

SKECHERS USA INC
Form 10-Q
November 09, 2012
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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 September 30, 2012

OR

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

For the transition period from to

Commission File Number 001-14429

SKECHERS U.S.A., INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

95-4376145
(I.R.S. Employer
Identification No.)

228 Manhattan Beach Blvd.

Manhattan Beach, California
(Address of Principal Executive Office)

90266
(Zip Code)

(310) 318-3100

(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 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 definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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 OF CLASS A COMMON STOCK OUTSTANDING AS OF NOVEMBER 1, 2012: 39,215,357.

THE NUMBER OF SHARES OF CLASS B COMMON STOCK OUTSTANDING AS OF NOVEMBER 1, 2012: 11,274,090.

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SKECHERS U.S.A., INC. AND SUBSIDIARIES

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	September 30, 2012	December 31, 2011
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 307,946	\$ 351,144
Trade accounts receivable, net	241,199	176,018
Other receivables	6,902	6,636
Total receivables	248,101	182,654
Inventories	302,140	226,407
Prepaid expenses and other current assets	34,091	88,005
Deferred tax assets	39,141	39,141
Total current assets	931,419	887,351
Property, plant and equipment, at cost, less accumulated depreciation and amortization	366,939	376,446
Goodwill and other intangible assets, less accumulated amortization	3,469	4,148
Deferred tax assets	2,258	530
Other assets, at cost	12,056	13,413
Total non-current assets	384,722	394,537
TOTAL ASSETS	\$ 1,316,141	\$ 1,281,888
LIABILITIES AND EQUITY		
Current Liabilities:		
Current installments of long-term borrowings	\$ 10,311	\$ 10,059
Short-term borrowings	57,654	50,413
Accounts payable	237,152	231,000
Accrued expenses	24,461	16,994
Total current liabilities	329,578	308,466
Long-term borrowings, excluding current installments	70,233	76,531
Deferred tax liabilities	33	4,364
Total non-current liabilities	70,266	80,895
Total liabilities	399,844	389,361
Commitments and contingencies		
Stockholders' equity:		

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Preferred Stock, \$.001 par value; 10,000 authorized; none issued and outstanding	0	0
Class A Common Stock, \$.001 par value; 100,000 shares authorized; 38,239 and 37,959 shares issued and outstanding at September 30, 2012 and December 31, 2011, respectively	38	38
Class B Common Stock, \$.001 par value; 60,000 shares authorized; 11,274 and 11,297 shares issued and outstanding at September 30, 2012 and December 31, 2011, respectively	11	11
Additional paid-in capital	333,299	320,877
Accumulated other comprehensive income (loss)	1,330	(894)
Retained earnings	538,085	532,529
Skechers U.S.A., Inc. equity	872,763	852,561
Non-controlling interests	43,534	39,966
Total equity	916,297	892,527
TOTAL LIABILITIES AND EQUITY	\$ 1,316,141	\$ 1,281,888

See accompanying notes to unaudited condensed consolidated financial statements.

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	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2012	2011	2012	2011
Net sales	\$ 429,429	\$ 412,183	\$ 1,164,704	\$ 1,322,768
Cost of sales	241,605	236,988	649,842	811,633
Gross profit	187,824	175,195	514,862	511,135
Royalty income, net	1,758	1,406	4,503	4,430
	189,582	176,601	519,365	515,565
Operating expenses:				
Selling	34,385	37,943	103,834	128,602
General and administrative	134,913	136,459	401,172	417,666
	169,298	174,402	505,006	546,268
Earnings (loss) from operations	20,284	2,199	14,359	(30,703)
Other income (expense):				
Interest income	124	217	490	1,559
Interest expense	(3,462)	(1,203)	(9,805)	(5,519)
Other, net	(1,621)	490	(1,205)	(846)
	(4,959)	(496)	(10,520)	(4,806)
Earnings (loss) before income tax expense (benefit)	15,325	1,703	3,839	(35,509)
Income tax expense (benefit)	3,725	(6,653)	(3,007)	(25,966)
Net earnings (loss)	11,600	8,356	6,846	(9,543)
Less: Net earnings attributable to non-controlling interests	596	71	1,290	280
Net earnings (loss) attributable to Skechers U.S.A., Inc.	\$ 11,004	\$ 8,285	\$ 5,556	\$ (9,823)
Net earnings (loss) per share attributable to Skechers U.S.A., Inc.:				
Basic	\$ 0.22	\$ 0.17	\$ 0.11	\$ (0.20)
Diluted	\$ 0.22	\$ 0.17	\$ 0.11	\$ (0.20)
Weighted average shares used in calculating net earnings (loss) per share attributable to Skechers U.S.A., Inc.:				
Basic	49,443	48,445	49,335	48,344

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Diluted	49,923	49,399	49,834	48,344
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See accompanying notes to unaudited condensed consolidated financial statements.

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SKECHERS U.S.A., INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME (LOSS)

(Unaudited)

(In thousands, except per share data)

	Three-Months Ended September 30, 2012	Three-Months Ended September 30, 2011	Nine-Months Ended September 30, 2012	Nine-Months Ended September 30, 2011
Net earnings (loss) attributable to Skechers U.S.A., Inc.	\$ 11,004	\$ 8,285	\$ 5,556	\$ (9,823)
Other comprehensive income (loss):				
Gain (loss) on foreign currency translation adjustment, net of tax	3,911	(15,507)	2,224	(6,563)
Total comprehensive income (loss) attributable to Skechers U.S.A., Inc.	\$ 14,915	\$ (7,222)	\$ 7,780	\$ (16,386)

See accompanying notes to unaudited condensed consolidated financial statements.

