

## Triarc Reports Full Year and Fourth Quarter 2006 Results

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Triarc Companies, Inc. (NYSE: TRY; TRY.B) announced today the results of operations for its fiscal year and fourth quarter ended December 31, 2006.

### **Consolidated Highlights**

œ Consolidated revenues increased to \$1,243.3 million in the 2006 fiscal year (\$332.0 million in the 2006 fourth quarter) from \$727.3 million in the 2005 fiscal year (\$305.6 million in the 2005 fourth quarter), primarily reflecting the full-period effect of the July 2005 acquisition of RTM Restaurant Group ('RTM'), the owner of 775 Arby's(R) restaurants as of the date of the acquisition, as well as the impact of net additional stores and continued positive systemwide same-store sales, which were up 3% in the 2006 fiscal year (1% in the 2006 fourth quarter).

œ Consolidated revenues were also positively impacted by increases in the asset management and related fees of Deerfield & Company LLC ('Deerfield'). Deerfield's revenues increased to \$88.0 million in the 2006 fiscal year (\$39.6 million in the 2006 fourth quarter) from \$65.3 million in the 2005 fiscal year (\$27.4 million in the 2005 fourth quarter). This increase principally reflects asset management and incentive fees from increased assets under management, including new investment vehicles, and improved performance in the 2006 periods.

œ Partially offsetting the above increases was the effect of \$16.3 million of royalties and franchise fees paid by RTM to Arby's, LLC included in consolidated revenues for the 2005 periods prior to the acquisition date but eliminated in consolidation for the 2006 periods. Aside from the effect of the RTM acquisition, royalties and franchise and related fees increased \$7.1 million principally due to same store sales increases of 5% and royalties from the 94 stores opened in 2006.

œ Consolidated operating profit (loss) increased to profit of \$44.0 million in the 2006 fiscal year (\$18.7 million in the 2006 fourth quarter), compared with a loss of \$(32.1) million in the 2005 fiscal year (\$(24.1) million in the 2005 fourth quarter). These changes primarily reflect the effects of the revenue improvements discussed above as well as a decrease in the loss on the settlement of unfavorable franchise rights (i.e., the acquisition from franchisees of restaurants with franchise agreements that provided for a less than 4% royalty rate), as further described below. Partially offsetting these factors were the effects of higher costs of sales and higher general and administrative expenses, which included RTM integration costs and share-based compensation costs.

œ Consolidated earnings before interest, taxes, depreciation and amortization ('EBITDA') (which we define as operating profit plus depreciation and amortization, other than amortization of deferred financing costs) increased to \$110.2 million in the 2006 fiscal year (\$40.6 million in the 2006 fourth quarter), compared with \$4.6 million in the 2005 fiscal year (loss of \$(8.5) million in the 2005 fourth quarter), primarily reflecting the positive effects of the RTM acquisition and a decrease in the loss on the settlements of unfavorable franchise rights. The attached table provides the calculation of EBITDA and a reconciliation of EBITDA to our consolidated net income (loss).

œ Consolidated net loss was \$(11.3) million, or \$(0.13) per diluted Class A and Class B share in the 2006 fiscal year (net loss of \$(2.1) million in the 2006 fourth quarter or \$(0.02) per diluted Class A and Class B share), compared with \$(55.6) million, or \$(0.79) per diluted Class A and Class B share in the 2005 fiscal year (net loss of \$(16.2) million, or \$(0.21) per diluted Class A and Class B share in the 2005 fourth quarter) reflecting the increase in operating profit discussed above and in investment income, as discussed below, offset by an increase in interest expense also as discussed below.

œ Share-based compensation expense was \$15.9 million in the 2006 fiscal year (\$5.1 million in the 2006 fourth quarter) compared with \$30.2 million in the 2005 fiscal year (\$24.7 million in the 2005 fourth quarter). The 2006 amounts reflect our adoption of Statement of Financial Accounting Standards No.123(R) at the beginning of fiscal 2006. The 2005 amounts reflect a \$16.4 million provision for the intrinsic value of stock options exercised in December 2005 by certain of our executive officers that were replaced by us on the date of exercise for our own tax planning reasons.

œ Consolidated depreciation and amortization was \$66.2 million in the 2006 fiscal year (\$21.9 million in the 2006 fourth quarter) versus \$36.7 million in the 2005 fiscal year (\$15.6 million in the 2005 fourth quarter). This increase principally reflects the additional depreciation and amortization related to the restaurants acquired in the RTM acquisition and a \$3.7 million increase in the 2006 fiscal year (\$1.9 million in the 2006 fourth quarter) of asset impairment charges related to underperforming restaurants and early termination of certain asset management contracts for collateralized debt obligations ('CDOs').

œ In the 2006 fiscal year, we recognized facilities relocation and corporate restructuring charges of \$3.3 million (reversal of \$(0.5) million in the 2006 fourth quarter) compared with \$13.5 million in the 2005 fiscal year (\$6.9 million in the 2005 fourth quarter). The 2005 charges related primarily to the combination of our restaurant operations with those of RTM following the RTM acquisition. The 2006 charges principally related to our decision not to move our corporate offices to a leased facility in Rye Brook, New York.

œ In the 2006 fiscal year, we recognized a loss on the settlement of unfavorable franchise rights of \$0.9 million (\$0.2 million in the 2006 fourth quarter) compared with \$17.2 million in the 2005 fiscal year (\$0.2 million in the 2005 fourth quarter). These charges were recognized in accordance with certain generally accepted accounting principles that require that any preexisting business relationship between the parties to a business combination be evaluated and accounted for separately.

Under this accounting guidance, the franchise agreements held by sellers such as RTM with royalty rates that were below the current 4% royalty rate that Arby's receives on new franchise agreements were required to be valued and recognized as an expense and excluded from the purchase price paid for RTM in 2005 and other restaurant acquisitions in 2006.

œ Consolidated interest expense was \$114.1 million in the 2006 fiscal year (\$14.0 million in the 2006 fourth quarter), compared with \$68.8 million in the 2005 fiscal year (\$24.0 million in the 2005 fourth quarter). The 2006 fiscal year increases principally reflect an increase of \$33.6 million resulting from the activity of the Deerfield Opportunities Fund (the 'Opportunities Fund'), a multi-strategy hedge fund managed by Deerfield in which the Company had an investment and which employed leverage in its investment strategies, an \$11.2 million increase due to higher average debt balances of the restaurant business following a refinancing in connection with the RTM acquisition and the \$8.8 million full year effect of an increase in other debt due to the obligations assumed in the RTM acquisition and obligations entered into subsequently for new restaurants and expiring leases, partially offset by the conversion of a significant portion of the Company's 5% Convertible Notes due 2023 (the 'Convertible Notes'). As of September 29, 2006, we effectively redeemed our investment in the Opportunities Fund and no longer consolidate the operations of the Opportunities Fund. The decrease in interest expense in the 2006 fourth quarter compared with the 2005 fourth quarter was principally due to this effective redemption.

œ The losses on early extinguishments of debt in the 2006 fiscal year and fourth quarter totaled \$14.1 million and \$0.4 million, respectively. The loss on early extinguishments of debt in fiscal 2006 principally related to the effective conversion of \$172.9 million principal amount of the Convertible Notes and included \$9.0 million of negotiated inducement premiums and the write-off of \$4.0 million of deferred financing costs. The loss in the 2005 fiscal year totaled \$35.8 million due to the July 2005 debt refinancing in connection with the RTM acquisition. The loss for the 2005 fiscal year principally consisted of prepayment penalties of \$27.4 million, the write-off of \$4.8 million in deferred financing costs and \$3.5 million of insurance payments related to the extinguished debt.

œ The 2006 results include a gain on sale of unconsolidated businesses of \$4.0 million (\$1.7 million in the 2006 fourth quarter) compared with a gain of \$13.1 million in fiscal year 2005 (\$0.1 million in the 2005 fourth quarter), principally relating to sales of common stock of Encore Capital Group, Inc. (NASDAQ: ECPG), an equity investment of the Company. The Company owned approximately 4.3% of Encore's outstanding shares as of December 31, 2006.

œ Consolidated net investment income increased to \$80.2 million in the 2006 fiscal year (\$5.4 million in the 2006 fourth quarter), compared with \$55.3 million in the 2005 fiscal year (\$25.1 million in the 2005 fourth quarter). The increase for the fiscal year periods primarily reflects an increase in interest income principally due to the activity of the Opportunities Fund and, to a lesser extent, an increase in average rates on the Company's interest-bearing investments. The increase in investment income from the Opportunities Fund of \$34.2 million for the fiscal year was substantially offset by the increase in interest expense related to the Opportunities Fund noted above. The decrease in investment income related to the Opportunities Fund for the 2006 fourth quarter of \$9.9 million reflected the effective redemption discussed above and was more than offset by the decrease in interest expense related to the Opportunities Fund noted above.

## **Restaurant Operations Highlights**

œ On July 25, 2005, Triarc completed the acquisition of RTM, Arby's largest franchisee, which then owned and operated 775 Arby's restaurants in 22 states. The financial results of Triarc's restaurant operations following the acquisition reflect the inclusion of RTM. As a result of the RTM acquisition, among other things, the net sales of our restaurant operations have increased while our royalties and franchise and related fees have decreased due to the elimination in consolidation of royalties and franchise and related fees from RTM.

œ Systemwide same-store sales were up 3% in the 2006 fiscal year (1% in the 2006 fourth quarter) versus an increase of 2% in the 2005 fiscal year (5% in the 2005 fourth quarter) due to various marketing and new product initiatives described below, the impact of value oriented promotions, new menu offerings and selective price increases implemented in November 2006.

œ Net sales from company-owned Arby's restaurants were \$1,073.3 million in the 2006 fiscal year (\$271.4 million in the 2006 fourth quarter), compared with \$570.8 million in the 2005 fiscal year (\$258.5 million in the 2005 fourth quarter).

œ The increase in sales from company-owned restaurants in the 2006 fiscal year of \$502.5 million reflects the effect of the acquisition of RTM as well as the addition of 22 net company-owned restaurants in 2006. Sales from company-owned restaurants increased \$12.9 million in the 2006 fourth quarter reflecting the additional restaurants. Same-store sales for company-owned restaurants increased 1% in both the 2006 fiscal year and the 2006 fourth quarter as compared with the same periods in 2005. The increases primarily reflect the effect of value oriented promotions and new menu offerings, an enhanced menu board design and the March 2006 launch of Arby's Chicken Naturals(R), a line of menu offerings made with 100 percent all natural chicken breast partially offset by the continued underperformance of company-owned stores in the economically-weaker Michigan and Ohio regions.

œ 2006 fiscal year same-store sales for franchised restaurants increased 5% (1% in the 2006 fourth quarter), compared with the same periods in 2005. The 2006 increase in same-store sales of the franchised restaurants reflects more effective and targeted local marketing campaigns, including increased couponing by our franchisees, as well as the positive impact of the recent marketing initiatives and the launch of Arby's Chicken Naturals discussed above.

œ Royalties and franchise and related fees decreased to \$82.0 million in the 2006 fiscal year (\$21.0 million in the 2006 fourth quarter), compared with \$91.2 million in the 2005 fiscal year (\$19.6 million in the 2005 fourth quarter). The decline in the 2006 fiscal year reflects the elimination in consolidation of royalties and franchise and related fees from RTM after the July 2005 acquisition partially offset by the effects of the increase in same-store sales of franchised restaurants and net openings of franchised restaurants.

œ The gross margin for our company-owned restaurants was 27% of sales in both of the 2006 and 2005 fiscal years and in the 2005 fourth quarter (28% for the 2006 fourth quarter), and was positively affected by (1) higher gross margins at the restaurants acquired in the RTM acquisition for the full year in 2006, (2) continuing implementation of the more effective operational procedures of the RTM restaurants at the restaurants owned prior to the RTM acquisition, (3) increased beverage rebates resulting from an agreement for Pepsi beverage products effective January 1, 2006 and (4) decreases in beef costs. These positive effects were substantially offset by the effect of increased price discounting principally in the second half of 2006 associated with our value-oriented menu offerings.

œ Our restaurant business operating profit increased to \$95.3 million in the 2006 fiscal year (\$23.3 million in the 2006 fourth quarter) versus \$52.9 million in the 2005 fiscal year (\$13.6 million in the 2005 fourth quarter) principally reflecting the positive effects of the RTM acquisition and the prior period loss on the settlement of unfavorable franchise rights. In addition, the fiscal 2006 year results reflect an increase of \$7.6 million in costs related to outside consultants that were used to assist in the integration of RTM as well as a \$5.6 million increase in severance and related charges principally in connection with the replacement of several senior restaurant executives.

œ Depreciation and amortization for our restaurant operations was \$54.6 million in the 2006 fiscal year (\$18.1 million in the 2006 fourth quarter) versus \$26.4 million in the 2005 fiscal year (\$13.3 million in the 2005 fourth quarter). These increases principally reflect the additional depreciation and amortization related to the restaurants acquired in the RTM acquisition and an increase of \$2.6 million (\$0.7 million for the 2006 fourth quarter) in impairment charges principally related to underperforming restaurants.

œ Restaurant business EBITDA was \$149.9 million in the 2006 fiscal year (\$41.4 million in the 2006 fourth quarter), compared with \$79.3 million in the 2005 fiscal year (\$26.9 million in the 2005 fourth quarter) primarily reflecting the positive effects of the RTM acquisition and the prior period loss on the settlement of unfavorable franchise rights. Restaurant business EBITDA is reconciled to consolidated EBITDA which, in turn, is reconciled to consolidated net income (loss), in the attached table.

œ In the 2006 fiscal year, the Arby's system opened 131 new units (38 in the 2006 fourth quarter) and closed 52 (12 in the 2006 fourth quarter) generally underperforming units. We plan to open 50 new company-owned units in 2007. As of December 31, 2006, Arby's had commitments from franchisees to build 295 new units through 2012.

### **Asset Management Highlights**

œ Triarc accounts for Deerfield, its asset management business, as a consolidated subsidiary with a minority interest. After the effects of purchase accounting adjustments associated with the Deerfield acquisition in July 2004 and compensation expense related to equity interests granted to Triarc's management in November 2005 in our asset management segment holding company and before the effect of minority interests, for the 2006 fiscal year, Deerfield's reported asset management and related fees, operating profit, depreciation and amortization and EBITDA were \$88.0 million, \$15.8 million, \$7.3 million, \$23.1 million, respectively. For the 2005 fiscal year, those amounts were \$65.3 million, \$6.6 million, \$4.8 million and \$11.5 million, respectively. For the 2006 fourth quarter, those amounts were \$39.6 million, \$11.5 million, \$2.7 million and \$14.2 million, respectively, compared with \$27.4 million, \$2.2 million, \$1.1 million and \$3.3 million, respectively, in the fourth quarter of 2005. Deerfield's EBITDA is reconciled to consolidated EBITDA which, in turn, is reconciled to consolidated net income (loss), in the attached table.

œ For the 2006 fiscal year, excluding the effects of purchase accounting associated with the Deerfield acquisition in July 2004 and compensation expense related to the equity interests noted above, Deerfield's asset management and related fees, operating profit, depreciation and amortization and EBITDA, before the effect of minority interests were \$88.0 million, \$24.2 million, \$1.8 million and \$26.0 million, respectively. For the 2005 fiscal year, those amounts were \$66.4 million, \$17.0 million, \$0.4 million and \$17.4 million, respectively. For the 2006 fourth quarter, those amounts were \$39.7 million, \$14.4 million, \$0.5 million and \$14.9 million, respectively, compared with \$27.9 million, \$8.5 million, \$0.1 million and \$8.6 million, respectively, in the fourth quarter of 2005. The attached table provides a reconciliation of these measures to the corresponding measures without exclusion of the effects of purchase accounting adjustments associated with the Deerfield acquisition and the grant of equity interests in our subsidiary Triarc Deerfield Holdings, LLC, which is the majority owner of Deerfield.

œ As of January 1, 2007, Deerfield had approximately \$13.2 billion of assets under management ('AUM'), of which approximately \$13.5 million was attributable to investments by Triarc. Deerfield's AUM at January 1, 2007 included approximately \$11.2 billion in 24 CDOs and a structured loan fund, approximately \$859.0 million in four hedge funds and approximately \$331.6 million in six managed accounts.

œ Deerfield Triarc Capital Corp. ('Deerfield Triarc,' NYSE: DFR) is a publicly traded REIT managed by Deerfield that invests in real estate-related securities and various other asset classes. Triarc and its subsidiaries beneficially own approximately 2.8% of Deerfield Triarc's common stock.

Commenting on Triarc's asset management operations, Nelson Peltz, Triarc's Chairman and Chief Executive Officer, said: 'We believe that Deerfield is an outstanding asset management franchise with strong performance and leading positions in key market segments. In 2007, Deerfield will continue to focus on expanding its platform and assets under management.'

Commenting on Arby's, Peter May, Triarc's President and Chief Operating Officer, said: 'With its new and seasoned executive team and franchisees that are highly aligned with the franchisor, Arby's is well positioned for continued growth and further improvement in operation efficiencies and overall profitability. 2006 was certainly a pivotal and successful year for Arby's and the prospects for 2007 look even brighter.'

Commenting on Triarc's corporate restructuring, Peltz said: '2006 was an important year for Triarc, marked by continued growth and opportunity at both Arby's and Deerfield, our two successful, financially strong and independently managed businesses. At Arby's, we welcomed back Roland C. Smith as the new Chief Executive Officer and continued to expand our strong presence in the fast food industry. At Deerfield, assets under management grew to over \$13 billion by year end, as we worked with Gregory H. Sachs and his team to expand their unique alternative assets platform. We are proud of what we have accomplished at both businesses as we continue to explore a corporate restructuring to unlock the significant value of both Arby's and Deerfield.'

Triarc is a holding company and, through its subsidiaries, is currently the franchisor of the Arby's restaurant system and the owner of approximately 94% of the voting interests, 64% of the capital interests and at least 52% of the profits interests in Deerfield & Company LLC (Deerfield), an asset management firm. The Arby's restaurant system is comprised of approximately 3,600 restaurants, of which, as of December 31, 2006, 1,061 were owned and operated by our subsidiaries. Deerfield, through its wholly-owned subsidiary Deerfield Capital Management LLC, is a Chicago-based asset manager offering a diverse range of fixed income and credit-related strategies to institutional investors with approximately \$13.2 billion under management as of December 31, 2006.

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