

RESTAURANT INDUSTRY COMMENTARY AND SAME-STORE SALES DATA

APRIL 2024



INSIDE THIS ISSUE

Same-Store Sales Discussion	1
Same-Store Sales Data	2-3
Selected Recent Transactions	4

Same-Store Sales Discussion (Q4 2023)

Sales growth across the restaurant industry remained relatively healthy in Q4 2023, as 68% of brands in our index reported positive same-store sales (“SSS”), with an average increase of 2.2%. 2023 ended with 11 consecutive months of sales growth for the restaurant industry, despite net declines in customer traffic. In 2024, operators are projected to focus more on traffic and relatively less on menu price increases to maintain sales growth momentum. Consumers should expect to see a broader selection of value offerings and discounts, as restaurants seek to get customers in the door.

Consumer spending grew throughout 2023, defying many predictions. Spending was bolstered by healthy consumer sentiment resulting from growing asset values in real estate and U.S. equities. Additionally, with 89% of consumer debt having a fixed rate, many consumers have been insulated from the impact of rising rates and have benefited from the increased interest income they have generated on their cash balances.

Not all consumers were equally impacted by the rise in interest rates and the turbulent economic conditions post-COVID. Operators have reported lower-income customers showing signs of stress. For example, Wendy’s reported in its Q4 2023 earnings call that it saw traffic for customers below \$75,000 in household income fall, while traffic trends for higher-income customers were higher. In 2024, the low-income cohort should regain its footing as inflation continues to normalize.

Margin pressures are generally projected to moderate in 2024. However, restaurants operators with concentrations in states with increasing minimum-wage rates may experience some headwinds.

Overall, 2024 should be a promising year for operators due to rising real consumer incomes, moderating inflation and a normalizing labor market.

QSR: QSR (+2.9%) continued to produce strong SSS growth, with 82% of tracked concepts reporting positive results in Q4 2023.

- **Chicken concepts** (+2.9%) improved slightly, as Popeyes (+5.8%) lifted the segment.
- **Pizza concepts** (+1.9%) also produced slight gains, as Pizza Inn (+7.0%) and Domino’s (+2.8%) led the segment.
- **Burger concepts** (+1.9%) generated positive SSS results, led by Burger King (+6.4%) and McDonald’s (+4.3%). Habit Burger Grill (-5.0%) dragged the segment lower.
- **Coffee/snack concepts** (+6.1%) led all segments in each quarter of 2023. In Q4, Tim Hortons (+8.4%), Starbucks (+5.0%) and Dutch Bros. Coffee (+5.0%) all posted positive results.
- **Mexican** (+2.6%) extended its streak of SSS growth. Taco Bell (+3.0%) reported its 14th consecutive quarter with positive SSS results.

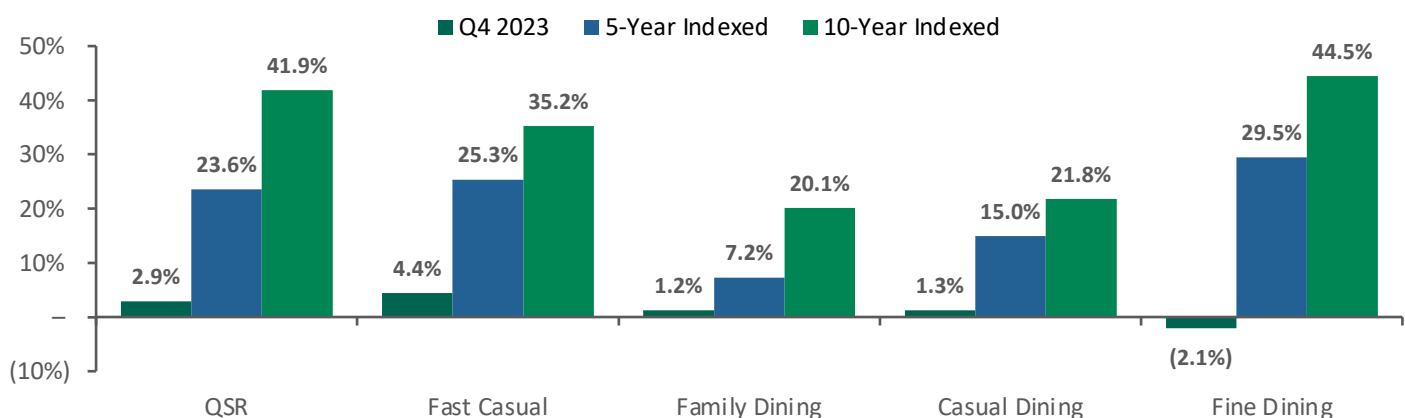
Fast Casual: Fast casual (+4.4%) produced an impressive quarter, as 10 of the 12 tracked concepts generated positive SSS trends. Wingstop (+21.2%) and Cava (+11.4%) led the segment once again, as BurgerFi (-9.0%) and Noodles & Company (-4.2%) produced the only negative results in the segment.

Family Dining: Family dining (+1.2%) concepts had relatively consistent results, as four of the five tracked concepts produced positive SSS. These concepts were First Watch (+5.0%), IHOP (+1.6%), Denny’s (+1.3%) and Cracker Barrel (+1.2%).

Casual Dining: Casual dining (+1.3%) improved slightly in Q4 2023. Leaders of the segment include Texas Roadhouse (+10.2%), North Italia (7.0%) and Pinstripes (+6.9%).

Fine Dining: Following eight consecutive quarters of SSS growth, fine dining (-2.1%) has now posted three consecutive negative quarters, with declines in all tracked concepts.

RESTAURANT SAME-STORE SALES BY SEGMENT (Q4 2023)



Sources: Apollo, National Restaurant Association, St. Louis Fed, Technomic, Inc., Company filings

RESTAURANT INDUSTRY COMMENTARY AND SAME-STORE SALES DATA

APRIL 2024



Restaurant Same-Store Sales Data

	2020				2021				2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Chicken																
KFC	(3.0%)	7.0%	9.0%	8.0%	14.0%	11.0%	4.0%	4.0%	1.0%	(7.0%)	2.0%	1.0%	2.0%	5.0%	0.0%	0.0%
Pollo Tropical*	(7.3%)	(31.6%)	(11.1%)	(8.2%)	4.3%	43.5%	13.8%	9.0%	8.0%	8.4%	9.3%	11.0%	9.7%	9.6%	N/A	N/A
Popeyes	29.2%	28.5%	19.7%	(6.4%)	0.9%	(2.5%)	(4.5%)	(1.8%)	(4.6%)	0.1%	1.3%	1.5%	3.4%	4.2%	5.6%	5.8%
MEAN	6.3%	1.3%	5.9%	(2.2%)	6.4%	17.3%	4.4%	3.7%	1.5%	0.5%	4.2%	4.5%	5.0%	6.3%	2.8%	2.9%
Coffee/Snack																
Dutch Bros. Coffee	N/A	N/A	2.4%	5.7%	N/A	N/A	7.3%	10.1%	6.0%	(3.3%)	1.7%	(0.6%)	(2.0%)	3.8%	4.0%	5.0%
Starbucks	(3.0%)	(40.0%)	(9.0%)	(5.0%)	9.0%	83.0%	22.0%	18.0%	12.0%	9.0%	11.0%	10.0%	12.0%	7.0%	8.0%	5.0%
Tim Horton's	(10.3%)	(29.3%)	(12.5%)	(11.0%)	(2.3%)	27.6%	8.9%	10.3%	8.4%	12.2%	9.8%	9.4%	13.8%	11.4%	6.8%	8.4%
MEAN	(6.7%)	(34.7%)	(6.4%)	(3.4%)	3.4%	55.3%	12.7%	12.8%	8.8%	6.0%	7.5%	6.3%	7.9%	7.4%	6.3%	6.1%
Mexican																
Del Taco	(3.1%)	(10.1%)	4.1%	3.8%	9.1%	17.8%	1.8%	0.0%	2.5%	3.5%	5.2%	3.0%	3.2%	1.7%	(1.5%)	2.2%
Taco Bell	1.0%	(8.0%)	3.0%	1.0%	9.0%	21.0%	5.0%	8.0%	5.0%	8.0%	7.0%	11.0%	9.0%	4.0%	8.0%	3.0%
MEAN	(1.1%)	(9.1%)	3.6%	2.4%	9.1%	19.4%	3.4%	4.0%	3.8%	5.8%	6.1%	7.0%	6.1%	2.9%	3.3%	2.6%
Pizza																
Domino's	1.6%	16.1%	17.5%	11.2%	13.4%	3.5%	(1.9%)	1.0%	(3.6%)	(2.9%)	2.0%	0.9%	3.6%	0.1%	(0.6%)	2.8%
Papa John's	5.3%	28.0%	23.8%	13.5%	26.2%	5.2%	6.9%	11.1%	1.9%	0.9%	(0.8%)	1.1%	0.0%	(1.4%)	2.9%	1.8%
Pizza Hut	(7.0%)	5.0%	6.0%	8.0%	16.0%	4.0%	2.0%	1.0%	(6.0%)	(4.0%)	1.0%	4.0%	8.0%	1.0%	0.0%	(4.0%)
Pizza Inn	(7.8%)	(39.0%)	(22.0%)	(18.0%)	(3.1%)	0.0%	25.0%	31.0%	22.8%	0.0%	12.5%	8.4%	15.6%	9.0%	6.8%	7.0%
MEAN	(2.0%)	2.5%	6.3%	3.7%	13.1%	3.2%	8.0%	11.0%	3.8%	(1.5%)	3.7%	3.6%	6.8%	2.2%	2.3%	1.9%
Burger																
Burger King	(6.5%)	(9.9%)	(3.2%)	(2.9%)	6.6%	13.0%	(1.6%)	1.8%	(0.5%)	0.4%	4.0%	5.0%	8.7%	8.3%	6.6%	6.4%
Good Times Burgers & Frozen Custard	3.0%	11.9%	(10.0%)	22.1%	22.9%	2.9%	(0.2%)	5.9%	(0.9%)	1.6%	5.9%	3.0%	7.6%	2.1%	2.4%	4.1%
Habit Burger Grill	(9.0%)	(18.0%)	(3.0%)	(5.0%)	13.0%	31.0%	11.0%	11.0%	3.0%	(4.0%)	(1.0%)	(1.0%)	0.0%	0.0%	(5.0%)	(5.0%)
Jack in the Box	(4.2%)	6.6%	12.2%	12.5%	20.6%	10.2%	0.1%	1.2%	(0.8%)	(0.6%)	4.0%	7.8%	9.5%	7.9%	3.9%	0.8%
McDonald's	0.1%	(8.7%)	4.6%	5.5%	13.6%	25.9%	9.6%	7.5%	3.5%	3.7%	6.1%	10.3%	12.6%	10.3%	8.1%	4.3%
Wendy's	0.0%	(4.4%)	7.0%	5.5%	13.5%	16.1%	2.1%	6.1%	2.4%	2.3%	6.4%	5.9%	7.2%	4.9%	2.2%	0.9%
MEAN	(2.8%)	(3.8%)	1.3%	6.3%	15.0%	16.5%	3.5%	5.6%	1.1%	0.6%	4.2%	5.2%	7.6%	5.6%	3.0%	1.9%
MEAN TOTAL QSR	(1.2%)	(5.6%)	2.1%	2.2%	11.0%	18.4%	6.2%	7.5%	3.3%	1.6%	4.9%	5.1%	6.9%	4.9%	3.4%	2.9%
Fast Casual																
BurgerFi	(11.8%)	(20.0%)	(9.2%)	(2.9%)	4.0%	44.0%	8.0%	0.0%	(5.0%)	(4.0%)	(7.0%)	(9.0%)	(4.0%)	(9.0%)	(11.0%)	(9.0%)
Cava	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	13.3%	9.2%	14.8%	28.4%	18.2%	14.1%	11.4%
Chipotle	3.3%	(9.8%)	8.3%	5.7%	17.2%	31.2%	15.1%	15.2%	9.0%	10.1%	7.6%	5.6%	10.9%	7.4%	5.0%	8.4%
El Pollo Loco	(1.5%)	(9.7%)	1.8%	(0.2%)	7.4%	21.0%	9.3%	11.0%	7.8%	7.5%	3.8%	4.7%	0.8%	(3.4%)	0.8%	0.9%
Firehouse Subs	N/A	N/A	N/A	8.2%	23.9%	N/A	N/A	15.2%	4.5%	(1.2%)	0.3%	1.0%	6.7%	2.6%	3.9%	3.8%
Noodles & Company	(7.2%)	(30.9%)	(3.8%)	(4.7%)	10.7%	56.8%	16.3%	22.1%	6.4%	5.1%	2.1%	8.7%	6.4%	(5.5%)	(3.7%)	(4.2%)
Pie Five	(21.4%)	(37.9%)	(23.0%)	(16.0%)	(21.0%)	0.0%	18.0%	15.0%	21.4%	0.0%	7.6%	6.3%	8.1%	0.6%	1.2%	0.8%
Portillo's	(2.2%)	(17.7%)	(2.1%)	(8.9%)	0.8%	26.1%	6.8%	10.3%	8.2%	1.9%	5.8%	6.0%	9.1%	5.9%	3.9%	4.4%
Potbelly	(10.1%)	(41.5%)	(21.0%)	(19.7%)	(3.1%)	70.0%	33.7%	33.8%	24.4%	17.2%	15.0%	18.9%	22.2%	12.9%	8.0%	6.3%
Shake Shack	(12.8%)	(49.0%)	(31.7%)	(17.4%)	5.7%	52.7%	24.8%	20.8%	10.3%	10.1%	6.3%	5.1%	10.3%	3.0%	2.3%	2.8%
Sweetgreen	N/A	N/A	N/A	(28.0%)	(26.0%)	N/A	N/A	36.0%	35.0%	16.0%	6.0%	4.0%	5.0%	3.0%	4.0%	6.0%
Wingstop	9.9%	31.9%	25.4%	18.2%	20.7%	2.1%	3.9%	7.5%	1.2%	(3.3%)	6.9%	8.7%	20.1%	16.8%	15.3%	21.2%
MEAN	(6.0%)	(20.5%)	(6.1%)	(6.0%)	3.7%	33.8%	15.1%	17.0%	11.2%	6.1%	5.3%	6.2%	10.3%	4.4%	3.7%	4.4%

* Pollo Tropical was acquired by Authentic Restaurant Brands, Inc. on October 30, 2023 and SSS weren't reported for Q3 or Q4 2023
Sources: Restaurant Research LLC, Capital IQ, Technomic and company filings

RESTAURANT INDUSTRY COMMENTARY AND SAME-STORE SALES DATA

APRIL 2024



Restaurant Same-Store Sales Data (Cont.)

	2020				2021				2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Family Dining																
Cracker Barrel	(41.7%)	(39.2%)	(16.4%)	(21.9%)	(8.6%)	0.0%	19.0%	25.9%	10.9%	0.0%	7.1%	8.4%	7.4%	2.4%	(0.5%)	1.2%
Denny's	(6.3%)	(56.9%)	(33.6%)	(32.9%)	(9.7%)	117.0%	50.2%	49.0%	23.3%	2.5%	1.5%	2.0%	8.4%	3.0%	1.8%	1.3%
First Watch	N/A	N/A	(17.2%)	N/A	N/A	N/A	46.2%	36.7%	27.2%	13.4%	12.0%	7.7%	12.9%	7.8%	4.8%	5.0%
IHOP	(14.7%)	(59.1%)	(30.2%)	(30.1%)	(0.9%)	120.1%	40.1%	39.2%	18.1%	3.6%	1.9%	2.0%	8.7%	2.1%	2.0%	1.6%
Keke's Breakfast Cafe	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(5.0%)	(3.1%)
MEAN	(20.9%)	(51.7%)	(24.4%)	(28.3%)	(6.4%)	79.0%	38.9%	37.7%	19.9%	4.9%	5.6%	5.0%	9.4%	3.8%	0.6%	1.2%
Casual Dining																
Anthony's	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	13.0%	3.0%	3.0%	1.0%	3.0%	1.0%	(5.0%)	(3.0%)
Applebee's	(10.6%)	(49.4%)	(13.3%)	(17.6%)	11.9%	102.2%	27.7%	34.8%	14.3%	1.8%	3.8%	1.7%	6.1%	(1.0%)	(2.4%)	(0.5%)
Bad Daddy's Burger Bar	(15.7%)	(36.7%)	(12.2%)	(11.8%)	9.1%	61.4%	22.8%	24.0%	15.5%	5.3%	3.7%	2.4%	4.6%	(1.4%)	(4.9%)	(6.2%)
BJ's Restaurants	(15.5%)	(57.2%)	(30.2%)	(32.3%)	(13.0%)	121.9%	41.8%	45.6%	33.9%	11.7%	8.9%	6.6%	9.0%	4.7%	0.4%	0.6%
Bonfish	(13.9%)	(56.8%)	(22.5%)	(27.1%)	(2.9%)	141.2%	36.6%	39.0%	21.3%	(1.1%)	(0.9%)	0.5%	5.2%	0.5%	(0.5%)	(3.0%)
Bubba's 33	N/A	N/A	N/A	N/A	24.1%	115.4%	25.6%	30.8%	21.3%	8.1%	6.2%	6.6%	8.7%	3.9%	4.8%	3.3%
Carrabba's Italian Grill	(8.7%)	(36.7%)	(9.0%)	(11.4%)	8.9%	84.3%	28.8%	24.4%	11.5%	(1.0%)	0.7%	2.8%	6.7%	3.5%	3.0%	2.5%
Cheesecake Factory	(12.9%)	(56.9%)	(23.3%)	(19.5%)	2.8%	150.0%	41.1%	33.8%	20.7%	4.7%	1.1%	4.0%	5.7%	1.5%	2.4%	2.5%
Chili's Grill & Bar	(5.4%)	(33.0%)	(7.0%)	(6.1%)	0.6%	62.1%	13.8%	11.5%	9.9%	0.1%	3.4%	7.5%	9.1%	6.0%	6.0%	5.1%
Chuy's	(9.7%)	(39.0%)	(19.8%)	(18.3%)	(3.2%)	60.0%	20.5%	20.8%	11.4%	1.7%	2.6%	3.4%	8.0%	3.2%	2.0%	0.3%
Darden Other Business	0.7%	(66.3%)	(39.0%)	(28.6%)	(36.9%)	160.7%	65.8%	42.9%	55.2%	18.5%	7.6%	7.1%	11.7%	2.2%	1.7%	(1.1%)
Dave & Buster's	(4.7%)	(58.6%)	(87.0%)	(66.0%)	(70.0%)	(35.0%)	3.6%	0.0%	10.9%	9.6%	13.3%	19.0%	(4.1%)	(6.3%)	(7.8%)	(7.0%)
FAT Brands Inc.	(10.0%)	(24.6%)	N/A	(8.4%)	8.7%	54.6%	17.3%	0.0%	16.8%	5.6%	7.0%	2.7%	4.3%	1.9%	1.3%	(0.6%)
Kona Grill	(15.5%)	(52.8%)	(7.3%)	(8.0%)	26.6%	160.6%	36.8%	50.2%	21.9%	3.7%	(3.6%)	(7.6%)	(4.3%)	(1.5%)	1.1%	(3.9%)
Kura Sushi	10.8%	(85.4%)	(72.7%)	(50.8%)	(60.2%)	456.0%	291.4%	154.3%	182.9%	65.3%	27.6%	6.9%	17.4%	10.3%	6.5%	3.8%
LongHorn Steakhouse	3.9%	(45.3%)	(18.1%)	(11.1%)	(12.6%)	107.5%	47.0%	31.2%	31.6%	10.6%	4.2%	7.3%	10.8%	7.1%	8.1%	4.9%
Maggiano's	(9.9%)	(66.7%)	(38.6%)	(47.0%)	(29.6%)	147.9%	62.6%	78.1%	50.5%	30.1%	18.2%	21.2%	21.6%	9.1%	2.6%	6.7%
North Italia	(12.0%)	(59.0%)	(22.0%)	(18.0%)	5.0%	182.0%	38.0%	37.0%	32.0%	12.0%	10.0%	9.0%	9.0%	8.0%	8.0%	7.0%
Olive Garden	2.1%	(39.2%)	(28.2%)	(19.9%)	(25.8%)	61.9%	37.1%	29.3%	29.9%	6.5%	2.3%	7.6%	12.3%	4.4%	6.1%	4.1%
Outback	(9.5%)	(32.9%)	(10.4%)	(15.2%)	4.1%	65.8%	18.3%	20.7%	9.2%	(1.1%)	2.3%	0.9%	4.9%	0.6%	(1.1%)	(0.3%)
Pinstripes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6.9%
Red Robin	(20.8%)	(41.4%)	(25.1%)	(29.0%)	10.0%	66.3%	34.3%	40.1%	19.7%	6.7%	5.3%	2.5%	8.6%	1.5%	(3.4%)	(2.7%)
Texas Roadhouse	(8.4%)	(32.8%)	(6.3%)	(8.9%)	18.5%	80.2%	30.2%	33.1%	16.0%	7.6%	8.2%	7.3%	12.9%	9.1%	8.4%	10.2%
MEAN	(8.3%)	(48.5%)	(25.9%)	(22.8%)	(5.9%)	114.6%	44.8%	37.2%	29.5%	9.5%	6.1%	5.5%	7.8%	3.1%	1.7%	1.3%
Fine Dining																
Darden Fine Dining	4.1%	(65.2%)	(39.1%)	(31.0%)	(45.2%)	143.6%	84.6%	61.6%	85.8%	34.5%	7.6%	5.9%	11.7%	(1.9%)	(2.8%)	(1.7%)
Fleming's	(13.2%)	(56.3%)	(20.3%)	(29.7%)	(2.3%)	182.6%	59.6%	71.1%	45.7%	6.0%	1.3%	3.1%	3.6%	(2.5%)	(4.1%)	(0.3%)
Ruth's Chris*	(13.5%)	(74.1%)	(36.7%)	(39.7%)	(14.8%)	286.6%	66.8%	61.2%	41.5%	12.6%	2.9%	4.5%	3.8%	N/A	N/A	N/A
STK	(12.8%)	(81.4%)	(24.2%)	(20.7%)	20.8%	725.7%	130.6%	113.5%	66.5%	19.8%	3.5%	0.0%	5.3%	(6.8%)	(5.5%)	(4.3%)
MEAN	(8.9%)	(69.3%)	(30.1%)	(30.3%)	(10.4%)	334.6%	85.4%	76.9%	59.9%	18.2%	3.8%	3.4%	6.1%	(3.7%)	(4.1%)	(2.1%)

* Ruth's Hospitality Group, Inc. (Ruth's Chris) was acquired by Darden Restaurants, Inc. on June 14, 2023 and SSS weren't reported for Q2, Q3 and Q4 2023
Sources: Restaurant Research LLC, Capital IQ, Technomic and company filings

RESTAURANT INDUSTRY COMMENTARY AND SAME-STORE SALES DATA

APRIL 2024



Selected Recent Transactions

FARWEST
A FRANCHISEE OF

ACQUIRED BY

SIXTH STREET
Financial Advisor to the Buyer
AUGUST 2023

WORLD WIDE WINGS
A FRANCHISEE OF BUFFALO WILD WINGS
A PORTFOLIO COMPANY OF

Partners Group
REALIZING POTENTIAL IN PRIVATE MARKETS
RECAPITALIZED
JULY 2023

THE **RC GROUP**
A FRANCHISEE OF

SOLD RESTAURANTS TO
ABTB Atlanta, LLC & Jai Taco Atlanta, LLC
MAY 2023

Pacific Wings, Inc.
A FRANCHISEE OF

SOLD ASSETS TO
Grube, Inc.
MAY 2023

Smart Management & Co., Inc. & Marlu Group
A FRANCHISEE OF

ACQUIRED BY

AMBROSIA
QSR
APRIL 2023

JJC Hawaii, LLC
A LICENSEE OF

ACQUIRED BY

FRESH DINING CONCEPTS
DECEMBER 2022

Scanlan Management, LLC & Blue Pacific Guam, LLC
A FRANCHISEE OF

ACQUIRED BY
PARS Group, LLC
OCTOBER 2022

Vitaligent, LLC
A FRANCHISEE OF

ACQUIRED BY

SIZZLING PLATTER
A RESTAURANT MANAGEMENT COMPANY
FEBRUARY 2022

MEET OUR SENIOR TEAM

Howard Lo
Managing Director
310-231-3119
howard.lo@citizensbank.com

Zach Olson
Managing Director
404-461-4695
zach.olson@citizensbank.com

David Stiles
Managing Director
310-231-3110
david.stiles@citizensbank.com

Ivan Hsu
Director
562-746-7269
ivan.hsu@citizensbank.com

For more information, visit tcib.com

©2024 Citizens Financial Group, Inc. All rights reserved. Citizens Bank, N.A. offers banking products and services. Member FDIC. Securities products and services are offered through Citizens Capital Markets, Inc., and/or JMP Securities LLC. Members FINRA, SIPC. Citizens Bank and Citizens Commercial Banking are brand names of Citizens Bank, N.A. Citizens Capital Markets, DH Capital, Trinity Capital and JMP Securities are brand names of Citizens Financial Group, Inc.