

Under Armour, Inc.
Form 10-Q
August 05, 2010
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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 June 30, 2010

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 No. 001-33202

UNDER ARMOUR, INC.

(Exact name of registrant as specified in its charter)

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Maryland
(State or other jurisdiction of
incorporation or organization)

52-1990078
(I.R.S. Employer
Identification No.)

1020 Hull Street

Baltimore, Maryland 21230
(Address of principal executive offices) (Zip Code)

(410) 454-6428
(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

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.

Large accelerated filer Accelerated filer
Non-accelerated filer 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 July 31, 2010, there were 38,403,673 shares of Class A Common Stock and 12,500,000 shares of Class B Convertible Common Stock outstanding.

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UNDER ARMOUR, INC.

June 30, 2010

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****Under Armour, Inc. and Subsidiaries****Unaudited Consolidated Balance Sheets****(In thousands, except share data)**

	June 30, 2010	December 31, 2009	June 30, 2009
Assets			
Current assets			
Cash and cash equivalents	\$ 156,089	\$ 187,297	\$ 79,542
Accounts receivable, net	96,314	79,356	85,421
Inventories, net	179,150	148,488	181,365
Prepaid expenses and other current assets	24,658	19,989	23,621
Deferred income taxes	11,339	12,870	15,942
Total current assets	467,550	448,000	385,891
Property and equipment, net	74,900	72,926	74,753
Intangible assets, net	4,657	5,681	6,724
Deferred income taxes	17,993	13,908	10,071
Other long term assets	4,999	5,073	4,265
Total assets	\$ 570,099	\$ 545,588	\$ 481,704
Liabilities and Stockholders' Equity			
Current liabilities			
Accounts payable	\$ 81,183	\$ 68,710	\$ 70,174
Accrued expenses	30,880	40,885	29,291
Current maturities of long term debt	8,174	9,178	8,046
Current maturities of capital lease obligations	12	97	230
Other current liabilities	2,634	1,292	460
Total current liabilities	122,883	120,162	108,201
Long term debt, net of current maturities	7,406	10,948	12,045
Capital lease obligation, net of current maturities			12
Other long term liabilities	16,695	14,481	13,778
Total liabilities	146,984	145,591	134,036
Commitments and contingencies (see Note 5)			
Stockholders' equity			
Class A Common Stock, \$0.0003 1/3 par value; 100,000,000 shares authorized as of June 30, 2010, December 31, 2009 and June 30, 2009; 38,387,401 shares issued and outstanding as of June 30, 2010, 37,747,647 shares issued and outstanding as of December 31, 2009, 37,466,261 shares issued and outstanding as of June 30, 2009	13	13	12
Class B Convertible Common Stock, \$0.0003 1/3 par value; 12,500,000 shares authorized, issued and outstanding as of June 30, 2010, December 31, 2009 and June 30, 2009	4	4	4

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Additional paid-in capital	206,898	197,342	185,943
Retained earnings	212,780	202,188	161,412
Unearned compensation		(14)	(28)
Accumulated other comprehensive income	3,420	464	325
Total stockholders' equity	423,115	399,997	347,668
Total liabilities and stockholders' equity	\$ 570,099	\$ 545,588	\$ 481,704

See accompanying notes.

Table of Contents**Under Armour, Inc. and Subsidiaries****Unaudited Consolidated Statements of Income**

(In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Net revenues	\$ 204,786	\$ 164,648	\$ 434,193	\$ 364,648
Cost of goods sold	104,860	90,919	226,636	201,695
Gross profit	99,926	73,729	207,557	162,953
Selling, general and administrative expenses	93,034	70,348	187,081	151,676
Income from operations	6,892	3,381	20,476	11,277
Interest expense, net	(580)	(583)	(1,126)	(1,443)
Other expense, net	(167)	(362)	(852)	(349)
Income before income taxes	6,145	2,436	18,498	9,485
Provision for income taxes	2,643	997	7,826	4,084
Net income	\$ 3,502	\$ 1,439	\$ 10,672	\$ 5,401
Net income available per common share				
Basic	\$ 0.07	\$ 0.03	\$ 0.21	\$ 0.11
Diluted	\$ 0.07	\$ 0.03	\$ 0.21	\$ 0.11
Weighted average common shares outstanding				
Basic	50,764	49,726	50,592	49,573
Diluted	51,059	50,577	50,986	50,503

See accompanying notes.

Table of Contents**Under Armour, Inc. and Subsidiaries****Unaudited Consolidated Statements of Cash Flows**

(In thousands)

	Six Months Ended June 30,	
	2010	2009
Cash flows from operating activities		
Net income	\$ 10,672	\$ 5,401
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	15,349	13,533
Unrealized foreign currency exchange rate (gains) losses	10,142	(2,964)
Stock-based compensation	6,268	5,272
Loss on disposal of property and equipment	21	37
Deferred income taxes	(4,031)	(4,535)
Changes in reserves for doubtful accounts, returns, discounts and inventories	(2,726)	(254)
Changes in operating assets and liabilities:		
Accounts receivable	(22,498)	(2,376)
Inventories	(32,084)	302
Prepaid expenses and other assets	(215)	3,350
Accounts payable	13,577	(2,863)
Accrued expenses and other liabilities	(3,160)	3,547
Income taxes payable and receivable	(3,640)	(11,148)
Net cash provided by (used in) operating activities	(12,325)	7,302
Cash flows from investing activities		
Purchase of property and equipment	(15,209)	(11,564)
Purchase of trust-owned life insurance policies	(325)	(5)
Net cash used in investing activities	(15,534)	(11,569)
Cash flows from financing activities		
Payments on revolving credit facility		(25,000)
Proceeds from long term debt		3,567
Payments on long term debt	(4,546)	(3,609)
Payments on capital lease obligations	(85)	(216)
Excess tax benefits from stock-based compensation arrangements	1,445	3,317
Payments of deferred financing costs		(1,354)
Proceeds from exercise of stock options and other stock issuances	2,310	3,021
Net cash used in financing activities	(876)	(20,274)
Effect of exchange rate changes on cash and cash equivalents	(2,473)	2,041
Net decrease in cash and cash equivalents	(31,208)	(22,500)
Cash and cash equivalents		
Beginning of period	187,297	102,042