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STEAK & SHAKE CO
Form 8-K
January 20, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549-1004

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 20, 2004

THE STEAK n SHAKE COMPANY

(Exact name of registrant as specified in its charter)

Indiana 000-08445 37-0684070

(State or other jurisdiction (Commission File Number) (IRS Employer
of incorporation) Identification Number)

36 S. Pennsylvania St., Suite 500
Indianapolis, Indiana 46204

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (317) 633-4100

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On January 20, 2004, The Steak n Shake Company (the "Registrant" or "Company") issued a Press Release announcing its fiscal year 2004 first quarter results. The information in the Press Release is attached hereto as Exhibit 99.1.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the

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registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE STEAK N SHAKE COMPANY

By: /s/ James W. Bear

James W. Bear,
Senior Vice President and
Chief Financial Officer

Dated: January 20, 2004

Exhibit Index

| Number assigned in Regulation S-K Item ----- | Description of Exhibits ----- |
|---|--|
| (__) | 99.1 Press Release, dated January 20, 2004, announcing fiscal year 2004 first quarter results. |

Exhibit 99.1

[GRAPHIC OMITTED]

THE STEAK N SHAKE COMPANY ANNOUNCES
STRONG SALES AND EARNINGS INCREASES

INDIANAPOLIS, January 20, 2004 - The Steak n Shake Company (NYSE:SNS) -----
reported today its revenues and earnings for the First Quarter of Fiscal Year 2004 ended December 17, 2003.

Highlights of the Quarter include:

- Net Earnings increased 35% to \$4,590,141
- Diluted Earnings per Share increased 30.8% to \$0.17
- System wide sales increased 12.3% to \$136,279,158 for the Quarter.
- In First Quarter, Revenues for the Company increased 12.2% to \$114,472,813.

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- As previously announced, the FY2004 Earnings objective is between \$0.98 and \$1.02 Diluted Earnings per Share.
- Same store sales increased 11.2%.

The same store sales momentum marked the fourth consecutive quarter of customer count and same store sales growth. This growth continued in the first period of the Fiscal Second Quarter (Period 4) with same store sales growth of almost 8% despite less couponing and the strong sales of the prior year due to the rollout of credit cards.

The Company continues to focus on five key fundamentals that are linked in a "virtuous cycle". These elements working together appear to have contributed to the sales and profit momentum.

- Supporting and Enabling Effective Field Leadership
- Improving Associate Satisfaction and Training
- Growing Guest Counts
- Continually Improving Margins
- Expanding the Brand

Progress continues in reducing management turnover and in meeting staffing goals to support both current operations and future expansion.

Progress has been made in improving associate satisfaction through increased training, enhanced benefit offerings, and associate involvement in the planning process, which have all contributed to turnover reduction.

Guest counts grew during the Quarter due to optimized and integrated marketing programs based on the results of consumer research. New products like the Eggnog and Chocolate Mint Milk Shakes and the Takhomacard gift card program created news and consumer interest. New television markets in the Quarter were Toledo, Lansing, Dothan, Topeka and Charlotte.

In the Quarter the Company made incremental investments in marketing, consumer research and field management bonuses. Additionally, the Company experienced food cost inflation in the Quarter, particularly in beef and cheese products. However, these costs were more than offset by the incremental profit generated by the 11.2% increase in same store sales resulting in an increase of 35% in Net Earnings. The 11.2% increase is compared to a 4% decrease in comparable sales experienced in the First Quarter of last year.

As of December 17, 2003, there were 412 Steak n Shake restaurants, of which 59 are franchised operating in eighteen states. During the Quarter, the Company opened a total of three restaurants in Dallas, Indianapolis, and Pittsburgh. Two franchise restaurants opened, one in the Atlanta DMA and one in the Springfield, MO DMA. The Company is on track to open 15-20 restaurants as announced previously, of which several will be franchise locations.

Steak n Shake is a full service, casual dining restaurant serving a core menu of its famous Steakburgers, thin 'n crispy French Fries and old fashioned hand-dipped Milk Shakes. Menu variety includes sandwiches, such as the Turkey Melt and the Grilled Chicken Breast, as well as Chili, home style soups, fresh salads, a variety of desserts and breakfast. All of the food is prepared to the customer's order and served by friendly, well-trained employees. Steak n Shake restaurants feature full-service dining areas, counter service and drive-thru windows. Restaurants are open 24 hours a day, seven days a week.

This press release contains various "forward looking statements" which represent the company's expectations or beliefs concerning future events. Investors are cautioned that reliance on "forward looking statements" involves risks and

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uncertainties, and although the Company believes that the assumptions on which the "forward looking statements" contained herein are based, are reasonable, any of these assumptions could prove to be inaccurate and, as a result, the "forward looking statements" based upon those assumptions also could be incorrect. Investors are referred to the full discussion of risk and uncertainties associated with "forward looking statements" contained in the company's filings with the Securities and Exchange Commission.

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www.steaknshake.com

(317) 633-410

THE STEAK N SHAKE COMPANY CONSOLIDATED STATEMENTS OF EARNINGS

| | TWELVE WEEKS ENDED | |
|---|---------------------------|---------------------------|
| | 12/17/2003 (UNAUDITED) | 12/18/2002 (UNAUDITED) |
| | ----- | ----- |
| REVENUES | | |
| Net sales | \$113,515,648 | \$101,284,729 |
| Franchise fees | 957,165 | 770,030 |
| | ----- | ----- |
| | 114,472,813 | 102,054,759 |
| | ----- | ----- |
| COSTS AND EXPENSES | | |
| Cost of sales | 26,571,398 | 22,752,278 |
| Restaurant operating costs | 57,133,360 | 51,742,281 |
| General and administrative | 9,134,845 | 8,212,768 |
| Depreciation and amortization | 5,552,748 | 5,439,226 |
| Marketing | 4,224,152 | 3,655,650 |
| Interest | 3,006,441 | 3,215,398 |
| Rent | 1,896,526 | 1,602,492 |
| Pre-opening costs | 379,888 | 628,023 |
| Other income, net | (513,686) | (483,413) |
| | ----- | ----- |
| | 107,385,672 | 96,764,703 |
| | ----- | ----- |
| EARNINGS BEFORE INCOME TAXES | 7,087,141 | 5,290,056 |
| INCOME TAXES | 2,497,000 | 1,888,000 |
| | ----- | ----- |
| NET EARNINGS | \$ 4,590,141 | \$ 3,402,056 |
| | ===== | ===== |

NET EARNINGS PER COMMON AND
COMMON EQUIVALENT SHARE:

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| | | | | |
|-------------------|----|------|----|------|
| Basic | \$ | 0.17 | \$ | 0.13 |
| Diluted | \$ | 0.17 | \$ | 0.13 |

WEIGHTED AVERAGE SHARES
AND EQUIVALENTS:

| | | |
|-------------------|------------|------------|
| Basic | 27,190,222 | 26,945,360 |
| Diluted | 27,498,629 | 26,992,796 |

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | 12/17/2003 | 9/24/2003 |
|--|---------------|---------------|
| | ----- | ----- |
| ASSETS | | |
| Current assets | \$ 41,977,360 | \$ 39,255,997 |
| Property and equipment - net | 359,549,461 | 360,878,710 |
| Leased property - net | 3,640,850 | 3,721,063 |
| Other assets | 10,490,021 | 10,779,813 |
| | ----- | ----- |
| Total assets | \$415,657,692 | \$414,635,583 |
| | ===== | ===== |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | \$ 58,213,085 | \$ 61,795,680 |
| Deferred income taxes and credits | 3,068,887 | 2,897,887 |
| Obligations under capital leases | 144,278,640 | 145,124,559 |
| Senior note | 16,203,175 | 16,203,175 |
| Shareholders' equity | 193,893,905 | 188,614,282 |
| | ----- | ----- |
| Total liabilities and shareholders' equity . | \$415,657,692 | \$414,635,583 |
| | ===== | ===== |