

CHECKERS DRIVE IN RESTAURANTS INC /DE
Form 10-Q
July 23, 2002
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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 17, 2002

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)

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

The Registrant had 12,172,427 shares of Common Stock, par value \$.001 per share, outstanding as of June 17, 2002.

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**CHECKERS DRIVE-IN RESTAURANTS, INC.
AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS
(UNAUDITED)**

	June 17, 2002	December 31, 2001
(Dollars in thousands)		
Current Assets:		
Cash and cash equivalents	\$ 12,482	\$ 7,159
Restricted cash	3,818	3,482
Accounts, notes and leases receivable, net	2,925	3,420
Inventory	1,052	1,122
Prepaid expenses and other current assets	1,199	2,337
Property and equipment held for sale	2,686	3,230
Total current assets	24,162	20,750
Property and equipment, net	49,030	49,136
Notes receivable, net less current portion	2,871	3,527
Lease receivable, net less current portion	6,089	6,669
Intangible assets, net	45,018	45,189
Other assets, net	1,779	1,989
	\$ 128,949	\$ 127,260
Current Liabilities:		
Current maturities of long-term debt and obligations under capital leases	\$ 3,144	\$ 4,743
Accounts payable	6,062	6,645
Reserves for restaurant relocations and abandoned sites	1,429	1,879
Accrued wages and benefits	2,525	2,271
Accrued liabilities	7,022	7,686
Total current liabilities	20,182	23,224
Long-term debt, less current maturities	22,757	25,192
Obligations under capital leases, less current maturities	6,759	6,981
Long-term reserves for restaurant relocations and abandoned sites	2,528	2,549
Minority interests in joint ventures	239	312
Deferred revenue	4,821	5,440
Other long-term liabilities	4,243	3,938
	61,529	67,636
Stockholders Equity:		
Preferred stock, \$.001 par value, authorized 2,000,000 shares, none issued at June 17, 2002 and December 31, 2001		
Common stock, \$.001 par value, authorized 175,000,000 shares, issued 12,220,669 at June 17, 2002 and 10,914,727 at December 31, 2001	12	11
Additional paid-in capital	145,533	143,004
Accumulated deficit	(77,593)	(82,891)
	67,952	60,124
Less: Treasury stock, 48,242 at June 17, 2002 and December 31, 2001, at cost	(465)	(400)
Note receivable officer	(67)	(100)

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Total stockholders equity	67,420	59,624
	<u> </u>	<u> </u>
	\$ 128,949	\$ 127,260
	<u> </u>	<u> </u>

See accompanying notes to consolidated financial statements.

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CHECKERS DRIVE-IN RESTAURANTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(UNAUDITED)

	Quarter Ended		Two Quarters Ended	
	June 17, 2002	June 18, 2001	June 17, 2002	June 18, 2001
(Dollars in thousands except per share amounts)				
REVENUES:				
Restaurant sales	\$ 39,055	\$ 33,208	\$ 76,148	\$ 64,891
Franchise royalty revenue	3,380	3,839	6,702	7,277
Franchise fees and other income	271	190	275	364
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	\$ 42,706	\$ 37,237	\$ 83,125	\$ 72,532
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
COSTS AND EXPENSES:				
Restaurant food and paper costs	11,924	11,427	23,171	21,646
Restaurant labor costs	11,904	10,791	23,691	21,214
Restaurant occupancy expenses	2,850	2,698	5,458	5,208
Restaurant depreciation and amortization	1,315	970	2,607	1,940
Other restaurant operating expenses	5,737	4,193	10,403	8,217
General and administrative expenses	2,818	2,893	5,830	5,724
Advertising	2,197	1,933	4,323	3,780
Bad debt expense	100	162	200	341
Non-cash compensation	23	23	46	46
Other depreciation and amortization	155	923	307	1,716
Impairment of long lived assets	492		492	
Restaurant closure expense	38	(255)	413	(237)
Gain on sale of assets	(26)	(179)	(103)	(543)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total costs and expenses	39,527	35,579	76,838	69,052
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating income	3,179	1,658	6,287	3,480
OTHER INCOME (EXPENSE):				
Interest income	318	456	715	905
Interest expense	(830)	(1,281)	(1,644)	(2,658)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Income before minority interests and income tax expense	2,667	833	5,358	1,727
Minority interests in operations of joint ventures	(2)	(22)	(29)	(36)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Income before income tax expense	2,665	811	5,329	1,691
Income tax expense		35		72
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net income	\$ 2,665	\$ 776	\$ 5,329	\$ 1,619
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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