

V F CORP
Form 10-Q
November 06, 2015

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 October 3, 2015

Commission file number: 1-5256

V. F. CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania	23-1180120
(State or other jurisdiction of	(I.R.S. employer
incorporation or organization)	identification number)
105 Corporate Center Boulevard	
Greensboro, North Carolina 27408	

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(Address of principal executive offices)

(336) 424-6000

(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 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 definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (check one):

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

On October 31, 2015, there were 426,309,081 shares of the registrant's common stock outstanding.

VF CORPORATION

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Part I Financial Information**Item 1 Financial Statements (Unaudited)****VF CORPORATION****Consolidated Balance Sheets****(Unaudited)****(In thousands, except share amounts)**

	September 2015	December 2014	September 2014
ASSETS			
Current assets			
Cash and equivalents	\$ 566,599	\$ 971,895	\$ 496,500
Accounts receivable, less allowance for doubtful accounts of: September 2015 \$23,287; December 2014 \$26,694; September 2014 \$39,950	1,870,530	1,276,224	1,764,636
Inventories	2,038,126	1,482,804	1,822,162
Other current assets	460,562	454,931	440,915
Total current assets	4,935,817	4,185,854	4,524,213
Property, plant and equipment	981,558	942,181	940,193
Intangible assets	2,309,481	2,433,552	2,785,651
Goodwill	1,800,008	1,824,956	1,989,871
Other assets	625,058	593,597	575,948
Total assets	\$ 10,651,922	\$ 9,980,140	\$ 10,815,876
LIABILITIES AND STOCKHOLDERS EQUITY			
Current liabilities			
Short-term borrowings	\$ 1,285,388	\$ 21,822	\$ 654,839
Current portion of long-term debt	13,197	3,975	4,374
Accounts payable	580,368	690,842	674,950
Accrued liabilities	904,667	903,602	932,315
Total current liabilities	2,783,620	1,620,241	2,266,478
Long-term debt	1,411,446	1,423,581	1,424,311
Other liabilities	1,095,659	1,305,436	1,262,727
Commitments and contingencies			
Stockholders equity			
Preferred Stock, par value \$1; shares authorized, 25,000,000; no shares outstanding at September 2015, December 2014 or September 2014			
Common Stock, stated value \$0.25; shares authorized, 1,200,000,000; shares outstanding at September 2015 426,250,097;	106,563	108,215	107,912

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December 2014	432,859,891; September 2014	431,649,948		
Additional paid-in capital			3,176,806	2,993,186
Accumulated other comprehensive income (loss)			(898,775)	(702,272)
Retained earnings			2,976,603	3,231,753
Total stockholders equity			5,361,197	5,630,882
Total liabilities and stockholders equity			\$ 10,651,922	\$ 9,980,140
				\$ 10,815,876

See notes to consolidated financial statements.

VF CORPORATION

Consolidated Statements of Income

(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended September		Nine Months Ended September	
	2015	2014	2015	2014
Net sales	\$ 3,583,027	\$ 3,486,998	\$ 8,870,518	\$ 8,610,521
Royalty income	29,793	33,449	93,463	92,780
Total revenues	3,612,820	3,520,447	8,963,981	8,703,301
Costs and operating expenses				
Cost of goods sold	1,883,610	1,818,655	4,630,503	4,464,565
Selling, general and administrative expenses	1,086,282	1,068,710	3,069,688	2,982,656
	2,969,892	2,887,365	7,700,191	7,447,221
Operating income	642,928	633,082	1,263,790	1,256,080
Interest income	1,506	1,852	5,499	4,702
Interest expense	(22,324)	(22,555)	(67,196)	(64,530)
Other income (expense), net	(1,280)	(1,609)	218	(4,209)
Income before income taxes	620,830	610,770	1,202,311	1,192,043
Income taxes	160,966	140,241	282,927	266,639
Net income	\$ 459,864	\$ 470,529	\$ 919,384	\$ 925,404
Earnings per common share				
Basic	\$ 1.08	\$ 1.09	\$ 2.16	\$ 2.14
Diluted	1.07	1.08	2.13	2.10
Cash dividends per common share	\$ 0.3200	\$ 0.2625	\$ 0.9600	\$ 0.7875

See notes to consolidated financial statements.

VF CORPORATION

Consolidated Statements of Comprehensive Income

(Unaudited)

(In thousands)

	Three Months Ended September		Nine Months Ended September	
	2015	2014	2015	2014
Net income	\$ 459,864	\$ 470,529	\$ 919,384	\$ 925,404
Other comprehensive income (loss)				
Foreign currency translation				
Gains (losses) arising during the period	12,282	(235,077)	(232,829)	(271,811)
Less income tax effect	1,740	3,293	4,495	3,905
Defined benefit pension plans				
Amortization of net deferred actuarial losses	15,493	9,385	46,485	28,158
Amortization of deferred prior service costs	760	1,361	2,281	4,085
Settlement charges	2,400		3,992	
Less income tax effect	(7,065)	(4,521)	(24,161)	(12,754)
Derivative financial instruments				
Gains (losses) arising during the period	5,634	51,351	52,068	43,586
Less income tax effect	(2,178)	(20,180)	(20,143)	(17,129)
Reclassification to net income for (gains) losses realized	(23,171)	12,911	(46,669)	25,734
Less income tax effect	8,956	(5,074)	18,392	(10,113)
Marketable securities				
Gains (losses) arising during the period		871	495	(289)
Less income tax effect		(343)	(195)	113
Reclassification to net income for (gains) losses realized			(1,177)	
Less income tax effect			463	
Other comprehensive income (loss)	14,851	(186,023)	(196,503)	(206,515)
Comprehensive income	\$ 474,715	\$ 284,506	\$ 722,881	\$ 718,889

See notes to consolidated financial statements.

VF CORPORATION

Consolidated Statements of Cash Flows

(Unaudited)

(In thousands)

	Nine Months Ended September	
	2015	2014
Operating activities		
Net income	\$ 919,384	\$ 925,404
Adjustments to reconcile net income to cash (used) provided by operating activities:		
Depreciation and amortization	198,304	200,519
Stock-based compensation	73,136	77,440
Provision for doubtful accounts	7,876	5,195
Pension expense (less than) in excess of contributions	(220,339)	29,791
Other, net	604	86,241
Changes in operating assets and liabilities:		
Accounts receivable	(653,545)	(467,399)
Inventories	(587,669)	(454,849)
Accounts payable	(100,533)	46,060
Income taxes	(29,299)	(113,401)
Accrued liabilities	74,845	99,042
Other assets and liabilities	(13,725)	(67,197)
Cash (used) provided by operating activities	(330,961)	366,846
Investing activities		
Capital expenditures	(187,281)	(171,606)
Software purchases	(53,053)	(66,815)
Other, net	3,150	(16,612)
Cash used by investing activities	(237,184)	(255,033)
Financing activities		
Net increase in short-term borrowings	1,268,146	637,786
Payments on long-term debt	(3,163)	(3,549)
Payment of debt issuance costs	(1,475)	
Purchases of treasury stock	(731,936)	(727,536)
Cash dividends paid	(407,684)	(340,690)
Proceeds from issuance of Common Stock, net of shares withheld for taxes	23,168	9,433
Tax benefits of stock-based compensation	50,750	47,786
Cash provided (used) by financing activities	197,806	(376,770)
Effect of foreign currency rate changes on cash and equivalents	(34,957)	(14,946)
Net change in cash and equivalents	(405,296)	(279,903)
Cash and equivalents beginning of year	971,895	776,403

Cash and equivalents	end of period	\$	566,599	\$	496,500
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See notes to consolidated financial statements.

VF CORPORATION

Consolidated Statements of Stockholders Equity

(Unaudited)

(In thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings
	Shares	Amounts			
Balance, December 2013	440,310,370	\$ 110,078	\$ 2,746,590	\$ (211,720)	\$ 3,432,090
Net income					1,047,505
Dividends on Common Stock					(478,933)
Purchase of treasury stock	(12,037,000)	(3,009)			(724,786)
Stock-based compensation, net	4,586,521	1,146	246,596		(44,123)
Foreign currency translation				(463,588)	
Defined benefit pension plans				(99,683)	