



HAVERTYS

INVESTOR PRESENTATION

December 7, 2016

Retail Footprint: 123 Stores across 16 states 4.4 M retail sq.ft.









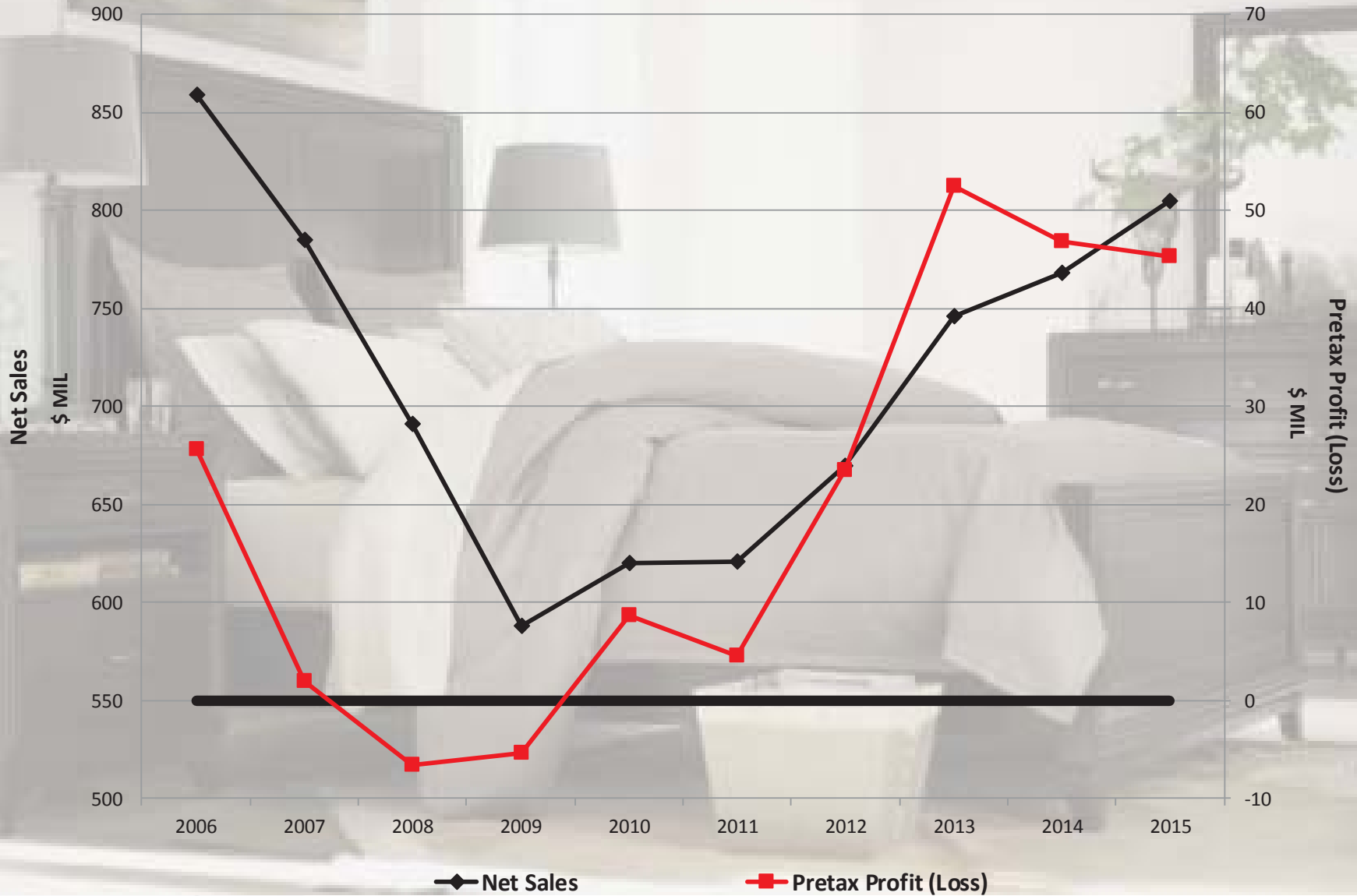
HAVERTYS' Advantages

- **Attractive On-trend Target Customer**
- **Appealing Store Base in Good Markets**
- **Brand Strength**
- **Exclusive Product – HVT Brand – Custom Program**
- **Free In-home Design**
- **Professional Delivery**

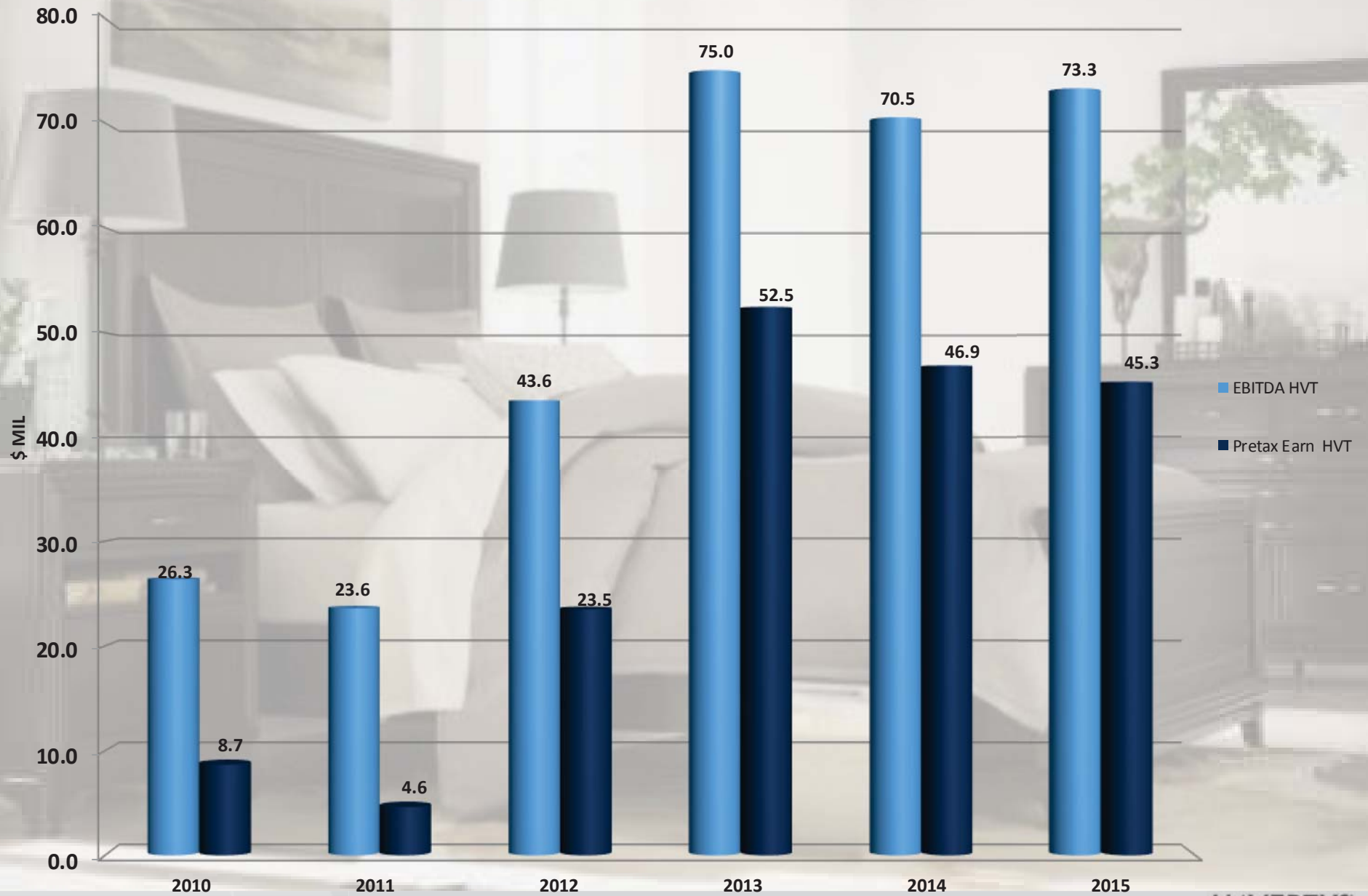
Brand /Retailer Landscape



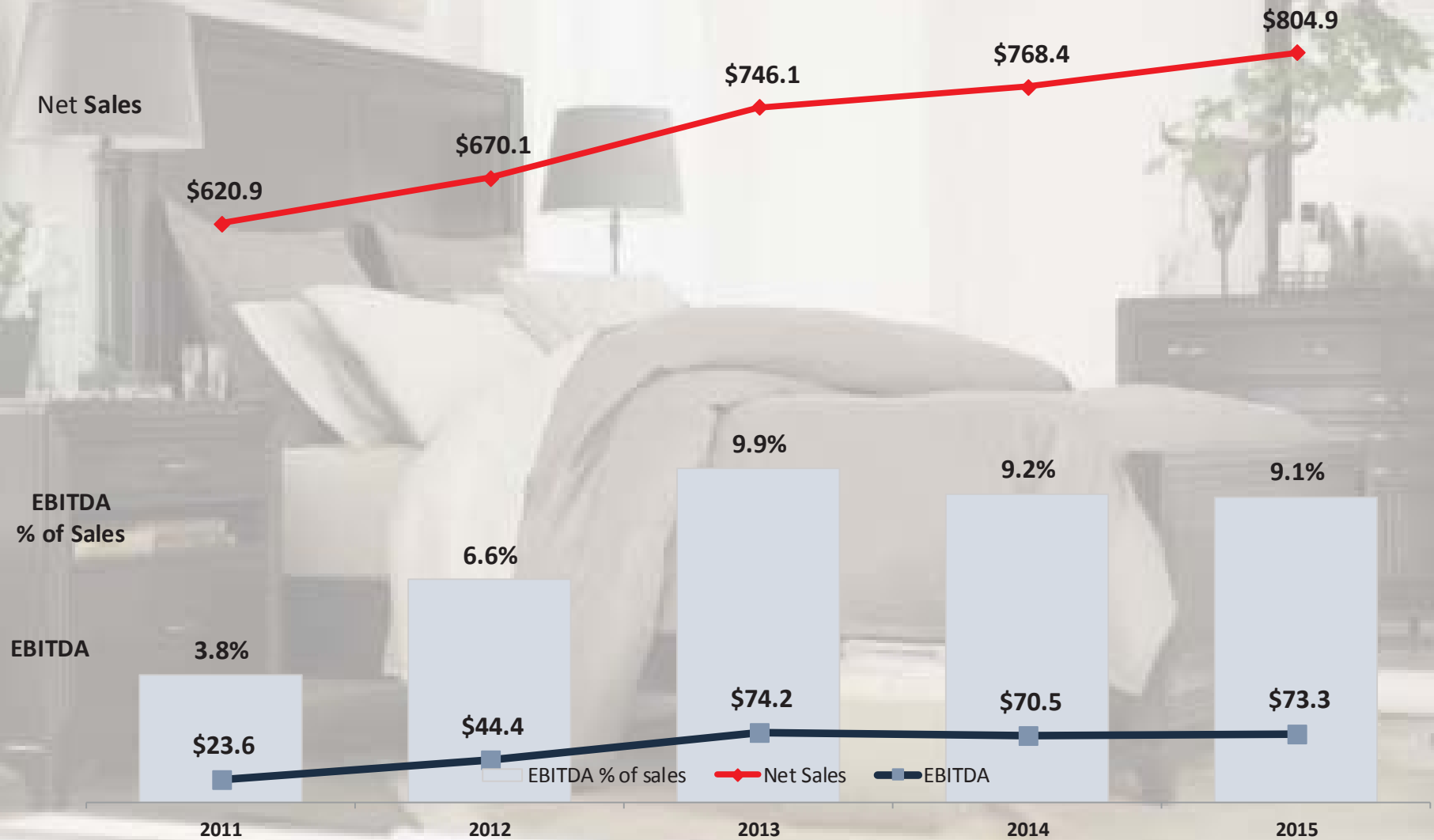
Sales & Pretax Earnings - Annual



EBITDA and Pretax Earnings



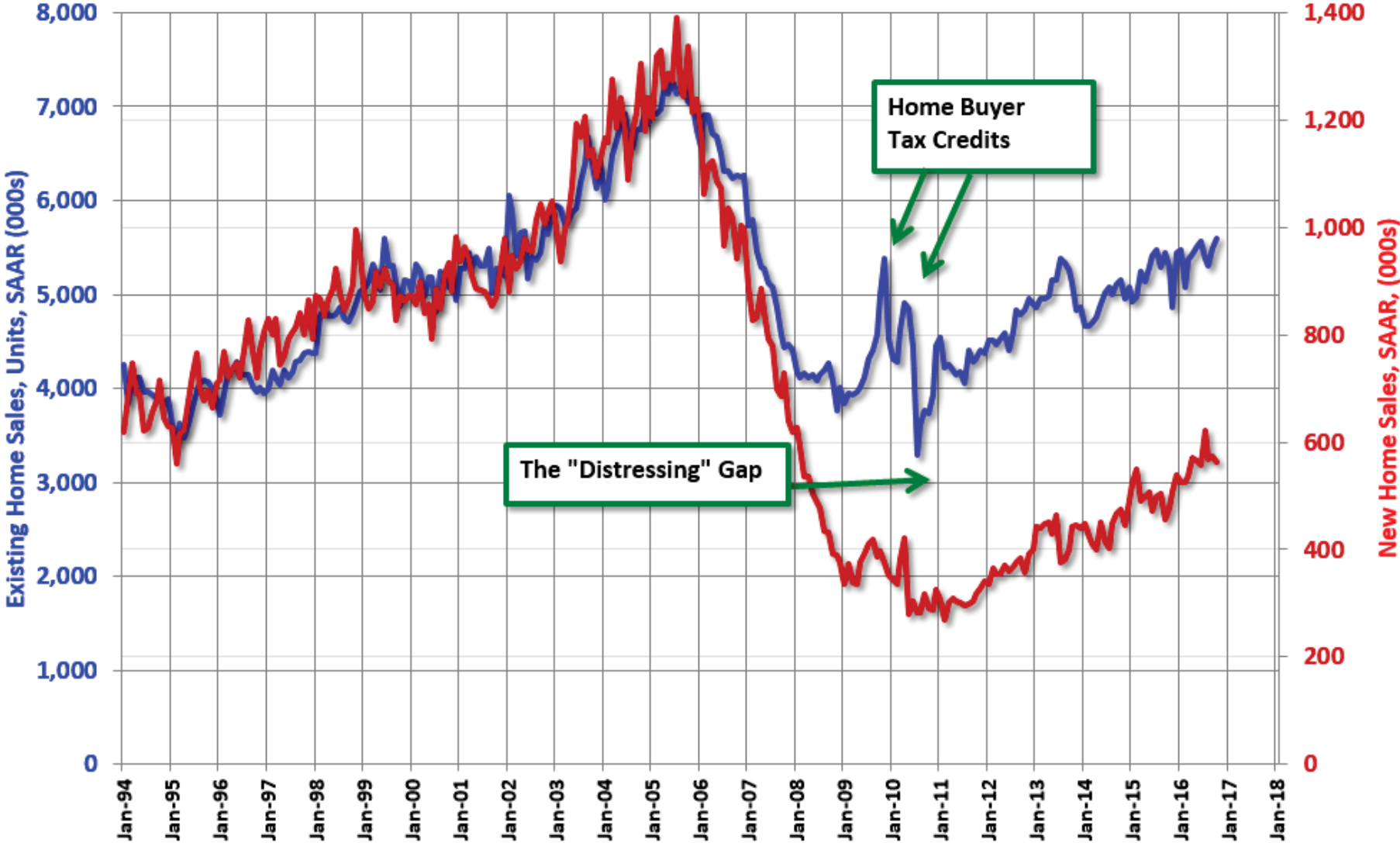
Net Sales and EBITDA



2014 adj. \$21.6 M for pension settlement expense

New and Existing Home Sales

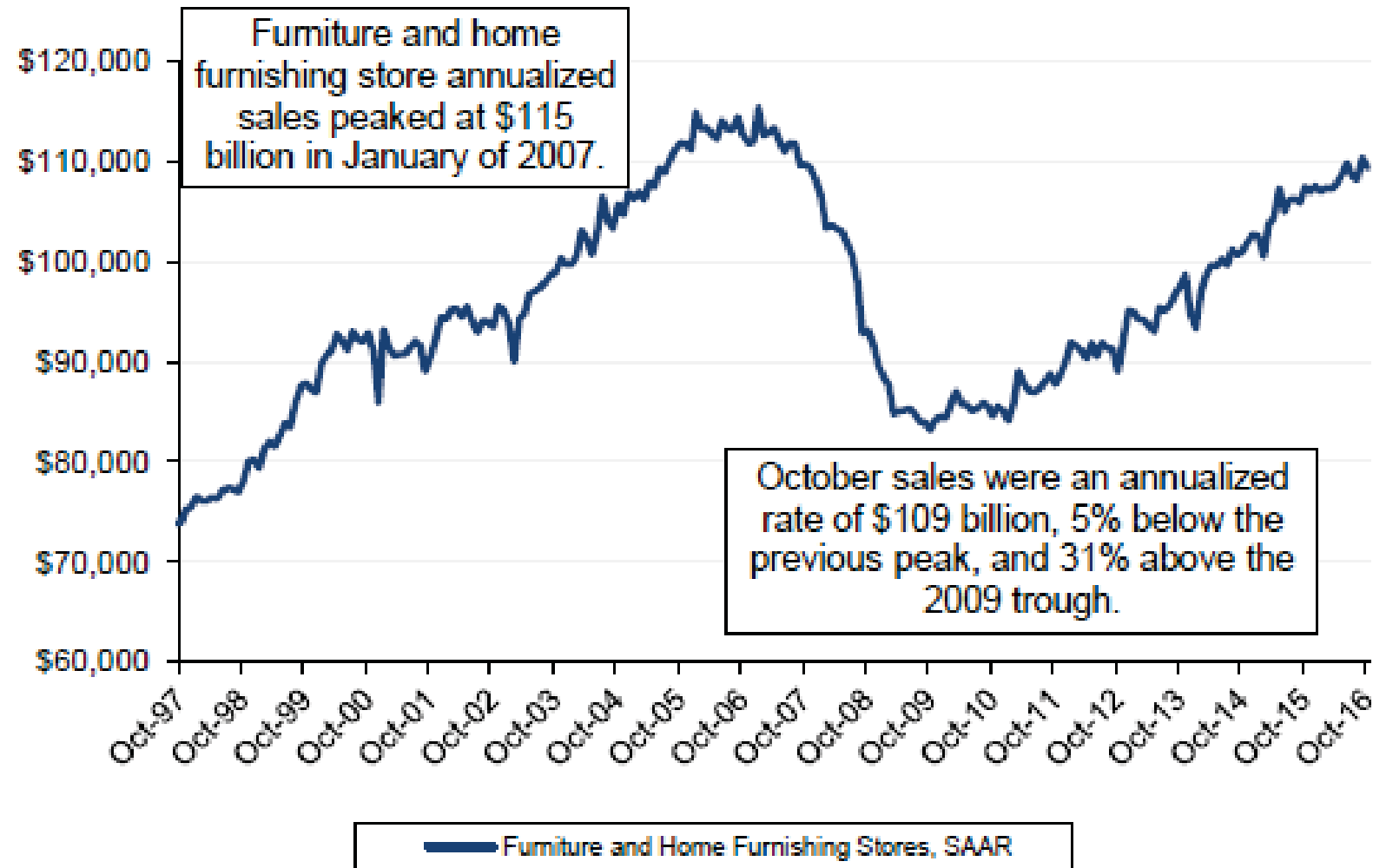
Existing Home Sales (left axis) New Home Sales (right axis)



<http://www.calculatedriskblog.com/>

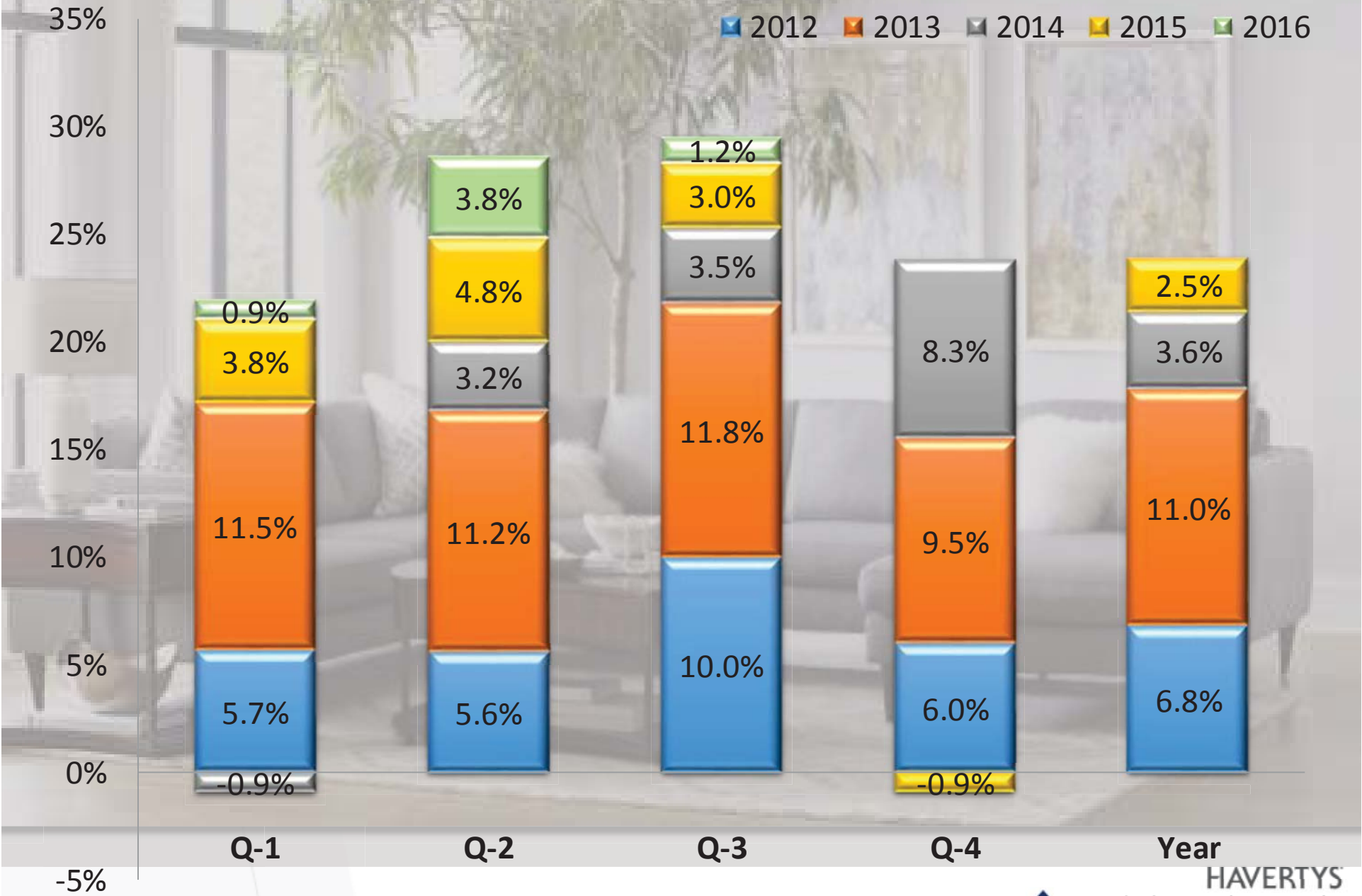
Furniture and Home Furnishings Retail Sales

Seasonally adjusted annual rate



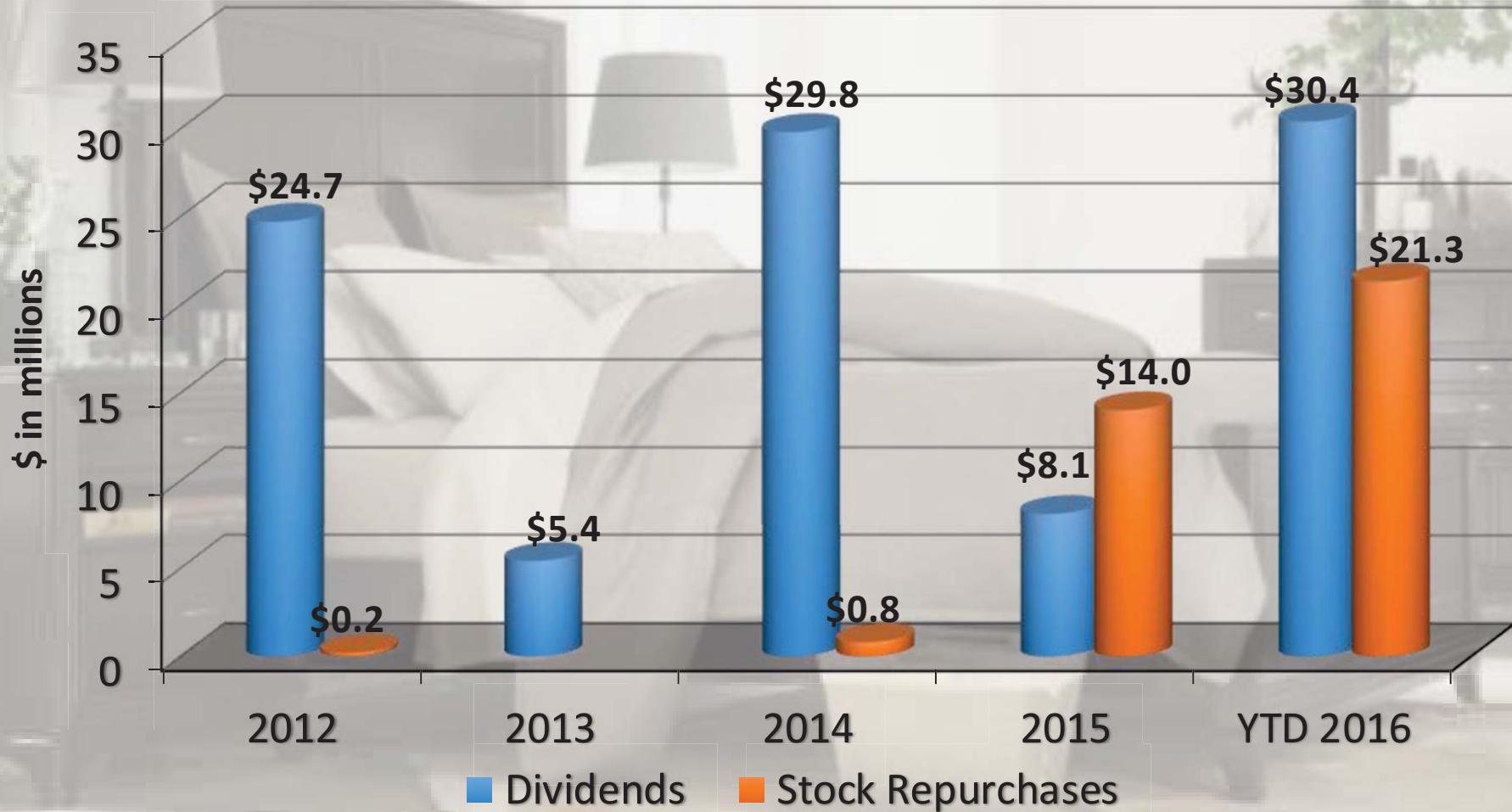
Source: *The Census Bureau and KeyBanc Capital Markets Inc.*

Comp Sales Growth : 5 Year Stack



Cash returned to shareholders

\$134.7 million 2012-2016



Capital Expenditures 2010 - 2016

21
stores

New Locations \$46,700,000

102
stores

Remodels/expansions \$44,700,000

Other improvements \$24,600,000

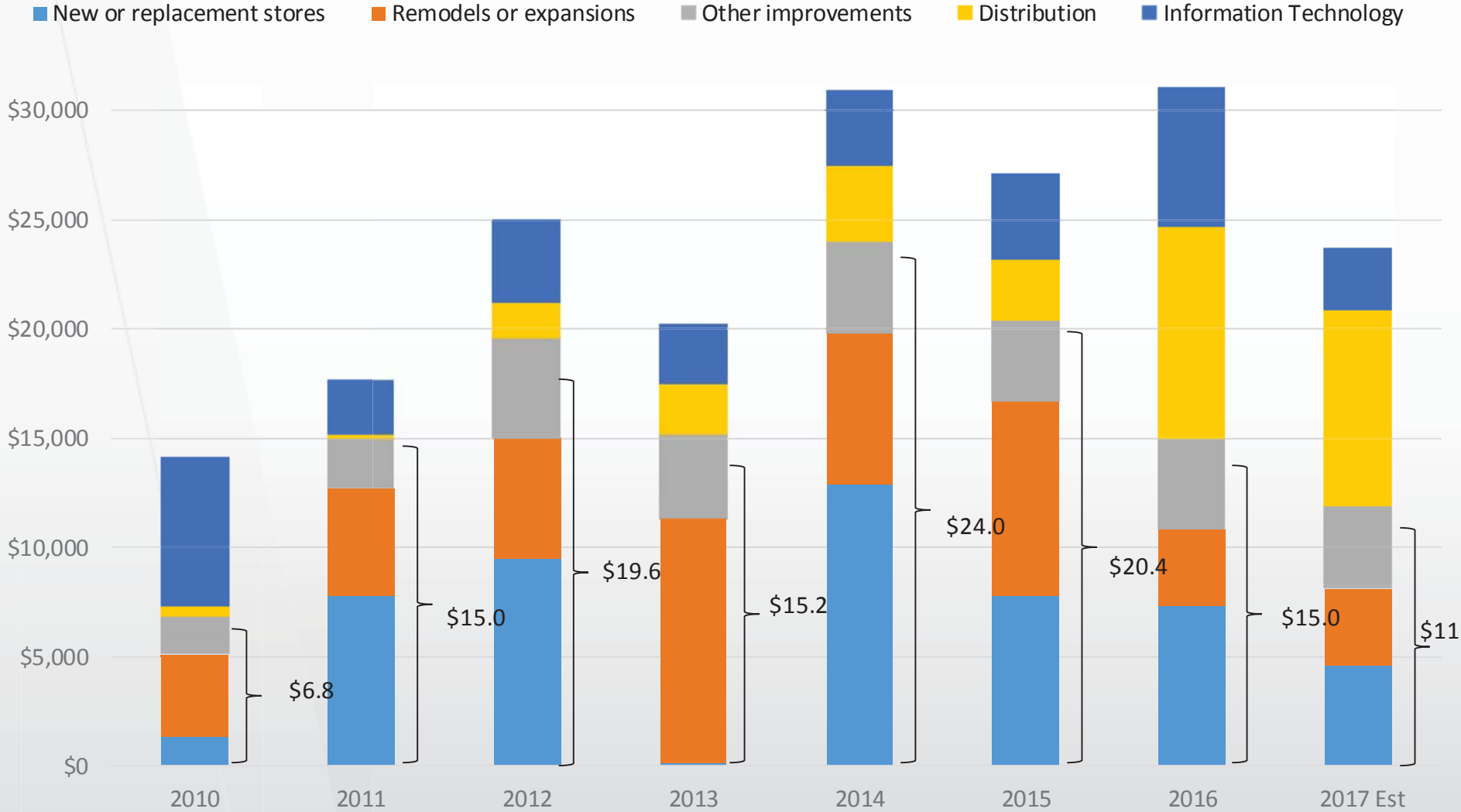
Total Stores \$116,000,000

Distribution \$20,600,000

Information Technology \$29,300,000

Total Cap Ex \$165,900,000

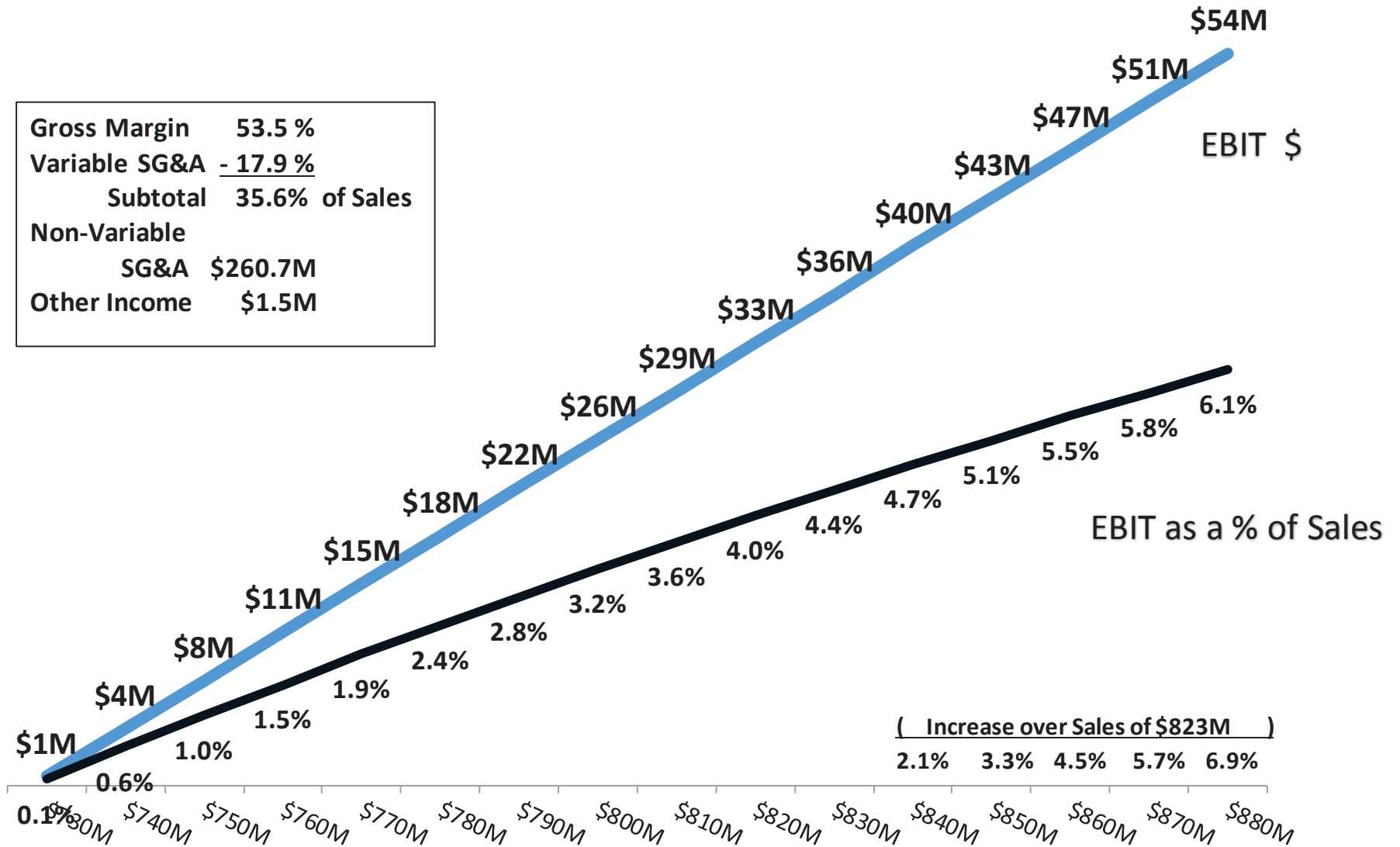
Capital Expenditures



New Stores* +1 +3 +4 - +5 +4 +4 +4
Net Stores -3 +1 +3 -3 - +2 +3 -
*includes replacement stores

Profitability Opportunity 2017

Gross Margin	53.5 %
Variable SG&A	- 17.9 %
Subtotal	35.6% of Sales
Non-Variable	
SG&A	\$260.7M
Other Income	\$1.5M







Provided as a visual of expected cost structure and is not a projection of future performance

HAVERTYS

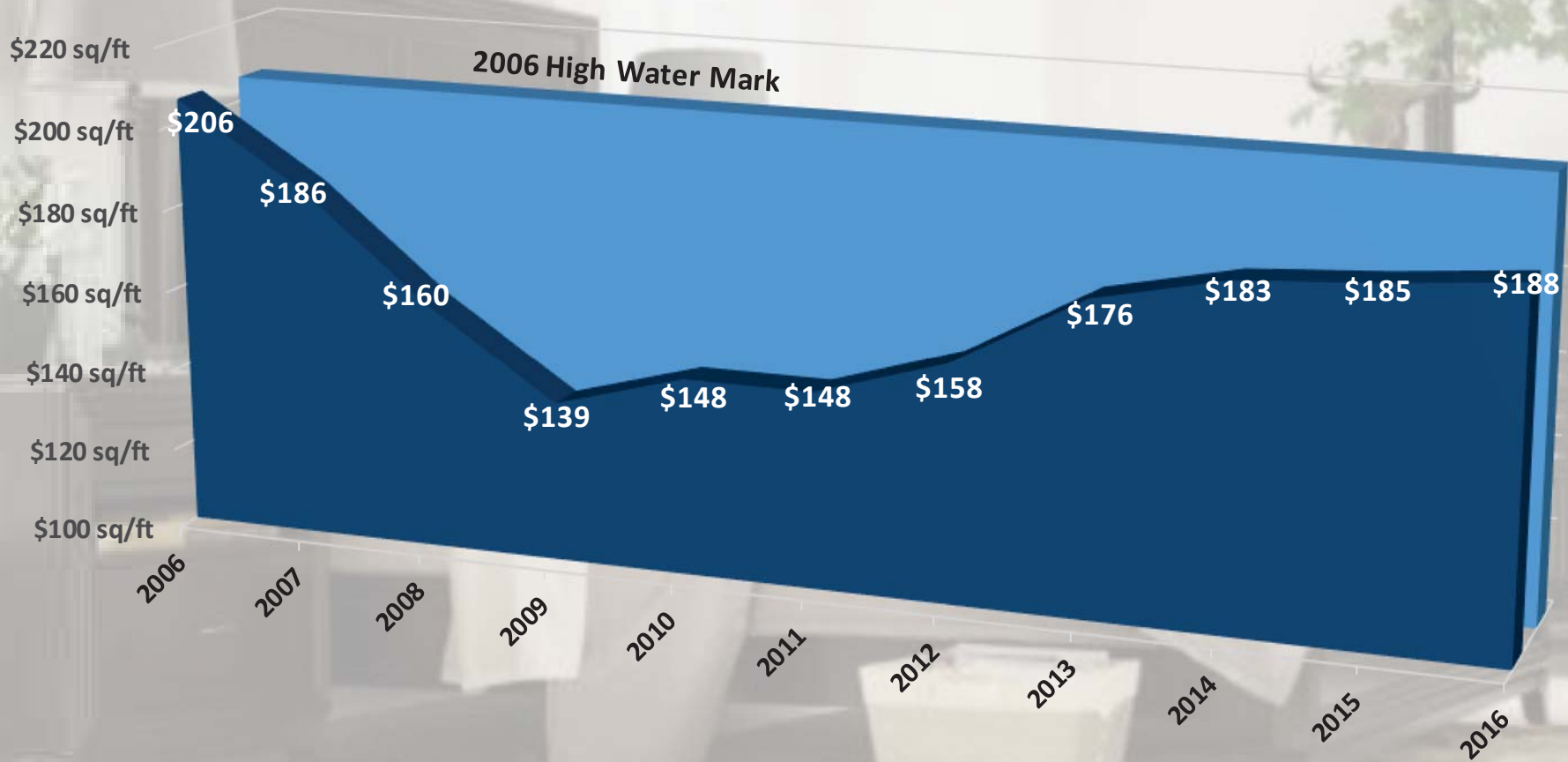
INVESTOR PRESENTATION

December 7, 2016

Financial improvements driven by strategic priorities

Financial Improvement	Strategic Priority	
Increase Sales per Square Foot	<ul style="list-style-type: none"> • Customer focus • On trend merchandise • Omnichannel engagement 	Sales / Sq. Foot 
Leverage Advertising	<ul style="list-style-type: none"> • Change mix • More efficient spend 	Advertising Expenses 
Driving higher gross margins	<ul style="list-style-type: none"> • Lower markdowns <ul style="list-style-type: none"> • Quality / Handling • Assortment rationalization • Sourcing 	Margins 
Reduce Capital Expenditures (Beyond 2017)	<ul style="list-style-type: none"> • Low store growth • No new DC's • Completed Bright Inspiration & Design Centers 	Cap Ex 

Sales per square foot



■ Annual Net Sales per Weighted Sq. Ft. ■ 2006 High Water Mark

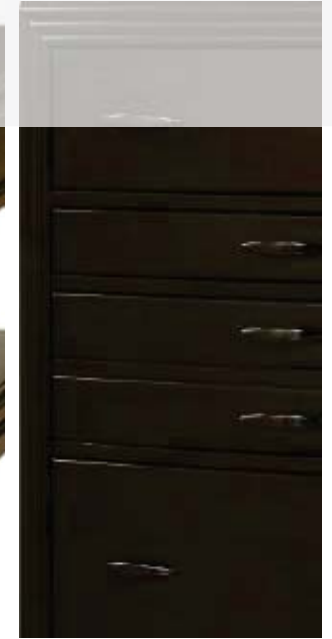
Key attributes of our target consumer



	Attributes
How she sees herself	<ul style="list-style-type: none">• Style-conscious, trend aware• Enjoys home décor & decorating for personal & social approval• Interested in career, financial, business & world news
Education and Information gathering	<ul style="list-style-type: none">• Seeks information from multiple sources – online & offline• Likes to be educated & entertained by advertising• Looks to social media for trends, opinions & ideas
Decorating Approach	<ul style="list-style-type: none">• Constantly refreshes her home• Pays attention to value but favors right item over right price

Product trends she expects to see

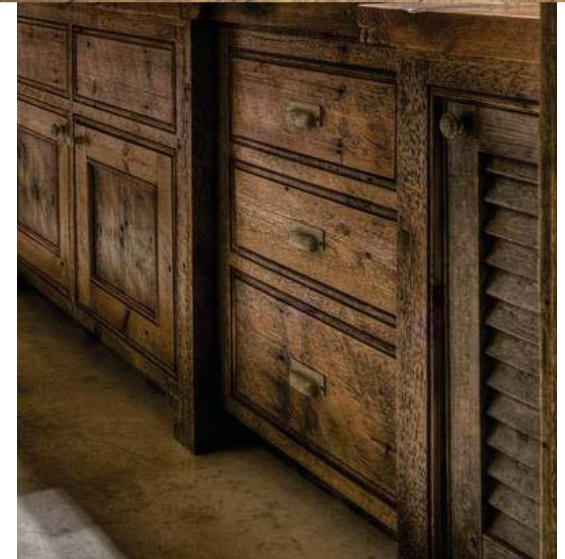
Sable finishes



Customers

Product trends she expects to see

Rustic woods



Customers

Product trends she expects to see

Romantic florals



Customers

Product trends she expects to see

Steel black




Customers


Product trends she expects to see

Brass and metal finishes



Customers

Sales /
Sq. Foot 

Margins 

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Margin expansion through product & services

- Continue to expand direct import program
- Increase margin on special order sales
- Continue to expand design program services

Strategic Sourcing



- Substantially all case goods are imported

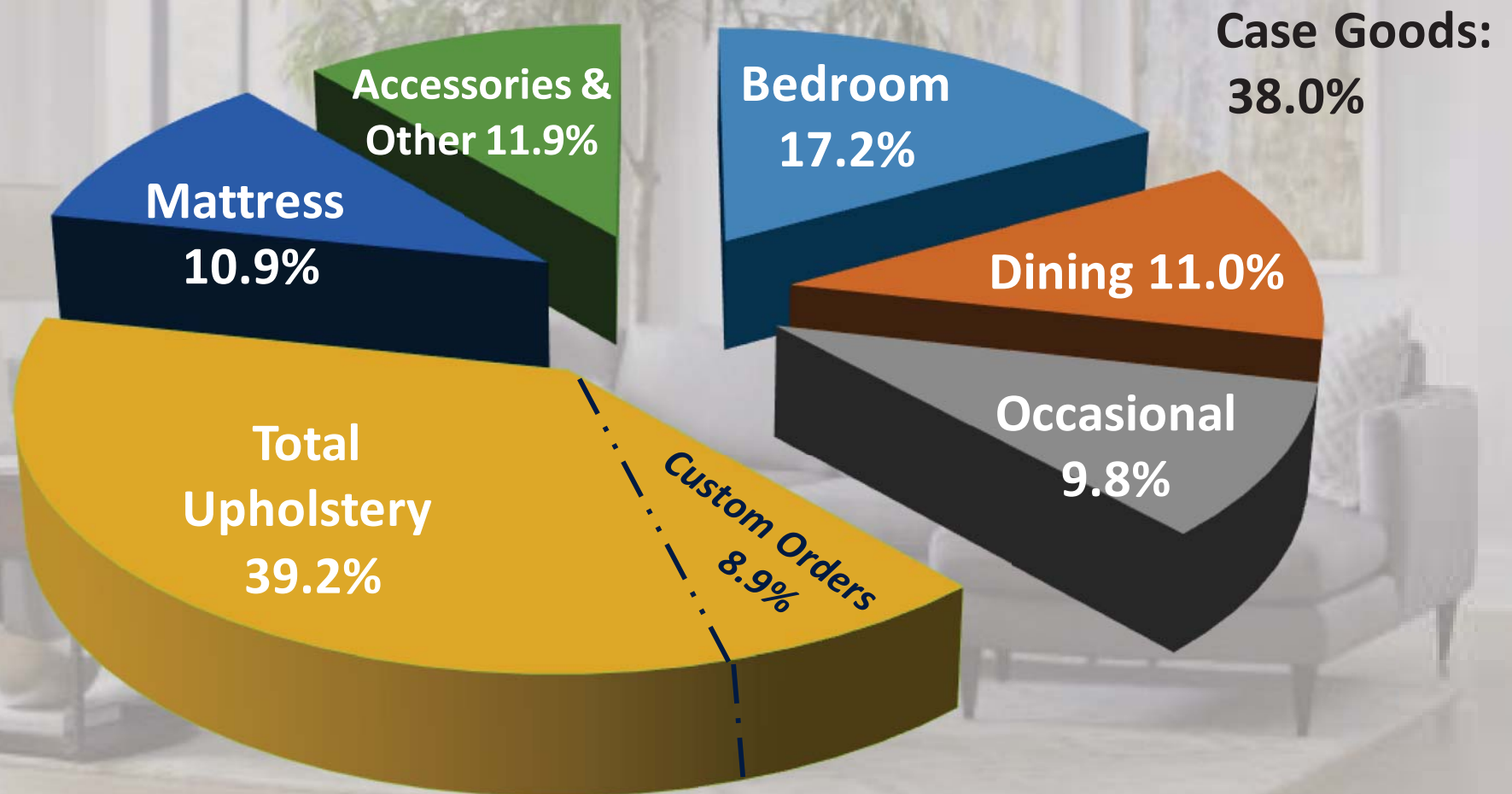
- Direct Imports - 27% of 2015 case goods sales

- Work with outside designers to develop collections

- Select factories

- Use dedicated quality control team to inspect product in factories

Revenues by Category - 2015

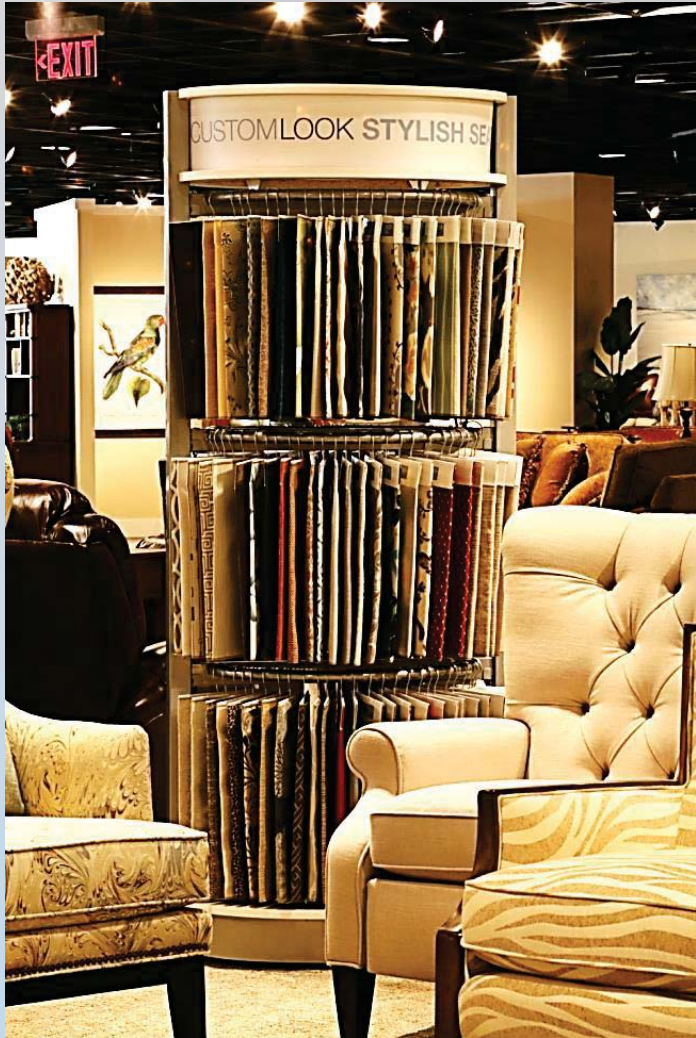


Merchandise

Average Ticket Initiatives

	- - - - Increase over prior year period - - - - -				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>9 mos</u> <u>2016</u>
Avg. Retail Selling Price/SKU	4.6%	3.9%	2.3%	2.4%	2.4%
Average Ticket*	7.8%	7.8%	2.9%	4.7%	2.2%
Custom and Special Orders*	21.2%	12.6%	15.5%	8.3%	5.0%

* Written



Custom Upholstery



+2300 FABRIC OPTIONS • MOST PIECES DELIVERED IN 6 WEEKS OR LESS

With countless upholstery options, frame styles and finishing details, it's easy to create a unique piece at an affordable price. Customize the fabric, legs, arms, back pillows and more. Order online or print your design to share with an associate at your local Havertys. Your custom piece will arrive at your door in as little as 6 weeks.

Choose a piece to personalize



Growth

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December 7, 2016

H Design: Free in-home service

- ❖ 2015 – 16.2% of sales
- ❖ H Designer sales ticket twice overall average
- ❖ In-home H Designer visit generates sales ticket 2 ½ times overall average
- ❖ Strongest in Florida and in major markets
- ❖ 120 designers at YE 2016



Growth

HAVERTYS

 All Departments

LIVING ROOMS BEDROOMS ACCESSORIES DINING ROOMS HOME OFFICES MEDIA ROOMS MATTRESSES RUGS OUTDOOR CLEARANCE INSPIRATION

the more the merrier

A COLTON FOR ANY SIZE SPACE



COLTON
AT SOFA
SHOP NOW ▶

COLTON
SECTIONAL
SHOP NOW ▶

get the look

from urban glam to coastal cottage, we'll show you how to recreate your favorite style



naturally neutral

[EXPLORE >](#)



modern-day hideaway

[EXPLORE >](#)



regal reprieve

[EXPLORE >](#)



casual contemporary

[EXPLORE >](#)



effortlessly elegant

[EXPLORE >](#)



cordially, classique

[EXPLORE >](#)

GET INSPIRED





80%

Research online before purchasing furniture

52%

Research online using a smartphone

72%

Recent Havertys.com mobile traffic (57% phone; 15% tablet)

Metrics from Forrester, 2016, Google Furniture study, 2016 & CoreMetrics

...and mobile


Welcome to Havertys [Cart \[0 items\]](#) [★ Wishlist \[0 items\]](#) [Track Orders](#) [Sign In](#) [Locate a Store](#) [f Like](#) 288k

[Cart](#) [Wishlist](#) [Track Orders](#) [Locate a Store](#) [Sign In](#)

HAVERTYS

Keyword or Item #

[LIVING ROOMS](#) [BEDROOMS](#) [DINING ROOMS](#) [MEDIA ROOMS](#) [OFFICES](#) [MATTRESSES](#) [ACCESSORIES](#) [RUGS](#) [SALE](#) [INSPIRATION](#)



Erin Sofa
★★★★☆ 120 Reviews

Our Erin sofa is a blend of comfort and style, with a casual attitude. The matching, ready-to-order pieces feature rolled arms and a skirted base. Sink into loose, down-blend back and seat cushions supported by a patented Comfort Flex spring unit for stability and strength. Our Erin sofa can be customized to fit your personal style. Choose track, rolled or English arms. Pick

[Read more](#)

78" 84" 92" 100" [Check Availability](#)
[Find in Store](#)
[Delivery Info](#)
[Add to Wishlist](#)

ADD TO CART \$1699.99
~~\$2299.99~~

92.0" W x 38.0" H x 40.0" D x 145.0 lbs.

ALTERNATE VIEWS [See More](#)


SHOWN IN: [Burlap](#)

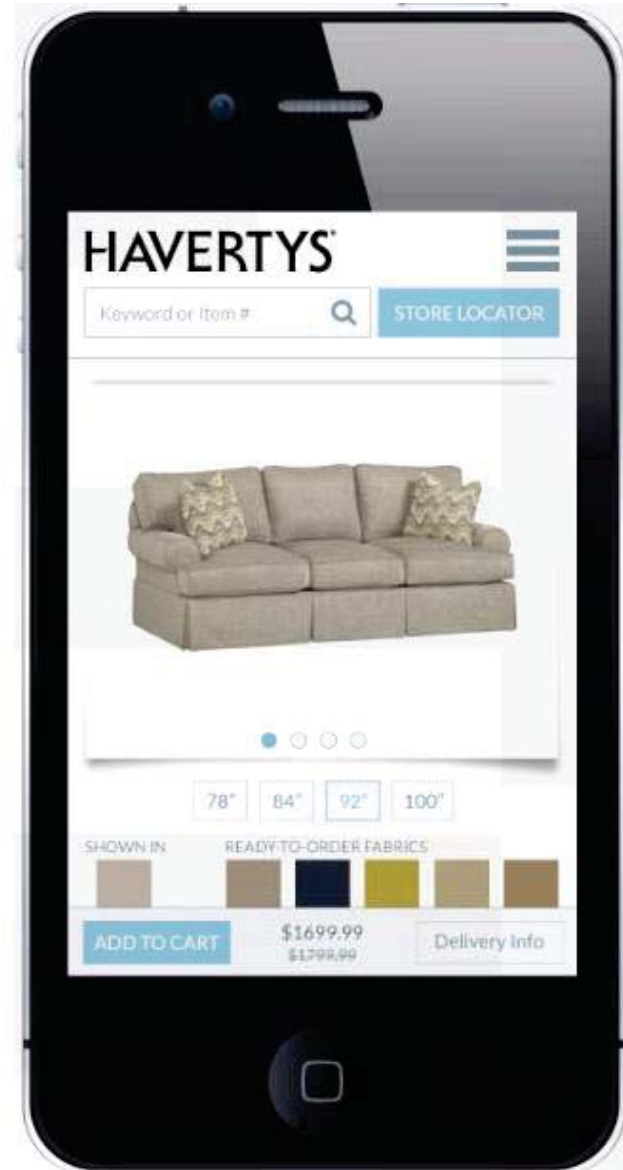
READY-TO-ORDER FABRICS

CUSTOMER CREATIONS [See More](#)

[customize me](#) Become the designer. With hundreds of options, it's easy to create a piece that's uniquely you at an affordable price.


SEE THE FULL ERIN COLLECTION [↓](#)





HAVERTYS

Keyword or Item # [STORE LOCATOR](#)



78" 84" 92" 100"

SHOWN IN: [Burlap](#)

READY-TO-ORDER FABRICS


ADD TO CART \$1699.99
~~\$2299.99~~ [Delivery Info](#)

Sign In Wish List Store Locator Track Orders Cart 0

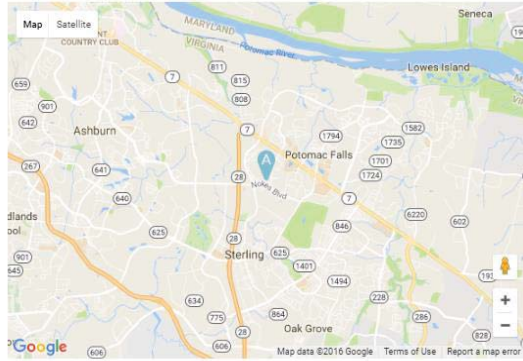
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LIVING ROOMS BEDROOMS ACCESSORIES DINING ROOMS HOME OFFICES MEDIA ROOMS MATTRESSES RUGS OUTDOOR CLEARANCE INSPIRATION

Search All Departments



Dulles



HAVERTYS FURNITURE
21085 Dulles Town Circle
Dulles, VA 20166
703-444-0944

10am - 9pm Mon - Sat
11AM - 6PM Sun

ABOUT THIS SHOWROOM
Stop by our Havertys Dulles Showroom and create the space of your dreams. Our store, located on Dulles Town Circle, is the ideal destination to discover all of your home furniture needs. At Havertys, we understand your goal of having a warm, inviting home - not just a house and we're committed to helping you realize that goal. We source and sell only the best furniture, making us a furniture store you can trust. From supple leather furniture to high-end hardwoods, you can be sure that Havertys uses the best materials available.

Visit us for an exclusive furniture sale or to customize one of our pieces to your own personal taste. With custom upholstery, frame shapes, and designer details, you can explore countless finishing options in-store and online. Collaborate with one of our interior design consultants via our free design service, H Design, to elevate your decor. From Presidents Day deals and Memorial Day savings to Labor Day furniture sales and holiday savings, we offer discounts on our home furnishings year round. Visit us today!

Local Pages

- Created at the state, city and store level
- Linked from search results
- Improve Havertys' online presence
- Over **10,500** visits/week to these pages since launching in June

Committed to continuous improvements to keep up with changing consumer behaviors and competitive environment

print

Putting the pieces in place to drive more personalized communications



digital



Reaching our consumers where they are while taking advantage of the cost savings

tv

mass media; mass reach



HAVERTYS

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Opportunities to further target Media Investment

	Details
Use data to continually optimize spend	<ul style="list-style-type: none">• Requires investment in ongoing measurement, sharing of sales data & external expertise
Create Market Level Media Plans	<ul style="list-style-type: none">• Allows for more efficient investment & unique media placements• In-depth analyses needed to supplement top level metrics
Continue to invest in New Mover Program	<ul style="list-style-type: none">• Initial Direct Marketing Results have been positive
Expand Social Media programs	<ul style="list-style-type: none">• Important tool to reach younger end of demo• Used to build brand & design expertise

What is Omnichannel?

The customer's experience of **frictionless shopping** and brand consistency

- Across devices
- Across channels
- At any point in the shopping journey



Key components of an omnichannel retailer (NRF)

Ability to research & shop consistently across channels

- Product information
- Product availability

Website and Mobile Optimized Experiences

- Fully responsive site
- 2D & 3D Planners
- Customization functionality

Shipping and Fulfillment Options

- Schedule delivery across store footprint
- Delivery confirmation at POP
- Self service

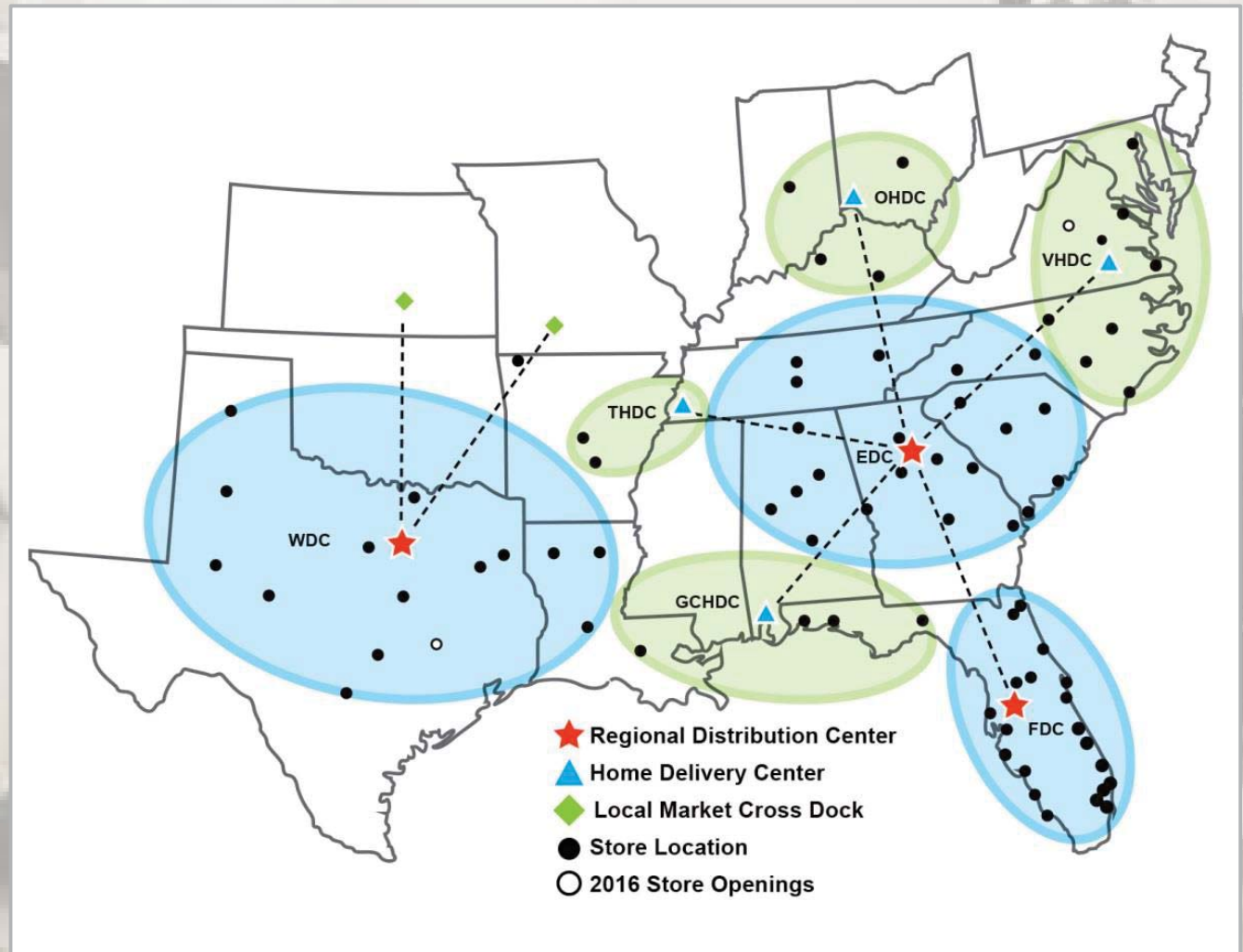
Customer Service Options

- FAQs & reviews
- Centralized customer service across channels

**HVT
Current
Capabilities**

Optimize Flow of Product

- 3 DC's in largest markets
- 4 cross dock facilities
- Expanded FDC
- Expanding WDC



Opportunity to enhance distribution & supply chain

Evaluate work flow and processes to streamline product flow

Strategic Priority	Approach	Goal
Process Engineer to assess product flow	<ul style="list-style-type: none">Optimize flow path within & across DC's	Improve productivity Reduce distribution costs
Quality	<ul style="list-style-type: none">New vendor focused teamEnhance internal product handling & exchanges	Improve customer satisfaction
Rationalize Assortment	<ul style="list-style-type: none">Merchandise drivenSimplifies inventory management	Drive reduced inventory and handling

Enhanced Quality Assurance at Havertys

New Root Cause Quality Management Program implemented in 2015

Quality Teams based in the U.S. and Asia

GOALS

1. Identify & eliminate potential problems before production
2. Identify root cause & quickly implement solutions

Supplement, not replace vendors Quality Control programs

Quality Program Initiatives

Identify & eliminate issues through **Root-Cause Analysis**

Expand **collaboration** between departments, DC's & vendors
(Quality Roundtable / day to day)

Clearly define **quality standards** across product types

Assure **regulatory compliance**
(CPSC; ASTM; Lacey Act; Conflict Minerals; etc.)



Cautionary Note on Forward-Looking Statements (Non-GAAP, Safe Harbor)

Today's presentation may include forward-looking statements. These statements represent the Company's belief regarding future events that, by their nature, are uncertain and outside of our control. 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, 2015.

This presentation refers to certain non-GAAP information which excludes the effects of pension settlement costs and certain other items recorded during the periods presented. Reconciliations of this non-GAAP information to the most directly comparable GAAP measure are available in our Form 10-K which is available in the Investor Relations portion of our website: havertys.com.

The statements in the presentation are current only as of its date, December 7, 2016.