

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

MONRO MUFFLER BRAKE INC

CIK: **876427** | IRS No.: **160838627** | State of Incorpor.: **NY** | Fiscal Year End: **0331**
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SIC: **7500** Automotive repair, services & parking

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934.

Date of Report (Date of Earliest Event Reported):

May 27, 2010

MONRO MUFFLER BRAKE, INC.

(Exact name of registrant as specified in its charter)

New York
(State of Incorporation)

0-19357
(Commission File Number)

16-0838627
(I.R.S. Employer Identification No.)

200 Holleder Parkway, Rochester, New York
(Address of Principal Executive Offices)

14615
(Zip Code)

Registrant's telephone number, including area code (585) 647-6400

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

On May 27, 2010, Monro Muffler Brake, Inc. (the "Company") issued a press release announcing its operating results for the fourth quarter and year ended March 27, 2010, as well as first quarter and fiscal 2011 estimated comparable store sales growth and diluted earnings per share. A copy of the press release is furnished herewith as Exhibit 99.1.

Item 8.01 Voluntary Disclosure of Other Events

As previously announced on April 6, 2010, the press release of May 27, 2010 also confirmed that the Company's Board of Directors had approved a \$.02 increase in the Company's cash dividend for the first quarter of the fiscal year 2011 to \$.09 per share. Further details are contained in the press release furnished as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits

- (a) Not applicable.
- (b) Not applicable.
- (c) The following is a list of exhibits furnished with this Current Report on Form 8-K:

Exhibit

<u>No.</u>	<u>Description</u>
99.1	Press Release dated May 27, 2010.

SIGNATURES

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

MONRO MUFFLER BRAKE, INC.

(Registrant)

June 1, 2010

By: /s/ Catherine D' Amico

Catherine D' Amico

Executive Vice President - Finance

CONTACT: Robert Gross
Chairman and Chief Executive Officer
(585) 647-6400

Catherine D' Amico
Executive Vice President - Finance
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(585) 647-6400

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FOR IMMEDIATE RELEASE

**MONRO MUFFLER BRAKE, INC. ANNOUNCES RECORD FOURTH QUARTER AND
FISCAL 2010 FINANCIAL RESULTS**

~ Comparable Store Sales Increase 8.0% for Fourth Quarter; 7.2% for Fiscal 2010 ~
~ Fourth Quarter Net Income Up 93%; EPS \$.28 ~
~ First Quarter 2011 Estimated EPS Range of \$.58 to \$.62 versus \$.46 in First Quarter 2010 ~
~ Fiscal 2011 Estimated EPS Range of \$1.92 to \$2.00 ~

ROCHESTER, N.Y. - May 27, 2010 - Monro Muffler Brake, Inc. (Nasdaq: MNRO), a leading provider of automotive undercar repair and tire services, today announced financial results for its fourth quarter and fiscal year ended March 27, 2010.

Fourth Quarter Results

Sales for the fourth quarter of fiscal 2010 increased 25.7% to a record \$147.2 million compared to \$117.1 million for the fourth quarter of fiscal 2009. Sales growth was driven by recent acquisitions, as well as strong in-store sales execution across all product and service categories. Comparable store sales increased 8.0% (on top of an 11.2% increase last year) exceeding the Company's previous estimate of approximately 7.5%. Comparable store sales increased approximately 15% for tires, 11% for alignments, 6% for exhaust, 5% for brakes and 4% for maintenance services.

Gross margin increased to 39.0% in the fourth quarter from 38.4% in the prior year quarter due to price increases that were implemented in response to increased material costs, improved labor productivity, and leveraging of fixed occupancy costs. The expansion in gross margin was partially offset by the shift in sales mix towards the lower-margin tire category. Total operating expenses were

\$46.9 million, or 31.8% of sales, compared with \$38.9 million, or 33.2% of sales, for the same period of the prior year. The reduction in operating expenses as a percent of sales is largely due to leveraging of these costs against the significant increase in sales, combined with the impact of cost control on discretionary expenses.

Operating income for the quarter increased 73.8% to \$10.5 million from \$6.0 million in the fourth quarter of fiscal 2009. Interest expense was \$1.8 million compared to \$1.3 million in the fourth quarter of fiscal 2009.

Net income for the fourth quarter increased 92.8% to a record \$5.9 million from \$3.0 million in the prior year period. Diluted earnings per share for the quarter increased 86.7% to \$.28, compared to diluted earnings per share of \$.15 in the fourth quarter of fiscal 2009, and exceeded the Company's recently increased estimated range of \$.23 to \$.25. Net income for the fourth quarter reflects an effective tax rate of 33% compared with 36% for the prior year period.

The Company added three locations and closed six locations during the quarter, ending fiscal 2010 with 777 stores.

Fiscal Year Results

Net sales for fiscal 2010 increased 18.6% to a record \$564.6 million from \$476.1 million for fiscal 2009. Comparable store sales increased 7.2% for the year, marking the ninth consecutive year of comparable store sales increases for the Company.

Gross margin increased to 40.9% for fiscal 2010 from 40.2% in the prior year. Total operating expenses were \$171.9 million, or 30.5% of sales, for fiscal 2010, compared with \$147.8 million, or 31.1% of sales, for the prior fiscal year.

Net income for fiscal 2010 increased 37.8% to a record \$33.2 million, or \$1.61 per diluted share, from \$24.1 million, or \$1.20 per diluted share, for fiscal 2009, exceeding the Company's recently increased estimated range of \$1.56 to \$1.58.

Robert G. Gross, Chairman and Chief Executive Officer stated, "We are very pleased with our strong performance for the fourth quarter and fiscal year 2010. Throughout the year, we drove traffic and sales in all of our key categories and acquired and integrated 74 stores. Additionally, during the quarter

we converted 54 Monro service stores in New England to our Black Gold format, which is expected to provide additional momentum in those markets heading into fiscal 2011 and represents a further benefit of the Tire Warehouse acquisition. Further, Tire Warehouse, along with our two other acquisitions during the year - AutoTire and Midwest Tire - saw comparable store sales growth of approximately 11% for the fourth quarter, exceeding our expectations and contributing to our top and bottom-line performance. We are delighted with our comparable store sales increase of 7.2% for the year, on top of a 6.7% increase last year. Notably, fiscal 2010 marked our ninth consecutive year of same store sales growth, proving that our company-operated business model is well positioned to deliver solid results in both favorable and challenging economic times. Overall, we remain very pleased with our performance, which is a direct result of the ability of our employees to execute well and consistently provide excellent service to our loyal customers.”

Dividend Increase

As previously announced, the Company’s Board of Directors has approved a \$.02 increase in the Company’s cash dividend for the first quarter of fiscal year 2011 to \$.09 per share, representing an increase of 28.6% from the quarterly dividends paid in fiscal 2010. The cash dividend is payable on the Company’s outstanding shares of common stock including the shares of common stock to which the holders of the Company’s Class C Convertible Preferred Stock are entitled. The increased dividend will be payable on June 18, 2010 to shareholders of record as of June 8, 2010.

Company Outlook

Based on current visibility and business and economic trends, the Company anticipates fiscal 2011 comparable store sales growth in the range of 4% to 6% and fiscal 2011 diluted earnings per share in the range of \$1.92 to \$2.00. The estimate is based on 21.1 million weighted average shares outstanding. The Company’s expected sales range for the year is \$625 million to \$640 million.

For the first quarter of fiscal 2011, the Company anticipates comparable store sales growth in the range of 4% to 6%. The Company expects diluted earnings per share for the first quarter to be between \$.58 and \$.62, compared to \$.46 for the first quarter of fiscal 2010.

Mr. Gross concluded, “We continue to experience positive trends in our business as we enter fiscal 2011. To date in the first quarter, we achieved comparable store sales growth of approximately 5%. We remain encouraged by the momentum that we are experiencing in our business, particularly as

macro trends in the automotive sector continue to evolve in our favor. We are excited about the opportunities for further market share expansion in fiscal 2011 as we continue to integrate our recent acquisitions into our business and look opportunistically for additional acquisitions in our existing markets. We look forward to becoming the trusted auto service provider for a broader base of loyal customers.”

Earnings Conference Call and Webcast

The Company will host a conference call and audio webcast on Thursday, May 27, 2010 at 11:00 a.m. Eastern Time. The conference call may be accessed by dialing 877-604-9673 and using the required pass code 6349025. A replay will be available approximately one hour after the recording through Thursday, June 10, 2010 and can be accessed by dialing 888-203-1112. The live conference call and replay can also be accessed via audio webcast at the Investor Info section of the Company’ s website, located at www.monro.com. An archive will be available at this website through June 10, 2010.

About Monro Muffler Brake

Monro Muffler Brake operates a chain of stores providing automotive undercar repair and tire services in the United States, operating under the brand names of Monro Muffler Brake and Service, Mr. Tire, Tread Quarters Discount Tires, Autotire and Tire Warehouse. The Company currently operates 783 stores in New York, Pennsylvania, Ohio, Connecticut, Massachusetts, West Virginia, Virginia, Maryland, Vermont, New Hampshire, New Jersey, North Carolina, South Carolina, Indiana, Rhode Island, Delaware, Maine, Illinois and Missouri. Monro’ s stores provide a full range of services for brake systems, steering and suspension systems, tires, exhaust systems and many vehicle maintenance services.

MONRO MUFFLER BRAKE, INC.
 Financial Highlights
 (Unaudited)
 (Dollars and share counts in thousands)

	<u>Quarter Ended Fiscal March</u>		<u>% Change</u>
	<u>2010</u>	<u>2009</u>	
Sales	\$ 147,231	\$ 117,144	25.7 %
Cost of sales, including distribution and occupancy costs	<u>89,877</u>	<u>72,184</u>	24.5
Gross profit	<u>57,354</u>	<u>44,960</u>	27.6
Operating, selling, general and administrative expenses	46,059	39,043	18.0
Intangible amortization	189	121	55.3
Loss (gain) on disposal of assets	<u>627</u>	<u>(233)</u>	
Total operating expenses	<u>46,875</u>	<u>38,931</u>	20.4
Operating income	10,479	6,029	73.8
Interest expense, net	1,753	1,330	31.8
Other income, net	<u>(90)</u>	<u>(70)</u>	28.3
Income before provision for income taxes	8,816	4,769	84.9
Provision for income taxes	<u>2,946</u>	<u>1,725</u>	70.8
Net income	<u>\$5,870</u>	<u>\$3,044</u>	92.8

Diluted earnings per share	<u>\$.28</u>	<u>\$.15</u>	86.7	%
Weighted average number of diluted shares outstanding	20,926	20,199		
Number of stores open (at end of quarter)	777	710		

MONRO MUFFLER BRAKE, INC.

Financial Highlights

(Unaudited)

(Dollars and share counts in thousands)

	Year Ended Fiscal March		<u>% Change</u>
	<u>2010</u>	<u>2009</u>	
Sales	\$564,639	\$476,106	18.6 %
Cost of sales, including distribution and occupancy costs	<u>333,465</u>	<u>284,640</u>	17.2
Gross profit	<u>231,174</u>	<u>191,466</u>	20.7
Operating, selling, general and administrative expenses	169,896	148,374	14.5
Intangible amortization	894	490	82.6
Loss (gain) on disposal of assets	<u>1,148</u>	<u>(1,061)</u>	
Total operating expenses	<u>171,938</u>	<u>147,803</u>	16.3
Operating income	59,236	43,663	35.7
Interest expense, net	6,090	5,979	1.9
Other income, net	<u>(279)</u>	<u>(430)</u>	(35.1)
Income before provision for income taxes	53,425	38,114	40.2
Provision for income taxes	<u>20,234</u>	<u>14,026</u>	44.3
Net income	<u>\$33,191</u>	<u>\$24,088</u>	37.8

Diluted earnings per common share	<u>\$1.61</u>	<u>\$1.20</u>	34.2	%
Weighted average number of diluted shares outstanding	20,652	20,099		

MONRO MUFFLER BRAKE, INC.

Financial Highlights

(Unaudited)

(Dollars in thousands)

	<u>March 27,</u> <u>2010</u>	<u>March 28,</u> <u>2009</u>
Current assets		
Cash	\$11,180	\$3,336
Inventories	85,817	71,443
Other current assets	<u>27,095</u>	<u>27,050</u>
Total current assets	124,092	101,829
Property, plant and equipment, net	202,746	185,061
Other noncurrent assets	<u>117,305</u>	<u>89,976</u>
Total assets	<u>\$444,143</u>	<u>\$376,866</u>
Liabilities and Shareholders' Equity		
Current liabilities	\$99,377	\$71,440
Long-term debt	96,427	97,098
Other long term liabilities	<u>15,669</u>	<u>14,037</u>
Total liabilities	211,473	182,575

Total shareholders' equity

232,670 194,291

Total liabilities and shareholders' equity

\$444,143 \$376,866