

MOVADO GROUP INC
Form 10-Q
November 22, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended October 31, 2016

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: 1-16497

MOVADO GROUP, INC.

(Exact Name of Registrant as Specified in its Charter)

New York
(State or Other Jurisdiction

of Incorporation or Organization)

650 From Road, Ste. 375

Paramus, New Jersey
(Address of Principal Executive Offices)

13-2595932
(IRS Employer

Identification No.)

07652-3556
(Zip Code)

(201) 267-8000

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(Registrant's telephone number, including area code)

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 that past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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

The number of shares outstanding of the registrant's Common Stock and Class A Common Stock as of November 15, 2016 were 16,288,885 and 6,644,105, respectively.

MOVADO GROUP, INC.

Index to Quarterly Report on Form 10-Q

October 31, 2016

	Page
Part I <u>Financial Information (Unaudited)</u>	3
Item 1. <u>Consolidated Balance Sheets at October 31, 2016, January 31, 2016 and October 31, 2015</u>	3
<u>Consolidated Statements of Operations for the three and nine months ended October 31, 2016 and October 31, 2015</u>	4
<u>Consolidated Statements of Comprehensive Income for the three and nine months ended October 31, 2016 and October 31, 2015</u>	5
<u>Consolidated Statements of Cash Flows for the nine months ended October 31, 2016 and October 31, 2015</u>	6
<u>Notes to Consolidated Financial Statements</u>	7
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	20
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	30
Item 4. <u>Controls and Procedures</u>	31
Part II <u>Other Information</u>	32
Item 1. <u>Legal Proceedings</u>	32
Item 1A. <u>Risk Factors</u>	32
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	32

Item 6. Exhibits

33

Signature

34



PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

MOVADO GROUP, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

(Unaudited)

	October 31, 2016	January 31, 2016	October 31, 2015
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 199,758	\$ 228,188	\$ 181,180
Trade receivables, net	130,076	71,030	124,438
Inventories	169,402	162,465	178,965
Other current assets	28,096	27,352	29,954
Total current assets	527,332	489,035	514,537
Property, plant and equipment, net	34,867	38,553	41,331
Deferred and non-current income taxes	20,614	20,323	19,494
Other non-current assets	41,665	37,259	37,756
Total assets	\$ 624,478	\$ 585,170	\$ 613,118
LIABILITIES AND EQUITY			
Current liabilities:			
Loans payable to bank, current	\$ 3,000	\$ 5,000	\$ —
Accounts payable	22,443	27,308	29,514
Accrued liabilities	52,895	39,617	50,661
Income taxes payable	5,601	6,257	6,205
Total current liabilities	83,939	78,182	86,380
Loans payable to bank	35,000	35,000	40,000
Deferred and non-current income taxes payable	3,145	2,640	3,911
Other non-current liabilities	32,297	28,201	29,918
Total liabilities	154,381	144,023	160,209
Commitments and contingencies (Note 8)			
Equity:			
Preferred Stock, \$0.01 par value, 5,000,000 shares authorized; no shares issued	—	—	—
Common Stock, \$0.01 par value, 100,000,000 shares authorized;	271	270	270

27,138,206, 26,962,656 and 26,952,421 shares issued and outstanding,

respectively			
Class A Common Stock, \$0.01 par value, 30,000,000 shares authorized;			
6,644,105, 6,644,105 and 6,644,105 shares issued and outstanding,			
respectively	66	66	66
Capital in excess of par value	182,834	178,118	179,879
Retained earnings	413,666	392,788	387,432
Accumulated other comprehensive income	77,057	68,505	79,173
Treasury Stock, 10,849,321, 10,664,512 and 10,553,569 shares,			
respectively, at cost	(203,797)	(199,195)	(196,379)
Total Movado Group, Inc. shareholders' equity	470,097	440,552	450,441
Noncontrolling interests	—	595	2,468
Total equity	470,097	441,147	452,909
Total liabilities and equity	\$624,478	\$585,170	\$613,118

See Notes to Consolidated Financial Statements

MOVADO GROUP, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2016	2015	2016	2015
Net sales	\$179,818	\$185,629	\$421,967	\$451,659
Cost of sales	81,268	85,537	191,837	210,080
Gross profit	98,550	100,092	230,130	241,579
Selling, general, and administrative	67,479	66,638	183,590	183,016
Operating income	31,071	33,454	46,540	58,563
Other expense (Note 2)	(1,282)	-	(1,282)	-
Interest expense	(333)	(319)	(1,039)	(727)
Interest income	45	17	138	105
Income before income taxes	29,501	33,152	44,357	57,941
Provision for income taxes (Note 9)	9,286	11,242	14,450	20,458
Net income	20,215	21,910	29,907	37,483
Less: Net income attributed to noncontrolling interests	—	378	78	277
Net income attributed to Movado Group, Inc.	\$20,215	\$21,532	\$29,829	\$37,206
Basic income per share:				
Weighted basic average shares outstanding	23,055	23,167	23,074	23,690
Net income per share attributed to Movado Group, Inc.	\$0.88	\$0.93	\$1.29	\$1.57
Diluted income per share:				
Weighted diluted average shares outstanding	23,230	23,411	23,259	23,966
Net income per share attributed to Movado Group, Inc.	\$0.87	\$0.92	\$1.28	\$1.55
Dividends declared per share	0.13	\$0.11	0.39	\$0.33

See Notes to Consolidated Financial Statements

MOVADO GROUP, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

	Three Months Ended October 31, 2016	2015	Nine Months Ended October 31, 2016	2015
Comprehensive income, net of taxes:				