

TrueBlue Reports 2014 Third Quarter Results

TACOMA, Wash.--(BUSINESS WIRE)-- TrueBlue, Inc. (NYSE:TBI) today reported results for the third quarter of 2014.

- Revenue was \$633 million, up 40 percent compared to revenue of \$451 million for the third quarter in 2013.
- Net income was \$21 million compared to \$19 million for the third guarter of 2013.
- Adjusted net income^{*} was \$22 million, or \$0.54 per diluted share, compared to \$19 million, or \$0.48 per diluted share, for the third quarter of 2013.
- Adjusted EBITDA* was \$42 million, up 25 percent compared to \$33 million for the third quarter of 2013.

"We are pleased with the success of our growth strategies, which produced strong revenue and profit growth this quarter," TrueBlue CEO Steve Cooper said. "Our team continues to focus on providing more value to customers through the specialized services we offer. In addition, we have a proven track record of acquiring companies with complementary service offerings that enable our customers to better manage their workforce."

TrueBlue completed its acquisition of Seaton on June 30, 2014, the first day of its third quarter. TrueBlue refers to Seaton's industry-leading brands, Staff Management | SMX, PeopleScout and HRX, as its Outsourcing Solutions group. TrueBlue is now the largest industrial staffing provider in the U.S.

"We are excited about the opportunities to expand our EBITDA margin through operational efficiency and the use of technology," Cooper said. "This reduces the dependency on our branch footprint while allowing us to still deliver excellent service."

TrueBlue has consolidated 52 branches year to date, resulting in 708 branches in operation at the end of the quarter.

TrueBlue estimates revenue in the range of \$695 million to \$705 million and adjusted net income^{*} per diluted share of \$0.44 to \$0.49 for the fourth quarter of 2014.

Management will discuss third quarter 2014 results on a conference call at 6 a.m. PT (9 a.m. ET), today, Thursday, Oct. 23. The conference call can be accessed on TrueBlue's web site: www.trueblue.com

^{*} This is a non-GAAP financial measure that excludes non-recurring acquisition and integration costs for which a reconciliation is provided along with the financial statements accompanying this release.

About TrueBlue

TrueBlue (NYSE: TBI) is a leading staffing, recruiting and workforce management company. The company fills individual positions on demand, staffs entire facilities, and manages outsourced recruiting processes and staffing vendor programs for a wide variety of clients. The company's specialized workforce solutions meet clients' needs for a reliable, efficient workforce, and it serves a wide variety of industries. TrueBlue connects as many as 500,000 people to work each year. Learn more about TrueBlue at www.trueblue.com.

Forward-looking Statements

This document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "may," "will," "should," "expects," "intends," "projects," "plans," "believes," "estimates," "targets," "anticipates," and similar expressions are used to identify these forward-looking statements. Examples of forwardlooking statements include statements relating to our future financial condition and operating results, as well as any other statement that does not directly relate to any historical or current fact. Forward-looking statements are based on our current expectations and assumptions, which may not prove to be accurate. These statements are not guarantees and are subject to risks, uncertainties, and changes in circumstances that are difficult to predict. Many factors could cause actual results to differ materially and adversely from these forwardlooking statements. Examples of such factors can be found in our reports filed with the SEC, including the information under the heading 'Risk Factors' in our Annual Report on Form 10-K for the fiscal year ended Dec. 27, 2013. Additional risk factors resulting from the acquisition of Seaton will be included in our Form 10-Q. Any forward-looking statement speaks only as of the date on which it is made, and we assume no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law.

TRUEBLUE, INC.
SUMMARY CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in thousands, except per share data)

	13 Weeks Ended			39 Weeks Ended				
	September 26 September 27		September 26		September 27			
		2014		2013		2014		2013
Revenue from services	\$	633,365	\$	451,169	\$	1,482,655	\$	1,219,977
Cost of services		473,766		327,641		1,103,914		897,937
Gross profit	-	159,599		123,528		378,741		322,040
Selling, general and administrative expenses		120,318		90,767		308,654		268,538
Depreciation and amortization		9,719		4,771		20,126		15,133
Income from operations		29,562		27,990		49,961		38,369
Interest and other income (expense), net		(409)		416		385		1,167
Income before tax expense		29,153		28,406		50,346		39,536
Income toy evpence		8,243		9,454		11,696		9,124
Income tax expense	_		Φ.		_		Φ.	
Net income	\$	20,910	\$	18,952	\$	38,650	\$	30,412
Net income per common share								
Basic	\$	0.51	\$	0.47	\$	0.95	\$	0.76
Diluted	\$	0.51	\$	0.47	\$	0.94	\$	0.75
Weighted average shares outstanding								
Basic		40,793		40,330		40,701		40,085

TRUEBLUE, INC. SELECTED FINANCIAL DATA (Unaudited, in thousands)

13 Weeks Ended

	September 26, 2014					September 27, 2013			
	Legacy TrueBlue		Legacy TrueBlue		Legacy TrueBlue Seaton (1)		on (1) Total Company		y TrueBlue
Revenue from services	\$	484,729	\$ 148,636	\$	633,365	\$	451,169		
Adjusted EBITDA (2)		34,932	6,688		41,620		33,394		
Non-recurring acquisition costs (3)					2,339		633		
EBITDA (2)					39,281		32,761		
Depreciation and amortization					9,719		4,771		
Interest income (expense), net					(409)		416		
Income before tax expense				\$	29,153	\$	28,406		

- (1) Seaton was acquired effective June 30, 2014. Therefore, the comparative prior year amounts are not presented.
- (2) EBITDA and Adjusted EBITDA are non-GAAP financial measures. EBITDA excludes interest, taxes, depreciation and amortization from net income (loss). Adjusted EBITDA further excludes from EBITDA non-recurring costs related to the purchase, integration, reorganization and shutdown activities related to acquisitions. EBITDA and Adjusted EBITDA are key measures used by management in evaluating performance. EBITDA and Adjusted EBITDA should not be considered a measure of financial performance in isolation or as an alternative to income from operations in the Consolidated Statements of Operations in accordance with GAAP, and, as presented, may not be comparable to similarly titled measures of other companies.
- (3) Non-recurring acquisition costs for the 13 weeks ended September 26, 2014 related to the acquisition and integration of Seaton. The acquisition was completed effective June 30, 2014, the first day of our third quarter. The non-recurring acquisition costs for the prior year related to the acquisition and integration of TWC.

TRUEBLUE, INC. SUMMARY CONSOLIDATED BALANCE SHEETS (Unaudited, in thousands)

	September 26 2014		December 27 2013		
Assets					
Current assets:					
Cash and cash equivalents	\$	29,244	\$	122,003	
Marketable securities		1,746		14,745	
Accounts receivable, net		310,926		199,519	
Other current assets		35,629		20,191	
Total current assets		377,545		356,458	
Property and equipment, net		79,304		54,473	
Restricted cash and investments		152,281		154,558	
Other assets, net		391,597		153,972	
Total assets	\$	1,000,727	\$	719,461	
Liabilities and shareholders' equity					
Current liabilities	\$	177,958	\$	121,409	
Long-term debt		174,950		29,656	
Other long-term liabilities		207,853		175,036	
Total liabilities		560,761		326,101	
Shareholders' equity	_	439,966		393,360	
Total liabilities and shareholders' equity	\$	1,000,727	\$	719,461	

TRUEBLUE, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in thousands)

Cash flows from operating activities Sale, 650 September 2 2013 Cash flows from operating activities \$ 38,650 \$ 30,412 Adjustments to reconcile net income to net cash from operating activities \$ 9,619 \$ 15,133 Provision for doubiful accounts 9,619 8,785 Stock-based compensation 9,619 8,785 Stock-based compensation of doubiful accounts 6,077 (1,694) Deferred income taxes 6,077 (1,694) Other operating activities (26,391) (24,776) Changes in operating assets and liabilities, net of acquisition (26,391) (24,776) Accounts receivable (3,179) 6,580 Other assets (3,179) 6,580 Other assets (1,687) (4,703) Accounts payable and other accrued expenses (1,189) (4,703) Accured wages and benefits 11,373 11,419 Workers' compensation claims reserve 52 2,785 Other liabilities (1,191) 1,191 Net cash flows from investing activities (1,021) 1,192		39 Weeks Ended			
Cash flows from operating activities \$ 38,650 \$ 30,412 Net income \$ 38,650 \$ 30,412 Adjustments to reconcile net income to net cash from operating activities 20,126 15,133 Depreciation and amortization 9,619 8,785 Stock-based compensation 8,902 6,428 Deferred income taxes 6,077 (1,694) Other operating activities (148) 1,213 Changes in operating assets and liabilities, net of acquisition (26,391) (24,776) Accounts receivable (3,179) 6,580 Income taxes (3,179) 6,580 Other assets (6,510) (4,703) Accounts payable and other accrued expenses (1,687) (6,728) Accrued wages and benefits 11,373 11,419 Workers' compensation claims reserve 532 2,539 Other liabilities 2,539 452,77 Cash flows from investing activities (10,213) (10,350) Capital expenditures (10,213) (10,350) Acquisition of business, net of cash acquired <td< th=""><th></th><th>Se</th><th>otember 26</th><th colspan="2">September 27</th></td<>		Se	otember 26	September 27	
Net income \$ 38,650 \$ 30,412 Adjustments to reconcile net income to net cash from operating activities 20,126 15,133 Depreciation and amortization 9,619 8,785 Stock-based compensation 8,902 6,428 Deferred income taxes (0,148) 1,213 Changes in operating assets and liabilities, net of acquisition (26,391) (24,776) Accounts receivable (3,179) 6,580 Income taxes (3,179) 6,580 Other assets (6,510) (4,703) Accounts payable and other accrued expenses (1,657) (6,728) Accrued wages and benefits 111,373 11,419 Workers' compensation claims reserve 532 2,755 Other liabilities 2,539 45,277 Net cash provided by operating activities 2,059 45,277 Capital expenditures (10,213) (10,350) Aquisition of business, net of cash acquired (307,972) (54,872) Purchases of marketable securities 43,917 205 Cange in restricted cash and cash equivalents		2014		2013	
Adjustments to reconcile net income to net cash from operating activities 20,126 15,133 Depreciation and amortization 9,619 8,785 Stock-based compensation 8,902 6,428 Deferred income taxes 6,077 (1,694) Other operating activities (148) 1,213 Changes in operating assets and liabilities, net of acquisition (26,391) (24,776) Accounts receivable (26,391) (3,179) 6,580 Income taxes (3,179) 6,580 Other assets (6,781) (4,703) Accounts payable and other accrued expenses (1,687) (6,728) Accurued wages and benefits 11,373 11,419 Workers' compensation claims reserve 532 2,785 Other liabilities 2,539 423 Net cash provided by operating activities (10,213) (10,233) Capital expenditures (10,213) (10,250) Acquisition of business, net of cash acquired (307,972) (54,872) Purchases of marketable securities (25,957) (35,300) <td< th=""><th>Cash flows from operating activities</th><th></th><th></th><th></th><th></th></td<>	Cash flows from operating activities				
Depreciation and amortization 20,126 15,133 Provision for doubtful accounts 9,619 8,785 Stock-based compensation 8,902 6,428 Deferred income taxes 6,077 (1,694) Other operating activities (148) 1,213 Changes in operating assets and liabilities, net of acquisition (26,391) (24,776) Accounts receivable (26,391) (6,580) Income taxes (3,179) 6,580 Other assets (6,510) (4,703) Accounts payable and other accrued expenses (6,510) (4,703) Accrued wages and benefits 11,373 11,419 Workers' compensation claims reserve 532 2,785 Other liabilities 2,539 423 Net cash provided by operating activities 2,539 423 Net cash provided by operating activities (10,213) (10,350) Capital expenditures (10,213) (10,350) Capital expenditures (10,213) (10,350) Capital expenditures (25,557) (35,300)	Net income	\$	38,650	\$	30,412
Provision for doubtful accounts 9,619 8,785 Stock-based compensation 8,902 6,428 Deferred income taxes 6,077 (1,694) Other operating activities (148) 1,213 Changes in operating assets and liabilities, net of acquisition (26,391) (24,776) Accounts receivable (3,179) 6,580 Other assets (6,510) (4,703) Accounts payable and other accrued expenses (1,687) (6,728) Accrued wages and benefits 11,373 11,419 Workers' compensation claims reserve 532 2,785 Other liabilities 2,539 423 Net cash provided by operating activities 2,539 423 Cash flows from investing activities (10,213) (10,350) Acquisition of business, net of cash acquired (307,972) (54,872) Purchases of marketable securities (25,057) (35,300) Sales and maturities of marketable securities 43,917 205 Change in restricted cash and cash equivalents (10,221) (17,338) Purchases	Adjustments to reconcile net income to net cash from operating activities				
Stock-based compensation 8,902 6,428 Deferred income taxes 6,077 (1,694) Other operating activities (148) 1,213 Changes in operating assets and liabilities, net of acquisition (26,391) (24,776) Accounts receivable (6,510) (4,773) 6,580 Other assets (6,510) (4,703) Accounts payable and other accrued expenses (1,687) (6,728) Accrued wages and benefits 11,373 11,419 Workers' compensation claims reserve 532 2,785 Other liabilities 2,539 423 Net cash provided by operating activities 59,903 45,277 Cash flows from investing activities (10,213) (10,350) Acquisition of business, net of cash acquired (307,972) (54,872) Purchases of marketable securities 43,917 205 Sales and maturities of marketable securities 43,917 205 Change in restricted cash and cash equivalents 10,020 (1,338) Purchases of restricted investments (18,196) (9,175)	Depreciation and amortization		20,126		15,133
Deferred income taxes 6,077 (1,694) (1,694) Other operating activities (148) 1,213 Changes in operating assets and liabilities, net of acquisition (26,391) (24,776) Accounts receivable (3,179) 6,580 Other assets (6,510) (4,703) Accounts payable and other accrued expenses (1,687) (6,728) Accrued wages and benefits 11,373 11,419 Workers' compensation claims reserve 532 2,785 Other liabilities 2,539 423 Net cash provided by operating activities (10,213) (10,350) Capital expenditures (10,213) (10,350) Acquisition of business, net of cash acquired (307,972) (54,872) Purchases of marketable securities 43,917 205 Change in restricted cash and cash equivalents 10,202 (1,338) Purchases of restricted investments (18,196) (9,175) Maturities of restricted investments (18,196) (9,175) Net cash used in investing activities (296,913) (97,493)	Provision for doubtful accounts		9,619		8,785
Other operating activities (148) 1,213 Changes in operating assets and liabilities, net of acquisition (26,391) (24,776) Accounts receivable (26,391) (5,806) Income taxes (3,179) 6,580 Other assets (6,510) (4,703) Accounts payable and other accrued expenses (1,687) (6,728) Accrued wages and benefits 11,373 11,419 Workers' compensation claims reserve 552 2,785 Other liabilities 2,539 423 Net cash provided by operating activities 59,903 45,277 Cash flows from investing activities (10,213) (10,350) Capital expenditures (10,213) (10,350) Acquisition of business, net of cash acquired (307,972) (54,872) Purchases of marketable securities (25,557) (35,300) Sales and maturities of marketable securities 43,917 205 Change in restricted cash and cash equivalents 10,020 (1,338) Purchases of restricted investments (18,196) (9,75) Matu	Stock-based compensation		8,902		6,428
Changes in operating assets and liabilities, net of acquisition (26,391) (24,776) Accounts receivable (3,179) 6,580 Income taxes (3,179) 6,580 Other assets (6,510) (4,703) Accounts payable and other accrued expenses (1,687) (6,728) Accrued wages and benefits 11,373 11,419 Workers' compensation claims reserve 532 2,785 Other liabilities 2,539 423 Net cash provided by operating activities 59,903 45,277 Cash flows from investing activities (10,213) (10,350) Capital expenditures (10,213) (10,350) Acquisition of business, net of cash acquired (307,972) (54,872) Purchases of marketable securities (25,057) (35,300) Sales and maturities of marketable securities 43,917 205 Change in restricted cash and cash equivalents 10,020 (1,338) Purchases of restricted investments (18,196) (9,175) Maturities of restricted investments (18,196) (9,175)	Deferred income taxes		6,077		(1,694)
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Income taxes (3,179) 6,580 Other assets (6,510) (4,703) Accounts payable and other accrued expenses (1,687) (6,728) Accrued wages and benefits 11,373 11,419 Workers' compensation claims reserve 532 2,785 Other liabilities 2,539 423 Net cash provided by operating activities 59,903 45,277 Cash flows from investing activities (10,213) (10,350) Acquisition of business, net of cash acquired (307,972) (54,872) Purchases of marketable securities (25,057) (35,300) Sales and maturities of marketable securities 43,917 205 Change in restricted cash and cash equivalents 10,020 (1,338) Purchases of restricted investments (18,196) (9,175) Maturities of restricted investments (18,196) (9,175) Met cash used in investing activities (296,913) (97,493) Cash flows from financing activities (30,21) (2,653) Net proceeds from stock option exercises and employee stock purchase plans 1,673	Changes in operating assets and liabilities, net of acquisition				
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Workers' compensation claims reserve 532 2,785 Other liabilities 2,539 423 Net cash provided by operating activities 59,903 45,277 Cash flows from investing activities (10,213) (10,350) Acquisition of business, net of cash acquired (307,972) (54,872) Purchases of marketable securities (25,057) (35,300) Sales and maturities of marketable securities 43,917 205 Change in restricted cash and cash equivalents 10,020 (1,338) Purchases of restricted investments (18,196) (9,175) Maturities of restricted investments 10,588 13,337 Net cash used in investing activities (296,913) (97,493) Cash flows from financing activities (3021) (2,653) Proceeds from stock option exercises and employee stock purchase plans 1,673 8,731 Common stock repurchases for taxes upon vesting of restricted stock (3,021) (2,653) Proceeds from note payable 186,994 34,000 Payments on debt and other liabilities (41,700) (8,115) Ot	Accounts payable and other accrued expenses		(1,687)		(6,728)
Other liabilities 2,539 423 Net cash provided by operating activities 59,903 45,277 Cash flows from investing activities (10,213) (10,350) Capital expenditures (307,972) (54,872) Acquisition of business, net of cash acquired (307,972) (54,872) Purchases of marketable securities (25,057) (35,300) Sales and maturities of marketable securities 43,917 205 Change in restricted cash and cash equivalents 10,020 (1,338) Purchases of restricted investments (18,196) (9,175) Maturities of restricted investments 10,588 13,337 Net cash used in investing activities (296,913) (97,493) Cash flows from financing activities 1,673 8,731 Common stock repurchases for taxes upon vesting of restricted stock (3,021) (2,653) Proceeds from note payable 186,994 34,000 Payments on debt and other liabilities (41,700) (8,115) Other 1,242 720 Net cash provided by financing activities (937) <	Accrued wages and benefits		11,373		11,419
Other liabilities 2,539 423 Net cash provided by operating activities 59,903 45,277 Cash flows from investing activities (10,213) (10,350) Capital expenditures (307,972) (54,872) Acquisition of business, net of cash acquired (307,972) (54,872) Purchases of marketable securities (25,057) (35,300) Sales and maturities of marketable securities 43,917 205 Change in restricted cash and cash equivalents 10,020 (1,338) Purchases of restricted investments (18,196) (9,175) Maturities of restricted investments 10,588 13,337 Net cash used in investing activities (296,913) (97,493) Net proceeds from stock option exercises and employee stock purchase plans 1,673 8,731 Common stock repurchases for taxes upon vesting of restricted stock (3,021) (2,653) Proceeds from note payable 186,994 34,000 Payments on debt and other liabilities (41,700) (8,115) Other 1,242 720 Net cash provided by financing activities	Workers' compensation claims reserve		532		2,785
Cash flows from investing activities Capital expenditures Capital expenditures (10,213) (10,350) Acquisition of business, net of cash acquired (307,972) (54,872) Purchases of marketable securities (25,057) (35,300) Sales and maturities of marketable securities Change in restricted cash and cash equivalents 10,020 (1,338) Purchases of restricted investments (18,196) (9,175) Maturities of restricted investments 10,588 13,337 Net cash used in investing activities Cash flows from financing activities Net proceeds from stock option exercises and employee stock purchase plans Common stock repurchases for taxes upon vesting of restricted stock (3,021) (2,653) Proceeds from note payable 186,994 34,000 Payments on debt and other liabilities (41,700) (8,115) Other 1,242 720 Net cash provided by financing activities 145,188 32,683 Effect of exchange rates on cash (937) (435) Net change in cash and cash equivalents (92,759) (19,968) CASH AND CASH EQUIVALENTS, beginning of period 122,003 129,513	·		2,539		423
Capital expenditures (10,213) (10,350) Acquisition of business, net of cash acquired (307,972) (54,872) Purchases of marketable securities (25,057) (35,300) Sales and maturities of marketable securities 43,917 205 Change in restricted cash and cash equivalents 10,020 (1,338) Purchases of restricted investments (18,196) (9,175) Maturities of restricted investments 10,588 13,337 Net cash used in investing activities (296,913) (97,493) Cash flows from financing activities (296,913) (97,493) Cash flows from inancing activities 1,673 8,731 Common stock repurchases for taxes upon vesting of restricted stock (3,021) (2,653) Proceeds from note payable 186,994 34,000 Payments on debt and other liabilities (41,700) (8,115) Other 1,242 720 Net cash provided by financing activities 145,188 32,683 Effect of exchange rates on cash (937) (435) Net change in cash and cash equivalents (92,7	Net cash provided by operating activities		59,903		45,277
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Net change in cash and cash equivalents(92,759)(19,968)CASH AND CASH EQUIVALENTS, beginning of period122,003129,513	Net cash provided by financing activities		145,188		32,683
CASH AND CASH EQUIVALENTS, beginning of period 122,003 129,513	Effect of exchange rates on cash		<u> </u>		(435)
	Net change in cash and cash equivalents		(92,759)		, , ,
CASH AND CASH EQUIVALENTS, end of period \$ 29,244 \$ 109,545	CASH AND CASH EQUIVALENTS, beginning of period	_	122,003	_	129,513
	CASH AND CASH EQUIVALENTS, end of period	\$	29,244	\$	109,545

TRUEBLUE, INC. RECONCILIATION OF GAAP NET INCOME PER DILUTED SHARE TO ADJUSTED NET INCOME PER DILUTED SHARE (Unaudited)

		13 Weeks Ended			
	September 26 2014		September 27 2013		
GAAP Net income	\$	20,910	\$	18,952	
Non-recurring acquisition costs, net of income tax (1)		1,404		380	

Adjusted Net income	\$ 22,314	\$ 19,332
GAAP Net income per diluted share	\$ 0.51	\$ 0.47
Non-recurring acquisition costs per diluted share, net of income tax (1)	0.03	0.01
Adjusted net income per diluted share (2)	\$ 0.54	\$ 0.48

- (1) Non-recurring acquisition costs for the current quarter related to the acquisition and integration of Seaton. The acquisition was completed on June 30, 2014, the first business day of our third quarter. The non-recurring acquisition costs for the prior year related to the acquisition and integration of TWC. The impact on net income per diluted share is net of income taxes at 40%.
- (2) Adjusted net income and adjusted net income per diluted share are non-GAAP financial measures which exclude non-recurring costs for the purchase, integration, reorganization, and shutdown activities related to acquisitions, and which is used by management in communicating comparable performance. Adjusted net income and adjusted net income per diluted share should not be considered measures of financial performance in isolation or as an alternative to net income and net income per share in the Consolidated Statements of Operations in accordance with GAAP, and, as presented, may not be comparable to similarly titled measures of other companies.

TrueBlue, Inc.
Derrek Gafford, 253-680-8214
EVP & CFO
or
Stacey Burke, 253-680-8291
VP of Corporate Communications

Source: TrueBlue, Inc.