

The Merriam Report **CTAS** QEMar-09 Cintas Corp.

All amounts in millions except for earnings per share

Quarterly period ending:	QEMar-08	QEJun-08	QESep-08	QEDec-08	QEMar-09	Averages
Earnings Per Share (Incl. Ext. Items)	\$ 0.530	\$ 0.580	\$ 0.510	\$ 0.470	\$ 0.470	\$ 0.512
% Change in E.P.S. (from prev. qtr.)		9.4%	-12.1%	-7.8%	0.0%	-2.6%
Total Revenues	975.95	1008.96	1002.18	985.18	908.64	976.18
% Change in Revenues (from prev. qtr.)		3.4%	-0.7%	-1.7%	-7.8%	-1.7%
Cost of Revenues	564.7	576.5	577.1	570.2	532.2	564.1
Accounts Receivable:	413.8	430.1	431.7	433.8	384.9	418.9
% Change in Receivables (from prev. qtr.)		3.9%	0.4%	0.5%	-11.3%	-1.6%
DSO's (# of days it took customers to pay)	38.6	38.8	39.2	40.1	38.5	39.0
Inventories:	241.3	238.7	242.1	251.9	252.5	245.3
% Change in Inventory (from prev. qtr.)		-1.1%	1.4%	4.0%	0.2%	1.2%
Inventory as a % of Sales	24.7%	23.7%	24.2%	25.6%	27.8%	25.18%
Prepaid Expenses:	0.00	0.00	0.00	0.00	0.00	0.0
Other Current Assets:	420.1	421.9	432.3	432.2	412.6	423.8
Property, Plant & Equip. (net):	968.6	974.6	987.6	982.3	980.6	978.7
% Change in P,P & E (from prev. qtr.)		0.6%	1.3%	-0.5%	-0.2%	0.3%
Accounts Payable:	369.4	353.3	297.2	332.0	372.7	344.9
% Change in Payables (from prev. qtr.)		-4.4%	-15.9%	11.7%	12.3%	0.9%
Quarterly period ending:	QEMar-08	QEJun-08	QESep-08	QEDec-08	QEMar-09	
Total Liabilities:	1596.8	1554.5	1535.7	1442.0	1399.5	1505.7
Shareholder equity:	2165.5	2254.1	2290.9	2324.7	2320.0	2271.0
Retained Earnings (Accum. Deficit)	2694.6	2784.3	2862.9	2934.8	2934.4	
Operating Cash Flow (OCF)	3650.2	3825.2	3924.1	4025.3	4021.2	3889.2
% Change in OCF (from prev. qtr.)		4.8%	2.6%	2.6%	-0.1%	2.5%
Balance Sheet Cash Flow (BSCF)	393.6	349.2	374.5	244.0	229.2	318.1
% Change in BSCF (from prev. qtr.)		-11.3%	7.3%	-34.9%	-6.0%	-11.2%
Spread between OCF & BSCF	3256.6	3476.0	3549.6	3781.4	3792.0	3571.1
Ratios						
Spread to Revenues	3.337	3.445	3.542	3.838	4.173	3.667
Spread to OCF	0.892	0.909	0.905	0.939	0.943	
MR Dual Cash-Flow Figure	4.229	4.354	4.446	4.778	5.116	

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3.667

Cintas Corp.

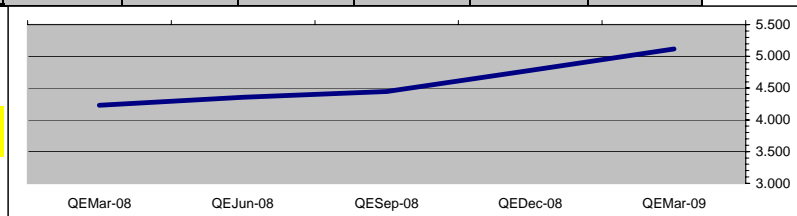
CTAS

QEMar-09

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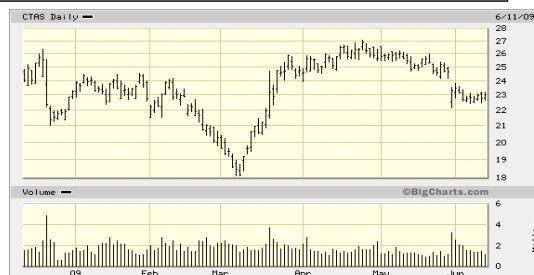
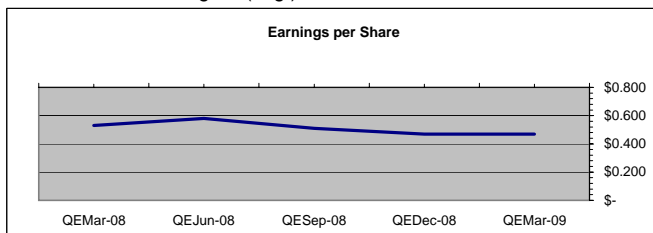
Merriam Report Signals:

Recent Bearish
Confirmed Bearish
Recent Bullish
Confirmed Bullish



MR Dual Cash-Flow Figure (avg.)

4.585



Accrual Ratios
Average Accruals

	QEMar-08	QEJun-08	QESep-08	QEDec-08	QEMar-09
Accrual Ratios	3.08%	2.67%	1.74%	1.35%	1.29%
Average Accruals	2.03%				

Revenue Metrics (as % of Sales)

	Recent Qtr.	Combined Avg.
Research & Development	#VALUE!	#DIV/0!
Cost of Sales	58.57%	57.79%
S/G/A	28.30%	28.30%
Payables	41.02%	35.34%

Capital Productivity

	Recent Qtr.	Combined Avg.
Inventory / Revenues	\$ 0.278	\$ 0.251
Receivables / Revenues	\$ 0.424	\$ 0.429
Inventory & Receivables / Revenues	\$ 0.701	\$ 0.680
P,P&E / Revenues	\$ 1.08	\$ 1.00

Summary of Merriam Report signals

Dual Cash-Flow Figures	Bullish
Operating Cash-Flow Trend	Bullish
Balance Sheet Cash-Flow Trend	Bullish
Comparison of Recent Quarter Changes to Average	
EPS	Bullish
Revenues	Bearish
Accounts Receivable	Neutral / Bearish
Days Sales Outstanding	Neutral / Bullish
Inventory	Bearish
Accounts Payable	Bearish
Accrual Ratios	Neutral / Bullish

Summary : Cintas Corp.

Comments: Cintas is a well managed industrial services company feeling the brunt of this recession. However, the balance sheet is in decent shape and slow-but-steady improvements in the accrual trends lends a hand in supporting the bullish MR dual cash-flow signals.

In contrast, revenue metrics and capital productivity slipped in the latest period and compared to average of all periods. Rising raw material prices aren't helping margins and rising capacity utilization costs puts a crimp on returns-on-assets.

Also, the spike in Accounts Payable over the past few quarters (circled) is rather glaring. We've seen a lot of stretched payables these days and across a wide variety of industries. However, we would prefer to see these figures get more in-line with sales going forward. Keep an eye on this!

The modest increase in inventory during the last period isn't a problem (in itself), but we would like to see inventory levels as a % of sales return to the average mean.

Accrual Ratios: According to the MR model, a ratio of -5 or less is very bullish and a ratio of +5 or more is very bearish. Although the accrual ratio has improved in each of the four previous periods, we assigned a neutral / bullish rating due to the fact it remains above 0.

Earnings Quality: B-

Recommendation: Short-term traders might find opportunity between \$21 and \$23. Value hounds might want to wait for a pull-back to \$20 or under. Date of report: 6-12-09

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