



CHARTER
Capital Partners

Q1
2024

M&A Insights
FURNITURE & DESIGN
INDUSTRY UPDATE



FURNITURE & DESIGN INDUSTRY UPDATE

Industry and M&A Insights

Industry Insight

Over the past several years, the furniture and design industry has experienced significant changes primarily driven by societal changes related to the COVID-19 pandemic. Initially, stay at home mandates, in office and institutional spaces, created volatility within the contract furniture sector. In the years since the initial outbreak in 2020, however, as society has adjusted to remote and hybrid work setups, different trends have emerged.

In Home Improvements: Home office furniture saw a surge in demand as individuals sought to create comfortable and productive workspaces within their residences. Moreover, with more time spent at home due to lockdowns and restrictions, there was an increased focus on interior design and home improvement projects. This translated into heightened demand for residential furniture, including sofas, dining sets, and bedroom furniture. People sought to enhance their living spaces for both comfort and functionality, leading to a shift in consumer preferences towards more versatile and multi-functional furniture pieces.

E-Commerce: Consumers also increased their online shopping habits, which spilled over into furniture for both home offices and broad interior design purposes. This trend encouraged traditional brick-and-mortar retailers to enhance their online presence and to sell direct to consumer. Though the initial catalyst for the shift to e-commerce is behind us, the trend continues to be successful. Furniture retailers and distributors are seeking M&A or other strategies to develop competency in the E-commerce space. Manufacturers are even using E-commerce as a B2C solution.

Work from home and hybrid corporate models have stuck around in the years since 2020, but sustained efforts on the part of employers to bring people back into the office are chipping away at some of that culture. This will continue to have an impact on the office furniture sector.

Looking ahead, the industry will continue to be concerned with developing more sustainable products and customizable products to suit the needs of consumer preferences.

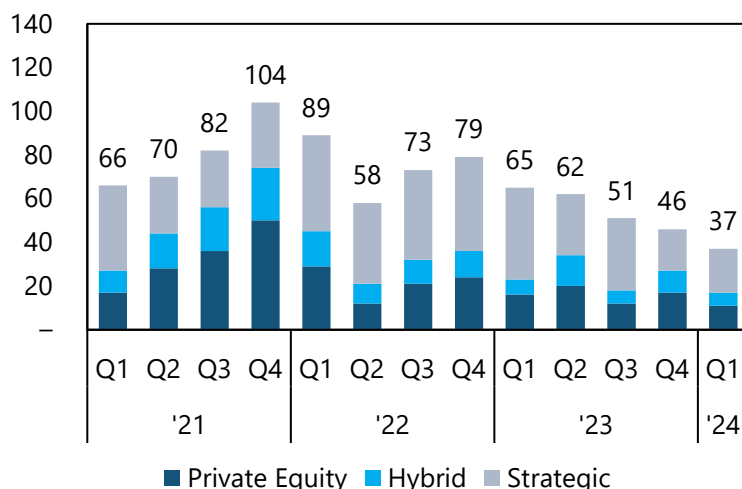
M&A Market Insight

Furniture M&A, like the broader M&A market, have decelerated since reaching their peak in Q4 2021. The decline in M&A activity persisted throughout 2023, driven by increasing interest rates and macroeconomic uncertainty.

During this period, most furniture transactions comprised strategic and add-on acquisitions, which typically involve less reliance on external financing compared to private equity platform acquisitions. Furthermore, shifting industry dynamics, such as the surge in E-commerce, have incentivized operating companies to pursue strategic acquisitions, enabling them to swiftly adapt to evolving market conditions.

Recent publicly disclosed M&A transactions suggest that the industry median EV/EBITDA valuation multiple is 5.5x.

Furniture Transaction Count by Deal Type



Transaction Comparables

Target	Acquirer	Date	EV	Revenue	EBITDA	EV /	
						Revenue	EBITDA
Kimball	HNI (NYSE:HNI)	3/8/2023	NA	NA	NA	NA	6.8x
Halcon	Steelcase (NYSE:SCS)	5/5/2022	127.5	70.0	NA	1.8x	NA
Badcock and More	Franchise Group	11/22/2021	580.0	901.9	139.5	0.6x	4.2x
Superb Flooring & Design	Build Direct (TSX:BILD)	11/17/2021	10.0	18.0	2.0	0.6x	5.0x
At Home Group	Hellman & Friedman	7/23/2021	4,214.0	2,084.3	640.6	2.0x	6.6x
Cali Bamboo	Victoria (LON:VCP)	6/23/2021	76.1	171.6	13.8	0.4x	5.5x
Average			1,001.5	649.2	199.0	1.1x	5.6x
Median			127.5	171.6	76.7	0.6x	5.5x

Source: Capital IQ, Pitchbook

M&A Spotlight

Strategic Acquisition Highlights





On March 6th, 2024, **Ashley Home, Inc. ("Ashley")** completed the acquisition of **Resident Home Inc. ("Resident")** for \$980M. The acquisition was funded through a \$300M seller note and \$680M in cash. Resident, founded in 2017 and headquartered in Jeffersonville, IL, is a leading producer of household furniture and bedding accessories. Established in 1970, Ashley specializes in manufacturing and retailing home furniture products. Todd Wanek, CEO of Ashley, remarked, "In just a few years, Resident has emerged as a top destination for mattresses, and we believe that this merger will bolster both companies and expedite our growth trajectories, enabling us to offer more products to more households." This acquisition marks Ashley's first since December 2021.

[Read more about this deal online.](#)










On November 9th, 2023, **Saatva** completed a merger with its manufacturing partner, **Bedding Industries of America ("BIA")**. This merger grants Saatva a vertically integrated supply chain while also aiding BIA in fortifying its brand presence. Established in 1866 and headquartered in North Brunswick, IL, BIA stands as a prominent designer and manufacturer of mattress and bedding products. Saatva, founded in 2010, operates as an online retailer specializing in mattresses and various home furniture products. Ron Rudzin, CEO of Saatva, commented, "This strategic move enhances our control over every aspect of our business, providing us with complete ownership of our supply chain and fostering efficiencies that will drive our collective growth forward."

[Read more about this deal online.](#)

Private Equity Platform Acquisitions

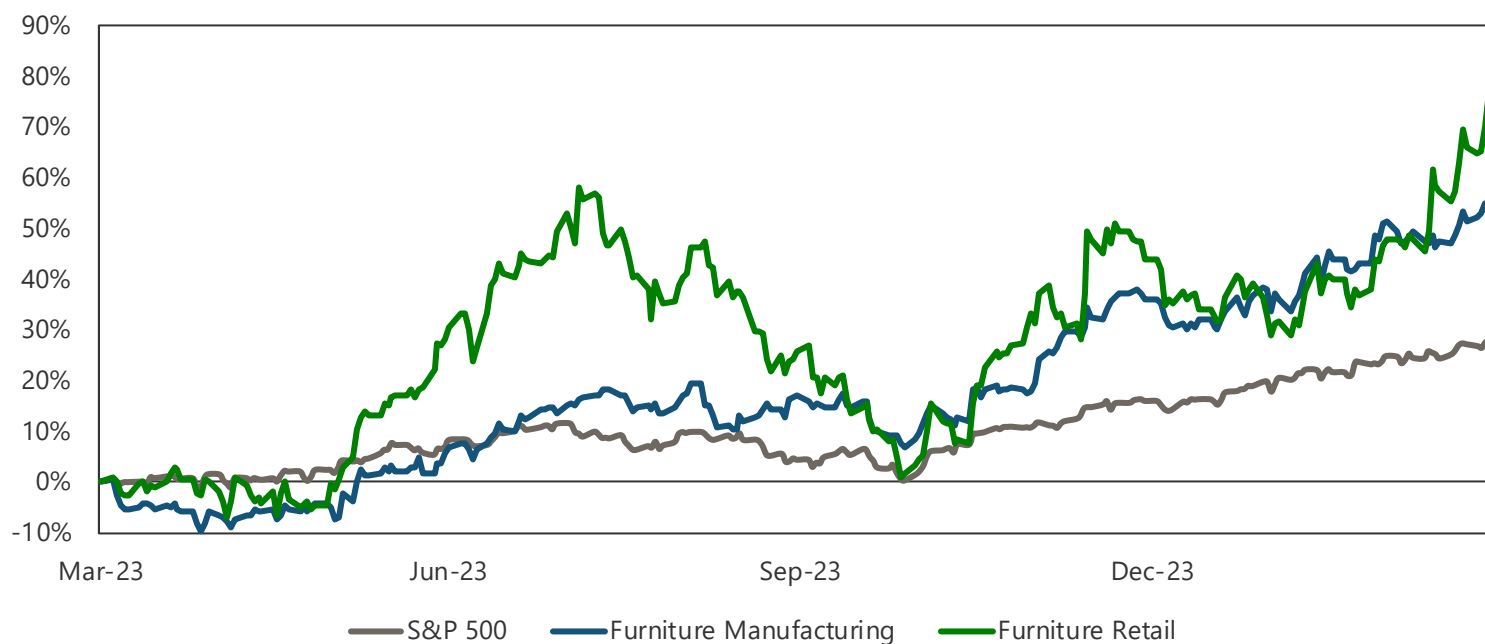
Platform	Acquirer	Ann. Date	Details
	 Salt Creek Capital	2/6/2024	Salt Creek Capital SCC, a private equity firm headquartered in Woodside, CA, has acquired Pacific Coast Feather Cushion Company ("PCF Cushion"). Based in Pico Rivera, CA, PCF Cushion specializes in providing natural cushion solutions to the furniture industry.
	 SAW MILL CAPITAL	1/16/2024	Saw Mill Capital ("SMC"), a private equity firm located in Briarcliff Manor, NY, has completed the acquisition of Southern Aluminum, a manufacturer of lineless furniture based in Magnolia, AR, catering to both residential and commercial markets. Under SMC ownership, Southern Aluminum, is actively pursuing add-on acquisitions.
LTD Online Stores	 BLACKFORD CAPITAL	12/6/2023	Blackford Capital, a private equity firm headquartered in Grand Rapids, MI, has purchased LTD Online Stores. Headquartered in San Diego, CA, LTD Online Stores operates as an online retailer specializing in outdoor home furniture. This transaction represents Blackford's third acquisition into the outdoor furniture market.

Source: Wall Street Research, Capital IQ, SEC Filings

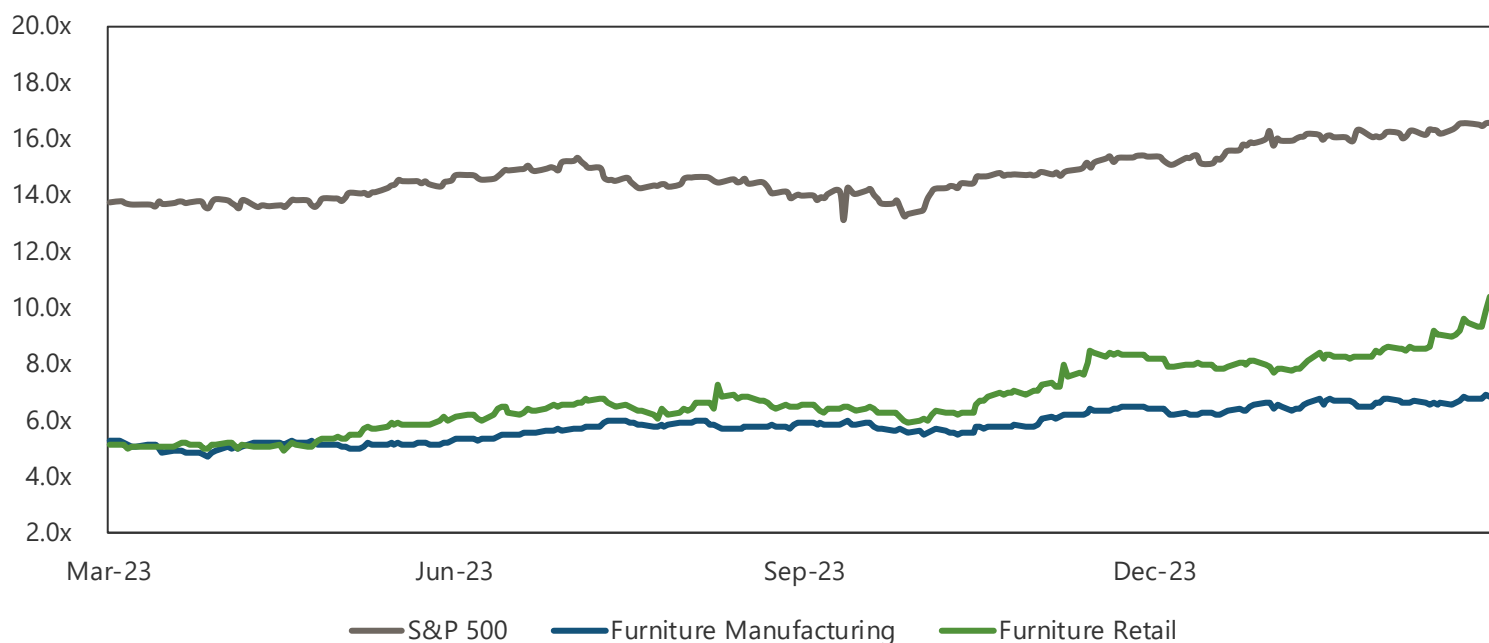
Public Valuation Trends

Share price performance in the Furniture Retail segment continues to outpace the Furniture Manufacturing segment as well as the S&P 500.

One-Year Share Price Performance by Segment vs. S&P 500



Rolling EV/EBITDA by Segment vs. S&P 500



Note: One-year rolling EV/EBITDA chart excludes negative EV/EBITDA calculations
 Source: Capital IQ (Data as of 3/29/24)

Public Trading Data

Operating Statistics

Public Companies	LTM Revenues		LTM EBITDA			LTM Net Income		LTM Capex		Debt /		Net Debt /
	\$(M)	3 yr. CAGR	\$(M)	Margin	3 yr. CAGR	\$(M)	Margin	\$(M)	% Sales	EBITDA	Capital	EBITDA
Furniture Manufacturing												
Bassett Furniture Industries	\$390	4.9%	\$11	2.8%	(0.8%)	(3)	(0.8%)	\$17	4.5%	3.4x	38.8%	1.3x
MillerKnoll	3,696	16.8%	378	10.2%	6.5%	72	2.0%	83	2.3%	3.4x	54.0%	3.0x
HNI Corporation	2,434	7.6%	251	10.3%	16.4%	49	2.0%	78	3.2%	2.0x	43.1%	1.9x
Interface	1,261	4.6%	147	11.7%	1.0%	45	3.5%	26	2.1%	3.0x	54.8%	2.4x
Natuzzi S.p.A.	386	3.1%	15	3.8%	203.7%	(13)	(3.4%)	13	3.4%	NA	NA	NA
Mohawk Industries	11,135	5.2%	1,444	13.0%	1.7%	(440)	(3.9%)	613	5.5%	1.9x	29.2%	1.5x
Hooker Furnishings	468	(5.2%)	21	4.4%	(14.9%)	(9)	(1.8%)	6	1.4%	2.4x	26.0%	1.2x
Ethan Allen Interiors	705	7.3%	116	16.5%	34.3%	80	11.4%	11	1.5%	0.8x	21.3%	NA
La-Z-Boy	2,055	9.1%	185	9.0%	6.6%	118	5.7%	49	2.4%	1.7x	33.4%	0.5x
Flexsteel Industries	400	1.0%	17	4.3%	23.3%	15	3.9%	6	1.4%	3.0x	37.8%	2.9x
Steelcase	3,160	6.8%	224	7.1%	8.7%	81	2.6%	47	1.5%	2.3x	41.5%	1.1x
MasterBrand	2,726	3.4%	373	13.7%	10.4%	182	6.7%	57	2.1%	1.9x	39.2%	1.6x
American Woodmark	1,875	3.9%	244	13.0%	4.0%	120	6.4%	80	4.3%	1.9x	36.3%	1.5x
Mean		5.3%		9.2%	23.1%		2.6%		2.7%	2.3x	38.0%	1.7x
Median		4.9%		10.2%	6.6%		2.6%		2.3%	2.2x	38.3%	1.5x
Furniture Retail												
Haverty Furniture	\$862	4.8%	\$86	10.0%	14.2%	\$56	6.5%	\$53	6.2%	1.5x	41.4%	0.7x
Williams-Sonoma	7,751	4.5%	1,503	19.4%	10.1%	950	12.3%	188	2.4%	0.7x	39.5%	0.1x
RH	3,029	2.1%	505	16.7%	(4.7%)	128	4.2%	269	8.9%	5.8x	108.7%	5.6x
Wayfair	12,003	(5.3%)	(596)	(5.0%)	4.8%	(738)	(6.1%)	148	1.2%	NA	280.8%	NA
Mean		1.5%		10.3%	6.1%		4.2%		4.7%	2.7x	117.6%	2.1x
Median		3.3%		13.3%	7.4%		5.4%		4.3%	1.5x	75.0%	0.7x

Source: Capital IQ (Data as of 3/29/24)

Public Trading Data

Trading Multiples

Public Companies	Price	% of	(\$M)			TEV / Revenues		TEV / EBITDA		P / E	
	@ 3/31/24	52 Wk. High	Mark. Cap	Net Debt	TEV	LTM	NFY	LTM	NFY	LTM	NFY
Furniture Manufacturing											
Bassett Furniture Industries	\$14.76	79.4%	\$130	\$46	\$176	0.5x	0.5x	16.2x	NA	NA	20.6x
MillerKnoll	24.76	79.0%	1,803	1,641	3,444	0.9x	0.9x	9.1x	8.9x	25.9x	12.6x
HNI Corporation	45.13	99.3%	2,134	544	2,678	1.1x	1.0x	10.7x	8.4x	41.4x	15.5x
Interface	16.82	91.1%	979	405	1,384	1.1x	1.1x	9.4x	8.5x	22.1x	16.4x
Natuzzi S.p.A.	6.25	82.3%	69	(32)	37	0.1x	NA	2.5x	NA	NA	NA
Mohawk Industries	130.89	99.8%	8,337	2,513	10,851	1.0x	1.0x	7.5x	7.6x	NA	13.7x
Hooker Furnishings	24.01	88.4%	256	40	296	0.6x	0.7x	14.2x	NA	NA	25.3x
Ethan Allen Interiors	34.57	95.5%	878	(24)	854	1.2x	1.2x	7.3x	7.6x	11.1x	12.4x
La-Z-Boy	37.62	94.4%	1,604	155	1,759	0.9x	0.9x	9.5x	9.2x	13.9x	13.7x
Flexsteel Industries	37.30	97.1%	192	84	276	0.7x	0.7x	16.2x	NA	12.9x	19.1x
Steelcase	13.08	90.0%	1,494	311	1,805	0.6x	0.6x	8.1x	7.1x	19.2x	14.6x
MasterBrand	18.74	98.3%	2,380	621	3,002	1.1x	1.1x	8.1x	7.8x	13.4x	12.9x
American Woodmark	101.66	97.5%	1,611	413	2,024	1.1x	1.1x	8.3x	8.0x	14.0x	11.8x
Mean		91.7%				0.8x	0.9x	9.8x	8.1x	19.3x	15.7x
Median		94.4%				0.9x	1.0x	9.1x	8.0x	14.0x	14.2x
Furniture Retail											
Haverty Furniture	\$34.12	92.1%	\$552	\$97	\$649	0.8x	0.8x	7.6x	8.8x	10.2x	14.1x
Williams-Sonoma	317.53	99.3%	20,370	129	20,498	2.6x	2.7x	13.6x	13.9x	21.8x	16.6x
RH	348.26	85.7%	6,379	3,593	9,971	3.3x	3.2x	19.8x	17.6x	58.9x	36.5x
Wayfair	67.88	74.8%	8,170	2,853	11,023	0.9x	0.9x	NA	19.5x	NA	66.6x
Mean		88.0%				1.9x	1.9x	13.7x	14.9x	30.3x	33.5x
Median		88.9%				1.8x	1.8x	13.6x	15.7x	21.8x	26.5x

Source: Capital IQ (Data as of 3/29/24)

Select Transactions

Ann. Date	Target (Ownership)	Acquirer (Ownership)	Location
Oct-23	Woodharbor Molding & Millworks	WF Cabinetry Group (HCI Equity Partners)	Mason City, IA
Oct-23	Prestige Fabricators (Klaussner Home Furnishings)	VPC Group	Asheboro, NC
Oct-23	Setex	Elvaston Capital Management	Saint Marys, OH
Oct-23	Tanner of Pennsylvania	SupplySource	Harrisburg, PA
Oct-23	Buda Woodworks (A.P. Brashear Group)	Montbleau Holdings (Crescendo Capital Partners)	Buda, TX
Nov-23	Noble House Home Furnishings	GigaCloud Logistics (NAS: GCT)	Chatsworth, CA
Nov-23	Bedding Industries of America	Saatva	North Brunswick, NJ
Nov-23	Gotcha Covered of Edmond	Private Acquirer	Edmond, OK
Nov-23	NCFI Consumer Products Division (NCFI Polyurethanes)	Carpenter Company	Mount Airy, NC
Nov-23	Mitchell Gold + Bob Williams	Surya	Taylorsville, NC
Nov-23	International Designs Group (Mill Point Capital)	Home Depot (NYSE:HD)	Decatur, GA
Nov-23	VCA (Home Furnishings)	Metrica	Northampton, MA
Nov-23	Lighting (One) of Cincinnati	Wiseway Supply (CID Capital)	Loveland, OH
Nov-23	FlairWood	Metalworks	Norton Shores, MI
Dec-23	Contract Associates	Furniture Marketing Group	Albuquerque, NM
Dec-23	LTD Online Stores	Blackford Capital	San Diego, CA
Dec-23	W.S. Badcock Corporation (Franchise Group)	Conn's, Inc. (NAS:CONN)	Mulberry, FL
Jan-24	Plural Studios	Stance Healthcare	Scottsdale, AZ
Jan-24	WoodUpp USA/Interlam Corporation	WoodUpp Group (Brygge Partners)	Mount Airy, NC
Jan-24	Grand Basket	Twin-Star Home (Z Capital Group)	Aurora, CO
Jan-24	Stylex	Flokk (Triton)	Delanco, NJ
Jan-24	Lakeland Mills, Inc.	Private Acquirer	Edmore, MI
Jan-24	Auroralight	Kuzco Group	Las Vegas, NV
Jan-24	Caroline Cecil Textiles	Kravet inc	Woodbury, NY

[Represents platform acquisition](#)

Source: Wall Street Research, Capital IQ, SEC Filings, Pitchbook

Select Transactions

Ann. Date	Target (Ownership)	Acquirer (Ownership)	Location
Jan-24	Leathercraft	Our House Designs (Gloster Furniture)	Conover, NC
Jan-24	Southern Aluminum Manufacturing (J.H. Whitney Capital)	Saw Mill Capital	Magnolia, AR
Jan-24	ROOM (VC Backed)	OFS Brands Holding	Huntingburg, IN
Jan-24	Dreamwalls	Ironbridge Equity Partners	North Wilkesboro, NC
Jan-24	Z Gallerie	Karat Home	Gardena, CA
Jan-24	Arrow Companies	TEK Holdings (WILsquare Capital)	Elkhorn, WI
Jan-24	FurnitureFinders	Wurkwel Ventures	Manhattan Beach, CA
Jan-24	The Comphy Company	Coop Home Goods (Topspin Consumer Partners)	Los Angeles, CA
Jan-24	Russell Plywood	Wurth Baer Supply	Reading, PA
Feb-24	Pacific Coast Feather Cushion Co.	Salt Creek Capital	Pico Rivera, CA
Feb-24	Décor Upholstery	KC Needlepoint	Kansas City, MO
Feb-24	Omega National Products	Rev-A-Shelf	Elkhart, IN
Feb-24	The Citizenry (VC Backed)	Havenly	New York, NY
Feb-24	Cabinet IQ	Franchise FastLane (Southfield Capital)	Austin, TX
Mar-24	Ideal Stair Parts	Coffman Stair Parts (Broadview Group)	Little Falls, NY
Mar-24	Resident Home (VC Backed)	Ashley Furniture Homestore	Jeffersonville, IN
Mar-24	Zulily	Beyond, Inc (NYSE:BYON)	Seattle, WA
Mar-24	Recreational Warehouse	Watson's	Fort Myers, FL
Mar-24	CWP Coloured Wood Products	Auroora	Charlotte, NC
Mar-24	Poly-Wood (Cardinal Equity Partners)	Arsenal Capital Partners	Syracuse, IN

[Represents platform acquisition](#)

Source: Wall Street Research, Capital IQ, SEC Filings, Pitchbook

Furniture Practice Leadership Team



Mike Brown

Partner and Managing Director

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Mike Brown has 20 years of experience as a financial advisor to business owners, capital providers, and executive teams in a variety of M&A and financing transactions. He has advised both publicly and privately held businesses ranging in size from \$10 million to \$500 million of Enterprise Value. His experience spans industries including distribution, metals manufacturing, homebuilding, business services, energy supply, commercial banking, and automatic identification and data capture.

Mike leads the M&A team at Charter Capital Partners, focusing on representing business owners through the most important transaction of their lives. He has significant investment banking experience and has advised on transactions valued at \$3 billion in the aggregate. Mike has excelled in executing complex transactions to meet short deadlines. Prior to Charter Capital Partners, Mike worked for a bulge bracket investment bank in Chicago for 10 years with a focus on large (>\$300 million revenue) privately held businesses.

Mike earned a BS in Finance from the University of Colorado, Leeds School of Business, and received an MBA with Honors, from the University of Chicago, Booth School of Business. He has attained FINRA securities registrations including the Series 7, 63, and 82.



Elisa Berger

Vice President

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Elisa Berger has been with Charter Capital Partners for 12 years. Prior to becoming Vice President, she worked as a Senior Associate as well as a Financial Analyst within Charter's M&A practice, where she performed company and industry research, developed financial models, and analyzed financial data for sell-side, buy-side, and capital raise transactions.

Elisa has transaction experience in the energy supply, trucking parts and services, office furniture, metal fabrication, and general manufacturing industries. She is a board member of ACG West Michigan and chairs the chapter's Young Professionals committee.

Elisa holds her BBA in Finance from Grand Valley State University and brings a strong background in both engineering and math.

Recent Charter Furniture Expertise

A leading manufacturer and distributor of specialty composite panels and proprietary overlays, headquartered in Grand Rapids, Michigan.

Has been acquired by

Charter principals served as exclusive M&A advisor to Richwood Industries.

A manufacturer of outdoor site furnishings and lighting for commercial and public spaces headquartered in Kalamazoo, Michigan.

Has acquired

Charter principals served as exclusive M&A advisor to Landscape Forms.

A designer and manufacturer of premium contract furniture with facilities in Baltimore and Pennsylvania.

Has been acquired by

Charter principals served as exclusive M&A advisor to David Edward Furniture.

A leading supplier of business and institutional furniture products headquartered in Louisville, Kentucky.

Has been acquired by

Charter principals served as exclusive financial advisor to KFI Seating.

A contract furniture manufacturer headquartered in Archbold, Ohio.

Has been acquired by

Charter principals served as exclusive M&A advisor to Sauder Manufacturing Co.

Transactions were performed by principals of Charter acting in their capacity as registered representatives of M&A Securities Group, Inc., Member FINRA/SIPC, a separate entity from Charter Capital Partners.



About Charter

Founded in 1989, Charter Capital Partners is a premier investment banking firm headquartered in Grand Rapids, Michigan. We offer a comprehensive range of investment banking advisory services, including buy-side and sell-side M&A, succession planning, business valuation, and capital raise.

Charter was named one of the top 100 most referred middle-market advisory firms in the US, according to a survey of 1,000 private equity firms, strategic acquirers, and family offices compiled by Axial, a network of middle market investors, advisors, and CEOs. Our mission is to deliver superior professional guidance throughout the complete business lifecycle.

Advisory Services Snapshot

Type	Expertise
M&A Advisory	<ul style="list-style-type: none">Go-to-market sell-side advisoryBuy-side growth strategiesExit planningFairness opinions
Capital Raise	<ul style="list-style-type: none">Equity or debt capital raiseDividend recapitalizationSolvency opinionsMinority investors
Valuation Opinions	<ul style="list-style-type: none">Buy-sell agreementsGift, estate, and income tax mattersShareholder disputesPurchase price allocations
Capital Management	<ul style="list-style-type: none">Licensed Fund ManagementRegistered Investment Advisers

Broker dealer services offered through M&A Securities Group, Inc., Member FINRA/SIPC, a separate entity from Charter Capital Partners.

M&A Advisory Team

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