Haverty Furniture Companies Inc (HVT)

Updated May 9th, 2025 by Nathan Parsh

Key Metrics

Current Price:	$19.39	**5 Year CAGR Estimate:**	9.6%	**Market Cap:**	$313 M
Fair Value Price:	$18.20	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date:**	05/23/25
% Fair Value:	107%	**5 Year Valuation Multiple Estimate:**	-1.3%	**Dividend Payment Date:**	06/13/25
Dividend Yield:	6.6%	**5 Year Price Target**	$23	**Years Of Dividend Growth:**	11
Dividend Risk Score:	F	**Sector:**	Consumer Discretionary	**Rating:**	Hold

Overview & Current Events

Haverty Furniture Companies was founded in 1885 in Atlanta, GA by J.J. Haverty. Since then, the company has grown to more than 120 stores in 16 U.S. states. Haverty is a specialized retailer of residential furniture and accessories. The company's products are used throughout the home, including in living rooms, bedrooms, dining rooms, office, and outdoor spaces. The company generates annual revenue of ~$750 million.

On April 30th, 2025, Haverty reported first quarter earnings results for the period ending March 31st, 2025. For the quarter, revenue decreased 1.3% to $181.6 million, which topped estimates by $3.8 million. GAAP earnings-per-share of $0.23 compared favorably to $0.14 in the prior year and was $0.11 more than expected.

Comparable sales for the quarter declined 4.8% while gross margins for Q1 expanded 90 basis points to 61.2%. SG&A expenses represented 59% of sales versus 59.4% last year. Haverty ended the period with $118.3 million in cash and equivalents. The company has no outstanding debt and credit availability of $80 million.

We expect that Haverty will earn $1.30 in 2025, down from $1.44 previously. This would represent an increase of 9.2% from last year's result.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.23	$1.30	$0.98	$1.42	$1.08	$3.15	$4.91	$5.26	$3.36	$1.19	***$1.30***	***$1.66***
DPS	$0.36	$0.44	$0.54	$0.72	$0.76	$0.77	$0.97	$1.09	$1.18	$1.26	***$1.28***	***$1.63***
Shares[1]	23	22	22	21	20	19	19	17	17	16	***16***	***15***

Haverty has struggled over the long-term to grow its earnings-per-share, with results often oscillating between growth and declines. Over the last decade, EPS has declined 0.4% annually. This loss accelerates to -14.5% when looking at just the last five years. The company does have a leadership position in a multitude of categories that should lead to future growth. We believe earnings growth will be close to 5% annually for the medium-term, down from 8% previously. Applying this growth rate to our EPS estimates for this year results in 2030 earnings-per-share estimate of $1.66. Also contributing to results will be a declining share count as Haverty has reduced the float by 4% annually since 2015.

Haverty has increased its dividend for 11 consecutive years, with the company providing pretty aggressive dividend raises for much of this time period. The dividend has a CAGR of 14.9% and 10.7% since 2015 and 2020, respectively. The company has also issued a sizeable special dividend in four out of the last five years. These are not included in our base dividend amounts, but would add meaningfully to annual results if they were to continue.

We note that the payout ratio for 2024 was above 100% and this year's projected payout ratio is also elevated. This could indicate a slowing in the dividend growth or even a potential cut if the business is not able to return to growth. For now, base dividends are projected to grow at the same 5% rate as EPS.

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[1] In millions of shares.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	17.4	18.2	23.1	13.2	18.7	8.8	6.2	5.7	10.6	18.7	***14.9***	***14.0***
Avg. Yld.	1.7%	1.9%	2.4%	3.8%	3.8%	2.8%	3.2%	3.7%	3.3%	5.7%	***6.6%***	***7.0%***

Shares of Haverty have declined 9.8%, since our March 4th, 2025 report. The stock has a 10-year average price-to-earnings (P/E) ratio of 14.1, but this includes several years of either very high or very low figures. We believe that 14 times earnings-per-share represent fair value for the stock. Currently, Haverty trades with a P/E of 14.9. Reverting to our target multiple by 2030 would reduce annual returns by 1.3% over this period.

Even excluding the special dividends, Haverty has often paid a market beating yield. Today, the yield is more than twice its long-term average of 3.2%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	29%	34%	55%	51%	70%	24%	20%	21%	35%	106%	***98%***	***98%***

Haverty is the rare company in its industry not encumbered by a heavy debt burden as the company has no outstanding debt obligations. This positions the company well and protects it from the negative impacts of higher interest rates. Haverty benefits from a solid footprint, allowing it to reach its customers in a variety of locations.

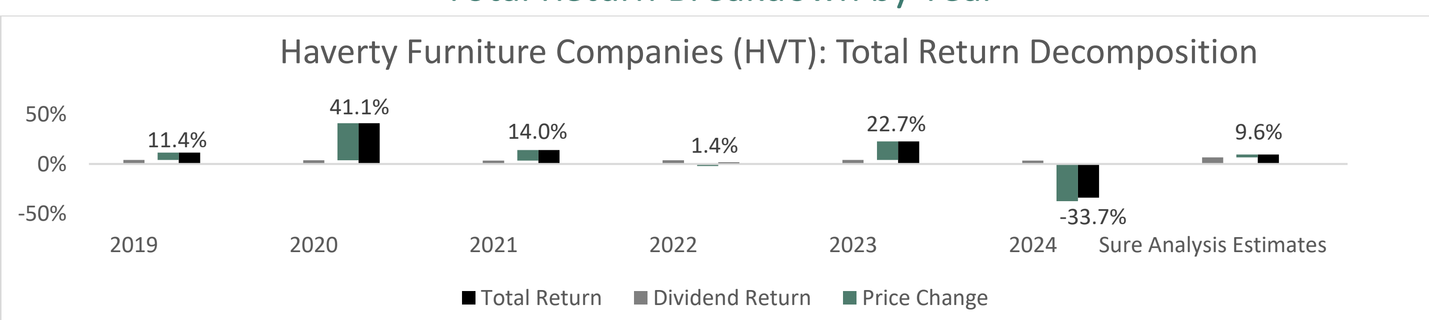
The company is not immune to recessions as Haverty had a negative earnings-per-share in both 2008 and 2009 as it dealt with the worst of the financial crisis. Haverty did return to growth the following year. The company performed much better during and after the Covid-19 pandemic as earnings-per-share set new records in 2020 through 2022. We believe that the company would see another decline in EPS during the next economic downturn as consumers tighten their budgets.

Haverty's expected dividend payout ratio for this year is approaching 100%, which would normally be a warning sign that the dividend could be at risk for being cut. However, Haverty has an average payout ratio of 45% for the 2015 to 2024 period, indicating that the dividend is typically well covered. With no debt on the balance sheet, Haverty can prioritize continuing to make its payments until earnings growth returns.

Final Thoughts & Recommendation

After first quarter earnings results, Haverty is expected to offer a total annual return of 9.6% through 2030, down slightly from 9.0% previously. Our projected return stems from a 5% earnings growth rate and a starting yield of 6.6% that are partially offset by a low single-digit headwind from multiple contraction. Haverty has struggled during weaker periods, but the company has a vast network of stores, a generous yield, and a pristine balance sheet. We have lowered our five-year price target $3 to $23 for Haverty and we continue to rate the stock as a hold due to projected returns and a weak dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	805	822	820	818	802	748	1,013	1,047	862	723
Gross Profit	431	443	445	447	434	419	575	604	523	439
Gross Margin	53.5%	54.0%	54.3%	54.6%	54.2%	56.0%	56.7%	57.7%	60.7%	60.7%
SG&A Exp.	385	399	403	405	407	377	456	486	456	419
D&A Exp.	26	29	31	30	21	18	16	17	19	22
Operating Profit	46	44	42	42	27	42	118	118	67	20
Operating Margin	5.7%	5.3%	5.1%	5.1%	3.4%	5.6%	11.7%	11.3%	7.8%	2.7%
Net Profit	28	28	21	30	22	59	91	89	56	20
Net Margin	3.5%	3.5%	2.6%	3.7%	2.7%	7.9%	9.0%	8.5%	6.5%	2.8%
Free Cash Flow	25	30	28	49	47	119	63	23	44	27
Income Tax	17	17	22	10	7	18	28	30	16	6

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	471	455	461	440	560	680	686	649	654	649
Cash & Equivalents	71	63	79	72	76	200	166	123	121	120
Acc. Receivable	6	4	2	2						
Inventories	109	102	103	106	105	90	112	118	94	83
Total Liabilities	170	173	167	166	300	427	430	360	346	341
Accounts Payable	28	26	21	20	28	31	31	23	19	15
Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Total Equity	302	282	294	275	261	253	256	289	308	308
LTD/E Ratio	-	-	-	-	-	-	-	-	-	-

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	6.0%	6.1%	4.6%	6.7%	4.4%	9.5%	13.3%	13.4%	8.6%	3.1%
Return on Equity	9.4%	9.7%	7.3%	10.7%	8.2%	23.0%	35.7%	32.8%	18.8%	6.5%
ROIC	9.4%	9.7%	7.3%	10.7%	8.2%	23.0%	35.7%	32.8%	18.8%	6.5%
Shares Out.	23	22	22	21	20	19	19	17	17	16
Revenue/Share	35.30	37.61	37.96	38.40	39.60	39.52	54.62	61.46	51.40	43.11
FCF/Share	1.10	1.38	1.30	2.30	2.30	6.30	3.41	1.33	2.63	1.60

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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