

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

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.: **94501157**
SIC: **2320** Men's & boys' furnishgs, work clothg, & allied garments

Business Address
6800 CINTAS BLVD PO 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, 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 0-11399

CINTAS CORPORATION

(Exact name of registrant as specified in its charter)

WASHINGTON

31-

1188630

(State or other jurisdiction of
Employer
incorporation or organization)
No.)

(I.R.S.

Identification

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 8, 1994
Common Stock, no par value	46,706,146

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CINTAS CORPORATION
 CONSOLIDATED CONDENSED BALANCE SHEET
 (Dollars in Thousands)

<S>	November 30, 1993 (Unaudited)	May 31, 1993
ASSETS		
	<C>	<C>
Current assets:		
Cash and cash equivalents	\$ 9,266	\$ 14,192
Marketable securities, at cost, which approximates market	51,201	40,777
Accounts receivable (net)	56,294	48,075
Inventories	25,940	21,452
Uniforms and other rental items in service	68,332	61,001
Prepaid expenses	2,104	1,636
Total current assets	213,137	187,133
Property, plant and equipment:		
Cost	274,742	263,053
Less accumulated depreciation	(90,204)	(82,206)
	184,538	180,847
Investments and other assets	84,771	86,185
	\$ 482,446	\$ 454,165
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 26,586	\$ 20,637
Accrued liabilities	18,885	28,638
Income taxes -		
Current	7,322	1,616
Deferred	20,952	9,823
Long-term debt due within one year	9,643	4,462
Total current liabilities	83,388	65,176
Long-term debt due after one year	95,956	103,611
Deferred income taxes	13,747	20,464
Shareholders' equity:		
Preferred stock, no par value, 100,000 shares authorized, none outstanding	-----	----
- -		
Common stock, no par value, 120,000,000 shares authorized, 46,692,022 shares issued and outstanding (46,578,791 at May 31, 1993)	40,458	39,869
Retained earnings	249,845	225,722
Cumulative translation adjustment	(948)	(677)
Total shareholders' equity	289,355	264,914

\$ 482,446

\$ 454,165

<FN>

See accompanying notes

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CINTAS CORPORATION
CONSOLIDATED CONDENSED STATEMENT OF INCOME
(Unaudited)
(Amounts in Thousands Except Per Share Amounts)

	Three months ended		Six Months ended	
	November 30		November 30	
	1993	1992	1993	1992
<S>				
Revenues:	<C>	<C>	<C>	<C>
Net rentals	\$ 114,280	\$ 97,329	\$ 226,196	\$ 192,835
Net sales	15,503	13,651	25,811	22,807
	129,783	110,980	252,007	215,642
Costs and expenses (income):				
Cost of rentals	63,877	53,807	126,605	107,393
Cost of sales	12,827	11,929	22,106	20,254
Selling and administrative expenses	29,866	25,057	60,283	51,254
Interest income	(447)	(341)	(753)	(575)
Interest expense	1,754	1,777	3,567	3,154
	107,877	92,229	211,808	181,480
Income before income taxes	21,906	18,751	40,199	34,162
Income taxes	8,326	7,104	16,076	12,950
Net income	\$ 13,580	\$ 11,647	\$ 24,123	\$ 21,212
Earnings per share	\$.29	\$.25	\$.52	\$.46
Weighted average number of shares outstanding	46,680	46,316	46,658	46,266

<FN>

See accompanying notes.

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CINTAS CORPORATION
CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS
SIX MONTHS ENDED NOVEMBER 30, 1993 and 1992
(Unaudited)
(Dollars in thousands)

	Six Months Ended November 30	
	1993	1992
Cash flows from operating activities:		
<S> <C> Net income	<C> \$ 24,123	\$ 21,212
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	11,965	10,565
Amortization of deferred charges	5,348	3,898
Provision for losses on accounts receivable	587	774
Change in current assets and liabilities:		
Accounts receivable	(8,224)	(5,170)
Inventories	(11,132)	263
Prepaid expenses	(468)	34
Accounts payable	5,949	6,018
Accrued liabilities	(9,753)	(2,050)
Income taxes payable	5,706	609
Deferred income taxes	4,412	3,355
Net cash provided by operating activities	28,513	39,508
Cash flows from investing activities:		
Capital expenditures	(15,595)	(13,238)
Additions to investments and other assets	540	(3,665)
Proceeds from sale or redemption of marketable securities		14,965
11,388		
Purchase of marketable securities	(25,389)	(41,147)
Acquisition of businesses net of cash acquired	(6,075)	(4,250)
Net cash used by investing activities	(31,554)	(50,912)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	63	15,665
Repayment of long-term debt	(2,537)	(4,735)
Increase in common stock	227	91
Tax benefit resulting from exercise of employee stock options		362
248		
Net cash (used by) provided from financing activities		(1,885)
11,269		
Net decrease in cash and cash equivalents	(4,926)	(135)

Cash and cash equivalents at beginning of period	14,192	8,757
Cash and cash equivalents at end of period	\$ 9,266	\$ 8,622

<FN>

See accompanying notes.

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CINTAS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

1. The consolidated condensed financial statements 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.
2. In the opinion of the Company, the accompanying consolidated condensed financial statements contain all adjustments necessary to present fairly the financial position as of November 30, 1993 and May 31, 1993, the results of operations for the three months and six months ended November 30, 1993 and 1992, and cash flows for the six months ended November 30, 1993 and 1992.
3. The results of operations for the six months ended November 30, 1993 are not necessarily indicative of the results to be expected for the full year.
4. The Company's net income and earnings per share for the six months ended November 30, 1993 were adversely impacted by one-time tax adjustments relating to the Omnibus Budget Reconciliation Act of 1993, a new tax law enacted on August 10, 1993. The reported tax expense includes one-time charges of approximately \$274,000 to retroactively apply the new tax rates to January 1, 1993. This one-time charge was partially offset by jobs tax credits of \$201,000 which the new tax law extended retroactive to June 30, 1992. In addition, during the first quarter of 1994, the Company adopted SFAS No. 109, Accounting for Income Taxes, which necessitated the reclassification of certain deferred tax balances and resulted in a charge to earnings of approximately \$789,000. The effect of these one-time tax adjustments reduced earnings per share by \$.02 per share.
5. Stock Options:

In fiscal year 1993, the Company adopted a new incentive stock option plan for officers and key employees which provides for the issuance of 2,300,000 shares of common stock. This plan replaces a similar plan adopted in 1983 which expired in June, 1993. Options may be granted at 100% to 110% of the 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 May 31, 1993, options as to 1,317,476 shares were outstanding and exercisable at prices ranging from \$2.67 - \$28.75 per share. On July 13, 1993, additional options as to 206,250 shares exercisable at \$26.50 per share were granted under the plan. During the first quarter of fiscal 1994, options as to 101,681 shares were exercised ranging in price from \$2.67 to \$11.17 per share. During the second quarter of fiscal 1994, options as to 22,919 shares were exercised ranging in price from \$3.46 to \$11.17.

In fiscal year 1991, the Company 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. 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.

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6. Inventories:

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

8. Supplemental Cash Flow Disclosures:

Supplemental disclosure with respect to cash flow information and non-cash investing and financing activities is as follows:

Cash paid through the six months ended November 30, 1993 and 1992.

	1993	1992
Interest, net of amounts capitalized	\$3,542,000	\$2,682,000
Income Taxes	\$6,079,000	\$9,222,000

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

Results of Operations

Total revenues increased 17% for the three months and six months ended November 30, 1993 over the same periods in the prior fiscal year. Net rental revenue also increased 17% in the three months and six months ended November 30, 1993, over the same periods in the prior fiscal year. Growth in the customer base and price increases in established operations accounted for a 9% increase in rental revenues and the remaining 8% was due primarily to acquisitions. Second quarter revenues from the sale of uniforms and other direct sale items increased 14% over the prior year's second quarter. For the six months ended November 30, 1993, sales increased 13% over the same period in fiscal 1993. The increases 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.

Pre-tax income increased 17% and 18% for the three months and six months ended November 30, 1993, respectively, over the same periods in fiscal 1993. Net income and earnings per share were adversely impacted by one-time tax adjustments relating to the Omnibus Budget Reconciliation Act of 1993, a new tax law enacted on August 10, 1993. The reported tax expense for the six months ended November 30, 1993 includes one-time charges of approximately \$274,000 to retroactively apply the new tax rates to January 1, 1993. This one-time charge was partially offset by jobs tax credits of \$201,000 which the new tax law extended retroactive to June 30, 1992. In addition, during the first quarter of 1994, the Company adopted SFAS No. 109, Accounting for Income Taxes, which necessitated the reclassification of certain deferred tax balances and resulted in a charge to earnings of approximately \$789,000. The effects of these one-time tax adjustments reduced earnings per share in fiscal 1994 by \$.02 per share.

Income from operations, which excludes interest income and interest expense, as a percent of revenues was 18% for both the second quarter of fiscal 1994 and 1993. Year-to-date, this percentage is 17% for both the six months ended November 30, 1993 and 1992.

Net interest expense (interest expense less interest income) was \$1,307,000 and \$2,814,000 for the second quarter and six months ended November 30, 1993, respectively, compared to \$1,436,000 and \$2,579,000, respectively, for the same two periods in the prior fiscal year. Net interest expense for the second quarter has decreased primarily due to an increase in interest income. Net interest expense has increased for the six months ended November 30, 1993 over the same period in the prior fiscal year primarily due to debt associated with the acquisition of Maryatt Industries in December, 1992.

On November 1, 1993, the Company acquired the Career Apparel Division of Palm Beach Co., Inc. (Palm Beach). Palm Beach was a wholly-owned subsidiary of Plaid Clothing Group headquartered in New York. The acquisition of Palm Beach did not have a significant effect on the second quarter sale of uniforms.

Financial Condition

The Company believes that its capital requirements for operations, capital improvements, repayment of long-term debt and dividends can be made from funds on hand and funds generated from operations.

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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 21, 1993 at which the number of Directors to be elected was established and the Directors of the Company were

elected. The number of Directors to be elected was established at seven and all persons nominated as Directors were elected.

Issue No. 1

Authority to establish the number of Directors to be elected at the meeting at seven (7).

FOR 38,382,204	AGAINST 142,377	ABSTAIN 22,035
BROKER NON-VOTES 0		

Issue No. 2

Authority to elect seven (7) nominees listed below.

Name	Shares For	Shares -	Withheld	Abstaine	Broker Non-Votes
Richard T. Farmer	38,347,258	199,358	0	0	Gerald V.
Dirvin	38,481,758	64,858	0	0	James J.
Gardner	38,346,838	199,778	0	0	Roger L. Howe38,484,828 61,78800
Klekamp	38,347,398	199,218	0	0	Robert J.
Kohlhepp	38,346,468	200,148	0	0	John S.
Lillard	38,484,358	62,258	0	0	

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

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CINTAS CORPORATION

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 8, 1994

David T. Jeanmougin

David T. Jeanmougin
Senior Vice President - Finance
(Chief Financial Officer)

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