



## Texas Roadhouse, Inc. Announces Second Quarter 2021 Results

LOUISVILLE, KY. (July 29, 2021) – Texas Roadhouse, Inc. (NasdaqGS: TXRH), today announced financial results for the 13 and 26 weeks ended June 29, 2021 and provided a business update.

### Financial Results

Financial results for the 13 and 26 weeks ended June 29, 2021, June 30, 2020, and June 25, 2019 were as follows:

| (\$000's)                         | Second Quarter |            |            | % change   |          |
|-----------------------------------|----------------|------------|------------|------------|----------|
|                                   | 2021           | 2020       | 2019       | vs. 2020   | vs. 2019 |
|                                   | Total revenue  | \$ 898,788 | \$ 476,425 | \$ 689,828 | 88.7%    |
| Income (loss) from operations     | 89,728         | (47,318)   | 53,283     | 289.6%     | 68.4%    |
| Net income (loss)                 | 75,480         | (33,553)   | 44,845     | 325.0%     | 68.3%    |
| Diluted earnings (loss) per share | \$ 1.08        | \$ (0.48)  | \$ 0.63    | 322.4%     | 72.1%    |

  

|                                   | Year to Date  |              |              | % change     |          |
|-----------------------------------|---------------|--------------|--------------|--------------|----------|
|                                   | 2021          | 2020         | 2019         | vs. 2020     | vs. 2019 |
|                                   | Total revenue | \$ 1,699,417 | \$ 1,128,949 | \$ 1,380,436 | 50.5%    |
| Income (loss) from operations     | 170,655       | (31,528)     | 113,728      | 641.3%       | 50.1%    |
| Net income (loss)                 | 139,630       | (17,524)     | 95,235       | 896.8%       | 46.6%    |
| Diluted earnings (loss) per share | \$ 1.99       | \$ (0.25)    | \$ 1.32      | 888.3%       | 50.4%    |

Results for the second quarter included the following:

- Comparable restaurant sales at company restaurants increased 80.2% and 21.3% compared to 2020 and 2019, respectively<sup>1</sup>. Comparable restaurant sales at domestic franchise restaurants increased 76.5% and 19.4% compared to 2020 and 2019, respectively;
- Eight company restaurants, including two Bubba's 33 restaurants, and two franchise restaurants were opened;
- Restaurant margin, as a percentage of restaurant and other sales, was 17.7% and restaurant margin dollars were \$158.2 million. Restaurant margin was impacted by an increase in

<sup>1</sup> Comparable restaurant sales reflect the change in year-over-year sales for restaurants open a full 18 months before the beginning of the period measured for comparison to 2020 and for restaurants open a full 30 months before the beginning of the period measured for comparison to 2019.

comparable restaurant sales partially offset by commodity inflation and higher costs related to the pandemic;

- Diluted earnings per share increased to \$1.08 from a diluted loss per share of (\$0.48) in the prior year due to the increase in comparable restaurant sales and the prior year impact of the pandemic; and,
- The Company ended the quarter with debt of \$190.0 million and \$483.4 million of cash on hand.

Results for the year-to-date period included the following highlights:

- Comparable restaurant sales at company restaurants increased 44.5% and 14.9% compared to 2020 and 2019, respectively<sup>1</sup>. Comparable restaurant sales at domestic franchise restaurants increased 41.1% and 12.2% compared to 2020 and 2019, respectively;
- 11 company restaurants, including three Bubba's 33 restaurants, and two franchise restaurants were opened;
- Restaurant margin, as a percentage of restaurant and other sales, was 18.1% and restaurant margin dollars were \$305.8 million. Restaurant margin was impacted by an increase in comparable restaurant sales partially offset by higher costs related to the pandemic; and,
- Diluted earnings per share increased to \$1.99 from a diluted loss per share of (\$0.25) in the prior year due to the increase in comparable restaurant sales and the prior year impact of the pandemic.

Jerry Morgan, Chief Executive Officer of Texas Roadhouse, Inc. commented, "We continue to generate sales that are well above pre-pandemic levels thanks to our operators who are successfully managing strong To-Go sales along with the re-opening of our dining rooms without restriction. However, some challenges still remain with certain cost pressures that we expect to continue at least through the end of the year."

Morgan continued, "Our strong cashflows have further strengthened our financial position which allowed us to reinstate our dividend and repay our short-term debt this quarter. In addition, our development pipeline looks great and continues to move forward as expected."

## Business Update

Comparable restaurant sales during the quarter were positively impacted by the re-opening of dining rooms, the continued easing of dining room capacity restrictions, and continued strong To-Go sales. As of July 2, all domestic company and franchise locations were operating without restriction. The Company continues to operate with an enhanced To-Go model, which includes curbside and/or drive-up options, as permitted by local guidelines. For the Q2 2021 and July periods, comparable restaurant sales, average weekly sales, and To-Go sales for all company restaurants were as follows:

|  | <u>Q2 2021</u> | <u>July</u> |
|--|----------------|-------------|
| Comparable restaurant sales vs 2020        | 80.2%          | 44.1%       |
| Comparable restaurant sales vs 2019        | 21.3%          | 25.5%       |
| Average weekly sales                       | \$ 126,442     | \$ 123,927  |
| To-Go sales as a % of average weekly sales | 16.9%          | 14.2%       |

As of the end of the quarter, the Company had opened 11 company restaurants and, currently, an additional 18 are under construction. During the quarter, the Company completed the refinancing of the revolving credit facility. As part of this refinancing, the borrowing capacity was increased to \$300

million and \$50 million that was previously outstanding was repaid. As previously announced, the Company's Board of Directors reinstated the quarterly dividend beginning with the Q2 2021 period. The Company currently expects to resume the repurchase of shares under our stock repurchase program in the second half of 2021.

## **2021 Outlook**

Management updated all expectations for 2021:

- Commodity cost inflation of approximately 7.0%;
- 26 to 29 company restaurant openings across all concepts;
- Store week growth of approximately 5.0%; and,
- Total capital expenditures of approximately \$200 million.

To the extent that state and local guidelines begin to significantly reduce capacity and/or re-close dining rooms, the Company could pull back on development, reduce capital spend, and/or limit share repurchases accordingly.

## **Non-GAAP Measures**

The Company prepares the consolidated financial statements in accordance with U.S. generally accepted accounting principles ("GAAP"). Within the press release, the Company makes reference to restaurant margin (in dollars and as a percentage of restaurant and other sales). Restaurant margin represents restaurant and other sales less restaurant-level operating costs, including food and beverage costs, labor, rent and other operating costs. Restaurant margin should not be considered in isolation, or as an alternative, to income from operations. This non-GAAP measure is not indicative of overall company performance and profitability in that this measure does not accrue directly to the benefit of shareholders due to the nature of the costs excluded. Restaurant margin is widely regarded as a useful metric by which to evaluate restaurant-level operating efficiency and performance. In calculating restaurant margin, the Company excludes certain non-restaurant-level costs that support operations, including pre-opening and general and administrative expenses, but do not have a direct impact on restaurant-level operational efficiency and performance. The Company also excludes depreciation and amortization expense, substantially all of which relates to restaurant-level assets, as it represents a non-cash charge for the investment in restaurants. The Company also excludes impairment and closure expense as it believes this provides a clearer perspective of ongoing operating performance and a more useful comparison to prior period results. Restaurant margin as presented may not be comparable to other similarly titled measures of other companies in the industry. A reconciliation of income from operations to restaurant margin is included in the accompanying financial tables.

## **Conference Call**

Texas Roadhouse is hosting a conference call today, July 29, 2021 at 5:00 p.m. Eastern Time to discuss these results. The dial-in number is (877) 699-0953 or (647) 689-5456 for international calls. A replay of the call will be available for one week following the conference call. To access the replay, please dial (800) 585-8367 or (416) 621-4642 for international calls, and use 4491322 as the pass code. There will be a simultaneous Web cast conducted at [www.texasroadhouse.com](http://www.texasroadhouse.com).

## **About the Company**

Texas Roadhouse is a casual dining concept that first opened in 1993 and today has grown to over 640 restaurants system-wide in 49 states and ten foreign countries. For more information, please visit the Company's Web site at [www.texasroadhouse.com](http://www.texasroadhouse.com).

## **Forward-looking Statements**

Certain statements in this release are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include, but are not limited to, statements related to the potential impact of the COVID-19 pandemic, including reinstated dining room capacity restrictions or closures, and other non-historical statements. Such statements are based upon the current beliefs and expectations of the management of Texas Roadhouse. Actual results may vary materially from those contained in forward-looking statements based on a number of factors including, without limitation, conditions beyond its control such as weather, natural disasters, disease outbreaks, epidemics or pandemics impacting customers or food supplies; food safety and food-borne illness concerns; and other factors disclosed from time to time in its filings with the U.S. Securities and Exchange Commission. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. These factors include but are not limited to those described under "Part I—Item 1A. Risk Factors" of the Annual Report on Form 10-K for the fiscal year ended December 29, 2020. These factors should not be construed as exhaustive and should be read in conjunction with other filings with the Securities and Exchange Commission. Investors should take such risks into account when making investment decisions. Shareholders 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, except as required by applicable law.

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

|  | 13 Weeks Ended |               | 26 Weeks Ended |               |
|--|----------------|---------------|----------------|---------------|
|  | June 29, 2021  | June 30, 2020 | June 29, 2021  | June 30, 2020 |
| Revenue:   |                |               |                |               |
| Restaurant and other sales   | \$ 892,444     | \$ 473,090    | \$ 1,687,367   | \$ 1,120,716  |
| Franchise royalties and fees   | 6,344          | 3,335         | 12,050         | 8,233         |
| Total revenue  | 898,788        | 476,425       | 1,699,417      | 1,128,949     |
| Costs and expenses:  |                |               |                |               |
| Restaurant operating costs (excluding depreciation and amortization shown separately below): |                |               |                |               |
| Food and beverage  | 295,504        | 164,041       | 546,986        | 374,221       |
| Labor  | 288,147        | 194,622       | 546,183        | 435,701       |
| Rent   | 14,956         | 13,251        | 29,408         | 26,722        |
| Other operating  | 135,606        | 89,348        | 258,985        | 193,637       |
| Pre-opening  | 6,319          | 4,290         | 10,587         | 9,402         |
| Depreciation and amortization  | 31,650         | 29,016        | 62,519         | 58,070        |
| Impairment and closure, net  | 17             | (440)         | 521            | 155           |
| General and administrative   | 36,861         | 29,615        | 73,573         | 62,569        |
| Total costs and expenses   | 809,060        | 523,743       | 1,528,762      | 1,160,477     |
| Income (loss) from operations  | 89,728         | (47,318)      | 170,655        | (31,528)      |
| Interest expense, net  | 975            | 1,030         | 2,435          | 1,099         |
| Equity income (loss) from investments in unconsolidated affiliates                           | 239            | (90)          | 22             | (598)         |
| Income (loss) before taxes   | 88,992         | (48,438)      | 168,242        | (33,225)      |
| Income tax expense (benefit)   | 11,067         | (15,132)      | 23,887         | (17,071)      |
| Net income (loss) including noncontrolling interests   | 77,925         | (33,306)      | 144,355        | (16,154)      |
| Less: Net income attributable to noncontrolling interests                                    | 2,445          | 247           | 4,725          | 1,370         |
| Net income (loss) attributable to Texas Roadhouse, Inc. and subsidiaries                     | \$ 75,480      | \$ (33,553)   | \$ 139,630     | \$ (17,524)   |
| Net income (loss) per common share attributable to Texas Roadhouse, Inc. and subsidiaries:   |                |               |                |               |
| Basic  | \$ 1.08        | \$ (0.48)     | \$ 2.00        | \$ (0.25)     |
| Diluted  | \$ 1.08        | \$ (0.48)     | \$ 1.99        | \$ (0.25)     |
| Weighted average shares outstanding:   |                |               |                |               |
| Basic  | 69,790         | 69,361        | 69,713         | 69,391        |
| Diluted  | 70,161         | 69,361        | 70,150         | 69,391        |
| Cash dividends declared per share  | \$ 0.40        | \$ -          | \$ 0.40        | \$ 0.36       |

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

|   | June 29, 2021 | December 29, 2020 |
|---|---------------|-------------------|
| Cash and cash equivalents                                   | \$ 483,419    | \$ 363,155        |
| Other current assets, net                                   | 98,354        | 147,496           |
| Property and equipment, net                                 | 1,117,393     | 1,088,623         |
| Operating lease right-of-use assets, net                    | 547,387       | 530,625           |
| Goodwill  | 127,001       | 127,001           |
| Intangible assets, net                                      | 1,881         | 2,271             |
| Other assets  | 73,510        | 65,990            |
| <br>  |               |                   |
| Total assets  | \$ 2,448,945  | \$ 2,325,161      |
| <br>  |               |                   |
| Current maturities of long-term debt                        | -             | 50,000            |
| Other current liabilities                                   | 479,808       | 456,318           |
| Operating lease liabilities, net of current portion         | 590,443       | 572,171           |
| Long-term debt, excluding current maturities                | 190,000       | 190,000           |
| Other liabilities   | 126,011       | 113,621           |
| Texas Roadhouse, Inc. and subsidiaries stockholders' equity | 1,046,835     | 927,505           |
| Noncontrolling interests                                    | 15,848        | 15,546            |
| <br>  |               |                   |
| Total liabilities and equity                                | \$ 2,448,945  | \$ 2,325,161      |

**Texas Roadhouse, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows**  
(in thousands)  
(unaudited)

|   | 26 Weeks Ended    |                   |
|---|-------------------|-------------------|
|   | June 29, 2021     | June 30, 2020     |
| <b>Cash flows from operating activities:</b>  |                   |                   |
| Net income (loss) including noncontrolling interests                                    | \$ 144,355        | \$ (16,154)       |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities |                   |                   |
| Depreciation and amortization   | 62,519            | 58,070            |
| Share-based compensation expense  | 19,817            | 14,490            |
| Deferred income taxes   | 2,948             | (10,926)          |
| Other noncash adjustments, net  | 1,955             | 3,052             |
| Change in working capital   | 65,252            | 13,313            |
| Net cash provided by operating activities   | <u>296,846</u>    | <u>61,845</u>     |
| <b>Cash flows from investing activities:</b>  |                   |                   |
| Capital expenditures - property and equipment   | (85,068)          | (81,833)          |
| Proceeds from sale leaseback transactions   | 3,285             | 2,167             |
| Net cash used in investing activities   | <u>(81,783)</u>   | <u>(79,666)</u>   |
| <b>Cash flows from financing activities:</b>  |                   |                   |
| (Payments on) proceeds from revolving credit facility, net                              | (50,000)          | 240,000           |
| Repurchase of shares of common stock  | -                 | (12,621)          |
| Dividends paid  | (27,932)          | (24,989)          |
| Other financing activities, net   | (16,867)          | (9,955)           |
| Net cash (used in) provided by financing activities                                     | <u>(94,799)</u>   | <u>192,435</u>    |
| Net increase in cash and cash equivalents   | 120,264           | 174,614           |
| Cash and cash equivalents - beginning of period   | 363,155           | 107,879           |
| Cash and cash equivalents - end of period   | <u>\$ 483,419</u> | <u>\$ 282,493</u> |

**Texas Roadhouse, Inc. and Subsidiaries**  
**Reconciliation of Income (loss) from Operations to Restaurant Margin**  
(in thousands)  
(unaudited)

|   | 13 Weeks Ended    |                  |                   |
|---|-------------------|------------------|-------------------|
|   | June 29, 2021     | June 30, 2020    | June 25, 2019     |
| Income (loss) from operations                                     | \$ 89,728         | \$ (47,318)      | \$ 53,283         |
| Less:   |                   |                  |                   |
| Franchise royalties and fees                                      | 6,344             | 3,335            | 5,455             |
| Add:  |                   |                  |                   |
| Pre-opening   | 6,319             | 4,290            | 4,197             |
| Depreciation and amortization                                     | 31,650            | 29,016           | 28,454            |
| Impairment and closure, net                                       | 17                | (440)            | 316               |
| General and administrative  | 36,861            | 29,615           | 39,960            |
| Restaurant margin   | <u>\$ 158,231</u> | <u>\$ 11,828</u> | <u>\$ 120,755</u> |
| Restaurant margin (as a percentage of restaurant and other sales) | 17.7%             | 2.5%             | 17.6%             |

|   | 26 Weeks Ended    |                  |                   |
|---|-------------------|------------------|-------------------|
|   | June 29, 2021     | June 30, 2020    | June 25, 2019     |
| Income (loss) from operations                                     | \$ 170,655        | \$ (31,528)      | \$ 113,728        |
| Less:   |                   |                  |                   |
| Franchise royalties and fees                                      | 12,050            | 8,233            | 10,946            |
| Add:  |                   |                  |                   |
| Pre-opening   | 10,587            | 9,402            | 8,065             |
| Depreciation and amortization                                     | 62,519            | 58,070           | 56,227            |
| Impairment and closure, net                                       | 521               | 155              | 333               |
| General and administrative  | 73,573            | 62,569           | 75,943            |
| Restaurant margin   | <u>\$ 305,805</u> | <u>\$ 90,435</u> | <u>\$ 243,350</u> |
| Restaurant margin (as a percentage of restaurant and other sales) | 18.1%             | 8.1%             | 17.8%             |



**Texas Roadhouse, Inc. and Subsidiaries**  
**Supplemental Financial and Operating Information**  
(\$ amounts in thousands, except weekly sales by group)  
(unaudited)

|   | Second Quarter |             | Change         | Year to Date   |                | Change         |
|---|----------------|-------------|----------------|----------------|----------------|----------------|
|   | <u>2021</u>    | <u>2020</u> | <u>vs 2020</u> | <u>2021</u>    | <u>2020</u>    | <u>vs 2020</u> |
| Restaurant openings   |                |             |                |                |                |                |
| Company - Texas Roadhouse   | 6              | 2           | 4              | 8              | 6              | 2              |
| Company - Bubba's 33  | 2              | 1           | 1              | 3              | 2              | 1              |
| Company - Jaggers   | 0              | 0           | 0              | 0              | 0              | 0              |
| Franchise - Texas Roadhouse - U.S.                                | 0              | 0           | 0              | 0              | 1              | (1)            |
| Franchise - Texas Roadhouse - International                       | 2              | 0           | 2              | 2              | 0              | 2              |
| Total   | 10             | 3           | 7              | 13             | 9              | 4              |
| Restaurants open at the end of the quarter                        |                |             |                |                |                |                |
| Company - Texas Roadhouse   | 511            | 489         | 22             |                |                |                |
| Company - Bubba's 33  | 34             | 30          | 4              |                |                |                |
| Company - Jaggers   | 3              | 2           | 1              |                |                |                |
| Franchise - Texas Roadhouse - U.S.                                | 69             | 70          | (1)            |                |                |                |
| Franchise - Texas Roadhouse - International                       | 30             | 26          | 4              |                |                |                |
| Total   | 647            | 617         | 30             |                |                |                |
|   | <u>2021</u>    | <u>2020</u> | <u>2019</u>    | <u>Change</u>  | <u>Change</u>  |                |
|   |                |             |                | <u>vs 2020</u> | <u>vs 2019</u> |                |
| Company restaurants   |                |             |                |                |                |                |
| Restaurant and other sales  | \$ 892,444     | \$ 473,090  | \$ 684,373     | 88.6 %         | 30.4 %         |                |
| Store weeks   | 7,085          | 6,742       | 6,460          | 5.1 %          | 9.7 %          |                |
| Comparable restaurant sales (1)                                   | 80.2 %         | (32.8) %    | 4.7 %          |                |                |                |
| Texas Roadhouse restaurants only:                                 |                |             |                |                |                |                |
| Comparable restaurant sales (1)                                   | 79.0 %         | (32.4) %    | 4.6 %          |                |                |                |
| Average unit volume (2)   | \$ 1,664       | \$ 935      | \$ 1,384       | 78.0 %         | 20.2 %         |                |
| Weekly sales by group:  |                |             |                |                |                |                |
| Comparable restaurants  |                |             |                |                |                |                |
| (476, 454, and 434 units respectively)                            | \$ 128,716     | \$ 72,005   | \$ 106,838     |                |                |                |
| Average unit volume restaurants (3)                               |                |             |                |                |                |                |
| (19, 20, and 21 units, respectively)                              | \$ 110,459     | \$ 69,174   | \$ 98,046      |                |                |                |
| Restaurants less than 6 months old                                |                |             |                |                |                |                |
| (16, 15, and 16 units, respectively)                              | \$ 134,822     | \$ 61,781   | \$ 114,735     |                |                |                |
| Restaurant operating costs (as a % of restaurant and other sales) |                |             |                |                |                |                |
| Food and beverage costs   | 33.1 %         | 34.7 %      | 32.3 %         | (156) bps      | 78 bps         |                |
| Labor   | 32.3 %         | 41.1 %      | 32.9 %         | (885) bps      | (66) bps       |                |
| Rent  | 1.7 %          | 2.8 %       | 1.9 %          | (113) bps      | (23) bps       |                |
| Other operating   | 15.2 %         | 18.9 %      | 15.2 %         | (369) bps      | 3 bps          |                |
| Total   | 82.3 %         | 97.5 %      | 82.4 %         | (1,523) bps    | (9) bps        |                |
| Restaurant margin   | 17.7 %         | 2.5 %       | 17.6 %         | 1,523 bps      | 9 bps          |                |
| Restaurant margin (\$ in thousands)                               | \$ 158,231     | \$ 11,828   | \$ 120,755     | 1,237.8 %      | 31.0 %         |                |
| Restaurant margin \$/Store week                                   | \$ 22,333      | \$ 1,754    | \$ 18,692      | 1,173.3 %      | 19.5 %         |                |
| Franchise restaurants   |                |             |                |                |                |                |
| Franchise royalties and fees                                      | \$ 6,344       | \$ 3,335    | \$ 5,455       | 90.2 %         | 16.3 %         |                |
| Store weeks   | 1,269          | 1,248       | 1,208          | 1.7 %          | 5.1 %          |                |
| Comparable restaurant sales (1)                                   | 86.3 %         | (38.2) %    | 3.7 %          |                |                |                |
| U.S. franchise restaurants only:                                  |                |             |                |                |                |                |
| Comparable restaurant sales (1)                                   | 76.5 %         | (32.1) %    | 4.3 %          |                |                |                |
| Average unit volume (2)   | \$ 1,739       | \$ 980      | \$ 1,433       | 77.5 %         | 21.3 %         |                |
| Pre-opening expense   | \$ 6,319       | \$ 4,290    | \$ 4,197       | 47.3 %         | 50.6 %         |                |
| Depreciation and amortization                                     | \$ 31,650      | \$ 29,016   | \$ 28,454      | 9.1 %          | 11.2 %         |                |
| As a % of revenue   | 3.5 %          | 6.1 %       | 4.1 %          | (257) bps      | (60) bps       |                |
| General and administrative expenses                               | \$ 36,861      | \$ 29,615   | \$ 39,960      | 24.5 %         | (7.8) %        |                |
| As a % of revenue   | 4.1 %          | 6.2 %       | 5.8 %          | (211) bps      | (169) bps      |                |

(1) Comparable restaurant sales reflect the change in year-over-year sales for restaurants open a full 18 months before the beginning of the period measured, excluding sales from restaurants permanently closed during the period.

(2) Average unit volume includes sales from Texas Roadhouse restaurants open for a full six months before the beginning of the period measured, excluding sales from restaurants permanently closed during the period.

(3) Average unit volume restaurants include restaurants open a full six and up to 18 months before the beginning of the period measured.

Amounts may not foot due to rounding.