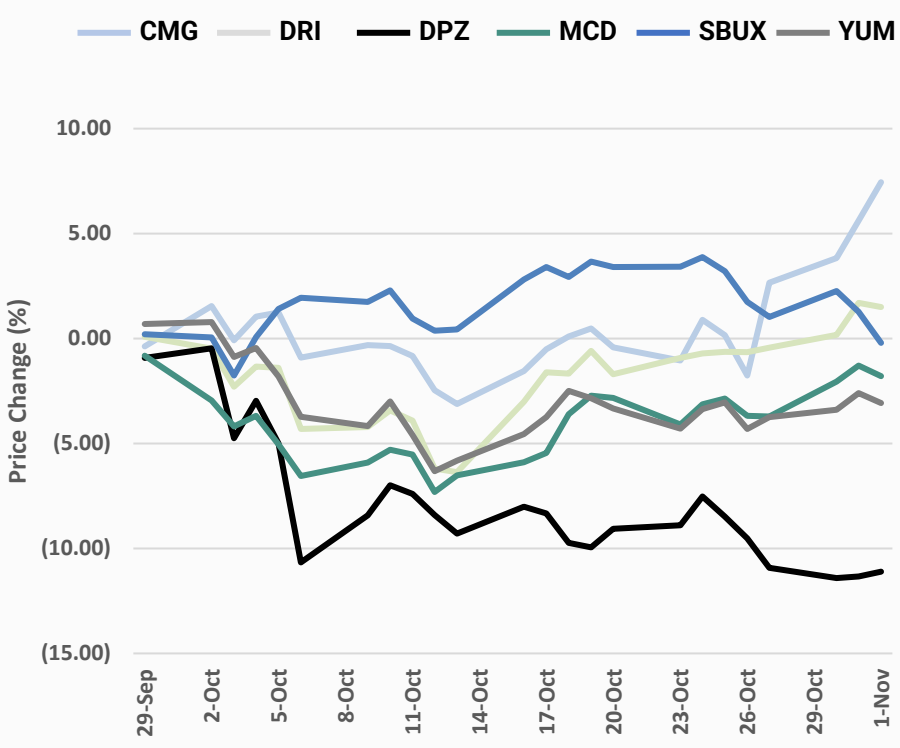


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Restaurant Sector

OCTOBER 2023 UPDATE

RESTAURANT INDEX PERFORMANCE



The restaurant index **underperformed** the broader S&P 500 and NASDAQ markets during October posting a **loss of ~7.19%.**

STOCK	PRICE CHANGE
CMG – Chipotle	7.45%
DRI – Darden	1.50%
DPZ – Domino's	(11.10%)
MCD – McDonald's	(1.79%)
SBUX – Starbucks	(0.20%)
YUM – Yum Brands	(3.06%)
RESTAURANT INDEX	**(7.19%)**

*Weighted change of S&P 500 Restaurants (Sub Ind)

Source: Capital IQ as of November 1st, 2023

WINNERS, LOSERS ACROSS BROADER INDUSTRY

One month price change as of November 1st, 2023



* Criteria: market capitalization >$10m, USA or CAN location; Full service, Fast food or Tea/Coffee shop classification Source: Capital IQ

HAPPENINGS ACROSS THE INDUSTRY

QUICK SERVICE

Despite current economic conditions, Taco Bell experienced **2-3% growth** in its total number of customer orders across all income levels in Q3.

The chain continues to offer food options for as **low as $1**, which has become something of an exception in the quick service industry.

FAST CASUAL

Golden Corral Corporation is opening a fast casual concept called **Homeward Kitchen** which is scheduled to make its debut in December.

The intent of the concept is to target a younger 'on-the-go' demographic, while also offering its franchisees a way to diversify their portfolios.

CASUAL DINING

TGI Fridays added an events service that guests can use to book dine-in business events, school events, birthday parties, and other events.

This event service is expected to grow **$5 million** in Q4 incremental revenue.

FINE DINING

Ko, the Momofuku restaurant group's original fine-dining establishment is closing.

In recent years, the Momofuku group has seen more success with consumer-packaged goods and their casual dining noodle bars.

The Big Story

During last week's Q3 earnings call, Yum! Brands announced that the company will continue to prioritize its focus on delivering advanced technologies to its franchisees. A few of the technology-centered initiatives mentioned on the call included plans to implement in-store digital kiosks at various restaurant locations to streamline daily operations, improve data quality, and enhance the customer experience. Additionally, Yum! announced it recently developed its own in-house AI module for Automated Inventory Management (AIM), which has already been deployed at thousands of their restaurants and is being used to better predict product quantities required for upcoming orders. The company's leadership team noted the exceptional value it's unlocked by leveraging innovative technologies, resulting in improved operational efficiency and enhanced access to meaningful data-driven business insights.

ABOUT THE COMPANY

- After its spin-off from PepsiCo in 1997, Yum! Brands has grown to be the world's largest restaurant company with approximately 1,500 franchisees operating over 55,000 restaurants located in over 155 countries across the globe.
- Yum! Brand's market leading chains include brands such as KFC, Pizza Hut, and Taco Bell.

THINGS TO NOTE

- This November, Yum! Brands will launch its very first "digital-only" Taco Bell restaurant location in Times Square Manhattan.
- The company recently announced its plans to roll-out their Automated Inventory Management software system across all U.S. KFC locations by year-end.

FINANCE FUNDAMENTALS CORNER

In the digital age, restaurants must consider embracing emerging technologies like Artificial Intelligence (AI) to remain competitive in an industry that continually seeks to leverage data and technology for unlocking essential business insights. Tools equipped with AI capabilities can now grant teams unprecedented access to real-time data analytics across numerous aspects of the business including sales and revenue performance, customer data, marketing campaign effectiveness, operational efficiency, and much more.

RESTAURANT USE CASE #1

AI can provide restaurants with significant value by analyzing customer feedback to help identify common complaints or predict potential issues, further enabling the restaurant to promptly enhance its dining experience and improve customer satisfaction and loyalty.

RESTAURANT USE CASE #2

Restaurants can also use innovative technology with specific capabilities like localized data intelligence, which provides customer insights regarding local target markets and can inform strategic business decisions such as the option to provide personalized product offerings to attract customers.

HOW WE SUPPORT RESTAURANT CLIENTS

- ✓ Build automated KPI dashboards to provide real-time data analytics and key business insights
- ✓ Deploy automation to business processes to maximize time for high value-add initiatives
- ✓ Institute dynamic tools with driver-based budgeting/ forecasting capabilities
- ✓ Operations carve-out of redundant capabilities post AI-implementations

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