



NASDAQ: MLHR

Delivering Growth by Design

HermanMiller

Raymond James

39th Annual Institutional Investors Conference

Brian Walker, President, CEO

Jeff Stutz, Executive Vice President, CFO



Forward looking statements

This information contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act, as amended, that are based on management's beliefs, assumptions, current expectations, estimates, and projections about the office furniture industry, the economy, and the company itself. Words like "anticipates," "believes," "confident," "estimates," "expects," "forecasts," "likely," "plans," "projects," "should," variations of such words, and similar expressions identify such forward-looking statements.

These statements do not guarantee future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict with regard to timing, extent, likelihood, and degree of occurrence. These risks include, without limitation, the success of our growth strategy, our success in initiatives aimed at achieving long-term cost savings goals, employment and general economic conditions, the pace of economic recovery in the U.S, and in our International markets, the increase in white-collar employment, the willingness of customers to undertake capital expenditures, the types of products purchased by customers, competitive-pricing pressures, the availability and pricing of raw materials, our reliance on a limited number of suppliers, our ability to expand globally given the risks associated with regulatory and legal compliance challenges and accompanying currency fluctuations, changes in future tax legislation or interpretation of current tax legislation, the ability to increase prices to absorb the additional costs of raw materials, the financial strength of our dealers and the financial strength of our customers, the mix of our products purchased by customers, our ability to locate new DWR studios, negotiate favorable lease terms for new and existing locations and the implementation of our studio portfolio

transformation, our ability to attract and retain key executives and other qualified employees, our ability to continue to make product innovations, the success of newly introduced products, our ability to serve all of our markets, possible acquisitions, divestitures or alliances, the pace and level of government procurement, the outcome of pending litigation or governmental audits or investigations, political risk in the markets we serve, and other risks identified in our filings with the Securities and Exchange Commission.

Therefore, actual results and outcomes may materially differ from what we express or forecast. Furthermore, Herman Miller, Inc., undertakes no obligation to update, amend or clarify forward-looking statements.



Headquarters:
Zeeland, MI, USA
Founded: **1905**
Employees: **~8,000**

FY17 Revenue:
\$2.28B
FY17 Adj. EBITDA:
\$264M

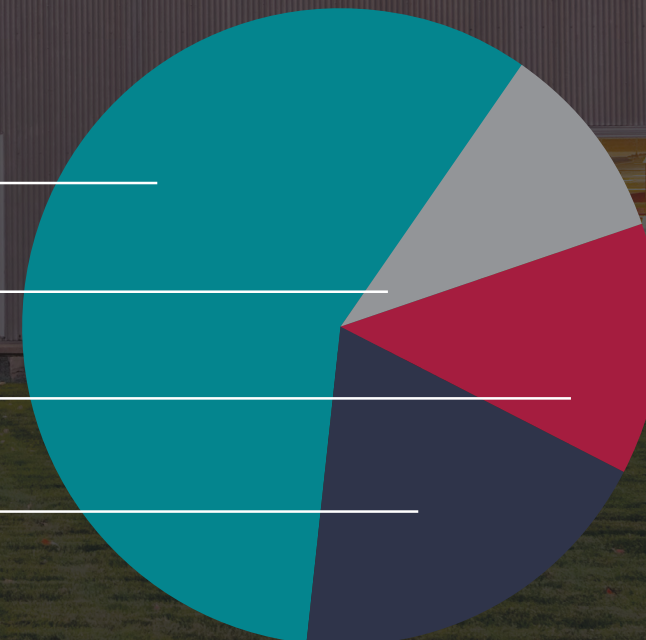
Over **600 dealers** in
109 countries and **32**
Design Within Reach
retail studios

North America 56%

Specialty 13%

Consumer 14%

ELA 17%





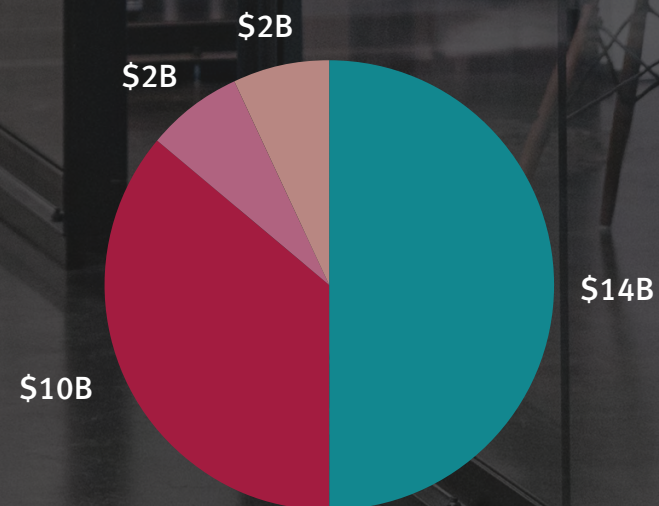
Strategic Position



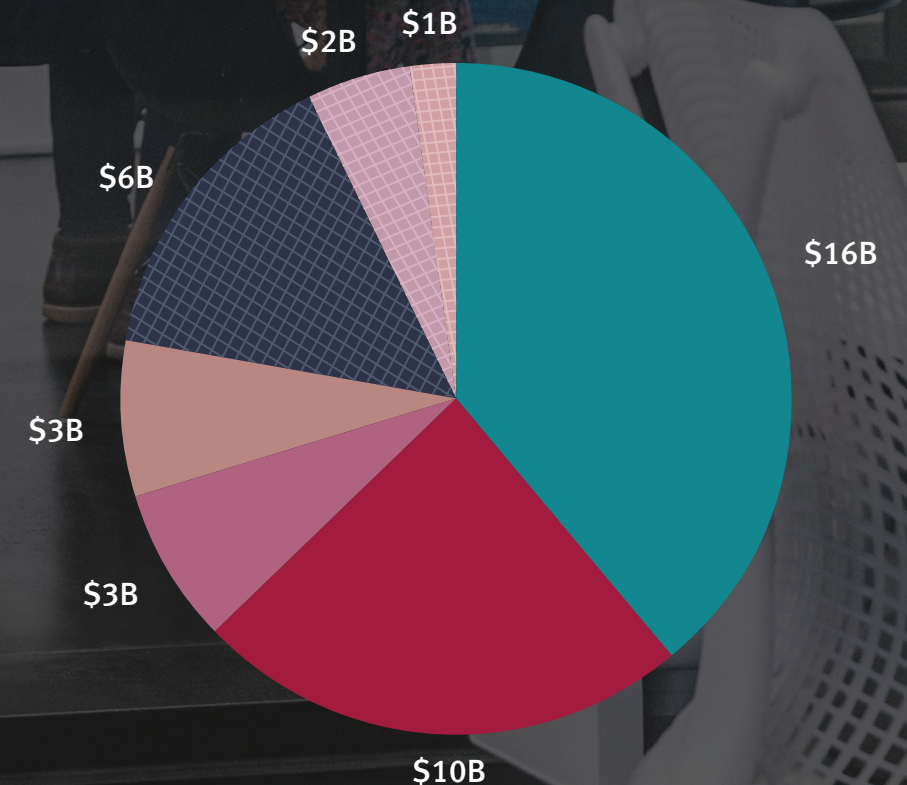
Capitalizing on an expanded total addressable market

- North America (Contract)
- European (Contract)
- Target Emerging Markets (Contract)
- Consumer Lifestyle
- Healthcare/Education/Hospitality
- Small/Medium Business
- Textiles

2012—\$28B



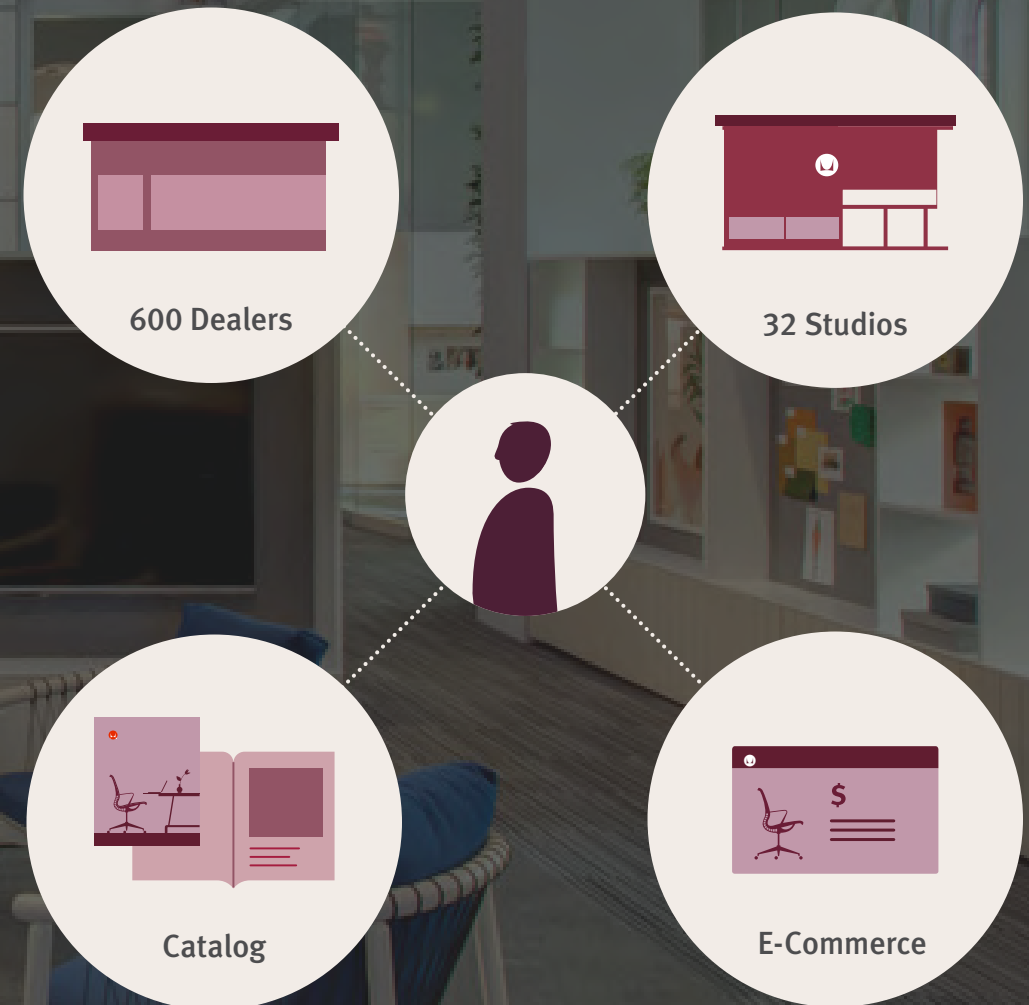
2017—\$41B





Unparalleled multi-channel reach including direct to consumer

- Over 600 contract dealers in 109 countries
- 32 Design Within Reach retail studios
- Direct to consumer catalog
- Multiple global e-commerce storefronts
- Opportunities to grow share of channel/customer wallet

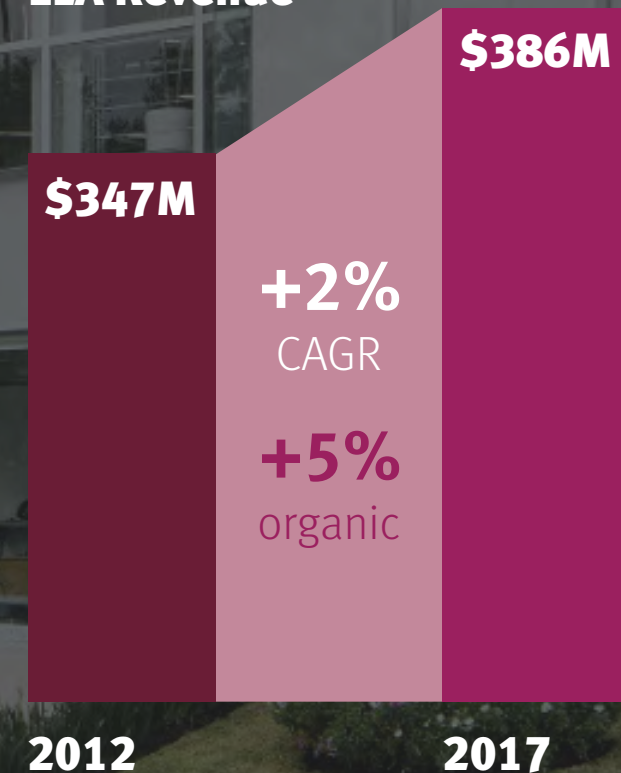




Positioned for global growth

- Growing and profitable business outside North America
- Favorable trends and demographics in Asia-Pacific
- Further growth opportunities:
 - Leverage Herman Miller and POSH brands in Asia-Pacific
 - Expand dealer networks and e-commerce platforms
 - Regional R&D and manufacturing capabilities support new product growth
 - Leverage Healthcare, Education and Consumer franchises

ELA Revenue





The global leader dedicated
to creating inspiring places



Work



Heal



Learn



Live



Investment Thesis



Our Compelling Story



**A higher
ambition culture**



**Powerful brands
deliver design and
innovation leadership**



**Strategic priorities and
value-drivers**



**Strong track record of
performance and healthy
returns on capital**



**Compelling financial outlook
and opportunity for margin
expansion**



Driven by a sense of purpose and values

“A business is rightly judged by its products and services, but it must also face scrutiny as to its humanity.”

- D.J. De Pree, Herman Miller Founder

Eleven Consecutive Perfect Score in Human Rights Campaign Foundation's Corporate Equality Index

Twelve of the Last Fourteen Years on the Dow Jones Sustainability World Index

Corporation of the Year in the Commercial sector for 11 of the last 13 years by the Michigan Minority Supplier Development Council



Powerful brands deliver design and innovation leadership

12

An inspiring brand that customers value

#1 in Brand that Inspires,
Contract Magazine Survey

**Social Media Followers – Nearly 5X all
major competitors combined***

* Twitter followers as of December 2017 (Herman Miller, Allsteel, Haworth, Knoll, and Steelcase)

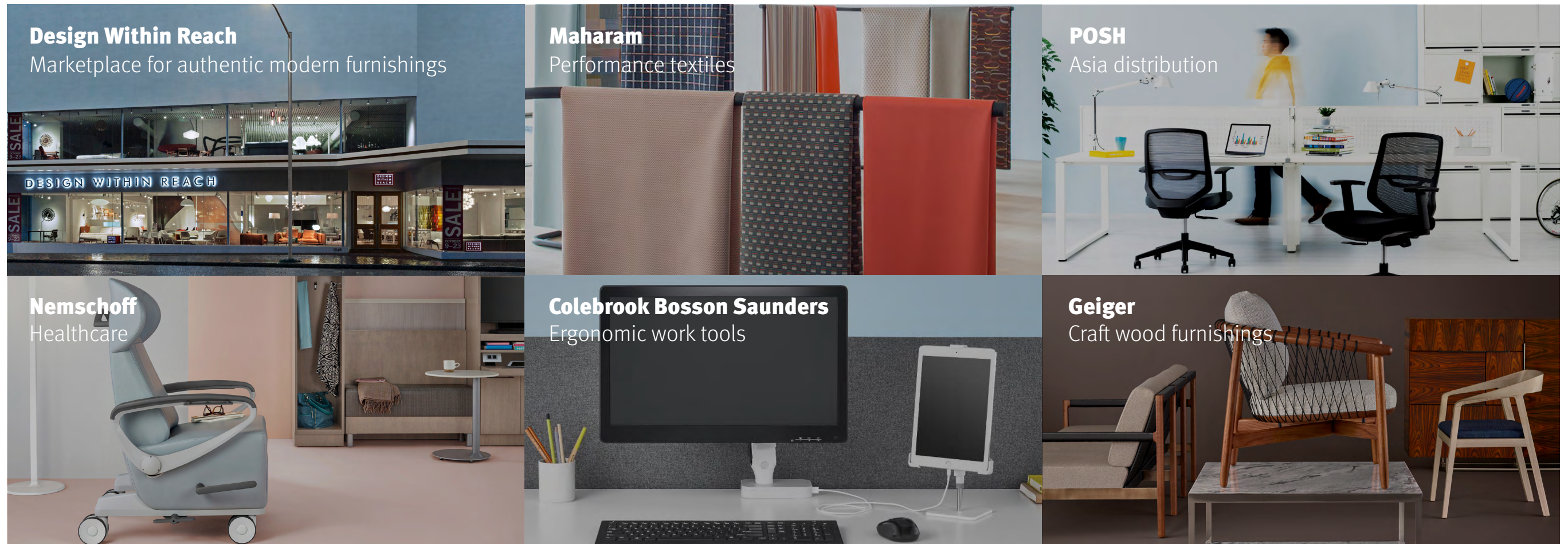
MICHIGAN
V 72929
TRAILER



Powerful brands deliver design and innovation leadership

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A portfolio of leading global brands



Herman Miller brands are #1 in six categories, *Contract Magazine Survey (2017)*



1 **REALIZE
LIVING OFFICE**



2 **DELIVER
INNOVATION**



3 **LEVERAGE DEALER
ECO-SYSTEM**



4 **SCALE
CONSUMER**



5 **PROFIT
OPTIMIZATION**

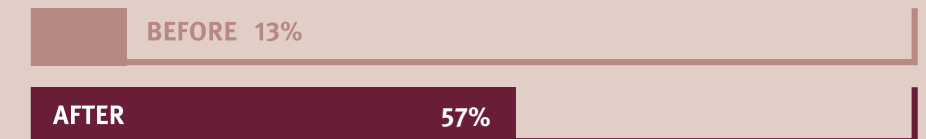


Bringing innovative solutions to our customers through the Living Office framework

- An insight-driven and research-based framework for making place a strategic asset
- Delivers measurable results through improved:
 - Workplace Effectiveness
 - Work Activity Support
 - Workplace Experience
- Create smart, connected workplaces through Live OS^(SM)
- Guide innovation agenda

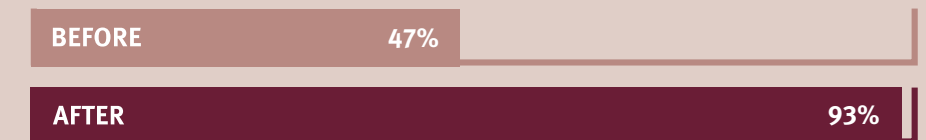
Example results from customer case studies:

My work environment is the reason I continue to work here.



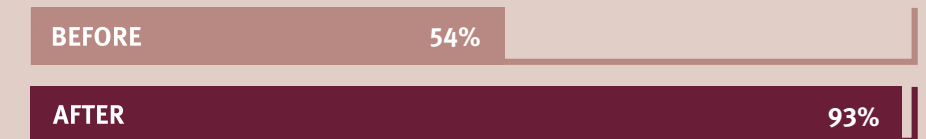
Staff Survey, Tavistock Development Company

I can have impromptu meetings with colleagues.



Staff Survey, Harry's

My workplace presents a good corporate image.



Staff Survey, CHS, Inc.



Strategic priorities and value-drivers

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Commitment to innovation

— Innovation Priorities:

**Collaborative
and other
work points**

**Active/healthy
postures**

**Technology
enhanced user
experience**

Enclosures

- 24% of our sales were from new products in fiscal 2017
- Introduced 50 new products and extensions in fiscal 2017
- Industry-leading investment in design, research and development at 3.2% of sales in fiscal 2017



Leverage Dealer Eco-System



Digital Tools



“Bend” Price/Performance Curve



HermanMiller

maharam

GEIGER
EST. 1964

Nemschoff



colebrook
bosson
saunders



POSH



DESIGN
WITHIN
REACH

Sales & Marketing Through Herman Miller Elements



Clear path to revenue growth and margin expansion in Consumer business

- **Double digit revenue growth opportunity** from Design Within Reach by transforming legacy studios to larger formats and adding new locations
 - Increase studio count to low forties and square footage to 400,000 - 450,000 by 2020
 - 3 to 6 new or expanded studios per year
- Increase exclusive product mix from 60% to 70% of revenue
- Continued e-commerce growth
- Drive operational excellence through \$10 to \$20M profitability improvement initiative
- **High single digit operating margin target by FY20**





Profit Optimization Initiative

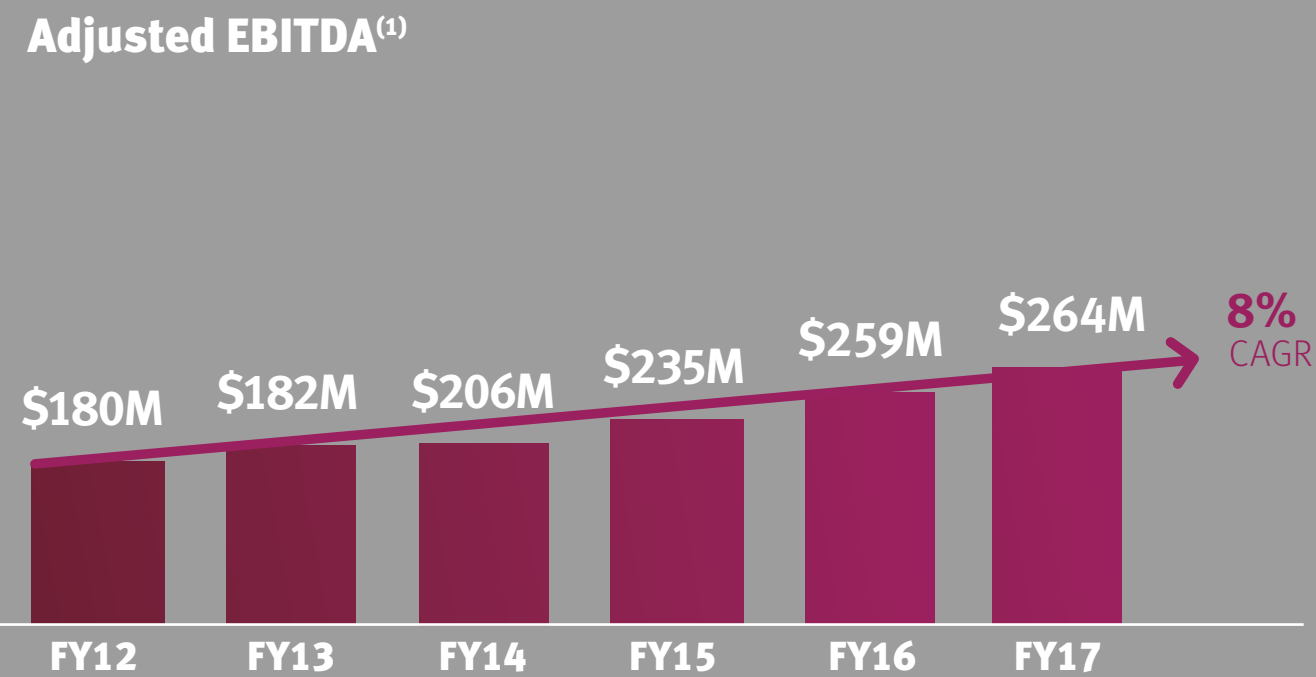
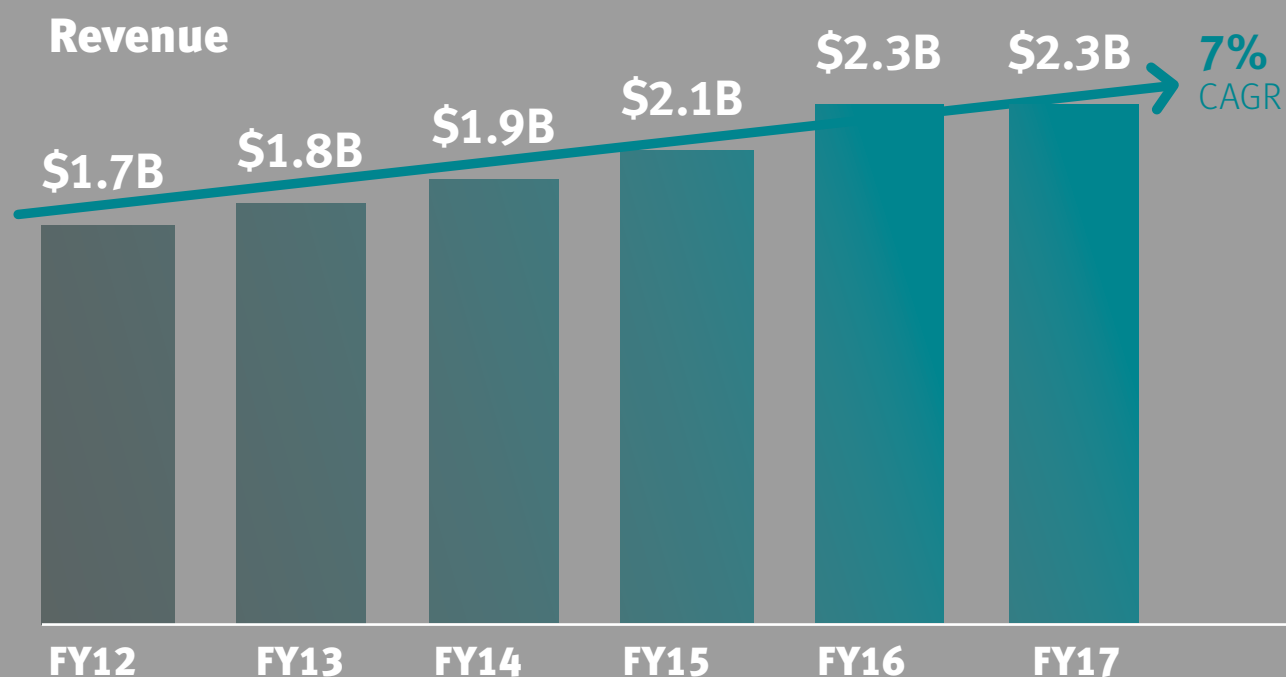




**Strong track record of
performance and healthy
returns on capital**



Organic revenue growth of 4% at a premium to North America Contract industry growth of 2%, and **robust EBITDA growth** over last 5 years



⁽¹⁾ Represents a non-GAAP measure; see Appendix for reconciliation



Strong track record of performance and healthy returns on capital

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Focused acquisition partnership strategy accelerates our performance

2010



2012

Nemschoff

2013

POSH

2015



2016

naughtone

Entering New Areas:

Audience



Channel



Geography



Product





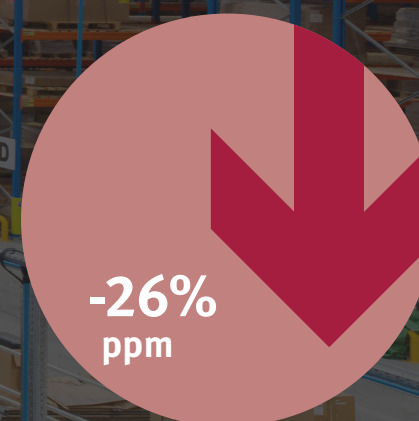
Best-in-class lean enterprise delivers leverage

- Focused improvement through:
 - Customer first orientation
 - Waste reduction
 - Asset efficiency
- One of three U.S. companies showcased by Toyota Production System Support Center
- Further opportunity to spread more broadly and deeply through the organization and across the entire value chain

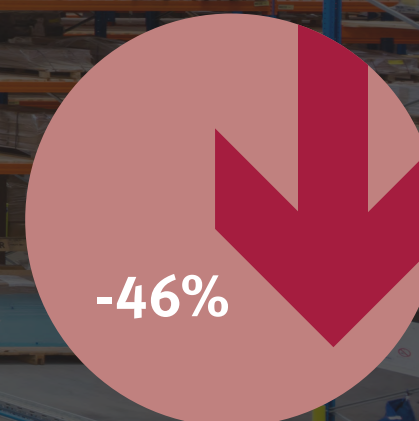


**West Michigan
sales per mfg.
square foot**

Improvement from FY12 to FY17



**Manufacturing
defect rate**

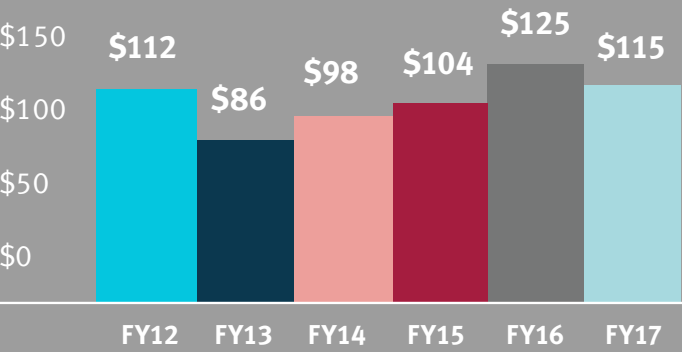


**Engineering lead
time for custom
requests**

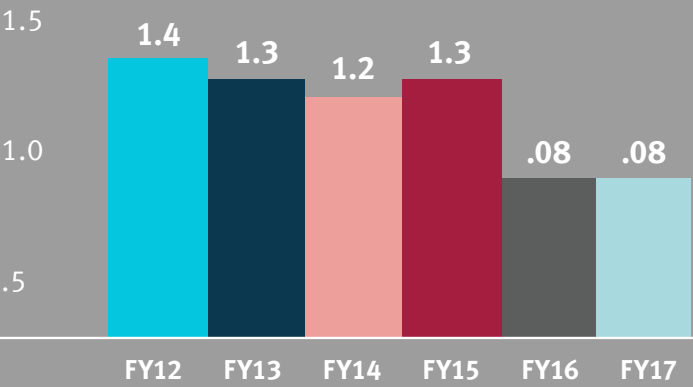


Robust free cash flow generation and disciplined approach to capital allocation drives **average annual return on invested capital of 22%** over last five years

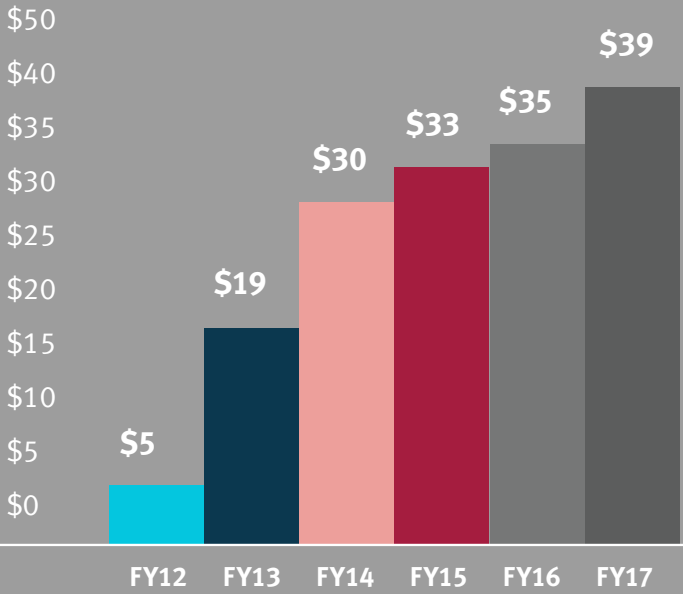
Adj. Free Cash Flow ⁽¹⁾
(\$ millions)



Debt to EBITDA Ratio



Dividends Paid
(\$ millions)



⁽¹⁾ Cash flow from operations less CAPEX plus domestic pension contributions



**Compelling financial
outlook and opportunity
for margin expansion**



Supportive economic backdrop

BIFMA Forecast⁽¹⁾
+4.6% CY18

**US Architectural
Billings Index⁽²⁾**
> 50
10 out of last
12 months

**AIA Consensus
Office Construction
Forecast⁽²⁾**
+4.6% CY18

**US Housing
Starts⁽³⁾**
+9%

US Tax Reform

- Job creation
- Lower tax rates
- Cash repatriation
- Immediate deduction of capital investment

(1) BIFMA (Nov 2017)

(2) American Institute of Architects (Dec 2017)

(3) National Association of Realtors (Dec 2017)



Compelling financial outlook and opportunity for margin expansion

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Opportunity for continued above-average revenue performance over the next three to five years

Revenue

Core Contract Industry

1-3%

New Products and Initiatives

1-1.5%

Consumer Growth

1-1.5%

Estimated Annual Organic Revenue Growth

3-6%

Targeted Acquisitions

1-2%

Estimated Annual Revenue Growth Including Acquisitions

4-8%



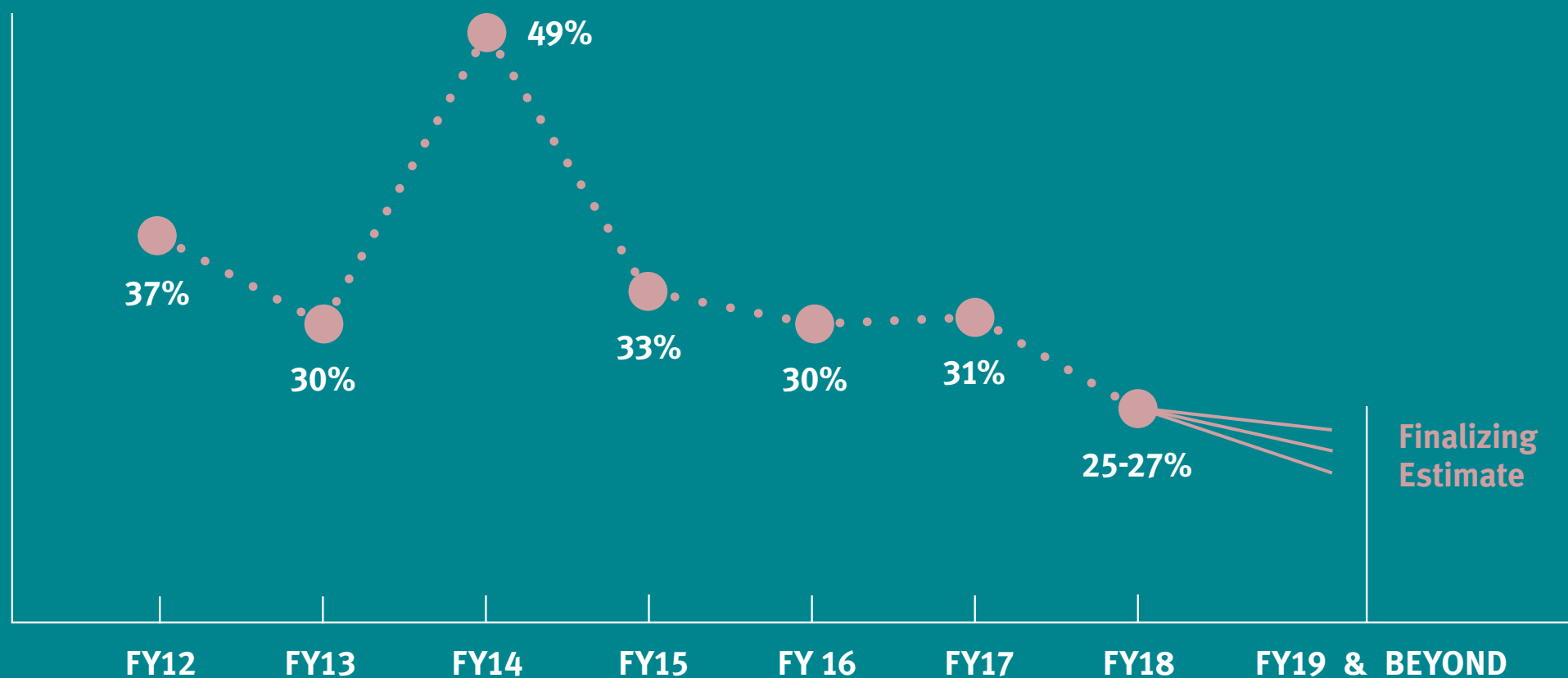
Operating income growth of 2x to 2.5x the rate of organic revenue growth

- Structurally higher operating margins driven by:
 - Expanding business and channel mix
 - Consumer growth and higher exclusive product mix
 - Volume leverage
 - Lean enterprise focus
 - Cost savings initiative targeting \$25M to \$35M in annual savings by FY20
 - Target consolidated operating margin of 10% by FY20





U.S. Tax Reform impact to Herman Miller





Our Compelling Story



**A higher
ambition culture**



**Powerful brands
deliver design and
innovation leadership**



**Strategic priorities and
value-drivers**



**Strong track record of
performance and healthy
returns on capital**



**Compelling financial outlook
and opportunity for margin
expansion**



Appendix



Overview

Description: Design, manufacture and sale of furniture products for office, education and healthcare environments in the United States and Canada

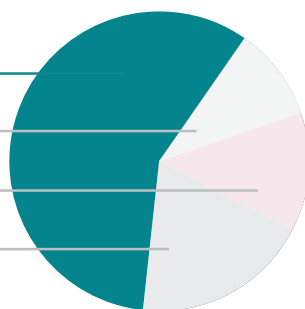
FY17 Percent of Consolidated Revenues

North America 56%

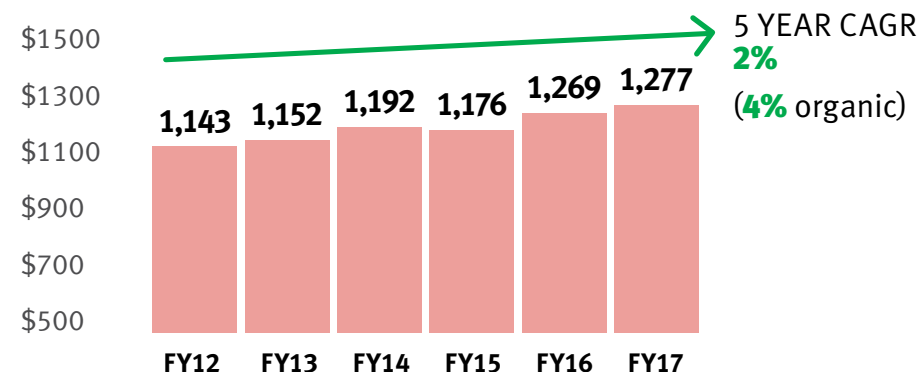
Specialty 13%

Consumer 14%

ELA 17%



Revenue Trend (in US\$ millions)



FY17 Adj. EBITDA Margin

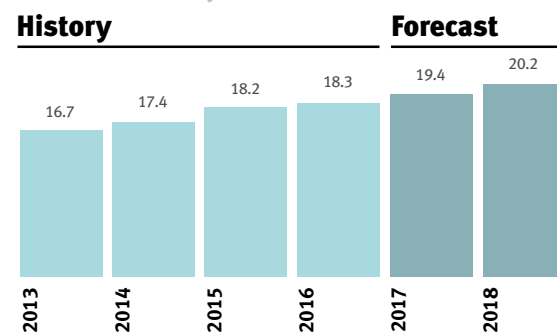
16.2%

Macro-Economic Drivers

Other Leading Economic Indicators include: Corporate profitability, service sector employment, Architectural Billings Index (ABI), Office vacancy rates, CEO and small business confidence, Non-residential Construction

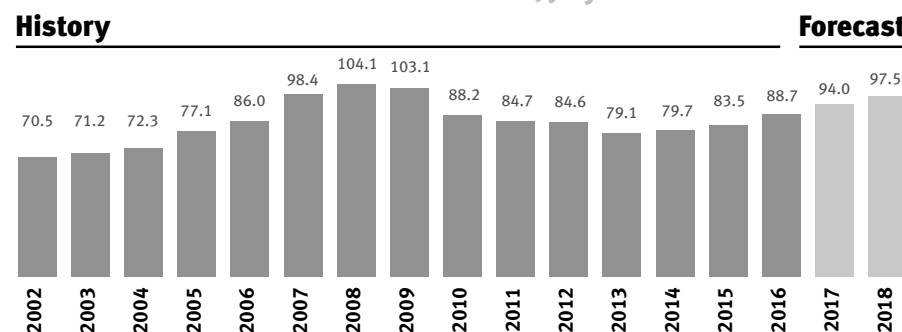
North America Sales (in US\$ billions)

Source: BIFMA, November 2017



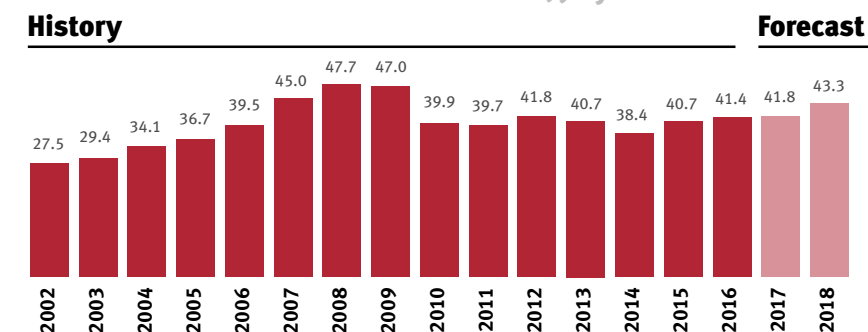
Education Construction Spending (in US\$ billions)

Source: U.S. Census Bureau and AIA Fcst, July 2017



Healthcare Construction Spending (in US\$ billions)

Source: U.S. Census Bureau and AIA Fcst, July 2017

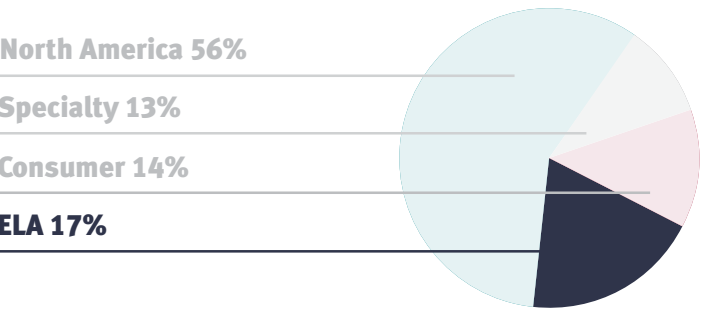




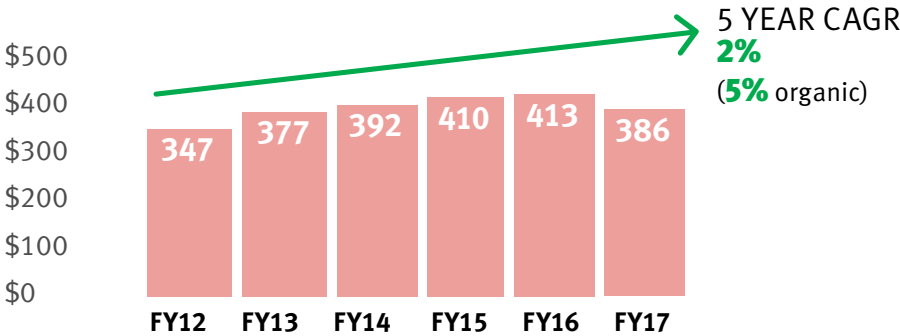
Overview

Description: Design, manufacture and sale of furniture products primarily for office settings in EMEA (39% of sales in FY17), Latin America (21% of sales in FY17) and Asia-Pacific (41% of sales in FY17)

FY17 Percent of Consolidated Revenues



Revenue Trend (in US\$ millions)



FY16 Adj. EBITDA Margin

12.0%

Macro-Economic Drivers

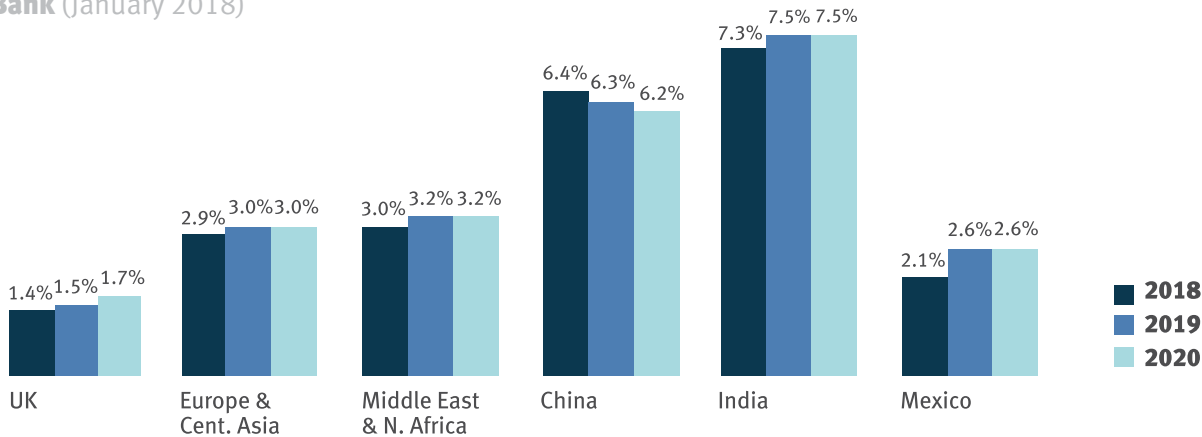
Regional Office Furniture Consumption (in US\$ billions)

Source: CSIL (2017)

Region	Annual Consumption	5 Year CAGR
Europe	\$10.1	-0.1%
China	\$11.3	5.2%
India	\$2.4	6.6%
Brazil	\$1.3	-10.6%
Mexico	\$0.3	-7.7%

GDP Forecast

Source: World Bank (January 2018)

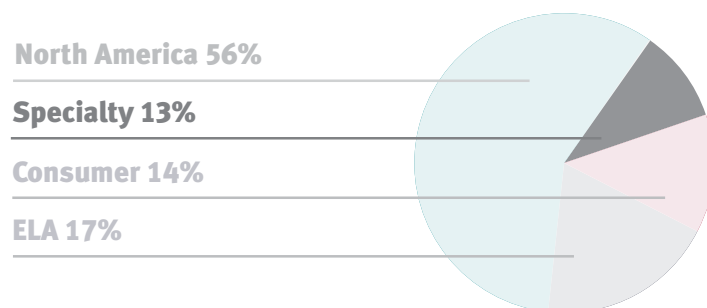




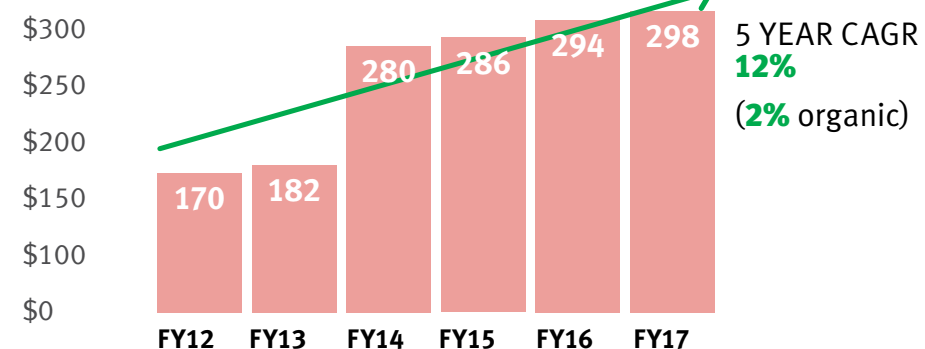
Overview

Description: Design, manufacture and sale of high-craft furniture products and textiles focused on architect and design specifiers. The Specialty portfolio includes Geiger wood products, Maharam textiles and Herman Miller Collection products.

FY17 Percent of Consolidated Revenues



Revenue Trend (in US\$ millions)



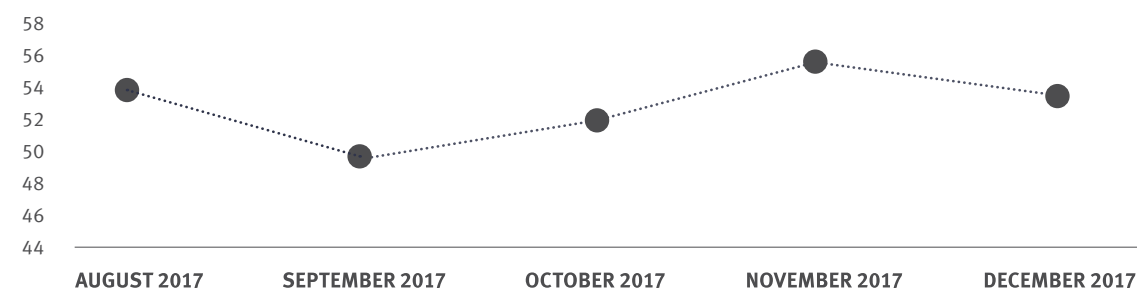
FY17 Adj. EBITDA Margin

8.6%

Macro-Economic Drivers

U.S. Architects Billing Index

Source: The American Institute of Architects



AIA Consensus Construction Forecast

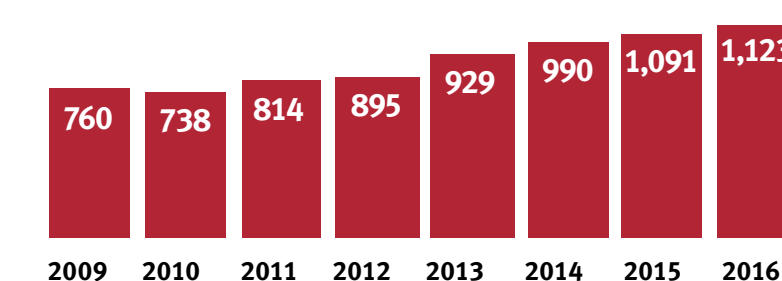
(% YOY Growth)

Source: The American Institute of Architects, Jan 2018

	2018	2019
Non-Residential	4.0%	3.9%
Commercial Total	4.4%	2.9%
Office	4.6%	3.0%
Health	4.0%	4.9%
Education	4.0%	4.9%
Hotel	4.1%	0.8%

Annual Fabric Sales (in US\$ millions)

Source: ACT Financial Survey

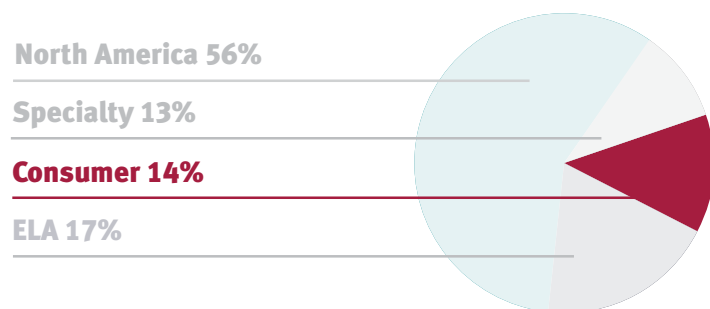




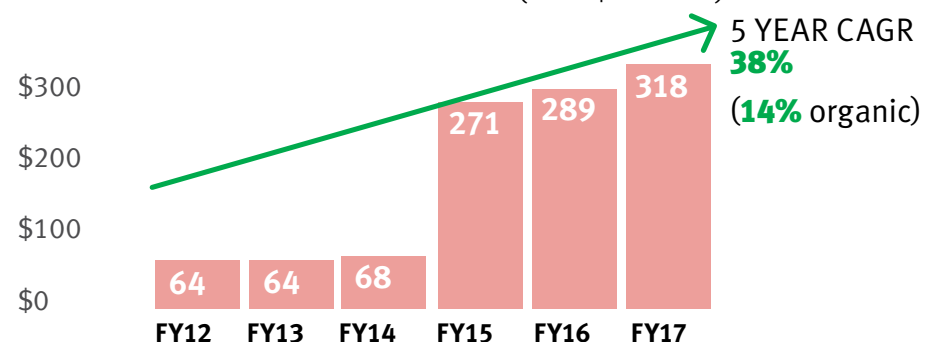
Overview

Description: Sale of modern design furnishings and accessories in North America through multiple channels, including 32 Design Within Reach studios, eCommerce storefronts, direct mailing catalogs and independent retailers.

FY17 Percent of Consolidated Revenues



Five Year Revenue Trend (in US\$ millions)



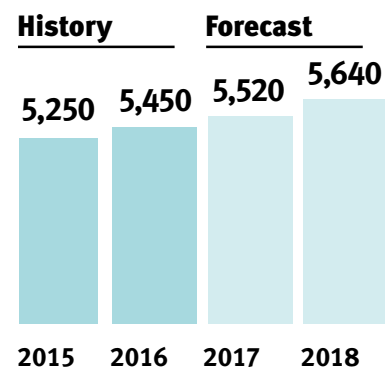
FY17 Adj. EBITDA Margin

4.9%

Macro-Economic Drivers

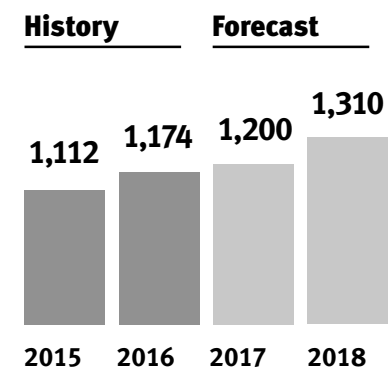
Existing Home Sales (thousands of units)

Source: Ntl. Assoc. of Realtors U.S. Economic Outlook (December 2017)



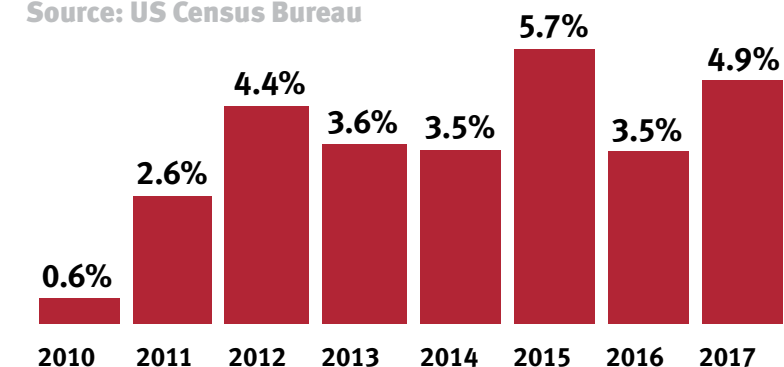
Housing Starts (thousands of units)

Source: Ntl. Assoc. of Realtors U.S. Economic Outlook (December 2017)



Furniture and Home Furnishing Stores Annual Sales Growth

Source: US Census Bureau





Appendix –Reconciliation of Non-GAAP Measures

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This presentation contains Organic Sales Growth, Adjusted EBITDA, Adjusted EBITDA ratios, Adjusted Operating Earnings, and Adjusted Earnings Per Share, all of which constitute non-GAAP financial measures. Each of these financial measures is calculated by excluding items the Company believes are not indicative of its ongoing operating performance. The Company presents these non-GAAP financial measures because it considers them to be important supplemental indicators of financial performance and believes them to be useful in analyzing ongoing results from operations.

These non-GAAP financial measures are not measures of financial performance under GAAP and should not be considered alternatives to GAAP. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP. In addition, you should be aware that in the future the Company may incur expenses similar to the adjustments presented.



Appendix –Reconciliation of Non-GAAP Measures

Organic Sales Growth (Decline) by Reportable Segment (\$ Millions); (unaudited)

37

	North America		ELA		Specialty		Consumer		Total	
	2012	2017	2012	2017	2012	2017	2012	2017	2012	2017
Sales, as reported	\$ 1,142.6	\$ 1,276.6	\$ 347.3	\$ 385.5	\$ 170.0	\$ 298.0	\$ 64.2	\$ 318.1	\$ 1,724.1	\$ 2,278.2
<u>Proforma Adjustments</u>										
Dealer Divestitures	(70.3)	(16.6)	(25.0)	-	-	-	-	-	(95.3)	(16.6)
Cumulative foreign exchange	-	25.6	-	60.3	-	1.0	-	1.3	-	88.2
Acquisition - base year	-	-	(7.0)	(51.4)		(107.5)	-	(194.3)	(7.0)	(353.2)
Sales, pro forma	\$ 1,072.3	\$ 1,285.6	\$ 315.3	\$ 394.4	\$170.0	\$ 191.5	\$ 64.2	\$ 125.1	\$ 1,621.8	\$ 1,996.6
Compound Annual Growth Rate, as reported		2.2%		2.1%		11.9%		37.7%		5.7%
Compound Annual Growth Rate, pro forma		3.7%		4.6%		2.4%		14.3%		4.2%



Appendix –Herman Miller Inc. Reconciliation of Non-GAAP Measures

Adjusted EBITDA by Reportable Segment (\$ Millions) (unaudited)

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	2012 Actual Consol.	2013 Actual Consol.
Segment Operating Earnings	\$ 137.6	\$ 114.9
Add: Allocated Depreciation & Amortization	37.3	37.6
Add: Acquisition-related Adjustments	-	-
Add: Legacy Pension Expenses	-	28.2
Add: Restructuring/Impairment Expenses	5.4	1.2
Less: POSH Contingent Consideration Reduction	-	-
Adjusted EBITDA	\$ 180.3	\$ 181.9
Revenue by Segment	\$ 1,724.1	\$ 1,774.9
Adjusted EBITDA Margin	10.5%	10.2%

	2014 Actual Consol.	2015 Actual Consol.
Segment Operating Earnings	\$ (25.7)	\$ 163.4
Add: Allocated Depreciation & Amortization	42.4	49.8
Add: Acquisition-related Adjustments	1.4	10.0
Add: Legacy Pension Expenses	164.4	-
Add: Restructuring/Impairment Expenses	26.5	12.7
Less: Other, net	-	(0.7)
Less: POSH Contingent Consideration Reduction	(2.6)	-
Adjusted EBITDA	\$ 206.4	\$ 235.2
Revenue by Segment	\$ 1,882.0	\$ 2,142.2
Adjusted EBITDA Margin	11.0%	11.0%

	2016 Actual Consol.	2017 Actual Consol.	NA	ELA	Specialty	Consumer	Corporate
Segment Operating Earnings	\$ 211.5	\$ 190.8	\$ 137.7	\$ 30.8	\$ 17.7	\$ 5.3	\$ (0.7)
Add: Allocated Depreciation & Amortization	53.0	58.9	32.0	8.8	7.5	10.2	0.4
Add: Acquisition-related Adjustments	-	-	-	-	-	-	-
Add: Restructuring/Impairment Expenses	-	12.5	10.3	1.0	0.6	0.6	-
Less: Nonrecurring gains	(6.1)	(0.7)	(0.7)	-	-	-	-
Other, net	0.5	2.0	-	-	-	-	2.0
Adjusted EBITDA	\$ 258.9	\$ 263.5	\$ 179.3	\$ 40.6	\$ 25.8	\$ 16.1	\$ 1.7
Revenue by Segment	\$ 2,264.9	\$ 2,278.2	\$ 1,342.2	\$ 385.5	\$ 232.4	\$ 318.1	-
Adjusted EBITDA Margin	11.4%	11.6%	13.4%	10.5%	11.1%	5.1%	0.0%

