
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): April 3, 2018

DAVE & BUSTER'S ENTERTAINMENT, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State of
incorporation)

001-35664
(Commission File
Number)

35-2382255
(IRS Employer
Identification Number)

2481 Manana Drive
Dallas TX 75220
(Address of principal executive offices)

Registrant's telephone number, including area code: **(214) 357-9588**

Check the appropriate box if the Form 8-K filing is intended to simultaneously satisfy the reporting obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
- Soliciting material pursuant to Rule 14a-12 of the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) Exchange Act
- Pre-commencement communications pursuant to Rule 13e-4(c) Exchange Act

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

The information contained in Item 2.02 of this Current Report on Form 8-K, including the Exhibit attached hereto, is being furnished and shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. Furthermore, the information contained in Item 2.02 of this Current Report on Form 8-K shall not be deemed to be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended.

On April 3, 2018, Dave & Buster’s Entertainment, Inc. (the “Company”) issued a press release announcing its fourth quarter and fiscal year end 2017 results. A copy of this Press Release is attached hereto as Exhibit 99.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

[99](#) [Press release dated April 3, 2018.](#)

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.

DAVE & BUSTER’S ENTERTAINMENT, INC.

Date: April 3, 2018

By: /s/ Jay L. Tobin
Jay L. Tobin
Senior Vice President, General Counsel
and Secretary



For Investor Relations Inquiries:
 Arvind Bhatia, CFA
 Dave & Buster's Entertainment, Inc.
 214.904.2202

Dave & Buster's Delivers Fourth Consecutive Year of Record Performance

Achieves New Revenue, Net Income and EBITDA Highs on Double-Digit Growth in Fiscal 2017

DALLAS, April 3, 2018 (GLOBE NEWSWIRE) — Dave & Buster's Entertainment, Inc., (NASDAQ:PLAY), ("Dave & Buster's" or "the Company"), an owner and operator of entertainment and dining venues, today announced financial results for its fourth quarter 2017, which ended on February 4, 2018. The Company also issued its guidance for the full year 2018.

Key highlights from the fourth quarter 2017 (14 weeks) compared to the fourth quarter 2016 (13 weeks) include:

- § Total revenues increased 12.9% to \$304.9 million from \$270.2 million.
- § Opened five new stores compared to four new stores.
- § Comparable store sales (13 weeks) decreased 5.9%.
- § Net income of \$35.6 million, or \$0.85 per diluted share (\$25.6 million, or \$0.61 per diluted share excluding the net tax benefit under the Tax Cuts and Jobs Act), vs. net income of \$27.4 million, or \$0.63 per diluted share.
- § EBITDA increased 4.3% to \$70.8 million from \$67.9 million and Adjusted EBITDA increased 10.7% to \$82.5 million from \$74.5 million.
- § Pre-opening costs increased \$4.1 million to \$9.1 million from \$5.0 million.
- § The extra week in fiscal year 2017 generated approximately \$19.7 million in revenue, \$0.9 million in net income, \$3.4 million in EBITDA, and \$4.3 million in Adjusted EBITDA.

Key highlights from the full year 2017 (53 weeks) compared to the full year 2016 (52 weeks) include:

- § Total revenues increased 13.4% to \$1.140 billion from \$1.005 billion.
- § Opened 14 new stores compared to 11 new stores.
- § Comparable store sales (52 weeks) decreased 0.9%.
- § Net income of \$120.9 million, or \$2.84 per diluted share (\$110.9 million, or \$2.60 per diluted share excluding the net tax benefit under the Tax Cuts and Jobs Act), vs. net income of \$90.8 million, or \$2.10 per diluted share.
- § EBITDA increased 12.4% to \$268.5 million from \$238.8 million and Adjusted EBITDA increased 15.8% to \$302.7 million from \$261.5 million.
- § Pre-opening costs increased \$8.3 million to \$23.7 million from \$15.4 million.

"2017 was another outstanding year for us as we delivered double-digit revenue, Net Income and EBITDA growth. Our primary growth vehicle and the biggest driver of value continues to be opening stores that offer excellent returns in the face of a more intense competitive environment. However, recent sales trends in our comparable stores have been disappointing and we are working diligently to re-build momentum by evolving the brand," said Steve King, Chief Executive Officer.

"While results were below our guidance in early December, we remain confident in our long-term prospects. We have a strong track-record of disciplined growth and our operating team continues to execute well in a more challenging environment while recognizing the need to adapt and adjust. In terms of margins, we delivered relatively flat EBITDA margins for the full year despite a slight decrease in comparable store sales and significantly higher pre-opening expenses associated with our strong lineup of 2018 stores," said Brian Jenkins, Chief Financial Officer.

Share Repurchase Activity

During fiscal year 2017, we repurchased approximately 2.6 million shares of our common stock for \$151.9 million. Cumulatively, as of March 28, 2018 we had repurchased approximately 3.7 million shares for \$202.8 million. As of the same date, we had \$97.2 million remaining under our current share repurchase authorization.

Review of Fourth Quarter 2017 Operating Results

Total revenues increased 12.9% to \$304.9 million in the fourth quarter of 2017 (14 weeks) from \$270.2 million in the fourth quarter 2016 (13 weeks). The additional 14th week increased total revenue by \$19.7 million. Across all stores, Food and Beverage revenues increased 10.0% to \$138.6 million from \$126.0 million and Amusement and Other revenues increased 15.3% to \$166.3 million from \$144.2 million. Food and Beverage represented 45.5% of total revenues while Amusements and Other represented 54.5% of total revenues in the fourth quarter 2017. In last year's fourth quarter, Food & Beverage represented 46.6% of total revenues while Amusements and Other represented 53.4% of total revenues.

Comparable store sales (13 weeks), decreased 5.9% in the fourth quarter 2017 compared to a 3.2% increase in the same period last year. Our comparable store sales decrease was driven by a 6.4% decrease in walk-in sales and a 2.9% decrease in special events sales. Comparable store sales in Amusements & Other decreased 4.2% and in Food & Beverage decreased 7.8%. Non-comparable store revenues (13 weeks) increased \$29.7 million or 67.5% in the fourth quarter 2017 to \$73.6 million.

Operating income decreased to \$42.5 million in the fourth quarter of 2017 (14 weeks) from \$44.7 million in last year's fourth quarter (13 weeks). The additional 14th week increased operating income by \$1.4 million. As a percentage of total revenues, operating income decreased approximately 260 basis points to 13.9% from 16.5%.

Net income increased to \$35.6 million, or \$0.85 per diluted share (41.7 million diluted share base), in the fourth quarter of 2017 (14 weeks) compared to net income of \$27.4 million, or \$0.63 per diluted share (43.4 million diluted share base), in the same period last year (13 weeks). The additional 14th week increased net income by \$0.9 million. Net income in the fourth quarter of fiscal year 2017 included a net tax benefit of \$8.0 million or \$0.19 per diluted share related to revaluation (non-recurring) of our deferred tax positions and \$2.0 million or \$0.05 per diluted share related to the lower statutory tax rate under the Tax Cuts and Jobs Act of 2017. Net income excluding these net tax benefits would have been \$25.6 million, or \$0.61 per share in the fourth quarter of 2017.

EBITDA increased 4.3% to \$70.8 million in the fourth quarter 2017 (14 weeks) from \$67.9 million in the same period last year (13 weeks). The additional 14th week increased EBITDA by \$3.4 million. As a percentage of total revenues, EBITDA decreased approximately 190 basis points to 23.2% from 25.1%. Adjusted EBITDA increased 10.7% to \$82.5 million in the fourth quarter of 2017 (14 weeks) from \$74.5 million in the same period last year (13 weeks). The additional 14th week increased Adjusted EBITDA by \$4.3 million. As a percentage of total revenues, Adjusted EBITDA margin decreased approximately 60 basis points to 27.0% from 27.6%.

Store operating income before depreciation and amortization increased 8.1% to \$94.3 million in the fourth quarter 2017 (14 weeks) from \$87.2 million in last year's fourth quarter (13 weeks). The additional 14th week increased store operating income before depreciation and amortization by \$5.1 million. As a percentage of total revenues, Store operating income before depreciation and amortization decreased 140 basis points to 30.9% from 32.3%.

Development

We opened five stores during the fourth quarter in Brandon (Tampa), Florida; Woodbridge, New Jersey; Auburn, Washington; White Marsh (Baltimore), Maryland; and Bayamon, Puerto Rico for a total of fourteen stores for the year. Total capital additions (net of tenant improvement allowances) during fiscal year 2017 were \$183.0 million.

We are confirming our plan to open a total of fourteen to fifteen new stores in fiscal 2018, including two 17K format stores, representing unit growth of 13% to 14%. These openings will skew towards the first half of the fiscal year, large store format and existing markets for our brand. During the first quarter of fiscal year 2018, we have already opened four stores in Rogers, Arkansas (our first 17K format store); Memphis, Tennessee; Wayne, New Jersey; and Anchorage, Alaska. We plan to open two additional stores in Madison, Wisconsin and Rosemont, Illinois during the first quarter.

Financial Outlook

We are providing our initial financial outlook for fiscal 2018, which ends on February 3, 2019:

- § Total revenues of \$1.20 billion to \$1.24 billion
- § Comparable store sales decrease in the low-to-mid single digits (on a comparable 52-week basis)
- § 14 to 15 new stores
- § Net income of \$95 million to \$110 million
- § Effective tax rate of 23% to 24% (including the estimated impact of the Tax Cuts and Jobs Act of 2017) and diluted share count of approximately 41 million shares
- § EBITDA of \$255 million to \$275 million
- § Total capital additions (net of tenant improvement allowances and other landlord payments) of \$170 million to \$180 million

Conference Call Today

Management will hold a conference call to discuss these results today at 4:00 p.m. Central Time (5:00 p.m. Eastern Time). The conference call can be accessed over the phone by dialing (323) 794-2551 or toll-free (800) 239-9838. A replay will be available after the call for one year beginning at 7:00 p.m. Central Time (8:00 p.m. Eastern Time) and can be accessed by dialing (412) 317-6671 or toll-free (844) 512-2921; the passcode is 2222392.

Additionally, a live and archived webcast of the conference call will be available at www.daveandbusters.com under the Investor Relations section.

About Dave & Buster's Entertainment, Inc.

Founded in 1982 and headquartered in Dallas, Texas, Dave & Buster's Entertainment, Inc., is the owner and operator of 110 venues in North America that combine entertainment and dining and offer customers the opportunity to "Eat, Drink, Play and Watch," all in one location. Dave & Buster's offers a full menu of entrées and appetizers, a full selection of alcoholic and non-alcoholic beverages, and an extensive assortment of entertainment attractions centered around playing games and watching live sports and other televised events. Dave & Buster's currently has stores in 37 states, Puerto Rico, and Canada.

Forward-Looking Statements

The statements contained in this release that are not historical facts are forward-looking statements. These forward-looking statements involve risks and uncertainties and, consequently, could be affected by our level of indebtedness, general business and economic conditions, the impact of competition, the seasonality of the company's business, adverse weather conditions, future commodity prices, guest and employee complaints and litigation, fuel and utility costs, labor costs and availability, changes in consumer and corporate spending, changes in demographic trends, changes in governmental regulations, unfavorable publicity, our ability to open new stores, and acts of God. Accordingly, actual results may differ materially from the forward-looking statements, and the Company therefore cautions you against relying on such forward-looking statements. Dave & Buster's intends these forward-looking statements to speak only as of the time of this release and does not undertake to update or revise them as more appropriate information becomes available, except as required by law.

Non-GAAP Measures

To supplement its consolidated financial statements, which are prepared and presented in accordance with GAAP, the Company uses the following non-GAAP financial measures: EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Store operating income before depreciation and amortization, and store operating income before depreciation and amortization margin (collectively the "non-GAAP financial measures"). The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. The Company uses these non-GAAP financial measures for financial and operational decision making and as a means to evaluate period-to-period comparisons. The Company believes that they provide useful information about operating results, enhance the overall understanding of our operating 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 by the Company in this press release may be different from the measures used by other companies.

DAVE & BUSTER'S ENTERTAINMENT, INC.
Condensed Consolidated Balance Sheets
(in thousands)

	<u>February 4, 2018</u> <u>(audited)</u>	<u>January 29, 2017</u> <u>(audited)</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 18,795	\$ 20,083
Other current assets	76,112	55,521
Total current assets	94,907	75,604
Property and equipment, net	726,455	606,865
Intangible and other assets, net	375,668	370,264
Total assets	<u>\$ 1,197,030</u>	<u>\$ 1,052,733</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Total current liabilities	\$ 207,825	\$ 177,797
Other long-term liabilities	216,310	178,856
Long-term debt, net	351,249	256,628
Stockholders' equity	421,646	439,452
Total liabilities and stockholders' equity	<u>\$ 1,197,030</u>	<u>\$ 1,052,733</u>

DAVE & BUSTER'S ENTERTAINMENT, INC.
Consolidated Statements of Operations (Unaudited)
(in thousands, except share and per share amounts)

	<u>14 Weeks Ended</u>		<u>13 Weeks Ended</u>	
	<u>February 4, 2018</u>		<u>January 29, 2017</u>	
Food and beverage revenues	\$ 138,626	45.5%	\$ 126,001	46.6%
Amusement and other revenues	166,287	54.5%	144,181	53.4%
Total revenues	<u>304,913</u>	<u>100.0%</u>	<u>270,182</u>	<u>100.0%</u>
Cost of food and beverage (as a percentage of food and beverage revenues)	36,038	26.0%	31,174	24.7%
Cost of amusement and other (as a percentage of amusement and other revenues)	18,591	11.2%	16,726	11.6%
Total cost of products	<u>54,629</u>	<u>17.9%</u>	<u>47,900</u>	<u>17.7%</u>
Operating payroll and benefits	69,114	22.7%	62,213	23.0%
Other store operating expenses	86,883	28.5%	72,835	27.0%
General and administrative expenses	14,393	4.7%	14,343	5.3%
Depreciation and amortization expense	28,319	9.3%	23,197	8.6%
Pre-opening costs	9,120	3.0%	5,024	1.9%
Total operating costs	<u>262,458</u>	<u>86.1%</u>	<u>225,512</u>	<u>83.5%</u>
Operating income	<u>42,455</u>	<u>13.9%</u>	<u>44,670</u>	<u>16.5%</u>
Interest expense, net	2,592	0.8%	1,412	0.5%
Loss on debt refinancing	-	0.0%	-	-
Income before provision for income taxes	39,863	13.1%	43,258	16.0%
Provision for income taxes	4,223	1.4%	15,891	5.9%
Net income	<u>\$ 35,640</u>	<u>11.7%</u>	<u>\$ 27,367</u>	<u>10.1%</u>
Net income per share:				
Basic	\$ 0.88		\$ 0.65	
Diluted	\$ 0.85		\$ 0.63	
Weighted average shares used in per share calculations:				
Basic shares	40,568,751		42,215,285	
Diluted shares	41,699,060		43,369,754	
Other information:				
Company-owned and operated stores open at end of period	106		92	

The following table sets forth a reconciliation of net income to EBITDA and Adjusted EBITDA for the periods shown:

	14 Weeks Ended		13 Weeks Ended	
	February 4, 2018		January 29, 2017	
Net income	\$ 35,640	11.7%	\$ 27,367	10.1%
Add back: Interest expense, net	2,592		1,412	
Loss on debt refinancing	-		-	
Provision for income taxes	4,223		15,891	
Depreciation and amortization expense	28,319		23,197	
EBITDA	70,774	23.2%	67,867	25.1%
Add back: Loss on asset disposal	658		546	
Share-based compensation	1,910		1,163	
Pre-opening costs	9,120		5,024	
Other costs	(4)		(141)	
Adjusted EBITDA	<u>\$ 82,458</u>	27.0%	<u>\$ 74,459</u>	27.6%

The following table sets forth a reconciliation of operating income to store operating income before depreciation and amortization for the periods shown:

	14 Weeks Ended		13 Weeks Ended	
	February 4, 2018		January 29, 2017	
Operating income	\$ 42,455	13.9%	\$ 44,670	16.5%
Add back: General and administrative expenses	14,393		14,343	
Depreciation and amortization expense	28,319		23,197	
Pre-opening costs	9,120		5,024	
Store operating income before depreciation and amortization	<u>\$ 94,287</u>	30.9%	<u>\$ 87,234</u>	32.3%

DAVE & BUSTER'S ENTERTAINMENT, INC.
Consolidated Statements of Operations (Audited)
(in thousands, except share and per share amounts)

	<u>53 Weeks Ended</u>		<u>52 Weeks Ended</u>	
	<u>February 4, 2018</u>		<u>January 29, 2017</u>	
Food and beverage revenues	\$ 494,816	43.4%	\$ 452,140	45.0%
Amusement and other revenues	644,975	56.6%	553,018	55.0%
Total revenues	<u>1,139,791</u>	<u>100.0%</u>	<u>1,005,158</u>	<u>100.0%</u>
Cost of food and beverage (as a percentage of food and beverage revenues)	127,600	25.8%	114,946	25.4%
Cost of amusement and other (as a percentage of amusement and other revenues)	69,072	10.7%	65,354	11.8%
Total cost of products	<u>196,672</u>	<u>17.3%</u>	<u>180,300</u>	<u>17.9%</u>
Operating payroll and benefits	256,724	22.5%	228,827	22.8%
Other store operating expenses	334,546	29.4%	287,322	28.6%
General and administrative expenses	59,565	5.2%	54,474	5.4%
Depreciation and amortization expense	102,766	9.0%	88,305	8.8%
Pre-opening costs	23,746	2.1%	15,414	1.5%
Total operating costs	<u>974,019</u>	<u>85.5%</u>	<u>854,642</u>	<u>85.0%</u>
Operating income	<u>165,772</u>	<u>14.5%</u>	<u>150,516</u>	<u>15.0%</u>
Interest expense, net	8,665	0.7%	6,985	0.7%
Loss on debt refinancing	718	0.1%	-	-
Income before provision for income taxes	156,389	13.7%	143,531	14.3%
Provision for income taxes	35,440	3.1%	52,736	5.3%
Net income	<u>\$ 120,949</u>	<u>10.6%</u>	<u>\$ 90,795</u>	<u>9.0%</u>
Net income per share:				
Basic	\$ 2.93		\$ 2.16	
Diluted	\$ 2.84		\$ 2.10	
Weighted average shares used in per share calculations:				
Basic shares	41,276,314		41,951,770	
Diluted shares	42,583,009		43,288,592	
Other information:				
Company-owned and operated stores open at end of period	106		92	

The following table sets forth a reconciliation of net income to EBITDA and Adjusted EBITDA for the periods shown:

	53 Weeks Ended		52 Weeks Ended			
	February 4, 2018		January 29, 2017			
Net income	\$	120,949	10.6%	\$	90,795	9.0%
Add back: Interest expense, net		8,665			6,985	
Loss on debt refinancing		718			-	
Provision for income taxes		35,440			52,736	
Depreciation and amortization expense		102,766			88,305	
EBITDA		268,538	23.6%		238,821	23.8%
Add back: Loss on asset disposal		1,863			1,533	
Share-based compensation		8,916			5,828	
Pre-opening costs		23,746			15,414	
Other costs		(333)			(73)	
Adjusted EBITDA	\$	<u>302,730</u>	26.6%	\$	<u>261,523</u>	26.0%

The following table sets forth a reconciliation of operating income to store operating income before depreciation and amortization for the periods shown:

	53 Weeks Ended		52 Weeks Ended			
	February 4, 2018		January 29, 2017			
Operating income	\$	165,772	14.5%	\$	150,516	15.0%
Add back: General and administrative expenses		59,565			54,474	
Depreciation and amortization expense		102,766			88,305	
Pre-opening costs		23,746			15,414	
Store operating income before depreciation and amortization	\$	<u>351,849</u>	30.9%	\$	<u>308,709</u>	30.7%

For Investor Relations Inquiries:
Arvind Bhatia, CFA
Dave & Buster's Entertainment, Inc.
214.904.2202
arvind_bhatia@daveandbusters.com