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EDITED TRANSCRIPT

ETH - Q4 2019 Ethan Allen Interiors Inc Earnings Call

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OVERVIEW:

Co. reported 4Q19 consolidated sales of \$183.9m and adjusted diluted EPS of \$0.46.



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CORPORATE PARTICIPANTS

Corey Whitely *Ethan Allen Interiors Inc. - Executive VP of Administration, CFO & Treasurer*

M. Farooq Kathwari *Ethan Allen Interiors Inc. - Chairman of the Board, President & CEO*

CONFERENCE CALL PARTICIPANTS

Bradley Bingham Thomas *KeyBanc Capital Markets Inc., Research Division - Director and Equity Research Analyst*

Cristina Fernández *Telsey Advisory Group LLC - Director & Senior Research Analyst*

Robert Kenneth Griffin *Raymond James & Associates, Inc., Research Division - Senior Research Associate*

PRESENTATION

Operator

Good afternoon, and welcome to the Ethan Allen Fiscal 2019's Fourth Quarter Analyst Conference Call. (Operator Instructions) Thank you.

It is now my pleasure to introduce your host, Corey Whitely, Executive Vice President, Administration and Chief Financial Officer. Thank you. You may begin.

Corey Whitely - *Ethan Allen Interiors Inc. - Executive VP of Administration, CFO & Treasurer*

Thank you, John. Good afternoon, and welcome to Ethan Allen's Conference call for our fiscal year and fourth quarter ended June 30, 2019. This conference call is being recorded and webcast live on ethanallen.com, where you will also find our press release, which contains supporting details including reconciliations of non-GAAP information referred to in the release and on this call.

As a reminder, our comments today will include forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially. Please refer to our SEC filings for a complete review of these risks. The company assumes no obligation to update or revise any forward-looking matters discussed during this call.

Joining me is our Chairman and CEO, Farooq Kathwari; and our Vice President, Corporate Controller, Matt McNulty. After our Chairman and CEO, Farooq Kathwari, provides his opening remarks, I will follow with some details on the financial results. Farooq will then provide further updates on our ongoing business initiatives before opening up the telephone line for questions.

With that, here is Farooq Kathwari.

M. Farooq Kathwari - *Ethan Allen Interiors Inc. - Chairman of the Board, President & CEO*

Thank you, Corey, and thank you all for participating in the call.

For fiscal 2019 and the fourth quarter, while being challenged with a number of factors, including lower sales to international markets, particularly China, we were able to increase profitability. Orders and sales to China and Canada were impacted by the imposition of tariffs. We are unique in shipping substantially more products to China than we purchase from them. Our sales to China were also impacted with higher inventory levels held by our retailer in China going into the fiscal year and then the softening of sales there.

We are encouraged by the recent actions our retailer is taking to increase marketing relating to Ethan Allen programs throughout China.



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During the year, the imposition of tariffs in Canada also impacted negatively on our sales and profitability. With the end of the tariffs, our business in Canada has started to grow.

During the fiscal year, despite lower sales, we were able to improve our adjusted gross margins to 55.1% from 54.2%. Our adjusted earnings per share during the year and the quarter increased 15.6% and 7%, respectively, which helped generate strong cash flow, allowing us to have paid out \$47 million in dividends for the fiscal year, a 59.2% increase.

During the year, our orders from the U.S. government contract increased 50.5%, resulting in a stronger contract order backlog at the end of the year.

Our retail sales in the U.S. in the fourth quarter ending June 30, 2019, were negatively impacted due to domestic and international disruptions. In July, we see stronger consumer confidence returning.

We have continued to improve the efficiencies of our vertically integrated enterprise, including continued strengthening of our talent, having relevant product offerings in place, transformation of our retail network, more efficient manufacturing and logistics and investment in technology at all levels. After Corey provides a brief overview of the financials, which were provided in detail in our press release, I will discuss our various initiatives to grow our sales, continue to increase profitability and cash generation. In particular, I will discuss our differentiation in developing a retail network that is relevant, combining great personal service and technology, and also discuss a strong marketing initiative planned for this fall. We believe we are positioned well to increase sales and profitability and now to Corey.

Corey Whitely - Ethan Allen Interiors Inc. - Executive VP of Administration, CFO & Treasurer

Thank you, Farooq. First, an update on our previously announced plans to optimize our manufacturing and logistics operations. During April 2019, we had announced plans to further improve our vertically integrated operations with a number of initiatives, including converting our case goods manufacturing plant in North Carolina to a state-of-the-art distribution center and consolidating the case goods manufacturing operations to Vermont and other plants, adding an 80,000 square foot addition to our North Carolina upholstery plants and closing our Passaic, New Jersey facility and moving those distribution operations to North Carolina. We have made great progress since -- with implementing these initiatives during the fourth quarter, and in connection with these actions, the company recorded pretax restructuring, impairment and other related charges during the quarter totaling \$8.3 million, which consisted of \$3.1 million in non-cash asset impairments, \$2.8 million in employee severance, \$2.0 million in inventory write-offs and manufacturing variances and \$0.4 million of other associated costs.

These one-time charges have been excluded from our adjusted results. As we continue to execute on our optimization plans, we expect these changes to provide the opportunity to benefit gross profit by \$5 million to \$6 million during fiscal 2020, and then beginning in fiscal 2021, after the completion of these initiatives, provide the opportunity for a 100 to 200 basis point improvement to gross margin.

Now on to the financial results for the year and fourth quarter ended June 30, 2019.

Consolidated net sales for the year of \$746.7 million decreased 2.6%. Our domestic retail sales increased 1.2%, while Canada decreased 17.3%, resulting in a 0.4% overall increase within our retail segment.

Wholesale sales decreased 7.2%, primarily due to a \$22.3 million decline in sales to China. Sales decreased in China due to the extraordinary impact of the trade disputes and related tariffs and some excess inventories they had built up. Had our sales to China been even with the prior sales, our consolidated sales would've been \$769 million, just above the prior year.

Our wholesale sales during the fiscal year to our North American retail network were lower by \$18.3 million, reflecting a fewer locations and lower sales due to more challenging retail environment, especially in the fourth quarter. These decreases were partially offset by positive gains in our contract sales business, which grew by \$19.5 million, primarily due to higher sales from the GSA government contract.



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Total consolidated international sales decreased \$27.4 million, primarily as a result of the economic uncertainty caused by the trade disputes and retaliatory tariffs during the fiscal year in both China and Canada. We are pleased that the Canadian import tax on upholstery products recently ended in May. We are now seeing modest improvement in Canada, and our retailer in China has started to increase marketing.

For the fourth quarter, consolidated sales of \$183.9 million were significantly impacted by weak international sales, which were \$11.6 million lower year-over-year, and the weaker retail environment.

Gross margin for the fiscal year increased to 54.8% from 54.2%, and adjusted gross margin increased to 55.1%.

For the fourth quarter, adjusted gross margin of 55.9% reflected the higher portion of retail sales to our consolidated sales.

For fiscal 2020, we expect our gross margin to range between 55% to 56%.

Operating expenses for the fiscal year of \$375.5 million at 50.3% of sales compared to \$367.1 million at 47.9% of sales in the prior year. Fiscal 2019 expenses include \$19.1 million of restructuring and impairment charges.

These nonrecurring charges consist of \$6.3 million related to our manufacturing and logistics optimization plan and \$12.1 million of impairment charges within our retail segment, both of which occurred in the fourth quarter, and \$0.7 million of other restructuring charges that occurred during the year. This compared to \$1.3 million of nonrecurring charges in the prior fiscal year.

The retail impairment charges which occurred in the fourth quarter include a \$9.9 million noncash charge for long-lived assets held primarily at our retail design centers and a \$2.2 million charge representing the remaining contractual obligation on lease space that we exited as of June 30.

Adjusted operating income, which excludes these charges, increased 9.8% for the year, with adjusted operating margin of 7.4% compared to 6.5% in the prior year. And improved gross margin and lower advertising cost contributed to the growth.

Diluted earnings per share for the full year was \$0.96 compared to \$1.32 in the prior year, and adjusted EPS of \$1.56 increased 15.6% compared to \$1.35 in the prior year. For the fourth quarter, adjusted EPS was \$0.46 compared to \$0.43 in the prior year quarter.

The effective income tax rate was 24.1% for the fiscal year compared to 25.9% in the prior year, primarily due to the tax law changes from the Tax Cuts and Jobs Act. We expect the tax rate to be 24.5% for fiscal 2020, with some fluctuation throughout the fiscal year.

Our vertical structure provided a strong operating leverage during fiscal 2019, enabling us to generate \$55.2 million of operating cash, most of which was returned to shareholders in cash dividends paid of \$47 million, an increase of 59.2% from the prior year.

Our capital expenditures were \$9.1 million this year compared to the \$12.5 million last year. We expect capital expenditures of \$17 million to \$20 million for fiscal 2020, which includes approximately \$8 million of capital investment for the 80,000 square foot expansion of our Maiden, North Carolina upholstery manufacturing.

Turning to the balance sheet. We ended the quarter with inventory of \$162.4 million, cash of \$20.8 million and no bank debt outstanding.

With that, I'll turn the call back over to Farooq.

M. Farooq Kathwari - *Ethan Allen Interiors Inc. - Chairman of the Board, President & CEO*

Thank you, Corey. As you all know, during the last 20 years, many industries have been faced with a challenge and opportunities due to globalization, commoditization and technology. The home furnishings industry has also been impacted in many areas, including loss and consolidation of U.S. manufacturing, major changes in retail with many family retail operations exiting the business and the challenges faced by large commodity sellers,



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including the impact of online selling. Our strategy has positioned us well and, we believe, provides an opportunity to grow sales and continue to have strong profitability.

Our main areas of focus are to strengthen our unique, vertically integrated enterprise. In manufacturing and logistics, we have maintained a strong manufacturing base, still making about 75% of our product in our facilities.

25 years back, we had 30 manufacturing locations in the United States, and we had 7 national distribution centers. Today, aided by new technology, our manufacturing in the U.S. is concentrated in Vermont, with 2 major plants producing case goods and in Maiden, North Carolina with 2 major plants producing upholstery.

To maintain control of our manufacturing and balance outsourcing, we established a large manufacturing campus in Central Mexico and also one plant in Honduras. We believe, better for us to operate in North American zone as it provides us better control and efficient cost structure and provides jobs in the North American continent.

Our unique manufacturing structure also provide us the opportunity to export internationally to China and other international markets and also serve the U.S. government, including State Department families all over the world. In addition, we are starting to build more hospitality-focused contract business. Today, the company operates 3 major distribution centers and 27 retail service centers providing excellent service throughout North America, with one delivered cost and white glove delivery service.

Our retail network continues to change to reflect the changing environment. In the 1960s, Ethan Allen introduced the free-standing gallery concept of about 15,000 square foot stores. Over the years, these grew to about 250 locations, almost all operated by independent families.

As the families retired, we decided to operate many of them ourselves. And today, 144 of the 184 North American design centers are operated via the company retail division.

We have a structure of about 100 retail leaders with strong interior design and service backgrounds and about 1,500 interior designers. We are pleased that during fiscal 2019, we added 4 strong retail Vice Presidents. With more professional interior designers and the introduction of technology, the nature of our retail is undergoing a major change.

We are now focused on retail locations under 10,000 square feet and even developing locations that are 3,000 to 7,000 square feet. During fiscal 2019, we relocated design centers in Albany, New York; [Kentwood,] (added by company after the call) in Cincinnati; Ann Arbor, Michigan; Coralville, Iowa; and Superior, Colorado, that is Denver, Colorado. Currently, we are in the process of opening new relocated design centers in Lancaster, Pennsylvania; San Mateo, which is in San Francisco, California; Tyson's Corner, Virginia; Rancho Mirage, California; Oxnard, which is also in Los Angeles, California; and Houston, Texas; and also an important location, which is a great experimental new design center of 3,000 square feet in the prominent Westchester Mall in White Plains, New York opening in the middle of August.

Combining technology with personal service is key to our strategy. Today, over 500 of our interior designers are chatting online, and in our design centers, our interior designers are utilizing our high definition 3D room planning tools, our augmented reality app, touch screen technology with product customization and visualization tools and our website.

We have continued to introduce relevant product programs with a focus on expanding our reach and maintaining quality and value. During fiscal 2019, we introduced our Relaxed Modern product line, a casual, livable, transitional design made of mixed materials as well as expanded our home and garden collection, which continues our focus on providing classic designs with a modern attitude.

We continue to strengthen our marketing at the national, regional and local levels, utilizing print, the digital and social mediums. In October, we plan to introduce a major marketing campaign, introducing a new loyalty program. We will provide additional details as we move along.

Now, with this, I would like to open for any questions or comments. John?



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QUESTIONS AND ANSWERS

Operator

(Operator Instructions) First question, coming from the line of Brad Thomas from KeyBanc Capital.

Bradley Bingham Thomas - *KeyBanc Capital Markets Inc., Research Division - Director and Equity Research Analyst*

Farooq, Corey, I wanted to start with a question about trends that you saw in the quarter and how you're feeling about the start of this new fiscal year. I guess, maybe just starting with China, if we've done the math right, it looks like that was down about 8% as a part of your wholesale segment in the quarter, which would've been better than the, I believe you said, double decline last quarter. I guess, are we doing the math right there? And how are you feeling about trends in China?

M. Farooq Kathwari - *Ethan Allen Interiors Inc. - Chairman of the Board, President & CEO*

Well, Corey and Matt are checking the math. Let me say this that it has been a challenge in China. I referred to it also in the last quarter that they started with somewhat higher inventory, and business somewhat softened in China. On top of it, the tariffs really created a major impediment to business from both in perspective of the fact that consumers in China were -- did not like the tariffs. And also that combined with the softer economy, we felt -- now what's happening is this that the inventory to a great degree in the fourth quarter has been used up. And in fact, starting just in a couple of weeks, a couple of our team members are going to China. They are having an event in 5 major cities, introducing and marketing Ethan Allen programs in a major way. So they are now ready to reengage in marketing where as -- while in the last year, all these external factors held it back.

Bradley Bingham Thomas - *KeyBanc Capital Markets Inc., Research Division - Director and Equity Research Analyst*

Got you. Okay. That's helpful, Farooq. And so I guess, Corey, I don't know if you've had a chance to check the math. Is China getting worse this quarter? Or is it a little less bad than last quarter? I guess, I'm trying to get a sense for approaching an inflection point here.

Corey Whitely - *Ethan Allen Interiors Inc. - Executive VP of Administration, CFO & Treasurer*

Yes. So China, this quarter, from a decrease standpoint, as we mentioned in the press release, was down about \$10 million in the sales. So that's -- this quarter they were up against a larger quarter last year in their shipments because the tariffs hadn't really become that effective at that point in time. It was earlier in these trade disputes. So it was a bigger decrease this quarter at \$10 million than what we had seen. But I think that we'll see how it progresses as we go forward.

M. Farooq Kathwari - *Ethan Allen Interiors Inc. - Chairman of the Board, President & CEO*

Brad, the fact is this quarter really, if I tell you the numbers, we had -- one of the major reasons our sales were down is because our sales to China, shipments to China were down. So maybe you can come up with some of the numbers and give it to Brad.

Bradley Bingham Thomas - *KeyBanc Capital Markets Inc., Research Division - Director and Equity Research Analyst*

That's helpful commentary. I guess, just as a follow-up, it's been a difficult first half of the calendar year for the furniture industry we've seen in the industry numbers and a lot of competitors. I guess, how are you feeling about the health of the U.S. consumer and the U.S. market and the outlook for the second half of this calendar year?



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M. Farooq Kathwari - *Ethan Allen Interiors Inc. - Chairman of the Board, President & CEO*

Yes, Brad. Good question. I would say that we are now going -- moving forward more in a positive manner than I have seen in the last 6 months or so. This is what I'm getting from our retail network. Our people are feeling somewhat more confident. The last quarter, especially, May and June, and more in June, there was negative feelings with the stock market, with international troubles, fights and people held back. And in our case, when they hold back, a lot of that does come back. So I think that what I'm hearing from our retail is that people held back, and it appears to us that they are now coming back. And we -- this quarter, we have an opportunity of regaining what we lost in May and June.

Operator

Next question, coming from line of Cristina Fernández from Telsey Advisory Group.

Cristina Fernández - *Telsey Advisory Group LLC - Director & Senior Research Analyst*

So I wanted to follow up on Brad's question about the U.S. and sort of the environment. It looks like from your commentary that the quarter started better in April and then decelerated in May and June. I mean, I guess, can you talk about what you're seeing? Is it broad-based? Is it more focused on markets with the -- where housing has been weaker? And what are you seeing from competitors? Because you guys have been a little bit more promotional, so maybe you can comment on some of those aspects of the industry.

M. Farooq Kathwari - *Ethan Allen Interiors Inc. - Chairman of the Board, President & CEO*

No, I think that, Cristina, we were surprised that in the consumer attitude in May and June. We were -- we started as you rightly said in April, it was -- it looked good. People were confident. Then external factors came in, in terms -- somehow people felt, as we saw it that they could -- they had to hold back. And now having said this, we have very strong programs. We have been -- we have -- you are right, been somewhat aggressive in terms of our marketing and giving the promotions as you have said. And yet, while we have done all of that, still keep in mind, we have been able to increase our gross margins. So that has sort of been a positive factor. We will continue to be strong in marketing, strong in giving people good values and, as Corey said, still able to -- from -- as we project, of maintaining healthy gross margins.

Cristina Fernández - *Telsey Advisory Group LLC - Director & Senior Research Analyst*

And following up on the marketing. You spoke about a major campaign in the fall, perhaps a loyalty program. I mean, how would this be different from what you've run in the past last year, when you increased marketing, some of the aspects, like national TV, didn't -- weren't received as well. I mean, what is different this time? And how should we think about marketing spend in fiscal year '20?

M. Farooq Kathwari - *Ethan Allen Interiors Inc. - Chairman of the Board, President & CEO*

Yes, it's a good question. Cristina, before the Great Recession, we had worked very hard to have everyday best price. That worked very well because we are in the business of interior design.

And interior design means that the customer should be able to buy our products when they want rather than having to worry about what's going to go on sale and what's not going to go on sale. But we did that because after the Great Recession, having everyday best price everybody got impacted. Our sales were down 40%. So we started at a 10% discount. Now as you know, it's gone up to 20%, 25% discount or more sometimes. So what we are going to do is we are going to -- we are looking at creating a more credible marketing, pricing, but yet offering people a fair amount of opportunity.



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For instance, right now -- in July, for instance, we are offering through a new financing program that we have done with TD Bank, a 36-month financing, which has done very well. So we have a good financing program. You hear more about it, but what the -- in the bottom line is going to be that we will expand our marketing, both in the print, in the digital mediums and perhaps, even go on -- more on television than we have in the last 6 or 9 months. It'll be somewhat different than we did, say, a previous year in terms of the message and even -- whether it's going to be national or regional. So we're looking at all of those things. So creating more credibility, giving an opportunity of savings that the people will see and also giving an opportunity for our designers and customers to work when they want, with what they want. So those are the main elements, and we'll give more information in the next few weeks.

Cristina Fernández - *Telsey Advisory Group LLC - Director & Senior Research Analyst*

And is 4%, 5% the right percentage of sales to think about marketing? Or could you go above that the next year?

M. Farooq Kathwari - *Ethan Allen Interiors Inc. - Chairman of the Board, President & CEO*

No, I would say that last year, in 1 or 2 quarters, we went a little over 6%. So what you're going to see is between 4% and 5% is what we are thinking of doing. And that's a good number for us.

Cristina Fernández - *Telsey Advisory Group LLC - Director & Senior Research Analyst*

And then I have one last question. So the contract business has been a bright spot, including this (inaudible) orders but other products as well. Can you talk about what you're doing in that area, and -- or any other things you are working on that can provide incremental sales for fiscal year '20?

M. Farooq Kathwari - *Ethan Allen Interiors Inc. - Chairman of the Board, President & CEO*

Yes, I think this is a -- this is really a very important area, bright area. The government contract, first, as you know, we have discussed it. It was on a competitive bidding last year. It's a 5-year contract, but in the first year, we did have a competitor that was in bankruptcy. And what they did was they basically had products at very, very low prices, almost cost and below cost. That is a -- and we did compete, did not make much margin. But then they went -- then they were -- they liquidated and there are still others who can compete, but at this stage, we are in a very good position of being a competitor and also operating at a more normalized margins. So that has been very important. And as Corey mentioned, we have grown substantially this year, and we continue to see that growth. In addition to that, as you know, last year, we started the program with the Margaritaville Group in furnishing a hotel and villas in Orlando. That is also increasing. We are just in the process of adding other hotels to that and another contract -- I -- we -- is very specialized contract, like the Margaritaville and in some cases Disney. We have a contract with Disney. In certain cases. All of those things are important. And I believe in the next year, they are going to grow.

Operator

(Operator Instructions) Next question, coming from line of Bobby Griffin from Raymond James.

Robert Kenneth Griffin - *Raymond James & Associates, Inc., Research Division - Senior Research Associate*

First, Farooq, I was just wanted to talk a little bit about Relaxed Modern. Did it ship as we were expecting with a soft launch in May and then a more full launch in June? Any early learnings from the product introductions you can share? And admittedly, I was a little surprised with the retail performance, given the new products were shipping. So you can maybe connect the dots for us there on the U.S. retail performance.



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M. Farooq Kathwari - *Ethan Allen Interiors Inc. - Chairman of the Board, President & CEO*

Yes. Relaxed Modern, Bobby, was well received. However, as we started marketing in our fourth quarter, we did find that overall environment was tough. Now I -- it is in our design centers. We have -- if you have, Corey most probably has sent you. If not, he should send you a direct mail in which we are projecting it strongly. It is well received because it is a design that is current, it is classic design but with a very modern perspective, and consumer attitudes are somewhat similar. So I think our product lines are well received, well positioned. We get a tremendous amount of feedback from our 1,500 interior designers. They are our biggest critics, and they like it. So I think, Bobby, you're going to see us continue to do well there. Plus also, with Artisan program that we'd introduced last year, that also has done well. And we are also continuing now to further strengthen our offerings. And you will see that as we move forward, our next introduction is going to be sometime early spring of next year because we have to absorb all that we have done because in the last 3 or 4 years, we have changed over 70% of our offerings.

Robert Kenneth Griffin - *Raymond James & Associates, Inc., Research Division - Senior Research Associate*

Okay. And then the reference that you made about some increased marketing, some loyalty pushes and stuff in the fall. That would, of course, include the Relaxed Modern collection, so we should expect some higher marketing dollars spent on that collection?

M. Farooq Kathwari - *Ethan Allen Interiors Inc. - Chairman of the Board, President & CEO*

Yes, of course, because what is going to be is going to be part of our total program. So we are going to -- you're going to see it, it's not -- as you know, we don't sell collections as such. We just total Ethan Allen program and we are presenting it in our direct mail, we are presenting in our digital mediums, on our website. So this should be across the board. And Relaxed Modern, an important part of that.

Robert Kenneth Griffin - *Raymond James & Associates, Inc., Research Division - Senior Research Associate*

Okay. And then just lastly to follow up on Cristina's question about the government contract. Is there room for the contract to grow in the next fiscal year? Or is it kind of you have the most share that you think you can get, and it's kind of a flat line where you have to maintain the revenue and everything, but there's probably not incremental more growth out of the contract on a yearly basis?

M. Farooq Kathwari - *Ethan Allen Interiors Inc. - Chairman of the Board, President & CEO*

Well, it's a good question. We have, just last year, increased it by what 50%. By 50%, we have increased, and a lot of that -- actually, we're getting a lot of orders now because of the government fiscal year ends in September, so August and September is the busiest period, which actually last year, did create issues for us in the sense we got a lot of orders at lower margins, created disruptions to our retail, created high backlogs, which we then shipped in the fourth quarter. So one of the reasons you're seeing lower sales this year, was because last year, we had a lot of backlog, lot of government contract. This year, fortunately, our backlogs are manageable. We don't have any issues. So I think that we have -- we also -- actually, this contract, last year, which is now increasing, we were also able to get orders from the U.S. military. And so for instance, we furnished a fairly large complex for the military in South Korea. So that business is growing, but the good news is it's all part of the product line that is part of the Ethan Allen program made in our facilities and -- either in -- and all of this is made in North America in our facilities. So we are very well positioned to service it, and I think that we're going -- we don't know how much, but certainly, we have the opportunity of expanding it to the State Department because, as you know, we furnish all American diplomats all over the world with this program and also, now increasingly government and the military as well. Bobby, is Budd there? How's Budd doing?

Robert Kenneth Griffin - *Raymond James & Associates, Inc., Research Division - Senior Research Associate*

Budd's doing well. Budd's doing well. He's listening right now, but he's doing well. I'll make sure I tell him...



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M. Farooq Kathwari - *Ethan Allen Interiors Inc. - Chairman of the Board, President & CEO*

You should tell him one thing that he and I -- I have today marked the hundredth consecutive conference call I have taken, and I think he was there in the beginning, too, with me. So if he's listening, Budd, it's hundredth consecutive conference call. It's like yesterday. All right, Bobby.

Robert Kenneth Griffin - *Raymond James & Associates, Inc., Research Division - Senior Research Associate*

We look forward to another 100 more, right?

M. Farooq Kathwari - *Ethan Allen Interiors Inc. - Chairman of the Board, President & CEO*

Exactly, yes. It's just getting started.

Operator

(Operator Instructions) Presenters, there are no further questions at this time. Please continue.

M. Farooq Kathwari - *Ethan Allen Interiors Inc. - Chairman of the Board, President & CEO*

All right, John, and thank you very much. Any questions, comments, please let us know. And I know that Corey is very much in touch with all of you. But thanks, again.

Operator

This concludes today's conference call. You may now disconnect.

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