

Leggett & Platt, Incorporated NYSE:LEG

FQ4 2025 Earnings Call Transcripts

Thursday, February 12, 2026 1:30 PM GMT

S&P Global Market Intelligence Estimates

	-FQ4 2025-			-FQ1 2026-	-FY 2025-			-FY 2026-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS
EPS Normalized	0.23	0.22	▼ (4.35 %)	0.25	1.04	1.05	▲ 0.96	1.08
Revenue (mm)	938.74	938.60	▼ (0.01 %)	944.29	4055.24	4055.10	● 0.00	3892.68

Currency: USD

Consensus as of Feb-12-2026 4:16 PM GMT

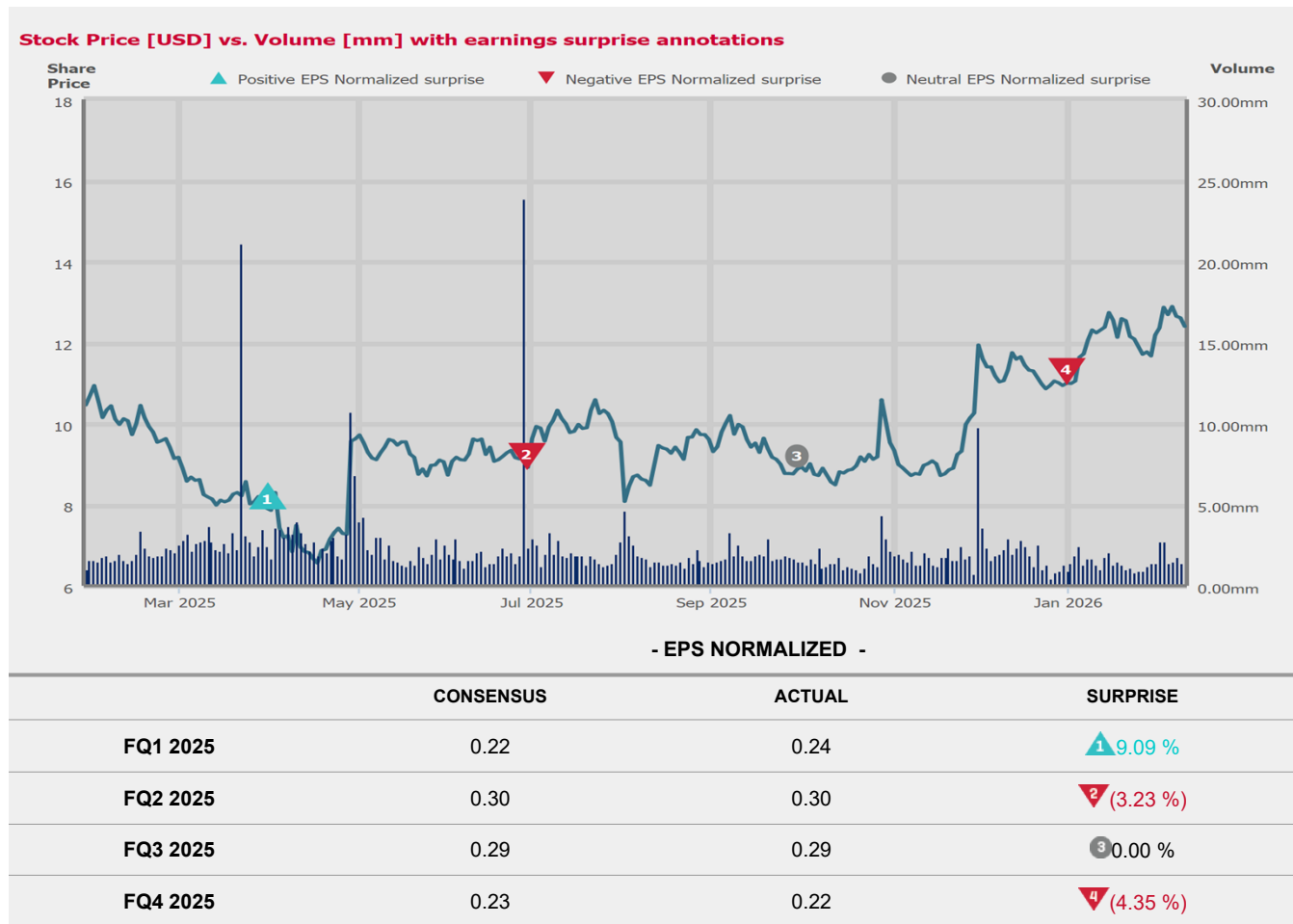


Table of Contents

Call Participants	3
Presentation	4
Question and Answer	7

Call Participants

EXECUTIVES

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Executive VP & CFO

James Tyson Hagale

Executive VP & President of Bedding Products

Karl G. Glassman

President, CEO & Executive Chairman

Robert Samuel Smith

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Ryan Michael Kleiboeker

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Raymond James & Associates, Inc., Research Division

Alexia Morgan

Piper Sandler & Co., Research Division

Keith Brian Hughes

Truist Securities, Inc., Research Division

Susan Marie Maklari

Goldman Sachs Group, Inc., Research Division

Presentation

Operator

Greetings, and welcome to the Leggett & Platt Fourth Quarter 2025 Webcast and Earnings Call. [Operator Instructions] As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Mr. Ryan Kleiboeker. Please go ahead.

Ryan Michael Kleiboeker

Executive VP & Chief Strategic Planning Officer

Good morning. Welcome to Leggett & Platt's fourth quarter and full year 2025 earnings call. With me on the call today are Karl Glassman, CEO; Ben Burns, CFO; Tyson Hagale, President of the Bedding Products segment; and Sam Smith, President of the Specialized Products and Furniture, Flooring and Textile Products segments.

We posted to the IR section of our website yesterday's press release and a set of slides that contain summary financial information along with segment details. Those documents supplement the information we will discuss on this call, including non-GAAP reconciliations. Remarks today concerning future expectations, events, objectives, strategies, trends or results constitute forward-looking statements. Actual results or events may differ materially due to a number of risks and uncertainties, and the company undertakes no obligation to update or revise these statements. Please refer to yesterday's press release and the sections in our most recent 10-K and subsequent 10-Q entitled Risk Factors and Forward-Looking Statements.

I'll now turn the call over to Karl.

Karl G. Glassman

President, CEO & Executive Chairman

Thank you, Ryan, and good morning, everyone. Early last year, we shared our 2025 priorities, which included strengthening the balance sheet, improving operational efficiency and margins and positioning Leggett & Platt for profitable long-term growth. Thanks to the tremendous efforts by our teams, we delivered on those priorities and made significant progress to position the business to accelerate when residential end markets turn. We have substantially completed the restructuring plan we launched in early 2024, reflecting strong execution and disciplined follow-through. The actions taken over the past 2 years delivered greater EBIT benefit at lower cost than originally expected. These improvements are sustainable, and we expect they will contribute to improved profitability and cash flow generation, which will allow us to reinvest in growth and return capital to our shareholders. Although the 2024 restructuring plan is essentially complete, we continue to identify opportunities to improve our cost structure and enhance profitability across our businesses. We also took meaningful steps in 2025 to simplify our portfolio and ensure focus on our core operations. Notably, we divested our Aerospace business in the third quarter. After-tax proceeds from that transaction were used to retire our outstanding commercial paper and accelerate our deleveraging efforts, moving us meaningfully closer to our long-term leverage target of 2x.

Our teams also did outstanding work in 2025 to further strengthen our foundation for long-term profitable growth. A few highlights include the continued growth of our semi-finished products, particularly Eco-Base and pre-foam-encased ComfortCore and bedding products. We also made significant progress on filling key roles to expand our competencies, especially in Specialty Foam, where we are working to diversify and expand the customer base. Automotive made progress in building our innovation pipeline and establishing greater intimacy with our OEM and Tier 1 customers to strengthen our position in seating comfort and in-car motion systems.

Our Home Furniture team opened a facility in Vietnam to better serve our customers who have relocated to this growing region of furniture production, and in Textiles, we have continued to penetrate new specialty markets such as medical nonwovens, where we are poised to introduce additional new products in 2026.

Our Geo Components team saw growth in our retail business, where we continue to gain share at major home improvement retailers.

As we turn to demand trends and expectations for 2026, our residential markets, which account for roughly half of the company's revenue, remain in a multiyear depression with demand well below average cycle levels. While we cannot predict the timing of demand recovery, we are confident that we are well positioned to capitalize on the incremental volume when it materializes.

In Bedding, trade rod and wire sales benefited from metal margin expansion and strong domestic demand last year, while our mattress-related businesses faced another year of soft demand in addition to specific customer challenges. We believe the U.S. mattress market was down low single digits in 2025. Domestic production was down high single digits, but second half performance improved after a tough start to the year.

Demand in our Bedding Products segment is expected to be down low single digits in 2026 due to volume declines in Adjustable Bed and Specialty Foam as we lap customer program changes that began in 2025. However, U.S. Spring is anticipated to perform in line with the U.S. mattress market and domestic production, which we expect to both be flat to up low single digits in 2026.

In the Specialized segment, we expect automotive volume in 2026 to reflect the impacts of a challenging industry backdrop. In North America, demand faces inflationary pressures as automakers seek to recoup a portion of tariff-related costs. Exports from China are expected to continue pressure multinational OEMs in Europe, especially as the Chinese EV manufacturers face near-term demand headwinds in their domestic market. Overall, these dynamics support our expectation to perform in line with broader market trends from down 1% to 2% as we balance regional pressures with disciplined execution across the business.

Excluding Aerospace, our 2026 Specialized Products segment comparable sales are expected to be flat to slightly above 2025. Anticipated currency benefits are expected to offset the effects of lower volume and pricing year-over-year in both automotive and hydraulic cylinders.

In our Furniture, Flooring and Textile Products segment, we saw continued soft demand in our residential-focused businesses, Home Furniture and Flooring, while Work Furniture and Textile saw modest growth year-over-year. We anticipate further demand uncertainty in our residential markets, but expect to see growth in textiles, both in our Geo Components business and nonresidential markets in Fabric Converting.

As we move through 2026, we will continue to prioritize balance sheet strength, operational efficiency and margin improvement and build on the progress we've made over the last couple of years to position the company for profitable long-term growth. In Bedding, we will focus on diversifying our customer base in Specialty Foam, further integrating our foam and innerspring capabilities while growing component content and improving our ability to support the omnichannel needs of our bedding customers.

In Automotive, with new leadership in 2026, we will focus on making strategic investments in our commercial organization and operations to return to growth and strengthen our relationships with OEM and Tier 1 customers.

In Textiles, we are focused on expanding our business through organic growth and small strategic acquisitions. And throughout the company, we are committed to driving operational excellence through continuous process improvement, cost reduction and footprint optimization, while also investing in our talent and developing a strong pipeline of future leaders. Although near-term demand in several of our markets remains challenged, the foundation we have in place will enable us to pursue growth opportunities in 2026 and return capital to shareholders.

I'll now turn the call over to Ben.

Benjamin Michael Burns
Executive VP & CFO

Thank you, Karl, and good morning, everyone. Fourth quarter sales were \$939 million, down 11% versus the fourth quarter of 2024, resulting from sales weakness at a certain customer and retailer merchandising changes in Adjustable Bed and Specialty Foam as well as continued soft demand in residential end markets, customer supply chain disruptions in Automotive and lower demand in Hydraulic Cylinders. Growth in Textiles and Work Furniture, along with higher trade wire and rod sales partially offset demand declines.

Looking at sales by segment, Bedding products decreased 11% compared to the fourth quarter of 2024. Additionally, Specialized Products declined 21%, mostly due to the Aerospace divestiture and sales in Furniture, Flooring and Textile products were down 3%. Fourth quarter EBIT was \$32 million and adjusted EBIT was \$48 million, down \$8 million versus fourth quarter 2024, primarily due to lower volume and earnings associated with our divested aerospace business, partially offset by metal margin expansion and restructuring benefit.

Fourth quarter earnings per share was \$0.18. On an adjusted basis, fourth quarter EPS was \$0.22, a 5% increase from fourth quarter 2024 adjusted EPS of \$0.21. For the full year, 2025 sales decreased 7% to \$4.05 billion, primarily from continued weak demand in residential end markets, sales weakness at a certain customer and retail merchandising changes in Adjustable Bed and Specialty Foam, divestitures, lower demand in Automotive and Hydraulic Cylinders and restructuring-related sales attrition. These declines were

partially offset by growth in Textiles and Work Furniture, higher trade wire and rod sales, raw material-related selling price increases and currency benefit.

EBIT increased \$786 million, primarily due to the non-recurrence of \$676 million in goodwill impairment charges during 2024. Adjusted EBIT decreased \$4 million to \$263 million, primarily from lower volume, partially offset by restructuring benefit and metal margin expansion. Full year EPS was \$1.69 and adjusted EPS was \$1.05, flat versus 2024.

In 2025, operating cash flow was \$338 million, an increase of \$33 million versus 2024. This increase was primarily driven by working capital benefits. We ended the year with adjusted working capital as a percentage of annualized sales of 11.6%, a decrease of 140 basis points versus 2024.

Our teams executed exceptionally well, resulting in significant balance sheet improvement in 2025. Aerospace divestiture proceeds, along with cash from operations and real estate sales allowed us to reduce debt by \$376 million. Our net debt to adjusted EBITDA decreased from 3.8x to 2.4x by the end of the year, bringing us significantly closer to our long-term leverage target of 2x. As we move into 2026, we expect to use most of our excess cash flow to reduce net debt, while also pursuing opportunities for share repurchases and small strategic acquisitions as conditions allow. Our long-term priorities for uses of cash remain consistent: Funding organic growth, funding strategic acquisitions and returning cash to shareholders through share repurchases and dividends.

As Karl mentioned earlier, we have substantially completed the restructuring plan in 2025 and significantly exceeded our original expectations. We expect a full run rate of approximately \$70 million of EBIT benefit and total cost of \$80 million, half of which were noncash costs. We also expect cash proceeds from real estate sales of \$70 million to \$80 million, \$48 million of which have already been realized with the remaining balance expected in 2026.

Moving to guidance. 2026 sales are expected to be \$3.8 billion to \$4.0 billion or down 1% to 6% versus 2025. 2025 divestitures are expected to reduce sales 3%. Volume is expected to be flat to down low single digits with volume at the midpoint, down low single digits in Bedding Products, down low single digits in Specialized Products and flat in Furniture, Flooring and Textile Products.

Inflation and currency benefit combined are expected to increase sales low single digits. 2026 earnings per share are expected to be \$0.92 to \$1.38, including approximately \$0.02 to \$0.11 per share impact from restructuring costs, primarily related to cost improvement and footprint optimization opportunities identified across the company that are currently being evaluated. \$0.05 to \$0.08 per share impact from costs associated with the unsolicited offer from Somnigroup and \$0.11 to \$0.25 per share gain from sales of real estate.

Full year adjusted earnings per share are expected to be \$1 to \$1.20. The midpoint reflects operational efficiency improvements, disciplined cost management, favorable product mix and full year benefit of metal margin expansion that started in Q2 2025, partially offset by lower volume. We expect normal seasonality in our 2026 results with lower sales and earnings in the first and fourth quarters. Based upon this guidance framework, our 2026 full year adjusted EBIT margin range is expected to be 6.3% to 7.0%. Cash from operations is expected to be \$225 million to \$275 million in 2026. While we do not anticipate a benefit from working capital this year, we will continue to have a sharp focus on cash flow generation.

Our CapEx is expected to be \$100 million to \$115 million in 2026. The increase versus last year is due to the timing of some initiatives being pushed from 2025 into 2026, and the replacement of equipment lost in the storage facility fire within our Bedding segment.

With that, I'll turn the call back over to Karl for final remarks.

Karl G. Glassman
President, CEO & Executive Chairman

Thank you, Ben. In closing, I want to thank our employees around the globe for your efforts in transforming the company in 2025. Together, we executed our restructuring plan, strengthened our balance sheet and positioned Leggett & Platt for long-term success. While near-term demand uncertainty remains, we are confident in our ability to execute our strategic priorities and create long-term shareholder value.

Before we begin Q&A, I want to acknowledge the current discussions between Leggett & Platt and Somnigroup. As we announced in January, we have entered into a customary nondisclosure agreement and 6-month standstill. We do not intend to make any further public comments and will not be answering any questions related to these discussions on this call.

With that, operator, we're ready for Q&A.

Question and Answer

Operator

[Operator Instructions] And our first question comes from Susan Maklari with Goldman Sachs.

Susan Marie Maklari

Goldman Sachs Group, Inc., Research Division

My first question is on the restructuring. It's nice to see how those efforts are coming together even with all the headwinds that you're still facing. Can you talk about how they are coming through to the various segment margins in last year, what we should expect for this year? And then you also mentioned, Karl, that you're looking at additional ways to further improve the cost structure and enhance the margins, can you talk about where you're seeing perhaps some of those additional opportunities, and what they could mean over time?

Karl G. Glassman

President, CEO & Executive Chairman

Yes, Susan, thank you for the questions. I'll start with the latter and ask Ben and the rest of the team to fill in the first question. But we continue to look at the portfolio. I will say at this point, there are no divestitures of BUs being contemplated, but we continue to look for operational improvement opportunities in every one of the BUs. Nothing has been announced other than a consolidation of one of our Flooring Products segment facilities that's closing one small facility, moving that productive capacity into a larger facility into North Carolina. The teams continue to look at each one of the BUs, and there are some things that we're analyzing, but it would be premature to announce. But Ben, as regards to segment margins, why don't you...

Benjamin Michael Burns

Executive VP & CFO

Yes. So Susan, as we said in the prepared remarks, really good benefits from the restructuring efforts. We had really in 2025, \$63 million of benefits that are flowing through, and we expect roughly another \$5 million in 2026. So puts us at a \$70 million run rate as we look to the future. So obviously, that had a very big impact with our Bedding segment. Also we saw some benefits in our Specialized segment with Hydraulic Cylinders, and then that benefited us as well in the FF&T segment, primarily with Home Furniture and Flooring. As we look forward, I think you'll see, like I said, a more modest impact from the restructuring plan for 2026, the \$5 million that will flow through. And then as Karl said, we do have some other opportunities that we're looking at, but not ready to quantify those just yet. From a cost impact, we do have about \$2 million or a pretty small amount that is left that we know of in the formal restructuring plan.

Susan Marie Maklari

Goldman Sachs Group, Inc., Research Division

Okay. All right. That's helpful color. And then turning to Bedding and the outlook there. You mentioned that you expect springs to be flat to up low single digits, it sounds like, for this year. Just generally speaking, as you think about the Bedding market and the demand there, how much of a recovery do you think we can see if we don't have housing that really starts to come back? How important is that? And what does it mean in terms of the near-term potential path for the industry versus where we could be longer term?

Karl G. Glassman

President, CEO & Executive Chairman

Yes, Susan, great questions. I'll ask Tyson to answer all of that. I do want to remind you and the rest of the investors that there is no expectation of macro market recovery in our 2026 forecast. We'd like to see it. We've been guilty as have some others of forecasting a strong back half. We're not doing that. So to the degree that, that impact takes place, it would be upside to the midpoint of our guidance. But Tyson, why don't you unravel bedding?

James Tyson Hagale

Executive VP & President of Bedding Products

Sure. Good morning, Susan. I agree with Karl. We've definitely been tired of just hoping that a recovery is coming. And you mentioned one of the big macro factors being housing and the continued headwind that we face there. But that's a big one, obviously.

It's not the only one. Generally, consumer confidence and how people are feeling about discretionary purchases is a big deal. And then just general affordability, which goes into housing for sure, but also across the board, whether people are spending the money on insurance, gas, food, all of those things are a big deal. And just seeing where things stand today, that's why we don't feel good about building any type of recovery into guidance. Essentially, what we thought about in the bedding market for 2026 is a continuation of what we really saw in the back half of the year. The first half of 2025 was pretty tough. And so really just a more seasonal pattern in 2026 is really carrying off the back half of 2025. And that's where we get to a flat to up low single digits is really just lapping the early struggles that the market had in 2025. Relative to our business, and you mentioned U.S. Springs, that's where we have the tightest correlation to the market. And we've had some ups and downs through 2025 and in prior years relative to our performance against the market. And I think we talked about this in the third quarter, but it's true for us and our customer base, performance is mixed across the industry, and we still see a lot of choppiness. We were impacted in the fourth quarter. And we've had some other periods where this has happened as well, where we've had some consolidations happen, and we had one at the beginning of the fourth quarter that was related to some financial distress with one of our partners. And that was the biggest impact that we had in the U.S. Spring versus the market. But generally, and we saw this in the second and third quarter, we've closed the gap and have been performing pretty close to market. And we feel good about in 2026, where we've had some content gains and have some more coming as we've had more products introduced in some of our comfort products and comfort layers, and we think that helps us manage our business along with the rest of the market.

Susan Marie Maklari

Goldman Sachs Group, Inc., Research Division

Okay. That's great color. And then I'm going to squeeze one more in, which is for Ben, can you just run through the guide for the segments for this year in terms of the revenue and the margins for each one of them?

Benjamin Michael Burns

Executive VP & CFO

Yes. Sure thing Susan. So from a Bedding perspective, we would expect net trade sales and volume to both be down low single digits with margins up 150 basis points. From the Specialized Products segment, this is adjusting for the Aerospace divestiture, we would expect organic sales and volume down low single digits with margins down 150 basis points. And then on the Furniture, Flooring and Textile side, we'd expect net trade sales and volumes to be flat and margins to be flat as well.

Operator

And our next question comes from Bobby Griffin with Raymond James.

Alessandra Lynn Jimenez

Raymond James & Associates, Inc., Research Division

This is Alessandra Jimenez on for Bobby Griffin. First, I wanted to follow up on the Bedding segment. U.S. Spring volumes notably decreased in 4Q versus 3Q. Is that mainly driven by the consolidation you mentioned in 4Q, or was there something else that impacted the volume trends? Sorry, what was your view on industry for 4Q versus 3Q for the Bedding segment?

James Tyson Hagale

Executive VP & President of Bedding Products

Good morning, thanks for the question. Yes, our primary delta between our performance in the market was the customer consolidation that I mentioned just a moment ago. Otherwise, generally performed, we feel like, in line with the market. We expected fourth quarter to be down versus third quarter, just the general seasonality that we always see in the business. And also just a reminder that we had a tough comparison against last year fourth quarter. There was a pretty strong run-up post election in the market. So it was a little bit of a tougher comparison against the fourth quarter of last year. But overall, we saw the normal sequential decline in the fourth quarter versus the third quarter.

Alessandra Lynn Jimenez

Raymond James & Associates, Inc., Research Division

Okay. That's helpful. And then maybe switching gears a bit to Auto. You had mentioned customer supply chain disruptions during the quarter. Can you walk us through the impact there? And are you seeing any lingering issues in 1Q?

Robert Samuel Smith

EVP, President of the Furniture, Flooring & Textile Products and President of Specialized Products

Thanks, Alessandra. This is Sam. I'll jump in with that one. So I think last quarter, we mentioned that we were seeing some supply chain issues of various types when we talked. And those are the ones we were referring to. And just for memory's sake, there was a Dutch semiconductor company who had some disputes with the Chinese Government and got shut down for a while. That caused the largest and most widespread customer impacts. And when our customers were impacted, they just rolled back to us. On top of that, in North America, there was an aluminum manufacturer that had a fire and had to shut its production. That hurt a few customers here. And then over in Europe, there were a couple of very specific customer issues. One of the OEMs got hit by a cyber attack, and it was shut down -- all of its factories were shut down for several weeks. And then another OEM found themselves long on inventory and had to shut a few plants for a little while. And our team did just a really good job working together with our customers to manage through all those issues and all those issues that we faced last quarter are really behind us now.

Alessandra Lynn Jimenez

Raymond James & Associates, Inc., Research Division

Okay. That's very helpful. And then finally, I wanted to talk on capital allocation. We are pleased to see debt tick down again this quarter. With the rest of the debt kind of well termed out, can you refresh us on your capital allocation priorities? Is the goal to get to that 2x leverage to get there on EBITDA growth or continue to build the cash balance?

Karl G. Glassman

President, CEO & Executive Chairman

Alessandra, I'll take that, and Ben jump in at any time. But you'll remember our long-term priorities, as Ben said in the prepared remarks, are the same. Fund organic growth, which I'm proud to say that we're starting to see some green shoots there, moving a little bit from defense to offense, and we can walk through all those areas of opportunity, small strategic complementary acquisitions and then return the excess to the shareholders via either repurchases or dividends. But in the near term, the goal is to move closer to the 2x leverage target. So we'll -- we think probably conservatively, we'll be there by the end of this calendar year. We'll continue to move toward it. We'll update you as we make that progress. You'll remember that the first quarter typically is a use of cash just as we rebuild working capital for the normal seasonality of the businesses. So we'll continue to update you. But near term, the goal is to move closer to the 2x leverage metric.

Operator

[Operator Instructions] We'll go next to Keith Hughes with Truist Securities.

Keith Brian Hughes

Truist Securities, Inc., Research Division

I also have a question on Bedding. It seems implied in your guidance that some of these customer disruptions are going to be ending. Are you anniversary-ing those as we head into 2026?

James Tyson Hagale

Executive VP & President of Bedding Products

Keith, this is Tyson. Yes, the bulk of that, we would lap early in the year. And there's always -- it's hard to forecast those things. There's always the chance that we have some other things like that pop up, just hard to estimate that. And on the flip side, we see some balance on things that could be opportunities for additional volume gains on the other side of it. But balancing it out for the midpoint of our guidance, we left the Spring business flat.

Keith Brian Hughes

Truist Securities, Inc., Research Division

It appears that would be some disruptions at some retailers as well as some wholesale manufacturers. Is that correct?

Karl G. Glassman

President, CEO & Executive Chairman

That's correct. Yes, that's correct.

Keith Brian Hughes

Truist Securities, Inc., Research Division

Okay. And then I guess a question for Karl as a little historical perspective on mattress sales. The last 3 or 4 years have been just so difficult for the industry. Have you ever seen anything like this in your career or anything approached like this in your career? And I think you've talked about affordability, but what do you think is the issue for the entire industry in terms of getting these sales going?

Karl G. Glassman

President, CEO & Executive Chairman

Keith, you know you've been around a long time when you get asked the question from a historical perspective.

Keith Brian Hughes

Truist Securities, Inc., Research Division

I implied you are old, but I didn't want to say that.

Karl G. Glassman

President, CEO & Executive Chairman

As a matter of fact, once again, you're accurate. No, I've never seen anything like this. There's -- interestingly enough, when we track data back to the early '70s, and I was not in the industry -- well, I guess I was -- anyway, no, that typically, in any kind of macroeconomic step down, Bedding goes into the cycle first and comes out of it earliest. So if there's -- even in the Great Recession, so you had their 2.5 years of softness, you saw real strength coming back out of it, and it was a leading indicator of recovery. So we've never seen anything of this duration, this magnitude, probably overused phrase of pent-up demand, but it feels like it's building. We think that normal consumption -- normalized consumption in the U.S. should be in the 34 million to 35 million mattress range. We're probably just sub 30 million on an annualized basis and have been there for a while. So it feels good once the consumer becomes confident and Housing is unleashed, but we just have no ability to predict when that happens. So in the interim, Tyson and the team are doing an outstanding job. First, the restructuring effort was really important, getting that successfully completed and behind us. And then now working with customers on innovation, product development and the opportunities are significant. We feel pretty good about the year. But Keith, to your point, I have been around a long time. We're manufacturing, a manufacturer that is unit sensitive. When additional volume goes through these assets, that are now rightsized via restructuring, it will get really good, really quick through a value chain that starts at a steel mill, walks through a wire mill and then into a spring plant. So the volume will be fantastic. It will be on the high side of our contribution margins. We just can't make a call as to when it happens.

Operator

And moving on to Peter Keith with Piper Sandler.

Alexia Morgan

Piper Sandler & Co., Research Division

This is Alexia Morgan on for Peter Keith. Maybe to start, regarding the 2026 EPS growth drivers in your guidance, can you elaborate on what the favorable sales mix driver is? And then as for metal margin expansion, how should we assume metal margin -- or should we assume that metal margin will be a benefit for all of 2026 or just concentrated to Q1? Or how should we think about those two pieces specifically?

James Tyson Hagale

Executive VP & President of Bedding Products

Sure. Good morning, this is Tyson. I'll handle the Bedding pieces first, and hand it back to Ben for any others. But on your question about metal margin, yes, we've assumed continuation of the steel economics that we saw in the third and fourth quarter really carrying out through the full year at this point, just based off the data that we've looked at, that's our best estimate. So we would have the full year metal margin impact through 2026. In terms of mix in Bedding, both from trade rod and wire, which we also saw the tailwinds of that in the back half of 2025, but then also improving mix within our U.S. Spring business.

Benjamin Michael Burns

Executive VP & CFO

Yes. And then I'd just add on, we've got some operational efficiency improvements that will help us mostly from a bedding perspective, from a margin and EPS perspective. And then we -- like I said earlier, we'll have a little bit of additional restructuring benefit that will flow through that will also contribute to the higher EPS at the midpoint.

Alexia Morgan

Piper Sandler & Co., Research Division

And then next, how should we think about organic growth assumptions by segment, by quarter? Does guidance assume any business segment sees improvement in sales trend as the year progresses, or is it pretty steady throughout the year?

Benjamin Michael Burns
Executive VP & CFO

Yes. I would say we would typically see our normal seasonality that really flows through first quarter and fourth quarter are generally lower and then second and third quarter are stronger. But I think as we think about organic growth over the course of the year, generally pretty ratable.

Alexia Morgan
Piper Sandler & Co., Research Division

Okay. And then lastly, can you discuss your view on mattress industry trends for Q1, like any early reads you have quarter-to-date? And then looking longer term, can you elaborate on growth drivers for the Bedding segment specifically, and when you expect those to start to contribute?

James Tyson Hagale
Executive VP & President of Bedding Products

Sure. I'll jump in on the first part. The big weather events that we've had over the last several weeks have certainly been impactful. We've heard that from our customers and just seeing between retail activity and what we've heard with foot traffic, but also facility closures and impacts there. So we expect there will be a catch-up, and we'll all be looking to President's Day and see what the activity is like there. But the weather impacts certainly have had some impact on the business early in the quarter. And we talked about it, I think the big drivers being housing, consumer confidence and general affordability are the big factors that we're watching to point to a recovery.

Benjamin Michael Burns
Executive VP & CFO

And I'd just circle back on your previous question about the quarters and growth. I think Tyson's point there on, weather is probably a good one to be aware of. The first quarter could be a little bit more impacted from that perspective. So that's probably a good thing to call out.

Operator

And we'll take a follow-up question from Susan Maklari with Goldman Sachs.

Susan Marie Maklari
Goldman Sachs Group, Inc., Research Division

I have two things that I just want to touch on a little further. The first is in FF&T, we saw that meaningful drop-off in their margin in the fourth quarter. Can you just talk a little bit more about how we should think about the path of getting from where you ended this year back to something that is flat in line with the guide that you're giving us for the full year? And anything specific that came through that kind of caused that bigger-than-expected decline in the fourth quarter?

Robert Samuel Smith
EVP, President of the Furniture, Flooring & Textile Products and President of Specialized Products

Susan, this is Sam. Thanks for the question. So yes, there were several factors that hit us. A couple of them, I think, are maybe just Q4 issues. And let me just talk through them. At the top of the list, like we've said over the last several quarters, we've seen some pricing adjustments in Flooring and Textiles, and that was still an issue in Q4. In Flooring, it's simply very weak consumer demand. And until that consumer demand turns around, we kind of see that as an ongoing issue for us. And that's baked into our forecast and our guide. In Textiles, it's been mainly a raw material-related issue. And it feels like we're really close to the bottom of that cycle now. In fact, some of the materials that we use in textiles, we saw a little bit of Q4 inflation, and that's actually a really good thing. And hopefully, we continue to see that going forward into Q1 for the rest of the year. Currency was a plus on the top line, but it was a pretty decent negative on the bottom line. Not sure exactly what to think about that going forward, but I feel like currency could continue to be a drag a bit. The third factor would just be lower consumer demand that we mentioned, driving those year-over-year volume declines in Home Furniture and Flooring. It feels like we can continue to see soft demand in those two businesses. And finally, we're launching

our greenfield home furniture site in Vietnam, and there are always costs associated with the greenfield. We started at the last week of Q3, and we spent Q4 ramping up. So that was an impact for sure. Our team is working hard, and we've met our first goal, which was to ship product to our U.S. customers. We're there now. That's happening. Now we're focused on driving productivity and shipping more and more product to our Southeast Asian customers. And I think as we go through the year, go through Q1, Q2, we're going to see a productivity improvement there that should help alleviate some of these issues we saw in Q4. Those were the major factors. I think in all these businesses, our teams are just doing a great job continuing to focus on controlling what they can control in some difficult environments.

Susan Marie Maklari

Goldman Sachs Group, Inc., Research Division

Yes. Okay, that's great color, Sam. And it actually brings up another question that I'm going to ask, which is when you think about Leggett's global footprint and what's going on from a trade perspective, are there other areas or other needs to shift your production on a relative basis to better align with some of the customers, and where they're looking to operate, or where they're looking to source from?

Karl G. Glassman

President, CEO & Executive Chairman

Go ahead, Sam, and I was actually going to go where you might be headed in Auto, there's that those tensions. But go ahead.

Robert Samuel Smith

EVP, President of the Furniture, Flooring & Textile Products and President of Specialized Products

Yes, sure. That's exactly what I was going to talk about. There is a push in Automotive to do more regional sourcing, specifically from the North American OEMs to do more sourcing from here in North America. And we have traditionally been kind of a region-for-region business, meaning what we make in North America stays in North America, what we make in Asia tends to stay in Asia. But we are seeing some of those questions and some of those concerns, and we're addressing those and trying to relocate some product as needed. The push has been stronger from some OEMs than others because I think everybody is still, to some degree, concerned about what is the next change that might happen, right? Karl, do you have anything to add?

Karl G. Glassman

President, CEO & Executive Chairman

No, I was just going to say, absent Auto, I think we're really well positioned. And to your point, really well positioned in Auto today as the global industry is constructed, but it certainly is in a state of flux. And we'll be there to support our customers at every turn. But the rest of the businesses, I think we're really pretty well positioned geographically.

Robert Samuel Smith

EVP, President of the Furniture, Flooring & Textile Products and President of Specialized Products

I agree.

Susan Marie Maklari

Goldman Sachs Group, Inc., Research Division

Okay. All right. That's good. And then my next question is on the working capital. You've done an excellent job on the working capital side, even with all the moving parts and the pressures that the business has been under. Can you talk about how we should think of that going forward? Is there further opportunity there? Do you actually need to build a little working capital? And especially maybe if demand does start to come back, would there be a need to add some inventory or just thoughts on the path there?

Benjamin Michael Burns

Executive VP & CFO

Yes, I can jump in here. Susan, it's Ben. You're right. Our teams have done an excellent job of -- over the last couple of years, driving out a lot of working capital. Just last year, we had an \$83 million benefit from working capital changes. So I think we're in a really good spot. We ended the year at 11.6% percent of sales. As we move forward, we don't -- we're not anticipating any working capital benefit in 2026, maybe a slight use of cash as we kind of work through the year. But if you think about it, our sales have been coming down the last couple of years, but our guide for 2026 is really more flat, especially as you adjust out Aerospace. So I think there's probably less opportunity, but we'll be really focused on it, of course. And then as sales growth comes, we would look to hold that percentage of sales mark and manage it tightly there, but I think we would have some investment as sales grow.

Operator

There are no further questions at this time. I would like to turn the floor back over to Ryan Kleiboeker for closing comments.

Ryan Michael Kleiboeker

Executive VP & Chief Strategic Planning Officer

Thank you, Keri and thank you, everyone, for joining us. We appreciate your time today and your interest in Leggett & Platt. Take care.

Operator

And this concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.

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