UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): July 10, 2014

VOXX INTERNATIONAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**0-28839** (Commission File Number)

13-1964841
(IRS Employer Identification No.)

180 Marcus Blvd., Hauppauge, New York (Address of principal executive offices)	**11788** (Zip Code)

Registrant's telephone number, including area code (631) 231-7750

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of file following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(e))

Item 2.02 Results of Operations and Financial Condition.

On July 10, 2014, Voxx International Corporation (the “Company”) issued a press release announcing its earnings for the three months ended May 31, 2014. A copy of the release is furnished herewith as Exhibit 99.1.

Item 8.01 Other Events.

On July 11, 2014, the Company held a conference call to discuss its financial results for the three months ended May 31, 2014. The Company has prepared a transcript of that conference call, a copy of which is annexed hereto as Exhibit 99.2.

The information furnished under Items 2.02 and 8.01, including Exhibits 99.1 and 99.2, shall not be deemed to be filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and will not be incorporated by reference into any registration statement filed under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release, dated July 10, 2014, relating to VOXX International Corporation's earnings release for the three months ended May 31, 2014 (filed herewith).
99.2	Transcript of conference call held on July 11, 2014 at 10:00 am (filed herewith).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VOXX International Corporation (Registrant)

Date: July 14, 2014

BY: /s/ Charles M. Stoehr
Charles M. Stoehr
Senior Vice President and
Chief Financial Officer

VOXX International Corporation Reports Fiscal 2015 First Quarter Results

HAUPPAUGE, N.Y., July 10, 2014 /PRNewswire/ -- VOXX International Corporation (NASDAQ: VOXX), today announced financial results for its Fiscal 2015 first quarter ended May 31, 2014.

Pat Lavelle, VOXX International's President and CEO stated, "Our first quarter results, while lower than last year, came in as expected and our guidance for the year remains unchanged. We had previously communicated that our first quarter would be impacted by weather and a soft retail environment, similar to our fiscal 2014 fourth quarter. Our product margins are however trending upwards and expenses are in line with our planned increase of 4-5%. For the second quarter, we expect to see sales similar to what we posted in last year's second quarter but with higher margins and we have every reason to believe sell-in at retail will be strong as we load-in products for the all-important holiday season."

Lavelle continued, "Demand for some of our new Premium Audio products, such as our new Reference speaker lines under Klipsch and our Concert series under Jamo has been strong and we continue to receive positive reception from our retail partners around the upcoming launch of our action cameras and biometric products. While both of these new categories will have a positive impact on our results this year, it will not be major as we will launch them later in the fiscal year. We expect these categories, as well as sales from the recently announced Car Connection insurance discount programs, to have a more meaningful impact on our sales and profitability next year.

First Quarter Results

Net sales for the Fiscal 2015 first quarter ended May 31, 2014 were $186.9 million compared to $193.0 million reported in the comparable year-ago period, a decline of 3.1%.

Automotive sales for the Fiscal 2015 first quarter were $102.4 million, a decline of 1.7% as compared to $104.2 million reported in the Fiscal 2014 first quarter, primarily as a result of a customer requested short-term suspension of an OEM program. The Company expects that this issue will have little or no effect on the second quarter. As anticipated, the Company's Venezuela operation continues to be negatively affected by the political situation in that country, and last year's first quarter included sales from two OEM customers that were not expected to repeat this year. Additionally, higher sales of the Company's Car Connection Telematics product, as well as continued improved tuner and antenna sales at VOXX Hirschmann offset some of the declines.

Premium Audio sales for the Fiscal 2015 first quarter were $35.2 million, a decline of 12.3% as compared to $40.2 million reported in the comparable year-ago period. The Company is gearing up for the second quarter launch of several new product lines and has purposely curtailed sales to some key retailers to make way for these new inventory load ins. Partially offsetting these declines were higher sales of cinema speaker products as the Company continues to see increased penetration in this market.

Consumer Accessories sales for the Fiscal 2015 first quarter were $49.1 million, an increase of 1.7% as compared to $48.3 million reported in the Fiscal 2014 first quarter. Increased sales in the Company's Mexican subsidiary combined with a business plan shift in that market fueled some of the growth. Additionally, higher sales of wireless and Bluetooth speakers, reception products, as well as higher sales in the Company's European markets also contributed to the increase, and were partially offset by the planned declines in sales of clock radios, digital voice recorders and MP3 players as the Company continues to exit these categories.

As a percentage of sales for the Fiscal 2015 first quarter ended May 31, 2014, Automotive represented 54.8%, Premium Audio represented 18.8% and Consumer Accessories represented 26.3%. As a percentage of sales for the Fiscal 2014 first quarter ended May 31, 2013, Automotive represented 54.0%, Premium Audio represented 20.8% and Consumer Accessories represented 25.0%.

The gross margin for the Fiscal 2015 first quarter was 28.4%, an increase of 20 basis points as compared to 28.2% for the same period last year. The increase was primarily driven by higher gross margins in the Automotive segment and partially offset by declines in gross margins in the Premium Audio and Consumer Accessories segments. This is due largely to product mix and the clearing out of older product lines to make way for new product introductions.

Operating expenses for the Fiscal 2015 first quarter were $53.5 million, an increase of 4.6% as compared to operating expenses of $51.1 million reported in the comparable year-ago period. As previously discussed the Company continues to hire new engineers to support future programs, and has increased advertising and marketing expenses for the new launches. Offsetting these increases were lower sales commissions and stock option expense compared to the prior year.

The Company reported an operating loss of $0.4 million for the Fiscal 2015 first quarter as compared to operating income of $3.4 million reported in the Fiscal 2014 first quarter. Lower sales volumes and higher expenses contributed to the variance for the year-over-year periods, and were partially offset by higher gross margins.

The Company reported net income of $0.5 million and net income per diluted share of $0.02 for the Fiscal 2015 first quarter as compared to net income of $2.1 million and net income per diluted share of $0.09 for the comparable period last year. Net income for the Fiscal 2015 first quarter was favorably impacted by improved performance of the Company's equity investment ("ASA") and a decrease in restructuring charges, offset by lower net sales. Net income for the Fiscal 2014 first quarter was favorably impacted by the absence of acquisition and certain other professional fees due to a decrease in related activities as compared to previous periods, partially offset by restructuring charges. Additionally, approximately $2 million in engineering expense reimbursements which were slated to be recognized for the first quarter will now be realized in the second quarter and keep us on our internal plan. As of today, we have received this payment.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") for the Fiscal 2015 first quarter was $6.1 million as compared to EBITDA of $9.2 million reported in the Fiscal 2014 first quarter.

Mr. Lavelle concluded, "Our team remains focused on cash generation and delivering sustainable results that will increase shareholder value. We continue to strengthen the Company by adding staff to support both existing and new projects, primarily within our Automotive segment, but also in support of our other lines of business. Our capital structure should also improve this year and barring any acquisitions, we intend to continue to pay down our debt. Finally, we continually look at new growth categories that can fuel our business and I have every reason to believe we are positioned well for organic growth next year, with potential upside to our numbers this year if the global economies improve."

Non-GAAP Measures

EBITDA is not a financial measure recognized by GAAP. EBITDA represents net income, computed in accordance with GAAP, before interest expense, taxes and depreciation and amortization. We present EBITDA in this release and in our Form 10-Q because we consider it to be useful and appropriate supplemental measure of our performance. EBITDA helps us to evaluate our performance without the effects of certain GAAP calculations that may not have a direct cash impact on our current operating performance. EBITDA should not be assessed in isolation from or construed as a substitute for net income prepared in accordance with GAAP. EBITDA is not intended to represent, and should not be considered to be a more meaningful measure than, or an alternative to, measures of operating performance as determined in accordance with GAAP.

Conference Call Information

The Company will be hosting its conference call on Friday, July 11, 2014 at 10:00 a.m. ET. Interested parties can participate by visiting www.voxxintl.com, and clicking on the webcast in the Investor Relations section or via teleconference (toll-free number: 877-303-9079; international: 970-315-0461 / conference ID: 66761159). For those unable to join, a replay will be available approximately four hours after the call has been completed and will last for one week (replay number: 855-859-2056; international replay: 404-537-3406; conference ID: 66761159).

About VOXX International Corporation

VOXX International Corporation (NASDAQ:VOXX) is the new name for Audiovox Corporation, a company that was formed over 45 years ago as Audiovox that has grown into a worldwide leader in many automotive and consumer electronics and accessories categories, as well as premium high-end audio. Through its wholly-owned subsidiaries, VOXX International proudly is recognized as the #1 premium loudspeaker company in the world, and has #1 market positions in automotive video entertainment and remote starts, digital TV tuners and digital antennas. The Company's brands also hold #1 market share for TV remote controls and reception products and leading market positions across a wide-spectrum of other consumer and automotive segments.

Today, VOXX International Corporation is a global company, with an extensive distribution network that includes power retailers, mass merchandisers, 12-volt specialists and most of the world's leading automotive manufacturers.   The Company has an international footprint in Europe, Asia, Mexico and South America, and a growing portfolio, which now comprises over 30 trusted brands. Among the key domestic brands are Klipsch®, RCA®, Invision®, Jensen®, Audiovox®, Terk®, Acoustic Research®, Advent®, Code Alarm®, CarLink®, 808®, AR for Her®, and Prestige®. International brands include Hirschmann Car Communication®, Klipsch®, Jamo®, Energy®, Mirage®, Mac Audio®, Magnat®, Heco®, Schwaiger®, Oehlbach® and Incaar™. The Company continues to drive innovation throughout all of its subsidiaries, and maintains its commitment to exceeding the needs of the consumers it serves. For additional information, please visit our Web site at www.voxxintl.com.

Safe Harbor Statement

Except for historical information contained herein, statements made in this release that would constitute forward-looking statements may involve certain risks and uncertainties. All forward-looking statements made in this release are based on currently available information and the Company assumes no responsibility to update any such forward-looking statements. The following factors, among others, may cause actual results to differ materially from the results suggested in the forward-looking statements. The factors include, but are not limited to risks that may result from changes in the Company's business operations; our ability to keep pace with technological advances; significant competition in the automotive, premium audio and consumer accessories businesses; our relationships with key suppliers and customers; quality and consumer acceptance of newly introduced products; market volatility; non-availability of product; excess inventory; price and product competition; new product introductions; foreign currency fluctuations and concerns regarding the European debt crisis; restrictive debt *covenants; the possibility that the review of our prior filings by the SEC may result in changes to our financial statements; and the possibility that stockholders or regulatory authorities may initiate proceedings against VOXX International Corporation and/or our officers and directors as a result of any restatements. Risk factors associated with our business, including some of the facts set forth herein, are detailed in the Company's Form 10-K for the fiscal year ended February 28, 2014.*

Company Contact:

Glenn Wiener, President

GW Communications

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VOXX International Corporation and Subsidiaries
Consolidated Balance Sheets
(In thousands)

	May 31, 2014	February 28, 2014
Assets	(*unaudited*)	
Current assets:		
Cash and cash equivalents	$ 10,926	$ 10,603
Accounts receivable, net	121,971	147,054
Inventory, net	143,173	144,339
Receivables from vendors	3,484	2,443
Investment securities, current	7,654	—
Prepaid expenses and other current assets	16,357	15,897
Income tax receivable	4,276	2,463
Deferred income taxes	2,862	3,058
Total current assets	310,703	325,857
Investment securities	12,413	14,102
Equity investments	21,385	20,628
Property, plant and equipment, net	83,244	83,222
Goodwill	117,464	117,938
Intangible assets, net	172,654	174,312
Deferred income taxes	775	760
Other assets	9,808	10,331
Total assets	$ 728,446	$ 747,150
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 64,827	$ 55,373
Accrued expenses and other current liabilities	52,840	59,247
Income taxes payable	3,125	3,634
Accrued sales incentives	14,642	17,401
Deferred income taxes	10	9
Current portion of long-term debt	6,530	5,960
Total current liabilities	141,974	141,624
Long-term debt	84,218	103,222
Capital lease obligation	5,971	6,114
Deferred compensation	5,684	5,807
Other tax liabilities	10,781	11,060
Deferred tax liabilities	34,991	34,963
Other long-term liabilities	14,470	14,776
Total liabilities	298,089	317,566
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	—	—
Common stock	277	277
Paid-in capital	291,035	290,960
Retained earnings	159,060	158,571
Accumulated other comprehensive loss	(1,664)	(1,873)
Treasury stock	(18,351)	(18,351)

Total stockholders' equity	430,357	429,584
Total liabilities and stockholders' equity	$ 728,446	$ 747,150

VOXX International Corporation and Subsidiaries
Consolidated Statements of Operations and Comprehensive Income
(In thousands, except share and per share data)
(unaudited)

	Three Months Ended May 31, 2014	Three Months Ended May 31, 2013
Net sales	$ 186,899	$ 192,972
Cost of sales	133,846	138,459
Gross profit	53,053	54,513
Operating expenses:		
Selling	14,596	13,123
General and administrative	29,615	28,938
Engineering and technical support	9,261	8,735
Restructuring expense	—	303
Total operating expenses	53,472	51,099
Operating (loss) income	(419)	3,414
Other income (expense):		
Interest and bank charges	(1,608)	(1,980)
Equity in income of equity investees	1,931	1,756
Other, net	653	16
Total other income (expense), net	976	(208)
Income before income taxes	557	3,206
Income tax expense	68	1,064
Net income	$ 489	$ 2,142
Other comprehensive income (loss):		
Foreign currency translation adjustments	(441)	(2,320)
Derivatives designated for hedging	640	311
Pension plan adjustments	10	6
Other comprehensive income (loss), net of tax	209	(2,003)
Comprehensive income	$ 698	$ 139
Net income per common share (basic)	$ 0.02	$ 0.09
Net income per common share (diluted)	$ 0.02	$ 0.09
Weighted-average common shares outstanding (basic)	24,518,510	23,720,275
Weighted-average common shares outstanding (diluted)	24,544,535	23,946,638

VOXX International Corporation and Subsidiaries
Reconciliation of GAAP Net Income to Adjusted EBITDA
(In thousands)

	Three Months Ended May 31,	
	2014	**2013**
Net income	$ 489	$ 2,142
Adjustments:		
Interest expense and bank charges	1,608	1,980
Depreciation and amortization	3,933	4,005
Income tax expense	68	1,064
EBITDA	6,098	9,191

VOXX International Corp.	VOXX	Q1 2015 Earnings Call	Jul. 11, 2014
Company▲	*Ticker▲*	*Event Type▲*	*Date▲*

PARTICIPANTS

Corporate Participants

Glenn Wiener – Public Relations and Communications, GW Communications
Patrick M. Lavelle – President, Chief Executive Officer & Director, VOXX International Corp.
Charles Michael Stoehr – Chief Financial Officer, Director & Senior VP, VOXX International Corp.

Other Participants

James Medvedeff – Analyst, Cowen & Co. LLC
Ronald Scott Tilghman – Analyst, B. Riley & Co. LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the VOXX International Conference Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will follow at that time. [Operator Instructions] As a reminder, this conference call is being recorded.

I would now like to introduce your host for today's conference, Glenn Wiener. Please go ahead.

Glenn Wiener, Public Relations and Communications, GW Communications

Thank you, Kate, and good morning, everyone. Welcome to VOXX International's fiscal 2015 first quarter results conference call. Today's call is being webcast from our website, www.voxxintl.com, and can be accessed in the Investor Relations section of the site. We also have a replay available for those who are unable to join us this morning.

We filed our Form 10-Q and issued our press release yesterday after market closed, and both documents can be found on our website, again in the Investor Relations section, under SEC Filings and News Releases respectively.

Before turning the call over to Pat Lavelle, I'd like to remind everyone that except for historical information contained herein, statements made on today's call and webcast that would constitute forward-looking statements are based on currently available information. The company assumes no responsibility to update any such forward-looking statements. Risk factors associated with our business are detailed in our Form 10-K for fiscal year ended February 28, 2014.

At this time, I'd like to turn the call over to our President and CEO, Pat Lavelle. Pat?

Patrick M. Lavelle, President, Chief Executive Officer & Director

Thank you, Glenn, and good morning, everyone.

Our first quarter results came in as expected with sales down versus last year's first quarter but generally tracking to plan. Fiscal 2015 began pretty much where fiscal 2014 left off, with the March weather conditions continuing the pattern they set in our fourth quarter and impacting on our retail business. We began to see some pick-up in May, and we did meet internal projections for top line performance.

Before I go any further, I want to reiterate our guidance for this year has not changed. For the second quarter, we expect to see sales similar to what we posted in last year's second quarter but with higher margins. We expect that any significant growth will occur in the third quarter and into the fourth quarter based on new product launches and assuming a better holiday season than in recent years.

We have taken a cautious approach in our projections based on the sell-through from the past few holiday seasons, but we do have a number of exciting programs in the works and our optimism moving into next year remains strong.

As for today, I'll briefly cover our first quarter results but will focus most of my remarks on our outlook for the year. Mike will address the financials and then we'll open it up for questions.

Sales came in at $186.9 million, down about $6 million from last year's quarter. Our gross margins were up slightly 28.4% versus 28.2%. We reported a free tax profit of approximately $600,000 versus $3.2 million last year. However, approximately $2 million in engineering expense reimbursements, which were slated to be recognized for the first quarter, will now be realized in the second quarter and will keep us on our internal plan. As of today, we have received the NRE payment.

Similar to fiscal 2014, we will continue to invest in R&D and engineering support for longer-term programs and we've increased our marketing and advertising spend in support of new Premium Audio product lines and for the upcoming launch of our action cameras and iris scanners.

Our Automotive segment pre-tax was approximately $1.2 million. Security, video and telematic product lines were up as was our fulfillment business. As a result of the late release of the engineering expense reimbursement, we expect Automotive's segment results will be $2 million higher to our plan in the second quarter.

During the quarter, our Car Connection program continued to expand and our product is now available at Wal-Mart under the Straight Talk brand. With this new addition to our existing retail partners of Sears, Pep Boys and AT&T, Car Connection is now available in over 20,000 retail store fronts nationwide.

In addition, one of the original goals for Car Connection was to develop an insurance discount program for users of the product. We believe that the features of Car Connection that monitor both vehicle performance and driver safety are greatly enhanced with the addition of an insurance discount program. That program launched this month, and I am pleased to say that Liberty Mutual, American, and the General Insurance companies have signed on to provide insurance discounts to Car Connection subscribers.

Under the program, consumers who purchase Car Connection can opt to have their driving data reviewed by approved insurance carriers. While the actual savings will vary by carrier, good driver results could represent savings of hundreds of dollars in insurance premiums.

With UBI, user-based insurance, (sic) [usage-based insurance] (05:37) programs growing at a rapid pace in the U.S., we believe this program has the potential to be adopted by millions of consumers nationwide. Because we will not have a full year of sales, we do not expect a big fiscal 2015 impact, but we believe over the next few years, this program holds great growth potential. For more information on the carriers, service, and the product positioning, you can visit www.mycar-connection on the web.

In our Premium Audio segment, we continue to feel some pressure at retail in the first quarter. However, we expect sales to rebound with several new product launches. First, the new line of Klipsch Reference Series speakers and then the full launch of the Jamo, the Concert Series line. These are high-end ultra premium sound systems and speakers that deliver an unparalleled listening experience. Both lines include tower speakers, bookshelf models, surround sound and subwoofers. We will launch our Reference Series in Best Buy and other premium sound specialists in the second quarter, and we'll launch our Jamo Series shortly thereafter in the third quarter. These lines have been well received by our customers. Additionally, there will be three new sound bars under the Reference and Energy brands introduced during the third quarter.

In headphones, we recently received high accolades in Time Magazine as Klipsch was ranked the number three headphone brand in the world and the Men's Health ranked our X11I, the number one headphone money can buy.

We continue to drive innovation and high quality products. And additionally, we will soon be launching a premium line of Magnet headphones for the European market. We're anticipating that this aggressive product development and the launch of these new programs will fuel growth and margin improvement in the Premium Sound segment for the second half of the year.

Consumer Accessories also experienced softness at retail in the early part of the first quarter. However, sales were up approximately 1.7%. Reception products and wireless and Bluetooth speakers posted the strongest sales.

Looking ahead, we anticipate Q2 sales would be roughly in line with last year's second quarter and margins are expected to increase based on new product introductions. Moving into the third quarter, our biggest selling season, we once again anticipate strong selling at retail based on early orders and ongoing customer discussions. Our fiscal 2015 sales guidance of between $825 million and $830 million was based on a slow start to the year based on the various launch dates for new products and the expected retail environment. If the U.S. economy shows signs of continued improvement towards the back end of the year, there may be upside to the guidance we provided.

The new product categories we've entered into: action cameras under the 360Fly and 360MicroFly brand names, and biometrics under myris, fuel some of our optimism. Both our retail partners and investors have expressed enthusiasm over these products. However, while this tremendous long-term potential, again the impact in fiscal 2015 will be small as we anticipate introduction of the 360Fly action camera to be with a limited group of launch partners in October and the 360MicroFly will be introduced shortly thereafter. Additionally, we have plans to introduce the action camera to the European market.

We are very excited about the action camera space, and I firmly believe, we are looking at an action camera market that is growing and in excess of $1 billion. And if we can capture a respectable share of that market over the coming years, this category alone could represent double-digit growth for our company.

Just this past week, we were informed that our myris, our new iris scanning product has been awarded the prestigious Red Dot award in the computer and information technology category. The Red Dot Award is an international competition that recognizes the most innovative and high quality product designs in the industry. Our product was selected number one against over 4,800 other entries from 53 different countries. We anticipate launch of myris at retail in September, with the initial focus on the consumer, but the retail channel is only one part of the story.

We see tremendous opportunity on the enterprise side with financial institutions, hospitals and industrial facilities, for example all who are looking for safer security measures to protect information. We're investing in the enterprise sales force to focus on this new market. We've been modest in our fiscal 2015 projections as we ramped up on both the retail and enterprise sides, and expect to see greater sales and retail adoption in fiscal 2016.

In addition, we have received interests from several security companies that specialize in both residential and commercial perimeter security, and they see an application for myris as well. I'll add that similar to the action cameras, we intend to launch myris in Europe.

In summary, we have budgeted for the first half of the year to be down versus last year, with a ramp up in the third quarter. We've accounted for what we know in our projections and continue to work on projects, that go beyond this fiscal year. We remain in talks regarding our new solar powered antenna, we launched the insurance piece of Car Connection and are in talks with more insurance carriers to add to the program, and there is the potential for increased business in Mexico, if they go through with the planned transition from analog to digital TV.

We're also working on programs for new 4G antennas, new digital tuners, mobile multimedia tuner modules and our eHub solution that will be a future driver in our automotive group, especially with more and more wireless technologies moving into the car. Our balance sheet will continue to improve this year and everything remains in place to pay down debt and generate the $40 million plus of cash flow we anticipated entering this year.

I want to thank you all for your support. And now, I will turn the call over to Michael, who will review the financials. Mike?

Charles Michael Stoehr, Chief Financial Officer, Director & Senior VP

Thanks, Pat. Good morning, everyone. I'll cover our first quarter results and then our balance sheet and will then open up the call for questions.

All comparisons are for the fiscal 2015 first quarter ended May 31, 2014, and fiscal 2014 first quarter ended May 31, 2013. We reported sales of $186.9 million, decline of 3.1% as a result of the factors mentioned by Pat. Our gross margins for the first quarter were 28.4% versus 28.2% for the comparable quarters last year, a 20 basis point improvement.

The Automotive segment drove the increase with gross margins up 200 basis points despite a temporary program hold at one of our OEM customers, lower Venezuela sales, which historically had better margins and higher fulfillment sales. We also had improved margins in our international product lines, principally in Europe.

Premium Audio gross margins declined by 110 basis points. This was primarily due to unfavorable product mix in Europe and the continuation of moving out of some of older product lines as we get ready for the new product loadings. We did have better margins in some of our domestic lines, most notably in cinema speakers where we experienced growth from the comparable first quarter.

Consumer Accessories gross margins declined by 210 basis points. Most of the decline was due to a change in our business model to a representative non-stocking office in Mexico. Gross margins for many of our core domestic product lines showed improvement, and we sold fewer lower margin products, such as clock radios and digital voice recorders consistent with our strategy. We still anticipate gross margins of 29% with a potential upside in fiscal 2015.

Our operating expenses were $53.5 million, up $2.4 million or 4.6%. Selling expenses increased $1.5 million, and G&A expenses increased approximately $700,000, and engineering and tech support increased a little over $500,000. The above categories were impacted by higher salary expenses related to new hires we board on last year and continued into the first quarter of fiscal 2015, mostly to support some of our new OEM projects at VOXX Hirschmann. Engineering, labor and payroll taxes, for example, increased by approximately $1.6 million.

We also had about $1.2 million increase in our advertising and marketing expense inclusive of trade shows, as we continue with several Premium Audio promotions and we are preparing for the launch of our new product categories. Offsetting these increases were lower sales commissions and lower stock option expense, as well as lower occupancy costs as a result of our building consolidations last year and lower professional fees.

Even though gross margins improved, we reported an operating loss of approximately $400,000 versus operating income of $3.4 million in last year's first quarter. This was due to lower revenue and increased operating expenses principally in our OEM group to support ongoing and future programs.

Other income and expense. We had approximately $400,000 decline in our interest and bank charges for the bank obligations as we continue to pay down our debt. [ph] Excluding (16:10) income of our equity investees related to our joint venture ASA was $1.9 million versus $1.8 million in prior year.

Other net was approximately $600,000, principally as a result of FX gains. As we are discussing other income expenses. I would like to point out that last year in our second quarter of 2014, we had a $5.1 million award in a class action settlement which will not repeat in the second quarter of this year.

Net income was approximately $500,000 or $0.02 per diluted share, compared to net income of $2.1 million or $0.09 per diluted share. As for fiscal 2015 first quarter, we reported EBITDA of $6.1 million as compared to $9.2 million comparable for the period last fiscal year.

The effective tax rate for the three months ended May 31, 2014, was an income tax provision of 12.2% as compared to a provision of 33.2% in last year's first quarter as a result of the completion of ongoing tax audits.

Now for our balance sheet. Our cash position as of May 31, 2014, was $10.9 million versus $10.6 million as of February 28, 2014, a slight improvement. Our total debt as of May 31, 2014, which is inclusive of all mortgages and capital lease stood at $96.7 million compared to $115.3 million as of February 28, 2014, an improvement of $18.6 million. Bank debt worldwide which includes our domestic bank obligations, Euro asset-based lending obligations and Hirschmann line of credit was $73.9 million versus $91.7 million, an improvement of $17.8 million.

Our capital lease obligations were $5.9 million versus $6.1 million last year, and our worldwide mortgages which includes Schwaiger, Klipsch and Audiovox Germany were $16.9 million versus $17.5 million. Our bank debt includes $6.96 million of borrowings under revolver versus $88 million as of February 28, 2014. As of today, our bank debt is $69.7 million with availability of $130.3 million. Our balance sheet continues to improve and we expect to exit the year with bank debt of less than $40 million based on generating free cash flow in excess of $40 million and CapEx of approximately $15 million to $30 million in fiscal year 2015 and barring any acquisitions or expenditures beyond our current plan.

As I've mentioned on prior calls, this could include new manufacturing facilities and/or offices for example. This sums up the first quarter. And at this time we're ready to take questions. Pat?

Patrick M. Lavelle, President, Chief Executive Officer & Director

Okay. Thank you, Mike. And at this time, if there are any questions, operator?

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from the line of Jim Medvedeff with Cowen & Company. Your line is open.

<Q – Jim Medvedeff – Cowen & Co. LLC>: Thank you. Good morning, and thanks for taking the call.

<A – Pat Lavelle – VOXX International Corp.>: Good morning.

<Q – Jim Medvedeff – Cowen & Co. LLC>: Good morning. My first question is on the tax rate. When you completed the tax audits and you made this adjustment for the first quarter, how should we think about the tax rate from here going forward for the rest of the year and into the future?

<A – Mike Stoehr – VOXX International Corp.>: It could just – for this year it is 37%.

<Q – Jim Medvedeff – Cowen & Co. LLC>: Okay. Thank you. That's for the full year, including...

<A – Mike Stoehr – VOXX International Corp.>: Yes, use it for each quarter also.

<Q – Jim Medvedeff – Cowen & Co. LLC>: Sorry?

<A – Mike Stoehr – VOXX International Corp.>: Use it for the quarters.

<Q – Jim Medvedeff – Cowen & Co. LLC>: Okay. Thank you. And just to be clear, the $2 million NRE split from Q1 into Q2. That has been collected?

<A – Pat Lavelle – VOXX International Corp.>: Yes.

<Q – Jim Medvedeff – Cowen & Co. LLC>: And assuming that, that OEM program is back in operation now?

<A – Pat Lavelle – VOXX International Corp.>: This is not any one of the OEM programs that was suspended or put on hold. This is just the work that needed to be done for us to recognize the payment slipped into the second quarter and will be completed. So we'll be able to record the income in the second quarter.

<Q – Jim Medvedeff – Cowen & Co. LLC>: Okay. Great. Thanks for clarifying that.

<A – Pat Lavelle – VOXX International Corp.>: You're welcome.

<Q – Jim Medvedeff – Cowen & Co. LLC>: And that $2 million is included in the sort of flat year-over-year guidance. Correct?

<A – Pat Lavelle – VOXX International Corp.>: Yeah.

<Q – Jim Medvedeff – Cowen & Co. LLC>: Okay. And then finally on expenses, we had been expecting sort of a frontend loading of the expenses into the second quarter as you build up the sales force and the marketing expenses to launch the new products. Is that still a valid assumption?

<A – Pat Lavelle – VOXX International Corp.>: Yes, it is.

<Q – Jim Medvedeff – Cowen & Co. LLC>: Okay. And the plus 4% to 5% is still good for the full year, correct?

<A – Pat Lavelle – VOXX International Corp.>: That is our target, yes.

<Q – Jim Medvedeff – Cowen & Co. LLC>: Okay great. I'll get back in queue and thanks again.

<A – Pat Lavelle – VOXX International Corp.>: Thank you.

Operator: [Operator Instructions] And we have a question from the line of Scott Tilghman with B. Riley. Your line is open.

<Q – Scott Tilghman – B. Riley & Co. LLC>: Thanks. Good morning.

<A – Pat Lavelle – VOXX International Corp.>: Hi, Scott.

<Q – Scott Tilghman – B. Riley & Co. LLC>: I was wondering if you could walk through a little bit the detail regarding the restructuring of the [ph] Mexicans hub (22:05) and maybe quantify how much of a benefit that had to the Consumer Accessory sales?

<A – Pat Lavelle – VOXX International Corp.>: What we've done in Mexico is we moved to a representative office and changed from distribution to where we're working on a license, royalty license, for our brands on certain products, okay? That was about an additional $2 million of top line revenue for Mexico for the quarter over last year's first quarter.

And what we expect is that we posted a loss in Mexico last year. We expect that was to be wiped out and to generate a profit in this fiscal year.

<Q – Scott Tilghman – B. Riley & Co. LLC>: Okay. That's helpful. And then second, I wanted to touch on the engineering and technical support line. You had been ramping. You had talked about salaries throughout the organization. I was a little surprised to see that down on a sequential basis relative to fourth quarter, especially when you called out the delay on the NRE. How should we think about that over the next few quarters, stripping out the NRE benefit next quarter?

<A – Pat Lavelle – VOXX International Corp.>: Well, the NRE benefit is when we – we did not have any or any significant NRE schedule to be released in the second quarter. So the expense increases are coming from – as you know, we hired 25 additional engineers in Germany to work on additional or work on programs that we have won, okay? Along with a number of the programs that we win within the OEM space comes non-reoccurring engineering expense reimbursements that will come in depending upon us meeting milestones and delivering samples and things like that. We did not for the second quarter have a significant number scheduled to be released but the $2 million will drop in from the first quarter.

<Q – Scott Tilghman – B. Riley & Co. LLC>: Right. Well, let me ask the question in a different way, and perhaps I wasn't clear. If you're down about $1.2 million in that line item from where you were in the fourth quarter and typically that's not a seasonal line item, like selling can be, was there something last quarter that elevated that expense line that perhaps we're forgetting?

<A – Pat Lavelle – VOXX International Corp.>: Yeah, there was – I have to look at it. I know – we did report NRE in the first quarter, okay? There was just a $2 million expense that was not reported. So what happens that line is affected by the NRE that we received in any particular quarter.

<Q – Scott Tilghman – B. Riley & Co. LLC>: Great. That's helpful. Thank you.

<A – Pat Lavelle – VOXX International Corp.>: You're welcome.

Operator: And I'm not showing any further questions at this time. I'd like to turn the call back over to management for closing remarks.

Patrick M. Lavelle, President, Chief Executive Officer & Director

Okay. Well, once again, I want to thank you all for listening in. Thank you for your support. I wish you a good day and a good weekend. Thank you.

Operator: Ladies and gentlemen, thank you for participating in today's conference. This does conclude the program, and you may all disconnect. Everyone, have a good day.