



**BLOOMIN'
BRANDS INC[®]**

(NYSE: BLMN)

Long / 2025 Price Target: \$38.42
Implied Upside: 70%

Bloomin' Brands Overview



966 Locations

218 Locations

175 Locations

64 Locations

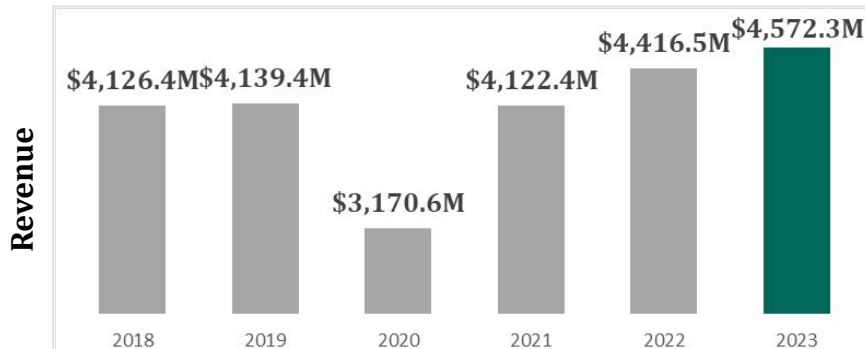
\$2,135,910M

LTM Global Sales by Concept

\$532,707M

\$429,925M

\$272,543M



% of Sales by Category



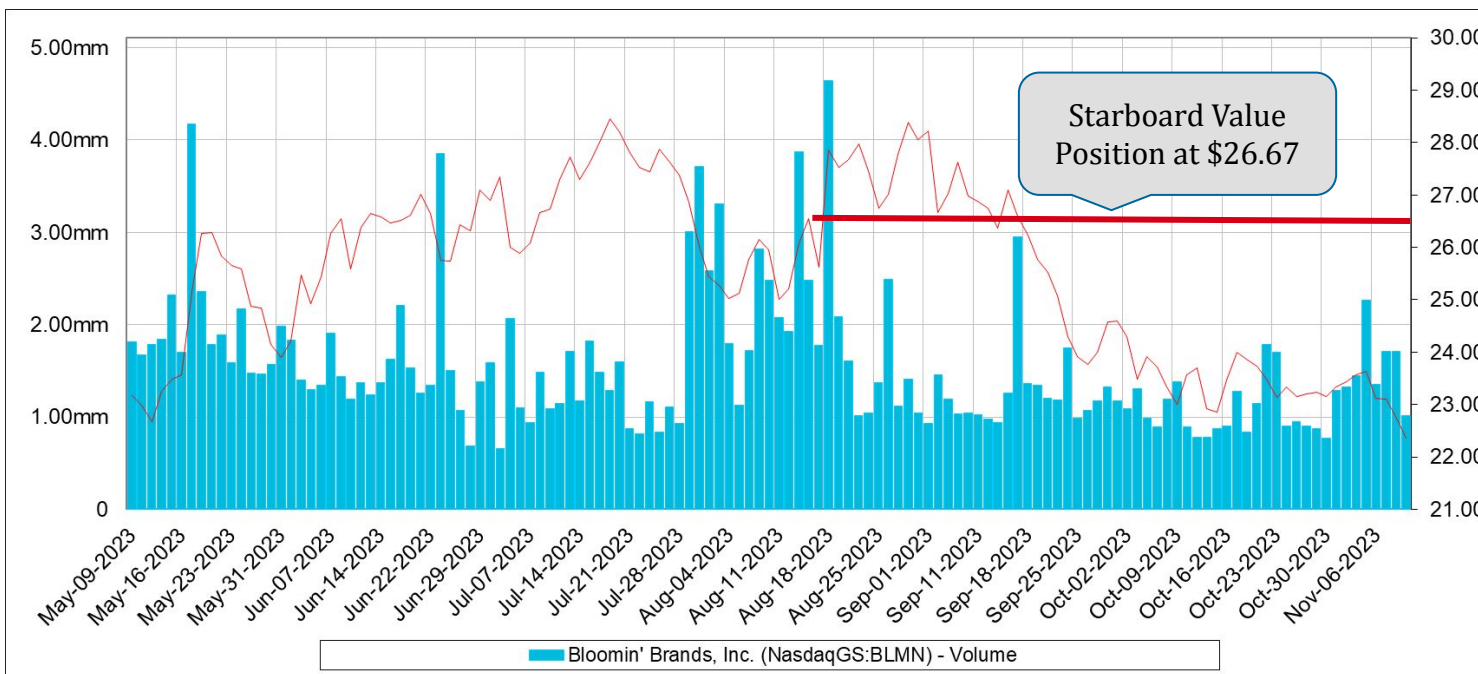
Source: Company filings

We believe Bloomin Brands has tremendous potential for price appreciation for the near future for the following reasons:

- *Activist Investor Starboard Value's 10% stake*
- *Rapid Growth in Brazil*
- *Long-term focused increased Capital Expenditures*
- *Off-Premises Dining Expansion*

Company Stock At a Glance

Bloomin Stock and Trading Volume Over the Last 6 Months:



Company Info:

Market Cap (USD)	2,024.1
EV (USD)	4,030.1
Consensus NTM EV/EBITDA	5.5x

Key Ownership Characteristics:

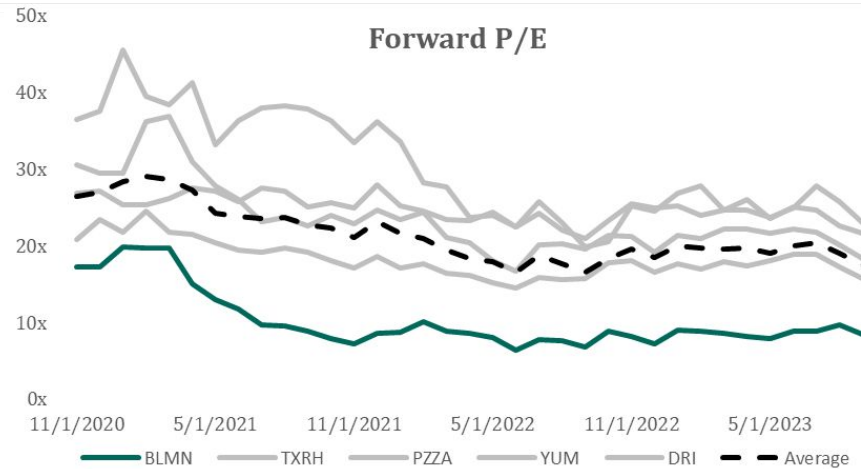
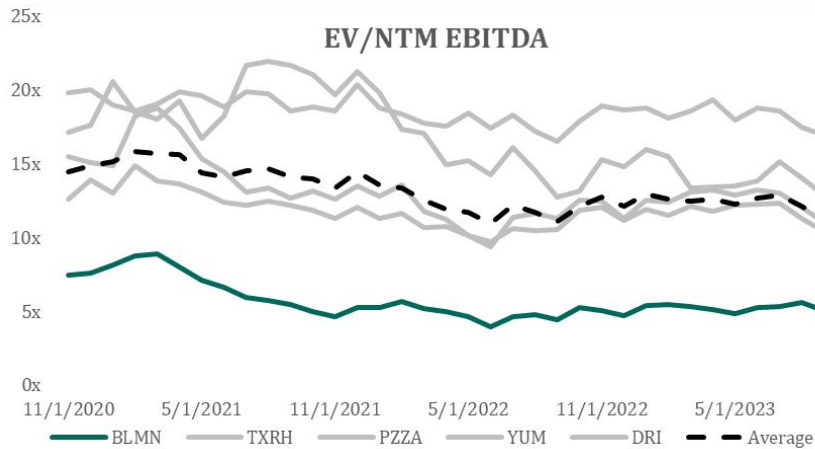
Insiders: 1.42% (significantly higher than competitors DRI & TXRH)

Activist: 11.23% (significantly higher than peers)

Institutional Ownership: 82.93%

\$79M Remaining in Stock Repurchase Agreement

Bloomin' and Competitors



Comps	CY23		EV/NTM EBITDA	EBITDA Margin
	Levered Free Cash Flow Yield			
DRI	5.58%		11.8x	15.0%
PZZA	6.31%		12.7x	9.5%
CAKE	4.26%		7.6x	6.0%
EAT	1.64%		6.2x	8.3%
DPZ	4.67%		18.0x	8.7%
TXRH	4.05%		12.7x	10.9%
WEN	7.55%		14.8x	23.1%
Average	5.40%		12.9x	11.6%
Median	5.13%		12.7x	9.5%
BLMN	15.99%		5.5x	12.0%
vs Avg	196%		-57%	3.1%
vs Median	212%		-56%	-26.3%

Starboard Value

Starboard Value is a success activist hedge fund that has recently acquired a 9.9% stake in Bloomin Brands

Past Success

Starboard Value has successfully lead the turn around of Olive Garden (DRI) and Papa Johns (PZZA). Both incidence lead to outsized returns for all participants

Change in tone

Bloomin Brands has responded to the Starboards by removing COO Gregg Scarlett in effective March 2024. The board has also seen the chairman be replaced by Mr. Muhan who was a former COO of Best Buy.

Operations Expertise



Brought former Darden COO, *David George*, out of retirement to be an advisor for the project.

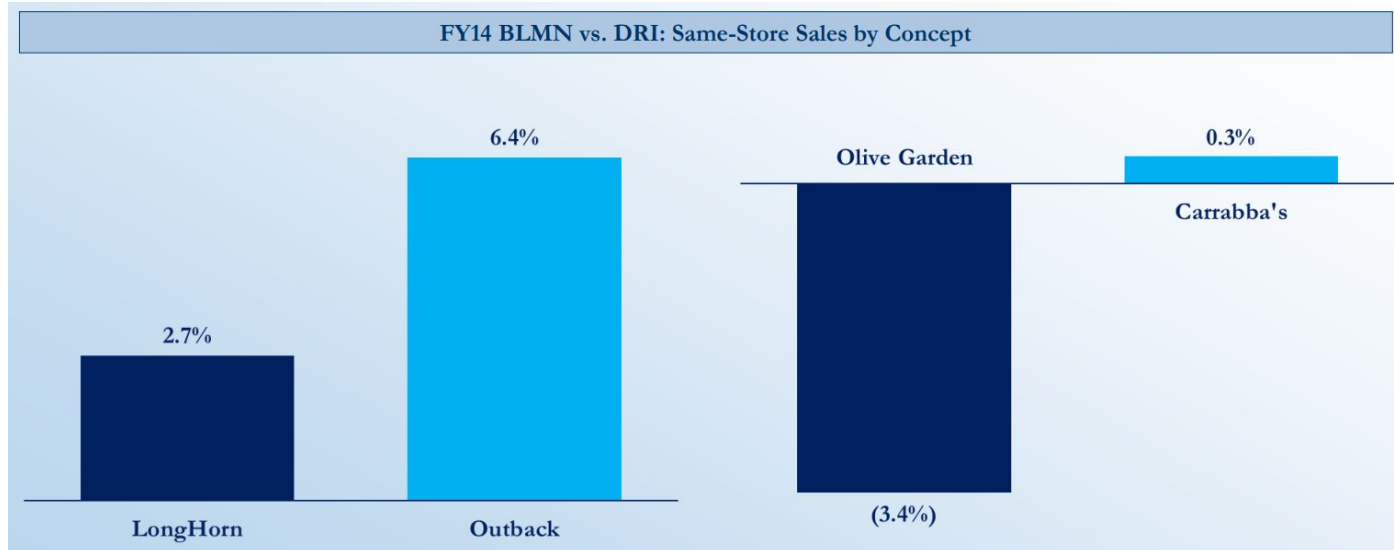
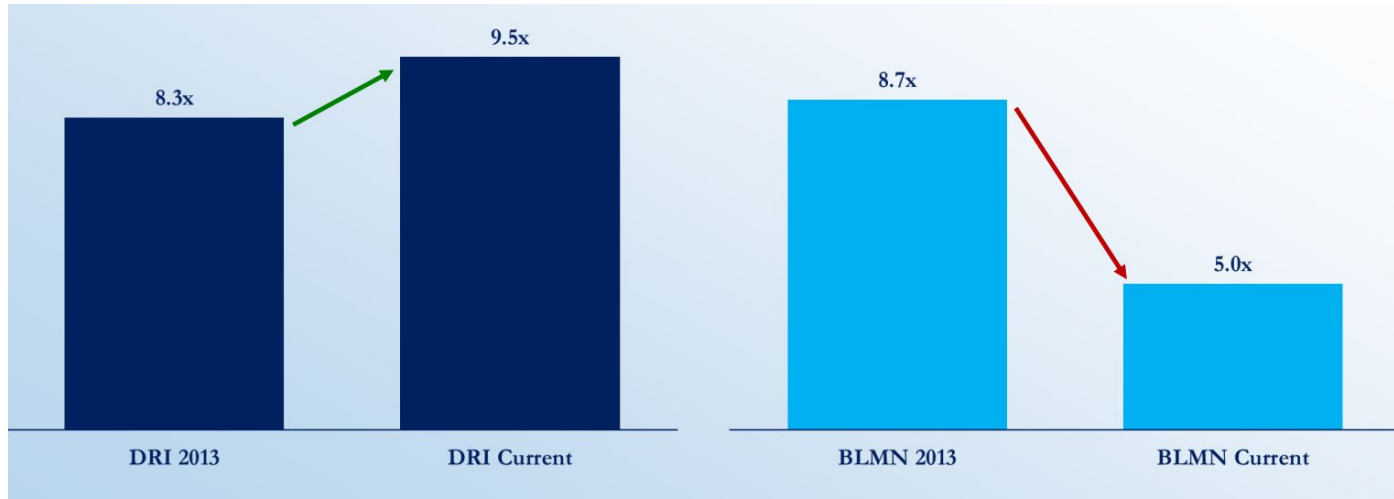


Placed *Rohit Lai*, EVP & CIO of Saia, on the Board for technology expertise.

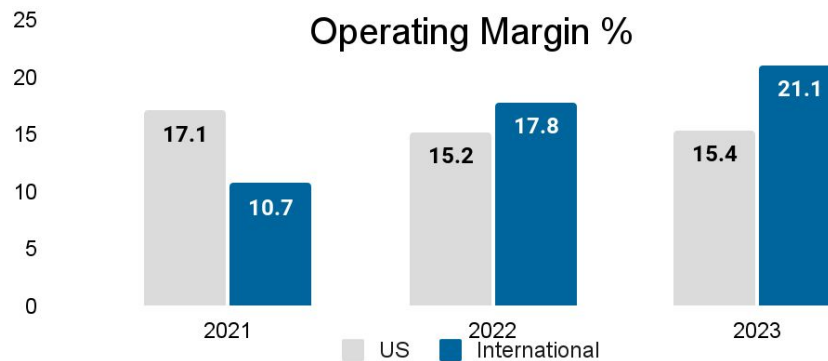


Jeff Smith of Starboard served as Chairman for both Darden and Papa John's..

Darden's Unlikely Transformation



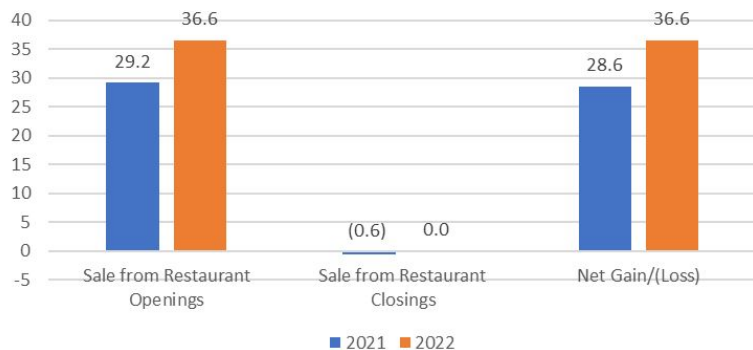
Brazil vs. US Margins



Restaurant Location Growth

300 Restaurants
by 2028
 (148 Currently)

2021-2022 Gain/Loss in Sales of Restaurant International



“Most Popular Restaurant in Rio”
5 Years Running

Reinventing the Brand

Outback is expanding advertising expenses as to shift the brand towards a more family friendly atmosphere.

“No Rules, Just Right”

Reinvestment into stores

- All this has reduced company levered free cash flow as the company continues to reinvest in equipment, close and open new stores, and increase advertising, aligning with Starboard’s objectives

Recently, the annual ACSI Restaurant Study of customer satisfaction was released and Outback Steakhouse has emerged as the industry leader in casual dining, moving from number 6 in 2022 to number 1 in 2023...Over the long term, we expect this to drive sustainable traffic growth.”

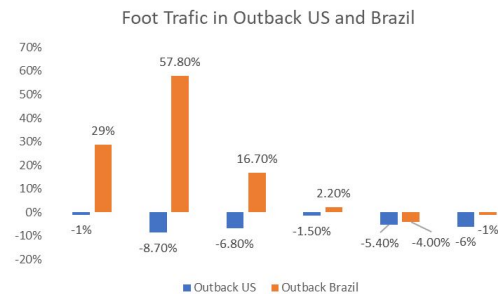
- David Deno, CEO, Q2 2023 Earnings Call

“We’ll be spending more on marketing and advertising in Q4 as well as 2024... increased marketing presence can help build traffic.”

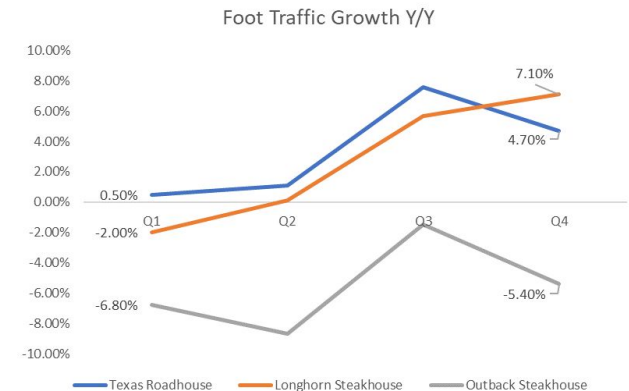
—David Deno, CEO

Consumer Trends

Customers have been slow to change, foot traffic remains an issue for Outback Steakhouse in the United States.



Brazil leads but still under performs peers



Management Commentary on Pricing

“We do not want to offer discounts to drive traffic [referring to competitors]”

*—David Deno, CEO Q3
2023 Earnings Call*

“Great service, great food at a great price point.”

*—David Deno, CEO Q3
2023 Earnings Call*

“We’re focused on maximizing the price value equation... through exceptional food, service and ambience at a price point that our guests are comfortable with.”

—Christopher Meyer, CFO Q3 2023 Earnings Call

“It’s a steak-centric model, higher price points. It doesn’t lend itself necessarily to pursuing a customer cohort that’s heavily motivated by couponing.”

*—Christopher Meyer, CFO Q3 2023
Earnings Call*

“Benefits from our pricing and productivity initiatives continue to offset inflation.”

*—Christopher Meyer, CFO Q3 2023
Earnings Call*

Examples of Outback Offering Good Value

BLOOMIN' GREAT DEALS EVERY SINGLE WEEK!



TUESDAY TAILS
STARTING AT JUST
\$24.99

NEW! Every Tuesday, you can enjoy a mouthwatering steamed lobster tail with our juicy signature center-cut sirloin, plus steakhouse potato and choice of a side, starting at just \$24.99. *

[FIND LOCATION](#)

WALKABOUT WEDNESDAY
STARTING AT **\$13.99**

Choose a 8 oz Center-Cut Sirloin or Grilled Chicken on the Barbe, plus Aussie Fries and a 16 oz domestic draft beer or an ice-cold COCA-COLA® product, starting at just \$13.99 on Wednesdays. **



[FIND LOCATION](#)

NEW! STEAKMAS SEASON STARTING AT \$16.99

Deck your plate with bold, new flavors, mate! We've got delicious gifts for the whole family starting at just \$16.99 for a limited time.*



TWO DELICIOUS DEALS EVERY WEEK

Your weekdays just got bolder, mate! Join us every week for Tuesday Tails and Walkabout Wednesday.* Click for all the juicy details!



AARP MEMBERS SAVE 10%

Show your valid AARP membership card and receive 10% off your entire check. Restrictions apply - click for details.



\$7 SIGNATURE COCKTAILS

Premium spirits and quality ingredients are hand-crafted to create these fun, flavorful cocktails for just \$7 all day, every day.*



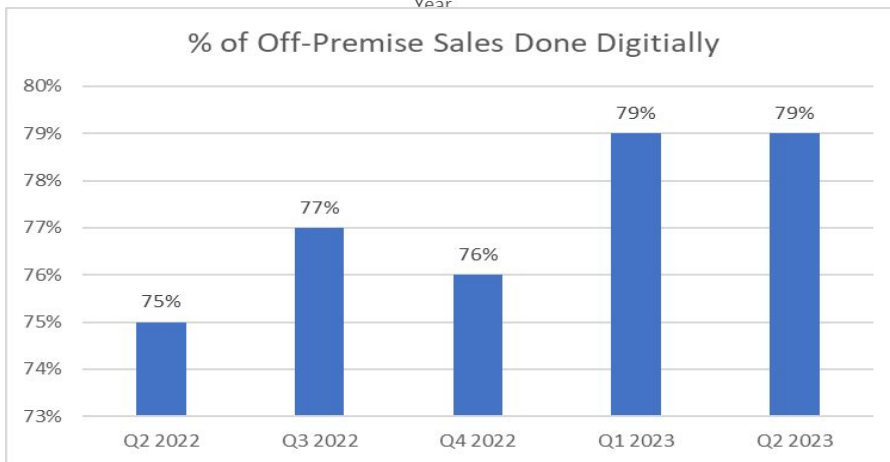
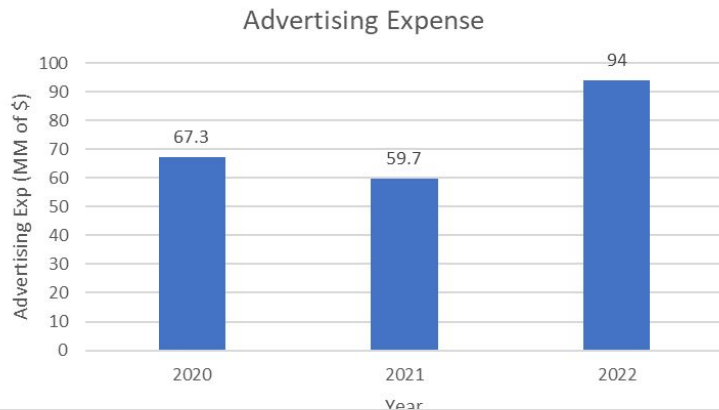
BLOOMIN' BUNDLES STARTING AT \$12.50 PER PERSON

A family-style feast to feed you and your best mates. Click to see the delicious choices.*



Carrabba

- Carrabbas (199) is the second largest Italian food restaurant behind Olive Garden (906).
- Catering and delivery service have become a larger part of the total sales
- Advertising spend is up starting in Q4 and will carry into NTM

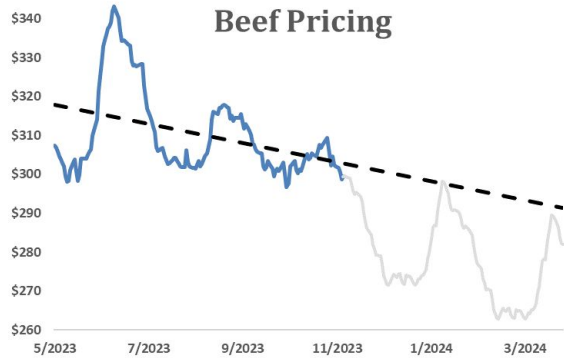


Delivery and Catering Business

- Outback offers both catering and delivery option from its store locations (Off-premise)
- Carrabba's has seen substantial growth in its
- Aussie Grill is fast food off-premise business, which makes up around 23-24% of total US sales in the last three quarters
- restaurant which serves similar food to Outback.
- Tender Shack is a delivery and catering business only that is run through Carrabba's kitchens.

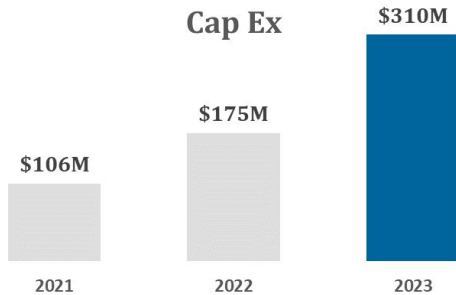
Margin Threat

Increased spending and inflation are placing pressure on operating margins.



Beef prices, a major cost, have been trending downwards.

Cap Ex

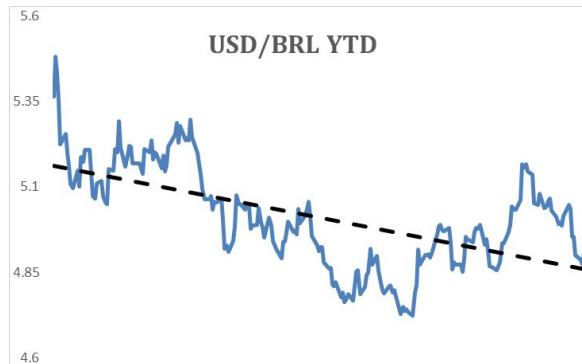


Forex Exposure

Exposure to the Real from rapid growth in Brazilian markets creates potential translation volatility.

\$18M

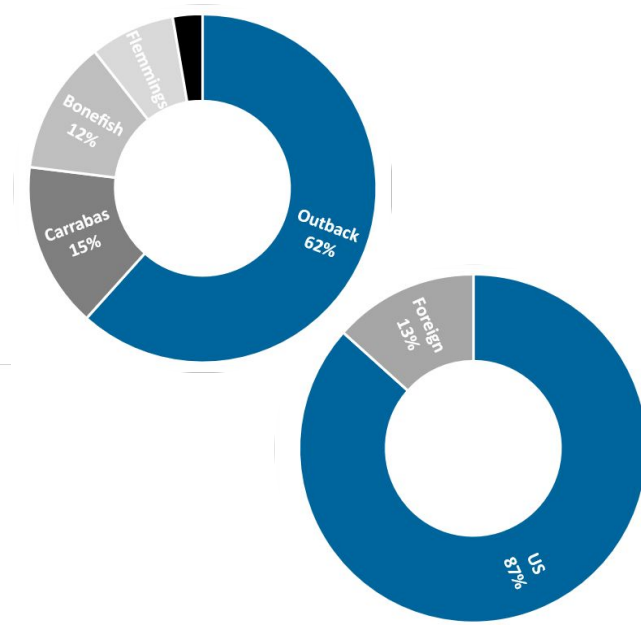
Favorable Translation Benefit since January 2022



Brazil's growing economy and strengthening Real are leading to continued translation benefits.

Consumer Spending

Shifts in discretionary income and consumer habits can lead to decreased store traffic and check averages.



“We do not intend to take significant additional pricing.”
—Christopher Meyer, CFO

- We view the risk/reward skew in Bloomin' Brands as extremely favorable given extremely cheap starting valuation, and healthy balance sheet.
- We believe management's actions demonstrate that they are strongly aligned with shareholders.
- We believe that Bloomin has multiple growth opportunities ahead both domestically and internationally.

		2025 EBITDA				
		543.81	551.84	559.87	580.43	600.99
EV/EBITDA	4.5x	-6%	-4%	-3%	1%	4%
	8x	68%	70%	73%	79%	86%
	11.5x	141%	145%	148%	158%	167%
	15x	215%	219%	224%	236%	248%
	18.5x	288%	294%	300%	314%	329%

APPENDIX

CFO: Christopher Meyer



Mr. Meyer has served as CFO since 2019 where he has lead the share buyback program which has bought around \$1 billion in shares back.

CEO: David Deno



Mr. Deno was named CEO in 2019 and has a strong background in business analytics and global strategy.

CCO: Pierre Berrenstein



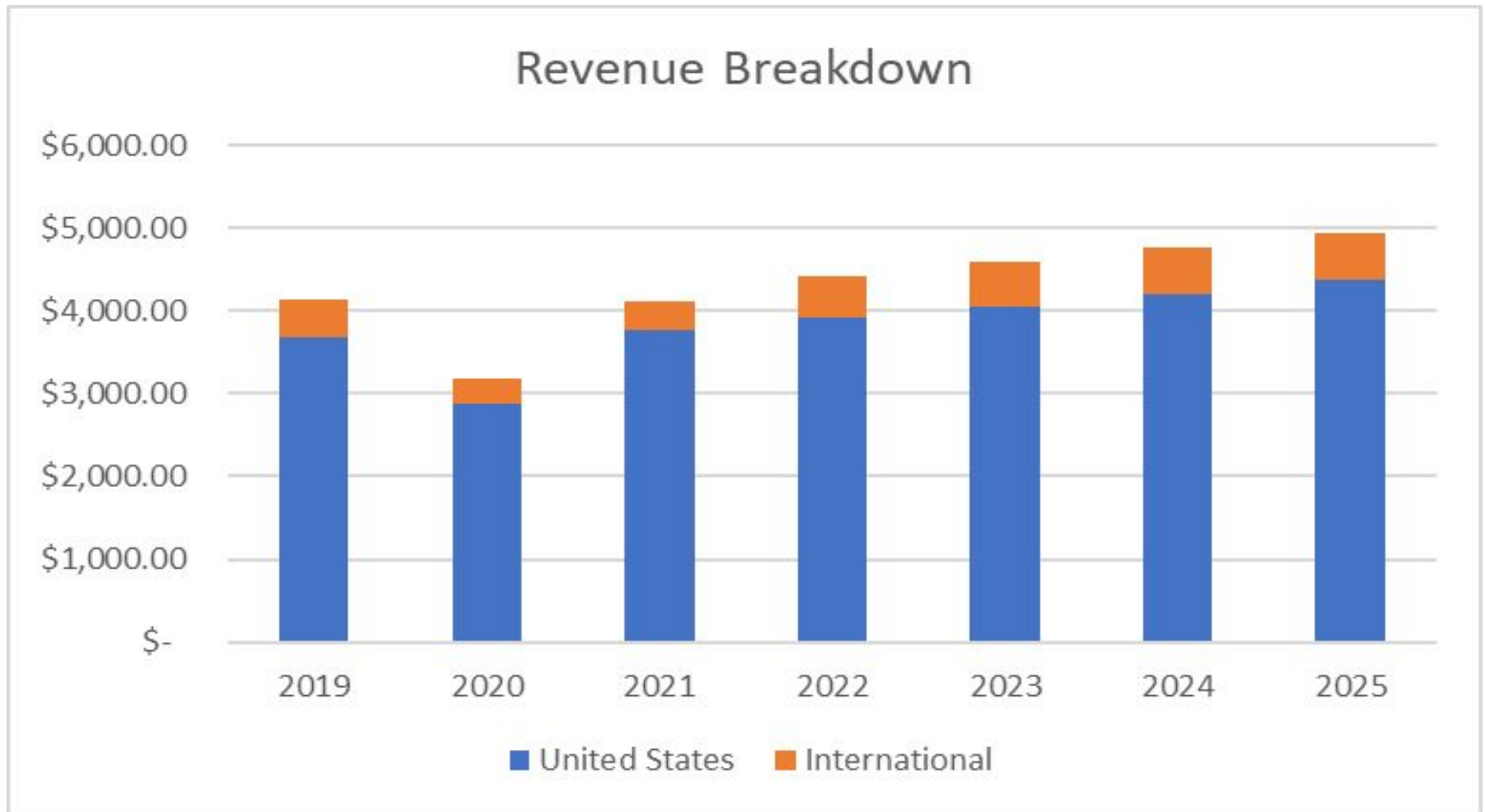
Mr. Berrenstein, named the new CCO in October 2023, is the former President of BB Brazil where he focused on marketing and advertising in the rapidly growing market.

COO: Greg Scarlett



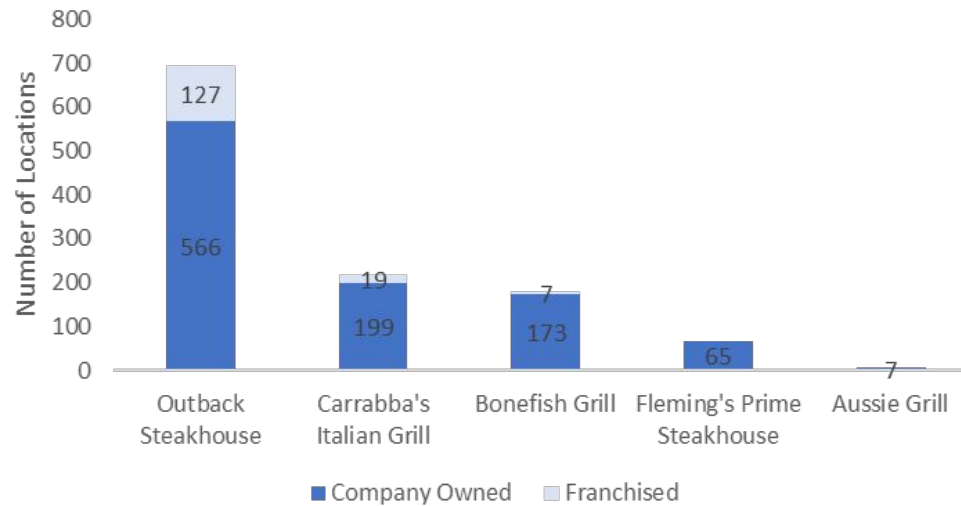
Greg Scarlett, the current COO, will be stepping down in March 2024.

International vs. US Revenue Trends

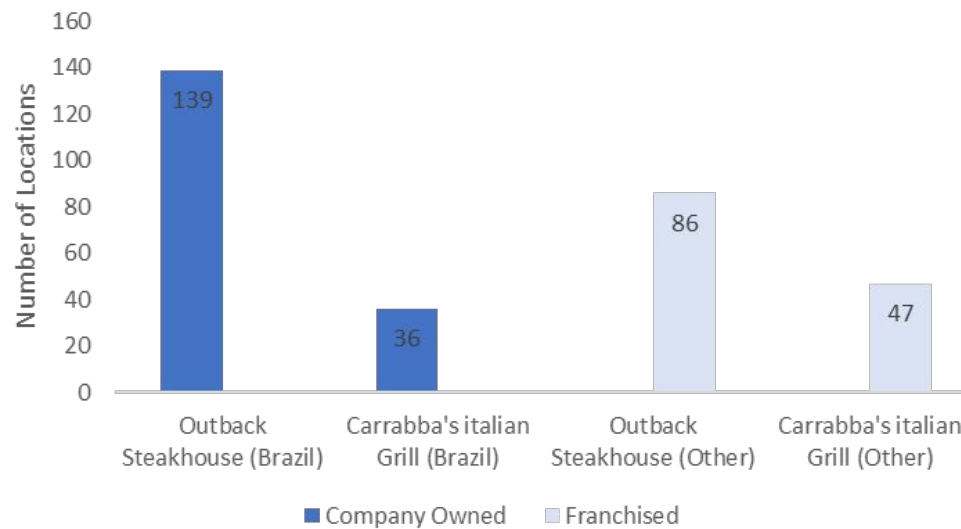


Location Share by Segment

US



International



Growth in Outback, at Home and Abroad

The company has also been aggressively closing stores and opening new stores, at home and abroad

Although the loss in sales from closing US restaurants still offsets gains in sales in opening new restaurants, losses have started to decrease (US Outback)

International sales have exploded from 2021 to 2022, with major increases in sales from new restaurants with minimal losses from closing restaurants (Outback Brazil major driver)

2021-2022 Gain/Loss in Sales of Restaurants US Segment



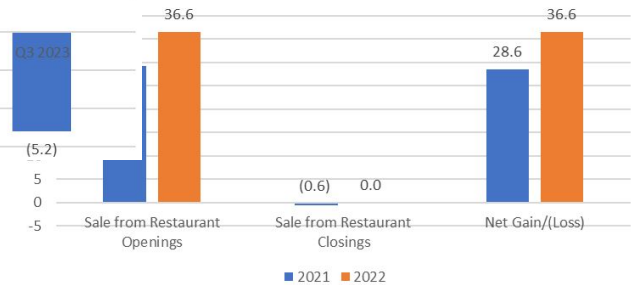
US Outback Net Gain/(Loss) on Restaurant Opening/Closing



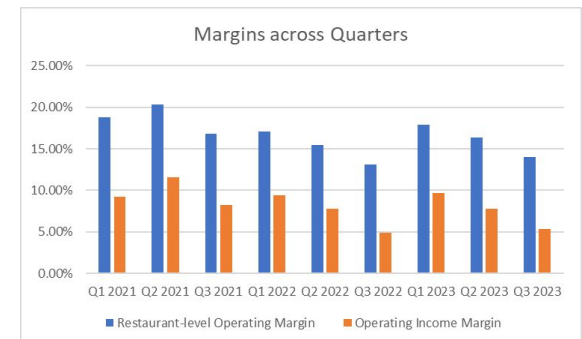
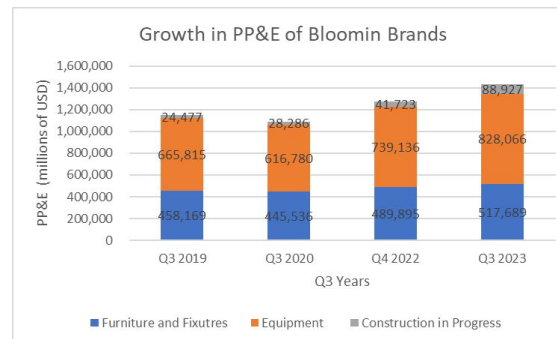
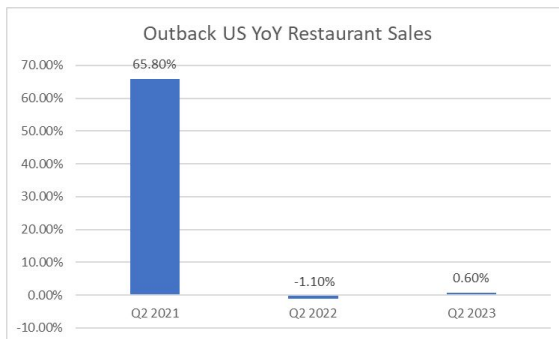
Outback Brazil Net Gain/(Loss) on Restaurant Opening/Closing



21-2022 Gain/Loss in Sales of Restaurant International

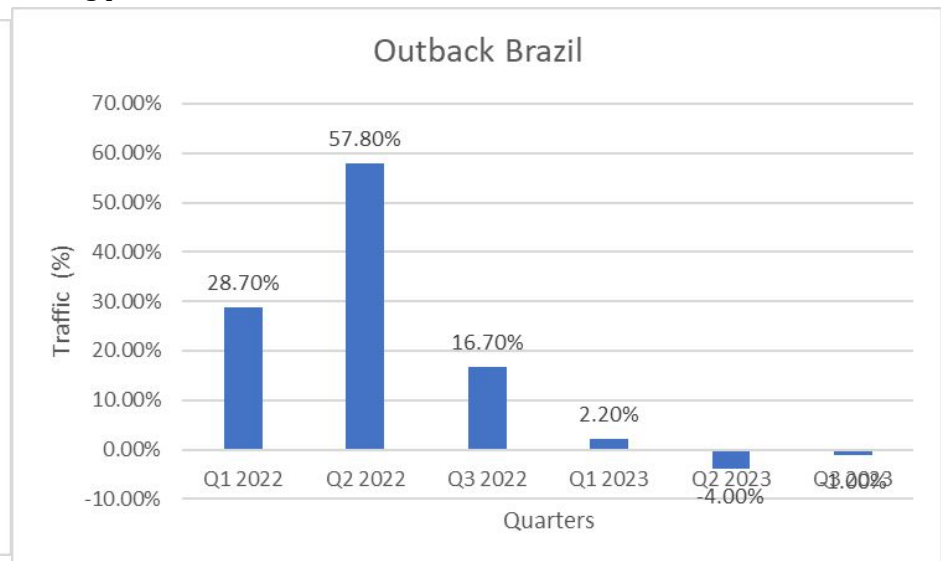
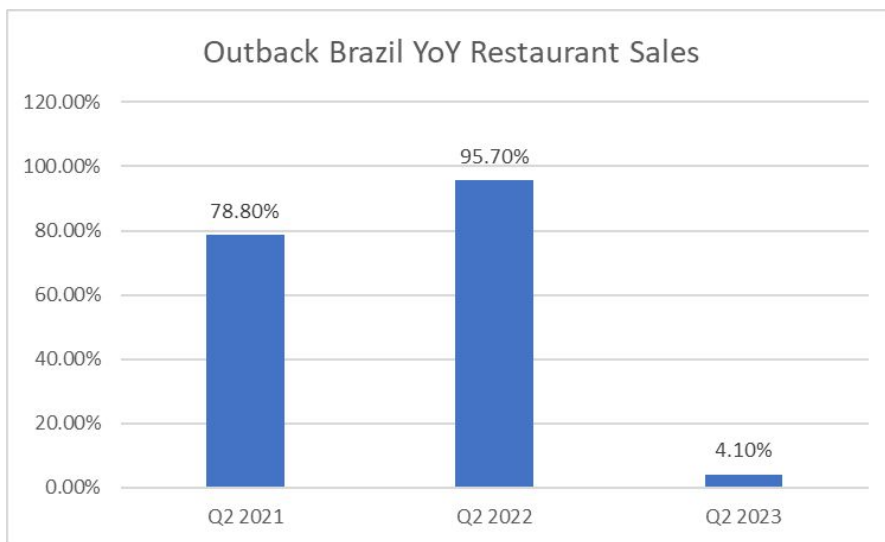
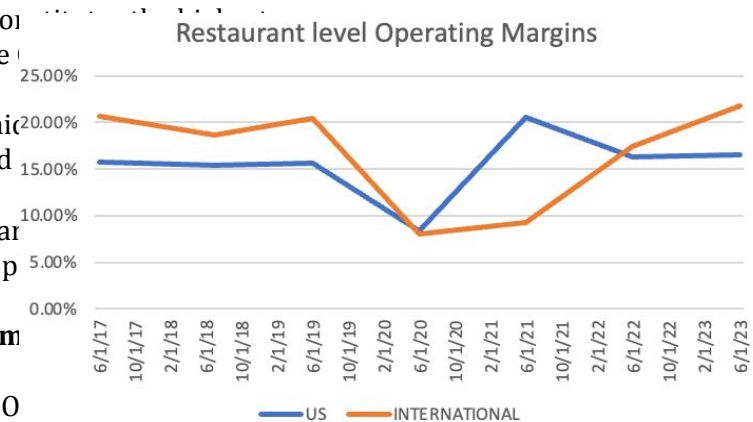


- US Outback also experiencing similar pressures as well, as seen by falling YoY same-store growth, as well as reduced average check per person
- Management response, with pressure from Starboard to improve operations, decided to revamp Outback's operations to improve its operations relative to its competitors
- Been growing in reinvesting more in the business in the form of increased capital expenditures
- **Equipment** spending has gone up 12.0% relative to Q4 2022 and has grown 124.4% relative to Q3 2019, exceeding pre-covid spending
- The growth in company **Furnitures and Fixtures** has increase 5.7% relative to Q4 2022 and 113.0% relative to Q3 2019, exceeding pre-covid levels
- Much of the growth come from **“the rollout of our server handheld technology and the advanced Grills and Ovens”** (3Q 2023 earnings call)
- Growth in Construction in Progress comes from opening new stores as well as remodeling costs
- These improvements have helped to slightly increase restaurant-operating profit margins across quarters



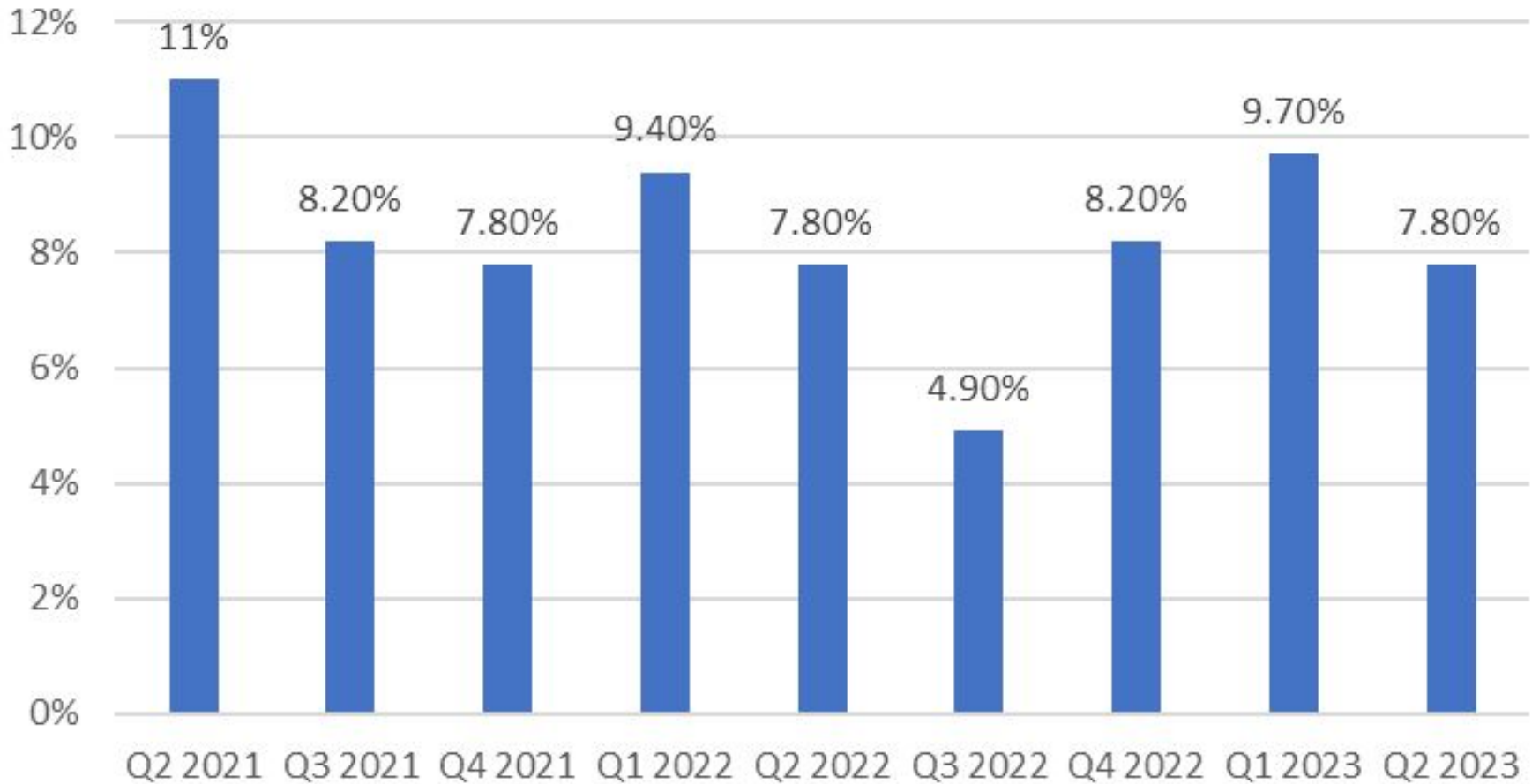
2021 data not available and Q3 2022 not available

- Brazil has been a tremendous market for growth for Outback Steakhouse and contributed a significant percentage of international growth for Bloomin' Brands, followed behind by the market in South Korea
- Outback, as noted in a Washington Post article, has been able to capitalize on middle class' desire for fast food as they move away from the traditional diet of rice and beans. **Food consumption has gone up 70% over the last 20 years**
- Outback, as noted in the same Washington Post article and reiterated in Starboard Investor Presentation, has great appeal among Brazilians cultural in that it represents a popular dining option for all kinds of celebratory occasions
- Starboard's presentation of the company's filings showed plans to grow the number of restaurants to **300 from the current store count of 148 as of 2Q 2023**
- Over the past two years, a huge net gain in sales from new restaurants point to strong growth in the market
- However, in 2023, the company's traffic has fallen significantly, along with same-store sales growth, due to inflationary pressures that have weakened consumer purchasing power



Adjusted Operating Margins

*Q1 2023 and Q1 2022 not adjusted



EPS Normalized

