

TrueBlue, Inc.
Form 10-Q
April 29, 2019

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: March 31, 2019

or

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

Commission File Number: 001-14543

TrueBlue, Inc.

(Exact name of registrant as specified in its charter)

Washington

(State of incorporation)

91-1287341

(I.R.S. employer identification no.)

1015 A Street, Tacoma, Washington 98402

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (253) 383-9101

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 ý No “

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ý No “

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer “ Non-accelerated filer “

Smaller reporting company “ Emerging growth company “

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. “

Indicate by check mark if the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes “ No ý
As of April 15, 2019, there were 40,152,708 shares of the registrant's common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. CONSOLIDATED FINANCIAL STATEMENTS

TRUEBLUE, INC.

CONSOLIDATED BALANCE SHEETS

(unaudited)

(in thousands, except par value data)	March 31, 2019	December 30, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$26,328	\$46,988
Accounts receivable, net of allowance for doubtful accounts of \$4,832 and \$5,026	327,038	355,373
Prepaid expenses, deposits and other current assets	24,291	22,141
Income tax receivable	8,329	5,325
Total current assets	385,986	429,827
Property and equipment, net	57,898	57,671
Restricted cash and investments	229,743	235,443
Deferred income taxes, net	1,177	4,388
Goodwill	238,006	237,287
Intangible assets, net	86,541	91,408
Operating lease right-of-use assets	38,717	—
Workers' compensation claims receivable, net	45,694	44,915
Other assets, net	16,254	13,905
Total assets	\$1,100,016	\$1,114,844
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other accrued expenses	\$51,420	\$62,045
Accrued wages and benefits	66,832	77,098
Current portion of workers' compensation claims reserve	74,073	76,421
Operating lease current liabilities	14,638	—
Other current liabilities	8,358	9,962
Total current liabilities	215,321	225,526
Workers' compensation claims reserve, less current portion	187,993	190,025
Long-term debt, less current portion	42,200	80,000
Long-term deferred compensation liabilities	25,023	21,747
Operating lease long-term liabilities	26,723	—
Other long-term liabilities	4,469	6,107
Total liabilities	501,729	523,405
Commitments and contingencies (Note 5)		
Shareholders' equity:		
Preferred stock, \$0.131 par value, 20,000 shares authorized; No shares issued and outstanding	—	—
Common stock, no par value, 100,000 shares authorized; 40,152 and 40,054 shares issued and outstanding	1	1
Accumulated other comprehensive loss	(13,323)	(14,649)
Retained earnings	611,609	606,087
Total shareholders' equity	598,287	591,439

Total liabilities and shareholders' equity	\$1,100,016	\$ 1,114,844
See accompanying notes to consolidated financial statements		

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TRUEBLUE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(unaudited)

(in thousands, except per share data)	Thirteen weeks ended	
	March 31, 2019	April 1, 2018
Revenue from services	\$552,352	\$554,388
Cost of services	403,976	411,120
Gross profit	148,376	143,268
Selling, general and administrative expense	129,661	125,763
Depreciation and amortization	9,952	10,090
Income from operations	8,763	7,415
Interest expense	(722)	(890)
Interest and other income	1,275	3,094
Interest and other income (expense), net	553	2,204
Income before tax expense	9,316	9,619
Income tax expense	1,040	864
Net income	\$8,276	\$8,755
Net income per common share:		
Basic	\$0.21	\$0.22
Diluted	\$0.21	\$0.22
Weighted average shares outstanding:		
Basic	39,366	40,443
Diluted	39,735	40,694
Other comprehensive income:		
Foreign currency translation adjustment	\$1,326	\$(1,384)
Comprehensive income	\$9,602	\$7,371

See accompanying notes to consolidated financial statements

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TRUEBLUE, INC.
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 (unaudited)

	Thirteen weeks ended	
(in thousands)	March 31, 2019	April 1, 2018
Cash flows from operating activities:		
Net income	\$8,276	\$8,755
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,952	10,090
Provision for doubtful accounts	1,778	2,209
Stock-based compensation	3,606	3,409
Deferred income taxes	3,209	1,370
Non-cash lease expense	3,565	—
Other operating activities	(1,841)	(572)
Changes in operating assets and liabilities:		
Accounts receivable	26,558	42,679
Income tax receivable	(3,645)	(2,842)
Other assets	(5,274)	(1,964)
Accounts payable and other accrued expenses	(9,878)	(5,232)