

Granite City Food & Brewery Ltd. Reports 32.1% Increase in First Quarter Revenues

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Comparable restaurant sales increased 1.8%

Granite City Food & Brewery Ltd. (Nasdaq: GCFB) a Modern American upscale casual restaurant chain, today reported results for the first quarter ended March 25, 2008.

Highlights for the first quarter of 2008 compared to the same quarter last year were as follows:

Total revenues increased 32.1% to \$24.0 million

Comparable restaurant sales increased 1.8%

Opened new restaurants in St. Louis, MO, Ft. Wayne, IN and Toledo, OH

First Quarter 2008 Financial Results

Total revenue for the first quarter 2008 rose by 32.1% to \$24.0 million compared to \$18.2 million for the first quarter of 2007. Comparable restaurant sales increased 1.8% during the first quarter of 2008.

For all the restaurants, the restaurant-level EBITDA margin was 8.4% for the first quarter of 2008. The overall restaurant-level EBITDA margin was negatively impacted by Region 3 which includes our Kansas City and Wichita stores and by newer restaurants, primarily those that opened during the first quarter of 2008 and fourth quarter of 2007. New restaurants typically take six to twelve months to improve their operating efficiencies as staff members become more experienced in our disciplined production and staffing methods, thereby generating less waste and more productivity. Management believes that as newer restaurants mature and gain efficiencies, overall blended margins will increase. These six new restaurants represent 24% of the Company's total store base. Without the new stores and Region 3, the Company's restaurant-level EBITDA margin would have been 14.1%, which was the same as the prior year period.

Total cost of sales was \$22.0 million in the first quarter or 91.6% of sales compared to prior year cost of sales of \$15.6 million or 85.9% of sales. The increase in cost of sales was due to several factors: First, the Company is in the midst of transitioning its overall business to include better oversight in its stores via its previously announced steward program. While this transition is costly in the short term, management believes that the long term goal of improving inventory procedures, food costs and staff development will significantly enhance kitchen efficiencies as the Granite City concept continues to grow. Secondly, the six new store openings are causing a temporary increase overall food and labor costs as the stores move to maturity. Finally, the industry has seen a sharp increase in commodity costs in 2007 and early 2008. To offset these costs the Company took an increase in menu pricing of approximately 4% in March 2008. While management expects this increase to offset overall food costs, due to the timing of the increase, the Company did not experience a full quarter of the higher menu prices.

General and administrative expenses were \$2.7 million or 11.3% of sales for the first quarter of 2008 compared to \$1.7 million or 9.5% of sales for the first quarter of 2007. The overall percentage increase was primarily related to costs associated with an increase in recruiting, training and travel costs. The costs were associated with the opening of new stores as well as management changes in Region 3 during the quarter and the Company's overall oversight initiatives. These costs are expected to subside through the year and management believes overall general and administrative costs will fall below 10% for the full year.

The net loss for the first quarter of 2008 was \$4.3 million or \$(0.27) per share.

Mr. Wagenheim, CEO and President of Granite City, commented, 'This is an interesting time period for the Company - on one hand we are very pleased with the initiatives we have discussed over the past quarter, yet the financials do not yet reflect the efforts we have taken to improve and build the Company for long term success. We believe we are setting the stage for this Company to move to the next level of its development. Efforts such as our steward program are designed to provide oversight in the kitchen while building a well trained team with a highly developed staff.' Mr. Wagenheim additionally added, 'Having come off a series of 6 openings in a very short period of time was very trying for the Company, but I believe we have weathered the storm and are now heading into a much more stable time period for those restaurants and the Company as a whole.'

New Restaurant Openings

The Company opened three new restaurants in the first quarter of 2008 including: St. Louis, Missouri on January 15, 2008, Fort Wayne, Indiana on January 29, 2008, and Toledo, Ohio on February 12, 2008.

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