

Herman Miller, Inc. Supplemental Financial Data

Twelve Months Ended June 2, 2018

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

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.

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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			Twelve Months Ended		
	6/2/2018	6/3/2017	% change	6/2/2018	6/3/2017	% change
Net Sales						
North America	\$ 309.2	\$ 321.0	(3.7)%	\$ 1,284.4	\$ 1,276.6	0.6 %
ELA	125.4	92.6	35.4 %	434.5	385.5	12.7 %
Specialty	83.2	73.6	13.0 %	305.4	298.0	2.5 %
Consumer	100.2	90.0	11.3 %	356.9	318.1	12.2 %
Total	\$ 618.0	\$ 577.2	7.1 %	\$ 2,381.2	\$ 2,278.2	4.5 %
Gross Margin						
North America	\$ 107.6	\$ 119.6	(10.0)%	\$ 448.9	\$ 468.1	(4.1)%
ELA	40.9	32.8	24.7 %	144.2	133.1	8.3 %
Specialty	31.5	29.9	5.4 %	116.6	122.2	(4.6)%
Consumer	48.3	38.6	25.1 %	163.3	140.8	16.0 %
Total	\$ 228.3	\$ 220.9	3.3 %	\$ 873.0	\$ 864.2	1.0 %
Gross Margin % Net Sales						
North America	34.8%	37.3 %		35.0%	36.7%	
ELA	32.6%	35.4 %		33.2%	34.5%	
Specialty	37.9%	40.6 %		38.2%	41.0%	
Consumer	48.2%	42.9 %		45.8%	44.3%	
Total	36.9%	38.3 %		36.7%	37.9%	
Operating Earnings (Loss)						
North America	\$ 34.7	\$ 50.3	(31.0)%	\$ 166.3	\$ 176.0	(5.5)%
ELA	9.4	8.8	6.8 %	35.5	35.9	(1.1)%
Specialty	3.2	(4.1)	(178.0)%	8.9	8.1	9.9 %
Consumer	8.4	2.9	189.7 %	13.9	4.8	189.6 %
Corporate Unallocated Expenses	(15.6)	(8.1)	n/a	(47.1)	(34.0)	n/a
Total	\$ 40.1	\$ 49.8	(19.5)%	\$ 177.5	\$ 190.8	(7.0)%
Operating Earnings % Net Sales						
North America	11.2%	15.7 %		12.9%	13.8%	
ELA	7.5%	9.5 %		8.2%	9.3%	
Specialty	3.8%	(5.6)%		2.9%	2.7%	
Consumer	8.4%	3.2 %		3.9%	1.5%	
Corporate	n/a	n/a		n/a	n/a	
Total	6.5%	8.6 %		7.5%	8.4%	

II. Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures such as Adjusted Earnings per Share, Adjusted Operating Earnings (Loss), 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. Adjusted Operating Earnings (Loss) represents reported operating earnings plus restructuring expenses, impairment expenses and other charges. These items include certain restructuring expenses related to actions involving targeted workforce reductions and freight and distribution costs related to facility consolidations, 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 Adjusted Operating Earnings (Loss) and including equity income and 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 twelve months ended June 3, 2017 included 53 weeks of operations as compared to a standard 52-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 Operating Earnings (Loss), 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		Twelve Months Ended	
	6/2/2018	6/3/2017	6/2/2018	6/3/2017
Earnings per Share - Diluted	\$ 0.53	\$ 0.55	\$ 2.12	\$ 2.05
Less: One-time impact of adopting U.S. Tax Cuts and Jobs Act	(0.01)	—	(0.05)	—
Add: Other special charges	0.09	—	0.16	—
Less: Gain on sale of dealer	—	—	—	(0.02)
Add: Impairment charges	—	0.07	—	0.07
Add: Restructuring expenses	0.05	0.02	0.07	0.06
Adjusted Earnings per Share - Diluted	\$ 0.66	\$ 0.64	\$ 2.30	\$ 2.16
Weighted Average Shares Outstanding (used for Calculating Adjusted Earnings per Share) – Diluted	60,094,769	60,460,171	60,311,305	60,554,589

B. Reconciliation of Operating Earnings and Net Income to EBITDA

	Three Months Ended						Three Months Ended					
	6/2/18						6/3/17					
	North America	ELA	Specialty	Consumer	Corporate	Total	North America	ELA	Specialty	Consumer	Corporate	Total
Operating Earnings (Loss)	\$ 34.7	\$ 9.4	\$ 3.2	\$ 8.4	\$ (15.6)	\$ 40.1	\$ 50.3	\$ 8.8	\$ (4.1)	\$ 2.9	\$ (8.1)	\$ 49.8
% Net Sales	11.2%	7.5%	3.8%	8.4%	n/a	6.5%	15.7%	9.5%	(5.6)%	3.2%	n/a	8.6%
Add: Special charges	—	2.0	—	—	5.9	7.9	—	—	—	—	—	—
Add: Impairment charges	—	—	—	—	—	—	—	—	7.1	—	—	7.1
Add: Restructuring expenses	—	3.9	—	—	—	3.9	0.7	0.1	0.3	0.6	—	1.7
Adjusted Operating Earnings (Loss)	\$ 34.7	\$ 15.3	\$ 3.2	\$ 8.4	\$ (9.7)	\$ 51.9	\$ 51.0	\$ 8.9	\$ 3.3	\$ 3.5	\$ (8.1)	\$ 58.6
% Net Sales	11.2%	12.2%	3.8%	8.4%	n/a	8.4%	15.9%	9.6%	4.5%	3.9%	n/a	10.2%
Other Income (Expense), net	—	—	—	—	1.3	1.3	—	—	—	—	1.0	1.0
Depreciation and Amortization	8.7	2.5	3.0	3.1	0.2	17.5	7.9	2.2	2.6	2.7	0.4	15.8
Equity Income, net of tax	0.4	0.3	0.1	—	—	0.8	0.3	0.4	(0.1)	—	—	0.6
Adjusted EBITDA	\$ 43.8	\$ 18.1	\$ 6.3	\$ 11.5	\$ (8.2)	\$ 71.5	\$ 59.2	\$ 11.5	\$ 5.8	\$ 6.2	\$ (6.7)	\$ 76.0
% Net Sales	14.2%	14.4%	7.6%	11.5%	n/a	11.6%	18.4%	12.4%	7.9%	6.9%	n/a	13.2%

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	Twelve Months Ended 6/2/18						Twelve Months Ended 6/3/17					
	North America	ELA	Specialty	Consumer	Corporate	Total	North America	ELA	Specialty	Consumer	Corporate	Total
Operating Earnings (Loss)	\$ 166.3	\$ 35.5	\$ 8.9	\$ 13.9	\$ (47.1)	\$177.5	\$ 176.0	\$ 35.9	\$ 8.1	\$ 4.8	\$ (34.0)	\$190.8
% Net Sales	12.9%	8.2%	2.9%	3.9%	n/a	7.5%	13.8%	9.3%	2.7%	1.5%	n/a	8.4%
Add: Special charges	—	2.5	—	—	11.3	13.8	—	—	—	—	—	—
Add: Impairment charges	—	—	—	—	—	—	—	—	7.1	—	—	7.1
Less: Gain on sale of dealer	—	—	—	—	—	—	(0.7)	—	—	—	—	(0.7)
Add: Restructuring expenses	1.8	3.9	—	—	—	5.7	2.9	1.0	0.9	0.6	—	5.4
Adjusted Operating Earnings (Loss)	\$ 168.1	\$ 41.9	\$ 8.9	\$ 13.9	\$ (35.8)	\$197.0	\$ 178.2	\$ 36.9	\$ 16.1	\$ 5.4	\$ (34.0)	\$202.6
% Net Sales	13.1%	9.6%	2.9%	3.9%	n/a	8.3%	14.0%	9.6%	5.4%	1.7%	n/a	8.9%
Other Income, net	—	—	—	—	4.1	4.1	—	—	—	—	2.0	2.0
Depreciation and Amortization	33.4	10.2	10.5	12.1	0.7	66.9	28.3	9.4	9.4	10.2	1.6	58.9
Equity Income, net of tax	1.2	1.3	0.6	—	(0.1)	3.0	0.8	0.9	0.2	—	(0.3)	1.6
Adjusted EBITDA	\$ 202.7	\$ 53.4	\$ 20.0	\$ 26.0	\$ (31.1)	\$271.0	\$ 207.3	\$ 47.2	\$ 25.7	\$ 15.6	\$ (30.7)	\$265.1
% Net Sales	15.8%	12.3%	6.5%	7.3%	n/a	11.4%	16.2%	12.2%	8.6%	4.9%	n/a	11.6%

	Three Months Ended		Twelve Months Ended	
	6/2/18	6/3/17	6/2/18	6/3/17
Net Earnings	\$ 32.2	\$ 33.5	\$ 128.6	\$ 124.1
Add: Interest expense	2.9	3.8	13.5	15.2
Add: Income tax expense	7.1	14.1	42.4	55.1
Add: Depreciation and Amortization	17.5	15.8	66.9	58.9
Add: Special charges	7.9	—	13.8	—
Add: Restructuring expenses	3.9	1.7	5.7	5.4
Add: Impairment charges	—	7.1	—	7.1
Less: Gain on sale of dealer	—	—	—	(0.7)
Adjusted EBITDA	\$ 71.5	\$ 76.0	\$ 270.9	\$ 265.1

C. Organic Sales Growth (Decline) by Segment

	Three Months Ended 6/2/18					Three Months Ended 6/3/17				
	North America	ELA	Specialty	Consumer	Total	North America	ELA	Specialty	Consumer	Total
Net Sales, as reported	\$ 309.2	\$ 125.4	\$ 83.2	\$ 100.2	\$ 618.0	\$ 321.0	\$ 92.6	\$ 73.6	\$ 90.0	\$ 577.2
% change from PY	(3.7)%	35.4%	13.0%	11.3%	7.1%					
<u>Proforma Adjustments</u>										
Dealer Divestitures	—	—	—	—	—	(4.4)	—	—	—	(4.4)
Currency Translation Effects ⁽¹⁾	(1.2)	(5.1)	(0.1)	(0.1)	(6.5)	—	—	—	—	—
Net Sales, organic	\$ 308.0	\$ 120.3	\$ 83.1	\$ 100.1	\$ 611.5	\$ 316.6	\$ 92.6	\$ 73.6	\$ 90.0	\$ 572.8
% change from PY	(2.7)%	29.9%	12.9%	11.2%	6.8%					

⁽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.

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	Twelve Months Ended 6/2/18					Twelve Months Ended 6/3/17				
	North America	ELA	Specialty	Consumer	Total	North America	ELA	Specialty	Consumer	Total
Net Sales, as reported	\$ 1,284.4	\$ 434.5	\$ 305.4	\$ 356.9	\$2,381.2	\$ 1,276.6	\$ 385.5	\$ 298.0	\$ 318.1	\$ 2,278.2
% change from PY	0.6%	12.7 %	2.5 %	12.2%	4.5 %					
<u>Proforma Adjustments</u>										
Dealer Divestitures	—	—	—	—	—	(25.8)	—	—	—	(25.8)
Currency Translation Effects ⁽¹⁾	(3.9)	(12.6)	(0.1)	(0.2)	(16.8)	—	—	—	—	—
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	\$ 1,280.5	\$ 421.9	\$ 305.3	\$ 351.7	\$2,359.4	\$ 1,229.1	\$ 379.2	\$ 293.7	\$ 313.4	\$ 2,215.4
% change from PY	4.2%	11.3 %	3.9 %	12.2%	6.5 %					

⁽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 6/2/18					Three Months Ended 6/3/17				
	North America	ELA	Specialty	Consumer	Total	North America	ELA	Specialty	Consumer	Total
Orders, as reported	\$ 323.5	\$ 110.8	\$ 84.8	\$ 101.7	\$ 620.8	\$ 311.6	\$ 89.8	\$ 75.8	\$ 90.9	\$ 568.1
% change from PY	3.8%	23.4%	11.9%	11.9%	9.3%					
<u>Proforma Adjustments</u>										
Dealer Divestitures	—	—	—	—	—	(1.9)	—	—	—	(1.9)
Currency Translation Effects ⁽¹⁾	(1.1)	(3.2)	—	(0.1)	(4.4)	—	—	—	—	—
Orders, organic	\$ 322.4	\$ 107.6	\$ 84.8	\$ 101.6	\$ 616.4	\$ 309.7	\$ 89.8	\$ 75.8	\$ 90.9	\$ 566.2
% change from PY	4.1%	19.8%	11.9%	11.8%	8.9%					

	Twelve Months Ended 6/2/18					Twelve Months Ended 6/3/17				
	North America	ELA	Specialty	Consumer	Total	North America	ELA	Specialty	Consumer	Total
Orders, as reported	\$1,294.1	\$ 451.2	\$ 308.4	\$ 354.5	\$2,408.2	\$ 1,285.4	\$ 384.9	\$ 294.2	\$ 318.4	\$ 2,282.9
% change from PY	0.7 %	17.2 %	4.8 %	11.3%	5.5 %					
<u>Proforma Adjustments</u>										
Dealer Divestitures	—	—	—	—	—	(24.2)	—	—	—	(24.2)
Currency Translation Effects ⁽¹⁾	(3.5)	(10.8)	(0.1)	(0.2)	(14.6)	—	—	—	—	—
Impact of Extra Week in FY17	—	—	—	—	—	(20.0)	(8.1)	(4.8)	(4.0)	(36.9)
Orders, organic	\$1,290.6	\$ 440.4	\$ 308.3	\$ 354.3	\$2,393.6	\$ 1,241.2	\$ 376.8	\$ 289.4	\$ 314.4	\$ 2,221.8
% change from PY	4.0 %	16.9 %	6.5 %	12.7%	7.7 %					

⁽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.

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E. Design Within Reach Studio Metrics

	Studio Count				Studio Selling Square Footage			
	Three Months Ended		Twelve Months Ended		Three Months Ended		Twelve Months Ended	
	6/2/18	6/3/17	6/2/18	6/3/17	6/2/18	6/3/17	6/2/18	6/3/17
Beginning of Period	32	31	31	29	357,387	308,189	317,456	246,481
Studio Openings	—	1	3	8	—	13,267	43,579	100,551
Studio Expansions	—	—	—	—	—	—	4,500	—
Studio Closings	—	(1)	(2)	(6)	—	(4,000)	(8,148)	(29,576)
End of Period	32	31	32	31	357,387	317,456	357,387	317,456
Comparable Studios, End of Period	26	23	21	22				
Non-Comparable Studios, End of Period	6	8	11	9				

	Studio Revenue Metrics			
	Three Months Ended		Twelve Months Ended	
	6/2/18	6/3/17	6/2/18	6/3/17
Average Studio Square Footage	357,387	312,823	337,422	281,969
Annualized Net Sales per Square Foot, All Studios	\$ 621	\$ 632	\$ 563	\$ 609
DWR Comparable Brand Sales*	11.6%	18.6%	11.8%	9.3%
Annualized Net Sales per Square Foot, Comparable Studios	\$ 708	\$ 751	\$ 676	\$ 676

*Fiscal 2017 figures are presented on a pro forma basis using a 52-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.

F. Sales and Earnings Guidance - Upcoming Quarter

	Company Guidance
	Q1 Fiscal 2019
Net Sales	\$610 million to \$630 million
Gross Margin %	36.25% - 37.25%
Adjusted Operating Expenses	\$175 million to \$179 million
Effective Tax Rate	21% - 23%
Earnings Per Share, Diluted	\$0.63 to \$0.67

G. Reconciliation of Reported to Adjusted Effective Tax Rate

	Three Months Ended
	June 2, 2018
Effective Tax Rate, Reported	18.3%
Re-measurement of net deferred tax liability	0.9%
Tax expense from deemed repatriation of foreign earnings	0.6%
Effective Tax Rate, Adjusted	19.8%

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H. Fiscal 2019 Revenue Recognition Adoption: Impact on Net Sales

Summary of costs included in Net Sales in Fiscal 2018 for which comparable amounts in future periods will be reflected in Cost of Sales effective at the start of Fiscal 2019 as part of adoption of new revenue recognition rules (ASC 606).

	Three Months Ended				Fiscal Year Ended
	September 2, 2017	December 2, 2017	March 3, 2018	June 2, 2018	June 2, 2018
Net Sales					
North America	\$ 4.6	\$ 5.3	\$ 5.9	\$ 5.3	\$ 21.1
ELA	2.1	3.4	2.6	4.2	12.3
Specialty	0.6	0.6	0.7	0.9	2.8
Consumer	—	—	—	—	—
Total	\$ 7.3	\$ 9.3	\$ 9.2	\$ 10.4	\$ 36.2

I. Fiscal 2019 Revenue Recognition Adoption: Impact on Net Orders

Summary of costs included in Net Orders in Fiscal 2018 for which comparable amounts in future periods will be excluded from Net Orders effective at the start of Fiscal 2019 as part of adoption of new revenue recognition rules (ASC 606).

	Three Months Ended				Fiscal Year Ended
	September 2, 2017	December 2, 2017	March 3, 2018	June 2, 2018	June 2, 2018
Net Sales					
North America	\$ 5.0	\$ 7.0	\$ 4.2	\$ 5.0	\$ 21.2
ELA	2.1	3.4	3.6	3.2	12.3
Specialty	0.5	0.5	0.6	0.6	2.2
Consumer	—	—	—	—	—
Total	\$ 7.6	\$ 10.9	\$ 8.4	\$ 8.8	\$ 35.7

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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 retail 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.
