

CEC Entertainment Reports 5.7% Comparable Store Sales Gain

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Second-Quarter Diluted EPS Rises 85% to \$0.48

CEC Entertainment, Inc. (NYSE: CEC) today reported net earnings of \$11.3 million for its second quarter, which ended on June 29, 2008, as compared to \$8.5 million for the second quarter of 2007. The Company's diluted earnings per share increased 85% to \$0.48 per diluted share, as compared to \$0.26 per diluted share in the second quarter of 2007.

Total quarterly revenue increased 7.0% to \$192.5 million, compared with revenue of \$179.9 million for the second quarter of fiscal 2007, driven by new store openings and a comparable store sales gain of 5.7%. The Company believes the comparable store sales gain reflects the success of its current strategies, including the ongoing capital initiatives at existing stores, the introduction of an enhanced marketing plan and recent efforts to increase the number of birthday party reservations and fundraising events.

Operating income for the second quarter of 2008 was \$22.5 million, or 11.7% of total revenue, as compared to \$16.6 million, or 9.2% of total revenue, in the prior year, an increase of 250 basis points as a percentage of total revenue. The increase in operating income as a percentage of total revenue is primarily attributable to the gain in comparable store sales, partially offset by increases in commodity prices, including cheese and dough, advertising expenses and administrative costs.

Richard M. Frank, Chairman and Chief Executive Officer, stated that, 'We are pleased with the strong sales performance during the second quarter and first half of this year. We believe this momentum speaks directly to the health and vitality of our brand in the marketplace today and is further evidenced by the fact that each of our five regions posted positive comparable store sales growth for the first six months of fiscal 2008. We are further encouraged by our belief that each of our sales strategies are working and adding to our sales performance. Although we feel confident in our strategies and believe we are well positioned to continue growing sales for the balance of the year, we remain cautious in our outlook given the current economic environment. We are currently estimating comparable store sales growth of 2% to 3% for the remainder of the year.'

During the second quarter of 2008, the Company achieved its pre-announced targeted debt-to-Adjusted EBITDA ratio of 2:1, ending the quarter with \$394.5 million borrowed on its revolving credit facility. Furthermore, during the second quarter, the Company purchased 2.8 million shares of its common stock, or approximately 11.3% of shares outstanding at the beginning of the quarter, at a cost of \$102.2 million.

Business Outlook:

Based on current estimates, the Company expects diluted earnings per share to range from \$2.57 to \$2.65 per share for the 2008 fiscal year representing 32% to 36% growth from the prior year, after excluding asset impairment charges from fiscal year 2007. In addition, the Company expects diluted earnings per share to range from \$0.56 to \$0.60 per share and \$0.20 to \$0.22 per share for the third quarter and fourth quarter of 2008, respectively. This guidance is based on the following assumptions:

comparable store sales growth of 2.0% to 3.0% for the second half of 2008,

higher cheese and dough costs for the last six months of 2008 compared to the same period in the prior year will be offset by a reduction in cheese and dough usage resulting from certain company initiatives implemented during the first half of the year,

labor expenses as a percent of Company store sales is expected to increase 0.5% to 0.7% for the remainder of the 2008 fiscal year driven primarily by minimum wage increases and favorable adjustments to health insurance reserves occurring in the second half of the prior year,

opening of five to six new Company stores and four to five new franchise stores during the year,

total capital expenditures for the year of \$80 to \$85 million, and

an effective tax rate of 38.0% to 38.5% for the remainder of the year.

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