

STEVEN MADDEN, LTD.
Form 10-Q
August 04, 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 June 30, 2016

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 0-23702

STEVEN MADDEN, LTD.

(Exact name of registrant as specified in its charter)

Delaware 13-3588231

(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

52-16 Barnett Avenue, Long Island City, New York 11104

(Address of principal executive offices) (Zip
Code)

(718) 446-1800

(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 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 (do not check if smaller reporting company) 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 August 2, 2016, the latest practicable date, there were 61,269,154 shares of the registrant's common stock, \$0.0001 par value, outstanding.

STEVEN MADDEN, LTD.
FORM 10-Q
QUARTERLY REPORT
June 30, 2016

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

STEVEN MADDEN, LTD. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(in thousands)

	June 30, 2016 (unaudited)	December 31, 2015	June 30, 2015 (unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 76,271	\$ 72,414	\$ 68,994
Accounts receivable, net of allowances of \$2,107, \$2,306 and \$1,819	27,820	43,173	17,957
Factor accounts receivable, net of allowances of \$14,249, \$21,756 and \$20,643	188,744	155,211	200,921
Inventories	116,369	102,080	112,434
Marketable securities – available for sale	32,546	32,424	31,210
Prepaid expenses and other current assets	25,019	20,641	21,720
Prepaid taxes	14,997	17,484	6,485
Deferred taxes	14,312	14,392	14,071
Total current assets	496,078	457,819	473,792
Notes receivable	1,239	1,158	1,299
Note receivable – related party	2,817	2,990	3,159
Property and equipment, net	73,485	72,010	70,036
Deposits and other	4,955	5,088	5,661
Marketable securities – available for sale	90,144	88,465	89,429
Goodwill – net	137,222	137,097	143,571
Intangibles – net	148,965	149,758	151,694
Total Assets	\$ 954,905	\$ 914,385	\$ 938,641
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 101,473	\$ 79,790	\$ 105,431
Accrued expenses	76,147	72,105	89,804
Contingent payment liability – current portion	20,012	16,763	17,934
Accrued incentive compensation	3,052	6,141	3,057
Total current liabilities	200,684	174,799	216,226
Contingent payment liability	—	8,012	17,607
Deferred rent	12,949	12,013	11,876
Deferred taxes	39,986	39,410	18,498
Other liabilities	508	1,488	1,630
Total Liabilities	254,127	235,722	265,837
Commitments, contingencies and other			
STOCKHOLDERS' EQUITY			
Preferred stock – \$.0001 par value, 5,000 shares authorized; none issued; Series A Junior Participating preferred stock – \$.0001 par value, 60 shares authorized;— none issued		—	—
Common stock – \$.0001 par value, 135,000 shares authorized, 86,021, 85,263 and 85,007 shares issued, 61,267, 61,693 and 63,160 shares outstanding	6	6	6
Additional paid-in capital	338,989	325,548	312,798
Retained earnings	941,473	896,842	828,231

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Accumulated other comprehensive loss	(26,382)	(31,413)	(17,568)
Treasury stock – 24,754, 23,570, and 21,847 shares at cost	(553,649)	(512,579)	(451,098)
Total Steven Madden, Ltd. stockholders' equity	700,437	678,404	672,369
Noncontrolling interest	341	259	435
Total stockholders' equity	700,778	678,663	672,804
Total Liabilities and Stockholders' Equity	\$ 954,905	\$ 914,385	\$ 938,641

See accompanying notes to condensed consolidated financial statements - unaudited.

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STEVEN MADDEN, LTD. AND SUBSIDIARIES

Condensed Consolidated Statements of Income

(unaudited)

(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net sales	\$325,402	\$323,582	\$654,759	\$647,527
Cost of sales	204,357	207,436	417,512	420,003
Gross profit	121,045	116,146	237,247	227,524
Commission and licensing fee income – net	2,826	3,127	4,997	7,045
Operating expenses	(87,981)	(82,456)	(176,474)	(164,860)
Impairment charge	—	—	—	(3,045)
Income from operations	35,890	36,817	65,770	66,664
Interest and other income – net	546	670	370	1,166
Income before provision for income taxes	36,436	37,487	66,140	67,830
Provision for income taxes	11,659	12,723	21,164	23,131
Net income	24,777	24,764	44,976	44,699
Net income attributable to noncontrolling interest	105	261	342	372
Net income attributable to Steven Madden, Ltd.	\$24,672	\$24,503	\$44,634	\$44,327
Basic net income per share	\$0.43	\$0.41	\$0.78	\$0.75
Diluted net income per share	\$0.42	\$0.40	\$0.75	\$0.72
Basic weighted average common shares outstanding	57,430	59,302	57,572	59,453
Effect of dilutive securities – options/restricted stock	1,744	2,115	1,902	2,294
Diluted weighted average common shares outstanding	59,174	61,417	59,474	61,747

See accompanying notes to condensed consolidated financial statements - unaudited.

STEVEN MADDEN, LTD. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income
(unaudited)
(in thousands)

	Three Months Ended June 30, 2016			Six Months Ended June 30, 2016		
	Pre-tax amounts	Tax benefit/(expense)	After-tax amounts	Pre-tax amounts	Tax benefit/(expense)	After-tax amounts
Net income			\$24,777			\$44,976
Other comprehensive income (loss):						
Foreign currency translation adjustment	\$(1,890)	\$ —	(1,890)	\$3,263	\$ —	3,263
Gain or (loss) on cash flow hedging derivatives	(422)	154	(268)	241	(88)	153
Unrealized gain (loss) on marketable securities	789	(288)	501	2,543	(928)	1,615
Total other comprehensive income (loss)	\$(1,523)	\$ (134)	(1,657)	\$6,047	\$ (1,016)	5,031
Comprehensive income			23,120			