



## La-Z-Boy Acquires U.K. Licensee and Nine La-Z-Boy Furniture Galleries® Stores in the U.S.

11/15/16

MONROE, Mich., Nov. 15, 2016 (GLOBE NEWSWIRE) -- La-Z-Boy Incorporated (NYSE:LZB) today announced it signed an agreement to acquire the license for the La-Z-Boy brand in the United Kingdom and Ireland from Furnico Ltd., which has been La-Z-Boy's sales and distribution partner in the market for the past eight years. Annual wholesale revenue for this business is approximately \$42 million, based on current exchange rates. Due to the licensing agreement in place today, La-Z-Boy Incorporated already captures approximately half of the sales volume. The agreement will be effective January 1, 2017, and its results will be reported in the company's upholstery segment. The existing Furnico business outside of the La-Z-Boy license will continue with its normal operations.

The company also announced it acquired nine La-Z-Boy Furniture Galleries® stores from an independent dealer on November 1, 2016, with annual retail volume of approximately \$35 million. The stores are located in the northeastern Pennsylvania market, with seven in the state, one in Dover, NJ and one in Middletown, NY. The transaction is a result of a planned retirement of the independent dealer and the mutually agreed-upon decision that selling the stores to La-Z-Boy Incorporated would be in the best interest of their employees while providing for the greatest stability and continuity of the business. The stores will become part of La-Z-Boy's retail segment.

Kurt L. Darrow, Chairman, President and Chief Executive Officer, of La-Z-Boy Incorporated, said, "These two businesses represent approximately \$77 million in annual sales volume. Because we were already recording a portion of this volume in our wholesale upholstery segment, these two transactions will contribute approximately \$41 million of incremental sales volume, based on current exchange rates, to consolidated sales on an annual basis. While we continue to steadily build the La-Z-Boy brand throughout the U.S. and Canada through our 4-4-5 store growth strategy, we are identifying opportunities to monetize the brand's value outside North America and expect there to be additional opportunities in other markets in the future."

Based in Maidenhead, England, La-Z-Boy U.K., Ltd. will be led by Keith Wilson, who until recently was with Calligaris, serving as Director for its U.K. and Ireland business. He will work closely with Jeff Lillich, the head of La-Z-Boy's Europe, Middle East and Africa business. A team will be recruited to support the growth of the business and its existing customers.

Doug Collier, Senior Vice President, Chief Marketing Officer and President International, of La-Z-Boy Incorporated, said, "Furnico has done an amazing job in growing the business and we intend to further enhance our position in the market by making investments in the brand and our digital presence. We thank David Winter, Paul Riding and the rest of the Furnico team for the outstanding work they have done, and look forward to a great future for the business."

Darrow added, "As we continue to build our company-owned retail business with new La-Z-Boy Furniture Galleries® stores, it is also growing through acquisitions of stores from retiring independent dealers. The nine stores acquired are profitable, will be quickly integrated into our retail segment and be accretive. I would like to take the opportunity to thank Alyssa and Frank Hager, who opened their first store in Wilkes-Barre, PA, in 1997. They have been great partners, steadily building their business throughout their almost 20-year tenure, and we wish them all the best in their much-deserved retirement. As the company-owned retail segment grows, we are further able to capitalize on the combined wholesale/retail margin associated with our integrated retail strategy, which continues to deliver results."

### **Forward-looking Information**

This news release contains, and oral statements made from time to time by representatives of La-Z-Boy may contain, forward-looking statements. With respect to all forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Actual results could differ materially from those we anticipate or project due to a number of factors, including: (a) changes in consumer confidence and demographics; (b) the possibility of a recession; (c) changes in the real estate and credit markets and their effects on our customers, consumers and suppliers; (d) international political unrest, terrorism or war; (e) volatility in energy and other commodities prices; (f) the impact of logistics on imports and exports; (g) interest rate and currency exchange rate changes; (h) operating factors, such as supply, labor or distribution disruptions (e.g., port strikes); (i) changes in the domestic or international regulatory environment; (j) adoption of new accounting principles; (k) severe weather or other natural events such as hurricanes, earthquakes, flooding, tornadoes and tsunamis; (l) our ability to procure fabric rolls and leather hides or cut-and-sewn fabric and leather sets domestically or abroad; (m) information technology conversions or system failures and our ability to recover from a system failure; (n) effects of our brand awareness and marketing programs; (o) the discovery of defects in our products resulting in delays in manufacturing, recall campaigns, reputational damage, or increased warranty costs; (p) litigation arising out of alleged defects in our products; (q) unusual or significant litigation; (r) our ability to locate new La-Z-Boy Furniture Galleries® stores (or store owners) and negotiate favorable lease terms for new or existing locations; (s) the results of our restructuring actions; (t) the impact of potential goodwill or intangible asset impairments; and (u) those matters discussed in Item 1A of our fiscal 2016 Annual Report on Form 10-K and other factors identified from time-to-time in our reports filed with the Securities and Exchange Commission. We undertake no obligation to update or revise any forward-looking statements, whether to reflect new information or new developments or for any other reason.

### **Additional Information**

This news release is just one part of La-Z-Boy's financial disclosures and should be read in conjunction with other information filed with the Securities and Exchange Commission, which is available at: <http://investors.la-z-boy.com/phoenix.zhtml?c=92596&p=irol-sec>. Investors and others wishing to be notified of future La-Z-Boy news releases, SEC filings and quarterly investor conference calls may sign up at: <http://investors.la-z-boy.com/phoenix.zhtml?c=92596&p=irol-alerts&t=&id=&>.

## **Background Information**

La-Z-Boy Incorporated is one of the world's leading residential furniture producers, marketing furniture for every room of the home. The La-Z-Boy Upholstery segment companies are England and La-Z-Boy. The Casegoods segment consists of three brands: American Drew, Hammary, and Kincaid. The company-owned Retail segment includes 132 of the 343 La-Z-Boy Furniture Galleries® stores.

The corporation's branded distribution network is dedicated to selling La-Z-Boy Incorporated products and brands, and includes 343 stand-alone La-Z-Boy Furniture Galleries® stores and 553 independent Comfort Studio® locations, in addition to in-store gallery programs for the company's Kincaid and England operating units. Additional information is available at <http://www.la-z-boy.com/>.

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La-Z-Boy Incorporated