

INGLES MARKETS INC
Form 10-Q
August 01, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 23, 2012

.. **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 0-14706.

INGLES MARKETS, INCORPORATED

(Exact name of registrant as specified in its charter)

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North Carolina (State or other jurisdiction of incorporation or organization)	56-0846267 (I.R.S. Employer Identification No.)
P.O. Box 6676, Asheville NC (Address of principal executive offices)	28816 (Zip Code)
(828) 669-2941	

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 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 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 ☒.

As of July 30, 2012, the Registrant had 12,938,635 shares of Class A Common Stock, \$0.05 par value per share, outstanding and 11,321,141 shares of Class B Common Stock, \$0.05 par value per share, outstanding.

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Part I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS
INGLES MARKETS, INCORPORATED AND SUBSIDIARIES**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

	June 23, 2012	September 24, 2011
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 6,307,481	\$ 12,421,250
Receivables net	56,819,154	56,841,059
Inventories	316,339,945	303,166,488
Other current assets	20,823,526	16,935,660
Total Current Assets	400,290,106	389,364,457
Property and Equipment Net	1,193,000,075	1,133,204,187
Restricted Investments	0	75,730,905
Other Assets	19,358,878	20,050,259
Total Assets	\$ 1,612,649,059	\$ 1,618,349,808
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	\$ 33,523,106	\$ 34,375,989
Accounts payable trade	165,790,605	166,797,912
Accrued expenses and current portion of other long-term liabilities	74,754,256	89,322,063
Total Current Liabilities	274,067,967	290,495,964
Deferred Income Taxes	69,865,000	67,939,000
Long-Term Debt	812,547,262	820,743,747
Other Long-Term Liabilities	8,198,762	7,225,503
Total Liabilities	1,164,678,991	1,186,404,214
Stockholders' Equity		
Preferred stock, \$0.05 par value; 10,000,000 shares authorized; no shares issued	0	0
Common stocks:		
Class A, \$0.05 par value; 150,000,000 shares authorized; 12,938,635 shares issued and outstanding June 23, 2012; 12,939,533 shares issued and outstanding at September 24, 2011	646,932	646,977
Class B, convertible to Class A, \$0.05 par value; 100,000,000 shares authorized; 11,321,141 shares issued and outstanding June 23, 2012; 11,489,726 shares issued and outstanding at September 24, 2011	566,057	574,486
Paid-in capital in excess of par value	114,236,248	116,844,842
Retained earnings	332,520,831	313,879,289
Total Stockholders' Equity	447,970,068	431,945,594
Total Liabilities and Stockholders' Equity	\$ 1,612,649,059	\$ 1,618,349,808

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See notes to unaudited condensed consolidated financial statements.

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	Three Months Ended	
	June 23, 2012	June 25, 2011
Net sales	\$ 917,755,732	\$ 910,978,159
Cost of goods sold	711,803,418	709,638,537
Gross profit	205,952,314	201,339,622
Operating and administrative expenses	172,254,539	169,762,486
Rental income, net	515,114	575,418
Gain from sale or disposal of assets	514,421	2,655,912
Income from operations	34,727,310	34,808,466
Other income, net	890,738	945,421
Interest expense	14,896,442	15,344,197
Income before income taxes	20,721,606	20,409,690
Income tax expense	7,663,000	7,685,000
Net income	\$ 13,058,606	\$ 12,724,690
Per share amounts:		
Class A Common Stock		
Basic earnings per common share	\$ 0.56	\$ 0.54
Diluted earnings per common share	\$ 0.54	\$ 0.52
Class B Common Stock		
Basic earnings per common share	\$ 0.51	\$ 0.49
Diluted earnings per common share	\$ 0.51	\$ 0.49
Cash dividends per common share:		
Class A Common Stock	\$ 0.165	\$ 0.165
Class B Common Stock	\$ 0.150	\$ 0.150

See notes to unaudited condensed consolidated financial statements.

Table of Contents**INGLES MARKETS, INCORPORATED AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

	Nine Months Ended	
	June 23, 2012	June 25, 2011
Net sales	\$ 2,717,660,689	\$ 2,654,102,227
Cost of goods sold	2,117,544,746	2,064,645,838
Gross profit	600,115,943	589,456,389
Operating and administrative expenses	513,176,510	505,586,653
Rental income, net	1,311,188	1,443,413
Gain (loss) from sale or disposal of assets	680,293	2,676,674
Income from operations	88,930,914	87,989,823
Other income, net	2,696,127	3,146,470
Interest expense	44,850,144	46,912,397
Income before income taxes	46,776,897	44,223,896
Income tax expense	16,609,000	16,125,000
Net income	\$ 30,167,897	\$ 28,098,896
Per share amounts:		
Class A Common Stock		
Basic earnings per common share	\$ 1.29	\$ 1.20
Diluted earnings per common share	\$ 1.24	\$ 1.15
Class B Common Stock		
Basic earnings per common share	\$ 1.18	\$ 1.09
Diluted earnings per common share	\$ 1.18	\$ 1.09
Cash dividends per common share:		
Class A Common Stock	\$ 0.495	\$ 0.495
Class B Common Stock	\$ 0.450	\$ 0.450

See notes to unaudited condensed consolidated financial statements.

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NINE MONTHS ENDED JUNE 23, 2012 AND JUNE 25, 2011

	Class A Common Stock		Class B Common Stock		Paid-in Capital in Excess of Par Value	Retained Earnings	Total
	Shares	Amount	Shares	Amount			
Balance, September 25, 2010	12,889,433	\$ 644,472	11,582,826	\$ 579,141	\$ 117,592,932	\$ 290,264,244	\$ 409,080,789
Net income	0	0	0	0	0	28,098,896	28,098,896
Cash dividends	0	0	0	0	0	(11,583,882)	(11,583,882)
Common stock conversions	50,100	2,505	(50,100)	(2,505)	0	0	0
Stock repurchases, at cost	0	0	(29,000)	(1,450)	(542,010)	0	(543,460)
Balance, June 25, 2011	12,939,533	\$ 646,977	11,503,726	\$ 575,186	\$ 117,050,922	\$ 306,779,258	\$ 425,052,343