HNI Corporation NYSE:HNI

Earnings Call

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Call Participants

EXECUTIVES

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Chairman of the Board, President & CEO

Matthew S. McCall
Vice President of Investor Relations & Corporate Development

Vincent Paul Berger
Executive VP & CFO

ANALYSTS

Brian Gordon
Water Tower Research LLC

David Sutherland MacGregor
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Gregory John Burns
Sidoti & Company, LLC

Reuben Garner
The Benchmark Company, LLC, Research Division

Steven Ramsey
Thompson Research Group, LLC

Presentation

Operator

Thank you for standing by. My name is Carly, and I will be your conference operator today. At this time, I would like to welcome everyone to the HNI Corporation Second Quarter Fiscal 2025 Results Conference Call. [Operator Instructions] I would now like to turn the conference over to Mr. Matt McCall. You may begin.

Matthew S. McCall
Vice President of Investor Relations & Corporate Development

Good morning. My name is Matt McCall. I'm Vice President, Investor Relations and Corporate Development for HNI Corporation. Thank you for joining us to discuss our second quarter 2025 results. With me today are Jeff Lorenger, Chairman, President and CEO; and VP Berger, Executive Vice President and CFO. Copies of our financial news release and non-GAAP reconciliations are posted on our website. Statements made during this call that are not strictly historical facts are forward-looking statements, which are subject to known and unknown risks. Actual results could differ materially. The financial news release posted on our website includes additional factors that could affect actual results. The corporation assumes no obligation to update any forward-looking statements made during the call. I'm now pleased to turn the call over to Jeff Lorenger. Jeff?

Jeffrey D. Lorenger
Chairman of the Board, President & CEO

Good morning, and thank you for joining us. I'm going to divide my commentary today into three sections. First, I will provide some comments about our second quarter results. Non-GAAP earnings per share increased more than 40% year-over-year with solid revenue growth in both segments. Next, I will discuss our expectations for the remainder of 2025. Our earnings outlook has modestly increased from what we provided on our last quarter call. We continue to anticipate a fourth consecutive year of double-digit non-GAAP earnings improvement. And finally, I will provide additional detail about recent demand activity and how we see our markets playing out over the rest of the year.

I will also discuss the confidence we have in our strategies and an update on our elevated EPS growth visibility. Following those highlights, VP will provide additional color around our third quarter and updated full year outlook. He will also comment on our strong balance sheet. I will conclude with some closing comments before we open the call to your questions.

Let's begin with the second quarter. Our strategies are working, and our members delivered another excellent quarter. The benefits of our diversified revenue streams and the merits of our customer-first business model continue to deliver strong shareholder value. For the quarter, we delivered non-GAAP earnings per share of $1.11. The 41% year-over-year EPS growth was ahead of our internal expectations. Much of the earnings upside was driven by better-than-expected volume growth. Both segments generated year-over-year top line growth in excess of 5%, with both modestly exceeding the expected ranges we discussed on last quarter's conference call.

Profitability in the second quarter was also strong. Consolidated non-GAAP gross margin expanded 90 basis points on a year-on-year basis to 42.9%. Our non-GAAP operating margin expanded 200 basis points year-over-year to 11%. This EBIT margin was the highest on record for the second quarter, driven by the impact of volume growth, along with our profit transformation efforts and KII synergies. In the Workplace Furnishings segment, organic net sales increased more than 8% year-over-year, fueled by broad-based growth across the portfolio. We experienced noteworthy strength in our contract brands with revenue up nearly 15% year-over-year.

We also saw a return to growth in our brands focused on small- and medium-sized businesses, where revenue was slightly up year-over-year. From a profitability perspective, Workplace Furnishings non-GAAP EBIT margin expanded 120 basis points year-over-year to a strong 13.1%. Our profit transformation efforts and realization of KII synergies continue to deliver benefits, driving segment EBIT margin to record second quarter levels. Broadly, while there was some revenue and profit pull-forward activity driven by pricing actions, the impact during the quarter was modest. Finally, in Residential Building Products, second quarter revenue increased more than 5% year-over-year.

Revenue from new construction channel -- the new construction channel was up more than 4% and remodel-retrofit sales grew over 7%, both on a year-over-year basis. We delivered this top line growth despite continued challenging housing market dynamics as we are competing well and our internal growth investments are beginning to bear fruit. Residential Building Products profitability was also strong in the quarter.

Segment operating profit grew 20% year-over-year, and segment operating margin expanded 190 basis points from the same period of 2024 to a solid 15.7%. The consistently strong profit margins in this segment are evidence of the business' unmatched price point breadth and channel reach, along with the benefits of its vertically integrated business model and overall operational agility. To summarize our collective results, our revenue growth and profit improvement demonstrate the strength of our strategies and our customer-first business model, the resilience of our members and our proven ability had manage through varying macroeconomic conditions.

That leads me to my comments about our outlook for the remainder of 2025. Our margin expansion efforts and expectations for continued revenue growth will support ongoing year-over-year EPS improvement as we move through the second half of the year, all while we continue to invest to drive future growth. In Workplace Furnishings, orders grew in the quarter across all major office brands. We saw a return to order growth in the SMB space with orders up 3%. Our contract brands outperformed with orders growing 5% year-over-year when excluding hospitality. We are excluding hospitality for the metric as the business experienced a meaningful tariff-related pause in activity during the quarter, which has temporarily skewed results. I will discuss our positive outlook for the hospitality market more in a moment.

As was the case with revenue and profits, we did see some order pull forward in the quarter. However, adjusted segment orders, which exclude hospitality and the impact of pull-forward activity, were still up for the quarter on a year-over-year basis. In addition, total segment backlog is up 5% year-over-year. So we continue to see encouraging signs that support our view of volume improvement, while at the same time, we are increasingly focusing our investments on driving revenue growth in this segment. Moving to Residential Building Products. Orders in the second quarter decreased approximately 2% year-over-year. Going back to the first quarter, we saw some order pull ahead in March, which negatively impacted order growth in the month of April. However, as the impact of pull-forward activity abated, year-over-year order improvement returned in both May and June.

Builder sentiment continues to reflect the impacts of elevated interest rates, ongoing affordability issues and weaker consumer confidence, and housing trends have broadly followed builder sentiment. Despite the current environment, however, we believe in the long-term opportunities tied to the housing market and in the strength of our market-leading positions and profitable operating model. This supports our ongoing level of investment.

I will finish by making a few comments about our markets and provide additional detail around our elevated 2025 EPS growth visibility. On our last 2 earnings calls, we highlighted an increased focus on investing to drive growth in both segments. Our first half 2025 revenue strength and encouraging leading indicators provide added support for our growth initiatives. As we look at our Workplace Furnishings segment, we experienced solid revenue and order growth across all major office brands. SMB orders rebounded and grew in the quarter after a brief pause in late 2024 and early 2025. We remain bullish about the fundamentals of this business. We believe our strength in the SMB space and our broad price point breadth continue to be competitive differentiators. This is especially true as more cost-conscious customers embrace price mixing across projects, increasingly co-mingling SMB products in the contract settings.

In our contract business, we expect growth to continue in the back half of 2025. We see encouraging signs associated with larger projects across all our key verticals and saw customers return to a business-as-usual mentality. We believe we are seeing the release of pent-up demand as they focus on in-office work continues to highlight the need to refresh and reset spaces to adapt to the new ways work is done and the more people in office. As a result, presale activity, orders and backlog were all up.

Finally, I'll comment on our hospitality business. As I mentioned, we saw a tariff-related demand pause during the quarter. This business relies heavily on imported product, primarily from Vietnam and China. As a result, many customers tapped the brakes on new projects as tariff uncertainty spiked. We have seen an improvement in activity and our pipeline has rebounded significantly. So while this business can be lumpy, we remain enthusiastic about hospitality demand prospects as macro volatility subsides. Looking ahead, we believe we are particularly well positioned to benefit as the workplace furnishings market continues to improve.

We have a portfolio of brands with unmatched product and pricing breadth and depth, allowing us to meet any furniture need a customer has. We have products that work for customers ranging from small businesses to the largest multinationals. Our brands are distributed widely across geographies from tertiary markets to the top MSAs, and we can broadly meet the needs of workplaces, schools, health care facilities and hotels.

Moving to Residential Building Products. We continue to believe in the position in the positive long-term market fundamentals. We are performing well despite an ongoing soft new construction and R&R environment, and we acknowledge a market-driven revenue recovery will take time. We are, however, optimistic about our opportunities to increase revenue through our growth initiatives. Specifically, we continue to invest in developing market-leading new products that offer customers more options and features. We are driving new programs to increase homeowner and homebuyer awareness of their fireplace options, ensuring our products are considered in all remodel and new construction projects.

And we are strengthening our already strong relationships with builders across the country, helping them deliver the best overall value to the homeowner. Encouragingly, we are driving growth in this segment while still being in the early days of each of these initiatives. And while we invest in growth, we will continue to deliver high-margin results and strong profits in this business. Longer term, single-family housing remains undersupplied and demographics will support additional demand growth. The results of our ongoing investments, which will enhance our connection to customers and build on our leading brands will fortify our position of strength in the industry.

Finally, and importantly, we continue to have elevated earnings visibility this year and next. Our outlook for 2025 continues to include full year revenue growth in both segments. In addition, our earnings per share outlook moves modestly higher. We continue to have high visibility to significant profit growth driven by operational efficiencies. As a reminder, we have 2 initiatives underway in this area, Mexico and KII synergies. In recent quarters, we highlighted an expected benefit of $0.70 to $0.80 of additional EPS through 2026. To date, we have recognized approximately $0.24 of EPS benefit, leaving $0.50 to $0.60 to be recognized over the next 18 months. This is a modest increase from our previously communicated range and continues to provide visibility into a fifth consecutive year of double-digit EPS growth. I will now turn the call over to VP to discuss our outlook for the remainder of 2025. VP?

Vincent Paul Berger
Executive VP & CFO

Thanks, Jeff. I'll start by discussing our outlook for revenue and profit. Beginning with the top line. Third quarter revenue in Workplace Furnishings is expected to increase at a mid-single-digit rate year-over-year organically. Including the impact of divestitures, Workplace Furnishings revenue is expected to increase at a low single-digit pace. The benefits of improving orders and backlog are expected to drive the revenue growth in the third quarter. For Residential Building Products, third quarter net sales are projected to increase at a low single-digit rate compared to the same period in 2024. Pricing actions are expected to be the primary driver of growth. However, for the second half overall, we continue to expect volume growth for this segment.

We're projecting revenue improvement in 2025 without market growth. Shifting to our third quarter profit outlook. Non-GAAP earnings per share in the third quarter are expected to increase slightly from

2024 levels. This improvement is expected to be driven by productivity benefits and volume growth, which should be partially offset by increased investment levels. In the third quarter, we expect operating margin in Workplace Furnishings to expand modestly year-over-year, driven by volume improvement and continued profit transformational benefits, partially offset by increased investment.

Residential Building Products operating margin is expected to compress modestly year-over-year in the third quarter as a result of slightly lower volume and increased investments. Again, we still are expecting overall non-GAAP earnings per share in the third quarter to increase slightly from 2024 levels. Moving to the full year. In Workplace Furnishings, we expect year-over-year mid-single-digit net sales growth, excluding the benefit of an extra week in the fourth quarter. Our full year volume expectations move higher. However, the overall segment sales outlook is essentially unchanged as now we see lower projected price realization, primarily related or driven by reduced impacts from tariffs.

In Residential Building Products, our outlook improved slightly, with net sales now expected to grow at a mid-single-digit pace, again, after excluding the benefit of the extra week in the fourth quarter. From an earnings perspective, our outlook for 2025 increases modestly with double-digit percent EPS growth expected for the fourth straight year. I'll wrap up with a few comments on our balance sheet and cash flow.

Quarter ending gross debt leverage was at 1.4x as calculated in accordance with our debt agreements. During the quarter, we continued to deploy cash through our long-standing quarterly dividend and through stock repurchases of nearly $40 million, demonstrating our continued confidence in our future earnings and cash flow generation. The combination of our strong balance sheet and consistent cash flow generation will continue to provide a high degree of financial flexibility and capacity for investment. Our capital priorities remain reinvesting in the business, paying dividends, pursuing share buybacks and exploring M&A opportunities. I'll now turn the call back over to Jeff.

Jeffrey D. Lorenger
Chairman of the Board, President & CEO
Thanks, VP. We remain focused on investing to drive revenue growth and on expanding margins. We have multiple avenues to drive growth, and we'll continue to invest. And we expect to extend our track record of consecutive years of double-digit percent EPS growth. And beyond 2025, we are positioned for continued success. We have elevated earnings growth visibility through 2026, broad and diverse product and market coverage in workplace furnishings, market-leading positions in residential building products, and we continue to invest to drive growth. All this is supported by our strong balance sheet and the ability to generate continued free cash flow. I want to thank each HNI member for the continued dedication and congratulate them on another excellent quarter. We will now open the call to your questions.

Question and Answer

Operator

[Operator Instructions] Your first question comes from Reuben Garner with Benchmark.

Reuben Garner
The Benchmark Company, LLC, Research Division

Jeff you started -- you referenced, I think, modestly increasing your earnings outlook a couple of times, if I heard that right. And then you referenced the $0.50 to $0.60 over the next 18 months of visibility being, I think you said higher than you expected. Can you elaborate on what's driving that increased visibility or that increased earnings outlook?

Jeffrey D. Lorenger
Chairman of the Board, President & CEO

Yes. I mean I think we continue to get more confidence in how our network optimization and our synergy work has developed here, Reuben. So we're -- based on our first half and what we have in the hopper, we're able to say with confidence that we think that's going to drive a modestly increase in the full year on EPS, from where we were at.

Reuben Garner
The Benchmark Company, LLC, Research Division

Got it. Got it. And then the SMB business showing some signs of life, I guess, as one way to put it. Does -- in the past, I think that's been a pretty good barometer of just general sentiment improvement. Does that -- does it feel different this time? Was it maybe some things were not -- the trigger wasn't pulled earlier in the year with the tariff dynamics going on, and this is kind of some catch-up? Or do you think this is a sign of maybe some acceleration to come in both sides of your office business?

Jeffrey D. Lorenger
Chairman of the Board, President & CEO

That's a great question, Reuben. And you've been around a bit as, have I. And I think it's a little -- I think there's some of that. I also think it was more of a -- that business has been performing pretty well in the last couple of years. And I think it was more of a lull in the tariff impact, like we said, at the end of last year, beginning of this year.

So I don't know that it's a traditional pattern in that respect because I say our contract business is performing well right now. And so I think it's really SMB returning from that temporary kind of shock to the system and getting back online more so than it is kind of traditional goes in first, comes out first, mentality.

Vincent Paul Berger
Executive VP & CFO

Yes, Reuben, we talked last time 3 straight quarters of that contracting at -- about an average of 5%. We started to see that rebound early in the second quarter. So I think it's a sign of -- usually that goes in first and comes out -- goes in first and then out. So it supports the thoughts there.

Reuben Garner
The Benchmark Company, LLC, Research Division

Got it. And then last one for me on the Residential side. Even with the pull-forward dynamic, orders down 2% is pretty good in this environment with what we're seeing in new construction, in particular. Can you talk about where you think you're getting the out performance? Is it more on the new side? Is it some progress in the R&R space, Anything? Is it driven by the new products? Is it a combination of everything? Can you just kind of dive into that a little bit?

Jeffrey D. Lorenger
Chairman of the Board, President & CEO

Yes, Reuben, I think we can probably both comment on this. I would say from my vantage point, we're really competing well. I mean our teams are focused. Our growth initiatives, again, it's early days there, but we've got investments rolling on top of that. So we just -- the team is really focused on market connectivity in both the R&R and the new home. Areas we've -- we've got gas inserts rolling. We've got some new product impacts with the electric category. We've looked at some new channels in the home improvement retail space. So again, all these are early, early days, but I'd say baseline, we're competing really well. We're really focused, and our investments are just starting to take root. So that's, I think, why we're able to kind of front run the market dynamics, although they are still there, there's no doubt about it.

Vincent Paul Berger
Executive VP & CFO

Yes, I'd add to add to that Reuben, you asked about which side of the market. It is in both sides, both new home and remodel. And if you look at permit activity through the first 4, 5 months of the year, it's actually down, yet we're showing revenue up. So I think it's a sign of our -- a bit of our unique model on the new construction side with own distribution as well as the initiatives that we're getting in place with dealers on the remodel side.

Operator

Your next question comes from Greg Burns with Sidoti & Company.

Gregory John Burns
Sidoti & Company, LLC

You gave us some color around where the growth -- what the growth investments are on the building products side of the business. On the Workplace Furnishing side, where are you investing there? And maybe you could give us a little bit of color on the growth investments you're making there?

Jeffrey D. Lorenger
Chairman of the Board, President & CEO

Yes, Greg. So really, that -- we've got a couple of things rolling. One, just people capacity, both on the external and internal. Secondly, we're really trying to streamline the dealer experience, simplify and streamline our connectivity with dealers, automating things to make it easier to do business with, which really we see as a bit of an unlock.

And then new products. We've been -- we've got a lot of teams focused on increasing product cycle times and getting products to market sooner and being really focused on that. So those are some examples of kind of what we're doing kind of in-house, so to speak, to start to drive growth. And I remind you that we said we were going to pivot to growth, and that's -- we're going to continue to do that, and we're going to continue to make investments in these spaces.

Gregory John Burns
Sidoti & Company, LLC

All right. Great. And then in terms of the margin profile on the workplace business, impressive margin this quarter. Is there a target margin range you think that business should operate in? Is there room -- obviously, it seems like with some of the profit initiatives you have, there's room for margin expansion. But how should we think about maybe the longer-term margin range that you think that business can operate within?

Vincent Paul Berger
Executive VP & CFO

Yes. I think the jump off here was about a 9.5% business. We think there's between a 200 to 250 basis point, Greg, just based on the current initiatives that we've already talked about between the KII synergies and the Mexico ramp. And then obviously, we'll continue to have our normal productivity that we drive in there annually to offset any inflation. So we still think there's a lot of runway there to push that thing towards a 12% return business.

Gregory John Burns
Sidoti & Company, LLC

Okay. Great. And then just lastly, could you just remind me what percent of the workplace business is SMB? Just...

Vincent Paul Berger
Executive VP & CFO

Yes Greg, 40% to 45%. So certainly still an important part here.

Operator

Your next question comes from Steve Ramsey with Thompson Research Group.

Steven Ramsey
Thompson Research Group, LLC

I wanted to speak about the workplace comments on the co-mingling of SMB products in the contract settings. Can you maybe parse that out, add some nuance to why that is happening? And then put some context around that activity as it's happening in 2025 versus the prior couple of years?

Jeffrey D. Lorenger
Chairman of the Board, President & CEO

Yes, Steven, that's a good question. I mean I think what we've seen, if you back way up just kind of the post-COVID environment, a lot of the dynamics have gotten jumbled up. And as people have come back online, there's been a lot of study. There's been a lot of hybrid. There's been a lot of remote versus in office. And all these things have been developing over the last bit of time. And I think it kind of shocked people in -- out of their traditional mindset and into maybe new ways of thinking about how to configure, how to do things. And as they've done that, I think they've become kind of a blank slate and a clean sheet of paper in solving for their in-office productivity, work demands, et cetera.

And it's afforded an opportunity to say where they really -- where they want to go long and spend more, where they want to maybe mix in different price points. And it's really just a shift in how that's being done. And -- and so that's where we see it's coming in. And we just see -- we see dealers, we see customers being open to looking at different versions of what maybe they hadn't considered before. And that's where we're seeing it. On a percent basis, I can't really tell you it's gone from X to Y. We just see it. We see it in presale metrics. We see it flowing through based on what customers and what dealers sell what products. And so that's why -- that's kind of contextually how we see this developing and happening. That's the background for that color commentary on that comment.

Steven Ramsey
Thompson Research Group, LLC

Okay. That's interesting. I mean I would think you guys have an advantage to play a part of that trend given you play strongly in both categories. So interesting to hear that.

Jeffrey D. Lorenger
Chairman of the Board, President & CEO

I think that's right.

Steven Ramsey
Thompson Research Group, LLC

Yes. Okay. And then flipping to the resi segment. This was touched on earlier that the sales were strong, orders in May and June were good despite the environment. Do you attribute that to share gains or maybe some comps help on the R&R side, but how you would describe the out performance?

Vincent Paul Berger
Executive VP & CFO

Yes. I think part of it, you got to break it apart here, Steven, on the new construction side, we think we're starting to see our initiatives come through. When permits are down and our unit volumes are better than that. That's a signal that we're expanding the market or taking share. So I feel that's happening.

And I think we've been talking about on the remodel side, there's been a lot of initiatives around dealer activity, dealer activation, more improvement in the DIY space or home improvement retail, and we're getting more placement there. So it's kind of why we're saying we expect growth regardless of what's happening with -- with the markets themselves.

And I'll also comment on the investment side. This is also where we're making longer-term incremental investments in similar areas that Jeff talked about on the workplace side with more people capacity and adding to the selling model. So we think we're uniquely positioned to outperform the market.

Steven Ramsey
Thompson Research Group, LLC

Okay. Great. And maybe to add on to that, on your vertically integrated part of the resi segment where you have distribution, can you talk about how that is performing versus your external sales?

Vincent Paul Berger
Executive VP & CFO

If you look at it from a unit standpoint, Steven, we can see that where we own distribution is performing well. It's the absolute delta compared to non-owning distribution is hard because each market is different. And where we own distribution, we're primarily the main distributor, but we certainly think it's performing as good or if not better than independent.

Steven Ramsey
Thompson Research Group, LLC

Okay. That's great. And then one last one for me. Strong EPS growth is good to see. Thinking about the inputs of operating cash flow generation and CapEx, do you expect free cash flow growth year-over-year to be similar to the earnings per share change? Or how do you think about the cash flow dynamics in 2025?

Vincent Paul Berger
Executive VP & CFO

Yes. Well, I'll answer that 2 ways. One, we expect to maintain neutral on working capital with growth. Two, we're going to take our cash flow generation up probably $30 million to $35 million that we talked about last quarter, $10 million of that is because of true volume growth. So now we're in the $200 million to $210 million range and another $25 million to $30 million is going to be because of the new tax bill, so -- and the timing of when we're going to pay some. So it's going to improve.

Operator

Your next question comes from David MacGregor with Longbow Research.

David Sutherland MacGregor
Longbow Research LLC

Congratulations on the strong results. I apologize if these questions have been addressed. I had a little technology challenge getting on here. But I guess I wanted to start off by just asking about Workplace Furnishings and specifically the volume leverage. And I think the expectation had been that Kimball in

Mexico would drive volume leverage above the historical mid-30s level, but you're also seeing the negative price, cost working against that. So can you just talk about how much improvement you're seeing in the absolute volume leverage in Workplace Furnishings if we were to separate out the price cost pressures?

Vincent Paul Berger
Executive VP & CFO

Yes. I think it's -- David, the obviously incremental improvement on our 2 projects is what you're referring to on the first piece, which is going to accelerate volume. But we should still think now that we're in the 35% to 40% in incrementals with volume, and we should expect to see that. But that's before we do our investments. And I think we've talked a lot about making sure we stay on our growth investments and stay up in front of the selling models and capabilities. But 35% to 40% would be the incremental before investments.

David Sutherland MacGregor
Longbow Research LLC

Okay. Good. And I guess -- so you're still seeing progress there that gives you confidence in those numbers. That's great. And I guess you also in the release discussed the savings from Kimball in Mexico of $0.24 for the first half. I guess with all the progress to date and the volume growth, how would you handicap the likelihood of upside to those numbers?

Vincent Paul Berger
Executive VP & CFO

I think Jeff signaled that there is a little bit of upside just based on us taking our outlook up. So we gave a range of $0.70 to $0.80 as we started to kick off those projects. I think it's fair to say we're leaning closer to the $0.80 based on where we are and what's in flight. So I would push on the right side of that range and if not a little bit more.

David Sutherland MacGregor
Longbow Research LLC

Okay. And then just on the share repurchase activity, $40 million in the quarter, kind of matched the first quarter pace. Should we be modeling kind of $150 million, $160 million for the full year? Or was there something that you thought of as being maybe opportunistic in the first half? How should we be modeling that?

Vincent Paul Berger
Executive VP & CFO

Yes. I think the modeling is how we're going to use our free cash flow, but we reevaluate that, David, every quarter, and that's going to be a quarter-by-quarter decision.

Operator

And your final question comes from Brian Gordon with Water Tower Research.

Brian Gordon
Water Tower Research LLC

I also had some technical issues connecting earlier. So also, I'll apologize if these questions have been asked before. I guess my first question would be, when you're talking with the large contract customers, how are they feeling about business conditions? And maybe more explicitly, how are they feeling about their CapEx decisions going forward? And how would that differ maybe from what you're seeing in the SMB side of the business?

Jeffrey D. Lorenger
Chairman of the Board, President & CEO

Well, I can't speak customer by customer on CapEx. What I can tell you, though, is that I kind of said there -- the mentality is they're investing and use the term business as usual, which contextually means what we're seeing is they're moving out in our space. They probably moved out in other investment categories depending on what business it has been. But on the in-office and the workflow and productivity, they are viewing that as business as usual, and they're making the investments.

I think they -- I think you used the term that some people are coming off the sidelines, if you will. And we don't see -- we don't see a lot of hesitation there. Most of these customers are in the game and wanting to move forward. And so we use the term kind of studying over the last couple of years, some customers were evaluating, reevaluating. And I think we're past that point now when people are deploying capital to do projects to support their in-office model, whatever it may be.

Brian Gordon
Water Tower Research LLC

Great. Second question that I have today is on the RBP side. How much of this is volume versus how much is pricing?

Vincent Paul Berger
Executive VP & CFO

Yes, it's primarily price, Brian. I think if you looked at the first half of the year, it's probably 1/3 volume, 2/3 price. But -- and if you look at the full year, you'll see the volume kick in with more volume happening in the back half.

Operator

That concludes the Q&A session. I will now turn the conference back over to Mr. Lorenger for closing remarks.

Jeffrey D. Lorenger
Chairman of the Board, President & CEO

Appreciate everybody taking the time to join us today. Have a great day. Thanks so much.

Operator
This concludes today's conference call. You may now...