

RALPH LAUREN CORP
Form 10-Q
February 08, 2018

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 30, 2017

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, 10022

New York, New York (Zip Code)

(Address of principal executive offices)

(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, a 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.

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 2, 2018, 55,408,452 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
INDEX

	Page
PART I. FINANCIAL INFORMATION (Unaudited)	
Item 1. Financial Statements:	
<u>Consolidated Balance Sheets</u>	<u>3</u>
<u>Consolidated Statements of Operations</u>	<u>4</u>
<u>Consolidated Statements of Comprehensive Income (Loss)</u>	<u>5</u>
<u>Consolidated Statements of Cash Flows</u>	<u>6</u>
<u>Notes to Consolidated Financial Statements</u>	<u>7</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>39</u>
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>64</u>
Item 4. <u>Controls and Procedures</u>	<u>64</u>
PART II. OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	<u>65</u>
Item 1A. <u>Risk Factors</u>	<u>65</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>66</u>
Item 6. <u>Exhibits</u>	<u>67</u>
<u>Signatures</u>	<u>68</u>
EX-12.1	
EX-31.1	
EX-31.2	
EX-32.1	
EX-32.2	
EX-101	INSTANCE DOCUMENT
EX-101	SCHEMA DOCUMENT
EX-101	CALCULATION LINKBASE DOCUMENT
EX-101	LABELS LINKBASE DOCUMENT
EX-101	PRESENTATION LINKBASE DOCUMENT
EX-101	DEFINITION LINKBASE DOCUMENT

RALPH LAUREN CORPORATION
CONSOLIDATED BALANCE SHEETS

	December 31, 2017	April 1, 2017
	(millions)	
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$1,175.7	\$668.3
Short-term investments	862.3	684.7
Accounts receivable, net of allowances of \$218.6 million and \$214.4 million	295.2	450.2
Inventories	825.4	791.5
Income tax receivable	69.8	79.4
Prepaid expenses and other current assets	304.8	280.4
Total current assets	3,533.2	2,954.5
Property and equipment, net	1,215.9	1,316.0
Deferred tax assets	133.1	125.9
Goodwill	935.0	904.6
Intangible assets, net	201.5	219.8
Other non-current assets	180.3	131.2
Total assets	\$6,199.0	\$5,652.0
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	\$298.3	\$—
Accounts payable	184.3	147.7
Income tax payable	138.5	29.5
Accrued expenses and other current liabilities	1,089.1	982.7
Total current liabilities	1,710.2	1,159.9
Long-term debt	290.3	588.2
Income tax payable	150.8	—
Non-current liability for unrecognized tax benefits	76.4	62.7
Other non-current liabilities	563.8	541.6
Commitments and contingencies (Note 13)		
Total liabilities	2,791.5	2,352.4
Equity:		
Class A common stock, par value \$.01 per share; 102.0 million and 101.5 million shares issued; 55.4 million and 55.1 million shares outstanding	1.0	0.9
Class B common stock, par value \$.01 per share; 25.9 million shares issued and outstanding	0.3	0.3
Additional paid-in-capital	2,365.1	2,308.8
Retained earnings	5,751.5	5,751.9
Treasury stock, Class A, at cost; 46.6 million and 46.4 million shares	(4,579.8)	(4,563.9)
Accumulated other comprehensive loss	(130.6)	(198.4)
Total equity	3,407.5	3,299.6
Total liabilities and equity	\$6,199.0	\$5,652.0
See accompanying notes.		

RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended		Nine Months Ended	
	December 31,	December 31,	December 31,	December 31,
	2017	2016	2017	2016
	(millions, except per share data)			
	(unaudited)			
Net revenues	\$1,641.8	\$ 1,714.6	\$4,653.1	\$ 5,087.4
Cost of goods sold ^(a)	(645.6)	(731.4)	(1,809.9)	(2,255.4)
Gross profit	996.2	983.2	2,843.2	2,832.0
Selling, general, and administrative expenses ^(a)	(773.8)	(771.9)	(2,248.9)	(2,389.9)
Amortization of intangible assets	(6.0)	(6.0)	(18.0)	(18.1)
Impairment of assets	(3.9)	(10.3)	(24.8)	(56.7)
Restructuring and other charges ^(a)	(23.3)			