



4th Quarter Financial Results
February 6, 2013

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 2013. 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	4Q12	4Q11	\$ Change	% Change % Pt Change	Comments
Net Sales	527.5	500.3	27.3	5.5%	
Non-GAAP Gross Profit (excluding restructuring and transition costs)	186.3	178.3	8.0	4.5%	Decrease in margin mainly due to unfavorable mix, investments to improve operations, new product ramp-up and impact of acquisitions offset partially by higher volume and lower material costs.
% of Net Sales	35.3%	35.6%		-30	
Restructuring and Impairment	-	0.1	(0.1)		4Q11 includes accelerated depreciation related to consolidation of office furniture production.
Transition Costs	0.3	0.2	0.1		4Q12 and 4Q11 include transition costs not classified as restructuring costs related to transitioning production to other office furniture facilities.
GAAP Gross Profit	186.0	178.0	7.9	4.5%	
% of Net Sales	35.2%	35.6%		-40	
Freight & Distribution	46.3	43.0	3.3	7.6%	Increased volume, higher fuel costs and mix of customers.
% of Net Sales	8.8%	8.6%		20	
Non-GAAP Other SG&A (excluding F&D, restructuring & transition costs and non-operating gains)	108.5	104.4	4.1	4.0%	Dollar increase due to volume related expenses, investment in growth initiatives and costs associated with new acquisitions.
% of Net Sales	20.6%	20.9%		-30	
Restructuring and Impairment	0.6	1.1	(0.5)	NM	4Q12 and 4Q11 include restructuring costs related to consolidation of office furniture facilities.
Transition Costs/non-operating gains	0.2	(0.4)	0.6	-158.2%	4Q12 includes transition costs related to consolidation of office furniture facilities; 4Q11 includes gain on sale of excess land
GAAP SG&A	155.6	148.2	7.5	5.0%	
% of Net Sales	29.5%	29.6%		-10	
Operating Income	30.3	29.8	0.5	1.6%	Excluding restructuring, impairment and transition costs and non-operating gains non-GAAP OI from Cont Ops is \$31.4M compared to \$30.8M in prior year
% of Net Sales	5.7%	6.0%		-30	
Interest Expense (Net)	2.5	2.6	(0.2)	-5.9%	
Income tax rate	37.4%	33.7%		370	Increase in tax rate due to R&D tax credit not extended for 2012 until after the beginning of the year and other permanent differences
Net Income attributable to HNI Corporation	17.6	18.1	(0.5)	-3.0%	
% of Net Sales	3.3%	3.6%		-30	
EPS (diluted) - GAAP	\$ 0.39	\$ 0.40	\$ (0.01)	-2.5%	
EPS (diluted) - Non-GAAP	\$ 0.40	\$ 0.41	\$ (0.01)	-2.4%	
Shares (diluted)	45.7	45.8	(0.1)	-0.1%	Repurchased 800,000 shares for \$21.0M YTD 2012; Repurchased 323,965 shares for \$10.0M YTD 2011



4th Quarter Results – Segments

Segment Breakdown	4Q12	4Q11	\$ Change	% Change % Pt Change	Comments
Sales					
Office Furniture	422.3	402.4	19.9	5.0%	Acquisitions accounted for \$10M of increase; 2.5% . Organic growth of \$9.9M; 2.5% . Supplies driven channel up 7.2%; all other down 2.2% .
Hearth Products	105.2	97.9	7.3	7.5%	New Construction Channel up 30.8%; Remodel/Retrofit down 1.3%
Total	527.5	500.3	27.3	5.5%	
Operating Profit					
Office Furniture	23.5	32.2	(8.7)	-27.0%	Excluding restructuring and transition costs and non-operating gains non-GAAP operating profit is \$24.6M vs \$33.2M prior year
Office Furn Oper Margin	5.6%	8.0%		-240	Margin negatively impacted by unfavorable mix, investments to improve operations, new product ramp-up, investments in growth initiatives and impact of acquisitions offset partially by higher volume and lower material costs.
Hearth Products	15.4	9.4	6.0	63.6%	
Hearth Oper Margin	14.7%	9.6%		510	Margin positively impacted by increased volume, better price realization and lower input costs offset partially by higher incentive-based compensation.
Unalloc Corp Exp	(11.0)	(14.4)	(3.3)		Decrease due to lower group medical costs, consulting fees and timing.
Income Before Taxes	27.9	27.2	0.6	2.3%	

1st Quarter

Net Sales – Consolidated	Flat – Down 5%
Office Furniture Sales	Down 2-6% (Down 3-8% organically)
Hearth Sales	Up 9-13%
Interest Expense	\$2.7 million
Effective Tax Rate	54.5%
Non-GAAP Earnings Per Diluted Share ¹	\$(0.01) to \$(0.07)

Fiscal Year 2013

Non-GAAP Earnings per Diluted Share ¹	\$1.25 - \$1.45
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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 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 earnings release also contains a forward-looking estimate of non-GAAP earnings per diluted share for the first quarter and full fiscal year 2013. 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 Reconciliation

Fourth Quarter – Non-GAAP Financial Measures

(Reconciled with most comparable GAAP financial measures)

	Three Months Ended 12/29/2012				Three Months Ended 12/31/2011			
	Gross Profit	SG&A	Operating Income	EPS	Gross Profit	SG&A	Operating Income	EPS
Dollars in millions except per share data								
As reported (GAAP)	\$186.0	\$155.6	\$30.3	\$0.39	\$178.0	\$148.2	\$29.8	\$0.40
% of Net Sales	35.2%	29.5%	5.7%		35.6%	29.6%	6.0%	
Restructuring and impairment	-	(\$0.6)	\$0.6	\$0.01	\$0.1	(\$1.1)	\$1.2	\$0.02
Transition costs	\$0.3	(\$0.2)	\$0.5	\$0.00	\$0.2	-	\$0.2	\$0.00
Non-operating gain	-	-	-	-	-	\$0.4	(\$0.4)	(\$0.01)
Results (non-GAAP)	\$186.3	\$154.8	\$31.4	\$0.40	\$178.3	\$147.4	\$30.8	\$0.41
% of Net Sales	35.3%	29.3%	6.0%		35.6%	29.5%	6.2%	



Additional Non-GAAP Reconciliations

Fourth Quarter – Non-GAAP Financial Measures

(Reconciled with most comparable GAAP financial measures)

	Office Furniture		Percent Change
	Three Months Ended <u>12/29/2012</u>	Three Months Ended <u>12/31/2011</u>	
Dollars in millions			
Operating profit as reported (GAAP)	\$23.5	\$32.2	-27.0%
% of Net Sales	5.6%	8.0%	
Restructuring and impairment	\$0.6	\$1.2	
Transition costs	\$0.5	\$0.2	
Non-operating gains	-	(\$0.4)	
Operating profit (non-GAAP)	\$24.6	\$33.2	-25.8%
% of Net Sales	5.8%	8.2%	