

Ruby Tuesday, Inc. Reports First Quarter Fiscal 2009 Results, Reduces Debt \$40 Million

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Ruby Tuesday, Inc. (NYSE: RT) today reported diluted earnings per share of \$0.01 on net income of \$285 thousand for the Company's first quarter of fiscal 2009, which ended September 2, 2008. This compares to diluted earnings per share of \$0.21 on net income of \$11.1 million for the first quarter of the prior year.

Quarterly Highlights

Same-restaurant sales for the first quarter decreased 10.8% and 7.9% at Company-owned and domestic franchise Ruby Tuesday restaurants, respectively, compared to a decline of 4.8% and 2.9%, respectively, in the first quarter of the prior year.

Sandy Beall, Founder and CEO, commented on the results, saying, 'The first quarter continued to be challenging for us, the industry, and the consumer. With the weaker economy, housing crisis, and high energy prices, consumers are thinking differently and spending less as reflected in our and the industry's sales, especially in the South for us where we have the majority of our restaurants.

'In the face of these challenges, our excess cash flow was good. The real positive in this environment is our ability to generate excess cash. We reduced debt \$40 million in the quarter and anticipate reducing debt a total of \$80-90 million for the year. We also were able to continue to increase our guest satisfaction scores and manage our controllable costs relatively well. We implemented a new menu design during the quarter that has more personality than earlier ones, offers greater value to the guest, and has enabled us to essentially maintain our check (up approximately 1%) compared with last year. Price value is the key in this environment and we plan on promoting our price and value more aggressively in the coming months. With all of our recent initiatives in place, we believe we are well positioned and all of our resources are focused on attracting guests and strengthening our balance sheet by paying down debt.'

Highlights for the 13-week first quarter:

Total revenue decreased 6.6% from the same period of the prior year.

The Company opened two new Ruby Tuesday restaurants while eight were closed during the quarter.

Domestic and international franchisees opened four new Ruby Tuesday restaurants during the quarter and two were closed.

Sales at domestic and international franchise Ruby Tuesday restaurants (which is the basis for determining royalty fees included in franchise income on the Company's income statement) totaled \$99,666,000 and \$113,371,000 for the first quarter of fiscal 2009 and 2008, respectively.

Total capital expenditures were \$6.2 million for the quarter.

Fiscal Year 2009 Guidance

Restaurant locations - We plan on opening two Company-owned restaurants during the remainder of fiscal 2009. At this time, we expect to close an additional 10 Company-owned restaurants due to lease expirations. Our domestic and international franchisees plan on opening 15-18 restaurants during the balance of the fiscal year.

Same-restaurant sales are expected to decline at a rate in the mid-single digits for the year, improving sequentially throughout the year.

Restaurant operating margins for the year are anticipated to be down reflecting higher labor and other operating costs. Food cost is expected to be down marginally.

Other expenses - Depreciation is projected in the \$79-\$81 million range and selling, general, and administrative expenses are targeted to be down 10-15% from a year earlier.

Balance sheet - We continue to evaluate alternatives to strengthen our balance sheet and enhance our financial flexibility. Our most important focus, however, is strengthening our balance sheet by paying down debt from our strong internal cash flow, as we did in the first quarter.

Earnings per share for the year are projected to be in the \$0.30-0.35 range.

Capital expenditures for the year are expected to be in the \$23-25 million range.

Operating free cash flow is estimated to be in the \$80-90 million range.

In closing, Mr. Beall said, 'These are difficult times for all. We have made great investments in our brand and our operations teams have executed very well in bringing those investments to life, resulting in the best food, service, team members, and 5-star facilities ever. We are proactively and aggressively running our business to attract guests in to see the new Ruby Tuesday. We believe managing our business for the long term with a sense of urgency to stabilize same-restaurant sales and continuing our focus on paying down debt is the right course of action.'

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