

UNIFIRST CORP
Form 10-Q
January 07, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **November 28, 2009**

OR

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: **1-8504**

UNIFIRST CORPORATION

(Exact name of Registrant as Specified in Its Charter)

Massachusetts
(State or Other Jurisdiction of
Incorporation or Organization)

68 Jonspin Road, Wilmington, MA
(Address of Principal Executive Offices)

04-2103460
(I.R.S. Employer
Identification No.)

01887
(Zip Code)

(978) 658-8888

(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 Smaller Reporting Company 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

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

The number of outstanding shares of UniFirst Corporation Common Stock and Class B Common Stock at December 31, 2009 were 14,451,329 and 4,931,369, respectively.

UniFirst Corporation

Quarterly Report on Form 10-Q

For the Quarter ended November 28, 2009

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PART I FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****UniFirst Corporation and Subsidiaries****Consolidated Statements of Income***(Unaudited)*

Thirteen weeks ended	November 28,	November 29,
(In thousands, except per share data)	2009	2008
Revenues	\$256,179	\$262,554
Operating expenses:		
Cost of revenues (1)	149,224	157,063
Selling and administrative expenses (1)	51,472	57,487
Depreciation and amortization	15,056	13,703
Total operating expenses	215,752	228,253
Income from operations	40,427	34,301
Other expense (income):		
Interest expense	2,184	2,591
Interest income	(524)	(504)
Exchange rate (gain) loss	(201)	934
	1,459	3,021
Income before income taxes	38,968	31,280
Provision for income taxes	15,392	12,418
Net income	\$23,576	\$18,862
Income per share Basic:		
Common Stock	\$1.28	\$1.03
Class B Common Stock	\$1.03	\$0.82
Income per share Diluted:		
Common Stock	\$1.21	\$0.97
Weighted average number of shares outstanding Basic:		
Common Stock	14,440	14,390
Class B Common Stock	4,932	4,935
	19,372	19,325
Weighted average number of shares outstanding Diluted:		
Common Stock	19,434	19,362
Dividends per share:		
Common Stock	\$0.0375	\$0.0375
Class B Common Stock	\$0.0300	\$0.0300

(1) Exclusive of depreciation on the Company's property, plant and equipment and amortization on its intangible assets

The accompanying notes are an integral part of these
Consolidated Financial Statements.

UniFirst Corporation and Subsidiaries

Consolidated Balance Sheets

(Unaudited)

	November 28,	August 29,
(In thousands, except share data)	2009	2009 (a)
Assets		
Cash and cash equivalents	\$ 79,708	\$ 60,151
Receivables, less reserves of \$6,700 and \$5,567, respectively	110,574	97,784
Inventories	39,217	43,586
Rental merchandise in service	75,820	73,063
Deferred income taxes	25,017	24,901
Prepaid expenses	4,989	2,889
Total current assets	335,325	302,374
Property, plant and equipment:		
Land, buildings and leasehold improvements	327,586	325,034
Machinery and equipment	358,799	352,511
Motor vehicles	119,117	113,048
	805,502	790,593
Less -- accumulated depreciation	418,113	407,823
	387,389	382,770
Goodwill	265,978	261,171
Customer contracts, net	58,133	56,616
Other intangible assets, net	4,853	3,438
Other assets	2,467	2,416
	\$ 1,054,145	\$ 1,008,785
Liabilities and shareholders' equity		
Current liabilities:		
Current maturities of long-term obligations	\$ 6,522	\$ 6,447
Accounts payable	46,566	41,180
Accrued liabilities	106,131	104,003
Accrued income taxes	14,429	2,437
Total current liabilities	173,648	154,067
Long-term obligations, net of current maturities	175,465	175,568
Deferred income taxes	52,249	52,115
Commitments and contingencies (Note 9)		
Shareholders' equity:		
Preferred stock, \$1.00 par value; 2,000,000 shares authorized; no shares issued and outstanding		
Common Stock, \$0.10 par value; 30,000,000 shares authorized; 14,446,629 and 14,435,254 issued and outstanding, respectively	1,444	1,443
Class B Common Stock, \$0.10 par value; 20,000,000 shares authorized; 4,931,369 and 4,933,369 issued and outstanding, respectively.	493	493
Capital surplus	20,736	20,137
Retained earnings	628,149	605,262
Accumulated other comprehensive income (loss)	1,961	(300)

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Total shareholders' equity	652,783	627,035
	\$1,054,145	\$1,008,785

(a) Derived from audited financial statements

The accompanying notes are an integral part of these

Consolidated Financial Statements.

UniFirst Corporation and Subsidiaries

Consolidated Statements of Cash Flows

(Unaudited)

Thirteen weeks ended	November 28,	November 29,
(In thousands)	2009	2008
Cash flows from operating activities:		
Net income	\$23,576	\$18,862
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	12,839	11,513
Amortization of intangible assets	2,217	2,190
Amortization of deferred financing costs	67	67
Deferred income taxes	(35)	(52)
Stock-based compensation	359	205
Accretion on asset retirement obligations	142	127
Changes in assets and liabilities, net of acquisitions:		
Receivables	(11,741)	(10,827)
Inventories	4,510	(2,940)
Rental merchandise in service	(1,534)	2,474
Prepaid expenses	(2,088)	(3,568)
Accounts payable	5,229	(1,199)
Accrued liabilities	1,977	(187)
Accrued income taxes	11,992	9,296
Net cash provided by operating activities	47,510	25,961
Cash flows from investing activities:		
Acquisition of businesses, net of cash acquired	(12,206)	(1,519)
Capital expenditures	(15,796)	(20,532)
Other	(31)	117
Net cash used in investing activities	(28,033)	(21,934)
Cash flows from financing activities:		