

## Ruth's Chris Steak House, Inc. Reports Fourth Quarter 2007 Financial Results

2008-02-25

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Ruth's Chris Steak House, Inc. (Nasdaq: RUTH) reported unaudited results for its fourth quarter ended December 30, 2007. Highlights for the 13-week fourth quarter 2007 compared to the 14-week fourth quarter 2006 were as follows:

Total revenue increased 1.1% to \$89.0 million for the 13-week period ended from \$88.0 million for the 14-week prior year period ended.

Net income of \$4.1 million, or \$0.18 per diluted share, compared to \$10.7 million, or \$0.46 per diluted share, in the prior year period. In addition to a 14th operating week, the year-ago quarter included \$3.1 million in pre-tax net hurricane-related insurance proceeds, or \$0.09 per diluted share after-tax. The period also included gift card revenue above normal trends.

Company-owned comparable restaurant sales decreased 5.6% (on a 13-week comparable basis), lapping a 7.4% increase in 2006. For the year, on a 52-week comparable basis, Company-owned comparable restaurant sales decreased 0.8%, lapping a 6.2% increase in 2006.

Food and beverage costs, as a percentage of restaurant sales, decreased approximately 30 basis points to 32.0% versus the prior year quarter, primarily driven by sales mix initiatives, favorable beef costs, and modest price increases. These were partially offset by higher lobster, produce and dairy costs.

Restaurant operating expenses, as a percentage of restaurant sales, were approximately 280 basis points higher due to increased labor, operating, and occupancy expenses of newly opened restaurants as well as reduced fixed expense leverage experienced from lower comparable restaurant sales and the additional operating week during the prior year quarter.

Marketing and advertising expenditures, as a percentage of total revenues, were approximately 70 basis points lower due to reduced agency fees and utilization of national radio.

General and administrative expenses, as a percentage of total revenues, were approximately 40 basis points higher due to reduced leverage against the additional week of revenues in the prior year, coupled with \$0.6 million of non-reoccurring severance and Mitchell's acquisition costs.

Depreciation and amortization expenses, as a percentage of total revenues, were approximately 90 basis points higher due to investments in newer restaurants and remodeling activities.

Pre-opening costs increased by \$0.5 million from a year ago due to increased new restaurant development activity.

Operating income of \$8.1 million versus \$15.9 million. The year-ago quarter included \$3.1 million in pre-tax net hurricane-related insurance proceeds and gift card revenue above normal trends.

Interest expense increased \$1.1 million, or 91.7%, to \$2.3 million. Interest expense during the quarter included a \$0.9 million 'mark to market' non-cash charge related to an interest rate swap representing \$0.03 per diluted share after tax.

Four new Company-owned restaurants were opened in Santa Barbara, CA, Knoxville, TN, Tysons Corner, VA, and W. Palm Beach, FL bringing the yearend total to 61 locations.

Five new franchised restaurants were opened in Madison, WI, Rogers, AK, Park City, UT, Calgary, Canada, and Tokyo, Japan bringing the yearend total to 46 domestic and 11 international franchised locations.

Craig S. Miller, Chairman of the Board, President and CEO of Ruth's Chris Steak House, Inc., said, "Our fourth quarter results reflected continuing challenges with guest traffic, driven by an uncertain economy and a more cautious consumer. That said, we believe that current circumstances are temporary and we are working on various initiatives that we believe will positively impact future performance. These will become more evident as we roll over easier comparisons later in the year and throughout 2009."

Miller continued, "Current macro issues aside, we see great long-term opportunities in upscale and fine dining, and intend to expand our industry leading market share. In fact, with the acquisition of Mitchell's Fish Market, we have two great brands that broaden our national presence and enhance our growth potential. This position is unique in the fine dining category, and we believe that as the economy turns, shareholders will benefit from the leverage in our model."

### Review of Operating Results

Total revenues, which includes Company-owned restaurant sales, franchise income, and other operating income, increased 1.1% to \$89.0 million in the 13-week fourth quarter of 2007 compared to \$88.0 million in the 14-week fourth quarter of 2006.

Company-owned restaurant sales from continuing operations grew 5.5% to \$84.8 million for the 13-week fourth quarter of 2007 from \$80.4 million for the 14-week period last year. This was primarily the result of a 13.9% increase in company restaurant operating weeks to 768 from 674 (including 11 additional restaurants in operation including acquisitions) offset by a decrease in average weekly sales to \$110,457 from \$119,212.

For the fourth quarter of 2007, Company-owned comparable restaurant sales on a 13-week to 13-week basis decreased 5.6% from the fourth quarter of 2006. Comparable sales growth consisted of an average check increase of 3.5% driven by non-entrée increases in bar and lounge traffic, menu selection shifts, and year over year effective menu pricing of approximately 2.5%. This was partially offset by an entrée reduction of 8.9%. Company-owned comparable restaurant sales lapped last year's fourth quarter growth of 7.4%.

Franchise income increased 5.4% to \$3.9 million from \$3.7 million in the fourth quarter of 2006. This was due to 7 additional franchise-owned locations, net of acquisitions year over year, partially offset by a decrease in comparable franchise-owned restaurant sales of 4.8%.

Operating income, excluding prior year net hurricane insurance proceeds, decreased 36.8% to \$8.0 million versus \$12.8 million in the same period last year. Inclusive of proceeds, operating income decreased to \$8.0 million from \$15.9 million in the same period last year.

Net income was \$4.1 million in the fourth quarter of 2007, or \$0.18 per diluted share, compared to \$10.7 million, or \$0.46 per diluted share, in the fourth quarter of 2006. Net income for the fourth quarter of 2006 included an additional operating week, \$3.1 million in pre-tax net hurricane-related insurance proceeds, or \$0.09 per diluted share after-tax, as well as gift card revenue above normal trends.

#### Acquisition of Mitchell's Fish Market

On February 19, 2008, the Company completed its acquisition of all operating assets and intellectual property of Columbus, OH-based Mitchell's Fish Market, operating under the names Mitchell's Fish Market and Columbus Fish Market, and Cameron's Steakhouse, operating under the names Cameron's Steakhouse and Mitchell's Steakhouse from Cameron Mitchell Restaurants, LLC (CMR) for approximately \$92.0 million. The acquisition was funded through the Company's newly expanded credit facility.

#### Financial Guidance

For fiscal 2008, the Company anticipates increasing Company-wide restaurant operating weeks of its Ruth's Chris Steak House restaurants by approximately 15%. In addition to the full-year impact of 2007 openings, the Company anticipates opening approximately six Company-owned and six to eight franchised Ruth's Chris Steak House locations. Mitchell's operating weeks during fiscal 2008 are expected to be approximately 836 for the 19 Fish Markets and 132 for the three Steak Houses. The Company will begin adding additional Mitchell's Fish Market locations late in 2008 and will provide more definitive information concerning the expected unit growth of this brand next quarter. Given the uncertainty of the current macro environment and its effect on traffic patterns and resulting comparable restaurant sales, the Company is assuming a decrease of between 2.0% and 5.0%, with greater pressure during the first half of fiscal 2008, which is consistent with current trends.

Cost of sales, as a percentage of restaurant sales, is expected to be within the long-term range of 31.8% to 32.3%. G&A expense is expected to be flat on a percentage basis compared to fiscal 2007. The Company expects to gain leverage from a significantly higher revenue base offset by incentive compensation expense and higher year over year cost associated with long term stock compensation. During fiscal 2007, the Company incurred no expense related to incentive compensation. The effective tax rate for fiscal 2008 is expected to at or below the 32.0% rate in fiscal 2007, inclusive of the impact of Mitchell's. The Company also plans to undertake several major remodeling projects in fiscal 2008, which will cause negative short-term sales and profit impact in these restaurants. Capital expenditures for fiscal 2008, including the purchase of Mitchell's operations, are expected to be between \$135.0 and \$140.0 million. Furthermore, the Company also expects an approximately 5% increase in the share base relative to the aforementioned long term stock compensation plan during fiscal 2008.

Based on these factors, the Company expects that fiscal 2008 GAAP earnings per share from continuing operations, including the acquisition of Mitchell's Fish Market, will be between \$0.55 and \$0.60 per diluted share. The Company will update these assumptions and their resulting impact on EPS guidance throughout the year as circumstances warrant.

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