

CASH AMERICA INTERNATIONAL INC  
Form 10-Q  
April 26, 2013  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM 10-Q**

(Mark One)

☐ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 2013  
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 1-9733

(Exact name of registrant as specified in its charter)

**Texas**  
(State or other jurisdiction of  
Incorporation or organization)

**75-2018239**  
(I.R.S. Employer  
Identification No.)

**1600 West 7<sup>th</sup> Street**  
**Fort Worth, Texas**  
(Address of principal executive offices)

**76102**  
(Zip Code)

**(817) 335-1100**

(Registrant's telephone number, including area code)

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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 definitions 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  Smaller reporting company

(Do not check if a 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:

28,533,220 of the Registrants common shares, \$.10 par value, were issued and outstanding as of April 22, 2013.

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**CASH AMERICA INTERNATIONAL, INC.**

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**CAUTIONARY NOTE CONCERNING FACTORS THAT MAY AFFECT FUTURE RESULTS**

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. You should not place undue reliance on these statements. These forward-looking statements give current expectations or forecasts of future events and reflect the views and assumptions of senior management of Cash America International, Inc. (the Company) with respect to the business, financial condition and prospects of the Company. When used in this report, terms such as believes, estimates, should, could, would, plans, expects, anticipates, may, forecast, project and similar expressions or variations as the Company or its management are intended to identify forward-looking statements. Forward-looking statements address matters that involve risks and uncertainties that are beyond the ability of the Company to control and, in some cases, predict. Accordingly, there are or will be important factors that could cause the Company's actual results to differ materially from those indicated in these statements. Key factors that could cause the Company's actual financial results, performance or condition to differ from the expectations expressed or implied in such forward-looking statements include, but are not limited to, the following:

changes in domestic and foreign pawn, consumer credit, tax and other laws and government rules and regulations applicable to the Company's business, or changes in the interpretation or enforcement thereof, and the anticipated regulation of consumer financial products and services by the Consumer Financial Protection Bureau;

public perception of the Company's business, including its consumer loan business and its business practices;

the deterioration of the political, regulatory or economic environment in foreign countries where the Company operates or in the future may operate;

fluctuations, including a sustained decrease, in the price of gold or a deterioration in economic conditions;

the effect of any current or future litigation proceedings and any judicial decisions or rule-making that affect the Company, its products or the legality or enforceability of its arbitration agreements;

the actions of third parties who provide, acquire or offer products and services to, from or for the Company;

the ability of the Company to maintain an allowance or liability for estimated losses on consumer loans that are adequate to absorb credit losses;

changes in demand for the Company's services, changes in competition and the continued acceptance of the online channel by the Company's online consumer loan customers;

the ability of the Company to attract and retain qualified executive officers;

a prolonged interruption in the Company's operations of its facilities, systems and business functions, including its information technology and other business systems;

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the ability of the Company to open new locations in accordance with plans or to successfully integrate newly acquired businesses into the Company's operations;

interest rate and foreign currency exchange rate fluctuations;

changes in the capital markets, including the debt and equity markets;

changes in the Company's ability to satisfy its debt obligations or to refinance existing debt obligations or obtain new capital to finance growth;

cyber attacks or security breaches;

acts of God, war or terrorism, pandemics and other events;

the effect of any of the above changes on the Company's business or the markets in which the Company operates; and

other risks and uncertainties described in this report or from time to time in the Company's filings with the Securities and Exchange Commission (the "SEC").

The foregoing list of factors is not exhaustive and new factors may emerge or changes to these factors may occur that would impact the Company's business. Additional information regarding these and other factors may be contained in the Company's filings with the SEC, especially on Forms 10-K, 10-Q and 8-K. If one or more events related to these or other risks or uncertainties materialize, or if management's underlying assumptions prove to be incorrect, actual results may differ materially from what the Company anticipates. The Company disclaims any intention or obligation to update or revise any forward-looking statements to reflect events or circumstances occurring after the date of this report. All forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statements.

**Table of Contents****PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS***(dollars in thousands, except per share data)*

(Unaudited)

	March 31, 2013	March 31, 2012	December 31, 2012
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 78,361	\$ 63,606	\$ 63,134
Pawn loans	202,982	206,343	244,640
Consumer loans, net	253,801	200,365	289,418
Merchandise held for disposition, net	146,041	139,519	167,409
Pawn loan fees and service charges receivable	40,560	38,797	48,991
Income taxes receivable	15,522		
Prepaid expenses and other assets	38,431	34,213	35,605
Deferred tax assets	45,771	32,312	48,992
Total current assets	821,469	715,155	898,189
Property and equipment, net	255,165	250,722	261,771
Goodwill	611,240	567,830	608,216
Intangible assets, net	35,168	33,956	36,473
Other assets	12,405	15,074	13,609
Total assets	\$ 1,735,447	\$ 1,582,737	\$ 1,818,258
<b>Liabilities and Equity</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 115,886	\$ 88,472	\$ 126,664
Customer deposits	12,826	11,464	11,420
Income taxes currently payable		19,894	5,922
Current portion of long-term debt	22,606	35,939	43,617
Total current liabilities	151,318	155,769	187,623
Deferred tax liabilities	104,524	92,277	101,711
Noncurrent income tax payable	37,094	2,602	2,703
Other liabilities	1,418	1,254	888
Long-term debt	427,777	371,969	534,713
Total liabilities	\$ 722,131	\$ 623,871	\$ 827,638
Equity:			
Cash America International, Inc. equity:			
Common stock, \$0.10 par value per share, 80,000,000 shares authorized, 30,235,164 shares issued and outstanding	3,024	3,024	3,024
Additional paid-in capital	155,617	164,722	157,613
Retained earnings	922,347	816,496	879,434
Accumulated other comprehensive income	4,202	3,460	3,128
Treasury shares, at cost (1,713,387 shares, 888,336 shares and 1,351,712 shares as of March 31, 2013 and 2012, and as of December 31, 2012, respectively)	(70,596)	(33,051)	(51,304)
Total Cash America International, Inc. shareholders' equity	1,014,594	954,651	991,895
Noncontrolling interest	(1,278)	4,215	(1,275)

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Total equity	1,013,316	958,866	990,620
Total liabilities and equity	\$ 1,735,447	\$ 1,582,737	\$ 1,818,258

*See notes to consolidated financial statements.*

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(Unaudited)

	Three Months Ended March 31,	
	2013	2012
<b>Revenue</b>		
Pawn loan fees and service charges	\$ 75,914	\$ 72,899
Proceeds from disposition of merchandise	178,717	208,383
Consumer loan fees	210,205	172,840
Other	3,292	3,366
<b>Total Revenue</b>	468,128	457,488
<b>Cost of Revenue</b>		
Disposed merchandise	121,335	138,321
Consumer loan loss provision	74,852	62,383
<b>Total Cost of Revenue</b>	196,187	200,704
<b>Net Revenue</b>	271,941	256,784
<b>Expenses</b>		
Operations and administration	176,824	170,155
Depreciation and amortization	17,531	14,621
<b>Total Expenses</b>	194,355	184,776
<b>Income from Operations</b>	77,586	72,008
Interest expense	(7,445)	(7,176)
Interest income	63	29
Foreign currency transaction (loss) gain	(377)	87
Equity in loss of unconsolidated subsidiary	(111)	(117)
<b>Income before Income Taxes</b>	69,716	64,831
Provision for income taxes	25,794	24,308
<b>Net Income</b>	43,922	40,523
Net loss attributable to the noncontrolling interest	4	944
<b>Net Income Attributable to Cash America International, Inc.</b>	\$ 43,926	\$ 41,467
<b>Earnings Per Share:</b>		
Net Income attributable to Cash America International, Inc. common shareholders:		
Basic	\$ 1.51	\$ 1.40
Diluted	\$ 1.40	\$ 1.30
Weighted average common shares outstanding:		
Basic	29,100	29,616
Diluted	31,371	31,912
Dividends declared per common share	\$ 0.035	\$ 0.035

*See notes to consolidated financial statements.*

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**CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

*(dollars in thousands)*

(Unaudited)

	Three Months Ended March 31,	
	2013	2012
<b>Net income</b>	\$ 43,922	\$ 40,523
<b>Other comprehensive gain, net of tax:</b>		
Unrealized derivatives gain		