

# **Strategy**

# Strategic Priorities

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- ✓ Maintaining long-held financial strength
- ✓ Refreshed capital allocation strategy
- ✓ Optimizing operations and G&A cost structure
- ✓ Executing on restructuring plan
- ✓ Positioning for profitable growth opportunities in Bedding, Automotive, and Geo Components

Our actions will allow us to navigate the challenging near-term environment and position us for long-term success.



## Strengthening Our Balance Sheet and Liquidity

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### Debt and Liquidity

- **Committed to investment grade** credit rating
- Proactively amended agreement for existing revolving credit facility in March to increase leverage ratio from 3.5x to 4.0x
- **\$1.2 billion revolving credit facility** in place
- Expect to use commercial paper program to repay \$300 million of 3.8%, 10-year notes maturing in November

### Cash Flow

- Long history of **strong cash generation**
- **Resilient cash flow** in economic downturns
- Focus on **managing working capital**



# Refreshed Capital Allocation Strategy

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*A balanced approach focused on driving shareholder value*

**Near Term Focus:** ✓ Upholding long-held balance sheet strength and continuing to invest in our businesses  
✓ Targeting long-term ratio of 2.0x Net Debt to Adjusted EBITDA

Long Term Priorities



### ORGANIC GROWTH

✓ Investing in our businesses for the future



### STRATEGIC ACQUISITIONS

✓ Primarily opportunities complementing our existing portfolio of businesses



### SHAREHOLDER RETURNS

✓ Dividends  
✓ Opportunistic share repurchases



# Sources of Improved Profitability

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Key Drivers:

- Successful execution of restructuring plan
- Improving operational efficiency across our businesses
- Demand improvement in residential end markets

Targeted Efforts:

- Cost recovery beyond raw materials
- Closely managing corporate costs
- Maintaining pricing discipline

Essential Cornerstones:

- Product Innovation
- Portfolio Management
- Growth in Attractive Markets
- Continuous Improvement



# Restructuring Plan Announced January 16, 2024

*Leggett & Platt*

- Implementing a Restructuring Plan to **improve profitability** and better align with the markets we serve

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- Key initiatives **primarily related to the Bedding Products segment**
  - Continuing to reshape product and commercial strategy
  - Optimizing manufacturing and distribution footprint

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- Smaller actions within the Furniture, Flooring & Textile Products segment
  - Aligning capacity with regional demand
  - Driving operating efficiencies



## Bedding Products Restructuring Initiatives

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- FOOTPRINT:**
- ✓ Higher output manufacturing locations with sufficient capacity to meet customer needs
  - ✓ Aligning capacity with anticipated future market demand
  - ✓ More efficient, regional distribution network
  - ✓ From 50 to ~30-35 facilities
- PRODUCTS:**
- ✓ Innovative, higher-value content and additional product solutions
  - ✓ Components to private label finished goods
  - ✓ Leveraging specialty foam and innerspring technologies



- ✓ Enabling profitable growth via expanded product capabilities, increased content
- ✓ Reducing costs
- ✓ Creating value for customers and shareholders



## Restructuring Initiatives Are Underway and On Track

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### Bedding Products

- ✓ Closed four small U.S. Spring distribution facilities
- ✓ Shifted manufacturing from three U.S. Spring facilities to remaining operations
- ✓ Closed one small Specialty Foam plant
- ✓ Currently downsizing innerspring operations in China
- ✓ Two additional Specialty Foam consolidations underway
- ✓ Preparing to list five properties for sale

### Home Furniture

- ✓ Closed one plant and shifted production to remaining facilities
- ✓ Engineering team relocating to nearby location
- ✓ Property expected to be listed for sale by Q3 2024

### Flooring Products

- ✓ Closed one production line and transferred manufacturing to other locations
- ✓ Redeploying equipment from closed line to another facility



## Restructuring Plan – Expected Financial Impact

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**\$40–\$50**  
million

Annual EBIT Benefit

**~\$100**  
million

Annual Sales Reduction

**\$60–\$80**  
million

Cash from Real Estate

- EBIT benefit driven by optimized Bedding footprint
  - Expect to begin realizing in the second half of 2024
  - Expect to see full benefit on an annualized run-rate basis by late 2025
- Sales reduction primarily related to geographic changes within Bedding
- Real estate sales of property associated with initiatives expected to be substantially complete by the end of 2025
  - Proceeds expected to primarily be used for debt reduction



# Restructuring Plan – Expected Costs

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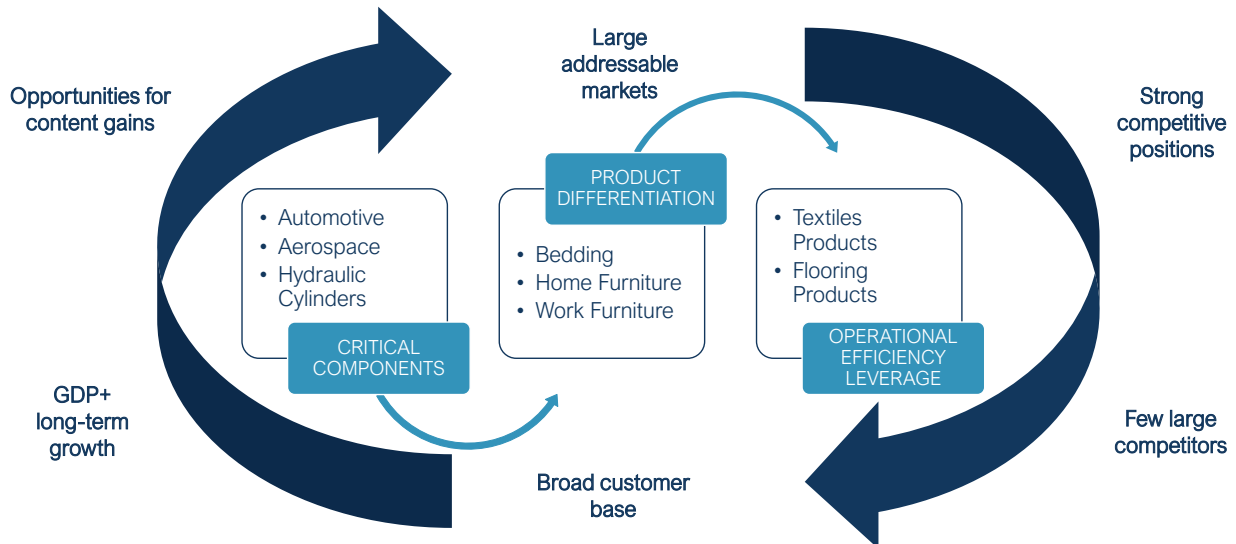
- Majority of cash costs anticipated to be incurred in 2024
- Expect \$20–\$25 million of restructuring and restructuring-related costs in first half of 2024; approximately half in cash costs
  - \$11 million of costs incurred in 1Q24; \$6 million cash and \$5 million non-cash costs

	2024	2025	Total
Cash Costs	\$25–\$30	\$5–\$10	\$30–\$40
Non-Cash Costs	15–20	20–25	35–45
<b>Total Costs</b>	<b>\$40–\$50</b>	<b>\$25–\$35</b>	<b>\$65–\$85</b>



# Attractive End Markets

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Long-Term  
Profitable  
Growth

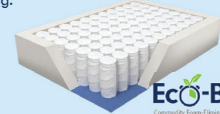
## Bedding Innovation

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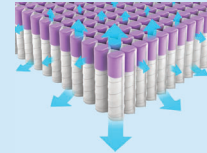
*The market leader in specialty foam and innerspring technologies, from components to finished products...*



The foam that changed everything.  
Breathable, cooling, durable.



Eco-Base  
Commodity Foam Eliminating Innersprings



Combination Pocket



Super Strong Specialty Foam

*...powered by innovation across product lines.*

Long-Term  
Profitable  
Growth

## Automotive Innovation

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*Comfort and convenience align with consumer preferences*

### Comfort and Wellness for All Market Segments



Mid-Class Luxury Massage



Harmonic Massage



Advanced/Vibration Massage

### Modularity and Lightweight for Sustainability



CP5 Lumbar Support



Modular SMA Valve

### Powered Actuation for Convenience



BLDC Motors



Smart Latch Actuator



Power Liftgate Actuator

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