

G III APPAREL GROUP LTD /DE/
Form 10-Q
December 10, 2012
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 31, 2012

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 0-18183

G-III APPAREL GROUP, LTD.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

41-1590959
(I.R.S. Employer
Identification No.)

512 Seventh Avenue, New York, New York
(Address of Principal Executive Offices)

10018
(Zip Code)

(212) 403-0500
(Registrant's telephone number, including area code)

(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 (§ 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

As of December 1, 2012, there were 20,098,295 shares of issuer's common stock, par value \$0.01 per share, outstanding.

Table of Contents

TABLE OF CONTENTS

	Page No.
Part I	
	<u>FINANCIAL INFORMATION</u>
Item 1.	<u>Financial Statements</u>
	<u>Condensed Consolidated Balance Sheets - October 31, 2012, October 31, 2011 and January 31, 2012</u>
	3
	<u>Condensed Consolidated Statements of Income and Comprehensive Income - For the Three Months Ended October 31, 2012 and 2011</u>
	4
	<u>Condensed Consolidated Statements of Income and Comprehensive Income - For the Nine Months Ended October 31, 2012 and 2011</u>
	5
	<u>Condensed Consolidated Statements of Cash Flows - For the Nine Months Ended October 31, 2012 and 2011</u>
	6
	<u>Notes to Condensed Consolidated Financial Statements</u>
	7
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
	13
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
	20
Item 4.	<u>Controls and Procedures</u>
	20
Part II	<u>OTHER INFORMATION</u>
Item 1A.	<u>Risk Factors</u>
	21
Item 6.	<u>Exhibits</u>
	21

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****G-III APPAREL GROUP, LTD. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

	October 31, 2012 (Unaudited)	October 31, 2011 (Unaudited)	January 31, 2012
(In thousands, except share and per share amounts)			
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 39,646	\$ 16,083	\$ 24,660
Accounts receivable, net of allowance for doubtful accounts and sales discounts of \$46,649, \$36,129 and \$34,436, respectively	362,724	368,087	162,510
Inventories	307,477	273,161	253,521
Deferred income taxes, net	9,377	10,035	9,559
Prepaid expenses and other current assets	17,758	12,556	14,528
Total current assets	736,982	679,922	464,778
INVESTMENT IN JOINT VENTURE		2,578	2,419
PROPERTY AND EQUIPMENT, NET	39,323	30,904	33,365
DEFERRED INCOME TAXES, NET		1,803	
OTHER ASSETS	11,549	1,851	1,830
OTHER INTANGIBLES, NET	14,269	4,322	4,144
TRADEMARKS, NET	74,129	13,499	13,467
GOODWILL	58,629	26,100	26,100
	\$ 934,881	\$ 760,979	\$ 546,103
LIABILITIES AND STOCKHOLDERS EQUITY			
CURRENT LIABILITIES			
Notes payable	\$ 265,092	\$ 245,058	\$ 30,050
Income taxes payable	27,570	24,072	6,212
Accounts payable	118,727	90,225	96,727
Accrued expenses	51,422	40,194	43,530
Total current liabilities	462,811	399,549	176,519
NOTES PAYABLE	18,633		
DEFERRED INCOME TAXES, NET	14,543		1,289
DUE TO NONCONTROLLING SHAREHOLDER	2,162		
CONTINGENT PURCHASE PRICE PAYABLE	5,452		
OTHER NON-CURRENT LIABILITIES	12,280	9,508	10,323
TOTAL LIABILITIES	515,881	409,057	188,131
STOCKHOLDERS EQUITY			
Preferred stock; 1,000,000 shares authorized; No shares issued and outstanding	206	203	203

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Common stock - \$.01 par value; 80,000,000 shares authorized; 20,590,520, 20,259,922 and 20,279,132 shares issued

Additional paid-in capital	168,755	159,173	160,102
Accumulated other comprehensive income (loss)	3,557	(97)	4
Retained earnings	250,367	196,542	201,562
Common stock held in treasury, at cost 492,225 shares	(3,899)	(3,899)	(3,899)
Total G-III stockholders equity	418,986	351,922	357,972
Noncontrolling interest	14		
	419,000	351,922	357,972
	\$ 934,881	\$ 760,979	\$ 546,103

The accompanying notes are an integral part of these statements.

Table of Contents**G-III APPAREL GROUP, LTD. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

	Three Months Ended October 31,	
	2012	2011
	(Unaudited)	
	(In thousands, except per share amounts)	
Net sales	\$ 543,513	\$ 510,009
Cost of goods sold	353,306	347,734
Gross profit	190,207	162,275
Selling, general and administrative expenses	106,287	86,958
Depreciation and amortization	2,811	1,875
Operating profit	81,109	73,442
Equity loss in joint venture	273	337
Interest and financing charges, net	3,073	2,297
Income before income taxes	77,763	70,808
Income tax expense	29,550	27,253
Net income	48,213	43,555
Add: Loss attributable to noncontrolling interest	78	
Income attributable to G-III	\$ 48,291	\$ 43,555
NET INCOME PER COMMON SHARE:		
Basic:		
Net income per common share	\$ 2.41	\$ 2.19
Weighted average number of shares outstanding	20,053	19,845
Diluted:		
Net income per common share	\$ 2.37	\$ 2.16
Weighted average number of shares outstanding	20,401	20,172
Net income attributable to G-III	\$ 48,291	\$ 43,555
Other comprehensive income (loss):		
Foreign currency translation adjustments	3,608	(44)
Other comprehensive income (loss)	3,608	(44)
Comprehensive income	\$ 51,899	\$ 43,511

The accompanying notes are an integral part of these statements.

Table of Contents**G-III APPAREL GROUP, LTD. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

	Nine Months Ended October 31,	
	2012	2011
	(Unaudited)	
	(In thousands, except per share amounts)	
Net sales	\$ 1,024,441	\$ 936,855
Cost of goods sold	690,702	649,554
Gross profit	333,739	287,301
Selling, general and administrative expenses	242,355	204,708
Depreciation and amortization	6,964	5,251
Operating profit	84,420	77,342
Equity loss in joint venture	706	812
Interest and financing charges, net	5,211	4,009
Income before income taxes	78,503	72,521
Income tax expense	29,831	27,921
Net income	48,672	44,600
Add: Loss attributable to noncontrolling interest	133	
Income attributable to G-III	\$ 48,805	\$ 44,600
NET INCOME PER COMMON SHARE:		
<u>Basic:</u>		
Net income per common share	\$ 2.44	\$ 2.25
Weighted average number of shares outstanding	19,971	19,804

Diluted: