



May 14, 2015

El Pollo Loco Holdings, Inc. Announces First Quarter 2015 Financial Results

COSTA MESA, Calif., May 14, 2015 (GLOBE NEWSWIRE) -- El Pollo Loco Holdings, Inc. (Nasdaq:LOCO) today announced financial results for the 13-week ended April 1, 2015.

Highlights for the first quarter ended April 1, 2015, compared to the first quarter ended March 26, 2014 were as follows:

- Total revenue increased 11.1% to \$90.4 million compared to \$81.4 million.
- System-wide comparable restaurant sales grew 5.1%, including a 3.5% increase for company-operated restaurants, and a 6.2% increase for franchised restaurants.
- Net income was \$6.8 million, or \$0.17 per diluted share, compared to net income of \$5.5 million, or \$0.18 per diluted share.
- Pro forma net income⁽¹⁾ increased 40.1% to \$7.1 million, or \$0.18 per diluted share, compared to \$5.0 million, or \$0.13 per diluted share.
- Adjusted EBITDA⁽¹⁾ increased 11.6% to \$16.6 million.

⁽¹⁾ Pro forma net income and adjusted EBITDA are non-GAAP measures. A reconciliation of GAAP net income to each of these measures is included in the accompanying financial data. See also "Non-GAAP Financial Measures."

Steve Sather, President and Chief Executive Officer of El Pollo Loco Holdings, Inc., stated, "We are very pleased with our first quarter results, which once again demonstrate strong operating momentum through solid sales and earnings growth. Our Crazy You Can Taste authentic Mexican inspired cuisine continues to resonate with guests, as evidenced by our system-wide comparable restaurant sales growth of 5.1%, which extended our track record to 15 consecutive quarters of positive comparable restaurant sales growth."

Sather added, "We remain excited about the opportunity ahead to expand in both new and existing markets, and look forward to showcasing our freshly prepared authentic cuisine, particularly our signature fire-grilled chicken, to customers across the country."

First Quarter 2015 Financial Results

Company-operated restaurant revenue in the first quarter of 2015 increased 11.2% to \$84.7 million, from \$76.2 million in the same period last year. The growth in company-operated revenue was driven largely by 12 new units opened during and subsequent to the first quarter of 2014.

Comparable company-operated restaurant sales in the first quarter increased 3.5%, driven by a 3.4% increase in average check and a 0.1% increase in traffic.

Franchise revenue in the first quarter of 2015 increased 9.2% to \$5.7 million, from \$5.2 million in the first quarter of 2014. Franchised comparable restaurant sales increased 6.2% during the quarter.

Restaurant contribution increased 12.2% to \$18.9 million, from \$16.8 million in the first quarter of 2014. As a percent of company-operated restaurant revenue, restaurant contribution margin improved 20 basis points to 22.3%. The improvement in restaurant contribution margin was driven by leverage of comparable company-operated restaurant sales.

Net income for the first quarter of 2015 was \$6.8 million, or \$0.17 per diluted share, compared to net income of \$5.5 million, or \$0.18 per diluted share in the first quarter of 2014.

Pro forma net income increased 40.1% to \$7.1 million, or \$0.18 per diluted share during the first quarter of 2015, compared to \$5.0 million, or \$0.13 per diluted share during the first quarter of 2014. A reconciliation between GAAP net income and pro

forma net income is included in the accompanying financial data.

2015 Outlook

The Company expects 2015 pro forma diluted net income per share ranging from \$0.67 to \$0.71. This compares to pro forma diluted net income per share of \$0.55 in 2014. The Company's 2014 pro forma results included an estimated \$0.01 per share positive impact due to a 53rd week during the fiscal year.

Pro forma net income guidance for fiscal year 2015 is based, in part, on the following annual assumptions:

- System-wide comparable restaurant sales growth of approximately 3.0% to 5.0%;
- The opening of 16 new company-owned restaurants and 11 new franchised restaurants;
- Restaurant contribution margin of 21.7% to 22.0%;
- Pro forma income tax rate of 40.5%.
- G&A expenses of between 8.2% and 8.4% of total revenue
- Adjusted EBITDA of between \$66.5 and \$69.2 million

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

Comparable restaurant sales reflect the change in year-over-year sales for the comparable company, franchised and total system restaurant base. The comparable restaurant base is defined to include those restaurants open for 15 months or longer. At April 1, 2015, there were 159 restaurants, in our comparable company-operated restaurant base and 396 restaurants in our comparable system restaurant base.

Restaurant contribution and **restaurant contribution margin** are neither required by, nor presented in accordance with, GAAP. Restaurant contribution is defined as company-operated restaurant revenue less company restaurant expenses, which are food and paper costs, labor and related expenses and occupancy and other operating expenses. Restaurant contribution margin is defined as restaurant contribution as a percentage of net company-operated restaurant revenue. See also "Non-GAAP Financial Measures."

EBITDA and adjusted EBITDA are neither required by, nor presented in accordance with, GAAP. EBITDA represents net income before interest expense, provision for income taxes, depreciation, and amortization, and adjusted EBITDA represents EBITDA before items that we do not consider representative of our ongoing operating performance, as identified in the GAAP reconciliation in the accompanying financial data. See also "Non-GAAP Financial Measures."

Pro forma net income is neither required by, nor presented in accordance with, GAAP. Pro forma net income reflects (i) the net decrease in interest expense resulting from the repayment of our second lien term loan facility with the proceeds from our IPO (ii) the elimination of fees payable under the management agreement between us and affiliates of our sponsors, less sponsor expenses that were replaced with board of director costs after our IPO (iii) providing for an estimate of recurring incremental legal, accounting, insurance and other compliance costs we expect to incur as a public company for those periods where they had not yet been incurred (iv) costs related to loss on disposal of assets and asset impairment and closed store costs (v) amortization expense incurred on the Tax Receivable Agreement ("TRA") completed at the time of the IPO and (vi) provision for income taxes at a normalized tax rate of 40.5%, which reflects our estimated long-term effective tax rate, including both federal and state income taxes. See the GAAP reconciliation in the accompanying financial data and "Non-GAAP Financial Measures."

Pro forma weighted-average share and per share data reflects the 8,214,286 additional shares of common stock issued in the IPO as if they had been issued on December 26, 2013. See also "Non-GAAP Financial Measures."

Conference Call

The Company will host a conference call to discuss financial results for the first quarter of 2015 today at 5:00 PM Eastern Time. Steve Sather, President and Chief Executive Officer, Larry Roberts, Chief Financial Officer, and Ed Valle, Chief Marketing Officer will host the call.

The conference call can be accessed live over the phone by dialing 877-407-3982 or for international callers by dialing 201-493-6780. A replay will be available after the call and can be accessed by dialing 877-870-5176 or for international callers by dialing 858-384-5517; the passcode is 13606672. The replay will be available until Thursday, May 28, 2015. The conference call will also be webcast live from the Company's corporate website at investor.elpolloloco.com under the "Events & Presentations" page. An archive of the webcast will be available at the same location on the corporate website shortly after the call has concluded.

About El Pollo Loco

El Pollo Loco is a differentiated and growing restaurant concept that specializes in fire-grilling citrus-marinated chicken in front of its customers. El Pollo Loco opened its first location on Alvarado Street in Los Angeles, California in 1980 and has grown to more than 400 company-owned and franchised restaurants in Arizona, California, Nevada, Texas and Utah. The Company's distinctive menu features its signature product - citrus-marinated fire-grilled chicken - and a variety of Mexican-inspired entrees that the Company and its franchisees create from that chicken.

Forward-Looking Statements

This press release contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical fact included in this press release are forward-looking statements. Forward-looking statements discuss our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements because they do not relate strictly to historical or current facts. These statements may include words such as "aim," "anticipate," "believe," "estimate," "expect," "forecast," "outlook," "potential," "project," "projection," "plan," "intend," "seek," "may," "could," "would," "will," "should," "can," "can have," "likely," the negatives thereof and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. They appear in a number of places throughout this press release and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected.

While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are expressly qualified in their entirety by these cautionary statements. You should evaluate all forward-looking statements made in this press release in the context of the risks and uncertainties disclosed in our final prospectus dated July 24, 2014, including the sections thereof captioned "Special Note Regarding Forward-Looking Statements" and "Risk Factors." These filings and future filings are available online at www.sec.gov, www.elpolloloco.com or upon request from El Pollo Loco.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences we anticipate or affect us or our operations in the ways that we expect. The forward-looking statements included in this press release are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as required by law. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we use non-GAAP financial measures including those indicated above. These measures are not intended to be considered in isolation or as substitutes for, or superior to, financial measures prepared and presented in accordance with GAAP. We use non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. We believe that they provide useful information about operating results, enhance understanding of past performance and future prospects, and allow for greater transparency with respect to key metrics used by management in its financial and operational decision making. The non-GAAP measures used in this press release may be different from the measures used by other companies.

EL POLLO LOCO HOLDINGS, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share data)

	<u>Thirteen Weeks Ended</u>		<u>Thirteen Weeks Ended</u>	
	<u>April 1, 2015</u>		<u>March 26, 2014</u>	
	\$	%	\$	%

Revenue:

Restaurant revenue	\$ 84,733	93.7%	\$ 76,213	93.6%
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Franchise revenue	5,693	6.3%	5,214	6.4%
Total revenue	90,426	100.0%	81,427	100.0%
Costs of operations:				
Food and paper cost (1)	27,123	32.0%	24,023	31.5%
Labor and related expenses (1)	21,582	25.5%	19,313	25.3%
Occupancy and other operating expenses (1)	17,136	20.2%	16,044	21.1%
Company restaurant expenses (1)	65,841	77.7%	59,380	77.9%
General and administrative expenses	7,485	8.3%	6,630	8.1%
Franchise expenses	855	0.9%	983	1.2%
Depreciation and amortization	3,146	3.5%	2,595	3.2%
Loss on disposal of assets	81	0.1%	276	0.3%
Asset impairment and closed store reserves	51	0.1%	53	0.1%
Total expenses	77,459	85.7%	69,917	85.9%
Income from operations	12,967	14.3%	11,510	14.1%
Interest expense, net	1,211	1.3%	5,623	6.9%
TRA expense	251	0.3%	--	0.0%
Income before provision for income taxes	11,505	12.7%	5,887	7.2%
Provision for income taxes	4,714	5.2%	417	0.5%
Net Income	\$ 6,791	7.5%	\$ 5,470	6.7%

Net income per share:

Basic	\$ 0.18	\$ 0.19
Diluted	\$ 0.17	\$ 0.18

Weighted average shares used in computing net income per share:

Basic	37,424,745	28,712,622
Diluted	38,921,884	30,157,316

(1) As a percentage of restaurant revenue.

EL POLLO LOCO HOLDINGS, INC.

UNAUDITED SELECTED BALANCE SHEETS AND SELECTED OPERATING DATA

(dollar amounts in thousands)

	<u>As of</u>	
	<u>April 1, 2015</u>	<u>December 31, 2014</u>
Balance Sheet Data:		
Cash and cash equivalents	\$ 8,587	\$ 11,499
Total assets	447,463	455,306
Total debt	150,795	165,846
Total liabilities	229,803	244,906
Total stockholder's equity	217,660	210,400

Thirteen Weeks Ended

April 1, 2015 March 26, 2014

Selected Operating Data:

Company-owned restaurants at end of period	173	168
Franchise restaurants at end of period	243	233
Company-owned:		
Comparable restaurant sales	3.5%	5.4%
Units in the comparable base	159	164

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UNAUDITED RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA

(dollar amounts in thousands)

	<u>Thirteen Weeks Ended</u> <u>April 1, 2015</u>	<u>Thirteen Weeks Ended</u> <u>March 26, 2014</u>
Adjusted EBITDA:		
Net income (loss), as reported	\$ 6,791	\$ 5,470
Provision for income tax	4,714	417
Interest expense, net	1,211	5,623
Depreciation and amortization	<u>3,146</u>	<u>2,595</u>
EBITDA	15,862	14,105
Stock-based compensation expense	297	169
Management fees	--	158
Loss on disposal of assets	81	276
Impairments and closures	51	53
Pre-opening costs	55	108
TRA expense	<u>251</u>	<u>--</u>
Adjusted EBITDA	<u><u>\$ 16,597</u></u>	<u><u>\$ 14,869</u></u>

EL POLLO LOCO HOLDINGS, INC.

UNAUDITED RECONCILIATION OF NET INCOME TO PRO FORMA NET INCOME

(dollar amounts in thousands, except per share data)

	<u>Thirteen Weeks Ended</u> <u>April 1, 2015</u>	<u>Thirteen Weeks Ended</u> <u>March 26, 2014</u>
Pro forma net income:		
Net income, as reported	\$ 6,791	\$ 5,470
Provision for taxes, as reported	4,714	417
Interest expense, as reported	1,211	5,623
Pro forma interest expense	(1,211)	(3,027)
Ongoing public company costs	--	(451)
TRA expense	251	--
Management fees	--	125

Loss on Disposal of Assets	81	276
Asset Impairment and Closed Store Costs	51	53
Provision for income taxes	(4,815)	(3,437)
Pro forma net income	\$ 7,073	\$ 5,049
Pro forma weighted-average share and per share data:		
Pro forma net income per share		
Basic	\$ 0.19	\$ 0.14
Diluted	\$ 0.18	\$ 0.13
Weighted-average shares used in computing pro forma net income per share		
Basic	37,424,745	36,926,908
Diluted	38,921,884	38,371,602

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