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Furniture Market Update

THIRD QUARTER 2023

Furniture Industry Overview

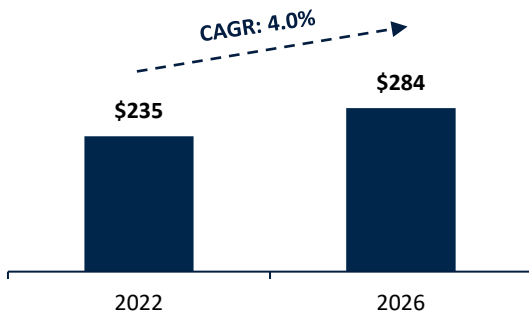


The size of the U.S. furniture market is expected to increase by a 4% CAGR from 2022 – 2026.

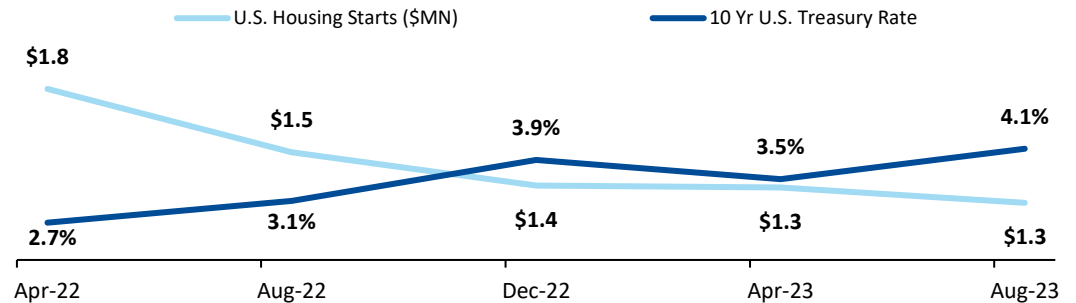
Overview

- The rapid expansion of the real estate sector, growing popularity of eco-friendly furniture and lifestyle changes are driving growth in the U.S. furniture industry.
- The market is dominated by the residential furniture segment, which accounts for 65% of total U.S. furniture sales. Living room furniture is the most popular category, followed by bedroom and kitchen furniture.
- While rising costs of capital are depressing housing starts, the residential market in North America is forecasted to grow in the long run due to projected increases in home renovations. Furthermore, companies investing in pre-furnished offices for hybrid workplace environments are driving growth in commercial furniture.

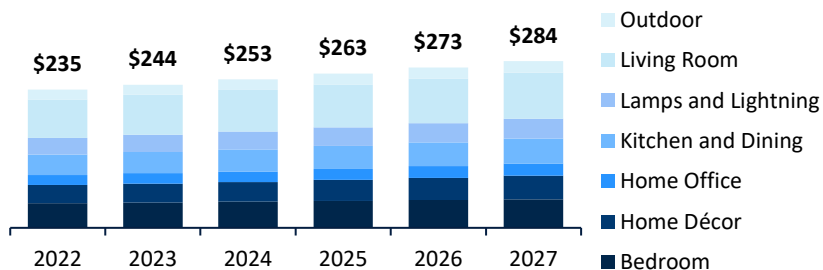
United States Market Size (\$BN)



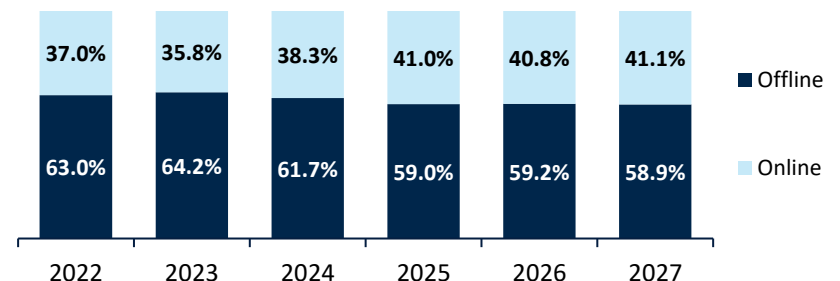
U.S. Home Starts & Treasury Rates



United States Revenue by Segment (\$BN)



United States Sales Channel Revenue (%)



Furniture Antidumping Policy Overview



Numerous antidumping petitions have been filed in the U.S. to enforce duties on underpriced furniture imports, and the U.S. government has responded by instating antidumping policies

Policy Overview and Recent News


















- U.S. antidumping duties exist to raise prices on underpriced foreign imported goods to enable local American businesses to sell its products at prices they believe represent fair market value
 - In the U.S., businesses are free to file petitions with the U.S. Department of Commerce and the U.S. International Trade Commission to impose tariffs if they believe competing importers are charging below fair market value and do so often in the furniture manufacturing sector
 - If the competing importers are found to be undercharging, the U.S. Department of Commerce and the U.S. International Trade Commission will enact antidumping policy to enforce tariffs on the imported goods found to be priced below fair market value
 - The duties are known as “antidumping margins” and can vary by both country and importer

Furniture-related antidumping petitions and policy determinations have most recently been made on both wooden furniture and mattress imports from several countries:

- January 4, 2005: The U.S. Department of Commerce first published its antidumping order on wooden bedroom furniture from China
- March 19, 2021: The U.S. Department of Commerce determines antidumping margins ranging from 2.22% - 763.28% on mattress imports from Cambodia, Indonesia, Malaysia, Serbia, Thailand, Turkey and Vietnam
- January 3, 2022: The U.S. International Trade Commission determined in its sunset review that “revoking the existing antidumping duty order on imports of wooden bedroom furniture from China would likely lead to continuation or recurrence of material injury within a reasonably foreseeable time.”
 - As such, the existing order, first instated on January 4, 2005, on imports of wooden bedroom furniture products from China remained in place
- July 29, 2023: Ten U.S. mattress producers, Brooklyn Bedding, Carpenter Co., Corsicana Mattress Co., Future Foam, FXI, Kolcraft Enterprises, Leggett & Platt, Serta Simmons Bedding, Southerland and Tempur Sealy International, and two unions, International Brotherhood of Teamsters and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Services Workers International Union have filed antidumping and countervailing duty petitions with the U.S. Department of Commerce and the U.S. International Trade Commission against mattresses imported from 13 countries
 - Countries of import include Bosnia and Herzegovina, Bulgaria, Burma, India, Indonesia, Italy, Kosovo, Mexico, Philippines, Poland, Slovenia, Spain and Taiwan




Furniture M&A Deals



Date	Target	Buyer	EV / Revenue	EV / EBITDA	Target Description
Mar-23	 Kimball International	 HNI	0.8x	8.5x	Engages in the manufacture and sale of furniture products
Oct-22	 inscape	 HUK Performance Fishing	0.5x	NM	Manufactures office furniture and wall products in the United States and Canada
May-22	 HALCÓN RESOURCES	 Steelcase	1.9x	NM	Designs, manufactures, and markets customized office furniture
Oct-21	 viccarbe	 Steelcase	3.4x	NM	Manufactures contemporary furniture for collaborative spaces
Jun-21	 P T P G	 BERGS	0.3x	NM	Manufactures and distributes timber furniture
Apr-21	 Knoll	 MillerKnoll	1.8x	14.4x	Designs, manufactures, markets, and sells commercial and residential furniture
Nov-19	 Blue Group Hold Co	 ALTERI INVESTORS	0.02x	NM	Distributes bedding, bed, and related furniture products
Sep-19	 SKANO®	 Wood Export OÜ	0.03x	NM	Focuses on production and wholesale of furniture
Jun-19	 FFL Holding AG	 Meijia Investment Co	0.6x	NM	Research and development, manufacturing, and sale of office furniture
Jul-18	 STITCH INDUSTRIES	 L A Z B O Y	1.2x	NM	Manufactures and sells custom and mid-century modern upholstered furniture

Furniture M&A Deals (cont.)



Date	Target	Buyer	EV / Revenue	EV / EBITDA	Target Description
Jun-18	Smith System®	Steelcase	1.8x	NM	Designs, manufactures, and sells school furniture
Jun-18	 LISTA	 GreatStar	1.6x	NM	Manufactures and offers workshop and warehouse furnishings
May-18	EKORNES®	 QM 曲美家居	1.8x	11.6x	Develops, manufactures, and sells furniture and mattresses for the home furnishings market in Norway and internationally
			25th Percentile	0.5x	10.1x
			Mean	1.2x	11.5x
			Median	1.2x	11.6x
			75th Percentile	1.8x	13.0x

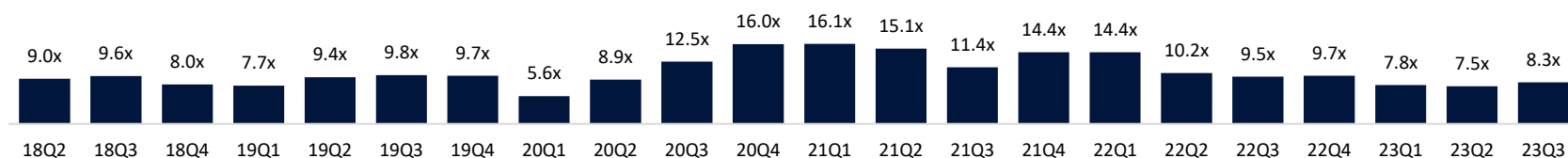
Comparable Furniture Public Companies



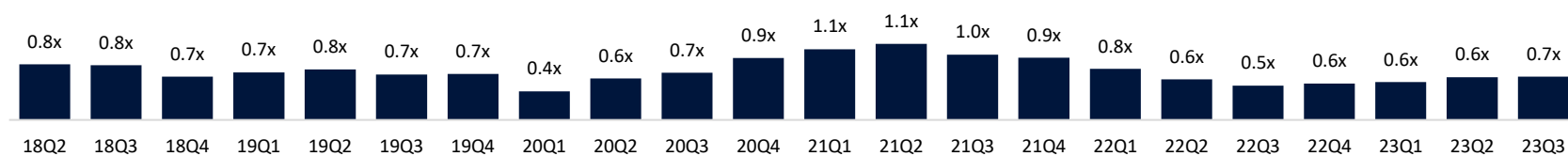
(\$ in millions, except for per share amounts)

Company Name	Market Capitalization	LTM Results			LTM Results		TEV / LTM		TEV / 1 Yr Fwd	
		Revenue	EBITDA	Gross	EBITDA	Revenue	EBITDA	Revenue	EBITDA	
Furniture Comparables										
MillerKnoll	\$1,853	\$3,926	\$263	36.9%	6.7%	0.9x	13.0x	0.9x	12.8x	
HNI	1,793	2,210	192	37.2%	8.7%	1.1x	12.6x	0.9x	10.2x	
La-Z-Boy	1,330	2,227	298	44.6%	13.4%	0.6x	4.6x	0.7x	4.9x	
Steelcase	1,301	3,235	197	26.0%	6.1%	0.5x	9.0x	0.5x	8.9x	
Ethan Allen Interiors	691	741	132	60.9%	17.8%	0.8x	4.8x	0.9x	4.9x	
DFS Furniture	300	1,310	187	61.5%	14.3%	0.8x	5.3x	0.7x	5.0x	
LoveSac	267	663	42	47.5%	6.3%	0.6x	9.1x	0.5x	7.5x	
Italian Design Brands	254	331	54	17.1%	16.4%	0.9x	5.3x	0.5x	2.7x	
Hooker Furniture	194	503	(5)	19.3%	(0.9)%	0.4x	n/m	0.4x	n/m	
Bassett Furniture Industries	143	416	18	58.1%	4.2%	0.4x	10.0x	0.4x	10.4x	
Dorel Industries	128	1,393	(116)	16.2%	(8.3)%	0.4x	n/m	0.3x	n/m	
Decora SA	117	126	18	32.9%	14.4%	1.1x	7.6x	0.8x	5.8x	
Virco Manufacturing	99	258	29	28.0%	11.1%	0.6x	5.5x	0.6x	5.0x	
Flexsteel Industries	97	393	16	16.5%	4.2%	0.5x	12.5x	0.5x	11.5x	
Sanderson Design Group	89	134	20	74.6%	15.3%	0.6x	3.8x	0.6x	3.7x	
25th Percentile				22.7%	5.2%	0.5x	5.3x	0.5x	4.9x	
Median				36.9%	8.7%	0.6x	7.6x	0.6x	5.8x	
Mean				38.5%	8.6%	0.7x	7.9x	0.6x	7.2x	
75th Percentile				52.8%	14.3%	0.9x	10.0x	0.8x	10.2x	

Quarterly EV / EBITDA Trend



Quarterly EV / Revenue Trend



Sources: Fuld & Company, S&P Capital IQ, Pitchbook

Note: Market data as of 11/3/2023; NA – not available; NM – not meaningful; LTM as of the most recent reported fiscal quarter

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