
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 9, 2017

EL POLLO LOCO HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-36556
(Commission
File Number)

20-3563182
(IRS Employer
Identification No.)

3535 Harbor Blvd., Suite 100, Costa Mesa, California
(Address of principal executive offices)

92626
(Zip Code)

Registrant's telephone number, including area code: (714) 599-5000

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant 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))
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Item 2.02 Results of Operations and Financial Condition.

On March 9, 2017, El Pollo Loco Holdings, Inc., issued a press release announcing certain financial results for its fiscal year ended December 28, 2016, and that management would discuss those results on a conference call that day at 5:00 P.M. Eastern Time. The press release is attached hereto as Exhibit 99.1.

The information herein, including exhibit, is being furnished and not filed, including for purposes of section 18 of the Securities Exchange Act of 1934. Nor shall it be otherwise subject to liability under that section. Nor shall it be incorporated by reference into any filing under the Securities Act of 1933, or the Securities Exchange Act of 1934, except expressly.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit Number</u> | <u>Description</u> |
|---------------------------|---|
| 99.1 | Earnings press release, dated March 9, 2017 |

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.

El Pollo Loco Holdings, Inc.
(Registrant)

Date: March 9, 2017

/s/ Laurance Roberts
Laurance Roberts
Chief Financial Officer



**El Pollo Loco Holdings, Inc. Announces
Fourth Quarter and Fiscal Year 2016 Financial Results**

COSTA MESA, CA – March 9, 2017 – El Pollo Loco Holdings, Inc. (Nasdaq: LOCO) today announced financial results for the 13-week period and 52-week period ended December 28, 2016.

Highlights for the fourth quarter ended December 28, 2016, compared to the fourth quarter ended December 30, 2015 were as follows:

- Total revenue increased 7.2% to \$92.5 million compared to \$86.3 million in the prior year.
- System-wide comparable restaurant sales decreased 1.3%, including a 0.6% decrease for company-operated restaurants, and a 1.9% decrease for franchised restaurants.
- Net income was \$0.4 million, or \$0.01 per diluted share, compared to \$5.4 million, or \$0.14 per diluted share in the prior year. Fourth quarter 2016 results included a \$5.9 million pre-tax expense related to the full or partial impairment of the assets of 7 restaurants.
- Pro forma net income⁽¹⁾ was \$4.6 million, or \$0.12 per diluted share, compared to \$6.0 million, or \$0.15 per diluted share in prior year.
- Adjusted EBITDA⁽¹⁾ was \$14.3 million compared to \$15.2 million in the prior year.

(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.”

Highlights for the fiscal year ended December 28, 2016, compared to the fiscal year ended December 30, 2015 were as follows:

- Total revenue increased 7.1% to \$380.1 million compared to \$355.1 million.
- System-wide comparable restaurant sales grew 0.9%, including a 0.6% increase for company-operated restaurants, and a 1.1% increase for franchised restaurants.
- Net income was \$18.3 million, or \$0.47 per diluted share, compared to \$24.1 million, or \$0.62 per diluted share in the prior year.
- Pro forma net income⁽¹⁾ was \$25.6 million, or \$0.66 per diluted share, compared to \$27.5 million, or \$0.71 per diluted share.
- Adjusted EBITDA⁽¹⁾ was \$65.6 million compared to \$65.5 million in the prior year.

Steve Sather, President and Chief Executive Officer of El Pollo Loco Holdings, Inc., stated, “ We remain focused on differentiating El Pollo Loco from other QSR and Fast Casual concepts. Initiatives such as our authentic advertising campaign, highlighting our differentiated offering, our recently launched mobile and online ordering app, our upcoming delivery test, and our future launch of a loyalty program are all aimed at increasing our value equation, thereby strengthening the brand and driving financial results.”

Sather continued, “During the quarter we opened 8 new company-operated restaurants along with 7 new franchised locations, bringing our 2016 company-operated and franchised development totals to 18 and 13, respectively. In 2017, we expect to open 15-20 new company-operated locations and 8-12 franchised restaurants. We continue to work to partner with high quality franchisees as we strengthen our pipeline.”

Fourth Quarter 2016 Financial Results

Company-operated restaurant revenue in the fourth quarter of 2016 increased 7.1% to \$86.5 million, compared to \$80.7 million in the same period last year. The growth in company-operated restaurant revenue was largely driven by the 29 new restaurants opened during and subsequent to the fourth quarter of 2015.

Comparable company-operated restaurant sales in the fourth quarter decreased 0.6%, driven by a 0.6% decrease in traffic and flat average check.

Franchise revenue in the fourth quarter of 2016 increased 7.8% to \$6.0 million, compared to \$5.6 million in the fourth quarter of 2015.

Franchised comparable restaurant sales decreased 1.9% during the quarter. The growth in franchise revenue was largely driven by the contribution from the 16 new restaurants opened during and subsequent to the fourth quarter of 2015 partially offset by a decrease in comparable restaurant sales.

Restaurant contribution was \$16.0 million or 18.5% of company-operated restaurant revenue, compared to \$17.4 million, or 21.5% of company-operated restaurant revenue in the fourth quarter of 2015. The decrease in restaurant contribution margin was primarily the result of increased labor and occupancy and other operating expenses, and higher costs associated with new restaurants opened in 2015 and 2016 coupled with a decrease in comparable restaurant sales. This was partially offset by an improvement in food and paper costs.

During the fourth quarter of 2016, the Company recorded a \$5.9 million expense related to the full or partial impairment of the assets of 7 restaurants in Texas and California.

Net income for the fourth quarter of 2016 was \$0.4 million, or \$0.01 per diluted share, compared to net income of \$5.4 million, or \$0.14 per diluted share in the fourth quarter of 2015. Pro forma net income was \$4.6 million, or \$0.12 per diluted share during the fourth quarter of 2016, compared to \$6.0 million, or \$0.15 per diluted share during the fourth quarter of 2015. A reconciliation between GAAP net income and pro forma net income is included in the accompanying financial data.

2017 Outlook

The Company expects 2017 pro forma diluted net income per share ranging from \$0.65 to \$0.69. This compares to pro forma diluted net income per share of \$0.66 in 2016. Pro forma net income guidance for fiscal year 2017 is based, in part, on the following updated annual assumptions:

- System-wide comparable restaurant sales growth of flat to 2%;
- The opening of 15-20 new company-owned restaurants and 8-12 new franchised restaurants;
- Restaurant contribution margin of 20.4% to 20.8%;
- G&A expenses of between 8.5% and 8.7% of total revenue, which assumes that legal fees related to securities class action litigation will be minimal;
- Pro forma income tax rate of 39.5%; and
- Adjusted EBITDA of between \$67.0 and \$70.0 million.

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 December 28, 2016, there were 169 restaurants in our comparable company-operated restaurant base and 409 restaurants in our comparable system 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) costs related to loss on disposal of assets and asset impairment and closed store costs, (ii) amortization expense and other estimate adjustments incurred on the Tax Receivable Agreement (“TRA”) completed at the time of our IPO, (iii) legal costs associated with a securities class action lawsuit, (iv) expenses and gains on the recovery of insurance proceeds for the reimbursement of property and equipment, and expenses related to a fire at one of our restaurants in 2015, (v) professional fees incurred as a result of the block trade of 5.96 million common shares in the second quarter of 2015, (vi) gain on the disposition of restaurants, and (vii) provision for income taxes at a normalized tax rate of 40.0%, 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.”

Conference Call

The Company will host a conference call to discuss financial results for the fourth quarter of 2016 today at 5:00 PM Eastern Time. Steve Sather, President and Chief Executive Officer and Larry Roberts, Chief Financial 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 844-512-2921 or for international callers by dialing 412-317-6671; the passcode is 13653732. The replay will be available until Thursday, March 23, 2017. 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 (Nasdaq:LOCO) is the nation's leading fire-grilled chicken restaurant chain renowned for its masterfully citrus-marinated, fire-grilled chicken and handcrafted entrees using fresh ingredients inspired by Mexican recipes. With more than 460 company-owned and franchised restaurants in Arizona, California, Nevada, Texas and Utah, El Pollo Loco is expanding its presence in key markets through a combination of company and existing and new franchisee development. Visit us on our website at ElPolloLoco.com.

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 could 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 28, 2016, file number 001-36556, including the sections thereof captioned "Forward-Looking Statements" and "Risk Factors," as those sections may be updated in our quarterly reports on Form 10-Q. Those and other filings are available online at www.sec.gov, at 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.

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EL POLLO LOCO HOLDINGS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except share data)

| | Thirteen Weeks Ended | | | | Fifty-Two Weeks Ended | | | |
|--|----------------------|---------------|-------------------|---------------|-----------------------|---------------|-------------------|---------------|
| | December 28, 2016 | | December 30, 2015 | | December 28, 2016 | | December 30, 2015 | |
| | \$ | % | \$ | % | \$ | % | \$ | % |
| Revenue: | | | | | | | | |
| Restaurant revenue | \$ 86,484 | 93.5% | \$ 80,746 | 93.6% | \$ 355,468 | 93.5% | \$ 332,040 | 93.5% |
| Franchise revenue | 5,995 | 6.5% | 5,561 | 6.4% | 24,655 | 6.5% | 23,017 | 6.5% |
| Total revenue | 92,479 | 100.0% | 86,307 | 100.0% | 380,123 | 100.0% | 355,057 | 100.0% |
| Costs of operations: | | | | | | | | |
| Food and paper cost (1) | 26,458 | 30.6% | 25,368 | 31.4% | 107,218 | 30.2% | 105,917 | 31.9% |
| Labor and related expenses (1) | 24,148 | 27.9% | 20,738 | 25.7% | 97,471 | 27.4% | 84,231 | 25.4% |
| Occupancy and other operating expenses (1) | 19,862 | 23.0% | 17,246 | 21.4% | 78,263 | 22.0% | 69,977 | 21.1% |
| Gain on recovery of insurance proceeds (1) | — | — | — | — | (502) | -0.1% | — | — |
| Company restaurant expenses (1) | 70,468 | 81.5% | 63,352 | 78.5% | 282,450 | 79.5% | 260,125 | 78.3% |
| General and administrative expenses | 8,885 | 9.6% | 8,791 | 10.2% | 34,661 | 9.1% | 28,997 | 8.2% |
| Franchise expenses | 863 | 0.9% | 836 | 1.0% | 3,823 | 1.0% | 3,456 | 1.0% |
| Depreciation and amortization | 4,257 | 4.6% | 3,468 | 4.0% | 16,053 | 4.2% | 13,092 | 3.7% |
| Loss on disposal of assets | 150 | 0.2% | 44 | 0.1% | 674 | 0.2% | 471 | 0.1% |
| Expenses related to fire loss | — | — | — | — | 48 | — | — | — |
| Gain on recovery of insurance proceeds | — | — | — | — | (741) | -0.2% | — | — |
| Asset impairment and closed-store reserves | 5,930 | 6.4% | 68 | 0.1% | 8,554 | 2.3% | 92 | 0.0% |
| Total expenses | 90,553 | 97.9% | 76,559 | 88.7% | 345,522 | 90.9% | 306,233 | 86.2% |
| Gain on disposition of restaurants | — | — | — | — | 28 | — | — | — |
| Income from operations | 1,926 | 2.1% | 9,748 | 11.3% | 34,629 | 9.1% | 48,824 | 13.8% |
| Interest expense, net | 714 | 0.8% | 672 | 0.8% | 3,155 | 0.8% | 3,707 | 1.0% |
| Expenses related to selling shareholders | — | — | — | — | — | — | 50 | 0.0% |
| Income tax receivable agreement (income) expense | (59) | -0.1% | (867) | -1.0% | 352 | 0.1% | 156 | 0.0% |
| Income before provision for income taxes | 1,271 | 1.4% | 9,943 | 11.5% | 31,122 | 8.2% | 44,911 | 12.6% |
| Provision for income taxes | 853 | 0.9% | 4,576 | 5.3% | 12,783 | 3.4% | 20,857 | 5.9% |
| Net Income | \$ 418 | 0.5% | \$ 5,367 | 6.2% | \$ 18,339 | 4.8% | \$ 24,054 | 6.8% |
| Net income per share: | | | | | | | | |
| Basic | \$ 0.01 | | \$ 0.14 | | \$ 0.48 | | \$ 0.63 | |
| Diluted | \$ 0.01 | | \$ 0.14 | | \$ 0.47 | | \$ 0.62 | |
| Weighted average shares used in computing net income per share: | | | | | | | | |
| Basic | 38,437,020 | | 38,284,435 | | 38,357,805 | | 37,949,316 | |
| Diluted | 39,108,967 | | 38,965,248 | | 39,026,950 | | 39,039,558 | |

(1) As a percentage of restaurant revenue.

EL POLLO LOCO HOLDINGS, INC.
UNAUDITED SELECTED BALANCE SHEETS AND SELECTED OPERATING DATA
(dollar amounts in thousands)

| | As of | |
|-------------------------------------|--------------------------|--------------------------|
| | <u>December 28, 2016</u> | <u>December 30, 2015</u> |
| Selected Balance Sheet Data: | | |
| Cash and cash equivalents | \$ 2,168 | \$ 6,101 |
| Total assets | 471,305 | 461,028 |
| Total debt | 104,461 | 123,638 |
| Total liabilities | 206,123 | 216,395 |
| Total stockholders' equity | 265,182 | 244,633 |

| | Fifty-Two Weeks Ended | |
|---|--------------------------|--------------------------|
| | <u>December 28, 2016</u> | <u>December 30, 2015</u> |
| Selected Operating Data: | | |
| Company-operated restaurants at end of period | 201 | 186 |
| Franchised restaurants at end of period | 259 | 247 |
| Company-operated: | | |
| Comparable restaurant sales growth | 0.6% | 1.0% |
| Restaurants in the comparable base | 169 | 160 |

EL POLLO LOCO HOLDINGS, INC.
UNAUDITED RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA
(dollar amounts in thousands)

| | Thirteen Weeks Ended | | Fifty-Two Weeks Ended | |
|--|----------------------|-------------------|-----------------------|-------------------|
| | December 28, 2016 | December 30, 2015 | December 28, 2016 | December 30, 2015 |
| Adjusted EBITDA: | | | | |
| Net income, as reported | \$ 418 | \$ 5,367 | \$ 18,339 | \$ 24,054 |
| Provision for income taxes | 853 | 4,576 | 12,783 | 20,857 |
| Interest expense, net | 714 | 672 | 3,155 | 3,707 |
| Depreciation and amortization | 4,257 | 3,468 | 16,053 | 13,092 |
| EBITDA | 6,242 | 14,083 | 50,330 | 61,710 |
| Stock-based compensation expense | 819 | (69) | 1,063 | 539 |
| Loss on disposal of assets | 150 | 44 | 674 | 471 |
| Expenses related to fire loss | — | — | 48 | — |
| Gain on recovery of insurance proceeds | — | — | (741) | — |
| Asset impairment and closed-store reserves | 5,930 | 68 | 8,554 | 92 |
| Pre-opening costs | 849 | 985 | 2,624 | 1,456 |
| Gain on disposition of restaurants | — | — | (28) | — |
| Expenses related to selling shareholders | — | — | — | 50 |
| Income tax receivable agreement (income) expense | (59) | (867) | 352 | 156 |
| Securities class action legal expense | 369 | 993 | 2,696 | 993 |
| Adjusted EBITDA | \$ 14,300 | \$ 15,237 | \$ 65,572 | \$ 65,467 |

EL POLLO LOCO HOLDINGS, INC.
UNAUDITED RECONCILIATION OF NET INCOME TO PRO FORMA NET INCOME
(dollar amounts in thousands, except share data)

| | Thirteen Weeks Ended | | Fifty-Two Weeks Ended | |
|--|----------------------|-------------------|-----------------------|-------------------|
| | December 28, 2016 | December 30, 2015 | December 28, 2016 | December 30, 2015 |
| Pro forma net income: | | | | |
| Net income, as reported | \$ 418 | \$ 5,367 | \$ 18,339 | \$ 24,054 |
| Provision for taxes, as reported | 853 | 4,576 | 12,783 | 20,857 |
| Gain on disposition of restaurants | — | — | (28) | — |
| Income tax receivable agreement (income) expense | (59) | (867) | 352 | 156 |
| Expenses related to selling shareholders | — | — | — | 50 |
| Loss on disposal of assets | 150 | 44 | 674 | 471 |
| Expenses related to fire loss | — | — | 48 | — |
| Gain on recovery of insurance proceeds | — | — | (741) | — |
| Asset impairment and closed-store reserves | 5,930 | 68 | 8,554 | 92 |
| Securities class action legal expense | 369 | 993 | 2,696 | 993 |
| Provision for income taxes | (3,064) | (4,174) | (17,071) | (19,136) |
| Pro forma net income | \$ 4,597 | \$ 6,007 | 25,606 | 27,537 |
| Pro forma weighted-average share and per share data: | | | | |
| Pro forma net income per share | | | | |
| Basic | \$ 0.12 | \$ 0.16 | \$ 0.67 | \$ 0.73 |
| Diluted | \$ 0.12 | \$ 0.15 | \$ 0.66 | \$ 0.71 |
| Weighted-average shares used in computing pro forma net income per share | | | | |
| Basic | 38,437,020 | 38,284,435 | 38,357,805 | 37,949,316 |
| Diluted | 39,108,967 | 38,965,248 | 39,026,950 | 39,039,558 |