



Leggett Reports Record Fourth Quarter And 1998 Year

February 3, 1999

Carthage, MO – Leggett & Platt today reported a record fourth quarter and year ended December 31, 1998. In the quarter, sales were \$837.7 million (up 9.1%), net earnings were \$61.5 million (up 11.6%), and earnings per diluted share were \$.31 (up 10.7%) – all compared with the fourth quarter of 1997. Sales for the year were \$3.37 billion (up 15.9%), net earnings were \$248.0 million (up 19.1%), and earnings per diluted share were \$1.24 (up 14.8%) – all compared with 1997. This marks the seventh consecutive year Leggett achieved record-setting results.

This performance reflects many accomplishments. They include successful initiatives to drive sales growth, internally and through an active acquisition program. Numerous acquisitions completed over the last two years significantly strengthened Leggett's business in major markets for residential and commercial furnishings, aluminum products, industrial materials and other specialized products. In 1998, acquisitions accounted for roughly three-quarters of the 15.9% year-to-year increase in sales. Internal growth of approximately 4% accounted for the balance. In the latest quarter, most of the sales increase resulted from acquisitions, as internal growth was adversely impacted by some unusual circumstances in aluminum and specialty wire products.

The weak performance in the aluminum operations stems from three main factors. First, sales of die cast components to a major manufacturer of gas barbecue grills and other consumer appliances were substantially lower than Leggett's expectations. The sales decline, which continued through year-end, reflected the customer's restructuring and continued reduction in inventories from exceptionally high levels accumulated in the fourth quarter of 1997 and early in 1998. Second, Leggett's aluminum smelting and refining operations reduced production and sales in the third and fourth quarters in response to lower market prices and reduced availability of certain grades of aluminum scrap. Finally, benefits from Leggett's enhanced production capabilities in die casting and smelting operations also were below expectations, impairing profit margins. In addition, sales of specialty wire products were impacted by the 1998 drought on the Texas cotton crop. Management continues to anticipate improving sales and efficiencies in these operations in 1999 and over the long-term as well.

Many other operations continued to achieve excellent and sustained improvements in sales and earnings. Earnings growth in excess of sales growth reflected year-to-year improvement in overall efficiencies. In 1998, net profit margins were 7.4% of sales for the year and 7.3% in the fourth quarter. In 1997, net margins were 7.2% of sales for the year and the fourth quarter.

Margin improvement in the latest quarter reflected several positive developments, including reduced insurance reserves for workers' compensation due to ongoing benefits from successful risk management efforts and improved plant safety. In addition, costs for raw materials were reduced. As a percentage of sales, these improvements were nearly offset by higher operating expense ratios of several businesses acquired over the past year.

Felix E. Wright, President and Chief Operating Officer, made the following comments: *"We remain optimistic about Leggett's future prospects. Internal forecasts and initial sales reports are indicating 4-5% unit growth in the first quarter of 1999. When coupled with our reduced selling prices of about 2%, internal sales growth for the quarter should be in the 2-3% range. Additional first quarter growth from acquisitions completed last year should be in mid single digits. The outlook for the domestic economy also remains positive, as most forecasters are anticipating modest expansion. A healthy economy and strong consumer confidence should contribute to good business for our customers and for Leggett. In addition, we are aggressively pursuing acquisitions to enhance prospects for Leggett's future growth in sales and earnings, expecting additional acquisitions in the months ahead."*

Summaries of the results of operations for the fourth quarter ended December 31, 1998 and 1997, and summaries for each of the last two years are shown below.

(All amounts in millions, except per share data)

<u>FOURTH QUARTER ENDED DECEMBER 31</u>	<u>1998</u>	<u>1997</u>
Net sales	\$837.7	\$767.8
Cost of goods sold	<u>616.6</u>	<u>572.1</u>
Gross profit	221.1	195.7
Selling, distribution and administrative expenses	109.3	96.7
Interest expense	9.8	8.5
Other deductions (income), net	<u>4.3</u>	<u>3.1</u>
Earnings before income taxes	97.7	87.4

Income taxes	<u>36.2</u>	<u>32.3</u>
Net earnings	<u>\$ 61.5</u>	<u>\$ 55.1</u>
Earnings per share*		
Basic	\$.31	\$.28
Diluted	\$.31	\$.28
Average shares outstanding*		
Basic	198.6	193.7
Diluted	201.0	196.7

*Previously reported share data have been adjusted to reflect a two-for-one stock split distributed on June 15, 1998.

(All amounts in millions, except per share data)

<u>YEAR ENDED DECEMBER 31</u>	<u>1998</u>	<u>1997</u>
Net sales	\$3,370.4	\$2,909.2
Cost of goods sold	<u>2,498.9</u>	<u>2,171.4</u>
Gross profit	871.5	737.8
Selling, distribution and administrative expenses	422.8	358.8
Interest expense	38.5	31.8
Other deductions (income), net	<u>14.6</u>	<u>13.9</u>
Earnings before income taxes	395.6	333.3
Income taxes	<u>147.6</u>	<u>125.0</u>
Net earnings	<u>\$248.0</u>	<u>\$208.3</u>
Earnings per share*		
Basic	\$1.25	\$1.09
Diluted	\$1.24	\$1.08
Average shares outstanding*		
Basic	197.7	190.3

Diluted

200.7

193.2

*Previously reported share data have been adjusted to reflect a two-for-one stock split distributed on June 15, 1998.

Leggett & Platt is a Fortune 500 company and leading manufacturer of engineered products serving several major markets. Sales and production are focused on residential furnishings, commercial furnishings, aluminum products, industrial materials, and specialized products. The company has facilities throughout North America and in numerous international locations. Leggett's common stock is listed on the New York and Pacific Stock Exchanges with the symbol LEG.

This news release includes "forward looking statements" that involve uncertainties and risks. There can be no assurance that actual results will not differ from the company's expectations. Factors that could cause such differences include the company's ability to improve operations and realize cost savings, competitive and general economic conditions, the future growth of acquired companies, and other risks described in the company's Annual Report on Form 10-K.