

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post 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. (Check one):

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
(Do not check if a 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 .

The number of shares of common stock outstanding were 71,475,375 on July 25, 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)

	June 26, 2018	December 26, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 154,353	\$ 150,918
Receivables, net of allowance for doubtful accounts of \$60 at June 26, 2018 and \$43 at December 26, 2017	32,151	76,496
Inventories, net	17,025	16,306
Prepaid income taxes	779	—
Prepaid expenses	12,491	13,361
Total current assets	216,799	257,081
Property and equipment, net of accumulated depreciation of \$564,899 at June 26, 2018 and \$527,710 at December 26, 2017	928,765	912,147
Goodwill	121,040	121,040
Intangible assets, net of accumulated amortization of \$13,046 at June 26, 2018 and \$12,675 at December 26, 2017	2,329	2,700
Other assets	42,660	37,655
Total assets	\$ 1,311,593	\$ 1,330,623
Liabilities and Stockholders' Equity		
Current liabilities:		
Current maturities of long-term debt and obligation under capital lease	\$ 10	\$ 9
Accounts payable	58,372	57,579
Deferred revenue-gift cards	97,545	156,627
Accrued wages	32,744	29,678
Income taxes payable	2,293	2,494
Accrued taxes and licenses	21,232	21,997
Dividends payable	17,868	14,945
Other accrued liabilities	50,328	46,669
Total current liabilities	280,392	329,998
Long-term debt and obligation under capital lease, excluding current maturities	1,976	51,981

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Stock option and other deposits	7,694	7,699
Deferred rent	44,523	42,141
Deferred tax liabilities, net	8,619	5,301
Other liabilities	46,791	42,112
Total liabilities	389,995	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, 71,474,209 and 71,168,897 shares issued and outstanding at June 26, 2018 and December 26, 2017, respectively)	71	71
Additional paid-in-capital	243,357	236,548
Retained earnings	664,668	602,499
Accumulated other comprehensive loss	(47)	(39)
Total Texas Roadhouse, Inc. and subsidiaries stockholders' equity	908,049	839,079
Noncontrolling interests	13,549	12,312
Total equity	921,598	851,391
Total liabilities and equity	\$ 1,311,593	\$ 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		26 Weeks Ended	
	June 26, 2018	June 27, 2017	June 26, 2018	June 27, 2017
Revenue:				
Restaurant and other sales	\$ 624,073	\$ 562,160	\$ 1,246,475	\$ 1,125,480
Franchise royalties and fees	5,164	4,102	10,467	8,468
Total revenue	629,237	566,262	1,256,942	1,133,948
Costs and expenses:				
Restaurant operating costs (excluding depreciation and amortization shown separately below):				
Cost of sales	204,048	185,171	406,834	369,364
Labor	199,647	174,585	395,677	344,932
Rent	12,119	11,112	23,970	21,981
Other operating	94,858	84,837	187,236	170,497
Pre-opening	4,107	5,014	9,151	9,754
Depreciation and amortization	25,165	23,106	49,649	45,702
Impairment and closure	22	—	108	11
General and administrative	35,004	28,223	65,179	68,471
Total costs and expenses	574,970	512,048	1,137,804	1,030,712
Income from operations	54,267	54,214	119,138	103,236
Interest expense, net	283	379	642	711
Equity income from investments in unconsolidated affiliates	(445)	(470)	(769)	(790)
Income before taxes	54,429	54,305	\$ 119,265	\$ 103,315
Provision for income taxes	8,466	15,126	16,923	28,113
Net income including noncontrolling interests	45,963	39,179	\$ 102,342	\$ 75,202
Less: Net income attributable to noncontrolling interests	1,736	1,598	3,574	3,308
Net income attributable to Texas Roadhouse, Inc. and subsidiaries	\$ 44,227	\$ 37,581	\$ 98,768	\$ 71,894
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustment, net of tax of \$40, (\$14), (\$9) and (\$27), respectively	(118)	22	(8)	43
Total other comprehensive (loss) income, net of tax	(118)	22	(8)	43
Total comprehensive income	\$ 44,109	\$ 37,603	\$ 98,760	\$ 71,937
Net income per common share attributable to Texas Roadhouse, Inc. and subsidiaries:				

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Basic	\$ 0.62	\$ 0.53	\$ 1.38	\$ 1.01
Diluted	\$ 0.62	\$ 0.53	\$ 1.37	\$ 1.01
Weighted average shares outstanding:				
Basic	71,445	70,973	71,389	70,876
Diluted	71,897	71,437	71,853	71,398
Cash dividends declared per share	\$ 0.25	\$ 0.21	\$ 0.50	\$ 0.42

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)