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Earnings Call

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Call Participants

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Budd Bugatch

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*The Benchmark Company, LLC,
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Steven Ramsey

Thompson Research Group, LLC

Presentation

Operator

Good morning. My name is Dennis, and I will be your conference operator today. At this time, I would like to welcome everyone to the HNI Corporation Fourth Quarter and Year-End Fiscal 2023 Results Conference Call. [Operator Instructions].

I would now like to turn the conference over to Mr. McCall. Please go ahead, sir.

Matthew Scott McCall

Vice President of Investor Relations & Corporate Development

Thank you. 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 fourth quarter and year-end fiscal 2023 results. With me today are Jeff Lorenger, Chairman, President and CEO; and Marshall Bridges, Senior 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

Thanks, Matt. Good morning, and thank you for joining us. Our members continue to deliver outstanding results and had a strong finish to the year. For the fourth quarter, non-GAAP earnings per share increased 56% versus the prior year period. This was despite a 6% year-over-year organic revenue decline during the quarter, which was primarily driven by continued housing market weakness. Overall, 2023 was an outstanding year for HNI.

During the year, we completed the largest acquisition in our company's history, with the addition of Kimball International to the HNI family, delivered on our plan to improve margins without the benefit of top line support. Entering 2023, we anticipated a challenging demand year, and we built a plan to deliver earnings growth in the face of these challenges.

We also generated significant cash flows to strengthen our business and provide returns to shareholders. This resulted in 2023 non-GAAP EPS that increased by more than 20% year-over-year despite an organic revenue decline. This was on top of 35% non-GAAP EPS growth in the prior year. With our strong cash flow, we rapidly reduced debt following the acquisition of Kimball International and finished the year with a gross leverage ratio under 2x.

I'm extremely proud of the efforts our members put forward during the past year. Our plan delivered excellent results. And despite the uneven macro environment, we exited 2023 a fundamentally stronger company.

On the call today, I will highlight 4 key topics. First, we delivered another quarter of significant margin expansion in Workplace Furnishings, and we expect continued year-over-year profit and margin improvement from here. Second, the integration and synergy capture associated with the acquisition of Kimball International are both ahead of schedule. And we now expect total associated synergies to be \$10 million higher than the initial projection. The addition of KII is providing significant value creation to our shareholders.

Third, we expanded margins in Residential Building Products despite top line pressure from ongoing housing market weakness and order trends improved during the quarter. And fourth, we strengthened our

already strong balance sheet, and our gross leverage ratio was back below 2x, only 2 quarters following the completion of the Kimball International acquisition.

Following those highlights, Marshall will review our outlook. I will conclude with some general closing comments before we open the call to your questions.

Moving to the first topic. We delivered another strong quarter of significant margin expansion in Workplace Furnishings, when excluding KII results, fourth quarter non-GAAP operating profit margin for Legacy HNI Workplace Furnishings was 7.2%. This represents an expansion of 480 basis points year-over-year and was the seventh straight quarter of year-over-year operating margin improvement as our profit transformation initiatives continue to drive results. Looking forward, we expect continued year-over-year profit and margin improvement from here.

As a reminder, our Legacy Workplace Furnishings profit transformation plan consists of 4 primary actions: First, we are driving increased productivity. Our focus on lean, cost reduction and better efficiencies help drive our profit growth in 2023, while funding operational investments, primarily in our new facility in Mexico. Looking forward, our investments will help drive outsized productivity benefits as they mature over the next couple of years and add to our continued lean efforts.

Second, price cost improvement continues to benefit our profitability. Our pricing strength continued to support profitability in the fourth quarter, and we expect continued net benefit in 2024 from pricing actions announced within the past 12 months.

Third, we have streamlined our cost structure. We previously announced a \$30 million corporate-wide cost savings program. However, we far exceeded this target. And as of the end of 2023, the program's run rate savings was \$50 million across the corporation, with half of that total contributing to our Workplace Furnishings margin expansion in 2023.

And finally, we continue to simplify our business as we focus our efforts on the most attractive markets. We divested Poppin, we divested our China business, and we rationalized our e-commerce offering. All in, we continue to see opportunity for margin upside in Workplace Furnishings.

I will remind you, our profit transformation plan does not require volume growth. However, we continue to see encouraging trends related to future workplace furnishings demand, particularly given our unique market position. In the near term, demand remains choppy, but is stable within a range consistent with our commentary last quarter. Looking further out, we continue to see growth in the small- to medium-sized customer segment, where we have an unmatched competitive position. Legacy SMB orders grew 6% organically year-over-year in the fourth quarter and were up 8% in 2023 overall.

In general, this segment has benefited from healthy dynamics. Small and mid-sized firms have accounted for nearly 85% of all post-pandemic hiring. The segment has also benefited from population shifts to smaller secondary metros where office visits are nearly back to prepandemic levels. We believe this segment will continue to outperform.

Switching to contract, trends improved in the quarter, and we are seeing encouraging signals. Orders from legacy contract customers were down 2% for the year, but were approximately flat in the fourth quarter on a year-over-year basis. The full year results are consistent with lower return to office rates in the larger markets and the lagging hiring activity by large companies. I just mentioned. Encouragingly, some return to office metrics continue to tick up and have reached post-pandemic highs in recent weeks. This, along with the predicted acceleration of lease expirations and the need for companies to adapt their spaces for hybrid work, support a projected increase in furniture events and should bode well for contract demand patterns going forward.

Orders for KII's workplace and health business also increased in the mid-single-digit pace at a mid-single-digit pace on a year-over-year basis. We continue to be encouraged by the complementary nature and attractive post-pandemic positioning of KII's offering. Across all of our major workplace brands, year-over-year order trends were uneven during the quarter but were strongest and grew in December. And first quarter 2024 to date has seen a continuation of these trends, generally positive, but still choppy.

Moving to my second topic. Both the integration and synergy capture associated with the acquisition of Kimball International are ahead of schedule. KII added approximately \$0.07 to non-GAAP EPS in the quarter and delivered a strong non-GAAP operating profit margin of 10.7%. In addition, we now expect to achieve total annual cost synergies of \$35 million. This is up from previous expectations of at least \$25 million and the \$25 million run rate is now expected to be achieved in 2024. This is well ahead of the initial communicated time line. The increase is primarily tied to higher-than-anticipated procurement savings.

Kimball International is complementary from a product, market and cultural perspective. and the addition of its brands strengthens our Workplace Furnishings' exposure to several important trends and markets, namely ancillary products, secondary geographies, health care and hospitality. Each provides new opportunities for profit growth and our confidence in the combination strategic and financial benefits continues to accelerate.

My third topic is we expanded margins to near record levels in our Residential Building Products business despite continued cyclical top line pressure. Segment non-GAAP operating margin in the fourth quarter improved to more than 22%. This represents a 240 basis point improvement from levels reported in the year ago period as our recent cost reduction actions continue to support profitability. We delivered margin improvement despite a 13% year-over-year revenue decline as housing market weakness continued to pressure demand trends in the quarter.

Importantly, the housing macro backdrop continued to improve in the fourth quarter, specifically as it pertains to single new family construction. Year-over-year single-family permits and starts showed healthy growth in the fourth quarter, which supports further new construction improvement in 2024. Remodel/retrofit demand remained soft, however, the declines are moderating.

Overall, segment order trends improved during the quarter. Fourth quarter orders were 3% below year ago levels. This represents an improvement compared to rates seen in the third quarter of minus 18% and in the first half when segment orders declined 29% year-over-year. Despite the near-term headwinds, we are bullish on the intermediate to long-term dynamics for the segment. The demand fundamentals remain strong, U.S. housing is undersupplied, demographic trends point to robust future construction growth and renovation activity will benefit from an aging housing stock and increased housing turnover.

In addition to the solid long-term market fundamentals, we have unique growth opportunities and continue to invest in the areas of category awareness, new product innovation, online capabilities and the expansion of our wholly owned installing distributor footprint. In summary, order trends improved during the quarter and the intermediate to long-term demand dynamics remain encouraging for the segment.

Finally, my fourth key point from the quarter. We further strengthened our already strong balance sheet. We repaid \$73 million of debt in the fourth quarter and \$162 million in the second half of 2023. As a result, we ended the fourth quarter with \$436 million in total debt and a gross leverage ratio of 1.9x. Our gross leverage ratio is back below 2x, only 2 quarters following the acquisition of Kimball International. This speaks to the strong cash flow characteristics of our company and continues to provide us with substantial financial flexibility.

Following those 22 summary comments, I will now turn the call over to Marshall to discuss our outlook for 2024. Marshall?

Marshall H. Bridges
Senior VP & CFO

Thanks, Jeff. Let's start with our demand outlook. We expect 2024 organic revenue to grow at a low single-digit rate in both Workplace Furnishings and Residential Building Products. For Workplace Furnishings, this outlook assumes demand conditions remain generally in line with those experienced in the second half of 2023. In Residential Building Products, we expect growth in new construction to be partially offset by softness in remodel/retrofit.

Shifting to the impact of Kimball International, we expect KII to add \$215 million to \$225 million of incremental revenue to 2024, that will occur in the first half. We also expect Kimball International to be solidly accretive to earnings.

From an overall earnings perspective, 2024 non-GAAP EPS is expected to increase solidly year-over-year, primarily driven by continued margin expansion in Workplace Furnishings and the full year benefit of accretion from KII. For the first quarter of 2024, we expect non-GAAP earnings per share to increase year-over-year with margin expansion and accretion from Kimball International more than offsetting macro-driven top line pressure.

A few details on our first quarter outlook. We expect first quarter Workplace Furnishings organic revenue to be down in the low-single digits versus the same quarter of 2023. Although growth in our fourth quarter orders would point to modest first quarter top line growth in the segment, we are seeing a higher mix of project business seeking delivery after the first quarter. This is a headwind for the first quarter, but it does support our positive full year outlook.

For the first quarter, we expect Kimball International to add \$125 million to \$130 million of revenue. And in Residential Building Products, we expect first quarter revenue to be down in the low to mid-teens year-over-year. This primarily reflects the impact from unwinding the elevated backlog in the year ago period.

Shifting to the balance sheet. We expect to further deleverage and improve our already strong balance sheet during 2024. Low leverage and consistent cash flow generation will provide substantial capacity for capital deployment. Our current priorities for cash deployment are reinvesting in the business, funding dividends and pursuing share buybacks and M&A opportunities.

I'll now turn the call back over to Jeff.

Jeffrey D. Lorenger

Chairman of the Board, President & CEO

Thanks, Marshall. Before we open the call to your questions, I wanted to take a moment to highlight a few of our accomplishments over the past couple of years. From a profitability perspective, for the corporation overall, our strategies have driven non-GAAP earnings per share growth in excess of 60% and non-GAAP operating margin expansion of more than 270 basis points over this 2-year period despite a consistently turbulent and less than supportive macro backdrop.

In Workplace Furnishing specifically, our product transformation initiatives and the addition of KII have expanded margins more than 600 basis points, and segment operating profit has grown \$110 million or more than 750% from 2021 levels, and we expect continued year-over-year profit and margin improvement in coming quarters. In addition, the integration and accretion from Kimball International are ahead of schedule, and our synergy expectations are now \$10 million higher. Our confidence in the combination strategic and financial benefits continues to accelerate.

And finally, in Residential Building Products, we quickly adjusted our cost structure to respond to the housing reset in 2023. As a result, despite the macro-driven top line pressure, our operating profit margin in the fourth quarter expanded to near record levels, while we continue to invest in our growth strategies, leading brands and operating platforms. Although the near-term dynamics remain, leading indicators are improving, and we are uniquely positioned to drive high-margin growth as housing stabilizes.

In summary, we remain committed to our core strategies of continuing to expand margins in Workplace Furnishings and drive long-term, high-margin revenue growth in Residential Building Products. I want to thank all HNI members. Our strong results in 2023 reflect their collective effort, focus and dedication to our stakeholders.

We will now open the call to your questions.

Question and Answer

Operator

[Operator Instructions]. Your first question is from the line of Reuben Garner with The Benchmark Company.

Reuben Garner

The Benchmark Company, LLC, Research Division

Maybe to start. Thanks for the color on 2024. A lot of moving pieces with Kimball, the savings there, organic growth and kind of some of the productivity and savings initiatives you had kind of carrying over from last year. Can you kind of help us put all that together, Marshall, in a bridge? And I know you said earnings growth -- EPS growths to grow solidly in '24, if you could kind of tell us what solidly means in [indiscernible] that would be helpful, too.

Marshall H. Bridges

Senior VP & CFO

Yes. Look, Reuben, I think when we say solidly, we're expecting EPS growth in the high single digits to low teens. And our objective there would be to have our third consecutive year of double-digit EPS growth. The 2 big drivers of that growth are the continued margin expansion in the legacy Workplace Furnishings, and we'll say that's roughly half of it. The other half is the continued accretion from getting a full year from the KII. So those are the 2 major drivers. We also will see some benefit from improved profitability in Residential Building Products.

Reuben Garner

The Benchmark Company, LLC, Research Division

And is there any remaining savings or price cost benefit that helps you guys in '23 to carry over, at least in the first part of '24?

Marshall H. Bridges

Senior VP & CFO

Absolutely. The major driver of the continued profit growth in legacy Workplace Furnishings is the -- our productivity and price cost. That's our major profit levers there. So we are expecting this to be favorable for the year, and certainly, that's a little bit disproportionate to the first half as well.

Reuben Garner

The Benchmark Company, LLC, Research Division

Okay. And then a couple of questions on the Residential Building Products segment. The outlook there is very encouraging, particularly given the start to the year. And I just kind of want to clarify, maybe if you could kind of break down your end market expectations within that low single-digit growth framework. And just to be clear, that kind of points to a high single-digit growth framework in Q2, 3 and 4. Can you kind of walk us through how do you get to those kind of assumptions?

Marshall H. Bridges

Senior VP & CFO

Yes. We're expecting new construction to be up in the mid-single digits for the year. And then remodel/retrofit, we're expecting to be flattish. And so that's where we get to the low single-digit growth on average for the year. But you're right, Reuben, we do expect growth to improve through the year. We're going to start off a little bit slower due to that year-over-year comp issue that we alluded to on the call. And remodel/retrofit, we do expect to get better through the year.

One of the items that we're going to benefit from is we had some trade inventory destocking in 2023, which won't repeat in 2024. So as we start to anniversary that later in the year, the comps get easier and

the growth will improve. And we think new construction is going to be pretty solid all year. So the change in the trajectory is really driven by remodel/retrofit getting less bad, starting to get a little better in the back half.

Reuben Garner

The Benchmark Company, LLC, Research Division

Okay. And I'm going to sneak one more in. On the Residential segment, the margin performance in the fourth quarter. Anything kind of onetime there? Obviously, a pretty big number. Is that something we can kind of look for going forward? Or you go back to your historical ways of kind of reinvesting more of that profit to generate growth?

Jeffrey D. Lorenger

Chairman of the Board, President & CEO

Yes, Reuben, I think there's nothing extraordinary in the fourth quarter per se. The fourth quarter has always traditionally been a strong quarter for us and it usually is our highest margin quarter historically. And we were still investing in the fourth quarter anyway, but we're always looking to expand, but I think it will go back probably to a normal pattern where the fourth quarter will remain high. I don't see any reason we can't achieve those margins down the road in the fourth quarter.

Operator

Your next question is from the line of Greg Burns with Sidoti & Company.

Gregory John Burns

Sidoti & Company, LLC

The -- really nice job on the margins in the Residential Building Product side of the business. As we look into next year, things are firming up and revenue starts to -- revenue growth starts to reaccelerate there. Are these margin levels something you could sustain? Do you intend to give a little bit back to support growth? How should we think about margins on that side of the business going forward?

Marshall H. Bridges

Senior VP & CFO

Our goal here, Greg, is to hold margins in the high teens and drive the growth that we believe is out there for the taking. And so as Jeff kind of mentioned in our prior answer, there's a seasonality to the margins in that business. Fourth quarter is usually the highest. And I think for the year, we'll be in that high teens level. So I think the margins are relatively where we want them to be. They may go up or down a little bit from here, but we're really trying to drive growth. So there's nothing unusual in the fourth quarter number. That's right in line with where we want to be on a seasonal perspective.

Gregory John Burns

Sidoti & Company, LLC

Okay. And then on the -- in the office market on the contract side of the business, are you seeing -- how are your conversations going with the customers there? Are you seeing any pickup in intent or activity there relative to maybe project pipeline or just the conversations in general that you're having with those customers? Are you getting a sense that maybe -- they might be more intent to spend on upgrading their offices or anything there that might get that market -- that part of the market moving ahead?

Jeffrey D. Lorenger

Chairman of the Board, President & CEO

Yes. Look, that's -- we are seeing it stabilize a bit, and we're seeing some positive signs for improvement there, Greg. I think it's still choppy. However, small project business has strengthened. [indiscernible] metrics are encouraging, particularly with small projects, which would suggest people are starting to do not just day-to-day stuff, but some refreshes. I will say, as an aside, we see strength in education

and state and local health care and hospitality, those subsegments we have exposure to are all -- we're showing strength.

The other thing that I think we're kind of -- we have our eye on and we're talking to customers about is this whole leasing dynamic with -- I know there's a lot of speculation out there on the CRE side of things. But we really are looking at furniture events. And what's been happening is a lot of people have been kicking the can and I think owners have been open to letting people kick the can, but that's kind of stopping now and people are having to pull a trigger and it's whether it's moving from a B or C to an A space, it's a furniture event.

So we believe in the midterm, that is going to start to generate more demand in that contract space as well. Because -- and that plays to our strength, and it plays to a positive outlook in that space, albeit it will be a slow grind to be my guess. But I do believe that's going to start to unlock some demand in that space.

Operator

Your next question is from the line of Steven Ramsey with Thompson Research Group.

Steven Ramsey

Thompson Research Group, LLC

I wanted to continue that line of thought. You've got similar dynamics with leasing in the workplace side and then existing home sales slowing down repair and remodel. So maybe to focus on the existing home sales, how does that impact resi building product demand for you guys historically? Or maybe how you see it shaping up in the near term?

Jeffrey D. Lorenger

Chairman of the Board, President & CEO

Yes. That's a good question. I think, look, we -- it's a similar dynamic. You are right. People remodel kind of once they move. But -- so that is definitely having an impact on some of the R&R business. So I think we continue to look at that space. We see upside there as things will start to unlock down the road, but it clearly has an impact. Now we have a lot of efforts focused on that space as well to drive activity. We've got some efforts in the area of digital campaigns to drive awareness of what's possible with some of our inserts and exploring possibilities of replacement for people, who decided maybe to stay in place, because they can't find a home. So we're working leverage that way as well.

Steven Ramsey

Thompson Research Group, LLC

Okay. That's helpful. And then thinking about residential product margin target at the high teens, combined with the growth you expect this year that does seem to imply more dollars of investment into that segment for growth, yet some natural constraints on R&R as you just talked about. Curious where the investment dollars are going aside from campaigns and if that's leaning more to gaining share in new construction or if it's driving R&R amidst the slow back drop?

Jeffrey D. Lorenger

Chairman of the Board, President & CEO

It's some of both. I mean we're investing in product platforms, updating product platforms, modernizing product platforms. We've got investments in the electric category, all in addition to consumer awareness, homeowner, homebuyer awareness relative to the digital efforts that we have ongoing.

Steven Ramsey

Thompson Research Group, LLC

Okay. That's helpful. Assuming the workplace environment of the second half stays, I guess you're saying SMB keeps outperforming contract to the same degree? Or is their potential that it closes the gap or widens further?

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

Look, I mean that's -- our best guess at this point is it will continue to outperform by several percentage points. I don't have a reason to think it's going to accelerate or decelerate. I think it probably kind of maintains its -- our best assumption at this point is just going to maintain what it's been doing the last 12 months.

Operator

Your next question is from the line of Budd Bugatch with Water Tower Research.

Budd Bugatch*Water Tower Research LLC*

I guess the question I have is we've come from a out of a couple of years of really unusual events and that impacted the typical seasonality of your earnings and revenues. Are we back to a period where we see the normal kind of earnings seasonality where it mostly gets 1/3 in the first half and second -- 2/3 to the second half? How do you see that, Marshall?

Marshall H. Bridges*Senior VP & CFO*

Yes. But we absolutely believe we're back to the normal seasonality. I think the acquisition aside, we were there in 2023, but 2020 through 2022, we had abnormal seasonality. So any time you're comparing against those years, there's some noise. But we're back to being clean now, both 2023 and 2024 should follow the normal seasonal pattern, as you said, roughly 30% of the profit in the first half, 70% in the back half kind of range.

Budd Bugatch*Water Tower Research LLC*

And you've come out of this period stronger than you went into it. Your balance sheet is pretty good right now. What do you see going forward in terms of the longer term now after KII and the leasing events that I think Jeff alluded to accelerating maybe furniture events? Do you see anything strategically that -- what you'd like to comment on?

Marshall H. Bridges*Senior VP & CFO*

Budd we see lots of runway on the path we're on right now. We're driving profit expansion, margin expansion in Workplace Furnishings, driving the benefits of the integration with KII and driving top line growth in the high-margin Residential Building Products segment. So no, we're not -- we feel like we got a lot of runway of what we have right now and not necessarily feeling we needed to add anything at this moment.

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

Yes, I think that's right, Budd. I think we believe we've got a lot. Our teams are focused. We've got to plow on the ground. We've got a lot of dry powder, but we are investing in the business and integrating KII. And so -- but that's all good.

Budd Bugatch*Water Tower Research LLC*

And operationally where you want to be and what are the things in that area that I was thinking about, we geographically with KII, you still are I guess, overweighted into the rural markets. As I think you alluded to, Marshall, if businesses start to be a little firmer on their requirement for people to be back in the office. Do you see a way to gain some strength in the more metro markets?

Jeffrey D. Lorenger

Chairman of the Board, President & CEO

Yes. Budd, I mean, look, we still participate there, and we have a nice chunk of business there on the contract side. It's just we have the -- we have some of the other stuff as well. So that's why we talked about it. We're focused on that area. It's been a big piece of our business. And we do believe we're competing well for what's happening now and will compete well going forward. So we will benefit as those furniture events unlock in major metros.

Budd Bugatch

Water Tower Research LLC

Okay. And last for me. Anything on the cost side that you're seeing maybe a little worrisome out there? I know people have talked a lot about, at least for the residential side, what's going on in some of the canals and the waterways issues, are you seeing anything on costs that might be a little bit concerning?

Marshall H. Bridges

Senior VP & CFO

For the year, Budd we do expect to see some inflation primarily from wages, the normal merit cycle. We are seeing a little bit of a freight pressure that is definitely an issue at the moment. And the commodities are pretty stable, even maybe a little deflationary in the first part of the year. And we expect to offset that inflationary pressure with price realization. So we do expect favorable price cost again in 2024, roughly speaking, in the \$10 million range.

Budd Bugatch

Water Tower Research LLC

Okay. All right. All right. Well, congratulations and best of luck for the balance of this year.

Marshall H. Bridges

Senior VP & CFO

Thank you, Budd.

Operator

Your next question is a follow-up from Steven Ramsey with Thompson Research Group.

Steven Ramsey

Thompson Research Group, LLC

Just wanted to circle back to something you just talked about, Marshall, with the runway of drivers helping earnings growth in 2024, how much of these carry into 2025? Clearly, there's a broad array of good things happening across both segments. So curious how you think about some of the drivers beyond the next 12 months?

Marshall H. Bridges

Senior VP & CFO

Yes, Steven, we think we've got a lot of runway, particularly on the productivity side of things. I think Jeff mentioned in his comments that we made some operational investments in 2023, primarily in that new facility in Mexico. And that's actually a headwind to our 2023 profitability of about \$15 million, all of the investments total, including Mexico. And as those investments mature and begin to generate a return in '25 and '26 and a little bit in '24, they'll pay off in the \$10 million to \$15 million range. So that's a pretty big swing of at least \$25 million from where we are right now. So that's indicative of the type of runway we've got in front of us to keep driving profit growth with not a lot of help from volumes.

Jeffrey D. Lorenger

Chairman of the Board, President & CEO

Yes, Steven. As we said, I mean, we can continue -- we're going to continue to expand margins without volume growth. I mean we obviously are doing everything we can to capture as much volume as we can. But we have plans in place that we're looking at margin expansion in Workplace Furnishings and profit growth visibility in the '24 and '25.

Operator

And at this time, there appear to be no further questions. I will now turn the call back to Mr. Lorenger for any closing remarks.

Jeffrey D. Lorenger

Chairman of the Board, President & CEO

Great. Thanks, everybody, for joining us today and taking the time. Have a great day.

Operator

Thank you all for joining today's call. We appreciate your participation. You may now disconnect.

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