

## Quarter 2/2018

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\*The data for this report is released on a rolling schedule. The presented numbers are current as of publication and are subject to revision.

## SUMMARY

### SAME STORE SALES

QTR-2 SSS trends improved with SSS Industry average of 1.4% and Traffic average of (1.0%). There are many factors that contributed to this current positive momentum: the improvements in the economy, the consumers have more income to spend, their confidence in the economy is at all time highs, a refocus by many brands on delivering a great customer experience, and the focus on value – lower prices and price point specifics targeted.

### FOCUS

- **Delivery** – More chains announced exploring options for delivery once some of McDonald's delivery numbers became public. Additionally, the industry has understood this is a "convenience" that consumers want.
- **Value Offering** – Most restaurants are now making some of their primary focuses on: (1) value offerings – mainly to attract trial and (2) price point, especially on the price points that were conclusively proven several years ago to be the established range consumers were willing to spend on specific chains.
  - For QSR the influencing price equals: \$5
  - For Fast Casual the influencing price equals: \$10-\$12
  - For Casual Dining the influencing price equals: \$10-\$15
  - For Fine Dining there was no cap on willing to spend.
- **Improved Customer Service/Experience** – Once Darden's press release was publicized showing their SSS numbers were bucking the industry trend, all chains began to study the reasons for Darden's success. They discovered where Darden stated its return to the basics of the business: good food served in a clean establishment and delivered with exceptional service; thus creating an enjoyable dining experience; that is, placing the focus back on the guest and what they want and expect when they dine out.

### PRIME COSTS

QTR-2 Industry average was 61.6% for Prime Costs – an increase over QTR-1 of nearly 1.9% caused by 50 basis points increase in food costs and a 1.4% increase in labor costs. Both were impacted due to large increases in discounts and couponing. In attempts to increase usage of brand apps, free food was offered as a reward for customer sign ups. The other aspect impacting food and labor costs was the significant shift across the industry to discounting and price point focused menu offerings.

### OPERATOR CONFIDENCE

Operator's Confidence is maintaining record levels not seen in over 30 years. The major influences are: the removal of many government regulations that have hindered business growth, an improving economy and overall better sales trends.

**CONSUMER CONFIDENCE**

For QTR-2, Consumer Sentiment averaged 98.3; previous QTR-1 was 98.9.

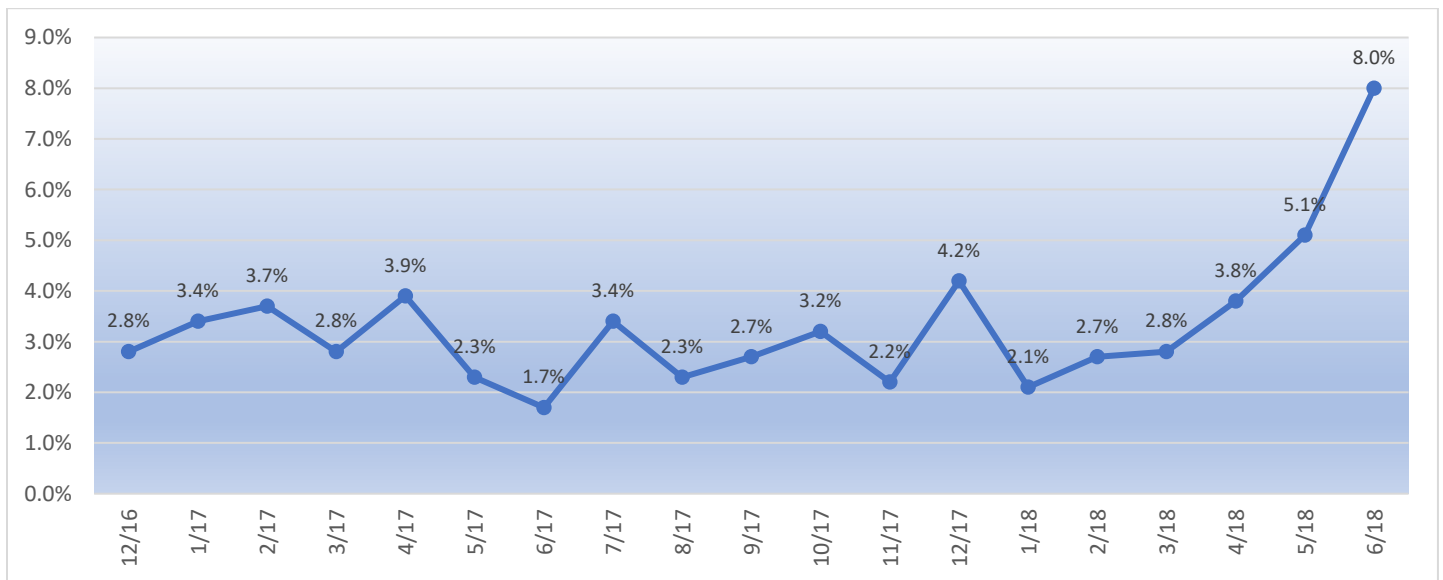
For QTR-2, Consumer Confidence remained relatively stable and at record highs. Improvements in the job market – more jobs, better employment, better income prospects, factor in the current consistent consumer confidence.

INDEPENDENT SSS & TRAFFIC HISTORY:

	2017												2018					
	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE
<b>SALES:</b>																		
Higher	25%	53%	57%	28%	30%	32%	50%	36%	40%	46%	40%	64%	50%	54%	67%	51%	49%	56%
Lower	50%	30%	33%	48%	41%	39%	35%	47%	45%	34%	39%	16%	43%	25%	20%	28%	21%	37%
Same	25%	17%	10%	24%	29%	29%	15%	17%	15%	20%	21%	20%	7%	21%	13%	21%	30%	7%
<b>TRAFFIC:</b>																		
Higher	25%	36%	45%	23%	24%	32%	41%	22%	27%	28%	33%	51%	27%	36%	57%	30%	33%	42%
Lower	45%	38%	40%	53%	51%	42%	35%	42%	51%	47%	41%	16%	56%	25%	23%	39%	46%	32%
Same	30%	26%	15%	24%	25%	26%	24%	36%	22%	25%	26%	33%	17%	39%	20%	31%	21%	26%

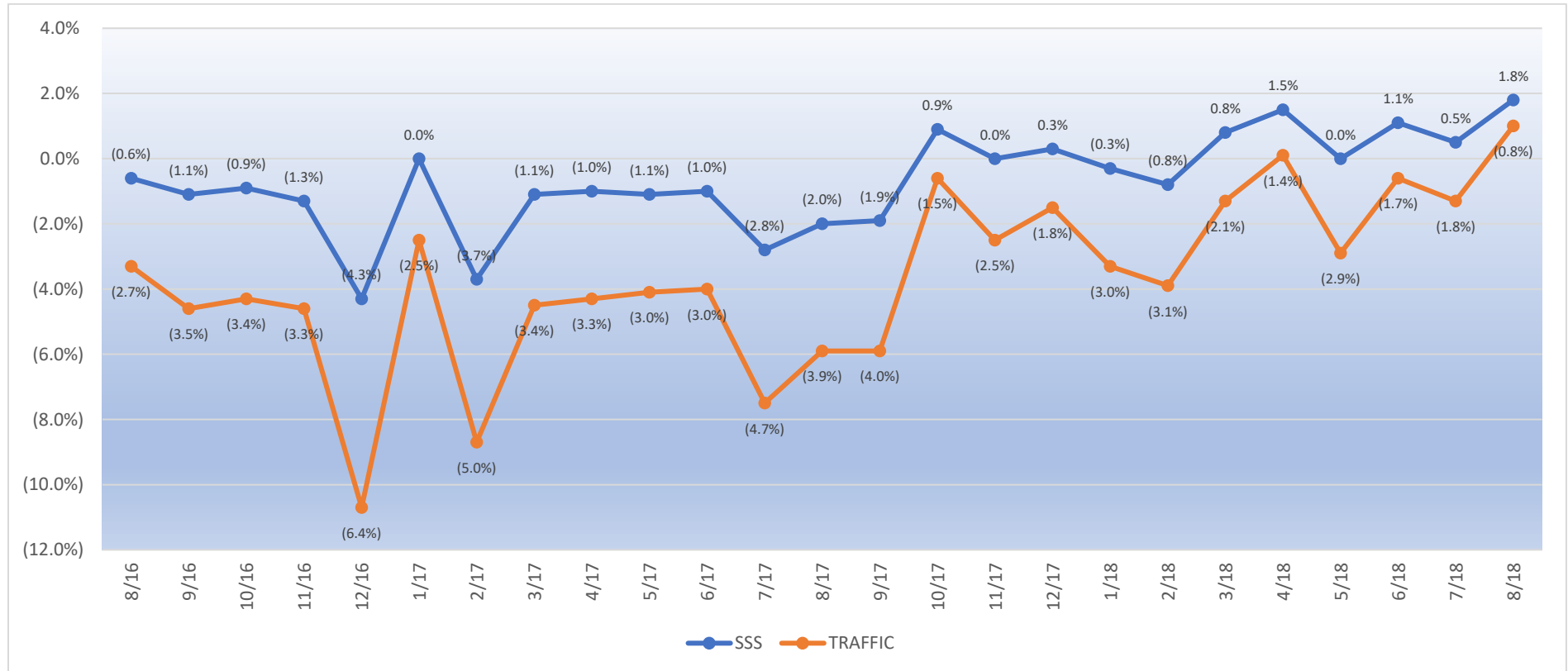
Source: National Restaurant Association Operator Survey

ADVANCED MONTHLY SALES FOR FOOD SERVICE:



SOURCE: Census Bureau

## Restaurant Sector Monthly Same Store Sales and Traffic Growth



## Quarterly SSS Performance – Last 2 Years

	2016			2017			2018		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>Quick Service</b>									
McDonald's	3.1% ↑	3.5% ↑	2.7% ↑	3.6% ↑	6.3% ↑	5.6% ↑	5.5% ↑	2.9% ↑	2.6% ↓
Sonic Corporation	2.0% ↑	(2.0%) ↓	(2.0%) ↓	(7.4%) ↓	(1.2%) ↓	(3.3%) ↓	(1.7%) ↓	(2.9%) ↓	(0.2%) ↑
Restaurant Brands International, Inc.									
Burger King	3.9% ↑	1.7% ↑	2.8% ↑	(0.1%) ↔	3.9% ↑	3.6% ↑	2.7% ↑	4.2% ↑	1.8% ↓
Tim Horton's	4.8% ↑	2.0% ↑	0.2% ↔	(0.1%) ↔	(0.8%) ↔	0.3% ↔	0.0% ↔	(0.3%) ↔	0.0% ↔
Popeye's Louisiana Kitchen, Inc.	0.7% ↔	1.8% ↑	2.4% ↑	(0.2%) ↔	(2.7%) ↓	(1.8%) ↓	(2.5%) ↓	2.3% ↑	2.9% ↑
Wendy's Company	0.3% ↔	1.4% ↑	0.8% ↔	1.6% ↑	3.2% ↑	2.0% ↑	1.3% ↑	1.6% ↑	1.8% ↑
Jack in the Box, Inc.	1.1% ↑	2.0% ↑	1.8% ↑	1.8% ↑	(1.3%) ↓	(0.1%) ↔	(1.2%) ↓	(0.1%) ↔	0.5% ↔
Bojangles' Inc.	0.2% ↔	0.8% ↔	5.5% ↑	(1.7%) ↓	(1.4%) ↓	(2.2%) ↓	2.4% ↑	(0.6%) ↔	(0.2%) ↔
Yum Brands, Inc.									
KFC	2.0% ↑	4.0% ↑	3.0% ↑	2.0% ↑	3.0% ↑	7.0% ↑	3.0% ↑	(1.0%) ↓	(1.0%) ↔
Pizza Hut	0.0% ↔	(1.0%) ↓	(2.0%) ↓	(3.0%) ↓	(1.0%) ↓	6.0% ↑	1.0% ↑	2.0% ↑	1.0% ↓
Taco Bell	(1.0%) ↓	3.0% ↑	3.0% ↑	8.0% ↑	4.0% ↑	3.0% ↑	2.0% ↑	1.0% ↑	1.0% ↔
Del Taco Restaurant's, Inc.	3.3% ↑	6.7% ↑	5.5% ↑	4.2% ↑	7.1% ↑	4.1% ↑	3.0% ↑	3.7% ↑	3.3% ↓
Domino's	9.7% ↑	13.0% ↑	12.2% ↑	10.2% ↑	9.5% ↑	8.4% ↑	4.2% ↑	8.5% ↑	6.9% ↓
Papa John's International, Inc.	4.8% ↑	5.5% ↑	3.8% ↑	2.0% ↑	1.4% ↑	1.0% ↑	(1.3%) ↓	(5.3%) ↓	(6.1%) ↓
Papa Murphy's Holdings, Inc.	(4.0%) ↓	(5.8%) ↓	(7.8%) ↓	(5.0%) ↓	(4.3%) ↓	(4.1%) ↓	(3.0%) ↓	(2.7%) ↓	(2.4%) ↑
Mean	2.1% ↑	2.4% ↑	2.1% ↑	1.1% ↑	1.7% ↑	2.0% ↑	1.0% ↑	0.9% ↔	0.8% ↔

SOURCE: SEC filings, Company Press Releases and various news sources.  
Represents most actively traded public restaurant companies.

## Quarterly SSS Performance – Last 2 Years (continued)

	2016			2017			2018		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>Fast Casual</b>									
Chipotle Mexican Grill, Inc.	(23.6%) ↓	(21.9%) ↓	(4.8%) ↓	17.8% ↑	8.1% ↑	0.9% ⇔	0.9% ⇔	2.2% ↑	3.3% ↑
Wingstop, Inc.	4.6% ↑	3.1% ↑	4.1% ↑	1.0% ↑	(1.1%) ↓	2.0% ↑	4.1% ↑	9.5% ↑	4.3% ↓
El Pollo Loco Holdings, Inc.	0.7% ⇔	2.4% ↑	1.6% ↑	(1.3%) ↓	(0.3%) ⇔	2.9% ↑	1.7% ↑	(1.1%) ↓	(0.9%) ↑
Fiesta Restaurant Group, Inc.									
Pollo Tropical	(1.4%) ↓	(1.0%) ↓	(4.0%) ↓	(6.7%) ↓	(7.7%) ↓	(10.9%) ↓	(0.1%) ⇔	2.8% ↑	3.4% ↑
Taco Cabana	(3.8%) ↓	(4.1%) ↓	(3.5%) ↓	(4.5%) ↓	(4.7%) ↓	(12.6%) ↓	(7.4%) ↓	0.9% ⇔	3.1% ↑
Potbelly Corporation	2.0% ↑	1.7% ↑	0.6% ⇔	0.1% ⇔	3.1% ↑	(4.9%) ↓	(4.8%) ↓	3.6% ↑	(0.2%) ↓
Zoe's Kitchen, Inc.	4.0% ↑	2.4% ↑	0.7% ⇔	(3.3%) ↓	(3.8%) ↓	(0.5%) ⇔	0.3% ⇔	(2.3%) ↓	(2.3%) ⇔
Habit Restaurants, Inc.	4.0% ↑	0.2% ⇔	1.7% ↑	0.9% ⇔	0.1% ⇔	(0.2%) ⇔	(1.0%) ↓	(1.4%) ↓	1.2% ↑
Noodles & Company	(1.0%) ↓	(0.7%) ⇔	(0.8%) ⇔	(2.0%) ↓	(3.4%) ↓	(3.5%) ↓	(3.0%) ↓	(0.9%) ⇔	5.4% ↑
Starbucks Corporation	4.0% ↑	5.0% ↑	3.0% ↑	3.0% ↑	4.0% ↑	2.0% ↑	2.0% ↑	2.0% ↑	1.0% ↓
Dunkin' Brands Group, Inc.									
Dunkin' Donuts	0.5% ⇔	2.0% ↑	0.0% ⇔	0.0% ⇔	0.5% ⇔	0.7% ⇔	0.9% ⇔	(0.5%) ⇔	1.4% ↑
Baskin-Robbins	0.6% ⇔	(0.9%) ⇔	0.0% ⇔	(2.1%) ↓	(2.5%) ↓	(3.1%) ↓	3.5% ↑	(1.0%) ↓	(0.4%) ↑
Jamba, Inc.	4.2% ↑	(1.1%) ↓	3.9% ↑	(2.1%) ↓	4.2% ↑	(1.1%) ↓	5.3% ↑	(0.4%) ⇔	0.0% ⇔
Mean	(0.4%) ⇔	(1.0%) ↓	0.2% ⇔	0.1% ⇔	(0.3%) ⇔	(2.2%) ↓	0.2% ⇔	1.0% ↑	1.5% ↑

SOURCE: SEC filings, Company Press Releases and various news sources.  
Represents most actively traded public restaurant companies.

## Quarterly SSS Performance – Last 2 Years (continued)

	2016			2017				2018	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>Casual Dining</b>									
Cracker Barrel Old Country Store, Inc.	3.2% ↑	1.3% ↑	0.1% ↔	(1.2%) ↓	(1.4%) ↓	0.2% ↔	1.0% ↑	1.5% ↑	(0.4%) ↓
Brinker International, Inc.									
Chili's Grill & Bar	(1.8%) ↓	(1.4%) ↓	(1.4%) ↓	(3.3%) ↓	(2.3%) ↓	(2.2%) ↓	(3.4%) ↓	(1.9%) ↓	0.1% ↑
Maggiano's Little Italy	0.2% ↔	(1.7%) ↓	(0.6%) ↔	(0.8%) ↔	(1.6%) ↓	0.5% ↔	(2.6%) ↓	0.5% ↔	0.3% ↔
Bloomin' Brands, Inc.									
Bonefish Grill	(2.7%) ↓	0.9% ↔	1.7% ↑	(1.9%) ↓	(0.8%) ↔	(2.6%) ↓	(4.3%) ↓	(0.1%) ↔	1.5% ↑
Carrabba's Italian Grill	(2.0%) ↓	(4.8%) ↓	(2.1%) ↓	(2.3%) ↓	(3.8%) ↓	0.4% ↔	(2.8%) ↓	0.9% ↔	(0.6%) ↓
Fleming's Prime Steakhouse	1.3% ↑	(0.8%) ↔	(1.9%) ↓	0.2% ↔	(2.9%) ↓	(1.3%) ↓	(1.0%) ↓	2.9% ↑	0.3% ↓
Outback Steakhouse	(1.3%) ↓	(2.5%) ↓	(0.7%) ↔	(4.8%) ↓	1.4% ↑	0.3% ↔	0.6% ↔	4.3% ↑	4.0% ↔
DineEquity, Inc.									
Applebee's	(4.2%) ↓	(5.2%) ↓	(7.2%) ↓	(7.9%) ↓	(6.2%) ↓	(7.7%) ↓	1.3% ↑	3.3% ↑	5.7% ↑
IHOP	0.2% ↔	(0.1%) ↔	(2.1%) ↓	(1.7%) ↓	(2.6%) ↓	(3.2%) ↓	(0.4%) ↔	1.0% ↑	0.7% ↓
Denny's Corporation	(0.5%) ↔	1.0% ↑	0.6% ↔	(1.1%) ↓	2.6% ↑	0.9% ↔	2.5% ↑	1.5% ↑	(0.7%) ↓
Red Robin Gourmet Burgers, Inc.	(2.2%) ↓	(3.2%) ↓	(3.6%) ↓	(4.3%) ↓	(1.2%) ↓	0.5% ↔	(0.1%) ↔	(0.9%) ↔	(0.9%) ↔
Luby's, Inc.	(0.6%) ↔	0.7% ↔	(2.3%) ↓	(3.8%) ↓	(2.7%) ↓	(5.1%) ↓	0.8% ↔	(1.8%) ↓	1.5% ↑
Darden Restaurants, Inc.									
Bahama Breeze	5.4% ↑	3.9% ↑	2.6% ↑	0.5% ↔	1.4% ↑	1.2% ↑	2.5% ↑	0.2% ↔	0.6% ↔
Capital Grille	1.5% ↑	(1.2%) ↓	1.2% ↑	0.9% ↔	1.4% ↑	2.0% ↑	3.8% ↑	2.8% ↑	2.6% ↓
Eddie V's	0.9% ↔	(1.7%) ↓	2.7% ↑	4.7% ↑	0.5% ↔	2.5% ↑	6.8% ↑	2.7% ↑	3.6% ↑
Longhorn Steakhouse	1.1% ↑	0.6% ↔	0.1% ↔	0.2% ↔	3.5% ↑	2.6% ↑	3.8% ↑	2.0% ↑	2.4% ↑
Olive Garden	1.6% ↑	2.0% ↑	2.6% ↑	1.4% ↑	4.4% ↑	1.9% ↑	3.0% ↑	2.2% ↑	2.4% ↑
Seasons 52	3.7% ↑	0.7% ↔	(0.3%) ↔	0.8% ↔	(1.3%) ↓	(2.2%) ↓	(0.5%) ↔	0.2% ↔	0.4% ↔
Yard House	1.4% ↑	0.0% ↔	0.7% ↔	(1.0%) ↓	0.1% ↔	(0.4%) ↔	2.0% ↑	1.9% ↑	1.4% ↓
Texas Roadhouse	4.5% ↑	3.4% ↑	1.1% ↑	3.2% ↑	3.9% ↑	4.5% ↑	5.4% ↑	4.4% ↑	4.8% ↑
Dave & Buster's Entertainment, Inc.	1.0% ↑	5.9% ↑	5.9% ↑	3.2% ↑	2.2% ↑	1.1% ↑	(1.3%) ↓	(0.9%) ↔	(4.9%) ↓
BJ's Restaurants, Inc.	(0.2%) ↔	(3.4%) ↓	(3.4%) ↓	(2.2%) ↓	(1.3%) ↓	(1.4%) ↓	(1.7%) ↓	7.2% ↑	5.6% ↓
Chuy's Holdings, Inc.	1.0% ↑	0.3% ↔	0.3% ↔	(1.1%) ↓	(0.7%) ↔	(1.0%) ↓	(2.1%) ↓	(1.5%) ↓	1.0% ↑
The Cheesecake Factory, Inc.	0.3% ↔	1.7% ↑	1.8% ↑	1.0% ↑	0.1% ↓	(0.6%) ↔	(2.4%) ↓	2.1% ↑	1.4% ↓
Kona Grill, Inc.	2.5% ↑	0.7% ↔	0.7% ↔	(4.1%) ↓	(4.3%) ↓	(5.3%) ↓	(7.2%) ↓	(8.3%) ↓	(12.1%) ↓
Mean	0.6% ↔	(0.1%) ↔	(0.1%) ↔	(1.0%) ↓	(0.5%) ↔	(0.6%) ↔	0.1% ↔	1.0% ↑	0.8% ↓

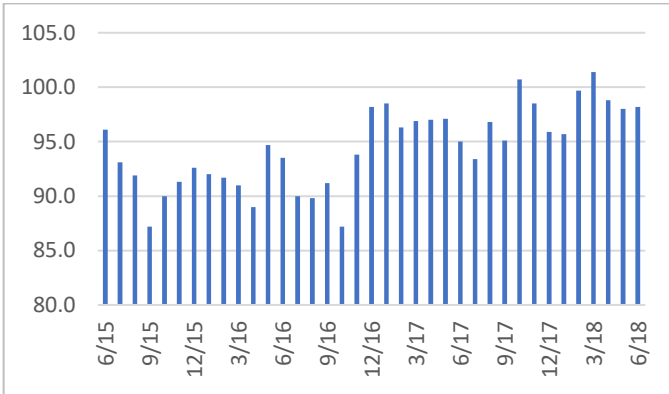
SOURCE: SEC filings, Company Press Releases and various news sources.  
Represents most actively traded public restaurant companies.

## Quarterly SSS Performance – Last 2 Years (continued)

	2016						2017				2018	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
<b>Fine Dining</b>												
Ruth's Hospitality Group, Inc.	1.5% ↑	2.1% ↑	2.1% ↑	0.0% ↔	0.7% ↔	2.9% ↑	(1.6%) ↓	0.5% ↔	10.0% ↑			
Del Frisco's Restaurant Group, Inc.												
Del Frisco's Double Eagle Steak House	(1.9%) ↓	(2.0%) ↓	(3.7%) ↓	0.1% ↔	(5.0%) ↓	(0.5%) ↔	(1.1%) ↓	(2.8%) ↓	(1.2%) ↑			
Del Frisco's Grille	(2.0%) ↓	(1.4%) ↓	2.1% ↑	2.1% ↑	(0.9%) ↔	(3.2%) ↓	(5.4%) ↓	(2.8%) ↓	(3.0%) ↓			
Sullivan's Steakhouse	2.9% ↑	(3.2%) ↓	0.9% ↔	0.9% ↔	1.1% ↑	(5.2%) ↓	(7.7%) ↓	(10.3%) ↓	(6.0%) ↑			
The ONE Group Hospitality, Inc.	2.8% ↑	(5.2%) ↓	(4.2%) ↓	(6.0%) ↓	3.6% ↑	1.7% ↑	(0.2%) ↔	6.0% ↑	7.5% ↑			
Mean	0.7% ↔	(1.9%) ↓	(0.6%) ↔	(0.6%) ↔	(0.1%) ↔	(0.9%) ↔	(3.2%) ↓	(1.9%) ↓	1.5% ↑			

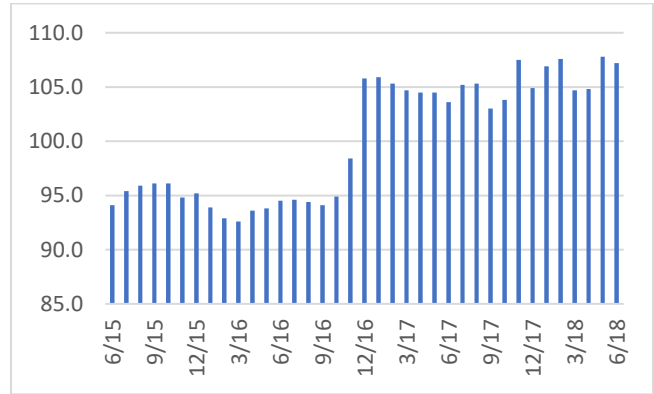
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CONSUMER SENTIMENT



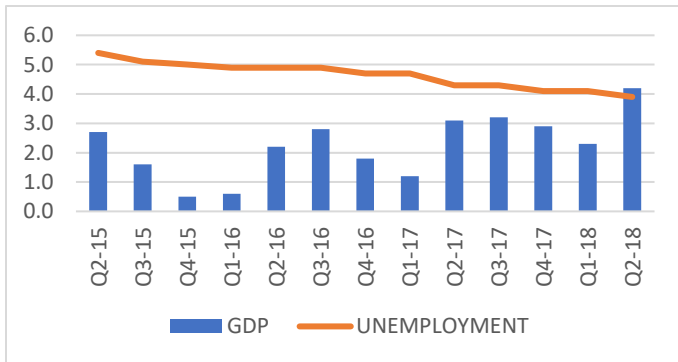
SOURCE: University of Michigan Consumer Survey

OPERATOR SENTIMENT



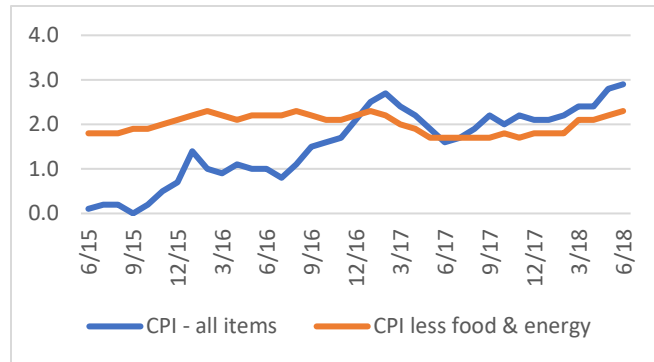
SOURCE: NFIB Operator Survey

GDP / UNEMPLOYMENT



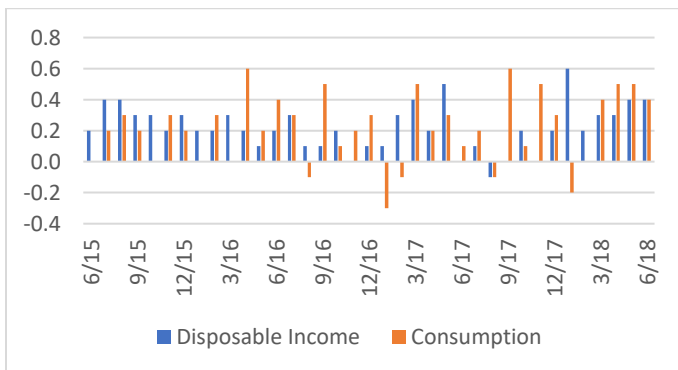
SOURCE: Bureau of Economic Analysis

CONSUMER PRICE INDEX



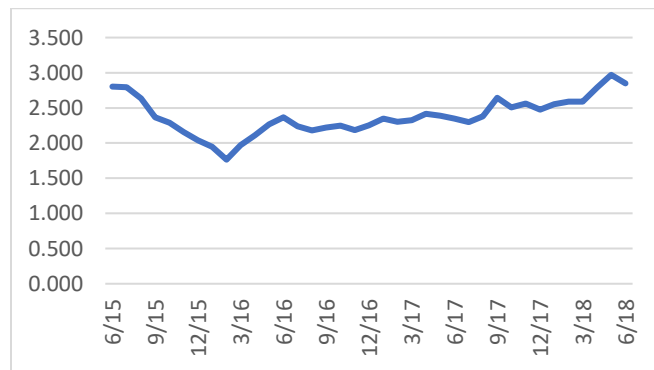
SOURCE: Bureau of Labor Statistics

DISPOSABLE INCOME / CONSUMPTION








SOURCE: Bureau of Economic Analysis

GASOLINE PRICES



SOURCE: AAA and Gas Buddy



		QTR 4/16	QTR 1/17	QTR 2/17	QTR 3/17	QTR 4/17	QTR 1/18	QTR 2/18
	<b>INDUSTRY AVERAGE</b>							
	Food Costs	29.1%	28.7%	28.9%	28.9%	29.1%	29.1%	29.6%
	Labor Costs	30.5%	31.3%	30.7%	30.8%	30.9%	30.6%	32.0%
	<b>QSR</b>							
	Food Costs	29.9%	30.2%	29.9%	30.0%	29.8%	30.3%	29.8%
	Labor Costs	28.9%	29.5%	30.1%	29.4%	29.6%	31.9%	29.9%
	<b>FAST CASUAL</b>							
	Food Costs	30.5%	30.2%	30.5%	30.7%	30.6%	29.8%	30.8%
	Labor Costs	28.4%	29.5%	28.6%	28.8%	29.5%	29.4%	29.0%
	<b>CASUAL DINING</b>							
	Food Costs	28.1%	28.0%	28.1%	28.2%	27.8%	27.8%	26.5%
	Labor Costs	33.0%	29.5%	33.0%	33.2%	33.5%	31.2%	32.5%
	<b>FINE DINING</b>							
	Food Costs	27.6%	27.5%	27.7%	27.9%	28.2%	29.1%	29.1%
	Labor Costs	31.1%	30.6%	30.5%	31.0%	30.4%	30.2%	30.4%

\* Data compiled from 67 publicly traded restaurant companies annual report and other SEC filings.