Hotel News Resource

Benihana Inc. Reports Fiscal First Quarter 2009 Results

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Benihana Inc. (NASDAQ: BNHNA, BNHN), operator of the nation's largest chain of Japanese theme and sushi restaurants, today reported results for its 16-week fiscal first quarter ended July 20, 2008.

Fiscal First Quarter 2009 Results

For fiscal first quarter 2009, total revenues increased 5.0% to $94.5 million, compared with $89.9 million in fiscal first quarter 2008. Total restaurant sales increased 5.1% to $93.9 million from $89.4 million in the same quarter of the previous year. On a comparable basis, Company-wide comparable restaurant sales were (4.9%), including (3.4%) at Benihana teppanyaki, (9.1%) at RA Sushi, and (7.7%) at Haru. There were a total of 1,348 store-operating weeks in the fiscal first quarter of 2009 compared to 1,219 store-operating weeks in the fiscal first quarter of 2008.

'Our recent financial performance reflects the continued challenges facing our industry, as softer top-line trends, along with higher costs at the restaurant level, resulted in deleveraging across much of our income statement. We are proactively addressing the issues impacting our business, and are therefore implementing a number of initiatives in the areas of operations, menu development, and advertising that we believe will create cost savings while spurring incremental restaurant sales at our Company. In uncertain times, we know that the best concepts are those that stay true to what they are and never compromise on execution and service. We have confidence in our three brands and believe that our continuing tactical efforts will both strengthen our organization as well as deepen our relationship with our guests,' said Joel A. Schwartz, Chairman and Chief Executive Officer.

During the fiscal first quarter 2009, the Company opened RA Sushi restaurants in Pembroke Pines, FL and South Miami, FL. The Company also reopened Benihana teppanyaki restaurants in Cupertino, CA, Denver, CO, and Houston, TX which had been closed for remodeling. The Benihana teppanyaki restaurant in Newport Beach, CA was closed for the entire 16-week period, but has subsequently reopened. In the fiscal second quarter of 2009, the Company has already opened a RA Sushi restaurant in Chino Hills, CA.

Restaurant operating profit for the fiscal first quarter 2009 was $12.4 million, or 13.2% of restaurant sales, compared to $15.7 million, or 17.6% of restaurant sales a year-ago.

Marketing, general and administrative expenses for the fiscal first quarter 2009 totaled $8.8 million, or 9.3% of restaurant sales, compared to $9.0 million, or 10.1% of restaurant sales in the same period last year. This resulted in income from operations of $3.4 million and $6.6 million, respectively.

Net income for the fiscal first quarter 2009 was $2.2 million, or $0.12 in diluted earnings per share, compared to $4.2 million, or $0.25 in diluted earnings per share in the same quarter last year.

Guidance

The Company is providing the following guidance for fiscal 2009:

Total restaurant sales of $313 million to $318 million, and 4,500 to 4,600 in total restaurant operating weeks (including the effect of 60 to 85 in gross operating weeks that are expected to be lost due to the Benihana teppanyaki renovation and revitalization program, which should be completed in the current fiscal year),

The opening of four Benihana teppanyaki restaurants and seven RA Sushi restaurants, including three RA Sushi restaurants that have opened so far, with the balance of openings in the second half of the fiscal year,

A total of $0.5 million in accelerated depreciation costs, related to shortening the useful lives for those restaurants affected by the Company's remodeling efforts, which will be incurred in the first half of the fiscal year,

Capital expenditures of approximately $47 million during the fiscal 2009 (vs. $60 million previously forecasted),

Additional utilization of approximately $17 million to $20 million (vs. $30 million previously forecasted) of the available line of credit, resulting in an outstanding balance of approximately $35 million to $38 million (vs. $50 million previously forecasted) by the end of fiscal 2009,

Diluted earnings per share ranging from $0.60 to $0.65. Diluted common shares outstanding are estimated to be approximately 18.3 million.

Mr. Schwartz continued, 'We are maintaining our previous revenue and earnings guidance for fiscal 2009, but have reduced our capital expenditures outlook based upon a strategic decision to postpone the last two refurbishment projects of this major initiative, along with developer-related construction delays on several fiscal 2010 restaurant openings. With our multi-year revitalization program nearing completion, we will continue to devote attention to improving the performance of our existing locations as well as manage our current development activities.'