

NORDSTROM INC  
Form 10-Q  
September 05, 2018  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 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 August 4, 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: 001-15059

NORDSTROM, INC.

(Exact name of registrant as specified in its charter)

Washington 91-0515058  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

1617 Sixth Avenue, Seattle, Washington 98101  
(Address of principal executive offices) (Zip Code)  
206-628-2111

(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," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) 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 þ

Common stock outstanding as of August 29, 2018: 168,565,459 shares

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## PART I — FINANCIAL INFORMATION

## Item 1. Financial Statements (Unaudited).

## NORDSTROM, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(Amounts in millions except per share amounts)

(Unaudited)

	Quarter Ended		Six Months Ended	
	August 4, 2018	July 29, 2017	August 4, 2018	July 29, 2017
Net sales	\$3,980	\$3,717	\$7,450	\$6,996
Credit card revenues, net	87	76	179	152
Total revenues	4,067	3,793	7,629	7,148
Cost of sales and related buying and occupancy costs	(2,589)	(2,451)	(4,877)	(4,607)
Selling, general and administrative expenses	(1,232)	(1,125)	(2,353)	(2,173)
Earnings before interest and income taxes	246	217	399	368
Interest expense, net	(28)	(29)	(56)	(76)
Earnings before income taxes	218	188	343	292
Income tax expense	(56)	(78)	(94)	(119)
Net earnings	\$162	\$110	\$249	\$173
Earnings per share:				
Basic	\$0.97	\$0.66	\$1.48	\$1.04
Diluted	\$0.95	\$0.65	\$1.46	\$1.02
Weighted-average shares outstanding:				
Basic	167.8	166.4	167.8	166.8
Diluted	170.3	168.5	170.3	168.8

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

## NORDSTROM, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(Amounts in millions)

(Unaudited)

	Quarter Ended		Six Months Ended	
	August 4, 2018	July 29, 2017	August 4, 2018	July 29, 2017
Net earnings	\$162	\$110	\$249	\$173
Foreign currency translation adjustment	(4)	32	(15)	20
Post retirement plan adjustments, net of tax	1	1	2	2
Cumulative effect of adopted accounting standard	—	—	(5)	—
Comprehensive net earnings	\$159	\$143	\$231	\$195

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.



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NORDSTROM, INC.  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (Amounts in millions)  
 (Unaudited)

	August 4, 2018	February 3, 2018	July 29, 2017
Assets			
Current assets:			
Cash and cash equivalents	\$1,343	\$1,181	\$919
Accounts receivable, net	200	145	320
Merchandise inventories	2,065	2,027	2,077
Prepaid expenses and other	439	150	157
Total current assets	4,047	3,503	3,473
Land, property and equipment (net of accumulated depreciation of \$6,393, \$6,105 and \$5,866)	3,860	3,939	3,930
Goodwill	249	238	238
Other assets	334	435	520
Total assets	\$8,490	\$8,115	\$8,161
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	\$1,840	\$1,409	\$1,704
Accrued salaries, wages and related benefits	394	578	397
Other current liabilities	1,380	1,246	1,339
Current portion of long-term debt	54	56	11
Total current liabilities	3,668	3,289	3,451
Long-term debt, net	2,680	2,681	2,729
Deferred property incentives, net	480	495	524
Other liabilities	522	673	672
Commitments and contingencies (Note 6)			
Shareholders' equity:			
Common stock, no par value: 1,000 shares authorized; 167.5, 167.0 and 166.2 shares issued and outstanding	2,899	2,816	2,757
Accumulated deficit	(1,712)	(1,810)	(1,951)
Accumulated other comprehensive loss	(47)	(29)	(21)
Total shareholders' equity	1,140	977	785
Total liabilities and shareholders' equity	\$8,490	\$8,115	\$8,161

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.





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NORDSTROM, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Amounts in millions except per share amounts)

(Unaudited)

	Common Stock		Accumulated	Accumulated	
	Shares	Amount	Deficit	Other	Comprehensive
				Loss	Total
Balance at February 3, 2018	167.0	\$2,816	(\$1,810	) (\$29	) \$977
Cumulative effect of adopted accounting standards	—	—	60	(5	) 55
Net earnings	—	—	249	—	249
Other comprehensive loss	—	—	—	(13	) (13 )
Dividends (\$0.74 per share)	—	—	(124	) —	(124 )
Issuance of common stock under stock compensation plans	1.5	49	—	—	49
Stock-based compensation	0.8	34	—	—	34
Repurchase of common stock	(1.8	) —	(87	) —	(87 )
Balance at August 4, 2018	167.5	\$2,899	(\$1,712	) (\$47	) \$1,140

	Common Stock		Accumulated	Accumulated	
	Shares	Amount	Deficit	Other	Comprehensive
				Loss	Total
Balance at January 28, 2017	170.0	\$2,707			