

Organic To Go Second Quarter Revenue increased 56% to \$6.0 million

2008-08-13

Organic To Go Reports Second Quarter Results

Organic To GoTM (OTCBB: OTGO), the nation's first fast casual café chain to be certified as an organic retailer, today reported financial results for the second quarter and six-month period ended June 30, 2008.

Highlights for the Second Quarter Include:

Revenue increased 56% to \$6.0 million

Gross profit increased 77% to \$3.6 million

Operating EBITDA improved to \$(975,000) from \$(1.7) million

Purchased 3 retail cafés all located in downtown Seattle

Purchased 4 retail cafés and catering operation in the greater Washington DC market

Signed franchise agreement for free-standing airport café at the San Diego International Airport

Launched PIZZA ORGANICOTM and upgraded the catering and delivery menu

Second Quarter Results

Revenue for the second quarter increased 56% to \$6.0 million, as compared with revenues of \$3.9 million in the same quarter last year. Gross profit increased 77% to \$3.6 million, as compared with \$2.1 million in the year-ago period. Gross profit margin improved to 60.5% for the second quarter, as compared with 53.3% in last year's second quarter. The operating EBITDA loss for the second quarter was approximately \$(975,000) as compared with an operating EBITDA loss of \$(1.7) million for the same period last year. Net loss for the second quarter was approximately \$(3.6) million, or \$(0.10) per share, as compared with \$(2.6) million, \$(0.13) per share, for the same quarter last year.

Jason R. Brown, Founder, Chairman and Chief Executive Officer, said, 'We are very pleased with our performance during the quarter, which reflects both substantial sales growth as well as a significant improvement in our operating margins. Our continued success comes at a time when you cannot turn on the news or read a paper and not see information surrounding the macro economics that are affecting real people and the companies they work in. From what we are hearing from many other companies, consumers are limiting their food consumption away from home, and that both the restaurant and food service industries are facing challenging conditions today due to softer top-line trends and higher inflation costs. We too have seen a quieting since the 4th of July, yet remain extremely confident that we are positioning our company for the right kind of solid growth, top and bottom line, as these economic winds change in the right geographic markets. Our experience plus numerous surveys simply confirm that educated consumer's demand for clean, pesticide-free ingredients that are grown under sustainable conditions is becoming an integral part of our food culture and largely transcends these nearer-term economic concerns. As we continue to realize the many opportunities available to expand our business, we are leveraging our infrastructure in each of our regions and moving ever closer to EBITDA profitability.'

During the second quarter, retail sales, which includes café, delivery, and catering sales, were approximately \$5.3 million (\$2.7 million café sales and \$2.6 million delivery and catering sales), an increase of 58% over the same period last year. Wholesale sales were \$700,000, an increase of 46% over the same period last year. The Company acquired seven cafés during the second quarter in Seattle and the Washington, DC metropolitan area, and also closed one café in the Los Angeles area, bringing the total to 32 cafés as of June 30, 2008.

Brown continued, 'In June and July, we launched our East Coast operations in the greater Washington DC area with the purchase of five prime retail locations and a strong catering operation through two separate transactions, building upon our extensive acquisition experience over the past two years. We have since opened a commissary kitchen and have already started delivering our delicious prepared food through our 'hub and spoke' model, which is designed to accommodate our current café and delivery operations and has the capacity for significant growth in this market. We view metro DC as an attractive, underpenetrated market, and through the positive response we have already received from both consumers and the media for our organic and delicious American cuisine, we are already building awareness of our namesake brand in our nation's capital.'

Six-Month Period Results

Revenue for the six-month period increased 50% to \$11.2 million, as compared with revenues of \$7.5 million in the same period last year. Gross profit increased 78% to \$6.8 million, as compared with \$3.8 million in the year-ago period. Gross profit margin improved to 61.3% for the six months, as compared with 51.3% in last year's comparable period. The operating EBITDA loss for the six months was approximately \$(1.8) million as compared with an operating EBITDA loss of \$(3.1) million for the same period last year. Net loss for the six months was approximately \$(6.4) million, or \$(0.19) per share, as compared with \$(5.1) million, \$(0.32) per share, for the same period last year.

For the six months, retail sales, which includes café, delivery, and catering sales, were approximately \$9.7 million (\$5.0 million café sales and \$4.6 million delivery and catering sales), an increase of 47% over the same period last year. Wholesale sales were \$1.5 million, an increase of 66% over last year's comparable period.

Brown concluded, 'For the balance of the year, we look forward to executing on our business plan and further improving all of our operating metrics. With a strong balance sheet and experienced management team in place, we will create value for our shareholders through continued growth and development, while also rewarding all of our stakeholders by giving back to the communities that we serve.'

This article comes from Hotel News Resource

<http://www.hotelnewsresource.com>

The URL for this story is:

<http://www.hotelnewsresource.com/article34047.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