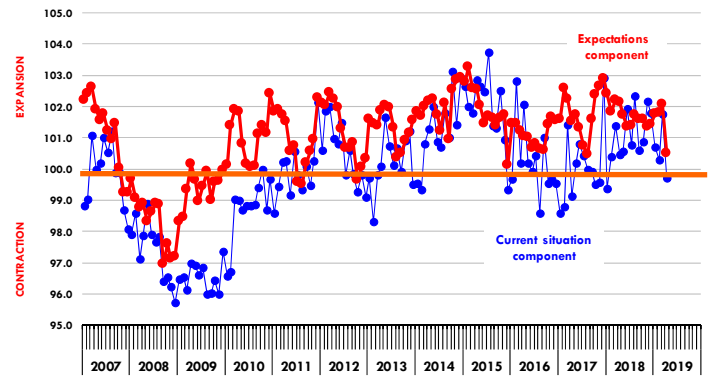


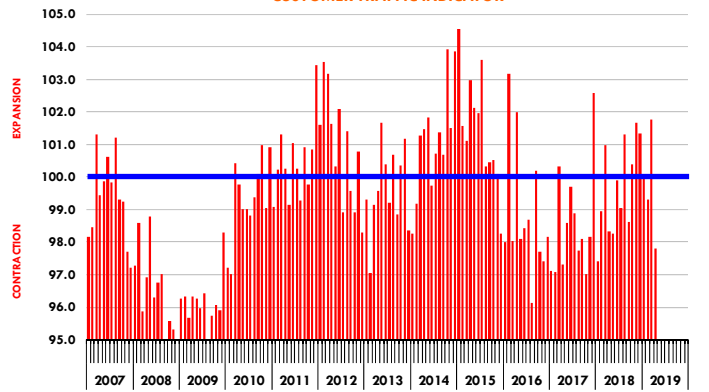
There have been a number of indications that foodservice business slowed down considerably in April and the latest report from the National Restaurant Association offered confirmation to that. The monthly RPI index, a measure of industry expansion/contraction, stood at 100.1, down 1.8 points from the previous month. The last time the index was at this level was in January 2017. The index is constructed based on a survey of restaurant operators and it seeks to assess current conditions and expectations. Values about 100 indicate that respondents expect growth/improvement while values under 100 point to contraction/decline. The overall index gives equal weight to the assessment of current conditions and future expectations. The current condition index is based on four key evaluations: same store sales, customer traffic, labor costs and capital expenditures. The current condition index dropped under 100 (it was 99.7), dragged lower by the customer traffic index pegged at 97.8 and labor costs at 99.8. The customer traffic indicator is quite erratic but the sharp decline in April follows a number of months where traffic had shown significant improvement. This has been a major issue with restaurant operators for some time, not so much because people are eating out less but, we think, because the big increase in the number of opened restaurants has resulted in significant cannibalization. After all there are only so many meals that consumers can eat and more operating restaurants mean fewer trips to the same store. Weather probably was a factor in April as well, with cool and wet weather impacting heavily populated areas. Labor remains a challenge for restaurants as well, both due to the increase in the minimum wage in many states as well as the shortage of employable people. The sub-index measuring same store sales averaged 102.6 in the first three months of the year but declined to just 100.5 in April, suggesting very limited growth for the industry as a whole.

The expectations index was 100.5 in April, down from 102.1 in March and at the lowest point since August 2017. There are four factors that affect the expectations number, same store sales, staffing, capital expenditures and business conditions. The operator assessment of business conditions has been deteriorating for some time and it was pegged at 99.2 (under 100 means they are worsening). In February and March the business conditions index was also under 100. Restaurant operators had been particularly bullish about future same store sales but their outlook was less optimistic in April. The future same store sales index was pegged at 102.5, still suggesting growth but down from 104.4 in the previous month. The number of operators that expect lower same store sales six months from now has been steadily increasing. In early 2018, only about 5% of operators expected their same store sales to be lower six months in the future. By early this year the percentage of operators feeling that way had increased to 20% and in April it was at 22%, higher than the percentage of operators expecting same store sales to be higher in the future. The NRA index is meant to offer a broad assessment of trends in the industry. Recent trends suggest that foodservice demand may be slowing down, a worrying trend for meat protein in general but especially beef,

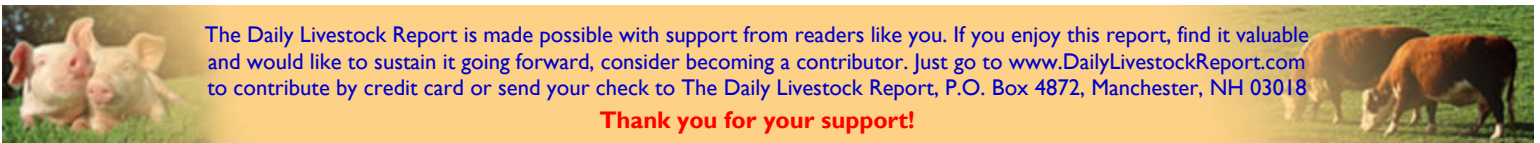
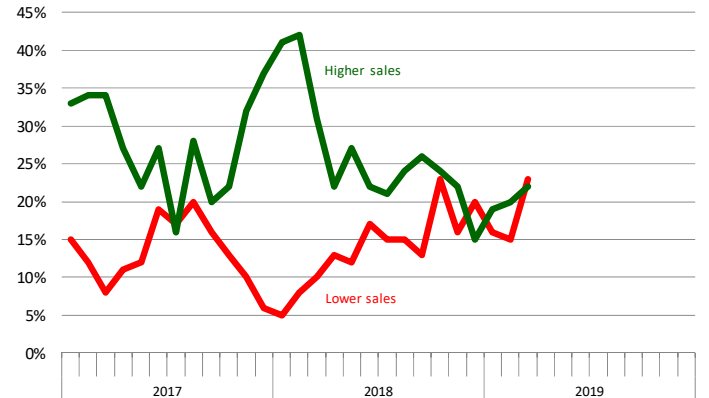
RESTAURANT PERFORMANCE INDEX
National Tracking Index. Values over 100 Indicate Expansion



RESTAURANT PERFORMANCE INDEX
CUSTOMER TRAFFIC INDICATOR



Restaurant Operators' Outlook for Sales Volume in Six Months vs. Same Period in Previous Year



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