

EZCORP INC
Form 10-Q
May 10, 2012
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2012

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 No. 0-19424

EZCORP, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

74-2540145
(I.R.S. Employer
Identification No.)

1901 Capital Parkway

Austin, Texas
(Address of principal executive offices)

78746
(Zip Code)

(512) 314-3400

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 definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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 Exchange Act). Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

The only class of voting securities of the registrant issued and outstanding is the Class B Voting Common Stock, par value \$.01 per share, all of which is owned by an affiliate of the registrant. There is no trading market for the Class B Voting Common Stock.

As of March 31, 2012, 48,002,116 shares of the registrant's Class A Non-voting Common Stock, par value \$.01 per share, and 2,970,171 shares of the registrant's Class B Voting Common Stock, par value \$.01 per share, were outstanding.

Table of Contents

EZCORP, INC.

INDEX TO FORM 10-Q

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements and Supplementary Data (Unaudited)

Condensed Consolidated Balance Sheets as of March 31, 2012, March 31, 2011 and September 30, 2011 (audited) 1

Condensed Consolidated Statements of Operations for the Three Months and Six Months Ended March 31, 2012 and 2011 2

Condensed Consolidated Statements of Comprehensive Income for the Three Months and Six Months Ended March 31, 2012 and 2011 3

Condensed Consolidated Statements of Cash Flows for the Six Months Ended March 31, 2012 and 2011 4

Consolidated Statements of Stockholders' Equity for the Six Months Ended March 31, 2012 and 2011 5

Notes to Interim Condensed Consolidated Financial Statements 6

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 37

Item 3. Quantitative and Qualitative Disclosures about Market Risk 54

Item 4. Controls and Procedures 55

PART II. OTHER INFORMATION

Item 1. Legal Proceedings 56

Item 1A. Risk Factors 56

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 56

Item 6. Exhibits 57

SIGNATURES 58

EXHIBIT INDEX 59

Table of Contents**ITEM 1. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

Condensed Consolidated Balance Sheets

	March 31, 2012 <i>(Unaudited)</i>	March 31, 2011 <i>(Unaudited)</i> <i>(In thousands)</i>	September 30, 2011
Assets:			
Current assets:			
Cash and cash equivalents	\$ 47,499	\$ 59,785	\$ 23,969
Pawn loans	122,305	106,525	145,318
Consumer loans, net	23,998	11,948	14,611
Pawn service charges receivable, net	22,296	19,976	26,455
Consumer loan fees receivable, net	24,551	6,026	6,775
Inventory, net	87,891	70,275	90,373
Deferred tax asset	18,228	23,319	18,125
Income tax receivable	2,391	1,427	
Prepaid expenses and other assets	34,443	20,045	30,611
Total current assets	383,602	319,326	356,237
Investments in unconsolidated affiliates	120,056	112,364	120,319
Property and equipment, net	95,046	70,105	78,498
Goodwill	320,692	143,404	173,206
Intangible assets, net	38,904	16,122	19,790
Non-current consumer loans, net	52,740		
Other assets, net	18,129	7,572	8,400
Total assets	\$ 1,029,169	\$ 668,893	\$ 756,450
Liabilities and stockholders' equity:			
Current liabilities:			
Current maturities of long-term debt	\$ 23,258	\$ 10,000	\$
Accounts payable and other accrued expenses	75,866	44,754	57,400
Customer layaway deposits	7,193	6,844	6,176
Income taxes payable			693
Total current liabilities	106,317	61,598	64,269
Long-term debt, less current maturities	109,096	10,000	17,500
Deferred tax liability	9,507	1,192	8,331
Deferred gains and other long-term liabilities	14,423	2,314	2,102
Total liabilities	239,343	75,104	92,202
Commitments and contingencies			
Temporary equity:			
Redeemable noncontrolling interest	34,108		
Stockholders' equity:			
Class A Non-voting Common Stock, par value \$.01 per share; authorized 54 million shares; issued and outstanding: 48,002,116 at March 31, 2012; 46,954,535 at March 31, 2011; and 47,228,610 at September 30, 2011	480	469	471
Class B Voting Common Stock, convertible, par value \$.01 per share; 3 million shares authorized; issued and outstanding: 2,970,171	30	30	30

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Additional paid-in capital	258,343	231,263	242,398
Retained earnings	498,708	359,203	422,095
Accumulated other comprehensive income (loss)	(1,843)	2,824	(746)
EZCORP, Inc. stockholders' equity	755,718	593,789	664,248
Total liabilities and stockholders' equity	\$ 1,029,169	\$ 668,893	\$ 756,450

See accompanying notes to interim condensed consolidated financial statements (unaudited).

Table of Contents

Condensed Consolidated Statements of Operations (Unaudited)

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2012	2011	2012	2011
	<i>(In thousands, except per share amounts)</i>			
Revenues:				
Sales	\$ 148,172	\$ 125,768	\$ 291,469	\$ 248,313
Pawn service charges	56,444	46,769	116,236	96,579
Consumer loan fees	50,319	40,472	95,407	86,782
Other revenues	1,343	245	2,039	406
Total revenues	256,278	213,254	505,151	432,080
Cost of goods sold	88,190	76,564	172,010	150,130
Consumer loan bad debt	6,466	5,740	17,491	16,768
Net revenues	161,622	130,950	315,650	265,182
Operating expenses:				
Operations	77,269	66,045	151,770	130,549
Administrative	21,353	15,733	41,064	41,871
Depreciation and amortization	7,259	4,466	12,514	8,645
(Gain) loss on sale or disposal of assets	27	(178)	(174)	(171)
Total operating expenses	105,908	86,066	205,174	180,894
Operating income	55,714	44,884	110,476	84,288
Interest income	(314)	(11)	(353)	(14)
Interest expense	2,560	300	3,150	600
Equity in net income of unconsolidated affiliates	(4,577)	(4,691)	(8,738)	(8,058)
Other	802	4	(317)	(57)
Income before income taxes	57,243	49,282	116,734	91,817
Income tax expense	19,870	17,444	40,009	32,550
Net income	37,373	31,838	76,725	59,267
Net income attributable to redeemable noncontrolling interest	112		112	
Net income attributable to EZCORP, Inc.	\$ 37,261	\$ 31,838	\$ 76,613	\$ 59,267

Net income per common share: