

Vera Bradley, Inc.
Form 10-Q
June 08, 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 April 30, 2016
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: 001-34918

VERA BRADLEY, INC.
(Exact name of registrant as specified in its charter)

Indiana 27-2935063
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

12420 Stonebridge Road, 46783
Roanoke, Indiana (Address of principal executive offices) (Zip Code)
(877) 708-8372
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

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.

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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 registrant had 37,004,561 shares of its common stock outstanding as of June 3, 2016.

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FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical or current fact included in this report are forward-looking statements. Forward-looking statements refer to our current expectations and projections relating to our financial condition, results of operations, plans, objectives, strategies, future performance, and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “believe,” “may,” “might,” “will,” “should,” “can have,” and “li” words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. For example, all statements we make relating to our estimated and projected earnings, revenues, costs, expenditures, cash flows, growth rates, and financial results, our plans and objectives for future operations, growth, initiatives, or strategies, or the expected outcome or impact of pending or threatened litigation are forward-looking statements. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected, including:

- possible inability to successfully implement our long-term strategic plan;
- possible continued declines in our comparable sales;
- possible inability to maintain and enhance our brand;
- possible failure of our multi-channel distribution model;
- possible adverse changes in general economic conditions and their impact on consumer confidence and consumer spending;
- possible inability to predict and respond in a timely manner to changes in consumer demand;
- possible inability to successfully open new stores and/or operate current stores as planned;
- possible loss of key management or design associates or inability to attract and retain the talent required for our business; and
- possible data security or privacy breaches or disruptions in our computer systems or website.

We derive many of our forward-looking statements from our operating plans and forecasts, which are based upon detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. For a discussion of these risks and other risks and uncertainties that could cause actual results to differ materially from those contained in our forward-looking statements, please refer to “Risk Factors” in Item 1A of our Annual Report on Form 10-K for the fiscal year ended January 30, 2016.

We caution you that the risks and uncertainties identified by us may not be all of the factors that are important to you. Furthermore, the forward-looking statements included in this report are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events, or otherwise, except as required by law.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Vera Bradley, Inc.
 Consolidated Balance Sheets
 (in thousands)
 (unaudited)

	April 30, 2016	January 30, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$51,813	\$97,681
Short-term investments	30,013	—
Accounts receivable, net	27,691	31,294
Inventories	113,412	113,590
Income taxes receivable	2,766	785
Prepaid expenses and other current assets	11,947	10,292
Total current assets	237,642	253,642
Property, plant, and equipment, net	114,904	113,711
Deferred income taxes	11,142	11,363
Other assets	2,057	1,963
Total assets	\$365,745	\$380,679
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$26,378	\$24,606
Accrued employment costs	10,503	14,937
Other accrued liabilities	17,155	16,924
Income taxes payable	—	10,085
Total current liabilities	54,036	66,552
Long-term liabilities	29,445	28,872
Total liabilities	83,481	95,424
Commitments and contingencies		
Shareholders' equity:		
Preferred stock; 5,000 shares authorized, no shares issued or outstanding	—	—
Common stock, without par value; 200,000 shares authorized, 40,905 and 40,804 shares issued and 37,449 and 37,701 shares outstanding, respectively	—	—
Additional paid-in-capital	85,706	85,436
Retained earnings	246,427	244,009
Accumulated other comprehensive loss	(38)	(43)
Treasury stock	(49,831)	(44,147)
Total shareholders' equity	282,264	285,255
Total liabilities and shareholders' equity	\$365,745	\$380,679

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

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Vera Bradley, Inc.
 Consolidated Statements of Income
 (in thousands, except per share data)
 (unaudited)

	Thirteen Weeks Ended	
	April 30, 2016	May 2, 2015
Net revenues	\$105,181	\$101,104
Cost of sales	45,525	49,410
Gross profit	59,656	51,694
Selling, general, and administrative expenses	56,376	57,612
Other income	577	947
Operating income (loss)	3,857	(4,971)
Interest expense, net	48	77
Income (loss) before income taxes	3,809	(5,048)
Income tax expense (benefit)	1,391	(912)
Net income (loss)	\$2,418	\$(4,136)
Basic weighted-average shares outstanding	37,547	