

Hartmarx Corporation has filed for bankruptcy protection... let's see what the history shows!

# Hartmarx Corporation

Phone: (312) 372-6300

101 North Wacker Drive  
Chicago, IL 60606 United States

Ticker: [HTMX](#)

**Filed for Bankruptcy on 1/23/2009**  
**Case #09-02080, filed in the U.S. Bankruptcy Court for the Northern District of Illinois**

## Latest Financial Statements as of 8/31/2008

### Business Summary

Hartmarx Corporation, (Hartmarx) is a holding company, overseeing the various operations of its subsidiaries and providing these subsidiaries with resources and services in financial, administrative, legal, human resources, advertising and other areas. Hartmarx's operations comprise the Men's Apparel Group and Women's Apparel Group. On August 14, 2007, the Company acquired certain assets and operations of Monarchy, LLC, a designer and marketer of casual sportswear to specialty stores nationwide principally under the Monarchy and Manchester Escapes brands. Men's Apparel Group represented approximately 77% of sales during the fiscal year ended November 30, 2007 (fiscal 2007). The Women's Apparel Group segment represented 23% of consolidated sales in fiscal 2007.

(Source: 10-K)

Employees: 3,800 (as of 11/30/2007)

Federal Tax Id: 363217140

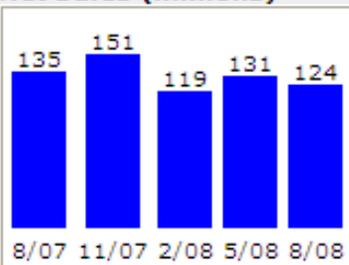
### Credit Scores

**Z" Score**    **3.85**    **(Financially sound)**    8/31/2008

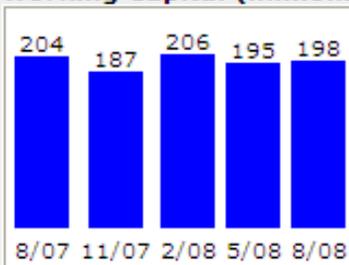
### Auditor Information

Last Audit: 11/30/2007  
Auditors: PricewaterhouseCoopers LLP  
Opinion: **Unqualified with Explanation**

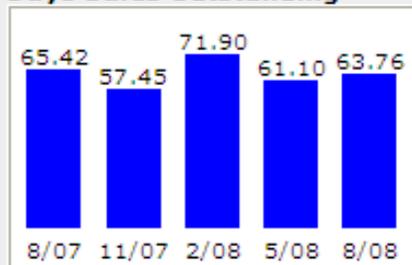
### Net Sales (millions)



### Working Capital (millions)



### Days Sales Outstanding



### Third Quarter and Year-to-Date Results

Sales for the 3 months ended 8/31/2008 decreased 8.32% to \$123.96 million from last year's comparable period amount of \$135.20 million. Sales for the 9 months ended 8/31/2008 decreased 8.93% to \$374.48 million from \$411.18 million for the same period last year.

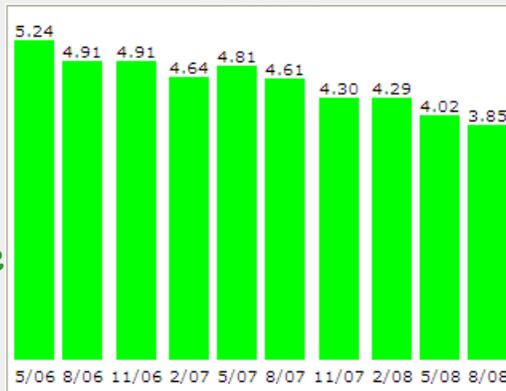
Gross profit margin decreased 13.07% for the period to 40.60 million (32.76% of revenues) from \$46.71 million (34.55% of revenues) for the same period last year. Gross profit margin decreased 13.53% for the

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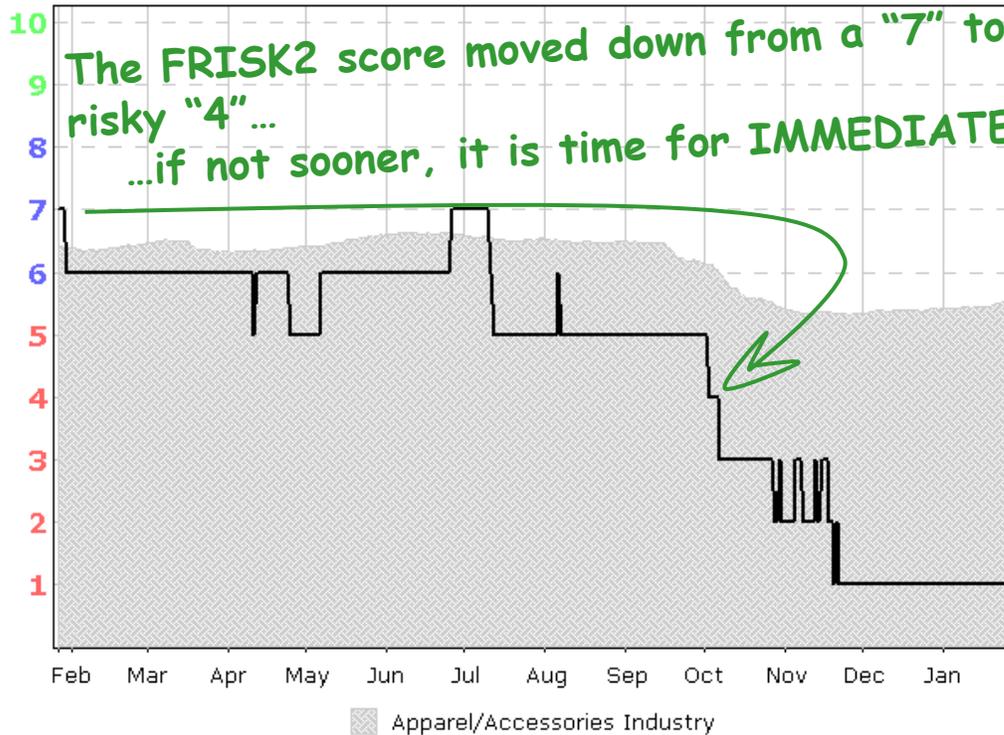
### Z" Score

**LEGEND:**  
 Financially sound: 2.60 or higher  
 Neutral: 1.10 to 2.60  
 Fiscal danger: less than 1.10



The Altman Z" was on a decline but did not signal trouble...

The most recent FRISK2 score is 1 (probability of default\* 21.0% - 50.0%), below its 13-month average and below its industry average.



FRISK2	Probability of default within 12 months	
	From	To
10	0%	0.3%
9	0.3%	0.4%
8	0.4%	0.9%
7	0.9%	1.9%
6	1.9%	3.7%
5	3.7%	7.4%
4	7.4%	10.1%
3	10.1%	14.1%
2	14.1%	21.0%
1	21.0%	50.0%

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...plus, looking at our News Alerts you would have seen...

Files Chapter 11...

NYSE notification of failure to comply with listing requirements

Losses reported...

#	Date	Source	Headline
3	1/23/2009	PR Newswire	<u>Hartmarx Corporation Files Chapter 11 Petitions to Enhance Liquidity While It Reorganizes</u>
4	12/4/2008	CRMZ News Service	<u>HARTMARX CORP/DE FILES (8-K) Disclosing Other Events, Financial Statements and Exhibits</u>
5	12/3/2008	PR Newswire	<u>Hartmarx Stock Ticker Symbol Changes on the Chicago Stock Exchange Effective December 3, 2008</u>
6	11/25/2008	CRMZ News Service	<u>HARTMARX CORP/DE FILES (8-K/A) Disclosing Change in Directors or Principal Officers</u>
7	11/25/2008	CRMZ News Service	<u>HARTMARX CORP/DE FILES (8-K) Disclosing Change in Directors or Principal Officers, Financial Statements and Exhibits</u>
8	11/21/2008	CRMZ News Service	<u>HARTMARX CORP/DE FILES (8-K) Disclosing Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing, Financial Statements and Exhibits</u>
9	11/21/2008	PR Newswire	<u>Hartmarx Shares Continue to be Listed on the Chicago Stock Exchange Following NYSE Delisting Action due to Non-Compliance With Minimum Market Capitalization Rules</u>
10	10/9/2008	CRM News Service	<u>HARTMARX CORP/DE: a Form 10-Q has been Filed with the SEC</u>
11	10/6/2008	CRM News Service	<u>HARTMARX CORP/DE FILES (8-K) Disclosing Results of Operations and Financial Condition, Financial Statements and Exhibits</u>
12	10/3/2008	CRM News Service	<u>Hartmarx Corporation -- updated financials available</u>
13	8/15/2008	CRM News Service	<u>HARTMARX CORP/DE FILES (8-K) Disclosing Amendments to Articles of Inc. or Bylaws; Change in Fiscal Year, Financial Statements and Exhibits</u>
15	7/9/2008	CRM News Service	<u>HARTMARX CORP/DE: a Form 10-Q has been Filed with the SEC</u>
16	7/3/2008	CRM News Service	<u>HARTMARX CORP/DE FILES (8-K) Disclosing Results of Operations and Financial Condition, Financial Statements and Exhibits</u>
17	7/2/2008	CRM News Service	<u>Hartmarx Corporation -- updated financials available</u>
18	4/8/2008	CRM News Service	<u>HARTMARX CORP/DE: a Form 10-Q has been Filed with the SEC</u>
19	3/29/2008	CRM News Service	<u>Hartmarx Corporation -- updated financials available</u>
20	3/28/2008	CRM News Service	<u>HARTMARX CORP/DE FILES (8-K) Disclosing Results of Operations and Financial Condition, Financial Statements and Exhibits</u>
22	2/8/2008	CRM News Service	<u>HARTMARX CORP/DE: a Form 10-K has been Filed with the SEC</u>
27	1/30/2008	CRM News Service	<u>Hartmarx Corporation -- updated financials available</u>
29	1/29/2008	CRM News Service	<u>HARTMARX CORP/DE FILES (8-K) Disclosing Results of Operations and Financial Condition, Financial Statements and Exhibits</u>
30	1/10/2008	CRM News Service	<u>HARTMARX CORP/DE FILES (8-K) Disclosing Results of Operations and Financial Condition, Financial Statements and Exhibits</u>

...need more depth? Look at the Performance Ratios  
 ...Degradation in Sales, Operating Margin, & Net Income  
 despite some temporary improvements...

### Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars )

Period Ended	3 mos 8/31/2008	3 mos 5/31/2008	3 mos 2/29/2008	3 mos 11/30/2007	3 mos 8/31/2007
<b>Net sales \$</b>	\$123,956	\$131,461	\$119,062	\$151,234	\$135,202
% change	-5.71%	10.41%	-21.27%	11.86%	-13.30%
<b>Gross margin \$</b>	\$40,604	\$43,344	\$39,457	\$35,591	\$46,708
% change	-6.32%	9.85%	10.86%	-23.80%	-16.42%
% of sales	32.76%	32.97%	33.14%	23.53%	34.55%
<b>SG&amp;A \$</b>	\$43,468	\$45,582	\$43,620	\$44,773	\$44,407
% change	-4.64%	4.50%	-2.58%	0.82%	-1.78%
% of sales	35.07%	34.67%	36.64%	29.61%	32.84%
<b>Operating margin \$</b>	(\$2,056)	(\$1,761)	(\$3,615)	(\$8,393)	\$2,957
% change	-16.75%	51.29%	56.93%	-383.83%	-73.59%
% of sales	-1.66%	-1.34%	3.04%	-5.55%	2.19%
<b>EBITDA \$</b>	\$164	\$570	(\$1,265)	(\$5,766)	\$5,370
% change	-71.23%	145.06%	78.06%	-207.37%	-60.27%
% of sales	0.13%	0.43%	-1.06%	-3.81%	3.97%
<b>Pre-tax income \$</b>	(\$3,859)	(\$3,776)	(\$5,586)	(\$10,836)	\$939
% change	-2.20%	32.40%	48.45%	-1253.99%	-89.09%
% of sales	-3.11%	-2.87%	-4.69%	-7.17%	0.69%
<b>Net income (loss) \$</b>	(\$2,434)	(\$1,467)	(\$3,547)	(\$6,687)	\$542
% change	-65.92%	58.64%	46.96%	-1333.76%	-89.92%
% of sales	-1.96%	-1.12%	2.98%	-4.42%	0.40%
<b>Tax expense \$</b>	(\$1,425)	(\$2,309)	(\$2,039)	(\$4,149)	\$397
Effective tax rate	36.93%	61.15%	36.50%	38.29%	42.28%
<b>Depreciation expense \$</b>	\$1,278	\$1,408	\$1,411	\$1,536	\$1,381
% of sales	1.03%	1.07%	1.19%	1.02%	1.02%
% of capital expenses	23.75%	29.01%	31.26%	18.30%	39.40%
% of PP&E, net (annualized)	14.64%	16.06%	16.04%	18.20%	16.97%
<b>Capital expenditures \$</b>	\$5,381	\$4,854	\$4,514	\$8,393	\$3,505
% change	10.86%	7.53%	-46.22%	139.46%	-18.94%
% of PP&E, net (annualized)	61.65%	55.37%	51.30%	99.47%	43.06%
% of working capital (annualized)	10.96%	9.67%	9.19%	17.18%	7.07%
<b>Interest coverage ratio</b>	0.09	0.28	(0.64)	(2.36)	2.66
% change	-67.85%	144.08%	72.81%	-188.69%	-48.99%
<b>Free cash flow \$</b>	(\$9,211)	\$7,246	(\$26,016)	\$16,557	(\$6,974)
% change	-227.12%	127.85%	-257.13%	337.41%	-129.77%
Source:	10-Q 10/9/2008	10-Q 7/9/2008	10-Q 4/8/2008	10-K 2/8/2008	10-Q 10/10/2007

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...In the MD&A section, the CEO and CFO tell us that "unfavorable" operating activities resulted in increased Credit Facility borrowings to finance the Company's operations and capital expenditures...

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### Report

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Company News

Risk Ratings

Annual Financials

Year/Year Interim

Sequential Quarters

Liquidity (MD&A)

Liquidity (MD&A) History

SEC Filings

Peer Analysis

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Credit Limit

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*From MD&A section, period 8/31/2008, filed 10/9/2008:*

#### LIQUIDITY AND CAPITAL RESOURCES

For the nine months ended August 31, 2008, net cash used in operating activities was \$13.2 million compared to \$13.2 million net cash provided by operating activities for the nine months ended August 31, 2007. The \$26.4 million change in cash from operating activities was primarily attributable to the unfavorable change in year-to-date earnings as well as the change in current assets. Cash used in investing activities was \$21.0 million in 2008 compared to \$30.4 million in 2007. The current year reflected higher capital expenditures related to the upgrading of certain of the Company's computer software systems and additional retail stores as well as contingent earnout payments related to acquisitions consummated in prior years; the prior year reflected approximately \$15 million for the Zooney and Monarchy acquisitions along with contingent earnout payments related to acquisitions consummated in prior years. Net cash provided by financing activities was \$34.6 million in the current period compared to \$19.9 million in the year earlier period. The increase in Credit Facility borrowings was the principal component in the current period, increasing \$35.8 million in the nine month period of 2008 compared to \$25.8 million in the prior year, utilized to fund the changes in operating and investing activities described above.

Since November 30, 2007, net accounts receivable decreased \$2.1 million or 2.3% to \$91.3 million, principally attributable to lower sales. Inventories of \$148.0 million increased \$5.6 million or 3.9%, reflecting the seasonal production or receipt of goods in advance of anticipated shipments during the fourth quarter. Total debt, including current maturities, increased \$35.2 million to \$155.9 million, principally reflecting cash used in operating activities, higher capital expenditures and additional share repurchases. Total debt represented 41% of total capitalization at August 31, 2008 compared to 35% at November 30, 2007. The higher debt capitalization ratio at August 31, 2008 was principally attributable to the increase in total debt at August 31, 2008 compared to November 30, 2007.

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