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The ONE Group Hospitality, Inc. (STKS) Q3 2026 Earnings Call Transcript

Nov 05, 2026, 4:24 PM ET | **The ONE Group Hospitality, Inc. (STKS) Stock**

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Q3: 2026-11-04 Earnings Summary

Insights

EPS of -$0.66 misses by $0.15 | Revenue of $176.96M (-1.80% Y/Y) misses by $1.17M

The ONE Group Hospitality, Inc. (STKS) Q3 2026 Earnings Call November 4, 2026 4:30 PM EST

Company Participants

Nicole Thaung - Chief Financial Officer
Emanuel Hilario - President, CEO & Director

Conference Call Participants

Joseph Gomes - NOBLE Capital Markets, Inc., Research Division
Anthony Lebiedzinski - Sidoti & Company, LLC
James Sanderson - Northcoast Research Partners, LLC

Presentation

Operator

Greetings, and welcome to the ONE Group Third Quarter 2026 Earnings Conference Call. [Operator Instructions] As a reminder, this conference is being recorded. I would now like to turn the conference call over to Nicole Thaung, Chief Financial Officer. Please go ahead.

Nicole Thaung
Chief Financial Officer

Thank you, operator, and hello, everyone. Before we begin our formal remarks, let me remind you that part of our discussion today will include forward-looking statements. These forward-looking statements are not guarantees of future performance, and you should not place undue reliance on them.

These statements are also subject to numerous risks and uncertainties that could cause actual results to differ materially from what we expect. Please also note that these forward-looking statements reflect our opinion only as of the date of this call. We undertake no obligation to revise or publicly release any revision to these forward-looking statements considering new information or future events. We refer you to our recent SEC filings for a more detailed discussion of the risks that could impact our future operating results and financial condition.

During today's call, we'll discuss certain non-GAAP financial measures, which we believe can be useful in evaluating our performance. However, the presentation of these measures or other information should not be considered in isolation or as a substitute for results prepared in accordance with GAAP. For reconciliation of these measures, such as adjusted EBITDA, restaurant operating profit, comparable sales and total food and beverage sales at company-owned, managed licensed and franchise units to GAAP measures, along with a discussion of why we consider these measures useful, please see our earnings release issued today.

With that, I would like to turn the call over to Manny.

Emanuel Hilario
President, CEO & Director

Thank you, Nicole, and good afternoon, everyone. I want to start, as I always do, by thanking our team members. Every day, our teams across every brand and market work to create unforgettable and memorable experiences for our guests. At a time when consistency matters more than ever, I'm grateful for their commitment to operational excellence and to the VIBE dining promise that defines who we are.

Today, I will walk through our third quarter results, update you on our four strategic priorities and then hand things over to Nicole for a closer look at the financials. Let me begin with the quarter's key highlights.

Consolidated transactions were positive for the second consecutive quarter and now have improved sequentially for three consecutive quarters. Benihana brand comparable sales and comparable transactions increased 0.7% and increased 2.7%, respectively. Year-to-date cash flow from operations increased 143% to $41.8 million. Restaurant operating profit for the quarter expanded 190 basis points. GAAP operating income year-to-date increased $11.1 million to $14.6 million from $3.5 million last year. Adjusted EBITDA increased 5% to $11.1 million from $10.6 million and year-to-date increased 3% to $60.8 million from $59.1 million. Total GAAP revenues were $177 million as compared to $180.2 million a year ago.

Approximately $4.5 million of the difference was driven by our planned optimization of the Grill Concepts portfolio, offset by sales from new restaurants and our conversions opened since last year. We continue to position the Grills for long-term success.

Consolidated comparable sales were relatively flat at a minus 0.4%. Comparable sales were tracking positive through the Labor Day holiday before a series of weather storms slowed momentum towards the end of September. Our consolidated traffic was positive 1.8% with Benihana comparable traffic up 2.7%. This represents the second consecutive quarter of positive consolidated traffic, continue the trend of sequential improvement each quarter since late 2024, proving that our initiatives are working.

We continue to operate in a challenging consumer environment and our barbell approach serve us well. It gives guests access to our brands at value price points during the week, while premium offerings and VIBE dining energy drive celebrations on weekends and holidays.

Adjusted EBITDA was $11.1 million, up 5% from the third quarter of last year, and adjusted EBITDA margin expanded to 6.3%, even as we spent an additional $2 million in preopening investments for new restaurants.

Cost of sales continues to be a real differentiator for us. At 19.5% of sales, our cost continues at all-time lows. Our beef sourcing strategy, other supply chain initiatives and menu optimization continue to offset higher inflation. Our beef agreements are in place through mid next year, which will give us cost visibility until then.

Cash flow from operations through the first three quarters more than doubled to $41.8 million from $17.2 million last year, an increase of about $25 million. and we reduced year-to-date net capital expenditures by approximately 22% compared to the first three quarters of 2025, using our improved cash generation to pay down debt. This performance cannot be possible without the successful execution of our four strategic priorities. I will now provide an update on each one of them.

Our first strategic priority is accelerating comparable sales through disciplined execution and the programs behind our traffic gains are working. Case in point is our barbell strategy. During the week, value leads away, our $3, $6, $9 Happy Hour program remains one of our most consistent traffic drivers in the early evenings and late nights, and our week night date night initiative is filling historically slower periods across our brands.

On weekends and around celebrations, our premium offerings and VIBE dining energy continue to perform strongly. Guests are being deliberate when they trade up and when they look for value and our model captures both ends of that spectrum. Two layers of our value strategy are especially important to us, lunch and takeout. At Benihana, our lunch offering starts at $15.95 with a 45-minute guarantee, which makes the brand an easy yes for a weekday lunch option.

On takeout, Burgers and sides drive strong volume across every brand and Benihana and RA's fried rice burritos continue to perform well in that channel. Our takeout focus is on expanding curbside, which lets guests enjoy the brand without committing to a full dine-in experience, and it carries a strong margin profile. Both are important layers of our business and give us leverage to bring guests into the fold.

Table turns continue to be an opportunity for Benihana brand, particularly as we enter the heavy traffic holiday season. Last year, we achieved 105-minute table turn times in the fourth quarter through operational flow initiatives. This year, we are targeting to get closer to our overall goal of 90-minute table turn times. To enable this objective, we are completing the system-wide rollout of order at the table tablets.

We have reenergized our focus on brunch at STK and Kona Grill to expand that daypart on Saturdays and Sundays. To that end, we have launched a new brunch menu at STK, and we'll be launching a new menu at Kona Grill very soon. The menus are anchored on a balance of value offerings and highly craveable premium offerings.

With over 9 million members, our Friends with Benefits loyalty program continues to grow. We are on pace to add 1 million new organic members by the end of the year, giving us new guests to engage with. Loyalty members spend meaningfully more per visit than non-loyalty guests and tend to visit our restaurants more frequently. We remain focused on growing membership, driving organic sign-ups and increasing engagement to strengthen brand connection with repeat visits, including personalized outreach ahead of the holidays.

We are driving growth through product innovation. We launched seasonal new food and beverage menus at least four times a year, keeping our offerings fresh, seasonal holiday specific and generating strong social media engagement. This quarter, our culinary and beverage teams continue to deliver, and we have added new dishes built around fiber and whole grains, including cauliflower fried rice at Benihana and premium nonalcoholic cocktails for each of our signature cocktails at STK, which supports the wellness and GLP-related dining trend we see among our guests.

Our second priority is capital-efficient growth. We continue to prioritize low-cost, high-return owned restaurant opportunities and asset-light opportunities, including franchise and license agreements.

So the third and fourth quarter highlights are as follows: in July, we opened STK Chelsea in New York, New York, and we opened Benihana Riverton, Utah, converted from a former Kona Grill. In September, we opened STK Baltimore, and we opened a small footprint Kona Grill in the same real estate that had been Kona Grill, all for approximately $1.5 million. STK is already doing about double the sales of the previous Kona Grill.

Our company-owned Benihana Express in Denver, Colorado just opened this week, making it the second storefront unit for the brand. We plan to open another unit in the Florida Keys later this quarter, making it the third storefront for the brand, this one featuring a drive-thru. This will be a licensed location with our partner being a well-established franchisee of other large, well-known restaurant brands. And we expect our franchise Benihana in the Florida Keys to open by year-end as well.

Our plan for 2026 is to open six to eight new system-wide venues. For a complete listing of our 2026 development activities, please refer to our press release issued earlier today. We are very excited with the progress of the Benihana Express brand. You're Benihana fix on the go. As a reminder, the Benihana Express brand delivers our craveable Benihana food in a premium fast casual setting in an 800 to 1,000 square foot small box with an estimated net cost of only $400 to $500 per square foot to build.

Combining high revenues per square foot, low cost of sales of approximately 20% and labor of approximately 25% or a prime margin above 50%, the economics of this format are compelling. Our Miami prototype location is currently pacing at $1.8 million in annual revenues and continues to grow every week.

We recently opened our second company-owned Benihana Express in Denver, Colorado, have identified a third company-owned location at Topanga Mall in Canoga Park, California and expect the license location in the Florida Keys to open before year-end. We continue to see strong license and franchise interest in the brand. And with our Miami and Denver prototypes in operation, we are well positioned to market, sell and make this brand the cornerstone of our asset-light growth model. As a result, we have decided in the near term to defer any other license activities to focus on Benihana Express.

Our third priority is portfolio optimization to improve returns. We continue to execute our portfolio optimization strategy, focusing on maximizing profitability and improving returns on invested capital across our restaurant portfolio. As part of this initiative, select Kona Grill and RA locations are being converted into Benihana and STK restaurants, leveraging the strength and the established consumer appeal of those brands while taking advantage of the strength of the existing real estate.

As restaurants approach lease or option term in, we will make the determination to either, one, exit or two, refresh, relocate, remodel or convert those units based on our evaluation of the quality of the real estate and projected return on capital spend on those options with an expected outcome of a highly performing restaurant portfolio.

Currently, the company operates 20 Kona Grills and 12 RA's, including temporary closed restaurants. Currently, we have four temporary closed Kona Grills and three temporary closed RA's all awaiting conversion to Benihanas. Year-to-date, we have reopened the Riverton, Utah location, previously a Kona Grill as a Benihana and the Baltimore, Maryland location previously a Kona Grill as a remodeled small footprint Kona Grill and a new STK. We also exited 1 RA in Phoenix, Arizona and two Kona Grills, Cincinnati, Ohio and Huntsville, Alabama due to lease expiration.

Our conversion economics is an approximate cost of $1 million to $1.5 million net per conversion with an expected short-term payback. Ultimately, we expect the outcome to be a fully profitable growth portfolio with enhanced margins and additional high-quality Benihana and STK locations.

Scottsdale, our first conversion continues to validate the thesis. And in the third quarter, we completed two more, a Benihana in Riverton, Utah, and a combined STK and small footprint Kona Grill in Baltimore, Maryland. We are pleased with the early performance of all three reopenings. While the strategy reduces sales during the temporary closure period, we anticipate to see an improvement in overall financial performance over the long term.

Our fourth priority is driving free cash flow and optimizing the balance sheet. Cash flow from operations through the first three quarters was $41.8 million, more than double the $17.2 million in the same period last year. After capital expenditures of $34.6 million, free cash flow was $7.2 million. Before new restaurant growth capital, free cash flow was $30.5 million or approximately 50% of adjusted EBITDA.

We continue to focus on reducing discretionary capital expenditures by executing on the asset-light and portfolio optimization strategies as well as by maintaining discipline with regards to our maintenance spend at our existing restaurants. Year-to-date, we have reduced total debt by about $6 million. We also continue to evaluate opportunities to refinance our credit facility on more favorable terms.

Looking ahead to the fourth quarter, which is seasonally our biggest quarter, we are very excited about the holiday season. Holiday party bookings are robust across all our restaurants. STK event bookings are up year-over-year and our holiday menus across all our brands are generating real excitement.

With that, I will turn the call over to Nicole.

Nicole Thaung
Chief Financial Officer

Thank you, Manny. As a reminder, we report financial information on a fiscal quarter basis using 13-week quarters with the addition of a 53rd week when necessary. For 2026, our fiscal calendar began on December 29, 2025, and our third quarter ended on September 27, 2026, and contain 91 days, consistent with the prior quarter.

Consolidated comparable sales are reported on the same number of days year-over-year. Let me start by discussing our third quarter financials in greater detail before updating our fiscal year 2026 guidance. Total consolidated GAAP revenues were $177 million as compared to $180.2 million for the same quarter last year. Included in total revenues were company-owned restaurant net revenues of $174.3 million from $177.4 million in the prior year quarter. Approximately $4.5 million of that difference was driven by our planned optimization of the Grill concept portfolio, offset by sales from new restaurants and conversions opened since last year.

We continue to position the growth for long-term success. Consolidated comparable sales were relatively flat at negative 0.4%. Management license franchise and incentive fee revenues were $2.7 million compared with $2.8 million in the prior year quarter.

Now turning to expenses. Company-owned restaurant cost of sales as a percentage of company-owned restaurant net revenue improved 160 basis points to 19.5% from 21.1%. This improvement was primarily due to our lease strategy, supply chain initiatives and menu optimization. Company-owned restaurant operating expenses as a percentage of company-owned restaurant net revenues were 67.3% compared with 67.6%, an improvement of 30 basis points, primarily due to better controllable expenses.

On a combined basis, including cost of sales, total owned operating expenses were 86.8% compared with 88.7% last year, an improvement of 190 basis points. Restaurant operating profit was $23.1 million or 13.2% of company-owned restaurant net revenue, improving by 190 basis points from 11.3% in the prior year quarter and growing 14.7% General and administrative costs were $13.3 million, flat compared to the prior year quarter. When adjusting for stock-based compensation, adjusted general and administrative expenses were relatively flat at $12.3 million compared to $12 million in the third quarter of 2025.

Depreciation and amortization expenses was $11.7 million compared with $11.5 million. Lease termination and restaurant closure expenses were $1.4 million, primarily related to the Grill concept optimization and the expenses related to the exit of our downtown New York STK.

Preopening expenses were $2.7 million compared with $700,000 in the prior year quarter, primarily related to payroll, training and other costs for STK Chelsea and Benihana Riverton, which opened in July and STK Baltimore, which opened in September as well as pre-open rent for restaurants under development, which included $600,000 in noncash rent.

Transition and integration expenses were $2.4 million, primarily related to HVAC equipment rentals, while repairs and replacements of equipment acquired with the Benihana restaurants are completed compared with $2.6 million in the prior year quarter. We do not anticipate any additional significant transition and integration expenses from this point on.

Operating loss was $5.8 million compared to $7.9 million, an improvement of $2 million from the prior year, primarily due to improved restaurant operating profit, partly offset by preopening expenses from the opening of the three venues. Interest expense was $10 million compared with $10.5 million, and our weighted average interest rate was 10.2% compared with 10.7% in the prior year.

The provision for income taxes was $500,000 compared with $59.1 million in the prior year quarter, which included a noncash valuation allowance against our deferred tax assets. Net loss attributable to The ONE Group Hospitality, Inc. was $16.1 million compared with $76.7 million. Net loss available to common shareholders was $26.4 million compared with $85.3 million and includes $10.3 million of Series A preferred paid in-kind dividend and accretion.

Adjusted EBITDA attributable to The ONE Group Hospitality was $11.1 million compared with $10.6 million in the prior year quarter, an increase of 5.4%. The increase reflects a 190 basis point improvement in restaurant operating profit margin, partially offset by higher preopening expenses.

Cash flow from operations is a big point this year. Year-to-date cash flow from operations was $41.8 million, more than double the $17.2 million in the prior year period. Capital expenditures were $34.6 million or $28.3 million net of tenant improvement allowances. We have over $40 million in short-term liquidity comprised of $3.6 million in cash and cash equivalents, $10.1 million in credit card receivables and $26.2 million of availability under our revolving credit facility, subject to certain conditions with $7.5 million outstanding. Total debt was $347.9 million, down approximately $6 million from year-end. Our term loan does not currently require a financial covenant.

Now I'd like to provide some forward-looking commentary regarding our business. This commentary is subject to risks and uncertainties associated with the forward-looking statements as discussed in our SEC filings. We remind our investors that the actual number and timing of new restaurants openings for any given period is subject to factors outside of the company's control, including macroeconomic conditions, weather and factors under the control of landlords, contractors, licensees and regulatory and licensing authorities.

Based on our year-to-date results, the information available now and our expectations as of today, we are updating the following financial targets for fiscal year 2026. We project total GAAP revenues between $800 million and $810 million, which reflects our anticipation of consolidated comparable sales of approximately 1%. Management license, franchise and incentive fee revenues are expected to be between $13 million and $14 million. Total company-owned operating expenses as a percentage of company-owned restaurant net revenue are expected to be approximately 82%, which implies a restaurant operating profit margin of approximately 18%.

Total general and administrative expenses, excluding stock-based compensation, are expected to be between $50 million and $51 million. Adjusted EBITDA is expected to be between $95 million and $100 million and restaurant preopening expenses between $7.5 million and $8.5 million, including approximately $3 million of noncash rent.

We expect interest expense net of interest income of between $38 million and $39 million and an effective income tax rate of approximately 10% to 20%.Total capital expenditures, net of allowances received from landlords are expected to be between $30 million and $34 million. And finally, we plan to open six to eight new system-wide venues.

As a result of the company's ability to grow operating cash flow, combined with the disciplined capital expenditures, our Board of Directors has approved an increase of $5 million to our already existing share repurchase program.

I will now turn the call back to Manny.

Emanuel Hilario
President, CEO & Director

Thank you, Nicole. Before we take questions, I want to leave you with a few key points. First, consolidated traffic was up 1.8% and positive for the second consecutive quarter, and we are focused on turning that traffic into comparable sales growth. Second, restaurant operating profit margin expanded 190 basis points, led by lower cost of sales. Third, cash flow from operations more than doubled to $41.8 million through the first three quarters, and we generated $30.5 million of free cash flow before growth capital, which supports our priority of strengthening the balance sheet. Finally, we enter our biggest quarter of the year with strong holiday bookings, momentum in traffic, a stronger portfolio and growing franchise capabilities. We are well positioned to capture the opportunities ahead.

We appreciate your ongoing support and look forward to updating you on our progress in the quarters ahead. As always, special thanks to our team members around the world who bring our mission to life each day, creating memorable guest experiences in every market. Nicole and I look forward to your questions. Operator?

Question-and-Answer Session

Operator

[Operator Instructions] And our first question will come from Joe Gomes with NOBLE Capital Markets.

Joseph Gomes
NOBLE Capital Markets, Inc., Research Division

So start out on the conversions. As you look at them, are they delivering the returns you're expecting? Is it still too early to say? Maybe just give us a little more color on those.

Emanuel Hilario
President, CEO & Director

Yes, Joe. So I mean, obviously, the Scottsdale one, we've had almost a year with it. So I would say that, that one, the returns have been in line with what we expected out of it. So we've actually got a nice lift out of that conversion, meaning that the STK is way outperforming the RA in terms of sales and profitability. So we're super pleased with the performance of that one.

The second one is the Benihana in Riverton. We did that during the quarter, and we're -- we've already taken the sales up significantly from when it was at Kona Grill. So we know on the sales is doing well. So we'll wait to see how that converts into profits in the long term. And then the third one was the Baltimore where we got a new STK out of it as well as a smaller format, Kona Grill.

And as we said on the prepared comments, the revenues for that one are almost double or if not double what the Kona Grill was doing there. So I would say that if I check the box on the revenue and how Scottsdale has done in profitability, I think that we're on track or even slightly better than what we thought these conversions could do. So I'm very positive about the success of those conversions so far.

Joseph Gomes
NOBLE Capital Markets, Inc., Research Division

Okay. And then I might have missed this, but one of the things that has been a big positive for you guys is the beef protection prices. Maybe you can give us a little update where you stand on that going forward? And what is the impact of whatever the new prices are?

Emanuel Hilario
President, CEO & Director

Yes. I mean we've been actively managing our contracts. I think right now, again, we're probably organized, if you will, on beef until September of next year again. So we'll have a good year ahead of us with visibility. As we said several times during prepared comments, cost of goods have been at 19.5% now for three quarters in a row for us. So we've shown a really good track record of being able to manage through the inflationary environment.

And we don't see anything happening dramatically on that for the foreseeable future. So we're very pleased with our supply chain management, the initiatives that we've taken on and then our team mix management and how we're using seasonal menus to really manage through the environment. So I think that I would say we're doing very well managing through the inflationary environment.

Joseph Gomes
NOBLE Capital Markets, Inc., Research Division

Okay. And then one more for me and I'll get back in queue. You're talking about the Express concept and the franchisee and you're going to be focused on that. Maybe you can give us an idea of what the pipeline there looks like today.

Emanuel Hilario
President, CEO & Director

I mean we have another one coming up in two weeks, and that's a franchise agreement -- I'm sorry, a license agreement for the grill. And I've been talking to people throughout this whole week and next week, we have a significant amount of franchisee people who are interested in it.

Again, we opened our second one in Denver, Colorado. That's truly our first from the ground-up prototype. We identified the real estate. We built the real estate. We opened the real estate. And I have to be honest with you, it's a fantastic looking restaurant and all the feedback we've gotten from consumers through all the dry runs and everything we've done with this is very, very positive.

Of course, people love the -- getting their Benihana fix on the go, which is the same great food from Benihana and getting it at the counter service. So we've been very, very pleased with that. And then I always remind everyone that takeout and delivery is a significant part of every Benihana business today. So getting into a takeout and pickup model is not really a big stretch for the Benihana business because we already have a significant amount of business that we do on takeout and delivery.

So all that is very positive. We will continue building that pipeline. As I said on my prepared comments, just because there's been a lot of requests and a lot of interest in the brand, I'm actually putting a lot of my time now working with people and taking on meetings on the sales side with my development team. So I'd say the future is very bright and we should be making some announcements on that.

The other thing that I also said in my prepared comments is we're also doing Topanga Mall, which will be the first mall of Benihana Express. We think that the Benihana Express will also do very well in the mall environment. So we're very actively right now bringing that one to fruition. So we should have also a mall restaurant in place very soon.

And then last but not least, on the Grill concept on the Express concept, the property in the Keys will have a drive-thru. So we'll have an opportunity to also test how the brand does with drive-thru business because obviously, there's many drive-thru operators out there who would like to perhaps convert their brands or other properties into a drive-thru Benihana Express. So super excited.

Lots to come. We'll keep providing you updates as we know more about the Benihana Express opportunity.

Operator

[Operator Instructions] We'll go next to Anthony Lebiedzinski with Sidoti & Company.

Anthony Lebiedzinski
Sidoti & Company, LLC

So I know, Manny, you touched on it a little bit. It sounds like there was -- in September, there were some weather disruptions. Anything else to call out as far as the trends throughout the quarter? And just was wondering if there were any notable regional differences perhaps as you moved from July through September?

Emanuel Hilario
President, CEO & Director

Yes. I mean, again, I think our guidance for the quarter started at 0, and we ended up at -- it's actually around the minus 0.4%. We're kind of in that neighborhood. And again, the challenge for us and I'm not a great weather guy, but there was the Northeastern and all kinds of other weather in the East Coast that disrupted some of our East Coast operations specifically. And so it was just -- that was really it at the quarter. We did get that in September.

Coming out of the Labor Day holiday, we were very pleased with our overall performance, and we certainly were in track right in the middle of our guidance. And so we were feeling good about that. And again, just weather is what it is. I'm sure we'll get some makeup weather at some point where the weather will be good. So I think it's just a temporal distortion on there.

In terms of geography differentials, I think for us this year, just because of our benchmark versus last year, I think we had an easier and easy is kind of a hard word to use in the current environment. I think our lap in California it was a little bit easier than maybe some of the other markets. So I would say that we saw some strong favorability for us in the California markets. But I think that's just a function of our baseline and what we're comparing to.

Anthony Lebiedzinski
Sidoti & Company, LLC

Understood. Okay. So you talked about transactions being positive for two consecutive quarters despite the cautious consumer environment. So just wondering, are you seeing any notable shifts in check averages or like what consumers are willing to spend money on, whether it's Wagyu or some other upgrades or just wondering about the consumer behavior, if you can comment on more on their promotional sensitivity.

Emanuel Hilario
President, CEO & Director

Yes. I mean, no doubt, and I think we said this in prepared comments is that Barbell is in, meaning that throughout the early days of the week, we certainly -- we see big takes on our Happy Hour program and also on our lunch program at Benihana. The $15.95 lunch program has become very successful, not just because of the price point, but also by the fact that we try to get people in, in 45 minutes. So that's a very successful value now.

And then if you look at our dinner value propositions with our date night programming in all brands, you're seeing a lot more take on those. So I would say that we see traffic, but the consumer is definitely very cautious about what they're willing to spend. And then with that said, we also still see at STK, particularly and even to a certain degree, Benihana, people going on to the premium products.

So people still want to have the premium products for their birthdays, anniversaries, celebrations. So you're still seeing that in the business model, but no doubt that the value price point and playing with value is really critical in keeping your traffic and your market share on.

Anthony Lebiedzinski
Sidoti & Company, LLC

Got you. And then my last question here. So in terms of the new venues, so you tightened the range for this year from previously 6% to 10% out to 6% to 8%. As we look forward to next year, how do we think about that as far as new locations, any sort of ballpark estimate as to what that could be?

Emanuel Hilario
President, CEO & Director

Yes. I mean just to put it in perspective, we do have seven grills that we call out that we still have to convert. So we have -- seven other restaurants. All of those actually are coming back as Benihana. So we don't have any planned STK conversions. They're all now Benihanas. We got STKs out of the way, if you will, because we put priority on those. So we have Benihanas coming up.

And then in terms of new sites, as we published in our 10-Q, we tend to keep around a dozen leases of available inventory. And so we'll work on that inventory as time permits. So if you look at 2026, we did guide six to eight new units, and we did have reloads and conversions of about four of those. And then we also have two restaurants that we brought on as company-owned. So we did have a significant amount of activity with us in terms of openings and stuff like that.

So I would expect 2027, I guess that's ultimately the -- the question was what is our views or expectation is that we should be as busy as we were in 2026, and then we'll figure out if there's acceleration on those numbers.

Anthony Lebiedzinski
Sidoti & Company, LLC

Got you. Okay. And actually, if I could just quickly follow up on the seven grills that have still to convert. And what's the timing do you think that you'll open those?

Emanuel Hilario
President, CEO & Director

I'm sorry. Can you repeat that again? I got a -- we had a little issue here with our speaker.

Anthony Lebiedzinski
Sidoti & Company, LLC

No worries. I was just following up. You said, Manny, that you still have the seven grills that have yet to convert. You plan to do those next year. So just wondering if you could perhaps share details as far as the timing of when you think those might open?

Emanuel Hilario
President, CEO & Director

Yes, great question. So one of the seven probably will come this year. I just visited last week, and I think we're very close to being able to reopen that one. So one this year and then six next year. I probably just would -- from a -- if I was modeling myself, I probably would assume one every two months throughout the year because we do have to reset our preopening teams to go in there and reset the restaurants. So that probably will be a good cadence for that reopening of the six next year.

Operator

And our next question will come from Jim Sanderson with Northcoast Research.

James Sanderson
Northcoast Research Partners, LLC

I wanted to go back to your commentary on Benihana and the goal of trying to improve those turn times. I'm just wondering, is any of that improvement compared to last year included in your fourth quarter guidance? Or would that be considered incremental if you achieve that?

Emanuel Hilario
President, CEO & Director

So great question. So our guidance doesn't -- so what we said is last year, we moved it from about 120 to 105. I think our plan this year is to try to get it closer to 90 minute turn times. What's really helping that this year is we've rolled out to the majority of Benihanas this year, tablets to take orders at the table. Obviously, that reduces staff time going to the POS and entering orders. So we're very happy with that. Also accelerates the ticket times on beverages because the tickets drop in the bar, so it's much more efficient.

So our guidance for the quarter contemplates that we will get very close to that 90-minutes turn time. And that really makes a difference starting around Thanksgiving. So I think Thanksgiving through the end of the year and particularly Thursdays, Fridays, Saturdays and to a certain degree, Sundays is really where we'll take maximum opportunity with those turn times.

James Sanderson
Northcoast Research Partners, LLC

All right. All right. I wanted to also talk a little bit more about your off-premise. You mentioned that, that was moving well. What percentage of sales was that in the third quarter? And how do you see that evolving into 2027?

Emanuel Hilario
President, CEO & Director

Yes. I mean I think, as I mentioned before, we're around 10% for the -- on a year-to-date basis for that business. And I think as we go out into -- and obviously, in the colder quarters, we'll probably benefit more from the takeout delivery. So think of the fourth quarter and first quarter really much better for us in takeout and delivery.

But that's a growth business. I mean, one of the initiatives that we have in-house right now is to continue working down the driver times waiting for food as well as increasing accuracy. We still think that's a significant layer of business that we can grow that business over the next couple of years. So we're excited about that. I think we're still in that very low 10% range. But I think over time, that business could become a significant element of the business model.

Also remember that, that's one of the pieces as to why we're so excited about the Benihana Express business is that consumers like the fried rice and they like the ability to take some premium Benihana food home, and we will continue pushing that business as a layer of business.

James Sanderson
Northcoast Research Partners, LLC

That's a perfect segue. I wanted to touch base on the Benihana Express development. It sounded pretty enthusiastic about new signings into 2027. Just wondering if you have any sense of what type of capacity your organization can handle as far as new franchise Express, if there's any concern about impact on overhead expenditures, G&A spending to support that development as you add more franchisees to the system.

Emanuel Hilario
President, CEO & Director

Yes. I mean, again, another good question. I think what we've done is -- and I also mentioned this on the prep comments is that we already had some resources in the team that we're working on franchising and licensing full-size Benihanas and STKs. And so now I have that team focused a lot more on sales meetings and going to conferences and really activating sales activity with Benihana Express. So it's a part of it so far has been shifting into that model. Obviously, I think that there's going to be a huge opportunity here to accelerate that at some point. So we may need to add some resources.

But right now, on the foreseeable future, we don't have any real holes that we have to go out there and say we have to invest in a whole new group of operators or anything like that. So I think for now, we're okay, and we'll keep you updated as we know more about the growth rate as we go forward.

James Sanderson
Northcoast Research Partners, LLC

All right. One last question for me. You mentioned robust holiday bookings heading as we approach the holiday season. Any feedback on whether those bookings are showing stronger or weaker average revenue per event, -- meaning are clients becoming more frugal when they book these events over the holidays?

Emanuel Hilario
President, CEO & Director

Great question. We don't have -- I mean, obviously, we do contract to minimums when we do these agreements. We do not -- we have not seen a significant shift on that. But again, we're still early. I think a lot of the bookings that happen for holidays in the next two to three weeks is really where people accelerate that. But the trick to event business is always spend at the event day. So we always -- regardless of what the customer signs up for these events, really what happens at the event is really what matters.

And again, it's probably a little too early to comment on that other than the bookings -- the number of bookings is solid, so.

Operator

And this now concludes our question-and-answer session. I would like to turn the floor back over to Manny Hilario for closing comments.

Emanuel Hilario
President, CEO & Director

Thank you for attending the call today. And as I always do, when I close our conference call, I always like to thank our team members who, frankly, are the ones who make our results be what they are. So I appreciate the team's commitment to dining and executing great experiences every day in our restaurants. And I look forward to seeing everyone in our restaurants during the holiday season and a pre-holiday wishes to everybody here. So everybody have a great holiday and running to you in our restaurants. That's it for us.

Operator

Ladies and gentlemen, thank you for your participation. This does conclude today's teleconference. You may disconnect your lines, and have a wonderful day.

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