

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

	Three Months Ended		
	August 31, 2018	August 31, 2017	% Change
Revenue:			
Uniform rental and facility services	\$ 1,374,938	\$ 1,311,784	4.8%
Other	323,037	299,719	7.8%
Total revenue	1,697,975	1,611,503	5.4%
Costs and expenses:			
Cost of uniform rental and facility services	746,453	706,863	5.6%
Cost of other	176,810	165,287	7.0%
Selling and administrative expenses	504,634	486,283	3.8%
G&K Services, Inc. integration expenses	4,850	3,971	22.1%
Operating income	265,228	249,099	6.5%
Interest income	(496)	(297)	67.0%
Interest expense	24,304	30,317	-19.8%
Income before income taxes	241,420	219,079	10.2%
Income taxes	28,873	57,971	-50.2%
Income from continuing operations	212,547	161,108	31.9%
(Loss) income from discontinued operations, net of tax	(32)	56,103	-100.1%
Net income	\$ 212,515	\$ 217,211	-2.2%
Basic earnings per share:			
Continuing operations	\$ 1.96	\$ 1.50	30.7%
Discontinued operations	0.00	0.52	-100.0%
Basic earnings per share	\$ 1.96	\$ 2.02	-3.0%
Diluted earnings per share:			
Continuing operations	\$ 1.89	\$ 1.45	30.3%
Discontinued operations	0.00	0.51	-100.0%
Diluted earnings per share	\$ 1.89	\$ 1.96	-3.6%
Weighted average number of shares outstanding	106,835	105,740	
Diluted average number of shares outstanding	110,648	108,537	

CINTAS CORPORATION SUPPLEMENTAL DATA

	Three Months Ended	
	August 31, 2018	August 31, 2017
Uniform rental and facility services gross margin	45.7%	46.1%
Other gross margin	45.3%	44.9%
Total gross margin	45.6%	45.9%
Net margin, continuing operations	12.5%	10.0%

Computation of Diluted Earnings Per Share from Continuing Operations

	Three Months Ended	
	August 31, 2018	August 31, 2017
Income from continuing operations	\$ 212,547	\$ 161,108
Less: income from continuing operations allocated to participating securities	2,945	3,187
Income from continuing operations available to common shareholders	\$ 209,602	\$ 157,921

Basic weighted average common shares outstanding	106,835	105,740
Effect of dilutive securities - employee stock options	3,813	2,797
Diluted weighted average common shares outstanding	<u>110,648</u>	<u>108,537</u>
Diluted earnings per share from continuing operations	<u>\$ 1.89</u>	<u>\$ 1.45</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 condensed financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), the Company provides the additional non-GAAP financial measures of 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. A reconciliation 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.

Earnings Per Share Results

	Three Months Ended		
	August 31, 2018	August 31, 2017	Growth vs. FY 2018
EPS - continuing operations	\$ 1.89	\$ 1.45	
G&K Services, Inc. integration expenses	0.04	0.03	
EPS excluding above items	<u>\$ 1.93</u>	<u>\$ 1.48</u>	<u>30.4%</u>

Computation of Free Cash Flow

	Three Months Ended	
	August 31, 2018	August 31, 2017
Net cash provided by operations	\$ 162,985	\$ 254,366
Capital expenditures	(64,528)	(62,517)
Free cash flow	<u>\$ 98,457</u>	<u>\$ 191,849</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.

SUPPLEMENTAL SEGMENT DATA

	Uniform Rental and Facility Services	First Aid and Safety Services	All Other	Corporate	Total
For the three months ended August 31, 2018					
Revenue	\$ 1,374,938	\$ 153,417	\$ 169,620	\$ -	\$ 1,697,975
Gross margin	\$ 628,485	\$ 73,485	\$ 72,742	\$ -	\$ 774,712
Selling and administrative expenses	\$ 392,101	\$ 51,502	\$ 61,031	\$ -	\$ 504,634
G&K Services, Inc. integration expenses	\$ 4,850	\$ -	\$ -	\$ -	\$ 4,850
Interest income	\$ -	\$ -	\$ -	\$ (496)	\$ (496)
Interest expense	\$ -	\$ -	\$ -	\$ 24,304	\$ 24,304
Income (loss) before income taxes	\$ 231,534	\$ 21,983	\$ 11,711	\$ (23,808)	\$ 241,420
For the three months ended August 31, 2017					
Revenue	\$ 1,311,784	\$ 140,582	\$ 159,137	\$ -	\$ 1,611,503
Gross margin	\$ 604,921	\$ 66,775	\$ 67,657	\$ -	\$ 739,353
Selling and administrative expenses	\$ 382,040	\$ 47,364	\$ 56,879	\$ -	\$ 486,283
G&K Services, Inc. integration expenses	\$ 3,971	\$ -	\$ -	\$ -	\$ 3,971
Interest income	\$ -	\$ -	\$ -	\$ (297)	\$ (297)
Interest expense	\$ -	\$ -	\$ -	\$ 30,317	\$ 30,317
Income (loss) before income taxes	\$ 218,910	\$ 19,411	\$ 10,778	\$ (30,020)	\$ 219,079