

US Restaurants

2026 Outlook - Top Picks: BROS, CMG Upgrade EAT to Buy; Downgrade SG to Neutral

Equities

Americas
Restaurants

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Better setup into '26 given stimulus, compares, valuation; Macro risks persist

We expect an improved restaurant sector setup into '26 following significant pressures in '25, believing upside exists from effective stimulus benefits, easy comparisons, and attractive valuations. That said, we expect underlying macro pressures (lower income, younger, Hispanic consumers) will linger, representing a potentially weaker 2H. While demand trends remained pressured in recent months, our expectations are for industry sss to modestly improve in '26, but remain in the +LSD range, w/ traffic trends likely still negative. We anticipate a focus on traffic share given limited pricing and likely just moderate category growth, resulting in a continued emphasis on value activity and other idiosyncratic sales drivers. Margins should improve for many restaurants in '26 given easy compares and better sales, w/ traffic a key variable, but risks from less pricing, elevated discounting, and greater food inflation. Sector valuations appear discounted relative to history (~15% discount to S&P 500 vs ~6% 10-yr avg premium) even after a recent rerating higher reflecting optimism into '26.

Stimulus, bifurcated consumer, value, and sales recovery as key themes

Key themes for '26 include: i) effective stimulus benefits from the One Big Beautiful Bill Act (OBBBA) to improve industry sales trends, with our analysis indicating upper income consumers will benefit most and casual diners & fast casuals will realize the biggest sales lift based on customer exposures; ii) ongoing macro pressures across lower income / younger / Hispanic consumers; iii) continued promotions / discounting activity; and iv) share shifts among restaurant segments & brands. We expect a modest improvement in sales trends with stimulus as the biggest driver, plus potentially strengthening consumer sentiment and favorable comparisons, even as headwinds persist given macro challenges and value concerns. Our margin considerations include slightly higher food inflation of ~LSD-MSD and still stable labor inflation of ~MSD, w/ pricing easing further relative to last year. We expect solid sector unit growth relative to prior years given: build cost stabilization, interest rates moving lower, closures in the rearview for many (but not all) brands, and select brands remain focused on growth. Additional themes in '26 include: digital / automation, M&A activity, and the ongoing GLP-1 narrative.

Fast casual should improve in '26; Casual dining momentum could continue

We expect the restaurant consumer will remain selective with their dollar in '26, with select casual diners likely to maintain momentum & market share gains, w/ potential OBBBA stimulus benefits. Fast casual pressures were among the biggest surprises in '25, likely given consumer weakness and value competition. We believe cyclical macro headwinds are the primary pressure impacting fast casual rather than structural challenges, and expect the segment maintains an outsized growth opportunity long-term. Easy compares, idiosyncratic sales drivers, and potential stimulus benefits should support an improvement for many fast casual brands this year. Attractive valuations and notable investor interest could support sizable fast casual upside with an eventual acceleration in traffic & sales trends. QSR is likely to remain defined by winners & losers given a still challenged lower income customer base and likely elevated narrative risk from GLP-1 drugs, with larger competitors likely to press scale advantages and increase share. We favor market share gainers, with strong growth opportunities supported by compelling sales catalyst paths (ie BROS, CMG).

Upgrading EAT to Buy on sss momentum & EPS upside; Moving SG to Neutral

We upgrade EAT to Buy (from Neutral) and raise our price target to \$175 from \$144 based on ~8.5x (from ~7.5x) our NTM EBITDA, reflecting expectations that leading sss momentum will continue (UBSe 5.5%+ 3-yr avg), while earnings upside exists given sales leverage. Strong leadership, ongoing execution, several remaining sales drivers (ie. menu upgrades, compelling value), and likely stimulus benefits should support sustained segment-leading sales growth in FY26 (UBSe 6.8% revenue growth) despite particularly difficult comparisons. At ~14x CY26 EPS, we believe further upside exists for shares from continued sales gains and better than expected earnings, while accelerating unit growth, a healthy balance sheet and share repurchase represent additional upside catalysts. We're also downgrading SG from Buy to Neutral with a \$7.50 PT based on 20x (was 39x) our discounted '28 EBITDA, believing valuation reflects expectations for continued sales & margin pressures as macro and fast casual challenges persist. *Detail on rating & PT changes inside*

Top picks: BROS, CMG (*Updated Rank Order inside*)

BROS remains our top pick and we expect traffic momentum, strong new store productivity supporting mid-teens% store expansion, and 20%+ EBITDA growth should enable upside for shares. We believe BROS is positioned for further upside given industry leading store growth and ongoing sales & traffic momentum likely sustainable into '26 given compelling catalysts. We remain positive on **CMG** as we believe recent pressures are largely priced in at ~31x '26 EPS, while the unit growth outlook remains strong and drivers exist to support an inflection in sss trends in '26 across menu innovation and value efforts.

2026 Industry Outlook Summary

- **Industry outlook:** We expect an improved restaurant sector setup into '26 following significant pressures in '25, believing upside exists from effective stimulus benefits, easy comparisons, and attractive valuations. That said, we expect underlying macro pressures (lower income, younger, Hispanic consumers) will linger, representing a potentially weaker 2H.
- **Sales outlook:** While demand trends remained pressured in recent months, our expectations are for industry sss to modestly improve in '26, but remain in the +LSD range, with traffic trends likely still challenged. Our base case is that stimulus will provide a boost to consumer spending at least in 1H, while easier comparisons and idiosyncratic sales drivers could support demand. But still depressed consumer sentiment, challenged spending, and persisting inflation are risks to industry demand.
- **Unit growth:** We expect ~consistent sector unit growth relative to prior years given: build cost stabilization, interest rates moving lower, closures are in the rearview for many (but not all brands), and select brands remain focused on growth.
- **Margins:** We expect margins to modestly expand in '26 for many brands as: food inflation could be higher but manageable, labor inflation remains stable, pricing modestly positive, and operational efficiencies continue. Risks exist if traffic and top line growth are sluggish and if commodity inflation should increase further.
- **Key themes for '26 include:** Effective stimulus benefits from the One Big Beautiful Bill Act (OBBBA) to improve industry sales trends following a challenging '25; ongoing macro pressures across lower income / younger / Hispanic consumers; continued promotions / discounting activity; and share shifts among restaurant segments & brands.



2026 Industry Outlook Summary

- **Valuation** appears attractive at a discount to historical levels: Sector avg valuation of ~11x NTM EV/EBITDA is ~15% discount to both 5-yr and 10-yr avg. Additionally, restaurants trade at a ~15% discount to the S&P 500, relative to a ~6% 10-yr avg premium.
- Widening valuation gaps and a sizable share performance bifurcation reflects:
 - Fast casuals are trading near multiyear valuation lows given lingering sales pressures through '25. We believe cyclical macro headwinds are the primary pressure impacting fast casual, but expect the segment maintains an outsized growth opportunity long-term, while easy compares, idiosyncratic sales drivers, and potential stimulus benefits should support an improvement at many fast casual brands this year. Attractive valuations and notable investor interest could support sizable upside at some point during the year with an acceleration in traffic & sales trends.
 - Select casual diners are trading only within the midpoint of historical ranges despite strong sales momentum.
 - QSR valuations are bifurcated based on fundamental performance, w/ many larger caps trading closer to averages given financial model resiliency, while pressures linger from ongoing lower income consumer & other macro challenges.
- **Stimulus benefit:** Impacts from restaurant spending from effective stimulus benefits from the One Big Beautiful Bill Act (OBBBA) and greater tax refunds are unclear, but we expect a boost to consumer spending and industry sales trends. We anticipate casual dining could experience the biggest sales benefit, while fast casual stocks could maintain the greatest upside torque to a stimulus boost.
- **GLP-1:** GLP-1 concerns increased given notable traffic pressure in '25 and w/ likely increased adoption from reduced costs and approval of oral drugs. We don't believe GLP-1s had a significant impact on '25 demand weakness, but expect the impact could increase at least modestly in '26, with the narrative as an overhang.



2026 Industry Outlook Summary

- We currently favor:
 - i) fast casual brands that are set to maintain or accelerate sales momentum and have valuation runway;
 - ii) select casual diners best positioned on sales trajectory, with catalysts to support market share gains and upside to current valuations;
 - iii) shares of higher quality QSRs that maintain still attractive valuations given compounder characteristics and sales initiatives to support continued gains in '26; and
 - iv) tangible and compelling catalyst paths to accelerate sss and market share gains in '26.
 - Select '25 laggards could be compelling risk/reward opportunities given pressured valuations, but we're focused on indications of positive inflections.
- **Coverage preference:** We favor companies that: 1) maintain notable catalysts to increase market share and drive strong sales growth momentum this year (BROS, MCD, EAT), or 2) are positioned for ongoing positive traffic momentum into '26 (TXRH, BROS), or 3) maintain attractive valuations which should expand with an inflection in sales trends (CMG).
- **Key downside risks to our outlook include:** Continued sales pressure if macro challenges persist into '26 and represent an incremental headwind, while stimulus impacts prove more limited, as well as greater than expected food inflation and margin headwinds.
- **Key upside exists in 2026 if:** Underlying traffic and sales momentum inflects higher from stimulus benefits and an improvement in underlying consumer health / demand, supporting earnings upside and benefitting valuations.



UBS Restaurants Rank Order

		Rating	Price Target	Target Multiple EV/EBITDA	Current Price (01/02/2026)
1	BROS	Buy	\$85	37.0x	\$62.16
2	CMG	Buy	\$45	28.0x	\$37.49
3	TXRH	Buy	\$210	17.0x	\$171.36
4	EAT	Buy	\$175	8.5x	\$151.52
5	MCD	Buy	\$350	18.0x	\$303.26
6	QSR	Buy	\$85	15.0x	\$67.81
7	YUM	Buy	\$180	19.0x	\$150.49
8	DPZ	Buy	\$540	20.0x	\$425.28
9	DRI	Buy	\$230	12.5x	\$187.21
10	WING	Neutral	\$295	36.0x	\$256.84
11	SHAK	Neutral	\$104	23.0x	\$83.47
12	CAVA	Neutral	\$66	35.0x	\$60.55
13	SBUX	Neutral	\$94	18.0x	\$83.97
14	SG	Neutral	\$7.50	20.0x	\$6.93
15	BLMN	Neutral	\$6	4.5x	\$6.38
16	DIN	Neutral	\$35	6.0x	\$33.22
17	PTLO	Neutral	\$5.50	8.5x	\$4.59
18	PZZA	Neutral	\$42	8.0x	\$40.30
19	WEN	Neutral	\$8.50	7.0x	\$8.17
20	JACK	Neutral	\$21	7.5x	\$18.72
21	PLAY	Neutral	\$19	4.0x	\$17.04
22	CBRL	Neutral	\$26	6.0x	\$26.85
23	CAKE	Sell	\$50	8.0x	\$52.81
	YUMC	Buy	\$59		\$48.17

Source: FactSet, UBS estimates



UBS Restaurants Coverage Thesis and Key Debates

Ticker	Rating	UBS Thesis	Key Debate
BROS	Buy	<ul style="list-style-type: none"> -Compelling sales catalyst path includes a food launch, plus mobile order, marketing, and menu innovation -Differentiated concept w/ leading store growth trajectory supported by strong economics & sizable TAM -Strong new store performance supports confidence in development; Favorable FCF trajectory 	<ul style="list-style-type: none"> -Key Debate: Will BROS key initiatives support sss of +MSD or better in '26? -UBS View: We expect the launch of food and contribution from mobile order, marketing efforts and menu innovation to support sss of +MSD in '26.
CMG	Buy	<ul style="list-style-type: none"> -SSS should improve in '26 from more LTOs, throughput opportunity, marketing and easy comparisons -Unit growth to remain strong in the +HSD range given strong returns and solid new store performance -Shares already reflect '25 pressures, while upside exists to valuation from a positive traffic inflection 	<ul style="list-style-type: none"> -Key Debate: Will traffic trends return to positive in '26? -UBS View: Yes, we model modestly positive traffic in '26 supported by more LTOs, throughput gains, value efforts, and loyalty, with some pricing contributing to our +LSD sss estimate.
TXRH	Buy	<ul style="list-style-type: none"> -Leading sales outperformance should continue, given compelling value, service levels, and brand affinity -Among best unit growth in segment at ~5%, w/ returns still compelling, momentum strong, sizable TAM -Despite ongoing beef cost pressures, long-term margin target range of 17-18% still intact 	<ul style="list-style-type: none"> -Key Debate: Can TXRH drive +MSD sss growth in '26? -UBS View: Yes, we model ~5% sss growth in '26 supported by compelling everyday value, quality service, and strong customer brand affinity.
EAT	Buy	<ul style="list-style-type: none"> -Leading sss momentum will continue, while earnings upside exists given sales leverage -Strong leadership, several sales drivers (ie. menu upgrades, marketing, value) & stimulus support sales gains -Further share upside exists from continued sales gains, EPS upside, and accelerating unit growth 	<ul style="list-style-type: none"> -Key Debate: Can EAT maintain sss momentum through FY26 despite difficult comparisons? -UBS View: Yes, we expect EAT can drive continued sales momentum from menu upgrades, promos, marketing efforts, and ops execution; we model 9%+ FY26 Chili's company sss.
MCD	Buy	<ul style="list-style-type: none"> -Positioned for market share gains & sss improvement in US given value offerings, new products, marketing -Shares can grind higher as US sales strengthen from '25 levels, w/ beverage launch a key catalyst -Accelerating unit growth and multiyear margin expansion opportunity support solid earnings power 	<ul style="list-style-type: none"> -Key Debate: How much will MCD US sss accelerate in '26? -UBS View: We expect US sss will accelerate to ~3% in '26, w/ traffic improvements driven by the new value platforms, beverage launch, menu innovation / marketing, and easier 1H comparisons.
QSR	Buy	<ul style="list-style-type: none"> -Burger King US turnaround plan progressing, w/ levers to support traffic share gains -Tim Hortons set for continued momentum in '26, given solid brand positioning -Unit growth set to accelerate over the coming years; Valuation attractive & at discount to peers 	<ul style="list-style-type: none"> -Key Debate: Will global unit growth accelerate in '26 and track toward 5% by '28? -UBS View: We expect modest unit growth acceleration in '26 (UBSe 3.8%) given a strong pipeline, solid returns, well capitalized franchisees, fewer BK US closures, and a return to positive China growth.
YUM	Buy	<ul style="list-style-type: none"> -Remains a long-term quality compounder, w/ low-DD EPS & a mid-teens TSR -Ongoing Taco Bell momentum should continue; Outlook for global KFC business remains strong -Unit development of at least 5% LT remains intact; possible Pizza Hut divestiture could create cleaner story 	<ul style="list-style-type: none"> -Key Debate: Can YUM return to its 5% long-term unit development target? -UBS View: We model 5% growth for '26 and 5%+ going forward, given franchisee demand, a solid pipeline, brand strength, compelling unit returns, technology benefits, and reduced closures.
DPZ	Buy	<ul style="list-style-type: none"> -Expect still solid US sss and continued market share gains of pizza category and broader QSR in '26 -Long-term unit growth prospects remain intact, with acceleration over the coming years -Valuation attractive relative to QSR peers, with solid upside if comp momentum can continue 	<ul style="list-style-type: none"> -Key Debate: Will DPZ US lap tougher compares in 2H26 and trend above 3% sss in '26? -UBS View: We model 2.5%+ US sss given: new menu innovation, marketing & promotions, continued 3P delivery partnerships gains, loyalty & e-commerce upgrades, and carryout focus.



Source: UBS estimates

UBS Restaurants Coverage Thesis and Key Debates (Cont.)

Ticker	Rating	UBS Thesis	Key Debate
DRI	Buy	<ul style="list-style-type: none"> -Solid AUVs, ability to manage macro pressures, and margin opportunities support LT returns of 10-15% -Positioned for market share gains across key brands, w/ levers to support outperformance if needed -Solid balance sheet, strong leadership team, and accelerating unit growth drive further upside 	<ul style="list-style-type: none"> -Key Debate: Will DRI FY26 adj EPS be comfortably within the FY26 guidance range of \$10.50-10.70? -UBS View: We model DRI adj EPS of 10.54 (+10.3% y/y), with support from continued sss momentum (UBSe 3.8% sss), 2.8% net store growth, and operating margins flat y/y.
WING	Neutral	<ul style="list-style-type: none"> -Multiple drivers exist to strengthen sss, including Smart Kitchen, loyalty, marketing / brand awareness -Unit growth outlook remains strong given attractive new unit returns and franchisee demand -Macro pressures could continue to be a drag on sales trends into '26 	<ul style="list-style-type: none"> -Key Debate: Can WING deliver +LSD sss in '26 and exit year near +MSD? -UBS View: We model ~2.5% sss for '26, including ~4% for 2H, anticipating benefits from Smart Kitchen, loyalty, marketing / new customer acquisition, and easier compares will more than offset macro pressures.
SHAK	Neutral	<ul style="list-style-type: none"> -Industry leading unit growth supported by solid new unit productivity, with a sizable TAM -Margin expansion opportunity over the coming yrs could support notably better profitability -Attractive valuation and initiatives to support better & more consistent sss 	<ul style="list-style-type: none"> -Key Debate: Will SHAK reach '26 Consensus EBITDA of \$242MM? -UBS View: We currently model a modest miss to Consensus '26 EBITDA forecasts, believing some risk could exist from beef costs, marketing and possible sales pressures.
CAVA	Neutral	<ul style="list-style-type: none"> -Sales drivers include growing brand awareness, menu innovation and loyalty; while yr2 stores a sss drag -Industry leading unit growth with a sizable TAM that could increase over time -Margin opportunities over time given sales leverage and lapping investments 	<ul style="list-style-type: none"> -Key Debate: Can CAVA drive +MSD sss growth in '26? -UBS View: We model 2.3% '26 sss, incl. 0.5% traffic, reflecting support from still growing brand awareness, menu innovation, and an updated loyalty program, w/ macro & yr2 sales pressures as offsets.
SBUX	Neutral	<ul style="list-style-type: none"> -Expectations for a US turnaround supported by CEO Niccol's leadership and strategic plans -Margin upside potential from sales leverage and cost efficiencies across the P&L -Restoration of growth at scale would support valuation upside with better US trends; Investor Day as catalyst 	<ul style="list-style-type: none"> -Key Debate: Will SBUX US generate solidly positive sss in FY26? -UBS View: We model SBUX US sss growth strengthening to 2.7% in FY26, as benefits from the Green Apron program, menu innovation, & other strategic plans gain traction and compares are undemanding.
SG	Neutral	<ul style="list-style-type: none"> -Macro pressures a drag on sss performance, but sales levers to support improvement in '26 -Still solid long-term store development opportunity, benefits from Infinite Kitchen locations -Margin benefits over time from automation and improved sales trends 	<ul style="list-style-type: none"> -Key Debate: Will SG return to positive sss in '26? -UBS View: We model flat sss in '26, reflecting benefits from: menu innovation, value efforts, loyalty enhancements, and potential stimulus benefits, offset by ongoing macro & industry headwinds.
BLMN	Neutral	<ul style="list-style-type: none"> -Strategic plans to support sales improvement across: service, marketing, value, innovation -Margins face beef and other cost pressures, but believe solid LT recovery potential exists -Valuation discount could improve w/ stronger trends & traction against turnaround; Macro & competition risks 	<ul style="list-style-type: none"> -Key Debate: Can BLMN improve casual dining market share & outperform peers over the coming years? -UBS View: We believe strategic plans will be key to determining whether Outback and BLMN broadly can improve market share positioning from sales initiatives (service, marketing, etc).
DIN	Neutral	<ul style="list-style-type: none"> -Scale & heavily franchised business model provide unique FCF stability within casual dining -Improving Applebee's sss and a path to better net unit growth should serve as catalysts -Solid FCF generation, a repurchase opportunity and improved fundamentals should support shares 	<ul style="list-style-type: none"> -Key Debate: Will DIN build on recent sss momentum into '26? -UBS View: We model still modest DIN sss growth in '26, including ~1.5% at Applebee's and 1% at IHOP, supported by marketing & partnerships, menu innovation and value / promotions.



Source: UBS estimates

UBS Restaurants Coverage Thesis and Key Debates (Cont.)

Ticker	Rating	UBS Thesis	Key Debate
PTLO	Neutral	<ul style="list-style-type: none"> -Long-term growth opportunity could still be sizable, but macro headwinds limit visibility into outlook -Focus on improvement in new store performance in newer markets to assess development trajectory -Return to positive traffic & consistent +LSD sss likely needed to drive share gains despite difficult macro 	<ul style="list-style-type: none"> -Key Debate: Can PTLO reaccelerate unit growth over the coming yrs following the recent deceleration? -UBS View: We expect unit growth will slow over the coming years, including ~8% unit growth in '26 and 5.5% in '27, with a focus on strengthening the existing store base, even as sizable whitespace exists.
PZZA	Neutral	<ul style="list-style-type: none"> -Strategic plans to strengthen domestic sales growth through value efforts, digital & loyalty upgrades, etc -Focus on accelerating domestic unit growth, w/ global net growth to benefit over time as int'l closures ease -Risk/reward balanced as potential upside from sss inflection, but risks from macro headwinds & competition 	<ul style="list-style-type: none"> -Key Debate: Will strategic plans improve growth in '26? -UBS View: We expect strategic plans to reinvigorate traffic & accelerate global unit growth will gain some traction in '26, but gains could take time & we believe a sizable inflection is a show-me story.
WEN	Neutral	<ul style="list-style-type: none"> -Sales pressured through '25, but focus on recovery via: innovation, value, ops enhancements, breakfast -Expecting ~flat net store growth in '26 given US closures, with positive growth likely to resume in '27 -Valuation undemanding, but stronger sales trajectory and improving FCF growth needed for notable upside 	<ul style="list-style-type: none"> -Key Debate: Will WEN US sss return to positive in the '26? -UBS View: We expect WEN will generate modestly positive US sss of 0.4%, given: more effective marketing, operational efficiencies (co-owned stores outperforming), and leveraging tech / digital.
JACK	Neutral	<ul style="list-style-type: none"> -Depressed valuation can improve, but need improved sss momentum with margin gains -Macro remains a pressure, but sales drivers exist from innovation, marketing, digital, and value offers -Unit growth acceleration potential w/ better economics, demand, and whitespace over coming years 	<ul style="list-style-type: none"> -Key Debate: Will JACK sss return to positive in the '26? -UBS View: We expect JACK sss will be negative in '26 (-0.6%) given ongoing macro pressures, but return to positive during 2H26 given efforts to improve affordability, accelerate innovation, & begin remodels.
PLAY	Neutral	<ul style="list-style-type: none"> -Traffic & sales momentum remain challenged, w/ initiatives in place targeted to improve trends in '26 -Return to consistently positive sss could drive upside given attractive margins, unit growth, EBITDA potential -Still in the early stages of a turnaround, with macro pressure remaining elevated & visibility limited 	<ul style="list-style-type: none"> -Key Debate: Will PLAY return to positive comp growth in '26? -UBS View: We expect PLAY will return to positive sss in FY26, modeling ~flat 1H26 comps and positive in 2H26, reflecting traction against initiatives, incl. games / menu innovation, marketing, & better execution.
CBRL	Neutral	<ul style="list-style-type: none"> -Despite share pressure since rebranding controversy, current challenges limit recovery trajectory visibility -Traffic pressure could persist, but could improve w/ time plus: innovation, loyalty, operations, value, marketing -Updated FY26 guidance appears achievable; But meaningful recovery in sales and earnings could take time 	<ul style="list-style-type: none"> -Key Debate: Where will CBRL FY26 EBITDA land relative to guidance for \$70-110MM? -UBS View: We model ~\$92MM in FY26 EBITDA, driven by ongoing brand pressures, but w/ some improvement in traffic in F2H, moderating discounting, benefits from sales drivers, & better retail attach.
CAKE	Sell	<ul style="list-style-type: none"> -Underlying demand appears intact, but macro headwinds & traffic pressures represent risks to sales outlook -Continued margin gains in '25 encouraging, but longer-term upside targets could prove more difficult -Targeted unit growth of ~7% in '26 achievable; But shares now reflect higher sales & earnings expectations 	<ul style="list-style-type: none"> -Key Debate: Will CAKE reach 5.0% net margin in '26? -UBS View: We expect CAKE will reach the '26 target net margin range based on +LSD food and +LSD-MSD labor cost inflation, and our sss forecast for 0.4%, including 3.0% pricing



Source: UBS estimates

Top Picks 2026: Dutch Bros (\$85 PT)

- **We believe BROS shares remain positioned for further upside given industry leading store growth, with ongoing sales and traffic momentum likely sustainable into '26 supported by a compelling catalyst path.**
 - We expect BROS can generate a growth algorithm of 20%+ revenue growth (comprised of +LSD sss & mid-teens%+ unit expansion), ~30% company-operated shop contribution margins, and EBITDA growth of 20%+.
- We believe BROS should maintain sss growth at the upper end or above the company's LSD% comp algorithm over the coming years, with multiple catalysts as support, including mobile order penetration, menu innovation, throughput unlocks, paid marketing, and the broader launch of food in '26.
- Improving unit economics and strong new shop productivity should support a store development cadence consistent with the company's mid-teens% long-term guidance and 2,029 store target by '29.
 - BROS' outsized growth algorithm should be driven by a sizable store development opportunity, supported by strong unit returns, significant whitespace, and a differentiated culture.
- **Catalysts:** Sustained sss momentum supported by several drivers including: mobile order contribution, menu innovation, and paid marketing, while the food menu rollout in '26 should provide a notable sales contribution.



Top Picks 2026: Chipotle (\$45 PT)

- **Despite pressures on sales and earnings in '25, we believe CMG's current valuation offers compelling upside given a still strong unit growth outlook and drivers to support an inflection in sss trends in '26 across menu innovation and value efforts.**
 - Following a meaningful pullback in '25 and with shares now at ~31x '26 EPS, we believe CMG's near-term & '26 concerns are largely priced in, with solid upside potential from a positive sales inflection in '26.
- We expect several sales drivers will improve top line momentum in '26, including: increased menu innovation (3-4 LTOs relative to 2 protein LTOs in '25), better communication of a strong value proposition, improved digital experience and rewards program, throughput gains, and potential from Build-Your-Own Chipotle platform and catering pilot.
- 2026 unit development guidance of 350-370 opens is achievable, with growth supported by best-in-class unit returns and a sizable pipeline. We anticipate unit development at the upper end of the 8-10% range over the coming years.
- While restaurant margins will likely be pressured in '26 given limited pricing, food cost inflation, and other investments, we believe improving traffic momentum and likely still modest pricing should be tailwinds.
- **Catalysts:** Positive sss inflection supported by several drivers including: greater menu innovation / more LTOs in '26, value perception efforts, improving throughput, and loyalty enhancements, with stimulus as a potential tailwind.



Theme #1
What's the Outlook for Industry Sales in 2026?



Theme #1: What's the Outlook for Industry Sales in 2026?

- **UBS View:** We expect improved restaurant sector sales into '26 following significant pressures in '25. Our base case is that stimulus will provide a boost to consumer spending at least in 1H, while easier comparisons and idiosyncratic sales drivers could support a modest improvement in demand.
 - While demand trends remain pressured in recent months, our expectations are for industry sss to modestly improve in '26, but remain in the +LSD range, with traffic trends likely still negative.
 - That said, we expect underlying macro pressures (lower income, younger, Hispanic consumers) will linger, representing a potentially weaker 2H.
 - Positive considerations: i) stimulus benefits boost restaurant demand and spending; ii) easier prior year comparisons and lapping various consumer headwinds; iii) promotions / discounts and more limited pricing could improve value perceptions; iv) still largely solid employment levels; v) potentially declining interest rates.
 - Negative considerations: i) macro challenges likely persisting as calendar rolls; ii) lower income consumers still under pressure, with lower income headwinds increasing, and younger consumers challenged; iii) still depressed consumer sentiment; iv) risk of rising unemployment.
 - **Stock implications:** Industry sales trends should improve from stimulus benefits, easier comparisons, and select brand specific initiatives. We believe brands with traffic momentum, a strong value proposition, and initiatives supporting transaction growth are well positioned (BROS, TXRH, EAT).



Industry Sales Pressure Accelerated Into Year End '25

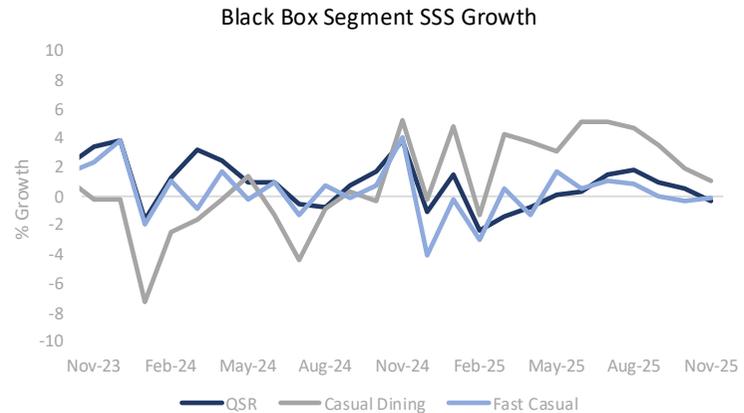
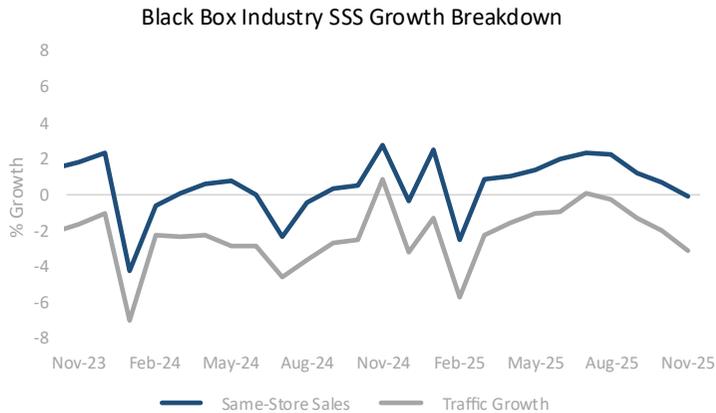
Restaurant industry sales trends were largely lackluster for most of '25, with increasing softness in 2H25. Many brands exhibited declining traffic and either trade down or trade out as restaurant consumer spending was pressured, particularly among lower-middle income, younger, and Hispanic consumer cohorts. Brands with strong value propositions and compelling customer experience were often favored by consumers and gained traffic & market share.

We expect macro pressures will continue in '26, but are encouraged that demand trends could improve this year given: potential stimulus benefits, easier comparisons, and brand specific sales drivers.

Restaurant Sales & Traffic Trends

Black Box industry sales and traffic were largely lackluster in '25, softening towards year end.

Sales growth across most segments slowed towards the end of '25, with notable outperformance from casual dining.



Source: Black Box, Company reports, UBS

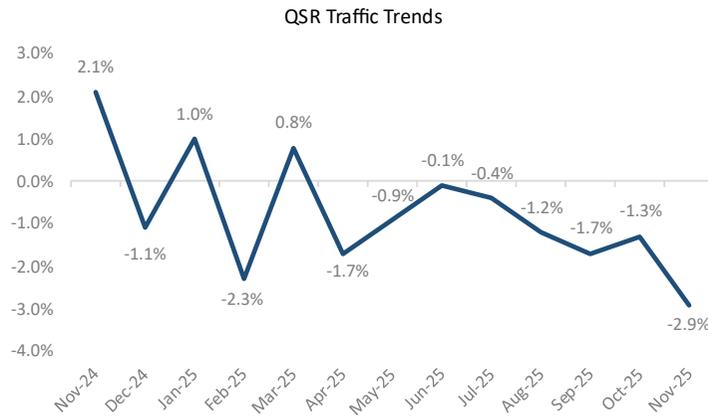


QSR Sales and Traffic Pressured Through '25

QSR sss were pressured through most of '25 driven by declining traffic and macro headwinds impacting a key lower income customer cohort, as well as expanding challenges among middle income consumers. Traffic trends remained pressured towards the end of the year, with a focus on a potential improvement in driven in part by value offerings, marketing, new menu items, and possible stimulus impacts.

Traffic recovery is a key point of emphasis for QSR brands into '26. Consensus models improvement in QSR sss trends through '26, with expectations for solidly positive sss for the year (2.7% avg '26 sss vs 0.8% '25).

QSR Traffic Trends



Sales Weighted QSR SSS



Source: RMS, Company reports, Consensus Metrix

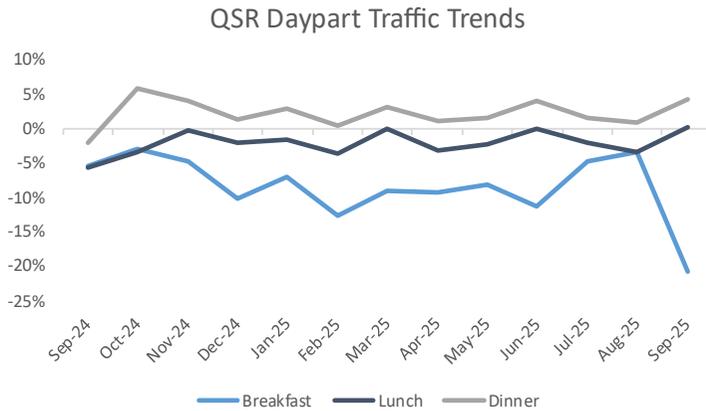


QSR Daypart & Channel Traffic Highlight Challenges

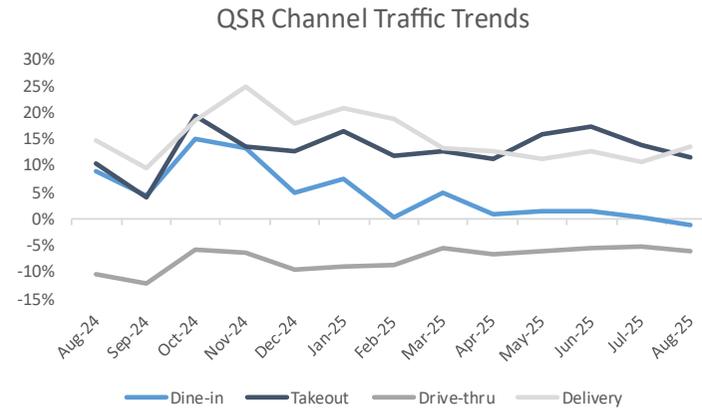
QSR traffic by daypart: Traffic trends for breakfast were down y/y in '25 w/ a notable decline through 3Q25. Lunch was also pressured much of the year, while dinner outperformed, with an improvement in 3Q25.

QSR by channel: The drive-thru channel had the worst performance y/y, w/ traffic down -6% in Aug '25 given tough multiyear compares and macro pressures. Dine-in traffic was also pressured this year w/ recent trends turning negative in 3Q. Takeout and delivery performance were solid through the year, with largely stable trends.

QSR Daypart Traffic Trends



QSR Channel Traffic Trends



Source: Revenue Management Solutions



Casual Dining Momentum in '25; Will Demand Continue?

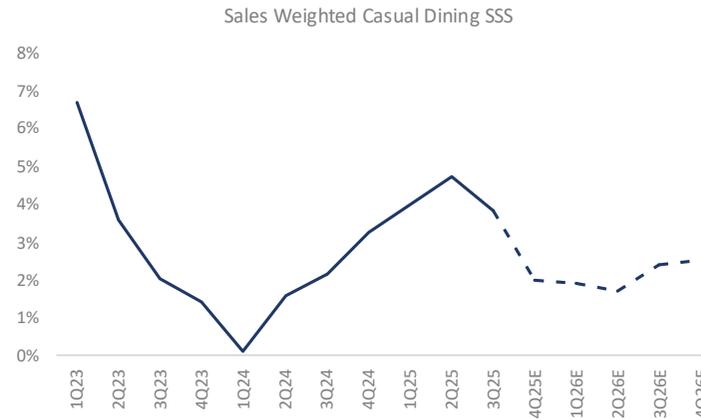
Casual dining comp trends were largely solid through '25, given strong performance at select brands, relatively good demand among mid to higher-income cohorts, improved service levels, and increased marketing / promo activity.

We expect sales trends for casual dining will remain solid in '26, given a largely healthy customer cohort, improving value propositions, stimulus benefits, and several brands positioned for further gains.

Black Box Casual Dining Sales & Traffic



Sales Weighted Casual Dining SSS



Source: Black Box Company reports, Consensus Metrix

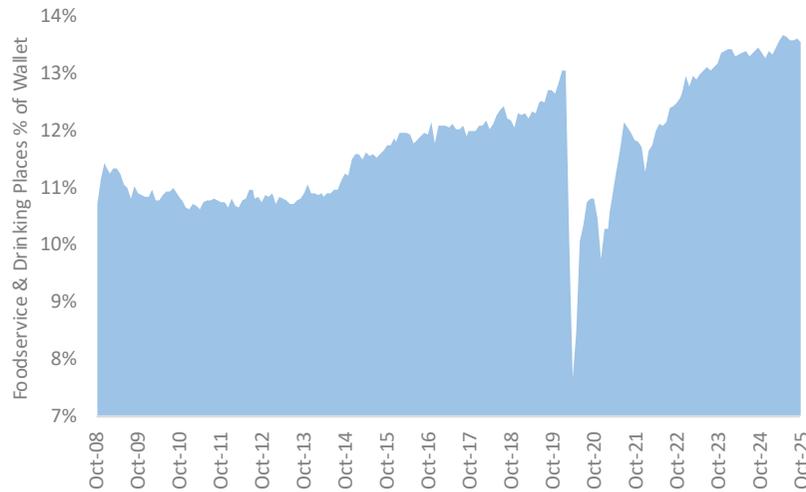


Expect Share of Stomach & Wallet Still Solid Into '26

Restaurants' share of the consumer wallet and share of stomach (vs. grocery) saw further improvement in '26 from '25. We expect restaurant wallet share will likely be maintained near current levels as consumers continue to desire convenience and experience.

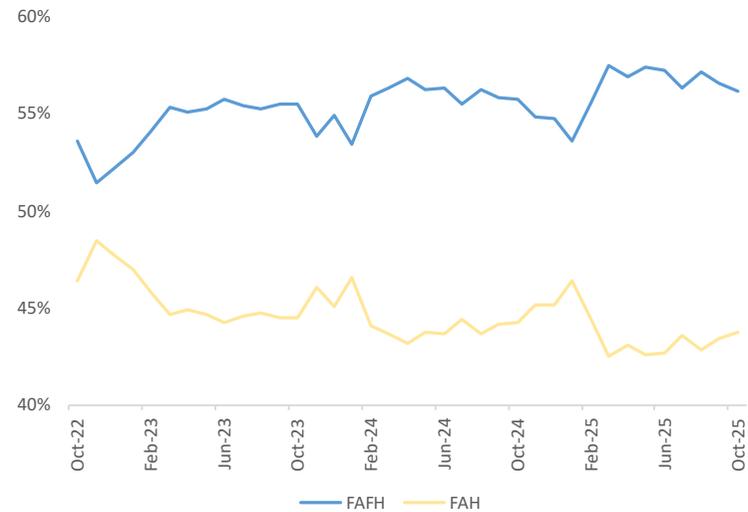
Food away-from-home (FAFH) share of stomach relative to grocery or food at-home (FAH) was higher through the end of '25, and we expect dollar share will remain elevated in '26, w/ risks from trade down if the macro is further challenged.

Restaurant Share of Wallet



Source: BLS, USDA

Restaurant vs. Grocery Share of Stomach



Theme #2
Will the Macro Backdrop be Better in '26?



Theme #2: Will the Macro Backdrop be Better in '26?

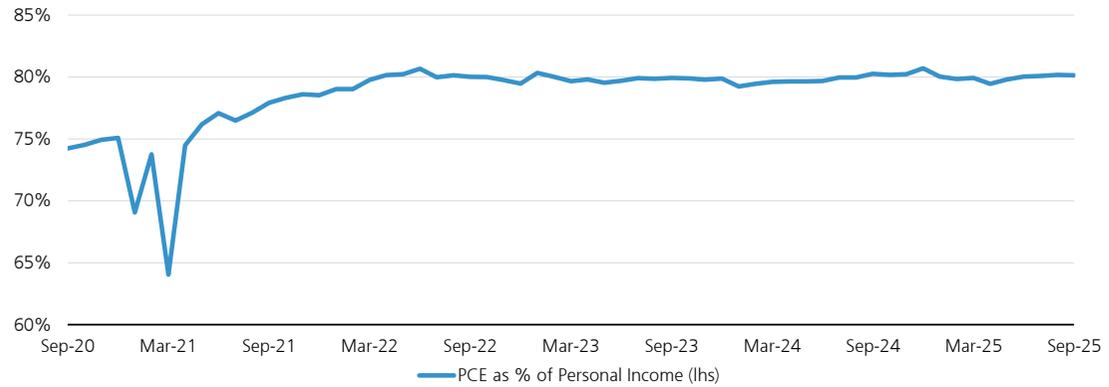
- **UBS View:** We expect the macro environment and backdrop for restaurants could stabilize and modestly improve into '26, in large part given effective stimulus benefits and the lapping of macro pressures in '25. That said, we don't believe underlying macro conditions have notably improved from '25, with risk that the economic backdrop remains a pressure.
 - We expect the macro environment to be largely stable y/y in '26, with some improvement from stimulus benefits and key factors impacting industry demand, while risks remain.
 - Personal income growth slightly outpaced spending but savings growth slowed: personal income is up 5.2% and personal savings is up 2.1% y/y, while personal consumption expenditures and disposable incomes are up 5.0% and 4.8% y/y, respectively.
 - Consumer demand for restaurants remains elevated: food service spending as a % of PCE remains ~in line with pre-COVID levels at ~6.3% (vs. 6.2% '19 average)
 - Consumer sentiment remains depressed: consumer sentiment is down nearly 30% y/y and close to the lowest levels since June '22 (University of Michigan survey), w/ consumers still worried about employment and inflation.
 - **Stock implications:** We expect restaurants could see some improvement as stimulus benefits and the lapping of various consumer spending pressures could limit incremental pressure in '26. But excluding potential stimulus benefits, we anticipate conditions for pressured consumer cohorts (lower income, younger, Hispanic) could remain challenged. We expect traffic share gains at value-oriented brands including McDonald's, Taco Bell, Burger King, and Domino's. In casual dining, select brands including Chili's, Texas Roadhouse, and Olive Garden are best positioned on value perceptions.



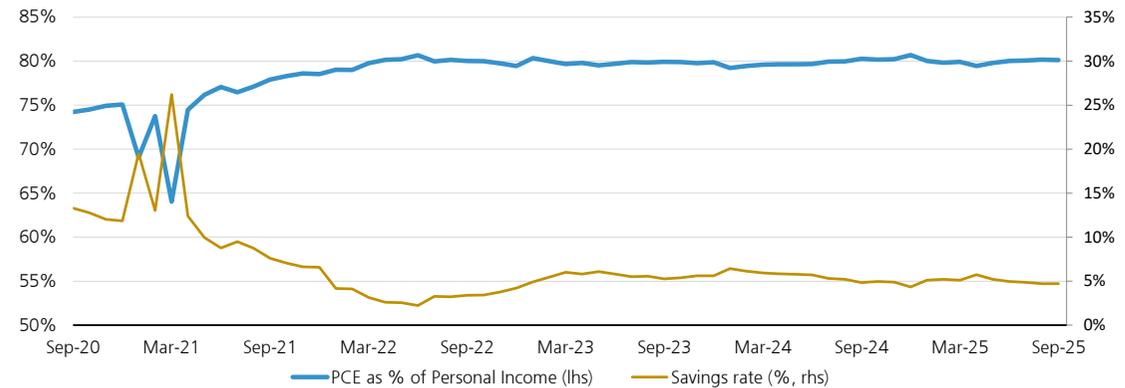
Consumer Spending Steady, While Savings Falling Slightly

Over the past year, consumer spending and personal income have both trended upwards. For 2025 (through September), Personal Consumption Expenditures averaged 80.1% of income, slightly above 79.9% in '24, w/ trends stable through the year. The savings rate remains below pre-COVID levels (5.1% YTD avg vs. ~7% '19 avg) and is modestly lower vs. full year '24 (5.5%).

Personal Consumption vs. Personal Income



Personal Consumption vs. Personal Income and Savings rate



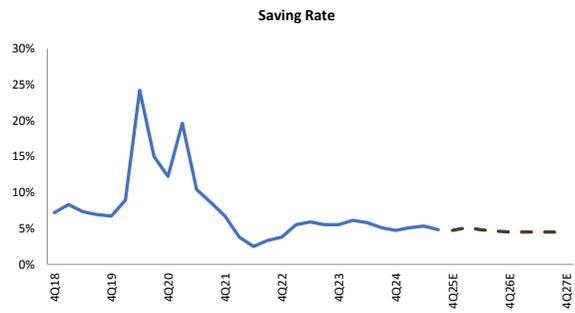
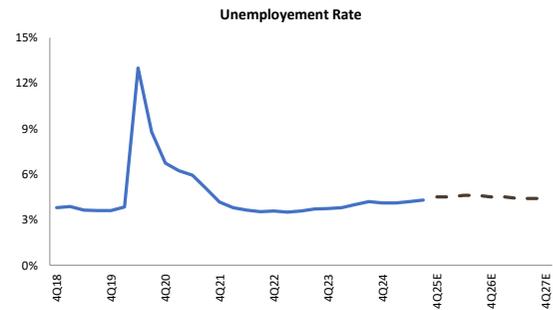
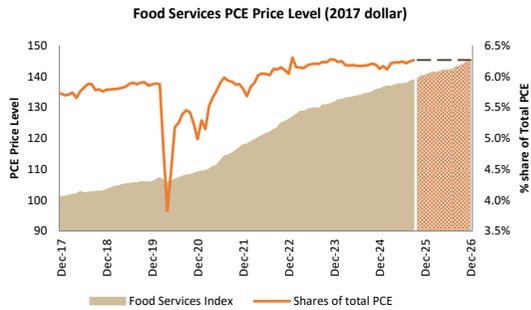
Source: BEA, UBS



Macro Pressures Persisted Through '25, with Risks into '26

UBS Economics Team models a slightly higher US unemployment rate in '26. For real disposable income, expectations are for modestly positive growth in '26 and slightly better than '25. The savings rate remains modestly below pre-COVID levels and is estimated to remain at current levels over the next couple of years.

Meanwhile, food services PCE (as a % of total PCE) declined through '25, but is still above pre-COVID levels, and is expected to remain elevated over the next couple of years.



Source: BEA, BLS, UBS estimates

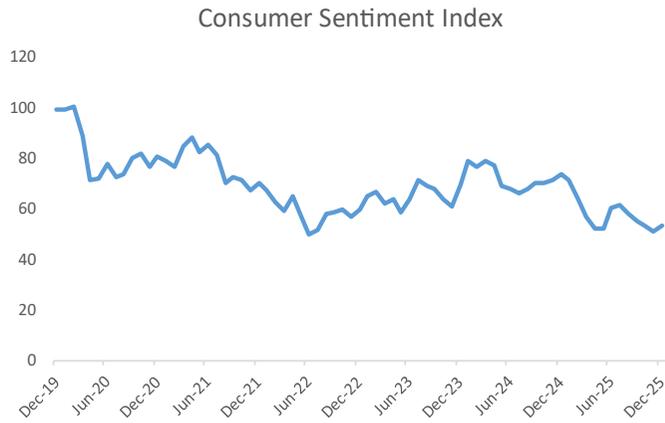


Expect Consumer Sentiment to Improve Despite Pressures

Consumer sentiment remains pressured likely due to the impact of inflation in recent years and concerns about job security. The sentiment index was depressed through most of '25, reflecting consumer expectations for sustained macro headwinds and persisting inflation over the coming year. Sentiment improved slightly in December, with the lower income consumer cohort also exhibiting gains.

We anticipate consumer sentiment could improve in '26 supported by potential benefits from fiscal stimulus and possibly easing inflation levels. Downside risks exist from a still pressured lower income consumer and younger consumer challenges.

Consumer Sentiment remained depressed through '25, with a slight improvement in December.



Source: University of Michigan, UBS Evidence Lab



Consumer confidence increased across household income demographics in Dec, with lower income sentiment the weakest.



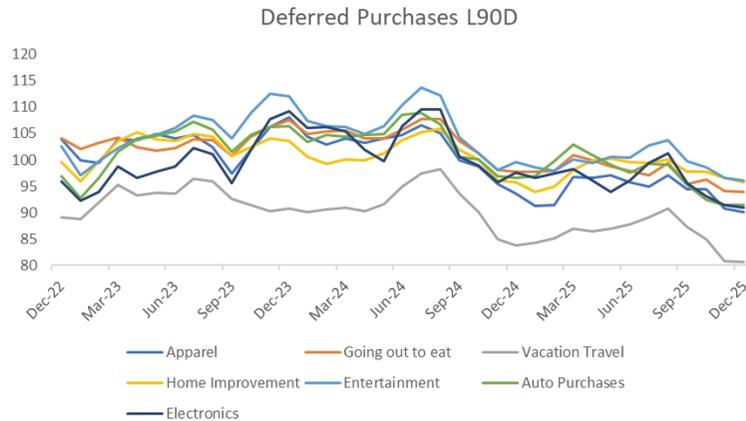
Note: The percentage represents how many survey respondents answered they are confident or very confident about the chances for a strong economy in the next 6 months.

Restaurants Could Benefit from Pent Up Demand

We believe there could be pent up restaurant demand given high rates of consumption deferrals in a challenging macro and likely given inflationary pressures. Results from a monthly UBS survey suggested 'going out to eat' was one of the most deferred consumer expenditure category in December and was consistently among the more deferred over the last two years. But we note some improvement in trends in recent months.

Our survey also suggested an improved happiness score among middle to higher income consumers (>\$50K household income).

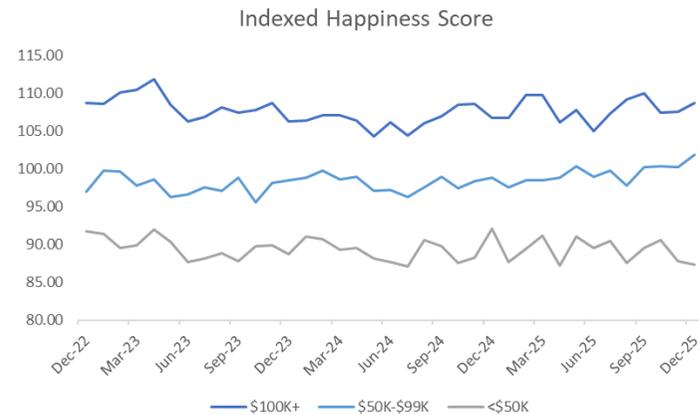
UBS survey suggests going out to eat was one of the most deferred expenditures by consumers in Dec, even as trends have improved in recent months.



Source: UBS
Note: Indexed to 100 on Aug-21



Middle to higher income consumers showed an improved happiness score in recent months, potentially supporting improved restaurant demand in '26.



Mixed Near-term Consumer Intent to Spend on Dining Out

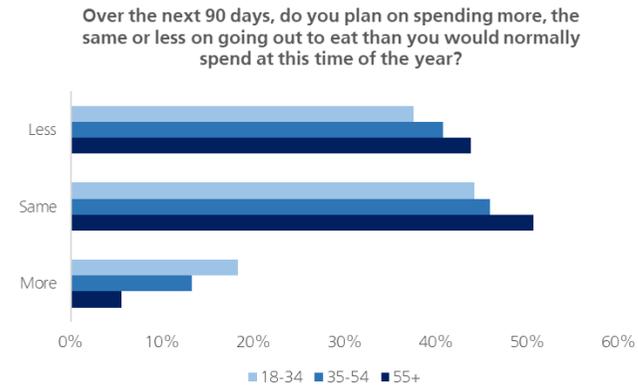
UBS survey work suggests general improvements in Spending Score in the 'going out to eat' category in recent months, with a slight decrease in Dec '25. That said, ~41% of survey respondents indicated they intend to spend less on dining out of the coming 90 days, with just ~12% of respondents planning to spend more.

Spending Score in the 'going out to eat category' has been trending upward over the past several months, despite a decline in December.



Source: UBS

Expectations for 1Q26 suggest spending on eating out will remain unchanged for ~47% of consumer respondents, w/ ~41% planning to spend less on dining out, and just ~12% planning to spend more.



Theme #3

Will Fiscal Stimulus Provide an Industry Sales Boost?



Theme #3: Will Fiscal Stimulus Provide an Industry Sales Boost?

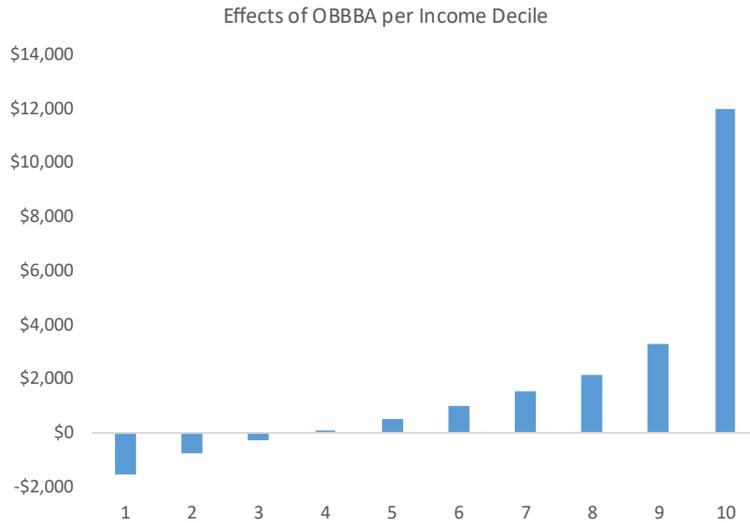
- **UBS View:** We expect the **One Big Beautiful Bill Act (OBBBA)** will provide a boost to consumer spending and restaurant sales trends. We anticipate increased tax refunds and permanent tax cuts for many households will be a benefit, particularly in early '26, even as the long-term impact on spending could be mixed due to offsetting spending cuts and potential inflation pressures.
 - OBBBA - standard tax deductions and average tax refunds will increase for tax year 2025 and 2026 and should offer relief to pressured consumers. These benefits should drive at least modest incremental sales for select restaurants as consumers will likely choose to spend a portion of the incremental dollars dining out / ordering in.
 - Our discussions with restaurant mgmt teams to date suggest a likely benefit from OBBBA, but with uncertainty around the size of the impact, with most seeming not embedding a notable tailwind in their expectations.
 - We expect middle and upper income consumers are likely to realize the largest benefit, while lower income consumers could see less of a net benefit or even a net headwind given reductions to other assistance programs.
 - OBBBA permanently extends Tax Cut and Jobs Act reduced tax rates and increased standard deductions, as well as some incremental tax relief for seniors, families w/ children, tip income, overtime pay, etc. Additionally, the State and Local Tax Deduction cap increased from \$10K to \$40K for taxpayers earning <\$500K.
 - Benefits will be partially offset by changes to a number of support plans including: Supplemental Nutritional Assistance Program (SNAP); impacts to Medicaid and Affordable Care Act costs; and Student loan borrowing and repayment: Changes include higher monthly repayment plans, new borrowing limits, and changed lending amounts. These will further pressure select groups of consumers
 - Potential exists for tariff rebate checks in mid-'26 which could be \$2,000+/person for middle & lower-income individuals.
 - **Stock implications:** We anticipate casual dining could experience the biggest sales benefit, while fast casual stocks could maintain the greatest upside torque to a stimulus boost.



OBBBA Benefits Likely For Higher Income, Pressure for Lower

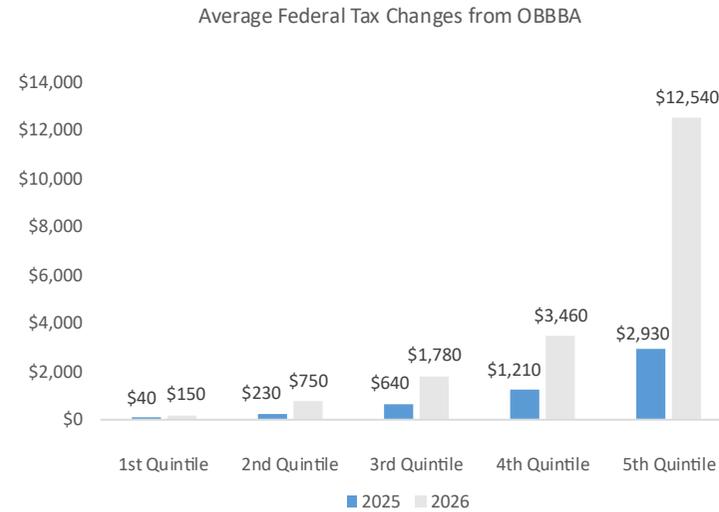
Higher income households are likely to see the greatest benefits from the OBBBA, while lower income decile households are estimated to face net headwinds given pressures from reduced SNAP benefits, ACA subsidies and student loan changes.

OBBBA should positively impact higher income households, but may pressure lower income.



Source: Congressional Budget Office, Urban-Brookings Tax Policy Center

Savings are expected to be notably larger into 2026, especially for higher income individuals.

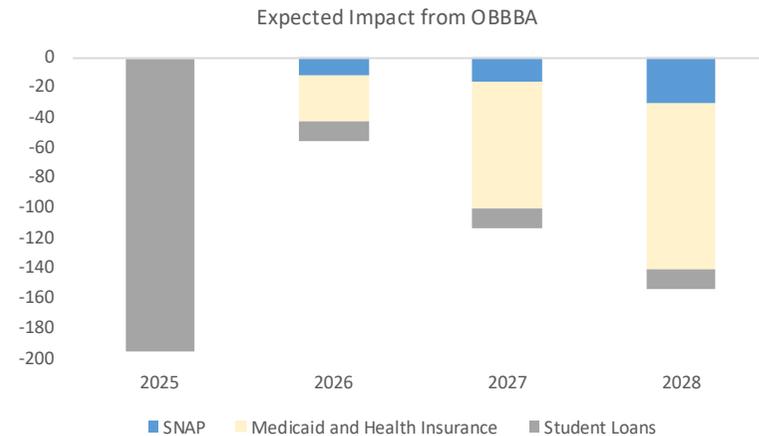


OBBBA Also Creates Select Headwinds to Restaurant Demand

While the OBBBA should support consumers with updated tax provisions and potentially a proposed stimulus check, headwinds from other elements of the bill could be a pressure on lower income consumer spending / demand.

- Overall consumer spending should receive a boost with the OBBBA from new tax provisions, but will be somewhat offset by lower federal assistance for support programs (SNAP, Medicaid, student loans). The proposed stimulus checks in '26 could further support consumers if approved.
- Headwinds from changes to support programs will be lumpy over the next few years and will create greater pressures for lower-income households.
- Surveyed spending patterns from stimulus and tax benefits suggest more weight towards necessities and savings, and less towards discretionary spending such as restaurants.

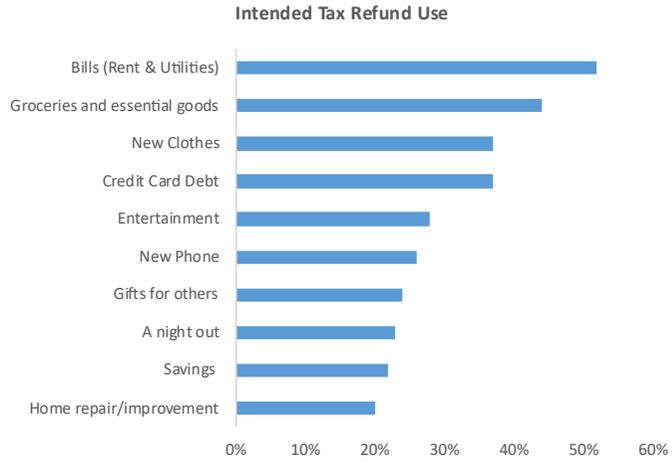
OBBBA also represents select pressures from Medicaid, SNAP and student loans.



Restaurants Should Get Portion of Consumer Spending Boost

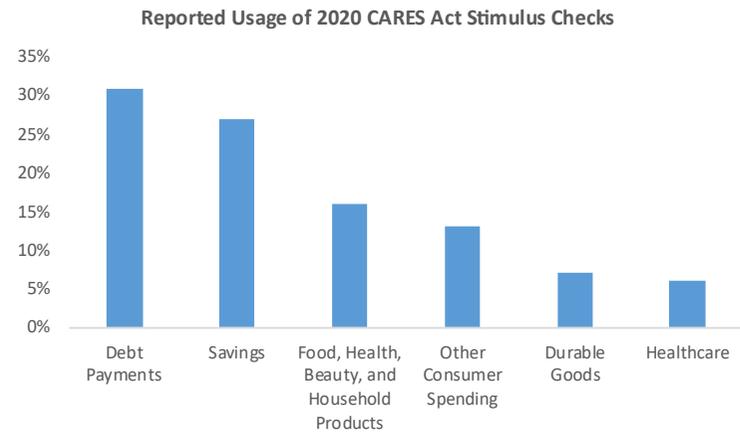
Recent discussions with restaurant management teams suggest uncertainty or limited expected impacts on restaurant demand from OBBBA policies. While some income cohorts will see considerable stimulus benefits, spending priorities could favor bills, necessities, and other goods. But we anticipate restaurants will still see a solid allocation and demand / spending lift.

A 2025 survey indicates bills, essentials, and other goods as top categories for tax refund spending. Refund spending on restaurants (“entertainment” and “a night out”) are lower on the intent list.



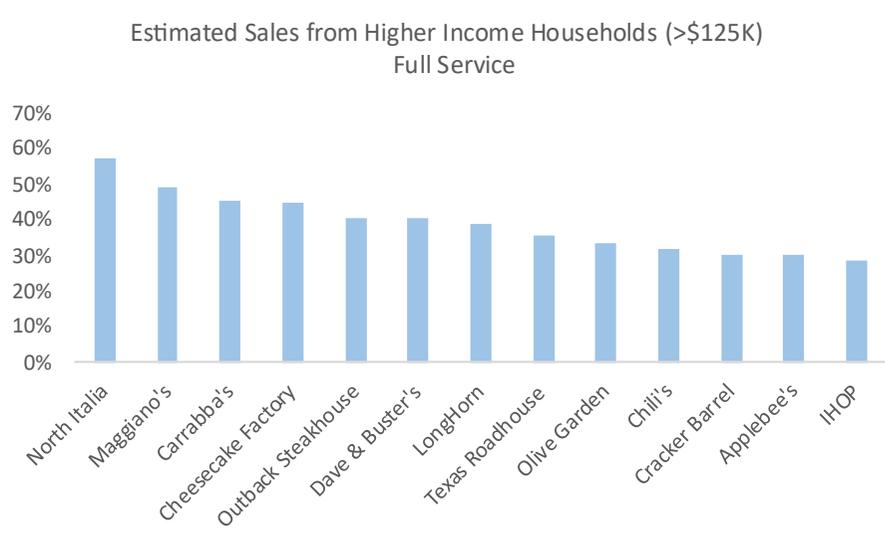
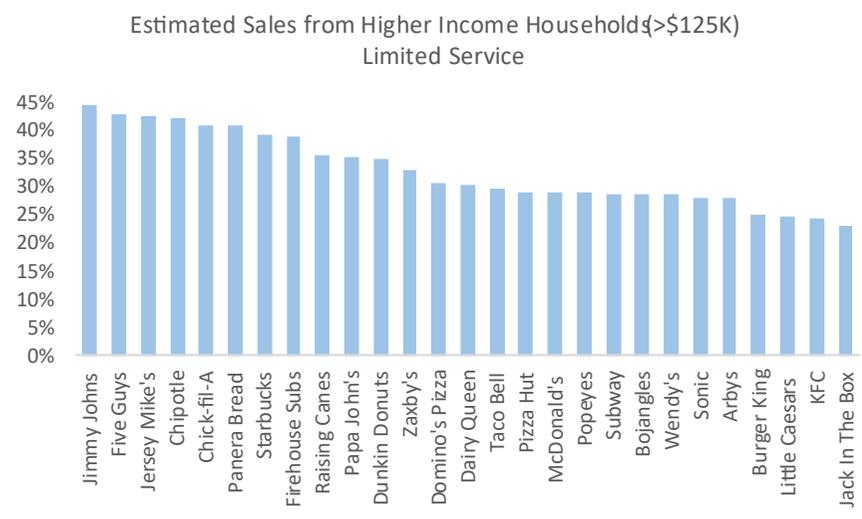
Source: Talker Research, Nielsen Homescan Panel

Past stimulus spend can shed some light on usage for a possible stimulus in '26 – debt payments, savings and consumer staples appeared to spend priorities.



Higher Income Exposed Brands Positioned for Greater Benefit

Select limited-service and full-service restaurants may realize a bigger boost from the OBBBA stimulus given exposure to higher income consumers.



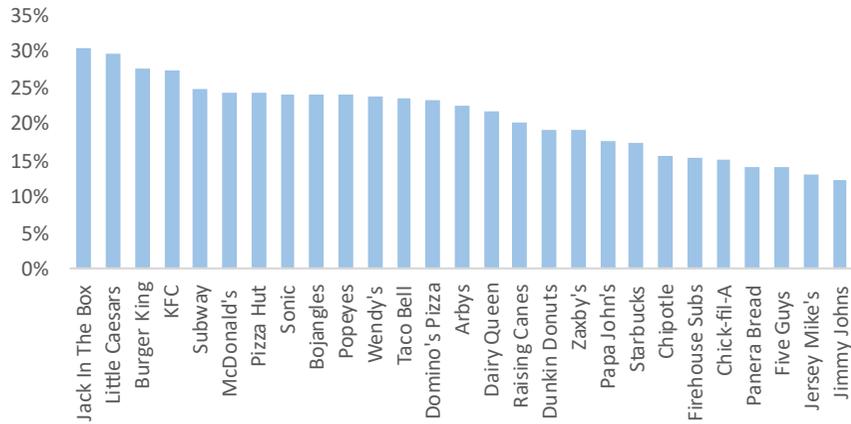
Source: Numerator, UBS



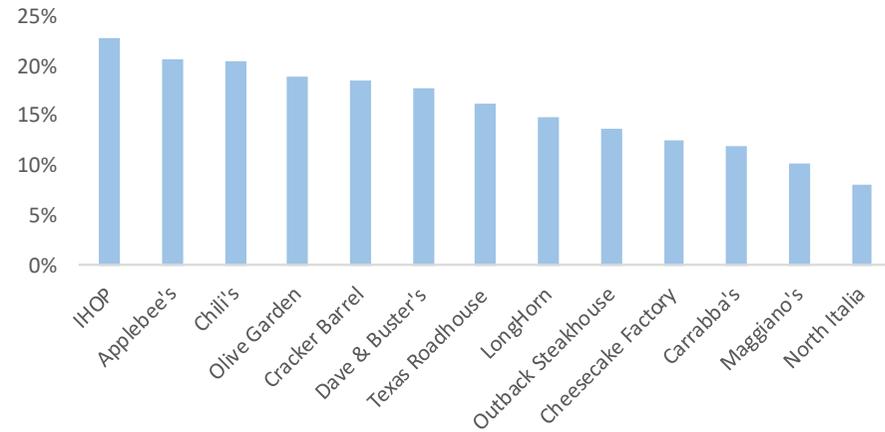
Lower Income Exposed Brands Should See a Smaller Tailwind

Several QSR and casual dining restaurants may realize a smaller lift or even a drag from the OBBBA stimulus given exposure to lower income consumers.

Estimated Sales from Lower Income Household (<\$40K)
Limited Service



Estimated Sales from Lower Income Household (<\$40K)
Full Service



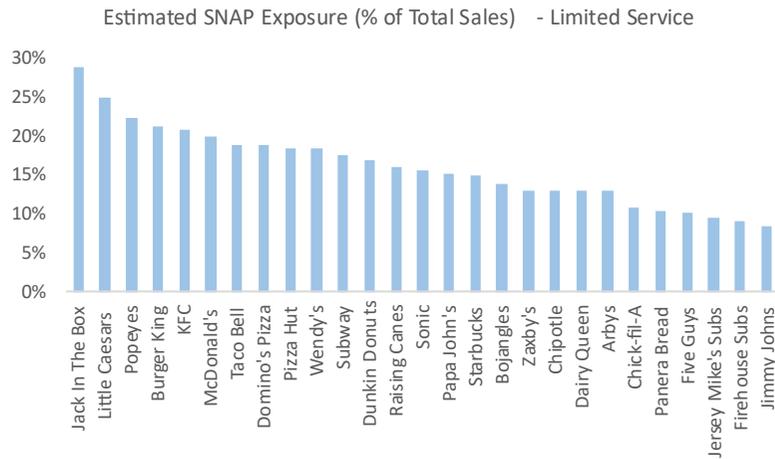
Source: Numerator, UBS



Restaurants Could See Modest Impact from SNAP Headwinds

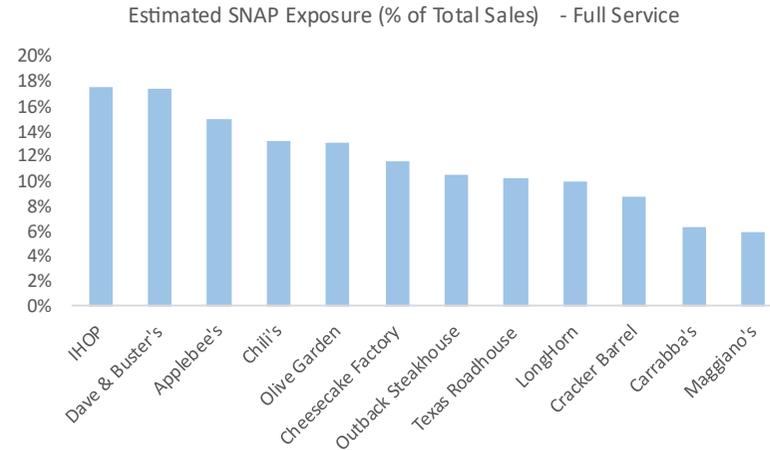
The OBBBA includes a provision to lower federal assistance for the SNAP program and to increase prerequisites for participating in the program. Funding for the program will be directed towards the states, who usually only supported 50% of program administrative costs. The SNAP program is expected to see reduced spending in upcoming years (-\$12BN in '26 and -\$16BN in '27) from the previous level of \$100BN in '24.

Several limited-service brands maintain exposure to SNAP customers



Source: Numerator, UBS

While select full-service brands also have exposure to SNAP impacted consumers



Theme #4

Will Promotional Activity Remain Elevated in 2026?



Theme #4: Will Promotional Activity Remain Elevated in '26?

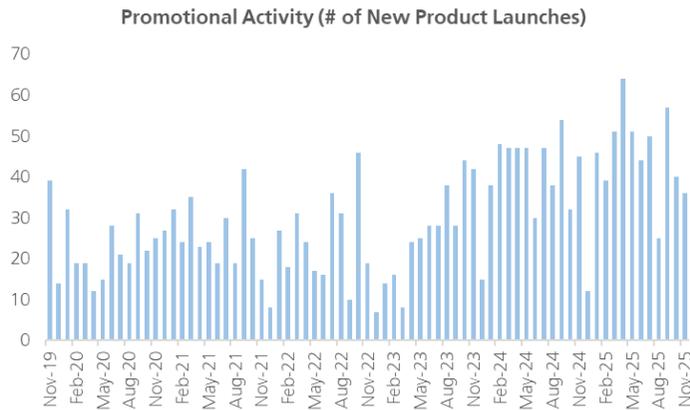
- **UBS View:** We expect discounting & promotional activity will remain a focus in '26 given likely lingering consumer spending pressures and a strategic emphasis on traffic recovery. Promotional activity should remain elevated at least through 1H26, in our view, while we anticipate pricing will continue to ease closer to historical levels for most brands.
 - Industry promotional activity remained elevated through '25 across segments, with discounts and offers elevated.
 - Still negative traffic trends will likely underpin an emphasis on promotional activity at least into 1H26 as brands look to improve traffic growth and market share.
 - Our UBS Evidence Lab Survey results highlight brands best positioned on promotional activity and those with the greatest traffic lift from discounting activity.
 - Our discussions with management teams generally suggest pricing for most brands is likely to ease further and trend towards more historical levels or lower in some cases in '26.
- **Stock implications:** In a still elevated promotional environment, we expect brands best positioned are those that maintain a compelling everyday value proposition and can offer discounts / promos that resonate most w/ the consumer. We believe QSRs that could benefit most on continued discounting activity include: McDonald's and Taco Bell, while Domino's could realize ongoing promo gains within pizza. In casual dining, Chili's appears best positioned to continue to win with compelling promos, while Olive Garden maintains marketing & promo activity opportunities.



High Promotional Activity Likely to Continue In 2026

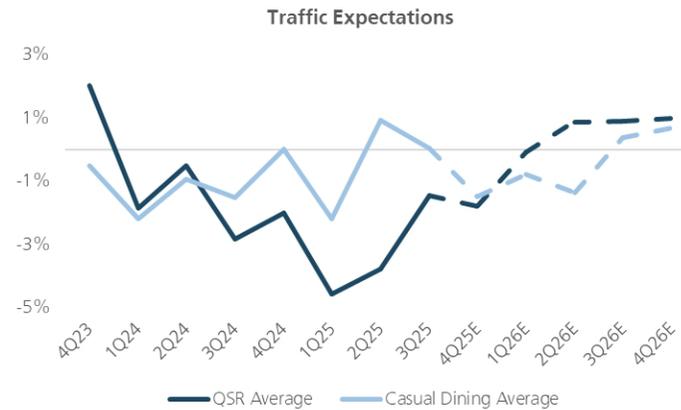
Promotional activity remained elevated in recent quarters, which we anticipate will continue into '26. Traffic trends remain pressured, with brands likely to continue utilizing elevated promotional activity and value efforts to support a traffic and market share improvement through the year.

Restaurant promotional activity should remain elevated into '26...



Source: Restaurant Research LLC, Consensus Metrix, Company reports
 Note: Traffic trends and expectations reflect select QSR and casual dining brands that provide traffic results.

...with traffic trends still pressured, but expected to improve through the year

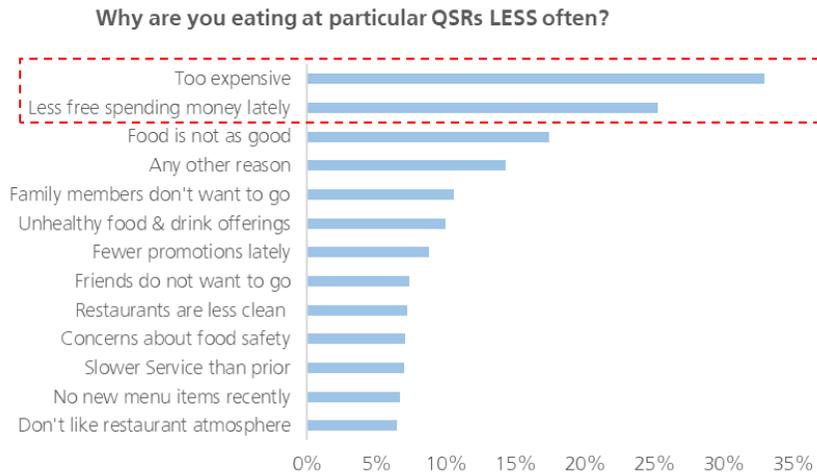


Affordability a Leading Driver of Traffic Pressure

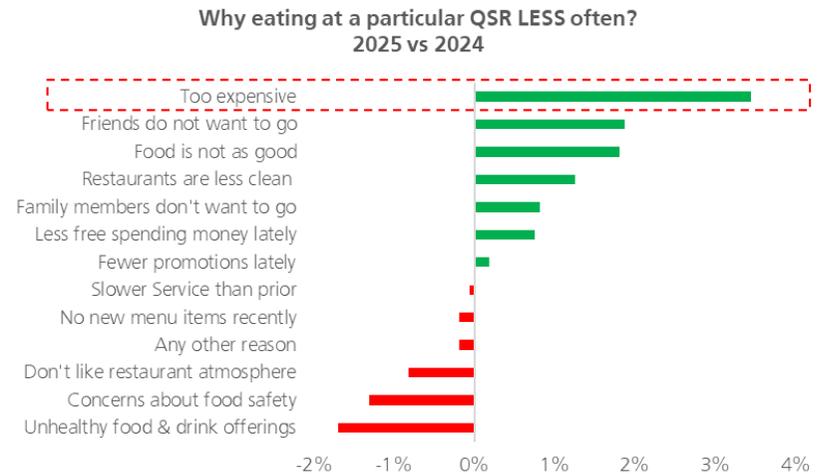
Following significant price increases in recent years, we believe weaker traffic trends are at least in part reflective of pressured spending power, a consumer that is more selective with their dollar, and declining value perceptions given menu price inflation.

Our UBS Evidence Lab QSR survey indicated affordability has been the leading factor driving reduced visit frequency, with 33% of respondents citing 'it's too expensive' (up 3% y/y) and 25% citing 'less free spending money lately'.

'Too expensive' and 'less free spending money' were most commonly cited for reduced visit frequency...



...with 'too expensive' growing in relevance the most in '25.



Source: UBS Evidence Lab (>[Access Dataset](#))

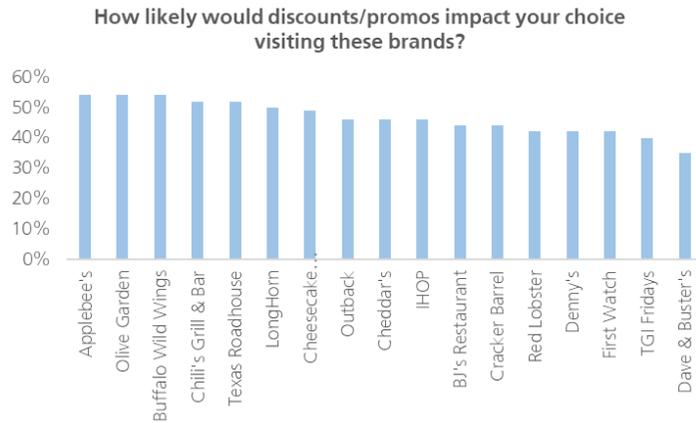


UBS Evidence Lab Survey Highlights Promotional Positioning

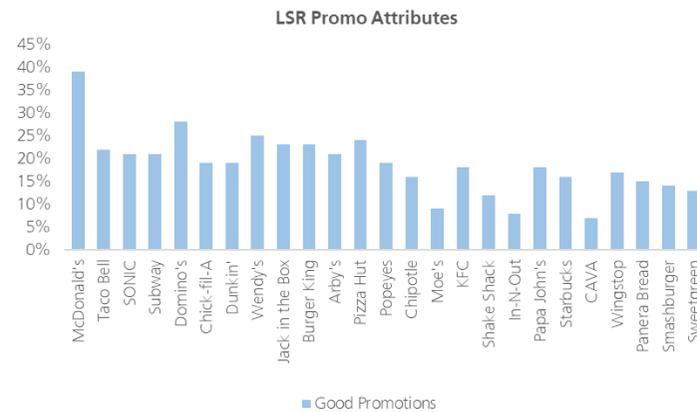
Our UBS Evidence Lab Survey indicates a notable impact on consumer visit intent based on promotional activity. When asked how promos would affect their visit frequency, survey respondents indicated promo activity at Applebee's & Olive Garden (54%) as the most likely to increase visits, slightly lower than the prior year.

For QSRs, survey respondents cited 'good promotions' as a key brand attribute for McDonald's (39%), Domino's (28%), and Wendy's (25%).

Within casual dining, survey respondents indicated Olive Garden, Applebee's and Chili's are well positioned to benefit from promo activity...



...while McDonald's, Domino's and Wendy's have the most favorable promo perceptions among QSRs within our coverage.



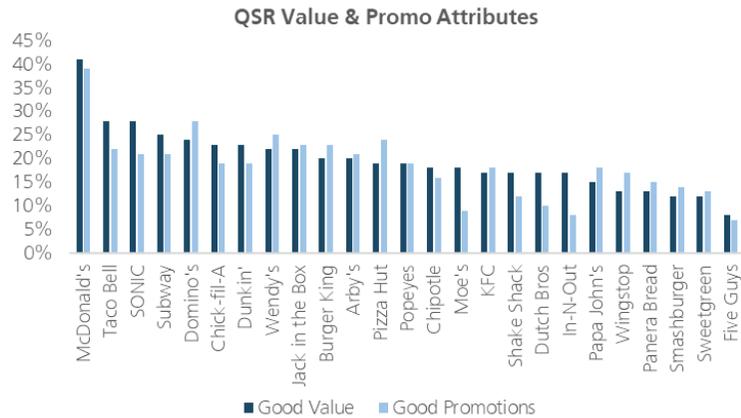
Source: UBS Evidence Lab (>[Access Dataset](#))



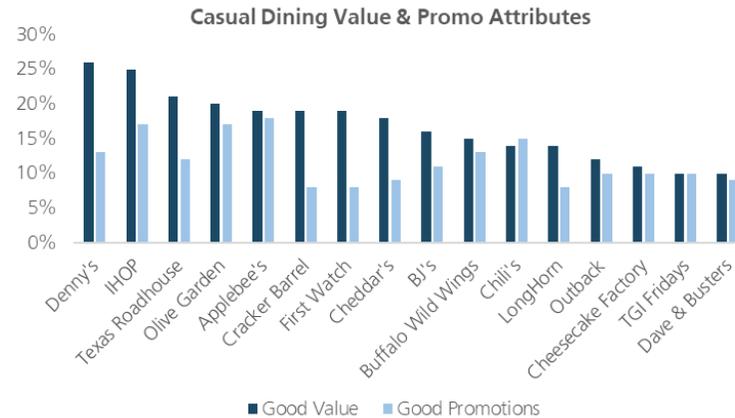
Value Perceptions Should Remain a Point of Focus...

A UBS Evidence Lab survey of ~2K consumers indicates select QSR and casual dining brands that are well positioned on value and should be relative beneficiaries of continued value activity in '26. QSRs generally remain well positioned on value perceptions, while respondents increasingly viewed select casual dining brands as having "good value" and "good promos".

% of respondents indicating "Good Value" and "Good Promos" - QSRs



% of respondents indicating "Good Value" and "Good Promos" - Casuals



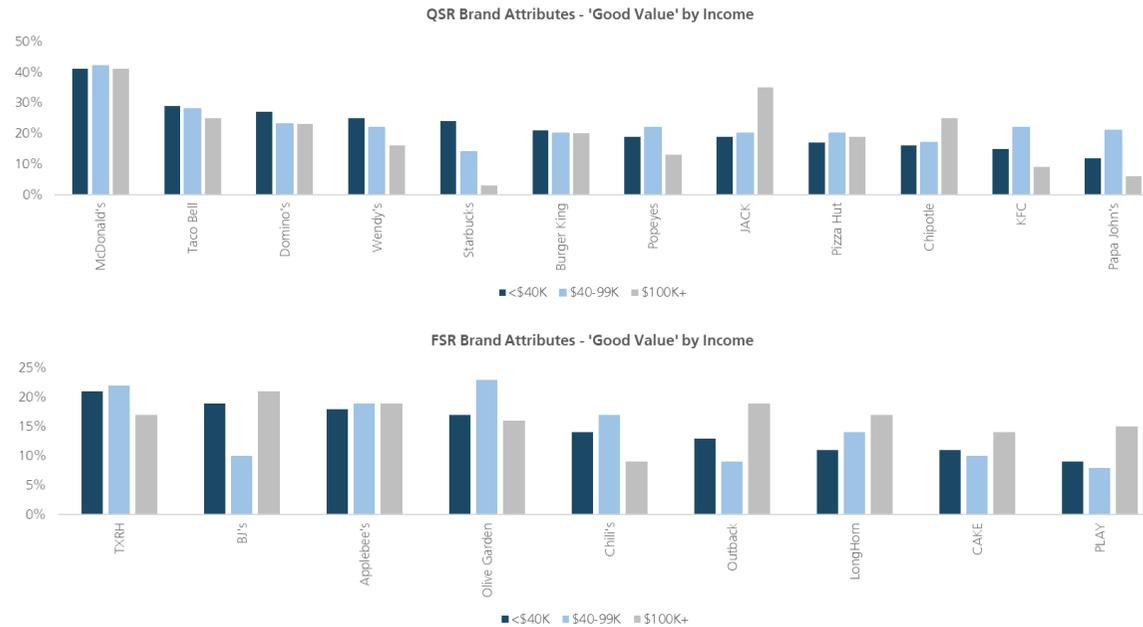
Source: UBS Evidence Lab (>[Access Dataset](#))



...Particularly Among Lower Income Consumers

Lower income consumers continued to face spending pressure into year end '25, while brands perceived as having good value could be relative beneficiaries in a still difficult and increasingly promotional focused environment. McDonald's, Taco Bell, and Domino's were the top QSR brands that lower income survey respondents (< \$40K annual income) viewed as having "good value."

For Casual Dining, Texas Roadhouse, Applebee's, Olive Garden and Chili's were the top brands that lower income survey respondents viewed as having "good value."



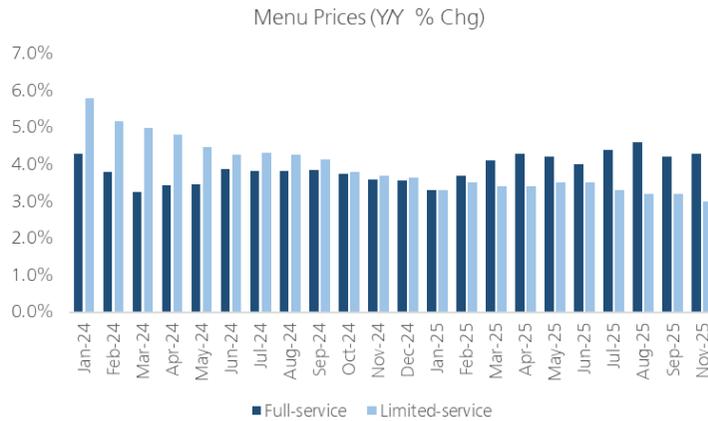
Source: UBS Evidence Lab (>[Access Dataset](#))



Moderate Pricing Likely Through '26 as Value In Focus

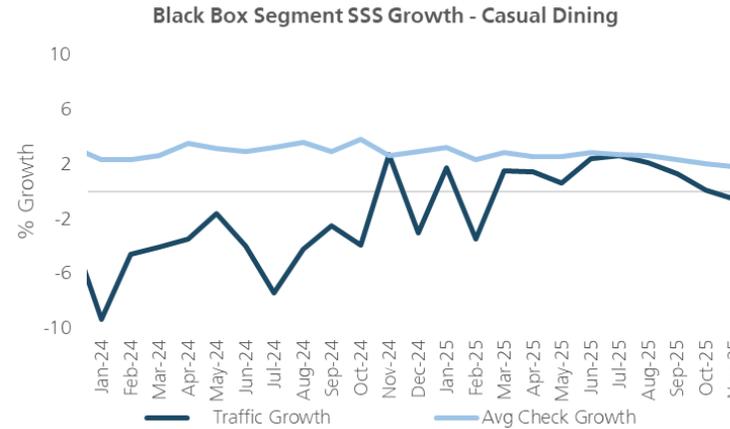
Industry pricing eased in '25 given consumer spending pressures and largely manageable cost inflation. We expect pricing will remain modest in the ~LSD range for many brands in '26 given pressured traffic trends and a focus on value perceptions, particularly for QSR and fast casual.

Full-service restaurant pricing accelerated relative to limited-service levels by year end '25



Source: Black Box, National Restaurant Association

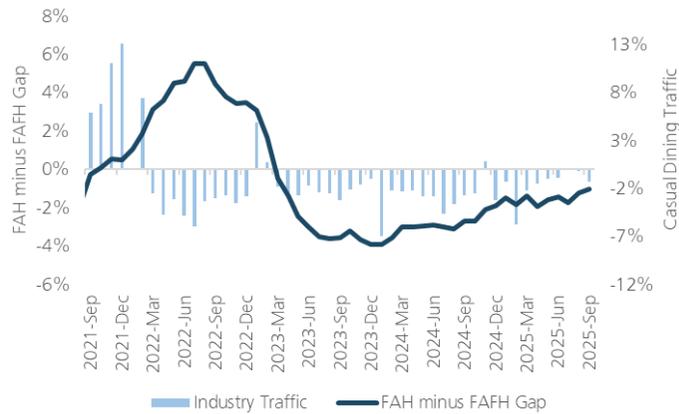
Casual dining traffic was relatively resilient in '25, in part given more limited price in recent years



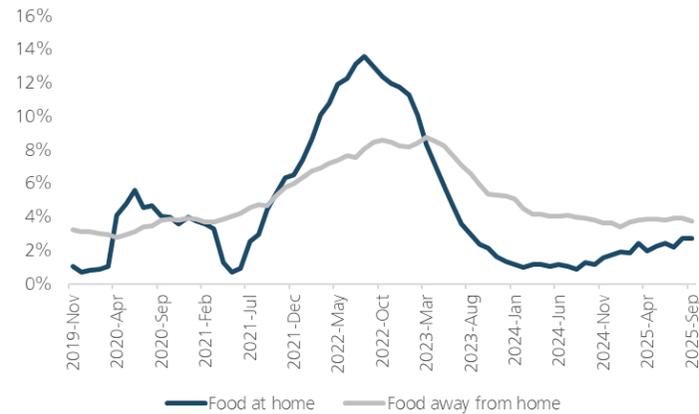
Traffic Could Improve as Restaurant Pricing Eases

Restaurant industry traffic has historically correlated with the food at home vs. food away from home CPI gap. While food at home CPI was below food away from home in recent years, the unfavorable gap narrowed through '25, with restaurant inflation still above grocery, but the gap shrinking.

Restaurant Traffic vs. CPI Gap



Food at home vs. Food away from home CPI (y/y change)



Source: BLS, Black Box



Select Brands Maintain Pricing Power, But More Limited

Our UBS Evidence Lab survey of ~2K consumers indicates several brands have less pricing power, while select brands appear to have ability to price. QSR value perceptions appear somewhat bifurcated, with casual dining perceptions similarly mixed.

We view overall value scores, macro concerns and considerable menu price inflation in recent years as among several factors driving less pricing in '25, with pricing likely to remain limited in '26.

% of respondents indicating "Good Value" –

QSR

	2019	2020	2021	2022	2023	2024	2025
McDonald's	50%	54%	48%	48%	44%	40%	41%
Taco Bell	35%	36%	30%	34%	28%	33%	28%
Burger King	28%	27%	33%	27%	31%	31%	20%
Wendy's	31%	37%	33%	28%	29%	30%	22%
Domino's	30%	29%	29%	28%	16%	22%	24%
KFC	24%	29%	26%	26%	20%	22%	17%
Papa John's	20%	21%	21%	19%	15%	20%	15%
Jack in the Box	20%	23%	25%	17%	21%	20%	22%
Chipotle	18%	20%	21%	17%	20%	20%	18%
Starbucks	13%	17%	15%	17%	19%	19%	15%
Pizza Hut	21%	30%	20%	31%	26%	18%	19%
Popeyes	26%	24%	20%	23%	19%	15%	19%

% of respondents indicating "Good Value" –

Casual Dining

	2019	2020	2021	2022	2023	2024	2025
Applebee's	23%	26%	22%	24%	25%	30%	19%
Olive Garden	28%	24%	24%	26%	20%	23%	20%
Chili's	21%	24%	23%	23%	22%	22%	14%
Texas Roadhouse	18%	23%	19%	20%	20%	20%	21%
LongHorn	15%	17%	15%	14%	12%	16%	14%
Outback Steakhouse	18%	19%	14%	12%	13%	16%	12%
BJ's	17%	17%	18%	14%	19%	14%	16%
Cheesecake Factory	15%	14%	13%	14%	15%	14%	11%
Dave & Buster's	12%	12%	9%	11%	9%	12%	10%

Source: UBS Evidence Lab (>[Access Dataset](#))



Pricing Commentary Highlights Modest Expectations For '26

Company	Pricing Commentary
<i>QSR</i>	
BROS	11/5: "We're sitting on about 2 points of price. We'd roll off about half of that in January and the other half in July. Going to be very thoughtful about how we think about our overall value prop for the year, but feel really good about how we're positioning ourselves heading into next year."
CAVA	11/4: "We've taken half the price of industry peers food-away-from-home 34%. We've taken an aggregate less than 17% in price. So we are focused on the long term...[we are] not passing a significant amount of price onto our guests, and we don't plan to do that in 2026. So our expectation is our price increase will be very modest and less than what we did in 2025."
CMG	10/29: "Currently, all of this is delivered at a price point that is 20% to 30% below our peers. This gap has widened over the last few years...Bottom line, our value proposition has never been stronger...As a reminder, we will be rolling off two points of price in early December. Additionally, inflation is accelerating into the mid-single-digit range, primarily due to tariffs and rising beef costs, and we anticipate it will remain in this range in 2026. We do not plan to fully offset this incremental inflation in the near term."
DPZ	10/14: "The kind of Renowned Value we have out there is we actually were up amongst all income groups for the quarter. And that's our second quarter in a row where we're up against the lower-income customers. So, no matter what pressure is out there, we seem to be breaking the trend."
JACK	11/19: "Yes, we actually have seen our value scores increase a little bit...And that we also think I mean there is just an overall feeling that, that prices are too high out there, though with some of the pivots that Ryan and team made on the marketing side and I think we'll continue to see some improvements in our scores as we move forward, given what we have planned for the calendar, which is to make sure that we do have kind of at that more value end of the barbell."
MCD	11/5: "And I think before we relaunched EVMs, the average discount level across the US business was about 11%. Obviously, what we've targeted now with our kind of eight core EVM meals is a minimum discount level of 15%, and we're co-investing half of that reduction...my expectation is that we're going to see the system continue with this EVM program"
SBUX	10/29: "So, obviously, we'll continue to monitor what happens with the inflation that we have to deal with, both wage and commodities. And then we'll be smart about the growth that we get. And if we need to use that lever of pricing, obviously, we'll always keep an eye on what happens with our value rating scores as we – if we have to move on pricing going forward."
SG	11/6: "In Q4 and heading into Q1, we are also reviewing our menu and pricing architecture as we continue to strengthen our value proposition. We know that we can do a better job of creating clear entry prices and logical trade-up opportunities across our create your own and chef-curated menu options, so that our customers understand the value across every menu tier."
SHAK	12/9: "we have been very disciplined about our pricing. So, while we've persevered through the beef costs and haven't taken as much pricing, we've increased our operating margins dramatically...And I think the numbers about over 40% of sales in QSR is discounted, right? And so, we're well below that. We're still in the single digits. So, although it feels like Shake Shack has stepped into the value game and is promoting, we're still way below where a lot of the competition is."
WEN	11/7: "In terms of the future, you can expect to see us finish out the year with low single-digit pricing, as we've seen throughout the remainder of the year. We know that that lower income consumer continues to remain under pressure and we'll be disciplined about our approach to pricing."
WING	11/4: "We've experienced some pretty incredible industry-leading years of growth over the past two years, putting us in a spot where we don't really feel like we have to get overly promotional, or lean into discounting, or solve for the near term. We're really focused on what's central to our strategy, which is protecting those unit economics, which today remain as strong as they have ever been."

Source: Company reports



Pricing Commentary Highlights Modest Expectations For '26

Company	Pricing Commentary
<i>Casual Dining</i>	
CAKE	12/3: "But overall, we think that it's an environment that will get us to that 3 – 2.5% to 3% sort of normalized pricing level. But in addition to that, if you think about the bowls and bites, that effectively were reducing the price that the consumer is seeing, right? So really probably feels more like a 2% to the consumer coming into the restaurant. And I think that's a great place to be. That's below inflation, is below where wages are growing at and it's below what we see in the total competitive environment."
CBRL	12/9: "We are being very careful to deploy these shorter term initiatives in a way that preserves our longer term commitment to everyday value through abundant portions at a fair price and our strong loyalty program. We know these things remain incredibly important to our guests and are key to our business model. Recent guest research shows that our value proposition remains strong. This is particularly encouraging given the macroeconomic backdrop and heightened promotional activity in the industry."
DRI	12/18: "The power of our scale enables us to continue to price below inflation over the long-term...While elevated commodity costs driven by beef were a significant headwind for the quarter, we priced 130 basis points below inflation as we remain committed to providing strong value to our guests."
EAT	10/29: "We took a little bit of price in October. We plan for a little bit more price in January to offset those tariffs... So price now, like I said, was at the lower end of the range. If we implement the price that I talked about in January, it'll probably be about that 4% all year long for Chili's."
TXRH	11/6: "In addition, we haven't seen any noticeable change in guest behavior since our 1.7% menu price increase at the beginning of the fourth quarter. The guest is also responding positively to our newer offerings on the beverage side... and as we get closer to the end of the year, our next pricing will be in period four, which is the start of April."
PLAY	12/9: "What is really working just now is, like smart value offers, and these are not necessarily discounts, but just packages that are put as a combo offer that allows our guest to appreciate and enjoy both our games and our entertainment -games, entertainment and our food and beverage offerings. And if that is seen as compelling value, that's attractive to them."

Source: Company reports



Theme #5
Are Margins Positioned to Improve in 2026?



Theme #5: Are Margins Positioned to Improve in 2026?

- **UBS View:** We expect industry margins will modestly expand in '26 as labor inflation remains stable and many brands should improve from depressed levels, even as food inflation could tick up and pricing is likely limited. Operational efficiencies could offer benefits, while risks exist depending on traffic and top line growth, discounting impacts, and uncertainty on select commodity inflation.
 - While focus on value offerings could put pressure on margins, many companies maintain efficiencies as a lever to help expand margins, with limited pricing to help somewhat offset inflation in '26.
 - Risks to expanding margins in '26 include: traffic and sales pressures; potential for increased discounting & promotional activity; and exposures to select commodities including beef costs.
- Food cost inflation: We expect y/y food cost inflation will increase modestly relative to '25 levels based on discussions with management teams and our commodity experts. We anticipate ~LSD-MSD avg food cost inflation for the industry for '26, w/ beef exposures taking some brands to the upper end or above.
- Labor cost inflation: We anticipate stable wage inflation in '26, projecting ~LSD-MSD inflation this year on avg. We also expect operational efficiencies to support labor cost leverage, with traffic & sales a variable.
- **Stock implications:** Company-owned models with favorable commodity pricing dynamics should be best positioned to realize an improvement in margins, particularly if traffic trends are solid, and labor efficiencies exist. SHAK could realize '26 margin expansion despite beef inflation, while select casual diners could see y/y expansion if sales remain resilient. Other brands should improve from depressed levels (ie SBUX).



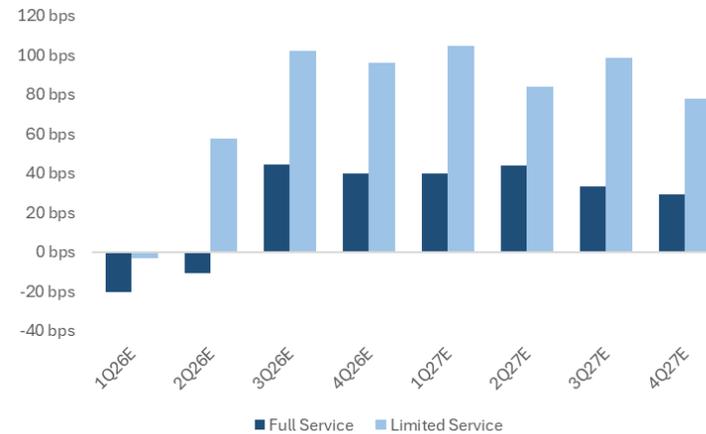
Select Restaurants Set for Margin Gains In '26

Industry operating margins are expected to improve through '26 despite lingering headwinds, with likely benefits from easing commodity inflation in 2H & stable wage inflation, operational efficiency gains, some pricing, and easier compares.

Estimated Operating Margin Expansion/Contraction in 2026

	1Q26E	2Q26E	3Q26E	4Q26E
BLMN	-25 bps	-50 bps	-90 bps	-38 bps
BROS	-12 bps	-79 bps	25 bps	138 bps
CAKE	29 bps	29 bps	-4 bps	9 bps
CAVA	-21 bps	20 bps	39 bps	82 bps
CBRL	-319 bps	-210 bps	246 bps	241 bps
CMG	-208 bps	-105 bps	-64 bps	32 bps
EAT	-4 bps	70 bps	31 bps	44 bps
DIN	-58 bps	88 bps	242 bps	90 bps
DPZ	57 bps	-37 bps	-4 bps	43 bps
DRI	59 bps	24 bps	39 bps	28 bps
JACK	72 bps	264 bps	703 bps	87 bps
MCD	31 bps	75 bps	64 bps	62 bps
PLAY	61 bps	128 bps	156 bps	28 bps
PZZA	36 bps	76 bps	95 bps	127 bps
PTLO	-98 bps	-63 bps	166 bps	136 bps
QSR	136 bps	106 bps	82 bps	78 bps
SBUX	10 bps	130 bps	223 bps	159 bps
SG	116 bps	629 bps	959 bps	756 bps
SHAK	52 bps	15 bps	47 bps	54 bps
TXRH	-95 bps	-118 bps	10 bps	19 bps
WEN	-138 bps	-126 bps	-84 bps	61 bps
WING	-69 bps	12 bps	-131 bps	182 bps
YUM	-44 bps	-62 bps	-51 bps	-3 bps

Sales Weighted Avg Operating Margin Expansion



Source: Company reports, Consensus Metrix, UBS



How Will Food Inflation Trend in 2026?

- **UBS View:** We expect '26 y/y food cost inflation will increase modestly relative to '25 levels based on forecasts from our commodities consultant contacts and discussions with management teams. Select commodities could represent potential risk to select food cost baskets, including beef, even as several could be deflationary and act as a partial offset. We anticipate ~LSD-MSD avg food cost inflation for the industry for '26.
 - Our discussions w/ sector mgmt teams and franchisees suggest beef is generally the most concerning from a commodity cost inflation standpoint.
 - The ArrowStream Restaurant Commodity Index (RCI) suggests still elevated commodity price levels.
 - Expectations for commodities segment avg inflation for '26 include (commodity basket inflation, not restaurant cost inflation):
 - Casual Dining +4.2% y/y
 - Fast Casual -4.0% y/y
 - QSR -0.5% y/y
 - Key commodity expectations for '26 per ArrowStream forecasts include:
 - 1) Potatoes +8.8%, 2) beef trim/grinds +7.9% y/y, 3) chicken breast +5.6% y/y, 4) chicken wings +5.5% y/y, 5) beef steak 5.3% y/y.
- **Stock implications:** We expect several company-owned models with the greatest exposure to beef are likely to be the most negatively impacted by food cost inflation in '26 (ie TXRH). Beef represents the most notable commodity cost inflation pressure, with still potential upside risk to forecasts, but we anticipate several other parts of the avg cost basket will be more benign this year.

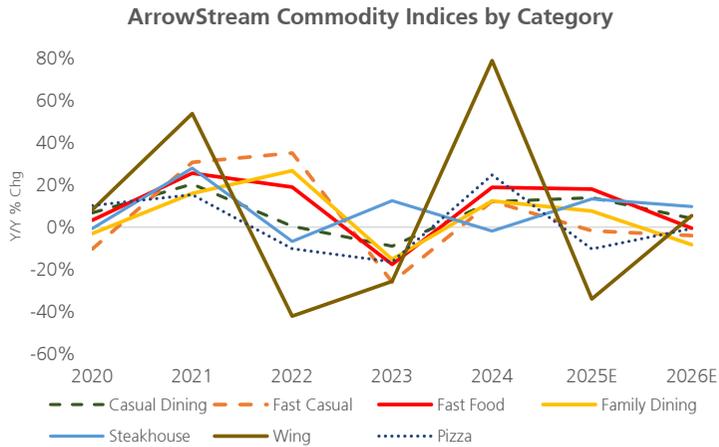


Mixed Commodity Spot Price Projections for 2026

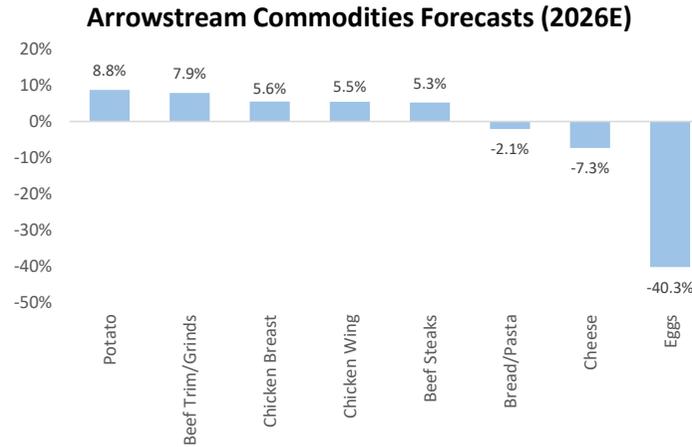
We expect largely benign price inflation for the industry across many commodities in '26, with notable pressure from a few, including beef. Several commodities represent risk, including beef and potentially chicken, which could be elevated in '26. Baskets with less protein exposure could maintain more benign commodity cost inflation.

ArrowStream estimates relatively stable and benign commodity basket costs across most categories in '26...

...with potatoes, beef and chicken among the more inflationary food products and eggs the most deflationary



Source: Arrowstream



COGS Margins Expected to be ~Flat in 2026

Consensus expects '26 COGS margin percentages to be ~in line with '25 levels.

Consensus models ~flat COGS margins in '26...



...with some y/y improvement expected to occur in 2H



Source: Company reports, Consensus Metrix



How Will Labor Costs Trend in 2026?

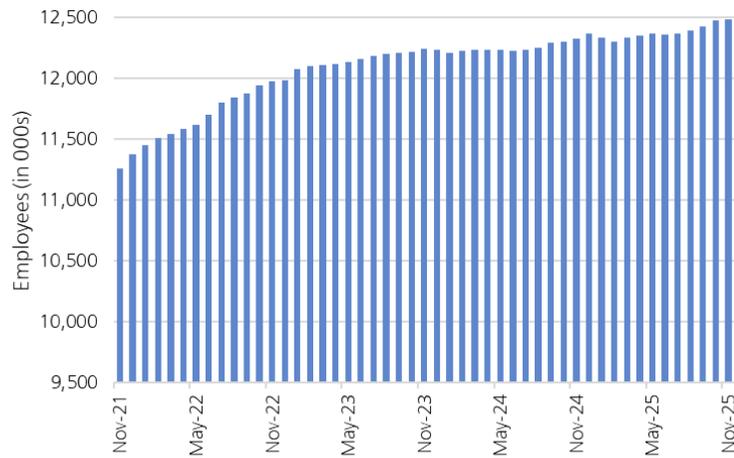
- **UBS View:** We anticipate wage inflation will be in the ~LSD-MSD range in '26 given several minimum wage increases across the US and still relatively tight labor markets. We expect lower turnover, retention and productivity improvements likely represent labor cost benefits.
 - Industry labor market conditions have improved over the last couple of years, with industry employment now above '19 levels, while better turnover and retention are helping support labor cost efficiency and operations / throughput benefits.
 - We anticipate labor cost inflation will remain largely stable in '26, with strategic investments from several brands in recent years likely limiting the need for outsized labor investment this year.
- **Stock implications:** Outside of heavily franchised QSRs, brands best positioned on labor costs over the coming quarters likely: maintain high employee retention, benefit from solid employee satisfaction scores, are geographically diversified, and maintain labor cost efficiencies. Brands that have already had significant investments in wages in recent years could see less pressure in '26 (ie. TXRH).



Industry Staffing Levels Continue to Increase Modestly

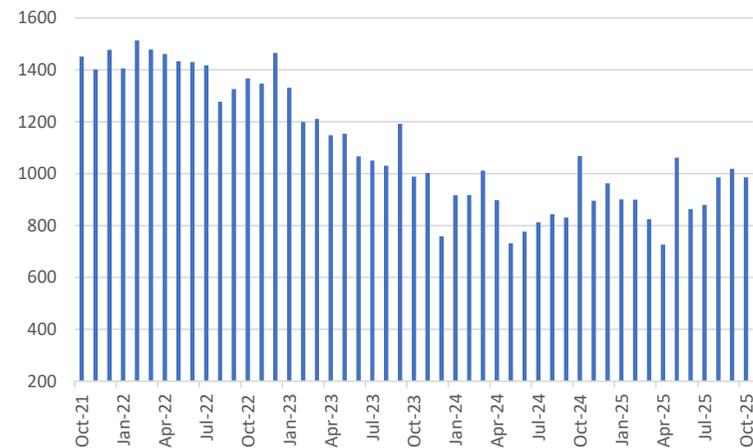
Restaurant staffing levels improved through '25 following a decline earlier in the year, with government data indicating industry staffing was above '24 levels from May onwards. Many brands have remained focused on investing in labor, with LSD-MSD wage cost inflation expected this year.

EMPLOYMENT - FOOD SERVICE & DRINKING PLACES (000s)



Source: BLS

JOB OPENINGS – Accommodations & Food Services (000s)

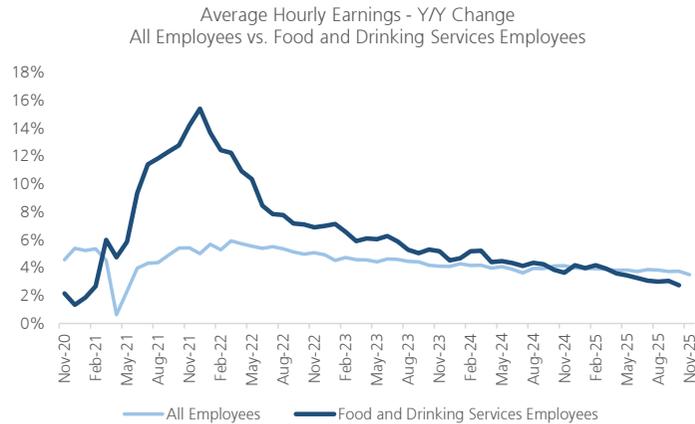


Expect Stable Labor Cost Inflation in 2026

Restaurant wage inflation improved through '25 with better levels than for broader 'all industry' employees. On a y/y basis, growth in average hourly earnings averaged ~3.4% '25YTD (versus 4.4% in '24 and 5.8% in '23, and 3.8% in '19).

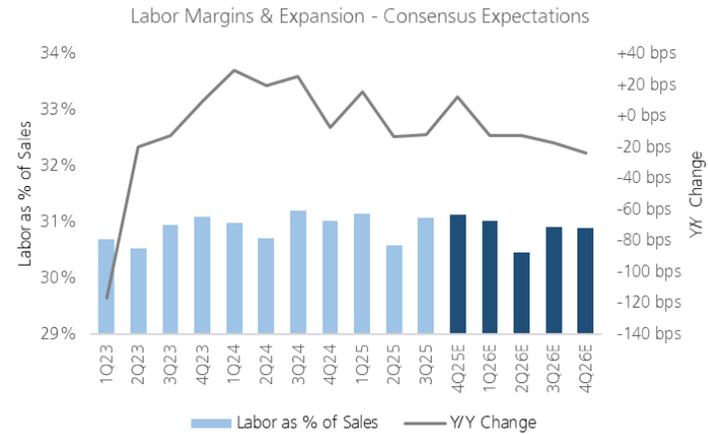
Consensus models modest leverage to '26 annual labor cost margins relative to '25 levels as overall wage inflation is likely to stay in the ~LSD-MSD range.

Hourly Earnings Inflation



Source: BLS, Consensus Metrix

Labor Margin Expectations



Theme #6

Will Unit Development Accelerate in 2026?



Theme #6: Will Unit Development Accelerate in 2026?

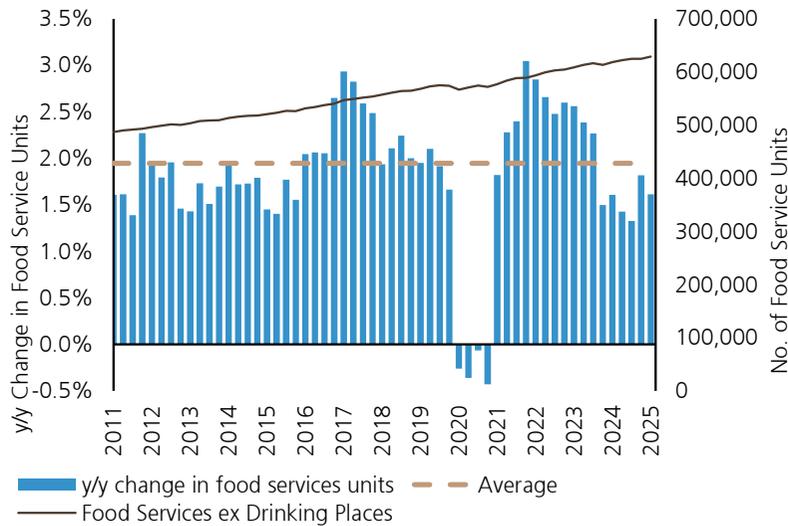
- **UBS View:** We believe restaurant sector development will remain largely stable in '26, with some improvement for select brands from lower levels in '25. Development should be supported by: 1) cash on cash returns which should remain consistent w/ largely stable construction costs and potential traffic improvement; 2) normalized labor market; and 3) an improving interest rate environment.
 - We expect net franchisee development demand should remain stable for many brands, with likely solid development pipelines and new unit returns, with closures easing.
 - Easing interest rates and still solid capital availability should support demand for development for many franchisees.
 - But limited visibility into macro pressures could negatively impact demand and unit growth.
 - International unit growth could remain pressured by macro challenges in select markets, geopolitical impacts, and specific franchisee issues; but we believe several larger brands are well positioned on international growth.
- Stock implications: We believe those better positioned on unit development in '26 include: company-owned models that control new open decisions (ie. BROS, CMG, CAVA, SHAK); and brands with higher unit returns & greater cushion to protect against current pressures (ie. WING). We also expect improvements at companies with greater international development exposure, with tailwinds from reduced closures in select markets relative to '25 (ie. DPZ, YUM, QSR).



Stable Unit Growth w/ Trends Likely Continuing in '26

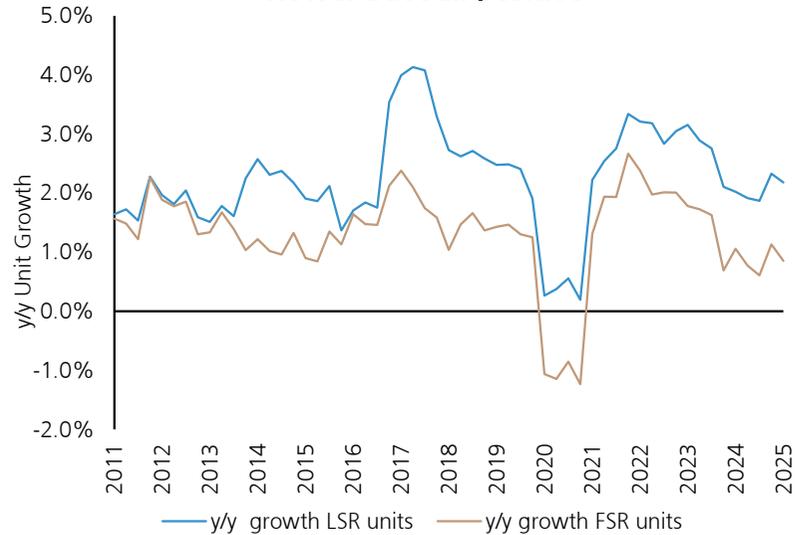
Industry unit growth accelerated in '25 vs '24, w/ construction & permitting timelines normalized, while inflation levels are largely manageable. We expect solidly positive industry unit growth in '26, led by limited-service restaurants, supported by solid development pipelines, manageable construction costs, likely more favorable interest rates, and easing closures for select brands.

Industry unit growth accelerated y/y in '25



Source: US Bureau of Labor Statistics

Growth continues to be higher at limited service restaurants - while full service restaurants growth was slower but still positive



Returns Likely Pressured, w/ Upside from Sales Leverage

New unit returns are likely to be somewhat pressured given tariff impacts and rent increases, while margins are likely depressed for select brands in '26. That said, opportunities for upside exist as sales are likely to improve.

	2025 New Unit AUV (\$MM)	Cash Cost (no land) (\$MM)	Sales to Inv. Ratio	Building Sq. Footage (000)	Pre-G&A EBITDAR Margin (Mature)	Cash on cash return (no land or G&A)	Payback Period (years)
IHOP	1.900	2.665	0.7	4.1	18.0%	12.8%	7.8
Cracker Barrel	5.190	8.685	0.6	8.9	9.4%	5.6%	17.8
Denny's	2.300	1.504	1.5	4.2	16.5%	25.2%	4.0
Family	3.130	4.284	0.7	5.7	14.6%	10.7%	9.9
Texas Roadhouse	8.080	8.600	0.9	8.0	14.4%	13.5%	7.4
Cheesecake Factory	9.792	9.350	1.0	9.0	18.3%	19.2%	5.2
Applebee's	4.000	2.660	1.5	5.0	14.5%	21.8%	4.6
Chili's	4.000	3.923	1.0	4.2	15.0%	15.3%	6.5
Casual	6.468	6.133	1.1	6.6	15.6%	16.4%	5.9
Domino's	1.200	0.407	2.9	1.6	16.5%	48.6%	2.1
Pizza Hut	1.205	0.705	1.7	1.5	15.5%	26.5%	3.8
Papa John's	1.170	0.607	1.9	1.1	13.0%	25.1%	4.0
Pizza	1.192	0.573	2.1	1.4	15.0%	31.2%	3.3
Firehouse Subs	0.900	0.442	2.0	1.3	16.3%	33.2%	3.0
Subway	0.450	0.333	1.4	1.2	12.0%	16.2%	6.2
Sub-Sandwich	0.675	0.387	1.7	1.3	14.2%	24.7%	4.6
KFC	1.600	1.527	2.5	2.5	16.5%	17.3%	5.8
Popeyes	2.000	1.860	1.1	2.1	20.6%	22.2%	4.5
Wingstop	1.800	0.620	2.9	1.7	20.5%	59.5%	1.7
Church's	1.450	1.199	1.2	1.7	18.8%	22.7%	4.4
Chicken	1.713	1.301	1.3	2.0	19.1%	25.1%	4.1
Jack in the Box	1.900	2.052	0.9	2.7	20.7%	19.2%	5.2
Taco Bell	2.100	2.100	1.0	2.5	24.5%	24.5%	4.1
Wendy's	2.072	2.217	0.9	2.6	18.3%	17.1%	5.8
Burger King	1.500	2.365	0.6	2.6	20.4%	12.9%	7.7
McDonald's	3.300	2.325	1.4	4.2	21.9%	31.1%	3.2
Sandwich	2.174	2.212	1.0	2.9	21.2%	20.8%	5.2

Source: Franchise disclosure documents, Restaurant Research



Closures and Strategy Shifts Weigh on Development

Consensus is expecting development to slow for many brands given elevated closures and some brands shifting priority towards recovering sales or preserving capital before accelerating unit growth.

Company	2022	2023	2024	2025E	2026E	2027E
BLMN	-1.8%	0.6%	-1.1%	0.8%	0.9%	1.1%
BROS	24.7%	23.8%	18.2%	16.3%	15.4%	15.4%
CAKE	3.2%	4.1%	5.1%	6.6%	7.0%	6.8%
CAVA		13.5%	18.1%	18.5%	16.7%	16.1%
CMG	7.5%	7.8%	8.5%	8.6%	8.9%	8.8%
CBRL	1.7%	0.6%	0.1%	-2.2%	0.3%	0.4%
DIN	1.2%	-0.1%	-0.9%	-1.9%	-0.5%	0.5%
DPZ	5.5%	3.6%	3.8%	3.6%	4.4%	4.5%
DRI	1.9%	2.4%	1.9%	1.4%	3.3%	3.3%
EAT	-0.3%	0.6%	-2.1%	0.5%	0.9%	1.2%
JACK	-1.8%	0.2%	-0.2%	-3.5%	-2.2%	-0.8%
MCD	0.6%	3.8%	4.0%	4.1%	4.4%	4.8%
PLAY	4.9%	7.8%	5.5%	4.7%	4.9%	4.3%
PTLO	4.3%	16.7%	11.9%	8.5%	7.8%	7.3%
PZZA	1.0%	3.5%	2.1%	1.2%	2.1%	2.0%
QSR	1.5%	3.9%	3.4%	2.7%	3.6%	4.1%
SBUX	6.9%	6.7%	5.2%	1.7%	3.5%	4.1%
SG	24.0%	18.8%	11.3%	15.0%	6.0%	8.3%
SHAK	18.2%	18.8%	11.8%	14.5%	14.8%	14.3%
TXRH	4.5%	6.3%	5.8%	4.3%	5.5%	5.4%
WEN	2.1%	2.0%	0.0%	2.0%	-0.1%	2.5%
WING	13.2%	13.0%	15.8%	18.8%	16.1%	14.9%
YUM	3.6%	6.0%	4.5%	3.4%	4.9%	3.1%
YUMC	9.8%	13.1%	12.0%	10.6%	10.5%	9.2%

Source: Company reports, Consensus Metrix

Note: Highlighted numbers are adjusted for M&A



Theme #7

Can Digital Drive Sales & EPS Growth in '26?



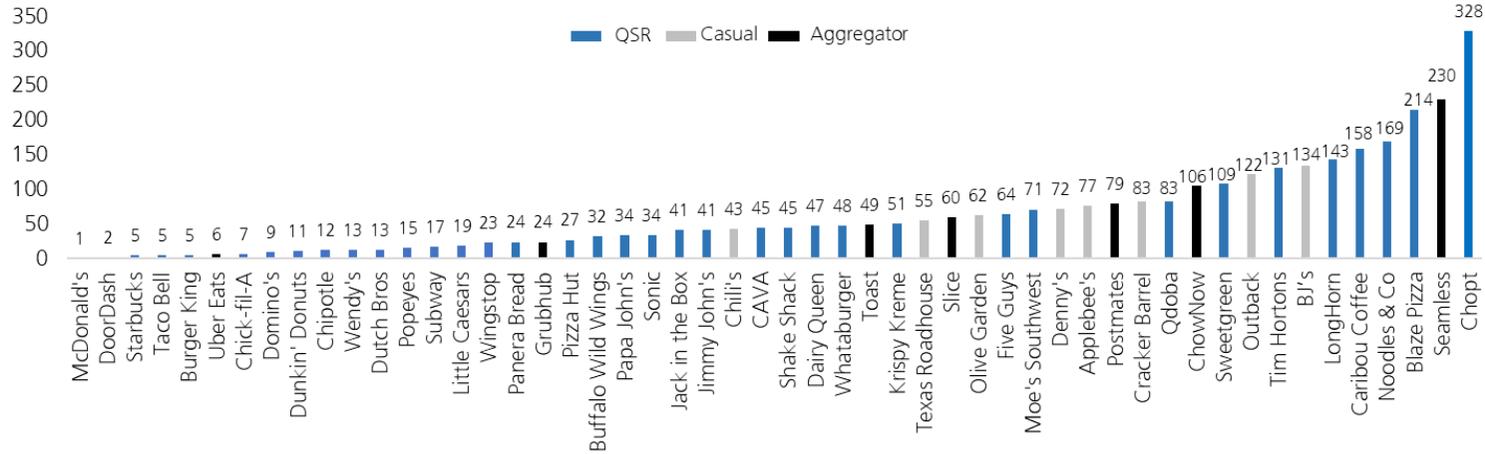
Theme #7: Can Digital Drive Sales & EPS Growth in '26?

- **UBS View:** Digital and technology capabilities should be a key driver of outperformance in '26. We anticipate sustained sales gains and cost efficiencies enabled by tech and digital solutions. With a continued focus likely on digital and technology investment, we expect ongoing customer digital adoption, data insights, sales benefits, and margin opportunities should continue this year.
 - Digital benefits in '26 should include: targeted & customized marketing message; leveraging customer data/insights to generate higher attach & greater visit frequency; improved guest experiences; and throughput opportunities & operational efficiencies.
 - App downloads and digital platform engagement should continue to expand in '26, contributing to more data insights, traffic growth and sales momentum.
 - Leveraging AI solutions will likely remain a key digital focus of restaurants in '26, with many companies launching new solutions and forming partnerships aimed at unlocking revenue and cost advantages.
- **Stock implications:** We continue to believe larger brands remain best positioned to invest in and capitalize on digital and tech developments in '26, including DPZ, MCD, CMG, SBUX, YUM and QSR. These companies should continue to prioritize developing their digital ecosystems to improve data insights, strengthen loyalty engagement, and drive operational efficiencies. Strategic partnerships and internal innovations should translate into revenue and margin benefits. Smaller chains may face challenges in matching the scale of the larger players' initiatives, yet they will likely continue making investments in digital capabilities and form partnerships to remain competitive.



Restaurants Maintain Leading Food App Download Share

App Rankings – Food & Drink Category



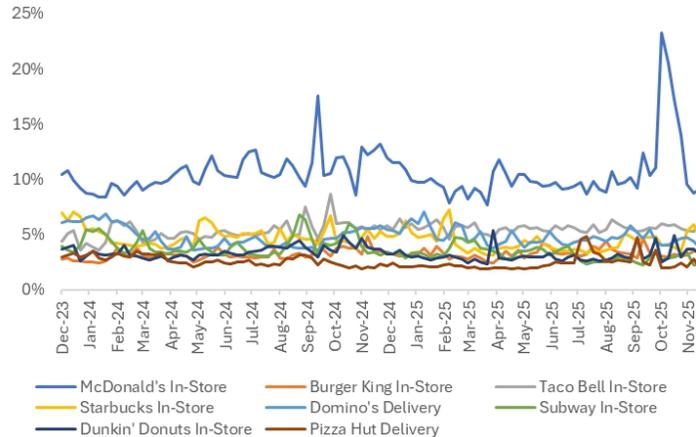
UBS Evidence Lab app analysis indicates large QSR chains maintained leading positions in the Food & Drink category across multiple app segments and delivery aggregators throughout 2025.

For app download share (relative to QSR in-store and delivery apps), McDonald's, Taco Bell, Domino's and Starbucks led the peer set for most of 2025.

Source: UBS Evidence Lab, >[Access dataset](#)



App Download Share



AI to Drive Greater Restaurant Benefits Over Time

We believe large QSR brands are well-positioned to benefit from leveraging AI capabilities. These advancements should support both top-line growth and margin improvement.

Major sales benefits include: better customer experience and food quality through real-time insights and predictive analytics, higher attach rates via suggestive selling and personalized recommendations, increasing visit frequency and improving customer retention through customized offers, and new customer acquisition through targeted marketing campaigns powered by AI-driven segmentation

Cost benefits include: reduced food waste through inventory management, marketing efficiencies via automated campaign optimization and audience targeting, improved operations through automated labor management.

Company	AI Commentary
CAVA	CAVA is rolling out Connected Kitchen, a platform leveraging camera vision and Generative AI to monitor food depletion at service stations. By integrating this with historical sales trends, weather forecasts, and event data, the system predicts demand and optimises cooking schedules, ensuring timely grill cook and ingredient preparation.
CMG	CMG has launched Ava Cado, an automated hiring platform that streamlines communication and scheduling between applicants and general managers. This initiative cuts the time to fill in-restaurant roles by ~75%.
DPZ	DPZ has entered into a partnership with Microsoft to use its Cloud and Azure OpenAI Service. Leveraging Microsoft solutions transforms consumer experience by enhancing the ordering process through personalization and simplification. The collaboration also includes developing a generative AI assistant powered by Azure OpenAI Service. This tool is designed to assist store managers in tasks such as inventory management, ingredient ordering, and staff scheduling.
SBUX	SBUX has developed its Deep Brew AI engine which allows SBUX to leverage its data, personalize the customer experience, and efficiently manage stores through augmented capabilities. Two areas of focus are alternative food & beverage recommendations and forecast algorithms. SBUX also leverages AI-assisted strategic site selection process.
SG	SG has launched AI-driven labor scheduling system to reduce the administrative load of managers.
WEN	WEN has implemented FreshAI, an AI voice-enabled ordering system which provides opportunities to enhance margins by boosting labor efficiency and allowing crew members to spend more time on activities that elevate the customer experience.
YUM	YUM established an industry-first collaboration with NVIDIA to integrate AI capabilities at scale across its global system. The collaboration targets three primary areas: voice-automated drive-thru and call center operations, computer vision for back-of-house efficiency, and advanced restaurant intelligence for general managers.

Source: Company reports



Theme #8

Will Fast Casual Rebound in 2026?



Theme #8: Will Fast Casual Rebound in 2026?

- **UBS View:** Fast casual segment performance lagged the broader industry in '25 likely given consumer headwinds, value competition, and other macro pressures. We believe pressures were largely cyclical and expect the segment maintains an outsized growth opportunity long-term. Easier compares, idiosyncratic sales drivers, and potential stimulus benefits should support an improvement for many fast casual brands this year. Attractive valuations and notable investor interest could support sizable upside at some point during the year with an acceleration in traffic & sales trends.
 - Fast casual sales pressures in '25 likely reflect headwinds from weaker demand among lower / middle income and younger consumers, while menu pricing / value concerns in a difficult macro likely contributed to headwinds. We view pressures as more cyclical in nature than structural.
 - Fast casual brands could see improved sales trends in '26 given tailwinds from: stimulus benefits, easier comparisons, a greater focus on value perceptions, and other idiosyncratic sales drivers.
 - Valuations have compressed more than QSR and casual dining segments, with previously elevated multiples declining as sales trends slowed and growth expectations lowered.
- Although fast casual restaurants have solid development pipelines and solid strategic initiatives to support traffic growth, soft value perceptions and macro headwinds could continue to weigh on brands.
- **Stock implications:** We believe several fast casual brands maintain still compelling longer-term growth outlooks, with an eventual inflection in sss trends representing potentially valuation upside from current multiples. We prefer BROS and CMG within the fast casual segment, but position other fast casuals including WING, SHAK and CAVA as among our higher Neutrals on our Rank Order List.

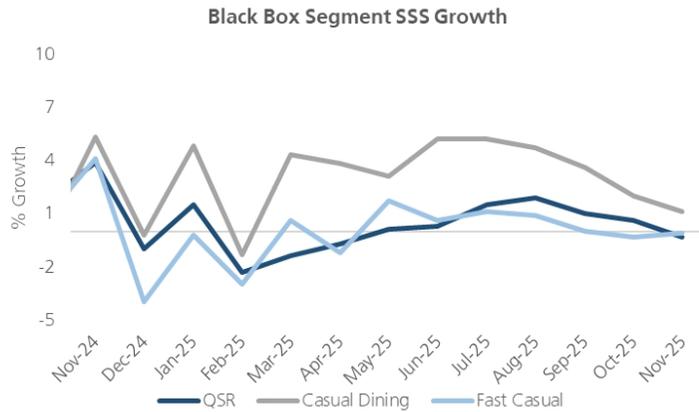


Pressured Fast Casual Trends Should Improve in '26

Fast casual segment growth slowed significantly in '25, likely reflecting pressure among key consumer cohorts, weaker relative value perceptions, possible cannibalization from elevated store growth, and other macro headwinds.

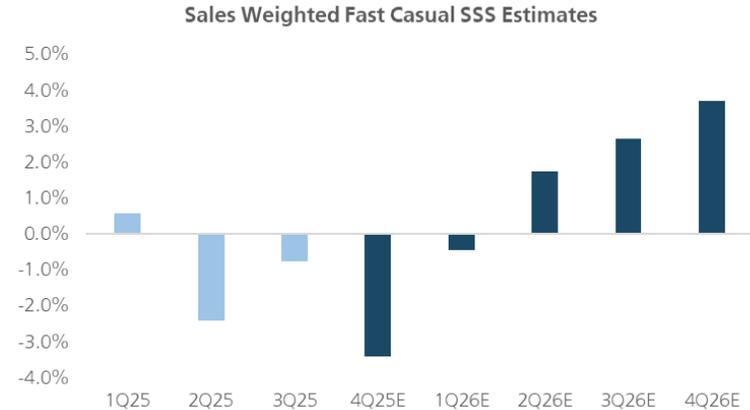
We expect underlying traffic and sales trends to largely remain pressured into '26, but believe trends should begin to improve given tailwinds from: stimulus benefits, easier comparisons, a greater focus on value perceptions, and other idiosyncratic sales drivers. Menu innovation, marketing, and consumer preference for healthier / higher quality food options could also contribute to a recovery trajectory in '26.

Fast casual segment growth slowed significantly in '25, likely driven by consumer softness & weaker value perceptions.



Source: Company reports, Consensus Metrix

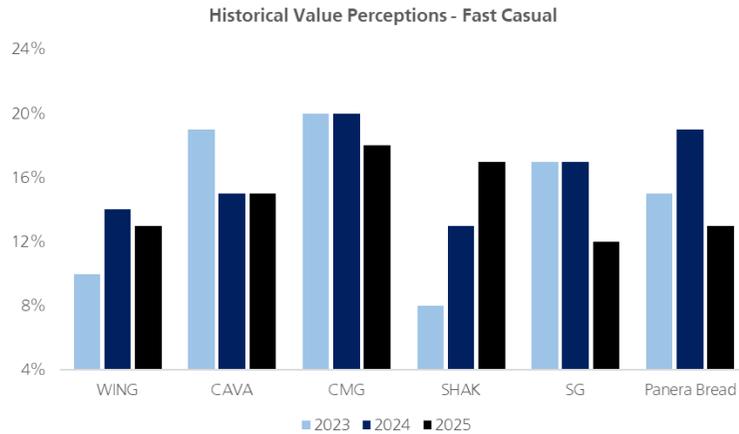
We expect sss trends should improve in '26 with benefits from stimulus, easier comparisons and brand specific drivers.



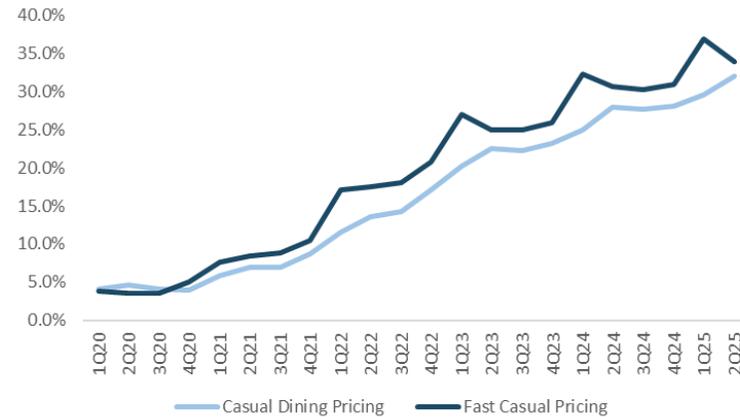
Fast Casual Value Perceptions Declined in Recent Years

Cumulative menu pricing in recent years and a more difficult macro consumer backdrop likely pressured fast casual value perceptions in '25, particularly as QSR and casual dining brands could more easily lean into promotions and discounting activity. We believe fast casual brands including Chipotle maintain attractive entry price points at ~\$10 per meal, but expect a greater focus on marketing and other opportunities to highlight value given consumers are increasingly seeking value when making purchase decisions.

Customer value perception scores have shifted within fast casual among select brands in recent years.



Y/Y price increases at fast casual brands have outpaced casual dining post-COVID.



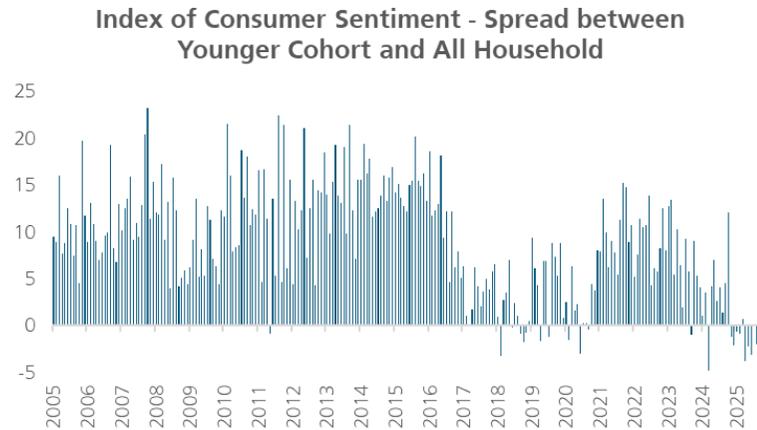
Source: UBS Evidence Lab (>[Access Dataset](#)), Consensus Metrix



Elevated Exposure to Pressured Younger Consumer

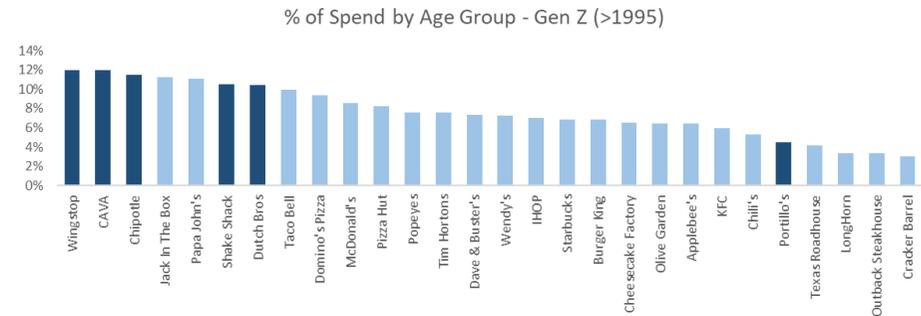
Fast casual brands are generally more exposed to younger consumers, particularly GenZ (born >1995) compared to traditional QSR and casual dining brands. We believe the younger consumer skew, while still supportive of future growth potential for the segment, makes fast casual more exposed to declining sentiment and concerns around higher unemployment over the near-term.

Sentiment among younger cohort appears to be lagging compared to the US average.



Source: University of Michigan, Numerator

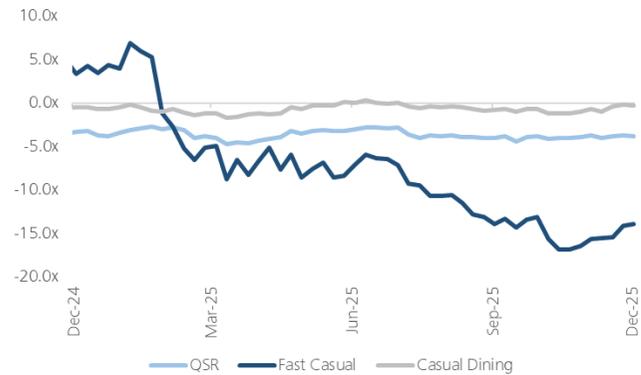
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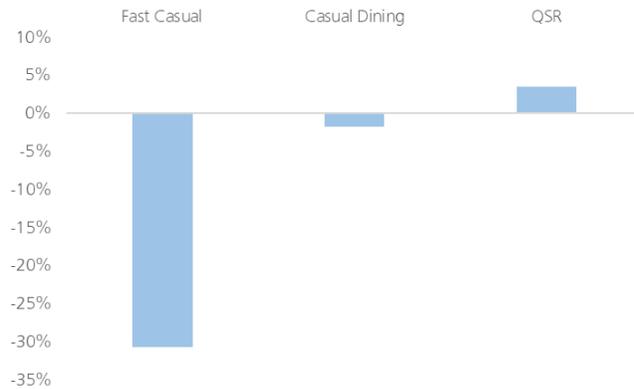
Fast Casual Shares Lag Given Slower Sales Trends

-Fast casual segment shares underperformed in '25 with sluggish sales trends and likely some rebasing of growth expectations.
 -Fast casual valuations are now notably below multiyear averages, while longer-term growth stories should still be largely intact for several brands.
 -We expect valuations should improve with a positive inflection in traffic and sss trends for select brands in '26 given pent up investor demand and still solid long-term growth opportunities.

Spread Between 5yr avg & Current Multiple

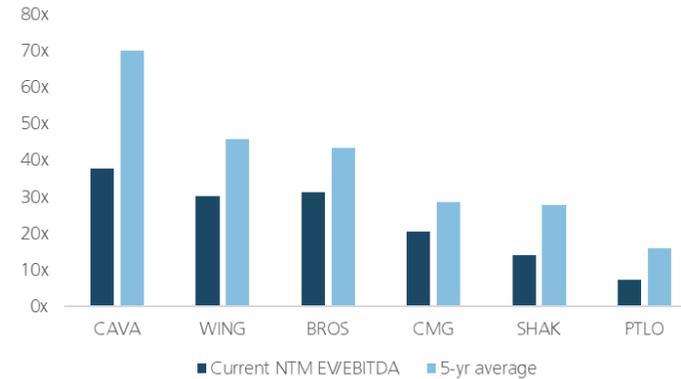


Share Price Performance '25



Source: FactSet, UBS

NTM EV/EBITDA by Fast Casual Brand



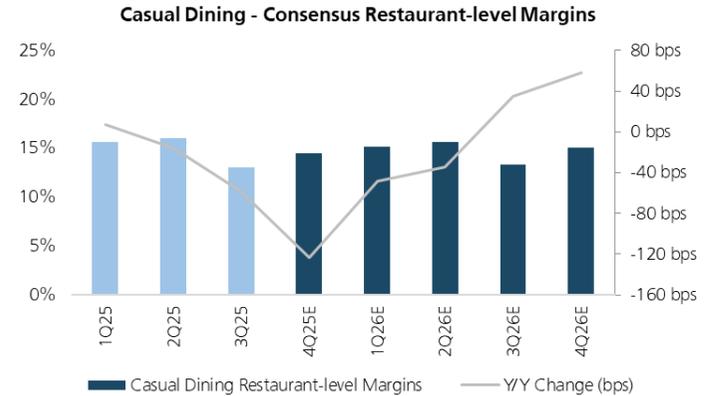
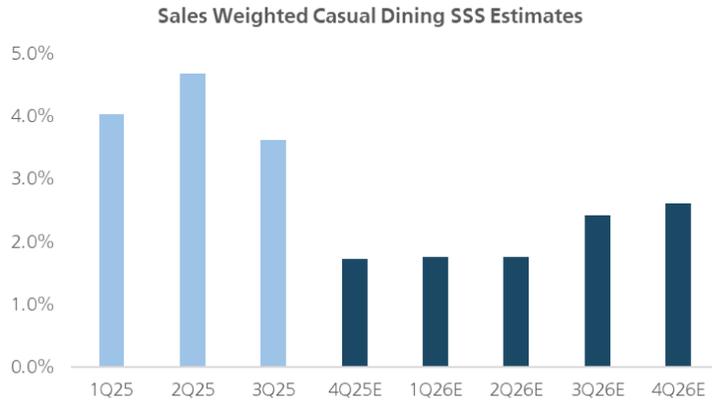
Casual Dining Should Remain Resilient Again in '26

Casual dining sales trends were strong in '25 as consumers focused on experiential dining and solid relative value offerings, while several brands exhibited particularly strong momentum with execution of strategic plans.

We expect value-oriented brands and those executing on operations, marketing and other traffic-driving initiatives are best positioned for further gains in '26, including Chili's, Texas Roadhouse and Olive Garden. Beef inflation should be a margin pressure for several brands, but we expect solid sss trends and good new restaurant expansion growth should support shares this year.

Casual dining segment sss are expected to avg ~3.5% in '25, w/ solidly positive momentum expected to continue into '26.

Consensus models a slight improvement in restaurant margins supported by benign food costs & efficiencies



Source: Company reports, Consensus Metrix

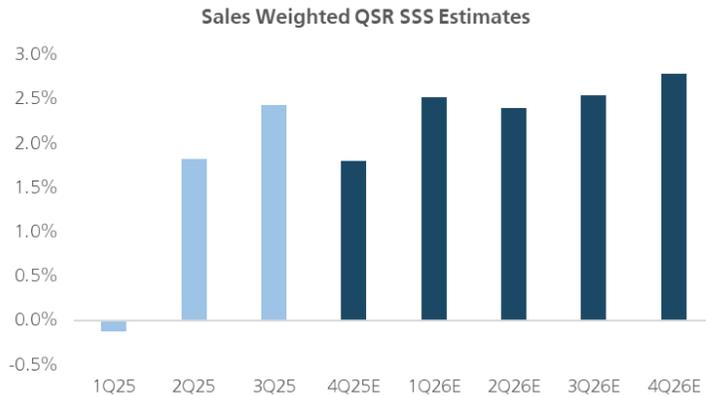


QSR Focused on Traffic Recovery Driven in Part by Value

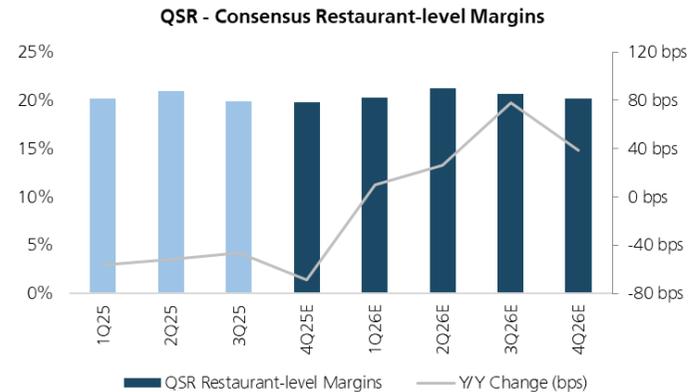
QSR segment sales were pressured through most of '25 given lower income (and middle income) consumer spending headwinds and customers trading out of the category. While better trends from select brands towards the end of the year were encouraging, we expect macro pressures could linger, while tailwinds exist from: potential stimulus benefits, value offerings, marketing, new products, and easier comparisons.

We expect international performance should be relatively stable with '25 levels across sss trends, with some improvement in net new restaurant development for select brands.

We expect some QSR segment sales improvement in '26 following a still pressured '25.



Consensus models margin improvements given top line trends and cost efficiencies.



Source: Company reports, Consensus Metrix



Theme #9

Will GLP-1s Affect Restaurant Sales Growth In 2026?



Theme #9: Will GLP-1s Affect Restaurant Sales In 2026?

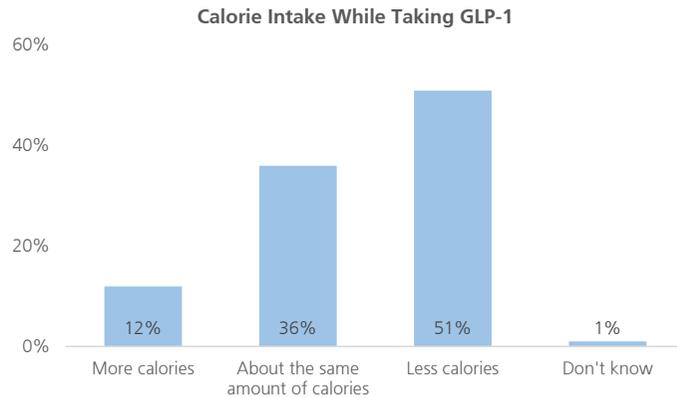
- **UBS View:** We believe that GLP-1 drugs have had just a very modest impact on restaurant traffic and sales thus far, but with greater adoption / usage, we believe risk exists that the impact increases over time. GLP-1 drugs could be an overhang on sector sentiment and potentially impact valuations if investor concerns increase.
 - GLP-1 concerns increased given notable industry traffic pressure in '25 and with likely increased adoption coming from reduced costs and approval of oral drugs. We don't believe GLP-1s had a significant impact on '25 demand weakness, but expect the impact could increase at least modestly in '26, with the narrative as an overhang.
 - Our UBS Evidence Lab survey results suggest consumers are more likely to trim daily calorie intake while taking GLP-1 drugs, with survey respondents dining out less often and changing their eating habits or eating more healthy, even as spending on food hasn't changed much.
 - Nearly a quarter (23%) of US households are now using GLP-1s, w/ ~2.9MM new patient prescriptions from September '24 to September '25, according to Circana. Findings also project 35% of US food and beverage units sold by 2030 will come from GLP-1 medication users.
 - While likely still in the early stages, we believe increasing usage of GLP-1 drugs could represent a sales headwind to many restaurant brands over time, including those that are considered less healthy, while the impact on consumer eating behavior could cause restaurants to shift menu offerings to match demand for healthy food and portion size.
- **Stock implications:** While restaurant segment and brand exposures are likely to vary based on GLP-1 developments over time, we anticipate traditional QSRs are at greater risk long-term, with casual dining and healthier limited service brands more insulated. But we expect brands could adapt and we anticipate management teams will continue to monitor developments.



GLP-1 Users Focus on Lower Calorie Intake

Our Evidence Lab survey results indicated GLP-1 users are likely to have lower calorie intakes. We expect a modest headwind to restaurant sales from likely expanded usage of GLP-1 drugs, particularly with the approval of an oral pill format and lower cost likely further popularizing the drug usage for weight loss purposes.

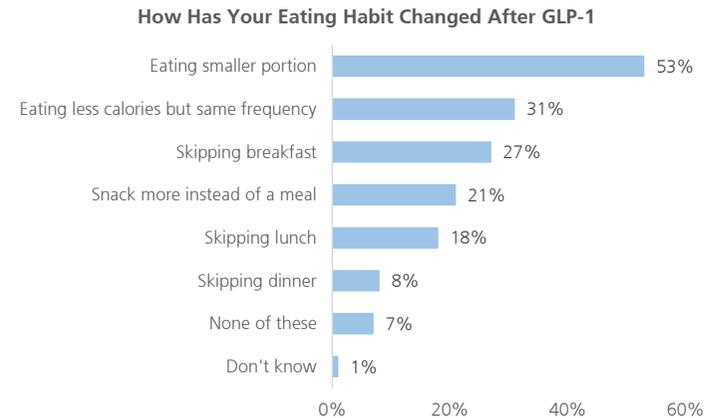
Survey results indicated more than 50% of GLP-1 users had lower calorie intake while taking the medication...



Source: UBS Evidence Lab



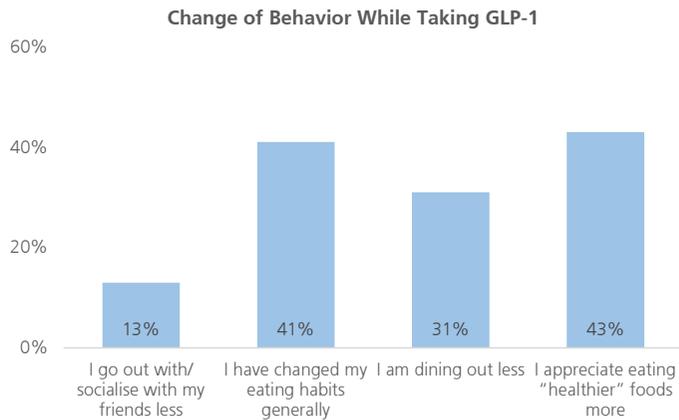
...w/ many GLP-1 users eating smaller portions, eating less calories w/ similar frequency, or just skipping a meal.



Consumer Spending Behaviors on Food Could Shift

While our survey suggested GLP-1 users are more likely to reduce dine out frequency, their food consumption likely shifts towards healthier food, including more white meat over red meat, more plant-based dairy over regular milk and cheese, more vegetables, and fewer alcoholic drinks. We expect restaurant brands will likely adapt menus to accommodate shifting consumer needs over the long term, including smaller food portions, higher protein offerings, more plant-based dishes, and a greater amount of non-alcoholic beverages.

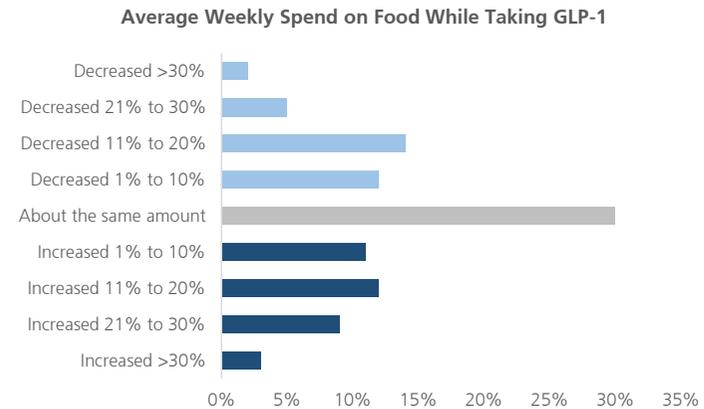
While GLP-1 users are more likely to reduce the frequency of dining out, many also shifted towards healthier food options...



Source: UBS Evidence Lab



...w/ net average weekly spend on food largely unchanged for many users.



Theme #10
Will M&A Activity Increase in 2026?



Theme #10: Will M&A Activity Increase in 2026?

- **UBS View:** Following multiple years of slower deal activity in the sector, select transactions in '25 and potentially improving conditions could result in an increase in acquisitions in '26.

- Conversations with industry bankers and lenders indicate expectations for increased M&A activity in '26, reflecting:
 - Lower interest rates;
 - Greater availability of capital looking to invest;
 - Potentially improving outlook for industry sales;
 - Select turnaround stories that aren't being recognized / appreciated;
 - Pressured valuations could represent a new normal for select companies, potentially bringing buyers and sellers closer on price.
- We expect select public / large private strategic acquirors could be potential buyers over the coming years, as could private equity at the right valuations.
 - 2025 deal activity increased w/ select larger transactions, including Dave's Hot Chicken (~\$1BN), Potbelly (~\$650MM) and Denny's (~\$740MM) going private, and the recent Del Taco deal (~\$119MM).
- Our discussions suggest determining valuations may now be less of a challenge and impediment to deals than in recent years, with buyers and sellers generally less far apart.
- **Stock implications:** We view many of the SMID-cap restaurants as potential targets given still solid FCF generation, synergy opportunities, and other consolidation benefits. Investment requirements, leverage levels, and broader macro concerns could be impediments to deals. Select larger-cap restaurants remain potential buyers over time, while financial buyers could be interested in deals at the right price.



Notable M&A Activity Could Continue Over Time

Select M&A Deals in Recent Years:

Date	Buyer	Target	Deal Size (\$MM)	EV/EBITDA
2025	Yadav Enterprises Inc	Del Taco	\$119	~2x
2025	TriArtisan Capital, Treville Capital & Yadav Enterprises	Denny's	~\$740	~9x
2025	RaceTrac	Potbelly Corporation	\$689	~18x
2025	Rhone Group	Freddy's	~\$700	-
2025	Freeman Spogli	Philz Coffee	\$145	Undisclosed
2025	Roark Capital Group	Dave's Hot Chicken	~\$1,000	Undisclosed
2025	Blackstone	Jersey Mike's	~\$8,000	Undisclosed
2024	JDE Peet's NV	Caribou Coffee	\$260	~15.2x
2024	Blackstone	Tropical Smoothie Cafe	~\$2,000*	Undisclosed
2024	One Group Hospitality	Safflower Holdings Corp.	\$365	~5x
2024	Darden Restaurants	Chuy's Holdings	\$776	~11x
2024	Restaurant Brands International	Carrols Restaurant Group	~\$1,000	~7x
2023	Roark Capital Group	Subway	~\$9,600	~12x
2023	Bain Capital	Fogo de Chao	\$1,100	~13x
2023	Authentic Restaurant Brands	Fiesta Restaurant Group, Inc.	\$225	~8x
2023	Darden Restaurants	Ruth's Hospitality Group	\$715	~9x
2022	Dave & Buster's Entertainment, Inc.	Main Event Entertainment, Inc.	\$835	~8.0x
2021	Jack in the Box	Del Taco	\$575	~9.0x
2021	Restaurant Brands International	Firehouse Subs	\$1,000	~20.0x
2021	FAT Brands Inc.	Twin Peaks	\$300	~10.0x
2021	SPB Hospitality LLC	J. Alexander's Holdings, Inc.	\$285	~13.8x
2020	Inspire Brands (Roark)	Dunkin' Brands Group, Inc.	\$11,300	~23.0x
2020	YUM! Brands	The Habit Restaurants	\$375	~9.0x
2019	L Catterton	Del Frisco's Restaurant Group	\$650	~13.3x
2018	Durational Capital & The Jordan Company	Bojangles'	\$634	~11.4x
2018	Inspire Brands (Roark)	Sonic	\$2,300	~15.4x
2018	Cava Group	Zoe's Kitchen	\$300	~14.1x
2018	Focus Brands (Roark)	Jamba Juice	\$200	~13.5x
2018	JAB Holding	Pret A Manger	\$2,000	~15x
2018	Del Frisco's Restaurant Group	Barteca	\$325	~10x
2018	Rhone Group	Fogo de Chao	\$545	~9x
2017	Apollo	Qdoba	\$305	~7x
2017	NRD Capital	Ruby Tuesday	\$312	~9x
2017	Arby's Restaurant Group	Buffalo Wild Wings	\$2,810	~11x
2017	JAB Holding	Panera Bread	\$7,500	~18x
2017	Darden Restaurants	Cheddar's Scratch Kitchen	\$780	~10x
2017	3G Capital/RBI	Popeyes Louisiana Kitchen	\$1,800	~20x
2017	Golden Gate Capital	Bob Evans Restaurants	\$615	~8x
2016	JAB Holding	Krispy Kreme	\$1,350	~19x
			Average	10.9x

Source: Company reports, FactSet.

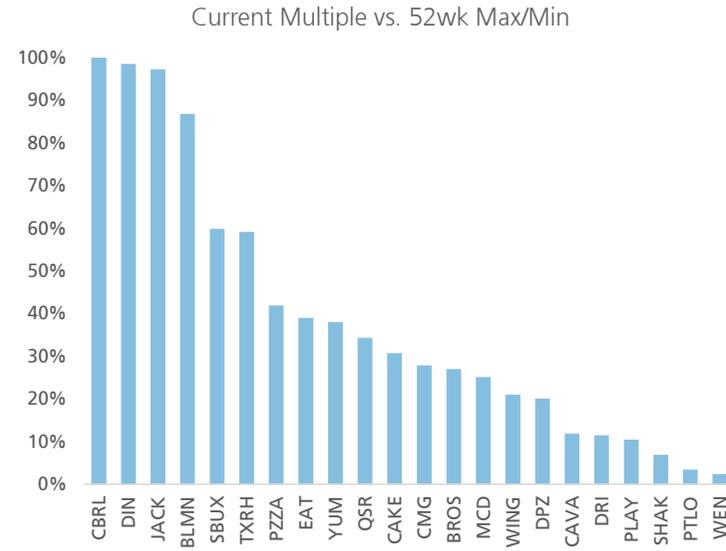
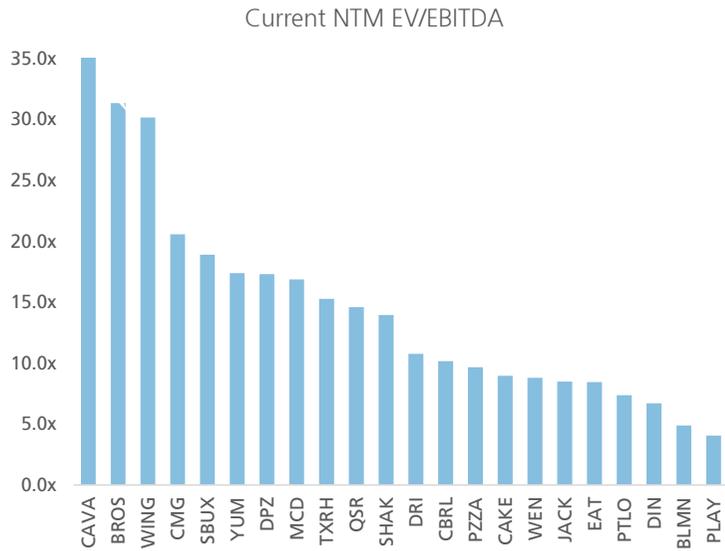


Valuation



Valuation: Discounted Valuations with Notable Bifurcation

Sector valuations are pressured relative to historical levels, with notable bifurcation and sizable gap between fundamental outperformers and underperformers. We expect restaurants with traffic and sss momentum that are positioned for earnings upside will trade at a notable premium to peers, with opportunities for a broader valuation recovery as sales momentum returns.



Source: FactSet

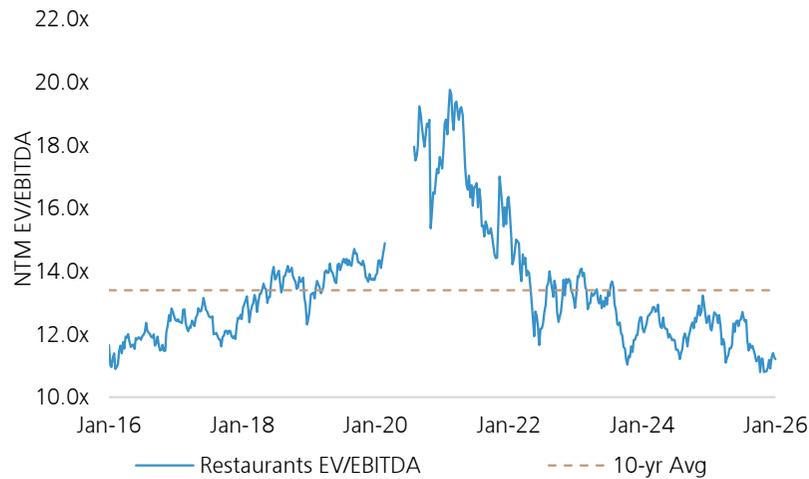
Note: 100% stands for 52-week high and 0% for 52-week low.



Valuations Inexpensive vs History & Cheap to S&P 500

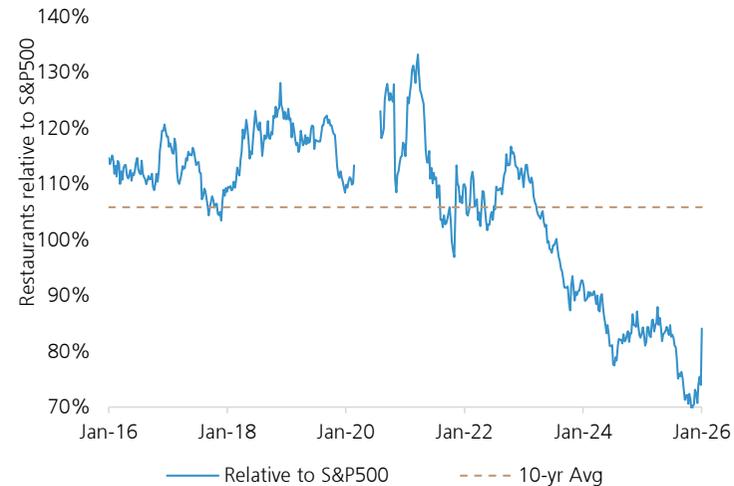
Sector valuations are below 10-yr averages (~11x NTM EV/EBITDA vs. 13.4x 10-yr avg.), driven by slower traffic and sales trends, among other factors. Industry valuation premiums relative to the S&P 500 decreased through '25 and are now well below the 10-yr avg premium and near decade lows (Restaurants 15% discount relative to the S&P 500 vs. a ~6% 10-yr avg. premium).

Restaurants' EV/EBITDA valuations are currently trading ~15% below 10-year historical averages...



Source: FactSet, UBS

...and at an 15% discount relative to the S&P 500 (vs. historical 6% 10-year avg premium).



Unit Growth & Franchise Ownership Still Driving Multiples

Restaurants receiving top quartile valuation multiples generally continue to maintain unit growth in the top quartile for the industry or are highly franchised businesses

Top Quartile Valuations				2nd Quartile Valuations				3rd Quartile Valuations				Bottom Quartile Valuations			
2026 EV /EBITDA		% Franch.	% Unit Growth	2026 EV /EBITDA		% Franch.	% Unit Growth	2026 EV /EBITDA		% Franch.	% Unit Growth	2026 EV /EBITDA		% Franch.	% Unit Growth
SG	94.1x	0%	6%	DPZ	16.7x	99%	4%	PZZA	9.5x	92%	2%	PTLO	6.8x	0%	8%
CAVA	36.4x	0%	17%	MCD	16.3x	95%	4%	CAKE	8.8x	0%	7%	DIN	6.6x	98%	-1%
BROS	31.0x	29%	15%	TXRH	14.9x	13%	6%	EAT	8.7x	29%	1%	NDLS	6.1x	20%	-4%
WING	28.7x	98%	16%	QSR	13.7x	100%	4%	WEN	8.6x	94%	0%	LOCO	5.8x	65%	3%
KRUS	24.4x	0%	20%	SHAK	13.4x	43%	15%	FWRG	8.1x	12%	11%	PLAY	5.3x	0%	5%
CMG	19.7x	0%	9%	CBRL	12.5x	0%	0%	YUMC	8.0x	17%	11%	BLMN	4.9x	34%	1%
SBUX	18.7x	47%	4%	BRCB	12.3x	0%	20%	JACK	7.8x	93%	-2%	RRGB	3.1x	19%	-3%
YUM	16.8x	98%	5%	DRI	11.3x	0%	3%	BJRI	6.9x	0%	1%				

Source: FactSet

Note: 1) Unit growth based on consensus FY1 and FY2 unit estimates; 2) Bolded companies represent companies in UBS coverage universe.



Valuation Comps Table

Ticker	Rating	Price Target	Stock Price (01/02/2026)	Market Cap (\$MM)	Div. Yield	EV/EBITDA		P/E		CF Yield		
						CY26E	CY27E	CY26E	CY27E	CY26E	CY27E	
Brinker International	EAT	Buy	\$175	\$151.52	\$6,732	0.0%	8.7x	8.0x	14.7x	12.7x	7.0%	7.7%
Bloomin' Brands	BLMN	Neutral	\$6	\$6.38	\$526	7.8%	4.9x	4.6x	7.2x	5.8x	26.0%	13.0%
Dutch Bros	BROS	Buy	\$85	\$62.16	\$11,058	0.0%	31.0x	24.5x	69.2x	52.6x	0.6%	1.1%
Cheesecake Factory	CAKE	Sell	\$50	\$52.81	\$2,516	2.0%	8.8x	8.1x	13.2x	11.9x	6.0%	6.2%
CAVA Group	CAVA	Neutral	\$66	\$60.55	\$6,807	0.0%	36.4x	28.9x	104.0x	80.4x	1.2%	0.7%
Chipotle Mexican Grill	CMG	Buy	\$45	\$37.49	\$48,924	0.0%	19.7x	17.0x	31.0x	26.3x	3.1%	3.2%
Cracker Barrel	CBRL	Neutral	\$26	\$26.85	\$567	3.7%	12.5x	7.1x	-18.9x	24.1x	-12.3%	-0.2%
Darden Restaurants	DRI	Buy	\$230	\$187.21	\$21,188	3.2%	11.3x	10.7x	16.4x	15.0x	5.7%	6.5%
Dave & Buster's	PLAY	Neutral	\$19	\$17.04	\$562	0.0%	5.3x	5.0x	19.5x	12.5x	0.4%	3.7%
Dine Brands	DIN	Neutral	\$35	\$33.22	\$464	5.2%	6.6x	6.7x	6.9x	6.8x	15.9%	22.1%
Domino's Pizza	DPZ	Buy	\$540	\$425.28	\$14,083	1.6%	16.7x	15.9x	21.7x	19.9x	4.9%	5.3%
Jack in the Box	JACK	Neutral	\$21	\$18.72	\$358	0.8%	7.8x	7.5x	4.8x	4.5x	34.2%	22.5%
McDonald's	MCD	Buy	\$350	\$303.26	\$217,656	2.4%	16.3x	15.3x	22.9x	21.1x	3.9%	4.3%
Papa John's International	PZZA	Neutral	\$42	\$40.30	\$1,262	4.8%	9.5x	8.6x	22.1x	17.8x	5.9%	7.9%
Portillo's Inc.	PTLO	Neutral	\$5.50	\$4.59	\$327	0.0%	6.8x	6.5x	20.4x	16.3x	-3.1%	0.5%
Restaurant Brands International	QSR	Buy	\$85	\$67.81	\$30,989	3.6%	13.7x	13.0x	16.9x	15.5x	5.3%	6.4%
Starbucks	SBUX	Neutral	\$94	\$83.97	\$95,755	3.0%	18.7x	15.9x	35.4x	27.9x	3.4%	3.8%
Sweetgreen	SG	Neutral	\$7.50	\$6.93	\$720	0.0%	94.1x	24.2x	-9.7x	-11.6x	-7.1%	-8.1%
Shake Shack Inc.	SHAK	Neutral	\$104	\$83.47	\$3,267	0.0%	13.4x	11.3x	51.6x	41.2x	1.5%	1.6%
Texas Roadhouse	TXRH	Buy	\$210	\$171.36	\$10,980	1.6%	14.9x	12.6x	25.8x	20.9x	3.0%	3.9%
Wendy's	WEN	Neutral	\$8.50	\$8.17	\$1,586	8.1%	8.6x	8.4x	9.3x	8.8x	11.7%	12.7%
Wingstop	WING	Neutral	\$295	\$256.84	\$6,627	0.5%	28.7x	24.2x	54.0x	42.6x	2.0%	2.8%
Yum! Brands	YUM	Buy	\$180	\$150.49	\$42,003	1.9%	16.8x	15.6x	22.5x	20.2x	4.5%	4.8%
Yum China	YUMC	Buy	\$59	\$48.17	\$17,254	1.8%	8.0x	7.5x	16.9x	15.2x	5.3%	6.1%

Source: UBS estimates, FactSet



UBS Research THESIS MAP a guide to our thinking and what's where in this report

PIVOTAL QUESTIONS

Q: Will EAT achieve 3-5% sales growth over the next few years?

Yes, we believe EAT is well positioned for sustained sales momentum even against still difficult compares (~25% FY25 Chili's company sss), with support from multiple drivers, including ongoing menu innovation / renovation, an industry leading value proposition, marketing, and operational improvements.

Q: Will EAT achieve 5-8% EBITDA growth over the next few years?

Yes, we believe EAT can maintain annual EBITDA growth at least within the long-term algorithm of 5-8% given sales leverage, as well as opportunities for COGS and labor efficiencies. We model \$836MM FY26 adj EBITDA or 10% growth y/y, and a 7.4% 3-yr CAGR.

UBSVIEW

We are upgrading shares of EAT from Neutral to Buy given: 1) Brinker is well positioned for continued sales momentum, with levers to support further outperformance in '26 and beyond; 2) earnings upside potential from sales leverage and operational efficiencies; 3) strategic optionality to unlock further shareholder value through restaurant development acceleration, a Maggiano's turnaround, and share repurchase; and 4) a still attractive valuation vs peers particularly given the company's growth outlook. We believe EAT's long-term growth algorithm (including 3-5% revenue growth, 5-8% EBITDA growth and 13-17% EPS growth etc) is easily beatable in FY26, with sustained sales momentum at Chili's supported by an industry leading value proposition, menu innovation / renovation, marketing, and operational improvements. At ~14x CY26 Consensus EPS, we believe EAT's valuation remains compelling with shares positioned for further upside given existing & upcoming sales initiatives to support continued sales gains and margin expansion opportunities.

EVIDENCE

Chili's has exhibited solid sales growth over the past few years, with outperformance against industry peers and an avg ~12% sss during FY22-FY25. Our Evidence Lab Casual Dining survey results support our favorable sales growth outlook with better food and affordability being key factors for incremental visits, a positive customer net visit intent that outperforms the industry, and strong brand attributes across value and speed of service. Sales leverage from top line momentum and ongoing efficiency opportunities should support continued EBITDA growth within the long-term +5-8% framework.

WHAT'S PRICED IN?

Shares reflect expectations that sss momentum and EBITDA growth will remain solid, but with some concerns / debate around the sustainability of sss trends and the longer-term unit growth trajectory. Sell-side Consensus forecasts FY26 system sss of 7.6% and 3.2% in FY27, while modeling a 7.0% EBITDA 3-yr CAGR FY25-FY28.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	Chili's company sss	Unit growth	Restaurant margins	G&A	Operating margin
\$300 upside	10.6%	1.4%	18.3%	\$225MM	11.4%
\$175 base	9.1%	0.9%	17.8%	\$231MM	10.7%
\$80 downside	7.6%	0.3%	17.2%	\$239MM	10.0%

Source: UBS estimates

COMPANY DESCRIPTION

Brinker owns, operates and franchises casual dining restaurants under the Chili's Grill & Bar and Maggiano's Little Italy brands, with restaurants located domestically and internationally.

PIVOTAL QUESTIONS

Q: Will EAT achieve 3-5% sales growth over the next few years?

UBSVIEW

Yes, we believe Brinker is well positioned for sustained sales momentum in the 3-5% range even against still difficult compares (~25% FY25 Chili's company sss), with support from multiple sales drivers. We believe EAT can achieve sales growth at least at the higher end of the \$5.6-5.7BN sales target (or 4-6% sales growth) for FY26, with potential to beat the 3-5% long-term sales growth algorithm over the next few years given opportunities from menu innovation & upgrades (ribs, chicken sandwich, Queso, steaks, salads, etc), value offerings (3 For Me starting from \$10.99, Triple Dipper), marketing with a focus on value and promotions, and enhanced operations. We also see opportunities for further sales uplifts from upcoming remodels. We model FY26 revenue growth of 6.8% and Chili's company sss of 9.1% including 4.3% traffic growth, 4.0% pricing and 0.8% mix. Beyond FY26, we model a 4.3% 3-yr revenue CAGR (FY26-FY29), including 3-yr avg sss of 3.5%.

EVIDENCE

Chili's has exhibited solid sales growth over the past few years, with outperformance against industry peers and an avg ~12% sss from FY22-FY25. Our UBS Evidence Lab Casual Dining survey results support our outlook given: 1) Respondents citing better food (31%) and affordability (31%) as key factors driving visits to Chili's following the brand's work on menu upgrades and value offers; 2) Solid customer net visit intent over the NTM of 9% (compared to 2% peer avg); and 3) positive brand attributes of "good selection of low-priced menu items" (16% vs 11% peer avg), "fast service" (14% vs 13% peer avg), and "one of my favorite casual dining restaurants" (15% vs 12% peer avg).

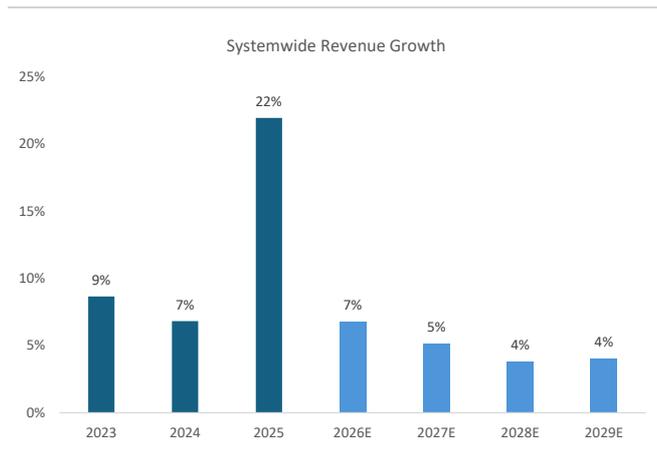
WHAT'S PRICED IN?

Shares appear to reflect expectations that EAT will be able to achieve \$5.6-5.7BN total revenue in FY26 and 3-5% revenue growth longer-term, with some concerns around difficult comparisons, potential macro headwinds, and the challenge in sustaining top line momentum. Sell-side Consensus forecasts FY26 Chili's company sss of 8.7% and 3.7% average sss in FY27-FY29.

Chili's positioned for sustained sales momentum

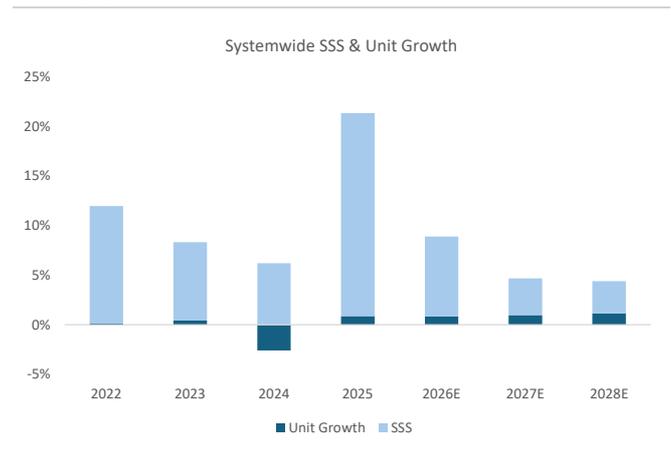
We believe EAT is positioned for sustainable sales momentum and top line outperformance relative to the industry. Our FY26 revenue growth forecast of 6.8%, embeds Chili's company sss of 9.1% including 4.3% traffic growth, 4.0% pricing and 0.8% mix. Beyond FY26, we model a 4.3% 3-yr revenue growth CAGR (FY26-FY29), including 3-yr (FY27-FY29) avg sss of 3.5% and accelerating unit growth for a 1.3% net expansion CAGR. Despite difficult comparisons, we expect sss trends can remain strong over the coming quarters as Chili's maintains several levers to support continued momentum. Key sales drivers over the coming years include: menu innovation, value platforms, and marketing, while enhanced operations improve the guest experience for retention of incremental visits. Improving guest satisfaction scores and survey results provide encouraging leading indicator support for future traffic gains, while we expect longer-term opportunities including remodels exist to benefit sales.

Figure 1: We forecast revenue growth in line or above the long-term 3-5% target range over the next few years...



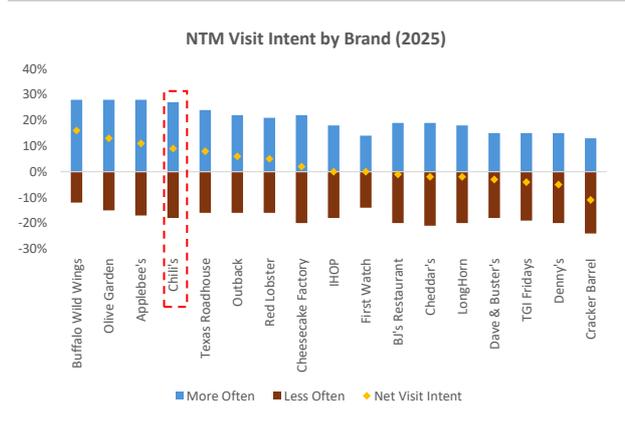
Source: Company Reports, UBS estimates

Figure 2: ...with sss the primary growth driver, while we believe unit development should accelerate some over the coming years.



Source: Company Reports, UBS estimates

Figure 3: Chili's net visit intent for the NTM was higher than the casual dining peer average in our Casual Dining survey.



Source: UBS Evidence Lab

Menu innovation & upgrades support sustained sales momentum

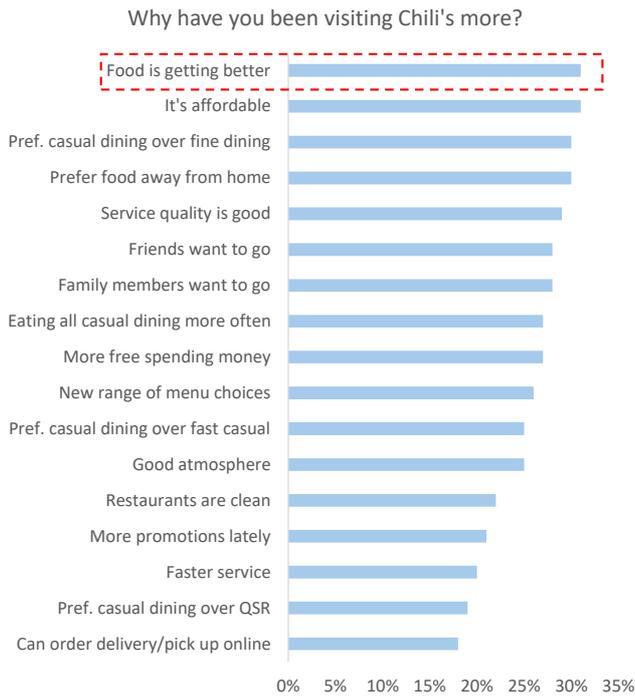
Chili's menu upgrades and new menu items have been key drivers of the brand's sales momentum over the past couple of years. Menu items including the viral Triple Dipper continue to drive traffic even while lapping tough compares. Chili's will continue to implement menu upgrades in '26 and beyond, with improvement to food quality, taste, and operational efficiencies. We expect underlying sss momentum will remain solid over the coming quarters as Chili's continues to make menu upgrades. In our UBS Evidence Lab Casual Dining Survey, consumer respondents highlighted "food is getting better" as a top driver of incremental visits. Recent and upcoming menu upgrades include:

- In F1Q26, Chili's launched a ribs upgrade, which drove a 35% increase in product sales and improved food scores;
- In F1Q26, Chili's launched a Frozen PATRÓN margarita platform, which sold 2x more units than the regular margarita platform despite the higher price point;
- Queso - guest feedback has been encouraging for the Southwestern Queso after the original Skillet Queso returned due to popular demand. Customer sentiment about the Southwestern upgrade provided key learnings to guide future decisions

on fan-favorite items;

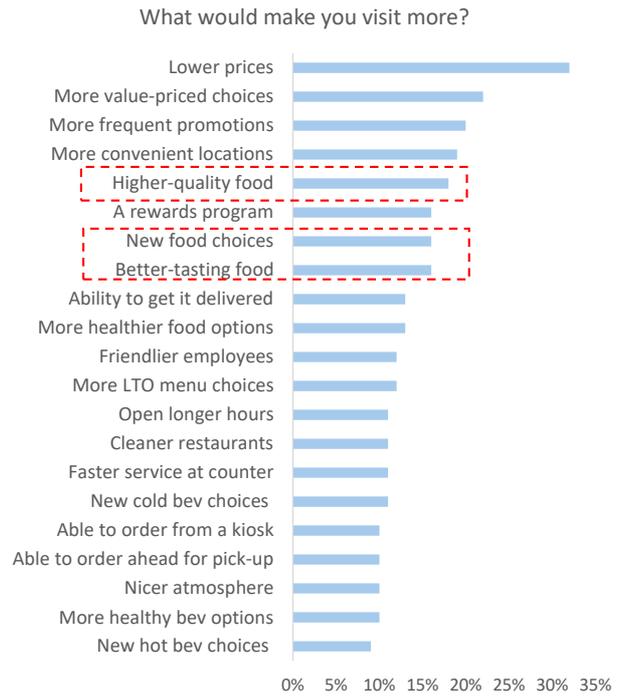
- Chicken sandwich update (scheduled for F2H26) that includes new flavors, a spot on the \$10.99 3-For-Me platform, and boosted marketing;
- Upgrades to steaks and salads are targeted for FY27;
- Over time we expect more menu upgrades as Chili's is likely to upgrade most of the menu at some point. Management is likely to move at a measured menu upgrade pace though in order to ensure guest satisfaction and reduce any nostalgic pushback.

Figure 4: Better food has been the top driver supporting customer visits according to survey respondents...



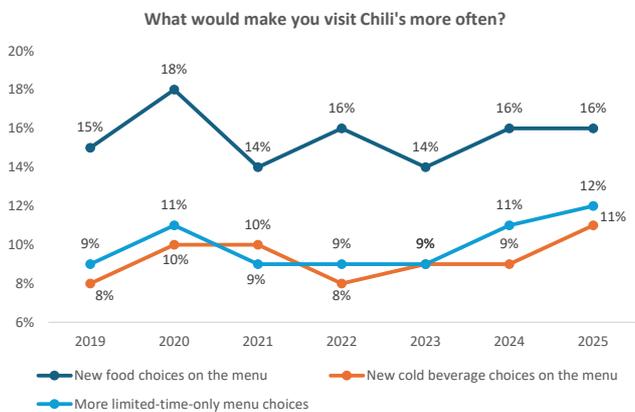
Source: UBS Evidence Lab

Figure 5: ...with customers suggesting there is still an opportunity to drive greater visit frequency with additional menu upgrades and new items



Source: UBS Evidence Lab

Figure 6: New menu items remain an opportunity to support incremental Chili's visits.

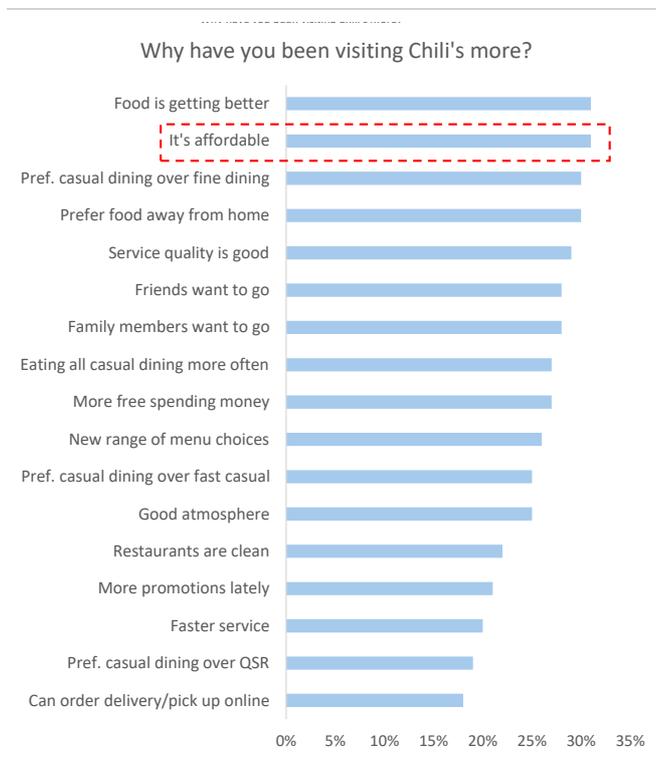


Source: UBS Evidence Lab

Value and promotions continue to resonate with guests

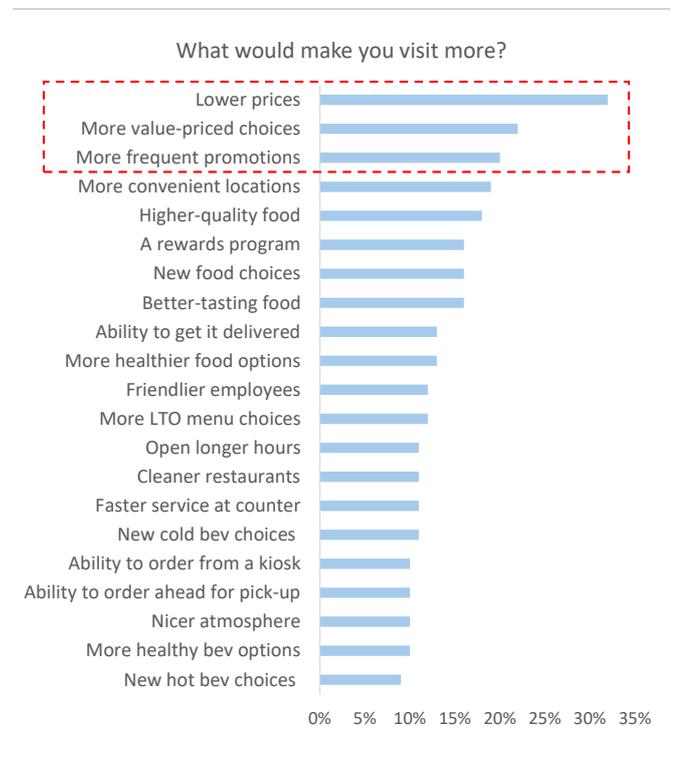
Chili's solid value proposition should remain a key sales driver in '26 and over the coming years. Encouragingly, the brand's 3-For-Me value platform is maintaining a stable mix and profitability levels, while highlighting a compelling value proposition, with particular strength from the Big Smasher on the \$10.99 part of the menu. With the introduction of a new tier in F4Q25, the original \$10.99 options saw some mix pressure (~40% F1Q26 vs 50-55% previously), while the \$12.99 tier exhibited a ~10-15% mix to maintain a consistent overall 3-For-Me sales mix. We expect continued contribution from the \$10.99 part of the platform in F2H26 with the addition of the chicken sandwich and new sauces. Our UBS Evidence Lab Casual Dining Survey highlights 'affordability' as a key driver of incremental visits. We expect Chili's value platform will continue to drive incremental sales in '26 and beyond, with menu innovation and marketing levers to enhance the platform.

Figure 7: Survey respondents suggest Chili's affordable price point is a key driver of increased visit frequency...



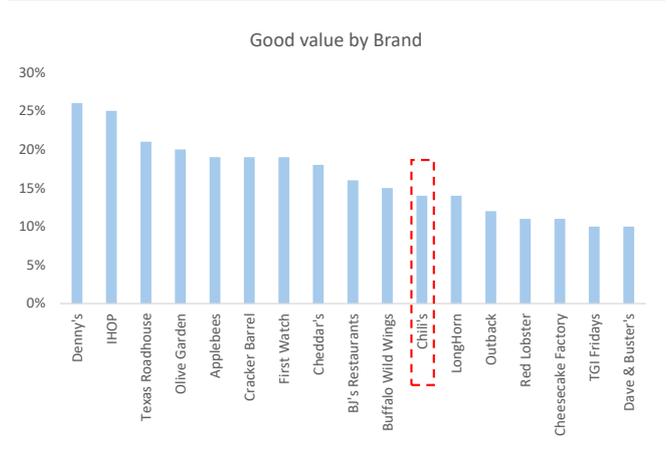
Source: UBS Evidence Lab

Figure 8: ...with additional opportunities to highlight value to drive visits, as lower effective price / promos was cited as a key factor that would make customers visit more.



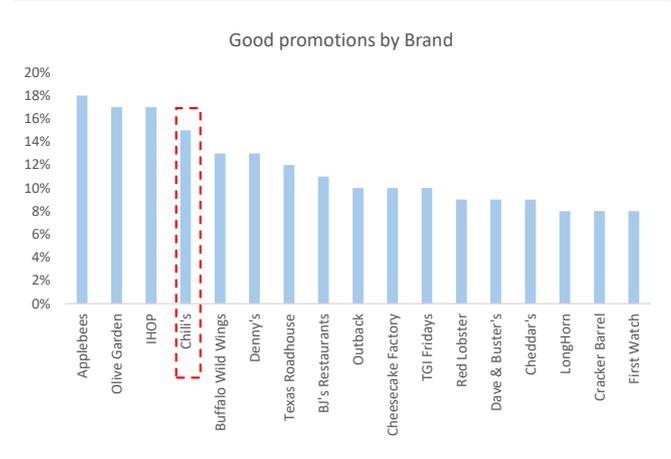
Source: UBS Evidence Lab

Figure 9: Chili's scored slightly below average in "good value" among all casual dining brands, generally lagging the particularly value-focused / lower price points brands...



Source: UBS Evidence Lab

Figure 10: ...but ranked high in "good promotions".



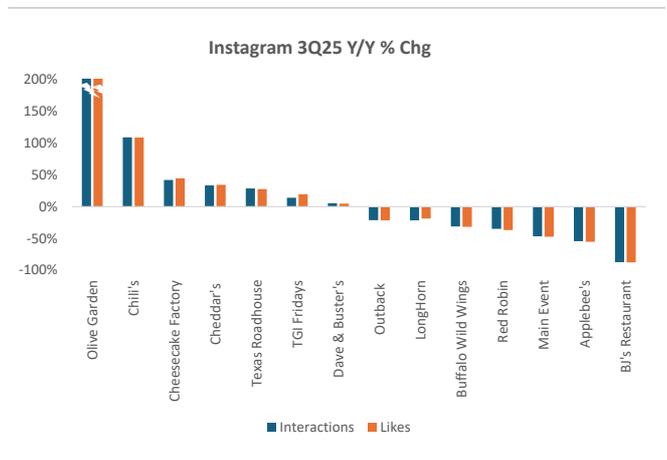
Source: UBS Evidence Lab

Effective marketing across channels supports guest interest

Chili's marketing should remain an effective lever to generate customer interest and traffic, with notable budget increases to support the award winning marketing team. Marketing success across TV and social media channels have helped boost sales, with notable virality with the Triple Dipper (which continues to trend online) and the Witches Brew/Good Witch Margaritas (Wicked-adjacent November theme). Value messaging also resonates, with a greater traffic lift from \$10.99 than the Triple Dipper, which should continue with upcoming initiatives planned for the \$10.99 platform. Chili's "Better than Fast Food" campaign also taps into the value platform, while focusing on share gains from QSRs.

Chili's attention to customer sentiment and preferences should provide key insights to support brand decisions, with past examples including: 1) customers searching for value (price-point driven marketing), 2) trends on social media (brand relevancy especially with Gen Z), and 3) consumer preference from menu launches (Skillet and Southwestern Queso lesson). Tokenized data will also support marketing decisions, as it will provide insights on guest retention from incremental traffic.

Figure 11: Chili's outperforms other casual dining brands on social media.



Source: UBS Evidence Lab

Operational improvements remain an opportunity

Following notable improvements in Chili's operations in recent years, operations remains an opportunity to strengthen the customer experience and performance. Benefits are likely to accrue from simplification rollouts and new technology investments (ie labor scheduling tools, iPad order systems). We expect operational improvements to continue in '26, with an improved customer experience key to retention of incremental traffic from new menu, value, and marketing initiatives.

Remodels likely support longer-term traffic benefits

Remodel plans should also enhance the Chili's customer experience and brand performance over time, with a focus on restaurant repair and maintenance and the Modern Greenville Project objective (remodeling to restore the essence of a Chili's restaurant, paying homage to the first Chili's). The first four pilot remodels of the Greenville project are complete, with expectations that the go forward remodel cadence will be 10% of the system by the start of '27. Chili's refresh includes equipment improvements (ie upgraded fryers and charbroilers) that will improve the employee experience, ensure consistent & perfectly cooked food, and ensure restaurants have the capacity to rollout new menu updates.

PIVOTAL QUESTIONS

Q: Will EAT achieve annual EBITDA growth of 5-8% over the next few years?

UBSVIEW

We believe Brinker can maintain annual EBITDA growth at least within the long-term growth algorithm of 5-8% given sales leverage, as well as opportunities for COGS and labor efficiencies. We expect commodity inflation will likely be closer to the lower end of the +MSD range for FY26 given lower tariff impacts, including now for beef imported from Brazil, partially offsetting elevated beef costs. Additionally, despite incremental investments in labor (\$17MM for Chili's and \$4MM for Maggiano's) to support store traffic growth, particularly at high volume restaurants (>\$6MM AUV for Chili's), we still expect labor cost leverage given a stable labor supply, improvement in turnover, efficiency gains, and sales leverage. We also expect strategic pricing as a potential lever to offset select margin pressures while still maintaining solid value positioning, with ~4% pricing expected for FY26. We model \$836MM FY26 adj EBITDA or 10% growth y/y, and a 7.4% 3-yr CAGR.

EVIDENCE

Restaurant margins have improved notably since FY22 to 17.5% in FY25, averaging >200 bps of annual gains. Despite volatility in COGS, and some investment in labor and store operations, all restaurant level cost items have seen over 100 bps leverage over the past three years. And while pricing was elevated over the past few years, we note a stabilization in recent quarters with support from benign inflation and normalized labor. We believe EAT maintains pricing power going forward to protect and expand margins as needed. Sales leverage from top line momentum and ongoing efficiency opportunities should support continued EBITDA growth within the long-term + 5-8% framework.

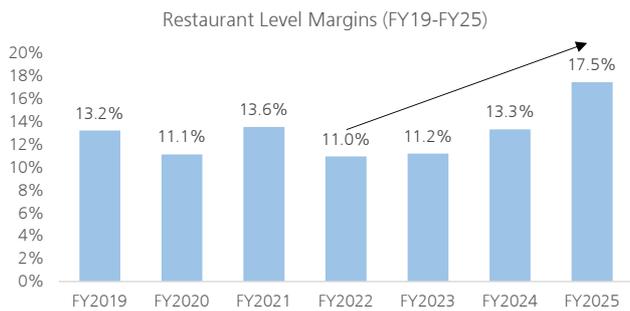
WHAT'S PRICED IN?

Shares currently reflect solid annual EBITDA growth within the long-term algorithm range, with Consensus forecasting a 7% 4-yr CAGR FY25-FY29. Near-term, investor expectations are for EBITDA growth above the 5-8% range (9.5% in FY26 and 8.4% in FY27) given strong top line momentum, sales leverage and efficiencies, partially offset by still elevated beef costs.

Restaurant margin expansion should continue over the coming years

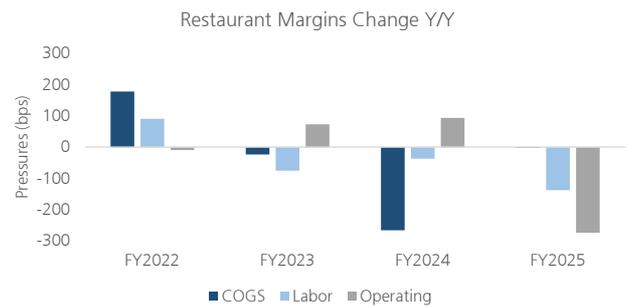
We expect EAT restaurant margins are likely to continue to expand over the next few years, with pricing and broader sales leverage offsetting COGS and labor inflation. We model 30 bps of restaurant margin expansion in FY26 and 35 bps in FY27, even with still elevated beef costs and labor investments. We believe commodity inflation be closer to the lower end of the +MSD range for FY26 (slightly below +MSD guide from F1Q, but up still from initial +LSD guide) given lower tariff impacts, particularly for beef imported from Brazil, partially offsetting elevated beef costs. Despite incremental investments in labor (\$17MM for Chili's and \$4MM for Maggiano's) to support store traffic growth, particularly at high volume restaurants (>\$6MM AUV for Chili's), we still expect leverage on labor costs. We expect sales leverage, plus a stable labor supply, continued improvement in turnover, and efficiency gains should provide labor leverage.

Figure 12: Restaurant margins have increased significantly since FY22 and reached 17.5% in FY25, notably better than pre-COVID levels...



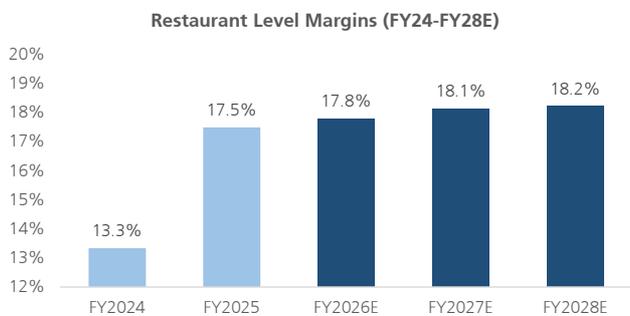
Source: Company reports

Figure 13: ...with cost margin improvement across all line items.



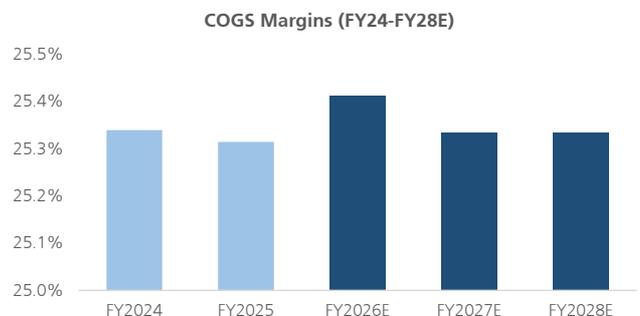
Source: Company reports

Figure 14: We expect restaurant margin expansion in FY26 and FY27...



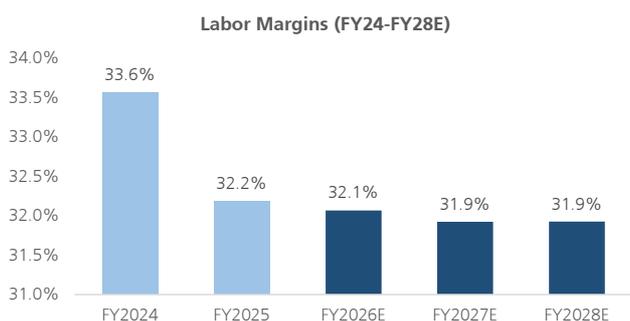
Source: Company reports, UBS estimates

Figure 15: ...with COGS improvement...



Source: Company reports, UBS estimates

Figure 16: ...and labor efficiency/leverage.



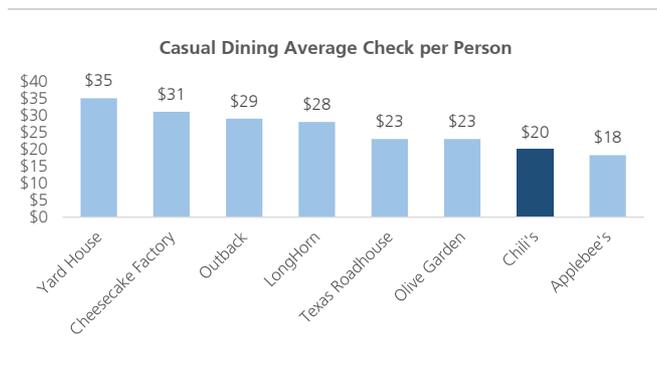
Source: Company reports, UBS estimates

Modest strategic pricing expected with traffic remaining in focus

We believe Chili's maintains at least modest pricing power given a lower average check compared to casual dining peers and given the brand's menu and service upgrades. While focus will likely remain on sustaining traffic momentum, we believe Brinker can use strategic pricing as a potential lever to help offset future cost / margin pressures

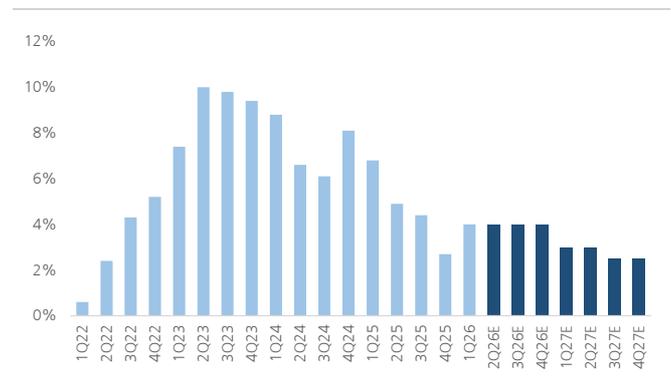
while still maintaining solid value positioning; we expect ~4% pricing in FY26.

Figure 17: Chili's average check is lower than many casual dining peers.



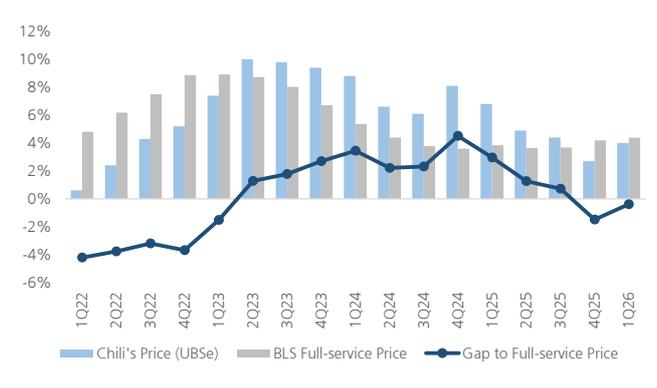
Source: Company reports

Figure 18: Chili's pricing has stabilized over the past 2 years, and we forecast ~4% pricing in FY26 and below 3% in FY27.



Source: Company reports, UBS estimates

Figure 19: Chili's pricing has dropped below the casual dining peer avg in recent quarters.

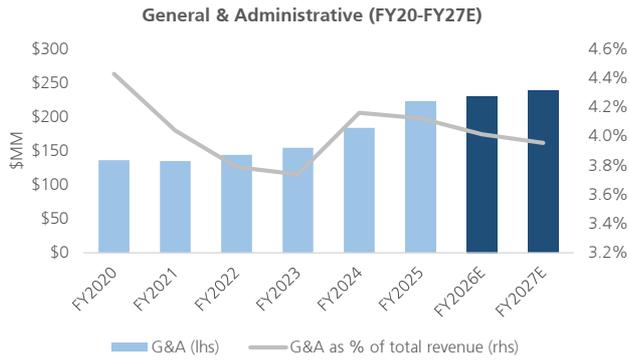


Source: Company reports, BLS, UBS

Expect EBITDA growth towards higher end of guidance

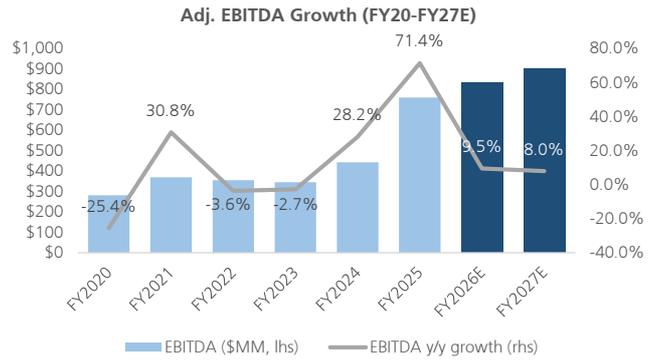
We believe EAT can achieve its 5-8% long-term EBITDA growth algorithm, supported by sales leverage and efficient cost management. We expect stabilized G&A as a % of revenue with some investment in ERP systems, as well as performance-based compensation, offset by sales growth.

Figure 20: We expect G&A as a % of revenue should remain stable over the coming years given sales leverage...



Source: Company reports.

Figure 21: ...with adj EBITDA growth closer to the higher end of the 5-8% long-term growth algorithm.



Source: Company reports, UBS estimates

WHAT'S PRICED IN?

Valuation

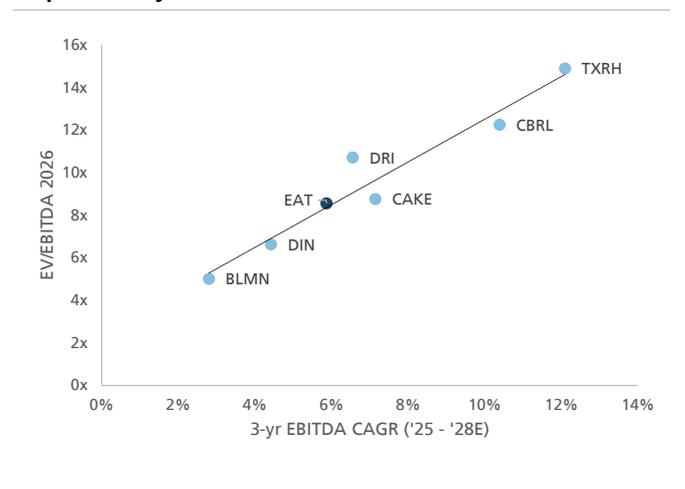
We are raising our price target to \$175 from \$144 based on ~8.5x (from 7.5x) our higher NTM EBITDA in 12 months, reflecting Chili's ongoing robust sales momentum, expectations for sustained traffic momentum and market share gains in '26, and potential earnings upside. Our target multiple is ~in line with EAT's current valuation and ~in line relative to other casual dining peers when comparing '26 EV/EBITDA and respective 3-year EBITDA CAGRs ('25-'28), reflecting: i) EAT's progress against strategic initiatives which are supporting particularly robust traffic and profitability, ii) sales and traffic outperformance relative to peers, and iii) better visibility into strong FY26 and multiyear earnings power.

Figure 22: EAT currently trades ~0.5 SD above its historical NTM EV/EBITDA average...



Source: FactSet, UBS

Figure 23: ...and is trading ~in line relative to other casual dining peers when comparing '26 EV/EBITDA and respective 3-year EBITDA CAGR.



Source: FactSet, UBS

Figure 24: Select UBS estimate changes

	2026E			2027E			2028E		
	New	Old	Change	New	Old	Change	New	Old	Change
Chili's SSS	9.1%	8.7%	38 bps	4.0%	3.8%	25 bps	3.5%	3.5%	0 bps
Unit Growth	0.9%	0.8%	6 bps	1.0%	1.0%	0 bps	1.1%	0.7%	42 bps
Total Revenue	5,751	5,719	0.6%	6,048	6,000	0.8%	6,279	6,215	1.0%
Restaurant Margin	17.8%	17.7%	7 bps	18.1%	18.1%	5 bps	18.2%	18.2%	5 bps
G&A	231	230	0.5%	239	241	-0.6%	248	249	-0.4%
Operating Margin	10.7%	10.6%	9 bps	11.1%	11.0%	10 bps	11.2%	11.1%	9 bps
EBITDA	836	826	1.2%	904	889	1.7%	943	926	1.9%
Dil. EPS	\$ 10.40	\$ 10.29	1.1%	\$ 11.92	\$ 11.89	0.2%	\$ 13.10	\$ 13.07	0.2%

Source: UBS Estimates

UBS Research THESIS MAP a guide to our thinking and what's where in this report

PIVOTAL QUESTIONS

Q: Can SG achieve 3-5% sss growth over the next several years?

We believe SG will likely face macro pressures and consumer spending challenges at least into '26 (UBSe flat sss), given likely continued weakness among SG's core younger consumer cohort (ages 25-35, ~30% of revenue mix). Additionally, value perceptions are likely a focal point for improvement given competition among fast casual peers and QSR / casual dining brands. That said, we believe SG could still reach LSD-MSD% sss over the coming years given multiple drivers including: menu innovation, improved value perceptions, throughput benefits, optimized marketing, and digital/loyalty gains (UBSe 3.5% avg sss from '27-'28).

Q: Can SG achieve 15-20% unit growth over the next several years?

No, we expect a sizable unit growth deceleration in '26 as management shifts focus to capital preservation, as well as to investments to revive demand and improve sss across the existing system. We also believe SG's development cadence in '27 and potentially the out years could remain below its original long-term target of 15-20% (UBSe 6.6% net new store 3-yr CAGR '26-'29).

UBSVIEW

We are downgrading SG from Buy to Neutral given: 1) our expectation that store traffic will take time to inflect positively as macro pressures are likely to persist and consumer spending remains depressed, particularly among younger consumers; 2) slower net unit growth cadence at least in '26 and likely over the coming years as management shifts focus towards capital preservation and investments to improve sss across the existing system, and 3) pressured margins due to sales deleverage. We believe SG will likely see greater impacts from macro challenges relative to select other fast casual brands as the company works on improving value perceptions, while the recently introduced Sweet Growth Transformation Plan could take time to gain notable traction. We believe SG's valuation now reflects current sales challenges which could continue into '26, while EBITDA is depressed. We also believe risk/reward is balanced as SG still maintains drivers for solid sss & EBITDA growth over the longer-term, with opportunities for reaccelerating development once sales and traffic growth recover.

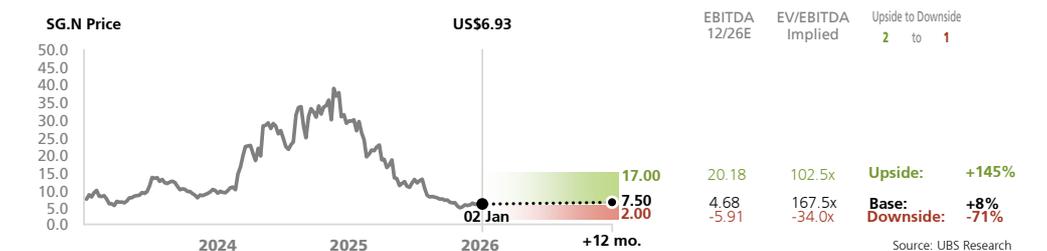
EVIDENCE

Despite a solid track record of growth over the past few years, SG's sss and traffic notably slowed in '25 as macro headwinds pressured fast casual segment trends. SG's value perceptions lag select peers and trended lower y/y, according to our UBS Evidence Lab QSR survey. Specifically, 12% survey respondents believe Sweetgreen has great value (vs. 15% fast casual peer avg), and 10% believe Sweetgreen has a good selection of low-priced menu choices (vs. 12% fast casual peer avg). Solid value perception attributes also declined to 12% in '25 from 17% in '24, while peers remained stable at 16%.

WHAT'S PRICED IN?

Shares now reflect expectations for challenged sss in '26, likely closer to flattish, with EBITDA margins forecast to remain depressed, while unit growth is projected to be notably below the 15-20% LT algorithm through '28. Sell-side Consensus forecasts 0.1% '26 sss and 2.2% 3-yr avg sss through '28, an 8.5% unit CAGR, and ~6% EBITDA margins by '28.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	SSS growth	Unit growth	Restaurant margins	G&A as a % of sales	Adj. EBITDA margin
\$17 upside	2.0%	6.4%	16.3%	15.6%	2.6%
\$7.50 base	0.0%	5.7%	14.8%	16.2%	0.6%
\$2 downside	-2.0%	4.6%	13.8%	16.7%	-0.8%

Source: UBS estimates.

COMPANY DESCRIPTION

Sweetgreen is a fast casual restaurant brand that serves a variety of customizable salads and hotplates across the US.

SG: Downgrade to Neutral, PT \$7.50

LT growth potential remains, but near-term pressure limits recovery visibility

We are downgrading SG from Buy to Neutral given: 1) our expectation that store traffic and sales will take time to inflect positively as macro pressures are likely to persist into '26 and key customer cohorts are likely to remain challenged (ie younger consumers); 2) slower net unit growth cadence at least in '26 as management shifts focus towards capital preservation and investment to improve sss across the exist system, and 3) pressured margins due to sales deleverage. We believe SG could see greater impacts from macro challenges relative to other fast casual brands as the company works on improving value perceptions, while the recently introduced Sweet Growth Transformation Plan could take time to get traction. We believe SG's valuation now reflects current sales challenges which could continue into '26, while EBITDA is depressed. We also believe the risk/reward is balanced as SG still maintains drivers for solid sss & EBITDA growth over the longer-term, w/ opportunities to reaccelerate development once sales and traffic growth recover.

Topline pressures likely to persist, w/ drivers for improvement longer-term

While we believe SG maintains drivers for solid sales and traffic growth over the longer-term, we believe the brand could continue to face pressures from macro and consumer spending challenges, including softness among SG's core younger consumer cohort (ages 25-35, ~30% of revenue mix). Value perceptions are also likely a focal point for improvement given competition among fast casual peers as well as from more value focused / promotional QSR and casual dining brands. Over time, we believe SG's Sweet Growth Transformation Plan should support a positive inflection in traffic trends, with key drivers including: 1) a sizable menu innovation pipeline; 2) menu/pricing architecture updates and discounts/promotions targeted to improve value perceptions; 3) improved throughput; 4) optimized media investment to drive customer acquisition; and 5) loyalty gains after lapping the deferred revenue buildup. We model ~flat '26 sss, including -2.1% traffic, 2.1% pricing and flat mix.

Development below LT algo, w/ focus on new store performance & returns

We expect a sizable unit growth deceleration in '26 as management shifts focus to capital preservation, as well as investments to strengthen demand and improve sss across the existing system. We also believe SG's development cadence in '27 and potentially the out years could remain below the company's original long-term target of 15-20% store growth (UBSe 6.6% net store 3-yr CAGR '26-'29). Focus will be on new store performance in both existing and new markets, including achievability of the cash-on-cash return target of >40%. We expect the sale of Spyce to Wonder should help strengthen SG's balance sheet, with lower operating costs and less risk from potential tariff headwinds. Additionally, we believe Infinite Kitchen should remain a development focus given the sizable labor savings and COGS improvement, with benefits from throughput unlocks and positive customer experience feedback. We model 5.7% unit growth in '26 and 8.0% in '27.

Valuation: Better visibility into growth reacceleration needed for upside

Our \$7.50 PT (was \$12) is based on ~20x (from 39x) our discounted '28 EBITDA estimate. Our target multiple is at a ~25% discount to peers, reflecting SG's underperformance relative to peers, including recent sss and earnings pressures. We utilize a comp set of high unit growth peers, including CAVA, CMG, BROS, WING, and SHAK, to arrive at our EBITDA multiple. Our target multiple discount to peers is ~in line with our prior target, reflecting lower visibility into the recovery of growth trajectory given uncertainty from macro and brand-specific challenges. Recent valuation compression among high growth peers reflects slower industry sales trends and a pressured macro environment.

Figure 25: High growth limited service restaurant peers trade at an avg ~27x NTM EBITDA multiple.

	Ticker	Rating	Price Target	Stock Price (01/02/2026)	Market Cap (\$MM)	EV/EBITDA			EV/Sales		
						NTM	CY26E	CY27E	NTM	CY26E	CY27E
CAVA	CAVA	Neutral	\$66	\$60.55	\$6,807	38.2x	36.4x	28.9x	4.9x	4.7x	3.9x
Chipotle	CMG	Buy	\$45	\$37.49	\$48,924	20.3x	19.7x	17.0x	3.8x	3.7x	3.3x
Dutch Bros	BROS	Buy	\$85	\$62.16	\$7,777	33.0x	31.1x	24.5x	5.9x	5.6x	4.6x
Wingstop	WING	Neutral	\$295	\$256.84	\$6,627	30.4x	28.7x	24.2x	10.2x	9.8x	8.4x
Shake Shack	SHAK	Neutral	\$104	\$83.47	\$3,267	14.0x	13.4x	11.3x	2.0x	2.0x	1.7x
Average						27.2x	25.9x	21.2x	5.4x	5.2x	4.4x

Source: FactSet, UBS estimates

Figure 26: Select UBS estimate changes

	2025E			2026E			2027E			2028E		
	New	Old	Change	New	Old	Change	New	Old	Change	New	Old	Change
Same-store Sales	-8.2%	-8.2%	1 bps	0.0%	-0.3%	26 bps	3.0%	4.0%	-100 bps	4.0%	4.0%	0 bps
Unit Growth	15.0%	13.4%	163 bps	5.7%	5.4%	28 bps	8.0%	8.2%	-14 bps	12.1%	12.3%	-19 bps
Revenue (\$MM)	685.7	685.1	0.1%	758.9	765.9	-0.9%	842.5	848.8	-0.7%	981.8	984.2	-0.2%
RLM	14.9%	14.9%	-4 bps	14.8%	15.7%	-88 bps	16.5%	17.4%	-85 bps	18.8%	19.3%	-49 bps
G&A (\$MM)	132.7	132.6	0.1%	122.6	127.8	-4.1%	125.0	129.8	-3.7%	131.5	136.6	-3.7%
Operating Margin	-16.4%	-16.1%	-25 bps	-12.7%	-11.9%	-85 bps	-9.7%	-9.6%	-9 bps	-5.7%	-5.9%	17 bps
Diluted EPS	-0.88	-0.86	-1.8%	-0.75	-0.70	-6.8%	-0.63	-0.63	-0.4%	-0.45	-0.46	3.0%

Source: UBS estimates

Other Price Target Changes

Figure 27: Summary of UBS Price Target Changes

	Rating	Price Target		Target Multiple EV/EBITDA		Current Price (01/02/2026)
		New	Old	New	Old	
CAVA	Neutral	\$66	\$58	35.0x	30.0x	\$63.48
DIN	Neutral	\$35	\$21	6.0x	5.0x	\$34.57
JACK	Neutral	\$21	\$17	7.5x	7.0x	\$18.98
PLAY	Neutral	\$19	\$20	4.0x	4.0x	\$16.88
PTLO	Neutral	\$5.50	\$6	8.5x	9.0x	\$4.72
WEN	Neutral	\$8.50	\$9.50	7.0x	7.5x	\$8.11

Source: FactSet, UBS estimates

CAVA (\$66 price target from \$58, Neutral) – We lower our price target to reflect the challenging macro environment and ongoing traffic pressure. We use an ~35x multiple (previously 30x) on our NTM EBITDA estimate in 12 months to arrive at our new price target, which is ~1.5 SD below CAVA's historical multiple average (from ~1.7x).

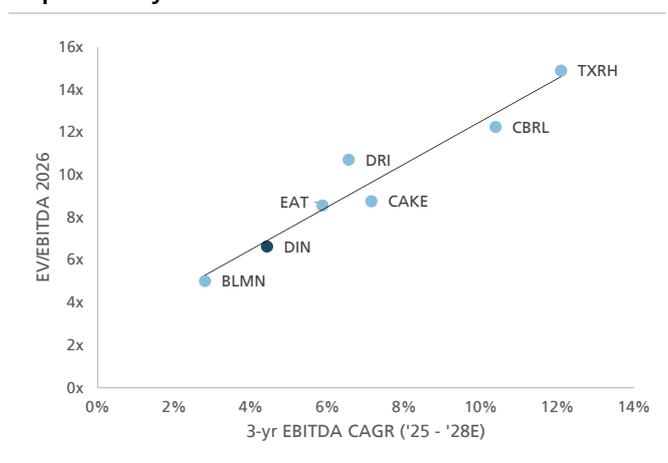
Dine Brands (\$35 price target from \$21, Neutral) - We raise our price target to reflect expectations for improved trends at Applebee's, with recent progress against strategic plans likely on track. We use a ~6x multiple (from ~5x) on our NTM EBITDA estimates in 12 months to arrive at our new price target. Our target multiple is ~1 SD below DIN's 5-yr historical average multiple, and slightly below other casual dining peers when comparing '26 EV/EBITDA and respective 3-year EBITDA CAGR, reflecting still pressured traffic trends at IHOP and challenged unit growth relative to peers. Our prior target multiple was ~1.5 SD below historical average, but our new target indicates expectations for improvement in trends given solid brand value positioning and execution. Upside / downside: \$70 / \$10 (unchanged).

Figure 28: DIN currently trades ~0.7 SD below its historical NTM EV/EBITDA average...



Source: FactSet, UBS

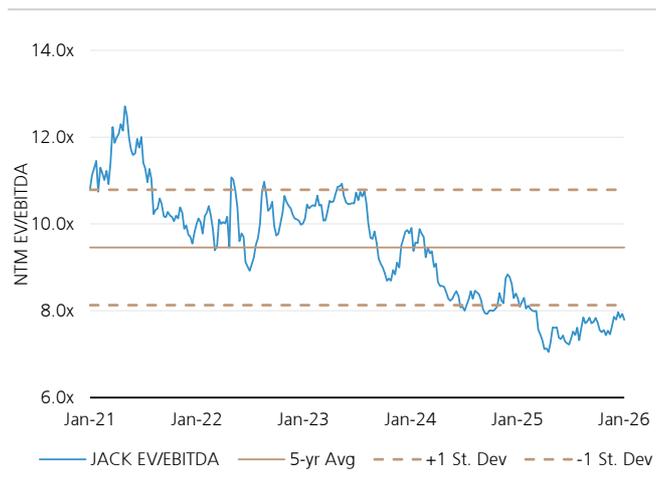
Figure 29: ...and is trading ~in line relative to other casual dining peers when comparing '26 EV/EBITDA and respective 3-year EBITDA CAGR.



Source: FactSet, UBS

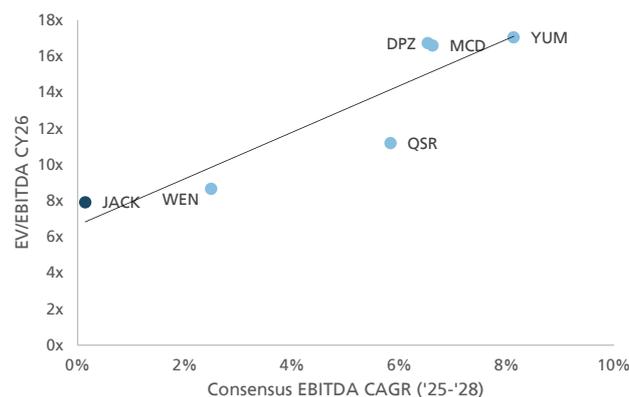
Jack in the Box (\$21 price target from \$17, Neutral) - We raise our price target to reflect expectations for improved trends at Jack in the Box through '26 driven by strategic plans, with opportunities for a stronger balance sheet and FCF generation post the TACO divestiture. We use a ~7.5x multiple (from ~7x) on our NTM EBITDA estimates in 12 months to arrive at our new price target. Our target multiple is ~1 SD below its 5-yr historical average multiples, and roughly in line with other QSR peers when comparing '26 EV/EBITDA and respective 3-year EBITDA CAGR. Our prior target multiple was ~1.5 SD below historical average, but our new target indicates expectations for improvement in trends given anticipated progress against "Jack on Track" strategic plans. Upside / downside: \$100 / \$10 (unchanged).

Figure 30: JACK currently trades ~1 SD below its historical NTM EV/EBITDA average...



Source: FactSet, UBS

Figure 31: ...and is trading roughly ~in line with other QSR peers when comparing '26 EV/EBITDA and respective 3-year EBITDA CAGR.



Source: FactSet, UBS

Dave & Buster's (\$19 price target from \$20, Neutral) – We lower our price target to reflect challenging macro conditions and ongoing traffic pressure. We use a ~4.0x multiple (unchanged) on our NTM EBITDA estimate in 12 months to arrive at our new price target, which is ~1.5 SD below PLAY's historical multiple average.

Portillo's (\$5.50 price target from \$6, Neutral) – We lower our price target to reflect challenging macro conditions and ongoing traffic pressure. We use an ~8.5x multiple (previously ~9x) on our NTM EBITDA estimate in 12 months to arrive at our new price target, which is ~1 SD below PTLO's historical multiple average (~unchanged).

Wendy's (\$8.50 price target from \$9.50, Neutral) – We lower our price target to reflect a still challenging macro environment that limits visibility into the '26 growth outlook. We use a ~7x multiple (previously ~7.5x) on our NTM EBITDA estimate in 12 months to arrive at our \$8.50 price target, which is ~2.7 SD below WEN's historical multiple average (prior ~2.4 SD below) given macro headwinds and brand specific challenges.

UPSIDE/DOWNSIDE SPECTRUM

EAT is trading at \$151.52 as of Jan 2.



Value drivers	Chili's company sss	Unit growth	Restaurant margins	G&A	Operating margin
\$300 upside	10.6%	1.4%	18.3%	\$225MM	11.4%
\$175 base	9.1%	0.9%	17.8%	\$231MM	10.7%
\$80 downside	7.6%	0.3%	17.2%	\$239MM	10.0%

Source: UBS estimates

UPSIDE (\$300): Our upside scenario of \$300 includes the following assumptions for FY26: i) Stronger than expected traffic and sales, with Chili's comp of 10.6%, ii) unit growth of 1.4%, iii) restaurant margin expansion to 18.3%, iv) operating margin expansion to 11.4% and v) ~13x NTM EBITDA multiple 12 months from now.

BASE (\$175): Our base case scenario of \$175 includes the following assumptions for FY26: i) Chili's same-store sales of 9.1%, ii) unit growth of 0.9%, iii) restaurant margin of 17.8%, iv) operating margin of 10.7% and v) ~8.5x NTM EBITDA multiple 12 months from now.

DOWNSIDE (\$80): Our downside scenario of \$80 includes the following assumptions for FY26: i) Chili's same-store sales of 7.6%, ii) 0.3% unit growth, iii) restaurant margin of 17.2%, iv) operating margin of 10.0% and v) ~4.5x NTM EBITDA multiple 12 months from now.

UPSIDE/DOWNSIDE SPECTRUM



SG is trading at \$6.93 as of Jan 2.

Value drivers	SSS growth	Unit growth	Restaurants margins	G&A, as a % of sales	Adj. EBITDA margin
\$17 upside	2.0%	6.4%	16.3%	15.6%	2.6%
\$7.50 base	0.0%	5.7%	14.8%	16.2%	0.6%
\$2 downside	-2.0%	4.6%	13.8%	16.7%	-0.8%

Source: UBS Estimates

UPSIDE (\$17): Our upside case scenario of \$17 includes the following 2026 estimates: i) 2.0% sss, ii) 6.4% unit growth, iii) 16.3% restaurant margins, and iv) a ~33x multiple on our discounted '28 EBITDA in 12 months.

BASE (\$7.50): Our base case scenario of \$7.50 includes the following 2026 estimates: i) 0.0% sss, ii) 5.7% unit growth, iii) 14.8% restaurant margins, and iv) a ~20x multiple on our discounted '28 EBITDA in 12 months.

DOWNSIDE (\$2): Our downside case scenario of \$2 includes the following 2026 estimates: i) -2.0% sss, ii) 4.6% unit growth, iii) 13.8% restaurant margins, and iv) a ~8x multiple on our discounted '28 EBITDA in 12 months.

Brinker (EAT.N)

Income Statement (US\$m)	06/23	06/24	06/25	06/26E	%ch	06/27E	%ch	06/28E	06/29E	06/30E
Revenues	4,133	4,415	5,384	5,751	6.8	6,048	5.2	6,279	6,532	6,813
Gross profit	500	627	982	1,067	8.6	1,143	7.1	1,192	1,245	1,305
EBITDA (UBS)	346	444	760	836	10.0	904	8.1	943	987	1,036
Depreciation & amortisation	(168)	(171)	(207)	(220)	-6.4	(234)	-6.5	(243)	(252)	(262)
EBIT (UBS)	178	273	554	617	11.3	670	8.7	701	735	773
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	1	0	1	0	-81.8	0	-	0	0	0
Net interest	(55)	(65)	(53)	(42)	21.2	(38)	8.2	(34)	(34)	(34)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	124	208	502	575	14.6	632	9.9	667	701	739
Tax	4	(21)	(92)	(109)	-18.3	(120)	-10.5	(127)	(133)	(140)
Profit after tax	127	188	410	466	13.7	512	9.7	540	568	599
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	0	0	0	0	-	0	-	0	0	0
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	127	188	410	466	13.7	512	9.7	540	568	599
Net earnings (UBS)	127	188	410	466	13.7	512	9.7	540	568	599
Tax rate (%)	0.0	9.9	18.3	18.9	3.3	19.0	0.6	19.0	19.0	19.0
Per Share (US\$)	06/23	06/24	06/25	06/26E	%ch	06/27E	%ch	06/28E	06/29E	06/30E
EPS (UBS, diluted)	2.83	4.13	8.90	10.40	16.9	11.92	14.6	13.10	14.48	16.19
EPS (local GAAP, diluted)	2.83	4.13	8.90	10.40	16.9	11.92	14.6	13.10	14.48	16.19
EPS (UBS, basic)	2.89	4.22	9.20	10.66	15.8	12.23	14.7	13.78	16.09	19.41
DPS (net) (US\$)	0.00	0.00	0.00	0.00	-	0.00	-	0.00	0.00	0.00
Cash EPS (UBS, diluted) ¹	6.57	7.88	13.38	15.30	14.3	17.37	13.5	18.98	20.90	23.29
Book value per share	(3.27)	0.89	8.41	11.56	37.5	18.39	59.1	26.06	34.04	45.77
Average shares (diluted)	45	45	46	45	-2.7	43	-4.2	41	39	37
Balance Sheet (US\$m)	06/23	06/24	06/25	06/26E	%ch	06/27E	%ch	06/28E	06/29E	06/30E
Cash and equivalents	15	65	19	180	NM	266	47.3	484	639	836
Other current assets	168	170	188	180	-4.4	194	8.0	200	206	212
Total current assets	183	234	207	360	74.0	460	27.7	683	845	1,048
Net tangible fixed assets	808	880	953	1,021	7.1	1,067	4.5	1,104	1,132	1,150
Net intangible fixed assets	361	384	370	364	-1.5	364	0.0	364	364	364
Investments / other assets	1,135	1,095	1,149	1,166	1.5	1,166	0.0	1,166	1,166	1,166
Total assets	2,487	2,593	2,679	2,912	8.7	3,057	5.0	3,318	3,508	3,729
Trade payables & other ST liabilities	536	622	676	654	-3.2	676	3.4	685	694	704
Short term debt	0	0	0	0	-	0	-	0	0	0
Total current liabilities	536	622	676	654	-3.2	676	3.4	685	694	704
Long term debt	912	786	426	526	23.4	386	-26.6	386	386	386
Other long term liabilities	1,183	1,145	1,206	1,226	1.7	1,226	0.0	1,226	1,226	1,226
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	2,631	2,554	2,308	2,406	4.3	2,288	-4.9	2,297	2,306	2,316
Common s/h equity	(144)	39	371	506	36.3	769	52.1	1,022	1,202	1,413
Minority interests	0	0	0	0	-	0	-	0	0	0
Total liabilities & equity	2,487	2,593	2,679	2,912	8.7	3,057	5.0	3,318	3,508	3,729
Cash Flow (US\$m)	06/23	06/24	06/25	06/26E	%ch	06/27E	%ch	06/28E	06/29E	06/30E
Net income (before pref divs)	127	188	410	466	13.7	512	9.7	540	568	599
Depreciation & amortisation	168	171	207	220	6.4	234	6.5	243	252	262
Net change in working capital	(58)	35	18	(5)	-	8	-	3	3	4
Other operating	0	0	0	17	-	12	-29.0	12	12	12
Operating cash flow	238	393	634	698	10.0	765	9.6	798	835	877
Tangible capital expenditure	(185)	(199)	(265)	(279)	-5.0	(280)	-0.5	(280)	(280)	(280)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	6	5	1	0	-80.0	0	-	0	0	0
Other investing	5	2	1	1	-44.4	0	-	0	0	0
Investing cash flow	(174)	(192)	(263)	(278)	-5.5	(280)	-0.8	(280)	(280)	(280)
Equity dividends paid	(1)	0	0	0	-	0	-	0	0	0
Share issues / (buybacks)	8	2	(82)	(359)	-338.7	(260)	27.6	(300)	(400)	(400)
Other financing	(5)	(1)	(4)	0	-	0	-	0	0	0
Change in debt & pref shares	(432)	(181)	(376)	86	-	(140)	-	0	0	0
Financing cash flow	(431)	(180)	(461)	(273)	40.8	(400)	-46.4	(300)	(400)	(400)
Cash flow inc/(dec) in cash	(367)	21	(90)	147	-	85	-41.9	218	155	197
FX / non cash items	369	29	45	15	-67.4	0	-	0	0	0
Balance sheet inc/(dec) in cash	2	50	(46)	162	-	85	-47.1	218	155	197

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. ¹ Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

	06/23	06/24	06/25	06/26E	06/27E	06/28E	06/29E	06/30E
Valuation (x)								
P/E (local GAAP, diluted)	11.8	10.6	13.7	14.6	12.7	11.6	10.5	9.4
P/E (UBS, diluted)	11.8	10.6	13.7	14.6	12.7	11.6	10.5	9.4
P/CEPS	5.0	5.4	8.8	9.7	8.5	7.6	6.5	5.4
Equity FCF (UBS) yield %	3.6	10.1	6.8	6.3	7.3	7.7	8.3	8.9
Dividend yield (net) %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/BV	NM	48.9	14.5	13.1	8.2	5.8	4.5	3.3
EV/revenues (core)	0.6	0.6	1.1	1.2	1.1	1.1	1.0	0.9
EV/EBITDA (UBS core)	7.0	6.5	7.8	8.4	7.6	7.1	6.6	6.1
EV/EBIT (core)	13.7	10.5	10.8	11.4	10.3	9.6	8.9	8.2
EV/OpFCF (core)	15.1	11.7	12.0	12.7	11.1	10.1	9.2	8.4
EV/op. invested capital	3.3	3.8	7.7	8.7	7.9	7.4	7.0	6.6
Enterprise value (US\$m)								
Market cap.	1,489	1,927	5,392	6,682	6,682	6,682	6,682	6,682
Net debt (cash)	936	936	564	376	233	11	(176)	(352)
Buy out of minorities	0	0	0	0	0	0	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	2,426	2,863	5,957	7,058	6,915	6,693	6,507	6,330
Non core assets	0	0	0	0	0	0	0	0
Core enterprise value	2,426	2,863	5,957	7,058	6,915	6,693	6,507	6,330
Growth (%)								
Revenue	8.7	6.8	21.9	6.8	5.2	3.8	4.0	4.3
EBITDA (UBS)	(2.7)	28.4	71.4	10.0	8.1	4.3	4.6	4.9
EBIT (UBS)	(7.2)	53.7	103.0	11.3	8.7	4.6	4.9	5.2
EPS (UBS, diluted)	(8.4)	45.7	115.7	16.9	14.6	9.9	10.6	11.8
Net DPS	-	-	-	-	-	-	-	-
Margins & Profitability (%)								
Gross profit margin	12.1	14.2	18.2	18.6	18.9	19.0	19.1	19.2
EBITDA margin	8.4	10.0	14.1	14.5	14.9	15.0	15.1	15.2
EBIT (UBS) margin	4.3	6.2	10.3	10.7	11.1	11.2	11.3	11.3
Net earnings (UBS) margin	3.1	4.2	7.6	8.1	8.5	8.6	8.7	8.8
ROIC (EBIT)	24.3	36.0	72.0	NM	NM	NM	NM	NM
ROIC post tax	24.3	32.5	58.8	61.4	62.4	62.6	63.6	65.5
ROE (UBS)	(61.8)	(357.5)	199.9	106.4	80.3	60.3	51.1	45.8
Capital structure & Coverage (x)								
Net debt / EBITDA	2.6	1.6	0.5	0.4	0.1	(0.1)	(0.3)	(0.4)
Net debt / total equity %	NM	NM	109.8	68.3	15.6	(9.6)	(21.1)	(31.9)
Net debt / (net debt + total equity) %	NM	94.8	52.3	40.6	13.5	(10.6)	(26.7)	(46.7)
Net debt/EV %	38.6	28.3	9.5	5.3	3.4	0.2	(2.7)	(5.6)
Capex / depreciation %	110.0	116.5	128.4	126.8	119.6	115.4	111.1	106.7
Capex / revenue %	4.5	4.5	4.9	4.8	4.6	4.5	4.3	4.1
EBIT / net interest	3.2	4.2	10.4	14.7	17.5	20.7	21.8	22.9
Dividend cover (UBS)	-	-	-	-	-	-	-	-
Div. payout ratio (UBS) %	-	-	-	-	-	-	-	-
Revenues by division (US\$m)								
Others	4,133	4,415	5,384	5,751	6,048	6,279	6,532	6,813
Total	4,133	4,415	5,384	5,751	6,048	6,279	6,532	6,813
EBIT (UBS) by division (US\$m)								
Others	178	273	554	617	670	701	735	773
Total	178	273	554	617	670	701	735	773

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Sweetgreen (SG.N)

Income Statement (US\$m)	12/22	12/23	12/24	12/25E	%ch	12/26E	%ch	12/27E	12/28E	12/29E
Revenues	470	584	677	686	1.3	759	10.7	843	982	1,124
Gross profit	69	102	133	102	-23.3	112	10.0	139	184	232
EBITDA (UBS)	(50)	(3)	19	(11)	-	5	-	27	61	101
Depreciation & amortisation	(125)	(109)	(106)	(101)	4.9	(101)	-0.1	(108)	(117)	(123)
EBIT (UBS)	(175)	(112)	(88)	(112)	-28.2	(97)	14.1	(81)	(56)	(22)
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	5	13	11	7	-31.7	6	-18.8	4	0	(3)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	(170)	(99)	(77)	(105)	-36.5	(91)	13.7	(78)	(56)	(25)
Tax	(1)	0	1	2	17.6	0	-	0	0	(1)
Profit after tax	(171)	(99)	(76)	(104)	-36.8	(91)	12.5	(78)	(56)	(26)
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	0	0	0	0	-	0	-	0	0	0
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	(171)	(99)	(76)	(104)	-36.8	(91)	12.5	(78)	(56)	(26)
Net earnings (UBS)	(171)	(99)	(76)	(104)	-36.8	(91)	12.5	(78)	(56)	(26)
Tax rate (%)	0.0	0.0	0.0	0.0	-	0.0	-	0.0	0.0	0.0
Per Share (US\$)	12/22	12/23	12/24	12/25E	%ch	12/26E	%ch	12/27E	12/28E	12/29E
EPS (UBS, diluted)	(1.56)	(0.89)	(0.66)	(0.88)	-32.3	(0.75)	14.4	(0.63)	(0.45)	(0.20)
EPS (local GAAP, diluted)	(1.56)	(0.89)	(0.66)	(0.88)	-32.3	(0.75)	14.4	(0.63)	(0.45)	(0.20)
EPS (UBS, basic)	(1.56)	(0.89)	(0.66)	(0.88)	-32.3	(0.75)	14.4	(0.63)	(0.45)	(0.20)
DPS (net) (US\$)	0.00	0.00	0.00	0.00	-	0.00	-	0.00	0.00	0.00
Cash EPS (UBS, diluted) ¹	(0.42)	0.09	0.27	(0.02)	-	0.09	-	0.25	0.49	0.78
Book value per share	4.88	4.30	3.98	3.09	-22.3	2.44	-21.1	1.92	1.59	1.51
Average shares (diluted)	110	112	114	118	3.4	121	2.2	123	124	125
Balance Sheet (US\$m)	12/22	12/23	12/24	12/25E	%ch	12/26E	%ch	12/27E	12/28E	12/29E
Cash and equivalents	332	257	215	93	-56.5	21	-78.1	8	7	18
Other current assets	15	19	20	19	-4.9	20	7.9	22	26	29
Total current assets	346	276	235	112	-52.1	41	-63.7	30	33	47
Net tangible fixed assets	235	266	296	332	12.3	332	0.0	337	357	392
Net intangible fixed assets	328	314	326	354	8.8	357	0.8	360	363	366
Investments / other assets	0	0	0	0	-	0	-	0	0	0
Total assets	908	856	856	799	-6.7	730	-8.6	727	753	805
Trade payables & other ST liabilities	73	92	116	119	2.8	121	1.7	126	141	152
Short term debt	0	0	0	0	-	0	-	0	0	0
Total current liabilities	73	92	116	119	2.8	121	1.7	126	141	152
Long term debt	0	0	0	0	-	0	-	50	100	150
Other long term liabilities	295	282	295	316	7.0	316	0.0	316	316	316
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	368	374	411	435	5.8	437	0.5	492	556	617
Common s/h equity	541	483	446	365	-18.2	294	-19.3	236	197	188
Minority interests	0	0	0	0	-	0	-	0	0	0
Total liabilities & equity	909	857	857	800	-6.7	731	-8.6	727	754	806
Cash Flow (US\$m)	12/22	12/23	12/24	12/25E	%ch	12/26E	%ch	12/27E	12/28E	12/29E
Net income (before pref divs)	(171)	(99)	(76)	(104)	-36.8	(91)	12.5	(78)	(56)	(26)
Depreciation & amortisation	125	109	106	101	-4.9	101	0.1	108	117	123
Net change in working capital	(25)	(9)	(13)	(30)	-126.8	1	-	4	10	8
Other operating	28	26	26	23	-11.3	1	-95.1	1	1	1
Operating cash flow	(43)	26	43	(9)	-	12	-	35	73	106
Tangible capital expenditure	(97)	(90)	(84)	(106)	-26.0	(81)	23.7	(93)	(120)	(142)
Intangible capital expenditure	(5)	(6)	(8)	(7)	10.2	(4)	42.5	(4)	(4)	(4)
Net (acquisitions) & disposals	0	0	0	0	-	0	-	0	0	0
Other investing	0	0	0	0	-	0	-	0	0	0
Investing cash flow	(102)	(96)	(92)	(113)	-22.9	(85)	24.8	(97)	(124)	(146)
Equity dividends paid	0	0	0	0	-	0	-	0	0	0
Share issues / (buybacks)	0	0	0	0	-	0	-	0	0	0
Other financing	5	(5)	9	3	-69.1	0	-	0	0	0
Change in debt & pref shares	0	0	0	0	-	0	-	50	50	50
Financing cash flow	5	(5)	9	3	-69.1	0	-	50	50	50
Cash flow inc/(dec) in cash	(141)	(74)	(40)	(120)	-200.2	(73)	39.1	(12)	(1)	10
FX / non cash items	0	0	(3)	(1)	40.6	0	-	0	0	0
Balance sheet inc/(dec) in cash	(140)	(74)	(42)	(121)	-185.9	(73)	39.9	(12)	(1)	10

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. ¹ Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
Valuation (x)								
P/E (local GAAP, diluted)	NM	NM	NM	NM	NM	NM	NM	NM
P/E (UBS, diluted)	(13.1)	(12.0)	(41.6)	(7.9)	(9.2)	(11.0)	(15.4)	(33.8)
P/CEPS	NM	NM	NM	NM	NM	28.0	14.0	8.9
Equity FCF (UBS) yield %	(7.7)	(5.8)	(1.6)	(15.8)	(9.4)	(8.0)	(6.6)	(5.1)
Dividend yield (net) %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/BV	4.2	2.5	6.9	2.2	2.8	3.6	4.4	4.6
EV/revenues (core)	3.1	1.5	4.2	0.9	0.9	0.9	0.9	0.8
EV/EBITDA (UBS core)	NM	NM	>100	NM	>100	29.6	13.9	8.8
EV/EBIT (core)	NM	NM	NM	NM	NM	NM	NM	NM
EV/OpFCF (core)	NM	NM	>100	NM	>100	29.6	13.9	8.8
EV/op. invested capital	7.6	4.1	12.5	2.5	2.6	2.9	3.0	2.9
Enterprise value (US\$m)	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
Market cap.	1,878	1,187	3,091	778	778	778	778	778
Net debt (cash)	(402)	(294)	(236)	(154)	(57)	11	67	113
Buy out of minorities	0	0	0	0	0	0	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	1,477	892	2,855	623	721	788	845	890
Non core assets	0	0	0	0	0	0	0	0
Core enterprise value	1,477	892	2,855	623	721	788	845	890
Growth (%)	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
Revenue	38.3	24.2	15.9	1.3	10.7	11.0	16.5	14.5
EBITDA (UBS)	20.9	94.4	-	-	-	NM	128.7	66.2
EBIT (UBS)	(37.3)	36.2	21.6	(28.2)	14.1	15.6	31.1	61.3
EPS (UBS, diluted)	66.0	42.9	25.4	(32.3)	14.4	15.8	29.0	54.3
Net DPS	-	-	-	-	-	-	-	-
Margins & Profitability (%)	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
Gross profit margin	14.7	17.5	19.6	14.9	14.8	16.5	18.8	20.6
EBITDA margin	NM	NM	2.8	NM	0.6	3.2	6.2	9.0
EBIT (UBS) margin	(37.3)	(19.1)	(13.0)	(16.4)	(12.7)	(9.7)	(5.7)	(1.9)
Net earnings (UBS) margin	NM	NM	NM	NM	NM	NM	NM	NM
ROIC (EBIT)	NM	NM	NM	NM	NM	NM	NM	NM
ROIC post tax	NM	NM	NM	NM	NM	NM	NM	NM
ROE (UBS)	(28.7)	(19.4)	(16.3)	(25.5)	(27.5)	(29.3)	(25.7)	(13.3)
Capital structure & Coverage (x)	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
Net debt / EBITDA	6.6	92.0	(11.5)	8.4	(4.4)	1.6	1.5	1.3
Net debt / total equity %	(61.3)	(53.3)	(48.1)	(25.6)	(7.0)	17.7	46.9	70.3
Net debt / (net debt + total equity) %	NM	NM	(92.8)	(34.4)	(7.5)	15.0	31.9	41.3
Net debt/EV %	(27.2)	(33.0)	(8.3)	(24.7)	(7.9)	1.3	7.9	12.6
Capex / depreciation %	NM	150.7	125.4	147.5	100.0	104.5	120.4	133.6
Capex / revenue %	20.6	15.4	12.5	15.5	10.7	11.1	12.2	12.6
EBIT / net interest	-	-	-	-	-	-	-	-
Dividend cover (UBS)	-	-	-	-	-	-	-	-
Div. payout ratio (UBS) %	-	-	-	-	-	-	-	-
Revenues by division (US\$m)	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
Others	470	584	677	686	759	843	982	1,124
Total	470	584	677	686	759	843	982	1,124
EBIT (UBS) by division (US\$m)	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
Others	(175)	(112)	(88)	(112)	(97)	(81)	(56)	(22)
Total	(175)	(112)	(88)	(112)	(97)	(81)	(56)	(22)

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Dine Brands Global (DIN.N)

Income Statement (US\$m)	12/22	12/23	12/24	12/25E	%ch	12/26E	%ch	12/27E	12/28E	12/29E
Revenues	909	831	812	888	9.3	914	2.9	909	933	959
Gross profit	377	397	375	359	-4.3	371	3.3	368	385	397
EBITDA (UBS)	249	255	237	213	-10.1	224	5.2	221	235	242
Depreciation & amortisation	(54)	(48)	(55)	(57)	-2.6	(63)	-11.9	(63)	(65)	(66)
EBIT (UBS)	195	208	182	156	-14.0	161	2.8	158	170	176
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	(57)	(67)	(69)	(73)	-6.7	(79)	-8.1	(79)	(79)	(79)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	138	141	113	83	-26.6	81	-1.8	79	90	97
Tax	(37)	(37)	(31)	(23)	25.4	(22)	4.2	(21)	(24)	(26)
Profit after tax	101	104	82	60	-27.1	59	-0.9	57	66	71
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(3)	(2)	(2)	(2)	6.3	(2)	0.0	(2)	(2)	(2)
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	99	101	80	58	-27.7	57	-0.9	55	64	68
Net earnings (UBS)	99	101	80	58	-27.7	57	-0.9	55	64	68
Tax rate (%)	26.7	26.5	27.2	27.7	1.7	27.0	-2.4	27.0	27.0	27.0
Per Share (US\$)	12/22	12/23	12/24	12/25E	%ch	12/26E	%ch	12/27E	12/28E	12/29E
EPS (UBS, diluted)	6.20	6.65	5.35	3.99	-25.3	4.78	19.7	5.02	6.33	7.39
EPS (local GAAP, diluted)	6.20	6.65	5.35	3.99	-25.3	4.78	19.7	5.02	6.33	7.39
EPS (UBS, basic)	6.21	6.65	5.35	3.99	-25.3	4.78	19.7	5.02	6.33	7.39
DPS (net) (US\$)	1.99	2.04	2.04	1.72	-15.7	0.76	-55.8	0.80	0.84	0.88
Cash EPS (UBS, diluted) ¹	9.60	9.77	9.04	7.91	-12.5	10.06	27.3	10.76	12.75	14.59
Book value per share	(19.20)	(16.40)	(14.50)	(17.63)	-21.6	(17.86)	-1.3	(16.37)	(13.36)	(9.07)
Average shares (diluted)	16	15	15	14	-3.2	12	-17.2	11	10	9
Balance Sheet (US\$m)	12/22	12/23	12/24	12/25E	%ch	12/26E	%ch	12/27E	12/28E	12/29E
Cash and equivalents	309	181	229	196	-14.4	226	15.3	290	369	445
Other current assets	171	177	157	175	11.6	183	4.8	176	180	185
Total current assets	480	358	386	371	-3.8	410	10.3	465	549	629
Net tangible fixed assets	145	162	156	156	0.2	133	-15.2	110	86	63
Net intangible fixed assets	851	840	824	816	-1.0	816	0.0	816	816	816
Investments / other assets	405	381	424	444	4.7	444	0.0	444	444	444
Total assets	1,881	1,740	1,791	1,788	-0.2	1,802	0.8	1,835	1,895	1,952
Trade payables & other ST liabilities	463	453	439	356	-18.9	342	-4.0	339	355	362
Short term debt	8	7	6	6	-0.4	6	0.0	6	6	6
Total current liabilities	471	460	445	362	-18.7	348	-3.9	346	361	369
Long term debt	1,301	1,146	1,144	1,243	8.6	1,243	0.0	1,243	1,243	1,243
Other long term liabilities	411	385	417	423	1.4	423	0.0	423	423	423
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	2,183	1,991	2,007	2,028	1.1	2,014	-0.7	2,011	2,027	2,034
Common s/h equity	(301)	(251)	(216)	(240)	-11.3	(212)	12.0	(176)	(132)	(82)
Minority interests	0	0	0	0	-	0	-	0	0	0
Total liabilities & equity	1,881	1,740	1,791	1,788	-0.2	1,802	0.8	1,835	1,895	1,952
Cash Flow (US\$m)	12/22	12/23	12/24	12/25E	%ch	12/26E	%ch	12/27E	12/28E	12/29E
Net income (before pref divs)	99	101	80	58	-27.7	57	-0.9	55	64	68
Depreciation & amortisation	54	48	55	57	2.6	63	11.9	63	65	66
Net change in working capital	(39)	(2)	(4)	(28)	NM	(23)	18.2	5	11	3
Other operating	(25)	(16)	(23)	3	-	2	-32.3	2	2	2
Operating cash flow	89	131	108	90	-16.8	100	11.3	126	142	140
Tangible capital expenditure	(35)	(37)	(14)	(34)	-140.2	(21)	37.5	(21)	(22)	(24)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	(62)	(1)	(6)	0	96.5	(4)	NM	(4)	(4)	(4)
Other investing	17	8	12	6	-48.0	4	-34.6	4	4	4
Investing cash flow	(81)	(30)	(8)	(28)	-230.1	(21)	24.3	(21)	(22)	(24)
Equity dividends paid	(31)	(32)	(31)	(26)	16.3	(9)	65.3	(9)	(8)	(8)
Share issues / (buybacks)	(123)	(30)	(15)	(57)	-286.4	(40)	29.7	(32)	(32)	(32)
Other financing	(7)	(5)	0	(12)	NM	0	-	0	0	0
Change in debt & pref shares	52	(158)	(6)	2	-	0	-	0	0	0
Financing cash flow	(109)	(225)	(52)	(93)	-79.0	(49)	47.0	(41)	(40)	(40)
Cash flow inc/(dec) in cash	(100)	(124)	48	(30)	-	30	-	63	79	76
FX / non cash items	0	(3)	0	(2)	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	(100)	(127)	48	(33)	-	30	-	63	79	76

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. ¹ Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
Valuation (x)								
P/E (local GAAP, diluted)	11.5	9.0	7.1	8.3	7.0	6.6	5.2	4.5
P/E (UBS, diluted)	11.5	9.0	7.1	8.3	7.0	6.6	5.2	4.5
P/CEPS	7.4	6.1	4.2	4.2	3.3	3.1	2.6	2.3
Equity FCF (UBS) yield %	4.6	10.2	16.4	11.4	16.0	21.1	24.1	23.5
Dividend yield (net) %	2.8	3.4	5.4	5.2	2.3	2.4	2.5	2.6
P/BV	NM							
EV/revenues (core)	2.4	2.3	1.9	1.7	1.7	1.6	1.5	1.4
EV/EBITDA (UBS core)	8.6	7.5	6.4	7.0	6.8	6.7	6.0	5.5
EV/EBIT (core)	11.0	9.2	8.4	9.5	9.5	9.4	8.3	7.6
EV/OpFCF (core)	10.1	8.8	6.8	8.3	7.5	7.4	6.7	6.1
EV/op. invested capital	3.0	2.7	2.1	2.0	1.9	1.9	1.8	1.8
Enterprise value (US\$m)								
Market cap.	1,168	925	574	495	495	495	495	495
Net debt (cash)	986	986	947	987	1,038	991	920	842
Buy out of minorities	0	0	0	0	0	0	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	2,155	1,911	1,521	1,482	1,533	1,486	1,415	1,337
Non core assets	0	0	0	0	0	0	0	0
Core enterprise value	2,155	1,911	1,521	1,482	1,533	1,486	1,415	1,337
Growth (%)								
Revenue	1.5	(8.6)	(2.3)	9.3	2.9	(0.5)	2.6	2.8
EBITDA (UBS)	(2.2)	2.4	(7.2)	(10.1)	5.2	(1.4)	6.1	3.4
EBIT (UBS)	(4.0)	6.3	(12.4)	(14.0)	2.8	(1.7)	7.5	3.6
EPS (UBS, diluted)	(5.5)	7.3	(19.6)	(25.3)	19.7	5.1	26.1	16.8
Net DPS	NM	2.5	0.0	(15.7)	(55.8)	5.0	5.0	5.0
Margins & Profitability (%)								
Gross profit margin	41.5	47.7	46.2	40.5	40.6	40.5	41.3	41.4
EBITDA margin	27.4	30.7	29.2	24.0	24.5	24.3	25.1	25.3
EBIT (UBS) margin	21.5	25.0	22.4	17.6	17.6	17.4	18.2	18.4
Net earnings (UBS) margin	10.8	12.2	9.8	6.5	6.3	6.1	6.8	7.1
ROIC (EBIT)	27.3	29.3	25.5	20.6	19.8	19.8	22.2	23.9
ROIC post tax	20.0	21.5	18.6	14.9	14.5	14.5	16.2	17.5
ROE (UBS)	(36.2)	(36.7)	(34.2)	(25.3)	(25.3)	(28.4)	(41.3)	(63.8)
Capital structure & Coverage (x)								
Net debt / EBITDA	4.0	3.8	3.9	4.9	4.6	4.3	3.8	3.3
Net debt / total equity %	NM							
Net debt / (net debt + total equity) %	NM							
Net debt/EV %	45.8	51.6	62.2	66.6	67.7	66.7	65.0	63.0
Capex / depreciation %	93.1	104.3	35.9	79.4	47.1	48.1	49.1	50.1
Capex / revenue %	3.9	4.5	1.7	3.8	2.3	2.4	2.4	2.5
EBIT / net interest	3.4	3.1	2.6	2.1	2.0	2.0	2.1	2.2
Dividend cover (UBS)	3.1	3.3	2.6	2.3	6.3	6.3	7.6	8.4
Div. payout ratio (UBS) %	32.1	30.7	38.2	43.1	15.9	15.9	13.2	11.9
Revenues by division (US\$m)								
Others	909	831	812	888	914	909	933	959
Total	909	831	812	888	914	909	933	959
EBIT (UBS) by division (US\$m)								
Others	195	208	182	156	161	158	170	176
Total	195	208	182	156	161	158	170	176

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Jack in the Box (JACK.O)

	09/23	09/24	09/25	09/26E	%ch	09/27E	%ch	09/28E	09/29E	09/30E
Income Statement (US\$K)										
Revenues	1,691,885	1,571,306	1,465,313	1,141,878	-22.1	1,142,857	0.1	1,167,090	1,193,052	1,220,467
Gross profit	507,717	472,894	425,929	361,097	-15.2	360,833	-0.1	371,464	382,880	395,418
EBITDA (UBS)	316,329	308,095	252,690	218,761	-13.4	223,181	2.0	228,059	234,384	240,885
Depreciation & amortisation	(62,287)	(59,776)	(58,314)	(47,669)	18.3	(47,168)	1.1	(47,794)	(48,433)	(49,085)
EBIT (UBS)	254,042	248,319	194,376	171,092	-12.0	176,013	2.9	180,265	185,950	191,799
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	(82,446)	(80,016)	(80,283)	(71,821)	10.5	(65,642)	8.6	(63,065)	(62,702)	(62,702)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	171,596	168,303	114,093	99,272	-13.0	110,371	11.2	117,200	123,248	129,097
Tax	(46,809)	(45,564)	(28,869)	(27,300)	5.4	(30,352)	-11.2	(32,230)	(33,893)	(35,502)
Profit after tax	124,787	122,739	85,224	71,972	-15.5	80,019	11.2	84,970	89,355	93,596
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	0	0	0	0	-	0	-	0	0	0
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	124,787	122,739	85,224	71,972	-15.5	80,019	11.2	84,970	89,355	93,596
Net earnings (UBS)	124,787	122,739	85,224	71,972	-15.5	80,019	11.2	84,970	89,355	93,596
Tax rate (%)	27.3	27.1	25.3	27.5	8.7	27.5	0.0	27.5	27.5	27.5
Per Share (US\$)										
EPS (UBS, diluted)	6.02	6.22	4.45	3.71	-16.7	4.11	10.7	4.75	5.69	6.82
EPS (local GAAP, diluted)	6.02	6.22	4.45	3.71	-16.7	4.11	10.7	4.75	5.69	6.82
EPS (UBS, basic)	6.06	6.27	4.47	3.73	-16.7	4.12	10.7	4.78	5.73	6.87
DPS (net) (US\$)	1.76	1.76	0.88	0.00	-	0.00	-	0.00	0.00	0.00
Cash EPS (UBS, diluted) ¹	9.03	9.25	7.50	6.17	-17.8	6.53	5.8	7.43	8.78	10.40
Book value per share	(35.04)	(44.03)	(48.49)	(43.62)	10.1	(38.79)	11.1	(38.10)	(39.63)	(39.25)
Average shares (diluted)	21	20	19	19	1.4	19	0.5	18	16	14
Balance Sheet (US\$K)										
Cash and equivalents	185,907	54,167	81,813	112,305	37.3	110,062	-2.0	152,423	235,679	346,161
Other current assets	140,077	127,110	138,559	94,550	-31.8	88,574	-6.3	94,941	96,619	98,329
Total current assets	325,984	181,277	220,372	206,855	-6.1	198,636	-4.0	247,365	332,298	444,490
Net tangible fixed assets	412,030	430,039	443,608	269,588	-39.2	271,069	0.5	271,924	272,139	249,738
Net intangible fixed assets	624,816	455,224	251,510	251,510	0.0	251,510	0.0	251,510	251,510	251,510
Investments / other assets	1,638,262	1,669,089	1,677,931	1,677,931	0.0	1,677,931	0.0	1,677,931	1,677,931	1,677,931
Total assets	3,001,092	2,735,629	2,593,421	2,405,884	-7.2	2,399,146	-0.3	2,448,729	2,533,878	2,623,669
Trade payables & other ST liabilities	529,656	398,379	401,134	361,378	-9.9	343,374	-5.0	366,740	391,287	396,235
Short term debt	29,964	35,880	29,489	29,489	0.0	29,489	0.0	29,489	29,489	29,489
Total current liabilities	559,620	434,259	430,623	390,867	-9.2	372,863	-4.6	396,229	420,776	425,724
Long term debt	1,724,933	1,699,433	1,674,487	1,429,487	-14.6	1,349,487	-5.6	1,299,487	1,299,487	1,299,487
Other long term liabilities	1,434,866	1,453,735	1,426,582	1,427,950	0.1	1,429,318	0.1	1,430,686	1,432,054	1,433,422
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	3,719,419	3,587,427	3,531,692	3,248,304	-8.0	3,151,668	-3.0	3,126,402	3,152,317	3,158,633
Common s/h equity	(718,327)	(851,798)	(938,271)	(842,420)	10.2	(752,522)	10.7	(677,673)	(618,439)	(534,964)
Minority interests	0	0	0	0	-	0	-	0	0	0
Total liabilities & equity	3,001,092	2,735,629	2,593,421	2,405,884	-7.2	2,399,146	-0.3	2,448,729	2,533,878	2,623,669
Cash Flow (US\$K)										
Net income (before pref divs)	124,787	122,739	85,224	71,972	-15.5	80,019	11.2	84,970	89,355	93,596
Depreciation & amortisation	62,287	59,776	58,314	47,669	-18.3	47,168	-1.1	47,794	48,433	49,085
Net change in working capital	30,886	(145,514)	8,853	(12,076)	-	(20,028)	-65.9	8,998	14,869	(4,761)
Other operating	(3,373)	191,249	175,910	17,247	-90.2	23,247	34.8	23,247	23,247	23,247
Operating cash flow	214,587	228,250	328,301	124,812	-62.0	130,406	4.5	165,010	175,905	161,166
Tangible capital expenditure	(74,954)	(115,474)	(97,050)	(48,649)	49.9	(48,649)	0.0	(48,649)	(48,649)	(26,684)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	0	0	(7,193)	0	-	0	-	0	0	0
Other investing	117,173	46,103	29,557	183,329	NM	0	-	0	0	0
Investing cash flow	42,219	(69,371)	(74,686)	134,680	-	(48,649)	-	(48,649)	(48,649)	(26,684)
Equity dividends paid	(35,890)	(33,972)	(16,614)	0	-	0	-	0	0	0
Share issues / (buybacks)	(89,766)	(69,998)	(4,994)	14,000	-	(6,000)	-	(26,000)	(46,000)	(26,000)
Other financing	(1,593)	(3,323)	(2,557)	2,000	-	2,000	0.0	2,000	2,000	2,000
Change in debt & pref shares	(80,109)	(23,892)	(35,861)	(245,000)	NM	(80,000)	67.3	(50,000)	0	0
Financing cash flow	(207,358)	(131,185)	(60,026)	(229,000)	-281.5	(84,000)	63.3	(74,000)	(44,000)	(24,000)
Cash flow inc/(dec) in cash	49,448	27,694	193,589	30,492	-84.2	(2,243)	-	42,361	83,256	110,482
FX / non cash items	419	(159,434)	(165,943)	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	49,867	(131,740)	27,646	30,492	10.3	(2,243)	-	42,361	83,256	110,482

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. ¹ Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

	09/23	09/24	09/25	09/26E	09/27E	09/28E	09/29E	09/30E
Valuation (x)								
P/E (local GAAP, diluted)	13.8	10.1	7.0	5.1	4.6	4.0	3.3	2.8
P/E (UBS, diluted)	13.8	10.1	7.0	5.1	4.6	4.0	3.3	2.8
P/CEPS	9.1	6.8	4.2	3.1	2.9	2.5	2.1	1.8
Equity FCF (UBS) yield %	8.0	8.7	38.2	20.7	22.3	31.7	34.7	36.6
Dividend yield (net) %	2.1	2.8	2.8	0.0	0.0	0.0	0.0	0.0
P/BV	NM							
EV/revenues (core)	2.0	1.9	1.5	1.6	1.5	1.4	1.3	1.2
EV/EBITDA (UBS core)	10.7	9.5	8.9	8.5	7.5	7.0	6.4	5.8
EV/EBIT (core)	13.3	11.7	11.6	10.8	9.5	8.8	8.1	7.3
EV/OpFCF (core)	12.4	61.9	13.7	11.7	10.8	8.4	7.5	6.7
EV/op. invested capital	3.7	3.5	3.0	3.1	3.3	3.1	3.1	3.0
Enterprise value (US\$kk)								
Market cap.	1,743,951	1,290,524	605,725	367,225	367,225	367,225	367,225	367,225
Net debt (cash)	1,631,330	1,625,068	1,651,655	1,484,417	1,307,792	1,222,733	1,134,925	1,038,056
Buy out of minorities	0	0	0	0	0	0	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	3,375,280	2,915,592	2,257,379	1,851,642	1,675,017	1,589,958	1,502,150	1,405,281
Non core assets	0	0	0	0	0	0	0	0
Core enterprise value	3,375,280	2,915,592	2,257,379	1,851,642	1,675,017	1,589,958	1,502,150	1,405,281
Growth (%)								
Revenue	15.2	(7.1)	(6.7)	(22.1)	0.1	2.1	2.2	2.3
EBITDA (UBS)	2.3	(2.6)	(18.0)	(13.4)	2.0	2.2	2.8	2.8
EBIT (UBS)	0.3	(2.3)	(21.7)	(12.0)	2.9	2.4	3.2	3.1
EPS (UBS, diluted)	3.2	3.3	(28.5)	(16.7)	10.7	15.8	19.8	19.8
Net DPS	0.0	0.0	(50.0)	(100.0)	-	-	-	-
Margins & Profitability (%)								
Gross profit margin	30.0	30.1	29.1	31.6	31.6	31.8	32.1	32.4
EBITDA margin	18.7	19.6	17.2	19.2	19.5	19.5	19.6	19.7
EBIT (UBS) margin	15.0	15.8	13.3	15.0	15.4	15.4	15.6	15.7
Net earnings (UBS) margin	7.4	7.8	5.8	6.3	7.0	7.3	7.5	7.7
ROIC (EBIT)	28.1	29.6	25.7	28.8	34.5	35.5	38.2	41.6
ROIC post tax	20.4	21.6	19.2	20.9	25.0	25.7	27.7	30.1
ROE (UBS)	(17.2)	(15.6)	(9.5)	(8.1)	(10.0)	(11.9)	(13.8)	(16.2)
Capital structure & Coverage (x)								
Net debt / EBITDA	5.0	5.5	6.4	6.2	5.7	5.2	4.7	4.1
Net debt / total equity %	(218.4)	(197.4)	(172.9)	(159.9)	(168.6)	(173.6)	(176.8)	(183.7)
Net debt / (net debt + total equity) %	NM							
Net debt/EV %	48.3	55.7	73.2	80.2	78.1	76.9	75.6	73.9
Capex / depreciation %	120.3	193.2	166.4	102.1	103.1	101.8	100.4	54.4
Capex / revenue %	4.4	7.3	6.6	4.3	4.3	4.2	4.1	2.2
EBIT / net interest	3.1	3.1	2.4	2.4	2.7	2.9	3.0	3.1
Dividend cover (UBS)	3.4	3.6	5.1	-	-	-	-	-
Div. payout ratio (UBS) %	29.0	28.1	19.7	-	-	-	-	-
Revenues by division (US\$kk)								
Jack in the Box	979,321	979,663	947,766	933,018	932,822	952,855	974,532	997,576
Qdoba	471,641	342,737	281,040	292,663	298,781	306,226	313,943	0
Others	240,923	248,906	236,507	(83,803)	(88,746)	(91,991)	(95,423)	222,891
Total	1,691,885	1,571,306	1,465,313	1,141,878	1,142,857	1,167,090	1,193,052	1,220,467
EBIT (UBS) by division (US\$kk)								
Others	254,042	248,319	194,376	171,092	176,013	180,265	185,950	191,799
Total	254,042	248,319	194,376	171,092	176,013	180,265	185,950	191,799

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Cava (CAVA.N)

Income Statement (US\$m)	12/22	12/23	12/24	12/25E	%ch	12/26E	%ch	12/27E	12/28E	12/29E
Revenues	564	729	964	1,171	21.5	1,402	19.7	1,700	2,098	2,505
Gross profit	98	180	242	289	19.6	338	16.8	418	516	621
EBITDA (UBS)	13	74	126	152	20.0	174	14.7	225	286	355
Depreciation & amortisation	(72)	(69)	(83)	(96)	-15.6	(114)	-18.8	(138)	(169)	(201)
EBIT (UBS)	(60)	5	43	55	28.6	60	7.8	87	117	154
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	1	0	0	0	48.1	0	-	0	0	0
Net interest	0	9	16	15	-7.3	16	4.8	15	15	15
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	(59)	14	60	71	18.8	76	6.4	102	131	169
Tax	0	(1)	(2)	(8)	-338.0	(15)	-99.7	(20)	(26)	(34)
Profit after tax	(59)	13	58	64	9.3	61	-4.7	81	105	135
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	0	0	0	0	-	0	-	0	0	0
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	(59)	13	58	64	9.3	61	-4.7	81	105	135
Net earnings (UBS)	(59)	13	58	64	9.3	61	-4.7	81	105	135
Tax rate (%)	0.0	5.5	2.9	10.7	268.7	20.0	87.7	20.0	20.0	20.0
Per Share (US\$)	12/22	12/23	12/24	12/25E	%ch	12/26E	%ch	12/27E	12/28E	12/29E
EPS (UBS, diluted)	(44.42)	0.15	0.49	0.54	9.3	0.51	-4.9	0.68	0.88	1.13
EPS (local GAAP, diluted)	(44.42)	0.15	0.49	0.54	9.3	0.51	-4.9	0.68	0.88	1.13
EPS (UBS, basic)	(44.42)	0.16	0.51	0.55	7.9	0.52	-5.1	0.70	0.90	1.15
DPS (net) (US\$)	0.00	0.00	0.00	0.00	-	0.00	-	0.00	0.00	0.00
Cash EPS (UBS, diluted) ¹	10.09	0.93	1.19	1.35	13.0	1.47	9.2	1.84	2.29	2.80
Book value per share	(320.36)	5.03	6.10	6.71	10.0	7.40	10.2	8.30	9.44	10.88
Average shares (diluted)	1	89	118	118	0.0	119	0.2	119	119	120
Balance Sheet (US\$m)	12/22	12/23	12/24	12/25E	%ch	12/26E	%ch	12/27E	12/28E	12/29E
Cash and equivalents	39	332	366	294	-19.7	318	8.1	372	471	597
Other current assets	19	22	28	128	356.0	133	3.7	138	149	158
Total current assets	58	355	394	422	7.0	450	6.8	510	620	755
Net tangible fixed assets	243	331	373	459	23.0	538	17.3	615	696	781
Net intangible fixed assets	277	293	325	371	14.2	371	0.0	371	371	371
Investments / other assets	6	5	77	84	8.1	84	0.0	84	84	84
Total assets	584	984	1,170	1,335	14.2	1,443	8.1	1,580	1,771	1,992
Trade payables & other ST liabilities	84	109	133	171	28.6	196	14.9	225	279	325
Short term debt	0	0	0	0	-	0	-	0	0	0
Total current liabilities	84	109	133	171	28.6	196	14.9	225	279	325
Long term debt	0	0	0	0	-	0	-	0	0	0
Other long term liabilities	286	304	341	387	13.4	387	0.0	387	387	387
Preferred shares	662	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	1,032	413	474	558	17.7	583	4.6	612	666	712
Common s/h equity	(449)	571	696	778	11.8	860	10.6	968	1,105	1,280
Minority interests	0	0	0	0	-	0	-	0	0	0
Total liabilities & equity	584	984	1,170	1,335	14.2	1,443	8.1	1,580	1,771	1,992
Cash Flow (US\$m)	12/22	12/23	12/24	12/25E	%ch	12/26E	%ch	12/27E	12/28E	12/29E
Net income (before pref divs)	(59)	13	58	64	9.3	61	-4.7	81	105	135
Depreciation & amortisation	72	69	83	96	15.6	114	18.8	138	169	201
Net change in working capital	(1)	22	23	24	1.9	21	-13.2	24	43	37
Other operating	(6)	(7)	(4)	(6)	-71.3	(6)	-4.4	(7)	(8)	(8)
Operating cash flow	6	97	161	177	10.1	189	6.6	236	309	365
Tangible capital expenditure	(104)	(139)	(108)	(152)	-40.2	(165)	-9.0	(182)	(210)	(238)
Intangible capital expenditure	0	0	0	(101)	-	0	-	0	0	0
Net (acquisitions) & disposals	0	0	0	5	-	0	-	0	0	0
Other investing	0	0	0	0	-	0	-	0	0	0
Investing cash flow	(104)	(139)	(108)	(247)	-128.5	(165)	33.1	(182)	(210)	(238)
Equity dividends paid	0	0	0	0	-	0	-	0	0	0
Share issues / (buybacks)	(1)	341	(19)	3	-	0	-	0	0	0
Other financing	(2)	(6)	0	0	-	0	-	0	0	0
Change in debt & pref shares	0	0	0	0	-	0	-	0	0	0
Financing cash flow	(3)	335	(19)	3	-	0	-	0	0	0
Cash flow inc/(dec) in cash	(101)	293	34	(67)	-	24	-	54	100	126
FX / non cash items	-	0	0	(5)	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	-	293	34	(72)	-	24	-	54	100	126

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. ¹ Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
Valuation (x)								
P/E (local GAAP, diluted)	-	NM	NM	NM	NM	NM	68.9	53.7
P/E (UBS, diluted)	-	NM	NM	NM	NM	88.5	68.9	53.7
P/CEPS	-	40.8	74.4	43.9	40.3	32.3	25.9	21.2
Equity FCF (UBS) yield %	-	(1.7)	0.5	(1.1)	0.3	0.8	1.4	1.8
Dividend yield (net) %	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/BV	-	7.8	15.1	9.0	8.2	7.3	6.4	5.6
EV/revenues (core)	-	3.5	NM	5.6	4.7	3.9	3.1	2.5
EV/EBITDA (UBS core)	-	34.5	80.2	43.4	37.9	29.2	22.7	17.9
EV/EBIT (core)	-	>100	>100	>100	>100	75.2	55.6	41.2
EV/OpFCF (core)	-	34.5	80.2	43.4	37.9	29.2	22.7	17.9
EV/op. invested capital	-	12.3	35.7	16.2	12.9	11.5	10.5	9.7
Enterprise value (US\$m)								
Market cap.	-	2,404	10,477	6,903	6,903	6,903	6,903	6,903
Net debt (cash)	-	145	(349)	(330)	(306)	(345)	(421)	(534)
Buy out of minorities	0	0	0	0	0	0	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	-	2,549	10,128	6,573	6,597	6,558	6,481	6,368
Non core assets	0	0	0	0	0	0	0	0
Core enterprise value	-	2,549	10,128	6,573	6,597	6,558	6,481	6,368
Growth (%)								
Revenue	-	29.2	32.3	21.5	19.7	21.3	23.4	19.4
EBITDA (UBS)	-	NM	71.0	20.0	14.7	29.3	27.0	24.4
EBIT (UBS)	-	-	NM	28.6	7.8	46.0	33.7	32.4
EPS (UBS, diluted)	-	-	NM	9.3	(4.9)	33.9	28.4	28.4
Net DPS	-	-	-	-	-	-	-	-
Margins & Profitability (%)								
Gross profit margin	17.4	24.7	25.1	24.7	24.1	24.6	24.6	24.8
EBITDA margin	2.2	10.1	13.1	12.9	12.4	13.2	13.6	14.2
EBIT (UBS) margin	(10.6)	0.6	4.5	4.7	4.3	5.1	5.6	6.2
Net earnings (UBS) margin	NM	1.8	6.0	5.4	4.3	4.8	5.0	5.4
ROIC (EBIT)	-	2.3	15.2	13.6	11.6	15.3	19.0	23.5
ROIC post tax	-	2.2	14.7	12.2	9.3	12.3	15.2	18.8
ROE (UBS)	-	21.7	9.2	8.6	7.4	8.9	10.1	11.3
Capital structure & Coverage (x)								
Net debt / EBITDA	49.4	(4.5)	(2.9)	(1.9)	(1.8)	(1.7)	(1.7)	(1.7)
Net debt / total equity %	(138.9)	(58.2)	(52.6)	(37.8)	(36.9)	(38.4)	(42.6)	(46.7)
Net debt / (net debt + total equity) %	NM	NM	NM	(60.8)	(58.6)	(62.3)	(74.3)	(87.6)
Net debt/EV %	-	5.7	(3.4)	(5.0)	(4.6)	(5.3)	(6.5)	(8.4)
Capex / depreciation %	NM	NM	179.2	NM	192.3	174.3	163.1	155.3
Capex / revenue %	18.5	19.0	11.2	13.0	11.8	10.7	10.0	9.5
EBIT / net interest	-	-	-	-	-	-	-	-
Dividend cover (UBS)	-	-	-	-	-	-	-	-
Div. payout ratio (UBS) %	-	-	-	-	-	-	-	-
Revenues by division (US\$m)								
Others	564	729	964	1,171	1,402	1,700	2,098	2,505
Total	564	729	964	1,171	1,402	1,700	2,098	2,505
EBIT (UBS) by division (US\$m)								
Others	(60)	5	43	55	60	87	117	154
Total	(60)	5	43	55	60	87	117	154

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Dave & Buster's (PLAY.O)

Income Statement (US\$K)	01/23	01/24	01/25	01/26E	%ch	01/27E	%ch	01/28E	01/29E	01/30E
Revenues	1,964,427	2,205,400	2,132,700	2,130,549	-0.1	2,224,905	4.4	2,354,794	2,491,506	2,644,748
Gross profit	584,265	656,200	606,500	562,149	-7.3	591,015	5.1	626,708	665,552	709,077
EBITDA (UBS)	484,243	555,700	506,200	454,451	-10.2	480,425	5.7	510,837	542,960	580,268
Depreciation & amortisation	(221,735)	(224,500)	(242,800)	(281,267)	-15.8	(288,998)	-2.7	(303,516)	(318,641)	(335,590)
EBIT (UBS)	262,508	331,200	263,400	173,184	-34.3	191,427	10.5	207,320	224,319	244,677
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	(87,363)	(127,400)	(135,300)	(154,063)	-13.9	(153,453)	0.4	(153,453)	(149,291)	(141,977)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	175,145	203,800	128,100	19,121	-85.1	37,975	98.6	53,868	75,028	102,700
Tax	(36,531)	(46,700)	(26,700)	(1,481)	94.5	(8,354)	NM	(11,851)	(16,506)	(22,594)
Profit after tax	138,614	157,100	101,400	17,640	-82.6	29,620	67.9	42,017	58,522	80,106
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	0	0	0	0	-	0	-	0	0	0
Extraordinary items	(1,479)	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	137,135	157,100	101,400	17,640	-82.6	29,620	67.9	42,017	58,522	80,106
Net earnings (UBS)	138,614	157,100	101,400	17,640	-82.6	29,620	67.9	42,017	58,522	80,106
Tax rate (%)	20.9	22.9	20.8	7.7	-62.9	22.0	184.1	22.0	22.0	22.0
Per Share (US\$)	01/23	01/24	01/25	01/26E	%ch	01/27E	%ch	01/28E	01/29E	01/30E
EPS (UBS, diluted)	2.82	3.59	2.54	0.51	-80.1	0.87	72.8	1.34	2.07	3.04
EPS (local GAAP, diluted)	2.79	3.59	2.54	0.51	-80.1	0.87	72.8	1.34	2.07	3.04
EPS (UBS, basic)	2.86	3.63	2.59	0.51	-80.3	0.87	71.5	1.34	2.07	3.04
DPS (net) (US\$)	0.00	0.00	0.00	0.00	-	0.00	-	0.00	0.00	0.00
Cash EPS (UBS, diluted) ¹	7.34	8.73	8.62	8.57	-0.6	9.40	9.7	11.01	13.34	15.78
Book value per share	8.51	5.81	3.73	5.26	41.1	8.16	55.0	14.39	15.29	19.03
Average shares (diluted)	49	44	40	35	-12.7	34	-2.8	31	28	26
Balance Sheet (US\$K)	01/23	01/24	01/25	01/26E	%ch	01/27E	%ch	01/28E	01/29E	01/30E
Cash and equivalents	181,591	37,300	6,900	12,935	87.5	66,742	NM	200,068	74,913	67,861
Other current assets	112,116	100,200	87,500	105,975	21.1	107,667	1.6	108,417	111,965	115,685
Total current assets	293,707	137,500	94,400	118,910	26.0	174,409	46.7	308,485	186,878	183,546
Net tangible fixed assets	1,180,231	1,332,700	1,634,600	1,756,106	7.4	1,814,361	3.3	1,866,595	1,899,443	1,910,514
Net intangible fixed assets	922,680	920,700	920,800	920,800	0.0	920,800	0.0	920,800	920,800	920,800
Investments / other assets	1,364,375	1,363,500	1,366,000	1,348,100	-1.3	1,348,100	0.0	1,348,100	1,348,100	1,348,100
Total assets	3,760,993	3,754,400	4,015,800	4,143,916	3.2	4,257,669	2.7	4,443,980	4,355,221	4,362,960
Trade payables & other ST liabilities	429,537	426,600	426,900	417,290	-2.3	442,131	6.0	466,474	458,549	484,759
Short term debt	8,500	9,000	7,000	7,000	0.0	7,000	0.0	7,000	7,000	7,000
Total current liabilities	438,037	435,600	433,900	424,290	-2.2	449,131	5.9	473,474	465,549	491,759
Long term debt	1,222,711	1,284,000	1,479,100	1,467,800	-0.8	1,467,800	0.0	1,467,800	1,387,800	1,307,800
Other long term liabilities	1,689,710	1,783,600	1,957,000	2,069,500	5.7	2,069,500	0.0	2,069,500	2,069,500	2,069,500
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	3,350,458	3,503,200	3,870,000	3,961,590	2.4	3,986,431	0.6	4,010,774	3,922,849	3,869,059
Common s/h equity	410,535	251,200	145,800	182,326	25.1	271,238	48.8	433,206	432,372	493,901
Minority interests	0	0	0	0	-	0	-	0	0	0
Total liabilities & equity	3,760,993	3,754,400	4,015,800	4,143,916	3.2	4,257,669	2.7	4,443,980	4,355,221	4,362,960
Cash Flow (US\$K)	01/23	01/24	01/25	01/26E	%ch	01/27E	%ch	01/28E	01/29E	01/30E
Net income (before pref divs)	137,135	157,100	101,400	17,640	-82.6	29,620	67.9	42,017	58,522	80,106
Depreciation & amortisation	221,735	224,500	242,800	281,267	15.8	288,998	2.7	303,516	318,641	335,590
Net change in working capital	73,159	(40,500)	(28,700)	25,515	-	23,149	-9.3	23,593	(11,473)	22,490
Other operating	12,439	53,300	39,900	11,700	-70.7	8,000	-31.6	8,000	8,000	8,000
Operating cash flow	444,468	394,400	355,400	336,123	-5.4	349,767	4.1	377,126	373,690	446,186
Tangible capital expenditure	(234,224)	(330,200)	(530,200)	(405,987)	23.4	(335,961)	17.2	(343,800)	(338,845)	(333,238)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	(817,369)	1,100	400	4,500	NM	0	-	0	0	0
Other investing	0	0	0	0	-	0	-	0	0	0
Investing cash flow	(1,051,593)	(329,100)	(529,800)	(401,487)	24.2	(335,961)	16.3	(343,800)	(338,845)	(333,238)
Equity dividends paid	0	0	0	0	-	0	-	0	0	0
Share issues / (buybacks)	(24,821)	(299,000)	(165,700)	(25,600)	84.6	(40,000)	-56.3	(80,000)	(80,000)	(40,000)
Other financing	(17,748)	72,400	166,300	124,700	-25.0	80,000	-35.8	180,000	0	0
Change in debt & pref shares	805,375	47,200	186,500	(17,300)	-	0	-	0	(80,000)	(80,000)
Financing cash flow	762,806	(179,400)	187,100	81,800	-56.3	40,000	-51.1	100,000	(160,000)	(120,000)
Cash flow inc/(dec) in cash	155,681	(114,100)	12,700	16,435	29.4	53,806	227.4	133,326	(125,155)	(7,052)
FX / non cash items	0	(30,191)	(43,100)	(10,400)	75.9	0	100.0	0	0	0
Balance sheet inc/(dec) in cash	155,681	(144,291)	(30,400)	6,035	-	53,806	NM	133,326	(125,155)	(7,052)

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. ¹ Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

	01/23	01/24	01/25	01/26E	01/27E	01/28E	01/29E	01/30E
Valuation (x)								
P/E (local GAAP, diluted)	13.9	11.2	16.7	33.4	19.3	12.6	8.2	5.6
P/E (UBS, diluted)	13.7	11.2	16.7	33.4	19.3	12.6	8.2	5.6
P/CEPS	5.2	4.6	4.8	2.0	1.8	1.5	1.3	1.1
Equity FCF (UBS) yield %	11.2	3.6	(9.8)	(10.6)	2.1	5.0	5.3	17.1
Dividend yield (net) %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/BV	4.5	6.9	11.4	3.2	2.1	1.2	1.1	0.9
EV/revenues (core)	1.3	1.3	1.5	1.0	0.9	0.8	0.7	0.6
EV/EBITDA (UBS core)	5.4	5.3	6.2	4.6	4.2	3.6	3.2	2.8
EV/EBIT (core)	9.9	8.9	11.9	12.2	10.6	9.0	7.6	6.6
EV/OpFCF (core)	10.4	13.1	NM	43.4	14.0	11.1	8.4	6.5
EV/op. invested capital	2.4	2.0	2.0	1.3	1.2	1.1	1.0	0.9
Enterprise value (US\$kk)								
Market cap.	1,874,556	1,804,688	1,776,992	660,008	660,008	660,008	660,008	660,008
Net debt (cash)	727,553	1,152,660	1,367,450	1,470,532	1,434,962	1,341,395	1,297,309	1,283,413
Buy out of minorities	0	0	0	0	0	0	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	2,602,109	2,957,348	3,144,442	2,104,940	2,029,370	1,855,803	1,711,717	1,617,821
Non core assets	0	0	0	0	0	0	0	0
Core enterprise value	2,602,109	2,957,348	3,144,442	2,104,940	2,029,370	1,855,803	1,711,717	1,617,821
Growth (%)								
Revenue	50.6	12.3	(3.3)	(0.1)	4.4	5.8	5.8	6.2
EBITDA (UBS)	40.9	14.8	(8.9)	(10.2)	5.7	6.3	6.3	6.9
EBIT (UBS)	40.2	26.2	(20.5)	(34.3)	10.5	8.3	8.2	9.1
EPS (UBS, diluted)	21.7	27.4	(29.3)	(80.1)	72.8	53.2	54.6	46.9
Net DPS	-	-	-	-	-	-	-	-
Margins & Profitability (%)								
Gross profit margin	29.7	29.8	28.4	26.4	26.6	26.6	26.7	26.8
EBITDA margin	24.7	25.2	23.7	21.3	21.6	21.7	21.8	21.9
EBIT (UBS) margin	13.4	15.0	12.4	8.1	8.6	8.8	9.0	9.3
Net earnings (UBS) margin	7.1	7.1	4.8	0.8	1.3	1.8	2.3	3.0
ROIC (EBIT)	24.5	22.3	16.8	10.6	11.5	12.2	13.0	14.0
ROIC post tax	19.4	17.2	13.3	9.8	9.0	9.5	10.1	10.9
ROE (UBS)	40.4	47.5	51.1	10.8	13.1	11.9	13.5	17.3
Capital structure & Coverage (x)								
Net debt / EBITDA	2.2	2.3	2.9	3.2	2.9	2.5	2.4	2.1
Net debt / total equity %	255.7	NM	NM	NM	NM	294.3	NM	252.5
Net debt / (net debt + total equity) %	71.9	83.3	91.0	88.9	83.8	74.6	75.3	71.6
Net debt/EV %	28.0	39.0	43.5	69.9	70.7	72.3	75.8	79.3
Capex / depreciation %	138.3	158.4	NM	156.9	121.0	117.9	110.7	103.4
Capex / revenue %	11.9	15.0	24.9	19.1	15.1	14.6	13.6	12.6
EBIT / net interest	3.0	2.6	1.9	1.1	1.2	1.4	1.5	1.7
Dividend cover (UBS)	-	-	-	-	-	-	-	-
Div. payout ratio (UBS) %	-	-	-	-	-	-	-	-
Revenues by division (US\$kk)								
Others	1,964,427	2,205,400	2,132,700	2,130,549	2,224,905	2,354,794	2,491,506	2,644,748
Total	1,964,427	2,205,400	2,132,700	2,130,549	2,224,905	2,354,794	2,491,506	2,644,748
EBIT (UBS) by division (US\$kk)								
Others	262,508	331,200	263,400	173,184	191,427	207,320	224,319	244,677
Total	262,508	331,200	263,400	173,184	191,427	207,320	224,319	244,677

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Portillo's (PTLO.O)

	12/22	12/23	12/24	12/25E	%ch	12/26E	%ch	12/27E	12/28E	12/29E
Income Statement (US\$K)										
Revenues	587,104	679,906	710,554	732,285	3.1	778,192	6.3	837,369	888,413	923,941
Gross profit	132,506	165,173	168,114	154,930	-7.8	158,256	2.1	169,295	185,642	199,991
EBITDA (UBS)	67,735	85,340	92,379	84,000	-9.1	82,474	-1.8	94,023	110,954	128,200
Depreciation & amortisation	(20,907)	(24,314)	(27,297)	(28,928)	-6.0	(30,743)	-6.3	(33,081)	(34,208)	(35,575)
EBIT (UBS)	46,828	61,026	65,082	55,072	-15.4	51,730	-6.1	60,941	76,746	92,625
Associates & investment income	1,083	1,401	1,229	1,298	5.6	800	-38.4	800	800	800
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	(27,644)	(27,375)	(24,868)	(22,447)	9.7	(22,357)	0.4	(21,165)	(21,067)	(20,969)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	20,267	35,052	41,443	33,923	-18.1	30,173	-11.1	40,576	56,479	72,457
Tax	(2,080)	(3,946)	(6,612)	(6,980)	-5.6	(7,845)	-12.4	(10,550)	(14,684)	(18,839)
Profit after tax	18,187	31,106	34,831	26,943	-22.6	22,328	-17.1	30,026	41,794	53,618
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	0	0	0	0	-	0	-	0	0	0
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	18,187	31,106	34,831	26,943	-22.6	22,328	-17.1	30,026	41,794	53,618
Net earnings (UBS)	18,187	31,106	34,831	26,943	-22.6	22,328	-17.1	30,026	41,794	53,618
Tax rate (%)	10.3	11.3	16.0	20.6	29.0	26.0	26.4	26.0	26.0	26.0
Per Share (US\$)										
EPS (UBS, diluted)	0.25	0.41	0.46	0.36	-21.9	0.30	-18.2	0.39	0.53	0.67
EPS (local GAAP, diluted)	0.25	0.41	0.46	0.36	-21.9	0.30	-18.2	0.39	0.53	0.67
EPS (UBS, basic)	0.26	0.44	0.48	0.37	-22.6	0.30	-18.2	0.40	0.54	0.69
DPS (net) (US\$)	0.00	0.00	0.00	0.00	-	0.00	-	0.00	0.00	0.00
Cash EPS (UBS, diluted) ¹	0.53	0.74	0.82	0.75	-9.2	0.70	-6.2	0.81	0.96	1.11
Book value per share	6.06	6.44	6.41	6.83	6.6	7.20	5.5	7.59	8.13	8.83
Average shares (diluted)	74	75	75	75	-0.9	76	1.3	77	79	80
Balance Sheet (US\$K)										
Cash and equivalents	44,427	10,438	22,876	2,380	-89.6	11,501	383.2	36,550	78,488	132,335
Other current assets	20,899	31,481	29,775	29,333	-1.5	28,669	-2.3	30,369	31,777	32,709
Total current assets	65,326	41,919	52,651	31,713	-39.8	40,170	26.7	66,919	110,264	165,044
Net tangible fixed assets	227,036	295,793	358,975	437,913	22.0	478,928	9.4	513,195	543,755	577,118
Net intangible fixed assets	650,023	647,134	644,321	640,091	-0.7	640,091	0.0	640,091	640,091	640,091
Investments / other assets	337,698	400,695	444,139	492,126	10.8	484,281	-1.6	473,731	459,047	440,208
Total assets	1,280,083	1,385,541	1,500,086	1,601,844	6.8	1,643,470	2.6	1,693,936	1,753,157	1,822,461
Trade payables & other ST liabilities	77,297	89,913	110,569	114,425	3.5	119,750	4.7	127,249	131,769	134,578
Short term debt	0	15,000	25,000	77,000	208.0	77,000	0.0	77,000	77,000	77,000
Total current liabilities	77,297	104,913	135,569	191,425	41.2	196,750	2.8	204,249	208,769	211,578
Long term debt	314,425	283,923	275,422	240,068	-12.8	239,868	-0.1	238,668	237,468	236,268
Other long term liabilities	455,460	536,595	598,992	676,018	12.9	678,190	0.3	680,330	682,438	684,514
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	847,182	925,431	1,009,983	1,107,511	9.7	1,114,808	0.7	1,123,247	1,128,675	1,132,360
Common s/h equity	432,901	460,110	490,103	494,333	0.9	528,662	6.9	570,688	624,482	690,100
Minority interests	0	0	0	0	-	0	-	0	0	0
Total liabilities & equity	1,280,083	1,385,541	1,500,086	1,601,844	6.8	1,643,470	2.6	1,693,936	1,753,157	1,822,461
Cash Flow (US\$K)										
Net income (before pref divs)	18,187	31,106	34,831	26,943	-22.6	22,328	-17.1	30,026	41,794	53,618
Depreciation & amortisation	20,907	24,314	27,297	28,928	6.0	30,743	6.3	33,081	34,208	35,575
Net change in working capital	3,862	2,067	25,688	11,824	-54.0	5,991	-49.3	5,799	3,111	1,877
Other operating	14,963	16,118	9,322	13,487	44.7	24,817	84.0	27,490	31,592	35,715
Operating cash flow	57,919	73,605	97,138	81,182	-16.4	83,879	3.3	96,396	110,706	126,785
Tangible capital expenditure	(47,061)	(87,918)	(88,191)	(96,235)	-9.1	(71,910)	25.3	(67,500)	(64,920)	(69,090)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	44	81	77	56	-27.3	152	171.4	152	152	152
Other investing	0	0	0	0	-	0	-	0	0	0
Investing cash flow	(47,017)	(87,837)	(88,114)	(96,179)	-9.2	(71,758)	25.4	(67,348)	(64,768)	(68,938)
Equity dividends paid	0	0	0	0	-	0	-	0	0	0
Share issues / (buybacks)	364,343	180,207	118,367	0	-	0	-	0	0	0
Other financing	(365,727)	(184,087)	(120,230)	(7,992)	93.4	0	-	0	0	0
Change in debt & pref shares	(3,324)	(13,053)	4,375	11,688	167.2	(3,000)	-	(4,000)	(4,000)	(4,000)
Financing cash flow	(4,708)	(16,933)	2,512	3,696	47.1	(3,000)	-	(4,000)	(4,000)	(4,000)
Cash flow inc/(dec) in cash	6,194	(31,165)	11,536	(11,301)	-	9,121	-	25,048	41,938	53,847
FX / non cash items	(1,030)	(2,824)	902	(9,195)	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	5,164	(33,989)	12,438	(20,496)	-	9,121	-	25,048	41,938	53,847

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. ¹ Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
Valuation (x)								
P/E (local GAAP, diluted)	NM	46.4	25.7	13.1	16.0	12.2	8.9	7.1
P/E (UBS, diluted)	89.1	46.4	25.7	13.1	16.0	12.2	8.9	7.1
P/CEPS	39.3	24.7	13.9	6.1	6.5	5.6	4.8	4.1
Equity FCF (UBS) yield %	0.7	(1.0)	1.0	(4.2)	3.3	8.0	12.7	16.0
Dividend yield (net) %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/BV	3.6	3.0	1.9	0.7	0.7	0.6	0.6	0.5
EV/revenues (core)	3.1	2.4	1.6	0.9	0.8	0.8	0.7	0.6
EV/EBITDA (UBS core)	26.9	19.2	12.4	7.6	7.9	6.8	5.4	4.3
EV/EBIT (core)	38.9	26.8	17.6	11.6	12.7	10.5	7.9	6.0
EV/OpFCF (core)	74.3	NM	38.4	NM	39.6	19.7	12.3	9.1
EV/op. invested capital	2.7	2.3	1.5	0.8	0.8	0.8	0.7	0.7
Enterprise value (US\$kk)								
Market cap.	1,566,504	1,371,921	879,144	361,080	361,080	361,080	361,080	361,080
Net debt (cash)	273,282	279,242	283,016	296,117	310,027	292,242	257,549	208,457
Buy out of minorities	0	0	0	0	0	0	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	1,839,786	1,651,163	1,162,159	657,197	671,107	653,322	618,629	569,537
Non core assets	(16,274)	(16,684)	(16,056)	(15,701)	(15,701)	(15,701)	(15,701)	(15,701)
Core enterprise value	1,823,512	1,634,479	1,146,103	641,496	655,406	637,621	602,928	553,836
Growth (%)								
Revenue	9.7	15.8	4.5	3.1	6.3	7.6	6.1	4.0
EBITDA (UBS)	10.7	26.0	8.2	(9.1)	(1.8)	14.0	18.0	15.5
EBIT (UBS)	23.6	30.3	6.6	(15.4)	(6.1)	17.8	25.9	20.7
EPS (UBS, diluted)	NM	68.1	11.7	(21.9)	(18.2)	31.3	36.4	26.1
Net DPS	-	-	-	-	-	-	-	-
Margins & Profitability (%)								
Gross profit margin	22.6	24.3	23.7	21.2	20.3	20.2	20.9	21.6
EBITDA margin	11.5	12.6	13.0	11.5	10.6	11.2	12.5	13.9
EBIT (UBS) margin	8.0	9.0	9.2	7.5	6.6	7.3	8.6	10.0
Net earnings (UBS) margin	3.1	4.6	4.9	3.7	2.9	3.6	4.7	5.8
ROIC (EBIT)	6.8	8.6	8.8	7.1	6.4	7.4	9.1	10.9
ROIC post tax	6.1	7.6	7.3	5.6	4.7	5.4	6.7	8.0
ROE (UBS)	4.2	7.0	7.3	5.5	4.4	5.5	7.0	8.2
Capital structure & Coverage (x)								
Net debt / EBITDA	4.0	3.4	3.0	3.7	3.7	3.0	2.1	1.4
Net debt / total equity %	62.4	62.7	56.6	63.7	57.8	48.9	37.8	26.2
Net debt / (net debt + total equity) %	38.4	38.5	36.2	38.9	36.6	32.8	27.4	20.8
Net debt/EV %	14.9	16.9	24.4	45.1	46.2	44.7	41.6	36.6
Capex / depreciation %	NM	NM	NM	NM	NM	NM	189.8	194.2
Capex / revenue %	8.0	12.9	12.4	13.1	9.2	8.1	7.3	7.5
EBIT / net interest	1.7	2.3	2.7	2.5	2.3	2.9	3.7	4.5
Dividend cover (UBS)	-	-	-	-	-	-	-	-
Div. payout ratio (UBS) %	-	-	-	-	-	-	-	-
Revenues by division (US\$kk)								
Others	587,104	679,906	710,554	732,285	778,192	837,369	888,413	923,941
Total	587,104	679,906	710,554	732,285	778,192	837,369	888,413	923,941
EBIT (UBS) by division (US\$kk)								
Others	46,828	61,026	65,082	55,072	51,730	60,941	76,746	92,625
Total	46,828	61,026	65,082	55,072	51,730	60,941	76,746	92,625

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

The Wendy's Co (WEN.O)

	12/22	12/23	12/24	12/25E	%ch	12/26E	%ch	12/27E	12/28E	12/29E
Income Statement (US\$m)										
Revenues	2,096	2,182	2,246	2,176	-3.2	2,243	3.1	2,316	2,403	2,500
Gross profit	1,322	1,387	1,463	1,388	-5.2	1,412	1.7	1,455	1,508	1,569
EBITDA (UBS)	498	536	544	526	-3.3	531	1.1	558	580	607
Depreciation & amortisation	(136)	(149)	(158)	(168)	-6.1	(180)	-7.5	(185)	(189)	(193)
EBIT (UBS)	362	387	386	358	-7.2	351	-1.9	373	391	414
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	13	19	25	12	-53.5	16	38.1	12	12	12
Net interest	(122)	(124)	(124)	(130)	-4.9	(143)	-10.3	(142)	(141)	(140)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	252	283	287	240	-16.4	224	-6.6	243	261	285
Tax	(66)	(76)	(81)	(68)	16.3	(63)	8.2	(68)	(73)	(80)
Profit after tax	186	206	205	171	-16.5	161	-6.0	175	188	205
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	0	0	0	0	-	0	-	0	0	0
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	186	206	205	171	-16.5	161	-6.0	175	188	205
Net earnings (UBS)	186	206	205	171	-16.5	161	-6.0	175	188	205
Tax rate (%)	26.1	27.0	28.4	28.5	0.2	28.0	-1.6	28.0	28.0	28.0
Per Share (US\$)										
EPS (UBS, diluted)	0.86	0.97	1.00	0.88	-11.5	0.88	0.0	0.99	1.09	1.21
EPS (local GAAP, diluted)	0.86	0.97	1.00	0.88	-11.5	0.88	0.0	0.99	1.09	1.21
EPS (UBS, basic)	0.87	0.98	1.00	0.89	-11.7	0.89	0.0	0.99	1.09	1.21
DPS (net) (US\$)	0.50	1.00	1.00	0.67	-33.0	0.63	-6.4	0.70	0.79	0.88
Cash EPS (UBS, diluted) ¹	1.49	1.68	1.77	1.75	-1.1	1.87	7.2	2.04	2.18	2.34
Book value per share	2.14	1.47	1.27	0.92	-27.3	1.17	27.1	1.43	1.69	1.98
Average shares (diluted)	216	212	206	194	-5.6	182	-6.1	176	173	170
Balance Sheet (US\$m)										
Cash and equivalents	781	552	485	358	-26.3	410	14.5	461	507	549
Other current assets	277	286	251	293	16.9	292	-0.5	293	283	289
Total current assets	1,058	838	736	651	-11.6	702	7.8	754	790	838
Net tangible fixed assets	896	891	908	935	3.0	900	-3.8	867	833	794
Net intangible fixed assets	2,022	1,993	1,964	1,952	-0.6	1,952	0.0	1,952	1,952	1,952
Investments / other assets	1,523	1,461	1,427	1,481	3.8	1,489	0.5	1,494	1,513	1,533
Total assets	5,499	5,183	5,035	5,020	-0.3	5,043	0.5	5,067	5,088	5,118
Trade payables & other ST liabilities	359	353	319	362	13.2	370	2.3	376	376	383
Short term debt	29	29	78	30	-61.6	30	0.0	30	30	30
Total current liabilities	388	382	398	392	-1.5	400	2.1	406	406	413
Long term debt	2,822	2,733	2,662	2,674	0.5	2,654	-0.7	2,634	2,614	2,594
Other long term liabilities	1,823	1,758	1,716	1,775	3.4	1,775	0.0	1,775	1,775	1,775
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	5,034	4,873	4,775	4,841	1.4	4,829	-0.2	4,815	4,795	4,782
Common s/h equity	466	310	259	179	-31.1	214	19.5	252	292	336
Minority interests	0	0	0	0	-	0	-	0	0	0
Total liabilities & equity	5,499	5,183	5,035	5,020	-0.3	5,043	0.5	5,067	5,088	5,118
Cash Flow (US\$m)										
Net income (before pref divs)	186	206	205	171	-16.5	161	-6.0	175	188	205
Depreciation & amortisation	136	149	158	168	6.1	180	7.5	185	189	193
Net change in working capital	(45)	(23)	(21)	(28)	-29.2	10	-	5	11	0
Other operating	(8)	15	24	38	54.0	16	-56.9	18	5	4
Operating cash flow	269	347	366	349	-4.7	367	5.3	383	394	403
Tangible capital expenditure	(86)	(85)	(94)	(95)	-0.6	(100)	-5.3	(107)	(110)	(110)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	8	2	5	(15)	-	0	-	0	0	0
Other investing	0	(4)	(40)	(44)	-10.7	(45)	-1.9	(45)	(45)	(45)
Investing cash flow	(78)	(87)	(129)	(155)	-19.5	(145)	6.2	(152)	(155)	(155)
Equity dividends paid	(107)	(209)	(204)	(130)	36.6	(114)	11.8	(124)	(136)	(150)
Share issues / (buybacks)	(47)	(175)	(45)	(197)	-342.2	(32)	83.7	(32)	(32)	(32)
Other financing	(31)	(25)	(25)	(22)	12.0	(4)	81.7	(4)	(4)	(4)
Change in debt & pref shares	473	(85)	(19)	(17)	14.1	(10)	39.5	(10)	(10)	(10)
Financing cash flow	289	(494)	(293)	(365)	-24.5	(160)	56.1	(170)	(182)	(196)
Cash flow inc/(dec) in cash	480	(234)	(56)	(171)	-203.4	62	-	61	56	52
FX / non cash items	24	5	(11)	43	-	(10)	-	(10)	(10)	(10)
Balance sheet inc/(dec) in cash	504	(229)	(67)	(127)	-90.4	52	-	51	46	42

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. ¹ Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

	12/22	12/23	12/24	12/25E	12/26E	12/27E	12/28E	12/29E
Valuation (x)								
P/E (local GAAP, diluted)	24.0	21.6	18.1	9.2	9.2	8.2	7.5	6.7
P/E (UBS, diluted)	24.0	21.6	18.1	9.2	9.2	8.2	7.5	6.7
P/CEPS	13.8	12.5	10.2	4.6	4.3	4.0	3.7	3.5
Equity FCF (UBS) yield %	4.0	5.8	7.1	15.4	16.2	16.7	17.2	17.7
Dividend yield (net) %	2.4	4.7	5.5	8.3	7.7	8.7	9.7	10.9
P/BV	9.7	14.4	14.2	8.8	6.9	5.7	4.8	4.1
EV/revenues (core)	3.0	3.0	2.6	1.8	1.8	1.7	1.6	1.5
EV/EBITDA (UBS core)	12.8	12.4	10.9	7.5	7.4	6.9	6.5	6.1
EV/EBIT (core)	17.7	17.1	15.3	11.0	11.2	10.4	9.7	9.0
EV/OpFCF (core)	17.4	15.5	13.8	9.7	8.9	8.5	7.9	7.5
EV/op. invested capital	2.6	2.7	2.4	1.6	1.6	1.6	1.6	1.6
Enterprise value (US\$m)								
Market cap.	4,529	4,525	3,808	1,653	1,653	1,653	1,653	1,653
Net debt (cash)	1,907	2,140	2,140	2,301	2,311	2,239	2,170	2,106
Buy out of minorities	0	0	0	0	0	0	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	6,435	6,666	5,948	3,954	3,964	3,892	3,823	3,759
Non core assets	(46)	(34)	(29)	(26)	(26)	(26)	(26)	(26)
Core enterprise value	6,389	6,631	5,919	3,928	3,938	3,866	3,797	3,733
Growth (%)								
Revenue	10.5	4.1	3.0	(3.2)	3.1	3.2	3.8	4.0
EBITDA (UBS)	6.2	7.7	1.4	(3.3)	1.1	5.1	3.9	4.7
EBIT (UBS)	5.5	7.0	(0.4)	(7.2)	(1.9)	6.3	4.7	5.9
EPS (UBS, diluted)	4.8	12.9	2.5	(11.5)	0.0	12.1	9.7	11.0
Net DPS	16.3	100.0	0.0	(33.0)	(6.4)	12.0	12.0	12.0
Margins & Profitability (%)								
Gross profit margin	63.1	63.6	65.1	63.8	63.0	62.8	62.7	62.8
EBITDA margin	23.8	24.6	24.2	24.2	23.7	24.1	24.1	24.3
EBIT (UBS) margin	17.3	17.8	17.2	16.5	15.7	16.1	16.3	16.5
Net earnings (UBS) margin	8.9	9.4	9.1	7.9	7.2	7.5	7.8	8.2
ROIC (EBIT)	14.5	15.6	15.5	14.4	14.2	15.3	16.2	17.3
ROIC post tax	10.7	11.4	11.1	10.3	10.2	11.0	11.6	12.4
ROE (UBS)	41.3	53.2	72.1	78.2	82.1	75.0	69.1	65.4
Capital structure & Coverage (x)								
Net debt / EBITDA	4.2	4.1	4.1	4.5	4.3	3.9	3.7	3.4
Net debt / total equity %	NM							
Net debt / (net debt + total equity) %	81.6	87.7	89.7	92.9	91.4	89.7	88.0	86.1
Net debt/EV %	32.4	32.1	37.5	58.2	58.3	57.5	56.8	56.0
Capex / depreciation %	63.0	57.2	59.8	56.7	55.5	57.8	58.1	56.9
Capex / revenue %	4.1	3.9	4.2	4.4	4.5	4.6	4.6	4.4
EBIT / net interest	3.0	3.1	3.1	2.8	2.4	2.6	2.8	3.0
Dividend cover (UBS)	1.7	1.0	1.0	1.3	1.4	1.4	1.4	1.4
Div. payout ratio (UBS) %	57.4	101.6	99.6	75.6	70.8	70.7	72.2	72.8
Revenues by division (US\$m)								
Others	2,096	2,182	2,246	2,176	2,243	2,316	2,403	2,500
Total	2,096	2,182	2,246	2,176	2,243	2,316	2,403	2,500
EBIT (UBS) by division (US\$m)								
Others	362	387	386	358	351	373	391	414
Total	362	387	386	358	351	373	391	414

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Valuation Method and Risk Statement

Risks include but are not limited to: deteriorating macro-economic factors that could negatively impact consumer spending (rising unemployment, low wage growth, high gas prices, falling housing market); food safety incident; increased competition; risks related to a franchise business models; significant commodity or labor cost inflation; changing consumer eating trends; ability to identify and secure appropriate sites for new restaurants; effect of changes to healthcare laws; failure of internal controls over financial reporting; adverse weather conditions; the negative impact on existing restaurants from opening new restaurants in existing markets; and the impact from new information or attitudes regarding diet and health could result in changes in regulations or consumer preferences. Our price targets are set using an EV/EBITDA methodology based on our NTM EBITDA estimates in 12 months.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at <https://neo.ubs.com/quantitative>, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Sweetgreen

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher, 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Brinker

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher, 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	5
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	4
7. What's driving the difference?	

Question	Response
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Dine Brands Global

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher, 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Jack in the Box

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher, 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	

Question	Response
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Cava

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher, 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
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11. What is the catalyst?	

Dave & Buster's

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher, 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	2
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of: (1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	

Question	Response
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Portillo's

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher, 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	2
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6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
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8. Is there an upcoming catalyst for the company over the next three months?	
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10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

The Wendy's Co

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher, 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
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8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	

Question	Response
11. What is the catalyst?	

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12-Month Rating	Definition	Coverage ¹	IB Services ²
Buy	FSR is > 6% above the MRA.	52%	24%
Neutral	FSR is between -6% and 6% of the MRA.	41%	22%
Sell	FSR is > 6% below the MRA.	7%	25%
Short-Term Rating	Definition	Coverage ³	IB Services ⁴
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 December 2025.

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

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UBS Securities LLC: Dennis Geiger, CFA, Emily Li, Nikhil Gunderia, Paul Hao.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
Bloomin' Brands Inc ¹⁶	BLMN.O	Neutral	US\$6.48	05 Jan 2026
Brinker International Inc ^{13,16,28}	EAT.N	Neutral	US\$151.52	02 Jan 2026
Cava Group Inc ^{16,28}	CAVA.N	Neutral	US\$60.55	02 Jan 2026
Chipotle Mexican Grill ^{16,28}	CMG.N	Buy	US\$37.49	02 Jan 2026
Cracker Barrel Old Country Store Inc ^{16,28}	CBRL.O	Neutral	US\$26.55	05 Jan 2026
Darden Restaurants ^{16,28}	DRI.N	Buy	US\$187.21	02 Jan 2026
Dave & Buster's Entertainment Inc ¹⁶	PLAY.O	Neutral	US\$16.88	05 Jan 2026
Dine Brands Global Inc ^{16,28}	DIN.N	Neutral	US\$33.22	02 Jan 2026
Domino's Pizza Inc ^{16,28}	DPZ.O	Buy	US\$411.44	05 Jan 2026
Dutch Bros Inc ^{16,28}	BROS.N	Buy	US\$62.16	02 Jan 2026
Jack in the Box ¹⁶	JACK.O	Neutral	US\$18.98	05 Jan 2026
McDonald's ^{5,16,28}	MCD.N	Buy	US\$303.26	02 Jan 2026
Papa John's Pizza ^{16,28}	PZZA.O	Neutral	US\$39.87	05 Jan 2026
Portillo's Inc ^{16,7,20}	PTLO.O	Neutral (CBE)	US\$4.72	05 Jan 2026
Restaurant Brands International ^{16,28}	QSR.N	Buy	US\$67.81	02 Jan 2026
Shake Shack Inc. ^{16,28}	SHAK.N	Neutral	US\$83.47	02 Jan 2026
Starbucks ^{16,28,7,8}	SBUX.O	Neutral	US\$86.56	05 Jan 2026
Sweetgreen Inc ^{16,28}	SG.N	Buy	US\$6.93	02 Jan 2026
Texas Roadhouse Inc ^{16,28}	TXRH.O	Buy	US\$174.32	05 Jan 2026
The Cheesecake Factory Inc ^{13,16,28}	CAKE.O	Sell	US\$54.67	05 Jan 2026
The Wendy's Co ^{16,28}	WEN.O	Neutral	US\$8.11	05 Jan 2026
Wingstop Inc ^{16,28}	WING.O	Neutral	US\$257.82	05 Jan 2026
Yum! Brands ^{16,28,7}	YUM.N	Buy	US\$150.49	02 Jan 2026

Source: UBS Global Research; LSEG Eikon. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

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20. Because this security exhibits higher-than-average volatility, the FSR has been set at 15% above the MRA for a Buy rating, and at -15% below the MRA for a Sell rating (compared with 6/-6% under the normal rating system).
28. UBS holds a long or short position of 0.5% or more of the listed shares of this company.

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