

The Steak n Shake Company Second Quarter Same Store Sales Declined 6.3%

2008-05-15

The Steak n Shake Company Reports Fiscal 2008 Second Quarter

The Steak n Shake Company (NYSE:SNS) announced its results for the fiscal 2008 second quarter ended April 9, 2008.

Selected results from the fiscal second quarter 2008:

Total revenues of \$190.5 million compared to \$202.2 million

Same store sales declined 6.3% versus a decline of 9.5% in the first quarter

Reduced general and administrative expenses by \$3.2 million or 18.1%

Diluted loss per share of (\$0.10) inclusive of \$0.02 per share of incremental non-operating expenses

Fiscal Second Quarter 2008 Results

Total revenues for the fiscal 2008 second quarter decreased 5.8% to \$190.5 million compared to \$202.2 million in the comparable period last year. During the second quarter, same store sales declined by 6.3% versus a decline of 9.5% in the first quarter. Sales for the quarter were impacted by ongoing deterioration in the consumer economic environment and increased promotional activity throughout the restaurant sector. These challenges were partially offset by the successful execution of a "\$2.99 Double Steakburger(TM) & fries" limited-time offer during the month of February.

Net (loss) for the fiscal 2008 second quarter was (\$2.8 million), or (\$0.10) per diluted share, compared to net earnings of \$6.0 million, or \$0.21 per diluted share in the prior year. Second quarter results included approximately \$1.0 million of incremental non-operating pre-tax charges related to advisory, proxy, and other professional service fees, and severance. Restaurant operating margins were negatively impacted by the decline in sales, more aggressive discounting, as well as increases in commodity costs, minimum wage, and health care costs compared with the prior year period. During the fiscal second quarter of 2008, the Company reduced general & administrative expenses by \$3.2 million or 18.1% and remains on track to deliver fiscal 2008 full year reductions of at least \$8.1 million. In addition, cash generated by operating activities was \$13.9 million.

Wayne L. Kelley, Interim Chairman and Chief Executive Officer, commented, "The fiscal 2008 second quarter continued to be challenging for the Steak n Shake Company. We were, however, encouraged by the response to the '\$2.99 Double Steakburger(TM) & fries' promotion which resulted in an improved same store sales rate."

Mr. Kelley continued, "During the second quarter, we examined our financial plans, staffing needs, marketing, and product development opportunities. As a result of our analysis, we evolved our operating plan to intensify our focus on the initiatives that we believe are the most critical to improving our performance in the current challenging operating environment while strengthening the future potential of the Steak n Shake brand. Our refined plan emphasizes the following initiatives:

Delivering improved customer value proposition through price/value promotion and innovation

Continuing to significantly improve the customer service experience

Generating incremental cash flow and delivering cost savings

Critically reviewing underperforming units/markets

While we expect the operating environment to remain difficult, we remain committed to reversing the negative same store sales trends while positioning the brand for long-term growth."

As of April 9, 2008, there were 502 Steak n Shake restaurants operating in 21 states, including 436 Company-owned restaurants and 66 franchised units.

This article comes from Hotel News Resource

<http://www.hotelnewsresource.com>

The URL for this story is:

<http://www.hotelnewsresource.com/article32657.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