

CASEYS GENERAL STORES INC  
Form 10-Q  
September 08, 2015

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)  
of the Securities Exchange Act of 1934  
For the Fiscal Quarter Ended July 31, 2015  
Commission File Number 001-34700

CASEY'S GENERAL STORES, INC.  
(Exact name of registrant as specified in its charter)

IOWA  
(State or other jurisdiction of  
incorporation or organization)

42-0935283  
(I.R.S. Employer  
Identification Number)

ONE CONVENIENCE BOULEVARD,  
ANKENY, IOWA  
(Address of principal executive offices)  
(515) 965-6100  
(Registrant's telephone number, including area code)

50021  
(Zip 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 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, or a non-accelerated filer. See definition of Accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at September 3, 2015
Common stock, no par value per share	38,988,265 shares



Table of Contents

CASEY'S GENERAL STORES, INC.  
INDEX

	Page
<b>PART I <u>FINANCIAL INFORMATION</u></b>	
Item 1. <u>Condensed Consolidated Financial Statements</u>	
<u>Condensed consolidated balance sheets---July 31, 2015 and April 30, 2015 (unaudited)</u>	<u>3</u>
<u>Condensed consolidated statements of income—three months ended July 31, 2015 and 2014 (unaudited)</u>	<u>5</u>
<u>Condensed consolidated statements of cash flows— three months ended July 31, 2015 and 2014 (unaudited)</u>	<u>6</u>
<u>Notes to unaudited condensed consolidated financial statements</u>	<u>8</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>11</u>
Item 3. <u>Quantitative and Qualitative Disclosure about Market Risk</u>	<u>17</u>
Item 4. <u>Controls and Procedures</u>	<u>17</u>
<b>PART II <u>OTHER INFORMATION</u></b>	
Item 1. <u>Legal Proceedings</u>	<u>17</u>
Item 1A. <u>Risk Factors</u>	<u>17</u>
Item 6. <u>Exhibits</u>	<u>18</u>
<u>SIGNATURE</u>	<u>19</u>

Table of Contents

## PART I—FINANCIAL INFORMATION

## Item 1. Condensed Consolidated Financial Statements

## CASEY'S GENERAL STORES, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(DOLLARS IN THOUSANDS)

	July 31, 2015	April 30, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$46,605	48,541
Receivables	33,654	22,609
Inventories	215,329	197,331
Prepaid expenses	4,623	2,025
Deferred income taxes	16,232	15,531
Income tax receivable	—	19,223
Total current assets	316,443	305,260
Other assets, net of amortization	18,588	18,295
Goodwill	127,046	127,046
Property and equipment, net of accumulated depreciation of \$1,218,404 at July 31, 2015 and \$1,185,246 at April 30, 2015	2,092,297	2,019,364
Total assets	\$2,554,374	2,469,965

See notes to unaudited condensed consolidated financial statements.

Table of Contents

CASEY'S GENERAL STORES, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (Unaudited)  
 (Continued)  
 (DOLLARS IN THOUSANDS)

	July 31, 2015	April 30, 2015
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Notes payable to bank	\$—	—
Current maturities of long-term debt	15,392	15,398
Accounts payable	243,182	226,577
Accrued expenses	123,901	122,914
Income taxes payable	6,426	—
Total current liabilities	388,901	364,889
Long-term debt, net of current maturities	838,153	838,245
Deferred income taxes	354,057	354,973
Deferred compensation	17,830	17,645
Other long-term liabilities	19,532	18,984
Total liabilities	1,618,473	1,594,736
Shareholders' equity:		
Preferred stock, no par value	—	—
Common stock, no par value	63,718	56,274
Retained earnings	872,183	818,955
Total shareholders' equity	935,901	875,229
	\$2,554,374	2,469,965

See notes to unaudited condensed consolidated financial statements.

Table of ContentsCASEY'S GENERAL STORES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Three Months Ended	
	July 31,	
	2015	2014
Total revenue	\$2,048,592	2,291,186
Cost of goods sold (exclusive of depreciation and amortization, shown separately below)	1,637,350	1,920,272
Gross profit	411,242	370,914
Operating expenses	263,582	244,318
Depreciation and amortization	39,399	36,249
Interest, net	10,084	10,506
Income before income taxes	98,177	79,841
Federal and state income taxes	36,371	29,744
Net income	\$61,806	50,097
Net income per common share		
Basic	\$1.59	1.30
Diluted	\$1.57	1.28
Basic weighted average shares outstanding	38,964,765	38,616,340
Plus effect of stock compensation	420,727	390,121
Diluted weighted average shares outstanding	39,385,492	39,006,461
See notes to unaudited condensed consolidated financial statements.		

Table of Contents

CASEY'S GENERAL STORES, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (Unaudited)  
 (DOLLARS IN THOUSANDS)

	Three months ended July 31,		
	2015	2014	
Cash flows from operating activities:			
Net income	\$61,806	50,097	
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	39,399	36,249	
Other amortization	110	108	
Stock based compensation	1,737	1,632	
(Gain) loss on disposal of assets and impairment charges	(259	) 242	
Deferred income taxes	(1,617	) 4,037	
Excess tax benefits related to stock option exercises	(1,140	) (579	)
Changes in assets and liabilities:			
Receivables	(11,045	) (4,490	)
Inventories	(17,998	) (11,362	)
Prepaid expenses	(2,598	) (1,270	)
Accounts payable			