

## Rubio's Restaurants, Inc. Reports 2007 Fourth Quarter and Fiscal Year Results

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Rubio's(R) Restaurants, Inc. (NASDAQ:RUBO) today announced financial results for the 13-week fourth quarter and 52-week year ended December 30, 2007.

### **Fourth Quarter Results (13 weeks)**

Net loss was \$(242,000) as compared to a net loss of \$(4,692,000) for the same quarter last year. Included in the 2006 net loss was a charge of \$4,832,000 (assuming an income tax benefit rate of 39.9%) related to a class action settlement.

Earnings per share was a loss of \$(0.02) per share as compared to a loss of \$(0.48) per share for the same quarter last year. The settlement and related costs resulted in a \$(0.49) per share charge in 2006.

Revenues rose 1.0% to \$41.7 million from \$41.3 million for the 14-week fourth quarter last year. Adjusting for the extra week in the fourth quarter of 2006, revenues increased by 8.8%.

Included in fourth quarter 2007 revenues and in the increases noted above was \$382,000 in gift card breakage revenue associated with the portion of our gift card liability that is not expected to be redeemed.

Comparable store sales increased 1.7% (on top of a comparable store sales increase of 4.9% for the same quarter last year). Transactions decreased 3.8% and check average increased 5.7%. Comparable store sales would have increased an estimated 2.1% after adjusting for an estimated \$180,000 in lost sales due to the October Southern California wildfires.

Five new restaurants were opened in the quarter increasing the number of Company-owned restaurants to 171. Additionally, the Company licenses three locations and franchises two locations.

Restaurant operating margins (see definition below) were 16.0% as compared to 17.7% for the same quarter last year. Restaurant labor decreased by 30 basis points, however, cost of sales increased by 20 basis points and occupancy and other costs rose by 180 basis points, primarily due to higher advertising costs and secondarily due to higher utilities and facilities costs.

The fourth quarter was impacted by store closure expense of \$292,000, as compared to a \$158,000 reversal in 2006. The \$292,000 charge in 2007 was primarily comprised of a \$229,000 charge related to the closure of our Beverly Center location in the Los Angeles, California area.

Adjusted EBITDA (see table below) decreased 4.7% to \$2.4 million as compared to \$2.5 million for the same quarter last year.

### **2007 Results (52 weeks)**

Net income was \$1,189,000 as compared to a net loss of \$(3,461,000) for last year. Included in the 2006 net loss was a charge of \$4,832,000 (assuming an income tax benefit rate of 39.9%) related to a class action settlement.

Earnings per share was \$0.12 per diluted share as compared to a loss of \$(0.36) per share for last year. The settlement and related costs resulted in a \$(0.49) per share charge in 2006.

Revenues rose 11.5% to \$169.7 million from \$152.3 million for the 53-week 2006 fiscal year.

Comparable store sales increased 6.2% (versus a comparable store sales increase of 2.0% for last year). Transactions decreased 2.0% and check average increased 8.3%.

Average unit volumes for the trailing four quarters were \$1,034,000.

Restaurant operating margins (see definition below) were 16.3% as compared to 16.7% for last year. Higher cost of sales and restaurant labor in 2007 were partially offset by lower occupancy and other costs, primarily advertising costs.

Store closure expense was \$274,000, as compared to a \$405,000 reversal in fiscal 2006. The \$274,000 charge in fiscal 2007 was primarily comprised of a \$229,000 charge related to the closure of our Beverly Center location in the Los Angeles, California area.

Adjusted EBITDA (see table below) improved by 17.9% to \$12.3 million as compared to \$10.4 million for last year. Higher year-over-year adjusted EBITDA was due to higher non-cash charges in 2007 including store closure expense, depreciation and share based compensation.

### **2008 Development Update**

We have opened four new restaurants 2008, including locations in Pico Rivera and Riverside, California and in Casa Grande and Gilbert, Arizona. There are currently 2 restaurants under construction.

"The economy turned very challenging during the latter half of the fourth quarter as the sub-prime situation expanded," said Dan Pittard, Rubio's President and CEO. "We are confident that our strategy is sound, however, factors including the downturn in housing and higher gasoline prices are causing even some of our higher income guests to reduce the number of times they dine out. We responded rapidly by adjusting promotions and product introductions to include special menu items that represent attractive value propositions in our targeted price range. We will continue to be responsive to economic conditions while remaining focused on our strategy to introduce unique menu items that lead with great taste and flavor. Further, I'm very pleased with the additions of Marc Simon, Senior Vice President of Operations, and Ken Hull, Senior Vice President of Development, to the senior team."

"On the development front, I am encouraged by what promises to be a strong start to our 2008 development effort. Until the housing market shows signs of recovery, we will focus on mature trade areas for near-term development and look for attractive deals in the softening real estate market."

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