



May 6, 2015

Collectors Universe Reports Third Quarter Results

NEWPORT BEACH, Calif., May 6, 2015 (GLOBE NEWSWIRE) -- Collectors Universe, Inc. (Nasdaq:CLCT), a leading provider of value-added authentication and grading services to dealers and collectors of high-value collectibles, today announced financial results for its third quarter of fiscal 2015 ended March 31, 2015.

Operational and Financial Highlights:

- Income from continuing operations was \$2.2 million in this year's third quarter as compared to \$2.1 million in last year's third quarter and represented \$0.26 per diluted share in both third quarters. For the nine months, income from continuing operations increased to \$5.6 million or \$0.66 per diluted share, as compared to \$5.0 million, or \$0.61 per diluted share, in the same nine months of fiscal 2014.
- Operating income at \$3.7 million was consistent with the third quarter of fiscal 2014. For this year's nine months, operating income grew by 8% to a nine month record of \$9.3 million from \$8.7 million in the same period of the prior year despite non-cash stock based compensation being up by \$0.4 million in this year's nine months.
- Service revenues were down 2% in this year's third quarter to \$16.0 million as compared to \$16.3 million in the same quarter of fiscal 2014. The decrease was driven by a \$0.6 million, or 6% decrease in coin service revenues, primarily related to staging one less trade show in this year's third quarter. Our cards and autographs business grew by 5% to \$3.7 million in the third quarter. For the nine months, service revenues grew by 5% to a nine month record of \$46.3 million and comprised a 5% increase in coins and a 7% increase in cards and autographs.
- The services gross profit margin was 63% in both third quarters. For this year's nine months, our services gross profit margin increased to 64% from 62% in last year's nine months, reflecting our continued focus on providing higher value and higher margin services to our customers.
- The Company's cash position at March 31, 2015 was \$17.3 million as compared to \$19.9 million at June 30, 2014. Net cash used of \$2.6 million in the nine months included cash generated from continuing operating activities of \$7.8 million and cash dividends paid to our stockholders of \$8.4 million. The lower cash generated from continuing operating activities of \$7.8 million in the nine months ended March 31, 2015 as compared to \$8.5 million in the same period of the prior year, reflects the payment of higher annual incentives in this year's first nine months and differences in the timing of payments to vendors.
- On April 23, 2015, we announced our quarterly cash dividend to \$0.35 per share that will be paid on May 29, 2015 to stockholders of record on May 15, 2015.

Commentary and Outlook

Robert Deuster, Chief Executive Officer, stated, "We are pleased with our performance this last quarter which reflects a stable market for our coin and cards businesses, when taking into account the effect of a slower Chinese New Year period and one less coin show grading event as compared to last year's third quarter.

Our margins remained strong during the quarter which helped us maintain our record year-to-date pace for revenue and operating income. As such, we remain cautiously optimistic for the balance of fiscal 2015 and are focusing our energies on market development efforts in our international markets and the rollout of new services for collectors worldwide. "

Conference Call and Webcast

Collectors Universe will host a conference call to discuss its third quarter results on Wednesday, May 6, 2015 at 4:30 p.m. Eastern Time/1:30 p.m. Pacific Time. Interested parties may participate in the conference call by dialing 800-723-6575 or 785-830-1997, five to ten minutes prior to the initiation of the call. A replay of the conference call will be available through May 20, 2015 by dialing 888-203-1112 or 719-457-0820 and entering access code 8653307#. A live webcast of the conference call

will also be available on the Collectors Universe website, www.collectors.com under Investor Relations: Events and Presentations. The webcast will be archived for 12 months.

About Collectors Universe

Collectors Universe, Inc. is a leading provider of value-added services to the high-value collectibles markets. The Company authenticates and grades collectible coins, trading cards, event tickets, autographs and memorabilia. The Company also compiles and publishes authoritative information about United States and world coins, collectible trading cards and sports memorabilia, and also operates its CCE dealer-to-dealer Internet bid-ask market for certified coins and its Expos trade show and conventions business. This information is accessible to collectors and dealers at the Company's website, <http://www.collectors.com> and is also published in print.

Cautionary Statements Regarding Forward Looking Information

This news release contains statements regarding our expectations, beliefs or views about our future financial performance and trends in our business and in our markets, which constitute "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Forward looking statements can often be identified by the use of words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "project," or future or conditional verbs such as "will," "would," "should," "could," or "may."

Due to a number of risks and uncertainties to which our business and our markets are subject, our future financial performance may differ, possibly significantly, from expectations regarding our future financial performance that are expressed in, or that may be implied or inferred from the discussion of recent trends in our operating results in this news release. Those risks and uncertainties, and their possible impact on our future financial performance, include, but are not limited to, the following: our continued dependence on our coin business which historically has generated more than 60% of our consolidated revenues and a substantial portion of our operating income, making our operating results more vulnerable to conditions that could adversely affect or cause stagnation in the prices of precious metals and collectible coins; the risks that the economic recovery may stall, or that domestic or international economic conditions may deteriorate as a result of events outside of our control, that could lead to reductions in the demand for our collectibles authentication and grading services and, consequently, in our revenues and operating results; the risk that the economic recession from 2008 to 2010 and the weakness of the economic recovery in the United States will lead to longer-term changes in the spending habits of consumers and in the availability and use of credit by smaller businesses, such as collectibles dealers, to fund purchases of collectibles, which could lead to longer-term declines in collectibles commerce and, therefore, in the demand for our services; the risks that claims under our coin and trading card authentication and grading warranties will increase substantially and that the warranty reserves we maintain for such claims, will, as a result prove to be inadequate, which could cause our gross margin and operating results to decline or cause us to incur operating losses, the risk that our strategies of offering new services and expanding our collectibles authentication and grading business into new geographic areas, such as Europe and Asia will not be successful in enabling us to improve our profitability or may even cause us to incur significant losses; the risks and added complexity of conducting business overseas; the risk that it may become necessary for us to reduce the amount of, or suspend or discontinue the payment of cash dividends in the future, due to conditions or circumstances outside of our control, such as adverse economic or market conditions, as well as our future financial performance and the cash needs of our business in the future; and the risk that our continuing financial obligations with respect to two facilities in New York City, which we had leased for our subsequently discontinued jewelry businesses, will lead to reductions in cash flows and additional losses from discontinued operations in future periods.

Additional information regarding these risks and other risks and uncertainties to which our business is subject is contained in Item 1A, entitled "Risk Factors", in our Annual Report on Form 10-K for our fiscal year ended June 30, 2014 which we filed with the Securities and Exchange Commission on August 28, 2014 and readers of this news release are urged to review the discussion of those risks and uncertainties in that Report. Also, our actual financial results in the future may differ from those currently expected due to additional risks and uncertainties of which we are not currently aware or which we do not currently view as, but in the future may become, material to our business or operating results. Due to these risks and uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements contained in this news release or in our Annual or Quarterly Reports filed with the Securities and Exchange Commission, which speak only as of their respective dates. We also disclaim any obligation to update or revise any of the forward-looking statements contained in this news release or in our Annual Report on Form 10-K, as a result of new information, future events or otherwise, except as may be required by law or NASDAQ rules.

- tables to follow -

COLLECTORS UNIVERSE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands, except per share data)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2015	2014	2015	2014
Net revenues:				
Grading, and authentication and related services	\$15,987	\$16,298	\$46,304	\$43,956
Product Sales	--	10	9	68
	<u>15,987</u>	<u>16,308</u>	<u>46,313</u>	<u>44,024</u>
Cost of revenues:				
Grading, authentication and related services	5,865	6,061	16,692	16,548
Product sales	10	23	46	72
	<u>5,875</u>	<u>6,084</u>	<u>16,738</u>	<u>16,620</u>
Gross profit	10,112	10,224	29,575	27,404
Operating expenses:				
Selling and marketing expenses	2,285	2,465	6,799	6,779
General and administrative expenses	4,155	4,046	13,433	11,958
Total operating expenses	<u>6,440</u>	<u>6,511</u>	<u>20,232</u>	<u>18,737</u>
Operating income	3,672	3,713	9,343	8,667
Interest income and other expense, net	(40)	3	(42)	27
Income before provision for income taxes	3,632	3,716	9,301	8,694
Provision for income taxes	1,450	1,581	3,670	3,663
Income from continuing operations	2,182	2,135	5,631	5,031
Loss from discontinued operations, net of income taxes	(12)	(16)	(3)	(61)
Net income	<u>\$2,170</u>	<u>\$2,119</u>	<u>\$5,628</u>	<u>\$4,970</u>
Net income per basic share:				
Income from continuing operations	\$0.26	\$0.26	\$0.68	\$0.62
Loss from discontinued operations	--	--	(0.01)	(0.01)
Net income per basic share	<u>\$0.26</u>	<u>\$0.26</u>	<u>\$0.67</u>	<u>\$0.61</u>
Net income per diluted share:				
Income from continuing operations	\$0.26	\$0.26	\$0.66	\$0.61
Loss from discontinued operations	(0.01)	--	--	(0.01)
Net income per diluted share	<u>\$0.25</u>	<u>\$0.26</u>	<u>\$0.66</u>	<u>\$0.60</u>
Weighted average shares outstanding:				
Basic	8,353	8,186	8,339	8,149
Diluted	8,531	8,274	8,517	8,219
Dividends declared per common share	\$0.35	\$0.33	\$1.00	\$0.98
Note:				
Non-cash stock-based compensation included above	\$438	\$542	\$1,803	\$1,398

COLLECTORS UNIVERSE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In Thousands, except per share data)

(Unaudited)

	March 31,	June 30,
	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$17,329	\$19,909
Accounts receivable, net of allowance of \$29 and \$26 at March 31, 2015 and June 30, 2014, respectively	2,370	2,118
Inventories, net	2,239	1,888
Prepaid expenses and other current assets	904	1,367
Deferred income tax assets	1,719	1,719
Total current assets	24,561	27,001
Property and equipment, net	2,428	2,466
Goodwill	2,083	2,083
Intangible assets, net	1,448	1,272
Deferred income tax assets	2,205	2,204
Other assets	256	380
Non-current assets of discontinued operations	182	182
Total Assets	<u>\$33,163</u>	<u>\$35,588</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$1,570	\$2,062
Accrued liabilities	2,738	2,817
Accrued compensation and benefits	3,534	4,139
Income taxes payable	1,255	851
Deferred revenue	2,848	2,645
Current liabilities of discontinued operations	842	849
Total current liabilities	12,787	13,363
Deferred rent	436	461
Non-current liabilities of discontinued operations	741	1,124
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.001 par value; 3,000 shares authorized; no shares issued or outstanding	--	--
Common stock, \$.001 par value; 20,000 shares authorized; 8,880 and 8,861 issued and outstanding at March 31, 2015 and June 30, 2014, respectively.	9	9
Additional paid-in capital	79,310	78,011
Accumulated deficit	(60,120)	(57,380)
Total stockholders' equity	19,199	20,640
Total liability and stockholders' equity	<u>\$33,163</u>	<u>\$35,588</u>

COLLECTORS UNIVERSE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

(Unaudited)

Nine Months Ended
March 31,

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$5,628	\$4,970
Discontinued operations	<u>3</u>	<u>61</u>
Income from continuing operations	5,631	5,031
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization expense	974	907
Stock-based compensation expense	1,803	1,398
Provision for bad debts	5	19
Provision for inventory write-down	184	53
Provision for warranty	380	587
Gain on sale of property and equipment	(1)	(2)
Loss on sale of business	1	--
Change in operating assets and liabilities:		
Accounts receivable	(261)	(493)
Inventories	(536)	(218)
Prepaid expenses and other	463	(220)
Other assets	125	(4)
Accounts payable and accrued liabilities	(904)	300
Accrued compensation and benefits	(605)	647
Income taxes payable	404	148
Deferred revenue	204	390
Deferred rent	<u>(25)</u>	<u>(5)</u>
Net cash provided by operating activities of continuing operations	7,842	8,538
Net cash used in operating activities of discontinued businesses	<u>(471)</u>	<u>(429)</u>
Net cash provided by operating activities	<u>7,371</u>	<u>8,109</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of business	80	15
Purchase of business	(200)	--
Capital expenditures	(624)	(1,125)
Capitalized software	(250)	(110)
Patents and other intangibles	(40)	(14)
Proceeds from sale of property and equipment	<u>2</u>	<u>7</u>
Net cash used in investing activities	<u>(1,032)</u>	<u>(1,227)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid to common stockholders	(8,415)	(8,046)
Payments for retirement of common stock	(504)	(156)
Proceeds from exercise of stock options	<u>--</u>	<u>292</u>
Net cash used in financing activities	<u>(8,919)</u>	<u>(7,910)</u>
Net decrease in cash and cash equivalents	(2,580)	(1,028)
Cash and cash equivalents at beginning of period	<u>19,909</u>	<u>18,711</u>
Cash and cash equivalents at end of period	<u>\$17,329</u>	<u>\$17,683</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Income taxes paid during the period	<u>\$3,264</u>	<u>\$3,479</u>

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