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 November 2, 2019

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: 1-4365

OXFORD INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Georgia	**58-0831862**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

999 Peachtree Street, N.E., Suite 688, Atlanta, Georgia 30309
(Address of principal executive offices) (Zip Code)

(404) 659-2424
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $1 par value	OXM	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 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 ☐ 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 Exchange Act). Yes☐ No ☒

As of November 30, 2019, there were 17,040,004 shares of the registrant's common stock outstanding.

OXFORD INDUSTRIES, INC.
INDEX TO FORM 10-Q
For the Third Quarter of Fiscal 2019

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

Our SEC filings and public announcements may include forward-looking statements about future events. Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will" and similar expressions identify forward-looking statements, which typically are not historical in nature. We intend for all forward-looking statements contained herein, in our press releases or on our website, and all subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf, to be covered by the safe harbor provisions for forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and the provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (which Sections were adopted as part of the Private Securities Litigation Reform Act of 1995). Such statements are subject to a number of risks, uncertainties and assumptions including, without limitation, demand for our products, which may be impacted by competitive conditions and/or evolving consumer shopping patterns; macroeconomic factors that may impact consumer spending for apparel and related products; costs of products as well as the raw materials used in those products; expected pricing levels; costs of labor; the timing of shipments requested by our wholesale customers; changes, and the impact on our business operations of such changes, in international, federal or state tax, trade and other laws and regulations, including the imposition of additional duties, tariffs, taxes or other charges or barriers to trade resulting from ongoing trade developments with China and our ability to implement mitigating sourcing strategies; weather; retention of and disciplined execution by key management; the timing and cost of store and restaurant openings and remodels as well as other capital expenditures; acquisition and disposition activities, including our ability to timely recognize expected synergies from acquisitions; expected outcomes of pending or potential litigation and regulatory actions; the impact of any restructuring initiatives we may undertake in one or more of our business lines; access to capital and/or credit markets; changes in accounting standards and related guidance; and factors that could affect our consolidated effective tax rate. Forward-looking statements reflect our expectations at the time such forward looking statements are made, based on information available at such time, and are not guarantees of performance. Although we believe that the expectations reflected in such forward-looking statements are reasonable, these expectations could prove inaccurate as such statements involve risks and uncertainties, many of which are beyond our ability to control or predict. Should one or more of these risks or uncertainties, or other risks or uncertainties not currently known to us or that we currently deem to be immaterial, materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Important factors relating to these risks and uncertainties include, but are not limited to, those described in Part I, Item 1A. Risk Factors contained in our Annual Report on Form 10-K for Fiscal 2018, and those described from time to time in our future reports filed with the SEC. We caution that one should not place undue reliance on forward-looking statements, which speak only as of the date on which they are made. We disclaim any intention, obligation or duty to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

DEFINITIONS

As used in this report, unless the context requires otherwise, "our," "us" or "we" means Oxford Industries, Inc. and its consolidated subsidiaries; "SG&A" means selling, general and administrative expenses; "SEC" means the United States Securities and Exchange Commission; "FASB" means the Financial Accounting Standards Board; "ASC" means the FASB Accounting Standards Codification; "GAAP" means generally accepted accounting principles in the United States; and "TBBC" means The Beaufort Bonnet Company. Unless otherwise indicated, all references to assets, liabilities, revenues, expenses or other information in this report reflect continuing operations. Additionally, the terms listed below reflect the respective period noted:

Fiscal 2020	52 weeks ending January 30, 2021
Fiscal 2019	52 weeks ending February 1, 2020
Fiscal 2018	52 weeks ended February 2, 2019
Fiscal 2017	53 weeks ended February 3, 2018
Fourth Quarter Fiscal 2019	13 weeks ending February 1, 2020
Third Quarter Fiscal 2019	13 weeks ended November 2, 2019
Second Quarter Fiscal 2019	13 weeks ended August 3, 2019
First Quarter Fiscal 2019	13 weeks ended May 4, 2019
Fourth Quarter Fiscal 2018	13 weeks ended February 2, 2019
Third Quarter Fiscal 2018	13 weeks ended November 3, 2018
Second Quarter Fiscal 2018	13 weeks ended August 4, 2018
First Quarter Fiscal 2018	13 weeks ended May 5, 2018
First Nine Months Fiscal 2019	39 weeks ended November 2, 2019
First Nine Months Fiscal 2018	39 weeks ended November 3, 2018

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OXFORD INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except par amounts)
(unaudited)

	November 2, 2019	February 2, 2019	November 3, 2018
ASSETS			
Current Assets			
Cash and cash equivalents	$ 21,568	$ 8,327	$ 7,413
Receivables, net	64,593	69,037	69,400
Inventories, net	154,229	160,656	138,150
Prepaid expenses and other current assets	28,438	31,768	36,937
Total Current Assets	$ 268,828	$ 269,788	$ 251,900
Property and equipment, net	190,537	192,576	194,228
Intangible assets, net	175,298	176,176	176,735
Goodwill	66,594	66,621	66,618
Operating lease assets	287,977	—	—
Other non-current assets, net	23,850	22,093	23,272
Total Assets	$ 1,013,084	$ 727,254	$ 712,753
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable	$ 60,708	$ 81,612	$ 64,429
Accrued compensation	21,560	24,226	25,426
Current operating lease liabilities	49,901	—	—
Other accrued expenses and liabilities	31,949	36,371	34,984
Total Current Liabilities	$ 164,118	$ 142,209	$ 124,839
Long-term debt	—	12,993	32,211
Non-current operating lease liabilities	293,775	—	—
Other non-current liabilities	17,365	75,286	73,434
Deferred taxes	21,010	18,411	16,922
Commitments and contingencies	—	—	—
Shareholders' Equity			
Common stock, $1.00 par value per share	17,040	16,959	16,956
Additional paid-in capital	147,448	142,976	140,876
Retained earnings	357,768	323,515	312,604
Accumulated other comprehensive loss	(5,440)	(5,095)	(5,089)
Total Shareholders' Equity	$ 516,816	$ 478,355	$ 465,347
Total Liabilities and Shareholders' Equity	$ 1,013,084	$ 727,254	$ 712,753

See accompanying notes.

OXFORD INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Third Quarter		First Nine Months	
	Fiscal 2019	Fiscal 2018	Fiscal 2019	Fiscal 2018
Net sales	$ 241,221	$ 233,662	$ 825,194	$ 808,931
Cost of goods sold	108,241	104,383	346,620	336,209
Gross profit	$ 132,980	$ 129,279	$ 478,574	$ 472,722
SG&A	134,231	128,687	417,448	414,747
Royalties and other operating income	3,845	3,113	11,469	10,616
Operating income	$ 2,594	$ 3,705	$ 72,595	$ 68,591
Interest expense, net	81	489	1,171	1,872
Earnings before income taxes	$ 2,513	$ 3,216	$ 71,424	$ 66,719
Income taxes	845	1,355	18,263	17,107
Net earnings	$ 1,668	$ 1,861	$ 53,161	$ 49,612
Net earnings per share:				
Basic	$ 0.10	$ 0.11	$ 3.17	$ 2.98
Diluted	$ 0.10	$ 0.11	$ 3.15	$ 2.95
Weighted average shares outstanding:				
Basic	16,773	16,694	16,748	16,672
Diluted	16,934	16,870	16,896	16,826
Dividends declared per share	$ 0.37	$ 0.34	$ 1.11	$ 1.02

See accompanying notes.

OXFORD INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Third Quarter		First Nine Months	
	Fiscal 2019	Fiscal 2018	Fiscal 2019	Fiscal 2018
Net earnings	$ 1,668	$ 1,861	$ 53,161	$ 49,612
Other comprehensive income (loss), net of taxes:				
Net foreign currency translation adjustment	176	(150)	(345)	(1,015)
Comprehensive income	$ 1,844	$ 1,711	$ 52,816	$ 48,597

See accompanying notes.

OXFORD INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	First Nine Months	
	Fiscal 2019	Fiscal 2018
Cash Flows From Operating Activities:		
Net earnings	$ 53,161	$ 49,612
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	29,301	29,878
Amortization of intangible assets	878	2,055
Equity compensation expense	5,698	5,510
Amortization of deferred financing costs	298	318
Deferred income taxes	2,370	1,501
Changes in working capital, net of acquisitions and dispositions:		
Receivables, net	4,559	(2,286)
Inventories, net	6,203	(14,346)
Prepaid expenses and other current assets	(2,348)	943
Current liabilities	(27,479)	(9,244)
Other balance sheet changes	2,565	677
Cash provided by operating activities	$ 75,206	$ 64,618
Cash Flows From Investing Activities:		
Acquisitions, net of cash acquired	—	(354)
Purchases of property and equipment	(26,877)	(30,914)
Cash used in investing activities	$ (26,877)	$ (31,268)
Cash Flows From Financing Activities:		
Repayment of revolving credit arrangements	(122,241)	(221,750)
Proceeds from revolving credit arrangements	109,248	208,152
Deferred financing costs paid	(952)	—
Proceeds from issuance of common stock	1,307	1,170
Repurchase of equity awards for employee tax withholding liabilities	(2,453)	(2,351)
Cash dividends declared and paid	(18,908)	(17,286)
Other financing activities	(1,033)	—
Cash used in financing activities	$ (35,032)	$ (32,065)
Net change in cash and cash equivalents	$ 13,297	$ 1,285
Effect of foreign currency translation on cash and cash equivalents	(56)	(215)
Cash and cash equivalents at the beginning of year	8,327	6,343
Cash and cash equivalents at the end of the period	$ 21,568	$ 7,413
Supplemental disclosure of cash flow information:		
Cash paid for interest, net	$ 1,162	$ 1,598
Cash paid for income taxes	$ 13,496	$ 16,133

See accompanying notes.

OXFORD INDUSTRIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
THIRD QUARTER OF FISCAL 2019

1. **Basis of Presentation:** The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with GAAP for interim financial reporting and the instructions of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. We believe the accompanying unaudited condensed consolidated financial statements reflect all normal, recurring adjustments that are necessary for a fair presentation of our financial position and results of operations as of the dates and for the periods presented. The preparation of our unaudited condensed consolidated financial statements in conformity with GAAP requires us to make certain estimates and assumptions that affect the amounts reported as assets, liabilities, revenues and expenses in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Results of operations for the interim periods presented are not necessarily indicative of results to be expected for our full fiscal year.

   The significant accounting policies applied during the interim periods presented are consistent with the significant accounting policies described in our Annual Report on Form 10-K for Fiscal 2018, except for the adoption of the new lease accounting guidance in Fiscal 2019 as discussed below and in Note 5.

   Accounting Standards Adopted in Fiscal 2019

   In February 2016, the FASB issued revised lease accounting guidance. The guidance requires companies to record substantially all leases, including operating leases, as assets and liabilities on the balance sheet. For these leases, we are required to recognize (1) an operating lease asset which will represent our right to use, or control the use of, a specified asset for a lease term and (2) a lease liability equal to our obligation to make lease payments arising from a lease, measured on a discounted basis. The guidance was adopted on the first day of the First Quarter of Fiscal 2019 using a modified retrospective approach. The modified retrospective approach allows us to apply the standard and related disclosures to the financial statements for the period of adoption and apply the previous guidance in the prior year comparative periods. The adoption of the new guidance had a material impact on our condensed consolidated balance sheet as a result of the non-cash recognition of operating lease assets and operating lease liabilities, but did not have a material impact on our consolidated statements of operations or cash flows. We elected the transition relief package practical expedients by applying previous accounting conclusions to all leases that existed prior to the adoption date. Therefore, we have not reassessed (1) whether existing or expired contracts contain a lease, (2) lease classification for existing or expired leases, or (3) the accounting for initial direct costs that were previously capitalized. We did not elect the practical expedient to use hindsight for leases existing at the adoption date. Refer to Note 5 for additional disclosures and information about accounting for leases.

   Recently Issued Accounting Standards Applicable to Future Periods

   In June 2016, the FASB issued guidance, as amended, on the measurement of credit losses on financial instruments. This guidance amends the impairment model by requiring that companies use a forward-looking approach based on expected losses to estimate credit losses on certain financial instruments, including trade receivables. This guidance will be effective in Fiscal 2020 with early adoption permitted. We are currently assessing the impact that adopting this guidance will have on our consolidated financial statements.

   Recent accounting pronouncements pending adoption not discussed above are either not applicable or not expected to have a material impact on our consolidated financial statements.

2. **Operating Group Information:** We identify our operating groups based on the way our management organizes the components of our business for purposes of allocating resources and assessing performance. Our operating group structure reflects a brand-focused management approach, emphasizing operational coordination and resource allocation across each brand's direct to consumer, wholesale and licensing operations, as applicable. Our business is primarily operated through our Tommy Bahama, Lilly Pulitzer, Lanier Apparel and Southern Tide operating groups.

Tommy Bahama, Lilly Pulitzer and Southern Tide each design, source, market and distribute apparel and related products bearing their respective trademarks and license their trademarks for other product categories, while Lanier Apparel designs, sources and distributes branded and private label men's tailored clothing, sportswear and other products. Corporate and Other is a reconciling category for reporting purposes and includes our corporate offices, substantially all financing activities, the elimination of inter-segment sales and any other items that are not allocated to the operating groups, including LIFO accounting adjustments. Because our LIFO inventory pool does not correspond to our operating group definitions, LIFO inventory accounting adjustments are not allocated to the operating groups. Corporate and Other also includes the operations of other businesses which are not included in our operating groups, including the operations of TBBC and our Lyons, Georgia distribution center. For a more extensive description of our operating groups, see Part I, Item 1. Business included in our Annual Report on Form 10-K for Fiscal 2018.

The table below presents certain financial information (in thousands) about our operating groups, as well as Corporate and Other.

	Third Quarter		First Nine Months	
	Fiscal 2019	**Fiscal 2018**	**Fiscal 2019**	**Fiscal 2018**
Net sales				
Tommy Bahama	$ 127,023	$ 123,130	$ 480,623	$ 482,990
Lilly Pulitzer	71,659	68,213	219,809	208,463
Lanier Apparel	29,377	29,037	76,871	72,806
Southern Tide	9,102	9,496	35,704	34,745
Corporate and Other	4,060	3,786	12,187	9,927
Total net sales	$ 241,221	$ 233,662	$ 825,194	$ 808,931
Depreciation and amortization				
Tommy Bahama	$ 7,073	$ 7,131	$ 20,820	$ 22,457
Lilly Pulitzer	2,554	2,624	7,618	7,727
Lanier Apparel	146	144	427	424
Southern Tide	135	133	404	394
Corporate and Other	285	304	910	931
Total depreciation and amortization	$ 10,193	$ 10,336	$ 30,179	$ 31,933
Operating income (loss)				
Tommy Bahama	$ (7,739)	$ (5,141)	$ 30,671	$ 29,783
Lilly Pulitzer	10,988	9,576	46,689	43,823
Lanier Apparel	1,952	2,261	3,387	3,448
Southern Tide	526	492	4,877	4,399
Corporate and Other	(3,133)	(3,483)	(13,029)	(12,862)
Total operating income	2,594	3,705	$ 72,595	$ 68,591
Interest expense, net	81	489	1,171	1,872
Earnings before income taxes	$ 2,513	$ 3,216	$ 71,424	$ 66,719

The tables below quantify, for each operating group and in total, the amount of net sales (in thousands) and net sales by distribution channel as a percentage of net sales for each period presented.

	Third Quarter Fiscal 2019					
	Net Sales	Retail	E-commerce	Restaurant	Wholesale	Other
Tommy Bahama	$ 127,023	46 %	14 %	14 %	26 %	— %
Lilly Pulitzer	71,659	35 %	55 %	— %	10 %	— %
Lanier Apparel	29,377	— %	1 %	— %	99 %	— %
Southern Tide	9,102	— %	19 %	— %	81 %	— %
Corporate and Other	4,060	— %	57 %	— %	36 %	7 %
Total	$ 241,221	35 %	26 %	7 %	32 %	— %

	Third Quarter Fiscal 2018					
	Net Sales	Retail	E-commerce	Restaurant	Wholesale	Other
Tommy Bahama	$ 123,130	46 %	14 %	13 %	27 %	— %
Lilly Pulitzer	68,213	35 %	53 %	— %	12 %	— %
Lanier Apparel	29,037	— %	— %	— %	100 %	— %
Southern Tide	9,496	— %	16 %	— %	84 %	— %
Corporate and Other	3,786	— %	50 %	— %	34 %	16 %
Total	$ 233,662	35 %	24 %	7 %	34 %	— %

	First Nine Months Fiscal 2019					
	Net Sales	Retail	E-commerce	Restaurant	Wholesale	Other
Tommy Bahama	$ 480,623	48 %	18 %	13 %	21 %	— %
Lilly Pulitzer	219,809	43 %	36 %	— %	21 %	— %
Lanier Apparel	76,871	— %	1 %	— %	99 %	— %
Southern Tide	35,704	— %	18 %	— %	82 %	— %
Corporate and Other	12,187	— %	60 %	— %	32 %	8 %
Total net sales	$ 825,194	39 %	22 %	8 %	31 %	— %

	First Nine Months Fiscal 2018					
	Net Sales	Retail	E-commerce	Restaurant	Wholesale	Other
Tommy Bahama	$ 482,990	48 %	17 %	13 %	22 %	— %
Lilly Pulitzer	208,463	44 %	35 %	— %	21 %	— %
Lanier Apparel	72,806	— %	— %	— %	100 %	— %
Southern Tide	34,745	— %	16 %	— %	84 %	— %
Corporate and Other	9,927	— %	54 %	— %	27 %	19 %
Total net sales	$ 808,931	40 %	20 %	8 %	32 %	— %

3. **Shareholders' Equity:** The following tables detail the changes (in thousands) in our common stock, additional paid-in capital ("APIC"), retained earnings and accumulated other comprehensive (loss) income ("AOCI"), for each period presented.

	First Nine Months Fiscal 2019				
	Common Stock	APIC	Retained Earnings	AOCI	Total
February 2, 2019	**$ 16,959**	**$ 142,976**	**$ 323,515**	**$ (5,095)**	**$ 478,355**
Net earnings and other comprehensive income	—	—	21,657	(388)	21,269
Shares issued under equity plans	91	331	—	—	422
Compensation expense for equity awards	—	1,876	—	—	1,876
Repurchase of shares	(31)	(2,422)	—	—	(2,453)
Cash dividends declared and paid	—	—	(6,297)	—	(6,297)
Cumulative effect of change in accounting standards	—	—	—	—	—
May 4, 2019	**$ 17,019**	**$ 142,761**	**$ 338,875**	**$ (5,483)**	**$ 493,172**
Net earnings and other comprehensive income	—	—	29,836	(133)	29,703
Shares issued under equity plans	16	447	—	—	463
Compensation expense for equity awards	—	1,915	—	—	1,915
Repurchase of shares	—	—	—	—	—
Cash dividends declared and paid	—	—	(6,304)	—	(6,304)
Cumulative effect of change in accounting standards	—	—	—	—	—
August 3, 2019	**$ 17,035**	**$ 145,123**	**$ 362,407**	**$ (5,616)**	**$ 518,949**
Net earnings and other comprehensive income	—	—	1,668	176	1,844
Shares issued under equity plans	5	418	—	—	423
Compensation expense for equity awards	—	1,907	—	—	1,907
Repurchase of shares		—	—	—	—
Cash dividends declared and paid	—	—	(6,307)	—	(6,307)
Cumulative effect of change in accounting standards	—	—	—	—	—
November 2, 2019	**$ 17,040**	**$ 147,448**	**$ 357,768**	**$ (5,440)**	**$ 516,816**

	First Nine Months Fiscal 2018				
	Common Stock	APIC	Retained Earnings	AOCI	Total
February 3, 2018	**$ 16,839**	**$ 136,664**	**$ 280,395**	**$ (4,074)**	**$ 429,824**
Net earnings and other comprehensive income	—	—	20,567	(581)	19,986
Shares issued under equity plans	128	236	—	—	364
Compensation expense for equity awards	—	1,718	—	—	1,718
Repurchase of shares	(30)	(2,321)	—	—	(2,351)
Cash dividends declared and paid	—	—	(5,759)	—	(5,759)
Cumulative effect of change in accounting standards	—	—	(117)	—	(117)
May 5, 2018	**$ 16,937**	**$ 136,297**	**$ 295,086**	**$ (4,655)**	**$ 443,665**
Net earnings and other comprehensive income	—	—	27,184	(284)	26,900
Shares issued under equity plans	14	436	—	—	450
Compensation expense for equity awards	—	1,880	—	—	1,880
Repurchase of shares	—	—	—	—	—
Cash dividends declared and paid	—	—	(5,763)	—	(5,763)
Cumulative effect of change in accounting standards	—	—	—	—	—
August 4, 2018	**$ 16,951**	**$ 138,613**	**$ 316,507**	**$ (4,939)**	**$ 467,132**
Net earnings and other comprehensive income	—	—	1,861	(150)	1,711
Shares issued under equity plans	5	351	—	—	356
Compensation expense for equity awards	—	1,912	—	—	1,912
Repurchase of shares	—	—	—	—	—
Cash dividends declared and paid	—	—	(5,764)	—	(5,764)
Cumulative effect of change in accounting standards	—	—	—	—	—
November 3, 2018	**$ 16,956**	**$ 140,876**	**$ 312,604**	**$ (5,089)**	**$ 465,347**
Net earnings and other comprehensive income	—	—	16,679	(6)	16,673
Shares issued under equity plans	3	283	—	—	286
Compensation expense for equity awards	—	1,817	—	—	1,817
Repurchase of shares	—	—	—	—	—
Cash dividends declared and paid	—	—	(5,768)	—	(5,768)
Cumulative effect of change in accounting standards	—	—	—	—	—
February 2, 2019	**$ 16,959**	**$ 142,976**	**$ 323,515**	**$ (5,095)**	**$ 478,355**

Substantially all amounts included in AOCI in our consolidated balance sheets, as well as any related changes, for each period presented, reflect the net foreign currency translation adjustment related to our Tommy Bahama investments and operations in Canada, Australia and Japan. No amounts were reclassified from AOCI to our consolidated statements of operations for any period presented.

4. **Revenue Recognition:** Our revenue consists of direct to consumer sales, including our retail store, e-commerce and restaurant operations, and wholesale sales, which are included in net sales in our consolidated statements of operations, as well as royalty income, which represents substantially all amounts included in royalties and other income in our consolidated statements of operations. We recognize revenue when performance obligations under the terms of the contracts with our customers are satisfied. Our accounting policies related to revenue recognition for each type of contract with customers, including a description of the related performance obligations, return rights, allowances, discounts, credit terms and other information, is described in the significant accounting policies described in our Annual Report on Form 10-K for Fiscal 2018.

The table below quantifies the amount of net sales by distribution channel (in thousands) for each period presented.

	Third Quarter		First Nine Months	
	Fiscal 2019	Fiscal 2018	Fiscal 2019	Fiscal 2018
Retail	$ 83,636	$ 80,624	$ 324,892	$ 322,940
E-commerce	62,310	56,392	180,736	164,277
Restaurant	17,325	16,329	61,457	63,089
Wholesale	77,595	79,654	256,794	256,432
Other	355	663	1,315	2,193
Net sales	$ 241,221	$ 233,662	$ 825,194	$ 808,931

Substantially all amounts recognized in receivables, net represent receivables related to contracts with customers. In the ordinary course of our wholesale operations, we offer discounts, allowances and cooperative advertising support to some of our wholesale customers for certain products. We record these discounts, returns and allowances as a reduction to net sales in our consolidated statements of operations and as a reduction to receivables, net in our consolidated balance sheets. As of November 2, 2019, February 2, 2019 and November 3, 2018, reserve balances recorded as a reduction to receivables related to these items were $9 million, $7 million and $8 million, respectively.

In addition to trade and other receivables, income tax receivables of $1 million, $1 million and $4 million and tenant allowances due from landlord of $2 million, $0 million and $0 million are included in receivables, net in our consolidated balance sheet as of November 2, 2019, February 2, 2019 and November 3, 2018, respectively. As of November 2, 2019, February 2, 2019 and November 3, 2018, prepaid expenses and other current assets included $4 million, $2 million and $2 million, respectively, representing the estimated value of inventory for wholesale and direct to consumer sales returns. We did not have any significant contract assets related to contracts with customers, other than receivables and the value of inventory associated with reserves for expected sales returns, as of November 2, 2019, February 2, 2019 and November 3, 2018.

An estimated sales return liability of $3 million, $3 million and $2 million for expected direct to consumer returns is classified in other accrued expenses and liabilities in our consolidated balance sheet as of November 2, 2019, February 2, 2019 and November 3, 2018, respectively. Contract liabilities for gift cards purchased by consumers and merchandise credits received by customers but not yet redeemed, less any breakage income recognized to date, is included in other accrued expenses and liabilities in our consolidated balance sheets and totaled $11 million, $12 million and $10 million as of November 2, 2019, February 2, 2019, and November 3, 2018, respectively.

5. **Leases:** We enter into real estate lease agreements for retail, food and beverage, office and warehouse/distribution space, as well as leases for certain equipment. Our leases have varying terms and expirations and may have provisions to extend, renew or terminate the lease agreement at our discretion, among other terms and conditions. Our retail and restaurant leases typically provide for contingent rent based on sales if certain sales thresholds are achieved. Most of our leases provide for payments of real estate taxes, insurance and other operating expenses applicable to the property, and certain of our leases require payment of sales taxes on rental payments. Payments for real estate taxes, sales taxes, insurance and other operating expenses are not included in lease expense. Our lease agreements do not include any material residual value guarantees or material restrictive financial covenants.

Substantially all of our leases are classified as long-term operating leases, which have not historically been recognized as assets and liabilities in our consolidated balance sheets. When a non-cancelable long-term operating lease includes fixed escalation clauses or lease incentives for rent holidays, rent expense is generally recognized on a straight-line basis over the initial term of the lease from the date that we take possession of the space and assumes that any termination options included in the lease will not be exercised. Contingent rents, including those based on a percentage of retail sales over stated levels, and rental payment increases based on a contingent future event have been recognized as the expense is incurred. The difference between the rents payable under the lease and the amount recognized on a straight-line basis has historically been recorded in other non-current liabilities in our consolidated balance sheets, with the exception of the amounts recognized in current lease liabilities. Also, any tenant improvement allowance amounts received from the landlord have historically been deferred as a liability in our consolidated balance sheets and then recognized in our consolidated statements of operations as a reduction to rent expense over the term of the lease agreement on a straight-line basis. Deferred rent in our consolidated balance sheets, including tenant improvement allowances and all amounts in non-current and current liabilities, as of February 2, 2019 was $61 million.

Pursuant to the revised lease accounting guidance adopted in Fiscal 2019, we determine if an arrangement is a lease at contract inception. Operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The significant judgments in calculating the present value of lease obligations include determining the lease term and lease payment amounts, which are dependent upon our assessment of the likelihood of exercising any renewal or termination options that are at our discretion, as well as the discount rate applied to the unpaid lease payments. Operating leases are included in operating lease assets, current operating lease liabilities and non-current operating lease liabilities in our consolidated balance sheet. The operating lease asset at commencement reflects the operating lease liability reduced for any lease incentives, including tenant improvement allowances. Lease expense for operating leases is recognized on a straight-line basis over the lease term, which is consistent with the previous guidance. Variable rental payments based on a percentage of retail sales over contractual levels and variable incremental rental payments adjusted periodically for inflation are both recognized as incurred.

We account for the underlying operating lease asset at the individual lease level. Typically, we do not include any renewal or termination options at our discretion in the underlying lease term as the probability of exercise is not reasonably certain. The revised lease guidance requires us to discount unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, our incremental borrowing rate. As our leases typically do not provide an implicit rate, we use an estimated incremental borrowing rate based on information available at commencement date, or as of February 3, 2019 for any leases in place at adoption of the revised guidance. Our incremental borrowing rate for a lease is the rate of interest we would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Finance leases are not material to our consolidated financial statements.

Substantially all lease expense is included in SG&A in our consolidated statements of operations. For the Third Quarter of Fiscal 2019, operating lease expense was $16 million and variable lease expense was $8 million, resulting in total lease expense of $24 million. For the First Nine Months of Fiscal 2019, operating lease expense was $49 million and variable lease expense was $25 million, resulting in total lease expense of $74 million. As of November 2, 2019, the weighted-average remaining operating lease term was seven years and the weighted-average discount rate for operating leases was5%. Cash paid for lease amounts included in the measurement of operating lease liabilities in the Third Quarter of Fiscal 2019 and the First Nine Months of Fiscal 2019 was $18 million and $53 million, respectively.

As of November 2, 2019, the required lease liability payments for the fiscal years specified below were as follows (in thousands):

	Operating lease
Remainder of 2019	$ 17,066
2020	62,622
2021	65,589
2022	61,399
2023	58,279
2024	45,664
After 2024	92,256
Total lease payments	$ 402,875
Less: Difference between discounted and undiscounted lease payments	59,199
Present value of lease liabilities	$ 343,676

Disclosures related to periods prior to adoption of revised accounting guidance

Total rent expense in Fiscal 2018 was $96 million, which includes minimum rents, sales taxes, real estate taxes, insurance and other operating expenses and contingent rents incurred under all leases. Payments for real estate taxes, sales taxes, insurance, other operating expenses and contingent percentage rent are included in rent expense, but are generally not included in the aggregate minimum rental commitments, as, in many cases, the amounts payable in future periods are not quantified in the lease agreement or may be dependent on future events. The total amount of such charges included in total rent expense above were $28 million in Fiscal 2018. As of February 2, 2019, the aggregate minimum base rental commitments for all non-cancelable operating leases with original terms in excess of one year were $68 million, $66 million, $62 million, $59 million, and $51 million for each of the next five years and $124 million thereafter.

6. **Debt:** In July 2019, we amended our $325 million Fourth Amended and Restated Credit Agreement (as amended, the "U.S. Revolving Credit Agreement") by entering into the First Amendment to the Fourth Amended and Restated Credit Agreement to (1) extend the maturity of the facility to July 2024, and (2) modify certain provisions including a reduction of interest rates on certain borrowings and a reduction in unused line fees. We had no amounts outstanding as of November 2, 2019 under the U.S. Revolving Credit Agreement, compared to borrowings of $13 million as of February 2, 2019 and borrowings of $32 million as of November 3, 2018. The U.S. Revolving Credit Agreement generally (1) is limited to a borrowing base consisting of specified percentages of eligible categories of assets, (2) accrues variable-rate interest, unused line fees and letter of credit fees based upon average unused availability or utilization, (3) requires periodic interest payments with principal due at maturity, and (4) is secured by a first priority security interest in substantially all of the assets of Oxford Industries, Inc. and its domestic subsidiaries, including accounts receivable, books and records, chattel paper, deposit accounts, equipment, certain general intangibles, inventory, investment property (including the equity interests of certain subsidiaries), negotiable collateral, life insurance policies, supporting obligations, commercial tort claims, cash and cash equivalents, eligible trademarks, proceeds and other personal property.

To the extent cash flow needs exceed cash flow provided by our operations we will have access, subject to its terms, to our U.S. Revolving Credit Agreement to provide funding for operating activities, capital expenditures and acquisitions, if any. Our U.S. Revolving Credit Agreement is also used to establish collateral for certain insurance programs and leases and to finance trade letters of credit for product purchases, which reduce the amounts available under our line of credit when issued. As of November 2, 2019, $3 million of letters of credit were outstanding under our U.S. Revolving Credit Agreement. After considering these limitations and the amount of eligible assets in our borrowing base, as of November 2, 2019, we had $313 million in unused availability under the U.S. Revolving Credit Agreement, subject to certain limitations on borrowings.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and the notes thereto contained in this report and the consolidated financial statements, notes to consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for Fiscal 2018.

OVERVIEW

We are a global apparel company that designs, sources, markets and distributes products bearing the trademarks of our Tommy Bahama, Lilly Pulitzer and Southern Tide lifestyle brands and other owned and licensed brands as well as private label apparel products. During Fiscal 2018, 93% of our net sales were from products bearing brands that we own and 69% of our net sales were through our direct to consumer channels of distribution. In Fiscal 2018, 96% of our consolidated net sales were to customers located in the United States, with the sales outside the United States consisting primarily of our Tommy Bahama product sales in Canada and the Asia-Pacific region.

Our business strategy is to develop and market compelling lifestyle brands and products that evoke a strong emotional response from our target consumers. We consider lifestyle brands to be those brands that have a clearly defined and targeted point of view inspired by an appealing lifestyle or attitude. Furthermore, we believe lifestyle brands that create an emotional connection, like Tommy Bahama, Lilly Pulitzer and Southern Tide, can command greater loyalty and higher price points at retail and create licensing opportunities, which may drive higher earnings. We believe the attraction of a lifestyle brand depends on creating compelling product, effectively communicating the respective lifestyle brand message and distributing products to consumers where and when they want them.

Our ability to compete successfully in styling and marketing is directly related to our proficiency in foreseeing changes and trends in fashion and consumer preference and presenting appealing products for consumers. Our design-led, commercially informed lifestyle brand operations strive to provide exciting, differentiated products each season.

To further strengthen each lifestyle brand's connections with consumers, we directly communicate with consumers through digital and print media on a regular basis. We believe our ability to effectively communicate the images, lifestyle and products of our brands and create an emotional connection with consumers is critical to the success of our brands. Advertising for our brands often attempts to convey the lifestyle of the brand as well as a specific product.

We distribute our owned lifestyle branded products primarily through our direct to consumer channels, consisting of our Tommy Bahama and Lilly Pulitzer retail stores and our e-commerce sites for Tommy Bahama, Lilly Pulitzer and Southern Tide, and through our wholesale distribution channels. Our direct to consumer operations provide us with the opportunity to interact directly with our customers, present to them a broad assortment of our current season products and immerse them in the theme of the lifestyle brand. We believe that presenting our products in a setting specifically designed to showcase the lifestyle on which the brands are based enhances the image of our brands. Our Tommy Bahama and Lilly Pulitzer full-price retail stores provide high visibility for our brands and products and allow us to stay close to the preferences of our consumers, while also providing a platform for long-term growth for the brands. In Tommy Bahama, we also operate restaurants and Marlin Bars, generally adjacent to a Tommy Bahama full-price retail store location, which we believe further enhance the brand's image with consumers. Our e-commerce websites provide the opportunity to increase revenues by reaching a larger population of consumers and at the same time allow our brands to provide a broader range of products.

The wholesale operations of our lifestyle brands complement our direct to consumer operations and provide access to a larger group of consumers. As we seek to maintain the integrity of our lifestyle brands by limiting promotional activity in our full-price retail stores and e-commerce websites, we generally target wholesale customers that follow this same approach in their stores. Our wholesale customers for our Tommy Bahama, Lilly Pulitzer and Southern Tide brands generally include various specialty stores, Signature Stores for Lilly Pulitzer and Southern Tide, better department stores and multi-branded e-commerce retailers. Within our Lanier Apparel operating group, we sell tailored clothing and sportswear products under licensed, private label and owned brands. Lanier Apparel's customers include department stores, discount and off-price retailers, warehouse clubs, national chains, specialty stores and multi-branded e-commerce retailers.

The disposal of discontinued, end of season or excess inventory is an ongoing part of any apparel business, and our operating groups have historically utilized a variety of methods to sell such inventory, including outlet stores in Tommy Bahama, e-commerce flash sales in Lilly Pulitzer, and off-price retailers in each operating group. Our focus in disposing of the excess inventory for our lifestyle brands is to do so in a brand appropriate setting and achieve an acceptable margin.

All of our operating groups operate in highly competitive apparel markets in which numerous U.S. and foreign-based apparel firms compete. No single apparel firm or small group of apparel firms dominates the apparel industry, and our direct competitors vary by operating group and distribution channel. We believe the principal competitive factors in the apparel industry are reputation, value, and image of brand names; design; consumer preference; price; quality; marketing; product fulfillment capabilities; and customer service.

The apparel industry is cyclical and very dependent upon the overall level and focus of discretionary consumer spending, which changes as consumer preferences and regional, domestic and international economic conditions change.

Increasingly, consumers are choosing to spend less of their discretionary spending on certain product categories, including apparel, while spending more on services and other product categories. Further, negative economic conditions often have a longer and more severe impact on the apparel industry than on other industries. We believe the changes in consumer preferences for discretionary spending, the current global economic conditions and economic uncertainty continue to impact the business of each of our operating groups and the apparel industry as a whole.

Due to the imposition by the United States of higher tariffs on apparel and related products manufactured in China, our net sales, cost of goods sold, operating income and net earnings are expected to be impacted in the second half of Fiscal 2019 as well as in Fiscal 2020, to the extent that we are unable to offset the additional costs by moving product sourcing from China, successfully negotiating price reductions from third party manufacturers or increasing sales prices on select products. During Fiscal 2018, approximately 54% of our apparel and related products were from producers located in China. During Fiscal 2019, we have made progress in shifting production from China, particularly for goods to be received late in the fiscal year, resulting in our expectation that the proportion of products sourced from China in Fiscal 2019 will be slightly lower than in Fiscal 2018. We anticipate more meaningful reductions in the proportion of our apparel and related products sourced from China in Fiscal 2020.

We believe the retail apparel market is evolving very rapidly and in ways that are having a disruptive impact on traditional fashion retailing. The application of technology, including the internet and mobile devices, to fashion retail provides consumers increasing access to multiple, responsive distribution platforms and an unprecedented ability to communicate directly with brands and retailers. As a result, consumers have more information and greater control over information they receive as well as broader, faster and cheaper access to goods than ever before. This, along with the coming of age of the “millennial” generation, is revolutionizing the way that consumers shop for fashion and other goods, which continues to be evidenced by weakness and store closures for certain department stores and mall-based retailers, decreased consumer retail traffic, a more promotional retail environment, expansion of off-price and discount retailers, and a shift from bricks and mortar to internet purchasing. These changes may require that brands and retailers approach their operations, including marketing and advertising, very differently than historical practices and may result in increased operating costs and capital investments to generate growth or even maintain their current sales levels.

While this evolution in the fashion retail industry presents significant risks, especially for traditional retailers who fail or are unable to adapt, we believe it also presents a tremendous opportunity for brands and retailers to capitalize on the changing consumer environment. We believe our brands have true competitive advantages in this new retailing paradigm, and we are leveraging technology to serve our consumers when and where they want to be served. We continue to believe that our lifestyle brands, with their strong emotional connections with consumers, are well suited to succeed and thrive in the long term while managing the various challenges facing our industry.

Specifically, we believe our lifestyle brands have opportunities for long-term growth in our direct to consumer businesses. We anticipate increased sales in our e-commerce operations, which are expected to grow at a faster rate than comparable sales through our bricks and mortar store locations. We also believe growth can be achieved through prudent expansion of bricks and mortar full-price retail store and restaurant operations and modest comparable full-price retail store and restaurant sales increases. We expect there will continue to be desirable locations to add new retail stores to our portfolio, but at a measured and selective pace, and believe that an effective bricks and mortar retail strategy is an important component to the e-commerce operations for long-term success in today’s retail apparel environment.

We believe our lifestyle brands have an opportunity for modest sales increases in their wholesale businesses in the long term. However, we must be diligent in our effort to avoid compromising the integrity of our brands by maintaining or growing sales with wholesale customers that may not be aligned with our long-term strategy. This is particularly important with the challenges in the department store channel, which represented approximately 12% of our consolidated net sales in Fiscal 2018, compared to approximately 14% in Fiscal 2017. The management of wholesale distribution for our lifestyle brands resulted in a decrease in wholesale sales in Fiscal 2018. While we anticipate modest growth in our wholesale sales in Fiscal 2019, there could be additional reductions in wholesale sales in future years, as the amount of sales to certain wholesale accounts could decrease if the number of doors that carry our product decreases, the volume sold for a particular door is reduced or the account is exited altogether. We anticipate that sales increases in our wholesale businesses in the long term will stem primarily from certain current customers adding within their existing door count and increasing their online business; increased sales to online retailers; and our selective addition of new wholesale customers who generally present and merchandise our products in a way that is consistent with our full-price, direct to consumer distribution strategy. We also believe that there are opportunities for modest sales growth for Lanier Apparel in the future through new product programs and licenses.

We believe we must continue to invest in our lifestyle brands to take advantage of their long-term growth opportunities. Investments include capital expenditures primarily related to the direct to consumer operations, such as technology enhancements, e-commerce initiatives and retail store and restaurant build-out for new, relocated or remodeled locations, as well as distribution center and administrative office expansion initiatives. Additionally, we anticipate increased employment and other administrative function costs to support ongoing business operations and fuel future sales growth.

In the midst of the changes in our industry, an important initiative for us has been to increase the profitability of the Tommy Bahama business. These initiatives generally focus on increasing gross margin and operating margin through efforts such as: product cost reductions; selective price increases; reducing inventory purchases; redefining our approach to inventory clearance; effectively managing controllable and discretionary operating expenses; taking a more conservative approach to retail store openings and lease renewals; and improving Asia-Pacific operating results. While we have made progress on these initiatives in recent years, improving the profitability of the Tommy Bahama business will remain a primary focus.

We continue to believe it is important to maintain a strong balance sheet and liquidity. We believe positive cash flow from operations, coupled with the strength of our balance sheet and liquidity, will provide us with sufficient resources to fund future investments in our owned lifestyle brands. While we believe we have significant opportunities to appropriately deploy our capital and resources in our existing lifestyle brands, our strong cash flows from operations and ample borrowing capacity provide us the ability to continue to evaluate opportunities to add additional lifestyle brands to our portfolio in the future if we identify appropriate targets that meet our investment criteria. While we are actively exploring acquisition opportunities, investment opportunities for the types of large brands with the attributes that we desire are not always available at an acceptable price. Therefore, our interest in acquiring smaller brands and earlier stage companies has increased in recent years, particularly in businesses where we may have the opportunity to more fully integrate the brand into our existing infrastructure and shared services functions. Currently, the market for desirable lifestyle brands, both large and small, is very competitive and the expectations of sellers are high relative to the historical operating results and opportunities of the brand.

Important factors relating to certain risks, many of which are beyond our ability to control or predict, which could impact our business are described in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for Fiscal 2018.

The following table sets forth our consolidated operating results (in thousands, except per share amounts) for the First Nine Months of Fiscal 2019 compared to the First Nine Months of Fiscal 2018

	First Nine Months	
	Fiscal 2019	**Fiscal 2018**
Net sales	$ 825,194	$ 808,931
Operating income	$ 72,595	$ 68,591
Net earnings	$ 53,161	$ 49,612
Net earnings per diluted share	$ 3.15	$ 2.95
Weighted average shares outstanding - diluted	16,896	16,826

The higher net earnings per diluted share in the First Nine Months of Fiscal 2019 was primarily due to higher operating income in Lilly Pulitzer, Tommy Bahama and Southern Tide and lower interest expense.

COMPARABLE SALES

We often disclose comparable sales in order to provide additional information regarding changes in our results of operations between periods. Our disclosures of comparable sales include net sales from full-price retail stores and e-commerce sites, excluding sales associated with e-commerce flash clearance sales. We believe that the inclusion of both full-price retail stores and e-commerce sites in the comparable sales disclosures is a more meaningful way of reporting our comparable sales results, given similar inventory planning, allocation and return policies, as well as our cross-channel marketing and other initiatives for the direct to consumer channel. For our comparable sales disclosures, we exclude (1) outlet store sales, warehouse sales and e-commerce flash clearance sales, as those clearance sales are used primarily to liquidate end of season inventory, which may vary significantly depending on the level of end of season inventory on hand and generally occur at lower gross margins than our non-clearance direct to consumer sales, and (2) restaurant sales, as we do not currently believe that the inclusion of restaurant sales in our comparable sales disclosures is meaningful in assessing our consolidated results of operations. Comparable sales information reflects net sales, including shipping and handling revenues, if any, associated with product sales.

For purposes of our disclosures, comparable sales consists of sales through e-commerce sites and any physical full-price retail store that was owned and open as of the beginning of the prior fiscal year and which did not have during the relevant periods, and is not within the current fiscal year scheduled to have, (1) a remodel or other event which would result in a closure for an extended period of time (which we define as a period of two weeks or longer), (2) a greater than 15% change in the size of the retail space due to expansion, reduction or relocation to a new retail space or (3) a relocation to a new space that is significantly different from the prior retail space. For those stores which are excluded based on the preceding sentence, the stores continue to be excluded from comparable sales until the criteria for a new store is met subsequent to the remodel, relocation, or other event. A retail store that is remodeled will generally continue to be included in our comparable sales metrics as a store is not typically closed for longer than a two-week period during a remodel; however, a retail store that is relocated generally will not be included in our comparable sales metrics until that store has been open in the relocated space for the entirety of the prior fiscal year because the size or other characteristics of the store typically change significantly from the prior location. Any stores that were closed during the prior fiscal year or current fiscal year, or which we expect to close or vacate in the current fiscal year, are excluded from our comparable sales.

Definitions and calculations of comparable sales differ among retail companies, and therefore comparable sales metrics disclosed by us may not be comparable to the metrics disclosed by other companies.

STORE COUNT

The table below provides store count information for Tommy Bahama and Lilly Pulitzer as of the dates specified.

	November 2, 2019	February 2, 2019	November 3, 2018	February 3, 2018
Tommy Bahama retail stores	111	113	113	110
Tommy Bahama retail-restaurant locations	17	17	17	18
Tommy Bahama outlets	37	37	38	38
Total Tommy Bahama locations	165	167	168	166
Lilly Pulitzer retail stores	63	62	60	57
Total Oxford locations	228	229	228	223

RESULTS OF OPERATIONS

THIRD QUARTER OF FISCAL 2019 COMPARED TO THIRD QUARTER OF FISCAL 2018

The discussion and tables below compare our statements of operations for the Third Quarter of Fiscal 2019 to the Third Quarter of Fiscal 2018. Each dollar and percentage change provided reflects the change between these fiscal periods unless indicated otherwise. Each dollar and share amount included in the tables is in thousands except for per share amounts. We have calculated all percentages based on actual data, and percentage columns in tables may not add due to rounding. Individual line items of our consolidated statements of operations may not be directly comparable to those of our competitors, as classification of certain expenses may vary by company.

The following table sets forth the specified line items in our unaudited condensed consolidated statements of operations both in dollars (in thousands) and as a percentage of net sales as well as the dollar change and the percentage change as compared to the same period of the prior year.

	Third Quarter					
	Fiscal 2019		Fiscal 2018		$ Change	% Change
Net sales	$ 241,221	100.0 %	$ 233,662	100.0 %	$ 7,559	3.2 %
Cost of goods sold	108,241	44.9 %	104,383	44.7 %	3,858	3.7 %
Gross profit	$ 132,980	55.1 %	$ 129,279	55.3 %	$ 3,701	2.9 %
SG&A	134,231	55.6 %	128,687	55.1 %	5,544	4.3 %
Royalties and other operating income	3,845	1.6 %	3,113	1.3 %	732	23.5 %
Operating income	$ 2,594	1.1 %	$ 3,705	1.6 %	$ (1,111)	(30.0)%
Interest expense, net	81	0.0 %	489	0.2 %	(408)	(83.4)%
Earnings before income taxes	$ 2,513	1.0 %	$ 3,216	1.4 %	$ (703)	(21.9)%
Income taxes	845	0.4 %	1,355	0.6 %	(510)	(37.6)%
Net earnings	$ 1,668	0.7 %	$ 1,861	0.8 %	$ (193)	(10.4)%

Net Sales

	Third Quarter			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
Tommy Bahama	$ 127,023	$ 123,130	$ 3,893	3.2 %
Lilly Pulitzer	71,659	68,213	3,446	5.1 %
Lanier Apparel	29,377	29,037	340	1.2 %
Southern Tide	9,102	9,496	(394)	(4.1)%
Corporate and Other	4,060	3,786	274	7.2 %
Total net sales	$ 241,221	$ 233,662	$ 7,559	3.2 %

Consolidated net sales increased $8 million, or 3%, in the Third Quarter of Fiscal 2019. The increase in consolidated net sales was primarily driven by (1) a $6 million, or 6%, comparable sales increase to $91 million in the Third Quarter of Fiscal 2019 from $85 million in the Third Quarter of Fiscal 2018, with comparable sales increases in both Tommy Bahama and Lilly Pulitzer, (2) a $2 million increase in off-price direct to consumer sales including the Lilly Pulitzer e-commerce flash clearance sale, (3) an incremental net sales increase of $2 million associated with non-comp retail store operations primarily resulting from an increase at Lilly Pulitzer and (4) a $1 million increase in restaurant sales in Tommy Bahama. These increases were partially offset by a $2 million net decrease in wholesale sales. The changes in net sales by operating group are discussed below.

The following table presents the proportion of our consolidated net sales by distribution channel for each period presented:

	Third Quarter	
	Fiscal 2019	Fiscal 2018
Retail	35 %	35 %
E-commerce	26 %	24 %
Restaurant	7 %	7 %
Wholesale	32 %	34 %
Total	100 %	100 %

Tommy Bahama:

Tommy Bahama net sales increased $4 million, or 3%, in the Third Quarter of Fiscal 2019. The increase in Tommy Bahama net sales was primarily due to (1) a $3 million, or 6%, comparable sales increase to $58 million in the Third Quarter of Fiscal 2019 from $55 million in the Third Quarter of Fiscal 2018 and (2) a $1 million increase in restaurant sales primarily reflecting the net impact of sales at remodeled, opened and closed restaurants, as well as increased sales in existing restaurants. These increases were partially offset by a $1 million decrease in wholesale sales, reflecting lower full-price wholesale sales and higher off-price wholesale sales. Sales in outlets and non-comp retail stores were generally comparable period-over-period. The following table presents the proportion of net sales by distribution channel for Tommy Bahama for each period presented:

	Third Quarter	
	Fiscal 2019	**Fiscal 2018**
Retail	46 %	46 %
E-commerce	14 %	14 %
Restaurant	14 %	13 %
Wholesale	26 %	27 %
Total	100 %	100 %

Lilly Pulitzer:

Lilly Pulitzer net sales increased $3 million, or 5%, in the Third Quarter of Fiscal 2019. The increase in Lilly Pulitzer net sales was primarily driven by (1) a $2 million increase in e-commerce flash clearance sales, with the September 2019 "After Party Sale" generating $31 million of net sales, (2) a $2 million, or 6%, comparable sales increase to $28 million in the Third Quarter of Fiscal 2019 from $27 million in the Third Quarter of Fiscal 2018, and (3) an incremental net sales increase of $1 million associated with non-comp retail store operations. These increases were partially offset by a $1 million decrease in wholesale sales reflecting lower full-price and off-price wholesale sales. The following table presents the proportion of net sales by distribution channel for Lilly Pulitzer for each period presented:

	Third Quarter	
	Fiscal 2019	**Fiscal 2018**
Retail	35 %	35 %
E-commerce	55 %	53 %
Wholesale	10 %	12 %
Total	100 %	100 %

Lanier Apparel:

The Lanier Apparel net sales increase of 1% in the Third Quarter of Fiscal 2019 reflects increases in certain programs, including increased sales in the private label, Cole Haan and Duck Head businesses. These increases were partially offset by decreased volume in various seasonal, in-stock and replenishment programs for certain branded businesses.

Southern Tide:

Southern Tide net sales decreased 4% in the Third Quarter of Fiscal 2019 due to lower wholesale sales partially offset by increased e-commerce sales. The lower wholesale sales primarily resulted from lower off-price wholesale sales. The following table presents the proportion of net sales by distribution channel for Southern Tide for each period presented:

	Third Quarter	
	Fiscal 2019	**Fiscal 2018**
E-commerce	19 %	16 %
Wholesale	81 %	84 %
Total	100 %	100 %

Corporate and Other:

Corporate and Other net sales primarily consist of the net sales of TBBC and our Lyons, Georgia distribution center operations. The increase in net sales was due to sales growth in TBBC.

Gross Profit

The tables below present gross profit by operating group and in total for the Third Quarter of Fiscal 2019 and the Third Quarter of Fiscal 2018, as well as the change between those two periods and gross margin by operating group and in total. Our gross profit and gross margin, which is calculated as gross profit divided by net sales, may not be directly comparable to those of our competitors, as the statement of operations classification of certain expenses may vary by company.

	Third Quarter			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
Tommy Bahama	$ 76,467	$ 75,738	$ 729	1.0 %
Lilly Pulitzer	40,954	38,290	2,664	7.0 %
Lanier Apparel	8,628	8,580	48	0.6 %
Southern Tide	4,395	4,475	(80)	(1.8)%
Corporate and Other	2,536	2,196	340	15.5 %
Total gross profit	$ 132,980	$ 129,279	$ 3,701	2.9 %
LIFO adjustments in Corporate and Other	$ (35)	$ (57)		

	Third Quarter	
	Fiscal 2019	Fiscal 2018
Tommy Bahama	60.2 %	61.5 %
Lilly Pulitzer	57.2 %	56.1 %
Lanier Apparel	29.4 %	29.5 %
Southern Tide	48.3 %	47.1 %
Corporate and Other	NM	NM
Consolidated gross margin	55.1 %	55.3 %

The increase in consolidated gross profit in the Third Quarter of Fiscal 2019 was due to increased net sales partially offset by lower gross margin. The lower consolidated gross margin reflects lower gross margin in Tommy Bahama and Lanier Apparel which was partially offset by (1) improved gross margin in Lilly Pulitzer and Southern Tide and (2) a change in sales mix as Tommy Bahama and Lilly Pulitzer represented a larger proportion of our net sales. Changes in gross margin by operating group are discussed below.

Tommy Bahama:

The decrease in gross margin for Tommy Bahama was primarily driven by (1) lower gross margin in the wholesale business reflecting a larger proportion of off-price wholesale sales as well as lower gross margins on wholesale sales and (2) lower gross margin in the direct to consumer business as a greater proportion of sales were associated with Tommy Bahama promotional events including our Friends and Family, Boracay pant and loyalty award card events.

Lilly Pulitzer:

The increase in gross margin for Lilly Pulitzer was primarily due to (1) a change in sales mix as direct to consumer sales represented a larger proportion of net sales and (2) improved gross margin in the full-price direct to consumer, e-commerce flash clearance sale and wholesale channels of distribution.

Lanier Apparel:

The decrease in gross margin for Lanier Apparel was primarily due to a change in sales mix as a greater proportion of sales in the Third Quarter of Fiscal 2019 were related to private label programs.

Southern Tide:

The increase in gross margin for Southern Tide was primarily due to a change in sales mix as e-commerce sales represented a greater proportion of net sales and off-price wholesale sales represented a lower proportion of net sales.

Corporate and Other:

The gross profit in Corporate and Other primarily reflects (1) the gross profit of TBBC, (2) the gross profit of our Lyons, Georgia distribution center and (3) the impact of LIFO accounting adjustments. The primary driver for the higher gross profit was the gross profit associated with the increased net sales of TBBC. The LIFO accounting impact in Corporate and Other in each period primarily reflects (1) a charge in Corporate and Other when inventory that had been marked down to the estimated net realizable value in an operating group in a prior period is ultimately sold or (2) a credit in Corporate and Other when inventory has been marked down to the estimated net realizable value in an operating group in the current period, but the inventory has not been sold as of period end.

SG&A

	Third Quarter			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
SG&A	$ 134,231	$ 128,687	$ 5,544	4.3 %
SG&A (as a % of net sales)	55.6 %	55.1 %		
Amortization of Tommy Bahama Canada intangible assets	$ —	$ 378		
Amortization of Lilly Pulitzer Signature Store intangible assets	$ 80	$ 93		
Amortization of Southern Tide intangible assets	$ 73	$ 72		

The higher SG&A in the Third Quarter of Fiscal 2019 was primarily due to (1) increases in SG&A to support the businesses, including increased salaries, wages, employee benefits, variable costs and other operating expenses in our ongoing operations, (2) a $1 million increase in advertising expense and (3) incremental SG&A associated with the cost of operating additional direct to consumer locations. These increases were partially offset by a $2 million reduction in incentive compensation amounts.

Royalties and other operating income

	Third Quarter			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
Royalties and other operating income	$ 3,845	$ 3,113	$ 732	23.5 %

Royalties and other operating income primarily reflects income received from third parties from the licensing of our brands. The increased royalties and other income in the Third Quarter of Fiscal 2019 reflects increased royalty income in both Tommy Bahama and Lilly Pulitzer.

Operating income (loss)

	Third Quarter			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
Tommy Bahama	$ (7,739)	$ (5,141)	$ (2,598)	(50.5)%
Lilly Pulitzer	10,988	9,576	1,412	14.7 %
Lanier Apparel	1,952	2,261	(309)	(13.7)%
Southern Tide	526	492	34	6.9 %
Corporate and Other	(3,133)	(3,483)	350	10.0 %
Total Operating Income	$ 2,594	$ 3,705	$ (1,111)	(30.0)%
LIFO adjustments in Corporate and Other	$ (35)	$ (57)		
Amortization of Tommy Bahama Canada intangible assets	$ —	$ 378		
Amortization of Lilly Pulitzer Signature Store intangible assets	$ 80	$ 93		
Amortization of Southern Tide intangible assets	$ 73	$ 72		

The decrease in operating income in the Third Quarter of Fiscal 2019 was primarily due to higher SG&A and lower gross margin, partially offset by the impact of higher net sales. On an operating group basis, the decrease in operating income reflects lower operating results in Tommy Bahama and Lanier Apparel partially offset by improved operating results in Lilly Pulitzer and Corporate and Other. Changes in operating income (loss) by operating group are discussed below.

Tommy Bahama:

	Third Quarter			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
Net sales	$ 127,023	$ 123,130	$ 3,893	3.2 %
Gross profit	$ 76,467	$ 75,738	$ 729	1.0 %
Gross margin	60.2 %	61.5 %		
Operating income	$ (7,739)	$ (5,141)	$ (2,598)	(50.5)%
Operating income as % of net sales	(6.1)%	(4.2)%		
Amortization of Tommy Bahama Canada intangible assets	$ —	$ 378		

The larger operating loss for Tommy Bahama was primarily due to higher SG&A and lower gross margin, partially offset by increased net sales and royalty income. The higher SG&A for the Third Quarter of Fiscal 2019 reflects increased salaries, wages, employee benefits, variable costs and other operating expenses in our ongoing operations, partially offset by lower incentive compensation amounts.

Lilly Pulitzer:

	Third Quarter			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
Net sales	$ 71,659	$ 68,213	$ 3,446	5.1 %
Gross profit	$ 40,954	$ 38,290	$ 2,664	7.0 %
Gross margin	57.2 %	56.1 %		
Operating income	$ 10,988	$ 9,576	$ 1,412	14.7 %
Operating income as % of net sales	15.3 %	14.0 %		
Amortization of Lilly Pulitzer Signature Store intangible assets	$ 80	$ 93		

The increase in operating income in Lilly Pulitzer was primarily due to higher net sales, gross margin and royalty income partially offset by higher SG&A. The higher SG&A for the Third Quarter of Fiscal 2019 included (1) SG&A increases to support the planned growth of the business, including additional employment costs, (2) a $1 million increase in advertising expense, and (3) $1 million of incremental SG&A associated with the cost of operating additional retail stores.

Lanier Apparel:

	Third Quarter		$ Change	% Change
	Fiscal 2019	Fiscal 2018		
Net sales	$ 29,377	$ 29,037	$ 340	1.2 %
Gross profit	$ 8,628	$ 8,580	$ 48	0.6 %
Gross margin	29.4 %	29.5 %		
Operating income	$ 1,952	$ 2,261	$ (309)	(13.7)%
Operating income as % of net sales	6.6 %	7.8 %		

The decrease in operating income for Lanier Apparel was primarily due to higher SG&A, partially offset by the higher net sales. The higher SG&A for the Third Quarter of Fiscal 2019 was primarily due to increased selling, shipping and advertising expenses partially offset by lower incentive compensation amounts.

Southern Tide:

	Third Quarter		$ Change	% Change
	Fiscal 2019	Fiscal 2018		
Net sales	$ 9,102	$ 9,496	$ (394)	(4.1)%
Gross profit	$ 4,395	$ 4,475	$ (80)	(1.8)%
Gross margin	48.3 %	47.1 %		
Operating income	$ 526	$ 492	$ 34	6.9 %
Operating income as % of net sales	5.8 %	5.2 %		
Amortization of Southern Tide intangible assets	$ 73	$ 72		

The increase in operating income for Southern Tide was primarily due to lower SG&A and higher gross margin partially offset by lower net sales. The lower SG&A in the Third Quarter of Fiscal 2019 was primarily due to decreased incentive compensation amounts.

Corporate and Other:

	Third Quarter		$ Change	% Change
	Fiscal 2019	Fiscal 2018		
Net sales	$ 4,060	$ 3,786	$ 274	7.2 %
Gross profit	$ 2,536	$ 2,196	$ 340	15.5 %
Operating loss	$ (3,133)	$ (3,483)	$ 350	10.0 %
LIFO adjustments in Corporate and Other	$ (35)	$ (57)		

The smaller operating loss in Corporate and Other was primarily due to the increased net sales.

Interest expense, net

	Third Quarter		$ Change	% Change
	Fiscal 2019	Fiscal 2018		
Interest expense, net	$ 81	$ 489	$ (408)	(83.4)%

Interest expense decreased in the Third Quarter of Fiscal 2019 primarily due to lower average debt outstanding as well as higher interest income.

Income taxes

	Third Quarter			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
Income taxes	$ 845	$ 1,355	$ (510)	(37.6)%
Effective tax rate	33.6 %	42.1 %		

The net impact of discrete items, the results of our foreign operations or other items that impact our income taxes often results in a more significant or unusual impact on the effective tax rate in the third quarter of our fiscal year given the significantly lower operating income during the third quarter as compared to the other quarters of our fiscal year. Thus, the effective tax rate for the third quarter is not indicative of the effective tax rate anticipated for the full year. Our effective tax rate for the full year of Fiscal 2019 is expected to be approximately 26%.

Net earnings

	Third Quarter	
	Fiscal 2019	Fiscal 2018
Net sales	$ 241,221	$ 233,662
Operating income	$ 2,594	$ 3,705
Net earnings	$ 1,668	$ 1,861
Net earnings per diluted share	$ 0.10	$ 0.11
Weighted average shares outstanding - diluted	16,934	16,870

The lower net earnings per diluted share in the Third Quarter of Fiscal 2019 was primarily due to lower operating results in Tommy Bahama and Lanier Apparel. These lower operating results were partially offset by improved operating results in Lilly Pulitzer and Corporate and Other, lower interest expense and a lower effective tax rate.

FIRST NINE MONTHS OF FISCAL 2019 COMPARED TO FIRST NINE MONTHS OF FISCAL 2018

The discussion and tables below compare our statements of operations for the First Nine Months of Fiscal 2019 to the First Nine Months of Fiscal 2018. Each dollar and percentage change provided reflects the change between these fiscal periods unless indicated otherwise. Each dollar and share amount included in the tables is in thousands except for per share amounts. We have calculated all percentages based on actual data, and percentage columns may not add due to rounding. Individual line items of our consolidated statements of operations may not be directly comparable to those of our competitors, as classification of certain expenses may vary by company.

The following table sets forth the specified line items in our unaudited condensed consolidated statements of operations both in dollars (in thousands) and as a percentage of net sales as well as the dollar change and the percentage change as compared to the same period of the prior year.

	First Nine Months					
	Fiscal 2019		Fiscal 2018		$ Change	% Change
Net sales	$ 825,194	100.0 %	$ 808,931	100.0 %	$ 16,263	2.0 %
Cost of goods sold	346,620	42.0 %	336,209	41.6 %	10,411	3.1 %
Gross profit	$ 478,574	58.0 %	$ 472,722	58.4 %	$ 5,852	1.2 %
SG&A	417,448	50.6 %	414,747	51.3 %	2,701	0.7 %
Royalties and other operating income	11,469	1.4 %	10,616	1.3 %	853	8.0 %
Operating income	$ 72,595	8.8 %	$ 68,591	8.5 %	$ 4,004	5.8 %
Interest expense, net	1,171	0.1 %	1,872	0.2 %	(701)	(37.4)%
Earnings before income taxes	$ 71,424	8.7 %	$ 66,719	8.2 %	$ 4,705	7.1 %
Income taxes	18,263	2.2 %	17,107	2.1 %	1,156	6.8 %
Net earnings	$ 53,161	6.4 %	$ 49,612	6.1 %	$ 3,549	7.2 %

Net Sales

	First Nine Months			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
Tommy Bahama	$ 480,623	$ 482,990	$ (2,367)	(0.5)%
Lilly Pulitzer	219,809	208,463	11,346	5.4 %
Lanier Apparel	76,871	72,806	4,065	5.6 %
Southern Tide	35,704	34,745	959	2.8 %
Corporate and Other	12,187	9,927	2,260	22.8 %
Total net sales	$ 825,194	$ 808,931	$ 16,263	2.0 %

Consolidated net sales increased $16 million, or 2%, in the First Nine Months of Fiscal 2019. The increase in consolidated net sales was primarily driven by (1) a $14 million, or 4%, comparable sales increase to $388 million in the First Nine Months of Fiscal 2019 from $375 million in the First Nine Months of Fiscal 2018, with comparable sales increases in both Tommy Bahama and Lilly Pulitzer, and (2) an incremental net sales increase of $6 million associated with non-comp retail store operations, resulting from an increase at Lilly Pulitzer. These increases in net sales were partially offset by (1) a $2 million decrease in restaurant sales in Tommy Bahama, (2) a $1 million decrease in wholesale sales and (3) a $1 million decrease in off-price direct to consumer sales as the decrease in Tommy Bahama outlet sales was partially offset by increased Lilly Pulitzer e-commerce flash sales. The changes in net sales by operating group are discussed below. The following table presents the proportion of our consolidated net sales by distribution channel for each period presented:

	First Nine Months	
	Fiscal 2019	Fiscal 2018
Retail	39 %	40 %
E-commerce	22 %	20 %
Restaurant	8 %	8 %
Wholesale	31 %	32 %
Total	100 %	100 %

Tommy Bahama:

Tommy Bahama net sales decreased $2 million, or 1%, in the First Nine Months of Fiscal 2019 due to (1) a $6 million decrease in wholesale sales primarily reflecting decreased full-price wholesale sales, (2) a $2 million decrease in restaurant sales primarily due to the net impact of certain restaurant closures, remodels and openings since the beginning of Fiscal 2018 as well as lower sales at existing restaurant locations and (3) a $2 million decrease in outlet store sales due to lower sales at existing outlet stores and the net sales impact of outlet store closures. These decreases were partially offset by a $7 million, or 3%, increase in comparable sales to $252 million in the First Nine Months of Fiscal 2019 from $245 million in the First Nine Months of Fiscal 2018. The net sales of non-comp retail stores were generally comparable period-over-period. The following table presents the proportion of net sales by distribution channel for Tommy Bahama for each period presented:

	First Nine Months	
	Fiscal 2019	Fiscal 2018
Retail	48 %	48 %
E-commerce	18 %	17 %
Restaurant	13 %	13 %
Wholesale	21 %	22 %
Total	100 %	100 %

Lilly Pulitzer:

The Lilly Pulitzer net sales increase of $11 million, or 5%, in the First Nine Months of Fiscal 2019 was primarily the result of (1) an incremental net sales increase of $6 million associated with non-comp retail store operations including the operation of additional retail stores and increased gift card breakage income, (2) a $2 million increase in wholesale sales reflecting increases in both full-price and off-price wholesale sales, (3) a $2 million, or 2%, increase in comparable sales to $121 million in the First Nine Months of Fiscal 2019 from $119 million in the First Nine Months of Fiscal 2018, and (4) a $2 million increase in e-commerce flash clearance sales. The following table presents the proportion of net sales by distribution channel for Lilly Pulitzer for each period presented:

	First Nine Months	
	Fiscal 2019	Fiscal 2018
Retail	43 %	44 %
E-commerce	36 %	35 %
Wholesale	21 %	21 %
Total	100 %	100 %

Lanier Apparel:

The Lanier Apparel net sales increase of $4 million, or 6%, in the First Nine Months of Fiscal 2019 was primarily due to increased volume in various seasonal, in-stock and replenishment programs, including initial shipments for certain programs in the First Nine Months of Fiscal 2019. These increases were partially offset by (1) decreased sales in other programs, including lower volume for programs resulting from the exit of certain programs and customers, including programs with customers who filed for bankruptcy in Fiscal 2018, and (2) certain programs that had initial shipments in the First Nine Months of Fiscal 2018. While the Cole Haan and Duck Head businesses both had significant sales growth rates in the First Nine Months of Fiscal 2019, those business still represent a small proportion of Lanier Apparel's net sales.

Southern Tide:

The Southern Tide net sales increase of $1 million, or 3%, in the First Nine Months of Fiscal 2019 was due to higher sales in both the e-commerce and wholesale channels of distribution, with e-commerce growing at a faster pace than wholesale sales. The following table presents the proportion of net sales by distribution channel for Southern Tide for each period presented:

	First Nine Months	
	Fiscal 2019	Fiscal 2018
E-commerce	18 %	16 %
Wholesale	82 %	84 %
Total	100 %	100 %

Corporate and Other:

Corporate and Other net sales primarily consist of the net sales of TBBC and our Lyons, Georgia distribution center operations. The increase in net sales was due to sales growth in TBBC.

Gross Profit

The tables below present gross profit by operating group and in total for the First Nine Months of Fiscal 2019 and the First Nine Months of Fiscal 2018, as well as the change between those two periods and gross margin by operating group and in total for those periods. Our gross profit and gross margin, which is calculated as gross profit divided by net sales, may not be directly comparable to those of our competitors, as the statement of operations classification of certain expenses may vary by company.

	First Nine Months			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
Tommy Bahama	$ 294,500	$ 295,982	$ (1,482)	(0.5)%
Lilly Pulitzer	138,252	132,877	5,375	4.0 %
Lanier Apparel	22,055	20,893	1,162	5.6 %
Southern Tide	17,688	17,307	381	2.2 %
Corporate and Other	6,079	5,663	416	7.3 %
Total gross profit	$ 478,574	$ 472,722	$ 5,852	1.2 %
LIFO adjustments in Corporate and Other	$ 810	$ 109		
Tommy Bahama Japan inventory markdown charges	$ —	$ 461		
Inventory step-up charges in Corporate and Other	$ —	$ 157		

	First Nine Months	
	Fiscal 2019	Fiscal 2018
Tommy Bahama	61.3 %	61.3 %
Lilly Pulitzer	62.9 %	63.7 %
Lanier Apparel	28.7 %	28.7 %
Southern Tide	49.5 %	49.8 %
Corporate and Other	NM	NM
Consolidated gross margin	58.0 %	58.4 %

The increase in consolidated gross profit in the First Nine Months of Fiscal 2019 was primarily due to increased sales partially offset by lower gross margin. The lower consolidated gross margin was primarily due to lower gross margin in Lilly Pulitzer and a change in sales mix as Lanier Apparel sales, which typically have lower gross margins than our other businesses, represented a higher proportion of our net sales.

Tommy Bahama:

The gross margin for Tommy Bahama was comparable reflecting (1) a change in sales mix with retail store and e-commerce sales representing a greater proportion of net sales and wholesale and outlet store sales representing a lower proportion of net sales and (2) the First Nine Months of Fiscal 2018 including certain Tommy Bahama Japan inventory markdown charges with no such charges in the First Nine Months of Fiscal 2019. These favorable items were partially offset by the impact of a greater proportion of net sales in the direct to consumer business being associated with promotional events, including our Friends and Family, loyalty award cards and other promotion events.

Lilly Pulitzer:

The decrease in gross margin for Lilly Pulitzer reflects (1) a greater proportion of off-price wholesale sales, which had lower gross margins in the First Nine Months of Fiscal 2019, and (2) higher costs associated with gift with purchase and other promotional events resulting in lower gross margin in the full-price direct to consumer business. These unfavorable items were partially offset by the impact of higher gift card breakage income.

Lanier Apparel:

The gross margin for Lanier Apparel was comparable as gross margin changes in various programs and sales mix generally offset.

Southern Tide:

The decrease in gross margin for Southern Tide was primarily due to the prior year including an insurance recovery on certain inventory partially offset by a change in sales mix as e-commerce sales represented a greater proportion of net sales.

Corporate and Other:

The gross profit in Corporate and Other primarily reflects (1) the gross profit of TBBC, (2) the gross profit of our Lyons, Georgia distribution center and (3) the impact of LIFO accounting adjustments. The increased gross profit primarily reflects the impact of higher net sales in TBBC partially offset by the unfavorable impact of LIFO accounting in the First Nine Months of Fiscal 2019 compared to the First Nine Months of Fiscal 2018. The LIFO accounting impact in Corporate and Other in each period primarily reflects (1) a charge in Corporate and Other when inventory that had been marked down to the estimated net realizable value in an operating group in a prior period is ultimately sold or (2) a credit in Corporate and Other when inventory has been marked down to the estimated net realizable value in an operating group in the current period, but the inventory has not been sold as of period end.

SG&A

	First Nine Months			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
SG&A	$ 417,448	$ 414,747	$ 2,701	0.7 %
SG&A (as a % of net sales)	50.6 %	51.3 %		
Amortization of Tommy Bahama Canada intangible assets	$ —	$ 1,141		
Amortization of Lilly Pulitzer Signature Store intangible assets	$ 240	$ 281		
Amortization of Southern Tide intangible assets	$ 218	$ 216		
Tommy Bahama Japan restructuring SG&A charges	$ 590	$ 3,206		

The increase in SG&A in the First Nine Months of Fiscal 2019 was primarily due to (1) increases in SG&A to support the businesses, including increased salaries, wages, employee benefits, variable costs and other operating expenses in our ongoing operations, and (2) $2 million of incremental SG&A associated with the cost of operating additional retail stores and restaurants. These increases were partially offset by (1) a $5 million reduction in incentive compensation expense, (2) a $3 million decrease in advertising expense, (3) a $3 million reduction in restructuring charges related to the Tommy Bahama Japan operations and (4) a $1 million decrease in amortization of Tommy Bahama Canada intangible assets.

Royalties and other operating income

	First Nine Months			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
Royalties and other operating income	$ 11,469	$ 10,616	$ 853	8.0 %

Royalties and other operating income primarily reflects income received from third parties from the licensing of our brands. The increase in royalties and other income in the First Nine Months of Fiscal 2019 reflects increased royalty income in both Tommy Bahama and Lilly Pulitzer.

Operating income (loss)

	First Nine Months			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
Tommy Bahama	$ 30,671	$ 29,783	$ 888	3.0 %
Lilly Pulitzer	46,689	43,823	2,866	6.5 %
Lanier Apparel	3,387	3,448	(61)	(1.8)%
Southern Tide	4,877	4,399	478	10.9 %
Corporate and Other	(13,029)	(12,862)	(167)	(1.3)%
Total Operating Income	$ 72,595	$ 68,591	$ 4,004	5.8 %
LIFO adjustments in Corporate and Other	$ 810	$ 109		
Tommy Bahama Japan inventory markdown charges	$ —	$ 461		
Inventory step-up charges in Corporate and Other	$ —	$ 157		
Amortization of Tommy Bahama Canada intangible assets	$ —	$ 1,141		
Amortization of Lilly Pulitzer Signature Store intangible assets	$ 240	$ 281		
Amortization of Southern Tide intangible assets	$ 218	$ 216		
Tommy Bahama Japan restructuring SG&A charges	$ 590	$ 3,206		

The increase in operating income in the First Nine Months of Fiscal 2019 was primarily due to higher sales partially offset by higher SG&A and lower gross margin. On an operating group basis, the increase in operating income reflects increased operating income in Lilly Pulitzer, Tommy Bahama and Southern Tide partially offset by a larger operating loss in Corporate and Other and lower operating income in Lanier Apparel. Changes in operating income (loss) by operating group are discussed below.

Tommy Bahama:

	First Nine Months			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
Net sales	$ 480,623	$ 482,990	$ (2,367)	(0.5)%
Gross profit	$ 294,500	$ 295,982	$ (1,482)	(0.5)%
Gross margin	61.3 %	61.3 %		
Operating income	$ 30,671	$ 29,783	$ 888	3.0 %
Operating income as % of net sales	6.4 %	6.2 %		
Tommy Bahama Japan inventory markdown charges	$ —	$ 461		
Amortization of Tommy Bahama Canada intangible assets	$ —	$ 1,141		
Tommy Bahama Japan restructuring SG&A charges	$ 590	$ 3,206		

The increase in operating income in Tommy Bahama was primarily due to lower SG&A and increased royalty income, partially offset by lower net sales. The lower SG&A for the First Nine Months of Fiscal 2019 reflects (1) a $4 million decrease in advertising expense, (2) a $4 million reduction in incentive compensation and (3) a $3 million reduction in restructuring charges related to the Tommy Bahama Japan operations. These decreases were partially offset by increased salaries and wages, employee benefits, variable costs and other operating expenses in our ongoing operations.

Lilly Pulitzer:

	First Nine Months			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
Net sales	$ 219,809	$ 208,463	$ 11,346	5.4 %
Gross profit	$ 138,252	$ 132,877	$ 5,375	4.0 %
Gross margin	62.9 %	63.7 %		
Operating income	$ 46,689	$ 43,823	$ 2,866	6.5 %
Operating income as % of net sales	21.2 %	21.0 %		
Amortization of Lilly Pulitzer Signature Store intangible assets	$ 240	$ 281		

The increase in operating income in Lilly Pulitzer was primarily due to increased net sales and royalty income partially offset by lower gross margin and higher SG&A. The higher SG&A in the First Nine Months of Fiscal 2019 included (1) SG&A increases to support the planned growth of the business, including additional employment costs, (2) $2 million of incremental SG&A associated with the cost of operating additional retail stores and (3) a $1 million increase in incentive compensation amounts.

Lanier Apparel:

	First Nine Months			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
Net sales	$ 76,871	$ 72,806	$ 4,065	5.6 %
Gross profit	$ 22,055	$ 20,893	$ 1,162	5.6 %
Gross margin	28.7 %	28.7 %		
Operating income	$ 3,387	$ 3,448	$ (61)	(1.8)%
Operating income as % of net sales	4.4 %	4.7 %		

The decrease in operating income in Lanier Apparel was primarily due to higher SG&A partially offset by the impact of higher net sales. The SG&A increase in the First Nine Months of Fiscal 2019 was primarily due to higher sales-related variable expenses, including increased royalty expense, as well as higher advertising expense, which were partially offset by lower incentive compensation amounts.

Southern Tide:

	First Nine Months			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
Net sales	$ 35,704	$ 34,745	$ 959	2.8 %
Gross profit	$ 17,688	$ 17,307	$ 381	2.2 %
Gross margin	49.5 %	49.8 %		
Operating income	$ 4,877	$ 4,399	$ 478	10.9 %
Operating income as % of net sales	13.7 %	12.7 %		
Amortization of Southern Tide intangible assets	$ 218	$ 216		

The increase in operating income in Southern Tide was primarily due to higher net sales and lower SG&A partially offset by lower gross margin. The SG&A decrease in the First Nine Months of Fiscal 2019 was primarily due to lower incentive compensation amounts partially offset by increased advertising expense, variable costs associated with the higher sales and other costs to support future growth of the business.

Corporate and Other:

	First Nine Months			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
Net sales	$ 12,187	$ 9,927	$ 2,260	22.8 %
Gross profit	$ 6,079	$ 5,663	$ 416	7.3 %
Operating loss	$ (13,029)	$ (12,862)	$ (167)	(1.3)%
LIFO adjustments in Corporate and Other	$ 810	$ 109		
Inventory step-up charges in Corporate and Other	$ —	$ 157		

The larger operating loss in Corporate and Other was primarily due to the unfavorable impact of LIFO accounting partially offset by higher operating income of TBBC.

Interest expense, net

	First Nine Months			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
Interest expense, net	$ 1,171	$ 1,872	$ (701)	(37.4)%

Interest expense decreased in the First Nine Months of Fiscal 2019 primarily due to lower average debt outstanding as well as higher interest income.

Income taxes

	First Nine Months			
	Fiscal 2019	Fiscal 2018	$ Change	% Change
Income taxes	$ 18,263	$ 17,107	$ 1,156	6.8 %
Effective tax rate	25.6 %	25.6 %		

Both periods include the favorable benefit of certain stock awards that vested during the period, the results of our foreign operations and other items. Our effective tax rate for Fiscal 2019 is expected to be approximately 26%.

Net earnings

	First Nine Months	
	Fiscal 2019	Fiscal 2018
Net sales	$ 825,194	$ 808,931
Operating income	$ 72,595	$ 68,591
Net earnings	$ 53,161	$ 49,612
Net earnings per diluted share	$ 3.15	$ 2.95
Weighted average shares outstanding - diluted	16,896	16,826

The higher net earnings per diluted share in the First Nine Months of Fiscal 2019 was primarily due to higher operating income in Lilly Pulitzer, Tommy Bahama and Southern Tide and lower interest expense.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Our primary source of revenue and cash flow is through our design, sourcing, marketing and distribution of branded apparel products bearing the trademarks of our Tommy Bahama, Lilly Pulitzer and Southern Tide lifestyle brands, other owned and licensed brands, and private label apparel products. Our primary uses of cash flow include the purchase of products in the operation of our business from third party contract manufacturers outside of the United States, as well as operating expenses, including employee compensation and benefits, occupancy-related costs, marketing and advertising costs, distribution costs, other general and administrative expenses and the payment of periodic interest payments related to our financing arrangements.

Additionally, we use cash for the funding of capital expenditures, dividends and repayment of indebtedness. In the ordinary course of business, we maintain certain levels of inventory, extend credit to our wholesale customers and pay our operating expenses. Thus, we require a certain amount of working capital to operate our business. If cash inflows are less than cash outflows, we have access to amounts under our U.S. Revolving Credit Agreement, subject to its terms, which is described below. We may seek to finance our future cash requirements through various methods, including cash flow from operations, borrowings under our current or additional credit facilities, sales of debt or equity securities, and cash on hand.

As of November 2, 2019, we had $22 million of cash and cash equivalents on hand, no borrowings outstanding and $313 million of availability under our U.S. Revolving Credit Agreement. Generally, we anticipate that excess cash, if any, will be used to repay any debt outstanding on our U.S. Revolving Credit Agreement. We believe our balance sheet and anticipated future positive cash flow from operating activities provide sufficient cash flow to satisfy our ongoing cash requirements as well as ample opportunity to continue to invest in our brands, direct to consumer initiatives and other strategic initiatives.

Key Liquidity Measures

($ in thousands)	**November 2, 2019**	**February 2, 2019**	**November 3, 2018**	**February 3, 2018**
Total current assets	$ 268,828	$ 269,788	$ 251,900	$ 236,118
Total current liabilities	$ 164,118	$ 142,209	$ 124,839	$ 135,010
Working capital	$ 104,710	$ 127,579	$ 127,061	$ 101,108
Working capital ratio	1.64	1.90	2.02	1.75
Debt to total capital ratio	— %	3 %	6 %	10 %

Our working capital ratio is calculated by dividing total current assets by total current liabilities. Current assets increased from November 3, 2018 to November 2, 2019 due to increased inventories and increased cash partially offset by lower prepaid expenses and other current assets and receivables. Current liabilities increased primarily due to the impact of the revised lease accounting guidance which required the recognition of $50 million of current operating lease liabilities at November 2, 2019, as discussed in Note 5 to the unaudited condensed consolidated financial statements included in this report, partially offset by reductions in accounts payable, accrued compensation and other accrued expenses and liabilities. Changes in current assets and current liabilities are discussed below.

For the ratio of debt to total capital, debt is defined as short-term and long-term debt, and total capital is defined as debt plus shareholders' equity. Debt was $0 million at November 2, 2019 and $32 million at November 3, 2018, while shareholders' equity was $517 million at November 2, 2019 and $465 million at November 3, 2018. The decrease in debt since November 3, 2018 was primarily due to $107 million of cash flow from operations which was partially offset by cash payments of $33 million for capital expenditures and $25 million for dividends, resulting in $22 million of cash and cash equivalents on hand as of November 2, 2019. Shareholders' equity increased from November 3, 2018, primarily as a result of net earnings less dividends paid. Our debt levels and ratio of debt to total capital in future periods may not be comparable to historical amounts as we continue to assess, and possibly make changes to, our capital structure. Changes in our capital structure in the future, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Balance Sheet

The following tables set forth certain information included in our consolidated balance sheets (in thousands). Below each table are explanations for any significant changes in the balances from November 3, 2018 to November 2, 2019.

Current Assets:

	November 2, 2019	February 2, 2019	November 3, 2018	February 3, 2018
Cash and cash equivalents	$ 21,568	$ 8,327	$ 7,413	$ 6,343
Receivables, net	64,593	69,037	69,400	67,542
Inventories, net	154,229	160,656	138,150	126,812
Prepaid expenses and other current assets	28,438	31,768	36,937	35,421
Total current assets	$ 268,828	$ 269,788	$ 251,900	$ 236,118

Cash and cash equivalents were $22 million as of November 2, 2019 compared to $7 million as of November 3, 2018. Typical cash amounts maintained on an ongoing basis in our operations generally range from $5 million to $10 million at any given time if we have debt outstanding. Any excess cash is generally used to repay any amounts outstanding under our U.S. Revolving Credit Agreement, and if cash flow from operations exceeds amounts required to pay any outstanding debt amounts, capital expenditures and dividends, cash outstanding may exceed the typical cash amounts. The decrease in receivables, net as of November 2, 2019 was primarily due to a $4 million reduction in income tax receivables reflecting the collection of certain income tax receivable amounts.

Inventories, net, which is net of a $62 million LIFO reserve in both periods, increased as of November 2, 2019 due to increases in inventories in Tommy Bahama, Southern Tide and Corporate and Other partially offset by reductions in Lilly Pulitzer and Lanier Apparel. The increased inventory levels are primarily to support planned sales growth and to increase base inventory levels in certain key item programs and product categories. We believe that inventory levels in each operating group are appropriate to support anticipated sales. Prepaid expenses and other current assets decreased as of November 2, 2019 primarily as a result of lower prepaid rent expense due to the adoption of the revised lease accounting guidance, which resulted in the classification of prepaid rent in operating lease assets in our consolidated balance sheet, as well as lower prepaid income taxes.

Non-current Assets:

	November 2, 2019	February 2, 2019	November 3, 2018	February 3, 2018
Property and equipment, net	$ 190,537	$ 192,576	$ 194,228	$ 193,533
Intangible assets, net	175,298	176,176	176,735	178,858
Goodwill	66,594	66,621	66,618	66,703
Operating lease assets	287,977	—	—	—
Other non-current assets, net	23,850	22,093	23,272	24,729
Total non-current assets	$ 744,256	$ 457,466	$ 460,853	$ 463,823

Property and equipment, net as of November 2, 2019 decreased primarily as a result of depreciation expense during the 12 months ended November 2, 2019, partially offset by capital expenditures during the same period. The decrease in intangible assets, net as of November 2, 2019 was primarily due to amortization of intangible assets in the 12 months ended November 2, 2019. The operating lease assets amount as of November 2, 2019 is a result of the adoption of the revised lease accounting guidance during Fiscal 2019.

Liabilities:

	November 2, 2019	February 2, 2019	November 3, 2018	February 3, 2018
Total current liabilities	$ 164,118	$ 142,209	$ 124,839	$ 135,010
Long-term debt	—	12,993	32,211	45,809
Non-current operating lease liabilities	293,775	—	—	—
Other non-current liabilities	17,365	75,286	73,434	74,029
Deferred taxes	21,010	18,411	16,922	15,269
Total liabilities	$ 496,268	$ 248,899	$ 247,406	$ 270,117

Current liabilities increased as of November 2, 2019 primarily due to the $50 million of current lease liabilities recognized as of November 2, 2019, as a result of the adoption of the revised lease accounting guidance during Fiscal 2019 partially offset by reductions in accrued compensation, accounts payable and other accrued expenses and liabilities. The decrease in long-term debt since November 3, 2018 was due to $107 million of cash flow from operations which was partially offset by cash payments of $33 million for capital expenditures and $25 million for dividends.

The non-current operating lease liabilities amount as of November 2, 2019 is a result of the adoption of the revised lease accounting guidance during Fiscal 2019. Other non-current liabilities decreased as of November 2, 2019 primarily due to the amount as of November 3, 2018 including $60 million of deferred rent and deferred rent tenant improvement allowance liabilities which were classified as operating lease assets as of November 2, 2019, as a result of the adoption of the revised lease accounting guidance during Fiscal 2019. This reduction was partially offset by increases in amounts for deferred compensation liabilities and fair value of contingent consideration.

Deferred taxes increased as of November 2, 2019 primarily due to timing differences associated with depreciation, amortization and prepaid expenses partially offset by timing differences associated with inventories.

Statement of Cash Flows

The following table sets forth the net cash flows, including continuing and discontinued operations, for the First Nine Months of Fiscal 2019 and the First Nine Months of Fiscal 2018 (in thousands):

	First Nine Months	
	Fiscal 2019	Fiscal 2018
Cash provided by operating activities	$ 75,206	$ 64,618
Cash used in investing activities	(26,877)	(31,268)
Cash used in financing activities	(35,032)	(32,065)
Net change in cash and cash equivalents	$ 13,297	$ 1,285

Cash and cash equivalents on hand were $22 million and $7 million at November 2, 2019 and November 3, 2018, respectively. Changes in cash flows in the First Nine Months of Fiscal 2019 and the First Nine Months of Fiscal 2018 related to operating activities, investing activities and financing activities are discussed below.

Operating Activities:

In the First Nine Months of Fiscal 2019 and the First Nine Months of Fiscal 2018, operating activities provided $75 million and $65 million, respectively, of cash. The cash flow from operating activities for each period was primarily the result of net earnings for the relevant period adjusted, as applicable, for non-cash activities including depreciation, amortization and equity-based compensation, as well as the net impact of changes in deferred taxes and our working capital accounts. In both the First Nine Months of Fiscal 2019 and the First Nine Months of Fiscal 2018, working capital account changes had an unfavorable impact on cash flow from operations. In the First Nine Months of Fiscal 2019, the more significant changes in working capital, after considering the non-cash impact of certain reclassifications that resulted from the adoption of the revised lease accounting guidance, were a decrease in current liabilities, which reduced cash flow from operations, partially offset by decreases in inventories and receivables, which increased cash flow from operations. In the First Nine Months of Fiscal 2018, the more significant changes in working capital were an increase in inventories and a decrease in current liabilities, which reduced cash flow from operations.

Investing Activities:

In the First Nine Months of Fiscal 2019 and the First Nine Months of Fiscal 2018, investing activities used $27 million and $31 million, respectively, of cash, which primarily consisted of capital expenditures. On an ongoing basis, our cash flow used in investing activities primarily consists of our capital expenditure investments in our existing brands and acquisitions of new businesses. Our capital expenditures primarily consist of costs associated with information technology initiatives, including e-commerce capabilities; opening, relocating and remodeling retail stores and restaurants; and facilities enhancements for distribution centers and offices.

Financing Activities:

In the First Nine Months of Fiscal 2019 and the First Nine Months of Fiscal 2018, financing activities used $35 million and $32 million, respectively, of cash. During the First Nine Months of Fiscal 2019 and the First Nine Months of Fiscal 2018, we decreased debt and increased cash as our cash flow from operations was greater than our capital expenditures and payment of dividends. During the First Nine Months of Fiscal 2019 and the First Nine Months of Fiscal 2018 we paid $19 million and $17 million of dividends, respectively. Also, during the First Nine Months of Fiscal 2019 we paid $1 million for the payment of certain amounts related to previous acquisitions including the payment of certain holdback and contingent consideration amounts and paid $1 million related to the refinancing of our revolving credit agreement. Both the First Nine Months of Fiscal 2019 and the First Nine Months of Fiscal 2018 included certain amounts related to the issuance of equity pursuant to our employee stock purchase plan and the repurchase of equity awards for employee tax withholding liabilities due to the vesting of equity awards.

If we are in a debt position, we may borrow or pay down debt depending on whether our cash flow from operating activities exceeds our capital expenditures, dividend payments, acquisitions and any other investing or financing activities. Generally, we anticipate that excess cash, if any, will be used to repay any debt on our U.S. Revolving Credit Agreement.

Liquidity and Capital Resources

In July 2019, we amended the U.S. Revolving Credit Agreement by entering into the First Amendment to the Fourth Amended and Restated Credit Agreement to (1) extend the maturity of the facility to July 2024, and (2) modify certain provisions including a reduction of interest rates on certain borrowings and a reduction in unused line fees. We had no amounts outstanding as of November 2, 2019 under our U.S. Revolving Credit Agreement. The U.S. Revolving Credit Agreement generally (1) is limited to a borrowing base consisting of specified percentages of eligible categories of assets, (2) accrues variable-rate interest, unused line fees and letter of credit fees based upon average unused availability or utilization, (3) requires periodic interest payments with principal due at maturity (July 2024) and (4) is secured by a first priority security interest in substantially all of the assets of Oxford Industries, Inc. and its domestic subsidiaries, including accounts receivable, books and records, chattel paper, deposit accounts, equipment, certain general intangibles, inventory, investment property (including the equity interests of certain subsidiaries), negotiable collateral, life insurance policies, supporting obligations, commercial tort claims, cash and cash equivalents, eligible trademarks, proceeds and other personal property.

To the extent cash flow needs exceed cash flow provided by our operations we will have access, subject to its terms, to our U.S. Revolving Credit Agreement to provide funding for operating activities, capital expenditures and acquisitions, if any. Our U.S. Revolving Credit Agreement is also used to establish collateral for certain insurance programs and leases and to finance trade letters of credit for product purchases, which reduce the amounts available under our line of credit when issued. As of November 2, 2019, $3 million of letters of credit were outstanding under our U.S. Revolving Credit Agreement. After considering these limitations and the amount of eligible assets in our borrowing base, as of November 2, 2019, we had $313 million in unused availability under the U.S. Revolving Credit Agreement, subject to certain limitations on borrowings.

Covenants and Other Restrictions:

The U.S. Revolving Credit Agreement is subject to a number of affirmative covenants regarding the delivery of financial information, compliance with law, maintenance of property, insurance requirements and conduct of business. Also, the U.S. Revolving Credit Agreement is subject to certain negative covenants or other restrictions including, among other things, limitations on our ability to (1) incur debt, (2) guaranty certain obligations, (3) incur liens, (4) pay dividends to shareholders, (5) repurchase shares of our common stock, (6) make investments, (7) sell assets or stock of subsidiaries, (8) acquire assets or businesses, (9) merge or consolidate with other companies or (10) prepay, retire, repurchase or redeem debt.

Additionally, the U.S. Revolving Credit Agreement contains a financial covenant that applies if excess availability under the agreement for three consecutive business days is less than the greater of (i) $23.5 million or (ii) 10% of availability. In such case, our fixed charge coverage ratio as defined in the U.S. Revolving Credit Agreement must not be less than 1.0 to 1.0 for the immediately preceding 12 fiscal months for which financial statements have been delivered. This financial covenant continues to apply until we have maintained excess availability under the U.S. Revolving Credit Agreement of more than the greater of (i) $23.5 million or (ii) 10% of availability for 30 consecutive days.

We believe that the affirmative covenants, negative covenants, financial covenants and other restrictions under the U.S. Revolving Credit Agreement are customary for those included in similar facilities entered into at the time we amended the U.S. Revolving Credit Agreement. During the Third Quarter of Fiscal 2019 and as of November 2, 2019, no financial covenant testing was required pursuant to our U.S. Revolving Credit Agreement as the minimum availability threshold was met at all times. As of November 2, 2019, we were compliant with all covenants related to the U.S. Revolving Credit Agreement.

Other Liquidity Items:

We anticipate that we will be able to satisfy our ongoing cash requirements, which generally consist of working capital and other operating activity needs, capital expenditures, interest payments on our debt and dividends, if any, primarily from positive cash flow from operations supplemented by borrowings under our U.S. Revolving Credit Agreement. Our need for working capital is typically seasonal with the greatest requirements generally in the fall and spring of each year. Our capital needs will depend on many factors including our growth rate, the need to finance inventory levels and the success of our various products. We anticipate that at the maturity of the U.S. Revolving Credit Agreement or as otherwise deemed appropriate, we will be able to refinance the facility or obtain other financing on terms available in the market at that time. The terms of any future financing arrangements may not be as favorable as the terms of the current agreement or current market terms.

Although we have paid dividends in each quarter since we became a public company in July 1960, we may discontinue or modify dividend payments at any time if we determine that other uses of our capital, including payment of outstanding debt, funding of acquisitions, funding of capital expenditures or repurchases of outstanding shares, may be in our best interest; if our expectations of future cash flows and future cash needs outweigh the ability to pay a dividend; or if the terms of our credit facility, other debt instruments or applicable law limit our ability to pay dividends. We may borrow to fund dividends in the short term based on our expectation of operating cash flows in future periods subject to the terms and conditions of our credit facility, other debt instruments and applicable law. All cash flow from operations will not be paid out as dividends in all periods. For details about limitations on our ability to pay dividends, see the discussion of the U.S. Revolving Credit Agreement above.

Our contractual obligations as of November 2, 2019 have not changed materially from the contractual obligations outstanding at February 2, 2019, as disclosed in our Annual Report on Form 10-K for Fiscal 2018 filed with the SEC, other than changes in amounts outstanding under our U.S. Revolving Credit Agreement, as discussed above.

Our anticipated capital expenditures for Fiscal 2019, including the $27 million incurred in the First Nine Months of Fiscal 2019, are expected to be approximately $40 million. These expenditures are expected to consist primarily of costs associated with information technology initiatives, including e-commerce capabilities; new retail stores and Marlin Bars; and investments to remodel existing retail stores and restaurants. Our capital expenditure amounts in future years may increase or decrease from the amounts incurred in prior years depending on the information technology initiatives, direct to consumer location openings, relocations and remodels and other infrastructure requirements deemed appropriate for that year to support future expansion of our businesses.

Off Balance Sheet Arrangements

We have not entered into agreements which meet the SEC's definition of an off balance sheet financing arrangement, other than operating leases, and have made no financial commitments to or guarantees with respect to any unconsolidated subsidiaries or special purpose entities.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires the selection and application of accounting policies. Further, the application of GAAP requires us to make estimates and judgments about future events that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures. On an ongoing basis, we evaluate our estimates, including those discussed below. We base our estimates on historical experience, current trends and various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates under different assumptions or conditions. We believe it is possible that other professionals, applying reasonable judgment to the same set of facts and circumstances, could develop and support a range of alternative estimated amounts. We believe that we have appropriately applied our critical accounting policies. However, in the event that inappropriate assumptions or methods were used relating to the critical accounting policies, our consolidated statements of operations could be misstated.

Our critical accounting policies and estimates are discussed in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for Fiscal 2018. There have not been any significant changes to the application of our critical accounting policies and estimates during the First Nine Months of Fiscal 2019. A detailed summary of significant accounting policies is included in Note 1 to our consolidated financial statements contained in our Annual Report on Form 10-K for Fiscal 2018.

SEASONAL ASPECTS OF OUR BUSINESS

Each of our operating groups is impacted by seasonality as the demand by specific product or style, as well as by distribution channel, may vary significantly depending on the time of year. For details of the impact of seasonality on each of our operating groups, see the business discussion for each operating group in Part I, Item 1, Business in our Annual Report on Form 10-K for Fiscal 2018.

As the timing of certain unusual or non-recurring items, wholesale product shipments, weather or other factors affecting our operations may vary from one year to the next, we do not believe that net sales or operating income for any particular quarter or the distribution of net sales and operating income for Fiscal 2018 are necessarily indicative of anticipated results for Fiscal 2019 or expected distribution in future years. Our third quarter has historically been our smallest net sales and operating income quarter and that result is expected to continue.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain interest rate, foreign currency, commodity and inflation risks as discussed in Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk in our Annual Report on Form 10-K for Fiscal 2018. There have not been any significant changes in our exposure to these risks during the First Nine Months of Fiscal 2019.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our company, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, our principal executive officer and our principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There have not been any changes in our internal control over financial reporting during the Third Quarter of Fiscal 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are a party to litigation and regulatory actions arising in the ordinary course of business. These actions may relate to trademark and other intellectual property, licensing arrangements, real estate, importing or exporting regulations, taxation, employee relation matters or other topics. We are not currently a party to any litigation or regulatory action or aware of any proceedings contemplated by governmental authorities that we believe could reasonably be expected to have a material impact on our financial position, results of operations or cash flows. However, our assessment of any litigation or other legal claims could potentially change in light of the discovery of additional factors not presently known or determinations by judges, juries, or others which are not consistent with our evaluation of the possible liability or outcome of such litigation or claims.

ITEM 1A. RISK FACTORS

Our business is subject to numerous risks. Investors should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for Fiscal 2018, which could materially affect our business, financial condition or operating results. We operate in a competitive and rapidly changing business environment, and additional risks and uncertainties that we currently consider immaterial or are not presently known to us may also adversely affect our business. The risks described in our Annual Report on Form 10-K for 2018 are not the only risks facing our company.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) During the Third Quarter of Fiscal 2019, we did not sell any unregistered equity securities.

(b) We have certain stock incentive plans as described in Note 7 to our consolidated financial statements included in our Annual Report on Form 10-K for Fiscal 2018, all of which are publicly announced plans. Under the plans, we can repurchase shares from employees to cover employee tax liabilities related to the vesting of shares of our stock. During the Third Quarter of Fiscal 2019, no shares were repurchased pursuant to these plans.

In March 2017, our Board of Directors authorized us to spend up to $50 million to repurchase shares of our stock. This authorization superseded and replaced all previous authorizations to repurchase shares of our stock and has no automatic expiration.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURES

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

3.1	Restated Articles of Incorporation of Oxford Industries, Inc. (filed as Exhibit 3.1 to the Company's Form 10-Q for the fiscal quarter ended July 29, 2017)
3.2	Bylaws of Oxford Industries, Inc., as amended (filed as Exhibit 3.2 to the Company's Form 10-K for Fiscal 2017)
31.1	Section 302 Certification by Principal Executive Officer.*
31.2	Section 302 Certification by Principal Financial Officer.*
32	Section 906 Certification by Principal Executive Officer and Principal Financial Officer.*
101.INS	XRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*
104	Cover Page Interactive Data File – The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

* Filed herewith.

SIGNATURES

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

December 12, 2019 **OXFORD INDUSTRIES, INC.**

(Registrant)

/s/ K. Scott Grassmyer
K. Scott Grassmyer
Executive Vice President - Finance, Chief Financial Officer and Controller
(Authorized Signatory)

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas C. Chubb III, certify that:

1. I have reviewed this report on Form 10-Q of Oxford Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 12, 2019

/s/ Thomas C. Chubb III
Thomas C. Chubb III
Chairman, Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, K. Scott Grassmyer, certify that:

1. I have reviewed this report on Form 10-Q of Oxford Industries, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 12, 2019

/s/ K. Scott Grassmyer
K. Scott Grassmyer
Executive Vice President - Finance, Chief Financial Officer and Controller (Principal Financial Officer)

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Oxford Industries, Inc. (the “Company”) on Form 10-Q (“Form 10-Q”) for the quarter ended November 2, 2019 as filed with the Securities and Exchange Commission on the date hereof, I, Thomas C. Chubb III, Chairman, Chief Executive Officer and President of the Company, and I, K. Scott Grassmyer, Executive Vice President - Finance, Chief Financial Officer and Controller of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Thomas C. Chubb III
Thomas C. Chubb III
Chairman, Chief Executive Officer and President
December 12, 2019

/s/ K. Scott Grassmyer
K. Scott Grassmyer
Executive Vice President - Finance, Chief Financial Officer
and Controller
December 12, 2019