

Home Furnishings Industry Insights

Fall/Winter 2017



Q Market Update

The U.S. furniture and home furnishings industry is expected to experience continued growth in the coming years due to several positive secular tailwinds. The domestic economy and labor market continue to improve and discretionary spending is reaching its highest level since 2006. This has led to a strong housing market, characterized by increasing new/existing housing starts and prices. Consequently, sales of furniture and home furnishings increased by almost 8% between 2014 and 2016 and over 4% from January to October 2017.

Millennials, who now represent the largest consumer cohort in the furniture market, are increasing in age and buying homes—a trend that will likely facilitate further furniture industry growth. Meanwhile, Baby Boomers, who are largely becoming “empty nesters,” are moving into smaller living spaces and need to refurnish their new residences. As a result, furniture retailers will need to adapt their approach in a changing landscape from a generational point of view.

Furniture companies must cope with a maturing omni-channel environment, as consumers shop online to make informed purchases and for convenience. An omni-channel marketplace, driven by Millennial consumption, is an attractive ground for disruptive businesses. Design and assembly innovations, new technologies and eco-friendly materials will attempt to reshape the industry.

Looking at the bedding/mattress category, the direct-to-consumer (DTC) channel continues to capture market share in the growing and sustainable industry. The mattress industry in the United States generates over \$14 billion in sales annually, and has grown at a compound annual growth rate (CAGR) of 4.7% over the last 20 years. DTC companies are disrupting the industry’s current high-margin structure with a strong value proposition for the consumer, which is expected to attract a broader customer base going forward. DTC mattress companies currently represent less than 3% of the total \$14 billion market, but are poised to capture additional share as innovation and competitive pricing continue to attract new consumers.

KEY ECONOMIC INFORMATION



U.S. home building jumped to a 1-year high in October as recent hurricane disruptions in the South faded and communities in the region started replacing damaged houses. Housing starts surged 13.7% to a seasonally adjusted rate of 1.29 million units, the highest level since October 2016.

On November 1, 2017, the Federal Open Market Committee concluded its two-day policy meeting, voting unanimously to hold its benchmark federal funds rate between 1.00% and 1.25% and to continue the process of balance sheet normalization, which began in October.

Economic growth accelerated to an annualized rate of 3.0% in 3Q17, versus an expected rise of 2.5%. An increase in inventory investment and a smaller trade deficit offset a hurricane-related slowdown in consumer spending and a decline in construction.

The U.S. economy added 261,000 jobs in October 2017, the most in more than a year. Meanwhile, the U.S. unemployment rate fell yet again to 4.1%, its lowest level since 2000.

Headlines Across the Home Furnishings Industry

On October 10, Inter IKEA chief executive Torbjörn Lööf told the *Financial Times* that the home furnishings retail giant, known for its sprawling out-of-town warehouses, Scandinavian design, and Swedish meatballs, will begin test selling its iconic flat-pack furniture through online retailers. The shift into online retail could include Amazon and Alibaba. The company will also start experimenting with smaller urban locations, online ordering, and pickup points in a move designed to meet the changing shopping habits of its customers.

On October 10, *Furniture Today* noted in a press release that the rapid growth of the direct-to-consumer mattress boom is owed, in part, to spectacular gains from market leaders. Amazon, the No. 1 bedding e-tailer, doubled its bedding business last year, hitting \$250 million in sales. The No. 2 bedding e-tailer, Casper, had an estimated bedding business (minus accessories) of \$175 million last year, an increase of 75%. The No. 4 player, Tuft & Needle, had a higher growth rate than its larger competitors; Tuft & Needle grew 200%, boosting its revenues from \$40 million in 2015, to an estimated \$120 million last year. Tuft & Needle is talking about opening mattress stores stocked with Amazon gadgets and co-branded with Amazon. As some companies struggle with the ever-growing competition, consolidation in the DTC channel becomes more likely.

On September 26, Blackstone completed the acquisition of International Market Centers (IMC), which owns key market space in High Point, North Carolina, and Las Vegas. While a purchase price was not released, according to *Furniture Today*, the price is rumored to be around \$1.45 billion. IMC was previously owned by Bain Capital and Oaktree Capital (who both acquired it in 2011 for \$1 billion), and operates 12.2 million square feet of market space, making it the single largest operator of furniture showroom space.

On September 20, due to growing competition from major furniture chains, the rise of e-commerce, and the changing shopping habits of young consumers, Rothman Furniture announced that it is closing all six of its St. Louis-area showrooms after 90 years in business. Jay Steinback, CEO, pointed to demographic data that shows Rothman is No. 1 in its market among ages 50 and up, but “under 30, we’re lower in the Top 10,” he said. “So for the younger demographic, we’re their grandfather’s furniture store. It’s been harder and harder; they’re just a very challenging demographic to meet.”

On September 5, West Elm and Leesa Sleep, a leading direct-to-consumer online mattress retailer, announced a partnership. Leesa replaces Casper as West Elm’s official mattress partner. West Elm’s recent partnership with Casper had been established in 2016. Leesa is one of the most successful upstart mattress players that have been upending the \$15 billion industry and snatching market share away from mattress giants Tempur Sealy International and Serta Simmons Bedding. Both Leesa and West Elm have a social component to their businesses. Leesa is a B Corp that donates one mattress for every 10 that it sells. West Elm, a division of publicly traded Williams-Sonoma, emphasizes handcrafted, sustainable and fair-trade products, and has committed to increasing its fair-trade offerings from 20% in 2017 to 40% in 2019.

On August 21, Bradington-Young president, Craig Young, said that the 40-year-old upholstery maker, acquired by Hooker in 2002, has experienced “meteoric” growth with its luxury motion line. The line was launched in April 2015, at the High Point Market with four groups. By the end of 2016, it represented about 25% of their business and year-to-date has reached 30%, according to Young. The company’s successful luxury motion positioning and American-made quality story resonate most with Baby Boomers, the age group with the highest personal wealth and accounts for about half of all consumer spending, according to Visa and Moody’s Analytics.

E-Commerce's Influence on the Home Furnishings Sector

Furniture Retail Industry Landscape

Department Stores	JCPenney ★ macy's BIG LOTS!
Bedding Stores	MATTRESS FIRM SLEEPY'S The Mattress Professionals sleep number SLEEP TRAIN MATTRESS CENTERS
Discount Department	TARGET Walmart
Lifestyle Stores	Crate&Barrel BED BATH & BEYOND RH WILLIAMS-SONOMA ARHAUS Pier 1 Imports Z GALLERIE IKEA
Manufacturer Brands	Ashley HOMESTORE L A Z BOY BERKSHIRE HATHAWAY HomeServices ETHAN ALLEN
E-Commerce First	overstock amazon.com wayfair
Rental Stores	Aaron's R&C
B&M Furniture	Raymour & Flanigan HAVERTYS BOB'S DISCOUNT FURNITURE ROOMS TO GO RCWiley AMERICAN SIGNATURE FURNITURE Badcock Furniture GRAND BRANDS Steinhafels Mor Jerome's Furniture
B&M Furniture with E-Commerce Presence	Badcock FURNITURE CENTRE LEVIN FURNITURE AF AMERICAN FURNITURE Nebraska Furniture Mart Steinhafels Raymour & Flanigan RCWiley BOB'S DISCOUNT FURNITURE FFO Art Van Jerome's Furniture
Club Stores	Sams Club COSTCO WHOLESALE BJs
DIY Stores	THE HOME DEPOT LOWE'S

Companies selected based on Duff & Phelps estimates and FBIC Global Retail Tech groupings

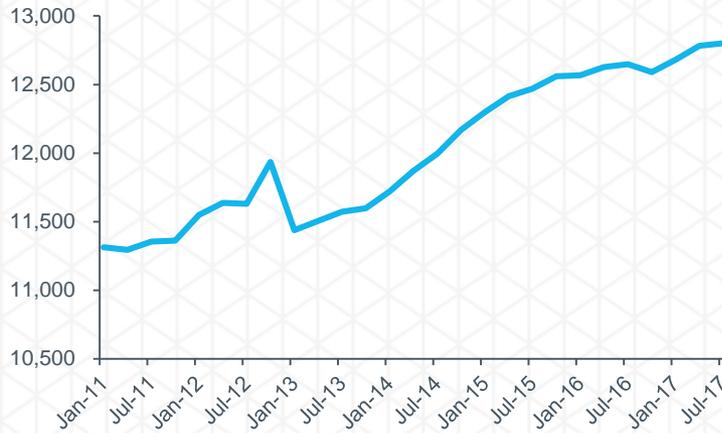
Commentary on E-Commerce Landscape

- Furniture has recently become one of the fastest-growing segments of U.S. online retail and is also one of the fastest-growing categories at Amazon.com—spurring the online retail giant to make a major push into furniture, including building four massive warehouses focused on fulfilling large bulky items
- Although e-commerce poses many threats to traditional brick-and-mortar furniture retailers, traditional retailers remain insulated vs. many other product categories:
 - The large physical size and lack of standardized sizes in fully assembled furniture, which many Americans expect; the difficulties of home delivery in terms of scheduling, packaging and placement
 - Furniture shopping is (inherently) an intimate experience; consumers often want to see and experience the product(s) in person
 - Furniture is inherently fragile and difficult to repair and is expected to be “like new”
 - Furniture encompasses a vast spectrum of price, quality, complexity and product variations
 - Complex sourcing infrastructure
- Furthermore, the increasing percentage of online sales has impacted suppliers in various ways:
 - Fulfilling internet orders requires efficient supply chains and production capability
 - Manufacturers need to employ systems with a strong technology backbone driving product development and logistics
 - Customer/retailer supplier relationships are becoming increasingly dynamic

Source: IBIS World, Trading Economics, Federal Reserve Economic Data, Furnishings Digest, FBIC Global Retail Tech, The Wall Street Journal

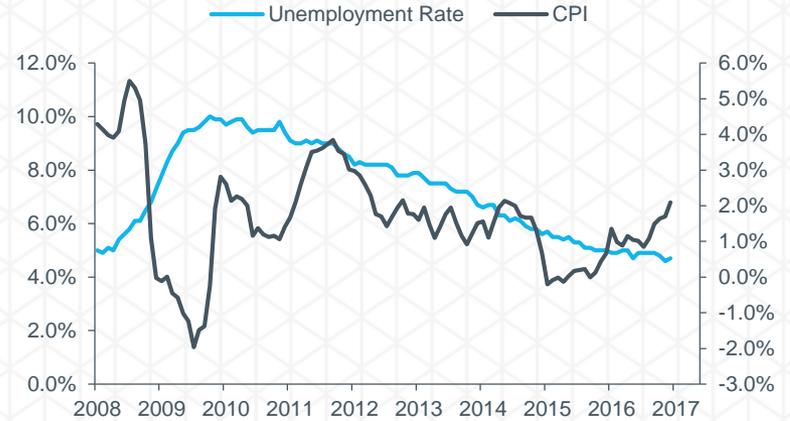
Furniture Industry Tailwinds

Rising Disposable Income Levels (\$B)



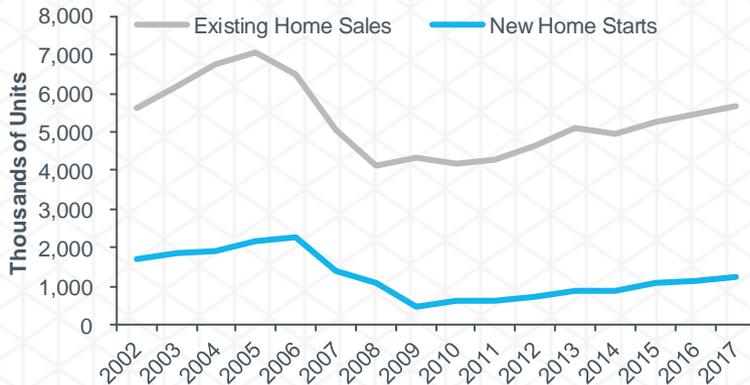
Source: Federal Reserve Economic Data

Unemployment Rate and CPI



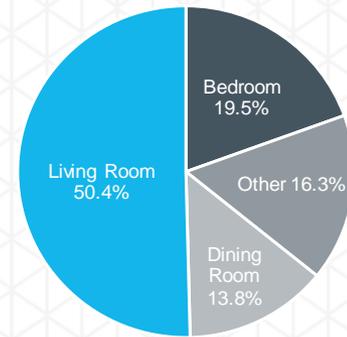
Source: Federal Reserve Economic Data

Existing Home Sales and Housing Starts



Source: Trading Economics

Furniture Sales by Product Group



Source: IBIS World

Sector Stock Price Performance

(\$ in millions, except per share data)

	Number of Companies	Avg. Equity Market Value 27-Nov-17	Avg. % Change in Market Value			Avg. EV / EBITDA Multiple	
			1 Month	3 Months	12 Months	LTM	2017E
Market Sector							
Furniture Retailers	13	\$1,812	1.2%	10.0%	24.6%	12.3x	8.5x
Furniture Manufacturers	7	792	(1.5%)	9.2%	8.5%	8.9x	8.2x
Mattress Companies	3	1,875	(12.2%)	(3.7%)	2.8%	13.0x	11.1x
Median			(1.5%)	9.2%	8.5%	12.33x	8.50x
Mean			(4.1%)	5.1%	12.0%	11.40x	9.27x
Market Indices							
S&P 500 Index		\$2,601	1.0%	5.3%	18.3%		
Dow Jones Industrials		23,581	0.9%	7.4%	23.3%		
Russell 2000 Index		1,519	1.1%	8.1%	14.9%		
Median			1.0%	7.4%	18.3%		
Mean			1.0%	6.9%	18.8%		

Sector index weight based upon company market capitalization at valuation date

Source: S&P Global Market Intelligence; data as of 11/27/2017. Furniture Retailers index includes Wayfair Inc., Williams-Sonoma Inc., Restoration Hardware, At Home Group Inc., Aaron's Inc., Conn's Inc., Leon's Furniture Limited, Rent-A-Center, Inc., goeasy Ltd., Haverty Furniture Companies, Inc., Pier 1 Imports, Inc., Bed Bath & Beyond Inc., and BMTC Group Inc.. Furniture Manufacturers index includes Herman Miller, Inc., La-Z-Boy Incorporated, Ethan Allen Interiors Inc., Hooker Furniture Corporation, Flexsteel Industries, Inc., Bassett Furniture Industries, Incorporated, and Stanley Furniture Company, Inc. Mattress Companies index includes Tempur Sealy International, Inc., Sleep Number Corporation, and Sleep Country Canada Holdings Inc.

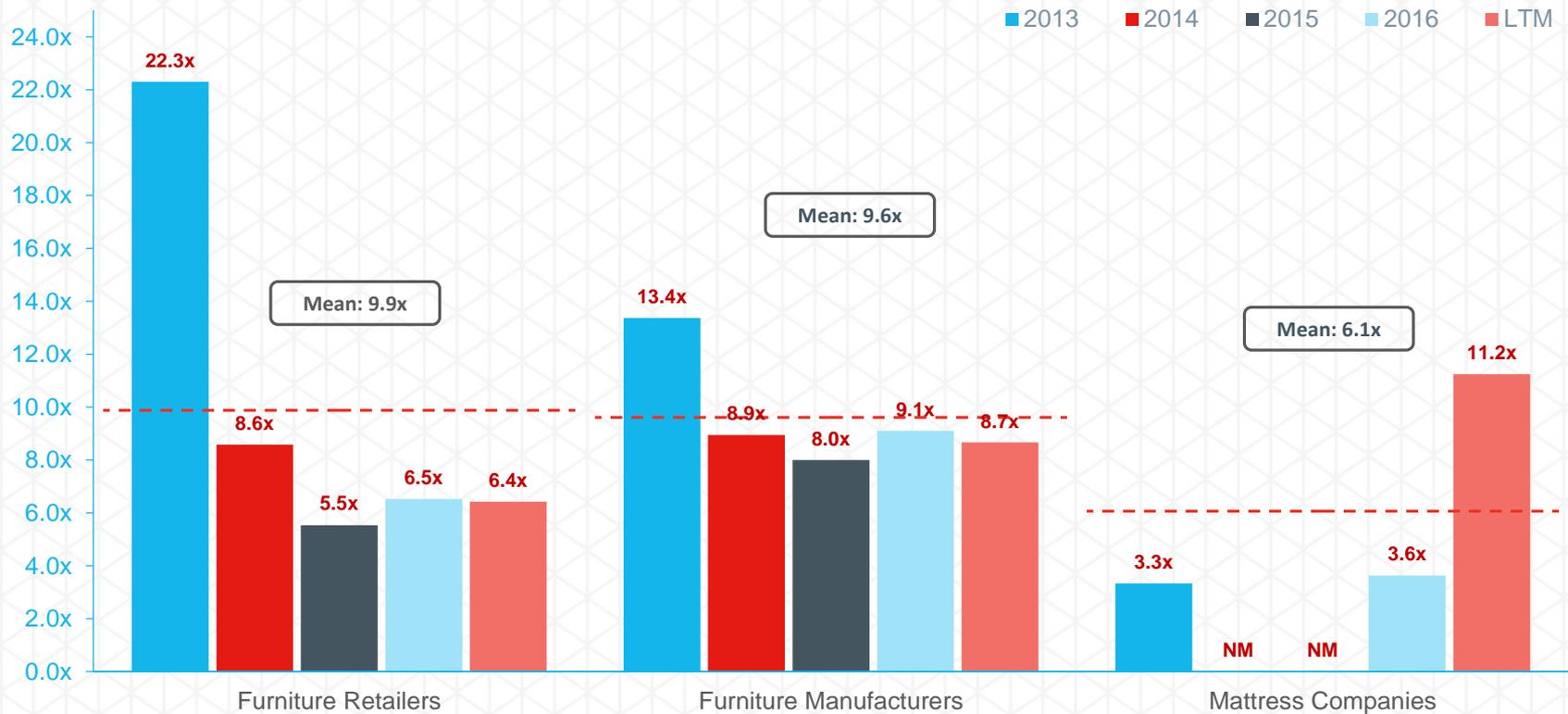
Public Furniture Valuations

(\$ in millions, except per share data)

	Stock Price 27-Nov-17	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM EBITDA Margin
					Revenue			EBITDA			
					LTM	2017E	2018E	LTM	2017E	2018E	
Furniture Retailers											
Wayfair Inc.	\$68.76	81.7%	\$6,039	\$5,840	1.37x	1.26x	0.98x	NM	NM	NM	(3.4%)
Bed Bath & Beyond Inc.	20.74	42.5%	2,971	3,999	0.33x	0.33x	0.33x	3.1x	3.5x	3.9x	10.5%
Williams-Sonoma, Inc.	45.87	80.6%	3,875	3,954	0.76x	0.75x	0.72x	6.0x	5.9x	5.8x	12.7%
RH	97.11	90.4%	2,054	3,322	1.44x	1.36x	1.28x	18.4x	14.3x	10.8x	7.8%
Aaron's, Inc.	35.57	73.8%	2,517	2,763	0.84x	0.82x	0.76x	5.8x	7.9x	6.7x	14.4%
Conn's, Inc.	28.60	86.9%	893	1,919	1.25x	1.26x	1.21x	50.3x	11.8x	9.1x	2.5%
At Home Group Inc.	21.63	81.9%	1,307	1,788	2.11x	1.94x	1.63x	14.2x	11.2x	9.7x	14.8%
Leon's Furniture Limited	18.72	95.7%	1,426	1,662	0.75x	0.75x	0.73x	9.2x	8.8x	8.5x	8.2%
Rent-A-Center, Inc.	10.98	79.0%	585	1,147	0.42x	0.42x	0.42x	13.9x	11.8x	7.3x	3.0%
goeasy Ltd.	34.69	94.3%	467	768	1.98x	1.90x	1.64x	9.1x	7.9x	6.2x	21.7%
Pier 1 Imports, Inc.	4.50	46.5%	377	543	0.30x	0.30x	0.29x	4.3x	4.7x	4.2x	7.0%
BMTC Group Inc.	15.55	99.7%	553	515	0.68x	0.67x	0.66x	7.6x	7.8x	7.6x	8.8%
Haverty Furniture Companies, Inc.	23.20	85.2%	492	461	0.56x	0.56x	0.54x	6.0x	6.3x	6.1x	9.2%
Median		81.9%	\$1,307	\$1,788	0.76x	0.75x	0.73x	8.4x	7.9x	7.0x	8.8%
Mean		79.9%	\$1,812	\$2,206	0.98x	0.95x	0.86x	12.3x	8.5x	7.2x	9.0%
Furniture Manufacturers											
Herman Miller, Inc.	\$34.35	92.8%	\$2,053	\$2,198	0.97x	0.96x	0.92x	8.5x	8.3x	7.4x	11.4%
La-Z-Boy Incorporated	27.95	82.0%	1,348	1,224	0.80x	0.78x	0.76x	7.9x	7.7x	7.3x	10.1%
Ethan Allen Interiors Inc.	27.95	72.0%	768	716	0.95x	0.93x	0.89x	10.0x	8.5x	7.4x	9.5%
Hooker Furniture Corporation	48.05	95.1%	556	555	0.91x	0.87x	0.78x	10.9x	NM	NM	8.4%
Bassett Furniture Industries, Incorporated	38.45	93.1%	413	357	0.80x	0.79x	0.75x	8.1x	8.4x	7.8x	9.8%
Flexsteel Industries, Inc.	50.00	79.4%	392	345	0.72x	NA	NA	8.0x	NM	NM	9.1%
Stanley Furniture Company, Inc.	0.89	63.7%	13	12	0.28x	NA	NA	NM	NM	NM	(3.9%)
Median		82.0%	\$556	\$555	0.80x	0.87x	0.78x	8.3x	8.4x	7.4x	9.5%
Mean		82.6%	\$792	\$772	0.78x	0.87x	0.82x	8.9x	8.2x	7.5x	7.8%
Mattress Companies											
Tempur Sealy International, Inc.	\$56.43	80.1%	\$3,057	\$4,772	1.66x	1.71x	1.66x	11.6x	10.7x	10.1x	14.3%
Sleep Country Canada Holdings Inc.	32.71	77.2%	1,232	1,305	2.29x	2.23x	2.02x	14.3x	13.6x	11.9x	16.0%
Sleep Number Corporation	33.52	91.2%	1,335	1,305	0.94x	0.92x	0.87x	NM	9.0x	8.1x	(2.9%)
Median		80.1%	\$1,335	\$1,305	1.66x	1.71x	1.66x	13.0x	10.7x	10.1x	14.3%
Mean		82.9%	\$1,875	\$2,461	1.63x	1.62x	1.52x	13.0x	11.1x	10.0x	9.1%

Historical Public Furniture Trends

Enterprise Value as a Multiple of EBITDA⁽¹⁾



(1) Index calculation excludes any companies with non-meaningful trading multiples
 Source: S&P Global Market Intelligence; LTM values as of 11/27/2017
 Segments weighted based on market cap values at period end

Additional Key Industry Trends and M&A Outlook

Key Industry Trends

The Rise of E-Commerce

Internet behemoths continue to make inroads into the furniture industry and represent the fastest-growing segment for many companies. However, e-commerce typically compresses margins, as well as introduces difficulties in delivery, last mile infrastructure, and product returns. Discussions on e-commerce at the high-end of the market have centered around Perigold and the impact they are making on affluent shoppers. There continues to be tension between loyalty to existing customers and reaching new customers.

Newer, Efficient Manufacturing Processes

Furniture and furnishing companies are increasingly being required to employ just-in-time manufacturing methods and sophisticated quality control programs in order to efficiently manage long supply chains, and minimize working capital intensity in a competitive environment. The growth of DTC home furnishings companies has reinforced the need to focus on sourcing and efficient processes.

Retail's Weak Several Months

The traditional retail environment has been tough over the past several months. Brick-and-mortar stores, particularly the smaller independent stores, continue to face challenges.

Political White Noise Is Dissipating

The last two High Point Market trade shows were dominated by talk of politics and potential government impacts on the industry, such as a potential border tax. The Fall market seemed to have moved past this issue.

M&A Outlook

Blending of Market Channels Is Accelerating

Hospitality, commercial and residential segments are increasingly blurring. As workstations are shrinking and more space is being dedicated to common areas, there is an increasing demand for more casual furniture with a home-like feel in offices. Designers are looking to make a comfortable work setting at an affordable price point and create a cozier, more relaxed feeling—as a result, the demand for casual spaces is blurring the lines between traditionally distinct furnishing segments.

Consolidation Among Well-Capitalized Strategics

Hooker has reported impressive earnings and stock price increases since the acquisition of Home Meridian in Q1 2016 and Shenandoah Furniture in Q3 2017. Consolidation and realizing benefits of critical mass and operating synergies has proved an effective means for driving earnings growth.

An Abundance of Private Capital Is Being Deployed in the Sector

Private equity firms have again focused on the furniture and home furnishings sectors, with a slew of recent deals. Substantial add-on acquisition activity can be anticipated over the coming years.

Asian Investors Are Playing a Large Role

Asian investors are seeking to invest in the dollar (exiting the RMB and other Asian currency). This is leading to interest both in companies with strong brand names that can be exported as well as in companies with U.S. manufacturing facilities. The emphasis in both cases is weighted towards tangible assets. A recent example is Luolai Lifestyle Technology's acquisition of Lexington Home Brands in January 2017.

Furniture Manufacturing M&A Activity

Churchill Downs Acquires Stanley Furniture

In November 2017, Churchill Downs, a limited liability firm founded by Walter Blocker (chairman of the Vietnam Trade Alliance), announced an agreement to acquire substantially all of the assets of the iconic Stanley Furniture Co. Established in 1924, Stanley Furniture is a design, marketing and overseas resource in the upscale segment of the residential wood market. Churchill Downs will acquire the assets for \$11.5 million in cash, a \$4.6 million subordinated secured promissory note, and a 5% equity interest in Churchill's post-closing parent company. According to the press release, the closing of the asset sale, which is subject to approval by Stanley's stockholders, is expected to wrap up early 2018.

Hooker Furniture Acquires Shenandoah Furniture

In September 2017, Hooker Furniture reached a definitive agreement to acquire Shenandoah Furniture, an upscale domestic upholstery manufacturer, for \$40 million. Shenandoah is well-positioned as a supplier to what is known in the furniture industry as the lifestyle specialty retail distribution channel, which offers furnishings and decor in the upper-medium price points, in brick-and-mortar stores and online. No changes to Shenandoah's operations are anticipated.

Aterian Investment Partners Acquires Standard Furniture

In August 2017, Aterian Investment Partners acquired Standard Furniture Manufacturing Company, Inc., a leading U.S. manufacturer and international importer of high-quality indoor residential furniture. Notably, Standard Furniture partnered with celebrities Chip and Joanna Gaines (from HGTV's "Fixer Upper") to launch the Magnolia Home line in 2016. William Hodgson, Chairman, and Todd Evans, CEO, will continue to lead Standard Furniture as the partnership with Aterian aims to pursue additional business initiatives and service offerings.

Gainline Capital Partners Acquires Southern Motion

In June 2017, Gainline Capital Partners completed the acquisition of domestic upholstery manufacturer Southern Motion. Southern Motion officials said the deal will enable them to explore opportunities that the company and its customers have wanted for some time, such as the possibility of adding stationary upholstery and a stocking program.

Creative Home Furniture Acquires Theodore Alexander

In January 2017, Creative Home Furniture completed the acquisition of Theodore Alexander, Inc. Theodore Alexander, a portfolio company of Navis Capital Partners, is a Vietnam-based leading brand and manufacturer and marketer of high-end furniture. Creative Home Furniture Co., Ltd., is an experienced and professional furniture wholesaler and retailer. Officials said that Creative Home Furniture will inject additional capital and provide marketing support to Theodore Alexander in support of growth and future acquisitions.

Dakota Pacific Holdings/JR Miller Enterprises Acquires Four Hands

In January 2017, Four Hands was sold to an investor group led by the family office for Michael T. Duke, the former president of Walmart. Four Hands is a Texas-based designer, manufacturer and distributor of home furnishings. Previously, Four Hands CEO, Matt Briggs successfully led the acquisition of the company from private equity partner Kayne Anderson Capital Advisors in late 2013—the deal gave majority control to Briggs and members of his executive team, while founder Brett Hatton and Kayne were left with minority stakes. The management team has partnered with Dakota Pacific Holdings to grow and scale the business.

Luolai Lifestyle Technology Acquires Lexington Home Brands

In January 2017, Luolai Lifestyle Technology completed the acquisition of Lexington Home Brands, a leading designer, marketer and manufacturer of upscale case goods and upholstered furniture for all rooms of the home. The sale marks Lexington Home Brands' transition from domestic manufacturer to global marketer. According to Lexington chief executive Phil Haney, the new partnership will allow Lexington to accelerate domestic expansion and create international growth opportunities. Luolai Lifestyle Technology Co. engages in the production and marketing of home textiles in China.

Furniture Manufacturing M&A Activity (Cont'd)

American Leather Acquires Lee Industries

In September 2016, American Leather Holdings acquired Lee Industries, which manufactures high-end furniture in Conover, N.C. American Leather, owned by Capital Partners, produces custom-upholstered leather and fabric furniture using lean manufacturing strategies at its Dallas factory. According to Bruce Birnbach, President and CEO of American Leather and Lee Industries, the business combination presents “diverse strengths” that “establishes a robust base for future growth opportunities.”

Hooker Furniture Acquires Home Meridian International

In February 2016, Hooker Furniture, one of the nation's top 10 largest publicly traded furniture providers based on 2014 shipments to U.S. retailers, acquired Home Meridian International (“HMI”), a leading provider of design, sourcing, logistics and distribution services to the furniture market. According to Hooker Chairman and CEO Paul Toms Jr., the HMI purchase will diversify Hooker's distribution channels.

Furniture Retail M&A Activity

Art Van Furniture Acquires Levin and Wolf Furniture

In November 2017, Art Van Furniture, the Midwest's No. 1 furniture and mattress retailer, announced that it has acquired two privately held Pennsylvania furniture companies, Pittsburgh-based Levin Furniture and Altoona-based Wolf Furniture. With the acquisitions of Levin and Wolf, Art Van becomes a top 10 national furniture retailer with combined sales expected to hit \$1.3 billion in 2018 and 176 stores, which includes 18 Art Van franchise stores in nine states. Art Van said it will continue operating under the Wolf and Levin names.

Steinhoff Acquires Mattress Firm

In August 2016, Steinhoff acquired Mattress Firm, which through its subsidiaries (most notably, Sleepy's) operates as the largest specialty mattress retailer in the U.S. Steinhoff, a South African company, is a global manufacturer and retailer of furniture, household goods and clothing. Steinhoff acquired a 67.5% stake in Mattress Firm for approximately \$2.4 billion, representing an implied enterprise value of \$3.7 billion, a revenue multiple of 1.19x and an EBITDA multiple of 16.0x.

Castle Island Partners Acquires Boston Interiors

In April 2016, Boston Interiors was acquired by Castle Partners. According to Boston Interiors, Castle Island Partners intends to work towards continued expansion, capitalizing on the strong brand and operations that have been built over the years. Since the acquisition, Boston Interiors has announced plans for two new stores opening this year in Bedford, NH, and Dedham, MA, with two more stores in yet-to-be-identified markets slated for opening next year.

Sun Capital Partners Acquires FFO Home

In February 2016, Sun Capital Partners acquired FFO Home, a value-oriented home furnishings retailer from Alpine Investors. FFO Home partnered with Sun Capital to execute accelerated expansion, opening five stores last year, ending the year with 41 stores in five U.S. Heartland states. This year, the retailer has opened its first Mississippi store and is likely to open 8 to 10 stores by year end.

Thomas H. Lee Partners Acquires Art Van Furniture

In January 2016, Thomas H. Lee Partners acquired Art Van Furniture, which operates 97 and franchises 16 furniture stores. According to Jeff Swanson, Managing Director of THL, Thomas H. Lee will utilize this management transition to "aggressively grow the outstanding brand." Terms of the deal were not disclosed, but the retailer said that the existing leadership would remain in place.

The Jordan Company Acquires American Freight

In October 2014, the Jordan Company acquired American Freight, a furniture provider that operates 95 retail stores in 18 states. Founder and CEO, Steve Belford, who will continue to lead the company after the acquisition, stated that the partnership will help grow the business by expanding the franchise. American Freight offers mattresses, bedding, bedroom and dining room sets and upholstery at a low price point. Brad Wilford, Partner at TJC, remarked regarding the transaction: "We look forward to helping American Freight expand its store base."

Herman Miller Acquires Design Within Reach

In July 2014, Herman Miller purchased Design Within Reach, which operates 38 retail stores. Herman Miller acquired 84.5% of Design Within Reach for approximately \$160 million in cash, in order to establish itself as a lifestyle brand. According to Brian Walker, CEO, "in addition to enhancing the brand's visibility, we gain access to DWR's growing and exclusive product portfolio and proven development capabilities."

Bain Capital Acquires Bob's Discount Furniture

In December 2013, Bain Capital announced the acquisition of Bob's Discount Furniture, a large U.S. Furniture retailer operating in 47 stores throughout the Northeast and Mid-Atlantic. According to Tricia Patrick, a former principal at Bain Capital, Bain Capital intends to lead Bob's Discount Furniture toward continued growth in new cities. After the acquisition, Bob's Discount Furniture added a dozen stores last year, extending its presence in Chicago. This year, the retailer pushed further west—into Milwaukee and St. Louis—and entered Minneapolis on Memorial Day weekend. In the first quarter of 2018, Bob's plans to leap to the West Coast with its first Los Angeles-area stores.

Selected Recent Duff & Phelps Furniture, Home Furnishings and Consumer Durables Transactions

<p>Sell-Side Advisor</p>  <p>STANDARD furniture</p> <p>has been acquired by</p> 	<p>Sell-Side Advisor</p>  <p>HOME MERIDIAN INTERNATIONAL</p> <p>has been acquired by</p> 	<p>Sell-Side Advisor</p>  <p>BHS TABLETOP AG</p> <p>has been acquired by</p> 	<p>Board Advisor</p>  <p>BainCapital</p> <p>has completed a dividend recapitalization of</p> 	<p>Sell-Side Advisor</p>  <p>CRYPTON</p> <p>has been acquired by</p> 
<p>Board Advisor</p>  <p>YETI</p> <p>a portfolio company of</p>  <p>CORTEC Group</p> <p>has completed a leveraged dividend recapitalization</p>	<p>Sell-Side Advisor</p>  <p><i>Gordmans</i></p> <p>has been acquired by</p> 	<p>Board Advisor</p>  <p>JELD-WEN WINDOWS & DOORS</p> <p>a portfolio company of</p>  <p>ONEX</p> <p>has completed a leveraged dividend recapitalization</p>	<p>Sell-Side Advisor</p>  <p>TRAEGER WOOD PELLET GRILLS</p> <p>has completed an equity recapitalization transaction with</p>  <p>TRILANTIC CAPITAL PARTNERS</p>	<p>Sell-Side Advisor</p>  <p>CASCADE WINDOWS</p> <p>has been acquired by</p>  <p>Altamont CAPITAL PARTNERS</p>

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About Duff & Phelps

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