

OFFICE DEPOT INC  
Form 10-Q  
November 07, 2018  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the quarterly period ended September 29, 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 1-10948

Office Depot, Inc.

(Exact name of registrant as specified in its charter)

Delaware 59-2663954  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

6600 North Military Trail, Boca Raton, Florida 33496  
(Address of principal executive offices) (Zip Code)

(561) 438-4800

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

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Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “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

The number of shares outstanding of the registrant’s common stock, as of the latest practicable date: At October 27, 2018, there were 547,197,827 outstanding shares of Office Depot, Inc. Common Stock, \$0.01 par value.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited) 3

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited) 4

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) 5

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) 6

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) 7

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 25

Item 3. Quantitative and Qualitative Disclosures About Market Risk 33

Item 4. Controls and Procedures 33

PART II. OTHER INFORMATION 35

Item 1. Legal Proceedings 35

Item 1A. Risk Factors 35

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 35

Item 6. Exhibits 36

SIGNATURES 37

EX 3.1

EX 31.1

EX 31.2

EX 32

EX 101

OFFICE DEPOT, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share amounts)

(Unaudited)

	13 Weeks Ended		39 Weeks Ended	
	September	September	September	September
	29,	30,	29,	30,
	2018	2017	2018	2017
<b>Sales:</b>				
Products	\$2,453	\$ 2,426	\$7,072	\$ 7,053
Services	434	194	1,273	606
Total sales	2,887	2,620	8,345	7,659
<b>Cost of goods and occupancy costs:</b>				
Products	1,906	1,877	5,534	5,461
Services	295	110	862	344
Total cost of goods and occupancy costs	2,201	1,987	6,396	5,805
Gross profit	686	633	1,949	1,854
Selling, general and administrative expenses	567	506	1,674	1,519
Asset impairments	—	—	—	1
Merger and restructuring expenses, net	14	22	45	62
Operating income	105	105	230	272
<b>Other income (expense):</b>				
Interest income	7	6	18	17
Interest expense	(31 )	(13 )	(91 )	(39 )
Other income, net	4	2	11	8
Income from continuing operations before income taxes	85	100	168	258
Income tax expense	25	2	55	63
Net income from continuing operations	60	98	113	195
Discontinued operations, net of tax	—	(6 )	5	38
Net income	\$60	\$ 92	\$118	\$ 233
<b>Basic earnings per common share</b>				
Continuing operations	\$0.11	\$ 0.19	\$0.20	\$ 0.38
Discontinued operations	—	(0.01 )	0.01	0.07
Net basic earnings per common share	\$0.11	\$ 0.18	\$0.21	\$ 0.45
<b>Diluted earnings per common share</b>				
Continuing operations	\$0.11	\$ 0.19	\$0.20	\$ 0.37
Discontinued operations	—	(0.01 )	0.01	0.07
Net diluted earnings per common share	\$0.11	\$ 0.17	\$0.21	\$ 0.44
Dividends per common share	\$0.025	\$ 0.025	\$0.075	\$ 0.075

This report should be read in conjunction with the Notes to Condensed Consolidated Financial Statements herein and the Notes to Consolidated Financial Statements in the Office Depot, Inc. Form 10-K filed February 28, 2018 (the "2017 Form 10-K").



OFFICE DEPOT, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)

(Unaudited)

	13 Weeks Ended September September 30, 2019,		39 Weeks Ended September September 30, 2019,	
	2018	2017	2018	2017
Net income	\$ 60	\$ 92	\$ 118	\$ 233
Other comprehensive income (loss), net of tax, where applicable:				
Foreign currency translation adjustments	3	6	(16 )	24
Reclassification of foreign currency translation adjustments				
realized upon disposal of business	—	(7 )	29	(1 )
Other	—	—	—	(1 )
Total other comprehensive income (loss), net of tax, where applicable	3	(1 )	13	22
Comprehensive income	\$ 63	\$ 91	\$ 131	\$ 255

This report should be read in conjunction with the Notes to Condensed Consolidated Financial Statements herein and the Notes to Consolidated Financial Statements in the 2017 Form 10-K.

OFFICE DEPOT, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except share and per share amounts)

	September 29, 2018 (Unaudited)	December 30, 2017
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 925	\$ 622
Receivables, net	950	931
Inventories	1,023	1,093
Prepaid expenses and other current assets	112	86
Current assets of discontinued operations	—	139
Total current assets	3,010	2,871
Property and equipment, net	744	725
Goodwill	908	851
Other intangible assets, net	434	448
Timber notes receivable	847	863
Deferred income taxes	272	305
Other assets	257	260
Total assets	\$ 6,472	\$ 6,323
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Trade accounts payable	\$	