

LSI INDUSTRIES INC
Form 10-Q
May 01, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2015.

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____.

Commission File No. 0-13375

LSI Industries Inc.

State of Incorporation - Ohio IRS Employer I.D. No. 31-0888951

10000 Alliance Road

Cincinnati, Ohio 45242

(513) 793-3200

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Indicate by checkmark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by checkmark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

Indicate by checkmark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [] Accelerated filer []
Non-accelerated filer [] Smaller reporting company []

Indicate by checkmark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes NO

As of April 27, 2015 there were 24,238,684 shares of the Registrant's common stock, no par value per share, outstanding.

LSI INDUSTRIES INC.

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2015

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“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995

This Form 10-Q contains certain forward-looking statements that are subject to numerous assumptions, risks or uncertainties. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. Forward-looking statements may be identified by words such as “estimates,” “anticipates,” “projects,” “plans,” “expects,” “intends,” “believes,” “seeks,” “may,” “will,” “should” or the negative versions of those words and similar expressions, and by the context in which they are used. Such statements, whether expressed or implied, are based upon current expectations of the Company and speak only as of the date made. Actual results could differ

materially from those contained in or implied by such forward-looking statements as a result of a variety of risks and uncertainties over which the Company may have no control. These risks and uncertainties include, but are not limited to, the impact of competitive products and services, product demand and market acceptance risks, potential costs associated with litigation and regulatory compliance, reliance on key customers, financial difficulties experienced by customers, the cyclical and seasonal nature of our business, the adequacy of reserves and allowances for doubtful accounts, fluctuations in operating results or costs whether as a result of uncertainties inherent in tax and accounting matters or otherwise, unexpected difficulties in integrating acquired businesses, the ability to retain key employees of acquired businesses, unfavorable economic and market conditions, the results of asset impairment assessments and the other risk factors that are identified herein. You are cautioned to not place undue reliance on these forward-looking statements. In addition to the factors described in this paragraph, the risk factors identified in our Form 10-K and other filings the Company may make with the SEC constitute risks and uncertainties that may affect the financial performance of the Company and are incorporated herein by reference. The Company does not undertake and hereby disclaims any duty to update any forward-looking statements to reflect subsequent events or circumstances.

PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS**

LSI INDUSTRIES INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended March 31		Nine Months Ended March 31	
	2015	2014	2015	2014
<i>(In thousands, except per share data)</i>				
Net sales	\$68,603	\$68,996	\$231,784	\$225,605
Cost of products and services sold	52,298	55,281	176,316	176,011
Gross profit	16,305	13,715	55,468	49,594
Loss on sale of subsidiary (see Note 13)	--	--	565	--
Gain on sale of building	--	--	(343)	--
Selling and administrative expenses	15,723	14,661	49,906	46,190
Operating income (loss)	582	(946)	5,340	3,404
Interest (income)	(8)	(2)	(17)	(16)
Interest expense	11	19	34	57
Income (loss) before income taxes	579	(963)	5,323	3,363
Income tax expense	186	46	1,815	1,637

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Net income (loss)	\$ 393	\$(1,009)	\$ 3,508	\$ 1,726
Earnings (loss) per common share (see Note 4)				
Basic	\$0.02	\$(0.04)	\$0.14	\$0.07
Diluted	\$0.02	\$(0.04)	\$0.14	\$0.07
Weighted average common shares outstanding				
Basic	24,528	24,401	24,470	24,376
Diluted	24,643	24,401	24,550	24,545

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

LSI INDUSTRIES INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except shares)

	March 31, 2015	June 30, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$27,966	\$9,013
Accounts receivable, less allowance for doubtful accounts of \$438 and \$294, respectively	35,403	42,753
Inventories	42,583	45,408
Refundable income taxes	29	1,973
Asset held for sale	--	611
Other current assets	6,282	6,319
Total current assets	112,263	106,077
Property, Plant and Equipment, at cost		
Land	6,952	6,918
Buildings	37,613	37,027
Machinery and equipment	76,300	75,533
Construction in progress	611	221
	121,476	119,699
Less accumulated depreciation	(78,091)	(75,417)
Net property, plant and equipment	43,385	44,282
Goodwill	10,508	10,508
Other Intangible Assets, net	6,219	7,227

Other Long-Term Assets, net	1,823	1,794
Total assets	\$174,198	\$169,888

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

LSI INDUSTRIES INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

<i>(In thousands, except shares)</i>	March 31, 2015	June 30, 2014
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 11,900	\$ 13,658
Accrued expenses	19,270	15,631
Total current liabilities	31,170	29,289
Other Long-Term Liabilities	1,592	2,187
Commitments and Contingencies (Note 12)		
Shareholders' Equity		
Preferred shares, without par value; Authorized 1,000,000 shares, none issued	—	—
Common shares, without par value; Authorized 40,000,000 shares; Outstanding 24,232,699 and 24,122,284 shares, respectively	105,752	104,064
Retained earnings	35,684	34,348
Total shareholders' equity	141,436	138,412
Total liabilities & shareholders' equity	\$ 174,198	\$ 169,888

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

LSI INDUSTRIES INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

<i>(In thousands)</i>	Nine Months Ended March 31	
	2015	2014
Cash Flows from Operating Activities		
Net income	\$3,508	\$1,726
Non-cash items included in net income		
Depreciation and amortization	4,728	4,583
Deferred income taxes	(584)	284
Deferred compensation plan	62	57
Stock option expense	1,153	896
Issuance of common shares as compensation	144	144
(Gain) on disposition of building		