

INTER PARFUMS INC
Form 10-Q
November 08, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

x Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 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 No. **0-16469**

INTER PARFUMS, INC.

(Exact name of registrant as specified in its charter)

Delaware **13-3275609**
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

551 Fifth Avenue, New York, New York 10176
(Address of Principal Executive Offices) (Zip Code)

(212) 983-2640

(Registrants 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 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 x 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 x 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 "

Non-accelerated filer " (Do not check if a smaller reporting company)

Accelerated filer x

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 x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

At November 4, 2016, there were 31,105,605 shares of common stock, par value \$.001 per share, outstanding.

INTER PARFUMS, INC. AND SUBSIDIARIES

INDEX

	Page Number
Part I. Financial Information	1
Item 1. <u>Financial Statements</u>	1
<u>Consolidated Balance Sheets</u> <u>as of September 30, 2016 and December 31, 2015</u>	2
<u>Consolidated Statements of Income</u> <u>for the Three and Nine Months Ended</u> <u>September 30, 2016 and September 30, 2015</u>	3
<u>Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended</u> <u>September 30, 2016 and September 30, 2015</u>	4
<u>Consolidated Statements of Changes in Equity</u> <u>for the Nine Months Ended</u> <u>September 30, 2016 and September 30, 2015</u>	5
<u>Consolidated Statements of Cash Flows</u> <u>for the Nine Months Ended</u> <u>September 30, 2016 and September 30, 2015</u>	6
<u>Notes to Consolidated Financial Statements</u>	7
Item 2. <u>Management's Discussion and Analysis of</u> <u>Financial Condition and Results of Operations</u>	15
Item 3. <u>Quantitative and Qualitative Disclosures</u> <u>About Market Risk</u>	29
Item 4. <u>Controls and Procedures</u>	30
Part II. Other Information	31
Item 6. <u>Exhibits</u>	31
<u>Signatures</u>	31

INTER PARFUMS, INC. AND SUBSIDIARIES

Part I. Financial Information

Item 1. Financial Statements

In our opinion, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly our financial position, results of operations and cash flows for the interim periods presented. We have condensed such financial statements in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”). Therefore, such financial statements do not include all disclosures required by accounting principles generally accepted in the United States of America. In preparing these consolidated financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through the date the consolidated financial statements were issued by filing with the SEC. These financial statements should be read in conjunction with our audited financial statements for the year ended December 31, 2015 included in our annual report filed on Form 10-K.

The results of operations for the nine months ended September 30, 2016 are not necessarily indicative of the results to be expected for the entire fiscal year.

INTER PARFUMS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands except share and per share data)

(Unaudited)

ASSETS

	September 30, 2016	December 31, 2015
Current assets:		
Cash and cash equivalents	\$ 95,952	\$ 176,967
Short-term investments	117,951	82,847
Accounts receivable, net	145,735	95,082
Inventories	105,304	98,346
Receivables, other	2,017	2,422
Other current assets	5,925	5,811
Income tax receivable	863	100
Deferred tax assets	9,804	7,182
Total current assets	483,551	468,757
Equipment and leasehold improvements, net	11,119	9,333
Trademarks, licenses and other intangible assets, net	202,308	201,335
Other assets	8,621	8,234
Total assets	\$ 705,599	\$ 687,659

LIABILITIES AND EQUITY

Current liabilities:		
Current portion of long-term debt	\$ 22,886	\$ 22,163
Accounts payable, trade	45,536	50,636
Accrued expenses	46,690	46,890
Income taxes payable	12,683	7,359
Dividends payable	4,665	4,035
Total current liabilities	132,460	131,083
Long-term debt, less current portion	61,858	76,443

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Deferred tax liability	3,733	3,746
Equity:		
Inter Parfums, Inc. shareholders' equity:		
Preferred stock, \$.001 par; authorized 1,000,000 shares; none issued	--	--
Common stock, \$.001 par; authorized 100,000,000 shares; outstanding 31,104,205 and 31,037,915 shares at September 30, 2016 and December 31, 2015, respectively	31	31
Additional paid-in capital	62,071	62,030
Retained earnings	403,858	388,434
Accumulated other comprehensive (loss)	(40,728)	(48,091)
Treasury stock, at cost, 9,880,058 common shares at September 30, 2016 and December 31, 2015, respectively	(36,817)	(36,817)
Total Inter Parfums, Inc. shareholders' equity	388,415	365,587
Noncontrolling interest	119,133	110,800
Total equity	507,548	476,387
Total liabilities and equity	\$ 705,599	\$ 687,659

See notes to consolidated financial statements.

*INTER PARFUMS, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF INCOME*

(In thousands except per share data)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net sales	\$ 157,622	\$ 138,944	\$ 386,301	\$ 350,214
Cost of sales	62,790	53,118	145,723	136,453
Gross margin	94,832	85,826	240,578	213,761
Selling, general and administrative expenses	62,529	58,188	179,285	156,815
Income from operations	32,303	27,638	61,293	56,946
Other expenses (income):				
Interest expense	515	1,041	2,181	1,811
(Gain) loss on foreign currency	334	(336)	388	1,751
Interest income	(765)	(857)	(2,722)	(2,829)
	84	(152)	(153)	733
Income before income taxes	32,219	27,790	61,446	56,213
Income taxes	10,740	9,156	22,790	18,754
Net income	21,479	18,634	38,656	37,459
Less: Net income attributable to the noncontrolling interest	5,240	4,414	9,252	8,881
Net income attributable to Inter Parfums, Inc.	\$ 16,239	\$ 14,220	\$ 29,404	\$ 28,578
Earnings per share:				
Net income attributable to Inter Parfums, Inc. common shareholders:				
Basic	\$0.52	\$0.46	\$0.95	\$0.92

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Diluted	\$0.52	\$0.46	\$0.94	\$0.92
Weighted average number of shares outstanding:				
Basic	31,080	31,005	31,058	30,991
Diluted	31,171	31,098	31,138	31,092
Dividends declared per share	\$0.15	\$0.13	\$0.45	\$0.39

See notes to consolidated financial statements

Page 3

INTER PARFUMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands except per share data)

(Unaudited)

	Three Months Ended September 30, 2016		Nine Months Ended September 30, 2016	
	2015		2015	
Comprehensive income:				
Net income	\$21,479	\$18,634	\$38,656	\$37,459
Other comprehensive income (loss):				
Translation adjustments, net of tax	2,391	(442)	10,504	(33,031)
Comprehensive income	23,870	18,192	49,160	4,428
Comprehensive income (loss) attributable to the noncontrolling interests:				