VILLAGE SUPER MARKET INC
Form 10-Q
March 06, 2019

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

FORM 10-Q
(Mark One)

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended: January 26, 2019

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

Commission File No. 0-2633

VILLAGE SUPER MARKET, INC.
(Exact name of registrant as specified in its charter)

NEW JERSEY	22-1576170
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)
733 MOUNTAIN AVENUE, SPRINGFIELD, NEW JERSEY	07081
(Address of principal executive offices)	(Zip Code)

(973) 467-2200
(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 X No __

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes X No __

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12-b2 of the Exchange Act.

Large accelerated filer
Accelerated filer x

q Non-accelerated filer q (Do not check if a smaller reporting company)

Smaller reporting company x

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes _____ No __X__

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

	March 6, 2019
Class A Common Stock, No Par Value	10,057,778 Shares
Class B Common Stock, No Par Value	4,303,748 Shares

VILLAGE SUPER MARKET, INC.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements
VILLAGE SUPER MARKET, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands) (Unaudited)

	January 26, 2019	July 28, 2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 108,534	$ 96,108
Merchandise inventories	39,641	39,413
Patronage dividend receivable	4,901	11,937
Notes receivable from Wakefern	24,870	23,952
Income taxes receivable	577	87
Other current assets	18,573	19,401
Total current assets	197,096	190,898
Property, equipment and fixtures, net	214,547	214,566
Notes receivable from Wakefern	23,742	23,129
Investment in Wakefern	28,575	27,093
Goodwill	12,057	12,057
Other assets	14,383	13,847
Total assets	$ 490,400	$ 481,590
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Capital and financing lease obligations	$ 863	$ 764
Notes payable to Wakefern	56	114
Accounts payable to Wakefern	62,463	61,798
Accounts payable and accrued expenses	19,685	19,080
Accrued wages and benefits	18,341	18,620
Income taxes payable	745	1,321
Total current liabilities	102,153	101,697
Long-term debt		
Capital and financing lease obligations	41,304	41,768
Notes payable to Wakefern	779	—
Notes payable related to New Markets Tax Credit	6,294	6,418
Total long-term debt	48,377	48,186
Pension liabilities	8,476	8,482
Other liabilities	19,854	20,080
Commitments and contingencies		
Shareholders' equity		
Preferred stock, no par value: Authorized 10,000 shares, none issued	—	—

Class A common stock, no par value: Authorized 20,000 shares; issued 10,574 shares at January 26, 2019 and 10,575 shares at July 28, 2018	63,194	61,678
Class B common stock, no par value: Authorized 20,000 shares; issued and outstanding 4,304 shares at January 26, 2019 and July 28, 2018	699	699
Retained earnings	265,508	258,104
Accumulated other comprehensive loss	(7,981)	(8,185)
Less treasury stock, Class A, at cost: 524 shares at January 26, 2019 and 496 shares at July 28, 2018	(9,880)	(9,151)
Total shareholders' equity	311,540	303,145
Total liabilities and shareholders' equity	$ 490,400	$ 481,590

See accompanying Notes to Consolidated Financial Statements.

VILLAGE SUPER MARKET, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts) (Unaudited)

	13 Weeks Ended		26 Weeks Ended	
	January 26, 2019	January 27, 2018	January 26, 2019	January 27, 2018
Sales	$428,128	$418,269	$829,678	$805,609
Cost of sales	310,392	304,802	599,830	587,350
Gross profit	117,736	113,467	229,848	218,259
Operating and administrative expense	100,036	97,248	196,330	190,452
Depreciation and amortization	7,017	6,386	13,915	12,621
Operating income	10,683	9,833	19,603	15,186
Interest expense	(1,112)	(1,102)	(2,227)	(2,207)
Interest income	1,305	864	2,483	1,764
Income before income taxes	10,876	9,595	19,859	14,743
Income taxes	3,305	84	6,020	2,215
Net income	$7,571	$9,511	$13,839	$12,528
Net income per share:				
Class A common stock:				
Basic	$0.59	$0.74	$1.08	$0.97
Diluted	$0.53	$0.66	$0.96	$0.87
Class B common stock:				
Basic	$0.38	$0.48	$0.70	$0.63
Diluted	$0.38	$0.48	$0.70	$0.63

See accompanying Notes to Consolidated Financial Statements.

VILLAGE SUPER MARKET, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands) (Unaudited)

	13 Weeks Ended		26 Weeks Ended	
	January 26, 2019	January 27, 2018	January 26, 2019	January 27, 2018
Net income	$7,571	$ 9,511	$13,839	$ 12,528
Other comprehensive income:				
Amortization of pension actuarial loss, net of tax (1)	102	102	204	186
Comprehensive income	$7,673	$ 9,613	$14,043	$ 12,714

(1) Amounts are net of tax of $43 and $41 for the 13 weeks ended January 26, 2019 and January 27, 2018, respectively, and $86 and $98 for the 26 weeks ended January 26, 2019 and January 27, 2018. All amounts are reclassified from Accumulated other comprehensive loss to Operating and administrative expense.

See accompanying Notes to Consolidated Financial Statements.

VILLAGE SUPER MARKET, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands) (Unaudited)

	26 Weeks Ended	
	January 26, 2019	January 27, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$13,839	$12,528
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13,915	12,621
Non-cash share-based compensation	1,516	1,721
Deferred taxes	(573)	(2,221)
Provision to value inventories at LIFO	103	—
Changes in assets and liabilities:		
Merchandise inventories	(331)	(494)
Patronage dividend receivable	7,036	7,805
Accounts payable to Wakefern	665	3,776
Accounts payable and accrued expenses	376	(1,692)
Accrued wages and benefits	(279)	(1,190)
Income taxes receivable / payable	(1,066)	(713)
Other assets and liabilities	677	(3,717)
Net cash provided by operating activities	35,878	28,424
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(13,631)	(12,731)
Proceeds from the sale of assets	—	16
Investment in notes receivable from Wakefern	(1,531)	(23,223)
Maturity of notes receivable from Wakefern	—	22,172
Investment in notes receivable related to New Markets Tax Credit financing	—	(4,835)
Net cash used in investing activities	(15,162)	(18,601)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from New Markets Tax Credit financing	—	6,860
Debt issuance costs	—	(297)
Principal payments of long-term debt	(1,126)	(449)
Dividends	(6,435)	(6,439)
Treasury stock purchases, including shares surrendered for withholding taxes	(729)	(632)
Net cash used in financing activities	(8,290)	(957)
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	12,426	8,866
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	96,108	87,435
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	$108,534	$96,301
SUPPLEMENTAL DISCLOSURES OF CASH PAYMENTS MADE FOR:		
Interest	$2,227	$2,207
Income taxes	$7,659	$5,140

NONCASH SUPPLEMENTAL DISCLOSURES:		
Investment in Wakefern and increase in notes payable to Wakefern	$845	$—

See accompanying Notes to Consolidated Financial Statements.

VILLAGE SUPER MARKET, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands) (Unaudited)

1. BASIS OF PRESENTATION and ACCOUNTING POLICIES

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of normal and recurring accruals) necessary to present fairly the consolidated financial position as of January 26, 2019 and the consolidated statements of operations, comprehensive income and cash flows for the 13 and 26 weeks ended January 26, 2019 and January 27, 2018 of Village Super Market, Inc. ("Village" or the "Company").

The significant accounting policies followed by the Company are set forth in Note 1 to the Company's consolidated financial statements in the July 28, 2018 Village Super Market, Inc. Annual Report on Form 10-K, which should be read in conjunction with these financial statements. The results of operations for the periods ended January 26, 2019 are not necessarily indicative of the results to be expected for the full year.

Revenue recognition

Revenue is recognized at the point of sale to the customer, including Pharmacy sales. ShopRite From Home sales are recognized either upon pickup in-store or upon delivery to the customer, including any related service fees. Sales tax is excluded from revenue.

Discounts provided to customers through ShopRite coupons and loyalty programs are recognized as a reduction of sales as products are sold. Discounts provided by vendors are not recognized as a reduction in sales. Rather, the Company records a receivable from the vendor for the difference in sales price and payment received from the customer.

The Company does not recognize revenue when it sells ShopRite gift cards. Payment collected from customers for gift card sales is passed on to Wakefern as they can be redeemed at any ShopRite location, including those operated by Wakefern or other Wakefern members. Revenue is recognized and a receivable from Wakefern is recorded when a customer redeems a ShopRite gift card to purchase products or services.

The Company adopted ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)," using the full retrospective approach in fiscal 2019. As a result of the adoption of the standard, $1,181 and $2,094 of certain other income streams, including commissions for gift card and lottery sales and service fees for ShopRite From Home, that were previously presented as a reduction in Operating expenses were reclassified to sales for the 13 and 26 weeks ended January 27, 2018, respectively. Additionally, $294 and $341 of pharmacy fees previously recorded as Cost of sales were reclassified as a reduction of sales for the 13 and 26 weeks ended January 27, 2018, respectively.

Disaggregated Revenues

The following table presents the Company's sales by product categories during each of the periods indicated:

	13 Weeks Ended						26 Weeks Ended					
	January 26, 2019			January 27, 2018			January 26, 2019			January 27, 2018		
	Amount	%		Amount	%		Amount	%		Amount	%	
Center Store (1)	$269,604	63.0	%	$264,347	63.1	%	$517,122	62.3	%	$503,970	62.6	%
Fresh (2)	140,064	32.7		135,321	32.4		275,680	33.2	%	264,207	32.8	%
Pharmacy	17,236	4.0		17,478	4.2		34,696	4.2	%	35,461	4.4	%

Other (3)	1,224	0.3	1,123	0.3	2,180	0.3	%	1,971	0.2	%
Total Sales	$428,128	100.0%	$418,269	100.0%	$829,678	100.0%		$805,609	100.0%	

(1) Consists primarily of grocery, dairy, frozen, health and beauty care, general merchandise and liquor.
(2) Consists primarily of produce, meat, deli, seafood, bakery, prepared foods and floral.
(3) Consists primarily of sales related to other income streams, including ShopRite from Home service fees and gift card and lottery commissions.

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2. MERCHANDISE INVENTORIES

At both January 26, 2019 and July 28, 2018, approximately 65% of merchandise inventories are valued by the LIFO method while the balance is valued by FIFO. If the FIFO method had been used for the entire inventory, inventories would have been $14,337 and $14,234 higher than reported at January 26, 2019 and July 28, 2018, respectively.

3. NET INCOME PER SHARE

The Company has two classes of common stock. Class A common stock is entitled to cash dividends as declared 54% greater than those paid on Class B common stock. Shares of Class B common stock are convertible on a share-for-share basis for Class A common stock at any time.

The Company utilizes the two-class method of computing and presenting net income per share. The two-class method is an earnings allocation formula that calculates basic and diluted net income per share for each class of common stock separately based on dividends declared and participation rights in undistributed earnings. Under the two-class method, Class A common stock is assumed to receive a 54% greater participation in undistributed earnings than Class B common stock, in accordance with the classes' respective dividend rights. Unvested share-based payment awards that contain nonforfeitable rights to dividends are treated as participating securities and therefore included in computing net income per share using the two-class method.

Diluted net income per share for Class A common stock is calculated utilizing the if-converted method, which assumes the conversion of all shares of Class B common stock to Class A common stock on a share-for-share basis, as this method is more dilutive than the two-class method. Diluted net income per share for Class B common stock does not assume conversion of Class B common stock to shares of Class A common stock.

The tables below reconcile the numerators and denominators of basic and diluted net income per share for all periods presented.

	13 Weeks Ended January 26, 2019		26 Weeks Ended January 26, 2019	
	Class A	Class B	Class A	Class B
Numerator:				
Net income allocated, basic	$5,727	$1,646	$10,466	$3,007
Conversion of Class B to Class A shares	1,646	—	3,007	—
Effect of share-based compensation on allocated net income	—	—	—	—
Net income allocated, diluted	$7,373	$1,646	$13,473	$3,007
Denominator:				
Weighted average shares outstanding, basic	9,723	4,304	9,727	4,304
Conversion of Class B to Class A shares	4,304	—	4,304	—
Dilutive effect of share-based compensation	—	—	—	—
Weighted average shares outstanding, diluted	14,027	4,304	14,031	4,304

	13 Weeks Ended January 27, 2018		26 Weeks Ended January 27, 2018	
	Class A	Class B	Class A	Class B
Numerator:				
Net income allocated, basic	$7,174	$2,065	$9,452	$2,721
Conversion of Class B to Class A shares	2,065	—	2,721	—
Effect of share-based compensation on allocated net income	—	—	—	—
Net income allocated, diluted	$9,239	$2,065	$12,173	$2,721
Denominator:				
Weighted average shares outstanding, basic	9,714	4,304	9,718	4,304
Conversion of Class B to Class A shares	4,304	—	4,304	—
Dilutive effect of share-based compensation	—	—	—	—
Weighted average shares outstanding, diluted	14,018	4,304	14,022	4,304

Outstanding stock options to purchase Class A shares of 278 and 384 were excluded from the calculation of diluted net income per share at January 26, 2019 and January 27, 2018, respectively, as a result of their anti-dilutive effect. In addition, 329 and 369 non-vested restricted Class A shares, which are considered participating securities, and their allocated net income were excluded from the diluted net income per share calculation at January 26, 2019 and January 27, 2018, respectively, due to their anti-dilutive effect.

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4. PENSION PLANS

The Company sponsors four defined benefit pension plans. Net periodic pension cost for the four plans includes the following components:

	13 Weeks Ended		26 Weeks Ended	
	January 26, 2019	January 27, 2018	January 26, 2019	January 27, 2018
Service cost	$53	$ 65	$106	$ 130
Interest cost on projected benefit obligations	655	629	1,310	1,258
Expected return on plan assets	(721)	(820)	(1,442)	(1,640)
Amortization of net losses	145	142	290	284
Net periodic pension cost	$132	$ 16	$264	$ 32

As of January 26, 2019, the Company has not made any contributions to its pension plans in fiscal 2019. The Company expects to contribute $5,000 to fund its pension plans during fiscal 2019.

5. RELATED PARTY INFORMATION - WAKEFERN

A description of the Company's transactions with Wakefern, its principal supplier, and with other related parties is included in the Company's Annual Report on Form 10-K for the year ended July 28, 2018.

Wakefern has increased from time to time the required investment in its common stock for each supermarket owned by a member, with the exact amount per store computed based on the amount of each store's purchases from Wakefern. During the 26 weeks ended January 26, 2019, the required investment in Wakefern common stock increased $1,482, inclusive of an initial required investment related to the Bronx, New York City store.

At January 26, 2019, the Company had $48,612 in variable rate notes receivable due from Wakefern that earn interest at the prime rate plus 1.25% with $24,870 that matured on February 15, 2019 and $23,742 that mature on August 15, 2022. The Company invested $24,937 of the proceeds received from the notes that matured on February 15, 2019 in variable rate notes receivable from Wakefern that earn interest at the prime rate plus .75% and mature on February 15, 2024. Wakefern has the right to prepay these notes at any time. Under certain conditions, the Company can require Wakefern to prepay the notes, although interest earned since inception would be reduced as if it was earned based on overnight money market rates as paid by Wakefern on demand deposits.

Included in cash and cash equivalents at January 26, 2019 and July 28, 2018 are $86,261 and $63,413, respectively, of demand deposits invested at Wakefern at overnight money market rates.

There have been no other significant changes in the Company's relationships or nature of transactions with related parties during the 26 weeks ended January 26, 2019.

6. DEBT

Village has an unsecured revolving credit agreement providing a maximum amount available for borrowing of $25,000.
The revolving credit line can be used for general corporate purposes and expires on December 21, 2020. Indebtedness under this agreement bears interest at the applicable LIBOR rate plus 1.25%. The credit agreement provides for up to

$3,000 of letters of credit, which secure obligations for construction performance guarantees to municipalities. The credit agreement contains covenants that, among other conditions, require a maximum liabilities to tangible net worth ratio, a minimum fixed charge coverage ratio and a positive net income. There were no amounts outstanding at January 26, 2019 or July 28, 2018 under the facility.

New Markets Tax Credit

On December 29, 2017, the Company entered into a financing transaction with Wells Fargo Community Investment Holdings, LLC ("Wells Fargo") under a qualified New Markets Tax Credit ("NMTC") program related to the construction of a new store in the Bronx, New York. The NMTC program was provided for in the Community Renewal Tax Relief Act of 2000 (the

"Act") and is intended to induce capital investment in qualified lower income communities. The Act permits taxpayers to claim credits against their Federal income taxes for up to 39% of qualified investments in the equity of community development entities ("CDEs"). CDEs are privately managed investment institutions that are certified to make qualified low-income community investments.

In connection with the financing, the Company loaned $4,835 to VSM Investment Fund, LLC (the "Investment Fund") at an interest rate of 1.403% per year and with a maturity date of December 31, 2044. Repayments on the loan commence in March 2025. Wells Fargo contributed $2,375 to the Investment Fund and, by virtue of such contribution, is entitled to substantially all of the tax benefits derived from the NMTC. The Investment Fund is a wholly owned subsidiary of Wells Fargo. The loan to the Investment Fund is recorded in Other assets in the consolidated balance sheets.

The Investment Fund then contributed the proceeds to a CDE, which, in turn, loaned combined funds of $6,563, net of debt issuance costs, to Village Super Market of NY, LLC, a wholly-owned subsidiary of the Company, at an interest rate of 1.000% per year with a maturity date of December 31, 2051. These loans are secured by the leasehold improvements and equipment related to the construction of the Bronx store. Repayment of the loans commences in March 2025. The proceeds of the loans from the CDE were used to partially fund the construction of the Bronx store. The Notes payable related to New Markets Tax Credit, net of debt issuance costs, are recorded in Long-term debt in the consolidated balance sheets.

The NMTC is subject to 100% recapture for a period of seven years. The Company is required to be in compliance with various regulations and contractual provisions that apply to the New Markets Tax Credit arrangement. Noncompliance could result in Wells Fargo's projected tax benefits not being realized and, therefore, require the Company to indemnify Wells Fargo for any loss or recapture of NMTCs. The Company does not anticipate any credit recapture will be required in connection with this financing arrangement. The transaction includes a put/call provision whereby the Company may be obligated or entitled to repurchase Wells Fargo's interest in the Investment Fund. The value attributed to the put/call is de minimis. We believe that Wells Fargo will exercise the put option in December 2024, at the end of the recapture period, that will result in a net benefit to the Company of $1,728. The Company is recognizing the net benefit over the seven-year compliance period in Operating and administrative expense.

7. INCOME TAXES

The effective income tax rate was 30.4% in the 13 weeks ended January 26, 2019 compared to .9% in the 13 weeks ended January 27, 2018. The effective income tax rate was 30.3% in the 26 weeks ended January 26, 2019 compared to 15.0% in the 26 weeks ended January 27, 2018. The effective tax rate in the 13 and 26 weeks ended January 27, 2018 was impacted by the Tax Cuts and Jobs Act (the "Tax Act") enacted on December 22, 2017. The Tax Act made significant changes to the U.S tax code, including, but not limited to, reducing the U.S. federal statutory tax rate from 35% to 21% effective January 1, 2018 and bonus depreciation that allows for full expensing of qualified property. For the fiscal year ended July 28, 2018 the Company had a blended federal corporate tax rate of 26.9% based on the effective date of the tax rate reduction.

As a result of the decrease in the U.S. federal corporate statutory rate, deferred tax balances were remeasured based on the rates at which they are expected to reverse in the future. In the 13 and 26 weeks ended January 27, 2018, a benefit of $2,726 was recognized related to the remeasurement of the Company's deferred tax balances, which is included in Income taxes on the consolidated statements of operations. Excluding the impact of the adjustment to deferred tax expense, the effective income tax rates were 29.3% and 33.5% in the 13 and 26 weeks ended January 27, 2018, respectively. The reduction in the effective tax rate for the 26 weeks ended January 26, 2019 is due to full realization of the 21.0% federal corporate tax rate partially offset by a temporary increase in the New Jersey corporate tax rate from 9.0% to 11.5% for fiscal 2019.

8. COMMITMENTS and CONTINGENCIES

Superstorm Sandy devastated Village's trade area on October 29, 2012 and resulted in the closure of almost all of our stores for periods of time ranging from a few hours to eight days. Village disposed of substantial amounts of perishable product and also incurred repair, labor and other costs as a result of the storm. Wakefern, as the policy holder, has pursued recovery of uncollected insurance claims on behalf of all Wakefern members through litigation against the insurance carrier and others since October 2013. This litigation is ongoing and the Company received an additional $415 in November 2018 which was recognized as a reduction in Operating and administrative expense in the first quarter of fiscal 2019. Including the November 2018 recoveries, Village has received $3,998 related to losses incurred as a result of Superstorm Sandy. Any further proceeds recovered will be recognized as they are received.

The Company is involved in other litigation incidental to the normal course of business. Company management is of the opinion that the ultimate resolution of these legal proceedings should not have a material adverse effect on the consolidated financial position, results of operations or liquidity of the Company.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Dollars in Thousands)

OVERVIEW

Village Super Market, Inc. (the “Company” or “Village”) operates a chain of 30 ShopRite supermarkets in New Jersey, northeastern Pennsylvania, Maryland and New York City. Village is the second largest member of Wakefern Food Corporation (“Wakefern”), the nation’s largest retailer-owned food cooperative and owner of the ShopRite name. As further described in the Company’s Form 10-K, this ownership interest in Wakefern provides Village many of the economies of scale in purchasing, distribution, private label products, advanced retail technology, marketing and advertising associated with chains of greater size and geographic coverage.

The supermarket industry is highly competitive and characterized by narrow profit margins. The Company competes directly with multiple retail formats, both in-store and online, including national, regional and local supermarket chains as well as warehouse clubs, supercenters, drug stores, discount general merchandise stores, fast food chains, restaurants, dollar stores and convenience stores. Village competes by using low pricing, providing a superior customer service experience and a broad range of consistently available quality products, including ShopRite private labeled products. The ShopRite Price Plus preferred customer program enables Village to offer continuity programs, focus on target marketing initiatives and to offer discounts and attach digital coupons directly to a customer's Price Plus card.

The Company’s stores, six of which are owned, average 59,000 total square feet. These larger store sizes enable the Company’s stores to provide a “one-stop” shopping experience and to feature expanded higher margin specialty departments such as an on-site bakery, an expanded delicatessen, a variety of natural and organic foods, ethnic and international foods, prepared foods and pharmacies.

Many of our stores emphasize a Power Alley, which features high margin, fresh, convenience offerings in an area within the store that provides quick customer entry and exit for those customers shopping for today's lunch or dinner. Certain of our stores include the Village Food Garden concept featuring a restaurant style kitchen, and several kiosks offering a wide variety of store prepared specialty foods for both take-home and in-store dining.

Village also has on-site registered dieticians in nineteen stores that provide customers with free, private consultations on healthy meals and proper nutrition, as well as leading health related events both in store and in the community as part of the Well Everyday program. We have thirteen stores that offer ShopRite From Home covering most of the communities served by our stores. ShopRite From Home is an online ordering system that provides for in-store pickup or home delivery. Customers can browse our circular, create and edit shopping lists and use ShopRite From Home through shoprite.com or on their smart phones or tablets through the ShopRite app.

We consider a variety of indicators to evaluate our performance, such as same store sales; percentage of total sales by department (mix); shrink; departmental gross profit percentage; sales per labor hour; units per labor hour; and hourly labor rates.

RESULTS OF OPERATIONS

The following table sets forth the major components of the Consolidated Statements of Operations as a percentage of sales:

	13 Weeks Ended		26 Weeks Ended	
	January 26, 2019	January 27, 2018	January 26, 2019	January 27, 2018
Sales	100.00 %	100.00 %	100.00 %	100.00 %
Cost of sales	72.50	72.87	72.30	72.91
Gross profit	27.50	27.13	27.70	27.09
Operating and administrative expense	23.37	23.25	23.66	23.63
Depreciation and amortization	1.63	1.53	1.67	1.57
Operating income	2.50	2.35	2.37	1.89
Interest expense	(0.26)	(0.26)	(0.27)	(0.27)
Interest income	0.30	0.21	0.30	0.22
Income before taxes	2.54	2.30	2.40	1.84
Income taxes	0.77	0.02	0.73	0.28
Net income	1.77 %	2.28 %	1.67 %	1.56 %

Sales. Sales were $428,128 in the 13 weeks ended January 26, 2019, an increase of 2.4% compared to the 13 weeks ended January 27, 2018. Sales increased 2.4% due to the opening of the Bronx, New York City store on June 28, 2018 partially offset by a same store sales decrease of 0.1%. Same store sales decreased due primarily to the impact of three competitor store openings partially offset by the early release of Supplemental Nutrition Assistance Program ("SNAP") benefits in January 2019. The Company expects same store sales in fiscal 2019 to range from flat to a 1.0% increase.

Sales were $829,678 in the 26 weeks ended January 26, 2019, an increase of 3.0% from the 26 weeks ended January 27, 2018. Sales increased 3.0% due to the opening of the Bronx, New York City store on June 28, 2018 and a same store sales increase of .6%. Same store sales increased due primarily to growth in recently remodeled and expanded stores and the early release of SNAP benefits in January 2019 partially offset by the impact of three competitor store openings.

Although the Company cannot accurately determine the precise impact of inflation or deflation on operations due to changes in product mix, customer buying patterns and competitive factors, we estimate that product prices experienced slight inflation during the 13 and 26 weeks ended January 26, 2019.

New stores and replacement stores are included in same store sales in the quarter after the store has been in operation for four full quarters. Store renovations and expansions are included in same store sales immediately.

Gross Profit. Gross profit as a percentage of sales increased .37% in the 13 weeks ended January 26, 2019 compared to the 13 weeks ended January 27, 2018 primarily due to increased patronage dividends and other rebates from Wakefern (.23%), increased departmental gross margin percentages (.06%) and a favorable change in product mix (.05%). Gross profit was favorably impacted by receipt of patronage dividends from Wakefern greater than estimated amounts accrued in both the 13 week periods ended January 26, 2019 (.21%) and January 27, 2018 (.07%).

Gross profit as a percentage of sales increased .61% in the 26 weeks ended January 26, 2019 compared to the 26 weeks ended January 27, 2018 primarily due to lower promotional spending (.18%), increased departmental gross margin percentages (.18%), increased patronage dividends and other rebates from Wakefern (.14%) and favorable product mix (.07%).

Operating and Administrative Expense. Operating and administrative expense as a percentage of sales increased .12% in the 13 weeks ended January 26, 2019 compared to the 13 weeks ended January 27, 2018 due primarily to increased payroll and fringe benefit costs (.10%). Payroll increased due primarily to investments in operational proficiency and other strategic initiatives.

Operating and administrative expense as a percentage of sales increased .03% in the 26 weeks ended January 26, 2019 compared to the 26 weeks ended January 27, 2018. As noted in Note 8 to the unaudited consolidated financial statements, the first quarter of fiscal 2019 includes a gain for Superstorm Sandy insurance proceeds received (.05%). Excluding this gain, Operating and administrative expenses as a percentage of sales increased .08% in the 26 weeks ended January 26, 2019 compared to the 26 weeks ended January 27, 2018 due primarily to increased payroll and fringe benefit costs (.08%). Payroll increased due primarily to investments in operational proficiency and other strategic initiatives.

Depreciation and Amortization. Depreciation and amortization expense increased in the 13 and 26 weeks ended January 26, 2019 compared to the corresponding periods of prior year due to depreciation related to fixed asset additions and accelerated depreciation related to assets at the existing Stroudsburg store that is expected to be replaced in the summer of 2019.

Interest Expense. Interest expense in the 13 and 26 weeks ended January 26, 2019 was flat compared to the corresponding periods of the prior year.

Interest Income. Interest income increased in the 13 and 26 weeks ended January 26, 2019 compared to the corresponding periods of the prior year due primarily to larger amounts invested and higher interest rates earned on variable rate notes receivable from Wakefern and demand deposits invested at Wakefern.

Income Taxes. The effective income tax rate was 30.4% in the 13 weeks ended January 26, 2019 compared to .9% in the 13 weeks ended January 27, 2018. The effective income tax rate was 30.3% in the 26 weeks ended January 26, 2019 compared to 15.0% in the 26 weeks ended January 27, 2018.

The effective tax rate in the 13 and 26 weeks ended January 27, 2018 was impacted by the Tax Cuts and Jobs Act (the "Tax Act") enacted on December 22, 2017. The Tax Act made significant changes to the U.S tax code, including, but not limited to, reducing the U.S. federal statutory tax rate from 35% to 21% effective January 1, 2018 and adding bonus depreciation that allows for full expensing of qualified property. For the fiscal year ended July 28, 2018 the Company had a blended federal corporate tax rate of 26.9% based on the effective date of the tax rate reduction.

As a result of the decrease in the federal corporate tax rate, the Company recognized a decrease in its net deferred tax liabilities of $2,726 in the 13 weeks ended January 27, 2018, with a corresponding reduction to deferred income tax expense. Excluding the impact of the adjustment to deferred tax expense, the effective income tax rates were 29.3% and 33.5% in the 13 and 26 weeks ended January 27, 2018, respectively. The reduction in the effective tax rate for the 26 weeks ended January 26, 2019 is due to full realization of the 21.0% federal corporate tax rate partially offset by a temporary increase in the New Jersey corporate tax rate from 9.0% to 11.5% for fiscal 2019.

Net Income. Net income was $7,571 in the 13 weeks ended January 26, 2019 compared to $9,511 in the 13 weeks ended January 27, 2018. The 13 weeks ended January 27, 2018 includes a $2,726 non-cash reduction in deferred tax expense as a result of the Tax Act. Excluding this item from the prior year, net income increased 12% in the 13 weeks ended January 26, 2019 compared to the prior year primarily due to higher gross profit margins.

Net income was $13,839 in the 26 weeks ended January 26, 2019 compared to $12,528 in the 26 weeks ended January 27, 2018. The 26 weeks ended January 26, 2019 includes a $290 (net of tax) gain for Superstorm Sandy insurance proceeds received. The 26 weeks ended January 27, 2018 includes a $2,726 non-cash reduction in deferred tax expense as a result of the Tax Act. Excluding these items from both periods, net income increased 38% in the 26 weeks ended January 26, 2019 compared to the prior year primarily due to increased same store sales, higher gross profit margins and the favorable impact of the Tax Act.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those accounting policies that management believes are important to the portrayal of the Company’s financial condition and results of operations. These policies require management’s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. The Company's critical accounting policies relating to the impairment of long-lived assets and goodwill, accounting for patronage dividends earned as a stockholder of Wakefern, and accounting for pension plans, are described in the Company's Annual Report on Form 10-K for the year ended July 28, 2018. As of January 26, 2019, there have been no changes to the critical accounting policies contained therein.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $35,878 in the 26 weeks ended January 26, 2019 compared to $28,424 in the corresponding period of the prior year. The increase in net cash provided by operating activities in fiscal 2019 was primarily due to increased net income adjusted for non-cash expense and changes in working capital. Working capital changes, including Other assets and Other liabilities, increased net cash provided by operating activities by $7,078 in fiscal 2019 compared to $3,775 in fiscal 2018. The change in impact of working capital is due primarily to changes in timing of payments related to other assets and liabilities.

During the 26 weeks ended January 26, 2019, Village used cash to fund capital expenditures of $13,631, dividends of $6,435 and additional investments of $1,531 in notes receivable from Wakefern. Capital expenditures primarily include costs associated with the completion of the Bronx, New York store, two smaller remodels and small equipment purchases.

At January 26, 2019, the Company had $48,612 in variable rate notes receivable due from Wakefern that earn interest at the prime rate plus 1.25% with $24,870 that matured on February 15, 2019 and $23,742 that mature on August 15, 2022. The Company invested $24,937 of the proceeds received from the notes that matured on February 15, 2019 in variable rate notes receivable from Wakefern that earn interest at the prime rate plus .75% and mature on February 15, 2024. Wakefern has the right to prepay these notes at any time. Under certain conditions, the Company can require Wakefern to prepay the notes, although interest earned since inception would be reduced as if it was earned based on overnight money market rates as paid by Wakefern on demand deposits.

Village has budgeted $40,000 for capital expenditures in fiscal 2019. Planned expenditures include construction of a replacement store in the Stroudsburg, Pennsylvania, three minor remodels, expansion of self-checkout across most stores and other various technology, equipment and facility upgrades. The Company’s primary sources of liquidity in fiscal 2019 are expected to be cash and cash equivalents on hand at January 26, 2019 and operating cash flow generated in fiscal 2019.

Working capital was $94,943 at January 26, 2019 compared to $89,201 at July 28, 2018. Working capital ratios at the same dates were 1.93 and 1.88 to 1, respectively. The Company’s working capital needs are reduced, since inventories are generally sold by the time payments to Wakefern and other suppliers are due.

Village has an unsecured revolving credit agreement providing a maximum amount available for borrowing of $25,000.
The revolving credit line can be used for general corporate purposes and expires on December 21, 2020. Indebtedness under this agreement bears interest at the applicable LIBOR rate plus 1.25%. The credit agreement provides for up to $3,000 of letters of credit, which secure obligations for construction performance guarantees to municipalities. The credit agreement contains covenants that, among other conditions, require a maximum liabilities to tangible net worth ratio, a minimum fixed charge coverage ratio and a positive net income. There were no amounts outstanding at January 26, 2019 or July 28, 2018 under the facility.

There have been no substantial changes as of January 26, 2019 to the contractual obligations and commitments discussed in the Company’s Annual Report on Form 10-K for the year ended July 28, 2018.

OUTLOOK

This Form 10-Q contains certain forward-looking statements about Village's future performance. These statements are based on management's assumptions and beliefs in light of information currently available. Such statements relate to, for example: same store sales; economic conditions; expected pension plan contributions; projected capital expenditures; cash flow requirements; inflation expectations; and legal matters; and are indicated by words such as "will," "expect," "should," "intend," "anticipates," "believes" and similar words or phrases. The Company cautions the reader there is no assurance that actual results or business conditions will not differ materially from the results expressed, suggested or implied by such forward-looking statements. The Company undertakes no obligation to update forward-looking statements to reflect developments or information obtained after the date hereof.

- We expect same store sales to range from flat to a 1.0% increase in fiscal 2019.
- Village has budgeted $40,000 for capital expenditures in fiscal 2019. Planned expenditures include construction of a replacement store in the Stroudsburg, Pennsylvania, three minor remodels, expansion of self-checkout across most stores and other various technology, equipment and facility upgrades.

- The Board’s current intention is to continue to pay quarterly dividends in 2019 at the most recent rate of $.25 per Class A and $.1625 per Class B share.
- We believe cash and cash equivalents on hand, operating cash flow and other sources of liquidity will be adequate to meet anticipated requirements for working capital, capital expenditures and debt payments for the foreseeable future.
- We expect our effective income tax rate in fiscal 2019 to be in the range of 30% - 31%. The reduction in the expected effective income tax rate is due primarily to realizing the full impact of the 21% federal corporate tax rate as a result of the Tax Cuts and Jobs Act, partially offset by New Jersey Assembly Bill 4202 which will temporarily increase the New Jersey corporate tax rate to 11.5% for fiscal 2019 and 2020 and to 10.5% for fiscal 2021 and 2022.
- We expect operating expenses will be affected by spends on operational proficiency initiatives and increased costs in certain areas, such as medical and other fringe benefit costs.
- We expect approximately $1,300 of net periodic pension costs in fiscal 2019 related to the four Company sponsored defined benefit pension plans. The Company expects to contribute $5,000 in cash to all defined benefit pension plans during fiscal 2019.

Various uncertainties and other factors could cause actual results to differ from the forward-looking statements contained in this report. These include:

- The supermarket business is highly competitive and characterized by narrow profit margins. Results of operations may be materially adversely impacted by competitive pricing and promotional programs, industry consolidation and competitor store openings. Village competes directly with multiple retail formats both in-store and online, including national, regional and local supermarket chains as well as warehouse clubs, supercenters, drug stores, discount general merchandise stores, fast food chains, restaurants, dollar stores and convenience stores. Some of these competitors have greater financial resources, lower merchandise acquisition costs and lower operating expenses than we do.
- The Company’s stores are concentrated in New Jersey, with two stores in Maryland, one in northeastern Pennsylvania and one in New York City. We are vulnerable to economic downturns in New Jersey in addition to those that may affect the country as a whole. Economic conditions such as inflation, deflation, interest rate fluctuations, movements in energy costs, social programs, minimum wage legislation, unemployment rates and changing demographics may adversely affect our sales and profits.
- Village purchases substantially all of its merchandise from Wakefern. In addition, Wakefern provides the Company with support services in numerous areas including advertising, liability and property insurance, supplies, certain equipment purchasing, coupon processing, certain financial accounting applications, retail technology support, and other store services. Further, Village receives patronage dividends and other product incentives from Wakefern and also has demand deposits and notes receivable due from Wakefern.

Any material change in Wakefern’s method of operation or a termination or material modification of Village’s relationship with Wakefern could have an adverse impact on the conduct of the Company’s business and could involve additional expense for Village. The failure of any Wakefern member to fulfill its obligations to Wakefern or a member’s insolvency or withdrawal from Wakefern could result in increased costs to the Company. Additionally, an adverse change in Wakefern’s results of operations or solvency could have an adverse effect on Village’s results of operations.

- Approximately 89% of our employees are covered by collective bargaining agreements. Any work stoppages could have an adverse impact on our financial results. If we are unable to control health care and pension costs provided for in the collective bargaining agreements, we may experience increased operating costs.
- The Company could be adversely affected if consumers lose confidence in the safety and quality of the food supply chain. The real or perceived sale of contaminated food products by us could result in a loss of consumer confidence and product liability claims, which could have a material adverse effect on our sales and operations.

- Certain of the multi-employer plans to which we contribute are underfunded. As a result, we expect that contributions to these plans may increase. Additionally, the benefit levels and related items will be issues in the negotiation of our collective bargaining agreements. Under current law, an employer that withdraws or partially withdraws from a multi-employer pension plan may incur a withdrawal liability to the plan, which represents the portion of the plan's underfunding that is allocable to the withdrawing employer under very complex actuarial and allocation rules. The failure of a withdrawing employer to fund these obligations can impact remaining employers. The amount of any increase or decrease in our required contributions to these multi-employer pension plans will depend upon the outcome of collective bargaining, actions taken by trustees who manage the plans, government regulations, withdrawals by other participating employers and the actual return on assets held in the plans, among other factors.
- The Company uses a combination of insurance and self-insurance to provide for potential liability for workers' compensation, automobile and general liability, property, director and officers' liability, and certain employee health care benefits. Any projection of losses is subject to a high degree of variability. Changes in legal claims, trends and interpretations, variability in inflation rates, changes in the nature and method of claims settlement, benefit level changes due to changes in applicable laws, and insolvency of insurance carriers could all affect our financial condition, results of operations, or cash flows.
- Our long-lived assets, primarily store property, equipment and fixtures, are subject to periodic testing for impairment. Failure of our asset groups to achieve sufficient levels of cash flow could result in impairment charges on long-lived assets.
- Our effective tax rate may be impacted by the results of tax examinations and changes in tax laws.
- Wakefern provides all members of the cooperative with information system support that enables us to effectively manage our business data, customer transactions, ordering, communications and other business processes. These information systems are subject to damage or interruption from power outages, computer or telecommunications failures, computer viruses and related malicious software, catastrophic weather events, or human error. Any material interruption of our or Wakefern's information systems could have a material adverse impact on our results of operations.

Due to the nature of our business, personal information about our customers, vendors and associates is received and stored in these information systems. In addition, confidential information is transmitted through our ShopRite from Home online business at shoprite.com and through the ShopRite app. Unauthorized parties may attempt to access information stored in or to sabotage or disrupt these systems. Wakefern and the Company maintain substantial security measures to prevent and detect unauthorized access to such information, including utilizing third-party service providers for monitoring our networks, security reviews, and other functions. It is possible that computer hackers, cyber terrorists and others may be able to defeat the security measures in place at the Company, Wakefern or those of third-party service providers.

Any breach of these security measures and loss of confidential information, which could be undetected for a period of time, could damage our reputation with customers, vendors and associates, cause Wakefern and Village to incur significant costs to protect any customers, vendors and associates whose personal data was compromised, cause us to make changes to our information systems and could result in government enforcement actions and litigation against Wakefern and/or Village from outside parties. Any such breach could have a material adverse impact on our operations, consolidated financial condition, results of operations, and liquidity if the related costs to Wakefern and Village are not covered or are in excess of carried insurance policies. In addition, a security breach could require Wakefern and Village to devote significant management resources to address problems created by the security breach and restore our reputation.

RELATED PARTY TRANSACTIONS

See note 5 to the unaudited consolidated financial statements for information on related party transactions.

RECENTLY ISSUED ACCOUNTING STANDARDS

In February 2016, the FASB issued ASU 2016-02, "Leases." This guidance requires lessees to recognize lease liabilities and a right-of-use asset for all leases with terms of more than 12 months on the balance sheet. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018, with earlier adoption permitted. The Company expects to adopt the new standard in the first quarter of its fiscal year ending July 25, 2020. ASU 2016-02 requires a modified retrospective approach for all leases existing at the date of initial adoption. The adoption of ASU 2016-02 will result in a material

increase to the Company’s Consolidated Balance Sheets for lease liabilities and right-of-use assets, and the Company is currently evaluating the other effects of adoption of this standard on its consolidated financial statements and related disclosures.
In August 2018, the FASB issued ASU 2018-14, "Compensation-Retirement Benefits-Defined Benefit Plans-General (Subtopic 715-20): Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans." The guidance modifies disclosure requirements for defined benefit plans. This guidance is effective for fiscal years ending after December 15, 2020, and early adoption is permitted. The Company is currently assessing the potential impact of ASU 2018-14 on its consolidated financial statement disclosures.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At January 26, 2019, the Company had demand deposits of $86,261 at Wakefern earning interest at overnight money market rates, which are exposed to the impact of interest rate changes.

At January 26, 2019, the Company had $48,612 in variable rate notes receivable due from Wakefern that earn interest at the prime rate plus 1.25% with $24,870 that matured on February 15, 2019 and $23,742 that mature on August 15, 2022. The Company invested $24,937 of the proceeds received from the notes that matured on February 15, 2019 in variable rate notes receivable from Wakefern that earn interest at the prime rate plus .75% and mature on February 15, 2024. Wakefern has the right to prepay these notes at any time. Under certain conditions, the Company can require Wakefern to prepay the notes, although interest earned since inception would be reduced as if it was earned based on overnight money market rates as paid by Wakefern on demand deposits.

ITEM 4. CONTROLS AND PROCEDURES

As required by Rule 13a-15 under the Exchange Act, the Company carried out an evaluation of the effectiveness of the design and operation of the Company’s disclosure controls and procedures at the end of the period. This evaluation was carried out under the supervision, and with the participation, of the Company’s management, including the Company’s Chief Executive Officer along with the Company’s Chief Financial Officer. Based upon that evaluation, the Company’s Chief Executive Officer, along with the Company’s Chief Financial Officer, concluded that the Company’s disclosure controls and procedures are effective.

Disclosure controls and procedures are designed to ensure that information required to be disclosed in Company reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Company reports filed under the Exchange Act is accumulated and communicated to management, including the Company’s Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

There have been no changes in the Company’s internal control over financial reporting during the quarter ended January 26, 2019 that have materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting.

PART II - OTHER INFORMATION

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

ITEM 2C. ISSUER PURCHASES OF EQUITY SECURITIES

The number and average price of shares purchased in each fiscal month of the second quarter of fiscal 2019 are set forth in the table below:

Period(1)	Total Number of Shares Purchased(2)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plan or Programs
October 28, 2018 to November 24, 2018	6,577	$24.96	6,577	$1,026,443
November 25, 2018 to December 22, 2018	—	$—	—	$1,026,443
December 23, 2018 to January 26, 2019	—	$—	—	$1,026,443
Total	6,577	$24.96	6,577	$1,026,443

(1) The reported periods conform to our fiscal calendar.
(2) Includes shares repurchased under a $5.0 million repurchase program of the Company's Class A Common Stock authorized by the Board of Directors and announced on June 12, 2015. Repurchases may be made from time-to-time through a variety of methods, including open market purchases and other negotiated transactions, including through plans designed to comply with Rule 10b5-1 under the Securities Exchange Act of 1934.

Item 6. Exhibits

Exhibit 31.1	Certification
Exhibit 31.2	Certification
Exhibit 32.1	Certification (furnished, not filed)
Exhibit 32.2	Certification (furnished, not filed)
Exhibit 99.1	Press Release
101 INS	XBRL Instance
101 SCH	XBRL Schema
101 CAL	XBRL Calculation
101 DEF	XBRL Definition
101 LAB	XBRL Label
101 PRE	XBRL Presentation

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.

	Village Super Market, Inc. Registrant
Dated: March 6, 2019	/s/ Robert P. Sumas Robert P. Sumas (Chief Executive Officer)
Dated: March 6, 2019	/s/ John Van Orden John Van Orden (Chief Financial Officer)