

The HNI logo consists of the letters "HNI" in a white, serif font, centered within a solid red square.

THIRD QUARTER FISCAL 2015 RESULTS

October 22, 2015



Forward Looking Statements

This presentation contains "forward-looking" statements based on current expectations regarding future plans, events, outlook, objectives and financial performance, expectations for future sales growth and earnings per diluted share (GAAP and non-GAAP) for the fourth quarter and full year fiscal 2015. Forward-looking statements can be identified by words including "expect," "believe," "anticipate," "estimate," "may," "will," "would," "could," "confident" or other similar words, phrases or expressions. Forward-looking statements involve known and unknown risks and uncertainties, which may cause the Corporation's actual future results and performance to differ materially from expected results. These risks include but are not limited to: general economic conditions in the United States and internationally; unfavorable changes in the United States housing market; industry and competitive conditions; a decline in corporate spending on office furniture; changes in raw material, component or commodity pricing; future acquisitions, divestitures or investments; the cost of energy; changing legal, regulatory, environmental and healthcare conditions; the Corporation's ability to successfully complete its business software system implementation; the Corporation's ability to implement price increases; changes in the sales mix of products; and force majeure events outside the Corporation's control. A description of these risks and additional risks can be found in the Corporation's annual and quarterly reports filed with the Securities and Exchange Commission on Forms 10-K and 10-Q. The Corporation undertakes no obligation to update, amend or clarify forward-looking statements.



Conference Call Agenda

3rd Quarter Assessment

Review of 3rd Quarter Financials

Outlook

Q&A

Income Statement	3Q15	3Q14	\$ change	% change Basis Pt Change
Net Sales	\$615.9	\$614.7	\$1.2	0.2%
Non-GAAP Gross Profit (excluding restructuring and transition costs)	\$233.7	\$223.8	\$9.9	4.4%
% of Net Sales ⁽¹⁾	38.0%	36.4%		160
Restructuring and Transition Costs ⁽²⁾	\$2.1	\$3.9	(\$1.8)	-46.2%
GAAP Gross Profit	\$231.6	\$219.9	\$11.7	5.3%
% of Net Sales	37.6%	35.8%		180
Freight & Distribution	\$55.0	\$51.4	\$3.5	6.9%
% of Net Sales ⁽³⁾	8.9%	8.4%		50
Non-GAAP Other SG&A (excluding F&D; restructuring costs) ⁽⁴⁾	\$115.4	\$114.8	\$0.6	0.5%
% of Net Sales	18.7%	18.7%		0
Restructuring costs ⁽²⁾	\$0.2	\$1.0	(\$0.8)	-82.6%
GAAP SG&A	\$170.5	\$167.2	\$3.3	2.0%
% of Net Sales	27.7%	27.2%		50
Operating Income⁽⁵⁾	\$61.1	\$52.7	\$8.4	15.9%
% of Net Sales	9.9%	8.6%		130
Interest Expense (Net)	\$1.6	\$1.9	(\$0.2)	-12.8%
Income tax rate	31.3%	34.1%		-278
Noncontrolling Interest	(\$0.0)	(\$0.1)	\$0.1	
Net Income attributable to HNI Corp	\$40.8	\$33.6	\$7.3	21.6%
% of Net Sales	6.6%	5.5%		110
EPS (diluted) - GAAP	\$0.90	\$0.74	\$0.16	21.6%
EPS (diluted) - Non-GAAP	\$0.93	\$0.81	\$0.12	14.8%
Shares (diluted)	45.4	45.6	(0.2)	-0.5%

- (1) Margin improvement due to strong operational performance, lower material costs and better price realization, partially offset by volume and unfavorable product mix.
- (2) Includes costs related to consolidation of hearth and office furniture production facilities.
- (3) Freight and distribution, as a percentage of sales, increased due to higher freight costs and strategic investments partially offset by productivity improvements.
- (4) Dollar increase due to strategic investments, and acquisition impact, partially offset by cost management actions.
- (5) Excluding restructuring and transition costs, Non GAAP OI is \$63.4M compared to \$57.6M in prior year.



3rd Quarter Results – Segments

Segment Breakdown	3Q15	3Q14	\$ change	% change Basis Pt Change
Sales				
Office Furniture ⁽¹⁾	\$476.0	\$488.6	(\$12.7)	-2.6%
Hearth Products ⁽²⁾	\$139.9	\$126.1	\$13.8	11.0%
Total	\$615.9	\$614.7	\$1.2	0.2%
Operating Profit				
Office Furniture	\$49.0	\$47.6	\$1.4	2.9%
Office Furniture Operating Margin ⁽³⁾	10.3%	9.8%		50
Hearth Products	\$25.1	\$23.8	\$1.3	5.6%
Hearth Operating Margin ⁽⁴⁾	17.9%	18.9%		-100
Unalloc Corp Exp	(\$10.8)	(\$13.8)	(\$3.0)	21.8%
Income Before Taxes	\$63.4	\$57.6	\$5.7	9.9%

(1) Supplies driven channel down 4.4%; all other down 0.5%.

(2) Organic decline of \$4.9M; 3.9%. Organic new construction channel up 10.5%; Organic remodel/retrofit down 13.3%

(3) Margin improvement due to strong operational performance, cost management actions and better price realization, partially offset by lower volume, higher freight costs and unfavorable product mix.

(4) Operating margin negatively impacted by acquisition partially offset by cost management actions, better price realization and favorable material costs.



Financial Outlook

4th Quarter

Net Sales – Consolidated	Down -4% to -8%
Office Furniture Sales	Down -3% to -7%
Hearth Sales	Down -6% to -10%
Interest Expense	\$1.5 Million
Annual Effective Tax Rate	34%
Non-GAAP Earnings Per Diluted Share ⁽¹⁾	\$0.88 - \$0.93

Fiscal Year 2015

Non-GAAP Earnings Per Diluted Share ⁽¹⁾	\$2.55 - \$2.60
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(1) Excludes restructuring and transition costs.



Non-GAAP Financial Measures

This presentation release contains certain non-GAAP financial measures. A "non-GAAP financial measure" is a numerical measure of a company's financial performance that excludes or includes amounts different than the most directly comparable measure calculated and presented in accordance with GAAP in the statements of income, balance sheets or statements of cash flow of the company. We have provided a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measure.

The non-GAAP financial measures used within this earnings release are: gross profit, operating income, operating profit, net income per diluted share (i.e., EPS), excluding restructuring charges and transition costs. Non-GAAP EPS is calculated using the Corporation's overall effective tax rate for the period. We present these measures because management uses this information to monitor and evaluate financial results and trends. Management believes this information is also useful for investors. This presentation also contains a forward-looking estimate of non-GAAP earnings per diluted share for the fourth quarter and full fiscal year 2015. We provide such non-GAAP measures to investors on a prospective basis for the same reasons we provide them to investors on a historical basis. We are unable to provide a reconciliation of our forward-looking estimate of non-GAAP earnings per diluted share to a forward-looking estimate of GAAP earnings per diluted share because certain information needed to make a reasonable forward-looking estimate of GAAP earnings per diluted share for the fourth quarter and full fiscal year is difficult to predict and estimate and is often dependent on future events which may be uncertain or outside of our control. These may include unanticipated charges related to asset impairments (fixed assets, intangibles or goodwill), unanticipated acquisition related costs and other unanticipated non-recurring items not reflective of ongoing operations.



Non-GAAP Reconciliations

Third Quarter – Non-GAAP Financial Measures
 (Reconciled with most comparable GAAP financial measures)

	Three Months Ended 10/3/2015			Three Months Ended 9/27/2014		
Dollars in millions except per share data as reported (GAAP)	Gross Profit	Operating Income	Diluted EPS	Gross Profit	Operating Income	Diluted EPS
	\$231.6	\$61.1	\$0.90	\$219.9	\$52.7	\$0.74
<i>% of Net Sales</i>	37.6%	9.9%		35.8%	8.6%	
Restructuring Costs	\$0.8	\$1.0	\$0.01	\$2.4	\$3.4	\$0.05
Transition Costs	\$1.3	\$1.3	\$0.02	\$1.5	\$1.5	\$0.02
Results (non-GAAP)	\$233.7	\$63.4	\$0.93	\$223.8	\$57.6	\$0.81
<i>% of Net Sales</i>	38.0%	10.3%		36.4%	9.4%	



Non-GAAP Reconciliations (Cont.)

Third Quarter – Non-GAAP Financial Measures
 (Reconciled with most comparable GAAP financial measures)

	Three Months Ended 9/27/2014		
Dollars in millions	Office Furniture	Hearth Products	Total
Net Sales - As Reported	\$488.6	\$126.1	\$614.7
Organic Sales	\$488.6	\$126.1	\$614.7

	Three Months Ended 10/3/2015		
	Office Furniture	Hearth Products	Total
Net Sales - As Reported	\$476.0	\$139.9	\$615.9
Acquisition Sales	-	(\$18.7)	(\$18.7)
Organic Sales	\$476.0	\$121.2	\$597.2
Organic Growth	-2.6%	-3.9%	-2.8%



Non-GAAP Reconciliations (Cont.)

Third Quarter – Non-GAAP Financial Measures (Reconciled with most comparable GAAP)

Dollars in millions	Office Furniture			Hearth Products		
	Three Months Ended		Percent	Three Months Ended		Percent
	<u>10/3/2015</u>	<u>9/27/2014</u>	<u>Change</u>	<u>10/3/2015</u>	<u>9/27/2014</u>	<u>Change</u>
Operating profit as reported (GAAP)	\$48.4	\$42.8	13.2%	\$23.5	\$23.8	-1.2%
<i>% of Net Sales</i>	10.2%	8.7%		16.8%	18.9%	
Restructuring Costs	\$0.0	\$3.4		\$0.9	-	
Transition Costs	\$0.6	\$1.5		\$0.7	-	
Operating profit (non-GAAP)	\$49.0	\$47.6	2.9%	\$25.1	\$23.8	5.6%
<i>% of Net Sales</i>	10.3%	9.8%		17.9%	18.9%	