

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

	Three Months Ended		
	May 31, 2019	May 31, 2018	% Change
Revenue:			
Uniform rental and facility services	\$ 1,428,392	\$ 1,342,786	6.4%
Other	365,338	326,764	11.8%
Total revenue	1,793,730	1,669,550	7.4%
Costs and expenses:			
Cost of uniform rental and facility services	771,056	737,998	4.5%
Cost of other	199,109	179,214	11.1%
Selling and administrative expenses	508,240	471,807	7.7%
G&K Services, Inc. integration expenses	914	15,031	(93.9)%
Operating income	314,411	265,500	18.4%
Interest income	(271)	(370)	(26.8)%
Interest expense	25,782	24,828	3.8%
Income before income taxes	288,900	241,042	19.9%
Income taxes	62,729	51,744	21.2%
Income from continuing operations	226,171	189,298	19.5%
Loss from discontinued operations, net of tax	(52)	(3,127)	(98.3)%
Net income	<u>\$ 226,119</u>	<u>\$ 186,171</u>	21.5%
Basic earnings (loss) per share:			
Continuing operations	\$ 2.13	\$ 1.74	22.4%
Discontinued operations	0.00	(0.03)	(100.0)%
Basic earnings per share	<u>\$ 2.13</u>	<u>\$ 1.71</u>	24.6%
Diluted earnings (loss) per share:			
Continuing operations	\$ 2.06	\$ 1.68	22.6%
Discontinued operations	0.00	(0.02)	(100.0)%
Diluted earnings per share	<u>\$ 2.06</u>	<u>\$ 1.66</u>	24.1%
Weighted average number of shares outstanding	105,018	106,879	
Diluted average number of shares outstanding	108,339	110,574	

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

	Twelve Months Ended		
	May 31, 2019	May 31, 2018	% Change
Revenue:			
Uniform rental and facility services	\$ 5,552,430	\$ 5,247,124	5.8%
Other	1,339,873	1,229,508	9.0%
Total revenue	6,892,303	6,476,632	6.4%
Costs and expenses:			
Cost of uniform rental and facility services	3,027,599	2,886,959	4.9%
Cost of other	736,116	681,150	8.1%
Selling and administrative expenses	1,980,644	1,916,792	3.3%
G&K Services, Inc. integration expenses	14,410	41,897	(65.6)%
Operating income	1,133,534	949,834	19.3%
Gain on sale of a cost method investment	69,373	—	100.0%
Interest income	(1,228)	(1,342)	(8.5)%
Interest expense	101,736	110,175	(7.7)%
Income before income taxes	1,102,399	841,001	31.1%
Income taxes	219,764	57,069	285.1%
Income from continuing operations	882,635	783,932	12.6%
Income from discontinued operations, net of tax	2,346	58,654	(96.0)%
Net income	\$ 884,981	\$ 842,586	5.0%
Basic earnings per share:			
Continuing operations	\$ 8.23	\$ 7.24	13.7%
Discontinued operations	0.02	0.54	(96.3)%
Basic earnings per share	\$ 8.25	\$ 7.78	6.0%
Diluted earnings per share:			
Continuing operations	\$ 7.97	\$ 7.03	13.4%
Discontinued operations	0.02	0.53	(96.2)%
Diluted earnings per share	\$ 7.99	\$ 7.56	5.7%
Weighted average number of shares outstanding	106,080	106,593	
Diluted average number of shares outstanding	109,495	109,810	

CINTAS CORPORATION SUPPLEMENTAL DATA

Gross Margin Results

	Three Months Ended	
	May 31, 2019	May 31, 2018
Uniform rental and facility services gross margin	46.0%	45.0%
Other gross margin	45.5%	45.2%
Total gross margin	45.9%	45.1%
Net income margin, continuing operations	12.6%	11.3%

	Twelve Months Ended	
	May 31, 2019	May 31, 2018
Uniform rental and facility services gross margin	45.5%	45.0%
Other gross margin	45.1%	44.6%
Total gross margin	45.4%	44.9%
Net income margin, continuing operations	12.8%	12.1%

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, cash flow and workday adjusted revenue growth. 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		
	May 31, 2019	May 31, 2018	Growth vs. FY 2018
EPS - continuing operations	\$ 2.06	\$ 1.68	
G&K Services, Inc. integration expenses	0.01	0.09	
EPS excluding above items	\$ 2.07	\$ 1.77	16.9%

	Twelve Months Ended		
	May 31, 2019	May 31, 2018	Growth vs. FY 2018
EPS - continuing operations	\$ 7.97	\$ 7.03	
G&K Services, Inc. integration expenses	0.10	0.26	
One-time cash payment to employees	—	0.24	
Non-recurring gain on sale of investment	(0.47)	—	
One-time deferred tax benefit of Tax Act	—	(1.59)	
EPS excluding above items	\$ 7.60	\$ 5.94	27.9%

Computation of Free Cash Flow

	Twelve Months Ended	
	May 31, 2019	May 31, 2018
Net cash provided by operations	\$ 1,067,862	\$ 964,160
Capital expenditures	(276,719)	(271,699)
Free cash flow	<u>\$ 791,143</u>	<u>\$ 692,461</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.

Computation of Growth on a Constant Workday Basis

	Fiscal 2019	Fiscal 2020 Low End of Range	Growth vs. 2019	Fiscal 2020 High End of Range	Growth vs. 2019
Fiscal 2020 Revenue Guidance					
(\$s in millions)	A	B	C	D	E
Revenue Guidance	\$ 6,892.3	\$ 7,240.0	5.0%	\$ 7,310.0	6.1%
	$C=(B-A)/A$			$E=(D-A)/A$	
	F	G		G	
Workdays in the period	261	260		260	
	H	I	J	K	L
Revenue Adjusted for Workday Difference	\$ 6,892.3	\$ 7,267.8	5.4%	\$ 7,338.1	6.5%
	$H=(A/F)*F$	$I=(B/G)*F$	$J=(I-H)/H$	$K=(D/G)*F$	$L=(K-H)/H$

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.

SUPPLEMENTAL SEGMENT DATA

	Uniform Rental and Facility Services	First Aid and Safety Services	All Other	Corporate	Total
For the three months ended May 31, 2019					
Revenue	\$ 1,428,392	\$ 163,535	\$ 201,803	\$ —	\$ 1,793,730
Gross margin	\$ 657,336	\$ 78,029	\$ 88,200	\$ —	\$ 823,565
Selling and administrative expenses	\$ 393,275	\$ 52,878	\$ 62,087	\$ —	\$ 508,240
G&K Services, Inc. integration expenses	\$ 914	\$ —	\$ —	\$ —	\$ 914
Interest income	\$ —	\$ —	\$ —	\$ (271)	\$ (271)
Interest expense	\$ —	\$ —	\$ —	\$ 25,782	\$ 25,782
Income (loss) before income taxes	\$ 263,147	\$ 25,151	\$ 26,113	\$ (25,511)	\$ 288,900
For the three months ended May 31, 2018					
Revenue	\$ 1,342,786	\$ 147,707	\$ 179,057	\$ —	\$ 1,669,550
Gross margin	\$ 604,788	\$ 69,402	\$ 78,148	\$ —	\$ 752,338
Selling and administrative expenses	\$ 368,144	\$ 48,275	\$ 55,388	\$ —	\$ 471,807
G&K Services, Inc. integration expenses	\$ 15,031	\$ —	\$ —	\$ —	\$ 15,031
Interest income	\$ —	\$ —	\$ —	\$ (370)	\$ (370)
Interest expense	\$ —	\$ —	\$ —	\$ 24,828	\$ 24,828
Income (loss) before income taxes	\$ 221,613	\$ 21,127	\$ 22,760	\$ (24,458)	\$ 241,042
For the twelve months ended May 31, 2019					
Revenue	\$ 5,552,430	\$ 619,470	\$ 720,403	\$ —	\$ 6,892,303
Gross margin	\$ 2,524,831	\$ 297,074	\$ 306,683	\$ —	\$ 3,128,588
Selling and administrative expenses	\$ 1,533,711	\$ 206,990	\$ 239,943	\$ —	\$ 1,980,644
G&K Services, Inc. integration expenses	\$ 14,410	\$ —	\$ —	\$ —	\$ 14,410
Gain on sale of a cost method investment	\$ —	\$ —	\$ —	\$ 69,373	\$ 69,373
Interest income	\$ —	\$ —	\$ —	\$ (1,228)	\$ (1,228)
Interest expense	\$ —	\$ —	\$ —	\$ 101,736	\$ 101,736
Income (loss) before income taxes	\$ 976,710	\$ 90,084	\$ 66,740	\$ (31,135)	\$ 1,102,399
For the twelve months ended May 31, 2018					
Revenue	\$ 5,247,124	\$ 564,706	\$ 664,802	\$ —	\$ 6,476,632
Gross margin	\$ 2,360,165	\$ 265,785	\$ 282,573	\$ —	\$ 2,908,523
Selling and administrative expenses	\$ 1,500,644	\$ 190,567	\$ 225,581	\$ —	\$ 1,916,792
G&K Services, Inc. integration expenses	\$ 41,897	\$ —	\$ —	\$ —	\$ 41,897
Interest income	\$ —	\$ —	\$ —	\$ (1,342)	\$ (1,342)
Interest expense	\$ —	\$ —	\$ —	\$ 110,175	\$ 110,175
Income (loss) before income taxes	\$ 817,624	\$ 75,218	\$ 56,992	\$ (108,833)	\$ 841,001