

## BUCA, Inc. Announces First Quarter 2008 Financial Results

2008-05-07

---

BUCA, Inc. (Nasdaq: BUCA) today announced financial results for the first fiscal quarter of 2008. The Company reported a net loss of \$4.2 million, or (\$0.20) per share, in the first quarter of fiscal 2008 as compared to a net loss of \$2.8 million, or (\$0.14) per share, in the first quarter of fiscal 2007.

John T. Bettin, the Company's Chief Executive Officer and President commented, 'The first quarter was clearly difficult for us, but not without its accomplishments. Our net loss of (\$0.20) per share for the first quarter of fiscal 2008 included charges of approximately (\$0.04) per share related to the impact of severance payments associated with our \$2.1 million reduction in force executed in January of this year, and approximately (\$0.03) per share related to the settlement of a wage and hour lawsuit in California. Despite a downturn in comparable restaurant sales of 2.5% for the period, our restaurants still did an excellent job of managing prime costs (the combination of product and labor costs), including lowering labor costs by 80 basis points as compared to the prior year. I am very proud of their tenacity and unwavering commitment to our Company during these most difficult of times for our industry. Although the environment will no doubt continue to be challenging on a number of fronts, we continue to have confidence that several of our new initiatives, including the recently expanded roll-out of catering and the upcoming launch of a new lunch menu, will help us weather the casual dining storm.'

### First Quarter 2007 Results

Total restaurant sales in the first quarter of fiscal 2008 were \$60.1 million compared to \$62.8 million in the first quarter of fiscal 2007. The decrease in restaurant sales was primarily the result of the closure of four restaurants since the beginning of fiscal 2007 as well as the decrease in comparable restaurant sales, partially offset by the addition of New Year's Eve to the first quarter of fiscal 2008 as compared to the same period of the prior year.

Comparable restaurant sales decreased 2.5% for the first quarter of fiscal 2008 as compared to the same period last year.

Product costs were \$15.2 million in the first quarter of fiscal 2008 compared to \$15.4 million in the first quarter of fiscal 2007. Product costs as a percentage of sales increased to 25.4% in the first quarter of fiscal 2008 from 24.5% in the first quarter of fiscal 2007. The decrease in product costs in dollars was primarily due to reductions in sales and the closure of four restaurants. The increase in product costs as a percentage of sales was primarily driven by the elimination of the Company's Paisano Conference in first quarter 2008. The Paisano Conference is the Company's annual strategic and celebratory meeting of its Paisano Partners, Divisional Vice Presidents and company executives. Because a portion of our Paisano Conference is typically sponsored by selected vendors, vendor sponsorship payments are accounted for as a reduction in product costs. The cancellation of the conference in the first quarter of fiscal 2008 has a corresponding negative impact on product costs as a percentage of sales.

Labor costs were \$20.4 million in the first quarter of fiscal 2008 compared to \$21.9 million in the first quarter of fiscal 2007. The decrease in labor cost dollars was primarily related to the closure of four restaurants. Labor cost as a percentage of sales decreased to 34.0% in the first quarter of fiscal 2008 from 34.8% in the first quarter of fiscal 2007. The decrease in labor costs as a percentage of sales was primarily related to a decrease in medical claims in the first quarter of fiscal 2008 as compared to the first quarter of fiscal 2007 and reductions in non-exempt staffing resulting from the Company's labor management initiative, partially offset by increases in restaurant-level management staffing.

General and administrative expenses were \$6.2 million in the first quarter of fiscal 2008 as compared to \$5.6 million in the first quarter of fiscal 2007. General and administrative expenses as a percentage of restaurant sales were 10.2% in the first quarter of fiscal 2008 as compared to 8.9% in the comparable period of fiscal 2007. The increase in general and administrative expenses in the first quarter of fiscal 2008 was primarily related to severance costs associated with the Company's previously announced reduction in force as well as the settlement of a wage and hour lawsuit in California, partially offset by the savings from the reduction in force.

This article comes from Hotel News Resource

<http://www.hotelnewsresource.com>

The URL for this story is:

<http://www.hotelnewsresource.com/article32495.html>

© 1998 - 2008 Nevistas and the author.

Brought to you by Hotel News Resource

*Distribute your news on our Network*

See what all the buzz is about at:

[http://www.hotelnewsresource.com/Info-news\\_account\\_info.html](http://www.hotelnewsresource.com/Info-news_account_info.html)