

Ruths Hospitality Group, Inc.
Form 10-Q
July 29, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 26, 2016

OR

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 000-51485

Ruth's Hospitality Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware **72-1060618**
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1030 W. Canton Avenue, Suite 100,

32789

Winter Park, FL
(Address of principal executive offices)

(Zip code)

(407) 333-7440

Registrant's telephone number, including area code

None

Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the 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 Regulation 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 definition of "accelerated filer," "large 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 outstanding of the registrant's common stock as of July 27, 2016 was 32,686,315, which includes 1,254,502 shares of unvested restricted stock.

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PART I – FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****RUTH’S HOSPITALITY GROUP, INC. AND SUBSIDIARIES****Condensed Consolidated Balance Sheets—Unaudited****(Amounts in thousands, except share and per share data)**

	June 26, 2016	December 27, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$3,553	\$ 3,095
Accounts receivable, less allowance for doubtful accounts 2016 - \$737; 2015 - \$732	9,460	18,501
Inventory	7,254	7,479
Assets held for sale	-	250
Prepaid expenses and other	2,513	1,259
Total current assets	22,780	30,584
Property and equipment, net of accumulated depreciation 2016 - \$130,174; 2015 - \$125,362	94,671	87,984
Goodwill	24,293	24,293
Franchise rights	32,200	32,200
Other intangibles, net of accumulated amortization 2016 - \$1,134; 2015 - \$1,090	2,939	3,011
Deferred income taxes	14,309	19,309
Other assets	987	1,216
Total assets	\$192,179	\$ 198,597
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$7,742	\$ 10,018
Accrued payroll	10,387	17,064
Accrued expenses	7,541	9,280
Deferred revenue	25,996	35,202
Current portion of long-term debt	30,000	-
Other current liabilities	6,011	6,308

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Total current liabilities	87,677	77,872
Long-term debt	-	-
Deferred rent	21,147	20,275
Other liabilities	2,429	2,548
Total liabilities	111,253	100,695
Commitments and contingencies (Note 11)	-	-
Shareholders' equity:		
Common stock, par value \$.01 per share; 100,000,000 shares authorized, 31,427,939 shares issued and outstanding at June 26, 2016; 33,145,687 shares issued and outstanding at December 27, 2015	314	331
Additional paid-in capital	105,461	135,403
Accumulated deficit	(24,849)	(37,832)
Treasury stock, at cost; 71,950 shares at June 26, 2016 and December 27, 2015	-	-
Total shareholders' equity	80,926	97,902
Total liabilities and shareholders' equity	\$192,179	\$198,597

See accompanying notes to condensed consolidated financial statements.

RUTH'S HOSPITALITY GROUP, INC. AND SUBSIDIARIES**Condensed Consolidated Statements of Income—Unaudited****(Amounts in thousands, except share and per share data)**

	13 Weeks Ended		26 Weeks Ended	
	June 26, 2016	June 28, 2015	June 26, 2016	June 28, 2015
Revenues:				
Restaurant sales	\$87,244	\$85,765	\$183,181	\$177,836
Franchise income	4,034	4,117	8,535	8,139
Other operating income	1,376	1,167	2,828	2,419
Total revenues	92,654	91,049	194,544	188,394
Costs and expenses:				
Food and beverage costs	25,853	26,162	54,299	54,262
Restaurant operating expenses	42,556	40,264	86,477	81,966
Marketing and advertising	2,618	2,448	4,587	4,040
General and administrative costs	7,058	7,445	14,721	13,892
Depreciation and amortization expenses	3,371	3,187	6,472	6,106
Pre-opening costs	737	139	1,092	515
Total costs and expenses	82,193	79,645	167,648	160,781
Operating income	10,461	11,404	26,896	27,613
Other income (expense):				
Interest expense, net	(253) (174) (466) (400
Other	144	16	151	31
Income from continuing operations before income tax expense	10,352	11,246	26,581	27,244
Income tax expense	3,396	3,577	8,742	8,807
Income from continuing operations	6,956	7,669	17,839	18,437
Loss from discontinued operations, net of income taxes	(48) (153) (169) (509
Net income	\$6,908	\$7,516	\$17,670	\$17,928
Basic earnings (loss) per common share:				
Continuing operations	\$0.22	\$0.22	\$0.55	\$0.53

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Discontinued operations	-	-	-	(0.01)
Basic earnings per share	\$0.22	\$0.22	\$0.55	\$0.52
Diluted earnings (loss) per common share:				
Continuing operations	\$0.21	\$0.22	\$0.54	\$0.53
Discontinued operations	-	-	-	(0.01)
Diluted earnings per share	\$0.21	\$0.22	\$0.54	\$0.52
Shares used in computing net income (loss) per common share:				
Basic	32,138,846	34,343,691	32,382,746	34,280,024
Diluted	32,540,633	34,611,107	32,796,134	34,640,397