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LANDS END INC
Form 8-K
February 28, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) February 27, 2002

LANDS' END, INC.
(exact name of registrant as specified in its charter)

DELAWARE
(State or other
jurisdiction
of incorporation)

1-9769
(Commission
File Number)

36-2512786
(I.R.S. Employer
Identification
Number)

Lands' End Lane, Dodgeville, Wisconsin
(Address of principal executive offices)

53595
(Zip Code)

Registrant's telephone number 608-935-9341
including area code

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INFORMATION INCLUDED IN THIS REPORT

Item 5. Other Events.

Attached as Exhibit 99 to this report are excerpted slides from a Lands' End meeting with members of the financial community in New York, New York, on Wednesday, February 27, 2002. An audio broadcast of the meeting was simulcast on the Internet and will be archived there for six months.

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SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, its duly authorized officer and chief financial officer.

LANDS' END, INC.

February 28, 2002

By: /S/ DONALD R. HUGHES
Donald R. Hughes
Senior Vice President &
Chief Financial Officer

EXHIBIT 99

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Lands' End Has Shown 15 Years of Solid Growth

| Fiscal Year | Total Revenue (in millions) |
|-------------|--------------------------------|
| 1987 | 284.0 |
| 1992 | 722.0 |
| 1997 | 1,194.0 |
| 2002 Est. | 1,565.0 |

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Internet Growth (Net Merchandising Sales)

| Fiscal Year | Net Merchandising Sales (in millions) |
|-------------|--|
| 1997 | 3.0 |
| 1998 | 18.0 |
| 1999 | 61.0 |
| 2000 | 138.0 |
| 2001 | 218.0 |
| 2002 Est. | 300.0 |

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Fourth Quarter Results (\$ in millions, except EPS)

| | Estimated Q4 FY02 | Actual Q4 FY01 | Actual Q4 FY00 |
|---------------|----------------------|-------------------|-------------------|
| Total revenue | \$ 592.0 | \$ 538.6 | \$ 483.1 |
| Gross profit | 45.2% | 43.7% | 42.8% |
| SG&A | 32.3% | 33.8% | 33.4% |
| Pretax income | 12.6% | 9.4% | 9.3% |
| Diluted EPS | \$ 1.51 | \$ 1.07 | \$ 0.92 |

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Fiscal 2002 Estimated Results (\$ in millions, except EPS)

| | 53 weeks ended 02/01/02 | 52 weeks ended 01/26/01 | Change |
|---------------|-------------------------------|-------------------------------|-----------|
| Total Revenue | \$ 1,565 | \$ 1,462 | + 7 % |
| Gross Profit | 44.0% | 42.5% | + 1.4 pts |
| SG&A | 36.7% | 38.3% | - 1.6 pts |
| Pretax income | \$ 107.0 | \$ 55.0 | |
| Pretax income | 6.9% | 3.8% | + 3.1 pts |
| Diluted EPS | \$ 2.20 | \$ 1.14 | + 93 % |

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Year-End Inventory Levels (\$ in millions)

| Fiscal Year | Year-End Level (\$ in millions) |
|-------------|------------------------------------|
| 1998 | \$241 |
| 1999 | \$220 |
| 2000 | \$162 |
| 2001 | \$188 |
| 2002* Est. | \$227 |

*The \$39 million increase in inventory breaks down approximately as follows:

- \$30 million for early receipt of spring/summer merchandise
- \$14 million for build up of key-core items
- (\$5)million for reduced liquidation inventory

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Recent History

*Revitalization of merchandise, circulation and inventory strategies led to record Fiscal 2002 results.

| | FY1999* | FY2002 |
|--------------------------------|---------|---------|
| Total Revenue | \$1,466 | \$1,565 |
| Gross Margin | 42.0% | 44.0% |
| Pre-Tax Profit | 5.4% | 6.9% |
| Pages Circulated (billions) | 25.2 | 24.7 |
| Peak Borrowing | \$264.0 | \$ 54.0 |
| SKUs | 107 | 96 |
| EPS | \$ 1.27 | \$2.20 |

*Excludes \$12.6 million pre-tax non-recurring charge.

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Lands' End Customer U.S. Consumer Business

| Fiscal Year | Number of Households (in millions) |
|----------------|---------------------------------------|
| 1998 | 25.9 |
| 1999 | 27.7 |
| 2000 | 29.1 |
| 2001 | 30.7 |
| 2002 | 32.3 |

-Our customer file has grown to 32.2 million households in the U.S. Consumer Business.

-Our 12-month buyers grew to 6.2 million in FY02.

-Our 36-month buyer file is more than 10.1 million households.

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Our Five-Year Opportunities

1. Grow the U.S. Consumer Business

- Extend our merchandise lines in defined, focused ways.
- Exploit new channels of marketing and customer service, enjoying greater efficiencies.
- Expand our universe of customers.

2. Grow Specialty Divisions and International

- Advance these businesses from their beach-head positions to true leadership positions.

3. Grow Earnings at Least 3 Ways

- Top line revenue growth
- Leverage existing expense structure.
- Leverage existing capacity in Dodgeville and around the world.
- Extend and improve recent strong margin gains.

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Five Year Opportunities
Key Initiatives

- New extended size catalog for women (launched Fall 2001).
 - Introduction of intimate apparel that leverages huge swimwear business.
 - Alumni collection - high quality collegiate apparel
 - first foray into larger sports licensing business.
 - Great go-togethers - company-wide initiative to market multiple purchases that are stylish and complementary.
 - New customer segmentation resulting in more targeted and efficient catalog marketing.
 - Explore the retail store channel.
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Women's Extended Size Market

- Extended size market reached \$17.3 billion in 2001.
 - 12% is direct to consumer
 - Developed specialty catalog to maximize growth potential.
 - Developed an additional 20% styles to support growth.
 - Hired experienced talent to drive business.
 - Plan five issues this year.
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Intimate Apparel Market

- Intimate Apparel Market reached \$8.3 billion in 2001.
 - 10% is direct to consumer
 - Leverage our established fit position in Swim.
 - Maximize trend in Sleepwear separates.
 - Explore new ways to market our Intimate Apparel, Sleepwear and Spa products for FY04 and beyond.
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Operations/Facilities

Key statistics in FY 2002 for U.S. Consumer Business

17.8 Million Orders Shipped
17.0 Million Sales/Service Contacts
79.2 Million Minutes of Customer Talk Time
4.2 Million Units Embroidered
1.9 Million Units Monogrammed
2.6 Million Units Inseamed
1.9 Million Square feet of Distribution Facilities
Significant capacity exists to meet future sales growth without facility expansion.

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Systems Development For Emerging Strategic Goals

1. 1993 - 1999 Industrial Strength
Enhanced functionality on core processes
Call Center Systems
Warehouse/Pick and ship
 2. 1999 - 2001 Internet Platform
Successfully integrated Internet with core processes
Developed customer focused applications-
Personalization
 3. 2001 - 2004 Smart Systems
Superior Customer Relationship Management
Business Intelligence
Advanced Supply Chain Management
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Investment Highlights

- Lands' End is a unique, highly admired, and trusted brand destined to be a high growth, high performance company.
 - A wealth of promising merchandising ideas on the drawing board.
 - US Consumer
 - Specialty
 - International
 - Internet
 - Financial flexibility and significant free cash strategic investments.
 - The drive and talent of a seasoned management team.
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STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Statements in this document that are not historical, including, without limitation, statements regarding our plans, expectations, assumptions, and estimations for fiscal 2002 and fiscal 2003 revenues, gross profit margin, and earnings, as well as anticipated sales trends, timing of catalogs and future development of our business strategy, are considered forward-looking and speak only as of today's date.

As such, these statements are subject to a number of risks and uncertainties. Future results may be materially different from those expressed or implied by these statements due to a number of factors. Currently, we believe that the principal factors that create uncertainty about our future results are the following: customer response to our merchandise offerings, circulation changes and other initiatives; the mix of our sales between full price and liquidation merchandise; overall

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consumer confidence and general economic conditions, both domestic and foreign; effects of weather on customer purchasing behavior; effects of shifting patterns of e-commerce versus catalog purchases; costs associated with printing and mailing catalogs and fulfilling orders; dependence on consumer seasonal buying patterns; fluctuations in foreign currency exchange rates; and changes that may have different effects on the various sectors in which we operate (e.g., rather than individual consumers, the Business Outfitters Division, included in the specialty segment, sells to numerous corporations, and certain of these sales are for their corporate promotional activities). Our future results could, of course, be affected by other factors as well. More information about these risks and uncertainties may be found in the company's 10-K filings with the S.E.C.

The company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.