

BJS WHOLESALE CLUB INC
Form 10-Q
June 09, 2004

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 Quarter Ended May 1, 2004

Commission file number 001-13143

BJ S WHOLESALE CLUB, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

One Mercer Road
Natick, Massachusetts
(Address of principal executive offices)

04-3360747
(I.R.S. Employer
Identification No.)

01760
(Zip Code)

(508) 651-7400

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(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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No .

The number of shares of the Registrant's common stock outstanding as of May 29, 2004: 69,516,029

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

BJ S WHOLESALE CLUB, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Thirteen Weeks Ended	
	May 1, 2004	May 3, 2003
	(Dollars in Thousands except Per Share Amounts)	
Net sales	\$ 1,610,958	\$ 1,437,549
Membership fees and other	36,666	33,572
Total revenues	1,647,624	1,471,121
Cost of sales, including buying and occupancy costs	1,497,600	1,333,423
Selling, general and administrative expenses	123,200	113,916
Preopening expenses	219	3,989
Operating income	26,605	19,793
Interest expense, net	(111)	(68)
Gain (loss) on contingent lease obligations	(73)	814
Income from continuing operations before income taxes and cumulative effect of accounting principle changes	26,421	20,539
Provision for income taxes	10,171	7,870
Income from continuing operations before cumulative effect of accounting principle changes	16,250	12,669
Loss from discontinued operations, net of income tax benefit of \$88 and \$99	(132)	(149)
Income before cumulative effect of accounting principle changes	16,118	12,520
Cumulative effect of accounting principle changes		(1,253)
Net income	\$ 16,118	\$ 11,267
Basic and diluted earnings per common share:		
Income from continuing operations before cumulative effect of accounting principle changes	\$ 0.23	\$ 0.18
Loss from discontinued operations		
Cumulative effect of accounting principle changes		(0.02)
Net income	\$ 0.23	\$ 0.16

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Number of common shares for earnings per share computations:		
Basic	69,809,300	69,288,640
Diluted	70,362,007	69,396,765
Pro forma amounts assuming accounting principle changes are applied retroactively:		
Net income	\$ 16,118	\$ 12,520
Basic and diluted earnings per common share	\$ 0.23	\$ 0.18

The accompanying notes are an integral part of the financial statements.

BJ S WHOLESALE CLUB, INC.
CONSOLIDATED BALANCE SHEETS

	May 1, 2004	January 31, 2004	May 3, 2003
	(Unaudited)	(Unaudited)	(Unaudited)
(Dollars in Thousands)			
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 75,954	\$ 78,720	\$ 42,100
Accounts receivable	63,332	78,672	57,100
Merchandise inventories	707,651	709,362	659,046
Current deferred income taxes	18,998	19,326	19,280
Prepaid expenses	19,465	22,640	17,253
	<u>885,400</u>	<u>908,720</u>	<u>794,779</u>
Property at cost:			
Land and buildings	541,127	539,885	498,452
Leasehold costs and improvements	121,900	121,128	105,428
Furniture, fixtures and equipment	490,818	479,444	432,892
	<u>1,153,845</u>	<u>1,140,457</u>	<u>1,036,772</u>
Less: accumulated depreciation and amortization	375,500	351,153	316,072
	<u>778,345</u>	<u>789,304</u>	<u>720,700</u>
Other assets	23,016	23,085	23,292
	<u>23,016</u>	<u>23,085</u>	<u>23,292</u>
Total assets	\$ 1,686,761	\$ 1,721,109	\$ 1,538,771
LIABILITIES			
Current liabilities:			
Short-term debt	\$	\$	\$ 40,000
Current installments of long-term debt	407	400	
Accounts payable	488,944	506,988	442,279
Accrued expenses and other current liabilities	184,473	205,669	168,912
Accrued federal and state income taxes	30,462	37,928	21,657
Closed store lease obligations due within one year	8,428	10,448	21,214
	<u>712,714</u>	<u>761,433</u>	<u>694,062</u>
Total current liabilities	712,714	761,433	694,062
Long-term debt, less portion due within one year	3,521	3,625	
Noncurrent closed store lease obligations	11,055	11,463	21,663
Other noncurrent liabilities	61,468	58,199	52,894
Deferred income taxes	35,429	34,168	18,008
Commitments and contingencies			
STOCKHOLDERS EQUITY			
Preferred stock, par value \$.01, authorized 20,000,000 shares, no shares issued			
Common stock, par value \$.01, authorized 180,000,000 shares, issued 74,410,190 shares	744	744	744
Additional paid-in capital	51,039	52,683	62,008
Retained earnings	980,651	964,533	872,959
Treasury stock, at cost, 4,830,655, 4,620,587 and 5,117,583 shares	(169,860)	(165,739)	(183,567)

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Total stockholders' equity	<u>862,574</u>	<u>852,221</u>	<u>752,144</u>
Total liabilities and stockholders' equity	<u>\$ 1,686,761</u>	<u>\$ 1,721,109</u>	<u>\$ 1,538,771</u>

The accompanying notes are an integral part of the financial statements.

BJS WHOLESALE CLUB, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Thirteen Weeks Ended	
	May 1,	May 3,
	2004	2003
	(Dollars in Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 16,118	\$ 11,267
Adjustments to reconcile net income to net cash provided by operating activities:		
(Gain) loss on contingent lease obligations	73	(814)
Provision for store closing costs	220	248
Cumulative effect of accounting principle changes		1,253
Depreciation and amortization of property	24,413	20,256
Loss on property disposals	20	194
Other noncash items (net)	245	216
Deferred income taxes	1,589	6,803
Tax benefit from exercise of stock options	217	
Increase (decrease) in cash due to changes in:		
Accounts receivable	15,340	6,029
Merchandise inventories	1,711	(27,511)
Prepaid expenses	3,175	1,773
Other assets	9	(492)
Accounts payable	(12,058)	19,968
Accrued expenses	(4,607)	2,018
Accrued income taxes	(7,466)	(3,311)
Closed store lease obligations	(2,728)	(14,890)
Other noncurrent liabilities	3,111	207
	<u>39,382</u>	<u>23,214</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Property additions	(30,446)	(55,636)
Proceeds from property disposals	390	15
	<u>(30,056)</u>	<u>(55,621)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing of short-term debt, net		40,000
Repayment of long-term debt	(97)	
Proceeds from issuance of common stock	1,951	51
Purchase of treasury stock	(7,960)	
Changes in book overdrafts	(5,986)	1,773
	<u>(12,092)</u>	<u>41,824</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in cash and cash equivalents	(2,766)	9,417
Cash and cash equivalents at beginning of year	78,720	32,683

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Cash and cash equivalents at end of period	\$ 75,954	\$ 42,100
Noncash financing and investing activities:		
Treasury stock issued for compensation plans	\$	