

MARINEMAX INC  
Form 10-Q  
February 07, 2013  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, DC 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 DECEMBER 31, 2012.**

**Commission File Number. 1-14173**

**MARINEMAX, INC.**

**(Exact Name of Registrant as Specified in Its Charter)**

**Delaware**  
**(State or Other Jurisdiction of**

**59-3496957**  
**(I.R.S. Employer**

Edgar Filing: MARINEMAX INC - Form 10-Q

Incorporation or Organization)

Identification Number)

18167 U.S. Highway 19 North, Suite 300

Clearwater, Florida  
(Address of Principal Executive Offices)

33764  
(ZIP Code)

727-531-1700

(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 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 or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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 outstanding shares of the registrant's Common Stock on January 31, 2013 was 23,841,083.

**Table of Contents**

MARINEMAX, INC. AND SUBSIDIARIES

**Table of Contents**

<b>Item No.</b>	<b>Page</b>
<b><u>PART I FINANCIAL INFORMATION</u></b>	
<b><u>1. Financial Statements (Unaudited):</u></b>	
<u>Condensed Consolidated Statements of Operations for the Three Months Ended December 31, 2011 and 2012</u>	3
<u>Condensed Consolidated Balance Sheets as of September 30, 2012 and December 31, 2012</u>	4
<u>Condensed Consolidated Statement of Stockholders' Equity for the Three Months Ended December 31, 2012</u>	5
<u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended December 31, 2011 and 2012</u>	6
<u>Notes to Condensed Consolidated Financial Statements</u>	7
<u>2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	15
<u>3. Quantitative and Qualitative Disclosures About Market Risk</u>	22
<u>4. Controls and Procedures</u>	22
<b><u>PART II OTHER INFORMATION</u></b>	
<b><u>1. Legal Proceedings</u></b>	
<u>1A. Risk Factors</u>	24
<u>2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	24
<u>3. Defaults Upon Senior Securities</u>	24
<u>4. Mine Safety Disclosures</u>	24
<u>5. Other Information</u>	24
<u>6. Exhibits</u>	24
<b><u>SIGNATURES</u></b>	
<u>EX 31.1</u>	26
<u>EX 31.2</u>	
<u>EX 32.1</u>	
<u>EX 32.2</u>	
<u>EX 101 INSTANCE DOCUMENT</u>	
<u>EX 101 SCHEMA DOCUMENT</u>	
<u>EX 101 CALCULATION LINKBASE DOCUMENT</u>	
<u>EX 101 LABEL LINKBASE DOCUMENT</u>	
<u>EX 101 PRESENTATION LINKBASE DOCUMENT</u>	
<u>EX 101 DEFINITION LINKBASE DOCUMENT</u>	

**Table of Contents****PART I FINANCIAL INFORMATION****ITEM 1. Financial Statements****MARINEMAX, INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Operations****(Amounts in thousands, except share and per share data)****(Unaudited)**

	<b>Three Months Ended December 31,</b>	
	<b>2011</b>	<b>2012</b>
Revenue	\$ 91,787	\$ 99,051
Cost of sales	66,213	72,773
Gross profit	25,574	26,278
Selling, general, and administrative expenses	28,570	29,443
Loss from operations	(2,996)	(3,165)
Interest expense	1,217	997
Loss before income tax benefit	(4,213)	(4,162)
Income tax benefit		
Net loss	\$ (4,213)	\$ (4,162)
Basic and diluted net loss per common share	\$ (0.19)	\$ (0.18)
Weighted average number of common shares used in computing net loss per common share:		
Basic and diluted	22,592,370	22,955,715

See accompanying notes to condensed consolidated financial statements.

**Table of Contents****MARINEMAX, INC. AND SUBSIDIARIES****Condensed Consolidated Balance Sheets**

(Amounts in thousands, except share and per share data)

	September 30, 2012	December 31, 2012 (Unaudited)
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 23,617	\$ 15,393
Accounts receivable, net	18,820	13,513
Inventories, net	215,120	226,812
Prepaid expenses and other current assets	5,053	4,712
<b>Total current assets</b>	<b>262,610</b>	<b>260,430</b>
Property and equipment, net	98,796	98,870
Other long-term assets, net	3,715	3,953
<b>Total assets</b>	<b>\$ 365,121</b>	<b>\$ 363,253</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 8,457	\$ 5,782
Customer deposits	8,495	13,820
Accrued expenses	23,266	20,248
Short-term borrowings	120,647	123,366
<b>Total current liabilities</b>	<b>160,865</b>	<b>163,216</b>
Long-term liabilities	3,312	1,853
<b>Total liabilities</b>	<b>164,177</b>	<b>165,069</b>
<b>STOCKHOLDERS EQUITY:</b>		
Preferred stock, \$.001 par value, 1,000,000 shares authorized, none issued or outstanding at September 30, 2012 and December 31, 2012		
Common stock, \$.001 par value, 40,000,000 shares authorized, 23,701,050 and 23,763,811 shares issued and 22,910,150 and 22,972,911 shares outstanding at September 30, 2012 and December 31, 2012, respectively	24	24
Additional paid-in capital	215,885	217,287
Retained earnings (accumulated deficit)	845	(3,317)
Treasury stock, at cost, 790,900 shares held at September 30, 2012 and December 31, 2012	(15,810)	(15,810)
<b>Total stockholders equity</b>	<b>200,944</b>	<b>198,184</b>
<b>Total liabilities and stockholders equity</b>	<b>\$ 365,121</b>	<b>\$ 363,253</b>

See accompanying notes to condensed consolidated financial statements.



**Table of Contents**

**MARINEMAX, INC. AND SUBSIDIARIES**

**Condensed Consolidated Statement of Stockholders Equity**

(Amounts in thousands, except share data)

(Unaudited)

	Common Stock		Additional	Retained	Treasury	Total
	Shares	Amount	Paid-in	Earnings	Stock	Stockholders
			Capital	(Accumulated		Equity
				Deficit)		
BALANCE, September 30, 2012	23,701,050	\$ 24	\$ 215,885	\$ 845	\$ (15,810)	\$ 200,944
Net loss				(4,162)		(4,162)
Shares issued pursuant to employee stock purchase plan	38,335		268			268
Shares issued upon exercise of stock options	18,832		84			84
Stock-based compensation	5,594		1,050			1,050
BALANCE, December 31, 2012	23,763,811	\$ 24	\$ 217,287	\$ (3,317)	\$ (15,810)	\$ 198,184

See accompanying notes to condensed consolidated financial statements.

**Table of Contents****MARINEMAX, INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Cash Flows**

(Amounts in thousands)

(Unaudited)

	<b>Three Months Ended December 31,</b>	
	<b>2011</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (4,213)	\$ (4,162)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,588	1,675
(Gain) loss on sale of property and equipment	(65)	14
Gain on insurance settlements		(261)
Stock-based compensation expense, net	1,089	1,050
(Increase) decrease in		
Accounts receivable, net	(1,531)	5,307
Inventories, net	(5,082)	(11,692)
Prepaid expenses and other assets	586	103
(Decrease) increase in		
Accounts payable	(3,472)	(2,675)
Customer deposits	(649)	5,325
Accrued expenses and long-term liabilities	(4,475)	(4,477)
Net cash used in operating activities	(16,224)	(9,793)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(1,298)	(2,772)
Proceeds from insurance settlements		1,250
Proceeds from sale of property and equipment	247	20
Net cash used in investing activities	(1,051)	(1,502)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net borrowings on short-term borrowings	11,407	2,719
Net proceeds from issuance of common stock under incentive compensation and employee purchase plans	286	352
Net cash provided by financing activities	11,693	3,071
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,582)	(8,224)
CASH AND CASH EQUIVALENTS, beginning of period	19,386	23,617
CASH AND CASH EQUIVALENTS, end of period	\$ 13,804	\$ 15,393
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash paid for:		
Interest	\$ 1,129	\$ 1,037
Income taxes	\$	\$

See accompanying notes to condensed consolidated financial statements.





**Table of Contents**

**MARINEMAX, INC. AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements**

**(Unaudited)**

**1. COMPANY BACKGROUND:**

We are the largest recreational boat retailer in the United States. We engage primarily in the retail sale, brokerage, and service of new and used boats, motors, trailers, marine parts and accessories and offer slip and storage accommodations in certain locations. In addition, we arrange related boat financing, insurance, and extended service contracts. We recently implemented programs to increase substantially our sale over the Internet of used boats and a wide range of boating parts, accessories, supplies, and products; the sale of boats, boating parts, and accessories, as well as the offer of finance and insurance, or F&I, products at various offsite locations; and the charter of power and sailing yachts in the British Virgin Islands. None of these recently implemented programs have had a material effect on our condensed consolidated financial statements. As of December 31, 2012, we operated through 52 retail locations in 18 states, consisting of Alabama, Arizona, California, Connecticut, Florida, Georgia, Maryland, Massachusetts, Minnesota, Missouri, New Jersey, New York, North Carolina, Ohio, Oklahoma, Rhode Island, Tennessee, and Texas. Our MarineMax Vacations operations maintain a facility in Tortola, British Virgin Islands.

We are the nation's largest retailer of Sea Ray, Boston Whaler, Bayliner, Meridian, Cabo, and Hatteras recreational boats and yachts, all of which are manufactured by Brunswick Corporation ( Brunswick ). Sales of new Brunswick boats accounted for approximately 47% of our revenue in fiscal 2012. Brunswick is the world's largest manufacturer of marine products and marine engines. We believe we represented in excess of 7% of all Brunswick marine sales, including approximately 42% of its Sea Ray boat sales, during our 2012 fiscal year.

We have dealership agreements with Sea Ray, Boston Whaler, Bayliner, Cabo, Hatteras, Meridian, and Mercury Marine, all subsidiaries or divisions of Brunswick. We also have dealer agreements with Italy-based Azimut-Benetti Group's product line for Azimut Yachts. These agreements allow us to purchase, stock, sell, and service these manufacturers' boats and products. These agreements also allow us to use these manufacturers' names, trade symbols, and intellectual properties in our operations.

We are a party to a multi-year dealer agreement with Brunswick covering Sea Ray products that appoints us as the exclusive dealer of Sea Ray boats in our geographic markets. We are the exclusive dealer for Bost