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EPS of \$0.23 **beats by \$0.08** | Revenue of \$331.83M (28.12% Y/Y) **beats by \$4.12M**

CAVA Group, Inc. (NYSE:[CAVA](#)) Q1 2025 Earnings Conference Call May 15, 2025 5:00 PM ET

Company Participants

Matt Milanovich - Investor Relations

Brett Schulman - Co-Founder & Chief Executive Officer

Tricia Tolivar - Chief Financial Officer

Conference Call Participants

Sharon Zackfia - William Blair
Andy Barish - Jefferies
Allison Arfstrom - Piper Sandler
Sara Senatore - Bank of America
David Tarantino - Baird
Zach Ogden - TD Cowen

Operator

Good afternoon, ladies and gentlemen, and welcome to the CAVA First Quarter 2025 Earnings Conference Call. At this time, all lines are in listen-only mode. Following the presentation, we will conduct a question-and-answer session. [Operator Instructions] This call is being recorded on May 15, 2025.

I would now like to turn the conference over to Matt Milanovich. Please go ahead.

Matt Milanovich

Good afternoon, and welcome to CAVA's first quarter 2025 financial results conference call.

Before we begin, if you do not already have a copy, the earnings release and related 8-K furnished to the SEC are available on our website at investor.cava.com. The purpose of this conference call is to give investors further details regarding the company's financial results as well as a general update on the company's progress.

You will find reconciliations of any non-GAAP financial measure discussed on today's call to the most directly comparable financial measure calculated in accordance with GAAP to the extent available without unreasonable efforts in today's earnings release and supplemental deck, each of which is posted on the company's website.

Before we begin, let me remind everyone that this call will contain forward-looking statements. For this purpose, any statements made during this call that are not statements of historical fact may be deemed to be forward-looking statements.

Investors should be aware that any forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from those discussed here today. These risk factors are explained in detail in CAVA's most recent annual report on Form 10-K and other filings with the SEC. Please refer to these filings for a more detailed discussion of forward-looking statements and the risks and uncertainties of such statements.

All forward-looking statements are made as of today, and except as required by law, CAVA undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

And now, I'll turn the call over to the company's Co-Founder and CEO, Brett Schulman.

Brett Schulman

Thanks, Matt, and welcome to the call, everyone.

In the first quarter of 2025, we continued to demonstrate the strength of our category-defining brand, further cementing Mediterranean as the next major cultural cuisine category. Despite broader uncertainty, we sustained momentum, delivered strong results, including positive traffic, and expanded our reach, reinforcing our ability to capture the substantial white space opportunity in front of us.

Regardless of near-term headwinds, we remain unwavering in our long-term strategic approach, and our value proposition remains clear and compelling, a menu where taste and health unite, delivered with the relevance, convenience, quality and experience today's guests seek. Powering this momentum is our unit economic engine, remaining strong and steadfast while fueling our growth and brand loyalty.

Our first quarter highlights include: a 28.2% increase in CAVA revenue; CAVA same restaurant sales growth of 10.8%, driven by 7.5% traffic; 15 net new restaurants, ending the quarter with 382 restaurants, an 18.3% increase year-over-year; adjusted EBITDA of \$44.9 million, a 34.6% increase over the first quarter of 2024; net income of \$25.7 million, an 83.7% increase over the first quarter of 2024; and \$2.7 million in free cash flow.

In addition to these highlights, I'm proud to say that on a trailing 12-month basis, we have now surpassed \$1 billion in revenue, a milestone that is a testament to Mediterranean becoming the next large-scale cultural cuisine category, a category we have firmly established our leadership in.

In a fluid macroeconomic environment, our performance this past quarter underscores the strength of our value proposition and the enduring relevance of our brand. At a time when tomorrow feels unclear to many, our ability to deliver bold, flavorful, health-conscious food paired with convenience and genuine human connection is a strategy for success.

What sets us apart is beyond what we serve. It's the community we cultivate that defines our brand. That strength has always been deeply aligned with our mission to bring heart, health and humanity to food, and it continues to resonate with guests across our geographically diverse markets.

Our growth is driven by both intention and momentum as we lean into our first strategic pillar, expand our Mediterranean way in communities across the country. This quarter, we entered Indiana, expanding our footprint to 26 states and the District of Columbia. Additionally, we deepened our presence in Florida with the opening of our Hialeah location, marking our highly anticipated entry into the Greater Miami area.

Looking ahead, we are excited to continue expanding across the Midwest and Mid Atlantic with upcoming new market entries in Detroit and Pittsburgh. We are well on our way to our goal of at least 1,000 restaurants by 2032, creating more spaces where connection, community and Mediterranean hospitality can thrive.

The in-restaurant experience remains a vital part of how we foster this connection, and we're committed to bringing this to life through our Project Soul initiative. By incorporating natural light, softer seating, enhanced greenery and warm inviting tones, we're creating spaces where guests feel welcomed, places designed for gathering, sharing and creating meaningful moments.

We will continue to challenge the idea that the dining room is a relic of the past, and we're recently recognized for our efforts around Project Soul in Fast Company's World's 50 Most Innovative Companies as #1 in restaurants, dining and food services and #13 overall. Now more than ever, people are seeking human connection, and we aim to meet that need by delivering the warmth and hospitality that defines the CAVA brand.

And that same warmth and hospitality extends well beyond our physical spaces. It's reflected in what we serve and why our guests continue to return to our table. This summer, we're leaning into flavor and relevance with the launch of our Spice World campaign, a celebration of bold spicy offerings that capture the spirit of the season without compromising health.

As part of this campaign, we debuted Hot Harissa Pita Chips, a bold spicy take on our fan-favorite chips, leveraging our existing pantry, mitigating added operational complexity and bringing the heat just in time for summer. In tandem, we're launching two new chef-curated bowls, Steak and Harissa and Spicy Lamb and Avocado, each designed to spotlight vibrant flavor profiles and offer guests even more ways to experience the warmth of the Mediterranean.

Seasonal moments like these reflect who we are as a brand, innovative, intentional and attuned to what today's guests are craving, all while staying true to our concept essence. A key tenet of our concept essence is our spirit of generosity, something we were able to bring to life this past quarter through our newest brand moment, National Pita Day. On March 29, we celebrated this social holiday as a platform to deepen connection with our community, anchored by the debut of a playful new team member, Peter Chip.

Peter Chip's birthday was purposefully aligned with National Pita Day, celebrated with complementary pita chips for all CAVA Rewards members. National Pita Day exemplified how we bring generosity, cultural relevance and guest engagement together in a way that builds brand affinity and drives business results. By aligning the promotion with a branded holiday and social storytelling, we saw increased reach, record high app traffic, and over 130% more rewards redeemed than originally anticipated. It's a launch we're excited to build on in the years ahead.

As we grow our loyalty base and bring more guests into our first-party ecosystem, we're unlocking new opportunities to advance our second pillar, deepening personal relationships with guests even as we scale. Campaigns like National Pita Day not only reflect our brand's spirit of generosity, they also serve as dynamic testing grounds for how we engage and excite our growing first-party audience. These initiatives give us valuable insights that inform the ongoing development of new loyalty features and experiences, helping us build stronger, more lasting relationships with our guests.

We've seen strong momentum since the launch of our reimagined Loyalty program with sales through the program up 340 basis points as a percentage of total revenue since relaunch and total membership now approaching 8 million members. Later this year, we plan to roll out the next phase of the program, including testing a new tiered-structure designed to further tailor benefits to guest preferences and enhanced long-term engagement.

To deliver the best guest experience possible, we remain focused on our third pillar, running great restaurants every location, every shift. Consistency, efficiency, quality and hospitality are integral to our operations, and we continue to invest in initiatives that elevate performance in each of these areas.

At the center of it all are our team members. We're committed to enhancing, not replacing the human experience, which is why we rolled out a new labor deployment and scheduling model late last year. We are continuing to see improved productivity across both dayparts. As restaurants grow more comfortable with the tool, they are refining and optimizing with the opportunity to drive even greater efficiencies and productivity across the system.

Additionally, we're continuing to make steady progress on our Connected Kitchen initiative. As shared during our last call, we plan to roll out our new Kitchen Display System to 250 restaurants by year-end. We're currently live in 42 locations and are continuing to see improvements in guest satisfaction scores, driven by better digital accuracy and more proactive guest communications.

Another promising advancement under our Connected Kitchen platform is our AI video technology, which recently completed its test-and-learn phase and is live in four restaurants. This system currently supports our teams in two critical ways: the Grill Assistant helps grill cooks determine how much food to prepare based on real-time depletion data cross referenced with historical data, while Prep Assistant equips our teams with actionable insights to make more informed and accurate prep production.

Finally, our fourth pillar, operate as a high-performing team, is foundational to everything we do. A great guest experience at CAVA begins with a great team. We remain deeply committed to building a workplace that fosters growth, leadership and long-term career development. Nothing brings our commitment to developing future leaders to life more vividly than our restaurant leader conference, CAVA Connect, which took place just last week. This year's theme was Ignite, a reflection of the passion, purpose and momentum driving our teams forward.

Over three days of recognition, celebration and learning, we laid the foundation for an expanded training journey from team member to general manager, further building on our Academy GM network and laying the groundwork for a deeper, role-ready leadership bench. We're already beginning to see the power of this approach in leaders like Dani Morales, whose journey with CAVA began as a grill cook at our VCU location in Richmond, Virginia. Through grit, heart and a commitment to growth, she rose through the ranks opening 14 restaurants and now serving as an Academy GM with her sights set on multi-unit leadership. Along the way, she's developed future leaders of her own, including a former grill cook who now runs the very restaurant where she started. Dani's story is a testament to the depth of talent within our system and the impact of investing early and often in our people. We look forward to sharing more on our broader talent development strategy in the coming quarters.

Before I turn the call over, I want to thank our teams across the country for delivering another strong quarter, while staying rooted in our mission. In times of uncertainty, our ability to lead with purpose, innovation and long-term focus matters more than ever. As we move forward, we remain committed to offering bold, healthful food, providing flexible and convenient ways to engage with our brand and most importantly, keeping the human connection that we are known for at the center of everything we do.

With that, I'll let Tricia walk you through the financials.

Tricia Tolivar

Thanks, Brett.

CAVA revenue in the first quarter of 2025 grew 28.2% year-over-year to \$328.5 million. CAVA same restaurant sales increased 10.8%, driven by traffic growth of 7.5%. On a three-year stack basis, same restaurant sales increased 41.5%, driven by traffic growth of 24.7%. During the quarter, we opened 15 net new CAVA restaurants, bringing our total CAVA restaurant count to 382. We are pleased with our new restaurant openings, which are exceeding expectations in both top-line and margin performance.

CAVA restaurant level profit in the first quarter was \$82.3 million or 25.1% of revenue versus \$64.6 million or 25.2% of revenue in the first quarter of 2024, representing a 27.4% increase. CAVA's food, beverage and packaging costs were 29.3% of revenue, higher than the first quarter of 2024 by 110 basis points due to the impact of steak. As a reminder, we continue to expect the approximate 100 basis point year-over-year comparative impact on food, beverage and packaging costs from steak to roll off by June.

CAVA labor and related costs were 25.7% of revenue, a decrease of approximately 30 basis points from the first quarter of 2024. This decrease reflects leverage from higher sales, partially offset by investments in our team member wages of 3%. CAVA occupancy and related expenses were 7.4% of revenue, an improvement of 60 basis points from the first quarter of 2024, driven by increased sales leverage. CAVA other operating expenses were 12.5% of revenue, an improvement of 20 basis points from the first quarter of 2024, driven by sales leverage, partially offset by investments in the integrity of our physical spaces in support of our increased restaurant volume.

Shifting to overall performance, our general and administrative expenses for the quarter, excluding stock-based compensation, were 10.5% of revenue compared with 11.1% of revenue in Q1 of 2024. This 60-basis-point improvement was driven by leverage from higher sales, partially offset by investments to drive future growth. Pre-opening expenses were \$4.5 million in the quarter compared with \$3.4 million in the prior-year quarter. The \$1.1 million increase includes the impact of the timing of projects in addition to opening in higher rent geographies.

Adjusted EBITDA for the quarter was \$44.9 million, a 34.6% increase versus the first quarter of 2024. The increase in adjusted EBITDA was primarily driven by the number of and continued strength in new restaurant openings, 10.8% CAVA's same restaurant sales growth and leverage in general and administrative expenses.

Equity-based compensation was \$6.7 million in the first quarter compared with \$5.2 million in the prior-year quarter. The increase was primarily due to payroll taxes associated with RSU vesting in Q1. We expect full year equity-based compensation to be between \$20 million and \$22 million, which includes 2025 grants with the remaining expense spread relatively even over the rest of the year.

In the first quarter, our effective tax rate was a benefit of 26% due to the impact of equity based compensation, which includes a net benefit of \$10.7 million associated with stock-based compensation. For the full year fiscal 2025, we now expect our effective tax rate to be between 14% and 18%, with an additional discrete-benefit from equity-based compensation in Q2 of approximately \$1 million to \$2 million. Our cash taxes will continue to be immaterial until we fully utilize our net operating losses.

During the first quarter, we reported \$25.7 million of GAAP net income compared to \$11.9 million of adjusted net income in Q1 of 2024. Diluted EPS was \$0.22 in the first quarter compared with adjusted diluted EPS of \$0.10 in the first quarter of 2024.

Turning to liquidity. At the end of the quarter, we had zero debt outstanding, \$369.4 million in cash and investments, and access to a \$75 million undrawn revolver with an option to increase our liquidity if needed. Note that during the current quarter, we launched an \$80 million investment portfolio consisting of fixed income securities in order to optimize interest income over the long term, which was funded with cash on hand.

Cash flow from operations for the first quarter of 2025 was \$38.6 million compared with \$38.4 million during Q1 of 2024. Free cash flow during the first quarter was \$2.7 million.

Now for our outlook for full year 2025, we expect the following: 64 to 68 net new CAVA restaurant openings; CAVA same restaurant sales growth of 6% to 8%; CAVA restaurant level profit margin between 24.8% and 25.2%; preopening costs between \$14.5 million and \$15.5 million; and adjusted EBITDA, including the burden of preopening costs, between \$152 million and \$159 million.

I want to share a few additional thoughts related to our latest outlook. Our guidance reflects both the evolving macroeconomic landscape and the strength we're seeing in our business. Our consumer remains resilient, and we believe that momentum is appropriately captured in our outlook. Our unit economic model remains a core strength, and we're committed to making disciplined investments that support long-term sustainable growth.

Turning to same restaurant sales, we continue to anticipate 6% to 8% growth for the year. As noted last quarter, we believe the most meaningful way to assess performance on a normalized basis is through a three-year stack, which better captures the dynamic trends of recent years. We expect this metric to remain strong in the high-30%s for the remainder of 2025.

Turning to restaurant level margin. As previously mentioned, we implemented an approximate 1.7% in restaurant menu price adjustment in early January and continue to have no plans for additional increases despite ongoing macroeconomic uncertainty. We remain vigilant in monitoring our supply chain, including any potential impacts related to tariffs. That said, our exposure remains limited based on the current policies, which are fluid, given that the majority of our ingredients are domestically sourced or covered under existing contracts. In addition, we've implemented mitigation tactics to further minimize the overall impact.

Before we wrap, I want to take a moment to reflect on the energy and purpose we felt coming out of CAVA Connect brought to life so clearly in the story Brett shared today with a powerful reminder of the impact our teams can have when they're inspired, supported, and united by a shared mission. That momentum is carrying us forward, and it gives us great confidence in the future we're building together.

Now, I will turn the call back over to the operator and open it up for Q&A.

Question-and-Answer Session

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. [Operator Instructions] Our first question comes from the line of Sharon Zackfia from William Blair. Your line is open.

Sharon Zackfia

Hey. Good afternoon. Thanks for taking the question, and congratulations on continuing up the strong trends.

I guess, Brett, you mentioned loyalty and a tiered structure as something that you're going to explore later this year. Could you expand on that? And maybe with the relaunch that you did last fall, what has been kind of the most meaningful driver of seeing that uptick in engagement? Thank you.

Brett Schulman

Yeah, hi, Sharon. Thanks for the question. We're really pleased with the performance we've seen to date. And if you remember, the original goal was moving from a more transaction-based "spend X, get Y" to a "earn and bank points" model that would drive greater engagement and participation in the program. And that's what we're seeing.

So, you looked at our lower frequency or mid-tier frequency users, and we lowered the entry reward hurdle, and that has gotten those users more engaged. It's allowed us to really be able to communicate in a more personalized way to offer delight moments like the Peter Chip moment that we talked about on the prepared remarks. And so, that's driven 340 basis points of improvement of revenue coming through the loyalty program.

What we're looking to do later this year is roll out the second phase of this loyalty journey with a tiered structure that builds upon our base structure that we launched last fall. And that's to further recognize and have our guests feel seen for their passion and their frequency, in visiting CAVA and add increased benefits and rewards recognition to those tiers based on their frequency patterns.

So, excited to build upon all the success we've had to date. And we're seeing that every week where we are pushing north of 50,000 registrations per week into the program. So, we're about 8 million loyalty members total to date and that's growing every day.

Operator

Our next question comes from the line of Danilo Gargiulo from Bernstein. Your line is open.

Unidentified Analyst

Hey, hi. This is [Sagarika] (ph) here on behalf of Danilo. You mentioned that the KDS rollout is on track with 42 stores now having KDS. So, can you talk on what's the impact of KDS on throughput, especially between the stores where it has been rolled out versus the rest of the system?

And then, taking a step back, what is driving the throughput differences among your stores, especially amongst the top decile and the bottom decile? Is it driven by location, store manager experience, team staffing levels, or whatnot? And is there a plan to bridge this difference and improve throughput in the near to medium term?

Brett Schulman

Yeah. I'll take the first part of your question and hand it over to Tricia for the second part of your question.

As it relates to the KDS, we don't give specific throughput or productivity numbers, but what we can say is that the new kitchen display screen systems allow for much richer, deeper order management capabilities, including increased productivity. So, we have throttling capabilities on the back end that allow restaurants to manage how many orders they receive every 15 minutes. And these screens allow them the capacity and ability to open up those throttles to a greater degree, and most importantly, deliver improved order accuracy and guest experience scores is what we're seeing in the test restaurants. So, we've expanded the rollout from 25 to 42, and we're accelerating that over the next few weeks, working towards our goal of 250 restaurants by the end of the year.

Tricia Tolivar

And regarding differences between restaurants, when we look at them in rank order based on AUV, it's interesting to point out that our top decile of restaurants from an AUV perspective have representation from all parts of the country, from all types of formats, from all income strata. So, there really isn't one thing that is creating those large volumes. Certainly, speed and service, are components that help. The one thing we do tend to find is a much evenly spread demand throughout the day, fewer shoulder periods, so more of an even distribution of guests visiting our restaurant throughout the day.

When we look at our restaurants based on quartiles, the bottom quartile of restaurants have younger restaurants in them overall. So, it's really more of a maturation cycle than it is anything else in bringing those restaurants to the average and above average AUVs that we're able to deliver. The top quartile of our restaurants, in fact, have AUVs above \$4 million and deliver restaurant level margins of over 30%, which really just amplifies and demonstrates the power of this model and the opportunity we have to bring more and more CAVAs across the country. And also the restaurant level margins that we produce, we're able to make investments in team members and guests to drive strong traffic momentum as we move forward.

Operator

Our next question comes from the line of John Ivankoe from JPMorgan. Your line is open.

Unidentified Analyst

Hi. This is [Crystal] (ph) on for John Ivankoe. My question is on local/regional supply growth. So, we have seen a lot of new growth coming into many of your existing markets, and legacy brands continue to grow as well. And given your multi-regional success so far, could you discuss CAVA's recent performance in some of these existing markets and how these dynamics inform your view on an eventual TAM of the brand?

Brett Schulman

Yeah. We haven't seen any differences or market-specific weakness. We noted we've seen consistent performance across the country in all markets and in all regions. And as it relates to your capacity comment, I mean, that's our industry. If you look over the last 15 years, traffic has been negative in the industry all but one year, and that was a bounce back coming out of the pandemic.

So, it has been the case for many years that you are competing for market share. And our traffic has proven over time, and the positive traffic growth we've had in recent quarters that people are choosing CAVA when they are eating out. And we have to prove every day why we are better than the three or four restaurants next to us. And we've been able to do that in recent quarters.

And I would also add that when you look across the country, we do not have a region that has an average unit volume below 2.6 million. So, we have strong AUVs across all regions as we noted even when we went public, that has continued to be the case and continued to grow over time across the country.

Operator

Our next question comes from the line of Andy Barish from Jefferies. Your line is open.

Andy Barish

Hey, guys. Just wondering on the marketing innovation side, is Spice World kind of the tentpole moment you've sort of talked about for '25, or should we expect kind of something new on protein or flavors maybe later in the year?

Brett Schulman

Yeah. Hey, Andy, it's Brett. Thanks for the question. No, I would expect a tentpole moment later this fall based on the progress of innovation through our stage-gate process right now, and it will likely be a new protein.

Andy Barish

Okay. Thank you. And then, Tricia, just on the pressure from the beef mix, steak mix being in place, well, I guess, what kind of inflation are you seeing on that protein in particular? And am I close to read that the rest of the basket was relatively flattish if beef contributed most of the year-over-year increase?

Tricia Tolivar

That's fair, Andy. So, the basket itself, as you know, is very diverse and so not exposed to a lot of fluctuations on any single item in and of itself. The supply chain team has done a great job in negotiating commitments and contracts for the year that were at better rates than what we've had in the past. So, in the current quarter, about 100 basis points is largely steak related and that in fact has also been contracted through the end of the year.

Operator

Our next question comes from the line of Brian Mullan from Piper Sandler. Your line is open.

Allison Arfstrom

Hi. This is Allison Arfstrom on for Brian Mullan. Thank you for taking the question. Question on menu innovation. Wanted to ask about the chicken shawarma test so far in Texas and California. Maybe just a little background, what led you to test the specific protein? And could you speak to how it's going so far from a consumer reception perspective and from an operations perspective? And what would the next steps be from here? Thanks.

Brett Schulman

Sure. Thanks for the question. That is one of the proteins in our stage-gate process, and it's testing in Dallas and Florida. And we're very pleased with the progress. And the impetus behind it, it is a staple item in the Levant region, which is really core to our Mediterranean concept essence. And it is a different cut of chicken, so it's spit roasted chicken breast, that is complementary to our existing chicken cuts on the line. So, it's a different textural experience, different look and feel. So, we think it could be a nice complementary addition to our protein portfolio. And it is also a very light lift on operations. It's an easy protein to produce. So, we always want to be mindful when we're adding innovation to make sure we are not adding too much operational complexity.

So, again, pleased with what we're seeing and the consumer response to it. And if it continues on its current progression, you will see it across our fleet in coming quarters.

Operator

Our next question comes from the line of Jeff Bernstein from Barclays. Your line is open.

Unidentified Analyst

Hi. This is [indiscernible] on for Jeff Bernstein. I wanted to ask a question on restaurant margin. The 2025 guidance is consistent with 2024 restaurant margins in the 25% range, which is well above the 20% that you spoke of just two years ago. So, I wanted to ask, how do you prioritize upside drivers? And is there ability to expand from here or to reinvest?

Tricia Tolivar

Yeah, thank you for the question. Appreciate that. Certainly, the significant improvement in AUVs helps create a lot of that expansion in restaurant level margins, but we're also very mindful of where we are in our growth and development and want to make sure that we're continuing to reinvest in the business through team members and guests. And some examples of that is making sure that we're appropriately compensating our team members both in wage and benefits. And so, we review that every quarter and adjust as needed so that we're a best-in-class employer in each and every market. And then, also being very thoughtful and mindful around menu price increases.

So, over the years, we've been very limited in those menu price increases. From the end of 2019 to the end of '24, we raised menu prices about 15% and CPI went up 23%. So, that's 8 points less than that. And as you know, fast food went up over 30%. So that's an example of an investment in our guests that we think is important and helps fuel that traffic momentum that we've been able to deliver.

Operator

Our next question comes from the line of Chris O'Cull from Stifel. Your line is open.

Unidentified Analyst

Great. Thanks, guys. This is Patrick on for Chris. Brett, I was hoping you maybe could provide a little bit of additional color on the success you're seeing in the labor deployment model. And specifically, I think you mentioned that there were some additional opportunities for specific restaurants in certain situations to even drive more improvement there. So, I was curious if you could expand on that and maybe what those are? And is there any way that you can also frame up how much you have been able to reinvest back into the restaurants? I think you may have just touched on a little bit in the previous question, but expand a bit on maybe what form that reinvestment is taking specifically for those initiatives?

Brett Schulman

Yeah. We haven't quantified any kind of specific numbers, but what we can say is we have seen productivity enhancements improvements over both lunch and dinner. And as it pertains to the opportunity, when we rolled this out, we rolled out the base labor deployments, and now it's really honing the adoption of it and refining the deployment so people really adhere. Our teams adhere to the processes. And we see it when it's used as intended, driving significant enhancements. And then, we have others that are still working to get into those deployments, and that's the opportunity we have going forward.

So, as it relates to hours, it's -- and we noted this in in past calls, it's more of a redistribution of hours. So, the real intent is, A, it's to make our restaurants easier to run so the shifts aren't as frenetic, that the teams are in position, guest facing, that our general managers are not jumping the line or jumping into the back to fill a hole or a gap to prep, that the prep is oriented before and after shifts, and that they can coach and lead the teams. And that it frees our team members up to deliver that human connection and get out into the dining room, do table touches, have more guest-facing interaction, and have a less stressful shift. So, we're very pleased with what we've seen to date. But like everything we do, we want to be methodical and thoughtful about it and not push our teams too hard too fast. So, we're very excited with what we've seen in the initial deployments, but know that there's a lot of opportunity to continue to lean into these deployments and drive greater productivity in the coming quarters.

Operator

Our next question comes from the line of Sara Senatore from Bank of America. Your line is open.

Sara Senatore

Thank you. And thank you for all the color today. I wanted to go back to the demand environment. You said you have momentum. There's uncertainty out there. And I guess the question is two-fold. One is, your three-year stack in the quarter was actually just a little bit better than that high 30%. I didn't know if there was some conservatism embedded in your -- in that -- holding that full year guidance. And then, some of your peers have talked about or else the competitors have talked about softness in the DC area where you -- I know you have a fairly big footprint. We've heard maybe softness in the lunchtime day part. Any variation that you have seen that might be some kind of leading indicator in your business? Just any kind of color you can give on that? Thanks.

Tricia Tolivar

Thanks, Sara. And so, our guidance reflects the fluidity of the macroeconomic environment. We know that there are stronger headwinds and consumers are feeling challenged, but there really isn't anything that we're seeing in our data in Q1 that would suggest that, and I'll get to that in a minute.

The one thing though to keep in mind is as you called out, we're reiterating that we believe we can deliver a three-year stack in the high 30%s, which is what we shared at the end of the year. But keep in mind that as we go into the second half of the year, we'll be lapping steak as part of our prior-year offering. So that will be something that we'll be mindful of.

As Brett said, we follow our stage-gate process. So, we're not going to manufacture anything to try to lap something that happened in the past because we think what we're focused on is the long-term opportunity and what drives consumer behavior in general.

As it relates to the data and what we have been seeing, nothing in our data suggests that our consumers' challenges. I mentioned a minute ago, our premium attachment continues to be high. Pita Chips, for example, continues to increase in incidence as does some of our other premium items, including steak. Our per person average continues to increase.

And we have positive traffic across all geographies, all income strata, all formats and all dayparts. So, when we look at the geographies, we do a deeper dive into the district because there have been lots of questions about DOGE and the potential impact, and we haven't seen anything in those markets. As well as lunch and dinner, we're seeing consistent strength across both dayparts. So, there's been no fluctuation in our restaurants as it relates to that.

And when you think about income strata, I mentioned the consistency and our bottom-income stratas are actually outperforming, which is something we shared before. And we're continuing to see that trait -- that trend.

At the end of the day, what we want to do is make sure we're delivering an incredible value and wonderful experience for our guests with a great hospitality because we know these times are very challenging and consumers have to make choices and what we want to make sure is they choose CAVA when they have a meal out.

Operator

Our next question comes from the line of David Tarantino from Baird. Your line is open.

David Tarantino

Hi. Good afternoon. Can I just clarify maybe that last question? I think, you're projecting the three-year stack comps in the high 30%s, which is a very good number, and implies good numbers for this year, but it is lower than what you did in the first quarter. So, I just want to understand, if that's something you're already seeing in the business or you're just leaving yourself some room given all the uncertainty?

And then, I guess my real question is, I was hoping you could comment on the performance for the brand and some of the newer markets that you entered. I think you mentioned Indiana and Miami. So, wondering if you could comment on the reception in those markets as well. Thank you.

Tricia Tolivar

Thanks, David. So, just as a reminder, our quarter ended April 20. So much of what we're hearing about, so post Liberation Day is really reflected in our results already. And so that's been captured. And our guidance reflects what we saw in Q1 through April 20 and what we're currently seeing in the business. And we believe we can deliver a three-year stack of the high-30%s.

The other thing that you asked about was performance of new markets. We're seeing great results in all of our restaurants that are opening across the country in 2025, very similar to the openings in '23 and '24, if not better. So, in Indianapolis in Fishers, that restaurant is performing very well as well as our restaurants in South Florida. But take our restaurant in Lafayette, Louisiana, that's exceeding expectations too. It's just really demonstrating the power of the brand and our ability to really expand many other places across the country and leverage that enormous white space opportunity that's ahead of us.

Operator

[Operator Instructions] Our next question comes from the line of Andrew Charles from TD Cowen. Your line is open.

Zach Ogden

Thank you. This is Zach Ogden on for Andrew. I just had a question on the mix. It did look like it was still solidly positive in 1Q, but it did seem a little bit lower than last, say, three quarters. So, are you -- were you expecting that? And what are you seeing driving that?

Tricia Tolivar

So, keep in mind, our combined impact for price and mix includes 1.7% for menu price increases, which still delivers a fairly healthy mix impact. So, I'm not seeing a significant change or deterioration there. Our premium attachments, as I mentioned, are increasing. Our steak incidence is strong and helping contribute to that as well.

Zach Ogden

Okay. Great. Thank you.

Operator

There are no questions at this time. I would like to hand the conference over back to Brett. Please go ahead.

Brett Schulman

Thank you for joining us today.

Before we wrap, I want to take a moment to acknowledge the strong start to the year and express my gratitude to our team. Delivering these results, while staying true to our mission, is something we're incredibly proud of, and it reflects the consistent focus and care of our teams that our teams bring to our business every day. This quarter, we also crossed an important milestone, surpassing \$1 billion in revenue on a trailing 12-month basis. It's a meaningful moment for our company and a reflection of the strength of our category-defining Mediterranean brand. But most importantly, it's a testament to the hard work and dedication of our more than 11,000 team members. CAVA is a special place because of them.

Thank you again for your time and continued support. We wish you a safe and enjoyable Memorial Day weekend and look forward to connecting next quarter.

This concludes today's conference. Thank you for participating. You may now disconnect.

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