

WEIS MARKETS INC
Form 10-Q
August 06, 2009

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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 **June 27, 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 1-5039

WEIS MARKETS, INC.

(Exact name of registrant as specified in its charter)

PENNSYLVANIA

(State or other jurisdiction of incorporation or organization)

24-0755415

(I.R.S. Employer Identification No.)

1000 S. Second Street

P. O. Box 471

Sunbury, Pennsylvania

(Address of principal executive offices)

17801-0471

(Zip Code)

Registrant's telephone number, including area code: (570) 286-4571
www.weismarkets.com

Registrant's web address:

Not Applicable

(Former name, former address and former fiscal year, if changed since last report.)

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

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(§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 August 6, 2009, there were issued and outstanding 33,047,807 shares of the registrant's common stock.

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WEIS MARKETS, INC.

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PART I - FINANCIAL INFORMATION
ITEM I - FINANCIAL STATEMENTS
WEIS MARKETS, INC.
CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	<u>June 27, 2009</u>	<u>December 27, 2008</u>
	(unaudited)	
<u>Assets</u>		
Current:		
Cash and cash equivalents	\$ 94,835	\$ 59,351
Marketable securities	17,292	20,128
Accounts receivable, net	39,260	45,318
Inventories	200,082	187,433
Prepaid expenses	5,470	5,025
Income taxes recoverable	4,434	---
Total current assets	<u>361,373</u>	<u>317,255</u>
Property and equipment, net	504,176	511,113
Goodwill	15,722	15,722
Intangible and other assets, net	3,910	4,124
Total assets	<u>\$ 885,181</u>	<u>\$ 848,214</u>
<u>Liabilities</u>		
Current:		
Accounts payable	\$ 119,163	\$ 95,128
Accrued expenses	31,825	28,173
Accrued self-insurance	22,610	23,344
Deferred revenue, net	3,910	6,920
Income taxes payable	---	738
Deferred income taxes	1,909	4,020
Total current liabilities	<u>179,417</u>	<u>158,323</u>
Postretirement benefit obligations	13,476	12,454
Deferred income taxes	17,222	16,337
Total liabilities	<u>210,115</u>	<u>187,114</u>
<u>Shareholders' Equity</u>		
Common stock, no par value, 100,800,000 shares authorized, 33,047,807 shares issued	9,949	9,949
Retained earnings	811,566	795,473
Accumulated other comprehensive income (Net of deferred taxes of \$2,923 in 2009 and \$3,235 in 2008)	4,121	4,560
	<u>825,636</u>	<u>809,982</u>
Treasury stock at cost, 6,140,788 and 6,081,908 shares, respectively	(150,570)	(148,882)
Total shareholders' equity	<u>675,066</u>	<u>661,100</u>
Total liabilities and shareholders' equity	<u>\$ 885,181</u>	<u>\$ 848,214</u>

See accompanying notes to consolidated financial statements.

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WEIS MARKETS, INC.
CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

(dollars in thousands, except shares and per share amounts)

	13 Weeks Ended		26 Weeks Ended	
	<u>June 27, 2009</u>	<u>June 28, 2008</u>	<u>June 27, 2009</u>	<u>June 28, 2008</u>
Net sales	\$ 615,378	\$ 603,328	\$ 1,199,059	
Cost of sales, including warehousing and distribution expenses	<u>449,379</u>	<u>445,892</u>	<u>888,253</u>	
Gross profit on sales	165,999	157,436	310,806	
Operating, general and administrative expenses	<u>143,144</u>	<u>139,239</u>	<u>279,876</u>	
Income from operations	22,855	18,207	30,930	
Investment income	<u>427</u>	<u>627</u>	<u>1,468</u>	
Income before provision for income taxes	23,282	18,834	32,398	
Provision for income taxes	<u>8,077</u>	<u>6,597</u>	<u>10,506</u>	
Net income	\$ <u>15,205</u>	\$ <u>12,237</u>	\$ <u>21,892</u>	
Weighted-average shares outstanding, basic and diluted	26,925,576	26,967,165	26,967,165	
Cash dividends per share	\$ 0.29	\$ 0.29	\$ 0.58	
Basic and diluted earnings per share	\$ 0.56	\$ 0.48	\$ 0.81	

*See accompanying notes to consolidated financial statements.***Page 2 of 11 (Form 10-Q)**

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WEIS MARKETS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(dollars in thousands)

	26 Weeks Ended	
	<u>June 27, 2009</u>	<u>June 28, 2008</u>
Cash flows from operating activities:		
Net income	\$ 31,723	\$ 21,892
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	22,301	22,695
Amortization	3,119	3,002
Loss (gain) on disposition of fixed assets	69	(7)
Changes in operating assets and liabilities:		
Inventories	(12,649)	(1,215)
Accounts receivable and prepaid expenses	5,613	5,138
Income taxes recoverable	(4,434)	(714)
Accounts payable and other liabilities	24,965	7,695
Income taxes payable	(738)	---
Deferred income taxes	(914)	1,034
Other	<u>(112)</u>	<u>45</u>
Net cash provided by operating activities	<u>68,943</u>	<u>59,565</u>
Cash flows from investing activities:		
Purchase of property and equipment	(18,596)	(36,416)
Proceeds from the sale of property and equipment	258	227
Proceeds from maturities of marketable securities	2,197	---
Purchase of intangible assets	<u>---</u>	<u>(395)</u>
Net cash used in investing activities	<u>(16,141)</u>	<u>(36,584)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock	---	5
Dividends paid	(15,630)	(15,641)
Purchase of treasury stock	<u>(1,688)</u>	<u>(2)</u>
Net cash used in financing activities	<u>(17,318)</u>	<u>(15,638)</u>
Net increase in cash and cash equivalents	35,484	7,343
Cash and cash equivalents at beginning of year	<u>59,351</u>	<u>41,187</u>
Cash and cash equivalents at end of period	\$ <u>94,835</u>	\$ <u>48,530</u>

See accompanying notes to consolidated financial statements.

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WEIS MARKETS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

(1) Significant Accounting Policies

Basis of Presentation: The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions for Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments (consisting of normal recurring deferrals and accruals) considered necessary for a fair presentation have been included. The operating results for the periods presented are not necessarily indicative of the results to be expected for the full year. For further information, refer to the consolidated financial statements and footnotes thereto included in the company's latest Annual Report on Form 10-K.

(2) Current Relevant Accounting Standards

In February 2008, FASB issued FASB Staff Position No. 157-2 ("FSP 157-2") which delays the effective date of SFAS No. 157 for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. The adoption of FSP 157-2 did not have a material impact on the company's financial statements.

In April 2009, FASB issued FASB Staff Position No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" ("FSP 115-2 and FAS 124-2"). FSP 115-2 and FAS 124-2 are intended to provide greater clarity to investors about the credit and noncredit component of an other-than-temporary impairment event and to more effectively communicate when an other-than-temporary impairment event has occurred. FSP 115-2 and FAS 124-2 apply to fixed maturity securities only and requires separate display of losses related to credit deterioration and losses related to other market factors. When an entity does not intend to sell the security and it is more likely than not that an entity will not have to sell the security before recovery of its cost basis, it must recognize the credit component of an other-than-temporary impairment in earnings and the remaining portion in other comprehensive income. In addition, upon adoption of FSP 115-2 and FAS 124-2, an entity will be required to record a cumulative-effect adjustment as of the beginning of the period of adoption to reclassify the noncredit component of a previously recognized other-than-temporary impairment from retained earnings to accumulated other comprehensive income. FSP 115-2 and FAS 124-2 is effective for interim and annual reporting periods ending after June 15, 2009. The adoption of FAS 115-2 and FAS 124-2 did not have a material impact on the company's financial statements.

In April 2009, FASB issued FASB Staff Position No. 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" ("FSP 157-4"). FSP 157-4 provides additional authoritative guidance to assist both issuers and users of financial statements in determining whether a market is active or inactive, and whether a transaction is distressed. FSP 157-4 is effective for interim and annual reporting periods ending after June 15, 2009, and shall be applied prospectively. The adoption of FSP 157-4 did not have a material impact on the company's financial statements.

In April 2009, the FASB issued FASB Staff Position FAS No. 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments" ("FSP 107-1 and APB 28-1"). FSP 107-1 and APB 28-1 require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. FSP 107-1 and APB 28-1 is effective for interim reporting periods ending after June 15, 2009. The

adoption of FSP 107-1 and APB 28-1 did not have a material impact on the company's financial statements.

In April 2009, the FASB issued FASB Staff Position FAS No. 141R-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise From Contingencies" ("FSP 141R-1"). FSP 141R-1 amends and clarifies SFAS No. 141R to address application issues regarding initial recognition and measurement, subsequent measurement and accounting and disclosure of assets and liabilities arising from contingencies in a business combination. FSP 141R-1 is effective for assets or liabilities arising from contingencies in business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Although the Company did not enter into any business combinations during the first six months of 2009, the Company believes FSP 141R-1 may have a material impact on the Company's future consolidated financial statements depending on the size and nature of any future business combinations that the Company may enter into.

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WEIS MARKETS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

2) Current Relevant Accounting Standards (continued)

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events" ("SFAS 165"). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 is effective for fiscal years and interim periods ended after June 15, 2009. The adoption of SFAS 165 did not have a material impact on the company's financial statements. The company evaluated any subsequent events through the date of this filing and there are no material subsequent events which require further disclosure.

In June 2009, the FASB issued SFAS No. 168, "The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No. 162" ("SFAS 168"). SFAS 168 provides for the FASB Accounting Standards Codification™ (the "Codification") to become the single official source of authoritative, nongovernmental U.S. generally accepted accounting principles (GAAP), except for rules and interpretive releases of the SEC, which are sources of authoritative GAAP for SEC registrants. All other non-grandfathered, non-SEC accounting literature not included in the Codification will become nonauthoritative. This standard is effective for financial statements issued for fiscal years and interim periods ending after September 15, 2009. As the Codification was not intended to change or alter existing GAAP, it will not have any impact on the company's consolidated financial statements.

(3) Comprehensive Income

The components of comprehensive income, net of related tax, for the periods ended June 27, 2009 and June 28, 2008 are as follows:

<i>(dollars in thousands)</i>	<u>13 Weeks Ended</u>		<u>26 Weeks Ended</u>	
	<u>June 27, 2009</u>	<u>June 28, 2008</u>	<u>June 27, 2009</u>	<u>June 28, 2008</u>
Net income	\$ 15,205	\$ 12,836	\$ 31,723	\$ 21,892
Other comprehensive income by component, net of tax:				
Unrealized holding gains (losses) arising during period (Net of deferred taxes of \$31 and \$467 respectively for the 13 Weeks Ended and \$312 and \$1,182 respectively for the 26 Weeks Ended)	44	(659)	(439)	(1,667)
Comprehensive income, net of tax	\$ 15,249	\$ 12,177	\$ 31,284	\$ 20,225

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WEIS MARKETS, INC.
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview