

GENESCO INC
Form 10-Q
September 07, 2017
Table of Contents

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 Quarter Ended July 29, 2017

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from _____ to _____
Commission File No. 1-3083

Genesco Inc.
(Exact name of registrant as specified in its charter)

Tennessee 62-0211340
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

Genesco Park, 1415 Murfreesboro Road 37217-2895
Nashville, Tennessee
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (615) 367-7000

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 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 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; a smaller reporting company; or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth 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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the

Edgar Filing: GENESCO INC - Form 10-Q

Exchange Act.

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 25, 2017, 19,919,019 shares of the registrant's common stock were outstanding.

Table of Contents

INDEX

Part I. Financial Information

Item 1. Financial Statements (unaudited):

| | |
|---|-----------|
| <u>Condensed Consolidated Balance Sheets - July 29, 2017, January 28, 2017 and July 30, 2016</u> | <u>3</u> |
| <u>Condensed Consolidated Statements of Operations - Three and Six Months ended July 29, 2017 and July 30, 2016</u> | <u>5</u> |
| <u>Condensed Consolidated Statements of Comprehensive Income - Three and Six Months ended July 29, 2017 and July 30, 2016</u> | <u>6</u> |
| <u>Condensed Consolidated Statements of Cash Flows - Three and Six Months ended July 29, 2017 and July 30, 2016</u> | <u>7</u> |
| <u>Condensed Consolidated Statements of Equity - Year ended January 28, 2017 and Six Months ended July 29, 2017</u> | <u>8</u> |
| <u>Notes to Condensed Consolidated Financial Statements (unaudited)</u> | <u>9</u> |
| <u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | <u>30</u> |
| <u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u> | <u>49</u> |
| <u>Item 4. Controls and Procedures</u> | <u>49</u> |
| <u>Part II. Other Information</u> | <u>50</u> |
| <u>Item 1. Legal Proceedings</u> | <u>50</u> |
| <u>Item 1A. Risk Factors</u> | <u>50</u> |
| <u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u> | <u>50</u> |
| <u>Item 6. Exhibits</u> | <u>51</u> |
| <u>Signature</u> | <u>52</u> |

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

Genesco Inc.

and Subsidiaries

Condensed Consolidated Balance Sheets

(In Thousands, except share amounts)

| Assets | July 29, 2017 | January 28, 2017 | July 30, 2016 |
|---|------------------|---------------------|------------------|
| Current Assets: | | | |
| Cash and cash equivalents | \$43,520 | \$48,301 | \$41,466 |
| Accounts receivable, net of allowances of \$3,469 at Jul. 29, 2017, \$3,073 at Jan. 28, 2017 and \$3,171 at Jul. 30, 2016 | 39,411 | 43,525 | 46,469 |
| Inventories | 670,104 | 563,677 | 663,708 |
| Prepays and other current assets | 83,578 | 61,470 | 69,381 |
| Total current assets | 836,613 | 716,973 | 821,024 |
| Property and equipment: | | | |
| Land | 7,881 | 7,773 | 7,872 |
| Buildings and building equipment | 56,222 | 52,673 | 50,761 |
| Computer hardware, software and equipment | 192,880 | 179,926 | 190,689 |
| Furniture and fixtures | 219,025 | 211,833 | 209,246 |
| Construction in progress | 55,374 | 33,660 | 27,341 |
| Improvements to leased property | 375,636 | 366,186 | 363,000 |
| Property and equipment, at cost | 907,018 | 852,051 | 848,909 |
| Accumulated depreciation | (544,714) | (521,440) | (527,678) |
| Property and equipment, net | 362,304 | 330,611 | 321,231 |
| Deferred income taxes | 11,918 | 13,372 | 27,015 |
| Goodwill | 276,209 | 271,222 | 277,028 |
| Trademarks, net of accumulated amortization of \$5,590 at Jul. 29, 2017, \$5,574 at Jan. 28, 2017 and \$5,372 at Jul. 30, 2016 | 86,150 | 84,327 | 86,035 |
| Other intangibles, net of accumulated amortization of \$16,785 at Jul. 29, 2017, \$16,200 at Jan. 28, 2017 and \$16,303 at Jul. 30, 2016 | 2,129 | 2,392 | 3,123 |
| Other noncurrent assets | 22,190 | 22,102 | 43,201 |
| Total Assets | \$1,597,513 | \$1,440,999 | \$1,578,657 |

Genesco Inc.
and Subsidiaries
Condensed Consolidated Balance Sheets
(In Thousands, except share amounts)

| Liabilities and Equity | July 29, 2017 | January 28, 2017 | July 30, 2016 |
|---|------------------|---------------------|------------------|
| Current Liabilities: | | | |
| Accounts payable | \$242,729 | \$170,751 | \$269,371 |
| Accrued employee compensation | 20,297 | 31,128 | 23,529 |
| Accrued other taxes | 19,555 | 23,101 | 22,415 |
| Accrued income taxes | 64 | 7,568 | 4,288 |
| Current portion – long-term debt | 2,051 | 9,175 | 10,620 |
| Other accrued liabilities | 64,225 | 64,333 | 64,233 |
| Provision for discontinued operations | 2,111 | 3,330 | 13,249 |
| Total current liabilities | 351,032 | 309,386 | 407,705 |
| Long-term debt | 188,823 | 73,730 | 124,981 |
| Pension liability | 5,989 | 6,265 | 9,487 |
| Deferred rent and other long-term liabilities | 133,059 | 127,384 | 147,852 |
| Provision for discontinued operations | 1,713 | 1,713 | 1,713 |
| Total liabilities | 680,616 | 518,478 | 691,738 |
| Commitments and contingent liabilities | | | |
| Equity: | | | |
| Non-redeemable preferred stock | 1,061 | 1,060 | 1,071 |
| Common equity: | | | |
| Common stock, \$1 par value: | | | |