



Subway® Focuses on New U.S. Franchise Development Strategy as Part of Multi-Year Transformation Journey

Strategy targets sophisticated, multi-unit franchise owners as the brand works to optimize its footprint and improve guest experience

MILFORD, Conn. (May 26, 2022) – Subway, one of the world's largest restaurant brands, has implemented a new franchise development strategy in the U.S. as part of its multi-year transformation journey to improve across all aspects of the brand.

The updated strategy focuses on transitioning Subway from a development-focused organization to experience-focused and is an integrated approach with marketing and operations to deliver better food and a better guest experience. Priorities include optimizing the brand's footprint to prepare the company for future growth, investing in modernizing restaurants and broadening Subway's franchisee profile.

"Subway was built with an expansion mindset that helped us become one of the world's largest quick service restaurant brands," said Steve Rafferty, Senior Vice President of Development for Subway. "Today, we are strategically focused on the quality of our restaurants versus quantity and looking to franchise restaurants to sophisticated, multi-unit owners that can help ensure we deliver a consistent, high-quality guest experience."

Subway's transformation journey kicked off in 2021 with the launch of Eat Fresh® Refresh, the largest menu update in the brand's history. As a result, the company experienced its highest annual system average unit volume (AUV) since 2014, significant growth across digital channels and a renewed passion for the brand amongst guests and franchisees. The momentum continues in 2022, with 75% of the Subway system, representing more than 15,000 locations, experiencing an average increase of 8.2% in same store sales in Q1 of 2022, compared to 2019.

Preparing for Future Growth

To modernize its restaurant footprint, Subway is partnering with franchisees and taking a data-driven look to align with market-specific needs and ensure restaurants are in the right format and locations, including drive-thrus and non-traditional locations, to deliver the convenience, accessibility and value guests crave.

Investing in Remodels

In addition, the brand continues to focus on updating restaurant locations. To date, in the U.S., nearly 9,000 restaurants have committed to remodels with the brand's contemporary and inviting "Fresh Forward" design. As Subway moves towards the restaurant of the future, improvements will be made to the format and layout of locations, with more opportunity to meet guest's evolving needs, such as accommodating delivery and digital requests with dedicated prep and pick up areas.

Broadening Subway's Franchisee Profile

New in 2022, the brand is actively inviting well-resourced, multi-unit franchisees to join the company in building a better Subway and to discuss the potential acquisition of restaurant portfolios with existing operators who wish to retire or sell.

"Historically, Subway has been a system of primarily single-restaurant operators," said Rafferty. "These operators – often first-time business owners and budding entrepreneurs – have always been integral to our growth strategy, and they will continue to be a critical part of our brand strength. At the same time, to ensure we remain competitive for years to come, we're scaling up with high-caliber multi-unit franchisees, who bring operating expertise, development capabilities and capital."

Some of the benefits Subway offers qualified, multi-unit investors looking to expand their portfolio, include:

- Low initial startup costs relative to other companies in the QSR industry
- Simple operations and labor-light business model
- New, modern restaurant design with the company's *Fresh Forward* image
- Flexible footprint and ability to operate a Subway almost anywhere, providing significant opportunity for growth with non-traditional concepts, including Grab&Go and unattended retail solutions
- Commitment to constantly innovating with a focus on better food and a better guest experience
- Strong brand awareness and exciting marketing campaigns

International Growth

Internationally, Subway is gaining strong traction as it attracts well-established, large-scale and well-capitalized operators with specific regional expertise. In the past 10 months, the company has signed eight master franchise and development agreements with nearly 5,000 future restaurant commitments across Asia Pacific, Europe, Middle East and Africa, and Latin America and the Caribbean regions, with more to come.

Qualified candidates interested in learning more about development opportunities with Subway can visit Subway's booth #526 at the 2022 International Franchise Expo hosted in New York City from June 2-4 or contact Subway's Senior Director of Business Development, Nelson Faerber, at faerber_n@subway.com.

About Subway® Restaurants

As one of the world's largest quick service restaurant brands, Subway serves freshly made-to-order sandwiches, wraps salads and bowls to millions of guests, across more than 100 countries in more than 37,000 restaurants every day. Franchising since 1974, the brand has grown its network of franchisees to more than 20,000 dedicated entrepreneurs and small business owners committed to delivering the best guest experience possible in their local communities.

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