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# Bloomin' Brands, Inc. (BLMN) Q3 2025 Earnings Call Transcript

Nov. 06, 2025 6:16 PM ET | Bloomin' Brands, Inc. (BLMN) Stock

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## Q3: 2025-11-06 Earnings Summary

Insights

EPS of  $-\$0.03$  **beats by  $\$0.10$**  | Revenue of  $\$928.81\text{M}$  (-10.59% Y/Y) **beats by  $\$22.48\text{M}$** Bloomin' Brands, Inc. ([BLMN](#)) Q3 2025 Earnings Call November 6, 2025 9:00 AM EST

### Company Participants

Tara Kurian - Senior VP of IR, FP&amp;A, and International

Michael Spanos - CEO &amp; Director

Eric Christel - Executive VP &amp; CFO

### Conference Call Participants

Anisha Datt - Barclays Bank PLC, Research Division

Jeffrey Farmer - Gordon Haskett Research Advisors

John Ivankoe - JPMorgan Chase &amp; Co, Research Division

Brian Mullan - Piper Sandler &amp; Co., Research Division

Jon Tower - Citigroup Inc., Research Division

Brian Vaccaro - Raymond James &amp; Associates, Inc., Research Division

Sara Senatore - BofA Securities, Research Division

Edward Farley - Goldman Sachs Group, Inc., Research Division

### Presentation

**Operator**

Greetings, and welcome to the Bloomin' Brands Fiscal Third Quarter 2025 Earnings Conference Call. [Operator Instructions] It is now my pleasure to introduce your host, Tara Kurian, Senior Vice President, IR, FP&A and International. Thank you, Ms. Kurian. You may begin.

**Tara Kurian**

*Senior VP of IR, FP&A, and International*

Thank you, and good morning, everyone. With me on today's call are Mike Spanos, our Chief Executive Officer; and Eric Christel, Executive Vice President and Chief Financial Officer. By now, you should have access to our fiscal third quarter 2025 earnings release and our Investor Presentation slides, both of which can be found on our website at [www.bloominbrands.com](http://www.bloominbrands.com) in the Investors section.

Throughout this conference call, we will be presenting results on an adjusted basis. An explanation of our use of non-GAAP financial measures and reconciliations to the most directly comparable GAAP measures appear in our earnings release and Investor Presentation on our website as previously described.

Before we begin formal remarks, I'd like to remind everyone that part of our discussion today will include forward-looking statements, including a discussion of recent trends. These statements are subject to numerous risks and uncertainties that could cause actual results to differ in a material way from our forward-looking statements. Some of these risks are mentioned in our earnings release.

Others are discussed in our SEC filings, which are available at [www.sec.gov](http://www.sec.gov). During today's call, we'll provide a brief recap of our financial performance for the fiscal third quarter 2025, current thoughts on fiscal 2025 guidance and our turnaround strategy. Once we've completed these remarks, we'll open the call up for questions.

With that, I would now like to turn the call over to Mike Spanos.

**Michael Spanos**

*CEO & Director*

Thanks, Tara, and good morning, everyone. On today's call, we will discuss 3 topics. First, I will summarize my observations during my first year and our actions against our operational priorities that we communicated in February to simplify the agenda, deliver a great guest experience and turnaround Outback.

Second, Eric and I will review our third quarter results and updated guidance for this year. And third, I am very excited for Eric and I to share the details of our turnaround strategy. I would also like to welcome Eric to his first earnings call. Let's start with my observations and our progress against our operational priorities. We have a great culture and team, and it is a privilege to lead this team as we embark upon our turnaround. Bloomin' Brands is a company of restaurants with 4 founder-inspired brands.

Our culture and spirit as an organization is grounded in our principles and beliefs inspiring how we serve each other and our guests. It unites us with a common vision that our success achieved one restaurant at a time, measured by growth in sales and profits and is the result of taking care of our people and guests. To build upon that culture and execute a strategic transformation, it is important to get the right leadership team in place.

The changes made to the team this year have reinforced the culture grounded in our founders' principles and beliefs, executing with an operational mindset and a passion for guest hospitality. We each bring different but critical and complementary experiences and skills to the table. Our recently announced Fleming's brand President, Pat English, exemplifies a passion for the team, our guests and consistency of execution.

Pat has 35 years of fine dining operational leadership experience, including 2 decades with Fleming's. Our brand Presidents are all new to role this year. And importantly, they are all operators that collectively average 34 years of restaurant industry experience. I would also like to thank Sheilina Henry for her leadership and impact on the Fleming's and Bloomin' Brands business over her impressive 13-year career with the organization.

We wish her the best in her future. In addition to our culture and team, we have iconic brands with strong equity, strong cash flow, a healthy balance sheet and ample liquidity to enable a turnaround. We compete in large and growing categories like steak and Italian. However, we faced several critical challenges, including overly complex menus, unclear brand positioning, inconsistent guest experiences, a gap in steak quality and diminishing value perception.

We had drifted away from making decisions centered on the guest experience. Solving these challenges, especially at Outback, are necessary to turn around the company. Our leadership team started addressing these problems with a focus on the 3 operating priorities. Our approach is to control what we can control, meet the guests where they are while keeping execution simpler for our restaurant teams.

To simplify the agenda, we refranchised our restaurants in Brazil, streamlined our corporate structure by removing layers, reduced menu SKUs by 10% to 20% and reduced LTOs that added complexity in the restaurants. To deliver a great guest experience, we knew we needed to address the consistency of execution in food, service, experience and value; the what you get for what you pay for value equation.

We introduced everyday value offers in all of our casual dining brands, leading with the Aussie 3-Course at Outback, which is resonating with our guests and is easily executed. Part of delivering a great guest experience is making it simpler and smoother. In order to achieve that while gaining critical service feedback at the individual restaurant level, we installed Ziosk across the Outback system. Over 85% of our guests use Ziosk to pay for their meal, saving them time and improving table turns by about 5 to 7 minutes.

We are also using guest feedback on their experience as a recognition and coaching tool at each restaurant. Our Ziosk data shows that our efforts are working. We have seen dine-in customer metrics improve several points across intent to return, steak accuracy, value and overall satisfaction. And the last of our operating priorities was to turn around Outback. We all believe that we can reenergize the brand and deliver sustainable growth.

And most importantly, our Outbackers believe in the future potential. In addition to these elements I've already mentioned, Pat Hafner and the Outback team committed themselves to listening, learning and serving our Outbackers and guests and focusing on being in restaurant during peak hours and days. The success of our restaurant business is determined on the ground, and there is no substitute for getting our leaders in the restaurants when it matters.

Between Ziosk and over 200 restaurant visits by Pat and myself, we are committed to raising the bar on standards and recipe execution for great food and service while removing complexity for our Outbackers. We also needed to test and learn. Earlier this year, we had 14 restaurants in test, which were largely focused on menu simplification, innovation and guest experience. In September, we expanded the test to 42 restaurants across several markets.

These restaurants have integrated test cells with steak quality, menu innovation, enhanced service models and value components. Throughout this year, we also ran isolated tests focused specifically on steak quality and changes to the service model.

These tests have accelerated our learnings, influenced our immediate business actions, validated our strategic initiatives and provided us with a better understanding of the change management realities of scaling improvements, which heavily influenced the sequencing we have planned for the initiatives in our turnaround strategy for Outback.

We will maintain a test-and-learn culture here at Outback, and we plan to use our test environments to continue to refine and test new ideas. Turning to our third quarter results and updated guidance for 2025. Our focus this past year on our operational priorities is translating into improved guest metrics and sales and traffic gains, putting us in a strengthened position to execute our turnaround strategy.

We believe our Q3 momentum is reflective of these foundational efforts. Our Q3 sales comp was up 120 basis points, which was 130 basis points better than Q2. And U.S. traffic was negative 10 basis points, which was 190 basis points better than Q2. While our focus has been primarily on Outback over the last year, all brands achieved positive comp sales growth this quarter for the first time since Q1 2023. All casual dining brands executed value offers to meet the guests where they are economically.

Outback comp sales were up 40 basis points with traffic flat. This was the first quarter of positive comp sales for Outback since Q2 of 2023. Outback continues to see traffic from the Aussie 3-Course offering, which starts with an entry price point of \$14.99, and we continue to see about 2-thirds of guests trading up to the higher tiers of \$17.99 and \$20.99.

We have also seen a significant improvement in Outback's brand trust by plus 6 points year-over-year and improvements in guest scores across food, service, value and atmosphere. Additionally, we are encouraged by our improved media ROI as we are being disciplined in communicating the right message in the right channels and at the right times to drive efficiency and effectiveness.

Our higher returns gives us increased conviction in the marketing investment we have planned to make as part of the Outback turnaround. Carrabba's comp sales were up 410 basis points with positive traffic of 60 basis points. Its growth was led by in-restaurant value of Dinner and Dolce for 2 for \$45, experiential wine dinners, lunch and off-premises. Bonefish comp sales were up 80 basis points with traffic of negative 170 basis points.

This was the first quarter of positive comp sales for Bonefish since Q2 of 2023. Its recent improvement has been driven by day of the week offers with \$5 Martini Margarita Mondays and \$7 Bang Wednesdays and its pre-fixed lunch offerings Sardine at \$14.90. Fleming's comp sales were up 120 basis points, with traffic down 120 basis points.

Fleming's has maintained its sales momentum with in-restaurant traffic driven by experiential events, elevated service and its events and catering platforms. We are excited with our momentum, but we know we need to continue to improve our results to grow market share. We know in-restaurant dining is our biggest opportunity. We know it will take time to reverse our market share trends, and we remain focused on improving our execution every day.

Let me turn it over to Eric to review our financial performance for the quarter before we cover the strategy update.

**Eric Christel**

*Executive VP & CFO*

Thank you, Mike, and good morning, everyone. I would like to start by providing a recap of our continuing operations financial performance for the fiscal third quarter of 2025. Total revenues were \$929 million compared to \$910 million last year. Restaurant sales were up, driven by the net impact of restaurant openings and closures as well as U.S. comparable restaurant sales.

This was partially offset by a decline in franchise and other revenue as the royalty rate on Brazil this year is less than the intercompany royalty received last year. As Mike mentioned, U.S. comparable restaurant sales were up 120 basis points and traffic was down 10 basis points. Though these results were below the casual dining industry, they exceeded our expectations as improvements begin to take hold.

Average check increased 1.3% compared to 2024 as we continue to invest in value offers for our guests. Off-premises sales were 24% of total U.S. sales in the quarter, consistent with Q3 last year. Outback's off-premises mix of sales were 26% in the quarter, and Carrabba's were 34%. Our GAAP diluted loss per share was \$0.54 compared to a loss of \$0.01 per share last year. Our Q3 adjusted diluted loss was \$0.03 per share versus earnings of \$0.11 per share last year.

Negative \$0.03 was above our guidance range of negative \$0.10 to negative \$0.15. The primary difference between GAAP and adjusted diluted loss per share is approximately \$43 million of adjustments incurred in Q3 2025 as a result of the restaurant closures and impairments, transformational and restructuring activities, foreign currency forward contracts that partially offset risk associated with the purchase price installment payments on the Brazil transaction and a change in our employee benefits policy.

Q3 adjusted operating margins were 0.8% versus 2.3% last year. The 150 basis point difference between this year and last year was driven by: one, COGS inflation of 4.9%. We lapped a significant rebate from Q3 of last year, which drove a higher inflation rate this quarter. We expect the full year COGS inflation to be between 3% and 3.5%. Two, labor inflation of 3.3% as we continue to experience inflationary pressure on wages.

We expect the full year labor inflation to be approximately 3.5%. And 3, higher operating and supply expenses, mostly driven by inflation as well as 60 basis points from higher insurance expense. As it relates to our 33% retained ownership in Brazil, which is classified using equity method investment accounting, we recognized a loss of \$300,000 in Q3. This was slightly better than our expectation, driven by updated estimates on the stepped-up fair value basis of accounting for the assets.

We expect the total impact on the full year to be approximately negative \$5 million. Turning to our capital structure in Q3. Total debt net of cash is \$896 million. Our leverage metrics are 4.3x on a lease adjusted net leverage basis and 2.9x on a net-debt-to-adjusted-EBITDA basis. We expect the second installment of the Brazil refranchising transaction to be received this month, and we will apply the proceeds to our revolver.

We anticipate this payment to be approximately \$122 million, adjusting for an updated FX rate and withholding taxes. This does include approximately \$15 million of interest income on the receivable. We expect lease adjusted net leverage to move from 4.3x to 4.0x and net-debt-to-EBITDA to move from 2.9x to 2.5x on a pro forma basis with the proceeds applied to the Q3 balance. Turning to our guidance.

We are raising our U.S. comp sales guidance range for the full year to be between flat to positive 50 basis points, driven primarily by our current momentum. We are raising our adjusted diluted earnings per share range to be \$1.10 to \$1.15. As a reminder, we are in a tax benefit situation driven by FICA tip credits relative to earnings.

We expect an adjusted tax benefit in the range of approximately \$10 million to \$12 million in 2025, which is included in our updated guidance. We continue to track toward capital expenditures of approximately \$190 million for the full year. As it relates to the fourth quarter 2025, we expect U.S. comparable restaurant sales to be between positive 50 basis points and positive 150 basis points.

We expect Aussie 3-Course to continue to have a positive impact on our sales as we are lapping underperforming promotions from 2024. We expect Q4 adjusted diluted earnings per share to be between \$0.23 and \$0.28. This earnings per share range includes an estimated negative impact from our 33% Brazil ownership to be approximately \$1.5 million.

Let me turn it back over to Mike to walk through the strategy update.

**Michael Spanos**  
*CEO & Director*

Thanks, Eric. As I mentioned, our strong Q3 results and operating momentum give us confidence to now launch our holistic turnaround strategy focused on Outback Steakhouse. Through our testing this year, we identified no-regret investments that are critical to the success of the turnaround.

Our Outbackers and our guests are telling us that these are the right things to do and are consistent with our foundation in terms of quality, service and experience. And we know they are required to deliver sustainable profit growth and market share gains. We have identified approximately \$75 million of investments across 2026 through 2028, with approximately \$50 million being spent in 2026.

The investments will be across state quality, service, our people, the guest experience and marketing. We will offset the turnaround investments with approximately \$80 million of non-guest-facing productivity in 2026 through 2028 with approximately \$30 million occurring in 2026. In simple terms, 2026 is the year with the majority of investments with a net investment of approximately \$20 million.

Eric will provide additional details of how this is allocated across each of these areas. Our turnaround strategy is based on 4 strategic platforms, which are to: one, deliver a remarkable dine-in experience; 2, drive brand relevancy, a steakhouse. Our investments include investing in the quality and cuts of the steaks to deliver a competitive and craveable lineup that delivers value.



We are also investing in our cooking equipment, including expanding [ chart roll ] capacity that we will have the optimal cooking platform across steaks and other proteins. We are committed to the consistent training necessary to ensure we continue to have the exceptional steak quality, taste, specs and accuracy. In our tests, these steak enhancements delivered an average 10-point lift across guest satisfaction, taste, value, intent to reorder and quality perception.

These gains, combined with enthusiastic Outbacker feedback, give us strong conviction to move forward with investing in our steak quality nationally later this month. Another element of our remarkable dine-in experience is craveable service. As I mentioned on the last call, we identified that our 6 tables to 1 server ratio during peak hours wasn't providing the right level of guest interaction and Outbacker satisfaction.

We believe a reduced ratio of 4 tables per server during peak times, which is more in line with casual dining best practices, will allow our Outbackers to provide a more consistent and enhanced experience for our guests. Similar to steak excellence, we ran independent tests earlier this year with a reduced table-to-server ratio. We saw an increase in our intent to return, attentiveness and likelihood to recommend service scores from our guests.

Our operators in the test also had positive feedback because servers have the time to positively engage with their guests. These results and feedback give us confidence in rolling the service model out across the Outback system starting in Q2 of next year once we have the execution of our enhanced steak lineup right. The final element of delivering a remarkable dining experience is consistency of execution.

We are leading with an operational mindset that prioritizes the guest first and is delivered with great food and great service. As I mentioned earlier, our leaders are in our restaurants during peak hours to focus on operational excellence and accountability to standards. We are leveraging technology to help our restaurant leaders more easily check for outliers and guest metric scores.

Our strong focus on consistency of execution this past year as demonstrated by the strong business momentum in Q3 and improved guest metric scores gives us further confidence in the turnaround plan. The second platform is to drive brand relevancy. We need to make Outback more relevant. Outback Steakhouse has incredible brand equity. It is the pioneer of the casual steakhouse industry.

We have strong brand awareness and a tremendous opportunity to convert that awareness into restaurant visits. To do so, we must differentiate Outback's brand positioning, building greater relevancy while deepening the connection with our guests and emphasizing that we are first and foremost a steakhouse. Fundamentally, we are going back to the core greatness of the Outback brand.

Outback led through craveable food, value and an emotional connection with the server and managing partner. However, the key differentiator was the fun, casual and adventuresome Australian spirit. Focusing on No Rules, Just Right and hospitality is the core of the brand culture and the heart of the experience that created loyalty with our guests. Our intent is simple, come as our guest, leave as our mate.

Sharpened brand positioning will serve as a foundational element of our turnaround, helping to recruit new guests, reengage lapsed users and drive frequency among our loyal base. We are also leaning into steak-centric equity in our brand communication. We're reasserting Outback's authority in steak through menu redesign, refreshed creative and elevated food photography that showcases our craveable steakforward offerings.

Guests will see our revamped high-quality steak lineup front and center, highlighting the thickness, freshness and craftsmanship of every cut, along with our signature Outback seasoning that sets us apart. The steak-centric focus will also strengthen our value equation by offering menu variety and affordability across multiple price points, enhancing what guests get for what they pay for.

We will continue to lead with depth and steak excellence while leveraging our non-steak protein variety with disciplined breadth. Supporting the brand's relevancy is marketing effectiveness. Over the past year, we've significantly improved our marketing efficiency by redirecting spend towards digital channels and simplifying our message to make it more focused and impactful.

Our marketing actions earlier this year drive our conviction to further evolve our media strategy, shifting from a legacy mix of 70% linear TV and 30% digital to approximately a mix of 40% linear TV and 60% digital. This change reflects how guests now consume media ensures we deliver the right message through the right channels and at the right time to maximize traffic and returns.

With renewed confidence in our brand positioning and turnaround momentum, we plan to increase our marketing investments next year. The third platform, reignite a culture of ownership and fun. Our turnaround will be delivered by and through our people. Every brand has a feel guide. It's a small booklet that explains the principles and beliefs for the brand. Every Outbacker has one, I have one.

It states that our success is based on our belief that people want to be part of something they can be proud of, is fun and that includes and values them. Outbackers have pride and ownership in the success of the restaurant. To enhance our already strong culture, we are making investments across leadership development, engagement, training, field compensation and recognition.

This begins with ensuring we have the right managing partner for every one of our restaurants. Our managing partners are owners and leaders. Restaurants with stability in the managing partner role have been proven to be our most successful, including having the lowest hourly turnover and strong engagement, leading to improved performance. To retain the best partners, they need to be compensated competitively and incentivized to drive the operational priorities.

We are committed to our people, and we know that when we take care of our people, our Outbackers serve each other and the guests with pride and ownership. Our fourth platform is invest in our restaurants. As I've said on prior calls, we need to invest back into our restaurants. Our goal is to touch nearly all of the Outback restaurants by the end of 2028 with targeted initiatives to refresh the interior and exterior.

With this asset refresh, we will focus on guest-facing areas, the areas that make a positive impact in restaurant ambience. We have tested various remodel scopes this year, and we'll leverage learnings as we roll out the asset refresh broadly. These investments and this renewed focus gives us confidence that our guests will have a better in-restaurant experience to complement the other platforms of the turnaround.

I will now turn it back over to Eric to walk through the investments, productivity and capital allocation.

**Eric Christel**

*Executive VP & CFO*

Thanks, Mike. As we think about the constructs for next year, Mike mentioned there are no regret investments that support and enable the turnaround. These total to approximately \$50 million in 2026, we expect this to be the bulk of the turnaround investments. These investments will be offset by approximately \$30 million of productivity for a net investment of approximately \$20 million in 2026.

The \$50 million of investment will primarily be concentrated in Q2 through Q4 of next year and will support the investments in center-of-the-plate food quality, including steak excellence improvements and menu redesign of approximately \$25 million, investing in service and the guest experience of approximately \$7 million and investing in our people of approximately \$8 million.

We also intend to increase our marketing spend by approximately \$10 million as part of the overall \$50 million investment. In addition to the approximate \$50 million of turnaround investments in 2026, we plan to invest approximately \$25 million across 2027 and 2028 for a total investment cost of approximately \$75 million. The majority of the \$25 million will be an increase in marketing spend to support the turnaround efforts.

In addition to the approximate \$30 million of productivity savings for 2026, we have identified an additional \$50 million of non-guest-facing productivity across 2027 and 2028 for a total of approximately \$80 million in productivity. For productivity, we are targeting areas that are non-guest facing. We are negotiating costs with suppliers, optimizing product selections and eliminating unnecessary vendor spend.

We are also focused on tighter processes in the restaurants, leveraging technology for increased data visibility and outlier management. We are optimizing labor scheduling and focusing on areas where we can simplify operations in the back of the house. In total, we estimate savings next year to be approximately \$30 million spread relatively evenly throughout the year.

These savings apply across brands and at the corporate level. On our capital allocation, our strategy will be twofold: one, to invest in the base business as well as our restaurants; and 2, to pay down debt. Capital expenditures next year will be slightly more than what we will spend this year with the primary change in capital being a shift of dollars previously spent on new restaurants towards restaurant asset refreshes and remodels.

As Mike mentioned, we are focused on refreshing nearly 100% of the Outbacks by the end of 2028. We will get started in Q1 next year, and we'll look to spend an average of \$400,000 per unit. The great news is we are modeling our approach after Carrabba's, demonstrated the success of a lighter touch, guest-facing focused asset refresh strategy that also yielded traffic improvements and improved employee satisfaction.

This year, we completed a detailed review of our restaurant base and identified 21 underperforming restaurants, which we closed last week. We also identified 22 restaurants in which we would not renew the lease. Most of those leases expire in the next 4 years. Our goal is to focus our resources on the remaining healthier restaurants. As part of our new capital allocation strategy, we suspended the dividend.

We believe that the best use of capital today is to invest in our restaurants, our guests and our employees and are confident that this will deliver sustainable growth in our business. In terms of leverage, our goal is to reach 3.0x on a lease-adjusted leverage basis by the end of 2028. As such, we'll use available free cash flow to pay down debt.

As we think about 2026, there are 2 items we are monitoring closely that will influence our annual guidance, and that is: one, where beef inflation lands for next year; and 2, visibility into expected tariff impacts. With this in mind and aligned with our historical cadence, we will provide detailed 2026 guidance on our February earnings call as well as how we are thinking of our go-forward multiyear targets once we establish our 2026 baseline.

Let me turn it back over to Mike.

## **Michael Spanos**

*CEO & Director*

Thanks, Eric. We have covered a lot of material, and we'll update you in February with further details, as Eric stated. In summary, we are highly confident our strategy will firmly place Outback Steakhouse on the right course for sustainable, long-term and profitable growth.

Through this strategy, we will, one, deliver a remarkable dining experience through improved steak quality, enhanced service and consistency of execution; 2, drive brand relevancy to differentiate Outback with a return to our brand roots; 3, reignite a culture of ownership and fun with a commitment to our people; 4, invest in our restaurants to refresh approximately 100% of Outbacks by 2028.

We will enable this strategy with non-guest-facing productivity savings, a balanced capital allocation and a strong management team. We have the right team in place to execute this turnaround and have momentum. Our leadership team is aligned and committed to the turnaround. We all have confidence in the success of Outback Steakhouse and more broadly, Bloomin' Brands.

We know that when we invest in the guest, give Outbackers the tools to succeed and provide a quality dining experience, Outback can and does win. This is evident in the initial improvements in metrics such as guest satisfaction and intent to return. We will continue to be transparent on our progress and our actions.

Lastly and most importantly, all of our results and future potential would not be possible without the dedication, the commitment and the leadership of our people in the restaurants and the restaurant support center.

Every day, they show up and give their best to the guests and each other. I'm incredibly proud of our Outbackers, our [ Micos ], our anglers and our associates. Thank you for what you do and your commitment to making the Bloomin' Brands turnaround a success.

With that, let me open up the call for questions.

## **Question-and-Answer Session**

### **Operator**

[Operator Instructions] Our first question comes from Jeff Bernstein with Barclays.

### **Anisha Datt**

*Barclays Bank PLC, Research Division*

This is Anisha Datt on for Jeff Bernstein. I wanted to ask a question on comps. You highlighted strong momentum in Q3. Can you expand on whether that strength carried into October across all the brands and what factors contributed to sustaining that performance?

### **Michael Spanos**

*CEO & Director*

So our Q3 trends have continued into Q4, and our Q4 guidance and full year guidance assumes that those trends maintain. And second part of your question, I just think we're meeting the consumer where they're at. We're creating the right variety of affordable entry price points, value, an example of that's been the Aussie 3-Course.

**Anisha Datt**

*Barclays Bank PLC, Research Division*

Okay, great. And as a follow-up, are you seeing any underlying macro weakness that might be masked by your improved [ results ]?

**Michael Spanos**

*CEO & Director*

We had encouraging trends across the board when I look at the quarter. Traffic improvements and growth, they were consistent in all the brands, and that was across income groups and ages. Check averages were also up low to mid-single digits across income groups and age groups.

And we did see larger party sizes offset by slightly lower PPA. Maybe where we saw a little bit of slight check management was in the cohorts over 65 years old, and that was predominantly in beer, wine and liquor. But importantly, what we liked is they chose to dine out based on the visitation results, which were positive. So to me, what this tells me is it's just another validation that dining out remains a very affordable luxury.

Consumers, regardless of their income levels or their age, they want to get out. They want to prioritize experiences, other forms of discretionary spending. And I think we did - we're mindful of the environment, which means we got to keep meeting the consumer and the guests where they're at economically.

**Operator**

Our next question comes from Jeffrey Farmer with Gordon Haskett.

**Jeffrey Farmer**

*Gordon Haskett Research Advisors*

You just touched on it, but just I was hoping to get a little bit of a deeper dive into how the company materially outperformed the Q3 same-store sales guidance, specifically sort of the factors that contributed to that better or much stronger-than-expected result.

**Michael Spanos**  
*CEO & Director*

Jeff, I think it was a couple of things predominantly. One is we're just executing with more consistency of execution, and that starts with our leaders. Our leaders are tremendous. They're out there with the teams during peak hours. And I just think that's given us a great executional dividend. That's the first thing.

And then the second thing in all of our casual dining brands, I think our marketers and operators did a great job, again, focusing on meeting the guests where they are at regardless of the economic cohort. And you think about the brands, Aussie 3-Course at Outback, very, very positive. At Carrabba's, the team did a great job with experiential wine dinners.

Bonefish, we had everything from \$5 Margarita Mondays. We had \$14.90 prefixed lunch menus. And we've done a really nice job at Carrabba's and Outback with \$10 take-home, just getting that average checkup. So I think that's what it is. It's just really being there, meeting the guests where they're at and providing the right what you get for what you pay for relationship.

**Jeffrey Farmer**  
*Gordon Haskett Research Advisors*

Okay. And again, you just touched on it with the cohorts. But obviously, as you know, there's a lot of focus on income cohorts, age cohorts, relative trends across those cohorts. But can you share some detail about what you're seeing with the Outback customer base? And maybe more specifically, how does the Outback customer base sort of stack out or shake out across income and age cohorts?

**Michael Spanos**  
*CEO & Director*

As I said, for the quarter, we saw consistent performance across all the age and the income groups across Outback, steady, consistent growth that was there. And we had flat traffic, and that was consistent in all those groups. There were no outliers. Value is working for us.

**Operator**

Our next question comes from John Ivankoe with JPMorgan.



**John Ivankoe***JPMorgan Chase & Co, Research Division*

This is [ Christopher ] for John. The question is on remodels. You mentioned an average CapEx of \$400,000 per unit. But as there are some stores that are over 20 years old, it could suggest that there's a bit more needed. Could you potentially like bucket by number of units, what the various spend levels could be?

**Michael Spanos***CEO & Director*

Well, I'm not going to get into the specifics of buckets per spend. But as Eric said, we're highly confident that our asset refresh plan, it enables us to touch every -- nearly every Outback over the next 3 years. And they're very targeted initiatives, and it allows us to refresh the interior and exterior at an average cost of about \$400,000 per location.

We're going to focus on the guest-facing areas, and we're going to focus on what makes a positive impact to the guest. What I would add is, if you go back to previous calls, we talked about our outside maintenance survey data. We use that to really be very surgical. We also have tested various remodel scopes that we also talked about.

We're leveraging those learnings. And lastly, Pat led this at Carrabba's. We were very excited with what we saw post those light touch refreshes. We saw 100 basis points to 200 basis points of traffic lift post those. So some will be higher, some will be lower, but we think with targeted initiatives, we can really do a good job hitting nearly all of them by the end of 2028.

**John Ivankoe***JPMorgan Chase & Co, Research Division*

And as a follow-up on average check, do you see further investment here in order to drive component of value and ultimately traffic?

**Michael Spanos***CEO & Director*

No, I don't think so. The way I would answer that is, first, based off the tests, feedback from our Outbackers, our own work, we believe this is the right investment level across each of the elements of the strategy.

Now we're going to be judicious in analyzing those investments and making sure we're getting the right returns. And it also implies that if we see really good returns and there's a benefit, we're going to consider looking to invest more. And as I said since I joined, we're going to be highly transparent about what we do every step of the way.

## **Operator**

Our next question comes from Brian Mullan with Piper Sandler.

## **Brian Mullan**

*Piper Sandler & Co., Research Division*

Just a question on the marketing part. I think you addressed this some in the prepared remarks, but it sounds like investments in marketing are going to be a part of the turnaround process.

Just talk about how maybe you're going to phase this in over the next couple of years. I imagine there's a balance that can drive traffic in the short-term, but maybe you want to make sure the product and service model is right. So just talk about the approach and how that will build.

## **Michael Spanos**

*CEO & Director*

Yes, Brian, I'll take it to how we're thinking about the sequencing of investments. Specifically to marketing, the incremental marketing is assumed to begin predominantly in the second half of 2026. That's \$10 million. And then as Eric said, we would look to add another \$10 million in '27 and another \$10 million in '28.

Obviously, it's pay-as-you-go. And you're right, we have thought about the total execution of the platforms in a more of a sequential manner because we want to be very thoughtful that we allow our Outbackers to be brilliant at the basics. We don't want to overload them with tasks. So step one was get the operational priorities, get the foundation of base execution right. That's what we've been honed in on this year.

Second, we're launching steak quality at the end of this month. And we're going to work hard at getting that right. And then in Q2 of '26, we'll launch the elements of the service model. And then after that comes the marketing. And then the nice thing about Ziosk, it's going to allow us to keep evaluating location-by-location, geography-by-geography on how we're doing on the execution.

**Brian Mullan***Piper Sandler & Co., Research Division*

Okay. And then just a modeling clarification on the closures. Can you give us a sense of what brands those will be at -- concentrated at? And then with all the assessing of the portfolio you've done this year, do you think you're done on the closure front or as you progress another year or 2, could there potentially be a little bit more?

**Michael Spanos***CEO & Director*

Yes. The closures were Outback, Bonefish and Carrabba's. At this time, we don't see any more action needed. As we said, we've been very thorough in our asset evaluation over this last year, and that's where we're at, at this point.

**Operator**

Our next question comes from Jon Tower with Citi.

**Jon Tower***Citigroup Inc., Research Division*

Maybe just digging into the Aussie 3-Course, can you help us think about or speak to how that mixed in during the third quarter? It sounds like it's been relatively successful in terms of the different levels that you're offering the guests. And how are you thinking about this business or this value platform going into 2026? Obviously, beef inflation is out there. It's well discussed amongst investors. How are you thinking about holding the line on pricing there should we run into a fairly significant wall of beef inflation over the next 12 or 24 months?

**Michael Spanos***CEO & Director*

Yes, Jon, so I got two questions there. So first on your question about Aussie 3-Course. We -- we're very pleased. We like the results in Aussie 3-Course, and it's mixing exactly where we expected it to. And as I said, what I like about it is 2/3 of the guests are trading up and that's \$17.99, \$20.99. And what I didn't comment as well, we got a lot of guests trading up on desserts as well, which is really encouraging.

They're spending an extra \$3 to get a Chocolate Thunder versus getting the Cheesecake. So very consistent with what we expected. And our plans consistent with '25 are to continue in all the casual dining brands to have a value offer because we need to be very mindful of pricing with inflation, but we also have to meet the guests where they're at to get them to engage and a lot of them show up thinking they're going to buy the Aussie 3-Course course and they pick a picture on the menu and they eat something else.

And that's a good dynamic. In terms of beef, what I would say is for '25, we see this as a mid-single digits reality. We'll communicate what we see beef doing in February when we get to the 2026 guidance. But I'd say 2 other things. One, we like the resiliency of the beef category. It continues to grow. Americans are engaging it. And one other thing that I think is important is the relative value works for us.

And what I mean by that is we're getting a lot of guest feedback that guests know they can come into Outback, get a perfectly cooked steak at a great value, get a couple of sides, get a great experience and they're out of the house, but yet it's almost the same cost as what they're paying for beef at retail. And what that again tells me is Americans want to get out, they're going to prioritize getting out of the house into casual dining over other discretionary spending.

### **Jon Tower**

*Citigroup Inc., Research Division*

Yes, it makes sense to me. People don't want to risk the idea of screwing up a steak at home, go to you guys and get a good experience in the process as well. So I guess one of the other questions that I had, you had offered a lot with respect to the business transformation over the next 12 to 36 months.

I'm curious, you talked about menu redesign and some of the savings behind are running through the P&L. I'm just curious, do you feel like the menu is also optimized today? I think you've gone through and cleaned up some of the SKUs of the past 12-plus months, but do you feel like there's more to be done there or are you at a good point today?

### **Michael Spanos**

*CEO & Director*

We can do more. Menu redesign is definitely a journey. I like what we did when we reduced 10% to 20% of the SKUs this last year to simplify the complexity for the back of the house as well as the front of the house. But revenue management is fluid.

Part of menu design is creating affordability and a variety of entry price points. We're going to continue to iterate on that. And that's also, by the way, what we're using our 42 test locations for. We're using that as a good learning lab across the board to understand assortment, choice, affordability and what the guest wants.

## **Operator**

Our next question comes from Brian Vaccaro with Raymond James.

## **Brian Vaccaro**

*Raymond James & Associates, Inc., Research Division*

Thanks for all the detail and the turnaround, really helpful. Just on a couple of the aspects there. You talked about improving the steak quality. Could you elaborate on some of the changes you're making there, whether it be changes in product spec, the types of steaks maybe that you'll be featuring or changes in cooking procedures?

## **Michael Spanos**

*CEO & Director*

Yes, Brian, it's a really good question. So in terms of steak quality, I start with what I said in the prepared remarks that we're getting back to our roots of steak excellence and just being a great steakhouse. And that's depth of our steak lineup. We're also going to have breadth and discipline in the non-steak proteins, which has been a big differentiator for us over the years going back to the founders.

We do with this steak lineup, we're going to launch the end of this month. We believe we've got the best steaks in the category. And right now, I think we've got the best barrel cut fillets out there. We're really excited about the Sirloin. We think it's going to have a better performance, better tenderness.

We're going to be -- I really like our Ribeye lineup that's going to be coming. And we're going to have just, I think, a great thick cut strip. And I'll leave it at that. But the Outbackers, they're really proud. The pride to sell is high. And to me, that's what just gives me a lot of conviction and confidence we're doing the right thing here.

**Brian Vaccaro***Raymond James & Associates, Inc., Research Division*

All right. And also just on the guest experience and talking about the consistency of execution. Is there any way to level set either currently sort of -- or the rate of improvement, but just sort of level set what you're seeing in any metrics and what you're tracking on that?

Like do you track the percentage of guests with the problem or other metrics that you might be able to share and how that might be improving year-on-year across the system or within your test markets, your test pilot stores, the 42 stores?

And then maybe as a tack-on to that, you talked about investing in your managers. And just maybe some more color on the changes to their comp plan or how they're being incentivized sort of tying their compensation to the performance of the stores that they're managing.

**Michael Spanos***CEO & Director*

Yes, you bet, Brian. So on the survey data, we've looked at a few different things. One is we've looked at comprehensive satisfaction surveys. We've used that, especially on the steak work. We also have just leveraged the heck out of Ziosk. And specifically on Ziosk, we look at intent to return, we look at guest satisfaction.

We look at complaints per 10,000, and we're able to compartmentalize or bucket those by location, by JVP to really get at the issues. So that -- I think -- and we're going to continue to do that. In terms of the MP comp, what I'd say there is our principles and beliefs, the culture is grounded in our managing partners.

We know that growing the sales and profits of every restaurant starts with our partners. And therefore, we are making investments in the field compensation. We need to ensure we're competitive in the market. That allows us to have the right partners enroll. And that structure that drives that ownership aligns -- has got to align with our business objectives.

What's exciting is those investments in field compensation, they're going to always enhance the team member, the guest experience, and we've seen lower hourly, lower manager turnover when we have tenured partners enroll. As far as the specifics, I want to be -- I want to directly and first communicate to our partners. And I'll leave it at that here. Out of respect to them, we need to have the discussion directly with them on how we're moving forward.

## **Operator**

Our next question comes from Sara Senatore with Bank of America.

### **Sara Senatore**

*BofA Securities, Research Division*

Just I guess one quick housekeeping question and then a question about Ziosk. Could you just let me know how much price you had on the menu? I'm just trying to reconcile, I think it was probably like kind of 4% price versus a more modest increase in check, but then what you said about seeing some good spending patterns by -- across different cohorts. So if you could just talk to that dynamic? And then like I said, I have a question on Ziosk.

### **Eric Christel**

*Executive VP & CFO*

Sure. Hi Sara, it's Eric. So our Q3 pricing was up 3.7%. That's just a tick slightly higher than our full year guidance of mid-3s. And also, we expect Q4 to also be in the mid-3s on pricing. So pretty balanced.

### **Sara Senatore**

*BofA Securities, Research Division*

And then the mix component, was that smaller parties or I guess, was that mix across the different concepts? Just like I said, the average check was up less than that. So just wanted to make sure I understood that dynamic.

### **Eric Christel**

*Executive VP & CFO*

Yes. So we're seeing pretty consistent mix within our expectations of about down 2%. It's really driven by the Aussie 3-Course, \$10 Take Home, a lot of the experiential dinners and other events that are happening across the 4 brands.

**Sara Senatore***BofA Securities, Research Division*

Got it. Okay. And then could you talk about sort of the functionality that Ziosk has? I'm wondering how you kind of balance -- I mean, as you pointed out, the service experience is really important to full-service brands.

So how do you balance kind of what you digitize or automate through Ziosk versus what is an interaction with the server? I know different full-service brands have had different views on whether it should just be kind of pay at the table versus ordering capabilities versus things like games. So your, I guess, philosophy on that.

**Michael Spanos***CEO & Director*

Well, part of a remarkable dine-in experience is the emotional connection that our guests feel with our servers and our partners. That is foundational. That's not going away. At the same time, we know a lot of guests want things simpler, faster, easier, and they want to engage in technology.

So what we get out of Ziosk, I think, are a few things that we like. Number one, we've got over 85% of our guests love to use it to pay, and that's really nice in terms of table turns and they get out of the restaurant faster, and we're going to continue to enable that. Second, we have -- we love the engagement rate where they give us feedback and that gives us real-time data at each restaurant by shift for coaching and recognition.

Third, we do leverage it for gaming. So that's worked. And then there are certain menu items that guests can reorder, order on their own. But it is -- to order off the menu, you're going through our server.

**Operator**

Our next question comes from Teddy Farley with Goldman Sachs.

**Edward Farley***Goldman Sachs Group, Inc., Research Division*

I have a follow-up on the marketing part. Can you give any color on how you're planning on communicating the business turnaround with consumers to drive trial at Outback, particularly with lapsed guests who might have somewhat of an outdated image of what you'll be offering?



And then kind of similarly to that, any color on how you would be trying to drive trial and frequency, specifically with the younger cohort? I assume that the shift toward digital advertising is probably part of that, but any additional color you could add would be appreciated.

**Michael Spanos**

*CEO & Director*

Yes. You actually -- you got it right. First, you got to start with the marketing brings folks in the restaurant, but we got to execute really well because that brings them back. And that part of that is word of mouth. So to me, you start there.

In terms of the brand communication, which has been after a lot of good work on the strategic brand positioning, we will be steak-centric and there will also be an element of emotional connection and you're going to get that hospitality experience that's going to be in there as well as the value components we get. We're going to stay clear to that.

We're going to be back to the Aussie roots. And now as far as -- so that's the right message. As far as the channels, you're right, we're moving more towards a 40% linear TV, 60% digital. That's going to give us both better ROIs and also to be targeted in terms of retention and recruitment.

And so we'll look at which non-protein items that we get a little more direct on digital to recruit some younger cohorts, and that's part of the work we're doing. But again, what I want to stress is we're not going to do that -- we're not going to turn on that extra marketing until we're really confident we are tight on execution, consistency of execution on steak and service.

**Operator**

This concludes our question-and-answer session. I would like to turn the conference back over to Mike Spanos for any closing remarks.

**Michael Spanos**

*CEO & Director*

Thank you once again for your investment and support of Bloomin' Brands. I want to close by thanking our people for their passion, their ownership and commitment to each other and our guests. We are on our path forward because of you. Thank you.

**Operator**

This concludes the conference. Thank you for attending today's presentation. You may now disconnect.

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