

MARCUS CORP  
Form 10-Q  
January 07, 2014

**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 November 28, 2013

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).

Yes

No

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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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(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	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
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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 DECEMBER 31, 2013	18,311,620
CLASS B COMMON STOCK OUTSTANDING AT DECEMBER 31, 2013	8,753,227

**THE MARCUS CORPORATION**

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**PART I - FINANCIAL INFORMATION****Item 1. Consolidated Financial Statements****THE MARCUS CORPORATION**  
**Consolidated Balance Sheets**

(in thousands, except share and per share data)	November 28, 2013	May 30, 2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 12,530	\$ 10,158
Restricted cash	7,463	7,895
Accounts and notes receivable, net of reserves of \$1,432 and \$1,324, respectively	10,311	8,568
Refundable income taxes		255
Deferred income taxes	2,912	2,877
Other current assets	6,594	6,384
Total current assets	39,810	36,137
Property and equipment:		
Land and improvements	95,059	95,295
Buildings and improvements	583,916	575,166
Leasehold improvements	61,847	61,726
Furniture, fixtures and equipment	254,483	250,203
Construction in progress	14,379	11,414
Total property and equipment	1,009,684	993,804
Less accumulated depreciation and amortization	384,325	368,047
Net property and equipment	625,359	625,757
Other assets:		
Investments in joint ventures	2,706	2,713
Goodwill	43,928	43,997
Condominium units	3,508	3,508
Other	35,083	34,584
Total other assets	85,225	84,802
<b>TOTAL ASSETS</b>	<b>\$ 750,394</b>	<b>\$ 746,696</b>

See accompanying condensed notes to consolidated financial statements.

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

(in thousands, except share and per share data)	November 28, 2013	May 30, 2013
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 21,763	\$ 25,330
Income taxes	2,680	
Taxes other than income taxes	15,679	14,000
Accrued compensation	11,075	10,940
Other accrued liabilities	27,219	25,183
Current portion of capital lease obligation	4,712	4,562
Current maturities of long-term debt	32,902	11,193
Total current liabilities	116,030	91,208
Capital lease obligation	25,860	28,241
Long-term debt	201,714	231,580
Deferred income taxes	42,534	43,516
Deferred compensation and other	35,924	35,455
Equity:		
Shareholders' equity attributable to The Marcus Corporation		
Preferred Stock, \$1 par; authorized 1,000,000 shares; none issued		
Common Stock, \$1 par; authorized 50,000,000 shares; issued 22,432,474 shares at November 28, 2013 and May 30, 2013	22,433	22,433
Class B Common Stock, \$1 par; authorized 33,000,000 shares; issued and outstanding 8,757,039 shares at November 28, 2013 and May 30, 2013	8,757	8,757
Capital in excess of par	52,856	51,979
Retained earnings	290,746	278,536
Accumulated other comprehensive loss	(3,825)	(3,828)
	370,967	357,877
Less cost of Common Stock in treasury (4,118,890 shares at November 28, 2013 and 4,117,217 shares at May 30, 2013)	(51,222)	(51,175)
Total shareholders' equity attributable to The Marcus Corporation	319,745	306,702
Noncontrolling interests	8,587	9,994
Total equity	328,332	316,696
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 750,394</b>	<b>\$ 746,696</b>

See accompanying condensed notes to consolidated financial statements.



**THE MARCUS CORPORATION**  
**Consolidated Statements of Earnings**

(in thousands, except per share data)	November 28, 2013		November 29, 2012	
	13 Weeks	26 Weeks	13 Weeks	26 Weeks
<b>Revenues:</b>				
Theatre admissions	\$ 27,973	\$ 70,082	\$ 30,660	\$ 69,138
Rooms	28,548	61,118	26,580	56,544
Theatre concessions	15,876	39,565	16,542	37,521
Food and beverage	15,546	31,076	14,890	29,659
Other revenues	12,645	27,779	11,961	25,710
Total revenues	100,588	229,620	100,633	218,572
<b>Costs and expenses:</b>				
Theatre operations	25,461	60,084	25,698	58,264
Rooms	10,160	20,852	9,290	19,147
Theatre concessions	4,768	10,906	4,403	9,960
Food and beverage	11,491	23,037	10,556	21,285
Advertising and marketing	6,529	13,413	6,102	12,507
Administrative	11,126	23,370	12,301	23,063
Depreciation and amortization	8,457	16,784	8,586	16,899
Rent	2,115	4,240	2,118	4,231
Property taxes	3,752	7,174	3,520	7,155
Other operating expenses	7,919	16,603	7,925	15,472
Impairment charge			417	417
Total costs and expenses	91,778	196,463	90,916	188,400
Operating income	8,810	33,157	9,717	30,172
<b>Other income (expense):</b>				
Investment income	17	20	19	43
Interest expense	(2,584)	(4,978)	(2,317)	(4,391)
Gain (loss) on disposition of property, equipment and other assets	(789)	(772)	4	26
Equity earnings (losses) from unconsolidated joint ventures, net	54	(29)	17	(23)
	(3,302)	(5,759)	(2,277)	(4,345)
Earnings before income taxes	5,508	27,398	7,440	25,827
Income taxes	2,026	11,070	2,653	10,361
Net earnings	3,482	16,328	4,787	15,466
Net earnings (loss) attributable to noncontrolling interests	237	(348)	63	63
Net earnings attributable to The Marcus Corporation	\$ 3,245	\$ 16,676	\$ 4,724	\$ 15,403
<b>Net earnings per share basic:</b>				
Common Stock	\$ 0.12	\$ 0.64	\$ 0.17	\$ 0.56

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Class B Common Stock	\$ 0.11	\$ 0.58	\$ 0.16	\$ 0.52
Net earnings per share diluted:				
Common Stock	\$ 0.12	\$ 0.62	\$ 0.17	\$ 0.54
Class B Common Stock	\$ 0.11	\$ 0.58	\$ 0.16	\$ 0.52
Dividends per share:				
Common Stock	\$ 0.085	\$ 0.170	\$ 0.085	\$ 0.170
Class B Common Stock	\$ 0.077	\$ 0.155	\$ 0.077	\$ 0.155

See accompanying condensed notes to consolidated financial statements.



**THE MARCUS CORPORATION**  
**Consolidated Statements of Comprehensive Income**

(in thousands)	November 28, 2013		November 29, 2012	
	13 Weeks	26 Weeks	13 Weeks	26 Weeks
Net earnings	\$ 3,482	\$ 16,328	\$ 4,787	\$ 15,466
Other comprehensive income (loss), net of tax:				
Change in unrealized loss on available for sale investments,				
net of tax benefit of \$0, \$1, \$0 and \$0, respectively				(1)