

Red Robin Gourmet Burgers, Inc. Reports Results for the Fiscal Third Quarter Ended October 6, 2024

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Red Robin Gourmet Burgers, Inc. →

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Delivers Comparable Restaurant Sales Increase Relaunched Loyalty Program Continues Growth Announces Credit Agreement Amendment

ENGLEWOOD, Colo., Nov. 6, 2024 /PRNewswire/ -- Red Robin Gourmet Burgers, Inc. (NASDAQ: **RRGB**) ("Red Robin" or the "Company"), a full-service restaurant chain serving an innovative selection of high-quality gourmet burgers in a family-friendly atmosphere, today reported financial results for the fiscal third quarter ended October 6, 2024.

Highlights for the Third Quarter of Fiscal 2024, Compared to the Third Quarter of Fiscal 2023:

- Total revenues are \$274.6 million, a decrease of \$2.9 million.
- Comparable restaurant revenue⁽¹⁾ increased 0.6%.
- Net loss is \$18.9 million, compared to a net loss of \$8.2 million last year.
- Adjusted EBITDA⁽²⁾ is \$2.1 million compared to \$6.8 million last year.
- Relaunched loyalty program increased to 14.5 million members compared to 13.1 million last year.
- Subsequent to the close of the third quarter, executed an amendment to the credit agreement that extends the adjustments to the financial covenants and expanded revolver capacity through the first quarter of fiscal 2026.

Highlights for the Year to Date Period of Fiscal 2024, Compared to the Year to Date Period of Fiscal 2023:

- Total revenues are \$963.3 million, a decrease of \$30.7 million.
- Comparable restaurant revenue⁽¹⁾ declined 2.6% excluding a deferred revenue benefit led by the change in the Company's loyalty program. Including this benefit, Comparable restaurant revenue⁽¹⁾ declined 2.1%.
- Net loss is \$37.8 million, compared to a net loss of \$7.5 million last year.
- Adjusted EBITDA⁽²⁾ is \$26.1 million compared to \$58.3 million last year.
- Completed a sale-leaseback transaction for ten restaurants in the first quarter of fiscal 2024, generating net proceeds of approximately \$23.3 million and a gain, net of expenses of \$7.4 million.

⁽¹⁾ Comparable restaurant revenue represents revenue from Company-owned restaurants that have operated 18 months as of the beginning of the period presented.

⁽²⁾ See "Reconciliation of Non-GAAP Results to GAAP Results" below for more details.

G.J. Hart, Red Robin's President and Chief Executive Officer said, "Our third quarter results were largely in-line with our expectations and we continue to make progress against our North Star Plan."

Hart continued, "Our North Star Plan is working with our comparable restaurant revenue exceeding the industry average, as measured by BlackBox, and our traffic returning to in line with the industry as we moved through the third quarter. With our guest satisfaction scores continuing to improve and at levels not seen since 2016, our guests are beginning to reward us for the investments we have made to revitalize Red Robin. Importantly, we are capitalizing on this momentum through our re-launched loyalty program and believe we are only scratching the surface of our potential."

Hart concluded, "Despite the macroeconomic backdrop that has made our comeback journey more challenging, our team has remained focused on what we can control through effective execution of our strategic plan. Ultimately, we believe we are on the right path to drive sustainable long-term growth and return this beloved brand to prominence in the industry."

Third Quarter 2024 Financial Summary

The following table presents financial results for the fiscal third quarter and year to date periods of 2024, compared to results from the same periods in 2023 (\$ in millions except per share data):

	Twelve Weeks Ended		Forty Weeks Ended	
	October 6, 2024	October 1, 2023	October 6, 2024	October 1, 2023
Total revenues	\$ 274.6	\$ 277.6	\$ 963.3	\$ 994.0
Restaurant revenues	270.6	273.1	943.6	973.3
Net income (loss)	(18.9)	(8.2)	(37.8)	(7.5)
Income (loss) from operations	(12.9)	(1.9)	(19.6)	12.5
Income (loss) from operations as a percent of total revenues	(4.7) %	(0.7) %	(2.0) %	1.3 %
Restaurant Level Operating Profit ⁽¹⁾	\$ 24.2	\$ 30.4	\$ 100.4	\$ 127.2
Restaurant Level Operating Profit Margin ⁽¹⁾	9.0 %	11.1 %	10.6 %	13.1 %
Adjusted EBITDA ⁽¹⁾	\$ 2.1	\$ 6.8	\$ 26.1	\$ 58.3
Net income (loss) per diluted share	\$ (1.20)	\$ (0.52)	\$ (2.42)	\$ (0.47)
Adjusted income (loss) per diluted share ⁽¹⁾	\$ (1.13)	\$ (0.79)	\$ (2.39)	\$ (0.78)

⁽¹⁾ See "Reconciliation of Non-GAAP Results to GAAP Results" below for more details.

Balance Sheet and Liquidity

As of October 6, 2024, Red Robin had outstanding borrowings under its credit facility of \$187.9 million and liquidity of approximately \$42.0 million, including cash and cash equivalents and available borrowing capacity under its credit facility.

On August 21, 2024, the Company entered into the second amendment to our credit agreement (the "Second Amendment"). The Second Amendment among other things: provides certain relief by increasing the required maximum net total leverage ratio covenant beginning in the third quarter of 2024 through the third quarter of 2025; increases the aggregate revolving commitments by \$15.0 million to \$40.0 million through the third quarter of 2025; removes the variable pricing grid and increases the applicable margin on all term loans and revolving loans that are SOFR-based loans to 7.50% per annum and that are ABR-based loans to 6.50% per annum; and adds additional reporting requirements.

On November 4, 2024, the Company entered into the third amendment to our credit agreement (the "Third Amendment") which extended the terms of the Second Amendment through the first quarter of 2026.

The Second Amendment and Third Amendment provide additional flexibility to support the Company's execution of its North Star business strategy. Additional information on the terms of the Second Amendment and Third Amendment can be found in the Company's Form 10-Q for the third quarter filed with the Securities and Exchange Commission.

Outlook for Fiscal 2024 and Guidance Policy

The Company provides guidance of select information related to its financial and operating performance, and such measures may differ from year to year. The projections are as of this date and the Company assumes no obligation to update or supplement this information.

The Company's updated guidance for fiscal 2024 is:

- Total revenue of approximately \$1.250 billion;
- Restaurant level operating profit of at least 10.5%, inclusive of investments in the Guest experience and rent expense related to the sale leaseback transactions;
- Adjusted EBITDA of \$35.0 million to \$37.5 million;
- Capital expenditures of approximately \$25 million.

Fiscal 2024 includes 52 weeks versus 53 weeks in fiscal 2023.

Providing Income (loss) from operations and Net income (loss) guidance is potentially misleading and not practical given the difficulty of projecting event-driven transactional and other non-core operating items. As such, we do not present a reconciliation of forecasted non-GAAP measures to the corresponding GAAP measures.