

Hanesbrands Inc.  
Form 10-Q  
November 01, 2018  
Table of Contents

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 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: 001-32891

Hanesbrands Inc.  
(Exact name of registrant as specified in its charter)

Maryland 20-3552316  
(State of incorporation) (I.R.S. employer  
identification no.)

1000 East Hanes Mill Road 27105  
Winston-Salem, North Carolina  
(Address of principal executive office) (Zip code)  
(336) 519-8080  
(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 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. (Check one):

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.

Act.

Edgar Filing: Hanesbrands Inc. - Form 10-Q

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 October 26, 2018, there were 360,732,707 shares of the registrant's common stock outstanding.

---

Table of Contents

TABLE OF CONTENTS

	Page
<u>Forward-Looking Statements</u>	<u>1</u>
<u>Where You Can Find More Information</u>	<u>1</u>
<b><u>PART I</u></b>	
Item 1. <u>Financial Statements (unaudited):</u>	
<u>Condensed Consolidated Statements of Income for the quarters and nine months ended September 29, 2018 and September 30, 2017</u>	<u>2</u>
<u>Condensed Consolidated Statements of Comprehensive Income for the quarters and nine months ended September 29, 2018 and September 30, 2017</u>	<u>3</u>
<u>Condensed Consolidated Balance Sheets at September 29, 2018 and December 30, 2017</u>	<u>4</u>
<u>Condensed Consolidated Statements of Cash Flows for the nine months ended September 29, 2018 and September 30, 2017</u>	<u>5</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>6</u>
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>21</u>
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>30</u>
Item 4. <u>Controls and Procedures</u>	<u>30</u>
<b><u>PART II</u></b>	
Item 1. <u>Legal Proceedings</u>	<u>32</u>
Item 1A. <u>Risk Factors</u>	<u>32</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>32</u>
Item 3. <u>Defaults Upon Senior Securities</u>	<u>32</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>32</u>
Item 5. <u>Other Information</u>	<u>32</u>
Item 6. <u>Exhibits</u>	<u>33</u>
<u>Signatures</u>	<u>34</u>

Table of Contents

**FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can generally be identified by the use of words such as “may,” “believe,” “will,” “expect,” “project,” “estimate,” “intend,” “anticipate,” “plan,” “continue” or similar expressions. In particular, statements under the heading “Outlook” and other information appearing under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” include forward-looking statements. Forward-looking statements inherently involve many risks and uncertainties that could cause actual results to differ materially from those projected in these statements.

Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is based on the current plans and expectations of our management, expressed in good faith and believed to have a reasonable basis. However, there can be no assurance that the expectation or belief will result or will be achieved or accomplished. More information on factors that could cause actual results or events to differ materially from those anticipated is included from time to time in our reports filed with the Securities and Exchange Commission (the “SEC”), including this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 30, 2017, under the caption “Risk Factors,” and available on the “Investors” section of our corporate website, [www.Hanes.com/investors](http://www.Hanes.com/investors). We undertake no obligation to update or revise forward-looking statements that may be made to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events, other than as required by law.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You can read our SEC filings over the Internet at the SEC’s website at [www.sec.gov](http://www.sec.gov). To receive copies of public records not posted to the SEC’s web site at prescribed rates, you may complete an online form at [www.sec.gov](http://www.sec.gov), send a fax to (202) 772-9337 or submit a written request to the SEC, Office of FOIA/PA Operations, 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information.

We make available free of charge at [www.Hanes.com/investors](http://www.Hanes.com/investors) (in the “Investors” section) copies of materials we file with, or furnish to, the SEC. By referring to our corporate website, [www.Hanes.com/corporate](http://www.Hanes.com/corporate), or any of our other websites, we do not incorporate any such website or its contents into this Quarterly Report on Form 10-Q.

Table of Contents

## PART I

## Item 1. Financial Statements

## HANESBRANDS INC.

## Condensed Consolidated Statements of Income

(in thousands, except per share amounts)

(unaudited)

	Quarter Ended		Nine Months Ended	
	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
Net sales	\$1,848,707	\$ 1,799,270	\$5,035,654	\$ 4,826,235
Cost of sales	1,136,040	1,120,813	3,084,110	2,962,345
Gross profit	712,667	678,457	1,951,544	1,863,890
Selling, general and administrative expenses	455,778	419,991	1,328,534	1,245,290
Operating profit	256,889	258,466	623,010	618,600
Other expenses	7,285	7,043	19,616	20,010
Interest expense, net	52,795	43,917	146,988	130,184
Income from continuing operations before income tax expense	196,809	207,506	456,406	468,406
Income tax expense	25,388	4,150	64,943	19,804
Income from continuing operations	171,421	203,356	391,463	448,602
Loss from discontinued operations, net of tax	—	—	—	(2,097)
Net income	\$171,421	\$ 203,356	\$391,463	\$ 446,505
Earnings (loss) per share — basic:				
Continuing operations	\$0.47	\$ 0.56	\$1.08	\$ 1.22
Discontinued operations	—	—	—	(0.01)
Net income	\$0.47	\$ 0.56	\$1.08	\$ 1.21
Earnings (loss) per share — diluted:				
Continuing operations	\$0.47	\$ 0.55	\$1.07	\$ 1.21
Discontinued operations	—	—	—	(0.01)
Net income	\$0.47	\$ 0.55	\$1.07	\$ 1.20

See accompanying notes to Condensed Consolidated Financial Statements.

2

Table of Contents

HANESBRANDS INC.

Condensed Consolidated Statements of Comprehensive Income

(in thousands)

(unaudited)

	Quarter Ended		Nine Months Ended	
	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
Net income \$	171,421			