

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): May 22, 2017

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, NC
(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))

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 May 18, 2017, The Cato Corporation issued a press release regarding its financial results for the first quarter ending April 29, 2017. 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 May 18, 2017.

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

May 22, 2017

Date

/s/ John P. D. Cato

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

May 22, 2017

Date

/s/ John R. Howe

John R. Howe
Executive Vice President
Chief Financial Officer

Exhibit

Exhibit No.

Press Release issued May 18, 2017.

99.1



EXHIBIT 99.1

The CATO Corporation

NEWS RELEASE

FOR IMMEDIATE RELEASE

CEO Approval _____

For Further Information Contact:
John R. Howe
Executive Vice President
Chief Financial Officer
704-551-7315

CATO REPORTS DECLINE IN 1Q EPS Provides Update on Full-Year Guidance

CHARLOTTE, N.C. (May 18, 2017) – The Cato Corporation (NYSE: CATO) today reported net income of \$22.2 million or \$.85 per diluted share for the first quarter ended April 29, 2017, compared to net income of \$35.9 million or \$1.29 per diluted share for the first quarter ended April 30, 2016. Net income decreased 38% and earnings per diluted share decreased 34% for the quarter. Sales for the first quarter were \$237.7 million, or a decrease of 17% from sales of \$285.5 million for the first quarter ended April 30, 2016. The Company's same-store sales for the quarter decreased 17% to last year.

"Our negative sales trend persisted throughout the first quarter, impacting margins and earnings as we continued to work through our merchandise missteps," stated John Cato, Chairman, President, and Chief Executive Officer. "It is taking longer to work through these issues than expected and the remainder of the year will be impacted. We expect earnings for the year to be below last year."

Gross margin decreased 390 basis points to 38.7% of sales in the quarter, primarily due to lower merchandise margins and deleveraging of buying and occupancy costs. SG&A expenses as a percent of sales increased 190 basis points to 26.8% during the quarter primarily due to deleveraging of store expenses, offset by lower incentive compensation. The effective tax rate decreased to 14.7% versus the prior year at 28.5% due to reduced earnings, ongoing tax saving initiatives and favorable tax adjustments in the quarter. The Company ended the quarter with cash and short-term investments of \$235.0 million.

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During the first quarter, the Company opened three stores and relocated one store. As of April 29, 2017, the Company operated 1,374 stores in 33 states, compared to 1,372 stores in 33 states as of April 30, 2016.

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 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 APRIL 29, 2017 AND APRIL 30, 2016

(Dollars in thousands, except per share data)

| | Quarter Ended | | | |
|-----------------------------------------------------------------------|------------------|----------------|------------------|----------------|
| | April 29, | % | April 30, | % |
| | 2017 | Sales | 2016 | Sales |
| REVENUES | | | | |
| Retail sales | \$ 237,655 | 100.0 % | \$ 285,497 | 100.0 % |
| Other revenue (principally finance, late fees and layaway charges) | 2,086 | 0.9 % | 2,476 | 0.9 % |
| Total revenues | <u>239,741</u> | <u>100.9 %</u> | <u>287,973</u> | <u>100.9 %</u> |
| GROSS MARGIN (Memo) | 91,872 | 38.7 % | 121,524 | 42.6 % |
| COSTS AND EXPENSES, NET | | | | |
| Cost of goods sold | 145,783 | 61.3 % | 163,973 | 57.4 % |
| Selling, general and administrative | 63,780 | 26.8 % | 71,071 | 24.9 % |
| Depreciation | 5,060 | 2.1 % | 5,676 | 2.0 % |
| Interest and other income | (942) | -0.4 % | (2,928) | -1.0 % |
| Cost and expenses, net | <u>213,681</u> | <u>89.9 %</u> | <u>237,792</u> | <u>83.3 %</u> |
| Income Before Income Taxes | 26,060 | 11.0 % | 50,181 | 17.6 % |
| Income Tax Expense | 3,827 | 1.6 % | 14,307 | 5.0 % |
| Net Income | <u>\$ 22,233</u> | <u>9.4 %</u> | <u>\$ 35,874</u> | <u>12.6 %</u> |
| Basic Earnings Per Share | <u>\$ 0.85</u> | | <u>\$ 1.29</u> | |
| Diluted Earnings Per Share | <u>\$ 0.85</u> | | <u>\$ 1.29</u> | |

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THE CATO CORPORATION**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands)

| | April 29, | January 28, |
|---------------------------------------------|--------------------|--------------------|
| | 2017 | 2017 |
| | (Unaudited) | (Unaudited) |
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 52,424 | \$ 47,234 |
| Short-term investments | 178,930 | 201,233 |
| Restricted cash | 3,695 | 3,691 |
| Accounts receivable - net | 32,298 | 30,336 |
| Merchandise inventories | 131,784 | 145,682 |
| Other current assets | 14,571 | 15,632 |
| Total Current Assets | 413,702 | 443,808 |
| Property and equipment – net | 124,650 | 126,386 |
| Noncurrent Deferred Income Taxes | 12,500 | 13,773 |
| Other assets | 22,718 | 22,357 |
| TOTAL | <u>\$ 573,570</u> | <u>\$ 606,324</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Current Liabilities: | \$ 144,094 | \$ 171,912 |
| Noncurrent Liabilities | 49,675 | 51,509 |
| Stockholders' Equity | 379,801 | 383,903 |
| TOTAL | <u>\$ 573,570</u> | <u>\$ 606,324</u> |

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