

WOLVERINE WORLD WIDE INC /DE/
Form 10-Q
May 06, 2015

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 first twelve week accounting period ended March 28, 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: 001-06024

WOLVERINE WORLD WIDE, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	38-1185150 (IRS Employer Identification No.)
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9341 Courtland Drive N.E., Rockford, Michigan (Address of Principal Executive Offices) (616) 866-5500 (Registrant's Telephone Number, Including Area Code)	49351 (Zip Code)
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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 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 (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

There were 103,218,049 shares of common stock, \$1 par value, outstanding as of April 27, 2015.

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FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements,” which are statements relating to future, not past, events. In this context, forward-looking statements often address management’s current beliefs, assumptions, expectations, estimates and projections about future business and financial performance, national, regional or global political, economic and market conditions, and the Company itself. Such statements often contain words such as “anticipates,” “believes,” “estimates,” “expects,” “forecasts,” “intends,” “is likely,” “plans,” “predicts,” “projects,” “should,” “will,” variations of such words and similar expressions. Forward-looking statements, by their nature, address matters that are, to varying degrees, uncertain. Uncertainties that could cause the Company’s performance to differ materially from what is expressed in forward-looking statements include, but are not limited to, the following:

- changes in national, regional or global economic and market conditions;
- the impact of financial and credit markets on the Company, its suppliers and customers;
- changes in interest rates, tax laws, duties, tariffs, quotas or applicable assessments in countries of import and export;
- the impact of regulation, regulatory and legal proceedings and legal compliance risks;
- currency fluctuations;
- currency restrictions;
- changes in future pension funding requirements and pension expenses;
- the risk of impairment to goodwill and other acquired intangibles;
- the risks of doing business in developing countries, and politically or economically volatile areas;
- the ability to secure and protect owned intellectual property or use licensed intellectual property;
- changes in consumer preferences, spending patterns, buying patterns, price sensitivity or demand for the Company’s products;
- risks related to the significant investment in, and performance of, the Company’s consumer-direct business;
- the impact of seasonality and unpredictable weather conditions;
- changes in relationships with, including the loss of, significant customers;
- the cancellation of orders for future delivery;
- the failure of the U.S. Department of Defense to exercise future purchase options or award new contracts, or the cancellation or modification of existing contracts by the Department of Defense or other military purchasers;
- the cost, availability and management of raw materials, inventories, services and labor for owned and contract manufacturers;
- problems affecting the Company’s distribution system, including service interruptions at shipping and receiving ports;
- the potential breach of the Company’s databases, or those of its vendors, which contain certain personal information or payment card data;
- the inability for any reason to effectively compete in global footwear, apparel and consumer-direct markets;
- strategic actions, including new initiatives and ventures, acquisitions and dispositions, and the Company’s success in integrating acquired businesses, and implementing new initiatives and ventures; and
- the success of the Company’s consumer-direct realignment initiatives.

These uncertainties could cause a material difference between an actual outcome and a forward-looking statement. The uncertainties included here are not exhaustive and are described in more detail in Part I, Item 1A: “Risk Factors” of the Company’s Annual Report on Form 10-K for the fiscal year ended January 3, 2015 (the “2014 Form 10-K”). Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The Company does not undertake an obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Statements of Operations and Comprehensive Income

(Unaudited)

(In millions, except per share data)	12 Weeks Ended		
	March 28, 2015	March 22, 2014	
Revenue	\$631.4	\$627.6	
Cost of goods sold	370.0	371.4	
Restructuring costs	—	0.4	
Gross profit	261.4	255.8	
Selling, general and administrative expenses	198.8	190.5	
Acquisition-related integration costs	—	1.6	
Net gain on restructuring	(1.0) —	
Operating profit	63.6	63.7	
Other expenses:			
Interest expense, net	9.5	10.9	
Other (income) expense, net	(1.0) 0.8	
Total other expenses	8.5	11.7	
Earnings before income taxes	55.1	52.0	
Income taxes	15.0	14.8	
Net earnings	40.1	37.2	
Less: net earnings attributable to noncontrolling interest	—	0.1	
Net earnings attributable to Wolverine World Wide, Inc.	\$40.1	\$37.1	
Net earnings per share (see Note 3):			
Basic	\$0.40	\$0.37	
Diluted	\$0.39	\$0.36	
Comprehensive income	\$30.2	\$34.3	
Less: comprehensive loss attributable to noncontrolling interest	(0.2) (0.1)
Comprehensive income attributable to Wolverine World Wide, Inc.	\$30.4	\$34.4	
Cash dividends declared per share	\$0.06	\$0.06	

See accompanying notes to consolidated condensed financial statements.

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WOLVERINE WORLD WIDE, INC. AND SUBSIDIARIES

Consolidated Condensed Balance Sheets

(Unaudited)

(In millions, except share data)	March 28, 2015	January 3, 2015	March 22, 2014
ASSETS			
Current assets:			
Cash and cash equivalents	\$121.3	\$223.8	\$166.8
Accounts receivable, less allowances:			
March 28, 2015 – \$40.8			
January 3, 2015 – \$41.0			
March 22, 2014 – \$34.6	357.2	312.7	484.1
Inventories:			
Finished products, net	404.3	398.1	443.5
Raw materials and work-in-process, net	15.5	15.9	22.1
Total inventories	419.8	414.0	465.6
Deferred income taxes	27.9	28.1	28.3
Prepaid expenses and other current assets	61.9	63.6	40.3
Total current assets	988.1	1,042.2	1,185.1
Property, plant and equipment:			
Gross cost	420.3	415.3	414.9
Accumulated depreciation	(285.0) (278.5) (267.3
Property, plant and equipment, net	135.3	136.8	147.6
Other assets:			