

CONNS INC
Form 10-Q
June 05, 2012
Table of Contents

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 April 30, 2012

Commission File Number 000-50421

CONN S, INC.

(Exact name of registrant as specified in its charter)

A Delaware Corporation
(State or other jurisdiction of incorporation or organization)
3295 College Street

06-1672840
(I.R.S. Employer Identification Number)

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Beaumont, Texas 77701

(409) 832-1696

(Address, including zip code, and telephone
number, including area code, of registrant's
principal executive offices)

None

(Former name, former address and former
fiscal year, if changed since last report)

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 definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of May 31, 2012:

Class	Outstanding
Common stock, \$.01 par value per share	32,474,083

Table of Contents**TABLE OF CONTENTS**

	Page No.
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	1
<u>Consolidated Balance Sheets as of April 30, 2012 and January 31, 2012</u>	1
<u>Consolidated Statements of Operations for the three months ended April 30, 2012 and 2011</u>	2
<u>Consolidated Statements of Comprehensive Income for the three months ended April 30, 2012 and 2011</u>	3
<u>Consolidated Statements of Stockholders' Equity for the three months ended April 30, 2012 and 2011</u>	4
<u>Consolidated Statements of Cash Flows for the three months ended April 30, 2012 and 2011</u>	5
<u>Notes to Consolidated Financial Statements</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	13
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	27
Item 4. <u>Controls and Procedures</u>	27
PART II. OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	27
Item 1A. <u>Risk Factors</u>	28
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	28
Item 3. <u>Defaults Upon Senior Securities</u>	28
Item 4. <u>Mine Safety Disclosures</u>	28
Item 5. <u>Submission of Matters to a Vote of Security Holders</u>	28
Item 6. <u>Other Information</u>	29
Item 7. <u>Exhibits</u>	29

Table of Contents

CONN S, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(unaudited)

(in thousands, except share data)

	April 30, 2012	January 31, 2012
Assets		
Current assets		
Cash and cash equivalents	\$ 6,730	\$ 6,265
Customer accounts receivable, net of allowance of \$26,817 and \$28,979 , respectively (includes balances of VIE of \$63,947 at April 30, 2012)	313,139	316,385
Other accounts receivable, net of allowance of \$56 and \$54, respectively	35,414	38,715
Inventories	68,890	62,540
Deferred income taxes	16,007	17,111
Federal income taxes recoverable		5,256
Prepaid expenses and other assets (includes balance of VIE of \$10,042 at April 30, 2012)	15,785	6,286
Total current assets	455,965	452,558
Long-term portion of customer accounts receivable, net of allowance of \$23,293 and \$24,999, respectively (includes balance of VIE of \$55,536 at April 30, 2012)	271,984	272,938
Property and equipment		
Land	7,264	7,264
Buildings	10,455	10,455
Equipment and fixtures	24,786	24,787
Transportation equipment	911	1,468
Leasehold improvements	88,155	83,969
Subtotal	131,571	127,943
Less accumulated depreciation	(91,314)	(89,459)
Property and equipment, net	40,257	38,484
Non-current deferred income tax asset	9,570	9,754
Other assets	10,856	9,564
Total assets	\$ 788,632	\$ 783,298
Liabilities and Stockholders' Equity		
Current Liabilities		
Current portion of long-term debt (includes balances of VIE of \$103,025 at April 30, 2012)	\$ 103,690	\$ 726
Accounts payable	60,812	44,711
Accrued compensation and related expenses	7,494	7,213
Accrued expenses	22,314	24,030
Income taxes payable	2,394	2,028
Deferred revenues and allowances	16,153	15,966
Total current liabilities	212,857	94,674
Long-term debt	194,396	320,978
Deferred gain on sale of property	675	699
Other long-term liabilities	12,219	13,576
Commitments and contingencies		

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Stockholders equity		
Preferred stock (\$0.01 par value, 1,000,000 shares authorized; none issued or outstanding)		
Common stock (\$0.01 par value, 40,000,000 shares authorized; 32,390,419 and 32,139,524 shares issued at April 30, 2012 and January 31, 2012, respectively)		
	324	321
Additional paid-in capital	139,533	136,006
Accumulated other comprehensive loss	(265)	(293)
Retained earnings	228,893	217,337
Total stockholders equity	368,485	353,371
Total liabilities and stockholders equity	\$ 788,632	\$ 783,298

See notes to consolidated financial statements.

Table of Contents

CONN S, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(in thousands, except per share amounts)

	Three Months Ended April 30,	
	2012	2011
Revenues		
Product sales	\$ 152,115	\$ 144,279
Repair service agreement commissions, net	11,392	8,902
Service revenues	3,430	3,889
Total net sales	166,937	157,070
Finance charges and other	33,914	34,912
Total revenues	200,851	191,982
Cost and expenses		
Cost of goods sold, including warehousing and occupancy costs	108,443	106,453
Cost of service parts sold, including warehousing and occupancy costs	1,550	1,730
Selling, general and administrative expense	59,656	59,445
Provision for bad debts	9,185	9,564
Store closing costs	163	
Total cost and expenses	178,997	177,192
Operating income	21,854	14,790
Interest expense	3,759	7,556
Other (income) expense, net	(96)	52
Income before income taxes	18,191	7,182
Provision for income taxes	6,635	2,781
Net income	\$ 11,556	\$ 4,401
Earnings per share:		
Basic	\$ 0.36	\$ 0.14
Diluted	\$ 0.35	\$ 0.14
Average common shares outstanding:		
Basic	32,195	31,768
Diluted	32,904	31,772

See notes to consolidated financial statements.

Table of Contents

CONN S, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

(in thousands)

	Three Months Ended	
	April 30,	
	2012	2011
Net income	\$ 11,556	\$ 4,401
Change in fair value of hedges	43	73
Impact of provision for income taxes on comprehensive income	(15)	(26)
Comprehensive income	\$ 11,584	\$ 4,448

See notes to consolidated financial statements.

Table of Contents

CONN S, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

Three Months Ended April 30, 2012 and 2011

(unaudited)

(in thousands)

	Common Stock		Additional	Accumulated	Retained	Total
	Shares	Amount	Paid-in	Other	Earnings	
			Capital	Comprehensive		
				Loss		
Balance at January 31, 2012	32,140	\$ 321	\$ 136,006	\$ (293)	\$ 217,337	\$ 353,371
Exercise of stock options, net of tax	223	3	2,866			2,869
Issuance of common stock under Employee Stock Purchase Plan	6		63			63
Issuance of common stock converted from vested restricted stock units	21					
Stock-based compensation			598			598
Net income					11,556	11,556
Change in fair value of hedges, net of tax of \$15				28		28