

INTERFACE INC  
Form 10-Q  
November 10, 2016  
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For Quarterly Period Ended October 2, 2016

Commission File Number 001-33994

INTERFACE, INC.

(Exact name of registrant as specified in its charter)

GEORGIA

(State or other jurisdiction of incorporation or organization)

58-1451243

(I.R.S. Employer Identification No.)

2859 PACES FERRY ROAD, SUITE 2000, ATLANTA, GEORGIA 30339

(Address of principal executive offices and zip code)

(770) 437-6800

(Registrant's telephone number, including area code)

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Indicate by check mark 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 check mark 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 (§232.405 of this chapter) 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 check mark 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. (Check one):

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Shares outstanding of each of the registrant’s classes of common stock at November 4, 2016:

| <u>Class</u>                            | <u>Number of Shares</u> |
|---|-------------------------|
| Common Stock, \$.10 par value per share | 64,790,912              |

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INTERFACE, INC.

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## PART I - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## INTERFACE, INC. AND SUBSIDIARIES

## CONSOLIDATED CONDENSED BALANCE SHEETS

(IN THOUSANDS)

|   | <b>Oct. 2, 2016</b> | <b>Jan. 3,<br/>2016</b> |
|---|---------------------|-------------------------|
|   | <b>(UNAUDITED)</b>  |                         |
| <b>ASSETS</b>   |                     |                         |
| <b>CURRENT ASSETS:</b>                                |                     |                         |
| Cash and Cash Equivalents                             | \$ 113,729          | \$75,696                |
| Accounts Receivable, net                              | 128,740             | 130,322                 |
| Inventories   | 164,199             | 161,174                 |
| Prepaid Expenses and Other Current Assets             | 22,682              | 22,490                  |
| Deferred Income Taxes                                 | 8,935               | 8,726                   |
| <b>TOTAL CURRENT ASSETS</b>                           | <b>438,285</b>      | <b>398,408</b>          |
| <br>  |                     |                         |
| PROPERTY AND EQUIPMENT, less accumulated depreciation | 213,574             | 211,489                 |
| DEFERRED TAX ASSET                                    | 7,815               | 20,110                  |
| GOODWILL  | 65,356              | 63,890                  |
| OTHER ASSETS  | 62,510              | 62,652                  |
| <b>TOTAL ASSETS</b>                                   | <b>\$ 787,540</b>   | <b>\$756,549</b>        |
| <br>  |                     |                         |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>           |                     |                         |
| <b>CURRENT LIABILITIES:</b>                           |                     |                         |
| Accounts Payable                                      | \$ 48,377           | \$52,834                |
| Accrued Expenses                                      | 90,494              | 88,933                  |
| Current Portion of Long-Term Debt                     | 15,000              | 11,250                  |
| <b>TOTAL CURRENT LIABILITIES</b>                      | <b>153,871</b>      | <b>153,017</b>          |
| <br>  |                     |                         |
| LONG TERM DEBT  | 202,612             | 202,281                 |
| DEFERRED INCOME TAXES                                 | 8,504               | 10,505                  |
| OTHER   | 45,056              | 48,380                  |
| <b>TOTAL LIABILITIES</b>                              | <b>410,043</b>      | <b>414,183</b>          |

Commitments and Contingencies

SHAREHOLDERS' EQUITY:

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|  |            |             |
|--|------------|-------------|
| Preferred Stock  | 0          | 0           |
| Common Stock   | 6,479      | 6,570       |
| Additional Paid-In Capital   | 359,063    | 370,327     |
| Retained Earnings  | 139,297    | 100,270     |
| Accumulated Other Comprehensive Loss – Foreign Currency Translation Adjustment | (87,684    | ) (91,511 ) |
| Accumulated Other Comprehensive Loss – Pension Liability                       | (39,658    | ) (43,290 ) |
| TOTAL SHAREHOLDERS' EQUITY   | 377,497    | 342,366     |
|  | \$ 787,540 | \$756,549   |

See accompanying notes to consolidated condensed financial statements.

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INTERFACE, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(UNAUDITED)

(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

|  | <b>THREE MONTHS<br/>ENDED</b> |                         | <b>NINE MONTHS<br/>ENDED</b> |                         |
|--|-------------------------------|-------------------------|------------------------------|-------------------------|
|  | <b>Oct. 2,<br/>2016</b>       | <b>Oct. 4,<br/>2015</b> | <b>Oct. 2,<br/>2016</b>      | <b>Oct. 4,<br/>2015</b> |
| NET SALES                                    | \$248,349                     | \$254,686               | \$719,110                    | \$755,227               |
| Cost of Sales                                | 155,431                       | 156,720                 | 440,434                      | 470,577                 |
| GROSS PROFIT ON SALES                        | 92,918                        | 97,966                  | 278,676                      | 284,650                 |
| Selling, General and Administrative Expenses |                               |                         |                              |                         |