



## Markets

---

March 3, 2008, 3:33PM

# Outback Remodeling, Adding Menu Items

By LAUREN SHEPHERD AP Business Writer  
© 2008 The Associated Press

NEW YORK — In the months since OSI Restaurant Partners went private, the operating environment for restaurants has become a lot less appetizing.

Consumers \_ struggling with higher gas prices and declining home values \_ are no longer eating out as much. Meanwhile, the cost of doing business is now far higher thanks to rising commodity and labor expenses.

As a result, sales are weak, profits are falling, and share prices at most casual dining chains are dropping. Plans for expansion have been scrapped or pared down. But OSI, which operates the Outback steakhouse chain among others, is revamping its Outback restaurants by adding new menu items and changing the chain's look.

OSI Chief Operating Officer Paul Avery said the chain will open slightly less than 20 locations in 2008. All will have a new look that features bolder colors, smaller dining rooms and fewer Australian artifacts \_ the trademark of the Outback chain. The chain will also revamp all existing 799 Outback restaurants, with older locations getting the update before newer ones.

"We needed to improve the physical plant and the ambiance," Avery said in a phone interview. "We needed to contemporize Outback Steakhouse more."

Although Avery declined to offer specifics about how much the remodels will cost, he said the new locations have been more expensive to build. Going private, he said, has made it easier to swallow the higher price tag since the company doesn't have to answer to shareholders.

"There's a lot of temptation, in particular, at public companies to make short term earnings decisions," Avery said. Going private, he said, "provided us the opportunity to focus on our business ... and not have the pressures and distraction in the public environment."

He added the company's management team "feels very strongly we would not be able to compete" if the company had stayed public.

An investor group comprised of Bain Capital Partners LLC and investment funds affiliated with Catterton Management Co. LLC offered to buy the company for \$40 per share last spring. Ultimately, to convince shareholders to take the deal, Bain and Catterton sweetened the offer to \$41.15 per share, making the total value of the deal about \$3.24 billion.

Shareholders voted on the deal in June and it closed later that month.

Before the deal went through, OSI's earnings were starting to slide. In its first quarter \_ the last one the company reported before going private \_ the company's net income fell 14 percent. Costs from the impending deal hurt the results, but even without the costs included, profit wouldn't have matched Wall Street analyst estimates.

Avery declined to give specifics about how the company's earnings are doing or whether the chain's same-store sales are now growing again.

"We're really pleased with how the business is moving along in a slowing economy," Avery said.

COMMENTS

Readers are solely responsible for the content of the comments they post here. Comments are subject to the site's [terms and conditions](#) of use and do not necessarily reflect the opinion or approval of the Houston Chronicle. Readers whose comments violate the terms of use may have their comments removed or all of their content blocked from viewing by other users without notification.

You must be logged in to leave a comment. [Login](#) | [Register](#)

Empty text input field for comments.

Submit



**ADVERTISING:** [Contests](#) | [Fraudulent Ads](#) | [Information & Rates](#) | [Place An Ad](#) | [Singles In Houston](#) | [Yellow Pages](#)

**CHRONICLE:** [Subscribe Now](#) | [Subscriber Services](#) | [Buy Photos & Page Prints 2005-Present](#) | [Historic Page Prints 1901-2004](#) | [Chro](#)  
[Corrections](#) | [RSS Feeds](#)  [RSS](#)

**SERVICES:** [Privacy Policy](#) | [Terms & Conditions](#) | [Help](#) | [Registration](#) | [Report a Problem](#) | [Site Map](#) | [News Alerts](#)

Subscribe to the paper now! REAL Cities Donate to Good Fellows 

**HEARST** newspapers