October 30, 2012

Chuy's Holdings, Inc. Announces Third Quarter 2012 Financial Results

AUSTIN, Texas, Oct. 30, 2012 (GLOBE NEWSWIRE) -- Chuy's Holdings, Inc. (Nasdaq:CHUY) today announced financial results for the third quarter ended September 23, 2012.

Highlights for the third quarter ended September 23, 2012, compared to the third quarter ended September 25, 2011 were as follows:

- Revenue increased 28.0% to $44.9 million from $35.1 million.
- Comparable restaurant sales increased 1.5%.
- Net income decreased to $790,000 from $1.2 million. Net income for the third quarter of 2012 included a $1.6 million write-off of deferred loan origination costs associated with a pay down of debt from the Company's IPO proceeds, or approximately $1.1 million, net of tax. Net income available to common stockholders increased to $533,000 from $17,000. Diluted income per share was $0.05 compared to $0.08 in the prior year. Pro forma net income(1) increased 22.9% to $2.2 million, or $0.13 per diluted share from $1.8 million, or $0.11 per diluted share.
- Restaurant-level EBITDA(1) increased 29.1% to $8.6 million from $6.6 million. As a percentage of revenue, restaurant-level EBITDA increased 20 basis points to 19.1%.
- Three new restaurants opened during the third quarter of 2012, bringing the total restaurants opened to-date in 2012 to seven.

(1) Restaurant-level EBITDA and pro forma net income are non-GAAP measures. For reconciliations of restaurant-level EBITDA and pro forma net income to GAAP net income and discussions of why we consider them useful, see the "Reconciliation of Non-GAAP Measures" accompanying this release.

Steve Hislop, President and Chief Executive Officer of Chuy's Holdings, Inc., stated, "We are pleased with our third quarter results, which reflected solid contributions from new restaurant development, continued comparable restaurant sales growth and improved restaurant level profit, despite a challenging economic environment. We believe the distinct nature of the Chuy's brand, the quality and value of our offerings and the open runway for unit growth has us well positioned for long-term earnings growth. Our new units continue to open as expected and we are on track to add eight restaurants in 2012, seven of which have already opened. We have also made solid progress towards filling our 2013 development pipeline."

Third Quarter 2012 Financial Results

Revenue increased $9.8 million, or 28.0%, to $44.9 million in the third quarter of 2012 compared to $35.1 million in the third quarter of 2011. The increase was primarily driven by $9.4 million in incremental revenue from an additional 115 operating weeks provided by eleven new restaurants opened during and subsequent to the third quarter of 2011.

Comparable restaurant sales increased 1.5% during the third quarter. The increase was driven by a 1.3% increase in average check and a 0.2% increase in average weekly customers. Our comparable restaurant base consisted of 23 restaurants during the third quarter ended September 23, 2012, and 17 restaurants during the third quarter ended September 25, 2011.

Total restaurant operating costs decreased as a percent of revenues to 80.9% in the third quarter of 2012 from 81.1% in the third quarter of 2011, driven largely by the impact of favorable food costs, particularly produce and dairy costs, as well as an improvement in restaurant operating costs, partially offset by increases in labor and occupancy costs at non-comparable restaurants.

Net income available to common stockholders for the third quarter of 2012 was $533,000, or $0.05 per diluted share, compared to $17,000, or $0.08 per diluted share, in the third quarter of 2011. Net income for the third quarter of 2012 included a $1.6 million write-off of deferred loan origination costs associated with the pay down of debt with the IPO proceeds, or approximately $1.1 million, net of tax.

Pro forma net income increased 22.9% to $2.2 million, or $0.13 per diluted share in the third quarter of 2012, from $1.8 million, or $0.11 per diluted share, in the third quarter of 2011. A reconciliation between GAAP net income and pro forma net income is included in the accompanying financial data.

During the third quarter, three new Chuy's restaurants were opened – Gainesville, Florida; Knoxville, Tennessee; and Lubbock, Texas. Chuy's has opened seven new restaurants year to date with one additional restaurant scheduled to open in November of 2012. The Company anticipates opening eight to nine new restaurants in 2013.

2012 Outlook

The Company has updated its guidance and currently anticipates that its fiscal year 2012 pro forma diluted net income per share will range between $0.55 to $0.57. This compares to pro forma diluted net income per share of $0.39 in 2011. The Company's 2012 guidance includes an estimated $0.02 to $0.03 per share positive impact due to the fourth quarter of 2012 containing 14 weeks versus 13 weeks in fiscal 2011. Pro forma net income guidance for fiscal year 2012 is based, in part, on the following annual assumptions:

- Total comparable restaurant sales growth for the fourth quarter of 2012 of between 1.0% to 1.5% on a 52-week basis bringing the total for the year to approximately 1.5% to 2.0%;
- Restaurant pre-opening expenses of approximately $3.6 million;
- Pro forma general and administrative expense of approximately $9.5 million;
- An effective tax rate of approximately 29% to 31%;

- The opening of 8 new restaurants;
- Net capital expenditures (net of tenant improvement allowances) of approximately $20.0 million; and
- Annual weighted average pro forma diluted shares outstanding of 16.6 million to 16.7 million shares, including fourth quarter weighted average pro forma diluted shares outstanding of 16.7 to 16.8 million shares.

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 entrees sold for a given time period. Average check reflects menu price influences as well as changes in menu mix.

Restaurant-level EBITDA, a non-GAAP measure, represents net income plus the sum of general and administrative expenses, the advisory agreement termination fee, the settlement with our former director, restaurant pre-opening costs, depreciation and amortization, interest and taxes.

Conference Call

The Company will host a conference call to discuss financial results for the third quarter of 2012 today at 5:00 Eastern Standard Time. Steve Hislop, President and Chief Executive Officer, and Jon Howie, Chief Financial Officer will host the call.

The conference call can be accessed live over the phone by dialing 800-967-0627 or for international callers by dialing 913-312-0407. 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 passcode is 7774310. The replay will be available until Tuesday, November 6, 2012. The conference call will also be webcast live from the Company's website at www.chuys.com under the investor relations section. An archive of the webcast will also be available through the corporate website shortly after the call has concluded.

About Chuy's

Founded in Austin, Texas in 1982, Chuy's owns and operates 38 full-service restaurants across eight 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 our newest locations, please visit Chuys.com. For the nearest location or a complete menu, 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 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 share outstanding, strength of consumer spending, conditions beyond the Company's control such as 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.*

Chuy's Holdings, Inc. and Subsidiaries

Unaudited Condensed Consolidated Income Statements

(In thousands, except share and per share data)

	Thirteen Weeks Ended	
	September 23, 2012	September 25 2011
Revenue	$ 44,939	$ 35,1
Costs and expenses		
Cost of sales	12,194	9,7
Labor	14,613	11,1
Operating	6,490	5,2
Occupancy	2,726	2,0
General and administrative	2,497	1,6
Advisory agreement termination fee	--	
Settlement with former director	--	
Marketing	344	2
Restaurant pre-opening	934	9
Depreciation and amortization	1,725	1,1
Total costs and expenses	41,523	32,1
Income from operations	3,416	2,9
Interest expense	2,285	1,2
Income before income taxes	1,131	1,7
Income tax expense	341	5
Net Income	790	1,2
Undistributed earnings allocated to participating interests	257	1,1

Net income available to common stockholders	$ 533	$
Net income per common share:		
Basic	$ 0.05	$ 0.
Diluted	$ 0.05	$ 0.
Weighted-average shares outstanding:		
Basic	10,215,755	203,7
Diluted	14,033,234	10,879,7

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

	September 23, 2012	December 25, 2011
	(unaudited)	
Cash and cash equivalents	$ 3,561	$ 2,827
Total assets	121,586	105,938
Long-term debt	4,994	55,200
Total stockholders' equity	84,831	25,627

Reconciliation of Non-GAAP Measures

We prepare our financial statements in accordance with generally accepted accounting principles (GAAP). Within our press release, we make reference to non-GAAP Restaurant-level EBITDA, Restaurant-level EBITDA margin, and pro forma net income. Restaurant-level EBITDA represents net income plus the sum of general and administrative expenses, the advisory agreement termination fee, the settlement with our former director, restaurant pre-opening costs, depreciation and amortization, interest and taxes. Restaurant-level EBITDA is presented because: (i) the Company believes it is a useful measure for investors to assess the operating performance of our business without the effect of non-cash depreciation and amortization expenses; and (ii) the Company uses restaurant-level EBITDA internally as a benchmark to evaluate its operating performance or compare our performance to that of our competitors. Additionally, the Company presents Restaurant-level EBITDA because it excludes the impact of general and administrative expenses, which are not incurred at the restaurant level, and restaurant pre-opening costs, which are non-recurring at the restaurant level. The use of Restaurant-level EBITDA thereby enables the Company and its investors to compare operating performance between periods and to compare our operating performance to the performance of the Company's competitors. The measure is also widely used within the restaurant industry to evaluate restaurant level productivity, efficiency and performance. The use of Restaurant-level EBITDA 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. The Company presents Restaurant-level EBITDA margin for the same reasons it presents Restaurant-level EBITDA.

Pro forma net income represents our net income plus the sum of the net reduction in our interest expense and the reduction in our management fees and expenses as a result of our IPO and the application of the net proceeds of the IPO to repay $79.4 million of the Company's debt, less the incremental costs of being a public company and the pro forma incremental income tax expense resulting from the aforementioned adjustments and to adjust the effective rate to the long-term estimated effective rate of 30%.

The following table includes a reconciliation of net income to Restaurant-level EBITDA:

	Thirteen Weeks Ended	
	September 23, 2012	September 25, 2011
Net income as reported	$ 790	$ 1,208
Income tax provision	341	516
Interest expense	2,285	1,214
General and administrative	2,497	1,616
Advisory agreement termination fee	--	--
Settlement with former director	--	--
Restaurant pre-opening expenses	934	910
Depreciation and amortization	1,725	1,175
Restaurant-level EBITDA	$ 8,572	$ 6,639
Restaurant-level EBITDA margin (1)	19.1%	18.9%

(1) Restaurant-level EBITDA margin is calculated by dividing Restaurant-level EBITDA by revenue.

The following is a reconciliation of GAAP net income and net income per share to pro forma net income and pro forma net income per share:

	Thirteen Weeks Ended		
	September 23, 2012	September 25, 2011	Sep
Net income as reported	$ 790	$ 1,208	
Interest expense as reported (1)	2,285	1,214	
Pro forma interest expense based upon reduced debt balance (2)	(107)	(107)	
Management fees and expenses (3)	--	94	
Settlement with former director and one-time bonus to management (4)	--	--	
Incremental public costs (5)	(130)	(338)	
Income tax expense on adjustments (6)	(613)	(260)	
Pro forma net income	$ 2,225	$ 1,811	
Net income per share - pro forma:			

Basic - pro forma	$ 0.14	$ 0.11	
Diluted - pro forma	$ 0.13	$ 0.11	
Weighted-average shares outstanding-pro forma:			
Basic - pro forma (7)	15,918,427	15,913,664	
Diluted - pro forma (7)	16,652,508	16,540,121	

Notes to reconciliation of GAAP net income to non-GAAP pro forma net income:

1. Reflects the adjustment to eliminate the historical interest expense for all periods presented that were based upon actual outstanding balances before the application of the net proceeds from our IPO.

2. Reflects interest expense assuming our current post-IPO long-term debt balance of $5.0 million was outstanding as of the beginning of fiscal year 2011. This balance reflects $79.4 million repayment of long-term debt from the net proceeds from our IPO. This interest expense calculation assumes a change in interest rate from 8.5% to 7.0% due to the reduction in our total leverage ratio to below 2.0 to 1.0 upon application of the net proceeds from the IPO. The interest adjustment is also based on the following assumptions:

   a. an unused facility fee on the unfunded $10.5 million of our revolver and delayed Term B Loan at an annual rate of 0.5%; and

   b. a lower annual amortization of deferred loan costs of approximately $25,000 after the write-off of approximately $1.6 million, which occurred in the third quarter of 2012 but is assumed to occur at the beginning of fiscal 2011.

3. Reflects the elimination of the management fees and expenses paid and reimbursed to Goode Partners, LLC for the periods presented.

4. Reflects the elimination of one-time charges in 2011 for the settlement with former director of $245,000 and a special one-time cash bonus payment of approximately $1.0 million made to certain members of management in conjunction with the successful completion of the Company's refinancing of its credit facility in the third quarter of 2011.

5. Reflects an estimate of recurring incremental legal, accounting, insurance and other compliance costs we expect to incur as a public company.

6. Reflects the tax expense associated with the adjustments in 1 through 5 above at the normalized tax rate of 30%, which reflects our estimated long-term effective tax rate.

7. Reflects (i) 6,708,332 additional shares of common stock issued in the IPO, (ii) the repurchase by the Company of 1,655,662 shares of its common and preferred stock on April 6, 2012, and (iii) the conversion of all series of our outstanding preferred stock into common stock as if all of these transactions occurred at the beginning of fiscal year 2011.

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