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Feb. 23, 2005

Editors: Director Udo Schlentrich and senior research fellow Hachemi Aliouche of The William Rosenberg International Center of Franchising at the University of New Hampshire, are available to discuss the Franchise 50 Index™ Q4 report. Udo Schlentrich can be reached at 603-862-0137 or udo.schlentrich@unh.edu. Hachemi Aliouche can be reached at 603-862-6455 or hachemi.aliouche@unh.edu.

DURHAM, N.H. -- Carried by a broad market rally following the November presidential elections, the Rosenberg Center Franchise 50 Index™ surged 13.2 percent in the fourth quarter of 2004 and finished the year with an 18.5 percent gain. In contrast, the S&P 500 Index gained 8.7 percent in the fourth quarter 2004 and 9 percent for the year.

The Rosenberg Center Franchise 50 Index™, developed by The William Rosenberg International Center for Franchising at the University of New Hampshire Whittemore School of Business and Economics, is an index that tracks the market performance of the top 50 U.S. public franchisors. These 50 franchisors represent more than 98 percent of the market capitalization of all U.S. public companies engaged in business format franchising.

In 2004, the best performing RCF 50 Index™ components were CKE Restaurants (+127.1 percent), Jack in the Box (+72.6 percent), and Choice Hotels International (+67.4 percent). The worst performing components were Krispy Kreme (-65.6 percent), CDI (-28.6 percent), and Gymboree (-25.6 percent). Since January 2000, the Rosenberg Center Franchise 50 has increased 52.3 percent, compared to a drop of 13.1 percent in the S&P 500 over the same period.

FirstService Corp (FSRV) and CKE Restaurants Inc. (CKR) turned in the best performances in the fourth quarter with 35.8 percent and 31.3 percent gains, respectively.

FirstService Corp. (FSRV) soared 39.4 percent after announcing strong earnings (+30 percent growth), two acquisitions, and a 2-for-1 stock split.

CKE Restaurants (CKR), the owner, operator, and franchisor of the Carl’s Jr., Hardee’s, and La Salsa Fresh Mexican Grill food chains, jumped 31.3 percent this quarter, propelled by a 13-fold increase in earnings. “The company’s strategy of going against the current trend of healthier nutrition seems to be paying off as its focus on ‘bigger, tastier’ burgers has translated into
improved sales, margins, and profits,” according to the Rosenberg Center’s fourth quarter report.

Children’s retailer Gymboree Corp (GYMB) had the weakest performance of the quarter, falling 11 percent. “Closure of its retail operations in the United Kingdom and Ireland, competition from the Children’s Place, lower margins, and lackluster growth in same store sales resulted in a 34 percent drop in quarterly profits. Its CFO resigned in December,” according to the report.

McDonald’s, the RCF 50 Index™ largest component, continued to perform well, increasing 14.4 percent.

“It has become evident that the company’s strategic turnaround plan, Plan to Win centered on operational excellence and leadership marketing, is succeeding. McDonald’s worldwide comparable sales have been positive for six consecutive quarters and its profitability continues to improve. It has recently introduced several new menu items, including more premium offerings such as Chicken Selects and salads, new marketing programs, improved service, and extended hours. Investors were also impressed by a seamless leadership transition when Jim Skinner, a highly regarded McDonald’s veteran was named CEO in November 2004 to replace Charlie Bell, who resigned to focus on fighting colorectal cancer. Also, in December 2004, McDonald’s was named the ‘Marketer of the Year’ by Advertising Age magazine for the brand’s marketing achievements around the world in 2004,” according to the fourth quarter report.

The full Rosenberg Center Franchise 50 Index™ fourth quarter report is available at http://www.unh.edu/news/docs/F50Q404.pdf. For more information on the William Rosenberg International Center of Franchising or the Rosenberg Center Franchise 50 Index, please visit the Center’s web site at http://franchising.unh.edu.