RESTAURANT INDUSTRY INSIGHTS

JULY 2024

✦ Citizens®

INTRODUCTION / INDUSTRY THEMES

STATE OF THE RESTAURANT, FRANCHISE & MULTI-UNIT INDUSTRIES

We are pleased to present Citizens' July 2024 Restaurant, Franchise & Multi-unit update. In this report, we discuss current trends facing operators and consumers, outlook for the remainder of 2024, public equity performance, M&A activity and notable transactions and select macroeconomic and commodities trends.

We look forward to discussing these points and how Citizens can help you achieve your strategic goals in 2024 and beyond.
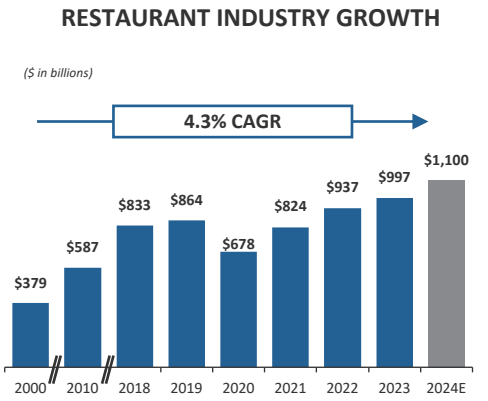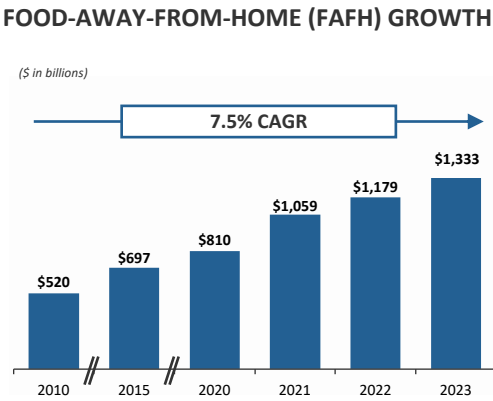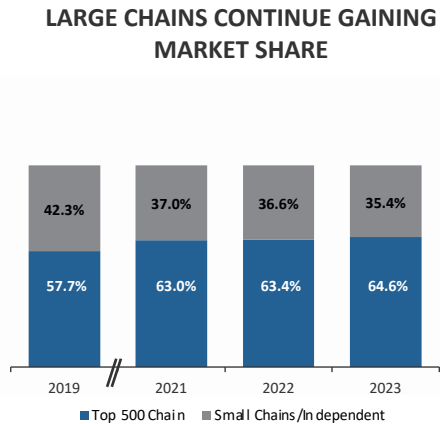
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THEMES	COMMENTARY

CONSUMER SPENDING UNDER PRESSURE	• From 2014 to 2024, average menu prices rose between 39% and 100%, with increases outpacing the 31% inflation seen during the same time period. The steadily increasing cost of dining out continues to test the limits of what consumers can and are willing to spend. Recently, there has been a noticeable decrease in consumers dining out, especially with consumers who have a household income below the median household income of $75,000. Many of those who do dine out will trade down to less expensive restaurants, order less or opt to eat out during more affordable mealtimes like breakfast or lunch.
	   - McDonald's: "As we reflect on the first quarter of the year, it is clear that broad-based consumer pressures persist around the world. Consumers continue to be even more discriminating with every dollar that they spend as they faced elevated prices in their day-to-day spending, which is putting pressure on the QSR industry".
	   - Starbucks: "But in this environment, many customers are being more exacting about where and how they choose to spend their money, particularly with stimulus savings mostly spent. We saw this materialize over the quarter as customers made the trade-offs between Food-Away-From-Home ("FAFH") and Food-at-Home ("FAH")".
	   - Wingstop: "The consumer continues to prioritize quality and value when deciding how to spend their discretionary dollars. We believe that indulgent Wingstop occasion delivers upon both quality and value and has us uniquely positioned, which you can see in our first quarter results, where our 21.6% comp was almost entirely driven by transaction growth".
	• As consumers are deliberately spending less dollars at restaurants, obtaining new diners will be a key area of focus for operators in the latter half of 2024. With the intensifying competition for share of stomach, we anticipate guest acquisition strategies such as offering promotions and coupons to increase, as this is the fastest way to drive incremental sales and traffic.

REBALANCING THE CONSUMER VALUE EQUATION	• Historically, a high-value dining experience has been defined by consumers in one of two ways – low prices (discount-driven) or a splurge-worthy elevated experience. In recent quarters, however, the value equation has become blurred. With QSR prices higher than ever before, the gap between the price-conscious and experience-conscious consumer has narrowed. Consumers have come to expect more every time they eat out, and though they are still willing to spend, they seek a higher return than ever. This has created a "street fight" amongst brands to win over cost-conscious consumers. In such an environment, "reclaiming value" has become a critical piece of many operators' strategy going forward.
	• Faced with the challenge of optimizing value, restaurants have been taking various approaches:
	   - Some operators continue to chase the price-conscious consumer, like KFC and their "Taste of KFC Deals" value menu, the first time the brand has offered this type of meal deal in about 5 years. McDonald's launching their $5 Meal Deal and "Free Fries Friday", followed by Burger King's choose one of three sandwiches, nuggets, fries and a drink for $5 and Wendy's $5 Biggie Bag.
	   - Some QSRs are looking to perfect the in-person experience, attempting to optimize speed of service, order accuracy and cleanliness. For full-service restaurants, operators look to impress on atmosphere and customer service.
	   - Much like a customer willing to splurge for an elevated experience, some consumers are willing to pay elevated prices for the convenience of not leaving their homes. Operators who do not list on third-party delivery platforms or offer a delivery service themselves may find themselves losing out to competitors that are easier to access.

INDUSTRY THEMES

THEMES	COMMENTARY
ADAPTING TO THE POST-PANDEMIC WORLD	• The pandemic put unprecedented stress on operators who were forced to tackle a global health crisis and fluctuating legal mandates while adapting to meet the changing needs of their clientele. Those who weathered the storm were then met with rising inflation to the likes of which the nation had not seen in decades. Although inflation for FAH and FAFH have moderated, year-over-year, FAFH inflation remains notably higher at 4.0%, compared to grocery stores at 1.0%. With this unfavorable pricing gap, operators are becoming cautious of increasing menu prices, as this increases the risk of outsized traffic declines with more consumers choosing FAH. With limited room for further price increases, operators will look for increases in foot traffic as a key to support sales growth in the latter half of 2024. We expect operators to prioritize driving foot traffic through operational improvements, value offerings, menu innovation, loyalty programs and various marketing initiatives. • In April of 2024, Assembly Bill (AB) 1228 took effect in California, setting new standards for fast-food chains in the state, mandating a $20 minimum wage for fast food operators with 60+ locations. Many chains have recently provided commentary around increases to menu prices in California to mitigate headwinds from the implementation of AB 1228. Operators with greater exposure to California (Jack in the Box, McDonald's, El Pollo Loco and Starbucks) are expected to face significant wage inflation headwinds due to AB 1228. • Looking ahead to 2024, we expect operators to address the impact of AB 1228 through additional price increases, but also implement other strategic alternatives to counterbalance wage inflation, such as investing in kiosk order stations or automating certain tasks to increase productivity and potentially fully automate some jobs altogether. For example, El Pollo Loco Holdings Inc. CEO Liz Williams announced the brand expects to install kiosks at company-operated restaurants by the end of summer and install other equipment to help labor.

QUANTIFYING AUTOMATION BENEFITS	• Continuing a trend from last year, operators are leaning on technology and automation tools to help drive day-to-day business operations in various aspects, including automating order processing, inventory management, basic customer service inquiries and managing labor costs.
	
	• Many operators are prioritizing the utilization of back-of-house (BOH) automation operations by utilizing predictive analytics and real-time POS data. With this benefit, operators can now anticipate demand peaks and troughs with greater accuracy, ensuring that staffing and inventory levels are aligned with actual needs. Operators are seeing this not only reduce waste and cut down on costs (at a time when food costs are reaching near-historic highs), but also ensuring that kitchens are well-prepared to meet customer demand without overstocking or shortages.
	   - Sweetgreen: rolling out collaborative robot technology known as "Infinite Kitchen", a robotic makeline that funnels orders (placed online or in-store via kiosks) and can assemble 500 bowls per hour.
	   - Chipotle: partnering with "Vebu" to implement a new avocado processing cobotic (collaborative robot) prototype known as "Autocado" that cuts, cores, and peels avocados before they are hand mashed to create guacamole.
	   - Bojangles: deploying "Bo-Linda", a conversational cloud-based AI platform that will be used for automating ordering systems.
	   - Wendy's: installing automated speaker boxes at drive-thrus using its "FreshAI" platform.

LARGE CHAINS CONTINUE GAINING MARKET SHARE

	2019	2021	2022	2023
Small Chains/Independent	42.3%	37.0%	36.6%	35.4%
Top 500 Chain	57.7%	63.0%	63.4%	64.6%

FOOD-AWAY-FROM-HOME (FAFH) GROWTH

($ in billions)

7.5% CAGR

2010	2015	2020	2021	2022	2023
$520	$697	$810	$1,059	$1,179	$1,333

RESTAURANT INDUSTRY GROWTH

($ in billions)

4.3% CAGR

2000	2010	2018	2019	2020	2021	2022	2023	2024E
$379	$587	$833	$864	$678	$824	$937	$997	$1,100

Sources: Bloomberg, USDA, National Restaurant Association, Wall Street Equity Research, NoBullEconomics, Statista, CNBC, The Food Institute

PUBLIC COMPANY EARNINGS CALL TAKEAWAYS

RECENT EARNINGS CALL TAKEAWAYS

May 2024

"Central to our strategy is maintaining our best-in-class returns. We are encouraged by the progress we have made in our supply chain strategy. As you have heard us say over the past few calls, **creating predictability and minimizing volatility in our core commodity bone-in wings**, we believe this can create a flywheel for development. Working with our strategic supplier partners, we have been able to move the majority of our buy away from the spot market to provide our brand partners with more predictable food costs. Our target remains in the mid-30% food cost range, which translates to those **industry-leading unlevered cash-on-cash returns of more than 70%**."

– Alex Kaleida, Chief Financial Officer, Senior Vice President

March 2024

"The Infinite Kitchen was put together by a company called Spyce and we acquired Spyce about a little over 2 years ago. And it's a completely automated line that essentially you order from the kiosk or our app on the phone and the assembly portion is virtually all automated. **What it does for Sweetgreen is our labor split about 50-50 between prep and assembly and the Spyce technology automates about 70% of the assembly portion**. Has a lot of other benefits besides -- we currently have 2 restaurants running with the Infinite Kitchen, one in Naperville, outside of Chicago and one in Huntington Beach just outside of Los Angeles. What we are seeing in the 2 Infinite Kitchen stores is they do run about a 10% higher ticket. And we are seeing much a higher attach rate in it."

– Mitch Reback, Chief Financial Officer

May 2024

"So I think what we've really seen, getting back to my comment about the consumer being discerning, we've seen challenges of the full-service model struggle to deliver a relevant value proposition to the modern consumer. That's why we're leaning into Project Soul. **We think we see 64%, 63% of our guests coming into our dining rooms, coming into our restaurants, wanting that physical experience.** And we see CAVA as being a great dinner option and some trade-down from full-service dining. And then we see, there was a survey out today from LendingTree, where 78% of guests said fast food, traditional fast food, has gotten expensive and it's become a luxury. **And as those prices have gotten closer to our prices, it's increased our value proposition**, and we've seen trade-up from a healthfulness and food quality standpoint."

– Brett Schulman, Co-Founder, Chief Executive Officer, President & Director

April 2024

"Income from operations increased 19.4% in Q1, excluding the negative impact of foreign currency of $1.4 million. **This increase was primarily due to higher global franchise royalty revenues resulting from global retail sales growth of 7.3% as well as higher supply chain gross margins due to procurement productivity, a decrease in the cost of our food basket and slightly lower delivery costs**. I also wanted to call out that our margin rate benefited by about 0.3% in Q1, from the tech fee being at $0.395 and the lower ad fund contribution rate of 5.75%. Now turning to our outlook, which remains in line with what we previously shared. We continue to expect 2024 U.S. comp to be above the 3% plus long-term guide as a result of our expected catalysts in Uber and loyalty for the full year, and we expect comps to be 3% or more in each quarter for the remainder of the year."

– Sandeep Reddy, Executive Vice President, Chief Financial Officer

SELECT M&A ACTIVITY

SELECTED RECENT RESTAURANT M&A TRANSACTIONS – LATEST TWELVE MONTHS					
Announced Date	Target	Acquiror	Enterprise Value	EV / LTM EBITDA	Target Business Description
May 2024	untamed	CRAVEWORTHY BRANDS	—	—	Multi-brand fast-casual operator that owns and manages 22 units under the Mediterranean Kitchen and Hot Chicken Takeover brand names
April 2024	tropical CAFE	Blackstone	~$2,000MM	—	Leading franchisor of fast-casual cafes across 1,400 locations in 44 states offering menu items centered around healthier and "better-for-you" offerings
April 2024	TGI FRIDAYS	Hostmore®	~$220MM	—	Leading casual dining restaurant chain with 900+ restaurants in 60 countries worldwide
February 2024	7B SEVEN BREW DRIVE THRU COFFEE (Growth Investment)	Blackstone	—	—	High growth drive-thru coffee concept serving menu items such as specialty coffee blends, infused energy drinks, Italian sodas, smoothies, and tea
September 2023	veggiegrill celebrate the vegetable!	nextlevel	—	—	QSR restaurant chain offering a completely plant-based menu across 30 locations
August 2023	CARROLS BURGER KING	rbi restaurant brands international	~$1,000MM	~6.6x	Largest Burger King franchisee in the U.S. operating 1,022 Burger King restaurants in 23 states, also owns and operates 60 Popeyes restaurants in six states
November 2023	JOE & THE JUICE	GENERAL ATLANTIC	~$600MM	—	Urban juice bar and coffee restaurant concept operating 360+ units worldwide
October 2023	FAMOUS BRANDS INTERNATIONAL	Pearl Street Equity	—	—	Omnichannel branded food company that owns and manages 500 units under the Mrs. Fields® and TCBY® (The Country's Best Yogurt) brand names
September 2023	SMOKEY BONES	FAT BRANDS	~$30MM	—	Full-service restaurant chain serving assorted meat inspired menu items in 61 units across 16 states
August 2023	SUBWAY	ROARK CAPITAL GROUP	~$9,600MM	—	QSR restaurant chain offering made-to-order menu items in ~37K units worldwide
August 2023	FIESTA RESTAURANT GROUP, INC.	ARB AUTHENTIC · RESTAURANT · BRANDS	~$191MM	~6.7x	Owner, operator and franchisor of the Pollo Tropical restaurant brand; a QSR chain serving Latin-Caribbean-inspired menu items in ~170 units across FL, TX and AK
August 2023	FAR WEST	BRENTWOOD ASSOCIATES / 6 SIXTH STREET	—	—	Leading Wingstop franchisee with 100+ units across California, Nevada, Washington, Colorado and Utah

Sources: Company Filings, Company Presentations and Press Releases

RELEVANT DATA POINTS (SAME-STORE SALES DATA)

RESTAURANT SAME-STORE SALES DATA

	2020				2021				2022				2023				2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
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%	(7.0%)
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%	6.2%
MEAN	13.1%	17.8%	14.4%	0.8%	7.5%	4.3%	(0.3%)	1.1%	(1.8%)	(3.5%)	1.7%	1.3%	2.7%	4.6%	2.8%	2.9%	(0.4%)
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%	10.0%
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%	(3.0%)
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%	6.9%
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%	4.6%
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%	(1.4%)
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%	2.0%
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%	0.3%
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%	5.6%
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%	(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%)	(6.0%)
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%	(1.9%)
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%	(1.0%)
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%	3.9%
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%	0.9%
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%)	(8.0%)
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%	(2.5%)
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%	2.5%
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%	0.6%
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%	(0.4%)
MEAN TOTAL QSR	(0.9%)	(4.0%)	2.9%	2.9%	11.4%	16.9%	5.7%	7.4%	3.1%	1.2%	4.6%	4.7%	6.7%	4.7%	3.4%	2.9%	0.4%
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%)	(13.0%)
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%	0.0%
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%	7.0%
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%	5.1%
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%	0.3%
Fuzzy's Taco Shop	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%)	(9.8%)
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%)	(5.4%)
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%	(6.4%)
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%	(1.2%)
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%	(0.2%)
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%	1.6%
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%	5.0%
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%	21.3%
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%	3.0%	3.8%	0.3%

Sources: Restaurant Research LLC, S&P Capital IQ, Technomic and Company Filings

RELEVANT DATA POINTS (SAME-STORE SALES DATA)

RESTAURANT SAME-STORE SALES DATA (CONT.)

	2020				2021				2022				2023				2024
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
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%	0.0%
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%	(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%	0.5%
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%	(1.7%)
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%)	(3.6%)
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%	(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%)	(2.0%)
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%)	(4.6%)
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%)	(3.2%)
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%	(1.7%)
Bonefish	(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%)	(4.9%)
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%	3.5%
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%	0.4%
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%	(0.6%)
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%	3.6%
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%	(5.2%)
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%)	(2.6%)
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%)	0.0%
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%)	(4.0%)
Gen Korean BBQ	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	1.4%	(1.2%)	(1.7%)	(1.8%)
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%)	(9.7%)
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%	3.0%
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%	2.3%
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%	1.7%
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%	3.0%
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%	(1.8%)
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%)	(1.2%)
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%	0.0%
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%)	0.0%
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%	8.7%
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%	3.0%	1.6%	1.2%	(0.7%)
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%)	(2.3%)
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%)	(2.0%)
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%)	(6.8%)
MEAN	(7.3%)	(67.6%)	(27.9%)	(27.1%)	(8.9%)	350.6%	91.6%	82.1%	66.0%	20.1%	4.1%	3.0%	6.9%	(3.7%)	(4.1%)	(2.1%)	(3.7%)

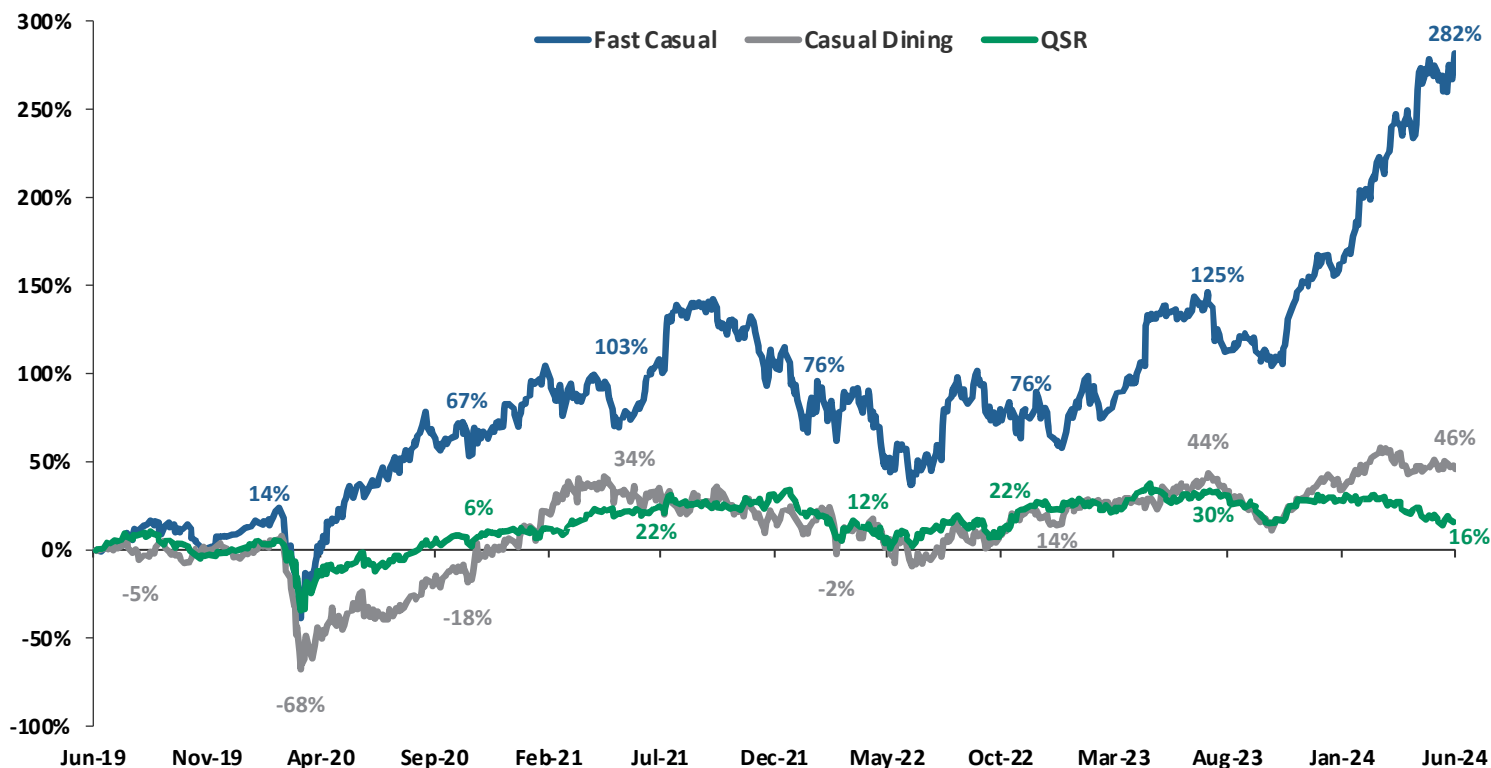Sources: Restaurant Research LLC, S&P Capital IQ, Technomic and Company Filings

✦ Citizens®

PUBLIC MARKET PERSPECTIVE: EQUITY PERFORMANCE

5-YEAR EQUITY PERFORMANCE (SHARE PRICE PERFORMANCE)

Legend: Fast Casual (blue), Casual Dining (grey), QSR (green)

Key annotations: 282%, 125%, 103%, 76%, 76%, 67%, 46%, 44%, 34%, 30%, 22%, 22%, 16%, 14%, 12%, 6%, -2%, -5%, -18%, -68%

X-axis: Jun-19, Nov-19, Apr-20, Sep-20, Feb-21, Jul-21, Dec-21, May-22, Oct-22, Mar-23, Aug-23, Jan-24, Jun-24

5-YEAR FORWARD EV / EBITDA MULTIPLES
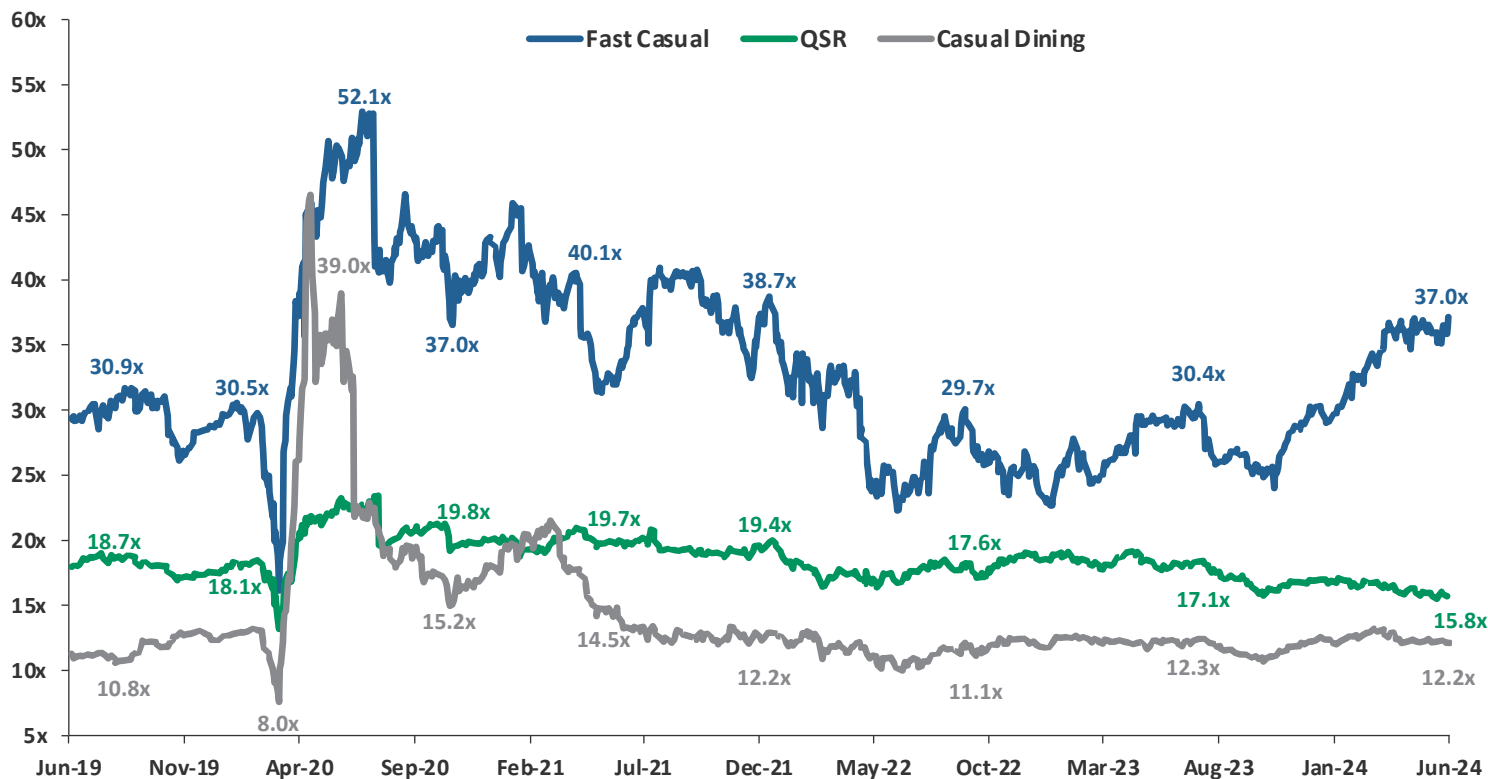
Legend: Fast Casual (blue), QSR (green), Casual Dining (grey)

Key annotations: 52.1x, 40.1x, 39.0x, 38.7x, 37.0x, 37.0x, 30.9x, 30.5x, 30.4x, 29.7x, 19.8x, 19.7x, 19.4x, 18.7x, 18.1x, 17.6x, 17.1x, 15.8x, 15.2x, 14.5x, 12.3x, 12.2x, 12.2x, 11.1x, 10.8x, 8.0x

X-axis: Jun-19, Nov-19, Apr-20, Sep-20, Feb-21, Jul-21, Dec-21, May-22, Oct-22, Mar-23, Aug-23, Jan-24, Jun-24

SELECT MACROECONOMIC AND COMMODITIES TRENDS

SELECT MACROECONOMIC DATA TRENDS

FOOD-AT-HOME CPI

(% YoY Change)

1.0%
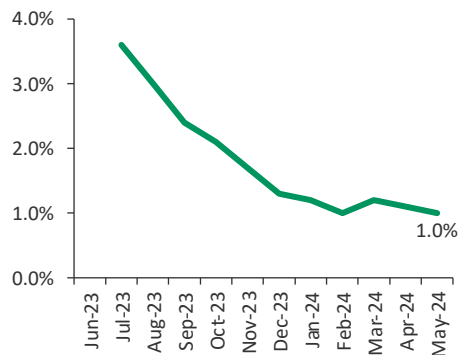
U.S. CREDIT CARD BALANCES

($ trillions)
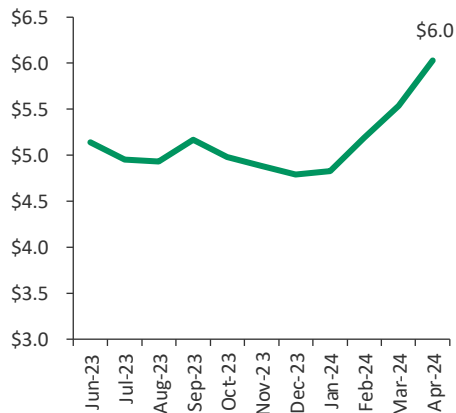

$1.1
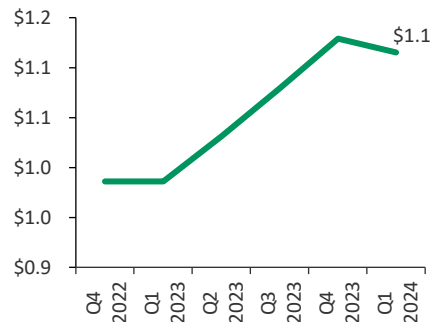
U.S. UNEMPLOYMENT RATE

(%)

3.9%

SELECT COMMODITY PRICE TRENDS

BEEF
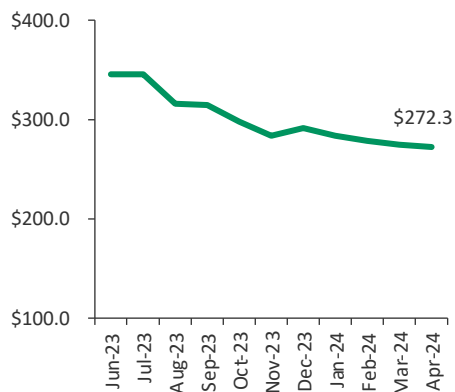
($ per kilogram)

$6.0

CHICKEN

($ per kilogram)

$1.4

PORK

($ per pound)

$0.9
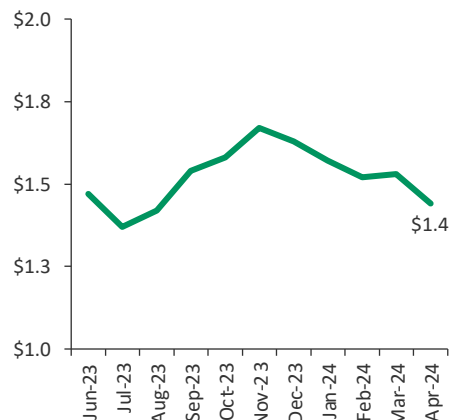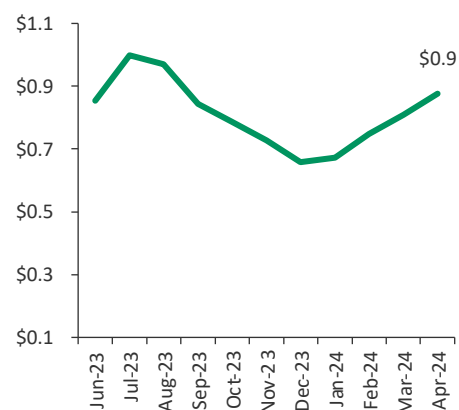
WHEAT

($ per metric ton)

$272.3

CORN

($ per metric ton)

$191.7
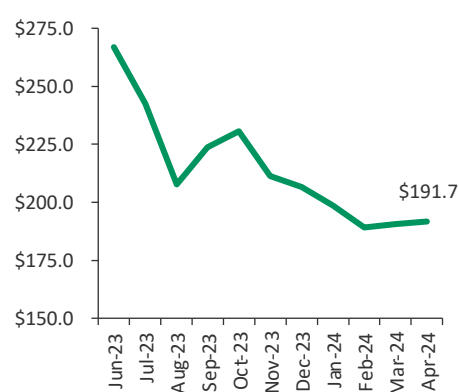
CRUDE OIL

($ per barrel)

$88.0

Sources: Bureau of Labor Statistics, Federal Reserve Bank of New York, Bureau of Economic Analysis, Index Mundi
Note: Reflects latest available data as of 06/17/24

RESTAURANT INDUSTRY INSIGHTS

✳ Citizens®

PREEMINENT RESTAURANT, FRANCHISE & MULTI-UNIT INVESTMENT BANKING PLATFORM

WHO WE ARE

The Citizens Restaurant, Franchise & Multi-unit team provides deep industry knowledge and customized solutions to meet the financial and strategic needs of clients. The team's experienced bankers understand the complex needs of companies operating across the industry. As a growth-oriented institution, we provide a full suite of financing solutions and investment banking services.

- Dedicated industry coverage focused on capital markets and strategic advice, execution and idea generation for clients in the Restaurant, Franchise & Multi-unit space
- Capital markets expertise ranging from traditional commercial lending products to institutional market alternatives

- Comprehensive market insights, including industry outlook, M&A activity, valuation trends, leverage and pricing and structures for recent sector financings
- Long-term relationships with blue-chip private equity firms

COMPREHENSIVE SECTOR COVERAGE….

Quick Service Restaurant (QSR)

Fast Casual (FC)

Full Service (FS)

…AND FULL-SERVICE CAPITAL MARKETS SOLUTIONS

Debt Capital Markets

M&A Advisory

Equity Capital Markets

Financial Sponsor Coverage

Corporate Banking

CAPITAL SOLUTIONS

border FOODS COMPANIES Always, Best, Always Better	FERTITTA ENTERTAINMENT LANDRY'S	BLACK DUCK PARTNERS	TACO BELL Palo Alto, Inc.
$120,697,850 SENIOR CREDIT FACILITIES Sole Lead Arranger, Sole Bookrunner, and Administrative Agent	**$3,542,000,000** SENIOR CREDIT FACILITIES Joint Lead Arranger	**$260,204,731** SENIOR CREDIT FACILITIES Left Lead Arranger, Joint Bookrunner and Administrative Agent	**$200,000,000** SENIOR CREDIT FACILITY Left Lead Arranger, Joint Bookrunner and Administrative Agent
MAY 2024	MARCH 2024	NOVEMBER 2023	SEPTEMBER 2023

M&A ADVISORY

ALDER PARTNERS	FARWEST A FRANCHISEE OF WINGSTOP	THE RC GROUP A FRANCHISEE OF TACO BELL, KFC, Pizza Hut, LONG JOHN SILVER'S	Pacific Wings, Inc. A FRANCHISEE OF BUFFALO WILD WINGS
HAS BEEN ACQUIRED BY flynngroup (Flynn Fitness Group) Financial Advisor to the Buyer	HAS BEEN ACQUIRED BY BRENTWOOD / 6 SIXTH STREET Financial Advisor to the Buyer	HAS COMPLETED THE SALE OF RESTAURANTS TO ABTB ATLANTA LLC & JAI TACO ATLANTA LLC Financial Advisor to the Seller	HAS COMPLETED THE SALE OF ITS ASSETS TO Grube Inc. Financial Advisor to the Seller
NOVEMBER 2023	AUGUST 2023	MAY 2023	MAY 2023

CONTACT OUR TEAM TO FIND OUT MORE

CORPORATE FINANCE & DEBT CAPITAL MARKETS

Bill Cvetkovski
Managing Director, Head of Consumer & Retail
704-496-5833
bill.j.cvetkovski@citizensbank.com

Michael Myszkowski
Managing Director
704-496-5842
michael.myszkowski@citizensbank.com

Michael Cicuto
Managing Director
617-994-7335
michael.e.cicuto@citizensbank.com

MERGERS & ACQUSITIONS

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

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

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

CORPORATE FINANCE | CAPITAL MARKETS & ADVISORY | TREASURY & RISK MANAGEMENT