Industry Surveys

Restaurants

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CHARTS & FIGURES

NEW THEMES

What's Changed: Although high food costs and supply chain disruptions moderated in the second half of 2022, we expect them to remain as major headwinds for restaurants in 2023. For more on this, check out page 13.

What's Changed: We think the equity performance of restaurant operators will continue to be pressured in 2023, mainly due to elevated food and labor costs. See page 15.

EXECUTIVE SUMMARY

CFRA has a neutral outlook on the Restaurants sub-industry. Below are the key themes we highlight for the year ahead:

Challenging Road Ahead due to Inflationary Pressures and Recession Risk in 2023

We believe the U.S. restaurants sub-industry will face headwinds across its various sub-segments, due to sticky inflationary pressures or a recession in 2023. While we don't see a steep sequential decline in key performance indicators, we expect some softness. Additionally, we expect more value-oriented restaurant operators, particularly in the quick-service and, to a lesser extent, the fast-casual sub-segments to benefit as consumers become more frugal.

Sustainable Gains in Off-Premise Sales Growth Riding Its Recent Traction

During 2022, several restaurant companies continued to increase their usage of off-premise channels – including carryout, drive-thru, and delivery – benefiting from growth in digital transactions. We see this trend continuing in 2023, which should help sustain off-premise sales growth across the industry.

Growing Penetration of Third-Party Delivery and Other Digital Channels

The shift to off-premise sales will likely lend some impetus to the continued penetration of third-party delivery services and increased adoption of other digital outlets, including order-ahead mobile apps. Increasingly, we view digital penetration as a key strategic element for restaurant companies.

Potential Speed Bumps on Supply Chain Disruptions and Labor Challenges

Supply chain disruptions and labor shortages could portend some near-term speed bumps in 2023. While their magnitude and duration may vary, these twin operational challenges could further constrain restaurant companies. Furthermore, the Ukraine-Russia war exacerbates supply chain disruptions.

Surge in Menu Pricing Amid Inflationary Risk May Lead to Loss of Customers

In 2023, we expect restaurant companies to remain highly vulnerable to margin pressures due to inflation in labor costs and commodity (food) prices – the former exacerbated by staffing challenges in a tight post-pandemic labor market. Restaurants may choose to further pass along some of their higher costs to consumers. However, amid prolonged inflationary pressures, the continuous increase in menu pricing will likely result in losing customers or a negative spending mix, as they become more sensitive to menu pricing amid economic uncertainty.

Food Cost Inflation Will Remain Elevated due to the Ukraine-Russia War

Global inflationary pressures, high food prices, and disrupted supply chains will likely persist due to the Ukraine-Russia war. In our view, this will likely cause supply and demand tensions, as well as weaken consumer confidence and global economic growth in 2023.

China's Reopening Will Benefit Companies with Exposure to the Country

As China rolls back its zero-Covid-19 policy and lifts travel restrictions in the first half of 2023, companies with an exposure to the country will benefit from the rebound in economic activity. In particular, we expect companies in the quick-service restaurant (QSR) sub-segment with a large footprint in China to be the biggest beneficiaries. However, an economic recession in 2023, coupled with weak top-line growth in countries outside of China, will likely outweigh this positive development over the course of the year.

CFRA **Industry Snapshot** www.cfraresearch.com

RESTAURANTS

Outlook: Neutral

MARKET SHARE BREAKDOWN
(as of January 25, 2023)

RANK NO.	COMPANY NAME	MARKET SHARE
1	McDonald's	42.3%
2	Starbucks	26.2%
3	Chipotle	9.5%
4	Yum! Brands	7.8%
5	Domino's Pizza	2.6%
6	Others†	11.6%

Source: Restaurant Business.
†Refer to the Comparative Company Analysis section of this survey for other companies in both industries.

ETF FOCUS

ETF	AUM ($M)	Expense Ratio
XLY Consumer Discretionary Select Sector SPDR	14,503	0.10
VCR Vanguard Consumer Discretionary	4,112	0.10
RCD Invesco S&P 500 Equal Weight Consumer Discretionary	611	0.40
PEJ Invesco Dynamic Leisure And Entertainment	496	0.55
PBJ Invesco Dynamic Food & Beverage	352	0.63

BY THE NUMBERS

$855 billion projected industry sales in 2023

86% of Americans have ordered food delivery at least once a month in 2022

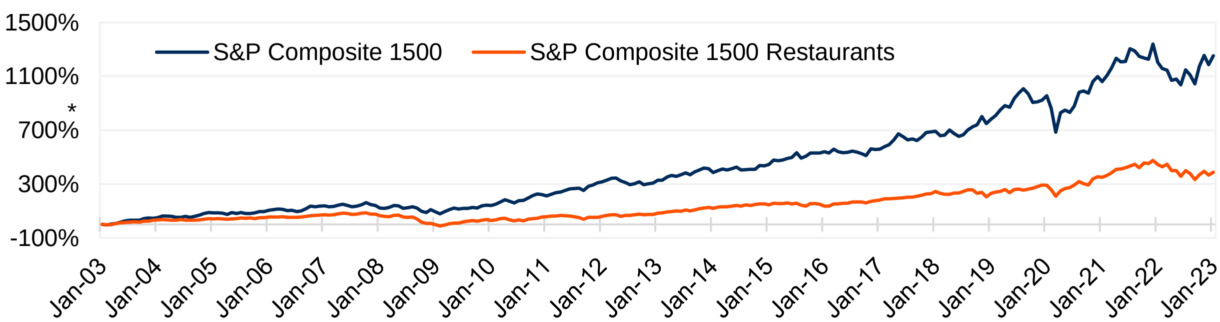
400,000 projected growth for food industry workforce in 2022

45 million users of food delivery apps in the U.S. at the end of 2022

30% of total U.S. restaurant sales generated from digital channel by 2025

8.5% Y/Y increase in Consumer Price Index for Food Away from Home as of November 2022

20-YEAR INDEX PERFORMANCE*

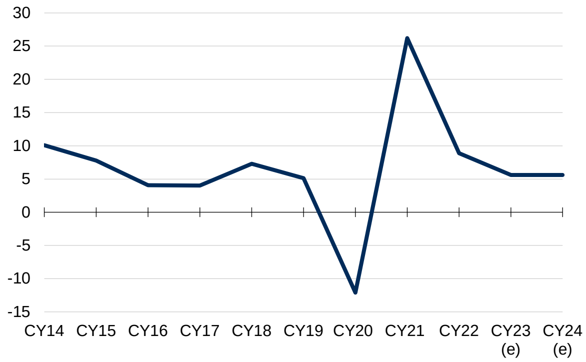


*Data through January 25, 2023.
Source: S&P Global Market Intelligence.

FINANCIAL METRICS

Revenue Growth

(percent change, Y/Y)

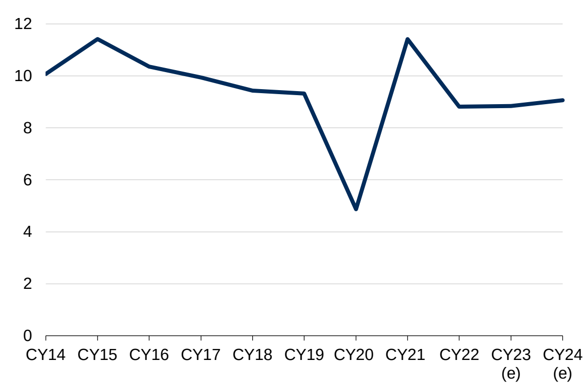


e-Estimate
Source: CFRA, S&P Global Market Intelligence.

- CFRA projects median revenue growth for the restaurants sub-industry to drop to 5.6% in 2023 and 2024, after a growth rate of 8.9% in 2022.
- In 2022, the restaurants sub-industry faced blistering inflation in labor and commodity costs, particularly in food and energy prices. However, restaurant companies were largely able to pass on these higher costs to consumers through menu price increases.
- In 2023, we expect most consumers will cut down on discretionary spending, which will benefit quick-service restaurants (QSRs) and, to a lesser extent, more value-oriented fast-casual restaurants. However, premium segments of full-service restaurants (FSRs) may continue to see top-line growth due to continued demand among higher-income consumers.
- We expect low single-digit sequential growth in same-restaurant sales in 2023, partly reflecting softer demand (mainly seated dining) due to menu pricing. However, a severe recession in 2023 would likely lead to negative same-restaurant sales, especially if more consumers prepare their own meals at home.

EBIT Margin

(percent)

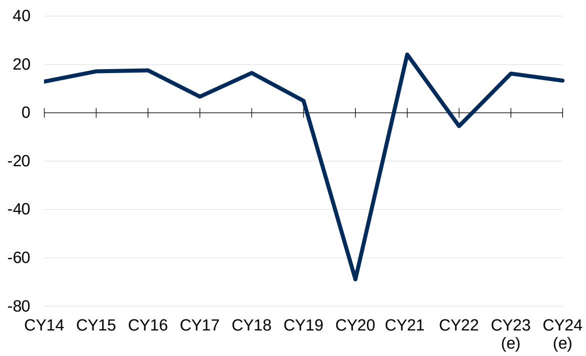


e-Estimate
Source: CFRA, S&P Global Market Intelligence.

- In 2022, the restaurants sub-industry saw margins deteriorate relative to 2021 pre-pandemic levels, as menu price increases failed to completely offset the multi-decade high inflation in labor and commodity costs.
- However, in the second half of 2022, we saw cost pressures abate as the Fed shifted towards a more restrictive stance and the economy slowed. We expect this trend to continue in 2023. However, while we expect less cost growth, we think this may be offset by weaker top-line growth.

Median EPS Growth

(percent change, Y/Y)

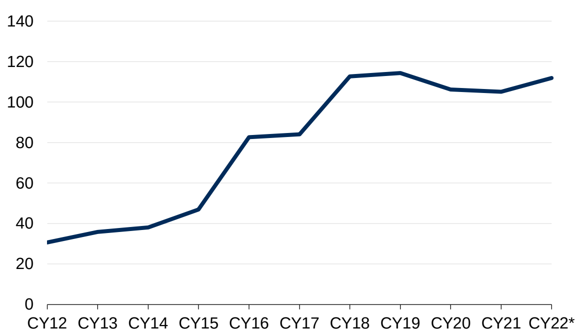


e-Estimate
Source: CFRA, S&P Global Market Intelligence.

- We project EPS for industry constituents to increase meaningfully by 16.2% in 2023 and 13.3% in 2024. We think this will mainly be attributable to easing inflationary pressures and an economic recovery in China. However, we think there is an elevated risk of operating deleverage due to suboptimal labor availability and weaker customer traffic.
- Overall, the restaurants sub-industry's EPS growth in 2022 suffered from higher inflation costs, partially offset by higher menu prices. However, the EPS growth was largely bifurcated between sub-industries, as QSRs benefited from consumer trade down along with some value-oriented fast-casual restaurants.

Net Debt-to-Total Capital Ratio

(percent)

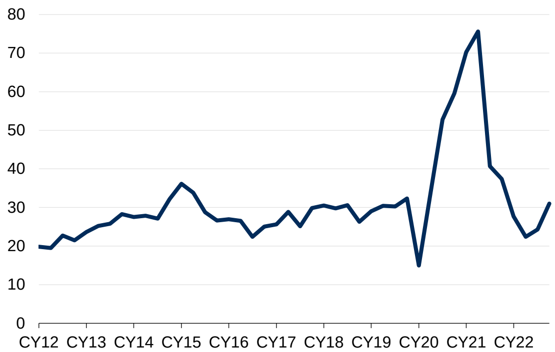


*Data through Q3.
Source: CFRA, S&P Global Market Intelligence.

- The industry's net debt-to-capital ratio has managed to retrace to 105.1% in 2020 through 2021 amid the pandemic before increasing marginally to 111.9% as of the third quarter of 2022.
- Over the last decade, the ratio rose as low interest rates spurred a flurry of M&A activity. In addition, several companies accelerated their total return initiatives through share buybacks and dividends.
- In 2020 and 2021, several companies issued new debt and/or suspended their share repurchasing programs. In 2022, many companies reinstated their share buyback programs, but given the economic slowdown and rise in rates, many companies shied away from higher leverage.

Price-to-Normalized Earnings Ratio

(in multiples)



Data through Q4.
Source: CFRA; S&P Global Market Intelligence.

- In 2023, we think the industry's P/E multiple will remain pressured, unless the Fed shifts its restrictive monetary stance. In 2021 and 2022, most restaurants benefited from a favorable demand outlook and comps, as lockdowns and dine-in restrictions were gradually lifted. The median normalized P/E multiple for constituents in the industry shot to a high of 75.6x in the second quarter of 2021 before falling back to 31.0x in the fourth quarter of 2022, after coming out of an eight-year low of 15.8x in the first quarter of 2020.

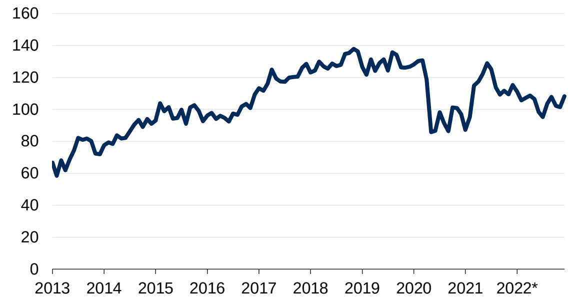
- The restaurants sub-industry's index is slowly regaining its momentum after falling from its peak in the second quarter of 2021 and traded at a relative premium to the S&P 1500 Consumer Discretionary sector's 27.8x and to the broad S&P Composite 1500 Index's 23.9x as of the fourth quarter of 2022.

- Looking ahead, we expect a slowing economy next year. As a result, we expect the industry's P/E multiple will remain at more normalized levels of 20x-30x, until broader economic strength occurs.

KEY INDUSTRY DRIVERS

Consumer Confidence Index (CCI)

(index, 1985=100)

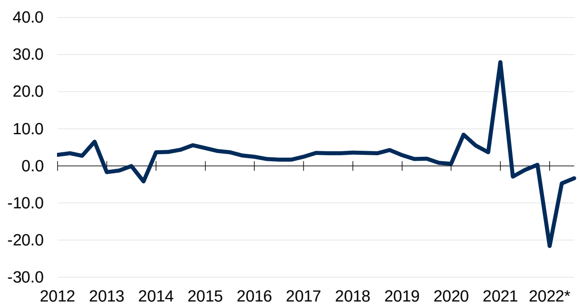


*Data through December.
Source: The Conference Board.

- Consumers are losing confidence about the near future due to runaway inflation that hurts disposable income for food, fuel, and shelter costs. This is evidenced by the 41.3% Y/Y decline in the CCI in June 2022.
- Consumer confidence, as measured by the Conference Board, has demonstrated weakness since December 2021, when the CCI was 115.2 and dipped to 95.3 in July 2022 before improving to 108.3 in December 2022. We expect the CCI to remain flat in 2023 due to tight financial conditions and the risk of recession.

U.S. Real Disposable Personal Income

(percent change, Y/Y)

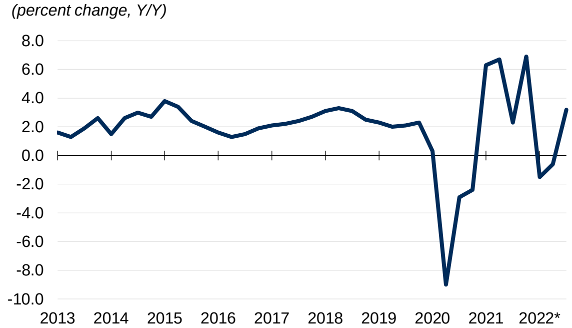


*Data through Q3.
Source: Federal Reserve Bank of St. Louis.

- U.S. real disposable personal income growth declined 21.6% in the first quarter of 2022, wiping out more than half of the growth gained in the previous year period before remaining essentially flat in the third quarter of 2022. The huge decline in growth came as interest rates rose and U.S. inflation surged.
- Despite the strong labor market, we expect rates to remain flat or lower in 2023, as the Fed contends with high inflation and the possibility of longer-term expectations becoming unanchored.

U.S. Real GDP Growth

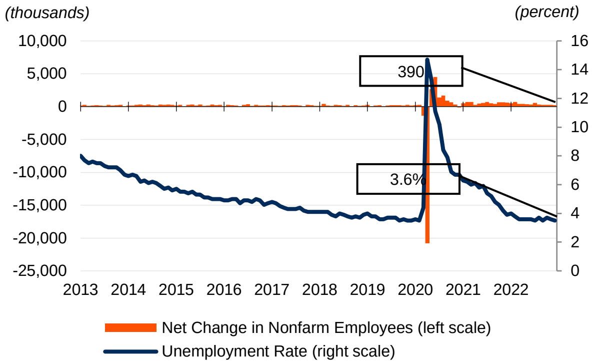
(percent change, Y/Y)



*Data through Q3.
Source: Bureau of Economic Analysis.

- We project U.S. real GDP to increase by 1.0% in 2023, after growing 2.0% in 2022.
- In 2023, we forecast lower consumer spending and business fixed investment as a result of either elevated inflation that is sticky or an economic slowdown.

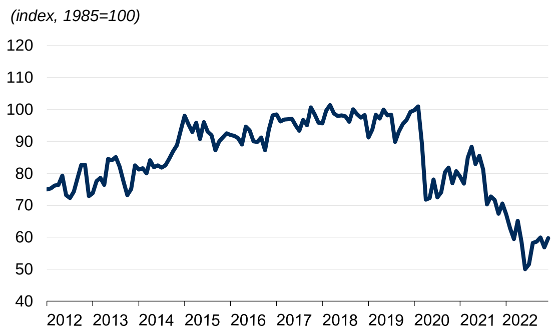
U.S. Unemployment



Source: Bureau of Labor Statistics.

- The U.S. unemployment rate rose to a high of 14.7% in April 2020 before retracting to 3.5% in December 2022, reaching pre-pandemic levels.
- In 2023, we expect further upside to the unemployment rate as the Fed aims to quell elevated inflation, which is likely to weaken the labor market.
- With the current high inflation level and lower labor force participation since the pandemic, we expect labor market softness in 2023.
- We project the U.S. unemployment rate to deteriorate to 4.1% in 2023 and 2024 due to worsening of global economic outlook as global recession looms.

Consumer Sentiment Index



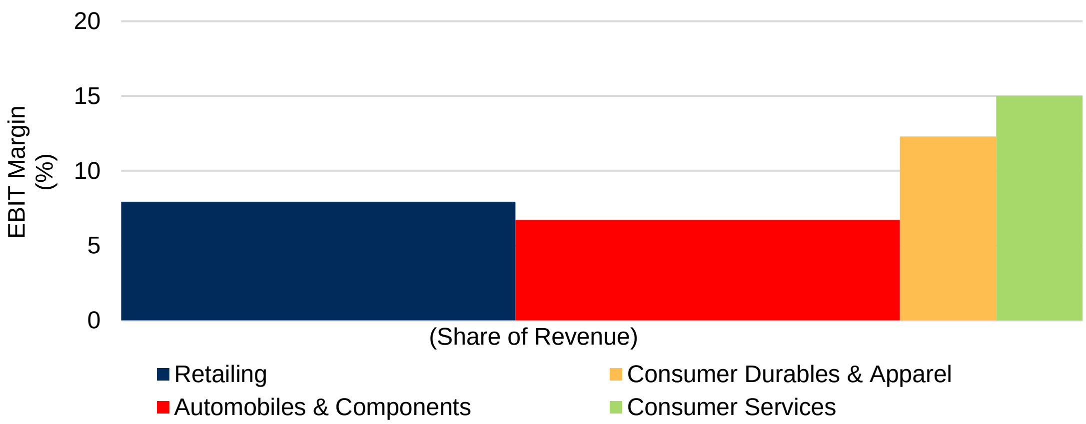
Source: University of Michigan.

- The Consumer Sentiment Index climbed to 88.3 in April 2021 before sharply falling to 59.7 in December 2022.
- We believe the recent slump reflects persistently high inflation, higher interest rates, personal savings being spent down, the Ukraine-Russia war, and the possibility of recession in 2023.

INDUSTRY TRENDS

While 2020 went down as one of the most challenging years for the restaurants sub-industry in recent memory, the subsequent two years proved to be a steady recovery for the industry. In 2021 and 2022, scores of restaurants and bars reopened as social distancing restrictions were gradually lifted in most countries. However, with the reopening of economy through the resumption of businesses, growing vaccine coverage, and continued government assistance amid the pandemic crisis, the industry began to face both commodity and labor cost inflation. In addition, supply chain disruptions and labor shortages hindered the recovery in the second half of 2021 through 2022. In 2023, we expect similar headwinds that may lead to operating deleverage and negatively impact earnings. On top of that, a recession may cause industry margins and earnings to contract much more than current consensus estimates.

PROFIT SHARE MAP OF THE CONSUMER DISCRETIONARY SECTOR
(5-year average)

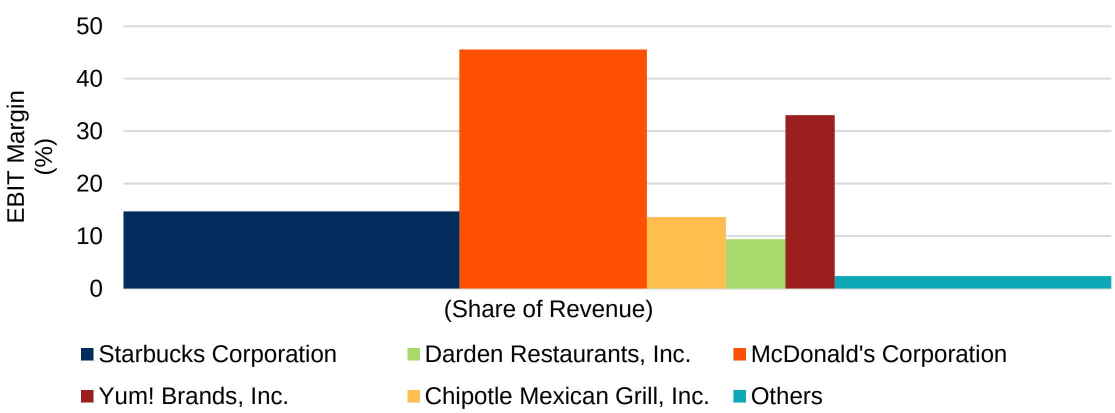


Source: CFRA, S&P Global Market Intelligence.

In the last five years, the restaurants sub-industry made up a majority (42.2%) of the consumer services industry group and 3.5% of the broader consumer discretionary sector's total revenue. The average EBIT margin for the consumer services industry stood at 15.0%.

Within the restaurants sub-industry in 2022, Starbucks contributed the most in terms of revenue (34.6%), while McDonald's contributed the second highest revenue at 19.4% and the highest profit margin at 45.6%, surpassing Chipotle, which stood at third place, contributing 7.4% revenue share.

PROFIT SHARE MAP OF THE RESTAURANTS SUB-INDUSTRY*



*YTD through December 31, 2022.
Source: CFRA, S&P Global Market Intelligence.

Competitive Environment

PORTER'S FIVE FORCES

Below, we use the Porter's Five Forces framework as a tool to analyze the competitive environment of the restaurants sub-industry.

1) Threat of New Entrants (High)
Low capital costs and few regulatory hurdles mean that almost anyone could set up their own restaurant. However, it is a challenge for new entrants to attain and benefit from the scale and brand power of large restaurant chains.

2) Threat of Substitutes (Moderate)
Supermarkets and grocery chains are the largest substitutes for the industry, especially during economic downturns.

3) Bargaining Power of Buyers (Low)
Customers cannot generally negotiate the price they pay in restaurants. Restaurants, on the other hand, cannot usually set their prices too high (except in high-end settings).

4) Bargaining Power of Suppliers (Low)
Unless the establishment procures exotic ingredients, or is under contract to source from the franchisor, most ingredients can be readily sourced from more than one supplier.

5) Degree of Rivalry/Competition (High)
Competition is high at every level of the restaurant business, from quick-service to Michelin-starred restaurants. Big restaurant chains, however, have an advantage with their huge marketing power.

Operating Environment

Ukraine-Russia War Continues to Exacerbate Inflationary Pressures
Against an already turbulent backdrop of global inflationary pressures, the war between Russia and Ukraine continues to exacerbate supply and demand tensions, particularly food prices and disrupted supply chains. However, many inflationary pressures abated in the second half of 2022 as consumer demand cooled, particularly energy prices. Nonetheless, in 2023, we expect consumer confidence to remain low while the global economy continues to slow down as the Fed remains steadfast in its fight against inflation.

The Ukraine-Russia region is seen as one of a small handful of global major food producers and plays a vital role not only as an exporter of staple foods like wheat, but also as one of the major suppliers of fertilizer worldwide. Russia is a major supplier of oil, gas, and metals, and, together with Ukraine, of wheat and corn. Reduced supplies of these commodities have driven their prices up sharply, according to the International Monetary Fund (IMF).

Food prices continued to increase consistently each month – the Consumer Price Index for food was up 10.4% in 2022, the first record increase of 10% or more since the period ending March 1981. The food at home index rose 11.8% over the same period, the largest 12-month increase since the period ending April 1979. The index for cereals and bakery products increased the most, rising 16.1% compared to last year, followed by a rise of 15.3% from dairy and related products. The remaining major grocery store products such as meats, poultry, fish, and eggs posted an increase of 7.7%. The index for food away from home rose 8.3% over the last year, the largest 12-month change since the period ending November 1981, according to the U.S. Bureau of Labor Statistics.

The Ukraine-Russia war didn't just affect restaurants indirectly through the commodity cost inflation – for giant companies like McDonald's and Starbucks, the effect was much bigger. Amid the pressure from U.S. consumers' protest to Russia's invasion of Ukraine, McDonald's was the first to close all of its 850 locations in Russia and 108 locations in Ukraine for safety reasons. Russia and Ukraine together account for roughly 2% of McDonald's global sales and the closure cost the fast-food behemoth around $127 million in the first quarter of 2022. Starbucks also followed suit, ceasing all operations in Russia by closing all 130 of its locations in the country, which account for less than 1% of its annual revenue.

High Food Costs and Supply Chain Disruptions Remain Major Headwinds for Restaurants
Disruption in supply chains and high food prices moderated in the second half of 2022, but they remain much higher than pre-pandemic levels and continue to negatively impact many different sectors in the economy. Restaurants, in particular, remain negatively impacted by rising food costs and supply chain disruptions given their direct exposure. According to a Datassential survey, operators reported that the biggest challenges for the restaurants sub-industry in 2022 were inflation (37%), labor shortages (33%), and supply chain issues (30%).

The two most significant costs for restaurants, with each accounting for about $0.33 of every dollar in sales, are food and labor costs. Other overhead costs such as utilities, rental, administrative, and maintenance together represent about 29% of sales. The increase in the majority of those costs have eroded restaurants' margin. Prior to the pandemic, the average profit margin for restaurants was 21%, which declined to 13% in 2022. A November 2022 survey by the National Restaurant Association (NRA) found that 92% of operators say food costs are a significant challenge, while 89% say labor costs are a significant challenge. Additionally, 50% of operators expect to make less profit in 2023.

Restaurant operators also incur higher costs for many of their food supplies. This was further confirmed by the recent wholesale price data from the Bureau of Labor Statistics. The Consumer Price Index for food increased 10.4% in 2022 compared to 2021, representing the first increase of 10% or more since the period ending March 1981, according to the NRA. We expect prolonged inflation and for restaurant profitability to erode or remain essentially flat in 2023.

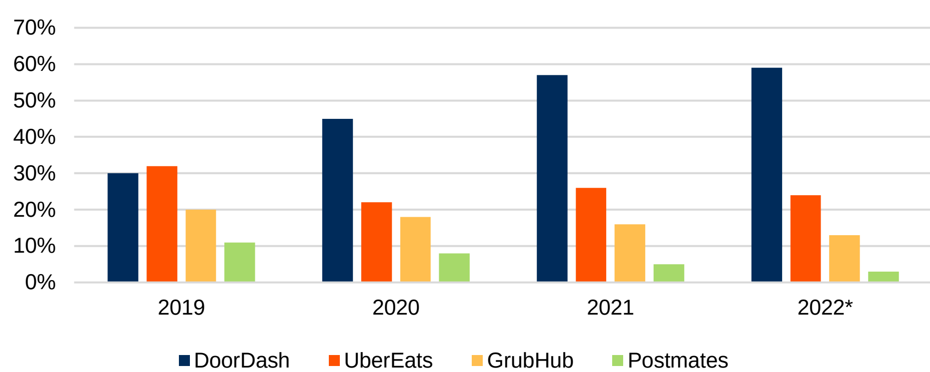
Restaurants Shift to Digital Ordering and Third-Party Delivery

The shift to off-premise options and contactless modes of ordering drove further acceleration in digital orders, including mobile orders, and compelled more consumers to download restaurant apps and to sign up for restaurant loyalty programs. According to The NPD Group's report in March 2022 (latest available), restaurant digital orders grew 155% over the last two years. In January 2022, mobile app orders accounted for 75% of all digital foodservice orders – 20% were internet orders, while 5% were orders sent via text. In the early stages of the pandemic, mobile orders for delivery were more popular than carry-out. However, as vaccination rates surged and foodservice customers became more comfortable going into restaurants, mobile orders for carry-out increased, and delivery digital orders slowed, according to the same source.

On the other hand, with the increased prevalence of takeout and delivery offerings, we see more reliance on third-party delivery services such as DoorDash, Uber Eats, and GrubHub, which generally take a cut of 20% to 30% per sale. Still, some of these platforms have recently implemented measures to provide temporary relief for restaurants, including free delivery for all mobile orders, daily (versus weekly) payouts for restaurants, and partial suspension of collection fees.

Restaurants handle digital orders through a combination of self-run platforms, third-party platforms, and hybrid platforms (a combination of self-run and third-party). On average, more than two-thirds of digital orders originate from self-run platforms. Seeing that digital ordering is an increasingly crucial value proposition for quick-service restaurants (QSRs), CFRA foresees further acceleration in the deployment of digital ordering via customized websites and dedicated mobile apps (mobile order and pay), plus the rollout of digital self-order kiosks to ease ordering, payment, and pickup. We expect this trend to continue due to increased order volumes amid pandemic-related stay-at-home orders, and to be partly driven by continued mobile adoption by the leading QSR chains. Increasingly, such features will become one of the crucial competitive differentiators for QSRs.

U.S. FOOD DELIVERY MARKET SHARE



*Data through May 31 (latest available).
Source: Business of Apps.

The third-party food delivery market will likely spur further migration to digital platforms. In our view, the increased traction in off-premise sales will likely outpace overall revenue growth as more restaurants introduce innovative offerings for this relatively nascent segment. Increasingly, this will likely complement continued penetration of third-party delivery services, as more restaurants deploy such services across their U.S. locations. A primary risk to this outlook relates to a potential increase in the prevalence of security and data breaches, which have increasingly been reported by several companies, including some restaurants. Such security and data breaches – whether due to external hacking, negligence, or other reasons – will likely have a deleterious impact on brand perception and customer loyalty, and could potentially undermine the overall customer experience as well. Restaurant owners are also wary of new (and potentially onerous) privacy regulations that could significantly restrict the collection and use of consumers' personal information by digital platforms and vendors.

Food safety concerns also create a potential overhang. Despite increased regulation and more sophisticated systems, substances harmful to human health continue to make their way into the food supply. In an effort to preserve optimal food conditions and to eliminate contamination during delivery, restaurants have redesigned containers to enhance ventilation and prevent the build-up of steam and created better insulation packs to ensure ideal food temperature during delivery.

Equity Performance Moderated from 2021 Highs but Faces Challenging Future
The restaurants sub-industry's equities appreciated considerably in 2021, eclipsing the pre-pandemic highs in 2019, increasing 14.8% in 2021 and 113.1% from the Covid-19 low in 2020. In 2022, while the S&P 1500 Restaurants Index moderated from 2021 highs, it still outperformed the broader market, falling 9.6% compared to the 20.0% decline of the S&P 1500 Composite Index.

In 2023, we think the equity performance of restaurant operators will continue to be pressured, mainly due to elevated food and labor cost inflation or recession. In our view, plans by the Federal Reserve to raise interest rates and reduce its balance sheet amid high market volatility will result in more frugal spending by consumers, which in turn will lead to lower expected earnings for restaurants as more consumers will opt for cheaper options and shift more towards meals prepared at home.

Off-Premise Channels Remain Essential in 2023
Even after the state-mandated dining room closures and stay-at-home orders were lifted, the opportunities that emerged from it proved to be long-lasting as several restaurant chains have increasingly pivoted to off-premise sales channels. According to an NRA survey, the most commonly added off-premise options were curbside takeout, followed by delivery (third-party and in-house), and drive-thru.

The number of consumers ordering off-premise increased substantially versus before the pandemic due in large part to these added offerings. Accordingly, more than two-thirds of operators derive a higher proportion of their revenues from off-premise sales. While this does not make up for revenue loss, it provides a crucial lifeline for operators to weather this downturn.

As restaurant companies increasingly pivot to the off-premise channel, we note several operators across the various industry segments have recently customized their takeout menus, while others also offer promotions such as free or discounted delivery and curbside pickup. We expect the shift to more off-premise foodservice usage by restaurant operators to be long-lasting, with the Covid-19 pandemic only pulling forward the long-term trend. In fact, 54% of adults say purchasing takeout or delivery food is essential to their lifestyle, including 72% of millennials and 66% of Gen Z adults, according to NRA's "2022 State of the Restaurant Industry" report.

While food delivery is a hot topic, it represents only a portion of the off-premise market. Off-premise sales can be derived from either one or a combination of the following: takeout, drive-thru, delivery, catering, and/or brand extensions (*i.e.*, kiosks, food trucks, etc.). This market has thrived as a result of the novel coronavirus outbreak as dine-ins were strongly discouraged or prohibited under social distancing policies during the height of the pandemic.

A restaurant's off-premise strategy depends on its business model and brand vision. QSRs contribute a majority of the off-premise market, according to Restaurant Business. However, many fast-casual restaurants are also adding unconventional off-premise options such as drive-thrus, while full-service restaurants have sought to partner with third-party delivery companies.

Amid the Covid-19 outbreak, we note that restaurants successfully implemented various technologies to help customers get through queues faster. Some restaurants, such as McDonald’s, upgraded their digital ordering systems for easier navigation, while others, such as Chipotle, doubled down on digitization allowing guests to order through their mobile phone apps or online, and even opened a drive-thru-only restaurant to further capitalize the digital trends.

Industry Hiring Crunch Expected to Persist

Eating and drinking establishments represent about 80% of the total 15.6 million restaurants and foodservice workforce (or about 10% of the overall U.S. workforce). Based on seasonally adjusted data from the Bureau of Labor Statistics (BLS), foodservice is gradually picking up pace as jobs remained only 0.45 million or 3.6% below pre-Covid-19 levels in December 2022. December marked the 24th month of job growth in the industry, with 2.2 million jobs added during the last 24 months.

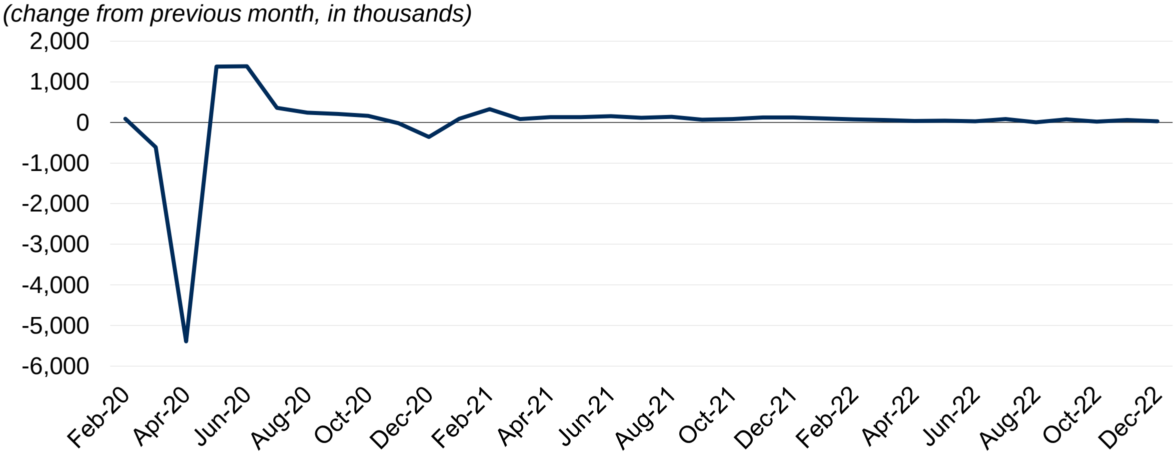
In 2021, data from BLS showed a slowdown in foodservice employment mainly due to a third wave of coronavirus infection back in December 2020. However, in the second quarter of 2021, foodservice employment continued its recovery as employers were in fierce competition to find new staff as the industry faced a significant hiring crunch amid the lifting of several restrictions – most notably, dine-in restriction. Customers eager for dine-in meals and craving a return to the pre-pandemic norms boosted the dine-in demand exponentially.

The hiring crunch is very much rooted in the pandemic. Some workers from the most blighted industries have shifted to more growing industries such as food and parcel delivery service, which are immune to the restrictions brought by the pandemic. Some dropped out of the workforce entirely, wary of going to work because of health concerns, burnout, and frustration toward the ever-changing regulations. Some even started their own company, taking advantage of the plethora of opportunities brought by the pandemic.

In December 2022, strong labor demand managed to drag the unemployment rate back to pre-pandemic levels to 3.5%, compared to 5.8% in May 2021. Despite the recovery in the unemployment rate, restaurant operators continue to face hiring challenges. According to NRA’s “Total restaurant industry jobs” survey, a majority of restaurants remain understaffed, with 62% of operators say their restaurants do not have sufficient employees to support their current customer demand, while 8 in 10 restaurant operators say they currently have job openings that are difficult to fill. Most restaurant operators are expected to actively search to hire additional workers in 2023. However, some restaurant operators are also expecting to lay off workers, should the business condition deteriorate as the economy heads into recession. According to NRA, 87% of restaurant operators will likely hire additional employees in the next 6-12 months, while 57% say they would be likely to lay off employees during the same period.

EMPLOYMENT - EATING AND DRINKING ESTABLISHMENT*

(change from previous month, in thousands)



*Data through December 31, 2022.

Source: U.S. Bureau of Labor Statistics.

HOW THE INDUSTRY OPERATES

The U.S. foodservice business comprises a large and varied range of away-from-home eating facilities (from commercial eating and drinking places such as restaurants, bars, and cafeterias, to food contractors and institutional providers).

The restaurant segment in the U.S. is comprised mostly of large multi-unit restaurant companies publicly traded on U.S. stock exchanges. They range from fast-food operators, such as McDonald's Corp., Yum! Brands, Burger King Worldwide Holdings, Inc., and Wendy's Co., to companies that run full-service chains, such as Darden Restaurants Inc.'s Olive Garden and LongHorn Steakhouse restaurants, Brinker International Inc. (Chili's Grill & Bar and Maggiano's Little Italy), and DineEquity, Inc.'s International House of Pancakes (IHOP) and Applebee's.

LARGEST U.S. RESTAURANT CHAINS
(ranked by 2021 U.S. systemwide foodservice sales)

RANK	CHAIN	SALES *(in $, millions)*			UNITS		
		2020	2021	% CHANGE	2020	2021	% CHANGE
1	McDonald's	40,517	45,961	13.4	13,682	13,438	(1.8)
2	Starbucks	18,485	24,556	32.8	15,337	15,450	0.7
3	Chick-fil-A	13,745	16,674	21.3	2,659	2,704	1.7
4	Taco Bell	11,294	12,615	11.7	6,799	7,002	3.0
5	Wendy's	10,231	11,111	8.6	5,881	5,938	1.0
6	Dunkin'	8,762	10,416	2.7	9,083	9,244	0.2
7	Burger King	9,657	10,033	3.9	7,081	7,105	0.3
8	Subway	8,318	9,397	13.0	22,005	21,147	(3.9)
9	Domino's	8,287	8,641	4.3	6,355	6,560	3.2
10	Chipotle Mexican Grill	5,921	7,457	25.9	2,724	2,926	7.4
11	Sonic Drive-In	5,680	5,835	2.7	3,526	3,552	0.7
12	Panera Bread	5,350	5,725	7.0	2,106	2,121	0.7
13	Pizza Hut	5,436	5,509	1.3	6,561	6,548	(0.2)
14	KFC	4,742	5,079	7.1	3,943	3,953	0.3
15	Popeyes Louisiana Kitchen	4,587	4,775	4.1	2,608	2,754	5.6
16	Panda Express	3,817	4,578	19.9	2,263	2,316	2.3
17	Dairy Queen	3,978	4,494	13.0	4,361	4,339	(0.5)
18	Arby's	4,215	4,462	5.9	3,369	3,409	1.2
19	Little Caesars	3,947	4,234	7.3	4,150	4,181	0.7
20	Olive Garden	4,287	4,182	(2.4)	866	876	1.2

Source: Restaurant Business.

Although a few public companies operate in the fine-dining sub-segment of full-service restaurants, individuals, families, and limited partnerships more often run these high-end establishments, which are typically located in cities or resort areas and cater to businesspeople, the affluent, and those who aspire to affluence.

Over the past 50 years, eating out has gradually become part of the way of life for many Americans. In the U.S., meals eaten away from home rose steadily from just 26% in 1960 to around 52% in December 2022, according to the U.S. Department of Agriculture (USDA). Despite facing few bumps during the pandemic height, the growth trend continues.

While restaurants remain grouped into different categories, the dividing lines between these categories are becoming more blurred, as some restaurants have broadened their menus into several different food types. In addition, some casual dining chains are expanding their lunch menus and now compete with fast-food outlets. CFRA views the restaurants industry as one competitive market, with all participants trying to serve a diverse customer base. To further complicate matters, researchers and observers specializing in analyzing the industry have different ways of classifying the restaurants they cover.

Fast Food

Meals to eat in or take out, quick counter service, low prices, and plain décor are features common to fast-food (or limited-service) restaurants. These outlets tend to specialize in a few menu items – hamburgers, pizza, sandwiches, and/or chicken – and generally do not serve alcohol.

The fast-food market is less fragmented than its full-service counterpart. The segment's focus on quick service and price means that larger chains have an advantage: their economies of scale allow them to develop the operational expertise to improve efficiency, speed up transactions, and purchase supplies more cheaply.

◆ **Burger chains.** On top of their main offerings, these restaurants offer other main-course items such as chicken and fish sandwiches. Many offer salads as a popular and healthy alternative to sandwiches. Nontraditional service hours, including breakfast, snack, and overnight parts of the day, have been a major source of growth for burger chains in recent years. New menu items, such as plant-based burgers, dessert-like coffee drinks, and fruit smoothies, are potential sources of future growth.

Several large competitors, with chains that are generally recognizable throughout the nation, dominate the burger chain category. McDonald's is the largest fast-food chain by a wide margin. However, the concept faces strong direct competition in this segment from Burger King and Wendy's.

◆ **Beverage-Snack.** The market leader is Starbucks Corp., which has benefited from increased demand for coffee and continued growth in breakfast items. In addition, the company has broadened its menu offerings, including other specialty drinks, such as smoothies and orange juice, pastries, breakfast sandwiches, and salads. Other restaurant chains in this category include Dunkin' Donuts (owned by Dunkin' Brands Group Inc.) and Krispy Kreme Doughnuts Inc.

◆ **Chicken.** Chick-fil-A Inc. has led this category since 2013 – ahead of KFC Corp., a division of Yum! Brands. Other competitors in the category include Popeye's Louisiana Kitchen (operated by Restaurant Brands International Inc.) and Zaxby's.

◆ **Pizza.** The nation's largest seller of pizza is Pizza Hut, a division of Yum! Brands, followed by Domino's Pizza, Little Caesars (a division of Ilitch Holdings Inc.), and Papa John's International.

◆ **Sandwich chains.** This category is led by Subway (operated by privately-held Doctor's Associates Inc.). Other players in this category are Arby's and Jimmy John's Gourmet Sandwiches.

Fast Casual

There is a separate category in the fast-food segment called "fast casual," which refers to a growing group of restaurant operators that promise a higher quality of food than traditional fast-food restaurants but at a lower price point than full-service restaurants. The typical cost per meal ranges from $8 to $12.

Some of the largest and most successful players in this growing segment are Panera Bread Co., Chipotle Mexican Grill, and Five Guys Burgers and Fries. Success of fast casuals motivated operators in other segments to renovate and upgrade their offerings in order to compete and drive more traffic.

Full-service restaurant chains have begun participating in the fast-casual segment through brand spin-offs, according to Nation's Restaurant News (NRN), aiming to capitalize on the benefits that fast-casual restaurants enjoy, such as lower capital and labor costs.

Full Service

All full-service restaurants offer some form of table ordering, though their price points range from low to high. These restaurants have much higher per-unit sales volume, on average, than fast-food outlets. Consumers in this segment are from higher income households and are more engaged with technology, with 20% of consumers reporting that technology options are an important feature when choosing a full-service restaurant, according to NRA surveys. For example, they use their smartphones to look up directions and their computer to view menus or make reservations.

◆ **Casual dining.** Casual dining chains (also called the dinner-house segment) encompass a host of restaurant types, including seafood, Asian, and Italian. Consumers in this segment prefer to dine in restaurants that have video menu boards and tabletop devices, according to NRA.

The market leaders in this segment are Applebee's Neighborhood Grill & Bar, Olive Garden, and Buffalo Wild Wings Grill & Bar. Others include Chili's Grill & Bar, Outback Steakhouse, and Red Lobster, according to NRN.

◆ **Family restaurants.** A family restaurant aims to appeal to customers of all ages by offering a relaxed atmosphere, low prices, and menus geared to both children's and adults' palates. These restaurants are sometimes referred to as "midscale." The category leaders include IHOP (operated by DineEquity, Inc.), Cracker Barrel Old Country Store (a division of CBRL Group Inc.), and Denny's (a division of Denny's Corp.).

Others

Some chains do not easily fit into specific categories due to the kind of product they sell or the way in which they serve the product. Examples include bars and taverns, caterers, and snack and beverage bars.

HOW TO ANALYZE A COMPANY IN THIS INDUSTRY

The first, and perhaps the most important step in analyzing a company in the restaurants sub-industry, is to relate to the outlook and the health of the company under consideration. A range of factors, both quantitative and qualitative, can be helpful in comparing a company with its competitors.

Although absolute numbers are critical to the assessment of any company, comparative analysis is used to measure the relative success of a company under given conditions. For example, if a restaurant's same-store sales are declining while the rest of the industry is showing gains, clearly there is cause for concern and further investigation. However, if a company's competitors are also experiencing weak financial performance, then the problem may lie beyond the company itself.

Further study would likely indicate where the problems lie. Have consumer tastes or preferences shifted? Have costs, prices or other factors changed in ways that make the potential investment return of the business more or less attractive? Analysis could suggest how to address the problems or indicate that they may be too large or too broad for the company to fix. Conversely, if a company's financial performance is stellar versus its peers, analysis could show if or for how long the outperformance can be sustained.

Qualitative Factors

Numerous qualitative judgments contribute to the overall assessment of a restaurant chain. The following section describes some of the most important factors.

◆ **Competitive position.** It is important to consider how a company is competitively positioned. This should be evident in the company's strategy – likely developed over many years, and thus difficult to change in the short term.

A large, diversified company may have brands that target multiple segments of the market. Each company will likely position itself to differentiate itself from its rivals in ways that give it a competitive advantage. Moreover, one should consider how a company's market position would be supported and maintained over the long term via brand promotion, property upgrades, and more, to fend off competitors.

One may also consider whether a restaurant business is likely to be viewed as providing good value to customers. The perception of value may likely influence the number of repeat visits a property receives and what types of recommendations are passed on to other people. An emerging trend is for individual restaurants, restaurant brands, and independent third parties to set up blogging websites for guests to share their views and recommendations.

◆ **Management.** As in any other business, management quality is a key success factor for restaurant chains. CFRA looks favorably on seasoned management teams that have performed well relative to their peers in both good times and bad.

In evaluating a company's management team, an investor should first ask whether its strategy makes sense considering current and long-term industry trends. Is the strategy a good one? Is the current management capable of executing it? What is management's record for working together as a team? The quality of management often spells the difference between success and failure.

Some executives excel at cost containment, while others are better at creating new products or managing expansion activity. In evaluating a company, it is a good idea to look at top managers' records – both with that company and with other firms – in addressing the same kinds of needs and goals that are currently pertinent to the company. One way to gain insight into management is through the comments that typically accompany quarterly earnings reports. Does management relate its strategy to results? If not, management itself may not know if its strategy is likely to achieve the desired results.

CFRA generally prefers situations in which top executives' own stock in the company, because that should bring managers' interests more in line with those of other shareholders. It is also important to examine the reward potential in place for management. Are short-term results emphasized over long-term performance?

◆ **Scale and diversification.** Is bigger better? A large company tends to enjoy economies of scale, with overhead expenses supported by a bigger revenue stream and spread over a larger asset base than those of a smaller firm. A large company is also more likely to have stronger purchasing power and greater influence with customers. Small companies, however, may be nimbler in responding to market conditions. A similar argument can be made for diversifying into multiple industries, because improving conditions in one area may offset a slowdown elsewhere. However, diversification also carries risks; it may dilute the focus of top management or distract the company from its core strengths.

A company's expansion strategy is key to its long-term profitability potential. Companies may choose to grow via internal unit expansion or via acquisitions. In addition, many restaurant chains hedge their bets on the success of one format and developing or acquiring other restaurant formats. Conversely, some companies prefer to focus on one concept or several similar concepts. These strategies enable a company to develop expertise it might not gain from a split focus.

CFRA advises looking at the geographic mix of a company's business. A relatively narrow geographic focus may heighten its sensitivity to changes in local conditions, including economic and regulatory factors. Some U.S. companies have expanded overseas in the pursuit of markets that are less mature or developed than those in the U.S. However, foreign markets may exhibit different consumer behaviors and be subject to varying expectations, as well as different economic and regulatory environments.

Site selection is an important consideration. However, not all companies have the same approach when it comes to locating a new property. Some pay top dollar for prime locations, while others are satisfied with lower-cost locations that enable them to operate at lower price points. Offsetting factors can diminish the importance of location. These might include price, as well as the presence (or absence) of nearby competitors or amenities.

◆ **Brand names.** For chains, the value of company brands depends on several factors, including how the brands are perceived by consumers and how successfully shared services such as national advertising is administered.

◆ **Customer mix.** CFRA advises looking at whether the customer mix of a restaurant is weighted more toward formal or casual diners. Are the property's location and facilities well suited toward attracting such customers? In general, food prices will likely be more of a determining factor for family/casual diners than they will be for formal occasions.

◆ **Labor relations.** Since restaurant businesses are relatively labor intensive, it is advisable to be aware of a company's relationships and contracts with major employee groups. For example, is a significant union contract scheduled to expire soon? What are the prospects for the contract being renewed without labor unrest, a strike or a significant change in the company's labor costs? Even if there is not a major union presence in the company's work force, it is advisable to be aware of labor market conditions, how difficult it is to hire and retain workers, and whether there is likely to be increased pressure on profits from wage costs.

Quantitative Factors

When analyzing a company in the restaurants sub-industry, quantitative factors need to be assessed as well. Some of the most important are described in the following section.

◆ **Same-store sales.** The same-store sales trends of a restaurant company should be considered within the context of its peers, as well as the demographic and geographic markets it serves. A company that experiences declining same-store sales while the rest of the industry posts strong revenue gains is losing market share, and reasons for this loss need to be closely examined.

Gains in same-store sales can be achieved through increases in prices and through increases in customer count or traffic. Price increases are often necessary to offset wage and commodity cost inflation. Traffic gains often reflect customer satisfaction. Diners are the ultimate judges of whether a restaurant's food, price, and service meet their needs. If a chain fails to please customers and to report sufficient sales gains, its long-term growth – even its survival – can be in doubt. A company that is expanding rapidly by adding new units can boost overall sales growth, but it is important to monitor sales trends at existing units to be sure the concept is doing well.

One additional component of same-store sales is product mix. Shifts in mix can reflect menu changes, advertising and promotions, or changes in customer preferences – any factor that affects the size of the average check, other than price increases. Restaurants can raise the amount of the average check by adding higher-priced items to the menu, such as an increased assortment of appetizers and alcoholic beverages, or lower the amount of the average check by featuring value products in an advertising campaign designed to spur traffic. Consumer choices can also alter product mix. In difficult economic times, for example, customers tend to avoid ordering desserts and drinks, or they select less expensive options.

Other nonrecurring factors can also influence same-store sales comparisons. These may include the inclusion of an extra 14th week in a quarter or a 53rd week in a year. Often these extra weeks are at the end of the year, and the week between Christmas and New Year's Day is generally one of the strongest sales weeks throughout the year. Whether this week falls into the fourth quarter of the current fiscal year or the first quarter of the next can skew comparisons.

Watch Out! *Comparing same store sales growth across companies can be difficult because same store sales is not a GAAP metric, i.e., different companies may have varying definitions of same store sales. Since management has the ability to define its own same store sales metric, management can easily change this definition to help flatter the company's same store sales results. Analysts should assess the consistency of a company's same store sales definition over time and evaluate the likely impact of any changes.*

◆ **New store openings.** Opening new restaurants signifies that the chain is expanding – a strategy that enables the company to penetrate the existing markets considering the associated risks involved in the restaurant business. By way of increasing store visibility, brand awareness is also increased. Generally, companies tend toward densely populated areas with heavy foot traffic; hence, population and demographics are important factors to consider when planning to open a new store.

◆ **Systemwide sales.** This measures the total revenues from restaurants operated by the company, its franchisees, and, in some cases, its licensees and affiliates. Sales from franchisees, and from affiliates that are less than 50% company-owned, are not recorded in a company's revenues, although fees charged by the company to the franchisees are often incorporated.

Systemwide sales growth is an important factor in projecting the top-line growth potential of a company. It can occur through expansion of sales capacity or through same-store sales growth. Many restaurants rely more on expansion than same-store sales growth to achieve earnings growth.

◆ **Earnings quality.** Are there any one-time factors to consider? When looking at either revenues or profits, try to assess any one-time factors that may have inflated or depressed results. For example, earnings may be unsustainably high due to a gain from an asset sale, or they may be unusually low due to a restructuring charge or a one-time write-down of an asset's value.

Other items that can cause major swings in reported profits or in year-to-year earnings comparisons include unusual tax rates and accounting rule changes. If there are significant one-time or nonrecurring items, it is advisable to adjust the reported earnings to what would be considered "normalized" levels. This should help reveal the underlying growth and quality of the company's profits and may provide a better base from which to project future levels of earnings.

Watch Out! *Companies in the restaurants sub-industry are fixed asset intensive, making depreciation a significant expense for most of these companies. Since depreciation is based on estimates of asset lives, management can manipulate these estimates to manage earnings. Specifically, extending the depreciable life of an asset will boost a company's earnings while shortening depreciable lives will decrease earnings. Therefore, it is important to refer to the notes to the financial statements to ensure that a change in depreciable life has not occurred.*

Watch Out! *Restaurants can have high insurance costs related to product liability, workers' compensation, and health care benefit costs, and some portion of these insurance costs may be self-insured. Companies that provide self-insurance are required to estimate and accrue costs related to the above noted items. To the extent that these accruals are subject to management discretion, they may be manipulated to achieve a financial performance target.*

◆ **Profitability ratios.** Profitability ratios or margins are measures of how successful a company is in turning revenues into profits. Operating margin, expressed as a percentage, is calculated by dividing operating profit by revenues. Net margin is calculated by dividing net income by revenues. When analyzing profitability ratios, the investor should compare a company against its own past performance and against the performance of similar companies.

◆ **Cash flow.** How healthy is cash flow? Reported earnings may not be an accurate reflection of a company's cash flow generation or financial strength. Keep in mind that some expenses on a company's income statement – such as depreciation, amortization, and write-downs – are non-cash items (*i.e.*, they do not represent an actual cash outlay).

It is particularly important to evaluate capital-intensive and acquisitive businesses in terms of how much cash they generate and how much cash they require to maintain and expand the business. These figures may differ substantially from reported earnings. To analyze sources and uses of cash, CFRA advises consulting a company's consolidated statement of cash flows.

Capital expenditures should be analyzed, to separate funds being used to expand a company's business from investments required simply to maintain existing business. While funds for expansion are intended to increase future funds available for shareholders, amounts required to renovate, remodel, and maintain existing structures can be recurring, and should be seen as a consistent drain on cash from operations.

Watch Out! *Some companies engage in supplier financing arrangements (aka reverse factoring). There are several variations of these programs, but basically, a company arranges for a financial institution to pay its suppliers and the company repays the financial institution later. Supplier financing arrangements can delay a company's payments to its suppliers. These arrangements can result in overstated cashflows and understated leverage ratios.*

◆ **Balance sheet ratios.** A company's balance sheet provides a snapshot of its financial condition. Some balance sheet ratios may offer a view of a company's financial health and indicate how well it is putting its assets or capital to work. For example, a company's dependence on debt as a source of capital can be measured by comparing the amount of debt on its balance sheet to the level of equity it has (known as the debt-to-equity ratio).

A company's success in investing its capital is indicated by ratios such as return on assets (ROA) and return on equity (ROE). In these calculations, annual net income is typically divided into an average asset or equity level during the year being examined.

◆ **Book value.** This number measures the balance sheet value of a company's assets minus its liabilities. Particular attention should be paid to "tangible" book value, which gives credit to assets such as land, buildings, and equipment, but excludes items such as goodwill (which may include a portion of the purchase price of previous acquisitions).

Keep in mind that balance sheet valuations may not reflect assets' replacement cost or their worth to someone else. In addition, the extent to which intangible assets (like a brand name or customer loyalty) contribute to a company's worth may not be adequately reflected in a company's book value, although they may add greatly to the company's worth.

◆ **Off-balance-sheet items.** Does the company have any commitments or prospective liabilities that are not included on its balance sheet? This could include a conditional guarantee to repay debt of another firm (such as a franchisee) or a commitment to buy back, upon request, some of its own debt at a future point. Try to determine the existence or likelihood of any triggering events (*e.g.*, weaker operating results) that could cause debt holders to demand early repayment.

◆ **Valuation metrics.** Valuation metrics are used to determine how much a company or its stock is worth. The most common valuation metric for the restaurants sub-industry is the price-to-earnings (P/E) ratio, or multiple. Another frequently used metric is enterprise value to earnings before interest, taxes, depreciation, and amortization (EV/EBITDA) multiple. EV is calculated as market capitalization plus debt, minus cash equivalents; EBITDA is a measure of operating cash flow.

In deciding which multiples to pay, an investor might consider projected growth rates for earnings or cash flow, the relative attractiveness of the markets to which a company has exposure, and debt levels. Keep in mind that valuations depend on various factors, including overall investor sentiment, industry conditions, the level of interest rates, and the extent to which future earnings seem predictable. As is the case with other measures, valuations of a particular company should be compared with those of similar companies in the same segment of the industry.

GLOSSARY

Asset-light strategy—A business model where a business owns relatively fewer capital assets compared to the value of its operations.

Digital ordering—Meals or snacks ordered via mobile app, internet, or text message.

Fast-casual restaurants—A category within limited-service or quick-service restaurants that offers healthier, fresher, and more varied dishes than traditional fast food at a price point below that of casual dining restaurants. These restaurants are positioned between fast food and casual dining (hence, the hybrid name “fast casual,” also called “quick casual” and “limited service”).

Fast-food restaurants—Also called quick-service restaurants, these outlets specialize in rapid food preparation and low prices, with or without seating. Food packaging is often disposable, and takeout orders account for a large portion of this business.

Franchise—Part of a group of independently owned operations that have been issued a contract to use a specific name and logo, purchased for an annual fee plus “royalties” usually based on a percentage of sales.

Franchise agreement—A business contract between two companies: a franchisor (or parent company) and a franchisee (or individual business operator). It gives the franchisee the right to construct and operate a restaurant on a site accepted by the franchisor, and to use the franchisor’s operating and management systems. The franchisee pays the franchisor a one-time franchise fee, and then makes royalty payments based on gross receipts from restaurant operations, with specified minimum payments. In the U.S., royalty payments are generally 4%–5% of total receipts. Franchise contracts vary in length but may be for periods of 10 to 20 years.

Full-service restaurants—Restaurants that generally feature moderate to high prices and sit-down service. Meals are often served with flatware and China, and alcoholic beverages may be available.

Off-premise channels—Food purchased and consumed in venues other than the restaurant.

Quick-service restaurants (QSR)—See “Fast-food restaurants”.

Same-store sales—Year-to-year sales changes at units open for a specified period, often at least 18 months.

Systemwide sales—A figure comprising sales by restaurants operated by the company, franchisees, and affiliates operating under joint venture agreements.

Total revenues—A comprehensive figure consisting of sales by company-operated restaurants and fees from restaurants operated by franchisees and affiliates.

Third-party delivery—A non-restaurant-associated food delivery service.

INDUSTRY REFERENCES

PERIODICALS

Nation's Restaurant News (NRN)
nrn.com
Magazine and website covering the foodservice industry.

Restaurant Business
restaurantbusinessonline.com
Magazine and website covering the commercial foodservice industry.

TRADE ASSOCIATIONS

National Restaurant Association (NRA)
restaurant.org
Restaurant trade organization offering certification, training materials, and news and trends.

GOVERNMENT AGENCIES

Federal Reserve Bank of St. Louis
stlouisfed.org
One of 12 regional Reserve Banks that, along with the Board of Governors in Washington, D.C., make up the United States' central bank.

U.S. Bureau of Economic Analysis (BEA)
bea.gov
Produces and disseminates statistics that provide a comprehensive, up-to-date picture of U.S. economic activity.

U.S. Bureau of Labor Statistics (BLS)
bls.gov
A division of the U.S. Department of Labor. The BLS is the principal fact-finding agency of the federal government in the broad fields of labor, economics, and statistics. Its major programs include the consumer price, producer price, and employment cost indices and the national compensation survey.

U.S. Department of Agriculture (USDA)
usda.gov
Government agency charged with providing key statistics on the U.S. agricultural industry.

U.S. Department of Commerce (DOC)
commerce.gov
Cabinet-level department providing key statistics on the U.S. industry; its mission is to ensure and enhance economic opportunity by working with businesses and communities to promote economic growth.

U.S. Department of Labor (DOL)
dol.gov
The DOL is responsible for occupational safety, wage and hour standards, unemployment insurance benefits, reemployment services, and some economic statistics.

U.S. Food and Drug Administration (FDA)
fda.gov
Government agency charged with supervising the U.S. food and pharmaceutical industries; a division of the U.S. Department of Health and Human Services.

MARKET RESEARCH AND SURVEYS

The Conference Board, Inc.
conference-board.org
Publishes the monthly consumer confidence survey, which measures consumer sentiment.

The NPD Group
npd.com
A market research company that provides expert industry analysis and advisory services that help retailers and manufacturers identify market trends to make smarter business decisions.

ONLINE RESOURCES

One Fair Wage
Ofwemergencyfun.org
A non-profit, non-governmental organization in the U.S. that is led by advocates for restaurant workers to end the sub-minimum wage for tip workers who make less than the minimum wage.

University of Michigan Surveys of Consumers
sca.isr.umich.edu
The Michigan Consumer Sentiment Index (MCSI) uses telephone surveys to gather information on consumer expectations regarding the overall economy.

COMPARATIVE COMPANY ANALYSIS

				Operating Revenues															
				Million $							CAGR(%)			Index Basis (2011=100)					
Ticker		Company	Yr. End	2021	2020	2019	2018	2017	2016	2015	10-Yr.	5-Yr.	1-Yr.	2021	2020	2019	2018	2017	2016
RESTAURANTS																			
BJRI	§	BJ'S RESTAURANTS, INC.	DEC	1,087.0	778.5	1,161.5	1,161.5	1,116.9	1,031.8	919.6	5.8	1.8	39.6	118	85	126	126	121	112
EAT	§	BRINKER INTERNATIONAL, INC.	JUN	3,337.8	3,078.5	3,217.9	3,135.4	3,150.8	3,257.5	3,002.3	1.9	0.5	8.4	111	103	107	104	105	109
CMG	[]	CHIPOTLE MEXICAN GRILL, INC.	DEC	7,547.1	5,984.6	5,586.4	4,865.0	4,476.4	3,904.4	4,501.2	12.8	14.1	26.1	168	133	124	108	99	87
CHUY	§	CHUY'S HOLDINGS, INC.	DEC	396.5	321.0	426.4	398.2	369.6	330.6	287.1	11.7	3.7	23.5	138	112	149	139	129	115
CBRL	†	CRACKER BARREL OLD COUNTRY STORE, INC.	JUL	2,821.4	2,522.8	3,072.0	3,030.4	2,926.3	2,912.4	2,842.3	1.5	(0.6)	11.8	99	89	108	107	103	102
DRI	[]	DARDEN RESTAURANTS, INC.	MAY	9,630.0	7,196.1	7,806.9	8,510.4	8,080.1	7,170.2	6,933.5	(0.4)	0.7	(7.8)	139	104	113	123	117	103
PLAY	§	DAVE & BUSTER'S ENTERTAINMENT, INC.	JAN	1,304.1	436.5	1,354.7	1,265.3	1,139.8	1,005.2	867.0	(1.8)	(12.8)	(67.8)	150	50	156	146	131	116
DIN	§	DINE BRANDS GLOBAL, INC.	DEC	896.2	689.3	910.2	780.9	731.7	787.6	681.1	(1.8)	2.6	30.0	132	101	134	115	107	116
DPZ	[]	DOMINO'S PIZZA, INC.	JAN	0.0	4,357.4	3,618.8	3,432.9	2,788.0	2,788.0	2,472.6	10.2	12.0	5.8	0	176	146	139	113	113
LOCO	§	EL POLLO LOCO HOLDINGS, INC.	DEC	454.4	426.1	442.3	435.8	401.7	380.1	355.1	NA	3.6	6.6	128	120	125	123	113	107
FRGI	§	FIESTA RESTAURANT GROUP, INC.	JAN	0.0	357.3	363.5	688.6	669.1	669.1	711.8	(2.8)	(12.9)	13.3	0	50	51	97	94	94
JACK	†	JACK IN THE BOX INC.	OCT	1,143.7	1,021.5	950.1	869.7	1,097.3	1,162.3	1,540.3	(3.5)	(0.3)	12.0	74	66	62	56	71	75
MCD	[]	MCDONALD'S CORPORATION	DEC	23,222.9	19,207.8	21,364.4	21,257.9	22,820.4	24,621.9	25,413.0	(1.5)	(1.2)	20.9	91	76	84	84	90	97
PZZA	†	PAPA JOHN'S INTERNATIONAL, INC.	DEC	2,068.4	1,813.2	1,619.2	1,662.9	1,783.4	1,713.6	1,637.4	5.4	3.8	14.1	126	111	99	102	109	105
RRGB	§	RED ROBIN GOURMET BURGERS, INC.	DEC	1,162.1	868.7	1,315.0	1,338.6	1,387.6	1,303.2	1,257.6	2.4	(2.3)	33.8	92	69	105	106	110	104
RUTH	§	RUTH'S HOSPITALITY GROUP, INC.	DEC	429.1	277.7	468.0	452.3	414.8	385.9	373.4	1.6	2.1	54.5	115	74	125	121	111	103
SHAK	§	SHAKE SHACK INC.	DEC	739.9	522.9	594.5	459.3	358.8	268.5	190.6	NA	22.5	41.5	388	274	312	241	188	141
SBUX	[]	STARBUCKS CORPORATION	OCT	29,060.6	23,518.0	26,508.6	24,719.5	22,386.8	21,315.9	19,162.7	9.5	6.4	23.6	152	123	138	129	117	111
TXRH	†	TEXAS ROADHOUSE, INC.	DEC	3,463.9	2,398.1	2,756.2	2,457.4	2,219.5	1,990.7	1,807.4	12.1	11.7	44.4	192	133	152	136	123	110
CAKE	§	THE CHEESECAKE FACTORY INCORPORATED	DEC	2,927.5	1,983.2	2,482.7	2,482.7	2,332.3	2,260.5	2,100.6	5.2	5.2	47.6	139	94	118	118	111	108
WEN	†	THE WENDY'S COMPANY	JAN	0.0	1,507.5	1,369.5	1,263.9	1,223.4	1,223.4	1,435.4	(4.7)	1.0	7.7	0	105	95	88	85	85
WING	†	WINGSTOP INC.	DEC	282.5	248.8	199.7	153.2	133.3	103.3	78.0	NA	22.3	13.5	362	319	256	196	171	133

Note: Data as originally reported. CAGR-Compound annual growth rate. []Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P SmallCap 600. #Of the following calendar year.

Souce: S&P Capital IQ.

			Net Income																
			Million $							CAGR(%)			Index Basis (2011=100)						
Ticker	Company	Yr. End	2021	2020	2019	2018	2017	2016	2015	10-Yr.	5-Yr.	1-Yr.	2021	2020	2019	2018	2017	2016
RESTAURANTS																		
BJRI	§ BJ'S RESTAURANTS, INC.	DEC	(3.6)	(57.9)	45.2	45.2	50.8	44.8	45.3	NA	NM	(93.8)	(8)	(128)	100	100	112	99
EAT	§ BRINKER INTERNATIONAL, INC.	JUN	131.6	24.4	154.9	125.9	150.8	200.6	194.7	(0.7)	(8.1)	439.3	68	13	80	65	77	103
CMG	[] CHIPOTLE MEXICAN GRILL, INC.	DEC	653.0	355.8	350.2	176.6	176.3	22.9	475.6	11.8	95.4	83.5	137	75	74	37	37	5
CHUY	§ CHUY'S HOLDINGS, INC.	DEC	30.2	(3.3)	6.2	5.5	29.0	17.2	12.9	24.2	11.8	NM	234	(26)	48	43	225	134
CBRL	† CRACKER BARREL OLD COUNTRY STORE, INC.	JUL	254.5	(32.5)	223.4	247.6	201.9	189.3	163.9	11.6	6.1	NM	155	(20)	136	151	123	115
DRI	[] DARDEN RESTAURANTS, INC.	MAY	952.8	629.3	(52.4)	713.4	596.0	479.1	375.0	2.8	10.9	NM	254	168	(14)	190	159	128
PLAY	§ DAVE & BUSTER'S ENTERTAINMENT, INC.	JAN	108.6	(207.0)	100.3	117.2	120.9	90.8	59.6	39.7	NM	NM	182	(347)	168	197	203	152
DIN	§ DINE BRANDS GLOBAL, INC.	DEC	97.9	(104.0)	104.3	80.4	(342.8)	101.0	104.9	2.7	(0.6)	NM	93	(99)	99	77	(327)	96
DPZ	[] DOMINO'S PIZZA, INC.	JAN	0.0	510.5	400.7	362.0	277.9	277.9	214.7	17.1	18.9	3.9	0	238	187	169	129	129
LOCO	§ EL POLLO LOCO HOLDINGS, INC.	DEC	29.1	24.5	24.9	(9.0)	8.6	18.3	24.1	NA	9.7	19.0	121	102	104	(37)	36	76
FRGI	§ FIESTA RESTAURANT GROUP, INC.	JAN	0.0	10.4	(84.4)	7.8	(36.2)	(36.2)	16.7	0.8	(9.1)	NM	0	62	(505)	47	(217)	(217)
JACK	† JACK IN THE BOX INC.	OCT	165.8	89.8	94.4	121.4	135.3	124.1	108.8	7.5	6.0	84.7	152	82	87	112	124	114
MCD	[] MCDONALD'S CORPORATION	DEC	7,545.2	4,730.5	6,025.4	5,924.3	5,192.3	4,686.5	4,529.3	3.2	10.0	59.5	167	104	133	131	115	103
PZZA	† PAPA JOHN'S INTERNATIONAL, INC.	DEC	120.0	57.9	4.9	2.5	102.3	102.8	75.7	8.2	3.1	107.2	159	77	6	3	135	136
RRGB	§ RED ROBIN GOURMET BURGERS, INC.	DEC	(50.0)	(276.1)	(7.9)	(6.4)	30.0	11.7	47.7	NA	NM	(81.9)	(105)	(579)	(17)	(13)	63	25
RUTH	§ RUTH'S HOSPITALITY GROUP, INC.	DEC	42.3	(25.3)	42.2	41.7	30.1	30.5	30.0	8.0	6.8	NM	141	(84)	141	139	100	102
SHAK	§ SHAKE SHACK INC.	DEC	(8.7)	(42.2)	19.8	15.2	(0.3)	12.4	(8.8)	NA	NM	(79.5)	99	480	(226)	(173)	4	(142)
SBUX	[] STARBUCKS CORPORATION	OCT	4,199.3	928.3	3,599.2	4,518.3	2,884.7	2,817.7	2,757.4	12.9	8.3	352.4	152	34	131	164	105	102
TXRH	† TEXAS ROADHOUSE, INC.	DEC	245.3	31.3	174.5	158.2	131.5	115.6	96.9	14.4	16.2	684.8	253	32	180	163	136	119
CAKE	§ THE CHEESECAKE FACTORY INCORPORATED	DEC	72.4	(253.4)	127.3	127.3	99.0	157.4	116.5	(2.8)	(12.3)	NM	62	(217)	109	109	85	135
WEN	† THE WENDY'S COMPANY	JAN	0.0	200.4	136.9	460.1	194.0	194.0	129.6	35.1	9.1	70.1	0	155	106	355	150	150
WING	† WINGSTOP INC.	DEC	42.7	23.3	20.5	21.7	23.9	13.8	10.1	NA	25.4	83.0	422	231	203	215	237	136

Note: Data as originally reported. CAGR-Compound annual growth rate. []Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P SmallCap 600. #Of the following calendar year.
Souce: S&P Capital IQ.

				Return on Revenues (%)						Return on Assets (%)						Return on Equity(%)					
Ticker		**Company**	**Yr. End**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
RESTAURANTS																					
BJRI	§	BJ'S RESTAURANTS, INC.	DEC	NM	NM	3.9	4.5	4.3	4.6	NM	NM	4.2	7.3	6.6	6.6	NM	NM	15.1	17.9	16.8	15.4
EAT	§	BRINKER INTERNATIONAL, INC.	JUN	3.9	0.8	4.8	4.0	4.8	6.2	5.8	1.0	12.3	9.3	10.7	13.8	NM	NM	NM	NM	NM	NM
CMG	[]	CHIPOTLE MEXICAN GRILL, INC.	DEC	8.7	5.9	6.3	3.6	3.9	0.6	9.8	5.9	6.9	7.8	8.6	1.1	30.2	19.2	22.4	12.6	12.7	1.3
CHUY	§	CHUY'S HOLDINGS, INC.	DEC	7.6	NM	1.5	1.4	7.8	5.2	6.1	NM	1.4	2.0	10.6	7.2	12.0	NM	3.2	2.9	16.7	11.9
CBRL	†	CRACKER BARREL OLD COUNTRY STORE, INC.	JUL	9.0	NM	7.3	8.2	6.9	6.5	10.6	NM	14.1	16.2	13.3	12.6	47.0	NM	37.7	44.0	37.7	35.6
DRI	[]	DARDEN RESTAURANTS, INC.	MAY	9.9	8.7	NM	8.4	7.4	6.7	9.4	5.9	NM	12.1	10.9	9.1	38.1	24.6	NM	31.3	28.1	23.8
PLAY	§	DAVE & BUSTER'S ENTERTAINMENT, INC.	JAN	8.3	NM	7.4	9.3	10.6	9.0	4.6	NM	4.2	9.2	10.1	8.6	50.7	NM	36.0	29.0	28.1	23.1
DIN	§	DINE BRANDS GLOBAL, INC.	DEC	10.9	NM	11.5	10.3	NM	12.8	4.9	NM	5.1	4.5	NM	4.4	NM	NM	NM	NM	NM	38.8
DPZ	[]	DOMINO'S PIZZA, INC.	JAN	0.0	11.7	11.9	11.1	10.5	10.0	NA	30.5	31.3	29.0	39.9	33.2	0.0	NM	NM	NM	NM	NM
LOCO	§	EL POLLO LOCO HOLDINGS, INC.	DEC	6.4	5.7	5.6	NM	2.1	4.8	4.7	4.0	4.0	NM	1.9	3.9	9.9	9.4	9.7	NM	3.2	7.2
FRGI	§	FIESTA RESTAURANT GROUP, INC.	JAN	0.0	2.9	NM	NM	1.1	NM	NA	2.8	NM	NM	1.9	NM	0.0	NM	NM	NM	3.3	NM
JACK	†	JACK IN THE BOX INC.	OCT	14.5	8.8	9.9	14.0	12.3	10.7	9.5	4.7	9.9	14.7	11.0	9.2	NM	NM	NM	NM	NM	NM
MCD	[]	MCDONALD'S CORPORATION	DEC	32.5	24.6	28.2	27.9	22.8	19.0	14.0	9.0	12.7	18.1	15.4	15.1	NM	NM	NM	NM	NM	191.9
PZZA	†	PAPA JOHN'S INTERNATIONAL, INC.	DEC	5.8	3.2	0.3	0.1	5.7	6.0	13.6	6.6	0.7	0.4	18.4	20.1	NM	NM	NM	NM	NM	317.0
RRGB	§	RED ROBIN GOURMET BURGERS, INC.	DEC	NM	NM	NM	NM	2.2	0.9	NM	NM	NM	NM	3.3	1.3	NM	NM	NM	NM	8.2	3.2
RUTH	§	RUTH'S HOSPITALITY GROUP, INC.	DEC	9.9	NM	9.0	9.2	7.3	7.9	7.9	NM	8.5	16.4	12.4	14.7	34.8	NM	45.8	49.0	38.2	34.8
SHAK	§	SHAKE SHACK INC.	DEC	NM	NM	3.3	3.3	NM	4.6	NM	NM	2.0	2.5	NM	2.3	NM	NM	8.1	8.8	4.2	12.4
SBUX	[]	STARBUCKS CORPORATION	OCT	14.5	3.9	13.6	18.3	12.9	13.2	13.4	3.2	18.7	18.7	20.1	19.7	NM	NM	NM	136.2	50.8	48.1
TXRH	†	TEXAS ROADHOUSE, INC.	DEC	7.1	1.3	6.3	6.4	5.9	5.8	9.8	1.3	8.8	10.8	9.9	9.8	25.1	3.7	19.2	18.1	17.1	16.8
CAKE	§	THE CHEESECAKE FACTORY INCORPORATED	DEC	2.5	NM	5.1	4.2	7.0	6.1	2.6	NM	4.5	7.5	11.8	10.8	17.3	NM	22.3	16.7	25.9	23.4
WEN	†	THE WENDY'S COMPANY	JAN	0.0	13.3	8.4	10.0	36.4	15.9	NA	3.9	2.3	2.7	10.7	4.7	0.0	40.6	22.1	23.5	75.3	35.2
WING	†	WINGSTOP INC.	DEC	15.1	9.4	10.3	14.2	18.0	13.3	17.1	11.0	12.3	15.5	20.0	12.3	NM	NM	NM	NM	NM	NM

Note: Data as originally reported. CAGR-Compound annual growth rate. []Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P SmallCap 600. #Of the following calendar year.
Souce: S&P Capital IQ.

Ticker		Company	Yr. End	Current Ratio 2021	2020	2019	2018	2017	2016	Debt/Capital Ratio(%) 2021	2020	2019	2018	2017	2016	Debt as a % of Net Working Capital 2021	2020	2019	2018	2017	2016
RESTAURANTS																					
BJRI	§	BJ'S RESTAURANTS, INC.	DEC	0.5	0.5	0.4	0.5	0.5	0.5	13.0	28.4	33.0	23.5	38.7	35.0	(45.6)	NM	NM	NM	NM	NM
EAT	§	BRINKER INTERNATIONAL, INC.	JUN	0.4	0.5	0.4	0.4	0.3	0.4	158.9	174.9	299.7	196.4	162.5	126.5	NM	NM	NM	NM	NM	NM
CMG	[]	CHIPOTLE MEXICAN GRILL, INC.	DEC	1.6	1.7	1.6	1.8	1.9	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CHUY	§	CHUY'S HOLDINGS, INC.	DEC	2.7	2.2	0.5	0.7	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CBRL	†	CRACKER BARREL OLD COUNTRY STORE, INC.	JUL	0.8	1.4	0.6	0.8	1.0	1.0	33.0	69.1	40.4	40.7	42.8	44.5	NM	486.5	NM	NM	NM	NM
DRI	[]	DARDEN RESTAURANTS, INC.	MAY	0.6	1.0	0.6	0.6	0.4	0.5	29.1	24.8	36.8	27.9	29.7	30.8	NM	4078.1	NM	NM	NM	NM
PLAY	§	DAVE & BUSTER'S ENTERTAINMENT, INC.	JAN	0.5	0.4	0.3	0.4	0.5	0.4	61.0	79.7	79.0	49.4	45.4	36.9	NM	NM	NM	NM	NM	NM
DIN	§	DINE BRANDS GLOBAL, INC.	DEC	1.4	1.7	1.0	1.2	1.3	1.3	123.4	131.2	123.1	118.9	120.4	83.5	782.1	627.1	NM	1930.3	1573.5	1606.7
DPZ	[]	DOMINO'S PIZZA, INC.	JAN	0.0	1.5	1.8	1.7	1.5	1.5	NA	674.4	535.5	636.2	791.8	808.5	NA	1831.9	1018.2	1214.2	1858.5	1719.9
LOCO	§	EL POLLO LOCO HOLDINGS, INC.	DEC	0.7	0.5	0.3	0.3	0.4	0.3	11.5	18.7	28.3	21.8	25.3	28.2	NM	NM	NM	NM	NM	NM
FRGI	§	FIESTA RESTAURANT GROUP, INC.	JAN	0.0	1.5	1.3	0.6	1.0	0.7	NA	0.0	32.4	32.2	24.5	24.5	NA	0.0	370.0	NM	NM	NM
JACK	†	JACK IN THE BOX INC.	OCT	0.5	1.0	1.4	0.5	0.5	0.6	280.1	236.4	238.1	232.2	156.1	130.2	NM	NM	1837.4	NM	NM	NM
MCD	[]	MCDONALD'S CORPORATION	DEC	1.8	1.0	1.0	1.4	1.8	1.4	114.8	128.6	131.7	125.2	112.4	109.3	1138.8	56769.0	NM	2879.2	1212.4	1875.0
PZZA	†	PAPA JOHN'S INTERNATIONAL, INC.	DEC	0.9	1.1	0.9	1.0	1.3	1.1	153.1	102.6	120.5	198.7	128.6	94.3	NM	1948.6	NM	8142.0	1202.6	1708.9
RRGB	§	RED ROBIN GOURMET BURGERS, INC.	DEC	0.5	0.4	0.5	0.6	0.7	0.7	68.5	57.1	36.5	33.6	40.7	49.1	NM	NM	NM	NM	NM	NM
RUTH	§	RUTH'S HOSPITALITY GROUP, INC.	DEC	1.1	1.2	0.4	0.4	0.4	0.4	34.1	51.7	40.5	31.3	38.6	24.0	649.4	523.4	(90.3)	(69.6)	(97.1)	(55.6)
SHAK	§	SHAKE SHACK INC.	DEC	3.4	1.9	0.9	1.7	2.7	2.6	35.9	0.0	0.0	0.0	0.0	0.0	84.5	0.0	0.0	0.0	0.0	0.0
SBUX	[]	STARBUCKS CORPORATION	OCT	1.2	1.1	0.9	2.2	1.3	1.0	164.0	218.9	226.2	88.6	41.9	35.1	848.5	3300.2	NM	134.0	370.1	1508.9
TXRH	†	TEXAS ROADHOUSE, INC.	DEC	0.9	1.0	0.6	0.9	0.8	0.7	8.5	16.8	0.0	0.0	5.8	6.5	NM	4385.0	0.0	0.0	(71.3)	(66.1)
CAKE	§	THE CHEESECAKE FACTORY INCORPORATED	DEC	0.6	0.6	0.4	0.5	0.5	0.6	58.5	35.6	33.7	17.7	16.2	14.3	NM	NM	(78.4)	(55.6)	(62.7)	(64.8)
WEN	†	THE WENDY'S COMPANY	JAN	0.0	1.4	1.7	1.6	2.3	1.8	NA	84.4	80.1	81.4	78.0	82.6	NA	1420.2	808.6	1104.8	604.3	1537.5
WING	†	WINGSTOP INC.	DEC	1.8	1.4	0.9	1.1	0.8	0.7	293.6	371.7	313.2	365.9	181.8	202.8	1540.6	2108.3	NM	9035.5	NM	NM

Note: Data as originally reported. CAGR-Compound annual growth rate. []Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P SmallCap 600. #Of the following calendar year.
Souce: S&P Capital IQ.

			Price/Earnings Ratio (High-Low)						Dividend Payout Ratio(%)						Dividend Yield(High-Low, %)					
Ticker	Company	Yr. End	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016
RESTAURANTS																				
BJRI	§ BJ'S RESTAURANTS, INC.	DEC	NM - NM	NM - NM	25 - 15	31 - 15	22 - 13	25 - 18	NM	NM	22	19	5	0	0.0 - 0.0	0.0 - 0.0	8.0 - 0.0	1.5 - 0.9	1.2 - 0.6	1.5 - 1.2
EAT	§ BRINKER INTERNATIONAL, INC.	JUN	27 - 7	74 - 12	13 - 9	19 - 11	19 - 12	17 - 13	1	235	39	56	47	37	0.0 - 0.0	7.0 - 0.0	19.9 - 3.2	4.0 - 2.8	5.1 - 3.3	3.5 - 2.3
CMG	[] CHIPOTLE MEXICAN GRILL, INC.	DEC	84 - 56	112 - 37	67 - 33	83 - 40	80 - 43	681 - 459	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
CHUY	§ CHUY'S HOLDINGS, INC.	DEC	32 - 17	NM - NM	78 - 47	103 - 52	19 - 11	36 - 25	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
CBRL	† CRACKER BARREL OLD COUNTRY STORE, INC.	JUL	17 - 10	NM - NM	20 - 15	17 - 14	21 - 16	22 - 15	12	NM	54	47	55	56	6.2 - 2.7	2.8 - 0.0	14.5 - 0.0	6.1 - 4.8	5.8 - 4.7	6.0 - 2.6
DRI	[] DARDEN RESTAURANTS, INC.	MAY	31 - 15	NM - NM	22 - 15	21 - 16	23 - 15	25 - 18	59	32	NM	52	53	58	3.7 - 2.4	2.5 - 0.0	3.2 - 0.0	3.1 - 2.5	3.2 - 2.4	3.8 - 2.6
PLAY	§ DAVE & BUSTER'S ENTERTAINMENT, INC.	JAN	NM - NM	20 - 12	22 - 13	25 - 15	26 - 14	29 - 19	0	NM	16	10	0	0	0.0 - 0.0	13.1 - 0.0	1.7 - 1.0	1.4 - 0.9	0.0 - 0.0	0.0 - 0.0
DIN	§ DINE BRANDS GLOBAL, INC.	DEC	17 - 10	NM - NM	17 - 11	21 - 11	NM - NM	18 - 14	0	NM	45	64	NM	67	3.2 - 1.9	2.3 - 0.0	17.9 - 0.0	4.0 - 2.7	8.4 - 2.7	10.4 - 4.2
DPZ	[] DOMINO'S PIZZA, INC.	JAN	32 - 20	24 - 18	31 - 20	25 - 20	28 - 17	27 - 22	0	27	25	26	25	30	1.1 - 0.7	1.1 - 0.7	1.2 - 0.7	1.0 - 0.7	1.1 - 0.8	1.3 - 0.9
LOCO	§ EL POLLO LOCO HOLDINGS, INC.	DEC	26 - 15	28 - 10	27 - 14	NM - NM	64 - 43	32 - 22	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
FRGI	§ FIESTA RESTAURANT GROUP, INC.	JAN	40 - 7	NM - NM	NM - NM	100 - 56	NM - NM	108 - 52	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
JACK	† JACK IN THE BOX INC.	OCT	17 - 11	23 - 5	25 - 20	25 - 18	25 - 21	28 - 17	23	31	44	37	36	32	3.1 - 1.7	2.0 - 1.3	8.6 - 0.0	2.2 - 1.7	2.0 - 1.5	1.7 - 1.2
MCD	[] MCDONALD'S CORPORATION	DEC	27 - 20	36 - 22	28 - 22	25 - 19	27 - 19	24 - 20	52	79	59	55	59	65	2.5 - 2.0	2.5 - 2.1	3.6 - 2.2	2.7 - 2.1	2.9 - 2.3	3.2 - 2.3
PZZA	† PAPA JOHN'S INTERNATIONAL, INC.	DEC	1203 - 682	79 - 28	NM - NM	890 - 505	31 - 20	32 - 16	39	74	793	1172	30	27	1.8 - 1.0	1.2 - 0.8	2.5 - 0.9	2.3 - 1.4	2.3 - 1.3	1.6 - 0.9
RRGB	§ RED ROBIN GOURMET BURGERS, INC.	DEC	NM - NM	NM - NM	NM - NM	NM - NM	31 - 19	78 - 48	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
RUTH	§ RUTH'S HOSPITALITY GROUP, INC.	DEC	22 - 13	NM - NM	18 - 13	24 - 15	23 - 17	20 - 15	0	NM	37	32	38	30	3.5 - 0.0	0.0 - 0.0	14.6 - 0.0	2.8 - 1.8	1.8 - 1.3	2.1 - 1.4
SHAK	§ SHAKE SHACK INC.	DEC	NM - NM	NM - NM	166 - 69	129 - 70	NM - NM	78 - 58	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
SBUX	[] STARBUCKS CORPORATION	OCT	35 - 24	118 - 71	34 - 20	19 - 15	32 - 26	33 - 27	50	207	49	39	50	42	2.8 - 1.7	2.1 - 1.4	2.9 - 1.7	2.6 - 1.5	3.0 - 1.8	1.9 - 1.5
TXRH	† TEXAS ROADHOUSE, INC.	DEC	31 - 21	182 - 68	27 - 19	34 - 24	30 - 22	31 - 21	34	80	59	43	44	45	2.6 - 1.7	2.0 - 0.0	4.7 - 0.0	2.5 - 1.5	1.7 - 1.3	1.9 - 1.5
CAKE	§ THE CHEESECAKE FACTORY INCORPORATED	DEC	62 - 34	NM - NM	18 - 12	27 - 19	20 - 12	22 - 16	26	NM	48	57	32	30	4.0 - 0.0	0.0 - 0.0	9.5 - 0.0	4.0 - 2.6	2.8 - 1.9	3.0 - 1.4
WEN	† THE WENDY'S COMPANY	JAN	27 - 8	43 - 31	31 - 25	9 - 7	18 - 12	23 - 17	0	47	55	70	18	35	2.4 - 1.3	6.4 - 0.8	2.5 - 1.8	2.3 - 1.6	2.1 - 1.7	2.6 - 1.9
WING	† WINGSTOP INC.	DEC	129 - 81	214 - 63	153 - 87	100 - 52	52 - 31	69 - 44	46	66	57	37	17	0	1.0 - 0.4	0.5 - 0.3	4.4 - 0.3	5.9 - 3.3	7.8 - 0.6	5.9 - 0.7

Note: Data as originally reported. CAGR-Compound annual growth rate. []Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P SmallCap 600. #Of the following calendar year.
Souce: S&P Capital IQ.

			Earnings per Share($)						Tangible Book Value per Share($)						Share Price (High-Low, $)					
Ticker	Company	Yr. End	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016
RESTAURANTS																				
BJRI	§ BJ'S RESTAURANTS, INC.	MAR	(0.16)	(2.74)	2.20	2.35	2.06	1.88	14.12	12.95	14.92	14.46	12.40	12.10	63.42 - 28.85	44.47 - 6.01	56.48 - 32.62	76.50 - 35.51	47.55 - 28.00	47.55 - 32.24
EAT	§ BRINKER INTERNATIONAL, INC.	MAR	2.83	0.63	3.96	2.72	2.94	3.42	(11.17)	(15.33)	(25.76)	(22.21)	(14.14)	(7.57)	78.33 - 33.52	59.70 - 7.00	51.72 - 36.44	54.14 - 32.03	49.85 - 29.50	55.84 - 43.30
CMG	[] CHIPOTLE MEXICAN GRILL, INC.	MAR	22.90	12.52	12.38	6.31	6.17	0.77	81.03	71.36	59.85	51.25	47.90	47.91	1958.55 - 1256.27	1435.52 - 415.00	857.90 - 423.98	530.68 - 247.52	499.00 - 263.00	542.50 - 352.96
CHUY	§ CHUY'S HOLDINGS, INC.	MAR	1.50	(0.18)	0.37	0.32	1.70	1.02	11.10	9.94	8.94	8.76	8.44	6.59	49.99 - 25.00	28.29 - 7.28	29.45 - 17.31	34.10 - 17.03	32.90 - 18.00	37.78 - 25.87
CBRL	† CRACKER BARREL OLD COUNTRY STORE, INC.	APR	10.71	(1.36)	9.27	10.29	8.37	7.86	27.14	16.57	25.14	24.23	22.64	21.98	178.82 - 117.10	170.10 - 53.61	180.93 - 149.50	185.00 - 141.63	170.50 - 141.75	175.04 - 118.01
DRI	[] DARDEN RESTAURANTS, INC.	MAY	7.39	4.78	(0.43)	5.69	4.73	3.80	2.85	6.90	3.10	1.08	(0.61)	(1.21)	164.28 - 110.89	125.96 - 26.15	128.41 - 97.91	124.00 - 82.38	98.36 - 71.02	79.43 - 55.77
PLAY	§ DAVE & BUSTER'S ENTERTAINMENT, INC.	MAY	2.21	(4.75)	2.94	2.93	2.84	2.10	(1.70)	(4.31)	(6.19)	0.81	1.75	2.08	51.73 - 26.80	48.80 - 4.61	59.60 - 37.20	67.05 - 37.85	73.48 - 45.71	58.00 - 29.54
DIN	§ DINE BRANDS GLOBAL, INC.	MAR	5.66	(6.43)	5.85	4.37	(18.96)	5.49	(60.23)	(70.26)	(70.25)	(64.24)	(63.22)	(67.23)	100.70 - 56.50	104.47 - 14.16	104.00 - 65.63	95.09 - 48.74	78.15 - 36.71	98.82 - 75.05
DPZ	[] DOMINO'S PIZZA, INC.	MAR	0.00	13.54	12.39	9.56	8.35	5.83	0.00	(119.54)	(87.39)	(90.03)	(76.11)	(65.36)	567.57 - 319.71	435.58 - 270.08	302.05 - 220.90	305.34 - 186.90	221.58 - 156.26	172.62 - 101.01
LOCO	§ EL POLLO LOCO HOLDINGS, INC.	MAR	0.80	0.68	0.67	(0.23)	0.22	0.47	0.00	(0.91)	(1.85)	(1.17)	(0.93)	(1.19)	21.96 - 12.06	19.90 - 6.15	18.47 - 9.60	16.95 - 9.05	14.85 - 9.55	15.44 - 10.08
FRGI	§ FIESTA RESTAURANT GROUP, INC.	APR	0.00	0.40	(0.40)	(3.18)	0.29	(1.35)	0.00	4.10	3.76	3.98	4.34	4.02	18.52 - 8.95	13.67 - 2.72	16.88 - 8.23	30.88 - 13.83	30.20 - 15.50	38.54 - 20.15
JACK	† JACK IN THE BOX INC.	APR	7.37	3.86	3.62	4.21	4.38	3.64	(41.22)	(37.00)	(32.16)	(24.83)	(14.98)	(12.26)	124.53 - 77.13	97.15 - 16.81	93.12 - 70.77	102.45 - 74.19	113.00 - 90.89	113.30 - 61.78
MCD	[] MCDONALD'S CORPORATION	MAR	10.04	6.31	7.88	7.54	6.37	5.44	(10.98)	(15.15)	(15.48)	(11.20)	(7.11)	(5.54)	269.72 - 202.73	231.91 - 124.23	221.93 - 173.41	190.88 - 146.84	175.78 - 118.18	131.96 - 110.33
PZZA	† PAPA JOHN'S INTERNATIONAL, INC.	MAR	0.12	1.28	(0.24)	0.08	2.83	2.74	(7.50)	(11.15)	(12.94)	(12.87)	(6.15)	(2.44)	140.68 - 78.41	102.25 - 28.55	65.67 - 38.29	69.45 - 38.05	87.45 - 55.05	90.49 - 42.87
RRGB	§ RED ROBIN GOURMET BURGERS, INC.	APR	(3.19)	(19.29)	(0.61)	(0.49)	2.31	0.87	3.54	6.17	18.12	19.46	19.47	16.36	41.34 - 14.36	37.29 - 4.04	36.85 - 24.57	67.10 - 25.46	74.11 - 45.20	68.97 - 40.85
RUTH	§ RUTH'S HOSPITALITY GROUP, INC.	MAR	1.23	(0.80)	1.44	1.37	0.98	0.95	1.30	0.39	(0.20)	0.13	(0.26)	0.64	28.73 - 15.95	24.42 - 2.32	27.14 - 18.60	33.95 - 20.80	22.65 - 16.55	19.65 - 13.74
SHAK	§ SHAKE SHACK INC.	MAR	(0.22)	(1.14)	0.61	0.52	(0.01)	0.53	10.43	10.48	8.64	7.62	6.36	6.02	138.38 - 66.26	91.99 - 30.01	105.84 - 43.18	70.12 - 36.58	46.90 - 30.12	43.99 - 30.00
SBUX	[] STARBUCKS CORPORATION	APR	3.54	0.79	2.92	3.24	1.97	1.90	(7.92)	(10.19)	(8.87)	(2.61)	2.42	2.50	126.32 - 95.92	107.14 - 50.02	99.72 - 61.40	68.98 - 47.37	64.87 - 52.58	61.79 - 50.84
TXRH	† TEXAS ROADHOUSE, INC.	MAR	3.50	0.45	2.46	2.20	1.84	1.63	13.40	11.48	11.38	11.46	10.05	8.92	110.75 - 73.20	84.27 - 25.15	67.67 - 47.52	75.24 - 53.05	55.99 - 40.28	50.51 - 33.80
CAKE	§ THE CHEESECAKE FACTORY INCORPORATED	MAR	1.01	(6.32)	2.86	2.14	3.27	2.83	1.50	0.78	3.01	12.15	12.85	12.16	65.81 - 34.64	43.00 - 14.52	51.15 - 35.83	60.19 - 41.63	67.14 - 38.34	64.41 - 44.16
WEN	† THE WENDY'S COMPANY	APR	0.00	0.89	0.52	0.58	1.88	0.77	0.00	(7.50)	(6.36)	(6.61)	(6.03)	(6.20)	29.46 - 18.86	24.91 - 6.82	22.84 - 15.33	18.69 - 14.80	16.98 - 13.03	14.07 - 8.89
WING	† WINGSTOP INC.	MAR	1.42	0.78	0.69	0.73	0.82	0.47	(13.83)	(14.97)	(10.48)	(11.11)	(5.34)	(5.89)	187.35 - 112.49	170.00 - 44.27	107.43 - 60.13	75.58 - 38.53	43.25 - 24.74	33.42 - 20.73

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Souce: S&P Capital IQ.

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