

REGIS CORP
Form 10-Q
February 09, 2011
[Table of Contents](#)

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 December 31, 2010

OR

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 1-12725

Regis Corporation

(Exact name of registrant as specified in its charter)

Minnesota

(State or other jurisdiction of
incorporation or organization)

41-0749934

(I.R.S. Employer
Identification No.)

7201 Metro Boulevard, Edina, Minnesota

(Address of principal executive offices)

55439

(Zip Code)

(952) 947-7777

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 be 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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of February 3, 2011:

Edgar Filing: REGIS CORP - Form 10-Q

Common Stock, \$.05 par value
Class

57,617,211
Number of Shares

Table of Contents

REGIS CORPORATION

INDEX

Part I. Financial Information UNAUDITED

<u>Item 1.</u>	<u>Condensed Consolidated Financial Statements:</u>	3
	<u>Condensed Consolidated Balance Sheet as of December 31, 2010 and June 30, 2010</u>	3
	<u>Condensed Consolidated Statement of Operations for the three months ended December 31, 2010 and 2009</u>	4
	<u>Condensed Consolidated Statement of Operations for the six months ended December 31, 2010 and 2009</u>	5
	<u>Condensed Consolidated Statement of Cash Flows for the six months ended December 31, 2010 and 2009</u>	6
	<u>Notes to Condensed Consolidated Financial Statements</u>	7
	<u>Review Report of Independent Registered Public Accounting Firm</u>	32
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	33
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	56
<u>Item 4.</u>	<u>Controls and Procedures</u>	56

Part II. Other Information

<u>Item 1.</u>	<u>Legal Proceedings</u>	57
<u>Item 1A.</u>	<u>Risk Factors</u>	57
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	59
<u>Item 4.</u>	<u>Reserved</u>	59
<u>Item 6.</u>	<u>Exhibits</u>	60
<u>Signatures</u>		61

Table of Contents**PART I - FINANCIAL INFORMATION****Item 1. Financial Statements****REGIS CORPORATION****CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)**

As Of December 31, 2010 and June 30, 2010
(In thousands, except share data)

	December 31, 2010	June 30, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 174,290	\$ 151,871
Receivables, net	29,277	24,312
Inventories	160,497	153,380
Deferred income taxes	16,863	16,892
Income tax receivable	24,632	46,207
Other current assets	29,951	36,203
Total current assets	435,510	428,865
Property and equipment, net	351,159	359,250
Goodwill	745,676	736,989
Other intangibles, net	114,568	118,070
Investment in and loans to affiliates	203,340	195,786
Other assets	88,279	80,612
Total assets	\$ 1,938,532	\$ 1,919,572
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Long-term debt, current portion	\$ 32,700	\$ 51,629
Accounts payable	53,883	57,683
Accrued expenses	155,671	160,797
Total current liabilities	242,254	270,109
Long-term debt and capital lease obligations	371,445	388,400
Other noncurrent liabilities	259,713	247,770
Total liabilities	873,412	906,279
Commitments and contingencies (Note 9)		
Shareholders' equity:		
Common stock, \$0.05 par value; issued and outstanding 57,617,211 and 57,561,180 common shares at December 31, 2010 and June 30, 2010, respectively	2,881	2,878
Additional paid-in capital	338,514	332,372
Accumulated other comprehensive income	64,489	47,032
Retained earnings	659,236	631,011

Edgar Filing: REGIS CORP - Form 10-Q

Total shareholders' equity		1,065,120		1,013,293
Total liabilities and shareholders' equity	\$	1,938,532	\$	1,919,572

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

Table of Contents**REGIS CORPORATION****CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)****For The Three Months Ended December 31, 2010 and 2009****(In thousands, except per share data)**

	2010	2009
Revenues:		
Service	\$ 430,939	\$ 435,125
Product	133,824	130,671
Royalties and fees	9,609	9,569
	574,372	575,365
Operating expenses:		
Cost of service	249,705	248,812
Cost of product	63,926	62,420
Site operating expenses	50,597	46,409
General and administrative	75,848	72,611
Rent	85,235	85,540
Depreciation and amortization	26,197	27,510
Total operating expenses	551,508	543,302
Operating income	22,864	32,063
Other income (expense):		
Interest expense	(8,738)	(9,069)
Interest income and other, net	2,604	1,411
Income before income taxes and equity in income of affiliated companies	16,730	24,405
Income taxes	(5,345)	(8,908)
Equity in income of affiliated companies, net of income taxes	3,120	2,657
Net income	\$ 14,505	\$ 18,154
Net income per share:		
Basic	\$ 0.26	\$ 0.32
Diluted	\$ 0.24	\$ 0.30
Weighted average common and common equivalent shares outstanding:		
Basic	56,684	56,287
Diluted	68,136	67,570
Cash dividends declared per common share	\$ 0.04	\$ 0.04

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

Table of Contents

REGIS CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

For The Six Months Ended December 31, 2010 and 2009

(In thousands, except per share data)

	2010	2009
Revenues:		
Service	\$ 870,468	\$ 884,403
Product	262,429	276,824
Royalties and fees	19,720	19,688
	1,152,617	1,180,915
Operating expenses:		
Cost of service	499,206	504,781
Cost of product	125,001	141,915
Site operating expenses	99,606	99,085
General and administrative	149,922	145,171
Rent	170,343	171,390
Depreciation and amortization	52,241	54,701
Lease termination costs		3,552
Total operating expenses	1,096,319	1,120,595
Operating income	56,298	60,320
Other income (expense):		
Interest expense	(17,661)	(36,385)
Interest income and other, net	3,381	3,643
Income from continuing operations before income taxes and equity in income of affiliated companies	42,018	27,578
Income taxes	(14,992)	(10,527)
Equity in income of affiliated companies, net of income taxes	5,799	5,714
Income from continuing operations	32,825	22,765
Income from discontinued operations, net of income taxes (Note 2)		3,161
Net income	\$ 32,825	\$ 25,926
Net income per share:		
Basic:		
Income from continuing operations	0.58	0.41
Income from discontinued operations		0.06
Net income per share, basic	\$ 0.58	\$ 0.47
Diluted:		
Income from continuing operations	0.54	0.40
Income from discontinued operations		0.05
Net income per share, diluted	\$ 0.54	\$ 0.45

Edgar Filing: REGIS CORP - Form 10-Q

Weighted average common and common equivalent shares outstanding:

Basic	56,657	55,215
Diluted	68,053	65,615
Cash dividends declared per common share	\$ 0.08	\$ 0.08

The accompanying notes are an integral part of the unaudited Condensed Consolidated Financial Information.

Table of Contents

REGIS CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

For The Six Months Ended December 31, 2010 and 2009

(In thousands)

	2010	2009
Cash flows from operating activities:		