

# INDUSTRY NUMBERS

## March orders up 9%

HIGH POINT — March orders buoyed year-to-date sales figures, according to Smith Leonard's May Furniture Insights newsletter.

Orders for the month were up 9% versus 2013 figures and up 13% compared to February, which brought the year-to-date orders 3% ahead of figures from a year ago. Prior to March, orders were relatively flat, according to Ken Smith, managing partner of the accounting and consulting firm.

Shipments for March grew by double digits, up 10% when compared to 2013, and up 21% over February's figures. This rise in shipments also boosted the year-to-date increase to 4%, compared to 1% a month ago.

Smith said while the overall pulse of the industry is positive, a case-by-case breakdown reveals a divergence.

"We would note that in both orders and shipments, there are wide variances in the reporting from participants," Smith wrote. "Some are reporting nice double-digit increases, while others are reporting, in some cases, double-digit declines."

Backlogs remained strong — up 14% versus March 2013 and up 2% compared to February.

As unemployment fell nationally to 6.3%, coupled with a positive outlook coming out of the April High Point Market, Smith said there's cause to believe the industry is benefiting from a tailwind.

"After what appeared to be a very positive April High Point Market, for the most part, we are hearing that business has remained pretty good," Smith wrote. "Let's hope the late spring and summer months continue to improve. We really do not see any reason for anything but positive results for the rest of 2014, barring any unforeseen national or international occurrence."

## Conn's scores double-digit sales, profit gains

BY CLINT ENGEL

THE WOODLANDS, Texas — Furniture and mattress sales continued to lead the party for Conn's as the retailer posted double-digit sales and profit gains in its fiscal first quarter.

The 80-store electronics, appliance and home furnishings retailer reported a 28.4% increase in net income to \$28.5 million for the quarter ended April 30, up from \$22.2 million for the same period a year ago.

Total revenues for The Woodlands, Texas-based retailer jumped 33.6% to \$335.4 million from \$251.1 million while same-store sales were up 15.6%. The same-store sales growth was on top of a 16.5% same-store sales increase reported a year ago.

Furniture and bedding continued to be the retailer's fastest-growing category, up 64.7% in the quarter and accounting for about one-third of Conn's total product revenue.

Chairman and CEO Theo-

dore Wright said the quarterly results "met our expectations with solid performance in both the retail and credit operations." He noted that the strong same-store sales gains continued into May — the first month of its second quarter — with a 13% gain.

"With the expansion of our product offerings and new store openings, furniture and mattress was our leading product category in the quarter," Wright said, adding that the shift in product mix also contributed to an increase in Conn's retail gross margin to 41.4% in the period.

Conn's opened two new HomePlus stores in the Denver area in late April as part of an overall plan to open 17 to 20 stores this year and push into new markets. In May, the company opened its first two stores in Tennessee. It also plans to close 10 locations this year.

The retailer said it incurred about \$3.8 million in operating expenses tied to the planned opening of nine stores in the second quarter of fiscal 2015.

### CONN'S

Earnings per share are fully diluted.

Quarter ended 4/30	2014	2013	Change
Revenues	\$335,448,000	\$251,063,000	33.6%
Operating income	73,043,000	52,945,000	38.0%
Net income	28,469,000	22,176,000	28.4%
Earnings per share	0.77	0.61	26.2%

"Execution in our collections operation improved during the quarter and delinquency declined as anticipated," Wright said, adding that the company expects more improvement this year.

Conn's credit revenue increased 38.9% in the quarter to \$57.4 million and its customer portfolio balance was \$1.1 billion at the end of the quarter, up 42.7% from a year ago. Its interest and fee yield on the credit portfolio was down 40 basis points to 17.6%, with the company attributing the decline primarily to an increased provision for uncollectible interest and lower fee income. The yield also was impacted by an increase in

short-term, no-interest customer receivables, it said.

Conn's provision for bad debts increased \$8.4 million to \$22.2 million for the quarter as a result of increased loan originations and a higher delinquency rate.

For the year ending Jan. 31, 2015, the company said it expects to generate diluted earnings per share between \$3.37 and \$3.67, assuming, among other things, that same-store sales will be up in the 5% to 10% range.

Conn's operates stores in Arizona, Colorado, Louisiana, New Mexico, Oklahoma, Tennessee and Texas. Nearly three-quarters of its stores now operate under the Conn's HomePlus format.

## Hooker Furniture 1Q profits soar 30%

BY LARRY THOMAS

MARTINSVILLE, Va. — Driven by higher case goods sales, Hooker Furniture said profits jumped more than 30% in its first fiscal quarter.

The company said case goods sales were up 10.7% in the quarter ended May 4, while upholstery sales were up 7.3%.

"We're gratified to see case goods growing again," said Paul Toms, chairman and CEO. "While upholstery sales have grown faster than case goods sales over the last few years, we're seeing indications of a recovery in case goods sales and improved retailer ability to sell large-ticket bedroom, dining and

home office furniture."

Total company sales were \$61.4 million, an increase of 9.1% from \$56.3 million in last year's first fiscal quarter.

Net income totaled \$2.8 million, or 26 cents per share. That was up 31.9% from \$2.12 million, or 20 cents per share, in the same quarter last year.

Toms said much of the case goods increase came from container-direct shipments from its Asia warehouse program.

"We have strengthened our container-direct offering with a strong service position on a broader selection of best sellers," he said. "Retailers are also more

### HOOKER FURNITURE

Owns Bradington-Young

Earnings per share are fully diluted.

13 weeks ended 5/4	2014	2013	Change
Sales	\$61,396,000	\$56,295,000	9.1%
Operating income	4,243,000	3,234,000	31.2%
Net income	2,804,000	2,126,000	31.9%
Earnings per share	0.26	0.20	30.0%

comfortable committing to the larger container purchases when they don't have to buy deep on any particular item."

Toms said the company's new business ventures, H Contract and Homeware, recorded operating losses of \$357,000 for the quar-

ter. That reduced net income by \$233,000, or 2 cents per share.

H Contract offers upholstered seating and case goods for upscale senior living facilities, while Homeware is an online, direct-to-consumer brand of furnishings and home décor.

## Caligaris family buys back shares from L Capital

MANZANO, Italy — Contemporary case goods specialist Calligaris bought back 40% of the company's shares that were sold in 2007 to L Capital, a private equity fund, the company announced in a statement. The remaining shares (60%) stayed in the Calligaris family.

The statement offered no specific reason for the action, saying only that Calligaris and L Capital enjoyed "a lucrative partnership"

and "have parted ways amicably and to both parties' complete satisfaction."

"During these seven years, we have worked with L Capital to make Calligaris more competitive and boost the brand's international visibility, by investing increasingly with our partners in Italy and around the world," said Alessandro Calligaris, Calligaris chairman.

Calligaris stores opened last

year in three Asian locations and in London, Madrid and Kiev. New stores opened this year in Beirut, Turin, Naples and Bergamo, and others will be opening soon in New York, Washington and Düsseldorf. The goal is to increase the number of Calligaris' partners/retailers from 450 to 550 this year and to boost their share of revenue from 42% to 50%.

The statement said that Callig-

aris is bucking the trend of "Italian trademarks (being) swallowed up by international groups" by "investing in the family business and making it more Italian than ever, not only as a successful example of made-in-Italy furnishings but also in terms of ownership."

A "new phase of expansion" is in the works, the statement said, which "perhaps" could mean that Calligaris will acquire other firms.

Copyright of Furniture/Today is the property of FT Media Holdings LLC (dba Progressive Business Media) and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.