

EPL Intermediate, Inc. Announces Results for the 13 Weeks and 39 Weeks Ended September 27, 2006

2006-11-09

El Pollo Loco reported operating revenues for the 13 weeks ended September 30, 2006 of \$66.3 million, which is an increase of \$4.7 million, or 7.7%, over operating revenues for the 13 weeks ended September 30, 2005 of \$61.6 million.

Operating revenues include both sales at company-operated stores and franchise revenues. Same store sales for the system, which includes sales from both company-operated and franchised stores, increased 3.8% in the third quarter of fiscal 2006; company-operated restaurant same store sales increased 2.1% and franchise restaurant same store sales increased 5.2%. For company-operated restaurants, the components of the same store sales increase are an increase in transactions of 0.2%, an increase in average check of 0.1%, and an increase in price of 1.8%.

The most significant changes in our company restaurant's operating margins were as follows:

œ Product costs decreased 0.9% as a percentage of restaurant revenue to 31.0% in the third quarter of 2006 from 31.9% in the prior year third quarter. This resulted primarily from the chicken meal restructuring in May 2005 and the menu price increases taken in January and March of 2006. This decrease was partially offset by chicken prices increasing as our new chicken contracts took effect in March 2005.

œ Restaurant other operating expenses, which includes utilities, repair and maintenance, advertising, property taxes, occupancy and other operating expenses, increased as a percentage of restaurant revenue 3.2% to 21.6% for the 2006 period from 18.4% for the 2005 period. The increase in operating costs is due primarily to an increase in occupancy expense of \$0.9 million, which is partially attributed to the revaluation of our leases that was completed with the sale of the company. The increase is also due to higher utilities of \$0.3 million and higher repair and maintenance costs of \$0.3 million. Advertising expense was also \$0.8 million higher in the 2006 period. Our advertising spending in the third quarter of 2006 was 4.2% of sales which was over the planned annual rate of 4%, compared to the third quarter of 2005 which was 3.2% of sales, and each quarter may be above or below this planned annual rate, depending on the timing of marketing promotion and the relative weights and price of media spending.

Operating income for the third quarter of fiscal 2006 was \$9.1 million, an increase of \$0.8 million, or 9.1%, from the third quarter of 2005 operating income of \$8.3 million.

Interest expense for the third quarter of fiscal 2006 was \$7.2 million, an increase of \$2.5 million, or 52.6%, from the third quarter of 2005 interest expense of \$4.7 million due to higher levels of debt incurred in conjunction with the November 2005 acquisition of the Company by affiliates of Trimaran Capital Partners.

Our provision for income taxes consisted of income tax expense of \$1.3 million for the 13 weeks ended September 30, 2006, a decrease of \$0.2 million from \$1.5 million for the 13 weeks ended September 30, 2005.

As a result of the above, net income for the third quarter of fiscal 2006 was \$0.5 million, which was a decrease of \$1.6 million, or 74.7%, from the third quarter 2005 net income of \$2.1 million.

EBITDA for the third quarter of fiscal 2006 was \$11.7 million, a decrease of \$0.3 million, or 2.4%, from third quarter 2005 EBITDA of \$12.0 million. EBITDA represents net income before interest, taxes, depreciation and amortization. EBITDA and its uses and limitations are discussed further under 'Non-GAAP Financial Measures,' below.

Operating revenues for the 39-week period ended September 30, 2006 were \$195.3 million, which was an increase of \$17.9 million, or 10.1%, over operating revenues for the 39 weeks ended September 30, 2005 of \$177.4 million. Same store sales for the system increased 6.3% for the 39 weeks ended September 30, 2006; company-operated restaurant same store sales increased 4.5% and franchise restaurant same store sales increased 7.8%. For company-operated restaurants, the components of the same store sales increase are an increase in transactions of 3.7%, a decrease in average check of 1.5%, an increase in price of 1.8%, and an increase attributed to the chicken meal restructuring of our menu of 0.4%.

Operating income for the 39 weeks ended September 30, 2006 was \$25.3 million, which was an increase of \$5.1 million, or 25.4% over operating income of \$20.2 million for the 39 weeks ended September 30, 2005.

Interest expense for the 39 weeks ended September 30, 2006 was \$21.4 million, which was an increase of \$7.2 million, or 50.6% over interest expense of \$14.2 million for the 39 weeks ended September 30, 2005 due to higher levels of debt incurred in conjunction with the November 2005 acquisition of the Company by affiliates of Trimaran Capital Partners.

Our provision for income taxes consisted of income tax expense of \$2.1 million for the 39 weeks ended September 30, 2006, a decrease of \$0.2 million from \$2.3 million for the 39 weeks ended September 30, 2005.

Net income for the 39 weeks ended September 30, 2006 was \$1.8 million, a decrease of \$1.9 million, or 51.2%, from net income for the 39 weeks ended September 30, 2005 of \$3.7 million.

EBITDA for the 39 weeks ended September 30, 2006 was \$32.8 million, an increase of \$1.9 million, or 6.1%, over EBITDA of \$30.9 million for the 39 weeks ended September 30, 2005.

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