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Bloomin' Brands, Inc. (BLMN) Q3 2026 Earnings Call Transcript

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Q3: 2026-11-06 Earnings Summary

Insights

EPS of -$0.17 beats by $0.07 | Revenue of $944.35M (1.67% Y/Y) beats by $19.25M

Bloomin' Brands, Inc. (BLMN) Q3 2026 Earnings Call November 6, 2026 8:00 AM EST

Company Participants

Tara Kurian - Senior VP of IR, FP&A, and International
Michael Spanos - CEO & Director
Eric Christel - Executive VP & CFO

Conference Call Participants

Alexander Slagle - Jefferies LLC, Research Division
John Ivankoe - JPMorgan Chase & Co, Research Division
Brian Harbour - Morgan Stanley, Research Division
Jeffrey Farmer - Gordon Haskett Research Advisors
Aisling Grueninger - BofA Securities, Research Division
Andrew Strelzik - BMO Capital Markets Equity Research
Dennis Geiger - UBS Investment Bank, Research Division
Brian Vaccaro - Raymond James & Associates, Inc., Research Division

Presentation

Operator

Greetings, and welcome to the Bloomin' Brands, Inc. Third Quarter 2026 Earnings Conference Call. [Operator Instructions] Please note that today's event is being recorded. It is now my pleasure to introduce your host, Tara Kurian, Senior Vice President, IR FP&A and International. Thank you, and 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 2026 earnings release and our investor presentation slides, both of which can be found on our website at 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. During today's call, we'll provide a brief recap of our financial performance for the fiscal third quarter 2026, current thoughts on fiscal 2026 guidance and an update on 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.

Michael Spanos
CEO & Director

Thanks, Tara, and good morning, everyone. I will discuss our third quarter results and provide an update on our turnaround. Eric will then review our financial results and Q4 and full year guidance. Before I review our results, I want to briefly discuss an event that occurred earlier this week. One of our Outback domestic franchisees, Out West, filed for bankruptcy protection. This is specific to Out West and is not reflective of our other franchisees or company-owned operations. As part of the bankruptcy process, Out West is selling their 61 restaurants. We are working collaboratively with Out West and their lenders to ensure there is no immediate impact to guests, restaurant teams or day-to-day operations and these restaurants continue to operate normally.

As we announced earlier this week, Bloomin' Brands entered into a stalking horse purchase agreement for the 61 restaurants. We believe this agreement aligns with our strategy to invest in the base business. Should our bid be accepted, we look forward to welcoming Out West to the Bloomin' Brands team. We anticipate this process to take a couple of months and we will be able to provide more details on our next earnings call.

Turning to our third quarter results. Our Q3 U.S. comparable restaurant sales were up 190 basis points with traffic down 180 basis points. Average check was up 370 basis points. We continue to see less mix headwind as we improve affordability offer returns. Our focus remains on strengthening the what you get for what you pay for value equation by delivering quality food, craveable service and affordable price points across our brands. While we recognize both sales and traffic metrics were below the industry black box metric, we know our success will not be linear, and we remain committed to driving sustainable and profitable traffic growth over the long term.

Outback's Q3 comp sales were up 190 basis points with traffic down 150 basis points. Outback economic guest scores improved year-over-year for the fifth consecutive quarter. Compared with Q3 last year, Outback's guest scores increased across service by 3 points, atmosphere by 3 points, intent to return by 3 points, value by 2 points and food by 1 point. What excites me most is both the continued improvement and seeing Outback guest metrics at parity or higher than our key competitors. These results reinforce the turnaround strategy and our focus on consistent execution. We are getting better every day.

Carrabba's comp sales were up 60 basis points with traffic down 290 basis points. The brand is all about bringing people together with authentic Italian cooking and heartfelt hospitality. The team is focused on execution and elevating in-restaurant dining, including experiential wine dinners, day-of-week offers with Tuesday $6 Sangrias, Pizzas and Pours Wednesdays and dinner value offers. We will continue to leverage off-premise as a convenience and recruitment channel.

Bonefish's comp sales were up 530 basis points with traffic down 80 basis points. The second half of 2026 reflects more difficult traffic lapse for Bonefish, offset by better average check trends. The brand continued to generate strong sales growth through its modern coastal experience with an energetic bar. Guests continue to respond to Martini Monday, Bang Bang Shrimp Wednesday, and the prefixed lunch everyday value offer. These offers complement the core menu that delivers a variety of cross land and seafood proteins.

Fleming's comp sales were flat with traffic down 190 basis points. The team is focused on consistent execution and service to deliver elevated hospitality as well as approachable offers such as Tomahawk Tuesday, Steak Board Sunday and a 3-course dinner value. The team relaunched Social Hour to provide guests with a casual bar experience with shareable options. Lastly, Fleming's opened Atlanta Midtown last month and Riverside, California opens next week.

Turning to an update on our turnaround focused on Outback Steakhouse. The turnaround was anchored on 4 strategic platforms as previously communicated, which are: first, deliver a remarkable dine-in experience; second, drive brand relevancy; third, reignite a culture of ownership and fun; fourth, invest in our restaurants. These platforms are supported by non-guest-facing productivity savings, balanced capital allocation and a strong management team.

Starting with an update on the first platform to deliver a remarkable dine-in experience. The first step was the launch of our steak line up in November of last year. With a year of data, we continue to see our steak scoring in the top box. Consistent with Technomic, our Ziosk guest scores are showing noteworthy improvements year-over-year across food quality, steak temperature, value, service and intent to return. Additionally, last year, we reintroduced annual stake certifications for our multiunit leaders in conjunction with the stake lineup. Outback President, Pat Hafner will again lead teams to the annual steak certification training next month. Each multiunit leader is required to pass steak certification tests before they coach, train and certify their restaurant leadership. We acknowledge that close is never good enough for Outbackers and remain dedicated to our leadership and steak authority.

Moving to the next element of a remarkable dining experience, craveable service. Last quarter, we successfully rolled out our new service model to all Outbacks, reducing our ratio to 4 tables per server during peak hours. In August, we also rolled out front of house training on our enhanced hospitality experience model to deliver a fun, casual, Aussie, no rules just right experience. Guest feedback continues to reinforce we've made the right changes. Similar to what we saw in Q2, absolute service scores in Q3 were over 90% top box with a nearly 2-point increase year-over-year. Q3 value scores also improved nearly 2 points year-over-year. Guests are telling us they see the difference in our steak quality, craveable service and value. Improving the what you get for what you pay for value equation.

Our second strategic platform is driving brand relevancy to differentiate Outback. In October, we launched our Best Steaks Ever campaign, which embraces our Aussie brand roots and showcases our steak authority and the affordability of Aussie 3-course. For a limited time, we introduced the 6-ounce sirloin in the entry price tier of Aussie 3-course at $15.99. Initial reactions to both the campaign and the limited time offer have been very encouraging. As a test and learn culture, we will use these early learnings to inform next year's plans and the evolution of the Aussie 3-course brand platform.

We increased our marketing spend this year, primarily within the second half of 2026 that aligns with the launch of our Best Steaks Ever campaign. As we mentioned at the start of the turnaround, we are moving more of our marketing dollars towards social and digital. By the end of this year, we will be approximately 60% digital and 40% linear TV compared to 30% digital and 70% linear TV historically.

Reignite a culture of ownership and fun is our third strategic platform. Our people are the key to our turnaround, and we are focused on having strong leadership throughout our restaurants, starting with our managing partners. We implemented an updated MP compensation model in April this year, which was to ensure a competitive base salary at the local market level and keep compensation tied to the growth of sales and profit of the restaurant. Changes have been positively received by our partners. Our fourth and last strategic platform, invest in our restaurants, we are on track with our goal to touch nearly all the Outback restaurants by the end of 2028 through targeted interior and exterior refresh initiatives. These refreshes are designed to improve the ambiance and the guest dine-in experience with expected average spend between $350,000 and $400,000 per refresh location.

We have completed approximately 61 Outback refreshes through the end of October and remain on track to complete around 85 for the full year of 2026. Separately, as we mentioned on the last earnings call, we completed the rollout of our chargrill expansion across Outback. We now have the optimal cooking platform for our steak and nonsteak proteins.

Let me turn it over to Eric to review our financial performance for Q3 and guidance for the balance of fiscal 2026.

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 2026. Q3 total revenues were $944 million compared to $929 million last year. This quarter's total revenue includes approximately $13 million in gift card revenue, resulting from a change in accounting estimate. Excluding that item, total revenues were essentially flat compared to last year.

As Mike mentioned, U.S. comparable sales were positive 1.9% and traffic was negative 1.8%. Average check increased by 370 basis points with pricing partially offset by negative mix as we continue to invest in affordability offers for our guests. Off-premise sales were 25% of total U.S. sales in the quarter, consistent with Q3 last year. Outback's off-premises mix was 27% in the quarter and Carrabba's was 34%.

Q3 adjusted diluted loss was $0.17 per share compared to an adjusted diluted loss of $0.03 per share last year. The difference between GAAP and adjusted GAAP operating results reflects approximately $12 million of adjustments in Q3 2026, primarily related to the gift card accounting breakage adjustment I mentioned previously. Q3 adjusted operating margin was 0.3% versus 0.8% last year, the approximately 50 basis point decline was primarily driven by lower restaurant margin and higher general and administrative expense as a percentage of revenue, excluding the gift card breakage adjustment. Adjusted restaurant margin was 9.3%, down approximately 20 basis points year-over-year.

All of Outback's planned turnaround investments are included in restaurant expenses, including food quality, service model, managing partner compensation, hospitality, front-of-house training, new uniforms and an increase in advertising, which drove higher restaurant expenses. Additionally, COGS inflation was 4.6% and labor inflation was 3.5%. Other restaurant operating expense improved approximately 60 basis points, driven by productivity initiatives and better P&L cost controls, offset by an increase in advertising spend by approximately $4 million year-over-year.

General and administrative was higher this year driven by a lap of lower equity compensation from last year. We recognized a loss of approximately $2 million in Q3 from our 33% retained ownership in Brazil. That ownership was classified as an equity method investment. We still expect the full year loss to be approximately $3 million to $4 million.

Turning to the balance sheet. At the end of Q3, net debt was approximately $677 million and our lease adjusted net leverage ratio was 3.8. This compares to net debt of $896 million and a lease adjusted net leverage ratio of 4.3 in Q3 of last year. During the quarter, we successfully completed a $1.2 billion refinancing of our revolving credit facility, proactively capitalizing on favorable bank market conditions and our recent business performance. The new 5-year revolving credit facility reduces refinancing risk, provides long-term financing flexibility and better staggers our debt maturities.

Year-to-date, capital expenditures were $115 million. We expect full year capital expenditures to be approximately $185 million. Consistent with our previous communication, our capital allocation priorities are to, one, invest in the base business; and two, pay down debt. The teams are committed to these priorities to provide a platform for the turnaround and a strong balance sheet to support growth.

Turning to our guidance this year. As it relates to the full year fiscal 2026, we expect U.S. comparable restaurant sales to be between 1% and 1.5%. Average check is still expected to be approximately 3.5%. We are tightening and raising adjusted diluted earnings per share to be between $0.97 and $1.02. Our previous guidance was between $0.90 and $1. 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 $14 million to $16 million for the full year. As it relates to the fourth quarter of 2026, we expect U.S. comparable restaurant sales to be between 0% and 1%. Comp sales in the fourth quarter is impacted by, first, an approximate 2% headwind to traffic from holiday shifts, including Christmas and lapping a holiday promotional offer from last year; and second, we made a strategic decision to delay previously planned Q4 pricing actions at both Outback and Bonefish, which did lower Q4 comp sales from our prior expectations.

We expect Q4 adjusted diluted earnings per share to be between $0.07 and $0.12. As it relates to Out West, we do not anticipate a material impact on our Q4 results. As Mike mentioned, this is the beginning of a bankruptcy process. We do not expect any changes to our strategy or to our capital allocation priorities nor do we expect the potential acquisition to have a measurable impact on our lease adjusted net leverage target of 3.0 by the end of 2028. We will be able to provide further detail on our next earnings call.

Let me now turn it back over to Mike.

Michael Spanos
CEO & Director

Thanks, Eric. The key takeaway is that the Outback Steakhouse brand remains strong. Our commitment to consistency of execution is building momentum for the Outback turnaround. We remain focused on our say versus due quotient. We are implementing and executing what we said we would do. Guests and Outbacker feedback tells us our strategy is sound, which is to: one, deliver a remarkable dine-in experience to improve steak quality, enhance service and consistency of execution; two, drive brand relevancy to differentiate Outback; three, reignite a culture of ownership and fun with a commitment to our people; four, invest in our restaurants to refresh approximately 100% of Outbacks by 2028.

Investment in the turnaround is supported by non-guest-facing productivity savings with a balanced capital allocation led by an outstanding set of leaders that are seasoned restaurant operators. We are committed to our strategy to provide long-term sustainable profit growth and improving every day in how we operate our business. We will continue to be transparent in our progress. I want to close today's call by thanking all of our teams in the restaurants and restaurant support center. Our current results and our future potential would not be possible without the dedication, hard work and commitment of our Outbackers, our Micos, our Anglers and our associates to deliver remarkable guest experience every day. With that, let me open up the call for questions.

Question-and-Answer Session

Operator

[Operator Instructions] Today's first question comes from Alex Slagle with Jefferies.

Alexander Slagle
Jefferies LLC, Research Division

You just mentioned something that I wanted to ask more on the 4Q same-store sales. I guess, really just the full year being tightened slightly despite the 3Q coming in at the upper end of expectations. I guess you knew the calendar shift, so essentially all of this is related to the delay in pricing is what it seems, if you could confirm that. And then just your thought process on pricing and sort of what you're seeing and decisions to delay that.

Michael Spanos
CEO & Director

Yes. Alex, it's Mike. First, to the latter part of your question, we've been consistent. We want to be balanced in our pricing, in our revenue management. There's a balance of what we deal with from an inflationary standpoint and also meeting the guests where they are, and that hasn't changed. And that is part of why we decided to delay pricing specifically in Outback.

Specific to your question about Q4, in terms of early reads on Q4, I feel real good about where we're at. We are cautiously optimistic. We remain committed to the in-restaurant consistency of execution. We do see probably 3 things impacting Q4 in terms of the comp sales. The first 2 were -- which is about 2 points of headwind on the traffic. You've got a holiday shift between Halloween, but Christmas moves to a Friday, and we lose one operating day the last week of the quarter. And the other item, which I already mentioned is just this conscious decision not to chase dilutive traffic. We've talked about that in previous calls, and we do have some lapse from Q4 of last year where we had some holiday promotions that over mixed, and we're not going to chase those.

And then lastly, as I just communicated, we made this very thoughtful decision to delay pricing actions at Outback and Bonefish and it's the latter part of your question, we just feel it's the right thing to do. It's consistent with our strategic guidance to not take in more pricing than we need, and that's how it rolls up.

Alexander Slagle
Jefferies LLC, Research Division

Okay. That's helpful. And then, I guess, I don't know if there's -- if you're going to start negotiations soon sort of early reads on '27 kind of how you see beef inflation heading over the next few quarters.

Eric Christel
Executive VP & CFO

Yes. Yes, it's Eric. Unfortunately, just based on the timing, we're not there yet. We'll definitely have that for you in February. This year, we're still seeing high single digit on beef, so no new news.

Operator

And our next question is from John Ivankoe with JPMorgan.

John Ivankoe
JPMorgan Chase & Co, Research Division

I wanted to kind of talk about October, if I can, and just excuse me for this, the overall kind of launch of Best Steaks Ever, whether that social media campaign really achieved what you wanted. Obviously, there is a shift in social which we would very rarely see year-over-year. I mean, going from going from 60% of your mix -- from 30% of your mix, you're nearly doubling social. So I guess, if we were to kind of rewind the clock and think about what maybe we could have done differently, did we absolutely nail the social digital influencer campaign or might we have an opportunity to make some tweaks and have some better results that I would argue you deserve?

Michael Spanos
CEO & Director

Yes. John, so one, I'm really pleased with our Best Steaks Ever campaign. It's been really good to see in terms of, one, what's been really nice is we're seeing an absolute visible conversation about our business, about our steak quality, what we've done. And it gets back to the brand, which is fun, casual, Aussie-themed steakhouse. And in addition to that, you've seen that we've also had some affordability offers in the communication between Aussie 3-course and then the equity, as you mentioned.

But I think the other point, John, we were very conscious to be thoughtful in the sequencing. We didn't want to do the Best Steaks Ever or really increase the market until we felt great about our consistency of execution, our service model, the total guest experience. And that's why in October, to your point, we really punched that up in a big way. I am very encouraged with our initial results between consumer engagements and what we're seeing in traffic.

Just financially, just as a reminder, we increased our marketing by $10 million in '26 and that is back half loaded. The only other thing I would say, John, which is important to your question, there's -- I feel real good about our social. There's a bit of -- I'll start with the who. We have been very strategically targeting who our guests personas and who the consumer is. And that in itself gets us to where we think about competitive conquesting audiences, how you think about high-performing contextual environments, that's important.

The second is the where. We've been really good knowing where the high-impact environments are, streaming TV, streaming sports, online video, YouTube Masthead. These are really good places to get the right consumer attention. The how is we've been really good. We're quite good and nimble in taking advantage of auction-based digital CPMs, and we're very good in our ongoing optimization, so our returns are really good. We'll continue to optimize and learn, John, but feel really good about it. But I wanted to give you that detail because we're in that level of granularity in terms of the returns on our marketing, and that's important to us.

Operator

The next question is from Brian Harbour with Morgan Stanley.

Brian Harbour
Morgan Stanley, Research Division

What -- I guess, just with respect to the pricing discussion, what -- what are you thinking it will be next year? Was this sort of just a matter of basically in the environment right now, let's kind of hold off? What -- but then when we go forward, where are you thinking pricing should be?

Michael Spanos
CEO & Director

Yes. Brian, it's Mike. It gets back to what Alex asked me that we're just being balanced. I think consistent that we're going to be balanced in terms of how much pricing we take, where is the consumer and how that impacts the P&L. When you look at -- I'll stick to this year, when you look at Q4, our pricing is roughly 4%, our average check is 3.5%. In full year, our average check is going to be about 3.5%. We just don't feel we need to take more pricing than inflation. It really boils down to that.

Brian Harbour
Morgan Stanley, Research Division

Yes, makes sense. Okay. What have been the main areas where you've seen some productivity savings so far?

Michael Spanos
CEO & Director

Yes. In terms of non-guest-facing productivity, and Eric can jump in, we've had a number of areas I'm excited about, and it all goes back to nonguest-facing productivity. That's the principal because we don't want to take anything out of food quality or service, and that's important. And a matter of fact, by the way, we're almost nearly self-funding the investment in Outback with non-guest-facing productivity. So the first one I'd start to is really our labor tool, our HotSchedules has been very exciting because not only is that helping us shed labor on the shoulders, it's helping us know when to flex labor up on peak. So it's a traffic enabler. It's also a productivity lever.

The second one which I think has been really good is just we're able to use a lot of technology in terms of bringing items into the restaurants that partners don't have to think about in terms of how they think about their water usage, their utilities, other types of costs that come in, we're giving them tools and processes via technology that's helping.

The third is we got a great supply chain team. They've done some phenomenal job leveraging our scale to get better deals. I've talked about toys and our drinks where our procurement team got after it cut the cost by 50%, same toy, same everything, just a process that gives you 7 digits of productivity. And then the last thing is we had suppliers step up with us, and this is an important point as we've made investments in food, in service. We've had suppliers say, we want to be part of the investment because you're putting the money in the right places, which drive sustainable, profitable long-term results, so it's all of the above.

Eric Christel
Executive VP & CFO

Yes. The only thing I would add is we also feel good about next year, nothing's changed, similar levels of commitment to get to around $30 million in productivity for next year.

Operator

The next question is from Jeff Farmer with Gordon Haskett.

Jeffrey Farmer
Gordon Haskett Research Advisors

Just sort of dialing back on the same-store sales again for Q3. Was there anything notable as it relates to either regional or demographic same-store sales trends that you saw for the core Outback concept?

Michael Spanos
CEO & Director

No. Jeff, it's Mike. What I would say -- no, we didn't. There's -- what I would just say is we've been pretty consistent on this. We're -- in terms of the consumer, we're cautious -- we're cautiously optimistic of the consumer. There's some macro choppiness. But what we're seeing with the consumer is, casual dining is still an affordable luxury. Consumers, they're resilient financially, they are cautious, and they continue to be discerning about when, where and how often they dine out. So it just gets to the what you get for what you pay for dynamic.

And when we get it right, people are showing up. The only thing I would say in terms of sensitivity, which we flagged in previous quarters, there's a little bit of sensitivity on check with households that are under that $75,000 range. And it's a little bit on the older guests where we're seeing some check management. That's probably the only specific thing I would say we saw at Outback to your point.

Jeffrey Farmer
Gordon Haskett Research Advisors

Okay. And then just as a follow-up, I appreciate that you probably can't say too much, but I'm going to ask it anyway. So thinking about Out West as sort of a collection of franchise restaurants, is there anything you can offer color as it relates to that group of restaurants same-store sales, AUV margin performance, whatever metric you want to look at, how that group was performing relative to your company-owned restaurants, anything that stands out?

Michael Spanos
CEO & Director

Yes. No, Jeff, I appreciate the question. I'll answer it this way, and I've got to be thoughtful because there is a process that's going on. And I've got to be respectful of that process. But here's what I would tell you, that situation at Out West, it's a really great team out there. That was a very unique and specific situation to that set of locations. And if you had followed our Qs and our Ks, you would have seen us disclosing information about the idiosyncratic nature of that business and the lending aspect. And that situation was going to run its course by the end of December of this year. That was -- we put that out there publicly. Our other franchisees, they're healthy, they're operating well. They're investing in the business. They're growing their employee base. They're growing their store counts. This one is quite unique. So we've got to get through the process. If we are designated as the stalking horse in terms of the future state, we're going to welcome the Out West team, and they're good stores, and we think there's good potential there.

Operator

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

Aisling Grueninger
BofA Securities, Research Division

This is Aisling on for Sara. With the 61 refresh has done so far this year, getting to about 85 means roughly 2 dozen more in 4Q, and this is kind of during a stretch where you plan to slow down for peak season. Is 85 still the target? Or does some of that flip into 2027 potentially?

Eric Christel
Executive VP & CFO

Yes. No, we feel really, really good about hitting that 85. It's really just timing, right? So the ones that will close in Q4, all of them were started or most of them were started in Q3. So we don't feel like that's going to carry over into next year. We'll have a -- essentially, the expectation is another approximately 100 for next year, so nothing changes.

Aisling Grueninger
BofA Securities, Research Division

Got you. And then just a follow-up on that. I know historically, you talked about like 100 to 200 bps traffic lift that came from Outback that had heavier remodels over the last few years. Just how confident are you that the lighter refresh gets you somewhat of a similar lift? And are you seeing anything in early guest scores at the first refresh units that kind of point to that direction?

Michael Spanos
CEO & Director

Yes. Aisling, it's Mike. First of all, that information or that data before was actually -- didn't imply or infer that they were, as you called it, heavier remodels. Those are based on refreshes or lighter remodels that we saw at Carrabba's and we've seen throughout the industry where we saw about 100 to 200 basis points lift in traffic over a course of about 12 to 18 months. That's the first thing. Second is, yes, if you look at our leading indicators, you look at ambience, you look at the atmosphere, those scores have grown and they grew again in Q3. And I think it's indicative of not only the refreshes, but it's indicative of the cumulative effect of what we're doing. We're getting that flywheel moving, you're seeing those green shoots in those guest indicators.

Operator

The next question comes from Andrew Strelzik with BMO.

Andrew Strelzik
BMO Capital Markets Equity Research

First, I wanted to ask about the change in the Outback labor model at peak. What are you seeing as a result of that change after having a full quarter with that rolled out? And any operational metrics you can share would be great.

Michael Spanos
CEO & Director

Yes, Andrew, it's Mike. I'll start with what I just mentioned to Aisling. If you look at our leading indicators, our guest metric scores in Technomic, we saw the fifth straight quarter of improvement. Service was the biggest jump. And actually, if you look at us now in an absolute score, and by the way, this is with all the Technomic scores, but especially on service, we are comparable or higher than our peers on absolute Technomic scores now. And I think that's an absolute proof point that what we did on the service model is working.

When you look at our Ziosk scores, which we track, those also grew significantly; intent to return, service, every metric that's associated with it grew. Importantly, our Outbackers as we've tracked it, they're making the same amount of money or slightly more in this model because they're not giving up as much in tip share, and we're seeing a slight increase in percentage increases in the tip levels as we've gone to this model. And you've also just got -- to your point about peak, it's a really good one. For a server, they're just not dealing with the stress they used to deal with. You've got 4 tables at peak, if you're running at 6, which was historically where we're at, and somebody calls out sick during peak on a Friday or a Saturday night, that's a pretty bad night as a server when you got about 10 tables. So we've made those improvements, our guests are acknowledging it, and our Outbackers are acknowledging it.

Andrew Strelzik
BMO Capital Markets Equity Research

Okay. Great. And my second question, I wanted to ask about kind of the longer-term opportunity at Carrabba's, which continues to be on a nice run of positive comps, locked another really strong period from the year ago. This quarter, how are you thinking about the growth potential there? Anything incrementally into '27 that you're thinking about doing with that brand? Any color would be great.

Michael Spanos
CEO & Director

Yes. I agree. I really feel good about the Carrabba's brand. It's a very good brand. It has a lot of potential. The headline focus in Carrabba's is in restaurant execution. And that hits to the fact that 34% of their business today is off-premise, that off-premise business has got to play a role, it's convenience and it's recruitment of a younger, different cohort. And I want those OPB guests coming in restaurant. But at the end of the day, Carrabba's is about serious, authentic Italian food with warm hospitality which we have great land and sea proteins in there, and we're going to continue to punch that up.

Operator

And the next question is from Dennis Geiger with UBS.

Dennis Geiger
UBS Investment Bank, Research Division

First, a quick follow-up on Jeff's earlier question about what you're seeing with your customer, but I'm curious, especially in recent months as it relates to your performance maybe versus the category, you're clearly executing on your playbook seeing results from that. Anything you would flag though about the category itself, steak away from home? Do you think there's been any impact from some moderation in beef inflation at grocery, where maybe that's having some impact, whether it's on new folks at all or the broader away-from-home category?

Michael Spanos
CEO & Director

Dennis, it's Mike. I've been consistent on this. On steak category overall, it's a very resilient and growing category. There's a lot of growth in the steak category for everyone. Second, when you look at our in-restaurant experience as a consumer, which you show up and get in terms of food, service, experience versus what you're doing at home on the grill and if you screw it up at home on the grill, it's on you. If we screw up in the restaurant, it's on us. Now by the way, you get that steak with 2 sides, and you get just a way better experience. I think the relative value is driving more consumers in that direction because away-from-home food has continued to grow. I've been studying consumers and guests since 1993 when I got off active duty in the Marine Corps. And that has not stopped. And when you look at the fact GDP and the labor market remains strong, I think casual dine-in remains an affordable luxury.

Dennis Geiger
UBS Investment Bank, Research Division

That's good color. Makes good sense. And then just on value, if there's much more to add on where value is the Aussie 3-course. I know you probably can't say too much about next year yet. But if any thoughts on adjustments into value next year, if you feel like at this point, you've kind of cracked the code and are generally where you want to be from a value and value strategy perspective?

Michael Spanos
CEO & Director

Well, I like the question. When I start with Aussie 3-course, it actually has become a platform and a sub-brand of Outback. We've got great brand equity in Aussie 3-course, our guests know it means craveable food, great service with compelling affordability. It really hits on what we want in terms of giving guests what they want. And we've seen that in our value scores. Our value scores have also continued to grow 5 quarters in a row. And I do believe it's because of that trust that we're getting from the guests and increase in intent to return.

The other thing I would say is we look at it, we're a test-and-learn culture, and we're going to continue to look at the price points in the tiers and the offers within that. We did some regional tests during quarter 3, and we're doing some live national tests right now in terms of the price points and the value and we're evaluating it. And right now, we're very pleased and encouraged with what we're seeing in terms of guest engagement and traffic improvements.

Operator

The next question is from Brian Vaccaro with Raymond James.

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

I wanted to circle back on the fourth quarter comp guidance. And I guess if you look at the third quarter, you saw Outback 2-year comps improved sequentially, but the 4Q blended guide seems to imply a little bit of a giveback on a 2-year basis. So I wanted to ask, is that entirely due to the promo and calendar shift? Or maybe you could also just clarify, does your blended comp guide embed negative comps for any brand?

Michael Spanos
CEO & Director

Yes. So Brian what I'll start with, we've not guided by brand nor will we at this point. However, I like your question. To answer your question, the answer is yes, meaning when I say yes, what we're calling for Q4 is due to the items that we called out. I would not read into it that we're really seeing a change in the consumer or what's going on. Again, this is repetitive, what I said before is, but when you look at Q4, we're cautiously optimistic. We're just seeing 3 things driving the change in our comp sales guide for fourth quarter.

As I said, you got a holiday shift that started with Halloween, that played out exactly as we thought. Christmas moves to a Friday, we lose an operating day. That's number one. The second is, as we've called out, we had this holiday promotion in Q4 in '25. We just decide we're not going to chase it. We're going to go after dilutive traffic. And then the last is we just made the decision to delay pricing moves at Outback and Bonefish, more so Outback in terms of we're going to move that into Q1 of 2025. We just think that's the right thing to do in terms of -- like I said, we're going to be balanced, and we don't think we need to take more pricing versus the inflationary rates. That's what it is. We've seen the consumers -- consumers are hanging in there is based on what we're seeing.

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

Okay. Okay. That's helpful. And I guess my follow-up, you mentioned the Outback off-premise mix ticking up a little bit year-on-year. I think it was '27 versus '26, which is fairly minor, but it does seem to reflect an acceleration maybe in the off-premise trends particularly. Is that accurate? And if so, what might be driving some of the reacceleration, if you want to call it that, in your off-premise business?

Eric Christel
Executive VP & CFO

Yes, it's Eric. I don't think that's the case. We can follow up, but I don't think that's really a driver of either Q3 or Q4 for Outback.

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

Okay. All right. I'm -- yes, '27 versus -- we maybe follow up offline.

Eric Christel
Executive VP & CFO

Yes. We did call out Q2 for both Carrabba's and Outback that they were lapping in Q2 prior year off-premises promotions, but those are -- that was largely a first half phenomenon. And really in the second half, it really -- we don't see that impact.

Michael Spanos
CEO & Director

Yes. Brian, to your question, maybe I'll add on to it. What you -- what everyone should take away is off-premise to us is a channel convenience and recruitment, that's how we're treating it. We're going to continue to be disciplined in our off-premise pricing index versus in-restaurant pricing. That has not changed. We are a little more thoughtful in terms of how we leverage marketing within off-premise, but that's part of that recruitment and convenience aspect of the channel.

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

All right. And I guess if I could just -- one more on the Q4 guide. Eric, you mentioned just the tax benefit in the year. Can you just level set the fourth quarter for us, given there's a lot of adjustments in the first 3 quarters, that would be great.

Eric Christel
Executive VP & CFO

Yes. Yes, we're seeing about a $2 billion to $3 billion tax benefit for Q4, and that compares to about a $5 million expense in Q3. So full year, we're in the $14 million to $16 million tax benefit zone.

Operator

And this does conclude today's question-and-answer session. I would now 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 and commitment to each other and our guests. Thank you.

Operator

The conference has now concluded. Thank you for attending today's presentation, and you may now disconnect.

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