

Restaurants Industry

3Q preview: Rates, Demand, GLP-1 weigh on investor sentiment

Price Objective Change

3Q slows modestly from 2Q; online leads in September

Black Box industry data show SSSG decelerating through 3Q, from 2.8% in July to 0.4% in September. According to [BAC Card Data\(see note\)](#), aggregate restaurant spending growth improved in September (3.2%) vs August (2.3%) for the industry as a whole, but was most pronounced for online (6.0% y/y in Sept vs 4.5% in Aug) and CDR restaurants (0.3% y/y in Sept vs -1.0% in Aug) while the QSR segment slowed. Spending at chain restaurants outpaced independent/local restaurants for most of 3Q but growth rates converged in September: spending at chains grew 3.2% y/y, slightly slower than the +3.4% y/y increase among independents. See note [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.

C3Q commodity tailwind ex-sugar and beef

The third quarter of the year saw meaningful deflation for natural gas (-36.3%), wheat (-29.9%), coffee (-24.7%) and dairy (Class I milk down -29.2%, class III milk -21.0%). Sugar saw the highest y/y inflation of 49.8%. Beef prices remain elevated (+17.3% y/y) as herd sizes are pressured (see note: [Commodities update: deflationary trends continue excluding sugar, cattle](#)). Futures forecast continued deflation in 4Q23 for most commodities; greatest declines are forecasted for wheat (-29.7%), corn (-20.6%) and milk (Class I -16.8%, III -17.1%). Sugar and cattle are expected to increase 34.8% and 12.5% respectively, slowing from 49.8% and 17.3% in 3Q. Nat. gas, oil prices are forecasted to decline y/y.

Fine-tune estimates for FX, inflation; update POs

We are fine-tuning estimates for 18 of our companies. We also adjust POs to reflect updated relative valuation assumptions (we use the SPW as a relative benchmark vs SPX prior). Please see company pages for details on revised estimates.

Industry rel. valuation below historical averages

Relative to the broader market, an index of restaurants in the S&P 500 is trading at a 14% premium, below its 5-year (1.4x), 10-year (1.4x) and 15-year averages (1.3x).

Macro concerns drag on restys, even more on recent IPOs

While restaurant stocks overall have come under pressure, sentiment appears to have shifted most sharply for the newest additions to the ranks of public companies, including BROS, PTLO, SG, and CAVA (not covered). That these laggards include two of the healthiest options among restaurants (SG, CAVA) suggests to us that the real source of underperformance is a combination of the higher cost of capital (as future growth is discounted more steeply) and near-term questions about demand rather than longer term risks that GLP-1 drugs will fundamentally change eating patterns (see link to: [Restaurants Weekly: GLP-wonderings](#)).

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Exhibit 1: We are updating POs on lower market multiples, revised methodology
PO change summary

		Last			
Stock	Price	New PO	Prior PO	change	
BLMN	\$23.49	\$24	\$28	-14%	
EAT	\$32.98	\$35	\$37	-4%	
JACK	\$63.94	\$77	\$85	-10%	
MCD	\$258.11	\$277	\$343	-19%	
PZZA	\$65.08	\$85	\$106	-19%	
QSR	\$65.48	\$65	\$79	-18%	
SBUX	\$94.19	\$121	\$150	-19%	
TXRH	\$96.19	\$133	\$155	-14%	
WEN	\$19.15	\$21	\$23	-11%	
YUM	\$119.95	\$128	\$158	-19%	

BofA Global Research estimates, Bloomberg
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Please see Glossary of terms on page 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
MCD	3Q23	10/30/2023	7:00am ET	8:30am ET
CMG	3Q23	10/26/2023	4:10pm ET	4:30pm ET
TXRH	3Q23	10/26/2023	4:03pm ET	5:00pm ET
EAT	1Q24	11/1/2023	6:45am ET	10:00am ET
YUM	3Q23	11/1/2023	7:00am ET	8:15am ET
WING	3Q23	11/1/2023	8:01am ET	10:00am ET
CAKE	3Q23	11/1/2023	4:15pm ET	5:00pm ET
SBUX	3Q23	11/2/2023	6:00am ET*	7:00am ET
PZZA	3Q23	11/2/2023	7:00am ET	8:00am ET
WEN	3Q23	11/2/2023	7:00am ET	8:30am ET
SHAK	3Q23	11/2/2023	7:00am ET	8:00am ET
PTLO	3Q23	11/2/2023	8:00am ET	10:00am ET
SG	3Q23	11/2/2023	4:05pm ET	5:00pm ET
QSR	3Q23	11/3/2023	6:00am ET	8:30am ET
BLMN*	3Q23	11/3/2023	7:00am ET	8:15am ET
FWRG*	3Q23	11/7/2023	7:00am ET	8:00am ET
BROS*	3Q23	11/9/2023	4:05pm ET	5:00pm ET
DNUT*	3Q23	11/15/2023	6:45am ET	8:30am ET
JACK	4Q23	11/21/2023	4:00pm ET	5:00pm ET
CBRL*	1Q24	12/1/2023	8:00am ET	11:00am ET
DRI*	2Q24	12/15/2023	7:00am ET	8:30am ET

Source: Company reports, Bloomberg

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

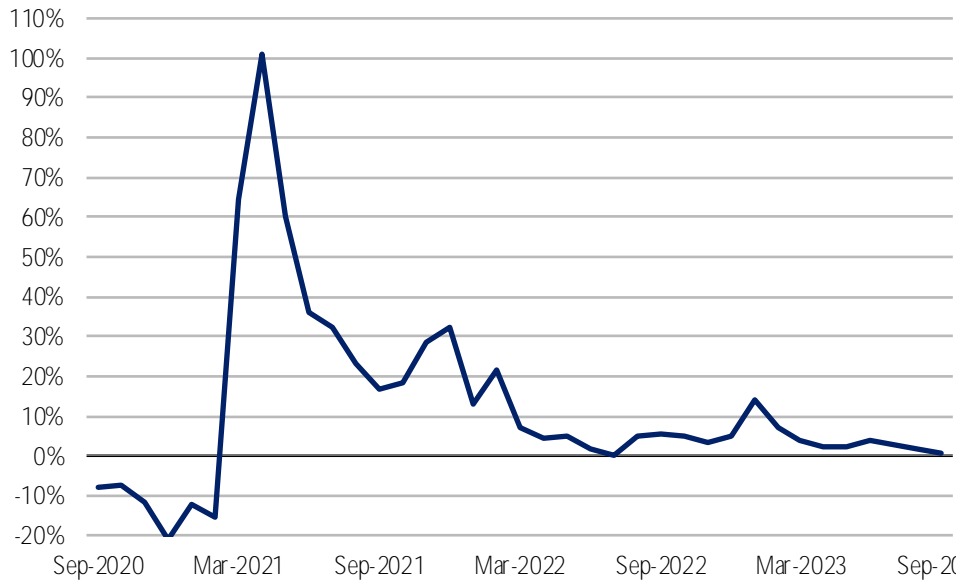
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Restaurant spending recovery in Sept led by Online, CDR

Black Box industry data show SSSG decelerating through 3Q, from 2.8% in July to 0.4% in September. According to [BAC Card Data \(see note\)](#), aggregate restaurant spending growth improved in September (3.2%) vs August (2.3%) for the industry as a whole, but was most pronounced for online (6.0% y/y in Sept vs 4.5% in Aug) and CDR restaurants (0.3% y/y in Sept vs -1.0% in Aug) while the QSR segment slowed. Spending at chain restaurants outpaced independent/local restaurants for most of 3Q but growth rates converged in September: spending at chains grew 3.2% y/y, slightly slower than the +3.4% y/y increase among independents. See note: [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.

Spending at chain restaurants outperformed by 60 bps relative to independent/local restaurants in 3Q (+3.5% for chains vs 2.9% for independent/local restaurants). However, in September growth rates converged with spending at chains flat at +3.4% y/y while spending at independents increased to +3.4% y/y.

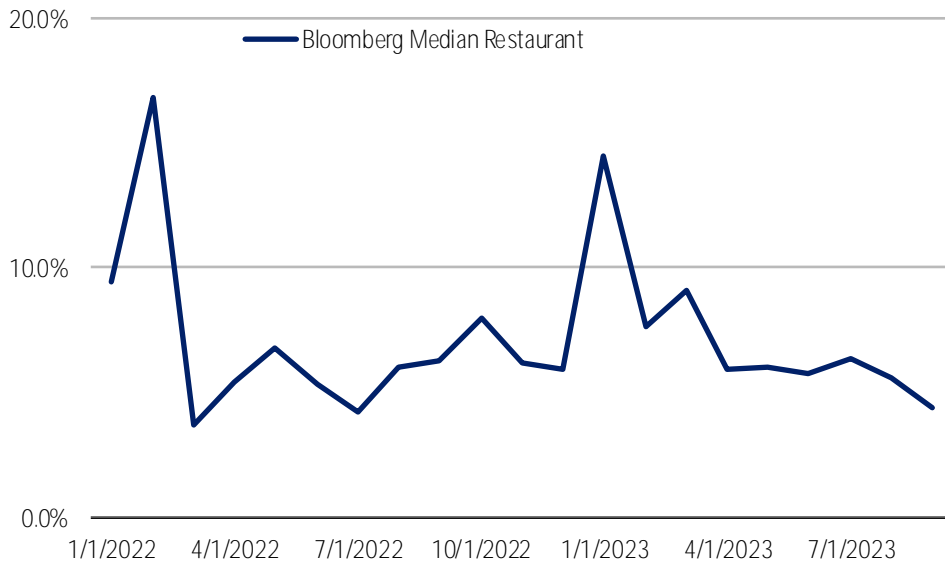
Exhibit 3: Black Box industry SSSG decelerated through 3Q
Restaurant Industry y/y SSSG



Source: Black Box Intelligence

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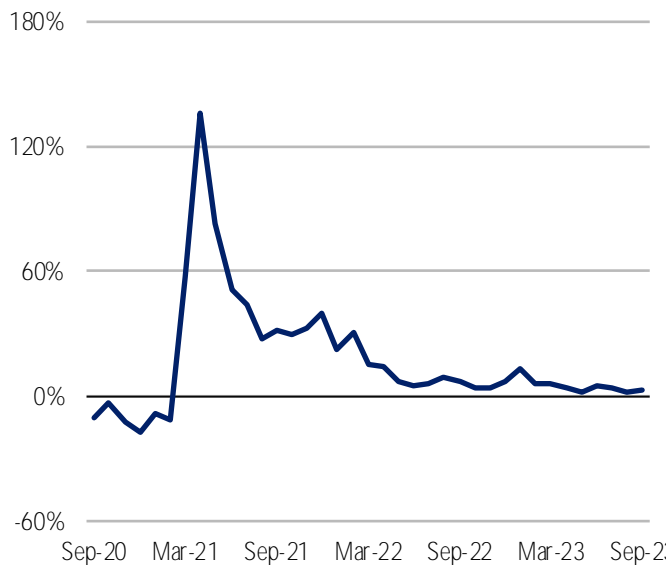
Exhibit 4: Second Measure median restaurant performance also slowed
Bloomberg Second Measure: Observed Sales YoY Growth for Restaurants – Median



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

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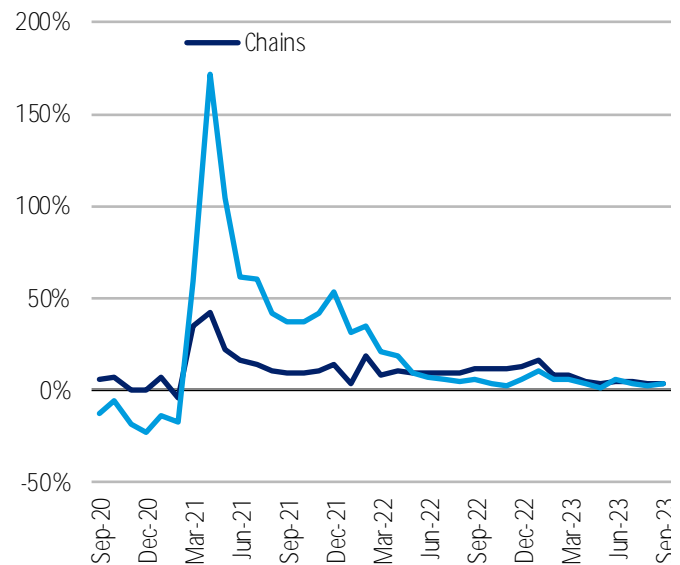
Exhibit 5: Restaurant y/y spend growth accelerated m/m from 2.3% in August to 3.2% in September
All restaurant spending: y/y growth according to BAC aggregated credit and debit card data (Monthly)



Source: BAC internal data

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Exhibit 6: Spending at chains was stable m/m at 3.2% in September while independent/local spend accelerated to 3.4% from 2.0%
Spending on chain vs local/independent restaurants according to BAC aggregated credit and debit card data (Monthly)



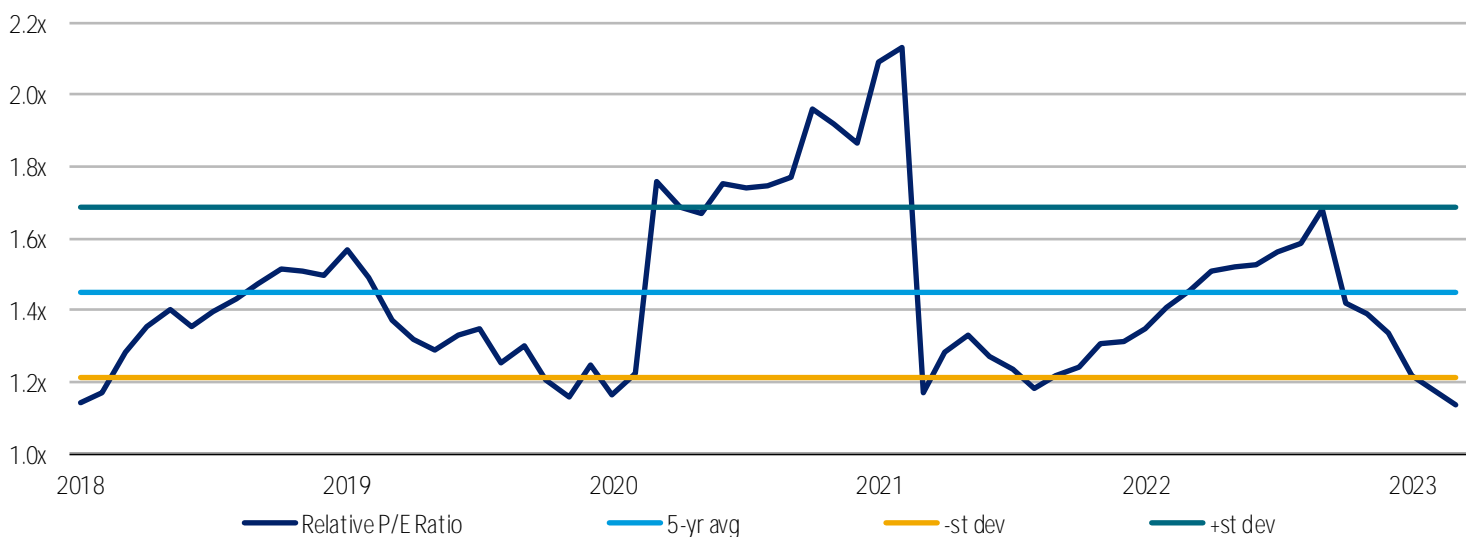
Source: BAC internal data

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Industry rel. valuation below historical averages

Relative to the S&P 500, an index of the restaurants in the S&P 500 is trading at a 14% premium, below its 5-year and 10-year historical averages (1.4x, 1.4x respectively) and below its 15-year average (1.3x).

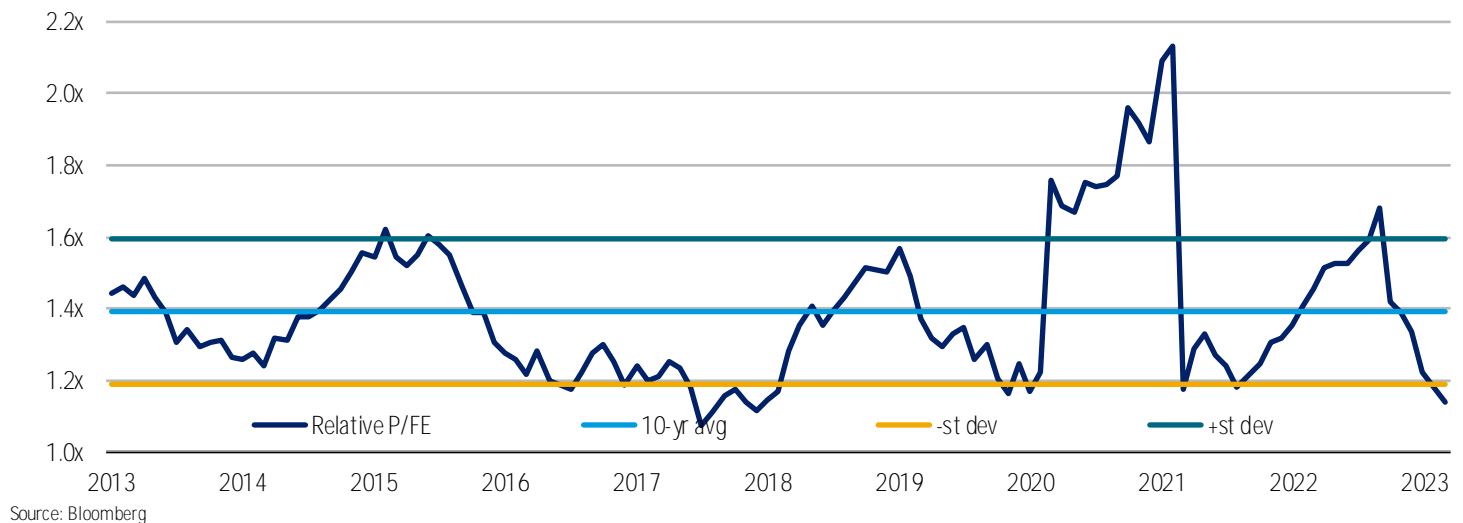
Exhibit 7: The S&P 500 Restaurants Index Relative P/E has averaged 1.4x over the past 5 years
S&P 500 Restaurants Index Relative P/E (5-yr history)



Source: Bloomberg

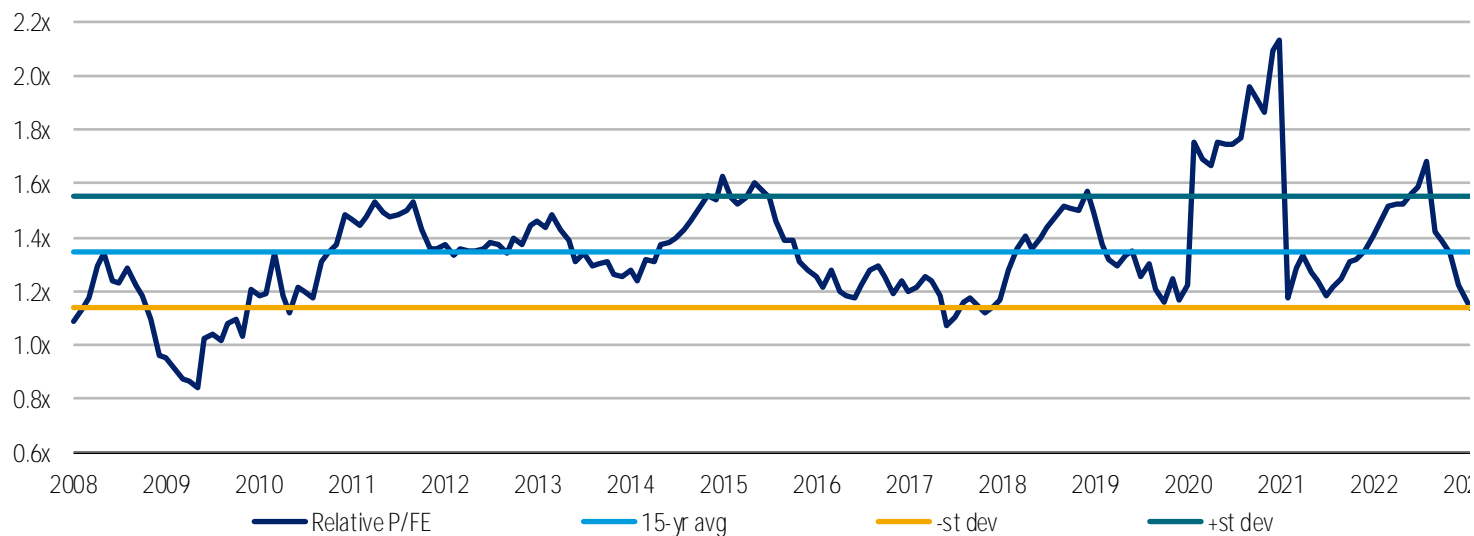
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Exhibit 8: The S&P 500 Restaurants Index Relative P/E has averaged 1.3x over the past 10 years
S&P 500 Restaurants Index Relative P/E (10-yr history)



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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)



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BofA Estimates vs Consensus-Quickserve

Exhibit 10: Our MCD comp estimates are in line with consensus
MCD BofAE vs Visible Alpha consensus

	3Q23E			4Q23E			2023E			2024E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Total Units	41,408	41,201	1%	42,041	41,714	1%	42,041	41,714	1%	43,804	43,284	1%
U.S. total units	13,465	13,453	0%	13,504	13,468	0%	13,504	13,468	0%	13,529	13,510	0%
Intl Operated total units	10,253	10,202	1%	10,346	10,313	0%	10,346	10,313	0%	10,609	10,608	0%
Intl Dev Licensed total units	17,690	17,546	1%	18,191	17,932	1%	18,191	17,932	1%	19,666	19,163	3%
Global SSS	7.2%	7.3%	0 ppts	5.2%	4.6%	1 ppts	9.1%	9.0%	0 ppts	3.6%	3.8%	0 ppts
U.S. SSS	9.0%	7.2%	2 ppts	7.5%	4.6%	3 ppts	9.8%	8.6%	1 ppts	3.3%	3.3%	0 ppts



Exhibit 10: Our MCD comp estimates are in line with consensus
MCD BofAE vs Visible Alpha consensus

	3Q23E			4Q23E			2023E			2024E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Intl Operated SSS	6.0%	7.5%	-2 ppts	4.0%	4.7%	-1 ppts	8.6%	9.2%	-1 ppts	3.0%	3.9%	-1 ppts
Intl Dev Licensed SSS	6.0%	7.7%	-2 ppts	3.0%	5.0%	-2 ppts	8.7%	9.8%	-1 ppts	5.0%	4.8%	0 ppts
Total revenues	\$6,597.8	\$6,560.4	1%	\$6,375.3	\$6,484.6	-2%	\$25,368.5	\$25,440.3	0%	\$27,181.5	\$27,182.4	0%
Company-operated sales	\$2,441.3	\$2,463.0	-1%	\$2,400.8	\$2,472.2	-3%	\$9,553.4	\$9,646.6	-1%	\$10,200.3	\$10,389.8	-2%
Franchise revenues	\$4,075.5	\$4,019.6	1%	\$3,895.7	\$3,936.5	-1%	\$15,492.0	\$15,476.9	0%	\$16,631.9	\$16,469.9	1%
Other revenues	\$81.0	\$81.3	0%	\$78.9	\$79.3	-1%	\$323.1	\$323.8	0%	\$349.3	\$337.4	4%
Expenses												
Company-operated Margins	\$384.1	\$387.8	-1%	\$369.2	\$378.2	-2%	\$1,450.2	\$1,461.8	-1%	\$1,565.7	\$1,628.3	-4%
Franchise Margins	\$3,425.4	\$3,387.7	1%	\$3,292.4	\$3,310.8	-1%	\$13,022.2	\$13,002.8	0%	\$13,996.0	\$13,881.6	1%
Other restaurant expenses	\$60.0	\$60.3	0%	\$59.2	\$60.6	-2%	\$239.0	\$240.7	-1%	\$239.7	\$248.2	-3%
SG&A	\$750.1	\$750.9	0%	\$891.7	\$871.6	2%	\$2,957.1	\$2,939.1	1%	\$3,134.5	\$3,067.0	2%
Other Operating (Inc)/Exp, net	-\$19.3	-\$19.0	2%	-\$34.0	-\$34.1	0%	\$39.5	\$39.7	0%	-\$80.3	-\$80.6	0%
Company-operated Margins Rate	15.7%	15.7%	-1 bps	15.4%	15.3%	8 bps	15.2%	15.2%	3 bps	15.3%	15.7%	-32 bps
Franchise Margins Rate	84.0%	84.3%	-23 bps	84.5%	84.1%	41 bps	84.1%	84.0%	4 bps	84.2%	84.3%	-13 bps
Operating Income	\$3,099.6	\$3,047.7	2%	\$2,823.6	\$2,852.1	-1%	\$11,559.7	\$11,727.9	-1%	\$12,617.2	\$12,501.8	1%
Interest Expense	\$330.1	\$335.4	-2%	\$330.1	\$336.1	-2%	\$1,320.2	\$1,331.5	-1%	\$1,321.9	\$1,345.5	-2%
Pretax Income	\$2,806.4	\$2,771.3	1%	\$2,530.4	\$2,582.7	-2%	\$10,420.5	\$10,449.1	0%	\$11,443.9	\$11,422.7	0%
Taxes	\$589.3	\$576.2	2%	\$531.4	\$539.6	-2%	\$2,091.7	\$2,090.3	0%	\$2,404.9	\$2,391.3	1%
Net Income	\$2,217.1	\$2,164.9	2%	\$1,999.0	\$2,009.0	-1%	\$8,328.7	\$8,433.9	-1%	\$9,039.0	\$8,891.1	2%
Average diluted shares	732.0	732.6	0%	729.6	729.8	0%	732.9	733.1	0%	723.3	723.3	0%
Adjusted EPS	\$3.03	\$2.98	2%	\$2.74	\$2.79	-2%	\$11.56	\$11.56	0%	\$12.50	\$12.40	1%
EBITDA	\$3,617.8	\$3,572.0	1%	\$3,341.8	\$3,412.5	-2%	\$13,632.6	\$13,615.2	0%	\$14,810.7	\$14,784.8	0%

Source: BofA Global Research estimates, Visible Alpha consensus

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Exhibit 11: Our PZZA estimates are ahead of consensus for F23 and F24
PZZA BofA vs Visible Alpha consensus

	4QFY-2022			3Q23E			4Q23E			FY-2023			2023E			FY-2024			2024E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Systemwide Units	5,866	5,850	0%	5,970	5,970	0%	5,970	5,961	0%	6,333	6,303	0%									
North American Units	3,407	3,409	0%	3,436	3,438	0%	3,436	3,438	0%	3,556	3,523	1%									
International Units	2,459	2,434	1%	2,534	2,525	0%	2,534	2,525	0%	2,777	2,782	0%									
Same Store Sales																					
Domestic Company-owned restaurants	3.0%	2.7%	0.3 ppts	3.5%	2.7%	0.8 ppts	3.0%	2.7%	0.3 ppts	2.5%	2.5%	0.0 ppts									
North America franchised restaurants	3.0%	1.3%	1.7 ppts	3.5%	2.3%	1.2 ppts	0.9%	0.1%	0.7 ppts	2.5%	2.5%	0.0 ppts									
North America restaurants	3.0%	1.7%	1.3 ppts	3.5%	2.5%	1.0 ppts	1.3%	0.7%	0.5 ppts	2.5%	2.5%	0.0 ppts									
International restaurants	-0.3%	0.2%	-0.5 ppts	0.0%	0.7%	-0.7 ppts	-1.7%	-1.4%	-0.3 ppts	-0.8%	2.1%	-2.8 ppts									
Total Revenues	\$538.3	\$530.7	1%	\$601.2	\$589.4	2%	\$2,181.1	\$2,162.0	1%	\$2,256.7	\$2,257.6	0%									
Domestic Company-owned restaurant sales	\$175.5	\$172.0	2%	\$198.2	\$192.7	3%	\$729.3	\$720.4	1%	\$750.1	\$740.0	1%									
North America franchise	\$34.9	\$34.7	0%	\$38.8	\$38.8	0%	\$144.4	\$144.3	0%	\$152.3	\$148.9	2%									
North America commissary and other sales	\$217.8	\$213.0	2%	\$245.9	\$239.3	3%	\$883.2	\$871.9	1%	\$880.3	\$894.3	-2%									
International	\$43.5	\$45.1	-4%	\$47.6	\$48.3	-2%	\$157.2	\$159.6	-2%	\$194.9	\$197.3	-1%									
Other revenues	\$66.7	\$65.0	3%	\$70.8	\$69.5	2%	\$267.0	\$264.1	1%	\$279.2	\$273.5	2%									
Costs and expenses:																					
Domestic Company-owned restaurant expenses	\$142.8	\$140.6	2%	\$161.0	\$156.4	3%	\$595.3	\$588.5	1%	\$609.7	\$600.9	1%									
North America commissary and other expenses	\$202.1	\$197.1	3%	\$224.0	\$219.5	2%	\$813.0	\$803.5	1%	\$817.2	\$825.2	-1%									
International expenses	\$27.9	\$29.1	-4%	\$29.6	\$31.0	-4%	\$95.3	\$97.6	-2%	\$121.3	\$124.7	-3%									
Other expenses	\$60.3	\$60.3	0%	\$65.4	\$64.4	2%	\$245.8	\$244.7	0%	\$259.2	\$253.8	2%									
General and administrative expenses	\$52.8	\$51.2	3%	\$55.9	\$53.4	5%	\$210.9	\$206.7	2%	\$207.0	\$208.9	-1%									
Operating income	\$37.0	\$35.1	6%	\$49.7	\$47.2	5%	\$159.4	\$155.2	3%	\$180.6	\$171.2	5%									
Operating income margin	6.9%	6.6%	27 bps	8.3%	8.0%	25 bps	7.3%	7.2%	13 bps	8.0%	7.6%	42 bps									
Adjusted net income, after tax	\$19.1	\$18.6	3%	\$28.5	\$27.4	4%	\$90.3	\$89.4	1%	\$103.1	\$99.0	4%									
Adjusted EBITDA	\$52.4	\$51.6	2%	\$65.3	\$64.1	2%	\$224.1	\$222.4	1%	\$242.3	\$238.0	2%									
Tax rate (%)	25.0%	23.2%	180 bps	25.0%	23.0%	195 bps	24.1%	22.9%	117 bps	23.4%	22.4%	108 bps									
Net income	\$19.2	\$18.2	6%	\$28.6	\$26.8	7%	\$88.0	\$85.3	3%	\$103.3	\$97.9	6%									
Adjusted diluted EPS	\$0.59	\$0.56	5%	\$0.89	\$0.84	7%	\$2.76	\$2.69	3%	\$3.25	\$3.04	7%									

Source: BofA Global Research, Visible Alpha

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Exhibit 12: Our QSR estimates are in line with consensus for F23
QSR BofAE vs Visible Alpha consensus

	3Q23E			4Q23E			2023E			2024E		
	BofA	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Total Units	29,140	29,185	0%	29,827	29,905	0%	29,827	29,908	0%	31,314	31,482	-1%
Tim Horton's Units	5,733	5,742	0%	5,931	5,952	0%	5,931	5,952	0%	6,282	6,374	-1%
Burger King Units	19,046	19,075	0%	19,357	19,408	0%	19,357	19,411	0%	19,997	20,098	-1%
Popeye's Units	4,361	4,369	0%	4,539	4,545	0%	4,539	4,545	0%	5,035	5,010	1%
Firehouse Subs Units	1,263	1,266	0%	1,274	1,281	-1%	1,274	1,279	0%	1,312	1,333	-2%
Burger King US Units	6,825	6,845	0%	6,750	6,794	-1%	6,750	6,794	-1%	6,670	6,750	-1%
Tim Horton's Canada Units	3,868	3,874	0%	3,858	3,877	0%	3,858	3,877	0%	3,820	3,884	-2%
Same Store Sales Growth												
Tim Horton's SSS	5.8%	6.4%	-1 ppts	3.8%	3.9%	0 ppts	8.5%	8.8%	0 ppts	2.6%	2.7%	0 ppts
Burger King SSS	10.0%	8.6%	1 ppts	8.6%	7.1%	2 ppts	9.9%	9.2%	1 ppts	2.0%	3.2%	-1 ppts
Popeye's SSS	6.3%	4.8%	1 ppts	7.0%	4.3%	3 ppts	6.3%	5.3%	1 ppts	2.3%	2.6%	0 ppts
Firehouse Subs SSS	2.9%	2.9%	0 ppts	2.9%	2.8%	0 ppts	3.5%	3.5%	0 ppts	2.9%	2.6%	0 ppts
Burger King US SSS	7.0%	7.3%	0 ppts	5.0%	3.8%	1 ppts	7.2%	7.0%	0 ppts	2.0%	3.2%	-1 ppts
Tim Horton's Canada SSS	7.0%	7.5%	0 ppts	4.0%	4.0%	0 ppts	9.5%	9.8%	0 ppts	3.0%	2.7%	0 ppts
Total Revenues	\$1,836.5	\$1,871.1	-2%	\$1,813.7	\$1,822.1	0%	\$7,014.8	\$7,058.2	-1%	\$7,535.2	\$7,480.9	1%
Company sales	\$780.2	\$802.1	-3%	\$776.6	\$783.4	-1%	\$2,968.8	\$2,996.6	-1%	\$3,260.9	\$3,154.9	3%
Franchise and property revenues	\$766.0	\$773.6	-1%	\$747.6	\$746.5	0%	\$2,923.4	\$2,930.2	0%	\$3,104.6	\$3,121.9	-1%
Advertising revenues	\$290.4	\$295.7	-2%	\$289.5	\$293.9	-2%	\$1,122.6	\$1,132.4	-1%	\$1,169.7	\$1,207.7	-3%
Cost of sales	\$632.2	\$653.5	-3%	\$646.7	\$642.2	1%	\$2,439.9	\$2,457.5	-1%	\$2,689.5	\$2,574.1	4%
Franchise and property expenses	\$147.3	\$140.8	5%	\$135.1	\$133.2	1%	\$535.4	\$527.0	2%	\$566.3	\$550.5	3%
Advertising expenses	\$311.7	\$314.6	-1%	\$313.8	\$314.8	0%	\$1,209.5	\$1,212.8	0%	\$1,259.0	\$1,287.4	-2%
General and administrative expenses	\$163.5	\$168.8	-3%	\$178.5	\$176.3	1%	\$679.9	\$683.1	0%	\$679.6	\$677.3	0%
SG&A	\$475.1	\$483.4	-2%	\$492.3	\$491.1	0%	\$1,889.4	\$1,895.9	0%	\$1,938.6	\$1,964.7	-1%
Interest expense, net	\$141.8	\$145.4	-2%	\$141.8	\$145.1	-2%	\$570.7	\$574.9	-1%	\$544.9	\$564.6	-3%
Income tax expense	\$78.0	\$76.5	2%	\$70.6	\$70.5	0%	\$234.6	\$232.9	1%	\$323.2	\$314.6	3%
Adjusted net income (ex. preferred div.)	\$378.4	\$393.7	-4%	\$341.3	\$362.3	-6%	\$1,446.8	\$1,483.4	-2%	\$1,533.2	\$1,587.6	-3%
Total share count (incl PEUs) - diluted	458	\$457.6	0%	454	\$457.1	-1%	456	\$457.2	0%	453	\$456.0	-1%
Adjusted Diluted EPS	\$0.83	\$0.81	1%	\$0.75	\$0.76	-1%	\$3.17	\$3.16	0%	\$3.38	\$3.33	2%
Adjusted EBITDA	\$690.5	\$699.8	-1%	\$645.2	\$663.9	-3%	\$2,588.3	\$2,616.2	-1%	\$2,761.9	\$2,805.8	-2%

Source: Visible Alpha, BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 13: Our YUM estimates are in line with consensus
YUM BofAE vs Visible Alpha consensus

	3Q23E			4Q23E			2023E			2024E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Total Systemwide Units	57,104	57,137	0%	58,511	58,545	0%	58,511	58,545	0%	62,130	61,884	0%
KFC	28,858	28,897	0%	29,760	29,703	0%	29,760	29,703	0%	31,840	31,687	0%
Pizza Hut	19,474	19,442	0%	19,716	19,760	0%	19,716	19,760	0%	20,689	20,549	1%
Taco Bell	8,405	8,416	0%	8,659	8,647	0%	8,659	8,647	0%	9,192	9,126	1%
Habit	367	371	-1%	376	381	-1%	376	381	-1%	409	415	-1%
Global SSSG	3.6%	6.4%	-2.8ppts	3.6%	3.1%	0.5ppts	5.9%	5.3%	0.6ppts	3.3%	3.2%	0.1ppts
SSSG by Segment												
KFC	4.0%	5.7%	-1.7ppts	4.0%	5.7%	-1.7ppts	7.4%	8.4%	-1.0ppts	3.1%	3.4%	-0.4ppts
Pizza Hut	2.2%	1.9%	0.3ppts	2.1%	2.8%	-0.7ppts	3.5%	3.9%	-0.4ppts	2.1%	1.9%	0.1ppts
Taco Bell	4.0%	6.4%	-2.4ppts	4.0%	3.1%	0.9ppts	4.8%	5.3%	-0.4ppts	5.0%	3.2%	1.8ppts
Habit	0.0%	1.1%	-1.1ppts	0.0%	1.5%	-1.5ppts	0.0%	0.8%	-0.8ppts	1.5%	2.1%	-0.6ppts
Total Revenue	\$1,747	\$1,776	-2%	\$2,155	\$2,143	1%	\$7,234	\$7,251	0%	\$7,842	\$7,853	0%
KFC	\$728	\$750	-3%	\$838	\$841	0%	\$2,935	\$2,960	-1%	\$3,157	\$3,234	-2%
Pizza Hut	\$259	\$251	3%	\$296	\$298	-1%	\$1,051	\$1,046	1%	\$1,133	\$1,110	2%
Taco Bell	\$618	\$630	-2%	\$835	\$823	2%	\$2,646	\$2,646	0%	\$2,895	\$2,850	2%
Habit	\$142	\$146	-3%	\$185	\$181	2%	\$601	\$601	0%	\$657	\$658	0%
Expenses												
Company-Operated Expense	\$416	\$428	-3%	\$550	\$549	0%	\$1,784	\$1,795	-1%	\$1,873	\$1,907	-2%
G&A ex-special	\$283	\$290	-2%	\$329	\$350	-6%	\$1,185	\$1,213	-2%	\$1,252	\$1,257	0%
Franchise and Property Expense	\$32	\$32	1%	\$34	\$35	-2%	\$134	\$134	0%	\$146	\$144	1%
Franchise advertising and other expense	\$447	\$434	3%	\$560	\$534	5%	\$1,789	\$1,751	2%	\$1,962	\$1,930	2%
0%	\$569	\$593	-4%	\$682	\$675	1%	\$2,342	\$2,364	-1%	\$2,610	\$2,641	-1%
Net Interest Expense	\$130	\$128	1%	\$133	\$131	1%	\$518	\$515	1%	\$518	\$516	0%
Pretax Reported Income	\$464	\$468	-1%	\$535	\$543	-1%	\$1,849	\$1,860	-1%	\$2,066	\$2,124	-3%
Taxes	\$102	\$102	0%	\$118	\$117	0%	\$351	\$353	-1%	\$444	\$452	-2%
Tax Rate	22.0%	21.8%	16 bps	22.0%	21.6%	35 bps	19.0%	19.0%	-1 bps	21.5%	21.3%	23 bps
Adjusted Net Income	\$362	\$367	-1%	\$418	\$424	-2%	\$1,484	\$1,507	-2%	\$1,622	\$1,667	-3%
Adjusted EPS	\$1.26	\$1.28	-1%	\$1.46	\$1.50	-3%	\$5.19	\$5.24	-1%	\$5.75	\$5.91	-3%
Average Shares Out. (Diluted)	286	285	0%	286	284	1%	285.75	285	0%	282.1911752	281	1%
EBITDA	\$612	\$631	-3%	\$724	\$713	2%	\$2,475	\$2,510	-1%	\$2,759	\$2,793	-1%

Source: BofA Global Research estimates, Visible Alpha

BofA GLOBAL RESEARCH

Exhibit 14: Our WEN F23 EPS estimates are in-line with consensus
Wendy's BofA Estimates vs Consensus

	3Q23E			4Q23E			2023E			2024E		
	3QFY-2023			4QFY-2023			FY-2023			FY-2024		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Systemwide units	7,172	7,166	0%	7,230	7,234	(0%)	7,230	7,234	(0%)	7,426	7,430	(0%)
Company-operated	415	416	(0%)	416	418	(0%)	416	418	(0%)	420	425	(1%)
U.S. Franchised	5,612	5,608	0%	5,635	5,635	0%	5,635	5,635	0%	5,683	5,706	(0%)
International	1,145	1,153	(1%)	1,179	1,193	(1%)	1,179	1,193	(1%)	1,323	1,313	1%
SSS - Global total	4.2%	3.9%	0 ppts	3.3%	3.1%	0 ppts	5.1%	5.0%	0 ppts	3.1%	2.5%	1 ppts
SSS - U.S. company	3.1%	3.4%	0 ppts	3.1%	2.8%	0 ppts	4.2%	4.2%	0 ppts	3.0%	2.5%	0 ppts
SSS - U.S. franchised	4.0%	3.5%	1 ppts	3.0%	2.8%	0 ppts	4.7%	4.6%	0 ppts	3.0%	2.6%	0 ppts
SSS - U.S. total	3.9%	3.6%	0 ppts	3.0%	2.9%	0 ppts	4.7%	4.6%	0 ppts	3.0%	2.5%	0 ppts
Total Revenues	\$556.7	\$555.2	0%	\$556.4	\$554.7	0%	\$2,203.5	\$2,198.8	0%	\$2,281.0	\$2,279.1	0%
Sales	\$234.2	\$237.9	(2%)	\$231.3	\$235.7	(2%)	\$934.2	\$941.0	(1%)	\$962.3	\$975.9	(1%)
Total franchise revenues	\$213.3	\$208.7	2%	\$214.6	\$209.9	2%	\$838.5	\$829.2	1%	\$872.7	\$856.5	2%
Advertising fund revenues	\$109.2	\$108.8	0%	\$110.5	\$109.5	1%	\$430.8	\$429.4	0%	\$445.9	\$448.6	(1%)
Cost of sales	\$198.8	\$200.8	(1%)	\$196.6	\$199.7	(2%)	\$793.0	\$798.1	(1%)	\$806.4	\$825.2	(2%)
Franchise support and other	\$13.4	\$13.8	(3%)	\$13.4	\$13.7	(3%)	\$53.8	\$54.6	(1%)	\$54.9	\$55.2	(1%)
Franchise rental expense	\$32.6	\$32.8	(1%)	\$32.3	\$32.8	(1%)	\$128.0	\$128.7	(1%)	\$130.5	\$131.7	(1%)
Advertising fund expense	\$112.4	\$109.6	3%	\$113.8	\$110.2	3%	\$437.5	\$431.0	2%	\$459.3	\$450.8	2%
G&A	\$64.4	\$64.0	1%	\$70.5	\$68.3	3%	\$259.9	\$257.3	1%	\$265.1	\$261.5	1%
D&A	\$34.9	\$36.0	(3%)	\$35.3	\$36.3	(3%)	\$137.1	\$142.3	(4%)	\$142.1	\$147.3	(4%)
Pretax income	\$75.0	\$72.5	3%	\$69.3	\$67.9	2%	\$278.5	\$274.7	1%	\$302.5	\$306.5	(1%)
Taxes	\$19.1	\$18.5	3%	\$18.0	\$17.4	3%	\$71.9	\$70.7	2%	\$78.2	\$78.8	(1%)
Tax rate	25.5%	25.5%	-2 bps	26.0%	25.7%	32 bps	25.8%	25.7%	7 bps	25.8%	25.7%	14 bps

Exhibit 14: Our WEN F23 EPS estimates are in-line with consensus
Wendy's BofA Estimates vs Consensus

	3Q23E			4Q23E			2023E			2024E		
Adjusted EBITDA	\$135.0	\$136.5	(1%)	\$129.8	\$133.2	(3%)	\$536.2	\$538.9	(1%)	\$569.1	\$572.0	(1%)
Pro-Forma EPS	\$0.26	\$0.25	4%	\$0.24	\$0.24	0%	\$0.99	\$0.98	1%	\$1.06	\$1.11	(4%)

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

BofA GLOBAL RESEARCH

Exhibit 15: Our WING F23 EPS estimate is slightly ahead of consensus
WING BofAE vs Visible Alpha Consensus

	3Q23E			4Q23E			2023E			2024E		
	3QFY-2023			4QFY-2023			FY-2023			FY-2024		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Domestic Co-op SSSG	3.5%	3.5%	0.1 ppts	3.5%	3.6%	-0.1 ppts	5.8%	5.7%	0.0 ppts	2.0%	2.7%	-0.7 ppts
Domestic franchise SSSG (estimated)	7.1%	6.2%	0.9 ppts	6.1%	4.8%	1.2 ppts	12.6%	12.1%	0.6 ppts	3.5%	3.5%	0.0 ppts
Domestic SSSG	7.0%	6.4%	0.1 ppts	6.0%	4.8%	0.3 ppts	12.5%	11.9%	0.0 ppts	3.5%	3.0%	0.2 ppts
Domestic Company-Owned Activity: Restaurants end of period	45	45	-0.6%	45	48	-5.4%	45	48	-5.4%	49	52	-5.4%
Domestic Franchised Activity: Restaurants end of period	1,801	1,802	0.0%	1,873	1,872	0.1%	1,873	1,872	0.1%	2,103	2,071	1.6%
International Franchised Activity: Restaurants end of period	267	265	0.8%	287	285	0.8%	287	285	0.8%	357	347	2.8%
Royalty revenue, franchise fees and other	\$48.2	\$48.0	0.4%	\$49.5	\$49.2	0.7%	\$193.9	\$193.4	0.3%	\$225.0	\$221.2	1.7%
Advertising fees	\$38.6	\$37.3	3.5%	\$37.1	\$38.3	-2.9%	\$149.8	\$149.6	0.1%	\$168.8	\$172.4	-2.1%
Company-owned restaurant sales	\$24.4	\$23.1	5.2%	\$23.8	\$23.2	2.6%	\$93.9	\$92.1	2.0%	\$103.8	\$103.5	0.3%
	\$111.2	\$108.5	2.5%	\$110.5	\$110.7	-0.2%	\$437.6	\$435.1	0.6%	\$497.6	\$497.1	0.1%
Food, beverage and packaging costs	\$8.1	\$7.6	6.7%	\$7.9	\$7.7	2.4%	\$30.7	\$30.0	2.3%	\$34.1	\$34.2	-0.4%
Labor costs	\$5.9	\$5.6	4.8%	\$5.9	\$5.7	3.3%	\$22.8	\$22.4	2.1%	\$25.6	\$25.2	1.4%
Other restaurant operating expenses	\$4.8	\$4.6	5.6%	\$4.9	\$4.6	5.2%	\$18.3	\$17.8	2.8%	\$20.5	\$20.0	2.7%
Vendor rebates	-\$0.5	-\$0.5	-7.2%	-\$0.6	-\$0.5	10.3%	-\$2.2	-\$2.1	0.8%	-\$2.4	-\$2.3	3.2%
Cost of sales	\$18.3	\$17.2	6.1%	\$18.1	\$17.6	2.8%	\$69.7	\$68.2	2.3%	\$77.8	\$77.5	0.4%
Food, beverage and packaging costs	33%	33%	44.9 bps	33%	33%	-6.8 bps	33%	33%	10.4 bps	33%	33%	-20.8 bps
Labor costs	24%	24%	-9.3 bps	25%	25%	17.8 bps	24%	24%	2.2 bps	25%	24%	26.9 bps
Other restaurant operating expenses	20%	20%	7.6 bps	20%	20%	50.9 bps	19%	19%	15.7 bps	20%	19%	46.6 bps
Cost of sales	75%	74%	58.5 bps	76%	76%	15.5 bps	74%	74%	20.7 bps	75%	75%	8.0 bps
Selling, general and administrative	\$23.4	\$23.0	1.4%	\$23.8	\$23.2	2.6%	\$93.0	\$92.1	0.9%	\$104.8	\$99.8	5.0%
Adjusted EBITDA	\$30.4	\$28.9	5.2%	\$29.9	\$30.0	-0.4%	\$129.2	\$127.8	1.1%	\$144.1	\$140.4	2.6%
Adjusted EBITDA margin %	27.3%	26.6%	72 bps	27.0%	27.1%	-6 bps	29.5%	29.4%	15 bps	29.0%	28.2%	72 bps
Diluted Adj. EPS	\$0.54	\$0.51	5.6%	\$0.53	\$0.52	0.3%	\$2.19	\$2.16	1.4%	\$2.62	\$2.53	3.6%

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

BofA GLOBAL RESEARCH

Exhibit 16: Our JACK F23 EPS estimates are in line with consensus
JACK's BofA Estimates vs Consensus

	4Q23E			1Q24E			2023E			2024E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
JIB Ending Units	2201	2197	0%	2216	2203	1%	2201	2197	0%	2258	2227	1%
JIB Co-op Ending Number	141	141	0%	141	142	(0%)	141	141	0%	141	146	(3%)
DT Ending Units	596	596	(0%)	600	598	0%	596	596	(0%)	612	608	1%
JIB System SSSG	4.8%	4.6%	0 ppts	3.0%	2.8%	0 ppts	7.5%	8.9%	-1 ppts	3.0%	2.5%	0 ppts
DT System SSSG	1.0%	1.1%	0 ppts	2.0%	2.0%	0 ppts	0.0%	2.4%	-2 ppts	2.0%	2.1%	0 ppts
JIB Est. Company-Operated Sales	96	95	1%	129	129	0%	415	414	0%	427	429	(1%)
DT Est. Company-Operated Sales	84	80	4%	100	92	9%	0	434	(100%)	317	284	11%
Restaurant Sales	\$180.0	\$176.3	2.1%	\$229.2	\$220.4	4.0%	\$851.3	\$847.6	0.4%	\$743.7	\$714.8	4.0%
Franchisee advertising and other contributions	\$54.0	\$55.8	-3.2%	\$77.0	\$76.1	1.2%	\$238.6	\$241.1	-1.1%	\$256.6	\$251.8	1.9%
Franchise Rents and Royalties	\$136.5	\$139.8	-2.4%	\$187.3	\$188.7	-0.7%	\$600.5	\$603.7	-0.5%	\$626.0	\$626.6	-0.1%
Total Revenue Franchise	\$190.5	\$194.5	-2.0%	\$264.3	\$261.3	1.2%	\$839.0	\$840.9	-0.2%	\$882.6	\$873.1	1.1%
Total Revenue	\$370.5	\$371.5	-0.3%	\$493.5	\$482.6	2.3%	\$1,690.3	\$1,691.3	-0.1%	\$1,626.2	\$1,591.4	2.2%
Food and Packaging	\$56.1	\$53.5	5.0%	\$68.7	\$66.6	3.1%	\$255.9	\$253.3	1.1%	\$223.2	\$214.7	4.0%
Payroll and Employee Benefits	\$58.4	\$57.8	1.1%	\$78.5	\$71.6	9.6%	\$276.0	\$275.3	0.2%	\$247.1	\$230.4	7.2%
Occupancy and other	\$34.9	\$34.8	0.2%	\$42.4	\$40.6	4.4%	\$162.8	\$162.8	0.0%	\$140.7	\$133.4	5.5%
Total Restaurant Costs	\$149.5	\$146.1	2%	\$189.6	\$178.9	6%	\$694.7	\$691.4	0%	\$611.0	\$578.5	6%
Franchise costs	\$58.8	\$59.0	-0.4%	\$74.0	\$74.5	-0.7%	\$241.8	\$242.0	-0.1%	\$255.2	\$254.6	0.2%
Franchise advertising and other service	\$56.0	\$57.2	-2.0%	\$78.2	\$75.2	3.9%	\$248.3	\$249.4	-0.4%	\$261.1	\$256.4	1.8%
SG&A	\$41.7	\$41.8	-0.1%	\$50.7	\$49.7	1.9%	\$170.9	\$172.6	-1.0%	\$168.9	\$167.6	0.7%
Interest expense	\$18.7	\$19.0	-1.8%	\$24.9	\$25.6	-2.7%	\$82.8	\$83.4	-0.6%	\$80.9	\$82.9	-2.5%
Adj. EBITDA	\$65.6	\$65.8	-0.3%	\$100.0	\$104.5	-4.3%	\$334.4	\$327.4	2.1%	\$328.6	\$330.3	-0.5%
Diluted EPS - non-GAAP	\$1.21	\$1.16	4.8%	\$2.00	\$2.15	-7.1%	\$6.15	\$6.09	0.8%	\$6.74	\$6.88	-2.0%
Fully Diluted Shares Outstanding	20.60	20.37	1.1%	20.35	20.17	0.9%	20.78	20.73	0.3%	19.98	19.87	0.5%

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

BofA GLOBAL RESEARCH

BofA Estimates vs Consensus- Coffee and Sweets

Exhibit 17: Our estimates are in-line or slightly ahead of consensus
BROS BofAE vs Visible Alpha consensus

	3Q23E			4Q23E			2023E			2024E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Systemwide SSSG	3.8%	1.4%	2 ppt	1.9%	1.1%	1 ppt	2.1%	1.2%	1 ppt	2.0%	1.7%	0 ppt
Company SSSG	2.5%	1.1%	1 ppt	0.5%	0.8%	0 ppt	0.5%	0.1%	0 ppt	2.0%	1.7%	0 ppt
Franchise SSSG	5.5%	2.3%	3 ppt	4.0%	2.1%	2 ppt	4.0%	2.8%	1 ppt	2.0%	2.1%	0 ppt
Total Revenue	\$253.2	\$258.0	-2%	\$254.0	\$252.1	1%	\$954.3	\$957.2	0%	\$1,209.9	\$1,208.3	0%
Company-operated Shops	\$225.4	\$231.2	-3%	\$227.1	\$226.2	0%	\$846.6	\$851.5	-1%	\$1,092.6	\$1,094.4	0%
Franchising and Other	\$27.8	\$26.8	4%	\$26.9	\$25.9	4%	\$107.7	\$105.7	2%	\$117.3	\$113.8	3%
Company Operated Costs	\$157.0	\$161.5	-3%	\$164.5	\$163.6	0%	\$600.3	\$604.1	-1%	\$769.3	\$774.5	-1%
Franchising and other costs	\$9.4	\$10.2	-8%	\$10.8	\$11.0	-1%	\$37.2	\$38.2	-3%	\$40.2	\$41.8	-4%
RLM (ex pre-opening)	30.3%	30.1%	0 ppt	27.6%	27.6%	0 ppt	29.1%	29.1%	0 ppt	29.6%	29.2%	0 ppt
Selling, general and administrative (adjusted)	\$41.6	\$42.9	-3%	\$48.0	\$46.4	4%	\$167.9	\$165.6	1%	\$206.4	\$197.5	4%
Total costs and expenses	\$239.0	\$246.8	-3%	\$254.6	\$254.8	0%	\$921.4	\$929.4	-1%	\$1,134.0	\$1,141.5	-1%
Depreciation and Amortization	\$18.3	\$16.1	14%	\$18.0	\$17.4	3%	\$67.7	\$61.3	10%	\$85.3	\$82.6	3%
Operating Income	\$14.2	\$11.1	27%	-\$0.6	-\$1.9	-66%	\$32.9	\$28.6	15%	\$75.8	\$73.0	4%
Adjusted Operating Income	\$24.3	\$20.5	19%	\$9.5	\$11.5	-17%	\$72.5	\$72.0	1%	\$99.8	\$86.1	16%
Interest expense, net	-\$9.2	-\$9.5	-3%	-\$9.2	-\$10.0	-8%	-\$35.3	-\$36.4	-3%	-\$45.4	-\$45.3	0%
Other income (expense), net	\$0.5	\$1.0	-51%	\$0.5	\$1.0	-51%	-\$1.3	\$3.4	-140%	\$4.0	\$4.1	-2%
Pretax Income	\$4.5	\$2.2	107%	-\$10.3	-\$11.4	-9%	-\$1.0	-\$4.4	-76%	\$26.4	\$29.1	-9%
Income tax expense (benefit)	\$0.7	\$0.4	104%	-\$1.7	-\$1.2	35%	\$3.5	\$3.6	-2%	\$4.2	\$2.9	47%
Tax rate (%)	-16%	-16%	0 ppt	16%	11%	5 ppt	334%	-81%	415 ppt	16%	10%	6 ppt
Adjusted EBITDA	\$42.1	\$40.7	4%	\$27.1	\$27.9	-3%	\$134.5	\$141.0	-5%	\$182.8	\$182.4	0%
Adjusted EPS	\$0.07	\$0.07	-4%	\$0.00	-\$0.01	-89%	\$0.19	\$0.19	-3%	\$0.30	\$0.25	18%

Source: BofA Global Research estimates, Visible Alpha

BofA GLOBAL RESEARCH

Exhibit 18: Our EPS estimates are slightly ahead of consensus
DNUT BofAE vs Visible Alpha Consensus

	3Q23E 3QFY-2023			4Q23E 4QFY-2023			2023E FY-2023			2024E FY-2024		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Total US & Canada Points of Access	6,982	7,019	-1%	7,074	7,102	-0.4%	7,096	7,029	1.0%	7,537	7,694	-2.0%
Total International Points of Access	3,742	3,767	-1%	3,824	3,835	-0.3%	3,824	3,835	-0.3%	4,339	4,260	1.9%
Market Development Total Points of Access	2,399	2,382	1%	2,474	2,424	2.1%	2,474	2,424	2.1%	2,827	2,728	3.6%
Total Points of Access	13,123	13,168	0%	13,372	13,360	0.1%	13,394	13,366	0.2%	14,703	14,816	-0.8%
US Revenues	\$277.5	\$273.0	2%	\$303.9	\$297.7	2.1%	\$1,130.1	\$1,133.5	-0.3%	\$1,259.6	\$1,237.9	1.8%
International Revenues	\$104.2	\$100.0	4%	\$106.8	\$103.0	3.7%	\$399.7	\$392.7	1.8%	\$431.7	\$428.8	0.7%
Market Development Revenues	\$42.3	\$40.9	3%	\$42.5	\$43.9	-3.3%	\$175.2	\$169.3	3.5%	\$191.0	\$187.2	2.0%
Total Net Revenue	\$423.9	\$412.8	3%	\$453.2	\$443.7	2.1%	\$1,705.0	\$1,693.8	0.7%	\$1,882.2	\$1,849.1	1.8%
Product and distribution costs	\$110.9	\$108.2	2%	\$115.2	\$113.8	1.2%	\$455.0	\$451.0	0.9%	\$492.5	\$481.7	2.2%
Operating expenses	\$186.5	\$188.2	-1%	\$193.2	\$194.3	-0.5%	\$760.3	\$760.3	0.0%	\$819.2	\$815.3	0.5%
Selling, general and administrative expense	\$74.2	\$72.7	2%	\$78.1	\$77.5	0.7%	\$296.1	\$293.9	0.7%	\$318.2	\$310.2	2.6%
Preopening costs	\$1.3	\$1.3	5%	\$0.8	\$1.1	-28.8%	\$4.0	\$4.3	-6.1%	\$4.4	\$5.3	-16.2%
Other expenses, net	\$3.0	\$0.8	294%	\$3.2	\$0.9	269.5%	\$1.2	\$9.1	-87.0%	\$3.8	\$3.1	22.1%
Depreciation and amortization	\$29.5	\$28.7	3%	\$30.8	\$29.5	4.6%	\$117.4	\$115.3	1.8%	\$129.6	\$122.6	5.7%
% of Revenues												
Product and distribution costs	26.2%	26.2%	-6 bps	25.4%	25.7%	-24 bps	26.7%	26.6%	6 bps	26.2%	26.1%	11 bps
Operating expenses	44.0%	45.6%	-162 bps	42.6%	43.8%	-114 bps	44.6%	44.9%	-30 bps	43.5%	44.1%	-57 bps
SG&A	17.5%	17.6%	-10 bps	17.2%	17.5%	-24 bps	17.4%	17.4%	1 bps	16.9%	16.8%	13 bps
Preopening costs	0.3%	0.3%	1 bps	0.2%	0.3%	-8 bps	0.2%	0.3%	-2 bps	0.2%	0.3%	-5 bps
Adjusted EBITDA	\$53.0	\$47.5	12%	\$67.6	\$62.5	8%	\$224.3	\$220.2	2%	\$268.3	\$251.2	7%
Adjusted EBITDA margin	12.5%	11.5%	99bps	14.9%	14.1%	85bps	13.2%	13.0%	16bps	14.3%	13.6%	67bps
Operating Income	\$18.5	\$14.2	30%	\$31.9	\$28.2	13%	\$71.0	\$76.3	-7%	\$114.7	\$107.9	6%
Interest expense, net	\$9.4	\$11.3	-17%	\$9.4	\$11.2	-16%	\$42.9	\$43.6	-2%	\$42.4	\$43.8	-3%
Pre-tax income	\$8.1	\$2.8	185%	\$21.4	\$17.0	26%	\$24.0	\$30.6	-22%	\$72.3	\$64.3	12%
Income tax expense / (Benefit)	\$2.8	\$0.8	273%	\$7.5	\$4.6	64%	\$3.1	\$3.9	-20%	\$18.1	\$16.6	9%
Net income	\$5.3	\$0.6	807%	\$13.9	\$11.2	24%	\$20.9	\$21.8	-4%	\$54.2	\$43.8	24%
Adjusted Net Income	\$12.5	\$10.1	23%	\$20.6	\$20.7	0%	\$59.8	\$66.6	-10%	\$86.1	\$83.4	3%
Adjusted EPS	\$0.07	\$0.06	24%	\$0.12	\$0.12	1%	\$0.35	\$0.34	5%	\$0.50	\$0.49	3%

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

BofA GLOBAL RESEARCH

Exhibit 19: Our F23 SBUX estimates are in line with consensus; we are ahead in F24
SBUX BofAE vs Visible Alpha consensus

	4Q23E			1Q24E			2023E			2024E		
	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var
Systemwide Stores:												
Total	38,276	38,034	1%	38,846	38,602	1%	38,276	38,034	1%	40,836	40,600	1%
North America	17,885	18,030	-1%	18,045	18,200	-1%	17,885	18,030	-1%	18,645	18,680	0%
Int'l	20,391	20,005	2%	20,801	20,402	2%	20,391	20,005	2%	22,191	21,920	1%
Same Store Sales:												
Blended	8.6%	6.4%	2 ppts	7.9%	8.0%	0 ppts	8.8%	8.1%	1 ppts	6.4%	6.8%	0 ppts
North America	7.0%	6.3%	1 ppts	7.0%	5.5%	2 ppts	8.9%	8.8%	0 ppts	6.5%	5.7%	1 ppts
Int'l	15.0%	6.7%	8 ppts	12.0%	17.1%	-5 ppts	8.3%	5.7%	3 ppts	6.3%	10.3%	-4 ppts
Net Revenues	\$9,433	\$9,294	1%	\$9,732	\$9,756	0%	\$36,035	\$35,896	0%	\$40,029	\$39,823	1%
Americas	\$6,811	\$6,754	1%	\$7,188	\$7,133	1%	\$26,481	\$26,424	0%	\$28,914	\$28,778	0%
Int'l	\$2,133	\$2,045	4%	\$2,037	\$2,122	-4%	\$7,641	\$7,553	1%	\$9,106	\$9,025	1%
Channel Development revenue	\$484	\$483	0%	\$502	\$493	2%	\$1,891	\$1,891	0%	\$1,986	\$1,968	1%
Foodservice & Other	\$6	\$8	-30%	\$4	\$5	-9%	\$23	\$25	-10%	\$23	\$27	-14%
Expenses:												
Cost of Sales (and rel. occupancy)	\$3,005	\$2,911	3%	\$3,129	\$3,083	2%	\$11,482	\$11,387	1%	\$12,753	\$12,486	2%
Store Operating Exp.	\$3,908	\$3,781	3%	\$3,970	\$4,052	-2%	\$14,906	\$14,780	1%	\$16,126	\$16,364	-1%
Other Operating Exp.	\$137	\$134	3%	\$139	\$142	-2%	\$532	\$528	1%	\$585	\$577	1%
D&A	\$330	\$343	-4%	\$353	\$351	1%	\$1,341	\$1,355	-1%	\$1,465	\$1,448	1%
G&A	\$572	\$602	-5%	\$610	\$622	-2%	\$2,378	\$2,407	-1%	\$2,491	\$2,544	-2%
Operating Income	\$1,597	\$1,619	-1%	\$1,591	\$1,578	1%	\$5,670	\$5,742	-1%	\$6,911	\$6,665	4%
Net Interest Income & Other	\$19	\$22	-14%	\$18	\$19	-7%	\$70	\$73	-4%	\$70	\$75	-7%
Interest Expense	\$141	\$146	-3%	\$149	\$151	-1%	\$553	\$554	0%	\$652	\$623	5%
Pretax Income	\$1,475	\$1,491	-1%	\$1,460	\$1,451	1%	\$5,277	\$5,299	0%	\$6,329	\$6,118	3%
Income Taxes	\$363	\$361	0%	\$350	\$352	-1%	\$1,267	\$1,265	0%	\$1,519	\$1,473	3%
Adj. tax rate	24.6%	24.3%	29 bps	24.0%	24.4%	-39 bps	23.9%	23.4%	50 bps	24.0%	24.3%	-33 bps
Net income attributable to SBUX	\$1,111	\$1,121	-1%	\$1,109	\$1,095	1%	\$4,011	\$3,983	1%	\$4,810	\$4,622	4%
Diluted Shares Outstanding	\$1,149	\$1,148	0%	\$1,139	\$1,141	0%	\$1,151	\$1,151	0%	\$1,137	\$1,132	0%
Adj. diluted EPS	\$0.97	\$0.98	-1%	\$0.97	\$0.96	1%	\$3.44	\$3.46	0%	\$4.23	\$4.08	4%
Adjusted EBITDA	\$1,927	\$1,952	-1%	\$1,945	\$1,931	1%	\$7,033	\$7,067	0%	\$8,376	\$8,104	3%

Source: BofA Global Research estimates, Visible Alpha

BofA GLOBAL RESEARCH

BofA Estimates vs Consensus- Fast Casual

Exhibit 20: Our CMG estimates are above consensus
CMG BofAE vs Visible Alpha consensus

	3Q23E			4Q23E			2023E			2024E		
	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var
Restaurants in Operation—EOP	3,322	3,331	0%	3,443	3,439	0%	3,443	3,439	0%	3,749	3,734	0%
Same store sales growth	5.5%	4.5%	1 ppts	6.6%	5.3%	1 ppts	7.5%	7.0%	1 ppts	5.6%	4.6%	1 ppts
Food and beverage revenue	\$2,480	\$2,465	1%	\$2,465	\$2,439	1%	\$9,793	\$9,752	0%	\$11,156	\$11,020	1%
Delivery service revenue	\$18	\$17	5%	\$17	\$17	0%	\$69	\$69	1%	\$69	\$72	-4%
Total Revenues	\$2,498	\$2,474	1%	\$2,481	\$2,454	1%	\$9,863	\$9,812	1%	\$11,225	\$11,076	1%
Expenses:												
Food, beverage, and packaging	\$745	\$741	1%	\$732	\$726	1%	\$2,909	\$2,898	0%	\$3,333	\$3,248	3%
Labor	\$624	\$618	1%	\$625	\$618	1%	\$2,445	\$2,431	1%	\$2,783	\$2,722	2%
Occupancy	\$124	\$126	-1%	\$129	\$129	0%	\$499	\$501	0%	\$547	\$552	-1%
Other Operating Costs	\$360	\$355	1%	\$381	\$378	1%	\$1,454	\$1,446	1%	\$1,599	\$1,608	-1%
Total Store Level Expenses	\$1,854	\$1,840	1%	\$1,868	\$1,850	1%	\$7,307	\$7,276	0%	\$8,261	\$8,131	2%
Food, beverage, and packaging	30.1%	30.1%	-1 bps	29.7%	29.7%	-5 bps	29.7%	29.7%	-2 bps	29.9%	29.5%	40 bps
Labor	25.2%	25.1%	12 bps	25.4%	25.3%	5 bps	25.0%	24.9%	4 bps	24.9%	24.7%	24 bps
Occupancy	5.0%	5.1%	-10 bps	5.2%	5.3%	-5 bps	5.1%	5.1%	-4 bps	4.9%	5.0%	-10 bps
Other Operating Costs	14.5%	14.4%	8 bps	15.5%	15.5%	-3 bps	14.8%	14.8%	2 bps	14.3%	14.6%	-26 bps
Depreciation and amortization	\$78	\$80	-2%	\$81	\$81	0%	\$314	\$316	-1%	\$347	\$346	0%
Pre-opening expenses	\$9	\$9	2%	\$11	\$11	-3%	\$34	\$34	-1%	\$35	\$37	-5%
G&A	\$159	\$160	0%	\$160	\$159	1%	\$625	\$624	0%	\$659	\$665	-1%
Operating Income	\$398	\$378	5%	\$361	\$343	5%	\$1,583	\$1,531	3%	\$1,923	\$1,868	3%
Pretax Income	\$407	\$392	4%	\$370	\$355	4%	\$1,601	\$1,586	1%	\$1,976	\$1,927	3%
Income Tax Provision (benefit)	\$105	\$100	5%	\$96	\$93	3%	\$393	\$385	2%	\$494	\$492	0%

Exhibit 20: Our CMG estimates are above consensus
CMG BofAE vs Visible Alpha consensus

	3Q23E				4Q23E				2023E				2024E			
Adjusted tax rate	25.9%	25.5%	38 bps	26.0%	26.3%	-29 bps	24.5%	24.3%	27 bps	25.0%	25.5%	-51 bps				
Net Income	\$301	\$294	2%	\$274	\$271	1%	\$1,208	\$1,199	1%	\$1,482	\$1,453	2%				
Adjusted Net Income	\$301	\$293	3%	\$274	\$269	2%	\$1,217	\$1,204	1%	\$1,482	\$1,447	2%				
EBITDA	\$476	\$458	4%	\$442	\$425	4%	\$1,897	\$1,848	3%	\$2,269	\$2,221	2%				
Adjusted EPS	\$10.90	\$10.59	3%	\$9.93	\$9.72	2%	\$43.98	\$43.43	1%	\$54.28	\$52.66	3%				
Wtd. Avg. Dlt'd. Sh. Outstanding	28	28	0%	28	28	0%	28	28	0%	27	27	-1%				

Source: BofA Global Research estimates, Visible Alpha consensus

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Exhibit 21: Our PTLO estimates are in-line with consensus on SSSG, above on adjusted EBITDA
PTLO BofAE vs Visible Alpha consensus

	3Q23E			4Q23E			2023E			2024E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Total restaurants (EOP)	78	78	0%	84	84	0%	84	84	0%	94	94	0%
Same-restaurant sales	4.9%	5.2%	0 ppts	3.0%	3.1%	0 ppts	5.6%	5.8%	0 ppts	4.0%	3.2%	1 ppts
Revenues	\$170.3	\$171.4	-1%	\$187.7	\$185.4	1%	\$683.3	\$682.0	0%	\$767.7	\$776.3	-1%
Cost of goods sold, excluding depreciation and amortization	\$57.4	\$57.5	0%	\$63.0	\$62.4	1%	\$230.3	\$229.8	0%	\$252.3	\$259.0	-3%
Labor	\$45.2	\$45.1	0%	\$50.2	\$49.9	1%	\$179.0	\$178.6	0%	\$209.0	\$205.1	2%
Occupancy	\$8.8	\$8.6	2%	\$10.2	\$9.5	8%	\$35.7	\$34.8	3%	\$40.4	\$39.9	1%
Other operating expenses	\$20.6	\$19.8	4%	\$23.5	\$21.8	8%	\$81.6	\$79.1	3%	\$93.0	\$89.0	4%
Pre-opening expenses	\$2.4	\$2.1	11%	\$3.2	\$2.9	13%	\$8.2	\$7.6	8%	\$8.2	\$7.6	9%
General & administrative expenses	\$17.6	\$17.1	3%	\$18.0	\$17.8	1%	\$74.0	\$69.4	7%	\$79.2	\$77.1	3%
Depreciation and amortization	\$6.1	\$6.1	1%	\$6.6	\$6.6	0%	\$24.3	\$24.3	0%	\$27.3	\$27.8	-2%
Income before interest expense and income taxes	\$12.8	\$13.8	-8%	\$13.2	\$13.1	0%	\$51.8	\$52.8	-2%	\$60.1	\$65.5	-8%
Interest expense	\$6.5	\$6.4	1%	\$6.5	\$6.5	0%	\$27.0	\$26.8	1%	\$26.0	\$25.4	3%
Income taxes	\$1.0	\$1.2	-15%	\$0.9	\$1.0	-17%	\$2.9	\$3.3	-13%	\$5.1	\$6.2	-17%
Net income	\$5.3	\$6.2	-15%	\$5.8	\$5.6	3%	\$22.0	\$21.6	2%	\$29.0	\$34.0	-15%
Shares Outstanding fully diluted	59.1	64.0	-8%	59.6	64.2	-7%	56.7	59.8	-5%	60.8	64.6	-6%
Adjusted EBITDA (includes pre-opening)	\$24.1	\$24.2	0%	\$24.9	\$24.2	3%	\$97.9	\$96.0	2%	\$109.0	\$110.8	-2%
Adjusted EBITDA Margin	14.2%	14.1%	4 bps	13.3%	13.1%	22 bps	14.3%	14.1%	26 bps	14.2%	14.3%	-8 bps
GAAP EPS	\$0.09	\$0.10	-8%	\$0.10	\$0.09	11%	\$0.29	\$0.29	1%	\$0.48	\$0.53	-9%

Source: BofA Global Research estimates, Visible Alpha consensus

BofA GLOBAL RESEARCH

Exhibit 22: Our F23 estimates are in-line with consensus
SHAK BofAE vs Visible Alpha Consensus

	3Q23E			4Q23E			2023E			2024E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Traffic	-1.0%	-1.0%	0 ppts	0.0%	-0.2%	0 ppts	0.5%	0.7%	0 ppts	0.0%	0.5%	0 ppts
Price/Mix	3.8%	4.7%	-1 ppts	0.4%	1.9%	-2 ppts	3.4%	4.0%	-1 ppts	1.6%	2.2%	-1 ppts
Company SSSG	2.8%	3.9%	0 ppts	0.4%	1.5%	-1 ppts	3.9%	4.7%	0 ppts	1.6%	2.6%	0 ppts
Domestic Company-operated EOP	280.0	280.7	-0.3%	292.0	293.9	-0.7%	292.0	293.9	-0.7%	334.0	336.9	-0.8%
Domestic Units EOP	321.0	317.1	1.2%	335.0	331.5	1.1%	335.0	331.6	1.0%	389.0	379.6	2.5%
International Units EOP	171.0	176.0	-2.8%	175.0	179.4	-2.5%	175.0	179.6	-2.5%	205.0	209.1	-2.0%
Systemwide shops EOP	492.0	493.1	-0.2%	510.0	510.9	-0.2%	510.0	511.2	-0.2%	594.0	588.8	0.9%
Shack sales	263.2	265.6	-0.9%	266.3	270.9	-1.7%	1035.5	1042.5	-0.7%	1189.8	1202.6	-1.1%
Licensing revenue	9.2	10.7	-13.9%	10.1	10.7	-5.4%	38.4	40.5	-5.1%	49.3	47.0	5.0%
Total revenue	272.5	276.3	-1%	276.4	281.6	-2%	1073.9	1083.0	-1%	1239.1	1249.5	-1%
Cost & Expenses												
Food and paper costs	\$76.7	78.1	-2%	\$79.3	80.2	-1%	\$303.6	305.8	-1%	\$350.0	351.3	0%
Labor and related expenses	\$75.6	76.1	-1%	\$76.4	78.2	-2%	\$301.4	303.8	-1%	\$345.1	348.3	-1%
Other operating expenses	\$39.1	38.1	3%	\$38.9	39.1	-1%	\$149.0	148.2	1%	\$168.4	169.6	-1%
Occupancy and related expenses	\$20.1	20.4	-1.6%	\$21.2	21.2	-0.4%	\$79.7	80.1	-0.5%	\$90.0	92.1	-2.2%
Total restaurant operating costs	\$211.5	213	-0.6%	\$215.7	219	-1.4%	\$833.6	838	-0.5%	\$953.5	961	-0.8%
Food and paper costs	29.1%	29.4%	-26 bps	29.8%	29.6%	20 bps	29.3%	29.3%	-2 bps	29.4%	29.2%	20 bps
Labor and related expenses	28.7%	28.7%	7 bps	28.7%	28.9%	-20 bps	29.1%	29.1%	-3 bps	29.0%	29.0%	4 bps
Other operating expenses	14.8%	14.3%	51 bps	14.6%	14.4%	16 bps	14.4%	14.2%	17 bps	14.1%	14.1%	5 bps
RLM	19.7%	19.9%	-26 bps	19.0%	19.2%	-27 bps	19.5%	19.6%	-13 bps	19.9%	20.1%	-20 bps
Expenses												
General & administrative expenses	\$33.3	31.9	4%	\$34.9	35.1	0%	\$131.0	129.7	1%	\$144.1	144.6	0%
Pre-opening costs	\$4.6	4.6	-1%	\$5.2	5.0	4%	\$18.9	18.8	1%	\$19.4	19.3	0%
Impairment and loss on disposal of assets	\$0.6	0.5	11%	\$0.7	0.6	24%	\$2.9	2.2	35%	\$0.0	2.1	-100%
Adjusted Operating Income	\$4.8	4.6	5%	\$1.1	-\$0.4	-416%	\$21.0	19.3	9%	\$18.3	17.9	3%
Adjusted EBITDA	\$27.5	27.7	-1%	\$24.8	23.6	5%	\$110.9	109.9	1%	\$122.1	123.7	-1%
Adjusted EBITDA margin %	10.1%	10.0%	0 bps	9.0%	8.4%	0 bps	10.3%	10.1%	0 bps	9.9%	9.9%	0 bps
Adjusted EPS - Diluted	\$0.09	\$0.10	-10%	\$0.02	\$0.01	87%	\$0.28	\$0.28	-2%	\$0.40	\$0.41	-1%

Source: BofA Global Research estimates, Visible Alpha consensus

BofA GLOBAL RESEARCH

Exhibit 23: Our SG estimates are above consensus
SG BofAE vs Visible Alpha consensus

	3QFY-2023			4QFY-2023			FY-2023			FY-2024		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
SSSG	5.0%	4.5%	1 ppts	4.5%	4.5%	0 ppts	4.3%	4.5%	0 ppts	5.0%	4.5%	1 ppts
	0	213	0%	221	221	0%	221	221	0%	256	254	1%
Revenue	\$156.0	\$153.8	1%	\$153.3	\$152.3	1%	\$586.9	\$583.7	1%	\$710.9	\$691.0	3%
Food, beverage, and packaging	\$42.4	\$41.9	1%	\$42.4	\$41.7	2%	\$161.3	\$160.2	1%	\$196.1	\$189.4	4%
Labor and related expenses	\$46.8	\$45.5	3%	\$46.3	\$46.7	-1%	\$175.9	\$175.0	1%	\$212.2	\$205.4	3%
Occupancy and related expenses	\$14.3	\$14.1	1%	\$15.7	\$15.3	2%	\$56.1	\$55.6	1%	\$66.8	\$64.4	4%
Other restaurant operating costs	\$23.5	\$23.7	-1%	\$26.1	\$25.7	1%	\$93.7	\$93.5	0%	\$108.1	\$107.1	1%
Restaurant operating costs	\$127.0	\$125.2	1%	\$130.4	\$129.5	1%	\$487.0	\$484.2	1%	\$583.1	\$566.3	3%
General & Admin Exp.	\$38.8	\$38.8	0%	\$39.2	\$39.6	-1%	\$153.3	\$153.4	0%	\$152.8	\$148.7	3%
G&A Excl. SBC	\$24.7	\$24.1	3%	\$24.4	\$24.8	-2%	\$95.7	\$94.9	1%	\$104.3	\$101.0	3%
Depreciation & Amort.	\$14.8	\$15.0	-1%	\$15.3	\$15.7	-3%	\$57.8	\$58.4	-1%	\$70.0	\$68.3	2%
Pre-Opening costs	\$2.2	\$2.4	-7%	\$2.2	\$2.2	0%	\$10.1	\$10.2	-2%	\$10.1	\$9.8	3%
Total Operating Expense	\$55.8	\$56.2	-1%	\$56.8	\$57.7	-2%	\$221.5	\$226.4	-2%	\$232.9	\$227.0	3%
Adjusted EBITDA	\$2.4	\$2.2		-\$3.5	-\$4.1		-\$4.5	-\$5.6		\$14.7	\$14.1	
Adjusted EPS	-\$0.13	-\$0.13		-\$0.18	-\$0.18		-\$0.59	-\$0.62		-\$0.37	-\$0.51	
% of sales												
Food, beverage, and packaging	27.1%	27.3%	-0.1ppts	27.6%	27.4%	0.2ppts	27.5%	27.4%	0.0ppts	27.6%	27.4%	0.2ppts
Labor and related expenses	30.0%	29.6%	0.4ppts	30.2%	30.7%	-0.5ppts	30.0%	30.0%	0.0ppts	29.8%	29.7%	0.1ppts
Occupancy and related expenses	9.1%	9.2%	0.0ppts	10.2%	10.1%	0.2ppts	9.6%	9.5%	0.0ppts	9.4%	9.3%	0.1ppts
Other restaurant operating costs	15.1%	15.4%	-0.3ppts	17.0%	16.9%	0.1ppts	16.0%	16.0%	0.0ppts	15.2%	15.5%	-0.3ppts
Restaurant operating costs	81.4%	81.4%	0.0ppts	85.1%	85.0%	0.1ppts	83.0%	83.0%	0.0ppts	82.0%	82.0%	0.1ppts
RLM	18.6%	18.6%	0.0ppts	14.9%	15.0%	-0.1ppts	17.0%	17.0%	0.0ppts	18.0%	18.0%	-0.1ppts

Source: BofA Global Research estimates, Visible Alpha consensus

BofA GLOBAL RESEARCH

BofA Estimates vs Consensus- Casual

Exhibit 24: Our BLMN estimates are slightly below consensus
BLMN BofAE vs Visible Alpha consensus

	3Q23E			4Q23E			2023E			2024E		
	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var
Total Restaurants - End of Period	1,491	1,494	0%	1,496	1,503	0%	1,496	1,503	0%	1,548	1,544	0%
Restaurants (EOP) - US												
Outback	691	691	0%	693	693	0%	693	693	0%	699	702	0%
Carrabba's	218	218	0%	218	219	0%	218	219	0%	222	220	1%
Bonefish	176	175	0%	176	175	1%	176	176	0%	178	176	1%
Fleming's	65	65	0%	65	66	-2%	65	66	-2%	70	69	1%
Aussie Grill	8	8	3%	8	8	-2%	8	8	-2%	9	9	-4%
Restaurants (EOP) - International												
Outback - Int'l	333	337	-1%	336	342	-2%	336	342	-2%	370	368	1%
Same Store Sales - US	1.4%	1.0%	0 ppt	2.1%	2.6%	-1 ppt	2.4%	2.4%	0 ppt	1.8%	1.8%	0 ppt
Outback SSS	1.5%	1.2%	0 ppt	2.0%	2.9%	-1 ppt	2.3%	2.4%	0 ppt	2.0%	2.0%	0 ppt
Carrabba's SSS	2.0%	1.6%	0 ppt	2.5%	2.3%	0 ppt	3.7%	3.5%	0 ppt	1.3%	1.5%	0 ppt
Bonefish SSS	1.5%	0.6%	1 ppt	2.0%	1.8%	0 ppt	2.4%	2.0%	0 ppt	1.6%	1.6%	0 ppt
Fleming's SSS	-1.0%	-0.2%	-1 ppt	2.0%	2.5%	0 ppt	0.6%	0.9%	0 ppt	1.8%	1.7%	0 ppt
Same Store Sales - International												
Outback Steakhouse - Brazil	4.0%	3.5%	1 ppt	4.0%	3.4%	1 ppt	6.2%	6.2%	0 ppt	3.5%	2.8%	1 ppt
Total Revenues	\$1,093.7	\$1,090.8	0%	\$1,216.4	\$1,230.4	-1%	\$4,707.5	\$4,718.7	0%	\$4,778.2	\$4,769.3	0%
Company operated revenue	\$1,078.8	\$1,076.0	0%	\$1,199.5	\$1,213.3	-1%	\$4,643.9	\$4,654.8	0%	\$4,714.0	\$4,705.5	0%
Franchised and other revenue	\$14.9	\$14.8	0%	\$16.8	\$17.1	-2%	\$63.6	\$63.9	0%	\$64.2	\$63.8	1%
Cost of Sales	\$336.6	\$334.2	1%	\$378.0	\$377.4	0%	\$1,450.0	\$1,447.1	0%	\$1,471.7	\$1,470.6	0%
Labor and related	\$318.8	\$315.8	1%	\$338.6	\$342.8	-1%	\$1,324.8	\$1,326.1	0%	\$1,354.6	\$1,344.2	1%
Other restaurant operating	\$272.7	\$273.0	0%	\$298.1	\$299.0	0%	\$1,127.1	\$1,128.3	0%	\$1,149.3	\$1,142.5	1%
Restaurant Operating Margin (adj)	14.0%	14.2%	-24 bps	15.4%	16.0%	-59 bps	16.0%	16.2%	-21 bps	15.7%	15.9%	-24 bps
GAAP Diluted EPS	\$0.42	\$0.42	-1%	\$0.74	\$0.76	-3%	\$2.80	\$2.87	-3%	\$2.68	\$2.77	-4%
Adjusted EPS	\$0.44	\$0.44	1%	\$0.78	\$0.78	-1%	\$2.94	\$2.94	0%	\$2.82	\$2.84	-1%
Diluted Shares Outstanding	93	96	-3%	93	95	-2%	95	96	0%	91	93	-2%
EBITDA - Adjusted	\$105.5	\$107.2	-2%	\$145.7	\$147.8	-1%	\$555.1	\$559.0	-1%	\$545.9	\$555.1	-2%

Source: BofA Global Research estimates, Visible Alpha consensus

BofA GLOBAL RESEARCH

Exhibit 25: Our CAKE estimates are slightly below consensus
CAKE BofAE vs Visible Alpha consensus

\$ in millions (except per share amounts)	3Q23E			4Q23E			2023E			2024E		
	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var	BofAE	Consensus	% var
Restaurants - EOP by Segment:												
Cheesecake Factory	213	213	0%	216	216	0%	216	216	0%	220	220	0%
North Italia	35	35	1%	38	38	1%	38	38	1%	45	45	0%
Other FRC	38	38	0%	39	39	0%	39	39	-1%	43	43	1%
SSS - Cheesecake Factory	4.0%	4.2%	-0 ppt	3.5%	3.8%	-0 ppt	3.6%	3.8%	-0 ppt	1.9%	2.1%	-0 ppt
Total Revenues	\$843.0	\$844.5	0%	\$896.3	\$895.8	0%	\$3,471.5	\$3,472.6	0%	\$3,729.9	\$3,730.2	0%
Revenues by Segment:												
Cheesecake Factory	\$637.9	\$639.2	0%	\$662.2	\$662.6	0%	\$2,608.5	\$2,610.3	0%	\$2,735.5	\$2,732.9	0%
North Italia	\$63.3	\$63.7	-1%	\$72.6	\$71.2	2%	\$265.1	\$264.1	0%	\$320.0	\$321.3	0%
Other FRC	\$63.1	\$62.8	1%	\$75.7	\$75.8	0%	\$273.2	\$273.0	0%	\$325.4	\$326.9	0%
Other	\$78.7	\$78.9	0%	\$85.8	\$86.0	0%	\$324.8	\$325.1	0%	\$349.1	\$351.0	-1%
Operating Income	\$25.9	\$25.7	1%	\$46.1	\$46.2	0%	\$153.3	\$154.1	0%	\$182.7	\$187.0	-2%
Interest Income (Expense), Net	-\$2.0	-\$2.1	-3%	-\$2.0	-\$2.0	-2%	-\$8.0	-\$8.1	-1%	-\$8.0	-\$8.1	-1%
Pretax Income	\$23.9	\$23.6	1%	\$44.1	\$44.1	0%	\$145.3	\$145.9	0%	\$174.7	\$179.0	-2%
Income Tax Provision	\$2.6	\$2.6	1%	\$4.8	\$4.8	-1%	\$14.0	\$14.0	0%	\$21.8	\$21.1	3%
Adjusted net income	\$21.6	\$22.2	-2%	\$39.7	\$39.9	-1%	\$135.0	\$135.9	-1%	\$155.9	\$157.7	-1%
Adjusted Diluted EPS	\$0.44	\$0.45	-2%	\$0.82	\$0.82	0%	\$2.75	\$2.76	0%	\$3.26	\$3.28	-1%
Diluted weighted average shares outstanding	49	49	0%	49	49	0%	49	49	0%	48	48	-1%
EBITDA	\$49.4	\$50.6	-2%	\$70.6	\$71.4	-1%	\$247.7	\$253.7	-2%	\$278.6	\$288.9	-4%

Source: BofA Global Research estimates, Visible Alpha consensus

BofA GLOBAL RESEARCH

Exhibit 26: Our EAT estimates are below consensus
EAT BofAE vs Visible Alpha consensus

	1Q23E			2Q24E			2024E			2025E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
Chili's SSSG- co-op	7.1%	6.2%	1 ppts	4.8%	4.4%	0 ppts	4.8%	4.4%	0 ppts	1.5%	2.6%	-1 ppts
Maggiano's SSSG- co-op	5.8%	4.0%	2 ppts	2.8%	3.8%	-1 ppts	3.4%	3.2%	0 ppts	2.0%	2.2%	0 ppts
Systemwide Co-op SSSG	6.9%	5.3%	2 ppts	4.5%	4.0%	0 ppts	4.6%	3.9%	1 ppts	1.5%	2.6%	-1 ppts
Chili's units	1604	1607	0%	1600	1609	-1%	1604	1615	-1%	1628	1631	0%
Maggiano's units	52	52	1%	52	52	0%	52	52	0%	54	53	2%
Company Restaurant Sales	\$1,017	\$1,002	2%	\$1,051	\$1,056	0%	\$4,283	\$4,271	0%	\$4,407	\$4,405	0%
Franchise & Other	\$10	\$10	-2%	\$10	\$10	-3%	\$41	\$41	-1%	\$41	\$43	-3%
Total Revenue	\$1,027	\$1,012	2%	\$1,061	\$1,066	-1%	\$4,324	\$4,312	0%	\$4,448	\$4,447	0%
Cost of Sales	\$272	\$268	1%	\$273	\$278	-2%	\$1,110	\$1,123	-1%	\$1,136	\$1,154	-2%
Restaurant Labor	\$349	\$351	-1%	\$353	\$357	-1%	\$1,464	\$1,457	0%	\$1,537	\$1,502	2%
Restaurant Expenses	\$297	\$290	2%	\$299	\$291	3%	\$1,189	\$1,171	2%	\$1,176	\$1,199	-2%
G&A	\$41	\$42	-3%	\$42	\$39	7%	\$171	\$165	4%	\$176	\$171	3%
G&A as % of Revenues	4.0%	4.1%	-18 bps	4.0%	3.7%	29 bps	4.0%	3.8%	13 bps	4.0%	3.8%	12 bps
Operating Income	\$26	\$19	38%	\$53	\$57	-7%	\$224	\$223	1%	\$249	\$242	3%
Operating Margin	2.6%	1.9%	69 bps	5.0%	5.4%	-34 bps	5.2%	5.2%	1 bps	5.6%	5.4%	17 bps
Adjusted EPS	\$0.21	\$0.04	393%	\$0.77	\$0.87	-12%	\$3.30	\$3.32	-1%	\$3.67	\$3.75	-2%
Adj. EBITDA	\$68	\$61	11%	\$96	\$101	-6%	\$396	\$397	0%	\$427	\$421	1%
Adj. EBITDA margin	6.6%	6.0%	59 bps	9.0%	9.5%	-49 bps	9.2%	9.2%	-3 bps	9.6%	9.5%	12 bps
Cost of Sales	26.7%	26.7%	-2 bps	26.0%	26.3%	-32 bps	25.9%	26.3%	-38 bps	25.8%	26.2%	-43 bps
Restaurant Labor	34.3%	35.0%	-77 bps	33.6%	33.8%	-25 bps	34.2%	34.1%	6 bps	34.9%	34.1%	78 bps
Restaurant Expenses	29.2%	29.0%	22 bps	28.5%	27.5%	95 bps	27.8%	27.4%	34 bps	26.7%	27.2%	-52 bps
Restaurant level margin	9.8%	9.3%	57 bps	12.0%	12.3%	-37 bps	12.2%	12.2%	-3 bps	12.7%	12.5%	18 bps

Source: BofA Global Research estimates, Visible Alpha consensus

BofA GLOBAL RESEARCH

Exhibit 27: Our FWRG estimates are above consensus
FWRG BofAE vs Visible Alpha consensus

	3Q23E			4Q23E			2023E			2024E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
SRS Growth y/y	5.0%	4.7%	0 ppts	6.5%	5.9%	1 ppts	8.0%	7.8%	0 ppts	4.0%	3.3%	1 ppts
Total New Openings (Net)	10	10	1%	20	20	1%	48	48	1%	60	59	2%
Total Units (End of Period)	502	502	0%	522	522	0%	522	522	0%	582	580	0%
Company-Owned Units EOP	402	401	0%	420	420	0%	420	420	0%	467	465	0%

Exhibit 27: Our FWRG estimates are above consensus
FWRG BofAE vs Visible Alpha consensus

	3Q23E			4Q23E			2023E			2024E		
Franchise Units EOP	100	101	-1%	102	102	0%	102	102	0%	115	115	0%
Total revenue	\$217.5	\$216.4	0%	\$241.9	\$237.2	2%	\$887.1	\$881.3	1%	\$1,022.0	\$1,008.0	1%
Net sales	\$214.2	\$213.3	0%	\$238.8	\$234.1	2%	\$873.6	\$867.9	1%	\$1,008.3	\$994.8	1%
Franchise revenue	\$3.2	\$3.1	3%	\$3.2	\$3.1	1%	\$13.5	\$13.4	1%	\$13.7	\$13.3	3%
Company operated costs	\$174.2	\$174.6	0%	\$196.0	\$192.8	2%	\$702.2	\$699.2	0%	\$806.5	\$802.6	0%
Cost of sales	\$48.3	\$48.3	0%	\$54.6	\$53.2	3%	\$197.2	\$195.9	1%	\$226.6	\$224.0	1%
% of Restaurant revenue	22.5%	22.7%	-13 bps	22.9%	22.7%	14 bps	22.6%	22.6%	1 bps	22.5%	22.5%	-5 bps
Labor and other related expenses	\$73.6	\$73.1	1%	\$83.4	\$81.2	3%	\$296.2	\$293.5	1%	\$337.6	\$338.7	0%
% of Restaurant revenue	34.4%	34.3%	8 bps	34.9%	34.7%	23 bps	33.9%	33.8%	9 bps	33.5%	34.0%	-57 bps
Other restaurant operating expenses	\$31.9	\$33.4	-4%	\$35.2	\$36.1	-2%	\$131.0	\$133.3	-2%	\$151.3	\$152.3	-1%
% of Restaurant revenue	14.9%	15.6%	-74 bps	14.7%	15.4%	-68 bps	15.0%	15.4%	-36 bps	15.0%	15.3%	-30 bps
Restaurant occupancy expenses	\$19.1	\$19.8	-4%	\$21.3	\$22.3	-4%	\$72.8	\$76.5	-5%	\$85.2	\$87.6	-3%
% of Restaurant revenue	9%	9%	-38 bps	9%	10%	-59 bps	8%	9%	-48 bps	8%	9%	-36 bps
Restaurant Level EBITDA (includes pre-opening)	\$40.1	\$38.7	4%	\$42.8	\$41.2	4%	\$171.3	\$168.7	2%	\$201.8	\$192.2	5%
Restaurant Level Margin (%)	18.7%	18.1%	56 bps	17.9%	17.6%	29 bps	19.6%	19.4%	17 bps	20.0%	19.3%	70 bps
General and administrative expenses	\$25.9	\$26.0	0%	\$27.0	\$26.8	1%	\$100.9	\$100.6	0%	\$116.7	\$113.1	3%
Adjusted EBITDA	\$18.2	\$18.0	1%	\$20.7	\$19.8	4%	\$92.1	\$91.0	1%	\$102.6	\$101.2	1%
Adjusted EBITDA margin	8.4%	8.3%	5 bps	8.5%	8.4%	19 bps	10.4%	10.3%	6 bps	10.0%	10.0%	0 bps
Interest expense	-\$2.0	-\$2.0	1%	-\$2.0	-\$2.0	-1%	-\$8.0	-\$7.9	0%	-\$8.1	-\$7.6	7%
Other income	\$0.2	\$0.2	-13%	\$0.3	\$0.3	-4%	\$1.6	\$1.4	12%	\$0.7	\$0.7	-1%
Income taxes	-\$1.2	-\$1.2	5%	-\$1.5	-\$1.5	5%	-\$9.4	-\$9.5	-2%	-\$14.5	-\$13.1	11%
Net Income (Loss)	\$2.9	\$2.1	34%	\$3.8	\$2.7	39%	\$23.9	\$22.3	7%	\$29.5	\$26.3	12%
Adjusted EPS	\$0.05	\$0.04	6%	\$0.06	\$0.05	30%	\$0.43	\$0.42	2%	\$0.47	\$0.45	5%

Source: BofA Global Research estimates, Visible Alpha consensus

BofA GLOBAL RESEARCH

Exhibit 28: Our TXRH estimates are above consensus
TXRH BofAE vs Visible Alpha consensus

	3Q23E			4Q23E			2023E			2024E		
	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var	BofAe	Consensus	% var
SSSG	8.3%	7.3%	1 ppts	7.1%	6.5%	1 ppts	9.3%	9.0%	0 ppts	4.6%	4.0%	1 ppts
Total Units	721	719	0%	732	735	0%	732	735	0%	776	776	0%
Restaurant Sales	\$1,124.2	\$1,114.5	1%	\$1,130.9	\$1,129.5	0%	\$4,587.0	\$4,575.9	0%	\$5,042.5	\$5,025.6	0%
Franchise royalties & fees	\$6.9	\$6.7	4%	\$7.1	\$7.1	1%	\$27.6	\$27.3	1%	\$32.7	\$31.5	4%
Total Revenues	\$1,131.1	\$1,121.1	1%	\$1,138.0	\$1,136.6	0%	\$4,614.7	\$4,603.3	0%	\$5,075.2	\$5,057.1	0%
Cost of sales	\$390.2	\$386.7	1%	\$396.7	\$392.6	1%	\$1,598.8	\$1,591.1	0%	\$1,752.3	\$1,743.5	1%
Labor	\$380.2	\$376.8	1%	\$376.2	\$377.5	0%	\$1,533.5	\$1,531.4	0%	\$1,670.9	\$1,675.8	0%
Rent	\$18.0	\$18.2	-1%	\$18.7	\$18.6	0%	\$72.5	\$72.6	0%	\$79.7	\$78.9	1%
Other Operating Costs	\$161.7	\$163.5	-1%	\$167.7	\$169.0	-1%	\$668.0	\$671.1	0%	\$720.2	\$731.1	-1%
Total Store Level Expenses	\$950.1	\$945.0	1%	\$959.2	\$957.5	0%	\$3,872.8	\$3,866.0	0%	\$4,223.1	\$4,229.0	0%
Cost of sales % of Sales	34.7%	34.7%	2 bps	35.1%	34.8%	32 bps	34.9%	34.8%	8 bps	34.8%	34.7%	6 bps
Labor % of Sales	33.8%	33.8%	1 bps	33.3%	33.4%	-15 bps	33.4%	33.5%	-3 bps	33.1%	33.3%	-21 bps
Rent % of Sales	1.6%	1.6%	-4 bps	1.7%	1.6%	1 bps	1.6%	1.6%	-1 bps	1.6%	1.6%	1 bps
Other Operating Costs % of Sales	14.4%	14.7%	-28 bps	14.8%	15.0%	-13 bps	14.6%	14.7%	-10 bps	14.3%	14.5%	-27 bps
RLM as % of sales	15.5%	15.2%	29 bps	15.2%	15.2%	-4 bps	15.6%	15.5%	6 bps	16.3%	15.8%	41 bps
G&A	\$49.8	\$48.1	4%	\$47.4	\$48.1	-2%	\$198.0	\$197.1	0%	\$210.4	\$209.8	0%
G&A as % of Revenues	4.4%	4.3%	11 bps	4.2%	4.2%	-7 bps	4.3%	4.3%	1 bps	4.1%	4.1%	0 bps
Operating Income	\$85.7	\$83.7	2%	\$87.5	\$85.0	3%	\$369.6	\$365.2	1%	\$441.1	\$427.2	3%
Operating margin	7.6%	7.5%	11 bps	7.7%	7.5%	21 bps	8.0%	7.9%	8 bps	8.7%	8.4%	24 bps
Pretax Income	\$87.0	\$84.2	3%	\$88.8	\$85.8	3%	\$375.4	\$369.7	2%	\$446.2	\$431.3	3%
Income Tax Provision (benefit)	\$12.1	\$11.7	4%	\$12.2	\$11.8	4%	\$50.9	\$50.1	2%	\$63.4	\$60.6	4%
Tax rate	13.9%	13.9%	3 bps	13.8%	13.7%	6 bps	13.6%	13.5%	2 bps	14.2%	14.1%	14 bps
Pro-Forma EPS	\$1.09	\$1.06	3%	\$1.11	\$1.08	3%	\$4.71	\$4.64	1%	\$5.57	\$5.43	3%
EBITDA	\$121.9	\$120.9	1%	\$123.8	\$123.2	0%	\$515.7	\$514.2	0%	\$613.7	\$589.5	4%

Source: BofA Global Research estimates, Visible Alpha consensus

BofA GLOBAL RESEARCH

BofA Estimates Changes and PO Changes



Fine-tuning estimates for FX, inflation

We are adjusting our estimates for MCD to reflect updated FX assumptions. Our updated currency model embeds greater FX headwinds in 4Q versus our prior forecasts. We are also updating estimates for WEN, CMG, PTLO, SG, BLMN, CAKE, EAT, TXRH, and FWRG and SG to reflect updated assumptions for commodities inflation, restaurant margins, and G&A expenses. For PZZA, our updated estimates reflect higher international expenses and increased G&A expenses. Please see company pages for details on revised estimates.

We are also adjusting our POs for BLMN, EAT, JACK, MCD, PZZA, QSR, SBUX, TXRH, WEN and YUM. Our updated POs reflect i) revised EPS estimates and ii) updated methodology for relative P/E multiple valuation. We now base relative valuation off an equal-weighted S&P 500 index (SPW). Previously, we had used the S&P 500 index (SPX) as a relative benchmark. For our relative valuation based companies, we apply a target relative P/E multiple (relative to SPW) to our next 12 month EPS estimates.

Our POs which use a steady-state earnings power based valuation (for BROS, CMG, PTLO, SG, SHAK, WING) are unchanged.

To arrive at our \$24 PO (vs \$28 prior) for BLMN, we apply a 0.5x relative multiple (implies 7.9x absolute vs 8.9x prior) to our forward EPS 12 months from now (3Q24-2Q25; \$3.00).

To arrive at our \$33 PO (unchanged vs \$33 prior) for CAKE, we apply a 0.6x relative multiple (implies 9.8x absolute vs 10.0x prior) to our forward EPS 12 months from now (3Q24-2Q25; \$3.41).

To arrive at our \$35 PO (vs \$37 prior) for EAT, we apply a 0.6x relative multiple (in-line with its 5-year historical average and implies 9.7x absolute vs 10.2x prior) to our forward EPS 12 months from now (3Q24-2Q25; \$3.65).

To arrive at our \$77 PO (vs \$85 prior) for JACK, we apply a 0.6x relative multiple (1 st dev below its 5-year historical average and implies 10.2x absolute vs 10.9x prior) to our forward EPS 12 months from now (4Q24-3Q25; \$7.56).

Relative to the S&P 500, MCD is trading at 1.4x, above its 5-year average of 1.2x. We expect MCD's relative valuation to revert towards its historical range as valuation reflects limited opportunities for margin expansion due to the franchised model, despite continued topline strength. To arrive at our \$277 PO (vs \$343 prior) for MCD, we apply a 1.3x relative multiple (implies 21.3x absolute vs 25.3x prior) to our forward EPS 12 months from now (3Q24-2Q25; \$12.98).

PZZA currently trades at a relative multiple of 1.3x the S&P, below its 5- and 10-year averages of 1.6x and 1.5x respectively. Given our confidence in the 5-7% unit growth (at the high end of franchisor growth), we believe 1.5x is an appropriate multiple. We apply this multiple (24.6x absolute vs 31.8x prior) to our 3Q24-2Q25 EPS of \$3.47 to arrive at our \$85 PO (vs \$106 prior). Reiterate Buy.

Currently QSR's relative multiple stands at 1.2x, slightly above its 5-yr average of 1.1x. We expect QSR's valuation to contract to historical levels, as lagging sales trends and greater investment needs drive lower estimate revisions. We apply a 1.1x relative P/E multiple (which implies an 18.5x absolute P/E multiple vs 21.6x prior) to our EPS 12 months from now (3Q24-2Q25; \$3.50) to arrive at our \$65 PO (vs \$79 PO prior).

To arrive at our \$121 PO (vs \$150 prior) for SBUX, we apply a 1.4 relative multiple (implied 24.3x absolute vs 31.3x prior) to our forward EPS 12 months from now (4Q24-3Q25; \$4.98).

To arrive at our \$133 PO (vs \$155 prior) for TXRH, we apply a 1.4x relative multiple (implies 21.8x absolute vs 24.0x prior) to our forward EPS 12 months from now (3Q24-2Q25; \$6.11).

To arrive at our \$21 PO (vs \$23 prior) for WEN, we apply a 1.1x relative multiple (implied 18.4x absolute vs 20.7 prior) to our forward EPS 12 months from now (3Q24-2Q25; \$1.12).

To arrive at our \$128 PO (vs \$158 prior) for YUM, we apply a 1.3x relative multiple (implied 20.7x absolute vs 25.0x prior) to our forward EPS 12 months from now (3Q24-2Q25; \$6.15).

Exhibit 29: We lower our F24 estimates to reflect increased restaurant costs
Jack in the Box 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	\$371.5	\$370.5	(0%)	\$494.5	\$493.5	(0%)	\$1,691.3	\$1,690.3	(0%)	\$1,616.1	\$1,626.2	1%
Adjusted Diluted EPS	\$1.24	\$1.21	(3%)	\$2.22	\$2.00	(10%)	\$6.18	\$6.15	(1%)	\$7.14	\$6.74	(6%)
Adjusted EBITDA	\$66.6	\$65.6	(1%)	\$106.3	\$100.0	(6%)	\$335.3	\$334.4	(0%)	\$340.0	\$328.6	(3%)

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 30: We are lowering our 4Q estimates to reflect FX headwinds
McDonald's BofA Estimates – Prior vs New

	Prior 3Q23E	New 3Q23E	% Change	Prior 4Q23E	New 4Q23E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total Revenue	\$6,452.7	\$6,597.8	2%	\$6,452.7	\$6,375.3	(1%)	\$25,434.9	\$25,368.5	(0%)	\$27,755.1	\$27,181.5	(2%)
Adjusted EBITDA	\$3,583.9	\$3,617.8	1%	\$3,583.9	\$3,341.8	(7%)	\$13,728.0	\$13,632.6	(1%)	\$15,239.8	\$14,810.7	(3%)
Adjusted Diluted EPS	\$2.95	\$3.03	2%	\$2.95	\$2.74	(7%)	\$11.60	\$11.56	(0%)	\$13.02	\$12.50	(4%)

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 31: We are lowering our 4Q estimates to reflect increased international and G&A expenses
Papa John's BofA Estimates – Prior vs New

	Prior 3Q23E	New 3Q23E	% Change	Prior 4Q23E	New 4Q23E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total Revenue	\$539.3	\$538.3	(0%)	\$609.4	\$601.2	(1%)	\$2,190.3	\$2,181.1	(0%)	\$2,233.4	\$2,256.7	1%
Adjusted EBITDA	\$52.4	\$52.4	0%	\$66.5	\$65.3	(2%)	\$225.3	\$224.1	(1%)	\$235.5	\$242.3	3%
Adjusted diluted EPS	\$0.60	\$0.59	(1%)	\$0.94	\$0.89	(5%)	\$2.81	\$2.76	(2%)	\$3.16	\$3.25	3%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 32: We are lowering our 4Q estimates to reflect higher restaurant sales and lower franchise costs
Restaurant Brands Int'l BofA Estimates – Prior vs New

	Prior 3Q23E	New 3Q23E	% Change	Prior 4Q23E	New 4Q23E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total revenues	\$1,851.5	\$1,836.5	-1%	\$1,782.5	\$1,813.7	2%	\$6,998.6	\$7,014.8	0%	\$7,405.0	\$7,535.2	2%
Adjusted EBITDA - company method (ex SBC)	\$728.4	\$690.5	-5%	\$625.9	\$645.2	3%	\$2,606.9	\$2,588.3	-1%	\$2,774.2	\$2,761.9	0%
Adjusted EPS - company method	\$0.90	\$0.83	-8%	\$0.72	\$0.75	5%	\$3.20	\$3.17	-1%	\$3.41	\$3.38	-1%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 33: We are lowering our 4Q estimates to reflect changes in FX
Yum Brands BofA Estimates – Prior vs New

	Prior 3Q23E	New 3Q23E	% Change	Prior 4Q23E	New 4Q23E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total Revenues	\$1,787.1	\$1,747.2	-2%	\$2,192.6	\$2,154.5	-2%	\$7,311.7	\$7,233.7	-1%	\$8,043.3	\$7,842.4	-2%
Adjusted EBITDA	\$639.0	\$611.7	-4%	\$761.6	\$724.2	-5%	\$2,539.8	\$2,475.0	-3%	\$2,882.4	\$2,759.1	-4%
Adjusted EPS	\$1.31	\$1.26	-3%	\$1.49	\$1.46	-2%	\$5.27	\$5.19	-1%	\$5.95	\$5.75	-3%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 34: Our 4Q estimates come down to reflect lower SSSG expectations
Wendy's BofA Estimates - Prior vs New

	Prior 3Q23E	New 3Q23E	% Change	Prior 4Q23E	New 4Q23E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total Revenue	\$560.7	\$556.7	-1%	\$577.5	\$556.4	-4%	\$2,228.5	\$2,203.5	-1%	\$2,296.6	\$2,281.0	-1%
Adjusted EBITDA	\$137.4	\$135.0	-2%	\$141.3	\$129.8	-8%	\$550.1	\$536.2	-3%	\$582.2	\$569.1	-2%
Adjusted Diluted EPS	\$0.26	\$0.26	-1%	\$0.25	\$0.24	-5%	\$1.00	\$0.99	-2%	\$1.08	\$1.06	-2%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 35: We lower our 4Q estimates to reflect lower franchise revenue expectations
Dutch Bros BofA Estimates - Prior vs New

	Prior 3Q23E	New 3Q23E	% Change	Prior 4Q23E	New 4Q23E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change	Prior 2025E	New 2025E	% Change
Total Revenue	\$254.9	\$253.2	(1%)	\$257.6	\$254.0	(1%)	\$959.7	\$954.3	(1%)	\$1,206.0	\$1,209.9	0%	\$1,476.9	\$1,492.8	1%
Adjusted EBITDA	\$43.9	\$42.1	(4%)	\$30.9	\$27.1	(12%)	\$136.6	\$134.5	(2%)	\$182.8	\$181.1	(1%)	\$227.0	\$240.8	6%
Adjusted Diluted EPS	\$0.09	\$0.07	(20%)	\$0.03	(\$0.00)	(102%)	\$0.24	\$0.19	(22%)	\$0.30	\$0.24	(20%)	\$0.42	\$0.39	(7%)

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 36: We raise our 3Q estimates to reflect lower restaurant and G&A expenses
Krispy Kreme BofA Estimates - Prior vs New

	Prior 3Q23E	New 3Q23E	% Change	Prior 4Q23E	New 4Q23E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total Revenues	\$428.0	\$423.9	(1%)	\$464.0	\$453.2	(2%)	\$1,719.8	\$1,705.0	(1%)	\$1,908.1	\$1,882.2	(1%)
Adjusted EBITDA	\$47.9	\$53.0	11%	\$67.8	\$67.6	(0%)	\$219.4	\$224.3	2%	\$254.4	\$268.3	5%
Adjusted Diluted EPS	\$0.05	\$0.07	39%	\$0.12	\$0.12	2%	\$0.33	\$0.35	7%	\$0.43	\$0.50	16%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 37: We adjust our estimates to reflect changes in FX and expectations for international recovery

Starbucks 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	\$9,457	\$9,433	0%	\$9,760	\$9,785	0%	\$36,059	\$36,035	0%	\$40,262	\$40,217	0%
Adjusted EBITDA	\$2,022	\$1,927	-5%	\$1,845	\$1,979	7%	\$7,127	\$7,033	-1%	\$8,324	\$8,499	2%
Adjusted Diluted EPS	\$1.03	\$0.97	-6%	\$0.90	\$1.00	11%	\$3.51	\$3.44	-2%	\$4.19	\$4.31	3%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 38: We are lowering our 4Q estimates to reflect higher restaurant expenses

Chipotle BofA Estimates - Prior vs New

	Prior 3Q23E	New 3Q23E	% Change	Prior 4Q23E	New 4Q23E	% Change	Prior 2023	New 2023	% Change	Prior 2024	New 2024	% Change
Restaurant Sales	\$2,477.1	\$2,497.7	1%	\$2,481.4	\$2,481.4	0%	\$9,842.0	\$9,862.6	0%	\$11,201.5	\$11,224.9	0%
EBITDA	\$490.4	\$475.8	-3%	\$513.7	\$442.1	-14%	\$1,983.5	\$1,897.3	-4%	\$2,367.6	\$2,269.4	-4%
Adjusted EPS	\$11.12	\$10.90	-2%	\$11.69	\$9.93	-15%	\$45.95	\$43.98	-4%	\$56.98	\$54.28	-5%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 39: We are raising our estimates to reflect lower G&A and lower tax rate assumptions

Portillo's BofA Estimates - Prior vs New

	Prior 3Q23E	New 3Q23E	% Change	Prior 4Q23E	New 4Q23E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Revenue	\$170.6	\$170.6	0%	\$188.1	\$188.1	0%	\$684.0	\$684.0	0%	\$768.5	\$768.5	0%
Adjusted EBITDA	\$26.1	\$26.3	1%	\$27.9	\$29.1	5%	\$94.9	\$96.5	2%	\$108.5	\$114.1	5%
Adjusted Diluted EPS	\$0.18	\$0.20	7%	\$0.20	\$0.23	20%	\$0.73	\$0.78	7%	\$0.73	\$0.85	17%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 40: We adjust our F24 estimates to reflect higher licensed store growth

SHAK BofA Estimates - Prior vs New

	Prior 3Q23E	New 3Q23E	% Change	Prior 4Q23E	New 4Q23E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total Revenue	\$272.5	\$272.5	0%	\$276.4	\$276.4	0%	\$1,073.9	\$1,073.9	0%	\$1,238.1	\$1,239.1	0%
Adj. EBITDA	\$27.5	\$27.5	0%	\$24.7	\$24.8	0%	\$110.9	\$110.9	0%	\$121.1	\$122.1	1%
Adjusted Diluted EPS	\$0.09	\$0.09	0%	\$0.02	\$0.02	2%	\$0.28	\$0.28	0%	\$0.38	\$0.40	5%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 41: We are raising estimates to reflect higher restaurant margins

Sweetgreen BofA Estimates - Prior vs New

	Prior 3Q23	New 3Q23	% Change	Prior 4Q23	New 4Q23	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Revenue	\$156.0	\$156.0	0%	\$156.0	\$156.0	0%	\$578.7	\$586.9	1%	\$714.0	\$710.9	0%
Adjusted EPS	(\$0.13)	(\$0.13)	-1%	(\$0.13)	(\$0.13)	-1%	(\$0.58)	(\$0.59)	2%	(\$0.39)	(\$0.37)	-6%
Adjusted EBITDA	\$2.2	\$2.4	10%	\$2.2	\$2.4	10%	(\$4.2)	(\$4.5)	8%	\$12.5	\$14.7	18%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 42: We are lowering our BLMN estimates to reflect higher commodities and other expenses inflation

Bloomin' Brands BofA Estimates – Prior vs New

	Prior 3Q23E	New 3Q23E	% Change	Prior 4Q23E	New 4Q23E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total revenues	\$1,094.1	\$1,102.1	1%	\$1,094.1	\$1,102.1	1%	\$4,706.2	\$4,718.8	0%	\$4,768.3	\$4,796.8	1%
EBITDA - adjusted	\$110.3	\$106.2	(4%)	\$140.0	\$146.0	4%	\$554.3	\$556.1	0%	\$559.3	\$547.6	(2%)
Adjusted EPS	\$0.48	\$0.45	(7%)	\$0.48	\$0.45	(7%)	\$2.94	\$2.95	0%	\$2.97	\$2.84	(5%)

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 43: We raise our CAKE estimates slightly on lower G&A and tax expense

Cheesecake Factory BofA Estimates – Prior vs New

	Prior 3Q23E	New 3Q23E	% Change	Prior 4Q23E	New 4Q23E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total Revenues	\$843.0	\$843.0	0%	\$896.3	\$896.3	0%	\$3,471.5	\$3,471.5	0%	\$3,729.9	\$3,729.9	0%
EBITDA	\$48.1	\$49.4	3%	\$69.1	\$70.6	2%	\$244.9	\$247.7	1%	\$270.2	\$278.6	3%
Adjusted Diluted EPS	\$0.44	\$0.44	2%	\$0.81	\$0.82	0%	\$2.74	\$2.75	0%	\$3.23	\$3.26	1%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 44: We lower our 1Q EPS estimates and increase our 2Q estimates to reflect higher margin pressures near term

Brinker International BofA Estimates – Prior vs New

	Prior 1Q24E	New 1Q24E	% Change	Prior 2Q24E	New 2Q24E	% Change	Prior 2024E	New 2024E	% Change
Total Revenue	\$1,027.0	\$1,017.7	(1%)	\$1,060.8	\$1,058.2	(0%)	\$4,324.0	\$4,318.6	(0%)
EBITDA	\$67.6	\$59.1	(13%)	\$95.5	\$98.9	4%	\$396.5	\$393.7	(1%)
Adjusted EPS	\$0.21	\$0.04	(80%)	\$0.77	\$0.85	9%	\$3.30	\$3.25	(2%)

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 45: We raise our 3Q EPS on higher restaurant margins, lower tax expenses; our 4Q estimates come down on lower inflation assumptions

First Watch BofA Estimates – Prior vs New

	Prior 3Q23E	New 3Q23E	% Change	Prior 4Q23E	New 4Q23E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total Revenue	\$217.6	\$217.5	(0%)	\$242.5	\$241.9	(0%)	\$887.8	\$887.1	(0%)	\$1,026.8	\$1,022.0	(0%)
Adjusted EBITDA	\$17.41	\$18.2	4%	\$21.51	\$20.7	-4%	\$92.15	\$92.1	0%	\$101.24	\$102.6	1%
Adjusted Diluted EPS	\$0.04	\$0.05	29%	\$0.07	\$0.06	-9%	\$0.42	\$0.43	1%	\$0.46	\$0.47	2%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 46: We increase our franchise revenue forecast in 4Q, and lower F24 estimates on higher wage inflation assumptions (3% vs 2% prior)

Texas Roadhouse BofA Estimates – Prior vs New

	Prior 3Q23E	New 3Q23E	% Change	Prior 4Q23E	New 4Q23E	% Change	Prior 2023E	New 2023E	% Change	Prior 2024E	New 2024E	% Change
Total Revenues	\$1,131.1	\$1,131.1	0%	\$1,136.4	\$1,138.0	0%	\$4,613.1	\$4,614.7	0%	\$5,073.4	\$5,075.2	0%
EBITDA	\$122.2	\$121.9	0%	\$123.5	\$123.8	0%	\$515.7	\$515.7	0%	\$639.5	\$613.7	-4%
Pro-Forma EPS	\$1.09	\$1.09	0%	\$1.11	\$1.11	1%	\$4.71	\$4.71	0%	\$5.90	\$5.57	-6%

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 47: We are updating POs on lower market multiples, revised methodology PO change summary

Stock		Last Price	New PO	Prior PO	change
BLMN	BLMN US Equity	\$23.49	\$24	\$28	-14%
EAT	EAT US Equity	\$32.98	\$35	\$37	-4%
JACK	JACK US Equity	\$63.94	\$77	\$85	-10%
MCD	MCD US Equity	\$258.11	\$277	\$343	-19%
PZZA	PZZA US Equity	\$65.08	\$85	\$106	-19%
QSR	QSR US Equity	\$65.48	\$65	\$79	-18%
SBUX	SBUX US Equity	\$94.19	\$121	\$150	-19%
TXRH	TXRH US Equity	\$96.19	\$133	\$155	-14%
WEN	WEN US Equity	\$19.15	\$21	\$23	-11%
YUM	YUM US Equity	\$119.95	\$128	\$158	-19%

BofA Global Research estimates, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 48: 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\$ 25.33	C-1-9
BLMN	BLMN US	Bloomin' Brands	US\$ 23.49	C-2-7
CAKE	CAKE US	Cheesecake Factory	US\$ 30.81	C-2-7
CBRL	CBRL US	Cracker Barrel	US\$ 67.97	B-3-7
CMG	CMG US	Chipotle Mex Grill	US\$ 1831.25	B-1-9
DRI	DRI US	Darden Restaurants	US\$ 140.67	B-1-7
DPZ	DPZ US	Domino's Pizza	US\$ 347.69	B-1-7
DNUT	DNUT US	Krispy Kreme	US\$ 12.48	C-1-7
EAT	EAT US	Brinker Intl	US\$ 32.98	C-3-9
FWRG	FWRG US	First Watch	US\$ 17.46	C-1-9
JACK	JACK US	Jack in the Box	US\$ 63.94	C-1-7
MCD	MCD US	McDonald's	US\$ 258.11	A-2-7
PZZA	PZZA US	Papa John's Int	US\$ 65.08	B-1-7
PTLO	PTLO US	Portillo's Inc.	US\$ 14.73	C-1-9
QSR	QSR US	Restaurant Brands Int'l	US\$ 65.48	B-3-7
SBUX	SBUX US	Starbucks	US\$ 94.19	B-1-7
SG	SG US	Sweetgreen	US\$ 10.92	C-1-9
SHAK	SHAK.US	Shake Shack	US\$ 54.91	C-2-9
TXRH	TXRH US	Texas Roadhouse	US\$ 96.19	B-1-7
YUM	YUM US	Yum Brands Inc	US\$ 119.95	B-2-7
WEN	WEN US	Wendy's Co	US\$ 19.15	B-3-7
WING	WING US	Wingstop Inc	US\$ 179.33	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 John's
 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 0.5x, 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 0.5x (7.9x absolute) to our 12 month forward estimates - 3Q24-2Q25 EPS of \$3.00- to arrive at our \$24 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 9.8x) to our 12-month-forward EPS (F25: \$3.65) we arrive at our \$35 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 \$2,570 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 \$4.2 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 \$159bb, or \$63bb discounted back to today at WACC of 10%. We then add the current net cash and project out 12 months at cost of equity of 10% to derive our price objective of \$2,570.

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 and near recessionary lows (0.5x). 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 0.6x relative P/E multiple to our forward estimates 12 months from now (F25, \$6.14) to arrive at a \$75 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 \$187 price objective is based on a target relative P/E multiple (0.9x) on our forward estimates (F25, \$9.79). Our target relative multiple (vs the S&P) is in line with Darden's 10-year historical average multiple of 0.9x, and implies a 19.2x absolute P/E multiple. We believe the historical average multiple is relevant as Darden's returns and growth have consistently outpaced those of the market. 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 historical average relative P/E multiple of 1.3x to our EPS estimates 12 months from now (4Q24-3Q25: \$18.14) to arrive at our \$483 PO, or PE of 26.7x.

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 (3Q24-2Q25, \$115mm) to arrive at our \$25 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 \$77 price objective is based on a 0.6x relative PE multiple (10.2x absolute) applied to our 12 month forward earnings estimates (F4Q24-F3Q25: \$7.56). This is a material discount to highly franchised peers MCD, YUM and QSR 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 14x multiple (similar to high growth peers) to our forward estimate 12 months from now (3Q24-2Q25: \$275mm) 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 \$277 price objective is based on a 21x 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 3Q24-2Q25 estimates (of \$12.98) to arrive at our \$277 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 \$85 PO is based on 3Q24-2Q25 EPS (\$3.47) and a 1.5x multiple relative to the S&P (24.6x 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 \$28 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 a 12x multiple and discounting back equates to a \$28 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 1.2x, slightly above its 5-yr average of 1.1x. We expect QSR's valuation to contract to historical levels, 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 (3Q24 -2Q25) EPS to arrive at a price objective of \$65 (C\$89.80). Our 1.1x relative multiple (vs the S&P 500) translates to an absolute P/E multiple of 18.5x.

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 \$66 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 \$638mm in EBITDA. Applying a 12x terminal multiple and discounting back equates to a \$66 fair value in one year.

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 1.4x relative to the S&P 500. This translates to an absolute multiple of 24.3x. We apply this multiple to our 4Q24-3QF25 EPS of \$4.98 to arrive at our PO of \$121. We believe that the multiple is justified given tailwinds as China reopens, increased investments associated with labor, operations, and unit development in 2023, 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 \$17 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 17x terminal multiple - consistent with mature growth restaurant peers - after adjusting for SG's domestic, company-operated status - to arrive at EV of \$4.7bb, or \$1.5bb discounted back to today at 12%.

Downside risks are: 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)

Our PO of \$133 is based on a relative multiple of 1.4x (vs the S&P 500, or a 21.8x absolute multiple) on our 12-month forward EPS (3Q24-2Q25, \$6.11). We expect continued topline growth and further operating leverage. TXRH's relative valuation is currently in-line with its 5-year historical average and slightly above its 10- and 15-year averages.

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 \$33 PO is derived by applying a 0.5x relative multiple (9.8x 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 modestly 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 (18.4x absolute multiple) to our EPS 12 months from now 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 \$225 PO based on steady state earnings power. We assume WING grows its store base at 13% to reach 9288 restaurants. Assuming RLMs of 30% and G&A at 1.8% of system sales we arrive at EBITDA of \$1.1bb. Applying a 17x terminal multiple in-line with mature growth franchised restaurants and discounting back we arrive at our \$225 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 \$128 PO is based on YUM trading at a 1.3x relative P/E multiple and works out to a PE of 20.7x on 3Q24-2Q25 EPS. On valuation, Yum Brands currently sits above its historical 5-year averages. Although EPS growth exceeded that of the market against last year's COVID depressed results, we expect growth to moderate from here. 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 John's 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 30 Sep 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	18	56.25%	Buy	8	44.44%
Hold	8	25.00%	Hold	4	50.00%
Sell	6	18.75%	Sell	5	83.33%

Equity Investment Rating Distribution: Global Group (as of 30 Sep 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1869	53.48%	Buy	1046	55.97%
Hold	828	23.69%	Hold	461	55.68%
Sell	798	22.83%	Sell	370	46.37%

^{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 John's Intl, Portillo's Inc., Restaurant Brands Inc, 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, Portillo's Inc., Restaurant Brands Inc, Starbucks.

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