

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1996-01-11** | Period of Report: **1995-11-30**
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FILER

CINTAS CORP

CIK: **723254** | IRS No.: **311188630** | State of Incorporation: **WA** | Fiscal Year End: **0531**
Type: **10-Q** | Act: **34** | File No.: **000-11399** | Film No.: **96502844**
SIC: **2320** Men's & boys' furnishgs, work clothg, & allied garments

Mailing Address
6800 CINTAS BOULEVARD
P O BOX 625737
CINCINNATI OH 45262

Business Address
6800 CINTAS BLVD
P O BOX 625737
CINCINNATI OH 45262
5134591200

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended November 30, 1995

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 0-11399

CINTAS CORPORATION
(Exact name of registrant as specified in its charter)

WASHINGTON
(State or other jurisdiction of
incorporation or organization)

31-1188630
(I.R.S. Employer
Identification No.)

6800 CINTAS BOULEVARD
P.O. BOX 625737
CINCINNATI, OHIO 45262-5737
(Address of principal executive offices)
(Zip Code)

(513) 459-1200
(Registrant's telephone number, including area code)

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

Class	Outstanding January 9, 1996
Common Stock, no par value	47,105,294

CINTAS CORPORATION
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CINTAS CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEET
(In thousands except share data)

	November 30, 1995 (Unaudited)	May 31, 1995
<TABLE>		
<CAPTION>		
ASSETS		
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	\$ 6,615	\$ 6,685
Marketable securities	53,799	38,797
Accounts receivable (net)	77,522	69,032
Inventories	37,384	36,883
Uniforms and other rental items in service	95,281	88,670

Prepaid expenses	1,189	1,355
Total current assets	271,790	241,422
Property, plant and equipment:		
Cost	353,613	333,390
Less accumulated depreciation	(111,642)	(105,393)
	241,971	227,997
Other assets	124,900	126,762
	\$ 638,661	\$ 596,181

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 20,892	\$ 17,265
Accrued liabilities	41,706	42,158
Income taxes -		
Current	1,667	2,191
Deferred	26,123	23,368
Long-term debt due within one year	11,276	10,030
Total current liabilities	101,664	95,012
Long-term debt due after one year	118,366	120,275
Deferred income taxes	18,089	16,550

Shareholders' equity:

Preferred stock, no par value, 100,000 shares authorized, none outstanding	-----	-----
Common stock, no par value, 120,000,000 shares authorized, 47,070,545 shares issued and outstanding (47,005,340 at May 31, 1995)	42,466	42,035
Retained earnings	358,420	323,284
Cumulative translation adjustment	(344)	(975)
Total shareholders' equity	400,542	364,344
	\$638,661	\$596,181

</TABLE>

See accompanying notes.

(Unaudited)
(In thousands except per share data)

<TABLE>
<CAPTION>

	Three months ended November 30		Six Months ended November 30	
<S>	1995 <C>	1994 <C>	1995 <C>	1994 <C>
Revenues:				
Net rentals	\$ 159,855	\$ 132,494	\$ 314,123	\$ 259,788
Net sales	22,514	19,097	38,589	33,840
	182,369	151,591	352,712	293,628
Costs and expenses (income):				
Cost of rentals	90,712	75,610	177,988	147,800
Cost of sales	18,698	16,479	32,509	28,845
Selling and administrative expenses	40,252	32,793	80,970	67,058
Interest income	(447)	(438)	(868)	(936)
Interest expense	2,293	1,824	4,803	3,345
	151,508	126,268	295,402	246,112
Income before income taxes	30,861	25,323	57,310	47,516
Income taxes	12,014	9,567	22,175	18,000
Net income	\$ 18,847	\$ 15,756	\$ 35,135	\$ 29,516
Earnings per share	\$.40	\$.34	\$.75	\$.63
Weighted average number of shares outstanding	47,053	46,829	47,043	46,815

</TABLE>

See accompanying notes

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<TABLE>

CINTAS CORPORATION
CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS
(Unaudited)
(In thousands)

Six Months Ended
November 30

<S>	<C>	<C>
	1995	1994
Cash flows from operating activities:		
Net income	\$35,135	\$29,516
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	14,037	12,954
Amortization of deferred charges	6,275	5,538
Provision for losses on accounts receivable	973	363
Change in current assets and liabilities:		
Accounts receivable	(9,463)	(9,440)
Inventories	(7,112)	(12,037)
Prepaid expenses	166	(18)
Accounts payable	3,627	(417)
Accrued liabilities	(452)	101
Income taxes payable	(524)	2,173
Deferred income taxes	4,294	2,064
Net cash provided by operating activities	46,956	30,797
Cash flows from investing activities:		
Capital expenditures	(28,011)	(25,346)
Change in other assets	(628)	(319)
Proceeds from sale or redemption of marketable securities	42,586	32,469
Purchase of marketable securities	(57,588)	(15,707)
Acquisition of businesses net of cash acquired	(2,289)	(5,911)
Net cash used by investing activities	(45,930)	(14,814)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	408	-----
Repayment of long-term debt	(1,935)	(8,659)
Issuance of common stock	423	457
Tax benefit resulting from exercise of employee stock options	8	74
Purchase of treasury stock	----	(7,044)
Net cash used in financing activities	(1,096)	(15,172)
Net (decrease) increase in cash and cash equivalents	(70)	811

Cash and cash equivalents at beginning of period	6,685	8,449
Cash and cash equivalents at end of period	\$ 6,615	\$ 9,260

</TABLE>

See accompanying notes.

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CINTAS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(Unaudited)

1. The consolidated condensed financial statements of Cintas Corporation (the "Company") included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. While the Company believes that the disclosures presented are adequate to make the information not misleading, it is suggested that these consolidated condensed financial statements be read in conjunction with the financial statements and notes included in the Company's most recent annual report for the fiscal year ended May 31, 1995.

2. Interim results are subject to variations and are not necessarily indicative of the results of operations for a full fiscal year. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary for a fair statement of the results of the interim periods shown have been made.

3. Stock Options:

Under a stock option plan adopted by the Company in fiscal 1993 (the "1993 Plan"), the Company may grant officers and key employees incentive stock options and/or non-qualified stock options to purchase an aggregate of 2,300,000 shares of the Company's common stock. Options are generally granted at the fair market value of the underlying Common Stock on the date of the grant and generally become exercisable at the rate of 20% per year commencing five years after grant, so long as the holder remains an employee of the Company.

At November 30, 1995, options as to 1,448,619 shares granted

under the 1993 Plan and a previous plan, were outstanding at prices ranging from \$5.92 - \$38.75 per share. Of these options outstanding, 167,109 were exercisable at May 31, 1995. During the first quarter of fiscal 1996, options as to 39,426 shares were exercised ranging in price from \$5.92 to \$13.33 per share. During the second quarter of fiscal 1996, options as to 28,371 shares were exercised ranging in price from \$7.96 to \$13.33.

In fiscal year 1991, Shareholders adopted a stock option plan for the non-employee members of its Board of Directors, and granted options for 30,000 shares of common stock (the "1991 Directors' Plan"). Options were granted at 100% of the market value of the underlying Common Stock on the date immediately prior to the grant and become exercisable at a rate of 25% per year commencing two years after grant, so long as the holder remains on the Board of Directors. In fiscal 1995, shareholders voted to adopt the 1994 Directors' Stock Option Plan (the "1994 Directors' Plan"). The 1994 Directors' Plan provides for each non-employee Director of the Company to be granted an option to purchase 1,000 shares of Cintas Common Stock, and, upon each subsequent election as a Director, another option for 1,000 shares. The total number of shares which may be granted under this Plan is 30,000 shares. Options under the 1994 Directors' Plan are granted at 100% of the market value of the underlying Common Stock on the date of grant and become exercisable at a rate of 25% per year commencing one year after grant, so long as the holder remains on the Board of Directors. As of November 30, 1995, under both Directors' plans, options for 37,000 shares are outstanding, ranging in price from \$13.33 to \$43.25, of which 26,000 shares are exercisable.

4. Inventories:

Inventories are valued at the lower of cost (first-in, first-out) or market. Substantially all inventories represent finished goods.

5. Supplemental Cash Flow Disclosures:

Cash paid during the six months ended November 30, 1995 and 1994.

<TABLE>

	<S>	<C>	<C>
		1995	1994
Interest, net of amount capitalized		\$ 4,183,000	\$ 3,299,000
Income taxes		\$19,103,000	\$13,588,000

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Total revenues increased 20% in the three months and six months ended November 30, 1995 over the same periods in the prior fiscal year. Net rental revenue increased 21% for both the three months and six months ended November 30, 1995. Growth in the customer base and price increases in established operations accounted for a 16% increase and the remaining 5% was due primarily to acquisitions. Second quarter revenues from the sale of uniforms and other direct sale items increased 18% over the prior year's second quarter. For the six months ended November 30, 1995, sales increased 14% over the same period in fiscal 1995. The increase in revenues from the sale of uniforms and other direct sale items is attributable to an increase in unit sales and was not significantly affected by acquisitions.

Net income increased 20% and 19% for the three months and six months ended November 30, 1995, respectively, over the same periods in fiscal 1995. The increase in net income for the six months ended November 30, 1995, over the same period in the prior year was primarily the result of increased revenues.

Net interest expense (interest expense less interest income) was \$1,846,000 and \$3,935,000 for the three months and six months ended November 30, 1995, respectively, compared to \$1,386,000 and \$2,409,000, respectively, for the same two periods in the prior fiscal year. Net interest expense has increased primarily due to an increase in the amount of long-term debt associated with the acquisition of Cadet Uniform Services, Ltd. in the third quarter of fiscal 1995.

During the first quarter of fiscal 1996, the Company announced plans to open a new distribution center in Montgomery, Alabama. The new distribution center will service the Company's operations in the South, Southeast and Southwest regions of the United States. The expansion into Montgomery, as well as an expansion of the Cincinnati distribution center, will allow the Company to free up capacity in Cincinnati in order to more effectively service growth in the Midwest, on the East Coast and Canada.

During the second quarter of fiscal 1996, the Company entered eight new markets and continued construction of new uniform rental facilities in Austin, Texas; Denver, Colorado; Indianapolis, Indiana; and Las Vegas, Nevada.

Financial Condition

Marketable securities have increased since May 31, 1995, primarily due to an increase in cash generated from internal operations.

Property, plant and equipment have increased from May 31, 1995, primarily due to the construction of new uniform rental facilities previously mentioned as well as the expansion of other existing uniform rental facilities in several U.S. cities.

The Company believes that its current cash position, funds anticipated to be generated from operations and the strength of its banking relationships are sufficient to meet its anticipated operational and capital needs requirements.

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CINTAS CORPORATION

Part II. Other Information

Item 4. Submission of matters to a vote of security holders

The Annual Shareholders' meeting of the Company was held on October 19, 1995, at which the following issues were adopted by shareholders:

Issue No. 1

Authority to amend the 1992 Stock Option Plan.

FOR 36,476,709 AGAINST 1,416,708 ABSTAIN 109,282 BROKER NON-VOTES 0

Issue No. 2

Authority to elect eight (8) Directors.

<TABLE>

<S>	<C>	<C>	<C>	<C>
Name	Shares For	Shares - Withheld Authority	Shares Abstained	Broker Non-Votes
Richard T. Farmer	37,599,265	242,637	0	0
Scott D. Farmer	37,583,876	238,027	0	0
Gerald V. Dirvin	37,665,803	156,009	0	0
James J. Gardner	37,583,318	238,585	0	0

Roger L. Howe	37,681,918	159,985	0	0
Donald P. Klekamp	37,582,984	220,918	0	0
Robert J. Kohlhepp	37,599,116	242,787	0	0
John S. Lillard	37,680,969	160,933	0	0

</TABLE>

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Item 6. Exhibits and Reports on Form 8-K

(a.) Exhibit Index

Exhibit Number	Description of Exhibit
27	Financial Data Schedule

(b.) No reports were filed on Form 8-K during the quarter.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CINTAS CORPORATION
(Registrant)

Date: January 9, 1996

William C. Gale

William C. Gale
Vice President - Finance
(Chief Accounting Officer)

<TABLE> <S> <C>

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<PERIOD-TYPE>	6-MOS
<FISCAL-YEAR-END>	MAY-31-1996
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