

EXECUTIVE BRIEFING

August 2020



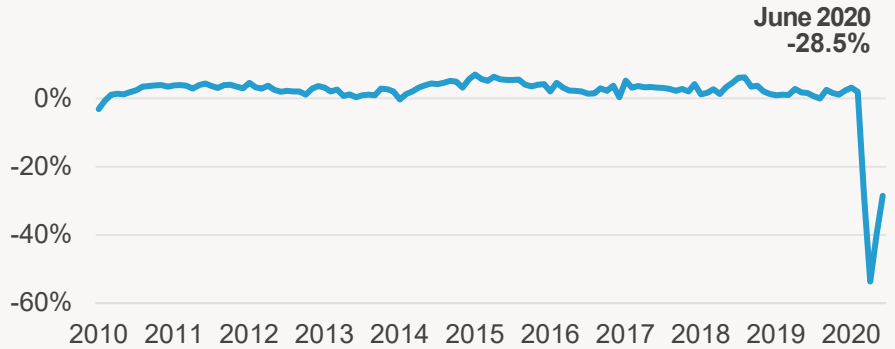
Technomic[®]

ECONOMIC SITUATION

Foodservice industry sales declined by **28.5%** in June on a year-over-year basis. In May, industry sales fell by 39.8% according to revised U.S. Census Bureau data.

From a rolling 12-month perspective, foodservice industry sales have fallen by **11.6%** through the month of June.

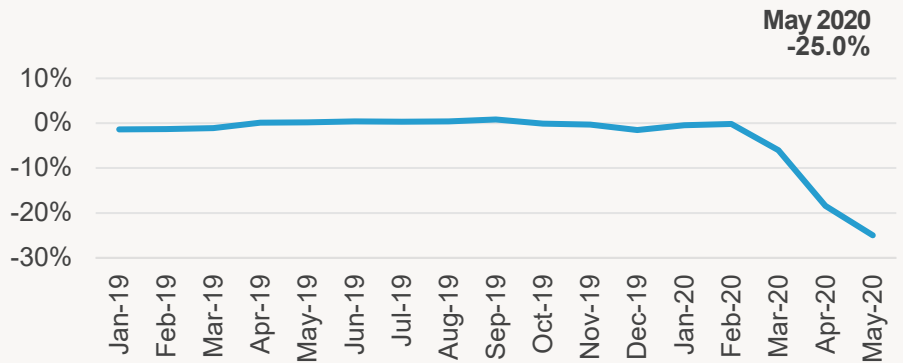
FOODSERVICE INDUSTRY SALES



Due to the preliminary nature of the data, this exhibit is intended for trending purposes only
Source: U.S. Census Bureau Advance Monthly Retail Trade Report

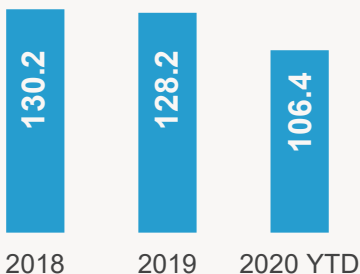
Consumer traffic among the top 200 largest U.S. restaurant chains is down **25.0%** over the rolling quarter period of March through May.

CHAIN RESTAURANT TRAFFIC

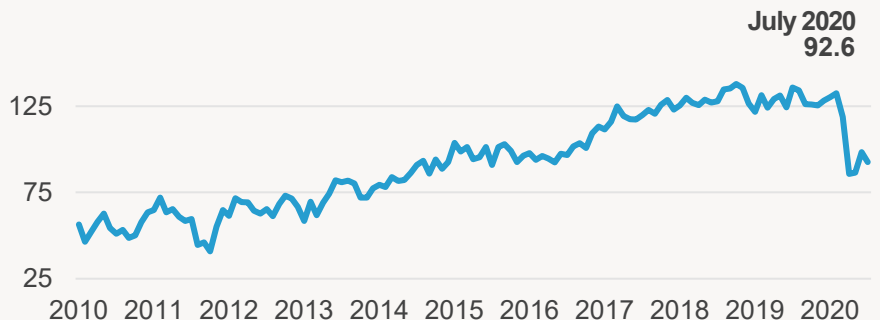


Traffic data includes in-store and drive-thru purchases as well as online and phone orders
Source: Technomic Inc. Consumer Visit Tracker

CONSUMER CONFIDENCE ANNUAL AVERAGES



CONSUMER CONFIDENCE



Base: 1985 = 100
Source: Conference Board

ECONOMIC SITUATION

The national price average for gasoline (all grades) registered at **\$2.27** in July, jumping 4.7% from the prior month.

The national diesel fuel price average (all types, on-highway) was **\$2.43** in July, increasing 1.1% from the prior month.

Employment in the foodservice industry contracted by **23.7%** in June, compared to 2019.

The national unemployment rate lessened to **11.1%** in June, an improvement from May's rate of 13.3%.

The price index for the food at home category swelled by **5.6%** in June, continuing a three-month trend of significant increases.

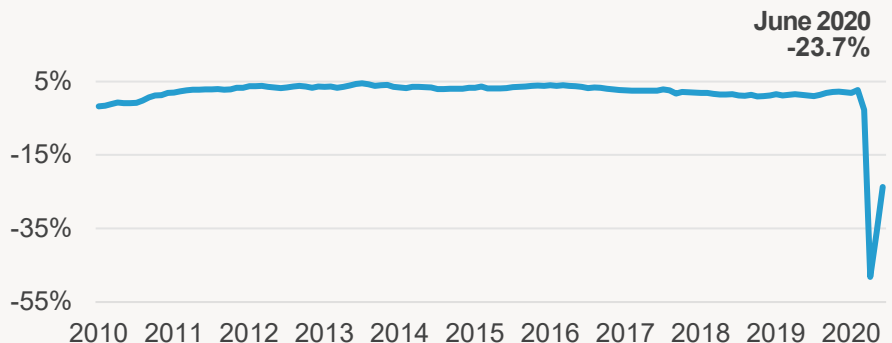
The price index for food away from home remained relatively stable in June, increasing by **3.1%**.

GASOLINE: NATIONAL PRICE AVERAGE



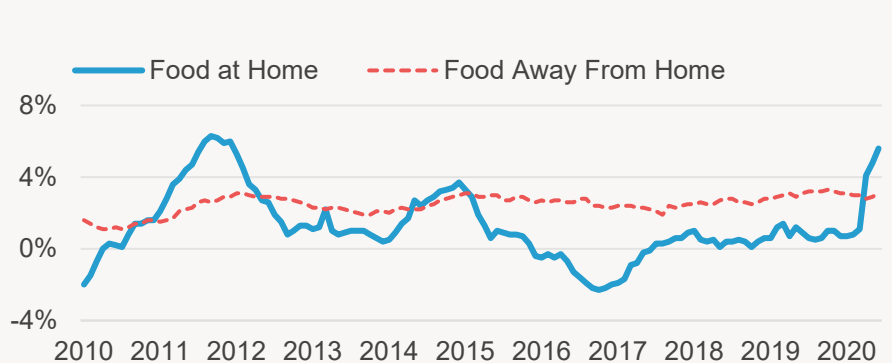
Source: Energy Information Administration

FOODSERVICE EMPLOYMENT



Source: U.S. Bureau of Labor Statistics

CONSUMER PRICE INDICES



Source: U.S. Bureau of Labor Statistics

OPERATOR SENTIMENT & EXPECTATIONS

For **traditional restaurant** operators, the monthly sentiment index regarding current operating conditions stands at **42.0**.

- Rolling year average: 53.5

For **beyond restaurant** operators, the monthly sentiment index regarding current operating conditions stands at **37.2**.

- Rolling year average: 53.3

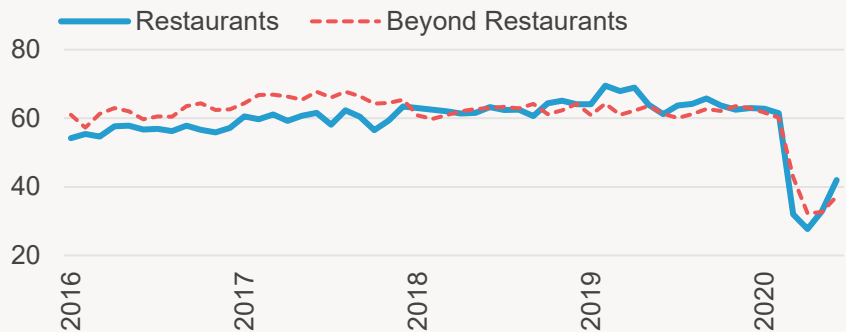
For **traditional restaurant** operators, the monthly expectation index regarding future operating conditions stands at **57.4**.

- Rolling year average: 61.3

For **beyond restaurant** operators, the monthly expectation index regarding future operating conditions stands at **54.4**.

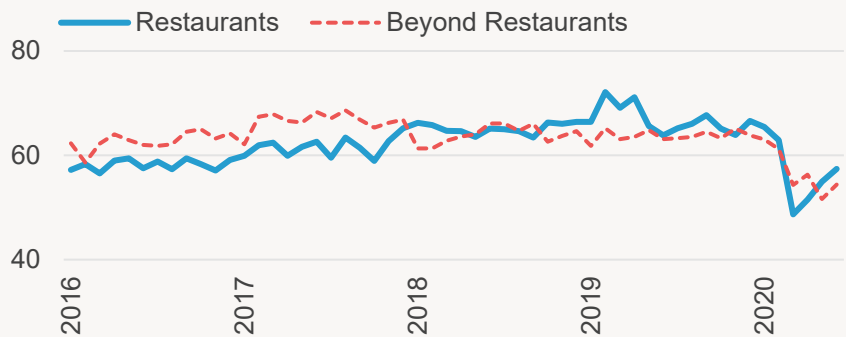
- Rolling year average: 60.4

CURRENT SENTIMENT INDEX



*100 = Ideal business conditions. Operator sentiment refers to current conditions.

FUTURE EXPECTATIONS INDEX



*100 = Ideal business conditions. Operator sentiment refers to current conditions.

The U.S. economy contracted at a record rate

Real gross domestic product (GDP) decreased at an annual rate of 32.9% in the second quarter of 2020—the largest quarterly decline ever recorded. The contraction was driven by a deep reduction in consumer spending, which accounts for approximately 70% of economic activity. In the first quarter of 2020, real GDP decreased 5.0%.

Starbucks released its quarterly financials

For the quarter ended June 28, Starbucks reported U.S. comparable store sales declined by 40%, with comparable transactions down 52%. Losses were partially offset by a 25% increase in average ticket. As of quarter end, approximately 97% of the chain's global store portfolio was open, led by 96% in the U.S. and 99% in China.

Domino's invested in China

The pizza chain announced it invested \$40 million for a minority stake in Dash Brands, which owns and operates roughly 300 Domino's locations in China.

DoorDash launched contactless ordering

The third-party delivery company rolled out a contactless pickup option that allows customers to order and pay at the restaurant by scanning a QR code. Restaurants that sign up receive a unique QR code and signage to display in the window or at the point of sale.

McDonald's reported its quarterly performance

For the quarter ended June 30, the burger chain stated that global comparable sales declined 23.9%, with U.S. comparable sales down 8.7%. The company also detailed plans to accelerate planned unit closures, including nearly 200 locations within Walmart stores.

Dunkin' may close up to 1,150 global locations

Dunkin' may close as many as 800 U.S. locations this year, plus another 350 outside the U.S., as part of a global effort to reassess its real estate portfolio and shed locations that don't fit with the company's long-term plans. The 800 U.S. restaurants slated for closure include 450 restaurants inside of Speedway stores.

Quarterly sales soar for Wingstop

The chicken chain registered impressive domestic same-store sales growth of 31.9% for the quarter ended June 27. The brand generated nearly 64% of its total quarterly sales via digital channels including Wingstop.com and the Wingstop mobile app.

Albertsons posted an impressive quarterly performance

The Boise, Idaho-based retailer stated that sales for the fiscal quarter ended June 20 soared by 21.4% to \$22.8 billion, driven by a same-store sales lift of 26.5%. Same-store sales also benefited from a 276% increase in digital sales.