

Edgar Filing: MEDIFAST INC - Form 8-K

MEDIFAST INC
Form 8-K
December 12, 2003

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) December 12, 2003

MEDIFAST, INC.

(Exact name of registrant as specified in its charter)

Delaware	000-23016	13-3714405
----- (State or other jurisdiction of incorporation or organization)	----- (Commission File Number)	----- (IRS Employer Ident. No.)

11445 Cronhill Drive, Owing Mills, Maryland	21117
----- (Address of principal executive offices)	----- (Zip Code)

Registrant's telephone number, including area code (410)-581-8042

(Former name or former address, if changed since last report.)

Item 5. Other Events

Medifast, Inc. announced that it has increased 2004 estimates for both revenues and earnings. The Company reported last night at an Investor Presentation two scenarios, one reflecting the anticipated revenue increases as a result of the impact of its National Television Ad Campaign and the other excluding any increased results from television advertising.

Based upon results from a National Television Test Program, the company expects to generate revenues for fiscal 2004 of approximately \$48 million and pre-tax Income from Operations of approximately \$9 million, resulting in pre-tax earnings per share of \$0.72. Excluding any incremental benefit from the advertising campaign, the Company expects revenues of approximately \$38 million and pre-tax Income from Operations of approximately \$6.9 million, resulting in pre-tax earnings per share of \$0.55. The company will not know until its year-end audit is completed what its effective tax rate will be for GAAP calculation purposes.

In September, Medifast completed a test of a national television commercial. The results indicated that for every dollar Medifast spent on television advertising, it generated \$3 in new revenues. This compares favorably with the \$1.50 in revenues that are currently generated for each dollar in spending on print advertising. The company has assumed for purposes of its \$48 million

Edgar Filing: MEDIFAST INC - Form 8-K

revenue estimates that each dollar of television advertising will generate \$2 in new business. Medifast will launch its television campaign in January.

The company plans to initially run its commercials on leading national cable networks and DirectTV, in combination with print advertising it has run throughout the year. Medifast believes that the testing it completed in September will allow it to employ the most effective combination of print and television advertising to maximize returns on its advertising investment. In preparation for the launch, the Company has aggressively built inventory throughout the fourth quarter. In addition, it interrupted production in November for four days in order to reconfigure its facilities for the expected increase in production. As a result of the plant shutdown, November revenues were \$1.7 million, a 23.5% increase from the same period last year. The company has completed the modifications, and production has returned to customary levels in December.

Medifast also expects to generate significant 2004 growth from its HI-Energy and Medslim Weight Control Centers. As a result of a recent acquisition, the company is now the sixth largest clinic operator in the United States. It also expects strong growth from its Take Shape for Life and Women's Health divisions.

The Company realized year-end revenues of \$5,022,000 and \$12,345,000 for fiscal 2001 and 2002 respectively and \$19,539,000 for the nine months ended 2003

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.

MEDIFAST, INC.

Dated: December 12, 2003

/s/ Bradley T. MacDonald

Bradley T. MacDonald
Chairman and Chief Executive Officer