

G&K SERVICES INC
Form 10-Q
May 03, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 30, 2013
Commission file number 0-4063

G&K SERVICES, INC.
(Exact name of registrant as specified in its charter)

MINNESOTA 41-0449530
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
5995 OPUS PARKWAY
MINNETONKA, MINNESOTA 55343
(Address of principal executive offices and zip code)
Registrant's telephone number, including area code (952) 912-5500

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 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

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 Accelerated filer

Non-accelerated filer (do not check if a smaller reporting company) 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 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, par value \$0.50 per share, outstanding
April 29, 2013 was 19,553,545 shares

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PART I

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS

G&K Services, Inc. and Subsidiaries

(In thousands)	March 30, 2013 (Unaudited)	June 30, 2012
ASSETS		
Current Assets		
Cash and cash equivalents	\$28,914	\$19,604
Accounts receivable, less allowance for doubtful accounts of \$3,374 and \$2,666	92,377	93,064
Inventories, net	167,568	178,226
Other current assets	14,267	12,239
Total current assets	303,126	303,133
Property, Plant and Equipment, net	196,696	187,840
Goodwill	336,433	325,336
Other Assets	61,270	57,422
Total assets	\$897,525	\$873,731
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$39,600	\$41,358
Accrued expenses	70,406	69,902
Deferred income taxes	9,472	8,439
Current maturities of long-term debt	23,804	206
Total current liabilities	143,282	119,905
Long-Term Debt, net of Current Maturities	163,500	218,018
Deferred Income Taxes	18,444	5,473
Accrued Income Taxes	10,428	11,339
Pension Withdrawal Liability	23,128	23,562
Other Noncurrent Liabilities	88,430	92,375
Total liabilities	447,212	470,672
Stockholders' Equity		
Common stock, \$0.50 par value	9,767	9,450
Additional paid-in capital	39,129	20,447
Retained earnings	398,710	371,267
Accumulated other comprehensive income	2,707	1,895
Total stockholders' equity	450,313	403,059
Total liabilities and stockholders' equity	\$897,525	\$873,731

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

G&K Services, Inc. and Subsidiaries

(Unaudited)

(In thousands, except per share data)	For the Three Months Ended		For the Nine Months Ended	
	March 30, 2013	March 31, 2012	March 30, 2013	March 31, 2012
Revenues				
Rental operations	\$210,037	\$200,238	\$621,348	\$591,071
Direct sales	16,594	18,571	56,885	54,525
Total revenues	226,631	218,809	678,233	645,596
Operating Expenses				
Cost of rental operations	142,898	139,303	423,338	409,240
Cost of direct sales	12,328	14,794	42,215	42,961
Pension withdrawal and associated expenses	—	24,004	—	24,004
Selling and administrative	50,098	50,290	148,969	146,544
Total operating expenses	205,324	228,391	614,522	622,749
Income (Loss) from Operations	21,307	(9,582)	) 63,711	22,847
Interest expense	1,127	1,524	3,274	4,784
Income (Loss) before Income Taxes	20,180	(11,106)	) 60,437	18,063
Provision (Benefit) for income taxes	6,598	(6,306)	) 21,740	5,104
Net Income (Loss)	\$13,582	\$(4,800)	) \$38,697	\$12,959
Basic Earnings per Common Share	\$0.70	\$(0.26)	) \$2.02	\$0.70
Diluted Earnings per Common Share	\$0.69	\$(0.26)) \$	