

Landry's Restaurants, Inc. ('LNY'/NYSE) Reports Second Quarter 2008 Results  
2008-08-11

---

Landry's Restaurants, Inc. (NYSE:LNY) announced its results for the second quarter ended June 30, 2008. The Company's income from continuing operations for the quarter was \$0.91 per share-diluted as compared to \$0.44 reported last year.

Revenues from continuing operations for the three months ended June 30, 2008, totaled \$311.4 million, as compared to \$308.0 million a year earlier, including \$66.5 million and \$66.6 million, respectively from the Golden Nugget properties. Income from continuing operations for the quarter was \$14.0 million, compared to \$9.2 million reported last year. Included in the current quarter amount is a non-cash gain of \$2.9 million after-tax for the change in value of interest rate swaps partially offset by a non-cash impairment charge of \$1.0 million after-tax, for a net of \$0.12 per share-diluted. The prior comparable period includes \$2.5 million after-tax expense for legal costs associated with the Company's stock option review and \$4.1 million after-tax in expenses related to refinancing the Golden Nugget. Excluding the impact of these items, earnings per share-diluted from continuing operations were \$0.79 for the quarter compared to \$0.75 for the prior year. During the second quarter of 2008, consolidated pre-tax interest expense was \$20.0 million compared to \$14.0 million in the comparable period last year primarily due to additional borrowings associated with the June 2007 Golden Nugget refinancing as well as the 2.0% increase in the interest rate on the \$400.0 million Senior Notes effective August 2007. Same store sales for the Company's restaurants were negative 2.5% for the quarter which includes the effect of the Easter holiday shift to the first quarter in 2008 from the second quarter in 2007. The Company's results benefited from a shift to higher margin amusement and entertainment revenues primarily at the Kemah Boardwalk. Same store sales for July were essentially flat.

Rick H. Liem, Executive Vice President and CFO stated, "Results for the second quarter were encouraging given the difficult economic circumstances. Both our restaurant hospitality group and our Golden Nugget properties generated higher EBITDA in the current quarter than they did last year."

Revenues from continuing operations for the six months ended June 30, 2008, totaled \$606.2 million, as compared to \$591.6 million a year earlier. Net earnings from continuing operations for the six months were \$16.3 million, compared to \$32.0 million reported last year. Earnings per share-diluted from continuing operations for the six months were \$1.05, compared to \$1.49 in the prior year. The net change in the fair value of interest rate swaps is not material year to date for 2008. Included in earnings from continuing operations for the prior year period, are gains on property sales and investments of approximately \$13.0 million after-tax, offset by costs associated with the internal stock option review and refinancing the Golden Nugget of approximately \$6.6 million after-tax. Excluding these items, earnings per share from continuing operations were \$1.19 for the prior year.

As a result of our 2006 sale of the Joe's Crab Shack concept and closure of certain additional locations, the results of operations for these restaurants are reflected as discontinued operations in the Company's financial statements. The loss from discontinued operations, net of taxes, for the quarter was \$0.2 million or \$0.01 per share compared to a loss of \$2.3 million or \$0.11 per share in the prior year. For the six months ended June 30, 2008, the loss for discontinued operations, net of tax was \$0.9 million or \$0.06 per share as compared to a loss of \$3.0 million or \$0.14 per share in the prior year. Therefore, the consolidated net income for the quarter was \$13.9 million or \$0.90 per share - diluted, compared to net income of \$6.9 million or \$0.33 per share - diluted in the comparable period in 2007. Consolidated net income for the six months ended June 30, 2008 was \$0.99 per share-diluted compared to \$1.35 per share-diluted for the comparable period in the prior year.

The Senior Note holders have an option to require the Company to redeem the Notes beginning February 28, 2009 at 101% of face value. As a result, the Notes are reflected as current liabilities in the Company's financial statements.

The Company's continuing operations include restaurants primarily under the trade names Landry's Seafood House, Chart House, Rainforest Cafe, Saltgrass Steak House and the Signature Group as well as other businesses including hotels, marinas, amusements, retail and the Golden Nugget Hotels and Casinos in Las Vegas and Laughlin, Nevada.

#### Proposed Merger

On June 16, 2008, the Company entered into a definitive merger agreement with Fertitta Holdings, Inc., Fertitta Acquisition Co. and, for limited purposes, Tilman J. Fertitta, pursuant to which Fertitta Holdings agreed to acquire all of the Company's outstanding common stock for \$21.00 per share in cash. Fertitta Holdings and Fertitta Acquisition are new companies formed by Tilman J. Fertitta, Chairman of the Board, Chief Executive Officer and President of the Company. On July 17, 2008, the Company filed a preliminary proxy statement and related materials with the Securities and Exchange Commission that provides details about the pending sale of the Company. On August 1, 2008, the Company announced that the "go-shop" process conducted by Cowen and Company ("Cowen"), the independent financial advisor to the special committee of independent directors of the Company, ended. During the "go-shop" period, Cowen held a variety of discussions with potential transaction partners and no proposals were received from anyone.

The Company is continuing to work with Fertitta Holdings, Inc. to complete the merger in a timely manner, subject to satisfaction of the conditions set forth in the merger agreement. In addition, on August 1, 2008, the Company and Fertitta Holdings, Inc. filed for early termination of any applicable waiting period required by the Hart Scott Rodino Act.

This article comes from Hotel News Resource

<http://www.hotelnewsresource.com>

The URL for this story is:

<http://www.hotelnewsresource.com/article34000.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)