

Nathan's Famous, Inc. Reports Second Quarter Results

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Nathan's Famous, Inc. (NASDAQ:NATH) reported results for its second quarter ended September 25, 2005 of its 2006 fiscal year.

Net income for the twenty-six weeks ended September 25, 2005 was \$4,277,000 or \$0.77 per basic share and \$0.66 per diluted share as compared to \$2,040,000 or \$0.39 per basic share and \$0.34 per diluted share for the twenty-six weeks ended September 26, 2004. Net income for the 2006 fiscal period includes the gain realized from the sale of real estate that occurred this quarter.

Earnings from continuing operations increased by 24.7% to \$2,561,000 or \$0.46 per basic share and \$0.39 per diluted share for the twenty-six weeks ended September 25, 2005 as compared to \$2,054,000 or \$0.39 per basic share and \$0.34 per diluted share for the twenty-six weeks ended September 26, 2004. Total revenue from continuing operations increased by 20.0% to \$23,007,000 during the twenty-six weeks ended September 25, 2005 as compared to \$19,173,000 during the twenty-six weeks ended September 26, 2004.

Net income for the thirteen weeks ended September 25, 2005 was \$3,108,000 or \$0.56 per basic share and \$0.48 per diluted share as compared to \$1,090,000 or \$0.21 per basic share and \$0.18 per diluted share for the thirteen weeks ended September 26, 2004.

Earnings from continuing operations increased by 25.8% to \$1,386,000 or \$0.25 per basic share and \$0.21 per diluted share for the thirteen weeks ended September 25, 2005 as compared to \$1,102,000 or \$0.21 per basic share and \$0.18 per diluted share for the thirteen weeks ended September 26, 2004. Total revenue from continuing operations increased by 17.6% to \$11,652,000 during the thirteen weeks ended September 25, 2005 as compared to \$9,908,000 during the thirteen weeks ended September 26, 2004.

Wayne Norbitz, President and Chief Operating Officer said, "Management is proud to note that quarterly profits from continuing operations have exceeded profits achieved during the same period of the prior year for the tenth consecutive quarter."

The Company also reported the following:

- œ The sale of a previously owned vacant parcel of land was completed during the twenty-six weeks ended September 25, 2005 whereby Nathan's realized a profit after tax of \$1,724,000 or \$0.31 and \$0.27 per basic and diluted share, respectively.
- œ The Branded Product Program, featuring the sale of Nathan's hot dogs to the foodservice industry, has continued its growth. Sales increased by 58.7% to \$8,563,000 during the twenty-six weeks ended September 25, 2005 as compared to sales of \$5,396,000 during the twenty-six weeks ended September 26, 2004.
- œ License royalties increased by 9.2% or \$167,000 to \$1,990,000 primarily from increased retail sales of Nathan's hot dogs by our existing licensee and from new product license agreements that commenced operations over the last year during the twenty-six weeks ended September 25, 2005 as compared to the twenty-six weeks ended September 26, 2004.
- œ Nathan's retained its rankings as the number one retail selling "premium" all beef hot dog and the third highest retail selling all beef hot dog in the United States for the fifty-two weeks ended October 8, 2005.
- œ Franchise revenues increased by 4.5% or \$151,000 to \$3,486,000 partly due to a sales increase of 2.7% from our comparable domestic franchised restaurants during the twenty-six weeks ended September 25, 2005 as compared to the twenty-six weeks ended September 26, 2004.
- œ Sixteen new franchised units were opened, including three units in Japan, two units in the United Arab Emirates, one unit in Kuwait and our first unit in the Dominican Republic during the twenty-six weeks ended September 25, 2005.
- œ Sales and profits from the six comparable company-owned restaurants operating at September 25, 2005, increased approximately \$278,000 or 3.9% and \$195,000 or 14.6%, respectively, over the prior fiscal period.

At September 25, 2005, Nathan's products were distributed in 48 states, the District of Columbia and 14 foreign countries through its restaurant system, Branded Product Program and retail licensing activities. At September 25, 2005, Nathan's restaurant system consisted of 361 franchised or licensed units and six company-owned units (including one seasonal unit) featuring the Nathan's, Miami Subs and Kenny Rogers Roasters brands.

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