

Copart Reports Fourth Quarter Financial Results

Written by Australian Business

DALLAS--([BUSINESS WIRE](#))--Copart, Inc. (NASDAQ: CPRT) today reported financial results for the quarter and year ended July 31, 2013.

For the three months ended July 31, 2013, revenue, operating income and net income were \$263.7 million, \$63.1 million and \$41.3 million, respectively. These represent an increase in revenue of \$37.1 million, or 16.4%; and decreases in operating income of \$6.4 million, or 9.3%; and in net income of \$3.6 million, or 8.0%, respectively, from the same quarter last year. Fully diluted earnings per share for the three months were \$0.32 compared to \$0.35 last year, a decrease of 8.6%.

For the twelve months ended July 31, 2013, revenue, operating income and net income were \$1,046.4 million, \$283.0 million and \$180.0 million, respectively. These represent increases in revenue of \$122.2 million, or 13.2%; and decreases in operating income of \$3.4 million or 1.2%; and in net income of \$2.1 million, or 1.1%, respectively, from the same period last year. Fully diluted earnings per share for the twelve months ended July 31, 2013 and July 31, 2012 were \$1.39.

Included in the financial results for the most recent quarter are the results of our QCSA acquisition, which we closed on May 30, 2013. These results included revenues of \$11.2 million and expenses, including operational, general and administrative and deal-specific costs, of \$13.7 million. We expect our QCSA acquisition to contribute to our operating margin by our third quarter of fiscal year 2014.

Copart also announced today that its Board of Directors has concluded its investigation into the possibility of converting to a real estate investment trust (REIT). As previously disclosed the Board began this review in 2012 and retained outside, expert advisors to assist it in conducting the review. Following this process, Copart's board unanimously determined that Copart would not pursue a REIT conversion at this time.

On Wednesday, September 25, 2013, at 11 a.m. Eastern time, Copart will conduct a conference call to discuss the results for the quarter. The call will be webcast live at <http://w.on24.com/r.htm?e=682297&s=1&k=53B067B7327E8356C223CD689A7999D0>.

A replay of the call will be available through October 23, 2013 by calling (888) 203-1112. Use confirmation code #7330277.

About Copart

Copart, founded in 1982, provides vehicle sellers with a full range of remarketing services to process and sell salvage and clean title vehicles to dealers, dismantlers, rebuilders, exporters and, in some states, to end users. Copart remarkets the vehicles through Internet sales utilizing its patented VB² technology. Copart sells vehicles on behalf of insurance companies, banks, finance companies, fleet operators, dealers, car dealerships and others as well as cars sourced from the general public. The company has facilities in the United States and Canada (

www.copart.com

), the United Kingdom (

www.copart.co.uk

), Brazil (

www.copart.com.br

), Germany (

www.copart.de

), the United Arab Emirates (

www.copart.ae

) and Spain (

www.autoresiduos.com

). Copart links sellers to more than 750,000 members in over 140 countries worldwide through our online multi-channel platform. For more information, or to become a member, visit

www.copart.com

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Cautionary Note About Forward-Looking Statements

This press release contains forward-looking statements within the meaning of federal securities laws, and these forward-looking statements are subject to substantial risks and uncertainties. These forward-looking statements are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those projected or implied by our statements and comments. For a more complete discussion of the risks that could affect our business, please review the "Management's Discussion and Analysis" and the other risks identified in Copart's latest Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, as filed with the Securities and Exchange Commission. We encourage investors to review these disclosures carefully. We do not undertake to update any forward-looking statement that may be made from time to

time on our behalf.

Consolidated Statements of Income

(in thousands, except per share data)

(Unaudited)

Three months ended July 31,

Twelve months ended July 31,

2013

2012

Service revenues and vehicle sales:

Service revenues	\$	213,591
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Vehicle sales		50,106
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Total service revenues and vehicle sales

\$	263,697	\$
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Operating costs and expenses:

Yard operations	107,292	85,907
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Cost of vehicle sales	43,090	32,914
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Yard depreciation and amortization	10,243	8,309
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Gross margin	103,072	99,426
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General and administrative	35,782	26,404
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General and administrative depreciation and amortization	4,288	3,528
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Impairment	—	—
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Total operating expenses	200,645	157,062
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Operating income	63,052	69,494
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Other income (expense):

Interest expense, net	(2,356	)	(3,000)
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Other income	1,466	999
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Total other expense	(890	)	(2,001)
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Income before income taxes	62,162	67,478
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Income taxes	20,858	22,582
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Net income	\$	41,304
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Earnings per share-basic

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Basic net income per share \$ 0.33

Weighted average common shares outstanding 125,880 126,112

Earnings per share-diluted

Diluted net income per share \$ 0.32

Diluted weighted average common shares outstanding 129,643 129,853

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Consolidated Balance Sheets

(in thousands)

(Unaudited)

July 31,

2013

July 31,

2012

ASSETS

Current assets:

Cash and cash equivalents	\$	63,631
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Accounts receivable, net	182,714	137,900
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Inventories and vehicle pooling costs	31,202	24,222
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Income taxes receivable	9,416	2,312
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Deferred income taxes	2,216	3,600
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Prepaid expenses and other assets	15,344	9,155
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Assets held for sale	1,929	
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Total current assets	306,452	321,227
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Property and equipment, net	677,517	587,163
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Intangibles, net	17,706	7,985
Goodwill	267,463	196,438
Deferred income taxes	30,117	22,280
Other assets	35,226	
		18,
Total assets	\$	1,334,481

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable and accrued liabilities \$ 136,648

Bank overdraft	16,291	—
Deferred revenue	4,832	5,390
Income taxes payable	4,741	3,082
Current portion of long-term debt and capital lease obligations	75,047	75,170
Other current liabilities	—	
		78,

Total current liabilities	238,559	186,319
Deferred income taxes	8,071	7,186
Income taxes payable	23,091	22,531
Long-term debt and capital lease obligations	296,110	368,950
Other liabilities	5,949	
		7,8

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Total liabilities	572,080	592,080
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.0001 par value —5,000,000 shares authorized; no shares issued and o		
Common stock, \$0.0001 par value -180,000,000 shares authorized; 125,494,995 and 124		
Additional paid in capital	368,769	326,187
Accumulated other comprehensive income (loss)	(45,161)	(38,161)
Retained earnings	440,780	272,780
Total stockholders' equity	762,401	560,706
Total liabilities and stockholders' equity	\$1,334,481	

Consolidated Statements of Cash Flows

(in thousands)

(Unaudited)

	Twelve Months Ended July 31,	
2013		2012

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Cash flows from operating activities:

Net income	\$	180,025	
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	56,728	48,167	
Allowance for doubtful accounts	(356)	)	(19,557)
Stock-based compensation	19,557	21,791	
Excess tax benefits from stock-based compensation	(6,007)	)	(4,557)
Impairment of long-lived assets	—	8,771	
Gain on sale of property and equipment	(962)	)	(14,557)
Deferred income taxes	(3,605)	)	(17,004)
Changes in operating assets and liabilities, net of effects from acquisitions:			
Accounts receivable	(31,171)	)	
	(16,004)		
	)		
Vehicle pooling costs and inventories	(5,403)	)	92,000
Prepaid expenses and other current assets	(5,971)	)	6,000
Other assets	(18,714)	)	(1,500)
Accounts payable and accrued liabilities	14,749		

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(3,805

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Deferred revenue	(871	)
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(24

Income taxes receivable	(752	)
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Income taxes payable	1,609	(2,545
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Other liabilities	560	1,622
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Net cash provided by operating activities	199,326	229,673
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Cash flows from investing activities:

Purchases of property and equipment, including acquisitions	(214,267	)
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(57

Proceeds from sale of property and equipment	6,260	9,309
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Net cash used in investing activities	(208,021	)
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(48

Cash flows from financing activities:

Proceeds from the exercise of stock options	20,462	13,651
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Proceeds from the issuance of Employee Stock Purchase Plan shares	1,948	1,957
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Repurchase of common stock	(15,009	)
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(20

Excess tax benefit from stock-based compensation	6,097	4,367
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Proceeds from issuance of long-term debt	—	125,000
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Debt offering costs	—	(313
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Change in book overdraft	16,291	—
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Principal payments on long-term debt	(96,660)	(56,660)
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Net cash used in financing activities	(65,891)	(11,891)
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Effect of foreign currency translation	(1,895)	(61,895)
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Net (decrease) increase in cash and cash equivalents	(78,451)	66,451
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Cash and cash equivalents at beginning of period	10,112	74,009
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Cash and cash equivalents at end of period	\$ 63,631	
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Supplemental disclosure of cash flow information:

Interest paid	\$ 10,267	
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Income taxes paid	\$ 95,182	
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