

# Q1: Quarterly Industry Update

AS OF March 31, 2020

**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 March 31, 2019, the median 52-week share price return of the Furniture Retail industry was -16.7%. Between March 31, 2019 and March 31, 2020, 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 March 31, 2020

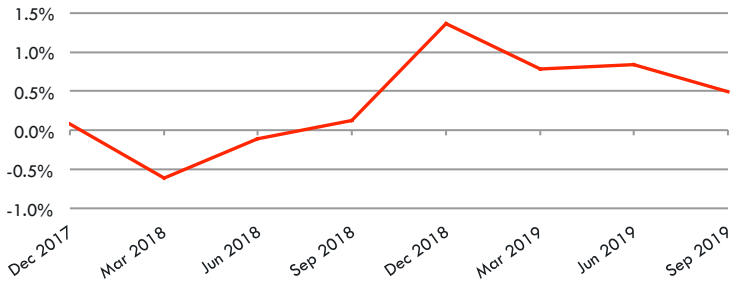
	2020	3 Month	1 Year	2 Year	3 Year	2019	2018	2017
Aaron's, Inc.	16.9%	16.9%	56.7%	33.4%	21.5%	24.6%	42.9%	-26.8%
Bassett Furniture Industries	-19.3%	-19.3%	12.8%	22.4%	40.3%	23.7%	21.2%	28.5%
Conn's, Inc.	-4.4%	-4.4%	288.6%	23.1%	-2.4%	181.0%	-46.1%	25.6%
Ethan Allen Interiors Inc.	-19.8%	-19.8%	-25.1%	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.

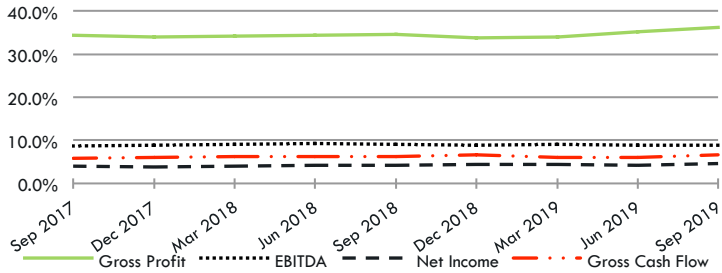
■ Highest Return    
 ■ Lowest Return    
 ■ Median Return

# 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

	3/31/20	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18
<b>EV/Revenues Multiple</b>	0.7x	0.8x	0.9x	0.9x	0.8x	0.7x	0.9x	0.8x
<b>EV/EBITDA Multiple</b>	7.4x	8.0x	8.7x	9.9x	8.8x	8.0x	9.4x	7.9x
<b>Price/Earnings Multiple</b>	18.1x	17.3x	18.7x	20.4x	17.8x	16.5x	20.6x	16.5x
<b>EV/Gross Cash Flows Multiple</b>	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
1/14/20	<b>Shane Global Holding Inc.</b>	\$3.73	7.0	\$110.1	\$34.8	\$8.1	\$146.4	\$0.0	\$4.3	\$0.0
1/5/20	<b>Avon Moldplast Limited</b>	\$0.74	1.8	\$0.6	\$1,108.8	\$838.3	\$4.1	N/A	N/A	N/A
12/17/19	<b>Pacific Legend Group Limited</b>	\$0.04	0.8	\$13.2	\$9.3	\$1.5	\$35.5	(\$0.7)	(\$1.0)	(\$0.6)
11/6/19	<b>Roche Bobois S.A.</b>	\$23.51	19.4	\$369.1	\$3.2	\$3.5	\$298.4	(\$3.6)	(\$5.0)	(\$3.6)
9/26/19	<b>The Lovesac Company</b>	\$16.00	1.2	\$5.6	\$160.1	\$81.1	\$110.9	\$28.3	\$6.3	\$34.3
6/13/18	<b>home24 SE</b>	\$27.08	55.9	\$44.4	\$125.7	\$38.2	\$360.6	\$20.4	\$10.0	\$27.1
11/24/17	<b>TCM Group A/S</b>	\$15.72	90.9	\$218.1	\$650.9	\$151.1	\$115.2	\$67.4	\$33.1	\$92.1
10/12/17	<b>Shane Global Holding Inc.</b>	\$0.35	20.4	\$54.3	N/A	N/A	\$4.2	N/A	N/A	N/A
	<b>Median of all IPOs</b>	<b>nm</b>	<b>nm</b>	<b>\$49.3</b>	<b>\$125.7</b>	<b>\$38.2</b>	<b>\$113.1</b>	<b>\$10.2</b>	<b>\$5.3</b>	<b>\$13.6</b>

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought
3/20/20	Orangebox Limited	Steelcase Inc.	\$18.4	100%
1/30/20	Jennifer Convertibles, Inc.	Morris Holdings Limited	\$300.0	100%
9/15/19	Arizona based La-Z-Boy Furniture Galleries Stores of Ebco, Inc.	La-Z-Boy Incorporated	\$44.7	100%
8/30/19	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

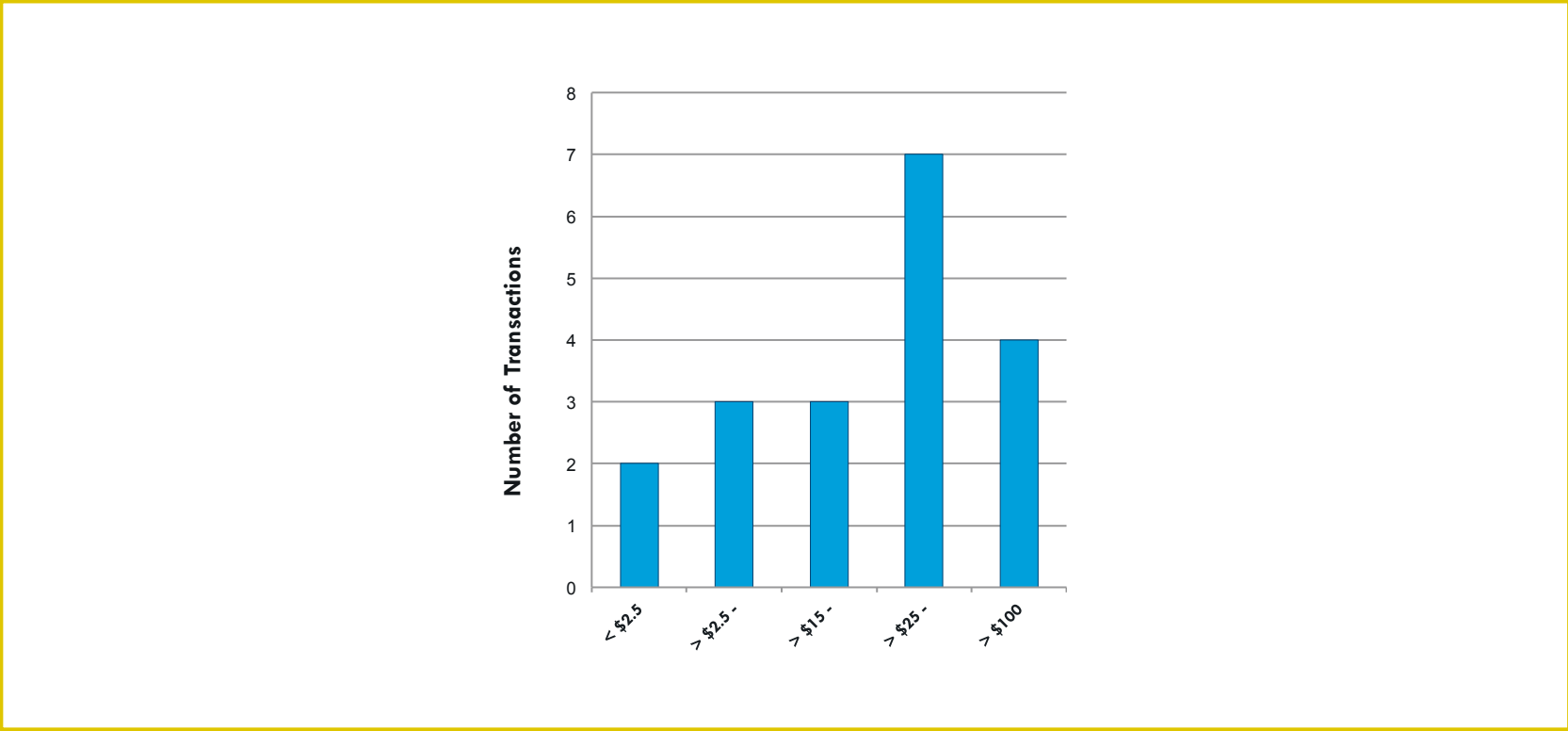
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## Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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

## 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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