

# M&A PICKS UP IN THE HOME GOODS MARKET, EXPECTED TO CARRY MOMENTUM INTO 2025

HOME GOODS SECTOR UPDATE | OCTOBER 2024



**CAPSTONE  
PARTNERS**

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## Home Goods

# M&A Picks Up in the Home Goods Market, Expected to Carry Momentum into 2025

### KEY SECTOR TAKEAWAYS

Capstone Partners' Consumer Investment Banking Group is pleased to share its Home Goods report, with insights and analysis on sector trends, buyer activity, significant transactions, and public company performance. Increased pressure on consumer spending due to an inflationary environment and high interest rates has exacerbated margin compression within an already strained Home Goods market. However, recent sector optimism has bolstered a healthy merger and acquisition (M&A) environment as participants successfully manage profitability challenges and pursue growth strategies. Several notable report highlights are listed below.

1. M&A volume in the Home Goods sector has continued its growth trajectory, climbing 23.8% year-over-year (YOY) to 99 transactions in year-to-date (YTD) 2024.
2. The Home Goods market has seen increased activity from both strategic and financial buyers, with deal activity rising 13.8% and 66.7% YOY, respectively.
3. Sector consolidators have increasingly targeted participants with clear synergies, strong organic growth, limited integration risk, and accretive financials.
4. Small private furnishing companies have continued to trade hands as some business owners look for exits while others eye consolidation. These private strategic deals have comprised 63% of transactions in the Furniture & Home Furnishing segment.
5. Two large-scale transactions in the Consumer Electronics category have indicated the emergence of a new corner of the market, which has helped drive healthy multiples in the sector.
6. Against a fickle economic backdrop, the Home Goods M&A activity remains attractive. Transactions continue to get executed and overall valuations appear to be rising. This is being accomplished with the majority of financial buyers sitting on the sidelines.

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## HOME GOODS MARKET NORMALIZES, NEXT ERA OF GROWTH IN VIEW

Elevated inflation, rising interest rates, and slowing economic growth have challenged discretionary spending in the Home Goods market. Sector spending has continued to taper from pandemic highs. For the first time between 2015 and YTD, YOY Furniture & Durable Household spending growth turned negative in Q2 2023 (falling 0.7%) and contracted through Q1 2024, according to the Bureau of Economic Analysis.<sup>1</sup> With consumer wallets spread thin, big-ticket item demand has deteriorated. Further, many consumers made large purchases during COVID, when stay-at-home mandates and stimulus checks fueled robust demand. At its peak in Q2 2021, Furniture and Furnishings spending achieved 41% YOY growth, suggesting the Home Goods market has finally entered a period of normalization. Sector participants have attempted to adjust to slowing demand while maintaining volume growth through promotional activity at the expense of average sale price, driving down margins and hurting overall profitability. As a result, expansion efforts have been a focal point for business owners looking to gain market share and source growth while organic opportunities stagnate amid subdued demand.

Although visibility into near-term earnings has remained cloudy, the mid-term outlook appears positive. First, inflation has shown signs of cooling. Prices for Window Coverings, Floor Coverings & Other Linens fell 0.8% in July, while Furniture & Bedding prices fell a full percent, marking the third consecutive reading of disinflation for these products, according to the Bureau of Labor Statistics.<sup>2</sup> Second, the Federal Reserve is expected to cut interest rates before year-end,

which will likely help consumers burdened with debt and catalyze spending. Third, pent-up demand for homeownership, partially attributable to elevated mortgage interest rates and a shortage of existing homes for sale, has offered significant runway for home furnishing in new home builds. Favorable population migration trends toward warmer, urban regions with large square footage homes is expected to provide an additional tailwind for Home Goods sector spending.

Public equity investors have expressed confidence in sector players and appear to be attracted to the sector's long-term outlook. Capstone's Furniture & Home Furnishings, Home Goods Retailers, and Lawn & Garden indices have seen EBITDA trading multiples expand YOY by a full turn or more.

Amid a difficult macroeconomic backdrop, bringing high-quality, innovative products to market at compelling price points has proven paramount to top-line growth. Sector participants have sought to protect margins via vertical integrations that offer operational efficiencies throughout the supply chain. The Furniture & Home Furnishings segment has been the focal point for consolidation and vertical integration plays. Strategics have remained offensive despite cyclical headwinds, employing aggressive growth strategies in the fragmented market. Capstone believes sales in the Home Goods sector are poised to rebound in the coming months and, with it, a rampant level of M&A activity amid a broader market recovery. To-date, transaction activity suggests the sector has begun its rebound, with a material YOY increase in dealmaking through July.



**Ken Wasik**  
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Head of Consumer Banking

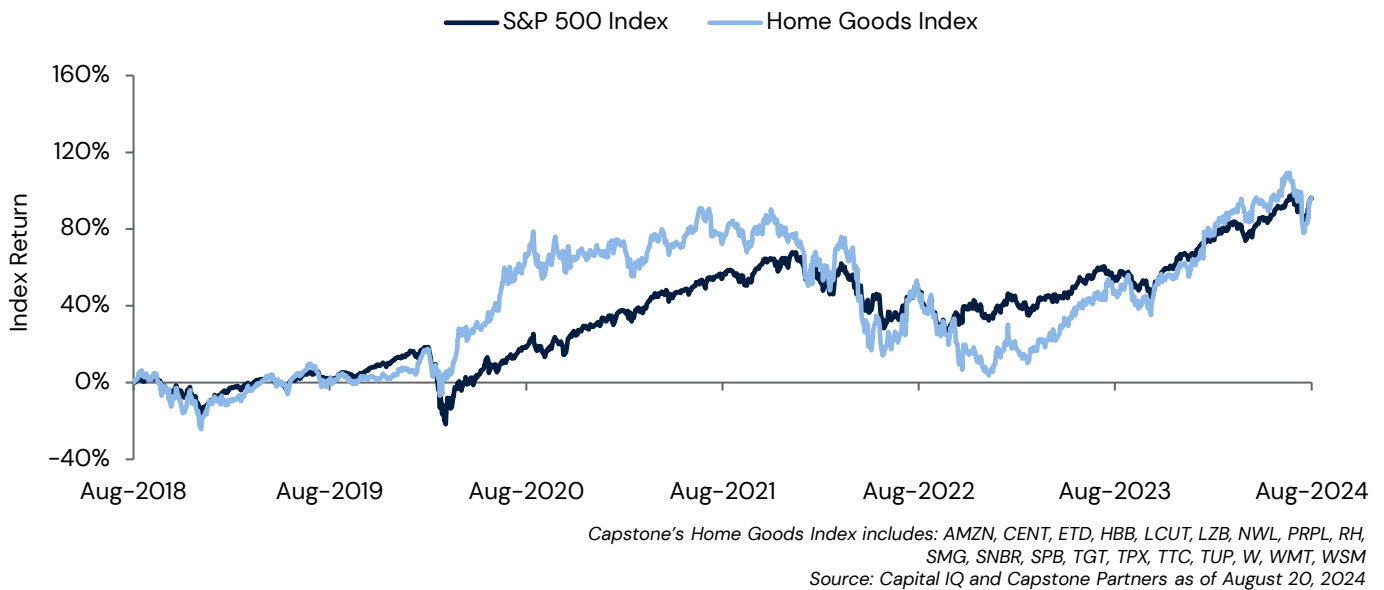
*"These certainly are interesting times for M&A in the Home Goods sector. Macroeconomic trends and financial buyers largely sitting on the sidelines, would dictate a down market for Home Goods M&A with lower valuations and fewer successful transactions. However, when you dig into the numbers you note that transaction volumes are increasing, valuations have crept up and most deals have had good support of buyers. The key driver is the strategic buyer. Buoyed by a solid stock market, flush with cash and plenty of opportunities, strategic buyers have been very active. This is most pronounced in consolidating sectors in Home Goods such as Mattresses and Home Services. Wall Street is actively rewarding these companies for smart acquisitions. In other words, it is a good opportunity for privately owned Home Goods companies that are targets of these strategic buyers."*

# PUBLIC EQUITY MARKET POINTS TO STRONG VALUATION BACKDROP

## Public Equity Market Takeaways

1. Public equity markets have generated strong returns through YTD as investor sentiment has improved with easing inflation and forecasted rate cuts—creating a healthy backdrop for M&A valuations.
2. Capstone’s Home Goods Index has outperformed the S&P 500 Index 50.9% of the days in the past six years despite the S&P 500 achieving record highs in 2024.
3. Leading public Home Goods businesses have increasingly focused on value creation, investing in product innovation and footprint expansion to facilitate market share growth amid a challenging environment.

## Home Goods Index Maintains Strong Positioning Compared to S&P 500 Benchmark



## Home Goods Sector Participants Focus on Value Creation and Market Share Growth

“ We remain confident that our continued investments towards transforming our product and expanding our platform will generate significant long-term value for our shareholders...We have worked hard to destroy the former version of ourselves and are in the process of unleashing what we believe is an exponentially more inspiring and disruptive RH brand, inclusive of the most prolific product transformation and platform expansion in the history of our industry. ”

– Gary Friedman, RH CEO, Q1 2024 Earnings Call<sup>3</sup>

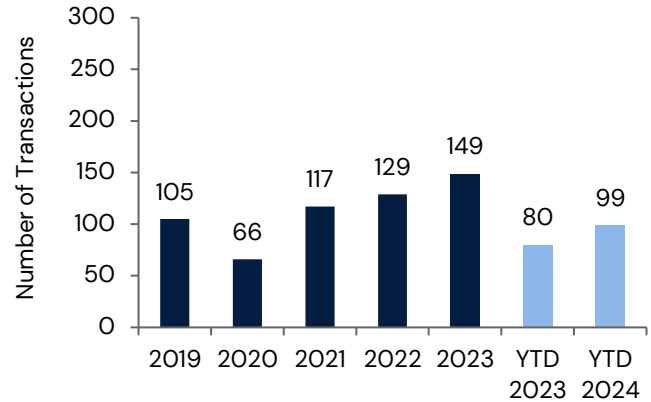
“ We are optimistic that expected Fed rate cuts later this calendar year will begin to spur an acceleration in housing turnover and subsequently in furniture demand. Meanwhile, we’re not waiting for the macro environment to turn around. We continue to play offensive with our Century Vision strategy, offering tangible solutions to drive disproportionate growth over the long term and to consistently gain share in the fragmented furniture and home furnishings market. ”

– Melinda Whittington, La-Z-Boy CEO, Fiscal Year Q1 2025 Earnings Call<sup>4</sup>

## STRATEGIC BUYERS DRIVE M&A ACTIVITY, NEW CATEGORY EMERGES

M&A volume in the Home Goods sector has continued its growth trajectory, climbing 23.8% YOY to 99 announced or completed deals YTD. The sector has seen increased activity from both strategic and financial buyers, with deal activity rising 13.8% and 66.7% YOY, respectively. Strategics have led the charge, comprising 74.7% of YTD dealmaking. The trading of small private furnishing companies has persisted as a historic trend in the sector. Notably, the Furniture & Home Furnishing segment has comprised 62 transactions, or 62.6%, of total deal volume to-date. Private buyer consolidation efforts have accounted for the majority (63%) of transaction activity in the segment, with 39 acquisitions YTD, as businesses look to gain access to new markets or grow market share in existing geographies.

**Home Goods M&A Builds Momentum**



Year-to-date (YTD) ended July 30

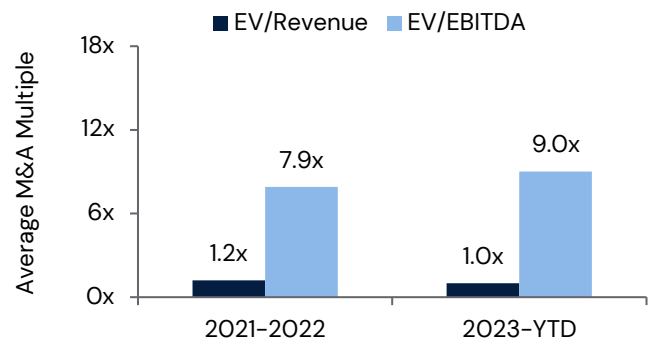
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Amid sector headwinds, including pressured consumers and elevated input costs, sector consolidators have increasingly targeted participants with clear synergies, strong organic growth, limited integration risk, and accretive financials. Net income and profitability have been pressured in the post-pandemic environment. During the prior period, mandated lockdowns and government stimulus checks armed consumers with ample cash and a demand to enhance home living standards. Following the pandemic-driven surge, retailers have grappled with slowing sales volumes and margin compression via inflationary input costs and product promotions. Deal volume YTD suggests an abundant amount of assets have been marketed with many independent business owners looking for an exit after experiencing turbulence in recent years.

## Home Goods Valuation Analysis

M&A transaction EBITDA multiples have averaged a robust 9.0x between 2023 and YTD, with large-scale companies often commanding higher multiple ranges. Two significant deals have helped drive multiples to its 9.0x EV/EBITDA average. Fairfax Financial Holdings (TSX:FFH) announced its acquisition of mattress provider Sleep Country Canada (TSX:ZZZ) in July for an enterprise value of \$1.3 billion, equivalent to 1.8x EV/Revenue or 9.3x EV/EBITDA (see page nine). In the Consumer Electronics segment, Resideo (NYSE:REZI) subsidiary, ADI Global Distribution, acquired smart home solutions provider Snap One in June for an enterprise value of \$1.4 billion, equivalent to 1.3x EV/Revenue or 12.4x EV/EBITDA (see page 10).

**Sector M&A Multiples Show Strength**



Year-to-date (YTD) ended July 30

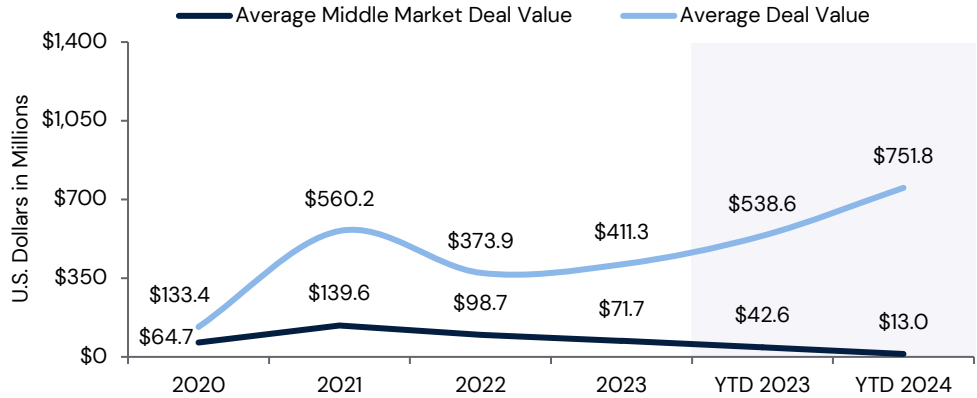
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Smart home solutions enable remote control of a consumer's home ecosystem, including appliances, thermostats, lights, and security, through internet connectivity. Rapid adoption of smartphones and artificial intelligence have sparked consumer demand to retro-fit their homes with solutions that provide convenience, productivity, and energy efficiency. Notably, the U.S. Smart Home market is expected to grow 10.2% annually from 2024 to 2032, according to Growth Market Reports.<sup>5</sup> Smart home product expansion may help sector participants future-proof their businesses and drive value creation. Capstone anticipates healthy deal flow and long-term growth in the Home Electronics segment to continue pushing deal multiples higher in the sector.

## AVERAGE DEAL VALUE SURGES, BUYERS LOOK TO GAIN MARKET SHARE

### Average Disclosed Deal Value Surges

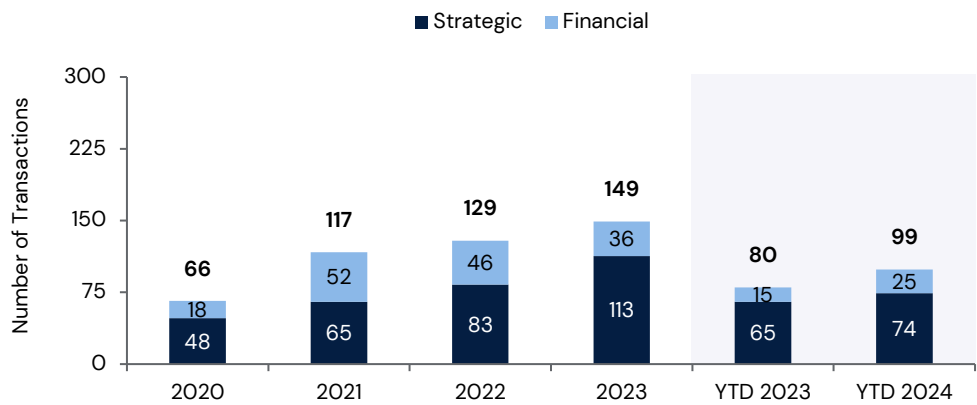
The average deal value YTD (\$751.8 million) represents the highest average dating back to 2018, highlighting sector participants' appetite to absorb scale and drive supply chain synergies. Deal value in the middle market between in YTD 2024 has averaged \$13 million, attributable to one third of the 6 disclosed deal values amounting to under \$3 million.



Year-to-date (YTD) ended July 30  
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

### Strategic Buyers Drive Transaction Activity, Private Equity Shows Increased Interest

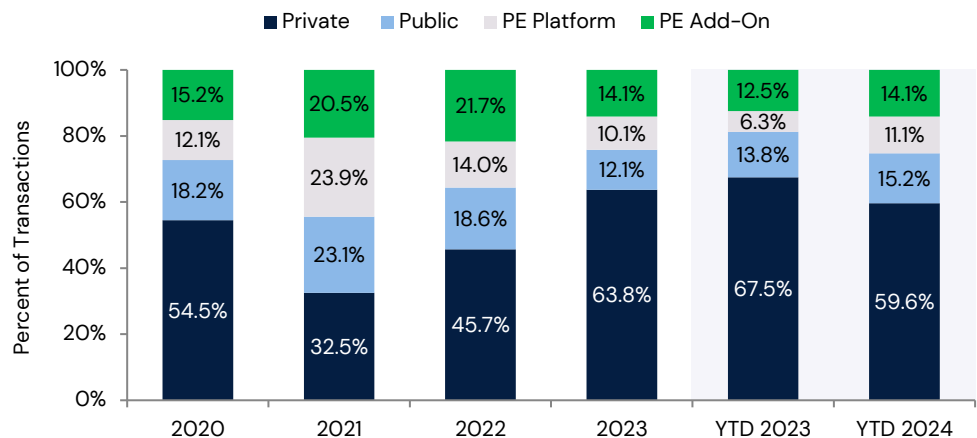
Strategic and financial buyers split deal activity more evenly during the pandemic-related boom than between 2023 and YTD. Although strategics have driven deal flow to-date, fund managers have shown increased interest YOY in home furnishing and home improvement companies.



Year-to-date (YTD) ended July 30  
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

### Private Strategics Lose Deal Share to Increasingly Active Public and Financial Buyers

Although private strategics have continued to drive deal volume, the sector has seen a rise in the share of public strategic, private equity add-on, and private equity platform transactions. Buyers with deployable cash have expressed fervent appetite to pursue and close deals to-date.



Year-to-date (YTD) ended July 30  
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners



## NOTABLE TRANSACTIONS – MATTRESSES



To Acquire



Fairfax Financial Holdings, an insurance and investment management company, has agreed to acquire Sleep Country Canada for \$1.3 billion, equivalent to 1.8x EV/Revenue or 9.3x EV/EBITDA (July). Fairfax primarily specializes in reinsurance and property and casualty insurance but has experience in Retail. The firm previously owned Toys R Us Canada, selling the company in July 2021 for an enterprise value of \$90.5 million, and has made other investments across the Food and Software sectors. Sleep Country Canada sells mattresses and other bedding items via its 307 stores, 18 warehouses, and e-commerce operations across its brands, according to its Q2 2024 earnings release.<sup>6</sup> The firm holds ~40% market share in the Canadian Mattress space as of September 2023, well positioned to exercise significant pricing power over manufacturers, according to the firm's Q3 2023 earnings call.<sup>7</sup> Notably, the deal follows Tempur Sealy's (NYSE:TPX) proposed acquisition of Mattress Firm (May 2023, \$4.0 billion, 9.3x EV/EBITDA), which the Federal Trade Commission has voted to block over antitrust concerns.

Sleep Country saw revenues rise 7% YOY in Q2 2024, with same store sales growing 4.8% compared to a negative 10.9% decline in the period year period. Sleep Country believes Fairfax will support its growth initiatives and limit headcount cuts and store closures. "We'll continue on the path of opening our Sleep Country stores, we're going to be opening up Casper, Endy, Silk and Snow stores. And we're actively looking for good real estate and M&A. We never will buy for the sake of growth, we will be looking to buy companies that we think are great companies, great brands, and companies that we could take to the next level and obviously in my world," said Stewart Schaefer, CEO of Sleep Country, in an interview with Retail Insider.<sup>8</sup>

Ashley Home, a leading vertically integrated furniture manufacturer, acquired online retailer of mattresses and bedding accessories, Resident Home, for an enterprise value of \$1.0 billion, equivalent to 1.1x EV/Revenue (March). Resident's e-commerce platform is complemented by its retail presence, wholesaling to more than 2,500 retailers in the U.S., Canada, and the U.K., according to a press release.<sup>9</sup> However, the firm is primarily positioned as a direct-to-consumer retailer. The firm offers its products under the Awara, DreamCloud, Nectar, and Siena brands. Ashley expects the acquisition to be additive to its sales as Resident's consumers lack significant overlap with Ashley's customers across its 1,125 branded store footprint in 67 countries.



Acquires

RESIDENT

The acquisition presents significant growth opportunities for both parties and enhances Ashley's competitive prowess in the Home Goods sector. The combined business has substantial physical reach, combining Ashley's 1,125 branded stores—in which it will sell Resident mattresses—with Resident's footprint in more than 2,500 retailers to create a \$2 billion bedding business, according to Furniture Today.<sup>10</sup> Ashley's extensive supply chain is expected to improve distribution and sourcing for Resident, providing an additional tailwind for top- and bottom-line growth via a more seamless route-to-market and cost structure optimization. Ashley is expected to leverage Resident's digital expertise and marketing attribution model to drive more efficient marketing and gain market share.

"At its core, Ashley is a supply chain company. We just invested millions in our mattress manufacturing facilities in Mississippi. We are vertically integrated, and that includes building our own foam pouring operations. Resident's capability to develop great mattresses will complement our capabilities in supply chain and distribution. This is a great example of two plus two equals four," said Todd Wanek, CEO of Ashley, in an interview with Furniture Today.

## NOTABLE TRANSACTIONS – CONSUMER ELECTRONICS

IQVENTURES™

To Acquire

**Aaron's**

IQVentures announced its plans to acquire The Aaron's Company (NYSE:AAN) for an enterprise value of \$1.0 billion, equivalent to 0.5x EV/Revenue or 3.5x EV/EBITDA (June). Aaron's operates as a technology-enabled omnichannel provider of lease-to-own (LTO) and retail purchase solutions for home furnishings and electronics. The firm caters to low-income consumers who may have difficulty providing a lump sum payment for a large, outright purchase. The LTO model allows customers to take full ownership of the product at the end of the lease term. Consumers shop through Aaron's 1,220 company-owned and franchised stores in the U.S. and Canada, as well as via its e-commerce platform. Despite this transaction marking its first venture in Consumer Goods, IQVentures' expertise in consumer financing and proprietary technology complements Aaron's technology-driven LTO business model. The firm holds an existing platform—IQServicing—in the Consumer Finance space that offers consumer loan application, origination, customer service, and collections support. Notably, the majority (66.7%) of Aaron's revenue came from lease revenues, while retail sales accounted for 27.7% of total revenue, according to the company's Q2 2024 earnings release.<sup>11</sup>

Pre-acquisition, the company has focused on improving operational performance and streamlining their cost structure. The deal with IQVentures is expected to enhance its lease decisioning technology and customer acquisition programs to make it easier for consumers to transact with them and drive volume growth in its lease portfolio. "We believe that IQVentures' resources and financial services expertise will help the Company [Aaron's] achieve its long-term potential. Together with IQVentures, The Aaron's Company will be better positioned to accelerate its omnichannel strategy and operational efficiency initiatives, all while continuing to enhance our customers' lives by providing easy access to high quality products through affordable lease and retail purchase options," said Douglas Lindsay, CEO of The Aaron's Company, in a press release.<sup>12</sup>

**ADI**  
a resideo company

Acquires

**snap one**

In June, Resideo subsidiary, ADI Global Distribution, acquired Snap One for an enterprise value of \$1.4 billion, equivalent to 1.3x EV/Revenue or 12.4x EV/EBITDA. Resideo manufactures and distributes smart home products and, through its subsidiary, offers global distribution of products including access control, audio visual, communications, enterprise connectivity, intrusion and smart home, and video surveillance. Previously a public company listed on the Nasdaq Index under the ticker SNPO, Snap One provides smart living solutions, offering end-to-end product and software ecosystems and technology-enabled workflow solutions to professional integrators. Resideo marked the deal as a key step towards its goals to accelerate profitable growth. Snap One's attractive margin profile and scale are expected to meaningfully drive volume growth and enhance profitability for ADI Global Distributors, while strengthening its position in smart living technology for Residential and Commercial markets.

The integration of Snap One's complementary capabilities in smart living and Control 4 technology platforms is expected to produce \$75 million in annual run-rate business and financial synergies by 2027, according to a press release.<sup>13</sup> Resideo expects the transaction to be earnings per share (EPS) accretive by the end of 2025. "Snap One's expertise serving smart living integrators and innovative Control 4 and home automation offerings immediately expands Resideo's capabilities across Security, Audio Visual, and Smart Living markets. The combination better positions the business in attractive growth categories, adds new higher-margin proprietary products and services, and broadens ADI's customer base. Resideo's future is bright as we work to simplify the connected world, creating value for our customers and shareholders," noted Jay Goldmacher, President and CEO of Resideo, in the press release.

## SELECT HOME GOODS TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV/LTM Revenue	EBITDA
07/22/24	Sleep Country (TSX:ZZZ)	Fairfax Financial Holdings (TSX:FFH)	Retails mattress, bedding, and specialty sleep products in Canada.	\$1,277.7	1.8x	9.3x
07/22/24	Baby Boom Consumer Products	NoJo Baby & Kids	Produces nursery goods, including bedding and room decor.	\$18.0	-	-
07/16/24	Huntington Lumber & Supply	Nation's Best Holdings	Sells home improvement and hardware products.	-	-	-
07/11/24	Decorative Panels International	West Wood Products	Manufactures custom tiles and panels for bathrooms and bedrooms.	-	-	-
07/10/24	Fiber Energy Products	Lignetics	Sells wood heating pellets and barbeque grilling pellets and wood chunks.	-	-	-
07/08/24	OGD Overhead Garage Door	Adams Street Partners	Provides garage door repair and installation.	-	-	-
07/05/24	Bayou Wood Products	Kin Capital Partners	Offers cabinet woodwork.	-	-	-
07/02/24	Panolam Industries	Daiken	Manufactures decorative laminate panels.	-	-	-
07/02/24	HH2 Home	Green River Group	Produces and imports home and office furniture.	-	-	-
06/30/24	DDK Kitchen Design Group	Design First Builders	Provides eco-friendly kitchen products.	-	-	-
06/28/24	V-G Supply Company	BFG Supply	Offers lawn and garden products.	-	-	-
06/28/24	Foamco Industries	Domfoam	Manufactures home furnishing products.	-	-	-
06/26/24	Rosemary Hallgarten	Thibaut	Produces textiles for furniture and fashion.	-	-	-
06/24/24	J Mish Mills	Nourison Industries	Manufactures wool carpets and rugs.	-	-	-
06/17/24	The Aaron's Company (NYSE:AAN)	IQVentures	Offers retail and lease-to-own furniture, appliances, electronics, and other home goods.	\$1,004.0	0.5x	3.5x
06/17/24	La-Z-Boy Furniture Galleries	La-Z-Boy (NYSE:LZB)	Comprises 11 independent La-Z-Boy Furniture Galleries stores.	-	-	-
06/12/24	St. Frank	Havenly	Operates an online retail store providing framed textiles in home decor.	-	-	-
06/11/24	FoodCycler	Power Sustainable Lios	Sells an indoor food waste recycling appliance.	-	-	-
06/03/24	Legacy Cabinet	Sims-Lohman	Manufactures custom cabinets and countertops.	-	-	-
05/28/24	Fozzils	Coghlan's	Produces cookware products.	-	-	-
05/21/24	Supreme Cabinetry Brands	MasterBrand Cabinets	Manufactures residential cabinetry.	\$520.0	-	8.9x
03/08/24	Snap One	ADI Global Distribution	Provides smart-living solutions.	\$1,379.9	1.3x	12.4x
03/05/24	Resident Home	Ashley Home	Retails home furnishing products.	\$1,000.0	1.1x	-

Source: Capital IQ, FactSet, Pitchbook, and Capstone Partners





## PUBLIC COMPANY DATA

### FURNITURE & HOME FURNISHINGS

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV/LTM		
	8/20/24	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA	
Ethan Allen Interiors Inc.	\$30.63	86.0%	\$778.4	\$745.6	\$646.2	\$134.3	20.8%	1.2x	5.6x	
La-Z-Boy Incorporated	\$42.91	94.9%	\$1,804.7	\$1,936.1	\$2,047.0	\$304.3	14.9%	0.9x	6.4x	
Purple Innovation, Inc.	\$1.12	44.6%	\$120.4	\$261.6	\$526.2	NM	NA	0.5x	NM	
Sleep Number Corporation	\$13.26	47.5%	\$296.4	\$1,243.3	\$1,781.0	\$95.9	5.4%	0.7x	13.0x	
Tempur Sealy International, Inc.	\$50.74	88.8%	\$8,811.0	\$11,889.3	\$4,870.6	\$970.7	19.9%	2.4x	12.2x	
EV = enterprise value; LTM = last twelve months \$ in millions, except per share data NM = Not Meaningful NA = Not Available							Mean	15.2%	1.1x	9.3x
							Median	17.4%	0.9x	9.3x
							Harmonic Mean	11.4%	0.9x	8.1x

### HOME GOODS RETAILERS

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV/LTM		
	8/20/24	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA	
Amazon.com, Inc.	\$134.68	93.8%	\$1,389,594.7	\$1,499,910.7	\$538,046.0	\$75,938.0	14.1%	2.8x	19.8x	
RH	\$344.18	84.7%	\$6,330.9	\$8,553.9	\$3,181.2	\$774.9	24.4%	2.7x	11.0x	
Target Corporation	\$127.79	70.3%	\$58,987.9	\$76,506.9	\$108,008.0	\$8,030.5	7.4%	0.7x	9.5x	
Walmart Inc.	\$52.50	96.8%	\$424,148.5	\$481,064.5	\$630,794.0	\$40,487.0	6.4%	0.8x	11.9x	
Wayfair Inc.	\$70.00	77.2%	\$8,116.7	\$10,929.7	\$1,886.0	NM	NA	0.9x	NM	
Williams-Sonoma, Inc.	\$64.42	75.4%	\$8,273.8	\$9,392.5	\$8,263.7	\$1,952.3	23.6%	1.1x	4.8x	
EV = enterprise value; LTM = last twelve months \$ in millions, except per share data NM = Not Meaningful NA = Not Available							Mean	15.2%	1.5x	11.4x
							Median	14.1%	1.0x	11.0x
							Harmonic Mean	11.2%	1.1x	9.3x

### LAWN & GARDEN

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV/LTM		
	8/20/24	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA	
Central Garden & Pet Company	\$39.42	76.2%	\$2,364.4	\$3,190.2	\$3,281.1	\$429.1	13.1%	1.0x	7.4x	
The Scotts Miracle-Gro Company	\$72.37	88.1%	\$4,112.1	\$6,613.5	\$3,512.5	\$439.2	12.5%	1.9x	15.1x	
The Toro Company	\$89.49	85.9%	\$9,295.7	\$10,246.5	\$4,415.9	\$690.4	15.6%	2.3x	14.8x	
EV = enterprise value; LTM = last twelve months \$ in millions, except per share data NM = Not Meaningful NA = Not Available							Mean	13.7%	1.7x	12.4x
							Median	13.1%	1.9x	14.8x
							Harmonic Mean	13.6%	1.5x	11.2x

Source: Capital IQ and Capstone Partners as of August 20, 2024

## PUBLIC COMPANY DATA (CONTINUED)

### HOUSEHOLD PRODUCTS

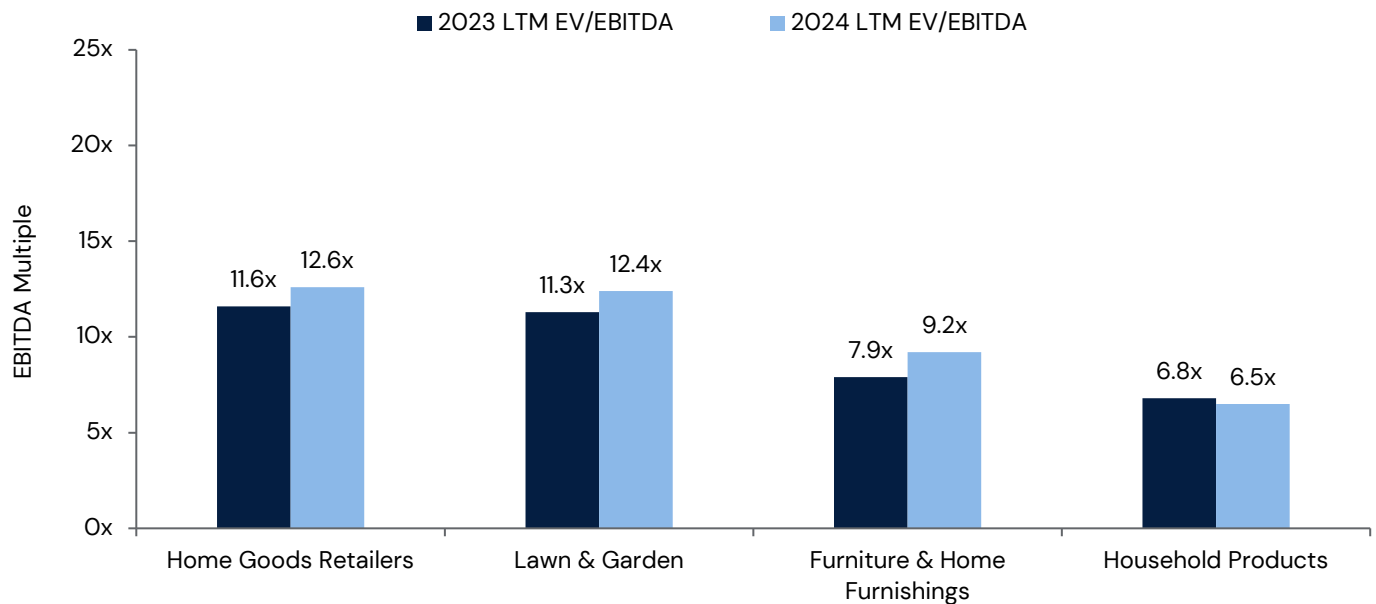
Company	Price	% 52 Wk	Market	Enterprise	LTM			EV/LTM	
	8/20/24	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Hamilton Beach Brands Holding Company	\$27.01	92.7%	\$375.4	\$433.3	\$644.8	\$415.8	64.5%	0.7x	1.0x
Lifetime Brands, Inc.	\$7.27	62.2%	\$161.1	\$407.3	\$678.7	\$69.8	10.3%	0.6x	5.8x
Newell Brands Inc.	\$7.40	69.0%	\$3,078.4	\$8,390.4	\$7,810.0	\$1,046.5	13.4%	1.1x	8.0x
Spectrum Brands Holdings, Inc.	\$91.10	94.2%	\$2,553.6	\$2,900.0	\$2,930.9	\$282.8	9.6%	1.0x	10.3x
Tupperware Brands Corporation	\$1.14	35.8%	\$53.0	\$772.3	\$1,141.9	\$108.8	9.5%	0.7x	7.1x

Mean	21.5%	0.8x	6.4x
Median	10.3%	0.7x	7.1x
Harmonic Mean	12.6%	0.8x	3.3x

EV = enterprise value; LTM = last twelve months  
 \$ in millions, except per share data  
 NM = Not Meaningful  
 NA = Not Available

### Public Company Trading Multiples Rise Year-Over-Year



Last-twelve months (LTM) as of August 20, 2024  
 Source: Capital IQ and Capstone Partners



## HOME GOODS REPORT CONTRIBUTORS



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Ken serves as Capstone’s Co-Head of Investment Banking and leads the Consumer Investment Banking Group. He brings nearly 25 years of investment banking experience including domestic and international mergers & acquisitions, initial and secondary offerings of public companies, debt raises and private placements for his clients. He has helped raise over \$10 billion in capital for clients during his career. Ken regularly presents at consumer industry conferences and has testified twice as an expert witness on consumer brands. He joins Capstone Partners from Stephens Investment Bank, where he started and led the Consumer Products Group. Ken is a Series 79 Registered Investment Banking Representative and holds an MBA in Finance from Columbia University and a BS in Accounting from St. Joseph’s University.



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Andrew serves as a Market Intelligence Associate at Capstone Partners covering the Consumer industry. Prior to joining the Market Intelligence Team at Capstone, Andrew was a Senior Research Associate at Corporate Insight, where he provided digital banking competitive intelligence, user experience research, and consulting services to leading financial institutions. Andrew graduated with a Bachelor of Arts degree in Economics from Union College.

## FIRM AWARDS & ACCOLADES

Capstone Partners is consistently recognized as an elite middle market firm by multiple leading industry organizations. This has afforded our clients with immediate market credibility in the acquirer and investor communities. From 2016 to 2024, Capstone has received 22 “investment banking firm of the year” awards from organizations such as The M&A Atlas Awards, The M&A Advisor, M&A Today, and ACQ5. A sampling of Capstone’s recent awards is shown below.





## FIRM TRACK RECORD

Capstone's Consumer Investment Banking Group maintains an active presence in the Home Goods sector with in-depth knowledge of the buyer universe and business characteristics that drive premium valuations in an M&A process. Our frequent conversations with industry participants provide us with increased transparency into market trends and buyer preferences. A sampling of Capstone's closed deals is outlined below.

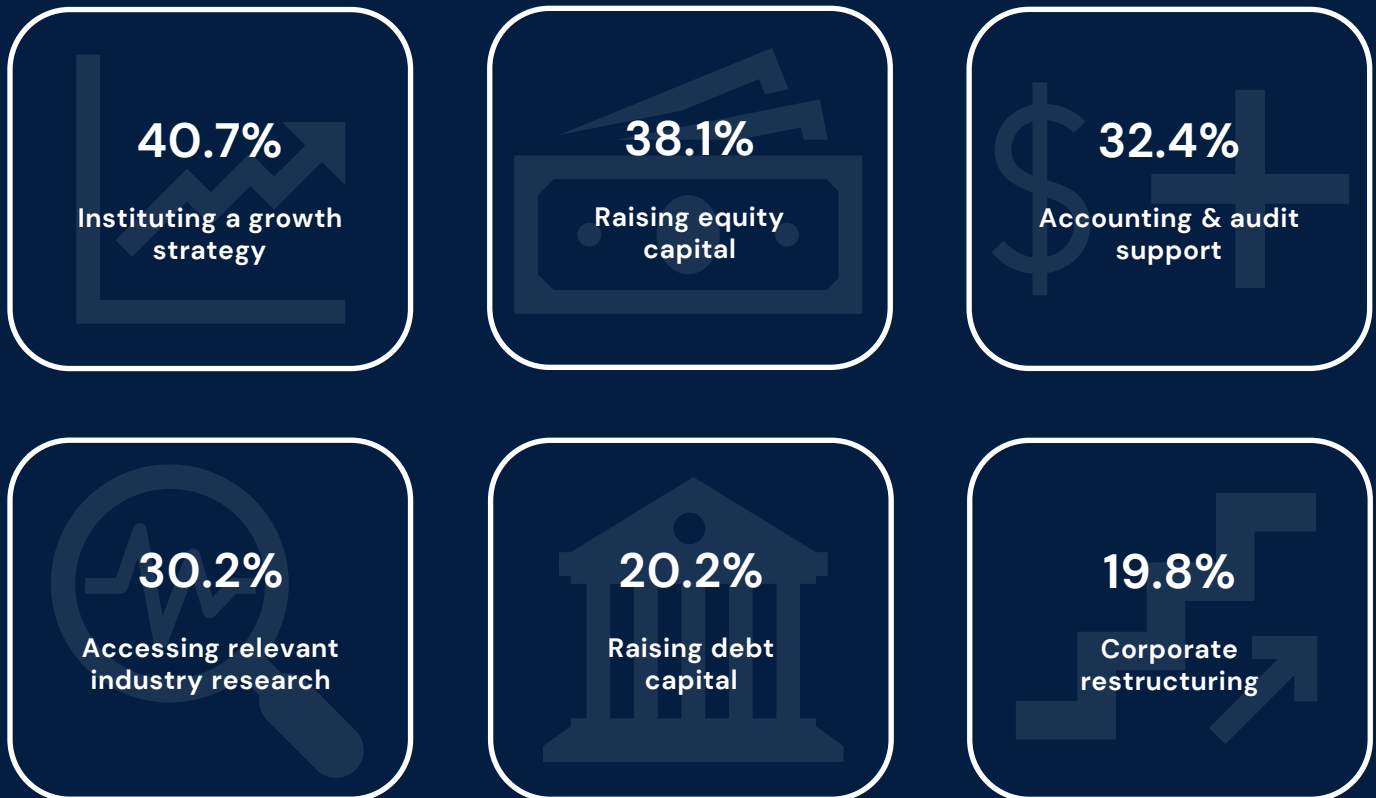
 <p>HAS RECAPITALIZED WITH</p> 	 <p>HAS SECURED \$142.5 MILLION IN SENIOR CREDIT FACILITIES FOR THE ACQUISITION OF</p> 	 <p>HAS RECAPITALIZED WITH</p> 	 <p>HAS DIVESTED</p> 
 <p>HAS SECURED FINANCING FROM</p> 	 <p>HAS BEEN ACQUIRED BY</p> 	 <p>HAS ACQUIRED</p> 	 <p>HAS RECAPITALIZED WITH</p> 
 <p>HAS BEEN ACQUIRED BY</p> 	 <p>HAS BEEN ACQUIRED BY</p> 	 <p>HAS BEEN ACQUIRED BY</p> 	 <p>HAS BEEN ACQUIRED BY</p> 

## CAPSTONE'S PROPRIETARY RESEARCH REVEALS TOP SERVICES IN DEMAND

The stage and initiatives of a business often dictate which financial services are in demand. As the bulk of CEOs polled in Capstone's 2024 Middle Market Business Owners Survey indicated growth strategies are a priority for 2025, the lion's share (40.7%) of owners anticipate a need for growth strategy support services. Similarly, 38.1% of CEOs require equity capital advisory services to support operational initiatives and business expansion. Nearly one-third of owners require accounting and audit support to shore-up cash flows and establish financial stability. In addition, 30.2% of CEOs demonstrated an interest in accessing relevant industry research to keep up with emerging industry trends, complete competitor analyses, and track capital markets activity in their space.

Capstone has developed a full suite of [corporate finance solutions](#) to help privately owned businesses and private equity firms through each stage of the company's lifecycle, ranging from growth to an ultimate exit transaction. In addition, we developed specialty advisory practices to provide financial performance, buy-side, employee stock ownership plan (ESOP), and equity and debt services. All of these capabilities are supported by 12 industry banking groups, an active sponsor coverage group, and a dedicated Market Intelligence Team.

### Top Financial Services Required by Business Owners in 2025



Question: Have you ever had, or do you anticipate having, a need for any of the following services?  
Source: Capstone Partners' Middle Market Business Owner Survey, Rebased Sample Size (N): 278



## ENDNOTES

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PARTNERS**

Common Goals. Uncommon Results.

### Disclosure

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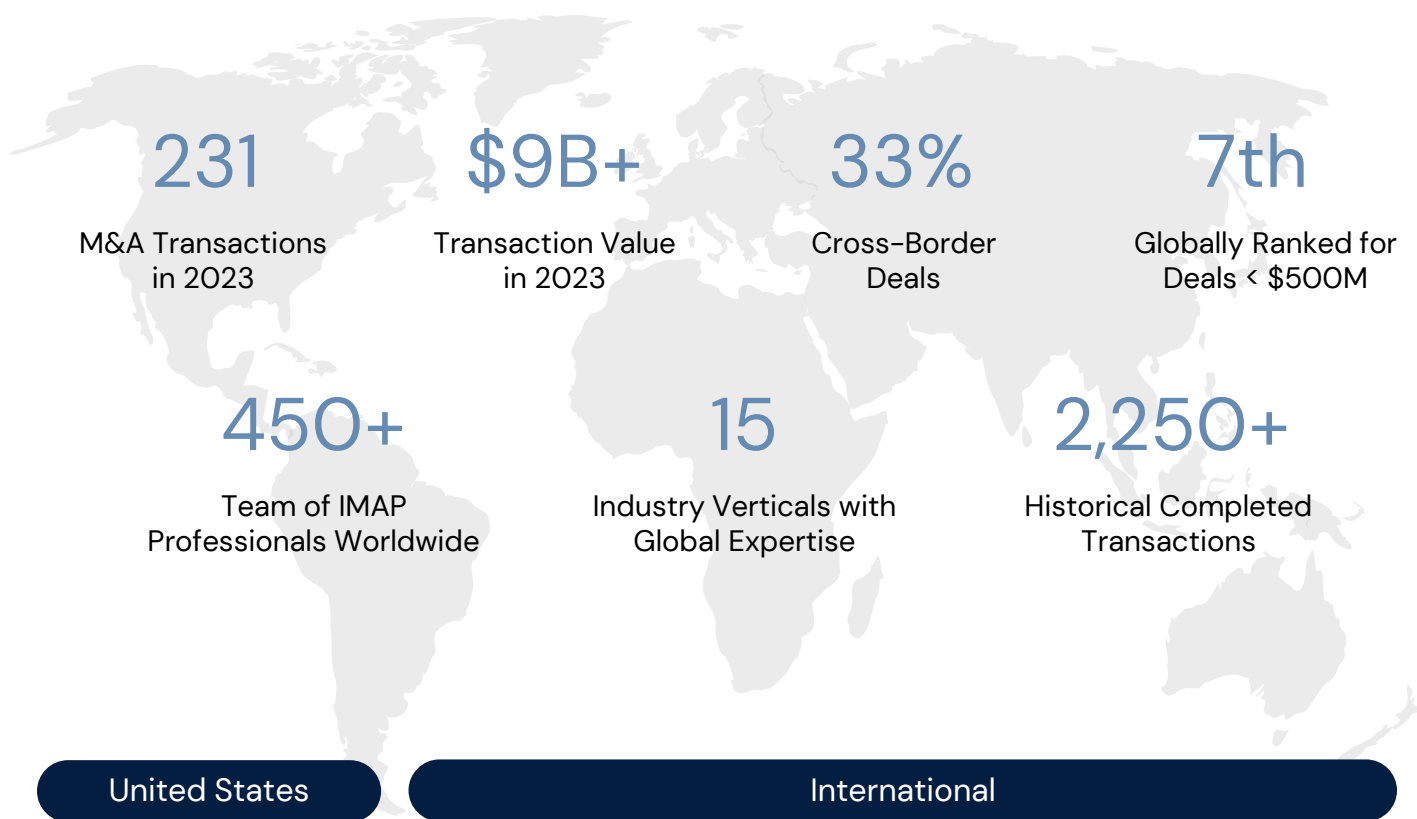




# CAPSTONE PARTNERS

## Market Presence

With a long-established U.S. footprint, together with an international partner platform, we provide clients with broad expertise and access to key market relationships on a global basis. Our presence is backed by ~200 professionals in the U.S. with 450+ professionals across 41 countries.



~200 professionals  
8 offices

Boston · Denver · Chicago · Dallas  
Detroit · Irvine · New York · Tampa

450+ professionals  
60+ offices in 41 countries

Asia: China · India · Japan · Thailand  
Africa: Congo · Egypt · Ghana · Mauritius · Morocco · Senegal · South Africa  
Americas: Toronto · Vancouver · Argentina · Brazil · Chile · Colombia · Mexico · Paraguay · Peru  
Europe: Belgium · Bosnia & Herzegovina · Croatia · Czech Republic · Finland · France · Germany  
Hungary · Ireland · Italy · Netherlands · Poland · Portugal · Romania · Serbia · Slovakia · Slovenia  
Spain · Sweden · United Kingdom