Hotel News Resource

BJ’s Restaurants, Inc. First Quarter Revenues Up 22%

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BJ’s Restaurants, Inc. Reports Financial Results for the First Quarter of Fiscal 2008

BJ’s Restaurants, Inc. (NASDAQ: BJRI) reported financial results for the first fiscal quarter ended April 1, 2008.

Highlights for the first quarter, compared to the same quarter last year, were as follows:

Revenues increased approximately 22% to $86.8 million

Net income was $3.1 million and diluted net income per share was $0.12, compared to net income of $1.6 million and diluted net income per share of $0.06 for the same quarter last year (which included a non-cash charge of approximately $1.3 million, net of tax, or $0.05 per diluted share, related to fixed asset disposals)

Comparable restaurant sales were approximately flat for the quarter

Total restaurant operating weeks increased approximately 24%

2008 restaurant expansion plan remains solidly on track

’In spite of the increasing difficulty of the overall operating environment for most casual dining restaurant companies in nearly every respect, our restaurant, brewery and infrastructure support teams did a very good job of driving BJ’s forward and managing the elements of our business that are within our control during the first quarter,’ commented Jerry Deitchle, President and CEO. ’As we initially noted in our February 2008 investor conference call, our first quarter results reflect softer levels of comparable sales, particularly in the Inland Empire and Sacramento areas of California and in the Phoenix area of Arizona, which together contain 13 of our 50 total comparable restaurants. These areas have been significantly impacted by the slowing national economy, the ’credit crunch’ and the resulting pressures in general on consumer spending and confidence. Excluding these 13 restaurants from our comparable restaurant base for the first quarter, our comparable restaurant sales would have been up approximately 3.1%.’

’While no one can accurately predict how the consumer will continue to react in this volatile and slowing economy, we do not believe that the current difficult operating environment is likely to abate in the near future,’ said Greg Levin, Executive Vice President and Chief Financial Officer. ’Accordingly, we are accelerating our planned schedule of 2008 sales-building initiatives. These initiatives include on-line ordering and curbside cashiering services, call-ahead seating service, expanded delivery service, new lunch specials, and additional print media support for our new menu entrees and other services. We expect most of these initiatives to be in place by the end of the second quarter. On the operational execution front, our restaurant management team did a very good job of managing our controllable costs and expenses during the first quarter, and we expect them to continue to do so.’

The Company opened two new restaurants in the first quarter of 2008 in Cincinnati, Ohio and Louisville, Kentucky. The Cincinnati restaurant represents the Company’s second restaurant in Ohio, and the Louisville restaurant is the Company’s first restaurant in Kentucky. ’We were very pleased with the initial sales volumes of our Cincinnati and Louisville restaurants, even though both were opened during periods of significant winter weather in both cities,’ said Greg Lynds, Executive Vice President and Chief Development Officer. ’With the planned May 2008 openings of our new restaurants in Indianapolis, Indiana and Kissimmee, Florida, BJ’s will have four restaurants in each of the Ohio Valley and Central Florida regions, and more openings are planned in these areas during upcoming years.’

’We remain very excited and confident in BJ’s long-term ability to gain additional market share in the estimated $90-plus billion casual dining segment of the restaurant industry,’ said Deitchle. ’Our development team has worked very hard to put us in an excellent position to successfully execute our previously stated restaurant expansion plan to open as many as 15 new restaurants during 2008 and thereby increase our total restaurant operating weeks another 20% to 25% during the year.’ All prospective locations for potential 2008 openings have been secured and nine restaurants are currently under construction. As of this date, the Company currently expects to open approximately four, five and four new restaurants during each of the upcoming three fiscal quarters, respectively. The actual timing of restaurant openings is inherently difficult to precisely predict and is subject to weather conditions and other factors outside of the Company’s control, including factors that are under the control of the Company’s landlords, municipalities and contractors.

As previously disclosed, the Company’s investments consist of auction rate securities (’ARS’) with a par or face value of $37.1 million. These auction rate securities are AAA rated, long-term debt obligations secured by student loans, which loans are 97% guaranteed by the U.S. Government under the Federal Family Education Loan Program (’FFELP’). The recent uncertainties in the credit markets have affected the Company’s holding in these ARS investments, since auctions for the Company’s investments in these securities have failed to settle on their respective settlement dates. Historically, the fair value of the ARS investments approximated par value due to the frequent resets through the auction process. While the Company continues to earn interest on its ARS investments and there has been no change in the ratings of these securities to date, these investments are not currently trading and, therefore, do not currently have a readily determinable market value. In accordance with FASB Statement No. 157, Fair Value Measurements, (’FAS 157’), the Company estimated the fair value of its auction rate securities using valuation models and methodologies provided by third parties, including the Company’s investment manager for the ARS. Based on these valuation models and methodologies, the Company has recognized a temporary decline in the fair value of its ARS investments of approximately $1.5 million as of April 1, 2008. In accordance with FASB Statement No. 115, Accounting for Certain Investments in Debt and Equity Securities, ('FAS 115'), a temporary change in fair value results in an unrealized holding loss being recorded in the 'other comprehensive income (loss)' component of shareholders' equity. Such an unrealized holding loss does not affect net income for the applicable accounting period. Due to the current illiquidity of these investments and the uncertainty regarding the auction rate securities market, the Company has also reclassified these investments to non-current investments for the current reporting period at fair value. In addition, the Company has a $45 million line of credit, which has zero outstanding as of April 1, 2008, and currently anticipates holding these ARS investments until a recovery of the auction process or until maturity. The Company will continue to monitor the auction rate securities market and the liquidity and value of the securities it holds. Additional adjustments to the fair value may be required from quarter to quarter to reflect changes in market conditions.