

STEIN MART INC
Form 10-Q
December 08, 2010
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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 30, 2010

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 0-20052

STEIN MART, INC.

(Exact name of registrant as specified in its charter)

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Florida
(State or other jurisdiction of
incorporation or organization)

64-0466198
(I.R.S. Employer
Identification Number)

1200 Riverplace Blvd., Jacksonville, Florida
(Address of principal executive offices)

32207
(Zip Code)

Registrant's telephone number, including area code: (904) 346-1500

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 a 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

The number of shares outstanding of the Registrant's common stock as of November 26, 2010 was 43,472,522.

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STEIN MART, INC.

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Table of Contents**Stein Mart, Inc.****Condensed Consolidated Balance Sheets****(Unaudited)**

(In thousands, except for share data)

| | October 30, 2010 | January 30, 2010 | October 31, 2009 |
|--|------------------|------------------|------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 80,546 | \$ 80,975 | \$ 59,219 |
| Trade and other receivables | 12,063 | 10,178 | 10,000 |
| Inventories | 280,986 | 218,125 | 253,658 |
| Income taxes receivable | 723 | | |
| Prepaid expenses and other current assets | 12,770 | 11,112 | 13,806 |
| Total current assets | 387,088 | 320,390 | 336,683 |
| Property and equipment, net | 77,313 | 68,415 | 76,624 |
| Other assets | 14,614 | 15,408 | 16,622 |
| Total assets | \$ 479,015 | \$ 404,213 | \$ 429,929 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 137,573 | \$ 80,318 | \$ 118,479 |
| Accrued liabilities | 73,069 | 84,330 | 79,963 |
| Income taxes payable | | 2,961 | 226 |
| Total current liabilities | 210,642 | 167,609 | 198,668 |
| Other liabilities | 19,691 | 20,915 | 20,146 |
| Total liabilities | 230,333 | 188,524 | 218,814 |
| COMMITMENTS AND CONTINGENCIES | | | |
| Stockholders' equity: | | | |
| Preferred stock - \$.01 par value; 1,000,000 shares authorized; no shares issued or outstanding | | | |
| Common stock - \$.01 par value; 100,000,000 shares authorized; 43,460,452, 42,872,457 and 42,843,900 shares issued and outstanding, respectively | 435 | 429 | 428 |
| Additional paid-in capital | 19,041 | 15,977 | 13,963 |
| Retained earnings | 228,637 | 198,705 | 195,961 |
| Accumulated other comprehensive income | 569 | 578 | 763 |
| Total stockholders' equity | 248,682 | 215,689 | 211,115 |
| Total liabilities and stockholders' equity | \$ 479,015 | \$ 404,213 | \$ 429,929 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**Stein Mart, Inc.****Condensed Consolidated Statements of Income****(Unaudited)**

(In thousands, except per share amounts)

| | 13 Weeks Ended October 30, 2010 | 13 Weeks Ended October 31, 2009 | 39 Weeks Ended October 30, 2010 | 39 Weeks Ended October 31, 2009 |
|--|--|---------------------------------------|--|---------------------------------------|
| Net sales | \$ 267,887 | \$ 270,209 | \$ 844,840 | \$ 877,280 |
| Cost of merchandise sold | 199,862 | 200,608 | 620,208 | 635,400 |
| Gross profit | 68,025 | 69,601 | 224,632 | 241,880 |
| Selling, general and administrative expenses | 70,165 | 73,330 | 211,852 | 227,406 |
| Other income, net | 4,699 | 4,887 | 24,434 | 14,194 |
| Income from operations | 2,559 | 1,158 | 37,214 | 28,668 |
| Interest income (expense), net | 13 | 10 | 37 | (248) |
| Income before income taxes | 2,572 | 1,168 | 37,251 | 28,420 |
| Income tax benefit (provision) | 1,723 | 2,031 | (7,319) | (7,611) |
| Net income | \$ 4,295 | \$ 3,199 | \$ 29,932 | \$ 20,809 |
| Net income per share: | | | | |
| Basic | \$ 0.10 | \$ 0.07 | \$ 0.68 | \$ 0.49 |
| Diluted | \$ 0.10 | \$ 0.07 | \$ 0.67 | \$ 0.47 |
| Weighted-average shares outstanding: | | | | |
| Basic | 42,677 | 41,883 | 42,600 | 41,780 |
| Diluted | 43,714 | 44,251 | 43,509 | 43,344 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**Stein Mart, Inc.****Condensed Consolidated Statements of Cash Flows****(Unaudited)**

(In thousands)

| | 39 Weeks Ended October 30, 2010 | 39 Weeks Ended October 31, 2009 |
|---|--|--|
| Cash flows from operating activities: | | |
| Net income | \$ 29,932 | \$ 20,809 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 12,937 | 14,476 |
| Impairment of property and other assets | 575 | 726 |
| Change in valuation allowance for deferred tax assets | (6,570) | (5,781) |
| Deferred income taxes | 6,570 | 6,067 |
| Store closing charges | 286 | 1,675 |
| Share-based compensation | 2,281 | 3,024 |
| Tax benefit from equity issuances | 2,077 | 255 |
| Excess tax benefits from share-based compensation | (2,032) | (198) |
| Changes in assets and liabilities: | | |
| Trade and other receivables | (1,885) | (989) |
| Inventories | (62,861) | (46,519) |
| Income taxes receivable | (723) | 24,439 |
| Prepaid expenses and other current assets | (1,658) | (1,717) |
| Other assets | (498) | 3,368 |
| Accounts payable | 57,255 | 62,796 |
| Accrued liabilities | (10,543) | 683 |
| Income taxes payable | (2,961) | 226 |
| Other liabilities | (1,348) | (8,522) |
| Net cash provided by operating activities | 20,834 | 74,818 |
| Cash flows from investing activities: | | |
| Capital expenditures | (22,007) | (5,399) |
| Net cash used in investing activities | (22,007) | (5,399) |
| Cash flows from financing activities: | | |
| Borrowings under notes payable to banks | | 57,250 |
| Repayments of notes payable to banks | | (157,250) |
| Excess tax benefits from share-based compensation | 2,032 | 198 |
| Proceeds from exercise of stock options | 466 | 691 |
| Proceeds from employee stock purchase plan | 368 | 96 |
| Repurchase of common stock for employee withholdings | (2,122) | (88) |
| Net cash provided by (used in) financing activities | 744 | (99,103) |
| Net decrease in cash and cash equivalents | (429) | (29,684) |
| Cash and cash equivalents at beginning of year | 80,975 | 88,903 |