

Famous Dave's Reports First Quarter Results

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Famous Dave's of America, Inc. (NASDAQ: DAVE) today announced revenue and net income of \$33.7 million and \$835,000, respectively, or \$0.09 per diluted share, for its fiscal first quarter ended March 30, 2008. Revenue for the quarter increased 16.2 percent over the comparable period in 2007.

Same store sales for the company-owned restaurants open for 24 months or more increased 3.6 percent during the quarter, while same store sales for its franchise-operated restaurants declined 3.2 percent. Same store sales for the company-owned restaurants open for 18 months or more increased 3.2 percent during the quarter, while same store sales for its franchise-operated restaurants declined 4.8 percent. Franchise royalty revenue for the quarter totaled \$4.2 million, up 14.2 percent over the comparable period in 2007.

Sales growth in the first quarter for company-owned restaurants was driven by the five new restaurants that have opened since the first quarter of 2007, and the impact from an approximate 3% weighted average price increase. The year-over-year shift in the Easter holiday from the second quarter of 2007 to the first quarter of 2008 had an approximate 1.0% negative impact on comparable sales.

Sales at comparable franchise-operated restaurants continue to be affected by adverse economic conditions in several areas of the country, which have been hard-hit by the effects of the credit and housing crisis.

'I've admired this brand for some time and I am excited to be part of its future growth,' said Wilson Craft, newly appointed President and Chief Executive Officer. 'Obviously, we have some challenges, particularly given the difficult environment for casual dining. An intensified focus on our franchise business and a renewed focus on the company-owned restaurants will be a top priority,' Craft said.

Earnings for the first quarter on a year-over-year basis declined, reflecting the opening of five new company-owned restaurants since September 2007 which are still normalizing labor and operating costs. The company also experienced significantly below average temperatures in many of its core markets during the first quarter of 2008. This unseasonably cold weather resulted in increased labor costs due to unexpected declines in guest traffic, and negatively impacted operating costs due to higher utility costs.

The company's 2008 first quarter also reflected the following:

An increase in labor and benefits expense year-over-year reflecting a prior year worker's compensation insurance credit adjustment that was approximately \$105,000 higher than the current year adjustment.

An increase in operating expenses due to increased levels of advertising year-over-year.

Pre-opening expenses primarily for a new company-owned restaurant in Alexandria, Virginia totaling approximately \$254,000.

Bad debt reserves of approximately \$234,000 related to franchisees' receivable balances, reflected in general and administrative expenses.

Executive search fees of approximately \$200,000 related to the hiring of the company's new CEO, reflected in general and administrative expenses.

An increase in depreciation and amortization year-over-year, reflecting capital invested towards the opening of five new restaurants and the result of the fourth quarter fiscal 2007 reclassification of assets previously held for sale to assets held and used.

A year-over-year increase in interest expense reflecting a higher average balance on the company's revolver.

Earnings results for the first quarter of 2008 included approximately \$280,000 or \$0.02 per diluted share, in compensation expense as related to the company's stock-based incentive programs, as compared to approximately \$536,000, or \$0.03 per diluted share, for the prior year comparable period.

Development and marketing highlights during the quarter included a "limited time offer" of BBQ shrimp, the company's most successful promotion to date. Aiding traffic in the quarter was a successful television and radio campaign featured in the majority of its core markets.

Famous Dave's opened four new restaurants during the first quarter: A company-owned restaurant in Alexandria, VA, and three franchise-operated restaurants in Silverdale, WA, Kansas City, MO and Bakersfield, CA.

Famous Dave's ended the quarter with 168 restaurants, including 45 company-owned restaurants and 123 franchise-operated restaurants, located in 35 states.

During the first quarter of 2008, Famous Dave's repurchased 16,000 shares of common stock at an average price of \$9.73 per share, excluding commissions.

Outlook

Famous Dave's is reiterating its guidance issued in its fourth quarter earnings release. The company anticipates opening a total of 20 to 25 restaurants in 2008, with up to five locations to open in the second quarter.

In addition, the company reiterated its outlook on food costs and potential margin pressure during the first half of the year. In June, the company will be taking an additional price increase, intended to mitigate additional margin pressures for the remainder of 2008.

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