

BJS WHOLESALE CLUB INC
Form 10-Q
September 02, 2009

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 Quarter Ended August 1, 2009

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)

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

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One Mercer Road

Natick, Massachusetts
(Address of principal executive offices)

(508) 651-7400

01760
(Zip Code)

(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 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 the 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 ☐

Indicate by check mark whether the Registrant is a shell company (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 August 28, 2009: 55,508,274

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

BJ S WHOLESALE CLUB, INC.

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Thirteen Weeks Ended	
	August 1, 2009	August 2, 2008
	(Dollars in Thousands except Per Share Amounts)	
Net sales	\$ 2,507,010	\$ 2,644,380
Membership fees	45,255	44,348
Other revenues	13,869	13,952
Total revenues	2,566,134	2,702,680
Cost of sales, including buying and occupancy costs	2,287,388	2,443,218
Selling, general and administrative expenses	215,675	201,401
Preopening expenses	3,793	129
Operating income	59,278	57,932
Interest income (expense), net	(116)	484
Income from continuing operations before income taxes	59,162	58,416
Provision for income taxes	23,991	21,769
Income from continuing operations	35,171	36,647
Loss from discontinued operations, net of income tax benefit of \$72 and \$107	(106)	(156)
Net income	\$ 35,065	\$ 36,491
Basic earnings per share:		
Income from continuing operations	\$ 0.66	\$ 0.62
Loss from discontinued operations	(0.01)	
Net income	\$ 0.65	\$ 0.62
Diluted earnings per share:		
Income from continuing operations	\$ 0.64	\$ 0.61
Loss from discontinued operations		
Net income	\$ 0.64	\$ 0.61
Number of common shares for earnings per share computations:		
Basic	53,608,984	58,818,828
Diluted	54,577,519	59,809,560

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

BJS WHOLESALE CLUB, INC.

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Twenty-Six Weeks Ended	
	August 1, 2009	August 2, 2008
	(Dollars in Thousands except Per Share Amounts)	
Net sales	\$ 4,765,608	\$ 4,897,508
Membership fees	89,642	88,362
Other revenues	24,855	24,566
Total revenues	4,880,105	5,010,436
Cost of sales, including buying and occupancy costs	4,353,405	4,533,391
Selling, general and administrative expenses	420,807	389,323
Preopening expenses	5,362	661
Operating income	100,531	87,061
Interest income (expense), net	(251)	605
Income from continuing operations before income taxes	100,280	87,666
Provision for income taxes	40,685	33,674
Income from continuing operations	59,595	53,992
Loss from discontinued operations, net of income tax benefit of \$133 and \$215	(194)	(312)
Net income	\$ 59,401	\$ 53,680
Basic earnings per share:		
Income from continuing operations	\$ 1.11	\$ 0.92
Loss from discontinued operations		(0.01)
Net income	\$ 1.11	\$ 0.91
Diluted earnings per share:		
Income from continuing operations	\$ 1.09	\$ 0.90
Loss from discontinued operations		
Net income	\$ 1.09	\$ 0.90
Number of common shares for earnings per share computations:		
Basic	53,590,792	58,769,313
Diluted	54,551,503	59,750,522

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

BJS WHOLESALE CLUB, INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	August 1, 2009	January 31, 2009	August 2, 2008
(Dollars in Thousands)			
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 37,006	\$ 51,157	\$ 116,450
Accounts receivable	115,607	124,498	115,719
Merchandise inventories	889,828	859,520	833,488
Current deferred income taxes	13,192	13,936	28,254
Prepaid expenses	28,018	27,364	27,105
Total current assets	1,083,651	1,076,475	1,121,016
Property at cost:			
Land and buildings	689,750	684,807	657,882
Leasehold costs and improvements	222,990	220,073	210,017
Furniture, fixtures and equipment	555,308	544,744	581,535
	1,468,048	1,449,624	1,449,434
Less: accumulated depreciation and amortization	540,674	535,046	581,245
	927,374	914,578	868,189
Deferred income taxes	6,404	8,033	3,495
Other assets	23,685	22,350	22,741
Total assets	\$ 2,041,114	\$ 2,021,436	\$ 2,015,441
LIABILITIES			
Current liabilities:			
Current installments of long-term debt	\$ 587	\$ 567	\$ 547
Accounts payable	626,865	583,367	608,855
Accrued expenses and other current liabilities	278,239	309,271	268,173
Accrued federal and state income taxes	8,773	13,488	26,849
Closed store lease obligations due within one year	1,748	2,006	1,948
Total current liabilities	916,212	908,699	906,372
Long-term debt, less portion due within one year	849	1,148	1,436
Noncurrent closed store lease obligations	8,852	9,336	9,655
Other noncurrent liabilities	108,336	117,449	112,436
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	212,902	200,973	190,658
Retained earnings	1,390,286	1,351,217	1,269,362
Accumulated other comprehensive loss	(270)	(270)	(540)
Treasury stock, at cost, 18,901,348, 17,872,220 and 14,941,387 shares	(596,797)	(567,860)	(474,682)

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Total stockholders' equity	1,006,865	984,804	985,542
Total liabilities and stockholders' equity	\$ 2,041,114	\$ 2,021,436	\$ 2,015,441

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

BJS WHOLESALE CLUB, INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

	Twenty-Six Weeks Ended	
	August 1, 2009	August 2, 2008
	(Dollars in Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 59,401	\$ 53,680
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for club closing costs	135	146
Depreciation and amortization of property	54,541	53,047
Loss on property disposals	78	185
Other noncash items (net)	693	502
Share-based compensation expense	10,583	9,511
Deferred income taxes	2,373	(1,088)
Excess tax benefit from exercise of stock options	(988)	(3,068)
Tax benefit from share-based compensation	1,346	4,013
Increase (decrease) in cash due to changes in:		
Accounts receivable	8,891	(491)
Merchandise inventories	(30,308)	43,978
Prepaid expenses	(654)	1,886
Other assets	(1,375)	(375)
Accounts payable	37,755	(5,048)
Changes in book overdrafts	5,743	(9,062)
Accrued expenses	(4,785)	(2,785)
Accrued income taxes	(4,715)	(17,360)
Closed store lease obligations	(815)	