

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: March 21, 2018
(Date of earliest event reported)

HERMAN MILLER, INC.

(Exact name of registrant as specified in its charter)

Michigan

(State or Other Jurisdiction of
incorporation)

001-15141

(Commission File No.)

38-0837640

(IRS Employer
Identification no.)

**855 East Main Avenue
Zeeland, Michigan**

(Address of Principal Executive Offices)

49464

(Zip Code)

(616) 654-3000

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

On March 21, 2018, Herman Miller, Inc. issued a press release announcing its financial results for the quarter ended March 3, 2018. A copy of the press release is attached as Exhibit 99.1. Also, a copy of the supplemental financial data for the quarter ended March 3, 2018 is attached as Exhibit 99.2.

The information in this Form 8-K and the attached Exhibits shall not be deemed filed for purposes of Section 18 of the Securities Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

Exhibits.

99.1 [Press released dated March 21, 2018](#)

99.2 [Supplemental financial data for the quarter ended March 3, 2018](#)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: March 21, 2018

HERMAN MILLER, INC.

(Registrant)

/s/ Kevin J. Veltman

By: Kevin J. Veltman

Vice President of Investor Relations & Treasurer
(Duly Authorized Signatory for Registrant)

Herman Miller Reports Third Quarter Fiscal 2018 Results

- **Year-over-year sales growth of 10.2%; broad-based across all segments**
- **32% increase in reported EPS (adjusted EPS growth of 28%)**
- **580 basis point improvement in Consumer operating margins over last year**

Webcast to be held Wednesday, March 21, 2018, at 5:00 PM ET

Release	Immediate
Date	March 21, 2018
Contact	Kevin Veltman (616) 654-3973 or kevin_veltman@hermanmiller.com Jeff Stutz (616) 654-8538 or jeff_stutz@hermanmiller.com Media (616) 654-5977 or media_relations@hermanmiller.com
Address	Herman Miller, Inc., 855 East Main Avenue, PO Box 302, Zeeland, MI 49464-0302
Internet	www.hermanmiller.com

NOTE: A data supplement with additional financial information relating to the periods covered by this press release is available for download from the Company's website at <http://www.hermanmiller.com/about-us/investors.html>.

Herman Miller, Inc. (NASDAQ: MLHR) today announced results for its third quarter ended March 3, 2018. Net sales in the quarter totaled \$578.4 million, an increase of 10.2% from the same quarter last fiscal year. New orders in the third quarter of \$563.2 million were 3.7% above the prior year level.

Herman Miller reported net earnings of \$0.49 per share on a diluted basis in the third quarter compared to diluted earnings per share of \$0.37 in the same quarter last fiscal year. Excluding the impact of certain special charges and the one-time impact of the U.S. Tax Cuts and Jobs Act recognized in the period, adjusted earnings per share in the third quarter totaled \$0.50, compared to adjusted earnings per share of \$0.39 in the third quarter of last fiscal year.

Brian Walker, Chief Executive Officer, stated “Broad-based sales growth across all of our business segments was a clear highlight for the quarter, led by strong double-digit growth from our International and Consumer business segments. We were particularly encouraged that the acceleration in sales for the Consumer business resulted in meaningful improvement in operating margins for the segment as we execute on this important strategic priority. While order levels in North America reflected the project-based nature of the industry during the quarter, a favorable macro-economic picture and the potential for U.S. tax reform to be a catalyst for industry demand provide a supportive backdrop going forward. Highlighting our strategy of expanding our addressable markets, our International, Consumer and Specialty business segments each delivered strong order growth this quarter. With our collection of leading brands, a global multi-channel distribution capability and focus on our five key strategic priorities, we are well-positioned to drive sustainable long-term growth.”

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Third Quarter Fiscal 2018 Financial Results

FINANCIAL HIGHLIGHTS

(Dollars in millions, except per share data)

	(Unaudited) Three Months Ended			(Unaudited) Nine Months Ended		
	3/3/2018 (13 weeks)	3/4/2017 (13 weeks)	% Chg.	3/3/2018 (39 weeks)	3/4/2017 (40 weeks)	% Chg.
Net Sales	\$ 578.4	\$ 524.9	10.2 %	\$ 1,763.2	\$ 1,701.0	3.7 %
Gross Margin %	35.6%	37.2%	N/A	36.6%	37.8%	N/A
Operating Expenses	\$ 167.5	\$ 157.8	6.1 %	\$ 505.4	\$ 498.7	1.3 %
Restructuring Expenses	\$ —	\$ 2.7	(100.0)%	\$ 1.9	\$ 3.7	(48.6)%
Operating Earnings %	6.6%	6.7%	N/A	7.8%	8.3%	N/A
Adjusted Operating Earnings %*	7.3%	7.0%	N/A	8.2%	8.5%	N/A
Adjusted EBITDA*	\$ 61.6	\$ 52.6	17.1 %	\$ 199.5	\$ 188.0	6.1 %
Net Earnings Attributable to Herman Miller, Inc.	\$ 29.8	\$ 22.5	32.4 %	\$ 96.3	\$ 90.5	6.4 %
Earnings Per Share – Diluted	\$ 0.49	\$ 0.37	32.4 %	\$ 1.60	\$ 1.50	6.7 %
Adjusted Earnings Per Share – Diluted*	\$ 0.50	\$ 0.39	28.2 %	\$ 1.64	\$ 1.52	7.9 %
Orders	\$ 563.2	\$ 543.2	3.7 %	\$ 1,787.4	\$ 1,714.7	4.2 %
Backlog	\$ 341.7	\$ 331.6	3.0 %			

*Items indicated represent Non-GAAP measurements; see the reconciliations of Non-GAAP financial measures and related explanations in the supplemental data file available for download at <http://www.hermanmillier.com/about-us/investors.html>. A copy of this supplemental data file has also been included with the earnings press release filed on Form 8-K with the Securities and Exchange Commission.

Consolidated gross margin in the third quarter of fiscal 2018 totaled 35.6%, representing a 160 basis point decrease from the level reported in the same quarter of last fiscal year. Operating expenses in the third quarter were \$167.5 million compared to \$157.8 million in the same quarter a year ago. Operating expenses included certain special charges totaling \$3.9 million in the third quarter of fiscal 2018. These items related primarily to costs associated with the planned CEO transition announced in February and external consulting fees associated with the Company's profit enhancement initiatives.

Herman Miller's effective income tax rate in the third quarter was 19.0%, compared to 29.8% in the same quarter last fiscal year. The effective tax rate in the third quarter includes the impact of the recently enacted U.S. Tax Cuts and Jobs Act (the "Act"). In addition to a lower ongoing U.S. tax rate, the third quarter rate reflects adjustments related to the initial application of the Act, including the re-measurement of net current and deferred tax liabilities and the required recognition of tax expense associated with the deemed repatriation of accumulated foreign earnings. Excluding the impact of these initial application adjustments, the adjusted effective tax rate for the quarter was 25.8%.

Jeff Stutz, Chief Financial Officer, noted, "The organization has continued to do a nice job adjusting overall spending levels in response to ongoing gross margin pressures across the business, including the impact of competitive price discounting, commodity cost inflation and shifting product mix. These efforts were aided by further progress towards the overall cost reduction targets we outlined last year. While a portion of these savings are being utilized to help fund growth initiatives and offset inflationary pressures, this initiative remains a key component in achieving our long-term profitability target. The combination of strong operating performance and the benefit of a lower U.S. tax rate helped drive a 28% increase in adjusted earnings per share this quarter."

Mr. Stutz continued, "While we continue to feel our business is poised to benefit from our strategic position and a generally strong economic picture, sluggish order rates in North America this quarter and ongoing discounting, product mix and commodity pressures are reflected in our outlook for the upcoming fourth quarter."

The Company ended the third quarter with total cash and cash equivalents of \$193.0 million, an increase of \$96.8 million from the balance at the end of fiscal 2017. Cash flow generated from operations in the third quarter of \$29.2 million compared to \$27.8 million in the same quarter last fiscal year.

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Segment Sales and Orders

The following tables summarize reported and organic segment sales and orders for the third quarter of fiscal 2018:

Organic Sales Growth (Decline) by Segment *

	Three Months Ended 3/3/18					Three Months Ended 3/4/17				
	North America	ELA	Specialty	Consumer	Total	North America	ELA	Specialty	Consumer	Total
Net Sales, as reported	\$ 316.4	\$ 102.6	\$ 72.6	\$ 86.8	\$ 578.4	\$ 294.5	\$ 88.0	\$ 69.3	\$ 73.1	\$ 524.9
% change from PY	7.4%	16.6%	4.8%	18.7%	10.2%					
<u>Proforma Adjustments</u>										
Dealer Divestitures	—	—	—	—	—	(2.6)	—	—	—	(2.6)
Currency Translation Effects ⁽¹⁾	(1.1)	(5.0)	—	(0.1)	(6.2)	—	—	—	—	—
Net Sales, organic	\$ 315.3	\$ 97.6	\$ 72.6	\$ 86.7	\$ 572.2	\$ 291.9	\$ 88.0	\$ 69.3	\$ 73.1	\$ 522.3
% change from PY	8.0%	10.9%	4.8%	18.6%	9.6%					

Organic Order Growth (Decline) by Segment *

	Three Months Ended 3/3/18					Three Months Ended 3/4/17				
	North America	ELA	Specialty	Consumer	Total	North America	ELA	Specialty	Consumer	Total
Orders, as reported	\$ 294.7	\$ 113.9	\$ 71.2	\$ 83.4	\$ 563.2	\$ 318.3	\$ 85.5	\$ 66.3	\$ 73.1	\$ 543.2
% change from PY	(7.4)%	33.2%	7.4%	14.1%	3.7%					
<u>Proforma Adjustments</u>										
Dealer Divestitures	—	—	—	—	—	(6.9)	—	—	—	(6.9)
Currency Translation Effects ⁽¹⁾	(1.1)	(5.1)	—	(0.1)	(6.3)	—	—	—	—	—
Orders, proforma	\$ 293.6	\$ 108.8	\$ 71.2	\$ 83.3	\$ 556.9	\$ 311.4	\$ 85.5	\$ 66.3	\$ 73.1	\$ 536.3
% change from PY	(5.7)%	27.3%	7.4%	14.0%	3.8%					

⁽¹⁾ Currency translation effects represent the estimated net impact of translating current period sales and orders using the average exchange rates applicable to the comparable prior year period

* Items represent Non-GAAP measurements; see the reconciliations of Non-GAAP financial measures and related explanations in the supplemental data file available for download at <http://www.hermanmiller.com/about-us/investors.html>. A copy of this supplemental data file has also been included with the earnings press release filed on Form 8-K with the Securities and Exchange Commission.

Fourth Quarter Fiscal 2018 Guidance

Looking forward, Herman Miller expects net sales in the fourth quarter of fiscal 2018 to be in the range of \$590 million to \$610 million. On an organic basis, adjusted for the impact of dealer divestitures and foreign currency translation, this forecast implies sales growth of 4% compared to the fourth quarter of the prior year at the mid-point of the range.

On a GAAP basis, diluted earnings per share for the fourth quarter of fiscal 2018 is expected to range between \$0.49 to \$0.53. The Company expects adjusted diluted earnings per share to range between \$0.56 to \$0.60. Adjusted earnings per share excludes an estimated \$6 million to \$7 million of pre-tax restructuring and other charges expected in the fourth quarter of fiscal 2018.

This earnings per share guidance reflects an anticipated effective tax rate of 23% to 25% for the fourth quarter of fiscal 2018. Looking ahead, we expect our full year tax rate in fiscal 2019 to be 21% to 23%, which reflects a full year of the lower U.S. federal tax rate, anticipated mix of domestic and foreign earnings and the impact of state income taxes.

Supplemental Information and Webcast

The Company has created a supplemental data report which provides additional information relevant to its quarterly results. This document can be accessed via a link on the Investors section of the Company's website at <http://www.hermanmiller.com/about-us/investors.html>.

The Company will host a live webcast to discuss the results of the third quarter of fiscal 2018 on Wednesday, March 21, 2018, at 5:00 p.m. ET. To ensure your access to the webcast, you should allow extra time to visit the Company's website at www.hermanmiller.com to download the streaming software necessary to participate. An online archive of the presentation will be available on the website later that day.

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About Herman Miller

Herman Miller is a globally recognized provider of furnishings and related technologies and services. Headquartered in West Michigan, the 112-year-old company has relied on innovative design to solve problems wherever people work, live, learn, and heal. With recognizable designs as part of museum collections worldwide, Herman Miller is a past recipient of the Smithsonian Institution's Cooper Hewitt National Design Award and has been ranked number one on Contract Magazine's list of "Brands that Inspire" for four straight years. Known and respected for its leadership in corporate social responsibility, Herman Miller has earned numerous global sustainability and inclusivity awards including the Human Rights Foundation's top rating in its Corporate Equality Index for 11 years in a row. In fiscal 2017, the Company generated \$2.28 billion in revenue and employed nearly 8,000 people worldwide. Herman Miller trades on the NASDAQ Global Select Market under the symbol MLHR.

This release 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," and "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 saving 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, our ability to locate new DWR studios, negotiate favorable lease terms for new and existing locations and implement 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.

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Financial highlights for the three and nine months ended March 3, 2018 follow:

Herman Miller, Inc.

Condensed Consolidated Statements of Operations

(Unaudited) (Dollars in millions, except per share and common share data)

	<u>Three Months Ended</u>						<u>Nine Months Ended</u>					
	<u>March 3, 2018</u>			<u>March 4, 2017</u>			<u>March 3, 2018</u>		<u>March 4, 2017</u>			
	(13 weeks)			(13 weeks)			(39 weeks)		(40 weeks)			
Net Sales	\$	578.4	100.0%	\$	524.9	100.0%	\$	1,763.2	100.0%	\$	1,701.0	100.0%
Cost of Sales		372.6	64.4%		329.4	62.8%		1,118.5	63.4%		1,057.6	62.2%
Gross Margin		205.8	35.6%		195.5	37.2%		644.7	36.6%		643.4	37.8%
Operating Expenses		167.5	29.0%		157.8	30.1%		505.4	28.7%		498.7	29.3%
Restructuring Expenses		—	—%		2.7	0.5%		1.9	0.1%		3.7	0.2%
Operating Earnings		38.3	6.6%		35.0	6.7%		137.4	7.8%		141.0	8.3%
Other Expenses, net		2.1	0.4%		3.0	0.6%		7.7	0.4%		10.4	0.6%
Earnings Before Income Taxes and Equity Income		36.2	6.3%		32.0	6.1%		129.7	7.4%		130.6	7.7%
Income Tax Expense		6.9	1.2%		9.5	1.8%		35.4	2.0%		41.1	2.4%
Equity Income, net of tax		0.7	0.1%		—	—%		2.2	0.1%		1.1	0.1%
Net Earnings		30.0	5.2%		22.5	4.3%		96.5	5.5%		90.6	5.3%
Net Earnings Attributable to Noncontrolling Interests		0.2	—%		—	—%		0.2	—%		0.1	—%
Net Earnings Attributable to Herman Miller, Inc.	\$	29.8	5.2%	\$	22.5	4.3%	\$	96.3	5.5%	\$	90.5	5.3%

Amounts per Common Share Attributable to Herman Miller, Inc.				
Earnings Per Share – Basic	\$0.50	\$0.38	\$1.61	\$1.51
Weighted Average Basic Common Shares	59,691,709	59,846,034	59,753,271	59,910,844
Earnings Per Share – Diluted	\$0.49	\$0.37	\$1.60	\$1.50
Weighted Average Diluted Common Shares	60,362,084	60,383,186	60,296,728	60,421,978

Herman Miller, Inc.

Condensed Consolidated Statements of Cash Flows

(Unaudited) (Dollars in millions)

	<u>Nine Months Ended</u>	
	<u>March 3, 2018</u>	<u>March 4, 2017</u>
	(39 weeks)	(40 weeks)
Net Earnings	\$ 96.5	\$ 90.6
Cash Flows provided by Operating Activities	110.7	122.1
Cash Flows used for Investing Activities	(42.5)	(99.0)
Cash Flows provided by / (used for) Financing Activities	28.3	(29.6)
Effect of Exchange Rates	0.3	0.0
Change in Cash	96.8	(6.5)
Cash, Beginning of Period	96.2	84.9
Cash, End of Period	\$ 193.0	\$ 78.4

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Herman Miller, Inc.
Condensed Consolidated Balance Sheets
(Unaudited) (Dollars in millions)

	<u>March 3, 2018</u>	<u>June 3, 2017</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 193.0	\$ 96.2
Marketable Securities	8.4	8.6
Accounts and Notes Receivable, net	195.1	186.6
Inventories, net	169.4	152.4
Prepaid Expenses and Other	44.4	48.1
Total Current Assets	610.3	491.9
Net Property and Equipment	330.0	314.6
Other Assets	503.0	499.8
Total Assets	\$ 1,443.3	\$ 1,306.3
<u>LIABILITIES & STOCKHOLDERS' EQUITY</u>		
Current Liabilities:		
Accounts Payable	162.5	148.4
Accrued Liabilities	222.4	237.3
Total Current Liabilities	384.9	385.7
Long-term Debt	275.0	199.9
Other Liabilities	101.8	108.4
Total Liabilities	761.7	694.0
Redeemable Noncontrolling Interests	24.3	24.6
Herman Miller, Inc. Stockholders' Equity	657.1	587.5
Noncontrolling Interests	0.2	0.2
Total Stockholders' Equity	657.3	587.7
Total Liabilities, Redeemable Noncontrolling Interests and Stockholders' Equity	\$ 1,443.3	\$ 1,306.3

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Earnings Release Data Supplement

Herman Miller, Inc. (together with its consolidated subsidiaries, the "company", "we", "our" or "us") provides this supplement to assist investors in evaluating the company's financial and operating results and metrics. We suggest that the narratives to each of the tables included in this supplement be read in conjunction with the financial tables. The financial information included in this supplement contains certain non-GAAP financial measures, as explained in more detail in Section II below.

Herman Miller, Inc. Supplemental Financial Data

Three and Nine Months Ended March 3, 2018

(Unaudited) (\$ in millions except per share data and square footage metrics)

I. Operating Segment Information

The table below summarizes select financial information, for the periods indicated, related to each of the company's reportable segments. The North American Furniture Solutions segment includes the operations associated with the design, manufacture, and sale of furniture products for work-related settings, including office, education, and healthcare environments, throughout the United States and Canada. The business associated with the company's owned contract furniture dealers is also included in the North American Furniture Solutions segment. The ELA Furniture Solutions segment includes EMEA, Latin America, and Asia-Pacific. ELA includes the operations associated with the design, manufacture, and sale of furniture products, primarily for work-related settings, in these aforementioned geographic regions. The Specialty segment includes the operations associated with the design, manufacture, and sale of high-craft furniture products and textiles including Geiger wood products, Maharam textiles, Nemschoff and Herman Miller Collection products. The Consumer segment includes operations associated with the sale of modern design furnishings and accessories to third party retail distributors, as well as direct to consumer sales through eCommerce and Design Within Reach retail studios. Corporate costs represent unallocated expenses related to general corporate functions, including, but not limited to, certain legal, executive, corporate finance, information technology, administrative and acquisition-related costs.

	Three Months Ended			Nine Months Ended		
<u>Net Sales</u>	3/3/2018	3/4/2017	% change	3/3/2018	3/4/2017	% change
North America	\$ 316.4	\$ 294.5	7.4 %	\$ 975.3	\$ 955.6	2.1 %
ELA	102.6	88.0	16.6 %	309.0	292.9	5.5 %
Specialty	72.6	69.3	4.8 %	222.2	224.4	(1.0)%
Consumer	86.8	73.1	18.7 %	256.7	228.1	12.5 %
Total	\$ 578.4	\$ 524.9	10.2 %	\$ 1,763.2	\$ 1,701.0	3.7 %
<u>Gross Margin</u>						
North America	\$ 105.8	\$ 105.6	0.2 %	\$ 341.3	\$ 348.6	(2.1)%
ELA	33.2	29.2	13.7 %	103.3	100.3	3.0 %
Specialty	26.9	28.1	(4.3)%	85.1	92.3	(7.8)%
Consumer	39.9	32.6	22.4 %	115.0	102.2	12.5 %
Total	\$ 205.8	\$ 195.5	5.3 %	\$ 644.7	\$ 643.4	0.2 %
<u>Gross Margin % Net Sales</u>						
North America	33.4%	35.9 %		35.0%	36.5%	
ELA	32.4%	33.2 %		33.4%	34.2%	
Specialty	37.1%	40.5 %		38.3%	41.1%	
Consumer	46.0%	44.6 %		44.8%	44.8%	
Total	35.6%	37.2 %		36.6%	37.8%	
<u>Operating Earnings (Loss)</u>						
North America	\$ 37.8	\$ 35.9	5.3 %	\$ 131.6	\$ 125.7	4.7 %
ELA	7.2	6.5	10.8 %	26.1	27.1	(3.7)%
Specialty	2.0	1.3	53.8 %	5.7	12.2	(53.3)%
Consumer	4.2	(0.7)	n/m	5.5	1.9	189.5 %
Corporate Unallocated Expenses	(12.9)	(8.0)	61.3 %	(31.5)	(25.9)	21.6 %
Total	\$ 38.3	\$ 35.0	9.4 %	\$ 137.4	\$ 141.0	(2.6)%
<u>Operating Earnings % Net Sales</u>						
North America	11.9%	12.2 %		13.5%	13.2%	
ELA	7.0%	7.4 %		8.4%	9.3%	
Specialty	2.8%	1.9 %		2.6%	5.4%	
Consumer	4.8%	(1.0)%		2.1%	0.8%	
Total	6.6%	6.7 %		7.8%	8.3%	

Herman Miller, Inc. Supplemental Financial Data

Three and Nine Months Ended March 3, 2018

(Unaudited) (\$ in millions except per share data and square footage metrics)

II. Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures such as Adjusted Earnings per Share, Adjusted EBITDA and Organic Growth (Decline). Adjusted Earnings per Share represents reported diluted earnings per share excluding the impact of restructuring expenses and other charges or gains, including related taxes. These items include certain restructuring expenses related to actions involving targeted workforce reductions, as well as non-recurring costs related to the planned CEO transition, third party consulting costs related to the company's profit enhancement initiatives, a non-recurring gain from a dealer divestiture, and the one-time impact of adopting the U.S. Tax Cuts and Jobs Act. Adjusted EBITDA is calculated by excluding depreciation and amortization from operating earnings and including other income and expenses. Organic Growth (Decline) represents the change in sales and orders, excluding currency translation effects and the impacts of acquisitions, divestitures, changes in DWR shipping terms and the extra week in fiscal 2017. The company believes these non-GAAP measures are useful for investors as they provide financial information on a more comparative basis for the periods presented. The nine months ended March 4, 2017 included 40 weeks of operations as compared to a standard 39-week period. The additional week is required periodically in order to more closely align Herman Miller's fiscal year with the calendar months.

Adjusted Earnings per Share, Adjusted EBITDA and Organic Growth (Decline) are not measurements of our financial performance under GAAP and should not be considered an alternative to the related GAAP measurement. These non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Our presentation of non-GAAP measures should not be construed as an indication that our future results will be unaffected by unusual or infrequent items. We compensate for these limitations by providing equal prominence of our GAAP results.

A. Reconciliation of Earnings per Share to Adjusted Earnings per Share

	Three Months Ended		Nine Months Ended	
	3/3/2018	3/4/2017	3/3/2018	3/4/2017
Earnings per Share - Diluted	\$ 0.49	\$ 0.37	\$ 1.60	\$ 1.50
Less: One-time impact of adopting U.S. Tax Cuts and Jobs Act	(0.04)	—	(0.04)	—
Less: Gain on sale of dealer	—	(0.01)	—	(0.01)
Add: Special charges	0.05	—	0.06	—
Add: Restructuring expense	—	0.03	0.02	0.03
Adjusted Earnings per Share - Diluted	\$ 0.50	\$ 0.39	\$ 1.64	\$ 1.52
Weighted Average Shares Outstanding (used for Calculating Adjusted Earnings per Share) – Diluted	60,362,084	60,383,186	60,296,728	60,421,978

B. Reconciliation of Operating Earnings and Net Income to EBITDA

	Three Months Ended						Three Months Ended					
	3/3/18						3/4/17					
	North America	ELA	Specialty	Consumer	Corporate	Total	North America	ELA	Specialty	Consumer	Corporate	Total
Operating Earnings (Loss)	\$ 37.8	\$ 7.2	\$ 2.0	\$ 4.2	\$ (12.9)	\$ 38.3	\$ 35.9	\$ 6.5	\$ 1.3	\$ (0.7)	\$ (8.0)	\$ 35.0
% Net Sales	11.9%	7.0%	2.8%	4.8%	n/a	6.6%	12.2%	7.4%	1.9%	(1.0)%	n/a	6.7%
Less: Gain on sale of dealer	—	—	—	—	—	—	(0.7)	—	—	—	—	(0.7)
Add: Special charges	—	0.3	—	—	3.6	3.9	—	—	—	—	—	—
Add: Restructuring expenses	—	—	—	—	—	—	1.5	0.7	0.5	—	—	2.7
Adjusted Operating Earnings (Loss)	\$ 37.8	\$ 7.5	\$ 2.0	\$ 4.2	\$ (9.3)	\$ 42.2	\$ 36.7	\$ 7.2	\$ 1.8	\$ (0.7)	\$ (8.0)	\$ 37.0
% Net Sales	11.9%	7.3%	2.8%	4.8%	n/a	7.3%	12.5%	8.2%	2.6%	(1.0)%	n/a	7.0%
Other Income (Expense), net	—	—	—	—	1.1	1.1	—	—	—	—	0.8	0.8
Equity Income, net of tax	0.3	0.3	0.1	—	—	0.7	0.1	0.1	(0.2)	—	—	—
Add: Depreciation and Amortization	9.0	2.7	2.6	3.2	0.1	17.6	7.1	2.3	2.3	2.7	0.4	14.8
Adjusted EBITDA	\$ 47.1	\$ 10.5	\$ 4.7	\$ 7.4	\$ (8.1)	\$ 61.6	\$ 43.9	\$ 9.6	\$ 3.9	\$ 2.0	\$ (6.8)	\$ 52.6
% Net Sales	14.9%	10.2%	6.5%	8.5%	n/a	10.7%	14.9%	10.9%	5.6%	2.7 %	n/a	10.0%

Herman Miller, Inc. Supplemental Financial Data

Three and Nine Months Ended March 3, 2018
(Unaudited) (\$ in millions except per share data and square footage metrics)

	Nine Months Ended 3/3/18						Nine Months Ended 3/4/17					
	North America	ELA	Specialty	Consumer	Corporate	Total	North America	ELA	Specialty	Consumer	Corporate	Total
Operating Earnings (Loss)	\$ 131.6	\$ 26.1	\$ 5.7	\$ 5.5	\$ (31.5)	\$ 137.4	\$ 125.7	\$ 27.1	\$ 12.2	\$ 1.9	\$ (25.9)	\$ 141.0
% Net Sales	13.5%	8.4%	2.6%	2.1%	n/a	7.8%	13.2%	9.3%	5.4%	0.8%	n/a	8.3%
Less: Gain on sale of dealer	—	—	—	—	—	—	(0.7)	—	—	—	—	(0.7)
Add: Special charges		0.3			5.5	5.8	—	—	—	—	—	—
Add: Restructuring expenses	1.9	—	—	—	—	1.9	2.2	0.9	0.6	—	—	3.7
Adjusted Operating Earnings (Loss)	\$ 133.5	\$ 26.4	\$ 5.7	\$ 11.0	\$ (31.5)	\$ 145.1	\$ 127.2	\$ 28.0	\$ 12.8	\$ 1.9	\$ (25.9)	\$ 144.0
% Net Sales	13.7%	8.5%	2.6%	4.3%	n/a	8.2%	13.3%	9.6%	5.7%	0.8%	n/a	8.5%
Other Income (Expense), net	—	—	—	—	2.9	2.9	—	—	—	—	1.0	1.0
Equity Income, net of tax	0.9	1.0	0.5	—	(0.2)	2.2	0.5	0.5	0.4	—	(0.3)	1.1
Add: Depreciation and Amortization	24.6	7.7	7.5	9.0	0.5	49.3	20.4	7.2	6.8	7.5	1.1	43.0
Adjusted EBITDA	\$ 159.0	\$ 35.1	\$ 13.7	\$ 20.0	\$ (28.3)	\$ 199.5	\$ 148.1	\$ 35.7	\$ 20.0	\$ 9.4	\$ (24.1)	\$ 189.1
% Net Sales	16.3%	11.4%	6.2%	7.8%	n/a	11.3%	15.5%	12.2%	8.9%	4.1%	n/a	11.1%

	Three Months Ended		Nine Months Ended	
	3/3/18	3/4/17	3/3/18	3/4/17
Net Earnings	\$ 30.0	\$ 22.5	\$ 96.5	\$ 90.6
Add: Interest expense	3.2	3.8	10.6	11.4
Add: Income tax expense	6.9	9.5	35.4	41.1
Add: Amortization and Depreciation	17.6	14.8	49.3	43.0
Add: Special charges	3.9	—	5.8	—
Add: Restructuring expenses	—	2.7	1.9	3.7
Less: Gain on sale of dealer	—	(0.7)	—	(0.7)
Adjusted EBITDA	\$ 61.6	\$ 52.6	\$ 199.5	\$ 189.1

C. Organic Sales Growth (Decline) by Segment

	Three Months Ended 3/3/18					Three Months Ended 3/4/17				
	North America	ELA	Specialty	Consumer	Total	North America	ELA	Specialty	Consumer	Total
Net Sales, as reported	\$ 316.4	\$ 102.6	\$ 72.6	\$ 86.8	\$ 578.4	\$ 294.5	\$ 88.0	\$ 69.3	\$ 73.1	\$ 524.9
% change from PY	7.4%	16.6%	4.8%	18.7%	10.2%					
<u>Proforma Adjustments</u>										
Dealer Divestitures	—	—	—	—	—	(2.6)	—	—	—	(2.6)
Currency Translation Effects ⁽¹⁾	(1.1)	(5.0)	—	(0.1)	(6.2)	—	—	—	—	—
Net Sales, organic	\$ 315.3	\$ 97.6	\$ 72.6	\$ 86.7	\$ 572.2	\$ 291.9	\$ 88.0	\$ 69.3	\$ 73.1	\$ 522.3
% change from PY	8.0%	10.9%	4.8%	18.6%	9.6%					

Herman Miller, Inc. Supplemental Financial Data

Three and Nine Months Ended March 3, 2018
(Unaudited) (\$ in millions except per share data and square footage metrics)

	Nine Months Ended 3/3/18					Nine Months Ended 3/4/17				
	North America	ELA	Specialty	Consumer	Total	North America	ELA	Specialty	Consumer	Total
Net Sales, as reported	\$ 975.3	\$ 309.0	\$ 222.2	\$ 256.7	\$ 1,763.2	\$ 955.6	\$ 292.9	\$ 224.4	\$ 228.1	\$ 1,701.0
% change from PY	2.1%	5.5%	(1.0)%	12.5%	3.7%					
<u>Proforma Adjustments</u>										
Dealer Divestitures	—	—	—	—	—	(21.4)	—	—	—	(21.4)
Currency Translation Effects ⁽¹⁾	(2.7)	(7.4)	(0.1)	(0.2)	(10.4)	—	—	—	—	—
Impact of Extra Week in FY17	—	—	—	—	—	(21.7)	(6.3)	(4.3)	(4.7)	(37.0)
Impact of Change in DWR Shipping Terms	—	—	—	(5.0)	(5.0)	—	—	—	—	—
Net sales, organic	\$ 972.6	\$ 301.6	\$ 222.1	\$ 251.5	\$ 1,747.8	\$ 912.5	\$ 286.6	\$ 220.1	\$ 223.4	\$ 1,642.6
% change from PY	6.6%	5.2%	0.9 %	12.6%	6.4%					

⁽¹⁾ Currency translation effects represent the estimated net impact of translating current period sales and orders using the average exchange rates applicable to the comparable prior year period

D. Organic Order Growth (Decline) by Segment

	Three Months Ended 3/3/18					Three Months Ended 3/4/17				
	North America	ELA	Specialty	Consumer	Total	North America	ELA	Specialty	Consumer	Total
Orders, as reported	\$ 294.7	\$ 113.9	\$ 71.2	\$ 83.4	\$ 563.2	\$ 318.3	\$ 85.5	\$ 66.3	\$ 73.1	\$ 543.2
% change from PY	(7.4)%	33.2%	7.4%	14.1%	3.7%					
<u>Proforma Adjustments</u>										
Dealer Divestitures	—	—	—	—	—	(6.9)	—	—	—	(6.9)
Currency Translation Effects ⁽¹⁾	(1.1)	(5.1)	—	(0.1)	(6.3)	—	—	—	—	—
Orders, organic	\$ 293.6	\$ 108.8	\$ 71.2	\$ 83.3	\$ 556.9	\$ 311.4	\$ 85.5	\$ 66.3	\$ 73.1	\$ 536.3
% change from PY	(5.7)%	27.3%	7.4%	14.0%	3.8%					

	Nine Months Ended 3/3/18					Nine Months Ended 3/4/17				
	North America	ELA	Specialty	Consumer	Total	North America	ELA	Specialty	Consumer	Total
Orders, as reported	\$ 970.5	\$ 340.4	\$ 223.7	\$ 252.8	\$ 1,787.4	\$ 973.8	\$ 295.0	\$ 218.4	\$ 227.5	\$ 1,714.7
% change from PY	(0.3)%	15.4%	2.4%	11.1%	4.2%					
<u>Proforma Adjustments</u>										
Dealer Divestitures	—	—	—	—	—	(22.4)	—	—	—	(22.4)
Currency Translation Effects ⁽¹⁾	(2.4)	(7.6)	(0.1)	(0.2)	(10.3)	—	—	—	—	—
Impact of Extra Week in FY17	—	—	—	—	—	(20.0)	(8.1)	(4.8)	(4.0)	(36.9)
Orders, organic	\$ 968.1	\$ 332.8	\$ 223.6	\$ 252.6	\$ 1,777.1	\$ 931.4	\$ 286.9	\$ 213.6	\$ 223.5	\$ 1,655.4
% change from PY	3.9 %	16.0%	4.7%	13.0%	7.4%					

⁽¹⁾ Currency translation effects represent the estimated net impact of translating current period sales and orders using the average exchange rates applicable to the comparable prior year period

Herman Miller, Inc. Supplemental Financial Data
Three and Nine Months Ended March 3, 2018
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E. Design Within Reach Studio Metrics

	Studio Count				Studio Selling Square Footage			
	Three Months Ended		Nine Months Ended		Three Months Ended		Nine Months Ended	
	3/3/18	3/4/17	3/3/18	3/4/17	3/3/18	3/4/17	3/3/18	3/4/17
Beginning of Period	32	32	31	29	357,387	291,674	317,456	246,481
Studio Openings	—	2	3	7	—	33,000	43,579	87,284
Studio Expansions	—	—	—	—	—	—	4,500	—
Studio Closings	—	(3)	(2)	(5)	—	(16,485)	(8,148)	(25,576)
End of Period	32	31	32	31	357,387	308,189	357,387	308,189
Comparable Studios, End of Period	24	24	21	22				
Non-Comparable Studios, End of Period	8	7	11	7				

	Studio Revenue Metrics					
	Three Months Ended			Nine Months Ended		
	3/3/18		3/4/17	3/3/18		3/4/17
Average Studio Square Footage	357,387		299,392	337,422		277,335
Annualized Net Sales per Square Foot, All Studios	\$	514	\$ 552	\$	531	\$ 590
DWR Comparable Brand Sales*	13.7%		2.9%	10.7%		5.8%
Annualized Net Sales per Square Foot, Comparable Studios	\$	609	\$ 627	\$	640	\$ 646

*Fiscal 2017 figures are presented on a pro forma basis using a 39-week average to normalize results for the impact of an extra week of operations in the first quarter of fiscal 2017. DWR comparable brand sales reflects the year-over-year change in net sales across the multiple channels that DWR serves, including studios, outlets, contract, catalog, phone and e-commerce.

Note: Consumer segment sales also include sales through eCommerce, outlet store, call center and wholesale channels.

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F. Sales and Earnings Guidance - Upcoming Quarter	Company Guidance
	Q4 Fiscal 2018
Net Sales	\$590 million to \$610 million
Gross Margin %	36.25% - 37.25%
Adjusted Operating Expenses	\$169 million to \$173 million
Special charges	\$2 million to \$2.5 million
Restructuring expenses	\$4 million to \$4.5 million
Effective Tax Rate	23% - 25%
GAAP Earnings Per Share, Diluted	\$0.49 to \$0.53
Adjusted Earnings Per Share, Diluted	\$0.56 to \$0.60

Note: The adjusted EPS estimate for the fourth quarter excludes the estimated \$6 million to \$7 million of pre-tax restructuring and other charges noted above.

G. Reconciliation of Reported to Adjusted Effective Tax Rate	Three Months Ended
	3/3/18
Effective Tax Rate, Reported	19.0 %
Year-to-date U.S. tax rate true-up	8.3 %
Re-measurement of net deferred tax liability	23.3 %
Re-measurement of taxes payable	0.7 %
Tax expense from deemed repatriation of foreign earnings	(25.5)%
Effective Tax Rate, Adjusted	25.8 %

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, 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, 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, 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.
