

CRACKER BARREL OLD COUNTRY STORE, INC
Form 10-Q
February 25, 2014

UNITED STATES
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 January 31, 2014

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 25225

Cracker Barrel Old Country Store, Inc.
(Exact name of registrant as specified in its charter)

Tennessee 62 0812904
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

305 Hartmann Drive, P.O. Box 787 37088 0787
Lebanon, Tennessee (Zip code)
(Address of principal executive offices)

Registrant's telephone number, including area code: (615) 444-5533

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 Act).
Yes No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

23,820,077 Shares of Common Stock
Outstanding as of February 18, 2014

CRACKER BARREL OLD COUNTRY STORE, INC.

FORM 10-Q

For the Quarter Ended January 31, 2014

INDEX

PART I. FINANCIAL INFORMATION

Page

ITEM 1. Condensed Consolidated Financial Statements (Unaudited)

a) Condensed Consolidated Balance Sheets as of January 31, 2014 and August 2, 2013 3

b) Condensed Consolidated Statements of Income for the Quarters and Six Months Ended January 31, 2014 and February 1, 2013 4

c) Condensed Consolidated Statements of Comprehensive Income for the Quarters and Six Months Ended January 31, 2014 and February 1, 2013 5

d) Condensed Consolidated Statements of Cash Flows for the Quarters and Six Months Ended January 31, 2014 and February 1, 2013 6

e) Notes to Condensed Consolidated Financial Statements 7

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 14

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk 26

ITEM 4. Controls and Procedures 26

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings 27

ITEM 1A. Risk Factors 27

ITEM 6. Exhibits 27

SIGNATURES 28

2

Index

PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements

CRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

(Unaudited)

	January 31, 2014	August 2, 2013*
ASSETS		
Current Assets:		
Cash and cash equivalents	\$91,353	\$121,718
Property held for sale	--	883
Accounts receivable	18,206	15,942
Income taxes receivable	4,100	--
Inventories	148,073	146,687
Prepaid expenses and other current assets	13,881	12,648
Deferred income taxes	4,316	4,316
Total current assets	279,929	302,194
Property and equipment	1,828,181	1,797,823
Less: Accumulated depreciation and amortization of capital leases	798,734	771,454
Property and equipment – net	1,029,447	1,026,369
Other assets	60,764	59,743
Total assets	\$1,370,140	\$1,388,306
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$82,202	\$110,637
Current maturities of long-term debt	12,500	--
Income taxes payable	--	5,624
Deferred revenue	69,458	44,098
Other current liabilities	133,212	155,708
Total current liabilities	297,372	316,067
Long-term debt	387,500	400,000
Long-term interest rate swap liability	9,761	11,644
Other long-term obligations	121,228	120,073
Deferred income taxes	57,098	56,496
Commitments and Contingencies (Note 11)		
Shareholders' Equity:		
Preferred stock – 100,000,000 shares of \$.01 par value authorized; 300,000 shares designated as Series A Junior Participating Preferred Stock; no shares issued	--	--
Common stock – 400,000,000 shares of \$.01 par value authorized; 23,820,077 shares issued and outstanding at January 31, 2014, and 23,795,327 shares issued and outstanding at August 2, 2013	238	237
Additional paid-in capital	35,658	51,728
Accumulated other comprehensive loss	(5,765)	(6,612)
Retained earnings	467,050	438,673
Total shareholders' equity	497,181	484,026

Total liabilities and shareholders' equity	\$1,370,140	\$1,388,306
--	-------------	-------------

See Notes to unaudited Condensed Consolidated Financial Statements.

* This Condensed Consolidated Balance Sheet has been derived from the audited Consolidated Balance Sheet as of August 2, 2013, as filed with the Securities and Exchange Commission in the Company's Annual Report on Form 10-K for the fiscal year ended August 2, 2013.

3

IndexCRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME(In thousands, except share data)
(Unaudited)

	Quarter Ended		Six Months Ended	
	January 31, 2014	February 1, 2013	January 31, 2014	February 1, 2013
Total revenue	\$698,491	\$702,671	\$1,347,632	\$1,330,122
Cost of goods sold	243,015	244,187	448,944	442,045
Gross profit	455,476	458,484	898,688	888,077
Labor and other related expenses	238,742	244,871	475,489	477,610
Other store operating expenses	128,100	122,586	253,441	238,451
Store operating income	88,634	91,027	169,758	172,016
General and administrative expenses	29,928	33,830	66,815	69,511
Operating income	58,706	57,197	102,943	102,505
Interest expense	4,471	10,293	8,878	21,005
Income before income taxes	54,235	46,904	94,065	81,500
Provision for income taxes	17,180	11,736	29,850	23,140
Net income	\$37,055	\$35,168	\$64,215	\$58,360
Net income per share:				
Basic	\$1.56	\$1.48	\$2.70	\$2.47
Diluted	\$1.55	\$1.47	\$2.68	\$2.45
Weighted average shares:				
Basic	23,812,777	23,711,235	23,815,107	23,644,405
Diluted	23,970,611	23,945,236	23,947,850	23,866,431
Dividends declared per share	\$0.75	\$0.50	\$1.50	\$1.00

See Notes to unaudited Condensed Consolidated Financial Statements.

Index

CRACKER BARREL OLD COUNTRY STORE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited and in thousands)

	Quarter Ended		Six Months Ended	
	January 31, 2014	February 1, 2013	January 31, 2014	February 1, 2013
Net income	\$37,055	\$35,168	\$64,215	\$58,360
Other comprehensive income before income tax expense:				
Change in fair value of interest rate swaps	1,505	7,010	1,377	12,511
Income tax expense	580	2,703	530	4,790
Other comprehensive income, net of tax	925	4,307	847	7,721
Comprehensive income	\$37,980	\$39,475	\$65,062	\$66,081

See Notes to unaudited Condensed Consolidated Financial Statements.

5

Index

CRACKER BARREL OLD COUNTRY STORE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited and in thousands)

Six Months

Ended

January February

31, 1,

2014 2013