



HAVERTYS
FURNITURE

 **HAVERTYS**[®]
FURNITURE · EST 1885

UBS Global Consumer
& Retail Conference

March 15, 2023



FORWARD LOOKING STATEMENTS

This presentation may contain forward-looking statements. These statements are based upon current expectations and assumptions that are subject to risks and uncertainties. Havertys' actual results and financial condition may differ, possibly materially, from what is indicated in those forward-looking statements.

For a discussion of some of the risks and factors that could affect Havertys' future results and financial condition, please see the description of "Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2022.

The statements in the presentation are current only as of its date, March 15, 2023.



OUR STORY OUR MISSION

16 STATES

123 STORES

4.4 MM SQFT

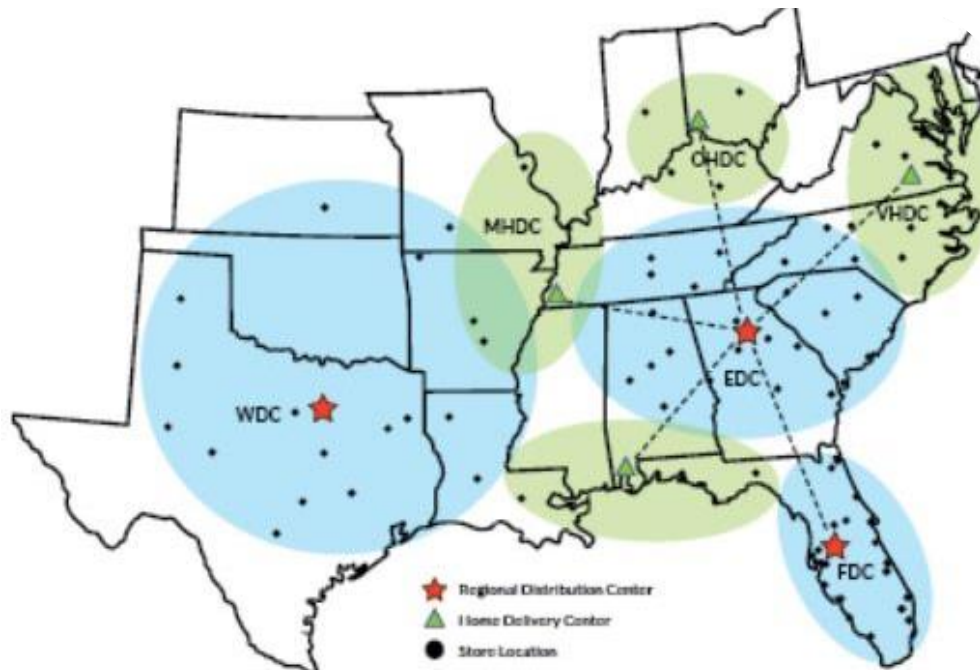
Havertys is a specialty retailer of residential furniture and accessories founded in 1885 serving customers across the Southern and Midwestern United States. Our fully-integrated online and in-store shopping experiences allow our customers to enjoy a seamless interaction when, where, and how they desire.

We are driven to delight our customers by offering personalized design, quality home furnishings, and an outstanding customer experience - all while demonstrating a commitment to our team and delivering consistent value to our shareholders.



STRATEGIC ADVANTAGES

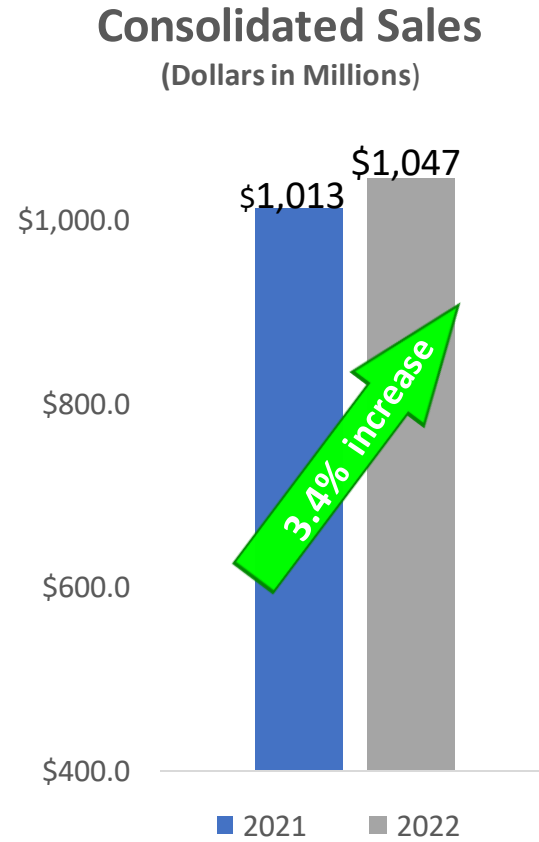
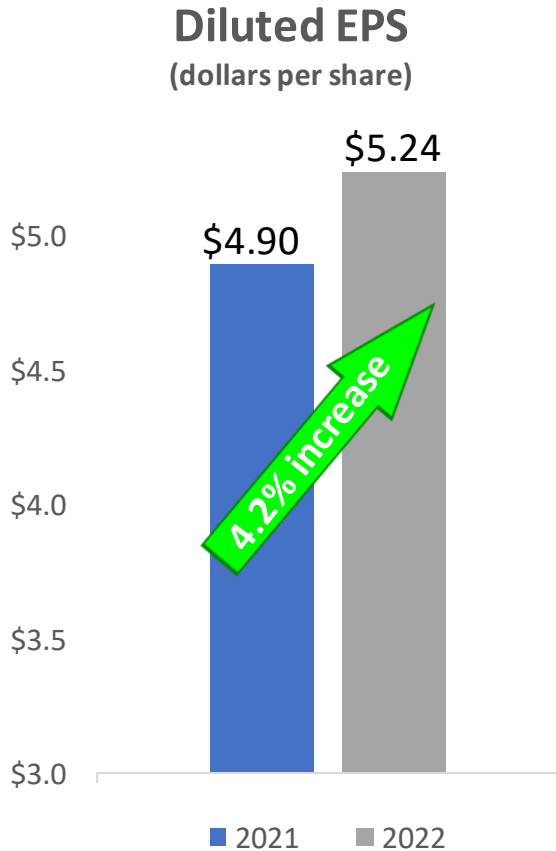
- Attractive target customers.
- Store base is the right size in the right locations.
- Flexible merchandising & fulfillment strategy.
- Fully integrated business model with a strong balance sheet.
- We believe that our distribution and delivery system is one of the best in the retail furniture industry.





2022 FINANCIAL RESULTS

Consolidated sales for 2022 increased 3.4% to a record \$1,047.2 million. The strong earnings were the result of increased sales and gross margin improvement.

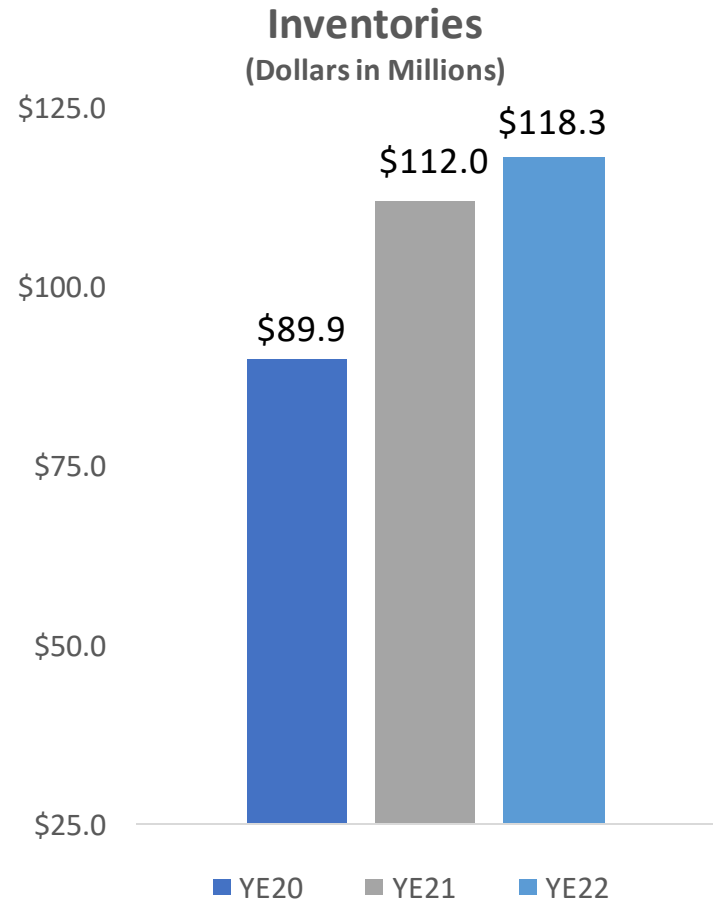
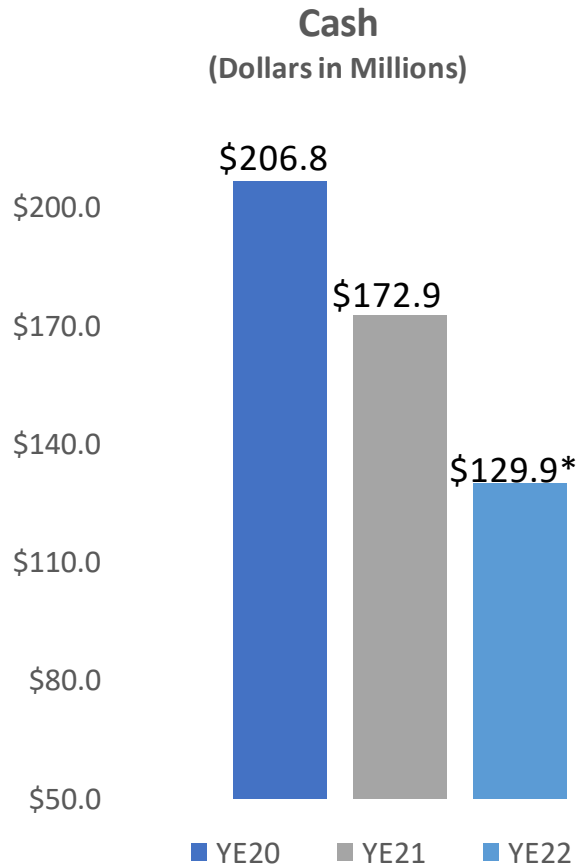


Comparable store sales increased 3.4% in 2022



Consolidated Balance Sheet

Our strong cash position provides flexibility to take advantage of opportunities, advance our strategic goals and return capital to shareholders. We made progress in delivering customer backorders as we received a near record number of containers from vendors.



* Inclusive of \$63.9M returned to shareholders through dividends and share repurchases during 2022



CAPITAL ALLOCATION PHILOSOPHY

- Disciplined and balanced approach for return to shareholders.
- Focus on return on invested capital principle.
- Targeted payout based on earnings and FCF, with the intent to grow the dividend as we grow.
- After meeting the needs of the business, use excess cash to opportunistically repurchase shares, as long as it is value creating
- In 2022:
 - Purchased \$30.0 million in common shares
 - Paid quarterly dividends of \$17.8 million
 - Paid a special cash dividend in December of \$16.1 million
- Balance on current share repurchase authorization is \$20.0 million.
- Current dividend is greater than 2x the S&P 500 average.
- HVT has paid a dividend since 1935 and increased it every year since 2013.



2023 EXPECTATIONS

With our strong balance sheet we are continuing to invest in all parts of our operations, including stores and the important and evolving e-commerce business.

- Focused on adding stores in the best real estate markets in our footprint.
- Target to add 5 stores in 2023 and one closing in 2023, increasing retail square footage by 2.2%.
- Capital expenditures of approximately \$28.0 million.
- Gross profit margins for 2023 are expected to be between 58.0% and 58.5%.
- Fixed and discretionary expenses within SG&A for 2023 are expected to be in the \$292 to \$295 million range.
- Variable SG&A expenses for 2023 are expected to be in the 19.5% to 19.7% range primarily due to inflation and costs of third-party financing costs.



COMPELLING INVESTMENT THESIS

- Conservatively run company in a strong regional footprint.
- Track record of improving results spanning over 100 years.
- Material opportunities to improve internal capabilities.
- Solid balance sheet.
- Strong cash position provides flexibility to take advantage of opportunities and advance our strategic goals while returning significant FCF to shareholders.



APPENDIX



HAVERTY FURNITURE COMPANIES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands - unaudited)

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 123,126	\$ 166,146
Restricted cash and cash equivalents	6,804	6,716
Inventories	118,333	112,031
Prepaid expenses	9,707	12,418
Other current assets	18,283	11,746
Total current assets	<u>276,253</u>	<u>309,057</u>
Property and equipment, net	137,475	126,099
Right-of-use lease assets	207,390	222,356
Deferred income taxes	15,502	16,375
Other assets	12,429	12,403
Total assets	<u>\$ 649,049</u>	<u>\$ 686,290</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 23,345	\$ 31,235
Customer deposits	47,969	98,897
Accrued liabilities	48,676	46,664
Current lease liabilities	34,442	33,581
Total current liabilities	<u>154,432</u>	<u>210,377</u>
Noncurrent lease liabilities	186,845	196,771
Other liabilities	18,373	23,172
Total liabilities	<u>359,650</u>	<u>430,320</u>
Stockholders' equity	<u>289,399</u>	<u>255,970</u>
Total liabilities and stockholders' equity	<u>\$ 649,049</u>	<u>\$ 686,290</u>

HAVERTY FURNITURE COMPANIES, INC

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2022	2021	2020
<i>(In thousands, except per share data)</i>			
Net sales	\$1,047,215	\$1,012,799	\$ 748,252
Cost of goods sold	442,990	438,174	329,258
Gross profit	604,225	574,625	418,994
Expenses:			
Selling, general and administrative	486,298	456,267	377,288
Other expense (income), net	44	54	(34,899)
Total expenses	486,342	456,321	342,389
Income before interest and income taxes	117,883	118,304	76,605
Interest income, net	1,618	231	126
Income before income taxes	119,501	118,535	76,731
Income tax expense	30,143	27,732	17,583
Net income	\$ 89,358	\$ 90,803	\$ 59,148
Other comprehensive income (loss), net of tax:			
Defined benefit pension plan adjustments; net of tax expense (benefit) of \$513, \$89 and \$(159)	\$ 1,537	\$ 267	\$ (473)
Comprehensive income	\$ 90,895	\$ 91,070	\$ 58,675
Basic earnings per share:			
Common Stock	\$ 5.43	\$ 5.06	\$ 3.18
Class A Common Stock	\$ 5.17	\$ 4.75	\$ 3.04
Diluted earnings per share:			
Common Stock	\$ 5.24	\$ 4.90	\$ 3.12
Class A Common Stock	\$ 5.07	\$ 4.69	\$ 3.04

HAVERTY FURNITURE COMPANIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(In thousands)</i>	Year Ended December 31,		
	2022	2021	2020
Cash Flows from Operating Activities			
Net income	\$ 89,358	\$ 90,803	\$ 59,148
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	16,926	16,304	18,207
Stock-based compensation	7,195	8,213	4,375
Deferred income taxes	584	234	(2,458)
Net (gain) loss on sale of land, property and equipment	128	(77)	(34,746)
Other	960	869	595
Changes in operating assets and liabilities:			
Inventories	(6,303)	(22,123)	14,909
Customer deposits	(50,928)	12,714	56,062
Other assets and liabilities	(923)	(3,244)	(3,250)
Accounts payable and accrued liabilities	(5,982)	(6,451)	17,349
Net cash provided by operating activities	51,015	97,242	130,191
Cash Flows from Investing Activities			
Capital expenditures	(28,411)	(34,090)	(10,927)
Proceeds from sale of property and equipment	86	88	76,285
Net cash (used in) provided by investing activities	(28,325)	(34,002)	65,358
Cash Flows from Financing Activities			
Proceeds from borrowings under revolving credit facilities	—	—	43,800
Payments of borrowings under revolving credit facilities	—	—	(43,800)
Net change in borrowings under revolving credit facilities	—	—	—
Dividends paid	(33,948)	(52,446)	(50,521)
Common stock repurchased	(29,998)	(41,809)	(19,708)
Taxes on vested restricted shares	(1,676)	(2,894)	(951)
Net cash used in financing activities	(65,622)	(97,149)	(71,180)
(Decrease) increase in Cash, Cash Equivalents and Restricted Cash Equivalents	(42,932)	(33,909)	124,369
Cash, Cash Equivalents and Restricted Cash Equivalents at Beginning of Year	172,862	206,771	82,402
Cash and Cash Equivalents and Restricted Cash Equivalents at End of Year	\$ 129,930	\$ 172,862	\$ 206,771