

⌘ Elite Comfort Solutions ⌘

Elite Comfort Solutions Acquisition

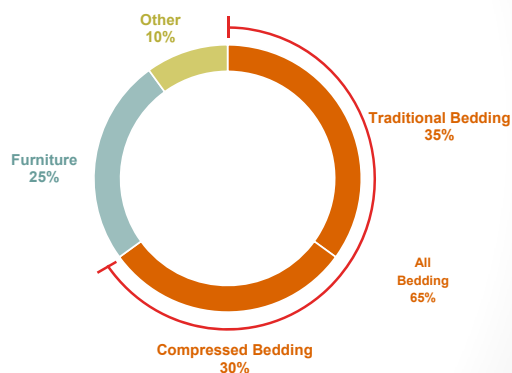
Leggett & Platt®

ECS: Leading Provider of Proprietary Foam Technology for Bedding and Furniture Markets

- ❑ **Headquarters:** Newnan, GA
- ❑ **Markets Served:** Primarily Bedding and Furniture
- ❑ **Customers:** Serves leading traditional bedding and boxed bed brands
- ❑ **Key Raw Materials:** Polyol, TDI, MDI
- ❑ **Operational Footprint:** National manufacturing footprint, with 16 U.S. facilities covering all major U.S. regions
 - 2 facilities engaged in development and manufacturing of chemicals and additives used in foam production
 - Provides market diversity and production capacity to support growth
 - Large-scale specialty foam producer with a strong West Coast manufacturing presence (4 facilities)



ECS Sales by End Market



ECS management team to continue leading the business; expect to maintain all 16 facilities

Strong Market Trends

- ❑ Growth of hybrid and specialty foam mattresses
- ❑ Online mattress sales expected to double over next 4-5 years
- ❑ Compressed mattresses are growing through both online and traditional retail channels
 - Expected to be half of the market by 2026
 - Traditional OEMs and retailers are adding compressed mattress offerings
 - Reduces transportation and warehousing costs
 - Improve consumer purchasing convenience (i.e., cash and carry)
- ❑ Emergence of numerous compressed mattress brands
 - Fastest growing segment of online mattress sales
 - Brands are differentiating through hybrid products and specialty foams

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Creating a Leading Provider of Differentiated Products for the Bedding Industry



Establishes a Global Leader in Bedding Technology and Manufacturing

- Leggett is the global leader in innerspring technology and manufacturing
- ECS brings critical capabilities in propriety foam technology, along with scale in the production of private-label finished mattresses, toppers and pillows



Adds R&D Capabilities and Proprietary Foam Technologies

- Utilize ECS's substantial proprietary and patented technology to develop unique specialty foam products for individual customers
- Create new hybrid products through best-in-class specialty foam innovation and spring technologies



Positions the Company to Grow

- Capability to supply components or private-label finished goods for nearly any mattress type, packaging form or distribution channel
- Capture greater share of global specialty foam for bedding

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ECS Transaction Overview

CONSIDERATION & FINANCING

- ❑ Acquired ECS for \$1.25 billion in cash on January 16, 2019
- ❑ Financed through expansion of commercial paper program and issuance of \$500 million 5-year term loan

FINANCIAL PROFILE

- ❑ FYE September 2018 sales of \$611 million
- ❑ Expect double-digit sales growth and accretive EBITDA margins
- ❑ Expect slightly negative effect on EBIT margins due to purchase accounting
- ❑ Expected to be neutral to EPS in 2019; accretive to EPS beginning in 2020

DELEVERAGING & MAINTAINING INVESTMENT GRADE RATING

- ❑ Focus on deleveraging through cash flow to ~2.5x EBITDA in 2020
- ❑ Committed to maintaining strong, investment grade ratings
- ❑ Retain a robust liquidity profile, with access to the investment grade debt capital markets
- ❑ Modestly changed dividend payout target to ~50% of earnings
- ❑ Maintaining commitment to long-term dividend growth; expect to extend 48-year dividend growth track record