www.steelcase.com
NYSE: SCS

Steelcase

September 24, 2015

SECOND QUARTER FISCAL 2016 RESULTS

Quarter ended August 28, 2015

WEBCAST

Thursday, September 24, 2015

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Forward-looking statements

From time to time, in written and oral statements, the company discusses its expectations regarding future events and its plans and objectives for future operations. These 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. Forward-looking statements involve a number of risks and uncertainties that could cause actual results to vary from the company's 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; restructuring activities; changes in raw materials and commodity costs; currency fluctuations; changes in customer demands; and the other risks and contingencies detailed in the company's most recent Annual Report on Form 10-K and its other filings with the Securities and Exchange Commission. Steelcase undertakes no obligation to update, amend or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

Updating of information

This presentation is provided as a supplement to our earnings release conference call and webcast on the date stated on the cover and is intended to be read in connection with the information provided therein and the related earnings press release. The information contained in this presentation is provided as of the date stated on the cover and may be superseded by information disclosed in our subsequent Form 10-Q, Form 10-K or other filings with the Securities and Exchange Commission. We undertake no obligation to update, amend or clarify this presentation, or any forward-looking statements included herein, whether as a result of new information, future events or otherwise.

Basis of presentation

Reference to a year relates to the fiscal year, ended in February of the year indicated, rather than the calendar year, unless indicated by a specific date. Additionally, Q1, Q2, Q3 and Q4 reference the first, second, third and fourth quarter, respectively, of the fiscal year indicated. All amounts are in millions, except share and per share data, data presented as a percentage, currency exchange rates or as otherwise indicated.

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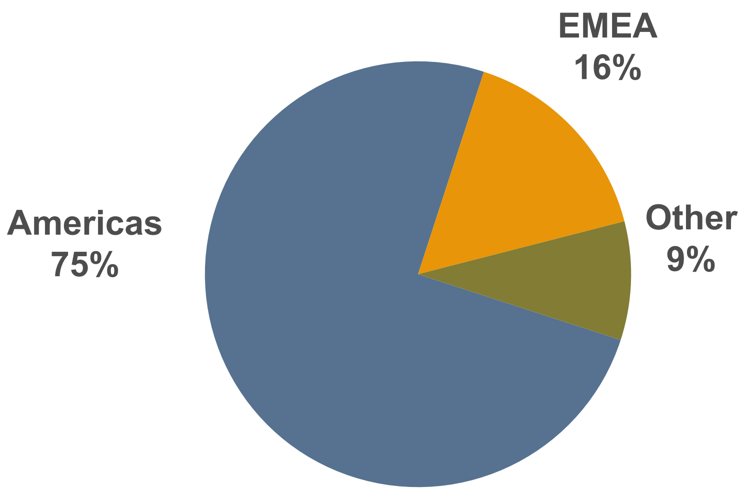
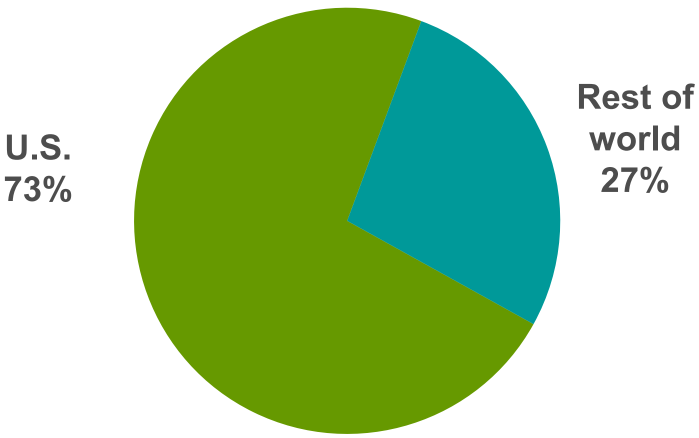
Current quarter revenue mix – Q2 2016

Segment View



Geographic View



BUSINESS SEGMENTS

- The Americas segment serves customers in the U.S., Canada, the Caribbean Islands and Latin America with a portfolio of integrated architecture, furniture and technology products marketed to corporate, government, healthcare, education and retail customers through the Steelcase, Coalesse and Turnstone brands.
- The EMEA segment serves customers in Europe, the Middle East and Africa primarily under the Steelcase and Coalesse brands, with an emphasis on freestanding furniture systems, storage and seating solutions.
- The Other category includes Asia Pacific, Designtex and PolyVision.

Steelcase Inc. highlights – Q2 2016

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	(Unaudited) Three Months Ended				(Unaudited) Three Months Ended	
	August 28, 2015		August 29, 2014		May 29, 2015	
Revenue	$ 819.0	100.0%	$ 786.7	100.0%	$ 705.5	100.0%
Cost of sales	547.9	66.9	536.1	68.1	485.0	68.7
Restructuring costs	4.3	0.5	6.2	0.8	3.9	0.6
Gross profit	266.8	32.6	244.4	31.1	216.6	30.7
Operating expenses	199.7	24.4	191.4	24.4	185.1	26.3
Restructuring costs (benefits)	7.0	0.9	0.2	—	(2.0)	(0.3)
Operating income	60.1	7.3	52.8	6.7	33.5	4.7
Interest expense	(4.3)	(0.5)	(4.4)	(0.6)	(4.4)	(0.6)
Investment income	0.5	0.1	0.5	0.1	0.4	—
Other income, net	2.2	0.2	3.2	0.4	2.0	0.3
Income before income tax expense	58.5	7.1	52.1	6.6	31.5	4.4
Income tax expense	21.3	2.6	21.6	2.7	11.5	1.6
Net income	$ 37.2	4.5%	$ 30.5	3.9%	$ 20.0	2.8%
Diluted earnings per share	$ 0.30		$ 0.24		$ 0.16	

- **Net income** – The increase in net income compared to the prior year was driven by improvements in operating income (despite higher restructuring costs in EMEA) and a lower effective tax rate.

- **Operating income** – Adjusted operating income increased compared to the prior year as a result of strength in the Americas. Benefits associated with organic revenue growth in EMEA were largely offset by higher cost of sales as a percentage of revenue, which was driven by manufacturing and distribution issues in the segment.

  Sequentially, second quarter operating income nearly doubled compared to the first quarter. The impacts of seasonally higher volume across our segments and a favorable shift in business mix and lower material costs in the Americas were reduced in part by manufacturing and distribution issues in EMEA.

- **Other income, net** – The year-over-year decline was primarily due to higher foreign exchange losses in the current quarter.

- **Income tax expense** – Our Q2 2016 effective tax rate was 36.4% compared to the Q2 2015 effective tax rate of 41.5%. The decrease was primarily driven by implementing a new transfer pricing model in EMEA in Q4 2015 in which our U.S. parent company became the principal in a contract manufacturing model with our Steelcase European subsidiaries. This new model generated taxable income for our Steelcase European subsidiaries in the first half of 2016 and allowed for partial utilization of net operating loss carryforwards in Europe which reflected valuation allowances.

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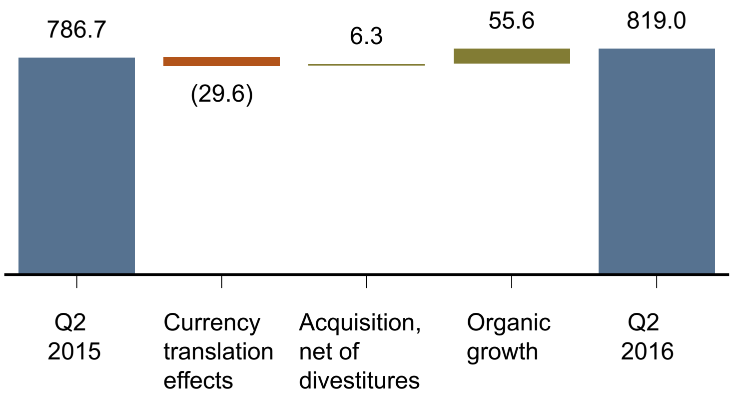
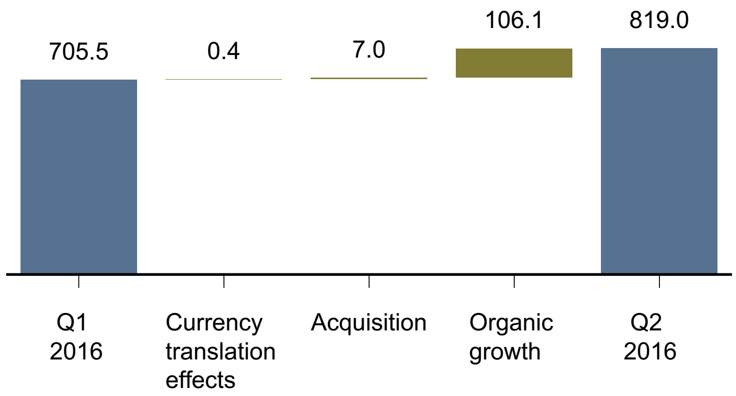
Revenue

Current year quarter over prior year quarter



Sequential quarter over quarter



- **Revenue** – Organic revenue growth was 7% over the prior year quarter. The Americas, EMEA and the Other category posted organic revenue growth of 6%, 17% and 5%, respectively.

  On a sequential quarter basis, the organic revenue growth of 15% was generally in line with our typical business seasonality.

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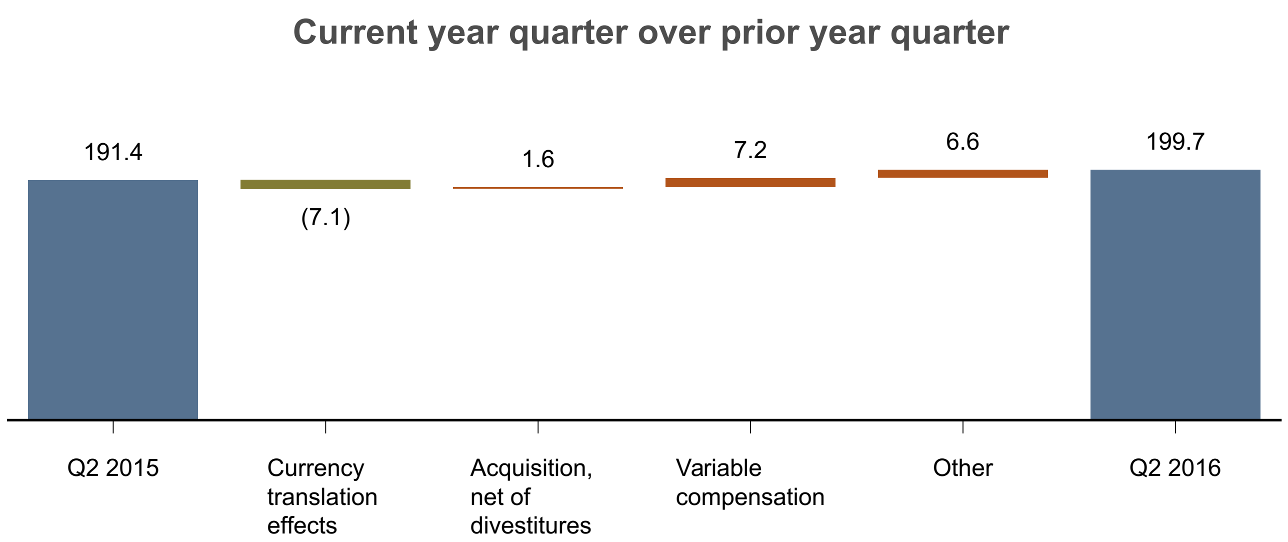
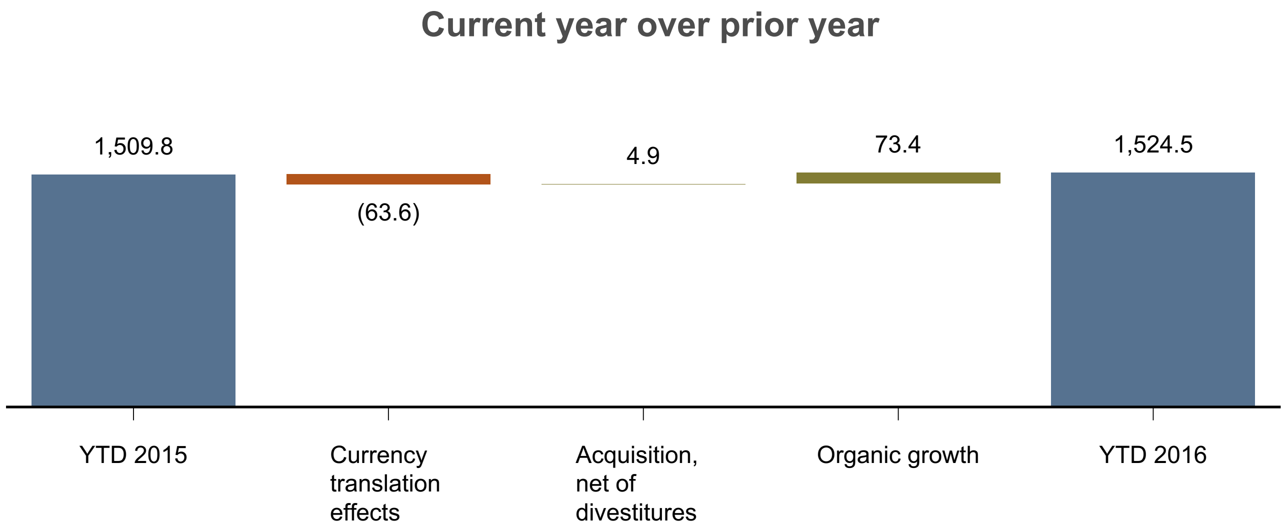
Operating expenses



- **Operating expenses** – After adjusting for currency translation effects and an acquisition, net of divestitures, current quarter expenses increased versus the prior year due to higher variable compensation and increased spending on sales and other initiatives. As a percentage of revenue, operating expenses were consistent with the prior year at 24.4% of sales.

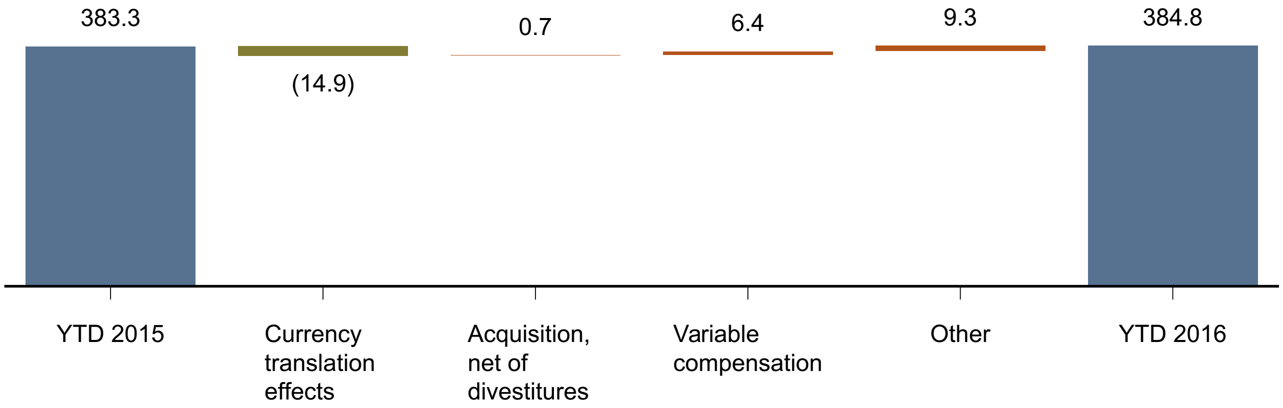
Revenue



- **Revenue** – Year-to-date organic revenue growth was 5% was over the prior year. We realized organic revenue growth of 5% in the Americas, 8% in EMEA and 2% in the Other category.

Operating expenses

Current year over prior year



- **Operating expenses** – After adjusting for currency translation effects and an acquisition, net of divestitures, the year-to-date increase in operating expenses compared to the prior year was driven by higher variable compensation and increased spending on sales and other initiatives.

Quarterly cash flow data (unaudited)

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	August 29, 2014	November 28, 2014	February 27, 2015	May 29, 2015	August 28, 2015
OPERATING ACTIVITIES					
Net income	$ 30.5	$ 11.8	$ 22.8	$ 20.0	$ 37.2
Depreciation and amortization	14.6	14.9	15.7	16.2	16.4
Deferred income taxes	5.1	(26.5)	8.8	24.8	(11.5)
Non-cash restructuring charges	6.4	8.4	6.5	1.9	11.3
Non-cash stock compensation	3.0	2.9	2.9	8.8	5.4
Equity in income of unconsolidated affiliates	(3.7)	(4.2)	(3.6)	(3.3)	(3.3)
Dividends received from unconsolidated affiliates	3.1	2.6	2.7	3.2	3.4
Changes in accounts receivable, inventories and accounts payable	(26.6)	(27.2)	12.4	(13.1)	(24.1)
Changes in employee compensation liabilities	19.9	16.3	26.9	(78.5)	37.4
Changes in assets related to derivative instruments	(3.2)	(6.3)	(12.8)	22.5	0.4
Changes in other operating assets and liabilities	9.1	32.8	(5.8)	(36.9)	16.5
Other, net	(1.8)	(1.8)	0.2	(1.4)	0.4
Net cash provided by (used in) operating activities	56.4	23.7	76.7	(35.8)	89.5
INVESTING ACTIVITIES					
Capital expenditures	(28.5)	(24.7)	(28.5)	(24.2)	(23.2)
Proceeds from disposal of fixed assets	0.1	0.3	0.3	4.1	0.1
Changes in investments, net	10.7	(7.8)	19.0	22.8	(0.5)
Other, net	1.2	(2.6)	(2.6)	(6.5)	(0.1)
Net cash used in investing activities	(16.5)	(34.8)	(11.8)	(3.8)	(23.7)
FINANCING ACTIVITIES					
Dividends paid	(13.0)	(13.0)	(12.9)	(15.1)	(14.0)
Common stock repurchases	(28.4)	(1.0)	(1.0)	(11.5)	(0.4)
Other, net	(0.4)	(0.1)	0.1	1.0	0.8
Net cash used in financing activities	(41.8)	(14.1)	(13.8)	(25.6)	(13.6)
Effect of exchange rate changes on cash and cash equivalents	(0.7)	(1.7)	(3.4)	(0.8)	(1.3)
Net increase (decrease) in cash and cash equivalents	(2.6)	(26.9)	47.7	(66.0)	50.9
Cash and cash equivalents, beginning of period	158.3	155.7	128.8	176.5	110.5
Cash and cash equivalents, end of period	$ 155.7	$ 128.8	$ 176.5	$ 110.5	$ 161.4

Americas segment highlights – Q2 2016

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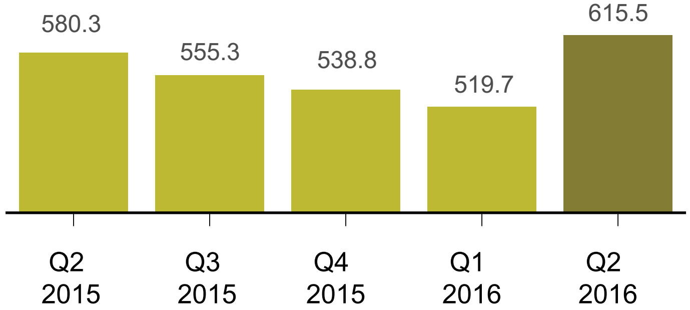
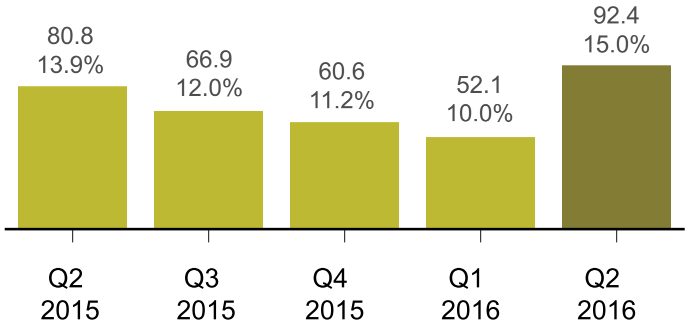
Revenue



Adjusted operating income (% of revenue)

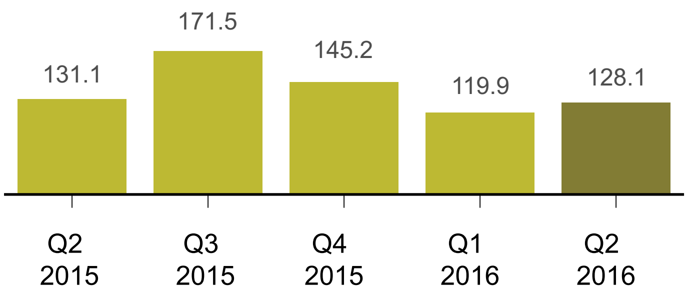


- **Revenue –** Organic revenue growth compared to the prior year was $33.3, or 6% after adjusting for currency translation effects and the impact of an acquisition.
  - **Product categories** – Five out of seven categories grew, led by Furniture, Turnstone and Seating. Technology and Health declined compared to the prior year.
  - **Vertical markets –** Financial Services, Manufacturing, Insurance Services, Technical and Professional and Federal Government experienced strong growth rates, while Energy and Healthcare declined year-over-year.
  - **Geographic regions** – The East Business Group posted strong growth, while the West and South Business Groups declined.
  - **Contract type** – Project business and continuing business had strong growth, while marketing programs declined year-over-year.

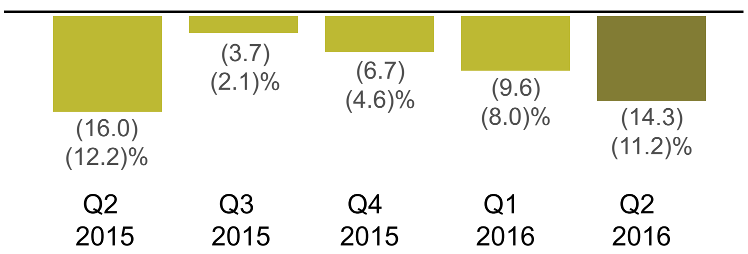
- **Adjusted operating income** – Current quarter adjusted operating income increased compared to the prior year primarily due to improvements in negotiated pricing, lower material, freight and distribution costs, benefits of other cost reduction efforts and operating leverage associated with the revenue growth, partially offset by higher operating expenses.

EMEA segment highlights – Q2 2016

Revenue



Adjusted operating loss (% of revenue)



- **Revenue** – Organic revenue growth compared to the prior year was $18.6 or 17% after adjusting for currency translation effects and two small divestitures. Germany and the United Kingdom posted organic revenue growth, while Africa and France declined and other markets were relatively flat. The strong growth in the current quarter compares to an organic revenue decline in the prior year, which included a number of project orders with extended shipment dates and extended lead times associated with manufacturing disruptions.

- **Adjusted operating loss** – The lower adjusted operating loss compared to Q2 2015 was primarily driven by benefits associated with the organic revenue growth, partially offset by manufacturing and distribution issues which arose during the quarter and lower absorption of fixed costs due to a large project that was manufactured in the first half of the prior year and shipped thereafter. The manufacturing and distribution issues during Q2 2016 related to inconsistent equipment reliability, power outages and a failed sprinkler system at our new facility in the Czech Republic, which resulted in significant incremental costs and labor inefficiencies.

Other category and Corporate highlights – Q2 2016

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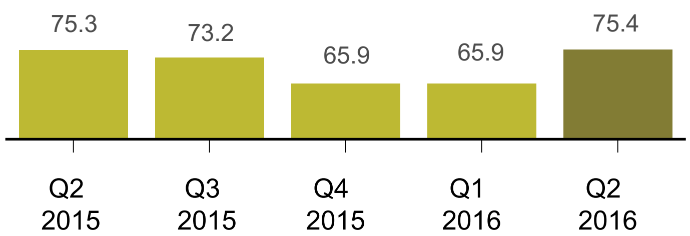
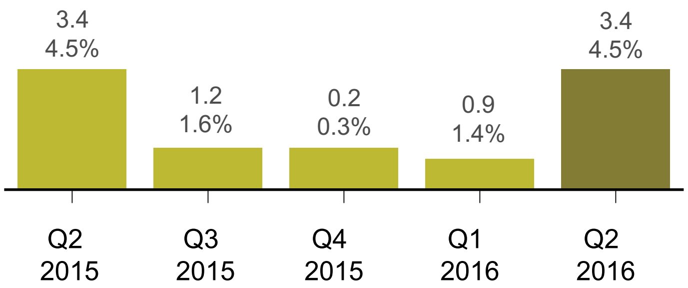
Revenue



Adjusted operating income (% of revenue)



Other
The Other category includes Asia Pacific, Designtex and PolyVision.

- **Revenue** – The organic revenue growth compared to the prior year was $3.7 or 5%. Growth in Asia Pacific and Designtex was offset by a decline at PolyVision.

- **Adjusted operating income** – Q2 2016 adjusted operating income was consistent with the prior year, as improved operating results in Asia Pacific were offset by lower operating income at PolyVision and Designtex.

Corporate

- **Operating loss** – Corporate costs of $10.1 increased from $9.0 in the prior year primarily due to lower income associated with company-owned life insurance (COLI), partially offset by lower deferred compensation expense.

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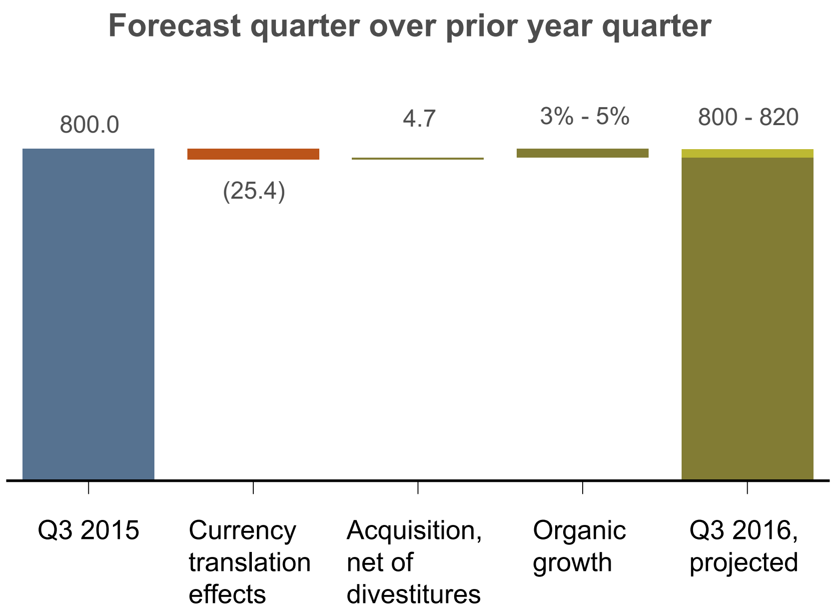
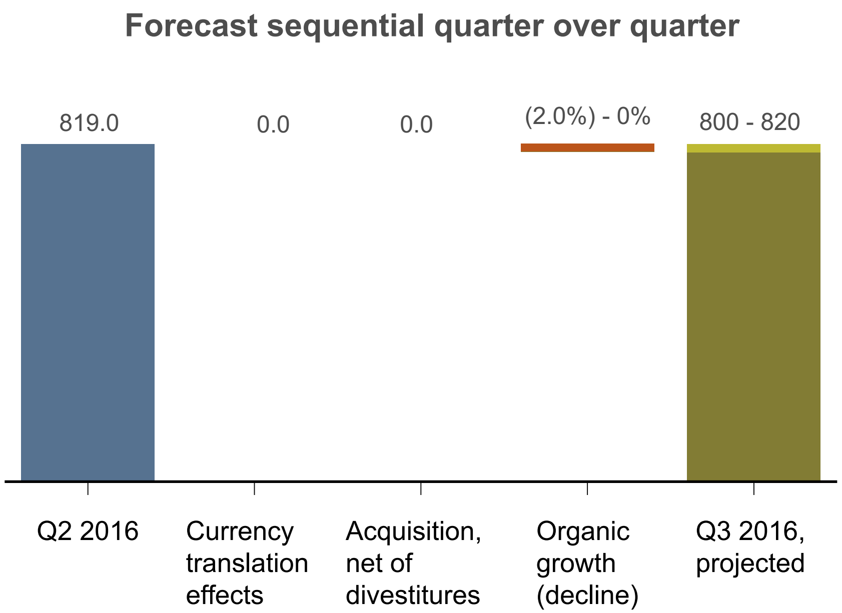
Revenue





Revenue

- Expect Q3 2016 revenue in the range of $800 - $820. We project organic revenue growth in the range of 3% to 5% compared to the prior year. The company reported revenue of $800.0 in Q3 2015.

Net income

- Expect Q3 2016 diluted earnings per share in the range of $0.29 - $0.33. This estimate includes:
  - approximately $0.02 per share of restructuring costs related to previously announced restructuring projects,
  - approximately $5 of operating costs related to disruption costs and inefficiencies associated with the manufacturing footprint changes in EMEA and
  - the anticipated stabilization of our manufacturing and distribution performance in EMEA.
- Expect Q3 2016 adjusted earnings per share in the range of $0.31 - $0.35.
- Reported diluted earnings per share in Q3 2015 were $0.09, and adjusted earnings per share were $0.29.

Costs and Savings Associated with Manufacturing Footprint Changes

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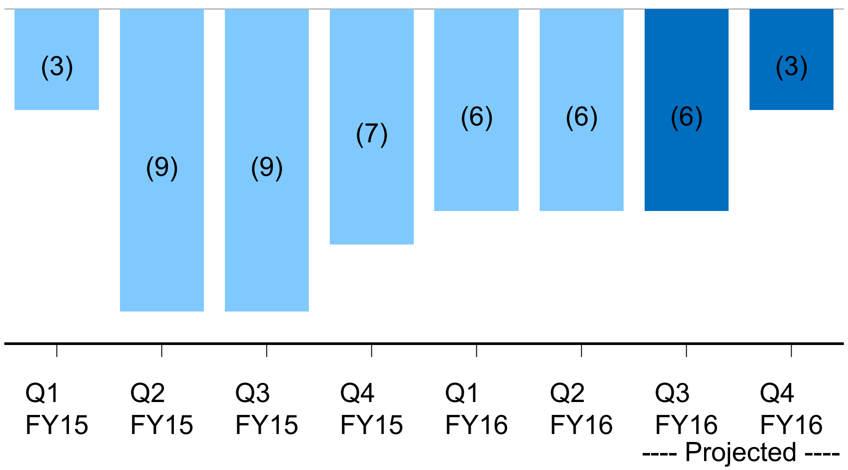
	2014	2015					2016					2017
	Actual	Actual					Actual		Projected			Projected
	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Total
Average EUR/USD Rate	*1.36*	*1.38*	*1.35*	*1.27*	*1.18*	*1.33*	*1.09*	*1.11*	*1.13*	*1.13*	*1.13*	
Restructuring costs												
Wisches, France facility exit	—	—	1	30	2	33	1	1	—	—	2	—
Durlangen, Germany facility closure	1	1	4	6	3	14	2	3	2	1	8	—
Total EMEA segment	1	1	5	36	5	47	3	4	2	1	10	—
High Point, North Carolina facility closure (Americas segment)	—	—	1	1	—	2	1	1	—	1	3	—
Disruption costs & inefficiencies (recorded in cost of sales & operating expenses)												
Wisches, France facility exit	—	—	5	5	3	13	2	2	—	—	4	—
Durlangen, Germany facility closure	4	3	4	4	4	15	4	4	5	2	15	—
Total EMEA segment	4	3	9	9	7	28	6	6	5	2	19	—
High Point, North Carolina facility closure (Americas segment)	—	—	—	—	—	—	—	—	1	1	2	—
Cumulative savings												
Wisches, France facility exit							1	1	2	2	6	10
Durlangen, Germany facility closure							—	—	—	1	1	6
Total EMEA segment							1	1	2	3	7	16
High Point, North Carolina facility closure (Americas segment)							—	—	1	1	2	5

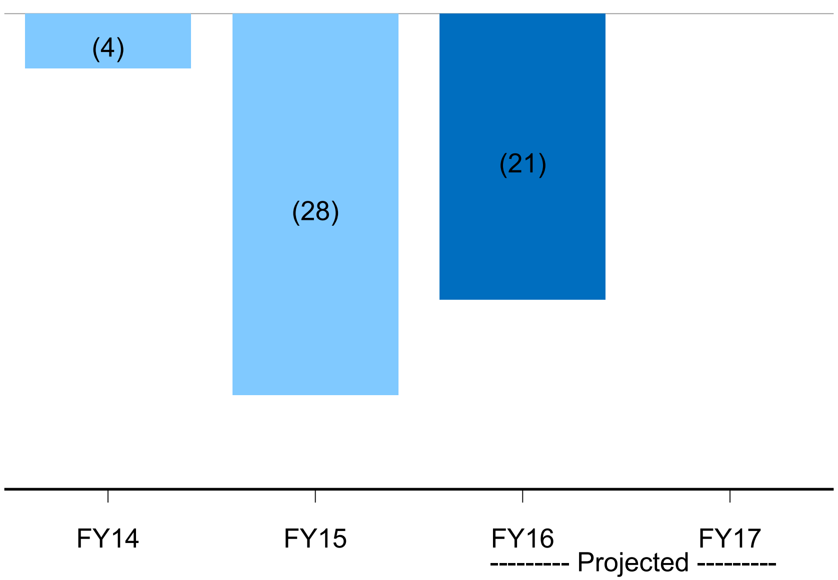
Notes

- Disruption costs and inefficiencies (recorded in cost of sales) include labor premiums paid to employees during transition periods and labor inefficiencies caused by work stoppages or slowdowns resulting from restructuring activities. They also include incremental logistics costs caused by split shipments (linked to labor inefficiencies) and interim supply chains during production moves as well as employee overlap, change management, recruitment and other project expenses. Lastly, these costs include duplicate labor and overhead at the new Czech Republic facility and other plants impacted by production moves. We believe these costs are temporary and will be eliminated from our cost structure once the manufacturing changes are complete and the industrial model returns to normal levels of operating efficiency.
- All projected amounts are based on a Euro to U.S. dollar exchange rate assumption of 1.13.
- Durlangen, Germany facility closure expected to be completed by end of Q4 2016.
- Remaining restructuring and disruption costs for High Point, North Carolina facility closure expected to occur in 2016.

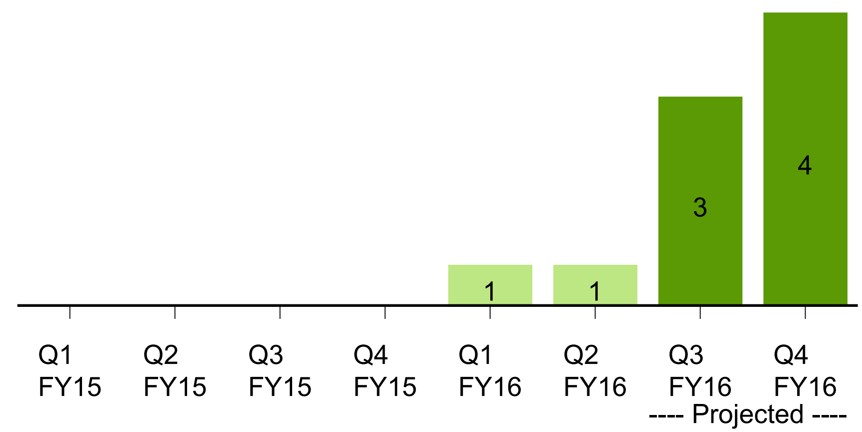
Costs and Savings Associated with Manufacturing Footprint Changes (Continued)

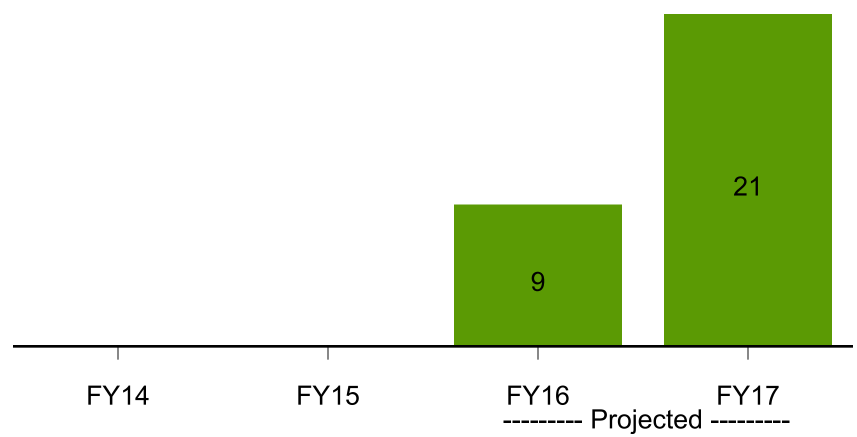
Disruption costs and inefficiencies





Cumulative savings





Supplemental Slides

Non-GAAP financial measures

These webcast slides contain 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 statements of income, balance sheets or statements of cash flow 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 these webcast slides are: (1) organic revenue growth (decline), which represents the change in revenue excluding currency translation effects and the impacts of acquisitions and divestitures; (2) adjusted operating income (loss), which represents operating income (loss), excluding restructuring costs (benefits); and (3) adjusted earnings per share, which represents earnings per share, excluding restructuring costs (benefits), net of tax. 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.

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Reconciliation of non–GAAP measures – organic growth (decline) and adjusted earnings per share

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YEAR OVER YEAR ORGANIC REVENUE GROWTH BY SEGMENT

Q2 2016 vs. Q2 2015

	Steelcase Inc.	Americas	EMEA	Other category
Q2 2015 revenue	$ 786.7	$ 580.3	$ 131.1	$ 75.3
Divestitures	(0.7)	—	(0.7)	—
Currency translation effects*	(29.6)	(5.1)	(20.9)	(3.6)
Q2 2015 revenue, adjusted	756.4	575.2	109.5	71.7
Q2 2016 revenue	819.0	615.5	128.1	75.4
Acquisition	(7.0)	(7.0)	—	—
Q2 2016 revenue, adjusted	$ 812.0	$ 608.5	$ 128.1	$ 75.4
Organic growth $	$ 55.6	$ 33.3	$ 18.6	$ 3.7
Organic growth %	7%	6%	17%	5%

SEQUENTIAL ORGANIC REVENUE GROWTH BY SEGMENT

Q2 2016 vs. Q1 2016

	Steelcase Inc.	Americas	EMEA	Other category
Q1 2016 revenue	$ 705.5	$ 519.7	$ 119.9	$ 65.9
Currency translation effects*	0.4	(1.0)	1.7	(0.3)
Q1 2016 revenue, adjusted	705.9	518.7	121.6	65.6
Q2 2016 revenue, reported	819.0	615.5	128.1	75.4
Acquisition	(7.0)	(7.0)	—	—
Q2 2016 revenue, adjusted	$ 812.0	$ 608.5	$ 128.1	$ 75.4
Organic growth $	$ 106.1	$ 89.8	$ 6.5	$ 9.8
Organic growth %	15%	17%	5%	15%

PROJECTED ORGANIC REVENUE GROWTH

	Year over year Q3 2016 vs. Q3 2015	Sequential Q3 2016 vs. Q2 2016
Prior quarter revenue	$ 800.0	$ 819.0
Currency translation effects**	(25.4)	—
Divestitures	(1.1)	—
Prior quarter revenue, adjusted	773.5	819.0
Q3 2016 revenue, projected	800 - 820	800 - 820
Acquisition	(5.8)	—
Q3 2016 projected revenue, adjusted	794 - 814	800 - 820
Organic growth decline $	21 - 41	(19) - 1
Organic growth (decline) %	3% - 5%	(2%) - 0%

ADJUSTED EARNINGS PER SHARE

	Q2 2016
Diluted earnings per share	$ 0.30
Restructuring costs per share, net of tax	0.05
Diluted earnings per share, adjusted	$ 0.35

PROJECTED ADJUSTED EARNINGS PER SHARE
Q3 2016 vs. Q3 2015

	Projected Q3 2016	Q3 2015
Diluted earnings per share	$ 0.29 - 0.33	$ 0.09
Restructuring costs per share, net of tax	0.02	0.20
Diluted earnings per share, adjusted	$ 0.31 - 0.35	$ 0.29

* Currency translation effects represent the estimated net effect of translating prior quarter foreign currency revenues using the average exchange rates during the current quarter.
** Currency translation effects represent the estimated net effect of translating prior quarter foreign currency revenues using the exchange rates at the end of the most recent quarter.

Reconciliation of non–GAAP measures – organic growth

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YEAR OVER YEAR ORGANIC REVENUE GROWTH BY SEGMENT

YTD 2016 vs. YTD 2015

	Steelcase Inc.	Americas	EMEA	Other category
Year-to-date 2015 revenue	$ 1,509.8	$ 1,086.6	$ 278.7	$ 144.5
Divestitures	(2.1)	—	(2.1)	—
Currency translation effects*	(63.6)	(9.0)	(48.0)	(6.6)
Year-to-date 2015 revenue, adjusted	1,444.1	1,077.6	228.6	137.9
Year-to-date 2016 revenue	1,524.5	1,135.2	248.0	141.3
Acquisition	(7.0)	(7.0)	—	—
Year-to-date 2016 revenue, adjusted	1,517.5	1,128.2	248.0	141.3
Organic growth $	$ 73.4	$ 50.6	$ 19.4	$ 3.4
Organic growth %	5%	5%	8%	2%

* Currency translation effects represent the estimated net effect of translating YTD 2015 foreign currency revenues using the average exchange rates during YTD 2016.

Reconciliation of non–GAAP measures – adjusted operating income (loss) ($ and % of revenue)

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Steelcase Inc.	Q2 2015		Q3 2015		Q4 2015		Q1 2016		Q2 2016	
	$	%	$	%	$	%	$	%	$	%
Operating income	$ 52.8	6.7 %	$ 18.7	2.3 %	$ 37.0	4.9 %	$ 33.5	4.7 %	$ 60.1	7.3 %
Add: restructuring costs	6.4	0.8	37.4	4.7	6.5	0.9	1.9	0.3	11.3	1.4
Adjusted operating income	$ 59.2	7.5 %	$ 56.1	7.0 %	$ 43.5	5.8 %	$ 35.4	5.0 %	$ 71.4	8.7 %

Americas	Q2 2015		Q3 2015		Q4 2015		Q1 2016		Q2 2016	
	$	%	$	%	$	%	$	%	$	%
Operating income	$ 80.1	13.8 %	$ 66.8	12.0 %	$ 59.8	11.1 %	$ 54.1	10.4 %	$ 91.7	14.9 %
Add: restructuring costs (benefits)	0.7	0.1	0.1	—	0.8	0.1	(2.0)	(0.4)	0.7	0.1
Adjusted operating income	$ 80.8	13.9 %	$ 66.9	12.0 %	$ 60.6	11.2 %	$ 52.1	10.0 %	$ 92.4	15.0 %

EMEA	Q2 2015		Q3 2015		Q4 2015		Q1 2016		Q2 2016	
	$	%	$	%	$	%	$	%	$	%
Operating loss	$ (21.7)	(16.6)%	$ (41.0)	(23.9)%	$ (12.4)	(8.6)%	$ (13.5)	(11.3)%	$ (24.9)	(19.5)%
Add: restructuring costs	5.7	4.4	37.3	21.8	5.7	4.0	3.9	3.3	10.6	8.3
Adjusted operating loss	$ (16.0)	(12.2)%	$ (3.7)	(2.1)%	$ (6.7)	(4.6)%	$ (9.6)	(8.0)%	$ (14.3)	(11.2)%

Other category	Q2 2015		Q3 2015		Q4 2015		Q1 2016		Q2 2016	
	$	%	$	%	$	%	$	%	$	%
Operating income	$ 3.4	4.5 %	$ 1.2	1.6 %	$ 0.2	0.3 %	$ 0.9	1.4 %	$ 3.4	4.5 %
Add: restructuring costs	—	—	—	—	—	—	—	—	—	—
Adjusted operating income	$ 3.4	4.5 %	$ 1.2	1.6 %	$ 0.2	0.3 %	$ 0.9	1.4 %	$ 3.4	4.5 %