

Ruths Hospitality Group, Inc.
Form 10-Q
August 03, 2011
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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, 2011

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)

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Delaware
(State or other jurisdiction of
incorporation or organization)

72-1060618
(I.R.S. Employer
Identification No.)

400 International Parkway, Ste. 325, Heathrow, FL
(Address of principal executive offices)

32746
(Zip code)

(407) 333-7440

Registrant's telephone number, including area code

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 August 1, 2011 was 35,064,468, which includes 865,332 shares of unvested restricted stock.

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(dollar amounts in thousands, except share and per share data)

	December 26, 2010	June 26, 2011 (Unaudited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,018	\$ 3,354
Accounts receivable, less allowance for doubtful accounts 2010 - \$350; 2011 - \$370	11,977	8,815
Inventory	7,521	6,892
Prepaid expenses and other	1,314	1,393
Deferred income taxes	1,672	1,671
Total current assets	27,502	22,125
Property and equipment, net of accumulated depreciation 2010 - \$91,383; 2011 - \$98,592	105,151	101,368
Goodwill	22,097	22,097
Franchise rights	32,200	32,200
Trademarks	13,718	13,718
Other intangibles, net of accumulated amortization 2010 - \$1,522; 2011 - \$1,811	7,138	6,720
Deferred income taxes	36,795	38,285
Other assets	4,468	4,101
Total assets	\$ 249,069	\$ 240,614
Liabilities and Shareholders Equity		
Current liabilities:		
Accounts payable	\$ 8,710	\$ 8,924
Accrued payroll	12,115	9,715
Accrued expenses	8,415	6,352
Deferred revenue	28,238	19,890
Other current liabilities	8,385	7,005
Total current liabilities	65,863	51,886
Long-term debt	51,000	40,000
Deferred rent	22,284	23,167
Other liabilities	6,023	5,546
Total liabilities	145,170	120,599
Commitments and contingencies (Note 13)		
Series A 10% Redeemable Convertible Preferred Stock, par value \$0.01 per share; 25,000 shares authorized, issued and outstanding, liquidation preference of \$25,000 at June 26, 2011	23,538	23,715

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Shareholders' equity (deficit):		
Common stock, par value \$.01 per share; 100,000,000 shares authorized, 33,981,509 shares issued and outstanding at December 26, 2010 34,127,286 shares issued and outstanding at June 26, 2011	339	341
Additional paid-in capital	198,304	199,350
Accumulated deficit	(118,282)	(103,391)
Treasury stock, at cost; 71,950 shares at December 26, 2010 and June 26, 2011		
 Total shareholders' equity	 80,361	 96,300
 Total liabilities, preferred stock, and shareholders' equity	 \$ 249,069	 \$ 240,614

See accompanying notes to condensed consolidated financial statements.

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(dollar amounts in thousands, except share and per share data)

	13 Weeks Ending		26 Weeks Ending	
	June 27, 2010	June 26, 2011	June 27, 2010	June 26, 2011
Revenues:				
Restaurant sales	\$ 83,269	\$ 87,525	\$ 173,862	\$ 182,168
Franchise income	2,785	2,881	5,714	5,938
Other operating income	2,331	2,198	2,943	2,698
Total revenues	88,385	92,604	182,519	190,804
Costs and expenses:				
Food and beverage costs	24,397	26,738	50,974	55,775
Restaurant operating expenses	44,331	45,208	90,656	91,923
Marketing and advertising	2,880	3,177	5,386	6,119
General and administrative costs	5,359	5,353	10,924	11,230
Depreciation and amortization expenses	3,857	3,649	7,744	7,360
Pre-opening costs	342	41	347	42
Restructuring benefit	(1,121)		(1,683)	(502)
Loss on the disposal of property and equipment, net		21		21
Operating income	8,340	8,417	18,171	18,836
Other expense:				
Interest expense, net	(988)	(739)	(2,318)	(1,569)
Other	(42)	(179)	(142)	(361)
Income from continuing operations before income tax expense (benefit)	7,310	7,499	15,711	16,906
Income tax expense (benefit)	2,138	(1,807)	3,564	1,027
Income from continuing operations	5,172	9,306	12,147	15,879
Loss (income) from discontinued operations, net of income tax benefit (expense)	839	100	1,055	(259)
Net income	\$ 4,333	\$ 9,206	\$ 11,092	\$ 16,138
Preferred stock dividends	623	623	931	1,247
Accretion of preferred stock redemption value		88		176
Net income available to preferred and common shareholders	\$ 3,710	\$ 8,495	\$ 10,161	\$ 14,715
Basic earnings per common share:				
Continuing operations	\$ 0.11	\$ 0.20	\$ 0.30	\$ 0.34
Discontinued operations	(0.02)		(0.03)	0.01
Basic earnings per share	\$ 0.09	\$ 0.20	\$ 0.27	\$ 0.35

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Diluted earnings per common share:				
Continuing operations	\$ 0.11	\$ 0.20	\$ 0.30	\$ 0.33
Discontinued operations	(0.02)		(0.03)	0.01
Diluted earnings per share	\$ 0.09	\$ 0.20	\$ 0.27	\$ 0.34
Shares used in computing net income per common share:				