



STRENGTHENING THROUGH A PANDEMIC



ROMANO'S
Macaroni
GRILL

SULLIVAN'S
STEAKHOUSE®



OVERVIEW



*COVID-19 has
disproportionately
impacted the restaurant
industry, creating material
supply disruption and
forever changing how we
operate.*



Learnings From Three Distinct COVID-19 Phases



- ◆ Phase 1 (March - June) - a phase filled with unknowns and uncertainty.
- ◆ Phase 2 (July - October) - a phase filled with operational change, creativity and stimulus.
- ◆ Phase 3 (November - Current) - a phase filled with liquidity constraints as stimulus monies dried up, holiday traveled stalled and corporate events were reduced to online happy hours.

Despite a year of unknowns, constant change and adaptation, there are several positives that will likely bolster the industry for years to come.





MID TO
LONG-TERM
BENEFITS



TECHNOLOGY



- ◆ COVID-19 has accelerated the acceptance and investment in technology from QR Codes to Third Party Delivery (TPD) platforms.
- ◆ The majority of these changes will likely be permanent, driving improved revenues and heightened efficiency.

MENU RATIONALIZATION



- ◆ COVID-19 gave operators an opportunity to eliminate slow moving menu items and focus on their core offering.
- ◆ Improved food cost and efficiency.

EXPANDED AWARENESS



- ◆ The reliance on delivery has resulted in third party platforms processing nearly \$50B in 2020, compared to approximately \$25B in 2019, with 111 million users*.
- ◆ With a greater percentage of the population on the TPD platforms, restaurants can reach greater audience, adjust their marketing mix and improve ROI.

**Source: Company Reports, Deutsche Bank and Statista*

BROADENED OFFERING



Restaurants, forced to generate liquidity, innovated and provided guests with a variety of offerings.

- ◆ Virtual Concepts - there have been more than 100,000 virtual concepts developed in 2020*.
- ◆ Marketplace - offering guests premium prepare-at-home items, delivered to their doorstep.
- ◆ Gifting - gift bundles offered through strategic partnerships.

**Source: Chowly*



IMPROVED LABOR MARKET & EFFICIENCY



- ◆ The restaurant industry struggled with labor shortages for several years leading into 2020.
- ◆ As a result of the permanent closures across restaurants and retail, there is expected to be a larger pool of employees once things stabilize.
- ◆ Operators have been forced to improve labor efficiency and adjust scheduling on a real time basis.

SUPPLY DISRUPTION



- ◆ According to the National Restaurant Association, approximately 110,000 establishments, or 1 in 6, have closed permanently.
- ◆ Food service industry forfeited \$165B in revenue March - July 2020.
- ◆ These permanent closures will create an opportunity to grab market share and significantly improve AUVs.



SUMMARY

Between some of the revenue growth opportunities and the initiatives taken to improve margin, the industry should experience strong years ahead.

OPPORTUNITIES



- ◆ Lease negotiations and long-term lease adjustments.
- ◆ Unit closures, where possible.
- ◆ Unit expansion in existing and new markets.
- ◆ M&A opportunities to rationalize G&A and drive growth through synergies.

SUMMARY



01.

Institutionalize the changes we were forced to make in 2020 to drive revenue and margin growth.

02.

Remain nimble, adaptive and creative.

03.

Be opportunistic about M&A activity.



THANK YOU