UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended October 6, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-34851

RED ROBIN GOURMET BURGERS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**84-1573084**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6312 S. Fiddler's Green Circle, Suite 200 N	
Greenwood Village, CO	**80111**
(Address of principal executive offices)	(Zip Code)

(303) 846-6000
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☐
	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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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 the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of November 4, 2019, there were 12,939,670 shares of the registrant's common stock, par value of $0.001 per share outstanding.

RED ROBIN GOURMET BURGERS, INC.

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PART I — FINANCIAL INFORMATION

ITEM 1. Financial Statements (unaudited)

RED ROBIN GOURMET BURGERS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except per share amounts)

	(Unaudited) October 6, 2019	December 30, 2018
Assets:		
Current assets:		
Cash and cash equivalents	$ 20,211	$ 18,569
Accounts receivable, net	11,470	25,034
Inventories	27,053	27,370
Prepaid expenses and other current assets	16,450	27,576
Total current assets	75,184	98,549
Property and equipment, net	522,387	565,142
Right of use assets, net	441,701	—
Goodwill	96,162	95,838
Intangible assets, net	30,937	34,609
Other assets, net	79,288	49,803
Total assets	$ 1,245,659	$ 843,941
Liabilities and stockholders' equity:		
Current liabilities:		
Accounts payable	$ 37,050	$ 39,024
Accrued payroll and payroll-related liabilities	37,542	37,922
Unearned revenue	37,913	55,360
Short-term portion of lease obligations	43,303	786
Accrued liabilities and other	41,823	38,057
Total current liabilities	197,631	171,149
Deferred rent	—	75,675
Long-term debt	188,875	193,375
Long-term portion of lease obligations	481,295	9,414
Other non-current liabilities	10,067	11,523
Total liabilities	877,868	461,136
Stockholders' equity:		
Common stock; $0.001 par value: 45,000 shares authorized; 17,851 and 17,851 shares issued; 12,957 and 12,971 shares outstanding	18	18
Preferred stock, $0.001 par value: 3,000 shares authorized; no shares issued and outstanding	—	—
Treasury stock 4,894 and 4,880 shares, at cost	(201,350)	(201,505)
Paid-in capital	213,141	212,752
Accumulated other comprehensive loss, net of tax	(4,986)	(4,801)
Retained earnings	360,968	376,341
Total stockholders' equity	367,791	382,805
Total liabilities and stockholders' equity	$ 1,245,659	$ 843,941

See Notes to Condensed Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME

(In thousands, except per share amounts)

(Unaudited)

	Twelve Weeks Ended		Forty Weeks Ended	
	October 6, 2019	October 7, 2018	October 6, 2019	October 7, 2018
Revenues:				
Restaurant revenue	$ 289,862	$ 290,218	$ 992,764	$ 1,015,312
Franchise and other revenues	4,360	4,659	19,305	16,472
Total revenues	294,222	294,877	1,012,069	1,031,784
Costs and expenses:				
Restaurant operating costs (excluding depreciation and amortization shown separately below):				
Cost of sales	69,017	69,003	235,119	242,392
Labor	104,870	102,322	354,302	351,813
Other operating	44,317	43,612	142,882	141,305
Occupancy	24,942	26,629	85,420	88,099
Depreciation and amortization	21,280	21,819	71,087	73,335
Selling, general, and administrative expenses	36,776	28,780	120,126	110,715
Pre-opening costs	—	387	319	2,093
Other (gains) charges	(1,757)	520	17,488	17,422
Total costs and expenses	299,445	293,072	1,026,743	1,027,174
(Loss) income from operations	(5,223)	1,805	(14,674)	4,610
Other expense:				
Interest expense, net and other	1,812	2,295	7,203	8,087
Loss before income taxes	(7,035)	(490)	(21,877)	(3,477)
Income tax benefit	(5,214)	(2,199)	(21,676)	(7,692)
Net (loss) income	$ (1,821)	$ 1,709	$ (201)	$ 4,215
(Loss) earnings per share:				
Basic	$ (0.14)	$ 0.13	$ (0.02)	$ 0.32
Diluted	$ (0.14)	$ 0.13	$ (0.02)	$ 0.32
Weighted average shares outstanding:				
Basic	12,959	12,994	12,967	12,977
Diluted	12,959	13,054	12,967	13,064
Other comprehensive (loss) income:				
Foreign currency translation adjustment	$ (262)	$ 261	$ (185)	$ (509)
Other comprehensive (loss) income, net of tax	(262)	261	(185)	(509)
Total comprehensive (loss) income	$ (2,083)	$ 1,970	$ (386)	$ 3,706

See Notes to Condensed Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands)

(Unaudited)

	Common Stock		Treasury Stock			Accumulated Other Comprehensive		
	Shares	Amount	Shares	Amount	Paid-in Capital	Loss, net of tax	Retained Earnings	Total
Balance, December 30, 2018	17,851	$ 18	4,880	$ (201,505)	$ 212,752	$ (4,801)	$ 376,341	$ 382,805
Exercise of options, issuance of restricted stock, shares exchanged for exercise and tax, and stock issued through employee stock purchase plan	—	—	(32)	1,344	(1,204)	—	—	140
Acquisition of treasury stock	—	—	31	(974)	—	—	—	(974)
Non-cash stock compensation	—	—	—	—	477	—	—	477
Net income	—	—	—	—	—	—	639	639
Other comprehensive loss	—	—	—	—	—	(329)	—	(329)
Topic 842 transition impairment, net of tax	—	—	—	—	—	—	(15,172)	(15,172)
Balance, April 21, 2019	17,851	$ 18	4,879	$ (201,135)	$ 212,025	$ (5,130)	$ 361,808	$ 367,586
Exercise of options, issuance of restricted stock, shares exchanged for exercise and tax, and stock issued through employee stock purchase plan	—	—	(30)	1,208	(907)	—	—	301
Acquisition of treasury stock	—	—	17	(501)	—	—	—	(501)
Non-cash stock compensation	—	—	—	—	941	—	—	941
Net income	—	—	—	—	—	—	981	981
Other comprehensive income	—	—	—	—	—	406	—	406
Balance, July 14, 2019	17,851	$ 18	4,866	$ (200,428)	$ 212,059	$ (4,724)	$ 362,789	$ 369,714
Exercise of options, issuance of restricted stock, shares exchanged for exercise and tax, and stock issued through employee stock purchase plan	—	—	(1)	37	(44)	—	—	(7)
Acquisition of treasury stock	—	—	29	(959)	—	—	—	(959)
Non-cash stock compensation	—	—	—	—	1,126	—	—	1,126
Net loss	—	—	—	—	—	—	(1,821)	(1,821)
Other comprehensive loss	—	—	—	—	—	(262)	—	(262)
Balance, October 6, 2019	17,851	$ 18	4,894	$ (201,350)	$ 213,141	$ (4,986)	$ 360,968	$ 367,791

See Notes to Condensed Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands)

	Common Stock		Treasury Stock					
	Shares	Amount	Shares	Amount	Paid-in Capital	Accumulated Other Comprehensive Loss, net of tax	Retained Earnings	Total
Balance, December 31, 2017	17,851	$ 18	4,897	$ (202,485)	$ 210,708	$ (3,566)	$ 382,760	$ 387,435
Exercise of options, issuance of restricted stock, shares exchanged for exercise and tax, and stock issued through employee stock purchase plan	—	—	(26)	1,042	(1,167)	—	—	(125)
Non-cash stock compensation	—	—	—	—	1,287	—	—	1,287
Net income	—	—	—	—	—	—	4,380	4,380
Other comprehensive loss	—	—	—	—	—	(273)	—	(273)
Balance April 22, 2018	17,851	$ 18	4,871	$ (201,443)	$ 210,828	$ (3,839)	$ 387,140	392,704
Exercise of options, issuance of restricted stock, shares exchanged for exercise and tax, and stock issued through employee stock purchase plan	—	—	(22)	961	(545)	—	—	416
Non-cash stock compensation	—	—	—	—	1,069	—	—	1,069
Net loss	—	—	—	—	—	—	(1,874)	(1,874)
Other comprehensive loss	—	—	—	—	—	(497)	—	(497)
Balance July 15, 2018	17,851	$ 18	4,849	$ (200,482)	$ 211,352	$ (4,336)	$ 385,266	$ 391,818
Exercise of options, issuance of restricted stock, shares exchanged for exercise and tax, and stock issued through employee stock purchase plan	—	—	(2)	70	(94)	—	—	(24)
Acquisition of treasury stock	—	—	8	(336)	—	—	—	(336)
Non-cash stock compensation	—	—	—	—	744	—	—	744
Net income	—	—	—	—	—	—	1,709	1,709
Other comprehensive income	—	—	—	—	—	261	—	261
Balance October 7, 2018	17,851	$ 18	4,855	$ (200,748)	$ 212,002	$ (4,075)	$ 386,975	$ 394,172

See Notes to Condensed Consolidated Financial Statements.

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RED ROBIN GOURMET BURGERS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Forty Weeks Ended	
	October 6, 2019	**October 7, 2018**
Cash flows from operating activities:		
Net (loss) income	$ (201)	$ 4,215
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	71,087	73,335
Gift card breakage	(4,899)	(2,210)
Unpaid other charges	2,929	13,925
Deferred income tax benefit	(27,477)	(11,569)
Stock-based compensation expense	2,539	3,101
Other, net	665	1,033
Changes in operating assets and liabilities:		
Accounts receivable	14,059	15,268
Prepaid expenses and other current assets	2,367	10,156
Trade accounts payable and accrued liabilities	(6,657)	(4,127)
Unearned revenue	(12,564)	(15,450)
Other operating assets and liabilities, net	(231)	1,103
Net cash provided by operating activities	41,617	88,780
Cash flows from investing activities:		
Purchases of property, equipment, and intangible assets	(33,078)	(39,842)
Proceeds from sales of real estate and property, plant, and equipment and other investing activities	178	265
Net cash used in investing activities	(32,900)	(39,577)
Cash flows from financing activities:		
Borrowings of long-term debt	211,500	194,500
Payments of long-term debt and finance leases	(216,918)	(240,553)
Purchase of treasury stock	(2,434)	(337)
Proceeds from exercise of stock options and employee stock purchase plan	696	733
Net cash used in financing activities	(7,156)	(45,657)
Effect of exchange rate changes on cash	81	(892)
Net change in cash and cash equivalents	1,642	2,654
Cash and cash equivalents, beginning of period	18,569	17,714
Cash and cash equivalents, end of period	$ 20,211	$ 20,368
Supplemental disclosure of cash flow information		
Income taxes paid	$ 3,140	$ 1,286
Interest paid, net of amounts capitalized	$ 7,799	$ 7,638
Change in construction related payables	$ 3,902	$ (1,084)

See Notes to Condensed Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Basis of Presentation and Recent Accounting Pronouncements

Red Robin Gourmet Burgers, Inc., a Delaware corporation, together with its subsidiaries ("Red Robin" or the "Company"), primarily develops, operates, and franchises full-service restaurants in North America. As of October 6, 2019, the Company owned and operated 471 restaurants located in 38 states and two Canadian provinces. The Company also had 90 franchised full-service restaurants in 16 states as of October 6, 2019. The Company operates its business as one operating and one reportable segment.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Red Robin and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The results of operations for any interim period are not necessarily indicative of results for the full year.

The accompanying condensed consolidated financial statements of Red Robin have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"), including the instructions to Form 10-Q and Article 10 of Regulation S-X. Certain information and footnote disclosures normally included in the Company's annual consolidated financial statements on Form 10-K have been condensed or omitted. The condensed consolidated balance sheet as of December 30, 2018 has been derived from the audited consolidated financial statements as of that date, but does not include all disclosures required for audited annual financial statements. For further information, please refer to and read these interim condensed consolidated financial statements in conjunction with the Company's audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2018, filed with the SEC on February 27, 2019.

The Company's quarter that ended October 6, 2019 is referred to as third quarter 2019, or the twelve weeks ended October 6, 2019; the second quarter ended July 14, 2019 is referred to as second quarter 2019, or the twelve weeks ended July 14, 2019; the first quarter ended April 21, 2019 is referred to as first quarter 2019, or the sixteen weeks ended April 21, 2019; and together, the first, second, and third quarters of 2019 are referred to as the forty weeks ended October 6, 2019. The Company's quarter that ended October 7, 2018 is referred to as third quarter 2018, or the twelve weeks ended October 7, 2018; the second quarter ended July 15, 2018 is referred to as second quarter 2018, or the twelve weeks ended July 15, 2018; the first quarter ended April 22, 2018 is referred to as first quarter 2018, or the sixteen weeks ended April 22, 2018; and together, the first, second, and third quarters of 2018 are referred to as the forty weeks ended October 7, 2018. The Company's fiscal year 2019 comprises 52 weeks and will end on December 29, 2019.

Reclassifications

Certain amounts presented in prior periods have been reclassified to conform with the current period presentation. For the forty week period ended October 7, 2018, the Company reclassified gift card breakage of $2.2 million from Other, net to its own line item presented in the adjustments to reconcile net (loss) income to net cash provided by operating activities on the condensed consolidated statement of cash flows. For the fiscal year ended December 30, 2018, the Company reclassified unfavorable lease rights of $1.4 million from Deferred rent to Other non-current liabilities on the condensed consolidated balance sheets. Management believes this presentation better reflects the nature of these liabilities subsequent to the adoption of Topic 842, as defined in Note 3, *Leases*.

Recently Issued Accounting Standards

In June 2016, the Financial Accounting Standards Board ("FASB") issued Update 2016-13, Financial Instruments - Credit Losses ("Topic 326"), subsequently amended by various standard updates. This guidance replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information when determining credit loss estimates and requires financial assets to be measured net of expected credit losses at the time of initial recognition. This guidance is effective for annual and interim reporting periods beginning after December 15, 2019 using a modified retrospective adoption method. Early adoption is permitted. The Company will adopt this guidance beginning with its fiscal first quarter 2020 and will apply it retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment to retained earnings. We are evaluating the full impact this guidance will have on our consolidated financial statements.

We reviewed all other recently issued accounting pronouncements and concluded they were either not applicable or not expected to have a significant impact on the Company's condensed consolidated financial statements.

2. Revenue

Disaggregation of revenue

In the following table, revenue is disaggregated by type of good or service (in thousands):

	Twelve Weeks Ended		Forty Weeks Ended	
	October 6, 2019	October 7, 2018	October 6, 2019	October 7, 2018
Restaurant revenue	$ 289,862	$ 290,218	$ 992,764	$ 1,015,312
Franchise revenue	3,727	3,914	13,479	13,363
Gift card breakage	580	536	4,899	2,210
Other revenue	53	209	927	899
Total revenues	$ 294,222	$ 294,877	$ 1,012,069	$ 1,031,784

Contract liabilities

Unearned gift card revenue at October 6, 2019 and December 30, 2018 was $27.4 million and $45.4 million. Deferred loyalty revenue, which was also included in Unearned revenue in the accompanying condensed consolidated balance sheets, was $10.5 million and $10 million at October 6, 2019 and December 30, 2018.

Revenue recognized in the condensed consolidated statements of operations and comprehensive (loss) income for the redemption of gift cards that were included in the liability balance at the beginning of the fiscal year was as follows (in thousands):

	Forty Weeks Ended	
	October 6, 2019	October 7, 2018
Gift card revenue	$ 19,400	$ 16,842

3. Leases

Adoption of FASB Accounting Standards Update ("ASU") 2016-02

On January 1, 2019, we adopted ASU 2016-02, Leases (Topic 842) ("Topic 842") along with related clarifications and improvements using the modified retrospective approach without application to prior periods. This guidance requires the recognition of liabilities for lease obligations and corresponding right-of-use assets on the balance sheet and disclosure of key information about leasing arrangements. We applied the practical expedients that do not require us to reassess existing contracts for embedded leases, to separate lease and non-lease components for our population of operating assets, or to reassess lease classification or initial direct costs.

The effect of the changes made to our consolidated December 31, 2018 balance sheet as a result of the adoption of Topic 842 was as follows (in thousands):

	Balance at December 30, 2018	Adjustments due to Topic 842	Balance at December 31, 2018
Balance sheet			
Non-current assets			
Right of use assets, net	$ —	$ 478,268	$ 478,268
Prepaid expenses and other current assets	27,576	(6,592)	20,984
Current liabilities			
Short-term portion of lease obligations	786	40,606	41,392
Non-current liabilities			
Deferred Rent	75,675	(75,675)	—
Long-term portion of lease obligations	9,414	506,745	516,159
Stockholders' equity:			
Retained earnings	$ 376,341	$ (15,172)	$ 361,169

This change did not have any impact on our consolidated statement of operations or consolidated statement of cash flows.

Leases

The Company leases land, buildings, and equipment used in its operations under operating and finance leases. Our leases generally have remaining terms of 1-15 years, most of which include options to extend the leases for additional5-year periods. Generally, the lease term is the minimum of the non-cancelable period of the lease or the lease term inclusive of reasonably certain renewal periods up to a term of 20 years.

We determine if a contract contains a lease at inception. Operating lease assets and liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent our right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment of operating lease assets. To determine the present value of lease payments not yet paid, we estimate incremental secured borrowing rates corresponding to the maturities of the leases. We estimate this rate based on prevailing financial market conditions, comparable company and credit analysis, and management judgment.

Our leases typically contain rent escalations over the lease term. We recognize expense for these leases on a straight-line basis over the lease term. Additionally, tenant incentives used to fund leasehold improvements are recognized when earned and reduce our right-of-use asset related to the lease. These are amortized through the right-of-use asset as reductions of expense over the lease term.

Some of our leases include rent escalations based on inflation indexes and fair market value adjustments. Certain leases contain contingent rental provisions that include a fixed base rent plus an additional percentage of the restaurant's sales in excess of stipulated amounts. Operating lease liabilities are calculated using the prevailing index or rate at lease commencement. Subsequent escalations in the index or rate and contingent rental payments are recognized as variable lease expenses. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Leases are included in right-of-use assets, net, short-term portion of lease obligations, and long-term portion of lease liabilities on our condensed consolidated balance sheet as of October 6, 2019 as follows (in thousands):

	Finance	Operating	Total
Right of use assets, net	$ 8,675	$ 433,026	$ 441,701
Short-term portion of lease obligations	947	42,356	43,303
Long-term portion of lease obligations	10,214	471,081	481,295
Total	$ 11,161	$ 513,437	$ 524,598

We have elected the short-term lease recognition exemption for all applicable classes of underlying assets. Short-term disclosures include only those leases with a term greater than one month and 12 months or less, and expense is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less, that do not include an option to purchase the underlying asset that we are reasonably certain to exercise, are not recorded on the balance sheet.

The components of lease expense, including variable lease costs primarily consisting of common area maintenance charges and real estate taxes, are included in occupancy on our condensed consolidated statement of operations as follows (in thousands):

	Twelve Weeks Ended October 6, 2019	Forty Weeks Ended October 6, 2019
Operating lease cost	$ 17,298	$ 58,412
Finance lease cost:		
Amortization of right of use assets	193	635
Interest on lease liabilities	122	415
Total finance lease cost	315	1,050
Variable lease cost	6,653	22,186
Total	$ 24,267	$ 81,648

Maturities of our lease liabilities as ofOctober 6, 2019 were as follows (in thousands):

	Finance Leases	Operating Leases	Total
Remainder of 2019	$ 280	$ 12,997	$ 13,277
2020	1,396	78,135	79,531
2021	1,437	77,392	78,829
2022	1,283	74,865	76,148
2023	1,220	72,339	73,559
Thereafter	8,824	451,232	460,056
Total future lease liability	14,440	766,960	781,400
Less imputed interest	3,279	253,523	256,802
Fair value of lease liability	$ 11,161	$ 513,437	$ 524,598

As previously disclosed in our 2018 Annual Report on Form 10-K and under the previous lease accounting guidance, maturities of lease liabilities were as follows as of December 30, 2018 (in thousands):

	Capital Leases	Operating Leases
2019	$ 1,234	$ 80,367
2020	1,242	76,936
2021	1,240	70,419
2022	1,063	61,649
2023	1,019	54,121
Thereafter	7,552	206,879
Total	13,350	$ 550,371
Less amount representing interest	(3,150)	
Present value of future minimum lease payments	10,200	
Less current portion	(786)	
Long-term capital lease obligations	$ 9,414	

Supplemental cash flow information related to leases is as follows:

	Forty Weeks Ended October 6, 2019
Cash paid for amounts included in the measurement of lease liabilities (in thousands):	$ 60
Right of use assets obtained in exchange for operating lease obligations following the adoption of Topic 842 (in thousands):	$ 10
Right of use assets obtained in exchange for finance lease obligations following the adoption of Topic 842 (in thousands):	$ 2

Other information related to operating leases as follows:	
Weighted average remaining lease term	11 years
Weighted average discount rate	7.33%

Other information related to financing leases as follows:	
Weighted average remaining lease term	12 years
Weighted average discount rate	4.71%

4. Goodwill and Intangible Assets

The following table presents goodwill as of October 6, 2019 and December 30, 2018 (in thousands):

Balance, December 30, 2018	$ 95,838
Foreign currency translation adjustment	324
Balance, October 6, 2019	$ 96,162

The Company recorded no goodwill impairment losses in the period presented in the table above or any prior periods.

The following table presents intangible assets as of October 6, 2019 and December 30, 2018 (in thousands):

	October 6, 2019			December 30, 2018		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets subject to amortization:						
Franchise rights	$ 53,336	$ (35,124)	$ 18,212	$ 54,404	$ (33,160)	$ 21,244
Favorable leases	13,001	(8,642)	4,359	13,001	(8,136)	4,865
Liquor licenses and other	10,737	(9,831)	906	10,810	(9,770)	1,040
	$ 77,074	$ (53,597)	$ 23,477	$ 78,215	$ (51,066)	$ 27,149
Indefinite-lived intangible assets:						
Liquor licenses and other	$ 7,460	$ —	$ 7,460	$ 7,460	$ —	$ 7,460
Intangible assets, net	$ 84,534	$ (53,597)	$ 30,937	$ 85,675	$ (51,066)	$ 34,609

5. Earnings Per Share

Basic earnings per share amounts are calculated by dividing net income by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share amounts are calculated based upon the weighted-average number of shares of common stock and potentially dilutive shares of common stock outstanding during the period. Potentially dilutive shares are excluded from the computation in periods in which they have an anti-dilutive effect. Diluted earnings per share reflect the potential dilution that could occur if holders of options exercised their options into common stock.

The Company uses the treasury stock method to calculate the effect of outstanding stock options. Basic weighted average shares outstanding is reconciled to diluted weighted average shares outstanding as follows (in thousands):

	Twelve Weeks Ended		Forty Weeks Ended	
	October 6, 2019	October 7, 2018	October 6, 2019	October 7, 2018
Basic weighted average shares outstanding	12,959	12,994	12,967	12,977
Dilutive effect of stock options and awards	—	60	—	87
Diluted weighted average shares outstanding	12,959	13,054	12,967	13,064
Awards excluded due to anti-dilutive effect on diluted earnings per share	358	548	405	428

6. Other (Gains) Charges

Other (gains) charges consist of the following (in thousands):

	Twelve Weeks Ended		Forty Weeks Ended	
	October 6, 2019	October 7, 2018	October 6, 2019	October 7, 2018
Asset impairment	$ —	$ —	$ 14,064	$ 9,643
Executive transition and severance	594	—	2,958	—
Restaurant closure gains	(3,922)	—	(2,617)	—
Board and stockholder matter costs	1,311	—	2,463	—
Litigation contingencies	—	—	—	4,000
Reorganization costs	—	520	—	3,273
Spiral menu disposal	—	—	—	506
Executive retention	260	—	620	—
Other (gains) charges	$ (1,757)	$ 520	$ 17,488	$ 17,422

In second quarter 2019, the Company determined 29 Company-owned restaurants were impaired and recognized a non-cash impairment charge of $14.1 million. In second quarter 2018, the Company determined eight Company-owned restaurants were impaired and recognized a non-cash impairment charge of $9.6 million. The Company recognized the non-cash impairment charges included in asset impairment above resulting from the continuing and projected future results of these restaurants, primarily through projected cash flows. Non-cash impairment charges resulting from restaurant closures are included within restaurant closure gains.

7. Borrowings

Long-term debt as of October 6, 2019 and December 30, 2018 was $188.9 million and $193.4 million.

On June 30, 2016, the Company entered into a credit facility (the "Credit Facility"), which provides for a $400 million revolving line of credit with a sublimit for the issuance of up to $25 million in letters of credit and swingline loans up to $15 million. On August 19, 2019, the Company entered into a second amendment (the "Amendment") to the Credit Facility. The Amendment increases the lease adjusted leverage ratio to 5.0x through December 29, 2019 before returning to 4.75x thereafter. In addition, the Amendment revises the definition of permitted acquisitions under the Credit Facility to correspond with the change to the lease adjusted leverage ratio and clarifies the classification of existing capital and operating leases. The Company's lease adjusted leverage ratio was 4.55x as of October 6, 2019. The lease adjusted leverage ratio is defined in Section 1.1 of the Credit Facility, which is filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 5, 2016, as further amended by the Amendment filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 23, 2019.

The Credit Facility matures on June 30, 2021. As of October 6, 2019, the Company had outstanding borrowings under the Credit Facility of $188.0 million, in addition to amounts issued under letters of credit of $7.5 million. The amounts issued under letters of credit reduce the amount available under the facility but were not recorded as debt. As of December 30, 2018, the Company had outstanding borrowings under the Credit Facility of $192.5 million, in addition to amounts issued under letters of credit of $7.8 million. No outstanding borrowings were considered short-term as of October 6, 2019 and December 30, 2018.

Loan origination costs associated with the Credit Facility are included as deferred costs in Other assets, net in the accompanying condensed consolidated balance sheets. Unamortized debt issuance costs were $1.2 million and $1.7 million as of October 6, 2019 and December 30, 2018.

8. Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The carrying amounts of the Company’s cash and cash equivalents, accounts receivable, accounts payable, and current accrued expenses and other liabilities approximate fair value due to the short term nature or maturity of the instruments.

The following tables present the Company’s assets measured at fair value on a recurring basis as ofOctober 6, 2019 and December 30, 2018 (in thousands):

	October 6, 2019	Level 1	Level 2	Level 3
Assets:				
Investments in rabbi trust	$ 7,109	$ 7,109	$ —	$ —
Total assets measured at fair value	$ 7,109	$ 7,109	$ —	$ —

	December 30, 2018	Level 1	Level 2	Level 3
Assets:				
Investments in rabbi trust	$ 8,198	$ 8,198	$ —	$ —
Total assets measured at fair value	$ 8,198	$ 8,198	$ —	$ —

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Assets and liabilities recognized or disclosed at fair value on the consolidated financial statements on a nonrecurring basis include items such as property, plant and equipment, goodwill, and other intangible assets. These assets are measured at fair value if determined to be impaired.

Disclosures of Fair Value of Other Assets and Liabilities

The Company’s liabilities under its Credit Facility and finance leases are carried at historical cost in the accompanying condensed consolidated balance sheets. Both the Credit Facility and the Company’s finance lease obligations are measured using level 2 inputs. The carrying value of the Credit Facility approximates fair value as the interest rate on this instrument approximates current market rates. For disclosure purposes, the Company estimated the fair value of the finance lease obligations using discounted cash flow analysis based on market rates obtained from independent third parties for similar types of debt.

The following table presents the carrying value and estimated fair value of the Company’s finance lease obligations as ofOctober 6, 2019 and December 30, 2018 (in thousands):

	October 6, 2019		December 30, 2018	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Finance lease obligations	$ 11,161	$ 10,839	$ 10,200	$ 10,143

9. Commitments and Contingencies

In the normal course of business, there are various claims in process, matters in litigation, and other contingencies. These include employment-related claims and claims alleging illness, injury, or other food quality, health, or operational issues. Evaluating contingencies related to litigation is a complex process involving subjective judgment on the potential outcome of future events, and the ultimate resolution of litigated claims may differ from our current analysis. We review the adequacy of accruals and disclosures pertaining to litigation matters each quarter in consultation with legal counsel, and we assess the probability and range of possible losses associated with contingencies for potential accrual in the consolidated financial statements. While it is not possible to predict the outcome of these claims with certainty, management is of the opinion that adequate provision for potential losses associated with these matters has been made in the condensed consolidated financial statements.

Amounts recorded in the periods presented for litigation contingencies related to employment claims are disclosed in Note 6,*Other (Gains) Charges*.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations provides a narrative of our financial performance and condition that should be read in conjunction with the accompanying condensed consolidated financial statements. All comparisons under this heading between 2019 and 2018 refer to the twelve and forty week periods ending October 6, 2019 and October 7, 2018, respectively, unless otherwise indicated.

Overview

Red Robin Gourmet Burgers, Inc., a Delaware corporation, together with its subsidiaries ("Red Robin," "we," "us," "our" or the "Company"), primarily develops, operates, and franchises full-service restaurants with 561 locations in North America. As of October 6, 2019, the Company operated 471 Company-owned restaurants located in 38 states and two Canadian provinces. The Company also had 90 franchised full-service restaurants in 16 states as of October 6, 2019. The Company operates its business as one operating and one reportable segment.

The following summarizes the operational and financial highlights during the twelve and forty weeks ended October 6, 2019:

- *Financial performance.*
  - Restaurant revenue decreased $0.4 million, or 0.1%, to $289.9 million for the twelve weeks ended October 6, 2019, as compared to the twelve weeks ended October 7, 2018, due to a $4.8 million decrease from closed restaurants, partially offset by a $4.4 million, or 1.6%, increase in comparable restaurant revenue. Restaurant revenue decreased $22.5 million, or 2.2%, to $992.8 million for the forty weeks ended October 6, 2019, as compared to the forty weeks ended October 7, 2018, due to a $12.0 million, or 1.2%, decrease in comparable restaurant revenue, a $9.5 million, or 0.9% decrease from closed restaurants, and a $1.0 million unfavorable foreign currency exchange impact.
  - Restaurant operating costs, as a percentage of restaurant revenue, increased 70 basis points to 83.9% for the twelve weeks ended October 6, 2019, as compared to 83.2% for the twelve weeks ended October 7, 2018. The increase was primarily due to higher average wages, increased manager staffing levels, and higher third-party delivery expense driven by increasing volumes, partially offset by a decrease in occupancy costs due to restaurant closures. For the forty weeks ended October 6, 2019, restaurant operating costs, as a percentage of restaurant revenue increased 130 basis points to 82.4%, as compared to 81.1% for the same period in 2018. The increase was primarily due to higher average wages, increased manager staffing levels, and higher third-party delivery expense driven by increasing volumes, offset by a decrease in occupancy costs due to restaurant closures, and lower food and beverage costs.
  - Net loss was $1.8 million for the twelve weeks ended October 6, 2019 compared to net income of $1.7 million for the twelve weeks ended October 7, 2018. Diluted loss per share was $0.14 for the twelve weeks ended October 6, 2019, as compared to diluted earnings per share of $0.13 for the twelve weeks ended October 7, 2018. Excluding a gain included in Other (gains) charges of $0.23 for lease terminations for previously closed restaurants, and costs included in Other (gains) charges of $0.07 for board and stockholder matter costs, $0.04 for executive transition and severance, and $0.02 for executive retention, adjusted loss per share for the twelve weeks ended October 6, 2019 was $0.24. Excluding charges of $0.03 for reorganization costs, adjusted earnings per diluted share for the twelve weeks ended October 7, 2018 was $0.16.
  - Net loss was $0.2 million for the forty weeks ended October 6, 2019 compared to net income of $4.2 million for the forty weeks ended October 7, 2018. Diluted loss per share was $0.02 for the forty weeks ended October 6, 2019, as compared to diluted earnings per share of $0.32 for the forty weeks ended October 7, 2018. Excluding charges included in Other (gains) charges of $0.80 for asset impairment, $0.17 for executive transition and severance, $0.14 for board and stockholder matter costs, and $0.04 for executive retention, and a gain included in Other (gains) charges of $0.15 for lease terminations for previously closed restaurants, adjusted earnings per diluted share for the forty weeks ended October 6, 2019 was $0.98. Excluding charges of $0.55 for asset impairment, $0.23 for litigation contingencies, $0.18 for reorganization costs, and $0.03 for spiral menu disposal, adjusted earnings per diluted share for the forty weeks ended October 7, 2018 was $1.31.

- *Marketing.* Our Red Robin Royalty™ loyalty program operates in all our U.S. and Canadian Company-owned Red Robin restaurants and has been rolled out to most of our franchised restaurants. We engage our guests through Red Robin Royalty with offers designed to increase frequency of visits as a key part of our overall marketing strategy. We also inform enrolled guests early about new menu items to generate awareness and trial of these offerings. Our media buying approach is concentrated on generating significant reach and frequency while on-air. In addition, we use digital, social, and earned media to target and more effectively reach specific segments of our guest base.

Restaurant Data

The following table details restaurant unit data for our Company-owned and franchised locations for the periods indicated:

	Twelve Weeks Ended		Forty Weeks Ended	
	October 6, 2019	**October 7, 2018**	**October 6, 2019**	**October 7, 2018**
Company-owned:				
Beginning of period	472	484	484	480
Opened during the period[1]	1	2	—	8
Closed during the period	(2)	(1)	(13)	(3)
End of period	471	485	471	485
Franchised:				
Beginning of period	90	88	89	86
Opened during the period	—	1	1	3
End of period	90	89	90	89
Total number of restaurants	561	574	561	574

(1) The restaurant opened during the twelve weeks ended October 6, 2019 consisted of the reopening of one restaurant which was temporarily closed in the second quarter of 2019. Restaurants opened during the twelve and forty weeks ended October 7, 2018 consisted entirely of completed new restaurant openings.

Results of Operations

Operating results for each fiscal period presented below are expressed as a percentage of total revenues, except for the components of restaurant operating costs, which are expressed as a percentage of restaurant revenue.

This information has been prepared on a basis consistent with our audited 2018 annual financial statements, with the exception of changes made due to the adoption of Topic 842, and, in the opinion of management, includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information for the periods presented. Our operating results may fluctuate significantly as a result of a variety of factors, and operating results for any period presented are not necessarily indicative of results for a full fiscal year.

	Twelve Weeks Ended		Forty Weeks Ended	
	October 6, 2019	October 7, 2018	October 6, 2019	October 7, 2018
Revenues:				
Restaurant revenue	98.5 %	98.4 %	98.1 %	98.4 %
Franchise and other revenues	1.5	1.6	1.9	1.6
Total revenues	100.0	100.0	100.0	100.0
Costs and expenses:				
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):				
Cost of sales	23.8	23.8	23.7	23.9
Labor	36.2	35.3	35.7	34.7
Other operating	15.3	15.0	14.4	13.9
Occupancy	8.6	9.2	8.6	8.7
Total restaurant operating costs	83.9	83.2	82.4	81.1
Depreciation and amortization	7.2	7.4	7.0	7.1
Selling, general and administrative	12.5	9.8	11.8	10.7
Pre-opening and acquisition costs	—	0.1	—	0.2
Other (gains) charges	(0.6)	0.2	1.7	1.7
(Loss) income from operations	(1.8)	0.6	(1.4)	0.4
Interest expense, net and other	0.6	0.8	0.7	0.8
Loss before income taxes	(2.4)	(0.2)	(2.2)	(0.3)
Income tax benefit	(1.8)	(0.7)	(2.1)	(0.7)
Net (loss) income	(0.6)%	0.6 %	— %	0.4 %

Certain percentage amounts in the table above do not total due to rounding as well as restaurant operating costs being expressed as a percentage of restaurant revenue and not total revenues.

Revenues

(Revenues in thousands)	Twelve Weeks Ended October 6, 2019	Twelve Weeks Ended October 7, 2018	Percent Change	Forty Weeks Ended October 6, 2019	Forty Weeks Ended October 7, 2018	Percent Change
Restaurant revenue	$ 289,862	$ 290,218	(0.1)%	$ 992,764	$ 1,015,312	(2.2)%
Franchise royalties, fees and other revenue	4,360	4,659	(6.4)%	19,305	16,472	17.2 %
Total revenues	$ 294,222	$ 294,877	(0.2)%	$ 1,012,069	$ 1,031,784	(1.9)%
Average weekly sales volumes in Company-owned restaurants(1)	$ 51,221	$ 49,925	2.6 %	$ 51,961	$ 52,379	(0.8)%
Total operating weeks	5,659	5,805	(2.5)%	19,106	19,346	(1.2)%
Net sales per square foot	$ 98	$ 98	— %	$ 334	$ 340	(1.8)%

(1) Calculated using constant currency rates. Using historical currency rates, the average weekly sales per unit for the twelve and forty weeks ended October 7, 2018 for Company-owned restaurants was $49,926 and $52,433, respectively. The Company calculates non-GAAP constant currency average weekly sales per unit by translating prior year local currency average weekly sales per unit to U.S. dollars based on current quarter average exchange rates. The Company considers non-GAAP constant currency average weekly sales per unit to be a useful metric to investors and management as they facilitate a more useful comparison of current performance to historical performance.

Restaurant revenue for the twelve weeks ended October 6, 2019, which comprises primarily food and beverage sales, decreased$0.4 million, or 0.1%, as compared to second quarter 2018. The decrease was due to a $4.8 million decrease from closed restaurants, partially offset by a $4.4 million, or 1.6%, increase in comparable restaurant revenue. The comparable restaurant revenue increase was driven by a 4.7% increase in average guest check partially offset by a3.1% decrease in guest count. The increase in average guest check comprised a 1.5% increase in pricing and a 3.2% increase in menu mix. The increase in menu mix was primarily driven by the Company’s current menu and promotional strategy, resulting in lower Tavern burger sales and higher Finest burger and entrée sales.

Restaurant revenue for the forty weeks ended October 6, 2019, decreased $22.5 million or 2.2%, as compared to the forty weeks ended October 7, 2018. The decrease was due to a $12.0 million, or 1.2%, decrease in comparable restaurant revenue, a $9.5 million, or 0.9% decrease from closed restaurants, and a $1.0 million unfavorable foreign currency exchange impact. The comparable restaurant revenue decrease was driven by a5.1% decrease in guest counts partially offset by a 3.9% increase in average guest check. The increase in average guest check resulted from al.7% increase in pricing and a 2.2% increase in menu mix. The increase in menu mix was primarily driven by our current menu and promotional strategy, resulting in lower Tavern burger sales and higher Finest burger and entrée sales.

We are focusing on opportunities to improve our service execution, which we believe will drive increased guest counts and comparable restaurant revenue.

Average weekly sales volumes represent the total restaurant revenue for all Company-owned Red Robin restaurants for each time period presented, divided by the number of operating weeks in the period. Comparable restaurant revenues include those restaurants that are in the comparable base at the end of each period presented. New restaurants are restaurants that are open but not included in the comparable category because they have not operated for five full quarters. Fluctuations in average weekly net sales volumes for Company-owned restaurants reflect the effect of comparable restaurant revenue changes as well as the performance of new and acquired restaurants during the period and the average square footage of our restaurants.

Franchise and other revenue decreased $0.3 million for the twelve weeks ended October 6, 2019 compared to the twelve weeks ended October 7, 2018 primarily due to a decrease in franchise fees and licensing royalties. Franchise and other revenue increased $2.8 million for the forty weeks ended October 6, 2019 compared to the forty weeks ended October 7, 2018, primarily due to an increase in gift card breakage. Our franchisees reported a comparable restaurant revenue increase of 3.3% for the twelve weeks ended October 6, 2019 compared to the twelve weeks ended October 7, 2018 and an increase of 0.3% for the forty weeks ended October 6, 2019 compared to the forty weeks ended October 7, 2018.

Cost of Sales

(In thousands, except percentages)	Twelve Weeks Ended			Forty Weeks Ended		
	October 6, 2019	October 7, 2018	Percent Change	October 6, 2019	October 7, 2018	Percent Change
Cost of sales	$ 69,017	$ 69,003	—%	$ 235,119	$ 242,392	(3.0)%
As a percent of restaurant revenue	23.8%	23.8%	—%	23.7%	23.9%	(0.2)%

Cost of sales, which comprises food and beverage costs, is variable and generally fluctuates with sales volume. Cost of sales as a percentage of restaurant revenue remained flat for the twelve weeks ended October 6, 2019 as compared to the same period in 2018, and decreased 20 basis points for the forty weeks ended October 6, 2019 as compared to the same period in 2018. The decrease in the latter period was mainly driven by a reduction in alcohol related costs.

Labor

(In thousands, except percentages)	Twelve Weeks Ended			Forty Weeks Ended		
	October 6, 2019	October 7, 2018	Percent Change	October 6, 2019	October 7, 2018	Percent Change
Labor	$ 104,870	$ 102,322	2.5%	$ 354,302	$ 351,813	0.7%
As a percent of restaurant revenue	36.2%	35.3%	0.9%	35.7%	34.7%	1.0%

Labor costs include restaurant-level hourly wages and management salaries as well as related taxes and benefits. For the twelve weeks ended October 6, 2019, labor as a percentage of restaurant revenue increased 90 basis points compared to the same period in 2018. The increase was primarily driven by higher average wage rates and increased manager staffing levels within the restaurants.

For the forty weeks ended October 6, 2019, labor as a percentage of restaurant revenue increased 100 basis points compared to the same period in 2018. The increase was primarily driven by higher average wage rates and increased manager staffing levels within the restaurants.

Other Operating

(In thousands, except percentages)	Twelve Weeks Ended			Forty Weeks Ended		
	October 6, 2019	October 7, 2018	Percent Change	October 6, 2019	October 7, 2018	Percent Change
Other operating	$ 44,317	$ 43,612	1.6%	$ 142,882	$ 141,305	1.1%
As a percent of restaurant revenue	15.3%	15.0%	0.3%	14.4%	13.9%	0.5%

Other operating costs include costs such as equipment repairs and maintenance costs, restaurant supplies, utilities, restaurant technology, and other miscellaneous costs. For the twelve week period ended October 6, 2019, other operating costs as a percentage of restaurant revenue increased 30 basis points as compared to the same period in 2018. The increase was primarily due to higher third-party delivery expense driven by increasing volumes, partially offset by a decrease in utilities and other restaurant expenses.

For the forty week period ended October 6, 2019, other operating costs as a percentage of restaurant revenue increased 50 basis points as compared to the same period in 2018. The increase was primarily due to higher third-party delivery expense driven by increasing volumes, partially offset by a decrease in utilities and other restaurant expenses.

Occupancy

(In thousands, except percentages)	Twelve Weeks Ended			Forty Weeks Ended		
	October 6, 2019	October 7, 2018	Percent Change	October 6, 2019	October 7, 2018	Percent Change
Occupancy	$ 24,942	$ 26,629	(6.3)%	$ 85,420	$ 88,099	(3.0)%
As a percent of restaurant revenue	8.6%	9.2%	(0.6)%	8.6%	8.7%	(0.1)%

Occupancy costs include fixed rents, property taxes, common area maintenance charges, general liability insurance, contingent rents, and other property costs. Occupancy costs incurred prior to opening our new restaurants are included in pre-opening costs. For the twelve week period ended October 6, 2019, occupancy costs as a percentage of restaurant revenue decreased 60 basis points over the same periods in 2018 primarily due to restaurant closures. For the forty week period ended October 6, 2019, occupancy costs as a percentage of restaurant revenue remained flat.

Our fixed rents for the twelve weeks ended October 6, 2019 and October 7, 2018 were $16.9 million and $17.7 million, a decrease of $0.8 million due to a net decrease in store count resulting from two locations permanently closed during the period. Our fixed rents for the forty weeks ended October 6, 2019 and October 7, 2018 were $57.1 million and $58.9 million, a decrease of $1.8 million due to a net decrease in store count resulting from thirteen locations permanently closed during the period.

Depreciation and Amortization

	Twelve Weeks Ended			Forty Weeks Ended		
(In thousands, except percentages)	**October 6, 2019**	**October 7, 2018**	**Percent Change**	**October 6, 2019**	**October 7, 2018**	**Percent Change**
Depreciation and amortization	$ 21,280	$ 21,819	(2.5)%	$ 71,087	$ 73,335	(3.1)%
As a percent of total revenues	7.2%	7.4%	(0.2)%	7.0%	7.1%	(0.1)%

Depreciation and amortization includes depreciation on capital expenditures for restaurants and corporate assets as well as amortization of acquired franchise rights, leasehold interests, and certain liquor licenses. For the twelve and forty week periods ended October 6, 2019, depreciation and amortization expense as a percentage of revenue remained flat over the same periods in 2018.

Selling, General, and Administrative

	Twelve Weeks Ended			Forty Weeks Ended		
(In thousands, except percentages)	**October 6, 2019**	**October 7, 2018**	**Percent Change**	**October 6, 2019**	**October 7, 2018**	**Percent Change**
Selling, general, and administrative	$ 36,776	$ 28,780	27.8%	$ 120,126	$ 110,715	8.5%
As a percent of total revenues	12.5%	9.8%	2.7%	11.8%	10.7%	1.1%

Selling, general, and administrative costs include all corporate and administrative functions. Components of this category include marketing and advertising costs; corporate, regional, and franchise support salaries and benefits; travel; professional and consulting fees; corporate information systems; legal expenses; office rent; training; and board of directors expenses.

Selling, general, and administrative costs in the twelve weeks ended October 6, 2019 increased $8.0 million, or 27.8%, as compared to the same period in 2018. The increase was primarily due to interim CEO expenses, lower incentive based costs in 2018, and higher local and national media spend to support the launch of the Company's new creative brand campaign, partially offset by decreases in professional services and travel. For the forty weeks ended October 6, 2019, selling, general, and administrative costs increased $9.4 million, or 8.5%, as compared to the same period in 2018. The increase was primarily related to an increase in local and national media spend to support the launch of the Company's new creative brand campaign as well as higher professional services fees, interim CEO expenses, and lower incentive based costs in 2018.

Pre-opening Costs

	Twelve Weeks Ended			Forty Weeks Ended		
(In thousands, except percentages)	**October 6, 2019**	**October 7, 2018**	**Percent Change**	**October 6, 2019**	**October 7, 2018**	**Percent Change**
Pre-opening costs	$ —	$ 387	(100.0)%	$ 319	$ 2,093	(84.8)%
As a percent of total revenues	—%	0.1%	(0.1)%	—%	0.2%	(0.2)%

Pre-opening costs, which are expensed as incurred, comprise the costs of labor, hiring, and training the initial work force for our new restaurants and new initiatives; occupancy costs incurred prior to opening; travel expenses for our training teams; the cost of food and beverages used in training; licenses and marketing; supply costs; and other direct costs related to the opening of new restaurants. Our pre-opening costs fluctuate from period to period, depending upon, but not limited to, the number of restaurant openings, the size of the restaurants being opened, and the location of the restaurants. Pre-opening costs for any given quarter will typically include expenses associated with restaurants opened during the quarter as well as expenses related to restaurants opening in subsequent quarters.

We incurred no pre-opening costs during the twelve weeks ended October 6, 2019, which is a decrease of $0.4 million as compared to the same period in 2018. The decrease was due to no new restaurant openings during the twelve week period ended October 6, 2019 as compared to two restaurant openings during the same period in 2018. Pre-opening costs decreased $1.8 million for the forty weeks ended October 6, 2019 as compared to the same period in 2018. The decrease was due to no new restaurant openings during the forty week period ended October 6, 2019 as compared to eight new restaurant openings during the same period in 2018.

Interest Expense, Net and Other

Interest expense, net and other was $1.8 million for the twelve weeks ended October 6, 2019, a decrease of $0.5 million, or 21.0%, from the same period in 2018. Interest expense, net and other was $7.2 million for the forty weeks ended October 6, 2019, a decrease of $0.9 million, or 10.9%, from the same period in 2018. The decrease was primarily related to recognizing a larger gain on the Company's deferred compensation plan assets and a lower weighted average outstanding line of credit balance compared to the same period in 2018. Our weighted average interest rate was 5.1% and 5.0% for the twelve weeks and forty weeks ended October 6, 2019, respectively, as compared to 4.4% and 4.1% for the twelve weeks and forty weeks ended October 7, 2018, respectively.

Provision for Income Taxes

The effective tax benefit for the twelve weeks ended October 6, 2019 was 74.1%, compared to 448.3% benefit for the twelve weeks ended October 7, 2018. The effective tax benefit for the forty weeks ended October 6, 2019 and October 7, 2018 was 99.1% and 221.2%, respectively. The change in both the twelve weeks and forty weeks ended October 6, 2019 is primarily due to the decrease in income compared to the same periods in 2018.

Liquidity and Capital Resources

Cash and cash equivalents increased $1.6 million to $20.2 million at October 6, 2019, from $18.6 million at the beginning of the fiscal year. We expect to continue to reinvest available cash flows from operations to pay down debt, maintain existing restaurants and infrastructure, execute our long-term strategic initiatives, and repurchase our common stock.

Cash Flows

The table below summarizes our cash flows from operating, investing, and financing activities for each period presented (in thousands):

	Forty Weeks Ended	
	October 6, 2019	October 7, 2018
Net cash provided by operating activities	$ 41,617	$ 88,780
Net cash used in investing activities	(32,900)	(39,577)
Net cash used in financing activities	(7,156)	(45,657)
Effect of currency translation on cash	81	(892)
Net increase in cash and cash equivalents	$ 1,642	$ 2,654

Operating Cash Flows

Net cash flows provided by operating activities decreased $47.2 million to $41.6 million for the forty weeks ended October 6, 2019. The changes in net cash provided by operating activities are primarily attributable to a $16.4 million decrease in profit from operations for the forty weeks ended October 6, 2019 compared to the same period in 2018, as well as changes in working capital as presented in the condensed consolidated statements of cash flows.

Investing Cash Flows

Net cash flows used in investing activities decreased $6.7 million to $32.9 million for the forty weeks ended October 6, 2019, as compared to $39.6 million for the same period in 2018. The decrease is primarily due to decreased investment in new restaurant openings.

The following table lists the components of our capital expenditures, net of currency translation effect, for the forty weeks ended October 6, 2019 (in thousands):

	Forty Weeks Ended October 6, 2019
Investment in technology infrastructure and other	$ 16,832
Restaurant maintenance capital and other	13,128
Restaurant remodels	3,118
Total capital expenditures	$ 33,078

Financing Cash Flows

Cash used in financing activities decreased $38.5 million to $7.2 million for the forty weeks ended October 6, 2019, as compared to the same period in 2018. The decrease primarily resulted from a $40.6 million decrease in net repayments made on long-term debt, offset by an increase of $2.1 million of cash used to repurchase the Company’s common stock.

Credit Facility

On June 30, 2016, the Company entered into a credit facility (the “Credit Facility”), which provides for a $400 million revolving line of credit with a sublimit for the issuance of up to $25 million in letters of credit and swingline loans up to $15 million. On August 19, 2019, the Company entered into a second amendment (the “Amendment”) to the Credit Facility. The Amendment increases the lease adjusted leverage ratio to 5.0x through December 29, 2019 before returning to 4.75x thereafter. In addition, the Amendment revises the definition of permitted acquisitions under the Credit Facility to correspond with the change to the lease adjusted leverage ratio and clarifies the classification of existing capital and operating leases. The Company's lease adjusted leverage ratio was 4.55x as of October 6, 2019. The lease adjusted leverage ratio is defined in Section 1.1 of the Credit Facility, which is filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 5, 2016, as further amended by the Amendment filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 23, 2019.

The Credit Facility matures on June 30, 2021. Borrowings under the Credit Facility are secured by first priority liens and security interests in substantially all of the Company's assets, including the capital stock of certain Company subsidiaries. Borrowings are available for financing activities including restaurant construction costs, working capital, and general corporate purposes, including, among other uses, to refinance certain indebtedness, permitted acquisitions, and redemption of capital stock. We do not believe any of our lenders will be unable to fulfill their lending commitments under our Credit Facility. Loan origination costs associated with the Credit Facility are included as deferred costs in Other assets, net in the accompanying condensed consolidated balance sheets. As of October 6, 2019, the Company had outstanding borrowings under the Credit Facility of $188.0 million, in addition to amounts issued under letters of credit of $7.5 million. Amounts issued under letters of credit reduce the amount available under the Credit Facility but are not recorded as debt. As of October 6, 2019, we had unused borrowing capacity under the Credit Facility of approximately $204.5 million.

Covenants

We are subject to a number of customary covenants under our Credit Facility, including limitations on additional borrowings, acquisitions, stock repurchases, sales of assets, and dividend payments. As of October 6, 2019, we were in compliance with all debt covenants.

Debt Outstanding

Total debt outstanding decreased $4.5 million to $188.9 million at October 6, 2019, from $193.4 million at December 30, 2018, due to net repayments of $4.5 million on the Credit Facility during the forty weeks ended October 6, 2019.

Working Capital

We typically maintain current liabilities in excess of our current assets which results in a working capital deficit. We are able to operate with a working capital deficit because restaurant sales are primarily conducted on a cash or credit card basis. Rapid turnover of inventory results in limited investment in inventories, and cash from sales is usually received before related payables for food, supplies, and payroll become due. In addition, receipts from the sale of gift cards are received well in advance of related redemptions. Rather than maintain higher cash balances that would result from this pattern of operating cash flows, we typically utilize operating cash flows in excess of those required for currently-maturing liabilities to pay for capital expenditures, debt repayment, or to repurchase stock. When necessary, we utilize our Credit Facility to satisfy short-term liquidity requirements. We believe our future cash flows generated from restaurant operations combined with our remaining borrowing capacity under the Credit Facility will be sufficient to satisfy any working capital deficits and our planned capital expenditures.

Share Repurchase

On August 9, 2018, the Company's board of directors authorized the Company's current share repurchase program of up to a total of $75 million of the Company's common stock. The share repurchase authorization was effective as of August 9, 2018, and will terminate upon completing repurchases of $75 million of common stock unless otherwise terminated by the board. Pursuant to the repurchase program, purchases may be made from time to time at the Company's discretion and the Company is not obligated to acquire any particular amount of common stock. From the date of the current program approval through October 6, 2019, we have repurchased a total of 119,600 shares at an average price of $32.77 per share for an aggregate amount of $3.9 million. Accordingly, as of October 6, 2019, we had $71.1 million of availability under the current share repurchase program. Our ability to repurchase shares could be limited to conditions set forth by our lenders in the Credit Facility.

Inflation

The primary inflationary factors affecting our operations are food, labor costs, energy costs, and materials used in the construction of new restaurants. A large number of our restaurant personnel are paid at rates based on the applicable minimum wage, and increases in the minimum wage rates have directly affected our labor costs in recent years. Many of our leases require us to pay taxes, maintenance, repairs, insurance, and utilities, all of which are generally subject to inflationary increases. We believe labor cost inflation had a negative impact on our financial condition and results of operations during the twelve and forty weeks ended October 6, 2019. Uncertainties related to fluctuations in costs, including energy costs, commodity prices, annual indexed or potential minimum wage increases, and construction materials make it difficult to predict what impact, if any, inflation may continue to have on our business, but it is anticipated inflation will have a negative impact on labor costs for the remainder of 2019.

Seasonality

Our business is subject to seasonal fluctuations. Historically, sales in most of our restaurants have been higher during the summer months and winter holiday season and lower during the fall season. As a result, our quarterly and annual operating results and comparable restaurant revenue may fluctuate significantly as a result of seasonality. Accordingly, results for any one quarter or year are not necessarily indicative of results to be expected for any other quarter or for any year, and comparable restaurant sales for any particular future period may decrease.

Contractual Obligations

There were no material changes outside the ordinary course of business to our contractual obligations since the filing of Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2018.

Critical Accounting Policies and Estimates

Critical accounting policies and estimates are those we believe are both significant and that require us to make difficult, subjective, or complex judgments, often because we need to estimate the effect of inherently uncertain matters. We base our estimates and judgments on historical experiences and various other factors we believe to be appropriate under the circumstances. Actual results may differ from these estimates, including our estimates of future restaurant level cash flows, which are subject to the current economic environment, and we might obtain different results if we use different assumptions or conditions. We had no significant changes in our critical accounting policies and estimates which were disclosed in our Annual Report on Form 10-K for the fiscal year ended December 30, 2018.

Recently Issued and Recently Adopted Accounting Standards

See Note 1, *Basis of Presentation and Recent Accounting Pronouncements*, of Notes to Condensed Consolidated Financial Statements of this report.

Forward-Looking Statements

Certain information and statements contained in this report are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "PSLRA") codified at Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. This statement is included for purposes of complying with the safe harbor provisions of the PSLRA. Forward-looking statements include statements regarding our expectations, beliefs, intentions, plans, objectives, goals, strategies, future events, or performance and underlying assumptions and other statements which are other than statements of historical facts. These statements may be identified, without limitation, by the use of forward-looking terminology such as "anticipate," "assume," "believe," "estimate," "could," "expect," "future," "intend," "may," "plan," "project," "will," "would," and similar expressions. Certain forward-looking statements are included in this Quarterly Report on Form 10-Q, principally in the sections captioned "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements in this report include, among other things: our financial performance, strategic initiatives, marketing strategy and promotions; expected uses for available cash flow; capital investments; beliefs about the ability of our lenders to fulfill their lending commitments under our Credit Facility and about the sufficiency of future cash flows to satisfy any working capital deficit and planned capital expenditures; the anticipated effects of inflation on labor and commodity costs; and the effect of the adoption of new accounting standards on our financial and accounting systems.

Forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those we express in these forward-looking statements. These risks and uncertainties include, but are not limited to, the following: the effectiveness of our business strategy and improvement initiatives, including the effectiveness of our overall value proposition, service improvement, technology, and off-premise initiatives to drive traffic and sales; the effectiveness of our marketing campaigns; our ability to effectively use and monitor social media; uncertainty regarding general economic and industry conditions; concentration of restaurants in certain markets; changes in consumer disposable income, consumer spending trends and habits; the effectiveness of our information technology and new technology systems, including cyber security with respect to those systems; regional mall and lifestyle center traffic trends or other trends affecting traffic at our restaurants; increased competition and discounting in the casual-dining restaurant market; costs and availability of food and beverage inventory; changes in commodity prices, particularly ground beef, and distribution costs; changes in energy and labor costs, including due to changes in health care and market wage levels; changes in federal, state, or local laws and regulations affecting the operation of our restaurants, including but not limited to, minimum wages, consumer health and safety, health insurance coverage, nutritional disclosures, and employment eligibility-related documentation requirements; our franchising strategy; limitations on our ability to execute stock repurchases at all or at the times or in the amounts we currently anticipate due to lack of available share or acceptable stock price levels or other market or Company-specific conditions, including limitations in our Credit Facility, or to otherwise achieve anticipated benefits of a share repurchase program; our ability to attract and retain qualified managers and Team Members; the adequacy of cash flows or available access to capital or debit resources under our Credit Facility or otherwise to fund operations and growth opportunities; costs and other effects of legal claims by team members, franchisees, customers, vendors, stockholders, including relating to fluctuations in our stock price, and others, including settlement of those claims or negative publicity regarding food safety or cyber security; the impact of our adoption of a shareholder rights plan; weather conditions and related events in regions where our restaurants are operated; changes in accounting standards policies and practices or related interpretations by auditors or regulatory entities; and other risk factors described from time to time in our SEC reports, including the Company's most recent Annual Report on Form 10-K for the fiscal year ended December 30, 2018, filed with the SEC on February 27, 2019.

Although we believe the expectations reflected in our forward-looking statements are based on reasonable assumptions, such expectations may prove to be materially incorrect due to known and unknown risks and uncertainties. All forward-looking statements speak only as of the date made. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances arising after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no material change in the interest rate risk, foreign currency exchange risk, or commodity price risk since the filing of the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2018.

We continue to monitor our interest rate risk on an ongoing basis and may use interest rate swaps or similar instruments in the future to manage our exposure to interest rate changes related to our borrowings as the Company deems appropriate. As of October 6, 2019, we had $188.0 million of borrowings subject to variable interest rates. A 1.0% change in the effective interest rate applied to these loans would have resulted in pre-tax interest expense fluctuation of $1.9 million on an annualized basis.

The Company's restaurant menus are highly dependent upon a few select commodities, including ground beef, poultry, and potatoes. We may or may not have the ability to increase menu prices, or vary menu items, in response to commodity price increases. A 1.0% increase in food and beverage costs would negatively impact cost of sales by approximately $3.1 million on an annualized basis.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the management of the Company ("Management"), including the Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, Management recognizes that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives. The Company's CEO and CFO have concluded that, based upon the evaluation of disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) under the Exchange Act), the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. Legal Proceedings

For a description of our legal proceedings, see Note 9, *Commitments and Contingencies*, of Notes to Condensed Consolidated Financial Statements of this report.

ITEM 1A. Risk Factors

A description of the risk factors associated with our business is contained in Item 1A, “Risk Factors,” of our Annual Report on Form 10-K for the fiscal year ended December 30, 2018 filed with the SEC on February 27, 2019. There have been no material changes to our risk factors disclosed in our 2018 Annual Report on Form 10-K.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the twelve weeks ended October 6, 2019, the Company did not have any sales of securities in transactions that were not registered under the Securities Act of 1933, as amended, that have not been reported in a Current Report on Form 8-K. On August 9, 2018, the Company's board of directors authorized the Company's current share repurchase program of up to a total of $75 million of the Company's common stock. The share repurchase authorization became effective on August 9, 2018 and will terminate upon completing repurchases of $75 million of common stock unless otherwise terminated by the board. Purchases under the repurchase program may be made in open market or privately negotiated transactions and may include transactions pursuant to a repurchase plan administered in accordance with Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended. Purchases may be made from time to time at the Company's discretion and the timing and amount of any share repurchases will be determined based on share price, market conditions, legal requirements, and other factors. The repurchase program does not obligate the Company to acquire any particular amount of common stock, and the Company may suspend or discontinue the repurchase program at any time. The table below provides a summary of the Company's purchases of its own common stock during the third quarter of 2019.

Period(1)	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet be Purchased Under the Plan (in thousands)
7/15/19-8/11/19	9,400	32.76	100.1	71,743
8/12/19-9/8/19	9,300	32.79	109.4	71,438
9/9/19-10/6/19	10,200	33.88	119.6	71,092
Pursuant to Publicly Announced Plans or Programs(2)	28,900			

(1) The reported periods conform to the Company's fiscal calendar composed of thirteen 28-day periods.

(2) Since August 9, 2018, when the current share repurchase program of $75 million of the Company's common stock was authorized, the Company has purchased 119,600 shares for a total of $3.9 million.

ITEM 6. Exhibits

Exhibit Number	Description
10.1	Employment Agreement, by and between Red Robin Gourmet Burgers, Inc. and Paul Murphy, dated September 2, 2019. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on September 5, 2019.
10.2	Second Amendment to Credit Agreement, dated August 19, 2019. Incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on August 23, 2019.
31.1	Rule 13a-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer
101	The following financial information from the Quarterly Report on Form 10-Q of Red Robin Gourmet Burgers, Inc. for the quarter ended October 6, 2019 formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at October 6, 2019 and December 30, 2018; (ii) Condensed Consolidated Statements of Operations and Comprehensive Income for the twelve and forty weeks ended October 6, 2019 and October 7, 2018; (iii) Condensed Consolidated Statements of Stockholders' Equity at October 6, 2019 and December 30, 2018; (iv) Condensed Consolidated Statements of Cash Flows for the forty weeks ended October 6, 2019 and October 7, 2018; and (v) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	RED ROBIN GOURMET BURGERS, INC. (Registrant)	
November 5, 2019	By:	/s/ Lynn S. Schweinfurth
(Date)		Lynn S. Schweinfurth *(Chief Financial Officer)*

Exhibit 31.1

CEO CERTIFICATION

I, Paul Murphy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Red Robin Gourmet Burgers, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 5, 2019	/s/ Paul Murphy
(Date)	Paul Murphy *Chief Executive Officer*

Exhibit 31.2

CFO CERTIFICATION

I, Lynn S. Schweinfurth, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Red Robin Gourmet Burgers, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 5, 2019	/s/ Lynn S. Schweinfurth
(Date)	Lynn S. Schweinfurth *Chief Financial Officer*

Exhibit 32.1

Written Statement
Pursuant To
18 U.S.C. Section 1350

In connection with the Quarterly Report of Red Robin Gourmet Burgers, Inc. (the "Company") on Form 10-Q for the period ended October 6, 2019, as filed with the Securities and Exchange Commission on November 5, 2019 (the "Report"), the undersigned, Paul Murphy, Chief Executive Officer, and Lynn S. Schweinfurth, Chief Financial Officer, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that;

(a) the Quarterly Report on Form 10-Q for the period ended October 6, 2019 of the Company (the "Periodic Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated:	November 5, 2019	/s/ Paul Murphy
		Paul Murphy *Chief Executive Officer*
Dated:	November 5, 2019	/s/ Lynn S. Schweinfurth
		Lynn S. Schweinfurth *Chief Financial Officer*

A signed original of this written statement required by Section 906 has been provided to Red Robin Gourmet Burgers, Inc. and will be retained by Red Robin Gourmet Burgers, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.