

Papa John's (Nasdaq: PZZA) shares fall after revenue falls short

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Northern, WI 2/22/12 ([StreetBeat](#)) -- Shares of Papa John's International Inc. ([Nasdaq: PZZA](#)) tumbled Wednesday after the pizza chain reported fourth-quarter revenue and same-store sales that fell short of Wall Street expectations.

THE SPARK: The company said late Tuesday its revenue in the fourth quarter was \$306.2 million, up almost 7 percent from \$286.8 million a year earlier. But the increase fell short of expectations; analysts on average had forecast revenue of \$311.4 million, according to FactSet.

Papa John's also noted that the jump in revenue was largely driven by international sales, given the increase in the number of new restaurants overseas.

Meanwhile, same-store sales companywide increased by 1.7 percent in North America, which was short of the 2.9 percent increase analysts had expected. The modest increase was the result of domestic stores and franchises; international same-store sales remained strong and increased 5.2 percent. Same-store sales, or sales in locations open at least a year, is a key metric of a retailer's health because it excludes results from recently opened or closed sites.

THE BIG PICTURE: Despite the revenue miss, the company's quarterly income rose by 14 percent. In the three months ended Dec. 25, Papa John's earned \$16 million, or 65 cents per share, ahead of the average estimate of 62 cents per share. That's compared with \$14 million, or 55 cents per share, a year earlier.

CEO John Schnatter also noted the company had the highest number of net store openings in 10 years and that the company delivered its eight straight year of even or positive same-store sales growth. The Louisville, Ky., company also maintained its guidance for 2012 net income of \$2.33 to \$2.43 per share. Analysts were expecting a profit of \$2.44 per share, on average.

THE SHARES: Shares of Papa John's were down \$2.60, or 6.5 percent, at \$37.69 in morning trading. Over the past year shares have traded between \$26.95 and \$40.82.

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