

REGIS CORP
Form 8-K
April 10, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **April 9, 2013**

REGIS CORPORATION

(Exact name of registrant as specified in its charter)

Minnesota
(State or other jurisdiction of incorporation)

1-12725
(Commission File Number)

41-0749934
(IRS Employer Identification No)

7201 Metro Boulevard
Minneapolis, MN 55439
(Address of principal executive offices and zip code)

(952) 947-7777
(Registrant's telephone number, including area code)

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(Not applicable)

(Former name or former address, if changed from last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Regis Corporation Current Report on Form 8-K

ITEM 2.01. Completion of Acquisition or Disposition of Assets.

As previously disclosed, on July 13, 2012, Regis Corporation (the Company) entered into a Stock Purchase Agreement (the Stock Purchase Agreement) with Aderans Co., Ltd., a Japanese corporation (Aderans). The sale of HC (USA), Inc., a Delaware corporation and wholly owned subsidiary of the Company (Hair Club), to Aderans for \$163.5 million excluding closing adjustments and transaction fees was completed on April 9, 2013.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(b) Pro forma financial information.

The following unaudited pro forma consolidated statements of operations for years ended June 30, 2012, 2011, and 2010 have been prepared to present our results of operations as if the sale of Hair Club had occurred on July 1, 2009. We have not presented the interim statements of operations for the quarters ended September 30, 2012 and December 31, 2012 as the Hair Club sale qualified as held for sale under ASC 205-20 *Discontinued Operations*, and was presented as a discontinued operation in our Form 10-Qs for those periods. The pro forma adjustments are based on factually supportable available information and certain assumptions that management believes are reasonable.

The pro forma effect of the sale on the December 31, 2012 balance sheet as reported in our Form 10-Q for the quarter ended December 31, 2012 would be to increase cash for \$163.5 million, excluding closing adjustments and transaction fees, and remove current and long-term assets held for sale of \$16.8 and \$180.0 million, respectively, and current and long-term liabilities held for sale of \$16.5 and \$28.8 million, respectively, resulting in an after-tax gain of \$12.0 million. The actual after-tax gain to be recognized by the Company during the three months ended June 30, 2013 will be adjusted by the closing adjustments and transaction fees.

These pro forma Consolidated Statements of Operations do not purport to be indicative of the financial position or results of operations of the Company as of such date or for such periods, nor are they necessarily indicative of future results. In the opinion of management, all necessary adjustments to the unaudited pro forma financial information have been made. The unaudited pro forma financial statements should be read in conjunction with historical consolidated financial statements of the Company, including the notes thereto, in the Company's Form 10-K for the year ended June 30, 2012 and Form 10-Q for the quarters ended September 30, 2012 and December 31, 2012.

Item 9.01 Financial Statements and Exhibits (Continued)

REGIS CORPORATION

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

(Dollars in thousands, except per share data)

(Unaudited)

| | Twelve Months Ended June 30, 2012 | | |
|--|--------------------------------------|--------------------------------------|--|
| | Historical Financial Statement | Pro Forma Adjustment Hair Club | Pro Forma Financial Statement (a) |
| Revenues: | | | |
| Service | \$ 1,712,703 | \$ 68,812 | \$ 1,643,891 |
| Product | 520,467 | 80,419 | 440,048 |
| Royalties and fees | 40,609 | 2,321 | 38,288 |
| | 2,273,779 | 151,552 | 2,122,227 |
| Operating expenses: | | | |
| Cost of service | 985,154 | 42,693 | 942,461 |
| Cost of product | 249,655 | 28,020 | 221,635 |
| Site operating expenses | 198,725 | 6,479 | 192,246 |
| General and administrative | 302,572 | 38,943(b) | 263,629 |
| Rent | 340,805 | 9,036 | 331,769 |
| Depreciation and amortization | 118,071 | 13,101 | 104,970 |
| Goodwill impairment | 146,110 | 78,426 | 67,684 |
| Total operating expenses | 2,341,092 | 216,698 | 2,124,394 |
| Operating loss | (67,313) | (65,146) | (2,167) |
| Other income (expense): | | | |
| Interest expense | (28,245) | | (28,245) |
| Interest income and other, net | 5,130 | 32 | 5,098 |
| (Loss) income from continuing operations before income taxes and equity in (loss) income of affiliated companies | (90,428) | (65,114) | (25,314) |
| Income taxes | 5,279 | 849(c) | 4,430(c) |
| Equity in (loss) income of affiliated companies, net of income taxes | (30,043) | 816 | (30,859) |
| Loss from continuing operations | \$ (115,192) | \$ (63,449) | \$ (51,743) |
| Loss per share from continuing operations: | | | |
| Basic | \$ (2.02) | \$ (1.11) | \$ (0.91) |
| Diluted | \$ (2.02) | \$ (1.11) | \$ (0.91) |
| Weighted average common and common equivalent shares outstanding: | | | |
| Basic | 57,137 | 57,137 | 57,137 |

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See endnotes.

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Item 9.01 Financial Statements and Exhibits (Continued)

REGIS CORPORATION

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

(Dollars in thousands, except per share data)

(Unaudited)

| | Twelve Months Ended June 30, 2011 | | |
|---|--------------------------------------|--------------------------------------|--|
| | Historical Financial Statement | Pro Forma Adjustment Hair Club | Pro Forma Financial Statement (a) |
| Revenues: | | | |
| Service | \$ 1,762,974 | \$ 67,550 | \$ 1,695,424 |
| Product | 523,194 | 75,729 | 447,465 |
| Royalties and fees | 39,701 | 2,409 | 37,292 |
| | 2,325,869 | 145,688 | 2,180,181 |
| Operating expenses: | | | |
| Cost of service | 1,012,868 | 39,129 | 973,739 |
| Cost of product | 249,979 | 24,788 | 225,191 |
| Site operating expenses | 197,722 | 4,318 | 193,404 |
| General and administrative | 339,857 | 37,038 | 302,819 |
| Rent | 342,286 | 9,227 | 333,059 |
| Depreciation and amortization | 105,109 | 12,958 | 92,151 |
| Goodwill impairment | 74,100 | | 74,100 |
| Total operating expenses | 2,321,921 | 127,458 | 2,194,463 |
| Operating income (loss) | 3,948 | 18,230 | (14,282) |
| Other income (expense): | | | |
| Interest expense | (34,388) | (14) | (34,374) |
| Interest income and other, net | 4,811 | 88 | 4,723 |
| (Loss) income from continuing operations before income taxes and equity in income of affiliated companies | (25,629) | 18,304 | (43,933) |
| Income taxes | 9,496 | (6,837)(c) | 16,333(c) |
| Equity in income of affiliated companies, net of income taxes | 7,228 | 567 | 6,661 |
| (Loss) income from continuing operations | \$ (8,905) | \$ 12,034 | \$ (20,939) |
| (Loss) income per share from continuing operations: | | | |
| Basic | \$ (0.16) | \$ 0.21 | \$ (0.37) |
| Diluted | \$ (0.16) | \$ 0.21 | \$ (0.37) |
| Weighted average common and common equivalent shares outstanding: | | | |
| Basic | 56,704 | 56,704 | 56,704 |
| Diluted | 56,704 | 56,704 | 56,704 |

See endnotes.

Item 9.01 Financial Statements and Exhibits (Continued)

REGIS CORPORATION

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

(Dollars in thousands, except per share data)

(Unaudited)

| | Twelve Months Ended June 30, 2010 | | |
|--|--------------------------------------|--------------------------------------|--|
| | Historical Financial Statement | Pro Forma Adjustment Hair Club | Pro Forma Financial Statement (a) |
| Revenues: | | | |
| Service | \$ 1,784,137 | \$ 66,325 | \$ 1,717,812 |
| Product | 534,593 | 72,978 | 461,615 |
| Royalties and fees | 39,704 | 2,483 | 37,221 |
| | 2,358,434 | 141,786 | 2,216,648 |
| Operating expenses: | | | |
| Cost of service | 1,015,720 | 37,158 | 978,562 |
| Cost of product | 263,883 | 21,568 | 242,315 |
| Site operating expenses | 199,338 | 5,305 | 194,033 |
| General and administrative | 291,991 | 36,207 | 255,784 |
| Rent | 344,098 | 9,013 | 335,085 |
| Depreciation and amortization | 108,764 | 12,198 | 96,566 |
| Goodwill impairment | 35,277 | | 35,277 |
| Lease termination costs | 2,145 | | 2,145 |
| Total operating expenses | 2,261,216 | 121,449 | 2,139,767 |
| Operating income | 97,218 | 20,337 | 76,881 |
| Other income (expense): | | | |
| Interest expense | (54,414) | (26) | (54,388) |
| Interest income and other, net | 10,410 | (4) | 10,414 |
| Income from continuing operations before income taxes and equity in income of affiliated companies | 53,214 | 20,307 | 32,907 |
| Income taxes | (25,577) | (7,365)(c) | (18,212)(c) |
| Equity in income of affiliated companies, net of income taxes | 11,942 | 909 | 11,033 |
| Income from continuing operations | \$ 39,579 | \$ 13,851 | \$ 25,728 |
| Income per share from continuing: | | | |
| Basic | \$ 0.71 | \$ 0.25 | \$ 0.46 |
| Diluted | \$ 0.71 | \$ 0.25 | \$ 0.46 |
| Weighted average common and common equivalent shares outstanding: | | | |
| Basic | 55,806 | 55,806 | 55,806 |

| | | | |
|---------|--------|-----------|-----------|
| Diluted | 66,753 | 56,023(d) | 56,023(d) |
|---------|--------|-----------|-----------|

See endnotes.

Item 9.01 Financial Statements and Exhibits (Continued)

REGIS CORPORATION

NOTES TO THE PRO FORMA FINANCIAL STATEMENTS

(Unaudited)

(a) Beginning in the first quarter of fiscal year 2013, the Company reclassified certain salon marketing and advertising expenses that were previously within the cost of service and general and administrative expense to site operating expense. The impact of these reclassifications have been excluded from the Pro Forma Financial Statements.

(b) \$2.5 million of professional fees related to the sale of Hair Club were previously included within our Unallocated Corporate Segment and have been included in the Hair Club Pro Forma Adjustment.

(c) Income taxes have been allocated to continuing and discontinued operations based on the methodology required by accounting for income tax guidance.

(d) As a result of the Hair Club Pro Forma Adjustments, the impact of the convertible debt is anti-dilutive to the Pro Forma Financial Statements for the twelve months ended June 30, 2010 and is therefore excluded from the weighted average shares for diluted earnings per share.

Item 9.01 Financial Statements and Exhibits (Continued)

(d) Exhibits.

**EXHIBIT
NUMBER**

99 Regis Corporation News Release dated April 9, 2013

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

| | | | |
|-----------------------|-------------------|-----|-------------------------------------|
| | REGIS CORPORATION | | |
| | | | |
| | | | |
| Dated: April 10, 2013 | | By: | /s/ Eric Bakken |
| | | | Name: Eric Bakken, Title: Secretary |

EXHIBIT INDEX

**EXHIBIT
NUMBER**

99 Regis Corporation News Release dated April 9, 2013