



4th Quarter Financial Results
February 5th, 2014

Forward Looking Statements

This release contains "forward-looking" statements that refer to future events and expectations. These statements address future plans, outlook, objectives and financial performance including expectations for future sales growth and earnings per diluted share (GAAP and non-GAAP) for the first quarter and full year fiscal 2014. In addition, forward-looking statements may be identified by words such as "anticipate," "believe," "could," "confident," "estimate," "expect," "forecast," "hope," "intend," "likely," "may," "plan," "possible," "potential," "predict," "project," "should," "will," "would" and variations of such words and similar expressions. Forward-looking statements involve known and unknown risks, which may cause the Corporation's actual future results to differ materially from expected results. These risks include, without limitation: the Corporation's ability to realize financial benefits from its (a) price increases, (b) cost containment and business simplification initiatives, (c) investments in strategic acquisitions, new products and brand building, (d) investments in distribution and rapid continuous improvement, (e) ability to maintain its effective tax rate, (f) repurchases of common stock and (g) consolidation and logistical realignment initiatives; uncertainty related to the availability of cash and credit, and the terms and interest rates on which credit would be available, to fund operations and future growth; lower than expected demand for the Corporation's products due to uncertain political and economic conditions; slow or negative growth rates in global and domestic economies and the protracted decline in the domestic housing market; lower industry growth than expected; major disruptions at key facilities or in the supply of any key raw materials, components or finished goods; competitive pricing pressure from foreign and domestic competitors; higher than expected costs and lower than expected supplies of materials; higher costs for energy and fuel; changes in the mix of products sold and of customers purchasing; relationships with distribution channel partners, including the financial viability of distributors and dealers; restrictions imposed by the terms of the Corporation's revolving credit facility and note purchase agreement; currency fluctuations and other factors described 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.



- 4th Quarter Assessment
- Review of 4th Quarter Financials
- Outlook
- Q&A

Income Statement	4Q13	4Q12	\$ change	% change Basis Pt Change	Comments
Net Sales	541.3	527.5	13.7	2.6%	
Non-GAAP Gross Profit (excluding restructuring and transition costs)	193.0	186.3	6.7	3.6%	Increase in margin mainly due to higher volume and better price realization offset partially by new product ramp up and operation reconfigurations to meet changing market demands.
% of Net Sales	35.7%	35.3%		40	
Transition Costs	-	0.3	(0.3)		4Q12 includes transition costs not classified as restructuring costs related to transitioning production to other office furniture facilities.
GAAP Gross Profit	193.0	186.0	7.0	3.8%	
% of Net Sales	35.7%	35.2%		50	
Freight & Distribution	45.4	46.3	(0.8)	-1.8%	Favorable cube utilization and network savings.
% of Net Sales	8.4%	8.8%		-40	
Non-GAAP Other SG&A (excluding F&D and restructuring & transition costs)	109.8	108.5	1.2	1.1%	Dollar increase due to volume related expenses, strategic investments and incentive-based compensation.
% of Net Sales	20.3%	20.6%		-30	
Restructuring and Impairment	0.1	0.6	(0.5)	NM	4Q13 and 4Q12 include restructuring costs related to consolidation of office furniture facilities.
Transition costs	-	0.2	(0.2)	NM	4Q12 includes transition costs related to consolidation of office furniture facilities
GAAP SG&A	155.3	155.6	(0.3)	-0.2%	
% of Net Sales	28.7%	29.5%		-80	
Operating Income	37.6	30.3	7.3	24.2%	Excluding restructuring and transition costs and loss on sale of business non-GAAP OI is \$37.7M compared to \$31.4M in prior year
% of Net Sales	7.0%	5.7%		130	
Interest Expense (Net)	1.5	2.5	(0.9)	-37.6%	
Net Income attributable to HNI Corp	22.8	17.6	5.2	29.4%	
% of Net Sales	4.2%	3.3%		90	
EPS (diluted) - GAAP	\$ 0.50	\$ 0.39	\$ 0.11	28.2%	
EPS (diluted) - Non-GAAP	\$ 0.50	\$ 0.40	\$ 0.10	25.0%	
Shares (diluted)	46.0	45.7	0.3	0.6%	Repurchased 740,000 shares for \$27.5M YTD 2013; Repurchased 800,000 shares for \$21.0M YTD 2012

4th Quarter Results – Segments

Segment Breakdown	4Q13	4Q12	\$ change	% change Basis Pt Change	Comments
Sales					
Office Furniture	417.0	422.3	(5.4)	-1.3%	Organic growth of \$2.8M; 0.7%. Supplies driven channel up 3.9%; all other down 2.8%. Divestitures (\$8.2M); -1.9%
Hearth Products	124.3	105.2	19.1	18.1%	New Construction Channel up 20.7%; Remodel/Retrofit up 16.8%
Total	541.3	527.5	13.7	2.6%	
Operating Profit					
Office Furniture	25.8	23.5	2.3	9.8%	Excluding restructuring and transition costs and loss on sale of business non-GAAP operating profit is \$25.9M vs \$24.6M prior year
Office Furn Oper Margin	6.2%	5.6%		60	Margin positive impacted by better price realization and distribution network savings offset partially by lower volume, new product ramp up and operation reconfigurations to meet changing market demands.
Hearth Products	23.0	15.4	7.6	49.0%	
Hearth Oper Margin	18.5%	14.7%		380	Margin positively impacted by higher volume, better price realization and lower input costs offset partially by investments in growth initiatives and higher incentive based compensation.
Unalloc Corp Exp	(12.7)	(11.0)	(1.6)		Increase due to strategic investments and increased incentive based compensation offset partially by lower interest expense.
Income Before Taxes	36.1	27.9	8.2	29.6%	



Financial Outlook

1st Quarter

Net Sales – Consolidated	Up 1 to 5% (Up 3-7% organically)
Office Furniture Sales	Down 2% to up 2% (Flat to up 4% organically)
Hearth Sales	Up mid to high teens
Interest Expense	\$2.2 million
Annual Effective Tax Rate	35%
Non-GAAP Earnings Per Diluted Share ¹	\$0.07 to \$0.12

Fiscal Year 2014

Non-GAAP Earnings per Diluted Share ¹	\$1.60 - \$1.80
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¹ Excludes restructuring and transition costs.

Non-GAAP Financial Measures

This earnings 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 and net income per diluted share (i.e., EPS), excluding restructuring and impairment charges, transition costs and loss on sale of a business. 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 earnings release also contains a forward-looking estimate of non-GAAP earnings per diluted share for the first 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

Fourth Quarter – Non-GAAP Financial Measures

(Reconciled with most comparable GAAP financial measures)

	Three Months Ended 12/28/2013			Three Months Ended 12/29/2012		
	Gross Profit	Operating Income	Diluted EPS	Gross Profit	Operating Income	Diluted EPS
Dollars in millions except per share data						
As reported (GAAP)	\$193.0	\$37.6	\$0.50	\$186.0	\$30.3	\$0.39
% of Net Sales	35.7%	7.0%		35.2%	5.7%	
Restructuring and impairment	-	\$0.1	\$0.00	-	\$0.6	\$0.01
Transition costs	-	-	-	\$0.3	\$0.5	\$0.00
Results (non-GAAP)	\$193.0	\$37.7	\$0.50	\$186.3	\$31.4	\$0.40
% of Net Sales	35.7%	7.0%		35.3%	6.0%	



Additional Non-GAAP Reconciliations

Fourth Quarter – Non-GAAP Financial Measures

(Reconciled with most comparable GAAP financial measures)

Dollars in millions	Office Furniture		Percent Change
	Three Months Ended <u>12/28/2013</u>	Three Months Ended <u>12/29/2012</u>	
Operating profit as reported (GAAP)	\$25.8	\$23.5	9.8%
% of Net Sales	6.2%	5.6%	
Restructuring and impairment	\$0.1	\$0.6	
Transition costs	-	\$0.5	
Operating profit (non-GAAP)	\$25.9	\$24.6	5.2%
% of Net Sales	6.2%	5.8%	