RITE AID CORP
Form 8-K
January 21, 2016

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):

January 21, 2016 (January 11, 2016)

Rite Aid Corporation

(Exact name of registrant as specified in its charter)

Delaware	**1-5742**	**23-1614034**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

30 Hunter Lane, Camp Hill, Pennsylvania 17011

(Address of principal executive offices, including zip code)

(717) 761-2633

(Registrant s telephone number, including area code)

N/A

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

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):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01 **Other Events.**

On January 11, 2016, Douglas E. Donley, Senior Vice President, Chief Accounting Officer of Rite Aid Corporation (the Company), entered into a pre-arranged stock trading plan (the Donley 10b5-1 Plan) to exercise his options to purchase a limited number of shares of the Company s common stock, par value $1.00 per share (Common Stock), and to sell the shares acquired on exercise for personal financial management purposes.

The Donley 10b5-1 Plan allows for the exercise of options to purchase a maximum of 34,106 shares of Common Stock if the Common Stock reaches a specified market price during the period commencing April 11, 2016 and continuing until the options to purchase all 34,106 shares have been exercised and the acquired shares sold, or June 20, 2016, whichever occurs first. The shares acquired upon exercise will be sold contemporaneously with the exercise.

The Donley 10b5-1 Plan was designed to comply with the guidelines specified in Rule 10b5-1 promulgated under the Securities Exchange Act of 1934, as amended, which permit persons to enter into a pre-arranged plan for buying or selling Company stock at a time when such person is not in possession of material, nonpublic information about the Company. Mr. Donley will continue to be subject to the Company s stock ownership guidelines, and the sales contemplated by the Donley 10b5-1 Plan will not reduce Mr. Donley s ownership of Common Stock below the levels required by the guidelines.

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 hereunto duly authorized.

		RITE AID CORPORATION
Dated: January 21, 2016	By:	/s/ James J. Comitale Name: James J. Comitale Title: Senior Vice President, General Counsel

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"1" cellspacing="0" cellpadding="0" width="99%" style="border:none;border-collapse:collapse;margin-left:.5pt;">

(Millions of Euro)

Group net sales	
	2,060
	2,457

+4.9%

+19.3%

Adjusted[3,5]

2,060

2,501

+6.6%

+21.4%

Wholesale division

935

1,068

+6.1%

+14.3%

Retail division

1,125

1,389

+4.0%

+23.4%

Adjusted[3,5]

1,125

1,433

+7.1%

+27.3%

Operating income

396

500

+26.3%

Adjusted[3,5]

	396	521	+31.4%
Net income attributable to Luxottica Group stockholders	**235**	**295**	**+25.3%**

Adjusted[3,5]	
	235
	314
	+33.6%
Earnings per share	
	0.49
	0.61
	+24.2%

Adjusted[3,5]	
	0.49
	0.66
	+32.5%
Earnings per share in US$	
	0.68
	0.68

+0.1%

Adjusted[3,5]

0.68

0.72

+6.8%

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First half of 2015[1]

(Millions of Euro)	1H 2014	1H 2015	Change at constant exchange rates[2]	Change at current exchange rates
Group net sales	**3,902**	**4,667**	**+5.1%**	**+19.6%**
Adjusted[3,5]	**3,902**	**4,752**	**+6.9%**	**+21.8%**
Wholesale division	1,739	2,008	+6.9%	+15.4%
Retail division	2,163	2,659	+3.6%	+22.9%
Adjusted[3,5]	2,163	2,745	+6.9%	+26.9%
Operating income	**666**	**859**		**+28.8%**
Adjusted[3,5]	666	879		+31.9%
Net income attributable to Luxottica Group stockholders	**393**	**505**		**+28.7%**
Adjusted[3,5]	393	525		+33.7%
Earnings per share	**0.83**	**1.05**		**+27.5%**
Adjusted[3,5]	0.83	1.10		+32.5%
Earnings per share in US$	**1.13**	**1.18**		**+3.8%**
Adjusted[3,5]	1.13	1.22		+7.9%

In the first half of the year, Luxottica Group continued to grow across markets and brands, posting a 22% increase in sales on an adjusted[3,5] basis, with adjusted[3,5] operating margin up by 140 bps and adjusted[3,5] net income up by 34%. The Group continued to invest in its long-term success, with a focus on emerging markets, strengthening its retail segment and developing new distribution channels.

We saw record sales and profitability in the second quarter, which was all the more satisfying considering the second quarter of last year was the strongest in 2014. commented Adil Khan and Massimo Vian, Chief Executive Officers of Luxottica.

The results were solid in every region, proving the global sustainability of our business model. North America continued the trend we saw in the first quarter with 6% growth on an adjusted[3,5] basis at constant exchange rates[2], boosted by LensCrafters accelerating comparable store sales[4]. Europe posted a remarkable +9%, notwithstanding the significant results reported in the second quarter of 2014. Emerging markets recorded 22% sales growth, experiencing high demand for our eyewear collections, particularly in China, Southeast Asia, Brazil and Mexico.

We look at the second half of 2015 with confidence. The results of the first seven months of 2015, including July, came in strong and benefited from a good sun season, leading us to confirm our guidance for the full year. We believe the investments we re making in the Group s expansion, product and technological innovation and global talent will set us up for future success.

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During the first six months of 2015, Luxottica s new leadership has been moving forward at a fast pace to set the foundation for long-term profitable growth. The key initiatives that have been introduced include the further integration of Oakley, strengthening the organization in China and the initial implementation of a price harmonization program.

Further integration of Oakley

During the second quarter, management accelerated the further integration of Oakley s operations into Luxottica to better leverage the Group s strengths and to increase investments in Oakley products and innovation. This plan is designed to accelerate growth and to unlock the full potential of the brand fueling the disruptive DNA which has made Oakley one of the most iconic names in sports.

The integration, which is targeted to be completed by year-end, is expected to generate significant synergies in the range of Euro 100 million once fully deployed. Integration activities are estimated to cost approximately Euro 50 million (including minor reorganization activities across the Group), of which approximately Euro 20 million are reported in the second quarter and approximately Euro 30 million will be reported in the second half of 2015.

Price harmonization program

In light of the current favorable currency environment the Company is deploying a global price harmonization program in order to address price differentials that exist among markets, in particular in Asia when compared to Europe.

Group performance for the second quarter and the first half of 2015[1]

In the second quarter, the Group delivered adjusted[3,5] sales growth of 21.4%, or +6.6% at constant exchange rates[2] to Euro 2.5 billion, a record level for a single quarter. Both segments contributed to this increase in sales. Performance was in line with first quarter results with sales increasing by 14.3% in the Wholesale segment and, on an adjusted basis[3,5], by 27.3% in the Retail segment.

During the first six months of the year, the Group s adjusted[3,5] sales rose by 21.8%, or +6.9% at constant exchange rates[2], to Euro 4.8 billion. Net sales increased by 15.4% for the Wholesale division and by 26.9%, on an adjusted basis[3,5], for the Retail division.

Group adjusted[3,5] operating income soared by 31.4% to Euro 521 million in the second quarter, with an adjusted[3,5] operating margin of 20.8%, up by 160 bps from the second quarter of last year. Adjusted[3,5] operating margin expanded by 190 bps to 30% for the Wholesale segment and by 140 bps to 17.6% for the Retail segment.

During the first six months of the year, Group adjusted[3,5] operating income rose by 31.9% to Euro 879 million, with a 140 bps increase in adjusted[3,5] operating margin reaching 18.5%. The adjusted[3,5] operating margin grew by 150 bps to 27.7% in the Wholesale segment and by 130 bps to 15.5.% in the Retail segment.

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Adjusted3,5 net income for the second quarter of 2015 amounted to Euro 314 million, an increase of 33.6% from the second quarter of last year, resulting in adjusted3,5 EPS (earnings per share) of Euro 0.66 (US$ 0.72 at the exchange rate of /US$ of 1.1053).

In the first half of 2015, adjusted3,5 net income was Euro 525 million, a 33.7% increase from the first half of last year and resulting in adjusted3,5 EPS (earnings per share) of Euro 1.10 (US$ 1.22 at the exchange rate of /US$ 1.1158).

Free cash flow3 generation was Euro 261 million (after a tax-related cash payment of Euro 63 million) for the three months ended June 30, 2015. After paying dividends of Euro 690 million during the second quarter, net debt3 as of June 30, 2015 was Euro 1,447 million (Euro 1,005 million as of March 31, 2015), with a net debt/adjusted3,5 EBITDA ratio of 0.8x.

Sales breakdown (millions of Euro)	2Q 2014	%	2Q 2015	%	2015 vs. 2014 Current exchange rates	2015 vs. 2014 Constant exchange rates(2)
North America adj.(3,5)	1,102	*53%*	1,425	*57%*	29.3%	5.7%
Wholesale	227	*11%*	293	*12%*	29.0%	5.5%
Retail adj.(3,5)	875	*42%*	1,132	*45%*	29.3%	5.8%
Europe	487	*24%*	531	*21%*	9.1%	6.5%
Asia-Pacific	269	*13%*	318	*13%*	18.2%	6.4%
Latin America	116	*6%*	131	*5%*	13.8%	15.3%
Rest of the World	86	*4%*	95	*4%*	10.1%	8.4%
Group total adj.(3,5)	**2,060**	***100%***	**2,501**	***100%***	**21.4%**	**6.6%**
Group total rep.	**2,060**		**2,457**		**19.3%**	**4.9%**

Sales breakdown (millions of Euro)	1H 2014	%	1H 2015	%	2015 vs. 2014 Current exchange rates	2015 vs. 2014 Constant exchange rates(2)
North America adj.(3,5)	2,119	*54%*	2,740	*58%*	29.3%	6.2%

Wholesale	436	*11%*	568	*12%*	30.4%	7.6%
Retail adj.(3,5)	1,683	*43%*	2,172	*46%*	29.1%	5.9%
Europe	879	*23%*	956	*20%*	8.9%	6.4%
Asia-Pacific	520	*13%*	616	*13%*	18.4%	6.4%
Latin America	222	*6%*	262	*5%*	17.6%	16.0%
Rest of the World	162	*4%*	178	*4%*	9.9%	7.7%
Group total adj.(3,5)	**3,902**	***100%***	**4,752**	***100%***	**21.8%**	**6.9%**
Group total rep.	**3,902**		**4,667**		**19.6%**	**5.1%**

North America

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Benefiting from a solid trading environment, North America continued the first quarter trend delivering +29.3% growth in adjusted[3,5] sales at current exchange rates (+6% in US$), with strength from both the Wholesale and Retail segments.

The Wholesale division s strong momentum continued notwithstanding a few weeks during the quarter where sales were negatively impacted following the commencement of the integration project whereby Oakley s wholesale activities will be integrated into the wholesale activities of the Group.

The Retail division also enjoyed healthy growth, reflecting LensCrafters accelerating comparable store sales[4] during the second quarter of 2015 which were up by 6.4%.

Europe

Sales in Europe continued to accelerate in the second quarter, up by 9.1% at current exchange rates. Germany, UK, Nordic and Eastern countries, in particular, contributed to the performance of the Wholesale division in Europe. Within the Retail segment, Sunglass Hut enjoyed double-digit comparable store sales[4] progression driven by Continental Europe.

Asia-Pacific

The Group continued on its path of solid growth in the Asia-Pacific region, with sales up by 18.2% at current exchange rates, boosted by particularly strong performance in China (+48%) and India (+34%). The performance of the Retail division was mixed in the region, due to the Australian market, where OPSM continued to post negative comparable store sales[4] but Sunglass Hut delivered on the strong momentum seen throughout the second quarter of the year.

Latin America

During the second quarter of 2015, the Group continued to deliver consistent growth across Latin America. Sales in the region grew by 13.8% at current exchange rates driven by the Retail division s strong comparable store sales[4], with GMO and Sunglass Hut increasing at double-digit rates throughout the quarter, as well as the contribution from the performance of 48 new stores opened since the second quarter of 2014.

In Brazil, the primary market in the region, both the Wholesale and Retail segments confirmed the strength of Luxottica s competitive position by continuing to grow at a double-digit pace at constant exchange rates[2,6].

The Group continued the Wholesale division s expansion strategy in the region with the opening of new subsidiaries in Bogota, Colombia and in Chile s capital city of Santiago de Chile during the second quarter of 2015.

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Results for the second quarter and first half of 2015 will be discussed today during a conference call with the financial community starting at 7:00pm CEST (6:00PM GMT, 1:00PM US EDT). The call will be available via live webcast and can be accessed at www.luxottica.com

The officer responsible for preparing the Company s financial reports, Stefano Grassi, declares, pursuant to Article 154-bis, Section 2 of the Consolidated Law on Finance, that the accounting *information contained in this press release is consistent with the data in the supporting documents, books of accounts and other accounting records.*

Contacts

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Notes on the press release

1 All comparisons, including percentage changes, are between the three-month and six-month periods ended June 30, 2014 and June 30, 2015, respectively.

2 Figures at constant exchange rates have been calculated using the average exchange rates in effect for the corresponding period in the previous year. For further information, please refer to the attached tables.

3 EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, adjusted net sales, adjusted operating income/profit, adjusted operating margin, free cash flow, net debt, net debt/adjusted EBITDA ratio, adjusted net income and adjusted EPS are not measures in accordance with IFRS.

4 Comparable store sales reflect the change in sales from one period to another that, for comparison purposes, includes in the calculation only stores open in the more recent period that also were open during the comparable prior period, and applies to both periods the average exchange rate for the prior period and the same geographic area.

5 The adjusted data for the three-month and six-month periods ended June 30, 2015 (i) do not take into account a change in the presentation of a component of EyeMed net sales that was previously included on a gross basis and is currently included on a net basis due to a change in the terms of an insurance underwriting agreement, resulting in a reduction to net sales on a reported basis of approximately Euro 44 million in the second quarter and approximately Euro 86 million in the first half and (ii) exclude the costs relating to the Oakley integration project (including minor reorganization activities across the Group) which had a Euro 20.4 million impact on Group operating income and a Euro 19.6 million impact on Group net income in the second quarter.

6 At current exchange rates sales in Brazil increased by 7.3% in the second quarter of 2015.

Luxottica Group S.p.A.

Luxottica Group is a leader in premium, luxury and sports eyewear with over 7,000 optical and sun retail stores in North America, Asia-Pacific, China, South Africa, Latin America and Europe, and a strong, well-balanced brand portfolio. House brands include Ray-Ban, the world s most famous sun eyewear brand, Oakley, Vogue Eyewear, Persol, Oliver Peoples, Alain Mikli and Arnette, while licensed brands include Giorgio Armani, Bulgari, Burberry, Chanel, Coach, Dolce & Gabbana, DKNY, Polo Ralph Lauren, Prada, Michael Kors, Starck Eyes, Tiffany and Versace. In addition to a global wholesale network involving 130 different countries, the Group manages leading retail chains in major markets, including LensCrafters, Pearle Vision and ILORI in North America, OPSM and Laubman & Pank in Asia-Pacific, LensCrafters in China, GMO in Latin America and Sunglass Hut worldwide. The Group s products are designed and manufactured at its six manufacturing plants in Italy, two wholly owned plants in the People s Republic of China, one plant in Brazil and one plant in the United States devoted to the production of sports eyewear. In 2014, Luxottica Group posted net sales of over Euro 7.6 billion. Additional information on the Group is available at www.luxottica.com.

Safe Harbor Statement

Certain statements in this press release may constitute forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Such statements involve risks, uncertainties and other factors that could cause actual results to differ materially from those which are anticipated. Such risks and uncertainties include, but are not limited to, the ability to manage the effects of the current uncertain international economic outlook, the ability to successfully acquire and integrate new businesses, the ability to predict future economic conditions and changes to consumer preferences, the ability to successfully introduce and market new products, the ability to maintain an efficient distribution network, the ability to achieve and manage growth, the ability to negotiate and maintain favorable license agreements, the availability of correction alternatives to prescription eyeglasses, fluctuations in exchange rates, changes in local conditions, the ability to protect intellectual property, the ability to maintain relations with those hosting our stores, computer system problems, inventory-related risks, credit and insurance risks, changes to tax regimes as well as other political, economic and technological factors and other risks and uncertainties referred to in Luxottica Group s filings with the U.S. Securities and Exchange Commission. These forward-looking statements are made as of the date hereof, and we do not assume any obligation to update them.

APPENDIX FOLLOWS

LUXOTTICA GROUP

CONSOLIDATED FINANCIAL HIGHLIGHTS

FOR THE THREE-MONTH PERIODS ENDED

JUNE 30, 2015 AND JUNE 30, 2014

In accordance with IAS/IFRS

KEY FIGURES IN THOUSANDS OF EURO (1)

	2015	2014	% Change
NET SALES	2,456,861	2,059,979	19.3%
NET INCOME ATTRIBUTABLE TO LUXOTTICA GROUP STOCKHOLDERS	294,728	235,214	25.3%
BASIC EARNINGS PER SHARE (ADS)(2):	0.61	0.49	24.2%

KEY FIGURES IN THOUSANDS OF U.S. DOLLARS (1) (3)

	2015	2014	% Change
NET SALES	2,715,569	2,824,437	-3.9%
NET INCOME ATTRIBUTABLE TO LUXOTTICA GROUP STOCKHOLDERS	325,763	322,502	1.0%
BASIC EARNINGS PER SHARE (ADS) (2):	0.68	0.68	0.1%

Notes:	**2015**	**2014**
(1) Except earnings per share (ADS), which are expressed in Euro and U.S. Dollars, respectively		
(2) Weighted average number of outstanding shares	**479,304,304**	**475,221,228**
(3) Average exchange rate (in U.S. Dollars per Euro)	**1.1053**	**1.3711**

Luxottica Group 2Q15, Table 1 of 6

LUXOTTICA GROUP

CONSOLIDATED FINANCIAL HIGHLIGHTS

FOR THE SIX-MONTH PERIODS ENDED

JUNE 30, 2015 AND JUNE 30, 2014

In accordance with IFRS

KEY FIGURES IN THOUSANDS OF EURO (1)