

Company Name: La-Z-Boy Incorporated (LZB)  
Event: 47th Annual Raymond James Institutional Investor Conference  
Date: March 2, 2026

<<Analyst, Raymond James>>

[Call Starts Abruptly] Who covers Consumer Hardlines here at Raymond James. Included in that, we have the residential furniture industry. With us today, we're pleased to have La-Z-Boy join us at the conference. We've had you guys join us for a lot of years actually at this point, so we appreciate the ongoing support. With us from the company is President and CEO, Melinda Whittington; Senior VP and Chief Financial Officer, Taylor Luebke; and Mark Becks, Director of Investor Relations and Corporate Development.

Melinda, with that, I'll turn it over to you guys.

<<Melinda Whittington, President and Chief Executive Officer>>

Good afternoon. Thank you all for joining us today. Before we get started, I'll just point out the forward-looking statement and ask you to please pay attention to that as we start into our presentation. So for those of you that may be new to La-Z-Boy. We, La-Z-Boy Incorporated is a 99-year-old company. We started off based out of Monroe, Michigan, as a manufacturer, and that has really been our heritage. We remain a U.S.-based primarily manufacturer, but we're in the midst of a large strategic pivot to really owning the consumer and owning more of our retail journey. So we'll spend more time on that today.

Throughout that time, though, we have always been very strong, enjoying the right thing as a company and staying core to values of courage and curiosity to understand and win in our environment and compassion to all the stakeholders of our company.

<<Taylor Luebke, Senior Vice President and Chief Financial Officer>>

As Melinda mentioned, so almost 99 years, almost a 100-year-old company. Our legacy was manufacturing and wholesale. Our company is still in the midst of a pretty seismic pivot to more of a direct-to-consumer, call it consumer-first enterprise. So we now are about 50% of our over \$2 billion in sales is direct-to-consumer, either through our La-Z-Boy retail stores or our Joybird business. That was 25% 10 years ago so a pretty significant change that we continue to disproportionately drive.

And that's all supported by about 375 La-Z-Boy retail stores across the U.S. and Canada. In the past, we said we see a clear path to 400 stores. Actually, with the health of our business and improved analytics, we now see upwards of 450 potential new La-Z-Boy stores in our network. And behind all that, continues to be incredible cash and liquidity. So we have over \$300 million cash on hand and no externally funded debt.

<<Melinda Whittington, President and Chief Executive Officer>>

So we're going to break down today's presentation, really going through these six reasons to think about La-Z-Boy Incorporated as an investment. I won't read for you, but we'll sort of organize the presentation as we go through in that way. Let me first go ahead and talk about with our next slide on our Century Vision roadmap. So I stepped into the role about four and a half years ago, and we stepped back to really look at with a company that had the legacy that we had. Where do we go from here? How do we think about the assets we had at that time and what needs to change?

And the great news is that we realized we had this iconic brand in La-Z-Boy, and we did the consumer research to recognize there was a lot more legs, a lot more runway for the brand. So we had the opportunity to update, make more relevant, and then expand the brand reach of La-Z-Boy to more consumers in a super fragmented industry with a lot of both public and private players, both at the manufacturing and the retail side. So we set aside based on – we set off to really bring in-house our consumer research and begin to drive an expanded, more relevant La-Z-Boy brand. One of the big pillars on how to go about that is to expand our own company-owned retail. We'll go into in a little bit of detail in a few minutes, but we actually sell through a variety of channels.

Our own company-owned stores, which we have expanded significantly. La-Z-Boy Furniture Galleries, La-Z-Boy stores that to the consumer might look like any other store. They should be consumer transparent, but are actually owned by licensees, also through multi-branded retailers. So we'll spend some time on that. We also have some green shoots in brands like La-Z-Boy, sorry, like Joybird, in addition to the La-Z-Boy brand that give us growth potential over the long-term. We also are spending a lot of time in really strengthening our core capabilities in our people, our technology, and our foundational supply chain to make sure that we are agile and able to really grow into the future.

This is just a couple of proof points, and Taylor pointed a few of those out. Out of our store network of over 370 stores and growing, we now own as a company over 60% of those stores. We're up to 226. That enables us both to really own the consumer experience end-to-end as well as benefit from the financials of having that entire vertically integrated portfolio. Our execution in store has dramatically improved and continues to have runway, including our in-home design at no additional charge, which drives a 3x to 4x larger average ticket. Again, still a lot of expansion capability there.

Not to step away from our wholesale customers, so that business that we built foundationally does give us a way to reach consumers we otherwise won't reach. We know in such a fragmented industry that not everyone's going to come into a La-Z-Boy store. And so we have strategic partners that we are able to reach more consumers with, but generally a much more narrow product selection. It gives us a way to be out there and relevant and meet consumers where they want to shop, whether that's online, whether that's in-store, whether that's a La-Z-Boy experience or a multi-branded retailer.

In recent years, we've really expanded strategic partnerships with players like Living Spaces, Rooms To Go, and Farmers, to name just a few, that have quite a few and are sophisticated and

driving our brand and driving growth for our company. I'd also just call out that we are investing in our brand and our brand messaging. We were just recently awarded by Ad Age. We were named as one of the top five rebrands of the year as we've really revitalized the brand. And that is, again, based on consumer insights. It's how do we make La-Z-Boy relevant for today's consumer, building on that foundation of the trust for our quality, our comfort, our customization, our primarily U.S.-based supply chain, but how do we make that relevant for today's consumer? So that's everything around our messaging. Hopefully, you've seen some of those messages. But where are we speaking to consumers, how are we speaking to consumers, and then how are we backing that up with the right product that's right for them.

<<Taylor Luebke, Senior Vice President and Chief Financial Officer>>

As I mentioned from the start, growing our D2C business, primarily through our retail stores, is a focus and priority for La-Z-Boy Enterprise and is what will lead to disproportionate growth. So there's really a three-legged stool kind of growth strategy for this, one being growing same-store sales. We've shown incredible results in driving conversion, driving our design business, driving average ticket, in light of continued kind of industry-wide traffic challenges. So still more work to do there, but pleased with our execution in store, and driving same-store sales.

The second is driving new store growth, so putting La-Z-Boy stores in demographics and centers where we can give a consumer the full suite of everything the brand has to offer. I mentioned that we see upward potential from our 375 today up to 450 across the U.S. and Canada, and we continue to pace towards that. So last year, this has been the most – the highest level of new stores we've opened in La-Z-Boy's history, with 16 over the last 12 months and maturing as we would expect.

The third way is acquiring the independent owners that Melinda had mentioned, so independent La-Z-Boy dealers, you can see at the top right, we've had a pretty good cadence of completing those every year and almost every quarter, in a healthy pipeline still looking forward. We're incredibly pleased actually to have just recently closed a 15-store acquisition in the Southeast region, so Atlanta, Jacksonville, Orlando, and Knoxville, which is the largest in the history of our company.

<<Melinda Whittington, President and Chief Executive Officer>>

And as I mentioned, it doesn't – as we expand our own company-owned retail and the reach of the brand, I don't want to understate the importance of our wholesale customers as well. This gives you a bit of a visual on of all the product that we manufacture and sell as La-Z-Boy, that dark blue is what's now selling through our company-owned stores. I guess, brightest blue there is what is still selling through independently owned, which again, is a growth potential both in just expanding the performance of those stores and our brand.

But also as we're able to acquire some of those back, those are 30, 40, 50-year-old relationships, and over time, we're acquiring more of those back. I don't want to then underestimate the other two pieces. The light blue are La-Z-Boy Comfort Studios and Branded Spaces. This is kind of a store-within-a-store concept, where in a sea of sameness in furniture, our brand does still stand

out. And so with strategic partners, we're able to bring the brand to life and sell in what is still branded space, but within multi-branded retailers.

And then last but not least, just a broader group of reaching the consumer through other retailers as well. Each one of those plays a role in our growth, and we see opportunity, but again, what we are most focused on is continuing to expand our own retail and our own omni-channel experience.

<<Taylor Luebke, Senior Vice President and Chief Financial Officer>>

As part of our Century Vision strategy, we have kind of two financial goals behind everything Melinda has been walking through. One is to grow sales at 2x the market, and the second is to grow our operating margin to double-digits over the long-term. There's two key ways that we will get there. One is getting our retail segment to mid-teens, and that's by driving the flywheel of that three-pronged strategy that I just mentioned a couple of slides ago. Driving same-store sales, setting up new accretive stores, as well as continuing to acquire back independent operators.

On wholesale, it's getting back to double digits, and in spite of kind of industry challenges, we continue to make headway on right-sized actions, both on exiting non-core businesses, as well as restructuring some of our supply chain to drive margin enhancement there. So we've actually called out on our distribution transformation, which is a multi-year project to consolidate what is 15 distribution centers to three centralized hubs, upwards of 75 basis points of margin improvement to our wholesale segment. And then lastly, continuing to grow Joybird prudently and getting to a level of profitability, breakeven to then grow from there.

Behind all of that, from an enterprise perspective, we have in the near-term announced some strategic initiatives, both in exiting our non-core wholesale case goods business, the planned closure of our UK manufacturing facility, as well as that independent acquisition, the 15-store network, I talked a little bit ago, that as we expect to be substantially completed by the end of this fiscal year, will be 75 to 100 basis points of improvement to the enterprise.

Now, all-in-all, behind all this, to get to double digits over the long-term, we do need some normalized certain industry growth, but in spite of which we think we know will come, we continue to make transformations and initiatives to drive our own momentum and drive our margin in light of that.

And also I think it's worth mentioning, for those that follow the industry or don't, we are primarily, even after 99 years, with a global company, but we're still primarily a U.S.-based business. 90% of our revenue is in the U.S., and 90% of our manufacturing final assembly is in the U.S. We are that way because that's how we've won over time. Our competitive advantage in the market is high-quality, customized furniture at speed. And just to do that, you have to be close to your consumers. It just so happens in the current kind of trade environment we're in, we're incredibly well-positioned, if not the best positioned, of those in our peer group, to manage through.

<<Melinda Whittington, President and Chief Executive Officer>>

And speaking of peer group, again, highly, highly fragmented industry with a lot of private players, both at the manufacturing and on the retail side. And also a lot of players, some of the bigger ones tend to be more focused on furnishings. So everything out, your tables, lamps, your accessories, your rugs, and so forth. Our core is really around that high quality, comfortable, upholstered business that is customized for the consumer. About half of our business is customized.

At the same time, we do offer whole home solutions. So in our stores with our designers, we have the tables, lamps, the accessories, the case goods, and we'll continue even with some of our strategic moves to have case goods to be able to meet the entire whole home needs of a consumer.

But again, our core is on that upholstered product. This gives you a little bit of sense of just relative size, even with that focus relative to some of the players you may be familiar with in the industry.

I'd also just again reiterate the power of the vertical integration, so really the strategic pivot is to go from our history as that manufacturer, but leveraging that now as foundational capability while we really seek to be consumer-first and drive that through our vertical integration to expand our own retail footprint and to ensure we have a state-of-the-art omni-channel experience.

We know our consumers are going to do their research online, just like any purchase decision at this point. So gone are the days of sort of wandering stores and browsing. They're going to start online. They're going to think about it. We have to attract and attain those consumers and retain those consumers. But we also know that 70%, 80% of our consumers, if not more, for a higher end purchase, are going to want to experience the product before they actually make that purchase. So that's why that installed base of stores and expanding is still so important for our consumer.

<<Taylor Luebke, Senior Vice President and Chief Financial Officer>>

On the industry, those that are new to the industry or just want some freshening up. So the industry's, it's a sizable industry that has historically been a really consistent – consistently growing, so call it 3% to 4% over an extended period of time. With that being said, the last several years have been muted largely because the industry is highly correlated to just housing turnover, whether new home starts, existing home sales, et cetera. That's been, impacted by everyone reads the news, whether it's mortgage rates was up in the 7s, now down in the 6s, now crossed into maybe a 5.99 the other week. So we'll see if that keeps going south, as well as affordability, as well as just lack of supply.

But those two areas is why we still feel bullish about the long-term growth of the industry and our ability to disproportionately benefit when it does come back. There's natural housing turnover. We know there's a shortage of supply in the U.S., estimated at 4 million to 7 million

units. There will continue to be new housing starts that will pick up, as well as existing home sales being at kind of an annualized 4 million units is significantly lower than the 5 million units to 5.5 million units that was running for an incredible amount of time. If anything, we believe the industry is kind of like a beach ball being held under water, and it's just taking a lot longer for all of those three metrics to improve to enable kind of a turn. We foresee it coming, and we expect that that's why we continue to invest in new stores and acquisitions in the brand and product innovation, so that when it does come, we'll have that tailwind to disproportionately grow versus some of our peers. Even in light of some of the industry challenges, we've continued as an enterprise to outpace the industry with that 2x that we had mentioned at our Century Vision objectives.

<<Melinda Whittington, President and Chief Executive Officer>>

I want to spend just a moment on the quality of the team, because in the end, as we are at 99 years, it all comes down to the people. You can enable through technology, it comes down to the people from our manufacturing base to our marketing teams, to our in-store associates bringing our brand to life, and it all starts from the top. This is our leadership team, some of the key leaders there, as you see. While this industry, it's important that to exist and be successful in this industry, you need two things. You need people that truly understand the industry and the history, that is baked throughout our organization. Our industry is also ripe to bring new thinking from other industries. And this lead team, this gives you a little bit of sense of some of the key leaders directly reporting to me from the commercial side and then both our manufacturing role and of course, Taylor.

Our experience levels where we've had the opportunity to work with some of the best companies across industries and really bring those experiences into La-Z-Boy, right-size that for the furniture industry. I think that's core to some of our strategic wins and will continue to be.

<<Taylor Luebke, Senior Vice President and Chief Financial Officer>>

As part of continuing to manage through the near term, but investing for the long term is kind of the capital behind it. We have a really strong cash-generating enterprise, even in a kind of a down market that we've been in for a couple of years. And then we also consistently deploy that. Now one year to the other could tilt one way or the other, depending on opportunities in front of us. But over time, we've deployed 50% of our capital back into the business, either via CapEx, new stores, remodels, manufacturing, et cetera, our distribution transformation project, or via acquisitions of independent La-Z-Boy owners.

We've also deployed about 50%, and we'll continue to back to shareholders, which would be our dividend, which we've increased plus 10% for five consecutive years, or in the form of share repurchases. As mentioned, continuous strong cash balance of \$300 million, no external debt. In a world with a more kind of normalized industry outlook and more certainty, we expect over time to deploy down to more call of a \$200 million cash balance.

So over time, the industry's been challenging, but we've been growing our sales. We're a bigger business now than we were pre-pandemic or versus 2021. We continue to make strategic choices

to rightsize and focus our enterprise, both to improve margin in the near term, but also so we're healthier for the long term, as well as continuing to invest in new stores or our distribution to grow even more over time.

Lastly, in doing all of that, driving the business, we continue to invest to drive value to all of our stakeholders, whether that's employees, whether that's the communities we operate in, or the environment. We've been recognized, and I won't read all of them, by other outlets for the work that we do, whether it's TIME's Most Iconic Companies, Forbes Best Employers, or Newsweek's Best Retailers.

<<Melinda Whittington, President and Chief Executive Officer>>

That's how you get to be 99 years old.

<<Analyst, Raymond James>>

I'll maybe start the Q&A session off. I think we have about 10 minutes or so. Taylor, you guys mentioned, new analytics gives you confidence in the store target going to 450. Can you talk a little bit about what you're seeing in terms of new store productivity kind of how the typical ramp period is for that store? Maybe just walk through from a very high level the kind of store economics, capital to build a new store, and just help us think about that.

<<Taylor Luebke, Senior Vice President and Chief Financial Officer>>

Some of its new analytics, but a lot of that kind of what had been our historic target of up to 400 to 450 is also driven off just our performance and improvement over the last five years. You saw the proof points of Century Vision. Our throughput per store has improved. Our average ticket, our conversion. It's just we have now the economics of a new store make more sense in more places. The kind of – if you think about new stores, so they're not capital-intensive. So we're a lease model. We don't like to own more real estate than we need to. It's a \$1 million to \$1.5 million kind of upfront CapEx for a new store.

We typically see about a three-year ramp to maturity, both in sales and in profit. So year one is, as you know typically kind of break even, about 80% to 85% of a maturity level. We see kind of a step change to more neutral margin year two to then either at target or ideally, in most cases, accretive to this segment by year three, because we're standing up new stores will help grow the total profit pool. So the capital upfront isn't intense. The maturity is, I think, a pretty good timing. We continue to work on how we shorten it and improve that, as we would always do. The paybacks are always shareholder value creating.

<<Analyst, Raymond James>>

That's helpful. I guess maybe secondly on stores, I'm going to date myself here, Melinda, but I think I have covered it long enough to remember the original 445. When you guys beat the revenue target, getting the 400 store, of course, was a little tougher from a real estate perspective. Talk a little about the pipeline and the work kind of to build up the team and how you've kind of

developed the pipeline now, and it seems like we're getting a better store consistency pace open now too.

<<Melinda Whittington, President and Chief Executive Officer>>

Absolutely. Yeah. Great memory. A decade ago, we were talking about, before my time, stores that could deliver \$4 million a store was aspirational. We had targeted 400 stores, we wanted to do it in five years. About three years in, we had hit the \$4 million a store. We stopped on the expansion because the real estate profile just didn't make sense, we sort of stepped away from that. A big piece of that was around, again, at \$4 million a store, what made sense from a real estate perspective was just different. As we look at that now and where we're at going through, the 400 stores makes a lot more sense. We're closer to \$5 million on average a store, I believe we still have a lot of opportunity.

We have become much more sophisticated, both in our real estate activities, on making sure we're getting stores in the right place based on good analytics, on making sure we're negotiating strong lease terms. We're able to skate where the puck is going by negotiating terms where we don't get wedded to a site. If Main and Main moves, then in 10 years, you can shift and get and be in the right place to really drive sales as well as have the right cost profile. We also continue to just get better in execution. Eight years ago, we were at single-digit margins in retail.

As we've been able to drive store execution, we're sustainably in double-digit margins, with a little bit of normalized industry COA, as Taylor pointed out, to get into kind of a double-digit retail margin profile. That's on everything that is execution. That's quality of people. That's the right messaging to bring people into store. That's the right product that's in the store. We've done a lot to still have some of those big, oversized, comfortable man cave kind of offerings. But also a lot of the trends are around more streamlined furniture, where people still want that comfort. They still want functionality. They still want motion, but they want it to look streamlined. They want it to not look like motion. A lot stronger product offerings in there, a lot more upgrade potential within particularly within our design sales.

We see a lot more use of leather, of power, of big sectionals, of whole room solutions. And then probably our biggest still growth potential on that is really leveraging these free In-Home Design Services. For us, that works well because we get a stickier, more pleased consumer. It drives a bigger ticket, three times to four times the size of ticket. It's still relatively under-leveraged, and we have an opportunity to help sort of a middle America consumer understand that they can have a designer in their home and help really bring a great solution into their home. So each one of those over the years, we're at in dollars, about a third of our sales in store leverage design.

But again, you can do the math to say that's still only call it 10% of our customers that are walking in the store are leveraging design. Huge opportunity to continue to grow, which again is what starts to open up then more geographies to see our way to that original 400 that we backed off of a decade ago. Now as we've done that, done those analytics on both the real estate side and then the performance in store to say, we see our way to more like a 450 number. All in a relatively fragmented market where we see the opportunity for a lot more growth of the core La-Z-Boy brand.

<<Analyst, Raymond James>>

On the designer aspect, I think that's an interesting point. A third of sales, but only 10% probably of the tickets, but in some markets, you do actually index much higher than that. Like, when you think about the opportunity to kind of make that more consistent across the portfolio, is it tools or is it marketing to let the consumer know? What's the driver? I know the stores are coming under Rob's new leadership, I'll make sure to ping him next time I see him on it. I'll let you answer that for him.

<<Melinda Whittington, President and Chief Executive Officer>>

Yes, certainly. A little bit of all of those, right? Across 220 some stores or whichever way you look at it, across 370 some stores. The block and tackle work of retail is real and always making sure that you've got the right talent, that you've got the right messaging. Sort of call it five years ago, pre-pandemic, we were actively averaging or advertising design. Our focus in recent years has been more around sort of rejuvenating the brand and the quality and the relevance of our brand. I think we have an opportunity to remind consumers again of that design capability. It's also around making sure you've got the right in-store experience.

It's training your folks so that every store is really leveraging design so that you've got all of those seats filled, all the people, so that we have trained designers in, and they're able to actually take all the opportunities for these in-store designs. About a year ago, we made a real concerted effort to ensure we didn't have any design seats empty because of what an impact that has. You kind of have to sort of keep your eye on the ball constantly to be reinvigorating that model and making sure, to Bobby's point, our best stores do 50% design. So there's definitely a lot of upward potential there.

<<Analyst, Raymond James>>

We – just on the balance sheet, I think I bring this up on most of our conversations, but you probably have the cleanest balance [Audio Dip] (0:27:30) with zero debt. You think about the opportunity for share repurchases [Technical Difficulty] (0:27:40)

<<Taylor Luebke, Senior Vice President and Chief Financial Officer>>

This year, I'd mentioned our capital allocation is [Technical Difficulty] (0:27:55).

<<Analyst, Raymond James>>

Hi. How do returns on capital differ between your organic store growth and the inorganic acquisitions that you're making?

<<Taylor Luebke, Senior Vice President and Chief Financial Officer>>

Can you repeat that for me?

<<Analyst, Raymond James>>

How do returns on capital differ between your organic store growth and the inorganic acquisitions that you're making?

<<Taylor Luebke, Senior Vice President and Chief Financial Officer>>

They're generally similar over time, over the life of kind of the project when we look at them. So we look for strong returns on capital. When we're standing up a new store, it's usually completely incremental consumer base, so it all flows straight through. The acquisition you're getting half the sales and all the profit margin. [Technical Difficulty] (0:29:13) More consumers and expanding actually the La-Z-Boy brand and share. Both of them. That's why I love the technology we have, because I don't have to make a choice. I can do both at the same time and grow our business in both ways.

<<Analyst, Raymond James>>

Very good. I think we're right on time, so thank you.

<<Taylor Luebke, Senior Vice President and Chief Financial Officer>>

Thank you all.

<<Melinda Whittington, President and Chief Executive Officer>>

Thank you.