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ANGELICA CORP /NEW/
Form 10-K
April 15, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the Fiscal Year Ended January 31, 2004

Commission File Number 1-5674

ANGELICA CORPORATION

(Exact name of registrant as specified in its charter)

Missouri 43-0905260
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

424 South Woods Mill Road 63017-3406
Chesterfield, Missouri (Zip Code)
(Address of principal executive offices)

(314) 854-3800
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class ----- | Name of each exchange on which registered ----- |
|---|---|
| Common Stock, \$1.00 Par Value | New York Stock Exchange |
| Preferred Stock Purchase Rights issuable pursuant to Registrant's Shareholder Rights Plan | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act:

NONE

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 X No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act) Yes X No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

\$160,284,287 based on the average of the high/low transaction price of the Common Stock on July 25, 2003.

Indicate the number of shares outstanding of each of the Registrant's classes of Common Stock, as of March 31, 2004.

Common Stock, \$1.00 par value, 8,931,529 shares outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the 2004 Annual Meeting of Shareholders are incorporated by reference in Parts II and III.

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PART I

ITEM 1. BUSINESS

GENERAL DEVELOPMENT OF BUSINESS

Angelica Corporation (the "Company") provides linen management services, primarily to healthcare providers, through its Textile Services segment and sells medical apparel to individuals providing healthcare services through its Life Uniform retail segment. The Company was founded in 1878 and was incorporated as Angelica Corporation in 1968. The Company's principal executive offices are located in Chesterfield, Missouri.

The Company's businesses are reported in two industry segments: Textile Services and Life Uniform. Information about the Company's industry segments appears in Note 17 of the Notes to Consolidated Financial Statements included in response to Item 15 of this Form 10-K and is incorporated herein by reference. This information includes, for each segment, sales and revenues, income from operations, assets, depreciation and amortization and capital additions for each of the three years in the period ended January 31, 2004. The Company's current business segments are described below.

On February 25, 2004, the Board of Directors of the Company announced that it has decided to pursue the sale of Life Uniform. Accordingly, beginning the first quarter ending May 1, 2004, the Company will reclassify on its balance sheet the assets and liabilities and on the income statement the results of operations relating to the Life Uniform division as discontinued operations. However, the Company intends to continue to operate the division pending successful negotiation of its sale.

TEXTILE SERVICES

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As of January 31, 2004, the Textile Services segment had 28 laundry plants generally in or near various major metropolitan areas in the United States, principally providing textile rental and linen management services to healthcare institutions. This segment also provides a limited amount of general linen services in selected areas, principally to restaurants, hotels and motels.

The markets in which the Textile Services segment operates are very competitive, being characterized generally by a large number of independent, privately-owned competitors. Industry statistics are not available, but the Company estimates the healthcare linen services market at approximately \$5.3 billion and believes that its Textile Services segment constitutes the largest supplier of textile rental and linen management services to healthcare institutions in the United States. Competition is on the basis of quality, reliability and price, not necessarily in that order.

LIFE UNIFORM

The Life Uniform segment is a specialty retailer offering uniforms and shoes primarily for nurses and other healthcare professionals through a nationwide chain of retail stores under the name of Life Uniform and Shoe Shops, located primarily in malls and strip shopping centers and, to a limited extent, inside hospitals. The segment also offers merchandise by means of catalogues and e-commerce to complement its retail stores, as well as by means of "on-the-job shopping events" where merchandise is taken to a particular healthcare location for sale.

The Company believes there are approximately 1,250 specialty retail stores and approximately ten catalogue operations in the United States, all primarily privately-owned, offering merchandise comparable to that offered by the Company's Life Uniform segment. In addition, this type of merchandise is also offered by others, including some large chain retailers, including Wal-Mart. The Company believes that approximately 30 percent of all uniforms sold to healthcare professionals are sold through catalogues. Retail operations are conducted under highly competitive conditions in the local area where each of the Company's stores is located, with the Company competing on the basis of store location, merchandise selection and value. Industry statistics are not available, but the Company estimates the healthcare uniform retail market at approximately \$1 billion and believes its Life Uniform segment is the nation's largest specialty retailer offering uniforms and shoes to nurses and other healthcare professionals and the only national provider through the four distribution channels of retail stores, catalogues, e-commerce and on-the-job shopping events.

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ADDITIONAL INFORMATION

The Company does not hold any material patents, licenses, franchises or concessions. It does not consider its business to be seasonal to any significant extent. No single customer represents ten percent or more of revenue. No portion of the Company's business is subject to renegotiation of profits under a government contract.

ENVIRONMENTAL CONSIDERATIONS

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The operations of the Company are subject to various laws and regulations relating to public health, worker safety and the environment. The Company is not presently engaged in any material issues or controversies related to such matters. Compliance with laws regulating the discharge of materials into the environment or otherwise relating to the protection of the environment has not had a material effect on the Company's capital expenditures, earnings or competitive position. The Company does not expect any material expenditures will be required in order to comply with any federal, state or local environmental regulations.

EMPLOYEES

As of January 31, 2004, the Company employed approximately 5,700 persons, including approximately 650 part-time employees (Textile Services, 4,725; Life Uniform, 925; and Corporate, 50).

FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS

The Company provides linen management services in 13 states and manages retail stores in 37 states. No sales are sought outside of the United States.

AVAILABLE INFORMATION

Since November 15, 2002, the Company has made available free of charge on or through its web site, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. The Company's web site is www.angelica.com.

In addition, the Company has adopted a Code of Conduct and Ethics that applies to the Company's senior executive and financial officers pursuant to Section 406 of the Sarbanes-Oxley Act of 2002. This code, as well as charters relating to the Company's audit committee, compensation and organization committee and corporate governance and nominating committee, are available free of charge on or through its web site. In the event of any amendments to or waivers from provisions of the Code of Conduct and Ethics, the Company will satisfy its disclosure requirement under the Securities and Exchange Act of 1934, as amended, by posting the amendments or waivers on its web site in lieu of filing a report of such events on Form 8-K.

ITEM 2. PROPERTIES

A list of the Company's principal facilities as of January 31, 2004 follows. Unless otherwise indicated, each of the facilities is owned by the Company. There is no individual parcel of real estate owned or leased which is of material significance to the Company's operations or total assets. In the opinion of the Company, all such facilities are maintained in good condition and are adequate and suitable for the purposes for which they are used.

Textile Services Laundries

| | | |
|------------------|----------------|---------------|
| Antioch, CA | Colton, CA | Edison, NJ |
| Ballston Spa, NY | Fresno, CA | Pawtucket, RI |
| Batavia, NY | Holly Hill, FL | Pomona, CA |
| Chicago, IL | Houston, TX | Phoenix, AZ |
| Colton, CA | Long Beach, CA | Rio Vista, CA |

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Columbia, SC(1)
Dallas, TX (leased)
Daytona Beach, FL
St. Louis, MO
Stockton, CA

Lorain, OH
Los Angeles, CA
Ooltewah, TN
Tampa, FL
Vallejo, CA (leased)

Rockmart, GA
San Diego, CA
San Fernando, CA