

The Cheesecake Factory Reports Results for Second Quarter of Fiscal 2008

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The Cheesecake Factory Incorporated (NASDAQ: CAKE) today reported financial results for the second quarter of fiscal 2008, which ended on July 1, 2008.

Total revenues increased 9% to \$407.1 million in the second quarter of fiscal 2008 from \$373.2 million in the prior year second quarter. Net income and diluted net income per share were \$19.1 million and \$0.29, respectively.

Second quarter fiscal 2008 net income and diluted net income per share include the following items: (1) A reduction in after-tax stock-based compensation expense of \$1.6 million reflecting an increase in the Company's estimated rate of forfeited stock options, (2) An increase in income tax expense of \$2.2 million in taxes and interest relating to the potential disallowance of the deductibility of certain executive compensation under the provisions of Internal Revenue Code Section 162(m), and (3) A decrease in income tax expense of \$2.4 million relating to Internal Revenue Service approval of the Company's application for a change in accounting for construction allowances.

Operating Results

Comparable restaurant sales decreased approximately 4.1% in the second quarter of fiscal 2008 from the prior year second quarter.

By concept, comparable restaurant sales decreased an estimated 4.1% and 4.5% at The Cheesecake Factory and Grand Lux Cafe, respectively, in the second quarter of fiscal 2008 from the prior year second quarter.

'We remain focused on executing against our business plan and controlling our costs, as well as strengthening our infrastructure by adding to our talented management team,' said David Overton, Chairman and CEO. 'Similar to most other casual dining operators, we continue to face headwinds from the current macroeconomic environment and are taking action to mitigate the impact of these conditions.

'Furthermore, during the second quarter we made a number of enhancements to our senior management team with appointments to newly created leadership positions in restaurant operations, kitchen operations and marketing. Our management depth in these areas will further support our commitment to guest satisfaction and assist our efforts to continue building our brand in high-quality ways. In addition, we were again active in returning capital to shareholders through our ongoing share repurchase program,' added Overton.

Stock Repurchases

The Company repurchased approximately 2.4 million shares of its common stock during the second quarter of fiscal 2008 at a total cost of approximately \$52 million as part of its previously announced fiscal 2008 business plan, which includes estimated share repurchases of between \$150 million and \$200 million. In the first half of fiscal 2008, the Company repurchased shares totaling approximately \$97 million and has 12.9 million shares remaining under its 31 million share authorization.

Targeted New Restaurant Openings

As planned, the Company opened four Cheesecake Factory restaurants and the initial unit of its newest concept, RockSugar Pan Asian Kitchen, during the second quarter of fiscal 2008. The Company anticipates opening two Cheesecake Factory restaurants in the fourth quarter of fiscal 2008, for a total of seven new restaurants this year, in-line with its expectations.

'We had a few particularly strong openings during the second quarter,' continued Overton. 'The two Cheesecake Factory restaurants that opened in California, in Glendale and Roseville, have delivered combined average weekly sales in excess of \$250,000 since opening. These are strong numbers by any account, but are especially noteworthy in the current consumer environment, highlighting the strength of our brand. In addition, the response to RockSugar Pan Asian Kitchen has been excellent with average weekly sales in excess of \$205,000 since opening, which is a very solid performance for a new concept and for a restaurant that is relatively smaller in size at approximately 7,600 square feet,' concluded Overton.

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