

MOVADO GROUP INC
Form 10-Q
August 25, 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 July 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

(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 August 18, 2016 were 16,306,248 and 6,644,105, respectively.

MOVADO GROUP, INC.

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July 31, 2016

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

MOVADO GROUP, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

(Unaudited)

	July 31, 2016	January 31, 2016	July 31, 2015
ASSETS			
Current assets:			
Cash and cash equivalents	\$205,795	\$228,188	\$188,012
Trade receivables, net	72,737	71,030	80,818
Inventories	186,090	162,465	188,515
Other current assets	34,807	27,352	31,935
Total current assets	499,429	489,035	489,280
Property, plant and equipment, net	35,726	38,553	42,723
Deferred and non-current income taxes	20,656	20,323	19,652
Other non-current assets	42,925	37,259	38,356
Total assets	\$598,736	\$585,170	\$590,011
LIABILITIES AND EQUITY			
Current liabilities:			
Loans payable to bank, current	\$3,000	\$5,000	\$—
Accounts payable	26,013	27,308	31,687
Accrued liabilities	37,676	39,617	38,182
Income taxes payable	2,120	6,257	955
Total current liabilities	68,809	78,182	70,824
Loans payable to bank	35,000	35,000	40,000
Deferred and non-current income taxes payable	3,089	2,640	3,750
Other non-current liabilities	32,206	28,201	30,353
Total liabilities	139,104	144,023	144,927
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	269

27,137,049, 26,962,656 and 26,941,855 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	182,185	178,118	178,251
Retained earnings	396,432	392,788	368,441
Accumulated other comprehensive income	83,413	68,505	85,544
Treasury Stock, 10,830,958, 10,664,512 and 10,278,463 shares,			
respectively, at cost	(203,384)	(199,195)	(189,576)
Total Movado Group, Inc. shareholders' equity	458,983	440,552	442,995
Noncontrolling interests	649	595	2,089
Total equity	459,632	441,147	445,084
Total liabilities and equity	\$598,736	\$585,170	\$590,011

See Notes to Consolidated Financial Statements

MOVADO GROUP, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended		Six Months Ended	
	July 31,		July 31,	
	2016	2015	2016	2015
Net sales	\$128,086	\$145,569	\$242,149	\$266,030
Cost of sales	57,823	66,531	110,569	124,543
Gross profit	70,263	79,038	131,580	141,487
Selling, general, and administrative	60,172	60,804	116,111	116,378
Operating income	10,091			