



1<sup>st</sup> Quarter Financial Results  
April 18, 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 second 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.



- 1<sup>st</sup> Quarter Assessment
- Review of 1<sup>st</sup> Quarter Financials
- Outlook
- Q&A

Income Statement	1Q13	1Q12	\$ Change	% Change % Pt Change	Comments
<b>Net Sales</b>	442.3	445.2	(2.9)	-0.7%	
Non-GAAP Gross Profit (excluding restructuring & impairment and transition costs)	147.8	147.1	0.7	0.5%	Increase in margin mainly due to higher HHT volume and increased price realization offset partially by lower office furniture volume and unfavorable mix.
% of Net Sales	33.4%	33.0%		40	
Restructuring and Impairment	-	0.2	(0.2)		1Q12 includes accelerated depreciation related to consolidation of office furniture facilities.
Transition Costs	-	0.1	(0.1)		1Q12 includes transition costs not classified as restructuring costs related to transitioning production to other office furniture facilities.
<b>GAAP Gross Profit</b>	147.8	146.8	1.0	0.7%	
% of Net Sales	33.4%	33.0%		40	
Freight & Distribution	41.8	42.6	(0.9)	-2.0%	Network realignment savings
% of Net Sales	9.4%	9.6%		-20	
Non-GAAP Other SG&A (excluding F&D, restructuring and transition costs)	102.8	101.1	1.7	1.7%	Dollar increase due to HHT selling initiatives and increased incentive-based compensation.
% of Net Sales	23.2%	22.7%		50	
Restructuring and Impairment	0.2	0.9	(0.7)	-82.6%	1Q13 and 1Q12 include restructuring costs related to closure and consolidation of previously announced office furniture facilities.
GAAP SG&A	144.7	144.6	0.1	0.1%	
% of Net Sales	32.7%	32.5%		20	
<b>Operating Income</b>	3.1	2.2	0.9	39.9%	Excluding restructuring and transition costs non-GAAP OI is \$3.2M compared to \$3.4M in prior year
% of Net Sales	0.7%	0.5%		20	
Interest Expense (Net)	2.5	2.4	0.1	3.3%	
Income tax rate	-79.8%	37.8%			1Q13 tax rate impacted by retroactive extension and realization of full year impact of 2012 research tax credit.
Noncontrolling Interest	(0.2)	(0.0)	(0.2)		
<b>Net Income - Parent Company</b>	1.4	(0.1)	1.5	1098.4%	
% of Net Sales	0.3%	0.0%		30	
<b>EPS (diluted) - GAAP</b>	\$ 0.03	\$ (0.00)	\$ 0.03	100%	
<b>EPS (diluted) - Non-GAAP</b>	\$ 0.03	\$ 0.01	\$ 0.02	200.0%	
Shares (diluted)	45.7	45.2	0.6	1.3%	

# 1<sup>st</sup> Quarter Results – Segments

Segment Breakdown	1Q13	1Q12	\$ Change	% Change % Pt Change	Comments
<b>Sales</b>					
Office Furniture	365.8	378.6	(12.8)	-3.4%	Organic decreased \$10.9M; -2.9%. Supplies driven channel up 2.7%; all other down 8.8%. Acquisitions net of divestitures \$(1.9)M; -0.5%.
Hearth Products	76.5	66.6	9.9	14.8%	New Construction Channel up 23.1%; Remodel/Retrofit up 8.5%
Total	442.3	445.2	(2.9)	-0.7%	
<b>Operating Profit</b>					
Office Furniture	8.7	7.9	0.8	10.8%	Excluding restructuring and transition costs non-GAAP operating profit is \$8.9M vs \$9.0M prior year
Office Furn Oper Margin	2.4%	2.1%		30	Margin positively impacted by increased price realization, network realignment savings and lower incentive based compensation offset partially by lower volume and unfavorable mix.
Hearth Products	3.6	1.1	2.5	217.2%	
Hearth Oper Margin	4.7%	1.7%		300	Margin positively impacted by increased volume, higher price realization and lower input costs offset partially by increased investments in selling initiatives and higher incentive based compensation.
Unalloc Corp Exp	(11.7)	(9.2)	(2.5)	-27.2%	Investments in business system transformation and higher incentive based compensation
Income Before Taxes	0.6	(0.2)	0.8	331.8%	

**2<sup>nd</sup> Quarter**

Net Sales – Consolidated	Up 5-8%
Office Furniture Sales	Up 4-7% (up 5-8% organically)
Hearth Sales	Up 7-11%
Interest Expense	\$2.6 million
Annual Effective Tax Rate	35%
Non-GAAP Earnings Per Diluted Share <sup>1</sup>	\$0.22 to \$0.27

**Fiscal Year 2013**

Non-GAAP Earnings per Diluted Share <sup>1</sup>	\$1.30 - \$1.45
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<sup>1</sup> 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 second 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.



## First Quarter – Non-GAAP Financial Measures – Continuing Operations

(Reconciled with most comparable GAAP financial measures)

	Three Months Ended 3/30/2013			Three Months Ended 3/31/2012		
	Gross Profit	Operating Income	EPS	Gross Profit	Operating Income	EPS
Dollars in millions except per share data						
As reported (GAAP)	\$147.8	\$3.1	\$0.03	\$146.8	\$2.2	(\$0.00)
% of Net Sales	33.4%	0.7%		33.0%	0.5%	
Restructuring and impairment	-	\$0.2	\$0.00	\$0.2	\$1.1	\$0.01
Transition costs	-	-		\$0.1	\$0.1	\$0.00
Results (non-GAAP)	\$147.8	\$3.2	\$0.03	\$147.1	\$3.4	\$0.01
% of Net Sales	33.4%	0.7%		33.0%	0.8%	





# Additional Non-GAAP Reconciliations

## First Quarter - Non-GAAP Financial

(Reconciled with most comparable GAAP financial measures)

	<b>Office Furniture</b>		<b>Percent Change</b>
	<b>Three Months Ended</b>		
Dollars in millions	<u>3/30/2013</u>	<u>3/31/2012</u>	
Operating profit as reported (GAAP)	\$8.7	\$7.9	10.8%
% of Net Sales	2.4%	2.1%	
Restructuring and impairment	\$0.2	\$1.1	
Transition costs	\$0.0	\$0.1	
Operating profit (non-GAAP)	\$8.9	\$9.0	-2.0%
% of Net Sales	2.4%	2.4%	