AMERICAN WOODMARK CORP
Form 10-K
June 30, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended April 30, 2015
or
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number: 000-14798

American Woodmark Corporation
(Exact name of registrant as specified in its charter)

Virginia	54-1138147
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3102 Shawnee Drive, Winchester, Virginia	22601
(Address of principal executive offices)	(Zip Code)
(Registrant's telephone number, including area code)	(540) 665-9100

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock (no par value)	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes [ ] No [X]
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes [ ] No [X]
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 [X] 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 [X] No [ ]
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]
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.

Large accelerated filer	[ ]		Accelerated filer	[X]
Non-accelerated filer	[ ]	(Do not check if a smaller reporting company)	Smaller reporting company	[ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes [ ] No [X]

The aggregate market value of the registrant's Common Stock, no par value, held by non-affiliates of the registrant as of October 31, 2014, the last business day of the Company's most recent second quarter was $524,079,723.

As of June 18, 2015, 16,258,793 shares of the Registrant's Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement for the Annual Meeting of Shareholders to be held on August 26, 2015 ("Proxy Statement") are incorporated by reference into Part III of this Form 10-K.

American Woodmark Corporation
2015 Annual Report on Form 10-K

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PART I

Item 1. BUSINESS

American Woodmark Corporation ("American Woodmark" or the "Company") manufactures and distributes kitchen cabinets and vanities for the remodeling and new home construction markets. American Woodmark was incorporated in 1980 by the four principal managers of the Boise Cascade Cabinet Division through a leveraged buyout of that division. American Woodmark was operated privately until 1986 when it became a public company through a registered public offering of its common stock.

American Woodmark currently offers framed stock cabinets in approximately 500 different cabinet lines, ranging in price from relatively inexpensive to medium-priced styles. Styles vary by design and color from natural wood finishes to low-pressure laminate surfaces. The product offering of stock cabinets includes 85 door designs in 21 colors. Stock cabinets consist of cabinet interiors of varying dimensions and construction options and a maple, oak, cherry, or hickory front frame, door and/or drawer front.

Products are sold under the brand names of American Woodmark®, Timberlake®, Shenandoah Cabinetry®, Shenandoah Value Series ™, and Waypoint Living Spaces®.

American Woodmark's products are sold on a national basis across the United States to the remodeling and new home construction markets. The Company services these markets through three primary channels: home centers, builders, and independent dealers and distributors. The Company provides complete turnkey installation services to its direct builder customers via its network of seven service centers that are strategically located throughout the United States. The Company distributes its products to each market channel directly from four assembly plants through a third party logistics network.

The primary raw materials used include hard maple, oak, cherry, soft maple, and hickory lumber and plywood. Additional raw materials include paint, particleboard, medium density fiberboard, high density fiberboard, manufactured components, and hardware. The Company currently purchases paint from one supplier; however, other sources are available. Other raw materials are purchased from more than one source and are readily available.

American Woodmark operates in a highly fragmented industry that is composed of several thousand local, regional, and national manufacturers. The Company's principal means for competition is its breadth and variety of product offering, expanded service capabilities, geographic reach and affordable quality. The Company believes it is one of the three largest manufacturers of kitchen cabinets in the United States.

The Company's business has historically been subject to seasonal influences, with higher sales typically realized in the second and fourth fiscal quarters. General economic forces and changes in the Company's customer mix have reduced seasonal fluctuations in revenue over the past few years. The Company does not consider its level of order backlog to be material.

In recognition of the cyclicality of the housing industry, the Company's policy is to operate with a minimal amount of financial leverage. The Company regularly maintains a debt to capital ratio of well below 20%, and working capital exclusive of cash of less than 6% of net sales. At April 30, 2015, debt to capital was 8.6%, and working capital net of cash was 1.8% of net sales.

During the last fiscal year, American Woodmark had two primary customers, The Home Depot and Lowe's Companies, Inc., which together accounted for approximately 45% of the Company's sales in its fiscal year ended April 30, 2015 (fiscal 2015). The loss of either customer would have a material adverse effect on the Company.

The Company holds patents, patent applications, licenses, trademarks, trade names, trade secrets and proprietary manufacturing processes. The Company views its trademarks and other intellectual property rights as important to its business.

As of May 31, 2015, the Company had 5,070 employees. None of the Company's employees are represented by labor unions. The Company believes that its employee relations are good.

American Woodmark's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and all amendments to those reports are available free of charge on the Company's web site at www.americanwoodmark.com as soon as reasonably practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission. The contents of the Company's web site are not, however, part of this report.

Item 1A. RISK FACTORS

There are a number of business risks and uncertainties that may affect the Company’s business, results of operations and financial condition. These risks and uncertainties could cause future results to differ from past performance or expected results, including results described in statements elsewhere in this report that constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. Additional risks and uncertainties not presently known to the Company or currently believed to be immaterial also may adversely impact the Company’s business. Should any risks or uncertainties develop into actual events, these developments could have material adverse effects on the Company’s business, financial condition, and results of operations. These risks and uncertainties, which the Company considers to be most relevant to specific business activities, include, but are not limited to, the following, as well as additional risk factors included in Item 7A, "Quantitative and Qualitative Disclosures about Market Risk." Additional risks and uncertainties that may affect the Company’s business, results of operations and financial condition are discussed elsewhere in this report, including in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” under the headings “Forward-Looking Statements,” “Seasonality,” and “Outlook for Fiscal 2016.”

The Company’s business is dependent upon remodeling activity and residential construction. The Company’s results of operations are affected by levels of home improvement and residential construction activity, including repair and remodeling and new construction. Job creation levels, interest rates, availability of credit, energy costs, consumer confidence, national and regional economic conditions, and weather conditions and natural disasters can significantly impact levels of home improvement and residential construction activity.

Prolonged economic downturns may adversely impact the Company’s sales, earnings and liquidity. The Company’s industry historically has been cyclical in nature and has fluctuated with economic cycles. During economic downturns, the Company’s industry could experience longer periods of recession and greater declines than the general economy. The Company believes that its industry is significantly influenced by economic conditions generally and particularly by housing activity, consumer confidence, the level of personal discretionary spending, demographics and credit availability. These factors not only may affect the ultimate consumer of the Company’s products, but also may impact home centers, builders and the Company’s other primary customers. As a result, a worsening of economic conditions could adversely affect the Company’s sales and earnings as well as its cash flow and liquidity.

The Company’s future financial performance depends in part on the success of its new product development and other growth strategies. The Company has increased its emphasis on new product development in recent years and continues to focus solely on organic growth. Consequently, the Company’s financial performance will, in part, reflect its success in implementing its growth strategies in its existing markets and in introducing new products.

The loss of, or a reduction in business from, either of the Company’s key customers would have a material adverse effect upon its business. The size and importance to the Company of its two largest customers are significant. These customers could make significant changes in their volume of purchases and could otherwise significantly affect the terms and conditions on which the Company does business. Sales to The Home Depot and Lowe’s Companies, Inc. were approximately 45% of total company sales for fiscal 2015. Although builders, dealers, and other retailers represent other channels of distribution for the Company's products, an unplanned loss of a substantial portion of sales to The Home Depot or Lowe’s Companies, Inc. would have a material adverse impact on the Company.

Manufacturing expansion to add capacity could result in a decrease in the Company’s near-term earnings. The Company continually reviews its manufacturing operations. These reviews could result in the expansion of capacity, functions, systems, or procedures, which in turn could result in inefficiencies for a period that would decrease near-term earnings until the additional capacity is in place and fully operating. In addition, downturns in the economy could potentially have a larger impact on the Company as a result of this added capacity.

Impairment charges could reduce the Company's profitability. The Company has significant long-lived assets, including deferred tax assets, recorded on its balance sheets. If operating results decline or if the Company decides to restructure its operations as it did with the 2012 Restructuring Plan, the Company could incur impairment charges, which could have a material impact on its financial results. The Company evaluates the recoverability of the carrying amount of its long-lived assets on an ongoing basis. The outcome of future reviews could result in substantial impairment charges. Impairment assessments inherently involve judgments as to assumptions about market conditions and the Company's ability to generate future cash flows and profitability, given those assumptions. Future events and changing market conditions may impact the Company's assumptions as to prices, costs or other factors that may result in changes in the Company's estimates.

The Company’s operating results are affected by the cost and availability of raw materials. Because the Company is dependent on outside suppliers for raw material needs, it must obtain sufficient quantities of quality raw materials from its suppliers at acceptable prices and in a timely manner. The Company has no long-term supply contracts with its key suppliers. A substantial decrease in the availability of products from the Company’s suppliers, the loss of key supplier arrangements, or a substantial increase in the cost of its raw materials could adversely impact the Company’s results of operations.

The Company may not be able to maintain or raise the prices of its products in response to inflation and increasing costs. Short-term market and competitive pressures may prohibit the Company from raising prices to offset inflationary raw material and freight costs, which would adversely impact profit margins.

The Company's operations may be adversely affected by information systems interruptions or intrusions. The Company relies on a number of information technology systems to process, transmit, store and manage information to support its business activities. Increased global cybersecurity vulnerabilities, threats and more sophisticated and targeted attacks pose a risk to its information technology systems. The Company has established security policies, processes and layers of defense designed to help identify and protect against intentional and unintentional misappropriation or corruption of its systems and information and disruption of its operations. Despite these efforts, systems may be damaged, disrupted, or shut down due to attacks by unauthorized access, malicious software, undetected intrusion, hardware failures, or other events, and in these circumstances the Company's disaster recovery planning may be ineffective or inadequate. These breaches or intrusions could lead to business interruption, exposure of proprietary or confidential information, data corruption, damage to the Company's reputation, exposure to litigation, and increased operational costs. Such events could have a material adverse impact on the Company's business, financial condition and results of operation. In addition, the Company could be adversely affected if any of its significant customers or suppliers experience any similar events that disrupt their business operations or damage their reputation.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

American Woodmark leases its Corporate Office located in Winchester, Virginia. In addition, the Company leases 1 manufacturing facility in Hardy County, West Virginia and owns 8 manufacturing facilities located primarily in the eastern United States. The Company also leases 7 primary service centers, 7 satellite service centers, and 3 additional office centers located throughout the United States that support the sale and distribution of products to each market channel. The Company considers its properties suitable for the business and adequate for its needs.

Primary properties as of April 30, 2015 include:

LOCATION	DESCRIPTION
Allegany County, MD	Manufacturing Facility
Berryville, VA	Service Center*
Coppell, TX	Service Center*
Fort Myers, FL	Satellite Service Center*
Gas City, IN	Manufacturing Facility
Hardy County, WV	Manufacturing Facility*
Houston, TX	Satellite Service Center*
Humboldt, TN	Manufacturing Facility
Huntersville, NC	Service Center*

Jackson, GA	Manufacturing Facility
Kingman, AZ	Manufacturing Facility
Kennesaw, GA	Service Center*
Las Vegas, NV	Satellite Service Center*
Montgomeryville, PA	Satellite Service Center*
Monticello, KY	Manufacturing Facility
Orange, VA	Manufacturing Facility

LOCATION	DESCRIPTION
Orlando, FL	Service Center*
Phoenix, AZ	Service Center*
Raleigh, NC	Satellite Service Center*
Rancho Cordova, CA	Service Center*
Tampa, FL	Satellite Service Center*
Toccoa, GA	Manufacturing Facility
Tucson, AZ	Satellite Service Center*
Winchester, VA	Corporate Office*
Winchester, VA	Office (Customer Service)*
Winchester, VA	Office (IT)*
Winchester, VA	Office (Product Development/Logistics)*

*Leased facility.

Item 3. LEGAL PROCEEDINGS

The Company is involved in suits and claims in the normal course of business, including without limitation, product liability and general liability claims and claims pending before the Equal Employment Opportunity Commission. On at least a quarterly basis, the Company consults with its legal counsel to ascertain the reasonable likelihood that such claims may result in a loss. As required by ASC Topic 450, "Contingencies" (ASC 450), the Company categorizes the various suits and claims into three categories according to their likelihood for resulting in potential loss: those that are probable, those that are reasonably possible and those that are deemed to be remote. The Company accounts for these loss contingencies in accordance with ASC 450. Where losses are deemed to be probable and estimable, accruals are made. Where losses are deemed to be reasonably possible, a range of loss estimates is determined and considered for disclosure. In determining these loss range estimates, the Company considers known values of similar claims and consultation with independent counsel.

The Company believes that the aggregate range of estimated loss stemming from the various suits and asserted and unasserted claims which were deemed to be either probable or reasonably possible was not material as of April 30, 2015.

Also see the information under "Legal Matters" under "Note K – Commitments and Contingencies" to the Consolidated Financial Statements included in this report under Item 8. "Financial Statements and Supplementary Data."

Item 4. MINE SAFETY DISCLOSURES

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

Executive officers of the Company are elected by the Board of Directors and generally hold office until the next annual election of officers. There are no family relationships between any executive officer and any other officer or director of the Company or any arrangement or understanding between any executive officer and any other person pursuant to which such officer was elected. The executive officers of the Company as of April 30, 2015 are as follows:

Name	Age	Position(s) Held During Past Five Years
Kent B. Guichard (1)	59	Company Chairman from August 2009 to present; Company Chief Executive Officer from August 2007 to present; Company President from August 2007 to

		August 2014; Company Director from November 1997 to present.
M. Scott Culbreth	44	Company Senior Vice President and Chief Financial Officer from February 2014 to present; Chief Financial Officer of Piedmont Hardware Brands from September 2013 to February 2014; Vice President, Finance – Various Segments from 2011 to 2013; Vice President – Hardware from 2009 to 2011 for Newell Rubbermaid.

Name	Age	Position(s) Held During Past Five Years
S. Cary Dunston (1)	50	Company President and Chief Operating Officer from August 2014 to present; Company Executive Vice President and Chief Operating Officer from August 2013 to August 2014; Company Executive Vice President, Operations from September 2012 to August 2013; Company Senior Vice President, Manufacturing and Supply Chain Services from October 2006 to September 2012.
Bradley S. Boyer	56	Company Senior Vice President, Sales and Marketing Remodel from September 2010 to present; Company Vice President, Remodeling Sales and Marketing from July 2008 to September 2010; Company Vice President, Home Center Sales and Marketing from January 2005 to July 2008.
R. Perry Campbell	50	Company Senior Vice President and General Manager, New Construction from August 2013 to present; Company Vice President and General Manager, New Construction from May 2011 to August 2013; Company Vice President of Quality from February 2006 to April 2011.

(1) On May 29, 2015, the Company announced that Cary Dunston will assume the role of Chief Executive Officer effective with the Company's Annual Shareholders' Meeting on August 26, 2015, succeeding Kent Guichard who will remain with the Company in the role of non-executive Chairman of the Board.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

American Woodmark Corporation common stock is listed on The NASDAQ Global Select Market under the “AMWD” symbol. Common stock per share market prices and cash dividends declared during the last two fiscal years were as follows:

(in dollars)	MARKET PRICE High	Low	DIVIDENDS DECLARED
FISCAL 2015			
First quarter	$33.11	$25.10	$0.00
Second quarter	41.85	29.37	0.00
Third quarter	43.20	37.02	0.00
Fourth quarter	56.44	40.97	0.00
FISCAL 2014			
First quarter	$39.49	$31.69	$0.00
Second quarter	37.74	31.26	0.00
Third quarter	39.97	32.43	0.00
Fourth quarter	36.51	29.86	0.00

As of May 21, 2015, there were approximately 8,900 shareholders of record of the Company's common stock. Included are approximately 81% of the Company's employees, who are shareholders through the American Woodmark Stock Ownership Plan. The Company suspended its quarterly dividend during fiscal 2012. The determination as to the payment of future dividends will be made by the Board of Directors from time to time and will depend on the Company's then current financial condition, capital requirements, results of operations and any other factors then deemed relevant by the Board of Directors.

Item 6. SELECTED FINANCIAL DATA

	FISCAL YEARS ENDED APRIL 30				
(in millions except per share data)	2015[1]	2014[1]	2013[1]	2012[1,2]	2011[2]
FINANCIAL STATEMENT DATA					
Net sales	$825.5	$726.5	$630.4	$515.8	$452.6
Operating income (loss)	54.7	34.1	17.2	(33.4)	(31.1)
Net income (loss)	35.5	20.5	9.8	(20.8)	(20.0)
Earnings (loss) per share:					
Basic	2.25	1.34	0.67	(1.45)	(1.40)
Diluted	2.21	1.31	0.66	(1.45)	(1.40)
Depreciation and amortization expense	14.5	14.5	14.4	23.4	26.7
Total assets	398.9	330.1	294.0	265.1	268.4
Long-term debt, less current maturities	21.5	20.5	23.6	23.8	24.7
Total shareholders' equity	229.8	190.5	146.2	130.0	154.0
Cash dividends declared per share	—	—	—	0.09	0.36
Average shares outstanding					
Basic	15.8	15.3	14.6	14.3	14.3
Diluted	16.0	15.7	14.8	14.3	14.3
PERCENT OF SALES					
Gross profit	18.5%	17.1%	16.3%	12.9%	11.7%
Selling, general and administrative expenses	11.9	12.5	13.5	16.2	18.5
Income (loss) before income taxes	6.6	4.5	2.7	(6.4)	(6.6)
Net income (loss)	4.3	2.7	1.5	(4.0)	(4.4)
RATIO ANALYSIS					
Current ratio	3.3	2.9	2.6	2.2	2.4
Inventory turnover[3]	19.9	19.8	20.4	19.2	16.1
Collection period - days[4]	31.6	32.8	31.4	30.0	30.1
Percentage of capital (long-term debt plus equity):					
Long-term debt, less current maturities	8.6%	9.7%	13.9%	15.5%	13.8%
Equity	91.4	90.3	86.1	84.5	86.2
Return on equity (average %)	16.9	12.2	7.1	(14.6)	(12.2)

1 The Company announced plans to realign its manufacturing network during fiscal 2012. The impact of these initiatives in fiscal 2012 increased operating loss, net loss and loss per share by $15,917,000, $9,710,000 and $0.68, respectively. During fiscal 2013, the charges related to these initiatives decreased operating income, net income and earnings per share by $1,433,000, $874,000 and $0.06, respectively. During fiscal 2014, the credits related to these initiatives increased operating income, net income and earnings per share by $234,000, $142,000 and $0.01, respectively. During fiscal 2015, the credits related to these initiatives increased operating income, net income and earnings per share by $240,000, $147,000 and $0.01, respectively.

2 The Company performed a reduction-in-force of salaried personnel and announced plans to realign its manufacturing network during fiscal 2009. During fiscal 2011, these initiatives increased operating loss, net loss and loss per share by $62,000, $39,000 and $0.00, respectively. During fiscal 2012, these initiatives increased operating loss, net loss and loss per share by $404,000, $246,000 and $0.01, respectively.

[3] Based on average beginning and ending inventory.

[4] Based on the ratio of average monthly customer receivables to average sales per day.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

The following table sets forth certain income and expense items as a percentage of net sales:

	PERCENTAGE OF NET SALES		
	Fiscal Years Ended April 30		
	2015	2014	2013
Net sales	100.0 %	100.0 %	100.0 %
Cost of sales and distribution	81.5	82.9	83.7
Gross profit	18.5	17.1	16.3
Selling and marketing expenses	7.8	8.2	9.1
General and administrative expenses	4.1	4.3	4.4
Restructuring charges	—	—	0.2
Insurance recovery	—	—	(0.1)
Operating income	6.6	4.6	2.7
Interest expense/other (income) expense	—	0.1	0.1
Income before income taxes	6.6	4.5	2.7
Income tax expense	2.3	1.8	1.1
Net income	4.3	2.7	1.5

The following discussion should be read in conjunction with the Selected Financial Data and the Consolidated Financial Statements and the related notes contained elsewhere in this report.

Forward-Looking Statements

This annual report contains statements concerning the Company’s expectations, plans, objectives, future financial performance and other statements that are not historical facts. These statements may be “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. In most cases, the reader can identify forward-looking statements by words such as “anticipate,” “estimate,” “forecast,” “expect,” “believe,” “should,” “could,” “wou “plan,” “may,” "intend," "estimate," "prospect," "goal," "will," "predict," "potential" or other similar words. Forward-looking statements contained in this annual report, including elsewhere in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” are based on current expectations and our actual results may differ materially from those projected in any forward-looking statements. In addition, the Company participates in an industry that is subject to rapidly changing conditions and there are numerous factors that could cause the Company to experience a decline in sales and/or earnings or deterioration in financial condition. Factors that could cause actual results to differ materially from those in forward-looking statements made in this report include but are not limited to:

- general economic or business conditions and instability in the financial and credit markets, including their potential impact on the Company's (i) sales and operating costs and access to financing; and (ii) customers and suppliers and their ability to obtain financing or generate the cash necessary to conduct their respective businesses;
- the cyclical nature of the Company’s industry, which is particularly sensitive to changes in consumer confidence, the amount of consumers’ income available for discretionary purchases, and the availability and terms of consumer credit;
- economic weakness in a specific channel of distribution;
- the loss of sales from specific customers due to their loss of market share, bankruptcy or switching to a competitor;
- risks associated with domestic manufacturing operations and suppliers, including fluctuations in capacity utilization and the prices and availability of key raw materials as well as fuel, transportation, warehousing and labor costs and

- environmental compliance and remediation costs;
- the need to respond to price or product initiatives launched by a competitor;
- the Company’s ability to successfully implement initiatives related to increasing market share, new products, maintaining and increasing its sales force and new product displays; and
- sales growth at a rate that outpaces the Company’s ability to install new capacity or a sales decline that requires reduction or realignment of the Company’s manufacturing capacity.

Additional information concerning the factors that could cause actual results to differ materially from those in forward-looking statements is contained in this annual report, including elsewhere in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and under Item 1A. “Risk Factors,” and Item 7A. “Quantitative and Qualitative Disclosures about Market Risk.” While the Company believes that these risks are manageable and will not adversely impact the long-term performance of the Company, these risks could, under certain circumstances, have a material adverse impact on its operating results and financial condition.

Any forward-looking statement that the Company makes speaks only as of the date of this annual report. The Company undertakes no obligation to publicly update or revise any forward-looking statements or cautionary factors, as a result of new information, future events or otherwise, except as required by law.

Overview

American Woodmark Corporation manufactures and distributes kitchen cabinets and vanities for the remodeling and new home construction markets. Its products are sold on a national basis directly to home centers, major builders and home manufacturers and through a network of independent dealers and distributors. At April 30, 2015, the Company operated 9 manufacturing facilities and 7 service centers across the country.

During the Company’s fiscal year that ended on April 30, 2015 (fiscal 2015), the Company continued to experience improving housing market conditions from the housing market downturn that began in 2007.

A number of positive factors evidenced the improving housing market, including:

- The unemployment rate improved by 13% compared to April 2014, falling to 5.4% as of April 2015 according to data provided by the U.S. Department of Labor;
- A 7% improvement in Gross Private Residential Fixed Investment reported by the U.S. Department of Commerce during the most recent four quarters through the first quarter of calendar 2015, as compared with the same period one year ago;
- Increases in total housing starts and single family housing starts during the Company’s fiscal 2015 of 8% and 7%, respectively, as compared to the Company’s fiscal 2014, according to the U.S. Department of Commerce;
- The median price of existing homes sold in the U.S. rose by 9% during the Company’s fiscal 2015, according to data provided by the National Association of Realtors;
- Mortgage interest rates decreased with a 30-year fixed mortgage rate of 3.67% in April 2015, an improvement of approximately 67 basis points compared to April 2014;
- Consumer sentiment, as reported by the University of Michigan, averaged 10% higher during the Company’s fiscal 2015 than in its prior fiscal year; and
- Cabinet sales, as reported by members of the Kitchen Cabinet Manufacturers Association (KCMA), increased by 6% during fiscal 2015, suggesting an increase in both new construction and remodeling sales of cabinets.

The Company’s largest remodeling customers and competitors continued to utilize sales promotions in the Company’s product category during fiscal 2015 to boost sales. The Company strives to maintain its promotional levels in line with market activity, with a goal of remaining competitive. The Company experienced promotional levels during fiscal 2015 that were slightly higher than those experienced in its prior fiscal year. The Company’s remodeling sales increased high single digits during fiscal 2015, consistent with the overall remodeling market.

The Company increased its net sales by 14% during fiscal 2015. The Company realized strong sales gains in its new construction channel during fiscal 2015, where sales increased by more than 19%, outpacing the improvement in single-family housing starts. Management believes this result indicates the Company realized market share gains in the new construction sales channel during fiscal 2015.

During the third quarter of fiscal 2012, the Company announced several initiatives designed to reduce its cost base (the 2012 Restructuring), including the permanent closure of two manufacturing plants, the decision to sell a previously closed manufacturing facility, and the realignment of its retirement program, including the freezing of its pension plans. All of these initiatives were

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completed either prior to or just after the beginning of the Company's fiscal 2013, and restructuring charges related to these actions have been reflected in the Company's results for fiscal years 2015, 2014 and 2013.

The Company recorded restructuring charges of $(0.2) million (pre-tax) and $(0.1) million (after-tax) during fiscal 2014 and $(0.2) million (pre-tax) and $(0.1) million (after-tax) during fiscal 2015 in connection with these initiatives. The Company sold a previously closed plant during fiscal 2014 and sold the remaining plant held for sale during fiscal 2015 that were included in the 2012 Restructuring.

Gross margin for fiscal 2015 was 18.5%, an improvement from 17.1% in fiscal 2014. The increase in the Company's gross margin rate was driven by the beneficial impact of increased sales volume and improved operating efficiency, which more than offset the impact of rising materials costs and costs associated with crewing and infrastructure to support higher levels of sales and installation activity.

The Company regularly considers the need for a valuation allowance against its deferred tax assets. The Company had a history of profitable operations for 16 consecutive years, from 1994 to 2009, followed by losses that coincided with the industry downturn from 2010 to 2012. As of April 30, 2015, the Company had total deferred tax assets of $37.3 million, up from $29.9 million at April 30, 2014. Growth in the Company's deferred tax assets in recent fiscal years resulted primarily from growth in its defined benefit pension liabilities and the impact of its recent losses prior to fiscal 2013. To fully realize its remaining net deferred tax assets, the Company will need to, among other things, substantially reduce its unfunded pension obligation of $61.3 million at April 30, 2015. The Company took definitive actions when it froze its pension plans as part of the 2012 Restructuring to enhance the probability that this objective is achieved in the future.

The Company resumed the funding of its pension plans during fiscal year 2012, and expects to continue funding these plans for the foreseeable future, which will reduce both its unfunded pension plan obligation and its deferred tax asset. These actions, coupled with the recent improvement in the U.S. housing market and the Company's continued ability to grow its sales at a faster rate than its competitors, have enabled the Company to generate net income and reduce its deferred tax assets and unfunded pension obligation during fiscal 2014. The Company's deferred tax assets increased in fiscal 2015 due to an increase in the unfunded pension obligation, as a result of a decrease in the discount rate and the Company updating to the new RP-2014 mortality tables. The Company believes that the positive evidence of the housing industry improvement, coupled with the benefits from the Company's successful restructuring and continued market share gains have already driven a return to profitability that is expected to continue, and that the combined impact of these positive factors outweighs the negative factor of the Company's previous losses. Accordingly, Management has concluded it is more likely than not that the Company will realize its deferred tax assets.

The Company also regularly assesses its long-lived assets to determine if any impairment has occurred. The Company has concluded that none of the long-lived assets pertaining to its 9 manufacturing plants or any of its other long-lived assets were impaired as of April 30, 2015.

Results of Operations

	FISCAL YEARS ENDED APRIL 30						
(in thousands)	2015	2014	2013	2015 vs. 2014 PERCENT CHANGE		2014 vs. 2013 PERCENT CHANGE	
Net sales	$825,465	$726,515	$630,437	14	%	15	%
Gross profit	152,532	124,177	102,656	23		21	

Selling and marketing expenses	64,304	59,536	57,402	8	4
General and administrative expenses	33,773	30,881	27,575	9	12
Interest expense	515	728	643	(29)	13

Net Sales

Net sales were $825.5 million in fiscal 2015, an increase of $99.0 million, or 14%, compared with fiscal 2014. Overall unit volume for fiscal 2015 was 6% higher than in fiscal 2014, which was driven primarily by the Company's increased new construction volume. Average revenue per unit increased 7% in fiscal 2015, driven by improvements in the Company's product mix and pricing.

Net sales for fiscal 2014 increased 15% to $726.5 million from $630.4 million in fiscal 2013. Overall unit volume for fiscal 2014 was 10% higher than in fiscal 2013, which management believes was driven primarily by the Company's increased new construction volume. Average revenue per unit increased 5% during fiscal 2014, driven by improvements in the Company's sales mix and pricing.

Gross Profit

Gross profit as a percentage of sales increased to 18.5% in fiscal 2015 as compared with 17.1% in fiscal 2014. The improvement in gross profit margin was due primarily to the beneficial impact of higher sales volume and improved labor efficiency. This favorability was partially offset by an increase in material costs, costs associated with crewing and infrastructure to support higher levels of sales and installation activity and inventory costs associated with new product launches.

During fiscal 2014, the Company's gross profit increased as a percentage of net sales to 17.1% from 16.3% in fiscal 2013. The improvement in gross profit margin was due primarily to the beneficial impact of higher sales volume and improved labor efficiency. This favorability was partially offset by an increase in material costs, costs associated with crewing and infrastructure to support higher levels of sales and installation activity.

Selling and Marketing Expenses

Selling and marketing expenses in fiscal 2015 were 7.8% of net sales, compared with 8.2% of net sales in fiscal 2014. Selling and marketing costs increased by 8% despite a 14% increase in net sales. The improvement in sales and marketing costs in relation to net sales was due to favorable leverage from increased sales and on-going expense control.

Selling and marketing expenses were 8.2% of net sales in fiscal 2014 compared with 9.1% in fiscal 2013. The improvement in sales and marketing costs in relation to net sales was due to reduced spending on product launch costs, which were offset in part by increased sales compensation and staffing costs related to the Company's increased sales levels.

General and Administrative Expenses

General and administrative expenses increased by $2.9 million or 9% during fiscal 2015. The increase in cost was related to increased pay-for-performance compensation and staffing costs. However, the Company generated leverage as general and administrative costs declined to 4.1% of net sales in fiscal 2015 compared with 4.3% of net sales in fiscal 2014.

General and administrative expenses in fiscal 2014 increased by $3.3 million, or 12%, compared with fiscal 2013 and represented 4.3% of net sales, compared with 4.4% of net sales for fiscal 2013. The increase in cost was related to increased pay-for-performance compensation and one-time personnel costs.

Effective Income Tax Rates

The Company generated pre-tax income of $54.4 million during fiscal 2015. The Company's effective tax rate decreased from 39.2% in fiscal 2014 to 34.7% in fiscal 2015. The lower effective tax rate was the result of the Company operating at a higher net income than the prior year period and more favorable permanent tax differences, including finalizing a federal research and experimentation tax credit for fiscal years 2011 through 2014 of $1.2 million.

Outlook for Fiscal 2016

The Company tracks several metrics, including but not limited to housing starts, existing home sales, mortgage interest rates, new jobs growth, GDP growth and consumer confidence, which it believes are leading indicators of overall demand for kitchen and bath cabinetry. The Company believes that housing starts will continue to improve, driven by lower unemployment rates and a resumption of growth in new household formation. However, the Company expects that while the cabinet remodeling market will show modest improvement during fiscal 2016 it will continue to be below historical averages.

The Company expects that industry-wide cabinet remodeling sales will continue to be challenged until economic trends remain consistently favorable. Growth is expected at roughly a low-single digit rate during the Company's fiscal 2016. The Company expects that its home center market share will be relatively stable in fiscal 2016 and it will continue to gain market share in its growing dealer business. This combination is expected to result in remodeling sales growth that reflects the market.

The Company believes, based on available information, that new residential construction starts will grow 8 to 10% during its fiscal year. The Company's new residential construction sales growth outperformed the new residential construction market during fiscal 2015, and management expects that it will again outperform the new residential construction market during fiscal 2016 but by a lesser rate than fiscal 2015, as its comparable prior year sales levels become more challenging.

Inclusive of the potential for modest sales mix and pricing improvements, the Company expects that it will grow its total sales at a low-teen rate in fiscal 2016. Despite anticipated material inflation and impacts in the second half of fiscal 2016 for the West Virginia plant expansion, the Company expects that its gross margin rate and net income for fiscal 2016 will improve compared with its fiscal 2015 performance.

The Company had gross outlays for capital expenditures and customer display units of $22.4 million during fiscal 2015, and plans to increase its base spending level during fiscal 2016 along with the carryover spending associated with its facility expansion in West Virginia.

Additional risks and uncertainties that could affect the Company's results of operations and financial condition are discussed elsewhere in this annual report, including under "Forward-Looking Statements," and elsewhere in "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as under Item 1A. "Risk Factors" and Item 7A. "Quantitative and Qualitative Disclosures about Market Risk."

Liquidity and Capital Resources

The Company's cash, cash equivalents and investments in certificates of deposit totaled $185.0 million at April 30, 2015, which represented an increase of $49.3 million from April 30, 2014. Total debt was $23.0 million at April 30, 2015, an increase of $1.4 million over the prior fiscal year and long-term debt, excluding current maturities, to capital was 8.6% at April 30, 2015, down from 9.7% at April 30, 2014.

The Company's main source of liquidity is its cash and cash equivalents on hand and cash generated from its operating activities. The Company also has a $35 million unsecured revolving credit facility with Wells Fargo Bank, N.A., which expires on December 31, 2018. This facility had an available borrowing base of $25 million at April 30, 2015. Effective September 1, 2014, Wells Fargo amended the Company's credit facility to extend the maturity date for borrowings outstanding under the credit facility from December 31, 2015 to December 31, 2018; provide the line of credit is unsecured; modify the interest on the outstanding principal balance of the note as either (i) a fluctuating rate per annum determined by Wells Fargo to be the daily one month LIBOR rate in effect from time to time plus the applicable margin, or (ii) a fixed rate per annum determined by Wells Fargo to be the index above LIBOR in effect on the first day of the applicable Fixed Rate Term; lower the unused commitment fee from 0.30% to 0.15%; and establish a requirement that the Company maintain a ratio of cash flow to fixed charges of not less than 1.5 to 1.0 measured at the end of each fiscal quarter on a rolling four-quarter basis.

OPERATING ACTIVITIES

Cash provided by operating activities in fiscal 2015 was $58.7 million, compared with $40.5 million in fiscal 2014. The $18.2 million improvement was primarily attributable to the Company's $15.0 million improvement in net income and a $5.1 million decrease in cash used for the Company's working capital investment in inventory and customer receivables.

Cash provided by operating activities in fiscal 2014 was $40.5 million, compared with $24.5 million in fiscal 2013. The $16.0 million improvement was primarily attributable to the Company's $10.7 million improvement in net income and a $3.5 million decrease in cash used for the Company's working capital investment in inventory and customer receivables.

INVESTING ACTIVITIES

The Company's investing activities primarily consist of capital expenditures and investments in promotional displays. Net cash used by investing activities in fiscal 2015 was $56.6 million, compared with $9.6 million in fiscal 2014 and $6.1 million in fiscal 2013. Investments in property, plant and equipment for fiscal 2015 were $20.0 million, compared with $7.9 million in fiscal 2014 and $8.9 million in fiscal 2013. Investments in promotional displays were $2.4 million in fiscal 2015, compared with $3.5 million in fiscal 2014 and $4.8 million in fiscal 2013. The levels of investment in property, plant and equipment and promotional displays increased during fiscal 2015. On August 21, 2014, the Board of Directors of the Company approved a $30 million capital expansion project at its West Virginia facility. During fiscal 2015, approximately $10.2 was incurred related to this expansion.

During fiscal 2015, the Company's increased net cash used for investing activities was driven by a $35.5 million investment in short-term certificates of deposit and a $12.1 million increase in outflows for capital expenditures, offset by a $1.1 million decrease in outflows for promotional displays and a $0.5 million decrease in proceeds from the sale of closed plants and insurance proceeds compared to the prior year.

The Company generated positive free cash flow (defined as cash provided by operating activities less cash used for investing activities) of $2.1 million during fiscal 2015, compared with $30.9 million in fiscal 2014 and $18.4 million in fiscal 2013. The decrease in fiscal 2015 was driven by the net improvements in cash provided by operating activities, which more than offset the increased net outflows used for investing activities that was the result of investment in short-term certificates of deposit and increased capital expenditures. The increase in fiscal 2014 was driven by the net improvements in cash provided by operating activities, which more than offset the increased net outflows used for investing activities.

FINANCING ACTIVITIES

The Company realized a net inflow of $11.7 million from financing activities in fiscal 2015, compared with $7.8 million in fiscal 2014, and $11.9 million in fiscal 2013. Proceeds were generated from the exercise of stock options of $14.3 million in fiscal 2015, $15.3 million in fiscal 2014 and $5.9 million in fiscal 2013. During fiscal 2015 $1.3 million was used to repay long-term debt, compared with approximately $4.5 million in fiscal 2014 and $1.0 million in fiscal 2013. Reductions in the amount of restricted cash previously required under the Company's credit facility drove inflows of approximately $7 million in fiscal 2013.

The Company ended fiscal 2015 with nearly $150 million in cash and cash equivalents. Under a stock repurchase authorization approved by its Board of Directors on November 21, 2013, the Company was authorized to purchase up to $10 million of the Company's common shares through December 31, 2014. On November 20, 2014, the Board of Directors of the Company authorized an additional repurchase of up to $25 million of the Company's common shares. Repurchases may be made from time to time in the open market, or through privately negotiated transactions or otherwise, in compliance with applicable laws, rules and regulations, at prices and on terms the Company deems appropriate and subject to the Company's cash requirements for other purposes, compliance with the covenants under the Company's revolving credit facility, and other factors management deems relevant. At April 30, 2015, $25 million remained authorized by the Company's Board of Directors to repurchase the Company's common shares. The Company purchased a total of 163,326 common shares, for an aggregate purchase price of $5.1 million, during fiscal 2015, under the November 21, 2013 authorization. The Company continues to evaluate its cash on hand and prospects for future cash generation, and compare these against its plans for future capital expenditures. Although the evaluation of its future capital expenditures is ongoing, the Company expects that it will make repurchases of its common shares from time to time during fiscal 2016 subject to the Company's financial condition, capital requirements, results of operations and any other factors then deemed relevant.

The Company can borrow up to $35 million under the Wells Fargo credit facility, subject to a maximum borrowing base equal to 75% of eligible accounts receivable, 50% of eligible pre bill reserves and up to $20 million for equipment value (each as defined in the agreement) less any outstanding loan balance. At April 30, 2015, $10 million of loans and $4.0 million of letters of credit were outstanding under the Wells Fargo facility, and the Company had additional borrowing base availability of $25.0 million.

The Company's outstanding indebtedness and other obligations to Wells Fargo are unsecured. Any outstanding loan balance bears interest at the London Interbank Offered Rate (LIBOR) (0.25% at April 30, 2015) plus 1.495%. Under the terms of the revolving credit facility, the Company must: (1) maintain at the end of each fiscal quarter a ratio of total liabilities to tangible net worth of not greater than 1.4 to 1.0; (2) maintain at the end of each fiscal quarter a ratio of cash flow to fixed charges of not less than 1.5 to 1.0 measured on a rolling four-quarter basis; and (3) comply with other customary affirmative and negative covenants.

The Company was in compliance with all covenants specified in the amended credit facility as of April 30, 2015, including as follows: (1) the Company's ratio of total liabilities to tangible net worth at April 30, 2015 was 0.74 to 1.0; and (2) cash flow to fixed charges for its most recent four quarters was 3.39 to 1.0.

The revolving credit facility does not limit the Company's ability to pay dividends or repurchase its common stock as long as the Company is in compliance with these covenants.

Cash flow from operations combined with accumulated cash and cash equivalents on hand are expected to be more than sufficient to support forecasted working capital requirements, service existing debt obligations and fund capital expenditures for fiscal 2016.

The timing of the Company’s contractual obligations as of April 30, 2015 is summarized in the table below:

		FISCAL YEARS ENDED APRIL 30			
(in thousands)	Total Amounts	2016	2017-2018	2019-2020	2021 and Thereafter
Revolving credit facility	$10,000	$—	$—	$10,000	$—
Economic development loans	4,980	—	—	3,480	1,500
Capital lease obligations	7,975	1,457	2,492	1,330	2,696
Interest on long-term debt[1]	2,299	568	937	458	336
Operating lease obligations	6,530	3,108	2,464	913	45
Pension contributions[2]	18,516	5,016	8,190	5,310	—
Total	$50,300	$10,149	$14,083	$21,491	$4,577

1 Interest commitments under interest bearing debt consist of interest under the Company’s primary loan agreement and capitalized lease agreements. Amounts outstanding under the Company’s revolving credit facility, $10 million at April 30, 2015, bear a variable interest rate determined by the London Interbank Offered Rate (LIBOR) plus 1.495%. Interest under the Company’s capitalized lease agreements is fixed at rates between 2% and 6.5%. Interest commitments under interest bearing debt for the Company’s revolving credit facility are at LIBOR plus the spread as of April 30, 2015, throughout the remaining term of the facility.

2 The estimated cost of the Company’s two defined benefit pension plans is determined annually based upon the discount rate and other assumptions at fiscal year end. Future pension funding contributions beyond fiscal 2020 have not been determined at this time.

SEASONALITY

The Company’s business has historically been subjected to seasonal influences, with higher sales typically realized in the second and fourth fiscal quarters.

For additional discussion of risks that could affect the Company and its business, see “Forward-Looking Statements” above, as well as Item 1A. “Risk Factors” and Item 7A. “Quantitative and Qualitative Disclosures About Market Risk.”

OFF-BALANCE SHEET ARRANGEMENTS

As of April 30, 2015 and 2014, the Company had no off-balance sheet arrangements.

CRITICAL ACCOUNTING POLICIES

Management has chosen accounting policies that are necessary to give reasonable assurance that the Company’s operational results and financial position are accurately and fairly reported. The significant accounting policies of the Company are disclosed in Note A to the Consolidated Financial Statements included in this annual report. The following discussion addresses the accounting policies that management believes have the greatest potential impact on the presentation of the financial condition and operating results of the Company for the periods being reported and that require the most judgment.

Management regularly reviews these critical accounting policies and estimates with the Audit Committee of the Board of Directors.

Revenue Recognition. The Company utilizes signed sales agreements that provide for transfer of title to the customer upon delivery. The Company must estimate the amount of sales that have been transferred to third-party carriers but not delivered to customers. The estimate is calculated using a lag factor determined by analyzing the actual difference between shipment date and delivery date of orders over the past 12 months. Revenue is only recognized on those shipments which the Company believes have been delivered to the customer.

The Company recognizes revenue based on the invoice price less allowances for sales returns, cash discounts and other deductions as required under U.S. generally accepted accounting principles (GAAP). Collection is reasonably assured as determined through an analysis of accounts receivable data, including historical product returns and the evaluation of each customer’s ability to pay. Allowances for sales returns are based on the historical relationship between shipments and returns. The Company believes that its historical experience is an accurate reflection of future returns.

Self Insurance. The Company is self-insured for certain costs related to employee medical coverage and workers’ compensation liability. The Company maintains stop-loss coverage with third-party insurers to limit total exposure. The Company establishes a liability at each balance sheet date based on estimates for a variety of factors that influence the Company’s ultimate cost. In the event that actual experience is substantially different from the estimates, the financial results for the period could be adversely affected. The Company believes that the methodologies used to estimate all factors related to employee medical coverage and workers’ compensation are an accurate reflection of the liability as of the date of the balance sheet.

Pensions. The Company has two non-contributory defined benefit pension plans covering many of the Company’s employees hired prior to April 30, 2012.

Effective April 30, 2012, the Company froze all future benefit accruals under the Company’s hourly and salaried defined benefit pension plans.

The estimated expense, benefits and pension obligations of these plans are determined using various assumptions. The most significant assumptions are the long-term expected rate of return on plan assets and the discount rate used to determine the present value of the pension obligations. The Company determined the discount rate by referencing the Aon Hewitt AA Bond Universe Yield Curve. The Company believes that using a yield curve approach accurately reflects changes in the present value of liabilities over time since each cash flow is discounted at the rate at which it could effectively be settled. The long-term expected rate of return on plan assets reflects the current mix of the plan assets invested in equities and bonds.

The following is a summary of the potential impact of a hypothetical 1% change in actuarial assumptions for the discount rate, expected return on plan assets and consumer price index: