

GANDER MOUNTAIN CO
Form 10-Q
June 17, 2008

**UNITED STATES
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 MAY 3, 2008.**

Commission File Number: 000-50659

GANDER MOUNTAIN COMPANY

(Exact name of Registrant as Specified in its Charter)

Minnesota
(State or Other Jurisdiction of
Incorporation or Organization)

**180 East Fifth Street, Suite 1300
Saint Paul, Minnesota 55101
(651) 325-4300**
(Address, including zip code, and
telephone number, including area
code, of Registrant's Principal
Executive Offices)

41-1990949
(I.R.S. Employer
Identification No.)

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 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

Edgar Filing: GANDER MOUNTAIN CO - Form 10-Q

non-accelerated filer smaller reporting company
(Do not check if 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 practical date: Common Stock, \$.01 par value; 24,051,941 shares outstanding as of June 11, 2008.

GANDER MOUNTAIN COMPANY

QUARTERLY PERIOD ENDED MAY 3, 2008

Index

	Page
PART I. FINANCIAL INFORMATION	2
Item 1.	
Financial Statements	2
Consolidated Statements of Operation	2
Consolidated Balance Sheets	3
Consolidated Statements of Cash Flows	4
Notes to Unaudited Consolidated Financial Statements	5
Item 2.	
Item 3.	
Item 4.	
Management's Discussion and Analysis of Financial Condition and Results of Operations	10
Quantitative and Qualitative Disclosures About Market Risk	18
Controls and Procedures	18
PART II. OTHER INFORMATION	18
Item 1.	
Item 1A.	
Item 2.	
Item 3.	
Item 4.	
Item 5.	
Item 6.	
SIGNATURES	
Legal Proceedings	18
Risk Factors	19
Unregistered Sales of Equity Securities and Use of Proceeds	19
Defaults Upon Senior Securities	19
Submission of Matters to a Vote of Security Holders	19
Other Information	19
Exhibits	19
	20

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

Gander Mountain Company

Consolidated Statements of Operations - Unaudited

(In thousands, except per share data)

	13 Weeks Ended	
	May 3, 2008	May 5, 2007
Sales	\$ 207,662	\$ 175,749
Cost of goods sold	165,633	141,872
Gross profit	42,029	33,877
Operating expenses:		
Selling, general and administrative expenses	58,957	51,543
Exit costs, impairment and other charges	776	334
Pre-opening expenses	1,627	730
Loss from operations	(19,331)	(18,730)
Interest expense, net	4,842	3,976
Loss before income taxes	(24,173)	(22,706)
Income tax provision	272	125
Net loss	\$ (24,445)	\$ (22,831)
Basic and diluted loss per common share	\$ (1.02)	\$ (1.14)
Weighted average common shares outstanding	24,051	20,089

See accompanying notes to unaudited consolidated financial statements.

Gander Mountain Company

Consolidated Balance Sheets

(In thousands)

	May 3, 2008 (Unaudited)	February 2, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,040	\$ 2,622
Accounts receivable	17,910	10,992
Income taxes receivable	479	486
Inventories	426,001	403,683
Prepays and other current assets	22,147	15,987
Total current assets	470,577	433,770
Property and equipment, net	170,750	168,685
Goodwill	48,970	48,803
Acquired intangible assets, net	24,843	25,098
Other assets, net	3,466	3,576
Total assets	\$ 718,606	\$ 679,932
Liabilities and shareholders equity		
Current liabilities:		
Borrowings under credit facility	\$ 274,038	\$ 246,013
Accounts payable	112,477	72,563
Accrued and other current liabilities	55,261	60,606
Current maturities of long term debt	9,334	8,247
Total current liabilities	451,110	387,429
Long term debt	63,062	64,173
Deferred income taxes	7,247	7,113
Other long term liabilities	27,414	27,397
Shareholders equity:		
Preferred stock (\$.01 par value, 5,000,000 shares authorized; no shares issued and outstanding)		
Common stock (\$.01 par value, 100,000,000 shares authorized; 24,051,941 and 24,049,064 shares issued and outstanding)	241	241
Additional paid-in-capital	277,508	277,110
Accumulated deficit	(107,976)	(83,531)
Total shareholders equity	169,773	193,820
Total liabilities and shareholders equity	\$ 718,606	\$ 679,932

See accompanying notes to unaudited consolidated financial statements.

Gander Mountain Company

Consolidated Statements of Cash Flows - Unaudited

(In thousands)

	13 Weeks Ended	
	May 3, 2008	May 5, 2007
Operating activities		
Net loss	\$ (24,445)	\$ (22,831)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	8,010	6,202
Exit costs, impairment and other charges	605	
Stock-based compensation expense	381	