

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

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**Form 8-K**

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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 23, 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, 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.

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THE CATO CORPORATION

Item 2.02. Results of Operations and Financial Condition.

On August 22, 2019, The Cato Corporation issued a press release regarding its financial results for the second quarter ending August 3, 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 August 22, 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

August 23, 2019

Date

/s/ John P. D. Cato

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

August 23, 2019

Date

/s/ John R. Howe

John R. Howe  
Executive Vice President  
Chief Financial Officer

**Exhibit**

**Exhibit No.**

[Press Release issued August 22, 2019.](#)

99.1

**The CATO Corporation**

**NEWS RELEASE**

**FOR IMMEDIATE RELEASE**

For Further Information Contact:

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

**CATO REPORTS INCREASE IN 2Q NET INCOME AND EPS**

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CHARLOTTE, N.C. (August 22, 2019) – The Cato Corporation (NYSE: CATO) today reported net income of \$11.9 million or \$.48 per diluted share for the second quarter ended August 3, 2019, compared to a net income of \$6.5 million or \$.26 per diluted share for the second quarter ended August 4, 2018. Sales for the second quarter were \$210.4 million, or an increase of 2% from sales of \$206.8 million for the second quarter ended August 4, 2018. The Company's same-store sales for the quarter increased 4% to last year.

For the six months ended August 3, 2019, the Company earned net income of \$33.1 million, compared to net income of \$29.9 million for the six months ended August 4, 2018. Earnings per diluted share were \$1.34 compared to \$1.20 last year. Sales for the six months ended August 3, 2019 were \$438.4 million, down 1% to sales of \$442.9 million for the six months ended August 4, 2018. Year-to-date same-store sales increased 1%.

“Our performance in the second quarter and first half of 2019 exceeded our expectations with higher same-store sales, higher merchandise margins and savings in SG&A,” commented John Cato, Chairman, President, and Chief Executive Officer. “However, we remain cautiously optimistic about the second half of the year given the difficult retail environment and the potential effect of new tariffs.”

Gross margin increased 80 basis points to 38.0% of sales in the quarter, primarily due to higher merchandise margins and lower occupancy costs. SG&A expenses as a percent of sales decreased 190 basis points to 31.4% during the quarter primarily due to lower insurance expense partially offset by higher incentive compensation. Income tax for the quarter was an expense of \$2.1 million compared to \$1.0 million last year. The Company ended the quarter with cash and short-term investments of \$237.2 million.

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Year-to-date, the gross margin increased to 39.2% of sales from 38.6% the prior year primarily due to higher merchandise margins and lower buying and occupancy costs. The year-to-date SG&A rate was 30.1% versus 30.5% last year primarily due to lower insurance costs partially offset by higher incentive compensation. Income tax was an expense of \$6.4 million compared to an expense of \$4.2 million last year.

As of August 3, 2019, The Cato Corporation operated 1,299 stores in 31 states, compared to 1,350 stores in 33 states as of August 4, 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](http://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](http://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 AUGUST 3, 2019 AND AUGUST 4, 2018**

(Dollars in thousands, except per share data)

	Quarter Ended				Six Months Ended			
	August 3,		August 4,		August 3,		August 4,	
	2019	% Sales	2018	% Sales	2019	% Sales	2018	% Sales
<b>REVENUES</b>								
Retail sales	\$ 210,357	100.0%	\$ 206,848	100.0%	\$ 438,423	100.0%	\$ 442,873	100.0%
Other revenue (principally finance, late fees and layaway charges)	2,224	1.1%	2,069	1.0%	4,510	1.0%	4,344	1.0%
Total revenues	<u>212,581</u>	<u>101.1%</u>	<u>208,917</u>	<u>101.0%</u>	<u>442,933</u>	<u>101.0%</u>	<u>447,217</u>	<u>101.0%</u>
<b>GROSS MARGIN (Memo)</b>	<b>79,985</b>	<b>38.0%</b>	<b>77,047</b>	<b>37.3%</b>	<b>171,968</b>	<b>39.2%</b>	<b>170,785</b>	<b>38.6%</b>
<b>COSTS AND EXPENSES, NET</b>								
Cost of goods sold	130,372	62.0%	129,801	62.8%	266,455	60.8%	272,088	61.4%
Selling, general and administrative	66,066	31.4%	68,892	33.3%	132,056	30.1%	134,851	30.4%
Depreciation	3,836	1.8%	4,152	2.0%	7,679	1.8%	8,376	1.9%
Interest and other income	(1,693)	-0.8%	(1,431)	-0.7%	(2,829)	-0.7%	(2,185)	-0.5%
Cost and expenses, net	<u>198,581</u>	<u>94.4%</u>	<u>201,414</u>	<u>97.4%</u>	<u>403,361</u>	<u>92.0%</u>	<u>413,130</u>	<u>93.3%</u>
Income Before Income Taxes	14,000	6.7%	7,503	3.6%	39,571	9.0%	34,087	7.7%
Income Tax (Benefit)/Expense	2,134	1.0%	1,021	0.5%	6,450	1.5%	4,195	0.9%
Net Income	<u>\$ 11,866</u>	<u>5.6%</u>	<u>\$ 6,482</u>	<u>3.1%</u>	<u>\$ 33,121</u>	<u>7.6%</u>	<u>\$ 29,892</u>	<u>6.7%</u>
Basic Earnings Per Share	<u>\$ 0.48</u>		<u>\$ 0.26</u>		<u>\$ 1.34</u>		<u>\$ 1.20</u>	
Diluted Earnings Per Share	<u>\$ 0.48</u>		<u>\$ 0.26</u>		<u>\$ 1.34</u>		<u>\$ 1.20</u>	

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**THE CATO CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands)

	<b>August 3, 2019 (Unaudited)</b>	February 2, 2019 (Unaudited)
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 26,011	\$ 24,603
Short-term investments	207,366	182,711
Restricted cash	3,855	3,802
Accounts receivable - net	27,479	28,137
Merchandise inventories	99,952	119,585
Other current assets	<u>4,651</u>	<u>11,750</u>
Total Current Assets	<b>369,314</b>	370,588
Property and Equipment – net	<b>89,567</b>	94,304
Noncurrent Deferred Income Taxes	<b>10,821</b>	11,209
Other Assets	<b>22,676</b>	21,805
Right-of-Use Assets, net	<u>164,988</u>	<u>-</u>
TOTAL	<b><u>\$ 657,366</u></b>	<b><u>\$ 497,906</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Current Lease Liability	\$ 123,862	\$ 141,086
Noncurrent Liabilities	55,747	-
Lease Liability	22,822	39,984
Stockholders' Equity	120,317	-
TOTAL	<u>334,618</u>	<u>316,836</u>
TOTAL	<b><u>\$ 657,366</u></b>	<b><u>\$ 497,906</u></b>

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