

December 8, 2008

**Key Metrics**

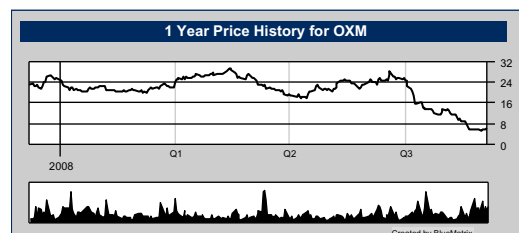
OXM - NYSE	\$6.14
Pricing Date	12/05/2008
Price Target	NA
52-Week Range	\$29.88-\$5.40
Shares Outstanding (mm)	15.9
Market Capitalization (\$mm)	\$97.4
3-Mo Average Daily Volume	249,327
Institutional Ownership	90%
Debt/Total Capital	34.9%
ROE	8.7%
Book Value/Share	\$26.41
Price/Book	0.2x
Dividend Yield	2.6%
LTM EBITDA Margin	8.79%

**EPS(\$)** FY: January

	2008A	Prior 2009E	Curr. 2009E	Prior 2010E	Curr. 2010E
1Q-Apr	0.95	--	0.59A	0.65E	0.53E
2Q-Jul	0.49	--	0.43A	0.43E	0.41E
3Q-Oct	0.76	0.45E	0.42E	0.58E	0.46E
4Q-Jan	0.36	0.45E	0.33E	0.54E	0.46E
FY	2.59	1.93E	1.78E	2.19E	1.85E
P/E	2.4x		3.4x		3.3x

**Revenue(\$mm)**

	2008A	Prior 2009E	Curr. 2009E	Prior 2010E	Curr. 2010E
1Q-Apr	292.4	--	272.9A	282.5E	260.0E
2Q-Jul	244.6	--	230.5A	239.7E	225.0E
3Q-Oct	286.3	--	260.0E	273.0E	260.0E
4Q-Jan	261.9	240.0E	238.0E	252.0E	250.0E
FY	1,085.3	1,003.5E	1,001.5E	1,047.2E	995.0E



**Company Description:** Oxford Industries, Inc. ([www.oxfordinc.com](http://www.oxfordinc.com)) is a producer and marketer of branded and private label apparel for men, women, and children. Oxford's customers include national chains, specialty catalogs, mass merchants, department stores, specialty stores, and Internet retailers.

## Oxford Industries, Inc.

### Rating: Hold

#### F3Q09 EPS Preview: Lower Sales Expected To Reduce EPS

**Investment Highlights:**

- **Oxford is scheduled to report F3Q09 EPS Tuesday night, after the market close.** We are projecting EPS of \$0.42, \$0.04 below the Street consensus and \$0.34 below last year's comparable results. A conference call is scheduled for 4:30 p.m. EST that day.
- **Sales projected to be down 9% to \$260mm.** We expect F3Q09 sales to decline Y/Y 9% to \$260mm with mid-single-digit declines within the Tommy Bahama (TB) and Ben Sherman (TB) lines and double-digit declines in Lanier Clothes (LC) and Oxford Apparel (OA). TB and BS declines should reflect a challenging retail environment with LC and OA expected to also be impacted from company's decisions to reduce its exposure to underperforming lines.
- **Lower sales expected to reduce EBIT margins Y/Y 190 bps to 6.2%.**
- **Reducing F4Q09E EPS to reflect more promotional holiday season.** While our F4Q09 sales adjustments are minimal, we are reducing our F4Q09 EPS estimate down by \$0.12 to reflect lower gross margins associated with expected holiday promotional activities. Recent restructuring and operational efficiencies should reduce SG&A, in dollars.
- **Current environment makes it difficult to envision Y/Y sales growth in 2010.** While comparable results become easier in FY10, the current economic environment could make it difficult to expand sales Y/Y in FY10 and we are lowering our revenue projection by \$52mm to \$995mm and corresponding EPS estimate by \$0.34 to \$1.85.
- **We maintain our Hold rating.**

EQUITY RESEARCH

## Oxford Industries (OXM)

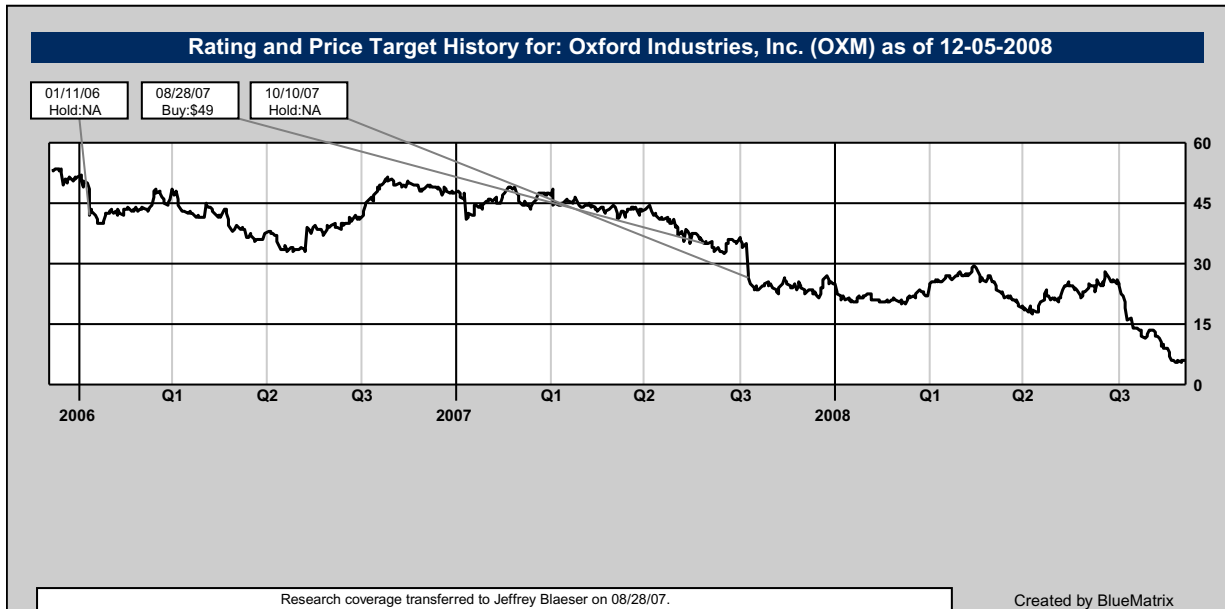
(In Millions, Except Per Share Data)

Quarter End	FY* 2007	Q1 May-07	Q2 Aug-07	Q3 Nov-07	Q4 Feb-08	FY 2008	Q1 May-08	Q2 Aug-08	Q3E Nov-08	Q4E Jan-09	FYE 2009	Q1 May-09	Q2E Aug-09	Q3E Oct-09	Q4E Jan-10	FYE 2010
<b>Sales</b>	<b>1128.9</b>	<b>292.4</b>	<b>244.6</b>	<b>286.3</b>	<b>261.9</b>	<b>1085.3</b>	<b>272.9</b>	<b>230.5</b>	<b>260.0</b>	<b>238.0</b>	<b>1001.5</b>	<b>260.0</b>	<b>225.0</b>	<b>260.0</b>	<b>250.0</b>	<b>995.0</b>
% Increase	1.8%	NA	NA	NA	NA	NA	-6.7%	-5.8%	-9.2%	-9.1%	-7.7%	-4.7%	-2.4%	0.0%	5.0%	-0.6%
Cost of Goods Sold	681.1	171.9	141.6	174.1	159.9	647.4	156.6	130.4	158.1	142.8	588.0	150.3	127.6	156.0	150.0	583.9
As % Sales	60.3%	58.8%	57.9%	60.8%	61.0%	59.7%	57.4%	56.6%	60.8%	60.0%	58.7%	57.8%	56.7%	60.0%	60.0%	58.7%
% Increase	0.5%	NA	NA	NA	NA	NA	-8.9%	-7.9%	-9.2%	-10.7%	-9.2%	-4.1%	-2.2%	-1.3%	5.0%	-0.7%
<b>Gross Profit</b>	<b>447.8</b>	<b>120.5</b>	<b>103.0</b>	<b>112.2</b>	<b>102.0</b>	<b>437.8</b>	<b>116.3</b>	<b>100.1</b>	<b>101.9</b>	<b>95.2</b>	<b>413.5</b>	<b>109.7</b>	<b>97.4</b>	<b>104.0</b>	<b>100.0</b>	<b>411.1</b>
Margin	39.7%	41.2%	42.1%	39.2%	39.0%	40.3%	42.6%	43.4%	39.2%	40.0%	41.3%	42.2%	43.3%	40.0%	40.0%	41.3%
% Increase	3.7%	NA	NA	NA	NA	NA	-3.5%	-2.9%	-9.2%	-6.7%	-5.6%	-5.7%	-2.6%	2.0%	5.0%	-0.6%
SG&A	356.4	93.1	89.0	92.8	91.2	366.0	99.6	86.2	89.0	85.0	359.8	95.0	85.9	91.0	87.3	359.2
As % Sales	31.6%	31.8%	36.4%	32.4%	34.8%	33.7%	36.5%	37.4%	34.2%	35.7%	35.9%	36.5%	38.2%	35.0%	34.9%	36.1%
% Increase	5.5%	NA	NA	NA	NA	NA	7.1%	-3.1%	-4.1%	-6.8%	-1.7%	-4.7%	-0.3%	2.2%	2.7%	-0.2%
Amortization	6.4	1.7	1.3	1.2	1.2	5.4	0.8	1.1	1.2	1.2	4.2	0.8	1.0	1.0	1.0	3.8
As % Sales	0.6%	0.6%	0.5%	0.4%	NA	0.5%	0.3%	0.5%	0.5%	0.5%	0.4%	0.3%	0.4%	0.4%	0.4%	0.4%
% Increase	-16.2%	NA	NA	NA	NA	NA	-53.5%	-19.7%	-2.2%	0.5%	-21.9%	1.5%	-5.5%	-16.7%	-16.7%	-10.5%
Royalties/Other (Income)	-15.2	-5.2	-3.8	-5.0	-5.3	-19.3	-4.2	-4.4	-4.5	-5.0	-18.0	-4.6	-5.0	-4.8	-5.0	-19.4
As % Sales	-1.3%	-1.8%	-1.6%	-1.7%	NA	-1.8%	-1.5%	-1.9%	-1.7%	-2.1%	-1.8%	-1.8%	-2.2%	-1.8%	-2.0%	-1.9%
% Increase	15.7%	NA	NA	NA	NA	NA	-19.0%	13.6%	-10.0%	-5.4%	-6.4%	9.8%	14.9%	6.7%	0.0%	7.5%
Operating Expense	347.6	89.6	86.4	89.1	87.1	352.2	96.2	82.9	85.7	81.2	346.0	91.2	81.9	87.2	83.3	343.6
As % Sales	30.8%	30.6%	35.3%	31.1%	NA	32.5%	35.3%	36.0%	33.0%	34.1%	34.6%	35.1%	36.4%	33.5%	33.3%	34.5%
<b>Operating Profit</b>	<b>100.1</b>	<b>30.9</b>	<b>16.6</b>	<b>23.2</b>	<b>14.9</b>	<b>85.7</b>	<b>20.1</b>	<b>17.2</b>	<b>16.2</b>	<b>14.0</b>	<b>67.5</b>	<b>18.5</b>	<b>15.5</b>	<b>16.8</b>	<b>16.7</b>	<b>67.5</b>
Margin	8.9%	10.6%	6.8%	8.1%	NA	7.9%	7.4%	7.5%	6.2%	5.9%	6.7%	7.1%	6.9%	6.5%	6.7%	6.8%
% Increase	1.0%	NA	NA	NA	NA	NA	-35.1%	3.6%	-30.0%	-6.3%	-21.2%	-7.7%	-9.7%	3.6%	19.3%	0.1%
Interest Expense	22.2	5.4	5.1	5.5	6.4	22.4	6.3	6.0	6.3	6.3	24.9	6.0	6.0	6.0	6.0	24.0
Other Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Pretax Profit</b>	<b>77.9</b>	<b>25.5</b>	<b>11.5</b>	<b>17.7</b>	<b>8.6</b>	<b>63.3</b>	<b>13.7</b>	<b>11.2</b>	<b>9.9</b>	<b>7.7</b>	<b>42.6</b>	<b>12.5</b>	<b>9.5</b>	<b>10.8</b>	<b>10.7</b>	<b>43.5</b>
Margin	6.9%	8.7%	4.7%	6.2%	NA	5.8%	5.0%	4.9%	3.8%	3.2%	4.3%	4.8%	4.2%	4.2%	4.3%	4.4%
% Increase	3.6%	NA	NA	NA	NA	NA	-46.2%	-2.7%	-43.8%	-10.4%	-32.8%	-8.9%	-15.0%	8.9%	39.0%	2.3%
Taxes(benefit)	27.4	8.5	2.8	4.0	2.7	17.9	4.2	4.4	3.4	2.6	14.6	4.3	3.2	3.7	3.6	14.8
Rate	35.2%	33.1%	24.1%	22.6%	31.2%	28.3%	30.8%	39.4%	34.0%	34.0%	34.4%	34.0%	34.0%	34.0%	34.0%	34.0%
<b>Net Income--Oper.</b>	<b>50.5</b>	<b>17.1</b>	<b>8.7</b>	<b>13.7</b>	<b>5.9</b>	<b>45.4</b>	<b>9.5</b>	<b>6.8</b>	<b>6.5</b>	<b>5.1</b>	<b>27.9</b>	<b>8.3</b>	<b>6.3</b>	<b>7.1</b>	<b>7.1</b>	<b>28.7</b>
Margin	4.5%	5.8%	3.6%	4.8%	NA	4.2%	3.5%	2.9%	2.5%	2.1%	2.8%	3.2%	2.8%	2.7%	2.8%	2.9%
% Increase	2.0%	NA	NA	NA	NA	NA	-44.3%	-22.3%	-52.1%	-14.0%	-38.5%	-13.2%	-7.4%	8.9%	39.0%	2.9%
<b>EPS--Operations</b>	<b>2.83</b>	<b>0.95</b>	<b>0.49</b>	<b>0.76</b>	<b>0.36</b>	<b>2.59</b>	<b>0.59</b>	<b>0.43</b>	<b>0.42</b>	<b>0.33</b>	<b>1.78</b>	<b>0.53</b>	<b>0.41</b>	<b>0.46</b>	<b>0.46</b>	<b>1.85</b>
% Increase	1.4%	NA	NA	NA	NA	NA	-38.0%	-11.0%	-44.6%	-9.2%	-31.1%	-9.9%	-6.5%	8.9%	39.0%	4.1%
Shares Out. Diluted	17.9	17.9	17.9	17.9	16.4	17.6	16.1	15.7	15.5	15.5	15.7	15.5	15.5	15.5	15.5	15.5

Source: Company reports and Morgan Joseph estimates

\*Unadjusted Fiscal year end

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Rating	Investment Banking Services/Past 12 Mos.	
	Percent	Percent
BUY [B]	52.94	37.78
HOLD [H]	44.71	28.95
SELL [S]	2.35	0.00

### Meaning of Ratings

- A) Buy means reasonable outperformance relative to the market (Russell 2000) over 12-18 months.
- B) Hold means market-type (Russell 2000) risk adjusted performance; potential source of funds.
- C) Sell means expected to underperform the market (Russell 2000) over 12-18 months.

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