# Texas Roadhouse, Inc. Announces Fourth Quarter 2007 Results and Stock Repurchase Authorization

LOUISVILLE, Ky.--(BUSINESS WIRE)--Feb. 19, 2008--Texas Roadhouse, Inc. (NasdaqGS: TXRH), today announced financial results for the 13 and 52 week periods ended December 25, 2007.

| | Fourth Quarter | | | Year to Date | | |
|---|---|---|---|---|---|---|
| ($000's) | 2007 | 2006 | % Change | 2007 | 2006 | % Change |
| Total revenue | 186,312 | 152,558 | 22 | 735,089 | 597,131 | 23 |
| Income from operations | 11,418 | 11,750 | (3) | 63,213 | 54,369 | 16 |
| Net income | 7,220 | 7,846 | (8) | 39,325 | 34,009 | 16 |
| Diluted EPS | $ 0.09 | $ 0.10 | (8) | $ 0.51 | $ 0.44 | 15 |

Highlights for the quarter:

- Comparable restaurant sales decreased 0.8% at company restaurants and 1.5% at franchise restaurants;
- Ten company restaurants opened; and
- Diluted earnings per share, which included a negative $0.014 per share impact related to an impairment charge on one under-performing restaurant, decreased 8% to $0.09 from $0.10 in the prior year period.

Highlights for the year:

- Comparable restaurant sales increased 1.4% at company restaurants and 0.8% at franchise restaurants;
- Thirty-two company and two franchise restaurants opened;
- Nine restaurants were acquired from franchisees; and
- Diluted earnings per share increased 15% to $0.51 from $0.44 in the prior year period. Diluted earnings per share were negatively impacted by the $0.014 impairment charge discussed above.

G.J. Hart, President and Chief Executive Officer of Texas Roadhouse, commented, "We were very pleased with 2007, a year in which we experienced both positive sales and earnings growth. However, the year ended on a challenging note as a result of inflationary and consumer pressures. This was particularly evident in December. Inflationary costs remain a concern and, consequently, we are taking a more conservative stance as we head into the remainder of the year. To that point, we plan to develop slightly fewer restaurants this year, focusing on those opportunities which yield the highest returns. In addition, our Board of Directors has authorized a $25.0 million stock repurchase plan as an additional opportunity to return capital to our stockholders. We believe that the combination of these two initiatives, in addition to our focus of providing legendary food and legendary service to each and every guest, will best position us to create long-term value for our stockholders."

Stock Repurchase Authorization

The Company announced today that its Board of Directors has approved a stock repurchase program under which the Company is authorized to repurchase up to $25 million of its Class A common stock. Any stock repurchases will be made through open market transactions. The timing and the amount of any repurchases will be determined by the Company's management, based on its evaluation of market conditions and other factors.

Outlook for 2008

The Company reported that comparable restaurant sales for the first six weeks of the first quarter of fiscal 2008 decreased approximately 1.5% over the same period of the prior year.

The Company is currently estimating diluted earnings per share growth of 5-15% for fiscal 2008. This includes an estimated $0.01 to $0.02 positive per share impact resulting from the fact that fiscal 2008 is a 53-week year, and, as such the fourth quarter of fiscal 2008 will contain 14 weeks versus 13 weeks in fiscal 2007.

This estimate is based, in part, on the following assumptions:

-- New restaurant openings of approximately 30 company-owned; and

-- Comparable restaurant sales growth of flat to 1.0%.

Conference Call

The Company is hosting a conference call today, February 19, 2008, at 5:00 p.m. Eastern Time to discuss these results. The dial-in number is (866) 293-8969. A replay of the call will be available until February 26, 2008. To access the replay, please dial (888) 203-1112, and use 4763498 as the pass code.

There will be a simultaneous Web cast conducted at www.texasroadhouse.com.

About the Company

Texas Roadhouse is a casual dining concept that first opened in 1993 and today operates 288 restaurants system-wide in 44 states. For more information, please visit the Company's Web site at www.texasroadhouse.com.

Forward-looking Statements

Certain statements in this release that are not historical facts, including, without limitation, those relating to our anticipated financial performance for the full year 2008, are forward-looking statements that involve risks and uncertainties. Such statements are based upon the current beliefs and expectations of the management of the Company. Actual results may vary materially from those contained in forward-looking statements based on a number of factors including, without limitation, the actual number of restaurants opening during full year 2008, the sales at these and our other company-owned and franchise restaurants, our ability to control restaurant operating costs, our ability to integrate the franchise restaurants which we have acquired, strength of consumer spending and other factors disclosed from time to time in the Company's filings with the U.S. Securities and Exchange Commission. Investors should take such risks into account when making investment decisions. Stockholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. The Company undertakes no obligation to update any forward-looking statements.

Texas Roadhouse, Inc. and Subsidiaries
Condensed Consolidated Statements of Income
(in thousands, except per share data)
(unaudited)

| | 13 Weeks Ended | | 52 Weeks Ended | |
|---|---|---|---|---|
| | December 25, 2007 | December 26, 2006 | December 25, 2007 | December 26, 2006 |
| Revenue: | | | | |
| Restaurant sales | $ 183,920 | $ 149,753 | $ 724,372 | $ 586,557 |
| Franchise royalties and | | | | |

| | | | | |
|---|---|---|---|---|
| fees | 2,392 | 2,805 | 10,717 | 10,574 |
| Total revenue | 186,312 | 152,558 | 735,089 | 597,131 |
| Costs and expenses: | | | | |
| Restaurant operating costs: | | | | |
| Cost of sales | 65,863 | 52,280 | 255,060 | 205,615 |
| Labor | 53,499 | 41,935 | 205,780 | 162,610 |
| Rent | 3,191 | 2,655 | 11,735 | 10,052 |
| Other operating | 29,992 | 25,333 | 116,258 | 95,536 |
| Pre-opening | 3,440 | 3,749 | 12,741 | 12,508 |
| Depreciation and amortization | 8,543 | 5,716 | 30,446 | 21,357 |
| Impairment | 1,721 | 380 | 1,721 | 481 |
| General and administrative | 8,645 | 8,760 | 38,135 | 34,603 |
| Total costs and expenses | 174,894 | 140,808 | 671,876 | 542,762 |
| Income from operations | 11,418 | 11,750 | 63,213 | 54,369 |
| Interest expense, net | 868 | 112 | 2,295 | 645 |
| Minority interest | 94 | 224 | 711 | 585 |
| Equity income from investments in unconsolidated affiliates | 38 | 69 | 294 | 251 |
| Income before taxes | 10,494 | 11,483 | 60,501 | 53,390 |
| Provision for income taxes | 3,274 | 3,637 | 21,176 | 19,381 |
| Net income | $ 7,220 | $ 7,846 | $ 39,325 | $ 34,009 |
| Net income per common share: | | | | |
| Basic | $ 0.10 | $ 0.11 | $ 0.53 | $ 0.46 |
| Diluted | $ 0.09 | $ 0.10 | $ 0.51 | $ 0.44 |
| Weighted average shares outstanding: | | | | |
| Basic | 74,778 | 74,197 | 74,611 | 73,876 |

| | | | | |
|---|---|---|---|---|
| Diluted | 76,731 | 76,651 | 76,832 | 76,520 |

Texas Roadhouse, Inc. and Subsidiaries
Condensed Consolidated Balance Sheet
(in thousands)
(unaudited)

| | December 25, 2007 | December 26, 2006 |
|---|---|---|
| Cash | $11,564 | $33,784 |
| Other current assets | 30,067 | 18,721 |
| Property and equipment, net | 390,378 | 305,731 |
| Goodwill | 101,856 | 86,649 |
| Intangible asset, net | 8,414 | 4,880 |
| Other assets | 3,750 | 2,823 |
| Total assets | $546,029 | $452,588 |
| Current maturities of long-term debt and obligations under capital leases | $302 | $653 |
| Other current liabilities | 87,957 | 76,242 |
| Long-term debt and obligations under capital leases, excluding current maturities | 66,482 | 35,362 |
| Other liabilities | 21,523 | 19,952 |
| Minority interest | 2,384 | 1,305 |
| Stockholders' equity | 367,381 | 319,074 |
| Total liabilities and stockholders' equity | $546,029 | $452,588 |

Supplemental Financial and Operating Information
($ amounts in thousands)
(unaudited)

| | Fourth Quarter 2007 | 2006 | Change vs LY |
|---|---|---|---|
| Restaurant openings | | | |
| Company | 10 | 10 | 0 |
| Franchise | 0 | 0 | 0 |
| Total | 10 | 10 | 0 |
| Restaurant acquisitions | | | |
| Company | 0 | 0 | 0 |
| Franchise | 0 | 0 | 0 |
| Total | 0 | 0 | 0 |
| Restaurants open at the end of the | | | |

| | | | |
|---|---|---|---|
| quarter | | | |
| Company | 204 | 163 | 41 |
| Franchise | 81 | 88 | (7) |
| Total | 285 | 251 | 34 |
| | | | |
| Company-owned restaurants | | | |
| Restaurant sales | $183,920 | $149,753 | 22.8% |
| Store weeks | 2,573 | 2,038 | 26.3% |
| Comparable restaurant sales growth (1) | (0.8)% | 3.3% | |
| Average unit volume (2) | $ 928 | $ 946 | (1.9)% |
| | | | |
| Restaurant costs (as a % of restaurant sales) | | | |
| Cost of sales | 35.8% | 34.9% | 90bps |
| Labor | 29.1% | 28.0% | 109bps |
| Rent | 1.7% | 1.8% | (4)bps |
| Other operating | 16.3% | 16.9% | (61)bps |
| Total | 82.9% | 81.6% | 134bps |
| | | | |
| Franchise-owned restaurants | | | |
| Franchise royalties and fees | $ 2,392 | $ 2,805 | (14.7)% |
| Store weeks | 1,053 | 1,144 | (8.0)% |
| Comparable restaurant sales growth (1) | (1.5)% | 3.5% | |
| Average unit volume (2) | $ 895 | $ 905 | (1.1)% |
| | | | |
| Pre-opening expense | $ 3,440 | $ 3,749 | (8.2)% |
| | | | |
| Depreciation and amortization | $ 8,543 | $ 5,716 | 49.5% |
| As a % of revenue | 4.6% | 3.7% | 84bps |
| | | | |
| Impairment | $ 1,721 | $ 380 | NM |
| As a % of revenue | 0.9% | 0.2% | 67bps |
| | | | |
| General and administrative expenses | $ 8,645 | $ 8,760 | NM |
| As a % of revenue | 4.6% | 5.7% | (110)bps |

| | Year to Date | | Change |
|---|---|---|---|
| | 2007 | 2006 | vs LY |
| | | | |
| Restaurant openings | | | |
| Company | 32 | 25 | 7 |
| Franchise | 2 | 5 | (3) |
| Total | 34 | 30 | 4 |
| | | | |
| Restaurant acquisitions | | | |
| Company | 9 | 11 | (2) |
| Franchise | (9) | (11) | 2 |
| Total | 0 | 0 | 0 |
| | | | |
| Restaurants open at the end of the quarter | | | |
| Company | | | |
| Franchise | | | |
| Total | | | |
| | | | |
| Company-owned restaurants | | | |
| Restaurant sales | $724,372 | $586,557 | 23.5% |
| Store weeks | 9,499 | 7,648 | 24.2% |
| Comparable restaurant sales growth (1) | 1.4% | 3.5% | |

| | | | |
|---|---|---|---|
| Average unit volume (2) | $ 3,976 | $ 3,967 | 0.2% |
| | | | |
| Restaurant costs (as a % of restaurant sales) | | | |
| Cost of sales | 35.2% | 35.1% | 16bps |
| Labor | 28.4% | 27.7% | 69bps |
| Rent | 1.6% | 1.7% | (9)bps |
| Other operating | 16.0% | 16.3% | (24)bps |
| Total | 81.3% | 80.8% | 51bps |
| | | | |
| Franchise-owned restaurants | | | |
| Franchise royalties and fees | $ 10,717 | $ 10,574 | 1.4% |
| Store weeks | 4,401 | 4,441 | (0.9)% |
| Comparable restaurant sales growth (1) | 0.8% | 2.7% | |
| Average unit volume (2) | $ 3,782 | $ 3,785 | (0.1)% |
| | | | |
| Pre-opening expense | $ 12,741 | $ 12,508 | 1.9% |
| | | | |
| Depreciation and amortization | $ 30,446 | $ 21,357 | 42.6% |
| As a % of revenue | 4.1% | 3.6% | 57bps |
| | | | |
| Impairment | $ 1,721 | $ 481 | NM |
| As a % of revenue | 0.2% | 0.1% | 15bps |
| | | | |
| General and administrative expenses | $ 38,135 | $ 34,603 | NM |
| As a % of revenue | 5.2% | 5.8% | (61)bps |

(1) Comparable restaurant sales growth includes sales from restaurants open 18 months as of the beginning of the measurement period.

(2) Average unit volume includes sales from restaurants open six months as of the beginning of the measurement period. For comparative purposes, average unit volumes for Q4 2006 and 2006 YTD were adjusted to reflect restaurant sales of the nine acquired franchise stores as part of Company-owned restaurants average unit volume and were excluded from franchise-owned restaurants average unit volume.

NM - not meaningful
Amounts may not foot due to rounding.

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