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Texas Roadhouse, Inc. (TXRH) Q1 2026 Earnings Call Transcript

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Insights



EPS of \$1.87 **beats by \$0.07** | Revenue of \$1.63B (12.82% Y/Y) **misses by \$2.27M**

Texas Roadhouse, Inc. ([TXRH](#)) Q1 2026 Earnings Call May 7, 2026 5:00 PM EDT

Company Participants

Michael Bailen - Head of Investor Relations

Gerald Morgan - CEO & Executive Vice Chairman

Mike Lenihan - Chief Financial Officer

Conference Call Participants

Christopher Carril - KeyBanc Capital Markets Inc., Research Division
Andrew North - Robert W. Baird & Co. Incorporated, Research Division
Andrew Charles - TD Cowen, Research Division
Zachary Fadem - Wells Fargo Securities, LLC, Research Division
Jeffrey Bernstein - Barclays Bank PLC, Research Division
Sara Senatore - BofA Securities, Research Division
Simon Elliott - Evercore Inc.
James Salera - Stephens Inc., Research Division
Lauren Silberman - Deutsche Bank AG, Research Division
Peter Saleh - BTIG, LLC, Research Division
Jeffrey Farmer - Gordon Haskett Research Advisors
Dennis Geiger - UBS Investment Bank, Research Division
Gregory Francfort - Guggenheim Securities, LLC, Research Division
Brian Bittner - Oppenheimer & Co. Inc., Research Division
John Ivankoe - JPMorgan Chase & Co, Research Division
James Sanderson - Northcoast Research Partners, LLC
Logan Reich - RBC Capital Markets, Research Division
Jacob Aiken-Phillips - Melius Research LLC
Brian Harbour - Morgan Stanley, Research Division
Brian Vaccaro - Raymond James & Associates, Inc., Research Division

Presentation

Operator

Good evening, and welcome to the Texas Roadhouse First Quarter 2026 Earnings Conference Call. Today's call is being recorded. [Operator Instructions]

I would now like to introduce Michael Bailen, Vice President of Investor Relations for Texas Roadhouse. You may begin your conference.

Michael Bailen

Head of Investor Relations

Thank you, Andy, and good evening. By now, you should have access to our earnings release for the first quarter ended March 31, 2026. It may also be found on our website at texasroadhouse.com in the Investors section.

I would like to remind everyone that part of our discussion today will include forward-looking statements. These statements are not guarantees of future performance, and therefore, undue reliance should not be placed upon them. We refer all of you to our earnings release and our recent filings with the SEC.

These documents provide a more detailed discussion of the relevant factors that could cause actual results to differ materially from those forward-looking statements. In addition, we may refer to non-GAAP measures. If applicable, reconciliations of the non-GAAP measures to the GAAP information can be found in our earnings release.

On the call with me today is Jerry Morgan, Chief Executive Officer of Texas Roadhouse; and Mike Lenihan, our Chief Financial Officer.

Following the prepared remarks, we will be available to answer your questions.
[Operator Instructions]

Now I'd like to turn the call over to Jerry.

Gerald Morgan

CEO & Executive Vice Chairman

Thanks, Michael, and good evening, everyone. We are proud of the results our operators delivered for the first quarter of 2026, driven by a same-store sales increase of 7.1%, including 4.5% traffic growth. Revenue surpassed \$1.6 billion for the quarter. We are also pleased with the strong flow-through of sales to the bottom line.

Our traffic and mix trends show that our guests continue to trust us to provide an experience worthy of their time and money. Our operators continue to focus on what they can control which is maintaining our value proposition for our guests and delivering on our mission of legendary food and legendary service. This all leads to us being a place where Roadies want to work and guests want to dine and we continue to be recognized for the experience that we deliver to our guests.

For the second year in a row, Texas Roadhouse has been named America's Best Restaurant Experience in the Data Central 500 award. This award goes to the brand that earns the highest overall consumer ratings for service quality, atmosphere and guest satisfaction.

On the development front, we continue to expect approximately 35 company-owned openings for the full year. In the first quarter, we opened 4 Texas Roadhouse restaurants and expect as many as 9 openings across all brands in the second quarter. This means that openings in 2026 will be weighted towards the back half of the year.

On the franchise side, during the first quarter, our Jaggers partners opened 1 domestic restaurants, and we expect they will open an additional 3 locations over the remainder of the year. Internationally, our partners also opened one Texas Roadhouse in the first quarter, and we expect they will open as many as 6 more throughout the rest of the year.

Our international business has significant momentum as Texas Roadhouse continues to connect with guests around the world.

Moving on to technology. The results from our restaurants and the feedback from our managing partners tell us that our investments continue to positively impact operations. Our digital kitchen technologies are supporting operators as they execute a higher volume of to-go orders without negatively impacting the dine-in experience.

We are also encouraged by the initial feedback from the testing of upgraded handheld tablets that servers can use to input guest orders at the table. Our strategy remains to slowly expand this test as we continue gathering feedback.

Last week, we had our Annual Managing Partner Conference in Nashville. The theme was kicking it up which was certainly appropriate based on our operators' mindset of continuing to elevate their level of performance. It was an inspiring week filled with education, motivation and celebration as well as giving back to the local community. We were also able to kick up our level of fun while we work together.

Speaking of celebration, I want to congratulate the following Roadies. Mary Landry of Jacksonville, Florida for being named our Texas Roadhouse Managing Partner of the Year; Philip Severson from Colin, Texas for being recognized as our Bubba's 33 Managing Partner of the Year. Alvaro Glinda of Covington, Louisiana, for winning our national meat cutter championship and Allison Williams for being honored as our support center Roadie of the Year. And lastly, I would like to congratulate and thank all of our award finalists for their contributions, accomplishments and passion for all of our brands.

Now Mike will provide some thoughts.

Mike Lenihan
Chief Financial Officer

Thanks, Jerry. During the first quarter, I spent a lot of time training in our Texas Roadhouse and Bubba's 33 restaurants. I'm grateful to the managing partners, Stephanie, Brian, Tim and Jeff for welcoming me so graciously into their stores. I saw firsthand throughout my training of their people first and guest-focused mentality drives our winning recipe for growing sales and traffic.

I also echo Jerry's comments on our Managing Partner Conference as it was an incredible way for me to experience our culture and celebrate what has and will continue to make this company so special.

Moving on to the first quarter. All of our brands delivered positive comparable sales growth. Weekly sales averaged nearly \$180,000 at Texas Roadhouse, over \$125,000 at Bubba's 33 and \$71,000 at Jack. This top line momentum has carried forward into the first 5 weeks of the second quarter with comparable sales of 6.5% and our restaurants averaging weekly sales of \$174,000.

Included within this positive sales trend is the benefit of the 1.9% menu price increase that went into effect at the beginning of the second quarter.

Now moving on to our outlook for commodities. With first quarter inflation coming in slightly better than expected as well as an updated forecast for the second quarter and increased visibility into the back half of the year, we are reducing our full year 2026 commodity inflation guidance from approximately 7% to between 6% and 7%.

Our current expectation is to be above the top end of the guidance in the second quarter, but at or below the bottom end of the guidance in the second half of the year. On the labor side, first quarter inflation was in line with our expectations, and we are maintaining our full year 2026 wage and other labor inflation guidance of 3% to 4%. Also, as expected, labor productivity improved in the first quarter with labor hours growing at approximately 35% of comparable traffic growth.

With regard to our capital position, we ended the first quarter with \$215 million of cash. We also generated cash flow from operations of \$259 million which was partially offset by \$158 million of capital expenditures, dividend repayments and share repurchases as well as \$72 million for the previously disclosed acquisition of 5 California franchise restaurants.

Our guidance for 2026 capital expenditures remains unchanged at approximately \$400 million. Our strong cash balance and healthy cash flow continue to provide us the flexibility to invest in our growth while also returning capital to shareholders, and now Michael will provide the first quarter financial update.

Michael Bailen

Head of Investor Relations

Thanks, Mike. For the first quarter of 2026, we reported revenue growth of 12.8%, driven primarily by a 6.8% increase in average weekly sales and a 5.7% increase in store weeks. We also reported a restaurant margin dollar increase of 10.5% and to \$264 million and a diluted earnings per share increase of 9.6% to \$1.87.

Average weekly sales in the first quarter were over \$174,000 with To-Go representing more than \$25,000 or 14.6% of these total weekly sales. Comparable sales increased 7.1% in the first quarter, driven by 4.5% traffic growth and a 2.6% increase in average check. By month, comparable sales grew 6.9%, 8.3% and 6.3% for our January, February and March periods, respectively.

In the first quarter, restaurant margin dollars per store week increased 4.5% year-over-year to over \$28,000. Restaurant margin as a percentage of total sales decreased 36 basis points to 16.3% as compared to the same period last year.

Food and beverage costs as a percentage of total sales were 35.3% for the first quarter. The 122 basis point year-over-year increase was primarily driven by 6.2% commodity inflation. The inflationary pressure was partially offset by the benefit of a 2.6% check increase.

Labor as a percentage of total sales improved 46 basis points to 32.9%, as compared to the first quarter of 2025. Labor dollars per store week increased 5.4% due to wage and other labor inflation of 3.8% and growth in hours of 1.6%. Other operating costs were 14% of sales, which was 36 basis points better than the first quarter of 2025.

The leverage was a result of higher sales combined with a benefit to our quarterly reserve for general liability insurance. This insurance benefit included a credit of \$600,000 this year as compared to \$300,000 of additional expense last year.

Moving below restaurant margin, G&A dollars increased 8.7% as compared to the first quarter of 2025 and came in at 3.7% of revenue for the first quarter. For full year 2026, we continue to forecast a low double-digit percentage increase in our total G&A dollar expense.

Depreciation expense increased 16.5% year-over-year in the first quarter and came in at 3.5% of revenue. For full year 2026, we expect a low teen percentage increase in our total depreciation dollar expense. Our effective tax rate for the quarter was 14.3%. Our forecast for the full year 2026 income tax rate remains unchanged at between 14% and 15%.

Now I will turn the call back over to Jerry for final comments.

Gerald Morgan

CEO & Executive Vice Chairman

Thanks, Michael. I wanted to give a big shout out to our vendor partners. It was great to spend time with them at our Managing Partner Conference and to have the opportunity to recognize their ongoing contributions to our success and a special congratulations to [Bounties] for being named our Vendor of the Year for 2025. There's no doubt 2026 is off to a great start. But as you all know, the game is #1 in the first quarter. Our operators are focused on the work and opportunity that lies ahead.

We are confident that Roadie Nation is up for the challenge of picking it up and continuing to grow our brands. Finally, I want to thank all of our Roadies who help support the best operators in the industry. Let's kick it out Roadhouse.

Michael Bailen

Head of Investor Relations

That concludes our prepared remarks. Amy, please open the line for questions.

Question-and-Answer Session

Operator

[Operator Instructions]Your first call comes from Chris Carril with KeyBanc Capital Markets.

Christopher Carril

KeyBanc Capital Markets Inc., Research Division

In your prepared remarks, you pointed to 1Q results and increasing visibility into the rest of the year. But can you please expand on your updated commodity inflation guidance now 6% to 7%. And perhaps any more detail on specific inputs that drove the change and your latest thoughts on the beef cost outlook?

Mike Lenihan

Chief Financial Officer

Chris, it's Michael. I appreciate the question. Certainly, as Mike referenced, our first quarter came in a little bit better than expected at 6.2% inflation, and some of that has carried over into our expectations for the second quarter. And we do have a little bit more visibility to our cost for the back half of the year.

I would say the supply issues with Beef are well known and those have not changed. But we have seen some demand shift within the retail segment. And while beef is still very popular, there have been some shifts as to what cuts are being purchased and that has been reflected in our updated commodity guidance.

Operator

Your next question comes from the line of Drew North with Baird.

Andrew North

Robert W. Baird & Co. Incorporated, Research Division

Great. I wanted to follow up on the commodity outlook and maybe get a little bit more specific. I think previously, the expectation was for commodity inflation to peak in Q2 maybe as high as the very high single digits and moderate through the balance of the year. And I appreciate the color on the shape of the year in your remarks. But I guess, could you clarify maybe where the expectation is for commodity inflation in Q2? And how you're thinking about spot prices for beef as we get to the back half relative to where we're currently sitting.

Mike Lenihan

Chief Financial Officer

Drew, it's Michael again. Thanks for the question. We still expect that our highest commodity inflation of the year will be in the second quarter, but we're probably now talking somewhere in the range of 7% to 8% commodity inflation is where we're thinking right now. And then as we said, being below the bottom end of the range in the back half of the year, we would expect that cadence to improve as in the fourth quarter, less than the third quarter as far as the inflation.

And we obviously have our internal expectations as to where those prices will be throughout the next 6 or 7 months of the year. It's not just taking current prices and carrying those goes forward. And as a reminder, some of our inflation into the back part of the year is a result of what you're lapping last year from a fixed price contract standpoint and not just our viewpoints on the spot market.

Operator

Your next question comes from the line of Andrew Charles with TD Cowen.

Andrew Charles

TD Cowen, Research Division

Keeping on the beef train. Since your last call, given the spike in oil prices and spot beef prices, certainly encouraging to see you reduce the '26 commodity forecast, but I'm curious, if we look at the futures curve, with investor optimism that you might see flat commodity inflation in '27, just kind of curious what are vendors is an early peak to next year, just given the change in beef prices in the spot market since our last call.

Mike Lenihan

Chief Financial Officer

Yes. Andrew, it's Michael. I'd say it's way too early for us to get into any commentary on next year. There's still a lot of this year to go. So going to hold off there will much later this year, we'll be talking about our 2027 expectations.

Operator

Your next question comes from the line of Andrew Strelzik with BMO Capital.

Unknown Analyst

This is Jared Lesinski on for Andrew. So with value tier construction becoming central across casual dining this year, how are you thinking about the role chicken and pork play in your value strategy given their margin profile versus steak?

Gerald Morgan

CEO & Executive Vice Chairman

Jared, this is Jerry. Obviously, we've got a great selection of chicken on trades and pork and obviously, our steak. So I think we'll continue to monitor it as we got great products, that's what they're choosing to opt in on, then we're doing -- we don't necessarily try to guide anybody to where we want them to come in and get the experience that they want, the choice of food that they would prefer. And we have it available and we're ready to serve it.

Operator

Your next question comes from the line of Zach Fadem with Wells Fargo.

Zachary Fadem

Wells Fargo Securities, LLC, Research Division

Could we start with the cadence of traffic through the quarter? And then as you think about market share, could you talk about to what extent you maintained or widen your spread versus the industry as we move through Q1 and into April?

Mike Lenihan

Chief Financial Officer

Zach, it's Michael. As far as traffic by month, it was 4.3% in our January period, 5.7% in our February period and 3.7% in our March period and approximately 3.5% in the 5 weeks so far quarter to date. I would say we are very pleased with the cadence of that traffic and how it compares to the industry. I think we -- I know we have maintained healthy gap to the industry throughout those time periods.

Operator

Your next question comes from the line of Jeffrey Bernstein with Barclays.

Jeffrey Bernstein

Barclays Bank PLC, Research Division

Great. Just following up on that comp trend. The -- I think it was a 6.3% you said in March and 6.5% in the first 5 weeks of this quarter. And as you just shared, it sounds like the traffic has been in the mid-3s in March and then in April. So from the outside, there appears to be stability. But with that said, it does feel like a lot of your peers are talking about a big ramp-up in volatility doesn't seem that way with your results, but are you seeing any change in consumer behavior, whether you think it's just attributed to the macro more broadly or there's a lot of attention being paid to gas prices more specifically, especially on the lower and middle income consumer that you presumably do very well with. Any color you could share in terms of your view on the consumer trend would be very helpful.

Gerald Morgan

CEO & Executive Vice Chairman

Jeff, it's Jerry. I'll tell you, we're really pleased with what we're seeing out there. We believe our operators are executing great shifts in obviously, the value proposition that we have in our menu and the taste profile of our food and the hospitality that we're providing. It just continues to tell us that the things that we're doing are absolutely working and people are responding to that.

I think our operators are very excited to see that. We know that there's a lot going on in the industry, and with all kinds of things. But what we really focus on is open and operating and closing quality shifts and providing great places for our employees to work and for our guests to join us and spend their time and money. And I'll let Michael kind of get into some of the details, but we're really, really excited about what we continue to see for the loyalty to the Texas Roadhouse brand.

Michael Bailen

Head of Investor Relations

Jeff, on the mix side, our mix has been very steady throughout the year not seeing anything that is of any concern to us. Most of the negative mix is still coming from the alcohol category. When you look at our dine-in trends overall, they are pretty much flat. We're seeing positive mix in the entrees and some other areas. So we're very encouraged by what we're seeing out of the consumer.

Operator

Your next question comes from the line of Sara Senatore with Bank of America.

Sara Senatore*BofA Securities, Research Division*

I guess maybe just 2 quick follow-ups. One is on the To-Go business. I noticed that it was up 14.6%, it was at 14.6%. I think that's the highest sales mix we've seen since maybe shortly after COVID. So I'm just curious if there's anything going on or if that's just a function of maybe weather was more of a headwind so people stayed home. And then I do have a question about kind of your beverage platform, please.

Gerald Morgan*CEO & Executive Vice Chairman*

Sara, it's Jerry. I think we continue to operate at a high level, and we continue to execute and some of the technologies that we're using might help us manage the business a little bit more. But again, it really comes down to the ease to be able to place the order through the app, the pickup window that we have in the transaction there, the people grabbing their food, getting home, making sure all of the food has everything in it.

So I just -- I believe that not only is our food delivery a great To-Go experience, and we're continuing to improve upon it. But it's just resonating with -- when you get home and you have every item that you requested and you've got plan. We never have enough roles and butter in there, but we keep trying hard. I just really, really believe that it's about the demand for our product and the execution that our operators are continuing to focus on.

Sara Senatore*BofA Securities, Research Division*

And then just a quick question on beverages. I think based on what I think your pricing was, I think 3.1%, maybe mix was very slightly negative. Have -- is there anything there? I know you said Michael entrees hasn't been the issue. Is it still alcoholic beverages? And are you seeing kind of traction with some of your other nonalcoholic beverages? .

Mike Lenihan*Chief Financial Officer*

Sara, yes. So we had 3.1% pricing in the first quarter and the check was up 2.6%, so about 50 basis points of negative mix. And it's all coming from a combination [indiscernible] still some negative mix in the alcohol category, although that has been improving. That combined with the To-Go business is growing at a faster rate than the dine-in business, the dine-in is still growing. And since the To-Go business has a lower average check which typically not a beverage attachment, that puts a little bit of pressure on the overall mix. So not seeing anything in the entree or other food categories that are concerning us.

Operator

Your next question comes from the line of Elliott Simon with Evercore.

Simon Elliott

Evercore Inc.

Jerry, first, I have to complement the burger eating prowess and the beer look tasty, too. I just wish there was a [indiscernible] close to New York City.

Gerald Morgan

CEO & Executive Vice Chairman

We're working on it. Thank you, though.

Simon Elliott

Evercore Inc.

Yes, it's a narrow half way. On Bubba's, you've talked in some interviews about the potential for the brand to grow well beyond 200 restaurants over time. The unit economics are already solid, but the comm energy still feels different than Texas Roadhouse, -- so as you evaluate the brand today, what are the biggest unlocks to getting Bubba's performing more like Roadhouse over time? Is it brand awareness, site selection, marketing, operational maturity or the smaller format restaurants you mentioned in the annual report. And when everything starts coming for the brand, what is the big audacious goal on the wall in terms of how many Bubba's you can build in a year?

Gerald Morgan

CEO & Executive Vice Chairman

Well, Elliot, that's a big question out there, sir. And -- but I will tell you, it really -- if you don't look at Roadhouse, and put Bubba's against all of its competitors in that segment, it is at the top of the class. And we're really proud of the operations. We're proud of the people and the work that's been done get it there.

The energy has a lot of the similarity, a little different by first of the country, more into the rocket roll side but it's still got the sports, the music, the energy, the entertainment and more importantly, the fantastic food. So I think we'll continue to work on that piece of it and keep growing. And as long as we're continuing to have great success, we have tried a little smaller prototype and we've got #2 up and running now, and we'll continue to evaluate it as we build more.

We've had a couple of conversions, I guess, you would call them that we're very excited about from a profitability standpoint. So we're continuing to look at all kinds of options to make sure that we have a second concept that can bring burgers and pizzas and wings and beer and margaritas and fun to any community that we plan or flag in.

So I'll tell you, we're very excited about the Bubba's brand and everything and the energy that it continues to bring to our company.

Operator

Your next question comes from the line of Jim Salera with Stephens, Inc.

James Salera

Stephens Inc., Research Division

Two-part question on the consumer. One, if you look back historically, is there any correlation we can glean from periods where there's longer higher gas prices. Do you see a point in which maybe some of the consumer engagement starts to fade? Or maybe do you perhaps benefit given the overall value proposition and the lower frequency?

And then the second part of that, have you seen any demand destruction at retail given higher beef prices? And is that something that you think might be supporting the robust trends you continue to see on traffic?

Michael Bailen

Head of Investor Relations

Yes. Jim, it's Michael. On the first part with the higher gas prices, I don't think we've ever been able to find a correlation between gas prices and our traffic trends. I think people still want to go out there and have those -- that simple luxury of a casual dining deal with friends and family. They're going to be picky as to where they go. And so what you talked around about our value proposition probably does benefit us in a situation like that.

So if someone is trying to watch what they spend because they're putting -- they're spending more money at the gas pump. Texas Roadhouse becomes a great option for them. But like I said, never been able to see an exact correlation there.

As far as demand for beef at retail. I do think there has been some demand destruction, people trading to pork and chicken. But maybe even also within the beef category, there's been some shift to lower cost cuts. So we are seeing that as well in retail.

Operator

The next question comes from the line of Lauren Silberman with Deutsche Bank.

Lauren Silberman

Deutsche Bank AG, Research Division

Congrats on the quarter. I wanted to just ask on the mix side as it relates to the COGS line. I know you talked about the increase in beef consumption last year, which is a bit of a pressure point on COGS. Are you still seeing that? Or has it stabilized?

Mike Lenihan

Chief Financial Officer

Laura, it's Michael. It really has stabilized. There may still be a little bit in there. I would expect maybe it's around 10 basis points of the COGS pressure is related to that or that's kind of what I'm expecting going forward. So we've lapped a lot of that. We are still seeing a lot of state demand but not as much of a pressure point, but then the COGS percent at this point.

Lauren Silberman

Deutsche Bank AG, Research Division

Great. And then just on the comp side, any color that you gave on trends that if there's any differences across regions [indiscernible] that you're seeing?

Michael Bailen*Head of Investor Relations*

Yes. Lauren, it's Mike. The quick answer is no. We continue to see strength across all regions. We also see strength across all age of our restaurants. And very encouragingly, we continue to see the trend of our highest restaurants. Our highest comp restaurants also being some of our highest volume restaurants.

Operator

The next question comes from the line of Peter Saleh with BTIG.

Peter Saleh*BTIG, LLC, Research Division*

Great. Congrats on the quarter. Jerry, you mentioned the handhelds in the stores that you're testing and are maybe rolling out. Can you just give us a little bit more color on what this unlocks for you at Texas Roadhouse? Does this help the servers cover more tables? Or is that something that you're not looking for? Just trying to understand the unlock here?

And then Michael, if you could give us the pricing by quarter that's embedded now going forward given the pricing you took in April, that would be helpful.

Gerald Morgan*CEO & Executive Vice Chairman*

Peter, it's Jerry. Yes. I think what it is, is -- technology is to enhance the experience in -- we have a group of employees that really are very reliant and used to technology. So -- and we do believe that it could speed up things a little bit if you're placing the order and sending it.

But that's not the motivation behind it is to run more tables. It's actually just to be more efficient and more functional when it comes to the overall and complete experience of our guests. And so we want to make sure that our services are comfortable, whether it's a hardwired POS or a handheld that there are ways that they can get the order in. The accuracy of it is something that we have continued to see improved on the handheld. So that is definitely a component that we like. We're still working on it. We're going slow, but there are definitely some favorable attitudes towards it.

Mike Lenihan*Chief Financial Officer*

And Peter, it's Mike. On pricing and the cadence throughout the quarter, I think Michael may have mentioned in his prepared remarks, we had 3.1% in Q1 and for Q2 and Q3, we'll have 3.6% and in Q4, it will be 1.9% plus whatever additional they choose to take at the beginning of the fourth quarter.

Operator

Your next question comes from the line of Jeff Farmer with Gordon Haskett.

Jeffrey Farmer*Gordon Haskett Research Advisors*

Michael, you called out improved labor productivity in the quarter. I'm just curious if you see an opportunity to drive further productivity gains on the labor side.

Mike Lenihan*Chief Financial Officer*

Yes. Jeff, thanks for the question. As a reminder, we talk about that ratio with you all. That is not a ratio or measurement that our operators are focused on. It is an output. And so we still want them to staff for the volumes that they want. But with all that said, I do think the expectation is that we could be below that historical 50% level, whether we dropped further down from the 35% that we just saw here in the first quarter. I don't know if I would be expecting that, but being around 40% would not be a surprising number to me based upon the trends that we have been seeing. So that's kind of how I'm looking at it these days. So we're -- part of that is the benefit of To-Go, which is a little bit less labor intensive. So if that's growing.

You do get a little bit of maybe later additional labor productivity there.

Operator

Your next question comes from the line of Dennis Geiger with UBS.

Dennis Geiger*UBS Investment Bank, Research Division*

Kudos on the results. Just curious, you gave great color on the food cost and the COGS side of things and just spoke to deliver a bit there. Anything else though as it relates to restaurant margins over the balance of the year. Maybe how to think about OpEx over the coming quarters. I probably it's the only piece that you haven't touched on. So just curious maybe if any color there for the rest of '26.

Mike Lenihan

Chief Financial Officer

It's Michael. On restaurant margin, I do think under the assumption that we continue these positive trends on traffic that we have been seeing, and I think there's opportunity on the labor line as well as the other offline to continue to get leverage and that leverage could look fairly similar to what we saw in the first quarter. Again, the traffic trends, the pricing flow through will have a big impact on exactly what levels we do see. But those are the areas that are under our control and where our operators are doing a tremendous job of managing the sites.

So that would be the expectation as we can get some leverage on from a margin standpoint on those lines. And certainly, what's more important to us are the margin dollars and the dollars per store week and if these trends continue, we would absolutely expect that both of those on a dollar basis continue to grow year-over-year throughout the year.

Operator

Your next question comes from the line of Gregory Frankfurt with Guggenheim Securities.

Gregory Francfort

Guggenheim Securities, LLC, Research Division

Thanks for the question. Jerry, your off-prem business, I mean, it seems like it's accelerating as the base kind of grows. And anything you did specific this quarter to kind of add to that? And other strategies you're working on? And maybe any reason -- any level that can get to over time? Just curious how you're thinking about it.

Gerald Morgan

CEO & Executive Vice Chairman

Thanks for the question. I just think that we're continuing to execute at a high level. And the bottom line is, is that when people get home and they open up that food that they've got everything that they desired. And I think we worked really, really hard on not having any missing items and really making the experience.

But just the ease of getting on the app placing the order, we have revamped a little bit of the order guide and with the pictures of the food. And just some of that makes it a little easier to language. We continue to learn what makes the ordering process for to get easier through our own learnings and through our guest feedback, the pickup of the window in every restaurant being able to either get into a to-go window, and then our operators just really understanding how big of a part of the business that it is and really dedicating people to it.

And so I just feel like it's just absolutely grown because of the efforts that we've put in. We're not really doing anything additionally other than delivering on the promise of legendary food and legendary service through that hospitality and the ease of them being able to pick it up. I really believe those are the biggest drivers.

Operator

Your next question comes from the line of Brian Bittner with Oppenheimer & Company.

Brian Bittner

Oppenheimer & Co. Inc., Research Division

Last quarter, as it relates to the COGS inflation outlook, you said you expected 2Q to be the peak. And you actually said very high single digits for 2Q. So first of all, has that changed? Is it going to be better than that given the change to the inflation guide? And just for the full year, as you brought inflation to 6% to 7% from 7%. Is that all related to beef? Or is there anything else going on in the food basket that also helped drive the change in the outlook?

Mike Lenihan

Chief Financial Officer

Brian, it's Michael. Yes, our second quarter expectation for commodity inflation is still our highest expectation for the year, but we would say it's more of the 7% to 8% inflation range now for Q2. And it really is beef and has caused the change in our expectations that almost all, if not the lion's share of it.

Operator

Your next question comes from the line of John Ivankoe with JPMorgan.

John Ivankoe

JPMorgan Chase & Co, Research Division

So the question is on Bubba's new unit volumes and particularly in your newest class of new unit volumes. The volumes actually look and have looked quite strong. So -- what are you really learning, I guess, in terms of those new unit volumes, which actually are compressing more towards Roadhouse the unit volumes and the overall average unit volumes of the concept. So what are you learning of the new unit volumes at Bubba's and what, if anything, can you do to take those new unit volumes that actually grow from there as opposed to just kind of experience a honeymoon.

In other words, once you have the initial customers in the door, any specific plans or things that you can do in the future, do not just retain that customer base, but even grow because that's obviously where the unit in total economics would actually compress between the 2 concepts in a very nice way.

Gerald Morgan

CEO & Executive Vice Chairman

John, it's Jerry. Yes, I mean we're very excited about Bubba's and the brand recognition as we creep up to 60 units open, and we're getting to understand who we are. I think the big thing is, again, are we opening and operating through these high-volume openings and successfully doing so are we able to serve more people and make sure that more satisfied and taken care of. And then it's about getting settled in, running great shifts and then getting out into our -- a lot like Texas Roadhouse is we're getting out there and do local store marketing, really making sure that our community knows who we are, what kind of food that we serve, what is our vibe and our energy that's going on and how can we help them in their business by partnering with them from a marketing strategy.

So using that same basically game plan boots on the ground, shaking people's hands, getting to know the brand of Bubba's 33 and how can we partner up with them. But first and foremost, you got to deliver on the experience, greet them at the front door, get them sat, get them fed and appreciate that they came in and let them be sure that they're having a great experience inside the restaurant, watching some sports, drinking cold beer, having a little pizza, burger wings and just having some fun and then being appreciated for being there.

So that's kind of the formula of that the same that we've always used as an organization, provide great food, great service and hospitality and then be great partners in our community. So that's the approach, and it seems to be working pretty well.

Operator

And your next question comes from the line of Jim Sanderson with Northcoast Research.

James Sanderson

Northcoast Research Partners, LLC

I wanted to go back to your pricing. I think you were carrying about, you mentioned 3.6% pricing. How does that compare to peers in the steakhouse category. Just wondering how you line up and if you're satisfied with your value position relative to those peers?

Gerald Morgan

CEO & Executive Vice Chairman

Thank you. Jim, we believe very firmly in our conservative approach to how we look at pricing. Again, we go through the same exercise. We just implemented that pricing in April, it will run through October. But we'll start having conversations with our operators in August and make that decision in September and where we go from there. But I believe that we are a little lower than most of our state competition from that standpoint. And we try not to really focus too much on that.

We just try to make sure that we feel good about the pricing that we have to charge our consumer. And again, if you're paying more, are we doing a better job. I think that's ultimately what we focus on. I believe the consumer knows that we have to charge a little bit more because of beef and everything going on in the world.

But what they expect is at least the same service and hospitality, if not better or a little more energy focused or hustle to serve them when we're forced to do some of the things that we've had to do from a pricing standpoint, but our intention is always to be conservative.

Operator

And the next question comes from the line of Logan Reich with RBC.

Logan Reich*RBC Capital Markets, Research Division*

I wanted to go back to the [carryout] business. Is there any opportunity for you guys to ramp up the marketing for the carryout business given the kitchen is operating at a higher level. And then just curious how the margins compare on carryout versus in-store?

Gerald Morgan*CEO & Executive Vice Chairman*

I'll kick it off with a little bit on. We don't really market things. We believe that the brand markets itself in a lot of ways in the food. So I just think that we continue to execute, and again, a high demand allows us to give our guests the choice of -- coming in the dining room or if they're in a real hurry to be able to play in a meal at home by stopping by their local Texas Roadhouse or Bubba's 33 and taking that food to their dining room table and getting a great experience.

Michael Bailen*Head of Investor Relations*

Yes. Logan, on the second part of your question on the profitability, talk to go. So long as the dining room is full and continues to grow as it has been. The To-Go business is very beneficial to the margin dollars and is probably slightly beneficial to the overall restaurant margin percent of the business. I can allocate costs between the 2 businesses differently and make 1 look more or less profitable.

But at the end of the day, so long as we continue to grow the dining room, keep that busy and we're doing this incremental To-Go business I would expect you would see a little bit of benefit to the margin percent and the dollars benefit greatly.

Operator

Your next question comes from the line of Jacob Aiken-Phillips with Melius Research.

Jacob Aiken-Phillips*Melius Research LLC*

Got another beef question for you. I'm just curious like what would we have to see in order for you to decide that beef costs are structurally higher? Is it really just a matter of waiting until the herd rebuild a little bit, and then in that scenario, should we just expect like a similar pricing cadence based on other inflationary pressures until we get to a point where you could decide if it's structurally higher -- just [indiscernible] higher?

Michael Bailen

Head of Investor Relations

Jacob, it's Michael. I mean there certainly is always going to be a portion of that beef cycle that is structural. But we do believe it is a cycle that we will see relief over time, but we have to be patient there. And so the pricing that we have taken, which we've always said we tried for structural inflation. We use maybe labor is more of the guidepost for determining that level of pricing. But obviously, the pricing we take benefits to the COGS line and all the lines of the P&L.

So we'll be patient, and you are right, we'll see where things settle in, in the future and where beef prices land to help us determine, have we taken the appropriate amount of pricing where that COGS percent settles in over time. We've seen it come down in the past cycles, and that's what we would expect to occur here again.

Operator

[Operator Instructions]Your next question comes from the line of Brian Harbour with Morgan Stanley.

Brian Harbour

Morgan Stanley, Research Division

The good performance you had just on kind of labor hours. Is that sort of a retention thing? I guess like are your operators kind of doing anything differently in stores? Do you think you're seeing some benefits from the kitchen display system or anything else behind that, do you think?

Gerald Morgan

CEO & Executive Vice Chairman

I mean, Brian, I mean, I think our turnover, obviously, keeping people in the positions a lot longer. It's been very positive for us from that standpoint, which makes them more productive I do believe maybe that the technology things that we're doing in the kitchen that helped also by creating a common experience and allowing the cooks to really be able to look at the screen and know exactly what they have to do. So we believe there are several factors that could be helping us on that labor productivity side, and I appreciate the shout out on that.

Operator

Your next question comes from the line of Brian Vaccaro with Raymond James.

Brian Vaccaro

Raymond James & Associates, Inc., Research Division

Most of might have been asked, but maybe I'll ask -- Jerry, in your prepared remarks, you noted the tech investments positively impacting operations. And I know it's been a couple of years now in the works between different elements. But could you elaborate just on the benefits on any metrics you might share, whether it'd be kitchen output, speed of service, et cetera? And then I had just a quick bookkeeping question on comps.

Gerald Morgan

CEO & Executive Vice Chairman

Yes, Brian, I mean everything we've done, let's just -- the first thing to pay at the table it allows the guests to choose what to pay out. That was probably 4 or 5 years ago when we instituted that's been a big win for the consumer. Our operators love it. So that has worked out.

Our guest management upgrade is really about how we manage the dining room and getting people set quickly and efficiently in the right-sized table. So there are some things with that efficiency. The digital kitchen continues to really show us some things. We are able to track a little bit of our cook times and identify something that maybe we didn't do before or we had to do manually. But -- and it will -- I believe we'll continue to learn more from that technology based in the kitchen, and then we'll continue to look at these handhelds.

So there's there are a lot of things. Technology is designed to help enhance the guest experience and that's what we're seeing. And actually, the benefit is that it's enhancing our employee experience also by doing some of the math for our physicians. And so it's working. It's working really well from the guest experience and from our employee experience and helping our managers run their business more efficiently. So all of it together is definitely helpful.

Brian Vaccaro

Raymond James & Associates, Inc., Research Division

All right. That's helpful. And then just back to the comps, Michael, can you just level set kind of what the weather impact you estimate in the quarter was? And any calendar shift, I think New Year's Eve early in the quarter? And then were there any Easter spring break shift to be mindful of as we think about March versus April.

Michael Bailen

Head of Investor Relations

Brian, so for the first quarter, the New Year's eve shift had about a 60 basis point benefit to the quarter. That was offset by weather, and there were 2 components of the weather. There was the negative from the weather in January of this year that had about a 1.4% negative impact on the quarter, but that was offset, and I think a lot don't call this out, but lapping weather from last year, probably it was about a 60 basis point benefit to us.

So weather was about an 80 basis point negative, while the holiday was a 60 basis point positive for an overall 20 basis point negative impact to the quarter. So that 7.1% maybe would have been closer to 7.3%, if not for that noise. Nothing to call out as far as Easter or any other either in the first quarter -- or sorry, to date in the second quarter. I think everything looks good there.

Operator

Thank you. There are no further questions at this time. Mr. Morgan, I turn the call back over to you for closing remarks.

Gerald Morgan

CEO & Executive Vice Chairman

Thanks, Amy. And just a reminder, Sunday is Mother's Day, so Happy Mother's Day to all of you out there and [indiscernible]. If your plans include your favorite steakhouse, it might be good to use our digital wait list as we're usually very busy. Thank you all, and have a great evening. Let's kick it up. Roadhouse.

Operator

That concludes today's conference call. You may now disconnect.

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