

STAGE STORES INC  
Form 10-Q  
December 07, 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 October 28, 2017

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 1-14035

Stage Stores, Inc.

(Exact name of registrant as specified in its charter)

NEVADA

(State or other jurisdiction of incorporation or organization) 91-1826900 (I.R.S. Employer Identification No.)

2425 West Loop South, Houston, Texas

(Address of principal executive offices)

77027

(Zip Code)

(800) 579-2302

(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. (Check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with 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  
o No

As of November 29, 2017, there were 27,627,382 shares of the registrant's common stock outstanding.

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## TABLE OF CONTENTS

PART I FINANCIAL INFORMATION

	Page No.
Item 1. <u>Financial Statements (Unaudited)</u>	
<u>Condensed Consolidated Balance Sheets</u>	
October 28, 2017 and January 28, 2017	<u>3</u>
<u>Condensed Consolidated Statements of Operations and Comprehensive Loss</u>	
Three and Nine Months Ended October 28, 2017 and October 29, 2016	<u>4</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	
Nine Months Ended October 28, 2017 and October 29, 2016	<u>5</u>
<u>Condensed Consolidated Statement of Stockholders' Equity</u>	
Nine Months Ended October 28, 2017	<u>6</u>
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	<u>7</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>18</u>
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>27</u>
Item 4. <u>Controls and Procedures</u>	<u>27</u>

PART II OTHER INFORMATION

Item 1. <u>Legal Proceedings</u>	<u>28</u>
Item 1A. <u>Risk Factors</u>	<u>28</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>29</u>
Item 3. <u>Defaults Upon Senior Securities</u>	<u>30</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>30</u>
Item 5. <u>Other Information</u>	<u>30</u>
Item 6. <u>Exhibits</u>	<u>31</u>
<u>SIGNATURES</u>	<u>32</u>

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Table of Contents

## PART I – FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

Stage Stores, Inc.

Condensed Consolidated Balance Sheets

(in thousands, except par value)

(Unaudited)

	October 28, 2017	January 28, 2017
<b>ASSETS</b>		
Cash and cash equivalents	\$ 30,330	\$ 13,803
Merchandise inventories, net	578,633	409,384
Prepaid expenses and other current assets	52,376	41,574
Total current assets	661,339	464,761
Property, equipment and leasehold improvements, net of accumulated depreciation of \$734,626 and \$697,087, respectively	260,870	284,110
Intangible assets	17,135	15,235
Other non-current assets, net	28,237	22,883
Total assets	\$ 967,581	\$ 786,989
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable	\$ 214,783	\$ 101,985
Accrued expenses and other current liabilities	77,093	66,685
Total current liabilities	291,876	168,670
Long-term debt obligations	268,969	163,749
Other long-term liabilities	70,052	74,410
Total liabilities	630,897	406,829
Commitments and contingencies		
Common stock, par value \$0.01, 100,000 shares authorized, 32,794 and 32,340 shares issued, respectively	328	323
Additional paid-in capital	416,422	410,504
Treasury stock, at cost, 5,175 shares, respectively	(43,248 )	(43,286 )
Accumulated other comprehensive loss (Accumulated deficit) retained earnings	(5,021 )	(5,648 )
Total stockholders' equity	336,684	380,160
Total liabilities and stockholders' equity	\$ 967,581	\$ 786,989

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

Stage Stores, Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss

(in thousands, except per share data)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	October 28,	October 29,	October 28,	October 29,
	2017	2016	2017	2016
Net sales	\$357,236	\$317,140	\$1,042,924	\$988,275
Cost of sales and related buying, occupancy and distribution expenses	285,542	260,550	816,071	779,128
Gross profit	71,694	56,590	226,853	209,147
Selling, general and administrative expenses	100,036	84,564	289,188	260,076
Interest expense	2,001	1,395	5,505	3,616
Loss before income tax	(30,343 )	(29,369 )	(67,840 )	(54,545 )
Income tax benefit	(12,621 )	(13,735 )	(24,873 )	(23,492 )
Net loss	\$(17,722 )	\$(15,634 )	\$(42,967 )	\$(31,053 )
Other comprehensive income:				
Amortization of employee benefit related costs, net of tax of \$81, \$86, \$242 and \$256, respectively	\$132	\$139	\$395	\$417
Pension settlement charge, net of tax of \$142	232	—	232	—
Total other comprehensive income	364	139	627	—