

CHUY'S HOLDINGS, INC.

FORM 8-K (Current report filing)

Filed 05/04/17 for the Period Ending 05/04/17

Address	1623 TOOMEY ROAD AUSTIN, TX 78704
Telephone	512-473-2783
CIK	0001524931
Symbol	CHUY
SIC Code	5812 - Eating Places
Industry	Restaurants & Bars
Sector	Consumer Cyclical
Fiscal Year	12/29

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

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, 2017

CHUY'S HOLDINGS, INC.

(Exact Name Of Registrant As Specified In Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-35603
(Commission
File Number)

20-5717694
(IRS Employer
Identification No.)

1623 Toomey Rd.
Austin, Texas 78704
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **(512) 473-2783**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

The following information is intended to be furnished under Item 2.02 of Form 8-K, "Results of Operations and Financial Condition." This information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date of this report, regardless of any general incorporation language in the filing.

In a press release dated May 4, 2017, Chuy's Holdings, Inc. (the "Company") announced financial results for the thirteen weeks ended March 26, 2017. The full text of the press release is furnished herewith as Exhibit 99.1 to this report.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release dated May 4, 2017

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CHUY'S HOLDINGS, INC.

By: /s/ Jon W. Howie
Jon W. Howie
Vice President and Chief Financial Officer

Date: May 4, 2017

INDEX TO EXHIBITS

**Exhibit
Number**

Description

99.1

Press release dated May 4, 2017



Chuy's Holdings, Inc. Announces First Quarter 2017 Financial Results

AUSTIN, Texas, May 4, 2017 - Chuy's Holdings, Inc. (NASDAQ:CHUY) today announced financial results for the first quarter ended March 26, 2017 .

Highlights for the first quarter ended March 26, 2017 were as follows:

- Revenue increased 11.3% to \$86.9 million from \$78.1 million in the first quarter of 2016 .
- Comparable restaurant sales decreased 0.7% as compared to the same period in 2016 .
- Net income was \$4.6 million , or \$0.27 per diluted share, compared to \$4.5 million , or \$0.27 per diluted share, in the first quarter of 2016 .
- Restaurant-level operating profit ⁽¹⁾ increased to \$16.6 million from \$15.9 million in the first quarter of 2016 .
- Two new restaurants opened during the first quarter of 2017 .

⁽¹⁾ Restaurant-level operating profit is a non-GAAP measure. For a reconciliation of restaurant-level operating profit to the most directly comparable GAAP measure see the accompanying financial tables. For a discussion of why we consider them useful, see "Non-GAAP Measures" below.

Steve Hislop, President and Chief Executive Officer of Chuy's Holdings, Inc. stated, "Our main focus remains taking care of our customers, one customer at a time, delivering high-quality, made-from-scratch food and drink at a tremendous value in a unique and upbeat atmosphere. Our unique positioning, the broad appeal of our concept, and our flexible real estate strategy all contribute to our ability to deliver segment-leading unit growth. Over the last two years, we've expanded our store base by over 35%, and our 2017 development is off to an active start with three new restaurants open year to date."

First Quarter 2017 Financial Results

Revenue increased \$8.9 million , or 11.3% , to \$86.9 million in the first quarter of 2017 compared to the first quarter of 2016 . The increase was driven by \$11.7 million in incremental revenue from an additional 157 operating weeks provided by 14 new restaurants which opened during and subsequent to the first quarter of 2016 . This increase was partially offset by a decrease in revenue related to our non-comparable restaurants that are not included in the incremental revenue discussed above and the loss of 13 operating weeks due to the closing of the Charlotte, NC location during the third quarter of 2016. Revenue for the non-comparable restaurants is historically lower as the restaurants transition out of the 'honeymoon' period that follows a restaurant's initial opening.

Comparable restaurant sales decreased 0.7% in the first quarter of 2017 as compared to the same period in 2016 . The decrease in comparable sales was driven by a 2.2% decrease in average weekly customers offset by a 1.5% increase in average check. Comparable restaurant sales and average weekly customers were negatively affected by approximately 60 basis points due to unfavorable weather and the timing of Valentine’s Day during the week. This negative impact was offset by approximately 30 basis points due to Easter falling in the first quarter of 2016 compared to the second quarter of 2017. The comparable restaurant base consisted of 62 restaurants at the end of the first quarter of 2017 .

Total restaurant operating costs as a percentage of revenue increased to 80.9% in the first quarter of 2017 from 79.6% in the first quarter of 2016 . This increase was primarily driven by higher labor costs due to new store labor inefficiencies and hourly labor rate inflation and higher operating costs due to increases in general utility costs. These increases were offset by lower cost of sales driven by favorable commodity pricing.

Net income was \$4.6 million , or \$0.27 per diluted share, compared to \$4.5 million , or \$0.27 per diluted share, in the first quarter of 2016 .

Development Update

During the first quarter, two new Chuy’s restaurants were opened in Cedar Park, Texas and Cumberland, Georgia. Subsequent to the end of the first quarter, one additional Chuy’s restaurant was opened in West Chester, Ohio.

2017 Outlook

The Company currently expects 2017 diluted net income per share of \$1.11 to \$1.15. The diluted net income per share guidance for fiscal year 2017 includes an estimated \$0.05 per share positive impact due to the fourth quarter of 2017 containing 14 weeks versus 13 weeks in fiscal 2016 and is further based, in part, on the following annual assumptions:

- Comparable restaurant sales growth of 0.5% to 1.5% versus a previous range of 1.0% to 2.0% (on a 52-week comparable basis);
- Restaurant pre-opening expenses of \$5.8 million to \$6.3 million versus a previous range of \$6.0 million to \$6.5 million;
- General and administrative expense of \$20.6 million to \$21.1 million;
- An effective tax rate of 29% to 31%;
- The opening of 12 to 14 new restaurants;
- Annual weighted average diluted shares outstanding of 17.0 million to 17.1 million shares; and
- Net capital expenditures (net of tenant improvement allowances) of \$39.0 million to \$44.0 million.

The following definitions apply to these terms as used in this release:

Comparable restaurant sales reflect changes in sales for the comparable group of restaurants over a specified period of time. We consider a restaurant to be comparable in the first full quarter following the 18th month of operations. Changes in comparable sales reflect changes in customer count trends as well as changes in average check.

Average check is calculated by dividing revenue by total entrées sold for a given time period. Average check reflects menu price influences as well as changes in menu mix.

Average weekly customers is measured by the number of entrées sold per week. Our management team uses this metric to measure changes in customer traffic.

Total restaurant operating costs includes cost of sales, labor, operating, occupancy and marketing costs.

Conference Call

The Company will host a conference call to discuss financial results for the first quarter of 2017 today at 5:00 p.m. Eastern Time. Steve Hislop, President and Chief Executive Officer, and Jon Howie, Vice President and Chief Financial Officer will host the call.

The conference call can be accessed live over the phone by dialing 877-681-3372 or for international callers by dialing 719-325-4758. A replay will be available after the call and can be accessed by dialing 844-512-2921 or for international callers by dialing 412-317-6671; the passcode is 1806790. The replay will be available until Thursday, May 11, 2017. The conference call will also be webcast live from the Company's website at www.chuys.com under the investors section. An archive of the webcast will be available through our website shortly after the call has concluded.

About Chuy's

Founded in Austin, Texas in 1982, Chuy's owns and operates 83 full-service restaurants across 16 states serving a distinct menu of authentic, made from scratch Tex-Mex inspired dishes. Chuy's highly flavorful and freshly prepared fare is served in a fun, eclectic and irreverent atmosphere, while each location offers a unique, "unchained" look and feel, as expressed by the concept's motto "If you've seen one Chuy's, you've seen one Chuy's!". For further information about Chuy's, including the nearest location, visit the Chuy's website at www.chuys.com.

Forward-Looking Statements

Certain statements in this release that are not historical facts, including, without limitation, those relating to our anticipated financial performance, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Such statements are based upon the current beliefs and expectations of the management of the Company. Actual results may vary materially from those contained in forward-looking statements based on a number of factors including, without limitation, the actual number of restaurant openings, the sales at the Company's restaurants, changes in restaurant development or operating costs, such as food and labor, the Company's ability to leverage its existing management and infrastructure, changes in restaurant pre-opening expense, general and administrative expenses, capital expenditures, or our effective tax rate, changes in the number of diluted shares outstanding, strength of consumer spending, conditions beyond the Company's control such as timing of holidays, weather, natural disasters, disease outbreaks, epidemics or pandemics impacting the Company's customers or food supplies, acts of war or terrorism and other factors disclosed from time to time in the Company's filings with the U.S. Securities and Exchange Commission. Investors should take such risks into account when making investment decisions. Stockholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. The Company undertakes no obligation to update any forward-looking statements, except as required by law .

Non-GAAP Measures

We prepare our financial statements in accordance with GAAP. Within our press release, we make reference to non-GAAP restaurant-level operating profit and restaurant-level operating margin. Restaurant-level operating profit represents income (loss) from operations plus the sum of general and administrative expenses, restaurant pre-opening costs and depreciation and amortization. Restaurant-level operating profit is presented because: (i) we believe it is a useful measure for investors to assess the operating performance of our restaurants without the effect of non-cash depreciation and amortization expenses; and (ii) we use restaurant-level operating profit internally as a benchmark to evaluate our restaurant operating performance and to compare our performance to that of our competitors. Additionally, we present restaurant-level operating profit because it excludes the impact of general and administrative expenses, which are not incurred at the restaurant level, and restaurant pre-opening costs. Although we incur pre-opening costs on an ongoing basis as we continue to open new restaurants, the pre-opening costs are not a component of a restaurant's ongoing operating expenses. The use of restaurant-level operating profit thereby enables us and our investors to compare operating performance between periods and to compare our operating performance to the performance of our competitors. The measure is also widely used within the restaurant industry to evaluate restaurant-level productivity, efficiency and performance. The use of restaurant-level operating profit as a performance measure permits a comparative assessment of our operating performance relative to our performance based on our GAAP results, while isolating the effects of some items that vary from period to period without any correlation to core operating performance or that vary widely among similar companies. We present restaurant-level operating margin for the same reasons we present restaurant-level operating profit.

Restaurant-level operating profit and restaurant-level operating margin exclude various expenses as discussed above that may materially impact our consolidated results of operations. As a result, these measures are not indicative of the Company's consolidated results of operations. We present these measures exclusively as supplements to, and not substitutes for, net income or income from operations computed in accordance with GAAP. As a supplemental disclosure, restaurant-level operating profit

should not be considered as an alternative to net income or income from operations as an indicator of our performance or as alternatives to any other measure determined in accordance with GAAP.

Chuy's Holdings, Inc.
Unaudited Condensed Consolidated Income Statements
(In thousands, except share and per share data)

	Thirteen Weeks Ended	
	March 26, 2017	March 27, 2016
Revenue	\$ 86,904	\$ 78,054
Costs and expenses:		
Cost of sales	21,825	19,998
Labor	29,699	25,680
Operating	12,032	10,556
Occupancy	6,121	5,305
General and administrative	4,872	4,533
Marketing	631	583
Restaurant pre-opening	1,102	1,433
Depreciation and amortization	4,161	3,477
Total costs and expenses	80,443	71,565
Income from operations	6,461	6,489
Interest expense, net	16	15
Income before income taxes	6,445	6,474
Income tax expense	1,895	1,942
Net income	\$ 4,550	\$ 4,532
Net income per common share: Basic	\$ 0.27	\$ 0.27
Net income per common share: Diluted	\$ 0.27	\$ 0.27
Weighted-average shares outstanding: Basic	16,855,275	16,503,226
Weighted-average shares outstanding: Diluted	17,002,256	16,803,756

Reconciliation of GAAP income from operations to restaurant-level operating profit:

	Thirteen Weeks Ended	
	March 26, 2017	March 27, 2016
Income from operations as reported	\$ 6,461	\$ 6,489
General and administrative	4,872	4,533
Restaurant pre-opening	1,102	1,433
Depreciation and amortization	4,161	3,477
Restaurant-level operating profit	\$ 16,596	\$ 15,932
Restaurant-level operating margin ⁽¹⁾	19.1%	20.4%

⁽¹⁾ Restaurant-level operating margin is calculated by dividing restaurant-level operating profit by revenue.

Chuy's Holdings, Inc.
Unaudited Selected Balance Sheet Data
(In thousands)

	March 26, 2017	December 25, 2016
Cash and cash equivalents	\$ 14,182	\$ 13,694
Total assets	247,296	240,728
Long-term debt	—	—
Total stockholders' equity	161,868	157,065

Investor Relations

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