



NASDAQ: MLHR

Design for the Good of Humankind

Investor Presentation
Second Quarter FY2021

HermanMiller

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 profit optimization 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, changes in global tariff regulations, 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 retail stores and 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, our ability to integrate and benefit from acquisitions and investments, the pace and level of government procurement, the outcome of pending litigation or governmental audits or investigations, political risk in the markets we serve, natural disasters, public health crises, disease outbreaks, 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: **~7,600**

FY20 Revenue: **\$2.49B**
FY20 Adj. Operating
Income: **\$206M**

Omni-Channel distribution model

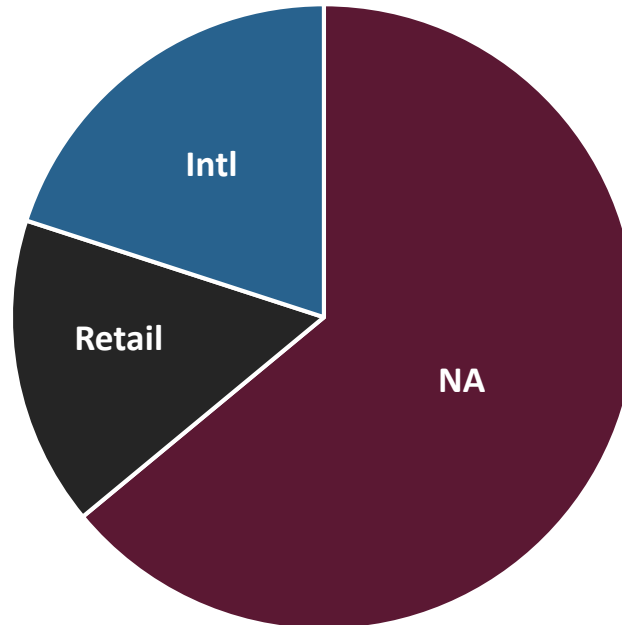
- Over 700 contract dealers in 110 countries
- 40 Retail studios
- Multiple global e-commerce storefronts

FY20 Revenue Mix

North America **64%**

Retail **16%**

International **20%**



**Broad product library across
Herman Miller Group of
Brands**

Herman Miller Group

A collection of leading brands



A global leader in design and furnishings
for the home or workplace



A UK-based designer of high-performance
tools for work



Retailer of authentic
modern furnishings

GEIGER

Maker of exquisitely crafted designs for
refined working environments

HAY

Inspired furniture and accessories
for modern living

maars LIVING WALLS®

A global designer and maker
of interior partitions

maharam

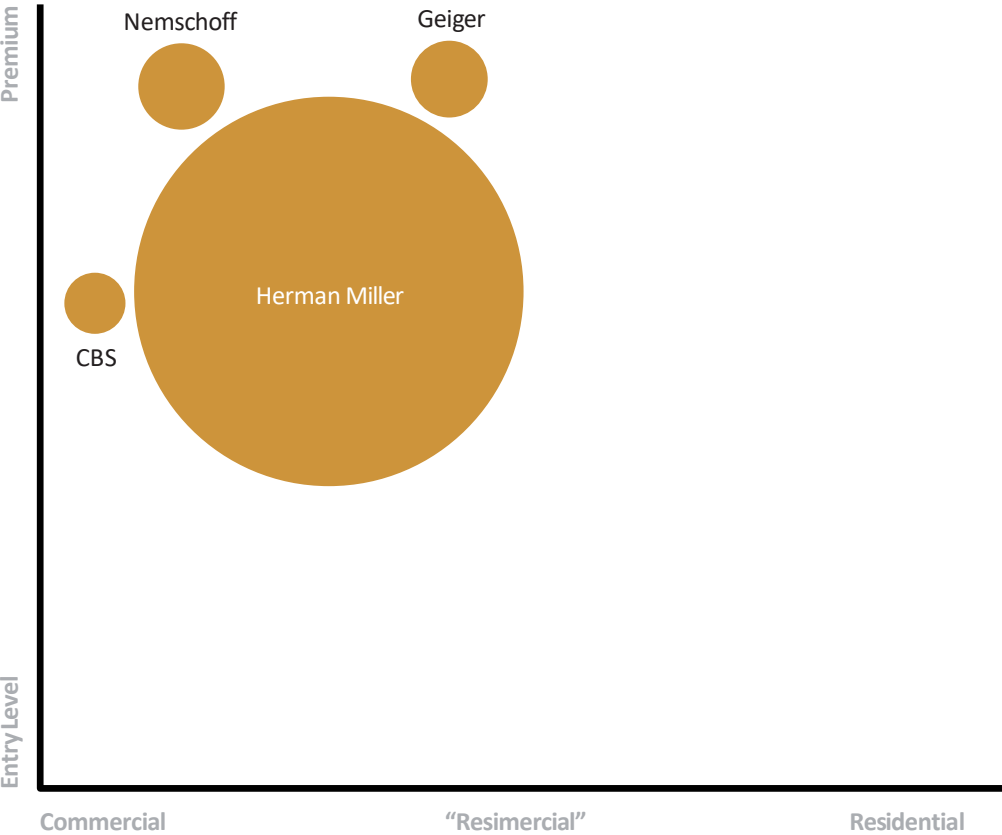
Creator of textiles known for its rigorous commitment
to design

naughtone

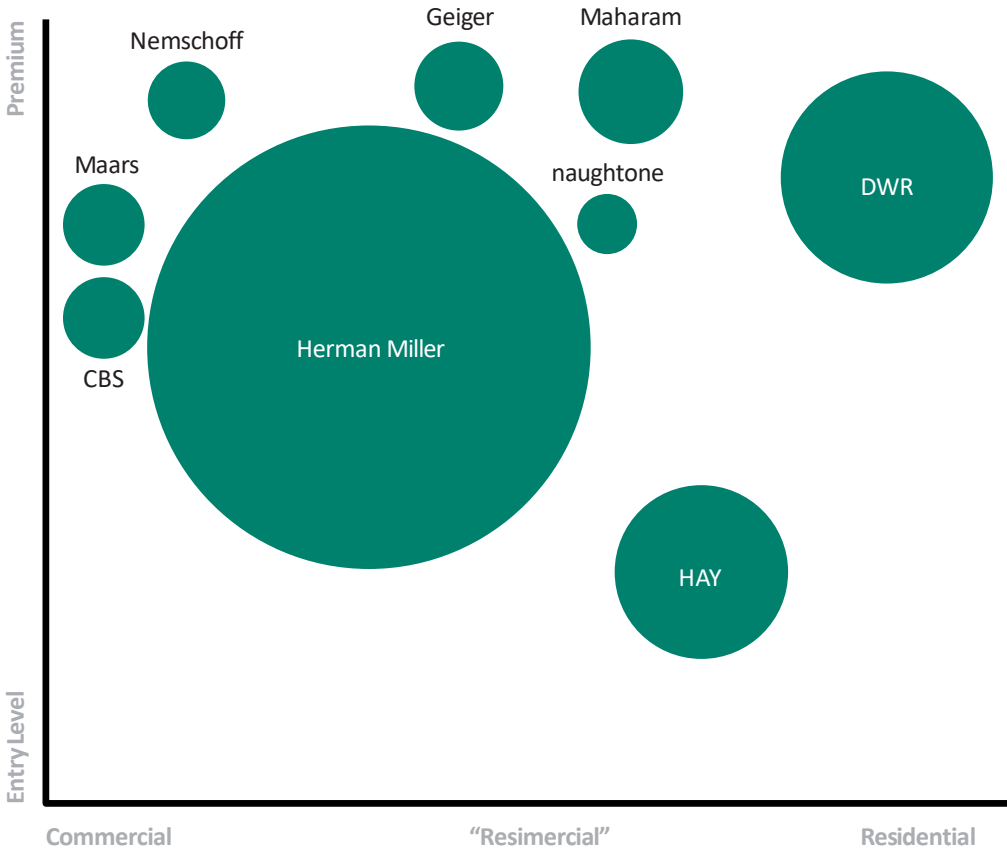
Contemporary furnishings for workplace,
education, and hospitality environments

Our Diversified Portfolio

Ten Years Ago



Today





Digital Disruption



Rise Of Direct-to-consumer
Business Models



Safe and Healthy Working
Conditions



Changes In Where & How
People Work



Environmental, Social, and
Governance Imperative



Focus on Home
Environments

Recent C-Suite perspectives align with our research that the office remains a critical element of distributed work

“It’s a much harder way to work for anything that requires a personal relationship...I think we’re going to find that being together delivers value in productivity and creativity and relationships that is irreplaceable.”

Arne Sorenson, Marriott International Inc. CEO on remote work

“Most of us are not hermits...We need that social interaction, not only from a business standpoint but truly from a kind of personal-development standpoint.”

Jim Fish, Waste Management Inc. CEO

“In all candor, it’s not like being together physically. And so I can’t wait for everybody to be able to come back into the office. I don’t believe that we’ll return to the way we were because we’ve found that there are some things that actually work really well virtually.”

Tim Cook, Apple Inc. CEO

“I don’t see any positives. Not being able to get together in person, particularly internationally, is a pure negative.”

Reed Hastings, Netflix Inc. co-CEO, on working from home

“I think going back to work is a good thing. I think there are negatives to working from home. We’ve seen productivity drop in certain jobs and alienation go up in certain things. So we want to get back to work in a safe way.”

Jamie Dimon, JPMorgan Chase & Co. CEO

“There’s sort of an emerging sense behind the scenes of executives saying, ‘This is not going to be sustainable.’”

Laszlo Bock, Humu chief executive and former HR chief at Google, on the state of remote work

“What I worry about the most is innovation. Innovation is hard to schedule—it’s impossible to schedule.”

Ellen Kullman, CEO of 3-D printing startup Carbon Inc., on her concerns about remote work

Operating from a Position of Strength



Broad Product Assortment



Multi-Channel Distribution



Workplace Knowledge and Research

Our strategy is centered around four strategic priorities

1

**Unlock The Power of One
Herman Miller**

2

**Build a Customer-Centric,
Digitally-Enabled Business Model**

3

**Accelerate
Profitable Growth**

4

**Reinforce Our Commitment
To Our People, Our Planet,
& Our Communities**

1 Unlock the Power of One Herman Miller

Objectives:



Build an agile, collaborative, globally-connected organization fit for continuous evolution



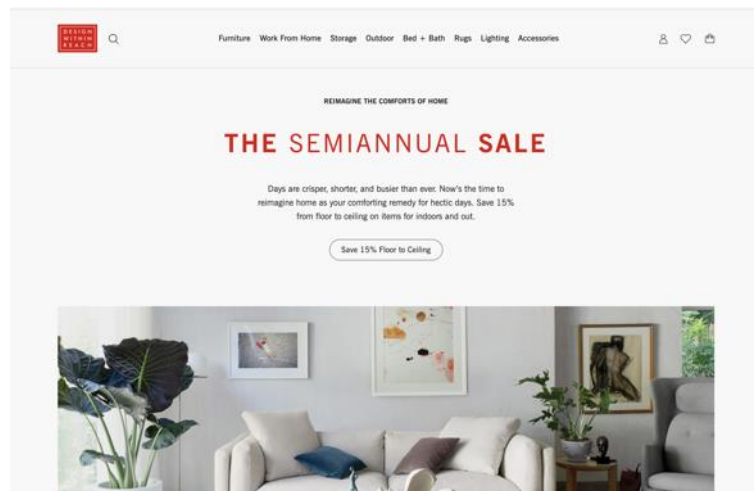
Simplify and tailor our go-to-market approach



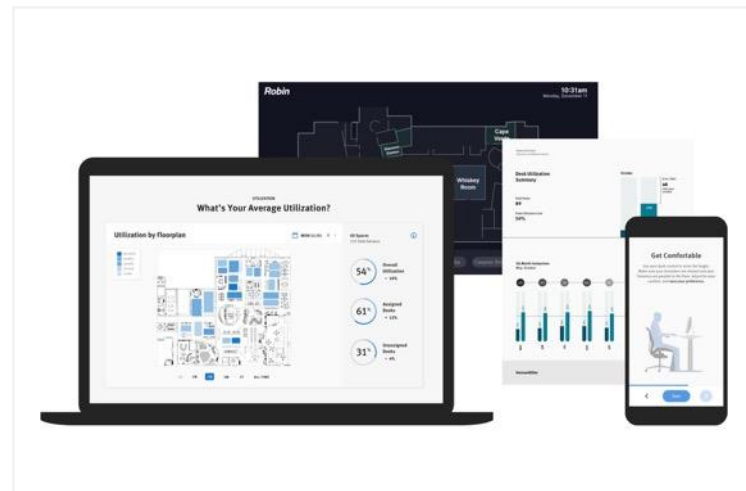
Continue to lead in Product and Innovation

2 Build a Customer-Centric, Digitally-Enabled Business Model

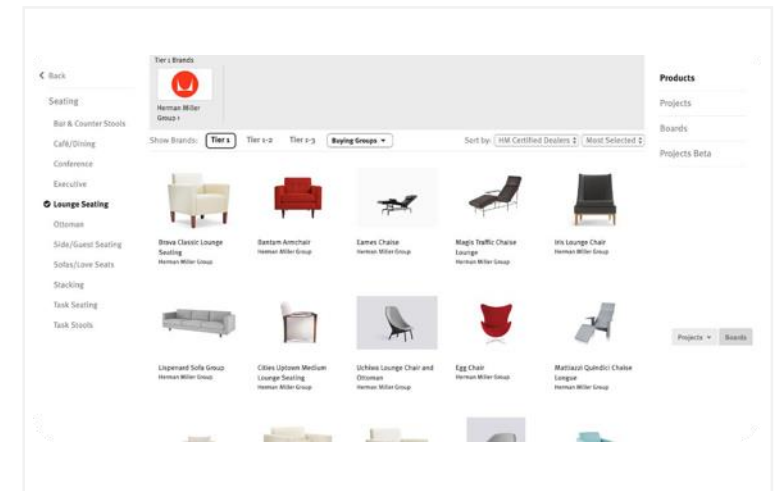
Objectives:



Leverage deep understanding of customer journeys to deliver inspired products and frictionless customer experiences



Drive step-change in our data, analytics, marketing, and brand capabilities



Strengthen our core technology backbone

3 Accelerate Profitable Growth

Objectives:



Continued leadership in North America
Contract business



Drive outsized growth in International

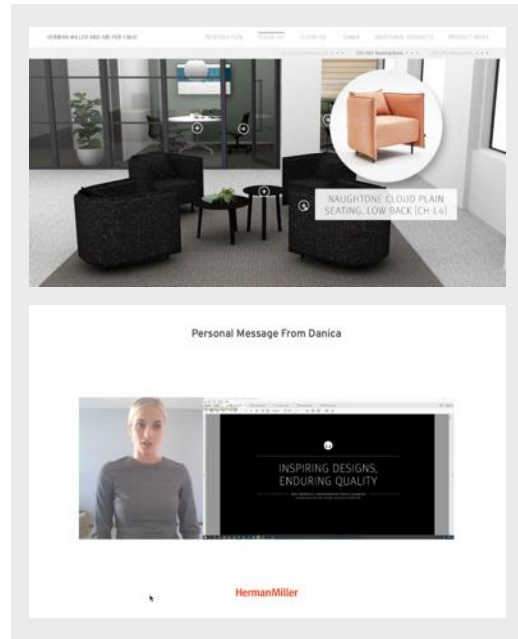


Transform our Retail business

Objective: Continued leadership in North America Contract business



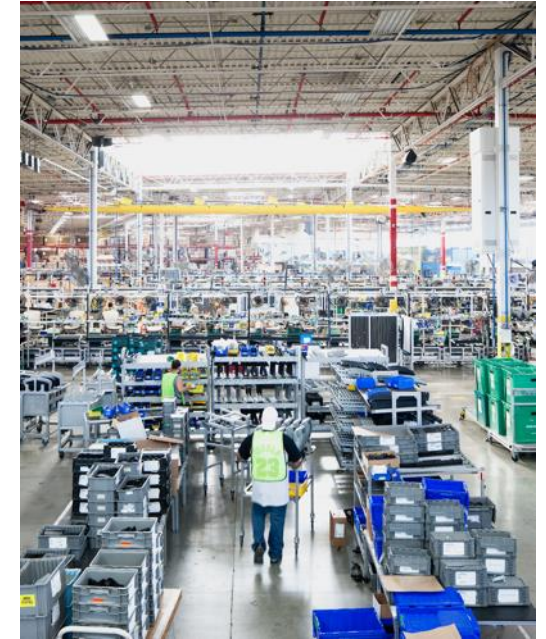
Go-to-market Alignment



Digital Tools



New Products



Profitability Improvement

Objective: Drive outsized growth in International



Expand Dealer Distribution



Enter New Product Categories



Grow HAY and naughtone

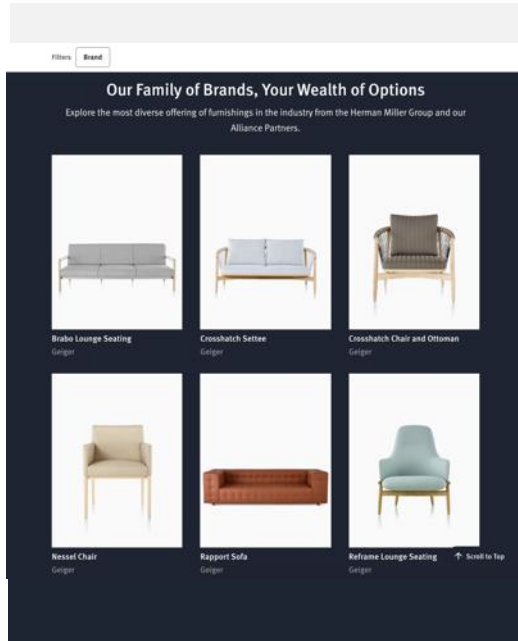


Expanded Consumer Focus



Execute Profitability Improvement Initiatives

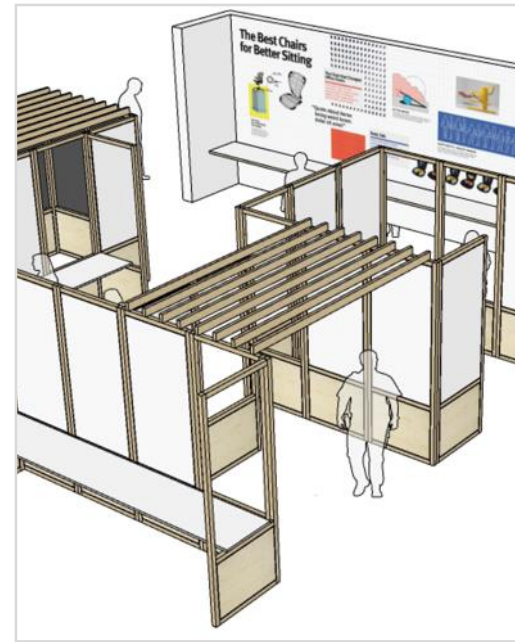
Objective: Expand our Retail business



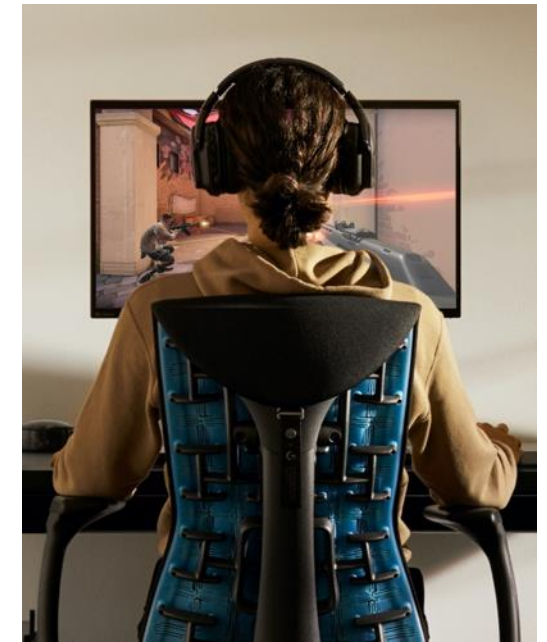
Build New Digital Capabilities



Expand Product Assortment



Develop New Retail Seating Concept



Enter Gaming Market

4 People, Planet, and Communities

Objectives:



Build, develop, and retain world-class talent



Shape an inclusive and diverse ecosystem



Elevate Our Better World Commitment

Creating A Better World

“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



Sustainability

2020 50 Best ESG Companies
Investors Business Daily

2020 Platinum CSR Rating
EcoVadis

Over 27,000 tons of products diverted from landfills since 2009
through rePurpose program

Inclusivity & Diversity

CEO Action for Inclusion & Diversity Pledge
Signed by Andi Owen, CEO,; named four fellows to CEO Action for Racial Equity Fellowship

2020 Best Companies for Dads
Working Mothers Magazine

Thirteen Consecutive Perfect Scores
Human Rights Campaign Foundation's Corporate Equality Index

Wellness

WELL Portfolio and WELL Health-Safety Rating
First furniture company to register

Community Impact: Herman Miller Cares

COVID Response
Over 170,000 masks, gowns and face shields provided to front line workers

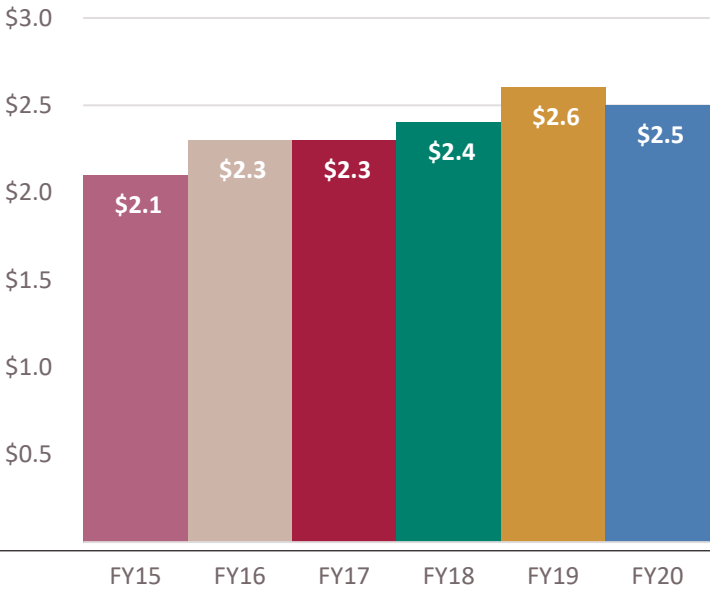
Financial Outlook

Strong track record of financial performance

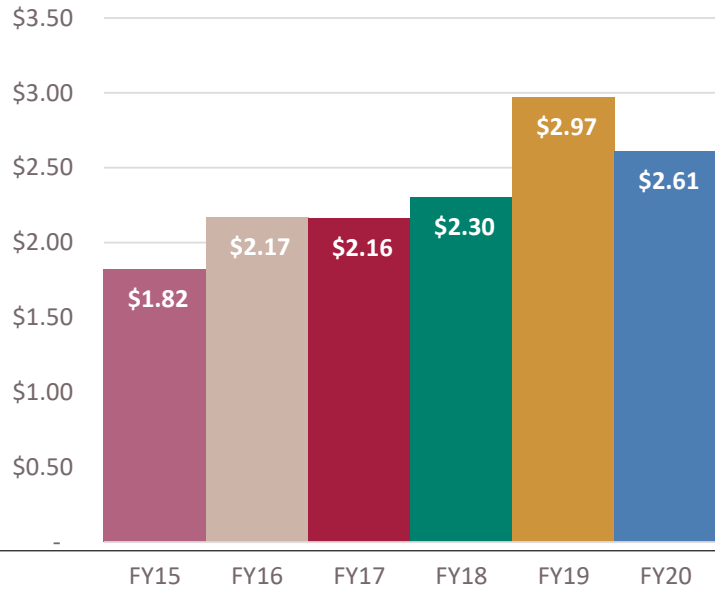
5 yr. organic revenue growth of 3.3%

Robust EPS and free cash flow generation over past 5 years

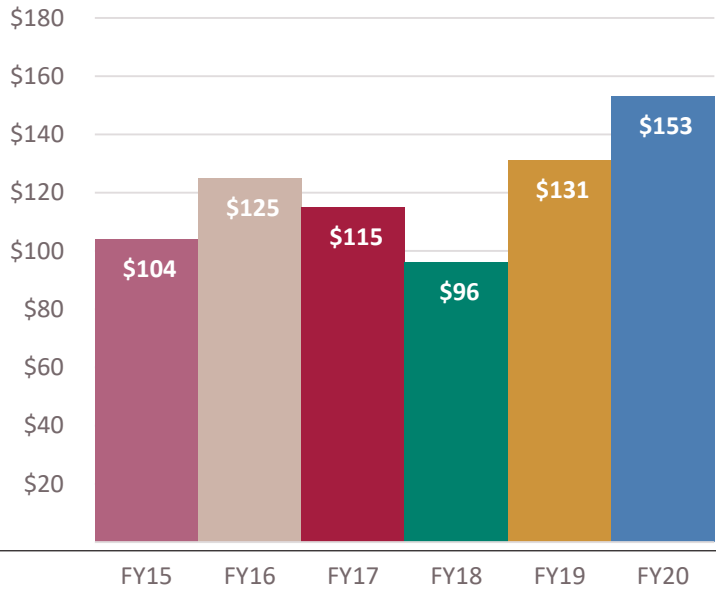
Revenue
(\$ billions)



Adjusted EPS



Free Cash Flow ⁽¹⁾
(\$ millions)



(1) Cash flow from operations less CAPEX

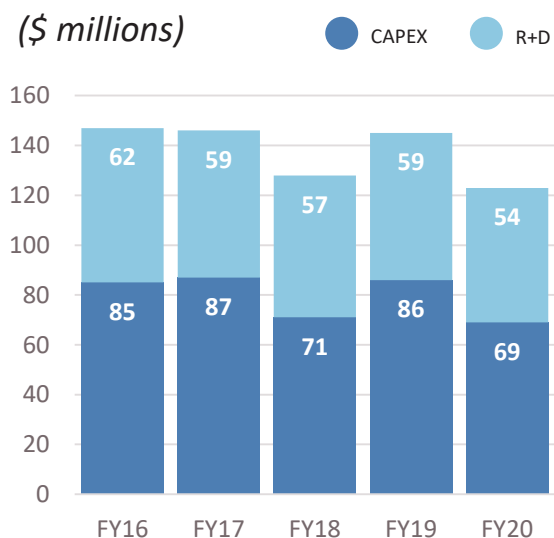
Disciplined capital allocation approach focused on value creation

1. Support Growth

2. Targeted M&A

3. Strong & Flexible Balance Sheet

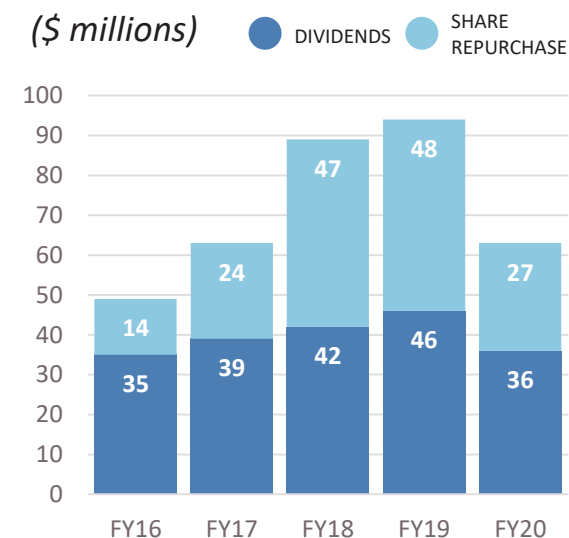
4. Capital Returns To Shareholders



Investments in M&A, including naughtone, HAY, and Maars Living Walls totaling

\$202M in past 5 years.









	Q2 FY21
Cash	\$378M
Short-term Debt	\$50M
Long-term Debt	\$275M
Leverage Ratio	1.1x
Revolver Avail.	\$265M



Average annual adjusted return on invested capital of **22%** over past 5 years

Note: Dividend and share repurchase programs temporarily suspended in Q4 FY20 as part of managing liquidity in COVID pandemic. Quarterly dividend re-established in Q2 FY21.

Focused acquisition and partnership strategy

	FY10		FY12	FY13	FY15	FY16/FY20	FY19	FY19/FY20
Strategic Rationale								
Audience		✓			✓			✓
Channel			✓	✓	✓			
Geography			✓			✓	✓	✓
Product	✓	✓	✓	✓	✓	✓	✓	✓

Opportunity for continued revenue growth over the next five years

Revenue

Core Industry	2-3%
New Products and Initiatives	1-2%
Retail Growth	1-2%

Estimated Annual Organic Revenue Growth *	4-7%
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** Assumed to be through an economic cycle*



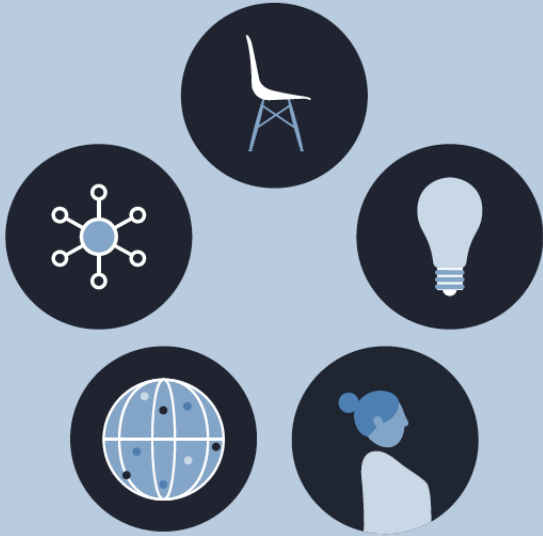
Operating income growth of 2x to 2.5x the rate of organic revenue growth

Structurally higher operating margins driven by:

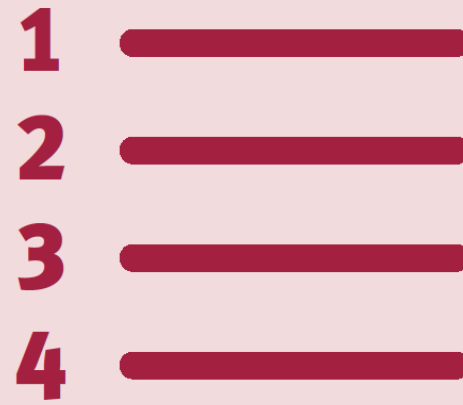
- Growth in high margin product categories
- Digital transformation
- Retail growth and optimization
- Scale advantages
- Profit improvement initiatives



Our Compelling Story



Distinct Capabilities



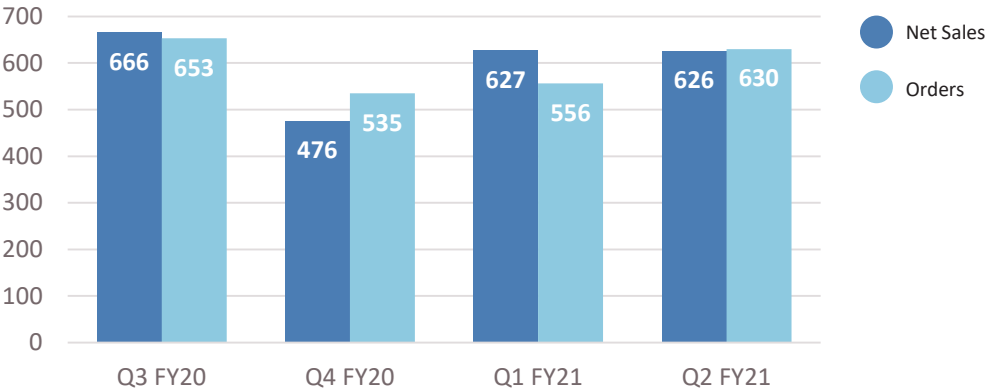
Clear strategic priorities



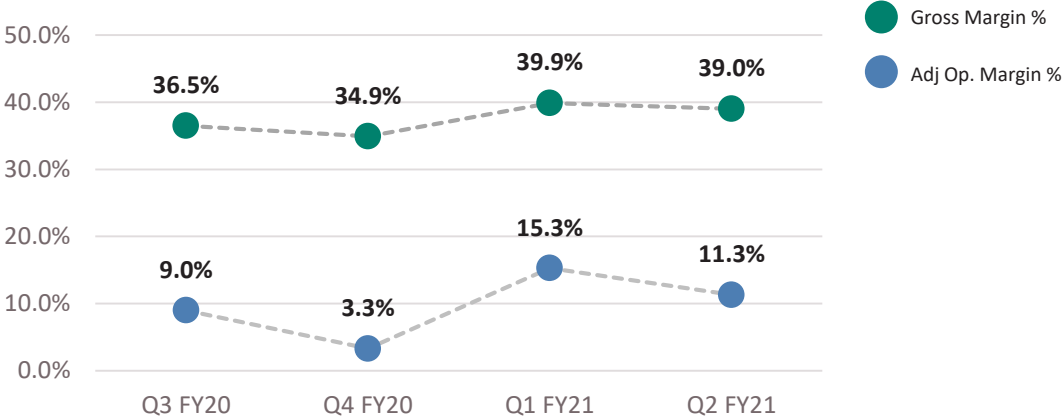
Strong track record of financial performance and compelling outlook

Recent Quarterly Financial Trends

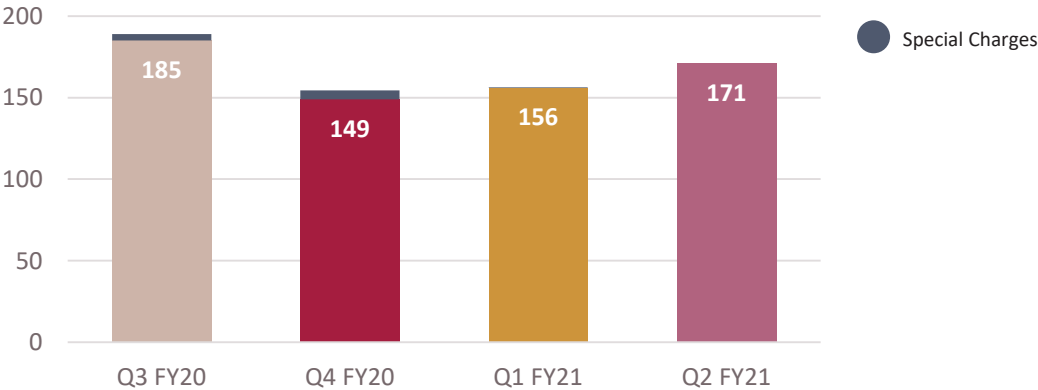
Quarterly Net Sales + Orders (\$ millions)



Gross Margin and Adjusted Operating Margin (% net sales)



Quarterly Operating Expenses (\$ millions)

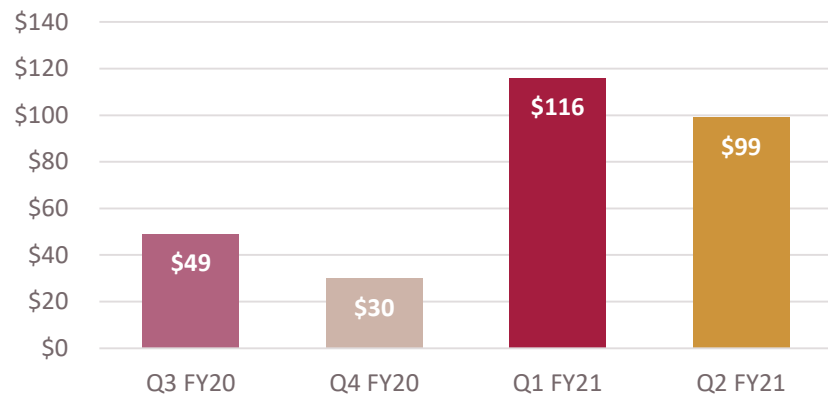


Reported Q2 net sales and orders both decreased 7% from the prior year. On an organic basis, sales and orders both decreased by 15%.

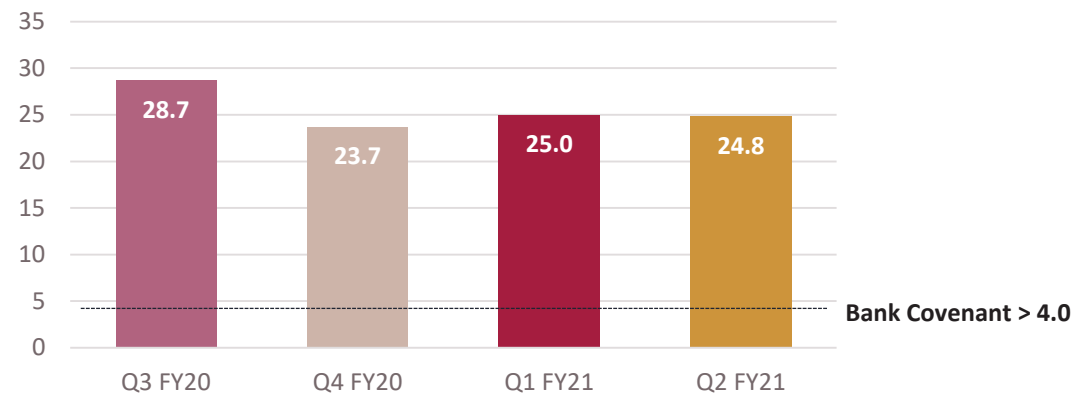
Gross margin in Q2 reflected a 110-basis point increase over prior year primarily due to channel and product mix.

EPS in Q2 totaled \$.87 per share on a reported basis and \$.89 on an adjusted basis, compared to \$1.32 per share last year on a reported basis and \$0.88 on an adjusted basis.

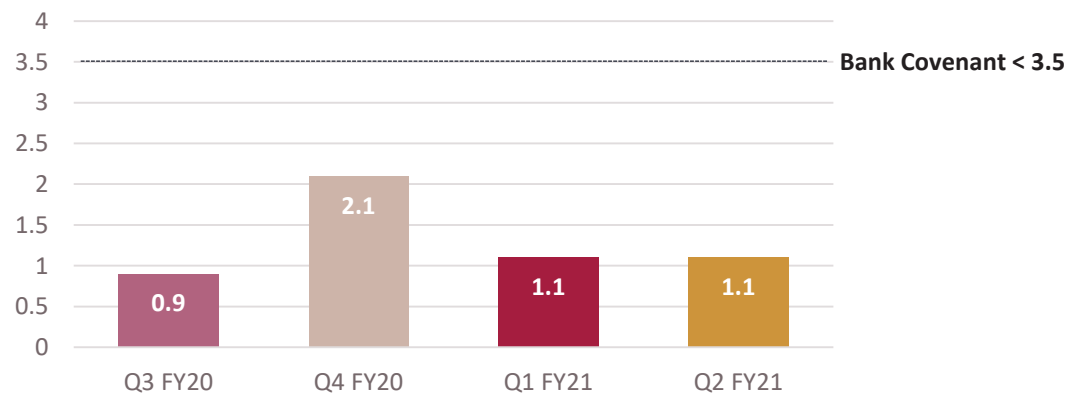
Quarterly Cash Flow from Operations (\$ millions)



Rolling 4 Qtr Coverage Ratio (EBITDA⁽¹⁾ to Interest)



Rolling 4 Qtr Leverage Ratio (Debt to EBITDA)⁽¹⁾



Q2 ending cash and equivalents totaled \$378 million.

Debt maturity schedule:

- PPN (\$50M) due 2021
- Revolver (\$225M) due 2024
- PPN (\$50M) due 2030

CAPEX totaled \$13 million in Q2 and \$24 million YTD.

In Q2 no dividends were paid. Dividend declared in Q2 for payment in Q3.

(1) See appendix for reconciliation of non-GAAP measures

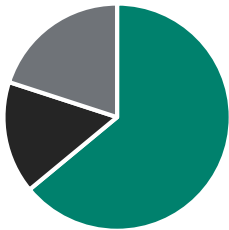
Appendix

Overview

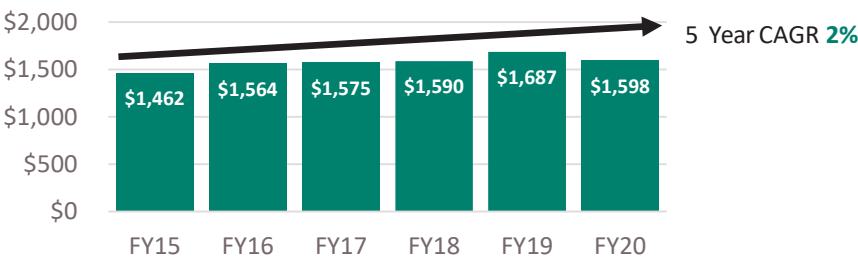
Description: Furniture product design, manufacture and sale for office, healthcare, and education customers throughout the United States and Canada. The North America Contract brand portfolio includes the Herman Miller, Geiger, Maharam, HAY, naughtone and Nemschoff brands.

FY20 Percent of Consolidated Revenues

North America 64%
Retail 16%
International 20%



Revenue Trend (\$ millions)



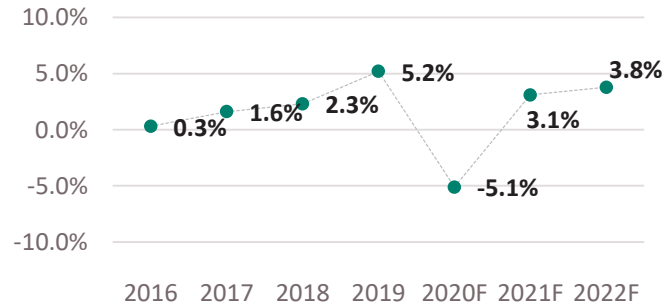
FY20 Adj. Operating Margin

12.5%

Macro-Economic Drivers

Other Leading Economic Indicators include: Corporate profitability, service sector employment,, Office vacancy rates, CEO and small business confidence

U.S. Commercial Market Sales



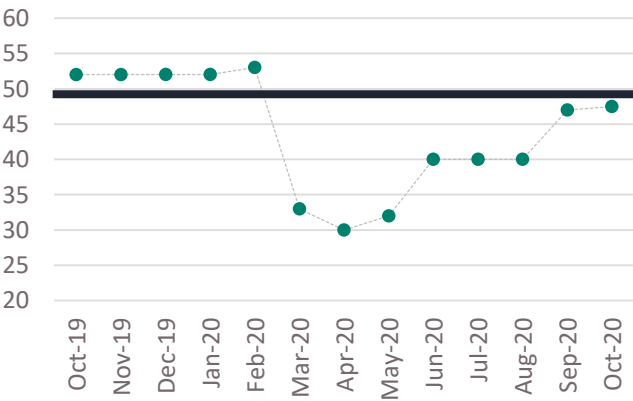
Source: BIFMA, September 2020

AIA Consensus Construction Forecast (%YOY Growth)

	2020	2021
Non-Residential	-8.1%	-4.8%
Commercial Total	-11.6%	-8.4%
Office	-11.1%	-7.6%
Health	2.4%	3.2%
Education	-6.6%	-1.0%
Hotel	-20.5%	-16.5%

Source: The American Institute of Architects, July 2020

U.S. Architects Billing Index



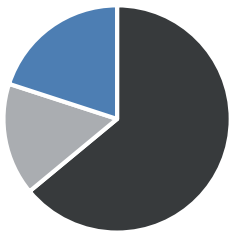
Source: The American Institute of Architects

Overview

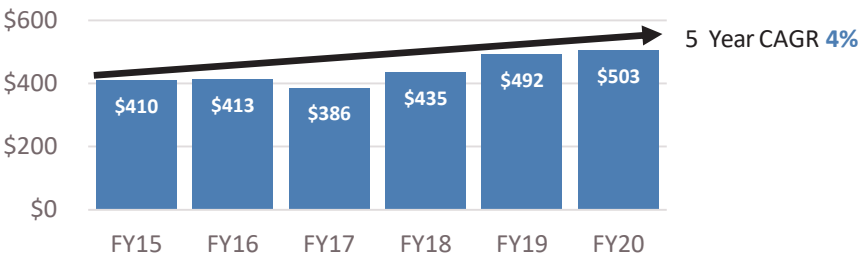
Description: Design, manufacture and sale of furniture products primarily for office settings in EMEA (45% of sales in FY20), Latin America (17% of sales in FY20) and Asia-Pacific (38% of sales in FY20)

FY20 Percent of Consolidated Revenues

North America **64%**
Retail **16%**
International **20%**



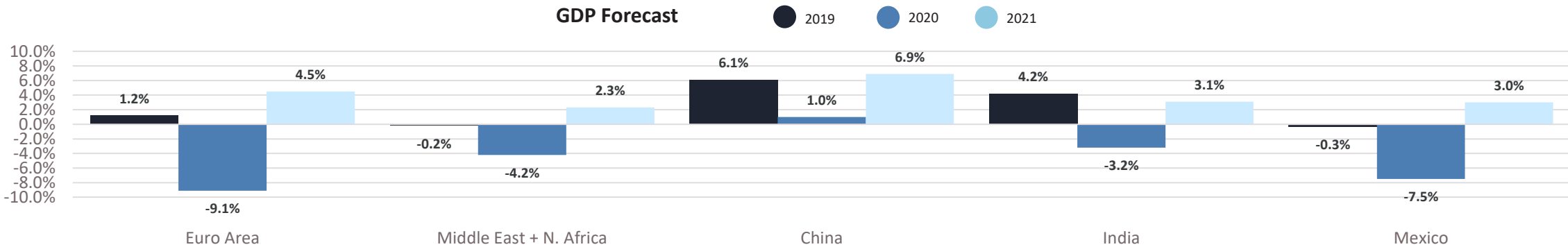
Revenue Trend (\$ millions)



FY20 Adj. Operating Margin

9.8%

Macro-Economic Drivers



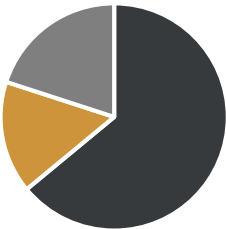
Source: World Bank (June 2020)

Overview

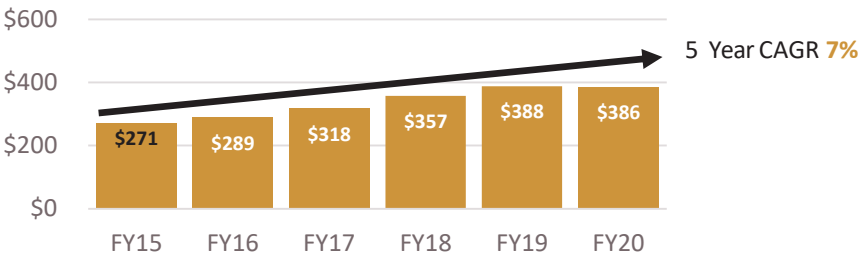
Description: Sale of modern design furnishings and accessories in North America through multiple channels, including eCommerce storefronts, direct mailing catalogs and independent retailers.

FY20 Percent of Consolidated Revenues

North America **64%**
Retail **16%**
International 20%



Revenue Trend (\$ millions)

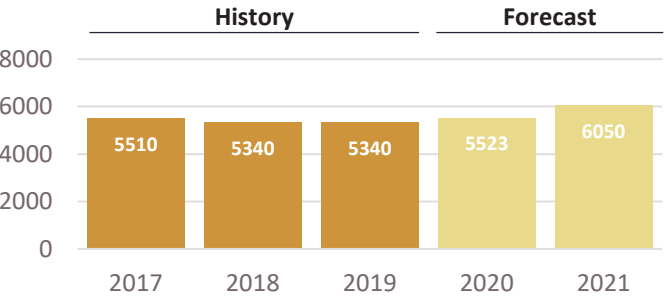


FY20 Adj. Operating Margin

(1.7)%

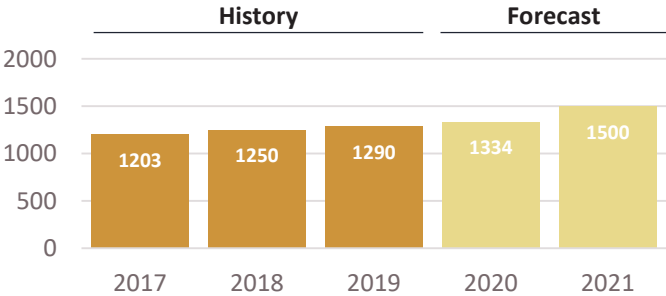
Macro-Economic Drivers

Existing Home Sales (thousands of units)



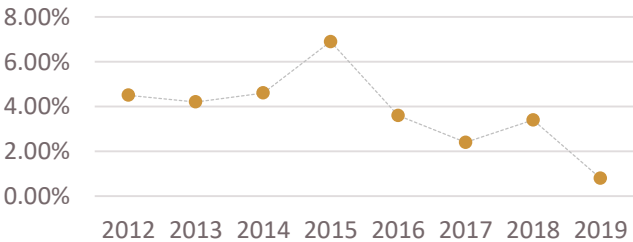
Source: Ntl. Assoc. of Realtors U.S. Economic Outlook (November 2020)

Housing Starts (thousands of units)



Source: Ntl. Assoc. of Realtors U.S. Economic Outlook (November 2020)

Furniture and Home Furnishing Stores Annual Sales Growth



Source: US Census Bureau

APPENDIX—RECONCILIATION OF NON-GAAP MEASURES

This presentation contains certain 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.

Organic Sales Growth (Decline) by Segment

(\$ Millions); (unaudited)

	North America		International		Retail		Total	
	FY15	FY20	FY15	FY20	FY15	FY20	FY15	FY20
Net Sales, as reported	\$1,461.8	\$1,598.2	\$409.9	\$502.8	\$270.5	\$385.9	\$2,142.2	\$2,486.6
Proforma Adjustments								
Dealer Divestitures	(38.9)	–	(22.4)	–	–	–	(61.3)	–
Cumulative foreign exchange	–	14.2	–	44.1	–	0.9	–	59.2
Acquisition—base year	–	(11.8)	–	(83.8)	–	–	–	(95.6)
Net Sales, organic	\$1,422.9	\$1,600.6	\$387.5	\$463.1	\$270.5	\$386.8	\$2,080.9	\$2,450.2
Compound Annual Growth Rate, as reported		1.8%		4.2%		7.4%		3.0%
Compound Annual Growth Rate, organic		2.4%		3.6%		7.4%		3.3%

Adjusted Operating Margin by Segment

(\$ Millions); (unaudited)

FY20	Consolidated	North America	International	Retail	Corporate
Operating Earnings	\$(38.4)	\$130.9	\$18.2	\$(148.3)	\$(39.2)
Add: Restructuring/Impairment Expenses	231.8	61.9	28.0	141.9	
Add: Special Charges	12.3	7.5	2.9	—	1.9
Adjusted Operating Earnings	\$205.7	\$200.3	\$49.1	\$(6.4)	\$(37.3)
Net Sales	\$2,486.6	\$1,598.2	\$502.8	\$385.6	—
Adjusted Operating Margin	8.3%	12.5%	9.8%	(1.7)%	—

Adjusted Earnings per Share

(\$ Millions); (unaudited)

	FY15	FY16	FY17	FY18	FY19	FY20
Earnings Per Share—Diluted	\$1.62	\$2.26	\$2.05	\$2.12	\$2.70	\$(0.15)
Add: Acquisition-related Adjustments	\$0.10	—	—	—	—	\$(0.63)
Add: Special Charges	—	—	—	\$0.16	\$0.18	\$0.15
Add: Restructuring/Impairment Expenses	\$0.17	—	\$0.13	\$0.07	\$0.13	\$3.24
Add: HAY Inventory Step-up	—	—	—	—	\$0.01	—
Less: Tax Impact	\$(0.07)	—	—	\$(0.05)	\$(0.02)	—
Less: Non-recurring Gain	—	\$(0.09)	\$(0.02)	—	—	—
Less: Investment Fair Value Adjustment	—	—	—	—	\$(0.03)	—
Adjusted Earnings Per Share—Diluted	\$1.82	\$2.17	\$2.16	\$2.30	\$2.97	\$2.61

Organic Sales and Orders Growth (Decline)

(\$ Millions); (unaudited)

Organic Sales Growth (Decline)

	Q2 FY21	Q2 FY20
Net Sales, as reported	\$626.3	\$674.2
% change from PY	(7.1)%	
Proforma Adjustments		
Acquisitions	(51.3)	
Currency Translation Effects	(1.5)	
Net Sales, organic	\$573.5	\$674.2
% change from PY	(14.9)%	

Organic Order Growth (Decline)

	Q2 FY21	Q2 FY20
Orders, as reported	\$629.7	\$674.9
% change from PY	(6.7)%	
Proforma Adjustments		
Acquisitions	(55.7)	
Currency Translation Effects	(1.8)	
Orders, organic	\$572.2	\$674.9
% change from PY	(15.2)%	

Adjusted Operating Earnings and Adjusted Earnings Per Share

(\$ Millions, except for per share amounts); (unaudited)

Adjusted Operating Earnings

	Q2 FY21	Q1 FY21	Q4 FY20	Q3 FY20
Net Sales	\$626.3	\$626.8	\$475.7	\$665.7
Operating Earnings (GAAP)	71.0	95.4	(211.4)	60.1
Operating Earnings	11.3%	15.2%	(44.4)%	7.6%
Add: Special Charges	(.2)	1.4	4.6	6.1
Add: Restructuring and Impairment Expenses	2.4	(1.2)	222.3	3.5
Adj. Operating Earnings (non-GAAP)	\$73.2	\$95.6	\$15.5	\$60.0
Adj. Operating Margin	11.7%	15.3%	3.3%	9.0%

Adjusted Earnings per Share

	Q2 FY21	Q2 FY20
Earnings per Share—Diluted	\$.87	\$1.32
Less: Gain on consolidation of naughtone equity method investment		(0.51)
Add: Special charges, after tax		0.02
Add: Restructuring and impairment expenses, after tax	0.02	0.05
Adjusted Earnings per Share—Diluted	\$0.89	\$0.88

Adjusted EBITDA and Adjusted EBITDA Ratios

(\$ millions); (unaudited)

	Q2 FY21	Q1 FY21	Q4 FY20	Q3 FY20
Earnings Before Income Taxes (EBT)	\$3.0	\$25.5	\$(8.4)	\$258.4
Add: Depreciation	69.2	67.7	68.1	65.0
Add: Amortization	15.7	13.6	11.4	7.3
Add: Interest	13.6	13.2	12.5	11.9
Add: Other Adjustments (1)	237.4	209.4	212.2	(\$0.7)
Adjusted EBITDA—Bank	\$338.9	\$329.4	\$295.9	\$341.9
Total Debt, End of Trailing Period (includes outstanding LC's)	\$357.7	\$358.5	\$624.4	\$303.4
Rolling 4-Quarter Debt-to-Adj. EBITDA	1.1	1.1	2.1	0.9
Rolling 4-Quarter Adj. EBITDA-to-Interest	24.8	25.0	23.7	28.7

⁽¹⁾ “Other Adjustments” include, as applicable in the period, charges associated with business restructuring actions, impairment expenses, non-cash stock-based compensation, and other items as described in lending agreements.

