228.6	0%	\$257.1	\$256.3	0%
Labor	\$48.8	\$48.8	0%	\$47.9	\$47.4	1%	\$175.0	\$175.0	0%	\$202.9	\$199.8	2%
Occupancy	\$9.6	\$9.5	1%	\$9.5	\$9.6	-2%	\$34.5	\$34.4	0%	\$38.6	\$39.0	-1%
Other operating expenses	\$22.0	\$22.0	0%	\$20.9	\$21.0	0%	\$78.2	\$78.1	0%	\$87.5	\$87.2	0%
Pre-opening expenses	\$2.9	\$2.8	4%	\$2.3	\$1.8	28%	\$8.0	\$7.9	2%	\$8.0	\$8.0	0%
General & administrative expenses	\$19.8	\$19.5	2%	\$20.8	\$18.6	12%	\$77.1	\$70.8	9%	\$85.6	\$77.0	11%
Depreciation and amortization	\$6.8	\$6.6	3%	\$6.6	\$6.6	-1%	\$24.6	\$24.4	1%	\$27.7	\$28.1	-1%
Income before interest expense and income taxes	\$10.7	\$11.4	-6%	\$11.0	\$11.7	-6%	\$51.7	\$52.5	-1%	\$56.1	\$62.0	-10%
Interest expense	\$6.5	\$6.4	2%	\$6.5	\$6.3	2%	\$26.9	\$26.6	1%	\$25.9	\$25.1	3%
Income taxes	\$0.6	\$1.2	-47%	\$0.7	\$0.9	-27%	\$4.2	\$4.9	-14%	\$4.5	\$6.5	-30%



Exhibit 23: Our PTLO estimates are above consensus for F23 and F24

PTLO BofAE vs Visible Alpha consensus

	4Q23E			1Q24E			2023E			2024E		
Net income	\$3.6	\$3.9	-8%	\$3.8	\$4.5	-16%	\$20.5	\$20.4	1%	\$25.6	\$30.9	-17%
Shares Outstanding fully diluted	59.3	62.8	-6%	59.8	63.0	-5%	56.5	58.0	-3%	60.5	63.1	-4%
Adjusted EBITDA (includes pre-opening)	\$23.5	\$23.1	2%	\$22.5	\$22.8	-1%	\$99.7	\$99.1	1%	\$107.0	\$110.0	-3%
Adjusted EBITDA Margin	12.8%	12.4%	39 bps	12.5%	12.7%	-24 bps	14.8%	14.6%	12 bps	14.0%	14.4%	-37 bps
GAAP EPS	\$0.06	\$0.06	-3%	\$0.06	\$0.06	1%	\$0.24	\$0.23	3%	\$0.42	\$0.39	10%

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

BofA GLOBAL RESEARCH

Exhibit 24: Our SHAK EBITDA estimates are below expectations

SHAK BofAE vs Visible Alpha consensus

	4Q23E			1Q24E			2023E			2024E		
	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var
Traffic	0.0%	-1.0%	1 ppts	0.0%	-0.9%	1 ppts	-0.3%	-0.4%	0 ppts	0.0%	-0.4%	0 ppts
Price/Mix	1.9%	2.8%	-1 ppts	3.0%	2.2%	1 ppts	4.5%	4.7%	0 ppts	2.7%	2.7%	0 ppts
Company SSSG	1.9%	1.7%	0 ppts	3.0%	1.5%	1 ppts	4.2%	4.3%	0 ppts	2.7%	2.4%	0 ppts
Domestic Company-operated EOP	294	294	0%	300	301	0%	294	294	0%	337	335	1%
Domestic Units EOP	338	334	1%	347	342	1%	338	335	1%	393	382	3%
International Units EOP	177	180	-2%	183	186	-1%	177	180	-2%	209	213	-2%
Systemwide shops EOP	515	515	0%	530	528	0%	515	515	0%	602	595	1%
Shack sales	\$273.1	\$269.4	1%	\$286.4	\$278.4	3%	\$1,044.1	\$1,040.5	0%	\$1,217.0	\$1,194.9	2%
Licensing revenue	\$10.5	\$10.6	-1%	\$11.5	\$11.0	4%	\$40.7	\$40.8	0%	\$46.1	\$47.9	-4%
Total revenue	\$283.5	\$280.1	1%	\$297.9	\$289.7	3%	\$1,084.8	\$1,081.4	0%	\$1,263.1	\$1,243.1	2%
Cost & Expenses												
Food and paper costs	\$82.1	\$79.6	3%	\$84.9	\$81.7	4%	\$306.8	\$304.4	1%	\$357.4	\$348.7	2%
Labor and related expenses	\$79.7	\$78.1	2%	\$84.3	\$83.9	0%	\$305.3	\$303.8	1%	\$347.6	\$347.0	0%
Other operating expenses	\$39.2	\$38.9	1%	\$39.1	\$39.6	-1%	\$147.6	\$147.2	0%	\$165.3	\$167.6	-1%
Occupancy and related expenses	\$21.3	\$21.2	0%	\$20.8	\$21.3	-2%	\$80.0	\$79.9	0%	\$89.6	\$91.1	-2%
Total restaurant operating costs	\$222.3	\$217.9	2%	\$229.2	\$226.5	1%	\$839.7	\$835.3	1%	\$959.8	\$954.4	1%
Food and paper costs	30.0%	29.6%	49 bps	29.6%	29.3%	30 bps	29.4%	29.3%	13 bps	29.4%	29.2%	18 bps
Labor and related expenses	29.2%	29.0%	18 bps	29.5%	30.2%	-70 bps	29.2%	29.2%	5 bps	28.6%	29.0%	-48 bps
Other operating expenses	14.4%	14.4%	-7 bps	13.7%	14.2%	-56 bps	14.1%	14.2%	-2 bps	13.6%	14.0%	-44 bps
RLM	18.6%	19.1%	-52 bps	20.0%	18.6%	134 bps	19.6%	19.7%	-14 bps	21.1%	20.1%	100 bps
Expenses												
General & administrative expenses	\$34.3	\$35.1	-2%	\$33.8	\$34.0	-1%	\$128.0	\$128.8	-1%	\$138.3	\$142.9	-3%
Depreciation expense	\$23.7	\$23.9	-1%	\$25.1	\$25.1	0%	\$90.4	\$90.6	0%	\$105.3	\$105.9	-1%
Pre-opening costs	\$4.7	\$4.6	2%	\$3.7	\$3.8	-4%	\$18.8	\$18.7	1%	\$18.9	\$18.6	2%
Impairment and loss on disposal of assets	\$0.4	\$0.4	1%	\$0.3	\$0.3	2%	\$2.5	\$2.3	9%	\$1.3	\$1.3	0%
Adjusted Operating income	\$5.1	\$5.3	-4%	\$5.8	\$6.6	-12%	\$32.9	\$39.0	-16%	\$39.5	\$48.4	-18%
Adjusted EBITDA	\$28.9	\$29.2	-1%	\$30.9	\$31.7	-3%	\$123.3	\$129.5	-5%	\$144.8	\$154.3	-6%
Adjusted EBITDA margin %	10.2%	10.4%	0 bps	10.4%	10.9%	0 bps	11.4%	12.0%	0 bps	11.5%	12.4%	0 bps
Adjusted EPS - Diluted	\$0.01	\$0.01	1%	\$0.07	\$0.03	111%	\$0.35	\$0.36	-1%	\$0.48	\$0.48	1%

Source: BofA Global Research estimates, Visible Alpha

BofA GLOBAL RESEARCH

Exhibit 25: Our SG estimates are above consensus

SG BofAE vs Visible Alpha consensus

	4Q23E			1Q24E			2023E			2024E		
	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var
SSSG	4.0%	3.9%	0 ppts	5.0%	3.5%	2 ppts	4.0%	3.9%	0 ppts	5.0%	4.1%	1 ppts
Total Restaurants (EOP)	221	221	0%	225	226	0%	221	221	0%	247	248	0%
Revenue	\$150.7	\$151.1	0%	\$151.2	\$149.0	1%	\$581.7	\$582.1	0%	\$681.5	\$666.5	2%
Food, beverage, and packaging	\$42.8	\$41.8	3%	\$40.8	\$40.6	0%	\$161.2	\$160.1	1%	\$189.5	\$181.6	4%
Labor and related expenses	\$44.5	\$45.5	-2%	\$47.3	\$46.4	2%	\$171.0	\$172.0	-1%	\$196.9	\$194.6	1%
Occupancy and related expenses	\$15.1	\$15.4	-2%	\$15.2	\$14.8	2%	\$55.2	\$55.5	0%	\$64.1	\$62.3	3%
Other restaurant operating costs	\$26.1	\$26.1	0%	\$24.6	\$24.5	0%	\$95.0	\$95.1	0%	\$104.9	\$105.3	0%
Restaurant operating costs	\$128.5	\$128.8	0%	\$127.8	\$126.3	1%	\$482.4	\$482.6	0%	\$555.4	\$543.9	2%
General & Admin Exp.	\$37.5	\$37.7	0%	\$35.0	\$35.9	-3%	\$148.8	\$148.5	0%	\$141.3	\$139.7	1%
G&A Excl. SBC	\$25.5	\$24.9	2%	\$27.5	\$26.7	3%	\$96.6	\$95.1	2%	\$107.2	\$103.3	4%

Exhibit 25: Our SG estimates are above consensus

SG BofAE vs Visible Alpha consensus

	4Q23E			1Q24E			2023E			2024E		
Depreciation & Amort.	\$15.8	\$16.0	-1%	\$15.8	\$15.9	0%	\$59.1	\$59.3	0%	\$69.3	\$68.5	1%
Total Operating Expense	\$53.7	\$54.6	-2%	\$52.7	\$53.8	-2%	\$217.4	\$222.3	-2%	\$218.9	\$216.7	1%
Adjusted EBITDA	-\$3.3	-\$3.3	1%	-\$5.7	-\$5.9	-4%	-\$4.3	-\$4.4	-3%	\$11.8	\$11.3	4%
Adjusted EPS	-\$0.17	-\$0.17	0%	-\$0.18	-\$0.19	-4%	-\$0.61	-\$0.63	-2%	-\$0.45	-\$0.47	-5%

Source: BofA Global Research estimates, Visible Alpha consensus

BofA GLOBAL RESEARCH

BofA Estimates vs Consensus- Casual Dining**Exhibit 26: Our BLMN estimates are above consensus**

BLMN BofAE vs Visible Alpha consensus

	4Q23E			1Q24E			2023E			2024E		
	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var
Total Restaurants - End of Period	1,482	1,490	-1%	1,491	1,492	0%	1,482	1,491	-1%	1,534	1,527	0%
Restaurants (EOP) - US												
Outback	686	686	0%	687	686	0%	686	686	0%	692	694	0%
Carrabba's	218	218	0%	219	218	0%	218	218	0%	222	219	1%
Bonefish	175	175	0%	175	175	0%	175	175	0%	177	175	1%
Fleming's	64	65	-2%	66	65	2%	64	65	-2%	69	68	2%
Aussie Grill	7	8	-11%	7	8	-15%	7	8	-11%	8	9	-11%
Restaurants (EOP) - International												
Outback - Int'l	332	338	-2%	337	340	-1%	332	339	-2%	366	362	1%
Same Store Sales - US	0.6%	0.4%	0 ppt	1.9%	0.9%	1 ppt	1.6%	1.5%	0 ppt	1.9%	1.3%	1 ppt
Outback SSS	-0.5%	0.2%	-1 ppt	2.0%	0.9%	1 ppt	1.1%	1.2%	0 ppt	2.0%	1.3%	1 ppt
Carrabba's SSS	2.0%	2.7%	-1 ppt	1.5%	1.3%	0 ppt	3.8%	4.0%	0 ppt	1.5%	1.7%	0 ppt
Bonefish SSS	2.0%	0.1%	2 ppt	1.8%	-0.1%	2 ppt	1.9%	1.5%	0 ppt	1.8%	1.0%	1 ppt
Fleming's SSS	2.0%	-2.3%	4 ppt	1.9%	-0.1%	2 ppt	0.0%	-1.3%	1 ppt	1.9%	0.8%	1 ppt
Same Store Sales - International												
Outback Steakhouse - Brazil	4.0%	4.1%	0 ppt	3.5%	3.3%	0 ppt	6.2%	6.5%	0 ppt	3.5%	3.0%	1 ppt
Total Revenues	\$1,193.4	\$1,199.5	-1%	\$1,263.0	\$1,254.6	1%	\$4,670.7	\$4,676.8	0%	\$4,704.4	\$4,682.4	0%
Company operated revenue	\$1,176.0	\$1,181.9	0%	\$1,246.3	\$1,237.1	1%	\$4,606.0	\$4,611.9	0%	\$4,639.6	\$4,618.5	0%
Franchised and other revenue	\$17.4	\$17.4	0%	\$16.7	\$16.4	1%	\$64.7	\$64.7	0%	\$64.7	\$64.6	0%
Cost of Sales	\$352.2	\$360.0	-2%	\$391.1	\$387.3	1%	\$1,409.5	\$1,417.3	-1%	\$1,424.8	\$1,428.4	0%
Labor and related	\$330.6	\$336.8	-2%	\$349.1	\$346.9	1%	\$1,312.5	\$1,317.5	0%	\$1,331.7	\$1,325.9	0%
Other restaurant operating	\$314.2	\$302.5	4%	\$290.1	\$289.7	0%	\$1,151.6	\$1,139.8	1%	\$1,159.4	\$1,144.7	1%
Restaurant Operating Margin (adj)	15.2%	15.4%	-23 bps	17.3%	17.2%	11 bps	15.9%	16.0%	-8 bps	15.6%	15.6%	2 bps
D&A	\$49.4	\$50.1	-1.3%	\$47.4	\$48.6	-2.6%	\$191.3	\$191.6	-0.2%	\$197.6	\$198.3	-0.4%
G&A	\$65.2	\$63.5	2.7%	\$67.0	\$65.8	1.7%	\$256.6	\$253.0	1.4%	\$256.9	\$254.2	1.1%
Provision for impaired assets & unit closings	\$0.0	\$1.4		\$0.0	\$1.3		-\$0.9	\$3.7		\$0.0	\$5.4	
Operating Income	\$87.8	\$85.7	2%	\$118.4	\$114.0	4%	\$356.1	\$353.6	1%	\$333.9	\$326.5	2%
Interest, Net	\$13.0	\$13.2	-2%	\$12.5	\$12.6	0%	\$51.2	\$51.5	0%	\$50.0	\$49.1	2%
Pretax Earnings	\$74.8	\$72.6	3%	\$105.9	\$101.3	5%	\$304.9	\$301.4	1%	\$283.9	\$277.2	2%
Income Taxes	\$9.7	\$7.6	29%	\$16.9	\$14.1	20%	\$30.9	\$31.4	-2%	\$45.3	\$38.3	18%
adj tax rate	13.0%	10.4%	259 bps	16.0%	13.9%	203 bps	11.1%	10.4%	64 bps	16.0%	13.8%	212 bps
Adjusted Net Income, attributable to Bloomin'	\$63.0	\$63.0	0%	\$86.9	\$86.6	0%	\$263.2	\$263.2	0%	\$231.8	\$234.4	-1%
GAAP Diluted EPS	\$0.67	\$0.66	1%	\$0.93	\$0.91	2%	\$2.75	\$2.78	-1%	\$2.51	\$2.50	0%
Adjusted EPS	\$0.71	\$0.68	3%	\$0.99	\$0.95	4%	\$2.87	\$2.84	1%	\$2.65	\$2.59	3%
Diluted Shares Outstanding	94	95	-1%	93	95	-2%	97	96	1%	92	93	-1%
EBITDA - Adjusted	\$137.2	\$135.9	1%	\$165.8	\$164.3	1%	\$546.1	\$544.4	0%	\$531.5	\$527.6	1%

Source: BofA Global Research estimates, Visible Alpha consensus

BofA GLOBAL RESEARCH

Exhibit 27: Our CAKE estimates are slightly below consensus

CAKE BofAE vs Visible Alpha consensus

	4Q23E			1Q24E			2023E			2024E		
\$ in millions (except per share amounts)	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var
Restaurants - EOP by Segment:												
Cheesecake Factory	215	215	0%	217	216	0%	215	215	0%	220	220	0%



Exhibit 27: Our CAKE estimates are slightly below consensus

CAKE BofAE vs Visible Alpha consensus

	4Q23E			1Q24E			2023E			2024E		
North Italia	37	37	1%	39	38	2%	37	37	1%	43	43	-1%
Other FRC	39	38	3%	41	42	-2%	39	38	2%	42	41	2%
SSS - Cheesecake Factory	2.0%	2.2%	-0 ppt	2.0%	1.4%	0 ppt	2.9%	2.9%	-0 ppt	1.9%	1.6%	0 ppt
Total Revenues	\$878.1	\$877.3	0%	\$920.5	\$913.6	1%	\$3,440.6	\$3,439.8	0%	\$3,682.1	\$3,664.3	0%
Revenues by Segment:												
Cheesecake Factory	\$651.2	\$651.8	0%	\$686.5	\$679.0	1%	\$2,587.8	\$2,588.4	0%	\$2,714.4	\$2,693.1	1%
North Italia	\$69.3	\$68.8	1%	\$71.3	\$72.6	-2%	\$260.9	\$260.4	0%	\$312.0	\$314.9	-1%
Other FRC	\$71.0	\$72.5	-2%	\$79.5	\$80.0	-1%	\$264.0	\$265.5	-1%	\$310.3	\$312.0	-1%
Other	\$86.7	\$85.4	1%	\$83.2	\$82.4	1%	\$327.9	\$326.6	0%	\$345.3	\$348.2	-1%
Operating Income	\$41.0	\$41.5	-1%	\$41.1	\$41.2	0%	\$141.5	\$143.3	-1%	\$171.5	\$173.2	-1%
Interest Income (Expense), Net	-\$2.0	-\$2.0	-1%	-\$2.0	-\$2.0	0%	-\$8.1	-\$8.1	0%	-\$8.2	-\$8.1	1%
Pretax Income	\$39.0	\$39.6	-1%	\$39.1	\$39.0	0%	\$133.4	\$134.7	-1%	\$163.3	\$165.5	-1%
Income Tax Provision	\$3.5	\$3.5	2%	\$4.3	\$4.3	0%	\$9.2	\$9.1	1%	\$18.0	\$18.3	-2%
Adjusted net income	\$36.3	\$36.1	0%	\$35.6	\$35.8	-1%	\$129.1	\$128.4	0%	\$148.4	\$147.7	0%
Adjusted Diluted EPS	\$0.74	\$0.74	0%	\$0.73	\$0.74	-1%	\$2.63	\$2.61	1%	\$3.09	\$3.08	1%
Diluted weighted average shares outstanding	49	49	0%	48	48	0%	49	49	0%	48	48	0%
EBITDA	\$65.5	\$65.9	-1%	\$64.4	\$66.5	-3%	\$235.0	\$241.0	-2%	\$266.5	\$272.9	-2%

Source: BofA Global Research estimates, Visible Alpha consensus

BofA GLOBAL RESEARCH

Exhibit 28: Our EAT estimates are below consensus

EAT BofAE vs Visible Alpha consensus

	2Q24E			3Q24E			2024E			2025E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Chili's SSSG- co-op	5.4%	6.4%	-1 ppts	3.4%	4.1%	-1 ppts	4.4%	5.2%	-1 ppts	2.0%	2.7%	-1 ppts
Maggiano's SSSG- co-op	-0.1%	2.2%	-2 ppts	-0.1%	1.3%	-1 ppts	1.8%	2.2%	0 ppts	2.0%	2.1%	0 ppts
Systemwide Co-op SSSG	4.6%	6.0%	-1 ppts	3.0%	3.8%	-1 ppts	4.1%	4.7%	-1 ppts	2.0%	2.4%	0 ppts
Chili's units	1599	1602	0%	1604	1606	0%	1612	1610	0%	1636	1625	1%
Maggiano's units	52	52	0%	52	52	0%	52	52	0%	54	53	2%
Company Restaurant Sales	\$1,050	\$1,068	-2%	\$1,105	\$1,111	-1%	\$4,259	\$4,289	-1%	\$4,433	\$4,423	0%
Franchise & Other	\$10	\$10	-4%	\$11	\$11	0%	\$42	\$42	-1%	\$42	\$43	-2%
Total Revenue	\$1,060	\$1,078	-2%	\$1,116	\$1,122	-1%	\$4,301	\$4,331	-1%	\$4,476	\$4,466	0%
Cost of Sales	\$268	\$278	-4%	\$279	\$289	-4%	\$1,082	\$1,112	-3%	\$1,129	\$1,145	-1%
Restaurant Labor	\$353	\$359	-2%	\$381	\$377	1%	\$1,465	\$1,462	0%	\$1,561	\$1,508	4%
Restaurant Expenses	\$291	\$293	-1%	\$299	\$299	0%	\$1,176	\$1,178	0%	\$1,170	\$1,209	-3%
G&A	\$43	\$42	2%	\$44	\$42	4%	\$173	\$169	3%	\$177	\$175	2%
G&A as % of Revenues	4.1%	3.9%	13 bps	4.0%	3.8%	19 bps	4.0%	3.9%	14 bps	4.0%	3.9%	5 bps
Operating Income	\$62	\$63	-3%	\$70	\$70	-1%	\$229	\$232	-1%	\$261	\$256	2%
Operating Margin	5.8%	5.9%	-6 bps	6.3%	6.3%	0 bps	5.3%	5.3%	-3 bps	5.8%	5.7%	10 bps
Adjusted EPS	\$0.95	\$0.97	-2%	\$1.12	\$1.12	0%	\$3.51	\$3.56	-1%	\$3.88	\$3.92	-1%
Adj. EBITDA	\$105	\$106	-1%	\$115	\$114	1%	\$408	\$411	-1%	\$440	\$430	2%
Adj. EBITDA margin	9.9%	9.9%	6 bps	10.3%	10.2%	12 bps	9.5%	9.5%	0 bps	9.8%	9.6%	18 bps
Cost of Sales	25.5%	26.0%	-48 bps	25.2%	26.0%	-78 bps	25.4%	25.9%	-52 bps	25.5%	25.9%	-42 bps
Restaurant Labor	33.6%	33.6%	-4 bps	34.5%	33.9%	57 bps	34.4%	34.1%	32 bps	35.2%	34.1%	113 bps
Restaurant Expenses	27.7%	27.4%	29 bps	27.1%	26.9%	13 bps	27.6%	27.5%	15 bps	26.4%	27.3%	-94 bps
Restaurant level margin	13.2%	13.0%	23 bps	13.2%	13.1%	8 bps	12.6%	12.5%	5 bps	12.9%	12.7%	23 bps

Source: BofA Global Research estimates, Visible Alpha consensus

BofA GLOBAL RESEARCH

Exhibit 29: Our FWRG estimates are below F23 consensus and above F24 consensus

FWRG BofAE vs Visible Alpha Consensus

	4Q23E			1Q24E			2023E			2024E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
SRS Growth y/y	5.0%	5.3%	0 ppts	4.0%	1.9%	2 ppts	14.5%	7.6%	7 ppts	4.0%	2.9%	1 ppts
Total New Openings (Net)	19	19	0%	12	9	30%	50	50	0%	60	58	3%
Total Units (End of Period)	524	524	0%	536	533	1%	524	524	0%	584	582	0%
Company-Owned Units EOP	425	425	0%	432	431	0%	425	425	0%	492	473	4%
Franchise Units EOP	99	99	0%	104	102	2%	99	99	0%	92	109	-15%
Total revenue	\$234.9	\$237.5	-1%	\$250.0	\$246.6	1%	\$881.8	\$884.5	0%	\$1,059.7	\$1,021.3	4%
Net sales	\$231.6	\$234.3	-1%	\$246.8	\$243.4	1%	\$867.6	\$870.3	0%	\$1,046.5	\$1,007.8	4%
Franchise revenue	\$3.3	\$3.3	2%	\$3.2	\$3.2	0%	\$14.2	\$14.1	1%	\$13.2	\$13.4	-2%
Company operated costs	\$192.5	\$194.4	-1%	\$193.9	\$193.4	0%	\$699.7	\$701.6	0%	\$840.8	\$813.5	3%
Cost of sales	\$52.3	\$53.1	-2%	\$55.7	\$54.4	2%	\$195.3	\$196.1	0%	\$234.7	\$226.1	4%
% of Restaurant revenue	22.6%	22.7%	-8 bps	22.6%	22.3%	22 bps	22.5%	22.5%	-2 bps	22.4%	22.4%	0 bps
Labor and other related expenses	\$81.4	\$81.5	0%	\$80.2	\$81.3	-1%	\$293.7	\$293.8	0%	\$353.9	\$343.1	3%
% of Restaurant revenue	35.1%	34.8%	37 bps	32.5%	33.4%	-90 bps	33.9%	33.8%	10 bps	33.8%	34.0%	-22 bps
Other restaurant operating expenses	\$35.3	\$36.5	-3%	\$37.3	\$37.2	0%	\$132.9	\$134.1	-1%	\$159.8	\$154.7	3%
% of Restaurant revenue	15.3%	15.6%	-32 bps	15.1%	15.3%	-18 bps	15.3%	15.4%	-9 bps	15.3%	15.4%	-9 bps
Restaurant occupancy expenses	\$19.6	\$23.4	-16%	\$19.5	\$20.5	-5%	\$69.5	\$77.6	-10%	\$85.2	\$89.6	-5%
% of Restaurant revenue	8%	10%	-152 bps	8%	8%	-52 bps	8%	9%	-91 bps	8%	9%	-75 bps
Restaurant Level EBITDA (includes pre-opening)	\$39.1	\$39.9	-2%	\$52.9	\$50.0	6%	\$167.9	\$168.7	0%	\$205.7	\$194.3	6%
Restaurant Level Margin (%)	16.9%	17.0%	-14 bps	21.4%	20.6%	88 bps	19.4%	19.4%	-3 bps	19.7%	19.3%	38 bps
General and administrative expenses	\$26.8	\$27.7	-3%	\$27.1	\$26.9	1%	\$99.9	\$100.9	-1%	\$119.1	\$114.1	4%
Adjusted EBITDA	\$17.4	\$18.1	-4%	\$30.3	\$28.4	7%	\$92.3	\$92.8	-1%	\$104.2	\$102.9	1%
Adjusted EBITDA margin	7.4%	7.6%	-20 bps	12.1%	11.5%	59 bps	10.5%	10.5%	-3 bps	9.8%	10.1%	-24 bps
Interest expense	-\$1.8	-\$2.0	-7%	-\$1.9	-\$1.9	1%	-\$7.6	-\$7.7	-2%	-\$7.7	-\$7.6	1%
Other income	\$0.3	\$0.2	19%	\$0.2	\$0.2	24%	\$2.2	\$2.1	5%	\$0.9	\$0.7	37%
Income taxes	-\$0.7	-\$0.8	-9%	-\$4.4	-\$4.2	5%	-\$8.5	-\$8.6	-1%	-\$12.0	-\$12.2	-2%
Net Income (Loss)	\$1.9	\$1.7	7%	\$12.0	\$9.1	31%	\$24.6	\$24.8	-1%	\$32.3	\$27.3	18%
Adjusted EPS	\$0.06	\$0.04	39%	\$0.19	\$0.15	25%	\$0.48	\$0.49	-2%	\$0.51	\$0.47	10%

Source: BofA Global Research estimates, Visible Alpha

BofA GLOBAL RESEARCH



Exhibit 30: Our TXRH estimates are above consensus

TXRH BofAE vs Visible Alpha consensus

	4Q23E			1Q24E			2023E			2024E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
SSSG	9.1%	8.6%	1 ppts	6.9%	4.8%	2 ppts	9.8%	9.7%	0 ppts	6.1%	4.6%	1 ppts
Total Units	731	736	-1%	739	745	-1%	731	736	-1%	772	778	-1%
Restaurant Sales	\$1,152.3	\$1,153.5	0%	\$1,306.2	\$1,281.7	2%	\$4,599.5	\$4,600.7	0%	\$5,108.4	\$5,139.5	-1%
Franchise royalties & fees	\$7.2	\$7.2	0%	\$8.3	\$7.9	5%	\$27.3	\$27.3	0%	\$32.4	\$32.1	1%
Total Revenues	\$1,159.5	\$1,160.2	0%	\$1,314.5	\$1,290.4	2%	\$4,626.8	\$4,627.5	0%	\$5,140.7	\$5,173.9	-1%
Cost of sales	\$406.2	\$401.9	1%	\$465.0	\$449.9	3%	\$1,604.3	\$1,600.0	0%	\$1,804.5	\$1,793.9	1%
Labor	\$386.7	\$387.6	0%	\$428.4	\$423.8	1%	\$1,542.7	\$1,543.6	0%	\$1,694.8	\$1,721.4	-2%
Rent	\$18.4	\$18.7	-2%	\$20.1	\$19.4	3%	\$72.4	\$72.7	0%	\$77.1	\$79.7	-3%
Other Operating Costs	\$168.8	\$172.5	-2%	\$179.6	\$182.0	-1%	\$676.6	\$680.3	-1%	\$726.5	\$748.7	-3%
Total Store Level Expenses	\$980.2	\$980.3	0%	\$1,093.1	\$1,076.0	2%	\$3,896.1	\$3,896.2	0%	\$4,303.0	\$4,345.9	-1%
G&A	\$47.4	\$48.6	-2%	\$52.8	\$52.5	1%	\$195.9	\$197.1	-1%	\$206.8	\$212.0	-2%
G&A as % of Revenues	4.1%	4.2%	-10 bps	4.0%	4.1%	-5 bps	4.2%	4.3%	-3 bps	4.0%	4.1%	-8 bps
Operating Income	\$84.8	\$83.7	1%	\$119.5	\$115.0	4%	\$355.0	\$354.0	0%	\$434.7	\$418.4	4%
Operating margin	7.3%	7.2%	10 bps	9.1%	8.9%	18 bps	7.7%	7.6%	2 bps	8.5%	8.1%	37 bps
Pretax Income	\$85.5	\$84.7	1%	\$120.2	\$116.1	3%	\$359.6	\$358.8	0%	\$437.3	\$422.2	4%
Income Tax Provision (benefit)	\$10.3	\$11.2	-9%	\$16.8	\$16.4	3%	\$45.7	\$46.7	-2%	\$61.2	\$59.7	2%
Tax rate	12.0%	13.3%	-127 bps	14.0%	14.1%	-14 bps	12.7%	13.0%	-30 bps	14.0%	14.2%	-15 bps
Pro-Forma EPS	\$1.09	\$1.06	3%	\$1.50	\$1.45	3%	\$4.55	\$4.52	1%	\$5.48	\$5.30	3%
EBITDA	\$125.3	\$123.3	2%	\$162.9	\$154.9	5%	\$508.3	\$506.3	0%	\$604.4	\$585.7	3%

Source: BofA Global Research estimates, Visible Alpha

BofA GLOBAL RESEARCH

BofA Estimates Changes and PO Changes**Fine-tuning estimates for FX, inflation**

We are adjusting our estimates. Please see company pages for details on revised estimates.

We are also adjusting our POs to reflect updated estimates and market multiple expansion. For our relative valuation-based companies, we apply a target relative P/E multiple (relative to SPW) to our next 12-month EPS estimates.

To arrive at our \$37 PO for CAKE (vs \$33 prior), we apply a 0.6x relative multiple (unchanged, 11.4x absolute) to our 4Q24-3Q25 EPS of \$3.26.

We update our CMG PO to \$2700 from \$2570 to reflect the higher-than-expected sales volumes CMG generated this year as well as the impact on of a lower equity risk premium on the weighted average cost of capital. At steady state, we expect AUVs to exceed \$4mm and margins to reach the prior peak of 27% (28% pre-opening). Assuming G&A of 5% (similar to mature company operated systems), CMG would generate \$7.9bb in EBITDA. Applying a 20x multiple, the implied EV is \$157bb, or \$68bb discounted back to today, and implied equity value per share is \$2700.

To arrive at our \$491 PO (vs \$483 prior) for DPZ, we apply a 1.5x relative multiple (27.7x absolute, up from 1.4x prior) to our 4Q24-3Q25 EPS of \$17.77. We believe the higher multiple is warranted as DPZ returns to a stable growth model following two years of post-COVID volatility.

To arrive at our \$43 PO for EAT (vs \$37 prior), we apply a 0.6x relative multiple (unchanged, 10.8x absolute) to our 2Q25-1Q26 EPS of \$4.00.

To arrive at our \$341 PO for MCD (vs \$291 prior), we apply a 1.3x relative multiple (unchanged, 25.4x absolute) to our 4Q24-3Q25 EPS of \$13.39.

To arrive at our \$146 PO for TXRH (vs \$123 prior), we use TXRH's average relative multiple of 1.3x (up from 1.2x prior) as we expect the company to return to its historical

profitability and return profiles in the year ahead. We apply the multiple (23.2x absolute) to our 4Q24-3Q25 EPS of \$6.29.

We use a steady state earnings power analysis to value WING. We update our analysis to incorporate an international franchised unit count at the high end of WING's range to reflect the better-than-expected performance of those stores, and apply RLMs of 31% and G&A at 1.8% of system sales to arrive at our EBITDA estimate of \$1.36bb (vs \$1.22bb prior). Applying an 18x multiple, the implied EV is \$24.5bb or \$9.1bb discounted back to today, and implied equity value per share is \$323 (vs \$285 prior).

To arrive at our \$151 PO for YUM (vs \$130 prior), we apply a 1.3x relative multiple (unchanged, 24.4x absolute) to our 4Q24-3Q25 EPS of \$6.21.

Exhibit 31: We adjust our 1Q estimates to reflect demand trends

Bloomin' Brands Estimates - BofA Prior vs New

	Prior 4Q23E	New 4Q23E	% Change	Prior 1Q24E	New 1Q24E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total revenues	\$1,193.4	\$1,193.4	0%	\$1,269.5	\$1,263.0	(1%)	\$4,670.7	\$4,670.7	0%	\$4,723.4	\$4,704.4	(0%)
EBITDA - adjusted	\$137.2	\$137.2	0%	\$170.3	\$165.8	(3%)	\$546.1	\$546.1	0%	\$540.6	\$531.5	(2%)
Adjusted EPS	\$0.70	\$0.71	1%	\$1.03	\$0.99	(4%)	\$2.86	\$2.87	0%	\$2.74	\$2.65	(3%)

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 32: We adjust our 1Q estimates to reflect lower int'l revenue, offset by lower operating expenses

Krispy Kreme BofA Estimates - Prior vs New

	Prior 4Q23E	New 4Q23E	% Change	Prior 1Q24E	New 1Q24E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total Net Revenue	\$445.4	\$440.0	(1%)	\$486.3	\$471.5	(3%)	\$1,680.6	\$1,675.2	(0%)	\$1,915.1	\$1,851.8	(3%)
Adjusted EBITDA	\$66.3	\$62.5	(6%)	\$76.5	\$76.0	(1%)	\$213.8	\$210.0	(2%)	\$284.1	\$273.7	(4%)
Adjusted EPS	\$0.13	\$0.13	3%	\$0.15	\$0.15	3%	\$0.31	\$0.32	1%	\$0.48	\$0.46	(3%)

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 33: We raise our 1Q estimates to reflect better demand trends

Domino's BofA Estimates - Prior vs New

	Prior 4Q23	New 4Q23	% Change	Prior 1Q24	New 1Q24	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total Revenue	\$1,405.8	\$1,420.0	1%	\$1,056.9	\$1,070.7	1%	\$4,482.2	\$4,496.4	0%	\$4,821.5	\$4,829.2	0%
Adjusted Diluted EPS	\$4.44	\$4.47	1%	\$3.24	\$3.40	5%	\$14.63	\$14.66	0%	\$16.51	\$16.15	(2%)
Adjusted EBITDA	\$285.2	\$286.6	0%	\$210.7	\$218.1	4%	\$902.7	\$904.1	0%	\$1,018.8	\$1,001.5	(2%)

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 34: We lower our 1Q estimates to reflect higher G&A expenses

Chipotle BofA Estimates - Prior vs New

	Prior 4Q23E	New 4Q23E	% Change	Prior 1Q24E	New 1Q24E	% Change	Prior 2023	New 2023	% Change	Prior 2024	New 2024	% Change
Restaurant Sales	\$2,491.0	\$2,491.0	0%	\$2,703.2	\$2,703.2	0%	\$9,846.4	\$9,846.4	0%	\$11,193.2	\$11,193.2	0%
EBITDA	\$428.0	\$428.0	0%	\$546.0	\$528.8	-3%	\$1,888.1	\$1,888.1	0%	\$2,257.7	\$2,244.7	-1%
Adjusted EPS	\$9.75	\$9.75	0%	\$13.03	\$12.56	-4%	\$44.26	\$44.26	0%	\$54.13	\$53.78	-1%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH



Exhibit 35: We adjust our 1Q estimates slightly to reflect better demand trends

McDonald's BofA Estimates - Prior vs New

	Prior 4Q23E	New 4Q23E	% Change	Prior 1Q24E	New 1Q24E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change	Prior 2025E	New 2025E	% Change
Total revenues	\$6,465.2	\$6,465.2	0%	\$6,110.7	\$6,198.2	1%	\$25,552.7	\$25,552.7	0%	\$27,290.2	\$27,507.9	1%	\$28,662.6	\$29,014.1	1%
Adjusted EPS	\$2.78	\$2.81	1%	\$2.70	\$2.71	0%	\$11.77	\$11.80	0%	\$12.49	\$12.64	1%	\$13.44	\$13.62	1%
EBITDA	\$3,384.3	\$3,381.7	(0%)	\$3,329.7	\$3,325.0	(0%)	\$13,782.7	\$13,780.1	(0%)	\$14,848.5	\$14,841.2	(0%)	\$15,655.2	\$15,664.3	0%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 36: We adjust or F24 estimates to reflect slightly increased unit growth

Portillo's BofA Estimates - Prior vs New

	Prior 4Q23E	New 4Q23E	% Change	Prior 1Q24E	New 1Q24E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Revenue	\$183.6	\$183.6	0%	\$180.0	\$180.0	0%	\$675.6	\$675.6	0%	\$756.3	\$761.7	1%
Adjusted EBITDA	\$23.5	\$23.5	0%	\$22.5	\$22.5	0%	\$99.7	\$99.7	0%	\$105.3	\$107.0	2%
Adjusted EBITDA Margin	12.8%	12.8%	0bps	12.5%	12.5%	0bps	14.8%	14.8%	0bps	13.9%	14.0%	11bps
Adjusted Diluted EPS	\$0.15	\$0.15	0%	\$0.13	\$0.13	0%	\$0.68	\$0.68	0%	\$0.73	\$0.75	3%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 37: We raise our 4Q estimates on higher new unit productivity; we raise our 1Q estimates on lower G&A and tax expenses

Sweetgreen BofA Estimates – Prior vs New

	Prior 4Q23	New 4Q23	% Change	Prior 1Q24	New 1Q24	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Revenue	\$147.7	\$150.7	2%	\$153.3	\$151.2	-1%	\$578.7	\$581.7	1%	\$691.7	\$681.5	-1%
Adjusted EPS	(\$0.19)	(\$0.17)	-12%	(\$0.21)	(\$0.18)	-15%	(\$0.64)	(\$0.61)	-4%	(\$0.37)	(\$0.45)	22%
Adjusted EBITDA	(\$3.4)	(\$3.3)	-3%	(\$11.3)	(\$5.7)	-50%	(\$4.4)	(\$4.3)	-2%	\$14.7	\$11.8	-20%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 38: We lower our EPS estimates on higher tax rate assumptions

Shake Shack BofA Estimates – Prior vs New

	Prior 4Q23E	New 4Q23E	% Change	Prior 1Q24E	New 1Q24E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total Revenue	\$283.5	\$283.5	0%	\$302.3	\$297.9	-1%	\$1,084.8	\$1,084.8	0%	\$1,275.7	\$1,263.1	-1%
Adj. EBITDA	\$28.5	\$28.9	1%	\$30.7	\$30.9	1%	\$123.0	\$123.3	0%	\$136.9	\$144.8	6%
Adjusted Diluted EPS	\$0.07	\$0.01	(82%)	\$0.10	\$0.07	(27%)	\$0.41	\$0.35	(13%)	\$0.55	\$0.48	(13%)

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 39: We lower our EBITDA and EPS estimates slightly on higher food costs and advertising expenses

Brinker BofA Estimates – Prior vs New

	Prior 2Q24E	New 2Q24E	% Change	Prior 3Q24E	New 3Q24E	% Change	Prior 2024E	New 2024E	% Change	Prior 2025E	New 2025E	% Change
Total Revenue	\$1,059.6	\$1,059.6	0%	\$1,115.6	\$1,115.6	0%	\$4,300.6	\$4,300.6	0%	\$4,475.6	\$4,475.6	0%
EBITDA	\$105.1	\$105.1	0%	\$116.0	\$114.9	(1%)	\$407.8	\$406.7	(0%)	\$439.5	\$439.0	(0%)
Adjusted EPS	\$0.95	\$0.95	0%	\$1.14	\$1.12	(2%)	\$3.51	\$3.49	(1%)	\$3.88	\$3.87	(0%)

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH



Exhibit 40: We are trimming our TXRH estimates to reflect higher inflation assumptions

Texas Roadhouse BofA Estimates – Prior vs New

	Prior 4Q23E	New 4Q23E	% Change	Prior 1Q24E	New 1Q24E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total Revenues	\$1,159.5	\$1,159.5	0%	\$1,314.6	\$1,314.5	0%	\$4,626.8	\$4,626.8	0%	\$5,141.0	\$5,140.7	0%
EBITDA	\$126.4	\$125.3	-1%	\$167.8	\$162.9	-3%	\$509.4	\$508.3	0%	\$609.5	\$604.4	-1%
Pro-Forma EPS	\$1.11	\$1.09	-1%	\$1.57	\$1.50	-4%	\$4.57	\$4.55	0%	\$5.54	\$5.48	-1%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 41: We lower our CAKE estimates reflect higher labor costs and higher tax expense

Cheesecake Factory BofA Estimates – Prior vs New

	Prior 4Q23E	New 4Q23E	% Change	Prior 1Q24E	New 1Q24E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total Revenues	\$881.0	\$878.1	0%	\$917.2	\$920.5	0%	\$3,443.5	\$3,440.6	0%	\$3,680.6	\$3,682.1	0%
EBITDA	\$65.5	\$65.5	0%	\$67.2	\$64.4	-4%	\$235.0	\$235.0	0%	\$273.9	\$266.5	-3%
Adjusted Diluted EPS	\$0.77	\$0.74	-3%	\$0.78	\$0.73	-6%	\$2.65	\$2.63	-1%	\$3.19	\$3.09	-3%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 42: We adjust our 1Q estimates to reflect lower tax expense

Wendy's BofA Estimates - Prior vs New

	Prior 4Q23E	New 4Q23E	% Change	Prior 1Q24E	New 1Q24E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total Revenue	\$553.7	\$553.7	0%	\$550.4	\$550.4	0%	\$2,194.6	\$2,194.6	0%	\$2,276.1	\$2,276.1	0%
Adjusted EBITDA	\$128.8	\$128.8	0%	\$134.1	\$134.1	0%	\$539.4	\$539.4	0%	\$572.3	\$572.3	0%
Adjusted Diluted EPS	\$0.24	\$0.24	0%	\$0.23	\$0.24	3%	\$1.00	\$1.00	0%	\$1.08	\$1.08	1%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 43: We adjust our 1Q estimates to reflect higher advertising spend

Wingstop Estimates - BofA Prior vs New

	Prior 4Q23E	New 4Q23E	% Change	Prior 1Q24E	New 1Q24E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total Revenues	\$122.1	\$122.1	0%	\$126.2	\$126.2	0%	\$455.1	\$455.1	0%	\$526.5	\$526.5	0%
Adjusted EBITDA	\$32.4	\$32.4	0%	\$38.1	\$36.9	-3%	\$139.7	\$139.7	0%	\$159.9	\$154.5	-3%
Diluted Adj. EPS	\$0.58	\$0.58	0%	\$0.72	\$0.70	-4%	\$2.42	\$2.42	0%	\$3.02	\$2.92	-3%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 44: We adjust our 1Q estimates to reflect lower G&A offset by higher taxes

Yum Brands BofA Estimates - Prior vs New

	Prior 4Q23E	New 4Q23E	% Change	Prior 1Q24E	New 1Q24E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total Revenues	\$2,104.4	\$2,095.1	0%	\$1,763.1	\$1,763.1	0%	\$7,144.4	\$7,135.1	0%	\$7,714.7	\$7,697.8	0%
Adjusted EBITDA	\$680.8	\$676.1	-1%	\$604.2	\$610.1	1%	\$2,454.3	\$2,449.6	0%	\$2,669.5	\$2,705.4	1%
Adjusted EPS	\$1.36	\$1.35	-1%	\$1.23	\$1.21	-1%	\$5.28	\$5.26	0%	\$5.71	\$5.68	-1%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 45: Stocks mentioned

Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
BROS	BROS US	Dutch Bros	US\$ 27.57	C-1-9
BLMN	BLMN US	Bloomin Brands	US\$ 26.33	C-2-7
CAKE	CAKE US	Cheesecake Factory	US\$ 33.62	C-2-7
CBRL	CBRL US	Cracker Barrel	US\$ 74.45	B-3-7
CMG	CMG US	Chipotle Mex Grill	US\$ 2311.77	B-1-9
DRI	DRI US	Darden Restaurants	US\$ 162.12	B-1-7
DPZ	DPZ US	Domino's Pizza	US\$ 418.08	B-1-7
DNUT	DNUT US	Krispy Kreme	US\$ 13.73	C-1-7
EAT	EAT US	Brinker Intl	US\$ 39.87	C-3-9
FWRG	FWRG US	First Watch	US\$ 20.84	C-1-9
MCD	MCD US	McDonald's	US\$ 297.21	A-2-7
PZZA	PZZA US	Papa John's Int	US\$ 77.75	B-1-7
PTLO	PTLO US	Portillo's Inc.	US\$ 13.48	C-1-9
QSR	QSR US	Restaurant Brands In	US\$ 76.84	B-3-7
SBUX	SBUX US	Starbucks	US\$ 92.61	B-1-7
SG	SG US	Sweetgreen	US\$ 10.42	C-1-9
SHAK	SHAK US	Shake Shack	US\$ 73.3	C-2-9
TXRH	TXRH US	Texas Roadhouse	US\$ 122.97	B-1-7
YUM	YUM US	Yum Brands Inc	US\$ 130.22	B-2-7
WEN	WEN US	Wendy's Co	US\$ 19.1	B-3-7
WING	WING US	Wingstop Inc	US\$ 280.81	C-1-7

Source: BofA Global Research

BofA GLOBAL RESEARCH

Glossary of terms:

SSSG – same-store sales growth, comparable sales, comps

CDR – casual dining restaurant

QSR (segment) -quick service restaurant

QSR (ticker) – Restaurant Brands Int'l

G&A – general & administrative expenses

Stock symbol key:

BLMN: Bloomin' Brands
 BROS: Dutch Bros
 CAKE: Cheesecake Factory
 CAVA: CAVA Group, Inc.
 CBRL: Cracker Barrel
 CMG: Chipotle
 DNUT: Krispy Kreme
 DPZ: Domino's
 DRI: Darden Restaurants
 EAT: Brinker International
 FWRG: First Watch
 JACK: Jack in the Box
 MCD: McDonald's
 PTLO: Portillo's
 PZZA: Papa Johns
 QSR: Restaurant Brands Int'l
 SBUX: Starbucks
 SG: Sweetgreen
 SHAK: Shake Shack
 TXRH: Texas Roadhouse
 WEN: Wendy's
 WING: Wingstop
 YUM: Yum Brands

Disclaimer and Methodology

Selected Bank of America ("BAC") transaction data are used to inform the views expressed in this report and should be considered in the context of other publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used are not comprehensive; they are based on aggregated and anonymized selections of BAC data and may reflect a degree of selection bias and limitations on the data available.

Readers should be aware that although the BAC datasets utilized in our analysis represent a significant number of data points, they nevertheless present a degree of selection bias, including but not limited to income levels and geographies. In addition, the data are limited to debit and credit cards and does not include other payment methods such as cash or checks. Spending data may also be classified by other proprietary methods not using MCCs.

Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS).

Our methodology for calculating the growth rates for daily data: we calculate the % yoy growth and the 4-yr % change by matching calendar days (Jan 1 '22 matched to Jan 1 '21 and Jan 1, 2019) instead of matching the day of the week, which we used previously (i.e., the first Monday in '22 matched to first Monday in each of '21 and '20, respectively).

Additional information about the methodology used to aggregate the data is available upon request.



Price objective basis & risk

Bloomin Brands (BLMN)

Relative to the S&P 500, BLMN's present P/E multiple is 0.4x, below its 5-year average (excluding the COVID-19 spike). We believe the multiple is unlikely to expand in the near term given the lack of visibility on the demand environment. We apply this multiple of 0.6x (10.1x absolute) to our 12 month forward estimates - 4Q24-3Q25 EPS of \$2.97- to arrive at our \$30 PO.

Downside Risks: 1) Bloomin' Brands same-store sales growth could be slower than expected if macro headwinds translate into lower restaurant consumption or sales driving initiatives lack traction, 2) Restaurant-level margins could come under further pressure if topline growth falters, 3) Normalizing G&A expense could pressure margins.

Upside Risks: 1) Same-store sales growth could exceed expectations if menu or marketing initiatives prove better than expected, 2) Cost saving initiatives could drive restaurant level margins above historical averages, 3) Ability to improve already low G&A expense ratio could support margins.

Brinker International (EAT)

Brinker's relative valuation to the S&P is 0.6x, in line with its 5-year historical average (0.6x), which we view as the relevant time frame given higher leverage and slower growth vs the more distant past. We valuation to remain in line with the historical range as Chili's growth trajectory normalizes, and the market is less willing to ascribe a premium multiple for a potential turnaround. Applying a 0.6x relative multiple (absolute P/E 10.8x) to our 12-month-forward EPS (F25: \$4.00) we arrive at our \$43 PO.

Upside risks are i) higher-than-expected demand from consumer trade-down into lower price point casual dining brands, which could drive Chili's sales volumes above our forecasts, ii) higher than forecasted debt pay down, which could expand Chili's relative multiple above our target valuation, iii) higher margins and returns at Chili's as a result of moderating commodities and wage inflation.

Downside risks are i) a significant slowdown in consumer spending could pressure EAT's topline growth, exacerbating the risk of company's high operating and financial leverage, ii) increased competitive intensity from casual dining peers, which would put downward pressure on Chili's average volumes and unit level returns.

Chipotle Mexican Grill (CMG)

Our \$2,700 price objective is based on earnings power. At the current unit growth rate, we think Chipotle should be able to reach its targeted 8000 store count in roughly 8 years. By then we'd expect AUVs to be \$4.3 mm - under the assumption that comps increase in-line with cost inflation - and margins to be in line with prior peaks of 27%. Assuming a G&A of 5%, which is more similar to mature company operated systems, this system would generate \$6.8bb in EBITDA. At a 20x multiple, consistent with current valuation multiples on high growth companies, the implied EV would be \$157bb, or \$68bb discounted back to today. We then add the current net cash and project out 12 months to derive our price objective of \$2,700.

Downside risks are: 1) lower than expected consumer uptake of new product innovations or digital ordering capabilities, 2) higher than expected food or labor costs that Chipotle is unable to offset with increased pricing, and 3) macroeconomic pressures that slow consumer income growth or otherwise dampen consumption.

Cracker Barrel (CBRL)

Relative to the market, CBRL's P/E multiple is below its 10-year historical average of 0.9x. We expect valuation to remain compressed as demand headwinds among CBRL's largest customer base (65+ and older, lower income) and broader discretionary spending pressures persist. We apply a 0.7x relative P/E multiple to our forward estimates 12 months from now (2Q25-1Q26, \$5.52) to arrive at a \$68 PO, that translates into an absolute PE of 12.3x.

Upside risks: higher-than-expected same store sales growth from digital/off-premise sales initiatives, faster-than-expected recovery in post-pandemic travel and tourism demand, better-than-expected contributions from the Maple Street Biscuit Company acquisition. Downside risks: higher-than-expected wage inflation, worse-than-expected margin contraction from elevated food costs, sluggish recovery in leisure travel demand.

Darden Restaurants (DRI)

Our 12-month \$193 price objective is based on a target relative P/E multiple (1.0x) on our forward estimates (\$10.25). Our target relative multiple (vs the S&P) is in-line with Darden's 10-year historical average multiple, and implies an 18.9x absolute P/E multiple. While investors remain cautious on restaurant spending, we believe fundamental outperformance by best-in-class operators like DRI will prove attractive.

Downside risks are 1) lower-than-expected customer acceptance of menu price increases, 2) inability to offset higher than expected food or labor costs with increased pricing, 3) macroeconomic pressures that slow consumer income growth, 4) slower-than-expected unit growth as a result of inflationary pressures (i.e., utilities costs) and supply-chain constraints.

Domino's Pizza (DPZ)

Given that Domino's returns and growth have consistently outpaced those of the broader market, we believe its historical range remains relevant and we expect the multiple to be stable. We apply the current relative P/E multiple of 1.5x to our EPS estimates 12 months from now (4Q24-3Q25: \$17.77) to arrive at our \$491 PO, or PE of 27.7x.

Downside risks: Market share gains for other larger competitors in the pizza category that impedes Domino's growth, global economic or social issues could disrupt same store sales growth or affect expansion in international markets, and competitive activity in the pizza category remaining high.

Dutch Bros (BROS)

Our \$48 price objective denotes estimated fair value based on normalized earnings power for BROS. We estimate that at \$9.2 bb in sales, assuming stable RLMs and 8% G&A, BROS would generate \$1.5 bb in EBITDA. Applying a 14x multiple and discounting back equates to a \$48 fair value in one year. We believe a 14x multiple is justified by Dutch Bros' long growth runway and high returns, and we note it is comparable to other restaurants and retailers with similar growth profiles that have sustained elevated earnings multiples over time.

Risks to our price objective: Dutch Bros could face execution risks to sustain a mid-teens store growth rate which would impede the implied sales growth of our saturation analysis. Margins and returns could also be lower-than-expected if Dutch Bros faces greater margin pressures than anticipated.

First Watch (FWRG)

We believe FWRG should trade a premium consistent with its faster growth and higher returns. FWRG currently trades in line with its peer group of restaurants and retailers with similar above-market growth rates. We believe a valuation in line with other high growth peers is justified owing to FWRG's faster than average topline growth, extended growth runway, as the brand goes national, and higher incremental returns, with



restaurant level ROIs of about 40% or 2x other full service restaurants. We apply a 14x multiple to our forward EBITDA estimates (4Q24-3Q25, \$125mm) to arrive at our \$28 PO. This target multiple is in line with high growth peers' average of 14x.

Downside risks: higher-than-expected cannibalization of existing restaurants due to new store openings, staffing challenges and/or higher-than-expected wage inflation, higher-than-expected occupancy costs as First Watch ramps-up new stores at a faster rate.

Upside risks: higher-than-expected AUVs of new units, faster-than-expected SSS growth, lower labor and G&A costs.

Jack in the Box (JACK)

Our \$97 price objective is based on a 0.7x relative PE multiple (13.1x absolute) applied to our 12 month forward earnings estimates (F25: \$7.44). This is a material discount to highly franchised peers, given historically slower growth and more capital-intensive ownership model.

Downside risks to our price objective are: 1) sales could soften due to economic or competitive pressures, 2) food and labor costs rise and margins come under renewed pressure, 3) execution risk around speed of service, menu and marketing initiatives which are critical to driving sales at Jack in the Box.

Krispy Kreme (DNUT)

We believe a premium valuation is justified owing to DNUT's robust double digit topline growth, extended growth runway, and higher incremental returns. We apply a 13x multiple (similar to high growth peers) to our forward estimate 12 months from now (4Q24-3Q25: \$299mm) to arrive at our \$19 PO.

Downside risks: potential industry headwinds from higher-than-expected wages, logistics, and commodity cost inflation, competition from other indulgence and foodservice businesses, and failure to achieve targeted unit growth due to higher than expected costs or other factors.

Upside risks: faster than expected growth in global access points, organic growth above the company's stated long-term growth targets, higher than expected share gains in the global indulgence and foodservice markets.

McDonald's (MCD)

Our 12-month \$341 price objective is based on a 25.4x P/E multiple on our forward estimates, in line with a relative P/E multiple of 1.3x reflecting limited opportunities for margin expansion due to the franchised model, despite continued topline strength. We apply the relative P/E multiple to our 4Q24-3Q25 estimates (of \$13.39) to arrive at our \$341 PO.

Risks to our price objective:

To the upside, McDonald's could sustain elevated comps for longer than expected based on company-specific initiatives or industry dynamics. Margins and returns could exceed expectations if McDonald's reduces the pace of investments or identifies unexpected savings opportunities. If investor risk tolerance shifts sharply lower, the relative attractiveness of McDonald's defensive positioning would increase.

To the downside, McDonald's comps could decelerate faster than we anticipate, from either a lack of traction in company initiatives or a deteriorating demand environment. Margins could compress more than expected if McDonald's fails to pass through inflation in food and labor costs.

Papa John's International (PZZA)

Our \$90 PO is based on 4Q24-3Q25 EPS (\$3.36) and a 1.5x multiple relative to the S&P (26.8x 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.

Portillo's Inc. (PTLO)

We set our \$25 PO based on steady state earnings power. We assume PTLO grows its store base at 13% to reach 725 stores in the long term, and that average volumes grow with inflation. At \$7.7 bb in sales, assuming stable RLMs and 8% G&A, PTLO would generate \$1.4 bb in EBITDA. Applying an 11x multiple and discounting back equates to a \$25 fair value in one year.

Risks to our PO: potential industry headwinds from wage inflation (MSD-HSD run rate for the industry) and food cost volatility, inability to fully offset downward pressure on volumes and margins from new store openings, and execution risks as the company looks to sustain a 10% unit growth rate.

Restaurant Brands International Inc. (QSR / YQSR)

Relative to the S&P 500, currently QSR's earnings multiple stands at 1.1x, in line with its 5-year average. We view this multiple as appropriate as lagging sales trends and greater investment needs drive lower estimate revisions. We apply a 1.1x multiple to our 12 months forward EPS estimate (4Q24-3Q25) EPS to arrive at a price objective of \$74 (C\$100.09). Our 1.1x relative multiple (vs the S&P 500) translates to an absolute P/E multiple of 18.8x.

Upside risks: better-than-expected results on sales trends and market share gains as a result of investments in stores, technology, and marketing spend. Faster-than-expected turnaround in the Burger King brand. Faster-than-expected growth of the Tim Horton's brand.

Downside risks: Higher-than-expected G&A spending, continued lag in topline growth trends relative to competitors, slower-than-expected recovery in supply chain and/or labor constraints associated with COVID-19.

Shake Shack (SHAK)

We set our \$75 PO based on steady state earnings power. We assume SHAK grows its store base at 14% to reach 860 domestic stores in 9 years, and that average volumes grow with inflation. At \$7.3 bb in sales, assuming stable RLM expansion from 18% to 21% and 9% G&A, SHAK would generate \$652mm in EBITDA. Applying an 11x terminal multiple and discounting back equates to a \$75 PO.

Downside risks to our price objective are: 1) lower than expected consumer uptake of new product innovations or other sales drivers, 2) higher than expected food or labor costs that Shake Shack is unable to offset with increased pricing, 3) macroeconomic pressures that slow consumer income growth or otherwise dampen consumption.

Upside risks to our price objective are: 1) higher than expected consumer uptake of new product innovations or other sales drivers (digital, Kiosks), 2) higher than expected menu pricing, 3) higher than expected consumer income growth that exceeds our consumption expectations.

Starbucks (SBUX)

Starbucks should trade at 1.5x relative to the S&P 500. This translates to an absolute multiple of 26.6x. We apply this multiple to our F25 EPS of \$4.81 to arrive at our PO of \$128. We believe that the multiple is justified given tailwinds as China reopens,



increased investments associated with labor, operations, and unit development, as well as a return to a higher long term growth algorithm.

Downside risks: Starbucks' comps could decelerate faster than anticipated either from a lack of traction in company initiatives or a deteriorating demand environment. Margins could compress more than expected if Starbucks fails to pass through inflation in labor costs.

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.

Texas Roadhouse (TXRH)

We view TXRH's 5-year average of 1.3x (excluding COVID spike) as the appropriate target multiple given TXRH's best-in-class traffic trends and topline growth and our expectations for further operating leverage. Our PO of \$146 is based on a relative multiple of 1.3x (vs the S&P 500 index, or a 23.2x absolute multiple) on our 12-month forward EPS (4Q24-3Q25, \$6.29).

Downside risks are: i) lower-than-expected retail beef prices and as a result, decreased value proposition for steakhouses, ii) traffic growth deceleration in response to menu price increases, iii) greater than expected slowdown in consumer spending / macroeconomic risk pressuring discretionary income, iv) slower than expected unit growth at Texas Roadhouse.

The Cheesecake Factory (CAKE)

Relative to the S&P 500, CAKE is trading at 0.6x P/E, 1 standard deviation below its 5-year average (excluding the COVID-spike). With inflation moderating from F22 levels and consumer spending slowing, we believe it will be difficult for CAKE to raise prices and grow SSS meaningfully above its long-term historical average (of 1%). Our \$37 PO is derived by applying a 0.5x relative multiple (11.4x absolute) to our EPS 12 months from now. We validate our PO against a DCF.

Downside risks i) higher than expected wage inflation in California (18% of Cheesecake Factory units), ii) traffic share losses due to consumer trade down, iii) slower than expected demand from higher income cohorts (Cheesecake Factory and North Italia skew higher income). Upside risks i) higher than expected SSS growth from menu price increases, ii) more resilient than expected spending among higher income cohorts, iii) higher than expected brand resonance in new markets, translating to higher volumes for new units.

Wendy's Co (WEN)

Relative to the S&P 500, Wendy's valuation is currently trading below its 5-year average (1.3x). Despite efforts to bolster the new unit pipeline, we see risks to the unit growth target. We apply a 1.1x relative multiple (17.8x absolute multiple) to our EPS 12 months from now (4Q24-3Q25: \$1.17) to arrive at our \$21 PO.

Upside risks: higher than expected incremental tailwinds / higher sales mix from breakfast or other menu innovation, faster than expected international unit growth,

greater than expected market share gains as a result of strategic initiatives or competitive advantages.

Downside risks: comps could disappoint if consumers resume pre-COVID behavior faster than expected, Wendy's could miss international unit growth targets if licensees fail to open new units at the expected pace.

Wingstop Inc (WING)

We set our \$323 PO based on steady state earnings power. We assume WING grows its store base at 16% to reach 10,229 restaurants. Assuming RLMs of 31% and G&A at 1.8% of system sales we arrive at EBITDA of \$1.4bb. Applying a 18x terminal multiple in-line with mature growth franchised restaurants and discounting back we arrive at our \$323 PO.

Risks to our PO: potential industry headwinds from wage inflation, and food cost volatility, inability to fully offset downward pressure on volumes and margins from new store openings, and execution risks as the company looks to sustain a 10%+ unit growth rate.

Yum Brands Inc (YUM)

Our \$151 PO is based on YUM trading at a 1.3x relative P/E multiple and works out to a PE of 24.4x on 4Q24-3Q25 EPS. Yum's returns on assets have been stable relative to the market. We believe the historical range remains relevant and supports our estimates.

Upside risks: faster than expected recovery from COVID restrictions in China, better than expected unit growth in China, and ability for top-line growth to offset a difficult YoY comparison given 2020's strong comps.

Downside risks: weak China comp and unit growth due to slower recovery, ongoing competitive challenges in China, continued soft sales trends in the KFC and Pizza Hut brands.

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
	Portillo's Inc.	PTLO	PTLO 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

Disclosures

Important Disclosures

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.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

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.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

Price Charts for the securities referenced in this research report are available on the [Price Charts website](#), or call 1-800-MERRILL to have them mailed.

BofAS or one of its affiliates acts as a market maker for the equity securities recommended in the report: Bloomin' Brands, Brinker Intl, Cheesecake Factory, Chipotle Mex Grill, Cracker Barrel, Darden Restaurants, Domino's Pizza, Dutch Bros, First Watch, Jack in the Box, Krispy Kreme, McDonald's, Papa Johns Int, Portillo's Inc., Restaurant Brands In, Shake Shack, Starbucks, Sweetgreen, Texas Roadhouse, Wendy's Co, Wingstop Inc, Yum Brands Inc.

BofAS or an affiliate was a manager of a public offering of securities of this issuer within the last 12 months: Brinker Intl, Darden Restaurants, Dutch Bros, McDonald's, Restaurant Brands In, Starbucks.

The issuer is or was, within the last 12 months, an investment banking client of BofAS and/or one or more of its affiliates: Bloomin' Brands, Brinker Intl, Cracker Barrel, Darden Restaurants, Dutch Bros, First Watch, Jack in the Box, Krispy Kreme, McDonald's, Papa John's Intl, Portillo's Inc., Restaurant Brands In, Starbucks, Wendy's Co, Yum Brands Inc.

BofAS or an affiliate has received compensation from the issuer for non-investment banking services or products within the past 12 months: Bloomin' Brands, Brinker Intl, Cheesecake Factory, Chipotle Mex Grill, Cracker Barrel, Darden Restaurants, Domino's Pizza, First Watch, Jack in the Box, Krispy Kreme, McDonald's, Papa John's Intl, Portillo's Inc., Restaurant Brands In, Starbucks, Wendy's Co, Yum Brands Inc.

The issuer is or was, within the last 12 months, a non-securities business client of BofAS and/or one or more of its affiliates: Bloomin' Brands, Brinker Intl, Cheesecake Factory, Chipotle Mex Grill, Cracker Barrel, Darden Restaurants, Domino's Pizza, First Watch, Jack in the Box, Krispy Kreme, McDonald's, Papa John's Intl, Portillo's Inc., Restaurant Brands In, Starbucks, Wendy's Co, Wingstop Inc, Yum Brands Inc.

BofAS or an affiliate has received compensation for investment banking services from this issuer within the past 12 months: Bloomin' Brands, Brinker Intl, Darden Restaurants, Dutch Bros, First Watch, Krispy Kreme, McDonald's, Papa John's Intl, Portillo's Inc., Restaurant Brands In, Starbucks.

BofAS or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer or an affiliate of the issuer within the next three months: Bloomin' Brands, Brinker Intl, Cracker Barrel, Darden Restaurants, Dutch Bros, First Watch, Jack in the Box, Krispy Kreme, McDonald's, Restaurant Brands In, Starbucks, Wendy's Co, Yum Brands Inc.

BofAS together with its affiliates beneficially owns one percent or more of the common stock of this issuer. If this report was issued on or after the 9th day of the month, it reflects the ownership position on the last day of the previous month. Reports issued before the 9th day of a month reflect the ownership position at the end of the second month preceding the date of the report: Cracker Barrel, Darden Restaurants, Domino's Pizza, Dutch Bros, Jack in the Box, McDonald's, Papa John's Intl, Starbucks, Texas Roadhouse, Yum Brands Inc.

BofAS or one of its affiliates is willing to sell to, or buy from, clients the common equity of the issuer on a principal basis: Bloomin' Brands, Brinker Intl, Cheesecake Factory, Chipotle Mex Grill, Cracker Barrel, Darden Restaurants, Domino's Pizza, Dutch Bros, First Watch, Jack in the Box, Krispy Kreme, McDonald's, Papa Johns Int, Portillo's Inc., Restaurant Brands In, Shake Shack, Starbucks, Sweetgreen, Texas Roadhouse, Wendy's Co, Wingstop Inc, Yum Brands Inc.

The issuer is or was, within the last 12 months, a securities business client (non-investment banking) of BofAS and/or one or more of its affiliates: Bloomin' Brands, Cheesecake Factory, Chipotle Mex Grill, Cracker Barrel, Darden Restaurants, Domino's Pizza, First Watch, Krispy Kreme, McDonald's, Papa John's Intl, Portillo's Inc., Restaurant Brands In, Starbucks, Yum Brands Inc.

BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

Other Important Disclosures

From time to time research analysts conduct site visits of covered issuers. BofA Global Research policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the issuer for such visits.

Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.

The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

Officers of BofAS or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Refer to [BofA Global Research policies relating to conflicts of interest](#).

"BofA Securities" includes BofA Securities, Inc. ("BofAS") and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. "BofA Securities" is a global brand for BofA Global Research.

Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:

BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by The Financial Service Board; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ("BofASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no 842

602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at www.bofam.com/BofASEDisclaimer; BofA Europe (Milan): Bank of America Europe Designated Activity Company, Milan Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BofA Europe (Frankfurt): Bank of America Europe Designated Activity Company, Frankfurt Branch regulated by BaFin, the ECB and the CBI; BofA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSF); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Canadian Investment Regulatory Organization; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; Merrill Lynch (Argentina): Merrill Lynch Argentina SA, regulated by Comisión Nacional de Valores; BofA Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofA India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.

This information: has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSF; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to "Wholesale" clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the [Electronic Communications Disclaimers](#) for further information.

This information has been prepared and issued by BofAS and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofAS and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofAS and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofAS and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities. This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the issuer or the market that is anticipated to have a short-term price impact on the equity securities of the issuer. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may be more or less positive than a stock's fundamental equity rating.

BofA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned herein. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

BofAS or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BofAS or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Securities, through business units other than BofA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information.

In the event that the recipient received this information pursuant to a contract between the recipient and BofAS for the provision of research services for a separate fee, and in connection therewith BofAS may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BofAS has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BofAS). If such recipient uses the services of BofAS in connection with the sale or purchase of a security referred to herein, BofAS may act as principal for its own account or as agent for another person. BofAS is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

BofA ESGMeter Methodology:

ESGMeter is a proprietary metric based on quantitative analysis and fundamental analyst inputs that reflects our assessment of a company's Environmental, Social and Governance-related attributes. The ESGMeter is intended to indicate a company's likelihood of experiencing stronger financial stability (higher return on equity and lower earnings and price volatility) over the next

three years relative to peer group. There are three ESGMeter levels - Low, Medium, and High - which indicate whether a company has attributes most likely to translate into superior financial stability (in the case of a High level) or weaker financial stability (in the case of a Low level) over the next three years relative to its peer group. A Medium level suggests that a company exhibits ESG characteristics that are likely associated with financial stability results in line with its peer group over the next three years. Full details of our methodology, financial stability definition and disclaimers are available at [BofA ESGMeter methodology](#). ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of the BofA Global Research fundamental equity analyst's investment rating, volatility risk rating, income rating or price objective for that company.

Copyright and General Information:

Copyright 2024 Bank of America Corporation. All rights reserved. iQdatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BofA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Securities. BofA Global Research information is distributed simultaneously to internal and client websites and other portals by BofA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BofA Securities.

Materials prepared by BofA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Securities, including investment banking personnel. BofA Securities has established information barriers between BofA Global Research and certain business groups. As a result, BofA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BofA Global Research personnel's knowledge of legal proceedings in which any BofA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Securities in connection with the legal proceedings or matters relevant to such proceedings.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BofAS or any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BofA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BofA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BofA Securities is under no obligation to update this information and BofA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BofA Securities will not update any fact, circumstance or opinion contained herein.

Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and BofA Securities policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BofAS or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Securities nor any officer or employee of BofA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.