

Leggett & Platt (NYSE: LEG) is a diversified manufacturer that conceives, designs and produces a broad variety of engineered components and products that can be found in most homes and automobiles. The 135-year-old company is comprised of 14 business units, 22,000 employee-partners, and 120 manufacturing facilities located in 18 countries.

Leggett & Platt is the leading U.S. manufacturer of : a) bedding components; b) automotive seat support and lumbar systems; c) components for home furniture and work furniture; d) carpet cushion; e) adjustable beds; f) high-carbon drawn steel wire; and g) bedding industry machinery.

STRATEGY:

- Total Shareholder Return (TSR) is our primary financial objective. [TSR=(Change in Stock Price + Dividends) / Beginning Stock Price]
- Goal is TSR in the top third of S&P 500
- TSR derived from: 1) revenue growth, 2) margin improvement, 3) dividend yield, and 4) stock buyback.
- Business units each have a specific “role” in portfolio (Grow, Core, Fix, or Divest) based on their competitive advantages, market position, and financial health.
- Business unit bonus is tied to return on assets.

GROWTH FRAMEWORK:

- Targeting 6-9% average annual revenue growth (organic + acquisition).
- Three avenues of growth:
 1. Recent growth sources should continue for next few years.
 2. Growth Identification Process used to identify more opportunities in current markets.
 3. Styles of Competition used longer term to evaluate new attractive markets.

CASH USE PRIORITIES:

1. Fund capital expenditures.
2. Increase dividends.
3. Fund selective growth (acquisitions and new growth platforms).
4. Use excess cash flow (if any) to repurchase stock.

DIVIDENDS:

- Dividend payout target is 50-60% of net earnings.
- Increased annual dividend for 46 consecutive years.
- One of the highest dividend yields among the S&P 500 Dividend Aristocrats
- Dividend yield is ~ 3.2% (on a \$45 stock price).

RECOGNITION:

- Included as one of the Standard & Poor's “Dividend Aristocrats”
- Included in *Nasdaq's Dividend Achievers* list of consistent dividend growers