

BOOKS A MILLION INC
Form 10-Q
September 12, 2013
[Table of Contents](#)

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: August 3, 2013

- 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 0-20664

BOOKS-A-MILLION, INC.

(Exact name of registrant as specified in its charter)

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DELAWARE
(State or Other Jurisdiction of

63-0798460
(IRS Employer

Incorporation or Organization)

Identification No.)

402 Industrial Lane, Birmingham, Alabama
(Address of principal executive offices)

35211
(Zip Code)

(205) 942-3737

(Registrant's Telephone number, including area code)

N/A

(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 ☐

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 the 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 ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Shares of common stock, par value \$0.01 per share, outstanding as of September 9, 2013 were 15,362,057 shares.

Table of Contents

BOOKS-A-MILLION, INC. AND SUBSIDIARIES

INDEX TO FORM 10-Q

	Page No.
PART I. <u>FINANCIAL INFORMATION</u>	3
Item 1. <u>Financial Statements (Unaudited)</u>	3
<u>Condensed Consolidated Balance Sheets as of August 3, 2013 and February 2, 2013</u>	3
<u>Condensed Consolidated Statements of Operations for the thirteen and twenty-six weeks ended August 3, 2013 and July 28, 2012</u>	4
<u>Condensed Consolidated Statements of Comprehensive Income (Loss) for the thirteen and twenty-six weeks ended August 3, 2013 and July 28, 2012</u>	5
<u>Condensed Consolidated Statements of Cash Flows for the twenty-six weeks ended August 3, 2013 and July 28, 2012</u>	6
<u>Notes to Condensed Consolidated Financial Statements</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	17
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	24
Item 4. <u>Controls and Procedures</u>	24
PART II. <u>OTHER INFORMATION</u>	24
Item 1. <u>Legal Proceedings</u>	24
Item 1A. <u>Risk Factors</u>	25
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	25
Item 3. <u>Defaults Upon Senior Securities</u>	25
Item 4. <u>Mine Safety Disclosures</u>	25
Item 5. <u>Other Information</u>	25
Item 6. <u>Exhibits</u>	26

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****BOOKS-A-MILLION, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands, except per share data and share amounts)****(Unaudited)**

	August 3, 2013	February 2, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,532	\$ 4,988
Accounts receivable	3,193	2,953
Related party receivables (Note 4)	126	398
Inventories (Note 6)	202,787	201,527
Prepayments and other assets	7,844	5,780
Total current assets	224,482	215,646
Property and equipment		
Gross property and equipment	264,444	251,592
Less accumulated depreciation and amortization	(186,752)	(186,308)
Property and equipment, net	77,692	65,284
Deferred income taxes (Note 10)	328	1,655
Equity method investments (Note 13)	1,837	1,455
Related party notes receivable (Note 4)		1,000
Other assets	3,975	1,430
Total assets	\$ 308,314	\$ 286,470
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$ 73,062	\$ 96,237
Related party accounts payable (Note 4)	3,541	3,618
Accrued expenses	35,309	40,392
Deferred income taxes (Note 10)	17,204	14,896
Short-term borrowings and current portion of long term debt (Note 9)	46,449	740
Total current liabilities	175,565	155,883
Long-term debt (Note 9)	17,171	4,920
Related party note payable (Note 4 and Note 9)	1,612	
Deferred rent	7,252	7,232
Deferred income taxes (Note 10)		2
Liability for uncertain tax positions	778	909

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Long term capital lease obligation	892	1,007
Total non-current liabilities	27,705	14,070
Stockholders' equity:		
Preferred stock, \$0.01 par value, 1,000,000 shares authorized, no shares outstanding		
Common stock, \$0.01 par value, 30,000,000 shares authorized, 22,355,572 and 22,071,507 shares issued and 15,362,057 and 15,445,981 shares outstanding at August 3, 2013 and February 2, 2013, respectively	224	221
Additional paid-in capital	95,612	95,181
Treasury stock, at cost, 6,993,515 and 6,625,526 shares repurchased at August 3, 2013 and February 2, 2013, respectively	(52,804)	(51,829)
Retained earnings	60,130	72,944
Accumulated other comprehensive loss	(38)	
Total Books-A-Million stockholders' equity	103,124	116,517
Noncontrolling interest (Note 1)	1,920	
Total equity	105,044	116,517
Total liabilities and stockholders' equity	\$ 308,314	\$ 286,470

See notes to condensed consolidated financial statements.

Table of Contents**BOOKS-A-MILLION, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share data)

(Unaudited)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 3, 2013	July 28, 2012	August 3, 2013	July 28, 2012
Revenues				
Net sales	\$ 108,793	\$ 119,476	\$ 212,442	\$ 231,659
Other revenue	432	60	797	139
Total revenues	109,225	119,536	213,239	231,798
Cost of products sold, including warehouse distribution and store occupancy costs	78,160	86,088	153,620	167,678
Gross profit	31,065	33,448	59,619	64,120
Operating, selling and administrative expenses	29,270	30,368	58,608	59,092
Depreciation and amortization	4,448	4,105	8,727	8,238
Operating loss from continuing operations	(2,653)	(1,025)	(7,716)	(3,210)
Interest expense, net	430	452	893	890
Loss from continuing operations, before income taxes	(3,083)	(1,477)	(8,609)	(4,100)
Income tax expense (benefit) (Note 10)	6,054	(602)	4,017	(1,428)
Net loss from continuing operations before equity method investments	(9,137)	(875)	(12,626)	(2,672)
Net income (loss) on equity method investments	144	21	(2)	(81)
Loss from continuing operations	(8,993)	(854)	(12,628)	(2,753)
Loss from discontinued operations	(138)	(27)	(207)	(70)
Net loss	(9,131)	(881)	(12,835)	(2,823)
Less net loss attributable to noncontrolling interest	(21)		(21)	
Net loss attributable to Books-A-Million	\$ (9,110)	\$ (881)	\$ (12,814)	\$ (2,823)
Net loss per share:				
Basic and Diluted				
Net loss from continuing operations attributable to Books-A-Million	\$ (0.61)	\$ (0.06)	\$ (0.86)	\$ (0.18)
Net loss from discontinued operations attributable to Books-A-Million	(0.01)		(0.01)	
Net loss per common share attributable to Books-A-Million	\$ (0.62)	\$ (0.06)	\$ (0.87)	\$ (0.18)
Weighted average number of shares outstanding basic and diluted	14,673	15,365	14,758	15,354

See notes to condensed consolidated financial statements.

Table of Contents

BOOKS-A-MILLION, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

(Unaudited)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 3, 2013	July 28, 2012	August 3, 2013	July 28, 2012
Net loss	\$ (9,131)	\$ (881)	\$ (12,835)	\$ (2,823)

Other comprehensive loss, net of tax: