



RCI HOSPITALITY HOLDINGS INC

The Innovator in Bar-Restaurant-Entertainment Themed Hospitality

NASDAQ: RICK
1Q19 Sales Conference Call
January 10, 2019
www.rcihospitality.com

Forward-Looking Statements

Certain statements contained in this presentation regarding RCI Hospitality future operating results or performance or business plans or prospects and any other statements not constituting historical fact are "forward-looking statements" subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. Where applicable, words such as "anticipate," "approximate," "believe," "estimated," "expect," "goal," "intent," "outlook," "planned," "potential," "will," "would," and similar expressions, as they relate to the company or its management, have been used to identify such forward-looking statements.

All forward-looking statements reflect only current beliefs and assumptions with respect to future business plans, prospects, decisions and results, and are based on information currently available to the company.

Accordingly, the statements are subject to significant risks, uncertainties and contingencies, which could cause the company's actual operating results, performance or business plans or prospects to differ materially from those expressed in, or implied by, these statements.

Such risks, uncertainties and contingencies include, but are not limited to, risks and uncertainties associated with our future operational and financial results, operating and managing adult businesses, competitive factors, conditions relevant to real estate transactions, cybersecurity, the timing of the openings of other clubs, the availability of acceptable financing to fund corporate expansion efforts, our dependence on key personnel, the ability to manage operations and the future operational strength of management, and the laws governing the operation of adult entertainment businesses.

Additional factors that could cause the company's results to differ materially from those described in the forward-looking statements are described in forms filed with the SEC from time to time and available at www.rcihospitality.com or on the SEC's internet website at www.sec.gov.

Unless required by law, RCI Hospitality does not undertake any obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

Today's News

1Q19 Sales

- Total Club and Restaurant Sales: \$43.4M – Up 6.5% YoY
- Record quarter
- FY19 off to good start

Highlights

- Nightclubs: Solid same-store sales in seasonally strongest quarter
- Bombshells: While down YoY, same-store sales % change up sequentially from 4Q18
- Club acquisitions and new restaurants performing well

FY19 Outlook

- Continue to target FY19 FCF of \$26M* – Up 13% vs. original FY18 target

Share Buybacks

- BOD increased authorization by \$10M
- Total available authorization \$12.7M as of 1/3/19

Today's Call

- Discuss 1Q19 sales
- Answer any other questions

Nightclubs

(\$ in millions)	1Q19	1Q18	Δ
Same-Store Sales	\$35.331	\$33.867	4.3%
New Store Sales	\$1.901		
Now Open / Was Closed	\$0.159		
Closed Store Sales		\$1.063	
Total*	\$37.392	\$34.930	7.0%
Units at quarter end	39	40	

Same-Store Sales

- Up 4.3% or \$1.5M YoY, more than offsetting closed clubs (Club Onyx Philadelphia and Dallas, XTC Houston North)
- YoY % change consistent through 1Q19
- Minneapolis clubs did well despite tough comps (Vikings returned downtown to new football stadium in 1Q18)

New Store Sales

- 8 weeks of Blush in Pittsburgh, acquired November 6, 2018
- 8 weeks of VIP's Chicago, acquired November 2, 2018
- Full quarter of Kappa Men's Club in Kappa, IL, acquired May 2018

Now Open / Was Closed

- Full quarter of small Texas club reopened in 2Q18 after being closed in 1Q18 due to Hurricane Harvey

Bombshells

(\$ in millions)	1Q19	1Q18	Δ
Same-Store Sales	\$4.633	\$5.828	-20.5%
New Store Sales	\$1.380		
Total	\$6.013	\$5.828	3.2%
Units at quarter end	7	5	

Same-Store Sales

- Tough YoY comps due in part to extra business generated in October 2017 (Houston Astros in pro baseball championship)
- YoY improvement from preceding quarter (-21.3%) with December achieving the best performance in the last 6 months
- Big improvement at Bombshells Fuqua from preceding quarter

New Store Sales

- Full quarter of Bombshells Pearland, which opened April 2018
- Pearland running at more than \$4M annual rate to date
- 12 days of Bombshells I-10, which opened December 19, 2018

New Houston Area Bombshells Continue on Schedule*

- US 249 in Tomball (north of the city) February 2019; Katy (west of the city) April-May 2019; and US 59 (southwest Houston) May-June 2019

Capital Allocation Strategy

Key Metric

- Free cash flow (FCF) after-tax yield relative to our market cap

Buy/Open New Units If...

- We can achieve target cash on cash return of at least 25-33% or
- There is a strategic rationale

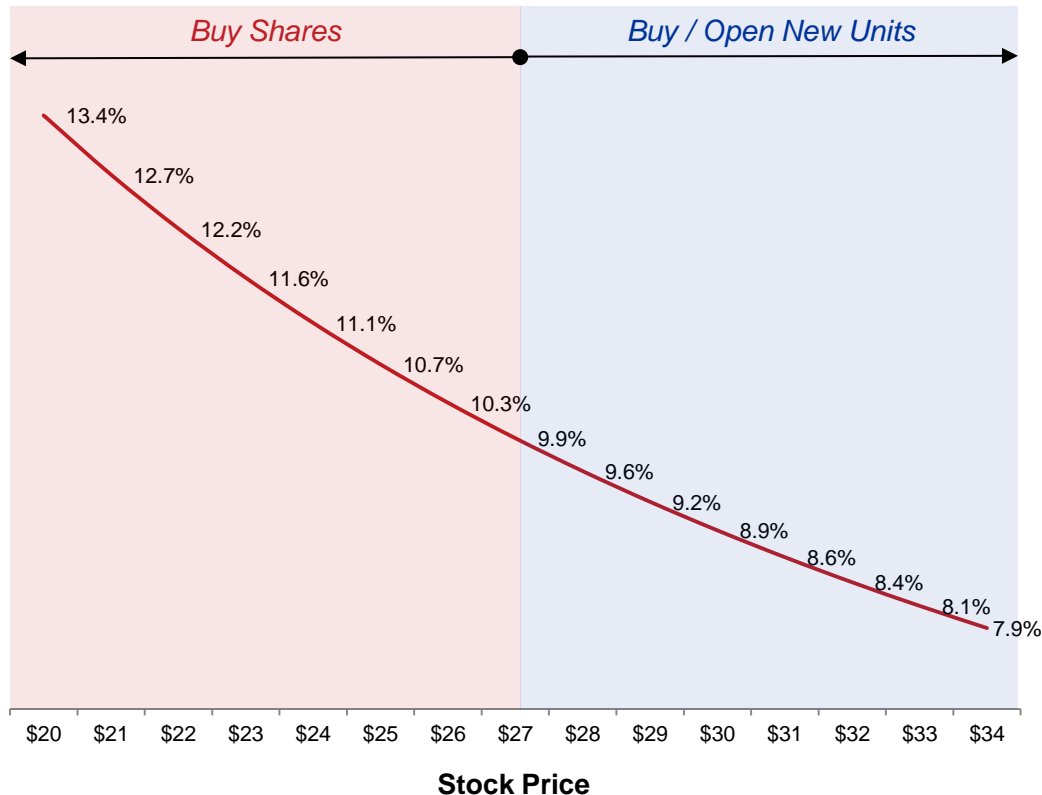
Buy Back Shares If FCF Yield...

- Nears double-digit range
- Exceeds yield of accelerated payment of our highest interest debt (currently a 9.24% after tax yield)

Current Status

- Initial FY19 FCF target of \$26.0M, up 13% from initial FY18 target
- \$27 share is the point between buying/opening units and buying shares

FCF Yield on Stock Price @ FCF of \$26M*



Financial Goals

Objective

- FCF: Compound annual growth of 10-15% per share

STRATEGIES

1. Capital Allocation

- Use capital to buy back shares

2. Clubs

- Acquire more great clubs in the right markets

3. Bombshells

- Review progress after opening remaining three in development



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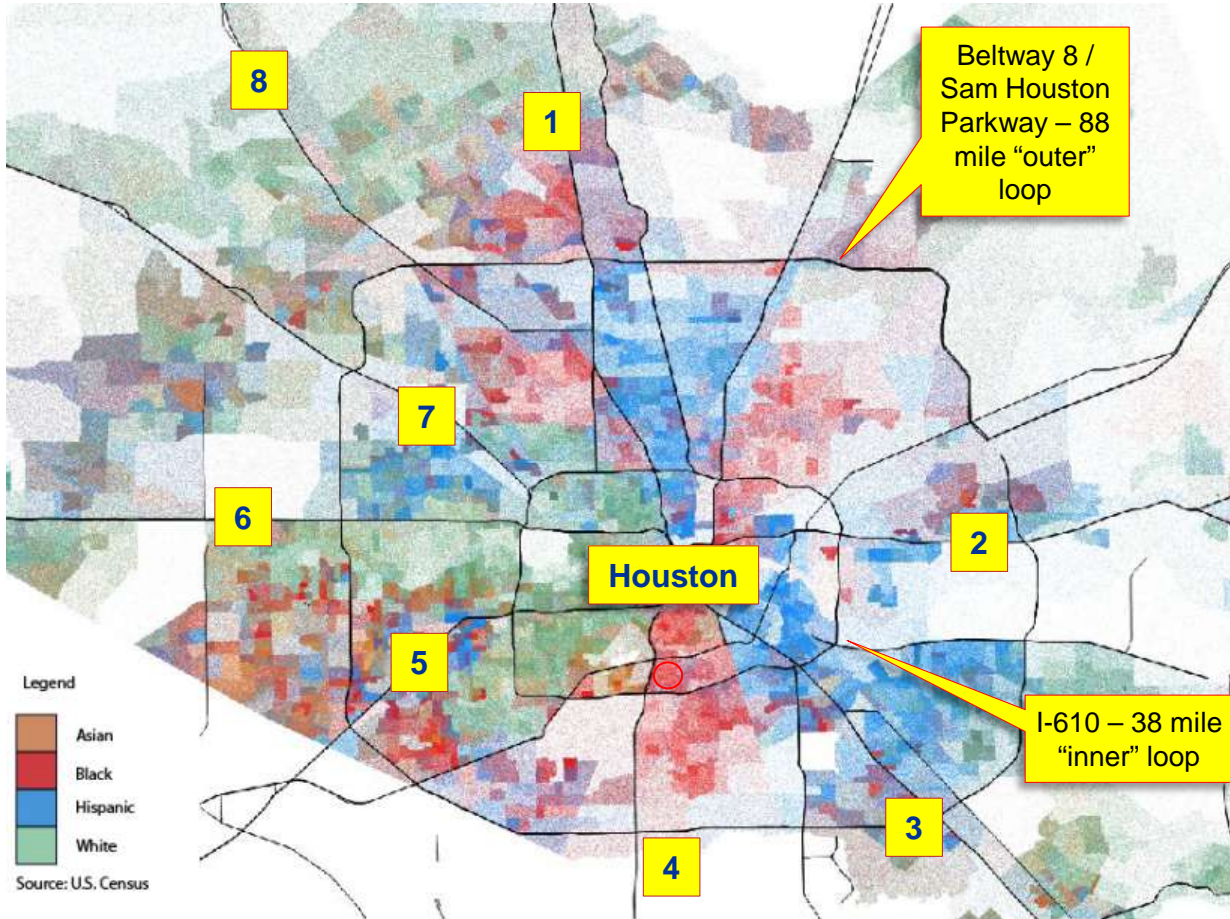
Nightclub Locations

Brand	City	State	Year*
Blush Gentlemen's Club	Pittsburgh	PA	2018
Cabaret East	Fort Worth	TX	2010
Downtown Cabaret	Minneapolis	MN	2011
Foxy's Cabaret	Austin	TX	2015
Hoops Cabaret	New York City	NY	2016
Kappa Men's Club	Kappa	IL	2018
Silver City Cabaret	Dallas	TX	2012
The Seville	Minneapolis	MN	2015
Tootsie's Cabaret	Miami	FL	2008
Vivid Cabaret	New York City	NY	2014
Club Onyx	Charlotte	NC	2006
Club Onyx	Houston	TX	1995
Jaguars Club	Abilene	TX	2012
Jaguars Club	Edinburg	TX	2012
Jaguars Club	El Paso	TX	2012
Jaguars Club	Harlingen	TX	2012
Jaguars Club	Longview	TX	2012
Jaguars Club	Lubbock	TX	2012
Jaguars Club	Odessa	TX	2012
Jaguars Club	Phoenix	AZ	2012

Brand	City	State	Year*
Rick's Cabaret	Austin	TX	2009
Rick's Cabaret	Chicago	IL	2018
Rick's Cabaret	Dallas	TX	2011
Rick's Cabaret	Fort Worth	TX	2007
Rick's Cabaret	Minneapolis	MN	1998
Rick's Cabaret	New York City	NY	2005
Rick's Cabaret	Odessa	TX	2014
Rick's Cabaret	San Antonio	TX	2006
Scarlett's Cabaret Miami	Hallandale Beach	FL	2017
Scarlett's Cabaret St. Louis	Washington Park	IL	2017
Temptations	Beaumont	TX	2013
Temptations	Fort Worth	TX	2011
Temptations	Sulphur	LA	2013
XTC Cabaret	Austin	TX	1998
XTC Cabaret	Dallas	TX	2008
XTC Cabaret	Houston	TX	2006
XTC Cabaret	San Antonio	TX	1998
Studio80 (dance club)	Fort Worth	TX	2013
Studio80 (dance club)	Webster	TX	2017

Bombshells Existing & New Houston Units

Locations in Completely Different Residential-Commercial Parts of the City



X-way driving clockwise to next location

Key	Location	Open	Miles	Mins
1	Spring	Sep-14	34	38
2	I-10 East	Dec-18	25	17
3	Fuqua	Nov-14	25	20
4	Pearland	Apr-18	23	18
5	US 59	May-June-19	15	10
6	Katy	April-May-19	10	10
7	US 290	Jun-17	28	22
8	US 249	Feb-19	23	18
Total			183	153
Average			23	19

Houston: The Place to Be for Dining Out

- Since 2000, no US major metro region except Dallas-Fort Worth has created more jobs and attracted more people than Houston¹
- With 2.3M residents, Houston is 4th most populous US city and largest in Texas and the South²
- Covering 627 square miles, Houston is larger than LA (502), NYC (302) and Chicago (234)³
- Houstonians dine out 7 times/week vs. 5.9 for US (Zagat 2018 Survey)⁴

Bombshells outside of Houston

- Dallas, opened March 2013
- Austin, opened June 2014

1. <https://www.forbes.com/sites/joelkotkin/2017/02/03/all-houston-does-economically-is-win/#5522a9d63647>
 2. <https://theculturetrip.com/north-america/usa/texas/articles/10-unique-facts-about-houston-you-didnt-know/>
 3. Google
 4. <https://www.houstonpublicmedia.org/articles/news/2018/01/09/260570/houston-leads-nation-in-dining-out/>

Quarterly Roll

	2Q18 (3/31/18)	3Q18 (6/30/18)	4Q18 (9/30/18)	1Q19 (12/31/18)
Full Quarter New Unit Benefit	<ul style="list-style-type: none"> Scarlett's Miami Scarlett's St. Louis Bombshells 5 (290) 	<ul style="list-style-type: none"> Bombshells 5 (290) Bombshells 6 (Pearland) Opens 	<ul style="list-style-type: none"> Bombshells 6 (Pearland) Kappa Men's Club 	<ul style="list-style-type: none"> Bombshells 6 (Pearland) Kappa Men's Club
Partial Quarter New Unit Benefit		<ul style="list-style-type: none"> Kappa Men's Club 		<ul style="list-style-type: none"> VIP's Chicago Blush Pittsburgh Bombshells 7 (I-10)
Events	<ul style="list-style-type: none"> Minneapolis hosts pro football championship NYC and Charlotte host college basketball tournaments 	<ul style="list-style-type: none"> Bombshells benefits from Houston Rockets in playoffs 		
Year Ago Events	<ul style="list-style-type: none"> Houston hosts pro football championship (primarily benefitted one club) 	<ul style="list-style-type: none"> Acquisition of Scarlett's Miami and Scarlett's St. Louis predecessor 	<ul style="list-style-type: none"> Bombshells 5 (290) opens Bombshells one of the first restaurant chains to open after Hurricane Harvey hits Houston 	<ul style="list-style-type: none"> Bombshells benefits from Houston Astros winning pro baseball championship Minneapolis clubs benefit from return of Vikings downtown to new stadium

Preliminary Calendar

Date	Event	<i>Subject to change</i>
January 29, 2019	Vivid Cabaret New York 5 th Anniversary	
February 11, 2019	1Q19 Financial Results	
March 28, 2019	Sidoti & Company Spring Investor Conference in New York City	
April 9, 2019	2Q19 Club & Restaurant Sales	
May 9, 2019	2Q19 & 6M19 Financial Results	
June 25, 2019	5 th Anniversary of Bombshells Austin followed by the Spring and Fuqua Locations	
July 9, 2019	3Q19 Club & Restaurant Sales	
August 12, 2019	3Q19 & 9M19 Financial Results	
August 11-14, 2019	Annual Gentlemen's Club Expo in Las Vegas	
August 2019 (TBA)	Annual Meeting at Corporate Headquarters in Houston	
October 8, 2019	4Q19 Club & Restaurant Sales	
December 3-4, 2019	LD Micro Investor Conference in Los Angeles	
December 16, 2019	4Q19 & FY19 Financial Results	

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