

MOVADO GROUP INC
Form 10-Q
December 01, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended October 31, 2011

.. **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)

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New York (State or Other Jurisdiction)	13-2595932 (IRS Employer
of Incorporation or Organization)	Identification No.)
650 From Road, Ste. 375	
Paramus, New Jersey (Address of Principal Executive Offices)	07652-3556 (Zip Code)
(201) 267-8000	
(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 21, 2011 were 18,267,240 and 6,632,967, respectively.

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(In thousands, except share and per share amounts)

(Unaudited)

	October 31, 2011	January 31, 2011	October 31, 2010
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 138,028	\$ 103,016	\$ 63,243
Trade receivables	94,309	59,768	92,220
Inventories	176,092	181,265	207,987
Other current assets	25,413	30,541	26,628
Total current assets	433,842	374,590	390,078
Property, plant and equipment, net	35,585	38,525	39,956
Deferred income taxes	7,426	8,220	14,209
Other non-current assets	22,120	22,522	23,618
Total assets	\$ 498,973	\$ 443,857	\$ 467,861
<u>LIABILITIES AND EQUITY</u>			
Current liabilities:			
Accounts payable	\$ 26,462	\$ 21,487	\$ 19,950
Accrued liabilities	52,690	39,734	44,979
Deferred and current income taxes payable	1,617	1,328	631
Total current liabilities	80,769	62,549	65,560
Deferred and non-current income taxes payable	6,548	6,960	8,068
Other non-current liabilities	17,807	17,869	16,973
Total liabilities	105,124	87,378	90,601
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; 26,015,047, 25,910,838 and 25,279,966 shares issued, respectively	260	259	253
Class A Common Stock, \$0.01 par value, 30,000,000 shares authorized; 6,632,967, 6,634,319 and 6,634,319 shares issued and outstanding, respectively	66	66	66
Capital in excess of par value	151,578	149,492	139,779
Retained earnings	241,751	222,685	253,680
Accumulated other comprehensive income	108,964	93,028	83,246

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Treasury Stock, 7,757,323, 7,743,676 and 7,176,297 shares, respectively, at cost	(111,544)	(111,331)	(102,131)
Total Movado Group, Inc. shareholders' equity	391,075	354,199	374,893
Noncontrolling interests	2,774	2,280	2,367
Total equity	393,849	356,479	377,260
Total liabilities and equity	\$ 498,973	\$ 443,857	\$ 467,861

See Notes to Consolidated Financial Statements

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(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2011	2010	2011	2010
Continuing operations:				
Net sales	\$ 142,622	\$ 123,002	\$ 345,707	\$ 281,194
Cost of sales	61,588	54,112	155,104	129,394
Gross profit	81,034	68,890	190,603	151,800
Selling, general and administrative	61,906	50,400	164,881	140,649
Operating income	19,128	18,490	25,722	11,151
Other income (Note 12)			747	
Interest expense	(290)	(460)	(988)	(1,808)
Interest income	21	175	67	229
Income from continuing operations before income taxes	18,859	18,205	25,548	9,572
Provision for income taxes (Note 9)	2,071	781	3,661	1,573
Income from continuing operations	16,788	17,424	21,887	7,999
Discontinued operations:				
(Loss) from discontinued operations, net of tax (Note 11)				(23,675)
Net income / (loss)	16,788	17,424	21,887	(15,676)
Less: Income attributed to noncontrolling interests	384	279	584	486
Net income / (loss) attributed to Movado Group, Inc.	\$ 16,404	\$ 17,145	\$ 21,303	\$ (16,162)
Income / (loss) attributable to Movado Group, Inc.:				
Income from continuing operations, net of tax	\$ 16,404	\$ 17,145	\$ 21,303	\$ 7,513
(Loss) from discontinued operations, net of tax				(23,675)
Net income / (loss)	\$ 16,404	\$ 17,145	\$ 21,303	\$ (16,162)
Basic income / (loss) per share:				
Weighted basic average shares outstanding	24,926	24,772	24,905	24,730
Income per share from continuing operations attributed to Movado Group, Inc.	\$ 0.66	\$ 0.69	\$ 0.86	\$ 0.30
(Loss) per share from discontinued operations	\$	\$	\$	\$ (0.96)
Net income / (loss) per share attributed to Movado Group, Inc.	\$ 0.66	\$ 0.69	\$ 0.86	\$ (0.65)
Diluted income / (loss) per share:				
Weighted diluted average shares outstanding	25,108	24,907	25,105	24,988
Income per share from continuing operations attributed to Movado Group, Inc.	\$ 0.65	\$ 0.69	\$ 0.85	\$ 0.30
(Loss) per share from discontinued operations	\$	\$	\$	\$ (0.96)
Net income / (loss) per share attributed to Movado Group, Inc.	\$ 0.65	\$ 0.69	\$ 0.85	\$ (0.65)