

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): January 11, 2021

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. Fiddlers Green Circle, Suite 200N
Greenwood Village, Colorado 80111
(Address of principal executive offices) (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))

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value	RRGB	NASDAQ (Global Select Market)

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 8.01 Other Events.

On January 11, 2021, Red Robin Gourmet Burgers, Inc. issued a press release providing a business update and posted supplemental slides to its website. A copy of this press release and the supplemental slides are attached hereto as Exhibits 99.1 and 99.2, respectively, and are incorporated herein by reference.

ITEM 9.01 Financial Statements and Exhibits**(d) Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Red Robin Gourmet Burgers, Inc. Press Release dated January 11, 2021
99.2	Red Robin Gourmet Burgers, Inc. Investor Presentation dated January 11, 2021
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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: January 11, 2021

By:	<u>/s/ Lynn S. Schweinfurth</u>
Name:	Lynn S. Schweinfurth
Title:	Executive Vice President and Chief Financial Officer

Red Robin Gourmet Burgers, Inc. Provides Business Update

Reiterates Progress Made Towards Strategic Objectives
Company to Present at the 23rd Annual ICR Conference Today

Greenwood Village, CO – January 11, 2021 – 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 provided a business update, including preliminary, unaudited comparable restaurant revenue results for the fourth quarter ended December 27, 2020.

Paul J.B. Murphy III, Red Robin's President and Chief Executive Officer, said, "During an unprecedented year due to the pandemic, we achieved a great deal, strengthening Red Robin's operational execution, business model and liquidity. Our accomplishments are now enabling us to focus on creating long-term value for all shareholders as we enter 2021."

Murphy concluded, "We began the fourth quarter with sequential improvement in comparable restaurant revenue compared to the third quarter, however, momentum stalled due to heightened dine-in and other restrictions in 43% of Company-owned restaurants including restaurants in our key states of California, Colorado, Oregon, and Washington. While the near-term is likely to remain volatile because of COVID-19, we are encouraged by recent state re-openings, and we expect indoor dining to be re-opened at 39 restaurants as of January 11th. We firmly believe Red Robin is well-positioned from both a sales and profitability standpoint when conditions normalize."

Fiscal Year 2020 Accomplishments

Despite the COVID-19 pandemic, we made significant progress on our strategic plan during fiscal year 2020 to solidify our financial longevity and develop a more robust business model. Our accomplishments this past year include the following:

- Significantly grew off-premise sales, which more than doubled over the prior year;
- Continued Donatos® roll-out, now in 79 restaurants, a proven growth catalyst driving approximately \$45 thousand per restaurant in incremental gross margin by the second year;
- Structurally improved restaurant and enterprise level margin for the long-term compared to 2019;
 - Reduced our menu by over 1/3, improving operational execution and resulting in over \$2 million in annual savings;
 - Implementing new management labor structure, including approximately \$14 million in annual savings⁽¹⁾;
 - Optimizing our portfolio by completing lease negotiations for more than 75% of Company-owned restaurants resulting in 3% to 4% in occupancy expense savings over remaining lease terms, as well as permanently closing select restaurants; and
 - Reduced general and administrative expenses by more than 10%, or approximately \$10 million.
- Reduced costs are expected to result in enterprise margin improvement of over 100 basis points during 2022, as revenues approach pre-pandemic levels, while 2021 is expected to be lower primarily due to sales deleverage related to the pandemic and other inflationary costs;
- Implemented our Total Guest Experience ("TGX") hospitality model, resulting in highest ever Guest Satisfaction Scores; and
- Increased website traffic by approximately 20%, and achieved best ever loyalty email engagement through enhanced segmentation and targeting.

Preliminary Fourth Quarter 2020 Net Comparable Restaurant Revenue Summary Compared to Fourth Quarter 2019

- Net comparable restaurant revenue decreased 28.9%, primarily resulting from our operational shift in response to COVID-19, including limited occupant capacity, operating an off-premise only model at restaurants with closed dining rooms, and closed restaurants;
- Off-premise sales increased 132% and comprised 43.9% of total food and beverage sales; and
- Restaurants with Donatos® outperformed restaurants that do not currently offer Donatos® by over 500 basis points in net comparable restaurant revenue.

⁽¹⁾ Excludes labor savings associated with restaurants closed in 2019 and 2020.

Preliminary net comparable restaurant revenue and average net sales per restaurant for the Company's 28-day accounting periods through our fourth fiscal quarter ended December 27, 2020 are as follows:

Company-owned Restaurants ⁽¹⁾	Period ended		
	1-Nov	29-Nov	27-Dec
Net Comparable Restaurant Revenues	(15.4)%	(28.8)%	(39.5)%
Average Net Sales per Restaurant	\$42,509	\$38,941	\$35,716
# of Comparable Company-owned Restaurants	412	412	412

⁽¹⁾ Net sales performance for restaurants re-opened for full fiscal period presented. Restaurant count shown is as of the end of fiscal period presented. Sales performance at restaurants with reopened dining rooms was negatively impacted by rising COVID-19 cases resulting in new restrictions lowering or restricting dining room capacity in our key states of California, Colorado, Oregon, and Washington.

Company-owned Restaurants with Open Indoor Dining Rooms

As of December 27, 2020, the Company operated 246 indoor dining rooms with limited capacity, representing 57% of 431 currently open Company-owned restaurants.

Preliminary net comparable restaurant revenue and average net sales per restaurant for the Company's 28-day accounting periods through our fourth fiscal quarter ended December 27, 2020 are as follows:

Company-owned Restaurants with Open Indoor Dining Rooms ⁽²⁾	Period ended		
	1-Nov	29-Nov	27-Dec
Net Comparable Restaurant Revenues	(13.7)%	(20.7)%	(23.3)%
Average Net Sales per Restaurant	\$42,778	\$39,041	\$40,578
# of Comparable Company-owned Restaurants	362	245	236

⁽²⁾ Net sales performance for restaurants with open indoor dining rooms for the full fiscal period presented. Restaurant count shown is as of the end of the fiscal period presented.

Since the beginning of 2021, indoor dining rooms have been re-opened at 35 restaurants. We expect indoor dining to be re-opened at 4 additional restaurants as of January 1st.

Balance Sheet and Liquidity

As of December 27, 2020, the Company had total debt of \$170.6 million, of which \$9.7 million was classified as current. Outstanding borrowings under its credit facility were \$169.8 million, in addition to amounts issued under letters of credit of \$8.7 million. Amounts issued under letters of credit reduce the amount available under the credit facility but are not recorded as debt.

As of December 27, 2020, the Company had approximately \$128 million in liquidity, including cash on hand and available borrowing capacity under its credit facility. Due to heightened restrictions and the increase in indoor dining room closures associated with the resurgence of COVID-19, the average cash burn rate for the fourth quarter of 2020 was approximately \$1.5 million per week.

Virtual Conference Participation

The Company will participate in a virtual fireside chat discussion and hold investor meetings at the 2021 ICR Conference. Red Robin's fireside chat discussion will be held on Monday, January 11, 2021, at 10:30 AM Eastern Time.

In conjunction with this press release, the Company has posted an investor presentation to its website. To access the presentation materials, please visit www.redrobin.com, select the "Company" section, then the "Investor Relations" link, then "News & Events" link, then the "Calendar of Events" link.

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

Red Robin Gourmet Burgers, Inc. (www.redrobin.com), is 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. We believe nothing brings people together like burgers and fun around our table, and no one makes moments of connection over craveable food more memorable than Red Robin. We serve a variety of burgers and mainstream favorites to Guests of all ages in a casual, playful atmosphere. In addition to our many burger offerings, Red Robin serves a wide array of salads, appetizers, entrees, desserts, signature beverages and Donatos® pizza at select locations. It's now easy to enjoy Red Robin anywhere with online ordering available for to-go, delivery and catering. There are more than 540 Red Robin restaurants across the United States and Canada, including those operating under franchise agreements. Red Robin... YUMMM®

Forward-Looking Statements

Forward-looking statements in this press release regarding the Company's long-term value creation, indoor dining restrictions, capacity and timing, sales and profitability, Donatos® rollout and incremental margin growth, ability to annualize savings from menu, operational, and labor improvements, enterprise margin improvement and timing, guest satisfaction scores, preliminary results including net comparable restaurant revenue and average net sales per restaurant, 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," "could," "will," "estimate," or "preliminary," 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 rapidly evolving nature of the COVID-19 pandemic and related containment measures, including the potential for a complete shutdown of Company restaurants; the extent of the impact of the COVID-19 pandemic or any other epidemic, disease outbreak, or public health emergency, including the duration, spread, severity, and recurrence of the COVID-19 pandemic; the duration and scope of COVID-19 related government orders and restrictions including in California where a substantial number of our restaurants are located; economic, public health, and political conditions that impact consumer confidence and spending, including the impact of COVID-19; the effect of the COVID-19 pandemic on labor, staffing, and changes in unemployment rate; the ability to achieve significant cost savings; the Company's ability to defer lease or contract payments or otherwise obtain concessions from landlords, vendors, and other parties in light of the impact of the COVID-19 pandemic; the economic health of the Company's landlords and other tenants in retail centers in which restaurants are located, suppliers, licensees, vendors, and other third parties providing goods or services to the Company; our ability to implement our seating expansion plans and the timing thereof, including factors that are under the control of government agencies, landlords and other third parties; adverse weather conditions in regions in which the Company's restaurants are located and the timing thereof; the impact of political protests and curfews imposed by state and local governments; the effect of the COVID-19 pandemic on our supply chain and the cost, availability, and timing of obtaining key products, distribution, labor, and energy; the effectiveness of the Company's marketing and menu strategies and promotions; the effectiveness of the Company's strategic initiatives including service model, technology solutions, and sales building initiatives; the cost and availability of capital or credit facility borrowings; the adequacy of cash flows or available debt resources to fund operations; 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:

Danielle Paleafico, Coyne PR

(973) 588-2000

For investor relations questions:

Raphael Gross, ICR

(203) 682-8253



Red Robin Gourmet Burgers

ICR Conference
January 2021



Forward-Looking Statements

Forward-looking statements in this presentation regarding the Company's future performance, strategic plan and initiatives, sales, Donatos® rollout and timing, related spend, related revenue and margin growth and timing, ability to annualize savings from menu, operational, and labor improvements, loyalty program revenue growth opportunity, capital allocation strategy, liquidity, restaurant and enterprise level margin improvement and timing thereof, 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 us 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 "should," "will," "expect," "complete," "continue," "trajectory," "increase," "planned," "improving," "development," "expanding," "growth," "potential," "preliminary," or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. Except as required by law, we undertake no obligation to update such statements to reflect events or circumstances arising after such date, and we caution 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 rapidly evolving nature of the COVID-19 pandemic and related containment measures, including the potential for a complete shutdown of Company restaurants; the extent of the impact of the COVID-19 pandemic or any other epidemic, disease outbreak, or public health emergency, including the duration, spread, severity, and recurrence of the COVID-19 pandemic; the duration and scope of COVID-19 related government orders and restrictions, including in California where a substantial number of our restaurants are located; economic, public health, and political conditions that impact consumer confidence and spending, including the impact of COVID-19; the effect of the COVID-19 pandemic on labor, staffing, and changes in unemployment rate; the ability to achieve significant cost savings; the Company's ability to defer lease or contract payments or otherwise obtain concessions from landlords, vendors, and other parties in light of the impact of the COVID-19 pandemic; the economic health of the Company's landlords and other tenants in retail centers in which its restaurants are located, suppliers, licensees, vendors, and other third parties providing goods or services to the Company; the Company's ability to continue to implement our seating expansion plans and the timing thereof, including factors that are under control of government agencies, landlords, and other third parties; adverse weather conditions in regions in which the Company's restaurants are located and the timing thereof; the impact of political protests and curfews imposed by state and local governments; the effect of COVID-19 on our supply chain and the cost, availability, and timing of obtaining key products, distribution, labor, and energy; the effectiveness of the Company's marketing and menu strategies and promotions; the effectiveness of the Company's strategic initiatives including service model, digital platforms and technology solutions, and sales building initiatives; the cost and availability of capital or credit facility borrowings; the adequacy of cash flows or available debt resources to fund operations; 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.

Our Shareholder Value Proposition



- Differentiated casual dining brand with loyal Guest base
- Robust ongoing target audience that represents a significant portion of current sales with future growth potential
- Transformation strategy in process with proven growth catalysts and financial returns
- Improved enterprise business model recently established
- Operational performance at a peak with record Guest satisfaction scores



We Have a Continued Focus on our Transformation Strategy Communicated in 2020



RECAPTURE OUR SOUL

- Memorable moments of connection
- Popular favorites (burgers, fries, pizza, beer)
- Playful atmosphere
- Engaging service that offers the Gift of Time



DELIVER THE BRAND PROMISE

- TGX execution
- Menu evolution
- Technology
- Growth of off-premise
- Staffing, retention and GM tenure in restaurants



TELL OUR STORY

- To Guests: Memorable moments connecting family, friends, and fun



ACCELERATE PROFITABLE GROWTH





- Donatos® expansion
- Off-Premise: to-go, 3rd party, last mile, and catering
- Product innovation
- Red Robin Royalty
- Portfolio Optimization

To Deliver Long-Term Value Creation For Shareholders

Our Accomplishments in 2020 Include the Following:







- Red Robin entered the year with strong business momentum, and **positive comparable restaurant revenue of 3.7%** pre-COVID
- Despite the pandemic, we made **significant progress on our Transformation strategy**:

Transformation Achievements	 Recapture our Soul	 Deliver the Brand Promise	 Tell Our Story	 Accelerate Profitable Growth
Significantly grew off-premise sales, which more than doubled over the prior year		✓		✓
Continued Donatos® roll-out, now in 79 restaurants, a proven growth catalyst driving approximately \$45 thousand per restaurant in incremental gross margin by the second year				✓
Implemented our Total Guest Experience ("TGX") hospitality model, resulting in highest ever Guest Satisfaction Scores	✓	✓	✓	
Increased website traffic by approximately 20%, and achieved best ever loyalty email engagement through enhanced segmentation and targeting		✓	✓	✓

Our Accomplishments in 2020 Include the Following:

- Confident in our ability to emerge with a **more robust business model**, given our enduring brand promise, compelling value proposition and commitment to best-in-class

operations	 Recapture our Soul	 Deliver the Brand Promise	 Tell Our Story	 Accelerate Profitable Growth
Transformation Achievements				
Structurally improved restaurant and enterprise level margin for the long-term compared to 2019:				
• Reduced our menu by over 1/3, improving operational execution and resulting in over \$2 million in annual savings		✓		✓
• Implementing new management labor structure, including approximately \$14 million in annual savings ⁽¹⁾		✓		✓
• Optimizing our portfolio by completing lease negotiations for more than 75% of Company-owned restaurants resulting in 3% to 4% in occupancy expense savings over remaining lease terms, as well as permanently closing select restaurants				✓
• Reduced general and administrative expenses by more than 10%, or approximately \$10 million				✓
Reduced costs are expected to result in enterprise margin improvement of over 100 basis points during 2022, as revenues approach pre-pandemic levels, while 2021 is expected to be lower primarily due to sales deleverage related to the pandemic and other inflationary costs				✓

⁽¹⁾ Excludes labor savings associated with restaurants closed in 2019 and 2020.

♥ Red Robin Has a Compelling Guest Proposition



Who We Are:

- We believe that nothing brings people together like **burgers and fun**
- For us, that means offering burgers and mainstream favorites in a casual, playful atmosphere

Why We Exist:

- **To create memorable moments connecting family, friends, and fun**

The People We Serve:

- Every day people seeking time with those closest to them
- The Red Robin Guest is a **robust, diverse, and multi-generational demographic**
- Focused attention on Gen X, Millennials, and Centennials⁽¹⁾, which currently represent approximately 2/3 of sales and **positions us well for future growth**

What Need We Fulfill:

- Our guests share a hunger for moments of **connection**



⁽¹⁾ Gen X includes ages 42-55, Millennials include ages 24-41, Centennials include ages 10-23



...And we are Investing in our Guest Experience for Future Growth



- New Service Model in TGX
- Menu Simplification
- "All the Fulls" Campaign focused on Historical Soul of Brand
- Growth of off-premise
- Staffing, retention and GM tenure in restaurants
- Guest facing technology



Record guest satisfaction scores



Pivot to digital marketing is driving increased guest engagement and online orders

- We have seen success and promising trends across our digital channels
 - Delivery and to-go search terms have improved to best-in-class in both paid search and organic Search Engine Optimization (SEO)
 - Record website traffic
 - Highest social and email reach and engagement
 - Increased ad recall and consideration with online video



 We are focused on delivering the brand promise



- **Service:** Leverage TGX to deliver fun and playful service that is tailored/customized to our Guests' time and occasion. Off-premise and restaurant technology enhancements to develop and implement a seamless and frictionless experience
- **Menu:** We are burgers first and foremost, better than anyone else, with a creative take on traditional. But we also offer other mainstream favorites, like shareable pizza, wings, milkshakes, and beer
- **Messaging:** "All the Fulls" campaign showcases soul of the brand delivering the brand promise – memorable moments connecting family, friends, and fun, connecting Guests where and how they consume media



Accelerating Proven Growth Catalysts to Build on

- Donatos® Roll-out
 - Approximately 120 locations in 2021 and full system by early 2023
- Growing Off-Premise Channels
 - To-Go
 - 3rd Party
 - Last Mile
 - Catering
- Product Innovation
- Red Robin Royalty
 - Enhanced engagement through segmentation and more precise targeting in 2020
 - New loyalty platform to launch in 2021



Continuing the Roll-out of Donatos®, a Win for Guests, Team Members and Shareholders



✓ **Guest: Fulfills a need and is brand appropriate**

- Strengthens brand positioning
- High satisfaction with quality pizza
- Enhances overall menu appeal and value perception
- Drives check and incremental visits among current users
- Leverages strong demand for off-premise



✓ **Team Members: Product is well engineered for consistent execution**

✓ **Shareholders: Proven profitable sales catalyst that will deliver significant value creation**

- Comparable restaurant revenue improvement of at least 400 bps in 2021 at affected restaurants
- Capital of \$145K, pre-opening expense of \$12K per restaurant, and 3-4 year payback period
- Incremental marketing spend of \$30K per restaurant in first year
- Incremental gross margin of approximately \$45K per year per restaurant in second year and beyond

 Future with Donatos® (Video)





Our Robust Loyalty Program Allows us to Engage Guests Through Relevant and Personalized Content and Offers



- Red Robin loyalty program drives incremental visits through targeted marketing to our loyalty members based on purchasing history
 - One of the largest loyalty programs in CDR, with **9.4 million members**
 - Sent fewer, more targeted emails/SMS that led to **best ever engagement levels**
 - Annual opportunity for at least **\$4M in revenue** if only 3% of loyalty members visit one more time



We Have a Balanced Capital Allocation Strategy



- Implementing Donatos® pizza in approximately 120 restaurants in 2021
- Investing in digital guest and operational technology solutions, off-premise execution and new restaurant prototype
- Continuing to reinvest in maintaining our restaurants and infrastructure with maintenance and systems capital
- Ongoing de-leveraging
- Enhanced liquidity through \$49 million cash tax refund and \$30 million ATM offering
- \$161.5 million revolver provides capital allocation flexibility



... And a Strong Independent Board with a Diverse Skill Set



- ✓ **5** new independent Directors recently added
- ✓ **9 of 10** Directors are independent (all but CEO)
- ✓ **4** years average director tenure
- ✓ **6** current and former CEOs / CFOs
- ✓ **3** female Directors
- ✓ **2** committees chaired by female Directors

	CEO / CFO	Restaurant / Retail Experience	Investor Perspective	Financial / M&A	Business Transformation
Dave Pace	✓	✓		✓	✓
Paul Murphy	✓	✓		✓	✓
Anthony Ackil	✓	✓		✓	
Tom Conforti	✓	✓		✓	✓
Camie Dunaway		✓			
G.J. Hart	✓	✓		✓	✓
Kalen Holmes		✓		✓	✓
Glenn Kaufman		✓	✓	✓	
Steve Lumpkin	✓	✓		✓	
Allison Page		✓		✓	

We Are Highly Confident in Our Future



- Structurally improved our restaurant and enterprise level margins and **expect over 100 bps of improvement during 2022**, as revenues approach pre-pandemic levels
- Embedded new service model (TGX) and rationalized menu, resulting in improved operational execution and **highest ever Guest satisfaction scores**
- **Continuing the roll-out of Donatos®**, a proven growth catalyst, which we will bring to bear on the business over the next two to three years
- Proven ability to drive significant off-premise growth
- **Investing in our future**



