

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): August 19, 2016

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))

Item 2.02. Results of Operations and Financial Condition.

On August 18, 2016, The Cato Corporation issued a press release regarding its financial results for the second quarter ending July 30, 2016. 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 August 18, 2016.

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

August 19, 2016

Date

/s/ John P. D. Cato

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

August 19, 2016

Date

/s/ John R. Howe

John R. Howe
Executive Vice President
Chief Financial Officer

Exhibit

Exhibit No.

Press Release issued August 18, 2016.

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 2Q EPS UP 2% Provides 2Q and Updates 2016 Full Year Guidance

Charlotte, NC (August 18, 2016) – The Cato Corporation (NYSE: CATO) today reported net income of \$15.9 million or \$.57 per diluted share for the second quarter ended July 30, 2016, compared to net income of \$15.6 million or \$.56 per diluted share for the second quarter ended August 1, 2015. Net income increased 2% and earnings per diluted share increased 2% for the quarter. Sales for the second quarter were \$236.7 million, or a decrease of 5% from sales of \$249.2 million for the second quarter ended August 1, 2015. The Company's same-store sales for the quarter decreased 6% to last year.

"Although same-store sales for the quarter were well below our expectations, our earnings per diluted share increased over last year primarily due to lower incentive compensation and favorable adjustments to the effective tax rate as a result of continuing tax initiatives," stated John Cato, Chairman, President, and Chief Executive Officer. "Our expectations for the third quarter remain unchanged from what was included in the original guidance for the full year and reflect same store sales in the range of down 2% to flat and earnings per diluted share in the range of \$.13 to \$.18 versus \$.30 last year. After adjusting our original 2016 guidance for second quarter actual results, our estimate of earnings per diluted share for the full year is now a range of \$2.32 to \$2.41 versus \$2.39 last year."

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Gross margin decreased 100 basis points to 37.0% as a percent of sales primarily due to higher buying, distribution and occupancy costs. SG&A expenses as a percent of sales increased 170 basis points to 28.6% during the quarter primarily due to increased store expenses offset by lower incentive compensation. The effective tax rate decreased to 11.6% versus the prior year of 37.5% due to favorable adjustments to the effective tax rate as a result of continuing tax initiatives. The Company ended the quarter with cash and short-term investments of \$305.5 million.

During the second quarter, the Company opened one store and relocated two stores. The Company now expects to open 12 new stores during 2016, down from our last estimate of 23 stores due to a lack of shopping center development and increased competition for available space. As of July 30, 2016, the Company operated 1,373 stores in 33 states, compared to 1,358 stores in 32 states as of August 1, 2015.

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. Additional information on The Cato Corporation is available at www.catocorp.com.

Statements in this press release not historical in nature including, without limitation, statements regarding the Company's expected or estimated 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: general economic conditions; competitive factors and pricing pressures; the Company's ability to predict fashion trends; consumer apparel buying patterns; adverse weather conditions and inventory risks due to shifts in market demand 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

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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 JULY 30, 2016 AND AUGUST 1, 2015

(Dollars in thousands, except per share data)

	Quarter Ended				Six Months Ended			
	July 30,	%	August 1,	%	July 30,	%	August 1,	%
	2016	Sales	2015	Sales	2016	Sales	2015	Sales
REVENUES								
Retail sales	\$ 236,654	100.0 %	\$ 249,215	100.0 %	\$ 522,151	100.0 %	\$ 530,790	100.0 %
Other revenue (principally finance, late fees and layaway charges)	2,233	0.9 %	2,054	0.8 %	4,709	0.9 %	4,378	0.8 %
Total revenues	<u>238,887</u>	<u>100.9 %</u>	<u>251,269</u>	<u>100.8 %</u>	<u>526,860</u>	<u>100.9 %</u>	<u>535,168</u>	<u>100.8 %</u>
GROSS MARGIN (Memo)	87,595	37.0 %	94,732	38.0 %	209,119	40.0 %	213,787	40.3 %
COSTS AND EXPENSES, NET								
Cost of goods sold	149,059	63.0 %	154,483	62.0 %	313,032	60.0 %	317,003	59.7 %
Selling, general and administrative	67,555	28.6 %	67,111	26.9 %	138,626	26.5 %	135,695	25.6 %
Depreciation	5,672	2.4 %	5,554	2.2 %	11,348	2.2 %	10,928	2.1 %
Interest and other income	(1,377)	-0.6 %	(834)	-0.3 %	(4,305)	-0.8 %	(1,402)	-0.3 %
Cost and expenses, net	<u>220,909</u>	<u>93.4 %</u>	<u>226,314</u>	<u>90.8 %</u>	<u>458,701</u>	<u>87.8 %</u>	<u>462,224</u>	<u>87.1 %</u>
Income Before Income Taxes	17,978	7.6 %	24,955	10.0 %	68,159	13.1 %	72,944	13.7 %
Income Tax Expense	2,091	0.9 %	9,361	3.8 %	16,398	3.1 %	26,267	4.9 %
Net Income	<u>\$ 15,887</u>	<u>6.7 %</u>	<u>\$ 15,594</u>	<u>6.3 %</u>	<u>\$ 51,761</u>	<u>9.9 %</u>	<u>\$ 46,677</u>	<u>8.8 %</u>
Basic Earnings Per Share	<u>\$ 0.57</u>		<u>\$ 0.56</u>		<u>\$ 1.86</u>		<u>\$ 1.67</u>	
Diluted Earnings Per Share	<u>\$ 0.57</u>		<u>\$ 0.56</u>		<u>\$ 1.86</u>		<u>\$ 1.67</u>	

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THE CATO CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

	July 30, 2016 (Unaudited)	January 30, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 43,049	\$ 67,057
Short-term investments	262,426	215,495
Restricted cash	4,483	4,472
Accounts receivable - net	34,136	36,610
Merchandise inventories	134,015	141,101
Other current assets	<u>7,172</u>	<u>7,317</u>
Total Current Assets	485,281	472,052
Property and equipment – net	134,270	138,303
Noncurrent Deferred Income		
Taxes	9,911	10,280
Other assets	<u>22,453</u>	<u>21,709</u>
TOTAL	<u>\$ 651,915</u>	<u>\$ 642,344</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
	\$ 156,281	\$ 179,437
Noncurrent Liabilities	53,327	50,242
Stockholders' Equity	<u>442,307</u>	<u>412,665</u>
TOTAL	<u>\$ 651,915</u>	<u>\$ 642,344</u>

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