

Ascena Retail Group, Inc.
Form 10-Q
December 10, 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 November 3, 2018

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

Commission File Number: 0-11736

ASCENA RETAIL GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware 30-0641353
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

933 MacArthur Boulevard, Mahwah, New Jersey 07430
(Address of principal executive offices) (Zip Code)

(551) 777-6700
(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, 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

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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 any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. "

The Registrant had 197,437,157 shares of common stock outstanding as of December 6, 2018.

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ASCENA RETAIL GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	November 3, 2018	August 4, 2018
	(millions, except per share data) (unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$198.9	\$238.9
Inventories	829.6	622.9
Prepaid expenses and other current assets	254.5	248.5
Total current assets	1,283.0	1,110.3
Property and equipment, net	1,154.4	1,205.3
Goodwill	683.0	683.0
Other intangible assets, net	512.5	516.0
Other assets	55.8	55.9
Total assets	\$3,688.7	\$3,570.5
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$528.7	\$437.6
Accrued expenses and other current liabilities	329.8	331.4
Deferred income	140.3	121.7
Total current liabilities	998.8	890.7
Long-term debt	1,331.2	1,328.7
Lease-related liabilities	307.0	315.2
Deferred income taxes	36.1	29.6
Other non-current liabilities	202.4	207.8
Total liabilities	2,875.5	2,772.0
Commitments and contingencies (Note 14)		
Equity:		
Common stock, par value \$0.01 per share; 197.4 million and 196.3 million shares issued and outstanding as of November 3, 2018 and August 4, 2018, respectively	2.0	2.0
Additional paid-in capital	1,093.0	1,088.2
Accumulated deficit	(268.5)	(278.8)
Accumulated other comprehensive loss	(13.3)	(12.9)
Total equity	813.2	798.5
Total liabilities and equity	\$3,688.7	\$3,570.5

See accompanying notes.

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ASCENA RETAIL GROUP, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended	
	November 2018	October 28, 2017
	(millions, except per share data)	
	(unaudited)	
Net sales	\$1,591.8	\$ 1,589.7
Cost of goods sold	(646.2)	(624.6)
Gross margin	945.6	965.1
Other operating expenses:		
Buying, distribution and occupancy expenses	(314.7)	(318.1)
Selling, general and administrative expenses	(502.1)	(492.8)
Acquisition and integration expenses	—	(2.1)
Restructuring and other related charges	(7.9)	(22.2)
Depreciation and amortization expense	(82.0)	(90.0)
Total other operating expenses	(906.7)	(925.2)
Operating income	38.9	39.9
Interest expense	(26.0)	(26.6)
Interest income and other income, net	0.8	0.2
Income before provision for income taxes	13.7	13.5
Provision for income taxes	(7.8)	(6.9)
Net income	\$5.9	\$ 6.6
Net income per common share:		
Basic	\$0.03	\$ 0.03
Diluted	\$0.03	\$ 0.03
Weighted average common shares outstanding:		
Basic	196.7	195.4
Diluted	201.2	195.4