

RALPH LAUREN CORP
Form 10-Q
February 09, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q
(Mark One)

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

For the quarterly period ended December 31, 2016

or

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

Commission File Number: 001-13057

Ralph Lauren Corporation

(Exact name of registrant as specified in its charter)

Delaware 13-2622036

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

650 Madison Avenue,
New York, New York 10022

(Address of principal executive offices) (Zip Code)

(212) 318-7000

(Registrant's telephone number, including area code)

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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting 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 ☐

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

At February 3, 2017, 56,331,353 shares of the registrant's Class A common stock, \$.01 par value, and 25,881,276 shares of the registrant's Class B common stock, \$.01 par value, were outstanding.

RALPH LAUREN CORPORATION
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RALPH LAUREN CORPORATION
CONSOLIDATED BALANCE SHEETS

	December 31, 2016	April 2, 2016
	(millions)	(unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$928	\$456
Short-term investments	453	629
Accounts receivable, net of allowances of \$213 million and \$254 million	285	517
Inventories	984	1,125
Income tax receivable	63	58
Prepaid expenses and other current assets	321	268
Total current assets	3,034	3,053
Property and equipment, net	1,514	1,583
Deferred tax assets	91	119
Goodwill	900	918
Intangible assets, net	225	244
Other non-current assets	202	296
Total assets	\$5,966	\$6,213
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	\$—	\$116
Accounts payable	158	151
Income tax payable	38	33
Accrued expenses and other current liabilities	955	898
Total current liabilities	1,151	1,198
Long-term debt	589	597
Non-current liability for unrecognized tax benefits	77	81
Other non-current liabilities	539	593
Commitments and contingencies (Note 13)		
Total liabilities	2,356	2,469
Equity:		
Class A common stock, par value \$.01 per share; 101.5 million and 101.0 million shares issued; 56.3 million and 57.0 million shares outstanding	1	1
Class B common stock, par value \$.01 per share; 25.9 million shares issued and outstanding	—	—
Additional paid-in-capital	2,299	2,258
Retained earnings	5,997	6,015
Treasury stock, Class A, at cost; 45.2 million and 44.0 million shares	(4,464)	(4,349)
Accumulated other comprehensive loss	(223)	(181)
Total equity	3,610	3,744
Total liabilities and equity	\$5,966	\$6,213
See accompanying notes.		

RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
	(millions, except per share data)			
	(unaudited)			
Net sales	\$1,670	\$ 1,899	\$4,957	\$ 5,399
Licensing revenue	44	47	130	135
Net revenues	1,714	1,946	5,087	5,534
Cost of goods sold ^(a)	(731) (852) (2,255) (2,361
Gross profit	983	1,094	2,832	3,173
Selling, general, and administrative expenses ^(a)	(772) (833) (2,390) (2,494
Amortization of intangible assets	(6) (5) (18) (17
Impairment of assets				