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Cracker Barrel Old Country Store, Inc. (CBRL) Q4 2025 Earnings Call Transcript

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EPS of \$0.74 **misses by \$0.03** | Revenue of \$868.01M (-2.95% Y/Y) **beats by \$13.27M**

Cracker Barrel Old Country Store, Inc. (NASDAQ:[CBRL](#)) Q4 2025 Earnings Call September 17, 2025 5:00 PM EDT

Company Participants

Adam Hannon - Manager of Investor Relations

Julie Masino - President, CEO & Director

Craig Pommells - Senior VP & CFO

Conference Call Participants

Brian Mullan - Piper Sandler & Co., Research Division

Dennis Geiger - UBS Investment Bank, Research Division

Jake Bartlett - Truist Securities, Inc., Research Division

Jeffrey Farmer - Gordon Haskett Research Advisors

Sara Senatore - BofA Securities, Research Division

Jon Tower - Citigroup Inc., Research Division

Presentation

Operator

Good day, and welcome to the Cracker Barrel Fourth Quarter Fiscal 2025 Conference Call and Webcast. [Operator Instructions] Please note that this event is being recorded. I would now like to turn the conference over to Adam Hanan, Director of Investor Relations. Please go ahead, sir.

Adam Hannon

Manager of Investor Relations

Thank you. Good afternoon, and welcome to Cracker Barrel's Fourth Quarter Fiscal 2025 Conference Call and Webcast.

This afternoon, we issued a press release announcing our fourth quarter results. In this press release and on this call, we will refer to non-GAAP financial measures such as adjusted EBITDA for the fourth quarter ended August 1, 2025. Please refer to the footnotes in our press release for further details about these metrics.

The company believes these measures provide investors with an enhanced understanding of the company's financial performance. This information is not intended to be considered in isolation or as a substitute for net income or earnings per share information prepared in accordance with GAAP. The last page of the press release include reconciliations from the non-GAAP information to the GAAP financials.

On the call with me are Cracker Barrel's President and CEO, Julie Masino; and Senior Vice President and CFO, Craig Pommells. Julie and Craig will provide a review of the business, financials and outlook. We will then open up the call for questions. On this call, statements may be made by management of their beliefs and expectations regarding the company's future operating results or expected future events. These are known as forward-looking statements which involve risks and uncertainties that, in many cases, are beyond management's control and may cause actual results to differ materially from expectations. We caution our listeners and readers in considering forward-looking statements and information.

Many of the factors that could affect results are summarized in the cautionary description of risks and uncertainties found at the end of the press release and are described in detail in our reports that we file with or furnished to the SEC. Finally, the information shared on this call is valid as of today's date, and the company undertakes no obligation to update it, except as may be required under applicable law.

I'll now turn the call over to Cracker Barrel's President and CEO, Julie Masino. Julie?

Julie Masino

President, CEO & Director

Thank you, everyone, for joining. I'd like to start by saying what an honor it is to be trusted with the responsibility of stewarding the Cracker Barrel brand. Ever since the company's founding in 1969, Cracker Barrel has been a home away from home for America, with our restaurants, people and food offering a reminder of some of the country's greatest attributes, family, hard work, fresh-made meals and country hospitality.

Cracker Barrel is not just an Old Country Store or a restaurant. It's the front porch of America, and we take that very seriously. The feedback we received from our guests in recent weeks on our brand refresh and store remodels, has shown us just how deeply people care about Cracker Barrel. We thank our guests for sharing their voices and love for the brand and telling us when we've misstepped. We've listened carefully. As we've discussed on past conference calls and presentations, we've been advancing a multiyear plan to return Cracker Barrel to growth and ensure we're here to welcome families around our table for generations to come, while staying true to what is so special about the brand. We conducted extensive research to inform our strategic plan. Well, what cannot be captured in data is how much our guests see themselves and their own story in the Cracker Barrel experience, which is what's led to such a strong response to these changes.

We have already taken steps to get back on track. We want longtime fans and new guests to experience the full story of the people, places and food that makes Cracker Barrel so special. That's why our team pivoted quickly to switch back to our old-timer logo and has already begun executing new marketing, advertising and social media initiatives, leaning into Uncle Herschel and the nostalgia around the brand with more to come. We also hit pause on our remodels and are reverting the 4 locations with the modern design to our old-timer signage and more traditional interiors. And we've adjusted the investment plan for our restaurants.

The brand refresh activities around our logo and our remodel tests were only one part of the work we were and are doing to make sure Cracker Barrel continues to thrive. A key imperative of our multiyear plan has been to deliver food and experience our guests love, and we are placing an even bigger emphasis in the kitchen and other areas that enhance the guest experience. In the past week, we've instituted process changes to ensure our signature biscuits are living up to our guests' memories and expectations, and there is more to come on the food front.

We look forward to continuing to invest in our loyalty program to seek even more direct feedback from our core guests. We are confident in our path ahead, leveraging the many elements of our multiyear plan that have been working along with these recent changes we have made, leaning into Cracker Barrel's heritage, listening to and steepening the connection with our guests. We're moving ahead with a strong plan to regain traffic and the momentum we had a month ago. There is a lot to be optimistic about. And our teams are focused on getting back to a positive trajectory.

I'll now turn the call over to Craig for details on our results as well as our outlook and I'll return later to dive more deeply into our key focus areas going forward.

Craig Pommells

Senior VP & CFO

Thank you, Julie, and good afternoon, everyone. Before reviewing our fourth quarter results, I will share a brief update on the full year. Adjusting for the impact of the 53rd week in the prior year, we grew revenue by 2.2%, which included comparable store restaurant sales growth of 3.5%. Additionally, we delivered adjusted EBITDA growth of 9%. Our teams did a great job delivering these results in fiscal '25.

Now turning to the quarterly results. For Q4, we reported total revenue of \$868 million, which included restaurant revenue of \$718.2 million and retail revenue of \$149.8 million. Excluding the \$62.8 million benefit from the 53rd week in the prior year, total revenue increased 4.4%. Comparable store restaurant sales grew by 5.4%, representing the fifth consecutive quarter of positive comparable store restaurant sales growth. Pricing for the quarter was 5.4%. We continue to be pleased with the strategic pricing initiative as flow-through results remain favorable. Additionally, menu mix was also favorable by 1%. Off-premise sales were 18.1% of restaurant sales, an increase of approximately 100 basis points versus prior year. Comparable store retail sales decreased by 0.8%.

Moving on to our fourth quarter expenses. Total cost of goods sold in the quarter was 30.5% of total revenue versus 30.4% in the prior year. Restaurant cost of goods sold was 26.3% of restaurant sales versus 26% in the prior year. This 30 basis point increase was primarily driven by menu mix commodity inflation and higher promotion-driven waste, partially offset by menu pricing.

Commodity inflation was approximately 2.3%, driven principally by higher beef, pork and egg prices, partially offset by lower poultry and produce prices. Retail cost of goods sold was 51% of retail sales versus 50.1% in the prior year. This 90 basis point increase was primarily driven by \$2.4 million in additional tariff expense. Our inventories at quarter end were \$180.6 million compared to \$181 million in the prior year. Labor and related expenses were 36.5% of revenue compared to 37.5% in the prior year. This 100 basis point improvement was primarily driven by menu pricing, improved productivity and improved turnover, partially offset by wage inflation of approximately 1.1%. Other operating expenses were 24.9% of revenue compared to 23.9% in the prior year. This 100 basis point increase was primarily driven by higher advertising expense and higher depreciation.

General and administrative expenses were 5.8% of revenue compared to adjusted general and administrative expenses of 5.2% in the prior year. This 60 basis point increase was primarily driven by investments to support our strategic initiatives and a more normalized incentive compensation. Our GAAP financial results include a noncash store impairment charge of \$16.2 million, primarily related to low-performing Maple Street stores, many of which have already closed in the first quarter. Net interest expense was \$4.7 million compared to net interest expense of \$5.7 million in the prior year. This decrease was primarily the result of lower average interest rates. Our GAAP income taxes were a \$4.3 million credit. Adjusted income taxes were a \$1.2 million credit. GAAP earnings per diluted share were \$0.30 and adjusted earnings per diluted share were \$0.74. Adjusted EBITDA was \$55.7 million or 6.4% of total revenue. Excluding the \$5.8 million impact from the 53rd week in the prior year, adjusted EBITDA increased by 8%.

Now turning to capital allocation and our balance sheet. In the fourth quarter, we invested \$45.4 million in capital expenditures. For the full year, capital expenditures were \$158.6 million, which includes approximately \$105 million in store maintenance \$20 million related to remodels, \$19 million for technology and other strategic initiatives and \$15 million for new stores. We ended the quarter with \$445 million in debt net of cash, which was \$19.6 million lower than the prior year. As disclosed through the quarter, we executed a new convertible debt transaction that raised approximately \$345 million through the issuance and sale of 1.75% coupon convertible senior notes due in 2030.

The proceeds were used to repay \$150 million of the existing convertible debt. Purchased a capped call that reduces the dilution risk on the new convertible debt and pay down the revolver. We intend to repay the remaining \$150 million of the existing convertible when it matures in June of 2026. We were pleased with the outcome and terms of the new convertible. This transaction, coupled with the refinancing of our credit facility in May, further fortifies our balance sheet, giving us confidence that we can successfully navigate through any short-term headwinds and also provides ample liquidity to execute our plans. Additionally, as announced in today's press release, the Board authorized a new \$100 million share repurchase program and declared a quarterly dividend of \$0.25 per share, payable on November 12, 2025, to shareholders of record on October 17, 2025.

Turning to our fiscal '26 outlook. I'll start with an update on traffic trends to date in the first quarter. Traffic for the first half of August was down approximately 1%. Since August 19, the date of the initial logo change, traffic has declined approximately 8%. Assuming similar trends continue for the remainder of the quarter, we anticipate a Q1 traffic decline of approximately 7% to 8%. Our outlook reflects our best estimate today. The rate and level of our traffic recovery as well as the level of investment required will be key drivers of our fiscal '26 EBITDA performance.

For fiscal '26, as outlined in our press release, we anticipate the following: total revenue of \$3.35 billion to \$3.45 billion, which contemplates annual traffic of negative 4% to negative 7%. This assumes that our traffic trend improved sequentially each quarter with a meaningfully higher rate of improvement in the second half of the year compared to the first half. Pricing up 4% to 5%, the opening of 2 new Cracker Barrel stores and the closure of 14 Maple Street units. Commodity inflation of 2.5% to 3.5%. Our only wage inflation of 3% to 4%. Related to retail, to our remediation efforts, we were able to largely offset the incremental impact from tariffs.

Taking all of the above into account, we anticipate full year adjusted EBITDA for approximately \$150 million to \$190 million. For Q1, we expect adjusted EBITDA to be significantly below prior year due to lower traffic expectations and approximately \$16 million in various costs related to our ongoing investments in advertising and marketing as well as our general managers conference, which typically occurs every other year and manage our training costs.

We are planning for capital expenditures of approximately \$135 million to \$150 million, consisting of approximately 60% maintenance, 35% technology and other strategic initiatives and 5% new units with no spending on new remodels. Finally, as noted in the press release, this guidance replaces all previous guidance or projections, including with respect to fiscal '27. We look forward to updating you throughout the year as we work towards our objectives.

I will now turn the call back over to Julie.

Julie Masino

President, CEO & Director

Thanks, Craig. Cracker Barrel is an incredible brand. We are proud to welcome millions of guests a year. Our hardworking team is more than 70,000 people strong. Our value proposition is exceptional. Our breakfast offerings are standout. Our retail assortments are enticing and our balance sheet is strong. As you know, the company for many years was not delivering the results that we know are possible for this brand.

The choices people have, their expectations around food and experience the way they travel and their technology have all changed dramatically over the last decade, and the company had not kept pace. I share this to reground us in the importance of Cracker Barrel's growth. We deeply value the strong emotional connection our guests have, not just to the old-timer logo or vintage Americana decor, but to the sense of tradition and nostalgia those represent. That connection is powerful, and we recognize there are other areas where we must continue improving, especially in our food and overall guest experience. Fortunately, these were already part of our multiyear plan, and we are moving forward with a renewed focus on both.

You've heard me say before that we have all the right pieces to return to being a leading restaurant company with meaningfully improved margins and growth potential. There are many elements of our plan that have been working well and delivering results. As you've seen from our 5 consecutive quarters of positive comp store restaurant sales and a 9% growth in adjusted EBITDA we delivered in fiscal 2025. Some of these successful elements of our plan include actions we've taken so far with our food and menu, bringing back old favorites like Uncle Herschel's breakfast and chicken and rice as well as introducing new dishes like pot roast and our improved New York strip steak, enhancing how our food is presented on our menus and evaluating and adjusting our pricing and value positioning.

We've also taken significant steps in the back of house with the goal of improving food quality, while increasing efficiencies and reducing waste. We've continued to invest in our people and training. And in the last 2 years, we've seen hourly turnover improved by 19 percentage points along with more consistent and better operational execution in our restaurants, and our initiatives continue to drive improvement in digital and off-premise. The return of campfire meals to our summer menu in 2025 is a perfect example. We brought back a menu item that many guests and team members asked for, while improving quality and streamlining kitchen execution.

The new offering started at a compelling price point of \$10.99. The promotion was supported by an integrated advertising campaign that also highlighted our sponsorship of the Cracker Barrel 400, a NASCAR Cup Series motor race in June and activations at key Speedway Motorsports destinations nationwide. We shared the news of the return of Campfire First with our loyalty members, and they joined us. And the results were excellent. Our dinner traffic in Q4 was positive at 1% for the first time since fiscal year '19, excluding COVID. We're continuing to lean into craveable flavors and comforting dishes, which you can see on our current fall menu with our herb roasted chicken and our [indiscernible] Hashbrown Casserole, another innovation with our beloved Hashbrown Casserole.

I mentioned earlier that we've instituted process changes to ensure our signature biscuits are living up to our guests memories and expectations. And we're also making changes to our Meatloaf and Green Beans preparation, along with accelerating testing on other core item improvements. I've talked before about back-of-house optimization as a key part of improving food quality and consistency, while simplifying operations and execution. Phase 1 of our back-of-house optimization was rolled out in Q3 and adjustments on our processes that I just mentioned are a direct result of learnings from that rollout. Phase 2 was piloted in 15 stores late in the fourth quarter. We're encouraged by the initial results and plan to test a region in the second half of fiscal '26.

We're also leaning even more into country hospitality and operational excellence. In early August, we implemented our new service principles, The Herschel Way. inspired by our beloved Uncle Herschel and the warm and gracious hospitality he showed to all. The Herschel Way builds on the updated service standards we introduced in Q3 and aligns our team members to consistently deliver exceptional guest experiences. Our guest loyalty program is another element of our multiyear plan that has been performing well and delivering results. Over the past year, we continue to see strong membership growth for Cracker Barrel Rewards, with membership increasing by 3 million people. We now have over 9 million members after just 2 years of the program. And those members account for over 35% of tracked sales and an even higher percentage of retail sales.

Notably, our Cracker Barrel Rewards membership has increased in recent weeks, rising by over 400,000 members in Q1 to date, and 300,000 in the most recent 4 weeks, both of which are above plan. Looking ahead to build on all we've heard in recent weeks, tomorrow, we are launching front porch feedback which gives our reward members the opportunity after every visit to comment directly to our team on aspects of their visit. We will be listening to and actioning initiatives based on their valuable input.

Before I close the call and we turn it over for your questions, I want to spend a few minutes on our previous remodel program and our updated capital investment plan. From the time we introduced our multiyear plan, we committed to being careful stewards of capital, only making large-scale investments if we felt confident in the returns and to proceeding slowly with a test-and-learn mentality. In keeping with this philosophy, as Craig shared with you, the total invested in our remodel program during fiscal 2025 was approximately \$20 million of our overall \$159 million CapEx for the year. That number also includes some regular guest-facing maintenance in certain locations, such as restroom upgrades.

Since the outset, we have been clear that our stores require significant maintenance and repair and it's this defensive spending that has made up the majority of our store investments over the past 2 years. Along with those critical investments, we also saw an opportunity to provide an even more welcoming and comfortable experience with additional incremental improvements. The kind of things that would lead to loyal guests visiting us more frequently, team members staying with us and new guests joining us, all while remaining authentically Cracker Barrel.

We have shared information previously on our refreshes and various levels of remodels and have discussed the changes we were making in test stores. Over the past year, we have tested various elements, paint colors, lighting, sound, seating and so on. Listening closely to what our guests are telling us. We are still listening.

The modern design that has been seen online and in social media was only tested in 4 of our locations. As we recently committed and as I noted earlier, we will not proceed with these modern stores. and have also begun reverting to our old-timer signage and bringing back more traditional Cracker Barrel interiors to these locations. Some of this will take time due to permitting and other constraints, but it is happening. In addition to those 4 modern design locations, we touched another 58 stores or less than 10% of our system since starting to test remodels.

We've hit pause on these as well and will not roll out any further remodels or refreshes, while we continue to gather and evaluate data on the existing stores, looking at the specific elements that guests love and those they don't. Of course, in all of our locations, the core elements that people expect from Cracker Barrel are there today, and they will always be there. Rocking chairs on the front porch, Vintage Americana decor and antiques hold straight from our warehouse in Tennessee, peg games, fireplaces and our unique retail shop.

Going forward, we'll continue to maintain and repair our stores and improve them in ways that our guests and team members expect and will leverage learnings from our test locations for any future improvements in a disciplined way. This brings me to our updated capital spending plans. As Craig noted, we expect to invest approximately \$135 million to \$150 million in the coming fiscal year.

The bulk of this will be maintenance CapEx, things like paints, parking lots, lighting, retail fixtures, flooring and restrooms as well as investments in technology to support our stores and our loyalty program. Given the adjustments we are making, it's too early to set a specific CapEx range for fiscal '27, but we will be well below the prior 3-year figure of \$600 million to \$700 million that we provided at the outset of our program for fiscal '25 through '27.

Our Board remains committed to a disciplined approach to capital allocation, investing in our core business, approving our quarterly dividend and authorizing a \$100 million share repurchase program, all while maintaining a conservative balance sheet. This week, we will be celebrating Cracker Barrel's 56th birthday. As we cross this milestone and look ahead to America's 250th birthday, I want to say again how proud we are to serve our guests and to thank our hard-working team members.

Cracker Barrel is a part of America's story. Our stores are in your communities. Our team members are your neighbors. Our suppliers are your local businesses. We are fortunate there's so much passion for the brand, our heritage and our place in people's lives. We are more focused than ever on making sure Cracker Barrel is here to serve families for generations to come. Again, there's a lot to be optimistic about.

Operator, we'll now turn the call over for questions.

Question-and-Answer Session

Operator

[Operator Instructions]

And your first question today will come from Brian Mullan with Piper Sandler.

Brian Mullan

Piper Sandler & Co., Research Division

Thank you for sharing the traffic performance this quarter. Just given what you saw following the logo change, just had a question about the marketing plan this year. Do you still spend the same amount of dollars and maybe just change the message in order to drive that sequential traffic recovery you're expecting? Or maybe do you pull back on spending regroup a bit? Just how are you thinking about that as you sit here today? And is there any way to perhaps actually take advantage of all this recent attention over time?

Julie Masino

President, CEO & Director

Brian, thanks for the question. It's Julie. We expect marketing as a percent of sales will be a little bit higher in '26 than it was in '25 with Q1, in particular, up a bit. We're continuing to invest in marketing. You saw some great performance from our investment there in Q4, but especially given the need right now to drive traffic in light of the current headwinds, we're going to continue to invest there.

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

Okay. And then just a follow-up on some of the back of the house issues. I think Phase 2 this year was always going to be focused on improving some of the processes. But separate from that in the prepared remarks, you've talked about improving some of the food quality of some of the items. Just trying to understand, like was this always the plan on the food quality side? Or is some of this maybe due to broader feedback you've done since the logo change, so just really any color on the plans, both processes as well as food on the menu that you're working on?

Julie Masino*President, CEO & Director*

Sure. It's a great question. Look, food quality has always been a north star for us in the plan. We've been focused on that as well as process simplification to make jobs easier and improve productivity. Phase 1, as we've talked about, rolled out in Q3, Phase 2 started testing in Q4, like I said in my prepared remarks, Kitchen initiatives like this are complex. And I think as we shared with you guys a couple of quarters ago, we said it was going to have 3 phases, multifaceted. We just continue to evaluate processes as they get out there. We're learning from scale. We continue to listen to our team members and watch food quality scores and value scores. We remain focused on all that, and we'll just keep focused on all of these things.

Operator

And your next question today will come from Dennis Geiger with UBS.

Dennis Geiger*UBS Investment Bank, Research Division*

I appreciate the quarter-to-date or year-to-date color. Wondering if you could share anything more sort of on how things have trended just given the sensitivity and the magnitude of some of the pressure. Anything to share have gone by? Have you've seen any kind of improvement within that trajectory? I understand you gave the 1Q guide. But just if anything more on the cadence -- weekly cadence so far?

Craig Pommells

Senior VP & CFO

Dennis, this is Craig. I'll start on that one. I think for us, if we kind of think about where we were before all of this, before 08/19, traffic was down about 1%. Q4 was also down about 1%. And obviously, we had reported the 5 consecutive quarters of same-restaurant store sales. So we're very happy with that, and we're pleased with that performance. And obviously, things have changed a bit here recently.

I think the guide that we've given for the quarter is really our best thinking at this point. And as we think about the year, the -- our best thinking right now is we'll continue to get better sequentially quarter-over-quarter, and we expect even greater rate of improvement in the second half of the year. But this is a bit of an unusual situation, and we've factored all that into our guidance.

Julie Masino

President, CEO & Director

The only thing I'd add, Dennis, is the teams are hard at work. We have taken the feedback from our guests, pivoted quickly. We've got a plan to drive traffic, and we're optimistic that we can get back to that prior run rate.

Dennis Geiger

UBS Investment Bank, Research Division

Very helpful, guys. And the last one, I guess sort of 2 parts. If anything additional on the weakness and the challenges, whether it's regional anything by cohort or frequency of guests if you've got anything more or maybe it's just broad-based. And the more important second part of the question is kind of Julie, what you just touched on. From here plans, in particular, to address kind of the near-term challenge, it sounds like the front porch feedback initiative is going to help to dictate some of the plans in the reaction here? Just wanted to see if I have that correct or if anything else to share on kind of near to medium-term stuff to recover that traffic?

Craig Pommells

Senior VP & CFO

Dennis, this is Craig. I'll get started with the first part of that and then turn it over to Julie. We have seen declines that are relatively broad-based, but the declines are larger in the Southeast, excluding Florida. In terms of cohorts by income, we're not seeing any substantial differences by income. In terms of age, again, fairly broad-based. We're doing a little bit better or a little bit of less decline with the over 65 cohort. But speaking more generally, broad-based geographically, a little bit more in the Southeast, that's Florida and broad-based with income at age.

Julie Masino

President, CEO & Director

From a plan standpoint, Dennis, we had really planned to focus on a lot of new menu innovation this fall, driving our herbs roasted chicken, our sausage and egg Hashbrown Casserole. We've also brought back 2 guests request to the menu Uncle Herschel's breakfast rejoined the menu ironically on the day of the logo change as well as country mornings breakfast. So those are 2 breakfast items that guests have been asking for, for a while. We continue to listen to our guests. I think we've shown that throughout the last year with items coming back like Campfire.

We're continuing to do that right now as we really pivot and double down. Marketing plans that you're going to be seeing in the next few weeks really center around college football. We've got some advertising buys there that were existing prior to this event. We've got some big news coming next that we're excited about. So just stay tuned. The teams are really actively engaged in making sure all of our guests know that we are honoring our legacy and our heritage and inviting everybody in for a great meal around our table.

Operator

And your next question today will come from Jake Bartlett with Truist Securities.

Jake Bartlett

Truist Securities, Inc., Research Division

My first was on the margin guidance. The implied margin guidance for '26. Maybe if you could kind of dig into the moving pieces before we had talked about \$55 million to \$60 million in cost savings from the back of the house sounds like that plan has changed a little bit, but it seems to be on track. Maybe just to describe maybe how much savings you expect there. What you're looking at from G&A.? I think obviously, 2025 is an investment year, as you described it. The situation has changed. Wondering whether G&A might -- there's opportunity to bring that down?

And then lastly, within the guidance, are there any unusual items, and then something that won't be backed out, but they just are larger than normal, specifically maybe in the first quarter, maybe there's some expenses that you've incurred as you've had to react to the near-term disruptions.

Craig Pommells

Senior VP & CFO

Jake, it's Craig. I'll start with Q1. I think the biggest item for Q1 is we -- obviously, we have the softer traffic and we've given the guide there in terms of our expectations. We also have that \$16 million in additional costs that relates to the marketing, the advertising. Our general managers conference actually occurs every other year. So we'll incur that this year. We did not incur it last year and then we have some related training costs. So all of that together will be a meaningful impact to Q1.

And as we think about the full year, the biggest driver in our EBITDA consideration at this point is really around traffic. So that negative 7% to negative 4%. That's a pretty big range, but obviously, we're still early in this. We're only about 30 days away from when all of this occurred. So that's going to be the big lever. And the marginal impact of that is also quite substantial. The way that we think about that is a flow-through rate on that traffic of somewhere between 30% and 45%. So those are going to be the biggest drivers in terms of our EBITDA guidance. We do have a fair bit of cost savings in the plan, but we also have things going in the other direction. So at this point, the best I can do is kind of point you to the full year guidance and point you to the traffic performance has been the biggest driver there.

Julie Masino

President, CEO & Director

I think the only clarifying point I would make, Jake is, as I thought I heard you say \$55 million to \$60 million attributed to back of house. I don't think we've actually attributed \$55 million to \$60 million to back of house. We've just said we'd have \$55 million to \$60 million in cost saves of which back of house is one of the key initiatives in there. So just to clarify that for you. We are moving forward with back of house. It's kind of a 3-phase program. There are savings associated with that, but that's not the only thing driving that \$55 million to \$60 million.

Craig Pommells

Senior VP & CFO

Over multiple years as well as the other key point there.

Jake Bartlett*Truist Securities, Inc., Research Division*

Got it. Should we think about the \$55 million to \$60 million, and I'd love to hear what the other big buckets there are. But as something that is still would be expected within the '26 and '27 or is it the prior plan? Or has that changed materially?

Craig Pommells*Senior VP & CFO*

Yes. I think given all of the moving pieces here, we are not going to share any more about that at this point. I mean we think the \$50 million to \$60 million is still achievable. It may take the exact time frame. We'll have to update as we kind of navigate through all of that about \$50 million to \$60 million still achievable. We're still evaluating the exact timing of that at this point, and we've contemplated all of that in our guidance.

Julie Masino*President, CEO & Director*

The only thing I'd add there, Jake, is, we are -- it's one of the things I think this company is really best at. We are really good at cost saves. And we have a history of delivering that over the last several years, even before my arrival. So the teams bubble down. They have some good plans there, and we will deliver there.

Jake Bartlett*Truist Securities, Inc., Research Division*

Great. And then my another question was on the balance sheet and the return of cash to shareholders. You have the authorization now, the \$100 million. I guess the question is what your approach is to the balance sheet. It looks like your EBITDA guidance is about your equal to your CapEx guidance. So if you look at where your EBITDA guidance is, you're going to get a little bit higher leverage there anyway from that. So is it feasible to return cash to shareholders this year given in the framework of your guidance? Or is that just kind of a tool maybe for upside? Or how do we think about your approach to the balance sheet, returning cash to shareholders in the context of your guidance?

Craig Pommells

Senior VP & CFO

Jake, I'll start with that one. The -- for a long time, the Cracker Barrel's Board's approach to capital allocation is to use a balanced approach. The Board is always looking to optimize and they focus on investing in value-creating activities in the core business, maintaining a conservative balance sheet, in particular as it relates to our debt profile and then returning cash to shareholders. So the Board is going to continue to evaluate that and be a bit opportunistic. So I don't think any of those decisions are final. They're going to -- obviously, they have made the authorization, they've approved the dividend and they're going to continue to monitor that as things evolve.

Operator

And your next question today will come from Jeff Farmer with Gordon Haskett.

Jeffrey Farmer

Gordon Haskett Research Advisors

Several of your casual dining and family dining peers have been looks like increasingly aggressive in pursuing low price point offers or just value promotions at a certain price point. So again, sort of as the logo dynamic has played out over the last 5 to 6 weeks, even in that narrow time frame, the segment has gotten increasingly competitive. So in lieu of what a lot of your peers are doing, how does that impact your own top line strategy?

Julie Masino*President, CEO & Director*

Yes. Jeff, it's Julie. I'll start and then Craig can jump in. We are -- we continue, as you've noted, to see that with the competition, there's a lot of promotional activity out there and dealing going on. No, we would expect some of that because it's back-to-school season, and you usually see a lot of that this time of year. I'd remind you and everyone out there, what an incredible value we deliver to our guests in so many ways. The first one that I'd love to point out is our check. Our check for fiscal '25 still ended the year right around \$15, while family dining was a little over \$18 and casual is at \$27.

So eating a meal at Cracker Barrel of our abundant scratch-made food. And remember, people at Cracker Barrel have told us, our guests have told us redoundingly that they value our delicious food in abundance. People leave with] drug] bag, they leave with to-go containers. And so we think that we really still represent that great value. We were recently on air with our Sunrise Special, which is our \$7.99 all-day offering of 2 pancakes of your choice of either eggs or breakfast protein. We've got great items out there. If you think about Campfire, one of the reasons that landed so well with our guests is we had an opening price point at \$10.99 on that new sausage and shrimp skillet as part of the Campfire menu.

Our barbell strategy continues to resonate with our guests, think about how we've evidenced that in the last year, what we've been able to flow through in pricing, the 1 percentage point of mix we delivered every single quarter in '25. We've got early dinner deals starting at \$8.99 that continue to perform well for us. And then honestly, the cherry on the top is our loyalty program, which is another way that we deliver tremendous value. When we look at the promotional activity that we've put out there in the last couple of weeks, just to reinvite guests back into our restaurants, they've resonated really well.

We had the Sunrise Special BOGO. And then this last weekend, we offered the old timers' BOGO because we know how much everybody loves the old timer. What's better than 1, 2. So we brought in yet this past weekend with that. We saw that resonate not only with guests, but with our loyalty members as well. And they were able to earn pegs on all of those transactions. So it continues to be a way that we deliver great value to our guests. So we believe that we are well poised as I've said in the past to compete in this space because we have such great value day in and day out.

Craig Pommells*Senior VP & CFO*

Yes. And internally, we continue to see our value scores, make gains on top of gains. So we're particularly pleased with that. But we have some levers here.

Jeffrey Farmer*Gordon Haskett Research Advisors*

Okay. And then I think I heard you guys say 4% to 5% menu pricing in 2026, is that accurate?

Craig Pommells*Senior VP & CFO*

Correct. Yes.

Jeffrey Farmer*Gordon Haskett Research Advisors*

Okay. So the question that follows that, actually, a couple would be. So that's quite a bit of how do your commodity and wage inflation, roughly 100 to 200 basis points. And it would be one of the highest menu pricing levels in this sector. So 2 questions. So why do you guys feel the need to sort of push that pricing? Is this just, again, sort of going back to the -- or rejiggering the pricing structure? And do you expect your consumers to sort of accept this pricing without too much pushback?

Craig Pommells

Senior VP & CFO

Absolutely. The -- so keep in mind, as you know, Jeff, we revamped our whole pricing approach a couple of years ago, we've built up that capability and that has been working well. And we measure that on an ongoing basis. We continue to see really good flow-through. We continue to make gains with our value scores. And we've actually -- even with that, we've been generating positive mix. And I think if you think about 4% to 5% in context of \$15, it is just still a smaller dollar increase, and it continues to it continues to work for us.

We've also been really careful as we use the kind of the barbell pricing approach. We've been really careful in terms of maintaining those entry price points, and that's been helpful. We also have the loyalty program that continues to grow and exceed our expectations. And so guests that dine with us more frequently effectively can get an incremental discount with that program. So we're taking higher pricing, but we've been really thoughtful about how to do that and continue to flow through well from a guest perspective.

Operator

And your next question today will come from Sara Senatore with Bank of America.

Sara Senatore

BofA Securities, Research Division

I guess one quick clarification. I think you said, Craig, that most of the age cohorts or you didn't see a lot of variation outside of the geographic kind of split, but that the older cohort was perhaps less affected than younger. So I just wanted to clarify that, and then I do have a question.

Craig Pommells

Senior VP & CFO

Sara, yes, that's correct. We are seeing the impacts really across all of the cohorts. However, our over 65 cohorts has held up best relative to the others.

Sara Senatore

BofA Securities, Research Division

Okay. And I guess in that context, and maybe, Julie, similar to what you said was that Cracker Barrel hadn't evolved with the guests from prior to many -- for many years, which I think certainly makes sense. I guess, if remodeling and rebranding isn't the way to sort of evolve or bring the brand forward. Maybe to talk a little bit more about what is as you think about maybe shift -- either shifting your customer base to perhaps maybe easing a little bit more useful? Or how you think about evolving the brand in the context of your comments earlier?

Julie Masino

President, CEO & Director

Yes, Sara, thanks for the question. Look, I think the way we've talked about the plan is we -- first of all, we spent a lot of time on research and really understanding where Cracker Barrel sat versus our competition and what our opportunities were and also what our strengths were. And that was always about food and experiences that guests love, and we were kind of in the middle of the pack on some of those scores when we rated ourselves against the competition.

So one of the key tenets for our plan has been around food and experience. And when you think about the 5 pillars that we put out there, brand and even the logo piece was just one small work stream of those 5 pillars, so the 21 work streams that we've put out there, same with remodels, it's one small work stream. We know that we've had work to do on food, experience. The loyalty program was a piece of that, pricing was a piece of that. So all of those things are coming together in the plan. As we've talked on this call and in my prepared remarks, a lot of those pieces are really working. So we feel like this is still the right plan. And our focus right now, our renewed focus is on food and experience. We're really doubling down there, taking in a lot of the feedback from the recent weeks and continuing to evaluate the menu and the work that we need to do there.

Sara Senatore

BofA Securities, Research Division

Okay. That's very helpful. And just then sorry, second quick modeling question, Craig. Can you just talk a little bit -- I'm sorry, if I missed it, G&A was a good guy again this quarter. I think last quarter, you had said that there might be some timing shifts. So could you just maybe explain maybe what happened?

Craig Pommells

Senior VP & CFO

Well, we've been continuing to manage our G&A as a part of the broader our broader cost savings efforts. So we're always looking at our G&A spend and whenever there is an opportunity to spend less, we're always taking that. So we've continued to manage it. The entire team is working to deploy those dollars as effectively as possible, and that paid off in the quarter.

Operator

[Operator Instructions]

And your next question today will come from Jon Tower with Citi.

Jon Tower*Citigroup Inc., Research Division*

Jumping around on mix, if you don't mind. You had mentioned quarter-to-date, you're seeing good, not good, but you're seeing traffic declines. But at the same time you're seeing an uptick in loyalty sign-ups, I believe you talked about, I think in the recent weeks, 300,000 loyalty members sign up. So can you speak to what's happening there? Are you doing anything internally at the stores to get people to jump into the program more so than what you were doing previously?

Julie Masino*President, CEO & Director*

Jon, it's Julie. Our loyalty program is not -- has not been impacted as we talked in by recent events. Your takeaways were correct. Traffic is a little bit down, not a little bit. I think you said good, I was like, I don't know about that. Traffic is down since 08/19, but the loyalty program sign-ups are actually ahead of our plan. So we've signed up about 400,000 people quarter-to-date and 300,000 of those people have come in since 08/19, again, exceeding our plan, exceeding our expectations. We haven't changed any activity in the stores around that to specifically answer your question. We know that it's a great program. People really love being in it.

And as Craig and I talked earlier, it provides great value. And we're really excited to launch this front porch feedback piece of it tomorrow because we've gotten so much feedback in the last few weeks. What we think is -- what we think we can do with front porch feedback is really here from our loyal guests who are in all the time who've had an experience with us, we've set it up so that it actually is linked to the traffic so that we can understand their transaction, their store, and we can start to aggregate feedback in new ways. So we're really excited about it. It's just another way that we can value our guests beyond just the pegs that they earn or the discounts that we might provide to them.

Jon Tower*Citigroup Inc., Research Division*

And then, I guess jumping around a little bit. Maybe, Craig, you had mentioned 60% of the CapEx this year is going to be roughly maintenance. Is that a good that \$80 million to \$90 million maintenance CapEx, a good way to think about it longer term over the next several years, \$80 million, \$90 million for baseline maintenance?

Craig Pommells

Senior VP & CFO

Yes. I think longer term, what we have shared -- what we've talked about is on an inflation-adjusted basis, this kind of \$125 million as being a base spend amount. And that's what we were -- that's what we did in '24 and about that - - about '24 and '23 at about \$125 million because -- and that includes base maintenance, it includes the things that -- some other ongoing projects. I think that's a good base number once you adjust that for inflation. We've also said that -- for the next couple of years, as we got a bit behind on maintenance in the stores through COVID, that is really important to get caught up there. We're in a competitive industry, and we need to ensure that we are showing up the way that we intend to in terms of that. So we've been making incremental investments there.

Jon Tower

Citigroup Inc., Research Division

Okay. So that \$125 million is a decent baseline in the next several years, adjusted for inflation in terms of...

Craig Pommells

Senior VP & CFO

Well on top of the -- again, as a base. Now on top of the \$125 million, like we had in '25 and '26, we are making incremental investments, particularly in catching up on deferred maintenance. And both in '25 and '26, we also have some additional technology spend. But once we get through that on an inflation-adjusted basis, that \$125 million number has been our historical run rate.

Jon Tower

Citigroup Inc., Research Division

Got it. And then just in terms of your comments around the tariff remediation measures, can you speak to what exactly is going on there? Are you guys just sourcing from countries with better lower rates of tariffs? Or are you effectively pricing to offset the higher tariff rates, like what's going on with these measures?

Craig Pommells

Senior VP & CFO

Yes. Jon, the team has really done a great job there. Very proud of the work they've done. I'll give you a little bit more texture. In fiscal '26, we expect incremental year-over-year tariffs of about \$25 million. So \$25 million more in tariffs, in '26 than we did in '25. And that's -- the vast majority of that, vast, vast majority of that is being mitigated by a few things. Number one is vendor negotiations, and the team has been working really hard on that and have had a lot of success.

We've had multiple rounds of vendor negotiations. The other change is just in our assortment, like we sell a lot of things that are largely discretionary. And if we can't make a reasonable profit on it, then we don't need to sell it. So we've made those adjustments. There's also pricing, as you mentioned, and we've also made adjustments to the country of origin. That is an ongoing process that does take a little bit more time. And finally, we've taken the opportunity with the tariffs, but part of our broader retail strategy to adjust our SKU count. So when we added '26, we expect our total SKU count in the retail side of the business to be down about 10%. So the team has really worked hard and accomplished a lot as it relates to working through the tariff impacts.

Julie Masino

President, CEO & Director

Our vendors are partnered nicely with us on a lot of that work, too. Yes.

Operator

This will conclude our question-and-answer session. I would like to turn the conference back over to Julie Masino for any closing remarks.

Julie Masino*President, CEO & Director*

Thank you for joining us today. We're moving ahead with a strong plan in place, and our teams are focused on getting back to a positive trajectory. We appreciate your interest and look forward to keeping you updated as we make progress throughout the fiscal year. Finally, I really want to express my sincere gratitude to our 70,000-plus team members for their dedication and hard work, particularly in these last few weeks. Thank you.

Operator

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

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