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STEAK & SHAKE CO  
Form 8-K  
July 28, 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): July 28, 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 of incorporation) (Commission File Number) (IRS Employer 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 July 28, 2004, The Steak n Shake Company (the "Registrant" or "Company") issued a Press Release announcing its fiscal year 2004 third 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 undersigned thereunto duly authorized.

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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: July 28, 2004

Exhibit Index

| Number assigned<br>in Regulation S-K<br>Item | Description of Exhibits   |
|--|---|
| -----  | -----   |
| (X) 99.1                                     | Press Release dated July 28, 2004, announcing fiscal year 2004 third quarter results. |

Exhibit 99.1

THE STEAK N SHAKE COMPANY REPORTS FISCAL THIRD QUARTER 2004 RESULTS

SAME STORE SALES INCREASE 6.3%, NET EARNINGS INCREASE 4.6%

INDIANAPOLIS, July 28, 2004 /PRNewswire -- The Steak n Shake Company (NYSE:SNS) today announced its revenues and earnings for the fiscal third quarter ended June 30, 2004.

Highlights of the third quarter include:

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- Total revenues increased 7.7% to \$130.6 million versus \$121.3 million
  - Same store sales for Company-owned restaurants increased 6.3%
  - Net earnings increased 4.6% to \$7.4 million from \$7.1 million last year
  - Diluted earnings per share were \$0.27 compared to \$0.26

Net sales for the fiscal third quarter grew 7.6% to \$129.6 million versus \$120.3 million in the same quarter last year, while same-store sales increased 6.3% from the same period a year ago.

Net earnings for the fiscal third quarter 2004 were \$7.4 million, or \$0.27 per diluted share compared to \$7.1 million, or \$0.26 per diluted share in the prior year period.

The Company continues to focus on five key fundamentals which are linked in a Virtuous Cycle. These 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 are encouraged by consumer acceptance of our new Side by Side milk shakes, which helped contribute to our sixth consecutive quarter of positive same store sales. This

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trend is notable considering the strong comparison to third quarter results from the prior year. We invested in training and staffing to launch this new product successfully and this is already paying dividends in strong sales momentum."

Mr. Dunn continued, "In the third quarter we continued to face significant increases in food commodity costs, primarily beef and dairy, that resulted in a higher cost of sales. These costs were partially offset by strong expense control."

For the first three quarters of fiscal year 2004, total revenues increased 9.6% to \$408.9 million compared to \$373.0 million in the prior year, driven by a same store sales increase for Company-owned units of 8.7%. Diluted earnings per share for the first three quarters of the year rose 12.5% to \$0.72 versus \$0.64 in the prior year.

As of June 30, 2004, there were 416 Steak n Shake restaurants operating in 18 states, including 357 Company-owned restaurants and 59 franchised units. During the quarter, the Company opened one new restaurant in the St. Louis, Missouri market. Subsequent to June 30, 2004, the Company has opened three new restaurants in Peoria, Illinois, Dallas, Texas, and St. Louis, Missouri.

During the current fiscal year, the Company has opened thirteen new restaurants, including two franchised units, consistent with previous guidance of opening 15-20 new stores in fiscal 2004, including franchised locations.

Based on results through the first three quarters of fiscal 2004, the Company is reaffirming its guidance for the full year of diluted earnings per share in the range of \$1.00 to \$1.04. This guidance is predicated on commodity costs remaining stable at current price levels and continued same store sales momentum.

### Investor Conference Call and Webcast

The Steak n Shake Company will broadcast its investor conference call live over the Internet at 5:00 p.m. Eastern Time, 4:00 p.m. Central Time today, Wednesday, July 28, 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) or by dialing 1-877-297-4509.

### 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.

Contact: Jeffrey A. Blade

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Jeff.blade@steaknshake.com

www.steaknshake.com

(317) 633-4100

THE STEAK N SHAKE COMPANY  
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

|   | TWELVE<br>WEEKS ENDED | FORTY<br>WEEKS ENDED |                      |                      |
|---|-----------------------|----------------------|----------------------|----------------------|
|   | 6/30/2004             | 7/2/2003             | 6/30/2004            | 7/2/2003             |
|   | (UNAUDITED)           | (UNAUDITED)          | (UNAUDITED)          | (UNAUDITED)          |
| <b>REVENUES</b>   |                       |                      |                      |                      |
| Net sales . . . . .   | \$129,554,552         | \$120,348,440        | \$405,554,148        | \$370,000,000        |
| Franchise fees . . . . .  | 1,072,392             | 920,086              | 3,335,778            | 2,000,000            |
|   | 130,626,944           | 121,268,526          | 408,889,926          | 372,000,000          |
| <b>COSTS AND EXPENSES</b>                                       |                       |                      |                      |                      |
| Cost of sales . . . . .   | 31,078,420            | 27,535,883           | 95,022,327           | 84,000,000           |
| Restaurant operating costs . . . . .                            | 63,097,306            | 58,454,340           | 199,530,025          | 183,000,000          |
| General and administrative . . . . .                            | 9,401,563             | 9,250,148            | 32,022,576           | 29,000,000           |
| Depreciation and amortization . . . . .                         | 5,686,004             | 5,689,377            | 18,632,401           | 18,000,000           |
| Marketing . . . . .   | 5,365,982             | 4,270,375            | 16,766,903           | 14,000,000           |
| Interest . . . . .  | 2,942,780             | 3,127,195            | 9,925,948            | 10,000,000           |
| Rent . . . . .  | 2,152,591             | 1,936,308            | 6,686,627            | 6,000,000            |
| Provision for store closings . . . . .                          | (394,369)             | 0                    | (394,369)            | 0                    |
| Pre-opening costs . . . . .                                     | 345,035               | 375,196              | 1,323,956            | 1,000,000            |
| Other income, net . . . . .                                     | (390,687)             | (429,662)            | (1,415,508)          | (1,000,000)          |
|   | 119,284,625           | 110,209,160          | 378,100,886          | 345,000,000          |
| <b>EARNINGS BEFORE INCOME TAXES . . . . .</b>                   | <b>11,342,319</b>     | <b>11,059,366</b>    | <b>30,789,040</b>    | <b>27,000,000</b>    |
| <b>INCOME TAXES . . . . .</b>                                   | <b>3,925,000</b>      | <b>3,970,000</b>     | <b>10,775,000</b>    | <b>9,000,000</b>     |
| <b>NET EARNINGS . . . . .</b>                                   | <b>\$ 7,417,319</b>   | <b>\$ 7,089,366</b>  | <b>\$ 20,014,040</b> | <b>\$ 18,000,000</b> |
| <b>NET EARNINGS PER COMMON AND<br/>COMMON EQUIVALENT SHARE:</b> |                       |                      |                      |                      |
| Basic . . . . .   | \$ 0.27               | \$ 0.26              | \$ 0.73              | \$ 0.67              |
| Diluted . . . . .   | \$ 0.27               | \$ 0.26              | \$ 0.72              | \$ 0.66              |
| <b>WEIGHTED AVERAGE SHARES<br/>AND EQUIVALENTS:</b>             |                       |                      |                      |                      |
| Basic . . . . .   | 27,462,379            | 27,030,336           | 27,356,558           | 26,000,000           |
| Diluted . . . . .   | 27,778,480            | 27,178,997           | 27,704,779           | 26,000,000           |

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

|  | 6/30/2004     | 9/24/2003     |
|--|---------------|---------------|
|  | (UNAUDITED)   |               |
| -----  |               |               |
| ASSETS   |               |               |
| Current assets . . . . .                             | \$ 60,889,752 | \$ 39,255,997 |
| Property and equipment - net . . . . .               | 368,716,677   | 360,878,710   |
| Leased property - net . . . . .                      | 3,690,258     | 3,721,063     |
| Other assets . . . . .                               | 4,910,103     | 10,779,813    |
|  | -----         | -----         |
| Total assets . . . . .                               | \$438,206,790 | \$414,635,583 |
|  | =====         | =====         |
| LIABILITIES AND SHAREHOLDERS' EQUITY                 |               |               |
| Current liabilities . . . . .                        | \$ 65,835,849 | \$ 61,795,680 |
| Deferred income taxes and credits . . . . .          | 2,721,135     | 2,897,887     |
| Obligations under capital leases . . . . .           | 143,025,993   | 145,124,559   |
| Senior note . . . . .                                | 15,203,175    | 16,203,175    |
| Shareholders' equity . . . . .                       | 211,420,638   | 188,614,282   |
|  | -----         | -----         |
| Total liabilities and shareholders' equity . . . . . | \$438,206,790 | \$414,635,583 |
|  | =====         | =====         |