

Texas Roadhouse, Inc.  
Form 10-Q  
August 05, 2011  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 28, 2011**

**OR**

**o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from                      to**

**Commission File Number 000-50972**

**Texas Roadhouse, Inc.**

(Exact name of registrant specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**20-1083890**  
(IRS Employer  
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 or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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 71,437,080 on July 29, 2011.

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Table of Contents**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 28, 2011	December 28, 2010
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 79,376	\$ 82,215
Receivables, net of allowance for doubtful accounts of \$294 at June 28, 2011 and \$222 at December 28, 2010	12,350	12,563
Inventories, net	8,889	9,197
Prepaid income taxes		375
Prepaid expenses	5,110	7,204
Deferred tax assets	2,869	2,368
Total current assets	108,594	113,922
Property and equipment, net	467,378	458,983
Goodwill	111,785	111,785
Intangible assets, net	9,580	10,118
Other assets	10,872	7,993
Total assets	\$ 708,209	\$ 702,801
<b>Liabilities and Stockholders Equity</b>		
Current liabilities:		
Current maturities of long-term debt and obligations under capital leases	\$ 289	\$ 274
Accounts payable	28,421	26,864
Deferred revenue gift cards/certificates	18,426	39,165
Accrued wages	22,557	21,050
Income tax payable	105	
Accrued taxes and licenses	12,077	12,318
Dividends payable	5,706	
Other accrued liabilities	17,613	12,387
Total current liabilities	105,194	112,058
Long-term debt and obligations under capital leases, excluding current maturities	51,757	51,906
Stock option and other deposits	4,403	4,052
Deferred rent	15,694	14,457
Deferred tax liabilities	9,720	8,444
Fair value of derivative financial instruments	3,288	2,178
Other liabilities	11,708	10,324
Total liabilities	201,764	203,419
Texas Roadhouse, Inc. and subsidiaries stockholders equity:		
Preferred stock (\$0.001 par value, 1,000,000 shares authorized; no shares issued or outstanding)		

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Common stock, (\$0.001 par value, 100,000,000 shares authorized, 71,361,020 and 72,222,991 shares issued and outstanding at June 28, 2011 and December 28, 2010, respectively)

	71	72
Additional paid in capital	233,102	250,874
Retained earnings	271,479	247,008
Accumulated other comprehensive loss	(2,020)	(1,338)
Total Texas Roadhouse, Inc. and subsidiaries stockholders' equity	502,632	496,616
Noncontrolling interests	3,813	2,766
Total equity	506,445	499,382
Total liabilities and equity	\$ 708,209	\$ 702,801

See accompanying notes to condensed consolidated financial statements.

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

	13 Weeks Ended		26 Weeks Ended	
	June 28, 2011	June 29, 2010	June 28, 2011	June 29, 2010
<b>Revenue:</b>				
Restaurant sales	\$ 277,089	\$ 252,835	\$ 558,409	\$ 510,177
Franchise royalties and fees	2,483	2,327	4,948	4,609
<b>Total revenue</b>	<b>279,572</b>	<b>255,162</b>	<b>563,357</b>	<b>514,786</b>
<b>Costs and expenses:</b>				
<b>Restaurant operating costs:</b>				
Cost of sales	92,266	82,660	185,807	165,459
Labor	82,912	74,497	165,632	149,406
Rent	5,700	5,287	11,357	10,557
Other operating	45,938	42,767	91,219	85,365
Pre-opening	2,196	1,307	4,086	2,412
Depreciation and amortization	10,553	10,262	21,153	20,599
Impairment and closures	20	100	46	258
General and administrative	16,239	14,953	30,100	27,295
<b>Total costs and expenses</b>	<b>255,824</b>	<b>231,833</b>	<b>509,400</b>	<b>461,351</b>
<b>Income from operations</b>	<b>23,748</b>	<b>23,329</b>	<b>53,957</b>	<b>53,435</b>
Interest expense, net	542	704	1,107	1,434
Equity income from investments in unconsolidated affiliates	(97)	(92)	(200)	(200)
<b>Income before taxes</b>	<b>23,303</b>	<b>22,717</b>	<b>53,050</b>	<b>52,201</b>
Provision for income taxes	6,604	7,049	15,876	16,655
<b>Net income including noncontrolling interests</b>	<b>\$ 16,699</b>	<b>\$ 15,668</b>	<b>\$ 37,174</b>	<b>\$ 35,546</b>
Less: Net income attributable to noncontrolling interests	623	632	1,305	1,269
<b>Net income attributable to Texas Roadhouse, Inc. and subsidiaries</b>	<b>\$ 16,076</b>	<b>\$ 15,036</b>	<b>\$ 35,869</b>	<b>\$ 34,277</b>
<b>Net income per common share attributable to Texas Roadhouse, Inc. and subsidiaries:</b>				
Basic	\$ 0.23	\$ 0.21	\$ 0.50	\$ 0.48
Diluted	\$ 0.22	\$ 0.21	\$ 0.49	\$ 0.47
<b>Weighted-average shares outstanding:</b>				
Basic	71,261	71,471	71,654	71,076

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Diluted		72,791		72,961		73,256		72,587
Cash dividends declared per share	\$	0.08	\$		\$	0.16	\$	

See accompanying notes to condensed consolidated financial statements.

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**Texas Roadhouse, Inc. and Subsidiaries**

**Condensed Consolidated Statements of Stockholders Equity and Comprehensive Income**

(in thousands, except share data)

(unaudited)

	Shares	Par Value	Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Texas Roadhouse, Inc. and Subsidiaries	Noncontrolling Interests	Total
Balance, December 28, 2010	72,222,991	\$ 72	\$ 250,874	\$ 247,008	\$ (1,338)	\$ 496,616	\$ 2,766	\$ 499,382
Comprehensive income:								
Unrealized loss on derivatives, net of tax of \$0.4 million					(682)	(682)		(682)
Net income				35,869		35,869	1,305	37,174
Total comprehensive income						35,187	1,305	36,492
Distributions to noncontrolling interests							(1,221)	(1,221)
Minority interest contribution							963	963
Minority interest liquidation adjustments			(29)			(29)		(29)
Dividends paid (\$0.08 per share)				(5,692)		(5,692)		(5,692)
Dividends declared (\$0.08 per share)				(5,706)		(5,706)		(5,706)
Shares issued under stock option plan including tax effects	340,782	1	4,037			4,038		4,038
Repurchase of shares of common stock	(1,500,000)	(2)	(25,267)			(25,269)		(25,269)
Settlement of restricted stock units, net of tax	297,247		(2,246)			(2,246)		(2,246)
Share-based compensation			5,733			5,733		5,733
Balance, June 28, 2011	71,361,020	\$ 71	\$ 233,102	\$ 271,479	\$ (2,020)	\$ 502,632	\$ 3,813	\$ 506,445

See accompanying notes to condensed consolidated financial statements.



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

	<b>26 Weeks Ended</b>	
	<b>June 28, 2011</b>	<b>June 29, 2010</b>
<b>Cash flows from operating activities:</b>		
Net income including noncontrolling interests	\$ 37,174	\$ 35,546
Depreciation and amortization	21,153	20,599
Deferred income taxes	1,203	1,643
Loss on disposition of assets	971	630
Impairment and closures		141
Equity income from investments in unconsolidated affiliates	(200)	(200)
Distributions received from investments in unconsolidated affiliates	174	212
Provision for doubtful accounts	(73)	(31)
Share-based compensation expense	5,733	3,736
Changes in operating working capital:		
Receivables	286	(85)
Inventories	308	402
Prepaid expenses and other current assets	2,094	116
Other assets	(2,882)	(301)
Accounts payable	1,557	(2,873)
Deferred revenue gift cards/certificates	(20,739)	(17,420)
Accrued wages	1,507	2,013
Excess tax benefits from share-based compensation	(389)	(2,095)
Prepaid income taxes and income taxes payable	869	146
Accrued taxes and licenses	(241)	2,373
Other accrued liabilities	5,225	1,316
Deferred rent	1,237	1,091
Other liabilities	1,384	1,369
Net cash provided by operating activities	\$ 56,351	\$ 48,328
<b>Cash flows from investing activities:</b>		
Capital expenditures property and equipment	(29,093)	(17,967)
Proceeds from sale of property and equipment, including insurance proceeds	75	51
Net cash used in investing activities	\$ (29,018)	\$ (17,916)
<b>Cash flows from financing activities:</b>		
Repayments of revolving credit facility, net		(22,000)
Investments in unconsolidated affiliates		(28)
Distributions to noncontrolling interest holders	(1,221)	(1,159)
Excess tax benefits from share-based compensation	389	2,095
Repayments of stock option and other deposits	(578)	(536)
Proceeds from stock option and other deposits	929	623
Repurchase shares of common stock	(25,269)	
Settlement of restricted stock units, net of tax	(2,246)	(1,724)
Principal payments on long-term debt and capital lease obligations	(134)	(120)

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Proceeds from exercise of stock options

3,650

5,814