

Texas Roadhouse, Inc. Announces Second Quarter 2008 Results

2008-07-29

Comparable restaurant sales decreased 0.3% at company restaurants and 2.3% at franchise restaurants

Results for the quarter:

Comparable restaurant sales decreased 0.3% at company restaurants and 2.3% at franchise restaurants,

10 company restaurants opened,

Three restaurants were acquired from franchisees,

The Company repurchased 1,094,300 shares of its Class A common stock for a total purchase price of \$10.2 million, and

Diluted earnings per share increased 14.0% to \$0.14 from \$0.12 in the prior year period.

Results year-to-date:

Comparable restaurant sales decreased 0.7% at company restaurants and 2.5% at franchise restaurants,

16 company restaurants opened while one company restaurant closed,

Three restaurants were acquired from franchisees,

The Company repurchased 1,624,200 shares of its Class A common stock for a total purchase price of \$15.1 million, and

Diluted earnings per share increased 9.0% to \$0.31 from \$0.28 in the prior year period.

G.J. Hart, President and Chief Executive Officer of Texas Roadhouse, commented, 'Our second quarter results were respectable, and while the overall consumer and inflationary environments have remained challenging, our operators continue to be focused on doing the right things for the long-term success of the business. In addition, we continue to allocate our capital in a way that we believe creates long-term value for our stockholders through a combination of new restaurant development, share repurchases and franchise acquisitions.'

Stock Repurchase Authorization

On July 8, 2008, the Board of Directors approved a \$50.0 million increase in the Company's stock repurchase program. The Company's total stock repurchase authorization is now \$75.0 million. Under the stock repurchase program, the Company may repurchase outstanding shares from time to time in open market transactions until February 14, 2010, in accordance with applicable laws, rules and regulations. The timing and the amount of any repurchases will be determined by the Company's management under parameters established by the Board of Directors, based on its evaluation of the Company's stock price, market conditions and other corporate considerations. The Company intends to use cash on hand and funds available under its credit facility to repurchase shares under the program.

Franchise Acquisitions

As previously announced, effective as of the first day of the Company's second quarter of fiscal 2008, the Company acquired three franchise restaurants. The aggregate purchase price for the restaurants, which included two in Missouri and one in Kentucky, was approximately \$8.7 million. The purchase price was paid in cash, funded through borrowings under the Company's credit facility. On a 12-month basis, the acquisitions are expected to add approximately \$13.0 million of net revenue and approximately \$0.005 per diluted share to earnings, excluding an estimated \$35,000 after-tax, acquisition-related charge recorded during the second quarter of fiscal 2008.

On July 23, 2008, the Company acquired eight franchise restaurants. The aggregate purchase price for the restaurants, all in Tennessee, was approximately \$9.3 million. The purchase price was paid in cash, funded through borrowings under the Company's credit facility. On a 12-month basis, the acquisitions are expected to add approximately \$28.5 million of net revenue and to have no significant accretive impact, excluding an estimated \$0.1 million after-tax, acquisition-related charge to be recorded during the third quarter of fiscal 2008.

Outlook for 2008

The Company reported that comparable restaurant sales for the first four weeks of the third quarter of fiscal 2008 decreased approximately 3.0% compared to the same period of the prior year.

The Company is currently estimating diluted earnings per share growth of 5 to 15% for fiscal 2008. This includes an estimated \$0.01 to \$0.02 positive per share impact, or 2 to 4% of diluted earnings per share, resulting from the addition of the 53rd week in the fiscal year. 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 company-owned restaurant openings of approximately 30,

Comparable restaurant sales growth of negative 1.0% to flat, and

Restaurant operating costs increasing 80 to 120 basis points as compared to full year 2007.

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