

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

	Three Months Ended		
	November 30, 2019	November 30, 2018	% Change
Revenue:			
Uniform rental and facility services	\$ 1,469,976	\$ 1,390,778	5.7%
Other	373,773	327,490	14.1%
Total revenue	1,843,749	1,718,268	7.3%
Costs and expenses:			
Cost of uniform rental and facility services	784,937	761,119	3.1%
Cost of other	206,421	181,991	13.4%
Selling and administrative expenses	517,927	491,671	5.3%
G&K Services, Inc. integration expenses	—	7,847	(100.0)%
Operating income	334,464	275,640	21.3%
Gain on sale of a cost method investment	—	69,373	(100.0)%
Interest income	(283)	(391)	(27.6)%
Interest expense	26,177	24,880	5.2%
Income before income taxes	308,570	320,524	(3.7)%
Income taxes	62,127	77,530	(19.9)%
Income from continuing operations	246,443	242,994	1.4%
(Loss) income from discontinued operations, net of tax	(323)	19	(1,800.0)%
Net income	\$ 246,120	\$ 243,013	1.3%
Basic earnings per share:			
Continuing operations	\$ 2.35	\$ 2.25	4.4%
Discontinued operations	0.00	0.00	—%
Basic earnings per share	\$ 2.35	\$ 2.25	4.4%
Diluted earnings per share:			
Continuing operations	\$ 2.27	\$ 2.18	4.1%
Discontinued operations	0.00	0.00	—%
Diluted earnings per share	\$ 2.27	\$ 2.18	4.1%
Weighted average number of shares outstanding	103,959	106,475	
Diluted average number of shares outstanding	107,335	109,874	

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

	Six Months Ended		
	November 30, 2019	November 30, 2018	% Change
Revenue:			
Uniform rental and facility services	\$ 2,924,503	\$ 2,765,716	5.7%
Other	730,385	650,527	12.3%
Total revenue	3,654,888	3,416,243	7.0%
Costs and expenses:			
Cost of uniform rental and facility services	1,553,613	1,507,572	3.1%
Cost of other	399,742	358,801	11.4%
Selling and administrative expenses	1,060,923	996,305	6.5%
G&K Services, Inc. integration expenses	—	12,697	(100.0)%
Operating income	640,610	540,868	18.4%
Gain on sale of a cost method investment	—	69,373	(100.0)%
Interest income	(445)	(887)	(49.8)%
Interest expense	53,498	49,184	8.8%
Income before income taxes	587,557	561,944	4.6%
Income taxes	90,302	106,403	(15.1)%
Income from continuing operations	497,255	455,541	9.2%
Loss from discontinued operations, net of tax	(323)	(13)	2,384.6%
Net income	\$ 496,932	\$ 455,528	9.1%
Basic earnings per share:			
Continuing operations	\$ 4.75	\$ 4.21	12.8%
Discontinued operations	0.00	0.00	—%
Basic earnings per share	\$ 4.75	\$ 4.21	12.8%
Diluted earnings per share:			
Continuing operations	\$ 4.60	\$ 4.07	13.0%
Discontinued operations	0.00	0.00	—%
Diluted earnings per share	\$ 4.60	\$ 4.07	13.0%
Weighted average number of shares outstanding	103,638	106,652	
Diluted average number of shares outstanding	107,114	110,257	

CINTAS CORPORATION SUPPLEMENTAL DATA

Gross Margin Results

	Three Months Ended	
	November 30, 2019	November 30, 2018
Uniform rental and facility services gross margin	46.6%	45.3%
Other gross margin	44.8%	44.4%
Total gross margin	46.2%	45.1%
Net income margin, continuing operations	13.4%	14.1%

	Six Months Ended	
	November 30, 2019	November 30, 2018
Uniform rental and facility services gross margin	46.9%	45.5%
Other gross margin	45.3%	44.8%
Total gross margin	46.6%	45.4%
Net income margin, continuing operations	13.6%	13.3%

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		
	November 30, 2019	November 30, 2018	Growth vs. Fiscal 2019
EPS - continuing operations	\$ 2.27	\$ 2.18	
G&K Services, Inc. integration expenses	—	0.05	
One-time gain on sale of investment	—	(0.47)	
EPS excluding above items	\$ 2.27	\$ 1.76	29.0%

	Six Months Ended		
	November 30, 2019	November 30, 2018	Growth vs. Fiscal 2019
EPS - continuing operations	\$ 4.60	\$ 4.07	
G&K Services, Inc. integration expenses	—	0.09	
One-time gain on sale of investment	—	(0.47)	
EPS excluding above items	\$ 4.60	\$ 3.69	24.7%

Computation of Free Cash Flow

	Six Months Ended	
	November 30, 2019	November 30, 2018
Net cash provided by operations	\$ 571,351	\$ 344,567
Capital expenditures	(126,167)	(137,614)
Free cash flow	\$ 445,184	\$ 206,953

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

	Three Months Ended			Six Months Ended		
	November 30, 2019	November 30, 2018	Growth %	November 30, 2019	November 30, 2018	Growth %
	A	B	G	I	J	O
Revenue	\$ 1,843,749	\$ 1,718,268	7.3%	\$ 3,654,888	\$ 3,416,243	7.0%
	$G=(A-B)/B$			$O=(I-J)/J$		
	C	D		K	L	
Workdays in the period	65	65		130	131	
	E	F	H	M	N	P
Revenue adjusted for workday difference	\$ 1,843,749	\$ 1,718,268	7.3%	\$ 3,683,003	\$ 3,416,243	7.8%
	$E=(A/C)*D$	$F=(B/D)*D$	$H=(E-F)/F$	$M=(I/K)*L$	$N=(J/L)*L$	$P=(M-N)/N$

	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	\$ 7,290.0	5.8%	\$ 7,330.0	6.4%
	$C=(B-A)/A$			$E=(D-A)/A$	
	F	G		G	
Workdays in the period	261	260		260	
	H	I	J	K	L
Revenue guidance adjusted for workday difference	\$ 6,892.3	\$ 7,318.0	6.2%	\$ 7,358.2	6.8%
	$H=(A/F)*F$	$I=(B/G)*F$	$J=(I-H)/H$	$K=(D/G)*F$	$L=(K-H)/H$

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 November 30, 2019					
Revenue	\$ 1,469,977	\$ 169,667	\$ 204,105	\$ —	\$ 1,843,749
Gross margin	\$ 685,040	\$ 82,074	\$ 85,277	\$ —	\$ 852,391
Selling and administrative expenses	\$ 398,680	\$ 57,434	\$ 61,813	\$ —	\$ 517,927
Interest income	\$ —	\$ —	\$ —	\$ (283)	\$ (283)
Interest expense	\$ —	\$ —	\$ —	\$ 26,177	\$ 26,177
Income (loss) before income taxes	\$ 286,360	\$ 24,640	\$ 23,464	\$ (25,894)	\$ 308,570
For the three months ended November 30, 2018					
Revenue	\$ 1,390,778	\$ 153,348	\$ 174,142	\$ —	\$ 1,718,268
Gross margin	\$ 629,659	\$ 73,670	\$ 71,829	\$ —	\$ 775,158
Selling and administrative expenses	\$ 378,921	\$ 52,342	\$ 60,408	\$ —	\$ 491,671
G&K Services, Inc. integration expenses	\$ 7,847	\$ —	\$ —	\$ —	\$ 7,847
Gain on sale of a cost method investment	\$ —	\$ —	\$ —	\$ 69,373	\$ 69,373
Interest income	\$ —	\$ —	\$ —	\$ (391)	\$ (391)
Interest expense	\$ —	\$ —	\$ —	\$ 24,880	\$ 24,880
Income before income taxes	\$ 242,891	\$ 21,328	\$ 11,421	\$ 44,884	\$ 320,524
For the six months ended November 30, 2019					
Revenue	\$ 2,924,504	\$ 341,757	\$ 388,627	\$ —	\$ 3,654,888
Gross margin	\$ 1,370,891	\$ 166,361	\$ 164,281	\$ —	\$ 1,701,533
Selling and administrative expenses	\$ 815,520	\$ 116,952	\$ 128,451	\$ —	\$ 1,060,923
Interest income	\$ —	\$ —	\$ —	\$ (445)	\$ (445)
Interest expense	\$ —	\$ —	\$ —	\$ 53,498	\$ 53,498
Income (loss) before income taxes	\$ 555,371	\$ 49,409	\$ 35,830	\$ (53,053)	\$ 587,557
For the six months ended November 30, 2018					
Revenue	\$ 2,765,716	\$ 306,765	\$ 343,762	\$ —	\$ 3,416,243
Gross margin	\$ 1,258,144	\$ 147,155	\$ 144,571	\$ —	\$ 1,549,870
Selling and administrative expenses	\$ 771,022	\$ 103,844	\$ 121,439	\$ —	\$ 996,305
G&K Services, Inc. integration expenses	\$ 12,697	\$ —	\$ —	\$ —	\$ 12,697
Gain on sale of a cost method investment	\$ —	\$ —	\$ —	\$ 69,373	\$ 69,373
Interest income	\$ —	\$ —	\$ —	\$ (887)	\$ (887)
Interest expense	\$ —	\$ —	\$ —	\$ 49,184	\$ 49,184
Income before income taxes	\$ 474,425	\$ 43,311	\$ 23,132	\$ 21,076	\$ 561,944