

HAVERTY FURNITURE COMPANIES, INC.

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2017	2016
<i>(In thousands, except per share data)</i>		
ASSETS		
Current assets		
Cash and cash equivalents	\$ 79,491	\$ 63,481
Restricted cash and cash equivalents	8,115	8,034
Accounts receivable, net	2,408	4,244
Inventories	103,437	102,020
Prepaid expenses	11,314	8,836
Other current assets	5,922	7,500
Total current assets	210,687	194,115
Accounts receivable, long-term, net	254	462
Property and equipment	229,215	233,667
Deferred income taxes	12,375	18,376
Other assets	8,798	7,885
Total assets	\$ 461,329	\$ 454,505
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 20,501	\$ 25,662
Customer deposits	27,813	24,923
Accrued liabilities	37,582	41,904
Current portion of lease obligations	3,788	3,461
Total current liabilities	89,684	95,950
Lease obligations, less current portion	50,803	52,013
Other liabilities	26,700	24,671
Total liabilities	167,187	172,634
Stockholders' equity		
Capital Stock, par value \$1 per share		
Preferred Stock, Authorized – 1,000 shares; Issued: None		
Common Stock, Authorized – 50,000 shares; Issued: 2017 – 28,950; 2016 – 28,793	28,950	28,793
Convertible Class A Common Stock, Authorized – 15,000 shares; Issued: 2017 – 2,290; 2016 – 2,340	2,290	2,340
Additional paid-in capital	88,978	86,273
Retained earnings	287,390	277,707
Accumulated other comprehensive income (loss)	(2,144)	(1,830)
Less treasury stock at cost – (2017 – 9,498; 2016 – 9,506) and Convertible Class A Common Stock (2017 and 2016 – 522)	(111,322)	(111,412)
Total stockholders' equity	294,142	281,871
Total liabilities and stockholders' equity	\$ 461,329	\$ 454,505

The accompanying notes are an integral part of these consolidated financial statements.

HAVERTY FURNITURE COMPANIES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2017	2016	2015
<i>(In thousands, except per share data)</i>			
Net sales	\$ 819,866	\$ 821,571	\$ 804,870
Cost of goods sold	374,943	378,234	374,094
Gross profit	444,923	443,337	430,776
Credit service charges	161	229	286
Gross profit and other revenue	445,084	443,566	431,062
Expenses:			
Selling, general and administrative	402,884	399,236	384,801
Provision for doubtful accounts	224	383	314
Other income, net	(3,358)	(4,107)	(1,617)
Total expenses	399,750	395,512	383,498
Income before interest and income taxes	45,334	48,054	47,564
Interest expense, net	2,111	2,233	2,289
Income before income taxes	43,223	45,821	45,275
Income tax expense	22,148	17,465	17,486
Net income	\$ 21,075	\$ 28,356	\$ 27,789
Other comprehensive (loss) income, net of tax:			
Defined benefit pension plans adjustments; net of tax expense (benefit) of (\$105), \$66 and \$141	\$ (314)	\$ 108	\$ 230
Comprehensive income	\$ 20,761	\$ 28,464	\$ 28,019
Basic earnings per share:			
Common Stock	\$ 1.00	\$ 1.32	\$ 1.24
Class A Common Stock	\$ 0.95	\$ 1.27	\$ 1.18
Diluted earnings per share:			
Common Stock	\$ 0.98	\$ 1.30	\$ 1.22
Class A Common Stock	\$ 0.94	\$ 1.27	\$ 1.17

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HAVERTY FURNITURE COMPANIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Year ended December 31,		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 21,075	\$ 28,356	\$ 27,789
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	30,516	29,045	25,756
Gain on insurance recovery	(2,848)	(3,338)	—
Proceeds from insurance recovery received for business interruption and destroyed inventory	2,867	2,599	—
Stock-based compensation expense	3,818	3,872	4,033
Excess tax benefit from stock-based plans	—	(80)	(397)
Deferred income taxes	5,559	(1,120)	(3,019)
Provision for doubtful accounts	224	383	314
Other	82	(400)	(160)
Changes in operating assets and liabilities:			
Accounts receivable	1,820	1,514	960
Inventories	(2,112)	6,876	(2,305)
Customer deposits	2,890	3,887	(2,650)
Other assets and liabilities	(932)	(9,508)	(590)
Accounts payable and accrued liabilities	(10,502)	(2,032)	2,501
NET CASH PROVIDED BY OPERATING ACTIVITIES	52,457	60,054	52,232
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(24,465)	(29,838)	(27,143)
Maturities of investments	—	12,725	7,250
Purchase of commercial paper and certificates of deposit	—	—	(9,975)
Proceeds from insurance for destroyed property and equipment	1,987	3,011	—
Other investing activities	870	915	1,513
NET CASH USED IN INVESTING ACTIVITIES	(21,608)	(13,187)	(28,355)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings under revolving credit facilities	—	—	—
Payments of borrowings under revolving credit facilities	—	—	—
Net change in borrowings under revolving credit facilities	—	—	—
Construction allowance receipts	1,590	1,574	6,701
Payments on lease obligations	(3,482)	(3,125)	(2,534)
Excess tax benefit from stock-based plans	—	80	397
Dividends paid	(11,392)	(30,409)	(8,060)
Common stock repurchased	—	(21,282)	(14,002)
Taxes on vested restricted shares	(1,555)	(883)	(1,201)
NET CASH USED IN FINANCING ACTIVITIES	(14,839)	(54,045)	(18,699)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,010	(7,178)	5,178
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	63,481	70,659	65,481
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 79,491	\$ 63,481	\$ 70,659

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