

MARCUS CORP  
Form 10-Q  
April 04, 2006

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 23, 2006

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)

<u>Wisconsin</u>	<u>39-1139844</u>
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
<u>100 East Wisconsin Avenue, Suite 1900 Milwaukee, Wisconsin</u>	<u>53202-4125</u>
(Address of principal executive offices)	(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 filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

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

Yes  No

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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 30, 2006 21,740,158

CLASS B COMMON STOCK OUTSTANDING AT MARCH 30, 2006 8,955,167

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## THE MARCUS CORPORATION

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## **PART I FINANCIAL INFORMATION**

### **Item 1. Consolidated Financial Statements**

#### **THE MARCUS CORPORATION Consolidated Balance Sheets**

	(Unaudited) February 23, 2006	(Audited) May 26, 2005
(in thousands, except share and per share data)	<u>          </u>	<u>          </u>

#### **ASSETS**

THE MARCUS CORPORATION Consolidated Balance Sheets

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	(Unaudited)	(Audited)
<b>Current assets:</b>		
Cash and cash equivalents	\$ 292,684	\$ 259,057
Cash held by intermediaries	1,578	28,552
Accounts and notes receivable, net of reserves	12,799	8,911
Receivables from joint ventures	3,282	2,704
Refundable income taxes	--	871
Deferred income taxes	6,139	5,464
Real estate and development costs	3,961	4,985
Other current assets	11,220	4,856
Assets of discontinued operations ( <i>Note 2</i> )	207	16,700
	<hr/>	<hr/>
Total current assets	331,870	332,100
<b>Property and equipment:</b>		
Land and improvements	58,172	50,595
Buildings and improvements	373,087	344,578
Leasehold improvements	39,783	9,138
Furniture, fixtures and equipment	165,486	160,887
Construction in progress	10,288	36,820
	<hr/>	<hr/>
Total property and equipment	646,816	602,018
Less accumulated depreciation and amortization	215,135	202,095
	<hr/>	<hr/>
Net property and equipment	431,681	399,923
<b>Other assets:</b>		
Investments in joint ventures	5,380	6,658
Goodwill	11,196	11,196
Other	36,050	37,622
	<hr/>	<hr/>
Total other assets	52,626	55,476
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<b>TOTAL ASSETS</b>	<b>\$ 816,177</b>	<b>\$ 787,499</b>
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See accompanying notes to consolidated financial statements.

**THE MARCUS CORPORATION**  
**Consolidated Balance Sheets**

	(Unaudited) <b>February 23, 2006</b>	(Audited) <b>May 26, 2005</b>
	<hr/>	<hr/>
(in thousands, except share and per share data)		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Notes payable	\$ 509	\$ 1,774
Accounts payable	12,145	16,011
Income taxes	1,706	--
Taxes other than income taxes	9,480	8,507
Accrued compensation	5,167	6,191
Other accrued liabilities	20,396	11,925
Current maturities of long-term debt	50,234	25,765
Liabilities of discontinued operations ( <i>Note 2</i> )	4,269	9,514
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Total current liabilities	(Unaudited) 103,906	(Audited) 79,687
<b>Long-term debt</b>	142,216	170,888
<b>Deferred income taxes</b>	26,516	26,614
<b>Deferred compensation and other</b>	26,689	16,649
<b>Shareholders' equity:</b>		
Preferred Stock, \$1 par; authorized 1,000,000 shares; none issued	--	--
Common Stock, \$1 par; authorized 50,000,000 shares; issued 22,234,346 shares at February 23, 2006 and 22,099,042 shares at May 26, 2005	22,234	22,099
Class B Common Stock, \$1 par; authorized 33,000,000 shares; issued and outstanding 8,955,167 at February 23, 2006 and 9,090,471 at May 26, 2005	8,955	9,091
Capital in excess of par	45,640	45,481
Retained earnings	445,710	425,941
Accumulated other comprehensive loss	(362)	(532)
	<u>522,177</u>	<u>502,080</u>
Less unearned compensation on restricted stock	(323)	(413)
Less cost of Common Stock in treasury (535,783 shares at February 23, 2006 and 857,088 shares at May 26, 2005)	(5,004)	(8,006)
	<u>516,850</u>	<u>493,661</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u>\$ 816,177</u>	<u>\$ 787,499</u>

See accompanying notes to consolidated financial statements.

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

(in thousands, except per share data)	February 23, 2006		February 24, 2005	
	13 Weeks	39 Weeks	13 Weeks	39 Weeks
<b>Revenues:</b>				
Rooms and telephone	\$ 13,154	\$ 56,761	\$ 9,226	\$ 42,612
Theatre admissions	25,368	73,234	24,976	76,549
Theatre concessions	12,641	35,292	11,740	36,092
Food and beverage	9,859	31,360	8,213	27,863
Other revenues	8,564	29,518	8,317	28,830
	<u>69,586</u>	<u>226,165</u>	<u>62,472</u>	<u>211,946</u>
<b>Costs and expenses:</b>				
Rooms and telephone	6,251	20,723	5,085	16,861
Theatre operations	19,898	57,212	19,622	59,572
Theatre concessions	2,587	7,483	2,482	7,781
Food and beverage	7,972	24,006	7,002	21,491
Advertising and marketing	4,310	14,277	3,529	11,748
Administrative	7,717	22,900	6,635	19,552
Depreciation and amortization	6,504	19,602	6,181	18,370
Rent	893	2,731	518	1,482
Property taxes	2,567	7,771	1,671	5,723

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	February 23, 2006		February 24, 2005	
(in thousands, except per share data)				
Preopening expenses	42	406	221	396
Other operating expenses	5,697	17,743	4,811	15,443
Total costs and expenses	64,438	194,854	57,757	178,419
<b>Operating income</b>	5,148	31,311	4,715	33,527
<b>Other income (expense):</b>				
Investment income	2,565	6,326	1,982	3,801
Interest expense	(3,677)	(11,008)	(3,722)	(11,381)
Gain on disposition of property, equipment and investments in joint ventures	109	3,331	19	2,251
	(1,003)	(1,351)	(1,721)	(5,329)
<b>Earnings from continuing operations before income taxes</b>	4,145	29,960	2,994	28,198
<b>Income taxes</b>	983	9,960	1,208	10,809
<b>Earnings from continuing operations</b>	3,162	20,000	1,786	17,389
<b>Discontinued operations (Note 2):</b>				
Income (loss) from discontinued operations, net of income taxes (benefit) of \$(116) and \$(518) for the 13 and 39 weeks ended February 23, 2006, respectively, and \$(544) and \$1,524 for the 13 and 39 weeks ended February 24, 2005, respectively	(171)	(765)	(835)	2,338
Gain on sale of discontinued operations, net of income taxes of \$1,172 and \$4,076 for the 13 and 39 weeks ended February 23, 2006, respectively, and \$3,679 and \$49,929 for the 1				