

MARCUS CORP
Form 10-Q
April 03, 2007

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 February 22, 2007

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)

<u>Wisconsin</u>	<u>39-1139844</u>
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
<u>100 East Wisconsin Avenue, Suite 1900 Milwaukee, Wisconsin</u>	<u>53202-4125</u>
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code: <u>(414) 905-1000</u>	

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

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 APRIL 2, 2007 21,624,167
 CLASS B COMMON STOCK OUTSTANDING AT APRIL 2, 2007 8,917,671

THE MARCUS CORPORATION

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PART I FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

THE MARCUS CORPORATION
Consolidated Balance Sheets

	(Unaudited)	(Audited)
	February 22,	May 25,
	2007	2006
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(in thousands, except share and per share data)		

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	(Unaudited)	(Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 22,876	\$ 34,528
Cash held by intermediaries	18,610	1,752
Accounts and notes receivable, net of reserves	12,151	14,306
Receivables from joint ventures, net of reserves	3,665	3,385
Refundable income taxes	738	216
Deferred income taxes	6,228	5,898
Condominium units held for sale <i>(Note 6)</i>	9,093	--
Other current assets	7,573	11,273
Assets of discontinued operations <i>(Note 2)</i>	1,489	7,545
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Total current assets	82,423	78,903
Property and equipment:		
Land and improvements	61,985	60,889
Buildings and improvements	406,714	382,555
Leasehold improvements	40,238	39,682
Furniture, fixtures and equipment	177,494	167,687
Construction in progress	42,755	17,580
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Total property and equipment	729,186	668,393
Less accumulated depreciation and amortization	226,629	217,864
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Net property and equipment	502,557	450,529
Other assets:		
Investments in joint ventures <i>(Note 6)</i>	13	7,487
Goodwill	11,196	11,196
Other	44,641	39,119
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Total other assets	55,850	57,802
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TOTAL ASSETS	\$ 640,830	\$ 587,234
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See accompanying notes to consolidated financial statements.

THE MARCUS CORPORATION
Consolidated Balance Sheets

	(Unaudited)	(Audited)
	February 22,	May 25,
	2007	2006
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(in thousands, except share and per share data)		
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	\$ 242	\$ 500

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	(Unaudited)	(Audited)
Accounts payable	17,772	19,399
Taxes other than income taxes	10,012	11,064
Accrued compensation	5,764	7,444
Other accrued liabilities	19,710	14,887
Current maturities of long-term debt	53,860	53,402
Liabilities of discontinued operations (Note 2)	2,831	1,998
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Total current liabilities	110,191	108,694
Long-term debt	147,846	123,110
Deferred income taxes	30,151	27,946
Deferred compensation and other	31,909	26,161
Shareholders equity:		
Preferred Stock, \$1 par; authorized 1,000,000 shares; none issued	--	--
Common Stock, \$1 par; authorized 50,000,000 shares; issued 22,243,759 shares at February 22, 2007 and 22,235,822 shares at May 25, 2006	22,244	22,236
Class B Common Stock, \$1 par; authorized 33,000,000 shares; issued and outstanding 8,945,754 shares at February 22, 2007 and 8,953,691 shares at May 25, 2006	8,946	8,954
Capital in excess of par	45,868	45,911
Retained earnings	252,770	231,907
Accumulated other comprehensive income	280	112
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	330,108	309,120
Less unearned compensation on non-vested stock	--	(293)
Less cost of Common Stock in treasury (672,310 shares at February 22, 2007 and 646,544 shares at May 25, 2006)	(9,375)	(7,504)
	<hr/>	<hr/>
Total shareholders equity	320,733	301,323
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TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$ 640,830	\$ 587,234
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See accompanying notes to consolidated financial statements.

THE MARCUS CORPORATION
Consolidated Statements of Earnings (Unaudited)

	February 22, 2007		February 23, 2006	
	13 Weeks	39 Weeks	13 Weeks	39 Weeks
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(in thousands, except per share data)				

Revenues:

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	February 22, 2007		February 23, 2006	
Rooms and telephone	\$ 14,361	\$ 64,482	\$ 13,154	\$ 56,761
Theatre admissions	23,431	71,147	25,368	73,234
Theatre concessions	11,747	35,382	12,641	35,292
Food and beverage	10,918	34,724	9,859	31,360
Other revenues	10,961	29,695	7,729	25,374
Total revenues	71,418	235,430	68,751	222,021
Costs and expenses:				
Rooms and telephone	7,282	23,578	6,251	20,723
Theatre operations	19,585	57,605	19,898	57,212
Theatre concessions	2,630	7,858	2,587	7,483
Food and beverage	9,648	26,826	7,972	24,006
Advertising and marketing	4,602	14,183	3,827	12,376
Administrative	7,864	24,106	7,585	22,485
Depreciation and amortization	6,897	19,605	6,486	19,546
Rent	795	2,473	893	2,731
Property taxes	2,099	7,346	2,563	7,754
Preopening expenses	2,010	3,216	42	406
Other operating expenses	6,153	17,132	5,010	14,876
Total costs and expenses	69,565	203,928	63,114	189,598
Operating income	1,853	31,502	5,637	32,423
Other income (expense):				
Investment income	727	2,184	2,715	6,832
Interest expense	(3,359)	(9,836)	(3,677)	(11,008)
Gain on disposition of property, equipment and other assets	5,519	14,088	109	3,331
Equity earnings (losses) from unconsolidated joint ventures	24	(1,375)	(349)	(1,126)
	2,911	5,061	(1,202)	(1,971)
Earnings from continuing operations before income taxes	4,764	36,563	4,435	30,452
Income taxes	510	8,338	1,101	10,158
Earnings from continuing operations	4,254	28,225	3,334	20,294
Discontinued operations (Note 2):				
Loss from discontinued operations, net of income tax benefit of \$36 and \$103 for the 13 and 39 weeks ended February 22, 2007, respectively, and \$249 and \$717 for the 13 and 39 weeks ended February 23, 2006, respectively	(196)	(405)	(343)	(1,059)
Gain (loss) on sale of discontinued operations, net of income taxes of \$57 and \$231 for the 13 and 39 weeks ended February 22, 2007, respectively, and \$1,275 and \$4,075 for the 13 and 39 weeks ended February 23, 2006, respectively	(30)	6	1,732	6,021
	(226)	(399)	1,389	4,962
Net earnings	\$ 4,028	\$ 27,826	\$ 4,723	\$ 25,256
Earnings per share - basic:				
Continuing operations	\$ 0.14	\$ 0.93	\$ 0.11	\$ 0.67
Discontinued operations	\$ (0.01)	\$ (0.01)	\$ 0.04	\$ 0.16

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	February 22, 2007		February 23, 2006	
Net earnings per share	\$ 0.13	\$ 0.92	\$ 0.15	\$ 0.83
Earnings per share - diluted:				
Continuing operations	\$ 0.14	\$ 0.91	\$ 0.11	\$ 0.66
Discontinued operations	\$ (0.01)	\$ (0.01)	\$ 0.04	\$ 0.16
Net earnings per share	\$ 0.13	\$ 0.90	\$ 0.15	\$ 0.82
Dividends per share:				
Class B Common Stock	\$ 0.077	\$ 0.214	\$ 0.068	\$ 0.168
Common Stock	\$ 0.085	\$ 0.235	\$ 0.075	\$ 0.185

See accompanying notes to consolidated financial statements.