

ABERCROMBIE & FITCH CO /DE/

Form 10-Q

June 06, 2016

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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 April 30, 2016

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, 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

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 2, 2016 |
| \$.01 Par Value | 67,616,833 Shares |

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ABERCROMBIE & FITCH CO.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 AND COMPREHENSIVE LOSS

(Thousands, except per share amounts)

(Unaudited)

| | Thirteen Weeks Ended | |
|---|-------------------------|----------------|
| | April 30, 2016 | May 2, 2015 |
| Net sales | \$685,483 | \$709,422 |
| Cost of sales, exclusive of depreciation and amortization | 259,762 | 297,873 |
| Gross profit | 425,721 | 411,549 |
| Stores and distribution expense | 369,118 | 391,638 |
| Marketing, general and administrative expense | 114,447 | 107,533 |
| Restructuring benefit | — | (1,598) |
| Asset impairment | — | 6,133 |
| Other operating income, net | (2,933) | (1,960) |
| Operating loss | (54,911) | (90,197) |
| Interest expense, net | 4,506 | 4,639 |
| Loss before taxes | (59,417) | (94,836) |
| Income tax benefit | (20,787) | (31,590) |
| Net loss | (38,630) | (63,246) |
| Less: Net income attributable to noncontrolling interests | 957 | — |
| Net loss attributable to A&F | \$(39,587) | \$(63,246) |
| Net loss per share attributable to A&F | | |
| Basic | \$(0.59) | \$(0.91) |
| Diluted | \$(0.59) | \$(0.91) |
| Weighted-average shares outstanding | | |
| Basic | 67,625 | 69,510 |
| Diluted | 67,625 | 69,510 |
| Dividends declared per share | \$0.20 | \$0.20 |
| Other comprehensive income (loss) | | |
| Foreign currency translation, net of tax | \$20,425 | \$(15) |
| Derivative financial instruments, net of tax | (9,955) | (5,420) |
| Other comprehensive income (loss) | 10,470 | (5,435) |
| Comprehensive loss | (28,160) | (68,681) |

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| | | |
|---|-------------|-------------|
| Less: Comprehensive income attributable to noncontrolling interests | 957 | — |
| Comprehensive loss attributable to A&F | \$(29,117) | \$(68,681) |

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)

| | April 30, 2016 | January 30, 2016 |
|---|-------------------|---------------------|
| Assets | | |
| Current assets: | | |
| Cash and equivalents | \$490,975 | \$588,578 |
| Receivables | 61,690 | 56,868 |
| Inventories, net | 435,663 | 436,701 |
| Other current assets | 106,200 | 96,833 |
| Total current assets | 1,094,528 | 1,178,980 |
| Property and equipment, net | 886,346 | 894,178 |
| Other assets | 363,308 | 359,881 |
| Total assets | \$2,344,182 | \$2,433,039 |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$157,024 | \$184,175 |
| Accrued expenses | 294,303 | 321,237 |
| Short-term portion of deferred lease credits | 23,298 | 23,303 |
| Income taxes payable | 2,287 | 5,988 |
| Short-term portion of borrowings, net | 733 | — |
| Total current liabilities | 477,645 | 534,703 |
| Long-term liabilities: | | |
| Long-term portion of deferred lease credits | 87,492 | 89,256 |
| Long-term portion of borrowings, net | 285,882 | 286,235 |
| Leasehold financing obligations | 50,733 | 47,440 |
| Other liabilities | 187,635 | 179,683 |
| Total long-term liabilities | 611,742 | 602,614 |
| Stockholders' equity | | |
| Class A Common Stock - \$0.01 par value: 150,000 shares authorized and 103,300 shares issued at each of April 30, 2016 and January 30, 2016 | 1,033 | 1,033 |
| Paid-in capital | 395,764 | 407,029 |
| Retained earnings | 2,476,943 | 2,530,196 |
| Accumulated other comprehensive loss, net of tax | (104,149) | (114,619) |