

URBAN OUTFITTERS INC
Form 10-Q
December 10, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended October 31, 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. 000-22754

Urban Outfitters, Inc.

(Exact Name of Registrant as Specified in Its Charter)

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Pennsylvania
(State or Other Jurisdiction of

23-2003332
(I.R.S. Employer

Incorporation or Organization)

Identification No.)

5000 South Broad Street, Philadelphia, PA
(Address of Principal Executive Offices)

19112-1495
(Zip Code)

Registrant's telephone number, including area code: (215) 454-5500

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.

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

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

Common stock, \$0.0001 par value 164,043,838 shares outstanding on December 3, 2010.

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Table of Contents**PART I****FINANCIAL INFORMATION****Item 1. Financial Statements****URBAN OUTFITTERS, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

(amounts in thousands, except share and per share data)

(unaudited)

	October 31, 2010	January 31, 2010	October 31, 2009
Assets			
Current assets:			
Cash and cash equivalents	\$ 253,546	\$ 159,024	\$ 202,316
Marketable securities	250,078	342,512	216,079
Accounts receivable, net of allowance for doubtful accounts of \$1,538, \$1,284 and \$1,276, respectively	47,653	38,405	37,592
Inventories	289,256	186,130	234,521
Prepaid expenses, deferred taxes and other current assets	59,073	80,142	46,987
Total current assets	899,606	806,213	737,495
Property and equipment, net	582,786	539,961	534,260
Marketable securities	186,202	243,445	233,525
Deferred income taxes and other assets	53,377	46,474	35,867
Total Assets	\$ 1,721,971	\$ 1,636,093	\$ 1,541,147
Liabilities and Shareholders Equity			
Current liabilities:			
Accounts payable	\$ 114,967	\$ 78,041	\$ 93,264
Accrued expenses, accrued compensation and other current liabilities	123,061	110,508	88,950
Total current liabilities	238,028	188,549	182,214
Deferred rent and other liabilities	164,044	150,769	143,673
Total Liabilities	402,072	339,318	325,887
Commitments and contingencies (see Note 10)			
Shareholders equity:			
Preferred Shares; \$.0001 par value, 10,000,000 shares authorized, none issued			
Common shares; \$.0001 par value, 200,000,000 shares authorized, 163,914,628, 168,558,371 and 168,397,488 shares issued and outstanding, respectively	17	17	17
Additional paid-in-capital	10,165	184,620	179,642
Retained earnings	1,318,952	1,121,232	1,043,557

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Accumulated other comprehensive loss	(9,235)	(9,094)	(7,956)
Total Shareholders Equity	1,319,899	1,296,775	1,215,260
Total Liabilities and Shareholders Equity	\$ 1,721,971	\$ 1,636,093	\$ 1,541,147

See accompanying notes

Table of Contents**URBAN OUTFITTERS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(amounts in thousands, except share and per share data)****(unaudited)**

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2010	2009	2010	2009
Net sales	\$ 573,592	\$ 505,900	\$ 1,605,712	\$ 1,349,322
Cost of sales, including certain buying, distribution and occupancy costs	337,599	295,812	934,152	808,838
Gross profit	235,993	210,088	671,560	540,484
Selling, general and administrative expenses	131,193	114,327	377,680	320,162
Income from operations	104,800	95,761	293,880	220,322
Other income, net	876	1,817	1,915	4,847
Income before income taxes	105,676	97,578	295,795	225,169
Income tax expense	32,570	35,186	98,075	82,951
Net income	\$ 73,106	\$ 62,392	\$ 197,720	\$ 142,218
Net income per common share:				
Basic	\$ 0.44	\$ 0.37	\$ 1.18	\$ 0.85
Diluted	\$ 0.43	\$ 0.36	\$ 1.16	\$ 0.83
Weighted average common shares:				
Basic	165,699,540	168,319,514	167,808,729	167,903,283
Diluted	168,575,637	171,443,902	171,228,883	170,831,491

See accompanying notes

Table of Contents**URBAN OUTFITTERS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(amounts in thousands)

(unaudited)

	Nine Months Ended October 31,	
	2010	2009
Cash flows from operating activities:		
Net income	\$ 197,720	\$ 142,218
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	74,856	68,721
Deferred income taxes	(12,740)	(3,513)
Excess tax benefit on share-based compensation	(11,457)	(3,724)
Share-based compensation expense	7,426	3,480
Loss on disposition of property and equipment, net	11	152
Changes in assets and liabilities:		
Receivables	(9,286)	(989)
Inventories	(102,611)	(63,137)
Prepaid expenses and other assets	38,256	21,230
Payables, accrued expenses and other liabilities	58,836	45,339
Net cash provided by operating activities	241,011	209,777
Cash flows from investing activities:		
Cash paid for property and equipment	(106,742)	(84,207)
Cash paid for marketable securities	(253,571)	(544,705)
Sales and maturities of marketable securities	396,762	296,791
Net cash provided by (used in) investing activities	36,449	(332,121)
Cash flows from financing activities:		
Exercise of stock options	11,379	2,272
Excess tax benefit from stock option exercises	11,457	3,724
Share repurchases	(204,723)	
Net cash (used in) provided by financing activities	(181,887)	5,996
Effect of exchange rate changes on cash and cash equivalents	(1,051)	2,629
Increase (decrease) in cash and cash equivalents	94,522	(113,719)
Cash and cash equivalents at beginning of period	159,024	316,035
Cash and cash equivalents at end of period	\$ 253,546	\$ 202,316
Supplemental cash flow information:		
Cash paid during the year for:		
Income taxes	\$ 76,940	\$ 66,582
Non-cash investing activities accrued capital expenditures	\$ 16,879	\$ 8,948