

DICKS SPORTING GOODS INC
Form 10-Q
August 30, 2018

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 4, 2018

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 No. 001-31463

DICK'S SPORTING GOODS, INC.

(Exact name of registrant as specified in its charter)

Delaware 16-1241537

(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

345 Court Street, Coraopolis, Pennsylvania 15108

(Address of Principal Executive Offices)

(724) 273-3400

(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.

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Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
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(Do not check if a smaller reporting 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

The number of shares of common stock, par value \$0.01 per share, and Class B common stock, par value \$0.01 per share, outstanding as of August 24, 2018, was 76,528,022 and 24,541,123, respectively.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DICK'S SPORTING GOODS, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED
 (Amounts in thousands, except per share data)

	13 Weeks Ended		26 Weeks Ended	
	August 4, 2018	July 29, 2017	August 4, 2018	July 29, 2017
Net sales	\$2,177,488	\$2,156,911	\$4,087,207	\$3,982,164
Cost of goods sold, including occupancy and distribution costs	1,518,207	1,519,689	2,867,557	2,803,076
GROSS PROFIT	659,281	637,222	1,219,650	1,179,088
Selling, general and administrative expenses	495,325	470,267	965,653	909,608
Pre-opening expenses	1,429	7,765	4,138	20,221
INCOME FROM OPERATIONS	162,527	159,190	249,859	249,259
Interest expense	3,050	2,216	5,706	3,480
Other income	(2,187)	(14,470)	(1,301)	(17,348)
INCOME BEFORE INCOME TAXES	161,664	171,444	245,454	263,127
Provision for income taxes	42,267	59,059	65,972	92,547
NET INCOME	\$119,397	\$112,385	\$179,482	\$170,580
EARNINGS PER COMMON SHARE:				
Basic	\$1.21	\$1.04	\$1.79	\$1.56
Diluted	\$1.20	\$1.03	\$1.78	\$1.55
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	98,716	108,175	100,050	109,308
Diluted	99,591	108,679	100,872	110,043
Cash dividends declared per share	\$0.225	\$0.170	\$0.450	\$0.340

See accompanying notes to unaudited consolidated financial statements.

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DICK'S SPORTING GOODS, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME - UNAUDITED
 (Dollars in thousands)

	13 Weeks Ended		26 Weeks Ended	
	August 4,	July 29,	August 4,	July 29,
	2018	2017	2018	2017
NET INCOME	\$119,397	\$112,385	\$179,482	\$170,580
OTHER COMPREHENSIVE (LOSS) INCOME:				
Foreign currency translation adjustment, net of tax	(20) 81	(42) 54
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME	(20) 81	(42) 54
COMPREHENSIVE INCOME	\$119,377	\$112,466	\$179,440	\$170,634

See accompanying notes to unaudited consolidated financial statements.

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DICK'S SPORTING GOODS, INC. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS - UNAUDITED
 (Dollars in thousands)

	August 4, 2018	February 3, 2018	July 29, 2017
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 124,270	\$ 101,253	\$ 131,615
Accounts receivable, net	63,977	60,107	86,355
Income taxes receivable	3,578	4,433	11,401
Inventories, net	1,795,794	1,711,103	1,917,912
Prepaid expenses and other current assets	137,323	129,189	130,001
Total current assets	2,124,942	2,006,085	2,277,284
Property and equipment, net	1,611,532	1,677,340	1,611,834
Intangible assets, net	133,373	136,587	137,920
Goodwill	250,476	250,476	245,126
Other assets:			
Deferred income taxes	10,894	13,639	11,129
Other	113,941	119,812	112,018
Total other assets	124,835	133,451	123,147
TOTAL ASSETS	\$4,245,158	\$4,203,939	\$4,395,311
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	\$ 835,098	\$ 843,075	\$ 968,396
Accrued expenses	349,701	354,181	365,680
Deferred revenue and other liabilities	177,131	212,080	174,758
Income taxes payable	21,568	10,476	—
Current portion of other long-term debt and leasing obligations	5,233	5,202	666
Total current liabilities	1,388,731	1,425,014	1,509,500
LONG-TERM LIABILITIES:			
Revolving credit borrowings	108,400	—	186,800
Other long-term debt and leasing obligations	57,424	60,084	4,343
Deferred income taxes	19,102	10,232	3,531
Deferred rent and other liabilities	740,275	767,108	769,877
Total long-term liabilities	925,201	837,424	964,551
COMMITMENTS AND CONTINGENCIES			
STOCKHOLDERS' EQUITY:			
Common stock	732	783	825
Class B common stock	245	247	247
Additional paid-in capital	1,195,875	1,177,778	1,157,480
Retained earnings	2,359,024	2,205,651	2,087,318
Accumulated other comprehensive loss	(120)	(78)	(78)
Treasury stock, at cost	(1,624,530)	(1,442,880)	(1,324,532)
Total stockholders' equity	1,931,226	1,941,501	1,921,260
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$4,245,158	\$4,203,939	\$4,395,311

See accompanying notes to unaudited consolidated financial statements.

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DICK'S SPORTING GOODS, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY - UNAUDITED
 (Dollars in thousands)

	Common Stock Shares	Common Stock Dollars	Class B Common Stock Shares	Class B Common Stock Dollars	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
BALANCE, February 3, 2018	78,317,898	\$ 783	24,710,870	\$ 247	\$ 1,177,778	\$ 2,205,651	\$ (78)	\$(1,442,880)	\$ 1,941,501
Adjustment for cumulative effect from change in accounting principle (ASU 2014-09)	—	—	—	—	—	20,488	—	—	—