

REGIS CORP  
Form 10-Q  
February 09, 2010  
Table of Contents

**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 December 31, 2009

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 1-12725

**Regis Corporation**

(Exact name of registrant as specified in its charter)

**Minnesota**  
(State or other jurisdiction of)

**41-0749934**  
(I.R.S. Employer)

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incorporation or organization)  
**7201 Metro Boulevard, Edina, Minnesota**  
(Address of principal executive offices)

Identification No.)  
**55439**  
(Zip Code)

**(952) 947-7777**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name, former address and former fiscal year, if changed since last report)

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 be 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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the Registrant is a shell company (as defined by Rule 12b-2 of the Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of February 4, 2010:

<b>Common Stock, \$.05 par value</b> Class	<b>57,118,312</b> Number of Shares
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Table of Contents

REGIS CORPORATION

INDEX

Part I. Financial Information UNAUDITED

<u>Item 1.</u>	<u>Condensed Consolidated Financial Statements:</u>	
	<u>Condensed Consolidated Balance Sheet as of December 31, 2009 and June 30, 2009</u>	3
	<u>Condensed Consolidated Statement of Operations for the three months ended December 31, 2009 and 2008</u>	4
	<u>Condensed Consolidated Statement of Operations for the six months ended December 31, 2009 and 2008</u>	5
	<u>Condensed Consolidated Statement of Cash Flows for the six months ended December 31, 2009 and 2008</u>	6
	<u>Notes to Condensed Consolidated Financial Statements</u>	7
	<u>Review Report of Independent Registered Public Accounting Firm</u>	31
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	32
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	54
<u>Item 4.</u>	<u>Controls and Procedures</u>	55

Part II. Other Information

<u>Item 1.</u>	<u>Legal Proceedings</u>	55
<u>Item 1A.</u>	<u>Risk Factors</u>	56
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	58
<u>Item 4.</u>	<u>Submission of Matters to a Vote of Security Holders</u>	58
<u>Item 6.</u>	<u>Exhibits</u>	59
<u>Signatures</u>		60

Table of Contents**PART I - FINANCIAL INFORMATION****Item 1. Financial Statements****REGIS CORPORATION****CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)**

as of December 31, 2009 and June 30, 2009  
(In thousands, except share data)

	December 31, 2009	June 30, 2009
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 114,484	\$ 42,538
Receivables, net	24,864	44,935
Inventories	160,789	158,570
Deferred income taxes	23,731	22,086
Income tax receivable	35,310	47,164
Other current assets	32,935	37,693
Total current assets	392,113	352,986
Property and equipment, net	372,762	391,538
Goodwill	769,694	764,422
Other intangibles, net	122,996	126,961
Investment in and loans to affiliates	201,297	211,400
Other assets	83,432	45,179
Total assets	\$ 1,942,294	\$ 1,892,486
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Long-term debt, current portion	\$ 77,646	\$ 55,454
Accounts payable	55,502	62,394
Accrued expenses	154,911	156,638
Total current liabilities	288,059	274,486
Long-term debt and capital lease obligations	392,695	578,853
Other noncurrent liabilities	246,638	236,287
Total liabilities	927,392	1,089,626
Commitments and contingencies (Note 9)		
Shareholders' equity:		
Common stock, \$0.05 par value; issued and outstanding 57,115,312 and 43,881,364 common shares at December 31, 2009 and June 30, 2009, respectively	2,856	2,194
Additional paid-in capital	326,643	151,394
Accumulated other comprehensive income	66,632	51,855
Retained earnings	618,771	597,417

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Total shareholders' equity		1,014,902		802,860
Total liabilities and shareholders' equity	\$	1,942,294	\$	1,892,486

The accompanying notes are an integral part of the unaudited Condensed Consolidated Financial Statements.

Table of Contents

## REGIS CORPORATION

## CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)

for the three months ended December 31, 2009 and 2008

(In thousands, except per share data)

	2009	2008
Revenues:		
Service	\$ 435,125	\$ 445,078
Product	130,671	132,774
Royalties and fees	9,569	9,574
	575,365	587,426
Operating expenses:		
Cost of service	248,812	256,838
Cost of product	62,420	65,078
Site operating expenses	46,409	47,620
General and administrative	72,611	72,531
Rent	85,498	81,981
Depreciation and amortization	27,510	27,519
Goodwill impairment		41,661
Lease termination costs	42	847
Total operating expenses	543,302	594,075
Operating income (loss)	32,063	(6,649)
Other income (expense):		
Interest expense	(9,069)	(10,878)
Interest income and other, net	1,411	3,462
Income (loss) from continuing operations before income taxes and equity in income (loss) of affiliated companies	24,405	(14,065)
Income taxes	(8,908)	(9,383)
Equity in income (loss) of affiliated companies, net of income taxes	2,657	(2,338)
Income (loss) from continuing operations	18,154	(25,786)
Income (loss) from discontinued operations, net of income taxes (Note 2)		(117,466)
Net income (loss)	\$ 18,154	\$ (143,252)
Net income (loss) per share:		
Basic:		
Income (loss) from continuing operations	0.32	(0.60)
Income (loss) from discontinued operations		(2.74)
Net income (loss) per share, basic	\$ 0.32	\$ (3.34)
Diluted:		
Income (loss) from continuing operations	0.30	(0.60)
Income (loss) from discontinued operations		(2.74)
Net income (loss) per share, diluted	\$ 0.30	\$ (3.34)

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Weighted average common and common equivalent shares outstanding:			
Basic		56,287	42,897
Diluted		67,570	42,897
Cash dividends declared per common share	\$	0.04	\$ 0.04

The accompanying notes are an integral part of the unaudited Condensed Consolidated Financial Statements.

Table of Contents

**REGIS CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)**  
**for the six months ended December 31, 2009 and 2008**  
**(In thousands, except per share data)**

	2009	2008
<b>Revenues:</b>		
Service	\$ 884,403	\$ 914,113
Product	276,824	266,957
Royalties and fees	19,688	19,885
	1,180,915	1,200,955
<b>Operating expenses:</b>		
Cost of service	504,781	523,915
Cost of product	141,915	130,697
Site operating expenses	99,085	96,022
General and administrative	145,171	150,295
Rent	171,323	174,192
Depreciation and amortization	54,701	54,787
Goodwill impairment		41,661
Lease termination costs	3,619	1,998
Total operating expenses	1,120,595	1,173,567
Operating income	60,320	27,388
<b>Other income (expense):</b>		
Interest expense	(36,385)	(21,098)
Interest income and other, net	3,643	5,197
Income from continuing operations before income taxes and equity in income (loss) of affiliated companies	27,578	11,487
Income taxes	(10,527)	(19,340)
Equity in income (loss) of affiliated companies, net of income taxes	5,714	(1,846)
Income (loss) from continuing operations	22,765	(9,699)
Income (loss) from discontinued operations, net of income taxes (Note 2)	3,161	(119,066)
Net income (loss)	\$ 25,926	\$ (128,765)
<b>Net income (loss) per share:</b>		
<b>Basic:</b>		
Income (loss) from continuing operations	0.41	(0.23)
Income (loss) from discontinued operations	0.06	