Market Overview
2015
Restaurant Business Transitioning

• Factors that drove growth of the foodservice industry over the last several decades have leveled off
  – Women entering workforce
  – Expansion of locations
  – Increased share of consumer’s food dollar
• Slow growth continues to lead to share battles
• Lines continue to blur between segments – impacting menu
• Many concepts flourish despite sluggish growth overall
• Technology innovation affecting every aspect of business
• Disposable Personal Income drives sales growth
  – Job increases drive DPI and create need for convenience
Into 2015: A Stronger Consumer Outlook

- **An accelerating economy**
  - Q2: 4.6%
  - Q3: 5.0%
  - Q4: 2.6%

- **Job growth**
  - 3 million jobs in 2014 (600,000 jobs in November/December alone)
  - Best year for job growth since 1999
  - Unemployment down to 5.6%

- **Falling gas prices**
  - Equivalent of a $60 billion stimulus injection
  - Adds $500 to each household

*Source: U.S. Labor Department, CNN Money, U.S. Bureau of Economic Analysis, Federal Data*
Steady Growth over Past Decade

RESTAURANT & FOODSERVICE SALES (in billions)

Source: National Restaurant Association, 2015 Restaurant Industry Forecast
Restaurant Performance Index

For February 2015, the RPI stood at 102.6.

It marked the 24th consecutive month in which the RPI stood above 100, which signifies expansion in the index of key industry indicators.

Source: National Restaurant Association
Sales Growth Highest Since Recession

Source: Black Box Intelligence
Industry’s Traffic Problem (2008-2014)

Source: Black Box Intelligence
Growing Comp Traffic

December 2014
- 0.6%
- 0.0% ROLLING 3 MONTHS

January 2015
- 2.4%
- 0.5% ROLLING 3 MONTHS

Source: Black Box Intelligence
Changing Causes of Concern

Top challenges facing restaurant operators:
Dec 2012 vs. Dec 2013 vs. Dec 2014

<table>
<thead>
<tr>
<th></th>
<th>DECEMBER 2012</th>
<th>DECEMBER 2013</th>
<th>DECEMBER 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Economy</td>
<td>29%</td>
<td>Government</td>
<td>30%</td>
</tr>
<tr>
<td>Government</td>
<td>24%</td>
<td>The Economy</td>
<td>21%</td>
</tr>
<tr>
<td>Food Costs</td>
<td>18%</td>
<td>Recruiting Employees</td>
<td>11%</td>
</tr>
<tr>
<td>Sales Volume</td>
<td>10%</td>
<td>Food Costs</td>
<td>10%</td>
</tr>
<tr>
<td>Recruiting Employees</td>
<td>5%</td>
<td>Sales Volume</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: National Restaurant Association, 2015 Restaurant Industry Forecast
In 2015, most states were projected to experience sales growth between 3% and 5%, while New England grows more slowly.

Source: National Restaurant Association, 2015 Restaurant Industry Forecast
Consumer Demand Pent-Up

Percent of adults **NOT** eating on-premises at restaurants as often as they would like *(eating on premises, purchasing take-out, ordering delivery)*

- **2001-2010**: 25%
- **2014**: 38%

Compared to pre-recession levels, there is a larger number of consumers not patronizing restaurants as often as they would like.

Source: National Restaurant Association, 2015 Restaurant Industry Forecast
Revenue by Segment

2014 RETAIL SALES EQUIVALENT: $701.9 billion

Full Service Restaurants
40% | $280.6 billion

Limited Service Restaurants
34% | $237.0 billion

Onsite Foodservice
20% | $143.5 billion

Retail Host Foodservice
6% | $40.8 billion

A Million Places to Eat

2014 POTENTIAL CONTACT POINTS: 1.13 million+

- Limited Service: 288,575
- Full Service: 239,890
- Bars and Taverns: 43,365
- Lodging: 49,940
- Supermarkets: 43,055
- C-Stores: 137,975
- Other Retailers: 18,080
- Recreation: 32,485
- Transportation: 5,285
- Business & Industry: 9,970
- K-12 Schools: 132,065
- Colleges/Universities: 4,465
- Hospitals: 5,750
- Senior Living/Long-Term Care: 76,610
- Vending/Coffee Svc.: 8,205
- Caterers: 11,145
- Military: 465
- Corrections: 4,690
- Other Segments: 24,205

Market Share:
- LSR: 25%
- FSR: 29%
- Retail Host Fdsvc.: 18%
- Onsite: 28%

Labor
Workforce

- ACA Impact
- Minimum Wage
- Staffing and Turnover
Managing the Cost Increases of ACA

- Will cut jobs: 0%
- Will cut hours (more part-time employees): 44%
- Will start hiring more part-time employees than full-time: 78%
- Will stop unit openings/creation of new jobs: 10%
- Will increase menu prices: 56%
- Will cut sales costs (smaller portions, lower quality ingredients, etc.): 0%
- Other/None of the Above: 28%

Source: People Report
Hourly Turnover Climbing

Sources: People Report & Black Box Intelligence; GE Capital
Menu Adoption Cycle

Fine Dining / Ethnic Independents / Ethnic Markets
- Typically started in Fine Dining Segment
- Often borrowing from ethnic cooking (independent ethnic restaurants)

Fast Casual / Casual Dining / Food Trucks / Specialty Grocers / Gourmet Food Stores
- Casual Dining Independents adopt cutting-edge flavors and ingredients onto their menus
- Independents have greater access to latest trends and can quickly jump on board

Casual Chains / Quick Service / C&U / Traditional Supermarkets
- Trends spreads to Casual Dining Chains and the QSR segment
- These segments monitor the movement of the trend in Adoption Phase to verify its potential appeal
- Consumers continually seek greater variety and newness in foods they eat
- Casual Dining and QSR chains play the primary role in helping flavor trends proliferate across a mass audience base

Family Dining / Healthcare / K-12 / B&I / Dollar Stores / Drug Stores
- Trend penetrates America’s Midscale restaurants whose patrons tend to prefer more traditional fare
- It takes time and a successful push through the Proliferation Phase before a trend achieves ubiquity becoming mainstream

Source: Datassential, Inc.
Example of Product Development at a National Chain

New Product Development Funnel

IDEA

PRODUCT

MARKET TESTING

NAT’L INTRO

300 per year

48 per year

12 per year

4 per year
New Menu Additions Accelerating

<table>
<thead>
<tr>
<th></th>
<th>Family Dining</th>
<th>Casual Dining</th>
<th>Fine Dining</th>
<th>Quick-Service</th>
<th>Fast-Casual</th>
</tr>
</thead>
<tbody>
<tr>
<td>New entrée</td>
<td>85%</td>
<td>89%</td>
<td>91%</td>
<td>94%</td>
<td>98%</td>
</tr>
<tr>
<td>New side or snack-size item</td>
<td>74%</td>
<td>76%</td>
<td>81%</td>
<td>82%</td>
<td>79%</td>
</tr>
<tr>
<td>New dessert</td>
<td>67%</td>
<td>71%</td>
<td>74%</td>
<td>79%</td>
<td>86%</td>
</tr>
<tr>
<td>New kids’ menu item</td>
<td>39%</td>
<td>58%</td>
<td>35%</td>
<td>44%</td>
<td>36%</td>
</tr>
<tr>
<td>New seasonal/LTO item</td>
<td>72%</td>
<td>74%</td>
<td>86%</td>
<td>88%</td>
<td>95%</td>
</tr>
<tr>
<td>New locally sourced item</td>
<td>56%</td>
<td>59%</td>
<td>63%</td>
<td>71%</td>
<td>88%</td>
</tr>
<tr>
<td>New item identified as nutritious/healthy</td>
<td>59%</td>
<td>69%</td>
<td>58%</td>
<td>70%</td>
<td>54%</td>
</tr>
<tr>
<td>New non-alcoholic beverage item</td>
<td>41%</td>
<td>48%</td>
<td>49%</td>
<td>47%</td>
<td>54%</td>
</tr>
<tr>
<td>New alcoholic beverage item (of those serving alcohol)</td>
<td>78%</td>
<td>81%</td>
<td>90%</td>
<td>88%</td>
<td>98%</td>
</tr>
</tbody>
</table>

Source: National Restaurant Association, 2015 Restaurant Industry Forecast
# New Product Development in Chains

Multiple Titles/Functions Participate…

## Primary Titles/Departments Involved
With Aspects Of New Product Development

<table>
<thead>
<tr>
<th></th>
<th>Operations</th>
<th>President / CEO</th>
<th>Marketing</th>
<th>Purchasing / Supply Chain Mgmt.</th>
<th>R&amp;D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determine Need for New Product Development Strategy</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Evaluation Involvement</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Drivers of New Product Tactics and Development</td>
<td>✔</td>
<td></td>
<td>✔</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Final Approval on Product Introduction</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: NRN/RH Restaurant New Product Development Insights Study 2013
Alcohol Growth in Limited Service Segment

• 25% of LSRs offer beer, wine, or liquor
  – Smashburger (Beer); Chipotle (Tequila)

• Starbucks target more evening traffic
  – Beer & Wine in 3,000 stores
  – Could eventually become the largest on-premise wine seller in the country

• Additional revenue…Plus Drives Food Sales
Um, yeah, time for a Millennials slide...
Millennials

- **2013:** 86.5 million millennials in the U.S. (those between 18-34 years of age)

- **By 2020:** 89-90 million (between 25-44 years of age, increase due to immigration)

- Earning potential of female millennials will be significantly higher than boomers had at that age

- Women remain, as they are now, the primary decision makers when it comes to choosing restaurants

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**Millennials in 2020:**

- **54%** White, non-Hispanic
- **46%** Multicultural
- **22%** Hispanic
- **14%** African-American
- **7%** Asian
- **3%** Multi-Ethnic

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2013

- **22%**

2020

- **40%**

**Millennials account for 22-24% of restaurant spending today. By 2020 that figure will be about 40%.**

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Sources: U.S. Census Bureau
Forthcoming Book “The Demographics of Demand: 2014 to 2020” by Peter Francese
AlixPartners LLP
“Food has moved from **fuel** to **experience** to an **experience worth sharing**.

“If it’s not worth sharing, it’s not worth doing … that’s what Millennials think.”

*Greg Creed, CEO, Yum! Brands Inc.*
Taco Bell gets it. The new app.
Mobile Payments – Tiny But Growing

Projection – Mobile Payments ($B)

$3.5

2014

$27.5

Projected 2016

Source: AlixPartners (Spring 2015)
Technology vs. Adoption

Technology is here, question is around adoption

Which chains will convert first?

Will independents be able to implement or afford?

Technology will certainly make operators’ jobs easier… but it must also enhance the customer experience to drive value.
Foodservice Technology: The Future

Technology influencing menu creation
IBM’s Watson computer has created flavor combinations for dishes and received rave reviews

SCiO
Scans the molecular fingerprint of an object, including food to determine things like nutritional content, ripeness, and sweetness levels

3D Printing
Printing food that is edible, ready for preparation or even fully cooked and ready to eat

Apple Pay/Mobile Wallets
The technology is already here, but the huge amounts of data is still to come from these technologies being widely used

Source: Nation’s Restaurant News; Datassential
Limited-Service Restaurants

LSR still dominates visits
- 64% percent of consumers report visiting fast-food restaurants at least weekly while 40% patronize fast casuals weekly.

Fast Casual
- Will continue to be the disruptive force to both quick service and casual dining

QSR
- Continue to adapt to counteract share Fast Casual is stealing
- Can create value through convenience, delivery, or ordering services such as call-ahead or online ordering

Sources: Technomic, Inc.; Andy Barish of Jefferies Equity Research; National Restaurant Association
# Fastest Growing LSRs – By %

Top 10 Fastest-Growing Limited-Service Restaurants from 2014 NRN Top 200

<table>
<thead>
<tr>
<th>Rank</th>
<th>Restaurant Name</th>
<th>Segment</th>
<th>FY2013 U.S. Sales (in millions)</th>
<th>% Growth (vs. 2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Freddy's Frozen Custard &amp; Steakburgers</td>
<td>LSR/Burger</td>
<td>$144.9</td>
<td>46.51%</td>
</tr>
<tr>
<td>2.</td>
<td>Smashburger</td>
<td>LSR/Burger</td>
<td>214.8</td>
<td>32.59%</td>
</tr>
<tr>
<td>3.</td>
<td>Dickey's Barbecue Pit</td>
<td>LSR/Barbecue</td>
<td>343.0</td>
<td>32.43%</td>
</tr>
<tr>
<td>4.</td>
<td>Raising Cane's Chicken Fingers</td>
<td>Chicken</td>
<td>336.0</td>
<td>22.63%</td>
</tr>
<tr>
<td>5.</td>
<td>Marco's Pizza</td>
<td>Pizza</td>
<td>239.0</td>
<td>21.32%</td>
</tr>
<tr>
<td>6.</td>
<td>Jersey Mike's Subs</td>
<td>LSR/Sandwich</td>
<td>406.0</td>
<td>21.19%</td>
</tr>
<tr>
<td>7.</td>
<td>Wingstop</td>
<td>Chicken</td>
<td>540.2</td>
<td>19.80%</td>
</tr>
<tr>
<td>8.</td>
<td>Menchie's Frozen Yogurt</td>
<td>Beverage-Snack</td>
<td>141.1</td>
<td>18.57%</td>
</tr>
<tr>
<td>9.</td>
<td>Chipotle Mexican Grill</td>
<td>LSR/Mexican</td>
<td>3,188.9</td>
<td>17.34%</td>
</tr>
<tr>
<td>10.</td>
<td>Jimmy John's Gourmet Sandwiches</td>
<td>LSR/Sandwich</td>
<td>1,467.0</td>
<td>16.06%</td>
</tr>
</tbody>
</table>

Total Sales $7,020.9

Average Growth (%) 24.84%

Source: 2014 Top 200 Research, Nation’s Restaurant News
Fastest Growing **LSRs** – By $

**Top 10 Fastest-Growing Limited-Service Restaurants from 2014 NRN Top 200**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Restaurant Name</th>
<th>Segment</th>
<th>FY2013 U.S. Sales (in millions)</th>
<th>Net Change in Sales (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Starbucks Coffee</td>
<td>Beverage-Snack</td>
<td>$11,864.0</td>
<td>$908</td>
</tr>
<tr>
<td>2.</td>
<td>Dunkin’ Donuts</td>
<td>Beverage-Snack</td>
<td>6,742.5</td>
<td>478</td>
</tr>
<tr>
<td>3.</td>
<td>Chipotle Mexican Grill</td>
<td>LSR/Mexican</td>
<td>3,188.9</td>
<td>471</td>
</tr>
<tr>
<td>4.</td>
<td>Chick-fil-A</td>
<td>Chicken</td>
<td>4,988.5</td>
<td>428</td>
</tr>
<tr>
<td>5.</td>
<td>Panera Bread</td>
<td>Bakery-Cafe</td>
<td>4,034.0</td>
<td>405</td>
</tr>
<tr>
<td>6.</td>
<td>Taco Bell</td>
<td>LSR/Mexican</td>
<td>7,800.0</td>
<td>300</td>
</tr>
<tr>
<td>7.</td>
<td>McDonald’s</td>
<td>LSR/Burger</td>
<td>35,856.3</td>
<td>264</td>
</tr>
<tr>
<td>8.</td>
<td>Domino’s Pizza</td>
<td>Pizza</td>
<td>3,770.1</td>
<td>219</td>
</tr>
<tr>
<td>9.</td>
<td>Panda Express</td>
<td>LSR/Chinese</td>
<td>1,989.9</td>
<td>211</td>
</tr>
<tr>
<td>10.</td>
<td>Jimmy John’s Gourmet Sandwiches</td>
<td>LSR/Sandwich</td>
<td>1,467.0</td>
<td>203</td>
</tr>
</tbody>
</table>

**Total Sales** $81,701.2

**Average Growth ($)** $389

*Source: 2014 Top 200 Research, Nation’s Restaurant News*
For every person that chooses to dine at Chipotle...4.5 choose to dine at Burger King
Full-Service Restaurants

Fine Dining

• Recovery nearly complete, with four more years of “favorable tailwinds” ahead
• Growth in tourist visits to US seen as a potential source for business growth
• Survival of the Fittest
• Multi-concept independents

Casual Dining

• Increased 6.7% in January, better than industry as a whole
• Same-store sales drivers include menu innovation, successful marketing, remodels, or strong brand differentiation
• Cracker Barrel, Outback, IHOP, Denny’s (and Texas Roadhouse and BWW) posted 5% gains

Sources: Technomic, Inc.; Nation’s Restaurant News; Piper Jaffrey & Co; Andy Barish of Jefferies Equity Research
## Fastest Growing FSRs – By %

Top 10 Fastest-Growing Full-Service Restaurants from 2014 NRN Top 200

<table>
<thead>
<tr>
<th>Rank</th>
<th>Restaurant Name</th>
<th>Segment</th>
<th>FY2013 U.S. Sales (in millions)</th>
<th>% Growth (vs. 2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Twin Peaks</td>
<td>Casual Dining</td>
<td>$165.3</td>
<td>69.19%</td>
</tr>
<tr>
<td>2.</td>
<td>Seasons 52</td>
<td>Casual Dining</td>
<td>210.0</td>
<td>32.08%</td>
</tr>
<tr>
<td>3.</td>
<td>Bar Louie</td>
<td>Casual Dining</td>
<td>186.0</td>
<td>23.18%</td>
</tr>
<tr>
<td>4.</td>
<td>Yard House</td>
<td>Casual Dining</td>
<td>406.0</td>
<td>20.12%</td>
</tr>
<tr>
<td>5.</td>
<td>Bahama Breeze</td>
<td>Casual Dining</td>
<td>204.0</td>
<td>19.30%</td>
</tr>
<tr>
<td>6.</td>
<td>Chuy’s</td>
<td>Casual Dining</td>
<td>204.4</td>
<td>18.42%</td>
</tr>
<tr>
<td>7.</td>
<td>Del Frisco’s Double Eagle Steak House</td>
<td>Casual Dining</td>
<td>144.6</td>
<td>15.96%</td>
</tr>
<tr>
<td>8.</td>
<td>Buffalo Wild Wings Grill &amp; Bar</td>
<td>Casual Dining</td>
<td>2,784.1</td>
<td>13.00%</td>
</tr>
<tr>
<td>9.</td>
<td>Bubba Gump Shrimp Co.</td>
<td>Casual Dining</td>
<td>194.9</td>
<td>12.99%</td>
</tr>
<tr>
<td>10.</td>
<td>Cheddar’s</td>
<td>Casual Dining</td>
<td>613.2</td>
<td>12.35%</td>
</tr>
</tbody>
</table>

Total Sales $5,112.5

Average Growth (%) 23.66%

Source: 2014 Top 200 Research, Nation’s Restaurant News
# Fastest Growing FSRs – By $

Top 10 Fastest-Growing Full-Service Restaurants from 2014 NRN Top 200

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<tr>
<th>Rank</th>
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<th>Net Change in Sales (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Buffalo Wild Wings Grill &amp; Bar</td>
<td>Casual Dining</td>
<td>$2,784.1</td>
<td>$320</td>
</tr>
<tr>
<td>2.</td>
<td>Texas Roadhouse</td>
<td>Casual Dining</td>
<td>1,721.0</td>
<td>188</td>
</tr>
<tr>
<td>3.</td>
<td>Longhorn Steakhouse</td>
<td>Casual Dining</td>
<td>1,381.6</td>
<td>150</td>
</tr>
<tr>
<td>4.</td>
<td>IHOP</td>
<td>Family Dining</td>
<td>2,767.0</td>
<td>117</td>
</tr>
<tr>
<td>5.</td>
<td>The Cheesecake Factory</td>
<td>Casual Dining</td>
<td>1,684.5</td>
<td>80</td>
</tr>
<tr>
<td>6.</td>
<td>Yard House</td>
<td>Casual Dining</td>
<td>406.0</td>
<td>68</td>
</tr>
<tr>
<td>7.</td>
<td>Twin Peaks</td>
<td>Casual Dining</td>
<td>165.3</td>
<td>68</td>
</tr>
<tr>
<td>8.</td>
<td>Cheddar’s</td>
<td>Casual Dining</td>
<td>613.2</td>
<td>67</td>
</tr>
<tr>
<td>9.</td>
<td>BJ’s Restaurant &amp; Brewery</td>
<td>Casual Dining</td>
<td>775.1</td>
<td>67</td>
</tr>
<tr>
<td>10.</td>
<td>Outback Steakhouse</td>
<td>Casual Dining</td>
<td>2,455.0</td>
<td>63</td>
</tr>
</tbody>
</table>

Total Sales: $14,752.8

Average Growth ($): $119

Source: 2014 Top 200 Research, Nation’s Restaurant News
Chains: Top 200 by the Numbers

**TOP 100**

<table>
<thead>
<tr>
<th>SALES UNIVERSE</th>
<th>OVERALL SALES GROWTH RATE</th>
<th>$ 6.8 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL U.S. SALES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$ 222.1 billion (latest year)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$ 215.2 billion (preceding year)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL UNITS</strong></td>
<td>OVERALL UNIT GROWTH RATE</td>
<td>4,259 units</td>
</tr>
<tr>
<td>TOTAL U.S. UNITS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>188,817 units (latest year)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>184,558 units (preceding year)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SECOND 100**

<table>
<thead>
<tr>
<th>SALES UNIVERSE</th>
<th>OVERALL SALES GROWTH RATE</th>
<th>$ 608.8 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL U.S. SALES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$ 23.4 billion (latest year)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$ 22.8 billion (preceding year)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL UNITS</strong></td>
<td>OVERALL UNIT GROWTH RATE</td>
<td>184 units</td>
</tr>
<tr>
<td>TOTAL U.S. UNITS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19,266 units (latest year)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19,082 units (preceding year)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Top 10 chains took 48% of the Top 100 universe’s $222.1 billion in sales.

Source: 2014 Top 200 Research, Nation’s Restaurant News
# The Largest Chains and Companies

## TOP 10 LARGEST CHAINS
(by latest-year U.S. systemwide sales)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Sales (billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>McDonald’s</td>
<td>$35.86</td>
</tr>
<tr>
<td>2.</td>
<td>Subway</td>
<td>$12.22</td>
</tr>
<tr>
<td>3.</td>
<td>Starbucks Coffee</td>
<td>$11.86</td>
</tr>
<tr>
<td>4.</td>
<td>Burger King</td>
<td>$8.50</td>
</tr>
<tr>
<td>5.</td>
<td>Wendy’s</td>
<td>$8.35</td>
</tr>
<tr>
<td>6.</td>
<td>Taco Bell</td>
<td>$7.80</td>
</tr>
<tr>
<td>7.</td>
<td>Dunkin’ Donuts</td>
<td>$6.74</td>
</tr>
<tr>
<td>8.</td>
<td>Pizza Hut</td>
<td>$5.70</td>
</tr>
<tr>
<td>10.</td>
<td>Applebee’s</td>
<td>$4.52</td>
</tr>
</tbody>
</table>

## TOP 10 LARGEST COMPANIES
(by latest-year U.S. foodservice revenue: U.S.-only company/franchisor-operated restaurant sales, U.S. franchisee initial fees, and U.S. franchisee sales royalties)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Sales (billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Compass Group PLC</td>
<td>$10.17</td>
</tr>
<tr>
<td>2.</td>
<td>Darden Restaurants Inc.</td>
<td>$8.71</td>
</tr>
<tr>
<td>3.</td>
<td>Starbucks Corp.</td>
<td>$8.35</td>
</tr>
<tr>
<td>4.</td>
<td>Aramark Holdings Corp.</td>
<td>$7.11</td>
</tr>
<tr>
<td>5.</td>
<td>Sodexo Inc.</td>
<td>$6.75</td>
</tr>
<tr>
<td>6.</td>
<td>McDonald’s Corp.</td>
<td>$5.79</td>
</tr>
<tr>
<td>7.</td>
<td>Bain Capital LLC</td>
<td>$3.77</td>
</tr>
<tr>
<td>8.</td>
<td>Chipotle Mexican Grill Inc.</td>
<td>$3.20</td>
</tr>
<tr>
<td>9.</td>
<td>Yum! Brands Inc.</td>
<td>$2.95</td>
</tr>
<tr>
<td>10.</td>
<td>Brinker International Inc.</td>
<td>$2.85</td>
</tr>
</tbody>
</table>

Source: 2014 Top 200 Research, Nation’s Restaurant News
A $709.2 Billion Industry in 2015

- **COMMERCIAL RESTAURANT SERVICES** $648.0 billion
  - Eating Places*: $471.1 billion
  - Bars and Taverns: $20.6 billion
  - Managed Services: $49.5 billion
  - Lodging Places: $36.7 billion
  - Retail, Vending, Recreation, Mobile: $58.5 billion

- **NONCOMMERCIAL RESTAURANT SERVICES** $58.5 billion

- **MILITARY RESTAURANT SERVICES** $2.7 billion

Source: National Restaurant Association, 2015 Restaurant Industry Forecast
Summary

• Industry at its healthiest since Great Recession
• Job growth, DPI, Commodity relief biggest drivers
• Menu Change Acceleration Continues
• Still, major challenges:
  – Traffic
  – Labor Costs
  – Sluggish Growth Continues
• Traffic Growth + Market Share Theft + Operational Efficiency