

# Texas Roadhouse, Inc. - TXRH:USA (\$95.46, Mkt Cap \$6.37bn)

**GICS Sector** Consumer Discretionary  
**Sub-Industry** Restaurants

Texas Roadhouse, Inc., together with its subsidiaries, operates casual dining restaurants in the United States and internationally.

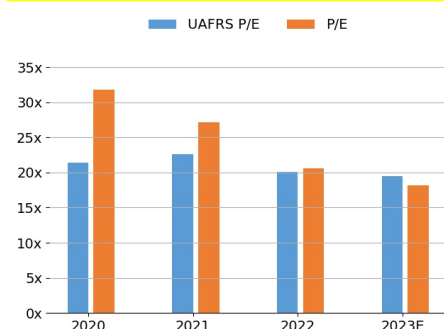
## Summary

<b>19.5x</b>	<b>UAFRS Forward P/E</b>	<b>Market Avg</b>	At a P/E of 19.5x, this is around the global corporate average of 18.4x and its historical P/E of 20.9x.
<b>1%</b>	<b>Mkt. Required UAFRS EPS Growth</b>	<b>Low Expectations</b>	To justify current valuations, TXRH earnings need to grow by 1% per year over the next three years.
<b>11%</b>	<b>Historical UAFRS EPS Growth</b>	<b>Below Avg</b>	UAFRS EPS grew by 11% last year.
<b>12%</b> <b>15%</b>	<b>Forecast UAFRS EPS Growth - 2023</b> <b>Forecast UAFRS EPS Growth - 2024</b>	<b>Above Avg</b>	Analysts forecast UAFRS EPS to grow by 12% in 2023 and by 15% in 2024.
<b>Grade: C</b> <b>Grade: B</b>	<b>UAFRS EPS' Growth vs Peers</b> <b>UAFRS P/E vs Peers</b>	<b>Above Avg</b>	UAFRS EPS growth for the coming two years ranks in the 60 <sup>th</sup> percentile versus peers. UAFRS P/E for the company ranks in the 20 <sup>th</sup> percentile versus peers.
<b>\$312.6mn</b>	<b>Earnings Revision Momentum</b>	<b>Above Avg</b>	Estimates for 2023 UAFRS Earnings have increased by \$312.6mn in the past quarter.
<b>16%</b>	<b>Economic Profitability (UAFRS)</b>	<b>High</b>	TXRH corporate return on assets was 16% in 2022, which is 3x the long-run corporate averages.
<b>2% Div %</b> <b>IG3+</b>	<b>Credit &amp; Dividend Risk (UAFRS)</b>	<b>Low Dividend Risk</b>	TXRH has no risk to their dividend. Cash flows and cash on hand are at 196% of total obligations. Intrinsic credit risk is 150bps above the risk free rate.
	<b>Accuracy of As-Reported EPS</b>	<b>Low</b>	As-reported GAAP earnings is unreliable due to high accounting inconsistencies.

Overall: TXRH is seeing below average earnings growth, but this is not expected to continue in the next several years. P/E is at market average valuations, but if the company sees earnings grow by 1% over the next three years, the valuation is justified.

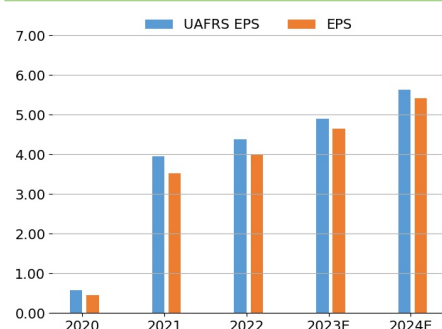
## Insights

### UAFRS P/E vs P/E As-Reported



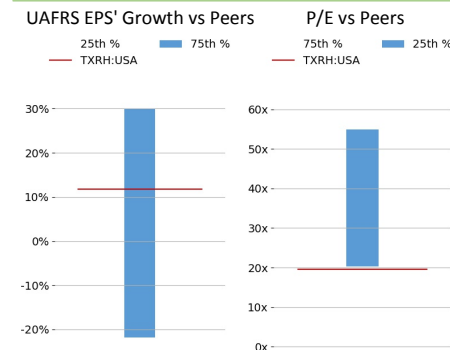
TXRH trades at a 19.5x UAFRS Fwd P/E, which is in line with the as-reported 18.2x P/E. TXRH trades in line with valuations over the past 3+ years, and trades in line with average valuations of 18.4x in the market currently.

### UAFRS Annual EPS vs EPS As-Rep.



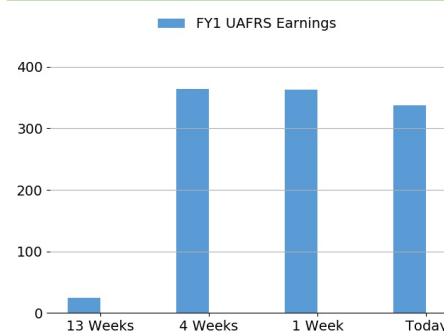
UAFRS EPS has grown from \$3.9 in 2021 to \$4.4 in 2022; UAFRS Earnings were in line with as-reported earnings in 2022. Analyst forecasts call for UAFRS EPS to grow to \$4.9 in 2023, growth of 12%. Forecasted US market UAFRS earnings for 2023 is 5%.

### UAFRS EPS' Growth and P/E vs Peers



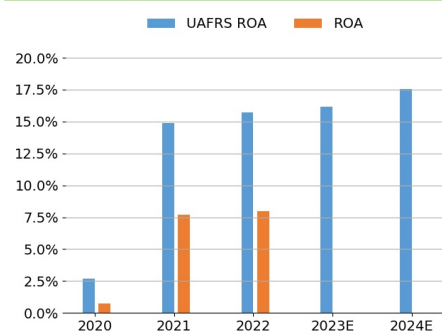
UAFRS EPS growth for FY1 is 12%, which ranks in the 60<sup>th</sup> percentile versus peers. UAFRS Forward P/E is 19.5x, which ranks in the 20<sup>th</sup> percentile versus peers.

### Consensus Revision Momentum



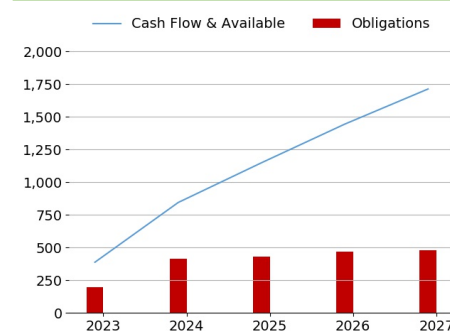
Forecasted 2023 UAFRS Earnings have risen by \$312.6mn in the past quarter. However, expanding forecasts occurred several months ago, with forecasts down \$26.0mn over that time period.

### UAFRS ROA vs ROA As-Rep.



Analysts forecast UAFRS ROA to be sustained at 16% in 2023 and increase to 18% in 2024; UAFRS ROA was above highly inaccurate as-reported ROA of 8% in 2022. Long-run corporate average returns are 6%.

### Credit & Dividend Risk



TXRH has low dividend risk, with cash flows and cash on hand consistently exceeding obligations. Based on operating risk and refinancing capability, TXRH's iCDS is 150bps, suggesting a moderate credit risk.

UAFRS has become a recognized alternative to as-reported GAAP and IFRS reported accounting statements. This provides an apples to apples comparison of corporate financial activity and valuations in a way that as-reported financial statements simply do not. The calculations and framework are vetted by the UAFRS Advisory Council.

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## Peers Included in Analysis

ARMK:USA	Aramark
WING:USA	Wingstop Inc.
WEN:USA	The Wendy's Company
SHAK:USA	Shake Shack Inc.
PZZA:USA	Papa John's International, Inc.
DNUT:USA	Krispy Kreme, Inc.
BLMN:USA	Bloomin' Brands, Inc.
BROS:USA	Dutch Bros Inc.
PLAY:USA	Dave & Buster's Entertainment, I...
CAKE:USA	The Cheesecake Factory Incorpor...

## Summary Section Rules

Section	Negative	Neutral	Positive
UAFRS Forward P/E	> Market P/E + 2x	+/- 2x from Market P/E	< Market P/E - 2x
Mkt. Required UAFRS EPS Growth	> 10%	10% > Growth > 3%	< 3%
Historical UAFRS EPS Growth	< Market Growth - 5%	+/- 5% from Market Growth	> Market Growth + 5%
Forecast UAFRS EPS Growth	< Market Growth - 5%	+/- 5% from Market Growth	> Market Growth + 5%
UAFRS EPS and P/E vs. Peers	Average Grade: D or F	Average Grade: C	Average Grade: A or B
Earnings Revision Momentum	< -5%	5% > Revision > -5%	> 5%
Economic Profitability	< 4%	4% < x < 8%	> 8%
Dividend Risk	Cash flow + Cash < 80% of Obligations	Cash flow + Cash > 80% of Obligations	Cash flow + Cash > 100% of Obligations
Credit Risk (when no dividend)	iCDS > 500bps	500bps > iCDS > 100bps	iCDS < 100bps

## Insights Section Rules

Section	Negative	Neutral	Positive
UAFRS P/E vs P/E As-Reported	> Market P/E + 2x	+/- 2x from Market P/E	< Market P/E - 2x
UAFRS Annual EPS vs EPS As-Rep.	< Market Growth - 5%	+/- 5% from Market Growth	> Market Growth + 5%
UAFRS EPS' Growth and P/E vs Peers	Average Grade: D or F	Average Grade: C	Average Grade: A or B
Consensus Revision Momentum	< -5%	5% > Revision > -5%	> 5%
UAFRS ROA vs ROA As-Rep.	< 4%	4% < x < 8%	> 8%
Dividend Risk	Cash flow + Cash < 80% of Obligations	Cash flow + Cash > 80% of Obligations	Cash flow + Cash > 100% of Obligations
Credit Risk (when no dividend)	iCDS > 500bps	500bps > iCDS > 100bps	iCDS < 100bps

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