

TrueBlue, Inc.
Form 10-Q
July 25, 2016

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended: June 24, 2016

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 91-1287341
(State of incorporation) (IRS 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 ☐ 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 ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark if the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☐
As of July 11, 2016, there were 42,474,537 shares of the registrant's common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

TRUEBLUE, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except par value data)

(unaudited)

	June 24, 2016	December 25, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$21,772	\$29,781
Accounts receivable, net of allowance for doubtful accounts of \$5,864 and \$5,902	353,367	461,476
Prepaid expenses, deposits and other current assets	20,134	23,553
Income tax receivable	16,943	28,155
Total current assets	412,216	542,965
Property and equipment, net	60,315	57,530
Restricted cash and investments	204,354	188,412
Deferred income taxes, net	1,904	—
Goodwill	225,228	268,495
Intangible assets, net	142,282	153,859
Other assets, net	51,458	48,181
Total assets	\$1,097,757	\$1,259,442
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other accrued expenses	\$72,101	\$69,727
Accrued wages and benefits	76,198	86,070
Current portion of workers' compensation claims reserve	66,216	69,308
Contingent consideration	19,300	—
Other current liabilities	2,843	2,871
Total current liabilities	236,658	227,976
Workers' compensation claims reserve, less current portion	207,902	196,972
Long-term debt, less current portion	148,078	243,397
Deferred income taxes, net	—	19,499
Other long-term liabilities	19,470	36,025
Total liabilities	612,108	723,869
Commitments and contingencies (Note 9)		
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; 42,461 and 42,024 shares issued and outstanding	1	1
Accumulated other comprehensive loss	(11,757)	(14,013)
Retained earnings	497,405	549,585
Total shareholders' equity	485,649	535,573
Total liabilities and shareholders' equity	\$1,097,757	\$1,259,442
See accompanying notes to consolidated financial statements		

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TRUEBLUE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(in thousands, except per share data)

(unaudited)

	Thirteen weeks ended		Twenty-six weeks ended	
	June 24,	June 26,	June 24,	June 26,
	2016	2015	2016	2015
Revenue from services	\$672,612	\$627,714	\$1,318,592	\$1,201,029
Cost of services	502,688	475,748	998,156	919,227
Gross profit	169,924	151,966	320,436	281,802
Selling, general and administrative expenses	135,787	117,859	266,411	229,452
Depreciation and amortization	11,694	10,397	22,983	20,917
Goodwill and intangible asset impairment charge	99,269	—	99,269	—
Income (loss) from operations	(76,826)	23,710	(68,227)	31,433
Interest expense	(1,740)	(881)	(3,709)	(2,047)
Interest and other income	853	679	1,803	1,311
Interest and other expense, net	(887)	(202)	(1,906)	(736)
Income (loss) before tax expense	(77,713)			