

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

	Three Months Ended		
	November 30,	November 30,	% Change
	2016	2015	
Revenue:			
Uniform rental and facility services	\$ 1,005,565	\$ 937,704	7.2
Other	291,358	281,376	3.5
Total revenue	1,296,923	1,219,080	6.4
Costs and expenses:			
Cost of uniform rental and facility services	555,752	526,091	5.6
Cost of other	169,744	165,589	2.5
Selling and administrative expenses	365,222	327,051	11.7
G&K Services, Inc. transaction expenses	3,347	-	100.0
Operating income	202,858	200,349	1.3
Interest income	(31)	(111)	-72.1
Interest expense	13,267	16,171	-18.0
Income before income taxes	189,622	184,289	2.9
Income taxes	66,168	68,836	-3.9
Income from continuing operations	123,454	115,453	6.9
Income from discontinued operations, net of tax	16,923	229,647	-92.6
Net income	\$ 140,377	\$ 345,100	-59.3
Basic earnings per share:			
Continuing operations	\$ 1.16	\$ 1.05	10.5
Discontinued operations	0.16	2.06	-92.2
Basic earnings per share	\$ 1.32	\$ 3.11	-57.6
Diluted earnings per share:			
Continuing operations	\$ 1.13	\$ 1.03	9.7
Discontinued operations	0.16	2.03	-92.1
Diluted earnings per share	\$ 1.29	\$ 3.06	-57.8
Weighted average number of shares outstanding	104,957	108,301	
Diluted average number of shares outstanding	107,647	110,113	

	Six Months Ended		
	November 30,	November 30,	% Change
	2016	2015	
Revenue:			
Uniform rental and facility services	\$ 2,005,161	\$ 1,876,112	6.9
Other	585,892	541,858	8.1
Total revenue	2,591,053	2,417,970	7.2
Costs and expenses:			
Cost of uniform rental and facility services	1,096,684	1,044,594	5.0
Cost of other	339,168	321,832	5.4
Selling and administrative expenses	739,248	665,688	11.1
G&K Services, Inc. transaction expenses	6,134	-	100.0
Operating income	409,819	385,856	6.2
Interest income	(96)	(230)	-58.3
Interest expense	27,439	32,583	-15.8
Income before income taxes	382,476	353,503	8.2
Income taxes	120,931	131,852	-8.3
Income from continuing operations	261,545	221,651	18.0
Income from discontinued operations, net of tax	16,923	223,630	-92.4
Net income	\$ 278,468	\$ 445,281	-37.5
Basic earnings per share:			
Continuing operations	\$ 2.45	\$ 1.99	23.1
Discontinued operations	0.16	2.01	-92.0
Basic earnings per share	\$ 2.61	\$ 4.00	-34.8
Diluted earnings per share:			
Continuing operations	\$ 2.39	\$ 1.96	21.9
Discontinued operations	0.16	1.98	-91.9
Diluted earnings per share	\$ 2.55	\$ 3.94	-35.3

Weighted average number of shares outstanding	104,719	109,455
Diluted average number of shares outstanding	107,278	111,140

CINTAS CORPORATION SUPPLEMENTAL DATA

	Three Months Ended	
	November 30,	November 30,
	2016	2015
Uniform rental and facility services gross margin	44.7%	43.9%
Other gross margin	41.7%	41.2%
Total gross margin	44.1%	43.3%
Net income margin, continuing operations	9.5%	9.5%

	Six Months Ended	
	November 30,	November 30,
	2016	2015
Uniform rental and facility services gross margin	45.3%	44.3%
Other gross margin	42.1%	40.6%
Total gross margin	44.6%	43.5%
Net income margin, continuing operations	10.1%	9.2%

Computation of Diluted Earnings Per Share from Continuing Operations

	Three Months Ended	
	November 30,	November 30,
	2016	2015
Income from continuing operations	\$ 123,454	\$ 115,453
Less: income from continuing operations allocated to participating securities	2,228	1,887
Income from continuing operations available to common shareholders	<u>\$ 121,226</u>	<u>\$ 113,566</u>
Basic weighted average common shares outstanding	104,957	108,301
Effect of dilutive securities - employee stock options	2,690	1,812
Diluted weighted average common shares outstanding	<u>107,647</u>	<u>110,113</u>
Diluted earnings per share from continuing operations	<u>\$ 1.13</u>	<u>\$ 1.03</u>
	Six Months Ended	
	November 30,	November 30,
	2016	2015
Income from continuing operations	\$ 261,545	\$ 221,651
Less: income from continuing operations allocated to participating securities	4,955	3,629
Income from continuing operations available to common shareholders	<u>\$ 256,590</u>	<u>\$ 218,022</u>
Basic weighted average common shares outstanding	104,719	109,455
Effect of dilutive securities - employee stock options	2,559	1,685
Diluted weighted average common shares outstanding	<u>107,278</u>	<u>111,140</u>
Diluted earnings per share from continuing operations	<u>\$ 2.39</u>	<u>\$ 1.96</u>

Reconciliation of Non-GAAP Financial Measures and Regulation G Disclosure

The press release contains a non-GAAP financial measure 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 an additional non-GAAP financial measure of cash flow. The Company believes that this non-GAAP financial measure is appropriate to enhance understanding of its past performance as well as prospects for future performance. A reconciliation of the difference between this non-GAAP financial measure with the most directly comparable financial measure calculated in accordance with GAAP is shown below.

Computation of Free Cash Flow

	Six Months Ended	
	November 30, 2016	November 30, 2015
Net cash provided by operations	\$ 301,721	\$ 265,037
Capital expenditures	(155,173)	(121,817)
Free cash flow	\$ 146,548	\$ 143,220

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.

SUPPLEMENTAL SEGMENT DATA

	Uniform Rental and Facility Services	First Aid and Safety Services	All Other	Corporate	Total
For the three months ended November 30, 2016					
Revenue	\$ 1,005,565	\$ 124,797	\$ 166,561	\$ -	\$ 1,296,923
Gross margin	\$ 449,813	\$ 57,545	\$ 64,069	\$ -	\$ 571,427
Selling and administrative expenses	\$ 269,105	\$ 42,766	\$ 53,351	\$ -	\$ 365,222
G&K Services, Inc. transaction expenses	\$ 3,347	\$ -	\$ -	\$ -	\$ 3,347
Interest income	\$ -	\$ -	\$ -	\$ (31)	\$ (31)
Interest expense	\$ -	\$ -	\$ -	\$ 13,267	\$ 13,267
Income (loss) before income taxes	\$ 177,361	\$ 14,779	\$ 10,718	\$ (13,236)	\$ 189,622
For the three months ended November 30, 2015					
Revenue	\$ 937,704	\$ 120,438	\$ 160,938	\$ -	\$ 1,219,080
Gross margin	\$ 411,613	\$ 52,027	\$ 63,760	\$ -	\$ 527,400
Selling and administrative expenses	\$ 242,318	\$ 37,180	\$ 47,553	\$ -	\$ 327,051
Interest income	\$ -	\$ -	\$ -	\$ (111)	\$ (111)
Interest expense	\$ -	\$ -	\$ -	\$ 16,171	\$ 16,171
Income (loss) before income taxes	\$ 169,295	\$ 14,847	\$ 16,207	\$ (16,060)	\$ 184,289
For the six months ended November 30, 2016					
Revenue	\$ 2,005,161	\$ 249,636	\$ 336,256	\$ -	\$ 2,591,053
Gross margin	\$ 908,477	\$ 114,671	\$ 132,053	\$ -	\$ 1,155,201
Selling and administrative expenses	\$ 539,737	\$ 88,381	\$ 111,130	\$ -	\$ 739,248
G&K Services, Inc. transaction expenses	\$ 6,134	\$ -	\$ -	\$ -	\$ 6,134
Interest income	\$ -	\$ -	\$ -	\$ (96)	\$ (96)
Interest expense	\$ -	\$ -	\$ -	\$ 27,439	\$ 27,439
Income (loss) before income taxes	\$ 362,606	\$ 26,290	\$ 20,923	\$ (27,343)	\$ 382,476
For the six months ended November 30, 2015					
Revenue	\$ 1,876,112	\$ 219,926	\$ 321,932	\$ -	\$ 2,417,970
Gross margin	\$ 831,518	\$ 94,138	\$ 125,888	\$ -	\$ 1,051,544
Selling and administrative expenses	\$ 496,842	\$ 70,699	\$ 98,147	\$ -	\$ 665,688
Interest income	\$ -	\$ -	\$ -	\$ (230)	\$ (230)
Interest expense	\$ -	\$ -	\$ -	\$ 32,583	\$ 32,583
Income (loss) before income taxes	\$ 334,676	\$ 23,439	\$ 27,741	\$ (32,353)	\$ 353,503