

BODY CENTRAL CORP
Form S-1
September 24, 2014

As filed with the Securities and Exchange Commission on September 24, 2014

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-1
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

Body Central Corp.

(Exact Name of Registrant as Specified in its Charter)

Delaware	5600	14-1972231
(State or other jurisdiction of incorporation or organization)	Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

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Jacksonville, Florida 32217

Telephone: (904) 737-0811

(Address, including zip code, and telephone number,
including area code, of principal executive offices)

Brian Woolf

Chief Executive Officer

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Approximate date of proposed sale to public: From time to time after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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 definitions 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 x
 Non-accelerated filer “ Smaller reporting company “

(Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$0.001 per share, underlying subordinated secured convertible notes sold to selling stockholders in private placement	6,685,723 ⁽¹⁾	\$2.55 ⁽²⁾	\$ 17,048,594 ⁽²⁾	\$2,196

(1) Amount of shares of the registrant’s common stock, par value \$0.001 per share, to be registered and offered and sold by the selling stockholders. Represents 130% of the number of shares of the registrant’s common stock issuable upon conversion of \$18,000,000 in aggregate principal amount of subordinated secured convertible notes (the “convertible notes”) issued by the registrant to the selling stockholders in a private placement on June 27, 2014, without giving effect to any interest that may be capitalized. The convertible notes have a fixed conversion price initially set at \$3.50 per share, subject to adjustment for stock splits, combinations or similar events and subsequent dilutive issuances during the term of the convertible notes. In accordance with Rule 416 under the Securities Act of 1933, as amended (the “Securities Act”), this registration statement also covers such indeterminate number of additional securities as may become issuable to prevent dilution resulting from stock splits, stock dividends or similar transactions.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act, based on the average of the high and low reported sale prices of the registrant’s common stock as traded on the OTC Pink marketplace on September 22, 2014.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to such Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. The selling stockholders identified in this prospectus may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Preliminary Prospectus

Subject to Completion, dated September 24, 2014

6,685,723 Shares

Body Central Corp.

Common Stock

The selling stockholders named in this prospectus may offer and sell from time to time up to 6,685,723 shares of our common stock covered by this prospectus. The shares of common stock offered by the selling stockholders represent 130% of the number of shares issuable upon conversion of \$18,000,000 in aggregate principal amount of subordinated secured convertible notes (which we sometimes refer to herein as the “convertible notes”) issued by us to the selling stockholders in a private placement on June 27, 2014, without giving effect to any interest that may be capitalized (which would increase the number of shares issuable upon conversion of the convertible notes). The convertible notes have a fixed conversion price initially set at \$3.50 per share, subject to adjustment for stock splits, combinations or similar events and subsequent dilutive issuances during the term of the convertible notes. Information about the selling stockholders is set forth in the section entitled “Selling Stockholders” beginning on page 44 of this prospectus.

We are not selling any shares of our common stock under this prospectus and we will not receive any proceeds from the sale of our common stock by the selling stockholders. We will bear all expenses of registration incurred in connection with this offering, except any underwriting discounts and commissions and certain other expenses incurred by the selling stockholders in disposing of their shares.

Following the effectiveness of the registration statement of which this prospectus forms a part, the selling stockholders identified in this prospectus, or their respective pledgees, donees, transferees or other successors in interest, may offer and sell the shares of common stock being offered by this prospectus from time to time in public or private transactions, or both. The sale and distribution of the common stock offered hereby may be effected in one or more transactions that may take place on the OTC Pink marketplace, including ordinary brokers’ transactions, privately negotiated transactions or through sales to one or more dealers for resale of such securities as principals, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. Usual and customary or specifically negotiated brokerage fees or commissions may be paid by the selling stockholders. See “Plan of Distribution” beginning on page 47 for a more complete description of the ways in which the shares being offered by this prospectus may be sold.

The selling stockholders and intermediaries through whom such securities are sold may be deemed “underwriters” within the meaning of the Securities Act of 1933, as amended, with respect to the securities offered hereby, and any profits realized or commissions received may be deemed underwriting compensation.

Our common stock is presently quoted on the OTC Pink marketplace. On September 23, 2014, the last reported sale price of our common stock on the OTC Pink marketplace was \$2.50 per share, which reflects the one-for-ten reverse stock split of our common stock implemented effective as of 5:00 p.m. EDT on September 4, 2014. Unless otherwise expressly stated to the contrary, all share numbers and per share prices in this prospectus have been adjusted to give effect to the reverse stock split.

Investing in our common stock is highly speculative and involves a significant degree of risk. See “Risk Factors” beginning on page 14 of this prospectus for a discussion of information that should be considered before making a decision to purchase our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is September [__], 2014.

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You should rely only on the information contained in this prospectus, including the information incorporated herein by reference. We and the selling stockholders have not authorized any other person to provide you with information different from or in addition to that contained in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we nor the selling stockholders are making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

Additional risks and uncertainties not presently known or that are currently deemed immaterial may also impair our business operations. The risks and uncertainties described in this document and other risks and uncertainties which we may face in the future will have a greater impact on those who purchase our common stock. These purchasers will purchase our common stock at the market price or at a privately negotiated price and will run the risk of losing their entire investments.

For investors outside the United States: We have not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

In this prospectus, we rely on and refer to information and statistics regarding our industry. We obtained this statistical, market and other industry data and forecasts from publicly available information. While we believe that the statistical data, market data and other industry data and forecasts are reliable, we have not independently verified the

data.

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PROSPECTUS SUMMARY

This summary highlights information contained in other parts of this prospectus. Because it is a summary, it does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should read the entire prospectus carefully, including the information set forth under the heading “Risk Factors”, any applicable prospectus supplement and the other financial statements and documents incorporated by reference in this prospectus.

When used herein, unless the context requires otherwise, references to the “Company,” “we,” “our” and “us” refer to Body Central Corp., a Delaware corporation, collectively with its wholly-owned subsidiaries, Body Central Stores, Inc., Body Central Direct, Inc. and Body Central Services, Inc., each a Florida corporation. Unless otherwise noted, all information regarding shares of common stock issuable upon conversion of the convertible notes (which we sometimes refer to herein as the “note conversion shares”) assumes conversion of the current principal amount of such notes, without giving effect to capitalized interest or any potential adjustments to the current conversion price.

Our Company

Overview

Founded in 1972, Body Central Corp., a Delaware corporation, is a multi-channel specialty retailer offering on-trend, quality apparel and accessories at value prices. We operate specialty apparel stores under the Body Central and Body Shop banners, as well as a direct business operated through our e-commerce website at www.bodycentral.com. We target women in their late teens to mid-thirties from diverse cultural backgrounds, who seek the latest fashions at affordable prices and a flattering fit. Our stores feature an assortment of tops, dresses, bottoms, jewelry, lingerie, accessories and shoes sold primarily under our exclusive Body Central®, Sexy Stretch®, and Lipstick Lingerie® labels. We continually update our merchandise and floor sets with an emphasis on coordinated outfits presented by lifestyle to entice our customers to shop our stores frequently. We believe our multi-channel strategy supports our brand building efforts and provides us with synergistic growth opportunities across all of our sales channels.

Growth Strategy

Our growth strategy to increase revenues, capture market share and drive net income growth is as follows:

Expand Operating Margin. We seek to improve our operating margin over the long term. We expect to leverage our infrastructure and buying power and streamline processes through recent upgrades of our point-of-sale system, payroll management system, direct business system, and warehouse management systems. In addition, we intend to continue to refine our inventory disciplines and upgrade information technology over time to enhance our productivity.

Increase Comparable Store Sales and Enhance Brand Awareness. We seek to grow our comparable store sales by merchandising our stores with the latest fashion trends and maintaining focus on store level execution. We believe we will be able to enhance our brand awareness through our continued marketing efforts and in-store experience.

Grow Our Direct Business. We continue to identify and deploy initiatives that we believe will contribute to the growth of our direct business. These efforts include improving our list management, actively growing our customer database, simplifying our online shopping experience and increasing relevant communication with our key customers.

Expand Our Store Base Over the Long Term. We believe our concept has broad appeal and significant long-term expansion opportunity. With 275 stores in 28 states as of June 28, 2014, there is considerable opportunity to expand in existing and adjacent markets. We closed 19 stores in the twenty-six weeks ended June 28, 2014. Although we may not open any new stores during the 2014 fiscal year as a result of negative cash flows from operations in first half of

fiscal 2014, we have identified locations for potential expansion in 2015, or at such time as we are able to generate sufficient cash flows from operations.

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Products

We offer a broad selection of apparel and accessories targeted to young women who seek the latest fashions and a flattering fit at value prices. The majority of our products are sold under our exclusive Body Central®, Sexy Stretch®, and Lipstick Lingerie® labels. We also sell a select assortment of branded merchandise, primarily denim, to complement our private label merchandise.

Our products are presented to emphasize coordinated outfits. Our assortment of tops, dresses, bottoms, jewelry, accessories and shoes fit the many lifestyles of our customers - casual, club, dressy and active. The majority of our products are priced under \$20 and we believe represent significant value. We strategically price some of our best-selling tops and our jewelry to drive customer traffic. The table below indicates our product mix as a percentage of store net sales as of fiscal year end and the twenty-six weeks ended June 28, 2014.

	Twenty-Six Weeks Ended		Fiscal Year Ended					
	28-Jun-14		28-Dec-13		29-Dec-12		31-Dec-11	
Apparel	74.0	%	74.7	%	75.6	%	75.7	%
Accessories	26.0		25.3		24.4		24.3	
Total	100	%	100	%	100	%	100	%

Merchandising Organization

Our merchandising team seeks to identify current fashion trends and merchandise consistent with our brand image. We focus on quickly adapting to the latest trends to provide the right merchandise at value prices every day. Our merchandising team consists of our general merchandising manager, buyers, assistant buyers, and our planning and allocation team organized by product category as well as a team focused on our direct business. Our merchandising team is responsible for selecting and sourcing our product assortments, managing inventory levels and allocating merchandise to stores. We build our product assortments after careful review and consideration and select products that can be displayed in our stores in a coordinated manner to encourage our customers to purchase complete outfits.

Sourcing

We do not own or operate any manufacturing facilities and we buy our merchandise from third-party vendors on an order-by-order basis. We have relationships with approximately 240 U.S. vendors. Our top 10 vendors sourced approximately 39.0% of our merchandise in the twenty-six weeks ended June 28, 2014, with our two largest vendors collectively representing approximately 15.5%. We maintain a large vendor network, which gives us access to a broad variety of merchandise from a multitude of designers and vendors at competitive prices. We believe our vendors view us as an important retail partner given our scale and market position.

Every vendor that supplies our merchandise is required to adhere to our vendor manual, which is designed to ensure that our vendor's business is conducted in a legal, ethical and responsible manner. Our vendor manual requires that each of our suppliers operates in compliance with applicable local wage, benefit, working hours and other local laws, and forbids the use of practices such as child labor or forced labor.

Sales Channels

We conduct business through two primary sales channels: retail stores and direct, which consists of the Body Central website, www.bodycentral.com. We do not incorporate the information contained on, or accessible through, our

website into this prospectus, and you should not consider it part of this prospectus.

Stores

For the twenty-six weeks ended June 28, 2014, our stores generated net sales of \$106.7 million, which represented 91.8% of our total net revenues.

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As of June 28, 2014, we had 275 retail stores operating under the names Body Central and Body Shop in 28 states, located primarily in the South, Southwest, Mid-Atlantic and Midwest. The majority of our stores range in size from 3,300 to 5,200 square feet, with an average of approximately 4,206 square feet. Our stores have historically been located in regional malls and lifestyle centers in small, medium and large markets. The nature of our fashion merchandise enables us to be successful in markets across hot, warm and cold climates.

The following store list shows the number of stores we operated in each state as of June 28, 2014:

State	Number of Stores	State	Number of Stores
Alabama	11	Mississippi	7
Arkansas	5	Missouri	8
Delaware	3	New Jersey	3
Florida	31	New Mexico	2
Georgia	19	North Carolina	13
Illinois	9	Ohio	14
Indiana	11	Oklahoma	4
Iowa	1	Pennsylvania	15
Kansas	5	South Carolina	9
Kentucky	7	Tennessee	9
Louisiana	12	Texas	38
Maryland	10	Virginia	13
Michigan	6	West Virginia	1
Minnesota	2	Wisconsin	7
		Total	275

Store Design and Environment

Our stores are designed to effectively present our merchandise and create an exciting atmosphere to draw customers into our stores, similar to fashion boutiques. The stores feature a vibrant look with colorful displays, popular music and aspirational lifestyle photos. Our stores are constructed to allow us to efficiently shift merchandise displays for each season. Our open floor design enables customers to easily view most of our merchandise. We use a large number of body forms to provide customers with full outfit ideas. We believe that by changing products and floor sets with new merchandise, we give our customers a reason to shop our stores frequently.

We maintain a consistent look in our stores, including blue lighted storefront signs, blue mosaic tiles on the storefront columns and a well-lit selling area. High ceilings and slat walls allow us to stock and display our merchandise effectively. We seek site locations that have a store front of approximately 30 feet wide to create an inviting open floor feel, complete with visually appealing glass line presentations.

Site Selection and Store Growth

In selecting a location for a new store, we target malls as well as lifestyle, power and outlet centers in areas with suitable demographics and where similar fashion retailers have performed well. We have a real estate committee that follows a disciplined approach to analyze factors that include mall productivity, mall-specific competitive environment, average sales of fast fashion retailers and the configuration of available space for potential new store locations. We seek prominent locations in high-traffic areas of the mall in close proximity to other retailers targeting young women. We have found that when we have locations in malls with certain key competitors our net sales in those stores typically exceed the net sales of stores that are not located in proximity to those key competitors. Our flexible store format allows us to utilize both new and second-generation retail locations. We also evaluate new store

locations based on projected sales, anticipated capital investment and estimated store level contribution which satisfies our targeted return threshold. We negotiate leases with a variety of term lengths, most of which have early termination rights held by us if certain sales goals are not achieved.

Although we may not open any new stores in fiscal 2014, opening new stores is an important part of our long-term growth strategy. Purchases of apparel and accessories are sensitive to a number of factors that influence the levels of consumer spending, including economic conditions and the level of disposable consumer income, consumer debt,

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interest rates and consumer confidence. Our business is somewhat seasonal and as a result, our revenues fluctuate. Net revenues generated during the first quarter and the holiday selling season generally contribute to the relatively higher first quarter and fourth quarter net income. However, our revenues in any given quarter can be affected by timing of holidays, the weather, macro-economic conditions and other external factors beyond our control.

We seek to optimize our existing store base by relocating or closing stores that are underperforming, as well as remodeling our older stores. In the twenty-six weeks ended June 28, 2014, we closed 19 stores and relocated 2 stores. We have plans to close at least five more stores during the remainder of fiscal 2014. Although we may not open any new stores in 2014, we have identified locations for potential expansion in 2015, or at such time as we are able to generate sufficient cash flows from operations.

The table below highlights certain information regarding our new store openings, store closings, relocations and remodels as of the fiscal year end for each of the years indicated below:

	Fiscal Year Ended		
	December 28, 2013	December 29, 2012	December 31, 2011
Stores at beginning of period	276	241	209
Stores opened during period	22	39	33
Stores closed during period	(4)	(4)	(1)
Stores at end of period	294	276	