



August 6, 2015

Ignite Restaurant Group Reports Second Quarter 2015 Financial Results

HOUSTON--(BUSINESS WIRE)-- Ignite Restaurant Group (NASDAQ:IRG) today reported financial results for the second quarter ended June 29, 2015.

The Company completed the sale of its Macaroni Grill subsidiary on April 17, 2015. Consequently, the results of operations for Macaroni Grill are reflected in discontinued operations for all periods presented.

Highlights for the second quarter of 2015 were as follows:

- Total revenues were \$143.2 million, compared to \$143.3 million in the second quarter of 2014;
- Comparable restaurant sales increased 2.8% at Brick House Tavern + Tap and decreased 4.0% at Joe's Crab Shack;
- Income from continuing operations was \$1.7 million, or \$0.07 per diluted share, compared to \$2.3 million, or \$0.09 per diluted share in the second quarter of 2014; and
- Adjusted income from continuing operations (a non-GAAP measure) was \$2.3 million, or \$0.09 per diluted share, compared to \$2.4 million, or \$0.09 per diluted share in the second quarter of 2014.

Ray Blanchette, President and Chief Executive Officer of Ignite Restaurant Group, stated, "Our second quarter was marked by another solid performance at Brick House Tavern + Tap, led by a 2.8% increase in comparable restaurant sales, even as we lapped a very strong quarter from last year. We are looking forward to resuming our development plan for Brick House later this year to capitalize on its enormous growth opportunity. We are also pleased with the improvement in restaurant-level profitability that we achieved during the quarter. While we acknowledge the continued challenges at Joe's Crab Shack, we remain confident with the long-term prospect of the brand and are actively identifying new growth layers that can complement our business model and drive guest traffic to our restaurants."

Review of Second Quarter 2015 Operating Results

Total revenues were \$143.2 million in the second quarter of 2015, a decrease of 0.1% compared to \$143.3 million in the second quarter of last year.

- Revenues at Joe's Crab Shack were \$122.4 million during the second quarter of 2015 versus \$125.5 million in the prior year second quarter. Comparable restaurant sales at Joe's Crab Shack decreased 4.0%.
- Revenues at Brick House Tavern + Tap were \$20.8 million in the second quarter of 2015 compared to \$17.8 million in the prior year second quarter. Comparable restaurant sales at Brick House Tavern + Tap increased 2.8%.

For the second quarter of 2015, income from continuing operations was \$1.7 million, or \$0.07 per diluted share, compared to \$2.3 million, or \$0.09 per diluted share in the second quarter of 2014. Income from continuing operations for the second quarter of 2015 included charges of approximately \$0.6 million related to a deferred tax asset valuation allowance and costs of conversions, remodels and closures. Excluding these items, adjusted income from continuing operations and adjusted income from continuing operations per diluted share (which are non-GAAP financial measures) was \$2.3 million and \$0.09, respectively, compared to \$2.4 million, or \$0.09 per diluted share in the second quarter of 2014.

Liquidity

At June 29, 2015, the Company had \$48.4 million of cash and approximately \$24.3 million of available borrowing capacity under its current credit facility. The Company was in compliance with the credit facility's financial covenants.

Conference Call

Ignite will host a conference call to discuss second quarter financial results today at 5:00 PM Eastern Time. Hosting the call will be Ray Blanchette, President and Chief Executive Officer and Brad Leist, Chief Financial Officer.

The conference call can be accessed live over the phone by dialing 877-397-0292 or for international callers by dialing 719-325-4753. A replay will be available one hour after the call and can be accessed by dialing 877-870-5176 or 858-384-5517 for international callers; the password is 3869905. The replay will be available until Thursday, August 13, 2015. The call will also be webcast live from the Company's website at www.igniterestaurants.com under the "Investors" section.

About Ignite Restaurant Group

Ignite Restaurant Group, Inc. (NASDAQ:IRG) owns and operates restaurants throughout the U.S. Headquartered in Houston, Ignite's portfolio of restaurant concepts currently includes Joe's Crab Shack and Brick House Tavern + Tap. Each brand offers a variety of high-quality, chef-inspired food and beverages in a distinctive, casual, high-energy atmosphere. For more information on Ignite and its distinctive brands visit www.igniterestaurants.com.

Cautionary Note Regarding Forward-Looking Statements

This press release includes "forward-looking statements" within the meaning of the federal securities laws. Forward-looking statements are subject to known and unknown risks and uncertainties, many of which may be beyond the Company's control. The Company cautions you that the forward-looking information presented in this press release is not a guarantee of future events, and that actual events and results may differ materially from those made in or suggested by the forward-looking information contained in this press release. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "plan," "seek," "comfortable with," "will," "expect," "intend," "estimate," "anticipate," "believe" or "continue" or the negative thereof or variations thereon or similar terminology. Such statements include, but are not limited to, statements regarding the scheduled conversions of restaurants, the anticipated growth of Brick House Tavern + Tap and our effective tax rate.

A number of important factors could cause actual events and results to differ materially from those contained in or implied by the forward-looking statements included in this press release, including the risk factors discussed in the Company's Form 10-K for the year ended December 29, 2014 (which can be found at the SEC's website www.sec.gov). Each such risk factor is specifically incorporated into this press release. Any forward-looking information presented herein is made only as of the date of this press release, and the Company does not undertake any obligation to update or revise any forward-looking information to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise.

Results of Operations

The following tables present the consolidated statements of operations and selected other data for the thirteen and twenty-six weeks ended June 29, 2015 and June 30, 2014, and selected consolidated balance sheet information as of June 29, 2015 and December 29, 2014:

| Consolidated Statements of Operations | Thirteen Weeks Ended June 29, 2015 | | Thirteen Weeks Ended June 30, 2014 | |
|---|---|---------|---------------------------------------|---------|
| | (In thousands, except percent and per share data) | | | |
| Revenues | \$ 143,170 | 100.0 % | \$ 143,283 | 100.0 % |
| Costs and expenses | | | | |
| Restaurant operating costs and expenses | | | | |
| Cost of sales | 44,065 | 30.8 % | 47,116 | 32.9 % |
| Labor expenses | 39,990 | 27.9 % | 39,117 | 27.3 % |
| Occupancy expenses | 10,422 | 7.3 % | 9,719 | 6.8 % |
| Other operating expenses | 27,571 | 19.3 % | 26,910 | 18.8 % |
| General and administrative | 8,363 | 5.8 % | 9,400 | 6.6 % |
| Depreciation and amortization | 6,177 | 4.3 % | 5,871 | 4.1 % |
| Pre-opening costs | 46 | 0.0 % | 558 | 0.4 % |
| Asset impairments and closures | 53 | 0.0 % | 65 | 0.0 % |
| Loss on disposal of assets | 194 | 0.1 % | 227 | 0.2 % |
| Total costs and expenses | 136,881 | 95.6 % | 138,983 | 97.0 % |
| Income from operations | 6,289 | 4.4 % | 4,300 | 3.0 % |

| | | | | |
|---|----------------|----------------|-----------------|----------------|
| Interest expense, net | <u>(3,849)</u> | <u>(2.7) %</u> | <u>(1,764)</u> | <u>(1.2) %</u> |
| Income from continuing operations before income taxes | 2,440 | 1.7 % | 2,536 | 1.8 % |
| Income tax expense | <u>709</u> | <u>0.5 %</u> | <u>202</u> | <u>0.1 %</u> |
| Income from continuing operations | 1,731 | 1.2 % | 2,334 | 1.6 % |
| Loss from discontinued operations, net | <u>(1,645)</u> | <u>(1.1) %</u> | <u>(567)</u> | <u>(0.4) %</u> |
| Net income | <u>\$ 86</u> | <u>0.1 %</u> | <u>\$ 1,767</u> | <u>1.2 %</u> |

Basic and diluted net income (loss) per share data:

Net income (loss) per share

Basic and diluted

| | | |
|--|-----------|-----------|
| Income from continuing operations | \$ 0.07 | \$ 0.09 |
| Loss from discontinued operations, net | \$ (0.06) | \$ (0.02) |
| Net income | \$ 0.00 | \$ 0.07 |

Weighted average shares outstanding

| | | |
|---------|--------|--------|
| Basic | 25,721 | 25,651 |
| Diluted | 25,730 | 25,749 |

| | | | | |
|--|-------------------------------|--|-------------------------------|--|
| Consolidated Statements of Operations | Twenty-Six Weeks Ended | | Twenty-Six Weeks Ended | |
| | June 29, 2015 | | June 30, 2014 | |

(In thousands, except percent and per share data)

| | | | | |
|--|--------------------|----------------|-----------------|----------------|
| Revenues | \$ 265,389 | 100.0 % | \$ 266,378 | 100.0 % |
| Costs and expenses | | | | |
| Restaurant operating costs and expenses | | | | |
| Cost of sales | 82,666 | 31.1 % | 86,151 | 32.3 % |
| Labor expenses | 74,807 | 28.2 % | 74,865 | 28.1 % |
| Occupancy expenses | 20,644 | 7.8 % | 19,219 | 7.2 % |
| Other operating expenses | 49,670 | 18.7 % | 47,910 | 18.0 % |
| General and administrative | 16,758 | 6.3 % | 20,043 | 7.5 % |
| Depreciation and amortization | 12,406 | 4.7 % | 11,693 | 4.4 % |
| Pre-opening costs | 514 | 0.2 % | 762 | 0.3 % |
| Asset impairments and closures | 83 | 0.0 % | 149 | 0.1 % |
| Loss on disposal of assets | 352 | 0.1 % | 399 | 0.1 % |
| Total costs and expenses | <u>257,900</u> | <u>97.2 %</u> | <u>261,191</u> | <u>98.1 %</u> |
| Income from operations | 7,489 | 2.8 % | 5,187 | 1.9 % |
| Interest expense, net | <u>(7,725)</u> | <u>(2.9) %</u> | <u>(3,642)</u> | <u>(1.4) %</u> |
| Income (loss) from continuing operations before income taxes | (236) | (0.1) % | 1,545 | 0.6 % |
| Income tax expense (benefit) | <u>1,229</u> | <u>0.5 %</u> | <u>(934)</u> | <u>(0.4) %</u> |
| Income (loss) from continuing operations | (1,465) | (0.6) % | 2,479 | 0.9 % |
| Loss from discontinued operations, net | <u>(20,684)</u> | <u>(7.8) %</u> | <u>(977)</u> | <u>(0.4) %</u> |
| Net income (loss) | <u>\$ (22,149)</u> | <u>(8.3) %</u> | <u>\$ 1,502</u> | <u>0.6 %</u> |

Basic and diluted net income (loss) per share data:

Net income (loss) per share

Basic and diluted

| | | |
|--|-----------|-----------|
| Income (loss) from continuing operations | \$ (0.06) | \$ 0.10 |
| Loss from discontinued operations, net | \$ (0.80) | \$ (0.04) |
| Net income (loss) | \$ (0.86) | \$ 0.06 |

Weighted average shares outstanding

| | | |
|---------|--------|--------|
| Basic | 25,698 | 25,645 |
| Diluted | 25,698 | 25,715 |

| | | |
|--|-----------------|---------------------|
| Selected Consolidated Balance Sheet Information | June 29, | December 29, |
| | 2015 | 2014 |

(In thousands)

| | | | | |
|--|----|---------|----|---------|
| Cash and cash equivalents | \$ | 48,418 | \$ | 20,564 |
| Total assets | | 268,410 | | 327,720 |
| Long term debt (including current portion) | | 162,117 | | 162,702 |
| Total liabilities | | 238,358 | | 276,421 |
| Total stockholders' equity | | 30,052 | | 51,299 |

| | Thirteen Weeks Ended June 29, 2015 | Thirteen Weeks Ended June 30, 2014 | Twenty-Six Weeks Ended June 29, 2015 | Twenty-Six Weeks Ended June 30, 2014 |
|--|--|--|--|--|
|--|--|--|--|--|

(dollars in thousands)

Selected Other Data:

| | | | | |
|---|--------|--------|--------|--------|
| Restaurants opened during the period | - | - | 2 | - |
| Number of restaurants open (end of period): | | | | |
| Joe's Crab Shack | 138 | 136 | 138 | 136 |
| Brick House Tavern + Tap | 23 | 20 | 23 | 20 |
| Total restaurants | 161 | 156 | 161 | 156 |
| Restaurant operating weeks | | | | |
| Joe's Crab Shack | 1,794 | 1,768 | 3,599 | 3,536 |
| Brick House Tavern + Tap | 299 | 260 | 578 | 520 |
| Average weekly sales | | | | |
| Joe's Crab Shack | \$ 68 | \$ 71 | \$ 63 | \$ 65 |
| Brick House Tavern + Tap | \$ 70 | \$ 68 | \$ 69 | \$ 68 |
| Change in comparable restaurant sales | | | | |
| Joe's Crab Shack | (4.0%) | (4.7%) | (3.9%) | (5.3%) |
| Brick House Tavern + Tap | 2.8% | 8.5% | 4.0% | 9.2% |
| Total | (3.3%) | (3.4%) | (3.0%) | (3.8%) |

Reconciliation of Non-GAAP Results to GAAP Results

The Company provided detailed explanation of these non-GAAP financial measures, including a discussion of the usefulness and purpose of the measures, in its Form 8-K, filed with the Securities and Exchange Commission on August 6, 2015.

| | Thirteen Weeks Ended June 29, 2015 | Thirteen Weeks Ended June 30, 2014 | Twenty-Six Weeks Ended June 29, 2015 | Twenty-Six Weeks Ended June 30, 2014 |
|---|--|---|--|--|
| | <i>(In thousands, except per share data)</i> | | | |
| Income (loss) from continuing operations - GAAP | \$ 1,731 | \$ 2,334 | \$ (1,465) | \$ 2,479 |
| Adjustments - continuing operations: | | | | |
| Transaction costs | - | 89 | - | 89 |
| Costs related to conversions, remodels and closures | 14 | - | 63 | - |
| Income tax effect of adjustments above | (6) | (35) | (25) | (35) |
| Deferred tax asset valuation allowance | 607 | - | 2,733 | - |
| Adjusted income from continuing operations - non-GAAP | \$ 2,346 | \$ 2,388 | \$ 1,306 | \$ 2,533 |
| Weighted average shares outstanding (GAAP) | | | | |
| Basic | 25,721 | 25,651 | 25,698 | 25,645 |
| Diluted | 25,730 | 25,749 | 25,698 | 25,715 |
| Income (loss) from continuing operations per share (GAAP) | | | | |
| Basic and diluted | \$ 0.07 | \$ 0.09 | \$ (0.06) | \$ 0.10 |
| Adjusted income from continuing operations per share (non-GAAP) | | | | |
| Basic and diluted | \$ 0.09 | \$ 0.09 | \$ 0.05 | \$ 0.10 |

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Source: Ignite Restaurant Group, Inc.

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