



SMART YIELD
Income fund

Finding Efficient Frontiers

Broxton Capital Advisors manages wealth for Managers, Institutional Investors, and Households. Smart Yield is an income and growth fund with a target return of 8% and an objective of lower volatility



INVEST/STAY CONNECTED

INITIAL REPORT October 27, 2021

UPDATED November 20, 2021

Bloomin' Brands, Inc. (BLMN) Common Shares: \$ 18.81

Target: \$32

[Bloomin' Brands](#) is an owner operator of the restaurant brands: Outback Steakhouse, Carrabba's Italian Grill, Bonefish Grill and Fleming's Prime Steakhouse & Wine Bar. System wide BLMN has a total of 1,484 restaurants including 321 franchised locations. Outback Steakhouse and Outback Steakhouse Brazil account for 61% of sales, Carrabba's 15%, Bonefish Grill 15% and Fleming's accounts for about 6%. Bloomin is having a stronger than average recovery in 2021 due to strategies initiated in 2019 to support off-premise, digital ordering, and loyalty programs. This gave the company an additional boost coming out of the Pandemic.

During first half 2021, Bloomin' generated over \$275 million in off-premises sales representing approximately 28% of total revenue and digital sales rose to 20% of U.S. sales, a 318% increase over 2019 levels. Q2 conference call: David Deno – CEO: "In second quarter of 2021 U.S. same-store sales were up 12.1% on a two-year basis versus 2019. This was 890 basis points ahead of the industry". Margins were positively affected by Increases in average check, innovative strategies, and higher volumes. This led to a rise of over 150% in operating income and net income compared to 2019 (Op Income: \$118 mm vs \$43 mm in 2019 and net income: \$85mm vs. \$29mm in 2019).

The successful strategies and company size are similar to other U.S. restaurant chains that trade at higher market multiples. Bloomin shares have been reduced by the sell-off in the reopening trade falling from a high of \$32 in April to \$18.81 today, despite the good second quarter results. Due to the second quarter pandemic rise in Brazil, Outback Steakhouse Brazil was a group underperformer with sales falling 36% from 2019. We forecast a return to normal for Brazil throughout the second half of this year and the continuation of the strong results of Bloomin into 2022 with a possibility of unit growth. Our price target of \$32.00 is based on 11 X our 2022 earnings projection of \$2.87 and an Enterprise multiple of 7 X 2022 projected EBITDA.

The chart below: August 2019 through October 2021

BLMN Company Description: Four friends opened the first Outback Steakhouse in Tampa, Florida. Since then, [Bloomin'] has expanded to include Carrabba's Italian Grill, Bonefish Grill, Fleming's Steakhouse, and Aussie Grill by Outback. Bloomin' Brands, Inc. one of the world's largest casual dining companies with 77,000 Team Members and more than 1,450 restaurants worldwide.



First 9 months 2021 Revenue per Brand	MM
Outback Steakhouse	\$1,649
Carrabba's Italian Grill	\$488
Bonefish Grill	\$410
Fleming's Prime Steakhouse	\$234
Outback Steakhouse Brazil	\$178
Franchise & Other	\$71
Total	\$3,031

BROXTON CAPITAL ADVISORS

Saturday, November 20, 2021

share price (BLMN)

BLOOMIN BRANDS AS OF 9/30/2021

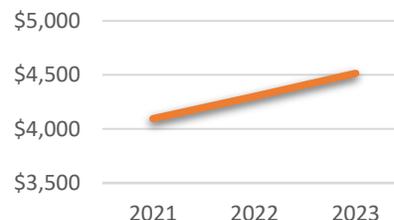
\$18.81

PROJECTED	2021	2022	2023
Income Statement			
Revenue	\$4,095	\$4,300	\$4,515
Gross Profit	\$2,907	\$3,031	\$3,115
Operating Income	\$369	\$424	\$435
Pre-Tax Income	\$309	\$369	\$385
Net Income	\$266	\$315	\$329
EPS	\$2.42	\$2.87	\$2.99
Non Gaap EPS	\$2.42	\$2.87	\$2.99
EBITDA	\$553	\$613	\$629
Interest	\$60	\$55	\$50
Capitalized Expense	\$150	\$190	\$200
Cash Flow after Capitalized Expense	\$306	\$320	\$329
Equity Dividends	\$0	\$0	\$0
Cash Flow Equity Dividend Coverage	NA	NA	NA
Retained Cash Flow	\$306	\$320	\$329
Retained Cash Flow Compounded	\$306	\$626	\$954
Revenue Growth	29%	5%	5%
Valuations			
Cash Flow Yield Vs. Equity Mkt Cap	14.8%	15.5%	15.9%
EV/EBITDA	5.28	4.76	4.64
P.E Ratio	7.77	6.56	6.29
Enterprise Value	\$2,919		
Total Debt	\$854		
Equity Market Cap	\$2,065	\$2,065	\$2,065
Debt Ratios			
EBITDA/Interest Coverage ratio	9.22	11.14	12.57
Debt/EBITDA	1.54		
Liquidity			
Cash	\$76		
Borrowing Availability est.	\$645	+	
Current Assets	\$241		
Current Liabilities	\$897		
Quick Ratio	0.27		
Debt MM			
Borrowings	\$854		
Total	\$854		

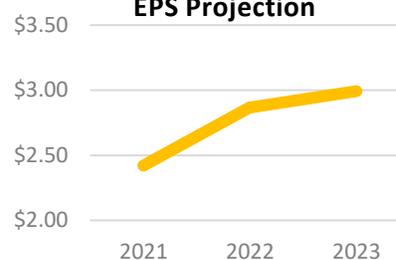
NOTES:

Working capital (deficit) includes: (i) Unearned revenue primarily from unredeemed gift cards of \$284 mm and (ii) current operating lease liabilities of \$176mm as of Sep 30, 2021. Broxton EBITDA = adds stock awards+ other adjustments (IE: 3rd Q Carrabas' royalty purchase)

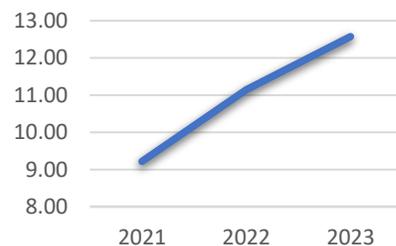
Revenue Projection



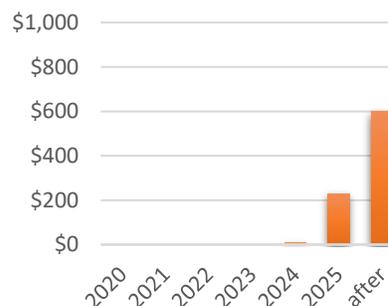
EPS Projection



EBITDA / Int. Coverage



Debt Amortization Schedule



Disclosures

Smart Yield Fund targets a mix of different security classes that contain the risk of loss. Investors should carefully consider the Fund's investment objectives and risk factors before investing. Investing involves risk, including possible loss of principal. Investors should consider the loss of principle and targeted returns are not guaranteed. Individual investors in Smart Yield are generally required to be accredited investors. Smart Yield is a fund operated through individual accounts creating the composite. Smart Yield Fund is a new product with an inception date of September 30, 2020, and as such does not have historical data. Asset Mix Projections on page 2 and 6, Smart Yield Portfolio Metrics on page 5 are estimated or targets of the fund. Asset class mix and targets may change based on the direction of the managers. Portfolio allocation projected annual return and beta assumption for each asset class on pages 7-10 are estimated. Beta for the fund and each asset class is estimated versus the S&P 500. The average beta for the entire fund is projected to be .32. Beta is a measure of the fund's volatility in relation to S&P 500 Index. This index has a beta of 1.0. The fund targets a total gross return before fees and expenses of 9.24%. The fund projects a blended return based on income securities and capital gains. Smart Yield attempts to continuously improve the value of investment portfolios by investing in corporate bonds, convertible bonds, other types of bonds (investment grade and sub-investment grade, [which may also have limited liquidity]), dividend paying equities, non-dividend paying equities, ETFs, including leveraged ETFs, and other securities. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. All securities types mentioned in this disclosure have the risk of loss. Long term strategies purchase securities which are underpriced according to our appraisal methodologies. Broxton uses regression analysis to obtain an average appraisal value for an individual company and places a priority on the securities of companies with improving financial performance and or additional catalysts that provide for increases in earnings and valuation. We use financial modeling, technical analysis, proprietary and third-party research. Smart Yield does not have any capitalization (market size), sector or industry allocation mandates. Asset class allocation percentages may be changed without notice. Broxton deploys technical analysis and momentum as indicators of movement for shorter term strategies, that may not involve deep fundamental analysis. Shorting (selling and then buying) of securities can be used for hedging and as a long term or short-term strategy. We exit positions in accordance with our discipline, this includes when valuation targets are clearly exceeded, or financial performance falls below our projections. Since Smart Yield returns will be calculated using a composite of accounts, the average account will not match the composite return and the return could be higher or lower. Broxton offers Smart Yield for other investment managers. Any commentary is solely the opinion of the Broxton Capital Advisors. It refers to securities we hold in our portfolio and sometimes ones we are considering but does not represent a complete list of positions held at Broxton Capital Advisors. A complete list covering the last twelve months will be furnished upon request. Price targets are mentioned for information purposes only. Nothing contained herein constitutes a recommendation to purchase or sell securities at any designated price or time. Targeted performance does not guarantee future results. 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Also, from time-to-time we may also discuss and display, charts, graphs, formulas which are not intended to be used by themselves to determine which securities to buy or sell, or when to buy or sell them. Such charts and graphs offer limited information and should not be used on their own to make investment decisions.



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