

BUCKLE INC
Form 10-Q
September 10, 2009

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 August 1, 2009

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: 001-12951

THE BUCKLE, INC.
(Exact name of Registrant as specified in its charter)

Nebraska
(State or other jurisdiction of
incorporation or organization)

47-0366193
(I.R.S. Employer
Identification No.)

2407 West 24th Street, Kearney, Nebraska 68845-4915
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (308) 236-8491

Securities registered pursuant to Section 12(b) of the Act:

Title of class	Name of Each Exchange on Which Registered
Common Stock, \$.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: 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

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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 a 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 definition 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 Act). Yes No

The number of shares outstanding of the Registrant's Common Stock, as of August 28, 2009, was 46,276,564.

THE BUCKLE, INC.

FORM 10-Q
INDEX

	Pages
Part I. Financial Information (unaudited)	
Item 1.	3
Item 2.	19
Item 3.	29
Item 4.	30
Part II. Other Information	
Item 1.	31
Item 1A.	31
Item 2.	31
Item 3.	31
Item 4.	32
Item 5.	32
Item 6.	32
Signatures	33

THE BUCKLE, INC.

BALANCE SHEETS

(Amounts in Thousands Except Share and Per Share Amounts)

(Unaudited)

	August 1, 2009	January 31, 2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 145,736	\$ 162,463
Short-term investments	17,288	19,150
Accounts receivable, net of allowance of \$28 and \$46, respectively	6,719	3,734
Inventory	106,523	83,963
Prepaid expenses and other assets	18,865	17,655
Total current assets	295,131	286,965
PROPERTY AND EQUIPMENT		
PROPERTY AND EQUIPMENT	286,136	264,154
Less accumulated depreciation and amortization	(154,023)	(147,460)
	132,113	116,694
LONG-TERM INVESTMENTS		
LONG-TERM INVESTMENTS	65,448	56,213
OTHER ASSETS		
OTHER ASSETS	4,650	5,468
	\$ 497,342	\$ 465,340
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 42,546	\$ 22,472
Accrued employee compensation	19,748	40,460
Accrued store operating expenses	8,397	7,701
Gift certificates redeemable	6,986	10,144
Income taxes payable	2,042	8,649
Total current liabilities	79,719	89,426
DEFERRED COMPENSATION		
DEFERRED COMPENSATION	5,761	4,090
DEFERRED RENT LIABILITY		
DEFERRED RENT LIABILITY	35,886	34,602
Total liabilities	121,366	128,118
COMMITMENTS		
STOCKHOLDERS' EQUITY:		
Common stock, authorized 100,000,000 shares of \$.01 par value; 46,277,205 and 45,906,265 shares issued and outstanding at August 1, 2009 and January 31, 2009, respectively	463	459
Additional paid-in capital	74,359	68,894

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Retained earnings	302,169	268,789
Accumulated other comprehensive loss	(1,015)	(920)
Total stockholders' equity	375,976	337,222
	\$ 497,342	\$ 465,340

See notes to unaudited condensed financial statements.

THE BUCKLE, INC.

STATEMENTS OF INCOME

(Amounts in Thousands Except Per Share Amounts)

(Unaudited)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
SALES, Net of returns and allowances	\$ 192,906	\$ 169,765	\$ 392,603	\$ 330,065
COST OF SALES (Including buying, distribution, and occupancy costs)	110,628	99,497	223,622	194,175
Gross profit	82,278	70,268	168,981	135,890
OPERATING EXPENSES:				
Selling	37,507	33,480	75,104	65,039
General and administrative	6,647	3,477	14,025	10,172
	44,154	36,957	89,129	75,211
INCOME FROM OPERATIONS	38,124	33,311	79,852	60,679
OTHER INCOME, Net	1,549	2,049	2,459	4,369
INCOME BEFORE INCOME TAXES	39,673	35,360	82,311	65,048
PROVISION FOR INCOME TAXES	14,679	13,084	30,455	24,055
NET INCOME	\$ 24,994	\$ 22,276	\$ 51,856	\$ 40,993
EARNINGS PER SHARE:				
Basic	\$ 0.55	\$ 0.49	\$ 1.14	\$ 0.91
Diluted	\$ 0.54	\$ 0.48	\$ 1.11	\$ 0.88
Basic weighted average shares	45,640	45,346	45,585	45,076
Diluted weighted average shares	46,623	46,587	46,572	46,418

See notes to unaudited condensed financial statements.

THE BUCKLE, INC.

STATEMENTS OF STOCKHOLDERS' EQUITY

(Amounts in Thousands Except Share and Per Share Amounts)

(Unaudited)

	Number of Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
FISCAL 2009						
BALANCE, February 1, 2009	45,906,265	\$ 459	\$ 68,894	\$ 268,789	\$ (920)	\$ 337,222
Net income	-	-	-	51,856	-	51,856
Dividends paid on common stock, (\$0.20 per share)	-	-	-	(18,476)	-	(18,476)
Common stock issued on exercise of stock options	173,511	2	1,136	-	-	1,138
Issuance of non-vested stock, net of forfeitures	197,429	2	(2)	-	-	-
Amortization of non-vested stock grants, net of forfeitures	-	-	2,413	-	-	2,413
Stock option compensation expense	-	-	109	-	-	109
Income tax benefit related to exercise of stock options	-	-	1,809	-	-	1,809
Unrealized loss on investments, net of tax	-	-	-	-	(95)	(95)
BALANCE, August 1, 2009	46,277,205	\$ 463	\$ 74,359	\$ 302,169	\$ (1,015)	\$ 375,976
FISCAL 2008						
BALANCE, February 3, 2008	29,841,668	\$ 298	\$ 46,977	\$ 291,045	\$ -	\$ 338,320
Net income	-	-	-	40,993	-	40,993
Dividends paid on common stock, (\$0.1667 per share)	-	-	-	(15,269)	-	(15,269)
Common stock issued on exercise of stock options	669,725	8	8,868	-	-	8,876
Issuance of non-vested stock, net of forfeitures	139,950	1	(1)	-	-	-
Amortization of non-vested stock grants, net of forfeitures	-	-	2,599	-	-	2,599
Stock option compensation expense	-	-	199	-	-	199
	-	-	7,630	-	-	7,630

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Income tax benefit related to
exercise of stock options

Unrealized loss on investments, net of tax	-	-	-	-	(976)	(976)
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BALANCE, August 2, 2008	30,651,343	\$	307	\$	66,272	\$	316,769	\$	(976)	\$	382,372
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See notes to unaudited condensed financial statements.

THE BUCKLE, INC.

STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

(Unaudited)

	Twenty-six Weeks Ended	
	August 1, 2009	August 2, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 51,856	\$ 40,993
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	11,438	10,383
Amortization of non-vested stock grants, net of forfeitures	2,413	2,599
Stock option compensation expense	109	199
Gain on involuntary conversion of corporate aircraft to monetary asset	-	(2,963)
Realized gain on securities	(907)	-
Deferred income taxes	(936)	-
Other	(113)	50
Changes in operating assets and liabilities:		
Accounts receivable	(511)	(1,874)
Inventory	(22,560)	(25,793)
Prepaid expenses and other assets	(769)	(1,196)
Accounts payable	19,064	23,247
Accrued employee compensation	(20,712)	(11,335)
Accrued store operating expenses	696	1,300
Gift certificates redeemable	(3,158)	(2,697)
Income taxes payable	(7,753)	(1,712)
Changes in long-term liabilities and deferred compensation	2,955	4,326
Net cash flows from operating activities	31,112	35,527
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(26,041)	(15,044)
Proceeds from sale of property and equipment	307	11,587
Change in other assets	38	(167)
Purchases of investments	(22,201)	(16,581)
Proceeds from sales/maturities of investments	15,584	104,503
Net cash flows from investing activities	(32,313)	84,298
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the exercise of stock options	1,138	8,876
Excess tax benefit from stock option exercises	1,812	6,419
Payment of dividends	(18,476)	(15,269)
Net cash flows from financing activities	(15,526)	26

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(16,727)	119,851
CASH AND CASH EQUIVALENTS, Beginning of period	162,463	64,293
CASH AND CASH EQUIVALENTS, End of period	\$ 145,736	\$ 184,144

See notes to unaudited condensed financial statements.

THE BUCKLE, INC.
NOTES TO FINANCIAL STATEMENTS
THIRTEEN AND TWENTY-SIX WEEKS ENDED AUGUST 1, 2009 AND AUGUST 2, 2008
(Dollar Amounts in Thousands Except Share and Per Share Amounts)
(Unaudited)

1. Management Representation

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments necessary for the fair presentation of the results of operations for the interim periods have been included. All such adjustments are of a normal recurring nature. Because of the seasonal nature of the business, results for interim periods are not necessarily indicative of a full year's operations. The accounting policies followed by the Company and additional footnotes are reflected in the financial statements for the fiscal year ended January 31, 2009, included in The Buckle, Inc.'s 2008 Form 10-K.

2. Description of the Business

The Company is a retailer of medium to better priced casual apparel, footwear, and accessories for fashion conscious young men and women. The Company operates its business as one reportable industry segment. The Company had 401 stores located in 41 states throughout the continental United States as of August 1, 2009 and 381 stores in 39 states as of August 2, 2008. During the second quarter of fiscal 2009, the Company opened nine new stores and substantially remodeled seven stores. During the second quarter of fiscal 2008, the Company opened seven new stores and substantially remodeled four stores.

The following is information regarding the Company's major product lines, stated as a percentage of the Company's net sales:

Merchandise Group	Percentage of Net Sales Thirteen Weeks Ended		Percentage of Net Sales Twenty-six Weeks Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
Denims	35.3%	34.9%	38.6%	38.4%
Tops (including sweaters)	39.0	40.9	37.7	38.5
Sportswear/Fashions	11.1	10.2	9.7	9.3
Accessories	8.3	7.8	7.7	7.5
Footwear	5.0	5.0	5.0	5.0
Casual bottoms	0.6	0.9	0.5	0.9
Outerwear	0.6	0.2	0.7	0.3
Other	0.1	0.1	0.1	0.1
	100.0%	100.0%	100.0%	100.0%

THE BUCKLE, INC.
NOTES TO FINANCIAL STATEMENTS
THIRTEEN AND TWENTY-SIX WEEKS ENDED AUGUST 1, 2009 AND AUGUST 2, 2008
(Dollar Amounts in Thousands Except Share and Per Share Amounts)
(Unaudited)

3. Earnings Per Share

Basic earnings per share data are based on the weighted average outstanding common shares during the period. Diluted earnings per share data are based on the weighted average outstanding common shares and the effect of all dilutive potential common shares, including stock options.

Thirteen Weeks Ended August 1, 2009 Weighted Average	Per Share	Thirteen Weeks Ended August 2, 2008 Weighted
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