

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 6, 2018

RED ROBIN GOURMET BURGERS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34851
(Commission
File Number)

84-1573084
(IRS Employer
Identification No.)

6312 S. Fiddler's Green Circle, Suite 200N
Greenwood Village, Colorado
(Address of principal executive offices)

80111
(Zip Code)

Registrant's telephone number, including area code: **(303) 846-6000**

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 2.02 Results of Operations and Financial Condition

On November 6, 2018, Red Robin Gourmet Burgers, Inc. issued a press release describing selected financial results for the third fiscal quarter ended October 7, 2018. A copy of this press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. A copy of the supplemental financial information for the second fiscal quarter ended October 7, 2018, that will be referred to during today's investor conference call and webcast is being furnished as Exhibit 99.2 to this Form 8-K.

The information in this Item 2.02, including the information set forth in Exhibits 99.1 and 99.2, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

ITEM 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
<u>99.1</u>	<u>Red Robin Gourmet Burgers, Inc. Press Release dated November 6, 2018.</u>
<u>99.2</u>	<u>Supplemental Financial Information dated November 6, 2018 provided by Red Robin Gourmet Burgers, Inc.</u>

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

RED ROBIN GOURMET BURGERS, INC.

Date: November 6, 2018

By: /s/ Guy J. Constant
Name: Guy J. Constant
Title: Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

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Red Robin Gourmet Burgers Reports Results for the Fiscal Third Quarter Ended October 7, 2018

Greenwood Village, CO – November 6, 2018 – Red Robin Gourmet Burgers, Inc., (NASDAQ: RRGB), 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 quarter ended October 7, 2018.

Third Quarter 2018 Financial Highlights Compared to Third Quarter 2017

- GAAP earnings per diluted share were \$0.13 compared to \$0.21;
- Adjusted earnings per diluted share were \$0.16 compared to \$0.21 (see Schedule I);
- Total revenues were \$294.9 million, a decrease of 3.5%;
- Off-premise sales increased 22.7%, now comprising 10.1% of total food and beverage sales;
- Comparable restaurant revenue decreased 3.4% (using constant currency rates);
- Comparable restaurant guest counts decreased 1.9%;
- Cost of sales as a percentage of revenue remained flat at 23.8%; and
- Restaurant labor costs as a percentage of restaurant revenue remained flat at 35.3%.

“We are pleased with our continued improvement in managing labor and food costs, fundamental to achieving sustainable profit growth when we regain top-line sales momentum. Our third quarter sales performance was the result of a decline in dine-in traffic, which we expected when we chose mid quarter to shift remaining media weight to later in the year,” said Denny Marie Post, Red Robin Gourmet Burgers, Inc. chief executive officer. “We took the last part of the third quarter to begin retraining all of our restaurant teams on peak-hour service standards based on our success in pilot locations. We believe this will ensure our restaurant teams are well-prepared for seasonally higher volume in the fourth quarter and we are encouraged that we are already seeing improvements in ticket and wait times.”

Operating Results

Total revenues, which primarily include Company-owned restaurant revenue and franchise royalties, decreased 3.5% to \$294.9 million in the third quarter of 2018 from \$305.7 million in the third quarter of 2017. Restaurant revenue decreased \$10.9 million due to a \$9.9 million, or 3.4%, decrease in comparable restaurant revenue, a \$1.5 million decrease from closed restaurants, and a \$0.4 million unfavorable foreign currency exchange impact, partially offset by a \$0.9 million increase in revenue from new restaurant openings.

System-wide restaurant revenue (which includes franchised units) for the third quarter of 2018 totaled \$351.0 million, compared to \$361.0 million for the third quarter of 2017.

Comparable restaurant revenue⁽¹⁾ decreased 3.4% in the third quarter of 2018 compared to the same period a year ago, driven by a 1.5% decrease in average guest check and a 1.9% decrease in guest counts. The decrease in average guest check comprised a 3.0% decrease in menu mix, offset by a 1.5% increase in pricing. The Company's comparable revenue growth is calculated by comparing the same calendar weeks which, for the third quarter of 2017, exclude the first week of the third quarter of 2017 and include the first week of the fourth quarter of 2017.

Net income was \$1.7 million for the third quarter of 2018 compared to \$2.7 million for the same period a year ago. Adjusted net income was \$2.1 million for the third quarter of 2018 (see Schedule I).

Restaurant-level operating profit margin (a non-GAAP financial measure) was 16.8% in the third quarter of 2018 compared to 18.6% in the same period a year ago. Cost of sales as a percentage of restaurant revenue was flat due to increases in steak fries and the impact of higher Tavern mix, which were offset by decreases in ground beef and reductions in food waste. Restaurant labor costs as a percentage of restaurant revenue also remained flat as improvements in labor productivity offset higher average wage rates and sales deleverage. Other restaurant operating costs increased 120 basis points primarily due to sales deleverage and increases in restaurant technology, equipment repairs and maintenance, third-party delivery fees, and utility costs. Occupancy costs increased 60 basis points due to increases in real estate and personal property tax. Schedule II of this earnings release defines restaurant-level operating profit, discusses why it is a useful metric for investors, and reconciles this metric to income from operations and net income, in each case under GAAP.

(1) Comparable restaurants are those Company-owned restaurants that have operated five full quarters during the period presented, and such restaurants are only included in the comparable metrics if they are comparable for the entirety of both periods presented.

Restaurant Revenue Performance

	Q3 2018		Q3 2017	
Average weekly sales per unit ⁽¹⁾ :				
Company-owned – Total	\$	49,995	\$	52,877
Company-owned – Comparable ⁽²⁾	\$	50,282	\$	52,632
Franchised units – Comparable	\$	57,298	\$	57,619
Total operating weeks:				
Company-owned units		5,805		5,686
Franchised units		1,064		1,032

(1) Calculated using constant currency rates. Using historical currency rates, the average weekly sales per unit in the third quarter of 2017 for Company-owned – Total and Company-owned – Comparable was \$52,955 and \$52,711. The Company calculates non-GAAP constant currency average weekly sales per unit by translating prior year local currency average weekly sales per unit to U.S. dollars based on current quarter average exchange rates. The Company considers non-GAAP constant currency average weekly sales per unit to be a useful metric to investors and management as they facilitate a more useful comparison of current performance to historical performance.

(2) Using the same calendar weeks as compared to the third quarter 2018, the average weekly sales per unit in the third quarter of 2017, using constant currency rates, was \$52,231.

Other Results

Depreciation and amortization costs increased to \$21.8 million in the third quarter of 2018 from \$21.3 million in the third quarter of 2017. The increase was primarily related to new restaurant technology implemented beginning in third quarter 2017 and new restaurants opened since the third quarter of 2017.

General and administrative costs were \$16.8 million, or 5.7% of total revenues, in the third quarter of 2018, compared to \$18.6 million, or 6.1% of total revenues in the same period a year ago. The decrease was primarily due to decreases in salaries and team member benefits related to the reorganization in the first quarter 2018, as well as lower incentive and equity compensation.

Selling expenses were \$12.0 million, or 4.1% of total revenues, in the third quarter of 2018, compared to \$15.2 million, or 5.0% of total revenues, during the same period in the prior year. The decrease was primarily due to our choice of shifting media spend to the fourth quarter of 2018.

Pre-opening costs were \$0.4 million in the third quarter of 2018, compared to \$1.5 million in the same period a year ago. The decrease was primarily due to the decrease in number of restaurant openings.

Other charges in the third quarter of 2018 included \$0.5 million in reorganization costs.

The tax benefit was \$2.2 million in the third quarter of 2018, compared to \$0.7 million during the same period in the prior year. The change was primarily due to the decrease in income, as well as the decrease in the federal statutory rate from 35% to 21% that occurred in the first quarter of 2018.

Earnings per diluted share for the third quarter of 2018 was \$0.13 compared to earnings per diluted share of \$0.21 in third quarter of 2017. Excluding charges of \$0.03 per diluted share for reorganization costs, adjusted earnings per diluted share for the third quarter ended October 7, 2018 were \$0.16. See Schedule I for a reconciliation of adjusted net income and adjusted earnings per share (each, a non-GAAP financial measure) to net income and earnings per share.

Restaurant Development

During the third quarter of 2018, the Company opened two Red Robin restaurants and our franchisees opened one Red Robin restaurant.

The following table details restaurant unit data for Company-owned and franchised locations for the periods indicated:

	Twelve Weeks Ended		Forty Weeks Ended	
	October 7, 2018	October 1, 2017	October 7, 2018	October 1, 2017
Company-owned:				
Beginning of period	484	472	480	465
Opened during the period	2	7	8	16
Acquired from franchisees	—	—	—	—
Closed during the period	(1)	—	(3)	(2)
End of period	485	479	485	479
Franchised:				
Beginning of period	88	86	86	86
Opened during the period	1	—	3	1
Sold or closed during the period	—	—	—	(1)
End of period	89	86	89	86
Total number of restaurants	574	565	574	565

Balance Sheet and Liquidity

As of October 7, 2018, the Company had cash and cash equivalents of \$20.4 million and total debt of \$220.9 million, excluding \$10.4 million of capital lease liabilities. The Company funded construction of new restaurants and other capital expenditures with cash flow from operations and made net repayments of \$0.5 million on its credit facility during the third quarter of 2018. As of October 7, 2018, the Company had outstanding borrowings under its credit facility of \$220.0 million, in addition to amounts issued under letters of credit of \$7.6 million, which reduce the amount available under its credit facility but are not recorded as debt.

The Company's lease adjusted leverage ratio was 4.03x as of October 7, 2018. The lease adjusted leverage ratio is defined in Section 1.1 of the Company's credit facility, which is filed as Exhibit 10.32 in the Annual Report on Form 10-K filed on February 21, 2017.

Outlook for 2018

Earnings per diluted share is projected to be in the range of \$1.60 to \$1.80 for full-year 2018.

Guidance Policy

The Company provides guidance as it relates to selected information related to the Company's financial and operating performance, and such measures may differ from year to year.

Investor Conference Call and Webcast

Red Robin will host an investor conference call to discuss its third quarter 2018 results today at 5:00 p.m. ET. The conference call number is (888) 224-1005, or for international callers (323) 994-2093. The financial information that the Company intends to discuss during the conference call is included in this press release and will be available in the "Company" section of the Company's website at www.redrobin.com by selecting the "Investor Relations" link, then the "Calendar of Events" link. Prior to the conference call, the Company will post supplemental financial information that will be discussed during the call and live webcast.

To access the supplemental financial information and webcast, please visit www.redrobin.com and select the "Company" section, then the "Investor Relations" link, then the "Presentations" link. A replay of the live conference call will be available from two hours after the call until midnight on Tuesday, November 13, 2018. The replay can be accessed by dialing (844) 512-2921, or (412) 317-6671 for international callers. The conference ID is 2625863.

About Red Robin Gourmet Burgers, Inc. (NASDAQ: RRGB)

Red Robin Gourmet Burgers, Inc. (www.redrobin.com), a casual dining restaurant chain founded in 1969 that operates through its wholly-owned subsidiary, Red Robin International, Inc., and under the trade name Red Robin Gourmet Burgers and Brews, is the Gourmet Burger Authority™, famous for serving more than two dozen craveable, high-quality burgers with Bottomless Steak Fries® in a fun environment welcoming to guests of all ages. Whether a family dining with kids, adults grabbing a drink at the bar, or teens enjoying a meal, Red Robin offers an unparalleled experience for its guests. In addition to its many burger offerings, Red Robin serves a wide variety of salads, soups, appetizers, entrees, desserts, and signature beverages. Red Robin offers a variety of options behind the bar, including its extensive selection of local and regional beers, and innovative adult beer shakes and cocktails, earning the restaurant a VIBE Vista Award for Best Beer Program in a Multi-Unit Chain Restaurant. There are more than 570 Red

Robin restaurants across the United States and Canada, including locations operating under franchise agreements. Red Robin... YUMMM! Connect with Red Robin on [Facebook](#), [Instagram](#), and [Twitter](#).

Forward-Looking Statements

Forward-looking statements in this press release regarding the Company's future performance, restaurant sales and guest traffic, earnings per share, new unit development, and statements under the heading "Outlook for 2018", and all other statements that are not historical facts, are made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on assumptions believed by the Company to be reasonable and speak only as of the date on which such statements are made. Without limiting the generality of the foregoing, words such as "expect," "believe," "anticipate," "intend," "plan," "project," "will" or "estimate," or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. Except as required by law, the Company undertakes no obligation to update such statements to reflect events or circumstances arising after such date, and cautions investors not to place undue reliance on any such forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those described in the statements based on a number of factors, including but not limited to the following: the effectiveness of the Company's strategic initiatives including the Company's affordability initiatives to drive traffic and sales; the effectiveness of the Company's marketing strategies and promotions to achieve restaurant sales growth; the cost and availability of key food products, labor, and energy; the ability to achieve anticipated revenue and cost savings from anticipated new technology systems and tools in the restaurants; the ability to develop, test, implement and increase online ordering, to-go services, catering, and other off-premise sales; the ability to increase labor productivity through alternative labor models, and to train our workforce for service execution complexities related to growth of multiple revenue streams in the restaurant; the success of our refranchising efforts; our ability to repurchase shares at all or at the times or in the amounts we currently anticipate or to achieve anticipated benefits of a share repurchase program; availability of capital or credit facility borrowings; the adequacy of cash flows or available debt resources to fund operations and growth opportunities; the impact of federal, state, and local regulation of the Company's business; and other risk factors described from time to time in the Company's Form 10-K, Form 10-Q, and Form 8-K reports (including all amendments to those reports) filed with the U.S. Securities and Exchange Commission.

For media relations questions contact:

Brian Farley, Coyne PR
(973) 588-2000

For investor relations questions contact:

PJ Adler
Red Robin Investor Relations
303-846-5040

RED ROBIN GOURMET BURGERS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Twelve Weeks Ended		Forty Weeks Ended	
	October 7, 2018	October 1, 2017	October 7, 2018	October 1, 2017
Revenues:				
Restaurant revenue	\$ 290,218	\$ 301,100	\$ 1,015,312	\$ 1,026,902
Franchise and other revenue	4,659	4,600	16,472	16,737
Total revenues	<u>294,877</u>	<u>305,700</u>	<u>1,031,784</u>	<u>1,043,639</u>
Costs and expenses:				
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):				
Cost of sales	69,003	71,642	242,392	240,152
Labor	102,322	106,205	351,813	360,146
Other operating	43,612	41,454	141,305	133,575
Occupancy	26,629	25,868	88,099	84,127
Depreciation and amortization	21,819	21,258	73,335	70,475
General and administrative	16,763	18,562	65,752	71,402
Selling	12,017	15,152	44,963	46,563
Pre-opening costs	387	1,503	2,093	4,735
Other charges	520	—	17,422	1,584
Total costs and expenses	<u>293,072</u>	<u>301,644</u>	<u>1,027,174</u>	<u>1,012,759</u>
Income from operations	1,805	4,056	4,610	30,880
Other expense:				
Interest expense, net and other	2,295	2,032	8,087	7,469
Income (loss) before income taxes	(490)	2,024	(3,477)	23,411
Income tax (benefit) provision	(2,199)	(690)	(7,692)	2,199
Net income	<u>\$ 1,709</u>	<u>\$ 2,714</u>	<u>\$ 4,215</u>	<u>\$ 21,212</u>
Earnings per share:				
Basic	<u>\$ 0.13</u>	<u>\$ 0.21</u>	<u>\$ 0.32</u>	<u>\$ 1.65</u>
Diluted	<u>\$ 0.13</u>	<u>\$ 0.21</u>	<u>\$ 0.32</u>	<u>\$ 1.63</u>
Weighted average shares outstanding:				
Basic	<u>12,994</u>	<u>12,927</u>	<u>12,977</u>	<u>12,888</u>
Diluted	<u>13,054</u>	<u>13,023</u>	<u>13,064</u>	<u>12,986</u>

RED ROBIN GOURMET BURGERS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	(Unaudited) October 7, 2018	December 31, 2017
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 20,368	\$ 17,714
Accounts receivable, net	12,801	26,499
Inventories	29,197	29,553
Prepaid expenses and other current assets	21,503	31,038
Total current assets	<u>83,869</u>	<u>104,804</u>
Property and equipment, net	595,429	638,151
Goodwill	96,548	96,979
Intangible assets, net	35,632	38,273
Other assets, net	43,337	32,408
Total assets	<u>\$ 854,815</u>	<u>\$ 910,615</u>
Liabilities and Stockholders' Equity:		
Current Liabilities:		
Accounts payable	\$ 28,161	\$ 35,347
Accrued payroll and payroll related liabilities	35,248	32,777
Unearned revenue	38,237	55,915
Accrued liabilities and other	40,579	36,300
Total current liabilities	<u>142,225</u>	<u>160,339</u>
Deferred rent	77,234	74,980
Long-term debt	220,875	266,375
Long-term portion of capital lease obligations	9,611	10,197
Other non-current liabilities	10,698	11,289
Total liabilities	<u>460,643</u>	<u>523,180</u>
Stockholders' Equity:		
Common stock; \$0.001 par value: 45,000 shares authorized; 17,851 and 17,851 shares issued; 12,996 and 12,954 shares outstanding	18	18
Preferred stock, \$0.001 par value: 3,000 shares authorized; no shares issued and outstanding	—	—
Treasury stock 4,855 and 4,897 shares, at cost	(200,748)	(202,485)
Paid-in capital	212,002	210,708
Accumulated other loss, net of tax	(4,075)	(3,566)
Retained earnings	386,975	382,760
Total stockholders' equity	<u>394,172</u>	<u>387,435</u>
Total liabilities and stockholders' equity	<u>\$ 854,815</u>	<u>\$ 910,615</u>

Reconciliation of Non-GAAP Results to GAAP Results
(In thousands, except per share data)

In addition to the results provided in accordance with Generally Accepted Accounting Principles (“GAAP”) throughout this press release, the Company has provided non-GAAP measurements which present the 12 and 40 weeks ended October 7, 2018 and October 1, 2017, net income and basic and diluted earnings per share, excluding the effects of litigation contingencies, reorganization costs, and the related income tax effects. The Company believes the presentation of net income and earnings per share exclusive of the identified item gives the reader additional insight into the ongoing operational results of the Company. This supplemental information will assist with comparisons of past and future financial results against the present financial results presented herein. Income tax effect of reconciling items was calculated based on the change in the total tax provision calculation after adjusting for the identified item. The non-GAAP measurements are intended to supplement the presentation of the Company’s financial results in accordance with GAAP.

	Twelve Weeks Ended		Forty Weeks Ended	
	October 7, 2018	October 1, 2017	October 7, 2018	October 1, 2017
Net income as reported	\$ 1,709	\$ 2,714	\$ 4,215	\$ 21,212
Asset impairment	—	—	9,643	1,584
Litigation contingencies	—	—	4,000	—
Spiral menu disposal	—	—	506	—
Reorganization costs	520	—	3,273	—
Income tax effect of reconciling items	(135)	—	(4,529)	(618)
Adjusted net income	<u>\$ 2,094</u>	<u>\$ 2,714</u>	<u>\$ 17,108</u>	<u>\$ 22,178</u>
Basic net income per share:				
Net income as reported	\$ 0.13	\$ 0.21	\$ 0.32	\$ 1.65
Asset Impairment	—	—	0.74	0.12
Litigation contingencies	—	—	0.31	—
Spiral menu disposal	—	—	0.04	—
Reorganization costs	0.04	—	0.25	—
Income tax effect of reconciling items	(0.01)	—	(0.35)	(0.05)
Adjusted earnings per share - basic	<u>\$ 0.16</u>	<u>\$ 0.21</u>	<u>\$ 1.31</u>	<u>\$ 1.72</u>
Diluted net income per share ⁽¹⁾ :				
Net income as reported	\$ 0.13	\$ 0.21	\$ 0.32	\$ 1.63
Asset Impairment	—	—	0.74	0.12
Litigation contingencies	—	—	0.31	—
Spiral menu disposal	—	—	0.04	—
Reorganization costs	0.04	—	0.25	—
Income tax effect of reconciling items	(0.01)	—	(0.35)	(0.04)
Adjusted earnings per share - diluted	<u>\$ 0.16</u>	<u>\$ 0.21</u>	<u>\$ 1.31</u>	<u>\$ 1.71</u>
Weighted average shares outstanding				
Basic	12,994	12,927	12,977	12,888
Diluted	13,054	13,023	13,064	12,986

**Reconciliation of Non-GAAP Restaurant-Level Operating Profit to Income
from Operations and Net Income
(In thousands)**

The Company believes that restaurant-level operating profit is an important measure for management and investors because it is widely regarded in the restaurant industry as a useful metric by which to evaluate restaurant-level operating efficiency and performance. The Company defines restaurant-level operating profit to be restaurant revenue minus restaurant-level operating costs, excluding restaurant impairment and closure costs. The measure includes restaurant-level occupancy costs, which include fixed rents, percentage rents, common area maintenance charges, real estate and personal property taxes, general liability insurance, and other property costs, but excludes depreciation related to restaurant buildings and leasehold improvements. The measure excludes depreciation and amortization expense, substantially all of which is related to restaurant-level assets, because such expenses represent historical sunk costs which do not reflect current cash outlay for the restaurants. The measure also excludes selling, general, and administrative costs, and therefore excludes occupancy costs associated with selling, general, and administrative functions, and pre-opening costs. The Company excludes restaurant closure costs as they do not represent a component of the efficiency of continuing operations. Restaurant impairment costs are excluded, because, similar to depreciation and amortization, they represent a non-cash charge for the Company's investment in its restaurants and not a component of the efficiency of restaurant operations. Restaurant-level operating profit is not a measurement determined in accordance with GAAP and should not be considered in isolation, or as an alternative, to income from operations or net income as indicators of financial performance. Restaurant-level operating profit as presented may not be comparable to other similarly titled measures of other companies in our industry. The table below sets forth certain unaudited information for the 12 and 40 weeks ended October 7, 2018 and October 1, 2017, expressed as a percentage of total revenues, except for the components of restaurant-level operating profit, which are expressed as a percentage of restaurant revenue.

	Twelve Weeks Ended				Forty Weeks Ended			
	October 7, 2018		October 1, 2017		October 7, 2018		October 1, 2017	
Restaurant revenue	\$ 290,218	98.4 %	\$ 301,100	98.5 %	\$ 1,015,312	98.4 %	\$ 1,026,902	98.4 %
Restaurant operating costs ⁽¹⁾ :								
Cost of sales	69,003	23.8 %	71,642	23.8 %	242,392	23.9 %	240,152	23.4 %
Labor	102,322	35.3 %	106,205	35.3 %	351,813	34.7 %	360,146	35.1 %
Other operating	43,612	15.0 %	41,454	13.8 %	141,305	13.9 %	133,575	13.0 %
Occupancy	26,629	9.2 %	25,868	8.6 %	88,099	8.7 %	84,127	8.2 %
Restaurant-level operating profit	48,652	16.8 %	55,931	18.6 %	191,703	18.9 %	208,902	20.3 %
Add – Franchise and other revenue	4,659	1.6 %	4,600	1.5 %	16,472	1.6 %	16,737	1.6 %
Deduct – other operating:								
Depreciation and amortization	21,819	7.4 %	21,258	7.0 %	73,335	7.1 %	70,475	6.8 %
General and administrative expenses	16,763	5.7 %	18,562	6.1 %	65,752	6.4 %	71,402	6.8 %
Selling	12,017	4.1 %	15,152	5.0 %	44,963	4.4 %	46,563	4.5 %
Pre-opening costs	387	0.1 %	1,503	0.5 %	2,093	0.2 %	4,735	0.5 %
Other charges	520	0.2 %	—	0.0 %	17,422	1.7 %	1,584	0.2 %
Total other operating	51,506	17.5 %	56,475	18.5 %	203,565	19.7 %	194,759	18.7 %
Income from operations	1,805	0.6 %	4,056	1.3 %	4,610	0.4 %	30,880	3.0 %
Interest expense, net and other	2,295	0.8 %	2,032	0.7 %	8,087	0.8 %	7,469	0.7 %
Income tax (benefit) provision	(2,199)	(0.7)%	(690)	(0.2)%	(7,692)	(0.7)%	2,199	0.2%
Total other	96	— %	1,342	0.4 %	395	0.0 %	9,668	0.9 %
Net income	\$ 1,709	0.6 %	\$ 2,714	0.9 %	\$ 4,215	0.4 %	\$ 21,212	2.0%

(1) Excluding depreciation and amortization, which is shown separately.

Certain percentage amounts in the table above do not total due to rounding as well as the fact that components of restaurant-level operating profit are expressed as a percentage of restaurant revenue and not total revenues.

Reconciliation of Net Income to EBITDA and Adjusted EBITDA
(In thousands, unaudited)

The Company defines EBITDA as net income before interest expense, provision (benefit) for income taxes, and depreciation and amortization. EBITDA and adjusted EBITDA are presented because the Company believes investors' understanding of our performance is enhanced by including these non-GAAP financial measures as a reasonable basis for evaluating our ongoing results of operations without the effect of non-cash charges such as depreciation and amortization expenses, asset disposals, and asset impairment and restaurant closure charges. EBITDA and adjusted EBITDA are supplemental measures of operating performance that do not represent and should not be considered as alternatives to net income or cash flow from operations, as determined by GAAP, and our calculation thereof may not be comparable to that reported by other companies in our industry or otherwise. Adjusted EBITDA further adjusts EBITDA to reflect the additions and eliminations shown in the table below. The use of adjusted EBITDA as a performance measure permits a comparative assessment of our operating performance relative to our performance based on our GAAP results, while isolating the effects of some items that vary from period to period without any correlation to core operating performance. Adjusted EBITDA as presented may not be comparable to other similarly-titled measures of other companies, and our presentation of adjusted EBITDA should not be construed as an inference that our future results will be unaffected by excluded or unusual items. We have not provided a reconciliation of our adjusted EBITDA outlook to the most comparable GAAP measure of net income. Providing net income guidance is potentially misleading and not practical given the difficulty of projecting event-driven transactional and other non-core operating items that are included in net income, including asset impairments and income tax valuation adjustments. The reconciliations of adjusted EBITDA to net income for the historical periods presented below are indicative of the reconciliations that will be prepared upon completion of the periods covered by the non-GAAP guidance.

	Twelve Weeks Ended		Forty Weeks Ended	
	October 7, 2018	October 1, 2017	October 7, 2018	October 1, 2017
Net income as reported	\$ 1,709	\$ 2,714	\$ 4,215	\$ 21,212
Interest expense, net	2,390	2,222	8,125	8,097
Income tax (benefit) provision	(2,199)	(690)	(7,692)	2,199
Depreciation and amortization	21,819	21,258	73,335	70,475
EBITDA	23,719	25,504	77,983	101,983
Asset Impairment	—	—	9,643	1,584
Litigation contingencies	—	—	4,000	—
Spiral menu disposal	—	—	506	—
Reorganization costs	520	—	3,273	—
Adjusted EBITDA	\$ 24,239	\$ 25,504	\$ 95,405	\$ 103,567



Third Quarter 2018 Results



November 6, 2018



Forward-Looking Statements

Forward-looking statements in this presentation regarding the Company's future performance, restaurant sales and guest traffic, earnings per share, new restaurant openings, and all other statements that are not historical facts, are made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on assumptions believed by the Company to be reasonable and speak only as of the date on which such statements are made. Without limiting the generality of the foregoing, words such as "expect," "believe," "anticipate," "intend," "plan," "project," "will" or "estimate," or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. Except as required by law, the Company undertakes no obligation to update such statements to reflect events or circumstances arising after such date, and cautions investors not to place undue reliance on any such forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those described in the statements based on a number of factors, including but not limited to the following: the effectiveness of the Company's strategic initiatives including the Company's affordability initiatives to drive traffic and sales; the effectiveness of the Company's marketing strategies and promotions to achieve restaurant sales growth; the cost and availability of key food products, labor, and energy; the ability to achieve anticipated revenue and cost savings from anticipated new technology systems and tools in the restaurants; the ability to develop, test, implement and increase online ordering, to-go services, catering, and other off-premise sales; the ability to increase labor productivity through alternative labor models, and to train our workforce for service execution complexities related to growth of multiple revenue streams in the restaurant; our ability to repurchase shares at all or at the times or in the amounts we currently anticipate or to achieve anticipated benefits of a share repurchase program; availability of capital or credit facility borrowings; the adequacy of cash flows or available debt resources to fund operations and growth opportunities; the impact of federal, state, and local regulation of the Company's business; and other risk factors described from time to time in the Company's Form 10-K, Form 10-Q, and Form 8-K reports (including all amendments to those reports) filed with the U.S. Securities and Exchange Commission.

This presentation may also contain non-GAAP financial information. Management uses this information in its internal analysis of results and believes that this information may be informative to investors in gauging the quality of the Company's financial performance, identifying trends in results, and providing meaningful period-to-period comparisons. For a reconciliation of non-GAAP measures presented in this document, see the Appendix of this presentation or the Schedules to the Q3 press release posted on redrobin.com.

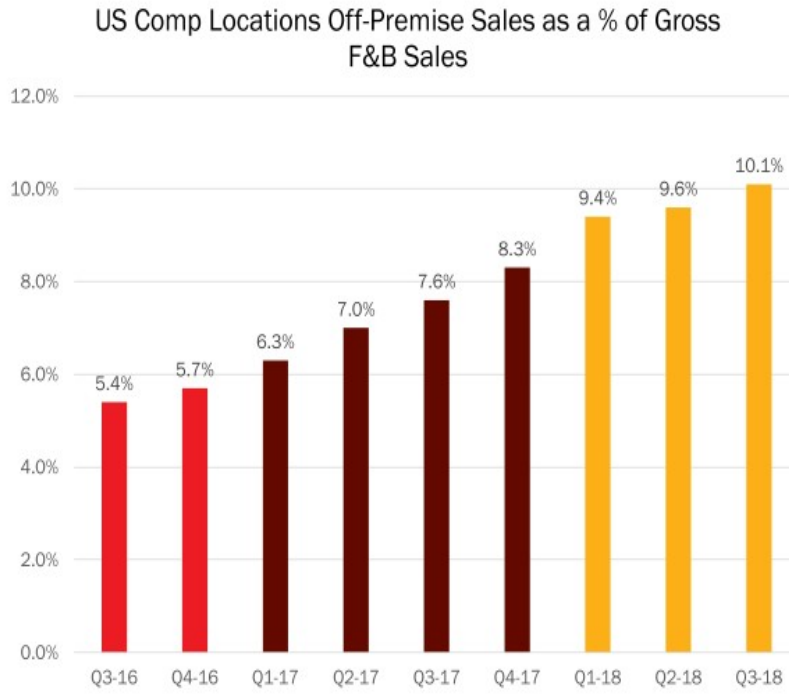
Red Robin Q3-2018 Results

- Total revenues decreased 3.5%
- Off-premise sales increased to 10.1% of total food and beverage sales
- Comparable restaurant revenue decreased 3.4% (using constant currency rates)
- Comparable restaurant guest counts decreased 1.9%
- Restaurant labor costs as a percentage of restaurant revenue remained flat at 35.3%
- Earnings per diluted share were \$0.13 compared to earnings per diluted share of \$0.21 in Q3 2017. Adjusted diluted EPS⁽¹⁾ were \$0.16 compared to \$0.21 in Q3 2017
- Opened 2 company-owned Red Robin® restaurants and 1 franchised Red Robin® restaurant

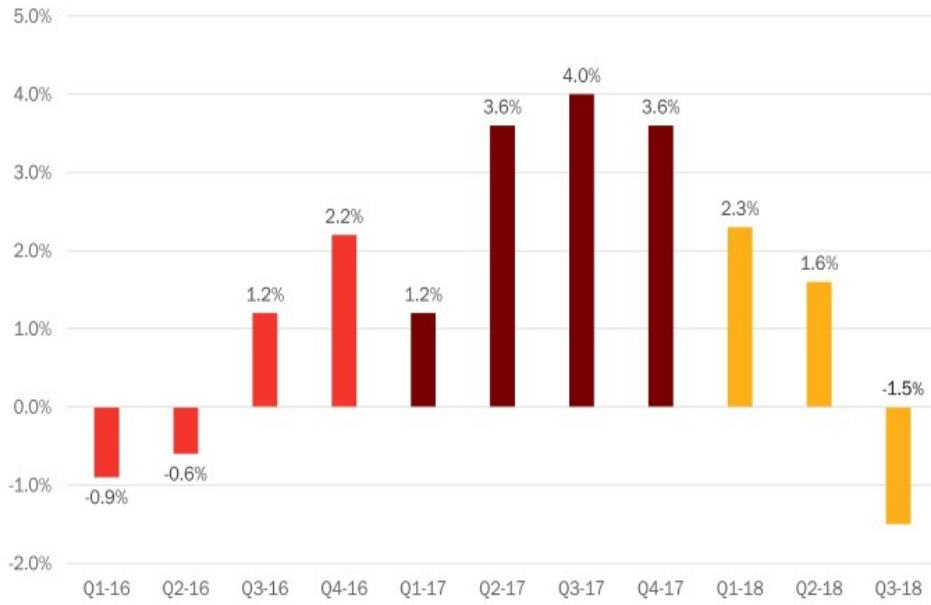
(1) See reconciliations of non-GAAP financial measures to the most comparable GAAP financial measures in Appendix.



Continued Off-Premise Sales Growth

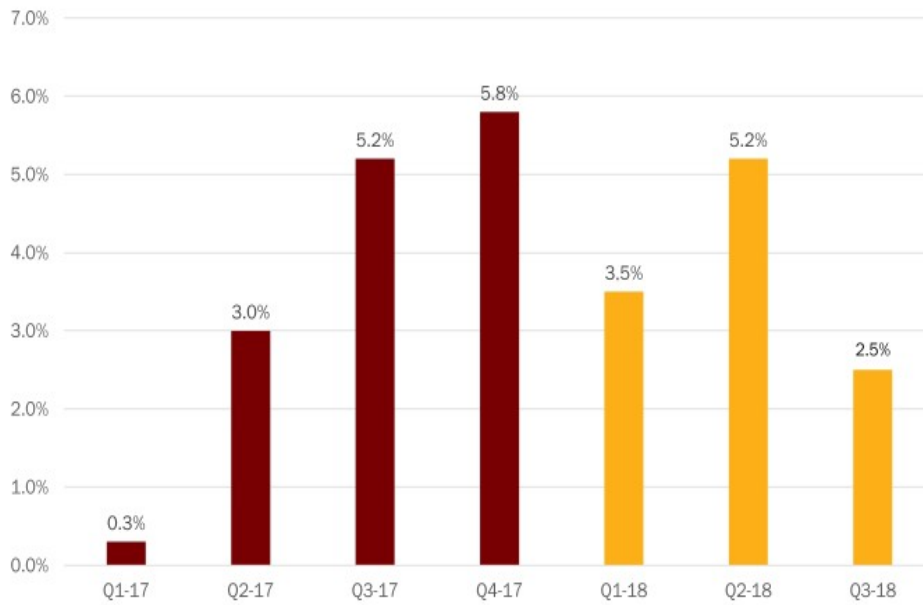


Traffic Performance vs. Competitors

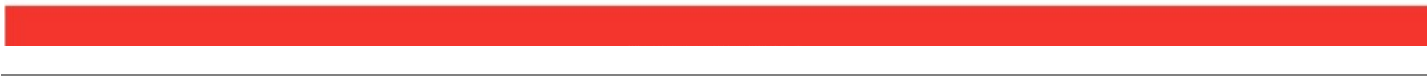


Source: Based on Black Box Intelligence Casual Dining (All Cuisine) peers as of 10/7/2018

Two Year Traffic Outperformance vs. Competition



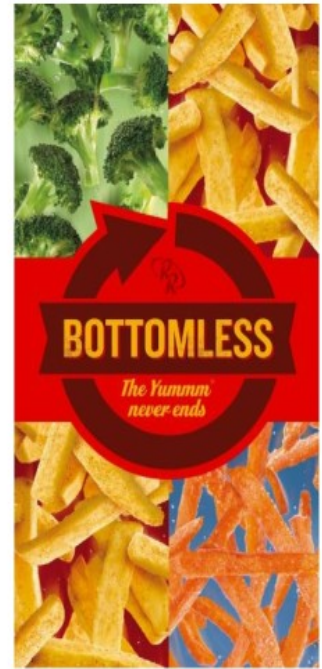
Source: Based on Black Box Intelligence Casual Dining (All Cuisine) peers as of 10/7/2018



Recapturing Red Robin Service Standards



- Increased in-restaurant training to provide faster seating and service
- Strengthened To-Go capabilities, especially during peak times
- Focused on delivering great dine-in and off-premise service



Strong Relative Value Story



More Appealing Menu Offers and Value



KIDS' DAY WEDNESDAY
KIDS' ENTRÉES \$1.99 EVERY WEDNESDAY WITH PURCHASE.

CHICKEN & DOODLES \$4.99

Served with a bottomless side & beverage!
See kids' menu for full list of entrées and sides.

* Drink only for kids 11 and under. Lunch \$ per adult entrée, special, sandwich, wrap or salad choice. Weekends only for 2 entrées only. 2,000 calories a day is equal to grams number above. But calorie counts vary.

\$10 LUNCH DEAL

Red Robin
GOURMET BURGERS AND BEERS

INCLUDES:
GOURMET BURGER
BOTTOMLESS STEAK FRIES
BOTTOMLESS SODA OR TEA

Mon-Thu 11am-2pm
Dine-In Only

See details at
RedRobin.com/lunch-deals.html

BANZAI

Oktoberfest Burger Fan Celebration



Daily Breeze Staff Photos



Holiday Season Menu Features



Our Newest Finest Burger

New THE MASTER CHEESE

1/2-lb. Black Angus patty with a duo of melted extra-sharp Cheddar and Provolone cheeses, Bistro Sauce, dill pickle planks, buffalo and tomatoes on a toasted brioche bun.

XXX cal 0000

BIG
on cheese

SURE TO please

Pair it with a Samuel Adams® Boston Lager®

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LIMITED TIME

GARLIC PARMESAN PRETZEL BITES

Beer chive pretzel bites tossed in a garlic-Parmesan sauce and topped with grated Parmesan cheese. Served with roasted garlic aioli.

XXX cal 0000

LIMITED TIME *Apple Harvest* ICED TEA

Butterless brewed Gold Peak® black tea blended with caramel apple butter syrup and honey syrup, garnished with a lemon wedge. XXX cal 0000

New

Peppermint Swirl
FINEST SHAKE

Blended with peppermint candies and marbled with white chocolate sauce. Topped with whipped cream and crushed peppermints.

XXX cal 0000



What Red Robin is Known For

- Craveable, Customizable Gourmet Burgers
- Great Service at Appropriate Speed
- Affordable Abundance





Financial Update



Q3-18 Sales Highlights



	Q3-18 (12 Weeks)	Q3-17 (12 Weeks)	Change	Q3-18 YTD (40 Weeks)	Q3-17 YTD (40 Weeks)	Change
Restaurant revenue	\$290.2 million	\$301.1 million	-3.6%	\$1.02 billion	\$1.03 billion	-1.1%
Total company revenues	\$294.9 million	\$305.7 million	-3.5%	\$1.03 billion	\$1.04 billion	-1.1%
Company-owned comp revenue ⁽¹⁾⁽²⁾	-3.4%	-0.1%		-2.1%	-0.2%	
Price/Mix	-1.5%	-0.1%		-1.4%	-0.1%	
Guest counts	-1.9%	0.0%		-0.7%	-0.1%	
Franchised comp revenue ⁽²⁾	-0.6%	-3.0%		0.0%	-2.8%	
Company avg. weekly revenue/unit ⁽¹⁾ – total	\$49,995	\$52,877	-5.5%	\$52,482	\$54,640	-3.9%
Company avg. weekly revenue/unit ⁽¹⁾⁽³⁾ – comp	\$50,282	\$52,632	-4.5%	\$52,939	\$54,668	-3.2%
Avg. weekly restaurant level operating profit/unit ⁽¹⁾ – comp	\$8,526	\$9,650	-11.7%	\$10,088	\$11,103	-9.1%
Operating weeks	5,805	5,686	2.1%	19,346	18,803	2.9%
Net Sales/ sq. ft (TTM)	\$441	\$447	-1.3%			

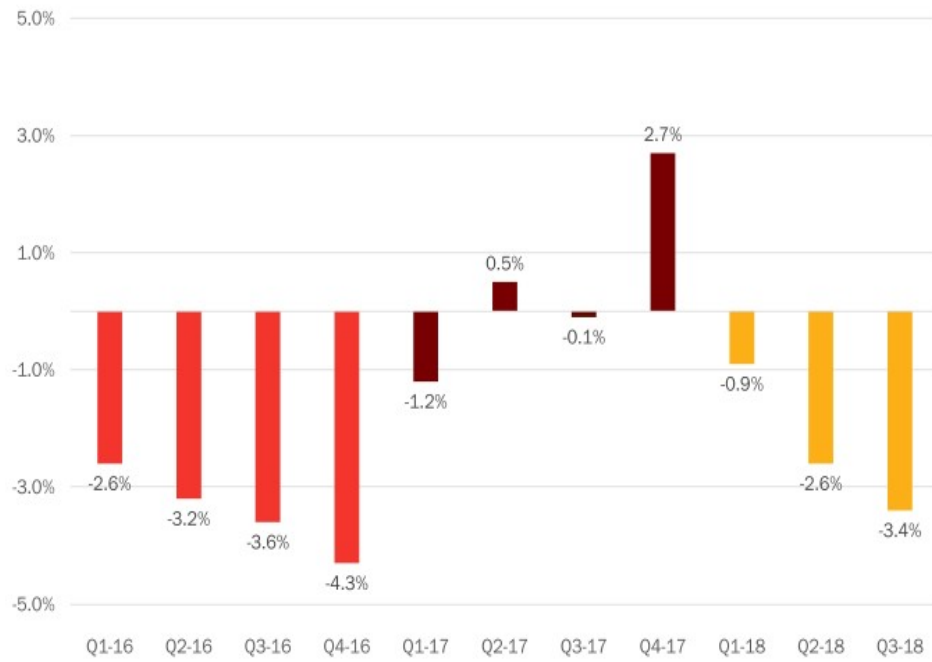
(1) Calculated at constant currency rates

(2) Comparable revenue growth is calculated by comparing the same calendar weeks which, for the third quarter of 2017, exclude the first week of the third quarter of 2017 and include the first week of the fourth quarter of 2017

(3) Using the same calendar weeks as compared to the third quarter 2018, the average weekly sales per unit in the third quarter of 2017, using constant currency rates, was \$52,231 resulting in a change of -3.7%. Using the same calendar weeks as compared to the forty weeks ended October 7, 2018, the average weekly sales per unit for forty weeks in 2017, using constant currency rates, was \$54,146 resulting in a change of -2.2%



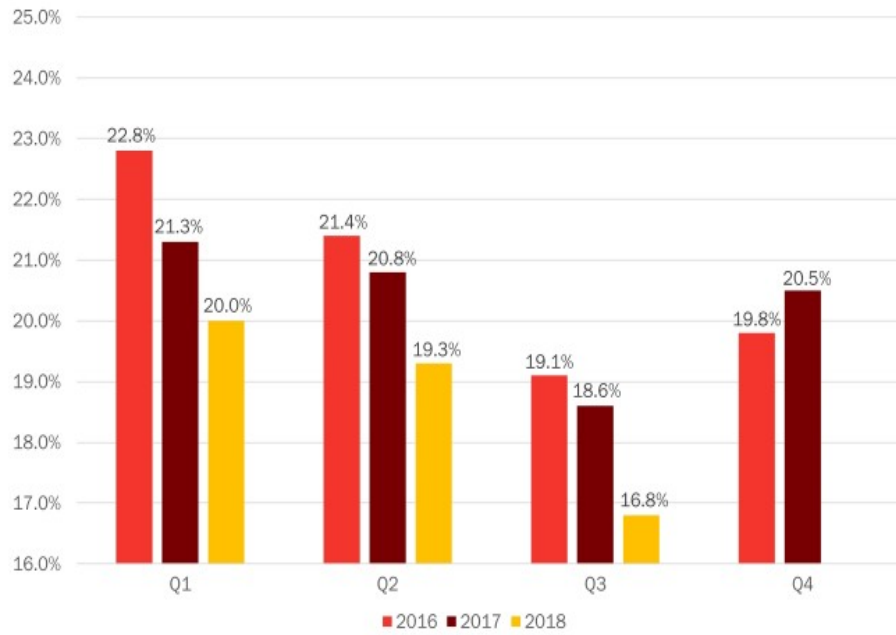
Comparable Restaurant Revenue Trend⁽¹⁾



(1) Calculated at constant currency rates



Restaurant Level Operating Profit ⁽¹⁾⁽²⁾ Margins



(1) See Appendix for reconciliation of non-GAAP restaurant-level operating profit to net income (loss)

(2) Prior period local marketing costs have been reclassified from Other operating to Selling to conform with the current period presentation

Q3-18 Restaurant Results



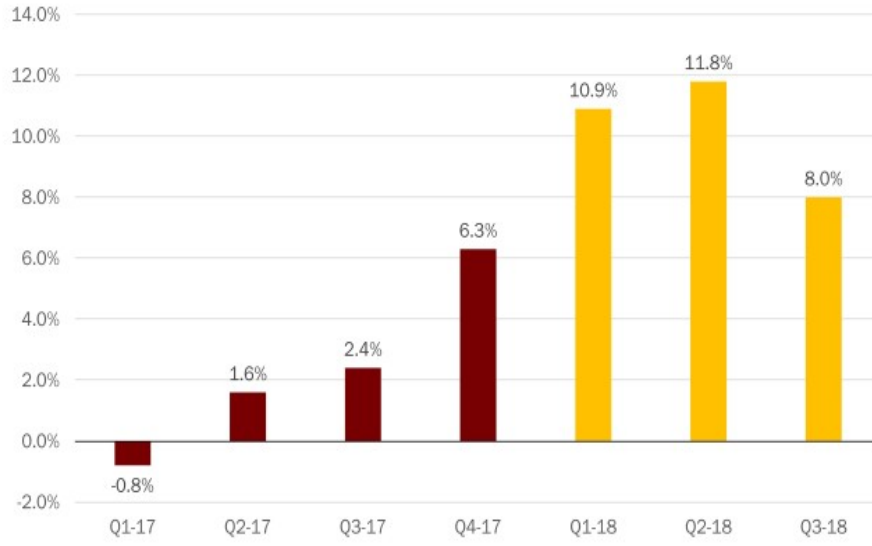
	% of Restaurant Revenue	% of Restaurant Revenue	Favorable
	Q3-18	Q3-17	(Unfavorable)
Cost of sales	23.8%	23.8%	-
Labor	35.3%	35.3%	-
Other operating	15.0%	13.8%	(120 bps)
Occupancy	9.2%	8.6%	(60 bps)
Restaurant Level Operating Profit ⁽¹⁾	16.8%	18.6%	(180 bps)

(1) See Appendix for reconciliation of non-GAAP restaurant-level operating profit to net income (loss)

Significant Productivity Improvement

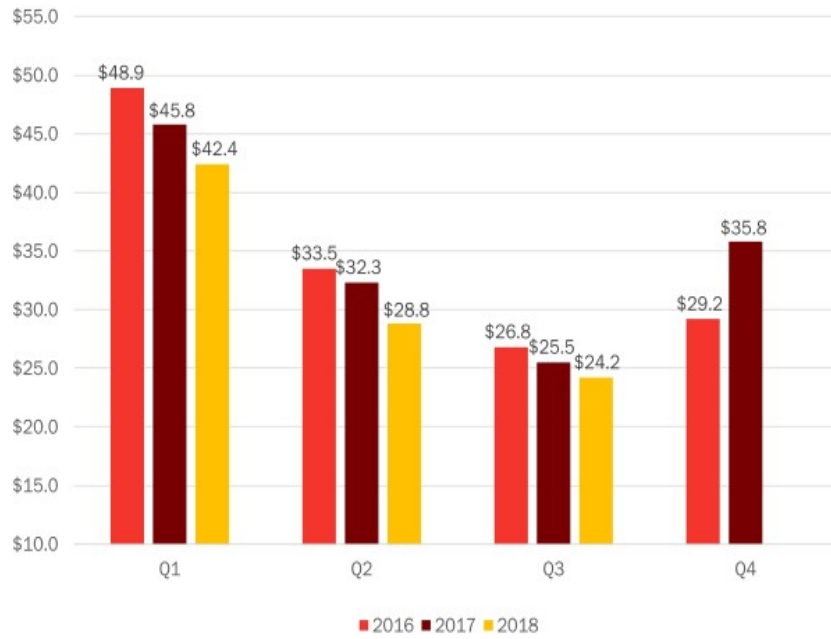


US Comp Locations Labor Productivity Improvement Year over Year



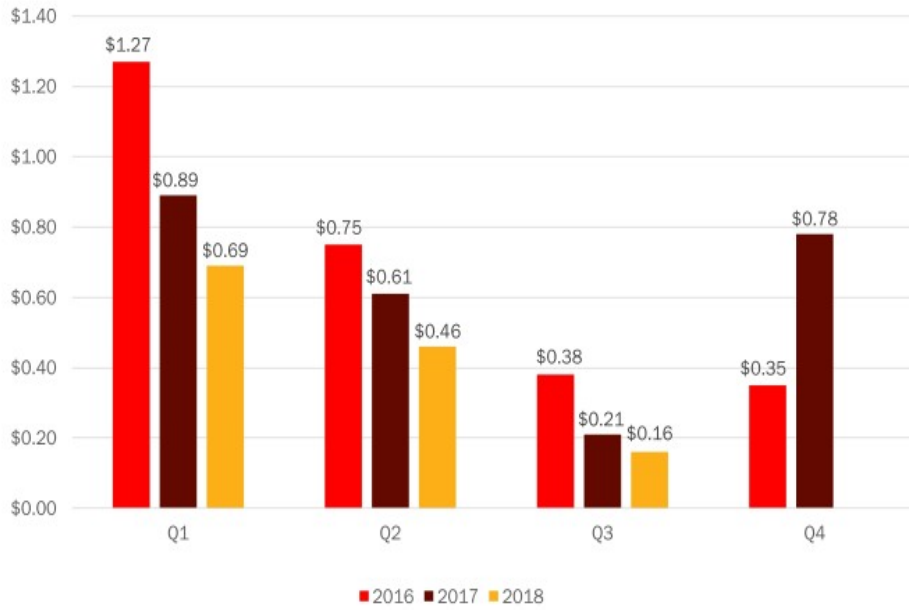


Adjusted EBITDA⁽¹⁾



(1) See Appendix for reconciliation of non-GAAP Adjusted EBITDA to Net Income (Loss)

Adjusted Earnings Per Diluted Share



See Appendix for reconciliation of non-GAAP Adjusted Earnings Per Diluted Share to Earnings (Loss) Per Diluted Share



In Closing



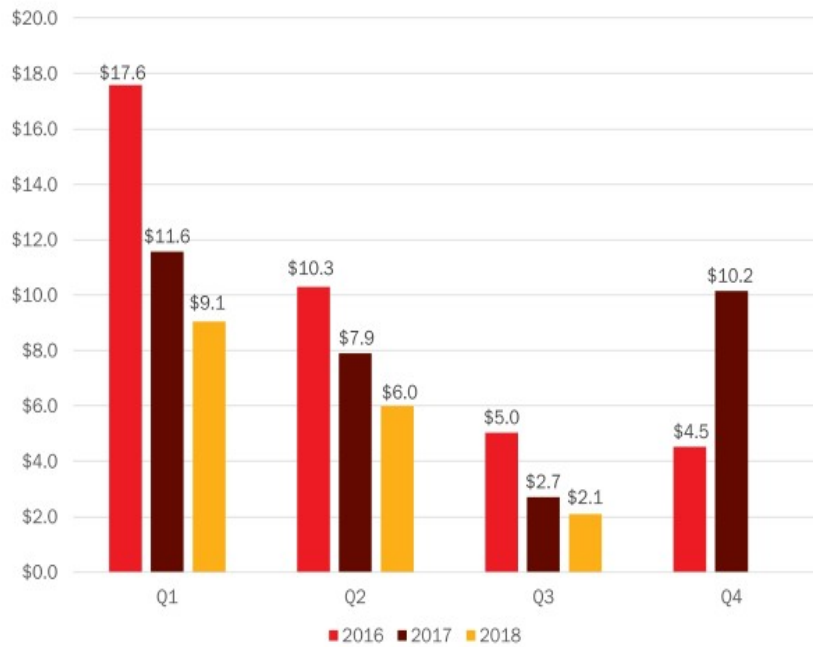


Appendix



Adjusted Net Income⁽¹⁾

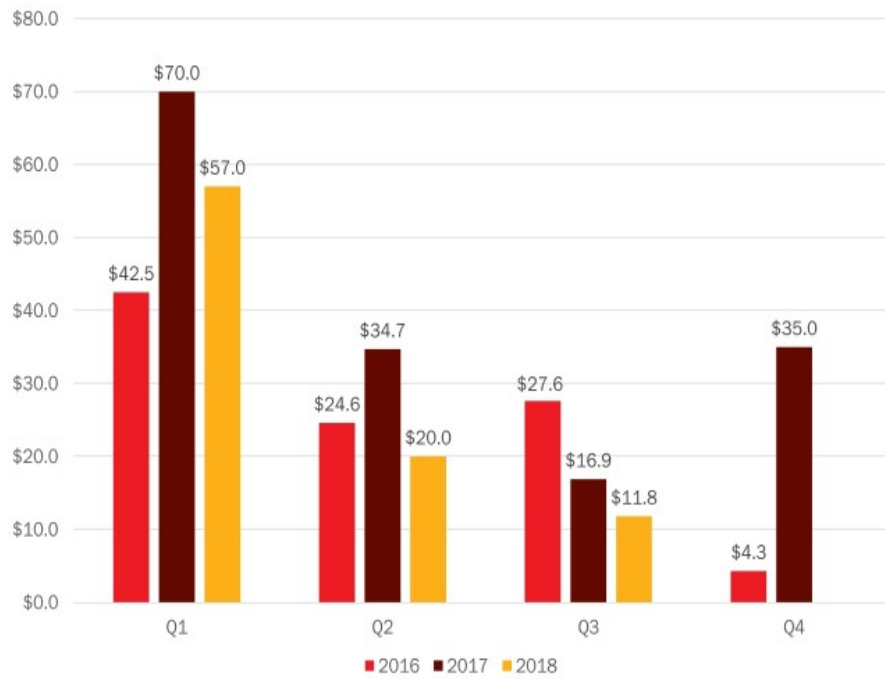
(\$ in Millions)



(1) See Appendix for reconciliation of non-GAAP Adjusted Net Income to Net Income (Loss)

Cash Flow from Operations

(\$ in Millions)



Q3-18 Commodity Update



	% of Total COGS in Q3-18	Market vs. Contract
Steak fries	13.7%	100% contracted through 10/19
Ground beef	12.8%	Market
Poultry	9.9%	100% contracted through 1/19
Produce	7.8%	70% contracted through 10/19
Meat	7.0%	Bacon 100% contracted through 11/18; Prime rib 100% contracted through 6/19 Angus: Market
Bread	6.2%	100% contracted through 12/18
Seafood	2.7%	Cod 100% contracted through 3/19 and Shrimp 100% contracted through 12/18
Fry oil	1.9%	100% contracted through 6/19



Reconciliation of Adjusted Net Income to Net Income (Loss) and Adjusted Earnings Per Diluted Share to Earnings (Loss) Per Diluted Share (\$ in thousands, except per share data)



	2016				2017				2018		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net income (loss) as reported	\$ 14,225	\$ 7,552	\$ (1,300)	\$ (8,752)	\$ 11,567	\$ 6,931	\$ 2,714	\$ 8,807	\$ 4,380	\$ (1,874)	\$ 1,709
Adjustments to net income (loss):											
Asset impairment and restaurant closure costs	825	3,860	9,321	20,420	-	1,584	-	5,330	-	9,643	-
Litigation contingencies	3,900	-	-	-	-	-	-	-	4,000	-	-
Spiral menu disposal	-	-	-	-	-	-	-	-	-	506	-
Reorganization costs	-	-	-	1,322	-	-	-	-	2,287	466	520
Income tax (expense) benefit of adj.	(1,356)	(1,153)	(2,993)	(8,470)	-	(618)	-	(1,175)	(1,617)	(2,777)	(135)
Deferred tax liability remeasurement due to Tax Cuts and Jobs Act	-	-	-	-	-	-	-	(2,808)	-	-	-
Adjusted net income	17,594	10,259	5,028	4,520	11,567	7,897	2,714	10,154	9,050	5,964	2,094
Diluted net income (loss) per share ⁽¹⁾ :											
Net income (loss) as reported	\$ 1.03	\$ 0.55	\$ (0.10)	\$ (0.68)	\$ 0.89	\$ 0.53	\$ 0.21	\$ 0.68	\$ 0.34	\$ (0.14)	\$ 0.13
Adjustments to net income (loss):											
Asset impairment and restaurant closure costs	0.06	0.28	0.70	1.58	-	0.12	-	0.41	-	0.74	-
Litigation contingencies	0.28	-	-	-	-	-	-	-	0.30	-	-
Spiral menu disposal	-	-	-	-	-	-	-	-	-	0.04	-
Reorganization costs	-	-	-	0.10	-	-	-	-	0.17	0.04	0.04
Income tax (expense) benefit of adj.	(0.10)	(0.08)	(0.22)	(0.65)	-	(0.04)	-	(0.09)	(0.12)	(0.22)	(0.01)
Deferred tax liability remeasurement due to Tax Cuts and Jobs Act	-	-	-	-	-	-	-	(0.22)	-	-	-
Adjusted EPS - diluted	\$ 1.27	\$ 0.75	\$ 0.38	\$ 0.35	\$ 0.89	\$ 0.61	\$ 0.21	\$ 0.78	\$ 0.69	\$ 0.46	\$ 0.16

(1) For the third and fourth quarters of 2016, and the second quarter of 2018, the impact of dilutive shares is included in the calculations as the adjustments for the quarter resulted in adjusted net income. In the fourth quarter of 2016, the calculation for Asset impairment and restaurant closure costs includes \$0.01 related to the effect of the diluted shares on net loss per share as reported.

Restaurant Level Operating Profit Reconciliation to Income from Operations and Net Income (Loss)

(\$ in thousands)



	2016				2017				2018		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Restaurant revenue	\$ 396,770	\$ 302,117	\$ 293,858	\$ 287,924	\$ 413,451	\$ 312,351	\$ 301,100	\$ 338,154	\$ 414,702	\$ 310,392	\$ 290,218
Restaurant operating costs ⁽¹⁾ :											
Cost of sales	92,325	70,831	69,447	65,646	94,607	73,903	71,642	80,203	98,515	74,874	69,003
Labor	132,984	102,847	102,294	101,107	145,519	108,422	106,205	115,286	143,015	106,476	102,322
Other operating ⁽²⁾	48,587	38,986	40,834	39,319	52,064	40,057	41,454	44,734	55,025	42,668	43,612
Occupancy	32,498	24,905	25,121	24,884	33,119	25,140	25,868	28,626	35,010	26,460	26,629
Restaurant-level operating profit	90,376	64,549	56,161	56,968	88,142	64,828	55,932	69,309	83,137	59,914	48,652
Add – Franchise and other revenue ⁽²⁾	7,670	4,957	4,934	4,957	7,178	4,959	4,599	5,770	6,817	4,996	4,659
Deduct – Other operating:											
Depreciation and amortization	23,951	19,159	21,468	22,117	28,044	21,173	21,258	22,070	29,193	22,323	21,819
General and administrative expenses	31,980	19,972	20,328	19,015	30,913	21,927	18,562	21,874	28,588	20,408	16,763
Selling ⁽²⁾	14,843	13,862	11,830	12,803	17,050	14,361	15,152	16,818	17,730	15,209	12,017
Pre-opening and acquisition costs	2,372	2,238	2,382	1,033	1,855	1,377	1,503	835	1,137	569	387
Other charges ⁽²⁾	4,725	3,860	9,321	21,742	-	1,584	-	5,330	6,287	10,615	520
Total other operating	77,871	59,091	65,328	76,710	77,862	60,422	56,475	66,927	82,935	69,124	51,506
Income (loss) from operations	20,175	10,415	(4,235)	(14,785)	17,458	9,366	4,056	8,152	7,019	(4,214)	1,805
Interest expense, net and other	1,638	1,486	1,612	2,046	2,984	2,453	2,032	2,543	3,407	2,385	2,295
Income tax expense (benefit)	4,312	1,377	(4,547)	(8,079)	2,907	(18)	(690)	(3,198)	(768)	(4,725)	(2,199)
Net income (loss)	14,225	7,552	(1,300)	(8,752)	11,567	6,931	2,714	8,807	4,380	(1,874)	1,709

(1) Excluding depreciation and amortization, which is shown separately.

(2) Certain amounts presented in prior periods have been reclassified to conform with the current period presentation.

EBITDA and Adjusted EBITDA Reconciliation to Net Income (Loss)

(\$ in thousands)



	2016				2017				2018		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net income (loss) as reported	\$ 14,225	\$ 7,552	\$ (1,300)	\$ (8,752)	\$ 11,567	\$ 6,931	\$ 2,714	\$ 8,807	\$ 4,380	\$ (1,874)	\$ 1,709
Adjustments to net income (loss):											
Income tax expense (benefit)	4,312	1,377	(4,547)	(8,079)	2,907	(18)	(690)	(3,198)	(768)	(4,725)	(2,199)
Interest expense, net	1,655	1,555	1,822	2,161	3,249	2,626	2,222	2,821	3,277	2,458	2,390
Depreciation and amortization	23,951	19,159	21,468	22,117	28,044	21,173	21,258	22,070	29,193	22,323	21,819
EBITDA	\$ 44,143	\$ 29,643	\$ 17,443	\$ 7,447	\$ 45,767	\$ 30,712	\$ 25,504	\$ 30,500	\$ 36,082	\$ 18,182	\$ 23,719
Asset impairment and restaurant closure costs	825	3,860	9,321	20,420	-	1,584	-	5,330	-	9,643	-
Litigation contingencies	3,900	-	-	-	-	-	-	-	4,000	-	-
Spiral menu disposal	-	-	-	-	-	-	-	-	-	506	-
Reorganization costs	-	-	-	1,322	-	-	-	-	2,287	466	520
Adjusted EBITDA	\$ 48,868	\$ 33,503	\$ 26,764	\$ 29,189	\$ 45,767	\$ 32,296	\$ 25,504	\$ 35,830	\$ 42,369	\$ 28,797	\$ 24,239

