

Currey & Company, Inc.



BB+ 1 year PD
0.15% to 0.38%

- Net income doubled to \$3.5mn in FY-23 as shipping costs normalized post COVID. They have essentially no debt aside from lease liabilities, ~\$8mn Cash and ~\$17mn R/C capacity.
- Decline in FY-23 revenue -5.7% was COVID related, FY-24 on track for \$64mn. Exposed to political and trade risks, similar to their peers, although vertically integrated.

Strengths

- Liquidity & Net Income:** The company demonstrates strong liquidity with a current ratio of 4.17, significantly higher than the peer median of 2.14, ensuring excellent short-term financial health. In addition the they have a \$20mn R/C-line that's fairly unused. Increase in Net Income by 85.4% (y-o-y) was a result of drastically declining Ocean Freight Pricing which peaked during Covid at \$24k/containe (6x pre-Covid pricing).
- Brand Equity:** Currey & Company is well-regarded for its commitment to design and quality, attracting a loyal customer base and sustaining market competitiveness.
- Leverage:** The net debt/EBITDA ratio of 1.10, which is lower than the peer median of 1.64, indicates lower financial risk and a strong ability to manage debt - vast majority being Lease Liabilities

Challenges

- Revenue Decline:** Total revenue decreased from \$64.1mn to \$60.4mn, which was explained as a post-COVID pull-back. FY-24 is on track to hit \$64mn.
- ROCE:** Return on Capital Employed (ROCE) is 9.1%, below the peer median of 14.3%, indicating less efficient use of capital compared to competitors.
- Demand Volatility & Int. Trade:** They are exposed to tariffs/trade relations and secure passage of goods (e.g. panama canal, Huthi's). Demand drivers are residential housing and disposable income of consumers (e.g. rates/inflation).

Scorecard Summary

	Weight	Score	Dimension	Weight	Score
Financial	75%	6.3	Liquidity	30%	<div><div></div></div> 7.4
			Leverage	35%	<div><div></div></div> 5.2
			Profitability	35%	<div><div></div></div> 3.5
Business	25%	7.0	Industry Risk	20%	<div><div></div></div> 5.5
			Competitive Position	50%	<div><div></div></div> 7.5
			Mgmt / Governance	30%	<div><div></div></div> 7.0
			Sponsor / Parent		
Modifiers		0.1	Revenue Segment		<div><div></div></div> (0.4)
			Financial Flexibility		<div><div></div></div>

Financial vs Business Risk Weighting Factors

Ownership	Private (Non-PE)
Company Stage	Growth
Financials	Complete

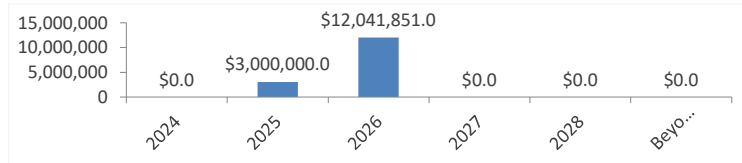
Company Overview

Headquarters	Atlanta, GA
Type	Private (Non-PE)
Employees	~550
Year Founded	1988
Website	https://www.curreyandcompany.com/
Business	Manufactures and wholesales home furnishings.
Revenues	\$60.4M

- Company Overview:** Currey & Company, Inc. is a distinguished manufacturer and wholesaler of high-end home furnishings, known for its unique designs and high-quality craftsmanship.
- Product:** Their main product lines include lighting, furniture, and decorative accessories, known for high-quality materials and detailed craftsmanship.
- Customers:** Serves interior designers, boutique retailers, and high-end consumers, focusing on both residential and commercial markets.
- Ownership:** Currey & Company is a privately held, family-owned (Currey) business based in Atlanta, GA. It was founded by the current CEO's father.
- Debt Structure:** They have no long-term debt, outside of Lease Liabilities. The maturity date of leases is staggered. The chart below shows an average maturity date, not a maturity wall. the \$3mn in UPB under the R/C line is an estimate.
- Other:** The company is currently not actively aspiring to build up an e-commerce busines beyond its' B2B focus, as it would disrupt their current business model, as they'd start to compete with some of their customers. The supplier and customer concentration is good, with ~9k active customers, of which 85% are repeat customers. Management is diversified in age, experienced, and able to manage w/o the CEO for 4-6 weeks - limited to no key man risk resting with the CEO. They deliver nationwide with a core focus on the SE, then NE, and MW. Westcoast is a growth market, but they are considering a new WH to support that efficientlty. As a vertically integrated player, they have the ability to steer, and manage manufacturing - which they do, to manage demand and expenses.

Financial Benchmarking & Debt Maturity Profile

# of Benchmarks:	18	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	2.14	4.17	<div><div></div></div> 95%
	Quick Ratio	1.10	1.77	<div><div></div></div> 72%
Leverage	Net Debt / EBITDA	1.64	1.10	<div><div></div></div> 69%
	Debt to Assets	39.4%	26.4%	<div><div></div></div> 57%
Profitability	EBITDA Margin	7.9%	7.2%	<div><div></div></div> 44%
	ROCE %	14.3%	9.1%	<div><div></div></div> 37%
	Revenue	\$66M	\$60M	



Industry Benchmarks - Primary: Home Furnishings

Financial Statement Highlights

\$ '000s	(C) Dec-21 T12	(B) Dec-22 T12	(A) Dec-23 T12	Change	
				(C) to (B)	(B) to (A)
Income Statement					
Total Revenue	-	64,069	60,412		-5.7%
Gross Profit	-	25,033	26,534		6.0%
Adjusted EBITDA	-	2,568	4,333		68.7%
Gross Profit Margin		39.1%	43.9%		+485 bps
Net Income	-	1,864	3,456		85.4%
Balance Sheet					
Cash And Cash Equivalents	-	5,297	7,267		37.2%
Total Current Assets	-	28,015	28,644		2.2%
Total Assets	-	42,895	45,606		6.3%
Total Current Liabilities	-	7,164	6,862		-4.2%
Total Debt	-	11,192	12,042		7.6%
Total Equity	-	25,613	28,631		11.8%
Key Ratios					
Current Ratio		3.91	4.17		6.7%
Quick Ratio		1.59	1.77		11.5%
Net Debt / EBITDA		2.30	1.10		-52.0%
Debt to Assets		26.1%	26.4%		+31 bps
EBITDA Margin		4.0%	7.2%		+316 bps
ROCE %		5.4%	9.1%		+374 bps

- Debt to assets ratio of 26.4% is lower than the industry median of 39.4%, reflecting a stronger balance sheet and lower financial leverage.
- EBITDA margin of 7.2% is slightly below the industry median of 7.9%, while ROCE at 9.1% is also below the peer median of 14.3%, suggesting room for improvement in capital efficiency.

Business Risk Highlights

- Industry:** The home furnishings industry is moderately volatile, with economic cycles significantly impacting consumer spending on luxury items. With a market size valued at ~\$113bn in 2022 the industry is expected to grow at a CAGR of 3.5% through 2028, driven by increasing consumer spending on home improvement and interior design.
- Competitive Position:** They maintain a strong competitive position through distinctive product offerings and strong brand equity, though it faces competition from major players like Williams-Sonoma and Restoration Hardware.
- Management:** Effective management and family ownership contribute to stable governance, though succession planning and strategic vision need continual alignment.
- PE Sponsor:** n/a
- Other:** XYZ