

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): October 30, 2020

**RUTH'S HOSPITALITY GROUP, INC.**

(Exact name of Registrant as Specified in Its Charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

1030 W. Canton Avenue, Ste. 100  
Winter Park, FL  
(Address of Principal Executive Offices)

000-51485

(Commission File Number)

72-1060618  
(IRS Employer  
Identification No.)

32789  
(Zip Code)

Registrant's Telephone Number, Including Area Code: (407) 333-7440

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 (see General Instructions A.2. below):

- 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 Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	RUTH	Nasdaq

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 October 30, 2020, Ruth's Hospitality Group, Inc. (the "Company") issued a press release announcing its earnings results for its fiscal third quarter ended September 27, 2020. A copy of the press release is attached hereto as Exhibit 99.1 and furnished herewith.

The information in this Item 2.02 in this Current Report on Form 8-K, including Exhibit 99.1 hereto, 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. The information in this Item 2.02 of this Current Report on Form 8-K shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits**

Exhibit 99.1      Press Release issued by Ruth's Hospitality Group, Inc., dated October 30, 2020.

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Exhibit Index

Exhibit  
Number

Description

99.1	<a href="#">Press Release issued by Ruth's Hospitality Group, Inc., dated October 30, 2020.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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**SIGNATURES**

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 thereunto duly authorized.

**RUTH'S HOSPITALITY GROUP, INC.**

Date: October 30, 2020

By: \_\_\_\_\_ /s/ Arne G. Haak  
**Arne G. Haak**  
**Executive Vice President and Chief Financial Officer**











WINTER PARK, Fla.—(BUSINESS WIRE)—October 30, 2020—Ruth’s Hospitality Group, Inc. (the “Company”) (NASDAQ: RUTH) today provided a business update on the impact of the COVID-19 pandemic.

**Business and Liquidity Update:**

- By the end of the third quarter, the Company was able to re-open 94% (72 of 77) of its Company-owned and managed restaurants, which included 71 restaurants offering limited capacity dining service. 99% (71 of 72) of the Company’s franchisee-owned restaurants were open with capacity restricted dining rooms as of the end of the third quarter.
- Third quarter comparable restaurant sales at Company-owned restaurants decreased 36.7% compared to the third quarter of 2019. As a result of the increased number of open restaurants, sales trends improved.
- Third quarter comparable sales for Company-owned and managed restaurants with open dining rooms decreased 21.6% compared to the third quarter of 2019.
- During August and September 2020, the Company’s cash balance increased by a total of \$8.8 million primarily due to improved sales and operating margins. As of September 27, 2020, the Company had a cash balance of \$10.5 million.
- Subsequent to the end of the third quarter, the Company repaid \$20.2 million in debt, and secured a term extension to February 2023 on its senior credit facility.
- During the quarter, the Company permanently closed four Company-owned restaurants, which brings the total number of Company-owned locations closed during the year to nine.

**Highlights for the third quarter of 2020 were as follows:**

- Total revenue in the third quarter of 2020 was \$63.4 million, compared to \$103.0 million in the third quarter of 2019.
- Net loss in the third quarter of 2020 was \$5.3 million, or (\$0.15) per diluted share, compared to net income of \$4.5 million, or \$0.16 per diluted share, in the third quarter of 2019.
  - Net loss in the third quarter of 2020 included \$1.2 million in severance costs and accelerated stock expense; \$0.3 million in losses related to lease modifications; a \$3.3 million impairment loss related to the Company’s investment in a franchisee-owned restaurant.
  - Excluding these items, non-GAAP diluted loss per common share was (\$0.04) in the third quarter of 2020, compared to a non-GAAP diluted earnings per common share of \$0.15 in the third quarter of 2019.

Cheryl Henry, President and Chief Executive Officer of Ruth’s Hospitality Group, Inc., stated, “Our operations team has worked tirelessly to adapt to an ever changing regulatory environment and I’m proud of the team’s resilience and commitment to our guests and employees.”

**Review of third quarter 2020 operating results**

Restaurant sales in the third quarter of 2020 were \$58.6 million compared to \$97.2 million in the third quarter of 2019. Average unit weekly sales for restaurants with open dining rooms were \$74.5 compared to \$103.0 in the third quarter of 2019.

Company-owned Sales

- Comparable restaurant sales at Company-owned restaurants decreased 36.7% compared to the third quarter of 2019, which consisted of a 29.7% decrease in traffic, as measured by entrees, and a 9.1% decrease in average check size.
- At the end of the third quarter of 2020, 72 Company-owned and managed Ruth’s Chris Steak House restaurants were in operation, which included 71 restaurants offering limited capacity dining service and one restaurant offering full capacity dining service.

Franchise Income

- Franchise income in the third quarter of 2020 was \$3.5 million compared to \$3.9 million in the third quarter of 2019. The reduction in franchise income was due to a decrease in sales from franchisee-owned restaurants.
- At the end of the third quarter, 71 franchisee-owned Ruth’s Chris Steak House restaurants were in operation offering limited capacity dining room service. One franchise restaurant remains temporarily closed.

Operating Expenses

- Food and beverage costs decreased \$12.9 million (44.8%) from the third quarter of 2019. As a percentage of restaurant sales, food and beverage costs were 27.1% compared to 29.6% in the third quarter of 2019.
- Restaurant operating expenses decreased \$16.3 million (31.9%) from the third quarter of 2019.
- Marketing and advertising costs decreased \$2.3 million (72.0%) from the third quarter of 2019.
- General and administrative expenses decreased \$763 thousand (9.2%) from the third quarter of 2019.
- Pre-opening costs were \$403 thousand in the third quarter of 2020, compared to \$535 thousand in the third quarter of 2019. The pre-opening costs in 2020 were related to rent accruals for unopened restaurants.

**Financial Outlook**

As a reminder, due to the ongoing uncertainty around the duration and severity of the COVID-19 pandemic, the Company previously withdrew its financial guidance for fiscal year 2020. The foregoing statements are not guarantees of future performance, and therefore, undue reliance should not be placed upon them. We refer you to the “Cautionary Note Regarding Forward-Looking Statements” included in this press release.

**Conference Call**

The Company will host a conference call to discuss third quarter 2020 financial results today at 8:30 AM Eastern Time. Hosting the call will be Cheryl J. Henry, President and Chief Executive Officer. The conference call can be accessed live over the phone by dialing 201-689-8470. A replay will be available one hour after the call and can be accessed by dialing 412-317-6671; the password is 1377.

**About Ruth’s Hospitality Group, Inc.**

Ruth’s Hospitality Group, Inc., headquartered in Winter Park, Florida, is the largest fine dining steakhouse company in the U.S. as measured by the total number of Company-owned and franchisee-owned restaurants. For information about our restaurants or to purchase gift cards, please visit [www.RuthsChris.com](http://www.RuthsChris.com). For more information about Ruth’s Hospitality Group, Inc., please visit [www.rhgi.com](http://www.rhgi.com).

**Cautionary Note Regarding Forward-Looking Statements**

This press release contains “forward-looking statements” that reflect, when made, the Company’s expectations or beliefs concerning future events that involve risks and uncertainties. Forward-looking statements include, but are not limited to, the Company’s ability to successfully integrate franchisee acquisitions into the Company’s business operations; economic, regulatory and other limitations on the Company’s ability to successfully operate its restaurants; and the ability to successfully execute its business strategy. Unless the context otherwise indicates, all references in this report to the “Company,” “Ruth’s,” “we,” “us,” “our” or similar words are to Ruth’s Hospitality Group, Inc. and its subsidiaries. Ruth’s Hospitality Group, Inc. is a “small business” as defined by the Securities Exchange Act of 1934.

Investor Relations

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

	13 Weeks Ended		39 Weeks Ended	
	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019
<b>Revenues:</b>				
Restaurant sales	\$ 58,594	\$ 97,226	\$ 188,611	\$ 314,229
Franchise income	3,511	3,928	8,094	12,907
Other operating income	1,318	1,855	3,671	5,857
<b>Total revenues</b>	<b>63,423</b>	<b>103,009</b>	<b>200,376</b>	<b>332,993</b>
<b>Costs and expenses:</b>				
Food and beverage costs	15,908	28,817	54,563	89,688
Restaurant operating expenses	34,868	51,216	117,224	155,974
Marketing and advertising	889	3,174	5,285	10,925
General and administrative costs	7,572	8,335	22,668	26,016
Depreciation and amortization expenses	5,316	5,361	16,660	15,453
Pre-opening costs	403	535	1,185	876
Loss (gain) on lease modifications	310	—	(178)	—
Loss on impairment	3,272	—	16,253	—
<b>Total costs and expenses</b>	<b>68,538</b>	<b>97,438</b>	<b>233,660</b>	<b>298,932</b>
Operating income (loss)	(5,115)	5,571	(33,284)	34,061
Other income (expense):				
Interest expense, net	(1,422)	(638)	(3,341)	(1,460)
Other	(48)	18	(12)	33
Income (loss) before income taxes	(6,585)	4,951	(36,637)	32,634
Income tax expense (benefit)	(1,284)	423	(9,920)	4,886
<b>Net income (loss)</b>	<b>\$ (5,301)</b>	<b>\$ 4,528</b>	<b>\$ (26,717)</b>	<b>\$ 27,748</b>
<b>Basic earnings (loss) per share</b>	<b>\$ (0.15)</b>	<b>\$ 0.16</b>	<b>\$ (0.87)</b>	<b>\$ 0.95</b>
<b>Diluted earnings (loss) per share</b>	<b>\$ (0.15)</b>	<b>\$ 0.16</b>	<b>\$ (0.87)</b>	<b>\$ 0.94</b>
<b>Shares used in computing net income per common share:</b>				
Basic	34,240,318	28,951,612	30,826,304	29,159,922
Diluted	34,240,318	29,191,076	30,826,304	29,563,396
<b>Dividends declared per common share</b>	<b>\$ -</b>	<b>\$ 0.13</b>	<b>\$ 0.15</b>	<b>\$ 0.39</b>

**RECONCILIATION OF NON-GAAP FINANCIAL MEASURE**

We prepare our financial statements in accordance with U.S. generally accepted accounting principles (GAAP). Within our press release, we make reference to non-GAAP diluted earnings per common share. This non-GAAP measure is derived by excluding acquisition costs, accelerated stock compensation and severance payments, loss (gain) on lease modifications, loss on impairment and certain discrete income tax items. We exclude the impact of the acquisition related costs, stock compensation and severance payments, loss (gain) on lease modifications, loss on impairment and the impact of certain discrete income tax items because these items are not reflective of the ongoing operations of our business. This measurement has been included as supplemental information. We believe that this measure represents a useful internal measure of performance. Accordingly, where this non-GAAP measure is provided, it is done so that investors have the data that management uses in evaluating performance with the belief that it will assist the investment community in assessing our underlying performance on a quarter-over-quarter basis. However, because this measure is not determined in the same manner as with GAAP, such a measure is susceptible to varying calculations and not all companies calculate the measure in the same manner. As a result, the aforementioned measure as presented may not be directly comparable to a similarly titled measure presented by other companies. This non-GAAP financial measure is presented as supplemental information and not as an alternative to diluted earnings per share as calculated in accordance with GAAP.

**Reconciliation of Non-GAAP Financial Measure – Unaudited**  
(Amounts in thousands, except share data)

	13 Weeks Ended		39 Weeks Ended	
	September 27, 2020	September 29, 2019	September 27, 2020	September 29, 2019
<b>GAAP Net income (loss)</b>	\$ (5,301)	\$ 4,528	\$ (26,717)	\$ 27,748
GAAP Income tax expense (benefit)	(1,284)	423	(9,920)	4,886
GAAP Income (Loss) from continuing operations before income taxes	(6,585)	4,951	(36,637)	32,634
Adjustments:				
Franchisee acquisition costs	—	302	—	412
Accelerated stock compensation and severance payments	1,172	—	1,502	—
Loss (gain) on lease modifications	310	—	(178)	—
Loss on impairment	3,272	—	16,253	—
Adjusted net income before income taxes	(1,831)	5,253	(19,060)	33,046
Adjusted income tax expense (1)	89	(496)	5,502	(4,985)
Impact of excluding certain discrete income tax items	217	(280)	313	(885)
<b>Non-GAAP net income</b>	<b>\$ (1,525)</b>	<b>\$ 4,477</b>	<b>\$ (13,245)</b>	<b>\$ 27,176</b>
<b>GAAP diluted earnings (loss) per common share</b>	<b>\$ (0.15)</b>	<b>\$ 0.16</b>	<b>\$ (0.87)</b>	<b>\$ 0.94</b>
<b>Non-GAAP diluted earnings (loss) per common share</b>	<b>\$ (0.04)</b>	<b>\$ 0.15</b>	<b>\$ (0.43)</b>	<b>\$ 0.92</b>
Weighted-average number of common shares outstanding - diluted	34,240,318	29,191,076	30,826,304	29,563,396

(1) Adjusted income tax is calculated by multiplying the Non-GAAP adjustments by our marginal federal and state income tax rates and adding or subtracting the result to/from our GAAP income tax expense.