



La-Z-Boy to Acquire La-Z-Boy Furniture Galleries® Stores in Arizona

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MONROE, Mich., July 18, 2018 (GLOBE NEWSWIRE) -- La-Z-Boy Incorporated (NYSE:LZB) today announced it intends to acquire the Arizona La-Z-Boy Furniture Galleries® stores, which compose the largest-volume licensee operator within the 350-store network, from EBCO, Inc., owned by Edward O. Breunig, III, an independent dealer. Based on calendar-year 2017 revenue, the EBCO organization ranks 77th in Furniture Today's *Top 100 U.S. Furniture Stores* listing, published in May 2018. It was also named one of the *Top Companies to Work for in Arizona* 2018, by AZ Central, a USA Today publication. Included in the acquisition are six stores in the Phoenix metropolitan area, two stores in the Tucson market, and one store in Prescott. The stores had combined calendar 2017 revenue of \$78 million. The acquisition will provide continuity for the highly successful Arizona-based business and its employees following the planned retirement of the independent dealer. The nine stores will become part of the La-Z-Boy retail segment and will bring the total company-owned store count to 155. The transaction is expected to close in August 2018, subject to customary closing conditions.

Kurt L. Darrow, Chairman, President and Chief Executive Officer, of La-Z-Boy Incorporated, said, "We are excited to acquire this thriving business and see great prospects in the Arizona market for La-Z-Boy. We are grateful to the Breunig family for their unwavering dedication to our company and store network, and their 35-year commitment to building and developing the most successful independent La-Z-Boy licensee business in North America. As strong ambassadors of our brand, they have made meaningful contributions throughout the years to strengthen our store system while maintaining a focus on providing an excellent customer experience to thousands of clients. I would like to take the opportunity to thank Ed, who worked tirelessly to further build the Arizona La-Z-Boy organization and introduce new services within the market after taking over the business in 1999 from his father, who opened the first store in Arizona in 1983. Ed has been a tremendous leader and friend, and we wish him all the best in his well-deserved retirement."

Breunig, Chief Executive Officer, of EBCO, said, "I could not be more thankful to my parents, Ed and Claudia Breunig, for taking a big risk 35 years ago to start a retail furniture company. The business they started and the way they mentored so many people left an enduring mark. It has been my honor to continue their work by building and leading an incredible team of talented, passionate and hard-working individuals whose dedication to outstanding service to one another, to our clients and to the community is, in my opinion, unmatched in retail. I am proud of the business we have built together and I am confident that our long-time partner in progress, La-Z-Boy Incorporated, will continue our family tradition. La-Z-Boy will have an excellent team of leaders to continue the management of day-to-day operations, headed by Frank Neal, who has served as President for the last five years. Frank is a very accomplished retail leader who oversees all functions of the business and is largely responsible for our incredible sales growth."

Darrow added, "Arizona is a vibrant market with one of the highest population growth rates in the nation, which bodes well for furniture sales. The top four highest sales volume stores in the 350 La-Z-Boy Furniture Galleries® store network are among those we are acquiring. Additionally, Arizona has great demographics with respect to the core La-Z-Boy consumer and, due to the market dynamics, we are excited about its potential and believe there could be room for additional La-Z-Boy Furniture Galleries® stores in the future. The nine stores we are acquiring are profitable, will be quickly integrated into our retail segment and be accretive."

As La-Z-Boy is already recording a portion of the Arizona-store volume in its wholesale segments, the acquisition of the Arizona stores will contribute approximately \$40 million annually of sales volume to the company on a consolidated basis.

Darrow concluded, "With a solid team in place, we expect a smooth and seamless transition for customers who will continue to enjoy the excellent shopping experience and service they have come to expect not only from the Arizona-based La-Z-Boy Furniture Galleries® stores, but in all our stores. The future for La-Z-Boy Incorporated is bright and exciting and I am confident in our long-term prospects and uncompromising commitment to evolving and meeting challenges in the dynamic marketplace."

Terms of the deal were not disclosed. La-Z-Boy will supply financial information relating to the transaction when it reports its fiscal 2019 first-quarter results in August.

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) tax rate, interest rate, and currency exchange rate changes; (h) changes in the stock market impacting our profitability and our effective tax rate; (i) operating factors, such as supply, labor or distribution disruptions (e.g. port strikes); (j) changes in legislation, including the tax code, or changes in the domestic or international regulatory environment or trade policies, including new or increased duties, tariffs, retaliatory tariffs, trade limitations and termination or renegotiation of the North American Free Trade Agreement; (k) adoption of new accounting principles; (l) fires, severe weather or other natural events such as hurricanes, earthquakes, flooding, tornadoes and tsunamis; (m) our ability to procure, transport or import, or material increases to the cost of transporting or importing, fabric rolls, leather hides or cut-and-sewn fabric and leather sets domestically or abroad; (n) information technology conversions or system failures and our ability to recover from a system failure; (o) effects of our brand awareness and marketing programs; (p) the discovery of defects in our products resulting in delays in manufacturing, recall campaigns, reputational damage, or increased warranty costs; (q) litigation arising out of alleged defects in our products; (r) unusual or significant litigation; (s) our ability to locate new La-Z-Boy Furniture Galleries® stores (or store owners) and negotiate favorable lease terms for new or existing locations; (t) the ability to increase

volume through our e-commerce initiatives; (u) the impact of potential goodwill or intangible asset impairments; and (v) those matters discussed in Item 1A of our fiscal 2018 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: <https://lazboy.gcs-web.com/financial-information/sec-filings>. 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: <https://lazboy.gcs-web.com/>.

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 146 of the 350 La-Z-Boy Furniture Galleries® stores.

The company's branded distribution network is dedicated to selling La-Z-Boy Incorporated products and brands, and includes 350 stand-alone La-Z-Boy Furniture Galleries® stores and 535 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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Source: La-Z-Boy Incorporated