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Kona Grill, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, gentlemen. (Operator Instructions)

We'll go first to Brad Whittington - KeyBanc Capital Markets

Brad Whittington - KeyBanc Capital Markets

Let me start off by checking on the markets you just talked about opening, planned openings, you said one more and might have to delay future. So should we just assume that we're going to have three instead of four here in 2009?

Marcus Jundt

I wouldn't make that assumption. If we can get financing, we'll build it. If we can't, we'll delay it.

Brad Whittington - KeyBanc Capital Markets

So still kind of one per quarter is a good time schedule for that?

Marcus Jundt

Yes.

Mark Robinow

This is Mark. I think on the current schedule of Eden Prairie, it would be very late in the third quarter.

Brad Whittington - KeyBanc Capital Markets

Okay, so don't put in too many operating weeks after that pre-opening and the like. Okay.

Maybe I'm misunderstanding this, if you're operating at a loss, why are you working on a diluted share count?

Marcus Jundt

Well dilution, it's just a GAAP term. They're really just primary shares, but for GAAP we do the dilutive calculation.

Brad Whittington - KeyBanc Capital Markets

Okay, so 7.5 is what we use going forward. And can you comment at all on how the non-comp base units are performing, if there's certain regions that are a little weaker than others or how that's coming along?

Marcus Jundt

Just to give you a little color on the non-comp base units, I would say that Richmond, Gilbert, Arizona, and North Phoenix, Arizona are fairly strong performers. The weakest performer of the bunch is probably West Palm Beach, Florida.

Operator

We'll hear next from Rob Brown - Craig-Hallum Capital

Rob Brown - Craig-Hallum Capital

I missed the cash balance, the debt outstanding, and then the debt against the cash balance. Could you just go through that again, Mark.

Mark Robinow

The next cash balance when our borrowings are shaken out and everything is actually, you know, net is down to \$2.5 million, but we have outstanding debt on the UBS is \$4.6 million right now. Total cash and investments total \$9.7 million.

Rob Brown - Craig-Hallum Capital

Looking at your implied guidance, what kind of comp does that guidance imply? In the quarter, have you seen any improvement in the market?

Marcus Jundt

We've seen slight improvement in April. We're obviously not done with the month and it will probably improve slightly over March and over what the first quarter comp was, but it's early to call a trend in this environment. We saw month-to-month fluctuations in the first quarter that were fairly substantial and our guidance really anticipates that we have similar comps right now down in the 9% range. So we are basically similar comps to the first quarter.

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