



FOR IMMEDIATE RELEASE

## **RICK'S CABARET INTERNATIONAL, INC. FIRST QUARTER REVENUES CLIMB 12 PERCENT; ADJUSTED EBITDA RISES TO \$5.5 MILLION**

**HOUSTON** – (February 7, 2012) -- **Rick's Cabaret International, Inc.** (NASDAQ:RICK), the nation's leading group of upscale gentlemen's clubs, had total revenues of \$22.0 million in its first quarter ended December 31, 2011, an increase of 12 percent over the same period last year. Net income attributable to Rick's Cabaret shareholders was \$2.2 million, compared with \$2.1 million in the prior year, yielding 23 cents earnings per share versus 21 cents last year.

The company will hold a conference to discuss results at 4:30 p.m. EST today. The call is being webcast by [Vcall](#) and can be accessed at the Rick's Cabaret investor website, [www.ricksinvestor.com](http://www.ricksinvestor.com) or [www.investorcalendar.com](http://www.investorcalendar.com). The toll free participant dial-in number is 877-407-8033 (International 201-689-8033). The toll free replay numbers are: domestic 877-660-6853, international 201-612-7415. Required replay pass codes are: Account 286 and Conference ID 387989. The replay will be available until March 9, 2012.

The increase in revenues was primarily attributable to sales increases at most of the company's existing clubs, along with sales at new clubs acquired within the past year. As earlier announced, comparable sales at clubs open for more than one year rose by 6.7 percent to \$20.6 million. Cash flow generated from operating activities during the quarter was \$5.2 million, compared with \$2.9 million in the same quarter a year earlier.

Operating income (exclusive of corporate overhead) for same-location-same-period of club operations increased to \$5.7 million for the three months ended December 31, 2011 from \$5.4 million for same period ended December 31, 2010, or by 4.5 percent. Adjusted EBITDA\* for the three months ended December 31, 2011 was \$5.5 million, compared with \$5.3 million in the previous year.

"We had a solid quarter with better than expected revenue increases from several of our clubs in Texas, Minnesota and the Club Onyx locations," said **Eric Langan**, President and CEO of Rick's Cabaret. "We experienced increases in some expenses that we are now addressing in areas such as cost of goods sold; wages, depreciation and amortization related to the new clubs; legal; other operating costs; and taxes due to the new clubs in Texas. We remain on track for a strong year."

\*Adjusted EBITDA is a financial statement measure that was not derived in accordance with GAAP. We use adjusted EBITDA (earnings before interest expense, income taxes, depreciation, amortization and impairment charges) as a non-GAAP performance measure. In calculating adjusted EBITDA, we exclude our largest recurring non-cash charge, depreciation, amortization and impairment charges. Adjusted EBITDA provides a core operational performance measurement that compares results without the need to adjust for Federal, state and local taxes which have considerable variation between domestic jurisdictions. Also, we exclude interest cost in our calculation of adjusted EBITDA. The results are, therefore, without consideration of financing alternatives of capital employed. We use adjusted EBITDA as one guideline to assess our unleveraged performance return on our investments. Adjusted EBITDA is also the target benchmark for our acquisitions of nightclubs.

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

**Three Months Ended  
December 31,**

(in thousands, except per share data)

	<b>2011</b>	<b>2010</b>
	<u>(UNAUDITED)</u>	
<b>Revenues:</b>		
Sales of alcoholic beverages	\$ 8,916	\$ 7,758
Sales of food and merchandise	1,997	1,699
Service revenues	9,886	9,008
Internet revenues	102	125
Media revenues	183	216
Other	935	862
Total revenues	22,019	19,668
<b>Operating expenses:</b>		
Cost of goods sold	2,932	2,418
Salaries and wages	4,925	4,361
Stock-based compensation	8	-
<b>Other general and administrative:</b>		
Taxes and permits	3,447	2,914
Charge card fees	308	320
Rent	703	775
Legal and professional	700	440
Advertising and marketing	995	971
Depreciation and amortization	1,120	906
Insurance	292	269
Utilities	404	366
Other	1,818	1,480
Total operating expenses	17,652	15,220
Income from operations	4,367	4,448
<b>Other income (expense):</b>		
Interest income and other	2	12
Interest expense	(973)	(1,076)
Gain on change in fair value of derivative instruments	98	148
Income from continuing operations before income taxes	3,494	3,532
Income taxes	1,208	1,153
Income from continuing operations	2,286	2,379
Loss from discontinued operations, net of income taxes	(48)	(250)
Net income	2,238	2,129
Less: net income attributable to noncontrolling interests	(53)	(53)
Net income attributable to Rick's Cabaret International, Inc.	\$ 2,185	\$ 2,076
<b>Basic earnings (loss) per share attributable to Rick's shareholders:</b>		
Income from continuing operations	\$ 0.23	\$ 0.23
Loss from discontinued operations	(0.00)	(0.02)
Net income	\$ 0.23	\$ 0.21

Diluted earnings (loss) per share attributable to Rick's shareholders:		
Income from continuing operations	\$ 0.23	\$ 0.23
Loss from discontinued operations	(0.00)	(0.02)
Net income	\$ 0.23	\$ 0.21
Weighted average number of common shares outstanding:		
Basic	9,685	10,043
Diluted	9,687	10,045

**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, Houston, Minneapolis, Indianapolis and other cities operate under the names "Rick's Cabaret," "XTC," "Club Onyx" and "Tootsie's Cabaret". Sexual contact is not permitted at these locations. Rick's Cabaret also operates a media division, ED Publications, and owns the adult Internet membership Website couplestouch.com as well as a network of online adult auction sites under the flagship URL naughtybids.com. 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).

**Forward-looking Statements:** This document contains 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 document, 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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