

HAVERTY FURNITURE COMPANIES INC
Form 10-Q
November 08, 2007

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 September 30, 2007
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: 1-14445

HAVERTY FURNITURE COMPANIES, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of incorporation or organization)

58-0281900
(I.R.S. Employer Identification No.)

780 Johnson Ferry Road, Suite 800

Atlanta, Georgia
(Address of principal executive office)
(404) 443-2900
(Registrant's telephone number, including area code)

30342
(Zip 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 0

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

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(Check One) Large accelerated filer Accelerated filer Non-accelerated filer

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

The numbers of shares outstanding of the registrant's two classes of \$1 par value common stock as of November 6, 2007 were: Common Stock 17,694,321; Class A Common Stock 4,139,181.

HAVERTY FURNITURE COMPANIES, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

HAVERTY FURNITURE COMPANIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)

	September 30, 2007 (Unaudited)	December 31, 2006
ASSETS		
Current assets		
Cash and cash equivalents	\$ 17,823	\$ 12,139
Accounts receivable, net	64,708	63,996
Inventories	93,757	124,764
Prepaid expenses	15,821	6,693
Deferred income taxes	1,297	2,035
Other current assets	10,262	9,682
Total current assets	203,668	219,309
Accounts receivable, long-term	10,275	14,974
Property and equipment, net	214,700	221,245
Other assets	13,102	14,226
	\$ 441,745	\$ 469,754
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Notes payable to banks	\$	\$ 12,600
Accounts payable	40,069	40,851
Customer deposits	21,810	19,674
Accrued liabilities	36,593	38,975
Current portion of long-term debt and lease obligations	8,289	10,334
Total current liabilities	106,761	122,434
Long-term debt and lease obligations, less current portion	22,457	27,515
Other liabilities	27,527	27,882
Total liabilities	156,745	177,831
Stockholders' Equity		
Capital Stock, par value \$1 per share:		
Preferred Stock, Authorized: 1,000 shares; Issued: None		
Common Stock, Authorized: 50,000 shares; Issued: 2007 24,867;		
2006 24,717 shares	24,867	24,717
Convertible Class A Common Stock,		
Authorized: 15,000 shares; Issued: 2007 4,662; 2006 4,724 shares	4,662	4,724
Additional paid-in capital	59,336	57,195
Retained earnings	265,764	269,873
Accumulated other comprehensive loss	(2,332)	(2,427)
Less treasury stock at cost Common Stock		
(2007 6,737; 2006 6,245 shares) and Convertible Class A Common Stock (2007 and		
2006 522 shares)	(67,297)	(62,159)

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Total stockholders' equity	285,000	291,923
	\$ 441,745	\$ 469,754

See notes to these condensed consolidated financial statements.

HAVERTY FURNITURE COMPANIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data Unaudited)

	Quarter Ended		Nine Months Ended	
	September 30, 2007	2006	September 30, 2007	2006
Net sales	\$ 200,666	\$ 222,940	\$ 578,843	\$ 643,063
Cost of goods sold	101,141	113,892	292,980	325,349
Gross profit	99,525	109,048	285,863	317,714
Credit service charges	591	682	1,853	2,135
Gross profit and other revenue	100,116	109,730	287,716	319,849
Expenses:				
Selling, general and administrative	99,798	103,774	288,638	300,897
Interest, net	(571)	(206)	(723)	(144)
Provision for doubtful accounts	407	151	786	268
Other (income) expense, net	(77)	(100)	(728)	(1,337)
	99,557	103,619	287,973	299,684
Income (loss) before income taxes	559	6,111	(257)	20,165
Income tax (benefit) expense	(84)	1,975	(380)	7,335
Net income	\$ 643	\$ 4,136	\$ 123	\$ 12,830
Basic earnings per share:				
Common Stock	\$ 0.03	\$ 0.18	\$ 0.01	\$ 0.58
Class A Common Stock	\$ 0.03	\$ 0.17	\$ 0.00	\$ 0.54
Diluted earnings per share:				
Common Stock	\$ 0.03	\$ 0.18	\$ 0.01	\$ 0.56
Class A Common Stock	\$ 0.03	\$ 0.17	\$ 0.00	\$ 0.54
Weighted average shares basic:				
Common Stock	18,460	18,410	18,501	18,295
Class A Common Stock	4,146	4,237	4,174	4,259
Weighted average shares				
assuming dilution:				
Common Stock	22,725	22,807	22,827	22,715
Class A Common Stock	4,146	4,237	4,174	4,259
Cash dividends per share:				
Common Stock	\$ 0.0675	\$ 0.0675	\$ 0.2025	\$ 0.2025
Class A Common Stock	\$ 0.0625	\$ 0.0625	\$ 0.1875	\$ 0.1875

See notes to these condensed consolidated financial statements.

HAVERTY FURNITURE COMPANIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands Unaudited)

	Nine months ended September 30,	
	2007	2006
Cash Flows from Operating Activities:		
Net income	\$ 123	\$ 12,830
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,889	16,092
Provision for doubtful accounts	786	268
Deferred income taxes	190	293
Gain on sale of property and equipment	(219)	(1,178)
Other	1,398	802
Changes in operating assets and liabilities:		
Accounts receivable	3,201	16,198
Inventories	31,007	(10,457)
Customer deposits	2,136	(6,141)
Other assets and liabilities	(6,273)	2,960
Accounts payable and accrued liabilities	(4,048)	(5,258)
Net cash provided by operating activities		