

MARCUS CORP
Form 10-Q
October 08, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended August 29, 2013

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-12604

THE MARCUS CORPORATION

(Exact name of registrant as specified in its charter)

Wisconsin	39-1139844
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

100 East Wisconsin Avenue, Suite 1900	
Milwaukee, Wisconsin	53202-4125
(Address of principal executive offices)	(Zip Code)

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Registrant's telephone number, including area code: (414)
905-1000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check One).

Large accelerated filer Accelerated filer
Non-accelerated filer
(Do not check if a
smaller reporting
company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

COMMON STOCK OUTSTANDING AT SEPTEMBER 30, 2013 – 18,296,251

CLASS B COMMON STOCK OUTSTANDING AT SEPTEMBER 30, 2013 – 8,757,039

THE MARCUS CORPORATION

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PART I - FINANCIAL INFORMATION**Item 1. Consolidated Financial Statements****THE MARCUS CORPORATION****Consolidated Balance Sheets**

(in thousands, except share and per share data)	August 29, 2013	May 30, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$12,214	\$10,158
Restricted cash	6,891	7,895
Accounts and notes receivable, net of reserves of \$1,330 and \$1,324, respectively	11,712	8,568
Refundable income taxes		255
Deferred income taxes	2,895	2,877
Other current assets	6,717	6,384
Total current assets	40,429	36,137
Property and equipment:		
Land and improvements	95,253	95,295
Buildings and improvements	578,164	575,166
Leasehold improvements	61,871	61,726
Furniture, fixtures and equipment	253,581	250,203
Construction in progress	11,722	11,414
Total property and equipment	1,000,591	993,804
Less accumulated depreciation and amortization	377,286	368,047
Net property and equipment	623,305	625,757
Other assets:		
Investments in joint ventures	3,022	2,713
Goodwill	43,963	43,997
Condominium units	3,508	3,508
Other	35,071	34,584
Total other assets	85,564	84,802
TOTAL ASSETS	\$749,298	\$746,696

See accompanying condensed notes to consolidated financial statements.

THE MARCUS CORPORATION**Consolidated Balance Sheets**

(in thousands, except share and per share data)	August 29, 2013	May 30, 2013
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 19,636	\$ 25,330
Income taxes	8,223	
Taxes other than income taxes	13,638	14,000
Accrued compensation	7,839	10,940
Other accrued liabilities	27,423	25,183
Current portion of capital lease obligation	4,636	4,562
Current maturities of long-term debt	32,084	11,193
Total current liabilities	113,479	91,208
Capital lease obligation	27,076	28,241
Long-term debt	202,801	231,580
Deferred income taxes	43,330	43,516
Deferred compensation and other	36,003	35,455
Equity:		
Shareholders' equity attributable to The Marcus Corporation		
Preferred Stock, \$1 par; authorized 1,000,000 shares; none issued		
Common Stock, \$1 par; authorized 50,000,000 shares; issued 22,432,474 shares at August 29, 2013 and May 30, 2013	22,433	22,433
Class B Common Stock, \$1 par; authorized 33,000,000 shares; issued and outstanding 8,757,039 shares at August 29, 2013 and May 30, 2013	8,757	8,757
Capital in excess of par	52,256	51,979
Retained earnings	289,734	278,536
Accumulated other comprehensive loss	(3,561)	(3,828)
	369,619	357,877
Less cost of Common Stock in treasury (4,112,386 shares at August 29, 2013 and 4,117,217 shares at May 30, 2013)	(51,359)	(51,175)
Total shareholders' equity attributable to The Marcus Corporation	318,260	306,702
Noncontrolling interests	8,349	9,994
Total equity	326,609	316,696

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$749,298	\$746,696
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See accompanying condensed notes to consolidated financial statements.

THE MARCUS CORPORATION**Consolidated Statements of Earnings**

(in thousands, except per share data)

	13 Weeks Ended	
	August 29, 2013	August 30, 2012
Revenues:		
Theatre admissions	\$42,109	\$38,478
Rooms	32,570	29,964
Theatre concessions	23,689	20,979
Food and beverage	15,530	14,769
Other revenues	15,134	13,749
Total revenues	129,032	117,939
Costs and expenses:		
Theatre operations	34,623	32,566
Rooms	10,692	9,857
Theatre concessions	6,138	5,557
Food and beverage	11,546	10,729
Advertising and marketing	6,884	6,405
Administrative	12,244	10,762
Depreciation and amortization	8,327	8,313
Rent	2,125	2,113
Property taxes	3,422	3,635
Other operating expenses	8,684	7,547
Total costs and expenses	104,685	97,484
Operating income	24,347	20,455
Other income (expense):		
Investment income	3	24
Interest expense	(2,394)	(2,074)
Gain on disposition of property, equipment and other assets	17	22
Equity losses from unconsolidated joint ventures, net	(83)	(40)
	(2,457)	(2,068)
Earnings before income taxes	21,890	18,387
Income taxes	9,044	7,708
Net earnings	12,846	10,679
Net loss attributable to noncontrolling interests	(585)	-
Net earnings attributable to The Marcus Corporation	\$13,431	\$10,679
Net earnings per share – basic:		
Common Stock	\$0.51	\$0.38

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Class B Common Stock	\$0.47	\$0.35
Net earnings per share – diluted:		
Common Stock	\$0.50	\$0.37
Class B Common Stock	\$0.46	\$0.34
Dividends per share:		
Common Stock	\$0.085	\$0.085
Class B Common Stock	\$0.077	\$0.077

See accompanying condensed notes to consolidated financial statements.

THE MARCUS CORPORATION**Consolidated Statements of Comprehensive Income**

(in thousands except per share data)

	13 Weeks Ended	
	August 29, 2013	August 30, 2012
Net earnings	\$12,846	\$10,679
Other comprehensive income (loss):		
Change in unrealized loss on available for sale investments, net of tax benefit of \$1 and \$0, respectively	(1)
Amortization of loss on swap agreement, net of tax effect of \$0 and \$11, respectively		17
Change in fair value of interest rate swap, net of tax effect of \$176 and \$0, respectively	268	
Other comprehensive income	267	17
Comprehensive income	13,113	10,696
Comprehensive loss attributable to noncontrolling interests	(585)