



November 6, 2014

El Pollo Loco Holdings, Inc. Announces Third Quarter 2014 Financial Results

COSTA MESA, Calif., Nov. 6, 2014 (GLOBE NEWSWIRE) -- El Pollo Loco Holdings, Inc. (Nasdaq:LOCO) today announced financial results for its third quarter ended September 24, 2014.

Highlights for the third quarter ended September 24, 2014, compared to the third quarter ended September 25, 2013 were as follows:

- Total revenue increased 8.5% to \$86.6 million
- System-wide comparable restaurant sales grew 7.9%, including a 6.4% increase for company-operated restaurants, and a 9.1% increase for franchised restaurants
- Net income was \$25.8 million, or \$0.70 per diluted share, compared to \$918,000, or \$0.03 per diluted share
- Pro forma net income⁽¹⁾ increased 12.7% to \$5.0 million, or \$0.12 per diluted share, compared to \$4.4 million, or \$0.12 per diluted share
- Adjusted EBITDA⁽¹⁾ increased 10.4% to \$15.2 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, "During the third quarter we once again demonstrated the strength of our business model through the combination of our strong comparable restaurant sales, which now includes 13 consecutive quarters of growth, and a solid increase in overall profitability. We believe the broad based appeal of our differentiated, value-oriented, faster fast casual restaurant concept continues to resonate well with our guests and positions us well for sustainable long-term growth."

"Looking ahead, we believe we have a large whitespace opportunity to grow our footprint by building density in existing markets and simultaneously expanding into select new markets located in contiguous states. We recently celebrated the opening of our first company operated restaurant in Houston and look forward to increasing our presence in the Greater Houston and San Antonio markets through both company and franchise development. Along these lines, in the third quarter we signed two development agreements calling for the development of 20 restaurants in those two markets over the next five years. We believe El Pollo Loco is well positioned for future growth and we are excited to bring our unique menu of freshly prepared Mexican-inspired entrees to an even wider audience, while creating value for our shareholders."

Third Quarter 2014 Financial Results

Company-operated restaurant revenue increased 8.6% to \$80.9 million from \$74.5 million in the third quarter of 2013. Comparable company-operated restaurant sales increased 6.4% driven by a 3.1% increase in average check size and a 3.3% increase in traffic.

Franchise revenue increased 7.5% to \$5.7 million, from \$5.3 million in the third quarter of 2013. Franchised comparable restaurant sales increased 9.1% during the quarter.

Restaurant contribution increased 8.7% to \$16.7 million from \$15.4 million in the third quarter of 2013. As a percent of company-operated restaurant revenue, restaurant contribution margin remained flat to prior year quarter. An improvement in labor costs, driven by leverage of comparable company-operated restaurant sales growth, was offset by an increase in cost of sales as a result of higher commodity costs combined with a slight increase in occupancy and other operating expenses.

Net income for the third quarter of 2014 was \$25.8 million, or \$0.70 per diluted share, compared to \$918,000, or \$0.03 per diluted share in the third quarter of 2013.

Pro forma net income increased 12.7% to \$5.0 million, or \$0.12 per diluted share during the third quarter of 2014, compared to \$4.4 million, or \$0.12 per diluted share during the third quarter of 2013. A reconciliation between GAAP net income and pro

forma net income is included in the accompanying financial data.

2014 Outlook

The Company currently anticipates the following for its fiscal year 2014 outlook:

- System-wide comparable restaurant sales growth of approximately 6.4% to 6.6% including a 5.4% to 5.6% increase for company-operated restaurants, compared to our previous guidance of system-wide comparable restaurant sales growth of approximately 5.5% to 6.0% including a 5.0% to 5.5% increase for company-operated restaurants;
- The opening of 10 to 11 new company-owned restaurants and 4 new franchised restaurants, compared to our previous guidance of 9 to 11 new company-owned restaurants and 4 new franchised restaurants; and
- Restaurant contribution margin of 21.4% to 21.6%.

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 September 24, 2014, there were 165 restaurants, in our comparable company-operated restaurant base. At September 24, 2014, there were 229 restaurants, in our comparable franchised 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 our repayment of our second lien term loan facility with the proceeds from our IPO and the reduction in interest resulting from our refinancing of our debt facilities in 2013, as if these events occurred on December 27, 2012 (ii) the elimination of fees payable under the management agreement between us and affiliates of our sponsors (iii) an estimate of recurring incremental legal, accounting, insurance and other compliance costs we expect to incur as a public company and the add-back of one-time costs incurred as a result of the IPO (iv) costs related to loss on disposal of assets and asset impairment and closed store costs and (v) 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 27, 2012. See also "Non-GAAP Financial Measures."

Conference Call

The Company will host a conference call to discuss financial results for the third quarter of 2014 today at 4:30 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 13593599. The replay will be available until Thursday, November 20, 2014. 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)

	Thirteen Weeks Ended				Thirty-Nine Weeks Ended			
	September 24, 2014		September 25, 2013		September 24, 2014		September 25, 2013	
	\$	%	\$	%	\$	%	\$	%
Revenue:								
Restaurant revenue	\$ 80,861	93.4%	\$ 74,470	93.4%	\$ 238,432	93.5%	\$ 223,059	93.5%
Franchise revenue	5,696	6.6%	5,297	6.6%	16,456	6.5%	15,430	6.5%
Total revenue	86,557	100.0%	79,767	100.0%	254,888	100.0%	238,489	100.0%
Costs of operations:								
Food and paper cost (1)	25,881	32.0%	23,705	31.8%	75,834	31.8%	70,608	31.7%
Labor and related expenses (1)	20,137	24.9%	18,972	25.5%	59,552	25.0%	57,260	25.7%
Occupancy and other operating expenses (1)	18,102	22.4%	16,393	22.0%	51,091	21.4%	47,791	21.4%

Company restaurant expenses (1)	64,120	79.3%	59,070	79.3%	186,477	78.2%	175,659	78.7%
General and administrative expenses	7,509	8.7%	6,263	7.9%	20,974	8.2%	18,754	7.9%
Franchise expenses	901	1.0%	980	1.2%	2,827	1.1%	2,930	1.2%
Depreciation and amortization	2,924	3.4%	2,625	3.3%	8,271	3.2%	7,570	3.2%
Loss on disposal of assets	118	0.1%	153	0.2%	609	0.2%	734	0.3%
Asset impairment and closed store reserves	22	0.0%	25	0.0%	415	0.2%	126	0.1%
Total expenses	75,594	87.3%	69,116	86.6%	219,573	86.1%	205,773	86.3%
Gain on sale of restaurant	2,658	3.1%	--	0.0%	2,658	1.0%	--	0.0%
Income from operations	13,621	15.7%	10,651	13.4%	37,973	14.9%	32,716	13.7%
Interest expense, net	3,960	4.6%	9,863	12.4%	15,286	6.0%	29,443	12.3%
Extinguishment of debt	5,082	5.9%	--	0.0%	5,082	2.0%	--	0.0%
TRA expense	40,119	46.3%	--	0.0%	40,119	15.7%	--	0.0%
Income before provision for income taxes	(35,540)	-41.1%	788	1.0%	(22,514)	-8.8%	3,273	1.4%
Provision for income taxes	(61,389)	-70.9%	(130)	-0.2%	(60,402)	-23.7%	2,005	0.8%
Net Income	\$ 25,849	29.9%	\$ 918	1.2%	\$ 37,888	14.9%	\$ 1,268	0.5%

Net income per share:

Basic	\$ 0.76	\$ 0.03	\$ 1.24	\$ 0.04
Diluted	\$ 0.70	\$ 0.03	\$ 1.13	\$ 0.04

Weighted average shares used in computing net income per share:

Basic	34,221,829	28,712,622	30,549,979	28,712,622
Diluted	37,171,670	29,564,795	33,499,820	29,564,795

(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>September 24, 2014</u>	<u>December 25, 2013</u>
Balance Sheet Data:		
Cash and cash equivalents	\$ 41,825	\$ 17,015
Total assets	477,025	416,942
Total debt	188,720	289,242
Total liabilities	277,693	368,406
Total stockholder's equity	199,332	48,536

	<u>Thirty-nine Weeks Ended</u>	
	<u>September 24, 2014</u>	<u>September 25, 2013</u>

Selected Operating Data:

Company-owned restaurants at end of period	166	168
Franchise restaurants at end of period	239	231
Company-owned:		
Comparable restaurant sales	6.4%	2.2%

EL POLLO LOCO HOLDINGS, INC.

UNAUDITED RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA

(dollar amounts in thousands)

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	September 24, 2014	September 25, 2013	September 24, 2014	September 25, 2013
Adjusted EBITDA:				
Net income, as reported	\$ 25,849	\$ 918	\$ 37,888	\$ 1,268
Provision for income tax	(61,389)	(130)	(60,402)	2,005
Interest expense, net	3,960	9,863	15,286	29,443
Depreciation and amortization	2,924	2,625	8,271	7,570
EBITDA	(28,656)	13,276	1,043	40,286
Stock-based compensation expense	297	75	635	191
Management fees	51	142	343	465
Loss on disposal of assets	118	153	609	734
Impairments and closures	22	25	415	126
Pre-opening costs	462	54	673	198
Gain on sale of restaurant	(2,658)	--	(2,658)	--
TRA expense	40,119	--	40,119	--
Tax credit expense	316	--	316	--
Extinguishment of debt	5,082	--	5,082	--
Adjusted EBITDA	\$ 15,153	\$ 13,725	\$ 46,577	\$ 42,000

EL POLLO LOCO HOLDINGS, INC.

UNAUDITED RECONCILIATION OF NET INCOME TO PRO FORMA NET INCOME

(dollar amounts in thousands, except per share data)

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	September 24, 2014	September 25, 2013	September 24, 2014	September 25, 2013
Pro forma net income:				
Net income, as reported	\$ 25,849	\$ 918	\$ 37,888	\$ 1,268
Provision for taxes, as reported	(61,389)	(130)	(60,402)	2,005
Interest expense, as reported	3,960	9,863	15,286	29,443
Pro forma interest expense	(3,108)	(3,108)	(9,324)	(9,324)
IPO costs	164	--	298	--
Ongoing public company costs	(112)	(365)	(928)	(1,181)
Extinguishment of debt	5,082	--	5,082	--
Gain on sale of restaurant	(2,658)	--	(2,658)	--
TRA expense	40,119	--	40,119	--
Tax credit costs	316	--	316	--
Management fees	13	75	173	225

Loss on Disposal of Assets	118	153	609	734
Asset Impairment and Closed Store Costs	22	25	415	126
Provision for income taxes	(3,392)	(3,010)	(10,884)	(9,435)
Pro forma net income	\$ 4,984	4,421	15,990	13,861
Pro forma weighted-average share and per share data:				
Pro forma net income per share				
Basic	\$ 0.13	\$ 0.12	\$ 0.43	\$ 0.38
Diluted	\$ 0.12	\$ 0.12	\$ 0.40	\$ 0.37
Weighted-average shares used in computing pro forma net income per share				
Basic	36,929,835	36,926,906	36,928,838	36,926,908
Diluted	39,879,677	37,779,079	39,878,680	37,779,081

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