

RALPH LAUREN CORP  
Form 10-Q  
August 03, 2018

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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 June 30, 2018

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 July 27, 2018, 55,248,840 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.

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RALPH LAUREN CORPORATION  
CONSOLIDATED BALANCE SHEETS

|   | June 30,<br>2018 | March 31,<br>2018 |
|---|------------------|-------------------|
|   | (millions)       |                   |
|   | (unaudited)      |                   |
| <b>ASSETS</b>   |                  |                   |
| Current assets:   |                  |                   |
| Cash and cash equivalents   | \$532.3          | \$1,304.6         |
| Short-term investments  | 1,487.7          | 699.4             |
| Accounts receivable, net of allowances of \$185.9 million and \$222.2 million   | 260.0            | 421.4             |
| Inventories   | 890.0            | 761.3             |
| Income tax receivable   | 37.3             | 38.0              |
| Prepaid expenses and other current assets   | 342.8            | 323.7             |
| Total current assets  | 3,550.1          | 3,548.4           |
| Property and equipment, net   | 1,141.7          | 1,186.3           |
| Deferred tax assets   | 70.7             | 86.6              |
| Goodwill  | 928.7            | 950.5             |
| Intangible assets, net  | 181.4            | 188.0             |
| Other non-current assets  | 162.7            | 183.5             |
| Total assets  | \$6,035.3        | \$6,143.3         |
| <b>LIABILITIES AND EQUITY</b>   |                  |                   |
| Current liabilities:  |                  |                   |
| Short-term debt   | \$—              | \$10.1            |
| Current portion of long-term debt   | 299.0            | 298.1             |
| Accounts payable  | 202.7            | 165.6             |
| Income tax payable  | 45.4             | 30.0              |
| Accrued expenses and other current liabilities  | 1,016.6          | 1,083.4           |
| Total current liabilities   | 1,563.7          | 1,587.2           |
| Long-term debt  | 288.0            | 288.0             |
| Income tax payable  | 124.8            | 124.8             |
| Non-current liability for unrecognized tax benefits   | 77.8             | 79.2              |
| Other non-current liabilities   | 560.0            | 606.7             |
| Commitments and contingencies (Note 13)   |                  |                   |
| Total liabilities   | 2,614.3          | 2,685.9           |
| Equity:   |                  |                   |
| Class A common stock, par value \$.01 per share; 102.8 million and 102.0 million shares issued;<br>55.2 million and 55.4 million shares outstanding | 1.0              | 1.0               |
| Class B common stock, par value \$.01 per share; 25.9 million shares issued and outstanding   | 0.3              | 0.3               |
| Additional paid-in-capital  | 2,426.7          | 2,383.4           |
| Retained earnings   | 5,805.4          | 5,752.2           |
| Treasury stock, Class A, at cost; 47.6 million and 46.6 million shares  | (4,711.0)        | (4,581.0)         |
| Accumulated other comprehensive loss  | (101.4)          | (98.5)            |
| Total equity  | 3,421.0          | 3,457.4           |
| Total liabilities and equity  | \$6,035.3        | \$6,143.3         |
| See accompanying notes.   |                  |                   |

RALPH LAUREN CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS

|   | Three Months Ended                |           |
|---|-----------------------------------|-----------|
|   | June 30,                          | July 1,   |
|   | 2018                              | 2017      |
|   | (millions, except per share data) |           |
|   | (unaudited)                       |           |
| Net revenues                                  | \$1,390.6                         | \$1,347.1 |
| Cost of goods sold                            | (494.9 )                          | (495.9 )  |
| Gross profit                                  | 895.7                             | 851.2     |
| Selling, general, and administrative expenses | (741.9 )                          | (714.4 )  |
| Impairment of assets                          | (1.3 )                            | (9.7 )    |
| Restructuring and other charges               | (22.4 )                           | (36.8 )   |
| Total other operating expenses, net           | (765.6 )                          | (760.9 )  |
| Operating income                              | 130.1                             | 90.3      |
| Interest expense                              | (4.4 )                            | (5.0 )    |
| Interest income                               | 9.2                               | 2.0       |
| Other expense, net                            | (2.0 )                            | (0.5 )    |
| Income before income taxes                    | 132.9                             | 86.8      |