

SpartanNash Co  
Form 10-Q  
August 16, 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 July 14, 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 Number: 000-31127

SPARTANNASH COMPANY

(Exact Name of Registrant as Specified in Its Charter)

Michigan (State or Other Jurisdiction of Incorporation or Organization)	38-0593940 (I.R.S. Employer Identification No.)
850 76 <sup>th</sup> Street, S.W. P.O. Box 8700 Grand Rapids, Michigan (Address of Principal Executive Offices)	49518 (Zip Code)

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(616) 878-2000

(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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company  
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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 14, 2018, the registrant had 35,932,825 outstanding shares of common stock, no par value.

## FORWARD-LOOKING STATEMENTS

The matters discussed in this Quarterly Report on Form 10-Q, in the Company's press releases and in the Company's website-accessible conference calls with analysts and investor presentations include "forward-looking statements" about the plans, strategies, objectives, goals or expectations of SpartanNash Company and subsidiaries ("SpartanNash" or "the Company"). These forward-looking statements are identifiable by words or phrases indicating that SpartanNash or management "expects," "anticipates," "plans," "believes," or "estimates," or that a particular occurrence or event "will," "may," "could," "should" or "will likely" result, occur or be pursued or "continue" in the future, that the "outlook" or "trend" is toward a particular result or occurrence, that a development is an "opportunity," "priority," "strategy," "focus," that the Company is "positioned" for a particular result, or similarly stated expectations. Accounting estimates, such as those described under the heading "Critical Accounting Policies" in Part I, Item 2 of this Quarterly Report on Form 10-Q, are inherently forward-looking. The Company's asset impairment and restructuring cost provisions are estimates and actual costs may be more or less than these estimates and differences may be material. Undue reliance should not be placed on these forward-looking statements, which speak only as of the date of the Quarterly Report, other report, release, presentation, or statement.

In addition to other risks and uncertainties described in connection with the forward-looking statements contained in this Quarterly Report on Form 10-Q, SpartanNash's Annual Report on Form 10-K for the fiscal year ended December 30, 2017 and other periodic reports filed with the Securities and Exchange Commission ("SEC"), there are many important factors that could cause actual results to differ materially. These risks and uncertainties include general business conditions, changes in overall economic conditions that impact consumer spending, the Company's ability to integrate acquired assets, the impact of competition and other factors which are often beyond the control of the Company, and other risks listed in the "Risk Factors" discussion in Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2017 and risks and uncertainties not presently known to the Company or that the Company currently deems immaterial.

This section and the discussions contained in Item 1A "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2017 and in Part I, Item 2 "Critical Accounting Policy" of the Quarterly Report on Form 10-Q, are intended to provide meaningful cautionary statements for purposes of the safe harbor provision of the Private Securities Litigation Reform Act of 1995. This should not be construed as a complete list of all of the economic, competitive, governmental, technological and other factors that could adversely affect the Company's expected consolidated financial position, results of operations or liquidity. Additional risks and uncertainties not currently known to SpartanNash or that SpartanNash currently believes are immaterial also may impair its business, operations, liquidity, financial condition and prospects. The Company undertakes no obligation to update or revise its forward-looking statements to reflect developments that occur or information obtained after the date of this Quarterly Report.

## PART I

## FINANCIAL INFORMATION

## ITEM 1. Financial Statements

## SPARTANNASH COMPANY AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

	July 14, 2018	December 30, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 15,913	\$ 15,667
Accounts and notes receivable, net	355,050	344,057
Inventories, net	562,443	597,162
Prepaid expenses and other current assets	43,713	47,400
Property and equipment held for sale	8,654	—
<b>Total current assets</b>	<b>985,773</b>	<b>1,004,286</b>
Property and equipment, net	581,824	600,240
Goodwill	178,648	178,648
Intangible assets, net	131,159	134,430
Other assets, net	133,408	138,193
<b>Total assets</b>	<b>\$ 2,010,812</b>	<b>\$ 2,055,797</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 364,700	\$ 376,977
Accrued payroll and benefits	59,155	65,156
Other accrued expenses	46,725	43,252
Current maturities of long-term debt and capital lease obligations	7,793	9,196
<b>Total current liabilities</b>	<b>478,373</b>	<b>494,581</b>
<b>Long-term liabilities</b>		
Deferred income taxes	49,128	42,050
Postretirement benefits	16,263	15,687
Other long-term liabilities	39,718	40,774
Long-term debt and capital lease obligations	702,864	740,755
<b>Total long-term liabilities</b>	<b>807,973</b>	<b>839,266</b>

Commitments and contingencies (Note 7)

Shareholders' equity

Common stock, voting, no par value; 100,000 shares

authorized; 35,934 and 36,466 shares outstanding	482,330	497,093
Preferred stock, no par value, 10,000 shares authorized; no shares outstanding	—	—
Accumulated other comprehensive loss	(14,989 )	(15,136 )
Retained earnings	257,125	239,993
Total shareholders' equity	724,466	721,950

Total liabilities and shareholders' equity	\$ 2,010,812	\$ 2,055,797
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See accompanying notes to condensed consolidated financial statements.

## SPARTANNASH COMPANY AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share amounts)

(Unaudited)

	12 Weeks Ended		28 Weeks Ended	
	July 14, 2018	July 15, 2017	July 14, 2018	July 15, 2017
Net sales	\$ 1,895,953	\$ 1,856,199	\$ 4,281,026	\$ 4,209,901
Cost of sales	1,630,293	1,585,173	3,672,152	3,581,499
Gross profit	265,660	271,026	608,874	628,402
Operating expenses				
Selling, general and administrative	236,202	231,532	545,261	554,311
Merger/acquisition and integration	804	622	3,010	4,638
Restructuring (gains) charges and asset impairment	(1,164 )	(14 )	5,037	1,008
Total operating expenses	235,842	232,140	553,308	559,957
Operating earnings	29,818	38,886	55,566	68,445
Other expenses and (income)				
Interest expense	6,969	5,682	15,747	12,997
Other, net	(236 )	(123 )	(461 )	(313 )
Total other expenses, net	6,733	5,559	15,286	12,684
Earnings before income taxes and discontinued operations	23,085	33,327	40,280	55,761
Income taxes	5,247	12,267	10,007	19,636
Earnings from continuing operations	17,838	21,060	30,273	36,125
Loss from discontinued operations, net of taxes	(66 )	(31 )	(158 )	(71 )
Net earnings	\$			