

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-01-12** | Period of Report: **1993-11-30**
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FILER

LUBYS CAFETERIAS INC

CIK: **16099** | IRS No.: **741335253** | State of Incorpor.: **TX** | Fiscal Year End: **0831**
Type: **10-Q** | Act: **34** | File No.: **001-08308** | Film No.: **94501079**
SIC: **5812** Eating places

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SAN ANTONIO TX 78265-3069
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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

(Mark One)

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

For the quarterly period ended November 30, 1993

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: 1-8308

LUBY'S CAFETERIAS, INC.

(Exact name of registrant as specified in its charter)

Delaware

74-1335253

(State or other jurisdiction of
incorporation or organization)

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

2211 Northeast Loop 410, P. O. Box 33069
San Antonio, Texas

78265-3069

(Address of principal executive offices)

(Zip Code)

210/654-9000

(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 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.

Common Stock: 26,388,690 shares outstanding as of November 30, 1993 (exclusive of 1,014,377 treasury shares)

FORM 10-Q

Part I - FINANCIAL INFORMATION

Item 1. Financial Statements.

LUBY'S CAFETERIAS, INC.
STATEMENTS OF INCOME AND RETAINED EARNINGS

(UNAUDITED)

| | Three Months Ended November 30, | |
|---|---|---------------|
| | 1993 | 1992 |
| | (Amounts in thousands except per share data) | |
| Sales | \$ 94,166 | \$ 88,597 |
| Costs and expenses: | | |
| Cost of food | 23,959 | 22,174 |
| Payroll and related costs | 26,010 | 24,762 |
| Occupancy and other operating expenses | 27,296 | 25,312 |
| General and administrative expenses | 3,577 | 4,230 |
| | <u>80,842</u> | <u>76,478</u> |
| Income from operations | <u>13,324</u> | <u>12,119</u> |
| Other income, net | 458 | 345 |
| | <u>13,782</u> | <u>12,464</u> |
| Provision for income taxes - Note 2 | 5,177 | 4,612 |
| | <u>8,605</u> | <u>7,852</u> |
| Cumulative effect as of August 31, 1993 of change in method of accounting for income taxes - Note 2 | 1,563 | --- |

| | | |
|--|------------------|------------------|
| Net income | 10,168 | 7,852 |
| Retained earnings at beginning of period | 206,214 | 185,789 |
| Cash dividends | (3,958) | (3,663) |
| Treasury stock transactions | --- | (1) |
| Retained earnings at end of period | <u>\$212,424</u> | <u>\$189,977</u> |
| Earnings per share: | | |
| Income before cumulative effect of accounting change | \$.32 | \$.29 |
| Cumulative effect of accounting change - Note 2 | .06 | --- |
| Net income per share | <u>\$.38</u> | <u>\$.29</u> |
| Cash dividend per share | <u>\$.15</u> | <u>\$.135</u> |
| Average number of shares outstanding | 26,828 | 27,134 |

See accompanying notes.

Part I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued).

LUBY'S CAFETERIAS, INC.
CONDENSED BALANCE SHEETS
(UNAUDITED)

| | |
|----------------------|--------------------|
| November 30, 1993 | August 31, 1993 |
|----------------------|--------------------|

(Thousands of dollars)

ASSETS

Current assets:

| | | |
|--------------------------------------|---------------|---------------|
| Cash and cash equivalents | \$ 16,523 | \$ 34,305 |
| Trade accounts and other receivables | 348 | 602 |
| Inventories | 4,003 | 3,426 |
| Prepaid expenses | 2,750 | 2,467 |
| Deferred income taxes | 3,326 | 3,018 |
| Total current assets | <u>26,950</u> | <u>43,818</u> |

| | | |
|--|------------------|------------------|
| Investments and other assets - at cost | 13,076 | 13,495 |
| Property, plant and equipment - at cost, net | 245,734 | 244,786 |
| | <u>\$285,760</u> | <u>\$302,099</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable - trade | \$ 8,124 | \$ 9,688 |
| Dividends payable | 3,958 | 4,084 |
| Accrued expenses and other liabilities | 21,626 | 26,759 |
| Income taxes payable | 6,873 | 2,793 |
| Total current liabilities | <u>40,581</u> | <u>43,324</u> |
| Deferred income taxes and other credits | 18,654 | 19,827 |
| Shareholders' equity: | | |
| Common stock | 8,769 | 8,769 |
| Paid-in capital | 26,993 | 27,037 |
| Retained earnings | 212,424 | 206,214 |
| Less cost of treasury stock | (21,661) | (3,072) |
| Total shareholders' equity | <u>226,525</u> | <u>238,948</u> |
| | <u>\$285,760</u> | <u>\$302,099</u> |

See accompanying notes.

Part I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued).

LUBY'S CAFETERIAS, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| | Three Months Ended November 30, | |
|---|------------------------------------|----------|
| | 1993 | 1992 |
| | <u>(Thousands of dollars)</u> | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 10,168 | \$ 7,852 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 3,876 | 3,741 |
| Cumulative effect of accounting change | (1,563) | --- |
| Decrease in accrued expenses | | |

| | | |
|--|----------|----------|
| and other liabilities | (5,133) | (1,682) |
| Other | 1,872 | (1,034) |
| | <hr/> | <hr/> |
| Net cash provided by operating activities | 9,220 | 8,877 |
| | <hr/> | <hr/> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property, plant and equipment | (4,285) | (4,177) |
| | <hr/> | <hr/> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from issuance of common stock under employee benefit plans | 82 | --- |
| Principal payments of long-term debt | --- | (115) |
| Purchases of treasury stock | (18,715) | --- |
| Dividends paid | (4,084) | (3,663) |
| | <hr/> | <hr/> |
| Net cash used in financing activities | (22,717) | (3,778) |
| | <hr/> | <hr/> |
| Net increase (decrease) in cash and cash equivalents | (17,782) | 922 |
| Cash and cash equivalents at beginning of period | 34,305 | 12,294 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at end of period | \$16,523 | \$13,216 |
| | <hr/> | <hr/> |

See accompanying notes.

Part I - FINANCIAL INFORMATION (continued)

Item 1. Financial Statements (continued).

LUBY'S CAFETERIAS, INC.
NOTES TO FINANCIAL STATEMENTS
November 30, 1993
(UNAUDITED)

Note 1. All adjustments which are, in the opinion of the management, necessary to a fair statement of the results for the interim periods have been made. All such adjustments are of a normal recurring nature. The results for the interim period are not necessarily indicative of the results to be expected for the full year.

Note 2. Effective September 1, 1993, the Company adopted FASB Statement No. 109, "Accounting for Income Taxes." Under Statement 109, the liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws

that will be in effect when the differences are expected to reverse. Prior to the adoption of Statement 109, income tax expense was determined using the deferred method. Deferred tax expense was based on items of income and expense that were reported in different years in the financial statements and tax returns and were measured at the tax rate in effect in the year the difference originated.

As permitted by Statement 109, the Company has elected not to restate the financial statements of any prior years. The effect of the change on pretax income from continuing operations for the three month periods ended November 30, 1993 and 1992, was not material; however, the cumulative effect of the change increased net income by \$1,563,000, or \$.06 per share.

Part I - FINANCIAL INFORMATION (continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Liquidity and Capital Resources

Cash and cash equivalents decreased by \$17,782,000 from the end of the preceding fiscal year to November 30, 1993. All capital expenditures for fiscal 1994 are being funded from cash flows from operations and cash equivalents. Capital expenditures for the three months ended November 30, 1993, were \$4,285,000. Also, during the three months ended November 30, 1993, the Company purchased 845,000 shares of its common stock at a cost of \$18,715,000, which are being held as treasury stock.

As of November 30, 1993, the Company owned 17 undeveloped land sites and four land sites on which cafeterias are under construction.

Results of Operations

Quarter ended November 30, 1993, compared to the quarter ended November 30, 1992.

Sales increased \$5,569,000, or 6.3%, due to the addition of one new cafeteria in fiscal 1994 and six in fiscal 1993, and due to an increase in average sales volume at cafeterias opened over one year.

Cost of food increased \$1,785,000, or 8%, due primarily to the increase in sales and higher food costs for certain items such as poultry, oils and shortening. Payroll and related costs increased \$1,248,000, or 5%, due primarily to the increase in sales, and were partially offset by lower costs of workers' compensation insurance. Occupancy and other operating expenses

increased \$1,984,000, or 7.8%, due primarily to the increase in sales, higher advertising expenditures, and higher managers' salaries, which are based on the profitability of the cafeterias. General and administrative expenses decreased \$653,000, or 15.4%, due to the lower Company contribution to the profit sharing and retirement plan as determined by the plan's provisions during the quarter ended November 30, 1993, and last year's first quarter included costs for the settlement of litigation.

The provision for income taxes increased \$565,000, or 12.3%, due primarily to the increase in operating income. The effective income tax rate increased from 37% to 37.6% due primarily to the increase in federal income tax rates effective January 1, 1993.

Part II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

11 - Statement re computation of per share earnings.

(b) Reports on Form 8-K

No reports on Form 8-K have been filed during the quarter for which this report is filed.

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.

LUBY'S CAFETERIAS, INC.
(Registrant)

By: Ralph Erben

Ralph Erben
President
Chief Executive Officer

By: John E. Curtis, Jr.

John E. Curtis, Jr.
Senior Vice President
Chief Financial Officer

Dated: January 12, 1994

COMPUTATION OF PER SHARE EARNINGS

The following is a computation of the weighted average number of shares outstanding which is used in the computation of per share earnings for Luby's Cafeterias, Inc. for the three months ended November 30, 1993 and 1992.

Three months ended November 30, 1993:

| | |
|---|---------------|
| 27,227,108 x shares outstanding for 1 day | 27,227,108 |
| 27,214,570 x shares outstanding for 15 days | 408,218,550 |
| 27,145,448 x shares outstanding for 14 days | 380,036,272 |
| 27,022,276 x shares outstanding for 12 days | 324,267,312 |
| 26,820,618 x shares outstanding for 19 days | 509,591,742 |
| 26,420,208 x shares outstanding for 11 days | 290,622,288 |
| 26,388,690 x shares outstanding for 19 days | 501,385,110 |
| | <hr/> |
| | 2,441,348,382 |
| Divided by number of days during the period | 91 |
| | <hr/> |
| | 26,828,004 |

Three months ended November 30, 1992:

| | |
|---|---------------|
| 27,133,567 x shares outstanding for 28 days | 759,739,876 |
| 27,133,663 x shares outstanding for 23 days | 624,074,249 |
| 27,134,265 x shares outstanding for 40 days | 1,085,370,600 |
| | <hr/> |
| | 2,469,184,725 |
| Divided by number of days during the period | 91 |
| | <hr/> |
| | 27,133,898 |