

BED BATH & BEYOND INC
Form 10-Q
October 05, 2016

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 August 27, 2016

Commission File Number 0-20214

BED BATH & BEYOND INC.

(Exact name of registrant as specified in its charter)

New York **11-2250488**
(State of incorporation) (IRS Employer Identification No.)

650 Liberty Avenue, Union, New Jersey 07083
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **908/688-0888**

BED BATH & BEYOND INC. AND SUBSIDIARIES

INDEX

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

Consolidated Balance Sheets

August 27, 2016 and February 27, 2016

Consolidated Statements of Earnings

Three and Six Months Ended August 27, 2016 and August 29, 2015

Consolidated Statements of Comprehensive Income

Three and Six Months Ended August 27, 2016 and August 29, 2015

Consolidated Statements of Cash Flows

Six Months Ended August 27, 2016 and August 29, 2015

Notes to Consolidated Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Item 4. Controls and Procedures

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Item 1A. Risk Factors

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Item 6. Exhibits

Signatures

Exhibit Index

Certifications

BED BATH & BEYOND INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(in thousands, except per share data)

(unaudited)

	August 27, 2016	February 27, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$577,844	\$515,573
Short term investment securities	-	86,197
Merchandise inventories	2,903,647	2,848,119
Other current assets	447,013	376,073
Total current assets	3,928,504	3,825,962
Long term investment securities	82,740	71,289
Property and equipment, net	1,739,952	1,725,043
Goodwill	520,226	487,169
Other assets	397,953	380,614
Total assets	\$6,669,375	\$6,490,077
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$1,192,574	\$1,100,958
Accrued expenses and other current liabilities	473,595	409,445
Merchandise credit and gift card liabilities	307,969	297,930
Current income taxes payable	23,539	58,892
Total current liabilities	1,997,677	1,867,225
Deferred rent and other liabilities	529,589	499,368
Income taxes payable	76,744	72,807
Long term debt	1,491,370	1,491,137
Total liabilities	4,095,380	3,930,537
Shareholders' equity:		
Preferred stock - \$0.01 par value; authorized - 1,000 shares; no shares issued or outstanding	-	-
	3,395	3,377

Edgar Filing: BED BATH & BEYOND INC - Form 10-Q

Common stock - \$0.01 par value; authorized - 900,000 shares; issued 339,520 and 337,613 shares, respectively; outstanding 152,084 and 156,690 shares, respectively		
Additional paid-in capital	1,939,470	1,884,813
Retained earnings	10,646,033	10,394,865
Treasury stock, at cost; 187,436 and 180,923 shares, respectively	(9,968,003)	(9,668,517)
Accumulated other comprehensive loss	(46,900)	(54,998)
Total shareholders' equity	2,573,995	2,559,540
Total liabilities and shareholders' equity	\$6,669,375	\$6,490,077

See accompanying Notes to Consolidated Financial Statements.

BED BATH & BEYOND INC. AND SUBSIDIARIES

Consolidated Statements of Earnings

(in thousands, except per share data)

(unaudited)

	Three Months Ended		Six Months Ended	
	August 27, 2016	August 29, 2015	August 27, 2016	August 29, 2015
Net sales	\$2,988,235	\$2,995,469	\$5,726,319	\$5,733,964
Cost of sales	1,871,342	1,854,519	3,585,834	3,548,881
Gross profit	1,116,893	1,140,950	2,140,485	2,185,083
Selling, general and administrative expenses	835,920	790,756	1,646,486	1,561,620
Operating profit	280,973	350,194	493,999	623,463
Interest expense, net	18,199	25,053	34,514	44,954
Earnings before provision for income taxes	262,774	325,141	459,485	578,509
Provision for income taxes	95,439	123,463	169,531	218,380
Net earnings	\$167,335	\$201,678	\$289,954	\$360,129
Net earnings per share - Basic	\$1.12	\$1.22	\$1.92	\$2.16
Net earnings per share - Diluted	\$1.11	\$1.21	\$1.91	\$2.13
Weighted average shares outstanding - Basic	149,725	165,024	150,941	166,898
Weighted average shares outstanding - Diluted	150,515	166,633	152,133	168,883
Dividends declared per share	\$0.125	\$-	\$0.250	\$-

See accompanying Notes to Consolidated Financial Statements.

BED BATH & BEYOND INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

(in thousands, unaudited)

	Three Months Ended		Six Months Ended	
	August	August	August	August
	27,	29,	27,	29,
	2016	2015	2016	2015
Net earnings	\$167,335	\$201,678	\$289,954	\$360,129
Other comprehensive income (loss):				
Change in temporary impairment of auction rate securities, net of taxes	151	1,222	(125)	1,186
Pension adjustment, net of taxes	422	(432)	663	(441)
Currency translation adjustment	197	(10,471)	7,560	(9,494)
Other comprehensive income (loss)	770	(9,681)	8,098	(8,749)
Comprehensive income	\$168,105	\$191,997	\$298,052	\$351,380

See accompanying Notes to Consolidated Financial Statements.

BED BATH & BEYOND INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(in thousands, unaudited)

	Six Months Ended	
	August 27, 2016	August 29, 2015
Cash Flows from Operating Activities:		
Net earnings	\$289,954	\$360,129
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	141,293	127,113
Stock-based compensation	37,563	33,859
Excess tax benefit from stock-based compensation		