

Restaurants

Traffic Tracker: Casual Dining Trends in September and QTD

Bottom Line:

In this report, we highlight traffic trends across full service (casual dining) category in September and first half of October. Category trends slowed in September before recovering modestly in early October, and there is growing evidence of consumer value sensitivity. Across companies, we 1) lower BLMN outlook (below consensus) and target (\$25); 2) see risk to PLAY FY3Q comp (our estimate already below) and lower target (\$48); 3) increase TXRH 3Q comp above consensus and EPS (albeit only in line); 4) expect in-line FY1Q comp for EAT and note strong QTD acceleration; and 5) believe Olive Garden is running solidly above consensus with strong Oct acceleration, while LongHorn is in line to below.

Key Points

Full service restaurant traffic slowed in September, but recovered somewhat in the first two weeks of October. September full-service traffic trends decelerated ~90 basis points to a 5% decline y/y, though trends in the first two weeks of October reaccelerated to 4% decline. Relative to 2019, September traffic slowed for the second consecutive month to 15% decline and QTD improved but remains near 12-month lows (12% decline).

Wider outperformance of value-oriented casual diners another sign of increasing consumer value sensitivity. Lower average check restaurants realized widening traffic gap to higher-priced alternatives in 3Q vs. 2Q and the September gap widened further.

Company takeaways include the following (see body of report for estimate revisions and detailed look at traffic trends by company):

- **BLMN — Negative:** We are increasingly concerned by BLMN's traffic underperformance. We lower comp/EPS estimates below consensus for 3Q23, 4Q23, and 2024 and lower our target to \$25. Traffic trends slowed across BLMN's portfolio in September and QTD, meaningfully underperforming the other peers in our coverage.
- **DRI — Slight Positive:** Olive Garden same-store sales trends halfway through F2Q24 appear to be tracking solidly ahead of consensus, in part owing to meaningful acceleration behind early rollout of Never Ending Pasta relative to last year. On the other hand, Longhorn appears to be running in-line to below consensus as trends slowed in September and first half of October
- **EAT — Slight Positive:** Recognizing check dynamics make read-throughs more difficult, Chili's appears to be tracking in line with our/consensus comps in F1Q24. Moreover, F2Q24 QTD trends accelerated strongly coinciding with return of value-oriented 3 for Me TV ads.
- **PLAY — Negative:** We see risk to FY3Q23 consensus comps (our estimate is below) as traffic trends sequentially worsened from last quarter, including a soft first half of October. While PLAY has demonstrated an ability to drive EBITDA in softer comp environment, there could be a point at which it creates too big a hurdle. We lower our target to \$48.
- **TXRH — Positive:** We raise F3Q23 comp estimate above consensus (albeit EPS only in line) as traffic accelerated solidly in September and trends continue to lead FSR category. We also see upside bias to 4Q comps, though trends slowed QTD alongside decelerating Steakhouse segment performance.

Restaurants

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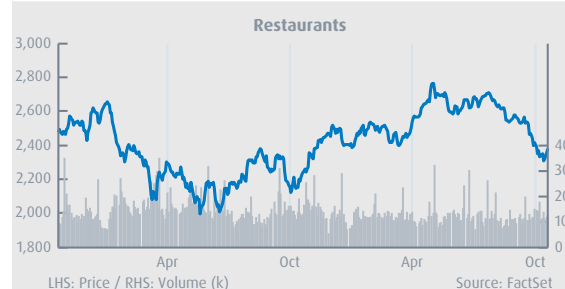
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Industry
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Glossary

Traffic Tracker: Casual Dining Trends in September and 3Q23

We analyze casual dining (full service) restaurant visit data to gauge trends across the category and for the key casual dining brands across our coverage. We also include traffic trends bucketed by average check level and traffic share trends for the key casual dining brands. The analysis leverages Placer.ai foot traffic data, and the full-service restaurant universe we look at within Placer.ai captures data from over 19,000 locations.

Exhibit 1. Changes to BMO Estimates

		3Q23E			4Q23E			2023E			2024E			Price Target	
		Prior	New	Street	Prior	New	Street	Prior	New	Street	Prior	New	Street	Prior	New
BLMN	Blended SSS	1.2%	-1.0%	0.3%	3.6%	1.6%	2.0%	2.7%	1.6%	2.2%	2.3%	1.2%	2.2%	\$27	\$25
	EBITDA	113	106	108	150	145	147	568	555	560	576	549	554		
	EPS	\$0.46	\$0.39	\$0.42	\$0.79	\$0.74	\$0.78	\$2.97	\$2.85	\$2.92	\$3.00	\$2.74	\$2.83		
TXRH	Co-Op SSS	7.0%	7.8%	7.3%	-	5.6%	6.3%	8.7%	8.9%	8.8%	-	4.5%	4.2%		
	EBITDA	117	123	122	-	119	124	506	512	513	-	573	594		
	EPS	\$1.00	\$1.07	\$1.06	-	\$1.01	\$1.07	\$4.52	\$4.59	\$4.64	-	\$5.20	\$5.41		
PLAY	Blended SSS	-	-8.2%	-7.0%	-	-7.0%	-4.5%	-	-6.4%	-5.5%	-	0.6%	1.3%	\$55	\$48
	Adj EBITDA	-	76	77	-	145	149	-	544	546	-	595	567		
	EPS	-	-\$0.07	-\$0.10	-	\$1.20	\$1.11	-	\$3.59	\$3.44	-	\$5.06	\$4.16		

Source: BMO Capital Markets.

Exhibit 2. Full-Service Restaurants, Captured by Placer.ai

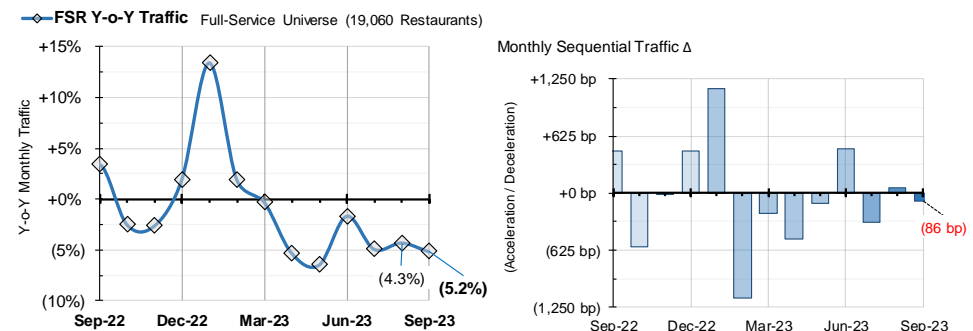
	Full-Service Restaurants	Venues Tracked (Placer)	% of U.S. Locations
BLMN	Outback Steakhouse	774	97%
	Carrabba's Italian Grill	223	97%
	Bonfish Grill	195	95%
	Fleming's Prime Steakhouse	50	69%
DRI	Olive Garden	899	98%
	LongHorn	565	99%
	Cheddar's	200	100%
	Yard House	45	50%
	Seasons 52	33	73%
	Bahama Breeze	41	93%
	The Capital Grille	26	38%
	Ruth's Chris	57	40%
EAT	Chili's Grill & Bar	1,245	97%
	Maggiano's Little Italy	31	58%
PLAY	Dave & Buster's	99	63%
	Main Event Entertainment	52	93%
TXRH	Texas Roadhouse	625	98%
	Bubba's 33	40	89%
FSR	Coverage Restaurants	5,200	
	Other FSR Restaurants	13,860	
	Total Restaurants Tracked	19,060	

Source: Placer.ai, BMO Capital Markets.

Y-o-Y Traffic Slows in September; Consumer Increasingly Value-Oriented

FSR traffic trends (YoY) in September **declined** ~90bp from August to down 5.2% and remained in the down 4%-6% range for the fifth time out of the last six months. The deceleration was driven largely by brands outside of our coverage as non-covered brand traffic trends in September slowed 180bp (to 7.2% decline) while covered company trends – which represents ~27% of FSR locations within the Placer FSR universe – accelerated 70bp (to 1.9% decline). FSR traffic trends have stepped up modestly through the two weeks of 4Q23 (data through 10/14) accelerating ~160bp from September to down 3.6%.

Exhibit 3. Full-Service Restaurant Universe - Monthly Y-o-Y Traffic



Source: Placer.ai, BMO Capital Markets.

Traffic trends increasingly favored value oriented casual diners in 3Q23, and September specifically, likely signaling greater consumer value sensitivity. The value-oriented (\$) casual dining segment – as measured by lower average check – not only continues to realize more favorable traffic trends relative to the higher priced alternatives, but also realized a sequential acceleration in traffic trends in September compared to a slowdown sequentially in each of the other price tiers. These trends suggest consumers are becoming increasingly conscious of budgets and value of the overall dining experience when choosing between full-service dining brands.

- The value-oriented segment has realized flattish Y-o-Y traffic in recent months, while Mid-Priced (\$\$) casual dining traffic trailed with mid-single digit declines. Polished Casual (\$\$\$) and Fine Dining (\$\$\$\$) are lagging, realizing high-single digit traffic declines.
- Interestingly, the gap between traffic trends in the value-oriented category and each of the more expensive check tiers widened in 3Q23 from 2Q23, and the September gap widened further.

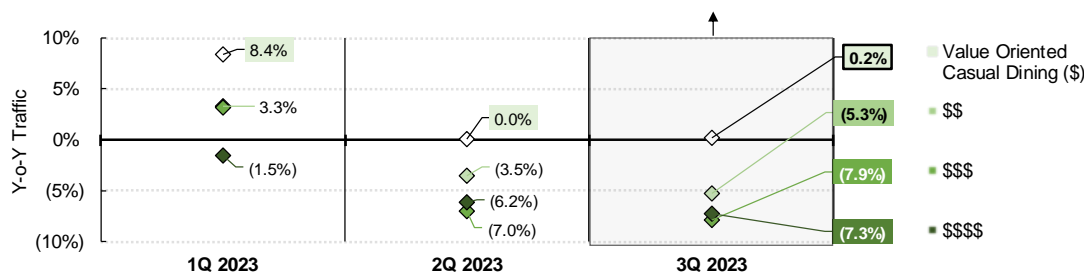
Exhibit 4. Monthly Traffic Trends by Check Tier

Mix of Traffic	Full-Service Brands	Ticker	Average Check	Y-o-Y Monthly Traffic			Monthly Sequential Δ		
				Jul-23	Aug-23	Sep-23	Jul-23	Aug-23	Sep-23
7%	Cheddar's	DRI	\$18	(0%)	(4%)	(6%)			
28%	Chili's	EAT	\$19	(1%)	(2%)	(3%)			
34%	Texas Roadhouse	TXRH	\$20	4%	3%	5%			
31%	Olive Garden	DRI	\$23	(1%)	(3%)	0%			
\$	Value-Oriented Casual Dining (weighted average)			0.8%	(0.7%)	0.5%	(249 bp)	(150 bp)	+126 bp
9%	Carrabba's	BLMN	\$24	(8%)	(12%)	(12%)			
46%	Longhorn	DRI	\$26	1%	(0%)	(1%)			
41%	Outback Steakhouse	BLMN	\$27	(9%)	(9%)	(10%)			
4%	Maggiano's	EAT	\$32	(2%)	(15%)	(13%)			
\$\$	Mid-Priced Casual Dining (Weighted AVG)			(4.4%)	(5.2%)	(6.5%)	(424 bp)	(84 bp)	(125 bp)
21%	Bahama Breeze	DRI	\$33	(13%)	(15%)	(13%)			
31%	Bonefish Grill	BLMN	\$33	(13%)	(14%)	(12%)			
36%	Yardhouse	DRI	\$35	3%	1%	(1%)			
13%	Seasons 52	DRI	\$50	(12%)	(8%)	(11%)			
\$\$\$	Polished Casual (Weighted AVG)			(7.0%)	(8.3%)	(8.4%)	(347 bp)	(129 bp)	(11 bp)
45%	Ruth's Chris	DRI	\$97	(3%)	(4%)	(5%)			
27%	Capital Grille	DRI	\$97	(6%)	(9%)	(6%)			
28%	Fleming's	BLMN	\$98	(15%)	(10%)	(15%)			
\$\$\$\$	Fine Dining (Weighted AVG)			(7.2%)	(7.0%)	(7.8%)	(332 bp)	+16 bp	(84 bp)

Source: Placer.ai, BMO Capital Markets.

Exhibit 5. Quarterly Traffic Trends by Check Tier

Quarterly Y-o-Y Traffic by Average Check Tier

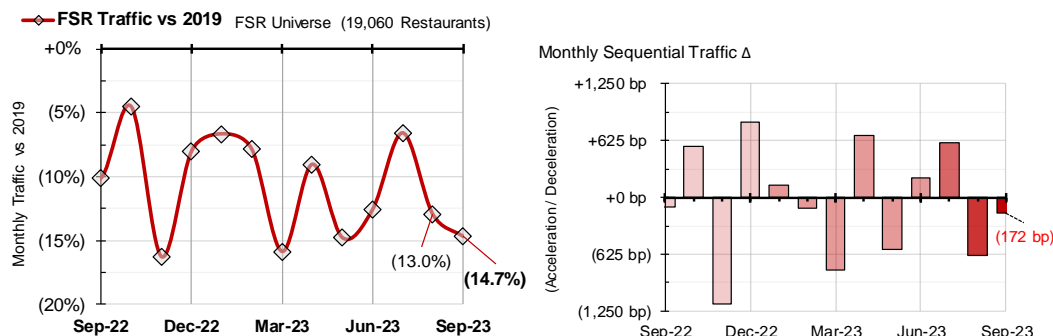


Source: Placer.ai, BMO Capital Markets.

Traffic vs CY19 Slows Again in September; Near 12-Month Lows

FSR traffic (vs CY19) slowed for the second consecutive month in September, decelerating ~190bps from August to down 14.7%. FSR traffic trends have stepped up modestly through the two weeks of 4Q23 (through 10/14) by ~240bps, but remain near the lows of the last 12 months at a 12.3% decline. We would expect traffic pressure to persist in-light of student loan payments resuming, consumer saving rates remaining well below historical average, and more favorable food-at-home inflation relative to food away from home.

Exhibit 6. FSR Universe vs. 2019 Traffic | Sequential M-o-M Δ



Source: Placer.ai, BMO Capital Markets.

TXRH and DRI Positive September Callouts; BLMN Trends Concerning

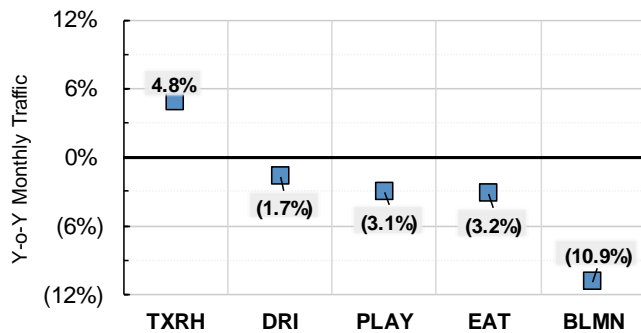
TXRH continues to realize the strongest traffic trends among casual dining companies in September, while BLMN was a meaningful laggard as the only casual diner in our coverage to underperform overall FSR traffic trends in the month.

- **TXRH** was the best performing casual diner in our coverage in September as it not only realized the strongest traffic (+4.8% vs FSR industry decline of 5.2%), but also was at the top of the group in terms of the sequential improvement in traffic trends relative to August (+230 basis points). To be fair, traffic trends relative to 2019 slowed ~110 basis points from last month in September from industry-leading levels.
- September data is a **modest positive for DRI** as its 1.7% traffic decline continues to outperform the category and trends accelerated 90 basis points from August. Olive Garden strength in September more than offset softer trends at LongHorn and Cheddar's. Moreover, traffic trends relative to 2019 improved ~160 basis points from last month in September.
- **Data is mixed for EAT and PLAY.**
 - Although EAT's traffic decline of 3.2% in September is above only BLMN and its traffic trends sequentially slowed 95 basis points, we believe that largely is to be expected as EAT's strategy of reducing discounting to stabilize its customer base naturally leads to traffic declines that are at least offset by check growth. In fact, EAT's overall traffic decline of 3.2% in September encouragingly remained ahead of the category despite the traffic impact of its strategic initiatives.

- PLAY realized the strongest sequential acceleration in traffic trends in September (+240 basis points, slightly stronger than TXRH), but the improvement is off of a low August base and its overall traffic decline in the month of 3.1% is in-line with EAT, which is intentionally sacrificing traffic for check gains. In fact, comps likely are trending below consensus expectations for FY3Q23.
- BLMN** was the clear laggard in terms of absolute and sequential traffic trends, which remain concerning. BLMN's 10.9% traffic decline in September was well below the rest of our casual dining coverage and the broader 5.2% decline in FSR category traffic during the month, while the 100 basis point deceleration in traffic trends from August was the weakest sequential performance of the group. Softness at Outback and Fleming's were the key contributors to the sequential slowdown, though trends are weak on an absolute basis across the domestic portfolio. Notably, BLMN also realized the greatest slowdown in traffic trends relative to 2019 levels in September.
- Across brands, **Dave & Buster's**, **Olive Garden**, **Texas Roadhouse**, and **Capital Grille** realized the strongest acceleration in traffic trends. The largest sequential declines in monthly traffic were realized across **Fleming's**, **Outback Steakhouse**, **Cheddar's**, and **Longhorn Steakhouse**.

Exhibit 7. Monthly Y-o-Y Traffic

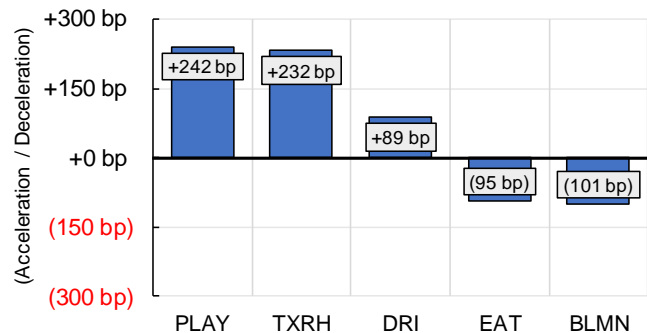
[Y-o-Y Traffic] September 2023 | FSR Coverage



Source: Placer.ai, BMO Capital Markets.

Exhibit 8. Y-o-Y Traffic – Sequential Δ (Sep vs Aug)

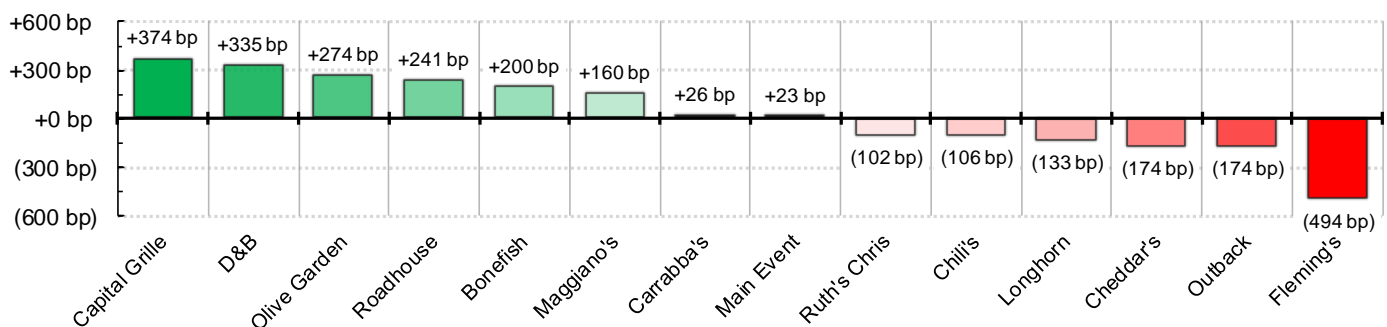
[Y-o-Y Traffic] Sequential Δ | Sep vs Aug



Source: Placer.ai, BMO Capital Markets.

Exhibit 9. Y-o-Y Traffic – Sequential Δ (Sep vs Aug) by Brands

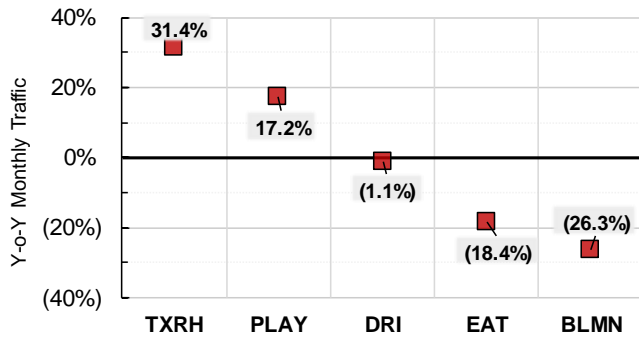
[Y-o-Y Traffic] Monthly Sequential Δ | Sep vs Aug | FSR Coverage Brands



Source: Placer.ai, BMO Capital Markets.

Exhibit 10. Monthly Traffic vs. 2019

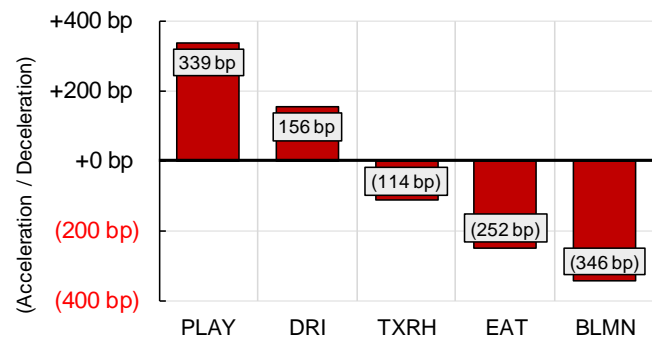
[Traffic vs 2019] September 2023 | FSR Coverage



Source: Placer.ai, BMO Capital Markets.

Exhibit 11. Traffic vs. 2019 – Sequential Δ (Sep vs Aug)

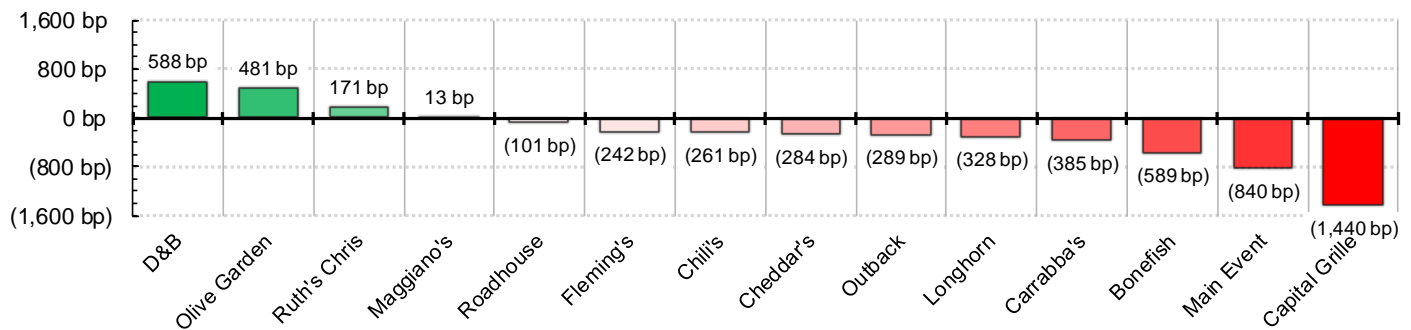
[Traffic vs 2019] Sequential Δ | Sep vs Aug



Source: Placer.ai, BMO Capital Markets.

Exhibit 12. Traffic vs. 2019 – Sequential Δ (Sep vs Aug) by Brands

[Traffic vs 2019] Monthly Sequential Δ | Sep vs Aug | FSR Coverage Brands



Source: Placer.ai, BMO Capital Markets.

DRI and EAT Strengthen QTD With Ads/Promos; PLAY, TXRH, BLMN Slow

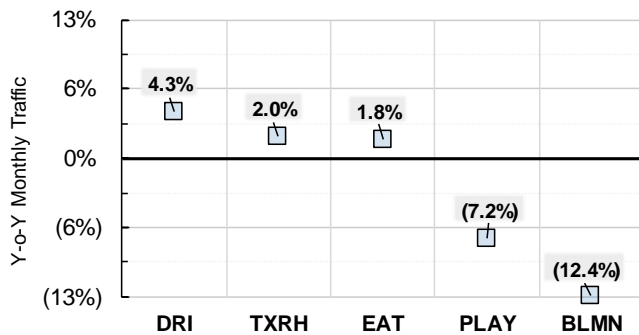
QTD trends in October (data through 10/14) are being influenced by advertising and promotions as DRI and EAT trends accelerated relative to a slowdown across the rest of our full-service coverage.

- DRI and EAT** realized 500-600 basis point accelerations in traffic trends in the first two weeks of October relative to September likely supported by the return of 1) DRI's Never Ending Pasta promotion (began September 25) and 2) Chili's 3 for Me television advertising. This is well in excess of the 160 basis point acceleration in industry traffic trends in October. Traffic trends for both companies relative to 2019 also accelerated over this period.
- TXRH** trends slowed 280 basis points in the first two weeks of October, though traffic growth (+2.0%) remains well ahead of the industry and behind only DRI during the period across our full-service coverage. In addition, trends relative to 2019 remained largely steady in the first two weeks of October.

- **PLAY** realized the greatest slowdown in trends in the first two weeks of October after a stronger September (400 basis points slowdown), while BLMN continues to lag the group in terms of traffic performance including a further deceleration in trends of 145 basis points in the first two weeks of October. Notably, while PLAY also realized the greatest slowdown in traffic trends vs 2019, BLMN's trends vs 2019 were steady – albeit at the lowest levels among our full-service coverage.
- Across brands, **Olive Garden**, and **Chili's** realized the strongest acceleration in traffic trends. **Dave & Buster's** was the clear laggard, and to a lesser extent **Texas Roadhouse**, **Outback Steakhouse**, **Cheddar's**, **Ruth's Chris**, and **Longhorn Steakhouse** in the 4Q23 QTD period relative to September.

Exhibit 13. 4Q23 QTD (till 10/14) Y-o-Y Traffic

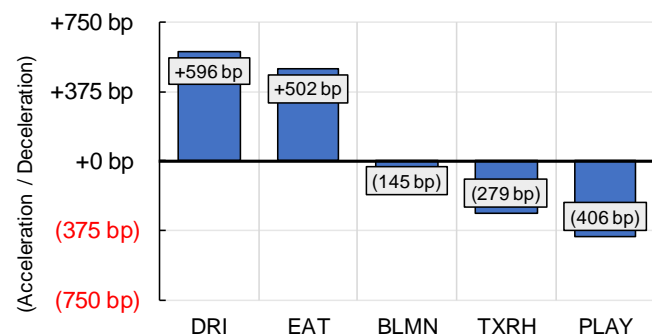
[Y-o-Y Traffic] 4Q23 QTD (till 10/14) | FSR



Source: Placer.ai, BMO Capital Markets.

Exhibit 14. Y-o-Y Traffic – Sequential Δ (4Q23 QTD vs Sep)

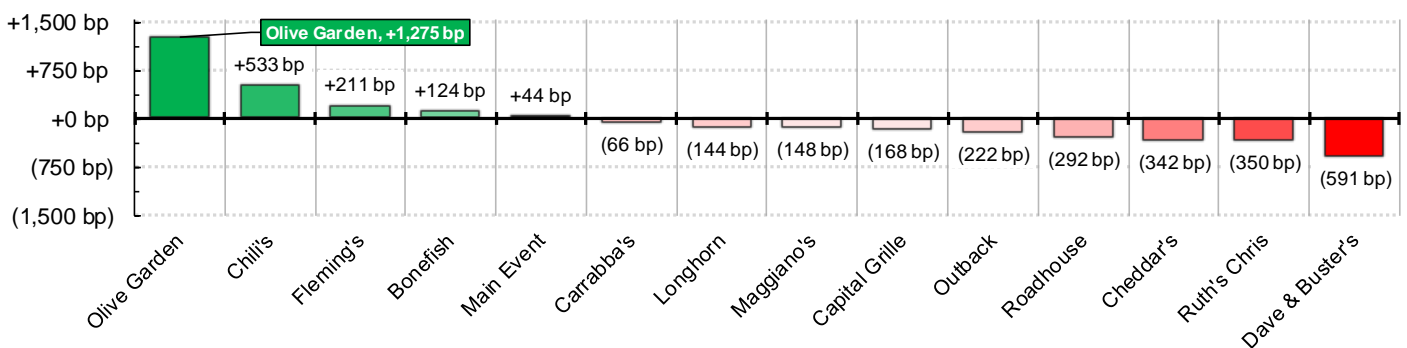
[Y-o-Y Traffic] Sequential Δ | 4Q23 QTD vs Sep



Source: Placer.ai, BMO Capital Markets.

Exhibit 15. Y-o-Y Traffic – Sequential Δ (4Q23 QTD vs Sep) by Brands

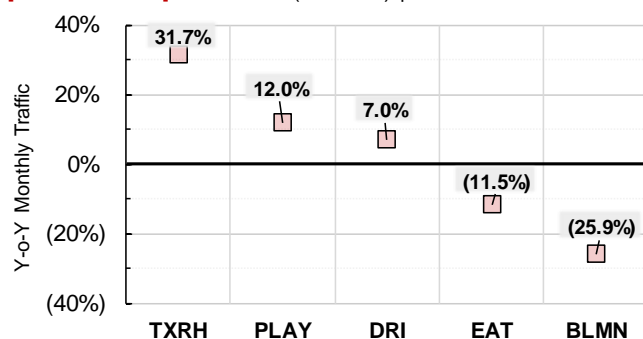
[Y-o-Y Traffic] 4Q23 QTD (till 10/14) vs Sep Δ | FSR Coverage Brands



Source: Placer.ai, BMO Capital Markets.

Exhibit 16. 4Q23 QTD (till 10/14) Traffic vs 2019

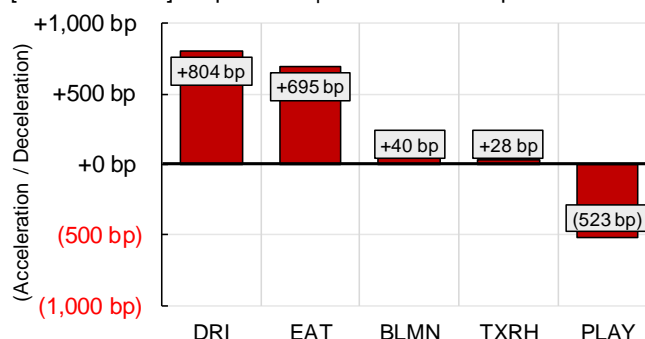
[Traffic vs 2019] 4Q23 QTD (till 10/14) | FSR



Source: Placer.ai, BMO Capital Markets.

Exhibit 17. Traffic vs 2019 - Sequential Δ (4Q23 QTD vs Sep)

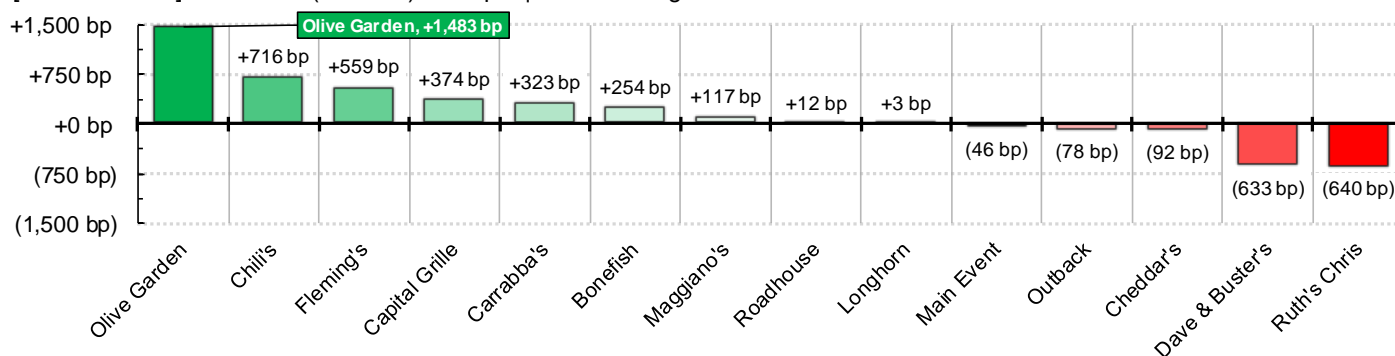
[Traffic vs 2019] Sequential Δ | 4Q23 QTD vs Sep



Source: Placer.ai, BMO Capital Markets.

Exhibit 18. Traffic vs 2019 - Sequential Δ (4Q23 QTD vs Sep) by Brands

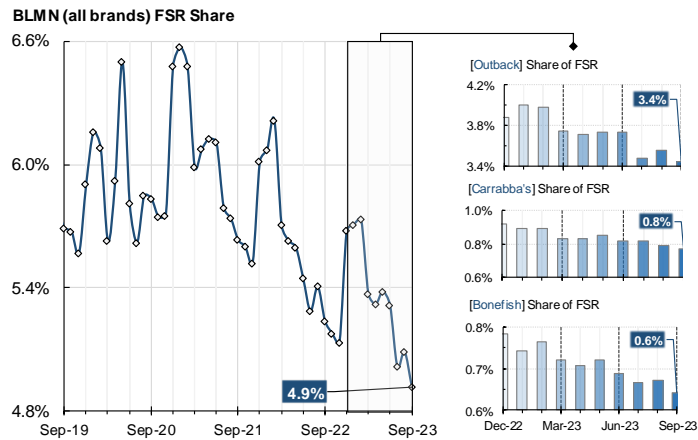
[Traffic vs 2019] 4Q23 QTD (till 10/14) vs Sep Δ | FSR Coverage Brands



Source: Placer.ai, BMO Capital Markets.

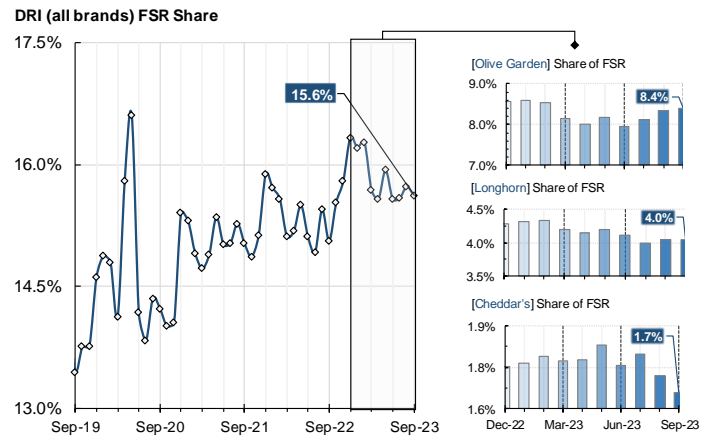
FSR Traffic Share Trends Across Our Coverage

Exhibit 19. BLMN Share Trends



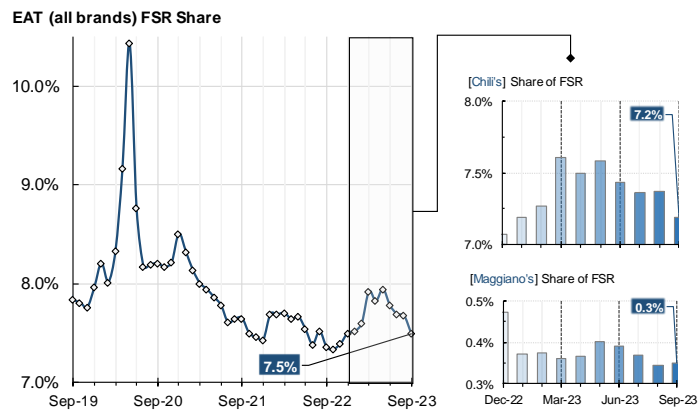
Source: Placer.ai, BMO Capital Markets.

Exhibit 20. DRI Share Trends



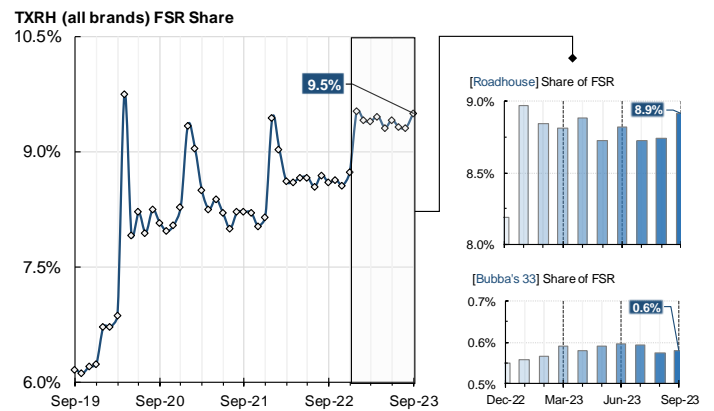
Source: Placer.ai, BMO Capital Markets.

Exhibit 21. EAT Share Trends



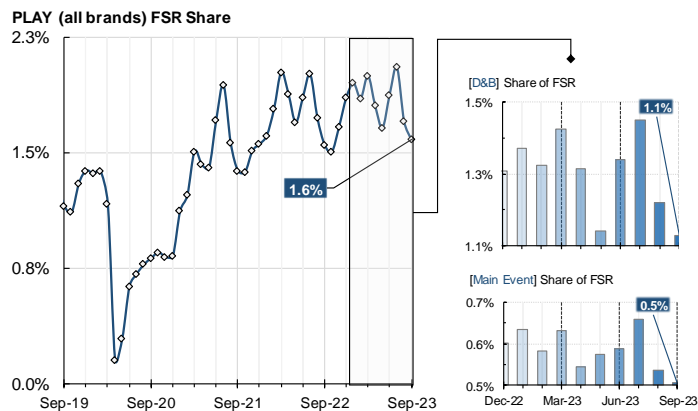
Source: Placer.ai, BMO Capital Markets.

Exhibit 22. TXRH Share Trends



Source: Placer.ai, BMO Capital Markets.

Exhibit 23. PLAY Share Trends



Source: Placer.ai, BMO Capital Markets.

Texas Roadhouse, Quarterly Income Statement

(\$ millions except per share data)	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	3Q23E	4Q23E	2023E
Restaurant revenue	981	1,018.1	987	1,003	3,989	1,168	1,164	1,120	1,120	4,571
Franchise royalties and fees	7	7	6	7	26	7	7	7	8	28
Total revenue	987	1,025	993	1,010	4,015	1,174	1,171	1,126	1,128	4,599
Cost of sales	337	347	342	352	1,378	411	401	385	392	1,589
Labor	322	333	330	335	1,320	386	391	381	375	1,534
Rent	16	17	17	17	67	18	18	18	19	73
Other operating	144	153	146	154	596	168	171	163	168	670
Total restaurant-level costs	820	849	835	857	3,361	982	982	948	953	3,865
Restaurant-level profit	161	169	152	146	628	186	183	172	167	707
Preopening	4	5	6	7	22	5	6	6	6	23
Depreciation and amortization	34	34	34	35	137	36	37	38	39	151
Impairment and closure	(1)	0	1	1	2	0	0	0	0	0
General and administrative	40	49	43	40	173	50	51	50	50	200
Operating profit	90	86	75	69	320	101	95	84	79	360
EBITDA	124	120	109	104	457	137	133	123	119	512
Interest expense	0	0	0	(1)	0	(1)	(1)	(1)	(1)	(4)
Equity income from unconsolidated affiliates	(0)	(1)	(0)	(0)	(1)	(1)	(0)	(1)	(0)	(2)
Pretax income	90	86	75	70	321	103	97	86	81	366
Income taxes	13	12	11	8	44	14	12	12	11	49
Noncontrolling interest	2	2	2	2	8	2	2	2	2	9
Net earnings	75	72	62	60	270	86	82	72	67	308
Non-recurring charges	0	0	0	0	0	0	0	0	0	0
Reported earnings	75	72	62	60	270	86	82	72	67	308
Average diluted shares outstanding	69	68	67	67	68	67	67	67	67	67
EPS	\$1.08	\$1.07	\$0.93	\$0.89	\$3.97	\$1.28	\$1.22	\$1.07	\$1.01	\$4.59
Non-recurring charges	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Reported EPS	\$1.08	\$1.07	\$0.93	\$0.89	\$3.97	\$1.28	\$1.22	\$1.07	\$1.01	\$4.59
Dividends per share	\$0.46	\$0.46	\$0.46	\$0.46	\$1.84	\$0.55	\$0.55	\$0.55	\$0.55	\$2.20

Source: Company data, BMO Capital Markets estimates.

Texas Roadhouse

Margins	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	3Q23E	4Q23E	2023E
Cost of sales	34.4%	34.1%	34.7%	35.1%	34.6%	35.2%	34.5%	34.4%	35.0%	34.8%
Labor	32.8%	32.7%	33.5%	33.4%	33.1%	33.0%	33.6%	34.1%	33.5%	33.6%
Rent	1.7%	1.6%	1.7%	1.7%	1.7%	1.5%	1.5%	1.6%	1.7%	1.6%
Other operating	14.7%	15.0%	14.8%	15.3%	14.9%	14.3%	14.7%	14.6%	15.0%	14.7%
Total restaurant-level costs	83.6%	83.4%	84.6%	85.5%	84.3%	84.1%	84.3%	84.7%	85.1%	84.5%
Restaurant-level profit	16.4%	16.6%	15.4%	14.5%	15.7%	15.9%	15.7%	15.3%	14.9%	15.5%
Preopening	0.4%	0.5%	0.6%	0.7%	0.5%	0.5%	0.5%	0.5%	0.6%	0.5%
Depreciation and amortization	3.4%	3.4%	3.4%	3.5%	3.4%	3.1%	3.2%	3.4%	3.5%	3.3%
Impairment and closure	-0.1%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
General and administrative	4.1%	4.8%	4.3%	4.0%	4.3%	4.2%	4.4%	4.4%	4.4%	4.4%
Operating profit	9.1%	8.4%	7.6%	6.8%	8.0%	8.6%	8.1%	7.5%	7.0%	7.8%
EBITDA	12.5%	11.7%	11.0%	10.3%	11.4%	11.7%	11.3%	10.9%	10.5%	11.1%
Interest expense	0.0%	0.0%	0.0%	-0.1%	0.0%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
Equity income from unconsolidated affiliates	0.0%	-0.1%	0.0%	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%
Pretax income	9.1%	8.4%	7.6%	6.9%	8.0%	8.8%	8.3%	7.6%	7.2%	8.0%
Tax rate	14.2%	13.4%	15.2%	11.5%	13.6%	13.9%	12.7%	13.7%	13.7%	13.5%
Net earnings	7.6%	7.1%	6.3%	5.9%	6.7%	7.4%	7.0%	6.4%	6.0%	6.7%

% Change	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	3Q23E	4Q23E	2023E
Restaurant revenue	23%	14%	14%	13%	16%	19%	14%	13%	12%	15%
Franchise royalties and fees	14%	3%	2%	4%	5%	4%	4%	6%	16%	8%
Total revenue	23%	14%	14%	13%	16%	19%	14%	13%	12%	15%
Cost of sales	34%	17%	15%	13%	19%	22%	16%	13%	11%	15%
Labor	25%	16%	15%	15%	18%	20%	18%	15%	12%	16%
Rent	13%	12%	11%	10%	11%	9%	8%	9%	9%	9%
Other operating	17%	12%	14%	17%	15%	16%	12%	12%	9%	12%
Total restaurant-level costs	27%	16%	15%	15%	18%	20%	16%	14%	11%	15%
Restaurant-level profit	9%	7%	12%	3%	8%	15%	8%	13%	15%	13%
Preopening	1%	-16%	-15%	-6%	-10%	25%	7%	1%	-6%	5%
Depreciation and amortization	9%	9%	7%	9%	8%	8%	9%	14%	11%	10%
Impairment and closure	NM	NM	NM	NM	118%	NM	NM	NM	-99%	-91%
General and administrative	10%	34%	4%	-5%	10%	24%	4%	16%	23%	16%
Operating profit	11%	-4%	22%	6%	8%	12%	11%	12%	15%	12%
EBITDA	11%	-1%	17%	7%	8%	11%	10%	13%	14%	12%
Interest expense	-73%	-59%	-86%	-221%	-97%	-412%	-352%	-1276%	28%	-3487%
Equity income from unconsolidated affiliates	NM	NM	NM	NM	-295%	NM	NM	163%	169%	61%
Pretax income	14%	-3%	23%	10%	10%	14%	12%	14%	16%	14%
Income taxes	-1%	4%	60%	-6%	10%	12%	6%	3%	38%	13%
Noncontrolling interest	-7%	-13%	2%	13%	-3%	4%	2%	28%	21%	13%
Net earnings	17%	-4%	18%	13%	10%	15%	14%	16%	13%	14%
Reported earnings	17%	-4%	18%	13%	10%	15%	14%	16%	13%	14%
Average diluted shares outstanding	-1%	-3%	-4%	-4%	-3%	-3%	-1%	0%	0%	-1%
EPS from continuing ops	19%	-1%	24%	17%	14%	18%	15%	16%	13%	16%
Reported EPS	19%	-1%	24%	17%	14%	18%	15%	16%	13%	16%

Source: Company data, BMO Capital Markets estimates.

Texas Roadhouse, Annual Income Statement

(\$ millions except per share data)	2017	2018	2019	2020	2021	2022	2023E	YoY % Δ	2024E	YoY % Δ
Restaurant revenue	2,203	2,437	2,734	2,380	3,439	3,989	4,571	15%	4,992	9%
Franchise royalties and fees	17	20	22	18	25	26	28	8%	32	13%
Total revenue	2,220	2,457	2,756	2,398	3,464	4,015	4,599	15%	5,024	9%
Cost of sales	722	795	883	781	1,157	1,378	1,589	15%	1,742	10%
Labor	688	793	906	876	1,123	1,320	1,534	16%	1,672	9%
Rent	45	49	53	54	60	67	73	9%	78	8%
Other operating	343	375	418	404	518	596	670	12%	724	8%
Total restaurant-level costs	1,797	2,013	2,260	2,115	2,857	3,361	3,865	15%	4,217	9%
Restaurant-level profit	406	424	474	266	582	628	707	13%	775	10%
Preopening	19	19	20	20	24	22	23	5%	23	-2%
Depreciation and amortization	93	101	116	118	127	137	151	10%	166	10%
Impairment and closure	1	0	(1)	2	1	2	0	-	0	-
General and administrative	108	136	149	120	157	173	200	16%	211	5%
Operating profit	201	188	212	24	297	320	360	12%	407	13%
EBITDA	295	289	328	142	424	457	512	12%	573	12%
Interest expense	2	1	(2)	4	4	0	(4)	-	(4)	-
Equity income from unconsolidated affiliates	(1)	(1)	(0)	1	1	(1)	(2)	-	(2)	-
Pretax income	201	189	214	19	293	321	366	14%	414	13%
Income taxes	54	24	32	(16)	40	44	49	13%	58	17%
Noncontrolling interest	6	6	7	4	8	8	9	13%	10	11%
Net earnings	141	158	174	31	245	270	308	14%	346	12%
Non-recurring charges	(9)	0	0	0	0	0	0	-	0	-
Reported earnings	132	158	174	31	245	270	308	14%	346	12%
Average diluted shares outstanding	72	72	71	70	70	68	67	-1%	67	-1%
EPS from continuing ops	\$1.97	\$2.20	\$2.46	\$0.45	\$3.50	\$3.97	\$4.59	16%	\$5.20	13%
Non-recurring charges	(\$0.13)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-	\$0.00	-
Reported EPS	\$1.84	\$2.20	\$2.46	\$0.45	\$3.50	\$3.97	\$4.59	16%	\$5.20	13%
Dividends per share	\$0.84	\$1.00	\$1.20	\$0.36	\$1.20	\$1.84	\$2.20	20%	\$2.42	10%

Source: Company data, BMO Capital Markets estimates.

Texas Roadhouse

Margins	2017	2018	2019	2020	2021	2022	2023E	2024E
Cost of sales	32.8%	32.6%	32.3%	32.8%	33.6%	34.6%	34.8%	34.9%
Labor	31.2%	32.6%	33.1%	36.8%	32.7%	33.1%	33.6%	33.5%
Rent	2.0%	2.0%	1.9%	2.3%	1.7%	1.7%	1.6%	1.6%
Other operating	15.6%	15.4%	15.3%	17.0%	15.1%	14.9%	14.7%	14.5%
Total restaurant-level costs	81.6%	82.6%	82.7%	88.8%	83.1%	84.3%	84.5%	84.5%
Restaurant-level profit	18.4%	17.4%	17.3%	11.2%	16.9%	15.7%	15.5%	15.5%
Preopening	0.9%	0.8%	0.7%	0.8%	0.7%	0.5%	0.5%	0.5%
Depreciation and amortization	4.2%	4.1%	4.2%	4.9%	3.7%	3.4%	3.3%	3.3%
Impairment and closure	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
General and administrative	4.9%	5.5%	5.4%	5.0%	4.5%	4.3%	4.4%	4.2%
Operating profit	9.1%	7.6%	7.7%	1.0%	8.6%	8.0%	7.8%	8.1%
EBITDA	13.3%	11.8%	11.9%	5.9%	12.2%	11.4%	11.2%	11.5%
Interest expense	0.1%	0.0%	-0.1%	0.2%	0.1%	0.0%	-0.1%	-0.1%
Equity income from unconsolidated affiliates	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Pretax income	9.1%	7.7%	7.8%	0.8%	8.5%	8.0%	8.0%	8.2%
Tax rate	27.0%	12.9%	15.1%	-81.4%	13.5%	13.6%	13.5%	14.0%
Net earnings	6.3%	6.4%	6.3%	1.3%	7.1%	6.7%	6.7%	6.9%

% Change	2017	2018	2019	2020	2021	2022	2023E	2024E
Restaurant revenue	12%	11%	12%	-13%	44%	16%	15%	9%
Franchise royalties and fees	0%	23%	8%	-18%	38%	5%	8%	13%
Total Revenue	11%	11%	12%	-13%	44%	16%	15%	9%
Cost of sales	8%	10%	11%	-12%	48%	19%	15%	10%
Labor	16%	15%	14%	-3%	28%	18%	16%	9%
Rent	10%	9%	8%	4%	10%	11%	9%	8%
Other operating	12%	10%	11%	-4%	28%	15%	12%	8%
Total restaurant-level costs	12%	12%	12%	-6%	35%	18%	15%	9%
Restaurant-level profit	10%	4%	12%	-44%	119%	8%	13%	10%
Preopening	-1%	-1%	6%	0%	21%	-10%	5%	-2%
Depreciation and amortization	13%	8%	14%	2%	8%	8%	10%	10%
Impairment and closure	265%	-57%	-	-	-	-	-	-
General and administrative	4%	26%	10%	-20%	32%	10%	16%	5%
Operating profit	13%	-7%	13%	-89%	1146%	8%	12%	13%
EBITDA	13%	-2%	13%	-57%	199%	8%	12%	12%
Interest expense	-	-	-	-	-	-	-	-
Equity income from unconsolidated affiliates	-	-	-	-	-	-	-	-
Pretax income	13%	-6%	13%	-91%	1421%	10%	14%	13%
Income taxes	1%	-55%	34%	-148%	-353%	10%	13%	17%
Noncontrolling interest	21%	1%	-	-	-	-	-	-
Net earnings	17%	12%	10%	-82%	685%	10%	14%	12%
Reported earnings	14%	20%	10%	-82%	685%	10%	14%	12%
Average diluted shares outstanding	1%	1%	-1%	-1%	0%	-3%	-1%	-1%
EPS from continuing ops	17%	12%	12%	-82%	683%	14%	16%	13%
Reported EPS	13%	20%	12%	-82%	683%	14%	16%	13%

Source: Company data, BMO Capital Markets estimates.

Texas Roadhouse, Balance Sheet

(\$ millions except per share data)	2018	2019	2020	2021	2022	1Q23	2Q23	2023E	2024E
Assets									
Cash	210	108	363	336	174	156	107	113	122
Accounts receivable	92	99	98	161	150	42	61	141	154
Inventories	19	20	22	32	38	37	38	38	41
Prepaid income taxes	8	2	5	11	5	0	1	5	5
Prepaid expenses	16	18	22	24	30	34	26	30	30
Deferred tax assets	0	0	0	0	0	0	0	0	0
Total current assets	345	248	511	564	397	269	233	325	352
PP&E, net	957	1,057	1,089	1,162	1,270	1,311	1,360	1,419	1,519
Operating lease right-of-use asset	0	500	531	578	630	643	663	655	680
Goodwill	123	125	127	127	149	170	170	149	149
Intangible assets	2	1	2	2	6	6	5	6	6
Fair value of derivative financial instruments	0	0	0	0	0	0	0	0	0
Other assets	42	53	66	79	74	76	84	84	94
Total assets	1,469	1,984	2,325	2,512	2,526	2,475	2,515	2,638	2,799
Liabilities									
Current portion of long-term debt	0	0	50	0	0	0	0	0	0
Current portion of operating lease liabilities	0	17	19	22	25	26	27	25	25
Accounts payable	62	62	67	95	106	114	121	102	112
Deferred revenue - gift cards	192	209	233	301	335	241	226	310	285
Accrued wages	34	40	52	65	55	66	67	65	75
Income tax payable	0	0	3	0	0	6	2	0	0
Accrued taxes and licenses	25	30	25	33	35	38	41	30	25
Dividends payable	18	0	0	0	0	0	0	0	0
Other accrued liabilities	54	59	58	86	95	97	88	100	105
Total current liabilities	385	417	506	602	652	588	572	634	628
Long-term debt	2	0	190	100	50	0	0	50	50
Operating lease liabilities, net of current portion	0	539	572	623	678	692	713	708	738
Stock option and other deposits	8	8	7	8	8	8	9	8	8
Deferred rent	48	0	0	0	0	0	0	0	0
Deferred tax liabilities	17	23	3	12	21	24	22	21	21
Fair value of derivative financial instruments	0	0	0	0	0	0	0	0	0
Other liabilities	48	66	103	94	89	92	101	104	134
Total liabilities	509	1,052	1,382	1,438	1,498	1,404	1,417	1,525	1,579
Noncontrolling interest	15	15	16	15	15	15	15	15	15
Treasury stock	0	0	0	0	0	0	0	0	0
Common stock	0	0	0	0	0	0	0	0	0
Additional paid-in capital	257	141	146	115	13	6	0	23	33
Retained earnings	688	776	782	944	999	1,049	1,083	1,060	1,157
Accumulated other comprehensive loss	(0)	(0)	(0)	0	0	0	0	0	0
Shareholders' equity	946	916	928	1,058	1,013	1,071	1,098	1,098	1,205
Total liabilities & equity	1,469	1,984	2,325	2,512	2,526	2,475	2,515	2,623	2,784

Source: Company data, BMO Capital Markets estimates.

Texas Roadhouse

Capital Structure	2018	2019	2020	2021	2022	1Q23	2Q23	2023E	2024E
Short-term debt	0	0	50	0	0	0	0	0	0
Long-term debt	2	0	190	100	50	0	0	50	50
Total debt	2	0	240	100	50	0	0	50	50
Net debt	-208	-108	-123	-236	-124	-156	-107	-63	-72
Deferred income taxes	17	23	3	12	21	24	22	21	21
Shareholders equity	946	916	928	1,058	1,013	1,071	1,098	1,098	1,205
Total capitalization	965	939	1,170	1,170	1,084	1,094	1,121	1,169	1,276
Book value per share	\$13.14	\$12.92	\$13.27	\$15.09	\$14.91	\$15.91	\$16.17	\$16.35	\$18.12
Total assets	1,469	1,984	2,325	2,512	2,526	2,475	2,515	2,638	2,799
Goodwill	123	125	127	127	149	170	170	149	149
Net assets	1,346	1,859	2,198	2,385	2,377	2,305	2,345	2,489	2,650
PP&E as a % of net assets	71.1%	56.8%	49.5%	48.7%	53.4%	56.9%	58.0%	57.0%	57.3%

Internal liquidity ratios	2018	2019	2020	2021	2022	1Q23	2Q23	2023E	2024E
Current	0.9	0.6	1.0	0.9	0.6	0.5	0.4	0.5	0.6
Inventory turnover days (YTD)	3.4	3.2	3.8	4.0	3.5	3.9	1.6	3.5	3.5
Plus A/R turnover days (YTD)	13.5	13.0	14.8	16.8	11.0	3.7	2.2	11.0	11.0
= Operating cycle days	16.9	16.2	18.6	20.8	14.5	7.6	3.8	14.5	14.5
Less A/P turnover days (YTD)	11.1	9.8	11.4	12.0	8.0	12.0	5.1	8.0	8.0
Cash cycle	5.8	6.4	7.2	8.8	6.5	-4.4	-1.4	6.5	6.5
Note: YTD Sales	2,457	2,756	2,398	3,464	4,015	1,010	5,024	4,599	5,024
Note: YTD COGS	2,013	2,260	2,115	2,857	3,361	857	4,218	3,865	4,217
Note: Number of Days	360	360	360	360	360	90	180	360	360

Source: Company data, BMO Capital Markets estimates.

Texas Roadhouse, Cash Flow Statement

(\$ millions except per share data)	2018	2019	2020	2021	2022	2023E	2024E
Net earnings	164	182	35	253	278	317	356
Depreciation and amortization	101	116	118	127	136	151	166
Deferred income taxes	12	6	(20)	9	9	9	9
Loss on disposition of assets	6	6	3	3	3	3	3
Gain on sale of other concept	0	0	0	0	0	0	0
Impairment and closure costs	0	(1)	2	1	1	1	1
Income from investments in affiliates	(1)	(0)	1	1	1	1	1
Distributions of income from unconsolidated affiliates	1	2	0	1	1	1	1
Provision for doubtful accounts	(0)	(0)	(0)	0	0	0	0
Share-based compensation	34	36	29	38	38	38	38
Changes in working capital:							
Accounts receivable	(16)	(6)	1	(62)	11	10	(13)
Inventories	(2)	(1)	(2)	(9)	(6)	0	(3)
Prepaid expenses and other current assets	(3)	(2)	(2)	(2)	(5)	0	0
Other assets	(3)	(13)	(13)	(14)	6	0	0
Accounts payable	9	0	0	28	10	(3)	9
Deferred revenue - gift cards	36	17	23	68	35	(25)	(25)
Accrued wages	4	6	12	13	(10)	10	10
Excess tax benefits from share-based compensation	0	0	0	0	(0)	0	0
Prepaid income taxes and income taxes payable	(9)	6	0	(9)	0	0	0
Accrued taxes and licenses	3	6	(6)	9	2	(5)	(5)
Other accrued liabilities	8	(4)	4	20	9	5	5
Deferred rent	6	0	0	0	0	0	0
Other liabilities	4	21	43	(4)	0	0	0
Net change in working cap	36	29	62	36	51	(8)	(22)
Cash flow from operations	353	374	230	469	517	513	552
Capital expenditures	(156)	(214)	(154)	(201)	(230)	(300)	(265)
Free cash flow	197	160	76	268	287	213	287
Dividends	(69)	(102)	(25)	(84)	(125)	(148)	(161)
<i>Note: Payout ratio</i>	<i>43.3%</i>	<i>58.7%</i>	<i>80.0%</i>	<i>34.1%</i>	<i>46.3%</i>	<i>47.9%</i>	<i>46.5%</i>
Proceeds from divestitures	0	1	0	0	0	0	0
Acquisitions, net of cash acquired	(2)	(2)	0	0	0	0	0
Share repurchases	0	(140)	(13)	(18)	0	0	0
Available for debt paydown	126	(83)	38	167	162	65	126

Source: Company data, BMO Capital Markets estimates

Texas Roadhouse

Cash flow efficiency	2018	2019	2020	2021	2022	2023E	2024E
Cash flow from ops. as % of sales	14.4%	13.6%	9.6%	13.5%	12.9%	11.1%	11.0%
Cash flow from ops. as % of net income	214.8%	206.2%	659.8%	185.1%	186.4%	161.8%	155.3%
Net free cash flow as % of sales	8.0%	5.8%	3.2%	7.7%	7.2%	4.6%	5.7%
Net free cash flow as % of net income	119.8%	88.1%	217.7%	105.9%	103.5%	67.1%	80.8%
Capex/Sales	6.3%	7.8%	6.4%	5.8%	5.7%	6.5%	5.3%
Capex/Depreciation and amortization	1.5	1.9	1.3	1.6	1.7	2.0	1.6

Financial Risk Ratios	2018	2019	2020	2021	2022	2023E	2024E
Debt/Capital	0.2%	0.0%	20.5%	8.5%	4.6%	4.3%	3.9%
Net Debt/ Capital	-21.6%	-11.5%	-10.5%	-20.1%	-11.4%	-5.4%	-5.7%
EBITDA/ Interest	489.0	(216.4)	34.6	115.7	3,689.0	(121.8)	(136.5)
Cash flow from ops. as % of debt	-	-	-	-	-	-	-
Cash flow from ops. to interest	597.1	(247.2)	56.3	128.0	4,172.2	(122.1)	(131.5)
Net free cash flow as % of debt	9461.2%	-	-	-	574.7%	425.6%	574.6%
Net free cash flow to interest	333.1	(105.7)	18.6	73.2	2,317.4	(50.7)	(68.4)

Source: Company data, BMO Capital Markets estimates

Bloomin' Brands, Quarterly Income Statement

(\$ millions except per share data)	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	3Q23E	4Q23E	2023E
Restaurant revenue	1,124	1,109	1,040	1,080	4,353	1,228	1,137	1,056	1,198	4,620
Other revenues	17	16	15	15	64	17	15	15	16	63
Total revenue	1,141	1,125	1,056	1,095	4,417	1,245	1,153	1,071	1,214	4,683
Cost of sales	359	364	333	327	1,384	384	351	326	370	1,432
Labor and other related	313	309	303	302	1,226	342	326	314	337	1,318
Other restaurant operating costs	259	264	268	269	1,060	283	273	261	296	1,113
Total restaurant-level costs	931	937	904	898	3,670	1,009	950	901	1,004	3,864
Restaurant-level profit	193	172	136	182	683	220	187	155	194	756
Depreciation and amortization	42	41	42	44	170	46	48	49	51	194
General and administrative	59	59	56	61	235	66	63	62	63	254
Provisions for impaired assets and closings	2	0	2	2	6	3	2	2	2	9
Income from unconsolidated affiliates	0	0	0	0	0	0	0	0	0	0
Operating profit	107	88	51	90	336	121	89	57	94	361
EBITDA	149	129	93	134	506	167	137	106	145	555
Other expense	0	0	0	0	0	0	0	0	0	0
Interest expense	14	13	13	14	53	12	13	14	14	53
Pretax income	94	75	39	76	283	108	76	43	81	308
Income taxes	16	10	6	11	43	15	6	6	11	39
Income attributable to noncontrolling interest & other	2	2	1	2	7	2	2	2	2	7
Net earnings	76	63	32	62	233	91	68	35	68	263
Non-recurring charges	0	(127)	0	-4	(131)	0	0	0	0	0
Reported earnings	76	(64)	32	58	102	91	68	35	68	263
Average diluted shares outstanding	95	93	91	91	92	93	92	92	91	92
EPS	\$0.80	\$0.68	\$0.35	\$0.68	\$2.52	\$0.98	\$0.74	\$0.39	\$0.74	\$2.85
Non-recurring charges	\$0.00	(\$1.36)	\$0.00	(\$0.05)	(\$1.42)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Reported EPS	\$0.73	(\$0.72)	\$0.34	\$0.61	\$1.03	\$0.93	\$0.70	\$0.39	\$0.74	\$2.85
Dividends per share	\$0.14	\$0.14	\$0.14	\$0.14	\$0.56	\$0.24	\$0.24	\$0.24	\$0.24	\$0.96

Source: Company data, BMO Capital Markets estimates.

Bloomin' Brands

Margins	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	3Q23E	4Q23E	2023E
Cost of sales	32.0%	32.9%	32.0%	30.3%	31.8%	31.3%	30.9%	30.9%	30.9%	31.0%
Labor and other related	27.8%	27.8%	29.1%	28.0%	28.2%	27.8%	28.7%	29.7%	28.2%	28.5%
Other restaurant operating costs	23.1%	23.8%	25.8%	24.9%	24.3%	23.0%	24.0%	24.7%	24.7%	24.1%
Total restaurant-level costs	82.9%	84.5%	86.9%	83.2%	84.3%	82.1%	83.6%	85.3%	83.8%	83.6%
Restaurant-level profit	17.1%	15.5%	13.1%	16.8%	15.7%	17.9%	16.4%	14.7%	16.2%	16.4%
Depreciation and amortization	3.7%	3.7%	4.0%	4.1%	3.8%	3.7%	4.1%	4.6%	4.2%	4.1%
General and administrative	5.1%	5.3%	5.3%	5.5%	5.3%	5.3%	5.5%	5.8%	5.2%	5.4%
Operating profit	9.4%	7.8%	4.9%	8.2%	7.6%	9.7%	7.8%	5.3%	7.8%	7.7%
EBITDA	13.1%	11.5%	8.9%	12.3%	11.5%	13.4%	11.9%	9.9%	12.0%	11.9%
Other expense	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest expense, net	1.2%	1.1%	1.2%	1.3%	1.2%	1.0%	1.1%	1.3%	1.1%	1.1%
Pretax income	8.2%	6.7%	3.7%	6.9%	6.4%	8.7%	6.6%	4.0%	6.6%	6.6%
Tax rate	17.0%	13.6%	14.4%	14.9%	15.2%	13.6%	8.5%	14.0%	14.0%	12.5%
Net earnings	6.6%	5.6%	3.0%	5.7%	5.3%	7.3%	5.9%	3.3%	5.6%	5.6%

% Change	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	3Q23E	4Q23E	2023E
Restaurant revenue	14.7%	5.1%	4.4%	4.9%	7.2%	9.3%	2.6%	1.5%	10.9%	6.1%
Other revenues	111%	3%	(9%)	(12%)	10%	(3%)	(5%)	(5%)	5%	(2%)
Total revenue	16%	5%	4%	5%	7%	9%	2%	1%	11%	6%
Cost of sales	23%	17%	9%	2%	13%	7%	(4%)	(2%)	13%	4%
Labor and other related	14%	5%	4%	2%	6%	9%	6%	3%	12%	8%
Other restaurant operating costs	13%	13%	14%	10%	13%	9%	4%	(3%)	10%	5%
Total restaurant-level costs	17%	11%	9%	4%	10%	8%	1%	(0%)	12%	5%
Restaurant-level profit	5%	(20%)	(18%)	7%	(7%)	14%	9%	14%	7%	11%
Depreciation and amortization	1%	2%	3%	9%	4%	11%	15%	16%	15%	14%
General and administrative	2%	(11%)	(5%)	1%	(3%)	12%	7%	11%	4%	8%
Provisions for impaired assets and closings	-	-	-	-	(57%)	-	-	-	-	51%
Income from unconsolidated affiliates	-	-	-	-	-	-	-	-	-	-
Operating profit	18%	(26%)	(38%)	11%	(10%)	12%	2%	11%	5%	7%
EBITDA	13%	(19%)	(24%)	10%	(6%)	12%	6%	13%	8%	10%
Other expense	-	-	-	-	-	-	-	-	-	-
Interest expense	(7%)	(16%)	(11%)	4%	(8%)	(9%)	3%	6%	(4%)	(1%)
Pretax income	23%	(27%)	(44%)	12%	(10%)	16%	2%	12%	6%	9%
Income taxes	142%	(52%)	(51%)	38%	(10%)	(7%)	(36%)	8%	0%	(10%)
Income attributable to noncontrolling interest	-	-	-	-	(1%)	-	-	-	-	0%
Net earnings	10%	(21%)	(42%)	10%	(11%)	21%	8%	11%	8%	13%
Reported earnings	7%	(177%)	827%	(4%)	(53%)	21%	(207%)	11%	16%	158%
Average diluted shares outstanding	(1%)	(6%)	(6%)	(4%)	(4%)	(2%)	(0%)	1%	0%	(0%)
EPS from continuing ops	10%	(16%)	(38%)	14%	(7%)	23%	9%	10%	8%	13%
Reported EPS	15%	(195%)	955%	3%	(48%)	28%	(198%)	14%	21%	175%

Source: Company data, BMO Capital Markets estimates.

Bloomin' Brands, Annual Income Statement

(\$ millions except per share data)	2018	2019	2020	2021	2022	2023E	% Δ	2024E	% Δ
Restaurant revenue	4,061	4,075	3,145	4,061	4,353	4,620	6%	4,628	0%
Other revenues	66	64	26	58	64	63	(2%)	62	(1%)
Total revenue	4,126	4,139	3,171	4,119	4,417	4,682	6%	4,690	0%
Cost of sales	1,296	1,281	972	1,230	1,384	1,432	4%	1,444	1%
Labor and other related	1,197	1,207	1,005	1,155	1,226	1,318	8%	1,326	1%
Other restaurant operating costs	971	988	846	942	1,060	1,113	5%	1,113	(0%)
Total restaurant-level costs	3,464	3,475	2,823	3,326	3,670	3,864	5%	3,883	0%
Restaurant-level profit	597	600	322	735	683	756	11%	745	(1%)
Depreciation and amortization	196	194	180	163	170	194	14%	205	6%
General and administrative	276	267	219	243	235	254	8%	253	(0%)
Provisions for impaired assets and closings	2	3	(0)	14	6	9	-	5	-
Income from unconsolidated affiliates	0	0	0	0	0	0	-	0	-
Operating profit	188	200	(51)	373	336	361	7%	344	(5%)
EBITDA	384	395	129	537	506	555	10%	549	(1%)
Other expense	0	0	0	(0)	0	0	-	0	-
Interest expense	45	49	58	58	53	53	(1%)	50	(6%)
Pretax income	143	151	(109)	316	283	308	9%	294	(5%)
Income taxes	(0)	9	(48)	48	43	39	(10%)	41	7%
Income attributable to noncontrolling interest	2	4	(0)	7	7	7	0%	7	0%
Net earnings	141	139	(61)	261	233	263	13%	246	(6%)
Non-recurring charges	(34)	(8)	(101)	(45)	(131)	0	-	0	-
Reported earnings	107	131	(162)	216	102	263	158%	246	(6%)
Average diluted shares outstanding	94	90	87	96	92	92	(0%)	90	(3%)
EPS from continuing ops	\$1.50	\$1.54	(\$0.69)	\$2.70	\$2.52	\$2.85	13%	\$2.74	(4%)
Non-recurring charges	(\$0.36)	(\$0.09)	(\$1.16)	(\$0.47)	(\$1.42)	\$0.00	-	\$0.00	-
Reported EPS	\$1.14	\$1.45	(\$1.85)	\$2.00	\$1.03	\$2.85	175%	\$2.74	(4%)
Dividends per share	\$0.36	\$0.40	\$0.20	\$0.00	\$0.56	\$0.96	71%	\$1.10	15%

Source: Company data, BMO Capital Markets estimates.

Bloomin' Brands

Margins	2018	2019	2020	2021	2022	2023E	2024E
Cost of sales	31.9%	31.4%	30.9%	30.3%	31.8%	31.0%	31.2%
Labor	29.5%	29.6%	32.0%	28.4%	28.2%	28.5%	28.7%
Other restaurant operating costs	23.9%	24.2%	26.9%	23.2%	24.3%	24.1%	24.1%
Total restaurant-level costs	85.3%	85.3%	89.8%	81.9%	84.3%	83.6%	83.9%
Restaurant-level profit	14.7%	14.7%	10.2%	18.1%	15.7%	16.4%	16.1%
Depreciation and amortization	4.8%	4.7%	5.7%	4.0%	3.8%	4.1%	4.4%
General and administrative	6.7%	6.4%	6.9%	5.9%	5.3%	5.4%	5.4%
Provisions for impaired assets and closings	0.1%	0.1%	0.0%	0.3%	0.1%	0.2%	0.1%
Income from unconsolidated affiliates	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating profit	4.6%	4.8%	-1.6%	9.1%	7.6%	7.7%	7.3%
EBITDA	9.3%	9.5%	4.1%	13.0%	11.5%	12.0%	11.9%
Other expense	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest expense	1.1%	1.2%	1.8%	1.4%	1.2%	1.1%	1.1%
Pretax income	3.5%	3.6%	-3.4%	7.7%	6.4%	6.6%	6.3%
Tax rate	-0.2%	5.9%	44.2%	15.1%	15.2%	12.5%	14.0%
Net earnings	3.4%	3.3%	-1.9%	6.3%	5.3%	5.6%	5.2%

% Change	2018	2019	2020	2021	2022	2023E	2024E
Restaurant revenue	(4%)	0%	(23%)	29%	7%	6%	0%
Other revenues	569%	(2%)	(60%)	124%	10%	(2%)	(1%)
Total Revenue	(2%)	0%	(23%)	30%	7%	6%	0%
Cost of sales	(2%)	(1%)	(24%)	27%	13%	4%	1%
Labor	(2%)	1%	(17%)	15%	6%	8%	1%
Other restaurant operating costs	(3%)	2%	(14%)	11%	13%	5%	(0%)
Total restaurant-level costs	(2%)	0%	(19%)	18%	10%	5%	0%
Restaurant-level profit	(12%)	0%	(46%)	128%	(7%)	11%	(1%)
Depreciation and amortization	6%	(1%)	(7%)	(9%)	4%	14%	6%
General and administrative	(5%)	(3%)	(18%)	11%	(3%)	8%	(0%)
Provisions for impaired assets and closings	(2%)	20%	-	-	-	-	-
Income from unconsolidated affiliates	-	-	-	-	-	-	-
Operating profit	(9%)	7%	(125%)	-	-	7%	(5%)
EBITDA	(2%)	3%	(67%)	316%	(6%)	10%	(1%)
Other expense	-	1200%	(26%)	(125%)	(188%)	-	-
Interest expense	9%	10%	18%	(1%)	(8%)	(1%)	(6%)
Pretax income	(14%)	6%	-	-	-	9%	(5%)
Income taxes	-	-	-	-	-	(10%)	7%
Income attributable to noncontrolling interest	5%	45%	-	-	-	0%	0%
Net earnings	7%	(2%)	-	-	-	13%	(6%)
Reported earnings	6%	22%	-	-	-	158%	(6%)
Average diluted shares outstanding	(6%)	(5%)	(3%)	10%	(4%)	(0%)	(3%)
EPS from continuing ops	14%	3%	-	-	-	13%	(4%)
Reported EPS	12%	28%	-	-	-	175%	(4%)

Source: Company data, BMO Capital Markets estimates.

Bloomin' Brands, Balance Sheet

(\$ millions except per share data)	2018	2019	2020	2021	2022	1Q23	2Q23	2023E	2024E
Assets									
Cash	72	67	110	88	85	94	89	59	30
Current portion of restricted cash and equivalents	0	0	0	1	0	0	0	0	0
Inventories	73	87	62	79	78	68	62	75	86
Deferred income tax assets	0	0	0	0	0	0	0	0	0
Other current assets	191	186	152	185	184	86	97	189	194
Total current assets	335	340	324	353	347	248	248	323	310
Restricted cash	0	0	0	0	0	0	0	0	0
PP&E, net	1,116	1,036	888	842	914	936	976	935	970
Investments in and advances to affiliates	0	0	0	0	0	0	0	0	0
Operating leases right-of-use assets	0	1,267	1,173	1,131	1,103	1,092	1,089	1,068	1,033
Goodwill	295	288	271	268	273	273	275	288	303
Intangible assets	504	471	460	453	448	447	446	438	428
Deferred income tax assets	93	73	154	168	153	151	152	128	103
Other assets	121	117	93	79	82	85	87	74	66
Total assets	2,465	3,593	3,362	3,294	3,320	3,232	3,273	3,255	3,214
Liabilities									
Accounts payable	174	175	141	168	184	196	202	169	156
Accrued and other current liabilities	247	391	388	407	399	399	397	369	339
Current partner deposits and accrued partner obligations	0	0	0	0	0	0	0	0	0
Unearned revenue	343	369	382	399	394	323	313	439	489
Current portion of guaranteed debt	0	0	0	0	0	0	0	0	0
Current portion LTD	27	26	39	11	2	2	0	2	2
Total current liabilities	791	962	950	985	979	920	912	979	986
Partner deposits and accrued partner obligations	0	0	0	0	0	0	0	0	0
Non-current operating lease liabilities	0	1,279	1,218	1,179	1,149	1,137	1,132	1,129	1,109
Deferred rent	167	0	0	0	0	0	0	0	0
Deferred tax liabilities, net	15	14	0	0	0	0	0	0	0
Long term debt	1,068	1,022	998	782	832	766	764	767	737
Guaranteed debt	0	0	0	0	0	0	0	0	0
Other long-term liabilities	370	138	185	125	87	86	94	87	87
Total liabilities	2,410	3,415	3,351	3,071	3,047	2,909	2,901	2,962	2,919
Redeemable noncontrolling interest	0	0	0	0	0	0	0	0	0
Noncontrolling interest	9	7	7	6	3	3	3	3	3
Common stock	1	1	1	1	1	1	1	1	1
Additional paid-in capital	1,108	1,094	1,133	1,120	1,162	1,141	1,133	1,192	1,222
Accumulated deficit	(920)	(755)	(918)	(698)	(706)	(635)	(583)	(732)	(785)
Accumulated other comprehensive loss	(143)	(170)	(211)	(206)	(185)	(186)	(182)	(170)	(145)
Shareholders' equity	55	177	11	223	274	323	372	293	295
Total liabilities & equity	2,465	3,593	3,362	3,294	3,320	3,232	3,273	3,255	3,214

Source: Company data, BMO Capital Markets estimates.

Bloomin' Brands

Capital Structure	2018	2019	2020	2021	2022	1Q23	2Q23	2023E	2024E
Short-term debt	27	26	39	11	2	2	0	2	2
Long-term debt	1,068	1,022	998	782	832	766	764	767	737
Total debt	1,095	1,049	1,036	793	833	768	764	768	738
Net debt	1,023	982	927	705	749	674	675	709	708
Deferred income taxes	(78)	(60)	(154)	(168)	(153)	(151)	(152)	(128)	(103)
Shareholders equity	55	177	11	223	274	323	372	293	295
Total capitalization	1,071	1,167	894	848	954	939	983	933	930
Book value per share	\$0.58	\$1.98	\$0.13	\$2.31	\$2.96	\$3.49	\$3.99	\$3.18	\$3.29
Total assets	2,465	3,593	3,362	3,294	3,320	3,232	3,273	3,255	3,214
Goodwill	295	288	271	268	273	273	275	288	303
Net assets	2,169	3,304	3,091	3,026	3,047	2,959	2,999	2,967	2,911
PP&E as a % of net assets	51.4%	31.4%	28.7%	27.8%	30.0%	31.6%	32.5%	31.5%	33.3%

Internal liquidity ratios	2018	2019	2020	2021	2022	1Q23	2Q23	2023E	2024E
Quick	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Current	0.4	0.4	0.3	0.4	0.4	0.3	0.3	0.3	0.3
Inventory turnover days (YTD)	7.6	9.0	7.9	8.6	6.0	1.7	2.4	7.0	8.0
Plus A/R turnover days (YTD)	0.0	0.0	0.0	0.0	0.0	1.0	1.0	0.0	0.0
= Operating cycle days	7.6	9.0	7.9	8.6	6.0	2.7	3.4	7.0	8.0
Less A/P turnover days (YTD)	18.1	18.1	18.0	18.2	13.0	4.8	7.8	13.0	12.0
Cash cycle	(10.6)	(9.1)	(10.1)	(9.6)	(7.0)	(2.1)	(4.4)	(6.0)	(4.0)
Note: YTD Sales	4,126	4,139	3,171	4,119	4,417	4,417	5,661	4,682	4,690
Note: YTD COGS	3,464	3,475	2,823	3,326	3,670	3,670	4,679	3,864	3,883
Note: Number of Days	360	360	360	360	360	90	180	360	360

Source: Company data, BMO Capital Markets estimates.

Bloomin' Brands, Cash Flow Statement

(\$ millions except per share data)	2018	2019	2020	2021	2022	2023E	2024E
Net earnings	110	134	(159)	223	109	263	246
Depreciation and amortization	202	197	180	163	170	194	205
Amortization of deferred financing fees	3	3	10	4	4	4	4
Amortization of capitalized gift card sales commissions	27	26	21	26	24	24	24
Goodwill impairment	0	0	0	0	0	0	0
Provision for impaired assets and restaurant closings	37	9	76	14	6	6	6
Non-cash operating lease costs	0	73	74	78	83	83	83
Accretion on debt discounts	0	0	0	0	0	0	0
Stock-based and other non-cash compensation	27	25	15	24	17	17	17
Income from operations of unconsolidated affiliates	0	0	0	0	0	0	0
Deferred income tax benefit	(29)	(26)	(88)	(3)	14	14	14
Loss on disposal of PP&E	0	0	0	0	0	0	0
Gain on life insurance and restricted cash investments	0	0	0	0	0	0	0
Loss on extinguishment and modification of debt	0	0	0	2	108	108	108
Gain on remeasurement of equity method investment	0	0	0	0	0	0	0
Loss on disposal of business	0	0	0	0	0	0	0
Recovery of note receivable from affiliated entity	0	0	0	0	0	0	0
Recognition of deferred gain on sale-leaseback transaction	(12)	0	0	0	0	0	0
Excess tax benefits from stock-based compensation	0	0	0	0	0	0	0
Other	4	(13)	13	7	32	32	32
Changes in working capital:							
Net change in working cap	(80)	(110)	(5)	(135)	(175)	(8)	(15)
Cash flow from operations	288	318	139	405	391	735	722
Capital expenditures	(208)	(162)	(88)	(123)	(220)	(250)	(250)
Free cash flow	80	156	51	282	171	486	472
Dividends	(33)	(36)	(17)	0	(52)	(89)	(99)
Note: Payout ratio	23.6%	25.8%	-28.8%	0.0%	22.2%	33.7%	40.3%
Proceeds from divestitures	30	25	2	9	(16)	(16)	(16)
Acquisitions, net of cash acquired	0	0	0	0	0	0	0
Share repurchases	(114)	(107)	0	0	(100)	(100)	(100)
Available for debt paydown	(37)	38	36	291	4	281	258

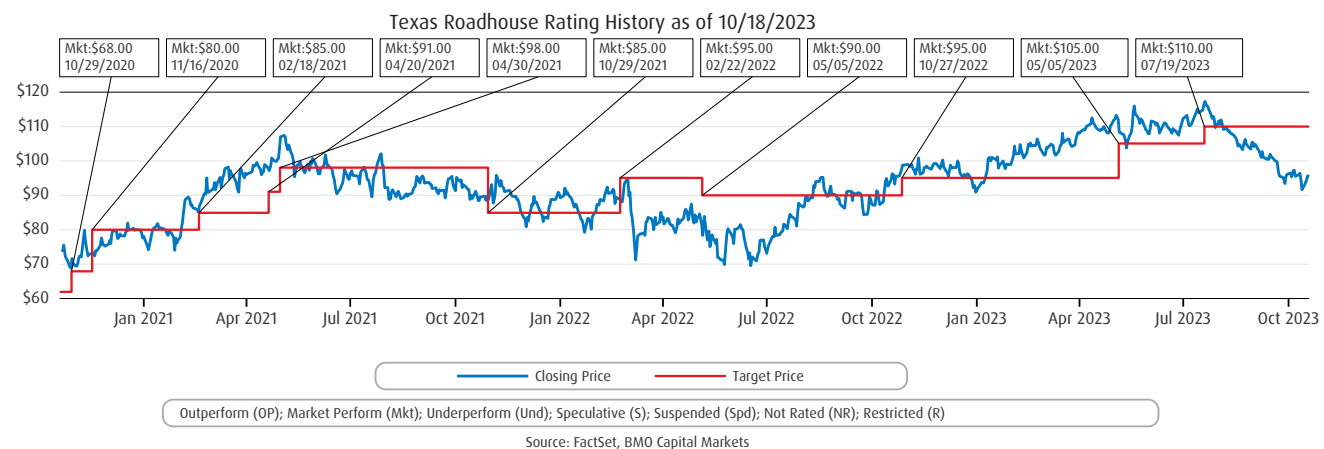
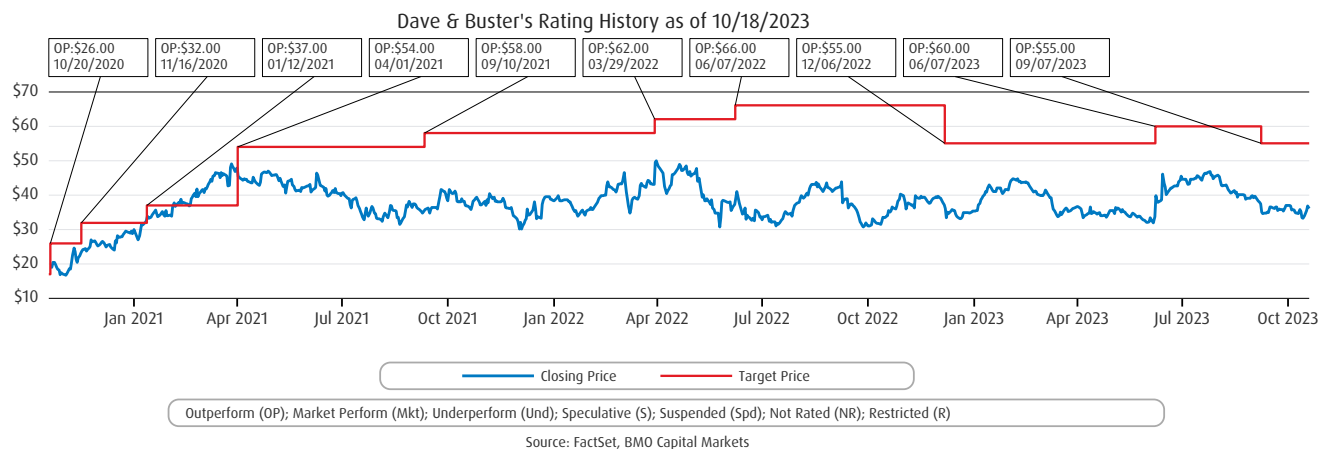
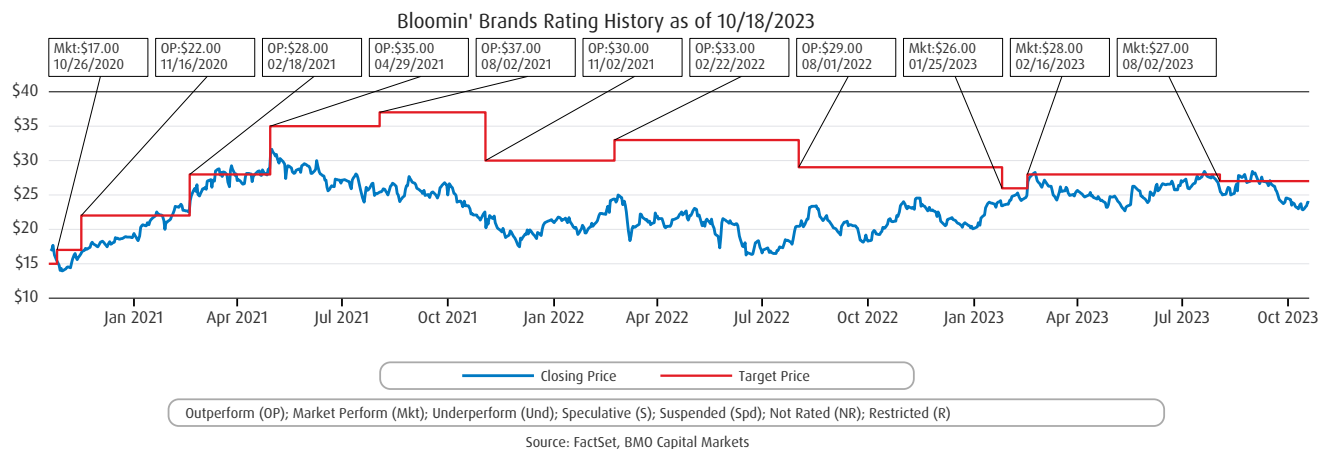
Source: Company data, BMO Capital Markets estimates

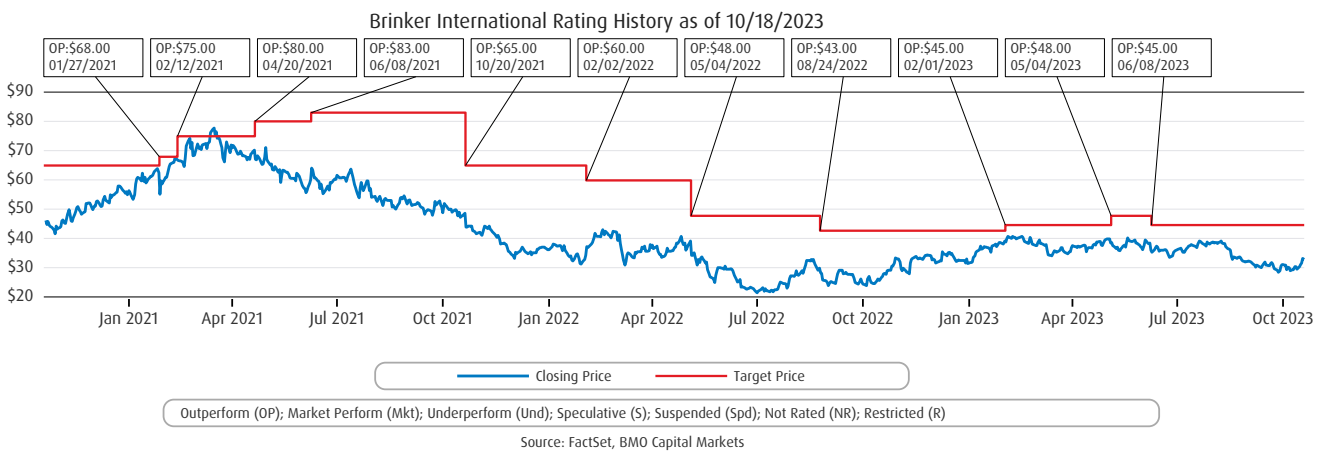
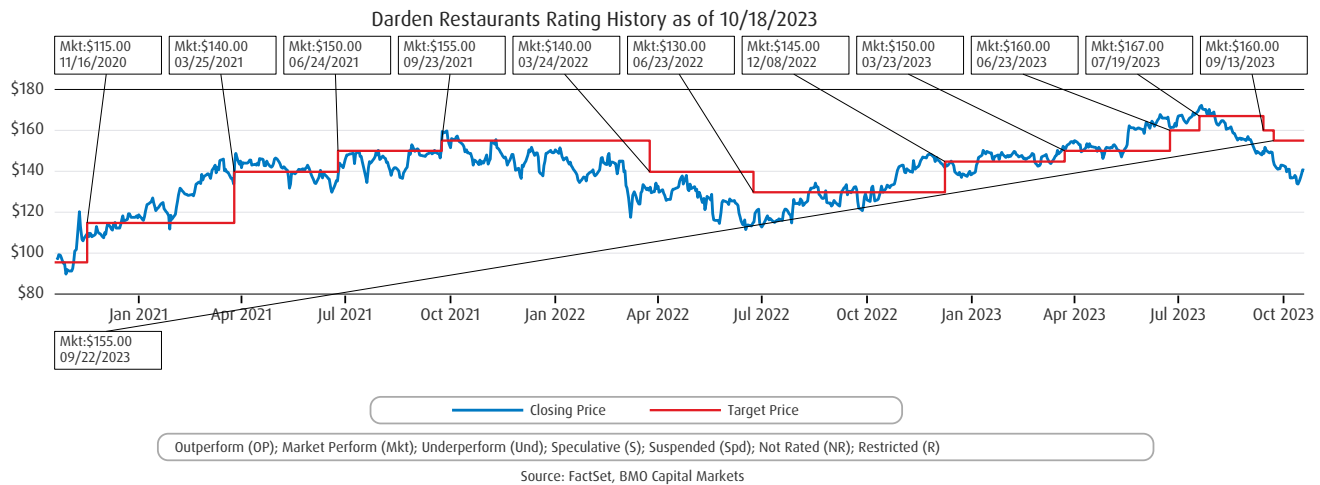
Bloomin' Brands

Cash flow efficiency	2018	2019	2020	2021	2022	2023E	2024E
Cash flow from ops. as % of sales	7.0%	7.7%	4.4%	9.8%	8.9%	15.7%	15.4%
Cash flow from ops. as % of net income	263.0%	236.8%	-87.4%	181.5%	358.0%	280.0%	293.6%
Net free cash flow as % of sales	1.9%	3.8%	1.6%	6.8%	3.9%	10.4%	10.1%
Net free cash flow as % of net income	72.9%	116.1%	-32.1%	126.4%	156.8%	184.9%	192.1%
Capex/Sales	5.0%	3.9%	2.8%	3.0%	5.0%	5.3%	5.3%
Capex/Depreciation and amortization	1.0	0.8	0.5	0.8	1.3	1.3	1.2

Financial Risk Ratios	2018	2019	2020	2021	2022	2023E	2024E
Debt/Capital	102.2%	89.9%	116.0%	93.5%	87.3%	82.3%	79.4%
Net Debt/ Capital	95.5%	84.1%	103.7%	83.2%	78.5%	76.0%	76.1%
EBITDA/ Interest	8.5	8.0	2.2	9.3	9.5	10.5	11.0
Cash flow from ops. as % of debt	26.3%	30.3%	13.4%	51.0%	46.9%	95.7%	97.8%
Cash flow from ops. to interest	6.4	6.4	2.4	7.0	7.4	14.0	14.5
Net free cash flow as % of debt	7.3%	14.8%	4.9%	35.5%	20.5%	63.2%	64.0%
Net free cash flow to interest	1.8	3.2	0.9	4.9	3.2	9.2	9.5

Source: Company data, BMO Capital Markets estimates





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Disclosure 8C: BMO Capital Markets or an affiliate has a financial interest in 0.5% or more in the issued share capital of Texas Roadhouse.

Disclosure 9B: BMO Capital Markets makes a market in Bloomin' Brands, Dave & Buster's, Texas Roadhouse, Darden Restaurants and Brinker International in United States.

Methodology and Risks to Target Price/Valuation for Bloomin' Brands (BLMN-NSDQ)

Methodology: Our \$27 target price is derived by applying a 5.5x EV/EBITDA multiple on our 2024 EBITDA.

Risks: More resilient consumer spending, stronger execution on strategic initiatives, better margin management, less inflationary environment, pricing actions, sale of Brazil business or other strategic actions, and multiple expansion if results exceed expectations.

Methodology and Risks to Target Price/Valuation for Brinker International (EAT-NYSE)

Methodology: Our \$45 target price is derived by applying a 7.5x multiple on our FY24 EBITDA.

Risks: Slower same-store sales growth, less sticky off-premise sales, inability to execute on margin opportunities, valuation that falls below what we believe to be fair based on fundamentals.

Methodology and Risks to Target Price/Valuation for Darden Restaurants (DRI-NYSE)

Methodology: Our \$155 target price reflects an ~10.5x EV/EBITDA multiple on our FY2025E EBITDA outlook.

Risks: Comp trends, stronger cost savings and margin expansion, more aggressive share repurchases, improving macroeconomic conditions, M&A, and multiple expansion. If these risks are greater than we expect, the stock could have difficulty achieving our target price.

Methodology and Risks to Target Price/Valuation for Dave & Buster's (PLAY-NSDQ)

Methodology: Our \$55 target price implies a 6.0-6.5x multiple on our FY2024 EBITDA estimate.

Risks: In our view, the key risks to our target price include the following: 1) deterioration of same-store sales growth; 2) the inability to execute on strategic initiatives; 3) greater magnitude of economic slowdown; 4) softer margins; and 5) multiple contraction if results fall short of expectations.

Methodology and Risks to Target Price/Valuation for Texas Roadhouse (TXRH-NSDQ)

Methodology: Our \$110 target price is derived by applying a ~12.5x EV/EBITDA multiple on 2024E EBITDA.

Risks: Faster pace of unit expansion, stronger-than-expected comparable restaurant sales growth, greater beef deflation, and multiple expansion if results exceed expectations. If these risks are greater than we expect, the stock could have difficulty achieving our target price.

Distribution of Ratings (October 19, 2023)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	47.9 %	17.2 %	48.1 %	53.7 %	57.9 %	57.7%
Hold	Market Perform	49.5 %	17.1 %	49.4 %	44.6 %	40.6 %	37.5%
Sell	Underperform	2.6 %	16.7 %	2.5 %	1.5 %	1.0 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

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~ As of April 1, 2019.

Ratings Key (as of October 2016)

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Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;

Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;

(S) = Speculative investment;

Spd = Suspended - Coverage and rating suspended until coverage is reinstated;

NR = No Rated - No rating at this time; and

R = Restricted - Dissemination of research is currently restricted.

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Prior BMO Capital Markets Rating System

(April 2013 - October 2016)

http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)

http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

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