

HELEN OF TROY LTD
Form 10-Q
January 11, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended November 30, 2015

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: 001-14669

HELEN OF TROY LIMITED

(Exact name of registrant as specified in its charter)

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Bermuda
(State or other jurisdiction of
incorporation or organization)

74-2692550
(I.R.S.
Employer
Identification
No.)

Clarendon House

2 Church Street

Hamilton, Bermuda
(Address of principal executive offices)

1 Helen of Troy Plaza
El Paso, Texas
(Registrant's United States Mailing Address)

79912
(Zip Code)

(915) 225-8000

(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 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 Smaller Reporting Company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at January 6, 2016
Common Shares, \$0.10 par value, per share	28,286,315 shares

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HELEN OF TROY LIMITED AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HELEN OF TROY LIMITED AND SUBSIDIARIES

Consolidated Condensed Balance Sheets (Unaudited)

(in thousands, except shares and par value)

	November 30, 2015	February 28, 2015
Assets		
Assets, current:		
Cash and cash equivalents	\$ 21,141	\$ 12,295
Receivables - principally trade, less allowances of \$8,058 and \$5,882	288,979	222,499
Inventory, net	339,397	293,081
Prepaid expenses and other current assets	10,075	9,715
Income taxes receivable	110	417
Deferred tax assets, net	20,688	26,753
Total assets, current	680,390	564,760
Property and equipment, net of accumulated depreciation of \$91,100 and \$82,154	126,919	126,068
Goodwill	582,812	549,727
Other intangible assets, net of accumulated amortization of \$130,991 and \$111,627	384,766	398,430
Deferred tax assets, net	1,097	2,132
Other assets, net of accumulated amortization of \$10,132 and \$9,166	6,488	12,638
Total assets	\$ 1,782,472	\$ 1,653,755
Liabilities and Stockholders' Equity		
Liabilities, current:		
Accounts payable, principally trade	\$ 122,584	\$ 98,564
Accrued expenses and other current liabilities	147,602	141,201
Deferred tax liabilities, net	-	200
Long-term debt, current maturities	23,800	21,900
Total liabilities, current	293,986	261,865
Long-term debt, excluding current maturities	450,907	411,307
Deferred tax liabilities, net	43,312	52,711
Other liabilities, noncurrent	26,333	23,307
Total liabilities	814,538	749,190

Commitments and contingencies

Stockholders' equity:

Cumulative preferred stock, non-voting, \$1.00 par. Authorized 2,000,000 shares; none issued	-	-
Common stock, \$0.10 par. Authorized 50,000,000 shares; 28,284,725 and 28,488,411 shares issued and outstanding	2,828	2,849
Additional paid in capital	197,272	179,934
Accumulated other comprehensive income (loss)	1,729	(76)
Retained earnings	766,105	721,858
Total stockholders' equity	967,934	904,565
Total liabilities and stockholders' equity	\$ 1,782,472	\$ 1,653,755

See accompanying notes to consolidated condensed financial statements.

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HELEN OF TROY LIMITED AND SUBSIDIARIES

Consolidated Condensed Statements of Income (Unaudited)

(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	November 30,		November 30,	
	2015	2014	2015	2014
Sales revenue, net	\$ 445,503	\$ 435,674	\$ 1,159,977	\$ 1,067,401
Cost of goods sold	262,979	254,263	686,129	632,726
Gross profit	182,524	181,411	473,848	434,675
Selling, general and administrative expense ("SG&A")	126,891	116,368	356,240	312,906
Asset impairment charges	-	-	3,000	9,000
Operating income	55,633	65,043	114,608	112,769
Nonoperating income, net	142	87	233	234
Interest expense	(2,741)	(4,173)	(8,135)	(11,588)
Income before income taxes	53,034	60,957	106,706	101,415
Income tax expense (benefit):				
Current	3,842	9,328	17,564	14,255
Deferred	2,414	(3,748)	(2,498)	(3,454)
Net income	\$ 46,778	\$ 55,377	\$ 91,640	\$ 90,614
Earnings per share:				
Basic	\$ 1.66	\$ 1.95	\$ 3.23	\$ 3.17
Diluted	\$ 1.63	\$ 1.92	\$ 3.17	\$ 3.12
Weighted average shares of common stock used in computing net earnings per share:				
Basic	28,129	28,414	28,361	28,630
Diluted	28,634	28,824	28,903	29,070

See accompanying notes to consolidated condensed financial statements.

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HELEN OF TROY LIMITED AND SUBSIDIARIES

Consolidated Condensed Statements of Comprehensive Income (Unaudited)

(in thousands)

	Three Months Ended November 30,					
	2015		2014		Net of	
	Before	Net of	Before	Net of	Before	Net of
	Tax	Tax	Tax	Tax	Tax	Tax
Income	\$ 53,034	\$ (6,256)	\$ 46,778	\$ 60,957	\$ (5,580)	\$ 55,377
Other comprehensive income						
Cash flow hedge activity - interest rate swaps						
Changes in fair market value	-	-	-	-	-	-
Settlements reclassified to income	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Cash flow hedge activity - foreign currency contracts						
Changes in fair market value	1,841	(270)	1,571	301	(59)	242
Settlements reclassified to income	(263)	100	(163)	(201)		