

JACK IN THE BOX INC /NEW/
Form 10-Q
February 23, 2017
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 January 22, 2017
Commission File Number: 1-9390

DELAWARE 95-2698708
(State of Incorporation) (I.R.S. Employer Identification No.)

9330 BALBOA AVENUE, SAN DIEGO, CA 92123
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code (858) 571-2121

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 (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 the close of business February 17, 2017, 31,641,734 shares of the registrant's common stock were outstanding.

JACK IN THE BOX INC. AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JACK IN THE BOX INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

(Unaudited)

	January 22, 2017	October 2, 2016
ASSETS		
Current assets:		
Cash	\$6,090	\$17,030
Accounts and other receivables, net	54,711	73,360
Inventories	8,344	8,229
Prepaid expenses	12,631	40,398
Assets held for sale	18,357	14,259
Other current assets	2,371	2,129
Total current assets	102,504	155,405
Property and equipment, at cost	1,596,676	1,605,576
Less accumulated depreciation and amortization	(899,077)	(886,526)
Property and equipment, net	697,599	719,050
Intangible assets, net	13,793	14,042
Goodwill	166,045	166,046
Other assets, net	278,616	290,469
	\$1,258,557	\$1,345,012
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Current maturities of long-term debt	\$55,931	\$55,935
Accounts payable	30,052	40,736
Accrued liabilities	134,701	181,250
Total current liabilities	220,684	277,921
Long-term debt, net of current maturities	985,588	935,372
Other long-term liabilities	325,526	348,925
Stockholders' deficit:		
Preferred stock \$0.01 par value, 15,000,000 shares authorized, none issued	—	—
Common stock \$0.01 par value, 175,000,000 shares authorized, 81,824,541 and 81,598,524 issued, respectively	818	816
Capital in excess of par value	445,147	432,564
Retained earnings	1,422,614	1,399,721
Accumulated other comprehensive loss	(170,388)	(187,021)
Treasury stock, at cost, 50,182,807 and 49,190,992 shares, respectively	(1,971,432)	(1,863,286)
Total stockholders' deficit	(273,241)	(217,206)
	\$1,258,557	\$1,345,012

See accompanying notes to condensed consolidated financial statements.

JACK IN THE BOX INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share data)
(Unaudited)

	Sixteen Weeks Ended	
	January 22, 2017	January 17, 2016
Revenues:		
Company restaurant sales	\$367,270	\$353,221
Franchise rental revenues	71,469	69,738
Franchise royalties and other	49,194	47,864
	487,933	470,823
Operating costs and expenses, net:		
Company restaurant costs:		
Food and packaging	108,936	108,911
Payroll and employee benefits	106,921	97,907
Occupancy and other	83,044	77,699
Total company restaurant costs	298,901	284,517
Franchise occupancy expenses	51,449	52,219
Franchise support and other costs	3,838	4,862
Selling, general and administrative expenses	55,708	65,872
Impairment and other charges, net	5,057	1,657
Gains on the sale of company-operated restaurants	(137)	(818)
	414,816	408,309
Earnings from operations	73,117	62,514
Interest expense, net	12,717	8,175
Earnings from continuing operations and before income taxes	60,400	54,339
Income taxes	23,366	20,442
Earnings from continuing operations	37,034	33,897
Losses from discontinued operations, net of income tax benefit	(1,105)	(676)
Net earnings	\$35,929	\$33,221
Net earnings per share - basic:		
Earnings from continuing operations	\$1.15	\$0.96
Losses from discontinued operations	(0.03)	(0.02)
Net earnings per share (1)	\$1.12	\$0.94
Net earnings per share - diluted:		
Earnings from continuing operations	\$1.14	\$0.94
Losses from discontinued operations	(0.03)	(0.02)
Net earnings per share (1)	\$1.11	\$0.92