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STEAK & SHAKE CO  
Form 8-K  
May 04, 2004

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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): May 4, 2004  
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THE STEAK n SHAKE COMPANY  
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(Exact name of registrant as specified in its charter)

Indiana . . . . . 000-08445 37-0684070  
-----  
(State or other jurisdiction . . . . . (IRS Employer  
of incorporation). . . . . (Commission File Number) 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  
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ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On May 4, 2004, The Steak n Shake Company (the "Registrant" or "Company") issued a Press Release announcing its fiscal year 2004 second 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 registrant has duly caused this report to be signed on its behalf by the

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undersigned thereunto duly authorized.

THE STEAK N SHAKE COMPANY

By: /s/ Jeffrey A. Blade  
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Jeffrey A. Blade, Senior Vice President and  
Chief Financial Officer

Dated: May 4, 2004

### Exhibit Index

| Number assigned<br>in Regulation S-K<br>Item | Description of Exhibits  |
|--|--|
| -----  | -----  |
| (X) 99.1                                     | Press Release dated May 4, 2004, announcing fiscal year 2004 second quarter results. |

Exhibit 99.1

THE STEAK N SHAKE COMPANY REPORTS FISCAL SECOND QUARTER 2004 RESULTS

EARNINGS PER SHARE INCREASE 16.0%, SAME STORE SALES UP 8.7%

INDIANAPOLIS, May 4, 2004 /PRNewswire -- The Steak n Shake Company (NYSE:SNS) today announced its revenues and earnings for the fiscal second quarter ended April 7, 2004.

Highlights of the second quarter include:

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- Total revenues increased 9.4% to \$163.8 million compared to \$149.7 million last year
  - Same store sales for Company-owned restaurants increased 8.7% over last year
  - Net earnings increased 17.1% to \$8.0 million from \$6.8 million last year
  - Diluted earnings per share grew 16.0% to \$0.29 from \$0.25 last year

Net sales for the fiscal second quarter grew 9.4% to \$162.5 million versus \$148.5 million in the same quarter last year. Same-store sales for Company-owned restaurants increased 8.7% from the same period a year ago. The same-store sales increase marked the fifth consecutive quarter that Steak n Shake has reported positive same store sales for Company-owned restaurants.

The Company continues to focus on five key fundamentals that are linked in a Virtuous Cycle which include: developing effective field leaders, improving associate satisfaction and training, growing guest counts, improving margins, and expanding the brand.

Peter Dunn, President and Chief Executive Officer commented, "We continue to be encouraged by progress being made implementing the Virtuous Cycle. During the

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second quarter we continued to invest in manager training to better support and enable our leaders and continued to focus on increasing associate satisfaction, including progress on training initiatives and reducing turnover. These efforts, coupled with strong marketing initiatives, including better consumer insight, new product news, local marketing and the continuing addition of new television markets, drove increases in guest counts. The resulting strength of same store sales drove labor efficiencies that generated lower restaurant operating costs as a percent of sales."

Net income for the fiscal second quarter was \$8.0 million, or \$0.29 per diluted share, as compared to \$6.8 million, or \$0.25 per diluted share in the prior year period.

For the first half of fiscal year 2004, total revenues increased 10.5% to \$278.3 million compared to \$251.7 million in the prior year. Same store sales for Company-owned units increased 9.7% over last year. Net earnings for the first half of the year totaled \$12.6 million, a 23.0% increase over the prior year net earnings of \$10.2 million. Diluted earnings per share for the first half of the year rose 21.1% to \$0.46, versus \$0.38 in the prior year.

As of April 7, 2004, there are 415 Steak n Shake restaurants operating in 18 states, of which 59 are franchised. During the quarter, the Company opened four new restaurants in the Dallas, Chicago, Rockford, IL and Columbus, OH markets. For the first half of the year, Steak n Shake opened nine new restaurants, including two franchised units. As previously reported, the Company anticipates opening a total of 15-20 new stores in fiscal 2004, including franchised locations.

As a result of the strong same store sales, the Company will raise its guidance for the full year, increasing its estimate of diluted earnings per share range to \$1.00 to \$1.04 from the previously issued range of \$0.98 to \$1.02.

### Investor Conference Call and Webcast

The Steak n Shake Company will broadcast its investor conference call live over the Internet at 11:00 a.m. Eastern Time, 10:00 a.m. Central Time on Wednesday, May 5, 2004. Hosting the call will be Peter Dunn, President and Chief Executive Officer, and Jeffrey A. Blade, Senior Vice President and Chief Financial Officer. Interested investors and other parties may listen to a simultaneous webcast of the conference call by logging onto the Company's website at [www.steaknshake.com](http://www.steaknshake.com). The on-line replay will be available for a limited time immediately following the call.

### About Steak n Shake

Steak n Shake is a full service, casual dining restaurant serving a core menu of its famous Steakburger sandwiches, thin 'n crispy french fries, old fashioned hand-dipped milk shakes, chili, home style soups, fresh salads, a variety of desserts and breakfast. All of the food is prepared to the guest's order and served by friendly, well-trained associates. Steak n Shake restaurants feature full-service dining areas, counter service and drive-thru windows and are open 24 hours a day, seven days a week.

This press release contains various forward-looking statements that reflect management's expectations or beliefs regarding future events. Investors are cautioned that reliance on these forward-looking statements involves risks and uncertainties. Although the Company believes that the assumptions used in the forward-looking statements are reasonable, any of these assumptions could prove to be inaccurate and, as a result, the outcome of the forward-looking statements could differ materially. A list of the factors that could cause actual results to differ materially from those expressed in the forward-looking statements are contained in the Company's filings with the Securities and Exchange Commission, such as its annual and quarterly reports.

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 Jeff.blade@steaknshake.com  
 www.steaknshake.com  
 (317) 633-4100

### THE STEAK N SHAKE COMPANY CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

|   | SIXTEEN<br>WEEKS ENDED  |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | 4/7/2004<br>(UNAUDITED) | 4/9/2003<br>(UNAUDITED) | 4/7/2002<br>(UNAUDITED) |
| <b>REVENUES</b>   |                         |                         |                         |
| Net sales . . . . .   | \$162,483,948           | \$148,535,098           | \$275,999,000           |
| Franchise fees . . . . .  | 1,306,221               | 1,137,072               | 2,263,000               |
|   | 163,790,169             | 149,672,170             | 278,262,000             |
| <b>COSTS AND EXPENSES</b>                                       |                         |                         |                         |
| Cost of sales . . . . .   | 37,372,509              | 33,828,675              | 63,943,000              |
| Restaurant operating costs . . . . .                            | 79,299,359              | 73,276,094              | 136,432,000             |
| General and administrative . . . . .                            | 13,486,168              | 11,817,301              | 22,621,000              |
| Depreciation and amortization . . . . .                         | 7,393,649               | 7,362,835               | 12,946,000              |
| Marketing . . . . .   | 7,176,769               | 6,209,846               | 11,400,000              |
| Interest . . . . .  | 3,976,727               | 4,184,531               | 6,983,000               |
| Rent . . . . .  | 2,637,510               | 2,471,877               | 4,534,000               |
| Pre-opening costs . . . . .                                     | 599,033                 | 459,157                 | 978,000                 |
| Other income, net . . . . .                                     | (511,135)               | (592,818)               | (1,024,000)             |
|   | 151,430,589             | 139,017,498             | 258,816,000             |
| <b>EARNINGS BEFORE INCOME TAXES . . . . .</b>                   | <b>12,359,580</b>       | <b>10,654,672</b>       | <b>19,446,000</b>       |
| <b>INCOME TAXES . . . . .</b>                                   | <b>4,353,000</b>        | <b>3,816,000</b>        | <b>6,850,000</b>        |
| <b>NET EARNINGS . . . . .</b>                                   | <b>\$ 8,006,580</b>     | <b>\$ 6,838,672</b>     | <b>\$ 12,596,000</b>    |
| <b>NET EARNINGS PER COMMON AND<br/>COMMON EQUIVALENT SHARE:</b> |                         |                         |                         |
| Basic . . . . .   | \$ 0.29                 | \$ 0.25                 | \$ 0.25                 |
| Diluted . . . . .   | \$ 0.29                 | \$ 0.25                 | \$ 0.25                 |
| <b>WEIGHTED AVERAGE SHARES<br/>AND EQUIVALENTS:</b>             |                         |                         |                         |
| Basic . . . . .   | 27,401,944              | 27,011,227              | 27,311,000              |
| Diluted . . . . .   | 27,804,115              | 27,019,027              | 27,673,000              |

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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|  | 4/7/2004<br>(UNAUDITED) | 9/23/2003     |
|--|-------------------------|---------------|
| <hr/>  |                         |               |
| ASSETS   |                         |               |
| Current assets . . . . .                             | \$ 45,355,311           | \$ 39,255,997 |
| Property and equipment - net . . . . .               | 362,898,227             | 360,878,710   |
| Leased property - net . . . . .                      | 3,772,840               | 3,721,063     |
| Other assets . . . . .                               | 10,088,433              | 10,779,813    |
|  | <hr/>                   |               |
| Total assets . . . . .                               | \$422,114,811           | \$414,635,583 |
|  | <hr/>                   |               |
| LIABILITIES AND SHAREHOLDERS' EQUITY                 |                         |               |
| Current liabilities . . . . .                        | \$ 56,577,094           | \$ 61,795,680 |
| Deferred income taxes and credits . . . . .          | 2,721,687               | 2,897,887     |
| Obligations under capital leases . . . . .           | 143,977,564             | 145,124,559   |
| Senior note . . . . .                                | 15,203,175              | 16,203,175    |
| Shareholders' equity . . . . .                       | 203,635,291             | 188,614,282   |
|  | <hr/>                   |               |
| Total liabilities and shareholders' equity . . . . . | \$422,114,811           | \$414,635,583 |
|  | <hr/>                   |               |