




# INVESTOR PRESENTATION

Second Quarter, FY2018

Steelcase

WHO WE ARE

## Steelcase is the world's leading provider of office furniture

# We are a respected leader

- Greatest **global market share**
- **11,000+** employees
- **800+** dealers
- Recognized for **innovative design, sustainability leadership** and **civic engagement**
  - A Fortune “World’s Most Admired Company” for ten years
  - UN Global Compact participant since 2009
  - Brody™ WorkLounge received nine design and innovation awards, including a Silver Award in the multi-industry Edison Awards

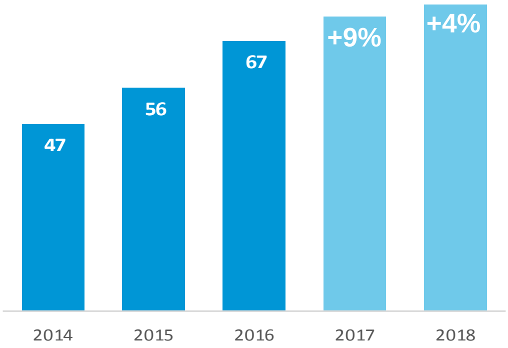
# We serve leading organizations to create places that amplify the performance of people, teams and enterprise

### CORPORATE

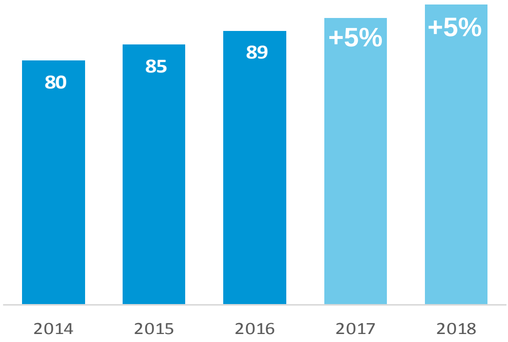
### EDUCATION

### HEALTHCARE

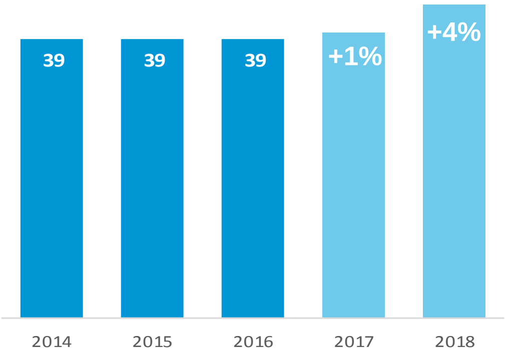
**OFFICE CONSTRUCTION SPENDING**




**EDUCATION CONSTRUCTION SPENDING**




**HEALTHCARE CONSTRUCTION SPENDING**




Sources: U.S. Census Bureau (in US $,billions) American Institute of Architects forecast

# We employ user-based research to drive innovation

**CREATE A ROBUST RESEARCH NETWORK**

**Select Research Partners**

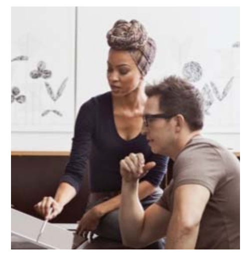
IDEO
Mayo Clinic CFI
Oakridge National Lab
Georgia Tech Manufacturing Institute
Santa Fe Institute
MIT Media Lab
Intel Research
University of Michigan
Stanford University
Harvard Graduate School of Education
University of Delft
Fraunhofer Institute
Argonne National Laboratory
University of Wisconsin-Madison

**DEVELOP INSIGHTS ON WORK, WORKERS AND THE WORKPLACE**


*Steelcase solutions are based on a human-centered design approach that includes extensive observation and consultation with people who use spaces every day.*

**PROVIDE PRODUCTS, STRATEGIES AND CUSTOMER SOLUTIONS**





WHY INVEST IN US

## Steelcase is poised for growth

# We believe we are positioned to grow in a changing market

Our scale and track record of performance presents distinct, significant advantages.

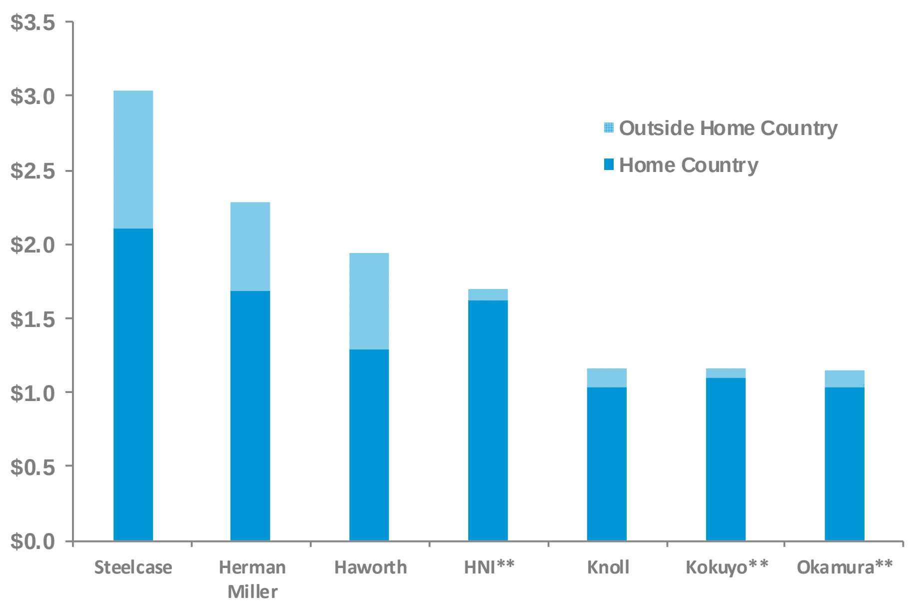
| | | |
|---|---|---|
| GLOBAL REACH | REVENUE & EBITDA GROWTH | STRONG SHAREHOLDER RETURN |

GLOBAL REACH

# Our global capability makes us a preferred partner for leading organizations

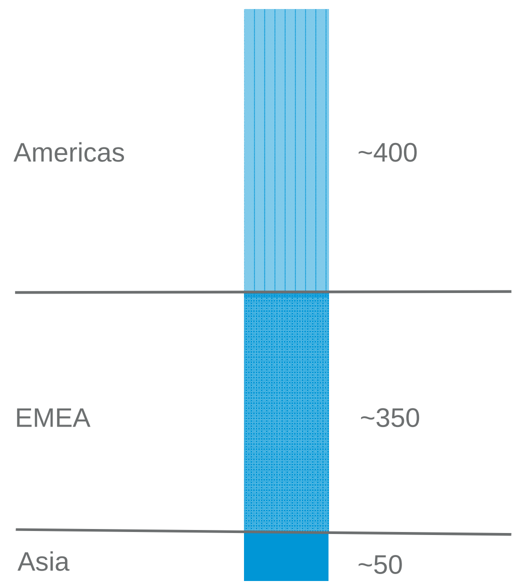
## GLOBAL OFFICE FURNITURE MARKET SALES*

($ in billions)



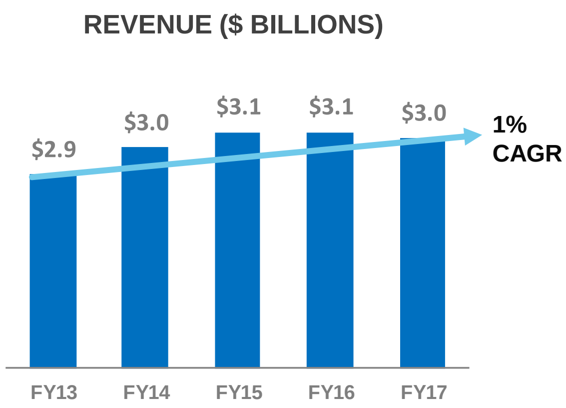

*Most recently published annual data and/or internal estimates
**Only office furniture segments included

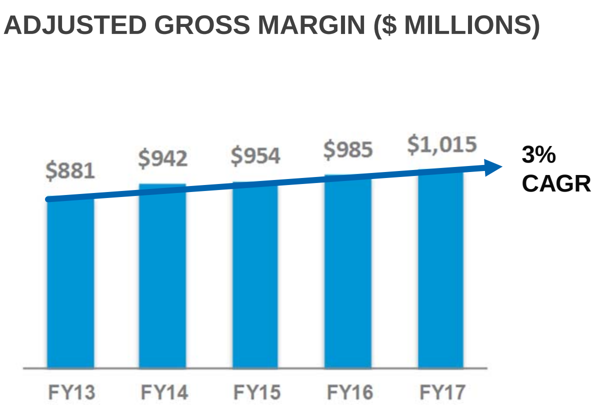
## STEELCASE DEALER LOCATIONS

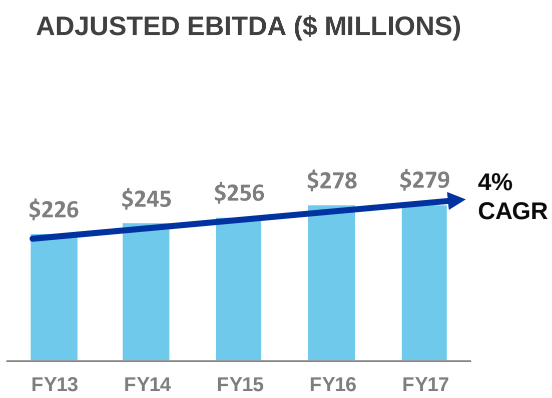


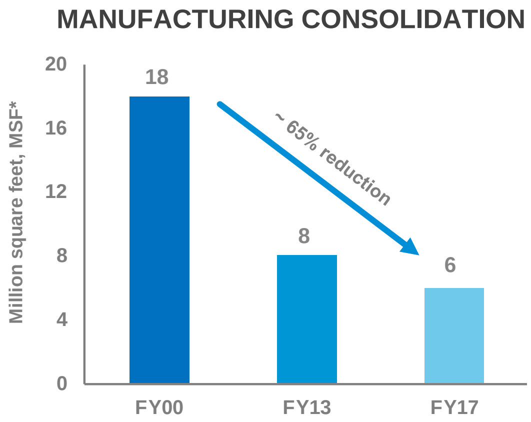
REVENUE & EBITDA GROWTH

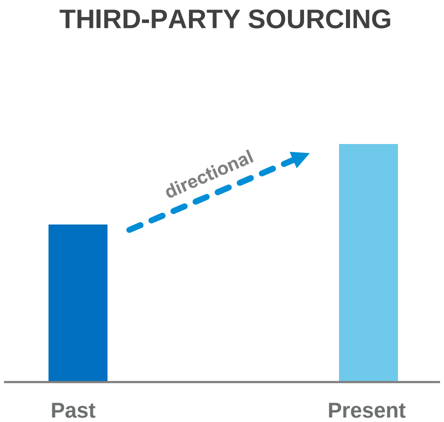
# Our recent profit growth has been driven by margin improvements



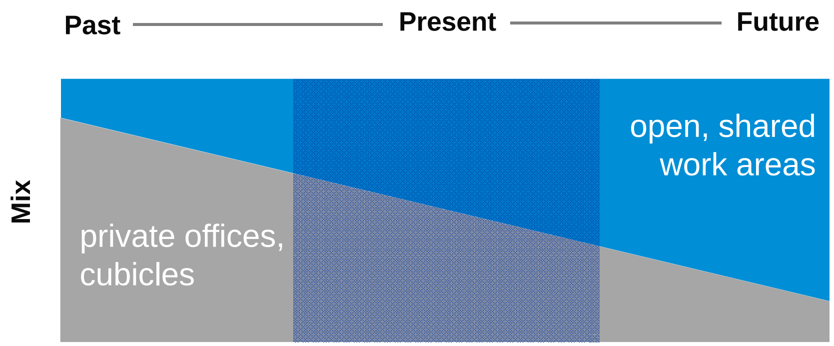
REVENUE & EBITDA GROWTH

# Our core market is facing major forces of change

**FORCES OF CHANGE…**

- Global teams
- Mobile technologies
- Collaborative nature of work
- Real estate compression
- Generational preferences

**…RESULTING IN DIFFERENT APPLICATIONS**

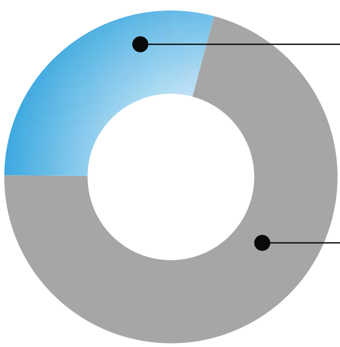



Today there is a significant amount of business in both private offices and cubicles as well as open environments – in the future, we expect the mix of open environments to increase.

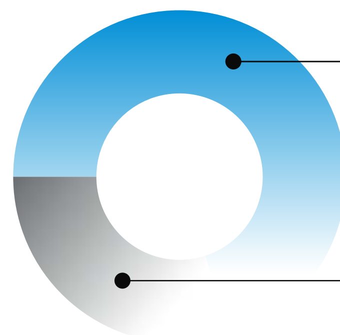
REVENUE & EBITDA GROWTH

# We are increasing our focus towards growth as our industry changes

## PAST 10+ YEARS




## PRESENT

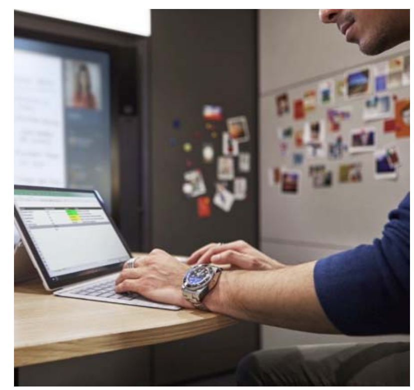


REVENUE & EBITDA GROWTH

# We are taking actions to capitalize on the changes

In FY18, we are focusing on growth in tangible ways:

- Increasing new product introductions
- Establishing relationships with other companies to leverage our scale
- Broadening our sales force – more “feet on the street”
- Helping customers create a smart + connected workplace by offering a range of new technology solutions
- Continuing to explore acquisitions

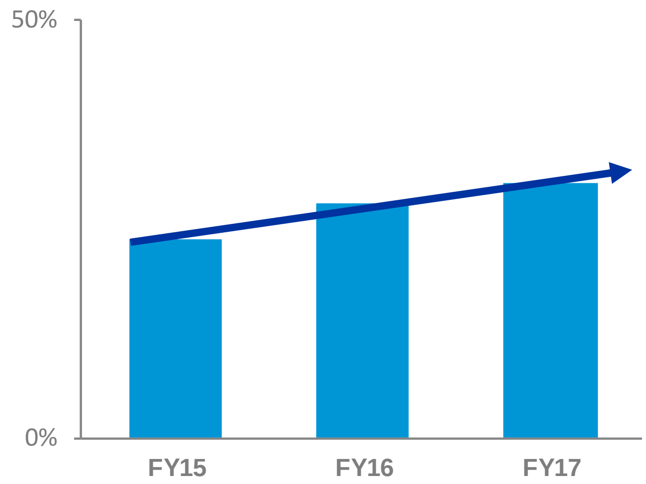
# Our investment in new and enhanced products has accelerated

## INVESTING IN GROWTH

- The percentage of sales from new and enhanced products is increasing
- We expect to launch approximately 80 new products, enhancements and extensions in FY18
- We have been and expect to continue increasing investments in product development and other growth initiatives during FY18

**NEW AND ENHANCED PRODUCT SALES***

(% of total sales)




* Launched or enhanced within previous three fiscal years

# We have established relationships with other companies which increase the breadth of our product offering

| Partner | Product offering |
|---|---|
| Blu Dot | modern lounges, tables, lighting and accessories |
| FLOS | decorative lighting including pendants, sconces, table and floor lamps* |
| Bolia | contemporary Danish sofas, armchairs and tables* |
| Mitchell Gold + Bob Williams | leading home and hospitality furnishings brand known for its focus on comfort and timeless designs* |
| Microsoft | technology and space optimization offerings |

* Recently announced in September 2017

REVENUE & EBITDA GROWTH

# Our smart + connected initiatives are expected to provide new opportunities with existing customers

Steelcase is creating smart and connected workplaces for customers, using technology to fuel engagement and improve organizational performance.

### CREATIVE SPACES

An immersive ecosystem that brings together place and technology to help people generate new ideas and move them forward.

### WORKPLACE ADVISOR

A cloud-enabled system that utilizes occupancy data and transforms it into actionable insights for a more effective workplace.

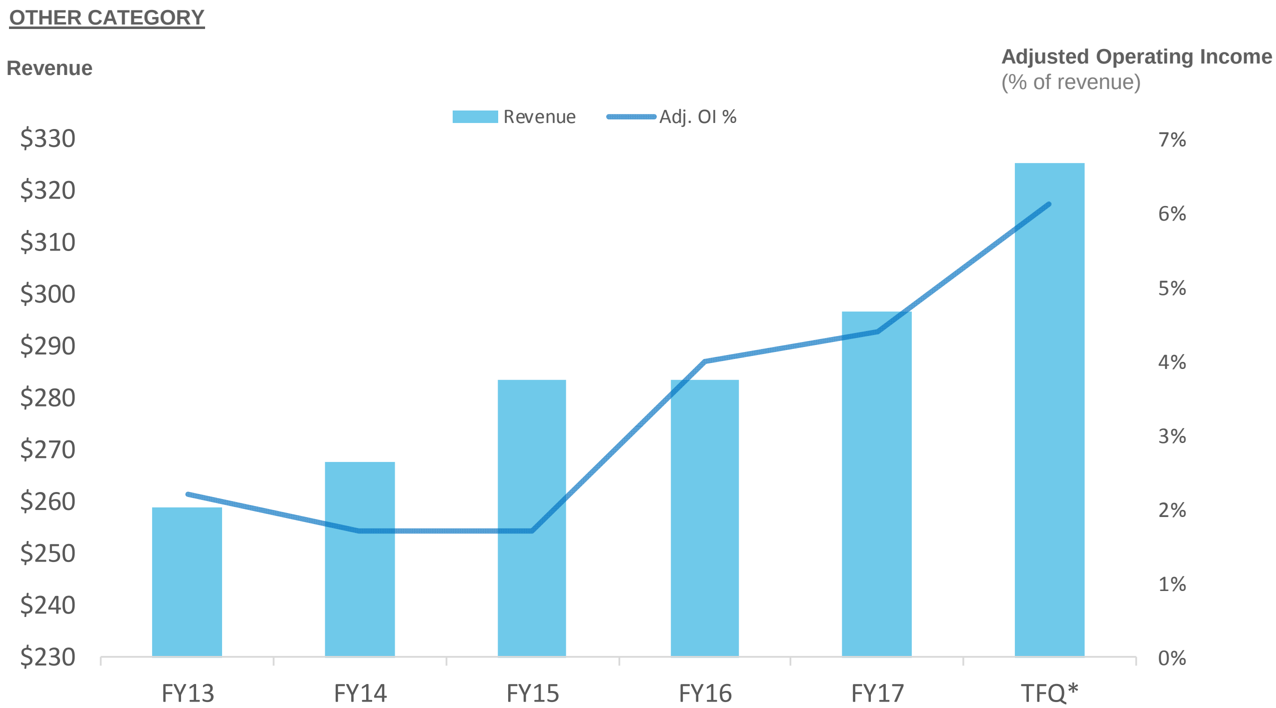
### SPACE ANALYTICS

An episodic workplace study — empowering facility managers with easy-to-understand data, giving them the information they need to make the most of real estate.

REVENUE & EBITDA GROWTH

# Our Asia Pacific performance is the result of a successful growth initiative and is indicative of our global strength

Investments in China and India have driven the growth in Asia-Pacific, which is the largest portion of the Other category.

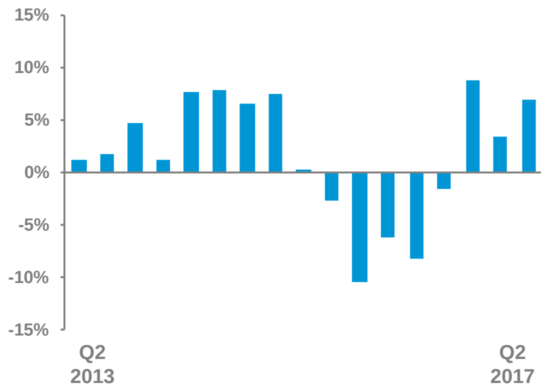



* TFQ is Trailing Four Quarters

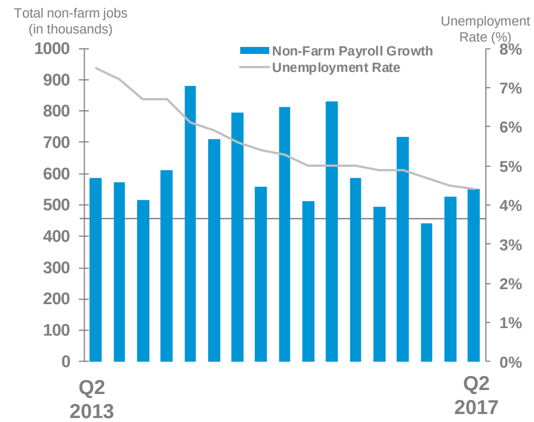
REVENUE & EBITDA GROWTH

# Traditional market drivers of demand are strong

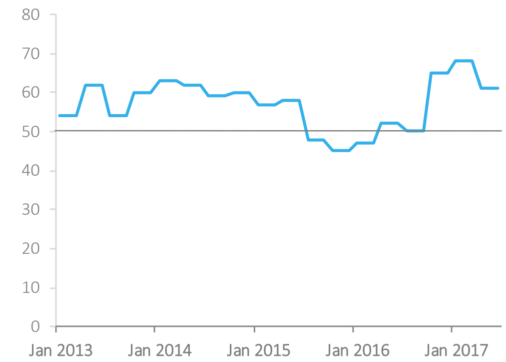
**CORPORATE PROFITS AFTER-TAX (U.S.)**
With IVA and CCA adjustments
(Year-over-Year % change)



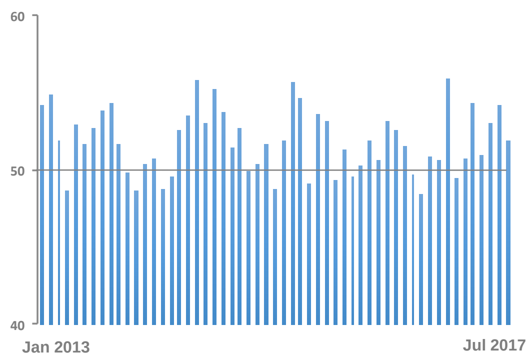

**JOB GROWTH & UNEMPLOYMENT (U.S.)**



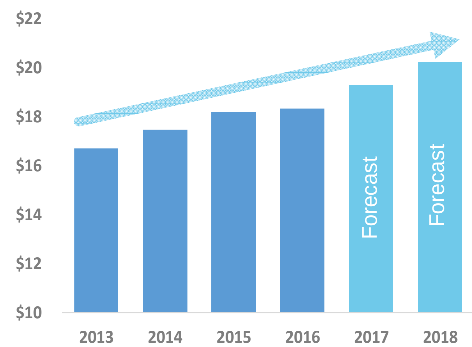

**THE CONFERENCE BOARD MEASURE OF CEO CONFIDENCE (U.S.)**



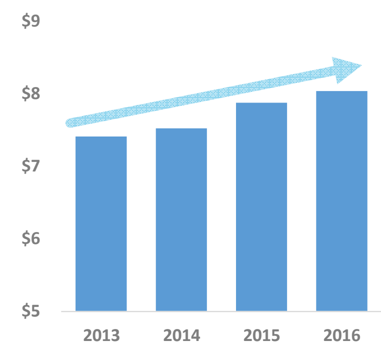

**ARCHITECTURAL BILLING INDEX (U.S.)**
(Billings $ billions)




**NORTH AMERICA BIFMA SALES**
(In US$, billions)




**EUROPEAN OFFICE FURNITURE CONSUMPTION**
(In US$, billions)




*Sources: BEA, BLS; BIFMA; AIA; Raymond James, CEO Conference Board*

REVENUE & EBITDA GROWTH

# We remain committed to achieving strong EMEA margins

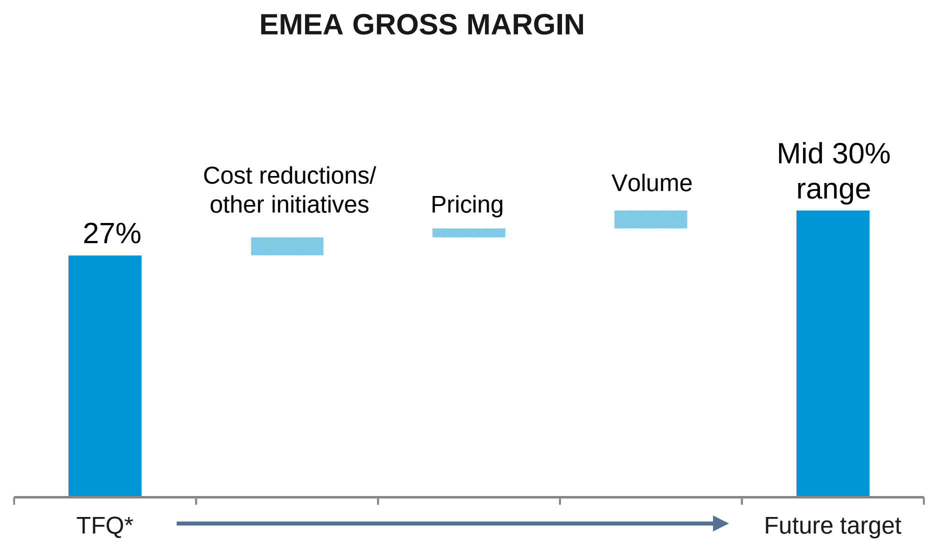
**Sales**
- Improved customer mix
- Enhanced systems and tools

**Operations**
- Modernize to stabilize
- Lean and continuous cost reduction initiatives

**Marketing**
- Product mix
- Launch additional new products

**Branding**
- Thought leadership
- Munich customer experience

**Other**
- Leverage our scale



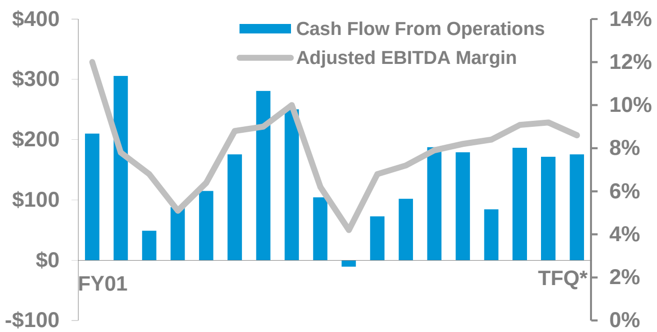

* TFQ is Trailing Four Quarters

# We generate strong cash flows to fund growth investments and shareholder return

## MAINTAINING DISCIPLINED CASH MANAGEMENT

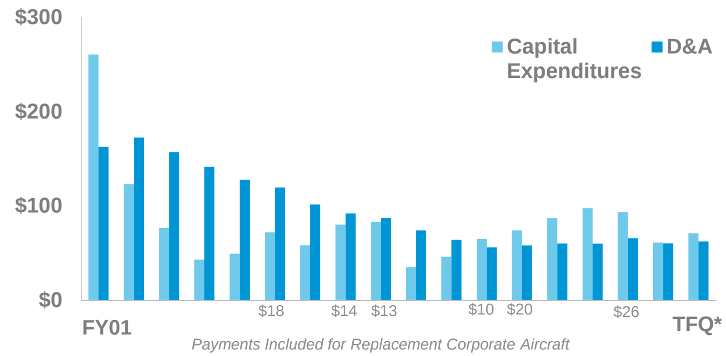
### Cash Flow From Operations and Adjusted EBITDA Margins

($ millions)

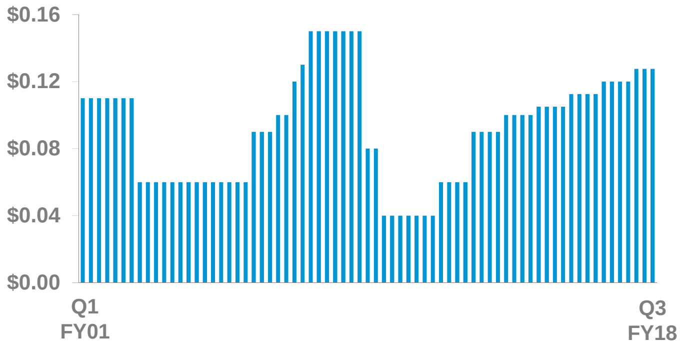



### Capital Expenditures vs. Depreciation and Amortization

($ millions)

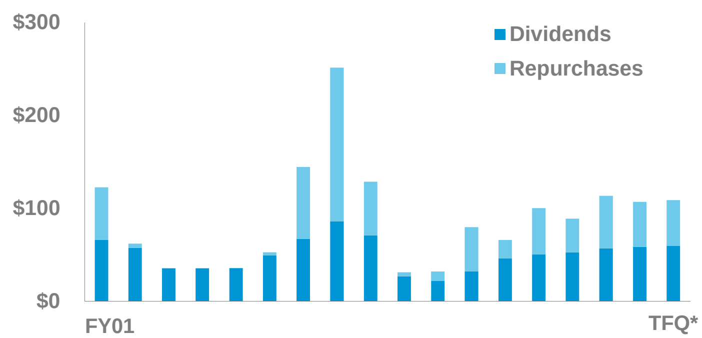



### Quarterly Dividends Paid Per Share**




### Dividends** and Share Repurchases

($ millions)

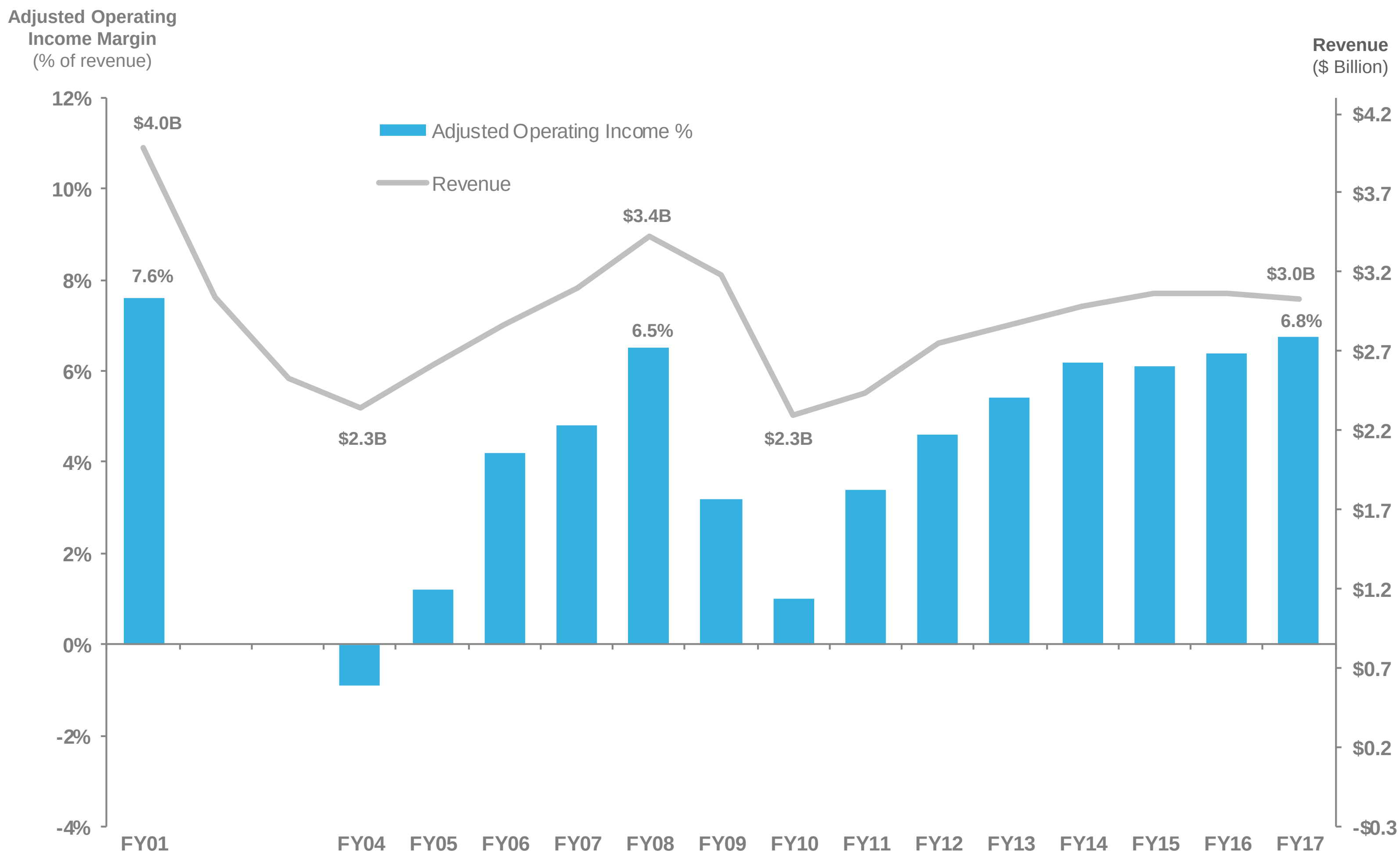



* TFQ is Trailing Four Quarters

** Excludes special cash dividend of $1.75/share paid January 2008

STRONG SHAREHOLDER RETURN

# We have a proven record of managing well through economic cycles

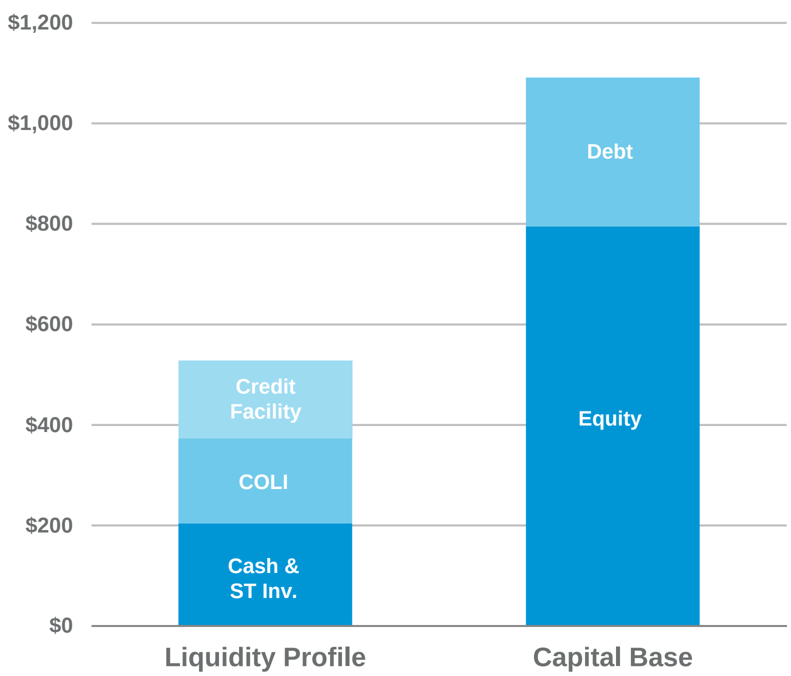



* Trailing Four Quarters

STRONG SHAREHOLDER RETURN

# Our strong balance sheet provides flexibility through cycles

**Q2 FY18, $ MILLION**




**PRIORITIES FOR CASH**

- Business reinvestment
- Dividends
- Share repurchases

LEARN MORE

# Appendix

# Forward looking statements

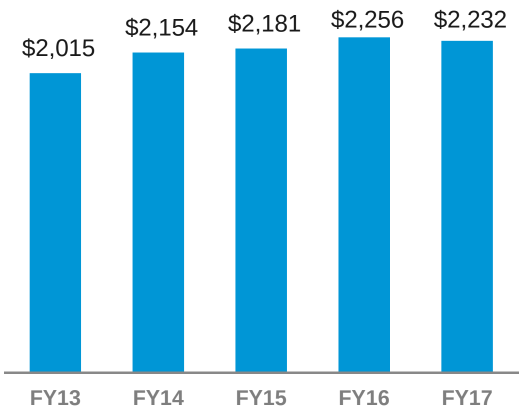
**From time to time, in written and oral statements, we discuss our expectations regarding future events and our plans and objectives for future operations.**

These forward-looking statements discuss goals, intentions and expectations as to future trends, plans, events, results of operations or financial condition, or state other information relating to us, based on current beliefs of management as well as assumptions made by, and information currently available to, us. Forward-looking statements generally are accompanied by words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “possible,” “potential,” “predict,” “project” or other similar words, phrases or expressions. Although we believe these forward-looking statements are reasonable, they are based upon a number of assumptions concerning future conditions, any or all of which may ultimately prove to be inaccurate.

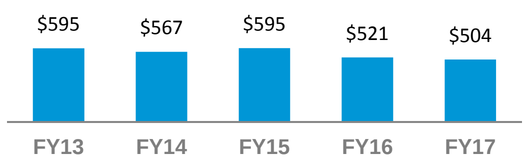
Forward-looking statements involve a number of risks and uncertainties that could cause actual results to vary from our expectations because of factors such as, but not limited to, competitive and general economic conditions domestically and internationally; acts of terrorism, war, governmental action, natural disasters and other Force Majeure events; changes in the legal and regulatory environment; our restructuring activities; changes in raw materials and commodity costs; currency fluctuations; changes in customer demand; and the other risks and contingencies detailed in our most recent Annual Report on Form 10-K and our other filings with the Securities and Exchange Commission. We undertake no obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

# Segment revenue and earnings

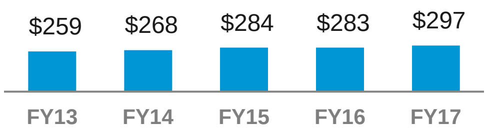
**AMERICAS – REVENUE**
(US$ millions)



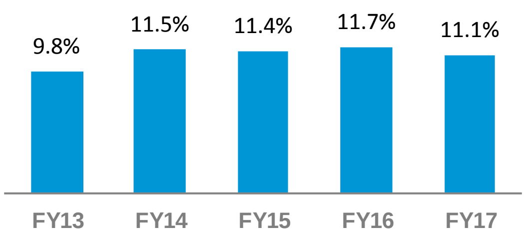

**EMEA – REVENUE**
(US$ millions)



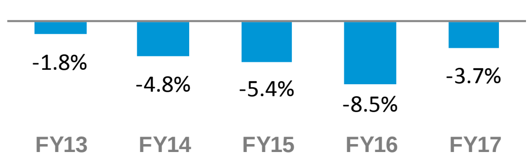

**OTHER – REVENUE**
(US$ millions)



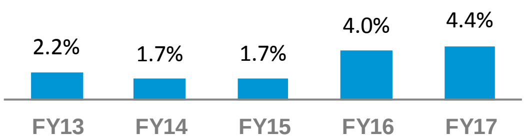

**AMERICAS – ADJUSTED OPERATING INCOME MARGIN**
(Percent of Revenue)




**EMEA – ADJUSTED OPERATING INCOME MARGIN**
(Percent of Revenue)



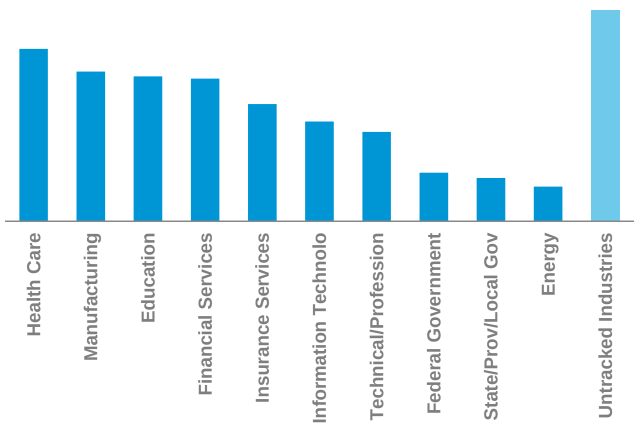

**OTHER – ADJUSTED OPERATING INCOME MARGIN**
(Percent of Revenue)



# Select segment statistics

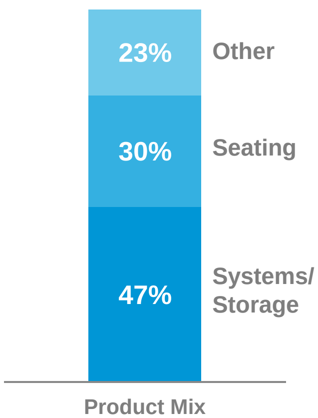
| | AMERICAS | EMEA | OTHER |
|---|---|---|---|
| Number of dealer locations | ~ 400 | ~ 350 | ~ 50 |
| Employees – non-manufacturing | ~2,600 | ~ 1,100 | ~ 800 |
| Employees – manufacturing | ~ 5,300 | ~ 1,000 | ~ 900 |
| Number of primary manufacturing locations | Michigan – 2<br>Alabama – 1<br>Mexico – 2 | France – 1<br>Germany – 1<br>Spain – 1<br>Czech Republic – 1 | China – 1<br>Malaysia – 1<br>India – 1 |

**FY17 VERTICALS IN THE AMERICAS SEGMENT**

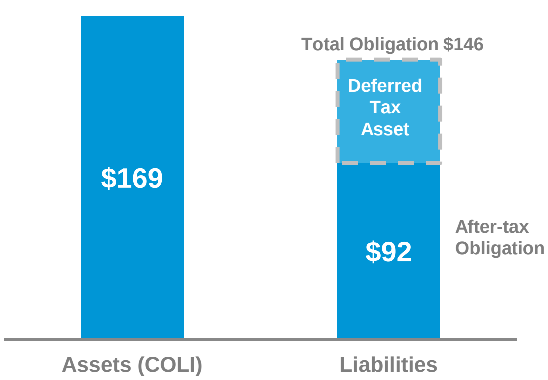



* No vertical represented more than 14% of Americas revenue

**FY17 AMERICAS PRODUCT MIX**




**FY17 LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS FUNDING STATUS**
($ millions)



# Understanding the balance sheet*

**FY17 TOTAL ASSETS ~$1.8B, DOWN FROM PEAK OF $3.2B IN FY01**

Conservative Liquidity Position (Uses: Operating, Reinvestment, Strategic, Dividend Management

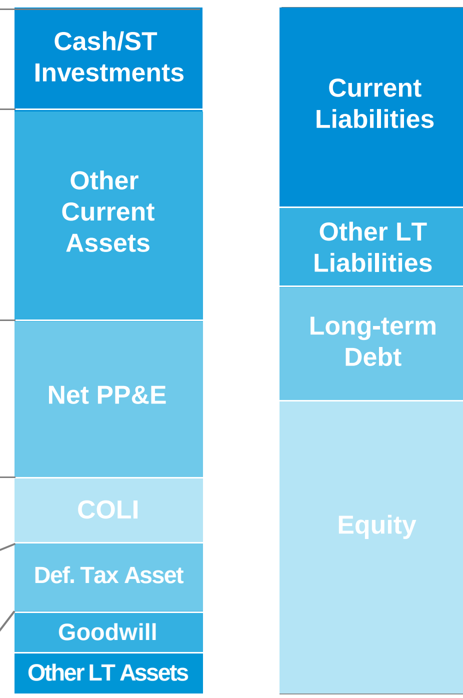
Annualized Working Capital ~9% of sales

FY17 ~$408; down from peak of ~$940 in FY00

Company-owned life insurance (COLI) largely ear-marked to offset LT employee benefit obligations

Mainly related to employee benefit obligations and tax credit carry-forwards

Goodwill related to Americas and Designtex and PolyVision in the Other Category




Majority related to accounts payable and employee benefit obligations

Immaterial unfunded pension obligations

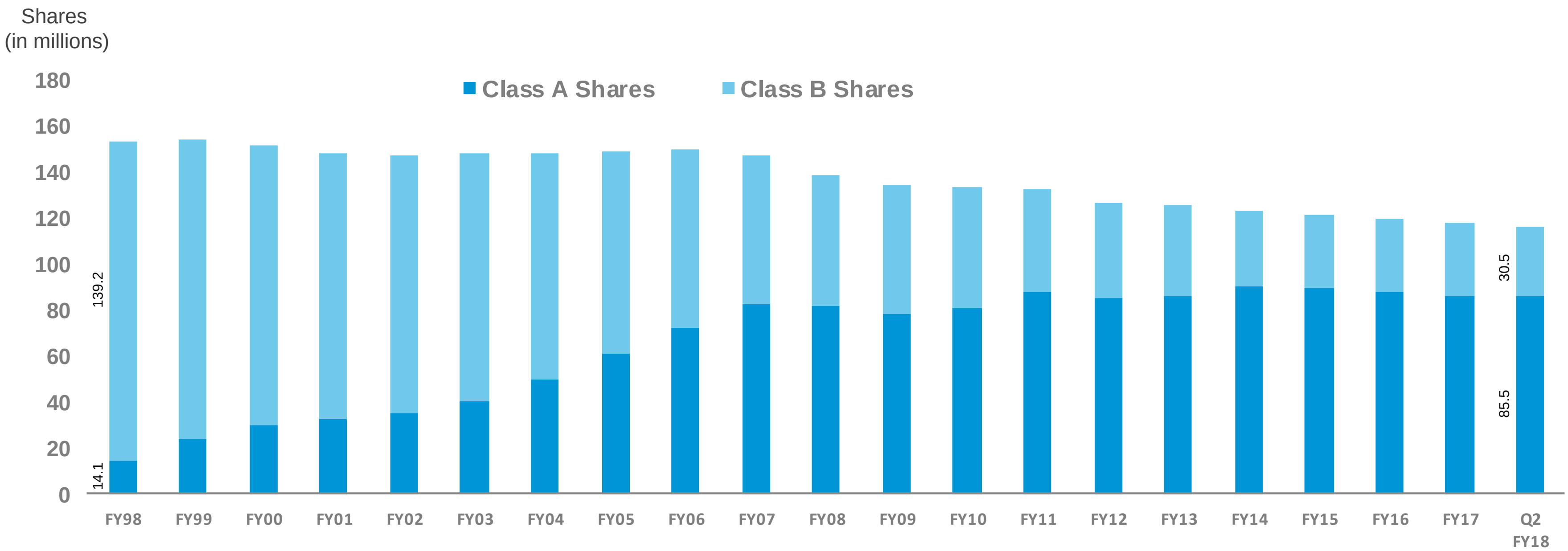
Fixed Rate: ~$250 – 10 year senior notes (due in FY21)

Variable Rate: ~$50 aircraft financing (due in FY24)

Excess liquidity used to reduce capital base; normally done through share repurchases

** Millions unless otherwise noted.*

# Historical shares outstanding



# Non-GAAP financial measures

This presentation contains certain non-GAAP financial measures. A “non-GAAP financial measure” is defined as a numerical measure of a company’s financial performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows of the company. Pursuant to the requirements of Regulation G, the company has provided a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measure.

The non-GAAP financial measures used within this presentation are: (1) adjusted operating income (loss) margin, which represents operating income (loss) margin, excluding restructuring costs and goodwill and intangible asset impairment charges, and (2) adjusted Earnings Before Interest Taxes and Depreciation and Amortization (EBITDA) Margin, which represents EBITDA, excluding restructuring costs and goodwill and intangible asset impairment charges. These measures are presented because management uses this information to monitor and evaluate financial results and trends. Therefore, management believes this information is also useful for investors.

**ADJUSTED OPERATING INCOME MARGIN**
(Percent of Revenue)

| | FY01 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | TFQ* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating Income (Loss) Margin as Reported** | 7.6% | (3.2%) | 0.7% | 2.9% | 3.7% | 5.9% | 0.0% | (0.5%) | 2.1% | 3.5% | 2.1% | 5.6% | 4.8% | 5.7% | 6.6% | 6.2% |
| **Restructuring Costs** | - | 2.3% | 0.5% | 1.3% | 0.8% | - | 1.2% | 1.5% | 1.3% | 1.1% | 1.2% | 0.2% | 1.3% | 0.7% | 0.2% | - |
| **Goodwill and intangible asset impairment charges** | - | - | - | - | 0.3% | 0.6% | 2.0% | - | - | - | 2.1% | 0.4% | - | - | - | - |
| **Adjusted Operating Income (Loss) Margin** | **7.6%** | **(0.9%)** | **1.2%** | **4.2%** | **4.8%** | **6.5%** | **3.2%** | **1.0%** | **3.4%** | **4.6%** | **5.4%** | **6.2%** | **6.1%** | **6.4%** | **6.8%** | **6.2%** |

* TFQ is Trailing Four Quarters

# Non-GAAP financial measures

**AMERICAS CATEGORY ADJUSTED OPERATING INCOME MARGIN**
(Percent of Revenue)

| | FY13 | FY14 | FY15 | FY16 | FY17 |
|---|---|---|---|---|---|
| **Operating Income (Loss) Margin as Reported** | 8.4% | 11.4% | 11.9% | 11.7% | 11.0% |
| **Restructuring Costs** | 1.4% | 0.1% | (0.5%) | - | 0.1% |
| **Goodwill and intangible asset impairment charges** | - | - | - | - | - |
| **Adjusted Operating Income (Loss) Margin** | **9.8%** | **11.5%** | **11.4%** | **11.7%** | **11.1%** |

# Non-GAAP financial measures

**EMEA CATEGORY ADJUSTED OPERATING INCOME MARGIN**
(Percent of Revenue)

| | FY13 | FY14 | FY15 | FY16 | FY17 |
|---|---|---|---|---|---|
| Operating Income (Loss) Margin as Reported | (8.6%) | (5.6%) | (13.9%) | (12.4%) | (4.1%) |
| Restructuring Costs | 0.9% | 0.8% | 8.5% | 3.9% | 0.4% |
| Goodwill and intangible asset impairment charges | 5.9% | - | - | - | - |
| **Adjusted Operating Income (Loss) Margin** | **(1.8%)** | **(4.8%)** | **(5.4%)** | **(8.5%)** | **(3.7%)** |

# Non-GAAP financial measures

**OTHER CATEGORY ADJUSTED OPERATING INCOME MARGIN**
(Percent of Revenue)

| | FY13 | FY14 | FY15 | FY16 | FY17 | TFQ* |
|---|---|---|---|---|---|---|
| **Operating Income (Loss) Margin as Reported** | (7.8%) | (3.2%) | 1.7% | 4.0% | 4.4% | 6.3% |
| **Restructuring Costs** | 0.4% | 0.1% | - | - | - | - |
| **Goodwill and intangible asset impairment charges** | 9.6% | 4.8% | - | - | - | - |
| **Adjusted Operating Income (Loss) Margin** | **2.2%** | **1.7%** | **1.7%** | **4.0%** | **4.4%** | **6.3%** |

# Non-GAAP financial measures

## ADJUSTED GROSS MARGIN

| $ Million | FY13 | FY14 | FY15 | FY16 | FY17 |
|---|---|---|---|---|---|
| Gross Margin as reported | $866 | $945 | $916 | $971 | $1,010 |
| Restructuring costs (benefits) | $15 | ($3) | $38 | $13 | $4 |
| Adjusted Gross Margin | $881 | $942 | $954 | $985 | $1,015 |

# Non-GAAP financial measures

## ADJUSTED EBITDA MARGIN

| $ Million | FY01 | FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | TFQ* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | $3,989 | $3,038 | $2,530 | $2,346 | $2,614 | $2,869 | $3,097 | $3,421 | $3,184 | $2,292 | $2,437 | $2,750 | $2,869 | $2,989 | $3,060 | $3,060 | $3,032 | $3,066 |
| Income before income tax expense | $301 | ($5) | ($67) | ($93) | $5 | $76 | $125 | $211 | ($9) | ($31) | $51 | $82 | $55 | $147 | $137 | $175 | $196 | $184 |
| Interest Expense | $18 | $21 | $21 | $19 | $21 | $18 | $19 | $17 | $17 | $18 | $19 | $26 | $18 | $18 | $18 | $18 | $17 | $17 |
| Depreciation and amortization | $163 | $172 | $157 | $141 | $128 | $119 | $101 | $92 | $87 | $74 | $64 | $56 | $58 | $60 | $60 | $66 | $60 | $62 |
| Restructuring costs | - | $50 | $61 | $54 | $13 | $39 | $24 | - | $38 | $35 | $31 | $31 | $35 | $7 | $41 | $20 | $5 | <$1 |
| Goodwill and intangible asset impairment charges | - | - | - | - | - | - | $11 | $21 | $65 | - | - | $4 | $60 | $13 | - | - | - | - |
| Adjusted EBITDA | $482 | $238 | $173 | $121 | $167 | $253 | $279 | $341 | $199 | $96 | $166 | $199 | $226 | $245 | $256 | $278 | $279 | $264 |
| **EBITDA Margin** (% of Revenue) | **12.1%** | **7.8%** | **6.8%** | **5.1%** | **6.4%** | **8.8%** | **9.0%** | **10.0%** | **6.2%** | **4.2%** | **6.8%** | **7.2%** | **7.9%** | **8.2%** | **8.4%** | **9.1%** | **9.2%** | **8.6%** |

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