

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
450 Fifth Street NW
Washington, D.C. 29549

Form 8-K

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

Date of Report (Date of earliest event reported): November 22, 2019

THE CATO CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

1-31340
(Commission
File Number)

56-0484485
(IRS Employer
Identification No.)

8100 Denmark Road, Charlotte, North Carolina
(Address of Principal Executive Offices)

28273-5975
(Zip Code)

(704)554-8510
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A - Common Stock, par value \$.033 per share	CATO	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

THE CATO CORPORATION

Item 2.02. Results of Operations and Financial Condition.

On November 21, 2019, The Cato Corporation issued a press release regarding its financial results for the third quarter ending November 2, 2019. A copy of this press release is furnished as Exhibit 99.1 hereto.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

[Exhibit 99.1 - Press Release issued November 21, 2019](#)

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE CATO CORPORATION

November 22, 2019

Date

/s/ John P. D. Cato

John P. D. Cato
Chairman, President and
Chief Executive Officer

November 22, 2019

Date

/s/ John R. Howe

John R. Howe
Executive Vice President
Chief Financial Officer

Exhibit

Exhibit No.

[Exhibit 99.1 - Press Release issued November 21, 2019](#)

99.1



The CATO Corporation

RELEASE
FOR IMMEDIATE RELEASE**NEWS**

For Further Information Contact:

John R. Howe
Executive Vice President
Chief Financial Officer
704-551-7315

CATO REPORTS 3Q EPS OF \$0.24

CHARLOTTE, N.C. (November 21, 2019) — The Cato Corporation (NYSE: CATO) today reported net income of \$6.0 million for the third quarter ended November 2, 2019, compared to net income of \$3.8 million for the third quarter ended November 3, 2018. Earnings per diluted share for the third quarter were \$0.24, compared to \$0.16 last year. Sales for the third quarter ended November 2, 2019 were \$189.4 million, up 1% compared to sales of \$187.9 million for the third quarter ended November 3, 2018. Same-store sales for the quarter increased 4% to last year.

“We are pleased with our third quarter results, which continued our positive trends in same-store sales and merchandise margins,” stated John Cato, Chairman, President, and Chief Executive Officer. “We remain cautiously optimistic about the fourth quarter as customer buying patterns continue to change and we evaluate the potential impact of current and future tariffs.”

For the nine months ended November 2, 2019, the Company earned net income of \$39.1 million, compared to net income of \$33.7 million for the nine months ended November 3, 2018. Earnings per diluted share were \$1.59 compared to \$1.36 last year. Sales for the nine months ended November 2, 2019 were \$627.8 million, flat compared to sales of \$630.8 million for the nine months ended November 3, 2018. Year-to-date same-store sales increased 2% to last year.

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For the quarter, the gross margin rate increased to 37.4% of sales from 34.5% last year, primarily due to higher merchandise margins and lower occupancy expenses. The SG&A rate for the quarter increased to 34.2% from 32.9% last year primarily due to higher incentive compensation in the current year and favorable litigation settlements in the prior year. Income tax for the quarter was an expense of \$0.1 million compared to a benefit of \$1.3 million last year. The Company ended the quarter with cash and short-term investments of \$228.4 million.

Year-to-date, the gross margin rate increased to 38.7% of sales from 37.4% the prior year primarily due to higher merchandise margins and lower occupancy expenses. The year-to-date SG&A rate increased slightly to 31.3% from 31.2% last year primarily due to higher incentive compensation offset by lower insurance costs. Income tax for the year was an expense of \$6.5 million compared to an expense of \$2.9 million last year.

As of November 2, 2019, the Company operated 1,298 stores in 31 states, compared to 1,350 stores in 33 states as of November 3, 2018.

The Cato Corporation is a leading specialty retailer of value-priced fashion apparel and accessories operating three concepts, “Cato,” “Versona” and “It’s Fashion.” The Company’s Cato stores offer exclusive merchandise with fashion and quality comparable to mall specialty stores at low prices every day. The Company also offers exclusive merchandise found in its Cato stores at www.catofashions.com. Versona is a unique fashion destination offering apparel and accessories including jewelry, handbags and shoes at exceptional prices every day. Select Versona merchandise can also be found at www.shopversona.com. It’s Fashion offers fashion with a focus on the latest trendy styles for the entire family at low prices every day.

Statements in this press release not historical in nature including, without limitation, statements regarding the Company’s expected or estimated operational and financial results are considered “forward-looking” within the meaning of The Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations that are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those contemplated by the forward-looking statements. Such factors include, but are not limited to, the following: any actual or perceived deterioration in the conditions that drive consumer confidence and spending, including, but not limited to, levels of unemployment, fuel, energy and food costs, wage rates, tax rates, home values, consumer net worth and the availability of credit; uncertainties regarding the impact of any governmental responses to the foregoing conditions; competitive factors and pricing pressures; our ability to predict and respond to rapidly changing fashion trends

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and consumer demands; adverse weather or similar conditions that may affect our sales or operations; inventory risks due to shifts in market demand, including the ability to liquidate excess inventory at anticipated margins; and other factors

discussed under "Risk Factors" in Part I, Item 1A of the Company's most recently filed annual report on Form 10-K and in other reports the Company files with or furnishes to the SEC from time to time. The Company does not undertake to publicly update or revise the forward-looking statements even if experience or future changes make it clear that the projected results expressed or implied therein will not be realized. The Company is not responsible for any changes made to this press release by wire or Internet services.

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THE CATO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
FOR THE PERIODS ENDED NOVEMBER 2, 2019 AND NOVEMBER 3, 2018

(Dollars in thousands, except per share data)

	Quarter Ended				Nine Months Ended			
	November 2,		November 3,		November 2,		November 3,	
	2019	% Sales	2018	% Sales	2019	% Sales	2018	% Sales
REVENUES								
Retail sales	\$ 189,357	100.0%	\$ 187,892	100.0%	\$ 627,780	100.0%	\$ 630,765	100.0%
Other revenue (principally finance, late fees and layaway charges)	2,166	1.1%	2,120	1.1%	6,676	1.1%	6,464	1.0%
Total revenues	<u>191,523</u>	<u>101.1%</u>	<u>190,012</u>	<u>101.1%</u>	<u>634,456</u>	<u>101.1%</u>	<u>637,229</u>	<u>101.0%</u>
GROSS MARGIN (Memo)	70,733	37.4%	64,878	34.5%	242,701	38.7%	235,663	37.4%
COSTS AND EXPENSES, NET								
Cost of goods sold	118,624	62.6%	123,014	65.5%	385,079	61.3%	395,102	62.6%
Selling, general and administrative	64,681	34.2%	61,765	32.9%	196,737	31.3%	196,616	31.1%
Depreciation	3,844	2.0%	4,094	2.2%	11,523	1.8%	12,470	2.0%
Interest and other income	(1,662)	-0.9%	(1,374)	-0.7%	(4,491)	-0.7%	(3,559)	-0.6%
Cost and expenses, net	<u>185,487</u>	<u>98.0%</u>	<u>187,499</u>	<u>99.8%</u>	<u>588,848</u>	<u>93.8%</u>	<u>600,629</u>	<u>95.2%</u>
Income Before Income Taxes	6,036	3.2%	2,513	1.3%	45,608	7.3%	36,600	5.8%
Income Tax (Benefit)/Expense	51	0.0%	(1,287)	-0.7%	6,501	1.0%	2,907	0.5%
Net Income	<u>\$ 5,985</u>	<u>3.2%</u>	<u>\$ 3,800</u>	<u>2.0%</u>	<u>\$ 39,107</u>	<u>6.2%</u>	<u>\$ 33,693</u>	<u>5.3%</u>
Basic Earnings Per Share	<u>\$ 0.24</u>		<u>\$ 0.16</u>		<u>\$ 1.59</u>		<u>\$ 1.36</u>	
Diluted Earnings Per Share	<u>\$ 0.24</u>		<u>\$ 0.16</u>		<u>\$ 1.59</u>		<u>\$ 1.36</u>	

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THE CATO CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

	November 2, 2019 (Unaudited)	February 2, 2019 (Unaudited)
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 21,222	\$ 24,603
Short-term investments	203,309	182,711
Restricted cash	3,880	3,802
Accounts receivable - net	27,479	28,137
Merchandise inventories	114,049	119,585
Other current assets	4,301	11,750
Total Current Assets	374,240	370,588
Property and Equipment – net	88,384	94,304
Noncurrent Deferred Income Taxes	10,829	11,209
Other Assets	23,475	21,805
Right-of-Use Assets, net	154,235	-
TOTAL	\$ 651,163	\$ 497,906
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current Lease Liability	\$ 133,229	\$ 141,086
Noncurrent Liabilities	53,536	-
Lease Liability	21,741	39,984
Stockholders' Equity	110,948	-
TOTAL	331,709	316,836
TOTAL	\$ 651,163	\$ 497,906

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