



FOURTH QUARTER FISCAL 2014 RESULTS

February 12, 2015



Forward Looking Statements

This release 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 first 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

4th Quarter Assessment

Review of 4th Quarter Financials

Outlook

Q&A

Income Statement	4Q14	4Q13	\$ change	% change / Basis Point Change
Net Sales	\$646.7	\$541.3	\$105.4	19.5%
Non-GAAP Gross Profit (excluding restructuring & impairment and transition costs) ⁽¹⁾	\$230.7	\$193.0	\$37.7	19.6%
% of Net Sales	35.7%	35.7%		0
Restructuring Costs ⁽²⁾	\$0.2		\$0.2	NM
Transition Costs ⁽³⁾	\$2.5		\$2.5	NM
GAAP Gross Profit	\$228.0	\$193.0	\$35.0	18.1%
% of Net Sales	35.3%	35.7%		-40
Freight & Distribution ⁽⁴⁾	\$56.4	\$45.4	\$11.0	24.2%
% of Net Sales	8.7%	8.4%		30
Non-GAAP Other SG&A (excluding F&D; restructuring costs) ⁽⁵⁾	\$125.9	\$109.8	\$16.1	14.7%
% of Net Sales	19.5%	20.3%		-80
Restructuring and Impairment Charges ⁽⁶⁾	\$21.8	\$0.1	\$21.7	NM
Non-operating (gain) loss	(\$1.0)		(\$1.0)	NM
GAAP SG&A	\$203.1	\$155.3	\$47.8	30.8%
% of Net Sales	31.4%	28.7%		270
Operating Income ⁽⁷⁾	\$24.8	\$37.6	(\$12.8)	-34.1%
% of Net Sales	3.8%	7.0%		-320
Interest Expense (Net)	\$1.9	\$1.5	\$0.4	23.3%
Net Income attributable to HNI Corp	\$7.1	\$22.8	(\$15.7)	-68.9%
% of Net Sales	1.1%	4.2%		-310
EPS (diluted) - GAAP	\$0.16	\$0.50	(\$0.34)	-68.0%
EPS (diluted) - Non-GAAP	\$0.65	\$0.50	\$0.15	30.0%
Shares (diluted)	45.2	46.0	(0.8)	-1.7%

(1) Margin positively impacted by higher volume and better price realization offset by investment in operations and unfavorable product mix

(2) 4Q14 includes accelerated depreciation related to consolidation of office furniture facilities

(3) 4Q14 includes transition costs not classified as restructuring costs related to transitioning production to other office furniture facilities

(4) Increased costs due to carrier capacity constraints and impact of west coast port congestion partially offset by freight initiatives

(5) Dollar increase due to volume related expenses, strategic investments, impact of acquisitions and higher incentive-based compensation

(6) 4Q14 and 4Q13 include restructuring costs related to consolidation of office furniture facilities; 4Q14 also includes goodwill and intangible impairment charges

(7) Excluding restructuring and impairment charges, transition costs and gain on sale of assets, non-GAAP OI is \$48.4M compared to \$37.7M in prior year



4th Quarter Results – Segments

Segment Breakdown	4Q14	4Q13	\$ change	% change / Basis Point Change
Sales				
Office Furniture ⁽¹⁾	\$468.6	\$417.0	\$51.7	12.4%
Hearth Products ⁽²⁾	\$178.0	\$124.3	\$53.7	43.2%
Total	\$646.7	\$541.3	\$105.4	19.5%
Operating Profit				
Office Furniture ⁽³⁾	\$9.6	\$25.8	(\$16.3)	-62.9%
Office Furn Oper Margin ⁽⁴⁾	2.0%	6.2%		-420
Hearth Products	\$33.1	\$23.0	\$10.1	44.1%
Hearth Oper Margin ⁽⁵⁾	18.6%	18.5%		10
Unalloc Corp Exp	(\$19.7)	(\$12.7)	(\$7.1)	
Income Before Taxes	\$22.9	\$36.1	(\$13.2)	-36.5%

(1) Organic growth of \$52.4M; 12.6%. Supplies driven channel up 7.8%; all other up 18.1%. Divestitures (\$0.7M); -0.2%

(2) Organic growth of \$28.6M; 23.0%. Organic channel growth: New construction channel up 15.3%; Remodel/Retrofit up 27.5%

(3) Excluding restructuring and impairment costs, transition costs and gain on sale of assets, non-GAAP Operating Profit is \$33.1M vs. \$25.9M prior year

(4) Non-GAAP operating margin of 7.1% positively impacted by increased volume, higher price realization and strong operational performance partially offset by unfavorable mix, investments in operations, increased freight costs and increased incentive based compensation

(5) Margin positively impacted by higher volume and better price realization offset partially by higher material costs, investments in growth initiatives and impact of acquisition



Financial Outlook

1st Quarter

Net Sales – Consolidated ⁽¹⁾	Up +17% to +21%
Office Furniture Sales	Up +13% to +17%
Hearth Sales ⁽²⁾	Up +31% to +35%
Interest Expense	\$1.8 Million
Annual Effective Tax Rate	35%
Non-GAAP Earnings Per Diluted Share ⁽³⁾	\$0.18 - \$0.23

Fiscal Year 2015

Non-GAAP Earnings Per Diluted Share ⁽³⁾	\$2.45 - \$2.65
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(1) Organic consolidated sales growth excluding the impact of Vermont Castings Group up +13% to +17%

(2) Organic Hearth sales growth excluding the impact of Vermont Castings Group up +10% to +14%

(3) Excludes restructuring and impairment charges, transition costs and gain/loss on sale of assets.



Non-GAAP Financial Measures

This presentation 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 and impairment charges, transition costs, gain/loss on sale, and effective tax rate excluding non-deductible goodwill and intangible impairment charges. Non-GAAP EPS is calculated using the Corporation's overall effective tax rate for the period adjusted for non-deductible goodwill and intangible impairment deductions. 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 earnings release also contains a forward-looking estimate of non-GAAP earnings per diluted share for the first 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 first 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

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

	Three Months Ended 1/3/2015			Three Months Ended 12/28/2013		
	Gross Profit	Operating Income	Diluted EPS	Gross Profit	Operating Income	Diluted EPS
Dollars in millions except per share data as reported (GAAP)	\$228.0	\$24.8	\$0.16	\$193.0	\$37.6	\$0.50
<i>% of Net Sales</i>	35.3%	3.8%		35.7%	7.0%	
Restructuring and Impairment	\$0.2	\$22.0	\$0.47	-	\$0.1	\$0.00
Transition Costs	\$2.5	\$2.5	\$0.03	-	-	-
(Gain) loss on sale of assets	-	(\$1.0)	(\$0.01)	-	-	-
Results (non-GAAP)	\$230.7	\$48.4	\$0.65	\$193.0	\$37.7	\$0.50
<i>% of Net Sales</i>	35.7%	7.5%		35.7%	7.0%	



Non-GAAP Reconciliations (Cont.)

**Fourth Quarter and Full Year – Non-GAAP Financial Measures
(Reconciled with most comparable GAAP financial measures)**

Dollars in millions	Three Months Ended 12/28/2013			Twelve Months Ended 12/28/2013		
	Office Furniture	Hearth Products	Total	Office Furniture	Hearth Products	Total
Net Sales - As Reported	\$417.0	\$124.3	\$541.3	\$1,685.2	\$374.8	\$2,060.0
Divestiture Sales	(\$0.7)		(\$0.7)	(\$17.7)		(\$17.7)
Organic Sales	\$416.2	\$124.3	\$540.5	\$1,667.5	\$374.8	\$2,042.3

	Three Months Ended 1/3/2015			Twelve Months Ended 1/3/2015		
	Office Furniture	Hearth Products	Total	Office Furniture	Hearth Products	Total
Net Sales - As Reported	\$468.6	\$178.0	\$646.7	\$1,739.0	\$483.6	\$2,222.7
Acquisition Sales		(\$25.2)	(\$25.2)		(\$25.2)	(\$25.2)
Organic Sales	\$468.6	\$152.8	\$621.5	\$1,739.0	\$458.4	\$2,197.5
Organic Growth	12.6%	23.0%	15.0%	4.2%	22.3%	7.5%



Non-GAAP Reconciliations (Cont.)

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

Dollars in millions

	Effective Tax Rate Three Months Ended 1/3/2015		
	Taxable Income	Tax Expense	Effective Tax Rate
Income before tax (including non-controlling interest)	\$23.0	\$16.0	69.3%
Non-deductible impairments	\$20.5	-	
Adjusted income before tax (including non-controlling interest)	\$43.5	\$16.0	36.7%



Non-GAAP Reconciliations (Cont.)

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

Dollars in millions

Operating profit as reported (GAAP)

% of Net Sales

Restructuring and Impairment

Transition Costs

(Gain) loss on sale of assets

Operating profit (non-GAAP)

% of Net Sales

Office Furniture			
Three Months Ended			Percent Change
1/3/2015	12/28/2013		
\$9.6	\$25.8		-62.9%
2.0%	6.2%		
\$22.0	\$0.1		
\$2.5	-		
(\$1.0)	-		
\$33.1	\$25.9		27.8%
7.1%	6.2%		