

PAPA JOHNS INTERNATIONAL INC
Form 10-Q
November 03, 2010

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 September 26, 2010

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 0-21660

PAPA JOHN'S INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

61-1203323
(I.R.S. Employer Identification
number)

2002 Papa Johns Boulevard
Louisville, Kentucky 40299-2367
(Address of principal executive offices)
(502) 261-7272
(Registrant's telephone number, including area code)

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 (Section 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
Non-accelerated filer

Accelerated filer
Smaller reporting company

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

At October 27, 2010, there were outstanding 25,773,729 shares of the registrant's common stock, par value \$0.01 per share.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Papa John's International, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

| (In thousands) | September 26, 2010 (Unaudited) | December 27, 2009 (Note) |
|---|--------------------------------------|--------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$28,180 | \$25,457 |
| Accounts receivable, net | 24,713 | 22,119 |
| Inventories | 16,112 | 15,576 |
| Prepaid expenses | 7,398 | 8,695 |
| Other current assets | 3,367 | 3,748 |
| Deferred income taxes | 9,532 | 8,408 |
| Total current assets | 89,302 | 84,003 |
| Investments | 1,629 | 1,382 |
| Net property and equipment | 186,256 | 187,971 |
| Notes receivable, net | 17,379 | 16,359 |
| Deferred income taxes | 5,557 | 6,804 |
| Goodwill | 75,015 | 75,066 |
| Other assets | 22,738 | 22,141 |
| Total assets | \$397,876 | \$393,726 |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$24,871 | \$26,990 |
| Income and other taxes payable | 11,353 | 5,854 |
| Accrued expenses | 50,035 | 54,241 |
| Total current liabilities | 86,259 | 87,085 |
| Unearned franchise and development fees | 6,478 | 5,668 |
| Long-term debt, net of current portion | 99,023 | 99,050 |
| Other long-term liabilities | 12,854 | 16,886 |
| Stockholders' equity: | | |
| Preferred stock | - | - |
| Common stock | 360 | 358 |
| Additional paid-in capital | 242,491 | 231,720 |
| Accumulated other comprehensive income (loss) | 680 | (1,084) |
| Retained earnings | 229,127 | 191,212 |
| Treasury stock | (287,329) | (245,337) |
| Total stockholders' equity, net of noncontrolling interests | 185,329 | 176,869 |
| Noncontrolling interests | 7,933 | 8,168 |
| Total stockholders' equity | 193,262 | 185,037 |
| Total liabilities and stockholders' equity | \$397,876 | \$393,726 |

Note: The balance sheet at December 27, 2009 has been derived from the audited consolidated financial statements at that date, but does not include all information and footnotes required by accounting principles generally accepted in the United States for a complete set of financial statements. See Note 2 for modifications made as a result of

adopting recent accounting pronouncements.

See accompanying notes.

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Papa John's International, Inc. and Subsidiaries
 Consolidated Statements of Income
 (Unaudited)

| (In thousands, except per share amounts) | Three Months Ended | | Nine Months Ended | |
|--|--------------------|----------------|-------------------|----------------|
| | Sept. 26, 2010 | Sept. 27, 2009 | Sept. 26, 2010 | Sept. 27, 2009 |
| Domestic revenues: | | | | |
| Company-owned restaurant sales | \$ 120,414 | \$ 122,023 | \$ 374,652 | \$ |