

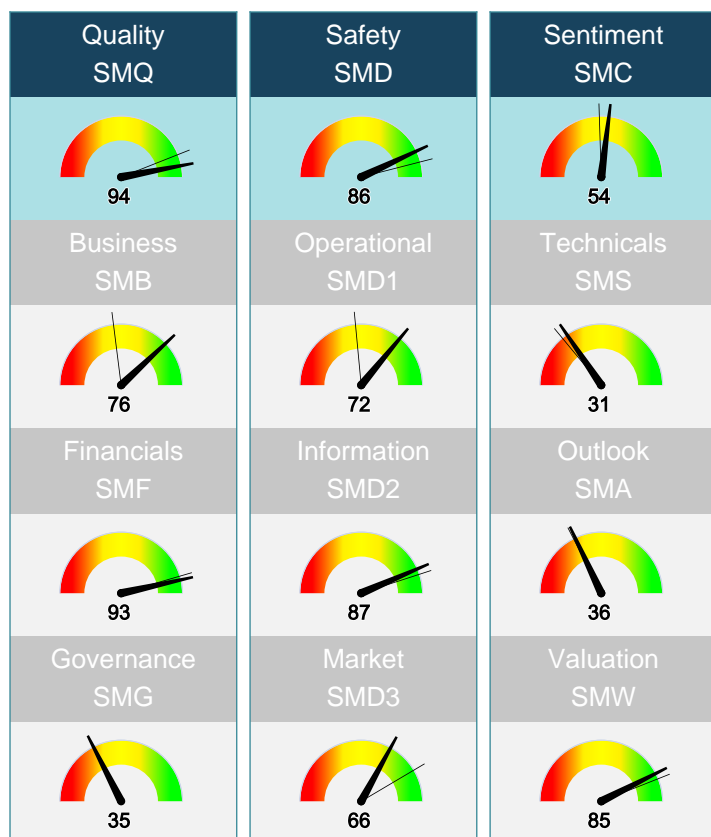
Will Texas Roadhouse Inc Deliver Long-Term Returns?

Summary Due Diligence Report

Rating: Above average Price target: 102.416 Recommendation: Hold

| Ticker | Company Name | Exchange | Industry | Sector |
|--------|---------------------|----------------------|--------------------|--------------------|
| TXRH | Texas Roadhouse Inc | NASDAQ - All Markets | Restaurants & Bars | Consumer Cyclicals |

StockMarks Ratings



The gauge's thin indicator represents the values in the previous report.

Summary StockMarks Ratings for Texas Roadhouse Inc were calculated in relation to the entire population of 4668 United States-listed companies rated today, using a scale from 0 (worst) to 100 (best). For an explanation of each rating, see page 12. Readers should check for the latest news and events not yet reflected in the company financials.

Highlights

Texas Roadhouse Inc has a fair prospect, with an overall score of 80/100. Its business rating is good due to a good revenue stream, good asset conversion but excessive capitalization. Texas Roadhouse Inc's management is rated as efficient and has improved in the last quarter. Its high quality financials are the result of strong cash generation efficiency, attractive performance and an average financial position. Texas Roadhouse Inc's relatively attractive valuation is due to high price attractiveness and positive market multiples.

Overall, the company is rated as very safe. With low operational risk, it has little information risk and small market risk. The current sentiment in relation to Texas Roadhouse Inc is moderate with a positive outlook. The company's business forecast is positive based on an improving trend in our estimates. To conclude, we believe Texas Roadhouse Inc to be an above average long-term investment that is likely to deliver long-term returns.

| Last Close Price | 52-Week Range | Market Cap. |
|------------------|----------------|-------------------|
| 96.190 USD | 90.38 - 118.16 | 6.421B |
| Beta | PE | PBV |
| -1.44 | 22.24 | 5.97 |
| EPS | Earnings Yield | Div Announc. Date |
| 4.33 | 5.04% | - |
| DPS | Dividend Yield | Div Ex Date |
| - | 2.34% | - |

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The business

Its business is rated as good due to a good revenue stream, good asset conversion but excessive capitalization. The company operates in the Restaurants & Bars industry - where stock prices are declining faster than the overall Consumer Cyclical sector.

The Industry

The stock prices in the Restaurants & Bars industry, whose average price index is shown in chart C1, have been declining over the past quarter. In contrast, the Consumer Cyclical sector has followed a stable path.

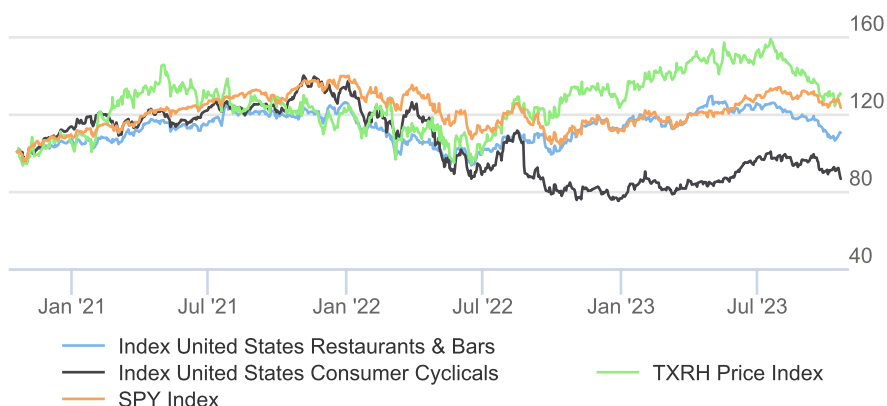
The Company

Texas Roadhouse, Inc. is a United States based restaurant company that operates in the casual dining segment. The Company owns and operates approximately 566 restaurants and franchised an additional 101 restaurants in 49 states and ten foreign countries. Of the 566 restaurants it operates approximately 526 as Texas Roadhouse restaurants, 36 as Bubba's 33 restaurants and four as Jaggers restaurants. Texas Roadhouse is a full-service, casual dining restaurant concept offering an assortment of seasoned and aged steaks hand-cut daily on the premises and cooked to order over open grills. Bubba's 33 is a family-friendly, sports restaurant concept featuring scratch-made food, ice cold beer and signature drinks. Its menu features burgers, pizza and wings as well as a variety of appetizers, sandwiches and dinner entrees. The Jaggers is a fast-casual restaurant concept offering burgers, hand-breaded chicken tenders and chicken sandwiches served with scratch-made sauces.

Business rating and competitors

The Summary Business StockMarks Rating (SMB = 76/100) for Texas Roadhouse Inc is significantly above the sector average and in line with its top 3 ranked competitors in terms of business similarity as listed in table T1. The SMB trend is depicted in chart C2. Its recent rise was primarily due to growth in the company's leverage rating.

C1.SADIF sector and industry stock price indexes



T1. Benchmark Group: Industry Competitors

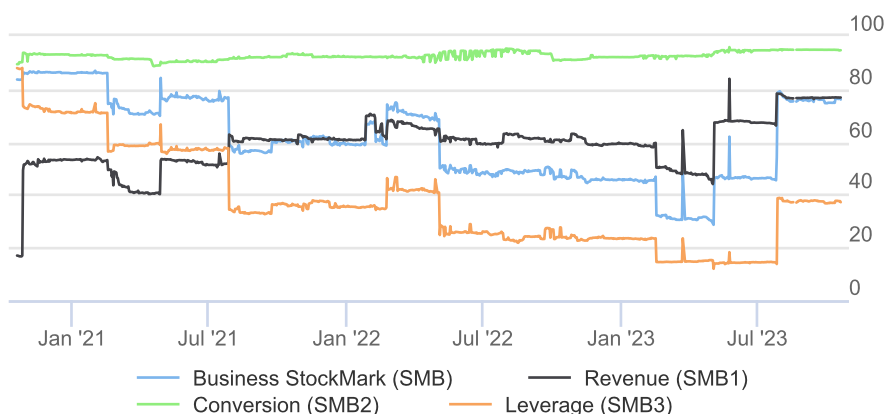
| Ticker | Company Name | Similarity | Industry Share | SMB | SMB1 | SMB2 | SMB3 |
|--------|---------------------------|------------|----------------|-----|------|------|------|
| TXRH | Texas Roadhouse Inc | | 2.60% | 76 | 77 | 95 | 37 |
| ARMK | Aramark | 72.00% | 10.97% | 87 | 76 | 91 | 56 |
| EAT | Brinker International Inc | 72.00% | 2.47% | 88 | 69 | 94 | 66 |
| CAKE | Cheesecake Factory Inc | 72.00% | 2.04% | 55 | 70 | 92 | 24 |

Texas Roadhouse Inc has a good revenue rating (SMB1 = 77/100) with revenue sufficiently above its breakeven point. The company's revenue has too much volatility and is growing in line with its first competitor.

In terms of cash conversion (SMB2 = 95/100), the company has a good rating due to its short net operating cycle, good asset turnover and median operating margins.

Finally, Texas Roadhouse Inc is inadequately leveraged (SMB3 = 37/100), especially when assessed by its degree of leverage.

C2. The trend in the Business Stockmark and its determinants



Management

Texas Roadhouse Inc's management is rated as efficient and has improved in the last quarter. The company trades with a float of 99.50%, which has been stable in the last quarter. The company's governance is rated as weak.

Ownership

In terms of ownership, Texas Roadhouse Inc is in the managerial sector category, because it operates in an unregulated sector, has a float of 99.50% and its top 5 shareholders own 26.96%. The major shareholder, The Vanguard Group, Inc., owns 9.79% of the company.

Among its top 10 investors, Millennium Management LLC bought 911628 shares and Harvest Volatility Management LLC sold 393 shares in the past half year. As shown in chart C3, in the last quarter, institutional investors maintained their ownership close to 100.0%, while insiders reduced their holdings %.

Governance

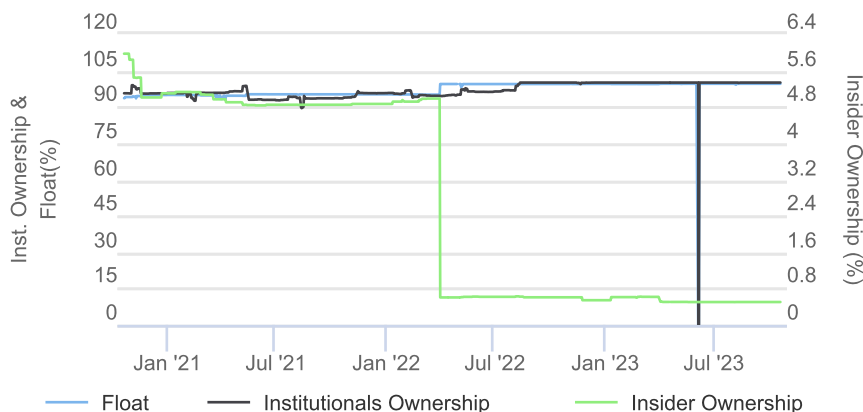
In terms of corporate governance, the company has a weak rating (SMG = 35/100) as a result of an insufficient protection against tunnelling problems with a rating of 38/100, a mild appetite in terms of compensation rating at 42/100 and a high accountability rating of 75/100.

Management

Texas Roadhouse Inc currently has an efficient management with a Management StockMark (SMM) of 84/100, the highest of its quality sub-ratings.

Chart C4 shows that its recent rise was driven by a matching change in the average return on assets.

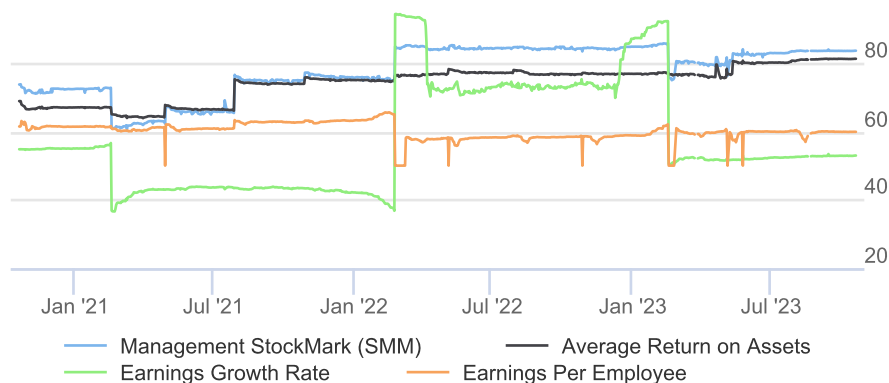
C3. Ownership evolution



Comparing the management efficiency of Texas Roadhouse Inc with that of its closest competitor, Aramark, shows that Texas Roadhouse Inc's rating is 8.5% higher.

In general, the assessment of the management efficiency trend needs to be qualified by taking into account how long the incumbent management has been in place as it takes a few quarters before the impact is shown in the company financials. Sometimes, a small temporary decline or rise may not be attributed to a change in efficiency but is instead the result of large shifts in investment / disinvestment. Despite the importance of management efficiency, investors should not neglect other more subjective factors such as management integrity and business savvy, which are beyond the scope of this report.

C4. The trend in the Management StockMarks Determinants



For a descriptive classification of management efficiency, we use the following five categories:

| Category | First Class | Efficient | Passable | Mediocre | Inefficient |
|------------|-------------|-----------|----------|----------|-------------|
| SMM Rating | 85-100 | 60-84 | 40-59 | 20-39 | 0-19 |

Benchmarking

In terms of overall business quality, Texas Roadhouse Inc ranks first amongst its competitors in the Restaurants & Bars industry. Its strongest position is in terms of financials. In relation to performance, its best driver is the value rating, which stabilized in the past quarter.

Comparables

Although no two companies are exactly alike, it is useful to define a benchmark group of comparable companies. The group's selection may be based on clientele, business model, price correlation, technology, location or any other criteria. Since most companies operate via various lines of business, selecting on the basis of a single criteria is controversial and analysts often prefer a comparison with an industry or sector average. Yet, for multi-industry firms, to use the industry of registration is equally questionable.

Instead, we opted for a broader set comprising of all companies trading in the same stock exchange. This is inadequate for companies whose most direct competitor is a foreign company. Equally controversial is the choice of indicators to be compared.

Nevertheless, although we rate Texas Roadhouse Inc against the entire market, it is important to compare the company to a peer group - that we call competitors - in relation to the drivers of business quality and performance (see table T2 and chart C6).

Competitors

The company's closest competitor, Aramark, has a similarity index of 72.00% and a market share of 10.97% compared to the company's market share of 2.60% (see table T2). This similarity index is enough to consider this competitor fully relevant for comparable analysis.

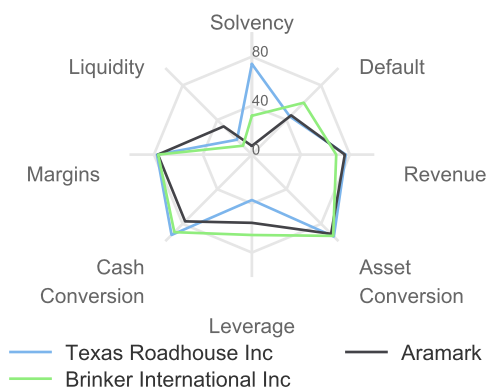
From table T2 we see that, when analyzed from an investor perspective, the company fares well in relation to its top competitor. Its best rating is for financials (SMF = 93/100) while its lowest is for business (SMB = 76/100).

T2. Benchmark Group: Competitors

| Ticker | Company Name | Similarity | Industry Share | SMQ | SMB | SMF | SMG |
|--------|----------------------------|------------|----------------|-----|-----|-----|-----|
| TXRH | Texas Roadhouse Inc | | 2.60% | 94 | 76 | 93 | 35 |
| ARMK | Aramark | 72.00% | 10.97% | 87 | 87 | 77 | 78 |
| EAT | Brinker International Inc | 72.00% | 2.47% | 44 | 88 | 15 | 84 |
| CAKE | Cheesecake Factory Inc | 72.00% | 2.04% | 75 | 55 | 71 | 42 |
| CMG | Chipotle Mexican Grill Inc | 52.00% | 5.55% | 93 | 69 | 92 | 48 |
| YUM | Yum! Brands Inc | 52.00% | 4.18% | 87 | 84 | 73 | 84 |

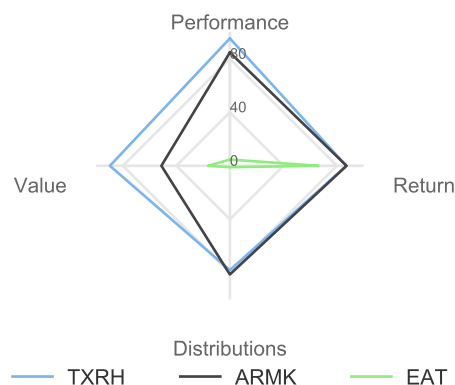
Chart C5 below depicts a detailed comparison of the determinants of each quality rating. It can be observed that Texas Roadhouse Inc outperforms its closest competitor in terms of solvency (SMF6 = 74/100).

C5. Competitor Analysis based on Quality drivers



Moreover, the comparison of performance and its drivers, depicted in chart C6, shows that Texas Roadhouse Inc is more profitable than its closest competitor. In terms of its performance (SMF12) determinants the company is in an average position with regard to the distribution to shareholders, average returns and it seems excessively valued by the market.

C6. Competitor Analysis based on Performance Drivers



Parities

Compared to its most correlated pairs, Texas Roadhouse Inc ranks fourth in terms of business sentiment. It is undervalued relative to its closest pair, with a fair value exchange rate above the nominal exchange rate and a trend towards appreciation.

Currently, Cheesecake Factory Inc is the closest stock for pair trading with a similarity index of 70.31%, defined on the basis of market correlation, sector and trading volumes (see Table 3).

In comparison to its highest correlated stocks (for pair trading), Texas Roadhouse Inc's best rank is the valuation rating (SMW), where it ranks third.

Market vs. Fair Value

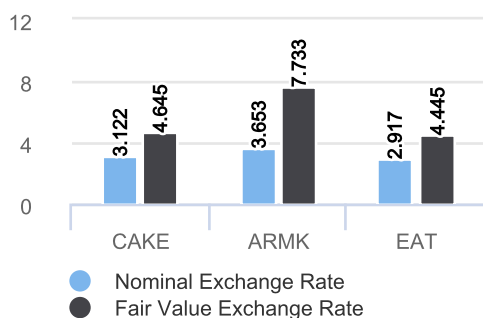
Warren Buffett popularized the idea that many air-for-assets risky acquisitions take place during bull markets because overvalued acquirers can afford to overpay because they are, in effect, using stock as if it were counterfeit money.

But, unfortunately, the estimation of intrinsic values is a very challenging task.

Yet, we may minimize the problem and bypass the need to estimate intrinsic values by adjusting the nominal stock exchange rates with our Price Attractiveness StockMark (SMP), which estimates the degree of over/undervaluation at any level of market premium or discount.

By adjusting the nominal rates by the relative SMPs we obtain the fair value exchange rates depicted in chart C7.

C7. Fair value exchange rates



T3. Benchmark Group: Correlated Pairs

| Ticker | Company Name | Similarity | SMC | SMW | SMS | SMA |
|--------|---------------------------|------------|-----|-----|-----|-----|
| TXRH | Texas Roadhouse Inc | | 54 | 85 | 31 | 36 |
| CAKE | Cheesecake Factory Inc | 70.31% | 45 | 65 | 48 | 20 |
| EAT | Brinker International Inc | 64.06% | 11 | 9 | 43 | 17 |
| DECK | Deckers Outdoor Corp | 53.13% | 86 | 92 | 16 | 91 |
| ARMK | Aramark | 51.56% | 62 | 35 | 84 | 64 |
| WEN | Wendys Co | 51.56% | 79 | 90 | 54 | 39 |

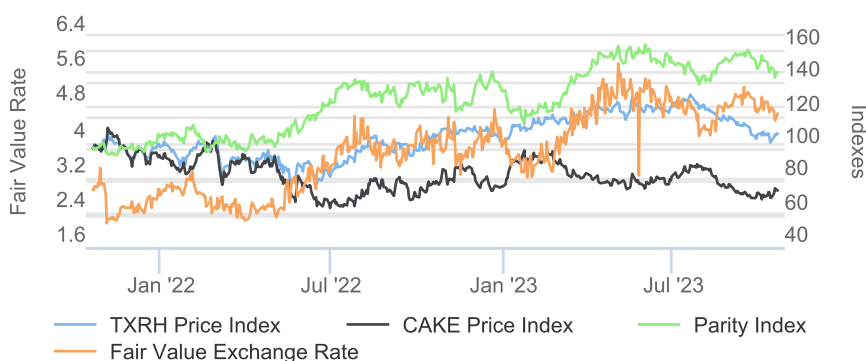
The rates quoted in chart C7 give us the number of benchmarked shares that we could buy with one share of Texas Roadhouse Inc. Therefore, an increase/decrease in the rate of exchange means that its price is appreciating/depreciating relative to its pair. The trend in the fair value exchange rate is relevant not only to adjust valuations but also to assess the price outlook for the stock price. SADIF clients may access the company's fair value in relation to any other company at <http://sadifanalytics.com>.

Parities

Chart C8 also shows the parity index and the evolution of the fair value exchange rate for Texas Roadhouse Inc, in relation to its first pair, Cheesecake Factory Inc.

We can observe that in relation to the first pair, the trend in its fair value during the last quarter has been towards appreciation. In turn, in the last month the parity index shows a rise reflecting an appreciation in relation to its pair.

C8. Prices, parity indexes and fair value



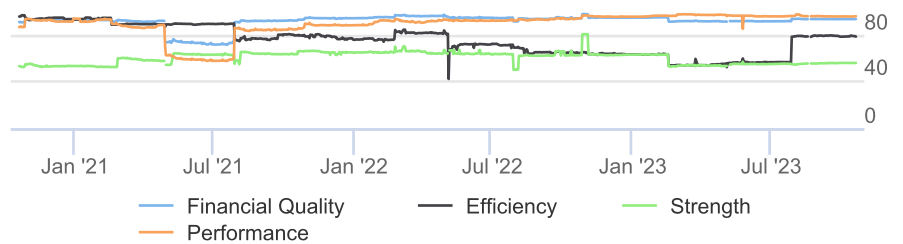
In general, pair trading requires degrees of similarity above 70% and the success of pair trading strategies depends on the investor's ability to forecast the duration of the convergence path.

However, convergence itself may only happen if the two companies are not diverging in a fundamental way. Investors can evaluate this possibility by comparing the StockMarks sentiment ratings shown in the table T3. It shows that Texas Roadhouse Inc's sentiment is significantly above that of Cheesecake Factory Inc, mostly due to a difference in the outlook rating (SMA).

Financials

The company's high quality financials are the result of strong cash generation efficiency, attractive performance and an average financial position. The recent trend shows a rising evolution mainly due to an increase in the rating of their financial efficiency. The table below shows some of Texas Roadhouse Inc's key ratios.

C9. The trend in the Financial rating and its determinants



T4. Ratios

| | TXRH | ARMK | EAT | Restaurants & Bars |
|---------------------------------------|--------|--------|----------|--------------------|
| Revenue | | | | |
| Revenue Growth (Quarterly) | 8.32% | 7.72% | 6.06% | 7.60% |
| Revenue Volatility (Quarterly) | 1.38 | 0.96 | 1.90 | 2.92 |
| Sales Elasticity Relative to Industry | 2.13 | 0.03 | 1.64 | 0.48 |
| Margins | | | | |
| EBITDA Margin | 11.26% | 11.18% | 9.45% | 11.53% |
| Operating Margin | 8.07% | 9.10% | 5.51% | 4.70% |
| Asset Turnover | 1.86 | 1.33 | 1.73 | 1.33 |
| Cash Conversion | | | | |
| Operating Cycle (Days) | 13 | 65.55 | 15.09 | 43 |
| Net Operating Cycle (Days) | -6 | 43.78 | 3.12 | 6 |
| Average Days Receivables & Other * | 7.37 | 53.24 | 11.81 | 22.30 |
| Leverage | | | | |
| Breakeven Revenue | 0.82 | -0.02 | 0.20 | 0.89 |
| Degree of Operational Leverage | 5.53 | 0.98 | 0.94 | 3.35 |
| Degree of Financial Leverage | 1.00 | 1.00 | 1.32 | 1.01 |
| Efficiency | | | | |
| ROA | 11.56% | 3.54% | 4.13% | 2.76% |
| ROE | 26.86% | 15.33% | -71.10% | 6.62% |
| Equity Growth | 2.63% | 11.56% | -31.38% | 1.58% |
| Liquidity and Solvency | | | | |
| Cash Ratio | 0.07 | 0.09 | 0.01 | 0.39 |
| Current Ratio | 0.16 | 0.86 | 0.11 | 0.80 |
| Interest Service Coverage | - | - | 7.66 | 11.59 |
| Capitalization | 0.43 | 0.23 | -0.06 | 0.36 |
| Earnings and Distributions | | | | |
| Earnings Yield | 5.04% | 9.22% | 8.45% | 2.07% |
| Dividend Payout | 45.99% | 58.16% | 0.72% | 39.81% |
| Buyback Payout | 0.00% | 5.58% | -321.88% | 0.00% |
| Valuations per Share | | | | |
| Price to book value | 5.97 | 1.95 | -10.42 | 2.56 |
| Price to sales | 1.49 | 0.37 | 0.36 | 0.92 |
| Enterprise value/EBITDA | 54.88 | 26.89 | 25.18 | 31.20 |

Valuation

Texas Roadhouse Inc's relatively attractive valuation is due to high price attractiveness and positive market multiples. The company is currently trading at 6.0 times book value and 22.2 times earnings, which compares favourably with the industry average. In the past quarter, the valuation has deteriorated due to a decline in the price attractiveness rating (SMP).

Multiples

The traditional valuation of companies based on market price multiples depicted in chart C10 shows that Texas Roadhouse Inc has remained stable in the last quarter. However, because the various multiples are based on different metrics, we standardize and combine them into a synthetic multiple (SMK) depicted in chart C11.

C10. Trend in valuation multiples



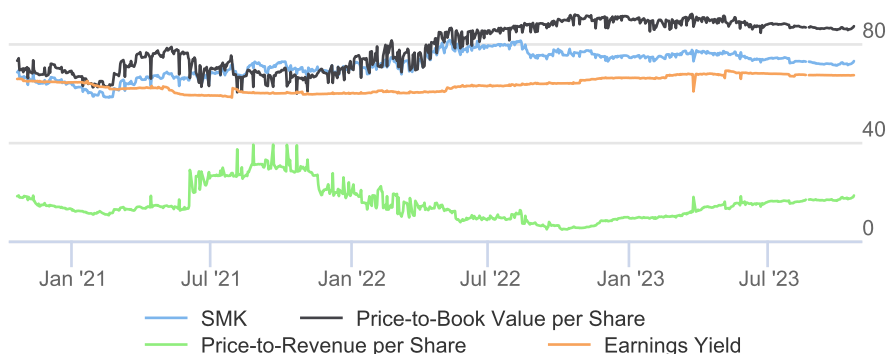
The trend in our synthetic multiple (SMK = 72/100), shown in chart C11, is negative, due mostly to a decline in the book value multiple.

Price Attractiveness

Despite the recent steep decline in Texas Roadhouse Inc share price, the possibility of the company's shares being overbought remains high.

Texas Roadhouse Inc currently has a Price StockMark (SMP) of 63/100, indicating that the market is fairly valuing the company's long-term fundamentals.

C11. Synthetic Multiple (SMK) and its determinants



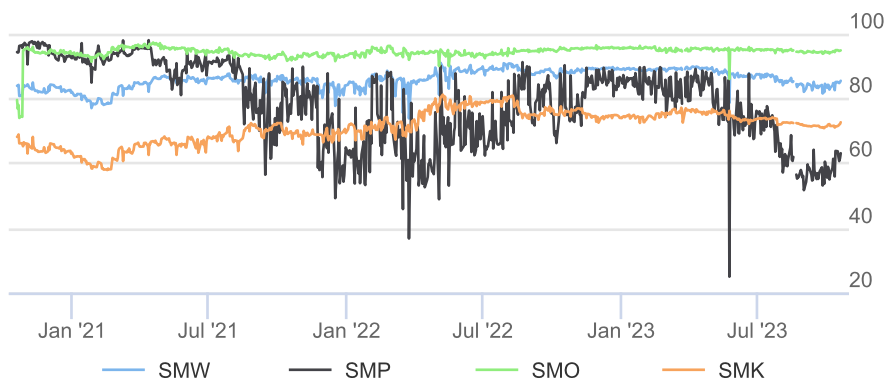
However, investors should not focus exclusively on trends in market price multiples and earnings yields. They need to consider the most recent absolute value of the SMP and its trend (depicted in chart C12) for two main reasons.

Firstly, to verify if the stock is caught at a stationary level, indicating that it may remain undervalued or overvalued for long periods.

Secondly, investors should assess if it is diverging or converging in relation to a fair valuation (SMP between 45-55).

Chart C12 shows the overall valuation rating (SMW = 85/100) and its determinants. Overall, we observe that Texas Roadhouse Inc has an attractive valuation with a tendency towards correction.

C12. The trend in valuation (SMW) and its determinants



In terms of the SMW determinants it is worth noting that the company's main driver is outperformance (SMO) and its weakest is the price attractiveness (SMP).

The nominal stock exchange rate between two stocks as given by current market prices (shown previously in page 5, chart C7) may be misleading if markets, as they often do, over-estimate or underestimate the premium/discount relative to intrinsic value.

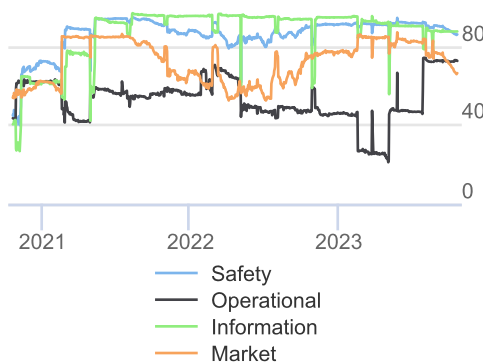
The valuation of stock-for-stock offers in M&A transactions is quite complex when shareholders of the acquirer and the target company hold significantly different views on the intrinsic value of their companies. So, since the divergence in relation to the nominal rate is significant, the fair value exchange rate is a good aide in such discussions.

Safety

The company is rated as very safe. With low operational risk, it has little information risk and small market risk. The trend in its determinants shows a significant reduction in operational risk over the past quarter. The market risk, in terms of volatility, is significantly higher than the market index ETF in the last quarter.

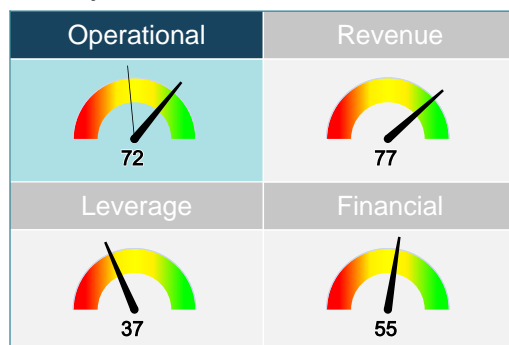
As shown in chart C13, Texas Roadhouse Inc has a high level of safety (SMD = 86/100) which has remained stable in the past quarter. Its weakest rating is in terms of market safety.

C13. Safety and its determinants



Operational Safety

The determinants of the sales and operational risk depicted in the box below, are the result of high revenue performance combined with excessive capitalization in a company with ordinary financial strength. Texas Roadhouse Inc's strong revenue performance is due to a combination of moderate revenue growth, large volatility and good competitiveness in relation to its industry.

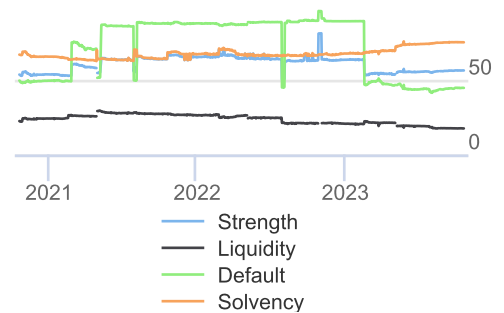


Financial Strength

The breakdown of financial strength (SMF11 = 55/100) - see chart on the right - shows small risk of insolvency, medium risk of default and a low rating in terms of liquidity.

The recent trend shows an improved situation in the last quarter. The main contributor for this improvement was the protection against default, which rose by 4.2%.

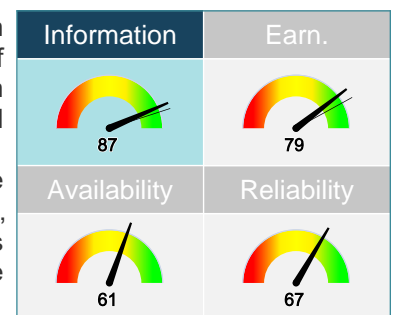
C14. Financial strength



Informational Safety

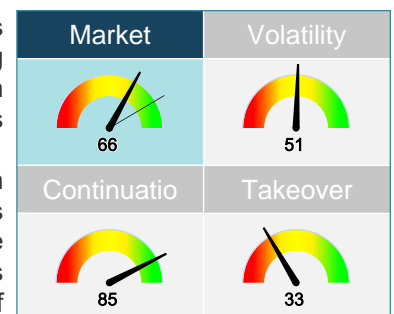
Texas Roadhouse Inc's classification in terms of informational safety is the result of good earnings quality combined with reasonable data availability and good reliability.

This classification does not include transparency, integrity and regulatory risks, which are probably significant due to Texas Roadhouse Inc's low rating for governance (SMG = 35/100).



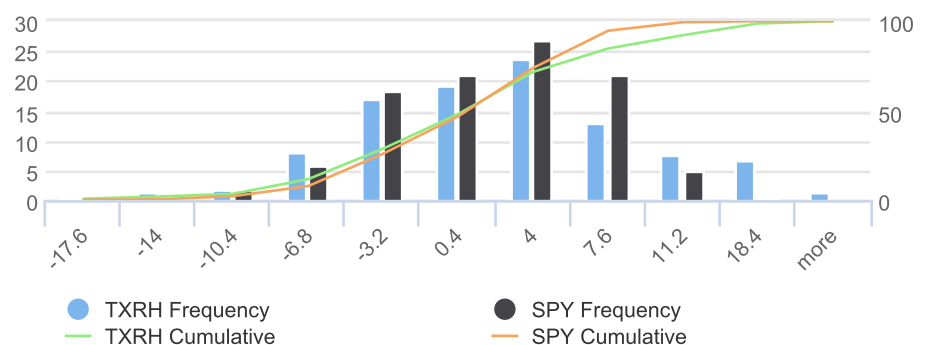
Market Safety

The market risk (see box on the right) has three components: volatility risk, delisting risk and takeover exposure. When compared to its closest competitor in terms of similarity, Texas Roadhouse Inc is 0.91 times riskier than Aramark. The main difference is a lower takeover rating. Texas Roadhouse Inc's volatility compared to the market index ETF, shown below, is moderate with a cumulative frequency of negative returns 2.2 % points above the ETF.



C15. Volatility compared to market ETF

20-day RoC from Oct of 2020 to Oct of 2023



Sentiment

The current investor sentiment in relation to Texas Roadhouse Inc is moderate, and with a positive outlook. It may change abruptly by some unknown forthcoming corporate action or event. Meanwhile, the short term trend measured through technical indicators shows some appreciation in the last month.

The current sentiment (SMC = 54/100) in relation to Texas Roadhouse Inc is assessed on the basis of its current valuation and forecasts, complemented by technical indicators. Its evolution depicted in chart C16, shows a rising trend, mainly as a result of an improvement in the technicals rating (SMS).

Valuation

The valuation sentiment (SMW = 85/100) is positive, supported by a combination of high multiples, attractive price and a significant outperformance likelihood (see chart C12, page 7).

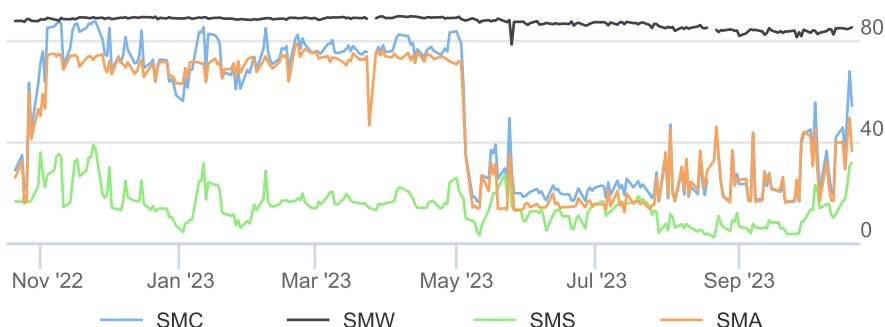
Technicals

The outlook in terms of technical analysis (chart C17), price targets and market trend shows a positive trend in the last quarter. This is reinforced by a positive trend in recent SADIF estimates and it is dampened by a declining valuation

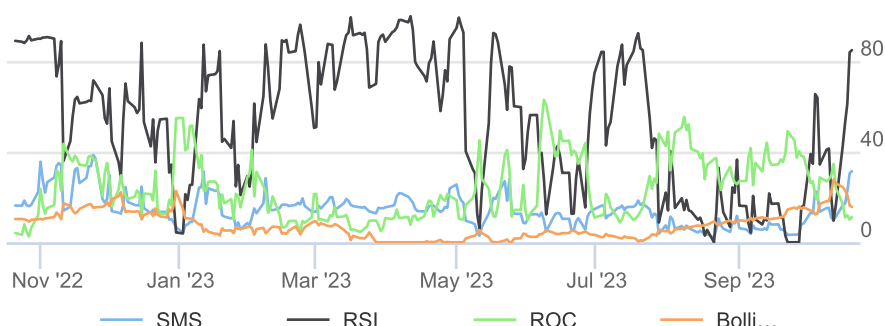
Outperformance likelihood

When compared to its closest competitor, Aramark, Texas Roadhouse Inc exhibits greater undervaluation and is more likely to outperform the market in the long term. Finally, an important complement to gauge investor sentiment is given below through the list of recent major buyers and sellers.

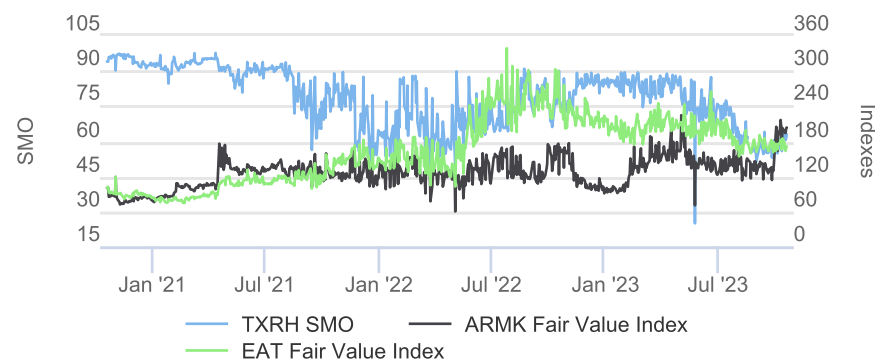
C16. Overall Investor Sentiment (SMC) and its constituents



C17. Technical Analysis Sentiment (SMS) and its constituents



C18. Outperformance (SMO) and Fair Value exchange indexes



Major Buyers

| Investor Name | Shares | |
|--|--------|----------------------------------|
| Millennium Management LLC | +0.91M | <div style="width: 100%;"></div> |
| Westfield Capital Management Company, L.P. | +0.74M | <div style="width: 100%;"></div> |
| Point72 Asset Management, L.P. | +0.64M | <div style="width: 100%;"></div> |
| Junto Capital Management LP | +0.58M | <div style="width: 100%;"></div> |
| Qube Research & Technologies Ltd | +0.43M | <div style="width: 100%;"></div> |

Major Sellers

| Investor Name | Shares | |
|---|--------|----------------------------------|
| BlackRock Institutional Trust Company, N.A. | -1.48M | <div style="width: 100%;"></div> |
| BofA Global Research (US) | -1.04M | <div style="width: 100%;"></div> |
| Macquarie Investment Management | -0.44M | <div style="width: 100%;"></div> |
| Nuveen LLC | -0.42M | <div style="width: 100%;"></div> |
| Wellington Management Company, LLP | -0.38M | <div style="width: 100%;"></div> |

Estimates

The company's business outlook is positive and, based on an improving trend in our estimates, is likely to improve. Earnings per share is weakening, while its book value per share is flat. The impact on market multiples is favorable. Our target price has an implicit annual CAGR of 6.5%, well below that of the analyst consensus.

Overall, our rating for business outlook (SMA = 36/100) has improved in the last quarter due mostly to an improvement in the price direction (see chart C16, page 9).

Revenue

Texas Roadhouse Inc is currently earning 7.02% on revenue of 1,171.49 million.

T5. Quarterly Revenue Per Share

| Year | Q1 | Q2 | Q3 | Q4 |
|------|--------|--------|---------|---------|
| 2023 | 17.463 | 17.425 | 16.046f | 16.303f |
| 2022 | 14.239 | 15.100 | 14.793 | 15.012 |
| 2021 | 11.412 | 12.814 | 12.391 | 12.790 |

This revenue translates into an earnings yield of 5.04% and a return on equity of 26.9% over the last twelve months. The corresponding EPS trend can be seen in table T6.

Earnings

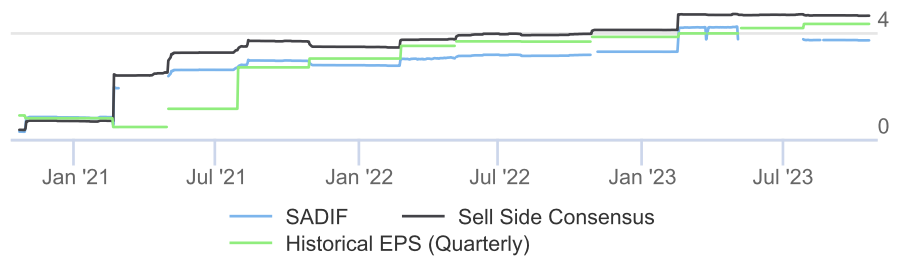
Over the last two quarters available, Texas Roadhouse Inc's earnings per share deteriorated to 1.224. As shown in table T6, this represents an improvement in relation to its earnings one year ago.

Our estimation, shown in table T6, is that quarterly earnings may fall to 0.344 during the coming semester. Our estimate is 0.93 below the current consensus estimate.

T6. Quarterly EPS

| Year | Q1 | Q2 | Q3 | Q4 |
|------|-------|-------|--------|--------|
| 2023 | 1.284 | 1.224 | 0.402f | 0.344f |
| 2022 | 1.084 | 1.067 | 0.928 | 0.890 |
| 2021 | 0.915 | 1.076 | 0.750 | 0.759 |

C19. SADIF and Sell Side consensus estimates vs historical EPS



Book Value

The stock is trading at 22.2 times earnings and 6.0 times book value, with a declining trend.

The trend in Texas Roadhouse Inc's market and book values, allow investors to gauge how the market values the company's growth. Comparing the two most recent quarters with the previous two, we see that book values have increased by 7.4% while the company's market value has increased by 23.30%. Moreover, the gap between the two widened in the last month.

T7. Quarterly BVS

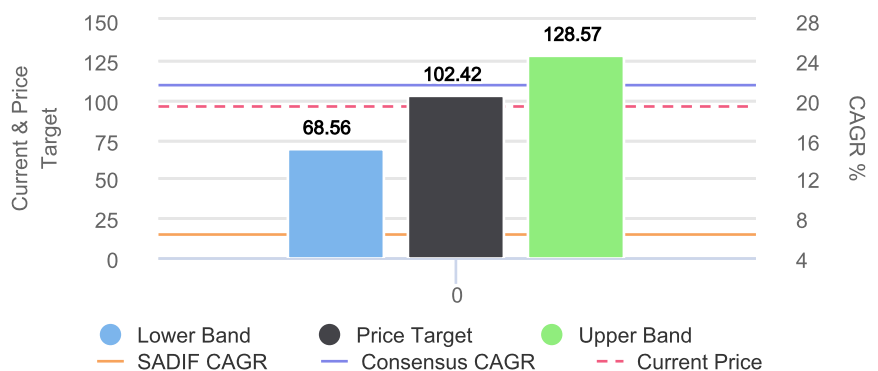
| Year | Q1 | Q2 | Q3 | Q4 |
|------|--------|--------|---------|---------|
| 2023 | 15.681 | 16.109 | 16.340f | 16.539f |
| 2022 | 14.700 | 13.830 | 14.556 | 15.056 |
| 2021 | 14.167 | 14.920 | 15.185 | 15.127 |

Price Targets

We use the estimates above and the outperformance likelihood rating (SMO) to derive Texas Roadhouse Inc's price target. We do not take a view on the market direction. Investors expecting the market to rise (or fall) significantly should increase (decrease) the price target accordingly.

Chart C20 shows that we expect the stock price to appreciate by 6.226 in absolute terms to reach 102.416. And, in relation to its current level (96.190), we estimate a potential gain of 6.5% over the coming year. The corresponding CAGR value of the analyst consensus is higher at 21.59%. The lower and upper bounds shown suggest good price target

C20. Price Targets



Recommendations

Texas Roadhouse Inc rates as an above average investment. Compared to the analyst consensus, our recommendation is more favorable. The comparison with its closest competitor also shows a similar rating. The main contributor to this rating is its current quality.

The current SMR rating is 80/100. Chart C22 shows the SMR trend compared to the sell side recommendation values depicted with the half-year lead time. Our last SMR revision was upward, and the month-to-month trend is positive.

T8. History of up(down)grades *

| Date | Trend | SADIF Rating |
|-------------|-------|---------------|
| 21 Jul 2023 | ↑ | Above Average |
| 15 Jun 2023 | ↓ | Average |
| 24 May 2023 | ↓ | Above Average |

Conclusions

Texas Roadhouse Inc is a high quality company. With good business rating, it has strong financials and poor corporate governance. In terms of risk, is very safe. With low operational risk, it has low information risk and low market risk. The current market sentiment in relation to the company is neutral with unfavorable technical indicators, negative estimates and an attractive valuation. The trend in Texas Roadhouse Inc fair value exchange rate against

Buy/Sell Recommendations

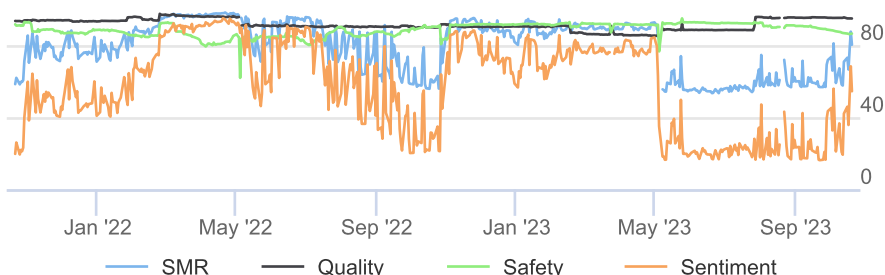
StockMarks rate the company quality but were not designed as price predictors. However, the rating deciles recently favoured by the stock market, shown in chart C23, were used for short term recommendations shown below.

| Recommendations | SADIF | Consensus |
|----------------------------------|-------|-----------|
| Strong Buy and/or Very Positive | | |
| Buy and/or Positive | | x |
| Hold and/or Neutral | x | |
| Sell and/or Negative | | |
| Strong Sell and/or Very Negative | | |

Texas Roadhouse Inc quality is rated as above average (SMR = 80/100) in accordance with the following classification:

| 100-85 StockMarks | 85-51 StockMarks | 51-16 StockMarks | 16-9 StockMarks | 9-0 StockMarks |
|-------------------|------------------|------------------|-----------------|----------------|
| Good | Above Average | Average | Below Average | Risky |

C21. SADIF overall Rating (SMR) and its drivers



its closest rated-competitor, Aramark, has been stable over the past 2 weeks. When compared to its closest competitor, Aramark, Texas Roadhouse Inc shows greater undervaluation and is more likely to outperform the market.

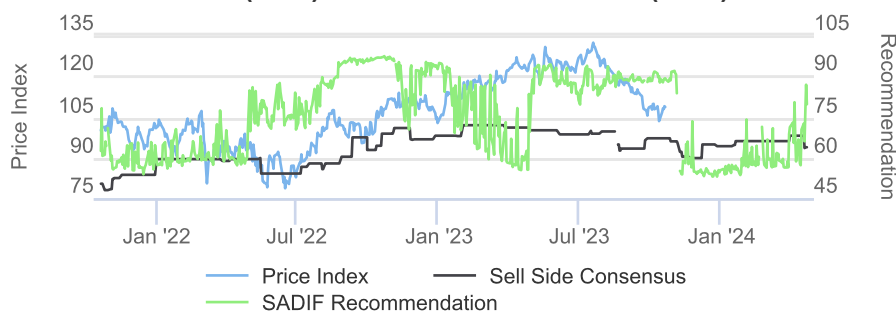
The company's share price has been stable over the past year, but we believe underlying fundamentals to be the primary determinant of long-term performance.

The likelihood to outperform the market – as measured by the Outperformance StockMark (SMO) is well above average with a rating of 94/100.

The market risk associated with holding the shares – as measured by the StockMarks Market Risk (SMD3) – is below average with a rating of 66/100.

Overall, we believe Texas Roadhouse Inc to be an above average long-term investment.

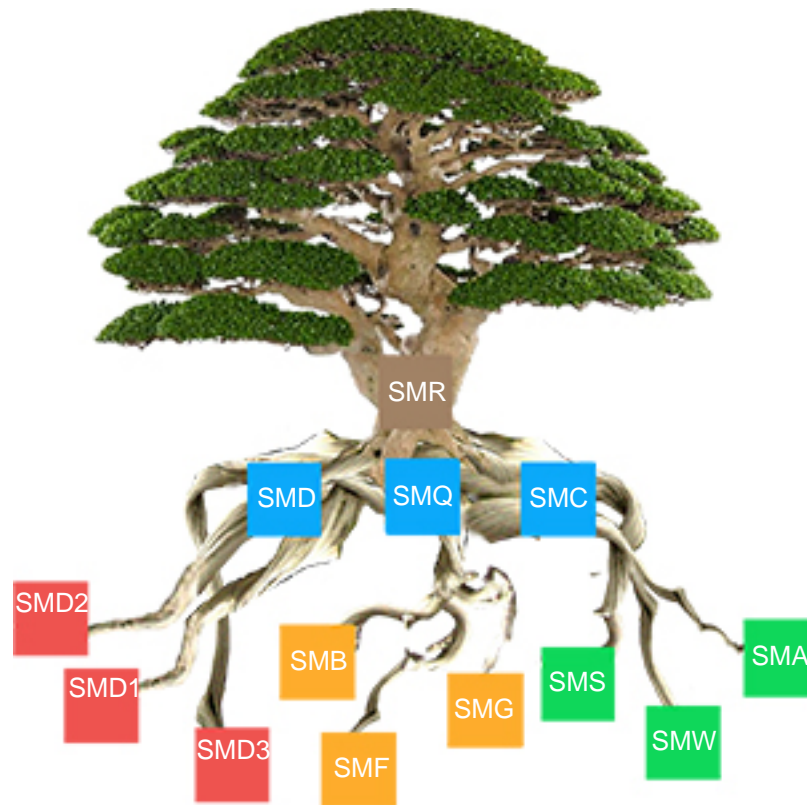
C22. Price Index (LHS) vs. Recommendations (RHS)



C23. Industry Group Median Returns per Rating Decile



The StockMarks™ Ratings



| | | | |
|-----------------------------|-------------|---|--|
| SMR | SMR | A SADIF recommendation based on equal weighting of company ratings for quality (SMQ), safety (SMD) and investor sentiment (SMC). Investors with different strategies (e.g. growth or safety) should reweight accordingly. | |
| Recommendation (SMR) | SMQ | A company's overall quality rating based on its ratings for business, financials and governance. | |
| | SMD | A company's overall safety rating based on its ratings for operational, information and market risk. | |
| | SMC | A company's overall sentiment rating based on investors' ratings for its current valuation, estimates and technical indicators. | |
| Safety (SMD) | SMD1 | A company's operational safety based on its ratings for revenue growth, leverage adequacy and financial strength. | |
| | SMD2 | A company's informational safety based on its rating for earnings quality, data availability and reliability. | |
| | SMD3 | A company's market safety based on its ratings for its continuation as a listed company, its exposure to takeover bids and its stock price volatility. | |
| Quality (SMQ) | SMB | A company's business quality based on its ratings for revenue growth, cash conversion and level of leverage. | |
| | SMF | A company's financial quality based on its ratings for financial strength, efficiency and performance. | |
| | SMG | A company's governance quality based on its ratings for earnings quality, compensation policy and tunnelling risk. For most companies, the rating includes only the earnings quality rating (SMI). | |
| Sentiment (SMC) | SMW | A company's valuation attractiveness based on the ratings for its current price multiples, outperformance likelihood and price attractiveness. | |
| | SMA | A company's current estimates based on the ratings for its current outlook, estimates forecasts and consensus recommendations. | |
| | SMS | A company's technical indicators rating based on the current values for Bollinger Bands, rates of change and relative strength indexes. | |

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