



## RUTH'S HOSPITALITY GROUP

Raymond James 39<sup>th</sup> Annual Institutional  
Investors Conference - March 5, 2018



Abdiel Aleman, VP of Culinary Development – 1997 Culinary Institute of America

## DISCLAIMER: THIS PRESENTATION CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995.

This presentation 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 frequently are identified by the words “believe,” “anticipate,” “expect,” “estimate,” “intend,” “project,” “targeting,” “will be,” “will continue,” “will likely result,” or other similar words and phrases. Similarly, statements herein that describe the Company’s objectives, plans or goals, including with respect to new restaurant openings, capital expenditures and the impact of healthcare inflation, tax reform and minimum wage legislation, also are forward-looking statements. Actual results could differ materially from those projected, implied or anticipated by the Company’s forward-looking statements. Some of the factors that could cause actual results to differ include: reductions in the availability of, or increases in the cost of, USDA Prime grade beef, fish and other food items; changes in economic conditions and general trends; the loss of key management personnel; the effect of market volatility on the Company’s stock price; health concerns about beef or other food products; the effect of competition in the restaurant industry; changes in consumer preferences or discretionary spending; labor shortages or increases in labor costs; the impact of federal, state or local government regulations relating to income taxes, unclaimed property, Company employees, the sale or preparation of food, the sale of alcoholic beverages and the opening of new restaurants; harmful actions taken by the Company’s franchisees; a material failure, interruption or security breach of the Company’s information technology network; the Company’s indemnification obligations in connection with its sale of the Mitchell’s Restaurants; the inability to integrate the Hawaiian acquisition into our business and failure to achieve the cost savings and other benefits we expect to be able to realize in the Hawaiian operations; the Company’s ability to protect its name and logo and other proprietary information; an impairment in the financial statement carrying value of our goodwill, other intangible assets or property; the impact of litigation; the restrictions imposed by the Company’s credit agreement; and changes in, or the discontinuation of, the Company’s quarterly cash dividend payments or share repurchase program. For a discussion of these and other risks and uncertainties that could cause actual results to differ from those contained in the forward-looking statements, see “Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended December 25, 2016. All forward-looking statements are qualified in their entirety by this cautionary statement, and the Company undertakes no obligation to revise or update this presentation to reflect events or circumstances after the date hereof. You should not assume that material events subsequent to the date of this presentation have not occurred.



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## A COMPELLING LONG-TERM INVESTMENT OPPORTUNITY

- Proven, differentiated business model with a history of success
- Record of consistent performance driven by operational excellence
- Cash flow supports multiple levers to drive total shareholder returns



# RUTH'S CHRIS STEAK HOUSE: A BRAND WITH STAYING POWER



From our beginnings in New Orleans back in 1965, founder Ruth Fertel's simple and timeless formula of always offering the highest quality food, beverage and service in a warm and inviting atmosphere has resonated strongly with guests.

# PROVEN BUSINESS MODEL – HAS GROWN TO 134 U.S. LOCATIONS



Domestic company-owned count includes six locations in Hawaii (not pictured) and locations in Cherokee, NC & Tulsa, OK operating under contractual agreements.  
Domestic franchise-owned count includes one location in Puerto Rico (not pictured).

6 NASDAQ: RUTH

**RUTH'S**  
HOSPITALITY GROUP

# PROVEN BUSINESS MODEL – AND 21 INTERNATIONAL LOCATIONS

- Chengdu, China
- Shanghai, China
- Taipei, Taiwan
- Taipei, Taiwan (Dai Zhi)
- Taichung, Taiwan
- Kaohsiung, Taiwan
- Kowloon, Hong Kong
- Queensway, Hong Kong
- Tokyo, Japan
- Marina Square, Singapore
- Dubai, UAE
- Jakarta, Indonesia
- Palm Beach, Aruba
- Panama City, Panama
- Cabo San Lucas, Mexico
- Cancun, Mexico
- Toronto, Canada
- Mississauga, Canada
- Niagara Falls, Canada
- Edmonton, Canada
- Calgary, Canada



# THE SECRET BEHIND THE SIZZLE

## MAINTAIN HEALTHY CORE

- Grow sales through same store sales initiatives
- Ruth's 2.0 menu updates
- Ruth's 2.0 restaurant remodels

## CONTINUE DISCIPLINED GROWTH

- Three to five new restaurants per year for both franchise and Company
- Acquire franchise territory at attractive prices

## RETURN EXCESS CAPITAL

- Strong FCF allows significant return of capital through:
  1. Dividend payments
  2. Share repurchases
  3. Debt repayment





## THE SECRET BEHIND THE SIZZLE: MAINTAIN A HEALTHY CORE

- Grow sales through same store sales initiatives
- Ruth's 2.0 menu updates
- Ruth's 2.0 restaurant remodels

# BROAD APPEAL ACROSS MULTIPLE CUSTOMER GROUPS



## SPECIAL OCCASIONS

- Holiday offerings
- Birthdays
- Anniversaries



## BUSINESS / CORPORATE

- Onsite event managers
- Extensive private dining and off-site catering
- HD satellite broadcast for multi-location events



## CORE CUSTOMERS

- Innovation: three prix fixe menu launches each year
- Sizzle, Swizzle & Swirl Happy Hour
- Core menu evolution

MAKING MEMORIES ON 500 DEGREE SIZZLING PLATES



NASDAQ: RUTH

**RUTH'S**  
HOSPITALITY GROUP

# OUR PEOPLE, OUR FOOD, OUR ATMOSPHERE



## OUR PEOPLE

- Expert, tenured restaurant team
- Rigorous investment in annual recertification for corporate and franchise team members



## OUR FOOD

- Only the best will do – USDA prime steak, fresh seafood and local produce
- Industry-leading bar menu featuring fresh-squeezed, handcrafted, mixology-driven cocktail list



## OUR ATMOSPHERE

- Classic American steak house with contemporary touches of whimsy
- All locations uniquely designed to reflect individual market characteristics and local tastes

# RUTH'S 2.0 MENU UPDATES



## RUTH'S 2.0

A marketing and operational initiative to evolve our menu, infrastructure and design elements.

## MENU

Adding new menu items that appeal to guests without adding operational complexity.

## DEPLOYMENT

Menu design changes completed in 2016. Multi-year initiative on infrastructure and design changes.



# NEW MENU ITEMS



Bone-In Filet



Crab Beignets



Chicken Sandwich



# RUTH'S 2.0 RESTAURANT REMODELS



FT. LAUDERDALE, FL

## RUTH'S 2.0

A marketing and operational initiative to evolve our menu, infrastructure and design elements.

## DESIGN

All new Company and franchise restaurants will reflect updated infrastructure & design elements.

## REMODELS

Multi-year initiative that will align portions of new design and infrastructure elements. Targeting 6-10 remodels annually.

## RUTH'S 2.0 - BOSTON, MA



## RUTH'S 2.0 - SAVANNAH, GA



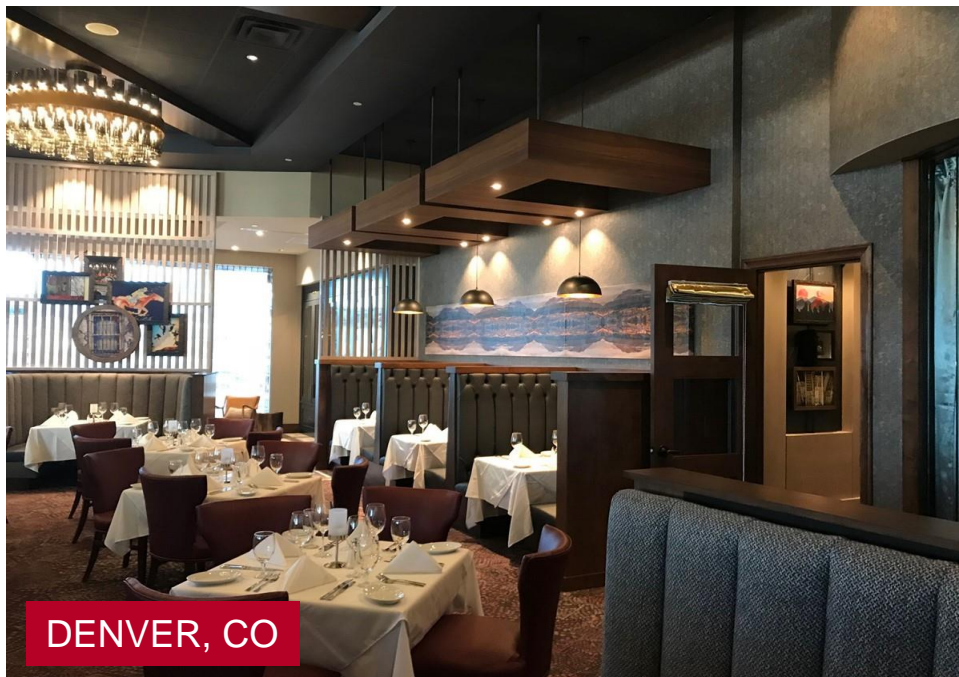




## THE SECRET BEHIND THE SIZZLE: CONTINUE DISCIPLINED GROWTH

- Three to five new restaurants per year for both franchise and Company
- Acquire franchise territory at attractive prices

# DISCIPLINED GROWTH – COMPANY - OWNED



## COMPANY- OWNED GROWTH

- Looking to grow 3 – 5 units per year
- Focused solely on U.S. Markets
- Leverage existing management infrastructure
- Two openings in 2018: Jersey City, NJ (3Q18), Reno, NV – Operating Agreement – (4Q18)
- Continuing to work on additional opportunities for late 2018 and 2019



# COMPANY-OWNED TARGET UNIT ECONOMICS



WALTHAM, MA

**TARGET UNITS** 3– 5 units per year

**TARGET SIZE** 8,000 – 10,000 square feet

**TYPICAL DEMOGRAPHICS** Medium and large markets; DMA population > 1 million

**SALES TARGET** \$4MM – \$6MM

**NET CASH INVESTMENT** \$2.5MM – \$3.5 MM

**RESTAURANT LEVEL MARGINS** > 20%

# DISCIPLINED GROWTH – FRANCHISE - OWNED



## FRANCHISE-OWNED GROWTH

- Allows system growth without additional Company capital
- Looking to grow 3 – 5 units per year
- Two openings in 2018: Fort Wayne, IN (2Q18), Markham, Ontario (3Q18)

# FRANCHISE ACQUISITION IS ALSO A VEHICLE FOR GROWTH



- Looking to acquire franchise territory at attractive prices
- Recently completed the acquisition of six restaurants in Hawaii from longtime franchise partner, Desert Island Restaurants
  - Honolulu (Oahu)
  - Kauai
  - Lahaina (Maui)
  - Mauna Lani (Big Island)
  - Waikiki (Oahu)
  - Wailea (Maui)



## THE SECRET BEHIND THE SIZZLE: RETURN EXCESS CAPITAL

- Strong FCF allows significant return of capital through:
  1. Dividend payments
  2. Share repurchases
  3. Debt repayment

# CONSISTENT AVERAGE UNIT VOLUME GROWTH

Company-Owned Comparable Restaurant AUV Trends (\$MM)

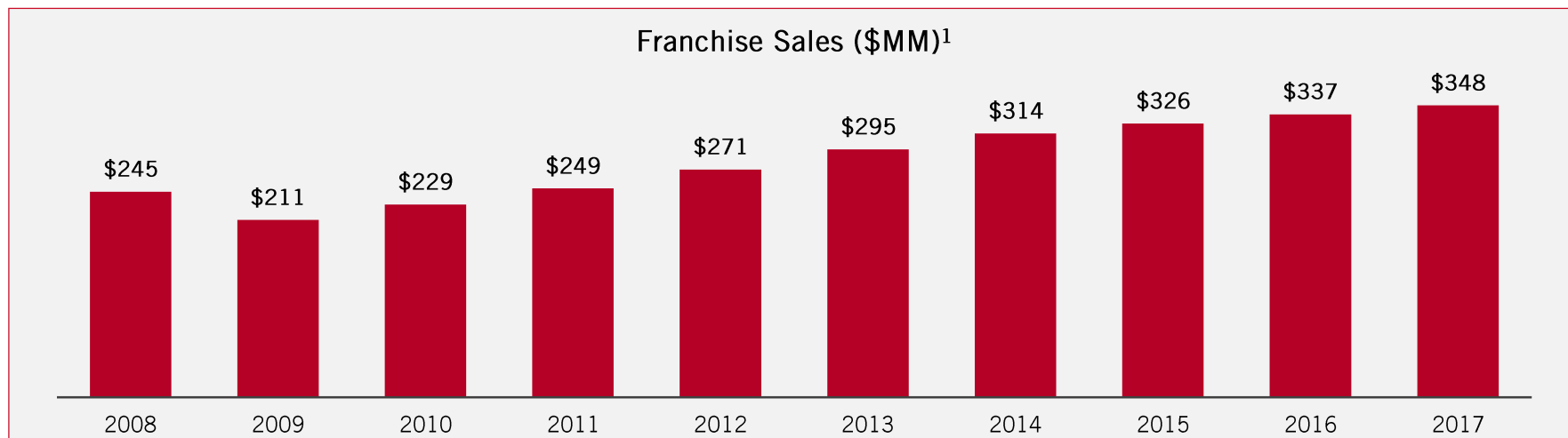


1. FY 2012 and 2017 include a 53rd week.



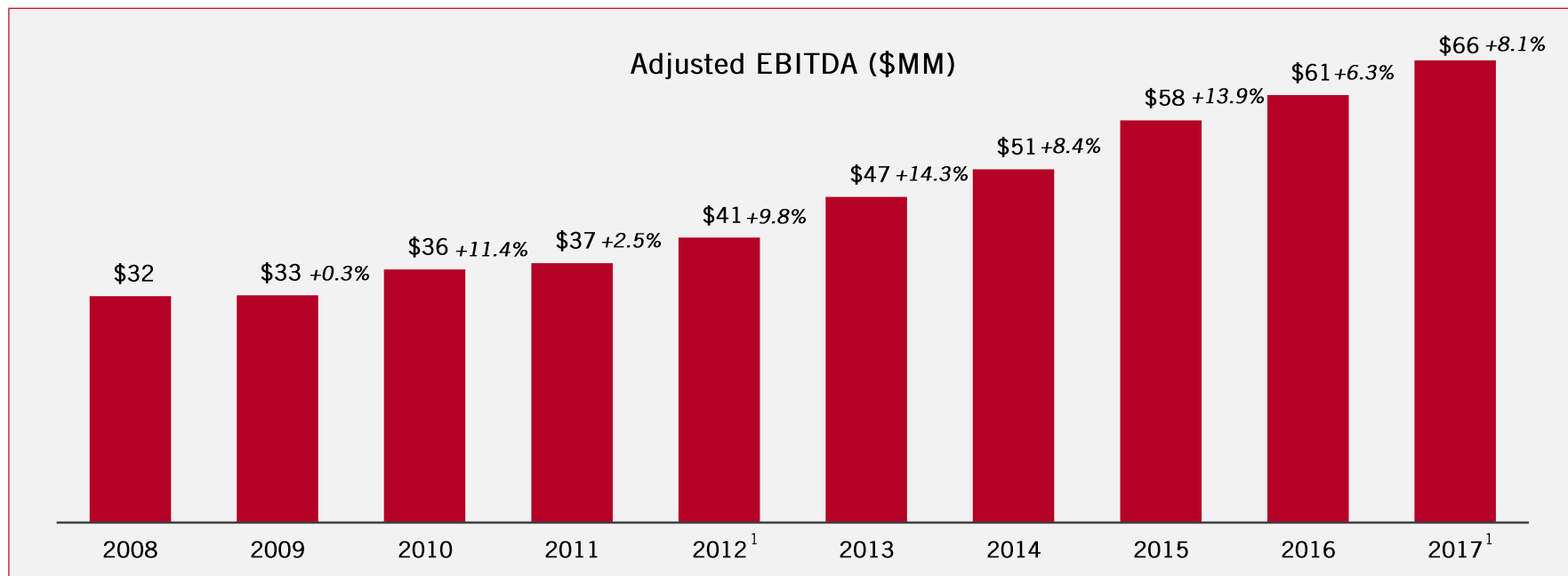
# FRANCHISEES ARE THE HEART AND SOUL OF OUR BUSINESS

- Unique franchise business model provides annuity stream.
- Provides \$17 million to \$18 million in annual royalty fees
- 76 locations/30 franchisees, many of whom date back to our founder, Ruth Fertel.



1. Franchise sales include sales related to the Hawaii-based restaurants acquired from longtime franchise partner, Desert Island Restaurants, in December of 2017.

# CONSISTENT EBITDA GROWTH



Adjusted EBITDA, a non-GAAP financial measure, excludes interest, taxes, depreciation, amortization, gain/loss on assets, losses on impairment, restructuring benefits/expenses, loss/income on discontinued operations and additional items not listed here. For a reconciliation of adjusted EBITDA to net income, see the reconciliation table furnished as Exhibit 99.2 to our Current Report on Form 8-K.

1. FY 2012 and 2017 include a 53rd week.

## RETURNING CAPITAL TO DRIVE SHAREHOLDER RETURNS

(\$ in millions)

	2011	2012	2013	2014	2015	2016	2017	Total
Net Debt Repayment/ (Borrowing)	\$29	(\$23)	\$26	\$6	\$13	(\$25)	(\$25)	\$1
Share Repurchases		\$60		\$15	\$24	\$45	\$24	\$168
Dividend Payments			\$4	\$7	\$8	\$9	\$11	\$40
<b>Total Capital Returned<sup>1</sup></b>	<b>\$29MM</b>	<b>\$37MM</b>	<b>\$30MM</b>	<b>\$29MM</b>	<b>\$45MM</b>	<b>\$29MM</b>	<b>\$10MM</b>	<b>\$210MM</b>

1. Amounts may not foot due to rounding.

# RHGI INVESTMENT SUMMARY



## PROVEN BUSINESS MODEL WITH A LONG HISTORY OF SUCCESS

- High-end fine-dining steak experience remains timeless after 53 years.

## RECORD OF CONSISTENT PERFORMANCE DRIVEN BY OPERATIONAL EXCELLENCE

- Consistent traffic, revenue, net income EBITDA and EPS growth.

## STRONG CASH FLOW SUPPORTS MULTIPLE LEVERS TO DRIVE SHAREHOLDER RETURN

- Maintaining a healthy core, growing in a disciplined fashion, returning excess capital to shareholders through dividends, share repurchases and debt repayment.
- Returned over \$200MM to shareholders since 2011 through dividends and share repurchases.