



## **BOB EVANS REPORTS FISCAL 2015 FIRST-QUARTER RESULTS**

- **Q1 2015 net sales total \$326.3 million, a decline of \$3.1 million, or 0.9 percent, compared to prior year first-quarter results. GAAP net loss of \$0.04 per diluted share compared to net income of \$0.30 per diluted share in the prior year period. Adjusted net income of \$0.10 per diluted share compared to \$0.54 per diluted share in the prior year period**
- **Q1 2015 same-store dinner sales in the Cincinnati Broasted Chicken<sup>®</sup> test market increased 3.6 percent as the platform reversed dinner sales trends. Broasted Chicken<sup>®</sup> platform now rolling out in the Dayton and Columbus, Ohio, markets**
- **Bob Evans Express expects to open three new locations during Q2 2015; up to ten new locations expected for fiscal 2015**
- **BEF Foods' operating income negatively impacted \$6.7 million due primarily to a 39 percent increase in Q1 2015 sow costs relative to the prior year period. New refrigerated side dish product authorizations at the Company's largest customer along with new customer accounts expected to more than offset lost sales volume experienced in 2014 resulting from a supplier dispute**
- **Company's \$100 million share repurchase authorization increased to \$150 million; extended through fiscal year 2016. Quarterly dividend of \$0.31 per share payable on September 22, 2014, to stockholders of record at the close of business on September 8, 2014**
- **Company reaffirms fiscal 2015 diluted EPS guidance range of \$1.90 to \$2.20**

NEW ALBANY, Ohio – August 26, 2014 – Bob Evans Farms, Inc. (NASDAQ: BOBE) today announced its financial results for the fiscal 2015 first quarter ended Friday, July 25, 2014. On a GAAP basis, the Company reported a net loss of \$1.0 million, or \$0.04 per diluted share, compared with net income of \$8.4 million, or \$0.30 per diluted share, in the comparable period last year. On an adjusted basis<sup>(1)</sup>, net income was \$2.3 million, or \$0.10 per diluted share, compared with net income of \$15.2 million, or \$0.54 per diluted share, in the comparable period last year.

### **First-quarter fiscal 2015 commentary**

Chairman and Chief Executive Officer Steve Davis said, "Several years ago our Board and management team determined that comprehensive strategic investments in our businesses were necessary to meet the changing expectations of consumers. These investments required new processes, new skill sets, and difficult decisions along the way. During the transformation process, the Company not only invested more than \$800 million transforming its businesses, it also returned over \$800 million to stockholders from fiscal year 2007 to fiscal year 2014 through share repurchases and dividends.

“We are seeing early positive results as we begin leveraging our strategic investments. At Bob Evans Restaurants, the Farm Fresh Refresh remodeling program has set the stage for new off-premise layers such as carryout and catering, which grew 2.6 percent and 13.7 percent, respectively during the quarter. The remodeled restaurants also support menu innovations like our new Broasted Chicken<sup>®</sup> platform which provides both on- and off-premise sales growth opportunities. Sustained success in the restaurant industry requires a strong asset and strong product offering. One without the other is ultimately a losing proposition. With the Farm Fresh Refresh Program complete, we now have the right asset in place. Along with this new asset, we have new menu offerings such as Sweet & Stacked Hotcakes at breakfast and Broasted Chicken<sup>®</sup> at lunch and dinner that we expect to result in an improved sales trajectory. There is a symbiotic relationship between our remodeled restaurants, menu innovation, and new off-premise sales layers. In concert, we expect these items to reverse sales declines across the chain, and we are off to a great start in Cincinnati, the first market to benefit from the combination of the Farm Fresh Refresh program, enhanced off-premise capabilities, and the Broasted Chicken<sup>®</sup> platform.

“Cincinnati, our first market to receive the Broasted Chicken<sup>®</sup> platform, reported an overall same-store sales increase of 0.4 percent during the first quarter, an increase of over 500 basis points relative to its same-store sales decline of 4.9 percent in the prior quarter as this new platform reverses dinner sales trends. This performance outpaced improvement in the balance of the chain by 331 basis points. The impact on off-premise sales in Cincinnati was even more impressive as off-premise same-store sales grew 13.0 percent compared to 1.1 percent for the balance of the chain. Broasted Chicken<sup>®</sup> accounted for 56 percent of Cincinnati’s off-premise same-store sales increase during the quarter.

“The Broasted Chicken<sup>®</sup> rollout continues as 11 of the 28 restaurants in the Dayton, Ohio, market, and 8 of the 49 restaurants in the Columbus, Ohio, market are now offering this exciting product. We expect to complete the Dayton rollout by mid-September, Columbus by early October, and all 192 restaurants in Ohio by early November.”

Davis continued, “At BEF Foods, our plant network has been simplified as we have reduced the number of production facilities we operate from nine in 2007 to four today. Furthermore, the four remaining plants have each benefitted from substantial capital investments to expand their capacity and efficiency. With significant recent product authorizations at our largest existing customer, as well as at new customer accounts, the plant capacity and anticipated efficiency gains are vitally important as we expect our refrigerated side dishes to have a strong holiday sales season this year. Although sow costs remain challenging, BEF Foods is now in a position to continue its diversification beyond sausage products as it grows refrigerated side dish sales and other products not impacted by sow costs, while also maximizing sausage product margins through a more efficient two-plant fresh sausage network, and more effective pricing and promotion strategies.”

### **First-quarter fiscal 2015 Bob Evans Restaurants segment summary**

Bob Evans Restaurants’ net sales were \$240.2 million, a decrease of \$4.4 million, or 1.8 percent, compared to net sales of \$244.6 million in the corresponding period last year. Same-store sales declined 2.0 percent, below the national Knapp-Track<sup>™</sup> family dining index decline of 1.6 percent during the same period. However, in Bob Evans Restaurants’ top three Knapp-Track<sup>™</sup> regions, which comprise 83 percent of the chain as measured by restaurant count, same-store sales results outperformed the regional Knapp-Track<sup>™</sup> family dining index by 60 to 120 basis points.

As shown in the data table below, the breakfast daypart returned to positive same-store sales during the quarter, reflecting the success of menu items such as Sweet and Stacked Hotcakes and more effective marketing. Lunch and dinner dayparts, while improved relative to the prior quarter, remain challenged as economic headwinds facing the Company's core Midwest consumers and advertising and promotional activity in its peer set remain at a high level.

In contrast to the total chain, the Cincinnati Broasted Chicken<sup>®</sup> test market reported a lunch same-store sales decline of 0.4 percent, a dinner same-store sales increase of 3.6 percent, and an overall same-store sales increase of 0.4 percent.

| Same-Store Sales (SSS) Restaurants | May  | June | July | 1Q FY '15 |
|------------------------------------|------|------|------|-----------|
| 557                                | -1.6 | -2.0 | -2.3 | -2.0      |

| First-Quarter Fiscal 2015 SSS% Daypart Performance |              |             |              |
|--|--------------|-------------|--------------|
| Daypart  | On-Premise   | Off-Premise | Total        |
| Breakfast  | 0.1%         | 7.4%        | 0.7%         |
| Lunch  | -2.3%        | 0.3%        | -2.0%        |
| Dinner   | -5.6%        | 0.5%        | -4.7%        |
| <b>Total</b>                                       | <b>-2.5%</b> | <b>1.9%</b> | <b>-2.0%</b> |

During the first quarter of fiscal 2015, Bob Evans Restaurants opened a new restaurant located in Lakewood, Ohio (Cleveland market).

Bob Evans Restaurants' non-GAAP operating income was \$5.5 million, compared to non-GAAP operating income of \$16.0 million in the corresponding period last year. The primary drivers of the \$10.5 million decline were: a \$4.7 million impact associated with discounted sales; \$1.7 million of increased advertising expenses; \$1.1 million of incremental depreciation; \$1.1 million of costs related to strengthening the Company's internal processes and controls over financial reporting; \$1.0 million of increased health care costs; and \$0.8 million of increased repair and maintenance expenses.

#### First-quarter fiscal 2015 BEF Foods segment summary

BEF Foods' net sales were \$86.2 million, an increase of 1.5 percent, compared to net sales of \$84.9 million in the corresponding period last year. Adjusting for net sales in the prior year at the Company's Irvine, California, production facility (sold during the second quarter of fiscal 2014), net sales would have increased 5.0 percent. Increased sausage pricing was partially offset by a 6.1 percent decline in total pounds sold, including an 18.9 percent decline in sausage pounds sold, during the quarter. Adjusting for the volume of pounds sold in the prior year at the Company's Irvine, California, production facility (sold during the second quarter of fiscal 2014), volume would have been flat for the quarter.

For the remainder of the fiscal year, particularly during the third and fourth fiscal quarters, recent refrigerated side dish product authorizations at the Company's largest customer, along with new customer accounts, are expected to more than offset lost sales volume experienced in 2014 resulting from a supplier dispute. Continued improvements in plant production efficiencies and

the absence of costs associated with the 2014 supplier dispute, are also expected to benefit the second half of fiscal 2015, relative to the prior year.

BEF Foods' non-GAAP operating loss was \$0.4 million, compared to non-GAAP operating income of \$6.7 million in the corresponding period last year. The primary drivers of the \$7.1 million decline were: \$6.7 million of increased sausage material costs, including sow and pork trim costs; \$2.3 million of net plant inefficiencies; \$2.2 million of increased freight, advertising and professional service fees including costs related to strengthening the Company's internal processes and controls over financial reporting; and \$1.6 million of incremental depreciation, partially offset by \$5.7 million of increased pricing, reduced trade spending and discounts.

**Net interest expense** – The Company's non-GAAP net interest expense was \$2.1 million in the first quarter of fiscal 2015, an increase of \$1.6 million, compared to \$0.5 million in the corresponding period last year. The year-over-year increase was due to funding of share repurchases and capital expenditures. The borrowing rate on the Company's outstanding debt was 1.91 percent at the end of the first quarter, compared to 1.45 percent at the end of the comparable prior year period.

**Taxes** – The provision for income taxes is based on a current estimate of the annual effective income tax rate adjusted to reflect the impact of discrete items. The Company's effective income tax rate was 34.5 percent for the quarter, as compared to 31.1 percent for the corresponding period a year ago. The higher tax rate was driven by the net impact of the expiration of the Work Opportunity Tax Credit on December 31, 2013, the increased deduction for domestic production activities, and discrete items in the first quarter related to stock compensation and uncertain tax positions. For non-GAAP items the tax rate was 27.5 percent, reflecting the Company's estimate of the annual effective tax rate.

**Balance sheet highlights** – The Company's cash balance and revolver borrowings at the end of the first quarter of fiscal 2015 were \$3.6 million and \$458.8 million, respectively. The Company was in compliance with its debt covenants at the end of the first quarter of fiscal 2015. The Company's leverage ratio as defined in its credit agreement was 3.69 at the end of the quarter.

#### **Fiscal year 2015 commentary and outlook**

"We are reaffirming our fiscal 2015 diluted EPS guidance range of \$1.90 to \$2.20. Given recent sow cost trends, we have raised second-quarter sow cost guidance to \$90 to \$95 per hundredweight from \$80 to \$90 per hundredweight, and raised our full fiscal year estimate to \$87 per hundredweight from \$85 per hundredweight. Additionally, we expect modest pressure on Bob Evans Restaurants' cost of sales. However, exclusion of activism costs and a lower anticipated effective tax rate are expected to offset these impacts," said Chief Financial Officer Mark Hood.

**Summary of performance drivers: fiscal 2015 guidance versus fiscal 2014**

|   | 1Q (actual) | 2Q                       | 3Q                | 4Q                | Full Year    |
|---|-------------|--------------------------|-------------------|-------------------|--------------|
| <b>sss% 2015 (guidance)</b>                                   | -2.0%       | flat to low single-digit | high single-digit | high single-digit | 1.5% to 2.5% |
| sss% 2014 (actual)  | -0.6%       | -1.9%                    | -1.8%             | -4.1%             | -2.1%        |
| <b>sow costs (per hundredweight) 2015 (guidance)</b>          | \$87.87     | \$90 to \$95             | \$80 to \$90      | \$80 to \$90      | \$87         |
| sow costs (per hundredweight) 2014 (actual)                   | \$63.24     | \$77.33                  | \$72.36           | \$78.47           | \$73.23      |
| <b>estimated Broasted Chicken® rollout (% of restaurants)</b> | 6%          | 41%                      | 51%               | 100%              |              |

| Guidance Metric                        | FY '15                   |
|--|--------------------------|
| Consolidated net sales                 | \$1.38 to \$1.40 billion |
| Capital expenditures                   | \$85 to \$90 million     |
| ERP implementation (included in S,G&A) | \$4 to \$5 million       |
| Depreciation and amortization          | \$83 to \$87 million     |
| Net interest expense                   | \$8.5 to \$10.5 million  |
| Tax rate                               | 27 to 28 percent         |
| Diluted weighted-average share count   | 23.8 million shares      |
| Adjusted earnings per diluted share    | \$1.90 to \$2.20         |
| <b>Bob Evans Restaurants:</b>          |                          |
| Same-store sales                       | 1.5 to 2.5 percent       |
| Operating margin                       | 4.8 to 5.2 percent       |
| <b>BEF Foods:</b>                      |                          |
| Net Sales                              | \$408 to \$418 million   |
| Sow costs                              | \$87 per hundredweight   |
| Operating Margin                       | 6.2 to 8.2 percent       |

This outlook is subject to a number of factors beyond the Company's control, including the risk factors discussed in the Company's fiscal 2014 annual report on Form 10-K and its other subsequent filings with the Securities and Exchange Commission.

**Investor Conference Call**

The Company will host a conference call to discuss its first-quarter fiscal 2015 results at 10 a.m. (ET) on Wednesday, August 27, 2014. The dial-in number is (855) 468-0551, access code 82786914. A replay will be available at (800) 585-8367, access code 82786914.

A simultaneous webcast will be available at [investors.bobevans.com/events.cfm](http://investors.bobevans.com/events.cfm). The archived webcast will also be available on the Web site.

**(1) Non-GAAP Financial Measures**

The Company uses non-GAAP financial measures to monitor and evaluate the ongoing performance of the Company. The Company believes the additional measures are useful to investors for financial analysis. Excluding these items reflects operating results that are more indicative of the Company's ongoing operating performance and improve comparability to prior

periods. However, non-GAAP measures are not in accordance with, nor are they a substitute for, GAAP measures. Reconciliations to the applicable GAAP financial measures are included in the attached schedules.

**Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995**

Certain statements in this news release that are not historical facts are forward-looking statements. Forward-looking statements involve various important assumptions, risks and uncertainties. Actual results may differ materially from those predicted by the forward-looking statements because of various factors and possible events. We discuss these factors and events, along with certain other risks, uncertainties and assumptions, under the heading “Risk Factors” in Item 1A of our Annual Report on Form 10-K for the fiscal year ended April 25, 2014, and in our other filings with the Securities and Exchange Commission. We note these factors for investors as contemplated by the Private Securities Litigation Reform Act of 1995. Predicting or identifying all such risk factors is impossible. Consequently, investors should not consider any such list to be a complete set of all potential risks and uncertainties. Forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update any forward-looking statement to reflect circumstances or events that occur after the date of the statement to reflect unanticipated events. All subsequent written and oral forward-looking statements attributable to us or any person acting on behalf of the Company are qualified by the cautionary statements in this section.

**About Bob Evans Farms, Inc.**

Bob Evans Farms, Inc. owns and operates full-service restaurants under the Bob Evans Restaurants brand name. At the end of the first fiscal quarter (July 25, 2014), Bob Evans Restaurants owned and operated 562 family restaurants in 19 states, primarily in the Midwest, mid-Atlantic and Southeast regions of the United States. Bob Evans Farms, Inc., through its BEF Foods segment, is also a leading producer and distributor of refrigerated side dishes, pork sausage and a variety of refrigerated and frozen convenience food items under the Bob Evans and Owens brand names. For more information about Bob Evans Farms, Inc., visit [www.bobevans.com](http://www.bobevans.com).

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**Bob Evans Farms, Inc.**  
**Earnings Release Fact Sheet (unaudited)**  
**Fiscal 2015 - Quarter 1**

Note: amounts are in thousands, except per share amounts

**First quarter Fiscal 2015, ended July 25, 2014, compared to the corresponding period a year ago:**

|   | Three Months Ended |               | Basic EPS          |               | Diluted EPS        |               |
|---|--------------------|---------------|--------------------|---------------|--------------------|---------------|
|   |                    |               | Three Months Ended |               | Three Months Ended |               |
|   | July 25, 2014      | July 26, 2013 | July 25, 2014      | July 26, 2013 | July 25, 2014      | July 26, 2013 |
| Operating Income (Loss) as Reported             |                    |               |                    |               |                    |               |
| Bob Evans Restaurants                           | 1,715              | 6,482         |                    |               |                    |               |
| BEF Foods                                       | (1,651)            | 5,517         |                    |               |                    |               |
| Total operating income                          | 64                 | 11,999        |                    |               |                    |               |
| Net interest expense (income)                   | 1,616              | (156)         |                    |               |                    |               |
| (Loss) Income before income taxes               | (1,552)            | 12,155        |                    |               |                    |               |
| (Benefit) Expense for income taxes              | (536)              | 3,779         |                    |               |                    |               |
| Net (loss) income                               | (1,016)            | 8,376         | \$ (0.04)          | \$ 0.30       | \$ (0.04)          | \$ 0.30       |
| Adjustments                                     |                    |               |                    |               |                    |               |
| Bob Evans Restaurants                           |                    |               |                    |               |                    |               |
| Impairments including from Assets Held for Sale | 1,577              | 9,788         |                    |               |                    |               |
| Severance/Restructuring                         | 285                | (135)         |                    |               |                    |               |
| Loss (Gain) on Sale of Assets                   | 105                | (86)          |                    |               |                    |               |
| Activism and Other                              | 1,835              | (46)          |                    |               |                    |               |
|   | 3,802              | 9,521         |                    |               |                    |               |
| BEF Foods                                       |                    |               |                    |               |                    |               |
| Impairments including from Assets Held for Sale | —                  | —             |                    |               |                    |               |
| Severance/Restructuring                         | 664                | 1,001         |                    |               |                    |               |
| Loss on Sale of Assets                          | 12                 | 164           |                    |               |                    |               |
| Activism and Other                              | 554                | 23            |                    |               |                    |               |
|   | 1,230              | 1,188         |                    |               |                    |               |
| Total adjustments                               |                    |               |                    |               |                    |               |
| Impairments including from Assets Held for Sale | 1,577              | 9,788         |                    |               |                    |               |
| Severance/Restructuring                         | 949                | 866           |                    |               |                    |               |
| Loss on Sale of Assets                          | 117                | 78            |                    |               |                    |               |
| Activism and Other                              | 2,389              | (23)          |                    |               |                    |               |
|   | 5,032              | 10,709        |                    |               |                    |               |
| Non-GAAP operating income (loss)                |                    |               |                    |               |                    |               |
| Bob Evans Restaurants                           | 5,517              | 16,003        |                    |               |                    |               |
| BEF Foods                                       | (421)              | 6,705         |                    |               |                    |               |
| Total non-GAAP operating income                 | 5,096              | 22,708        |                    |               |                    |               |
| Adjustments to net interest expense (income)    | 445                | 662           |                    |               |                    |               |
| Non-GAAP net interest expense                   | 2,061              | 506           |                    |               |                    |               |
| Non-GAAP pre-tax income                         | 3,035              | 22,202        |                    |               |                    |               |
| Adjustments to income tax provision             | 1,259              | 3,215         |                    |               |                    |               |
| Non-GAAP income tax provision                   | 723                | 6,994         |                    |               |                    |               |
| Non-GAAP net income                             | 2,312              | 15,208        | \$ 0.10            | \$ 0.55       | \$ 0.10            | \$ 0.54       |
| Shares Outstanding                              |                    |               | 23,535             | 27,560        | 23,677             | 27,917        |

|  | Consolidated Results |            |                    |            | Bob Evans Restaurants |            |                    |            |
|--|----------------------|------------|--------------------|------------|-----------------------|------------|--------------------|------------|
|  | Three Months Ended   |            | Three Months Ended |            | Three Months Ended    |            | Three Months Ended |            |
|  | July 25,             |            | July 26,           |            | July 25,              |            | July 26,           |            |
|  | 2014                 | % of Sales | 2013               | % of Sales | 2014                  | % of Sales | 2013               | % of Sales |
| <b>Operating income as reported</b>          |                      |            |                    |            |                       |            |                    |            |
| Net sales                                    | 326,341              |            | 329,449            |            | 240,151               |            | 244,551            |            |
| Cost of sales                                | 113,463              | 34.8 %     | 106,641            | 32.4 %     | 63,211                | 26.3 %     | 62,653             | 25.6 %     |
| Operating wage and fringe benefit expenses   | 104,228              | 31.9 %     | 102,847            | 31.2 %     | 94,639                | 39.4 %     | 93,221             | 38.1 %     |
| Other operating expenses                     | 49,508               | 15.2 %     | 48,847             | 14.8 %     | 42,505                | 17.7 %     | 41,313             | 16.9 %     |
| Selling, general and administrative expenses | 38,847               | 11.9 %     | 33,276             | 10.1 %     | 22,482                | 9.4 %      | 18,082             | 7.4 %      |
| Depreciation and amortization expense        | 19,973               | 6.1 %      | 17,230             | 5.2 %      | 15,341                | 6.4 %      | 14,191             | 5.8 %      |
| Impairment of assets held for sale           | 258                  | 0.1 %      | 8,609              | 2.6 %      | 258                   | 0.1 %      | 8,609              | — %        |
| Total as Reported                            | 64                   | — %        | 11,999             | 3.6 %      | 1,715                 | 0.7 %      | 6,482              | 2.7 %      |
| <b>Adjustments</b>                           |                      |            |                    |            |                       |            |                    |            |
| Net sales                                    | —                    |            | —                  |            | —                     |            | —                  |            |
| Cost of sales                                | —                    |            | —                  |            | —                     |            | —                  |            |
| Operating wage and fringe benefit expenses   | (14)                 |            | —                  |            | (14)                  |            | —                  |            |
| Other operating expenses                     | (149)                |            | 107                |            | (149)                 |            | —                  |            |
| Selling, general and administrative expenses | (4,611)              |            | (2,258)            |            | (3,381)               |            | (963)              |            |
| Depreciation and amortization expense        | —                    |            | 51                 |            | —                     |            | 51                 |            |
| Impairment of assets held for sale           | (258)                |            | (8,609)            |            | (258)                 |            | (8,609)            |            |
| Total adjustments                            | 5,032                |            | 10,709             |            | 3,802                 |            | 9,521              |            |
| <b>Non-GAAP operating income</b>             |                      |            |                    |            |                       |            |                    |            |
| Net sales                                    | 326,341              |            | 329,449            |            | 240,151               |            | 244,551            |            |
| Cost of sales                                | 113,463              | 34.8 %     | 106,641            | 32.4 %     | 63,211                | 26.3 %     | 62,653             | 25.6 %     |
| Operating wage and fringe benefit expenses   | 104,214              | 31.9 %     | 102,847            | 31.2 %     | 94,625                | 39.4 %     | 93,221             | 38.1 %     |
| Other operating expenses                     | 49,359               | 15.1 %     | 48,954             | 14.9 %     | 42,356                | 17.6 %     | 41,313             | 16.9 %     |
| Selling, general and administrative expenses | 34,236               | 10.5 %     | 31,018             | 9.4 %      | 19,101                | 8.0 %      | 17,119             | 7.0 %      |
| Depreciation and amortization expense        | 19,973               | 6.1 %      | 17,281             | 5.2 %      | 15,341                | 6.4 %      | 14,242             | 5.8 %      |
| Impairment of assets held for sale           | —                    | — %        | —                  | — %        | —                     | — %        | —                  | — %        |
| Total non-GAAP operating income              | 5,096                | 1.6 %      | 22,708             | 6.9 %      | 5,517                 | 2.3 %      | 16,003             | 6.5 %      |

BEF Foods  
Three Months Ended

|  | July 25,<br>2014 | % of Sales    | July 26,<br>2013 | % of Sales   |
|--|------------------|---------------|------------------|--------------|
| <b>Operating income as reported</b>          |                  |               |                  |              |
| Net sales                                    | 86,190           |               | 84,898           |              |
| Cost of sales                                | 50,252           | 58.3 %        | 43,988           | 51.8 %       |
| Operating wage and fringe benefit expenses   | 9,589            | 11.1 %        | 9,626            | 11.3 %       |
| Other operating expenses                     | 7,003            | 8.1 %         | 7,534            | 8.9 %        |
| Selling, general and administrative expenses | 16,365           | 19.0 %        | 15,194           | 17.9 %       |
| Depreciation and amortization expense        | 4,632            | 5.4 %         | 3,039            | 3.6 %        |
| Impairment of assets held for sale           | —                | — %           | —                | — %          |
| Total as Reported                            | <u>(1,651)</u>   | <u>(1.9)%</u> | <u>5,517</u>     | <u>6.5 %</u> |
| <b>Adjustments</b>                           |                  |               |                  |              |
| Net sales                                    | —                |               | —                |              |
| Cost of sales                                | —                |               | —                |              |
| Operating wage and fringe benefit expenses   | —                |               | —                |              |
| Other operating expenses                     | —                |               | 107              |              |
| Selling, general and administrative expenses | (1,230)          |               | (1,295)          |              |
| Depreciation and amortization expense        | —                |               | —                |              |
| Impairment of assets held for sale           | —                |               | —                |              |
| Total adjustments                            | <u>1,230</u>     |               | <u>1,188</u>     |              |
| <b>Non-GAAP operating income</b>             |                  |               |                  |              |
| Net sales                                    | 86,190           |               | 84,898           |              |
| Cost of sales                                | 50,252           | 58.3 %        | 43,988           | 51.8 %       |
| Operating wage and fringe benefit expenses   | 9,589            | 11.1 %        | 9,626            | 11.3 %       |
| Other operating expenses                     | 7,003            | 8.1 %         | 7,641            | 9.0 %        |
| Selling, general and administrative expenses | 15,135           | 17.6 %        | 13,899           | 16.4 %       |
| Depreciation and amortization expense        | 4,632            | 5.4 %         | 3,039            | 3.6 %        |
| Impairment of assets held for sale           | —                | — %           | —                | — %          |
| Total non-GAAP operating income              | <u>(421)</u>     | <u>(0.5)%</u> | <u>6,705</u>     | <u>7.9 %</u> |

|  | Consolidated Results |               |               |            |
|--|----------------------|---------------|---------------|------------|
|  | Three Months Ended   |               |               |            |
|  | July 25, 2014        | % of sales    | July 26, 2013 | % of sales |
|  |                      | (as adjusted) | (as adjusted) |            |
| Net sales                                    | \$ 326,341           |               | \$ 329,449    |            |
| Cost of sales                                | 113,463              | 34.8%         | 106,641       | 32.4%      |
| Operating wage and fringe benefit expenses   | 104,228              | 31.9%         | 102,847       | 31.2%      |
| Other operating expenses                     | 49,508               | 15.2%         | 48,847        | 14.8%      |
| Selling, general and administrative expenses | 38,847               | 11.9%         | 33,276        | 10.1%      |
| Depreciation and amortization expense        | 19,973               | 6.1%          | 17,230        | 5.2%       |
| Impairment of assets held for sale           | 258                  | 0.1%          | 8,609         | 2.6%       |
| Operating income                             | 64                   | —%            | 11,999        | 3.6%       |
| Net interest expense (income)                | 1,616                | 0.5%          | (156)         | —%         |
| (Loss) income before income taxes            | (1,552)              | (0.5)%        | 12,155        | 3.7%       |
| (Benefit) provision for income taxes         | (536)                | (0.2)%        | 3,779         | 1.1%       |
| Net loss (income)                            | \$ (1,016)           | (0.3)%        | \$ 8,376      | 2.5%       |
| Earnings per share - Net (loss) income       |                      |               |               |            |
| Basic  | \$ (0.04)            |               | \$ 0.30       |            |
| Diluted                                      | \$ (0.04)            |               | \$ 0.30       |            |
| Cash dividends paid per share                | \$ 0.310             |               | \$ 0.275      |            |
| Weighted average shares outstanding          |                      |               |               |            |
| Basic  | 23,535               |               | 27,560        |            |
| Dilutive Shares                              | —                    |               | 357           |            |
| Diluted                                      | 23,535               |               | 27,917        |            |
| Shares outstanding at quarter end            | 23,589               |               | 27,499        |            |

The number of dilutive shares outstanding at July 25, 2014 that were not included in the computation of dilutive earnings per share, because to do so would have been antidilutive, were 142 shares for the three months ended July 25, 2014.

Income taxes related to continuing operations, as a percentage of pre-tax (loss) income, were 34.5% vs 31.1%.

|  | Three Months Ended    |        |               |        |               |         |               |        |
|--|-----------------------|--------|---------------|--------|---------------|---------|---------------|--------|
|  | Bob Evans Restaurants |        |               |        | BEF Foods     |         |               |        |
|  | July 25, 2014         |        | July 26, 2013 |        | July 25, 2014 |         | July 26, 2013 |        |
| Net sales                                    | \$ 240,151            |        | \$ 244,551    |        | \$ 86,190     |         | \$ 84,898     |        |
| Cost of sales                                | 63,211                | 26.3 % | 62,653        | 25.6 % | 50,252        | 58.3 %  | 43,988        | 51.8 % |
| Operating wage and fringe benefit expenses   | 94,639                | 39.4 % | 93,221        | 38.1 % | 9,589         | 11.1 %  | 9,626         | 11.3 % |
| Other operating expenses                     | 42,505                | 17.7 % | 41,313        | 16.9 % | 7,003         | 8.1 %   | 7,534         | 8.9 %  |
| Selling, general and administrative expenses | 22,482                | 9.4 %  | 18,082        | 7.4 %  | 16,365        | 19.0 %  | 15,194        | 17.9 % |
| Depreciation and amortization expense        | 15,341                | 6.4 %  | 14,191        | 5.8 %  | 4,632         | 5.4 %   | 3,039         | 3.6 %  |
| Impairment of assets held for sale           | 258                   | 0.1 %  | 8,609         | 3.5 %  | —             | — %     | —             | — %    |
| Operating income (loss)                      | \$ 1,715              | 0.7 %  | \$ 6,482      | 2.7 %  | \$ (1,651)    | (1.9) % | \$ 5,517      | 6.5 %  |

## Consolidated Balance Sheets

(in thousands)

|   | Unaudited<br>July 25, 2014 | April 25, 2014      |
|---|----------------------------|---------------------|
| <b>Assets</b>   |                            |                     |
| <b>Current Assets</b>   |                            |                     |
| Cash and equivalents  | \$ 3,625                   | \$ 7,826            |
| Accounts receivable, net  | 28,846                     | 30,688              |
| Inventories   | 23,455                     | 25,243              |
| Deferred income taxes   | 18,656                     | 18,656              |
| Federal and state income taxes  | 22,106                     | 25,824              |
| Prepaid expenses  | 6,230                      | 4,281               |
| Current assets held for sale  | 5,153                      | 2,887               |
| <b>Total Current Assets</b>   | <u>108,071</u>             | <u>115,405</u>      |
| <b>Property, Plant and Equipment</b>  | 1,601,263                  | 1,587,238           |
| Less accumulated depreciation   | <u>732,291</u>             | <u>714,243</u>      |
| <b>Net Property, Plant and Equipment</b>  | 868,972                    | 872,995             |
| <b>Other Assets</b>   |                            |                     |
| Deposits and other  | 4,821                      | 3,442               |
| Long-term note receivable   | 16,798                     | 16,243              |
| Long-term investments   | 32,930                     | 31,972              |
| Goodwill  | 19,634                     | 19,634              |
| Other intangible assets   | 3,231                      | 3,270               |
| Long-term assets held for sale  | —                          | 2,600               |
| <b>Total Other Assets</b>   | <u>77,414</u>              | <u>77,161</u>       |
| <b>Total Assets</b>   | <u>\$ 1,054,457</u>        | <u>\$ 1,065,561</u> |
| <b>Liabilities and Stockholders' Equity</b>   |                            |                     |
| <b>Current Liabilities</b>  |                            |                     |
| Credit facility borrowings  | \$ 458,836                 | \$ 458,898          |
| Current portion of long-term debt   | 369                        | —                   |
| Accounts payable  | 28,640                     | 29,064              |
| Accrued property, plant and equipment purchases   | 6,492                      | 5,841               |
| Accrued non-income taxes  | 17,438                     | 17,843              |
| Accrued wages and related liabilities   | 19,161                     | 21,574              |
| Self-insurance  | 19,367                     | 19,874              |
| Deferred revenue  | 11,736                     | 12,967              |
| Other accrued expenses  | 29,991                     | 33,024              |
| <b>Total Current Liabilities</b>  | <u>592,030</u>             | <u>599,085</u>      |
| <b>Long-Term Liabilities</b>  |                            |                     |
| Deferred compensation   | 40,737                     | 35,731              |
| Federal and state income taxes  | 4,856                      | 4,959               |
| Deferred income taxes   | 32,829                     | 32,829              |
| Deferred rent and other   | 6,522                      | 6,534               |
| Long-term debt  | <u>3,404</u>               | <u>835</u>          |
| <b>Total Long-Term Liabilities</b>  | 88,348                     | 80,888              |
| <b>Stockholders' Equity</b>   |                            |                     |
| Common stock, \$.01 par value; authorized 100,000 shares; issued 42,638 shares at July 25, 2014, and April 25, 2014 | 426                        | 426                 |
| Capital in excess of par value  | 221,598                    | 225,562             |
| Retained earnings   | 841,222                    | 849,619             |
| Treasury stock, 19,050 shares at July 25, 2014, and 19,175 shares at April 25, 2014, at cost                        | <u>(689,167)</u>           | <u>(690,019)</u>    |
| <b>Total Stockholders' Equity</b>   | 374,079                    | 385,588             |
| <b>Total Liabilities and Stockholders' Equity</b>   | <u>\$ 1,054,457</u>        | <u>\$ 1,065,561</u> |

## Consolidated Statements of Cash Flows (unaudited)

(in thousands)

Three Months Ended

|  | July 25, 2014   | July 26, 2013   |
|--|-----------------|-----------------|
|  |                 | (as adjusted)   |
| <i>Operating activities:</i>   |                 |                 |
| Net (loss) income  | \$ (1,016)      | \$ 8,376        |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: |                 |                 |
| Depreciation and amortization  | 19,973          | 17,230          |
| Impairment of assets held for sale   | 258             | 8,609           |
| Loss on disposal/impairment of held and used fixed assets                                | 1,180           | 1,273           |
| (Gain) loss on long-term investments   | (958)           | 482             |
| Deferred compensation  | 1,062           | (343)           |
| Compensation expense attributable to stock plans   | 850             | 1,630           |
| Accretion on long-term note receivable   | (445)           | (662)           |
| Amortization of deferred financing costs   | 147             | 65              |
| Cash provided by (used for) assets and liabilities:                                      |                 |                 |
| Accounts receivable  | 1,842           | (394)           |
| Inventories  | 1,788           | (483)           |
| Prepaid expenses   | (1,949)         | (895)           |
| Accounts payable   | (423)           | 256             |
| Federal and state income taxes   | 3,615           | 18,562          |
| Accrued wages and related liabilities  | (2,413)         | (7,024)         |
| Self-insurance   | (507)           | 585             |
| Accrued non-income taxes   | (405)           | 1,558           |
| Deferred revenue   | (1,231)         | (1,113)         |
| Other assets and liabilities   | (2,055)         | 318             |
| <b>Net cash provided by operating activities</b>   | <b>19,313</b>   | <b>48,030</b>   |
| <i>Investing activities:</i>   |                 |                 |
| Purchase of property, plant and equipment  | (16,702)        | (53,292)        |
| Proceeds from sale of property, plant and equipment                                      | 338             | 610             |
| Deposits and other   | (243)           | 165             |
| <b>Net cash used in investing activities</b>   | <b>(16,607)</b> | <b>(52,517)</b> |
| <i>Financing activities:</i>   |                 |                 |
| Cash dividends paid  | (7,278)         | (7,547)         |
| Net (decrease) increase in credit facility   | (62)            | 13,244          |
| Proceeds from long-term debt   | 2,933           | —               |
| Payments of debt issuance costs  | (1,279)         | —               |
| Purchase of treasury stock   | —               | (6,940)         |
| Proceeds from issuance of stock awards and treasury stock                                | 197             | 3,454           |
| Cash paid for net shares settled   | (1,675)         | (2,116)         |
| Excess tax benefits from stock-based compensation  | 257             | 1,481           |
| <b>Net cash (used in) provided by financing activities</b>                               | <b>(6,907)</b>  | <b>1,576</b>    |
| <b>Decrease in cash and equivalents</b>  | <b>(4,201)</b>  | <b>(2,911)</b>  |
| Cash and equivalents at the beginning of the period                                      | 7,826           | 9,010           |
| Cash and equivalents at the end of the period  | <u>\$ 3,625</u> | <u>\$ 6,099</u> |

## Bob Evans Restaurants openings and closings, by quarter

Future quarters represent estimates for fiscal 2015

| <b>Fiscal Year</b> | <b>Beginning Total</b> | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> | <b>Q4</b> | <b>Full Year</b> | <b>Closings</b> | <b>Ending Total</b> |
|--------------------|------------------------|-----------|-----------|-----------|-----------|------------------|-----------------|---------------------|
| <b>2015</b>        | <b>561</b>             | <b>1</b>  | —         | <b>5</b>  | <b>2</b>  | <b>8</b>         | —               | <b>569</b>          |
| 2014               | 560                    | 1         | 1         | 1         | 1         | 4                | 3               | <b>561</b>          |
| 2013               | 565                    | 2         | —         | —         | —         | 2                | 7               | <b>560</b>          |
| 2012               | 563                    | —         | 2         | —         | 2         | 4                | 2               | <b>565</b>          |
| 2011               | 569                    | —         | —         | —         | 2         | 2                | 8               | <b>563</b>          |

## Bob Evans Restaurants same-store sales analysis (18-month core; 557 restaurants)

|             | <b>Fiscal 2015</b> |             |             | <b>Fiscal 2014</b> |             |             | <b>Fiscal 2013</b> |             |             |
|-------------|--------------------|-------------|-------------|--------------------|-------------|-------------|--------------------|-------------|-------------|
|             | <b>Nominal</b>     | <b>Menu</b> | <b>Real</b> | <b>Nominal</b>     | <b>Menu</b> | <b>Real</b> | <b>Nominal</b>     | <b>Menu</b> | <b>Real</b> |
| May         | (1.6)              | 1.5         | (3.1)       | (0.9)              | 3.0         | (3.9)       | 0.7                | 2.2         | (1.5)       |
| June        | (2.0)              | 2.4         | (4.4)       | 0.3                | 3.0         | (2.7)       | (0.3)              | 1.9         | (2.2)       |
| July        | (2.3)              | 1.6         | (3.9)       | (1.0)              | 3.8         | (4.8)       | 2.3                | 0.9         | 1.4         |
| Q1          | (2.0)              | 1.8         | (3.8)       | (0.6)              | 3.3         | (3.9)       | 1.0                | 1.6         | (0.6)       |
| August      |                    |             |             | (0.7)              | 4.2         | (4.9)       | 1.5                | 0.9         | 0.6         |
| September   |                    |             |             | (2.0)              | 3.8         | (5.8)       | (0.4)              | 1.4         | (1.9)       |
| October     |                    |             |             | (2.9)              | 2.2         | (5.0)       | 1.6                | 3.1         | (1.5)       |
| Q2          |                    |             |             | (1.9)              | 3.3         | (5.2)       | 1.0                | 1.9         | (0.9)       |
| November    |                    |             |             | 0.4                | 2.2         | (1.8)       | 2.1                | 2.8         | (0.7)       |
| December    |                    |             |             | (1.7)              | 2.2         | (3.9)       | (0.5)              | 2.7         | (3.2)       |
| January     |                    |             |             | (4.7)              | 2.2         | (6.9)       | 3.1                | 2.7         | 0.4         |
| Q3          |                    |             |             | (1.8)              | 2.2         | (3.9)       | 1.6                | 2.8         | (1.2)       |
| February    |                    |             |             | (6.7)              | 1.9         | (8.6)       | (4.0)              | 3.1         | (7.1)       |
| March       |                    |             |             | (3.6)              | 1.5         | (5.1)       | 3.6                | 3.5         | 0.1         |
| April       |                    |             |             | (2.7)              | 1.5         | (4.2)       | 1.7                | 3.4         | (1.7)       |
| Q4          |                    |             |             | (4.1)              | 1.6         | (5.8)       | 0.5                | 3.4         | (2.8)       |
| Fiscal year | (2.0)              | 1.8         | (3.8)       | (2.1)              | 2.6         | (4.7)       | 1.0                | 2.4         | (1.4)       |

**Bob Evans Restaurants key restaurant sales data (core restaurants only)**

|  | <u><b>Bob Evans Restaurants</b></u> |           |
|--|-------------------------------------|-----------|
| Average annual store sales (\$) - FY14             | \$                                  | 1,706,000 |
| Q1 FY2015 day part mix (%):                        |                                     |           |
| Breakfast  |                                     | 34 %      |
| Lunch  |                                     | 36 %      |
| Dinner   |                                     | 30 %      |
| Q1 FY2015 dine-in check average per guest (\$):    |                                     |           |
| Breakfast  | \$                                  | 8.84      |
| Lunch  | \$                                  | 9.36      |
| Dinner   | \$                                  | 9.46      |
| Q1 FY2015 dine-in check average per guest (\$):    | \$                                  | 9.21      |
| Q1 FY2015 dine-in check average per ticket (\$):   | \$                                  | 18.25     |
| Q1 FY2015 carry-out check average per ticket (\$): | \$                                  | 14.93     |

**BEF Foods historical sow cost review (average cost per hundredweight)**

| <b>Fiscal Year</b> | <b>Q1</b>       | <b>Q2</b> | <b>Q3</b> | <b>Q4</b> | <b>Average</b>  |
|--------------------|-----------------|-----------|-----------|-----------|-----------------|
| <b>2015</b>        | <b>\$ 87.87</b> |           |           |           | <b>\$ 87.87</b> |
| 2014               | \$ 63.24        | \$ 77.33  | \$ 72.36  | \$ 78.47  | \$ 73.23        |
| 2013               | \$ 54.19        | \$ 43.22  | \$ 58.72  | \$ 59.07  | \$ 53.87        |
| 2012               | \$ 57.06        | \$ 67.82  | \$ 60.56  | \$ 60.41  | \$ 61.58        |
| 2011               | \$ 59.52        | \$ 60.47  | \$ 51.16  | \$ 59.05  | \$ 57.17        |

**BEF Foods total pounds sold review**

| <b>Fiscal Year</b> | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> | <b>Q4</b> | <b>Average</b> |
|--------------------|-----------|-----------|-----------|-----------|----------------|
| 2015               | (6.1)%    |           |           |           | (6.1)%         |
| 2014               | 13.0 %    | 0.2 %     | (11.1)%   | (6.9)%    | (2.4)%         |
| 2013               | 7.2 %     | 16.1 %    | 13.1 %    | 21.4 %    | 14.6 %         |
| 2012               | (2.7)%    | 3.1 %     | 0.9 %     | (1.3)%    | 0.1 %          |
| 2011               | (1.1)%    | (14.7)%   | (7.9)%    | (4.6)%    | (7.1)%         |

**BEF Foods total pounds sold, by category**

**Fiscal 2015**

| <b>Category</b> | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> | <b>Q4</b> |
|-----------------|-----------|-----------|-----------|-----------|
| Sausage         | 19.3 %    |           |           |           |
| Sides           | 42.0 %    |           |           |           |
| Frozen          | 4.6 %     |           |           |           |
| Food Service    | 30.0 %    |           |           |           |
| Other           | 4.1 %     |           |           |           |

**Fiscal 2014**

| <b>Category</b> | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> | <b>Q4</b> |
|-----------------|-----------|-----------|-----------|-----------|
| Sausage         | 22.3 %    | 23.5 %    | 29.5 %    | 21.5 %    |
| Sides           | 39.4 %    | 40.2 %    | 40.7 %    | 43.9 %    |
| Frozen          | 5.0 %     | 5.1 %     | 4.8 %     | 4.8 %     |
| Food Service    | 29.7 %    | 27.5 %    | 21.5 %    | 25.7 %    |
| Other           | 3.6 %     | 3.7 %     | 3.5 %     | 4.1 %     |

**BEF Foods net sales review (dollars in thousands)**

|                            | <b>Q1 2015</b> | <b>Q1 2014</b> |
|----------------------------|----------------|----------------|
| Gross sales                | \$ 94,870      | \$ 95,254      |
| Less: promotions           | (8,406)        | (9,661)        |
| Less: returns and slotting | (274)          | (695)          |
| Net sales                  | \$ 86,190      | \$ 84,898      |