

WEIS MARKETS INC
Form 10-Q
July 28, 2016
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 June 25, 2016

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 1-5039

WEIS MARKETS, INC.

(Exact name of registrant as specified in its charter)

PENNSYLVANIA

(State or other jurisdiction of incorporation or organization)

24-0755415

(I.R.S. Employer Identification No.)

1000 S. Second Street

P. O. Box 471

Sunbury, Pennsylvania

(Address of principal executive offices)

17801-0471

(Zip Code)

Registrant's telephone number, including area code: (570) 286-4571 Registrant's web address: www.weismarkets.com

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

As of July 28, 2016, there were issued and outstanding 26,898,443 shares of the registrant’s common stock.

WEIS MARKETS, INC.

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PART I – FINANCIAL INFORMATION

ITEM I – FINANCIAL STATEMENTS

WEIS MARKETS, INC.

CONSOLIDATED BALANCE SHEETS

(dollars in thousands)	June 25, 2016 (unaudited)	December 26, 2015
Assets		
Current:		
Cash and cash equivalents	\$ 34,255	\$ 17,596
Marketable securities	78,380	91,629
SERP investment	10,343	9,079
Accounts receivable, net	69,799	88,083
Inventories	223,798	229,399
Prepaid expenses and other current assets	15,737	17,198
Income taxes recoverable	-	1,666
Total current assets	432,312	454,650
Property and equipment, net	753,521	738,985
Goodwill	35,162	35,162
Intangible and other assets, net	7,794	7,162
Total assets	\$ 1,228,789	\$ 1,235,959
Liabilities		
Current:		
Accounts payable	\$ 136,463	\$ 160,441
Accrued expenses	43,624	37,819
Accrued self-insurance	17,038	16,770
Deferred revenue, net	4,195	6,898
Income taxes payable	4,406	-
Total current liabilities	205,726	221,928
Postretirement benefit obligations	14,043	14,368
Accrued self-insurance	22,761	22,761
Deferred income taxes	93,056	97,020
Other	1,038	8,135
Total liabilities	336,624	364,212
Shareholders' Equity		
Common stock, no par value, 100,800,000 shares authorized, 33,047,807 shares issued,		
26,898,443 shares outstanding	9,949	9,949
Retained earnings	1,027,148	1,007,894
Accumulated other comprehensive income (Net of deferred taxes of \$4,134 in 2016 and \$3,323 in 2015)	5,925	4,761

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Treasury stock at cost, 6,149,364 shares	1,043,022	1,022,604
	(150,857)	(150,857)
Total shareholders' equity	892,165	871,747
Total liabilities and shareholders' equity	\$ 1,228,789	\$ 1,235,959

See accompanying notes to Consolidated Financial Statements.

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WEIS MARKETS, INC.

CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

(dollars in thousands, except shares and per share amounts)	13 Weeks Ended		26 Weeks Ended	
	June 25, 2016	June 27, 2015	June 25, 2016	June 27, 2015
Net sales	\$ 730,433	\$ 718,380	\$ 1,468,637	\$ 1,430,806
Cost of sales, including warehousing and distribution expenses	528,495	519,461	1,059,588	1,036,772
Gross profit on sales	201,938	198,919	409,049	394,034
Operating, general and administrative expenses	177,881	173,353	353,723	348,603
Income from operations	24,057	25,566	55,326	45,431
Investment income	682	585	1,319	1,117
Income before provision for income taxes	24,739	26,151	56,645	46,548
Provision for income taxes	9,474	9,507	21,252	16,581
Net income	\$ 15,265	\$ 16,644	\$ 35,393	\$ 29,967
Weighted-average shares outstanding, basic and diluted	26,898,443	26,898,443	26,898,443	26,898,443
Cash dividends per share	\$ 0.30	\$ 0.30	\$ 0.60	\$ 0.60
Basic and diluted earnings per share	\$ 0.57	\$ 0.62	\$ 1.32	\$ 1.12
See accompanying notes to Consolidated Financial Statements				

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WEIS MARKETS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

(dollars in thousands)	13 Weeks Ended		26 Weeks Ended	
	June 25, 2016	June 27, 2015	June 25, 2016	June 27, 2015
Net income	\$ 15,265	\$ 16,644	\$ 35,393	\$ 29,967
Other comprehensive income (loss) by component, net of tax:				
Available-for-sale marketable securities				
Unrealized holding gains (losses) arising during period				
(Net of deferred taxes of \$353 and \$88, respectively for the 13 Weeks Ended and \$922 and \$76, respectively for the 26 Weeks Ended)	506	(127)	1,322	(109)
Reclassification adjustment for gains included in net income				
(Net of deferred taxes of \$0 and \$4, respectively for the 13 Weeks Ended and \$111 and \$7, respectively for the 26 Weeks Ended)	-	(5)	(158)	(8)
Other comprehensive income (loss), net of tax	506	(132)	1,164	(117)
Comprehensive income, net of tax	\$ 15,771	\$ 16,512	\$ 36,557	\$ 29,850
See accompanying notes to Consolidated Financial Statements.				

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WEIS MARKETS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	26 Weeks Ended	
(dollars in thousands)	June 25, 2016	June 27, 2015
Cash flows from operating activities:		
Net income	\$ 35,393	\$ 29,967
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	32,481	30,622
Amortization	4,506	4,140
Loss (gain) on disposition of fixed assets	58	(271)
Gain on sale of marketable securities	(269)	(15)
Deferred income taxes	(4,775)	(7,169)
Changes in operating assets and liabilities:		
Inventories	5,601	8,680
Accounts receivable and prepaid expenses	19,745	4,314
Income taxes recoverable	1,666	612
Accounts payable and other liabilities	(25,187)	(14,240)
Income taxes payable	4,406	6,836
Other	729	442
Net cash provided by operating activities	74,354	63,918
Cash flows from investing activities:		
Purchase of property and equipment	(54,474)	(38,979)
Proceeds from the sale of property and equipment	146	1,285
Purchase of marketable securities	(1,284)	(13,512)
Proceeds from maturities of marketable securities	835	600
Proceeds from the sale of marketable securities	15,213	6,553
Purchase of intangible assets	(728)	(1,446)
Change in SERP investment	(1,264)	(1,388)
Net cash used in investing activities	(41,556)	(46,887)
Cash flows from financing activities:		
Dividends paid	(16,139)	(16,139)
Net cash used in financing activities	(16,139)	(16,139)
Net increase in cash and cash equivalents	16,659	892
Cash and cash equivalents at beginning of year	17,596	22,986
Cash and cash equivalents at end of period	\$ 34,255	\$ 23,878

See accompanying notes to Consolidated Financial Statements.

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WEIS MARKETS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(1) Significant Accounting Policies

Basis of Presentation: The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions for Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments (consisting of normal recurring deferrals and accruals) considered necessary for a fair presentation have been included. The operating results for the periods presented are not necessarily indicative of the results to be expected for the full year. The Company has evaluated subsequent events for disclosure through the date of issuance of the accompanying unaudited consolidated interim financial statements and there were no material subsequent events which require additional disclosure, other than the May 2016 and July 2016 definitive agreements to purchase the Mars Super Market and Food Lion Supermarket locations as disclosed in Note (6). For further information, refer to the Consolidated Financial Statements and footnotes thereto included in the Company's latest Annual Report on Form 10-K.

(2) Current Relevant Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606), which amended the existing accounting standards for revenue recognition. ASU 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. The standard was initially effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. In August 2015, the FASB issued a one-year deferral of the effective date of this new guidance resulting in it now being effective for the Company beginning in fiscal year 2018. In March, April and May of 2016 the FASB issued ASU 2016-08, ASU 2016-10 and ASU 2016-12, respectively, Revenue from Contracts with Customers (Topic 606) which amends the guidance in ASU 2014-09. Early adoption is not permitted. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Company is currently in the process of evaluating the impact of adoption of the ASU. The Company expects that the adoption of the ASU will not have a significant impact on the Company's Consolidated Financial Statements.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40)(Topic 718): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. ASU 2014-15 provides guidance related to management's responsibility to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern and to provide related note disclosures. The new requirements are effective for the annual periods ending after December 15, 2016, and for interim periods and annual periods thereafter. Early adoption is permitted. Adoption of the new ASU will not have an impact on the Company's Consolidated Financial Statements.

In July 2015, the FASB issued ASU 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory. ASU 2015-11 amends guidance on the measurement of inventory from lower of cost or market to net realizable value. The amendment applies to all inventory other than those measured by Last-In-First-Out (LIFO) and the Retail Inventory Method (RIM). The amendment is effective for fiscal years beginning after December 15, 2016, including interim periods within that reporting period. Early adoption is permitted. Adoption of the new ASU will not have a material impact on the Company's Consolidated Financial Statements.

In September 2015, the FASB issued ASU 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments. ASU 2015-16 requires that any effect on earnings due to depreciation, amortization or other income effects, due to a change to the provisional amounts be recorded in the current period's financial statements as if the accounting had been completed at the acquisition date. The portion of the amount recorded in the current-period earnings, which would have been recorded in the previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date, must be presented separately on the face of the income statement or disclosed in the notes to the financial statements by line item. The amendment is effective for the fiscal year beginning after December 15, 2015. The amendments are to be applied prospectively to any adjustments occurring after the effective date. Adoption of the ASU did not have a current impact on the Company's 2016 Consolidated Financial Statements.

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WEIS MARKETS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(2) Current Relevant Accounting Standards (continued)

In January 2016, the FASB issued ASU 2016-01 Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. ASU 2016-01 generally requires that equity investments (excluding equity method investments) be measured at fair value with changes in fair value recognized in net income. ASU 2016-01 also modifies certain disclosure requirements related to financial assets and liabilities. Under existing GAAP, changes in fair value of available-for-sale equity investments are recorded in other comprehensive income. The Company expects that the adoption of ASU 2016-01 will likely have an impact on the net income reported in the Company's Consolidated Statements of Income but it is not expected to significantly impact the Company's comprehensive income or shareholders' equity. The amendment is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, with the cumulative effect of the adoption made to the balance sheet as of the date of adoption. Adoption will result in a reclassification of the related accumulated unrealized appreciation, net of applicable deferred income taxes, currently included in accumulated other comprehensive income to retained earnings, resulting in no impact on the Company's shareholders' equity.

In February 2016, the FASB issued ASU 2016-02 Leases (Topic 842). ASU 2016-02 requires lessees to recognize assets and liabilities for the rights and obligations created by their leases with lease terms more than 12 months. Current guidance only requires capital leases to be recognized on the balance sheet. However, the ASU 2016-02 now requires that both capital and operating leases be recognized on the balance sheet. The effect on cash flows will strictly depend on whether the lease is classified as an operating lease or capital lease. The ASU 2016-02 will require disclosures to aid investors and other financial statement users to better understand the amount, timing and uncertainty of the cash flows arising from leases. These disclosures are to include qualitative and quantitative information about the amounts recorded in the financial statements. This update will have limited impacts on the accounting for leases by lessors. However, new guidance contains targeted improvements to align, where necessary, the lessor's accounting with the lessee's accounting standards. ASU 2016-02 will become effective for annual periods beginning after December 15, 2018 and for interim periods within those fiscal years. Although the Company has not completed its assessment, the Company expects that the adoption of ASU 2016-02 will have a significant impact on the Company's Consolidated Balance Sheets.

In March 2016, the FASB issued ASU 2016-04 Liabilities – Extinguishments of Liabilities (Suptopic 405-20) Recognition of Breakage for Certain Prepaid Stored-Value Products. ASU 2016-04 requires the debtor to derecognize a liability, such as a prepaid stored-value product, if and only if it has been extinguished by paying the creditor in cash, other financial assets, goods or services or if the debtor is relieved of its obligation legally, either judicially or by the creditor. ASU 2016-04 also requires that an entity must disclose the methodology and specific judgements made in applying the breakage recognized. ASU 2016-04 will become effective for the financial statements issued for the fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. Early application is permitted including adoption in an interim period. The Company is currently in the process of evaluating the impact

of adoption of the ASU. The Company expects that the adoption of the ASU will not have a significant impact on the Company's Consolidated Financial Statements.

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WEIS MARKETS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(3) Investments

The Company's marketable securities are all classified as available-for-sale within "Current Assets" in the Company's Consolidated Balance Sheets. FASB has established three levels of inputs that may be used to measure fair value:

Level 1 Observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2 Observable inputs, other than Level 1 inputs in active markets, that are observable either directly or indirectly; and

Level 3 Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company's marketable securities valued using Level 1 inputs include highly liquid equity securities, for which quoted market prices are available. The Company's bond portfolio is valued using Level 2 inputs. The Company's municipal bonds are valued using a combination of pricing for similar securities, recently executed transactions, cash flow models with yield curves and other pricing models utilizing observable inputs, which are considered Level 2 inputs.

For Level 2 investment valuation, the Company utilizes standard pricing procedures of its investment brokerage firm(s) which include various third party pricing services. These procedures also require specific price monitoring practices as well as pricing review reports, valuation oversight and pricing challenge procedures to maintain the most accurate representation of investment fair market value. In addition, the Company engages an independent firm to value a sample of the Company's municipal bond holdings annually in order to validate the investment's assigned fair value.

The Company accrues interest on its municipal bond portfolio throughout the life of each bond held. Dividends from the equity securities are recognized as received. Both interest and dividends are recognized in "Investment income" on the Company's Consolidated Statements of Income.

Marketable securities, as of June 25, 2016 and December 26, 2015, consisted of:

Gross Gross

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(dollars in thousands)	Amortized	Unrealized	Unrealized	Fair
June 25, 2016	Cost	Holding	Holding	Value
		Gains	Losses	
Available-for-sale:				
Level 1				
Equity securities	\$ 1,198	\$ 8,102	\$ -	\$ 9,300
Level 2				
Municipal bonds	67,123	1,968	(11)	69,080
	\$ 68,321	\$ 10,070	\$ (11)	\$ 78,380

(dollars in thousands)	Amortized	Gross	Gross	Fair
December 26, 2015	Cost	Unrealized	Unrealized	Value
		Holding	Holding	
		Gains	Losses	
Available-for-sale:				
Level 1				
Equity securities	\$ 1,198	\$ 6,682	\$ -	\$ 7,880
Level 2				
Municipal bonds	82,347	1,468	(66)	83,749
	\$ 83,545	\$ 8,150	\$ (66)	\$ 91,629

Maturities of marketable securities classified as available-for-sale at June 25, 2016, were as follows:

(dollars in thousands)	Amortized	Fair
	Cost	Value
Available-for-sale:		
Due within one year	\$ 6,142	\$ 6,188
Due after one year through five years	44,922	45,824
Due after five years through ten years	16,059	17,068
Equity securities	1,198	9,300
	\$ 68,321	\$ 78,380

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WEIS MARKETS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(3) Investments (continued)

The Company also maintains a non-qualified supplemental executive retirement plan and a non-qualified pharmacist deferred compensation plan for certain of its associates which allows them to defer income to future periods. Participants in the plans earn a return on their deferrals based on mutual fund investments. The Company chooses to invest in the underlying mutual fund investments to offset the liability associated with the non-qualified deferred compensation plans. Such investments are reported on the Company's Consolidated Balance Sheets as "SERP investment," are classified as trading securities and are measured at fair value using Level 1 inputs with gains and losses included in "Investment income" on the Company's Consolidated Statements of Income. The changes in the underlying liability to the associate are recorded in "Operating, general and administrative expenses."

(4) Accumulated Other Comprehensive Income

All balances in accumulated other comprehensive income are related to available-for-sale marketable securities. The following table sets forth the balance of the Company's accumulated other comprehensive income, net of tax.

(dollars in thousands)	Unrealized Gains on Available-for-Sale Marketable Securities
Accumulated other comprehensive income balance as of December 26, 2015	\$ 4,761
Other comprehensive income before reclassifications	1,322
Amounts reclassified from accumulated other comprehensive income	(158)
Net current period other comprehensive income	1,164
Accumulated other comprehensive income balance as of June 25, 2016	\$ 5,925

The following table sets forth the effects on net income of the amounts reclassified out of accumulated other comprehensive income for the periods ended June 25, 2016 and June 27, 2015.

Gains Reclassified from
Accumulated Other Comprehensive Income to the
Consolidated Statements of Income

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(dollars in thousands)	Location	13 Weeks Ended		26 Weeks Ended	
		June 25, 2016	June 27, 2015	June 25, 2016	June 27, 2015
Unrealized gains on available-for-sale marketable securities					
	Investment income	\$ -	\$ 9	\$ 269	\$ 15
	Provision for income taxes	-	(4)	(111)	(7)
Total amount reclassified, net of tax		\$ -	\$ 5	\$ 158	\$ 8

(5) Income Taxes

Cash paid for federal income taxes was \$17.5 million and \$15.5 million in the first half of 2016 and 2015, respectively.

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WEIS MARKETS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(6) Acquisitions

In May 2016, the Company announced plans to purchase five Mars Super Market stores located in Maryland. The Company will acquire these locations and operations in an effort to expand its presence in the Baltimore County region and plans to complete the acquisition in the third quarter of 2016.

In July 2016, the Company announced it had reached a definitive agreement with Food Lion, LLC to purchase the assets of 38 Food Lion Supermarket locations operating in the states of Maryland, Virginia and Delaware. The completion of the intended purchase, pending regulatory approval, is estimated to be completed in the fourth quarter of 2016. With this purchase 21 Maryland stores, 13 Virginia stores, and 4 Delaware stores, will be added to the Company's store count.

(7) Basis of Presentation

In conjunction with the September 26, 2015 quarterly financial statement close process, and while researching alternative methods to calculate retained claim liability for the Company's self-insured workers compensation and general liability insurance programs, the Company discovered errors in the application of the actuarial methods used to estimate the obligation of future payments resulting from claims due to past events. These errors primarily related to the Company's selection of loss development factors and the application of such factors to the population of claims. The impact of these prior period misstatements to the Company's Consolidated Financial Statements resulted in the understatement of workers compensation and general liability expense with a corresponding understatement of self-insurance liabilities over multiple fiscal periods through June 27, 2015. Consequently, the Company has restated certain prior period amounts to correct these errors.

Based on an analysis of quantitative and qualitative factors in accordance with SEC Staff Accounting Bulletins 99 and 108, the Company concluded that these errors were not material to the consolidated financial position, results of operations or cash flows as presented in the Company's quarterly and annual financial statements that have been previously filed in the Company's Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K. As a result, amendment of such reports was not required. In preparing the Company's Consolidated Financial Statements for the thirteen and thirty-nine weeks ended September 26, 2015 and for each of the three years in the period ended December 26, 2015, the Company made appropriate revisions to its Consolidated Financial Statements for historical periods. Such changes were reflected in the financial results for the thirteen and thirty-nine weeks ended September 26, 2015 and are also reflected in the historical financial results included in these Consolidated Financial Statements.

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The effect of these errors increased net income by \$214,000, or \$0.01 per share, for the thirteen weeks ended June 27, 2015 and by \$428,000, or \$0.02 per share, for the twenty-six weeks ended June 27, 2015. Additional information about these corrections, including a reconciliation of each financial statement line item affected, has been included in Note 7 to the Company's Consolidated Financial Statements contained in its Quarterly Report on Form 10-Q for the period ended September 26, 2015.

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WEIS MARKETS, INC.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of Weis Markets, Inc.’s (the “Company”) financial condition and results of operations should be read in conjunction with the unaudited Consolidated Financial Statements and related notes included in Item 1 of this Quarterly Report on Form 10-Q, the Company’s audited Consolidated Financial Statements and the related notes included in the Company’s Annual Report on Form 10-K for the year ended December 26, 2015, filed with the U.S. Securities and Exchange Commission, as well as the cautionary statement captioned "Forward-Looking Statements" immediately following this analysis.

Overview

Weis Markets, Inc. was founded in 1912 by Harry and Sigmund Weis, in Sunbury, Pennsylvania. Today, the Company ranks among the top 50 food and drug retailers in the United States in revenues generated. As of June 25, 2016, the Company operated 162 retail food stores in Pennsylvania and four surrounding states: Maryland, New Jersey, New York and West Virginia.

Company revenues are generated in its retail food stores from the sale of a wide variety of consumer products including groceries, dairy products, frozen foods, meats, seafood, fresh produce, floral, pharmacy services, deli products, prepared foods, bakery products, beer and wine, fuel, and general merchandise items, such as health and beauty care (HBC) and household products. The Company supports its retail operations through a centrally located distribution facility, its own transportation fleet, three manufacturing facilities and its administrative offices. The Company's operations are reported as a single reportable segment.

Results of Operations

Analysis of Consolidated Statements of Income

		Percentage Changes 2016 vs. 2015	
		13	26
		Weeks	Weeks
13 Weeks Ended	26 Weeks Ended		

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(dollars in thousands except per share amounts)

	June 25, 2016	June 27, 2015	June 25, 2016	June 27, 2015	Ended	Ended
Net sales	\$ 730,433	\$ 718,380	\$ 1,468,637	\$ 1,430,806	1.7 %	2.6 %
Cost of sales, including warehousing and distribution expenses	528,495	519,461	1,059,588	1,036,772	1.7	2.2
Gross profit on sales	201,938	198,919	409,049	394,034	1.5	3.8
Gross profit margin	27.6 %	27.7 %	27.9 %	27.5 %		
Operating, general and administrative expenses	177,881	173,353				