

FIRSTCASH, INC
Form 10-Q
April 30, 2018
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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 March 31, 2018
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 001-10960

FIRSTCASH, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

1600 West 7th Street, Fort Worth, Texas

(Address of principal executive offices)

75-2237318

(I.R.S. Employer Identification No.)

76102

(Zip Code)

(817) 335-1100

(Registrant's telephone number, including area code)

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, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth 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

Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Yes No

As of April 23, 2018, there were 45,415,242 shares of common stock outstanding.

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CAUTIONARY STATEMENT REGARDING RISKS AND UNCERTAINTIES THAT MAY AFFECT FUTURE RESULTS

Forward-Looking Information

This quarterly report contains forward-looking statements about the business, financial condition and prospects of FirstCash, Inc. and its wholly owned subsidiaries (together, the “Company”). Forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, can be identified by the use of forward-looking terminology such as “believes,” “projects,” “expects,” “may,” “estimates,” “should,” “plans,” “targets,” “intends,” “could,” “wants,” “anticipates,” “potential,” “confident,” “optimistic” or the negative thereof, or other variations thereon, or comparable terminology, or by discussions of strategy, objectives, estimates, guidance, expectations and future plans.

Forward-looking statements can also be identified by the fact these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends or results. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties.

These forward-looking statements are made to provide the public with management’s current assessment of the Company’s business. Although the Company believes the expectations reflected in forward-looking statements are reasonable, there can be no assurances such expectations will prove to be accurate. Security holders are cautioned such forward-looking statements involve risks and uncertainties. Certain factors may cause results to differ materially from those anticipated by the forward-looking statements made in this quarterly report. Such factors may include, without limitation, the risks, uncertainties and regulatory developments discussed and described in (i) the Company’s 2017 annual report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 20, 2018, including the risks described in Part 1, Item 1A, “Risk Factors” thereof, (ii) in this quarterly report, and (iii) other reports filed with the SEC. Many of these risks and uncertainties are beyond the ability of the Company to control, nor can the Company predict, in many cases, all of the risks and uncertainties that could cause its actual results to differ materially from those indicated by the forward-looking statements. The forward-looking statements contained in this quarterly report speak only as of the date of this quarterly report, and the Company expressly disclaims any obligation or undertaking to report any updates or revisions to any such statement to reflect any change in the Company’s expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FIRSTCASH, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited, in thousands)

	March 31, 2018	2017	December 31, 2017
ASSETS			
Cash and cash equivalents	\$ 110,408	\$ 73,148	\$ 114,423
Fees and service charges receivable	40,022	38,021	42,736
Pawn loans	322,625	314,505	344,748
Consumer loans, net	17,447	22,209	23,522
Inventories	254,298	308,165	276,771
Income taxes receivable	24	18,419	19,761
Prepaid expenses and other current assets	21,575	14,331	20,236
Total current assets	766,399	788,798	842,197
Property and equipment, net	234,126	237,258	230,341
Goodwill	844,516	835,567	831,145
Intangible assets, net	91,764	101,594	93,819
Other assets	54,392	69,088	54,045
Deferred tax assets	12,499	11,249	11,237
Total assets	\$ 2,003,696	\$ 2,043,554	\$ 2,062,784
LIABILITIES AND STOCKHOLDERS' EQUITY			
Accounts payable and accrued liabilities	\$ 88,328	\$ 79,726	\$ 84,331
Customer deposits	35,692	36,983	32,019
Income taxes payable	12,266	1,041	4,221
Total current liabilities	136,286	117,750	120,571
Revolving unsecured credit facility	83,000	137,000	107,000
Senior unsecured notes	295,400	196,721	295,243
Deferred tax liabilities	49,063	74,368	47,037
Other liabilities	15,661	30,480	17,600
Total liabilities	579,410	556,319	587,451
Stockholders' equity:			
Preferred stock	—	—	—
Common stock	493	493	493
Additional paid-in capital	1,220,491	1,217,756	1,220,356
Retained earnings	525,847	410,874	494,457
Accumulated other comprehensive loss	(90,043)	(96,801)	(111,877)
Common stock held in treasury, at cost	(232,502)	(45,087)	(128,096)
Total stockholders' equity	1,424,286	1,487,235	1,475,333
Total liabilities and stockholders' equity	\$ 2,003,696	\$ 2,043,554	\$ 2,062,784

The accompanying notes are an integral part
of these condensed consolidated financial statements.

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FIRSTCASH, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (unaudited, in thousands, except per share amounts)

	Three Months Ended March 31,	
	2018	2017
Revenue:		
Retail merchandise sales	\$269,841	\$259,994
Pawn loan fees	129,793	128,251
Wholesale scrap jewelry sales	34,725	38,111
Consumer loan and credit services fees	15,441	21,220
Total revenue	449,800	447,576
Cost of revenue:		
Cost of retail merchandise sold	174,497	165,635
Cost of wholesale scrap jewelry sold	32,495	34,949
Consumer loan and credit services loss provision	3,727	4,092
Total cost of revenue	210,719	204,676
Net revenue	239,081	242,900
Expenses and other income:		
Store operating expenses	138,561	136,744
Administrative expenses	28,002	33,238
Depreciation and amortization	11,283	14,243
Interest expense	6,198	6,113
Interest income	(981)	(327)
Merger and other acquisition expenses	239	647
Total expenses and other income	183,302	190,658
Income before income taxes	55,779	52,242
Provision for income taxes	14,144	19,597
Net income	\$41,635	\$32,645
Net income per share:		
Basic	\$0.90	\$0.67
Diluted	\$0.90	\$0.67
Dividends declared per common share	\$0.22	\$0.19

The accompanying notes are an integral part
of these condensed consolidated financial statements.

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FIRSTCASH, INC.
 CONDENSED CONSOLIDATED
 STATEMENTS OF COMPREHENSIVE
 INCOME
 (unaudited, in thousands)

	Three Months Ended March 31, 2018 2017	
Net income	\$41,635	\$32,645
Other comprehensive income:		
Currency translation adjustment	21,834	23,005
Comprehensive income	\$63,469	\$55,650

The accompanying notes are an integral part of these condensed consolidated financial statements.

FIRSTCASH, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
 (unaudited, in thousands)

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accum- ulated Other Compre- hensive Loss	Common Stock Held in Treasury	Total Stock- holders' Equity			
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at 12/31/2017	—	\$ —	49,276	\$ 493	\$ 1,220,356	\$ 494,457	\$(111,877)	2,362	\$(128,096)	\$ 1,475,333
Shares issued under share-based com-pensation plan	—	—	—	(1,240)	—	—	—	(22)	1,240	—
Share-based compensa-tion expense	—	—	—	1,375	—	—	—	—	—	1,375
Net income	—	—	—	—	—	—	—	—	—	—