

ENNIS, INC.
Form 10-Q
September 25, 2009

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**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 August 31, 2009**

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 1-5807

ENNIS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Texas

75-0256410

(State or Other Jurisdiction of Incorporation or
Organization)

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

2441 Presidential Pkwy., Midlothian, Texas

76065

(Address of Principal Executive Offices)

(Zip code)

(972) 775-9801

(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 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. (Check one).

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 September 18, 2009, there were 25,821,412 shares of the Registrant's common stock outstanding.

ENNIS, INC. AND SUBSIDIARIES
FORM 10-Q
FOR THE PERIOD ENDED AUGUST 31, 2009
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ENNIS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	August 31, 2009 <i>(unaudited)</i>	February 28, 2009
Assets		
Current assets		
Cash and cash equivalents	\$ 21,144	\$ 9,286
Accounts receivable, net of allowance for doubtful receivables of \$4,068 at August 31, 2009 and \$3,561 at February 28, 2009	64,121	57,467
Prepaid expenses	3,591	3,780
Prepaid income taxes		4,826
Inventories	78,544	101,167
Deferred income taxes	5,728	5,728
Assets held for sale	804	
 Total current assets	 173,932	 182,254
Property, plant and equipment, at cost		
Plant, machinery and equipment	137,211	133,300
Land and buildings	42,619	43,150
Other	22,244	22,679
 Total property, plant and equipment	 202,074	 199,129
Less accumulated depreciation	146,796	144,457
 Net property, plant and equipment	 55,278	 54,672
 Goodwill	 117,341	 117,341
Trademarks and tradenames, net	58,963	59,030
Customer lists, net	20,880	22,007
Deferred finance charges, net	1,188	486
Other assets	593	590
 Total assets	 \$ 428,175	 \$ 436,380

See accompanying notes to consolidated financial statements.

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ENNIS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except for share and per share amounts)

	August 31, 2009	February 28, 2009
	<i>(unaudited)</i>	
Liabilities and Shareholders Equity		
Current liabilities		
Accounts payable	\$ 27,192	\$ 24,723
Accrued expenses		
Employee compensation and benefits	15,038	12,919
Taxes other than income	1,236	1,322
Federal and state income taxes payable	343	
Other	5,012	4,706
Current installments of long-term debt	77	210
 Total current liabilities	 48,898	 43,880
 Long-term debt, less current installments	 52,036	 76,185
Liability for pension benefits	8,493	6,988
Deferred income taxes	16,962	16,250
Other liabilities	405	1,071
 Total liabilities	 126,794	 144,374
 Commitments and contingencies		
 Shareholders equity		
Preferred stock \$10 par value, authorized 1,000,000 shares; none issued		
Common stock \$2.50 par value, authorized 40,000,000 shares; issued 30,053,443 shares at August 31 and February 28, 2009	75,134	75,134
Additional paid in capital	121,962	122,448
Retained earnings	195,042	186,857
Accumulated other comprehensive income (loss):		
Foreign currency translation, net of taxes	(43)	(1,016)
Unrealized loss on derivative instruments, net of taxes	(1,293)	(1,387)
Minimum pension liability, net of taxes	(12,107)	(12,107)
	(13,443)	(14,510)
	378,695	369,929
 Treasury stock		
Cost of 4,323,501 shares at August 31, 2009 and 4,336,557 shares at February 28, 2009	(77,314)	(77,923)

Total shareholders' equity	301,381	292,006
Total liabilities and shareholders' equity	\$ 428,175	\$ 436,380

See accompanying notes to consolidated financial statements.

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ENNIS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(Dollars in thousands except per share amounts)
(Unaudited)

	Three months ended		Six months ended	
	August 31,		August 31,	
	2009	2008	2009	2008
Net sales	\$ 137,767	\$ 161,050	\$ 268,597	\$ 324,250
Cost of goods sold	101,945	121,812	201,791	244,560
Gross profit	35,822	39,238	66,806	79,690
Selling, general and administrative	19,952	23,738	39,411	45,927
Gain from disposal of assets	(1)	(213)	(3)	(267)
Income from operations	15,871	15,713	27,398	34,030
Other income (expense)				
Interest expense	(725)	(892)	(1,420)	(1,925)
Other, net	6	(112)	(294)	(173)
	(719)	(1,004)	(1,714)	(2,098)
Earnings before income taxes	15,152	14,709	25,684	31,932