

Cintas Corporation
Consolidated Condensed Statements of Income
(Unaudited)
(In thousands except per share data)

	Three Months Ended		
	August 31, 2015	August 31, 2014	% Change
Revenue:			
Uniform rental and facility services	\$ 938,408	\$ 873,698	7.4
Other	260,482	228,379	14.1
Total revenue	<u>1,198,890</u>	<u>1,102,077</u>	8.8
Costs and expenses:			
Cost of uniform rental and facility services	518,503	490,675	5.7
Cost of other	156,243	133,456	17.1
Selling and administrative expenses	<u>338,637</u>	<u>314,458</u>	7.7
Operating income	185,507	163,488	13.5
Gain on sale of stock of an equity method investment	-	21,739	-100.0
Interest income	(119)	(53)	124.5
Interest expense	<u>16,412</u>	<u>16,583</u>	-1.0
Income before income taxes	169,214	168,697	0.3
Income taxes	63,016	62,792	0.4
Income from continuing operations	<u>106,198</u>	<u>105,905</u>	0.3
(Loss) income from discontinued operations, net of tax	(6,017)	4,203	-243.2
Net income	<u>\$ 100,181</u>	<u>\$ 110,108</u>	-9.0
Basic earnings (loss) per share:			
Continuing operations	\$ 0.94	\$ 0.90	4.4
Discontinued operations	(0.05)	0.04	-225.0
Basic earnings per share	<u>\$ 0.89</u>	<u>\$ 0.94</u>	-5.3
Diluted earnings (loss) per share:			
Continuing operations	\$ 0.93	\$ 0.89	4.5
Discontinued operations	(0.05)	0.04	-225.0
Diluted earnings per share	<u>\$ 0.88</u>	<u>\$ 0.93</u>	-5.4
Weighted average number of shares outstanding	110,597	116,659	
Diluted average number of shares outstanding	<u>112,229</u>	<u>118,030</u>	

CINTAS CORPORATION SUPPLEMENTAL DATA

	Three Months Ended	
	August 31, 2015	August 31, 2014
Uniform rental and facility services gross margin	44.7%	43.8%
Other gross margin	40.0%	41.6%
Total gross margin	<u>43.7%</u>	<u>43.4%</u>
Net margin	8.9%	9.6%

Computation of Diluted Earnings Per Share from Continuing Operations

	Three Months Ended	
	August 31, 2015	August 31, 2014
Income from continuing operations	\$ 106,198	\$ 105,905
Less: income from continuing operations allocated to participating securities	1,742	591
Income from continuing operations available to common shareholders	<u>\$ 104,456</u>	<u>\$ 105,314</u>
Basic weighted average common shares outstanding	110,597	116,659
Effect of dilutive securities - employee stock options	1,632	1,371
Diluted weighted average common shares outstanding	<u>112,229</u>	<u>118,030</u>
Diluted earnings per share from continuing operations	<u>\$ 0.93</u>	<u>\$ 0.89</u>

Reconciliation of Non-GAAP Financial Measures and Regulation G Disclosure

The press release contains non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. To supplement its consolidated financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), the Company provides additional non-GAAP financial measures of revenue and related growth, gross margin, operating income, net income, earnings per diluted share, and cash flow. The Company believes that these non-GAAP financial measures are appropriate to enhance understanding of its past performance as well as prospects for future performance. Reconciliations of the differences between these non-GAAP financial measures with the most directly comparable financial measures calculated in accordance with GAAP are shown in the tables within the narrative of the press release or below.

Computation of Workday Adjusted Revenue Growth

	Three Months Ended	
	August 31, 2015	August 31, 2014
		Growth %

Revenue	\$ 1,198,890	\$ 1,102,077	8.8%	G=(A-B)/B
Workdays in the period	C 66	D 65		
Revenue adjusted for workday difference	\$ 1,180,725	\$ 1,102,077	7.1%	H=(E-F)/F
	E=(A/C)*D	F=(B/D)*D		

Management believes that workday adjusted revenue growth is valuable to investors because it reflects the revenue performance compared to a prior period with the same number of revenue generating days.

Computation of Free Cash Flow

	Three Months Ended	
	August 31, 2015	August 31, 2014
Net Cash Provided by Operations	\$ 143,083	\$ 148,201
Capital Expenditures	(62,631)	(68,050)
Free Cash Flow	<u>\$ 80,452</u>	<u>\$ 80,151</u>

Management uses free cash flow to assess the financial performance of the Company. Management believes that free cash flow is useful to investors because it relates the operating cash flow of the Company to the capital that is spent to continue, improve and grow business operations.

Results from Continuing Operations as Reported and as Adjusted

The tables below present summary results for the first quarter of fiscal years 2016 and 2015, as reported and as adjusted. The adjustments between results as reported and as adjusted are explained below. We present net income from continuing operations and EPS from continuing operations, as adjusted, because we believe they are more representative of the ongoing performance of Cintas.

For the three months ended August 31, 2015	As Reported (see Note 1)		Adjustments	As Adjusted	Increase
Net income, continuing operations	\$ 106,198	\$ 8.9%	-	\$ 106,198	15.1%
Net income margin, continuing operations					
Diluted earnings per share, continuing operations	\$ 0.93	\$	-	\$ 0.93	19.2%
For the three months ended August 31, 2014	As Reported (see Note 1)	Adjustments (see Note 2)		As Adjusted	
Net income, continuing operations	\$ 105,905	\$ 9.6%	\$ 13,630	\$ 92,275	
Net income margin, continuing operations					
Diluted earnings per share, continuing operations	\$ 0.89	\$	0.11	\$ 0.78	

Note 1 - The "As Reported" figures for both fiscal 2016 and 2015 reflect the change in classification of the Document Storage and Imaging business and the investment in the Shred-it Partnership to discontinued operations within the Consolidated Condensed Statements of Income.

Note 2 - During the fiscal 2015 first quarter, Cintas recognized a gain on the sale of stock in an equity method investment in the net amount of \$13.6 million, equal to EPS of \$0.11.

SUPPLEMENTAL SEGMENT DATA

The results below reflect the segments effective June 1, 2015 as previously described. All prior fiscal year results presented below have been restated to reflect these new segments.

	Uniform Rental and Facility Services		First Aid and Safety Services		All Other	Corporate ⁽¹⁾	Total
	Revenue	Gross margin	Revenue	Gross margin			
As of and for the three months ended August 31, 2015							
Revenue	\$ 938,408	\$ 419,905	\$ 99,488	\$ 42,111	\$ 160,994	\$ -	\$ 1,198,890
Gross margin	\$ 419,905	\$ 254,524	\$ 33,519	\$ 30,594	\$ 62,128	\$ -	\$ 524,144
Selling and administrative expenses	\$ 254,524	\$ 165,381	\$ 8,592	\$ 11,534	\$ -	\$ -	\$ 338,637
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (119)	\$ (119)
Interest expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,412	\$ 16,412
Income (loss) before income taxes	\$ 165,381	\$ 2,870,622	\$ 8,592	\$ 398,237	\$ 11,534	\$ (16,293)	\$ 169,214
Assets	\$ 2,870,622	\$ 398,237	\$ 342,712	\$ 511,378	\$ 511,378	\$ 4,122,949	
As of and for the three months ended August 31, 2014							
Revenue	\$ 873,698	\$ 383,023	\$ 79,924	\$ 36,655	\$ 148,455	\$ -	\$ 1,102,077
Gross margin	\$ 383,023	\$ 238,207	\$ 42,111	\$ 27,508	\$ 58,268	\$ -	\$ 477,946
Selling and administrative expenses	\$ 238,207	\$ 144,816	\$ 33,519	\$ 48,743	\$ -	\$ -	\$ 314,458
Gain on sale of stock of an equity investment	\$ -	\$ 2,861,790	\$ -	\$ 260,580	\$ -	\$ 21,739	\$ 21,739
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (53)	\$ (53)
Interest expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,583	\$ 16,583
Income before income taxes	\$ 144,816	\$ 144,816	\$ 9,147	\$ 9,525	\$ 5,209	\$ 168,697	
Assets	\$ 2,861,790	\$ 2,861,790	\$ 354,260	\$ 1,079,640	\$ 1,079,640	\$ 4,556,270	

As of and for the three months ended November 30, 2014

Revenue	\$ 891,475	\$ 82,271	\$ 149,633	\$ -	\$ 1,123,379
Gross margin	\$ 385,652	\$ 38,396	\$ 57,376	\$ -	\$ 481,424
Selling and administrative expenses	\$ 226,085	\$ 26,619	\$ 47,137	\$ -	\$ 299,841
Interest income	\$ -	\$ -	\$ -	\$ (19)	\$ (19)
Interest expense	\$ -	\$ -	\$ -	\$ 15,929	\$ 15,929
Income (loss) before income taxes	\$ 159,567	\$ 11,777	\$ 10,239	\$ (15,910)	\$ 165,673
Assets	\$ 2,907,484	\$ 263,996	\$ 336,604	\$ 1,189,487	\$ 4,697,571

As of and for the three months ended February 28, 2015

Revenue	\$ 883,401	\$ 79,471	\$ 145,975	\$ -	\$ 1,108,847
Gross margin	\$ 382,128	\$ 37,584	\$ 55,595	\$ -	\$ 475,307
Selling and administrative expenses	\$ 229,963	\$ 26,286	\$ 45,441	\$ -	\$ 301,690
Interest income	\$ -	\$ -	\$ -	\$ (96)	\$ (96)
Interest expense	\$ -	\$ -	\$ -	\$ 16,254	\$ 16,254
Income (loss) before income taxes	\$ 152,165	\$ 11,298	\$ 10,154	\$ (16,158)	\$ 157,459
Assets	\$ 2,908,813	\$ 264,357	\$ 340,705	\$ 752,471	\$ 4,266,346

As of and for the three months ended May 31, 2015

Revenue	\$ 891,269	\$ 84,927	\$ 166,387	\$ -	\$ 1,142,583
Gross margin	\$ 381,408	\$ 39,704	\$ 65,548	\$ -	\$ 486,660
Selling and administrative expenses	\$ 231,921	\$ 26,813	\$ 50,207	\$ -	\$ 308,941
Interest income	\$ -	\$ -	\$ -	\$ (171)	\$ (171)
Interest expense	\$ -	\$ -	\$ -	\$ 16,395	\$ 16,395
Income (loss) before income taxes	\$ 149,487	\$ 12,891	\$ 15,341	\$ (16,224)	\$ 161,495
Assets	\$ 2,845,326	\$ 255,202	\$ 345,201	\$ 746,731	\$ 4,192,460

⁽¹⁾ Corporate Assets include cash, marketable securities and the investment in the Shred-it Partnership in all periods. Corporate assets as of August 31, 2014 include the assets of Storage, which was classified as discontinued operations as of August 31, 2014 and the related assets were classified as held for sale.