

Edgar Filing: Texas Roadhouse, Inc. - Form 10-Q

incorporation or organization) Identification Number)

6040 Dutchmans Lane, Suite 200

Louisville, Kentucky 40205

(Address of principal executive offices) (Zip Code)

(502) 426-9984

(Registrant's telephone number, including area code)

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No .

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No .

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The number of shares of common stock outstanding were 71,550,183 on October 24, 2018.

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PART I — FINANCIAL INFORMATION

ITEM 1 — FINANCIAL STATEMENTS

Texas Roadhouse, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(in thousands, except share and per share data)

(unaudited)

	September 25, 2018	December 26, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 151,190	\$ 150,918
Receivables, net of allowance for doubtful accounts of \$27 at September 25, 2018 and \$43 at December 26, 2017	34,804	76,496
Inventories, net	16,336	16,306
Prepaid income taxes	779	—
Prepaid expenses	13,046	13,361
Total current assets	216,155	257,081
Property and equipment, net of accumulated depreciation of \$583,750 at September 25, 2018 and \$527,710 at December 26, 2017	940,955	912,147
Goodwill	121,040	121,040
Intangible assets, net of accumulated amortization of \$13,231 at September 25, 2018 and \$12,675 at December 26, 2017	2,144	2,700
Other assets	44,532	37,655
Total assets	\$ 1,324,826	\$ 1,330,623
Liabilities and Stockholders' Equity		
Current liabilities:		
Current maturities of long-term debt and obligation under capital lease	\$ 10	\$ 9
Accounts payable	55,021	57,579
Deferred revenue-gift cards	87,947	156,627
Accrued wages	32,945	29,678
Income taxes payable	3,508	2,494
Accrued taxes and licenses	24,835	21,997
Dividends payable	17,884	14,945
Other accrued liabilities	50,327	46,669
Total current liabilities	272,477	329,998
Long-term debt and obligation under capital lease, excluding current maturities	1,973	51,981

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Stock option and other deposits	7,300	7,699
Deferred rent	46,285	42,141
Deferred tax liabilities, net	7,102	5,301
Other liabilities	48,391	42,112
Total liabilities	383,528	479,232
Texas Roadhouse, Inc. and subsidiaries stockholders' equity:		
Preferred stock (\$0.001 par value, 1,000,000 shares authorized; no shares issued or outstanding)	—	—
Common stock (\$0.001 par value, 100,000,000 shares authorized, 71,545,237 and 71,168,897 shares issued and outstanding at September 25, 2018 and December 26, 2017, respectively)	72	71
Additional paid-in-capital	250,480	236,548
Retained earnings	675,909	602,499
Accumulated other comprehensive loss	(206)	(39)
Total Texas Roadhouse, Inc. and subsidiaries stockholders' equity	926,255	839,079
Noncontrolling interests	15,043	12,312
Total equity	941,298	851,391
Total liabilities and equity	\$ 1,324,826	\$ 1,330,623

See accompanying notes to condensed consolidated financial statements.

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Texas Roadhouse, Inc. and Subsidiaries

Condensed Consolidated Statements of Income and Comprehensive Income

(in thousands, except per share data)

(unaudited)

	13 Weeks Ended		39 Weeks Ended	
	September 25, 2018	September 26, 2017	September 25, 2018	September 26, 2017
Revenue:				
Restaurant and other sales	\$ 589,704	\$ 536,341	\$ 1,836,179	\$ 1,661,821
Franchise royalties and fees	4,891	4,166	15,358	12,634
Total revenue	594,595	540,507	1,851,537	1,674,455
Costs and expenses:				
Restaurant operating costs (excluding depreciation and amortization shown separately below):				
Cost of sales	191,990	176,498	598,824	545,862
Labor	197,621	169,355	593,298	514,287
Rent	12,330	11,257	36,300	33,238
Other operating	91,946	83,679	279,182	254,176
Pre-opening	4,378	4,548	13,529	14,302
Depreciation and amortization	25,843	23,534	75,492	69,236
Impairment and closure	20	2	128	13
General and administrative	35,023	26,123	100,202	94,594
Total costs and expenses	559,151	494,996	1,696,955	1,525,708
Income from operations	35,444	45,511	154,582	148,747
Interest expense, net	168	500	810	1,211
Equity income from investments in unconsolidated affiliates	(381)	(359)	(1,150)	(1,149)
Income before taxes	35,657	45,370	\$ 154,922	\$ 148,685
Provision for income taxes	5,398	13,046	22,321	41,159
Net income including noncontrolling interests	30,259	32,324	\$ 132,601	\$ 107,526
Less: Net income attributable to noncontrolling interests	1,134	1,310	4,708	4,618
Net income attributable to Texas Roadhouse, Inc. and subsidiaries	\$ 29,125	\$ 31,014	\$ 127,893	\$ 102,908
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustment, net of tax of \$54, (\$55), \$46 and (\$82), respectively	(159)	88	(167)	131
Total other comprehensive (loss) income, net of tax	(159)	88	(167)	131
Total comprehensive income	\$ 28,966	\$ 31,102	\$ 127,726	\$ 103,039
Net income per common share attributable to Texas Roadhouse, Inc. and subsidiaries:				

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Basic	\$ 0.41	\$ 0.44	\$ 1.79	\$ 1.45
Diluted	\$ 0.40	\$ 0.43	\$ 1.78	\$ 1.44
Weighted average shares outstanding:				
Basic	71,508	71,067	71,429	70,939
Diluted	72,006	71,532	71,906	71,449
Cash dividends declared per share	\$ 0.25	\$ 0.21	\$ 0.75	\$ 0.63

See accompanying notes to condensed consolidated financial statements.

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Texas Roadhouse, Inc. and Subsidiaries

Condensed Consolidated Statement of Stockholders' Equity

(in thousands, except share and per share data)

(unaudited)

	Shares	Par Value	Additional Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Texas Roadhouse, Inc. and Subsidiaries	Noncontrolling Interests	Total
Balance, December 26, 2017	71,168,897	\$ 71	\$ 236,548	\$ 602,499	\$ (39)	\$ 839,079	\$ 12,312	\$ 851,391
Net income	—	—	—	127,893	—	127,893	4,708	132,601
Other comprehensive loss, net	—	—	—	—	(167)	(167)	—	(167)
Noncontrolling interests contribution	—	—	—	—	—	—	2,551	2,551
Contribution from executive officer	—	—	1,000	—	—	1,000	—	1,000
Distributions to noncontrolling interest holders	—	—	—	—	—	—	(4,481)	(4,481)
Acquisition of noncontrolling interest	—	—	(75)	—	—	(75)	(47)	(122)
Dividends declared (\$0.75 per share)	—	—	—	(53,605)	—	(53,605)	—	(53,605)
Shares issued under share-based compensation plans including tax effects	580,861	1	(1)	—	—	—	—	—
Indirect repurchase of shares for minimum	(204,521)	—	(11,812)	—	—	(11,812)	—	(11,812)

tax withholdings
Cumulative
effect of change
in accounting
principle

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