

Q3: Quarterly Industry Update

AS OF September 30, 2019

cogent valuation
FINANCIAL OPINIONS

Furniture Retail

INDUSTRY SUMMARY

COGENT VALUATION identified **Furniture Retail** publicly traded companies, IPOs, and recent M&A transactions within the Furniture Retail industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Over the last year since September 30, 2018, the median 52-week share price return of the Furniture Retail industry was -16.7%. Between September 30, 2017 and September 30, 2019, the median EV/EBITDA multiple decreased from 7.9 to 7.4. However, the median price-to-earnings multiple increased from 16.5 to 18.1 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 0.5% and 8.8%, respectively.

Public Company Key Statistics

Median 52-Week
Return

-16.7%

Median 3-Year CAGR
Return

-1.8%

Median EV/Revenue
Multiple

.7x

Median EV/EBITDA
Multiple

7.4x

Median Price/Earnings
Multiple

18.1x

Median EV/Gross CF
Multiple

11.1x

Comparable Public Company Market Price Returns as of September 30, 2019

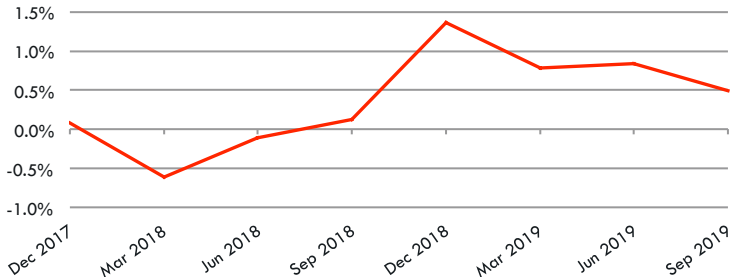
	2019	3 Month	1 Year	2 Year	3 Year	2018	2017	2016
Aaron's, Inc.	16.9%	16.9%	56.7%	33.4%	21.5%	24.6%	42.9%	-26.8%
Bassett Furniture Industries	-19.3%	-19.3%	12.8%	22.4%	40.3%	23.7%	21.2%	28.5%
Conn's, Inc.	-4.4%	-4.4%	288.6%	23.1%	-2.4%	181.0%	-46.1%	25.6%
Ethan Allen Interiors Inc.	-19.8%	-19.8%	-25.1%	1.4%	12.4%	-22.4%	32.5%	-10.2%
Flexsteel Industries, Inc.	-15.4%	-15.4%	-21.5%	2.9%	14.6%	-24.1%	39.6%	37.0%
Haverty Furniture Companies, Inc.	-11.0%	-11.0%	-17.2%	2.8%	6.3%	-4.4%	10.5%	-2.6%
hhgregg, Inc.	-24.2%	-24.2%	-98.0%	-97.0%	-86.4%	-99.8%	-60.9%	-51.7%
Hooker Furniture Corporation	-13.5%	-13.5%	18.2%	29.7%	46.4%	11.9%	50.4%	47.0%
Kimball International, Inc.	-8.7%	-8.7%	3.3%	38.2%	9.5%	6.3%	79.7%	7.1%
La-Z-Boy Incorporated	-4.0%	-4.0%	10.9%	13.0%	10.8%	0.5%	27.1%	-9.0%
Natuzzi S.p.A.	2.5%	2.5%	-43.0%	-0.3%	0.3%	-29.2%	40.4%	3.9%
Nova Lifestyle, Inc.	-10.0%	-10.0%	30.1%	15.5%	-27.2%	24.4%	7.2%	-35.9%
Stanley Furniture Company, Inc.	10.5%	10.5%	106.0%	-44.2%	-25.1%	180.8%	-61.4%	-17.2%
Tempur Sealy International, Inc.	-27.8%	-27.8%	-2.5%	-5.7%	4.7%	-8.2%	-3.1%	28.3%
Median of Industry Public Companies	-10.5%	-10.5%	7.1%	4.2%	6.3%	3.4%	24.2%	0.6%

Multiple year periods are calculated as the average annual return.

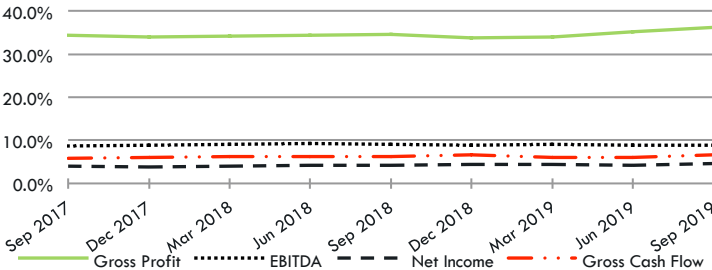
■ Highest Return
 ■ Lowest Return
 ■ Median Return

Industry Revenue Growth and Profit Margins for the Past Two Years

Median Quarterly Revenue Growth of All Furniture Retail Companies



Median Gross Profit, EBITDA, Net Income, and Gross Cash Flow Margins



Public Company Median Multiples by Quarter

	9/30/19	6/30/19	3/31/19	12/31/18	6/30/18	3/31/18	12/31/17	9/30/17
EV/Revenues Multiple	0.7x	0.8x	0.9x	0.9x	0.8x	0.7x	0.9x	0.8x
EV/EBITDA Multiple	7.4x	8.0x	8.7x	9.9x	8.8x	8.0x	9.4x	7.9x
Price/Earnings Multiple	18.1x	17.3x	18.7x	20.4x	17.8x	16.5x	20.6x	16.5x
EV/Gross Cash Flows Multiple	11.1x	10.8x	12.8x	16.2x	13.7x	11.6x	14.1x	11.0x

■ Highest Multiple
 ■ Lowest Multiple
 ■ Median Multiple

Industry Initial Public Offerings—Industry: Furniture Retail (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
8/14/19	Shane Global Holding Inc.	\$3.73	7.0	\$110.1	\$34.8	\$8.1	\$146.4	\$0.0	\$4.3	\$0.0
7/25/19	Avon Moldplast Limited	\$0.74	1.8	\$0.6	\$1,108.8	\$838.3	\$4.1	N/A	N/A	N/A
7/17/19	Pacific Legend Group Limited	\$0.04	0.8	\$13.2	\$9.3	\$1.5	\$35.5	(\$0.7)	(\$1.0)	(\$0.6)
7/6/19	Roche Bobois S.A.	\$23.51	19.4	\$369.1	\$3.2	\$3.5	\$298.4	(\$3.6)	(\$5.0)	(\$3.6)
6/26/19	The Lovesac Company	\$16.00	1.2	\$5.6	\$160.1	\$81.1	\$110.9	\$28.3	\$6.3	\$34.3
6/13/18	home24 SE	\$27.08	55.9	\$44.4	\$125.7	\$38.2	\$360.6	\$20.4	\$10.0	\$27.1
11/24/17	TCM Group A/S	\$15.72	90.9	\$218.1	\$650.9	\$151.1	\$115.2	\$67.4	\$33.1	\$92.1
10/12/17	Shane Global Holding Inc.	\$0.35	20.4	\$54.3	N/A	N/A	\$4.2	N/A	N/A	N/A
	Median of all IPOs	nm	nm	\$49.3	\$125.7	\$38.2	\$113.1	\$10.2	\$5.3	\$13.6

Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought
9/20/19	Orangebox Limited	Steelcase Inc.	\$18.4	100%
8/31/19	Jennifer Convertibles, Inc.	Morris Holdings Limited	\$300.0	100%
8/15/19	Arizona based La-Z-Boy Furniture Galleries Stores of Ebco, Inc.	La-Z-Boy Incorporated	\$44.7	100%
7/30/19	Ekornes ASA	Qumei Investment AS	\$54.3	100%
7/27/19	Natuzzi Trading (Shanghai) Co., Ltd.	Jason Furniture (Hangzhou) Co.,Ltd.; Jason Furniture (Ningbo) Co., Ltd.	\$23.6	100%
3/2/19	Stanley Furniture Company	Endurance Capital Group	\$709.0	100%
1/25/19	Muuto A/S	Knoll Denmark ApS	\$77.6	100%
1/12/19	Jiaxing Milan Image	Xilinmen Furniture Co.	\$18.4	100%
1/6/19	OKA Direct Ltd.	InvestIndustrial	\$54.3	100%
1/5/19	All assets of Alno AG	RiverRock European Capital	\$23.6	100%
12/1/18	Multiyork Furniture Ltd.	Svedbergs i Dalstorp AB	\$1.6	100%

■ USA
 ■ International

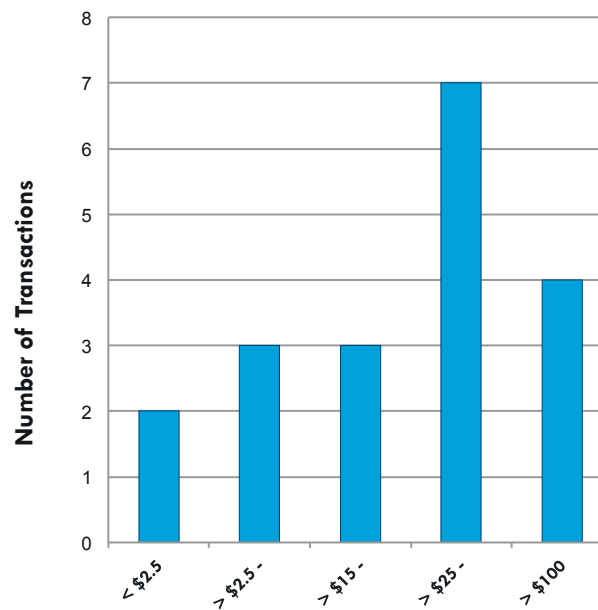
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Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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Transaction Date	Target	Acquirer	Transaction Size	% Bought
2/18/16	WorldStores Limited	Globe Online Limited	\$10.6	100%
2/1/16	La-Z-Boy Furniture Stores	La-Z-Boy Incorporated	\$11.9	100%
11/17/15	BoConcept Holding A/S	3i Group plc	\$231.0	100%
10/5/15	Chromcraft Revington, Inc.	Arts and Crafts Industries	\$1.8	100%
10/1/15	Home Meridian International	Hooker Furniture Corp.	\$100.0	100%
7/31/15	Double J-RD, LLC	Mattress Firm Holding Corp.	\$3.7	100%
7/16/15	American Furniture	Bank of America	\$24.1	100%
6/19/15	DFS Spain Limited	DFS Furniture plc	\$2.3	100%
2/18/16	WorldStores Limited	Globe Online Limited	\$10.6	100%
	Median of the 19 M&A Transaction Targets		\$11.9	100%

Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)



Definitions of Financial Terms Used in this Quarterly Industry Update:

Enterprise Value (EV): Market Value of Equity + Market Value of Debt —Cash

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Referred to as operating profit or operating earnings.

Gross Cash Flows: Net Income + Depreciation and Amortization Expense

Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

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