

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) October 21, 2004

ROCKY SHOES & BOOTS, INC.

(Exact name of registrant as specified in its charter)

<u>Ohio</u> (State or other jurisdiction of incorporation)	<u>0-21026</u> (Commission File Number)	<u>31-1364046</u> (IRS Employer Identification No.)
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<u>39 East Canal Street, Nelsonville, Ohio</u> (Address of principal executive offices)	<u>45764</u> (Zip Code)
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Registrant's telephone number, including area code (740) 753-1951

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On October 21, 2004, Rocky Shoes & Boots, Inc. (the “Company”) issued a press release entitled “Rocky Shoes & Boots, Inc. Reports Record Third Quarter Net Sales and Earnings” regarding its consolidated financial results for the third quarter ended September 30, 2004. A copy of the Company’s press release is furnished as Exhibit 99 to this Form 8-K and is incorporated into this Item 2.02 by reference.

The information in this Item 2.02 of this Form 8-K, including Exhibit 99 hereto, shall not be treated as “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

The information contained or incorporated by reference in this Form 8-K contains forward-looking statements, including certain plans, expectations, goals, and projections, which are subject to numerous assumptions, risks, and uncertainties. A number of factors, including but not limited to those set forth under the heading “Business Risks” included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2003, and other factors described from time to time in the Company’s other filings with the Securities and Exchange Commission, could cause actual conditions, events, or results to differ significantly from those described in the forward-looking statements. All forward-looking statements included in this Form 8-K are based on information available at the time of the report. The Company assumes no obligation to update any forward-looking statement.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

<i>Exhibit No.</i>	<i>Description</i>
99	Press Release, dated October 21, 2004, entitled “Rocky Shoes & Boots, Inc. Reports Record Third Quarter Net Sales and Earnings”

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 hereunto duly authorized.

Rocky Shoes & Boots, Inc.

Date: October 21, 2004

By: /s/ James E. McDonald
James E. McDonald, Vice President
and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.

Description

99

Press Release, dated October 21, 2004, entitled "Rocky Shoes & Boots, Inc. Reports Record Third Quarter Net Sales and Earnings"

FOR IMMEDIATE RELEASE

For Additional Information
Contact: Jim McDonald
Vice President & CFO
(740) 753-1951

**ROCKY SHOES & BOOTS, INC. REPORTS RECORD
THIRD QUARTER NET SALES AND EARNINGS**

2004 SALES AND EARNINGS GUIDANCE REAFFIRMED

NELSONVILLE, Ohio (October 21, 2004) Rocky Shoes & Boots, Inc. (NASDAQ: RCKY) today reported record net sales, net income and earnings per share for the three months ended September 30, 2004. This marks the ninth consecutive quarter that the Company's earnings per diluted share increased compared to the same period of the prior year.

Net income increased 41% to \$4.9 million for the third quarter of 2004 compared to \$3.5 million for the third quarter of 2003. Net income per diluted share increased 27% to \$0.98 for the third quarter of 2004 from \$0.77 a year ago.

Mike Brooks, Chairman and Chief Executive Officer, stated, "The record third quarter results underscore our improved operating leverage as well as our continued success increasing branded product sales through key line extensions and a growing customer base. Sales of occupational footwear achieved double-digit growth while ROCKY® apparel sales more than doubled compared to the third quarter of 2003. These sales are less susceptible to seasonal factors, especially weather, and now represent a substantial percentage of the Company's branded sales."

Third Quarter 2004

Net sales rose 21% to a record \$50.1 million for the three months ended September 30, 2004 from \$41.4 million for the same period last year. This increase included \$5.1 million of boots produced for delivery to the U.S. military, as well as solid increases in branded sales led by rugged outdoor and occupational footwear and ROCKY® apparel.

Gross profit increased 22% to \$16.0 million for the third quarter of 2004 from \$13.1 million a year ago. Gross profit margin rose to 32.0% of net sales for the third quarter from 31.6% of net sales a year ago. This 40 basis point improvement was due to higher gross profit margin for branded products, which more than offset lower gross profit margin on boots produced for delivery to the U.S. military.

Selling, general and administrative ("SG&A") expenses were \$8.3 million for third quarter of 2004 compared to \$7.6 million the prior year. This represents a 180 basis point decline to 16.6% of net sales for the third quarter of 2004 from 18.4% of net sales in 2003. This was primarily due to nominal SG&A expenses related to sales of boots for delivery to the U.S. military.

Income from operations rose to a record 15.3% of net sales for the third quarter of 2004 from 13.2% a year ago.

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Nine Month Results

Net sales for the nine months ended September 30, 2004 increased 29% to \$99.4 million from \$77.0 million for the same period last year. For the 2004 year-to-date period, net sales benefited from \$12.8 million of boots produced for delivery to the U.S. military as well as solid increases in rugged outdoor and occupational footwear and ROCKY® branded apparel. Gross profit for the 2004 year-to-date period was 29.6% of net sales compared to 30.3% of net sales last year. SG&A expenses declined 270 basis points to 19.2% of net sales for the first nine months of 2004 from 21.9% of net sales last year. Income from operations rose 200 basis points to 10.4% of net sales for the nine months ended September 30, 2004 from 8.4% for the same period in 2003. Net income per diluted share increased 48% to \$1.30 for the nine months ended September 30, 2004 from \$0.88 a year ago.

Funded Debt

The Company's funded debt declined 20% or \$8.4 million to \$32.9 million at September 30, 2004 from \$41.3 million on the same date a year ago. Improved cash flow from operations enabled the Company to reduce its seasonal borrowing requirements, which are generally higher during the months of May through October annually to support the Company's sales during this period.

Inventory

Inventory declined \$3.5 million to \$38.7 million at September 30, 2004 compared to \$42.2 million on the same date last year. Management believes that inventory is adequate to support sales of ROCKY® and GATES® products, including recent line extensions of footwear, apparel and accessories. Inventory was \$38.1 million at year-end 2003 and is expected to be below that amount at December 31, 2004.

Outlook

The Company reaffirms its net sales and earnings per share guidance for the year 2004. Net sales are anticipated to be approximately \$133 million for the year 2004, which is \$27 million above net sales for the year 2003. The annual sales growth is due to higher sales of branded footwear and apparel, and shipment of boots for delivery to the U.S. military.

If the Company achieves net sales of at least \$133 million for the year 2004, then net income is expected to be approximately \$1.75 per diluted share for the year. The Company cautions investors that the net sales and earnings outlook for the year ended December 31, 2004 is based on current market conditions and management's expectations. If net sales do not reach \$133 million for the year 2004, or if expenses are more than currently anticipated for the fourth quarter, then actual earnings may be less than this guidance. The Company's earnings for 2004 are subject to all of the risks set out in the safe harbor statement in this release and are also subject to audit by the Company's independent public accountants, so there can be no assurance that actual earnings for 2004 will be as presently anticipated by the Company.

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About Rocky Shoes & Boots, Inc.

Rocky Shoes & Boots, Inc. designs, develops, manufactures and markets premium quality rugged outdoor, occupational, work and casual footwear, as well as branded clothing and accessories. The Company's footwear, clothing and accessories are marketed through several distribution channels, primarily under the registered trademarks, ROCKY and GATES.

The Company will conduct a conference call at 10 a.m. Eastern Time on Thursday, October 21, 2004 to discuss the third quarter 2004 financial results, business trends and earnings guidance. Persons interested in listening to the call can access it through www.rockyboots.com and clicking on the button "Third Quarter 2004 Conference Call".

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This press release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Those statements include, but may not be limited to, all statements regarding intent, beliefs, expectations, projections, forecasts, and plans of the Company and its management, and include statements in this press release regarding management's belief that inventory is adequate to support product sales and is expected to be below \$38.1 million at year-end 2004 (paragraph 10), and management's guidance for 2004 reaffirmed (paragraphs 11 and 12). These forward-looking statements involve numerous risks and uncertainties, including, without limitation, the risks that sales plans will not be met, that present orders may be cancelled or delayed, that the general economy or consumer spending habits will depress the market for the Company's products, that there may be disruption in the shipment of products from overseas to the Company, that the weather in 2004 is drier and warmer than normal, that the actual results for 2004 are subject to audit by the Company's independent public accountants, and all of the other various risks inherent in the Company's business as set forth in periodic reports filed with the Securities and Exchange Commission, including, the Company's annual report on Form 10-K for the year ended December 31, 2003. One or more of these factors have affected historical results, and could in the future affect the Company's businesses and financial results in future periods and could cause actual results to differ materially from plans and projections. Therefore there can be no assurance that the forward-looking statements included in this press release will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the Company, or any other person should not regard the inclusion of such information as a representation, that the objectives and plans of the Company will be achieved. All forward-looking statements made in this press release are based on information presently available to the management of the Company. The Company assumes no obligation to update any forward-looking statements.

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Rocky Shoes & Boots, Inc. and Subsidiaries
Condensed Consolidated Income Statements
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
NET SALES	\$50,052,894	\$41,349,824	\$99,368,970	\$76,967,913
COST OF GOODS SOLD	<u>34,056,404</u>	<u>28,264,032</u>	<u>69,977,667</u>	<u>53,681,609</u>
GROSS MARGIN	15,996,490	13,085,792	29,391,303	23,286,304
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>8,323,464</u>	<u>7,628,958</u>	<u>19,047,531</u>	<u>16,823,883</u>
INCOME FROM OPERATIONS	7,673,026	5,456,834	10,343,772	6,462,421
OTHER INCOME AND (EXPENSES):				
Interest expense	(422,120)	(437,241)	(955,561)	(946,859)
Other – net	<u>(54,404)</u>	<u>(18,744)</u>	<u>43,984</u>	<u>161,359</u>
Total other – net	<u>(476,524)</u>	<u>(455,985)</u>	<u>(911,577)</u>	<u>(785,500)</u>
INCOME BEFORE INCOME TAX	7,196,502	5,000,849	9,432,195	5,676,921
INCOME TAX	<u>2,309,143</u>	<u>1,533,254</u>	<u>3,024,563</u>	<u>1,736,076</u>
NET INCOME	<u>\$4,887,359</u>	<u>\$3,467,595</u>	<u>\$6,407,632</u>	<u>\$3,940,845</u>
NET INCOME PER SHARE				
Basic	\$1.06	\$0.84	\$1.41	\$0.94
Diluted	\$0.98	\$0.77	\$1.30	\$0.88
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING				
Basic	<u>4,605,800</u>	<u>4,109,147</u>	<u>4,530,867</u>	<u>4,178,942</u>
Diluted	<u>4,992,319</u>	<u>4,512,886</u>	<u>4,943,929</u>	<u>4,459,783</u>

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ROCKY SHOES & BOOTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>September 30,</u> <u>2004</u> (Unaudited)	<u>December 31, 2003</u>	<u>September 30,</u> <u>2003</u> (Unaudited)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 780,739	\$ 2,159,050	\$ 1,374,062
Trade receivables – net	45,522,136	19,532,287	39,806,328
Other receivables	782,285	830,131	822,451
Inventories	38,738,153	38,068,187	42,216,415
Deferred income taxes	959,810	959,810	578,951
Prepaid expenses	<u>809,482</u>	<u>1,045,238</u>	<u>1,633,904</u>
Total current assets	\$ 87,592,605	\$ 62,594,703	\$ 86,432,111
 FIXED ASSETS – net	 20,091,910	 17,610,238	 17,953,270
 DEFERRED PENSION ASSET	 2,499,524	 1,499,524	 1,651,222
 DEFERRED INCOME TAXES	 0	 0	 153,495
 OTHER ASSETS	 <u>4,853,982</u>	 <u>4,470,371</u>	 <u>3,704,879</u>
 TOTAL ASSETS	 <u>\$115,038,021</u>	 <u>\$ 86,174,836</u>	 <u>\$ 109,894,977</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY:			
CURRENT LIABILITIES:			
Accounts payable	\$ 6,704,676	\$ 2,810,161	\$ 7,775,924
Current maturities – long-term debt	525,596	503,934	497,005
Accrued taxes – other	382,846	589,874	377,883
Accrued salaries and wages	2,270,769	1,885,896	1,992,671
Accrued income taxes	2,354,207	1,929,808	1,542,627
Accrued other	<u>1,328,492</u>	<u>664,992</u>	<u>1,109,559</u>
Total current liabilities	13,566,586	8,384,665	13,295,668
 LONG TERM DEBT – less current maturities	 32,388,913	 17,514,994	 40,780,812
 DEFERRED LIABILITIES	 <u>2,495,578</u>	 <u>1,890,500</u>	 <u>1,954,277</u>
 TOTAL LIABILITIES	 48,451,077	 27,790,159	 56,030,757
 SHAREHOLDERS' EQUITY:			
Common stock, no par value	36,674,834	34,880,199	32,819,489
Accumulated other comprehensive loss	(1,950,400)	(1,950,400)	(2,311,749)
Retained earnings	<u>31,862,510</u>	<u>25,454,878</u>	<u>23,356,480</u>
Total shareholders' equity	66,586,944	58,384,677	53,864,220
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	 <u>\$115,038,021</u>	 <u>\$ 86,174,836</u>	 <u>\$ 109,894,977</u>

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