

Dear Fellow Stockholders:

2017 was an important year for Knoll as we made fundamental investments across our commercial and residential businesses. We responded to rapidly changing market conditions with adjustments to our go-to-market strategy and product portfolio, including the acquisition of Copenhagen-based Muuto, giving us what we believe is one of the deepest and consistently branded ancillary offerings on the market today.

Net sales for 2017 were \$1,132.9 million, a decrease of 2.7% from 2016. Operating profit for the year decreased 35.5% to \$88.0 million, compared to operating profit of \$136.3 million for the year ended December 31, 2016. While sales were down in the first half of the year, we were pleased with the return to growth that we delivered in the fourth quarter, reflecting the traction we are gaining in our core markets. In addition, we have taken steps to address gross margin headwinds.

As you have heard, resimercial design trends have been profoundly impacting the office landscape and the way clients use and fit out their workplaces, balancing space allocation away from the individual, toward the group. This trend has accelerated in recent years as the newest generation of tech-savvy millennials coming into the workplace has a different set of practical and cultural expectations, and the competition to create environments that attract and retain talent has become more intense. Simultaneously, individual space is being upgraded with more ergonomic performance, while reducing the real estate footprint.

We expect newer immersive, experiential workplace models to contribute to growth. New hospitality-based products like Rockwell Unscripted accelerated their ramp-up in the fourth quarter and our expanded range of adjustable tables and workstation benches continued their climb. These combined platforms on an incoming orders basis exceeded those of our legacy workstation and storage products for the quarter. For the full year, growth in new platforms more than offset legacy product declines. In addition, we leveraged the custom capabilities of DatesWeiser with our wood offerings, enhanced with the introduction of new wood finishing technology at our Toronto manufacturing facility, an important part of our holistic workplace capability.

Our business in Europe had another record year of sales and profits. The Knoll Europe team continued to elevate the KnollStudio brand with deeper presence in key dealers as well as new products and revitalized Knoll classics. While our European business represents many lines, there is surprisingly little overlap with Muuto, which will expand its reach to new consumers.

Going forward, we expect that our growing and increasingly global mix of business with our unique constellation of global high design brands, combined with improved Office segment operating margins, should result in an entity valued like the quality of our people, products and brands.

As we celebrate 80 years of Knoll, the vision of our founders Hans and Florence Knoll — to bring the beauty and benefits of modern design to the way we live and work— is as inspiring and vital a mission to our people and clients as ever. Our growing constellation of brands — from more residentially-focused brands like HOLLY HUNT and Edelman Leather to crossover brands like KnollStudio, Muuto and KnollTextiles to workplace-focused brands like Knoll Office, Spinneybeck FilzFelt, KnollExtra and DatesWeiser — gives us the singular ability to solve our clients' commercial and residential requirements like no one else. And, as the fastest growing opportunity set is at the “resimercial” intersection of living and working, we couldn't be better positioned, with our depth of products and range of price-points—from Muuto's millennial appeal at the “affordable luxury” entry point to HOLLY HUNT'S timeless appeal at the premium luxury level.

This broad capability is core to the strategic initiatives that drive us forward. These include:

- + Targeting under penetrated and emerging ancillary categories and markets for growth.
- + Expanding our reach into residential and decorator channels around the world.
- + Improving the profitability of our Office segment.
- + Leveraging technology to expand our market visibility and improve our efficiency.

Again, none of this comes together without the dedication of approximately 3,500 people worldwide across our company. They are passionate about our clients and their workplaces and live by our credo of being modern because “modern always works.” I thank all of them and our dealer partners for their dedication.



Andrew Cogan
President and CEO
Knoll, Inc.

This annual report contains forward-looking statements that are based on numerous assumptions about future events and conditions which may prove to be inaccurate. See “Forward-Looking Statements” beginning on page 26 of this annual report.