Brinker International, Inc. (EAT) Analyst/Investor Day Transcript

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Brinker International, Inc. (EAT) Analyst/Investor Day September 17, 2026 9:30 AM EDT

Company Participants

Kim Sanders - Vice President of Investor & Government Relations
Kevin Hochman - President, CEO & Director
George Felix - Executive VP & Chief Marketing Officer
Aaron White - Executive VP, COO & Chief People Officer
Mika Ware - Executive VP & CFO
Chris Caldwell

Conference Call Participants

James Salera - Stephens Inc., Research Division
James Sanderson - Northcoast Research Partners, LLC
Zachary Fadem - Wells Fargo Securities, LLC, Research Division
Dennis Geiger - UBS Investment Bank, Research Division
Margaret-May Binshtok - Wolfe Research, LLC
Andrew Charles - TD Cowen, Research Division
John Ivankoe - JPMorgan Chase & Co, Research Division
Brian Vaccaro - Raymond James & Associates, Inc., Research Division
Sara Senatore - BofA Securities, Research Division
Christopher Carril - KeyBanc Capital Markets Inc., Research Division
Mike Halen

Presentation

Kim Sanders

Vice President of Investor & Government Relations

Hello. Good morning, everyone, and welcome to the 2026 Brinker International Investor Day Meeting. My name is Kim Sanders, and I'm the VP of Investor Relations. First of all, I want to thank everyone that traveled here to Dallas today to be here live at our restaurant support center.

And then I'd also like to extend a warm welcome to everyone that is joining us online. So a couple of housekeeping items before we get started. First of all, we will have a couple of breaks today, but please feel free if you need to, to get up, have a bathroom break. The bathrooms are just right outside this room.

And then the next thing I want to do is tell you about the great day that we have planned today. It's going to be a wonderful day. First of all, we're going to have our senior leadership team walk you through our long-term corporate strategy initiatives and outlook.

And then we'll have plenty of time for Q&A. And then those of you who are here in Dallas are going to get the opportunity to join us for lunch downstairs in the demo dining and the test kitchen, and we're going to try some delicious Chili's food that you're going to hear about in just a little bit.

Before we head over to our Tarrant Parkway Chili's, where you're going to be able to see some of the reimage elements and throughput initiatives come to life.

Next, I'd like to introduce you to our executive leadership team here at Brinker. Our presenters for the day are Kevin Hochman, President and Chief Executive Officer; George Felix, our Executive Vice President and Chief Marketing Officer; -- we have Aaron White, our Executive Vice President and Chief Operating and People Officer; and Michaela Ware, our Executive Vice President and Chief Financial Officer.

Now I also want to introduce you to the rest of our executive leadership team, who you will get the opportunity to interact with today. So first, we have James Butler, who's our Chief Supply Chain and Corporate Strategy Officer; Chris Caldwell, our Chief Information Officer. We've got Doug Comings, Chief Operating Officer for Chili's; Dan Fuller, our Chief Legal Officer; Jeremy Linker, our SVP of Brand Finance; and then also Laura White, our SVP of Peopleworks. So you guys know, before we get started, it is my job also to remind you of our safe harbor statement.

Now luckily, Dan is not going to make me read this entire thing on the screen. You can take a look at that for yourself. But I will remind you that during these presentations and in response to your questions, certain items may be discussed, which are not based entirely on historical facts.

Any such items should be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 as amended. So now that we've got that business out of the way, we're going to go ahead and get started. I'd like to welcome to the stage, Kevin Hochman.

Kevin Hochman

President, CEO & Director

Thank you, Kim. I'm so excited that you're all here and those online to hear about our next chapter of growth. Just a little bit about myself. So I've been with our company about 4.5 years. I started my career in 1995 with Procter & Gamble. It's a consumer products firm, where you learn a lot about brand building, you learn a lot about leadership. And then I had the fortunate after 18 years there, I had the fortunate opportunity to join Yum! Brands, where I spent 8 years in a variety of marketing and President roles where you learned how to run a large multiunit restaurant concept, and you learn from some of the most amazing restaurant leaders in our industry.

And then fortunately for me, the Board chose me to run this company in June of 2022. And I got to tell you, this has been my career hallmark. This is an amazing company with amazing culture, amazing people, world-class brands. And it's been a whole lot of fun getting back to winning again. with Chili's.

It feels like a lot of the old timers tell us it feels like when we were growing exponentially when we were a start-up brand, but it feels like that today. We're now in year 5 of our investor growth strategy, and we've had great results.

But more importantly, we are a completely different company than we were the last time we were here at Investor Day 3.5 years ago. We have a clear track record of winning now. We have a strong differentiated foundation and capabilities built that I would argue is very difficult for our competitors to challenge. And we have clear growth drivers to sustain growth over time ahead.

Now I know there's a lot of questions in this room and online and in the investment community of how have they been able to have these remarkable results. There's probably even more questions about how are they going to continue to sustain these remarkable results.

And I hope that you leave here today with clear understanding on both questions. How have we been able to deliver such remarkable results that people thought not possible?

And what are the drivers of sustained growth and what are the initiatives that we have put in place that will continue to sustain growth for many, many years to come.

And then lastly, I hope you leave with an understanding after Michaela takes you through our long-term targets with the same confidence that our leadership team has of being able to meet or exceed those targets over time. So let's get started. I missed the welcome slide. There you go.

So this is a slide about basically telling you an overview of our company. There are 2 things that are important to know about this slide. Number one, Chili's is 93% of sales and it's 97% of profits, right? -- the second important thing is within Chili's, we make most of our sales and our money on equity-owned restaurants in the United States.

So we're going to spend the bulk of our time today talking about equity restaurants in the United States, okay? We'll touch on some of the other things a little bit, but the vast majority of sales and profits come from those restaurants, and that's what we're going to focus on.

Now we've made incredible progress since our last Investor Day, which was in June of '23. There's 2 things I think that are important on this slide to note. One is our success has been driven by driving same-store sales and driving Chili's AUVs.

So in the last 3 years, in this snapshot, we went from a little over $3 million AUVs to $5 million, and that has driven both the top line and the bottom line, you can see the restaurant operating margin improving by 660 basis points. Part of that is simplification. A bigger part of that is driving AUVs. So we're able to drive the top line through traffic and getting guests to repeat, right? But the bottom line is also spinning a lot faster because it's AUV driven versus some other way driven, right?

And that's why you can see EPS is almost triple over that time, okay? The other thing I think is important to note about when we look back at our results is every quarter and every year, what's the #1 question our management team gets, -- how are you possibly going to comp the comp, right?

You did a plus 30. You did a plus 20. You did a plus 12. How are you going to comp the comp, right? And we're going to go deep on that today. You're going to have a real understanding of how we're able to sustain traffic. The key thing on this slide that you're looking at is it's a pretty straight slope line up to the right, right?

Our cumulative growth rates are pretty consistent. And I think when we give you a look under the hood, it's going to be really clear why we've been able to sustain traffic, and that will be the foundation for our initiatives going forward to sustain growth.

Now here's the thing I get excited about as an investor in our company, someone that owns a lot of stock. This is a very unique restaurant company to be investing in. And because we have all of the strengths of a very successful legacy brand now, but we have a lot of the upside of the new brands that you cover that you're so excited about. So established brand strength. We are a legacy brand.

We have broad awareness. That's the #1 challenge in chain restaurants nationwide. Do you have broad awareness. Everybody knows Chili's, right? We have a clear brand positioning. People know us for certain things. So we stand out of the sea of sameness, right? And then lastly, we have incredibly strong 4-wall economics and AUVs now.

That gives us a lot of opportunities to do some things differently. But we also have new brand upside. And there's 2 things to think about this. Number one, and you'll feel this in the building here today, you'll see this from our presenters. There is new energy in this business. We have fresh thinking. We have a growth mindset culture. And that is something you typically see with upstart brands that you don't see with legacy brands. And then the second thing is we have a whole generation of guests that have not been introduced to Chili's, right?

Everybody is like, how many more new guests can you bring in? The answer is a whole lot more new guests, and you're going to see that in the data when we provide. So this is a very unique investment proposition that you typically don't see in restaurants. So let's get started with the agenda.

We're going to start with what we've been able to accomplish in the last few years to have an understanding of the foundation of this new -- the strategy has been built on. So I was on this stage about 3.5 years ago. This is a slide that we used. We talked about -- this was based on our turnaround strategy, right?

And we talked about what are the things that we're going to do in order to transform this business, right? And I'm not going to touch on all of them, but I'll give you a couple of examples, the ones that touch the 4 walls. So understanding a recap of what we've been able to do in the last 4 years.

Number one, menu. We talked about the need to simplify. We simply had too many things for the amount of labor that we could afford. We cut about 30% of SKUs now, right? Why do restaurant companies not cut SKUs? Because you lose sales, right? That's all behind us now. And we've been able to grow sales while we cut SKUs, right? The second is operations. So in addition to additional simplification besides getting rid of menu items, right? So we got rid of a lot of process, a lot of administration, a lot of prep steps. We also added $180 million of incremental labor hours to the model, right? So what happens when you have more people with less things to do, a whole lot better execution.

And then on atmosphere, -- it was all about defense back then. We had restaurants with leaky roofs. We had plumbing issues. We had wood rot. We spent over $100 million getting our restaurants back in shape. And I'm proud to say our restaurant estate has never been in better condition.

And then lastly, we restored our advertising budgets, right? We added over $100 million of going advertising that is now in the going financials. So when you see all that ROM growth, it includes all these investments, right? All the things that you would worry about in a turnaround, those investments are behind us.

We'll still have an investor growth strategy, but the bulk of those investments that everybody gets nervous because they're risky, they're behind us and they've worked, and we now have a very sustainable growth business. So what have those investments done to our brand attributes? So what you're looking at here is our key competitive set. This is Circana CREST data. And the first column is the Chili's rank on these key brand attributes that are associated with long-term sales growth.

What we ranked out of 6 brands -- and then what has changed in the last 3 years. And you can see at our last Investor Day, the results weren't very good, right? We were at the bottom or near the bottom of almost every brand attribute of why you would go to a casual dining restaurant. I'm proud to say we've made incredible improvement on all these metrics, right? So that's a good thing. We're like #1 in value now. We're #2 in overall experience, right?

But the good news is there's still a lot more upside to improve. Everybody has asked me like how much more can you do to improve the experience? The answer is a whole lot more. And the consumer is telling us that, right, which is all just upside for comp in the business.

So what is the improvement in those brand attributes done for our actual business? And you can see, as we've improved those brand attributes versus our competitive set, we are capturing share in droves, right? So look at our 3-year traffic versus CDR, that growth -- and then you look at year after year, quarter after quarter, we continue to expand our gap versus the industry. And you guys know this in the restaurants that you cover. There's a few really well-positioned brands that operate really well and year after year, they steal share, right? That's exactly where we are now.

We're in a really good place based on the improvements that we've made in the business and the way the consumer looks at our business, which gets us to the money slide for today that you're going to see many, many times with all of the presenters, which is our flywheel for delivering sustainable, profitable growth. It starts with great brand positioning and great marketing that drives traffic and demand creation.

And George will come up and give you details on that. Once we get those guests in, the operations, our best-in-class operations are bringing guests back. I'll take you through some data on that, and so will George and Aaron. When we have new guests coming in and they stay and they become sustainable growth, that drives more sustainable profitability and drive more cash flow.

With more cash flow, we're able to both invest in the business and return cash to shareholders. And when you invest in the business, what happens? -- traffic and the flywheel continues, right? So that is the key on how we're going to have enough cash to continue to invest in the business, grow comps, but add this new layer of growth that we'll talk about with new restaurant openings and reimages. All right.

So let's take a moment and talk about the drivers of our sustained growth, both now and going forward. So it starts with great marketing that we talked about. We want to have value across the menu. So no matter where you shop the menu, whether it's 3 For Me or anywhere in the menu, we want to make sure you have abundant terrific value.

We need to continue to improve experience and throughput and productivity. because that experience is how we sustain traffic over time. And then lastly, we have a new layer of growth that we haven't talked about before, which is reimages and new units, which are going to be large investments to create a more sustainable additional growth layer in the business that we have not had before.

So let's start with the marketing. So George is going to come up and talk to you all about this. This is all about having a relevant, easy and distinctive brand with world-class marketing to drive sales overnight and brand over time, right? And the brand over time is really the important one long term because think about how you go out to eat.

You start with center of the plate for you and the group that you're going with, like what are we in the mood for, right? As soon as you pick what you're in the mood for, then you start thinking about what are a few brands that I would actually consider to go for that, whether it's margaritas or burgers or Chinese or whatever it is, right?

If we are not in the consideration set of those few concepts, what are the odds that they're ever going to come to Chili's? 0, right? So the key thing is not just about getting butts and chairs and traffic in the current quarter, but it's also continuing to differentiate our brand over time so that we are in the consideration set more often, and that's exactly what's happening in our business.

So this is data -- the chart on the left that you're seeing shows this idea of top-of-mind awareness. So remember we talked about you need to be top of mind aware in order to be in the consideration set, you can see Chili's is going up and to the right. Every quarter, we continue to see growth in top-of-mind awareness. In other words, when you think of any restaurant brand, do I think about Chili's? And the answer is yes.

So the advertising and the marketing is working for top-of-mind awareness. And then when it gets to the restaurant, what does their experience look like? And the good news is this Circana kind of CREST data -- or YouGov is on the left, Circana CREST is on the right. we are continuing to improve the experience in the minds of the guests, and now we're exceeding CDR.

And then this is the slide that I really want you guys to be across because I get questions all the time, how are you going to be able to comp the comp. This is the slide. So the gold bars, this is based on our tokenized credit card data. In other words, anybody that brings a credit card in, we have a token.

So we can tell if you're a new or you're an existing guest that we've seen before. Those gold bars are new tokens that we see every month, right? They're anywhere from 3 million to 3.5 million, maybe a little higher, but it's pretty consistent. That represents about 60% of the tokens that we see are new. So there's a lot of new guests that are coming into the business. The chart below it is the average frequency of all guests. So you would think in most concepts, when you see a large influx of new guests, whether it's for like a cartoon meal LTO or one of these short-term things, you typically see those people come once and then they leave and your frequency dilutes, right?

What you're seeing in our business that frequency is staying that flat line, right? So every month, we bring new guests in and within 9 to 12 months, when we track their behaviors, they look a lot like existing guests. So when folks are like, how are you able to comp that 20% or 30%, this is the answer because we're not just bringing guests in for that current quarter that we all love those results, but we're setting ourselves up for repeat guests over time.

The second driver of our growth is going to be delivering superior everyday value. And I get asked a lot about how much more menu can you actually renovate? And the answer is quite a bit. So we've got about 60% of our menu renovated. We have 40% left. George is going to take you through the innovation and the specific plan on how we're going to renovate the balance of it.

But that is a key piece. We want to make sure no matter where you shop the menu, you get abundant, delicious tasting food, and we have some opportunities, and we're going to show you -- and you're going to be able to taste some of that for those that are in the room. The second piece of our value strategy is what we call everyday low price or EDLP.

Those that you cover retail probably know what this is. But there are 3 components to our EDLP strategy of why it's been so successful. Number one is everyday price certainty, which means I don't need a coupon, I don't need to come in for happy hour. I don't need to come in for early bird, right?

I don't need an app with a special offer. I can come in at any time to any Chili's anywhere in the country, and I have price certainty on what -- if I only want to pay $10.99 for a meal or $6 for a margarita, I know I can get that. I know it's going to be high quality. And that shows up as $3 to $4 less on a per person average than our competitors in CDR, okay? So that's kind of number one.

Number two is you get more for the money. So at a time when customers are thinking about, a, shrinkflation or they took service away from me, I now have to do this myself, right, or the prices are too high and things are too smaller, we're going the exact opposite. We're trying to figure out how do we continue to deliver more for the guest, whether it's better ingredients, whether it's bigger portions, right, whether it's better service, how do we give the guest more while we have a price value advantage.

And then the last thing is I get asked a lot of how can you guys possibly make money with these price points. And the good news is casual dining is probably the only retail concept or trade channel that actually has all walks of life coming to it across America. You look at American demographics and you look at Chili's and CDR demographics, they look a lot alike, right?

So the key for us is to make sure that we're meeting all those customers' needs. Not every customer wants a $6 margarita with good tequila. Some customers want the most premium tequila. Some customer wants steaks or ribs, right? So as long as we're meeting all consumers -- consumers' needs, we're able to make the margins work.

And you've seen that with our margin expansion as we've grown traffic. We are growing the business the appropriate way by growing traffic over time with all demographics. Which gets us to our next point, which is the next growth driver, which is we also are going to continue to expand margins as we grow this business. That's another one we get asked a lot is, are you at the ceiling of your margins? How can you possibly get more growth than 660 basis points? Well, here's the neat thing. The majority of our margin expansion has not been through cost cutting.

There's obviously been some of that with the simplification that gets rid of food waste that makes it easier to prep things, right? But the main driver of our margin expansion has been AUVs. So we have these North of 6 restaurants. We've talked about this before. These are restaurants that do over $6 million or more, right?

Our average now is $5 million. When we started talking about North of 6, we were only at $4 million, right? We study those restaurants to understand what can we do to speed up the operation, right? These are not super Chili's just regular Chili's that happen to do a whole lot more volume. And what we find is their margin -- their restaurant operating margin is 400 basis points better than the system, right?

So as we continue to graduate lower volume and average volume restaurants to high volume, margins will continue to expand because only 20% of our estate are north of 6. And every month, new restaurants enter that category, right? So we have tons of upside on margin based on AUV growth. So then the question becomes, how are you going to speed up the box, right? And Aaron White, our COO, is going to come up and explain all the initiatives that we have to get throughput going, right?

So this is a snapshot of what we're working on. Her team literally looked at every bottleneck in the restaurant and said, look, what can we speed up? What is the friction in the restaurant? Where can we move faster? Where can we apply technology that's going to make it easier to serve more guests, right?

The other thing that we're doing is we're learning from the North of 6 restaurants and one of the things that they do that are not technology related, but are people related that we can apply to these restaurants. And so Aaron is going to take you through all the initiatives on that.

The one thing I want to walk you through that those in the room that are coming to the restaurants will be able to see firsthand is we have a whole tech platform that is solely in support of speeding up the box, right? And there's 2 things to know about this before you go see it in action in the restaurants. Number one, it's really important to have a strong foundation on tech. So strong WiFi, strong support system. We recently insourced all of our restaurant tech support, so it's easier to get an answer faster in the heat of battle.

We have redundant tech like edge computing that we're working on to keep things going. We have off-line mode on our pay at the table to keep things going, right? So that's a really important thing that a lot of people don't talk about is keeping the box moving even when tech doesn't necessarily work all the time, right? The second piece of this is additional layers to speed up the operation, right?

So for example, -- for those of you that are going to be in the restaurant, we're rolling this out right now in restaurants today across the system. It's a mushroom rollout. I think it's in 40 or 50 now. We have a whole new team member handheld ordering system that makes a whole lot faster to get orders to the kitchen and reduces accuracy issues, right?

That's an example of improving the tech. Another one on this one is we are working on a longer term, this is a 2- to 3-year plan on a new AI-enabled back-office system. So you think about a lot of the messy jobs that a manager has to do that takes up their time, a lot of multivariant decision-making, it's inventory, it's ordering, it's labor scheduling.

We are going to have a new back-office system that's going to help them automate a lot of that, right? We've already do this with sales forecasting with AI, incredibly successful. Imagine to be able to do that with more of the tasks that the manager has to do, which frees up manager time to actually spend with their guests and their teams. And then the fourth growth driver is new units.

Michaela is going to come up and tell you all about the program that we've built. the capability that we've built, the investments that we've made to get to a reliable, sustainable 2% to 3% in the next few years, right?

That is a completely new lever that we've never had, and I am so confident in what we're doing in this, and I can't wait for her to share with you the details. We have so much white space opportunity. And I don't want to steal our thunder, but I'll give you one example we were looking at the other day. In Ohio, giant state, lots of restaurants there, right? You look at our next 2 competitors, which have much lower market share than us, you add up their boxes, they have 4x the number of restaurants than we do in Ohio. And of course, Chili's translates in Ohio, right?

That's one example. She's going to take you through all across America in addition to how we're going to go after those opportunities. All right. So -- next section I'm going to talk to you about is our plan for Maggiano's. I know that is a lot on people's minds.

We just need to level set. It's about 3% of profitability. It's now smaller than Chili's International. But because it's so important to a lot of our investors' thinking, we wanted to make sure that we touched on it and shared a plan with you. So there's really 3 things that we're working on. The North Star and Maggiano's is really clear.

When they were at their best and growing, it is a brand that delivers Italian-American scratch favorites and they don't change and they're served in abundant portions with a fun-friendly atmosphere, the way Nonna would treat you. And so we need to get back to that on value. So we've recently added 20% more portions -- 20% more portions to all of our pasta dishes. That's all baked into the current guidance that you have. We've also recently expanded family style to be back to all you can eat. So the guests can ask for more whenever they want more, and we've expanded the options on that. So we feel like that is -- we've done a really good job of making sure we got back to abundant portions that drive a lot of value.

The second is the one that's the biggest work in progress. So it's improving pace and service. So we need to seat guests faster. So hosting is a big bottleneck right now and turning tables is a big bottleneck. But we're also finding that some of the dishes are complex based on the way the kitchen is aligned. We don't have as quite efficient as Chili's.

So there's a bunch of work we can do, both on the back of the heart of house as well as bringing Chili's technology to the Maggiano's kitchens to speed of service. And the last one is upgrade the atmosphere, which I think is behind us now. We've got all the R&M out of the way, and most of the restaurants are reimaged. We feel very good about the image of the estate.

It's really about improving that pace and service. And the good news is we are seeing some green shoots now. So if you think about the year 1 of the Chili's turnaround, everybody was really nervous about the traffic and we're like, hey, we're seeing some really good in-process metrics on like GWAP, et cetera, the same thing is now happening at Maggiano's. Now we're not seeing it necessarily in the financials in the traffic, but we are seeing it in some of the internals, which is a good sign in year 1 of this turnaround.

So guest metrics are improving, intent to return, you can see there. Our value scores have been restored and our turnover is starting to decrease with the simplicity that we're putting in the restaurant. So obviously, not where we want to be, but certainly green shoots that give us confidence that this turnaround is going to continue. Okay.

The last thing I want to touch on is what's going to be different in the next chapter. I get asked this a lot, both from a lot of you guys as well as our Board. And a lot is going to be the same with some new initiatives to continue to drive food service and atmosphere.

But we've got a couple of things. We've got some external tailwinds that are going to be different, and then we've got some things that we're doing differently that is going to be different. So tailwinds.

Number one, the third place is back, right? Think about the summer that movie theaters is having right now with traffic. right? Think about what's happening with mall. Mall traffic is back, right? What's happening with CDR in the last 2 years, outpacing QSR, right? People want a third place. They want an affordable, easy way to get together, and that's going to be a continued tailwind for Chili's.

Secondly, you guys covered this. The strong continue to get stronger in restaurants. Great brand positioning, great operations, means we're going to continue to capture market share. And then lastly, we have a value sweet spot in casual dining, right? Like right now, for the first time in a long time, people think casual dining is as good a value as QSR.

And then lastly, what will be different in the next chapter, we're going to continue to focus on throughput instead of just stabilizing the business. We're going to have this additional growth layer of new restaurants. We've got this another additional growth layer of reimaging.

We're going to be spending over $60 million a year in capital on reimages that's going to deliver a return that Michaela is going to talk about. And then lastly, our capital allocation will shift from paying down debt and restoring the business to actually continue to invest in the business, building new restaurants, reimaging restaurants and returning amples of cash to shareholders. So 3 key takeaways for today that I want you to leave with.

Number one, it's a different business with a stronger core. Number two, we have the drivers in place for sustained growth, and you're going to see that in detail from the leadership team members that come up and talk to you.

And then three, we have this new incremental growth layer that we haven't had before on new restaurants and reimages. So I hope that makes sense. And now I'm going to turn it over to George, and he is going to take you through brand positioning and marketing.

George Felix

Executive VP & Chief Marketing Officer

All right. Hi, everyone. Welcome to Chili's. I'm George Felix. I'm the Chief Marketing Officer at Brinker. I've been here for a little over 4 years. I've had a 17-year career in marketing that's been known for turning around legacy brands, brands like Old Spice, KFC, Pizza Hut and now Chili's. Super excited to share everything going on in the world of Chili's marketing with you today. So first up, we're going to be talking about what it means to be a RED brand. So everything starts with the flywheel. Kevin already shared this with you once, but that starts with us, a well-positioned brand that is driving traffic into our restaurants.

Once the traffic is there, we turn it over to our world-class operators. They deliver an amazing experience that keeps our guests coming back. But what does it really mean to be a RED brand? To be a relevant brand, you want to be a relevant brand to your guests. You have to be a relevant brand within the categories that you play. And then you also have to be a relevant brand in culture.

For an easy brand, that's something that Aaron and Michaela are going to talk more about, but it really boils down to being a brand that's easy to find and easy to transact with. And then finally, being a distinctive brand is critical for any brand in advertising, but particularly in the food industry, where so much marketing kind of blends together.

So anything we do needs to be unmistakably Chili's. So let's dive a little bit deeper into how we've made Chili's relevant again. It all starts with a very clear North Star and brand positioning. Now Chili's brand purpose is not something that just the marketing team focuses on. It's something that we use as an entire organization as a filter to make decisions. At Chili's, our purpose is to make everyone feel special through a fun atmosphere with delicious food and drinks with Chilihead Hospitality.

I hope you guys are feeling some Chilihead Hospitality today and throughout the rest of the day. Next up, it's about cultural relevance. We need to put Chili's back in the cultural conversation. We do that through a steady cadence of what we call culture pops that are meant to drive buzz and keep Chili's top of mind.

The last piece is our advertising campaign. The Better Than Fast Food campaign is in year 3, and there's no signs of it slowing down.

This was born on the insight that consumers were fed up and tired with the rising cost of fast food. Over the last few years, we've steadily increased our media investment, so we now have broad reach to consumers across the country. So you put all that together and you have a marketing team that's firing on all cylinders. So why don't we take a look at how we've done that over the last 3 years.

[Presentation]

George Felix
Executive VP & Chief Marketing Officer

All right. So we've been pretty busy. We've been pretty busy over the last 3 years. But like the video said, we do feel like we are just getting started. The strategy is working and no matter what metric you look at, whether it's value, awareness, sales and traffic, the strategy is definitely working.

So let's dive a little bit deeper into value perception. So what you're looking at here is YouGov data, and this is value perception scores amongst the general population of adults 18 to 49. And you'll see this is Chili's along with other casual dining national advertisers as well as a few fast-growing fast casual competitors that we wanted to just also benchmark against.

And what you see here is that over the last 3 years, our value perception has increased by 50%. So we are now the leader amongst this competitive set with the general population. What's more interesting, though, is when you change this to look at value perception amongst consumers who have seen a brand's advertising in the past 2 weeks, -- the trends are similar. We've seen a big increase in the last 3 years. And again, we are the leader in this competitive set. But you can see that the increase in value perception is much bigger and the gap between us and competition is much wider.

This tells me that the Better Than Fast Food campaign is really resonating. And when people see our campaign, it is making them think differently about the value that we offer at Chili's. So what gives us confidence that we still have room to go?

Well, when you think about ad awareness and the way to think about ad awareness is that is basically asking consumers, have you seen a brand's advertising in the past 2 weeks?

Our ad awareness has grown over the last 3 years by about 40%, which you would expect when you increase your media spend. But we are still trailing the largest spenders in our category. And so that tells me that there are still probably large pieces of the population that have not seen or been exposed to the Better Than Fast Food campaign.

And if you look at the last chart, you know that once we do get people to see that, it does change the way that they think about Chili's. And so we think there's still a lot of runway to go on this campaign. So how do these metrics translate to sales? So what you're looking at here is our Five to Drive categories.

On the right side of the slide is each of our Five to Drive. And when we call Five to Drive, those are the categories we want to be known for. We have positioned ourselves. We want to be known for the Triple Dipper, burgers, Chicken Crispers, fajitas and margaritas.

So you can see the sales growth in the last 3 years by each category individually on the right. On the left, we've taken all 5 and combined them. And you can see that the Five to Drive categories in the last 3 years have nearly doubled in sales with the standout, obviously being the Triple Dipper, which is up almost 300% -- so what we have is a proven marketing model, and the next phase is about doubling down on it.

We're going to give guests more reasons to visit. We're going to be more relevant in culture, and we're going to bring more guests into Chili's. So now let's talk about what those levers of future sales and traffic growth are.

The first one is industry-leading traffic or industry-leading value. Now I get this question a lot. I know Kevin and Michaela get this question a lot. What will happen if you guys get undercut on the 3 For Me at $10.99. What if people bring in lower price points? Will that slow your growth down?

Will that change the way people think about your brand? I have great news for you. We already know the answer because literally every single brand across fast food, fast casual and casual dine have done this. You see $1, $3, $5, $9.99 in casual dining. It hasn't slowed Chili's down. And the reason is that at Chili's, we believe that true value is more than a price point.

It's the holistic experience of what you get for what you pay. So we know right now the consumer is challenged. We know the gas prices are high. There's the macro economy, there's the global economy. In times like this, consumers are looking for places they can trust and that they can rely on.

And Chili's makes 3 promises to our guests every single day. The first is everyday price certainty. Kevin talked about EDLP. 363 days a year at Chili's, you can find our entry value price points, no strings attached. There's no app you have to dig through to find the offer. You don't have to come on a certain day, you don't have to come between certain hours.

From open to close, every day we're open, you can get a $6 margarita or a 3 For Me at $10.99. Our craveable food is also served in abundant portion. If you look at the burgers that we serve on our $10.99, they are nearly 0.5 pound burgers. If you compare them to what you get in the drive-thru, it really puts fast food to shame.

And there's no question on why Chili's value perception is so high when you see it. Finally, it's about a fun, consistent, reliable experience and a fun atmosphere. When we talk about Chilihead Hospitality, that's a smiling face greeting you at the front door, opening the door for you. That's our amazing servers taking care of you from the minute you sit down to the minute you leave, all done in a fun and vibrant atmosphere.

That is Chilihead Hospitality. You'll never see our team members point you to a kiosk, have you put an order in on a screen or talk to an AI drive-thru that doesn't understand what you're saying. We have true Chilihead Hospitality, and that comes from our amazing team members. So now looking at how do we think about elevating all the different parts of our menu.

We have a playbook that we've run now over and over again on about 60% of our menu when we want to elevate different parts of the menu. The first step is elevating the offering. So if we look at a category that we want to elevate, we look at all aspects of it to see how can we make that better so that we can give a better experience to our guests and better value to the guest.

Once we figure that out, we then turn it over to the creative team to figure out how we're going to bring that to life. Sometimes that takes the form of like burgers and chicken sandwiches, they take the form of a big TV advertising campaign on the 3 For Me.

Other times, it could be a culture pop where we talk about the Margarita of the Month or other times, it could be just in the restaurant with our menu and merchandising with things like ribs and fajitas. When we do those first 2 things well, we know we drive sales and traffic, and we create larger categories that are more profitable. So now I'll talk about how we do this across both beverage and food. On the beverage side, you know at Chili's, it's all about margaritas, right? We are the #1 seller of margaritas in the United States. We sold 30 million margaritas in 2025.

Now in order to do that, you got to meet the needs of all margarita drinkers. And we were doing that pretty well on the value side with our $6 Margarita the Month, and we're doing it really well on the high end for those guests looking for a premium tequila like our Don Julio Margarita, which retails for about $12.

But our insights team uncovered a gap in the middle. They surveyed Chili's margarita drinkers, and we found that over half of them actually prefer a frozen margarita. And if you looked at our menus about a little over a year ago, you would have found about 12 rocks margaritas on the menu and 1 frozen margarita.

So the innovation team set out to make the best frozen margarita in the industry, and they did just that when we unleashed the Patrón frozen margarita lineup about a year ago. It's been a huge hit, and it starts at $10.

You're not going to find a better frozen margarita and you're definitely not going to find a better frozen margarita at that kind of value. And now a year after the launch, proud to say that about 1 in 4 of margaritas that are sold at Chili's are a frozen margarita. I talked a little bit about the Margarita of the Month program, which is on fire.

And we've codified how to keep this thing fresh because we bring a new margarita in every single month. We have a stable of proven winners that our guests look forward to when we bring them back, which helps with alcohol attachment. We also like to innovate on trending flavors.

So while that also helps with attachment of alcohol, it also helps us be a relevant brand. So we've had great success with items like the Lemon Drop or the Peachy Dream Marg, which were some of our biggest sellers last year. And then a few times of the year, we're going to take a bigger swing to try and insert ourselves into the cultural conversation through the Margarita of the Month program.

A great example of that is last November when we launched our Witches Margaritas. There was one green one and one pink one that played really well with a very popular movie that was taking over the country at that time. It went crazy on social media, and we saw not only the largest Month of Margarita the month sales in our history, we saw a noticeable increase in traffic to our restaurants that month. So we know that the alcohol category has had some challenges in the last few years with fewer people opting into alcohol.

Amidst that backdrop, Chili's has been one of the few brands that's actually been able to grow share in the alcohol space all the way to the point where we are now the #1 alcohol share brand in the entire industry. So now let's look at how we're doing this on the food side.

We have a great pipeline of items we're launching in F '27, stuff we're testing this year for launching in F '28 and beyond. One thing we've got coming up later this fall is we're going to bring some new news to the Big Crispy Chicken Sandwich platform that we just launched in April.

We're going to take a page out of our own playbook with the Triple Dipper, where a few years ago, we launched the Nashville Hot Fried Mozzarella on social media first before we brought it to the full menu.

We're going to do the same thing in the fall where we bring some fun to the Big Crispy lineup on social media first with the fun social media-led campaign, and then that innovation will find its way to the menu a little bit later this year. Another place that we're going to be innovating is salads. Now salads play an important role on our menu because it satisfies the veto vote.

Now the veto vote is a group of you are looking to go out to eat and there's someone in the group that is a salad eater and they say, "You know what, Chili's doesn't have the right salads for me. All of a sudden, we are now out of the consideration set for that group. So we want to elevate our salad offering. So we're going to look at all aspects of salads.

We're going to look at the bowls that they're served in, the lettuce blend that we use, the variety of salads that we offer. And we're also going to make sure that as we upgrade proteins across our menu, you could mix and match across every salad. As I mentioned, every single part of the menu plays a distinct role in our growth story.

Chicken sandwiches, for instance, a mass appeal item that we can offer at a great entry price point. That makes it a perfect candidate for the 3 -- For Me advertising campaign, which is -- which -- the role of that is driving traffic. Kids menus, on the other hand, is something we probably never advertise, but it still plays a very important role because it makes us relevant with young families. So parents are excited where they could serve their kids something like our Chicken Grillers.

Kids are excited about our new ice cream floats. You can get Coca-Cola and Dr Pepper paired with our brand-new Blue Bell Ice Cream. And then we updated the creative. The actual kids menu creative hadn't been updated in like over 10 years. And so it now reflects the modern brand that we are, and it gives kids great activities to have fun for their entire duration that they're at Chili's.

So now we've elevated the categories, how do we bring them to life. As I mentioned, the Better Than Fast Food campaign is in year 3, and this is all born out of the insight. We saw it all over social media that consumers across the country were absolutely fed up with the rising cost of fast food. They'd make videos, holding up receipts, saying, how did I spend this much money in the drive-thru.

And when you started to look at it, you started to see that the prices of fast food were actually comparable to the prices that we were charging at Chili's, but we have higher quality food, more abundant portions and a great experience. So the Better Than Fast Food campaign was born when we launched the Big Smasher back in F '24. Same flavor profile as the Big Mac, but twice the beef.

Business took off and it hasn't looked back. In F '25, we followed it up when we introduced our Big QP, which was the answer to the Quarter Pounder with Cheese, 85% more beef than the Quarter Pounder with Cheese. And then finally, this last April, we launched our first foray into the chicken sandwich world with the Big Crispy.

That is us saying Chili's is now a player in the chicken sandwich market and that we were telling America that they deserve better than tiny overpriced fast food chicken sandwiches. And the Big Crispy absolutely dwarfs anything you'll find in the drive-thru.

So right now, the momentum and the results of the Better Than Fast Food campaign have been solid, and we think there's a lot of runway ahead. When you think about the biggest categories in QSR, we've already innovated in the top one in terms of burgers, and we've just launched into chicken sandwiches. So we think we've got more runway to go there. But you're probably thinking where does the Better Than Fast Food campaign go from here? Well, if we can replicate the results that we've had in the first 2 categories, I think we've got a lot of great options.

Burgers, for instance, already a huge category for us, was a $400 million category, has grown 50% since we started this campaign and is now over a $600 million category for us. Chicken sandwiches, we had one chicken sandwich on the menu before.

It was about a $96 million category. We have only a quarter's worth of data of the Big Crispy. But if you annualize what we've seen so far after that launch, we're projecting that a year after the launch, the Big Crispy -- our chicken sandwich category with the Big Crispy platform is going to be over $220 million category.

And we know that is a huge growing segment that we want to be known as a player in. So where do we go next? Well, if you look at the chart of the biggest QSR segments, one was Chicken Crispers, which we think we've got a great right to play there. We've improved our crispers.

We just never advertised them. And then the next place would be Mexican QSR. Why wouldn't Chili's who has a right to win in this category, take that category on next? Now hang on, we're not doing this in the next few months. We're probably not even doing this in the next 12 months. This is probably 2 years out.

But what I'm trying to explain here is that we have a huge pipeline ahead of us of things we can do. So in the Mexican space, we already play in Mexican categories like quesadillas and fajitas.

Our quesadillas, for instance, our Chicken Bacon Ranch Quesadillas are already a fan favorite. But as we continue to upgrade our proteins across the menu, like our fajita steak, we're then going to look for other places we can use those proteins on the menu.

We'll use that protein in salads, but we can also use that upgraded fajita steak in a delicious cheesy steak quesadilla that would upgrade our quesadilla offerings. And then when you think about the taco space, we already have -- like Chicken Crispers is already a huge category for us, and our guests love them.

We can now deliver these in a familiar format like chicken crisper Tacos, which is familiar from a taco standpoint, but it's Chili's spin on tacos using our Chicken Crispers. We can offer them in a base variety. We can offer them in a spicy variety using the new Spicy Mayo that we've already gotten rave reviews on our Big Crispy Chicken Sandwich.

And we can also do sauced like our cult favorite Honey-Chipotle. So when you think about where we can go with the Better Than Fast Food campaign, what I want you to hear is we have years of runway ahead of us. Chicken sandwiches, we are not even 6 months into the Big Crispy Chicken Sandwich launch, and we think we have 1 to 2 years of runway on chicken sandwiches to make sure that Chili's is known as a destination in that category.

We know we can keep innovating on the burger category. Our chicken crisper business has doubled in the last 3 years without any advertising just through menu merchandising and upgrading the product. And then if you throw Mexican in, in a couple of years, I can easily see 5 years of a pipeline of where we can go to keep the Better Than Fast Food campaign going strong for the next 5 years.

Next lever of growth for sales and traffic is cultural relevance. Now I hear all the time that Chili's just got lucky a few years ago with the cheese pull. I take some personal offense to that. But I'm here to tell you that we have developed a capability in marketing where we repeatedly can put Chili's into the cultural conversation. And that -- when we do that, we drive buzz, we drive consideration for our brand and we drive purchase.

So let's take a look at how this works. So what you're looking at here across the top of this chart is a selection of culture pops that we've done over the last few years. And our culture pops are all over the board. You've got the Chili's Lifetime movie.

You've got a Triple Dipper Halloween costume all the way through Lizzo remaking our Baby Back Ribs Jingle. In the middle, you have the YouGov stat of buzz generated amongst Gen Z. And then on the bottom, you have Chili's sales -- monthly sales on the red bars.

Now what you see is that when Gen Z buzz spikes, it is highly correlated to when Chili's sales spike. And so what that tells us is that when we are driving buzz amongst Gen Z, it is putting Chili's in their consideration set. It is -- we are breaking through to that audience. They are considering Chili's.

They're coming in and then our operations team and team members are delivering an amazing experience that is turning them into regular guests. So if we go to the triple dipper, a lot of food brands have viral moments. The difference between when most brands have a viral moment and what we've done at Chili's is that ours is sustained.

Most brands have a viral moment and their sales spike for 1 to 3 weeks, then their business normalizes again and everything kind of goes back to normal. For us, when we saw the viral moment happening with the cheese pull and the Triple Dipper, we mobilized our social media team and our innovation team to figure out how can we pour gas on the fire and sustain this.

We did that through innovation where we quickly launched Nashville Hot and Honey-Chipotle fried mozzarella flavors. We launched them on social media so we can move more quickly, and then they came to the full menu later. We've activated influencers to make more content, which encourages more organic content to be made by fans in our restaurants.

And then we did some fun, silly things like we made a Triple Dipper bedding collection. We made a Halloween costume. All these things were in service of keeping Triple Dipper top of mind, and the results are outstanding. Triple Dipper went from a $220 million item on our menu to now over $860 million in F '26, and that one item alone now makes up 16% of Chili's total sales.

I often hear is the triple dipper going to start fading. We have seen no signs of the triple dipper fading. In fact, it's quite the opposite. It continues to grow, and we don't see that slowing down. That's just one example of best-in-class social media capability we've built at Chili's.

This is another way to look at it, earned TikTok views. TikTok is the most influential social platform out there right now. And you can see that earned TikTok views is kind of a proxy for relevance on that platform, and Chili's is far surpassing any of our casual dining competition when you look at earned views on that platform.

Another way that we want to reach a younger generation and more and bring in a bigger audience is by reaching new communities. I would challenge you to find another brand that can reach the Bravo reality TV audience in a really authentic way, while also being the lead sponsor of the hottest young driver in NASCAR, Carson Hocevar, and then tap into the exploding world of YouTube Golf by partnering with Rhoback for a merch collection and putting Chili's on a golf course. And this is only 3 of a ton of different things we've done over the last 3 years.

But what it shows is that Chili's is truly for everyone, and we are going to continue to find these audiences in these communities, and we're going to find unique authentic ways to reach them that aren't just logo slapping Chili's on different properties. I hope you guys all enjoy your Rhoback merch.

I'd love to see some pictures of you guys wearing it after Investor Day. All right. Third one is expanding the customer base. So I talked a little bit about this. We have a really disciplined approach to how we go to market from a media standpoint.

We want to reach our core older audience through linear TV and streaming. That takes the form of weekends in the fall. You're going to see Chili's all over college football, NFL later in the year, March Madness, NBA playoffs. We want to be where the eyeballs are. But to reach that younger audience, we use our breakthrough social media capabilities and culture pops to really break through with that audience because we need to be where their eyeballs are, and they're not watching linear TV. They're on social media platforms, and they're trying to see what's trending on TikTok.

And so these 2 things need to work hand in hand. So let's look at how we've grown our guest counts over the last couple of years. What you look at here is F '24 guest counts compared to F '26 guest counts. And you can see that we have added 40 million guests in that time frame. Now if you look at the right, you can see where those guests are -- where we're growing across those different age cohorts. Now we love to see that we are bringing in younger guests into Chili's.

Gen Z is now making up about 25% of our total guest mix, which is awesome because younger guests are the lifeblood of any brand. But I often get the question, are we growing younger guests at the expense of our core audience? And I think this chart will show you that the answer is no.

The great news is we are growing across all age cohorts. And so our strategy is working. We are not alienating the core audience. We are continuing to keep those big fans of Chili's engaged while we're introducing Chili's to an entirely new generation of guests. And so we will continue to take this balanced approach as we grow our guests. Finally, let's talk about why we have confidence in sustaining growth going forward. So if you think about the casual dining market, it's about $116 billion market.

That accounts for large chains, small chains and independent restaurants. Chili's only makes up about 5% share of that entire market. So when you think about what's going on with the strategies that we have in place, you think about the strong brands getting stronger and the weak brands getting weaker and more consolidation happening, there is a huge headroom for growth for Chili's to continue to steal share in this market.

So I want to share 5 numbers with you that show -- that demonstrate the strength that we have right now, but also give you reason to think that the strength is going to continue for years to come. Our Five to Drive sales have doubled in the last 3 years, but I've also shown you a 5-year innovation pipeline of how we're going to continue that growth.

Triple Dipper sales have nearly quadrupled in that time frame, and there's no slowing -- there's no sign of that slowing down. And the relevance is just as -- that product is just as relevant on social media as it was 3 years ago. We have the best social media team in the industry, and we are going to continue to find ways to be the most relevant brand across social platforms.

We have increased our guest count by 40 million, and we've done that in a really balanced way where we're bringing in the core audience while also introducing Chili's to a younger audience, and that strategy isn't changing. And finally, there is 40% of the menu still left to be upgraded so that no matter where anyone shops on the Chili's menu, they have a great experience.

So in closing, I just want to leave you with a few thoughts. The Chili's marketing success is a result of disciplined execution of our strategy, not luck. We have a proven marketing model that is going to continue to drive new guests into our restaurants.

We have multiple paths to grow. We have a robust innovation pipeline across food and beverage as well as plans to continue to keep Chili's a relevant brand and culture. And finally, we are winning with all age cohorts. We will continue to bring in younger guests while also activating our core audience. Thank you very much. And now I'm going to invite Kevin Hochman back up on stage for some Q&A. We're going to do 15 minutes of Q&A right now. We'd ask that you keep the questions to just the first 2 presentations that you saw this morning.

We're going to have more Q&A this afternoon where we'll all be back up here with more members of our ELT. And there are going to be microphones. So please just raise your hand, and we'll have mic runners and just wait for the microphones before you ask your questions.

Question-and-Answer Session

James Salera

Stephens Inc., Research Division

Jim Salera with Stephens. I would love to get your views on how much opportunity there is to continue to take share from QSR. You touched on this multiyear framework to continue to really target QSR and the value gap that you have -- but since you've seen so much success pulling people from QSR, do you find that guests are shopping or visiting a restaurant based on specific categories like burger and chicken and there's opportunity to pull from Mexican QSR? Or do you find that when they come in from QSR for one category that they're then moving across the menu? And so just kind of some help framing up that opportunity to continue to pull from QSR.

Kevin Hochman

President, CEO & Director

Well, I can start and then feel free to chime in, George. So the way we think about it is we can source from everybody. So you saw the chart that said we're 5% of casual dining, which is probably surprising to a lot of you. And then I think share of stomach is still just a little above 1%.

So we can source from anybody. The key thing when we launched the Better Than Fast Food campaign, was to show relative value, right? Everybody says they have big burgers, they have great value, right? But like being able to see before your eyes demo of this burger versus this burger or this burger is twice the beef or this burger is 80% more beef, like that -- and you can see the difference.

I mean that is very telling to the consumer. And so regardless of whether we're sourcing from QSR or casual dining, it tells them something about our relative value vis-a-vis everybody that's out there, right? So that's kind of point one of like why we have that campaign. It's not necessarily to source from QSR or someone else.

It's more about reframing relative value. I mean what we're finding when you look at the data and how much we've grown, we're sourcing from everybody, right? You've got -- obviously, we're growing share within casual dining. And I think you know kind of the share donors versus the share gainers in that category, right?

But we're also finding when you look at some of these other reports, that people are starting to view casual dining to be as good a value, if not better value than QSR in some circumstances, right? And so I think over time, we're seeing a little bit of shift there, too. So the answer is yes, I think we can source from everybody.

James Salera

Stephens Inc., Research Division

I'm disappointed, George, I thought we'd see a mic drop. It's Chris O'Cull with Baird. As you brought new customers into Chili's, are you seeing the brand get used for occasions or need states where it historically hasn't or wasn't relevant? In other words, are there more situations today where consumers think Chili's than there were a few years ago?

George Felix

Executive VP & Chief Marketing Officer

Well, I don't know if I can give you like very specific, but I can give you more qualitatively, yes, we see that when we look at social media, we have a lot of guests that are creating content in our restaurants. And so you see more examples of Little League teams and sports teams going out to Chili's.

There was an ESPN flag football championship that was televised and like one of the teams from Florida said, "Hey, if we win, you got to take us to Chili's Coach. And like we hear stories like that all the time now from our operators, and we see it on social media.

So I think like what I see is as we become a more relevant brand, we're becoming more relevant for more occasions like that. I don't have like hard data to tell you exactly what those occasions are, but qualitatively, I do see that.

James Sanderson

Northcoast Research Partners, LLC

Jim Sanderson, Northcoast Research. I wanted to go back to the commentary on looking at the Mexican QSR category as a future target. what pain points or concerns are you picking up from customers today in that category that gives you the confidence that you have a solution in mind that will really drive value for Chili's going forward?

George Felix

Executive VP & Chief Marketing Officer

Yes. I think similar to what we've done in other categories, I think the quality and abundance is going to be like first and foremost, and it's the most obvious, right? So when you think about -- when you look at our burgers, right, when you look at the burger the comparison or the chicken sandwich in that comparison, I think you find the same thing.

If you look at QSR tacos or quesadillas, you'd probably be searching like where is the meat in here and like looking for it differently versus what a Chili's can do with our really abundant crispy Chicken Crispers or that upgraded Fajita steak that we would bring over to the quesadillas. So I think that would be the obvious first place, which would be very similar to what we've been able to do on burgers and chicken sandwiches.

Kevin Hochman
President, CEO & Director

You think about the insights that we built the better the fast food campaign on, it starts with size and abundance, right, which the tacos that you saw on the screen, you're going to see downstairs next to the most comparable taco that you can get in QSR.

The second thing is about the overall service and experience. And you look at the top QSR Mexican, they're all about kiosk and automation versus we're going in the opposite direction in terms of service.

And then when you look at Reddit and look at QSR Mexican and the way they talk about price, I think you're getting a lot of the same.

If you don't buy on the deal, the price is getting up there. So I think it's got all of the same ingredients for the recipe that we've had for the balance of the fast food campaign. And as you saw, it's a humongous segment that we can win from.

James Sanderson
Northcoast Research Partners, LLC

Just -- and that would be within the $10.99 price position, relatively speaking.

Kevin Hochman
President, CEO & Director

Yes, we haven't finalized that, but that would be the intent, right? We know that's a hot price point that consumers coming.

Zachary Fadem

Wells Fargo Securities, LLC, Research Division

Zach Fadem, Wells Fargo. I want to ask the inverse of the first question and talk more about trade down versus trade up because I don't want to tell you how much I paid for a steak and a martini last night, but independent restaurants are very, very expensive. Could you talk a little bit about that opportunity in terms of bringing in higher income consumers and taking share from independents?

Kevin Hochman

President, CEO & Director

Yes. I just think that people want value everywhere. So I don't think -- right now, I think independents are winning, and it's because people want to go back out to eat. So just like casual dining is outpacing QSR last couple of years, I think you're seeing independents because more independents are casual dining than they are QSR.

So I don't think we view it as an independent opportunity versus a chain opportunity. We just view it as long as we improve food service and atmosphere, people want to have great value and great service, and they're going to continue to come to us.

Zachary Fadem

Wells Fargo Securities, LLC, Research Division

Are you taking a crack at just sizing that independent market?

Kevin Hochman

President, CEO & Director

We have not. We don't look at it that way. We look at it as like making sure that we continue to improve versus ourselves.

Dennis Geiger

UBS Investment Bank, Research Division

Dennis Geiger, UBS. Kevin, I'm wondering if you could talk a little more about the north of 6 restaurants, points of differentiation for those above 6 versus under 6. Any kind of attributes you'd say between the 2 categories?

And then for those above 6, we've talked about this some historically. Just anything on the operations of those restaurants, capacity? Is it that much more difficult in those restaurants from an op standpoint? Anything you could share on the differentiation, please?

Kevin Hochman

President, CEO & Director

Yes. The #1 thing that we see -- there's a little bit of like equipment things that go on that we're supporting the other restaurants with now. The biggest thing that we see is the treatment of the labor card. So north of 6 restaurants tend to staff more appropriately for the volume that's coming in, whether it's staffing all the way to the labor card or making adjustments versus the labor card.

And I mean that's the #1 thing that we see. We have a huge initiative right now where we're retraining our directors and the general managers on how to write a proper labor card to staff for the sales that you want versus trying to make it on your bonus, right? So that is a huge initiative that's going on right now.

I think that is the -- if you said what's the #1 thing that's different between a North of 6 restaurant and a lower volume restaurant, it's how they staff the restaurant. I think the second thing is the quality of the GM. We tend to have our best pilots are running our biggest restaurants, right?

And so Aaron and she'll talk to you a little bit about the ownership training that we're doing to elevate our game with our general managers, getting them trained up and setting higher expectations and higher bars. I mean we're the #1 casual dining brand now. And so we should have all of the best general managers in the industry. We certainly pay top dollar, and so we have higher expectations, but we're spending a lot of investment in getting that ownership culture up.

And I think you're going to see that in her presentation. So those are the 2 things, how you treat the labor card and the capability of the general manager. we've got a couple of guys over here.

Margaret-May Binshtok

Wolfe Research, LLC

Margaret Binshtok from Wolfe Research. I just wanted to ask on the family occasion that you guys mentioned. Where is family mix now? Why do you guys see this as attractive? And how quickly do you think you guys can grow that occasion?

Kevin Hochman

President, CEO & Director

So we don't track it in terms of like share of segments. So I don't have that data to answer it directly. We think of it as a big opportunity because everybody goes to Chili's and families are a huge part of casual dining. For years, we really didn't do much on the kids menu to create things that are just for kids.

I think we're changing that is based on some of the menu updates that we made last quarter, the ones that are happening this quarter. We certainly see in social media, kids talk a lot about Chili's. I had a niece the other day saying, if our whole class gets 4s or better on their APs, can we use sports at Chili's. I'm sure, of course, right? You see that a lot, right?

So as you think about winning in social media, younger people are there. And so we're creating a lot of demand for Chili's. That's what I was talking about earlier, like we have this energy of an upstart brand. It's like we have this whole generation that just like we may as well not have been a brand 5 years ago to Gen Z.

And now we're a big brand and we're relevant. And so as people get older, they're just going to gravitate into the brand. I think that's why we see this big opportunity.

George Felix

Executive VP & Chief Marketing Officer

Yes. And when you think about the family occasion, a family with younger kids, they want to go to a place where they feel comfortable being themselves. They don't -- they're not going to be embarrassed or worried about their kids behaving at Chili's. That's big we were talking about earlier.

We're not going there, right? Like I think when we create the environment that we strive to create in our restaurants, the kids are having a great time and parents are probably having a great time, too, because if the kids are having a great time, they get to have a margarita, kind of hang out for an hour. And so we just think that's a big opportunity for us.

Unknown Analyst

Thank you. I really like that customer satisfaction or consumer rankings of your different attributes chart. I don't have it in front of me, but I remember just from the quick view that atmosphere and cleanliness were lower ranking or maybe more of an opportunity that remains. Also, I think I would have thought that, that would have been one of your biggest improvement areas because you've obviously focused on that, maybe returning the bussers too. And could you just talk about that? Is this going to come down to reimaging to get you the rest of the way there on that? And do you agree with that ranking?

Kevin Hochman
President, CEO & Director

I think -- well, I think reimaging will help. I mean I think sometimes you get a clean comment because it looks a little older. So I think that's going to help. I think there's still tons of upside for us. We've been working on clean basically for 15 or 16 quarters now.

Like we pick something new every quarter to work on clean, and we learn new things. Like as the restaurants get busier, there's more things to clean, and we have to clean more often. And do we have the right equipment. The other day, I was in a center city market, and we realized they're not changing the mop water often enough.

And so that will create a floor that is not as clean as if you were changing the water more often, right? So there's just -- there's still a lot of opportunity. That's why I don't -- like I think a lot of people want us to declare victory and we're done. And the reality is we're still middle innings on improving this experience.

The good news is we are better than most, and that's why we're winning market share, but there's no reason why we can't continue to do that by continuing to get better in food service and atmosphere.

Unknown Analyst

And just a quick double-click on the speed of service initiatives. Is there any examples you can share about what the benefit of 5 to 10 minutes faster service is in terms of what it means in same-store sales or AUVs or anything on that?

Kevin Hochman
President, CEO & Director

Yes. It's hard to give you an exact quantification of it. What I'll give you some examples so you can start wrapping your mind on why this is so important to us. So you're going to a restaurant and like you need something comped off your bill and they, oh, we got to get a manager and then you're like waiting around because you want to pay and get out of dodge and the manager comes and they swipe their card.

Well, our manager swipe their cards over 60 times a day, okay? Now that's not all for checks, but the #1 driver of why they're asked to swipe a card, which means they got to get access to the POS is to alter a check. So imagine a busy Friday or Saturday night, right?

We got a 15, 20, 30, sometimes hour wait, right? And we're waiting 10 minutes to get that table turn to get a manager to come swipe. And those managers are not just waiting for their cards. Some are in the heart of the house, some are in the front of house, talking to guests, like -- this is a lot of friction that prevents us from turning the table, right? And so when we talk about initiatives like Supermarket Simple, which can eliminate the need to do as many changes to the check because it's more frictionless to get your rewards, that's going to have a meaningful impact on our ability to turn tables.

And there's 2 things that we know can drive traffic in this business is meaningful news, whether it's food news or social news and speeding up the operation. And if we do either one of those things, that leads to long-term growth, and that's why we're working on things like friction.

Andrew Charles

TD Cowen, Research Division

Andrew Charles from TD Cowen. I'm curious just on how you thread the needle with pricing. You guys obviously have 3 to 1 everyday EDLP. Your ticket is $3 to $4 less than casual dining peers, but how are you not boxed in to take pricing decisions? And how are you thinking about pricing over the next few years?

Kevin Hochman

President, CEO & Director

Yes. One of the things -- I think when you cover QSR and CDR, a lot of times you think of that where it's like, well, we don't want to get sideways with like a $5 price point like some other QSR competitors had over the years. The difference is CDR is a much more varied menu, right? So there's like a lot of things on our menu, they don't mix very much, right? So when we think about like $10.99, how can you possibly make money on $10.99, right, the reality is it's only like 9% of checks, right? And it's like 6% of sales.

So even if you meaningfully were to move that, it's not going to make a huge difference to the overall P&L. So I think that's an advantage that CDR has over QSR is that we have a more varied menu. And so everything tends to mix a lot less. And so even when you move the mix on those things, as long as you're doing the right things in terms of meeting all customers' needs, not just a low-income customer needs, you can make the P&L work. But I think that varied menu is a big difference in CDR versus QSR.

Okay. I think we're out of time for questions. We'll take one more. Okay, one more. And then we have a second Q&A coming up with the entire leadership team that you'll have more time.

John Ivankoe
JPMorgan Chase & Co, Research Division

John Ivankoe, JPMorgan. I'm happy that you mentioned independents taking share versus chains. That's not something a lot of chain CEOs say, but I concur with that. So the question is on the supply side and not just independent supply, which I think is very hard to measure, especially across the overall chain. But looking at some of the better of chains, 3 years ago, you go around Dallas, and certainly, this is the case today; In-N-Out, Shake Shack, Dave's, Chick-fil-A, Cane's, CAVA, Chipotle, there's just waves of supply that can kind of come to a market, and it seems to come almost all at once.

This has been the case of the industry for as long as I've covered the industry, so it's certainly nothing new. Have there been any moments of competitive intrusion in various Chili's markets that you've seen that have been measurable? Or is the brand kind of defensible at this point that you're operating as a brand of one and kind of what's happening competitively around you might actually be noise?

Kevin Hochman
President, CEO & Director

Well, I'll give you 2 answers on that. One is when we do see a competitor open up near us, you will see like a very short term, people will -- regulators will leave and go and let's try the new thing. And really, the business comes back very quickly. So it's very, very consistent. Now I don't know if that would have been the case 5 years ago, but we're a much stronger operation now. So people buy into what we're doing. And I mean, I see it quite often. We're going to market, X concept opening up across the street, I'm like, don't worry about it, check with me 2 months from now, it's going to all snap back and it does.

So I don't think that based on the quality of our service model, that doesn't really concern me at all. I do think the flip side is a big opportunity for us. I mean I think you're seeing the weaker concepts, the ones that are either closing doors or just going out of existence altogether, that creates white space opportunity, not only to collect their guests as they got to go eat somewhere, but also real estate opportunities to do either conversions or scrape and rebuild. So to answer your question, I probably view that as more of an opportunity in the inflow and outflow of new restaurants than anything that's taking share from us from a long period of time. We're just not seeing that.

George Felix

Executive VP & Chief Marketing Officer

Okay. I think we're going to now take a 15-minute break. There are going to be people outside, bathrooms are straight back, and then there are people guiding you to other bathrooms that are just across the hall. So we'll meet back here at 10:00.

[Break]

Aaron White

Executive VP, COO & Chief People Officer

Welcome back, and good morning. So my name is Aaron White. I'm the Chief Operating and People Officer for Brinker. I've been with the brand over 25 years. So I started my career back in East Tennessee as a server with Chili's. And today, I'm going to build upon really what the foundation that Kevin and George have talked about. I'm going to ground you first with the Chili's flywheel and talk about how marketing brings our guests in and our best-in-class operations team brings our guests back.

With my experience starting in restaurants, it's been amazing because starting as a team member, I've been able to really understand from the foundation, from the ground up, what it means for operations. Truly, it's about being in restaurants, listening to our team members. I spend about 40% of my time in restaurants, so does my team. And really, we're working side-by-side with directors of operations and also with our management teams and team members, and the focus is to make their jobs easier, more fun and more rewarding.

And as we do that, we're continuing to figure out the bottlenecks that we see. And today, I'm going to really talk about this in 2 parts. I'm going to talk about the progress that we've made since our last Investor Day, and then I'm going to talk about the future and what it means really for improving the operating model for sustainable growth. So let me ground you on what it's looked like for the last 3 years.

It really is about focusing on the fundamentals, and that's what it's been about. It's about food, service and atmosphere. And the foundation of that truly is our team members. So I know George talked a little bit about the innovation on the food. We've been focused on that. We've also eliminated a lot of SKUs to make it easier in our kitchens. We've also made it easier to execute certain items in our kitchens, which helps with efficiencies and also throughput. For service, we've invested $180 million in service over these last 3.5 years. And what I will tell you is that has helped our throughput in the restaurant. This has been for cooks and also for servers and then for our service support.

We brought bussers back, which is truly locked and unlocked a lot of throughput for the dining room. And what this means for atmosphere is it truly is about focusing on clean and well-maintained restaurants. We know we still have runway to grow, but we've made some positive impact here. And it's getting restaurants back into the shape that not only we are proud of, but that our guests are proud of. So let me tell you what that means for results over the last 3 years. And I'll start with what it means to deliver a better guest experience. We have our clean scores that have increased from 64 to 74. We have our guests with a problem that we've been able to cut in half. And our Google scores have improved by 30 basis points and continue to rise.

You're probably asking yourself, what does this mean for traffic? We have seen significant traffic growth since 2023. We started at 3,400 guests per restaurant on average per week, and we're now increased that by 800 over the last 3.5 years to 4,200 for this year. We've done that by focusing on the fundamentals and continuing to keep those top of mind with the staffing. What I'm most excited to tell you about is really about our historical peak. This happened back in the early 2000s, and it truly is in the same buildings that we have today. Our largest guests per week was an average of 5,200. So you ask if there's runway? Absolutely, there is, because only today, there's only 50% of our restaurants, so 15% that are actually at that historical peak. And we know with our continued focus on the fundamentals that there is tons of runway there.

And then what that means for team members. We've been able to stabilize our team members and our management teams. And what that means is, as I talked about making the jobs easier, more fun and more rewarding, we've done that, and we continue to focus on those things. Our manager turnover continues to lead the industry at 20% and our hourly turnover due to all the simplification and the stabilization of our management teams have declined to 84%. And this is the first time in a decade that we are actually at the industry average. So what does that mean about our next phase? And so as I talk about our next phase of operations, it truly is about removing bottlenecks. And let me tell you a little bit about our secret sauce. And what that is, is listening sessions.

So we started these 3.5 years ago. It's a chance for Kevin, myself, Doug and the leadership team to get out into restaurants. We bring managers together, usually in groups of 30 to 35, and we ask them 2 simple questions. What do you love best about your job and what can make your job easier? And believe you me, they will tell you. So this last year, we started these same conversations with hourly team members. And so we are in front of these hourly team members any given day across the country, asking those same questions. So they're able to tell us firsthand what are the bottlenecks in the restaurant, which takes me to the second half, talking about what does our future look like.

And when we think about our future for sustainable growth, it really is grounding ourselves in the slide that Kevin showed you earlier. And this is truly looking at the restaurant from the start of the guest experience all the way through the entire flow. So my team does an amazing job getting out and understanding what those bottlenecks are. And I'm going to talk what it looks like for the future. So let me explain on the slides, I'm going to begin when I talk about driving the guest experience and also cycle time improvements. On these slides, I'm going to show you on the left what the initiatives are that we will be focused on. I'll also show you on the right about how we're going to measure success.

And I'm going to begin by talking about the front door. So think about when you're walking in the restaurant, this is where the guests are greeted. And we definitely have some pain points and some bottlenecks still today at the front door. So we're going to focus on making sure that we're using technology to simplify the waitlist. We're putting a big stake in the ground that managers are going to be more involved at the front door. They're going to take ownership working with the host to make sure we have accurate quote times. I don't know if you're like me, but you walk into a restaurant, you see open tables or dirty tables and they've quoted you a wait time, it's a little frustrating.

So we've got to build that trust back with the guests, and we know managers being upfront, being engaged with our teams is going to help with that. It's also going to help with large party service to be able to execute them through the restaurant. And you're going to see that right now today, we're at 4,200 guests on average per week. Our goal is at 4,300. I'll remind you of that historical peak, again, at 5,200. But again, that 100 guest count is the goal and what's in the model. Number two is really about continuing to look at the service model. And so I want you to think about when you went to a restaurant.

A lot of times, you'll see the server come to the table, they'll take a pen and paper. They're writing down your order. They then have to walk to the point of sale. They have to input that order. They have to then walk to the back to get your drink. That's the glass and that's ice and that's a beverage and then they bring that back out to your table. Well, we've really helped ourselves over the last several years because we have team member handheld iPads. That takes all of that pain away for our teams. They're able to actually put the order in right at the table.

And I love it because I see it a lot in restaurants where you see the server is actually still engaging with the guest. They're still talking. They're talking about the menu the guest hasn't ordered yet. And magically, a runner brings your drinks and your chips. And so we've cut down that throughput time, but we still have bottlenecks. So Kevin mentioned, we have a brand-new handheld iPad coming out at the back half of this year. And what we've been able to do with that iPad, my team has done a fantastic job of cutting those clicks in half. So we're cutting those clicks by 50%. So that's 5.0. And what I would tell you about cutting those clicks, it's going to give our servers more time to focus on the behaviors that drive a better guest experience. And that's refills, pre-bus, that's connection.

So I'm happy to say that what we're seeing right now in the test is that team members' knowledge of the menu itself, you may try later in the restaurant today, we may have you place an order. You don't have to have much knowledge to do it because it's so easy to execute. And we've seen better retention in those test restaurants.

Next, I want to take you to thinking about cycle time improvements, it's about the kitchen. It's about making sure we have faster ticket times and more capacity. There are several ways we're doing that. But today, I'm going to focus on our kitchen display system. So I mentioned that our servers are able to place that order. They're able to immediately send that item to the heart of the house. That's what we call our kitchens. And in the heart of the house, we have a larger iPad that we call the kitchen display system. This kitchen display system is interactive. They're able to touch screen. They can actually -- if I'm a new team member, I can touch screen, I can see what the items should look like, and I could see the ingredients of the item.

So if you think about being able to know the items and know how to make them very efficiently and quickly, that's helping us unlock that. The second thing that this kitchen display system is doing is it's allowing us to have better throughput. And let me give you an example. So Zone 1 is the kitchen station that we have. That's one of our most popular. It's where Triple Dippers come out of, chicken crispers come out of, chicken sandwich comes out of. So it's pretty busy. So on any given shift, you can see 30 to 40 checks on that screen, different items. This smart technology has allowed us to be able to do an all-day counter.

So instead of being a team member and having to look down 40 checks to tell me how many mozzarella orders do I have, it will tell them at the very top of the screen that they have 7 orders of Mozzarella. It will tell them exactly how many planks to drop. And so what this has allowed us to do is to have more capacity of team members over there for the throughput. So now we can have up to 4 to 5 working that station. So this smart technology is making us more efficient. You're going to see future upgrades of us being able to do this in the bar, and we just implemented it at our beverage station, which is another big bottleneck for us.

You can see that, that will help also throughput with ticket times. Only 40% of our system today are actually at our goals of a 10-minute ticket time for lunch and a 12-minute ticket time for dinner. So we know our goal is at 65%. And through equipment and technology, we are going to be able to continue to help drive efficiencies. Also want to talk about to-go. And what we think about to-go driving fewer problems, more repeat guests, we really want to-go to be easy. We say it's going to be easiest fast food. And when we say easiest fast food, we mean that with the ordering and the pickup.

So to-go is 25% of our business, 50% of that is actually delivery and 50% of that is carryout. And when we think about that, we know that we need to lean into our app and web design to make that easier to execute. We need -- we have to have frictionless payment, which we'll be focused on for the future with to-go. It will be easier ways for them to pick up the order, whether that be an order board or also an easier way with racks for them to be able to do that. Lastly, that takes me to the best team. I'll spend just a little bit of time here and really talk about what it means to ruthlessly simplify.

So when I say ruthlessly simplify, this is challenging things that we've always done, and it's not easy. So sometimes we have to think differently. Sometimes we have to challenge the status quo. And so an example of that is inventory. One of the things that my team is focused on is how do we make it easier for our operators to be in restaurant and spend more time with guests and team members. So today, I'll give you an example, when they're doing inventory, it's a 3-hour process once a month for 2 managers. So that's 6 hours of manager time away from team members and away from the guest.

So during that time, they have to take kind of a clunky scale, put it on a cart and roll that into the walk-in. They then have to take that product off the shelf, put it on that scale. They have to subtract manually in their heads, what that pan weighs -- they have to write it down with pen and paper and 3 hours later, go and put it into the computer, so we can calculate how much waste they've had. So think about this for the future. In test today, we're seeing some great things. We've cut that in half. So it's only taking our managers 1.5 hours.

So imagine 3 hours every month back for those managers combined. They're able to actually go in and we know how much a pan weighs, we know how much a full pan weighs. So they now can count 1 pan, 2 pan, 3 pan, and they can do that digitally straight into an iPad would be the future goal for that. So if you think about that's 36 hours a year that we're taking for those managers, that's a whole week, a whole extra week that they could be coaching and also spending time with our guests, which is important. Now Kevin mentioned the ownership journey. We started that 2 years ago, and it is a journey. It's nothing that's going to happen overnight. This is really about us thinking differently about our business and getting our operators to understand.

For example, that labor is not just an expense, labor is an investment, and we have to make sure that we're spending it at the right time to grow the business. We made some bold decisions this year. We went to sales and profits for our bonus structure. And I will say it's one of the best decisions I think we've made as a brand because our operators were really focused on numbers. They were waking up every morning to understand what's my score versus waking up to be focused on what's the behaviors that are going to drive the guests back to the restaurants.

Now you're probably wondering, can they still see it as guest metrics still important? Absolutely, they are. We can still see clean. We can still see our social scores, and we can still see our guests with a problem. We see that by shift. We can break it down lunch or dinner by daypart. That's given us visibility to be able to diagnose exactly where the pain points are. And so we're very confident with the switch that we've made, we have seen some positive results in our team members and our managers focusing on the behaviors to drive a better guest experience.

So in summary, I will say a stronger operating model is creating more runway for growth. We've rebuilt the operations foundation. It was really an operations reset, but we have room to grow with that. I'd like to say there's more simplification in front of us than we have behind us. It really is about stronger execution. You saw that with our retention numbers. We're stabilizing our teams, which means our team members stay, they work together longer, and it's a better guest experience. And you saw that with our Google scores at a 4.2 and continuing to rise.

When we think about throughput and our focus on throughput in the future, this is going to help us with capacity in the restaurants. We definitely have the capacity. You saw that historical peak at 5,200 guests per week. Our goal right now is just to get to 4,300 guests per week, and that's an additional 2% in same-store sales. So when I ask and think is the confidence and the runway there, we believe absolutely it is, and we will continue to execute and deliver to get the guests to come back in.

So with that, I'll turn it over to Mika.

Mika Ware

Executive VP & CFO

All right. Thank you, Aaron. All right. Hello, everyone. I'm Mika Ware. I am the CFO of Brinker. I'll tell you a little bit about myself. I have been here for 38 years. I know that's unbelievable, that I have. I started in the restaurant. I had 6 years of operations experience there. I then transferred to the RSC where I've had numerous accounting and finance roles. Probably most notably, I led the Chili's brand finance team for 7 years. And in that role, I really had the opportunity to learn the business from top to bottom, not just from a financial perspective, but also from an operating and marketing perspective.

I've also held many roles in corporate finance. So I was the Head of Investor Relations, as many of you know, I had P&A, treasury and restaurant development. So a lot of different experiences. So now that brings me to here. I'm in my third year as a CFO, and I will tell you, I'm enjoying every minute partnering with Kevin and this leadership team to grow this great brand. Okay. So we're on the final presentation. I'm going to take us home for the presentation part of the day. And what I'm going to cover is we're going to talk about the stronger model that we've built.

We're going to review our capital allocation priorities, and we're going to finish it up with the new Brinker outlook. All right. So you've seen this a lot today. This is the engine behind the stronger financial model. So George talked about how his team is doing a great job of keeping Chili's relevant and driving in all those new guests. Aaron talked about how her team and their best-in-class execution is bringing those guests back. And what that is doing is creating a really, really strong top and bottom line for us, and it is generating a ton of cash. So we're converting that into cash.

We're then using that cash to reinvest back into the business. We are now going to start to expand the footprint, and we still are going to have cash return to the shareholders. All right. So let's be clear. Brinker did not just deliver a turnaround. We have exceeded every metric that we put out there, and we've built a really strong, sustainable financial model. So let's look at some of the results. Kevin touched a little bit on this earlier, but we have materially outperformed every metric we set back in 2023. You can see our adjusted EBITDA growth is 35%. Our adjusted EPS growth, 56% and those Chili's AUVs are up over 50%.

All right. Digging a little deeper, let's start with the top line. So for us, this has always been an investor growth strategy. You guys have heard me say that over and over. And why that is important is that we know the best way to grow the bottom line long term is to invest and grow the top line sustainably, and we have done just that. So you can see we have taken Brinker revenues from $4.1 billion to $5.8 billion. We've taken those AUVs from $3.3 million to $5 million. And something that's even more impressive is that at the same time that we've invested hundreds of millions of dollars back into this model. That is in labor, that is in R&M, that is in marketing.

We have expanded or materially expanded our margins by 660 basis points. All right. And that strong top line, all those margins, what that has done is allowed us to deliver record free cash flow. So last year, we delivered $558 million. We've used some of that cash flow to delever the balance sheet. So what you see on the right, this is lease adjusted leverage. So we took our lease adjusted leverage from 3.7x to 1.4x. So before I move on, we have a really, really strong financial model. We have a sustainable top line. That top line allows us to grow our margins. We're generating a ton of cash flow that we can then use to reinvest and grow the business and have a really strong balance sheet. So Brinker is in a really strong financial position. All right.

So let's talk about our capital priorities. We have the strong balance sheet. We have sustained same-store sales momentum. We are now going to add a new unit growth lever, and we will still have enough cash to return excess capital to shareholders. So here are our priorities, and they are balanced, and they haven't changed much. So our first priority will be to continue to invest for growth. Our second priority is to maintain a strong balance sheet, and our third priority will be return excess cash to shareholders.

So let's look a little bit deeper at each one. So priority #1 is going to be invest in the business. We're going to continue to invest in the base business, and now we are going to start -- restart unit growth. So why now? First of all, we have strong demand. We have positive traffic coast-to-coast, and we've identified plenty of white space opportunity to build new Chili's. The second reason is we have great unit economics. So you've heard us say, Chili's brand AUVs are now at $5 million and the Chili's operating margins are over 18%. And that allows us to generate a ton of capital. So we have plenty of capital to ramp up new unit growth.

Okay. And then looking forward or talking about new Chili's, you've heard us say that everybody loves Chili's. Well, I'll tell you this, everybody really loves the new Chili's. So when we look back at the Chili's we built the last 3 to 5 years, those Chili's continue to outperform all of these brand averages. So they opened really, really strong, and they generated great returns. Looking forward to what's going to happen as we move forward, -- we put a little bit of inflation in here, but these are the numbers for you guys to model.

So right now, we think our investments for the new restaurants are going to be between $5 million and $6 million, and we still feel they're going to generate some great returns. So we're really excited as we ramp this up. And we have a great plan. So we have built a really strong restaurant development team, and their approach is grounded in analytics. And so their job is to deliver the best sites. They're doing that with a great process, with great tools, and I'm confident they're going to continue to find all the best sites for us.

In addition to our new process, we want to take a disciplined approach to the pace of how we build these restaurants. And so we know it's important that we're disciplined about this so we can continue to find the best sites and not feel pressured to approve any subpar sites. And more importantly, we want to be able to staff these restaurants with talented managers and team members. So we know we need a disciplined approach so we can continue to staff and deliver on those financial expectations. And we have multiple strategies to grow.

So historically, we've really leaned into this high potential strategy, which is building in major suburbs of major cities where we have a lot of development, and we've been really successful, and we're going to continue to do that. But we've also identified some other strategies that we can pursue. We have now a small town strategy. So the team has identified many smaller markets where we don't have the Chili's that we know can be successful. We've also done a deep dive on our existing markets, and we've identified opportunities to infill those markets. And also frequently, those markets continue to grow and there's opportunities to build on those edges.

And then finally, conversions. And so this has been popping up a little bit lately. It could be a one-off conversion or it could be if it makes economic sense to find a small regional chain for the real estate, and that's really helpful in those highly developed areas like the Northeast for us to find some sites there. All right. And so we think that these strategies will allow us to ramp up to 30 units per year by F '29. So already, we have identified over 300 trade areas where we think we can build new Chili's. And the pace that we want to go is 2% to 3% new units per year. So just those 2 metrics give us a good line of sight for 10 years of growth.

Okay. So let's look at the map on where can we grow Chili's. And the good news is we can really grow Chili's everywhere. So let's start with the green states. Historically, California, Texas, Florida, those have been really strong markets for us, and that's where we have the most Chili's. And Texas and Florida have the added benefit of above-average population growth. So just when we think we've already built as many chilis as we can build in Texas and Florida, it's just not true. We have 8 in the pipeline right now. So people keep moving here. There's new developments, and we keep growing. So that's great.

If we look to the upper left in the Pacific Northwest, let's just take the state of Washington. We have streetside Chili's in the entire state of Washington. We looked at 2 of our nearing competitors. They have 35 and 40 locations each. So plenty of opportunity to build up there. All right. Let's go all the way to the other coast in the yellow. So the Southeast, those areas are really attractive for many of the same reasons that Texas and Florida are. So they have growing populations and plenty of development for us to be a part of.

And then finally, the middle, and I would say that pink could probably really encompass all of the white as well. But historically, the middle of the United States, those have been more franchise areas. We bought a lot of those back. We do have the growth rights in all 50 states, but we're just underdeveloped in those areas. So we have a lot of opportunity there. I'll give you one more example. In the South, we just bought back our franchise restaurants in Mississippi and Alabama, and we have 10 restaurants in Alabama. We have already identified 5 additional restaurants for the state of Alabama, and they're already in the pipeline.

So we feel really good about our ability to build these Chili's in a disciplined way coast to coast. And what is a great plan if you can't execute it. So this is also important. So we've had an investor growth strategy, and we've invested in our restaurants, but we've also invested in our teams. And so we built, like I said, a really great restaurant development team. Aaron and Doug are building great operations. We've built great marketing, finance, IT, supply chain. The great news is this is a cross-functional effort to ramp up new unit growth and all the teams are ready.

Okay. So in summary, we have the demand. We have plenty of places to build. The returns look great and the teams are ready. And so I'd like to tell you, in fact, that we already have 15 units approved and ready to go for F '28. Those are already in the pipeline and ready. We have an additional 15 restaurants approved and ready to go for F '29, and we have 46 more deals currently in the works. So I am highly confident that we can achieve these goals, and we will achieve this plan.

All right. So let's turn to reimages. So first of all, why do we want to reimage? The reason is, is that 75% of our guests eat inside of our restaurants. And so we need them to be clean and well maintained, and we need to be relevant. And reimages are a great way for us to do this. You can see on the left, we've got 11 of them completed in F '26. I can tell you, as of today, we already have 70 in the works ready to go for F '27. And our plan is to ramp up to 10% of the system in F '28, and we are well on our way to doing that. And you guys have been asking, so here are the early results. We have 16 restaurants reimaged to date. Right now, the average spend is $600,000 per unit.

But what I would like to tell you about this is within that spend, there was $100,000 that we allocated to be bar reimage, and that is going to be only necessary for about 20% of the fleet. So it's some of our older prototypes. And so I guess the better news is that 80% of the fleet will not need that incremental spend, so it will be closer to $500,000 in spend. So we feel really good about that, and we'll continue to look at that spend as we scale up and make sure we continue to optimize.

Okay. Right now, in those early restaurants, we are getting a 3% to 5% sales lift, and that is on top of the fantastic momentum that we have in the brand that we've been talking about. So we are really happy about that. And those sales lifts do allow us to easily clear our cost of capital. So we feel really great about those returns. And finally, probably the most important thing is that as we are reimaging these restaurants, we are getting overwhelmingly positive feedback from our guests and team members, and we know that, that is very important. So they love the feel, they love the look, and I'm really excited for all of you guys to get to see it live today who are here in Dallas with us, but it's really, really good.

Okay. So priority #2, maintain a strong balance sheet. So like I said, we've done a great job of paying down our debt. Our lease-adjusted leverage is at 1.4x. So moving forward, our target is to keep it at less than 2x. We're doing that just so we have a little flexibility for seasonality, for timing of share repurchase, but we think that's a great leverage target to maintain a strong balance sheet. In addition, we just recently took out our $350 million bond. We did that to save on some interest costs. We put that bond on our $1 billion revolver, and we still have $700 million of liquidity. So overall, we are in a great financial position.

Okay. And priority number three, excess cash will be returned to shareholders, and we are going to do that in the form of a share repurchase program. And so our goal will be to reduce our shares by 3% to 5% annually. We're going to do this at a consistent annual pace over time. It's going to be funded -- it's going to be funded by our excess free cash flow. And so we know the most important thing is that we grow the base business organically. We're going to continue to do that. But we do think that a nice share repurchase program is a very good complement to the overall strategy to help us grow EPS.

All right. So how does it all roll up? Okay. So the first thing is the next phase is still going to be powered by the top line. Our investor growth strategy is still in place. George has talked a lot today and everyone has about how we still feel we have plenty of opportunity to grow those same-store sales by driving in those new guests, and we have plenty of capacity to welcome into our restaurants. Now in addition, we have a new unit growth lever that we feel really confident in our ability to execute consistently over time. So those 2 things together will help us to drive sustainable earnings growth.

All right. So here are the new 3-year targets. And so we believe these plans will allow us to deliver 4% to 6% annual revenue growth and deliver double-digit EPS growth. Underlying these assumptions are the 2% to 3% new unit growth, a 3% to 5% share repurchase plan and, of course, maintaining our strong balance sheet. And so we know if we deliver on these metrics that we will be able to deliver substantial shareholder value over time. So to sum it all up before we get to the questions, first, we have built a really strong, sustainable financial model that is generating a ton of cash flow. We have a disciplined capital allocation strategy.

We continue to invest into the business and still maintain a strong balance sheet. We now have multiple growth engines. Not only do we have same-store sales, but now we have reimages and new units. And finally, again, we have a clear financial outlook that we are highly confident in our ability to deliver upon, which, again, we know that can deliver substantial shareholder value over time.

Okay. With that, I would love to invite some of the executive leadership team to join me on stage so we can have another Q&A session and take your questions by Kevin. And if you could, again, same rules apply. Now you can ask any question on the whole presentation. But if you could wait for the microphone and state your name, and we will be happy to answer your questions.

Brian Vaccaro

Raymond James & Associates, Inc., Research Division

Brian Vaccaro with Raymond James. I guess my question is for Aaron. I guess you were talking about throughput and table turns. But what is the average table or dine time at lunch and dinner? And I know it can be party dependent, but how long is too long for the average visit? And I'm curious what percentage of your visits would fall into that bucket?

Aaron White

Executive VP, COO & Chief People Officer

Yes. I don't have the exact number of how many visits fall into it. I would say that the average dine-in time from the guest the time they sit until the time that they actually pay their check, that's how we can see visibility there. And right now, that's around 50 minutes. So we do know that keeping it smaller than that and under an hour is going to be important.

Kevin Hochman

President, CEO & Director

I think, Aaron, you could also mention our ticket times, though, the time it takes when people order to get the ticket to the table is what is that on average at 11 minutes and so we're really great at greeting the guests, getting them sat and getting their food to the table. And that is super important. And then they, at their leisure, can enjoy their meal, and that is what equals kind of that 50 minutes.

Brian Vaccaro

Raymond James & Associates, Inc., Research Division

Okay. Great. And if I could, just a quick follow-up for you, Mika, on the CapEx outlook. I know you're somewhere around $275 million this year. Where do you see that increasing to over the next few years as you ramp towards your unit growth and remodel targets?

Mika Ware

Executive VP & CFO

Yes, that is a great question. And every year, I will give very specific guidance. But what I'll tell you is for now, if we want some nice whole numbers, this year, the midpoint we guided is the $275 million. I would ramp that up to $350 million and then $400 million kind of moving forward. So those are some good ballpark numbers, reserve the right to tweak them as we move on, but that would be a good starting place.

Sara Senatore

BofA Securities, Research Division

Sara Senatore, Bank of America. I have 2 questions. One is, I think, for Chris and one is for maybe Mika. The first question is, I think Kevin mentioned labor scheduling being probably one of the bigger differences, I think, between AUV, high AUV stores and getting managers to be able to really staff ahead of the demand they want. Is there like a technology kind of solution for that? I'm just thinking about putting together the labor matrices. And if so, are managers kind of receptive to that?

And my observation, sometimes it takes time to convince anybody that the predictive analytics can actually tell them what to do. So any kind of technology solutions from that perspective? And then my second question, Mika, just the idea of like returning cash to shareholders through repurchase versus dividend, just kind of the philosophy kind of versus reintroducing the dividend, the philosophy there?

Chris Caldwell

So I can start with the first one. Yes, there's absolutely technology today to manage labor, but I think we do have a lot of opportunity to improve that. So we're actually in the process of reevaluating all of our back-office tech, which labor is a big piece of that. So I think when it comes to things like labor deployment, there's still a lot of manual activities that occur within our restaurants. So you'll notice that our very best restaurants with seasoned managers do a fantastic job, but that's still based on tribal knowledge. We think we can do a much better job with the technology to make that easier for even a new manager.

Mika Ware
Executive VP & CFO

All right. And as far as dividend versus share repurchase, so right now, we just love the flexibility of the share repurchase program. We're just really ramping that back up after taking all that time to delever the balance sheet. The dividend will always be a consideration. So I'm not saying never. I'm just saying not right now. But as we continue to grow and continue to implement all of these strategies, the dividend conversation will definitely come back as we continue to get larger and larger.

Christopher Carril
KeyBanc Capital Markets Inc., Research Division

Chris Carril, KeyBanc. Mika, just a question on the new targets. I know the growth is still top line driven and focused, but can you talk about what's assumed from a restaurant margin expansion perspective in the new targets?

Mika Ware
Executive VP & CFO

Absolutely. So what I will say is it always depends on how fast we grow those top line. So you know the faster we grow the top line, the more margin opportunity we have, and we've demonstrated that those busiest restaurants have plenty of room to grow. On a more normalized run rate, I would say I'm still going to stick with my 20 to 40 basis points per year. I would say I would build that into the models over time because that allows us plenty of opportunity to continue to invest back in the brand to handle any inflation that comes our way and still really protect that value proposition, which we think is really important for the long-term ability to drive traffic.

Christopher Carril

KeyBanc Capital Markets Inc., Research Division

So first, I want to -- my setup for the question. I'm going to apologize to some Chili's general managers that are on the call. But my question is on inventory. You're currently doing it once a month. It was 3 hours per -- if I understood this, please correct me, but 3 hours for 2 managers. So it was 6 hours and you got up down to 3. And of course, I'm thinking, well, gosh, wouldn't it be great to do inventory? Here's the apology part, once every 2 weeks or even once a week because I can't imagine it's the favorite part of the job. But really just an education in terms of how it works inside of Chili's, would it make sense to do things like this?

So let's just take this as an example, things like this more on a real-time basis, closer to example, once a week to where if you really do have a problem somewhere in shrink or waste or whatever the case may be, that you can course correct a lot faster and kind of train the way that you need to if you're showing people in terms of what's optimal from a customer execution perspective and of course, benefit margin as a result? So just a little bit more detail of the example that you gave, please.

Mika Ware

Executive VP & CFO

Aaron, do you want me to start with?

Aaron White

Executive VP, COO & Chief People Officer

Sure.

Mika Ware

Executive VP & CFO

On the financial reasons, Chris, so right now, because of the process, we do want to keep it at once a month. And the great news is we feel really good about the tools we have. We have actual versus theoretical reports, so we can see where there's waste. And then we also have some opportunities. If we think there is a problem that you can do in weekly inventory, you can get a hot sheet or a hot inventory to look at that. And so financially, I want to say, we feel really good about it. And then I think, Aaron, you can talk about just again, the tools you have or any other thoughts you have about that. But as technology evolves, we could do things probably faster, quicker, more frequently.

Aaron White

Executive VP, COO & Chief People Officer

Yes. We used to do it more frequent. And I will be honest to see it even just doing it once a month. We're seeing better results. They're spending more time. They're more detailed with it. But we have tools that they can see on any given day to go back into their inventory to see what they've sold since then to pinpoint and diagnose where they may have opportunities. So they're constantly looking at that to see.

Kevin Hochman

President, CEO & Director

I'd just add one thing is like we have -- there's all different ways we can improve waste, right? The #1 thing we can do is actually be honest about what pantry SKUs do we need and challenge ourselves of really are we going to lose sales. So like we've actually been counting, and Aaron said, a lot less than we did 4 years ago, but our waste has never been better because we're spending more time on both challenging the ingredients that we have in the pantry as well as making sure they have more time to do the right coaching and less time counting. So I don't anticipate that changing unless technology allows us, as Aaron said, to do it more frequently.

Andrew Charles

TD Cowen, Research Division

Andrew Charles from TD Cowen. Mika, just on the margins, message heard about 20 to 40 basis points of margin expansion per year depending on the comp. But if we think about in the framework of the North of 6 restaurants, that 400 basis points gap, philosophically, how much of that gap would you expect to realize versus reinvest over time?

Mika Ware

Executive VP & CFO

That's going to be -- it's a journey that we've been on. So from one aspect, we've done a lot of work getting some very material investments already in the model behind us. Now every year, this team is really great about coming up with new investments that we need to continue to put into the brand, and we do that. So that being said, are we going to get all the way to 400? Maybe not. But what I know is that we don't know what the ceiling is yet, and we know that we have plenty of room to expand margins and then yet still invest in the brand, handle any inflation that comes our way and continue to expand those margins. So I just like having all that leeway.

Andrew Charles

TD Cowen, Research Division

Makes sense. And Kevin, my follow-up for you is just about the Brinker portfolio. You encouragingly talked about the operational metrics improving Maggiano's, not quite yet on the financial side. But I guess what are you looking for in your open-mindedness here to make this either a single Chili's brand? Or alternatively, within a 3-year framework, is there a cushion here for some M&A for new brand, if you'd like?

Kevin Hochman

President, CEO & Director

Yes. Right now, we're focused on the 4 walls of Chili's and starting to build new Chili's as well as stabilizing the Maggiano's business. So we're going to stay laser-focused on that. That said, we're obviously in a much stronger position today, as Mika talked about than we were 4 years ago. My guess is in the next 2, 3 years, we'll be even a stronger financial position. So a part of the Maggiano's turnaround is understanding how to do shared services and how to manage a portfolio of brands.

But if we're able to continue to grow Chili's and build new Chili's and continue to improve our financial performance, it just opens up a lot of opportunities to look at different ways to grow. So right now, we're having an Investor Day, and we're talking about our main new growth lever is going to be reimages and new Chili's. But obviously, that can change 2 to 3 years from now.

Andrew Charles

TD Cowen, Research Division

I just had a question about how you frame the remodels, right? I think you said sort of like expected 3% to 5% lift. Is that what you're seeing now out of some of these early ones? Or is that like when we think about the range of remodels that we'll do, maybe it's more impactful upfront and then that kind of changes over time. Like how did you think about those for that?

Mika Ware

Executive VP & CFO

So what I'll say right now is that 3% to 5% is what we're actually getting in those initial 16 restaurants. So as we continue to expand this program, and it's early on going to be coast-to-coast in different DMAs, we have great software we can do test and learn and really understand what's driving. I would expect that to help us to prioritize where we go next and kind of prioritize those DMAs so that we continue to get the biggest bang for our buck. But again, that's the lift we're getting, again, above and beyond what this brand is already doing, and we feel really good about the ability to continue that throughout the fleet.

Andrew Charles

TD Cowen, Research Division

I had a question back on marketing, too. It's interesting, right, like, it seems like some brands are kind of just deciding that like influencers work. Is that what sort of like moved the needle most with younger customers is like, look, we weren't really on those channels before? Or I guess, like is it the value message that's resonated with them? Like what's kind of worked best for that young customer cohort?

George Felix

Executive VP & Chief Marketing Officer

The good news is I think it's a combination of all those things. So influencers has been a big part of us becoming more relevant on social media. Now I think everybody is probably doing some a bit of work with influencers. So I don't think it's just like a magic like turn the switch on in influencers and everything is going to be great. I think our team does a really nice job of partnering with influencers on the top -- on the messages we want to get across and value is one of those, right?

So people -- the content that is being made in our restaurants when people are showing the value of a 3 For Me and sometimes within their cars showing the value compared to fast food, it resonates with that younger audience. But also, in addition to that, it's also the culture pop things that we do and all of that kind of is working together. So I don't think it's just one thing, but it's certainly a big part of it.

Kevin Hochman
President, CEO & Director

The thing I would also just add is like -- I mean, influencers is just another form of marketing. At the end of the day, if the product is not better, if like our experience and our food is not better, that could be a double-edged sword, right? So the reality is people are seeing these things online, they come to the restaurant. They're having a very similar experience, and then we're getting a lot of organic share. So I think these guys have done a wonderful job. I think they're probably the best marketing team in the industry.

But I'd also say the operations that Aaron has been leading is a big part of why we get disproportionate returns on this because what you see in the social feed is what you get in the restaurant and it just continues. I mean if it was the opposite, you'd have the opposite thing happening with social, right? So that's just something I think people forget. It's like, yes, it's a great tool, but if you don't have a great experience, it's not going to matter.

George Felix
Executive VP & Chief Marketing Officer

I totally agree. Like the best driver of marketing ROI is the work that Aaron and her teams are doing to deliver a great experience. And you'll hear in our heart of house in our kitchens, the term, make sure the food is social media ready, like the idea that as soon as that food hits the table, it could be seen by millions of people basically 2 minutes later, right? And our teams have really embraced that and they take a lot of pride in that.

Andrew Charles
TD Cowen, Research Division

I wanted to ask you about reimaging pace versus new units. I mean, obviously, reimaging is 1/10th of the price of a new unit, the returns by your math looks pretty similar between the two, 20%-ish. So you would be the same there. But one could argue there's network effects to the positive for a brand when you reimage a big part of the brand, all of a sudden, maybe even those cleanliness scores go up. So maybe it would make sense to go pedal to the metal on reimaging first and then get the muscles ready for units later. What are your thoughts on that? And how did you decide on this cadence for each of those?

Mika Ware
Executive VP & CFO

So right now, starting with the reimages to get up to 110 per year, we do have some restraints where we need to be in the South in the winter and the North in the summer so that we can get these done with some of the weather. But just ramping up to 100, in our history, 125 is the most we've been able to get done in a year. So that kind of is -- we're ramping it up to as fast as we've done historically. Now with that being said, once we get up to that 110, if we see we have the capacity to continue to ramp up even faster and we're getting those great returns, we'll definitely look into that.

But right now, it's the same team, but it's 2 different, I guess, growth tracks for the teams that are going to execute the reimages versus the general contractors and other teams that are building those new restaurants. So we like the balanced approach of growing both and ramping up.

Kevin Hochman
President, CEO & Director

The other thing I would just add is like everything we're doing in this business is just try to create sustainable models. Like we're not like someone was asking me a few months ago about the World Cup, and I'm like, we're just not interested in the World Cup because it's a onetime thing and then we got to roll it over. I'd much rather those resources work on the operation or technology or culinary for long-term growth. And reimages and new builds are no different.

And the way I think about them is we want to build a squad that can reimage and build where we don't have to lay them off 3 years from now because we did all our reimages in 3 years, and then we have 7 years, we don't need reimages, right? I think that was the old Brinker. The new Brinker is all about slow, steady growth. Now we tend to exceed the slow, steady growth. But we designed so that it is all sustainable, even if that means slowing down some growth that we could have immediately in front of us. And I think that's the difference. This is an incredibly disciplined leadership team, and we always think about the long term of this thing versus can I go get that dollars tomorrow.

James Salera

Stephens Inc., Research Division

Jim Salera with Stephens. Just doing some quick math, if we take the 4% to 6% target and back out the unit growth, that implies kind of 2% to 3% on SRS. Can you just give us some color on how we should think about that composition? And you talked a lot about the opportunity for incremental traffic, but maybe how we should think about ticket versus traffic in that SRS going forward?

Mika Ware

Executive VP & CFO

So what I'll tell you is when we design these historical long-term targets, the first thing we want to do is make sure that we are highly confident in us being able to achieve those, and we are highly confident in that. And so underneath that, we think that 4% to 6% total revenue growth, that does have some pretty strong same-store sales and unit growth below it.

With that being said, specifically, you asked about the pieces of same-store sales. Kind of early in this turnaround, it's going to continue to be more same-store sales than it is new units because those are going to ramp up. But long term, there's going to be a little bit of price, and we're going to drive positive traffic. And so that is what this whole plan is designed to do, is to drive positive traffic over time in those same-store sales, and we think we can do that.

Mix, on the other hand, we're going to continue to try to drive that mix, but we've done such a fantastic job with it. I kind of consider that icing on the cake. So I would consider that to be flat to slightly positive moving forward. But again, a little bit of price, but it's all about driving that traffic.

Christopher Carril

KeyBanc Capital Markets Inc., Research Division

It's Christopher Carril again. I had a question, first, Mika, for you. Just a clarification. The fiscal '27 revenue growth guidance or guidance implies revenue growth, I think, of 6% to 8%, which would imply '28 and '29 could be lower if the revenue growth guidance of 4% to 6% 3-year target. Is that -- it's kind of surprising given unit growth is ramping during that same period. So is that just conservatism? Or am I missing something?

Mika Ware

Executive VP & CFO

I think it's really just thinking about if we've been delivering double-digit same-store sales, high single-digit same-store sales, we're still altogether trying to figure out what does that new normalized run rate look like for same-store sales. So again, when we think about these long-term targets, we said, okay, 2% to 3% same-store sales, that seems highly achievable for us.

So let's just count that as the base case that we can do. But with that being said, with the momentum that we've experienced in the brand, that gives us a great opportunity to outperform those targets. And so I guess I'll leave you with that is we're just trying to figure out, does this thing ever settle on to be steady case scenario, but we always have our foot on the gas and want to hit or exceed those targets.

Christopher Carril

KeyBanc Capital Markets Inc., Research Division

Okay. That's helpful. And then, Aaron, could you maybe elaborate on how the company is shifting to an ownership culture and maybe what that could look like longer term, especially for the ops team?

Aaron White

Executive VP, COO & Chief People Officer

Yes. I think a lot of that is what I talked about with behaviors, right, focusing on behaviors versus chasing numbers. I think long term with ownership, we are looking and evaluating a stock comp program. So in addition to the comp program we have today, I'm confident that you'll see that in the next 12 to 24 months, but it is something that we feel like will drive ownership for the future also.

Mike Halen

Mike Halen, Bloomberg Intelligence. Kevin, when we spoke in the past, the tokenized customer data was very expensive and almost -- it was almost prohibitive, right, to help run your business on a regular basis. So versus maybe a year or 2 years ago, is it cheaper? Are you more willing to spend since you're so much more profitable? Or was this -- we need to create a 3-year plan and we want to give us some data point...

Kevin Hochman

President, CEO & Director

I would say, I don't think it's -- I still don't think it's super easy. I mean I think every time we want to pull stuff, it's -- we have experts in their field and data analytics that have to grind the numbers and get these answers. So I think we're using it more because we're getting better at what we're doing. But is it like a systemic as I think we all would hope? No. I mean the thing I really am trying to push for is can we get the ability for our everyday managers to be able to pull this data and query it like a lot of other databases. We're not there yet, but I mean that would be the gold standard. But yes, it's still not super easy to pull like we can pull sales data and regional data and things like that. It's just tough. It's a lot of data.

Mika Ware

Executive VP & CFO

But I will tell you, in the beginning, we had to outsource it and it was expensive. It is now in-house. We have our own in-house experts. We now had to wait to start gathering all the data to start reading it because we needed 12 months. And so that's why now we have the data available every month, Kevin and I review it every quarter at least with the teams, they're gathering it, they're tracking it and giving us insight on that. But long term, we'd like to make it a lot easier to access.

Kevin Hochman

President, CEO & Director

I'll give you a great example that they pulled the other day. I was like blew my mind. So we're learning on this, right? So they came and they had done an analysis on basically how quickly it takes for a server to ramp up -- and I'm like, how could you possibly figure this out? And they're like, well, we've got all this GWAP data from the tabletop device, and they can track for new servers that come in, when does the GWAP settle to a run rate, and that's basically the time that they're up to speed, right? It was 90 days, right? So what does that tell you about our training system?

One, things are pretty complex for servers. And two, we got to figure out how to go to train faster, right? So things like the new team member handheld, which is -- and those of you that are going to be in a restaurant are going to be able to do it yourselves. We'll have you do an order. Like that's going to take that 90 days and shrink it, right? We can probably do some things from a training standpoint. How do we get people up and running faster than doing so much computer time, right? So we're learning every day from this data analytics team. They certainly are getting stronger, and we are doing more of it in-house.

Margaret-May Binshtok
Wolfe Research, LLC

Margaret-May Binshtok from Wolfe Research. I wanted to ask -- and Mika, I think you mentioned staffing being an important component of kind of the pace of unit development going forward. Where are these general managers, which is an important part of opening these new restaurants? Where are they coming from? What are you guys doing now to ensure that you have that pipeline ready? And are they coming from existing restaurants?

Mika Ware
Executive VP & CFO

Yes. So you know what, Aaron, I may let you answer that since you are the expert on that one.

Aaron White
Executive VP, COO & Chief People Officer

Yes. So we have a lot of leadership development programs that we've put in place over the last several years to help us build that pipeline. So we have a program called RISE. It's for newer managers that are actually interested in being a general manager. And so once they get to that peak. And then we are always looking geography and planning ahead. So we do throughput planning of what does it look like for staffing. Alabama is a good example.

We have the 10 restaurants that we just bought back, but we're continuing to build the pipeline within internally. It doesn't mean we won't look externally, but our development programs, we have another program called LEAD, that's for general managers ready to be directors of operations. These internal programs are getting them ready to take that next level.

Mika Ware

Executive VP & CFO

So most do come internally. But the great news is when you have results like ours, that does allow us to attract a lot more external talent that we may not have been able to attract before. And so that just gives us another avenue to get that talent in the pipeline, get them trained to these programs and get them ready for these new restaurants.

James Sanderson

Northcoast Research Partners, LLC

Jim Sanderson from Northcoast Research. Just wanted to go back to the new unit growth strategy. What's baked into the square footage assumptions? Are you going to move into markets that are more densely populated, more expensive with smaller square foot stores to still generate those cement -- those results?

Mika Ware

Executive VP & CFO

Yes. So right now, we have a new prototype that is coming. It's a little bit bigger. It has more tables than the most recent one we've been building. So that's great news because we have these growing AUVs. But to really specifically answer your question, there are no plans to make the restaurant smaller because our plan is to continue to grow the AUVs and get more guests in there, and that's where we make all our money. So we think we have a really optimal size now. It can handle -- these restaurants can handle a ton of volume, and that's what we want to do as we continue to move forward. So no small -- no plans for smaller ones. Not this time.

James Sanderson

Northcoast Research Partners, LLC

Just a quick follow-up question. Following up on margin. What's your G&A outlook? Is that going to grow slightly lagging revenue? And what type of opportunities there to drive some leverage on SG&A long term?

Mika Ware

Executive VP & CFO

Yes. No, that's a great question. So the last 3 years, like we said, we -- as we had to invest back in the restaurants, we really had a bare bones team truthfully up here at the RSC as well. And so we've had to invest back in these teams. Restaurant development is a great example. We have really grown that team to be able to ramp up, execute the reimages, get all of the new restaurants going.

George's team has grown with all the marketing and the social media. So we've put a lot of investments there. With that being said, typically, you guys see us stay around that 4% of revenues. As revenues continue to expand now that we have some of the big investments behind us, that could start to leverage a little bit, but I don't have any specific guidance to say, hey, it's going to go from 4% to 3.5%, but it is an opportunity on the model to leverage in the future, absolutely. All right. It looks like everyone is answered all the questions in the presentation.

Kevin Hochman

President, CEO & Director

Good. So first of all, just thank you for your time and attention today for our Investor Day, especially for those that are on the webcast that are not going to be able to be with us here at the test kitchen. Your feedback is really important to us. So we'd love for you to scan that QR code and give us feedback on how we can be better and any feedback is appreciated. And then I'll just quickly wrap it up.

So to just recall what we talked about earlier in the day, I hope you leave understanding this is a completely different business in terms of the investments that we've made, the stronger financial foundation, the teams that we've built, the capabilities that we have, what we're focused on. This is a fundamentally different business. The turnaround is behind us. It's in the rearview mirror.

And now it's all about playing offense -- and that gets to the second point, which is we have clear drivers of sustained same-store sales growth, but we also have this new incremental growth layer called new builds and reimages that are going to continue to be able to comp the comp the comp and create sustainable, profitable returns for everybody.

And the one thing that we haven't talked about today, which I think is really important, is our exceptional leadership team. And many of you in the room here will get to interact with them, both here at the tasting and then we go out to the restaurant. I would say I think we have at least one of the best, if not the best leadership team in the industry. It starts with they have incredible functional expertise.

So I would encourage you of those that are going to be spending time with them, ask them whenever you want to ask about their function. They know everything about this business. They're in the restaurants, they're with our people. They really understand what we need to do to continue to drive those growth levers we keep talking about.

The second thing I would tell you is they work really well together. So if you ask them what the priorities on the business are, you're not going to get 5 different answers from 5 different leadership team members. They're all working on the same thing because anything we're doing in these businesses, we talk about these things like improving service, like it's like taking candy from a bag. It's hard to do these things. Everybody you guys cover are talking about these things, but how many actually really deliver this consistently. And it's because these things require cross-functional leadership to make them come to life.

And I would say those are the 2 reasons. And then the third thing I would tell you is this team is incredibly disciplined. And when I say disciplined is they don't get distracted by shiny balls. And maybe there's some good ideas that come up and like, okay, what's going to come off the plate so we can focus and do that idea. But we don't just keep adding to the flower stack until the flour overwhelms, right? And that's why we're able to execute because they're disciplined, they work well together, and they're incredible experts with their team.

So I would encourage you, whether the people up here or we have some of our leadership team members over there, please interact with them, ask them questions because they're the ones that are leading this thing, and they're having incredible success because they're such a good leadership team. And with that, I want to say thank you to everybody. And then I think we have -- is it a 15-minute break?

Kim Sanders

Vice President of Investor & Government Relations

Thank you, Kevin. Thanks again. We actually have a little bit of extra time. So we are going to take a little bit of a longer break, maybe like 20 minutes, give you guys time to pack up your things because we're not going to be staying in here. We're actually going to be moving downstairs to lunch. You'll have time to use the restrooms, and we have people outside that will help direct you downstairs to lunch.

Kevin Hochman

President, CEO & Director

So what time should they be at lunch, Kim?

Kim Sanders
Vice President of Investor & Government Relations

So let's be at lunch at, let's say, 11:25. So that can be a little bit more than 20 minutes. All right. Thank you so much.

Kevin Hochman
President, CEO & Director

Thanks everybody. Thank you.

Mika Ware
Executive VP & CFO

Thank you.

Kim Sanders
Vice President of Investor & Government Relations

Thank you, and thank you to everyone online. Thank you for joining us.