PriceSmart Announces June Merchandise Sales; And Opening of New Warehouse Club in Santo Domingo, Dominican Republic

SAN DIEGO, July 8, 2019 /PRNewswire/ -- PriceSmart, Inc. (NASDAQ: PSMT) today announced that for the month of June 2019, net merchandise sales increased 3.9% to $253.1 million from $243.7 million in June a year earlier. Foreign currency exchange rate fluctuations impacted net merchandise sales negatively by $7.6 million or 3.0% versus the same prior year one-month period.

For the ten months ended June 30, 2019, net merchandise sales increased 0.8% to $2,575.6 million from $2,556.1 million in the same period last year. Foreign currency exchange rate fluctuations impacted net merchandise sales negatively by $84.7 million or 3.3% versus the same prior year ten-month period.

There were 43 warehouse clubs in operation at June 30, 2019 compared to 41 warehouse clubs in operation at June 30, 2018.

For the four weeks ended June 30, 2019, comparable warehouse sales for the 40 warehouse clubs open at least 13 ½ full months increased 1.9% compared to the same four-week period last year. Foreign currency exchange rate fluctuations impacted comparable net merchandise sales negatively by $6.8 million or 3.1% versus the same prior year period.

For the forty-three week period ended June 30, 2019, comparable warehouse sales decreased 1.0% compared to the comparable forty-three week period a year ago. Foreign currency exchange rate fluctuations impacted comparable net merchandise sales negatively by $82.9 million or 3.3% versus the same prior year period.

PriceSmart, Inc. also announced that on June 27, 2019, the Company opened a new warehouse club in Santo Domingo, Dominican Republic, bringing to 43 the total number of warehouse clubs in operation by the Company. This warehouse club is the Company's fifth warehouse in the Dominican Republic. The Santo Domingo location is the Company's second new small club format, following the one opened in May 2019, in Santiago de Veraguas, Panama, and it is our first new small club format in a densely populated urban area.

The Company reports comparable net merchandise sales on a "same week" basis with 13 weeks in each quarter beginning on a Monday and ending on a Sunday. The periods are established at the beginning of the fiscal year to provide as close a match as possible to the calendar month and quarter that is used for financial reporting purposes. This approach equalizes the number of weekend days and weekdays in each period for improved sales comparison, as we experience higher merchandise club sales on the weekends. Each of the warehouse clubs used in the calculations was open for at least 13 ½ calendar months before its results for the current period were compared with its results for the prior period.

The term "currency exchange rates" refers to the currency exchange rates we use to convert net merchandise and comparable net merchandise sales for all countries where the functional currency is not the U.S. dollar into U.S. dollars. We calculate the effect of changes in currency exchange rates as the difference between current period activities translated using the current period's currency exchange rates, and the comparable prior year period's currency exchange rates. The disclosure of the effects of currency exchange rate fluctuations on the Company's results permits investors to understand better our underlying performance.

About PriceSmart

PriceSmart, headquartered in San Diego, owns and operates U.S.-style membership shopping warehouse clubs in Latin America and the Caribbean, selling high quality merchandise at low prices to PriceSmart members. PriceSmart operates 43 warehouse clubs in 12 countries and one U.S. territory (seven each in Colombia and Costa Rica; six in Panama; five in Dominican Republic and four in Trinidad; three each in Guatemala and

Honduras; two each in El Salvador and Nicaragua; and one each in Aruba, Barbados, Jamaica and the United States Virgin Islands). The Company also is currently constructing and plans to open warehouse clubs in San Cristobal, Guatemala and an additional club in Panama City, Panama, in the fall of 2019. Once these two new clubs are open, the Company will operate 45 warehouse clubs. PriceSmart is developing an expansion of its omni-channel capabilities, including through its e-commerce platform, by investing in and integrating the technology, talent and cross-border logistics infrastructure obtained as part of the acquisition of a company in March 2018, which also has a marketplace and casillero business. PriceSmart expects these investments and this integration to enhance the membership shopping experience, drive efficiencies and fuel sales growth. The marketplace and casillero business operates, directly or via agency relationships, through the Aeropost brand in 38 countries in Latin America and the Caribbean, many of which overlap with markets where PriceSmart operates its warehouse clubs.

This press release may contain forward-looking statements concerning the Company's future performance. These forward-looking statements include, but are not limited to, statements containing the words "expect," "believe," "will," "may," "should," "project," "estimate," "anticipated," "scheduled," and like expressions, and the negative thereof. These statements are subject to risks and uncertainties that could cause actual results to differ materially including, but not limited to, the following risks:

Natural disasters that might cause damages not covered by insurance;

Negative macroeconomic conditions;

Volatility in foreign currency exchange rates and limitations on our ability to convert foreign currency to U.S. dollars;

Changes in, and inconsistent enforcement of, laws and regulations in countries where we operate, including those related to tariffs and taxes;

Compliance risks;

Crime and security concerns, which can adversely affect the economies of the countries in which we operate and which require us to incur additional costs to provide additional security at our warehouse clubs;

Recoverability of moneys owed to PriceSmart from governments in countries where we do business;

The possibility of operational interruptions, including those related to union work stoppages;

Political instability, such as recent unrest in Honduras, the ongoing anti-government protests in Nicaragua that have disrupted our operations there, and a general strike in Costa Rica led by public-sector unions that disrupted normal commerce in September 2018;

In March 2019, the President of the United States directed the U.S. State Department to cut off $450 million of planned aid to Guatemala, Honduras and El Salvador. Eliminating this aid could adversely impact the economies of these countries and lead to further political instability, with the resulting impact on our business;

Changes in consumer shopping preferences;

Significant competition, including from international online retailers or the market entrance of other club operators;

Limitations on the availability of appropriate sites for new warehouse clubs, which could adversely affect growth;

Failure to establish an e-commerce presence to allow our members to choose a physical or online shopping channel that is convenient for them and efficient for us may materially adversely affect our market position, net sales and financial performance, and costs associated with our increasing investments in technological resources intended to fuel sales growth and drive efficiencies may adversely affect our short-term results of operations;

Acquisitions, such as our acquisition of Aeropost, Inc. in March 2018, may expose us to additional risks, such as retention of key personnel, previously undisclosed liabilities or compliance issues, integration challenges, impairment of goodwill or intangible assets, and diversion of management resources;

Cost increases from product and service providers;

Interruption of supply chains, which might adversely impact on our ability to import merchandise;

Failure to maintain our brand's reputation;

Exposure to product liability claims and product recalls;

Failure to maintain our computer systems and/or disruption in those systems;

Cybersecurity risks, such as a failure to maintain the security of the information we hold relating to our company, our members, employees and suppliers;

Risks associated with executive leadership and organizational transition, failure to attract and/or retain other qualified employees, increases in wage and benefit costs, changes in laws and other labor issues;

Changes in accounting standards affecting management's financial assumptions, projections, estimates and judgments; and

A few of our stockholders own approximately 24.8% of our voting stock as of May 31, 2019, which may make it difficult to complete some corporate transactions without their support and may impede a change in control.

The risks described above as well as the other risks detailed in the Company's U.S. Securities and Exchange Commission ("SEC") reports, including the Company's Annual Report on Form 10-K filed for the fiscal year ended August 31, 2018 filed on October 25, 2018, pursuant to the Securities Exchange Act of 1934, see "Part I - Item 1A - Risk Factors," could materially and adversely affect our business, financial condition and results of operations. These risks are not the only risks that the Company faces. The Company could also be affected by additional factors that apply to all companies operating globally and in the U.S., as well as other risks that are not presently known to the Company or that the Company currently considers to be immaterial.

For further information, please contact Maarten O. Jager, Chief Financial Officer and Principal Accounting Officer (858) 404-8826.

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