
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

November 1, 2017
Date of report (date of earliest event reported)

The Habit Restaurants, Inc.
(Exact name of registrant as specified in its charter)

Delaware
**(State or other jurisdictions
of incorporation or organization)**

001-36749
**(Commission
File Number)**

36-4791171
**(I.R.S. Employer
Identification Nos.)**

17320 Red Hill Avenue, Suite 140
Irvine, CA 92614
(Address of principal executive offices) (Zip Code)

(949) 851-8881
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrants under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On November 1, 2017, The Habit Restaurants, Inc. (the “Company”) issued a press release announcing its third quarter ended September 26, 2017 financial results. A copy of this press release is being furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference into this Item 2.02.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit

No. Description

99.1 [Press Release dated November 1, 2017 issued by The Habit Restaurants, Inc.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

The Habit Restaurants, Inc.

By: /s/ Ira Fils
Ira Fils
Chief Financial Officer and Secretary

Date: November 1, 2017



The Habit Restaurants, Inc. Announces Third Quarter 2017 Financial Results

IRVINE, CA, November 1, 2017 – The Habit Restaurants, Inc. (NASDAQ: HABT) (“The Habit” or the “Company”), today announced financial results for its third quarter ended September 26, 2017.

Highlights for the third quarter ended September 26, 2017:

- Total revenue increased 17.7% to \$84.6 million compared to \$71.9 million in the third quarter of 2016.
- Company-operated comparable restaurant sales decreased 0.2% as compared to the third quarter of 2016.
- Net income was \$0.4 million, or \$0.02 per diluted weighted average share, compared to \$0.8 million, or \$0.04 per diluted weighted average share, in the third quarter of 2016.
- Adjusted fully distributed pro forma net income⁽¹⁾ was \$0.2 million, or \$0.01 per fully distributed weighted average share compared with \$1.4 million, or \$0.05 per fully distributed weighted average share for the third quarter of 2016.
- Adjusted EBITDA⁽¹⁾ was \$6.9 million compared to \$7.4 million for the third quarter of 2016.
- The Company opened six new company-operated restaurants and one franchised restaurant during the third quarter and closed one company-operated restaurant during the third quarter. As of September 26, 2017, the Company had 180 company-operated locations and 15 franchised/licensed locations (excluding seven licensed locations in Santa Barbara County, California from which the Company is not entitled to royalties) for a system-wide total of 195 locations.

⁽¹⁾ Adjusted fully distributed 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,” included herein.

“Despite another challenging quarter we are pleased with the consumer responses around our recent limited-time offers as well as effectiveness around our most recent radio campaign in Northern and Southern California,” said Russ Bendel, President and Chief Executive Officer of The Habit Restaurants, Inc. “During the quarter, we opened six new company-operated Habit Burger Grills, including one location in Pennsylvania, our 11th state. In addition, we signed a new franchise agreement in the United Kingdom and the Netherlands. With 19 new company-operated restaurants and five new franchised restaurants opened as of the end of the third quarter, we continue to expect to open between 31 and 33 new company-operated restaurants during 2017, and we expect our franchisees to open an aggregate of five to seven locations this year.”

Third Quarter 2017 Financial Results Compared to Third Quarter 2016

Total revenue was \$84.6 million in the third quarter of 2017, compared to \$71.9 million in the third quarter of 2016.

Company-operated comparable restaurant sales decreased 0.2% for the quarter ended September 26, 2017. The decrease in company-operated comparable restaurant sales was driven primarily by a 1.0% decrease in transactions partially offset by a 0.8% increase in average transaction amount.

Net income for the third quarter of 2017 was \$0.4 million, or \$0.02 per diluted weighted average share compared to \$0.8 million, or \$0.04 per diluted weighted average share in the third quarter of 2016.

Adjusted fully distributed pro forma net income in the third quarter of 2017 was \$0.2 million, or \$0.01 per fully distributed weighted average share, compared to \$1.4 million, or \$0.05 per fully distributed weighted average share, in the third quarter of 2016. A reconciliation between GAAP net income and adjusted fully distributed pro forma net income is included in the accompanying financial data.

2017 Outlook

The Company currently anticipates the following for its fiscal year 2017:

- Total revenue between \$331 million to \$333 million;
- Company-operated comparable restaurant sales of flat to slightly negative;
- The opening of 31 to 33 company-operated restaurants and five to seven franchised/licensed restaurants;
- Restaurant contribution margin of 18.25% to 18.5%;
- General and administrative expenses of \$33.0 million to \$33.5 million;
- Depreciation and amortization expense under \$19.0 million;
- Capital expenditures of \$44.0 million to \$47.0 million; and
- An effective pro forma tax rate of approximately 41.5% to 42.0%, which assumes the conversion of all common units of The Habit Restaurants, LLC for shares of our Class A common stock (and cancellation of corresponding shares of our Class B common stock), which would eliminate the non-controlling interests.

Conference Call

The Company will host a conference call to discuss financial results for the third quarter 2017 today at 4:30 PM Eastern Time. Russ Bendel, President and Chief Executive Officer, and Ira Fils, Chief Financial Officer will host the call.

The conference call can be accessed live over the phone by dialing (855) 327-6837 or for international callers by dialing (778) 327-3988. A replay will be available after the call and can be accessed by dialing (844) 512-2921 or for international callers by dialing (412) 317-6671; the passcode is 10003615. The replay will be available until Wednesday, November 8, 2017. The conference call will also be webcast live from the Company's corporate website at ir.habitburger.com under the "Events" page. An archive of the webcast will be available at the same location on the corporate website shortly after the call has concluded.

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

Comparable restaurant sales reflect the change in year-over-year sales in our comparable restaurant base. A restaurant enters our comparable restaurant base in the accounting period following its 18th full period of operations. We operate on a 4-4-5 calendar, each accounting period will consist of either four or five weeks with the exception of a 53-week year, where the last period contains six weeks.

Average Unit Volumes (AUVs) are calculated by dividing revenue for the trailing 52-week period for all company-operated restaurants that have operated for 12 full accounting periods by the total number of restaurants open for such period.

Adjusted fully distributed pro forma net income includes net income attributable to The Habit (i) excluding income tax expense, (ii) excluding the effect of non-recurring items, (iii) assuming the exchange of all common units of The Habit Restaurants, LLC into shares of our Class A common stock (and cancellation of corresponding shares of our Class B common stock), which results in the elimination of non-controlling interests in The Habit Restaurants, LLC, and (iv) reflecting an adjustment for income tax expense on fully distributed pro forma net income before income taxes at our estimated long term effective income tax rate. Adjusted fully distributed pro forma net income is a non-GAAP financial measure because it represents net income attributable to The Habit, before non-recurring items and the effects of non-controlling interests in The Habit Restaurants, LLC. We use adjusted fully distributed pro forma net income to facilitate a comparison of our operating performance on a consistent basis from period to period that, when viewed in combination with our results prepared in accordance with GAAP, provides a more complete understanding of factors and trends affecting our business than GAAP measures alone and eliminates the variability of non-controlling interests as a result of member owner exchanges of common units of The Habit Restaurants, LLC into shares of our Class A common stock (and cancellation of corresponding shares of our Class B common stock).

Adjusted fully distributed pro forma net income per fully distributed weighted average share is calculated using adjusted fully distributed pro forma net income as defined above and assumes the exchange of all common units of The Habit Restaurants, LLC into shares of our Class A common stock (and cancellation of corresponding shares of our Class B common stock).

EBITDA, a non-GAAP measure, represents net income before interest expense, net, provision for income taxes, and depreciation and amortization.

Adjusted EBITDA, a non-GAAP measure, represents EBITDA plus pre-opening costs, stock-based compensation, loss on disposal of assets, Tax Receivable Agreement liability adjustment, and exchange related expenses.

About The Habit Restaurants, Inc.

The Habit Burger Grill is a burger-centric, fast casual restaurant concept that specializes in preparing fresh, made-to-order chargrilled burgers and sandwiches featuring USDA choice tri-tip steak, grilled chicken and sushi-grade albacore tuna cooked over an open flame. In addition, it features fresh made-to-order salads and an appealing selection of sides, shakes and malts. The Habit was named the “best tasting burger in America” in July 2014 in a comprehensive survey conducted by one of America’s leading consumer magazines. The first Habit opened in Santa Barbara, California in 1969. The Habit has since grown to over 195 restaurants in 11 states throughout California, Arizona, Utah, New Jersey, Florida, Idaho, Virginia, Nevada, Washington, Maryland and Pennsylvania as well as two international locations.

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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 annual report on Form 10-K for the year ended December 27, 2016, including the sections thereof captioned “Cautionary Note Regarding Forward-Looking Statements” and “Risk Factors.” These filings and others are available online at www.sec.gov, ir.habitburger.com or upon request from The Habit.

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 discussed 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. However, when analyzing the Company's operating performance, investors should not consider adjusted earnings per fully distributed weighted average share or adjusted fully distributed pro forma net income in isolation or as substitutes for net income (loss), cash flows from operating activities or other operation statement or cash flow statement data prepared in accordance with U.S. GAAP. The non-GAAP measures used in this press release may be different from the measures used by other companies.

Consolidated Statement of Operations Data (unaudited):

Our operating results are presented as a percentage of total revenue, with the exception of restaurant operating costs, depreciation and amortization expense, pre-opening costs and loss on disposal of assets, which are presented as a percentage of restaurant revenue.

(amounts in thousands except share and per share data)	13 Weeks Ended				39 Weeks Ended			
	September 26, 2017		September 27, 2016		September 26, 2017		September 27, 2016	
Revenue								
Restaurant revenue	\$ 84,347	99.7%	\$ 71,650	99.7%	\$ 245,704	99.6%	\$ 209,416	99.7%
Franchise/license revenue	292	0.3%	235	0.3%	903	0.4%	542	0.3%
Total revenue	84,639	100.0%	71,885	100.0%	246,607	100.0%	209,958	100.0%
Operating expenses								
Restaurant operating costs (excluding depreciation and amortization)								
Food and paper costs	26,861	31.8%	21,788	30.4%	75,955	30.9%	63,040	30.1%
Labor and related expenses	28,532	33.8%	23,727	33.1%	81,566	33.2%	68,040	32.5%
Occupancy and other operating expenses	14,781	17.5%	11,994	16.7%	41,469	16.9%	33,822	16.2%
General and administrative expenses	8,281	9.8%	7,429	10.3%	24,369	9.9%	21,555	10.3%
Exchange related expenses	155	0.2%	61	0.1%	390	0.2%	421	0.2%
Depreciation and amortization expense	4,777	5.7%	3,788	5.3%	13,492	5.5%	10,779	5.1%
Pre-opening costs	813	1.0%	569	0.8%	1,943	0.8%	1,361	0.6%
Loss on disposal of assets	19	0.0%	35	0.0%	43	0.0%	110	0.1%
Total operating expenses	84,219	99.5%	69,391	96.5%	239,227	97.0%	199,128	94.8%
Income from operations	420	0.5%	2,494	3.5%	7,380	3.0%	10,830	5.2%
Other expenses								
Tax Receivable Agreement liability adjustment	688	0.8%	—	0.0%	688	0.3%	—	0.0%
Interest expense, net	185	0.2%	179	0.2%	381	0.2%	456	0.2%
(Loss) income before income taxes	(453)	-0.5%	2,315	3.2%	6,311	2.6%	10,374	4.9%
(Benefit) provision for income taxes	(906)	-1.1%	869	1.2%	1,397	0.6%	3,038	1.4%
Net income	453	0.5%	1,446	2.0%	4,914	2.0%	7,336	3.5%
Less: net income attributable to non-controlling interests	(56)	-0.1%	(677)	-0.9%	(1,561)	-0.6%	(3,996)	-1.9%
Net income attributable to The Habit Restaurants, Inc.	\$ 397	0.5%	\$ 769	1.1%	\$ 3,353	1.4%	\$ 3,340	1.6%
Net income attributable to The Habit Restaurants, Inc. per share Class A common stock:								
Basic	\$ 0.02		\$ 0.04		\$ 0.17		\$ 0.20	
Diluted	\$ 0.02		\$ 0.04		\$ 0.17		\$ 0.20	
Weighted average shares of Class A common stock outstanding:								
Basic	20,329,919		18,349,845		20,259,507		16,352,481	
Diluted	20,386,655		18,354,218		20,311,264		16,357,724	

Selected Balance Sheet and Selected Operating Data (unaudited):

Balance Sheet Data	<u>September 26, 2017</u>	<u>December 27, 2016</u>
(dollar amounts in thousands)		
Balance Sheet Data-Consolidated (at period end):		
Cash and cash equivalents	\$ 42,089	\$ 44,192
Property and equipment, net ^(a)	129,105	102,857
Total assets	356,690	330,366
Total debt ^(b)	11,917	6,036
Total stockholders' equity	149,840	143,887

(a) Property and equipment, net consists of property owned or leased, net of accumulated depreciation and amortization.

(b) Total debt consists of deemed landlord financing.

Selected Operating Data	<u>13 Weeks Ended</u>	
Other Operating Data:	<u>September 26, 2017</u>	<u>September 27, 2016</u>
Total restaurants at end of period	195	160
Company-operated restaurants at end of period	180	152
Company-operated comparable restaurant sales ^(a)	(0.2)%	0.2%
Company-operated average unit volumes	\$ 1,905	\$ 1,911

Selected Operating Data	<u>39 Weeks Ended</u>	
Other Operating Data:	<u>September 26, 2017</u>	<u>September 27, 2016</u>
Company-operated comparable restaurant sales ^(a)	0.2%	2.0%

(a) Company-operated comparable restaurant sales reflects the change in year-over-year sales for the company-operated comparable restaurant base. A restaurant enters our comparable restaurant base in the accounting period following its 18th full period of operations.

The following table includes a reconciliation of net income to adjusted EBITDA:

Adjusted EBITDA Reconciliation	<u>13 Weeks Ended</u>		<u>39 Weeks Ended</u>	
	<u>September 26, 2017</u>	<u>September 27, 2016</u>	<u>September 26, 2017</u>	<u>September 27, 2016</u>
(amounts in thousands)				
Net income	\$ 453	\$ 1,446	\$ 4,914	\$ 7,336
Non-GAAP adjustments:				
(Benefit) provision for income taxes	(906)	869	1,397	3,038
Interest expense, net	185	179	381	456
Depreciation and amortization	4,777	3,788	13,492	10,779
EBITDA	<u>4,509</u>	<u>6,282</u>	<u>20,184</u>	<u>21,609</u>
Stock-based compensation expense ^(a)	675	499	1,846	1,366
Loss on disposal of assets ^(b)	19	35	43	110
Pre-opening costs ^(c)	813	569	1,943	1,361
Tax Receivable Agreement liability adjustment ^(d)	688	—	688	—
Exchange related expenses ^(e)	155	61	390	421
Adjusted EBITDA	<u>\$ 6,859</u>	<u>\$ 7,446</u>	<u>\$ 25,094</u>	<u>\$ 24,867</u>

- (a) Includes non-cash, stock-based compensation.
 - (b) Loss on disposal of assets includes the loss on disposal of assets related to retirements and replacements or write-off of leasehold improvements or equipment.
 - (c) Pre-opening costs consist of costs directly associated with the opening of new restaurants and incurred prior to opening, including management labor costs, staff labor costs during training, food and supplies used during training, marketing costs and other related pre-opening costs. These are generally incurred over the three to five months prior to opening. Pre-opening costs also include net occupancy costs incurred between the date of possession and opening date of our restaurants.
 - (d) In connection with the initial public offering (“IPO”) that occurred in fiscal year 2014, the Company entered into a tax receivable agreement (“TRA”). This agreement calls for us to pay to our pre-IPO stockholders 85% of the savings in cash that we realize in our taxes as a result of utilizing our net operating losses and other tax attributes attributable to preceding periods. This category includes costs associated with adjustments to the expected TRA liability as a result of updated estimated future tax savings at the federal, state and local level.
 - (e) This category includes costs associated with the exchanges of LLC Units into shares of Class A common stock by members of The Habit Restaurants, LLC (the “Continuing LLC Owners”) pursuant to its Amended and Restated Limited Liability Company Agreement, dated as of April 5, 2015, as amended on May 16, 2016, and further amended on March 22, 2017 (as amended, the “LLC Agreement”).
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The following is a reconciliation of GAAP net income and net income per share to adjusted fully distributed pro forma net income and adjusted fully distributed pro forma net income per share:

(dollar amounts in thousands)	13 Weeks Ended		39 Weeks Ended	
	September 26, 2017	September 27, 2016	September 26, 2017	September 27, 2016
Net income	\$ 453	\$ 1,446	\$ 4,914	\$ 7,336
Exchange related expenses ^(a)	155	61	390	421
Tax Receivable Agreement liability adjustment ^(b)	688	—	688	—
Income tax (benefit) expense as reported	(906)	869	1,397	3,038
Fully distributed pro forma net income before income taxes	390	2,376	7,389	10,795
Income tax expense on fully distributed pro forma income before income taxes ^(c)	230	1,012	3,104	4,534
Adjusted fully distributed pro forma net income	<u>\$ 160</u>	<u>\$ 1,364</u>	<u>\$ 4,285</u>	<u>\$ 6,261</u>
Adjusted fully distributed pro forma net income per share of Class A common stock:				
Basic	<u>\$ 0.01</u>	<u>\$ 0.05</u>	<u>\$ 0.16</u>	<u>\$ 0.24</u>
Diluted	<u>\$ 0.01</u>	<u>\$ 0.05</u>	<u>\$ 0.16</u>	<u>\$ 0.24</u>
Weighted average shares of Class A common stock outstanding used in computing adjusted fully distributed pro forma net income ^(d) :				
Basic	<u>26,023,612</u>	<u>26,005,346</u>	<u>26,014,876</u>	<u>26,004,527</u>
Diluted	<u>26,080,348</u>	<u>26,009,719</u>	<u>26,066,633</u>	<u>26,009,770</u>

- (a) This category includes costs associated with the exchanges of common units of The Habit Restaurants, LLC (“LLC Units”) to Class A common stock by the Continuing LLC Owners pursuant to the LLC Agreement.
- (b) In connection with the IPO that occurred in fiscal year 2014, the Company entered into TRA. This agreement calls for us to pay to our pre-IPO stockholders 85% of the savings in cash that we realize in our taxes as a result of utilizing our net operating losses and other tax attributes attributable to preceding periods. This category includes costs associated with adjustments to the expected TRA liability as a result of updated estimated future tax savings at the federal, state and local level.
- (c) Reflects income tax expense at an effective rate of 42.0% and 42.0% for the periods ended September 26, 2017 and September 27, 2016, respectively, on income before income taxes assuming the conversion of all outstanding LLC Units for shares of Class A common stock (with a corresponding cancellation of shares of our Class B common stock). The effective rate also excludes the impact of discrete items. The estimated tax rate includes provisions for U.S. federal income taxes and assumes the highest statutory rates apportioned to each state and local jurisdiction.
- (d) For all periods presented, represents the total number of shares of Class A common stock outstanding including all outstanding LLC Units of The Habit Restaurants, LLC as if they were exchanged on a one-for-one basis for the Company’s Class A common stock (with a corresponding cancellation of shares of our Class B common stock). Diluted earnings per share gives effect during the reporting period to all dilutive potential shares outstanding resulting from employee stock-based awards using the treasury method.