

Brazil Fast Food Announces Second Quarter 2008 Results

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System-wide sales reached R\$ 122.32 million, up 15.1% from the second quarter of 2007

Brazil Fast Food Corp. (OTC Bulletin Board: BOBS) the second largest fast-food restaurant chain with 630 points of sale, operating under the Bob's, KFC and Pizza Hut brands in Brazil, reported today financial results for the second quarter ended on June 30, 2008.

Second Quarter 2008 Highlights

System-wide sales reached R\$ 122.32 million, up 15.1% from the second quarter of 2007

Total revenue reached R\$25.6 million, up 5.7% from the second quarter of 2007

Operating loss totaled R\$10 thousand

Net income was R\$39 thousand

'Despite a difficult environment in the second quarter evidenced by an acceleration of inflation, a tightening of monetary policy and the consequent slow down in discretionary consumer spending, we feel we have positioned our business well for future profitable growth,' said Mr. Ricardo Bomeny, Chairman and CEO of Brazil Fast Food. 'After the weak performance of our own-stores' sales in the first quarter that extended into April with a cumulative decline of 14.1%, we experienced an expressive recovery with 4.2% growth in May, 3.1% growth in June and 29.2% in July compared to the same period in 2007, which we believe are the result of our successful marketing campaigns and a net improvement in the climatic conditions in the regions we have our stores. We are particularly encouraged by the steady growth of our system-wide sales, as well as our healthy same store sales growth of 7.1% in the quarter, which gives us confidence that our investments in improving customer experience and strengthening our brand, are paying off. Additionally, our recent acquisition of Internacional Restaurantes do Brasil, Pizza Hut's largest franchise in Brazil is another important step in the execution of our business strategy to become the leading multi-brand fast food restaurant chain in Brazil, to leverage our operating expertise to accelerate our growth in the quarters and years ahead.'

Second Quarter 2008 Results

System-wide sales grew 15.1% in the second quarter to R\$ 122.32 million, driven by the increase in the number of franchised points of sales.

Total revenue for the second quarter 2008 increased 5.7% to R\$25.6 million driven by the continued expansion of Brazil Fast Food's franchisee network.

Net revenue for company-owned and operated outlets was up 8.4% to R\$18.5 million year-over-year despite the reduction in the number of stores the Company owns and operates from 61 to 57 in the same period. Same store sales, which measure the performance of stores open for more than a year, was up 7.1% year over year driven by positive response to our marketing campaigns focused on teens and young adults as well as overall improvement in customer experience resulting from our investments in store remodeling and in new technology.

Net revenue from franchisees increased 29.6% year-over-year to R\$5.15 million driven by an increase in number of franchised retail outlets to 542, up from 481 in the same period a year ago. Other income totaled R\$0.5 million.

Operating expenses were up 12.1% to R\$25.6 million driven by the inflationary pressures in the economy that is affecting food as well as basic raw material prices, and that cannot easily be passed on to consumer prices due to the intense competitive environment in the Company's industry. Operating costs were also affected by higher franchise, marketing and administrative costs associated with the higher number of stores.

Operating loss for the second quarter of 2008 was R\$10 thousand, compared to an operating income of R\$1.3 million during second quarter of 2007. Net income for the second quarter of 2008 was R\$39 thousand.

Six Months 2008 Results

For the six months ended in June of 2008, net revenue was R\$54.9 million, up 6.1% from R\$51.8 million in the comparable period of 2007. Operating income for the six months ended 2008 was R\$2.3 million, down 57.9% from R\$5.2 million in the comparable period in 2007. Operating margin was 4.1% for the six months ended June of 2008 compared to 10.2% in the comparable period in 2007. Net Income for the six months ended June of 2008 was \$2.1 million, a decrease of 58.2% from \$5.0 million in the comparable period in 2007. Basic and diluted earnings per share were R\$0.25 for the six months ended in June of 2008 compared to R\$0.61 for six months ended in June of 2007.

'In fact, two elements underline this behavior. The first is related to R\$3.2 million in excess store expenses compared to the same percentage levels in 2007, which results from the inflationary effects discussed above, and the second is related to the R\$2.0 million increase in franchise costs and administrative expenses to support the development of our new brands,' said Mr. Ricardo Bomeny, Chairman and CEO of Brazil Fast Food.

Financial Condition

As of the balance sheet date on June 30, 2008 the Company had R\$10.3 million in cash, and R\$9.0 million in working capital. Cash flows from operations for the six months ended June 30, 2008 totaled R\$8.7 million, up from R\$1.2 million during the six months ended June 30, 2007. Capital expenditures totaled R\$1.8 million for the six months ended June 30, 2008 and shareholders' equity was R\$24.8 million, as compared to R\$23.5 million at the end of 2007.

Business Outlook

The economic environment in Brazil in the first half of 2008 has put pressure on Brazil Fast Food margins. In particular, the acceleration of basic food and raw materials price inflation impacted directly on the Company's operation costs, while the associated rise in short-term interest rates put pressure on discretionary consumer spending, affecting demand for the Company's products. Looking over the long term, the Company remains confident that the outlook for the Brazilian economy remains positive, and that the recent upgrade of Brazil to investment grade by Standard and Poor's on April 30, and Fitch Ratings on May 29, citing improved macroeconomic outlook should provide additional support to the long-term sustainable growth of the Company's target markets.

In addition, Brazil Fast Food has continued to successfully execute on its strategy to become an outstanding multi-brand restaurant chain in Brazil to participate in the expected long-term growth of this important market. In addition to acquiring four KFC restaurants in 2007, which the Company expects to expand to nine by the end of 2008, Brazil Fast Food has also recently acquired control of fourteen Pizza Hut restaurants, which will contribute to top-line growth of 20% in 2008 and 40-50% in 2009 relative to 2007 revenues.

'Despite the headwinds we are facing related to the macroeconomic environment, we remain well positioned with three leading brands and a more diversified offering that will allow us to more effectively leverage our business model,' commented Mr. Ricardo Bomeny, Chairman and CEO of Brazil Fast Food. 'We think that we have gone through a very difficult period due to adverse climatic conditions, a retraction in consumer spending in our segment, as well as the aggressive behavior of our main competitors, some of whom are new to the Brazilian market, and others that have re-opened stores that had been closed for long periods for refurbishments. Notwithstanding, we are confident that the strategies that we have put in place to address these challenges are beginning to bear fruit, and we remain on track to deliver positive results to our shareholders in the quarters ahead.'

The Company remains committed to make the necessary adjustments to its organization structure in order to meet the requirements to re-list its shares on the NASDAQ stock market in the months ahead.

Brazil Fast Food Corp. owns and operates, both directly or through franchisees, the second largest fast-food restaurant chain in Brazil. The Bob's trade name is used by Venbo Comércio de Alimentos Ltda., a subsidiary of Brazil Fast Food holding company, BFFC do Brasil Participações Ltda (formerly 22N Participações Ltda.). The 'KFC' trade name is used by CFK Comércio de Alimentos Ltda. (formerly Clematis Indústria e Comércio de alimentos e Participações Ltda.), also a holding company subsidiary. The 'Pizza Hut' trade name is used by Internacional Restaurantes do Brasil ('IRB'), also a 60% subsidiary of Brazil Fast Food holding company, BFFC do Brasil Participações Ltda. As of Jun. 30, 2008, the Company had 630 points of sale, which includes traditional restaurants, kiosks and re-locatable trailers.

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