



2018 Third Quarter Results Webcast



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Forward-Looking Statements/Non-GAAP Measures

This presentation includes 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 of 1934, as amended. All statements regarding Knoll, Inc.'s expected future financial position, results of operations, revenue and profit levels, cash flows, business strategy, budgets, projected costs, capital expenditures, products, competitive positions, growth opportunities, plans and objectives of management for future operations, as well as statements that include words such as "anticipate," "if," "believe," "plan," "goals," "estimate," "expect," "intend," "may," "could," "should," "will," and other similar expressions are forward-looking statements. This includes, without limitation, our statements and expectations regarding any current or future recovery in our industry, Muuto integration and performance, our supply chain optimization activities, and our expectations with respect to leverage. Such forward-looking statements are inherently uncertain, and readers must recognize that actual results may differ materially from the expectations of Knoll management. Knoll does not undertake a duty to update such forward-looking statements. Factors that may cause actual results to differ materially from those in the forward-looking statements include corporate spending and service-sector employment, price competition, acceptance of Knoll's new products, the pricing and availability of raw materials and components, foreign exchange rates, transportation costs, demand for high quality, well designed furniture and coverings solutions, changes in the competitive marketplace, changes in trends in the market for furniture or coverings, the financial strength and stability of our suppliers, customers and dealers, access to capital, our success in designing and implementing our new enterprise resource planning system, our ability to successfully integrate acquired businesses, our ability to plan and implement supply chain optimization projects, and other risks identified in Knoll's Annual Report on Form 10-K, and other filings with the Securities and Exchange Commission, as well as other cautionary statements that are made from time-to-time in Knoll's public communications. Many of these factors are outside of Knoll's control.

This presentation also includes certain non-GAAP financial measures. A "non-GAAP financial measure" is 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 U.S. generally accepted accounting principles ("GAAP"). We present Non-GAAP measures because we consider them to be important supplemental measures of our performance and believe them to be useful to display ongoing results from operations distinct from items that are infrequent or not indicative of our operating performance. We have provided reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measure in the presentation below.

These non-GAAP measures are not indicators of our financial performance under GAAP and should not be considered as an alternative to the applicable GAAP measure. These non-GAAP measures have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. Our presentation of these non-GAAP measures should not be construed as an inference that our future results will be unaffected by unusual or infrequent items.



Net Sales by Business Segment

(\$ in Millions)

Knoll, Inc.

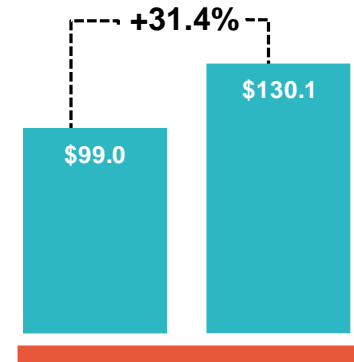


Q3/17 Q3/18
Knoll, Inc.

By Business Segment



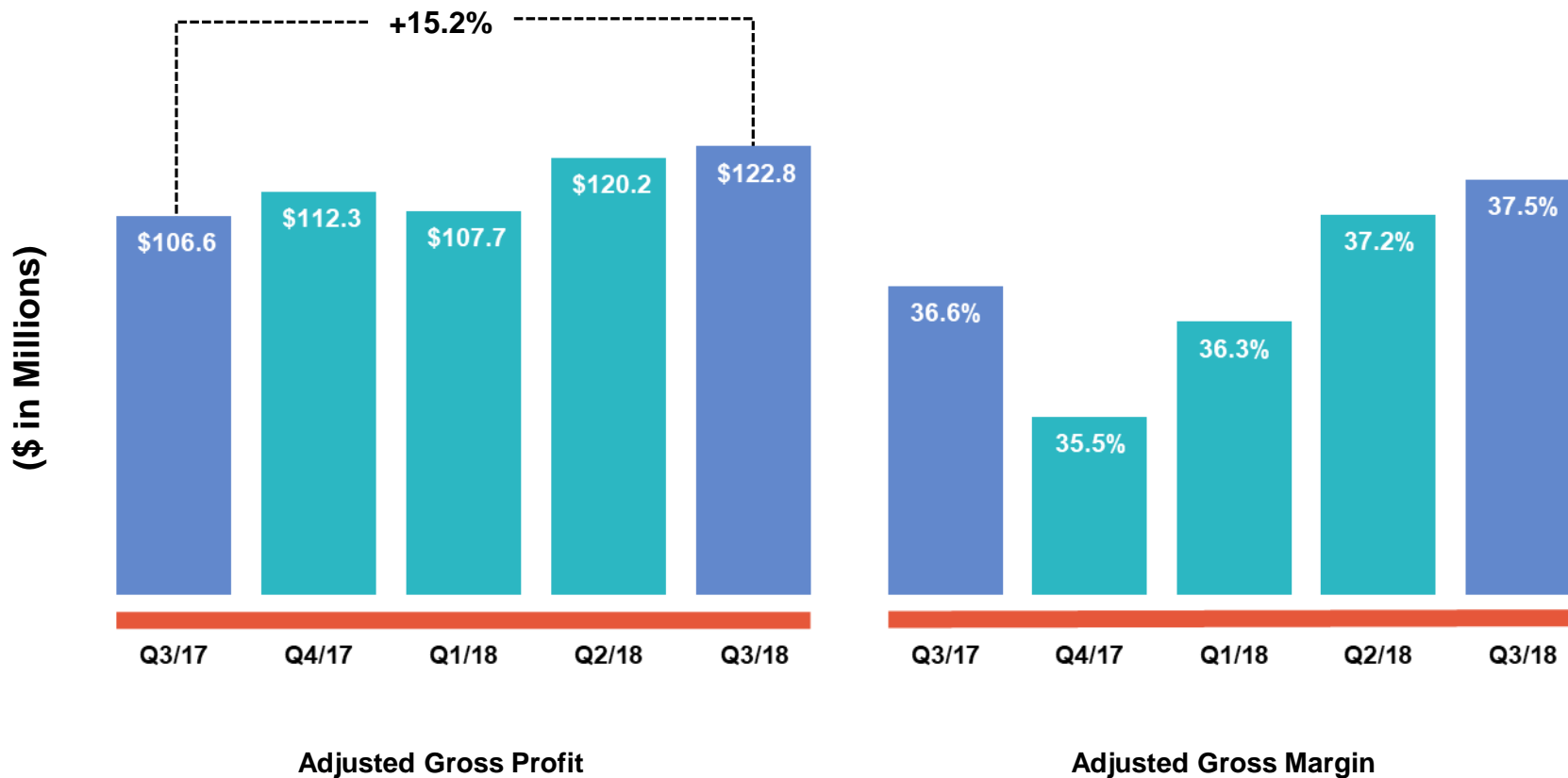
Q3/17 Q3/18
Office



Q3/17 Q3/18
Lifestyle

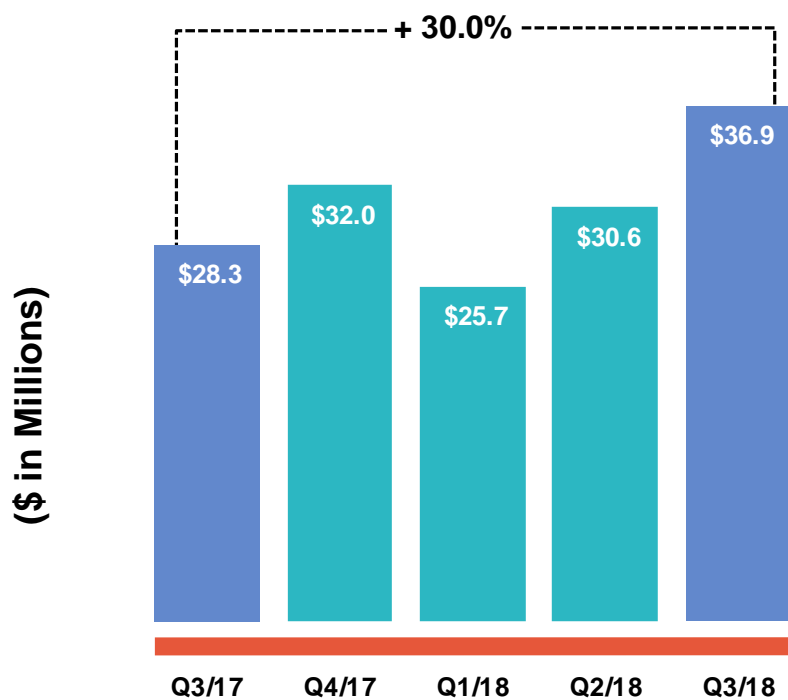


Quarterly Adjusted Gross Profit and Adjusted Gross Margin

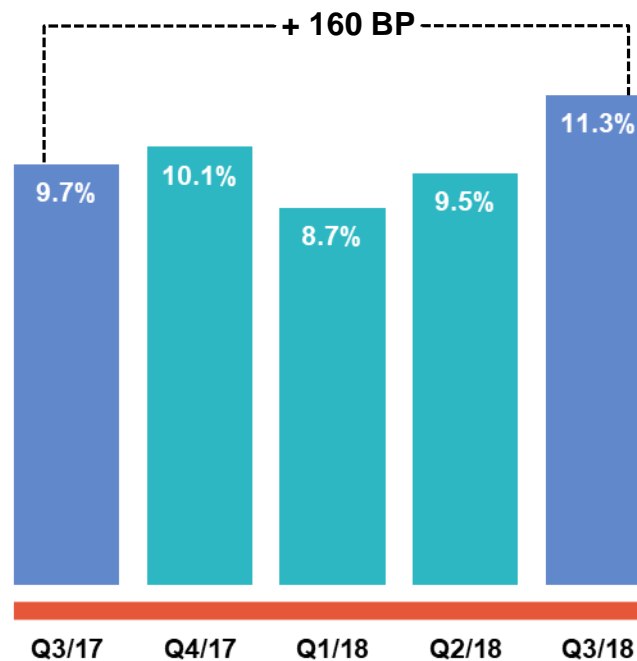




Quarterly Adjusted Operating Profit and Adjusted Operating Profit Margin



Adjusted Operating Profit

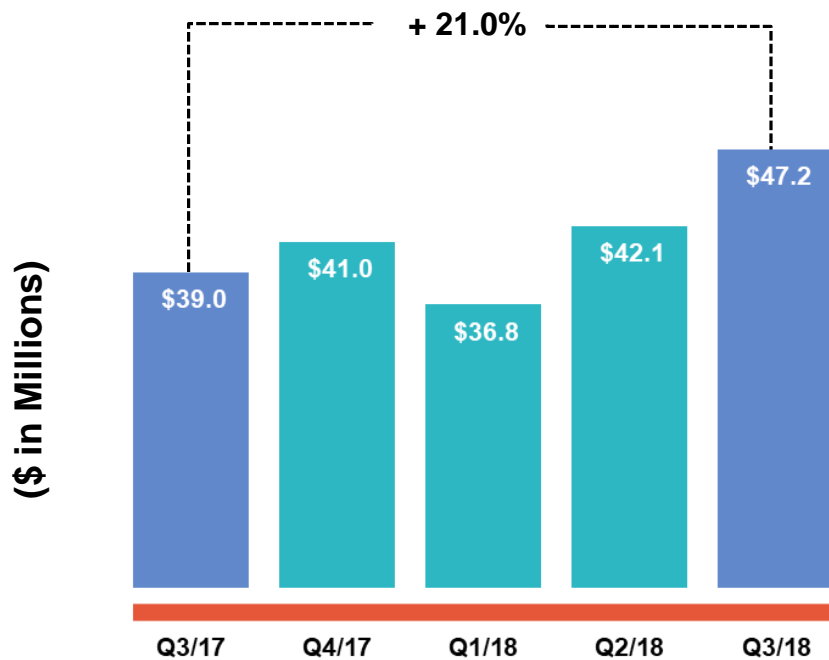


Adjusted Operating Profit Margin

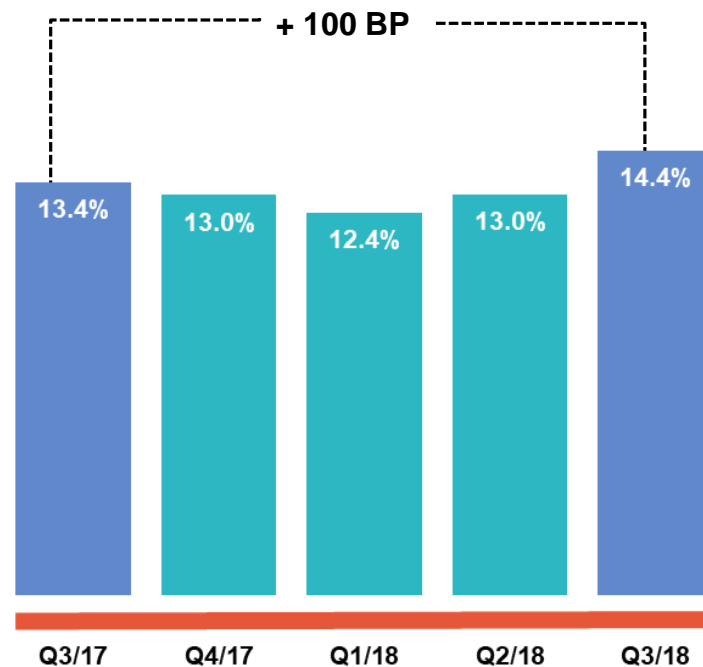
Note: Adjusted Operating Profit and Adjusted Operating Profit Margin are non-GAAP financial measures. For a reconciliation of GAAP Operating Profit and GAAP Operating Profit Margin to Adjusted Operating Profit and Adjusted Operating Profit Margin, see page 12.



Quarterly Adjusted EBITDA and Adjusted EBITDA Margin



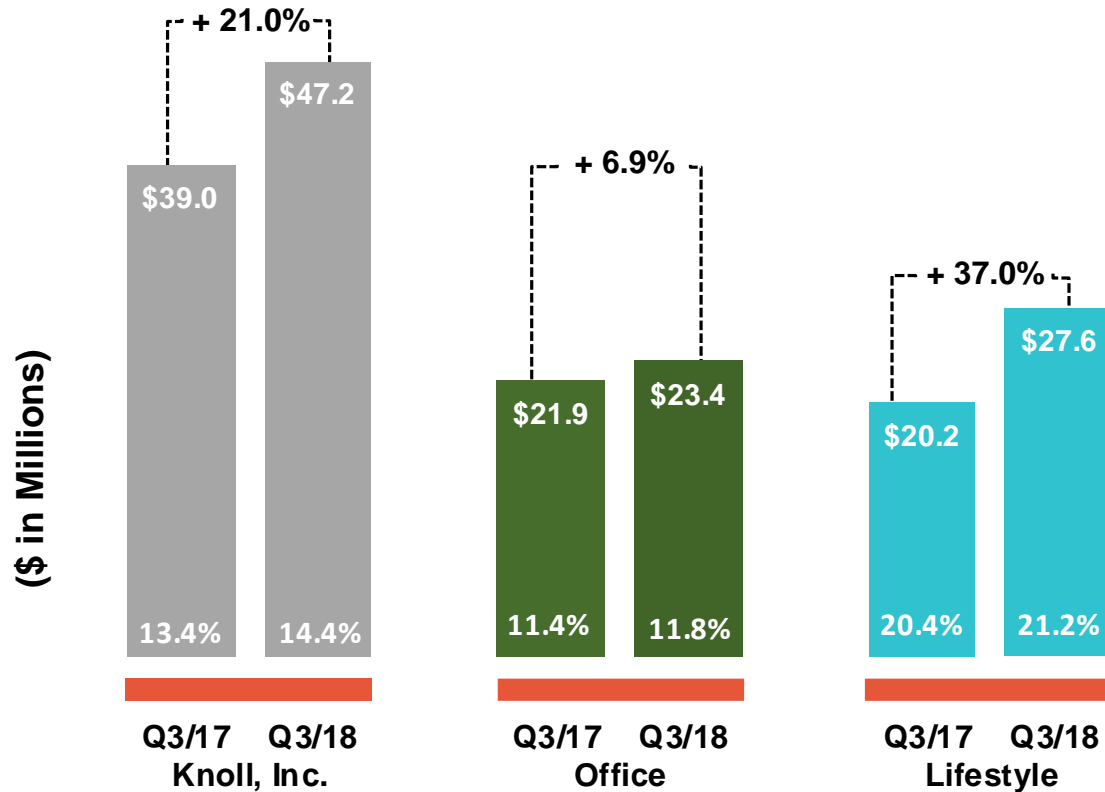
Adjusted EBITDA



Adjusted EBITDA Margin



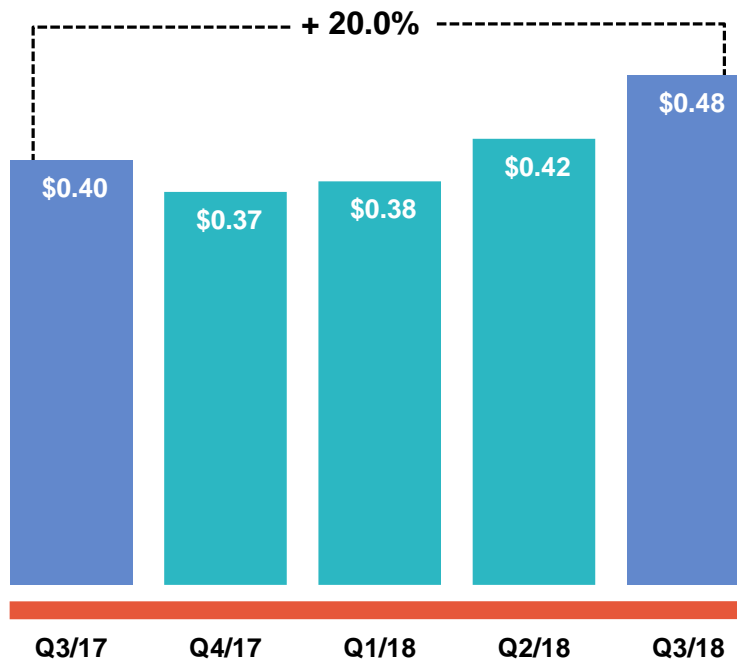
Adjusted EBITDA and Adjusted EBITDA Margin by Business Segment



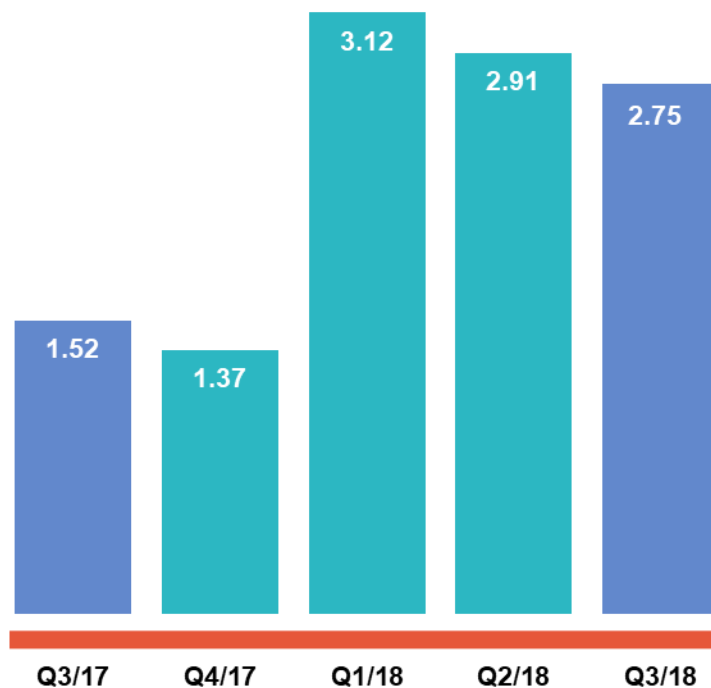
Notes: Segment adjusted EBITDA excludes unallocated corporate expenses of \$3.1M in Q3 2017 and \$3.9M in Q3 2018. Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. For a reconciliation of Operating Profit to Adjusted EBITDA and Adjusted EBITDA Margin, see page 14.



Adjusted Diluted Earnings Per Share By Quarter



Bank Net Leverage Ratio



Note: Bank Net Leverage Ratio is calculated by dividing (i) outstanding debt plus letters of credit and guarantee obligations, minus excess cash up to \$15.0 million by (ii) EBITDA (as defined in our revolving credit facility) for the last twelve months. For details of the net leverage ratio calculation, see page 16.



Reconciliation of Net Sales to Organic Net Sales

(\$ in Millions)

	Q3 18			Q3 17
	Net Sales	Muuto Net Sales	Organic Net Sales	Net Sales
Office	\$ 197.6	\$ -	\$ 197.6	\$ 192.3
Lifestyle	130.1	22.5	107.6	99.0
Knoll, Inc Total	\$ 327.7	\$ 22.5	\$ 305.2	\$ 291.3
Knoll, Inc Percent Change	12.5%		4.8%	
Lifestyle Segment Percent Change	31.4%		8.7%	

	Q2 18			Q2 17
	Net Sales	Muuto Net Sales	Organic Net Sales	Net Sales
Office	\$ 190.8	\$ -	\$ 190.8	\$ 162.6
Lifestyle	132.6	21.0	111.6	106.1
Knoll, Inc Total	\$ 323.4	\$ 21.0	\$ 302.4	\$ 268.7
Knoll, Inc Percent Change	20.3%		12.5%	
Lifestyle Segment Percent Change	25.0%		5.2%	



Quarterly Reconciliation of Gross Profit to Non-GAAP Adjusted Gross Profit

(\$ in Millions)

	<u>Q3 17</u>	<u>Q4 17</u>	<u>Q1 18</u>	<u>Q2 18</u>	<u>Q3 18</u>
Gross profit	\$ 106.6	\$ 112.3	\$ 107.7	\$ 119.3	\$ 122.8
Add back:					
Acquisition related inventory adjustment	-	-	-	0.9	-
Adjusted gross profit	<u>\$ 106.6</u>	<u>\$ 112.3</u>	<u>\$ 107.7</u>	<u>\$ 120.2</u>	<u>\$ 122.8</u>
Net sales	\$ 291.3	\$ 316.1	\$ 296.6	\$ 323.4	\$ 327.7
Adjusted gross profit %	36.6%	35.5%	36.3%	37.2%	37.5%



Quarterly Reconciliation of Operating Profit to Non-GAAP Adjusted Operating Profit

(\$ in Millions)

	<u>Q3 17</u>	<u>Q4 17</u>	<u>Q1 18</u>	<u>Q2 18</u>	<u>Q3 18</u>
Operating Profit	\$ 27.7	\$ 12.3	\$ 22.5	\$ 24.8	\$ 32.9
Add back:					
Asset impairment charge	-	16.3	-	-	-
Pension settlement charge	-	2.2	-	-	-
Acquisition related expenses	0.6	1.2	2.7	4.1	2.8
Restructuring charges	-	-	0.5	0.8	1.2
Acquisition related inventory adjustment	-	-	-	0.9	-
Adjusted Operating Profit	\$ 28.3	\$ 32.0	\$ 25.7	\$ 30.6	\$ 36.9
Net Sales	\$ 291.3	\$ 316.1	\$ 296.6	\$ 323.4	\$ 327.7
Adjusted Operating Profit %	9.7%	10.1%	8.7%	9.5%	11.3%

(1) Note : Prior to January 1, 2018 pension settlement charges were included in operating expenses. Under ASU 2017-07, as of January 1, 2018 pension settlement charges are not included in operating expenses.



Quarterly Reconciliation of GAAP Net Income to Adjusted EBITDA

(\$ in Millions)

	<u>Q3 17</u>	<u>Q4 17</u>	<u>Q1 18</u>	<u>Q2 18</u>	<u>Q3 18</u>
Net Income	\$ 19.1	\$ 32.7	\$ 15.3	\$ 13.1	\$ 20.3
Add back:					
Income tax expense (benefit)	8.2	(22.7)	5.7	4.6	7.2
Interest expense	2.0	2.0	5.5	5.3	5.0
Depreciation and amortization	6.3	7.4	8.2	8.7	8.5
EBITDA	<u>\$ 35.6</u>	<u>\$ 19.4</u>	<u>\$ 34.7</u>	<u>\$ 31.7</u>	<u>\$ 41.0</u>
Add back:					
Stock compensation	2.3	2.4	2.5	2.1	2.3
Other non-cash items	1.1	0.2	(1.9)	-	1.4
Acquisition related expenses	-	0.5	1.0	2.0	0.7
Acquisition related inventory adjustment	-	-	-	0.9	-
Asset impairment charge	-	16.3	-	-	-
Pension settlement charge	-	2.2	-	4.6	0.6
Restructuring charges	-	-	0.5	0.8	1.2
Adjusted EBITDA	<u>\$ 39.0</u>	<u>\$ 41.0</u>	<u>\$ 36.8</u>	<u>\$ 42.1</u>	<u>\$ 47.2</u>
Net Sales	\$ 291.3	\$ 316.1	\$ 296.6	\$ 323.4	\$ 327.7
Adjusted EBITDA %	13.4%	13.0%	12.4%	13.0%	14.4%



Quarterly Reconciliation of GAAP Operating Profit to Adjusted EBITDA by Segment

(\$ in Millions)

	Q3 2017				Q3 2018			
	Office	Lifestyle	Corporate	Knoll, Inc.	Office	Lifestyle	Corporate	Knoll, Inc.
Operating profit (loss)	\$ 15.8	\$ 17.6	\$ (5.7)	\$ 27.7	\$ 15.9	\$ 22.3	\$ (5.3)	\$ 32.9
Add back:								
Acquisition related expenses	-	-	-	-	-	0.9	(0.2)	0.7
Restructuring charges	-	-	-	-	1.2	-	-	1.2
Depreciation and amortization	4.3	1.8	0.2	6.3	4.9	3.5	0.1	8.5
Stock compensation	0.5	0.6	1.2	2.3	0.4	0.7	1.2	2.3
Other non-cash items	1.3	0.2	1.2	2.7	1.0	0.2	0.4	1.6
Adjusted EBITDA (loss)	\$ 21.9	\$ 20.2	\$ (3.1)	\$ 39.0	\$ 23.4	\$ 27.6	\$ (3.8)	\$ 47.2
Net sales	\$ 192.3	\$ 99.0	-	\$ 291.3	\$ 197.6	\$ 130.1	-	\$ 327.7
Operating profit %	8.2%	17.8%	N/A	9.5%	8.0%	17.1%	N/A	10.0%
Adjusted EBITDA %	11.4%	20.4%	N/A	13.4%	11.8%	21.2%	N/A	14.4%

⁽¹⁾ Acquisition related expenses includes retention agreements for key employees, other customary acquisition related expenses, and the reduction of an acquisition related liability.



Quarterly Reconciliation of GAAP Diluted EPS to Non-GAAP Adjusted Diluted EPS

	<u>Q3 17</u>	<u>Q4 17</u>	<u>Q1 18</u>	<u>Q2 18</u>	<u>Q3 18</u>
Diluted earnings per share	\$ 0.39	\$ 0.67	\$ 0.31	\$ 0.27	\$ 0.41
Add back:					
Asset impairment charge	-	0.33	-	-	-
Pension settlement	-	0.04	-	0.09	0.01
Loss on extinguishment of debt	-	-	0.03	-	-
Acquisition related expenses	0.01	0.03	0.06	0.08	0.06
Restructuring charges	-	-	0.01	0.02	0.02
Acquisition related inventory adjustment	-	-	-	0.02	-
Less:					
Tax effect of non-GAAP adjustments	-	0.16	0.03	0.06	0.02
Tax Reform	-	0.54	-	-	-
Adjusted Diluted earnings per share	<u>\$ 0.40</u>	<u>\$ 0.37</u>	<u>\$ 0.38</u>	<u>\$ 0.42</u>	<u>\$ 0.48</u>



Bank Net Leverage Calculation and Reconciliation of Adjusted EBITDA

(\$ in Millions)

	<u>9/30/2017</u>	<u>12/31/2017</u>	<u>3/31/2018</u>	<u>6/30/2018</u>	<u>9/30/2018</u>
Debt Levels ⁽¹⁾	\$ 225.4	\$ 197.4	\$ 517.8	\$ 499.8	\$ 482.5
LTM Net Earnings ⁽²⁾	\$ 70.3	\$ 80.2	\$ 92.3	\$ 89.9	\$ 88.0
LTM Adjustments					
Interest	6.1	6.8	11.0	14.5	17.7
Taxes	35.1	(1.6)	1.3	(1.9)	(3.8)
Depreciation and Amortization	25.2	26.7	29.4	31.3	33.2
Non-cash Items and Other ⁽³⁾	11.8	32.4	31.8	38.1	40.7
LTM Adjusted EBITDA ⁽⁴⁾	\$ 148.5	\$ 144.5	\$ 165.8	\$ 172.0	\$ 175.8
Bank Leverage Calculation ⁽⁵⁾	1.52	1.37	3.12	2.91	2.75

(1) - Outstanding debt levels include outstanding letters of credit and guarantee obligations. Per the terms of the credit facility filed with the Securities and Exchange Commission on May 21, 2014, excess cash over \$15.0M reduces the outstanding debt until Q4 2017. Per the terms of the credit facility filed with the Securities and Exchange Commission on January 23, 2018, cash up to \$15.0M reduces the outstanding debt as of Q1 2018.

(2) - LTM Net Earnings includes Muuto prior to acquisition, per the terms of our credit facility.

(3) - Non-cash and Other items include, but are not limited to, intangible asset impairment charges, pension settlements, stock-based compensation expenses, unrealized gains and losses on foreign exchange, restructuring charges, and acquisition related expenses

(4) - LTM Adjusted EBITDA includes Muuto prior to acquisition, per the terms of our credit facility.

(5) - Debt divided by LTM Adjusted EBITDA, as calculated in accordance with our credit facility.



Reconciliation of GAAP Operating Profit to Adjusted EBITDA for Office Segment

(\$ in Millions)

	YTD Q3-18	
	<u>Office</u>	
Operating Profit (loss)	\$	35.1
Add back:		
Restructuring charges		2.5
Depreciation and amortization		14.9
Stock compensation		0.9
Other non-cash items		4.2
Adjusted EBITDA (loss)	\$	<u>57.6</u>
Net Sales	\$	570.0
Adjusted EBITDA %		10.1%



Reconciliation of GAAP Net Earnings to Non-GAAP Adjusted Net Earnings

(\$ in Millions)

	<u>Q3 18</u>	<u>Q3 17</u>
Net Earnings	\$20.3	\$19.1
Add back:		
Acquisition related expenses	2.8	0.6
Restructuring charges	1.2	-
Pension settlement charge	0.6	-
Less:		
Tax effect of non-GAAP adjustments	1.2	0.1
Tax Reform impact	-	-
Adjusted Net Earnings	<u>\$23.7</u>	<u>\$19.6</u>



Reconciliation of GAAP Operating Expenses to Non-GAAP Adjusted Operating Expenses

(\$ in Millions)

	<u>Q3 18</u>	<u>Q3 17</u>
Operating Expenses	89.9	78.9
Less:		
Acquisition related expenses	2.8	0.6
Restructuring charges	1.2	-
Adjusted Operating Expenses	<u>85.9</u>	<u>78.3</u>



Reconciliation of Workplace and Residential Net Sales

(\$ in Millions)

	<u>Q3 18</u>		<u>Q3 17</u>		<u>YTD 18</u>		<u>YTD 17</u>	
	<u>Net Sales</u>		<u>Net Sales</u>	<u>% Growth</u>	<u>Net Sales</u>		<u>Net Sales</u>	<u>% Growth</u>
Office Workplace	\$ 197.6		\$ 192.3	2.8%	\$ 570.0		\$ 512.9	11.1%
Office Residential	-		-	N/A	-		-	N/A
Office Segment	\$ 197.6		\$ 192.3	2.8%	\$ 570.0		\$ 512.9	11.1%
Lifestyle Workplace	\$ 66.8		\$ 48.2	38.6%	\$ 185.8		\$ 146.4	26.9%
Lifestyle Residential	63.3		50.8	24.6%	191.8		157.5	21.8%
Lifestyle Segment	\$ 130.1		\$ 99.0	31.4%	\$ 377.6		\$ 303.9	24.3%
Knoll, Inc Workplace	\$ 264.4		\$ 240.5	9.9%	\$ 755.8		\$ 659.3	14.6%
Knoll, Inc Residential	63.3		50.8	24.6%	191.8		157.5	21.8%
Total Knoll, Inc	\$ 327.7		\$ 291.3	12.5%	\$ 947.6		\$ 816.8	16.0%
Workplace vs Residential %								
Knoll, Inc Workplace	80.7%		82.6%		79.8%		80.7%	
Knoll, Inc Residential	19.3%		17.4%		20.2%		19.3%	
Total Knoll, Inc	100.0%		100.0%		100.0%		100.0%	

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