

Benihana Inc. Reports Fiscal Third Quarter 2008 Results

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Total restaurant sales increased 12.2% to \$69.4 million

Highlights for the Company's 12-week fiscal third quarter 2008 relative to the 12-week fiscal third quarter 2007 include:

Total restaurant sales increased 12.2% to \$69.4 million

Company-wide comparable restaurant sales increased 1.5%

Restaurant operating profit of \$11.7 million vs. \$10.5 million

Restaurant operating profit margin of 16.8% vs. 17.0%

Income from operations of \$4.6 million vs. \$5.2 million

'Like our restaurant peers, we too are not impervious to discretionary spending pressures, particularly in certain markets, and are seeing the effects of a challenging environment on our guests. We have therefore redoubled our efforts to execute as flawlessly as possible within the four walls of our operations, and have also focused our marketing on communicating the distinctive experience and value we offer our guests, especially in these more difficult times,' said Joel A. Schwartz, Chairman and Chief Executive Officer.

Mr. Schwartz concluded, 'As we approach the end of both our remodeling program and investment period, we will begin to reap the benefits of a younger, more contemporary portfolio, as well as the infrastructure we have built to support new openings and our high quality pipeline. We are confident that we are building a strong foundation for our Company, one that will sustain us as we navigate through a weaker consumer environment, and position us for meaningful earnings growth over the coming years.'

Fiscal Third Quarter 2008 Results

For the 12-week fiscal third quarter 2008, total revenues increased 12.2% to \$69.8 million, compared with \$62.2 million in the fiscal third quarter of 2007. Total restaurant sales grew 12.2% to \$69.4 million from \$61.9 million in the same quarter of the previous year. Company-wide comparable restaurant sales increases were 1.5%, net, including 2.7% at Benihana teppanyaki, (3.6%) at RA Sushi, and 0.2% at Haru.

Restaurant sales for the fiscal third quarter 2008 included a \$0.9 million increase from the comparable base as well as \$3.7 million from new restaurants, net of one permanent closure. The Company also realized incremental sales of \$2.9 million due to the favorable phasing of temporary closures, as compared to the fiscal third quarter 2007.

During the fiscal third quarter 2008, the Company opened RA Sushi restaurants in Tustin, CA and Mesa, AZ as well as Haru restaurants in Boston, MA and New York City. The Company also reopened Benihana teppanyaki restaurants in Tucson, AZ and Cherry Hill, NJ which had been closed for remodeling, while the Benihana teppanyaki restaurant in San Diego, CA was closed for the entire 12-week period for remodeling. There were a total of 985 store-operating weeks in the fiscal third quarter of 2008 compared to 893 store-operating weeks in the fiscal third quarter of 2007.

Restaurant operating profit for the fiscal third quarter 2008 was \$11.7 million, or 16.8% of restaurant sales, compared to \$10.5 million, or 17.0% of restaurant sales a year-ago.

Marketing, general and administrative expenses for the fiscal third quarter 2008 totaled \$6.2 million, or 8.9% of restaurant sales, compared to \$5.3 million, or 8.6% of restaurant sales in the same period last year, as a result of our continued investment in infrastructure. This resulted in income from operations of \$4.6 million and \$5.2 million, respectively.

Net income for the fiscal third quarter 2008 was \$3.2 million, or \$0.19 in diluted earnings per share, compared to \$3.3 million, or \$0.19 in diluted earnings per share in the same quarter last year.

Guidance

The Company is providing the following updated guidance for fiscal 2008:

Total restaurant sales of \$293 million to \$294 million, and 4,115 to 4,125 in total restaurant operating weeks (including the effect of 140 to 145 in gross operating weeks that are expected to be lost due to remodels),

The opening of three Benihana teppanyaki restaurants, five RA Sushi restaurants, and two Haru restaurants. To date, the Company has opened all three Benihana teppanyaki restaurants, four RA Sushi restaurants, and both Haru restaurants,

The completion of a total of sixteen Benihana teppanyaki remodels by the end of fiscal 2008, along with an additional five that will be started in fiscal 2008 and completed during fiscal 2009. To date, the Company has completed fifteen remodels,

A total of \$2.4 million in accelerated depreciation costs for the full year, of which approximately \$2.1 million has already been reflected in the first three quarters of fiscal 2008, related to shortening the useful lives for those restaurants affected by the ongoing renovation and revitalization program,

Cost of sales, as a percentage of restaurant sales, is expected to be slightly favorable on an annualized basis compared to fiscal 2007, while labor, as a percentage of restaurant sales, is expected to be slightly unfavorable on an annualized basis compared to fiscal 2007,

Additional infrastructure to support new unit development and management of a larger restaurant portfolio compared to fiscal 2007, and consequently, general and administrative expenses, as a percentage of total restaurant sales, are expected to be higher on an annualized basis compared to fiscal 2007 by approximately 70 basis points,

Capital expenditures of approximately \$60 million during the fiscal 2008, and,

Utilization of between \$15 million and \$25 million of the available line of credit, resulting in decreased net interest income in fiscal 2008.

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