

Back Yard Burgers Reports First Quarter Financial Results

2006-05-01

A record first quarter for the Company and an increase of approximately 10.0%

Back Yard Burgers, Inc. (Nasdaq:BYBI) announced results for the first quarter of 2006.

-- Total revenues for the 13-week period ended April 1, 2006, were \$10,641,000, a record first quarter for the Company and an increase of approximately 10.0% over total revenues for the 13-week period ended April 2, 2005. The higher revenues resulted primarily from a \$724,000 increase in Company-operated restaurant sales and a \$204,000 increase in royalty fees over the year-earlier period primarily due to a net increase of 17 franchised restaurants since April 2, 2005.

-- The Company reported a net income of \$217,000, or \$0.04 per diluted share, for the first quarter of 2006 compared with net loss of \$163,000, or \$0.03 per diluted share, for the first quarter of 2005. Net income for the first quarter of 2006 includes a gain of approximately \$106,000 (net of tax expense of \$56,000) on the sale of assets. During the first quarter of 2006, the Company also adopted SFAS 123 (Revised), "Share-Based Payment," a revision of SFAS 123, "Accounting for Stock-Based Compensation." SFAS 123R requires the fair value measurement of all stock-based payments to employees, including grants of employee stock options, and recognition of those expenses in the statement of operations. As a result, the Company recorded a non-cash charge of \$27,000 (net of a tax benefit of \$6,000) during the first quarter of 2006. There was no comparable expense recorded during the first quarter of 2005.

The net loss for the first quarter of 2005 includes a non-cash charge of approximately \$358,000 (net of a tax benefit of \$153,000) relating to the extension of the exercise date of certain stock options.

-- During the first quarter of 2006, same-store sales for Company-operated restaurants increased 3.0% from the comparable period in 2005 and same-store sales for franchised restaurants increased 2.3% for the same period. Same-store sales for both Company-operated and franchised restaurants were positively affected by approximately 0.5% due to the fact that Easter Sunday occurred during the first quarter of 2005 and during the second quarter of 2006. Historically, sales at the Company's restaurants and franchises are lower on Easter Sunday.

-- Unit activity for the quarter included the opening of five franchised stores and the closing of one company-operated store and three franchised stores.

As of April 1, 2006, the Company's restaurant system comprised 172 units, including 42 Company-operated stores and 130 franchised stores. Expansion plans for the remainder of 2006 include the opening of two Company-operated stores and 20 franchised stores.

Back Yard Burgers operates and franchises quick-service restaurants in 20 states, primarily in markets throughout the Southeast region of the United States. The restaurants specialize in charbroiled, freshly prepared, great-tasting food. As its name implies, Back Yard Burgers strives to offer the same high-quality ingredients and special care typified by outdoor grilling in the backyard. Its menu features made-to-order gourmet Black Angus hamburgers and chicken sandwiches - charbroiled over an open flame, fresh salads, chili and other specialty items, including hand-dipped milkshakes, fresh-made lemonade and fresh-baked cobblers.

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