



July 27, 2001

## Bob Evans Farms Announces First Quarter Financial Results

**COLUMBUS, Ohio** -- Bob Evans Farms, Inc. (NASDAQ: BOBE) today announced financial results for the fiscal first quarter ended July 27, 2001.

Earnings per share for the quarter were a record \$0.43, up 13 percent from \$0.38 a year ago. Operating income rose 15 percent in the restaurant segment, which reflects continued growth in same-store sales and improved operating margins. This gain was partially offset by lower profits in the smaller food products segment. Overall, consolidated net sales for the quarter were \$267.5 million, up 6 percent from \$253.1 million a year ago. Net income, which also benefited from a slightly lower tax rate, increased 12 percent to \$15.0 million, from \$13.4 million a year earlier.

In the restaurant segment, which accounts for more than 80 percent of Bob Evans Farms' sales and profits, same-store sales increased 2.1 percent from a year ago. Average menu prices were up 2.9 percent. The segment's net sales rose 8 percent, and the operating margin improved to 10.7 percent from 10.0 percent a year ago, which generated the 15 percent gain in operating income. Labor costs accounted for most of the improvement, a reflection of programs launched during the quarter aimed at reducing employee-related expenses.

During the quarter, the company opened one new restaurant, bringing the total to 470. Plans for the full fiscal year continue to call for approximately 30 openings, as well as substantial remodeling and rebuilding activity.

"While the slowing economy appears to have dampened our same-store sales growth, we are very pleased with the continued positive momentum at Bob Evans Restaurants," said Stewart K. Owens, chairman of the board and chief executive officer. "The sales increases reflect the success of our seasonal merchandising and new product programs, as well as our ongoing commitment to excellent customer service. In addition, our efforts to control labor costs through a number of adjustments in our operating procedures have been successful and are resulting in a significant improvement in our profitability."

A jump in hog costs, particularly in the second half of the quarter, affected results in the food products segment. Hog costs averaged \$45.00 per hundredweight for the quarter, up from \$43.00 a year ago. Competitive pressures in certain markets also reduced unit volume. Pounds sold from comparable products (principally sausage) were down 3 percent from a year ago. Overall, the segment's net sales were off 4 percent, and operating income was \$325,000, compared with \$1.5 million in the corresponding period last year. To offset the higher raw material costs, the company recently increased prices on its sausage product lines by approximately 5 percent.

Owens concluded, "Overall, we remain comfortable with fiscal 2002 earnings per share estimates in the range of \$1.55 which is consistent with guidance we provided in June. Restaurant operating profits are a bit stronger than we initially anticipated, but may be partially offset by weaker results on the food products side-particularly if hog costs remain at current levels as we move into fall which is traditionally a season of higher volume for that side of our business. While the hog market is driven by forces outside our control, the improving trend in our restaurant profitability may be more fundamental in nature."

During the quarter, the company repurchased 95,400 shares of Bob Evans Farms common stock. As of July 27, there were approximately 34.8 million shares outstanding. Bob Evans' balance sheet remained strong at quarter's end, with \$108.2 million in total debt obligations, compared with \$467.8 million in stockholders' equity.

Also today, the Bob Evans Farms, Inc. board of directors declared a quarterly cash dividend of nine cents (\$0.09) per share on the company's outstanding common stock. The dividend is payable Sept. 4, 2001, to stockholders of record at the close of business on Aug. 17, 2001.

Bob Evans Farms, Inc. owns and operates 470 full-service, family restaurants in 22 states. Bob Evans Restaurants are primarily located in the East North Central, mid-Atlantic and Southern United States, while Owens Restaurants operate in Texas. The company is also a leading producer and distributor of pork sausage and homestyle convenience food items under the Bob Evans and Owens brand names which are available in 30 states. For more information about Bob Evans Farms, Inc., visit the company's Web site at [www.bobevans.com](http://www.bobevans.com).

<b>Consolidated Financial Results (unaudited)</b>			
(Thousands, except per share data)			
		<u>Three Months Ended</u>	
		<u>July 27, 2001</u>	<u>July 28, 2000</u>
<b>Net Sales</b>			
Restaurant Segment		\$221,467	\$205,337
Food Products Segment		45,994	47,756
Total		\$267,461	\$253,093
<b>Operating Income</b>			
Restaurant Segment		\$23,634	\$20,629
Food Products Segment		325	1,536
Total		\$23,959	\$22,165
<b>Income Before Income Taxes</b>		\$22,794	\$20,814
<b>Net Income</b>		\$15,044	\$13,425
<b>Earnings Per Share</b>			
Basic		\$ 0.43	\$ 0.38
Diluted		\$ 0.43	\$ 0.38
<b>Average Shares Outstanding</b>			
Basic		34,810	35,367
Diluted		35,153	35,460

**SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995** The statements contained in this news release which are not historical fact are "forward-looking statements" that involve various important assumptions, risks, uncertainties and other factors which could cause the company's actual results for fiscal 2002 and beyond to differ materially from those expressed in such forward-looking statements. These important factors include, without limitation, changes in hog costs and the possibility of severe weather conditions where the company operates its restaurants, as well as other risks previously disclosed in the company's securities filings and press releases.

Company executives will discuss the results during a conference call today at 5 p.m. EST. To listen, call (888) 868-9083 (toll free) or log-in to the Webcast at [www.bobevans.com](http://www.bobevans.com) and then click on "financials." The replay will be available immediately following the call on Aug. 7 through 5 p.m. EST on Thursday, Aug. 9, 2001, by calling (877) 519-4471 (toll free), pin code 2750010. The Webcast version will also be archived on the company's Web site until Aug. 21, 2001.