

ABERCROMBIE & FITCH CO /DE/

Form 10-Q

June 08, 2018

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
 1934

For the quarterly period ended May 5, 2018

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 1-12107

ABERCROMBIE & FITCH CO.

(Exact name of Registrant as specified in its charter)

Delaware 31-1469076
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

6301 Fitch Path, New Albany, Ohio 43054
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (614) 283-6500

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 (Do not check if a smaller reporting company) 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.

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Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class A Common Stock Outstanding at June 5, 2018

\$.01 Par Value 67,790,465 Shares

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

ABERCROMBIE & FITCH CO.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 AND COMPREHENSIVE LOSS
 (Thousands, except per share amounts)
 (Unaudited)

	Thirteen Weeks Ended	
	May 5, 2018	April 29, 2017
Net sales	\$730,899	\$661,099
Cost of sales, exclusive of depreciation and amortization	288,554	262,174
Gross profit	442,345	398,925
Stores and distribution expense	361,155	359,929
Marketing, general and administrative expense	124,897	109,893
Asset impairment	1,056	730
Other operating income, net	(2,560)	(1,686)
Operating loss	(42,203)	(69,941)
Interest expense, net	3,018	4,120
Loss before taxes	(45,221)	(74,061)
Income tax benefit	(3,713)	(13,052)
Net loss	(41,508)	(61,009)
Less: Net income attributable to noncontrolling interests	953	691
Net loss attributable to A&F	\$(42,461)	\$(61,700)
Net loss per share attributable to A&F		
Basic	\$(0.62)	\$(0.91)
Diluted	\$(0.62)	\$(0.91)
Weighted-average shares outstanding		
Basic	68,500	68,073
Diluted	68,500	68,073
Dividends declared per share	\$0.20	\$0.20
Other comprehensive income		
Foreign currency translation, net of tax	\$(8,339)	\$5,607
Derivative financial instruments, net of tax	12,260	(4,600)
Other comprehensive income	3,921	1,007
Comprehensive loss	(37,587)	(60,002)
Less: Comprehensive income attributable to noncontrolling interests	953	691

Comprehensive loss attributable to A&F

\$(38,540) \$(60,693)

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

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ABERCROMBIE & FITCH CO.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Thousands, except par value amounts)
 (Unaudited)

	May 5, 2018	February 3, 2018
Assets		
Current assets:		
Cash and equivalents	\$591,960	\$675,558
Receivables	72,795	79,724
Inventories	405,107	424,393
Other current assets	104,806	84,863
Total current assets	1,174,668	1,264,538
Property and equipment, net	709,007	738,182
Other assets	327,844	322,972
Total assets	\$2,211,519	\$2,325,692
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$166,577	\$168,868
Accrued expenses	262,964	308,601
Short-term portion of deferred lease credits	19,269	19,751
Income taxes payable	12,784	10,326
Total current liabilities	461,594	507,546
Long-term liabilities:		
Long-term portion of deferred lease credits	73,660	75,648
Long-term portion of borrowings, net	249,962	249,686
Leasehold financing obligations	48,955	50,653
Other liabilities	188,502	189,688
Total long-term liabilities	561,079	565,675
Stockholders' equity		