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## Section 1: 8-K (8-K Q2 2018 PRESS RELEASE)

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **July 23, 2018**

**HNI Corporation**  
(Exact name of registrant as specified in charter)

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|   |                          |                                      |
|---|--------------------------|--------------------------------------|
| <b>Iowa</b>                                       | <b>1-14225</b>           | <b>42-0617510</b>                    |
| (State or other jurisdiction<br>of incorporation) | (Commission File Number) | (IRS Employer<br>Identification No.) |

**600 East Second Street, P.O. Box 1109, Muscatine, Iowa 52761-0071**  
(Address of principal executive offices, including Zip Code)

Registrant's telephone number, including area code: **(563) 272-7400**

**N/A**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2.):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## **Section 2 — Financial Information**

### **Item 2.02 Results of Operations and Financial Condition.**

On July 23, 2018, HNI Corporation (the "Corporation") issued a press release announcing its financial results for second quarter ended June 30, 2018. A copy of the press release is attached hereto as Exhibit 99.1.

The information in this Current Report on Form 8-K and the attached Exhibit shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

## **Section 9 — Financial Statements and Exhibits**

### **Item 9.01 Financial Statements and Exhibits.**

| <b>Exhibit No.</b> | <b>Description</b>                                |
|--------------------|---|
| 99.1               | <a href="#">Press release dated July 23, 2018</a> |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

### HNI CORPORATION

Date: July 23, 2018

By /s/ Marshall H. Bridges

Marshall H. Bridges  
Senior Vice President and Chief Financial Officer

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## Section 2: EX-99.1 (EXHIBIT 99.1)

HNI Corporation 600 East Second Street, Muscatine, Iowa 52761, Tel 563 272 7400, Fax 563 272 7347, [www.hnicorp.com](http://www.hnicorp.com)



# News Release

### For Information Contact:

Marshall H. Bridges, Senior Vice President and Chief Financial Officer (563) 272-7400

Jack D. Herring, Treasurer, Director of Finance and Investor Relations (563) 506-9783

## HNI CORPORATION REPORTS STRONG SALES GROWTH CONTINUED DURING SECOND QUARTER FISCAL YEAR 2018

MUSCATINE, Iowa (July 23, 2018) – **HNI Corporation** (NYSE: HNI) today announced sales for the second quarter ended June 30, 2018 of \$543.6 million and net income of \$18.6 million. GAAP net income per diluted share was \$0.42 compared to \$0.31 in the prior year. Non-GAAP net income per diluted share was \$0.44 compared to \$0.42 in the prior year. GAAP to non-GAAP reconciliations follow the financial statements in this release.

### Summary Comments

"Our strong sales momentum continued during the second quarter. Results were better than expected in both our Hearth and Office Furniture businesses. The investments we've made in product, selling, and fulfillment capabilities are paying dividends. I'm pleased with our quarterly results and our progress driving long-term shareholder value," said Jeff Lorenger, HNI Corporation President and Chief

Executive Officer.

## HNI Corporation - Financial Performance

(Dollars in millions, except per share data)

|  | Three Months Ended |                 | Change  |
|--|--------------------|-----------------|---------|
|  | June 30,<br>2018   | July 1,<br>2017 |         |
| <b>GAAP</b>                            |                    |                 |         |
| Net Sales                              | \$543.6            | \$514.5         | 5.7%    |
| Gross Profit %                         | 37.0%              | 35.9%           | 110 bps |
| SG&A %                                 | 31.8%              | 31.6%           | 20 bps  |
| Restructuring and impairment charges % | 0.2%               | 0.1%            | 10 bps  |
| Operating Income                       | \$27.1             | \$21.6          | 25.0%   |
| Operating Income %                     | 5.0%               | 4.2%            | 80 bps  |
| Effective Tax Rate                     | 23.9%              | 32.8%           |         |
| Net Income %                           | 3.4%               | 2.7%            | 70 bps  |
| EPS – diluted                          | \$0.42             | \$0.31          | 35.5%   |
| <b>Non-GAAP</b>                        |                    |                 |         |
| Gross Profit %                         | 37.0%              | 37.3%           | -30 bps |
| Operating Income                       | \$28.2             | \$29.3          | (3.9%)  |
| Operating Income %                     | 5.2%               | 5.7%            | -50 bps |
| EPS – diluted                          | \$0.44             | \$0.42          | 4.8%    |

### Second Quarter Summary Comments

- Consolidated net sales increased \$29.1 million or 5.7 percent from the prior year quarter to \$543.6 million. On an organic basis, sales increased 8.4 percent. The net impact of closing and divesting small office furniture companies decreased sales \$13.2 million compared to the prior year quarter. A reconciliation of organic sales, a non-GAAP measure, follows the financial statements in this release.
- GAAP gross profit margin increased 110 basis points compared to the prior year quarter. A decline of 30 basis points was primarily driven by increased input costs partially offset by improved price realization. This decline was more than offset by a 140 basis point increase due to lower restructuring and transition costs.
- Selling and administrative expenses as a percent of sales increased 20 basis points compared to the prior year quarter. This increase was primarily due to impacts from the Business Systems Transformation initiative and strategic investments, partially offset by higher sales and the impact of closing and divesting small office furniture companies.
- Restructuring and impairment charges as a percent of sales increased 10 basis points compared to the prior year quarter. This increase was due to charges incurred in connection with previously announced closures.

| <b>Office Furniture – Financial Performance</b> |                  |                 |          |
|---|------------------|-----------------|----------|
| (Dollars in millions)                           |                  |                 |          |
| Three Months Ended                              |                  |                 |          |
|   | June 30,<br>2018 | July 1,<br>2017 | Change   |
| <b>GAAP</b>                                     |                  |                 |          |
| Net Sales                                       | \$423.9          | \$406.4         | 4.3%     |
| Operating Profit                                | \$20.5           | \$19.7          | 4.2%     |
| Operating Profit %                              | 4.8%             | 4.8%            | —        |
| <b>Non-GAAP</b>                                 |                  |                 |          |
| Operating Profit                                | \$20.9           | \$25.4          | (18.0%)  |
| Operating Profit %                              | 4.9%             | 6.3%            | -140 bps |

- Second quarter office furniture net sales increased \$17.4 million or 4.3 percent from the prior year quarter to \$423.9 million. On an organic basis, sales increased 7.8 percent driven by increases in the supplies-driven, North American contract, and international businesses. The net impact of closing and divesting small office furniture companies decreased sales \$13.2 million compared to the prior year quarter.
- Second quarter office furniture GAAP operating profit margin was flat to prior year. A decline of 140 basis points was due to increased input costs, the Business Systems Transformation initiative, and strategic investments, partially offset by improved price realization and the impact of closing and divesting small office furniture companies. This decline was offset by a 140 basis point increase from lower restructuring and transition costs.

| <b>Hearth Products – Financial Performance</b> |                  |                 |         |
|--|------------------|-----------------|---------|
| (Dollars in millions)                          |                  |                 |         |
| Three Months Ended                             |                  |                 |         |
|  | June 30,<br>2018 | July 1,<br>2017 | Change  |
| <b>GAAP</b>                                    |                  |                 |         |
| Net Sales                                      | \$119.7          | \$108.0         | 10.8%   |
| Operating Profit                               | \$16.3           | \$12.1          | 34.8%   |
| Operating Profit %                             | 13.6%            | 11.2%           | 240 bps |
| <b>Non-GAAP</b>                                |                  |                 |         |
| Operating Profit                               | \$17.1           | \$14.0          | 21.8%   |
| Operating Profit %                             | 14.3%            | 13.0%           | 130 bps |

- Second quarter hearth products net sales increased \$11.7 million or 10.8 percent from the prior year quarter to \$119.7 million driven by increases in the new construction and retail businesses.
- Second quarter hearth products GAAP operating profit margin increased 240 basis points. Of this increase, 130 basis points were driven by higher sales volume and improved price realization, partially offset by increased input costs and higher incentive based compensation. The remaining 110 basis points increase was due to lower restructuring and transition costs.

**Outlook**

"We expect to continue generating solid top-line growth in the second half of 2018. I like our competitive position and am excited about our opportunities to grow the business and deliver improved earnings for our shareholders. In the short term, we are experiencing additional headwinds from increasing input costs and timing related to our cost savings and productivity initiatives," said Mr. Lorenger.

The Corporation expects full year organic sales to be up 6 to 8 percent. Including the impact of closing and divesting small office furniture companies, full year sales are expected to be up 3 to 5 percent. The Corporation estimates full year non-GAAP earnings per share to be in the range of \$2.35 to \$2.55, which excludes restructuring and transition costs. This compares to prior guidance of non-GAAP earnings per share of \$2.40 to \$2.70. The impact of rising input costs and the slower ramp up of cost savings and productivity initiatives are the primary drivers of the reduced earnings outlook.

For the third quarter, the Corporation expects organic sales to be up 4 to 7 percent compared to the same quarter last year. Including the impact of closing and divesting small office furniture companies, third quarter sales are expected to be up 1 to 4 percent. Third quarter non-GAAP earnings per share are anticipated to be in the range of \$0.80 to \$0.90, which excludes restructuring and transition costs.



## **Conference Call**

HNI Corporation will host a conference call on Tuesday, July 24, 2018 at 10:00 a.m. (Central) to discuss second quarter fiscal year 2018 results. To participate, call 1-877-512-9166 – conference ID number 6183888. A live webcast of the call will be available on HNI Corporation's website at <http://www.hnicorp.com> (under Investors – News Releases & Events). A replay of the webcast will be made available at this website address. An audio replay of the call will be available until Tuesday, July 31, 2018, 10:59 p.m. (Central) by dialing 1-855-859-2056 or 1-404-537-3406 – Conference ID number 6183888.

## **About HNI Corporation**

HNI Corporation is an NYSE traded company (ticker symbol: HNI) providing products and solutions for the home and workplace environments. HNI Corporation is a leading global provider and designer of office furniture and the leading manufacturer and marketer of hearth products. The Corporation sells the broadest and deepest selection of quality office furniture solutions available to meet the needs of every customer through an extensive portfolio of well-known and trusted brands. The Corporation's hearth products are the strongest, most respected brands in the industry and include a full array of gas, electric, wood, and biomass burning fireplaces, inserts, stoves, facings, and accessories. More information can be found on the Corporation's website at [www.hnicorp.com](http://www.hnicorp.com).

## **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). 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: the levels of office furniture needs and housing starts; overall demand for the Corporation's products; general economic and market conditions in the United States and internationally; industry and competitive conditions; the consolidation and concentration of the Corporation's customers; the Corporation's reliance on its network of independent dealers; changes in raw material, component, or commodity pricing; market acceptance and demand for the Corporation's new products; the Corporation's ability to successfully execute its business software system integration; the Corporation's ability to achieve desired results from closures and structural cost reduction initiatives; the Corporation's ability to achieve the anticipated benefits from integrating its acquired businesses and alliances; changing legal, regulatory, environmental, and healthcare conditions; the risks associated with international operations; the potential impact of product defects; the various restrictions on the Corporation's financing activities; an inability to protect the Corporation's intellectual property; the impact of recent tax legislation; 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 assumes no obligation to update, amend, or clarify forward-looking statements.

HNI Corporation and Subsidiaries  
**Condensed Consolidated Statements of Income**

(In thousands, except share and per share data)

(Unaudited)

|   | Three Months Ended |                  | Six Months Ended |                  |
|---|--------------------|------------------|------------------|------------------|
|   | June 30,<br>2018   | July 1,<br>2017  | June 30,<br>2018 | July 1,<br>2017  |
| Net sales   | \$ 543,614         | \$ 514,485       | \$ 1,048,683     | \$ 992,152       |
| Cost of sales   | 342,744            | 329,733          | 670,894          | 633,677          |
| Gross profit  | 200,870            | 184,752          | 377,789          | 358,475          |
| Selling and administrative expenses                                   | 172,973            | 162,684          | 344,868          | 326,350          |
| Restructuring and impairment charges                                  | 837                | 419              | 2,175            | 2,542            |
| Operating income  | 27,060             | 21,649           | 30,746           | 29,583           |
| Interest income   | 89                 | 325              | 202              | 396              |
| Interest expense  | 2,718              | 1,347            | 5,055            | 2,393            |
| Income before income taxes  | 24,431             | 20,627           | 25,893           | 27,586           |
| Income taxes  | 5,835              | 6,771            | 4,836            | 8,949            |
| Net income  | 18,596             | 13,856           | 21,057           | 18,637           |
| Less: Net income (loss) attributable to non-controlling interest      | (1)                | 8                | (50)             | (48)             |
| Net income attributable to HNI Corporation                            | <u>\$ 18,597</u>   | <u>\$ 13,848</u> | <u>\$ 21,107</u> | <u>\$ 18,685</u> |
| <br>  |                    |                  |                  |                  |
| Average number of common shares outstanding – basic                   | 43,665,411         | 44,178,287       | 43,512,691       | 44,114,164       |
| Net income attributable to HNI Corporation per common share – basic   | <u>\$ 0.43</u>     | <u>\$ 0.31</u>   | <u>\$ 0.49</u>   | <u>\$ 0.42</u>   |
| Average number of common shares outstanding – diluted                 | 44,289,662         | 45,305,547       | 44,201,285       | 45,375,451       |
| Net income attributable to HNI Corporation per common share – diluted | <u>\$ 0.42</u>     | <u>\$ 0.31</u>   | <u>\$ 0.48</u>   | <u>\$ 0.41</u>   |

HNI Corporation and Subsidiaries  
**Condensed Consolidated Balance Sheets**

(In thousands)

(Unaudited)

|   | June 30,<br>2018 | December 30,<br>2017 |
|---|------------------|----------------------|
| <b>Assets</b>                                     |                  |                      |
| Current Assets:                                   |                  |                      |
| Cash and cash equivalents                         | \$ 31,065        | \$ 23,348            |
| Short-term investments                            | 2,260            | 2,015                |
| Receivables                                       | 238,905          | 258,551              |
| Inventories                                       | 185,371          | 155,683              |
| Prepaid expenses and other current assets         | 49,801           | 49,283               |
| Total Current Assets                              | 507,402          | 488,880              |
| Property, Plant, and Equipment:                   |                  |                      |
| Land and land improvements                        | 28,469           | 28,593               |
| Buildings   | 290,076          | 306,137              |
| Machinery and equipment                           | 554,414          | 556,571              |
| Construction in progress                          | 31,722           | 39,788               |
|   | 904,681          | 931,089              |
| Less accumulated depreciation                     | 527,735          | 540,768              |
| Net Property, Plant, and Equipment                | 376,946          | 390,321              |
| Goodwill and Other Intangible Assets              | 481,891          | 490,892              |
| Deferred Income Taxes                             | 193              | 193                  |
| Other Assets                                      | 21,956           | 21,264               |
| Total Assets                                      | \$ 1,388,388     | \$ 1,391,550         |
| <b>Liabilities and Equity</b>                     |                  |                      |
| Current Liabilities:                              |                  |                      |
| Accounts payable and accrued expenses             | \$ 409,266       | \$ 450,128           |
| Current maturities of long-term debt              | 434              | 36,648               |
| Current maturities of other long-term obligations | 3,199            | 2,927                |
| Total Current Liabilities                         | 412,899          | 489,703              |
| Long-Term Debt                                    | 296,397          | 240,000              |
| Other Long-Term Liabilities                       | 75,928           | 70,409               |
| Deferred Income Taxes                             | 77,870           | 76,861               |
| Equity:   |                  |                      |
| HNI Corporation shareholders' equity              | 524,794          | 514,068              |
| Non-controlling interest                          | 500              | 509                  |
| Total Equity                                      | 525,294          | 514,577              |
| Total Liabilities and Equity                      | \$ 1,388,388     | \$ 1,391,550         |

HNI Corporation and Subsidiaries  
**Condensed Consolidated Statements of Cash Flows**

(In thousands)

(Unaudited)

|  | Six Months Ended |                  |
|--|------------------|------------------|
|  | June 30,<br>2018 | July 1,<br>2017  |
| Net cash flows from (to) operating activities        | \$ 29,478        | \$ (27,302)      |
| Net cash flows from (to) investing activities        | (12,716)         | (62,023)         |
| Net cash flows from (to) financing activities        | (9,045)          | 80,161           |
| Net increase (decrease) in cash and cash equivalents | 7,717            | (9,164)          |
| Cash and cash equivalents at beginning of period     | 23,348           | 36,312           |
| Cash and cash equivalents at end of period           | <u>\$ 31,065</u> | <u>\$ 27,148</u> |

HNI Corporation and Subsidiaries  
**Reportable Segment Data**

(In thousands)

(Unaudited)

|   | Three Months Ended |                   | Six Months Ended    |                     |
|---|--------------------|-------------------|---------------------|---------------------|
|   | June 30,<br>2018   | July 1,<br>2017   | June 30,<br>2018    | July 1,<br>2017     |
| <b>Net Sales:</b>   |                    |                   |                     |                     |
| Office furniture  | \$ 423,878         | \$ 406,444        | \$ 804,793          | \$ 766,425          |
| Hearth products   | 119,736            | 108,041           | 243,890             | 225,727             |
| Total   | <u>\$ 543,614</u>  | <u>\$ 514,485</u> | <u>\$ 1,048,683</u> | <u>\$ 992,152</u>   |
| <b>Income Before Income Taxes:</b>                            |                    |                   |                     |                     |
| Office furniture  | \$ 20,519          | \$ 19,683         | \$ 20,132           | \$ 26,127           |
| Hearth products   | 16,312             | 12,104            | 33,426              | 23,915              |
| General corporate   | (9,771)            | (10,138)          | (22,812)            | (20,459)            |
| Operating Income  | 27,060             | 21,649            | 30,746              | 29,583              |
| Interest income (expense)                                     | (2,629)            | (1,022)           | (4,853)             | (1,997)             |
| Total   | <u>\$ 24,431</u>   | <u>\$ 20,627</u>  | <u>\$ 25,893</u>    | <u>\$ 27,586</u>    |
| <b>Depreciation and Amortization Expense:</b>                 |                    |                   |                     |                     |
| Office furniture  | \$ 11,204          | \$ 12,498         | \$ 22,190           | \$ 25,383           |
| Hearth products   | 2,092              | 2,706             | 4,054               | 6,194               |
| General corporate   | 5,539              | 2,421             | 11,036              | 4,887               |
| Total   | <u>\$ 18,835</u>   | <u>\$ 17,625</u>  | <u>\$ 37,280</u>    | <u>\$ 36,464</u>    |
| <b>Capital Expenditures (including capitalized software):</b> |                    |                   |                     |                     |
| Office furniture  | \$ 13,420          | \$ 16,345         | \$ 24,997           | \$ 37,365           |
| Hearth products   | 1,229              | 5,134             | 4,167               | 7,212               |
| General corporate   | 1,344              | 9,833             | 3,160               | 19,511              |
| Total   | <u>\$ 15,993</u>   | <u>\$ 31,312</u>  | <u>\$ 32,324</u>    | <u>\$ 64,088</u>    |
| <b>Identifiable Assets:</b>                                   |                    |                   |                     |                     |
| Office furniture  |                    |                   | \$ 822,130          | \$ 821,767          |
| Hearth products   |                    |                   | 352,625             | 347,189             |
| General corporate   |                    |                   | 213,633             | 222,594             |
| Total   |                    |                   | <u>\$ 1,388,388</u> | <u>\$ 1,391,550</u> |

## Non-GAAP Financial Measures

This earnings release includes certain non-GAAP financial information as defined by Securities and Exchange Commission Regulation G. Pursuant to the requirements of this regulation, reconciliations of this non-GAAP financial information to HNI's financial statements as prepared in accordance with GAAP are included below and throughout this earnings release. This information gives investors additional insights into HNI's financial performance and operations. While HNI's management believes the non-GAAP financial measures are useful in evaluating HNI's operations, this information should be considered supplemental and not in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP. In addition, these measures may be different from non-GAAP financial measures used by other companies, limiting their usefulness for comparison purposes.

To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with GAAP, we use the following non-GAAP financial measures within this earnings release: organic sales, gross profit, operating income, operating profit, and net income per diluted share (i.e., EPS). These measures are adjusted from the comparable GAAP measures to exclude the after-tax impacts of the selected items as summarized in the table below. Generally, non-GAAP EPS is calculated using HNI's overall effective tax rate for the period, as this rate is reflective of the tax applicable to most non-GAAP adjustments.

The sales adjustments to arrive at our non-GAAP organic sales information included in this earnings release excludes the impact of closing and divesting small office furniture companies. The transactions excluded for purposes of our other non-GAAP financial information included in this earnings release for both years presented include restructuring and transition costs. The restructuring and transition costs are costs incurred as part of the previously announced closures of the hearth manufacturing facilities in Paris, Kentucky and Colville, Washington and the office furniture manufacturing facility in Orleans, Indiana and structural realignments in China and between office furniture facilities in Muscatine, Iowa. Specific restructuring items incurred include severance and accelerated depreciation. Specific transition items incurred include production move costs. Specific transactions in second quarter 2018 excluded for purposes of our other non-GAAP financial information included in this earnings release include the impairment of a closed manufacturing facility held for sale.

This earnings release also contains a forward-looking estimate of non-GAAP earnings per diluted share for the next quarter and full fiscal year. We provide such non-GAAP measures to investors on a prospective basis for the same reasons we provide it 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 without unreasonable efforts because certain information needed to make a reasonable forward-looking estimate of GAAP earnings per diluted share is highly variable and difficult to predict and estimate, and is dependent on future events which are 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 nonrecurring items not reflective of ongoing operations. We expect the variability of these charges to have a potentially unpredictable, and potentially significant, impact on our GAAP earnings per diluted share.

| <b>HNI Corporation Reconciliation</b> |                     |          |          |                     |          |          |
|---------------------------------------|---------------------|----------|----------|---------------------|----------|----------|
| (Dollars in millions)                 |                     |          |          |                     |          |          |
|                                       | Three Months Ended  |          |          |                     |          |          |
|                                       | June 30, 2018       |          |          | July 1, 2017        |          |          |
|                                       | Office<br>Furniture | Hearth   | Total    | Office<br>Furniture | Hearth   | Total    |
| Sales as reported (GAAP)              | \$ 423.9            | \$ 119.7 | \$ 543.6 | \$ 406.4            | \$ 108.0 | \$ 514.5 |
| % change from PY                      | 4.3%                | 10.8%    | 5.7%     |                     |          |          |
| Less: Closure and Divestitures        | —                   | —        | —        | 13.2                | —        | 13.2     |
| Organic Sales (non-GAAP)              | \$ 423.9            | \$ 119.7 | \$ 543.6 | \$ 393.3            | \$ 108.0 | \$ 501.3 |
| % change from PY                      | 7.8%                | 10.8%    | 8.4%     |                     |          |          |

**HNI Corporation Reconciliation**

(Dollars in millions, except per share data)

Three Months Ended  
June 30, 2018

|                                      | Gross Profit | Operating Income | Tax    | Net Income | EPS     |
|--------------------------------------|--------------|------------------|--------|------------|---------|
| As reported (GAAP)                   | \$ 200.9     | \$ 27.1          | \$ 5.8 | \$ 18.6    | \$ 0.42 |
| % of net sales                       | 37.0%        | 5.0%             |        | 3.4%       |         |
| Tax %                                |              |                  | 23.9%  |            |         |
| Restructuring and impairment charges | —            | 0.8              | 0.2    | 0.6        | 0.02    |
| Transition costs                     | 0.3          | 0.3              | 0.1    | 0.2        | 0.00    |
| Results (non-GAAP)                   | \$ 201.2     | \$ 28.2          | \$ 6.1 | \$ 19.4    | \$ 0.44 |
| % of net sales                       | 37.0%        | 5.2%             |        | 3.6%       |         |
| Tax %                                |              |                  | 23.9%  |            |         |

**HNI Corporation Reconciliation**

(Dollars in millions, except per share data)

Three Months Ended  
July 1, 2017

|                       | Gross Profit | Operating Income | Tax    | Net Income | EPS     |
|-----------------------|--------------|------------------|--------|------------|---------|
| As reported (GAAP)    | \$ 184.8     | \$ 21.6          | \$ 6.8 | \$ 13.8    | \$ 0.31 |
| % of net sales        | 35.9%        | 4.2%             |        | 2.7%       |         |
| Tax %                 |              |                  | 32.8%  |            |         |
| Restructuring charges | 3.0          | 3.4              | 1.1    | 2.3        | 0.05    |
| Transition costs      | 4.3          | 4.3              | 1.4    | 2.9        | 0.06    |
| Results (non-GAAP)    | \$ 192.1     | \$ 29.3          | \$ 9.3 | \$ 19.0    | \$ 0.42 |
| % of net sales        | 37.3%        | 5.7%             |        | 3.7%       |         |
| Tax %                 |              |                  | 32.8%  |            |         |

### Office Furniture Reconciliation

(Dollars in millions)

|                                     | Three Months Ended |                 | Percent Change |
|-------------------------------------|--------------------|-----------------|----------------|
|                                     | June 30,<br>2018   | July 1,<br>2017 |                |
| Operating profit as reported (GAAP) | \$ 20.5            | \$ 19.7         | 4.2%           |
| % of net sales                      | 4.8%               | 4.8%            |                |
| Restructuring charges               | 0.1                | 2.4             |                |
| Transition costs                    | 0.3                | 3.3             |                |
| Operating profit (non-GAAP)         | \$ 20.9            | \$ 25.4         | (18.0%)        |
| % of net sales                      | 4.9%               | 6.3%            |                |

### Hearth Products Reconciliation

(Dollars in millions)

|                                      | Three Months Ended |                 | Percent Change |
|--------------------------------------|--------------------|-----------------|----------------|
|                                      | June 30,<br>2018   | July 1,<br>2017 |                |
| Operating profit as reported (GAAP)  | \$ 16.3            | \$ 12.1         | 34.8%          |
| % of net sales                       | 13.6%              | 11.2%           |                |
| Restructuring and impairment charges | 0.7                | 0.9             |                |
| Transition costs                     | —                  | 1.0             |                |
| Operating profit (non-GAAP)          | \$ 17.1            | \$ 14.0         | 21.8%          |
| % of net sales                       | 14.3%              | 13.0%           |                |