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NYSE: SCS



steelcase inc

June 21, 2012

FIRST QUARTER FISCAL 2013 RESULTS

Quarter ended May 25, 2012

WEBCAST

Thursday, June 21, 2012

steelcase inc

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.

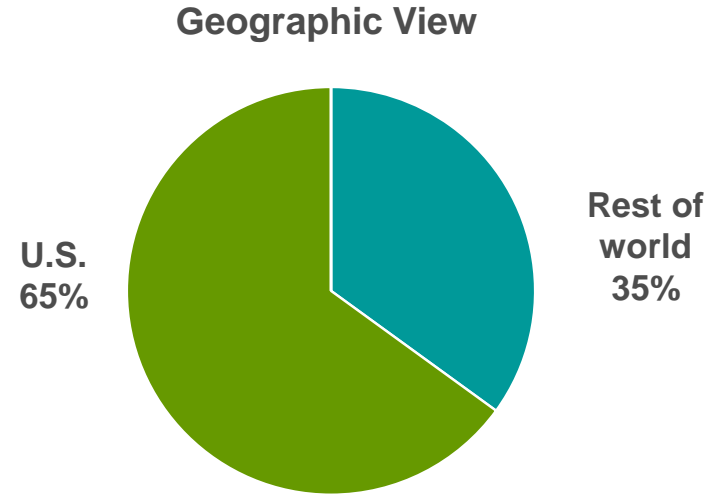
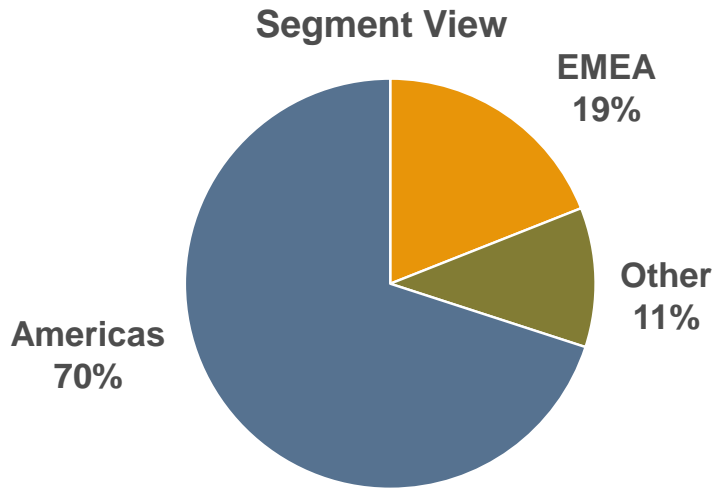
Updating of information

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 The information contained in this presentation is provided as of the date stated on the cover and may be superseded by information disclosed in our subsequent Form 10-Q, Form 10-K or other filings with the Securities and Exchange Commission.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 or as otherwise indicated.

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BUSINESS SEGMENTS

- The Americas segment serves customers in the U.S., Canada 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, Turnstone, Details and Nurture by Steelcase brands.
- The EMEA segment serves customers in Europe, the Middle East and Africa primarily under the Steelcase brand, with an emphasis on freestanding furniture systems, storage and seating solutions.
- The Other category includes Asia Pacific, PolyVision and Designtex.

	(Unaudited)				(Unaudited)	
	Three Months Ended				Three Months Ended	
	May 25, 2012		May 27, 2011		February 24, 2012	
Revenue	\$ 675.2	100.0%	\$ 639.4	100.0%	\$ 690.2	100.0%
Cost of sales	474.1	70.2	446.3	69.8	483.1	70.0
Restructuring costs	<u>5.1</u>	<u>0.8</u>	<u>10.0</u>	<u>1.6</u>	<u>1.5</u>	<u>0.2</u>
Gross profit	196.0	29.0	183.1	28.6	205.6	29.8
Operating expenses	176.7	26.2	168.2	26.3	184.1	26.7
Restructuring costs	<u>0.0</u>	<u>0.0</u>	<u>(0.1)</u>	<u>(0.0)</u>	<u>3.0</u>	<u>0.4</u>
Operating income	19.3	2.8	15.0	2.3	18.5	2.7
Interest expense	(4.5)	(0.7)	(8.4)	(1.3)	(5.5)	(0.8)
Investment income	1.1	0.2	3.0	0.5	5.5	0.8
Other income, net	<u>3.8</u>	<u>0.6</u>	<u>1.9</u>	<u>0.3</u>	<u>2.1</u>	<u>0.3</u>
Income before income taxes	19.7	2.9	11.5	1.8	20.6	3.0
Income tax expense	<u>6.5</u>	<u>0.9</u>	<u>4.0</u>	<u>0.6</u>	<u>5.7</u>	<u>0.8</u>
Net income	<u>\$ 13.2</u>	<u>2.0%</u>	<u>\$ 7.5</u>	<u>1.2%</u>	<u>\$ 14.9</u>	<u>2.2%</u>
Basic earnings per share	\$ 0.10		\$ 0.06		\$ 0.11	

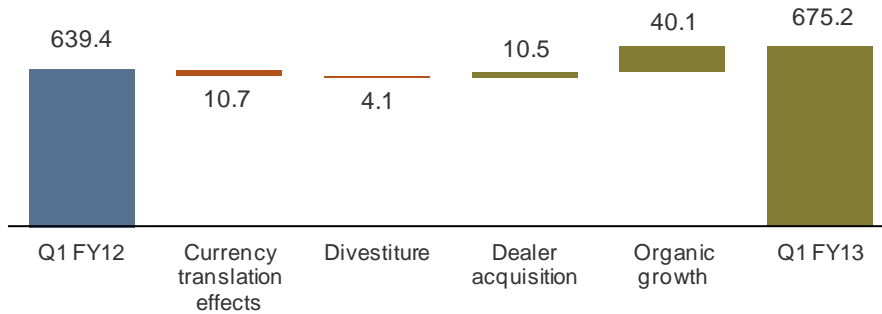
- **Net income** – We reported net income of \$13.2, or \$0.10 per share in Q1 2013, which included pre-tax restructuring costs of \$5.1 (\$4.5 of which was associated with the North America plant closures announced in Q4 2011). Excluding restructuring costs of \$0.03 per share, adjusted earnings per share equaled \$0.13.
- **Operating income** – Current quarter operating income of \$19.3 compares to prior year operating income of \$15.0. Current quarter results include \$5.1 of restructuring costs compared to \$9.9 of restructuring costs in the prior year. Excluding restructuring costs, adjusted operating income of \$24.4 was relatively flat compared to the prior year. Strength in the Americas was offset by weakness in EMEA and the Other category.

Sequentially, reported operating income increased \$0.8 and adjusted operating income increased \$1.4. The sequential comparison was favorably impacted by lower spending on product development and other initiatives in the first quarter, lower charges related to inventory and warranty reserves and net savings in the first quarter (compared to net costs in the fourth quarter) associated with our North America plant consolidations. These items were offset in part by lower revenue compared to the fourth quarter.

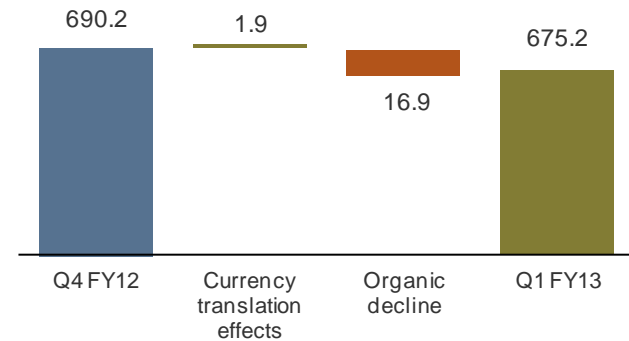
- **Interest expense, investment income, and income tax expense** – Interest expense in the prior year included \$4.1 of interest associated with senior notes repaid during August 2011. Investment income decreased due to lower gains in the cash surrender value of variable life company-owned life insurance policies. Other income, net increased due primarily to a \$2.1 gain recognized on the sale of a small equity investment.

Revenue

Current year quarter over prior year quarter

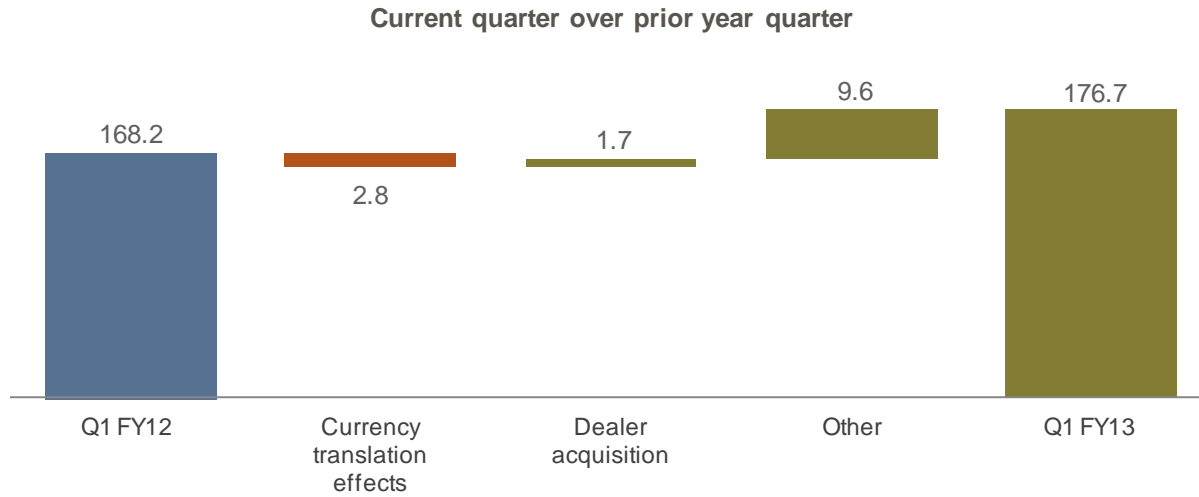


Sequential quarter over quarter



- Revenue** – Revenue increased \$35.8 or 5.6% in Q1 2013 compared to Q1 2012. The revenue comparison to the prior year was negatively impacted by \$10.7 of unfavorable currency translation effects and \$4.1 from a small division of PolyVision divested during Q3 2012. These fluctuations were offset by \$10.5 of revenue related to a dealer acquired in Q1 2012. After adjusting for these impacts, organic revenue growth was \$40.1 or 6%. We realized organic revenue growth of 14% in the Americas while EMEA experienced an 11% organic decline.
- On a sequential quarter basis, Q1 2013 revenue decreased \$15.0 or 2.2% compared to Q4 2012. After adjusting for favorable currency translation effects of \$1.9, the organic revenue decline was \$16.9 or 2%.

Operating expenses



- Operating expenses** – Current quarter operating expenses of \$176.7 represent an increase of \$8.5 compared to the prior year operating expenses of \$168.2. The quarter over quarter comparison included favorable currency translation effects of \$2.8 and \$1.7 of operating expenses related to a dealer acquired in Q1 2012. The remaining increase of \$9.6 over the prior year primarily related to increased spending on sales, product development and other initiatives in the Americas and Asia Pacific.

Quarterly cash flow data (unaudited)

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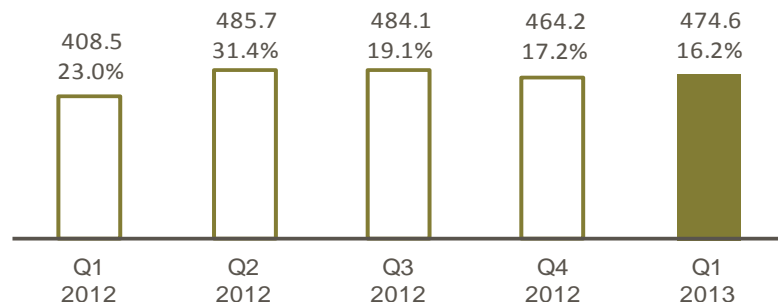
	<u>May 27,</u> <u>2011</u>	<u>August 26,</u> <u>2011</u>	<u>November 25,</u> <u>2011</u>	<u>February 24,</u> <u>2012</u>	<u>May 25,</u> <u>2012</u>
OPERATING ACTIVITIES					
Net income	\$ 7.5	\$ 11.9	\$ 22.4	\$ 14.9	\$ 13.2
Depreciation and amortization	14.0	13.6	14.1	14.7	13.6
Changes in cash surrender value of company-owned life insurance	(2.8)	3.7	-	(5.4)	(1.7)
Changes in deferred income taxes	5.4	(8.3)	6.7	9.8	8.0
Loss on disposal and fixed asset impairment	0.8	2.6	0.3	0.9	1.0
Changes in accounts receivable, net, inventories and accounts payable	(19.7)	(2.7)	(25.0)	36.3	(32.7)
Changes in employee compensation liabilities	(37.9)	(0.2)	14.1	(8.5)	(36.7)
Changes in other operating assets and liabilities	(21.0)	0.2	15.8	(18.1)	(9.2)
Other, net	17.0	15.2	4.8	4.6	7.6
Net cash provided by (used in) operating activities	<u>(36.7)</u>	<u>36.0</u>	<u>53.2</u>	<u>49.2</u>	<u>(36.9)</u>
INVESTING ACTIVITIES					
Capital expenditures	(18.1)*	(10.9)	(20.0)*	(15.9)	(10.1)
Changes in investments, net	33.6	264.6	0.2	(28.1)	26.8
Proceeds from the disposal of fixed assets	-	0.4	7.7	3.6	14.1**
Acquisitions, net of divestiture	(17.9)	1.5	(1.8)	(0.4)	-
Other, net	1.6	1.5	(0.2)	1.8	0.1
Net cash provided by (used in) investing activities	<u>(0.8)</u>	<u>257.1</u>	<u>(14.1)</u>	<u>(39.0)</u>	<u>30.9</u>
FINANCING ACTIVITIES					
Borrowings of long-term debt, net of issuance costs	-	-	-	0.2	0.2
Repayments of long-term debt	(3.2)	(250.0)***	(2.3)	-	(0.7)
Dividends paid	(8.0)	(8.0)	(7.9)	(7.8)	(11.6)
Common stock repurchases	(11.5)	(11.6)	(17.9)	(6.7)	(11.8)
Other, net	(0.7)	(0.5)	1.5	0.1	-
Net cash used in financing activities	<u>(23.4)</u>	<u>(270.1)</u>	<u>(26.6)</u>	<u>(14.2)</u>	<u>(23.9)</u>
Effect of exchange rate changes on cash and cash equivalents	0.9	(0.8)	(2.0)	1.2	(1.7)
Net increase (decrease) in cash and cash equivalents	(60.0)	22.2	10.5	(2.8)	(31.6)
Cash and cash equivalents, beginning of period	142.2	82.2	104.4	114.9	112.1
Cash and cash equivalents, end of period	<u>\$ 82.2</u>	<u>\$ 104.4</u>	<u>\$ 114.9</u>	<u>\$ 112.1</u>	<u>\$ 80.5</u>

*Q1 & Q3 2012 capital expenditures include \$9 and \$11, respectively, of progress payments on a replacement corporate aircraft of which we took delivery in November 2011.

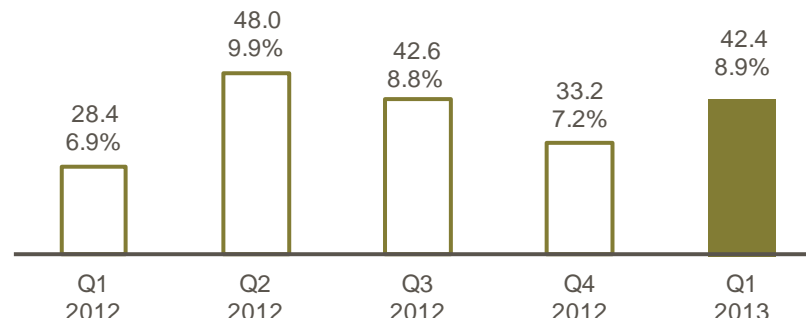
** Q1 2013 proceeds from the disposal of fixed assets included \$13.7 related to the sale of a corporate aircraft.

*** During Q4 2011, we issued \$250 of 6.375% unsecured unsubordinated senior notes, due in February 2021 ("2021 Notes"). The net proceeds from the 2021 Notes, together with available cash on hand, were used to repay the outstanding \$250 aggregate principal amount of our 6.5% senior notes due August 15, 2011.

Revenue
(% change versus prior year)



Adjusted operating income
(% of revenue)

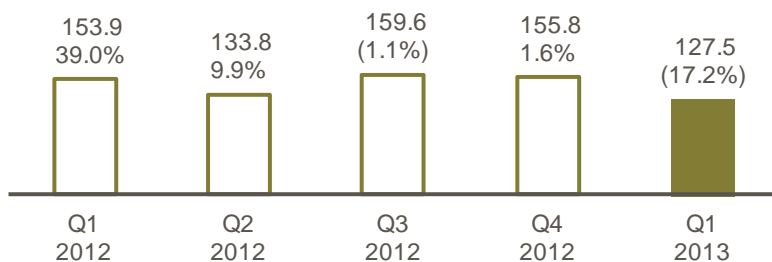


- Operating income** – Current quarter operating income of \$37.7 represents an increase of \$16.6 compared to prior year operating income of \$21.1. Current quarter results included \$4.7 of restructuring costs compared to \$7.3 in the prior year. Excluding restructuring costs, adjusted operating income increased \$14.0 due to operating leverage from organic revenue growth (including benefits of improved pricing), offset in part by higher spending on sales, product development and other initiatives, approximately \$4 of higher commodity costs and a higher mix of business from some of our largest corporate customers (which was somewhat offset by a lower mix of federal government business in the U.S.).
- Revenue** – Americas revenue increased \$66.1 or 16.2% in Q1 2013 compared to Q1 2012. After adjusting for \$10.5 from a dealer acquired in Q1 2012 and \$0.6 of unfavorable currency translation effects, organic revenue growth was \$56.2 or 14%.

 - Product categories** – All product categories experienced growth in Q1, with notable strength in Wood, Details, Technology and Furniture.
 - Vertical markets** – Outside of Federal Government and Financial Services, all tracked vertical markets experienced growth with notable strength in the Energy, Insurance and Information Technology sectors.
 - Geographic regions** – Growth was fairly broad based across our sales regions with only a few markets reporting declines.
 - Contract type** – All quote types reported revenue growth, but project business was the strongest.

EMEA segment highlights – Q1 2013

Revenue (% change versus prior year)



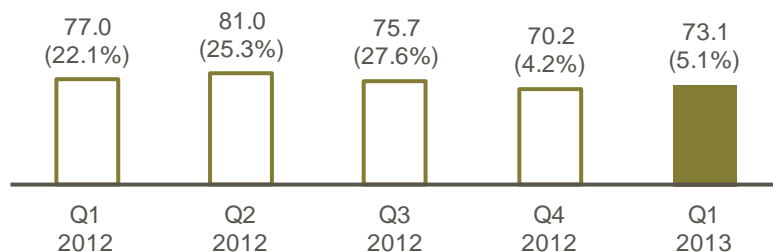
Adjusted operating income (loss) (% of revenue)



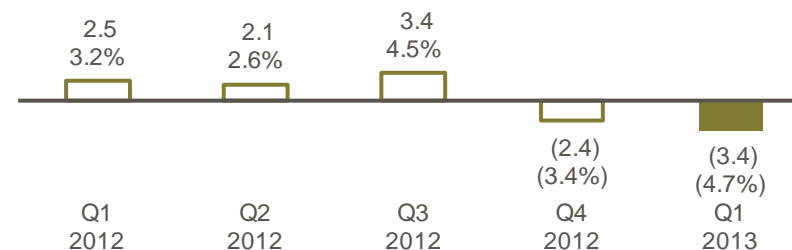
- Operating income (loss)** – Current quarter operating loss of \$8.0 represents a decrease of \$7.9 compared to the prior year operating loss of \$0.1. Current year results include \$0.4 of restructuring costs compared to \$2.7 of restructuring costs in the prior year. Excluding restructuring costs, adjusted operating income declined \$10.2. The decline was driven by lower volume, a higher mix of project business and higher employee costs.
- Revenue** – EMEA revenue decreased \$26.4 or 17.2% in Q1 2013 compared to Q1 2012. After adjusting for unfavorable currency translation effects of \$10.2, organic revenue declined by \$16.2 or 11%. Spain and Germany experienced the most significant revenue declines.

Other category highlights – Q1 2013

Revenue (% change versus prior year)



Adjusted operating income (% of revenue)

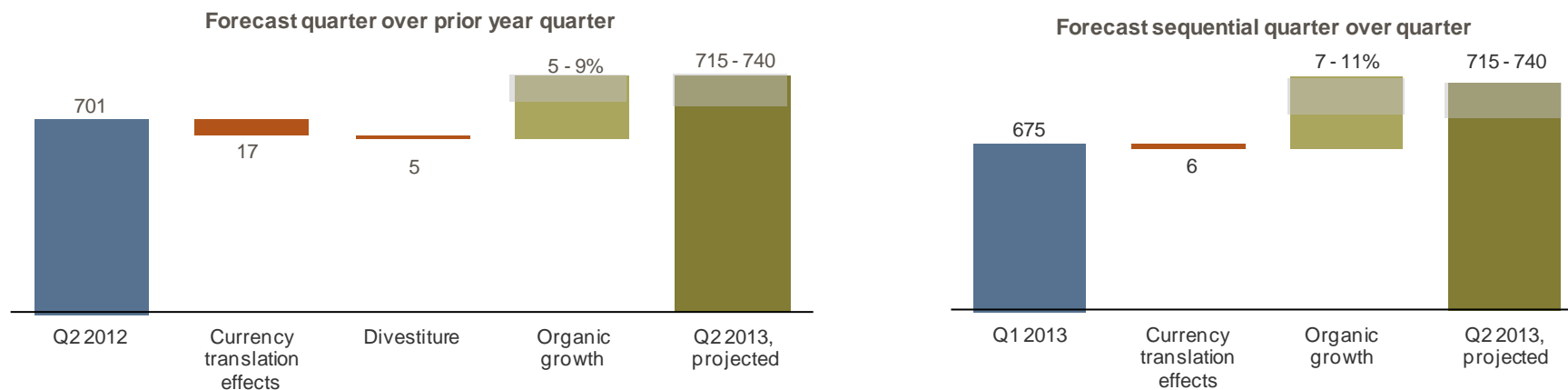


Other

Our Other category includes Asia Pacific, PolyVision and Designtex.

- **Operating income** – Current quarter operating loss of \$3.4 represents a decrease of \$6.0 compared to prior year operating income of \$2.6. Current year results include no restructuring compared to \$0.1 of restructuring benefits in the prior year. Excluding restructuring, adjusted operating results declined in the Other category by \$5.9 primarily due to lower operating results from PolyVision and Asia Pacific.
- **Revenue** – Q1 2013 revenue decreased \$3.9 or 5.1% compared to the prior year, largely due to a small divestiture at PolyVision. Strength in Asia Pacific was largely offset by a decline in PolyVision.

Revenue



Net income

Expect Q2 2013 net income in the range of \$0.16 - \$0.20 per share including restructuring costs of approximately \$0.02 per share after-tax.

- Reported net income in the prior year was \$0.09 per share including restructuring costs of approximately \$0.06 per share.

Revenue

Expect Q2 2013 revenue in the range of \$715 - \$740. Adjusted for the items below, we project organic revenue growth in the range of 5% to 9% compared to the prior year.

- Q2 2012 included \$5 of revenue from a small division at PolyVision divested during 2012.
- This revenue estimate is based on a euro to U.S. dollar exchange rate assumption of 1.26, which compares to an average exchange rate of 1.31 in the first quarter of fiscal 2013 and 1.43 in the second quarter of fiscal 2012. This and other currency assumptions included in our second quarter revenue estimate are expected to have negative effects on the year-over-year comparison of approximately \$17 and on the sequential comparison of approximately \$6.

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 over the prior year excluding currency translation effects and the impacts of acquisitions and divestitures; (2) adjusted operating income (loss), which represents operating income (loss), excluding restructuring costs; and (3) adjusted earnings per share, which represents earnings per share, excluding restructuring costs, 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.

Reconciliation of non - GAAP measures – organic growth

Year over year organic revenue growth by segment

Q1 2013 vs. Q1 2012

	Steelcase Inc.	Americas	EMEA	Other category
Q1 2012 revenue, reported	\$ 639.4	\$ 408.5	\$ 153.9	\$ 77.0
Divestiture	(4.1)	-	-	(4.1)
Currency translation effects*	(10.7)	(0.6)	(10.2)	0.1
Adjusted Q1 2012 revenue	624.6	407.9	143.7	73.0
Q1 2013 revenue, reported	675.2	474.6	127.5	73.1
Dealer acquisition	(10.5)	(10.5)	-	-
Adjusted Q1 2013 revenue	664.7	464.1	127.5	73.1
Organic growth (decline) \$	\$ 40.1	\$ 56.2	\$ (16.2)	\$ 0.1
Organic growth (decline) %	6%	14%	(11%)	0%

Sequential organic revenue growth (decline)

Q1 2013 vs. Q4 2012

	Steelcase Inc.	Americas	EMEA	Other category
Q4 2012 revenue, reported	\$ 690.2	\$ 464.2	\$ 155.8	\$ 70.2
Currency translation effects*	1.9	0.6	1.2	0.1
Adjusted Q4 2012 revenue	692.1	464.8	157.0	70.3
Q1 2013 revenue, reported	675.2	474.6	127.5	73.1
Organic growth (decline) \$	\$ (16.9)	\$ 9.8	\$ (29.5)	\$ 2.8
Organic growth (decline) %	(2%)	2%	(19%)	4%

Projected organic revenue growth

	Year over year	Sequential
	Q2 2013 vs. Q2 2012	Q2 2013 vs. Q1 2013
Prior quarter revenue, reported	\$ 701	\$ 675
Divestiture	(5)	-
Currency translation effects**	(17)	(6)
Adjusted prior quarter revenue	679	669
Q2 2013 revenue, projected	715 - 740	715 - 740
Organic growth (decline) \$	\$ 36 - 61	46 - 71
Organic growth (decline) %	5% - 9%	7% - 11%

* Currency translation effects represent the estimated net effect of translating prior quarter foreign currency revenues using the average exchange rate during the current quarter.

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

Reconciliation of non - GAAP measures – adjusted operating income (loss) (\$ and % of revenue) and adjusted earnings per share

Steelcase Inc.	Q1 2012		Q2 2012		Q3 2012		Q4 2012		Q1 2013	
	\$	%	\$	%	\$	%	\$	%	\$	%
Operating income (loss)	\$ 15.0	2.3%	\$ 25.4	3.6%	\$ 38.2	5.3%	\$ 18.5	2.7%	\$ 19.3	2.8%
Add: restructuring costs	9.9	1.6%	12.3	1.8%	3.8	0.5%	4.5	0.6%	5.1	0.8%
Adjusted operating income	\$ 24.9	3.9%	\$ 37.7	5.4%	\$ 42.0	5.8%	\$ 23.0	3.3%	\$ 24.4	3.6%

Americas segment	Q1 2012		Q2 2012		Q3 2012		Q4 2012		Q1 2013	
	\$	%	\$	%	\$	%	\$	%	\$	%
Operating income	\$ 21.1	5.1%	\$ 42.8	8.8%	\$ 39.2	8.1%	\$ 27.4	5.9%	\$ 37.7	7.9%
Add: restructuring costs	7.3	1.8%	5.2	1.1%	3.4	0.7%	5.8	1.3%	4.7	1.0%
Adjusted operating income	\$ 28.4	6.9%	\$ 48.0	9.9%	\$ 42.6	8.8%	\$ 33.2	7.2%	\$ 42.4	8.9%

EMEA segment	Q1 2012		Q2 2012		Q3 2012		Q4 2012		Q1 2013	
	\$	%	\$	%	\$	%	\$	%	\$	%
Operating income (loss)	\$ (0.1)	(0.1%)	\$ (13.8)	(10.3%)	\$ 4.4	2.8%	\$ 1.7	1.1%	\$ (8.0)	(6.3%)
Add: restructuring costs	2.7	1.8%	5.9	4.4%	0.6	0.3%	(1.2)	(0.8%)	0.4	0.3%
Adjusted operating income (loss)	\$ 2.6	1.7%	\$ (7.9)	(5.9%)	\$ 5.0	3.1%	\$ 0.5	0.3%	\$ (7.6)	(6.0%)

Other category	Q1 2012		Q2 2012		Q3 2012		Q4 2012		Q1 2013	
	\$	%	\$	%	\$	%	\$	%	\$	%
Operating income (loss)	\$ 2.6	3.3%	\$ 0.9	1.1%	\$ 3.6	4.8%	\$ (2.3)	(3.3%)	\$ (3.4)	(4.7%)
Add: restructuring costs	(0.1)	(0.1%)	1.2	1.5%	(0.2)	(0.3%)	(0.1)	(0.1%)	-	0.0%
Adjusted operating income (loss)	\$ 2.5	3.2%	\$ 2.1	2.6%	\$ 3.4	4.5%	\$ (2.4)	(3.4%)	\$ (3.4)	(4.7%)

Steelcase Inc.

Adjusted earnings per share

	Q1 2013
Earnings per share, reported	\$ 0.10
Restructuring costs, net of tax, per share	0.03
Adjusted earnings per share	\$ 0.13