

PIER 1 IMPORTS INC/DE
Form 10-Q
January 04, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended November 26, 2011

November 26, 2011

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 001-07832

PIER 1 IMPORTS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

75-1729843
(I.R.S. Employer

Identification Number)

100 Pier 1 Place, Fort Worth, Texas 76102
(Address of principal executive offices, including zip code)

(817) 252-8000
(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 .

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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

As of December 29, 2011, 109,623,572 shares of the registrant's common stock, \$0.001 par value, were outstanding.

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PIER I IMPORTS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands except per share amounts)

(unaudited)

	Three Months Ended		Nine Months Ended	
	November 26, 2011	November 27, 2010	November 26, 2011	November 27, 2010
Net sales	\$ 382,699	\$ 353,759	\$ 1,056,854	\$ 969,887
Cost of sales (including buying and store occupancy costs)	217,209	209,690	622,775	596,970
Gross profit	165,490	144,069	434,079	372,917
Selling, general and administrative expenses	127,514	117,524	342,416	312,917
Depreciation and amortization	5,104	4,666	15,171	14,653
Operating income	32,872	21,879	76,492	45,347
Nonoperating (income) and expenses:				
Interest, investment income and other	(3,238)	(1,045)	(8,441)	(3,113)
Interest expense	739	1,424	2,279	4,516
	(2,499)	379	(6,162)	1,403
Income before income taxes	35,371	21,500	82,654	43,944
Income tax provision	12,383	496	28,929	886
Net income	\$ 22,988	\$ 21,004	\$ 53,725	\$ 43,058
Earnings per share:				
Basic	\$ 0.21	\$ 0.18	\$ 0.47	\$ 0.37
Diluted	\$ 0.21	\$ 0.18	\$ 0.47	\$ 0.37
Average shares outstanding during period:				
Basic	108,713	116,479	113,767	116,363
Diluted	110,306	117,680	115,490	117,202

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

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PIER 1 IMPORTS, INC.
 CONSOLIDATED BALANCE SHEETS

(in thousands except share amounts)

(unaudited)

	November 26, 2011	February 26, 2011	November 27, 2010
ASSETS			
Current assets:			
Cash and cash equivalents, including temporary investments of \$136,765, \$261,274 and \$164,066, respectively	\$ 179,296	\$ 301,471	\$ 209,781
Accounts receivable, net	26,561	14,814	24,313
Inventories	367,876	311,770	338,437
Income tax receivable	134	1,043	972
Prepaid expenses and other current assets	21,525	22,871	20,694
Total current assets	595,392	651,969	594,197
Properties, net of accumulated depreciation of \$458,375, \$452,514 and \$453,956, respectively	87,029	64,773	59,171
Other noncurrent assets	30,405	26,835	31,008
	\$ 712,826	\$ 743,577	\$ 684,376
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 68,437	\$ 57,421	\$ 61,445
Current portion long-term debt	-	-	\$ 16,542
Gift cards and other deferred revenue	58,369	71,963	44,672
Accrued income taxes payable	11,731	232	2,313
Other accrued liabilities	115,342	106,739	116,931
Total current liabilities	253,879	236,355	241,903
Long-term debt	9,500	9,500	9,500
Other noncurrent liabilities	70,666	84,870	79,425
Shareholders' equity:			
Common stock, \$0.001 par, 500,000,000 shares authorized, 125,232,000 issued	125	125	125
Paid-in capital	230,524	243,051	244,134
Retained earnings	347,538	293,813	236,746
Cumulative other comprehensive loss	(2,174)	(784)	(262)
Less 15,574,000, 7,748,000 and 7,967,000 common shares in treasury, at cost, respectively	(197,232)	(123,353)	(127,195)
	378,781	412,852	353,548
Commitments and contingencies	-	-	-
	\$ 712,826	\$ 743,577	\$ 684,376

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

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PIER 1 IMPORTS, INC

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Nine Months Ended	
	November 26, 2011	November 27, 2010
Cash flow from operating activities:		
Net income	\$ 53,725	\$ 43,058
Adjustments to reconcile to net cash (used in) provided by operating activities:		
Depreciation and amortization	23,078	24,178
Gain (loss) on disposal of fixed assets	388	(1,687)
Stock-based compensation expense	4,780	3,668
Deferred compensation	4,342	3,127
Lease termination expense	783	680
Amortization of credit card deferred revenue	(15,625)	-
Amortization of deferred gains	(9,794)	(5,683)
Other	(1,118)	2,662
Changes in cash from:		
Inventories	(56,106)	(24,941)
Accounts receivable, prepaid expenses and other assets	(17,586)	(10,460)
Income tax receivable	909	(411)
Accounts payable and accrued expenses	12,668	4,118
Accrued income taxes payable	11,499	(2,654)
Net cash provided by operating activities	11,943	35,655
Cash flow from investing activities:		
Capital expenditures	(40,359)	(19,659)
Proceeds from disposition of properties	1,341	10,619
Proceeds from sale of restricted investments	423	3,818
Purchase of restricted investments	(1,240)	(3,815)
Collection of notes receivable	-	1,500
Net cash used in investing activities	(39,835)	(7,537)
Cash flow from financing activities:		
Purchases of treasury stock	(100,000)	-
Proceeds from stock options exercised, stock purchase plan and other, net	8,814	3,251
Repayment of long-term debt	-	(9,500)
Debt issuance costs	(3,097)	-
Net cash used in financing activities	(94,283)	(6,249)
Change in cash and cash equivalents	(122,175)	21,869
Cash and cash equivalents at beginning of period	301,471	187,912
Cash and cash equivalents at end of period	\$ 179,296	\$ 209,781

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

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CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED NOVEMBER 26, 2011

(in thousands)