

ETHAN ALLEN INTERIORS INC
Form 10-Q
January 27, 2016
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 1-11692

Ethan Allen Interiors Inc

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

06-1275288
(I.R.S. Employer Identification No.)

Edgar Filing: ETHAN ALLEN INTERIORS INC - Form 10-Q

Ethan Allen Drive, Danbury, Connecticut 06811
(Address of principal executive offices) (Zip Code)

(203) 743-8000

(Registrant's telephone number, including area code)

N/A

(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 during the preceding 12 months (or 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

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

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

Edgar Filing: ETHAN ALLEN INTERIORS INC - Form 10-Q

At January 21, 2016, there were 27,808,855 shares of Class A Common Stock, par value \$.01, outstanding.

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1.	Financial Statements	
	Consolidated Balance Sheets	2
	Consolidated Statements of Comprehensive Income	3
	Consolidated Statements of Cash Flows	4
	Consolidated Statements of Shareholders' Equity	5
	Notes to Consolidated Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	15
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	25
Item 4.	Controls and Procedures	26

PARTII OTHER INFORMATION

Item 1.	Legal Proceedings	26
Item 1A.	Risk Factors	26
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	26
Item 3.	Defaults Upon Senior Securities	26
Item 4.	Mine Safety Disclosures	27
Item 5.	Other Information	27
Item 6.	Exhibits	28
	SIGNATURES	29

PART I - FINANCIAL INFORMATION**Item 1. Financial Statements****ETHAN ALLEN INTERIORS INC. AND SUBSIDIARIES****Consolidated Balance Sheets****(In thousands)**

	December 31, 2015 (Unaudited)	June 30, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 57,031	\$76,182
Marketable securities	-	2,198
Accounts receivable, less allowance for doubtful accounts of \$1,541 at December 31, 2015 and \$1,386 at June 30, 2015	10,059	12,547
Inventories	157,498	151,916
Prepaid expenses and other current assets	24,346	27,831
Total current assets	248,934	270,674
Property, plant and equipment, net	273,477	277,035
Goodwill and other intangible assets	45,128	45,128
Restricted cash and investments	7,806	8,010
Other assets	3,465	5,130
Total assets	\$ 578,810	\$605,977
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 3,053	\$3,034
Customer deposits	59,392	67,970
Accounts payable	16,995	18,946
Accrued compensation and benefits	21,643	26,896
Accrued expenses and other current liabilities	19,809	23,816
Total current liabilities	120,892	140,662
Long-term debt	55,113	73,203

Edgar Filing: ETHAN ALLEN INTERIORS INC - Form 10-Q

Other long-term liabilities	22,403	21,577
Total liabilities	198,408	235,442
Shareholders' equity:		
Class A common stock	489	489
Additional paid-in-capital	372,638	370,914
Less: Treasury stock (at cost)	(617,789)	(605,586)
Retained earnings	628,831	607,079
Accumulated other comprehensive income	(4,033)	(2,638)
Total Ethan Allen Interiors Inc. shareholders' equity	380,136	370,258
Noncontrolling interests	266	277
Total shareholders' equity	380,402	370,535
Total liabilities and shareholders' equity	\$ 578,810	\$605,977

See accompanying notes to consolidated financial statements.

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Unaudited)

(In thousands, except per share data)

	Three months ended		Six months ended	
	December 31,		December 31,	
	2015	2014	2015	2014
Net sales	\$207,535	\$197,067	\$397,926	\$387,773
Cost of sales	91,477	90,993	177,195	176,896
Gross profit	116,058	106,074	220,731	210,877
Selling, general and administrative expenses	89,551	88,414	173,324	172,747
Operating income	26,507	17,660	47,407	38,130
Interest and other income	49	89		