



La-Z-Boy Incorporated Reports Fourth Quarter, Full Year Results

05/30/01

MONROE, Mich., May 30 /PRNewswire/ -- La-Z-Boy Incorporated (NYSE: LZB; PCX) today reported sales for its April 28, 2001 fiscal fourth quarter of \$595 million, compared to \$654 million in the year-earlier quarter, or \$619 million after adjustment for an extra week in the fiscal 2000 period. Net income for fiscal 2001's fourth quarter was \$10.3 million or \$0.17 per diluted share, after a previously-announced \$0.11 per share restructuring charge. Prior to the restructuring charge, net income for the quarter was \$0.28 per diluted share, compared to \$0.49 per diluted share or \$29.7 million in the same period of fiscal 2000, a decline of 43 percent. These results were in line with the company's previous guidance.

For the company's 52-week fiscal year ended April 28, 2001, sales totaled \$2.256 billion, compared to \$1.783 billion in 53-week fiscal 2000. After adjusting for the extra week in fiscal 2000 and acquisitions, the proforma year-over-year sales decrease for fiscal 2001 was 1 percent. Net income for fiscal 2001 totaled \$68.3 million, or \$1.13 per diluted share, after the restructuring charge. Prior to the restructuring charge, net income was \$1.24 per diluted share for fiscal 2001, versus \$1.60 in the prior year, a 22 percent decrease.

La-Z-Boy Incorporated president and chief operating officer Jerry Kiser said, "We are obviously not pleased with our company's performance last year." Kiser noted that the past year was one of the most difficult periods for the residential furniture industry in recent memory, and included a number of furniture retailer bankruptcies. "This retail disruption cost us a significant amount," he said, "in terms of higher bad debt costs, increased margin pressures, and a decrease in the number of major dealers -- particularly in the promotional end of our business."

Kiser continued, "La-Z-Boy Incorporated's management team responded to last year's industry softness by putting a number of programs in place throughout the company to reduce expenses, improve manufacturing productivity and keep production in line with current sales rates. Including our restructuring program, we have reduced total employment throughout the company by about 1,000 jobs, or roughly 5 percent of our workforce since the end of our January fiscal third quarter. We have also taken a significant amount of selective plant downtime at various divisions. While we look forward to an improved tone of business later this year, we are continuing to manage our businesses within the context of an extremely challenging environment. Our best estimate for the July 2001 quarter is for a year-over-year sales decline in the mid single digit area, and earnings per diluted share in the range of \$0.05 - \$0.10, compared to last year's \$0.21, and, for the full fiscal year 2002, our estimate is \$1.20 - \$1.40."

La-Z-Boy Incorporated chairman Pat Norton added, "The suddenness and severity of the decline in consumer furniture demand in the latter part of calendar 2000 surprised even the most experienced industry executives. Our La-Z-Boy proprietary distribution system -- and in particular our nearly 300 Furniture Galleries(R) Stores -- performed relatively well in this environment, with sales remaining flat to slightly higher in recent months. Consumer demand for furniture remains quite weak at present, with no indications as yet of an imminent recovery. Our first quarter ending in July is typically a slow period and we are expecting it to be quite challenging this year. However, we believe the aggressive Federal Reserve Board interest rate cuts since the start of calendar 2001 bode well for consumer sentiment as we move into the Fall, which typically is our strongest seasonal period of the year."

La-Z-Boy will hold an investor conference call tomorrow beginning at 11 a.m. EDT. The dial-in number for the call is 800-394-1298. A telephone replay of the call will begin at about 2 p.m. and remain available through June 7. The number for the telephone replay is 800-642-1687 and the passcode is 159760. The conference call will also be webcast live and will remain available on the Internet for approximately 30 days. Both the live webcast and the archive will be available at www.la-z-boy.com.

La-Z-Boy Background information:

With annual sales in excess of \$2 billion, La-Z-Boy Incorporated is the largest U.S. residential furniture producer, employing more than 20,000 people company wide and operating 55 manufacturing facilities in ten states and four foreign countries. The La-Z-Boy Incorporated family of companies -- Alexvale, American Drew, Bauhaus, Centurion, Clayton Marcus, England, Hammary, HickoryMark, Kincaid, La-Z-Boy, La-Z-Boy Contract Furniture Group, Lea, Pennsylvania House, Pilioid and Sam Moore -- produces furniture for every room of the home and office. And, under the American of Martinsville brand name, La-Z-Boy is also a leading manufacturer of contract furniture for the hospitality and assisted-living markets.

La-Z-Boy Incorporated's vast distribution network of proprietary retailers, which includes 289 La-Z-Boy Furniture Galleries(R) and 319 La-Z-Boy In-Store Galleries, in-store gallery programs at Kincaid, Pennsylvania House and Clayton Marcus, England's Custom Comfort Centers and Lea's Kid's Generation displays, contains over 9 million square feet of retail floor space dedicated exclusively to selling La-Z-Boy products. According to industry trade publication Furniture/Today, the La-Z-Boy Furniture Galleries retail network by itself represents the industry's sixth largest U.S. furniture retailer. La-Z-Boy's stock is traded on the New York and Pacific stock exchanges under the trading symbol: LZB. Additional information on the company is available at www.la-z-boy.com.

Forward-looking Information:

Any forward-looking statements contained in this report represent management's current expectations, based on present information and current assumptions. Actual results could differ materially from those anticipated or projected due to a number of factors. These factors include, but are not limited to changes in consumer sentiment, the impact of interest rate changes on the economy, the impact of imports, the effect of certain manufacturing restructuring actions and other factors identified from time to time in the company's reports filed with the Securities and Exchange Commission. The company undertakes no obligation to update or revise any forward-looking statements, either to reflect 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, including the company's most recent Form 10-Q report. The company's recently-filed Form 8-K contains the latest quarter's income statement, balance sheet, cash flow statement, segment information and additional management discussion and analysis of the financial results, and is available at www.la-z-boy.com .

EARNINGS

(Dollars in thousands, except per share data)

UNAUDITED

	April 28, 2001 (13 weeks)	April 29, 2000 (14 weeks)
FOURTH QUARTER ENDED		
Sales	\$594,771	\$654,497
Net income	\$10,300	\$29,714
Diluted average shares	60,571	61,058
Diluted EPS	\$0.17	\$0.49

AUDITED

	April 28, 2001 (52 weeks)	April 29, 2000 (53 weeks)
TWELVE MONTHS ENDED		
Sales	\$2,256,197	\$1,782,917
Net Income	\$68,336	\$87,614
Diluted average shares	60,692	54,860
Diluted EPS	\$1.13	\$1.60

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