

VILLAGE SUPER MARKET INC
Form 10-Q
June 03, 2009

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended: April 25, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

Commission File No. 0-33360

VILLAGE SUPER MARKET, INC.
(Exact name of registrant as specified in its charter)

NEW JERSEY
(State of other jurisdiction of incorporation or organization)

22-1576170
(I. R. S. Employer Identification No.)

733 MOUNTAIN AVENUE, SPRINGFIELD, NEW JERSEY
(Address of principal executive offices)

07081
(Zip Code)

(973) 467-2200
(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 Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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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 12-b2 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 whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of the issuer's classes of common stock as of the latest practicable date:

	June 2,
	2009
Class A Common	6,960,584
Stock, No Par	Shares
Value	
Class B Common	6,376,304
Stock, No Par	Shares
Value	

VILLAGE SUPER MARKET, INC.
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

VILLAGE SUPER MARKET, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(in Thousands)(Unaudited)

	April 25, 2009	July 26, 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 47,268	\$ 47,889
Merchandise inventories	33,808	33,073
Patronage dividend receivable	5,150	6,878
Note receivable from Wakefern	15,606	----
Other current assets	9,897	11,198
Total current assets	111,729	99,038
Note receivable from Wakefern	16,692	31,121
Property, equipment and fixtures, net	159,580	141,752
Investment in Wakefern	18,949	18,291
Goodwill	10,605	10,605
Other assets	4,532	4,573
TOTAL ASSETS	\$ 322,087	\$ 305,380
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt	\$ 4,658	\$ 4,801
Current portion of notes payable to Wakefern	201	198
Accounts payable to Wakefern	41,256	52,345
Accounts payable and accrued expenses	26,858	23,782
Income taxes payable	9,911	9,041
Total current liabilities	82,884	90,167
Long-term debt	30,332	26,160
Notes payable to Wakefern	1,264	1,338
Other liabilities	18,647	16,684
Commitment and contingencies		
Shareholders' equity		
Class A common stock – no par value, issued 7,524 shares	28,183	25,458
Class B common stock - no par value, 6,376 shares issued and outstanding	1,035	1,035
Retained earnings	166,940	152,445
Accumulated other comprehensive loss	(3,828)	(4,071)
Less cost of Class A treasury shares (563 at April 25, 2009 and 642 at July 26, 2008)	(3,370)	(3,836)

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Total shareholders' equity	188,960	171,031
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$ 322,087	\$ 305,380

See accompanying Notes to Consolidated Condensed Financial Statements

VILLAGE SUPER MARKET, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(in Thousands Except Per Share Amounts)(Unaudited)

	13 Wks. Ended Apr. 25, 2009	13 Wks. Ended Apr. 26, 2008	39 Wks. Ended Apr. 25, 2009	39 Wks. Ended Apr. 26, 2008
Sales	\$ 293,474	\$ 273,406	\$ 897,172	\$ 829,794
Cost of sales	213,404	197,865	652,569	604,625
Gross profit	80,070	75,541	244,603	225,169
Operating and administrative expense	65,428	63,439	197,688	188,152
Depreciation and amortization expense	3,720	3,534	11,042	10,160
Operating income	10,922	8,568	35,873	26,857
Interest expense	(695)	(758)	(2,130)	(2,197)
Interest income	497	707	1,554	2,465
Income before income taxes	10,724	8,517	35,297	27,125
Income taxes	4,472	3,602	14,722	11,473
Net income	\$ 6,252	\$ 4,915	\$ 20,575	\$ 15,652
Net income per share:				
Class A common stock:				
Basic	\$.58	\$.46	\$ 1.91	\$ 1.48
Diluted	\$.47	\$.37	\$ 1.55	\$ 1.19
Class B common stock:				
Basic	\$.38	\$.30	\$ 1.24	\$.96
Diluted	\$.37	\$.30	\$ 1.22	\$.96

See accompanying Notes to Consolidated Condensed Financial Statements.

VILLAGE SUPER MARKET, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(in Thousands) (Unaudited)

	39 Weeks Ended April 25, 2009	39 Weeks Ended April 26, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 20,575	\$ 15,652
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,042	10,160
Deferred taxes	(674)	(909)
Provision to value inventories at LIFO	750	825
Non-cash share-based compensation	1,908	1,085
Changes in assets and liabilities:		
Merchandise inventories	(1,485)	(3,844)
Patronage dividend receivable	1,728	1,595
Accounts payable to Wakefern	(11,089)	(363)
Accounts payable and accrued expenses	3,076	(549)
Income taxes payable	870	(29)
Other assets and liabilities	4,222	1,063
Net cash provided by operating activities	30,923	24,686
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(20,170)	(21,088)
Acquisition of Galloway store assets	----	(3,500)
Investment in notes receivable from Wakefern	(1,177)	(1,464)
Net cash used in investing activities	(21,347)	(26,052)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of construction loan	----	6,776
Proceeds from exercise of stock options	809	316
Tax benefit related to share-based compensation	474	1,421
Principal payments of long-term debt and notes payable	(5,400)	(5,952)
Treasury stock purchases	----	(1,999)
Dividends	(6,080)	(19,442)
Net cash used in financing activities	(10,197)	(18,880)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(621)	(20,246)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	47,889	53,846
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 47,268	\$ 33,600
SUPPLEMENTAL DISCLOSURE OF CASH PAYMENTS FOR:		
Interest	\$ 2,337	\$ 2,517
Income taxes	\$ 14,541	\$ 10,919
NON-CASH SUPPLEMENTAL DISCLOSURE:		
Investment in Wakefern	\$ 658	\$ 1,900
Financing lease obligation	\$ 8,700	\$ 2,684

See accompanying Notes to Consolidated Condensed Financial Statements.

VILLAGE SUPER MARKET, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(in Thousands, except per share amounts) (Unaudited)

1. In the opinion of management, the accompanying unaudited consolidated condensed financial statements contain all adjustments (consisting of normal and recurring accruals) necessary to present fairly the consolidated financial position as of April 25, 2009 and the consolidated results of operations for the thirteen and thirty-nine week periods ended April 25, 2009 and April 26, 2008 and cash flows for the thirty-nine weeks ended April 25, 2009 and April 26, 2008 of Village Super Market, Inc. (the "Company").

The significant accounting policies followed by the Company are set forth in Note 1 to the Company's consolidated financial statements in the July 26, 2008 Village Super Market, Inc. Annual Report on Form 10-K, which should be read in conjunction with these financial statements.

Certain immaterial amounts have been reclassified in the fiscal 2008 consolidated condensed balance sheet and statement of cash flows to conform to the fiscal 2009 presentation.

2. The results of operations for the periods ended April 25, 2009 are not necessarily indicative of the expected results for the full year.

3. At both April 25, 2009 and July 26, 2008, approximately 66% of merchandise inventories are valued by the LIFO method while the balance is valued by FIFO. If the FIFO method had been used for the entire inventory, inventories would have been \$14,033 and \$13,283 higher than reported at April 25, 2009 and July 26, 2008, respectively.

4. On December 5, 2008, the Company's Board of Directors declared a two-for-one stock split of the Class A and Class B common stock. Shares were distributed on January 22, 2009. All share and per share amounts have been adjusted for all periods to reflect the stock split.

The Company computes net income per share using the two-class method, an earnings allocation formula that calculates basic and diluted net income per share for each class of common stock separately based on dividends declared and participation rights in undistributed earnings. Under the two-class method, our Class A common stock is assumed to receive a 54% greater participation in undistributed earnings than our Class B common stock, in accordance with the classes respective dividend rights.

Diluted net income per share for Class A common stock is calculated utilizing the if-converted method, which assumes the conversion of all shares of Class B common stock to shares of Class A common stock on a share-for-share basis, as this method is more dilutive than the two-class method. Diluted net income per share for Class B common stock does not assume conversion of Class B common stock to shares of Class A common stock.

The tables below reconcile the numerators and denominators of basic and diluted net income per share for all periods presented.

	13 Weeks Ended		39 Weeks Ended	
	Class A	Class B	Class A	Class B
April 25, 2009				
Numerator:				
Net income allocated, basic	\$ 3,860	\$ 2,392	\$ 12,681	\$ 7,894
Conversion of Class B to Class A shares	2,392	----	7,894	----
Effect of share-based compensation on allocated net income	----	(34)	----	(107)
Net income allocated, diluted	\$ 6,252	\$ 2,358	\$ 20,575	\$ 7,787
Denominator:				
Weighted average shares outstanding, basic	6,677	6,376	6,650	6,376
Conversion of Class B to Class A shares	6,376	---	6,376	----
Dilutive effect of share-based compensation	242	----	210	----
Weighted average shares outstanding, diluted	13,295	6,376	13,236	6,376

	13 Weeks Ended		39 Weeks Ended	
	Class A	Class B	Class A	Class B
April 26, 2008				
Numerator:				
Net income allocated, basic	\$ 2,992	\$ 1,923	\$ 9,528	\$ 6,124
Conversion of Class B to Class A shares	1,923	----	6,124	----
Effect of share-based compensation on allocated net income	----	----	----	----
Net income allocated, diluted	\$ 4,915	\$ 1,923	\$ 15,652	\$ 6,124
Denominator:				
Weighted average shares outstanding, basic	6,478	6,376	6,456	6,376
Conversion of Class B to Class A shares	6,376	----	6,376	----
Dilutive effect of share-based compensation	304	----	326	----
Weighted average shares outstanding, diluted	13,158	6,376	13,158	6,376

Class A shares of 4 and 200 were excluded from the calculation of diluted net income per share at April 25, 2009 and April 26, 2008, respectively, as a result of their anti-dilutive effect.

5. Comprehensive income was \$6,333 and \$20,818 for the quarter and nine-month periods ended April 25, 2009, and \$5,010 and \$15,937 for the quarter and nine-month periods ended April 26, 2008. Comprehensive income consists of net income and amortization of net losses and prior service costs on benefit plans, net of income taxes.

6. The Company sponsors four defined benefit pension plans. Net periodic pension costs for the four plans include the following components:

	13 Weeks Ended 4/25/09	13 Weeks Ended 4/26/08	39 Weeks Ended 4/25/09	39 Weeks Ended 4/28/08
Service cost	\$ 603	\$ 557	\$ 1,809	\$ 1,671
Interest cost on projected benefit obligations	520	456	1,560	1,368
Expected return on plan assets	(434)	(368)	(1,302)	(1,104)
Amortization of gains and losses	133	154	399	462
Amortization of prior service costs	2	4	6	12
Net periodic pension cost	\$ 824	\$ 803		