

Nathan's Famous, Inc. Reports Third Quarter Results

2006-02-06

Net income for the thirty-nine weeks ended December 25, 2005 was \$5,047,000 or \$0.91 per basic share and \$0.77 per diluted share as compared to \$2,516,000 or \$0.48 per basic share and \$0.42 per diluted share for the thirty-nine weeks ended December 26, 2004.

Net income for the 2006 fiscal period includes the gain realized from the sale of real estate that occurred during the second quarter.

Earnings from continuing operations increased by 31.5% to \$3,331,000 or \$0.60 per basic share and \$0.51 per diluted share for the thirty-nine weeks ended December 25, 2005 as compared to \$2,533,000 or \$0.48 per basic share and \$0.42 per diluted share for the thirty-nine weeks ended December 26, 2004. Total revenue from continuing operations increased by 22.8% to \$32,512,000 during the thirty-nine weeks ended December 25, 2005 as compared to \$26,478,000 during the thirty-nine weeks ended December 26, 2004.

Net income for the thirteen weeks ended December 25, 2005 was \$770,000 or \$0.14 per basic share and \$0.12 per diluted share as compared to \$476,000 or \$0.09 per basic share and \$0.08 per diluted share for the thirteen weeks ended December 26, 2004.

Earnings from continuing operations increased by 60.8% to \$770,000 or \$0.14 per basic share and \$0.12 per diluted share for the thirteen weeks ended December 25, 2005 as compared to \$479,000 or \$0.09 per basic share and \$0.08 per diluted share for the thirteen weeks ended December 26, 2004. Total revenue from continuing operations increased by 30.1% to \$9,505,000 during the thirteen weeks ended December 25, 2005 as compared to \$7,305,000 during the thirteen weeks ended December 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 eleventh consecutive quarter."

The Company also reported the following:

- The sale of a previously-owned vacant parcel of land whereby Nathan's realized a profit after tax of \$1,724,000 or \$0.31 and \$0.26 per basic and diluted share, respectively during the thirty-nine weeks ended December 25, 2005.
- The Branded Product Program, featuring the sale of Nathan's hot dogs to the foodservice industry, has continued its growth. Sales increased by 61.6% to \$12,832,000 during the thirty-nine weeks ended December 25, 2005 as compared to sales of \$7,939,000 during the thirty-nine weeks ended December 26, 2004.
- License royalties increased by 6.2% or \$156,000 to \$2,663,000 during the thirty-nine weeks ended December 25, 2005 as compared to the thirty-nine weeks ended December 26, 2004 primarily from increased retail sales of Nathan's hot dogs by our existing licensee and from new product license agreements that commenced operations.
- 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.
- Twenty-four new franchised units were opened during the thirty-nine weeks ended December 25, 2005, including five units in Kuwait, three units in Japan, two units in the United Arab Emirates and our first unit in the Dominican Republic.
- Sales and profits from the six comparable company-owned restaurants operating at December 25, 2005 increased approximately \$277,000 or 3.0% and \$186,000 or 15.4%, respectively, over the prior fiscal period.

At December 25, 2005, Nathan's products were distributed in 48 states, and the District of Columbia through its domestic restaurant system, Branded Product Program and retail licensing activities. At December 25, 2005, Nathan's restaurant system consisted of 365 franchised or licensed units within 12 foreign countries and six company-owned units (including one seasonal unit) featuring the Nathan's, Miami Subs and Kenny Rogers Roasters brands.

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