

**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 19, 2019

(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 19, 2019, La-Z-Boy Incorporated issued a news release to report the company's financial results for the third quarter ended January 26, 2019. 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:

	<u>Description</u>
99.1	News Release Dated February 19, 2019
99.2	Unaudited financial schedules

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	News Release Dated February 19, 2019
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 19, 2019

BY: /s/ Lindsay A. Barnes

Lindsay A. Barnes
Vice President, Corporate Controller and Chief
Accounting Officer



NEWS RELEASE

Contact: Kathy Liebmann (734) 241-2438 kathy.liebmann@la-z-boy.com

LA-Z-BOY REPORTS 13% SALES INCREASE FOR THIRD QUARTER

Retail Segment Doubles Operating Income

MONROE, Mich., February 19, 2019—La-Z-Boy Incorporated (NYSE: LZB) today reported its operating results for the fiscal 2019 third quarter ended January 26, 2019.

Third quarter highlights:

- Consolidated sales increased 13.0% to \$467.6 million
 - Solid core business growth plus sales from recent acquisitions
- Delivered same-store sales for the company-owned retail segment increased 6.7%
- Consolidated operating income:
 - GAAP: \$40.8 million versus \$33.1 million
 - Non-GAAP: \$42.2 million versus \$32.6 million*
- Consolidated operating margin:
 - GAAP: 8.7% versus 8.0%
 - Non-GAAP: 9.0% versus 7.9%*
- Net income attributable to La-Z-Boy Incorporated per share (“EPS”):
 - GAAP: \$0.61 per diluted share versus \$0.25 per diluted share
 - Non-GAAP: \$0.63 per diluted share versus \$0.25 per diluted share*
 - EPS amounts for the fiscal 2019 third quarter include a one-time \$0.07 per share benefit for a redesign of employee benefits programs made in the quarter
 - EPS amounts for the fiscal 2018 third quarter include a \$0.20 per share net charge related to tax reform, and a \$0.06 per share charge for a legal settlement
- Cash generated from operating activities increased 13.5% to \$45.4 million

**Non-GAAP amounts for the third quarter of fiscal 2019 exclude pre-tax purchase accounting charges totaling \$1.5 million, or \$0.02 per diluted share, with \$1.3 million included in operating income and \$0.2 million included in interest expense. Non-GAAP amounts for the third quarter of fiscal 2018 include a \$0.5 million pre-tax benefit from purchase accounting, all included in operating income, which did not impact EPS for the period. Please refer to the accompanying “Reconciliation of GAAP to Non-GAAP Financial Measures” for detailed information on calculating Non-GAAP measures used in this press release and a reconciliation to the applicable GAAP measure.*

Consolidated sales in the third quarter of fiscal 2019 increased 13.0% over the prior year to \$467.6 million, reflecting solid growth in all operating segments and sales from the acquisitions of Joybird and

10 La-Z-Boy Furniture Galleries® stores. Consolidated GAAP operating margin was 8.7% versus 8.0% in the prior-year quarter. Excluding purchase accounting charges, Non-GAAP operating margin was 9.0% in the third quarter of the current year versus 7.9% in the third quarter of last year. The fiscal 2019 third quarter included a gain of 90 basis points from changes to employee benefits, including a one-time gain from changes to employee vacation policies, and incentive compensation costs that were 120 basis points higher than the prior year. Last year's third quarter included a 100 basis point charge for a legal settlement.

Sales in the company's Upholstery segment increased 4.2% to \$334.4 million and GAAP operating margin was 10.3% compared with 9.9% in last year's third quarter. Non-GAAP Upholstery operating margin was 10.3% in the current-year quarter versus 9.7% in last year's third quarter. Sales performance was driven by improvements in price and mix, including innovative products with a compelling value proposition. In the Casegoods segment, sales increased 3.1% to \$28.1 million in the third quarter of fiscal 2019 and GAAP operating margin increased to 11.9% from 10.3% in the prior-year period, reflecting continued success in the marketplace with stylish collections that appeal to today's consumer, and increased floor space with retail partners.

Sales in the Retail segment increased 26.7% to \$159.4 million in the third quarter of fiscal 2019 reflecting strong results for the base stores as well as \$24.2 million of sales from recent acquisitions. On the core base of 142 stores included in last year's third quarter, delivered same-store sales increased 6.7%. GAAP operating margin for the Retail segment improved to 8.9% from 5.6% in last year's third quarter, and Non-GAAP operating margin was 9.1% in the current-year quarter compared with 5.7% in last year's third quarter. Driven by robust delivered same-store sales and a higher average ticket, as well as the recently acquired Arizona stores, operating income doubled. On a GAAP basis, operating profit for the fiscal 2019 third quarter was \$14.2 million versus \$7.1 million in last year's comparable quarter, and Non-GAAP operating profit was \$14.6 million versus \$7.2 million in the prior-year period.

GAAP EPS for the fiscal 2019 third quarter was \$0.61 per diluted share versus \$0.25 per diluted share in the prior-year period. Non-GAAP EPS was \$0.63 per diluted share in the current-year quarter, up from \$0.25 per diluted share in the comparable fiscal 2018 third quarter. EPS for the fiscal 2019 third quarter included higher incentive compensation costs of \$0.10 per share versus last year partially offset by a one-time \$0.07 per share benefit for a redesign of employee benefits. The prior-year EPS included a \$0.20 per share net charge related to tax reform and a \$0.06 per share charge related to a legal settlement.

Kurt L. Darrow, Chairman, President and Chief Executive Officer of La-Z-Boy, said, "La-Z-Boy delivered solid results for the quarter, with sales and operating margin increases posted across the business and strong operating cash generation. We are particularly pleased with the performance of the company-owned Retail segment which doubled its operating income in the quarter versus last year. Within the stores, our retail team is professionally executing our strategies while consumers are responding positively to our product and service offering. These efforts led to the base stores performing at a high level in what is typically our largest quarter for Retail, while the recently acquired Arizona stores also delivered very strong results. Additionally, we remain excited by the potential of Joybird which continues to exhibit fast-paced growth. Overall, our business, in its entirety, exhibited momentum and our team continues to be focused on driving profitable sales growth across the enterprise."

Acquisitions

During the fiscal 2019 second quarter the company closed on the acquisition of Joybird and 10 La-Z-Boy Furniture Galleries® stores — nine in Arizona and one in North Dartmouth, Massachusetts.

During the third quarter the company recorded \$1.5 million of purchase accounting charges, with \$1.3 million of these charges related to the Joybird acquisition, including \$1.1 million in operating income which is reported as part of Corporate & Other and \$0.2 million in interest expense, and approximately \$0.4 million related to the Arizona and North Dartmouth acquisitions, which are reported as part of the company's Retail segment. Offsetting the purchase accounting charges for the fiscal 2019 third quarter was a \$0.2 million benefit related to prior acquisitions. In last year's third quarter, the company had a purchase accounting benefit of \$0.5 million which related to previous acquisitions. These items are treated as Non-GAAP adjustments and are discussed further at the end of this press release under "Reconciliation of GAAP to Non-GAAP Financial Measures."

Joybird and the acquired La-Z-Boy Furniture Galleries® stores in Arizona and North Dartmouth are key strategic acquisitions for the company and are intended to drive long-term growth and profitability. On a Non-GAAP basis, these combined entities are expected to be slightly accretive to profit by the end of fiscal 2019. The company expects purchase accounting charges to be approximately \$0.11 to \$0.12 per diluted share for the full fiscal 2019 year.

Balance Sheet and Cash Flow

During the quarter, the company generated \$45.4 million in cash from operating activities. La-Z-Boy ended the quarter with \$101.6 million in cash and cash equivalents, \$32.2 million in investments to enhance returns on cash, and \$2.0 million in restricted cash. The company invested \$8.8 million in the business through capital expenditures in the third quarter, and spent \$6.1 million on dividends to shareholders. Additionally, the company used \$5.1 million purchasing 0.2 million shares of stock in the open market under its existing authorized share purchase program, leaving 6.1 million shares of purchase availability in the program. La-Z-Boy repaid \$15 million of borrowings under its revolving line of credit during the third quarter, leaving \$20 million outstanding as of the end of January 2019. The credit line borrowings were used to fund a portion of the acquisition payments made during the second quarter.

Outlook

Darrow concluded, "I am optimistic about the future for La-Z-Boy as we continue to align our product offerings, go-to-market strategies, and investments with the changing marketplace. Our portfolio of brands is well positioned to capture growing consumer segments and is supported by a vast distribution network and a world-class global supply chain. Additionally, our strong balance sheet will enable us to continue to make strategic investments to grow the company and provide returns to shareholders."

Conference Call

La-Z-Boy will hold a conference call with the investment community on Wednesday, February 20, 2019, at 8:30 a.m. eastern time. The toll-free dial-in number is 866.682.6100; international callers may use 862.298.0702.

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 Replay Passcode: 42564. The webcast replay will be available for one year.

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) changes in the stock market impacting our profitability and our effective tax rate; (i) operating factors, such as supply, labor or distribution disruptions (e.g. port strikes); (j) changes in legislation, including the tax code, or changes in the domestic or international regulatory environment or trade policies, including new or increased duties, tariffs, retaliatory tariffs, trade limitations and termination or renegotiation of the North American Free Trade Agreement; (k) adoption of new accounting principles; (l) fires, severe weather or other natural events such as hurricanes, earthquakes, flooding, tornadoes and tsunamis; (m) our ability to procure, transport or import, or material increases to the cost of transporting or importing, fabric rolls, leather hides or cut-and-sewn fabric and leather sets domestically or abroad; (n) information technology conversions or system failures and our ability to recover from a system failure; (o) effects of our brand awareness and marketing programs; (p) the discovery of defects in our products resulting in delays in manufacturing, recall campaigns, reputational damage, or increased warranty costs; (q) litigation arising out of alleged defects in our products; (r) unusual or significant litigation; (s) our ability to locate new La-Z-Boy Furniture Galleries® stores (or store owners) and negotiate favorable lease terms for new or existing locations; (t) the ability to increase volume through our e-commerce initiatives; (u) the impact of potential goodwill or intangible asset impairments; and (v) those matters discussed in Item 1A of our fiscal 2018 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 Caseloads segment consists of three brands: American Drew®, Hammary®, and Kincaid®. The company-owned Retail segment includes 155 of the 352 La-Z-Boy Furniture Galleries® stores. Joybird is an e-commerce retailer and manufacturer of upholstered furniture.

The corporation’s branded distribution network is dedicated to selling La-Z-Boy Incorporated products and brands, and includes 352 stand-alone La-Z-Boy Furniture Galleries® stores and 541 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/>.

Non-GAAP Financial Measures

In addition to the financial measures prepared in accordance with accounting principles generally accepted in the United States (“GAAP”), this press release also includes Non-GAAP financial measures. Management uses these Non-GAAP financial measures when assessing our ongoing performance. This press release contains references to Non-GAAP operating income, Non-GAAP operating margin, Non-GAAP income before income taxes, Non-GAAP net income attributable to La-Z-Boy Incorporated and Non-GAAP net income attributable to La-Z-Boy Incorporated per diluted share, each of which excludes purchase accounting charges. These purchase accounting charges include the amortization of intangible assets, incremental expense upon the sale of inventory acquired at fair value, amortization of employee retention agreements, fair value adjustments of future cash payments recorded as interest expense, and adjustments to the fair value of contingent consideration. These Non-GAAP financial measures are not meant to be considered superior to or a substitute for La-Z-Boy Incorporated’s results of operations prepared in accordance with GAAP, and may not be comparable to similarly titled measures reported by other companies. Reconciliations of such Non-GAAP financial measures to the most directly comparable GAAP financial measures are set forth in the accompanying tables.

Management believes that presenting certain Non-GAAP financial measures excluding purchase accounting charges will help investors understand the long-term profitability trends of our business and compare our profitability to prior and future periods and to our peers. Management uses these Non-GAAP measures to assess the company’s operating and financial performance, and excludes purchase accounting charges because the amount and timing of such charges are significantly impacted by the timing, size, number and nature of the acquisitions consummated. While the company has a history of acquisition activity, it does not acquire businesses on a predictable cycle, and the impact of purchase accounting charges is unique to each acquisition and can vary significantly from acquisition to acquisition. Exclusion of these charges facilitates more consistent comparisons of operating results over time between our newly acquired and long-held businesses, and with both acquisitive and non-acquisitive peer companies. Where applicable, the accompanying “Reconciliation of GAAP to Non-GAAP Financial Measures” tables present the excluded items net of tax calculated using the effective tax rate from operations for the period in which the adjustment is presented.

LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF INCOME

(Unaudited, amounts in thousands, except per share data)	Quarter Ended	
	1/26/19	1/27/18
Sales	\$ 467,582	\$ 413,638
Cost of sales	277,712	251,140
Gross profit	189,870	162,498
Selling, general and administrative expense	149,027	129,403
Operating income	40,843	33,095
Interest expense	(538)	(113)
Interest income	540	444
Other income (expense), net	(941)	(1,094)
Income before income taxes	39,904	32,332
Income tax expense	10,730	20,047
Net income	29,174	12,285
Net income attributable to noncontrolling interests	(443)	(176)
Net income attributable to La-Z-Boy Incorporated	\$ 28,731	\$ 12,109
Basic weighted average common shares	46,820	47,234
Basic net income attributable to La-Z-Boy Incorporated per share	\$ 0.61	\$ 0.26
Diluted weighted average common shares	47,091	47,757
Diluted net income attributable to La-Z-Boy Incorporated per share	\$ 0.61	\$ 0.25
Dividends declared per share	\$ 0.13	\$ 0.12

LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF INCOME

(Unaudited, amounts in thousands, except per share data)	Nine Months Ended	
	1/26/19	1/27/18
Sales	\$ 1,291,610	\$ 1,163,922
Cost of sales	778,813	707,369
Gross profit	512,797	456,553
Selling, general and administrative expense	420,294	372,891
Operating income	92,503	83,662
Interest expense	(1,143)	(430)
Interest income	1,534	1,163
Other income (expense), net	(2,046)	(271)
Income before income taxes	90,848	84,124
Income tax expense	22,374	36,889
Net income	68,474	47,235
Net income attributable to noncontrolling interests	(1,428)	(579)
Net income attributable to La-Z-Boy Incorporated	\$ 67,046	\$ 46,656
Basic weighted average common shares	46,808	47,852
Basic net income attributable to La-Z-Boy Incorporated per share	\$ 1.43	\$ 0.97
Diluted weighted average common shares	47,212	48,325
Diluted net income attributable to La-Z-Boy Incorporated per share	\$ 1.42	\$ 0.96
Dividends declared per share	\$ 0.37	\$ 0.34

LA-Z-BOY INCORPORATED
CONSOLIDATED BALANCE SHEET

(Unaudited, amounts in thousands, except par value)	1/26/19	4/28/18
Current assets		
Cash and equivalents	\$ 101,579	\$ 134,515
Restricted cash	2,003	2,356
Receivables, net of allowance of \$2,762 at 1/26/19 and \$1,956 at 4/28/18	149,526	154,055
Inventories, net	219,211	184,841
Other current assets	75,086	42,451
Total current assets	547,405	518,218
Property, plant and equipment, net	195,680	180,882
Goodwill	184,717	75,254
Other intangible assets, net	30,274	18,190
Deferred income taxes — long-term	21,231	21,265
Other long-term assets, net	82,149	79,158
Total assets	\$ 1,061,456	\$ 892,967
Current liabilities		
Short-term borrowings	\$ 20,000	\$ —
Current portion of long-term debt	205	223
Accounts payable	72,421	62,403
Accrued expenses and other current liabilities	176,277	118,721
Total current liabilities	268,903	181,347
Long-term debt	47	199
Other long-term liabilities	120,720	86,205
Contingencies and commitments		
Shareholders' equity		
Preferred shares — 5,000 authorized; none issued	—	—
Common shares, \$1 par value — 150,000 authorized; 46,730 outstanding at 1/26/19 and 46,788 outstanding at 4/28/18	46,730	46,788
Capital in excess of par value	306,896	298,948
Retained earnings	330,491	291,644
Accumulated other comprehensive loss	(26,854)	(25,199)
Total La-Z-Boy Incorporated shareholders' equity	657,263	612,181
Noncontrolling interests	14,523	13,035
Total equity	671,786	625,216
Total liabilities and equity	\$ 1,061,456	\$ 892,967

LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited, amounts in thousands)	Nine Months Ended	
	1/26/19	1/27/18
Cash flows from operating activities		
Net income	\$ 68,474	\$ 47,235
Adjustments to reconcile net income to cash provided by (used for) operating activities		
(Gain)/Loss on disposal of assets	41	(1,849)
Gain on conversion of investment	—	(2,204)
Change in deferred taxes	2,538	10,543
Provision for doubtful accounts	477	198
Depreciation and amortization	23,182	23,671
Equity-based compensation expense	8,174	7,929
Pension plan contributions	(7,000)	(2,000)
Change in receivables	1,152	5,057
Change in inventories	(18,950)	(9,142)
Change in other assets	(10,103)	(3,304)
Change in payables	4,954	12,529
Change in other liabilities	18,509	2,537
Net cash provided by operating activities	91,448	91,200
Cash flows from investing activities		
Proceeds from disposals of assets	447	620
Proceeds from property insurance	154	1,807
Capital expenditures	(35,766)	(24,138)
Purchases of investments	(14,956)	(24,124)
Proceeds from sales of investments	14,304	17,109
Acquisitions, net of cash acquired	(78,582)	(16,495)
Net cash used for investing activities	(114,399)	(45,221)
Cash flows from financing activities		
Net proceeds from credit facility	20,000	—
Payments on debt	(169)	(203)
Payments for debt issuance costs	—	(220)
Stock issued for stock and employee benefit plans, net of shares withheld for taxes	4,012	1,418
Purchases of common stock	(16,726)	(46,074)
Dividends paid	(17,381)	(16,343)
Net cash used for financing activities	(10,264)	(61,422)
Effect of exchange rate changes on cash and equivalents	(74)	2,204
Change in cash, cash equivalents and restricted cash	(33,289)	(13,239)
Cash, cash equivalents and restricted cash at beginning of period	136,871	150,859
Cash, cash equivalents and restricted cash at end of period	\$ 103,582	\$ 137,620
Supplemental disclosure of non-cash investing activities		
Capital expenditures included in payables	\$ 2,827	\$ 3,926

LA-Z-BOY INCORPORATED
SEGMENT INFORMATION

(Unaudited, amounts in thousands)	Quarter Ended		Nine Months Ended	
	1/26/19	1/27/18	1/26/19	1/27/18
Sales				
Upholstery segment:				
Sales to external customers	\$ 265,487	\$ 262,874	\$ 759,569	\$ 739,429
Intersegment sales	68,961	58,084	185,370	160,697
Upholstery segment sales	334,448	320,958	944,939	900,126
Casegoods segment:				
Sales to external customers	23,129	23,887	73,774	68,821
Intersegment sales	4,936	3,328	14,054	11,969
Casegoods segment sales	28,065	27,215	87,828	80,790
Retail segment sales	159,417	125,815	418,331	353,068
Corporate and Other:				
Sales to external customers	19,549	1,062	39,936	2,604
Intersegment sales	3,300	2,818	9,156	6,839
Corporate and Other sales	22,849	3,880	49,092	9,443
Eliminations	(77,197)	(64,230)	(208,580)	(179,505)
Consolidated sales	\$ 467,582	\$ 413,638	\$ 1,291,610	\$ 1,163,922
Operating Income (Loss)				
Upholstery segment	\$ 34,566	\$ 31,699	\$ 90,602	\$ 88,422
Casegoods segment	3,332	2,792	10,173	8,833
Retail segment	14,158	7,076	25,179	12,746
Corporate and Other	(11,213)	(8,472)	(33,451)	(26,339)
Consolidated operating income	\$ 40,843	\$ 33,095	\$ 92,503	\$ 83,662

LA-Z-BOY INCORPORATED
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(Unaudited, amounts in thousands, except per share data)	Quarter Ended		Nine Months Ended	
	1/26/19	1/27/18	1/26/19	1/27/18
GAAP gross profit	\$ 189,870	\$ 162,498	\$ 512,797	\$ 456,553
Add back: Purchase accounting charges — incremental expense upon the sale of inventory acquired at fair value	420	114	2,911	375
Non-GAAP gross profit	\$ 190,290	\$ 162,612	\$ 515,708	\$ 456,928
GAAP SG&A	\$ 149,027	\$ 129,403	\$ 420,294	\$ 372,891
Less: Purchase accounting charges — amortization of intangible assets and retention agreements	(896)	613	(2,237)	(343)
Non-GAAP SG&A	\$ 148,131	\$ 130,016	\$ 418,057	\$ 372,548
GAAP operating income	\$ 40,843	\$ 33,095	\$ 92,503	\$ 83,662
Add back: Purchase accounting charges	1,316	(499)	5,148	718
Non-GAAP operating income	\$ 42,159	\$ 32,596	\$ 97,651	\$ 84,380
GAAP income before income taxes	\$ 39,904	\$ 32,332	\$ 90,848	\$ 84,124
Add back: Purchase accounting charges recorded as part of gross profit, SG&A, and interest expense	1,507	(499)	5,527	718
Non-GAAP income before income taxes	\$ 41,411	\$ 31,833	\$ 96,375	\$ 84,842
GAAP net income attributable to La-Z-Boy Incorporated	\$ 28,731	\$ 12,109	\$ 67,046	\$ 46,656
Add back: Purchase accounting charges recorded as part of gross profit, SG&A, and interest expense	1,507	(499)	5,527	718
Less: Tax effect of purchase accounting charges	(439)	81	(1,360)	(315)
Non-GAAP net income attributable to La-Z-Boy Incorporated	\$ 29,799	\$ 11,691	\$ 71,213	\$ 47,059
GAAP net income attributable to La-Z-Boy Incorporated per diluted share	\$ 0.61	\$ 0.25	\$ 1.42	\$ 0.96
Add back: Purchase accounting charges, net of tax, per share	0.02	—	0.09	0.01
Non-GAAP net income attributable to La-Z-Boy Incorporated per diluted share	\$ 0.63	\$ 0.25	\$ 1.51	\$ 0.97

LA-Z-BOY INCORPORATED
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
SEGMENT INFORMATION

(Unaudited, amounts in thousands)	Quarter Ended			
	1/26/19	% of sales	1/27/18	% of sales
GAAP operating income (loss)				
Upholstery segment	\$ 34,566	10.3%	\$ 31,699	9.9%
Casegoods segment	3,332	11.9%	2,792	10.3%
Retail segment	14,158	8.9%	7,076	5.6%
Corporate and Other	(11,213)	N/M	(8,472)	N/M
GAAP Consolidated operating income	<u>\$ 40,843</u>	8.7%	<u>\$ 33,095</u>	8.0%
Purchase accounting charges affecting operating income				
Upholstery segment	\$ (241)		\$ (614)	
Casegoods segment	—		—	
Retail segment	420		115	
Corporate and Other	1,137		—	
Consolidated purchase accounting charges affecting operating income	<u>\$ 1,316</u>		<u>\$ (499)</u>	
Non-GAAP operating income (loss)				
Upholstery segment	\$ 34,325	10.3%	\$ 31,085	9.7%
Casegoods segment	3,332	11.9%	2,792	10.3%
Retail segment	14,578	9.1%	7,191	5.7%
Corporate and Other	(10,076)	N/M	(8,472)	N/M
Non-GAAP Consolidated operating income	<u>\$ 42,159</u>	9.0%	<u>\$ 32,596</u>	7.9%
GAAP operating income (loss)				
(Unaudited, amounts in thousands)				
	1/26/19	% of sales	1/27/18	% of sales
GAAP operating income (loss)				
Upholstery segment	\$ 90,602	9.6%	\$ 88,422	9.8%
Casegoods segment	10,173	11.6%	8,833	10.9%
Retail segment	25,179	6.0%	12,746	3.6%
Corporate and Other	(33,451)	N/M	(26,339)	N/M
GAAP Consolidated operating income	<u>\$ 92,503</u>	7.2%	<u>\$ 83,662</u>	7.2%
Purchase accounting charges affecting operating income				
Upholstery segment	\$ (37)		\$ 116	
Casegoods segment	—		—	
Retail segment	1,508		602	
Corporate and Other	3,677		—	
Consolidated purchase accounting charges affecting operating income	<u>\$ 5,148</u>		<u>\$ 718</u>	
Non-GAAP operating income (loss)				
Upholstery segment	\$ 90,565	9.6%	\$ 88,538	9.8%
Casegoods segment	10,173	11.6%	8,833	10.9%
Retail segment	26,687	6.4%	13,348	3.8%
Corporate and Other	(29,774)	N/M	(26,339)	N/M
Non-GAAP Consolidated operating income	<u>\$ 97,651</u>	7.6%	<u>\$ 84,380</u>	7.2%

N/M — Not Meaningful