

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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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**

May 22, 2019  
(Date of Report; Date of Earliest Event Reported)

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**STEIN MART, INC.**  
(Exact name of registrant as specified in its charter)

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**Florida**  
(State or Other Jurisdiction  
of Incorporation)

**0-20052**  
(Commission  
File Number)

**64-0466198**  
(IRS Employer  
Identification No.)

**1200 Riverplace Blvd., Jacksonville, Florida 32207**  
(Address of Principal Executive Offices Including Zip Code)

**(904) 346-1500**  
(Registrant's telephone number, including area code)

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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 (see General Instruction A.2. below):

- 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))

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	SMRT	The NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company 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 (§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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**ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

On May 22, 2019, Stein Mart, Inc. (“Stein Mart”) issued a press release announcing its financial results for the first quarter ended May 4, 2019. The information in this Current Report is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

The Stein Mart press release is attached as exhibit 99.1.

**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS**

(d) Exhibits

99.1 [Press Release dated May 22, 2019.](#)

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 22, 2019

STEIN MART, INC.  
(Registrant)

By: /s/ James B. Brown  
James B. Brown  
Executive Vice President and Chief Financial Officer



May 22, 2019

**FOR IMMEDIATE RELEASE**

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**Stein Mart, Inc. Reports First Quarter Fiscal 2019 Results**

- Net income of \$4.0 million, or \$0.08 per share in the first quarter of 2019 compared to \$7.3 million, or \$0.16 per share in 2018
- Outstanding debt \$55.6 million lower compared to end of first quarter of 2018
- Comparable sales decreased 1.7%

JACKSONVILLE, Fla. – Stein Mart, Inc. (NASDAQ: SMRT) today announced financial results for the first quarter ended May 4, 2019.

Net income for the first quarter of 2019 was \$4.0 million or \$0.08 per diluted share compared to a net income of \$7.3 million or \$0.16 per diluted share in 2018. Adjusted earnings before interest, income taxes, depreciation and amortization for the first quarter of 2019 was \$13.9 million compared to \$18.4 million for the first quarter of 2018 (see Note 1).

“With a late start to spring in the South and West, February was a challenging month with negative mid-single digit comp sales. Our comp sales for the combined March and April period dramatically improved. Comp sales in the first quarter also benefited by approximately 150 basis points from the shift of a 12-Hour Sale event from the second quarter to the first. With the event shift and slow selling thus far in May, we expect headwinds to impact the second quarter,” said Hunt Hawkins, Chief Executive Officer. “Looking forward, with our 2019 sales-driving initiatives rolling out this fall, we believe that our comp sales trends and results will improve in the second half.”

Stein Mart’s second half sales initiatives include:

- Launching two new product lines (kids and fine jewelry), which will increase transactions and appeal to a broader customer base
- Buy online, pick up in store (“BOPIS”), which will drive store traffic and deliver incremental sales
- Implementation of a marketing campaign management tool, which will analyze customer data to create personalized email and direct mail messaging to unlock additional sales

Mr. Hawkins continued, “Our lower gross profit rate reflects a planned rate decrease for the quarter from a change in our 2019 markdown cadence, the impact of the highly promotional event shift, and slightly higher markdowns to clear Fall merchandise. Despite the lower rate in the first quarter, we continue to expect our full year rate to be consistent with 2018. Finally, we are very pleased that we reduced borrowings by more than \$55 million compared to the end of the first quarter of 2018.”

**Net Sales**

Net sales for the first quarter of 2019 were \$314.2 million compared to \$326.6 million for the first quarter of 2018. Net sales were impacted by comparable sales results and fewer stores operating during the quarter.

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Comparable sales decreased 1.7 percent (see Note 2) during the first quarter due to lower store traffic and average unit retail, partially offset by higher units per transaction. Digital sales increased 14 percent in the first quarter of 2019.

### **Gross Profit**

Gross profit for the first quarter of 2019 was \$87.5 million or 27.8 percent of sales compared to \$96.0 million or 29.4 percent of sales in 2018. The decrease in the gross profit rate was driven primarily by a planned reduction from accelerated markdown cadence and the impact of the sales event shift.

### **Selling, General and Administrative Expenses**

Selling, general and administrative ("SG&A") expenses for the first quarter of 2019 decreased \$4.4 million to \$86.1 million compared to \$90.5 million in 2018. The decrease in SG&A expenses was primarily from lower store related expenses including the impact of closed stores.

### **Income Taxes**

Income tax expense was less than \$0.1 million for first quarter of 2019 and 2018. The small amount of income taxes reflects our estimated minimal taxable income for the year.

### **Cash Flows**

Inventories were \$274.3 million at the end of the first quarter of 2019 compared to \$297.0 million at the same time last year. Average inventories per store were down 5 percent to last year.

Accounts payable was \$20.9 million higher at the end of the first quarter of 2019 compared to the end of the first quarter of 2018, reflecting improved credit terms from our vendors and factors since the first quarter of 2018.

Debt decreased \$55.6 million to \$153.8 million at the end of the first quarter of 2019 compared to \$209.4 million at the end of the first quarter of 2018. Unused availability under our credit facility increased \$62.0 million to \$102.0 million at the end of the first quarter of 2019 compared to \$40.0 million at the end of the first quarter of 2018. In addition, we had \$15.2 million available to borrow which would be collateralized by life insurance policies at the end of the first quarter of 2019.

### **Store Activity**

We had 283 stores at the end of the first quarter of 2019 compared to 289 at the end of the first quarter of 2018. We closed four stores during the first quarter of 2019, which completes our store plans for the year.

### **Lease Accounting**

We adopted the new lease accounting standard during the first quarter of 2019. The new standard required us to recognize right-of-use assets and lease liabilities for operating leases on the Condensed Consolidated Balance Sheet.

### **Filing of Form 10-Q**

Reported results are preliminary and not final until the filing of our Form 10-Q for the fiscal quarter ended May 4, 2019 with the Securities and Exchange Commission ("SEC"), and therefore remain subject to adjustment.

### **Conference Call**

A conference call to discuss the Company's first quarter results will be held at 9:00 a.m. ET on May 22, 2019. The call may be heard on the Company's investor relations website at <http://ir.steinmart.com>. A replay of the conference call will be available on the website through June 30, 2019.

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### **Investor Presentation**

Stein Mart's first quarter 2019 investor presentation has been posted to the investor relations portion of the Company's website at <http://ir.steinmart.com>.

### **About Stein Mart**

Stein Mart, Inc. is a national specialty off-price retailer offering designer and name-brand fashion apparel, home décor, accessories and shoes at everyday discount prices. Stein Mart provides real value that customers love every day both in stores and online. For more information, please visit [www.steinmart.com](http://www.steinmart.com).

### **Cautionary Statement Regarding Forward-Looking Statements**

Except for historical information contained herein, the statements in this release may be forward-looking and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The Company does not assume any obligation to update or revise any forward-looking statements even if experience or future changes make it clear that projected results expressed or implied will not be realized. Forward-looking statements involve known and unknown risks and uncertainties that may cause Stein Mart's actual results in future periods to differ materially from forecasted or expected results. Those risks include, without limitation: dependence on our ability to purchase merchandise at competitive terms through relationships with our vendors and their factors, consumer sensitivity to economic conditions, competition in the retail industry, changes in fashion trends and consumer preferences, ability to implement our strategic plans to sustain profitable growth, effectiveness of advertising and marketing, capital availability and debt levels, ability to negotiate acceptable lease terms with current and potential landlords, ability to successfully implement strategies to exit under-performing stores, extreme and/or unseasonable weather conditions, adequate sources of merchandise at acceptable prices, dependence on certain key personnel and ability to attract and retain qualified employees, increases in the cost of compensation and employee benefits, impacts of seasonality, disruption of the Company's distribution process, dependence on imported merchandise, information technology failures, data security breaches, single supplier for shoe department, single provider for Ecommerce website, acts of terrorism, ability to adapt to new regulatory compliance and disclosure obligations, material weaknesses in internal control over financial reporting and other risks and uncertainties described in the Company's filings with the SEC.

**Stein Mart, Inc.**  
**Condensed Consolidated Statements of Income**  
**(Unaudited)**

(In thousands, except per share amounts)

	13 Weeks Ended May 4, 2019	13 Weeks Ended May 5, 2018
Net sales	\$ 314,157	\$ 326,605
Other revenue	5,225	4,382
Total revenue	319,382	330,987
Cost of merchandise sold	226,698	230,621
Selling, general and administrative expenses	86,136	90,509
Operating income	6,548	9,857
Interest expense, net	2,526	2,463
Income before income taxes	4,022	7,394
Income tax expense	53	60
Net income	\$ 3,969	\$ 7,334
Net income per share:		
Basic	\$ 0.08	\$ 0.16
Diluted	\$ 0.08	\$ 0.16
Weighted-average shares outstanding:		
Basic	47,111	46,610
Diluted	47,489	46,659

**Stein Mart, Inc.**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**

(In thousands, except for share and per share data)

	May 4, 2019	February 2, 2019	May 5, 2018
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 21,933	\$ 9,049	\$ 16,165
Inventories	274,281	255,884	296,964
Prepaid expenses and other current assets	31,838	28,326	35,597
Total current assets	328,052	293,259	348,726
Property and equipment, net	118,350	123,838	144,109
Operating lease assets	376,172	-	-
Other assets	24,255	24,108	24,838
Total assets	\$ 846,829	\$ 441,205	\$ 517,673
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable	\$ 114,495	\$ 89,646	\$ 93,632
Current portion of debt	-	-	159,415
Current portion of operating lease liabilities	84,153	-	-
Accrued expenses and other current liabilities	84,118	77,650	78,418
Total current liabilities	282,766	167,296	331,465
Long-term debt	152,999	153,253	49,266
Deferred rent	-	39,708	41,535
Noncurrent operating lease liabilities	328,093	-	-
Other liabilities	31,335	33,897	38,785
Total liabilities	795,193	394,154	461,051
<b>COMMITMENTS AND CONTINGENCIES</b>			
Shareholders' equity:			
Preferred stock - \$.01 par value; 1,000,000 shares authorized; no shares issued or outstanding			
Common stock - \$.01 par value; 100,000,000 shares authorized; 48,065,250, 47,874,286 and 47,910,450 shares issued and outstanding, respectively			
	481	479	479
Additional paid-in capital	60,797	60,172	56,961
Retained deficit	(9,879)	(13,853)	(576)
Accumulated other comprehensive income (loss)	237	253	(242)
Total shareholders' equity	51,636	47,051	56,622
Total liabilities and shareholders' equity	\$ 846,829	\$ 441,205	\$ 517,673

**Stein Mart, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**  
(In thousands)

	13 Weeks Ended May 4, 2019	13 Weeks Ended May 5, 2018
<b>Cash flows from operating activities:</b>		
Net income	\$ 3,969	\$ 7,334
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,338	8,070
Share-based compensation	730	995
Store closing (benefits) charges	(8)	116
Impairment of property and other assets	-	299
Loss on disposal of property and equipment	1	99
Changes in assets and liabilities:		
Inventories	(18,397)	(26,727)
Prepaid expenses and other current assets	(4,311)	(8,977)
Other assets	7,553	(2,311)
Accounts payable	24,951	(25,735)
Accrued expenses and other current liabilities	10,424	217
Other liabilities	(17,051)	(586)
Net cash provided by (used in) operating activities	15,199	(47,206)
<b>Cash flows from investing activities:</b>		
Net acquisition of property and equipment	(1,679)	(1,664)
Proceeds from cancelled corporate owned life insurance policies	-	2,514
Net cash (used in) provided by investing activities	(1,679)	850
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	102,025	428,877
Repayments of debt	(102,325)	(375,587)
Debit issuance costs	-	(802)
Cash dividends paid	(49)	(147)
Capital lease payments	(184)	(183)
Repurchase of common stock	(103)	(37)
Net cash (used in) provided by financing activities	(636)	52,121
Net increase in cash and cash equivalents	12,884	5,765
Cash and cash equivalents at beginning of year	9,049	10,400
Cash and cash equivalents at end of period	\$ 21,933	\$ 16,165

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

We report our consolidated financial results in accordance with U.S. generally accepted accounting principles ("GAAP"). However, management believes that certain non-GAAP financial measures provide users of the company's financial information with additional useful information in evaluating operating performance.

### Note 1: Adjusted EBITDA

EBITDA is defined as earnings before interest, income taxes, depreciation and amortization. EBITDA is not a measure of financial performance under GAAP. However, we present EBITDA in this release because we consider it to be an important supplemental measure of our performance and because it is frequently used by analysts, investors and others to evaluate the performance of companies. EBITDA is not calculated in the same manner by all companies. EBITDA should be used as a supplement to results of operations and cash flows as reported under GAAP and should not be considered to be a more meaningful measure than, or an alternative to, measures of operating performance as determined in accordance with GAAP.

The following table shows the Company's reconciliation of net income to EBITDA and Adjusted EBITDA which are considered Non-GAAP financial measures. Adjusted EBITDA excludes non-cash items (impairment charges) and significant non-recurring unusual items.

	13 Weeks Ended May 4, 2019	13 Weeks Ended May 5, 2018
Net income	\$3,969	\$7,334
Add back amounts for computation of EBITDA:		
Interest expense, net	2,526	2,463
Income tax expense	53	60
Depreciation and amortization	7,338	8,070
EBITDA	13,886	17,927
Adjustments:		
Non-cash impairment charges	-	299
Expense related to legal settlements	-	11
New store pre-opening costs	-	192
Total adjustments	-	502
Adjusted EBITDA	\$13,866	\$18,429

### Note 2: Changes in Comparable Sales

Management believes that providing calculations of changes in comparable sales including and excluding sales from licensed departments assists in evaluating the Company's ability to generate sales growth, whether through owned businesses or departments licensed to third parties. The following table shows the Company's reconciliation of these calculations.

	13 Weeks Ended May 4, 2019
Decrease in comparable sales excluding sales from licensed departments (1)	(2.5%)
Impact of growth in comparable sales of licensed departments (2)	0.8%
Decrease in comparable sales including sales from licensed departments	(1.7%)

- (1) Represents the period-to-period percentage change in net sales from stores open throughout the period presented and the same period in the prior year and all online sales of steinmart.com, excluding commissions from departments licensed to third parties.
- (2) Represents the impact of including sales of departments licensed to third parties throughout the period presented and the same period in the prior year and all online sales of steinmart.com in the calculation of comparable sales. The company licenses its shoe and vintage handbag departments in its stores and online to third parties and receives a commission from these third parties based on a percentage of their sales. In our financial statements prepared in conformity with GAAP, the company includes commissions (rather than sales of the departments licensed to third parties) in its net sales. The Company does not include the commission amounts from licensed department sales in its comparable sales calculations.