
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549-1004

FORM 8-K

**Current Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

February 20, 2018

(Date of Report (Date of Earliest Event Reported))

LA-Z-BOY INCORPORATED

(Exact name of registrant as specified in its charter)

MICHIGAN
(State or other jurisdiction of
incorporation)

1-9656
(Commission
File Number)

38-0751137
(IRS Employer
Identification Number)

One La-Z-Boy Drive, Monroe, Michigan
(Address of principal executive offices)

48162-5138
Zip Code

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

None

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition

On February 20, 2018, La-Z-Boy Incorporated issued a news release to report the company’s financial results for the third quarter ended January 27, 2018. A copy of the news release is attached to this current report on Form 8-K as Exhibit 99.1. Exhibit 99.2 contains unaudited financial data.

The information in Item 2.02 of this report and the related exhibits (Exhibits 99.1 and 99.2) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits

(d) The following exhibits are furnished as part of this report:

	Description
99.1	News Release Dated February 20, 2018
99.2	Unaudited financial schedules

EXHIBIT INDEX

Exhibit No.	Description
99.1	News Release Dated February 20, 2018
99.2	Unaudited financial schedules

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LA-Z-BOY INCORPORATED

(Registrant)

Date: February 20, 2018

BY: /s/ Lindsay A. Barnes

Lindsay A. Barnes

Vice President, Corporate Controller and Chief

Accounting Officer

**NEWS RELEASE****Contact:** Kathy Liebmann

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LA-Z-BOY REPORTS FISCAL 2018 THIRD-QUARTER RESULTS

MONROE, Mich., Feb 20, 2018—La-Z-Boy Incorporated (NYSE: LZB) today reported its operating results for the fiscal 2018 third quarter ended January 27, 2018.

- Consolidated sales increased 6.1% to \$413.6 million;
- Same-store written sales for the La-Z-Boy Furniture Galleries® network increased 2.6%;
- Cash flow from operations was \$40.0 million;
- The company returned \$21.1 million to shareholders through dividends and share purchases; and
- Earnings per diluted share for the quarter were \$0.25, including a \$0.20 per share net charge related to tax reform and a \$0.06 per share charge related to a previously announced legal settlement.

Sales for the fiscal 2018 third quarter were \$413.6 million, up 6.1% compared with the prior year's third quarter. Operating margin was 8.0% in the third quarter of fiscal 2018 versus 8.6% in the fiscal 2017 third quarter. The fiscal 2018 third quarter's operating margin was reduced by 1.0% as a result of the charge for the previously announced settlement of a lawsuit regarding certain power products.

The company reported net income attributable to La-Z-Boy Incorporated of \$12.1 million, or \$0.25 per diluted share, which included a \$0.20 per share net charge related to the 2017 Tax Cut and Jobs Act (tax reform) and a \$0.06 per share charge related to the previously announced legal settlement, versus \$23.3 million, or \$0.47 per diluted share in the fiscal 2017 third quarter.

Sales in the company's upholstery segment increased 6.0% to \$321.0 million and the operating margin declined to 9.9% from 11.8% in last year's third quarter. The charge for the settlement of a lawsuit regarding certain power products reduced operating margin in the segment by 1.3% in the fiscal 2018 third quarter. In the casegoods segment, sales increased 17.0% to \$27.2 million and the operating margin increased to 10.3% from 6.8%. Sales in the retail segment increased 3.0% to \$125.8 million for the third quarter and the segment's operating margin increased to 5.6% from 5.2% in the prior-year period. On the core base of 138 stores included in last year's third quarter, delivered sales declined 1.1% versus the prior-year quarter.

Kurt L. Darrow, Chairman, President and Chief Executive Officer of La-Z-Boy, said, "We experienced positive sales momentum for the quarter and, in addition to posting a 6.1% increase, each of our business segments operated at a high level during the period. Additionally, the La-Z-Boy Furniture Galleries® store network posted its fourth consecutive quarterly written same-store sales increase. The company also generated strong cash flow from operations enabling us to make the necessary strategic investments to grow our business in the dynamic marketplace and return value to shareholders."

Darrow added, “In our upholstery segment, we are very pleased with the performance of our new duo™ product line which, thus far, is exceeding our expectations in the short time it has been on retail floors and is a testament to the innovative spirit that is the hallmark of our brand. During the period, ongoing inflationary pressures for raw materials impacted the upholstery segment’s operating margin in November and December until our price increase became effective on delivered orders in January. For the fourth quarter, raw material prices are not anticipated to be a drag on our margin as the full benefit of the price increase will be in effect on all sales.”

Darrow said, “Our casegoods business continues on an upward trajectory, with increased sales and earnings performance as the group expands floor space with retailers. New, on-trend product collections are resonating with consumers and our supply chain is providing excellent service to customers with quick shipping on our best-selling groups. In our retail segment, we opened one new La-Z-Boy Furniture Galleries® store during the quarter and acquired one store in Grand Rapids, Michigan, as part of our store build-out strategy. For the quarter, the retail segment’s operating margin improved, resulting from an increase in the average ticket primarily driven by increased design services and custom orders.”

Darrow continued, “With a strong brand, a vast distribution system, including the vibrant and growing La-Z-Boy Furniture Galleries® store network, a best-in-class global supply chain and a healthy balance sheet to support new initiatives, La-Z-Boy is pursuing a dual growth strategy to drive organic growth with our core consumer while attracting a new and younger consumer through our multi-faceted e-commerce approach. We are optimistic about the many opportunities that exist through our comprehensive strategy and look forward to growing our business with a new consumer group that exhibits different buying characteristics than the core La-Z-Boy consumer. La-Z-Boy will continue to evolve as we make strategic investments to drive growth and profitability in an ever-changing environment.”

FISCAL 2018 PROJECTED* STORE ACTIVITY

	<u>Total FY17</u>	<u>New</u>	<u>Closed</u>	<u>Acquired</u>	<u>Total FY18</u>	<u>Remodel</u>	<u>Relocation</u>
Company-owned	143	6	(4)	1	146	—	—
Dealer-owned	204	4	(3)	(1)	204	7	4
Total	347	10	(7)	—	350	7	4

2017 Tax Cuts and Jobs Act

Our results for the third quarter of fiscal 2018 included a \$0.20 per share net charge related to tax reform, or \$9.5 million. This included a \$9.8 million charge for the provisional re-measurement of certain deferred taxes and related amounts, a provisional \$1.9 million of income tax expense for the estimated effects of the transition tax on the deemed repatriation of foreign earnings, and a benefit of \$2.2 million primarily related to the lower blended federal tax rate. Based on our current interpretation of the tax reform legislation, we made reasonable estimates to record provisional adjustments during the third quarter of fiscal 2018. Since we are still accumulating and processing data to finalize the underlying calculations and expect regulators to issue further guidance, among other things, we believe our estimates may change. We will continue to refine such amounts within the measurement period allowed, which is not to extend beyond one year of the enactment date.

Balance Sheet and Cash Flow

During the quarter, the company generated \$40.0 million in cash from operating activities. La-Z-Boy ended the quarter with \$135.3 million in cash and cash equivalents, \$35.4 million in investments to enhance returns on cash, and \$2.4 million in restricted cash. During the quarter, the company had \$7.8 million in capital expenditures, paid \$5.7 million in dividends, and spent \$15.4 million purchasing 0.5 million shares of stock in the open market under its existing authorized share purchase program, leaving 7.0 million shares of purchase availability in the program.

Conference Call

La-Z-Boy will hold a conference call with the investment community on Wednesday, February 21, 2018, at 8:30 a.m. eastern time. The toll-free dial-in number is 877.407.0778; international callers may use 201.689.8565.

The call will be webcast live, with corresponding slides, and archived on the Internet. It will be available at <https://lazboy.gcs-web.com/>. A telephone replay will be available for a week following the call. This replay will be accessible to callers from the U.S. and Canada at 877.481.4010 and to international callers at 919.882.2331. Enter Conference ID #10442.

Forward-looking Information

This news release contains, and oral statements made from time to time by representatives of La-Z-Boy may contain, “forward-looking statements.” With respect to all forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Actual results could differ materially from those we anticipate or project due to a number of factors, including: (a) changes in consumer confidence and demographics; (b) the possibility of a recession; (c) changes in the real estate and credit markets and their effects on our customers, consumers and suppliers; (d) international political unrest, terrorism or war; (e) volatility in energy and other commodities prices; (f) the impact of logistics on imports and exports; (g) tax rate, interest rate, and currency exchange rate changes; (h) operating factors, such as supply, labor or distribution disruptions (e.g. port strikes); (i) changes in legislation, including the tax code, or changes in the domestic or international regulatory environment, including new or increased duties and termination or renegotiation of the North American Free Trade Agreement; (j) adoption of new accounting principles; (k) fires, severe weather or other natural events such as hurricanes, earthquakes, flooding, tornadoes and tsunamis; (l) our ability to procure or transport fabric rolls, leather hides or cut-and-sewn fabric and leather sets domestically or abroad; (m) information technology conversions or system failures and our ability to recover from a system failure; (n) effects of our brand awareness and marketing programs; (o) the discovery of defects in our products resulting in delays in manufacturing, recall campaigns, reputational damage, or increased warranty costs; (p) litigation arising out of alleged defects in our products; (q) unusual or significant litigation; (r) our ability to locate new La-Z-Boy Furniture Galleries® stores (or store owners) and negotiate favorable lease terms for new or existing locations; (s) the ability to increase volume through our e-commerce initiatives; (t) the impact of potential goodwill or intangible asset impairments; and (u) those matters discussed in Item 1A of our fiscal 2017 Annual Report on Form 10-K and other factors identified from time to time in our reports filed with the Securities and Exchange Commission. We undertake no obligation to update or revise any forward-looking statements, whether to reflect new information or new developments or for any other reason.

Additional Information

This news release is just one part of La-Z-Boy's financial disclosures and should be read in conjunction with other information filed with the Securities and Exchange Commission, which is available at: <https://lazboy.gcs-web.com/financial-information/sec-filings> . Investors and others wishing to be notified of future La-Z-Boy news releases, SEC filings and quarterly investor conference calls may sign up at: <https://lazboy.gcs-web.com/>.

Background Information

La-Z-Boy Incorporated is one of the world's leading residential furniture producers, marketing furniture for every room of the home. The La-Z-Boy upholstery segment companies are England and La-Z-Boy. The casegoods segment consists of three brands: American Drew, Hammary, and Kincaid. The company-owned retail segment includes 147 of the 350 La-Z-Boy Furniture Galleries® stores.

The corporation's branded distribution network is dedicated to selling La-Z-Boy Incorporated products and brands, and includes 350 stand-alone La-Z-Boy Furniture Galleries® stores and 532 independent Comfort Studio® locations, in addition to in-store gallery programs for the company's Kincaid and England operating units. Additional information is available at <http://www.la-z-boy.com/>.

LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF INCOME

(Unaudited, amounts in thousands, except per share data)	Quarter Ended	
	1/27/18	1/28/17
Sales	\$ 413,638	\$ 389,992
Cost of sales	251,140	233,185
Gross profit	162,498	156,807
Selling, general and administrative expense	129,403	123,235
Operating income	33,095	33,572
Interest expense	113	562
Interest income	444	241
Income from Continued Dumping and Subsidy Offset Act, net	—	273
Other income (expense), net	(1,094)	(52)
Income before income taxes	32,332	33,472
Income tax expense	20,047	9,830
Net income	12,285	23,642
Net income attributable to noncontrolling interests	(176)	(356)
Net income attributable to La-Z-Boy Incorporated	\$ 12,109	\$ 23,286
Basic weighted average common shares	47,234	48,914
Basic net income attributable to La-Z-Boy Incorporated per share	\$ 0.26	\$ 0.47
Diluted weighted average common shares	47,757	49,384
Diluted net income attributable to La-Z-Boy Incorporated per share	\$ 0.25	\$ 0.47
Dividends declared per share	\$ 0.12	\$ 0.11

LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF INCOME

(Unaudited, amounts in thousands, except per share data)	Nine Months Ended	
	1/27/18	1/28/17
Sales	\$ 1,163,922	\$ 1,107,354
Cost of sales	707,369	666,942
Gross profit	456,553	440,412
Selling, general and administrative expense	372,891	350,524
Operating income	83,662	89,888
Interest expense	430	794
Interest income	1,163	679
Income from Continued Dumping and Subsidy Offset Act, net	—	273
Gain on conversion of investment	2,204	—
Other income (expense), net	(2,475)	(1,783)
Income before income taxes	84,124	88,263
Income tax expense	36,889	29,508
Net income	47,235	58,755
Net income attributable to noncontrolling interests	(579)	(830)
Net income attributable to La-Z-Boy Incorporated	\$ 46,656	\$ 57,925
Basic weighted average common shares	47,852	49,057
Basic net income attributable to La-Z-Boy Incorporated per share	\$ 0.97	\$ 1.17
Diluted weighted average common shares	48,325	49,532
Diluted net income attributable to La-Z-Boy Incorporated per share	\$ 0.96	\$ 1.16
Dividends declared per share	\$ 0.34	\$ 0.31

LA-Z-BOY INCORPORATED
CONSOLIDATED BALANCE SHEET

(Unaudited, amounts in thousands, except par value)	1/27/18	4/29/17
Current assets		
Cash and equivalents	\$ 135,266	\$ 141,860
Restricted cash	2,354	8,999
Receivables, net of allowance of \$2,665 at 1/27/18 and \$2,563 at 4/29/17	146,498	150,846
Inventories, net	186,319	175,114
Other current assets	43,242	40,603
Total current assets	513,679	517,422
Property, plant and equipment, net	174,877	169,132
Goodwill	75,765	74,245
Other intangible assets, net	18,510	18,489
Deferred income taxes — long-term	28,823	40,131
Other long-term assets, net	81,848	69,436
Total assets	\$ 893,502	\$ 888,855
Current liabilities		
Current portion of long-term debt	\$ 231	\$ 219
Accounts payable	66,672	51,282
Accrued expenses and other current liabilities	131,166	147,175
Total current liabilities	198,069	198,676
Long-term debt	249	296
Other long-term liabilities	92,346	88,778
Contingencies and commitments		
Shareholders' equity		
Preferred shares — 5,000 authorized; none issued	—	—
Common shares, \$1 par value — 150,000 authorized; 47,068 outstanding at 1/27/18 and 48,472 outstanding at 4/29/17	47,068	48,472
Capital in excess of par value	297,408	289,632
Retained earnings	271,912	284,698
Accumulated other comprehensive loss	(26,509)	(32,883)
Total La-Z-Boy Incorporated shareholders' equity	589,879	589,919
Noncontrolling interests	12,959	11,186
Total equity	602,838	601,105
Total liabilities and equity	\$ 893,502	\$ 888,855

LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited, amounts in thousands)	Nine Months Ended	
	1/27/18	1/28/17
Cash flows from operating activities		
Net income	\$ 47,235	\$ 58,755
Adjustments to reconcile net income to cash provided by (used for) operating activities		
Gain on disposal of assets	(1,849)	(103)
Gain on conversion of investment	(2,204)	—
Deferred income tax expense	10,543	3,214
Provision for doubtful accounts	198	(64)
Depreciation and amortization	23,671	21,311
Equity-based compensation expense	7,929	7,571
Pension plan contributions	(2,000)	(2,300)
Change in receivables	5,057	(576)
Change in inventories	(9,142)	(5,929)
Change in other assets	(3,304)	(4,415)
Change in payables	12,529	6,359
Change in other liabilities	2,537	9,191
Net cash provided by operating activities	91,200	93,014
Cash flows from investing activities		
Proceeds from disposals of assets	620	273
Proceeds from property insurance	1,807	—
Capital expenditures	(24,138)	(15,529)
Purchases of investments	(24,124)	(20,778)
Proceeds from sales of investments	17,109	13,899
Acquisitions, net of cash acquired	(16,495)	(35,878)
Net cash used for investing activities	(45,221)	(58,013)
Cash flows from financing activities		
Payments on debt	(203)	(217)
Payments for debt issuance costs	(220)	—
Stock issued for stock and employee benefit plans, net of shares withheld for taxes	1,418	1,739
Excess tax benefit on stock option exercises	—	1,924
Purchases of common stock	(46,074)	(25,062)
Dividends paid	(16,343)	(15,270)
Net cash used for financing activities	(61,422)	(36,886)
Effect of exchange rate changes on cash and equivalents	2,204	(139)
Change in cash, cash equivalents and restricted cash	(13,239)	(2,024)
Cash, cash equivalents and restricted cash at beginning of period	150,859	121,335
Cash, cash equivalents and restricted cash at end of period	\$ 137,620	\$ 119,311
Supplemental disclosure of non-cash investing activities		
Capital expenditures included in payables	\$ 3,926	\$ 1,012

LA-Z-BOY INCORPORATED
SEGMENT INFORMATION

(Unaudited, amounts in thousands)	Quarter Ended		Nine Months Ended	
	1/27/18	1/28/17	1/27/18	1/28/17
Sales				
Upholstery segment:				
Sales to external customers	\$ 262,874	\$ 246,650	\$ 739,429	\$ 715,357
Intersegment sales	58,084	56,273	160,697	150,771
Upholstery segment sales	<u>320,958</u>	<u>302,923</u>	<u>900,126</u>	<u>866,128</u>
Casegoods segment:				
Sales to external customers	23,887	20,499	68,821	64,651
Intersegment sales	3,328	2,760	11,969	9,534
Casegoods segment sales	<u>27,215</u>	<u>23,259</u>	<u>80,790</u>	<u>74,185</u>
Retail segment sales	125,815	122,121	353,068	325,206
Corporate and Other:				
Sales to external customers	1,062	722	2,604	2,140
Intersegment sales	2,818	1,978	6,839	4,751
Corporate and Other sales	<u>3,880</u>	<u>2,700</u>	<u>9,443</u>	<u>6,891</u>
Eliminations	(64,230)	(61,011)	(179,505)	(165,056)
Consolidated sales	<u>\$ 413,638</u>	<u>\$ 389,992</u>	<u>\$ 1,163,922</u>	<u>\$ 1,107,354</u>
Operating Income (Loss)				
Upholstery segment	\$ 31,699	\$ 35,669	\$ 88,422	\$ 104,388
Casegoods segment	2,792	1,593	8,833	6,587
Retail segment	7,076	6,325	12,746	11,515
Corporate and Other	(8,472)	(10,015)	(26,339)	(32,602)
Consolidated operating income	<u>\$ 33,095</u>	<u>\$ 33,572</u>	<u>\$ 83,662</u>	<u>\$ 89,888</u>