



Hooker Furniture Reports Improved Sales and Earnings For First Quarter 2002

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Martinsville, Va.: Hooker Furniture (OTCBB: HOFT) today reported net sales of \$60.9 million for its first quarter ended February 28, 2002, an increase of approximately 9% from \$55.9 million in the first quarter of 2001. Sales for the first quarter of 2002 were the highest net sales of any first quarter in the Company's history. Increased unit volume, principally in imported product lines, accounted for most of the improvement in net sales.

Chairman and Chief Executive Officer Paul B. Toms Jr. attributed the sales increase to improved business conditions at retail and higher incoming order rates that began in the fall of last year. "The 9% increase is particularly gratifying when you consider that we are comparing to a fairly strong first quarter last year," he said, noting that the Company did not begin experiencing a marked downturn in shipments until second quarter 2001.

Net income in the first quarter of 2002 was the second highest reported in any first quarter in the Company's history. Hooker reported that net income increased 32% to \$3.2 million for first quarter 2002, compared to \$2.4 million, in the comparable 2001 period. Earnings per share increased almost 36% to \$.57 for the 2002 first quarter from \$.42 in the year earlier period.

Operating income as a percent of net sales improved to 9.1% in the 2002 quarterly period, compared to 7.4% for the 2001 first quarter. Most of this improvement can be attributed to a decrease in the delivered cost of imported furniture as a percentage of sales volume. Also the Company shipped more "higher margin" goods (principally imported products) as a percentage of total volume. In addition, raw material costs, principally lumber and wood products, decreased as a percentage of sales volume during the 2002 period. These positive factors were partially offset by an increase in overhead costs, primarily medical benefits, as a percentage of sales volume.

"To maximize profits, we need to operate our plants on full schedules, and have done so for the last six months," said Toms. The Company's six manufacturing facilities have been working normal 40-hour-per-week schedules since September 10, 2001. During the later part of the first quarter 2002, the Company began working selected overtime in some plants. "Incoming order rates and production rates were evenly matched throughout the first quarter", Toms said.

A decrease in selling and administrative expenses as a percentage of net sales also contributed to the improvement in operating margins. Selling and administrative expenses as a percentage of net sales decreased to 16.1% in the 2002 quarter from 16.9% in the 2001 period.

While business is strengthening, Toms believes it is "too early to say" that the furniture industry is in economic recovery. "There is still a fair amount of uncertainty, and some mixed economic signals such as the vacillation of the stock market and relatively high unemployment," he said. However, Hooker expects a strong International Home Furnishings Market next month. "At the just-completed pre-market, both retailers and sales representatives were upbeat and optimistic," Toms, said. "Retailers have seen business trending upward over the last two months, and their inventories are lean. For the first market in over a year, we expect retailers to be bullish."

The Company generated excellent cash flow during the 2002 first quarter. Cash increased \$7.2 million to \$15.2 million from year-end 2001 levels. "Strong earnings and a \$5.9 million decline in inventories since year-end 2001, helped to fuel our excellent cash flow during the quarter", commented Toms.

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