

Luby's Q3 Same-Store Sales Declined 3.3%

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Luby's Announces Third Quarter Fiscal 2008 Results

Luby's, Inc. (NYSE:LUB) today announced unaudited financial results for the third quarter of fiscal 2008, which ended on May 7, 2008.

Third Quarter Fiscal 2008 Highlights:

Culinary contract services sales increased to \$1.8 million compared to \$0.4 million in the same quarter last year

Restaurant sales were \$72.8 million, a decrease of 4.1% compared to last year, approximately 0.8% of the decline relates to the net effect of sales from closed stores in the prior year partially offset by new store sales in the current year

Store level profit, which the Company defines as restaurant sales minus costs of food, payroll and related costs and other operating expenses, were \$10.3 million, or 14.3% compared to \$14.3 million, or 18.9% last year

Same-store sales, which includes 121 units, declined 3.3% in the third quarter compared to the same quarter last year

Total sales decreased \$1.6 million, or 2.1% in the third quarter fiscal 2008 to \$74.6 million, compared to \$76.2 million in the same quarter last year. Income from continuing operations in the third quarter was \$1.0 million, or \$0.03 per diluted share, compared to \$3.9 million, or \$0.14 per diluted share in the same quarter last year.

"Despite an extremely challenging consumer environment, our team continued to operate well in the field," said Chris Pappas, president and CEO. "The restaurant industry remains under pressure from a number of economic factors which include higher gasoline prices, rising commodity costs and in general, negative economic news. The continued rise in gasoline prices is having an impact on how consumers eat out and at what frequency, as evidenced by the decline in the consumer confidence index. While our restaurant sales declined during the third quarter, our team managed food and labor costs well in a difficult environment. We remain confident that our long-term strategic plan to enhance and grow the Luby's brand will optimize our competitive value proposition to the market and enhance shareholder value."

Food costs decreased approximately \$0.2 million, or 1.2%, in the third quarter fiscal 2008 compared to the same quarter last year. Food costs as a percentage of restaurant sales increased to 27.4% in the third quarter fiscal 2008 from 26.6% in the third quarter last year. Food commodity costs increased in most categories with oils and cheese having the greatest impact on food costs, partially offset by lower produce prices.

Payroll and related costs decreased \$0.1 million in the third quarter fiscal 2008 compared to the same quarter last year. Payroll and related costs as a percentage of restaurant sales increased to 34.8% in the third quarter fiscal 2008 from 33.5% in the third last year, primarily due to the lower sales level.

Other operating expenses primarily include restaurant related expenses for utilities, repairs and maintenance, advertising, insurance, supplies, services and occupancy costs. Other operating expenses increased by approximately \$1.2 million, or 7.6%, in the third quarter fiscal 2008 compared to the same quarter last year. As a percentage of restaurant sales, other operating expenses increased to 23.5% in the third quarter fiscal 2008 from 21.0% last year. Other operating expenses increased primarily due to 1) an approximate \$0.4 million increase in repairs and maintenance expenses focused on improving the appearance and functionality of the cafeterias for the guests and employees, and 2) an approximate \$0.8 million increase in utility expense resulting from higher utility rates.

Opening costs were approximately \$0.2 million in the third quarter fiscal 2008 and reflects the labor, supplies, occupancy, and other costs necessary to support the unit through its opening period.

Cost of culinary contract services increased by approximately \$1.2 million in the third quarter fiscal 2008 compared to the same quarter last year. This increase was related to the food, labor and other operating expenses associated with the increase in revenue for this line of business.

Depreciation and amortization expense increased approximately \$0.4 million, or 10.6%, in third quarter fiscal 2008 compared with the same quarter last year due to higher depreciation resulting from new restaurant openings and existing restaurant upgrades and remodels.

General and administrative expenses include corporate salaries and benefits related costs, including restaurant area leaders, share-based compensation, professional fees, travel and recruiting expenses and other office expenses. General and administrative expenses increased by approximately \$0.4 million, or 7.3% in the third quarter fiscal 2008 compared to the same quarter last year. As a percentage of total sales, general and administrative expenses increased to 7.7% in the third quarter fiscal 2008, from 7.0% last year. The increase was primarily due to an approximate \$0.4 million increase in corporate salary expense related to staffing costs to support the culinary contract services business and other departments to support the Company's strategic growth plan.

Company Outlook

The Company expects to open one replacement restaurant and one new restaurant in the Houston area in July 2008. Additionally, the Company has plans to open two to three new restaurants in calendar year 2008 and initiate new culinary contract services operations in two to three new healthcare facilities.

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