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resulting in a higher level of stability for that bakery-café and thus lead to stronger associate engagement and customer loyalty. In December 2009, approximately 50% of company-owned bakery-café operators participated in the Joint Venture program.⁹⁵

Finance

Panera reported a 48% increase in net income of US\$25,845 million, or US\$0.82 per diluted share, during the first quarter of 2010, compared to US\$17,432 million, or US\$0.57 per diluted share, during the first quarter of 2009. For this same period, Panera reported revenues of US\$364,210 million, a 14% gain over revenues of US\$320,709 for the same period in 2009.⁹⁶ Company-owned comparable bakery-café sales in the first quarter of fiscal 2010 increased 10.0%, due to transaction growth of 3.5% and average check growth of 6.5% over the comparable period in 2009. Franchise-operated comparable bakery-café sales increased 9.2% in the first quarter of 2010 compared to the same period in 2009. As a result, total comparable bakery-café sales increased 9.5% in the first quarter of fiscal 2010 compared to the comparable period in 2009.⁹⁷ In addition, average weekly sales (AWS) for newly opened company-owned bakery-café during the first quarter of 2010 were US\$56,111 compared to US\$41,922 in the first quarter of 2009. During the first quarter of 2010, Panera and its franchises opened eight new bakery-café systemwide. No bakery-café were closed during this period.⁹⁸

Exhibits 3 to 5 provide Panera's consolidated statement of operations, common size income statements, and consolidated balance sheets, respectively, for the company for the fiscal years ended 2005 through 2009.

In fiscal 2009, during an uncertain economic environment, Panera bucked industrywide trends and increased performance on the following key metrics: (1) systemwide comparable bakery-café sales growth of 0.5% (0.7% for company-owned bakery-café and 0.5% for franchise-operated bakery-café); (2) systemwide average weekly sales increased 1.8% to US\$39,926 (US\$39,050 for company-owned bakery-café and US\$40,566 for franchise-operated bakery-café); and (3) 69 new bakery-café opened systemwide (7 company-owned bakery-café and 39 franchise-operated bakery-café). In fiscal 2009, Panera earned US\$2.71 per diluted share.⁹⁹ In addition, average weekly sales (AWS) for newly opened company-owned bakery-café in 2009 reached a six-year high for new units.¹⁰⁰ **Exhibit 6** provides 2005–2009 selected financial information about Panera.

Total company revenue in fiscal 2009 increased 4.2% to US\$1,353.5 million from US\$1,298.9 million in fiscal 2008. This growth was primarily due to the opening of 69 new bakery-café systemwide in fiscal 2009 (and the closure of 14 bakery-café) and, to a lesser extent, the 0.5% increase in systemwide comparable bakery sales.

Company-owned bakery-café sales increased 4.2% in fiscal 2009 to US\$1,153.3 million compared to US\$1,106.3 million in fiscal 2008. This increase was due to the opening of 7 new company-owned bakery-café and to the 0.7% increase in comparable company-owned bakery-café sales in 2009. Company-owned bakery-café sales as a percentage of revenue remained consistent at 85.2% in both fiscal 2009 and fiscal 2008. In addition, the increase in average weekly sales for company-owned bakery-café in fiscal 2009 compared to the prior fiscal year was primarily due to the average check growth that resulted from the company's initiative to drive add-on sales. Franchise royalties and fees in fiscal 2009 were up 4.5% to US\$78.4 million, or 5.8% of total revenues, up from US\$74.8 million in 2008. Fresh dough sales to franchises increased 3.5% in fiscal 2009 to US\$121.9 million compared to US\$117.8 million in fiscal 2008.¹⁰¹

Panera believed that its primary capital resource was cash generated by operations. The company's principal requirements for cash have resulted from the company's capital expenditures for the development of new company-owned bakery-café; for maintaining

Revenues

Bakery-café sales

Franchise royalties

Fresh dough sales

Total revenues

Costs and expenses

Bakery-café expenses

Cost of food and beverages

Labor

Occupancy

Other operating expenses

Total bakery-café costs

Fresh dough costs

Depreciation and amortization

General and administrative

Pre-opening expenses

Total costs and expenses

Operating profit

Interest expenses

Other (income) expenses

Income before taxes

Income taxes

Net income

Less: income (loss) of noncontrolling interests

Net income attributable to Panera Bread

Net income attributable to Panera Bread

Per share data

Earnings per common share attributable to Panera Bread

Company

Basic

Diluted

Weighted average common equity outstanding

Basic

Diluted

Notes:

1. Fiscal 2008 was the exception of fiscal 2005 fiscal year ended 52 week year that was 53 weeks.

2. Fiscal 2008 was the exception of fiscal 2005 fiscal year ended 52 week year that was 53 weeks.

3. Fiscal 2008 was the exception of fiscal 2005 fiscal year ended 52 week year that was 53 weeks.

4. Fiscal 2008 was the exception of fiscal 2005 fiscal year ended 52 week year that was 53 weeks.

5. Fiscal 2008 was the exception of fiscal 2005 fiscal year ended 52 week year that was 53 weeks.

6. Fiscal 2008 was the exception of fiscal 2005 fiscal year ended 52 week year that was 53 weeks.

7. Fiscal 2008 was the exception of fiscal 2005 fiscal year ended 52 week year that was 53 weeks.

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9. Fiscal 2008 was the exception of fiscal 2005 fiscal year ended 52 week year that was 53 weeks.

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11. Fiscal 2008 was the exception of fiscal 2005 fiscal year ended 52 week year that was 53 weeks.

12. Fiscal 2008 was the exception of fiscal 2005 fiscal year ended 52 week year that was 53 weeks.

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18. Fiscal 2008 was the exception of fiscal 2005 fiscal year ended 52 week year that was 53 weeks.

19. Fiscal 2008 was the exception of fiscal 2005 fiscal year ended 52 week year that was 53 weeks.

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