

LUBYS INC  
Form 10-Q  
March 11, 2011  
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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 February 9, 2011

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: 001-08308

**Luby s, Inc.**

*(Exact name of registrant as specified in its charter)*

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**Delaware**  
*(State or other jurisdiction of  
incorporation or organization)*

**74-1335253**  
*(IRS Employer  
Identification No.)*

**13111 Northwest Freeway, Suite 600**

**Houston, Texas**  
*(Address of principal executive offices)*

**(713) 329-6800**

**77040**  
*(Zip Code)*

*(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 the 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 ☐

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 March 4, 2011, there were 28,111,146 shares of the registrant's common stock outstanding.

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**Lubys, Inc.**

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**Quarter ended February 9, 2011**

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We file reports with the Securities and Exchange Commission, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. The public may read and copy any materials we file with the SEC at its Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. We are an electronic filer, and the SEC maintains an Internet site at <http://www.sec.gov> that contains the reports, proxy and information statements, and other information that we file electronically. Our website address is <http://www.lubys.com>. Please note that our website address is provided as an inactive textual reference only. We make available free of charge through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The information provided on our website is not part of this report, and is therefore not incorporated by reference unless such information is specifically referenced elsewhere in this report.

**Table of Contents****Part I - FINANCIAL INFORMATION****Item 1. Financial Statements****Luby's, Inc.****Consolidated Balance Sheets***(In thousands, except share data)*

|  | February 9,<br>2011<br><i>(Unaudited)</i> | August 25,<br>2010 |
|--|---|--------------------|
| <b>ASSETS</b>  |   |                    |
| Current Assets:  |   |                    |
| Cash and cash equivalents  | \$ 977                                    | \$ 2,300           |
| Trade accounts and other receivables, net  | 2,506                                     | 2,213              |
| Food and supply inventories  | 3,647                                     | 3,097              |
| Prepaid expenses   | 1,413                                     | 1,041              |
| Assets related to discontinued operations  | 202                                       | 78                 |
| Deferred income taxes  | 789                                       | 431                |
| <b>Total current assets</b>  | <b>9,534</b>                              | <b>9,160</b>       |
| Property held for sale   | 1,077                                     | 1,828              |
| Assets related to discontinued operations  | 13,041                                    | 18,419             |
| Property and equipment, net  | 167,437                                   | 172,040            |
| Intangible assets, net   | 28,646                                    | 29,292             |
| Goodwill   | 195                                       | 195                |
| Deferred incomes taxes   | 10,877                                    | 9,672              |
| Other assets   | 1,650                                     | 1,737              |
| <b>Total assets</b>  | <b>\$ 232,457</b>                         | <b>\$ 242,343</b>  |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |   |                    |
| Current Liabilities:   |   |                    |
| Accounts payable   | \$ 11,974                                 | \$ 12,514          |
| Liabilities related to discontinued operations   | 297                                       | 924                |
| Credit facility debt   | 36,000                                    |                    |
| Accrued expenses and other liabilities   | 17,443                                    | 19,007             |
| <b>Total current liabilities</b>   | <b>65,714</b>                             | <b>32,445</b>      |
| Credit facility debt   |   | 41,500             |
| Liabilities related to discontinued operations   | 815                                       | 940                |
| Other liabilities  | 5,778                                     | 6,097              |
| <b>Total liabilities</b>   | <b>72,307</b>                             | <b>80,982</b>      |
| <b>Commitments and Contingencies</b>   |   |                    |
| <b>SHAREHOLDERS' EQUITY</b>  |   |                    |
| Common stock, \$0.32 par value; 100,000,000 shares authorized; shares issued were 28,611,146 and 28,564,024, respectively; shares outstanding were 28,111,146 and 28,064,024, respectively | 9,156                                     | 9,140              |
| Paid-in capital  | 23,433                                    | 23,089             |

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|   |            |            |
|---|------------|------------|
| Retained earnings                           | 132,336    | 133,907    |
| Less cost of treasury stock, 500,000 shares | (4,775)    | (4,775)    |
| Total shareholders' equity                  | 160,150    | 161,361    |
| Total liabilities and shareholders' equity  | \$ 232,457 | \$ 242,343 |

The accompanying notes are an integral part of these consolidated financial statements.

**Table of Contents****Luby's, Inc.****Consolidated Statements of Operations (unaudited)***(In thousands except per share data)*

|  | Quarter Ended                     |                                    | Two Quarters Ended                |                                    |
|--|-----------------------------------|------------------------------------|-----------------------------------|------------------------------------|
|  | February 9,<br>2011<br>(12 weeks) | February 10,<br>2010<br>(12 weeks) | February 9,<br>2011<br>(24 weeks) | February 10,<br>2010<br>(24 weeks) |
| <b>SALES:</b>  |                                   |                                    |                                   |                                    |
| Restaurant sales   | \$ 71,757                         | \$ 50,800                          | \$ 142,047                        | \$ 99,828                          |
| Culinary contract services   | 3,127                             | 2,959                              | 6,459                             | 6,251                              |
| Franchise revenue  | 1,520                             |                                    | 3,021                             |                                    |
| Vending revenue  | 132                               |                                    | 285                               |                                    |
| <b>TOTAL SALES</b>   | <b>76,536</b>                     | <b>53,759</b>                      | <b>151,812</b>                    | <b>106,079</b>                     |
| <b>COSTS AND EXPENSES:</b>   |                                   |                                    |                                   |                                    |
| Cost of food   | 21,399                            | 13,928                             | 42,259                            | 27,113                             |
| Payroll and related costs  | 25,190                            | 18,108                             | 50,234                            | 36,877                             |
| Other operating expenses   | 16,843                            | 10,834                             | 35,040                            | 22,950                             |
| Opening costs  | 38                                | 121                                | 144                               | 152                                |
| Cost of culinary contract services                                     | 2,879                             | 2,788                              | 5,864                             | 5,716                              |
| Depreciation and amortization  | 3,983                             | 3,487                              | 8,180                             | 7,041                              |
| General and administrative expenses                                    | 6,491                             | 5,003                              | 13,004                            | 10,485                             |
| Provision for asset impairments, net                                   |                                   | 32                                 |                                   | 32                                 |
| Net gain on disposition of property and equipment                      | (35)                              | (1,041)                            | (28)                              | (724)                              |
| <b>Total costs and expenses</b>  | <b>76,788</b>                     | <b>53,260</b>                      | <b>154,697</b>                    | <b>109,642</b>                     |
| <b>INCOME (LOSS) FROM OPERATIONS</b>                                   | <b>(252)</b>                      | <b>499</b>                         | <b>(2,885)</b>                    | <b>(3,563)</b>                     |
| Interest income  | 1                                 | 7                                  | 4                                 | 16                                 |
| Interest expense   | (553)                             | (44)                               | (1,171)                           | (172)                              |
| Impairment charge for decrease in fair value of investments            |                                   | 20                                 |                                   | (438)                              |
| Other income, net  | 318                               | 215                                | 559                               | 412                                |
| <b>Income (loss) before income taxes and discontinued operations</b>   | <b>(486)</b>                      | <b>697</b>                         | <b>(3,493)</b>                    | <b>(3,745)</b>                     |
| Provision (benefit) for income taxes                                   | (275)                             | 556                                | (1,181)                           | (811)                              |
| <b>Income (loss) from continuing operations</b>                        | <b>(211)</b>                      | <b>141</b>                         | <b>(2,312)</b>                    | <b>(2,934)</b>                     |
| <b>Income (loss) from discontinued operations, net of income taxes</b> | <b>928</b>                        | <b>(563)</b>                       | <b>741</b>                        | <b>(1,205)</b>                     |
| <b>NET INCOME (LOSS)</b>   | <b>\$ 717</b>                     | <b>\$ (422)</b>                    | <b>\$ (1,571)</b>                 | <b>\$ (4,139)</b>                  |
| <b>Loss per share from continuing operations:</b>                      |                                   |                                    |                                   |                                    |
| Basic  | \$ (0.01)                         | \$                                 | \$ (0.08)                         | \$ (0.11)                          |
| Assuming dilution  | (0.01)                            |                                    | (0.08)                            | (0.11)                             |
| <b>Income (loss) per share from discontinued operations:</b>           |                                   |                                    |                                   |                                    |
| Basic  | \$ 0.03                           | \$ (0.02)                          | \$ 0.02                           | \$ (0.04)                          |
| Assuming dilution  | 0.03                              | (0.02)                             | 0.02                              | (0.04)                             |
| <b>Net income (loss) per share:</b>                                    |                                   |                                    |                                   |                                    |
| Basic  | \$ 0.02                           | \$ (0.02)                          | \$ (0.06)                         | \$ (0.15)                          |

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|                                      |        |        |        |        |
|--------------------------------------|--------|--------|--------|--------|
| Assuming dilution                    | 0.02   | (0.02) | (0.06) | (0.15) |
| Weighted average shares outstanding: |        |        |        |        |
| Basic                                | 28,172 | 28,121 | 28,168 | 28,117 |
| Assuming dilution                    | 28,172 | 28,127 | 28,168 | 28,117 |

The accompanying notes are an integral part of these consolidated financial statements.

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**Luby s, Inc.**

**Consolidated Statement of Shareholders Equity (unaudited)**

*(In thousands)*

| Common Stock |          | Paid-In<br>Capital | Retained<br>Earnings | Total<br>Shareholders<br>Equity |
|--------------|----------|--------------------|----------------------|---------------------------------|
| Issued       | Treasury |                    |                      |                                 |