

Bassett[®]



Bassett Furniture

NASDAQ: BSET

April 2019

Safe Harbor



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Introduction: Setting The Table

Established Brand	<ul style="list-style-type: none">• Leading manufacturer, retailer and wholesaler of high quality home furnishings• 116 years of crafting furniture for families
Growing Company	<ul style="list-style-type: none">• Ten consecutive years of annual sales growth• 7.6% 4-Year CAGR• Consolidated 2018 Sales: \$456.9M Operating Profit: \$14.1M
Market Opportunity	<ul style="list-style-type: none">• U.S. home furniture market expected to grow at a CAGR of 6.14% during the period 2017-2021*
Strong Balance Sheet	<ul style="list-style-type: none">• \$32.6M in cash and short-term investments at March 2, 2019

*Research and Markets: Home Furniture Markets in the US 2017-2021

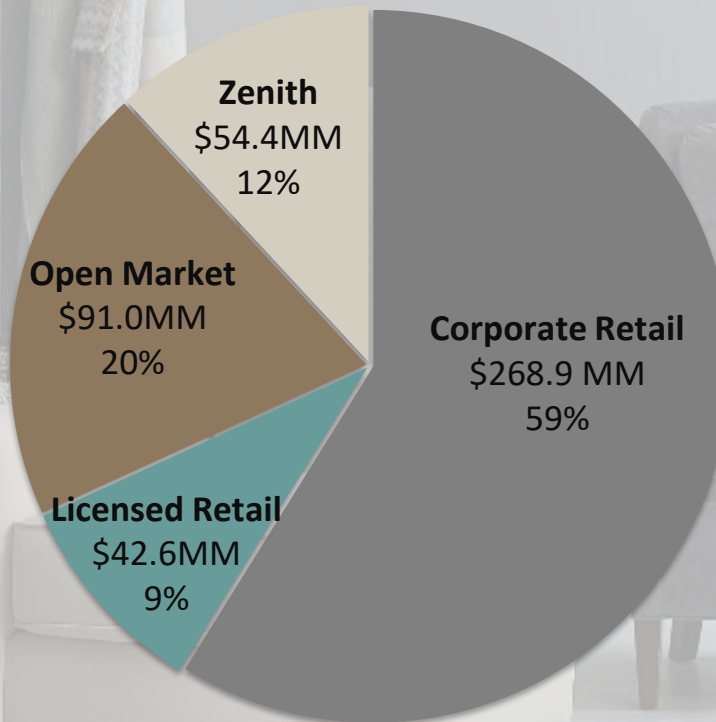
Today's Footprint

- Over 2,500 employees
- 5 U.S. manufacturing facilities
- 15 Regional wholesale distribution centers
- 70 Corporate stores
- 33 Licensed stores
- 600 Independent store accounts
- 500 Interior design accounts



Sources of Net Revenue

2018



\$456.9 Million

Points of Differentiation

- Well recognized brand
- Broad assortment of stylish products
- Extensive custom capabilities
 - 800 Fabrics and leathers
 - 50 Custom wood finishes
- Best-in-class service
- Multi-channel sales strategy
 - Bassett Home Furnishings Network
 - Corporate-owned stores
 - Licensee-owned stores
 - Traditional wholesale channel
 - HGTV HOME Design Studio
 - Club Level Pavilions
- Integrated marketing
- Financial strength



Strong Brand & Market Position

Luxury
Priced
\$\$\$\$

ETHAN ALLEN


RH
RESTORATION HARDWARE

ARHAUS[®]

Upper-Mid
Priced
\$\$\$

POTTERY BARN

Bassett[®]

Crate&Barrel

Mid
Priced
\$\$

L A  B O Y

west elm


HAVERTYS[®]

Entry
Priced
\$

 **ASHLEY[®]**
FURNITURE INDUSTRIES, INC.

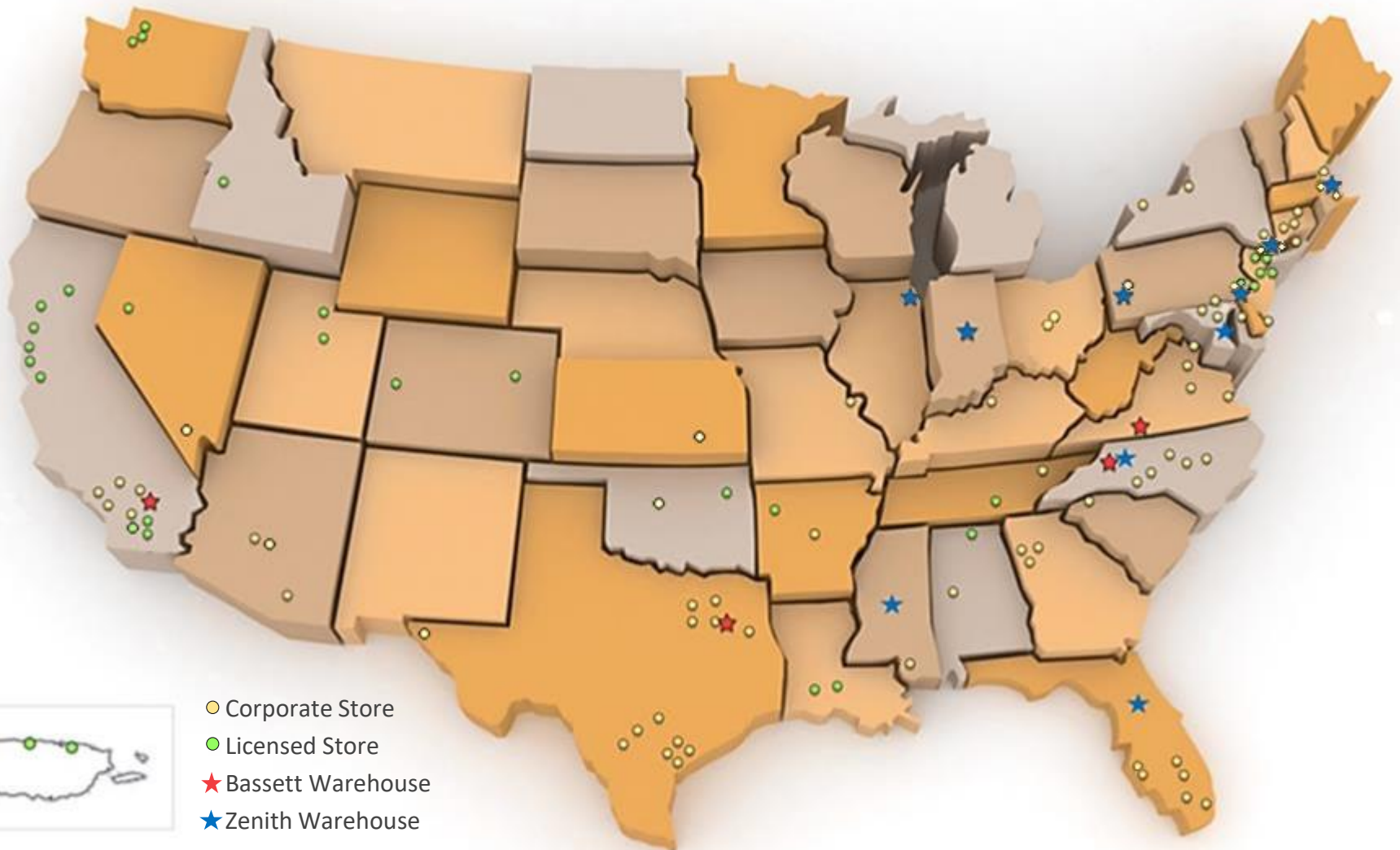
ROOMS
TO GO 



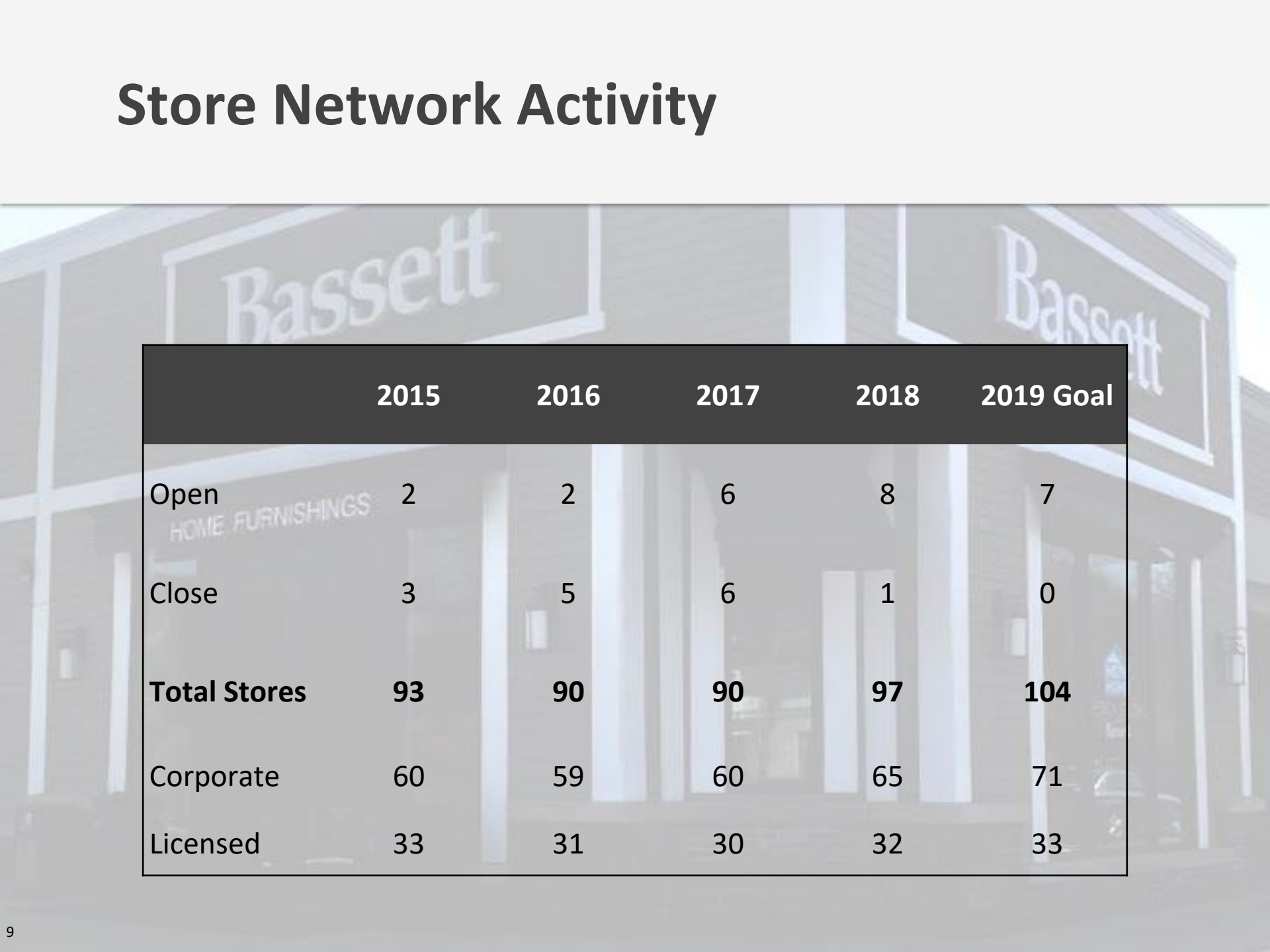
103 Store Locations

70 CORPORATE STORES – 23 STATES

33 LICENSED STORES – 13 STATES



Store Network Activity



	2015	2016	2017	2018	2019 Goal
Open	2	2	6	8	7
Close	3	5	6	1	0
Total Stores	93	90	90	97	104
Corporate	60	59	60	65	71
Licensed	33	31	30	32	33

Store Opening Economics

- Pre-opening costs:
 - \$200K to \$400K
- Total start-up expenses typically range from:
 - \$400K to \$600K
- Sale is recognized in income statement when product is delivered
- Deliveries take 2 to 3 months to ramp up



Enhancing Every Customer Touchpoint

- Generation 3 Store Prototype
 - Fusion of digital technology and bricks and mortar
 - Will provide for greater customer exploration while in store
 - Better showcases custom furniture and home makeover capabilities
 - First store opened in September
- Digital experience
 - Enhancing customer journey from initial order to final delivery through on-line order tracking and enhanced text and e-mail notifications
- Centralizing retail customer care in local call center
 - Removing much of the customer service burden from store personnel to allow for more focus on selling
 - Standardizes customer return and allowance process



Target Customer

- Women ages 35-55
- Household income \$140,000K per year
- Customer seeking full home decorating assistance or just individual item for the home



Perfecting The Makeover Experience

- ~40% of sales involve a home visit or “Makeover”
- Over 500 skilled designers
- Rigorously trained to provide design expertise
- Results in higher average sale + return customer experience



Accessories Emphasis

Lamps



Accents



Chandeliers



Rugs



Mirrors

Integrated Marketing



Television



Direct Mail

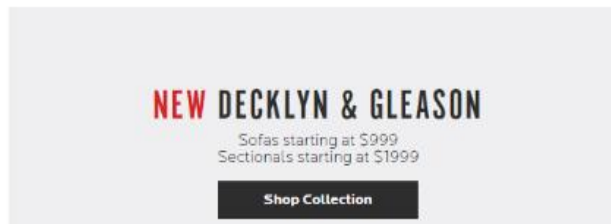
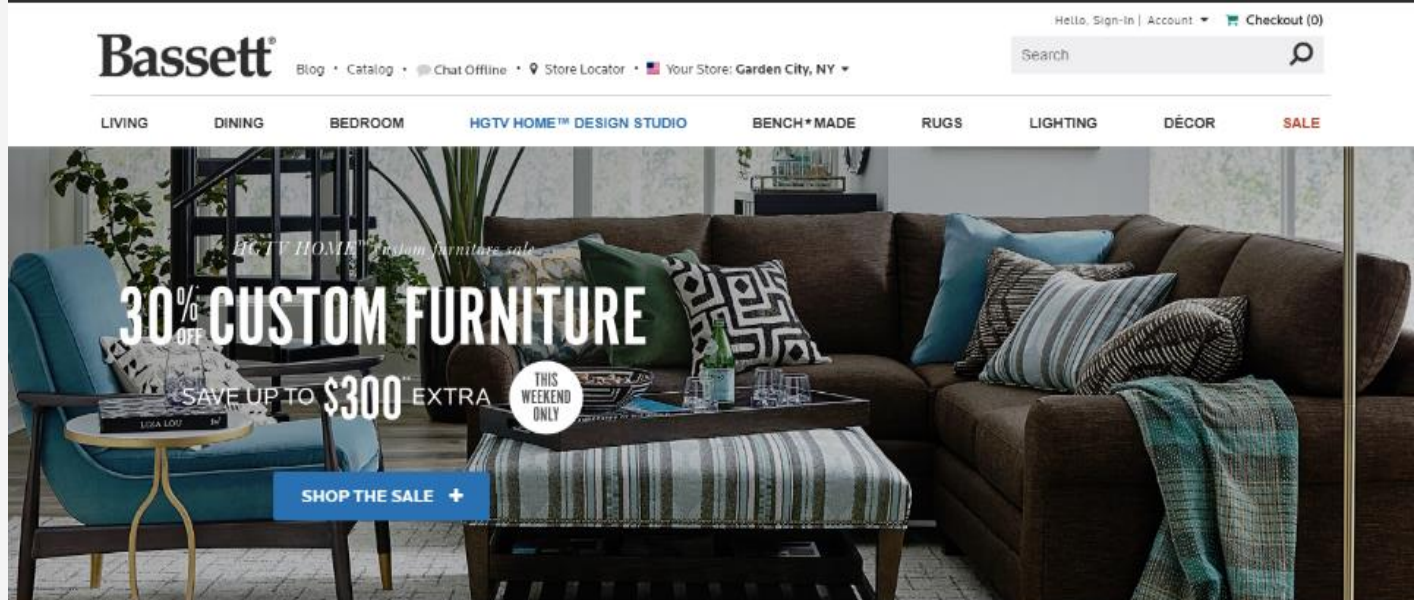
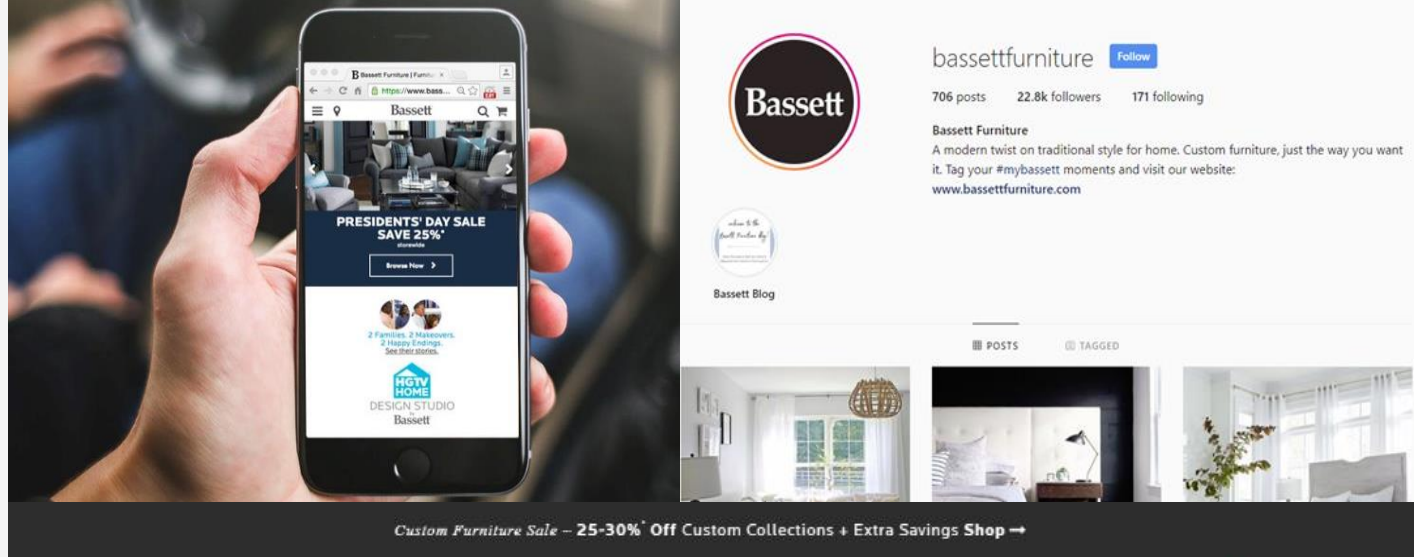


Website/Digital

Connecting with customers via multiple platforms

Website/ Digital

- Website is the gateway to the brand
 - Over 80% of customers research on-line before visiting store
 - Investing in more fresh digital imagery to educate and inspire the consumer
 - Provide tools to allow consumer to explore the brand
- Elevate digital brand awareness through heightened social media outreach, search engine optimization, targeted e-mail campaigns and geo-fencing
- Enhance in-store collaboration with 3-D room planning capabilities



Bassett Custom Upholstery

- Largest product category representing 25% of total wholesale sales
- Total program revamp debuted January 1, 2019
- Developing a robust interactive web component
- Degree of customization possible is competitive advantage
- All built in factories in North Carolina and Texas within 2 weeks of order



Bassett Custom Wood

- Casual custom dining assembled and finished in factory in Virginia with 2 weeks of order
- Table tops can be wood, copper, stone or glass
- 7 base options with 6 leg styles
- Multiple seating options that can be either wood or upholstered



Bassett Custom Wood

BENCH★MADE

- Line of solid maple and oak dining, bedroom and occasional furniture
- All components are cut and fabricated in the USA
- Hand finished and assembled by artisans in a factory in Bassett, Va





- Successfully launched in Spring 2018
- Capitalizing on recent shift towards mid-century modern styling
- Helping propel Bassett Case Goods performance



Traditional Wholesale Channel

- Focused on the traditional multi-line furniture retailer in locations where there are no Bassett Home Furnishings stores
- Network of over 30 independent sales reps
- Sold through:
 - HGTV Home Design Studios
 - Club Level Pavilions
 - Design trade
- Represents \$90 million in wholesale sales



QUALITY IN MOTION
CLUB LEVEL™
BY BASSETT®

- Introduced in July 2017
- Motion furniture is one of the fastest growing categories in home furnishings
- Club Level program offers:
 - 17 top grain leather options
 - Fashion-forward styling
 - Powered headrests, extended footrests and lay flat motion
 - Quick availability to retailers



Lane Venture

- Premium outdoor furniture manufacturer
 - Outdoor industry growing 4-5% annually
 - Appeals to consumers looking to “furnish” outdoor space
 - Brand is marketed through independent retailers
- Acquired in late 2017
- 2018 was building year; positioned for improved performance in 2019 and beyond
- Plan to introduce Bassett Outdoor program in 2020 for the stores



Industry Leading Logistics

- Zenith logistics division provides over-the-road trucking and product warehousing primarily for the furniture industry
- Derives approximately 35% of its revenues from Bassett
- Integral to Bassett's operations and speed to home proposition



Looking Ahead

- Gauge impact of Generation 3 prototype and develop strategy to rollout elements to existing stores
- Complement existing home makeover business with more robust transactional business at sharper price points with faster delivery promise
- Improve customer experience from inspiration to delivery
- Return 40-60% of net income to shareholders thru dividends and share repurchase



Financial Overview



Consolidated 3-Year Financial Results

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net Sales	\$ 456.9	\$ 452.5	\$ 432.0
Income from Operations	\$ 14.1	\$ 27.0	\$ 28.2
	3.1%	6.0%	6.5%
Net Income	\$ 8.2	\$ 18.3	\$ 15.8
EPS	\$ 0.77	\$ 1.70	\$ 1.46
Adjusted Net Income	\$ 10.1	\$ 15.8	\$ 15.7
Adjusted EPS	\$ 0.95	\$ 1.47	\$ 1.44

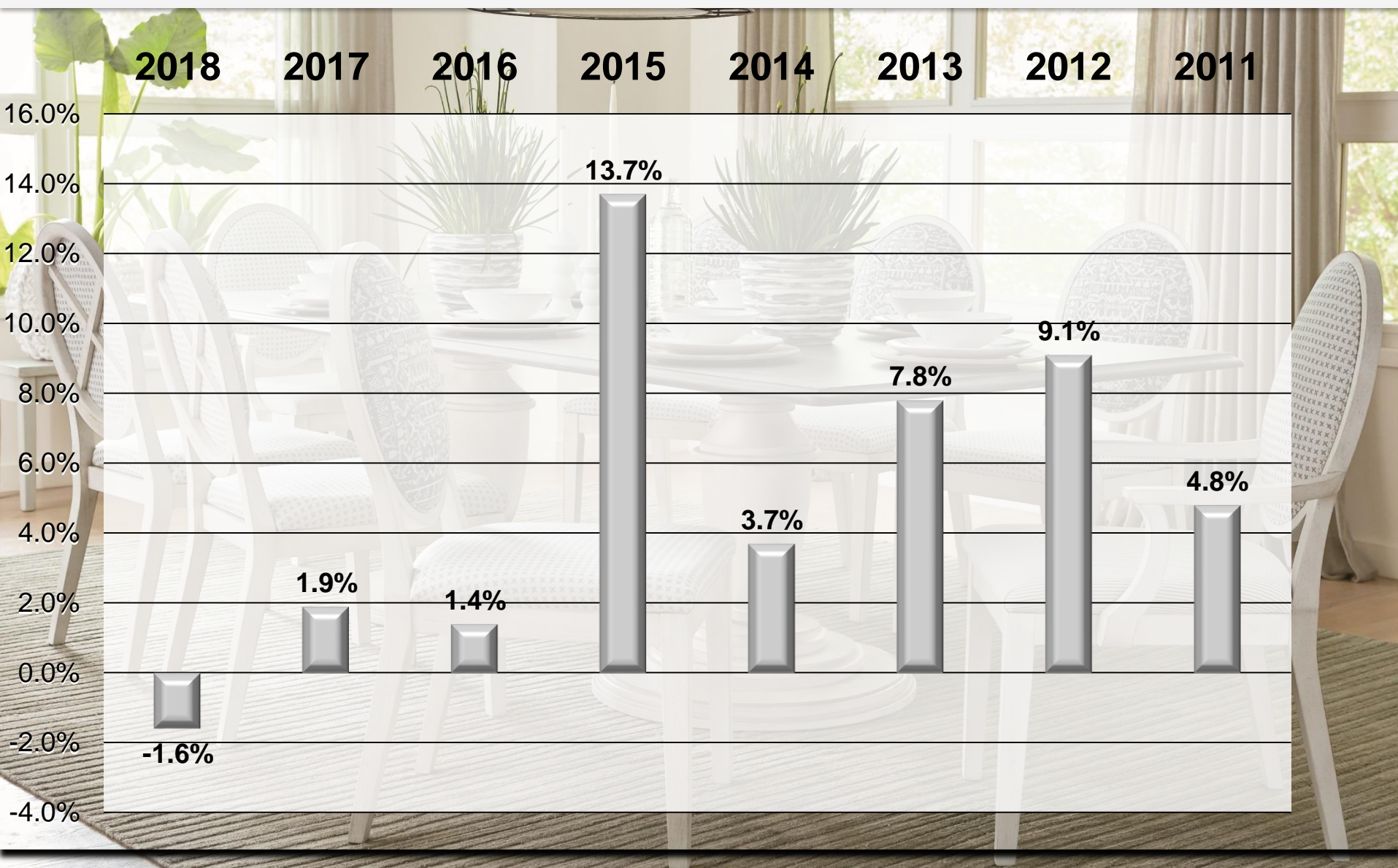
Corporate Retail 3-Year Financial Results

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net Sales	\$ 268.9	\$ 268.3	\$ 254.7
Income from Operations	\$ (0.3)	\$ 3.5	\$ 4.3
	(0.1%)	1.3%	1.7%
Comp Store Sales Increases	(1.6%)	1.9%	1.4%
New Store Opening Losses	\$ 3.7	\$ 3.4	\$ 1.6

Balance Sheet Highlights

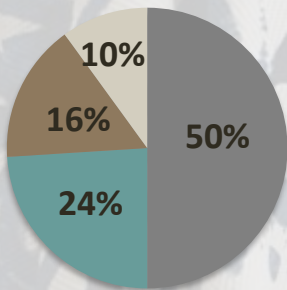
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash & Investments	\$ 56.1	\$ 77.1	\$ 58.3	\$ 59.4
Total Debt	\$ 0.3	\$ 3.7	\$ 7.1	\$ 13.8
Stockholder Equity	\$ 190.3	\$ 191.5	\$ 180.7	\$ 177.4

Comparable Store Sales

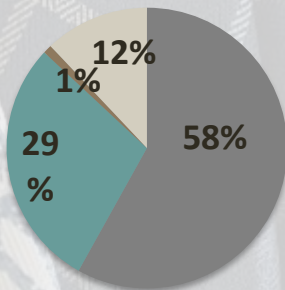


Capital Allocation

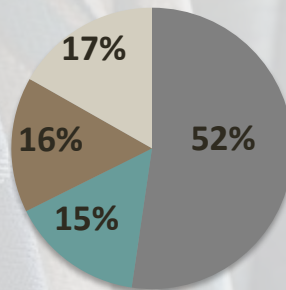
2018



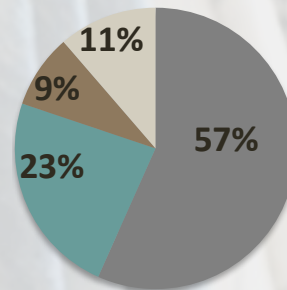
2017



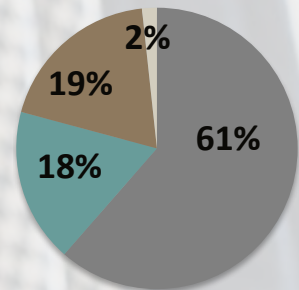
2016



2015



2014



	2018	2017	2016	2015	2014
Cap Ex	\$18.3	\$15.5	\$21.5	\$14.0	\$18.0
Dividends	\$8.8	\$7.7	\$6.3	\$5.8	\$5.2
Share Repurchase	\$5.9	\$0.1	\$6.4	\$2.1	\$5.6
Debt Repayments	\$3.5	\$3.5	\$6.9	\$2.8	\$0.5
Total Capital Spent	\$36.5	\$26.8	\$41.1	\$24.7	\$29.3

- Capital Expenditures
- Dividends
- Share Repurchase
- Debt Repayments



Gen 3 Prototype: New Design Center Layout



Gen 3 Prototype: New Casual Custom Dining Fixture



Gen 3 Prototype: New Touchscreen Kiosk for Exploration



Thank You.