

LA-Z-BOY INC
Form 10-Q
February 19, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549-1004
FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
FOR QUARTERLY PERIOD ENDED JANUARY 26, 2013
COMMISSION FILE NUMBER 1-9656

LA-Z-BOY INCORPORATED
(Exact name of registrant as specified in its charter)

MICHIGAN
(State or other jurisdiction of incorporation or organization)

38-0751137
(I.R.S. Employer Identification No.)

1284 North Telegraph Road, Monroe, Michigan
(Address of principal executive offices)

48162-3390
(Zip Code)

Registrant's telephone number, including area code (734) 242-1444

None
(Former name, former address and former fiscal year, if changed since last report.)

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 No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes 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 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Edgar Filing: LA-Z-BOY INC - Form 10-Q

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

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

Class	Outstanding at February 12, 2013
Common Shares, \$1.00 par value	52,354,039

LA-Z-BOY INCORPORATED
FORM 10-Q THIRD QUARTER OF FISCAL 2013
TABLE OF CONTENTS

	Page Number(s)
<u>PART I Financial Information (Unaudited)</u>	3
Item 1.	
<u>Financial Statements</u>	3
<u>Consolidated Statement of Income</u>	3
<u>Consolidated Statement of Comprehensive Income</u>	5
<u>Consolidated Balance Sheet</u>	6
<u>Consolidated Statement of Cash Flows</u>	7
<u>Consolidated Statement of Changes in Equity</u>	8
<u>Notes to Consolidated Financial Statements</u>	9
<u>Note 1. Basis of Presentation</u>	9
<u>Note 2. Acquisitions</u>	9
<u>Note 3. Allowance for Credit Losses</u>	10
<u>Note 4. Inventories</u>	11
<u>Note 5. Investments</u>	11
<u>Note 6. Pension Plans</u>	12
<u>Note 7. Product Warranties</u>	12
<u>Note 8. Stock-Based Compensation</u>	13
<u>Note 9. Segment Information</u>	15
<u>Note 10. Income Taxes</u>	16
<u>Note 11. Earnings per Share</u>	16
<u>Note 12. Fair Value Measurements</u>	17
<u>Note 13. Recent Accounting Pronouncements</u>	19
Item 2.	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	19
<u>Cautionary Statement Concerning Forward-Looking Statements</u>	19
<u>Introduction</u>	20
<u>Results of Operations</u>	21
<u>Liquidity and Capital Resources</u>	29
<u>Critical Accounting Policies</u>	31
<u>Recent Accounting Pronouncements</u>	31
<u>Business Outlook</u>	31
Item 3.	31
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	31
Item 4.	32
<u>Controls and Procedures</u>	32
<u>PART II Other Information</u>	32
Item 1A.	32
<u>Risk Factors</u>	32
Item 2.	33
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	33
Item 6.	34
<u>Exhibits</u>	34
<u>Signature Page</u>	35

Table of Contents

PART I – FINANCIAL INFORMATION (UNAUDITED)

ITEM 1. FINANCIAL STATEMENTS

LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF INCOME

(Unaudited, amounts in thousands, except per share data)	Third Quarter Ended	
	1/26/13	1/28/12
Sales	\$349,148	\$316,515
Cost of sales	235,699	216,724
Gross profit	113,449	99,791
Selling, general and administrative expense	90,171	82,771
Operating income	23,278	17,020
Interest expense	148	274
Interest income	198	138
Income from Continued Dumping and Subsidy Offset Act	—	1,415
Other income (expense), net	2,404	(89)
Income before income taxes	25,732	18,210
Income tax expense	8,569	2,864
Net income	17,163	15,346
Net income attributable to noncontrolling interests	(99)	(388)
Net income attributable to La-Z-Boy Incorporated	\$17,064	\$14,958
Basic weighted average shares outstanding	52,431	51,811
Basic net income attributable to La-Z-Boy Incorporated per share	\$0.32	\$0.28
Diluted weighted average shares outstanding	53,401	52,379
Diluted net income attributable to La-Z-Boy Incorporated per share	\$0.32	\$0.28
Dividends declared per share	\$0.04	—

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Table of Contents

LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF INCOME

(Unaudited, amounts in thousands, except per share data)	Nine Months Ended	
	1/26/13	1/28/12
Sales	\$972,990	\$904,288
Cost of sales	669,620	627,786
Gross profit	303,370	276,502
Selling, general and administrative expense	261,903	243,761
Operating income	41,467	32,741
Interest expense	512	1,087
Interest income	435	487
Income from Continued Dumping and Subsidy Offset Act	—	1,737
Other income, net	2,495	176
Income before income taxes	43,885	34,054
Income tax expense (benefit)	15,195	(34,820)
Net income	28,690	68,874
Net income attributable to noncontrolling interests	(609)	(510)
Net income attributable to La-Z-Boy Incorporated	\$28,081	\$68,364
Basic average shares	52,327	51,928
Basic net income attributable to La-Z-Boy Incorporated per share	\$0.53	\$1.29
Diluted average shares	53,201	52,440
Diluted net income attributable to La-Z-Boy Incorporated per share	\$0.52	\$1.28
Dividends declared per share	\$0.04	—

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Table of Contents

LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited, amounts in thousands)	Third Quarter Ended	
	1/26/13	1/28/12
Net income	\$17,163	\$15,346
Other comprehensive income (loss)		