

Quarter 4/2018

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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

The restaurant industry posted its best sales quarter in over 3 years. December sales grew 2% which marked the best sales month of 2018. Most notable improvements were the Casual Dining sector that posted a 1.4% increase, the best in over 3 years and Fine Dining at 4.1%.

The numbers for the quarter would seem to indicate the consumers are willing to spend more dollars dining out than in recent years.

PRIMARY SALES DRIVERS

- **Higher menu prices** are one component which equates to high check averages with menu prices rising 2.3% in QTR-4.
- **Off-Premise dining** (which consists of Take-Out, Delivery, Catering) was an impact on QTR-4 sales as consumers seek more convenience. Although at that stage very few companies provided a breakdown.
- **Value Offerings:** During the quarter, nearly every concept offered some type of value offering; whether it was a “value menu, meal bundles at a low price point, dollars off, or combo meals, this form of promotion dominated. Also, the value pricing finally met the consumers expectation as far as price to value with items wanted.

OPERATOR CONFIDENCE

Operator confidence declined over the quarter which was mostly a result of the elections. With the change in leadership of the Congress, many small business owners were concerned the Democrats were going to make good on their campaign promises of raising taxes on businesses, launching new business regulations and carrying through with the \$15/Hr. minimum wage bill. All of which would negatively affect small business.

CONSUMER CONFIDENCE

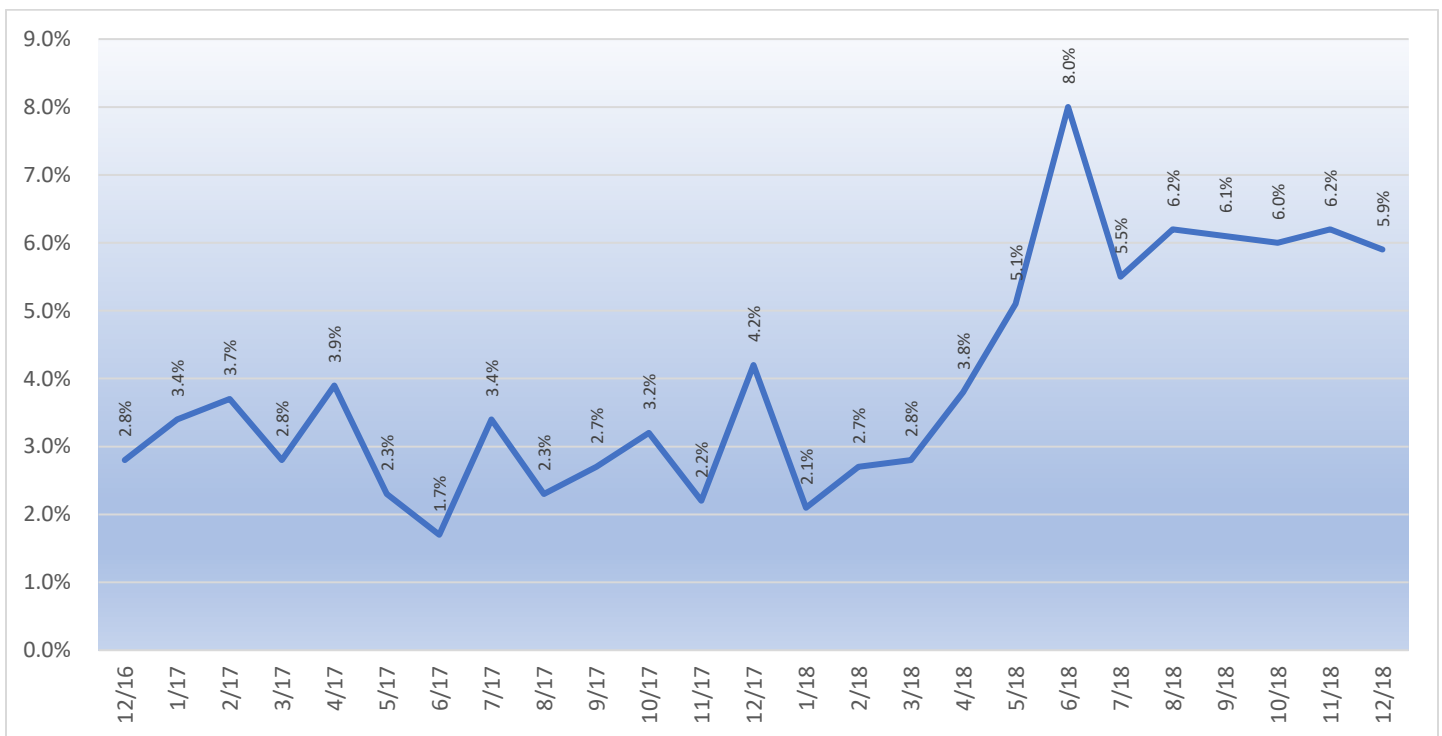
Consumer Confidence declined slightly. This was mostly due to their job and income security outlook declining during this time frame.

INDEPENDENT SSS & TRAFFIC HISTORY:

	2017						2018											
	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
SALES:																		
Higher	50%	36%	40%	46%	40%	64%	50%	54%	67%	51%	49%	56%	59%	71%	45%	63%	55%	57%
Lower	35%	47%	45%	34%	39%	16%	43%	25%	20%	28%	21%	37%	27%	14%	33%	12%	17%	18%
Same	15%	17%	15%	20%	21%	20%	7%	21%	13%	21%	30%	7%	14%	15%	22%	25%	28%	25%
TRAFFIC:																		
Higher	41%	22%	27%	28%	33%	51%	27%	36%	57%	30%	33%	42%	41%	52%	22%	39%	33%	36%
Lower	35%	42%	51%	47%	41%	16%	56%	25%	23%	39%	46%	32%	30%	23%	42%	22%	33%	31%
Same	24%	36%	22%	25%	26%	33%	17%	39%	20%	31%	21%	26%	29%	25%	36%	39%	34%	33%

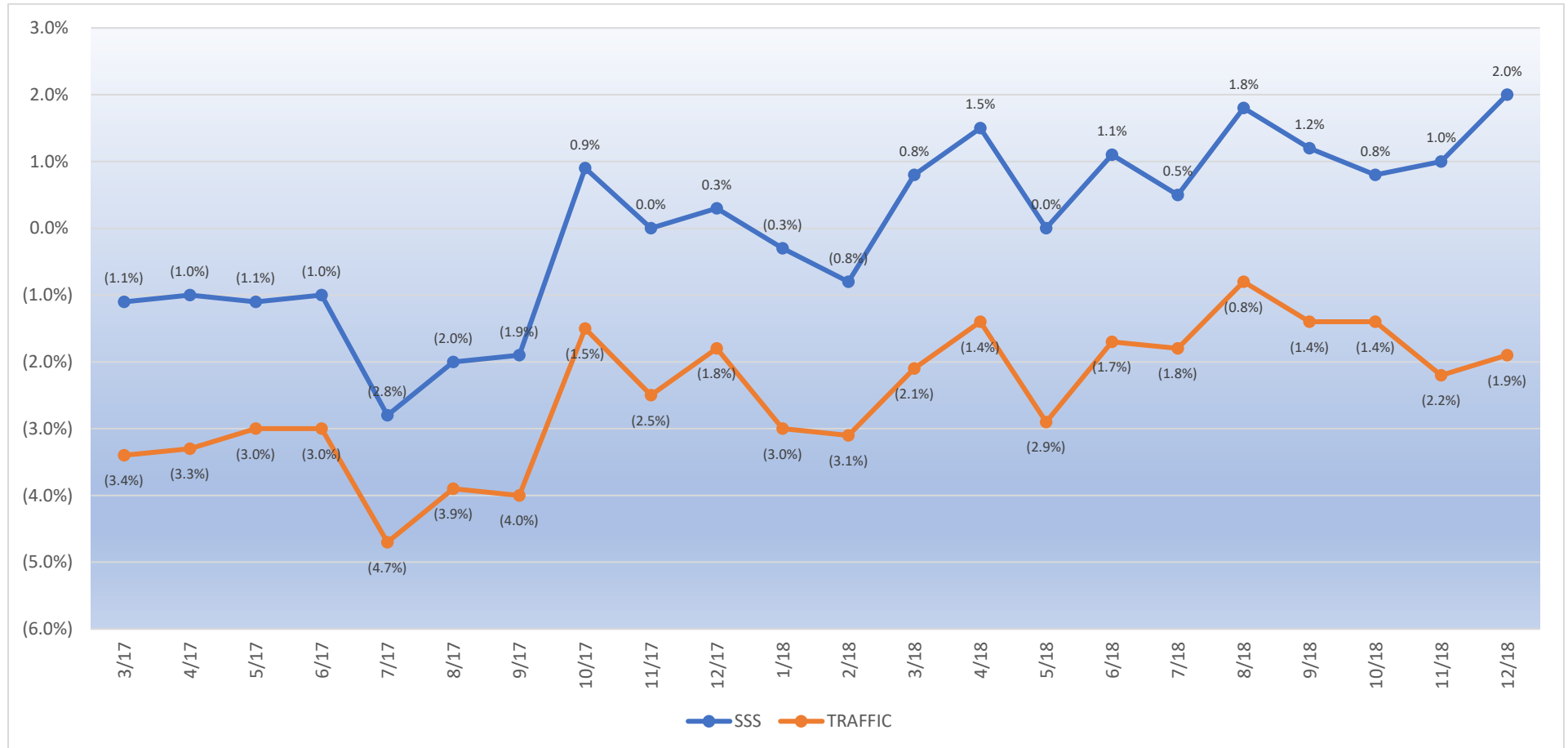
Source: National Restaurant Association Operator Survey

ADVANCED MONTHLY SALES FOR FOOD SERVICE:



SOURCE: Census Bureau

Restaurant Sector Monthly Same Store Sales and Traffic Growth



Quarterly SSS Performance – Last 2 Years

	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Quick Service								
McDonald's	3.6%	6.3%	5.6%	5.5%	2.9%	2.6%	2.4%	2.4%
Sonic Corporation	(7.4%)	(1.2%)	(3.3%)	(1.7%)	(2.9%)	(0.2%)	2.6%	N/A
Restaurant Brands International, Inc.								
Burger King	(0.1%)	3.9%	3.6%	2.7%	4.2%	1.8%	1.0%	0.8%
Tim Horton's	(0.1%)	(0.8%)	0.3%	0.0%	(0.3%)	0.0%	0.6%	2.2%
Popeye's Louisiana Kitchen, Inc.	(0.2%)	(2.7%)	(1.8%)	(2.5%)	2.3%	2.9%	0.5%	(0.1%)
Wendy's Company	1.6%	3.2%	2.0%	1.3%	1.6%	1.8%	(0.2%)	0.2%
Jack in the Box, Inc.	1.8%	(1.3%)	(0.1%)	(1.2%)	(0.1%)	0.5%	0.5%	(0.1%)
Bojangles' Inc.	(1.7%)	(1.4%)	(2.2%)	2.4%	(0.6%)	(0.2%)	0.4%	N/A
YUM Brands, Inc.								
KFC	2.0%	3.0%	7.0%	3.0%	(1.0%)	(1.0%)	3.0%	2.0%
Pizza Hut	(3.0%)	(1.0%)	6.0%	1.0%	2.0%	1.0%	(1.0%)	1.0%
Taco Bell	8.0%	4.0%	3.0%	2.0%	1.0%	1.0%	5.0%	6.0%
Del Taco Restaurant's, Inc.	4.2%	7.1%	4.1%	3.0%	3.7%	3.3%	1.4%	1.9%
Domino's	10.2%	9.5%	8.4%	4.2%	8.5%	6.9%	6.3%	5.6%
Papa John's International, Inc.	2.0%	1.4%	1.0%	(1.3%)	(5.3%)	(6.1%)	(9.8%)	(8.1%)
Papa Murphy's Holdings, Inc.	(5.0%)	(4.3%)	(4.1%)	(3.0%)	(2.7%)	(2.4%)	(2.1%)	(1.3%)
Mean	1.1%	1.7%	2.0%	1.0%	0.9%	0.8%	0.7%	1.0%

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

Quarterly SSS Performance – Last 2 Years (continued)

	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Fast Casual								
Chipotle Mexican Grill, Inc.	17.8%	8.1%	0.9%	0.9%	2.2%	3.3%	4.4%	6.1%
Wingstop, Inc.	1.0%	(1.1%)	2.0%	4.1%	9.5%	4.3%	6.3%	6.0%
El Pollo Loco Holdings, Inc.	(1.3%)	(0.3%)	2.9%	1.7%	(1.1%)	(0.9%)	2.6%	4.4%
Fiesta Restaurant Group, Inc.								
Pollo Tropical	(6.7%)	(7.7%)	(10.9%)	(0.1%)	2.8%	3.4%	6.5%	1.5%
Taco Cabana	(4.5%)	(4.7%)	(12.6%)	(7.4%)	0.9%	3.1%	12.2%	5.1%
Potbelly Corporation	0.1%	3.1%	(4.9%)	(4.8%)	3.6%	(0.2%)	(0.2%)	(1.7%)
Habit Restaurants, Inc.	0.9%	0.1%	(0.2%)	(1.0%)	(1.4%)	1.2%	3.6%	2.4%
Noodles & Company	(2.0%)	(3.4%)	(3.5%)	(3.0%)	(0.9%)	5.4%	5.5%	0.3%
Starbucks Corporation	3.0%	4.0%	2.0%	2.0%	2.0%	1.0%	4.0%	4.0%
Dunkin' Brands Group, Inc.								
Dunkin' Donuts	0.0%	0.5%	0.7%	0.9%	(0.5%)	1.4%	1.3%	0.6%
Baskin-Robbins	(2.1%)	(2.5%)	(3.1%)	3.5%	(1.0%)	(0.4%)	1.8%	(0.6%)
Mean	0.6%	(0.4%)	(2.4%)	(0.3%)	1.5%	2.0%	4.4%	2.6%

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

Quarterly SSS Performance – Last 2 Years (continued)

	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Casual Dining								
Cracker Barrel Old Country Store, Inc.	(1.2%)	(1.4%)	0.2%	1.0%	1.5%	(0.4%)	(0.4%)	3.8%
Brinker International, Inc.								
Chili's Grill & Bar	(3.3%)	(2.3%)	(2.2%)	(3.4%)	(1.9%)	0.1%	1.9%	3.0%
Maggiano's Little Italy	(0.8%)	(1.6%)	0.5%	(2.6%)	0.5%	0.3%	0.0%	1.8%
Bloomin' Brands, Inc.								
Bonefish Grill	(1.9%)	(0.8%)	(2.6%)	(4.3%)	(0.1%)	1.5%	1.8%	(1.1%)
Carrabba's Italian Grill	(2.3%)	(3.8%)	0.4%	(2.8%)	0.9%	(0.6%)	(0.6%)	0.8%
Fleming's Prime Steakhouse	0.2%	(2.9%)	(1.3%)	(1.0%)	2.9%	0.3%	0.5%	(0.4%)
Outback Steakhouse	(4.8%)	1.4%	0.3%	0.6%	4.3%	4.0%	4.6%	2.9%
DineEquity, Inc.								
Applebee's	(7.9%)	(6.2%)	(7.7%)	1.3%	3.3%	5.7%	7.7%	3.5%
IHOP	(1.7%)	(2.6%)	(3.2%)	(0.4%)	1.0%	0.7%	1.2%	3.0%
Denny's Corporation	(1.1%)	2.6%	0.9%	2.5%	1.5%	(0.7%)	1.0%	1.4%
Red Robin Gourmet Burgers, Inc.	(4.3%)	(1.2%)	0.5%	(0.1%)	(0.9%)	(0.9%)	(3.4%)	(4.5%)
Luby's, Inc.	(3.8%)	(2.7%)	(5.1%)	0.8%	(1.8%)	1.5%	(0.5%)	(5.5%)
Darden Restaurants, Inc.								
Bahama Breeze	0.5%	1.4%	1.2%	2.5%	0.2%	0.6%	1.1%	(3.7%)
Capital Grille	0.9%	1.4%	2.0%	3.8%	2.8%	2.6%	3.9%	4.3%
Eddie V's	4.7%	0.5%	2.5%	6.8%	2.7%	3.6%	3.0%	3.7%
Longhorn Steakhouse	0.2%	3.5%	2.6%	3.8%	2.0%	2.4%	3.1%	3.8%
Olive Garden	1.4%	4.4%	1.9%	3.0%	2.2%	2.4%	5.3%	4.3%
Seasons 52	0.8%	(1.3%)	(2.2%)	(0.5%)	0.2%	0.4%	(1.9%)	(1.3%)
Yardhouse	(1.0%)	0.1%	(0.4%)	2.0%	1.9%	1.4%	0.6%	(2.1%)
Texas Roadhouse	3.2%	3.9%	4.5%	5.4%	4.4%	4.8%	5.0%	5.6%
Dave & Buster's Entertainment, Inc.	3.2%	2.2%	1.1%	(1.3%)	(0.9%)	(4.9%)	(2.4%)	2.9%
BJ's Restaurants, Inc.	(2.2%)	(1.3%)	(1.4%)	(1.7%)	7.2%	5.6%	6.9%	4.5%
Chuy's Holdings, Inc.	(1.1%)	(0.7%)	(1.0%)	(2.1%)	(1.5%)	1.0%	0.5%	0.9%
The Cheesecake Factory, Inc.	1.0%	0.1%	(0.6%)	(2.4%)	2.1%	1.4%	1.5%	1.9%
Kona Grill, Inc.	(4.1%)	(4.3%)	(5.3%)	(7.2%)	(8.3%)	(12.1%)	(14.7%)	N/A
Mean	(1.0%)	(0.5%)	(0.6%)	0.1%	1.0%	0.8%	1.0%	1.4%

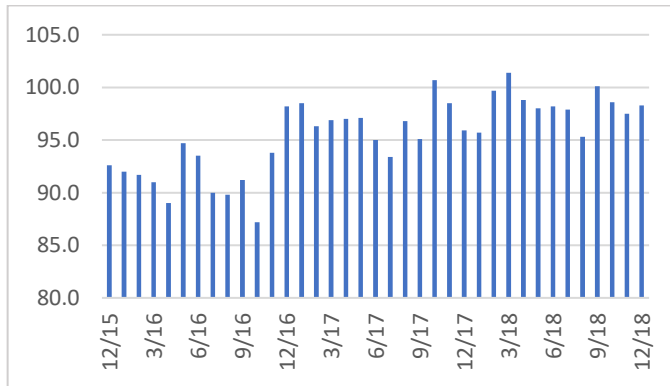
SOURCE: SEC filings, Company Press Releases and various news sources.
Represents most actively traded public restaurant companies.

Quarterly SSS Performance – Last 2 Years (continued)

	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Fine Dining								
Ruth's Hospitality Group, Inc.	0.0%	0.7%	2.9%	(1.6%)	0.5%	10.0%	3.7%	2.3%
Del Frisco's Restaurant Group, Inc.								
Del Frisco's Double Eagle Steakhouse	0.1%	(5.0%)	(0.5%)	(1.1%)	(2.8%)	(1.2%)	(2.4%)	(0.1%)
Del Frisco's Grille	2.1%	(0.9%)	(3.2%)	(5.4%)	(2.8%)	(3.0%)	(0.4%)	(0.9%)
The ONE Group Hospitality, Inc.	(6.0%)	3.6%	1.7%	(0.2%)	6.0%	7.5%	6.9%	15.0%
Mean	(1.0%)	(0.4%)	0.2%	(2.1%)	0.2%	3.3%	2.0%	4.1%

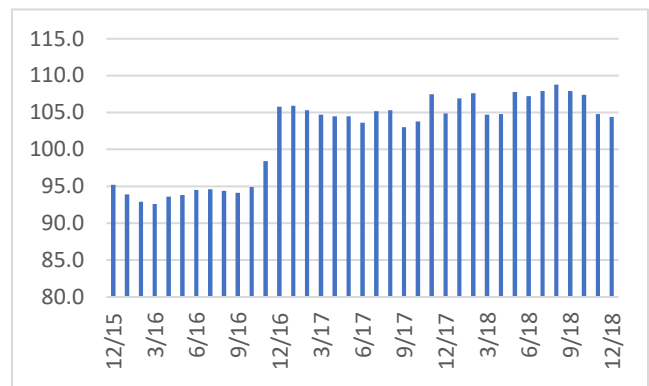
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CONSUMER SENTIMENT



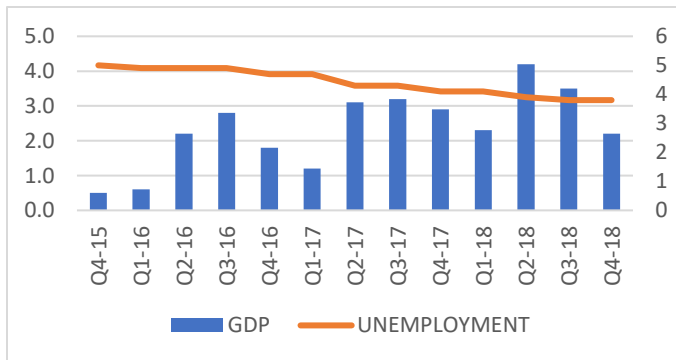
SOURCE: University of Michigan Consumer Survey

OPERATOR SENTIMENT



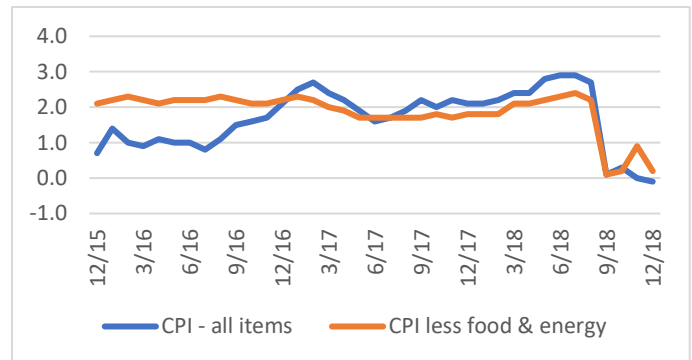
SOURCE: NFIB Operator Survey

GDP / UNEMPLOYMENT



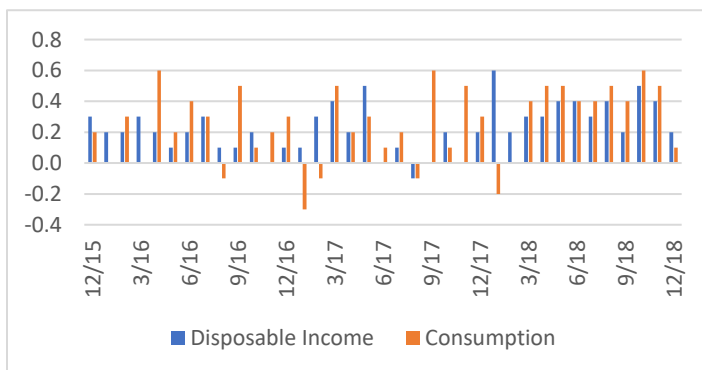
SOURCE: Bureau of Economic Analysis

CONSUMER PRICE INDEX



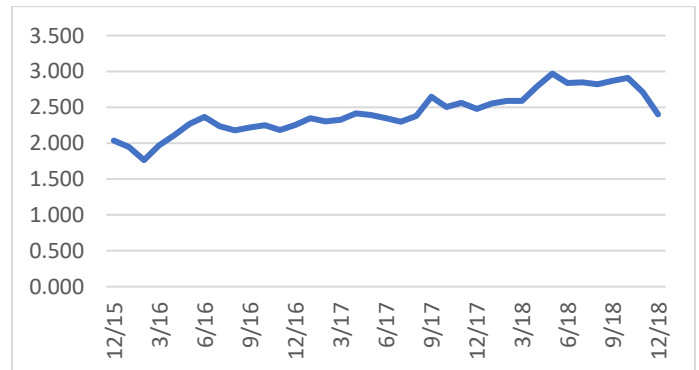
SOURCE: Bureau of Labor Statistics

DISPOSABLE INCOME / CONSUMPTION








SOURCE: Bureau of Economic Analysis

GASOLINE PRICES



SOURCE: AAA and Gas Buddy

		QTR 1/17	QTR 2/17	QTR 3/17	QTR 4/17	QTR 1/18	QTR 2/18	QTR 3/18	QTR 4/18
	INDUSTRY AVERAGE								
	Food Costs	28.7%	28.9%	28.9%	29.1%	29.1%	29.6%	28.8%	28.9%
	Labor Costs	31.3%	30.7%	30.8%	30.9%	30.6%	32.0%	31.2%	31.5%
	QSR								
	Food Costs	30.2%	29.9%	30.0%	29.8%	30.3%	29.8%	29.8%	29.9%
	Labor Costs	29.5%	30.1%	29.4%	29.6%	31.9%	29.9%	29.8%	30.0%
	FAST CASUAL								
	Food Costs	30.2%	30.5%	30.7%	30.6%	29.8%	30.8%	30.0%	30.1%
	Labor Costs	29.5%	28.6%	28.8%	29.5%	29.4%	29.0%	29.0%	28.9%
	CASUAL DINING								
	Food Costs	28.0%	28.1%	28.2%	27.8%	27.8%	26.5%	28.1%	28.5%
	Labor Costs	29.5%	33.0%	33.2%	33.5%	31.2%	32.5%	33.8%	32.9%
	FINE DINING								
	Food Costs	27.5%	27.7%	27.9%	28.2%	29.1%	29.1%	27.9%	27.4%
	Labor Costs	30.6%	30.5%	31.0%	30.4%	30.2%	30.4%	31.1%	32.0%

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