



Fourth Quarter Summary Financial Information *February 3, 2020*



Forward-Looking Statements

Statements in this presentation that are not historical in nature are “forward-looking.” These statements are identified either by the context in which they appear or by the use of words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “should,” “guidance” or the like. All such forward-looking statements are expressly qualified by the cautionary statements described in this provision. We do not have, and do not undertake, any duty to update any forward-looking statement. Forward-looking statements should not be relied upon as a prediction of actual future events or results. Any forward-looking statement reflects only the beliefs of Leggett at the time the statement is made. All forward-looking statements are subject to risks and uncertainties which might cause actual events or results to differ materially from the forward-looking statements. Some of these risks and uncertainties include: uncertainty of the financial performance, including sales and sales growth; the Company’s ability to achieve its operating targets; projections of Company sales, earnings, EBIT margin, depreciation and amortization, capital expenditures, dividends, cash from operations, net interest expense, tax rate and diluted shares; price and product competition, the amount of share repurchases, demand for the Company’s products, cost and availability of raw materials and labor, fuel and energy costs, general economic conditions, climate change regulations, environmental, social and governance risks, possible goodwill or asset impairment, foreign currency fluctuation, cash repatriation, litigation risks and other risk factors in Leggett’s most recent Form 10-K and subsequent Form 10-Qs.

Overview

4th Quarter:

- Sales were up 9%, to \$1,145 million
 - Acquisitions added 13%
 - Volume was down 1%; exited business -3%
 - Absent declines from exited business, volume up 2%
 - Raw material-related pricing and currency impact reduced sales 3%
- Adj. EPS ¹ of \$.68, up \$.06 vs. adj. EPS ¹ of \$.62 in Q4-18
- Adj. EBIT ¹ of \$140 million, up \$20 million vs. Q4-18
- Adj. EBIT ¹ margin up 70 bps, to 12.2%, vs. 11.5% in Q4-18

Full Year:

- Sales were up 11%, to \$4,753 million
 - Acquisitions added 14%
- Adj. EPS ¹ of \$2.57, up 4% vs. 2018
- Adj. EBIT ¹ of \$529 million, up \$56 million vs. 2018
- Full year cash from operations was \$668 million
- 2020 EPS guidance of \$2.40–\$2.60 on sales of \$4.7–\$4.9 billion

¹ See slide 4, 10 and 26 for calculation for adjusted EPS, adjusted EBIT and adjusted EBIT margin

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Q4 2019 Financial Highlights

<u>\$'s in millions (except EPS)</u>	<u>Reported Q4-19</u>	<u>Adj¹</u>	<u>Adj Q4-19</u>	<u>Reported Q4-18</u>	<u>Adj¹</u>	<u>Adj Q4-18</u>	<u>Change</u>
Sales	\$1,145		\$1,145	\$1,047		\$1,047	9%
EBIT	135	5	140	84	36	120	17%
EBIT Margin	11.8 %		12.2 %	8.0%		11.5%	70 bps
EPS	.64	.04	.68	.39	.23	.62	10%
Cash from Operations	\$251		\$251	\$189		\$189	33%
EBITDA	182	5	187	119	36	155	21%
EBITDA margin	15.9%		16.4%	11.4%		14.8%	160 bps

¹ See slide 26 for non-GAAP adjustments

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Q4 2019 Sales & EBIT Bridge

Sales:	<u>mln \$'s</u>	<u>% change</u>
4 th Qtr 2018	\$1,047	
Approx volume decline ¹	(16)	(1%)
Approx raw material-related pricing and negative currency impact	(27)	(3%)
Organic Sales	(43)	(4%)
Acquisitions	141	13%
4 th Qtr 2019	\$1,145	9%
 EBIT:		<u>margin</u>
Adjusted 4 th Qtr 2018 ²	\$120	11.5%
Other: primarily ECS ³ earnings, lower steel costs (including LIFO benefit) and improved earnings in Furniture Products	20	
Adjusted 4 th Qtr 2019 ²	\$140	12.2%

¹ -3% from exited business

² See slide 4 for calculation of adjusted EBIT and adjusted EBIT margin

³ Includes \$12m of amortization expense

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Q4 2019 Non-Operating & Taxes

\$'s in millions	<u>Reported</u>	<u>Adj</u>	<u>Reported</u>	<u>Adj</u>	<u>Adj</u>	<u>Change</u>	
	<u>Q4-19</u>	<u>Adj ¹</u>	<u>Q4-19</u>	<u>Q4-18</u>	<u>Adj ¹</u>	<u>Q4-18</u>	
EBIT	\$135	\$5	\$140	\$84	\$36	\$120	17%
Net interest	20		20	16	(3)	13	
Pre-tax earnings	115	5	120	68	39	107	12%
Income taxes	28		28	15	8	23	
<i>Tax rate</i>			23%			21%	
Earnings	87	5	92	53	32	85	8%
Net earnings	87	5	92	53	32	85	8%
Non-controlling interests	—		—	—		—	
Net earnings attributable to L&P	87	5	92	53	32	85	8%
EPS	.64	.04	.68	.39	.23	.62	10%

¹ See slide 26 for non-GAAP adjustments

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Adjusted Working Capital

	12/31	9/30	12/31
\$'s in millions	<u>2019</u>	<u>2019</u>	<u>2018</u>
Cash & equivalents	\$248	\$242	\$268
Accounts receivable, net	592	677	572
Inventories, net	637	636	634
Other current assets	<u>62</u>	<u>50</u>	<u>51</u>
Total current assets	<u>1,538</u>	<u>1,605</u>	<u>1,525</u>
Current debt maturities	(51)	(51)	(1)
Current operating lease liabilities	(39)	(38)	—
Accounts payable	(463)	(467)	(465)
Accrued and other current liabilities	<u>(374)</u>	<u>(364)</u>	<u>(349)</u>
Total current liabilities	<u>(928)</u>	<u>(921)</u>	<u>(816)</u>
Working capital	610	684	709
% of annualized sales ¹	13.3%	13.8%	16.9%
W/C, excl. cash & current debt/lease	453	531	442
% of annualized sales ¹	9.9%	10.7%	10.6%

¹ Annualized sales: 4Q19: \$1,145x4=\$4,580; 3Q19: \$1,239x4=\$4,956; 4Q18: \$1,047x4=\$4,188

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Debt to Adjusted EBITDA

	12/31	9/30	12/31
\$'s in millions	<u>2019</u> ¹	<u>2019</u> ¹	<u>2018</u>
Long-term debt	\$2,067	\$2,197	\$1,168
Current maturities	<u>51</u>	<u>51</u>	<u>1</u>
Total debt	2,118	2,248	1,169
EBIT, trailing 12 months	513	462	437
Depreciation & amortization	<u>192</u>	<u>180</u>	<u>136</u>
EBITDA	705	642	573
Non-GAAP adjustments (pretax)	<u>16</u>	<u>47</u>	<u>36</u>
Leggett reported adjusted EBITDA, trailing 12 months	721	689	609
ECS pre-acquisition adjusted EBITDA ²	<u>1</u>	<u>25</u>	
Leggett & ECS pro forma adjusted EBITDA, trailing 12 months	722	714	
Total debt to Leggett reported 12-month adjusted EBITDA ³	2.9x	3.3x	1.9x
Total debt to Leggett & ECS 12-month pro forma adjusted EBITDA ³	2.93x	3.15x	

¹ Leggett's reported adjusted EBITDA includes ECS from January 16, 2019

² 12/31/2019: January 1, 2019 to January 16, 2019; 9/30/2019: October 1, 2018 to January 16, 2019

³ These debt to adjusted EBITDA ratios are calculated differently than the Company's credit facility covenant ratio.

For additional non-GAAP reconciliation information, see page 8 of the press release.

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Cash Flow

\$'s in millions	4 th Qtr		YTD	
	2019	2018	2019	2018
Net earnings	\$87	\$53	\$334	\$306
D&A	47	35	192	136
Impairment, write-offs & other	4	25	20	32
Other non-cash	12	—	42	12
Changes in working capital:				
Accounts receivable	98	50	53	(26)
Inventory	6	(9)	53	(54)
Other current assets	(2)	(3)	(3)	(2)
Accounts payable	(9)	37	(39)	36
Other current liabilities	<u>8</u>	<u>—</u>	<u>16</u>	<u>—</u>
Cash from operations	251	189	668	440
Capital expenditures	40	37	143	160
Acquisitions	21	1	1,265	109
Dividends	53	50	205	194
Share repurchases (issuances), net	3	—	7	108
Proceeds from asset sales	—	1	5	5
Additions (repayments) of debt, net	(128)	(185)	947	(86)

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YTD 2019 Financial Summary

\$'s in millions (except EPS)	Reported		Adj		Reported		Adj		Change
	2019	Adj ¹	2019	2018	Adj ¹	2018	2018		
Sales	\$4,753		\$4,753	\$4,270		\$4,270		11%	
EBIT	513	16	529	437	36	473		12%	
EBIT Margin	10.8%		11.1%	10.2%		11.1%		—	
EPS	2.47	.10	2.57	2.26	.22	2.48		4%	
Cash from Operations	\$668		\$668	\$440		\$440		52%	
EBITDA	705	16	721	573	36	609		18%	
EBITDA margin	14.8%		15.2%	13.4%		14.3%		90 bps	

¹ See slide 26 for non-GAAP adjustments

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YTD 2019 Sales & EBIT Bridge

Sales:	<u>mln \$'s</u>	<u>% change</u>
YTD 2018	\$4,270	
Approx volume decline ¹	(112)	(3%)
Approx raw material-related pricing and negative currency impact	(22)	—%
Organic Sales	(134)	(3%)
Acquisitions	617	14%
YTD 2019	\$4,753	11%
EBIT:		<u>margin</u>
Adjusted YTD 2018 ²	\$473	11.1%
Other: primarily ECS ³ earnings, lower steel costs (including LIFO benefit) and improved earnings in Furniture Products	56	
Adjusted YTD 2019 ²	\$529	11.1%

¹ -3% from exited business

² See slide 10 for calculation of adjusted EBIT and adjusted EBIT margin

³ Includes \$50m of purchase accounting charges, of which \$5m is non-recurring

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YTD 2019 Non-Operating & Taxes

\$'s in millions	Reported		Adj	Reported		Adj	Change
	2019	Adj ¹	2019	2018	Adj ¹	2018	
EBIT	\$513	\$16	\$529	\$437	\$36	\$473	12%
Net interest	83		83	53	(3)	50	
Pre-tax earnings	430	16	446	384	39	423	5%
Income taxes	96	2	98	78	9	88	
<i>Tax rate</i>			22%			21%	
Earnings	334	14	348	306	30	336	4%
Net earnings	334	14	348	306	30	336	4%
Non-controlling interests	—		—	—		—	
Net earnings attributable to L&P	334	14	348	306	30	336	4%
EPS	2.47	.10	2.57	2.26	.22	2.48	4%

¹ See slide 26 for non-GAAP adjustments

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2020 Guidance

- EPS of \$2.40–\$2.60
 - Volume growth in Automotive, Bedding and several other businesses more than offset by:
 - Increasing steel costs (including the non-recurrence of 2019's LIFO benefit)
 - Investments to support future growth, security and continuity
- Sales of \$4.7–\$4.9 billion; -1% to +3% versus 2019
 - Volume -1% to +3%; exited business -1%
 - Absent declines from exited business, volume flat to up 4%
 - Raw material-related price decreases should reduce sales 1%
 - Prior year acquisitions should add 1%
- Implied EBIT margin of 10.7% to 11.0%

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2020 Guidance (continued)

- Depreciation and amortization of ~\$200 million
- Net interest expense of ~\$80 million
- Tax rate of ~23%
- Diluted shares of ~136 million
- Operating cash of ~\$550 million
- Cap-ex of ~\$160 million

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Segments

Q4 2019 Segment Summary

	Q4-19 Organic Sales Growth¹	Q4-19 Adj. EBIT Margin²	Δ vs Q4-18	Q4-19 Adj. EBITDA Margin²	Δ vs Q4-18
Residential Products	(1%)	7.7%	-60bps	12.5%	+130 bps
Industrial Products	(24%)	17.4%	+490 bps	19.6%	+550 bps
Furniture Products	(5%)	9.1%	+310 bps	10.4%	+280 bps
Specialized Products	4%	18.1%	-20 bps	22.1%	-10 bps
Total Consolidated	(4%)	12.2%	+70 bps	16.4%	+160 bps

¹ Includes raw material-related selling price increases/decreases and currency impact

² See slides 17, 19, 21 and 26 for non-GAAP adjustments

Residential Products

Total Sales:	<u>mln \$'s</u>	<u>% change</u>
4 th Qtr 2018	\$425	
Acquisitions	141	33%
Organic Sales ¹	(7)	(1%)
4 th Qtr 2019	\$559	32%

¹ Raw material-related price decreases (3%) partially offset by higher volume 2%

mln \$'s	<u>EBIT</u>	<u>EBIT</u>	<u>D&A</u>	<u>EBITDA</u>	<u>EBITDA</u>
	margin	margin		margin	margin
Adjusted 4 th Qtr 2018 ²	\$35	8.3%	\$12	\$47	11.2%
Change	<u>8</u>		<u>14</u>	<u>22</u>	
Adjusted 4 th Qtr 2019 ³	\$43	7.7%	\$27	\$70	12.5%

² Adjusted to exclude note impairment \$16m, ECS transaction costs \$4m, and restructuring-related charges \$1m

³ Adjusted to exclude restructuring-related charges \$2m

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Residential – Key Points

- Q4 organic sales were down 1%:
 - Volume was up 2%, primarily from market share and content gains in U.S. Spring
 - Raw material-related pricing reduced sales 3%
- Organic sales trends excluding raw material effects and currency:
 - U.S. Spring: up 7% in Q4; up 6% full year
 - International Spring: up 4% in Q4; up 2% full year
- ECS acquisition completed in January 2019 added 33% to sales growth
- Q4 adjusted EBIT increased, with ECS earnings (after \$12 million of amortization expense) partially offset by other factors

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Industrial Products

Total Sales:	<u>mln \$'s</u>	<u>% change</u>
4 th Qtr 2018	\$166	
Organic Sales ¹	(39)	(24%)
4 th Qtr 2019	\$127	(24%)

¹ Lower volume (14%) and steel-related price decreases (10%)

mln \$'s	<u>EBIT</u>	<u>EBIT margin</u>	<u>D&A</u>	<u>EBITDA</u>	<u>EBITDA margin</u>
4 th Qtr 2018	\$21	12.5%	\$2	\$23	14.1%
Change	<u>1</u>		<u>1</u>	<u>2</u>	
Adjusted 4 th Qtr 2019 ²	\$22	17.4%	\$3	\$25	19.6%

² Adjusted to exclude restructuring-related charges <\$1m

Industrial – Key Points

- Q4 organic sales were down 24%:
 - Volume was down 14% from weak trade demand for steel rod and wire
 - Raw material-related selling price decreases reduced sales 10%
- Full year organic sales were down 10%:
 - Volume was down 13% from weak trade demand for steel rod and wire
 - Raw material-related selling price increases added 3% to sales
- Q4 adjusted EBIT increased, primarily from lower raw material costs (including LIFO benefit) largely offset by lower metal margin and lower volume

Furniture Products

Total Sales:	<u>mln \$'s</u>	<u>% change</u>
4 th Qtr 2018	\$279	
Organic Sales ¹	(15)	(5%)
4 th Qtr 2019	\$264	(5%)

¹ Lower volume (4%) and currency impact and raw material-related price decreases (1%)

mln \$'s	<u>EBIT</u>	<u>EBIT margin</u>	<u>D&A</u>	<u>EBITDA</u>	<u>EBITDA margin</u>
Adjusted 4 th Qtr 2018 ²	\$17	6.0%	\$4	\$21	7.6%
Change	<u>7</u>		<u>(1)</u>	<u>6</u>	
Adjusted 4 th Qtr 2019 ³	\$24	9.1%	\$3	\$27	10.4%

² Adjusted to exclude restructuring-related charges \$15m

³ Adjusted to exclude restructuring-related charges \$3m

Furniture – Key Points

- Q4 organic sales were down 5%:
 - Volume was down 4%, primarily from our decision to exit Fashion Bed and planned declines in Home Furniture, partially offset by growth in Adjustable Bed
 - Currency impact and raw material-related price decreases reduced sales 1%
- Organic sales trends excluding raw material effects and currency:
 - Home Furniture: down 3% in Q4; down 10% full year
 - Adjustable Bed: up 22% in Q4; up 1% full year
 - Work Furniture: up 1% in Q4; up 4% full year
- Q4 adjusted EBIT increased, primarily from lower raw material costs (including LIFO benefit) and lower fixed costs attributable to restructuring activity

Specialized Products

Total Sales:	<u>mIn \$'s</u>	<u>% change</u>
4 th Qtr 2018	\$260	
Organic Sales ¹	10	4%
4 th Qtr 2019	\$270	4%

¹ Higher volume 5% partially offset by currency impact (1%)

<u>mIn \$'s</u>	<u>EBIT</u>	<u>EBIT margin</u>	<u>D&A</u>	<u>EBITDA</u>	<u>EBITDA margin</u>
4 th Qtr 2018	\$48	18.3%	\$10	\$58	22.2%
Change	1		1	2	
4 th Qtr 2019	\$49	18.1%	\$11	\$60	22.1%

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Specialized – Key Points

- Q4 organic sales increased 4%:
 - Volume was up 5%, primarily from growth in Automotive and Aerospace
 - Currency impact decreased sales 1%
- Organic sales trends excluding currency and inflation:
 - Automotive: up 8% in Q4; up 2% full year
 - Aerospace: up 11% in Q4; up 6% full year
 - Hydraulic Cylinders: down 19% in Q4; down 5% full year
- Q4 EBIT increased, primarily from higher volume in Automotive and Aerospace partially offset by lower volume in Hydraulic Cylinders

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Webcast replay is available at
www.leggett.com

FOR ADDITIONAL INFORMATION

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Non-GAAP Adjustments

(\$ millions, except EPS)	Q4-19	Q4-18	YTD 2019	YTD 2018
Non-GAAP Adjustments (\$'s)¹				
Restructuring-related charges ²	5	16	15	16
Note impairment	—	16	—	16
ECS transaction costs ³	—	7	1	7
Non-GAAP adjustments (pre-tax \$'s)	5	39	16	39
Income tax impact	(0)	(7)	(2)	(7)
TCJA impact ⁴	—	—	—	(2)
Non-GAAP adjustments (after tax \$'s)	5	32	14	30
Diluted shares outstanding	135.8	134.7	135.4	135.2
EPS impact of non-GAAP adjustments	\$.04	\$.23	\$.10	\$.22

¹ Calculations impacted by rounding

² Restructuring-related charges affected the following line items on the income statement: Q4-19: Other Expense \$5; YTD 2019: COGS (\$1), Other Expense \$16

³ ECS transaction costs affected the following line item on the income statement: YTD 2019: SG&A \$1

⁴ The Tax Cuts and Jobs Act enacted in December 2017

Reconciliation of Full Year Adj EBIT & EBITDA

(\$ millions) ¹	Residential	Industrial	Furniture	Specialized
2018 EBIT	\$133	\$68	\$50	\$189
Restructuring-related charges	1	—	15	—
ECS transaction costs	4	—	—	—
Note impairment	16	—	—	—
2018 Adjusted EBIT	\$153	\$68	\$65	\$189
Depreciation & amortization	47	10	17	39
2018 Adjusted EBITDA	\$200	\$79	\$82	\$228
2019 EBIT	\$171	\$97	\$73	\$171
Restructuring-related charges	4	1	10	—
ECS transaction costs	1	—	—	—
2019 Adjusted EBIT	\$176	\$98	\$83	\$171
Depreciation & amortization	104	11	18	42
2019 Adjusted EBITDA	\$280	\$109	\$101	\$212
2018 Total Sales	\$1,721	\$662	\$1,156	\$1,059
2019 Total Sales	\$2,344	\$595	\$1,069	\$1,070
2018 EBIT Margin	7.7%	10.3%	4.3%	17.8%
2018 Adjusted EBIT Margin	8.9%	10.3%	5.6%	17.8%
2018 Adjusted EBITDA Margin	11.6%	11.9%	7.1%	21.5%
2019 EBIT Margin	7.3%	16.4%	6.9%	15.9%
2019 Adjusted EBIT Margin	7.5%	16.5%	7.8%	15.9%
2019 Adjusted EBITDA Margin	11.9%	18.4%	9.5%	19.8%

¹ Calculations impacted by rounding