

MARCUS CORP
Form 10-Q
October 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 August 27, 2009

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 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).

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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 (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

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 OCTOBER 2, 2009 20,994,666

CLASS B COMMON STOCK OUTSTANDING AT OCTOBER 2, 2009 8,856,671

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THE MARCUS CORPORATION

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

(in thousands, except share and per share data)	(Unaudited) August 27, 2009	(Audited) May 28, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,231	\$ 6,796
Accounts and notes receivable, net of reserves	12,303	12,239
Receivables from joint ventures, net of reserves	145	194
Deferred income taxes	3,242	3,139
Other current assets	8,740	7,776
Total current assets	32,661	30,144
Property and equipment:		
Land and improvements	89,142	89,090
Buildings and improvements	512,242	512,002
Leasehold improvements	60,425	60,423
Furniture, fixtures and equipment	211,234	210,684
Construction in progress	12,614	8,489
Total property and equipment	885,657	880,688
Less accumulated depreciation and amortization	293,124	285,132
Net property and equipment	592,533	595,556
Other assets:		
Investments in joint ventures	1,408	1,391
Goodwill	44,552	44,552
Condominium units held for sale	5,912	5,912
Other	33,756	33,968
Total other assets	85,628	85,823
TOTAL ASSETS	\$ 710,822	\$ 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) August 27, 2009	(Audited) May 28, 2009
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Notes payable	\$ 228	\$ 229
Accounts payable	15,336	22,743
Income taxes	4,765	796
Taxes other than income taxes	12,966	13,015
Accrued compensation	6,071	4,665
Other accrued liabilities	26,223	24,540
Current maturities of long-term debt	14,432	14,432
Total current liabilities	80,021	80,420
Long-term debt	231,287	240,943
Deferred income taxes	33,489	32,024
Deferred compensation and other	30,246	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 22,332,842 shares at August 27, 2009 and 22,329,978 shares at May 28, 2009	22,333	22,330
Class B Common Stock, \$1 par; authorized 33,000,000 shares; issued and outstanding 8,856,671 shares at August 27, 2009 and 8,859,535 shares at May 28, 2009	8,857	8,860
Capital in excess of par	47,890	47,649
Retained earnings	281,386	273,637
Accumulated other comprehensive loss	(2,658)	(2,781)
	357,808	349,695
Less cost of Common Stock in treasury (1,338,062 shares at August 27, 2009 and 1,364,585 shares at May 28, 2009)	(22,029)	(22,255)
Total shareholders equity	335,779	327,440
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$ 710,822	\$ 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)

	13 Weeks Ending	
	August 27, 2009	August 28, 2008
Revenues:		
Theatre admissions	\$ 43,122	\$ 42,519
Rooms	22,897	28,891
Theatre concessions	20,803	21,203
Food and beverage	11,475	13,568
Other revenues	11,856	14,190
Total revenues	110,153	120,371
Costs and expenses:		
Theatre operations	35,003	33,275
Rooms	8,103	9,268
Theatre concessions	5,230	5,308
Food and beverage	8,700	10,551
Advertising and marketing	5,047	5,889
Administrative	9,677	10,479
Depreciation and amortization	8,088	8,271
Rent	1,968	1,931
Property taxes	2,979	3,848
Other operating expenses	6,383	7,604
Total costs and expenses	91,178	96,424
Operating income	18,975	23,947
Other income (expense):		
Investment income	104	361
Interest expense	(2,972)	(3,797)
Gain (loss) on disposition of property, equipment and other assets	7	(68)
Equity losses from unconsolidated joint ventures, net	(31)	(84)
	(2,892)	(3,588)
Earnings before income taxes	16,083	20,359
Income taxes	5,865	7,926
Net earnings	\$ 10,218	\$ 12,433
Net earnings per share basic:		
Common Stock	\$ 0.35	\$ 0.43
Class B Common Stock	\$ 0.32	\$ 0.39
Net earnings per share diluted:		
Common Stock	\$ 0.34	\$ 0.42
Class B Common Stock	\$ 0.32	\$ 0.39
Dividends per share:		
Common Stock	\$ 0.085	\$ 0.085

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Class B Common Stock
See accompanying notes to consolidated financial statements.

\$ 0.077 \$ 0.077

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

(in thousands)	13 Weeks Ending	
	August 27, 2009	August 28, 2008
OPERATING ACTIVITIES:		
Net earnings	\$ 10,218	\$ 12,433
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Losses on loans to and investments in joint ventures	32	84
Loss (gain) on disposition of property, equipment and other assets	(7)	68
Amortization of loss on swap agreement	28	38
Amortization of favorable lease right	83	83
Depreciation and amortization	8,088	8,271
Stock compensation expense	375	298
Deferred income taxes	1,293	(392)
Deferred compensation and other	(397)	165
Changes in operating assets and liabilities:		
Accounts and notes receivable	97	2,467
Other current assets	(964)	(1,672)
Accounts payable	(5,691)	(1,022)
Income taxes	3,974	8,728
Taxes other than income taxes	(49)	724
Accrued compensation	1,406	865
Other accrued liabilities	1,683	3,048
Total adjustments	9,951	21,753
Net cash provided by operating activities	20,169	34,186
INVESTING ACTIVITIES:		
Capital expenditures	(6,709)	(9,342)
Proceeds from disposals of property, equipment and other assets	35	