

CHECKERS DRIVE IN RESTAURANTS INC /DE

Form 10-Q

August 01, 2005

Table of Contents

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 June 20, 2005

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 0-19649

Checkers Drive-In Restaurants, Inc.

(Exact name of Registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

58-1654960
(I.R.S. employer
identification no.)

4300 West Cypress Street

Suite 600

Tampa, FL
(Address of principal executive offices)

33607
(Zip code)

Registrant's telephone number, including area code: (813) 283-7000

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 is an accelerated filer (as defined in Exchange Act Rule 12b - 2). Yes No .

The Registrant had 11,359,888 shares of Common Stock, par value \$.001 per share, outstanding as of June 20, 2005.

Table of Contents

TABLE OF CONTENTS

	PAGE

PART I FINANCIAL INFORMATION	
<i>Item 1 <u>Financial Statements</u></i>	
<i><u>Consolidated Balance Sheets</u></i>	
<i><u>June 20, 2005 and January 3, 2005</u></i>	3
<i><u>Consolidated Statements of Income and Comprehensive Income</u></i>	
<i><u>Quarter ended June 20, 2005 and June 14, 2004 and</u></i>	
<i><u>Two Quarters ended June 20, 2005 and June 14, 2004</u></i>	4
<i><u>Consolidated Statements of Cash Flows</u></i>	
<i><u>Two Quarters ended June 20, 2005 and June 14, 2004</u></i>	5
<i><u>Notes to Consolidated Financial Statements</u></i>	6
<i>Item 2 <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u></i>	10
<i>Item 3 <u>Quantitative and Qualitative Disclosures About Market Risk</u></i>	18
<i>Item 4 <u>Controls and Procedures</u></i>	18
PART II OTHER INFORMATION	
<i>Item 1 <u>Legal Proceedings</u></i>	19
<i>Item 2 <u>Unregistered Sales of Equity Securities and Use of Proceeds</u></i>	19
<i>Item 3 <u>Defaults Upon Senior Securities</u></i>	20
<i>Item 4 <u>Submission of Matters to a Vote of Security Holders</u></i>	20
<i>Item 5 <u>Other Information</u></i>	20
<i>Item 6 <u>Exhibits</u></i>	20

Table of Contents*ITEM 1. FINANCIAL STATEMENTS***CHECKERS DRIVE-IN RESTAURANTS, INC.****AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(Dollars in thousands)****(UNAUDITED)**

	June 20, 2005	January, 3 2005
	<u> </u>	<u> </u>
Current Assets:		
Cash and cash equivalents	\$ 11,045	\$ 7,075
Accounts, notes and leases receivable, net	2,448	2,633
Inventory	1,037	1,062
Prepaid rent	462	1,246
Deferred income tax assets	4,095	4,894
Property and equipment held for sale	1,553	1,560
Other current assets	1,051	383
	<u> </u>	<u> </u>
Total current assets	21,691	18,853
Restricted cash	4,392	3,943
Property and equipment, net	55,468	55,309
Notes receivable, net - less current portion	5,726	5,082
Leases receivable, net - less current portion	4,389	4,555
Intangible assets, net	23,946	24,024
Deferred income tax assets	10,032	11,094
Other assets, net	1,064	1,170
	<u> </u>	<u> </u>
Total assets	\$ 126,708	\$ 124,030
	<u> </u>	<u> </u>
Current Liabilities:		
Current maturities of long-term debt and obligations under capital leases	\$ 1,842	\$ 2,064
Accounts payable	4,065	4,724
Reserves for restaurant relocations and abandoned sites	599	785
Accrued wages and benefits	2,503	2,890
Accrued self insurance	1,331	1,390
Accrued liabilities	3,670	6,180
	<u> </u>	<u> </u>
Total current liabilities	14,010	18,033
Long-term debt, less current maturities	15,960	17,082
Obligations under capital leases, less current maturities	3,539	3,694
Long-term reserves for restaurant relocations and abandoned sites	2,959	3,326
Deferred revenue	5,058	4,895
Accrued self insurance	2,799	2,860

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Other long-term liabilities	1,219	1,188
	<u> </u>	<u> </u>
Total liabilities	45,544	51,078
Stockholders Equity:		
Preferred stock, \$.001 par value, authorized 2,000,000 shares, none issued at June 20, 2005 and January 3, 2005		
Common stock, \$.001 par value, authorized 175,000,000 shares, issued 13,145,788 at June 20, 2005 and 12,812,826 at January 3, 2005	13	13
Additional paid-in capital	152,630	150,003
Accumulated deficit	(53,507)	(59,092)
	<u> </u>	<u> </u>
	99,136	90,924
Less: Treasury stock, 1,785,900 shares at June 20, 2005 and January 3, 2005, at cost	(17,972)	(17,972)
	<u> </u>	<u> </u>
Total stockholders equity	81,164	72,952
	<u> </u>	<u> </u>
	\$ 126,708	\$ 124,030
	<u> </u>	<u> </u>

See accompanying notes to the consolidated financial statements.

Table of Contents**CHECKERS DRIVE-IN RESTAURANTS, INC.****AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME****AND COMPREHENSIVE INCOME****(Dollars in thousands except per share amounts)****(UNAUDITED)**

	Quarter Ended		Two Quarters Ended	
	June 20, 2005	June 14, 2004	June 20, 2005	June 14, 2004
REVENUES:				
Restaurant sales	\$ 41,494	\$ 41,330	\$ 81,915	\$ 80,556
Franchise royalty revenue	4,134	4,025	8,067	7,764
Franchise fees and other income	58	273	96	319
Total revenues	45,686	45,628	90,078	88,639
COSTS AND EXPENSES:				
Restaurant food and paper costs	13,463	13,285	26,287	25,433
Restaurant labor costs	11,873	12,123	23,599	24,304
Restaurant occupancy expenses	2,478	2,702	4,699	5,447
Restaurant depreciation and amortization	1,727	1,293	3,430	2,662
Other restaurant operating expenses	5,109	5,100	10,065	9,628
General and administrative expenses	3,663	3,613	7,483	6,945
Advertising	2,423	2,505	4,985	4,808
Other depreciation and amortization	221	268	447	534
Restaurant retirement costs, net	(26)	(281)	(128)	(308)
Loss (gain) on sale of assets, net	20	(134)	188	(255)
Total costs and expenses	40,951	40,474	81,055	79,198
Operating income	4,735	5,154	9,023	9,441
OTHER INCOME (EXPENSE):				
Interest income	221	221	510	465
Interest expense	(480)	(510)	(983)	(1,061)
Income before income tax expense	4,476	4,865	8,550	8,845
Income tax expense	1,408	1,676	2,965	3,177
Net income	\$ 3,068	\$ 3,189	\$ 5,585	\$ 5,668
Comprehensive income	\$ 3,068	\$ 3,189	\$ 5,585	\$ 5,668

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Basic net earnings per share	\$ 0.27	\$ 0.26	\$ 0.50	\$ 0.47
Diluted net earnings per share	\$ 0.25	\$ 0.25	\$ 0.46	\$ 0.44
Weighted average number of common shares outstanding:				
Basic	11,226	12,065	11,167	12,068
Diluted	12,180	12,855	12,223	12,867

See accompanying notes to consolidated financial statements.

Table of Contents

**CHECKERS DRIVE-IN RESTAURANTS, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(UNAUDITED)**

	Two Quarters Ended	
	June 20, 2005	June 14, 2004
Cash flows from operating activities:		
Net income	\$ 5,585	\$ 5,668
Adjustments to reconcile net earnings to cash provided by operating activities:		
Deferred tax expense	1,864	2,711
Income tax effect of exercise of options	1,078	283
Depreciation and amortization	3,877	3,196
Amortization of deferred loan costs	101	60
Bad debt expense		113
Loss (gain) on sale of assets	188	(255)
Change in assets and liabilities:		
(Increase), decrease in receivables	557	(227)
Decrease in inventory	25	94
Decrease in prepaid expenses and other current assets	114	