

OXFORD INDUSTRIES INC
Form 8-K
July 28, 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): July 28, 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 July 28, 2004, regarding the financial results of Oxford Industries, Inc. ("Oxford") for the year ended May 28, 2004.

Item 12. Other Events

Attached and incorporated herein by reference as Exhibit 99.1 is a copy of Oxford's press release dated July 28, 2004 reporting Oxford's financial results for the year ended May 28, 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: July 28 2004

Oxford Industries, Inc. Press Release

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

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FOR IMMEDIATE RELEASE

July 28, 2004

Oxford Industries Announces Record Sales and Earnings

Full-Year Net Sales Grow 46% to a Record \$1.117 Billion

Full-Year Net Earnings Grow 95% to a Record \$39.7 Million

Ben Sherman Acquisition to Close on July 30, 2004

Expects Strong Fiscal 2005 Results, Issues EPS Guidance of \$2.70 to \$2.85

ATLANTA, GA. - Oxford Industries, Inc. (NYSE:OXM) announced today financial results for the fourth quarter and full year ended May 28, 2004. The Company reported that, for the full year, net sales increased 46% to \$1.117 billion from \$764.6 million in fiscal 2003. Net income increased 95% to \$39.7 million from \$20.3 million last year. Diluted earnings per share for the full year increased 78% to \$2.38 from \$1.34 in fiscal 2003.

For the fourth quarter, Oxford reported that net sales increased 71% to \$339.1 million versus \$198.1 million in the fourth quarter of last year. Net income increased 256% to \$16.5 million from \$4.6 million last year. Diluted earnings per share for the fourth quarter increased by 223% to \$0.97 per share, higher than the Company's guidance and the most recent consensus estimate of \$0.88.

J. Hicks Lanier, Chairman and Chief Executive Officer of Oxford, Inc. commented, "We are very pleased to have ended the fiscal year with such a strong quarterly performance and to continue to build a strong track record of results. This past year was truly transformational for our company as we integrated the acquisition of Tommy Bahama and announced an agreement to acquire Ben Sherman. We expect continued solid performance in the year ahead from our Menswear and Womenswear Groups and have high expectations from our newly acquired businesses."

The Company noted that better than expected shipments in women's sportswear led the Womenswear Group to a 5.4% sales increase in the fourth quarter to \$95.0 million from \$90.1 million last year. The Menswear Group benefited from new programs with existing customers that resulted in a fourth quarter sales increase of 9.3% to \$117.9 million from \$107.9 million last year. The Tommy Bahama Group contributed \$126.0 million in the fourth quarter, an increase of 32% over last year when Tommy Bahama was still a private company.

Gross margins for the quarter increased by over ten percentage points to 31.2% versus the year-ago level of 20.8%. For the full year, gross margins rose to 30.5% versus 20.9% in fiscal 2003 due to the higher margins earned by the Tommy Bahama business. Operating expenses, which also reflect the addition of Tommy Bahama, increased as a percentage of sales to 22.4% in the quarter versus a year-ago level of 16.1%. For the full year, operating expenses were 23.2% of sales versus 16.3% in fiscal 2003.

Mr. Lanier noted, "We are looking ahead to another strong year of growth for our company. A combination of stable performance in our Menswear and Womenswear Groups, continued growth in Tommy Bahama, and the pending inclusion of revenues and earnings from the Ben Sherman acquisition make us confident that we can continue to deliver strong financial results."

Mr. Lanier continued, "We are committed to growing our market presence, particularly in the branded apparel arena. We believe that increasing our focus on lifestyle brands is the right strategy for our company for the long-term. In our Menswear and Womenswear Groups, which are prime sources of revenue and cash flow, we will continue to grow the high value-added segments and rationalize under-performing operations."

To finance the Ben Sherman acquisition and to provide for future growth, the Company has entered into a new \$280 million, five-year revolving credit facility. In connection with the new credit facility, a portion of the deferred

financing fees from the previous credit facility will be written off. This non-cash charge will take place in the first quarter and will amount to approximately \$0.05 per diluted share.

Also today, Oxford updated its financial guidance for fiscal 2005 to reflect the write-off of deferred financing fees and the acquisition of Ben Sherman which is expected to close on July 30, 2004. The Company expects to report fiscal 2005 sales of between \$1.285 billion and \$1.325 billion. It expects to report diluted earnings per share in the range of \$2.70 to \$2.85. For the first quarter, the Company anticipates sales in the range of \$275 to \$285 million and diluted earnings per share in the range of \$0.37 to \$0.39. For the second quarter, the company anticipates sales in the range of \$305 to \$315 million and diluted earnings per share in the range of \$0.48 to \$0.52. For the second half, the company believes appropriate targets for sales are in the range of \$705 to \$725 million and for earnings per share of between \$1.85 and \$1.95.

Oxford Industries, Inc. is a 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

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operate or source our products; (10) risks associated with changes in global currency exchange rates; (11) regulatory risks associated with importing products; (12) the impact of labor disputes and wars or acts of terrorism on our business; (13) increased competition from direct sourcing; (14) our ability to maintain our licenses; (15) our ability to protect our intellectual property and prevent our trademarks and service marks and goodwill from being harmed by competitors' products; (16) our reliance on key management; (17) our inability to retain current pricing on our products due to competitive or other factors; (18) the impact of reduced travel to resort locations on our sales; (19) risks related to our operation of restaurants under the *Tommy Bahama* name; (20) the integration of Ben Sherman into our company; (21) the expansion of our business through the acquisition of new businesses; (22) our ability to successfully implement our growth plans for acquired businesses; (23) our ability to open new retail stores; and (24) unforeseen liabilities associated with the acquisition of acquired 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 | | Year Ended | |
| | May 28, 2004 | May 30, 2003 | May 28, 2004 | May 30, 2003 |
| Net Sales | \$339,146 | \$198,073 | \$1,116,552 | \$764,602 |
| Cost of goods sold | 233,493 | 156,923 | 776,108 | 604,891 |
| Gross Profit | 105,653 | 41,150 | 340,444 | 159,711 |
| Selling, general and administrative | 74,173 | 31,881 | 251,836 | 124,285 |
| Amortization of intangibles | 1,676 | 19 | 6,709 | 77 |
| | 75,849 | 31,900 | 258,545 | 124,362 |
| Royalties and other operating income | 1,863 | - | 5,114 | - |
| Operating Income | 31,667 | 9,250 | 87,013 | 35,349 |
| Interest expense, net | 5,814 | 1,786 | 23,913 | 1,935 |
| Earnings Before Income Taxes | 25,853 | 7,464 | 63,100 | 33,414 |
| Income Taxes | 9,359 | 2,837 | 23,384 | 13,087 |
| Net Earnings | \$16,494 | \$4,627 | \$39,716 | \$20,327 |
| Basic Earnings Per Share | \$1.02 | \$0.31 | \$2.47 | \$1.35 |
| Diluted Earnings Per Share | \$0.97 | \$0.30 | \$2.38 | \$1.34 |
| Basic Shares Outstanding | 16,214,175 | 15,039,732 | 16,099,851 | 15,034,720 |
| Diluted Shares Outstanding | 17,235,628 | 15,218,544 | 16,698,744 | 15,143,290 |
| Dividends Per Share | \$0.12 | \$0.105 | \$0.45 | \$0.42 |

| OXFORD INDUSTRIES, INC. | | |
|---|------------------|------------------|
| CONSOLIDATED BALANCE SHEETS | | |
| (UNAUDITED) | | |
| \$ in thousands | May 28, 2004 | May 30, 2003 |
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 47,569 | \$ 24,091 |
| Receivables | 176,367 | 110,304 |
| Inventories | 116,410 | 104,334 |
| Prepaid expenses | 16,475 | 12,631 |
| Total Current Assets | 356,821 | 251,360 |
| Property, plant and equipment, net | 51,826 | 21,971 |
| Restricted cash in escrow | - | 204,986 |
| Goodwill | 115,426 | 5,839 |
| Intangibles, net | 147,333 | 682 |
| Other assets, net | 23,411 | 9,408 |
| Deferred income taxes | - | 119 |
| Total Assets | \$694,817 | \$494,365 |
| Liabilities and Stockholders' Equity | | |
| Current Liabilities: | | |
| Trade accounts payable | \$100,813 | \$59,031 |
| Accrued compensation | 33,113 | 23,556 |
| Additional acquisition cost payable | 22,779 | - |
| Other accrued expenses | 30,440 | 15,063 |
| Dividends payable | 1,946 | 1,579 |
| Income taxes payable | 4,294 | 2,551 |
| Current maturities of long-term debt | 98 | 134 |

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| | | | |
|---|----------------------------|-----------|-----------|
| | Total Current Liabilities | 193,483 | 101,914 |
| Notes payable | | 198,760 | 198,581 |
| Other long-term debt, less current maturities | | 54 | 5 |
| Noncurrent liabilities | | 11,124 | 4,500 |
| Deferred income taxes | | 52,419 | - |
| Stockholders' Equity: | | | |
| | Common stock | 16,215 | 15,044 |
| | Additional paid-in capital | 23,673 | 7,237 |
| | Retained earnings | 199,089 | 167,084 |
| Total Stockholders' Equity | | 238,977 | 189,365 |
| Total Liabilities and Stockholders' Equity | | \$694,817 | \$494,365 |

| | | | |
|--|--|--------------|--------------|
| OXFORD INDUSTRIES, INC. | | | |
| CONSOLIDATED STATEMENTS OF CASH FLOWS | | | |
| (UNAUDITED) | | | |
| | Year Ended | | |
| \$ in thousands | | May 28, 2004 | May 30, 2003 |
| Cash Flows From Operating Activities | | | |
| Net earnings | | \$39,716 | \$20,327 |
| Adjustments to reconcile net earnings to | | | |
| Net cash provided by (used in) operating activities: | | | |
| | Depreciation | 11,702 | 5,860 |
| | Amortization of intangible assets | 6,760 | 77 |
| | Amortization of deferred financing costs | 2,475 | 50 |
| | Amortization of bond discount | 179 | - |

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| | | | |
|--|---|-----------|-----------|
| | (Gain) loss on sale of assets | (637) | 462 |
| | Equity income | (321) | - |
| | Deferred income taxes | (2,685) | (2,371) |
| Changes in working capital: | | | |
| | Receivables | (36,354) | (7,106) |
| | Inventories | 15,992 | (19,793) |
| | Prepaid expenses | 1,973 | (1,143) |
| | Trade accounts payable | 18,228 | 15,711 |
| | Accrued expenses and other current liabilities | 4,411 | 13,617 |
| | Income taxes payable | 879 | 2,551 |
| Other noncurrent assets | | (4,916) | (649) |
| Other noncurrent liabilities | | 5,500 | - |
| | Net cash provided by operating activities | 62,902 | 27,593 |
| Cash Flows from Investing Activities | | | |
| | Acquisition net of cash acquired | (222,737) | - |
| | Decrease (increase) in restricted cash | 204,986 | (204,986) |
| | Investment in deferred compensation plan | (1,842) | - |
| | Purchases of property, plant and equipment | (14,143) | (2,051) |
| | Proceeds from sale of property, plant and equipment | 1,675 | 947 |
| | Net cash used in investing activities | (32,061) | (206,090) |
| Cash Flows from Financing Activities | | | |
| | Payments of long-term debt | (210) | (255) |
| | Payments of debt issuance costs | (7,416) | (7,167) |
| | Proceeds from issuance of common stock | 7,181 | 151 |
| | Proceeds from issuance of notes | - | 198,581 |
| | Dividends on common stock | (6,918) | (6,313) |
| | Net cash (used in) provided by financing activities | (7,363) | 184,997 |
| Net increase in Cash and Cash Equivalents | | 23,478 | 6,500 |
| Cash and Cash Equivalents at the Beginning of Period | | 24,091 | 17,591 |
| Cash and Cash Equivalents at the End of Period | | \$47,569 | \$24,091 |

Supplemental schedule of noncash investing and financing activities:

At May 28, 2004, we accrued \$22,779 related to additional acquisition cost that had not been paid.

| OXFORD INDUSTRIES, INC | | | | |
|-------------------------|----------------|--------------|--------------|--------------|
| SEGMENT INFORMATION | | | | |
| (UNAUDITED) | | | | |
| \$ in thousands | Quarters Ended | | Year Ended | |
| | May 28, 2004 | May 30, 2003 | May 28, 2004 | May 30, 2003 |
| Net Sales | | | | |
| Oxford Menswear Group | \$ 117,865 | \$ 107,862 | \$ 448,800 | \$ 455,516 |
| Oxford Womenswear Group | 95,019 | 90,109 | 297,865 | 308,762 |
| Tommy Bahama Group | 126,043 | - | 369,148 | - |
| Corporate and Other | 219 | 102 | 739 | 324 |
| Net Sales | \$ 339,146 | \$ 198,073 | \$ 1,116,552 | \$ 764,602 |
| Operating Income | | | | |
| Oxford Menswear Group | \$ 15,203 | \$ 5,650 | \$ 41,915 | \$ 27,837 |
| Oxford Womenswear Group | 3,125 | 6,255 | 11,583 | 17,321 |
| Tommy Bahama Group | 21,313 | - | 50,644 | - |

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| | | | | | |
|-----------------------|----------|----------|--|----------|----------|
| Corporate and Other | (7,974) | (2,655) | | (17,129) | (9,809) |
| Operating income | 31,667 | 9,250 | | 87,013 | 35,349 |
| Interest expense, net | 5,814 | 1,786 | | 23,913 | 1,935 |
| Earnings before taxes | \$25,853 | \$ 7,464 | | \$63,100 | \$33,414 |
| | | | | | |
| | | | | | |