

OXFORD INDUSTRIES INC
Form 8-K
April 01, 2004

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): April 1, 2004

Oxford Industries, Inc.

(Exact name of registrant as specified in its charter)

| | | |
|---|------------------------|-------------------------------|
| Georgia | 001-04365 | 58-0831862 |
| (State of incorporation) | Commission File Number | (IRS employer identification) |
| | | |
| 222 Piedmont Avenue NE NE Atlanta, Georgia | | 30308 |
| (Address of principal executive offices) | | (Zip Code) |

Registrant's telephone number, including area code: 404-659-1224

Item 7. Financial Statements and Exhibits

(c) Exhibits

Number

99.1 Press release dated April 1, 2004, regarding the financial results of Oxford Industries, Inc. ("Oxford") for the third quarter of Oxford's fiscal 2004.

Item 12. Other Events

Attached and incorporated herein by reference as Exhibit 99.1 is a copy of Oxford's press release dated April 1, 2004 reporting Oxford's financial results for the third quarter of Oxford's fiscal 2004. This press release is not to be deemed filed pursuant to the Securities Exchange Act of 1934 or to form a part of the Registrant's public disclosure in the

United States or otherwise.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OXFORD INDUSTRIES, INC.

By: /s/ Ben B. Blount, Jr.
Ben B. Blount, Jr.
Executive Vice President and
Chief Financial Officer

Date: April 1, 2004

Exhibit 99.1

Oxford Industries, Inc. Press Release

222 Piedmont Avenue, N.E. • Atlanta, Georgia 30308

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FOR IMMEDIATE RELEASE

April 1, 2004

Oxford Industries Announces Third Quarter Fiscal 2004 Results

Net Earnings Grow 37% to \$9.5 Million

Record EPS of \$0.58, Ahead of Consensus Estimates

ATLANTA, GA. Oxford Industries, Inc. (NYSE:OXM) announced today financial results for the third quarter ended February 27, 2004. The Company reported that third quarter net sales increased 35% to \$281 million versus \$209 million during the third quarter of fiscal 2003. Diluted earnings per share for the third quarter increased to \$0.58 versus a split adjusted \$0.46 in the third quarter of fiscal 2003, ahead of both the Company's guidance and consensus estimates.

For the nine months ended February 27, 2004, net sales increased \$210 million or 37% to \$777 million compared to \$567 million in the previous year. Diluted earnings per share for the first nine months of this year increased to \$1.41 from \$1.04 in the same period last year.

J. Hicks Lanier, Chairman and Chief Executive Officer of Oxford Industries, Inc., commented, "We are pleased to report record sales and earnings for the third quarter. The Tommy Bahama business performed exceptionally well during the quarter, offsetting anticipated declines in other businesses. "

The Tommy Bahama Group contributed \$103 million in sales in the third quarter, an increase of 15% over last year when it operated as an independent, private company. Sales growth was aided by the opening of eight retail stores this fiscal year. At quarter-end, the total number of company owned retail stores stood at 39.

The Menswear Group reported third quarter sales of \$100 million compared to sales of \$121 million last year. Combined shipments to Sears and Lands' End declined \$23 million during the quarter. The decline was due to \$21 million in initial pipeline fill for the rollout of Lands' End merchandise to Sears retail stores in last year's third quarter that did not anniversary in this quarter.

Third quarter sales for the Womenswear Group declined 11% to \$78 million from \$87 million last year. The Company attributed the sales decline to lower shipments of women's apparel to Wal-Mart whose sales in this product category have been sluggish for the past several months.

Oxford's financial results continued to be positively impacted by the inclusion of the Tommy Bahama Group. Gross margins increased ten percentage points to 30.9% from 20.5% last year, driven by the addition of Tommy Bahama's higher margin businesses. Selling, general and administrative expenses increased as a percentage of sales to 23.6% from 15.0% last year, reflecting the higher expense structure of the Tommy Bahama Group. Operating expenses included \$1.7 million in intangible asset amortization expenses associated with the Tommy Bahama acquisition. Operating income for the quarter increased \$10.0 million or 87% to \$21.5 million from \$11.5 million last year.

Interest expense increased for the third quarter to \$6.3 million from \$47 thousand last year as a result of the debt incurred to finance the purchase of Tommy Bahama. Debt to total capital stood at 49% at quarter-end with \$13.6 million in seasonal borrowings outstanding under the Company's \$275 million senior revolving credit facility.

Total inventories increased \$35 million over last year to \$134 million due to the inclusion of \$37 million in Tommy Bahama inventory. The addition of \$49 million in Tommy Bahama accounts receivable was partially offset by a reduction of \$32 million in the other groups, resulting in an increase in total accounts receivable of \$17 million.

The Company narrowed and reaffirmed its guidance for the fourth quarter of this fiscal year to reflect an expectation of continued strong financial results for the remainder of the year. For the fiscal fourth quarter, the Company anticipates sales in the range of \$300 to \$310 million and diluted earnings per share in the range of \$0.85 to \$0.88 as compared to its prior expectation for sales of \$295 million to \$310 million and diluted earnings per share of \$0.84 to \$0.88. For the fiscal year ending May 28, 2004, the Company now anticipates sales in the range of \$1.07 to \$1.08 billion and diluted earnings per share in the range of \$2.26 to \$2.29. This compares to previous earnings guidance of \$2.18 to \$2.26.

"We are extremely pleased with the combination of Oxford and Tommy Bahama. With a greater diversity of products, price points and channels of distribution, we believe the company is well-positioned for continuing growth and profitability."

Senior management of the Company will hold a conference call to discuss the financial results at 4:30 p.m. ET today. A live Webcast of the conference call will be available on the Company's Web site at www.oxfordinc.com. Please visit the Web site at least 15 minutes early to register for the teleconference Web cast and download any necessary software.

A replay of the call will be available from April 1, 2004 through April 15, 2004. To access the telephone replay, domestic participants should dial (877) 519-4471 and international participants should dial (973) 341-3080. The access code for the replay is 4636222. A replay of the Webcast will also be available following the conference call on Oxford Industries' corporate Website.

Oxford Industries, Inc. is a leading producer and marketer of branded and private label apparel for men, women and children. Oxford provides retailers and consumers with a wide variety of apparel products and services to suit their individual needs. Oxford's brands include Tommy Bahama®, Indigo Palms®, Island Soft®, Ely & Walker® and Oxford Golf®. The Company also holds exclusive licenses to produce and sell certain product categories under the Tommy Hilfiger®, Nautica®, Geoffrey Beene®, Slates®, Dockers® and Oscar de la Renta® labels. Oxford's customers are found in every major channel of distribution including national chains, specialty catalogs, mass merchants, department stores, specialty stores and Internet retailers.

The Company's common stock has traded on the NYSE since 1964 under the symbol OXM. For more information, please visit our website at www.oxfordinc.com.

CAUTIONARY STATEMENT FOR THE PURPOSE OF THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

The matters in this press release that are forward-looking statements, including but not limited to statements about our expected business outlook, anticipated financial and operating results, the anticipated benefits of the Viewpoint acquisition, growth of particular product lines, strategies, contingencies, financing plans, working capital needs, sources of liquidity, estimated amounts and timing of capital expenditures and other expenditures, are based on current management expectations that involve certain risks which if realized, in whole or in part, could have a material adverse effect on Oxford's business, financial condition and results of operations, including, without limitation: (1) general economic cycles; (2) competitive conditions in our industry; (3) price deflation in worldwide apparel industry; (4) our ability to identify and respond to rapidly changing fashion trends and to offer innovative and upgraded products; (5) the price and availability of raw materials; (6) our dependence on and relationships with key customers; (7) the ability of our third party producers to deliver quality products in a timely manner; (8) potential disruptions in the operation of our distribution facilities; (9) economic and political conditions in the foreign countries in which we operate or source our products; (10) regulatory risks associated with importing products; (11) the impact of labor disputes and wars or acts of terrorism on our business; (12) increased competition from direct sourcing; (13) our ability to maintain our licenses; (14) our ability to protect our intellectual property and prevent our trademarks and service marks and goodwill from being harmed by competitors' products; (15) our reliance on key management; (16) our inability to retain premium pricing on *Tommy Bahama* products due to competitive or other factors; (17) the impact of reduced travel to resort locations on our sales; (18) risks related to our operation of restaurants under the *Tommy Bahama* name; (19) the integration of Viewpoint into our company; (20) the expansion of our business through the Viewpoint acquisition into new businesses; (21) our ability to successfully implement our growth plans for *Tommy Bahama*; (22) our ability to open new *Tommy Bahama* stores; and (23) unforeseen liabilities associated with the acquisition of Viewpoint and other businesses.

For a further discussion of significant factors to consider in connection with forward-looking statements concerning Oxford, reference is made to Exhibit 99.1 to Oxford's Current Report on Form 8-K dated July 16, 2003; other risks or uncertainties may be detailed from time to time in Oxford's future SEC filings. Oxford disclaims any duty to update any forward-looking statements.

| OXFORD INDUSTRIES, INC. | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| CONSOLIDATED STATEMENTS OF EARNINGS | | | | |
| (UNAUDITED) | | | | |
| \$ in thousands except per share amounts | Quarters Ended | | Nine Months Ended | |
| | February 27, 2004 | February 28, 2003 | February 27, 2004 | February 28, 2003 |
| Net Sales | \$281,418 | \$208,969 | \$777,406 | \$566,529 |
| Cost of goods sold | 194,350 | 166,056 | 542,615 | 447,968 |
| Gross Profit | 87,068 | 42,913 | 234,791 | 118,561 |
| Selling, general and administrative | 64,802 | 31,399 | 177,663 | 92,404 |
| Amortization of intangibles | 1,678 | 19 | 5,033 | 58 |
| | 66,480 | 31,418 | 182,696 | 92,462 |
| Royalties and other operating income | 931 | - | 3,251 | - |
| Operating Income | 21,519 | 11,495 | 55,346 | 26,099 |
| Interest expense, net | 6,255 | 47 | 18,099 | 149 |
| Earnings Before Income Taxes | 15,264 | 11,448 | 37,247 | 25,950 |
| Income Taxes | 5,724 | 4,521 | 14,025 | 10,250 |
| Net Earnings | \$9,540 | \$6,927 | \$23,222 | \$15,700 |
| Basic Earnings Per Common Share | \$0.59 | \$0.46 | \$1.45 | \$1.04 |
| Diluted Earnings Per Common Share | \$0.58 | \$0.46 | \$1.41 | \$1.04 |
| Basic Shares Outstanding | 16,197,415 | 15,036,118 | 16,061,879 | 15,033,052 |
| Diluted Shares Outstanding | 16,670,010 | 15,133,584 | 16,516,781 | 15,115,266 |
| Dividends Per Share | \$0.12 | \$0.105 | \$0.33 | \$0.315 |

| | | |
|-----------------------------|--|--|
| OXFORD INDUSTRIES, INC. | | |
| CONSOLIDATED BALANCE SHEETS | | |
| (UNAUDITED) | | |
| | | |

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| \$ in thousands | | February 27, 2004 | February 28, 2003 |
|---|--------------------------------------|----------------------|----------------------|
| Assets | | | |
| Current Assets: | | | |
| | Cash and cash equivalents | \$ 6,416 | \$ 6,526 |
| | Receivables | 167,172 | 149,880 |
| | Inventories | 133,693 | 98,885 |
| | Prepaid expenses | 19,325 | 9,515 |
| | Total Current Assets | 326,606 | 264,806 |
| Property, plant and equipment, net | | 51,624 | 23,573 |
| Goodwill | | 93,642 | 5,839 |
| Intangibles, net | | 149,011 | 702 |
| Other assets, net | | 22,034 | 2,476 |
| Deferred income taxes | | - | 719 |
| | Total Assets | \$642,917 | \$298,115 |
| Liabilities and Stockholders' Equity | | | |
| Current Liabilities: | | | |
| | Notes Payable | \$13,600 | \$10,000 |
| | Trade accounts payable | 85,670 | 58,758 |
| | Accrued compensation | 23,489 | 19,208 |
| | Other accrued expenses | 28,891 | 15,269 |
| | Dividends payable | 1,945 | 1,579 |
| | Income taxes payable | 2,646 | 2,383 |
| | Current maturities of long-term debt | 98 | 128 |
| | Total Current Liabilities | 156,339 | 107,325 |
| Notes payable | | 198,715 | - |
| Other long-term debt, less current maturities | | 68 | 29 |
| Noncurrent liabilities | | 10,765 | 4,500 |
| Deferred income taxes | | 52,650 | - |
| Stockholders' Equity: | | | |
| | Common stock | 16,213 | 15,040 |
| | Additional paid-in capital | 23,627 | 7,185 |
| | Retained earnings | 184,540 | 164,036 |
| Total Stockholders' Equity | | 224,380 | 186,261 |
| Total Liabilities and Stockholders' Equity | | \$642,917 | \$298,115 |

| OXFORD INDUSTRIES, INC. | | |
|---|-------------------|-------------------|
| CONSOLIDATED STATEMENTS OF CASH FLOWS | | |
| (UNAUDITED) | | |
| | Nine Months Ended | |
| \$ in thousands | February 27, 2004 | February 28, 2003 |
| Cash Flows From Operating Activities | | |
| Net earnings | \$23,222 | \$15,700 |
| Adjustments to reconcile net earnings to net cash provided by (used in) operating activities: | | |
| Depreciation | 8,088 | 4,426 |
| Amortization of intangible assets | 5,033 | 58 |
| Amortization of deferred financing costs | 1,840 | - |
| Amortization of bond discount | 134 | - |
| Gain on sale of assets | (749) | - |
| Equity income | (105) | - |
| Deferred income taxes | (1,652) | (580) |
| Changes in working capital: | | |
| Receivables | (27,273) | (46,682) |

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| | | | |
|--|---|-----------|----------|
| | Inventories | (990) | (14,344) |
| | Prepaid expenses | (776) | (418) |
| | Trade accounts payable | 3,085 | 15,438 |
| | Accrued expenses and other current liabilities | (6,762) | 9,475 |
| | Income taxes payable | (769) | 2,383 |
| Other noncurrent assets | | (4,171) | (833) |
| Other noncurrent liabilities | | 5,141 | - |
| | Net cash provided by(used in) operating activities | 3,296 | (15,377) |
| Cash Flows from Investing Activities | | | |
| | Acquisition net of cash acquired | (222,737) | - |
| | Decrease in restricted cash | 204,986 | - |
| | Investment in deferred compensation plan | (1,656) | - |
| | Purchases of property, plant and equipment | (10,823) | (1,410) |
| | Proceeds from sale of property, plant and equipment | 1,111 | 598 |
| | Net cash used in investing activities | (29,119) | (812) |
| Cash Flows from Financing Activities | | | |
| | Proceeds from short-term debt, net | 13,600 | 10,000 |
| | Payments of long-term debt | (196) | (237) |
| | Payments of debt issuance costs | (7,415) | - |
| | Proceeds from issuance of common stock | 7,132 | 95 |
| | Dividends on common stock | (4,973) | (4,734) |
| | Net cash provided by financing activities | 8,148 | 5,124 |
| Net change in Cash and Cash Equivalents | | (17,675) | (11,065) |
| Cash and Cash Equivalents at the Beginning of Period | | 24,091 | 17,591 |
| Cash and Cash Equivalents at the End of Period | | \$6,416 | \$6,526 |

| OXFORD INDUSTRIES, INC | | | | |
|-------------------------|----------------|---------------|-------------------|---------------|
| SEGMENT INFORMATION | | | | |
| (UNAUDITED) | | | | |
| \$ in thousands | Quarters Ended | | Nine Months Ended | |
| | Feb. 27, 2004 | Feb. 28, 2003 | Feb. 27, 2004 | Feb. 28, 2003 |
| Net Sales | | | | |
| Oxford Menswear Group | \$ 99,828 | \$ 121,415 | \$ 330,935 | \$ 347,654 |
| Oxford Womenswear Group | 78,052 | 87,489 | 202,846 | 218,653 |
| Tommy Bahama Group | 103,438 | - | 243,105 | - |
| Corporate and Other | 100 | 65 | 520 | 222 |
| Net Sales | \$ 281,418 | \$ 208,969 | \$ 777,406 | \$ 566,529 |
| Operating Income | | | | |
| Oxford Menswear Group | \$ 7,016 | \$ 8,945 | \$ 26,712 | \$ 22,187 |
| Oxford Womenswear Group | 3,341 | 5,759 | 8,458 | 11,066 |
| Tommy Bahama Group | 14,822 | - | 29,331 | - |
| Corporate and Other | (3,660) | (3,209) | (9,155) | (7,154) |
| Operating income | 21,519 | 11,495 | 55,346 | 26,099 |
| Interest expense, net | 6,255 | 47 | 18,099 | 149 |

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| | | | | | |
|-----------------------|----------|-----------|--|----------|----------|
| Earnings before taxes | \$15,264 | \$ 11,448 | | \$37,247 | \$25,950 |
| | | | | | |
| | | | | | |