



Company Update

March 2020

LEG (NYSE)
www.leggett.com



Forward-Looking Statements

Statements in this presentation that are not historical in nature are “forward-looking.” These statements are identified either by their context or by use of words such as “anticipate,” “believe,” “estimate,” “expect,” “forecasted,” “intend,” “may,” “plan,” “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. Unless we indicate otherwise, we base the information concerning our markets/industry contained herein on our general knowledge of and expectations concerning those markets/industry, on data from various industry analyses, on our internal research, and on adjustments and assumptions that we believe to be reasonable. However, we have not independently verified data from market/industry analyses and cannot guarantee their accuracy or completeness.

TSR Focused Mid-Cap Manufacturer

Targeting **Total Shareholder Return** in top third of S&P 500

~**3.5%** dividend **yield**; 49 consecutive annual increases

Strong balance sheet and cash flow

Leader in most markets; few large competitors

Poised for **continued growth**

- Internal initiatives + market growth + acquisitions

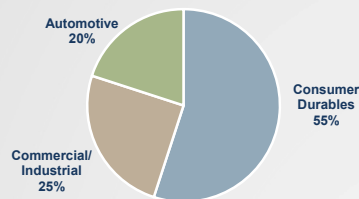
Management has **“skin in the game”**

- Significant stock owners; forego comp in exchange for shares
- Incentive comp aligned with TSR focus

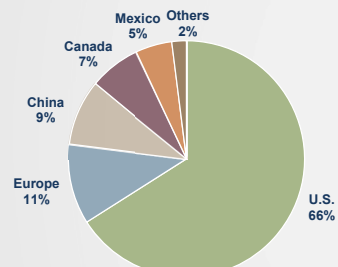
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Our Markets

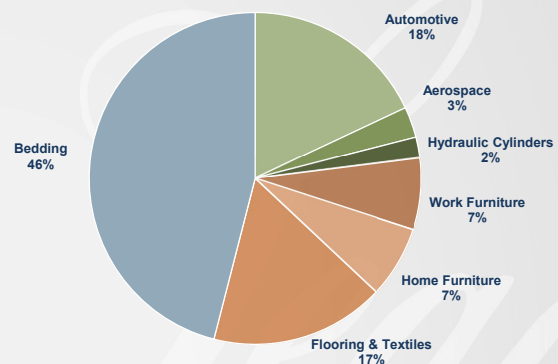
Macro Market Exposure



Geographic Split (based on production)



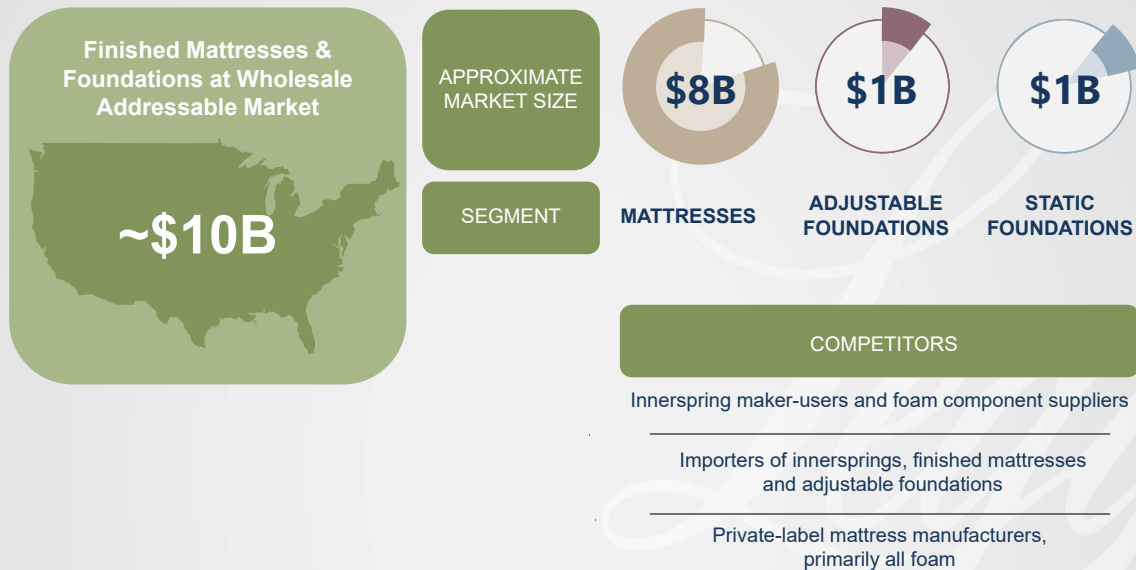
Product Mix¹



¹ Operating groups adjusted to reflect Jan 1, 2020 modified structure; %'s based on 2020 estimated trade sales

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U.S. Bedding Market Overview



Source: ISPA; Furniture Today; internal analysis

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Bedding Market Disruption and Trends



Consumers accept online purchasing and compressed mattresses

- Changed traditional mattress route-to-market, number of brands and product types
- Growth of hybrid mattresses
- Compressed mattresses expected to be half of the market by 2026



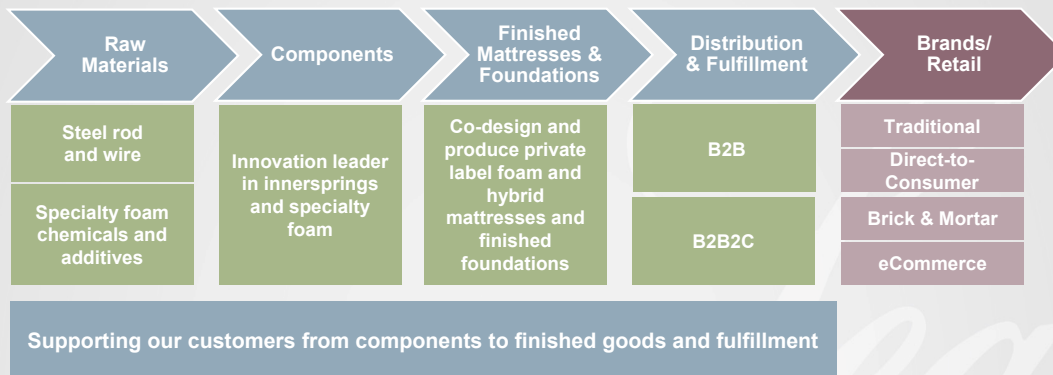
Non-traditional retail channels likely gain share, employing direct-to-consumer (DTC) brands and compressed mattresses



Traditional mattress retail channels remain and private label product offering grows

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L&P Bedding Value Chain



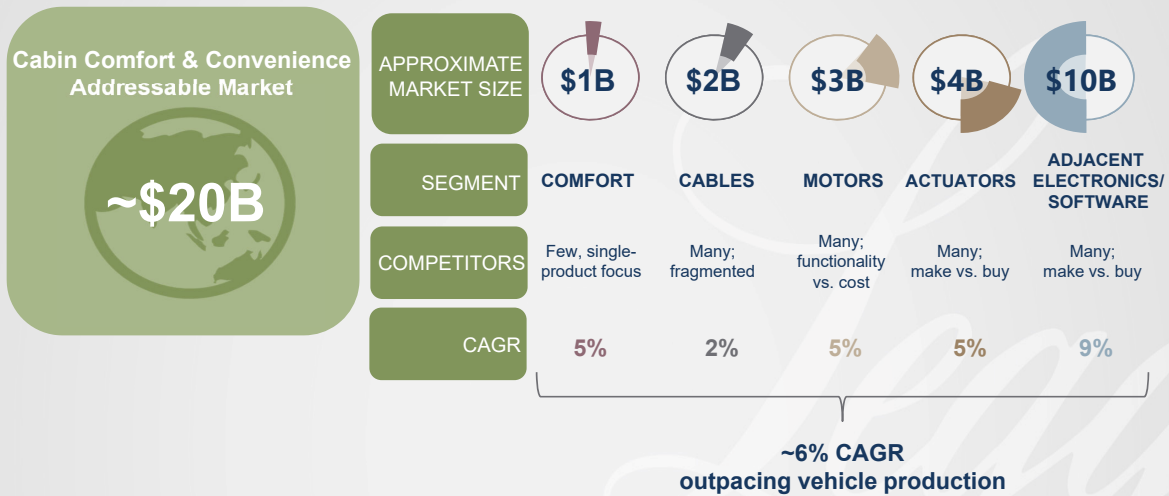
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L&P Positioned to Win in Omni-Channel Environment

- Innovation and low-cost production advantage from integrated rod-wire-machinery-innerspring value chain
- Innovation advantage from ECS chemical-specialty foam value chain
- Innovation and value engineering advantage in private-label finished mattress production, particularly innerspring and foam hybrids
- Pair with adjustable and static ready-to-assemble foundations
- Build out B2B2C distribution and fulfillment capability

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Global Automotive Market Overview



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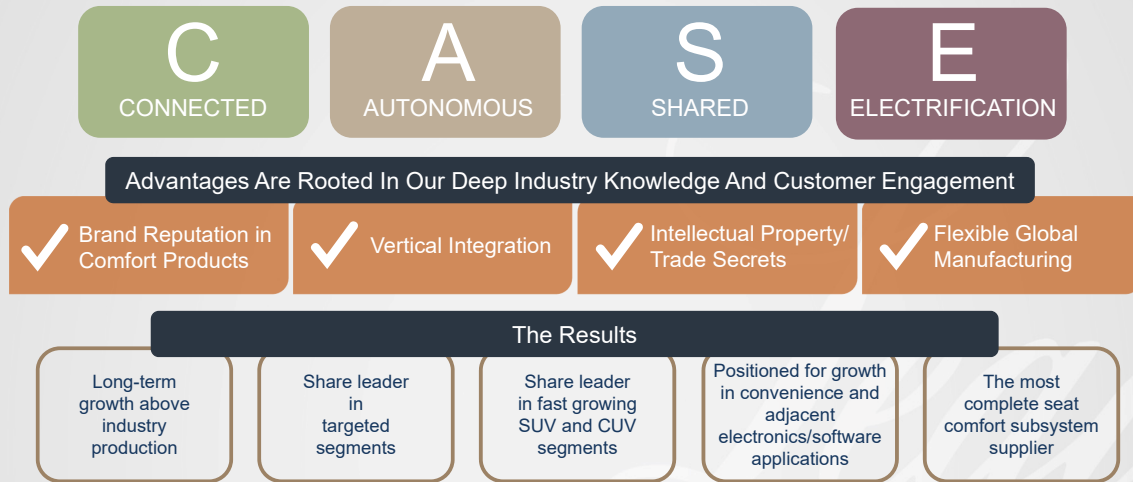
Market Trends

- Consumer demands for additional comfort, convenience and connectivity
- Increasing global programs and platform sharing
- OEM directed sourcing
- Stricter standards drive innovation in lightweighting, efficiency, noise, and sustainability
- Large share of the value chain is shifting to C.A.S.E.

Technological advances will have significant consumer and industry impacts over next 5-10 years – industry is transforming to our space in comfort and convenience

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Trends Play to our Strengths



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TSR Framework & Financial Priorities

TSR in Top Third of S&P 500

SOURCES



Revenue Growth

Target:
6–9% annually



Margin Improvement

Growth in attractive markets, product development, cost savings, efficiency improvements



Dividend Yield

Payout target:
~50% of earnings



Stock Buybacks

With available cash

$$\text{Total Shareholder Return} = (\Delta \text{ Stock Price} + \text{Dividends}) / \text{Initial Price}$$

TSR Performance

	3-year CAGR					Target
	13-16	14-17	15-18	16-19	17-20 ³	
Revenue Change	3	2	3	8	7	6-9
<i>ex divestitures/raw materials/currency</i>	7	5	4	7	6	
EBIT Margin Change	12	6	(5)	(6)	(3)	1
Change in Interest & Taxes ¹	2	2	2	(2)	(3)	—
Change in Multiple ¹	(2)	(7)	(7)	—	—	—
Dividend Yield	3	3	3	4	3	3
Stock Buyback	2	1	2	1	—	1
Annual TSR	20	7	(2)	5	4	11-14
% Rank in S&P 500²	11%	56%	76%	67%	70%⁴	

¹ Change in Multiple has historically included changes in interest and taxes; however, due to increased interest expense related to the ECS acquisition, changes in interest and taxes are presented on a separate line titled "Change in Interest & Taxes".

² 1% is best

³ TSR estimated based on mid-point of 2020 guidance and assumes a \$48 year-end share price

⁴ Relative TSR performance through February 21, 2020

Growth Framework



L&P's Style of Competition: Critical Components

		Dimension	Characteristic
Where we compete	Product / Service / Solution	1. Role in value chain	Translate RM or components into critical component
		2. Functional role	Functionally essential to end product
		3. % of finished COGS	<25% of finished COGS
	Industry Structure	4. Customer set	Concentrated in few large customers
		5. Competitive set	Small private companies w/ single focus
	Economics	6. Gross margin	Earns attractive returns at ~20-30% GM
		7. Asset intensity	Light manufacturing ~2x asset turns
How we compete		8. Deep customer engagements	Deep understanding of customer design, production pain points, long-term relationships
		9. Collaborative design	Co-design products/components for better functionality and lower total cost
		10. Flexible mfg	Long-run SKUs that can be adjusted to deliver custom specs w/ minimal additional capital
		11. Continuous cost improvement	Continuous cost improvement throughout life of long run-length SKUs

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Sources of Margin Improvement

Near-Term Opportunities

- **Exiting** Fashion Bed and **restructuring activities** in Home Furniture
- **Cost reductions** in businesses where market demand has slowed
- **Improving efficiency** in rapidly growing operations

Ongoing Opportunities

- **Portfolio Management**
- **Product Innovation**
- **Continuous Improvement**

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Priorities for Use of Cash

1 Fund organic growth in attractive businesses

2 Increase dividends

- **48 year history** of dividend increases
- S&P 500 *Dividend Aristocrat*

3 In 2019/2020 pay down debt

Longer Term:

4 Fund strategic acquisitions

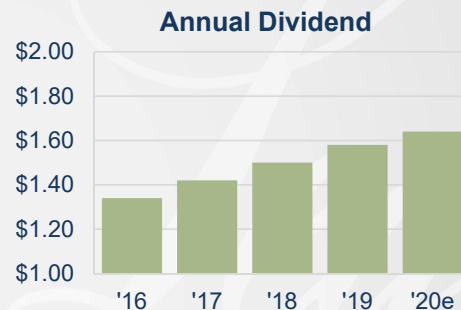
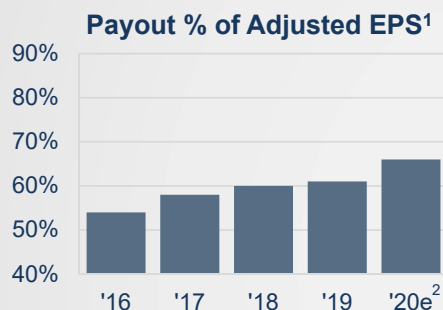
5 Repurchase stock with available cash

Operating Cash has exceeded Dividends & Capital Expenditures every year for over 30 years

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Dividend Growth

- Dividend payout target is **~50% of earnings** (vs. 50–60% previously); actual payout will likely be higher in the near-term
- Committed to extending 49-year history of consecutive annual dividend increases
- **Dividend yield ~3.5%**; one of the highest among the S&P 500 *Dividend Aristocrats*



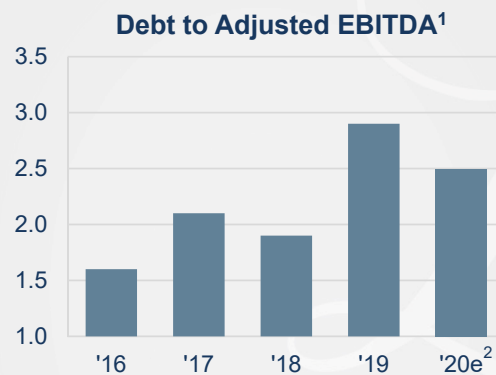
¹ EPS from continuing ops exclude unusual items; see appendix for non-GAAP reconciliations

² 2020 estimates based on mid-point of guidance

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Strong Balance Sheet

- Maintaining long-held priority on financial strength
- Financed \$1.25 billion ECS acquisition in January 2019 with:
 - \$750 million of commercial paper (\$500 million refinanced in March 2019 through public issuance of 4.4% 10-year notes)
 - Issuance of \$500 million 5-year term loan (variable rate)



¹ EBITDA from continuing ops exclude unusual items; see appendix for non-GAAP reconciliations

² 2020 estimates based on mid-point of guidance

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Current Topics

2019 Highlights

- 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
- Debt to adjusted EBITDA of 2.9x

¹ See appendix for non-GAAP reconciliations

2020 Guidance (issued 2/3/20)

- 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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Macro Indicators



Consumer confidence

- More crucial than home sales since majority (~2/3rds) of bedding/furniture purchases are replacement of existing product
- “Large ticket” purchases that are deferrable



Total **housing** turnover

- Combination of **new and existing** homes sales



Employment levels



Consumer discretionary spending



Interest rate levels

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Key Take-Aways



TSR in top third of S&P 500 is primary financial goal



Framework in place to support long-term **profitable growth**



Maintaining **capital discipline**



Dividend growth remains a top priority

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FOR ADDITIONAL INFORMATION

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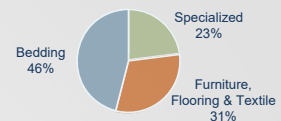
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Additional Information

Segments

% of 2020 est trade sales



Bedding Products

Bedding

- Mattress springs
- Private-label finished mattresses, mattress toppers, pillows
- Specialty bedding foams
- Foundations

Wire

- Drawn steel wire
- Steel rod

Adjustable Bed

- Adjustable beds

Machinery

- Quilting & sewing machinery for bedding mfg.
- Mattress packaging and glue-drying equipment



Furniture, Flooring & Textile Products

Work Furniture

- Chair controls, bases, frames
- Private-label finished seating

Home Furniture

- Recliner mechanisms
- Seating and sofa sleeper components

Flooring & Textiles

- Flooring underlayment
- Textile converting
- Geo components



Specialized Products

Automotive

- Auto seat support & lumbar systems
- Motors, actuators & cables

Aerospace

- Tubing
- Tube assemblies

Hydraulic Cylinders

- Hydraulic cylinders primarily for material handling, transportation & construction equipment



Customers Include

In North America:

Adient	HNI	Mattress Firm	Tempur Sealy
Ashley Furniture	JLG (Oshkosh)	MCF	Tesla
Best Home Furniture	Knoll	Rooms-to-Go	Toyota Boshoku
Berkshire Hathaway	La-Z-Boy	Sanyo	Toyota Industrial Equip
Casper	Lear	Serta	Tuft & Needle
Eaton	Lincoln Electric	Simmons	United Technologies
Haworth	Lowe's	Sleep Number	Walmart
Herman Miller	Magna	Steelcase	Wayfair

In Europe and Asia:

Dreams	Hay	Kuka	Silentnight Beds
Eurasia	Hilding Anders	Natuzzi	Steinhoff
Faurecia	Himolla	Nestledown	Volkswagen
Fritz Hansen	Howe	Profim	

Diverse Customer Base – Low Concentration

Cost Structure

Cost of Goods Sold composition (approximate):

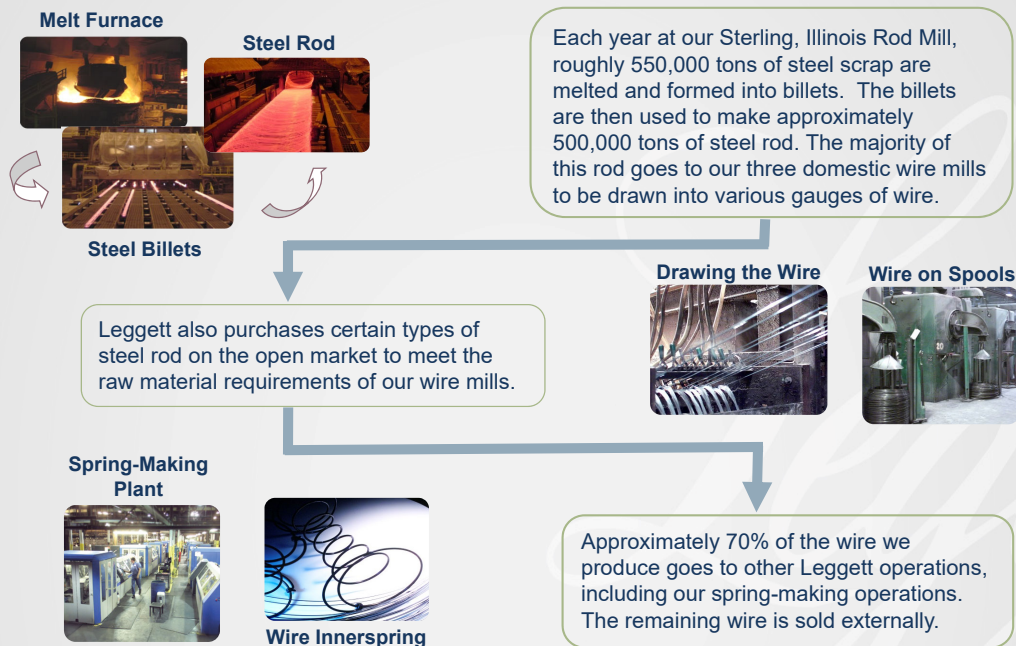
- 60% Materials, composed of:
 - Steel ~25% of RMs
 - Chemicals ~15% of RMs
 - Woven & non-woven fabrics ~10% of RMs
 - Foam scrap, fibers ~3% of RMs
 - Titanium, nickel, stainless ~2% of RMs
 - Others, including sub-assemblies, hardware, components, finished products purchased for resale, etc. ~45% of RMs
- 20% Labor (includes all burden and overhead)
- 20% Other, composed of:
 - Depreciation, utilities, maintenance, supplies – each ~3% of COGS
 - Shipping/transportation ~10% of COGS
 - Other also includes rent, insurance, property tax, etc.
- Costs are roughly 75% variable, 25% fixed

Steel Impact

- Primary commodity exposure is steel; ~25% of RM's
- Main categories are scrap, rod, and flat-rolled
 - Many grades of scrap – market data is generally available
 - Limited credible data to track moves in other types of steel
- Impact from inflation/deflation
 - Typically pass through; lag is ~90 days
- LIFO accelerates inflation/deflation into COGS
- Changes in metal margin (mkt price for rod - mkt price for scrap) also impact earnings
 - Our scrap cost and rod pricing moves with the market; large swings cause Industrial Products segment earnings volatility

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Vertical Integration in Steel



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Strong Peer Group

Diversified Manufacturers

w/ Ticker & Fortune 1000 Ranking (May 2019)

Leggett Ranking = 599

CSL	Carlisle	570	ITW	Illinois Tool Works	214
DHR	Danaher	160	IR	Ingersoll Rand	n/a
DOV	Dover	412	MAS	Masco	366
ETN	Eaton Corp	n/a	PNR	Pentair	n/a
EMR	Emerson	178	PPG	PPG Industries	205

Characteristics of the Group

Multiple Business Segments

Sell Mainly to Other Manufacturers

Low Customer Concentration

Stamp, Cast & Machine Materials

Moderate Labor & Capital Intensity

Primarily Manufacturers

In "Old Economy" Markets

Complex; Hard to Grasp

Old, Established Firms

Diverse Products

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Governance/Directors

March 2020

- 10 Non-Management Directors (out of 12 total)
- Only Non-Mgmt Directors on Key Board Committees

<u>Non-Management</u>		<u>Age</u>	<u>Joined</u>	<u>Position</u>	<u>Firm</u>
Mark Blinn	✕	58	2019	Retired President & CEO	Flowserve
Robert Brunner	◆✕	62	2009	Retired EVP	ITW
Mary Campbell	✕	52	2019	Chief Merchandising Officer/ Chief Commerce Officer	Qurate Retail Group/ QVC U.S.
R. Ted Enloe †	◆✕	81	1969	Managing Partner	Balquith Partners
Manuel Fernandez	◆✕	73	2014	Managing Director	SI Ventures
Joe McClanathan	✕ ✕	67	2005	Retired President & CEO	Energizer Household Products
Judy Odom	✕ ✕	67	2002	Retired Chair & CEO	Software Spectrum
Srikanth Padmanabhan	✕	55	2018	Vice President	Cummins Inc.
Jai Shah	◆	53	2019	Group President	Masco
Phoebe Wood	✕ ✕	66	2005	Principal	CompaniesWood
<u>Management</u>					
Karl Glassman †		61	2002	Chairman & CEO	Leggett & Platt
Mitch Dolloff		54	2020	President & COO	Leggett & Platt

† Lead Director

‡ Chairman of the Board

Committees: ✕ Audit ◆ Compensation ✕ Nominating & Corporate Governance

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Compensation Rewards Strong Performance

- Annual Incentive
 - Based on current year **ROCE**, **free cash flow**, and individual goals
- Performance Stock Units
 - Long-term equity-based, significant portion of total comp for execs
 - Three-year performance period with two equal measures
 - **Relative TSR performance** (vs. peer group of ~300 companies)
 - Company or segment **EBIT CAGR**
- Deferred Comp Program
 - Opportunity (in December) to **forego** a portion of next year's cash salary and bonus to **buy** stock units

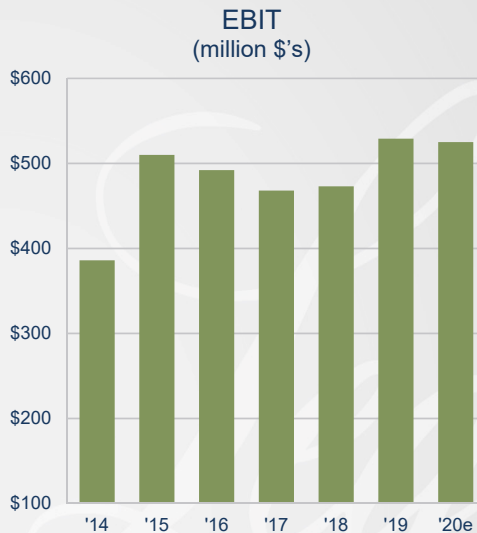
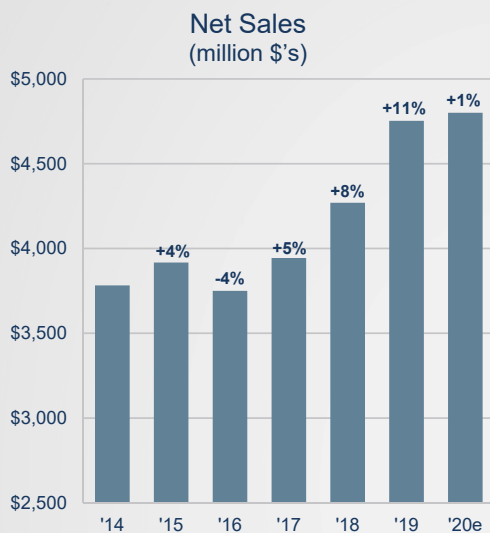
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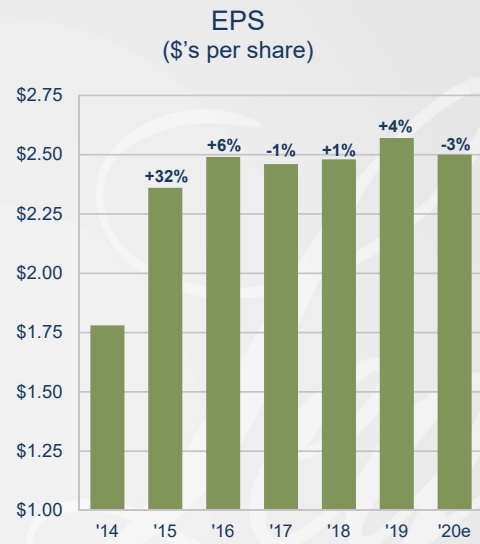
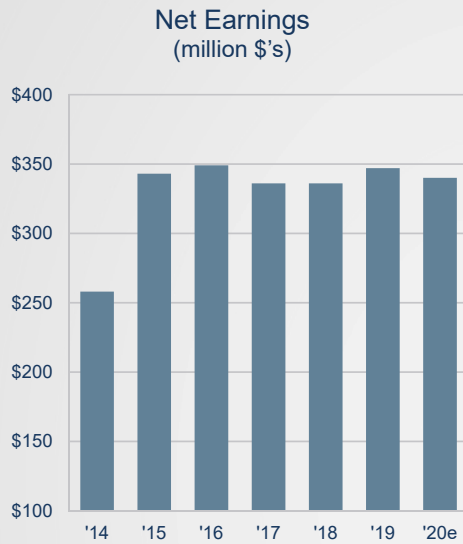
Financial Information

Sales and EBIT



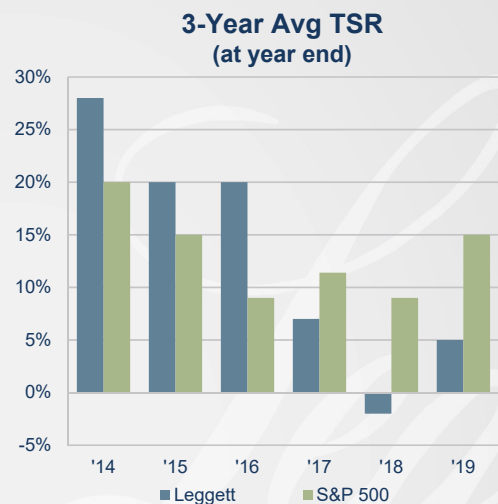
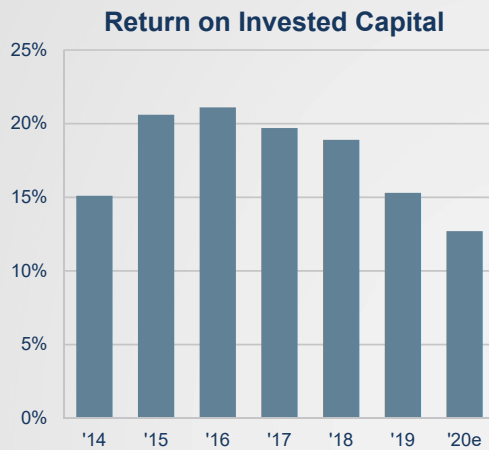
- Amounts are from continuing operations and exclude unusual items. See appendix for non-GAAP reconciliations.
- 2020 estimates are based on mid-point of guidance

Net Earnings and EPS



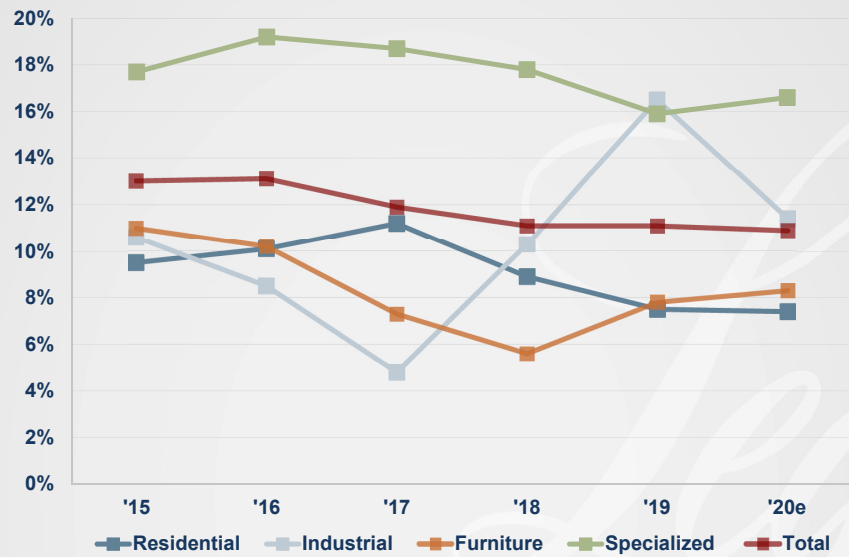
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Returns and TSR



- See appendix for return calculation
- 2020 estimates are based on mid-point of guidance
- TSR assuming dividends continually reinvested

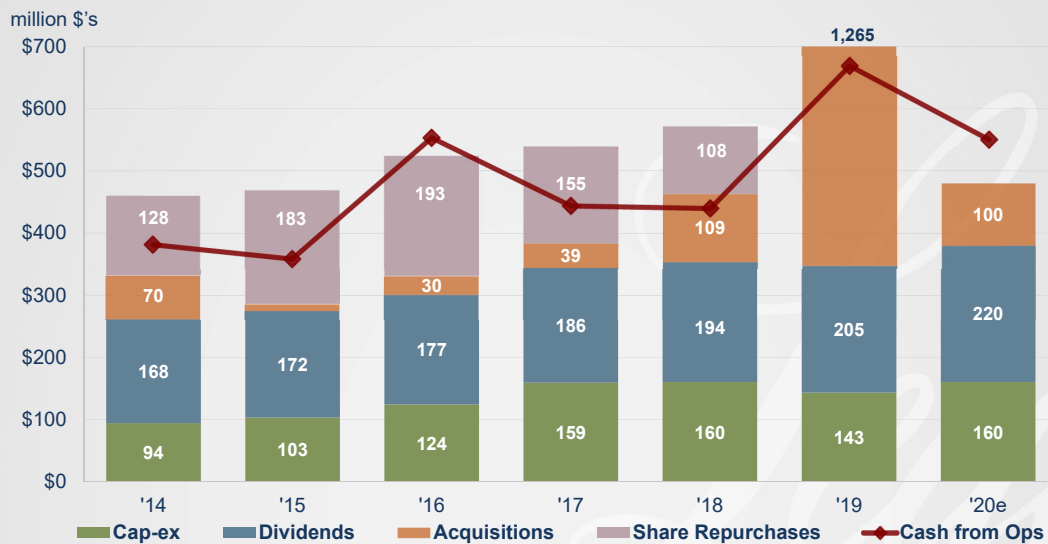
Segment EBIT Margins



- Amounts exclude unusual items. See appendix for non-GAAP reconciliations.
- 2020 estimates are based on mid-point of guidance

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Uses of Cash Flow



Operating Cash > Capital Expenditures + Dividends for over 30 years

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Cash Flow Details

\$'s in millions	2014	2015	2016	2017	2018	2019	2020e ²
Net Income	101	329	286	293	306	334	340
Deprec & Amort	118	113	115	126	136	192	200
Def Income Taxes	(40)	24	18	16	(3)	8	
Impairment & Other	124	19	15	11	32	20	
Working Capital	54	(171)	15	(80)	(46)	80	(20)
Other Non-Cash ¹	25	45	4	78	15	34	30
Cash from Operations	382	359	553	444	440	668	550
Uses of Cash							
Capital Expenditures	(94)	(103)	(124)	(159)	(160)	(143)	(160)
Dividends	(168)	(172)	(177)	(186)	(194)	(205)	(220)
Acquisitions	(70)	(11)	(30)	(39)	(109)	(1,265)	(100)
Share Repurchases	(128)	(183)	(193)	(155)	(108)	(7)	—

¹ 2017 Other Non-Cash includes \$67 million in deemed repatriation taxes as a result of the Tax Cuts and Jobs Act

² 2020 estimated net income is based on mid-point of guidance

Debt Structure & Philosophy

- \$2.1 billion total debt at 12/31/19
 - 3.6% average rate, 6.0 years average maturity
- 2.9x debt to adjusted EBITDA at 12/31/19
- \$1.2 billion commercial paper program in place
- With the increase in leverage from the ECS acquisition, we expect to delever to ~2.5x debt to EBITDA by temporarily limiting share repurchases, controlling the pace of acquisition spending and using operating cash flow to repay debt
- Commitment to maintaining investment grade credit rating

Debt Issued and Retired



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Financial Metrics Defined

- **TSR: Total Shareholder Return**
 - Total benefit investor realizes from owning our stock
 - $(\Delta \text{ stock price} + \text{dividends}) / \text{initial stock price}$
- **EBIT CAGR: Compound Annual Growth Rate of EBIT**
- **ROCE: Return on Capital Employed**
 - Drives ~60–70% of annual bonus at operating level and corporate
 - $\text{EBIT} / (\text{working capital (ex cash \& current debt)} + \text{net PP\&E})$
- **FCF: Free Cash Flow**
 - Drives ~20–30% of annual bonus at operating level and corporate
 - $\text{EBITDA} - \text{capex} \pm \Delta \text{ working capital (ex cash \& current debt)}$

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Appendix Non-GAAP Reconciliations

Non-GAAP Adjustments, Continuing Ops

(\$ millions, except EPS)	2014	2015	2016	2017	2018	2019
Non-GAAP Adjustments (\$'s)¹						
Restructuring-related charges	-	-	-	-	16	15
Note impairment	-	-	-	-	16	-
ECS transaction costs ²	-	-	-	-	7	1
Gain from real estate sale	-	-	-	(23)	-	-
Impairment charges	-	6	4	5	-	-
Litigation accruals	54	6	-	-	-	-
Acq-related bargain purchase gain	-	-	-	-	-	-
Pension settlement charge	-	12	-	15	-	-
Gain/loss from sale of business	-	-	(27)	3	-	-
Litigation settlement gain	-	-	(7)	-	-	-
Non-GAAP adjustments (pre-tax \$'s)	54	23	(30)	-	39	16
Income tax impact	(21)	(9)	12	-	(7)	(2)
TCJA impact ³	-	-	-	50	(2)	-
Unusual tax items	-	-	-	(8)	-	-
Non-GAAP adjustments (after tax \$'s)	33	15	(18)	42	30	14
Diluted shares outstanding	143.2	142.9	140.0	137.3	135.2	135.4
EPS impact of non-GAAP adjustments	\$.23	\$.09	(\$.13)	\$.32	\$.22	\$.10

¹ Calculations impacted by rounding

² 2018 includes \$4 million in SG&A charges and \$3 million of financing-related charges in interest expense

³ Tax Cuts and Jobs Act of 2017

Reconciliation of Adj EBIT, Adj EBIT Margin, Adj EBITDA, Adj EBITDA Margin and Adj EPS

(\$ millions, except EPS)	2014	2015	2016	2017	2018	2019	2020e ²
Net sales	\$3,782	\$3,917	\$3,750	\$3,944	\$4,270	\$4,753	\$4,800
EBIT (continuing operations)	\$332	\$487	\$522	\$468	\$437	\$513	\$525
Non-GAAP adjustments, pre-tax ¹	54	23	(30)	-	36	16	-
Adjusted EBIT (cont. operations)	\$386	\$510	\$492	\$468	\$473	\$529	\$525
Adjusted EBIT margin	10.2%	13.0%	13.1%	11.9%	11.1%	11.1%	10.9%
Adjusted EBIT (cont. operations)	\$386	\$510	\$492	\$468	\$473	\$529	\$525
Depreciation & amortization	118	113	115	126	136	192	200
Adjusted EBITDA (cont. operations)	\$504	\$623	\$607	\$594	\$609	\$721	\$725
Adjusted EBITDA margin	13.3%	15.9%	16.2%	15.1%	14.3%	15.2%	15.1%
Diluted EPS from cont. operations	\$1.55	\$2.27	\$2.62	\$2.14	\$2.26	\$2.47	\$2.50
EPS impact from non-GAAP adjs ¹	.23	.09	(.13)	.32	.22	.10	—
Adjusted EPS from cont. operations	\$1.78	\$2.36	\$2.49	\$2.46	\$2.48	\$2.57	\$2.50

¹ See slide 52 for adjustment details

² 2020 estimates are based on mid-point of guidance (issued 2/3/20)

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Calculation of Return on Invested Capital

	2014	2015	2016	2017	2018	2019	2020e ⁴
Adjusted EBIT (cont. operations)¹	\$386	\$510	\$492	\$468	\$473	\$529	\$525
<i>Tax rate</i>	26.0%	27.7%	23.7%	22.2%	20.7%	22.1%	23.0%
Net Operating Profit After Tax (NOPAT)²	285	369	375	364	375	412	404
Total debt (long-term + current)	\$964	\$945	\$960	\$1,252	\$1,169	\$2,118	\$1,800
Operating lease liabilities ³	-	-	-	-	-	161	160
Equity	1,155	1,098	1,094	1,191	1,158	1,312	1,400
Less: Cash & Cash equivalents	(333)	(253)	(282)	(526)	(268)	(248)	(250)
Invested Capital	\$1,786	\$1,790	\$1,772	\$1,917	\$2,059	\$3,343	\$3,110
Average Invested Capital	\$1,891	\$1,788	\$1,781	\$1,844	\$1,988	\$2,701	\$3,227
Return on Invested Capital (ROIC)	15.1%	20.6%	21.1%	19.7%	18.9%	15.3%	12.5%

¹ See slide 52 for adjustment details

² NOPAT = Adjusted EBIT x (1 - tax rate)

³ New lease accounting rules adopted January 1, 2019. Prior year data is not available.

⁴ 2020 estimates are based on mid-point of guidance (issued 2/3/20)

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Calculation of Dividend Payout % of Adjusted EPS

	2016	2017	2018	2019	2020e ²
Diluted EPS from cont. operations	\$2.62	\$2.14	\$2.26	\$2.47	\$2.50
EPS impact from non-GAAP adjs ¹	(.13)	.32	.22	.10	—
Adjusted EPS from cont. operations	\$2.49	\$2.46	\$2.48	\$2.57	\$2.50
Annual dividend per share	\$1.34	\$1.42	\$1.50	\$1.58	\$1.66
Dividend payout % of diluted EPS from continuing operations	51%	66%	66%	64%	66%
Dividend payout % of adjusted EPS	54%	58%	60%	61%	66%

¹ See slide 52 for adjustment details

² 2019 estimates are based on mid-point of guidance (issued 2/3/20)

Calculation of Debt to Adjusted EBITDA

	2016	2017	2018	2019	2020e ³
EBIT (cont. operations)	\$522	\$468	\$437	\$513	\$525
Non-GAAP adjustments, pre-tax ¹	(30)	-	36	16	—
Adjusted EBIT (cont. operations)	492	468	473	529	525
Depreciation and amortization ²	115	126	136	192	200
Adjusted EBITDA	\$607	\$594	\$609	\$721	\$725
Total Debt (long-term + current)	\$960	\$1,252	\$1,169	\$2,118	\$1,800
Debt to Adjusted EBITDA	1.6x	2.1x	1.9x	2.9x	2.5x

¹ See slide 52 for adjustment details

² D&A is from continuing operations

³ 2020 estimates are based on mid-point of guidance (issued 2/3/20)

Non-GAAP Financial Measures

While we report financial results in accordance with accounting principles generally accepted in the U.S. ("GAAP"), this presentation includes non-GAAP measures. These include **adjusted EBIT**, **adjusted EBIT margin**, **adjusted earnings**, and **adjusted EPS**. We believe these non-GAAP measures are useful to investors in that they assist investors' understanding of underlying operational profitability. Management uses these non-GAAP measures as supplemental information to assess the company's operational performance.

We believe the presentation of **return on invested capital (ROIC)** provides investors a useful way to assess how efficiently the Company uses investors' funds to generate income. Management uses this ratio as supplemental information to assess how effectively its invested capital is utilized.

We believe the presentation of **debt to adjusted EBITDA** provides investors a useful way to assess the time it would take the Company to pay off all of its debt, ignoring various factors including interest and taxes. Management uses this ratio as supplemental information to assess its ability to pay off its incurred debt.

The above non-GAAP measures may not be comparable to similarly titled measures used by other companies and should not be considered a substitute for, or more meaningful than, their GAAP counterparts.