



RESTAURANT INDUSTRY COMMENTARY AND SAME-STORE SALES DATA

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Same-Store Sales Discussion (Q1 2022)

Any discussion of restaurant industry performance in the Covid era requires context on the state of the public health crisis. The first quarter of 2022 began with Covid cases increasing at the highest rate of any time during the pandemic due to the highly contagious Omicron variant. According to *The New York Times*, the 7-day average of U.S. Covid cases was 399k on January 1st. The Omicron variant spread rapidly from that point to a peak of 807k cases on January 14th, and cases dipped to 29k by the end of the quarter on March 31st. Despite the most significant surge in cases during the pandemic (more than 3x the previous peak), Covid-related deaths did not reach the all-time high from Q1 2021 because most Americans had been fully vaccinated by the end of 2021, and the illness resulting from the Omicron variant was less severe than prior variants. Despite the increase in cases, restrictions were eased throughout the country as we hit the 2-year mark of the pandemic and fatigue related to pandemic restrictions spread.

Notably, Russia invaded Ukraine on February 24, 2022, disrupting global supply chains already strained by the pandemic. That disruption began to impact restaurants towards the end of Q1 2022 but would cause more serious issues for restaurant operators in Q2 2022 as the price of gasoline and other commodities spiked.

In Q1 2022, average same-store sales (“SSS”) for the brands we track were up 21.0% compared to the prior year, which was deeply impacted by the pandemic. On a 3-year basis compared to pre-pandemic conditions of 2019, SSS were up 7.7%.

QSR: QSR (+3.2%) SSS continued to grow as operators increased prices to offset significant increases in food and labor costs. QSR saw the smallest decrease of any segment in the early days of the pandemic in 2020 (-1.2% in Q1 2020) and produced strong results in Q1 2021 (+11.0%). As a result, 3-year SSS growth was 12.6%.

- Chicken segment (+1.5%) SSS increased thanks to strong performances from Pollo Tropical (+8.0%) and KFC (+1.0%), partially offset by a fourth consecutive decline from Popeyes (-4.6%). Popeyes still led the segment on a 3-year basis (+24.4%).
- Burger concepts (+1.1%) again produced modest growth with McDonald’s (+3.5%) and Habit Burger Grill (+3.0%) leading the way. On a 3-year basis, burger concepts were up significantly compared to 2019 (+13.2%).
- Pizza segment (+3.8%) generated positive results led by Pizza Inn (+22.8%) and Papa John’s (+1.9%), partially offset by Pizza Hut (-6.0%) and Domino’s (-3.6%), which suffered declines in two of the past three quarters after 41 consecutive quarters of increases.

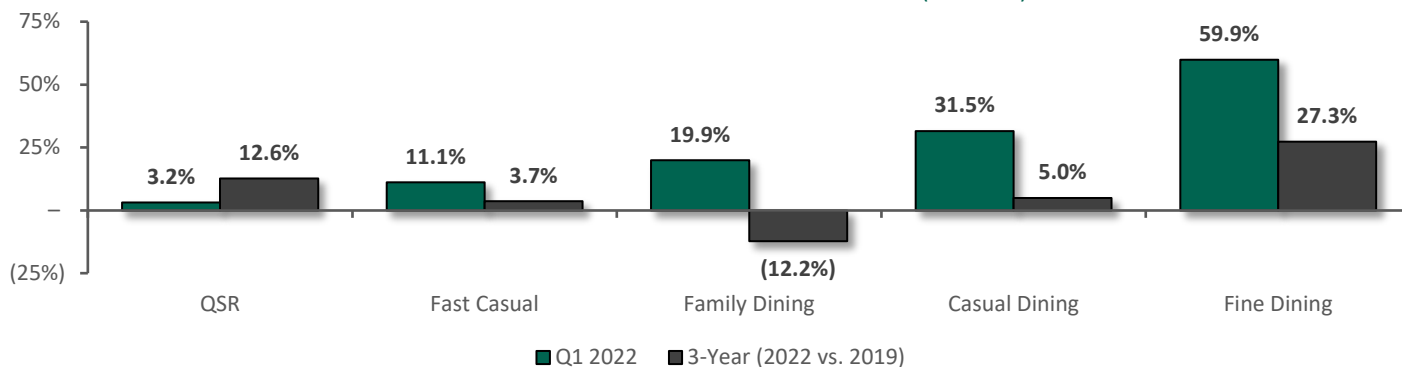
Fast Casual: Fast casual restaurants (+11.1%) produced a strong quarter but more modest 3-year growth (+3.7%) compared to pre-pandemic times due to struggles in the early days of the pandemic.

Family Dining: Family Dining (+19.9%) generated substantial growth but still lagged pre-pandemic performance (-12.2% compared to 2019).

Casual Dining: All 26 casual dining (+31.5%) concepts in our SSS index produced positive SSS growth in Q1, still recovering from disastrous results in the prior year.

Fine Dining: Fine dining (+59.9%) posted meteoric growth from all concepts and is up an astounding 27.3% on a 3-year basis compared to 2019.

RESTAURANT SAME-STORE SALES BY SEGMENT (Q1 2022)



Source: Technomic, Inc.

Restaurant Same-Store Sales Data

	2019				2020				2021				2022	'22 vs. '19
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q1
Chicken														
KFC	2.0%	2.0%	(1.0%)	1.0%	(3.0%)	7.0%	9.0%	8.0%	14.0%	11.0%	4.0%	4.0%	1.0%	11.7%
Pollo Tropical	(2.6%)	(1.3%)	(3.8%)	0.6%	(7.3%)	(31.6%)	(11.1%)	(8.2%)	4.3%	43.5%	13.8%	9.0%	8.0%	4.4%
Popeyes	0.4%	2.9%	10.2%	37.9%	29.2%	28.5%	19.7%	(6.4%)	0.9%	(2.5%)	(4.5%)	(1.8%)	(4.6%)	24.4%
MEAN	(0.1%)	1.2%	1.8%	13.2%	6.3%	1.3%	5.9%	(2.2%)	6.4%	17.3%	4.4%	3.7%	1.5%	13.5%
Coffee/Snack														
Dutch Bros. Coffee	N/A	N/A	N/A	N/A	N/A	N/A	2.4%	5.7%	N/A	N/A	7.3%	10.1%	6.0%	N/A
Starbucks	4.0%	7.0%	6.0%	6.0%	(3.0%)	(40.0%)	(9.0%)	(5.0%)	9.0%	83.0%	22.0%	18.0%	12.0%	18.4%
Tim Horton's	(0.6%)	0.5%	(1.4%)	(4.3%)	(10.3%)	(29.3%)	(12.5%)	(11.0%)	(2.3%)	27.6%	8.9%	10.3%	8.4%	(5.0%)
MEAN	1.7%	3.8%	2.3%	0.9%	(6.7%)	(34.7%)	(6.4%)	(3.4%)	3.4%	55.3%	12.7%	12.8%	8.8%	6.7%
Mexican														
Del Taco	(0.1%)	2.2%	1.0%	0.4%	(3.1%)	(10.1%)	4.1%	3.8%	9.1%	17.8%	1.8%	0.0%	2.5%	8.4%
Taco Bell	4.0%	7.0%	4.0%	4.0%	1.0%	(8.0%)	3.0%	1.0%	9.0%	21.0%	5.0%	8.0%	5.0%	15.6%
MEAN	2.0%	4.6%	2.5%	2.2%	(1.1%)	(9.1%)	3.6%	2.4%	9.1%	19.4%	3.4%	4.0%	3.8%	12.0%
Pizza														
Domino's	3.9%	3.0%	2.4%	3.4%	1.6%	16.1%	17.5%	11.2%	13.4%	3.5%	(1.9%)	1.0%	(3.6%)	11.1%
Papa John's	(6.9%)	(5.7%)	1.0%	3.5%	5.3%	28.0%	23.8%	13.5%	26.2%	5.2%	6.9%	11.1%	1.9%	35.4%
Pizza Hut	0.0%	2.0%	(3.0%)	(4.0%)	(7.0%)	5.0%	6.0%	8.0%	16.0%	4.0%	2.0%	1.0%	(6.0%)	1.4%
Pizza Inn	3.3%	2.2%	3.1%	2.4%	(7.8%)	(39.0%)	(22.0%)	(18.0%)	(3.1%)	0.0%	25.0%	31.0%	22.8%	9.7%
MEAN	0.1%	0.4%	0.9%	1.3%	(2.0%)	2.5%	6.3%	3.7%	13.1%	3.2%	8.0%	11.0%	3.8%	14.4%
Burger														
Burger King	0.4%	0.5%	5.0%	0.6%	(6.5%)	(9.9%)	(3.2%)	(2.9%)	6.6%	13.0%	(1.6%)	1.8%	(0.5%)	(0.8%)
Good Times Burgers & Frozen Custard	(7.5%)	2.8%	(0.4%)	5.8%	3.0%	11.9%	(10.0%)	22.1%	22.9%	2.9%	(0.2%)	5.9%	(0.9%)	25.4%
Habit Burger Grill	3.2%	3.9%	3.1%	0.0%	(9.0%)	(18.0%)	(3.0%)	(5.0%)	13.0%	31.0%	11.0%	11.0%	3.0%	5.9%
Jack in the Box	0.2%	2.7%	3.0%	1.7%	(4.2%)	6.6%	12.2%	12.5%	20.6%	10.2%	0.1%	1.2%	(0.8%)	14.6%
McDonald's	4.5%	5.7%	4.8%	5.1%	0.1%	(8.7%)	4.6%	5.5%	13.6%	25.9%	9.6%	7.5%	3.5%	17.7%
Wendy's	1.2%	1.3%	4.5%	4.5%	0.0%	(4.4%)	7.0%	5.5%	13.5%	16.1%	2.1%	6.1%	2.4%	16.2%
MEAN	0.3%	2.8%	3.3%	3.0%	(2.8%)	(3.8%)	1.3%	6.3%	15.0%	16.5%	3.5%	5.6%	1.1%	13.2%
MEAN TOTAL QSR	0.6%	2.3%	2.3%	4.0%	(1.2%)	(5.6%)	2.1%	2.0%	11.0%	18.4%	6.1%	7.4%	3.2%	12.6%
Fast Casual														
BurgerFi	N/A	N/A	N/A	N/A	(11.8%)	(20.0%)	(9.2%)	(2.9%)	4.0%	44.0%	8.0%	0.0%	(5.0%)	(12.9%)
Chipotle	9.9%	10.0%	11.0%	13.4%	3.3%	(9.8%)	8.3%	5.7%	17.2%	31.2%	15.1%	15.2%	9.0%	32.0%
El Pollo Loco	2.4%	0.7%	1.1%	3.9%	(1.5%)	(9.7%)	1.8%	(0.2%)	7.4%	21.0%	9.3%	11.0%	7.8%	14.0%
Firehouse Subs	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8.2%	23.9%	N/A	N/A	15.2%	4.5%	N/A
Freshii	(0.9%)	(4.0%)	(3.7%)	(2.0%)	(14.3%)	(51.4%)	(26.8%)	(28.4%)	(18.5%)	46.7%	10.6%	10.1%	5.4%	(26.4%)
Pie Five	(4.4%)	(7.3%)	(12.2%)	(11.0%)	(21.4%)	(37.9%)	(23.0%)	(16.0%)	(21.0%)	0.0%	18.0%	15.0%	21.4%	(24.6%)
Portillo's	N/A	N/A	2.8%	5.2%	(2.2%)	(17.7%)	(2.1%)	(8.9%)	0.8%	26.1%	6.8%	10.3%	8.2%	6.7%
Potbelly	(4.7%)	(4.0%)	(3.0%)	0.1%	(10.1%)	(41.5%)	(21.0%)	(19.7%)	(3.1%)	70.0%	33.7%	33.8%	24.4%	8.4%
Shake Shack	3.6%	3.6%	2.0%	(3.6%)	(12.8%)	(49.0%)	(31.7%)	(17.4%)	5.7%	52.7%	24.8%	20.8%	10.3%	1.7%
Sweetgreen	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(28.0%)	(26.0%)	N/A	N/A	36.0%	35.0%	N/A
Wingstop	7.1%	12.8%	12.3%	12.2%	9.9%	31.9%	25.4%	18.2%	20.7%	2.1%	3.9%	7.5%	1.2%	34.2%
MEAN	1.9%	1.7%	1.3%	2.3%	(6.8%)	(22.8%)	(8.7%)	(8.1%)	1.0%	32.6%	14.5%	15.9%	11.1%	3.7%

Restaurant Same-Store Sales Data (Cont.)

	2019				2020				2021				2022	'22 vs. '19
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q1
Family Dining														
Cracker Barrel ⁽¹⁾	1.3%	3.8%	2.1%	3.8%	(41.7%)	(39.2%)	(16.4%)	(21.9%)	(8.6%)	0.0%	19.0%	25.9%	10.9%	(40.9%)
Denny's	1.3%	3.8%	1.1%	1.7%	(6.3%)	(56.9%)	(33.6%)	(32.9%)	(9.7%)	117.0%	50.2%	49.0%	23.3%	4.3%
First Watch	N/A	N/A	N/A	N/A	N/A	N/A	(17.2%)	N/A	N/A	N/A	46.2%	36.7%	27.2%	N/A
IHOP	1.2%	2.0%	0.0%	1.1%	(14.7%)	(59.1%)	(30.2%)	(30.1%)	(0.9%)	120.1%	40.1%	39.2%	18.1%	(0.2%)
Village Inn	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	48.2%	51.7%	19.9%	N/A
MEAN	1.3%	3.2%	1.1%	2.2%	(20.9%)	(51.7%)	(24.4%)	(28.3%)	(6.4%)	79.0%	40.7%	40.5%	19.9%	(12.2%)
Casual Dining														
Applebee's	1.8%	(0.5%)	(1.6%)	(2.5%)	(10.6%)	(49.4%)	(13.3%)	(17.6%)	11.9%	102.2%	27.7%	34.8%	14.3%	14.3%
Bad Daddy's Burger Bar	1.3%	(0.7%)	(0.2%)	(3.4%)	(15.7%)	(36.7%)	(12.2%)	(11.8%)	9.1%	61.4%	22.8%	24.0%	15.5%	6.2%
Bahama Breeze	(3.7%)	1.9%	(4.2%)	(3.4%)	(0.5%)	(66.1%)	(39.0%)	(28.6%)	(36.9%)	160.7%	65.8%	42.9%	55.2%	(2.6%)
BJ's Restaurants	2.0%	2.0%	(0.3%)	0.4%	(15.5%)	(57.2%)	(30.2%)	(32.3%)	(13.0%)	121.9%	41.8%	45.6%	33.9%	(1.6%)
Bonefish	1.9%	0.1%	(2.2%)	0.5%	(13.9%)	(56.8%)	(22.5%)	(27.1%)	(2.9%)	141.2%	36.6%	39.0%	21.3%	1.4%
Carrabba's Italian Grill	0.3%	(1.6%)	0.1%	1.4%	(8.7%)	(36.7%)	(9.0%)	(11.4%)	8.9%	84.3%	28.8%	24.4%	11.5%	10.9%
Cheddar's Scratch Kitchen	(2.7%)	(3.2%)	(5.4%)	(1.2%)	(1.6%)	(58.5%)	(39.0%)	(28.6%)	(36.9%)	160.7%	65.8%	42.9%	55.2%	(3.6%)
Cheesecake Factory	1.3%	1.0%	0.4%	0.6%	(12.9%)	(56.9%)	(23.3%)	(19.5%)	2.8%	150.0%	41.1%	33.8%	20.7%	8.1%
Chili's Grill & Bar	2.7%	1.3%	2.3%	1.7%	(5.4%)	(33.0%)	(7.0%)	(6.1%)	0.6%	62.1%	13.8%	11.5%	9.9%	4.6%
Chuy's	3.2%	1.9%	2.6%	2.9%	(9.7%)	(39.0%)	(19.8%)	(18.3%)	(3.2%)	60.0%	20.5%	20.8%	11.4%	(2.6%)
Dave & Buster's	2.9%	(0.3%)	(1.8%)	(4.1%)	(4.7%)	(58.6%)	(87.0%)	(66.0%)	(70.0%)	(35.0%)	3.6%	0.0%	10.9%	(68.3%)
Famous Dave's	(0.7%)	0.5%	1.9%	0.9%	(13.1%)	(30.0%)	(10.0%)	(5.5%)	16.0%	51.0%	18.0%	30.8%	8.6%	9.5%
FAT Brands Inc.	(0.4%)	0.7%	(0.1%)	0.2%	(10.0%)	(24.6%)	N/A	(8.4%)	8.7%	54.6%	17.3%	0.0%	16.8%	14.3%
Granite City	N/A	N/A	N/A	N/A	N/A	(65.5%)	(25.9%)	(40.7%)	3.0%	138.6%	31.4%	63.8%	24.1%	N/A
Kona Grill	0.0%	0.0%	0.0%	3.9%	(15.5%)	(52.8%)	(7.3%)	(8.0%)	26.6%	160.6%	36.8%	50.2%	21.9%	30.4%
Kura Sushi	6.8%	7.6%	9.4%	7.9%	10.8%	(85.4%)	(72.7%)	(50.8%)	(60.2%)	456.0%	291.4%	154.3%	182.9%	24.8%
LongHorn Steakhouse	3.8%	3.3%	2.6%	6.7%	3.9%	(45.3%)	(18.1%)	(11.1%)	(12.6%)	107.5%	47.0%	31.2%	31.6%	19.5%
Maggiano's	0.4%	(0.2%)	(1.8%)	(1.4%)	(9.9%)	(66.7%)	(38.6%)	(47.0%)	(29.6%)	147.9%	62.6%	78.1%	50.5%	(4.5%)
Noodles & Company	3.0%	4.6%	2.1%	1.5%	(7.2%)	(30.9%)	(3.8%)	(4.7%)	10.7%	56.8%	16.3%	22.1%	6.4%	9.3%
North Italia	N/A	N/A	N/A	4.0%	(12.0%)	(59.0%)	(22.0%)	(18.0%)	5.0%	182.0%	38.0%	37.0%	32.0%	22.0%
Olive Garden	4.3%	2.4%	2.2%	1.5%	2.1%	(39.2%)	(28.2%)	(19.9%)	(25.8%)	61.9%	37.1%	29.3%	29.9%	(1.6%)
Outback	3.5%	1.3%	0.2%	2.7%	(9.5%)	(32.9%)	(10.4%)	(15.2%)	4.1%	65.8%	18.3%	20.7%	9.2%	2.9%
Red Robin	(3.3%)	(1.5%)	1.6%	1.3%	(20.8%)	(41.4%)	(25.1%)	(29.0%)	10.0%	66.3%	34.3%	40.1%	19.7%	4.3%
Seasons 52	(1.3%)	(2.1%)	(4.2%)	(3.5%)	3.0%	(69.9%)	(39.0%)	(28.6%)	(36.9%)	160.7%	65.8%	42.9%	55.2%	0.9%
Texas Roadhouse	5.2%	4.7%	4.4%	4.4%	(8.4%)	(32.8%)	(6.3%)	(8.9%)	18.5%	80.2%	30.2%	33.1%	16.0%	25.9%
Yard House	(2.1%)	(1.4%)	(1.9%)	0.7%	1.8%	(70.7%)	(39.0%)	(28.6%)	(36.9%)	160.7%	65.8%	42.9%	55.2%	(0.3%)
MEAN	1.3%	0.9%	0.3%	0.9%	(7.4%)	(49.8%)	(25.9%)	(22.8%)	(8.8%)	116.2%	45.3%	38.3%	31.5%	5.0%
Fine Dining														
Capital Grille ⁽²⁾	4.3%	2.9%	1.5%	1.8%	4.2%	(62.5%)	(39.1%)	(31.0%)	(45.2%)	143.6%	84.6%	61.6%	85.8%	6.1%
Fleming's	0.6%	1.6%	0.4%	0.9%	(13.2%)	(56.3%)	(20.3%)	(29.7%)	(2.3%)	182.6%	59.6%	71.1%	45.7%	23.6%
Ruth's Chris	1.8%	(0.5%)	0.6%	1.4%	(13.5%)	(74.1%)	(36.7%)	(39.7%)	(14.8%)	286.6%	66.8%	61.2%	41.5%	4.3%
STK	8.6%	6.4%	9.3%	8.9%	(12.8%)	(81.4%)	(24.2%)	(20.7%)	20.8%	725.7%	130.6%	113.5%	66.5%	75.4%
MEAN	3.8%	2.5%	2.6%	2.7%	(6.3%)	(68.6%)	(30.1%)	(30.3%)	(10.4%)	334.6%	85.4%	76.9%	59.9%	27.3%

(1) Cracker Barrel third-quarter fiscal 2022 ended June 7, 2022

(2) Beginning Q2 2020, Capital Grille includes Eddie V's Prime Seafood

Source: Restaurant Research LLC, Capital IQ, Technomic and company filings

Selected Recent Transactions

Vitaligent, LLC
A FRANCHISEE OF JAMBA & CINNABON




ACQUIRED BY



Financial Advisor to the Seller

FEBRUARY 2022

Palo Alto, Inc.
A FRANCHISEE OF PIZZA HUT



HAS COMPLETED THE SALE OF 30+ RESTAURANTS TO

AYVAZ PIZZA, LLC

Financial Advisor to the Seller

DECEMBER 2021

BURGERBUSTERS INC.

A FRANCHISEE OF




HAS COMPLETED THE SALE OF 78 RESTAURANTS TO

CHARTER CENTRAL, LLC


Financial Advisor to the Seller

DECEMBER 2021

CalJax, Inc.
A FRANCHISEE OF JACK IN THE BOX



HAS COMPLETED THE SALE OF 20 RESTAURANTS TO



Financial Advisor to the Seller

DECEMBER 2021

J & R Hock Enterprises, Inc.
A FRANCHISEE OF TACO BELL



TACO BELL

HAS COMPLETED THE SALE OF 42 RESTAURANTS TO



Financial Advisor to the Seller

NOVEMBER 2021

Century Fast Foods, Inc.
A FRANCHISEE OF TACO BELL



TACO BELL

HAS COMPLETED THE SALE OF 33 RESTAURANTS TO



Financial Advisor to the Seller

NOVEMBER 2021

PACIFIC BELLS
A FRANCHISEE OF TACO BELL

A PORTFOLIO COMPANY OF



ACQUIRED BY

ORANGEWOOD

Financial Advisor to the Seller

NOVEMBER 2021

Arby's

HAS COMPLETED THE SALE OF 9 RESTAURANTS TO



Financial Advisor to the Seller

AUGUST 2021

MEET OUR SENIOR TEAM

Kevin Burke
Managing Director
310-231-3100
kevin.burke@citizensbank.com

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
310-231-3123
zach.olson@citizensbank.com

Ivan Hsu
Director
704-317-4116
ivan.hsu@citizensbank.com

Aaron Edwards
Director
310-231-3111
aaron.edwards@citizensbank.com

For more information, visit tcib.com

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