

Industry Data Report

Unit Economics – 2021

- **RR's Industry Data Report on Unit Economics** provides: (1) FYE 2020 unit level AUV along with COGs, labor, royalty, advertising, other operating and EBITDAR margin estimates for 44 chains; (2) a 5-year history of unit economic performance; (3) an analysis of food and labor cost drivers; and (4) aggregate G&A margins, rent margins and leverage ratios based on RR's annual lender survey.
- **Report highlights:** (1) The average 2020 EBITDAR margin for the \$1B+ chains fell to an 18 year low due to significant sales declines coupled with higher labor and other operating costs which were partially off-set by lower COGs; (2) 1H:21 restaurant sales rebounded strongly due to easy y/y comparisons, pent-up demand and government stimulus; (3) 2021 EBITDAR margin is recovering nicely due to the dramatic sales increases which have helped drive down labor costs, more than off-setting commodity inflation; and (4) QSR franchisee leverage levels declined in 2020 and FCCR coverage remains solid reflecting this segment's strong results while FSR leverage ratios are not available as the sharp sales declines distorted EBITDA (negative in some situations) with liquidity becoming the main focus for these borrowers.

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Data in spreadsheet form available at http://www.ChainRestaurantData.com		

2020 Franchisee Unit Economic - Sorted by EBITDAR Margin ⁽¹⁾								
Concept	As of Date	AUV	Food & Paper	Labor & Benefits	Royalty	Advertising	Other Operating	EBITDAR (Pre G&A)
Taco Bell								
McDonald's								
Carl's Jr.								
Five Guys								
Arby's								
Jack in the Box								
Burger King								
Wendy's								
Zaxby's								
Sonic Drive-In								
Dairy Queen								
Hardee's								
Checkers/ Rally's								
Culver's								
Sandwich								
Dunkin Donuts								
Tim Horton's								
Coffee/Bakery								
Popeyes								
KFC								
Bojangles'								
Wingstop								
Church's								
Chicken								
Firehouse Subs								
Jimmy John's								
Jersey Mike's								
Subway								
Sub-Sandwich								
Domino's								
Pizza Hut								
Papa John's								
Little Caesars								
Pizza								
Chipotle ⁽¹⁾								
Qdoba								
Moe's Southwest Grill								
Panera Bread								
Fast Casual								
IHOP								
Perkins								
Cracker Barrel ⁽¹⁾								
Denny's								
Family								
Buffalo Wild Wings								
Chili's Grill & Bar								
Cheesecake Factory ⁽¹⁾								
Applebee's								
BJ's Restaurants ⁽¹⁾								
T.G.I. Friday's								
Texas Roadhouse								
Red Robin								
Casual								
Average								

RR Estimate

(1) RR's unit economic figures represent estimated franchisee results derived from surveys, 10K's and FDD's. BJ's Restaurants, Cheesecake Factory, Chipotle and Cracker Barrel company results have been adjusted to include a royalty fee for comparability purposes.

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

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

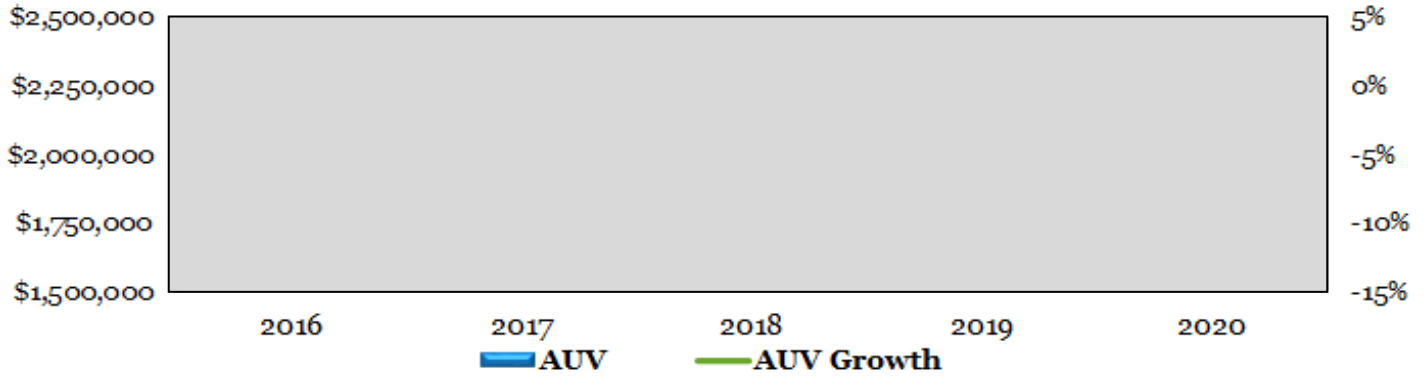
(4) Dunkin's new royalty rate is 5.9% but effective royalty rate was 5.5%.

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

2020 Sales Overview

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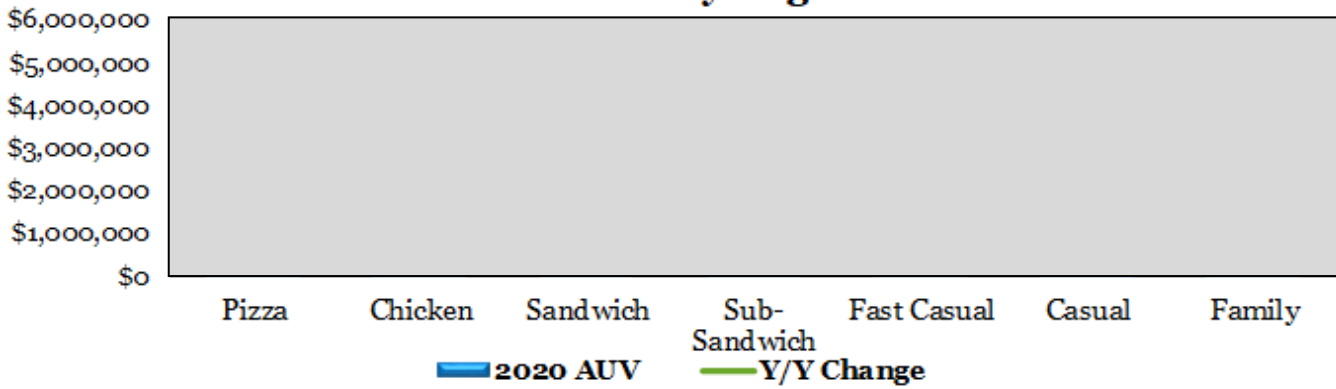
Aggregate AUV Trends



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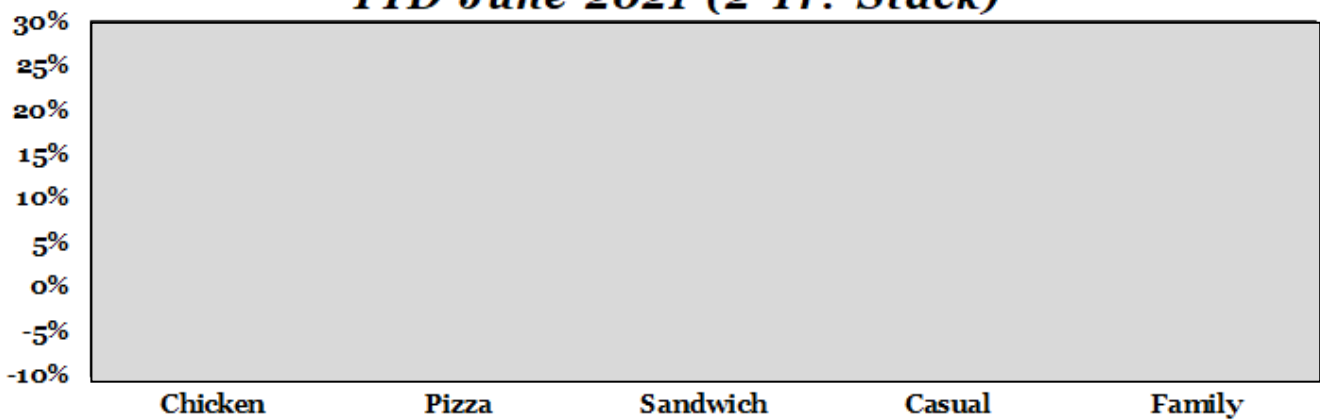
2020 AUV by Segment



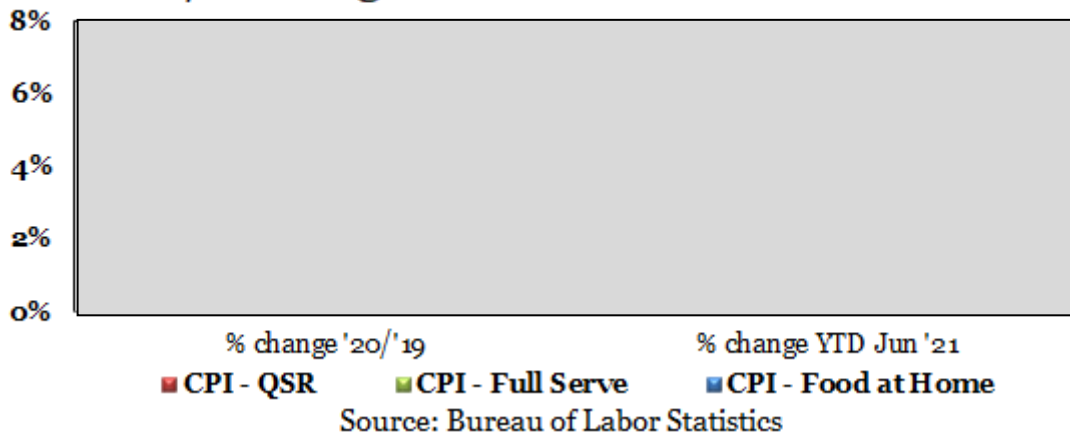
2021 Sales Outlook

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**Change in \$1B+ Chains Same Store Sales
YTD June 2021 (2-Yr. Stack)**



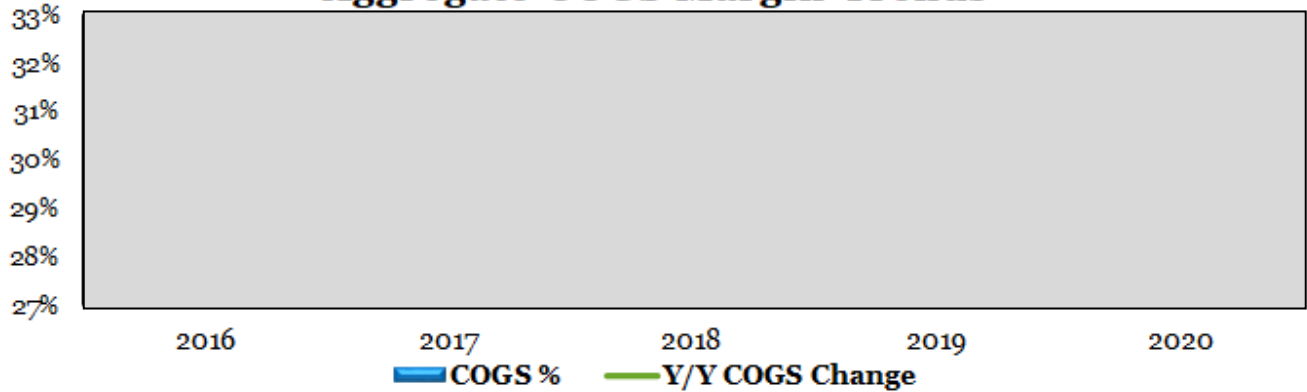
Y/Y Change in Consumer Price Index



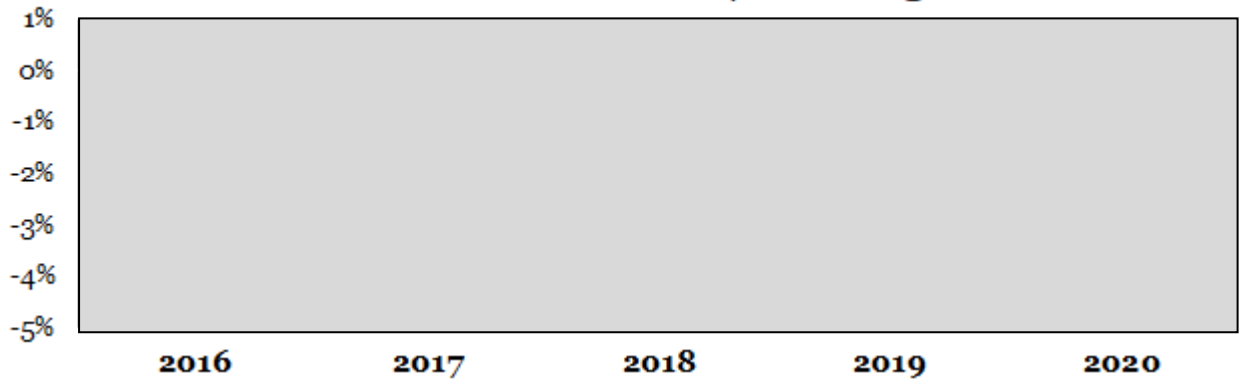
2020 COGs Overview



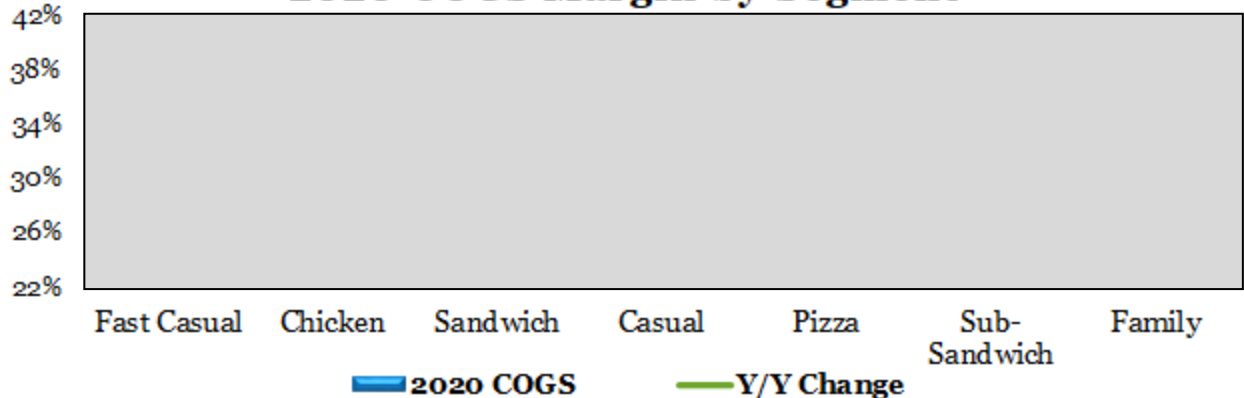
Aggregate COGS Margin Trends



BLS Foodstuffs Y/Y Change



2020 COGS Margin by Segment



2021 COGS Outlook

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Company	COGS Margin		
	YTD 6/20	YTD 6/21	Change
Chipotle			
Bloomin Brands			
Wendy's			
Cheesecake Factory			
Jack in the Box			
Denny's			
Darden			
BJ's Restaurants			
Domino's			
Carrols			
Wingstop			
Average			

Key Commodity Costs

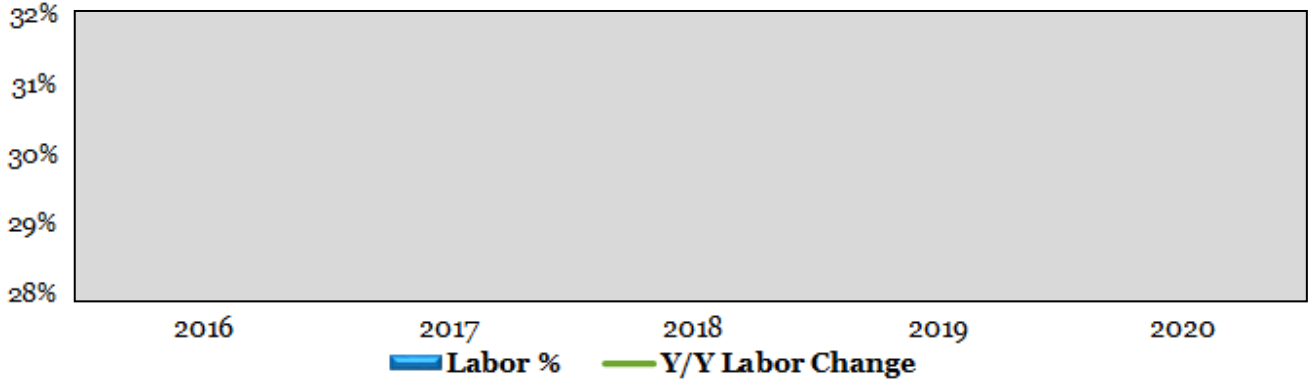
Commodity	Year over Year % Change		
	FYE '20	YTD Jun. '21	2021 Outlook
BLS Foodstuffs			
Pork (USDA)			
Corn Cash (CBOT)			
Chicken (Slaughter)			
Wheat Cash (CBOT)			
Coffee (ICO) Composite			
Chicken Eggs PPI			
Class III Milk			
Cheese (40 Lb. Block)			
Ground Beef (73% Lean)			

(1) 2021 outlook based on USDA Economic Research Service for the primary commodity (chicken, pork, eggs, wheat & dairy).

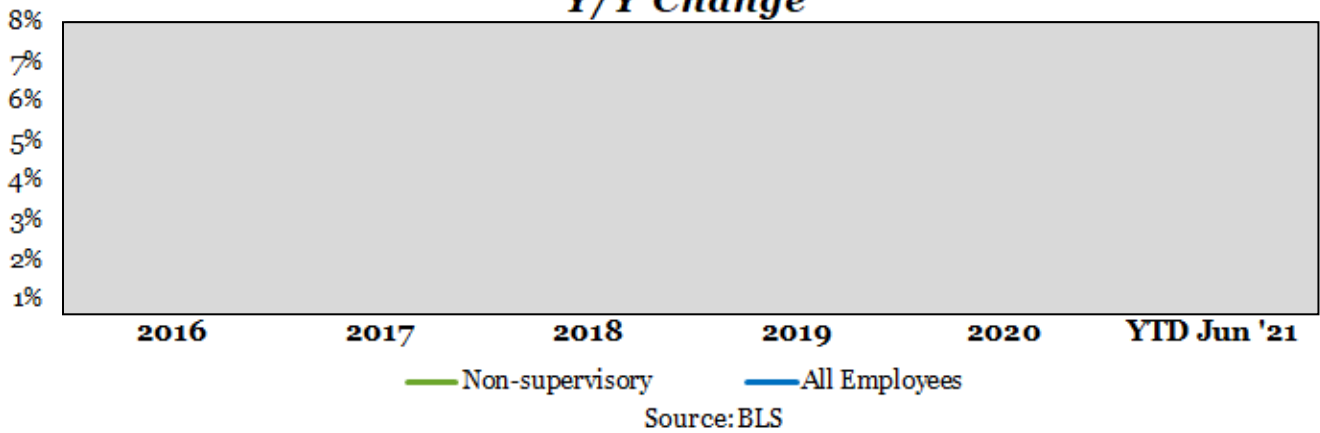
2020 Labor Overview



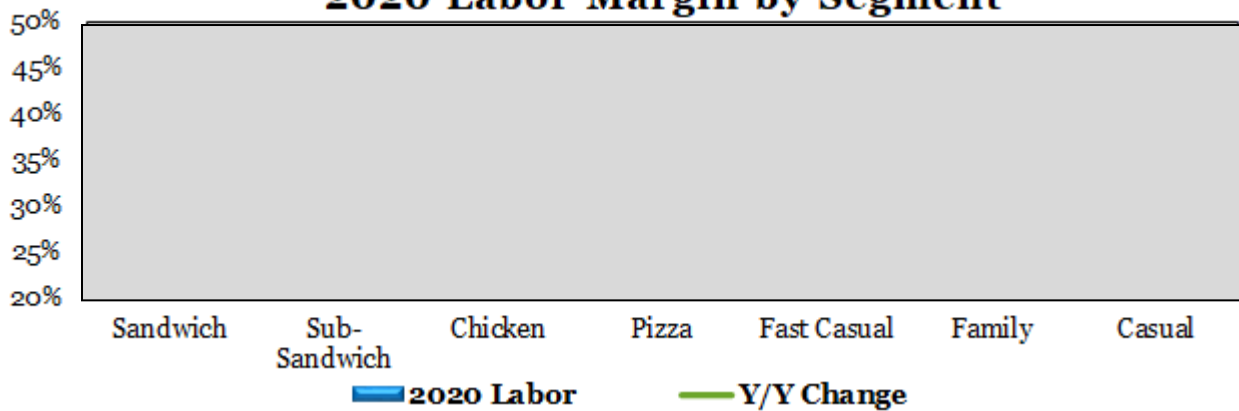
Aggregate Labor Margin Trends



Avg. Hourly Earnings of Food Service Employees Y/Y Change



2020 Labor Margin by Segment



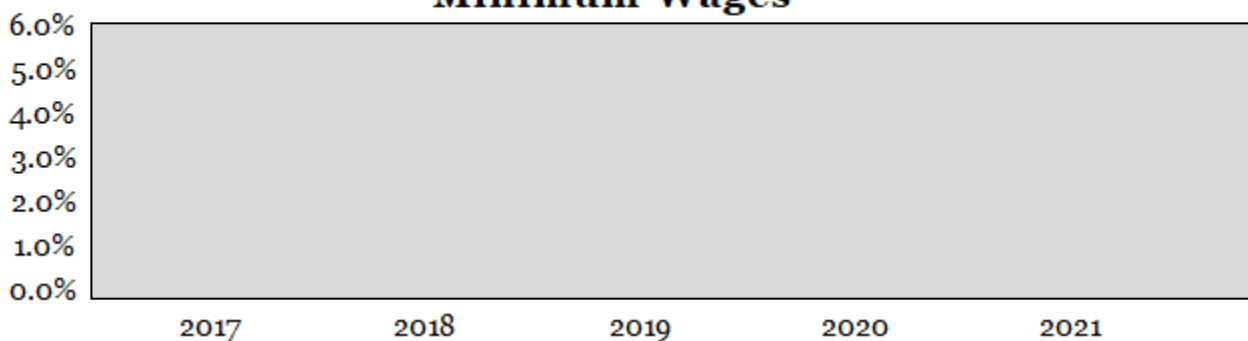
2021 Labor Outlook



Company	Labor Margin		
	YTD 6/20	YTD 6/21	Change
Denny's			
Bloomin Brands			
BJ's Restaurants			
Wingstop			
Cheesecake Factory			
Chipotle			
Darden			
Domino's			
Wendy's			
Jack in the Box			
Carrols			
Average			

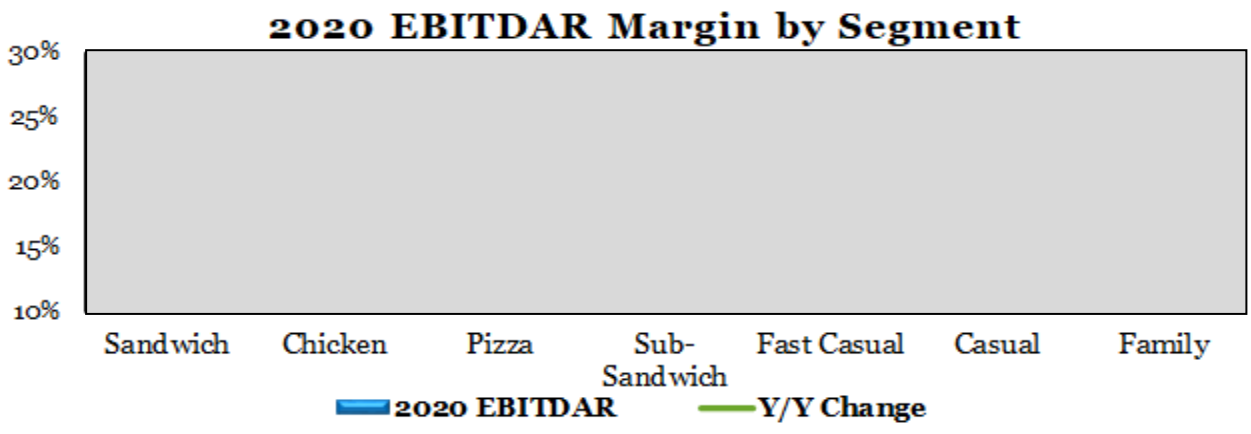
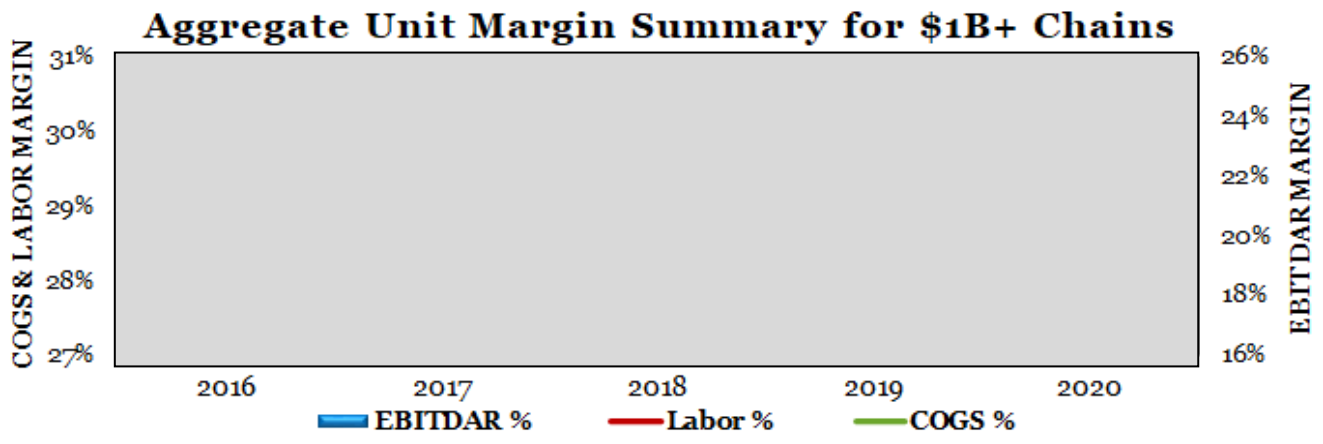


Average Annual Increase in State Minimum Wages



EBITDAR Overview

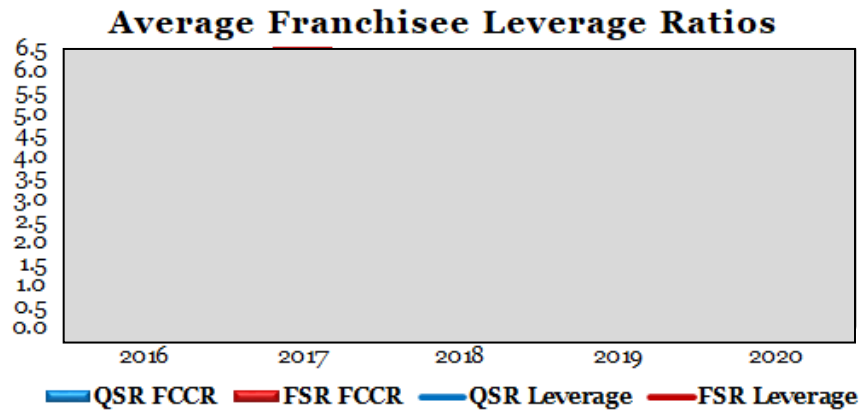
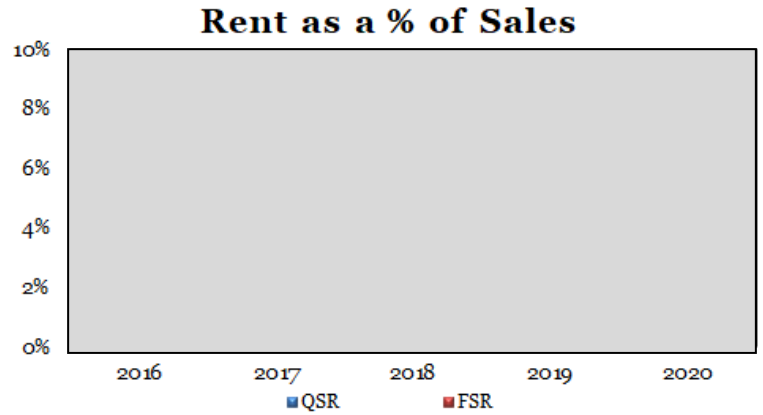
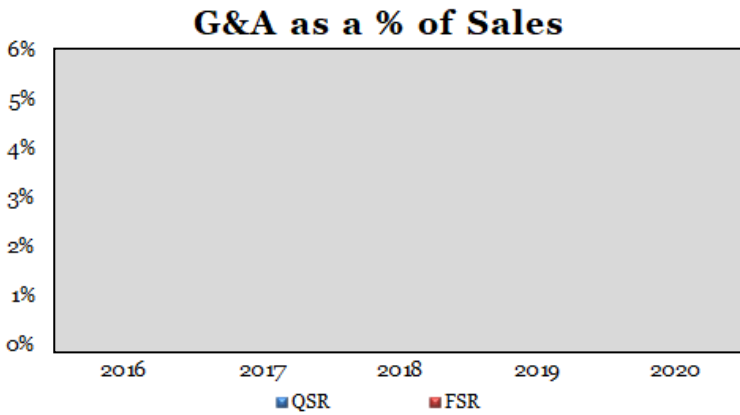
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EBITDAR Margin							
Company	YTD 6/20	YTD 6/21	Change	Company	YTD 6/20	YTD 6/21	Change
Denny's							
Bloomin Brands							
Chipotle							
Cheesecake Factory							
Wendy's							
BJ's Restaurants				Average			

Franchisee G&A, Rent & Leverage Benchmark Data

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Appendix - Minimum Wage & Tip Credits by State

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Change in Minimum Wage by State (2017 - 2021)

State	2017/ 2016	2018/ 2017	2019/ 2018	2020/ 2019	2021/ 2020	July 2021	% Change Since 2017
NJ							
GA							
NM							
ME							
MO							
CA							
IL							
CO							
VA							
AR							
NY							
MD							
WA							
OR							
MA							
DC							
AZ							
RI							
CT							
NV							
VT							
DE							
SD							

State	2017/ 2016	2018/ 2017	2019/ 2018	2020/ 2019	2021/ 2020	July 2021	% Change Since 2017
HI							
MI							
OH							
MT							
FL							
MN							
AK							
NE							
WV							
IA							
ID							
IN							
KS							
KY							
NC							
ND							
NH							
OK							
PA							
TX							
UT							
WI							
WY							
Avg.							

Minimum Wage Outlook by State (2019 - 2021) (*)

State	Min. Wage July 2019	Min. Wage July 2020	Min. Wage July 2021	Aggregate % Increase
GA				
NM				
IL				
VA				
NJ				
MO				
AR				
CT				
NV				
CA				
MD				
WA				
OR				
NY				
MA				
CO				
ME				
AZ				
RI				
VT				
DC				
DE				
AK				
SD				
MT				
OH				
FL				
MN				
MI				
29				
% Increase				

(*) Includes only those states which have approved a specific increase.

Tipped Wages by State
Ranked by Highest Minimum Cash Wage

State	Min. Wage July 2021	Tipped Credit '21	Minimum Cash Wage '21	State	Min. Wage July 2021	Tipped Credit '21	Minimum Cash Wage '21
CA				MD			
WA				ID			
OR				NH			
AK				PA			
MN				AR			
NV				WV			
HI				NM			
CO				WI			
AZ				DE			
MT				IN			
NY				KS			
IL				KY			
CT				NC			
ME				NE			
VT				OK			
FL				TX			
MA				UT			
MO				VA			
DC				WY			
ND				GA			
SD				AL			
OH				LA			
IA				MS			
NJ				SC			
RI				TN			
MI				51			

The maximum Federal Tip Wage Credit is \$5.12.

All Inclusive Subscription Package

Value-Added Data & Insight for \$1B+ Chains

Concept Benchmarking Reports

Applebee's	Arby's	Burger King	Carl's Jr.
Chili's	Church's	Denny's	Domino's
Hardee's	IHOP	Jack in the Box	KFC
McDonald's	Panera	Papa John's	Pizza Hut
Popeyes	Sonic	Subway	Taco Bell
TGI Friday's	Wendy's	Quarterly Concept Updates*	

Industry Benchmarking (50+ Chains)

Store Level	Systemwide	Finance
New Unit Investment	Quarterly Same Store Sales*	Unit
Remodeling	Annual RR Databook*	Valuations
Unit Economics	Unit & Sales Growth Analysis	Franchise
Marketing Spend	Menu & Promotions	Finance
	Commodities Database*	

* Only available as part of subscription.

FDD library for 40+ Chains

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