

MARCUS CORP
Form 10-Q
April 06, 2010
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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 February 25, 2010

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
(State or other jurisdiction of
incorporation or organization)

39-1139844
(I.R.S. Employer
Identification No.)

100 East Wisconsin Avenue, Suite 1900

Milwaukee, Wisconsin
(Address of principal executive offices)

53202-4125
(Zip Code)

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 such 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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or 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 X
Non-accelerated filer Smaller reporting company
(do not check if a 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 X

APPLICABLE ONLY TO CORPORATE ISSUERS:

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 MARCH 31, 2010 21,010,313

CLASS B COMMON STOCK OUTSTANDING AT MARCH 31, 2010 8,854,179

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

	(Unaudited) February 25, 2010	(Audited) May 28, 2009
(in thousands, except share and per share data)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,886	\$ 6,796
Accounts and notes receivable, net of reserves	8,601	12,239
Receivables from joint ventures, net of reserves	121	194
Refundable income taxes	6,747	
Deferred income taxes	2,552	3,139
Other current assets	6,306	7,776
Total current assets	34,213	30,144
Property and equipment:		
Land and improvements	88,221	89,090
Buildings and improvements	513,261	512,002
Leasehold improvements	60,538	60,423
Furniture, fixtures and equipment	208,550	210,684
Construction in progress	16,870	8,489
Total property and equipment	887,440	880,688
Less accumulated depreciation and amortization	304,125	285,132
Net property and equipment	583,315	595,556
Other assets:		
Investments in joint ventures	1,351	1,391
Goodwill	44,448	44,552
Condominium units available for sale	3,482	5,912
Other	33,491	33,968
Total other assets	82,772	85,823
TOTAL ASSETS	\$ 700,300	\$ 711,523

See accompanying notes to consolidated financial statements.

Table of Contents**THE MARCUS CORPORATION****Consolidated Balance Sheets**

(in thousands, except share and per share data)	(Unaudited) February 25, 2010	(Audited) May 28, 2009
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	\$ 222	\$ 229
Accounts payable	17,121	22,743
Income taxes		796
Taxes other than income taxes	11,205	13,015
Accrued compensation	6,686	4,665
Other accrued liabilities	26,902	24,540
Current maturities of long-term debt	39,607	14,432
Total current liabilities	101,743	80,420
Long-term debt	192,847	240,943
Deferred income taxes	40,903	32,024
Deferred compensation and other	30,120	30,696
Shareholders' equity:		
Preferred Stock, \$1 par; authorized 1,000,000 shares; none issued		
Common Stock, \$1 par; authorized 50,000,000 shares; issued 22,335,334 shares at February 25, 2010 and 22,329,978 shares at May 28, 2009	22,335	22,330
Class B Common Stock, \$1 par; authorized 33,000,000 shares; issued and outstanding 8,854,179 shares at February 25, 2010 and 8,859,535 shares at May 28, 2009	8,854	8,860
Capital in excess of par	48,491	47,649
Retained earnings	279,315	273,637
Accumulated other comprehensive loss	(2,608)	(2,781)
	356,387	349,695
Less cost of Common Stock in treasury (1,326,365 shares at February 25, 2010 and 1,364,585 shares at May 28, 2009)	(21,700)	(22,255)
Total shareholders' equity	334,687	327,440
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 700,300	\$ 711,523

See accompanying notes to consolidated financial statements.

Table of Contents**THE MARCUS CORPORATION****Consolidated Statements of Earnings (Unaudited)**

(in thousands, except per share data)	February 25, 2010		February 26, 2009	
	13 Weeks	39 Weeks	13 Weeks	39 Weeks
Revenues:				
Theatre admissions	\$ 40,755	\$ 111,809	\$ 37,565	\$ 106,384
Rooms	13,340	56,671	14,195	66,994
Theatre concessions	19,086	53,249	18,292	52,615
Food and beverage	10,097	33,361	11,114	38,048
Other revenues	13,166	34,873	9,845	35,284
Total revenues	96,444	289,963	91,011	299,325
Costs and expenses:				
Theatre operations	34,190	94,713	30,449	86,503
Rooms	7,115	22,966	7,373	25,165
Theatre concessions	4,551	13,275	4,290	12,700
Food and beverage	8,938	26,577	9,346	30,033
Advertising and marketing	4,396	14,526	4,416	15,874
Administrative	9,492	27,759	9,125	28,749
Depreciation and amortization	7,975	24,104	7,916	24,335
Rent	1,811	5,652	1,968	5,835
Property taxes	3,660	10,134	3,651	11,413
Other operating expenses	6,272	18,696	6,299	20,251
Impairment charge		2,575		
Total costs and expenses	88,400	260,977	84,833	260,858
Operating income	8,044	28,986	6,178	38,467
Other income (expense):				
Investment income (loss)	149	436	195	(1,460)
Interest expense	(2,768)	(8,423)	(3,455)	(10,893)
Gain (loss) on disposition of property, equipment and other assets	(261)	(88)	100	(1,072)
Equity losses from unconsolidated joint ventures, net	(76)	(112)	(324)	(423)
	(2,956)	(8,187)	(3,484)	(13,848)
Earnings before income taxes	5,088	20,799	2,694	24,619
Income taxes	1,897	7,713	1,031	9,627
Net earnings	\$ 3,191	\$ 13,086	\$ 1,663	\$ 14,992
Net earnings per share basic:				
Common Stock	\$ 0.11	\$ 0.45	\$ 0.06	\$ 0.52
Class B Common Stock	\$ 0.10	\$ 0.41	\$ 0.05	\$ 0.47
Net earnings per share diluted:				
Common Stock	\$ 0.11	\$ 0.44	\$ 0.06	\$ 0.50
Class B Common Stock	\$ 0.10	\$ 0.41	\$ 0.05	\$ 0.47
Dividends per share:				
Common Stock	\$ 0.085	\$ 0.255	\$ 0.085	\$ 0.255
Class B Common Stock	\$ 0.077	\$ 0.232	\$ 0.077	\$ 0.232

See accompanying notes to consolidated financial statements.

Table of Contents**THE MARCUS CORPORATION****Consolidated Statements of Cash Flows (Unaudited)**

(in thousands)	39 Weeks Ended	
	February 25, 2010	February 26, 2009
OPERATING ACTIVITIES:		
Net earnings	\$ 13,086	\$ 14,992
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Losses on loans to and investments in joint ventures	113	1,223
Loss (gain) on disposition of property, equipment and other assets	431	(34)
Loss (gain) on sale of condominium units	(343)	1,106
Impairment charge	2,575	
Loss on available for sale securities		1,424
Amortization of loss on swap agreement	85	94
Amortization of favorable lease right	250	250
Depreciation and amortization	24,104	24,335
Stock compensation expense	1,185	1,035
Deferred income taxes	9,467	(225)
Deferred compensation and other	(337)	(267)
Changes in assets and liabilities:		
Accounts and notes receivable	3,993	5,800
Other current assets	1,470	(505)
Accounts payable	(3,692)	734
Income taxes	(7,538)	4,775
Taxes other than income taxes	(1,810)	(389)
Accrued compensation	2,021	496
Other accrued liabilities	2,362	4,570
Total adjustments	34,336	44,422
Net cash provided by operating activities	47,422	59,414
INVESTING ACTIVITIES:		
Capital expenditures	(14,639)	(21,027)
Proceeds from disposals of property, equipment and other assets	714	551
Increase in condominium units and other assets	(277)	(440)
Cash advanced to joint ventures		(243)
Net cash used in investing activities	(14,202)	(21,159)
FINANCING ACTIVITIES:		
Debt transactions:		
Proceeds from issuance of notes payable and long-term debt	40,895	12,002
Principal payments on notes payable and long-term debt	(63,823)	(45,611)
Equity transactions:		
Treasury stock transactions, except for stock options	(97)	(97)
Exercise of stock options	304	408
Dividends paid	(7,409)	