PriceSmart Announces December Merchandise Sales

SAN DIEGO, Jan. 8, 2020 /PRNewswire/ -- PriceSmart, Inc. (NASDAQ: PSMT) today announced that for the month of December 2019, net merchandise sales increased 4.3% to $362.1 million from $347.1 million in December a year earlier. Foreign currency exchange rate fluctuations impacted net merchandise sales negatively by $1.1 million or 0.3% versus the same prior year one-month period. There were 45 warehouse clubs in operation at the end of December 2019 and 41 warehouse clubs in operation at the end of December 2018.

Fiscal year to date, which includes the four months ended December 31, 2019, net merchandise sales increased 4.3% to $1,141.0 million from $1,094.5 million for the four months ended December 31, 2018. Foreign currency exchange rate fluctuations impacted net merchandise sales negatively by $13.0 million or 1.1% versus the same prior year four-month period.

For the four weeks ended December 29, 2019, comparable net merchandise sales for the 41 warehouse clubs open at least 13 ½ full months decreased 0.1% when compared to the same four-week period last year. Foreign currency exchange rate fluctuations impacted comparable net merchandise sales negatively by $1.0 million or 0.3% versus the same prior year period.

For the seventeen-week period ended December 29, 2019, comparable net merchandise sales increased 0.7%, compared to the same seventeen-week period a year ago. Foreign currency exchange rate fluctuations impacted comparable net merchandise sales negatively by $12.3 million or 1.2% versus the same prior year period.

"We are off to a good start to fiscal year 2020 with four additional clubs versus a year ago. Although this has likely impacted our comparable store sales, we believe that the additional club openings are good for our members and the long term growth of PriceSmart," concluded Sherry Bahrambeygui, Chief Executive Officer.

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 45 warehouse clubs in 12 countries and one U.S. territory (seven each in Colombia, Costa Rica, and Panama; five in the Dominican Republic, four in Trinidad and Guatemala; three in Honduras; two each in El Salvador and Nicaragua; and one each in Aruba, Barbados, Jamaica and the United States Virgin Islands). The Company is currently constructing and plans to open warehouse clubs in Liberia, Costa Rica, in the summer of 2020; and Bogota, Colombia, in the fall of 2020. The Company also plans to build new warehouse clubs in Portmore, Jamaica and Bucaramanga, Colombia and open them in the fall of 2020. Once these four new clubs are open, the Company will operate 49 warehouse clubs. PriceSmart is expanding 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. PriceSmart expects these investments and this integration to enhance the membership shopping experience, drive efficiencies and fuel sales growth. The Company acquired by PriceSmart also operates a legacy (marketplace and casillero) business 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 anticipated future revenues and earnings, adequacy of future cash flow, proposed warehouse club openings, the Company's performance relative to competitors, the outcome of tax proceedings and related matters. 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: adverse changes in economic conditions in the Company's markets, natural disasters, compliance risks, volatility in currency exchange rates, competition, consumer and small business spending patterns, political instability, increased costs associated with the integration of online commerce with our traditional business, whether the Company can successfully execute strategic initiatives, breaches of security or privacy of member or business information, cost increases from product and service providers, interruption of supply chains, exposure to product liability claims and product recalls, recoverability of moneys owed to PriceSmart from governments, and other important factors discussed under the captions "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended August 31, 2019 filed with the United States Securities and Exchange Commission ("SEC") on October 29, 2019, as such factors may be updated from time to time in our other filings with the SEC, which are accessible on the SEC's website at www.sec.gov. Forward-looking statements speak only as of the date that they are made, and the Company does not undertake to update them, except as required by law.

For further information, please contact Michael McCleary, SVP, Interim Chief Financial Officer and Principal Accounting Officer (858) 404-8826 or send an email to ir@pricesmart.com.

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