



Hooker Furnishings Corp. (HOFT)

Updated December 11th, 2025, by Aristofanis Papadatos

Key Metrics

Current Price:	\$9.20	5 Year CAGR Estimate:	10.0%	Market Cap:	\$97 M
Fair Value Price:	\$3.1	5 Year Growth Estimate:	32.0%	Ex-Dividend Date:	12/21/25
% Fair Value:	294%	5 Year Valuation Multiple Estimate:	-19.4%	Dividend Payment Date:	12/31/25
Dividend Yield:	5.0%	5 Year Price Target	\$12.5	Years Of Dividend Growth:	0
Dividend Risk Score:	F	Sector:	Consumer Discretionary	Rating:	Sell

Overview & Current Events

Hooker Furnishings is a designer, marketer and importer of casegoods (wooden and metal furniture), leather furniture, fabric-upholstered furniture, lighting, accessories and home décor for residential, hospitality and contract markets. The company also domestically manufactures premium residential custom leather and fabric-upholstered furniture. Hooker Furnishings is the largest supplier of casegoods and upholstery in the U.S. and has access to more than 75% of all retail furniture distribution. It was founded in 1924, it is headquartered in Martinsville, Virginia, and currently trades with a market capitalization of \$97 million.

In mid-December, Hooker Furnishings reported (12/11/25) financial results for the third quarter of fiscal 2026 (the fiscal year of the company ends at the end of January 2026). Net sales decreased -14% over the prior year's quarter due to weak demand, as existing home sales remained below pre-pandemic levels. The combination of high interest rates and high home prices has been exerting pressure on the business of Home Furnishings over the last two years. Despite cost savings, the company switched from a profit per share of \$0.03 to a loss-per-share of -\$1.18 and missed the analysts' consensus by \$1.04. The company has missed the analysts' estimates for 8 consecutive quarters. Management cut the dividend by 50% in order to preserve cash amid a prolonged downturn. Due to the massive earnings miss, we have lowered our forecast for earnings-per-share in fiscal 2026 from \$0.25 to -\$0.50.

Management attributed the weak performance to persistently challenging business conditions, such as weak new home sales and sticky inflation. We note that the company has reported weak sales and earnings in each of the last 10 quarters. The stock has plunged -45% in the last 12 months due to exceptionally weak results.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$1.49	\$2.18	\$2.42	\$3.38	\$1.44	-\$0.88	\$0.97	\$1.10	\$0.91	-\$0.77	-\$0.50	\$1.00
DPS	\$0.40	\$0.42	\$0.50	\$0.57	\$0.61	\$0.66	\$0.74	\$0.82	\$0.89	\$0.92	\$0.46	\$0.46
Shares¹	10.8	11.6	11.7	11.8	11.8	11.8	12.0	11.2	10.7	10.5	10.5	10.0

Hooker Furnishings has exhibited a remarkably volatile business performance and has failed to grow its earnings over the last decade. The company grew its earnings consistently until 2020 but it was then severely hurt by the coronavirus crisis. When that crisis subsided, Hooker Furnishings partly recovered but it was then hit by the surge of inflation, which led the Fed to raise interest rates to a 23-year high. High home prices and high interest rates, which reduce the demand for new houses, have formed a strong headwind to the business of Hooker Furnishings.

We expect Hooker Furnishings to partly recover in the upcoming years. Inflation is likely to moderate and the Fed is likely to reduce interest rates in the upcoming years. If this proves correct, demand for new houses is likely to strengthen. As a result, Hooker Furnishings is likely to enjoy a recovery of its sales and its earnings in the upcoming years. On the other hand, it is prudent to be somewhat conservative in growth expectations, given the volatility of this business. Overall, we expect 32.0% average annual growth of earnings-per-share over the next five years vs. the 5-year average earnings-per-share of \$0.25 of the company.

¹ In millions.

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	16.3	12.6	17.1	11.1	17.1	---	32.3	15.7	21.8	---	36.8	12.5
Avg. Yld.	1.6%	1.5%	1.2%	1.5%	2.5%	2.8%	2.4%	4.7%	4.5%	5.7%	5.0%	3.7%

Excluding the years in which depressed earnings resulted in abnormally high price-to-earnings ratios, Hooker Furnishings has traded at an average price-to-earnings ratio of 15.0 over the last decade. Due to the choppy performance record of the company and the strong headwinds facing its business, we assume a fair price-to-earnings ratio of 12.5. The stock is currently trading at 36.8 times its “normal” (5-year average) earnings-per-share. If the stock trades at its fair valuation level in five years, it will incur a -19.4% annualized drag in its returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	27%	19%	21%	17%	42%	---	76%	75%	98%	---	184%	46%

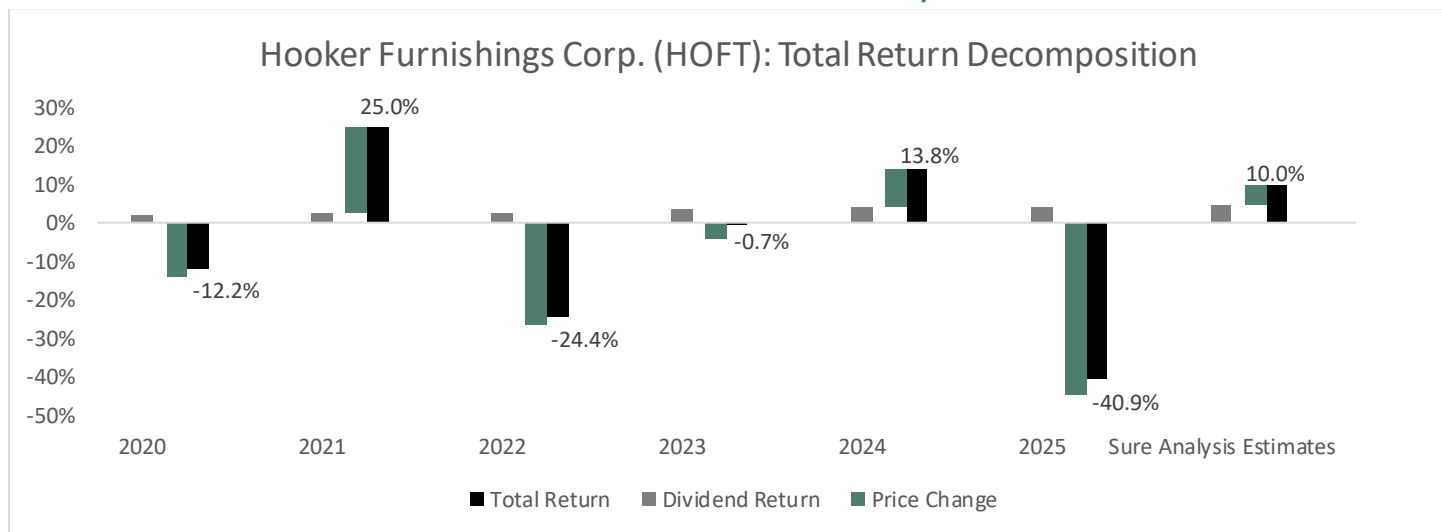
Hooker Furnishings has exhibited highly cyclical business performance and has proved vulnerable to recessions and downturns of the housing industry. It is thus evident that the company lacks a meaningful competitive advantage. The stock is unsuitable for investors who cannot tolerate high stock price volatility and cannot wait patiently for the prolonged downturns of this business to subside. Hooker Furnishings has paid a dividend for 50 years in a row but its management is not committed to a growing dividend; it is committed to “paying a meaningful dividend”. Therefore, even after the recent 50% dividend cut, the 5.0% dividend is far from safe.

On the bright side, Hooker Furnishings should be praised for maintaining a rock-solid balance sheet, which enables the company to endure the downturns of its business. The retailer has net debt of only \$43 million, which is only 44% of the market cap of the stock and about five times the earnings of the company in fiscal 2024. Thanks to the solid balance sheet of Hooker Furnishings, we expect the company to recover from the ongoing downturn in the upcoming years.

Final Thoughts & Recommendation

Hooker Furnishings has plunged -45% in the last 12 months due to the impact of high interest rates and inflation on its business. We expect the company to recover in the upcoming years but great patience may be required for a turnaround. The stock could offer a 10.0% average annual total return over the next five years thanks to 32.0% growth and a 5.0% dividend, partly offset by a -19.4% valuation drag. The stock receives a sell rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	247	621	621	684	611	540	594	583	433	397
Gross Profit	69	135	135	147	114	113	102	93	109	89
Gross Margin	27.8%	21.7%	21.7%	21.5%	18.7%	20.9%	17.1%	16.0%	25.1%	22.3%
SG&A Exp.	44	87	87	92	89	80	84	96	93	100
D&A Exp.	3	7	7	7	7	7	8	9	9	9
Operating Profit	24	45	45	53	23	30	15	(6)	12	(15)
Operating Margin	9.8%	7.3%	7.3%	7.7%	3.7%	5.5%	2.5%	-1.0%	2.9%	-3.8%
Net Profit	16	28	28	40	17	(10)	12	(4)	10	(13)
Net Margin	6.6%	4.6%	4.6%	5.8%	2.8%	-1.9%	2.0%	-0.7%	2.3%	-3.1%
Free Cash Flow	20	25	25	4	36	67	13	(26)	49	(26)
Income Tax	8	18	18	12	5	(4)	3	(2)	3	(4)

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	182	319	350	370	394	352	375	382	344	314
Cash & Equivalents	54	40	31	11	36	66	69	19	43	6
Accounts Receivable	24	93	93	113	87	83	74	62	51	58
Inventories	44	75	84	105	93	70	75	97	62	71
Goodwill & Int. Ass.	1	49	78	76	73	27	24	47	44	37
Total Liabilities	26	121	121	107	120	95	113	146	118	110
Accounts Payable	9	37	33	41	25	32	31	16	16	20
Long-Term Debt	-	48	53	35	30	-	-	24	23	22
Shareholder's Equity	156	198	229	263	274	258	261	236	226	204
LTD/E Ratio	-	0.24	0.23	0.13	0.11	-	-	0.10	0.10	0.11

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	9.2%	11.3%	8.4%	11.1%	4.5%	-2.8%	3.2%	-1.1%	2.7%	-3.8%
Return on Equity	10.8%	16.0%	13.2%	16.2%	6.4%	-3.9%	4.5%	-1.7%	4.3%	-5.8%
ROIC	10.8%	14.1%	10.7%	13.7%	5.7%	-3.7%	4.5%	-1.7%	3.9%	-5.3%
Shares Out.	10.8	11.6	11.7	11.8	11.8	11.8	12.0	11.2	10.7	10.5
Revenue/Share	22.86	53.21	53.21	58.01	51.60	45.68	49.59	50.30	39.97	37.76
FCF/Share	1.87	2.11	2.11	0.38	3.07	5.67	1.05	(2.24)	4.49	(2.49)

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

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