

HAVERTY FURNITURE COMPANIES, INC.

CONSOLIDATED BALANCE SHEETS

	December 31,	
	2015	2014
<i>(In thousands, except per share data)</i>		
ASSETS		
Current assets		
Cash and cash equivalents	\$ 70,659	\$ 65,481
Investments	12,725	7,250
Restricted cash and cash equivalents	8,005	8,017
Accounts receivable	5,948	7,146
Inventories	108,896	107,139
Prepaid expenses	6,137	6,418
Other current assets	6,341	8,010
Total current assets	218,711	209,461
Accounts receivable, long-term	655	731
Property and equipment	229,283	225,162
Deferred income taxes	17,245	17,610
Other assets	5,357	8,023
Total assets	\$ 471,251	\$ 460,987
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 27,815	\$ 24,152
Customer deposits	21,036	23,687
Accrued liabilities	42,060	39,960
Deferred income taxes	—	5,689
Current portion of lease obligations	3,051	2,387
Total current liabilities	93,962	95,875
Lease obligations, less current portion	50,074	46,678
Other liabilities	25,476	26,351
Commitments	—	—
Total liabilities	169,512	168,904
Stockholders' equity		
Capital Stock, par value \$1 per share		
Preferred Stock, Authorized – 1,000 shares; Issued: None		
Common Stock, Authorized – 50,000 shares; Issued: 2015 – 28,486; 2014 – 28,327	28,486	28,327
Convertible Class A Common Stock, Authorized – 15,000 shares; Issued: 2015 – 2,554; 2014 – 2,603	2,554	2,603
Additional paid-in capital	83,179	79,726
Retained earnings	279,760	260,031
Accumulated other comprehensive income (loss)	(1,938)	(2,168)
Less treasury stock at cost – Common Stock (2015 – 8,362; 2014 – 7,759) and Convertible Class A Common Stock (2015 and 2014 – 522)	(90,302)	(76,436)
Total stockholders' equity	301,739	292,083
Total liabilities and stockholders' equity	\$ 471,251	\$ 460,987

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,		
	2015	2014	2013
<i>(In thousands, except per share data)</i>			
Net sales	\$ 804,870	\$ 768,409	\$ 746,090
Cost of goods sold	374,094	356,043	344,594
Gross profit	430,776	412,366	401,496
Credit service charges	286	298	320
Gross profit and other revenue	431,062	412,664	401,816
Expenses:			
Selling, general and administrative	384,801	364,654	348,599
Pension settlement expense	—	21,623	—
Provision for doubtful accounts	314	257	120
Other income, net	(1,617)	(178)	(497)
Total expenses	383,498	386,356	348,222
Income before interest and income taxes	47,564	26,308	53,594
Interest expense, net	2,289	1,051	1,107
Income before income taxes	45,275	25,257	52,487
Income tax expense	17,486	16,668	20,222
Net income	\$ 27,789	\$ 8,589	\$ 32,265
Other comprehensive income, net of tax:			
Defined benefit pension plans adjustments; net of tax expense (benefit) of \$141, (\$2,954) and \$4,822	\$ 230	\$ 13,244	\$ 7,966
Comprehensive income	\$ 28,019	\$ 21,833	\$ 40,231
Basic earnings per share:			
Common Stock	\$ 1.24	\$ 0.38	\$ 1.45
Class A Common Stock	\$ 1.18	\$ 0.33	\$ 1.37
Diluted earnings per share:			
Common Stock	\$ 1.22	\$ 0.37	\$ 1.41
Class A Common Stock	\$ 1.17	\$ 0.33	\$ 1.35

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HAVERTY FURNITURE COMPANIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31		
(In thousands)	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 27,789	\$ 8,589	\$ 32,265
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	25,756	22,613	21,450
Stock-based compensation expense	4,033	3,319	3,323
Excess tax benefit from stock-based plans	(397)	(896)	(1,754)
Deferred income taxes	(3,019)	4,800	(652)
Provision for doubtful accounts	314	257	120
Pension settlement expense	—	21,623	—
Other	(160)	641	459
Changes in operating assets and liabilities:			
Accounts receivable	960	870	1,400
Inventories	(2,305)	(15,656)	5,419
Customer deposits	(2,650)	4,679	(1,955)
Other assets and liabilities	(590)	(2,023)	(2,638)
Accounts payable and accrued liabilities	2,501	6,638	(1,548)
NET CASH PROVIDED BY OPERATING ACTIVITIES	52,232	55,454	55,889
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(27,143)	(30,882)	(20,202)
Maturities of certificates of deposit	7,250	—	—
Purchase of commercial paper and certificates of deposit	(9,975)	(10,000)	—
Restricted cash and cash equivalents	12	(1,001)	(3)
Other investing activities	1,501	511	85
NET CASH USED IN INVESTING ACTIVITIES	(28,355)	(41,372)	(20,120)
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	6,701	1,050	—
Payments on lease obligations	(2,534)	(1,088)	(867)
Proceeds from exercise of stock options	—	—	872
Excess tax benefit from stock-based plans	397	896	1,754
Dividends paid	(8,060)	(29,780)	(5,353)
Common stock repurchased	(14,002)	(804)	—
Taxes on vested restricted shares	(1,201)	(2,060)	(2,540)
NET CASH USED IN FINANCING ACTIVITIES	(18,699)	(31,786)	(6,134)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,178	(17,704)	29,635
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	65,481	83,185	53,550
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 70,659	\$ 65,481	\$ 83,185

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