

Edgar Filing: PETMED EXPRESS INC - Form 8-K

PETMED EXPRESS INC  
Form 8-K  
May 15, 2007

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): May 14, 2007

PetMed Express, Inc.

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(Exact name of registrant as specified in its charter)

Florida	000-28827	65-0680967
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(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1441 S.W. 29th Avenue, Pompano Beach, FL	33069
-----	-----
(Address of principal executive offices)	(Zip Code)

(954) 979-5995

-----  
(Registrant's telephone number, including area code)

Not Applicable

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(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 8.01 Other Events.

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On May 14, 2007, PetMed Express, Inc. issued a press release announcing its March 31, 2007 year end financial results. A copy of this press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 - Press release dated May 14, 2007.

EXHIBIT INDEX

Exhibit No. -----	Description -----
99.1	Press release dated May 14, 2007

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 15, 2007

PETMED EXPRESS, INC.

By: /s/ Bruce S. Rosenbloom  
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Name: Bruce S. Rosenbloom  
Title: Chief Financial Officer

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Exhibit 99.1

PETMED EXPRESS D/B/A 1-800-PETMEDS ANNOUNCES FINANCIAL RESULTS FOR FISCAL 2007 - FOURTH QUARTER SALES INCREASE 24%

Pompano Beach, Florida, May 14, 2007 - PetMed Express, Inc. (NASDAQ: PETS) today announced its financial results for the fiscal year ended March 31, 2007. Net sales for the year ended March 31, 2007 were \$162.2 million, compared to \$137.6 million for the year ended March 31, 2006, an increase of 18%. Net income was \$14.4 million, or \$0.60 diluted per share, for the year ended March 31, 2007, compared to net income of \$12.1 million, or \$0.50 diluted per share, for the year ended March 31, 2006, an increase to net income of 20%. For the year ended March 31, 2007 the Company incurred \$893,000 of stock option compensation expense due to the adoption of "Financial Accounting Standard 123R" on April 1, 2006. The Company acquired

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approximately 681,000 new customers during the fiscal year compared to 624,000 during the prior year. Approximately 62% of all orders were placed on our website during the fiscal year.

For the quarter ended March 31, 2007, net sales were \$36.4 million, compared to \$29.4 million for the quarter ended March 31, 2006, an increase of 24%. Net income for the quarter ended March 31, 2007 was \$3.6 million, or \$0.15 diluted per share, compared to net income of \$3.1 million, or \$0.13 diluted per share, for the same quarter the prior year, an increase to net income of 15%. The Company acquired approximately 132,000 new customers during the fourth fiscal quarter compared to 94,000 new customers for the same quarter in the prior year.

Mendo Akdag, CEO and President, commented: "We are pleased to report that our retail reorder sales increased 25%, from \$88.4 million to \$110.5 million, for the years ended March 31, 2006 and 2007, respectively. We are also pleased to report that new order sales increased 40%, from \$7.1 million to \$9.9 million, for the quarters ended March 31, 2006 and 2007, respectively. Our new advertising campaign featuring America's Sweetheart Betty White, which started in January 2007, was instrumental in decreasing the advertising cost to acquire a new customer by 17%, from \$41 to \$34 for the quarters ended March 31, 2006 and 2007, respectively. Additionally, net cash provided by operating activities increased by \$6.3 million, from \$10.3 million for the year ended March 31, 2006 to \$16.6 million for the year ended March 31, 2007, an increase of 61%. Our focus in fiscal 2008 will be on capturing additional market share, and improving reorders and our customer service levels."

This morning at 8:30 A.M. Eastern Time, Mr. Akdag will host a conference call to review the year-end financial results. To access the call which is open to the public, dial (888) 455-1758 (toll free) or (312) 470-7365. Callers will be required to supply PETMEDS as the passcode. For those unable to participate in the live event, the call will be available for replay from 10 A.M. on May 14, 2007 until May 28, 2007 at 11:59 P.M. To access the replay, call (866) 507-3617 (toll free) or (203) 369-1891, and enter passcode 5500.

Founded in 1996, PetMed Express is America's Largest Pet Pharmacy, delivering prescription and non-prescription pet medications and other health products for dogs, cats and horses at competitive prices direct to the consumer through its 1800-PetMeds toll free number and on the Internet through its website at [www.1800petmeds.com](http://www.1800petmeds.com).

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This press release may contain "forward-looking" statements, as defined in the Private Securities Litigation Reform Act of 1995 or by the Securities and Exchange Commission, that involve a number of risks and uncertainties, including the Company's ability to meet the objectives included in its business plan. Important factors that could cause results to differ materially from those indicated by such "forward-looking" statements are set forth in Management's Discussion and Analysis of Financial Condition and Results of Operations in the PetMed Express Annual Report on Form 10-K for the year ended March 31, 2006. The Company's future results may also be impacted by other risk factors listed from time to time in

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its SEC filings, including, but not limited to, the Company's Form 10-Q and its Annual Report on Form 10-K.

For investment relations contact PetMed Express, Inc., Bruce S. Rosenbloom, CFO, 954-979-5995.

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Exhibit 99.1 Page 1 of 4

### PETMED EXPRESS, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

	March 31,	
	2007	2006
<b>ASSETS</b>		
-----		
Current assets:		
Cash and cash equivalents	\$ 316,470	\$ 366,907
Temporary investments	39,125,000	22,850,000
Accounts receivable, less allowance for doubtful accounts of \$28,000 and \$23,000, respectively	1,369,521	1,155,781
Inventories - finished goods	16,086,207	14,997,675
Prepaid expenses and other current assets	1,071,171	583,038
Total current assets	57,968,369	39,953,401
Property and equipment, net	1,990,578	1,497,589
Deferred income taxes	894,540	794,002
Intangible asset	365,000	365,000
Other assets	-	14,167
	-----	-----
Total assets	\$ 61,218,487	\$ 42,624,159
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
-----		
Current liabilities:		
Accounts payable	\$ 5,859,756	\$ 3,052,953
Income taxes payable	229,321	958,318
Accrued expenses and other current liabilities	1,265,837	973,359
	-----	-----
Total liabilities	7,354,914	4,984,630
	-----	-----
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$.001 par value, 5,000,000 shares authorized; 2,500 convertible shares issued and outstanding with a liquidation preference of \$4 per share	8,898	8,898
Common stock, \$.001 par value, 40,000,000 shares		

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authorized; 24,309,417 and 23,967,390 shares issued and outstanding, respectively	24,309	23,967
Additional paid-in capital	15,213,254	13,433,054
Retained earnings	38,617,112	24,173,610
	-----	-----
Total shareholders' equity	53,863,573	37,639,529
	-----	-----
Total liabilities and shareholders' equity	\$ 61,218,487	\$ 42,624,159
	=====	=====

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PETMED EXPRESS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended March 31, 2007	2006	Quarter Ended March 2007	2006
	-----	-----	-----	-----
	(UNAUDITED)			
Sales	\$ 162,246,407	\$ 137,583,155	\$ 36,408,023	\$ 29,408,023
Cost of sales	97,680,238	83,244,366	21,677,697	17,050,238
	-----	-----	-----	-----
Gross profit	64,566,169	54,338,789	14,730,326	12,357,785
	-----	-----	-----	-----
Operating expenses:				
General and administrative	17,292,675	14,078,343	4,500,498	3,350,675
Advertising	25,243,029	21,570,667	4,472,329	3,850,667
Depreciation and amortization	530,440	544,535	134,933	140,440
	-----	-----	-----	-----
Total operating expenses	43,066,144	36,193,545	9,107,760	7,341,782
	-----	-----	-----	-----
Income from operations	21,500,025	18,145,244	5,622,566	4,996,003
	-----	-----	-----	-----
Other income (expense):				
Interest income, net	1,266,150	676,083	349,025	200,000
Other, net	435,824	215,586	103,695	40,000
Loss on disposal of property and equipment	(1,250)	(1,719)	-	(1,000)
	-----	-----	-----	-----
Total other income (expense)	1,700,724	889,950	452,720	199,000
	-----	-----	-----	-----
Income before provision for income taxes	23,200,749	19,035,194	6,075,286	5,195,003
	-----	-----	-----	-----
Provision for income taxes	8,757,247	6,971,680	2,451,247	2,100,000
	-----	-----	-----	-----
Net income	\$ 14,443,502	\$ 12,063,514	\$ 3,624,039	\$ 3,095,003
	=====	=====	=====	=====

Net income per common share:

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Basic	\$	0.60	\$	0.51	\$	0.15	\$
	=====		=====		=====		=====
Diluted	\$	0.60	\$	0.50	\$	0.15	\$
	=====		=====		=====		=====
Weighted average number of common shares outstanding:							
Basic		24,109,035		23,658,722		24,151,983	
		=====		=====		=====	
Diluted		24,270,879		24,211,955		24,329,822	
		=====		=====		=====	

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PETMED EXPRESS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended	
	March 31,	
	2007	2006
	-----	-----
Cash flows from operating activities:		
Net income	\$ 14,443,502	\$ 12,063,514
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	530,440	544,535
Share based compensation	1,095,740	-
Tax benefit related to stock options exercised	-	342,920
Deferred income taxes	(100,538)	(211,156)
Loss on disposal of property and equipment	1,250	1,719
Bad debt expense (recovery)	29,554	(1,709)
(Increase) decrease in operating assets and increase (decrease) in liabilities:		
Accounts receivable	(243,294)	642,684
Inventories - finished goods	(1,088,532)	(3,817,342)
Prepaid expenses and other current assets	(488,133)	(369,886)
Other assets	14,167	-
Accounts payable	2,806,803	327,963
Income taxes payable	(728,997)	356,783
Accrued expenses and other current liabilities	292,478	397,465
Net cash provided by operating activities	16,564,440	10,277,490
	-----	-----
Cash flows from investing activities:		
Net change in temporary investments	(16,275,000)	(11,050,000)
Purchases of property and equipment	(1,025,079)	(758,176)
Net proceeds from the sale of property and equipment	400	600
Net cash used in investing activities	(17,299,679)	(11,807,576)
	-----	-----
Cash flows from financing activities:		
Proceeds from the exercise of stock options and warrants and other transactions	442,084	1,016,031
Tax benefit related to stock options exercised	242,718	-
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Net cash provided by financing activities	684,802	1,016,031
	-----	-----
Net increase in cash and cash equivalents	(50,437)	(514,055)
Cash and cash equivalents, at beginning of the year	366,907	880,962
	-----	-----
Cash and cash equivalents, at end of the year	\$ 316,470	\$ 366,907
	=====	=====
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 9,344,063	\$ 6,483,132
	=====	=====

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