



# Transaction Highlights

**HAY**

JUNE 2018



## HAY COMPANY SNAPSHOT

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High design European brand offering furniture and accessories products for consumer and contract markets

Headquarters: **Denmark**  
Founded: **2002**  
Employees: **~180**  
Geographic Presence:  
**Over 50 countries**

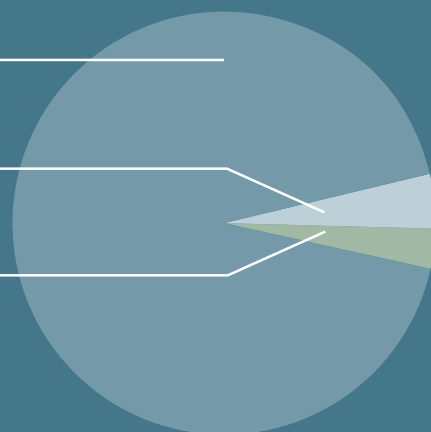
Revenue Growth (4 Yr. CAGR): **14%**  
FY18 Forecast (Year Ended July 2018):  
Revenue: **\$155M**  
EBITDA Margin: **10%**

### GEOGRAPHIC MIX:

**Europe 93%**

**North America 4%**

**Other 3%**



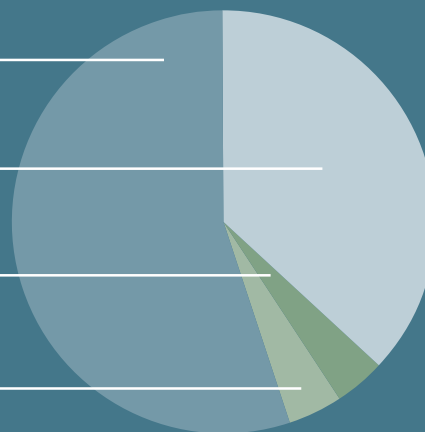
### CHANNEL MIX:

**Wholesale 55%**

**Contract 37%**

**Retail 4%**

**Other 4%**

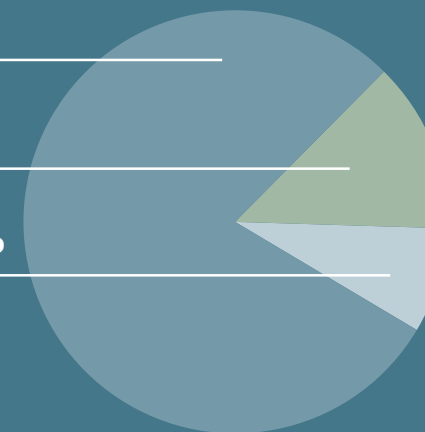


### PRODUCT MIX:

**Furnishings 79%**

**Accessories 13%**

**Lighting & Other 8%**







Rolf and Mette Hay are the husband-and-wife duo behind HAY. Rolf began his career working for various design companies in Denmark and teaching himself design and design development, while Mette's parents ran a design store. In 2002, the couple founded HAY as a contemporary design and furniture company.





HAY brings a growing portfolio of beautifully designed furnishings and accessories to the Herman Miller family of brands. Today, they offer 180 styles of furniture and more than 350 accessory options. Here are just a few examples...





## ACCESSORIES











LOUNGE & OUTDOOR















## #9 on Dezeen\* Brands Hot List for the past 2 years

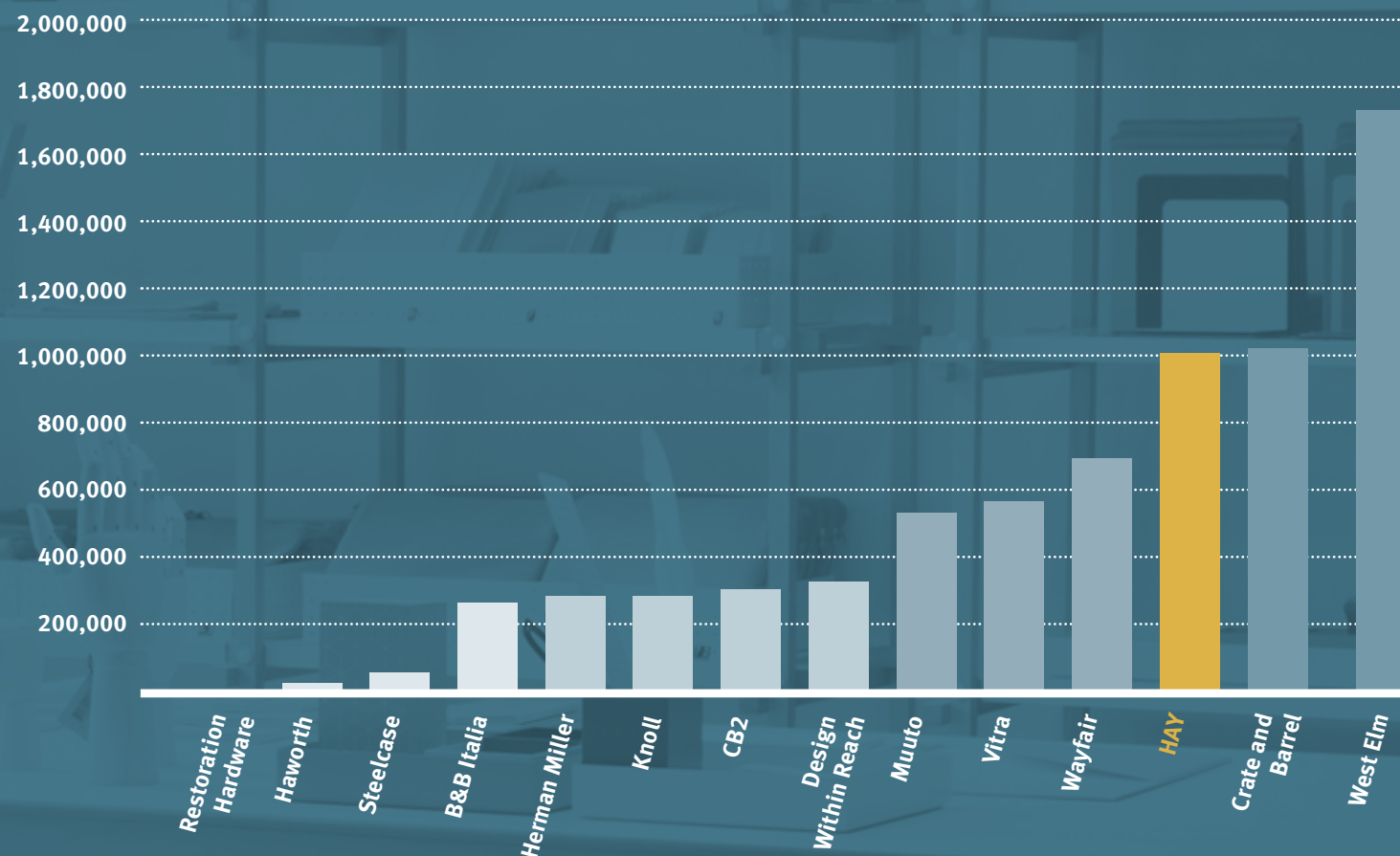
### 2017

1. IKEA
2. Muji
3. Apple
4. Adidas
5. Airbnb
6. Google
7. Pokemon GO
8. Nike
- 9. HAY**
10. WeWork

### 2016

1. IKEA
2. Apple
3. Adidas
4. Google
5. Nike
6. Aesop
7. Muji
8. Lego
- 9. HAY**
10. Corten Steel

## Strong Social Media Following\*



\*Dezeen is an architecture, interiors, and design magazine based in London

\*Instagram followership, June 2018





### I. 33% Equity Investment in HAY

- \$66M cash investment
- EBITDA multiple of 14x
- Expected to account for as a non-consolidated equity investment
- Option to increase ownership percentage in the future
- Year 1 (FY19) estimated accretion of \$0.02 to \$0.04 per share for equity investment
  - Includes estimated expenses of \$0.02 per share related to certain purchase accounting adjustments
- Year 5 estimated accretion of \$0.13 to \$0.15 per share for equity investment (assumes current 33% ownership)
  - Double digit revenue growth opportunity for core HAY business

### II. North America Licensing Rights

- \$5M cash investment
- Access to full HAY design catalog for consumer and contract channels
- Accounting directly impacts revenue and EBITDA
- Year 1 (FY19) estimated at break-even EPS from North America licensing
- Year 5 revenue outlook: \$75M to \$100M
- Year 5 EBITDA margin outlook: 12% to 14%
- Year 5 estimated accretion of \$0.11 to \$0.14 per share for North America licensing

#### YEAR 5 EPS ESTIMATE

|                   |                         |
|-------------------|-------------------------|
| Equity Investment | \$0.13 to \$0.15        |
| N.A. Licensing    | \$0.11 to \$0.14        |
| <b>Total</b>      | <b>\$0.24 to \$0.29</b> |





Investments in HAY directly impact two of our strategic priorities:



**1** REALIZE  
LIVING OFFICE



**2** DELIVER  
INNOVATION



**3** LEVERAGE DEALER  
ECO-SYSTEM



**4** SCALE  
CONSUMER



**5** PROFIT  
OPTIMIZATION





## HERMAN MILLER STRATEGIC PRIORITIES

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**SCALE  
CONSUMER**

- Wholesale/Retail accounts for nearly 60% of HAY's revenue
- Aspirational brand for *High Earners Not Rich Yet* (“HENRY”) segment
- Broadens price points within our Consumer product offer
- Expands accessories and cash and carry options for DWR studios
- Near-term plans to open 4 HAY stores
- **Target opening HAY online store by December, 2018**
  - Will leverage our existing HM.com and DWR.com platforms





**LEVERAGE DEALER  
ECO-SYSTEM**

- Approximately 40% of HAY's revenue comes from serving Contract customers
- Expands offering in fast growing ancillary or “resi-mercial” category
- Enhances our opportunity to increase share of wallet within our global network of over 600 dealers
- Creates a small to medium business opportunity
- Significant opportunity for growth in North America, which currently represents only 4% of HAY's revenue



