

THOUGHT LEADERSHIP FROM THE BDO RESTAURANT PRACTICE

BENCHMARKING UPDATE

SEGMENT AVERAGES 2014

| | SAME STORE SALES | |
|----------------------|------------------|-------------|
| | FY 2014 | FY 2013 |
| QUICK SERVE | 2.5% | 1.2% |
| FAST CASUAL | 5.4% | 2.7% |
| CASUAL | 1.8% | 0.9% |
| UPSCALE CASUAL | 0.6% | 1.3% |
| PIZZA | 4.5% | 2.8% |
| GRAND AVERAGE | 2.3% | 1.4% |

| | COMMODITY PRICE INDICES FLUCTUATIONS | |
|---------|--------------------------------------|---------|
| | FY 2014 | FY 2013 |
| BEEF | 19.1% | 0.0% |
| POULTRY | 4.3% | 3.8% |
| PORK | 19.6% | 3.6% |
| CHEESE | 12.3% | 2.2% |
| WHEAT | 1.3% | 0.0% |
| BASKET | 3.9% | 1.5% |

Source: data.bls.gov

| | COST OF SALES | | | | | |
|-----------------------|---------------|--------------|-------------|--------------|--------------|-------------|
| | FY 2014 | FY 2013 | (Fav) Unfav | FY 2013 | FY 2012 | (Fav) Unfav |
| QUICK SERVE | 31.8% | 31.9% | -0.1% | 32.0% | 32.4% | -0.4% |
| FAST CASUAL | 30.1% | 29.8% | 0.3% | 29.8% | 29.4% | 0.4% |
| CASUAL/UPSCALE CASUAL | 28.5% | 28.3% | 0.2% | 28.6% | 28.7% | -0.1% |
| PIZZA | 26.7% | 26.1% | 0.6% | 26.1% | 25.2% | 0.9% |
| GRAND AVERAGE | 29.2% | 29.1% | 0.1% | 29.2% | 29.2% | 0.0% |

| | LABOR | | | | | |
|-----------------------|--------------|--------------|-------------|--------------|--------------|-------------|
| | FY 2014 | FY 2013 | (Fav) Unfav | FY 2013 | FY 2012 | (Fav) Unfav |
| QUICK SERVE | 29.9% | 30.2% | -0.3% | 30.1% | 30.3% | -0.2% |
| FAST CASUAL | 27.6% | 27.5% | 0.1% | 27.6% | 27.6% | 0.0% |
| CASUAL/UPSCALE CASUAL | 33.6% | 33.5% | 0.1% | 33.5% | 33.2% | 0.3% |
| PIZZA | 27.4% | 27.7% | -0.3% | 27.7% | 28.0% | -0.3% |
| GRAND AVERAGE | 31.4% | 31.4% | 0.0% | 31.4% | 31.3% | 0.1% |

| | PRIME COSTS | | | | | |
|-----------------------|--------------|--------------|-------------|--------------|--------------|-------------|
| | FY 2014 | FY 2013 | (Fav) Unfav | FY 2013 | FY 2012 | (Fav) Unfav |
| QUICK SERVE | 61.5% | 61.8% | -0.3% | 61.8% | 62.5% | -0.7% |
| FAST CASUAL | 57.7% | 57.3% | 0.4% | 57.4% | 57.1% | 0.3% |
| CASUAL/UPSCALE CASUAL | 61.6% | 61.4% | 0.2% | 61.6% | 61.5% | 0.1% |
| PIZZA | 54.1% | 53.8% | 0.3% | 53.8% | 53.2% | 0.6% |
| GRAND AVERAGE | 60.3% | 60.2% | 0.1% | 60.4% | 60.3% | 0.1% |

HOW DO YOU COMPARE TO YOUR COMPETITION?

We compiled the operating results of publicly traded restaurant companies to provide you with timely benchmarking information. Our past benchmarking surveys of medium-sized private companies indicated, on average, their prime costs were higher than public companies by 1 percent to 2 percent. However, high-quartile participants (best performing) in our surveys had prime costs 3 percent lower than the average public company.

Cost of sales includes food and beverage for all segments. Quick serve and fast casual segments also include packaging costs. Labor costs include restaurant level wages, payroll taxes, and benefits.

Same-store sales improved across all segments in 2014, with the fast casual and pizza segments seeing the most significant growth with an increase of 5.4 percent and 4.5 percent, respectively. Papa John's led the pizza segment with an 8.2 percent increase in same-store sales, as it continued to fully utilize technology enhancements to fuel take-out and delivery orders. Chipotle continued to shine in the fast casual segment, surging 16.8 percent. Qdoba also did well with growth of 8.6 percent. The main driver of improved same-store sales in 2014 was greater guest traffic, which was fueled by the lowest gas prices the U.S. has seen since 2009, and expansion in overall employment which allows for greater discretionary income to spend at restaurants.

In 2014, cost of sales remained consistent across most categories despite significant escalation in the cost of beef, pork and cheese. Companies have continued to effectively manage waste and increase menu prices in order to curtail the effects of rising commodity costs.

**Prior results have been restated to conform to current-year data availability.*