Ethan Allen Interiors (ETD)

Updated January 29th, 2026, by Aristofanis Papadatos

Key Metrics

Current Price:	$24	**5 Year CAGR Estimate:**	7.0%	**Market Cap:**	$615 M
Fair Value Price:	$21	**5 Year Growth Estimate:**	4.0%	**Ex-Dividend Date:**	2/11/26
% Fair Value:	114%	**5 Year Valuation Multiple Estimate:**	-2.6%	**Dividend Payment Date:**	2/25/26
Dividend Yield:	6.5%	**5 Year Price Target**	$26	**Years Of Dividend Growth:**	5
Dividend Risk Score:	F	**Sector:** Consumer Discretionary		**Rating:**	Hold

Overview & Current Events

Ethan Allen Interiors (ETD) is a vertically integrated interior design company that manufactures and sells retail home furnishings, such as beds, dressers, chairs, lighting, mattresses, and decorative pieces. The company sells online and through its network of approximately 302 design centers, of which 161 are independently owned and 141 are company operated. In fiscal 2025, 41% of net sales came from the Wholesale segment, which includes sales from independently owned stores, while the Retail segment generated 59% of sales. It is important to note that this business is in the Consumer Cyclical sector because it sells consumer durables. These are products that tend to last a long time, so people may forego purchasing these products during a recession. The company suffered during the pandemic as it was forced to close its service centers, but it recovered swiftly thanks to pent-up demand amid huge fiscal stimulus packages. We believe the business is positioned to continue to benefit from long-term work from home trends. Additionally, the business follows a build-to-order business model, where orders are customized to the customer's preference.

In late January, Ethan Allen reported (1/28/26) results for the second quarter of fiscal 2026. Total sales decreased -5% over the prior year's quarter. Gross margin expanded from 60.3% to 60.9% but operating margin shrank from 11.5% to 9.0%. As a result, earnings-per-share fell -25%, from $0.59 to $0.44, though they exceeded the analysts' consensus by $0.07. We are concerned over the sustained weak business momentum compared to 2022-2023, which were marked by pent-up demand after the pandemic. Due to weak business performance and the cautious tone of management, which keeps emphasizing challenging business conditions, we still expect earnings-per-share of $1.75 this year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.92	$1.45	$1.25	$1.56	$0.49	$2.37	$3.93	$4.03	$2.49	$2.01	***$1.75***	***$2.13***
DPS	$0.62	$0.74	$0.76	$0.76	$0.63	$0.96	$1.15	$1.32	$1.50	$1.56	***$1.56***	***$1.68***
Shares	28	27	27	27	25	25	25	26	26	26	***26***	***25***

Over the past 9 years, Ethan Allen has failed to grow its earnings-per-share meaningfully due to its weak results in fiscal 2025. It posted record earnings in fiscal 2023 but lower earnings in fiscal 2024 and 2025 due to tough comparisons and a slowing economy. We expect the company to gradually stabilize its performance and grow its bottom line by 4.0% per year on average beyond this year.

Ethan Allen has grown its dividend by 10.8% per year on average over the last decade. However, future dividend growth should be much slower, given the 89% payout ratio and weak business momentum. High interest rates result in high mortgage rates and thus they exert a headwind to sales of new homes. This is a strong headwind for Ethan Allen. The recent interest rate cuts executed by the Fed may provide a tailwind to the business of Ethan Allen.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	15.3	22.0	21.8	13.3	32.5	8.9	6.3	6.4	11.9	14.4	***13.7***	***12.0***
Avg. Yld.	2.1%	2.3%	2.8%	3.7%	4.0%	4.5%	4.6%	5.1%	5.1%	5.4%	***6.5%***	***6.6%***

Ethan Allen Interiors (ETD)

Updated January 29th, 2026, by Aristofanis Papadatos

Excluding 2020, in which depressed earnings resulted in an abnormally high price-to-earnings ratio, Ethan Allen has traded at an average price-to-earnings ratio of 13.4 over the last decade. Due to lackluster growth expectations, we assume a fair price-to-earnings ratio of 12.0 for this stock. If the stock trades at our assumed fair valuation level in five years, it will incur a -2.6% annualized drag in its returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

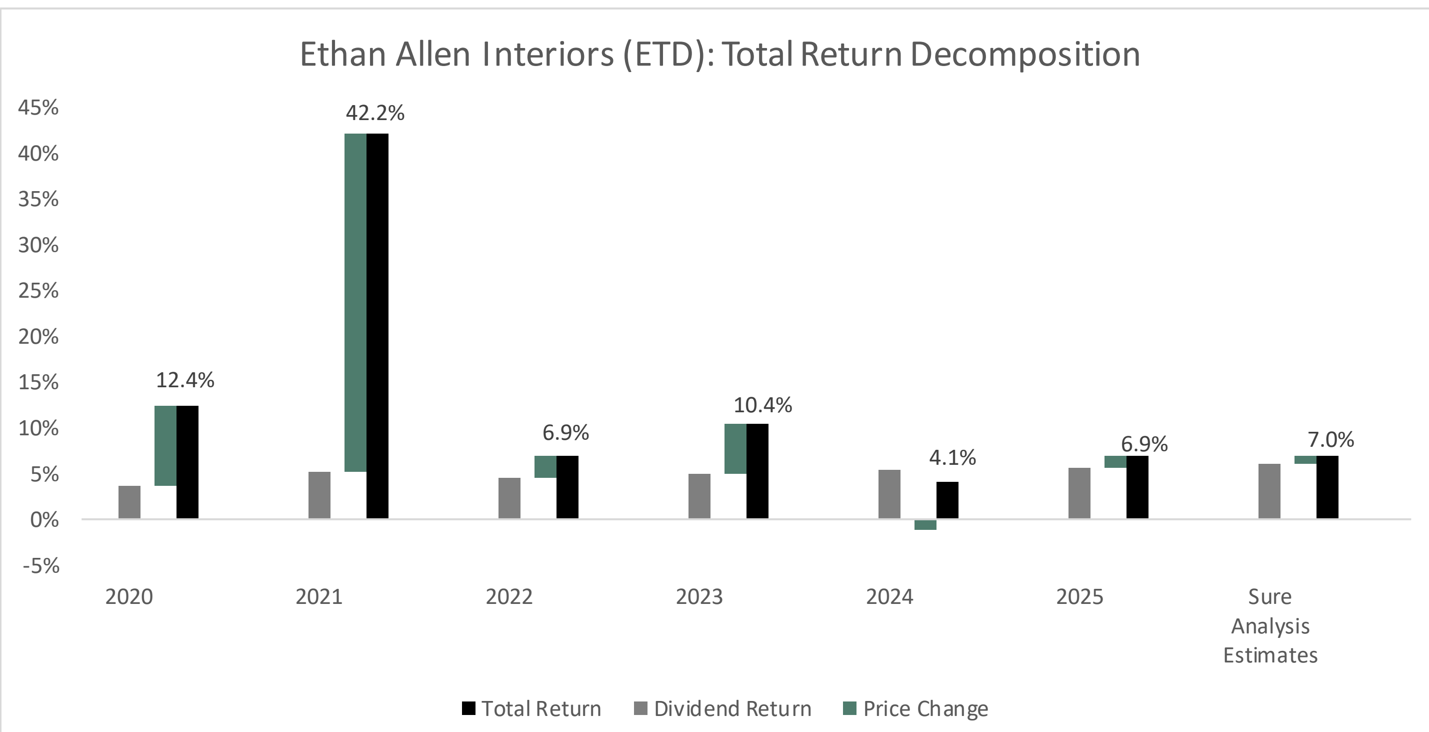
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	32%	51%	61%	49%	129%	41%	29%	33%	60%	78%	***89%***	***79%***

Ethan Allen has averaged a payout ratio of 56% over the past decade. With earnings-per-share expected to grow faster than dividends, we expect that the payout ratio will somewhat improve over the intermediate term. Ethan Allen has no debt, which adds a strong level of safety to the company, but investors should understand that this business is vulnerable to economic downturns. While Ethan Allen is far from the cheapest retailer in its markets, the business has competitive advantages, such as vertical integration, North American manufacturing operations that enable the company to deliver higher quality products, and made-to-order products.

Final Thoughts & Recommendation

Ethan Allen offers investors an opportunity to invest in an established name-brand business that sells high-quality furniture. However, it has lackluster growth prospects while the stock appears somewhat richly valued right now. Discretionary consumer spending has slowed down lately due to persistent inflation. The stock could offer a 7.0% average annual total return over the next five years thanks to 4.0% earnings growth and a 6.5% dividend, partly offset by a -2.6% annualized valuation headwind. It thus maintains its hold rating. Moreover, investors should always be aware of the high vulnerability of the company to recessions.

Total Return Breakdown by Year



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.

Ethan Allen Interiors (ETD)

Updated January 29th, 2026, by Aristofanis Papadatos

Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	794	763	767	747	590	685	818	791	646	615
Gross Profit	442	420	416	409	323	393	485	480	393	372
Gross Margin	55.7%	55.0%	54.2%	54.8%	54.8%	57.4%	59.3%	60.7%	60.8%	60.5%
SG&A Exp.	353	362	367	357	312	313	351	347	315	311
D&A Exp.	19	20	20	20	17	16	16	16	16	16
Operating Profit	89	58	49	53	12	80	134	133	78	61
Op. Margin	11.2%	7.6%	6.4%	7.0%	2.0%	11.6%	16.4%	16.8%	12.1%	9.9%
Net Profit	57	36	36	26	9	60	103	106	64	52
Net Margin	7.1%	4.7%	4.7%	3.4%	1.5%	8.8%	12.6%	13.4%	9.9%	8.4%
Free Cash Flow	35	61	30	46	37	118	56	87	71	50
Income Tax	31	21	13	8	5	16	35	35	22	17

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	577	568	530	510	623	683	720	745	745	737
Cash & Equivalents	53	58	22	21	72	105	110	62	70	136
Acc. Receivable	9	12	12	14	8	9	17	12	7	6
Inventories	162	149	163	162	126	144	177	149	142	141
Goodwill & Int.	45	45	45	45	45	45	45	45	45	45
Total Liabilities	185	167	147	146	295	332	313	274	262	255
Accounts Payable	15	17					37	29	27	22
Long-Term Debt	42	14	-	1	50	-	0	0	0	97
Total Equity	392	401	384	364	328	351	407	471	483	482
LTD/E Ratio	0.11	0.04	-	0.00	0.15	-	0.00	0	0.27	0.26

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	9.6%	6.3%	6.6%	4.9%	1.6%	9.2%	14.7%	14.4%	8.6%	7.0%
Return on Equity	14.9%	9.1%	9.3%	6.9%	2.6%	17.7%	27.2%	24.1%	13.4%	10.7%
ROIC	12.9%	8.5%	9.1%	6.9%	2.4%	16.5%	27.2%	24.1%	13.4%	8.5%
Shares Out.	28	27	27	27	25	25	25	26	26	26
Revenue/Share	28.04	27.30	27.76	27.91	22.63	27.03	32.04	30.91	25.64	23.98
FCF/Share	1.24	2.18	1.09	1.72	1.42	4.65	2.19	3.39	2.75	1.97

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