

CASH AMERICA INTERNATIONAL INC  
Form 10-Q  
May 01, 2015  
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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, 2015

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 001-09733

(Exact name of registrant as specified in its charter)

Texas

(State or other jurisdiction of  
Incorporation or organization)

1600 West 7<sup>th</sup> Street

Fort Worth, Texas

(Address of principal executive offices)

(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, 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  (Do not check if a smaller reporting company) Smaller reporting company

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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:

27,478,443 of the Registrants' common shares, \$.10 par value per share, were issued and outstanding as of April 27, 2015.

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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 with respect to the business, financial condition, operations and prospects of Cash America International, Inc. and its subsidiaries (collectively, the “Company”). When used in this report, terms such as “believes,” “estimates,” “should,” “could,” “would,” “plans,” “expects,” “intends,” “anticipates,” “may,” “forecast,” “project” or other expressions or variations as they relate to 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:

- risks related to the regulation of the Company, such as the failure to comply with existing, the adoption of new, or adverse changes in the interpretation or enforcement of laws, rules, regulations and guidance, the regulatory and examination authority of the Consumer Financial Protection Bureau (“CFPB”), and the effect of and compliance with enforcement actions, orders and agreements issued by applicable regulators, such as a consent order the Company entered into with the CFPB in November 2013;
- accounting and income tax risks related to goodwill and other intangible asset impairment, certain tax positions taken by the Company and other accounting matters that require the judgment of management;
- the Company’s ability to attract and retain qualified executive officers, including a new Chief Executive Officer upon the retirement of the Company’s current Chief Executive Officer;
- decreased demand for the Company’s products and services and changes in competition;
- fluctuations in the price of gold and changes in economic conditions;
- public perception of the Company’s business and the Company’s business practices;
- risks related to the Company’s financing, such as compliance with financial covenants in the Company’s debt agreements, the Company’s ability to satisfy its outstanding debt obligations, to refinance existing debt obligations or to obtain new capital;
- the effect of any current or future litigation proceedings, including a claim relating to the terms of the Company’s 5.75% Senior Notes due 2018, and any judicial decisions or rule-making that affects the Company, its products or the legality or enforceability of its arbitration agreements;
- risks related to interruptions to the Company’s business operations, such as a prolonged interruption in the Company’s operations of its facilities, systems or business functions, cyber-attacks or security breaches or the actions of third parties who provide, acquire or offer products and services to, from or for the Company;
- risks related to the expansion and growth of the Company’s business, including the Company’s ability to open new locations in accordance with plans or to successfully integrate newly acquired businesses into its operations;
- risks related to the spin-off of the Company’s online lending business that comprised its e-commerce division, Enova International, Inc.;
- fluctuations in the price of the Company’s common stock;
- 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 (“SEC”).

The foregoing list of factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this quarterly report, including under the caption “Risk Factors” in Item 1A of this

quarterly report. In addition, new factors may emerge or changes to these factors may occur that would impact the Company's business. Additional information regarding these and other risks can be found in this quarterly report and may also be contained in the Company's other 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 those 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.

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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, 2015	2014	December 31, 2014
Assets			
Current assets:			
Cash and cash equivalents	\$ 120,058	\$ 20,197	\$ 53,042
Restricted cash	60	8,000	60
Pawn loans	210,060	218,093	252,168
Consumer loans, net	31,897	40,843	44,853
Merchandise held for disposition, net	196,024	192,936	212,849
Pawn loan fees and service charges receivable	43,784	43,814	53,648
Income taxes receivable	2,990	—	8,881
Prepaid expenses and other assets	25,529	26,967	21,317
Deferred tax assets	—	7,778	—
Note receivable	—	376,872	—
Investment in equity securities	116,261	—	131,584
Current assets of discontinued operations	—	372,117	—
Total current assets	746,663	1,307,617	778,402
Property and equipment, net	191,749	219,107	201,054
Goodwill	487,569	495,130	487,569
Intangible assets, net	44,194	50,569	45,828
Other assets	9,447	14,378	9,594
Noncurrent assets of discontinued operations	—	255,698	—
Total assets	\$ 1,479,622	\$ 2,342,499	\$ 1,522,447
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued expenses	\$ 63,214	\$ 67,432	\$ 74,331
Customer deposits	19,828	17,227	17,314
Current portion of long-term debt	—	22,606	—
Income taxes currently payable	—	4,235	—
Current deferred tax liabilities	22,935	—	27,820
Current liabilities of discontinued operations	—	415,183	—
Total current liabilities	105,977	526,683	119,465
Deferred tax liabilities	70,897	63,186	72,432
Other liabilities	927	859	878
Noncurrent liabilities of discontinued operations	—	46,679	—
Long-term debt	196,470	607,650	—