

Unit Economics - 2023

Report Highlights

- **RR's Industry Data Report on Unit Economics** provides: (1) FYE 2022 unit-level AUV along with COGs, labor, royalty, advertising, other operating and EBITDAR margin estimates for 47 chains; (2) a 5-year history of unit economic performance; (3) an analysis of food and labor cost drivers; (4) leverage ratio ranges from RR's annual lender survey; (5) median G&A & rent margins; and (6) an overview of minimum wage trends.

Conclusions

- The average 2022 EBITDAR margin for the \$1B+ Chains declined -2.1% to an all-time low because of higher COGs (+1.2%), labor (+0.6%) and other operating costs (+0.3%), despite higher prices and sales leverage.
- Notably, even though the 2022 average unit-level EBITDAR dollar amount declined -5.6% to \$392k, this amount represents the 3rd best results in RR's history because of a record high AUV.
- 1H:23 store-level margins for the \$1B+ publicly traded restaurant chains improved +2.5% to 18.3% due to the benefit of higher sales and lower costs (COGS -1.35%, labor -0.8% and rent & other op. costs -0.4%).
- Store-level margin outlook benefits from a favorable commodity cost outlook through 2023.
- Franchisee leverage levels remain healthy.

Unit Economic AUV & EBITDAR Summary

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
AUV	\$1,859,318	\$1,916,341	\$1,972,000	\$1,964,477	\$1,958,182	\$1,989,559	\$2,028,409	\$1,810,568	\$2,181,614	\$2,324,205
Y/Y % Change		3.1%	2.9%	-0.4%	-0.3%	1.6%	2.0%	-10.7%	20.5%	6.5%
EBITDAR \$	\$366,561	\$374,824	\$397,002	\$387,694	\$371,676	\$378,559	\$380,949	\$325,450	\$414,978	\$391,945
Y/Y % Change		2.3%	5.9%	-2.3%	-4.1%	1.9%	0.6%	-14.6%	27.5%	-5.6%

Table of Contents	Pages
Unit Economic Detail by Chain	
• 5-Year Unit Economic Summary by Chain & Rank by EBITDAR \$	2
• 2022 Unit Economic Detail by Chain	3
Unit Economic Analysis	
• Sales	4-5
• COGS	6-7
• Labor	8-9
• EBITDAR	10
• Franchisee Leverage Ratios from Lender Survey	11
• Franchisee G&A and Rent Benchmark Data	12
• Appendix - Minimum Wage & Tip Credits by State	13-14
• RR Overview	15
Data in spreadsheet form available at http://www.ChainRestaurantData.com	

RR's 2022 Franchisee Unit Economics - Sorted by EBITDAR Margin ⁽¹⁾

Concept	As of Date	AUV	Food & Paper	Labor & Benefits	Royalty	Advertising	Other Operating	EBITDAR (Pre G&A)
Buffalo Wild Wings								
Applebee's								
Cheesecake Factory								
Chili's Grill & Bar								
Texas Roadhouse								
BJ's Restaurants								
Red Robin								
T.G.I. Friday's								
Casual								
Chipotle								
Moe's Southwest Grill								
Qdoba								
Panera Bread								
Fast Casual								
IHOP								
Denny's								
Golden Corral								
Cracker Barrel								
Family								
Dunkin'								
Dutch Bros Coffee								
Tim Horton's								
Coffee/Bakery								
KFC								
Popeyes								
Wingstop								
Church's								
Bojangles'								
Chicken								
Taco Bell								
McDonald's								
Five Guys								
Carl's Jr.								
Culver's								
Dairy Queen								
Arby's								
Zaxby's								
Jack in the Box								
Burger King								
Del Taco								
Wendy's								
Hardee's								
Checkers/ Rally's								
Sonic Drive-In								
Sandwich								
Firehouse Subs								
Jersey Mike's								
Jimmy John's								
Subway								
Sub-Sandwich								
Pizza Hut								
Little Caesars								
Domino's								
Papa John's								
Pizza								
Average								

RR Estimate

(1) RR's unit economic figures represent estimated franchisee results derived from surveys and FDD's. Texas Roadhouse, Chipotle and Cracker Barrel company results have been adjusted to include a royalty fee for comparability purposes.

(2) Dairy Queen unit economic estimates represent Grill & Chill format.

(3) Sonic has a scaled royalty fee ranging from 2% to 5% of sales (4.3% average).

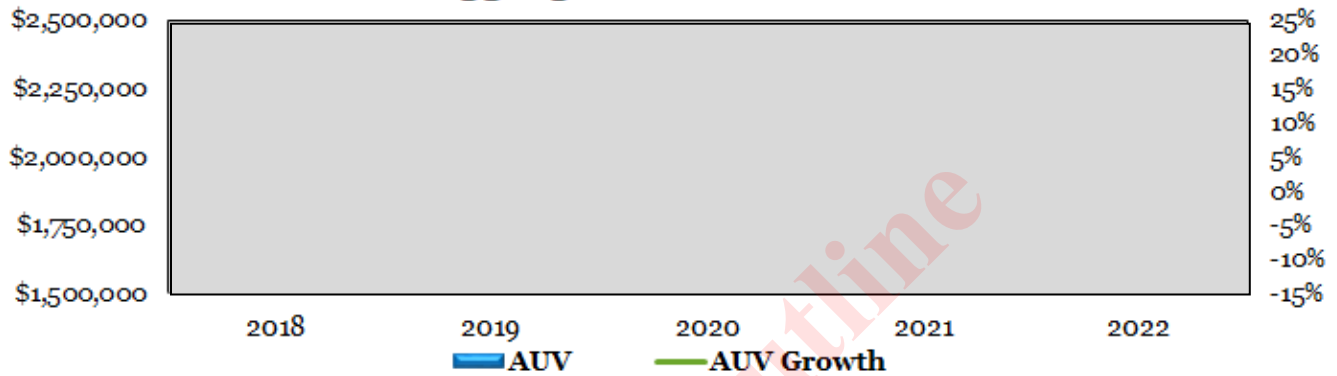
(4) Dunkin's new royalty rate is 5.9% (5.5% average).

(5) The royalty fee for new Pizza Hut unit is 6%. However, most franchisees operate under older agreements and pay 5% to

2022 Sales Overview

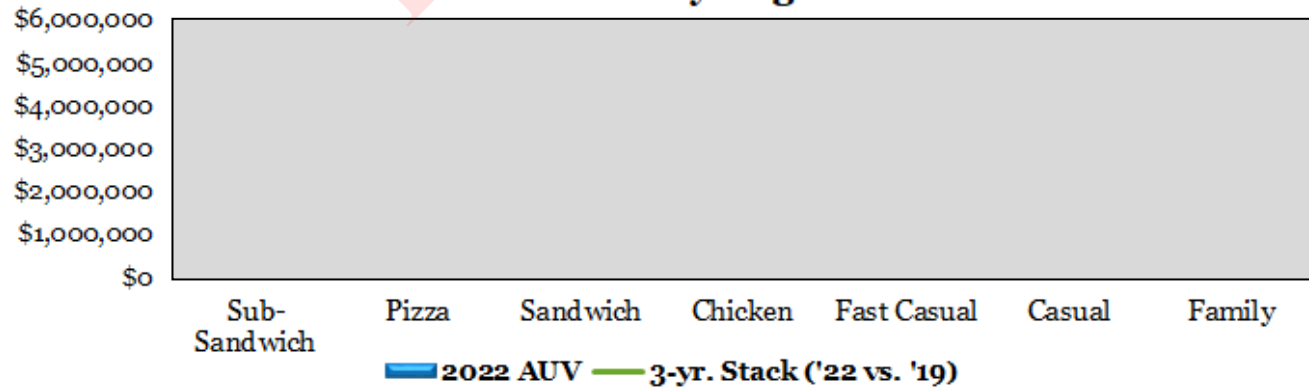
-
-

Aggregate AUV Trends



-
-
-

2022 AUV by Segment

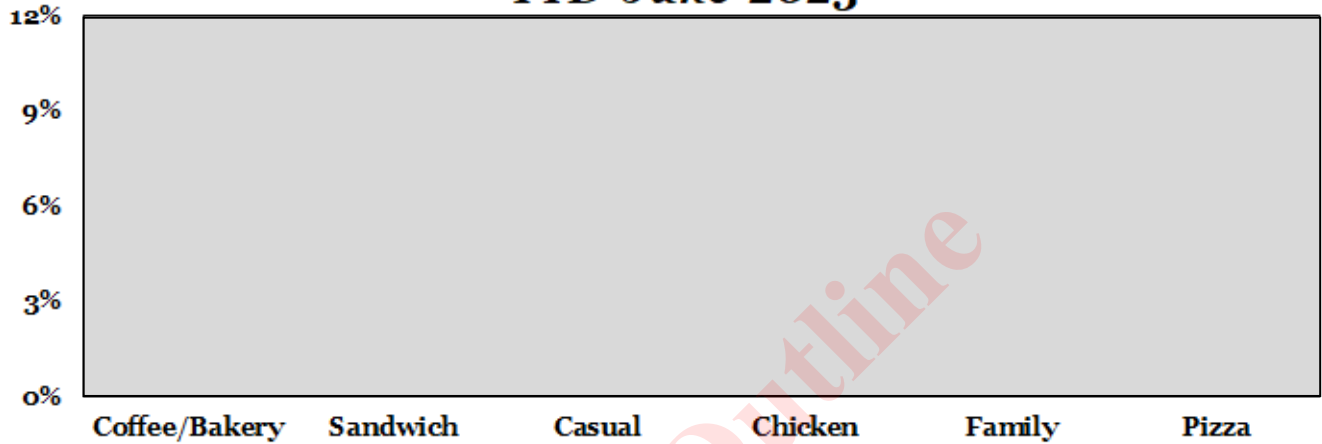


Note: Casual segment AUV was \$4.0MM when excluding \$12.1MM of Cheesecake Factory.

2023 Sales Overview

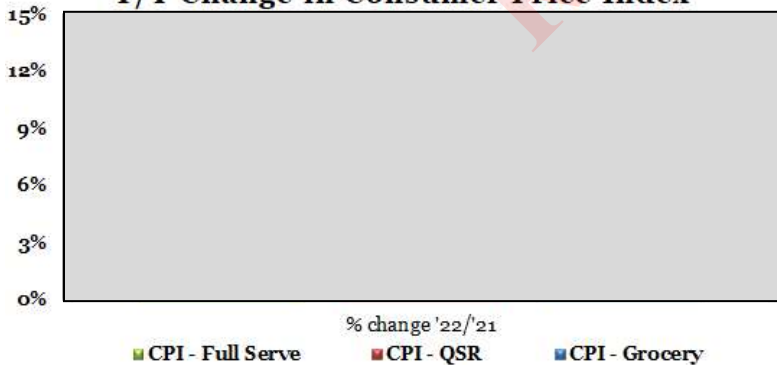
-
-

**Change in \$1B+ Chains Same Store Sales
YTD June 2023**

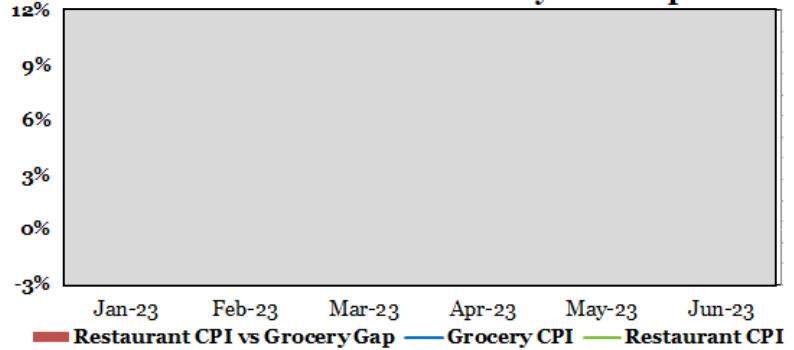


-

Y/Y Change in Consumer Price Index

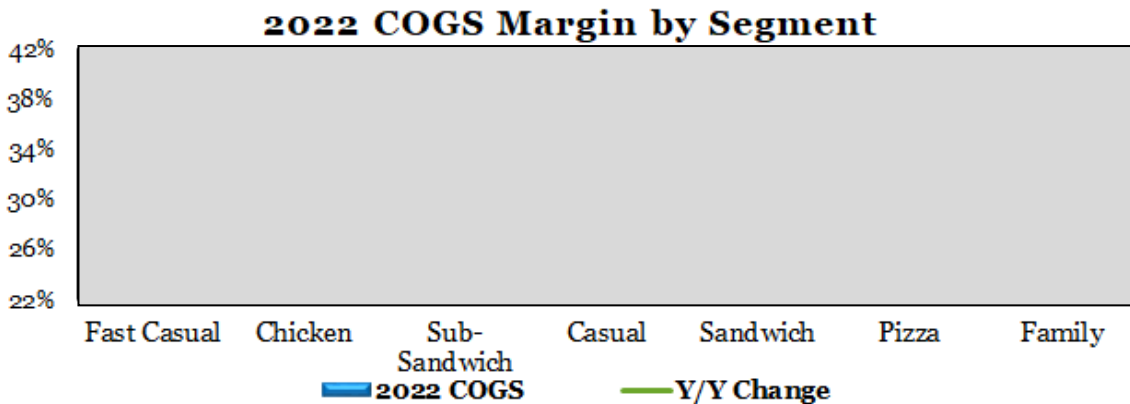
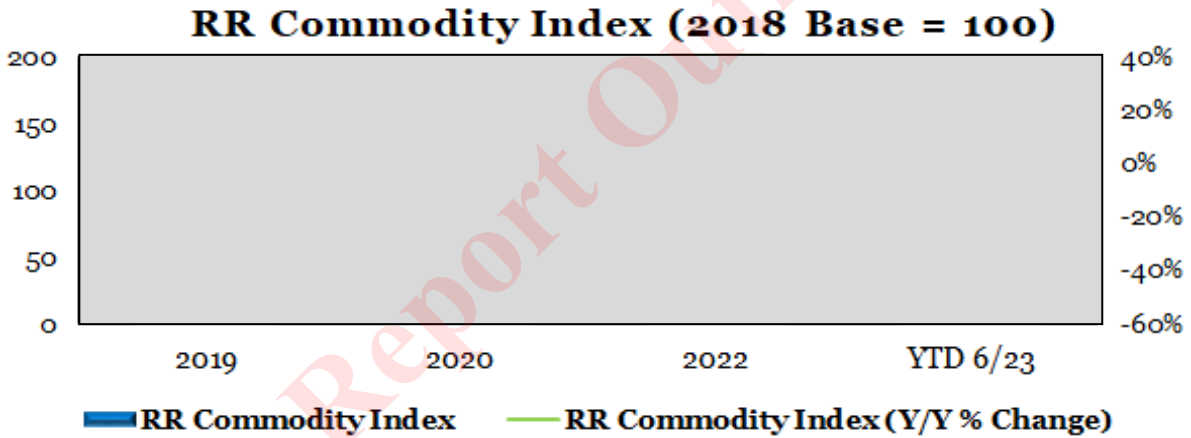
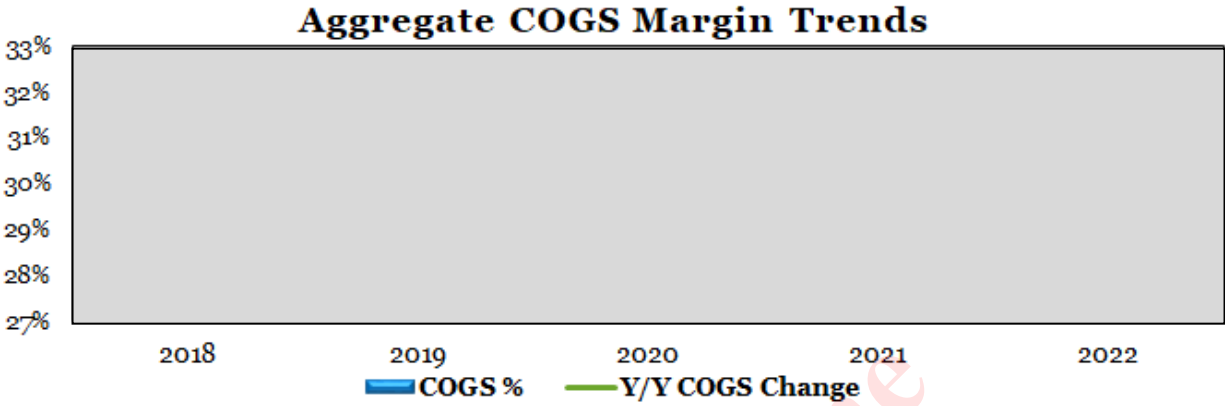


Restaurant CPI vs. Grocery CPI Gap



Source: Bureau of Labor Statistics

2022 COGs Overview



2023 COGS Outlook

Company	COGS Margin		
	YTD 6/22	YTD 6/23	Change
Wingstop			
Carrols Corp. (BK) (*)			
Domino's			
Jack in the Box			
Chipotle			
Bloomin			
BJ's Restaurants			
Brinker (*)			
Cheesecake Factory			
Denny's			
Dutch Bros			
Darden			
Texas Roadhouse			
Red Robin (*)			
Average			

(*) YTD March

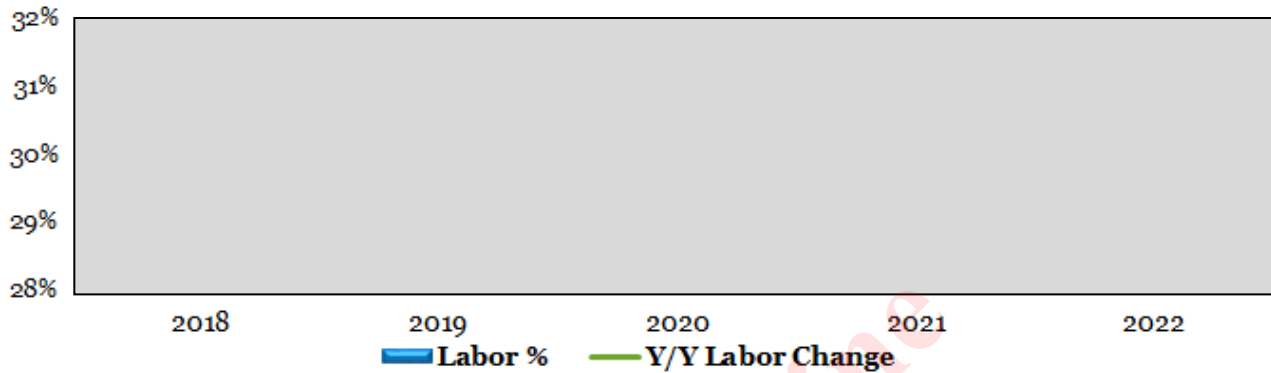
Key Commodity Trends

Key Cost	Year Over Year % Change		
	FYE 2022	YTD June '23	Outlook '23 ⁽¹⁾
BLS Foodstuffs			
Potatoes PPI			
Ground Beef (73% Lean)			
Choice Cutout Boxed Beef			
Vegetables (ex. potatoes) PPI			
Chicken Eggs (Large)			
Fresh Fruits & Melons			
Corn Cash (CBOT)			
Coffee (ICO) Composite			
Chicken (Slaughter) PPI			
Cheese (40 Lb. Block)			
Class III Milk			
Pork (USDA)			
Wheat Cash (CBOT)			
Whole Chicken Wings			

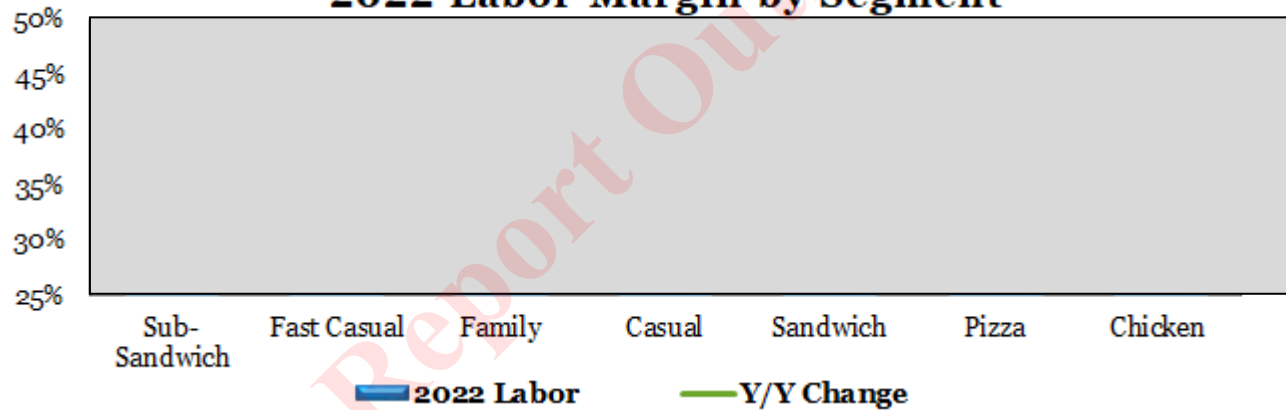
(1) 2023 outlook based on USDA Economic Research Service for the primary commodity (beef, chicken, pork, eggs, dairy & wheat).

2022 Labor Overview

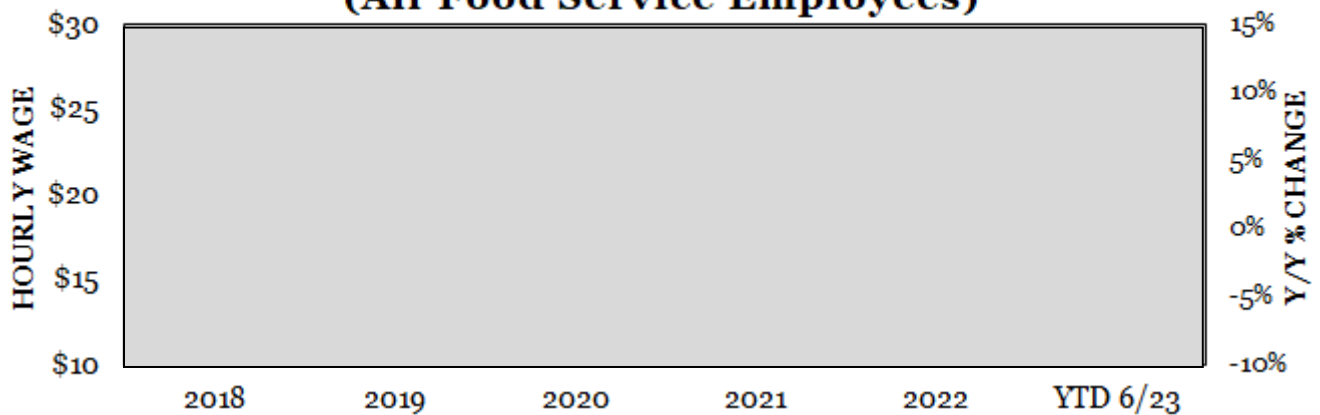
Aggregate Labor Margin Trends



2022 Labor Margin by Segment



Average Hourly Earnings (All Food Service Employees)

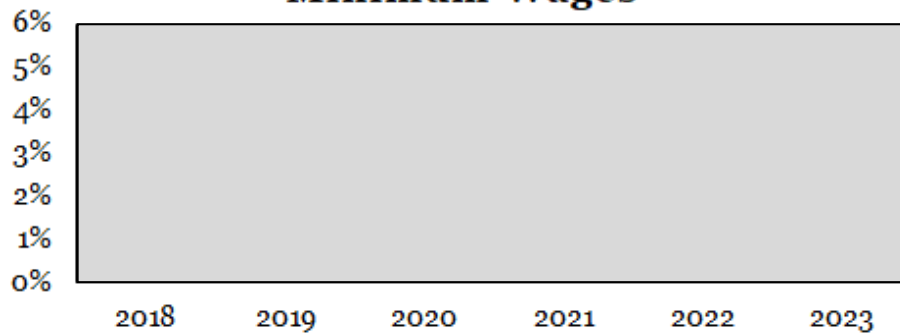


2023 Labor Outlook

Company	Labor Margin		
	YTD 6/22	YTD 6/23	Change
Dutch Bros			
Carrols Corp. (BK) (*)			
Jack in the Box			
BJ's Restaurants			
Cheesecake Factory			
Chipotle			
Darden			
Red Robin (*)			
Denny's			
Wingstop			
Brinker (*)			
Bloomin			
Texas Roadhouse			
Domino's			
Average			

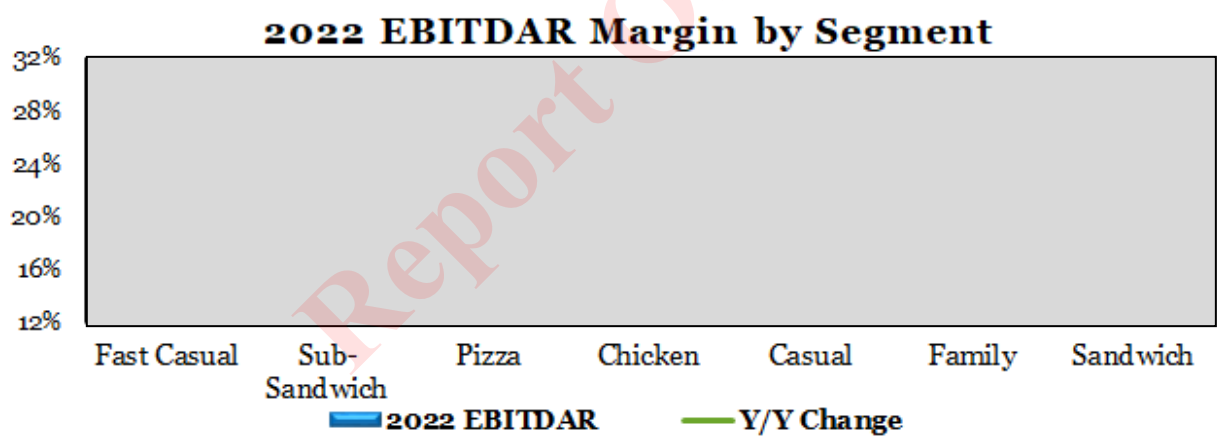
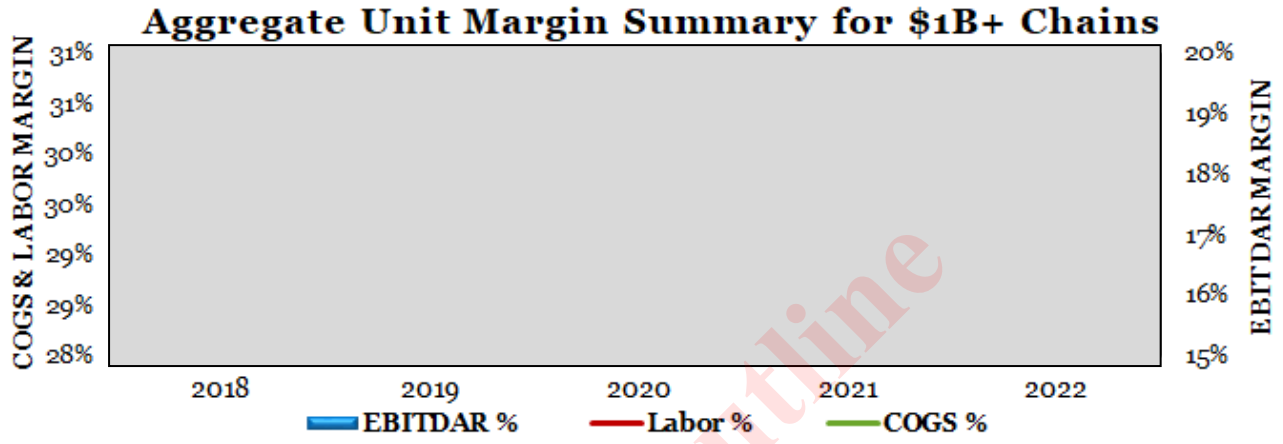
(*) YTD March

Average Annual Increase in State Minimum Wages



EBITDAR Overview

-
-
-



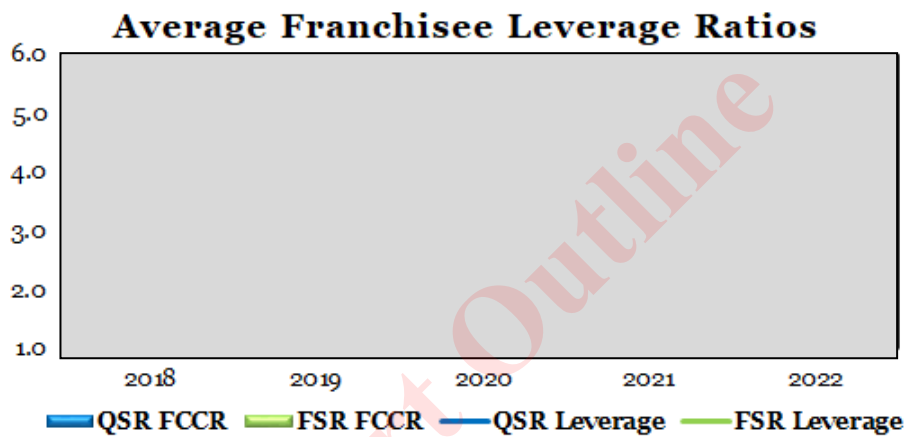
-

Store-Level Operating Margin							
Company	YTD 6/22	YTD 6/23	Change	Company	YTD 6/22	YTD 6/23	Change
Wingstop				Domino's			
Carrols Corp. (BK) (*)				Darden			
Dutch Bros				Denny's			
Chipotle				Bloomin			
Jack in the Box				Red Robin (*)			
BJ's Restaurants				Brinker (*)			
Cheesecake Factory				Texas Roadhouse			
Average							

(*) YTD March

Franchisee Leverage Ratios from Lender Survey

-
-
-



-

Franchisee Leverage Summary

Concept	Lenders Reporting	Borrowers in Sample	Adjusted Leverage ⁽¹⁾			FCCR ⁽²⁾		
			Low	High	Avg. ⁽³⁾	Low	High	Avg. ⁽³⁾
Burger King								
Culver's								
Domino's								
Jack in the Box								
KFC								
McDonald's								
Panera Bread								
Pizza Hut								
Popeyes								
Taco Bell								
Wendy's								
Total/Average								

(1) Lease Adjusted Leverage Ratio = (Debt + Rent * 8)/EBITDAR).

(2) FCCR Ratio = EBITDAR/(Rent + Principal + Interest).

(3) Weighted average based on # of borrowers.

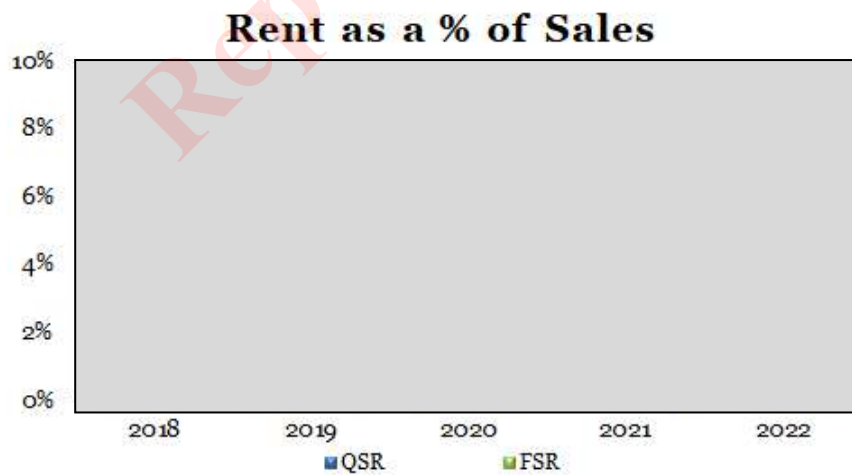
Franchisee G&A and Rent Benchmark Data

•



•

•





Restaurant Research Coverage

Concept Reports	Industry Data Reports
Applebee's Arby's Burger King Carl's Jr. Chili's Grill & Bar Church's Denny's Domino's Hardee's IHOP Jack in the Box KFC McDonald's Panera Bread Papa John's Pizza Hut Popeyes Sonic Drive-In Subway Taco Bell Wendy's	Restaurant Lending & 2nd Half Unit Valuations Ad Spending Menus & Promotions Unit Growth & Sales Analysis Unit Economics 1st Half Unit Valuations & Lending Update New Build Costs & Franchise Fees Remodeling
	Databases & Special Reports
	RR Databook (Annual Data Summary 50+ Chains) RR LTO Overview (Monthly Promotions 50+ Chains) FDD Library (40+ Chains) Concept Updates (Quarterly 20+ Public Chains) Same Store Sales Database (Quarterly 25+ Chains) New Store ROI Model SBA Lending Database
	www.ChainRestaurantData.com

Visit www.chainrestaurantdata.com or contact us at (203) 829-9005 or info@ChainRestaurantData.com to:

- Add your colleagues to our client distribution list
- Ask us about custom research projects
- Inquire about RR email marketing opportunities

Copyright: This Restaurant Research LLC document is copyrighted material. Due to the No Electronic Theft (NET) Act of 1997, electronic forwarding or other forms of redistribution, without the express permission of Restaurant Research LLC, are violations of law and could be subject to fines of up to \$250,000 and up to five years of imprisonment, even when no financial gain or commercial advantage accrues to the forwarder/re-distributor. Copyright 2023 Restaurant Research® LLC. All rights reserved.

Sources: All data represents RR estimates which are derived from various private and public sources.

Disclosure: Restaurant Research LLC often sells report subscriptions to concepts under our coverage.

Disclaimer of Liability: Although the information in this report has been obtained from sources Restaurant Research® LLC believes to be reliable, RR does not guarantee its accuracy. The views expressed herein are subject to change without notice and in no case can be considered as an offer or solicitation with regard to the purchase or sales of any securities. Restaurant Research's analyses and opinions are not a guarantee of the future performance of any company or individual franchisee. RR disclaims all liability for any misstatements or omissions that occur in the publication of this report. In making this report available, no client, advisory, fiduciary or professional relationship is implied or established. This report is intended to provide an overview of the restaurant industry, but cannot be used as a substitute for independent investigations and sound business judgment.