

CHEESECAKE FACTORY INC

Form 10-Q

November 08, 2013

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# UNITED STATES SECURITIES AND EXCHANGE

## COMMISSION

Washington, D.C. 20549

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## FORM 10-Q

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

For the quarterly period ended October 1, 2013

or

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

Commission File Number: 0-20574

# THE CHEESECAKE FACTORY INCORPORATED

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation or organization)

**51-0340466**  
(I.R.S. Employer  
Identification No.)

**26901 Malibu Hills Road**  
**Calabasas Hills, California**  
(Address of principal executive offices)

**91301**  
(Zip Code)

**(818) 871-3000**

(Registrant's telephone number, including area code)

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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

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.

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

As of October 30, 2013, 52,300,901 shares of the registrant's Common Stock, \$.01 par value, were outstanding.

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**THE CHEESECAKE FACTORY INCORPORATED AND SUBSIDIARIES**

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|  | <b>October 1,<br/>2013</b> | <b>January 1,<br/>2013</b> |
|--|----------------------------|----------------------------|
| <b>ASSETS</b>  |                            |                            |
| Current assets:  |                            |                            |
| Cash and cash equivalents  | \$ 82,625                  | \$ 83,569                  |
| Accounts receivable  | 11,165                     | 14,558                     |
| Income tax receivable  | 2,416                      |                            |
| Other receivables  | 30,336                     | 48,100                     |
| Inventories  | 37,046                     | 28,836                     |
| Prepaid expenses   | 35,926                     | 39,887                     |
| Deferred income taxes  | 16,577                     | 15,257                     |
| Total current assets   | 216,091                    | 230,207                    |
| Property and equipment, net  | 784,319                    | 764,418                    |
| Other assets:  |                            |                            |
| Intangible assets, net   | 18,320                     | 17,829                     |
| Prepaid rent   | 47,641                     | 50,793                     |
| Other  | 34,767                     | 28,920                     |
| Total other assets   | 100,728                    | 97,542                     |
| Total assets   | \$ 1,101,138               | \$ 1,092,167               |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>   |                            |                            |
| Current liabilities:   |                            |                            |
| Accounts payable   | \$ 43,982                  | \$ 46,998                  |
| Income tax payable   |                            | 1,213                      |
| Other accrued expenses   | 193,003                    | 204,823                    |
| Total current liabilities  | 236,985                    | 253,034                    |
| Deferred income taxes  | 99,422                     | 91,852                     |
| Deferred rent  | 75,164                     | 76,144                     |
| Deemed landlord financing liability  | 64,302                     | 55,123                     |
| Other noncurrent liabilities   | 42,094                     | 36,288                     |
| Commitments and contingencies  |                            |                            |
| Stockholders' equity:  |                            |                            |
| Preferred stock, \$.01 par value, 5,000,000 shares authorized; none issued; inclusive of Series A junior participating cumulative preferred stock, \$.01 par value, 150,000 shares authorized; none issued |                            |                            |
| Common stock, \$.01 par value, 250,000,000 shares authorized; 90,197,535 and 87,812,022 issued at October 1, 2013 and January 1, 2013, respectively  | 902                        | 878                        |
| Additional paid-in capital   | 585,877                    | 508,130                    |

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|   |              |              |
|---|--------------|--------------|
| Retained earnings   | 963,738      | 902,532      |
| Treasury stock, 37,842,743 and 34,414,222 shares at cost at October 1, 2013 and January 1, 2013, respectively | (967,346)    | (831,814)    |
| Total stockholders' equity  | 583,171      | 579,726      |
| Total liabilities and stockholders' equity  | \$ 1,101,138 | \$ 1,092,167 |

See the accompanying notes to the consolidated financial statements.

Table of Contents**THE CHEESECAKE FACTORY INCORPORATED AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(In thousands, except per share data)****(Unaudited)**

|  | <b>Thirteen<br/>Weeks Ended<br/>October 1, 2013</b> | <b>Thirteen<br/>Weeks Ended<br/>October 2, 2012</b> | <b>Thirty-nine<br/>Weeks Ended<br/>October 1, 2013</b> | <b>Thirty-nine<br/>Weeks Ended<br/>October 2, 2012</b> |
|--|---|---|--|--|
| Revenues                               | \$ 469,699  | \$ 453,819  | \$ 1,402,835   | \$ 1,344,322   |
| Costs and expenses:                    |   |   |  |  |
| Cost of sales                          | 112,430   | 111,620   | 339,670  | 330,237  |
| Labor expenses                         | 150,910   | 145,630   | 453,055  | 434,696  |
| Other operating costs and expenses     | 113,955   | 113,700   | 338,738  | 328,458  |
| General and administrative expenses    | 28,805  | 22,450  | 85,405   | 77,393   |
| Depreciation and amortization expenses | 19,661  |   |  |  |