

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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BRADLEES INC

CIK: **887356** | IRS No.: **043156108** | State of Incorpor.: **MA** | Fiscal Year End: **0131**

Type: **8-K** | Act: **34** | File No.: **001-11134** | Film No.: **96682769**

SIC: **5331** Variety stores

Mailing Address

ONE BRADLEES CIRCLE
P O BOX 9051
BRAINTREE MA 02184

Business Address

1 BRADLESS CIRCLE
P O BOX 9051
BRAINTREE MA 02184
617-380-3000

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): Dec. 17, 1996

(Dec. 17, 1996)

Bradlees, Inc.

(Exact Name of Registrant As Specified In Its Charter)

Massachusetts

(State Or Other Jurisdiction of Incorporation)

1-11134

04-3156108

(Commission File Number)

(IRS Employer Identification No.)

One Bradlees Circle; Braintree, Massachusetts

02184

(Address Of Principal Executive Offices)

(Zip Code)

(617) 380-3000

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

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Page 1 of 7 (Including Exhibit)

Item 5: OTHER EVENTS

Beginning on December 17, 1996, Bradlees, Inc. (the "Company") will distribute to its banks and other credit providers summaries of its unaudited financial results for the thirteen and thirty-nine weeks ended November 2, 1996, including a comparison to the Company's revised summary financial plan (the "Revised Plan") for the fiscal year ending February 1, 1997 ("Fiscal 1996") filed on Form 8-K dated September 17, 1996. The Revised Plan incorporates the actual results for the first half of Fiscal 1996. The Fiscal 1996 third quarter and year-to-date results compared to the Revised Plan are attached hereto as

Total sales for the 13 weeks (third quarter) and 39 weeks (year-to-date) ended November 2, 1996 were both \$8.4 million below the Revised Plan. EBITDA (as defined in the exhibit) after restructuring for the same periods was \$7.2 million below the Revised Plan, primarily due to the lower gross margin rate in the third quarter, partially offset by lower selling, store operating, administrative and distribution expenses ("SG&A expenses"). The lower-than-planned gross margin rate was due primarily to higher-than-planned ad markdowns associated with increased promotional activity. SG&A expenses were \$1.7 million below the Revised Plan, primarily due to a \$4.3 million favorable adjustment to insurance reserves, partially offset by unfavorable variances in advertising expenses (\$1.5 million) and store labor expenses (\$1.1 million).

As of November 2, 1996, accounts payable was \$33.7 million above Plan, due primarily to continued vendor terms support, while borrowings under the Company's DIP facility were \$27.6 million under the Revised Plan. Inventories were \$3.1 million above the Revised Plan at November 2, 1996.

The Company is distributing the quarterly performance against its Revised Plan (the "Plan Performance Information") to its banks and other credit providers to facilitate their credit analyses. THE PLAN PERFORMANCE INFORMATION SHOULD NOT BE RELIED UPON FOR ANY OTHER PURPOSE and should be read in conjunction with the Company's Form 8-K dated September 17, 1996, Form 10-Q for the first, second and third quarters ended May 4, 1996, August 3, 1996 and November 2, 1996, respectively, and Form 10-K for the fiscal year ended February 3, 1996 (fiscal 1995). The Plan Performance Information is being reported publicly solely because it is being distributed to a large number of the Company's vendors for purposes of their credit analyses. Although the Company is publicly disclosing the Plan Performance Information, the Company does not believe it is obligated to provide such information indefinitely, and the Company may cease making such disclosures and updates at any time. The Plan Performance Information was not examined, reviewed or compiled by the Company's independent public accountants. The Company is not obligated to update the Plan Performance Information to reflect subsequent events or developments. The Plan Performance Information is subject to future adjustments, if any, that could materially affect such information.

Item 7: FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION
AND EXHIBITS

Exhibit: 20 Summary Financial Results for the
13 and 39 Weeks Ended November 2, 1996

INDEX TO EXHIBITS

Exhibit No.	Exhibit	Page No.
20	Summary Financial Results for the 13 and 39 Weeks Ended November 2, 1996	6

BRADLEES, INC.
AND SUBSIDIARIES

SIGNATURES

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

BRADLEES, INC.

Date: December 16, 1996

By /s/ MARK A. COHEN

Mark A. Cohen

Chairman and

Chief Executive Officer

Date: December 16, 1996

By /s/ PETER THORNER

Peter Thorner

President, Director
and Chief Operating Officer

Date: December 16, 1996

By /s/ CORNELIUS F. MOSES III

Cornelius F. Moses III

Senior Vice President,

Chief Financial Officer

BRADLEES, INC.
THIRD QUARTER RESULTS VS. REVISED PLAN
(Unaudited)
(In Millions)

Exhibit 20
Page 1 Of 2

	Third Quarter 1996			Year-to-Date 1996		
	Revised			Revised		
	Actual	Plan*	LY	Actual	Plan*	LY
INCOME SUMMARY:						
Owned Sales	\$402.4	\$413.3	\$401.7	\$1,105.3	\$1,116.2	\$1,198.1
Food Service Sales	2.0	2.0	2.4	6.4	6.4	7.1
Leased Dept Sales	15.9	13.4	14.5	44.7	42.2	43.3
	-----	-----	-----	-----	-----	-----
Total Sales	420.3	428.7	418.6	1,156.4	1,164.8	1,248.5
Gross Margin \$	113.1	123.6	115.7	322.8	333.4	339.7
Non-Recurring GOB Reserve	0.0	0.0	0.0	(5.9)	(5.9)	0.0
	-----	-----	-----	-----	-----	-----
Adjusted GM	113.1	123.6	115.7	316.9	327.5	339.7
GM%(based on owned sales)**	28.1%	29.9%	28.8%	29.2%	29.9%	28.4%
SG&A Exp	(120.7)	(122.4)	(141.7)	(392.7)	(394.4)	(419.7)
Other Income	3.4	2.9	3.5	9.9	9.4	10.5
Gain on Disp. of Property	1.7	1.5	0.0	1.7	1.5	0.0
Addback NonRecur. GOB Res.	0.0	0.0	0.0	5.9	5.9	0.0
	-----	-----	-----	-----	-----	-----
EBITDA before Restructuring	(2.5)	5.6	(22.5)	(58.3)	(50.1)	(69.5)
Cash Impact from Restruct.	(4.4)	(5.3)	0.0	(9.0)	(10.0)	0.0
	-----	-----	-----	-----	-----	-----
EBITDA after Restructuring	(6.9)	0.3	(22.5)	(67.3)	(60.1)	(69.5)
Addback Cash Restructuring	4.4	5.3	0.0	9.0	10.0	0.0
Less NonRecur. GOB Res.	0.0	0.0	0.0	(5.9)	(5.9)	0.0
Depr. & Amort. Expense	(10.6)	(10.6)	(12.8)	(32.1)	(32.1)	(39.2)
Interest Expense	(1.9)	(3.2)	(2.6)	(6.8)	(8.1)	(19.6)
Reorganization Items	(8.1)	(7.7)	(13.1)	(56.5)	(56.2)	(21.0)
Income Tax Benefit	0.0	0.0	12.4	0.0	0.0	50.8
	-----	-----	-----	-----	-----	-----
Net Loss	(\$23.1)	(\$15.9)	(\$38.6)	(\$159.6)	(\$152.4)	(\$98.5)
	=====	=====	=====	=====	=====	=====

BALANCE SHEET SUMMARY:

	Balance at End of Period		

Unrestricted Cash and Cash Equivalents	\$ -	\$3.0	\$65.9
Restricted Cash and Cash Equivalents	9.0	8.9	1.1
Inventories	339.2	336.1	413.2
Other Current Assets	37.0	34.8	55.0

Total Current Assets	385.2	382.8	535.2
Net Fixed Assets	176.2	180.2	269.8
Long-Term Assets	194.0	193.4	241.8
	-----	-----	-----
Total Assets	\$755.4	\$756.4	\$1,046.8
	=====	=====	=====
Accounts Payable	\$218.6	\$184.9	\$266.1
Other Current Liabilities	90.7	119.5	60.3
	-----	-----	-----
Total Current Liabilities	309.3	304.4	326.4
Long-Term Liabs.	80.8	80.3	134.8
Liabs. Subject to Settlement	569.6	568.9	521.9
Paid-In-Capital	137.1	137.0	136.6
Accumulated Deficit	(341.4)	(334.2)	(72.9)
	-----	-----	-----
Total Stockholders Equity (Deficit)	(204.3)	(197.2)	63.7
	-----	-----	-----
Total Liabs. and Stockhld. Eq. (Def.)	\$755.4	\$756.4	\$1,046.8
	=====	=====	=====

* As filed on Form 8-K dated September 17, 1996. ** Calculated prior to the non-recurring GOB (going-out-of-business) reserve established for 14 closed stores.

NOTE: EBITDA is earnings (loss) before interest expense, income taxes, non-cash restructuring and non-recurring items, asset impairment charge, reorganization and extraordinary items, and depreciation and amortization. At the time cash is received or expended for restructuring and non-recurring items, the cash amount is included in the calculation of EBITDA.

Exhibit 20
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BRADLEES, INC.
THIRD QUARTER RESULTS VS. REVISED PLAN
(Unaudited)
(In Millions)

	Third Quarter 1996		YTD 1996	
	Actual	Revised Plan*	Actual	Revised Plan*
CASH FLOW SUMMARY:				
Beg. Unrestricted Cash & Cash Equiv.	\$17.3	\$17.3	\$63.0	\$63.0

Cash Used in Operations:				
Net Loss	(23.1)	(15.9)	(159.6)	(152.4)
Depr. & Amort. Expense	10.6	10.6	32.1	32.1
Other, Including Reorg. Items	1.6	3.4	41.8	43.5
Changes in Working Capital:				
Inventory Increase	(82.8)	(79.7)	(56.9)	(53.8)
Accounts Payable Increase	71.5	37.6	69.7	35.9
All Other	(6.2)	(5.8)	18.1	18.5
	----	----	----	----
Net Cash Used in Operations **	(28.4)	(49.8)	(54.8)	(76.2)
Capital Spending				
Incr. in Restricted Cash & Cash Equiv.	(9.2)	(13.1)	(18.6)	(22.5)
	(1.6)	(1.5)	(7.8)	(7.7)
Other:				
Payments of Capital Leases	(0.7)	(0.5)	(2.0)	(1.8)
Payments of Liabs. Subj. to Settl.	(1.1)	(1.0)	(3.2)	(3.1)
Deferred Financing Costs	(0.3)	0.0	(0.6)	(0.3)
Net Borrowings under DIP Facility	24.0	51.6	24.0	51.6
	----	----	----	----
Total Other	21.9	50.1	18.2	46.4
Decr. in Unrest. Cash & Cash Equiv.				
	(17.3)	(14.3)	(63.0)	(60.0)
Ending Unrest. Cash & Cash Equiv.				
	\$ -	\$3.0	\$ -	\$3.0
	=====	=====	=====	=====

* As filed on Form 8-K dated September 17, 1996.

** Includes cash outlays associated with reorganization items.