

BJ's Restaurants, Inc. (BJRI) Presents at Barclays 19th Annual Global Consumer Staples Conference Transcript

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BJ's Restaurants, Inc. ([BJRI](#)) Barclays 19th Annual Global Consumer Staples Conference September 8, 2026 12:45 PM EDT

Company Participants

Lyle Tick - CEO, President & Director

Todd Wilson - Executive VP & CFO

Conference Call Participants

Jeffrey Andrew Bernstein

Presentation

Jeffrey Andrew Bernstein

Good afternoon, everyone. Thank you for joining us. My name is Jeff Bernstein, and I'm the restaurant and foodservice distribution analyst here at Barclays. With us this afternoon from Huntington Beach, California, we have Lyle Tick, President and CEO of BJ's Restaurants; and Todd Wilson, EVP and CFO. They're both to my right. By way of background, for those not familiar, BJ's is a casual dining chain with roughly 220 U.S. company-owned and operated restaurants. They are currently in the midst of a very successful strategic reset prioritizing operational excellence and restaurant economics to pave the way for a disciplined return to unit growth starting next year and the years beyond.

So we are excited to have BJ's management with us and an esteemed Board member of theirs in our audience as well. So we want to thank everyone for joining us in the room and on the webcast. I will kick it off with some broader questions for BJ's, but thank you very much.

Unknown Executive

Here you go, gentlemen...

Jeffrey Andrew Bernstein

Great, how are you?

Unknown Attendee

Good.

Question-and-Answer Session

Jeffrey Andrew Bernstein

So I had a couple of bigger picture industry questions and then dive more specific into BJ's. And I'm guessing this will be a question you'll enjoy because we've always asked about the health of the consumer, but it seems like your results of late would demonstrate your consumer is feeling okay. So I'm wondering if you could talk a little bit about how you think about the consumer more broadly, whether there's been any change in trend related to age or income or ethnicity or whether your turnaround is just capturing, you think, lots of things simultaneously.

Lyle Tick

CEO, President & Director

Yes. I mean, I guess -- I mean, from -- speaking from the BJ's perspective specifically and what we see, we have -- from our consumer perspective, we're not seeing a lot of stress in the consumer, right? I mean, we continue to see strong traffic-driven growth. We continue to see it across age and income cohort, across geographies, across dayparts and now again, across channels, like, dine-in throughout this whole thing has been very, very strong, but off-premise as well now.

So we're not seeing a lot of stress. Like, if I take a step back and hypothesize, I think the way I look at it is I see a couple of things going on. I mean, when you look at all of the data out there, you have to assume that the consumer is under some level of stress. And I look at, kind of, 2 things. One is what I call, kind of, durable and disposable transactions. And I think we compete for what are pretty durable transactions. So we call it the social splurge space, whether it's the weekly a couple of times a month, I'm going out with friends, I'm going out with family. It's an experience-based thing. And I think people protect those things.

And then I think the disposable transactions maybe tend to be more of, like, my during the week, quick lunch that I'm going to grab or a quick dinner on the way home during lunch before or after practice, one of those types of things. And I think you're willing to, kind of, give up on some of those things and make your lunch or eat at home to protect those, kind of, social occasions. And so that's where we compete. That's where we do well. And so I think that's potentially a dynamic why we're doing well.

And then you look at the fact that we're not alone in doing well, right? You see there's a number of our contemporaries who are doing well right now as well. And you look -- so then you get into the full-service category. And I think this is where you start to see the spread of winners and losers. And I think this is in a time like this where consumers, when they're giving a transaction, they want to make sure it's a great exchange. And I think the folks that are winning are the folks that are investing in their value proposition holistically, right, their product, their service, their atmosphere and making sure they have a place where their team members and their guests want to be. And those folks are winning more. And I think, thankfully, over the past couple of years, we've made pretty significant progress across all those areas.

Jeffrey Andrew Bernstein

No, that's great. And you mentioned some food at home on occasion being that we're sitting in the same building with a lot of my staples peers. I'll keep this quiet, but I've always said that I think food away from home is taking share from food at home. Do you believe that the most recent push of restaurant value is a driver of that? Like, how do you believe your brand is positioned in terms of the battle versus food at home because you mentioned some people might just eat at home during the week, so maybe you feel it on the week, but you make it up on the weekend or...

Lyle Tick

CEO, President & Director

Well, so I mean, I think when I was -- when I'm making that distinction, to me, again, it goes back to, kind of, the disposable or the durable transactions, right? I'm not sure that for that, kind of, couple of times a week when I'm getting together with friends and family, and I want to have that social occasion that I'm really competing so much with food at home. But I do think that if you think about, am I going to get a fast food lunch during the week or do that, kind of, a dinner to just fill a convenience occasion, that's where that choice might be coming into play more so I can protect that social occasion. So that's, kind of, how I see it.

Jeffrey Andrew Bernstein

Yes. And whether it's in meetings earlier today or in recent months, I'm just wondering, you're relatively new to the seat, although maybe not so much anymore. But what questions do you get most from investors that surprise you or questions you don't get that you're wondering why people aren't asking because it's something that you're excited about, but maybe that's more beneath the surface?

Lyle Tick

CEO, President & Director

I mean, on the surprise me, and I don't know if it surprises me anymore, but I think every -- folks want to compartmentalize the success that we've had or in general into, kind of, what's the one thing, either what's the one thing that did it or what's the one thing that you're excited about? And from my perspective, it just doesn't work that way. It's not one thing. This has been a combination of things that have ultimately improved our business over the past 2 years, and I think set the foundation for future growth. And for me, it's the operational improvements we've made, which we see come through in guests and team member metrics, then followed by unlocking, kind of, the power of the Pizookie, building an everyday value platform, improving our product, starting with the pizza, obviously, moving through burgers and chicken sandwich -- putting a fair bit of money back into our facilities and driving our remodel program.

So to me, it goes back to that investing in the full value proposition. And I feel like folks want to compartmentalize it into what's the one thing. And there just isn't a one thing. I think on the -- also, I think the other thing is, as I look at our business, sort of, like, last quarter, right, we had obviously great growth. Our operators did an awesome job, I think, running the restaurants and getting labor leverage. We had 70 bps of cost of sales headwinds, which that's going to happen over time, right? But in the big picture, I think we did a great job of running great restaurants. And it's, kind of, a question of, oh, like, are we now -- are we still growing profit or not?

And I guess I take, again, a bigger picture view, which is over the past couple of years, we put on \$0.5 million of AUV, about \$220,000 of restaurant level cash flow, expanded margins 240 basis points, and we're still running restaurants and leveraging those sales when you look at the operations we control, right? And so I feel really great about our business and where it's going. But you get, kind of, the -- we want you to be building a long-term better business, and then it's -- but what happened this quarter? And I think we try and be really focused on building a better business over time.

Todd Wilson

Executive VP & CFO

Jeff, I'll chip in with one, if I could. I believe in the -- what question, kind of -- I don't know surprise is the right word, but well, sometimes to Lyle's point on the improvement in the unit economics over the past few years, we'll get questions on what do we need to see to really get the new unit pipeline moving. And I'd say we've really already seen it, right? We've talked about trying to opening up to 2 restaurants this year, but we are very active out looking for new sites.

We're signing leases. We're negotiating with landlords. And so the proof points really are over the last 8 quarters of same-store sales growth, traffic growth, dollar and margin expansion that we're building the pipeline, just takes some time when you're talking 12- to 24-month lead times. But we get that question a fair amount that hopefully that clarifies a little bit.

Jeffrey Andrew Bernstein

Yes. Well, just to be able to summarize the way you just did of the volumes, the margins, the cash flow that you've achieved in such a short period of time, the improvement there. That's incredible. So congratulations on that. Is there any talk internally or at the store level about GLP-1s? I mean, I know that's just something that comes up a lot, and it feels like this is -- having done this for a while, this is the most, I think, likely to take a bite out of food away from home and sustainability and whatnot, and I have family members and they're losing weight and eating out less, and I'm sharing more with my wife instead of me getting 2 entrees and it just feels like it's in pill form and it's cheaper? Like, do you see -- do you have any reason to believe it's an area of concern up until now or going in the next few years?

Lyle Tick

CEO, President & Director

Yes. So we haven't seen it as yet. And the funny thing, I was talking to some of the team about the other day as we were -- we're doing -- one of the market tests that we're doing for some product stuff. We were testing some shareable sides. And it was the most decadent, kind of, over-the-top shareable side that way outperformed every other one, right? And I remember hearing a Delta chef talk about how he puts, like, healthy things on the Delta menu and everybody gets the steak and the potatoes. And so I think what people say and what they do can be a little different. I do think our occasion, that social splurge occasion, is a little insulated.

But the way I think about it more broadly is I do think that overall, people are looking for real food that is fresh and made well for them, right? And so -- that is something we are definitely focused on as we think about the menu and the category work that we're doing. And we do a lot of stuff from scratch right now. But as I think about evolving some of the categories, how we continue to focus on being scratch where it matters, fresh, real, made-for-you food that makes people feel good about the stuff they're putting in their body. I think over time, that's going to continue to be true as long as it's craveable. Nothing -- I haven't seen anything that has people choose something healthy that isn't craveable. It's got to be a craveable dish.

Jeffrey Andrew Bernstein

Being that we're in September now and presumably in the fall period, you spent a lot of time probably thinking about 2027. I don't know if there's -- if there's 1 or 2 initiatives that you'd say that's going to define us in '27 is something or other, whether it's an AI thing that's worth mentioning or not. But what do you think is going to be the highlight going into next year?

Lyle Tick

CEO, President & Director

I mean, the thing -- look, I'm -- at the core of our business is food and the product and the menu. And so we've made progress with pizza, burger, chicken sandwiches, but I'm really excited about the menu work that we have going into next year as we continue through the categories. So the food and the menu will probably always be the thing that gets me most excited and will be a continual journey over time because that's what we are. We're a restaurant company, right?

The other thing that I get really excited about, and Todd touched on it, is the work that we've been putting into our new prototype and just our new brand standards and how we express, kind of, our brand is finally going to come to fruition as we end this year and go into next year and bring that to life and building proof of concept around that, which is going to manifest not only through the physical plant itself, but we're really looking at the total experience from menus and menu engineering and plateware and cutlery.

And so it really touches our entire experience. And so I'm really excited about standing up proof points of that next year. And I think that's going to be the foundation of a next chapter that we go into with BJ's as we look at how we dimensionalize, kind of, the full growth story.

Jeffrey Andrew Bernstein

And I think more specifically about, kind of, each of the components of your business. So from a comp perspective, I mean, the most recent Pizookie, I think you said doubled the incidence rate year-over-year, which is incredible and have 8% traffic, I think, in the most recent quarter, unbelievable. I guess, therefore, not surprising that there's a little bit of average check compression if you get people who are maybe getting a smaller portion or getting dessert instead of -- but the strategy for -- I know you have an upcoming Pizookie launch -- like, how do you think about converting that viral dessert traffic into higher-margin entree sales to get back to average check growth going into next year?

Lyle Tick*CEO, President & Director*

Yes. I mean, I think there's a couple of things. One is we know the people who come into us through the seasonal Pizookie, we see them again. So they don't come back and disappear on us. We see them and they come back more often. And I think that goes all the way back to, I think, the first point about the levers that, kind of, play together, which is we're bringing these people into a restaurant that the environment is better, the service is better. And therefore, as we bring new people in, in theory, some of those people are going to have a good time and become customers. So there's a flywheel there.

I think with the seasonal Pizookies, when those hit a nerve, you see what you saw in Q2. And what you see is they resonate really, really well with young people, like high school and college kids, right? And recruiting that next generation into our restaurant, I'll take every day of the week, right? And -- but yes, we see these things we call them Pizookie trial checks. You'll see a bunch of appetizers, a bunch of Pizookies and some drinks, which aren't discounted checks, but from a dollar amount are a lower total dollar check. But we're bringing tons of these folks through the door as we hit a nerve with these Pizookies.

And so I feel really good about that overall flywheel. And the other thing that I feel really good about is, as I look at our sales, our sales every day of the week, whether it's a Pizookie Meal Deal day or not, whether it's Pizookie Tuesday or not, whether it's a weekend day, are super consistent. So we don't have, like, a lumpy business where we see during the week growing a lot, but not the weekends, we don't have the discount or just the Pizookie Tuesday when we're discounting the Pizookie. We see people coming in across every day of the week, across the weekends, and it's really consistent and even.

Todd Wilson*Executive VP & CFO*

Just one piece I'd add there, too. If I think about the mix that we've seen, call it, over the past year, people have gravitated to the areas of the menu that we've highlighted, right? They've gravitated to pizza that we reinvented back in the fall of last year, burgers to start this year, chicken sandwiches most recently, which all of those things are beneficial to us within their category from a sales and margin perspective. We have seen that pull people out of some of our higher-priced items like our steaks and Slo Roast, -- and that -- we prioritize those things first for a reason, right? Pizza was our founding product, and that was first.

But I think to -- as you look forward, it gives us confidence that as we reinvent those future sections, we'll be able to push people back there to items that, one, they certainly enjoy and have higher satisfaction and two, that have favorable business financials for us, right? And so it gives us confidence that we're able to drive mix as we highlight these different areas of the menu.

Jeffrey Andrew Bernstein

Seemingly, that's worked out well for you, not by design necessarily, but to focus first on things that are a little bit more value during a period where consumers probably appreciate that and maybe in a year or 2, when they're feeling a little bit better and you highlight the steak or the Slo Roast, you can get people to trade back up to that. Seemingly, that would be set up well.

Lyle Tick

CEO, President & Director

Maybe [indiscernible] outside of our -- outside of the Smash Burger, which is our entry point burger, our second most popular burger is our Wagyu Burger right at the top end. So people are -- they'll trade up and pay for something that is of quality, I suppose.

Jeffrey Andrew Bernstein

Great. I don't want to take one data point and spread it too far, but I think you had mentioned that you reallocated the first quarter of this year's marketing funds into the second quarter, and it generated a 60-some-odd percent increase in impressions during your celebration season? Like, how do you think about -- it seems like marketing is a powerful tool for you, especially as you reaccelerate unit growth. So I think you're talking about maintaining full year marketing spend flat as a percentage of sales. But how should we think about the back half of this year and going into next year as you think about the marketing dollars spent...

Lyle Tick*CEO, President & Director*

Yes. So I mean, dollars -- pure dollars we'll spend more because we're growing, and we're -- but we're maintaining the percentage. We don't see a reason right now to increase the percentage as we have growth that flows more dollars, and we're able to continue to drive the marketing. And we're getting smarter on our channel mix and our message mix and how we drive that. So we shifted out of Q1 into Q2 because we felt like we were going to get more bang for our buck during celebration season. And Q1 has all of the weather that you can't control and coming out of New Year's, which you can't control. So we felt it would be an advantageous reallocation of dollars, and it was.

I think as you look through the balance of the year, you'll see, again, us spending the same percent, us spending more dollars, us optimizing those more towards social and word of mouth, more behind Pizookie and product and then being very choiceful about broader media where we drive our value message. So I think going forward, it's -- for me, it's about that intersection of the right channel and the right message at the right time is what we want to deliver. And I think we continue to get smarter and optimize against that. But certainly, a shift towards social and word of mouth has been clear in our business over the past couple of years.

Jeffrey Andrew Bernstein

And the fact that you recently overhauled pizza, burgers and chicken, what percentage of sales -- obviously, you start with the biggest buckets, but -- is that 75% of your menu?

Lyle Tick*CEO, President & Director*

Well, it's not necessarily the biggest buckets. Actually, pizza was probably only about 6% or 7% of sales. But because it was our founding product, now 6% or 7% of sales, it touched, like, 20% of checks. So a lot of checks have pizza on it, but it was only about 6% to 7% of sales. But it's our founding product. And I'm just -- I'm a brand guy, so I, kind of, start from are we clear in our brand positioning? Are we clear in our consumer? And then is your foundation strong? And so being our founding product, and we had seen eroding guest satisfaction, we had seen an increase in comps and we've seen sales go down. And so we had to get our founding product renovated. So we started with that. Burgers, handhelds, ballpark here, but...

Todd Wilson*Executive VP & CFO*

I'd say between those 3 categories, I'd say 25% of our sales. So it's a nice chunk -- but one of the benefits, I think, of BJ's is, right, we have a broad menu. That's one of our benefits. And so there's still plenty of runway ahead.

Jeffrey Andrew Bernstein

So, like, what's over the next 12 months, like where do you see the biggest opportunities on the menu to make upgrades that could be meaningful to the overall business?

Lyle Tick*CEO, President & Director*

Yes. I think as I'm looking across the menu at the categories we haven't hit yet, I think steaks and Slo Roast is an area we're spending a lot of time on. Shareables and appetizers is an area that we're spending a lot of time on, which is core to us and touches a lot of checks. But we also have work on the salad category going on, and we'll get to specialty entrees. We're going to touch every category of the menu over the next 12 to 18 months as we ultimately look to get to a menu that we feel like holistically is a more compelling offering.

Jeffrey Andrew Bernstein

Got it. And I think you mentioned, well, the traffic expansion was broad-based. I think you said across all quintiles. So that's encouraging, including the stores that are already sitting at your top -- your best AUV stores. So the specific operational unlocks that are necessary for that, whether it's kitchen productivity or labor scheduling, like, how does the high-volume restaurants at least accelerate traffic growth and essentially the learnings you then take to the bottom quintile?

Lyle Tick*CEO, President & Director*

Yes. I mean, it's interesting because I even think about -- I think about Mother's Day, I think about Father's Day and across all those restaurants, even though those are the biggest days of the year for even our heavy hitters, we were growing traffic, and we're growing sales. And I think a lot of that, first of all, is credit due to our operators, right? And the focus that Chris, our Chief Operating Officer, was driving through the teams during those periods is you got to be really, really clean on your shoulder periods, so, like, coming in and out of, kind of, your dayparts so that we're not creating false waits so that we're moving people through full hands in and out of the kitchen, never in a unbussed table for more than a couple of minutes. It's, kind of, the urgency and hustle and hard work of working the restaurants.

On top of that, we have talked about how about 1/3 of our restaurants have this activity-based labor model, which is AI forecasted labor model, that helps us get the right people in the right place at the right time. And that has told us that we need more people during our peak hours and less people in our nonpeak hours to really drive through and optimize the volume that's coming through the restaurant. And then there's a lot of the smaller things. I mean, they may seem smaller, but it's, kind of, what are the things that are getting in the way or making it longer from a team member entering something in or how we're sequencing things on the KDS, right?

And so there's, kind of, constant feedback loop with our GMs, with our executive kitchen managers as we're optimizing how things come from the front of house into the back of house and then come back through. And it's a continual improvement, kind of, process. But the thing that's exciting is, again, you see our heavy hitters being able to churn more traffic and churn more volume. And so it just gives you a sense of how high is up.

Jeffrey Andrew Bernstein

And you mentioned when you talk about digital marketing a little bit, getting loyalty conversion and ramping that up with social media influencers. I mean, it just seems like you're hitting on a lot of cylinders here. But the strategy is to, kind of, convert those first-time promotional guests into long-term loyalty members? And, like, how do you think about that? Where are you in that process? Presumably, you can control your business better when you, kind of, have a better understanding the frequency with which your customers visit and how to accelerate that.

Lyle Tick

CEO, President & Director

Yes, absolutely. I mean, look, we want to continue to grow our loyalty program and our loyalty base, right? If you look at our loyalty program, our loyalty customers get us about an extra 1.5 to 2 frequency per year, right? So getting them into the program is great. Obviously, getting learning about them in the program both helps you in terms of optimizing them, but it also helps you understand better what your best customer looks like, what you can take in lookalike targeting outside of your restaurant. So it's a virtuous cycle.

I think on our loyalty program, we are growing our active base again. We made a little bit of a change last year where it used to be if you sign up for the loyalty program, you would get a free Pizookie immediately. And what we saw was a lot of people signing up, but a lot of people are not coming back. And so we change that to you get that free Pizookie on your next visit. And so we actually saw less sign-ups, but we saw those people returning a lot more often. And so we did that, and we saw a little bit of a contraction in sign-ups.

Now that's, kind of, evened out, and we're growing what we call our active loyalty base again. So that is people transacting within 6 or 12 months. And that's what I really look at is are we growing the base of people that we're seeing in a 6-month or a 12-month period because the vanity metric of how many people you have in your loyalty program, if half of them aren't transacting, I don't care about that. So we're growing that again, and it's definitely a focus on the restaurants. And we look at, like, little things are for whatever reason, and I don't have an answer for you as to why, but, like, from a server script point of view, we weren't really asking about loyalty until the end of the meal.

And so that's a problem, right? Like, at the beginning of the meal, I want to ask you if you're a loyalty member because if you're not, I can sign you up. If you are, you feel recognized and important. And when you go and ask about it until the end of the meal, if somebody has already decided, I want my check and I want to go, they're not going to, at that point, want to sign up and go through the process and give you their phone number and do all of that. So we've, kind of, changed our server scripts recently, and we're seeing sign-ups. So a lot of focus on it, a lot of tweaking. It's funny how much, kind of, just the execution at the restaurant and some of that sequencing can make a big difference.

Jeffrey Andrew Bernstein

And I think you said the loyalty member, you say they come 1.5, 2x more per year than a non-loyalty member.

Lyle Tick*CEO, President & Director*

Correct.

Jeffrey Andrew Bernstein

And how many times per year? What's the...

Lyle Tick*CEO, President & Director*

So you're looking at a non-loyalty average of just under 2. And so the loyalty member is getting closer to 4.

Jeffrey Andrew Bernstein

Yes. When shifting more from the top line drivers, maybe the cost side of things. First and foremost, people, like, to talk about commodities, which tend to be a little more volatile. And I think you said beef costs surged 20% in the most recent quarter. And you thought there was going to be additional sequential inflation in the back half of the year.

Maybe talk about how you achieved or how you think you were able to achieve that restaurant margin target despite that inflation and maybe how much pricing, kind of, comes into play to help with that going forward? Or what are the levers you have available if commodity inflation remains elevated?

Todd Wilson*Executive VP & CFO*

Yes, I'll jump in there. Just the fact base of part of the inflation dynamic and what's impacted our margins over the last 4 quarters is commodity inflation, in particular, beef, really started to see its biggest increase in Q3 of last year, right? And so on a year-over-year, we felt that in Q3, Q4, Q1, Q2. Now to your point, what was a 20% beef inflation in Q2, we think falls to, call it, 10% inflation in Q3. So still an inflationary period, but less so than what we've experienced so far.

And so the way we've thought about it and what our modeling shows is that Q2, as an example, on a year-over-year basis, cost of sales was a 70 basis point headwind in Q2. As we now turn the corner into Q3 and start to lap some of that inflation from a year ago, we see that turning into, call it, a 20 or 30 basis point headwind in Q3, right? So what was a 70 basis point -- excuse me, make sure I said that right, 70 basis point headwind in Q2 becomes a 20 or 30 basis point tailwind...

Jeffrey Andrew Bernstein

Tailwind.

Todd Wilson

Executive VP & CFO

Tailwind. Yes, I think I missed.

Lyle Tick

CEO, President & Director

It doesn't mean deflationary. It means less inflationary.

Todd Wilson

Executive VP & CFO

That's right. There's less inflation, but that allows us to actually improve that margin on a year-over-year basis. So we think there's a 90 or 100 basis point benefit just from that dynamic. Now I'll give our operators a ton of credit, too, of in Q2, we actually were really happy with how we manage labor. We saw labor margins improve significantly in Q2. For the clarity of it, that is not us reining in labor. We still want to deliver a great guest experience. What that is, is the economics of this business, right? When you're growing traffic at over 8%, growing sales at 6.5%, you should be able to leverage those fixed costs and our operators did a great job of that.

We fully expect that we can continue to do that in the back half of the year. So that commodities change, we always knew the front half of the year would be more limited from a margin percentage expansion in particular. We very much expect, which we always have, that the back half of the year, we see those margin dollars and percentages grow much more on a year-over-year basis.

Jeffrey Andrew Bernstein

And your reference to beef inflation, 20% going down to maybe 10%. That's -- how much of that is because beef prices that you've secured have come down versus just the comparison from a year ago, is beef less of an issue? Or it's just a comparison?

Todd Wilson

Executive VP & CFO

Yes. Look, the headline is it's the fact that last year, the comparison changes. The dollar per pound that we're paying for beef, in many cases, is flat, if not maybe a little bit more. But that comparison is what helps us and gives us the confidence that we will be able to grow the margins the way we've talked about in Q3 and Q4.

Jeffrey Andrew Bernstein

Yes. You also mentioned keeping your fleet in good condition. You talked about -- I think you talked about incremental R&M investments to achieve the gold standard across the system, repair and maintenance, I should say. So how do you think about, as a public company, balancing the short-term P&L cost burden of doing that against the targets for margin expansion? Well, then, hopefully, the inflation subsides going into next year, but how do you think about that spend?

Lyle Tick

CEO, President & Director

Yes, I'll start, and you want to jump in. So on the R&M side of it, our big focus is -- so that hits the P&L, right, the 4 walls. Our big focus is on shifting from unplanned to planned, which we've made good progress on, and we plan to continue that. So what does that mean? That means, like, preventative maintenance. So are we doing all of the right preventative maintenance getting all those PMs in for all of the equipment in the kitchen, for the refrigeration, for the salamander, for the stoves, for the fryers, for the vents. So we're doing all of the PM because if we can get to the planned maintenance, what really eats you up on the R&M side is the unplanned maintenance, right? When something breaks and you're reacting and going in that cycle, right?

So from an R&M point of view, preventative maintenance so that we're in better working condition all the time. On the capital side is also where we're leaning in, which ultimately will help this as well, which is getting much more planful on our repair and our replace intelligence, right? So being able to identify very clearly where we're seeing repairs, repeated repairs and ultimately, we want to replace and being really planful about our big equipment replacement. So you're talking about HVACs, you're talking about refrigeration and that, kind of, stuff and making sure that we are proactively working through that from a capital side to make sure our team members have the tools they need to deliver the standards that we expect from them and to be able to more effectively manage the, kind of, OpEx R&M on an ongoing basis.

Todd Wilson*Executive VP & CFO*

I'll be brief on this, Jeff. To Lyle's point, we're very much committed that we've got to have great restaurants for our guests and our operators. And so we're committed to that. All of the -- whether it's the P&L side with repair and maintenance, the CapEx side, all of that's contemplated in our guidance. And so we've been thoughtful on how we've approached that from all sides.

Jeffrey Andrew Bernstein

And lastly, just because you said it's a question you get a lot in terms of the comps are moving in the right direction, the [indiscernible] returns are getting better and better. The new unit growth with only 200 and some odd units and visions to potentially be a lot bigger. You said 2 units maybe this year by the end of the year, maybe 1 rolls into next year. But how should we think strategically about next year, the year after? Like, where does that go to as people get excited about the potential for both comp and unit growth simultaneous?

Lyle Tick*CEO, President & Director*

Yes. Look, I mean, I think you're looking at 1, 2 this year, a handful next year. When we talk about ramping up the way that we've talked about it is getting towards double-digit units, not percentage. So -- which would be probably closer to, like, a 5% when you look at a footprint like ours. But the key for me, like, much of the work that we've done on this business overall.

It's about making sure that we're taking a methodical approach, getting these things stood up, getting the learnings, applying those learnings as we go forward. So it's -- I want to be more driven by doing it right and sustainably and durably than hitting a specific number, but that's how you should think about, kind of, as we think about the ramp over time.

Jeffrey Andrew Bernstein

It seems like you're sitting in a unique spot if we can get some comp momentum and get some unit growth going and the margin is expanding, and that's -- it's a good flywheel.

Lyle Tick

CEO, President & Director

Yes. Thank you. The team has been doing a lot of hard work, putting a lot into it and has made great progress and improve.

Jeffrey Andrew Bernstein

Well, we want to thank you for joining us, BJ's Restaurants and specifically Lyle and Todd. And hopefully, you'll have productive meetings throughout the day. Hopefully, you get a chance to see them if you haven't already. Thank you very much.

Lyle Tick

CEO, President & Director

Thank you.

Jeffrey Andrew Bernstein

Yes.

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