

RH
Form 8-K
July 03, 2017

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): June 28, 2017

RH

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction

of incorporation)

15 Koch Road, Suite K, Corte Madera, California

001-35720
(Commission

File Number)

45-3052669
(I.R.S. Employer

Identification No.)

94925

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (415) 924-1005

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):

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

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01. Entry into a Material Definitive Agreement.

On June 28, 2017, Restoration Hardware, Inc., a wholly-owned subsidiary of RH, entered into an Eleventh Amended and Restated Credit Agreement (the "Credit Agreement"), dated as of June 28, 2017, among Restoration Hardware, Inc., as lead borrower, various other subsidiaries of RH named therein as borrowers, the guarantors party thereto, the lenders party thereto and Bank of America, N.A. as administrative agent and collateral agent. The Credit Agreement amends and restates the existing Tenth Amended and Restated Credit Agreement dated as of November 24, 2014, as amended (the "Existing Credit Agreement"). The Credit Agreement establishes an up to \$80 million last out, delayed draw term loan facility. Under the Credit Agreement, Restoration Hardware, Inc. also has a revolving line of credit available of up to \$600 million, of which \$10 million is available to the RH subsidiary Restoration Hardware Canada, Inc. The Credit Agreement includes a \$200 million accordion feature under which the revolving line of credit may be expanded by agreement of the parties from \$600 million to \$800 million if and to the extent that the lenders revise their credit commitments to encompass a larger facility.

The availability of credit at any given time under the Credit Agreement will be constrained by the terms and conditions of the Credit Agreement, including the amount of collateral available, a borrowing base formula based upon numerous factors including the value of eligible inventory and eligible accounts receivable, and other restrictions contained in the Credit Agreement. All obligations under the credit facility are secured by substantial assets of the loan parties including inventory, receivables and certain types of intellectual property.

The Credit Agreement contains various restrictive and affirmative covenants, including required financial reporting, limitations on the ability to grant liens, make loans or other investments, incur additional debt, issue additional equity, merge or consolidate with or into another person, sell assets, pay dividends or make other distributions or enter into transactions with affiliates, along with other restrictions and limitations similar to those frequently found in credit agreements of this type and size.

The Credit Agreement does not contain any significant financial ratio covenants or coverage ratio covenants other than a consolidated fixed charge coverage ratio covenant based on the ratio of (i) consolidated EBITDA to the amount of (ii) debt service costs plus certain other amounts including dividends and distributions as defined in the Credit Agreement (the "FCCR Covenant"). The FCCR Covenant only applies in certain limited circumstances, including when the unused availability under the Credit Agreement drops below the greater of \$40 million or an amount based on 10% of the total borrowing availability at the time. The FCCR Covenant ratio is set at 1.0 and measured on a trailing twelve-month basis.

The above description is a summary of certain terms of the Credit Agreement and is qualified in its entirety by reference to the Credit Agreement, which is attached as Exhibit 10.1 hereto and is incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The disclosure under Item 1.01 above is incorporated herein by reference.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of the federal securities laws, including, without limitation, statements concerning the terms and conditions of the Credit Agreement including the maximum amount of credit available to the RH subsidiaries under such Credit Agreement, limitations on the amount of borrowing availability based upon the borrowing base and value of eligible collateral from time to time, the covenants and restrictions contained in the Credit Agreement including the FCCR Covenant and the ability of the loan parties to remain in compliance with the terms and conditions of the Credit Agreement from time to time. You can

identify forward looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as anticipate, estimate, expect, project, plan, intend, believe, may, likely and other words and terms of similar meaning in connection with any discussion of the timing or nature of future events. We cannot assure you that future developments affecting us will be those that we have anticipated. Important risks and uncertainties that could cause actual results to differ materially from our expectations include, among others, risks and uncertainties concerning the performance of the business, whether or not the availability under the revolving line of credit may be curtailed by virtue of loan term restrictions or the amount of collateral in the borrowing base, general performance of the business, and those other risks and uncertainties disclosed under the sections entitled Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations in RH's Annual Report on Form 10-K most recently filed with the Securities and Exchange Commission, and similar disclosures in subsequent reports filed with the SEC, which are available on our investor relations website at ir.restorationhardware.com and on the SEC website at www.sec.gov. You should not place undue reliance on these

forward-looking statements. Any forward-looking statement made by us on this Current Report on Form 8-K speaks only as of the date on which we make it. RH expressly disclaims any obligation or undertaking to release publicly any updates or revisions to such statements to reflect any change in its expectations with regard thereto or any changes in the events, conditions or circumstances on which any such statement is based.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
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10.1	Eleventh Amended and Restated Credit Agreement dated as of June 28, 2017 among Restoration Hardware, Inc., as lead borrower, various other subsidiaries of RH named therein as borrowers, the guarantors party thereto, the lenders party thereto and Bank of America, N.A. as administrative agent and collateral agent.
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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.

RH

Dated: July 3, 2017

By: /s/ Karen Boone
Karen Boone
Co-President, Chief Financial and Administrative
Officer

EXHIBIT INDEX

**Exhibit
No.**

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