

PRICESMART INC
Form 10-Q
April 06, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the quarterly period ended February 28, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the transition period from to

COMMISSION FILE NUMBER 0-22793

PriceSmart, Inc.

(Exact name of registrant as specified in its charter)

Delaware 33-0628530
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

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9740 Scranton Road, San Diego, CA 92121

(Address of principal executive offices)

(858) 404-8800

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The registrant had 30,398,096 shares of its common stock, par value \$0.0001 per share, outstanding at March 31, 2017.

PRICESMART, INC.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PriceSmart, Inc.'s ("PriceSmart," "we" or the "Company") unaudited consolidated balance sheet as of February 28, 2017 and the consolidated balance sheet as of August 31, 2016, the unaudited consolidated statements of income for the three and six months ended February 28, 2017 and February 29, 2016, the unaudited consolidated statements of comprehensive income for the three and six months ended February 28, 2017 and February 29, 2016, the unaudited consolidated statements of equity for the six months ended February 28, 2017 and February 29, 2016, and the unaudited consolidated statements of cash flows for the six months ended February 28, 2017 and February 29, 2016, are included herein. Also included herein are the notes to the unaudited consolidated financial statements.

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PRICESMART, INC.

CONSOLIDATED BALANCE SHEETS

(AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

	February 28, 2017 (Unaudited)	August 31, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 181,990	\$ 199,522
Short-term restricted cash	816	518
Receivables, net of allowance for doubtful accounts of \$7 as of February 28, 2017 and August 31, 2016, respectively	6,384	7,464
Merchandise inventories	296,984	282,907
Prepaid expenses and other current assets	20,922	22,143
Total current assets	507,096	512,554
Long-term restricted cash	2,709	2,676
Property and equipment, net	535,479	473,045
Goodwill	35,692	35,637
Deferred tax assets	12,251	12,258
Other non-current assets (includes \$3,332 and \$3,224 as of February 28, 2017 and August 31, 2016, respectively, for the fair value of derivative instruments)	52,966	49,798
Investment in unconsolidated affiliates	10,759	10,767
Total Assets	\$ 1,156,952	\$ 1,096,735
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term borrowings	\$ 6,561	\$ 16,534
Accounts payable	265,756	267,173
Accrued salaries and benefits	17,181	19,606
Deferred membership income	22,921	20,920
Income taxes payable	5,933	4,226
Other accrued expenses (includes \$87 and \$110 as of February 28, 2017 and August 31, 2016, respectively, for the fair value of foreign currency forward contracts)	22,620	24,880
Dividends payable	10,643	—
Long-term debt, current portion	14,623	14,565
Total current liabilities	366,238	367,904
Deferred tax liability	1,693	1,760
Long-term portion of deferred rent	8,961	8,961
Long-term income taxes payable, net of current portion	891	970
Long-term debt, net of current portion	101,942	73,542
	5,533	5,527

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Other long-term liabilities (includes \$665 and \$1,514 for the fair value of derivative instruments and \$4,868 and \$4,013 for post employment plans as of February 28, 2017 and August 31, 2016, respectively)

Total Liabilities	485,258	458,664
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