



FOR IMMEDIATE RELEASE

## RICK'S CABARET INTERNATIONAL, INC. REPORTS \$95.2 MILLION REVENUES FOR 2012, WITH NET INCOME OF \$7.6 MILLION

HOUSTON – (December 14, 2012) – [Rick's Cabaret International, Inc.](#) (NASDAQ:RICK), the nation's premier publicly traded group of gentlemen's clubs, reported revenues of \$95.2 million for its fiscal year ended September 30, 2012, a 14 percent increase over the \$83.5 million in 2011.

"In the just concluded year we completed a major acquisition and resolved several lawsuits. We are now fully focused on achieving our goal of 20-30 percent annual growth," said **Eric Langan**, President and CEO of Rick's Cabaret International, Inc., which now operates 35 clubs nationwide.

"We have sharpened this growth strategy with a number of new projects, including the Bombshells "breastaurant" in Dallas and the Vee Lounge in Ft. Worth, both which will open in January 2013, as well Ricky Bobby's Sports Saloon slated to open in April. Before March we expect to open the Los Angeles club that we are doing as a joint venture with another multi-club operator, our second New York City location will open before year end, and several clubs are currently in our acquisition pipeline." he added

The company will hold a conference call to discuss today's results at 4:30 pm ET. Participant dial in number is 877-407-8033 (international, 201-689-8033) or online at [www.ricksinvestor.com](http://www.ricksinvestor.com). Replays are available at 877-660-6853.

Some highlights from the company's Form 10K filed today with the Securities & Exchange Commission:

- Net income per non-GAAP accounting was \$10.5 million compared with GAAP income of \$7.6 million and non-GAAP fully diluted income per share was \$1.08 compared with GAAP EPS of 78 cents. The non-GAAP figures exclude amortization of intangibles, sale of assets and debt settlement, change in value of derivatives, stock-based compensation, litigation and one-time legal settlements, income tax expense, acquisitions costs, loss from discontinued operations net of income tax, and add-back of non-GAAP provision for income taxes (see explanation of non-GAAP financial measures below).
- The growth in revenues was achieved through the contribution of \$4.3 million by nightclubs acquired in 2012, plus \$4.0 million from clubs purchased in 2011, and a 4.2 percent increase in revenues at existing clubs, especially the flagship midtown New York City Rick's Cabaret.
- Cash flow from operations was \$18.4 million.
- Expenses for the year that kept earnings lower than forecast included legal and professional expenses of \$5.9 million, compared with \$2.3 million in 2011. The 2012 costs included the payment of about \$2.2 million to settle three law suits.
- Salaries and wages remained the same at 21.9 percent of total expenses, or \$20.9 million in 2012 compared with \$18.3 million the prior year.

- Interest expense was \$4.0 million, about the same as the \$3.9 million for 2011 as the company added more debt from acquisitions while paying off existing debt and amortizing loans. As of September 30, 2012, the balance of long-term debt was \$63.5 million compared to \$35.6 million a year earlier. The increase is principally attributable to adding \$30 million in debt with the 2012 acquisitions.

For the company's fourth quarter ended Sept. 30<sup>th</sup>, revenues were \$23.9 million compared with \$21.5 million in 2011; net income was \$1.5 million compared with \$2.0 million last year; earnings per share were 15 cents compared with 20 cents in the prior year.

**About Rick's Cabaret:** Rick's Cabaret International, Inc. (NASDAQ: RICK) is home to upscale adult nightclubs serving primarily businessmen and professionals that offer live entertainment, dining and bar operations. Nightclubs in New York City, Miami, Philadelphia, Charlotte, Dallas/Ft. Worth, Houston, Minneapolis, Indianapolis and other cities as "Rick's Cabaret," "XTC," "Club Onyx" and "Tootsie's Cabaret" and other brand names. Sexual contact is not permitted at any locations. Rick's Cabaret also operates a media division, ED Publications. Rick's Cabaret common stock is traded on NASDAQ under the symbol RICK. For further information contact [ir@ricks.com](mailto:ir@ricks.com) or visit [www.ricksinvestor.com](http://www.ricksinvestor.com). Twitter: @rickscabaret; Facebook: <http://www.facebook.com/rickscabaretintl>.

**Explanation of non-GAAP Financial Measures:** In addition to our financial information presented in accordance with U.S. GAAP, management uses certain "non-GAAP financial measures" within the meaning of the SEC Regulation G, to clarify and enhance understanding of past performance and prospects for the future. Generally, a non-GAAP financial measure is a numerical measure of a company's operating performance, financial position or cash flows that excludes or includes amounts that are included in or excluded from the most directly comparable measure calculated and presented in accordance with GAAP. We monitor non-GAAP financial measures because it describes the operating performance of the company and helps management and investors gauge our ability to generate cash flow, excluding some recurring charges that are included in the most directly comparable measures calculated and presented in accordance with GAAP. More complete information relative to these non-GAAP financial measures can be found in the Company's Form 10K, filed with the SEC and available at [www.ricksinvestor.com](http://www.ricksinvestor.com).

**Forward-looking Statements:** This press release may contain forward-looking statements that involve a number of risks and uncertainties that could cause the company's actual results to differ materially from those indicated in this press release, including the risks and uncertainties associated with operating and managing an adult business, the business climates in cities where it operates, the success or lack thereof in launching and building the company's businesses, risks and uncertainties related to the operational and financial results of our Web sites, conditions relevant to real estate transactions, and numerous other factors such as laws governing the operation of adult entertainment businesses, competition and dependence on key personnel. Rick's has no obligation to update or revise the forward-looking statements to reflect the occurrence of future events or circumstances. For further information visit [www.ricksinvestor.com](http://www.ricksinvestor.com).

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**RICK'S CABARET INTERNATIONAL, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

<u>(in thousands, except per share data)</u>	<u>Year Ended September 30,</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues:			
Sales of alcoholic beverages	\$ 38,687	\$ 32,575	\$ 28,532
Sales of food and merchandise	8,810	7,402	6,327
Service revenues	41,942	38,178	34,179
Other	5,781	5,336	5,025
Total revenues	<u>95,220</u>	<u>83,491</u>	<u>74,063</u>
Operating expenses:			
Cost of goods sold	12,644	10,427	9,136
Salaries and wages	20,857	18,321	16,305
Stock-based compensation	315	8	405
Other general and administrative:			
Taxes and permits	14,639	12,542	11,452
Charge card fees	1,352	1,361	1,229
Rent	2,872	2,988	2,737
Legal and professional	5,861	2,289	3,002
Advertising and marketing	4,046	3,471	3,167
Depreciation and amortization	4,921	3,904	3,225
Insurance	1,439	1,157	985
Utilities	1,762	1,605	1,507
Impairment of assets	-	-	3,574
Loss on sale of property and other	332	-	3
Other	7,667	6,624	5,948
Total operating expenses	<u>78,707</u>	<u>64,697</u>	<u>62,675</u>
Income from operations	<u>16,513</u>	<u>18,794</u>	<u>11,388</u>
Other income (expense):			
Interest income	19	118	19
Interest expense	(4,003)	(3,930)	(4,023)
Interest expense – loan origination costs	(310)	(359)	(450)
Gain (loss) on change in fair value of derivative instruments	117	129	(31)
Gain on settlement of debt	-	903	-
Income from continuing operations before income taxes	<u>12,336</u>	<u>15,655</u>	<u>6,903</u>
Income taxes	4,374	5,403	2,998
Income from continuing operations	<u>7,962</u>	<u>10,252</u>	<u>3,905</u>
Loss from discontinued operations, net of income taxes	<u>(172)</u>	<u>(2,195)</u>	<u>(11,603)</u>
Net income (loss)	<u>7,790</u>	<u>8,057</u>	<u>(7,698)</u>
Less: net income attributable to non-controlling interests	<u>(212)</u>	<u>(211)</u>	<u>(260)</u>
Net income (loss) attributable to Rick's Cabaret International, Inc.	<u>\$ 7,578</u>	<u>\$ 7,846</u>	<u>\$ (7,958)</u>
Basic earnings (loss) per share attributable to Rick's shareholders:			
Income from continuing operations	\$ 0.80	\$ 1.01	\$ 0.38
Loss from discontinued operations	(0.02)	(0.22)	(1.20)
Net income (loss)	<u>\$ 0.78</u>	<u>\$ 0.79</u>	<u>\$ (0.82)</u>
Diluted earnings (loss) per share attributable to Rick's shareholders:			
Income from continuing operations	\$ 0.80	\$ 1.01	\$ 0.38
Loss from discontinued operations	(0.02)	(0.22)	(1.20)
Net income (loss)	<u>\$ 0.78</u>	<u>\$ 0.79</u>	<u>\$ (0.82)</u>
Weighted average number of common shares outstanding:			
Basic	<u>9,691</u>	<u>9,930</u>	<u>9,697</u>
Diluted	<u>9,697</u>	<u>9,932</u>	<u>9,697</u>