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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(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.

Adjusted[3,5] 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 adjusted[3,5] 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, adjusted[3,5] net income was Euro 525 million, a 33.7% increase from the first half of last year and resulting in adjusted[3,5] EPS (earnings per share) of Euro 1.10 (US$ 1.22 at the exchange rate of /US$ 1.1158).

Free cash flow[3] 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 debt[3] as of June 30, 2015 was Euro 1,447 million (Euro 1,005 million as of March 31, 2015), with a net debt/adjusted[3,5] EBITDA ratio of 0.8x.

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