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TIFFANY & CO  
Form 10-Q  
May 23, 2018

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 April 30, 2018

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: 1-9494

TIFFANY & CO.

(Exact name of registrant as specified in its charter)

Delaware

13-3228013

(State of incorporation)

(I.R.S. Employer Identification No.)

727 Fifth Avenue, New York, NY 10022

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (212) 755-8000

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, \$0.01 par value, 124,241,267 shares outstanding at the close of business on April 30, 2018

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 FOR THE QUARTER ENDED APRIL 30, 2018

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## PART I. Financial Information

## Item 1. Financial Statements

## TIFFANY &amp; CO. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in millions, except per share amounts)

	April 30, 2018	January 31, 2018	April 30, 2017
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$999.2	\$970.7	\$838.8
Short-term investments	212.7	320.5	121.2
Accounts receivable, net	227.7	231.2	233.1
Inventories, net	2,317.6	2,253.5	2,197.4
Prepaid expenses and other current assets	223.0	207.4	204.0
Total current assets	3,980.2	3,983.3	3,594.5
Property, plant and equipment, net	965.6	990.5	920.8
Deferred income taxes	187.3	188.2	296.9
Other assets, net	317.5	306.1	294.0
	\$5,450.6	\$5,468.1	\$5,106.2
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Short-term borrowings	\$96.7	\$120.6	\$190.6
Accounts payable and accrued liabilities	380.6	437.4	281.4
Income taxes payable	124.3	89.4	35.3
Merchandise credits and deferred revenue	82.7	77.4	75.2
Total current liabilities	684.3	724.8	582.5
Long-term debt	882.9	882.9	880.5
Pension/postretirement benefit obligations	290.7	287.4	322.8
Deferred gains on sale-leasebacks	38.0	40.5	44.9
Other long-term liabilities	286.1	284.3	200.8
Commitments and contingencies			
Stockholders' equity:			
Preferred Stock, \$0.01 par value; authorized 2.0 shares, none issued and outstanding	—	—	—
Common Stock, \$0.01 par value; authorized 240.0 shares, issued and outstanding 124.2, 124.5, 124.7	1.2	1.2	1.2
Additional paid-in capital	1,259.6	1,256.0	1,196.5
Retained earnings	2,159.0	2,114.2	2,104.6
Accumulated other comprehensive loss, net of tax	(166.1 )	(138.0 )	(242.8 )
Total Tiffany & Co. stockholders' equity	3,253.7	3,233.4	3,059.5
Non-controlling interests	14.9	14.8	15.2
Total stockholders' equity	3,268.6	3,248.2	3,074.7
	\$5,450.6	\$5,468.1	\$5,106.2

See notes to condensed consolidated financial statements.

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TIFFANY & CO. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS  
 (Unaudited)  
 (in millions, except per share amounts)

	Three Months	
	Ended April 30,	
	2018	2017
Net sales	\$1,033.2	\$899.6
Cost of sales	382.3	340.5
Gross profit	650.9	559.1
Selling, general and administrative expenses	446.6	409.5
Earnings from operations	204.3	149.6
Interest expense and financing costs	9.9	10.6
Other expense, net	3.9	2.9
Earnings from operations before income taxes	190.5	136.1
Provision for income taxes	48.2	43.2
Net earnings	\$142.3	\$92.9
Net earnings per share:		
Basic	\$1.14	\$0.75
Diluted	\$1.14	\$0.74
Weighted-average number of common shares:		
Basic	124.4	124.6
Diluted	125.0	125.3

See notes to condensed consolidated financial statements.

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TIFFANY & CO. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS  
 (Unaudited)  
 (in millions)

	Three Months Ended April 30,	
	2018	2017
Net earnings	\$142.3	\$92.9
Other comprehensive (loss) earnings, net of tax		
Foreign currency translation adjustments	(25.0 )	12.1
Unrealized gain on marketable securities	—	0.1
Unrealized loss on hedging instruments	(7.3 )	(1.0 )
Unrealized gain on benefit plans	2.4	2.2
Total other comprehensive (loss) earnings, net of tax	(29.9 )	13.4
Comprehensive earnings	\$112.4	\$106.3

See notes to condensed consolidated financial statements.

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TIFFANY & CO. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
(Unaudited)  
(in millions)

	Total Stockholders' Equity	Retained Earnings	Accumulated Other Comprehensive Loss	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Non- Controlling Interests
Balance at January 31, 2018	\$ 3,248.2	\$ 2,114.2	\$ (138.0 )	124.5	\$ 1.2	\$ 1,256.0	\$ 14.8
Exercise of stock options and vesting of restricted stock units	4.5	—	—	0.2	—	4.5	—
Shares withheld related to net share settlement of share-based compensation	(6.5 )	—	—	(0.1 )	—	(6.5 )	—
Share-based compensation expense	9.0	—	—	—	—	9.0	—
Purchase and retirement of Common Stock	(40.5 )	(37.1 )	—	(0.4 )	—	(3.4 )	—
Cash dividends on Common Stock	(62.2 )	(62.2 )	—	—	—	—	—
Accrued dividends on share-based awards	(0.3 )	(0.3 )	—	—	—	—	—
Other comprehensive loss, net of tax	(29.9 )	—	(29.9 )	—	—	—	—
Cumulative effect adjustment from adoption of new accounting standards	3.9	2.1	1.8	—	—	—	—
Net earnings	142.3	142.3	—	—	—	—	—
Non-controlling interests	0.1	—	—	—	—	—	0.1
Balance at April 30, 2018	\$ 3,268.6	\$ 2,159.0	\$ (166.1 )	124.2	\$ 1.2	\$ 1,259.6	\$ 14.9

See notes to condensed consolidated financial statements.

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TIFFANY & CO. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (Unaudited)  
 (in millions)

	Three Months Ended April 30,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net earnings	\$142.3	\$92.9
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	53.8	50.9
Amortization of gain on sale-leasebacks	(2.2)	(2.0)
Provision for inventories	11.2	4.8
Deferred income taxes	1.5	2.9
Provision for pension/postretirement benefits	8.4	9.4
Share-based compensation expense	9.0	7.5
Changes in assets and liabilities:		
Accounts receivable	(11.8)	(6.3)
Inventories	(93.7)	(33.1)
Prepaid expenses and other current assets	(1.8)	(15.4)
Accounts payable and accrued liabilities	(54.1)	(38.4)
Income taxes payable	25.3	36.3
Merchandise credits and deferred revenue	11.5	7.9
Other, net	0.4	(3.7)
Net cash provided by operating activities	99.8	113.7
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of marketable securities and short-term investments	(15.9)	(75.7)
Proceeds from sales of marketable securities and short-term investments	107.7	12.9
Capital expenditures	(36.9)	(35.3)
Other, net	—	1.8
Net cash provided by (used in) investing activities		