



THIRD QUARTER FISCAL 2014 RESULTS

October 16, 2014



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 2014. 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 Corporations' 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	3Q14	3Q13	\$ change	% change / Basis Point Change
Net Sales	\$614.7	\$565.7	\$49.0	8.7%
Non-GAAP Gross Profit (excluding restructuring & impairment and transition costs) ⁽¹⁾	\$223.8	\$199.9	\$24.0	12.0%
% of Net Sales	36.4%	35.3%		110
Restructuring Costs ⁽²⁾	\$2.4	-	\$2.4	NM
Transition Costs ⁽³⁾	\$1.5	-	\$1.5	NM
GAAP Gross Profit	\$219.9	\$199.9	\$20.1	10.0%
% of Net Sales	35.8%	35.3%		50
Freight & Distribution ⁽⁴⁾	\$51.4	\$50.0	\$1.4	2.8%
% of Net Sales	8.4%	8.8%		-40
Non-GAAP Other SG&A (excluding F&D; restructuring costs) ⁽⁵⁾	\$114.8	\$104.6	\$10.2	9.7%
% of Net Sales	18.7%	18.5%		20
Restructuring Costs ⁽⁶⁾	\$1.0	\$0.1	\$0.9	NM
GAAP SG&A	\$167.2	\$154.8	\$12.4	8.0%
% of Net Sales	27.2%	27.4%		-20
Operating Income ⁽⁷⁾	\$52.7	\$45.1	\$7.6	16.9%
% of Net Sales	8.6%	8.0%		60
Interest Expense (Net)	\$1.9	\$2.7	(\$0.8)	-30.2%
Net Income - Parent Company	\$33.6	\$28.1	\$5.5	19.6%
% of Net Sales	5.5%	5.0%		50
EPS (diluted) - GAAP	\$0.74	\$0.61	\$0.13	21.3%
EPS (diluted) - Non-GAAP	\$0.81	\$0.61	\$0.20	32.8%
Shares (diluted)	45.6	46.1	(0.5)	-1.0%

- (1) Margin increase mainly due to higher volume, better price realization and strong operational performance offset partially by unfavorable mix and investment in operations
- (2) 3Q14 includes accelerated depreciation related to consolidation of office furniture production
- (3) 3Q14 includes transition costs not classified as restructuring costs related to transitioning production to other office furniture facilities
- (4) Increased cube utilization partially offset by higher carrier costs and distribution investments
- (5) Dollar increase due to volume related expenses, strategic investments and incentive-based compensation
- (6) 3Q14 & 3Q13 include restructuring costs related to consolidation of office furniture facilities
- (7) Excluding restructuring and transition costs non-GAAP OI is \$57.6M compared to \$45.2M in prior year

3rd Quarter Results – Segments

Segment Breakdown	3Q14	3Q13	\$ change	% change / Basis Point Change
Sales				
Office Furniture ⁽¹⁾	\$488.6	\$466.2	\$22.4	4.8%
Hearth Products ⁽²⁾	\$126.1	\$99.5	\$26.6	26.7%
Total	\$614.7	\$565.7	\$49.0	8.7%
Operating Profit				
Office Furniture ⁽³⁾	\$42.8	\$40.7	\$2.1	5.1%
Office Furn Oper Margin ⁽⁴⁾	8.7%	8.7%		0
Hearth Products	\$23.8	\$14.4	\$9.4	65.1%
Hearth Oper Margin ⁽⁵⁾	18.9%	14.5%		440
Unalloc Corp Exp	(\$15.7)	(\$12.7)	(\$3.0)	
Income Before Taxes	\$50.9	\$42.4	\$8.4	19.8%

(1) Organic growth of \$24.4M; 5.2%. Supplies driven channel up 1.5%; all other up 10.0%. Divestitures (\$2.0M); -0.4%

(2) New Construction Channel up 13.1%; Remodel/Retrofit up 37.7%

(3) Excluding restructuring and transition costs non-GAAP operating profit is \$47.6M vs. \$40.8M prior year

(4) Margin positively impacted by higher volume, better price realization and strong operational performance offset by unfavorable mix, investment in operations, increased incentive-based compensation, timing of expenses and higher restructuring and transition costs

(5) Margin positively impacted by higher volume and better price realization offset partially by investments in growth initiatives, higher incentive-based compensation and timing of expenses

4th Quarter

Net Sales – Consolidated ⁽¹⁾	Up +13% to +17%
Office Furniture Sales	Up +5% to +9%
Hearth Sales ⁽²⁾	Up +38% to +42%
Interest Expense	\$2.0 Million
Annual Effective Tax Rate	35%
Non-GAAP Earnings Per Diluted Share ⁽³⁾	\$0.63 - \$0.68

Fiscal Year 2014

Non-GAAP Earnings Per Diluted Share ⁽³⁾	\$1.95 - \$2.00
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(1) Organic consolidated sales growth excluding the impact of Vermont Castings Group up +8% to +12%

(2) Organic Hearth sales growth excluding the impact of Vermont Castings Group up +18% to +22%

(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 presentation are: gross profit, operating income, operating profit and net income per diluted share (i.e., EPS), excluding restructuring and impairment charges, transition costs and gain/loss on sale. 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 2014. 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 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 9/27/2014			Three Months Ended 9/28/2013		
Dollars in millions except per share data as reported (GAAP)	Gross Profit	Operating Income	Diluted EPS	Gross Profit	Operating Income	Diluted EPS
As Reported (GAAP)	\$219.9	\$52.7	\$0.74	\$199.9	\$45.1	\$0.61
<i>% of Net Sales</i>	35.8%	8.6%		35.3%	8.0%	
Restructuring Costs	\$2.4	\$3.4	\$0.05	-	\$0.1	\$0.00
Transition Costs	\$1.5	\$1.5	\$0.02	-	-	-
Results (non-GAAP)	\$223.8	\$57.6	\$0.81	\$199.9	\$45.2	\$0.61
<i>% of Net Sales</i>	36.4%	9.4%		35.3%	8.0%	

Non-GAAP Reconciliations (Cont.)

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

Dollars in millions

Operating profit as reported (GAAP)

% of Net Sales

Restructuring Costs

Transition Costs

Operating profit (non-GAAP)

% of Net Sales

Office Furniture		
Three Months Ended		Percent Change
<u>9/27/2014</u>	<u>9/28/2013</u>	
\$42.8	\$40.7	5.1%
8.7%	8.7%	
\$3.4	\$0.1	
\$1.5	-	
\$47.6	\$40.8	16.7%
9.8%	8.8%	