



Second Quarter Summary Financial Information

August 1, 2022



Forward-Looking Statements

Statements in this presentation that are not historical in nature are “forward-looking.” These statements include future EPS, sales, volume, inflationary impact from raw material price increases, currency impacts, acquisition and divestitures impacts, lower volume, metal margin expansion, depreciation and amortization, net interest expense, tax rate, diluted shares outstanding, operating cash, capital expenditures, amount of dividends, implied EBIT margin, and share repurchases. 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. These risks and uncertainties include: the Russian invasion of Ukraine; the adverse impact caused by the COVID-19 pandemic, including demand for our products, our manufacturing facilities’ ability to remain open and fully operational, goodwill and long-lived asset impairment, inability to issue commercial paper or borrow under the credit facility; uncertainty of financial performance; inability to collect receivables; changes in our capital needs; market conditions; price and product competition; cost and availability of raw materials and labor and energy costs; disruption to our rod mill; our ability to pass along raw material price increases; disruption to our supply chain; restructuring-related costs; our ability to manage working capital; anti-dumping duties; cybersecurity breaches; customer losses; climate change regulations; ESG risks; foreign currency fluctuation; cash repatriation; litigation risks; and other risk factors in Leggett’s most recent Form 10-K and subsequent 10-Qs.

Overview

- Q2 sales¹ were a quarterly record \$1.33 billion, a 5% increase vs. Q2-21
 - Volume was down 6%
 - Raw material-related price increases added 13% to sales
 - Currency impact decreased sales 2%
 - Acquisitions and divestitures offset
- Q2 EBIT of \$143 million, down \$1 million vs. Q2-21 adj.² EBIT
- EBIT margin 10.7%, down 60 bps vs. Q2-21 adj.² EBIT margin of 11.3%
- Q2 EPS of \$.70, up \$.04 vs. Q2-21 adj.² EPS of \$.66
- 2022 guidance lowered
 - Sales: \$5.2–\$5.4 billion
 - EPS: \$2.65–\$2.80

¹ Sales from continuing operations

² See slides 4 and 24 for calculation of adjusted EBIT, adjusted EBIT margin, and adjusted EPS

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Q2 2022 Financial Highlights

<u>\$'s in millions (except EPS)</u>	<u>Q2-22</u>	<u>Reported Q2-21</u>	<u>Adj¹</u>	<u>Adj Q2-21</u>	<u>Change</u>
Sales	\$1,334	\$1,270		\$1,270	5%
EBIT	143	172	(28)	144	—%
EBIT Margin	10.7%	13.5%		11.3%	(60 bps)
EPS	.70	.82	(.16)	.66	6%
Cash from Operations	\$90	\$41		\$41	120%
EBITDA	188	220	(28)	192	(2%)
EBITDA margin	14.1%	17.3%		15.1%	(100 bps)

¹ See slide 24 for non-GAAP adjustments

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Q2 2022 Sales & EBIT Bridge

Sales:	<u>mIn \$'s</u>	<u>% change</u>
2 nd Qtr 2021	\$1,270	
Approx volume decrease	(77)	(6%)
Approx raw material-related pricing and currency impact	135	11%
Organic Sales	58	5%
Acquisitions, net of divestitures	6	—%
2 nd Qtr 2022	\$1,334	5%
 EBIT:		<u>margin</u>
Adjusted ¹ 2 nd Qtr 2021	\$144	11.3%
Primarily lower volume and lower overhead absorption mostly offset by higher metal margin and pricing discipline	(1)	
2 nd Qtr 2022	\$143	10.7%

¹ See slide 4 for calculation of adjusted EBIT and adjusted EBIT margin

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Q2 2022 Earnings

\$'s in millions	<u>Q2-22</u>	<u>Reported Q2-21</u>	<u>Adj¹</u>	<u>Adj Q2-21</u>	<u>Change</u>
EBIT	\$143	\$172	(\$28)	\$144	—%
Net interest	20	19		19	
Pre-tax earnings	123	153	(28)	125	(2%)
Income taxes	28	41	(7)	34	
<i>Tax rate</i>	22.6%			27.1%	
Net earnings	95	112	(21)	91	5%
Noncontrolling interests	—	—		—	
Net earnings attributable to L&P	95	112	(21)	91	5%
EPS	.70	.82	(.16)	.66	6%

¹ See slide 24 for non-GAAP adjustments

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Adjusted Working Capital

	6/30	3/31	6/30
\$'s in millions	<u>2022</u>	<u>2022</u>	<u>2021</u>
Cash & equivalents	\$270	\$327	\$232
Accounts receivable, net	723	705	705
Inventories, net	1,027	1,046	893
Other current assets	72	60	65
Total current assets	<u>2,092</u>	<u>2,138</u>	<u>1,895</u>
Current debt maturities	(301)	(301)	(51)
Current operating lease liabilities	(45)	(46)	(44)
Accounts payable	(602)	(622)	(612)
Accrued and other current liabilities	(383)	(382)	(400)
Total current liabilities	<u>(1,331)</u>	<u>(1,351)</u>	<u>(1,107)</u>
Working capital	760	787	788
% of annualized sales ¹	14.2%	14.9%	15.5%
W/C, excl. cash & current debt/lease	837	807	651
% of annualized sales ¹	15.7%	15.2%	12.8%

¹ Annualized sales: 2Q22: \$1,334x4=\$5,336; 1Q22: \$1,322x4=\$5,288; 2Q21: \$1,270x4=\$5,080

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Net Debt to Adjusted EBITDA

	6/30	3/31	6/30
\$'s in millions	<u>2022</u>	<u>2022</u>	<u>2021</u>
Long-term debt	\$1,790	\$1,803	\$1,975
Current maturities	301	301	51
Total debt	<u>2,091</u>	<u>2,104</u>	<u>2,026</u>
Less: Cash & equivalents	(270)	(327)	(232)
Net debt	1,821	1,777	1,794
EBIT, trailing 12 months	577	606	606
Depreciation & amortization	183	187	190
EBITDA	<u>760</u>	<u>793</u>	<u>795</u>
Non-GAAP adjustments (pretax)	—	(28)	(22)
Adjusted EBITDA, trailing 12 months	<u>760</u>	<u>765</u>	<u>773</u>
Net debt to 12-month adjusted EBITDA ¹	2.39x	2.32x	2.32x

¹ Calculated differently than the Company's credit facility covenant ratio
For additional non-GAAP reconciliation information, see page 7 of the press release

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Cash Flow

\$'s in millions	2 nd Qtr		YTD	
	2022	2021	2022	2021
Net earnings	\$95	\$112	\$186	\$200
D&A	45	48	90	94
Impairment, write-offs & other	4	7	8	6
Other non-cash	2	(15)	15	(7)
Changes in working capital:				
Accounts receivable	(35)	(86)	(93)	(121)
Inventory	2	(86)	(56)	(193)
Other current assets	(9)	(15)	(10)	(12)
Accounts payable	(6)	70	5	58
Other current liabilities	(8)	5	(16)	4
Cash from operations	90	41	129	30
Capital expenditures	22	25	41	49
Acquisitions	—	125	—	152
Dividends	56	53	112	106
Share repurchases (issuances), net	35	—	57	7
Proceeds from asset sales	—	31	3	31
Additions (repayments) of debt, net	(19)	22	2	131

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YTD 2022 Financial Summary

<u>\$'s in millions (except EPS)</u>	<u>2022</u>	<u>Reported</u> <u>2021</u>	<u>Adj</u> ¹	<u>Adj</u> <u>2021</u>	<u>Change</u>
Sales	\$2,657	\$2,421		\$2,421	10%
EBIT	281	300	(28)	271	3%
EBIT Margin	10.6%	12.4%		11.2%	(60 bps)
EPS	1.36	1.46	(.16)	1.30	5%
Cash from Operations	\$129	\$30		\$30	325%
EBITDA	371	394	(28)	366	1%
EBITDA margin	14.0%	16.3%		15.1%	(110 bps)

¹ See slide 24 for non-GAAP adjustments

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YTD 2022 Sales & EBIT Bridge

Sales:	<u>mIn \$'s</u>	<u>% change</u>
YTD 2021	\$2,421	
Approx volume decrease	(119)	(5%)
Approx raw material-related pricing and currency impact	332	14%
Organic Sales	213	9%
Acquisitions, net of divestitures	23	1%
YTD 2022	\$2,657	10%
EBIT:		<u>margin</u>
Adjusted ¹ YTD 2021	\$271	11.2%
Primarily higher metal margin and pricing discipline partially offset by lower volume and lower overhead absorption	10	
YTD 2022	\$281	10.6%

¹ See slide 10 for calculation of adjusted EBIT and adjusted EBIT margin

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YTD 2022 Earnings

\$'s in millions	<u>2022</u>	<u>Reported</u>	<u>Adj</u>	<u>2021</u>	<u>Change</u>
		<u>2021</u>	<u>Adj</u>	<u>2021</u>	
EBIT	\$281	\$300	(\$28)	\$271	3%
Net interest	40	37		37	
Pre-tax earnings	241	263	(28)	234	3%
Income taxes	56	63	(7)	56	
<i>Tax rate</i>	23.0%			23.8%	
Net earnings	186	200	(21)	179	4%
Noncontrolling interests	—	—		—	
Net earnings attributable to L&P	186	200	(21)	179	4%
EPS	1.36	1.46	(.16)	1.30	5%

¹ See slide 24 for non-GAAP adjustments

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2022 Updated Guidance

- Sales lowered to \$5.2–\$5.4 billion (vs. prior range of \$5.3–\$5.6 billion); up 2%–6% versus 2021
 - Volume expected to be down low-to-mid single digits (vs. roughly flat):
 - Down low double digits (vs. flat to down mid single digits) in Bedding Products Segment
 - Up low double digits (vs. mid-to-high single digits) in Specialized Products Segment
 - Roughly flat (unchanged) in Furniture, Flooring & Textile Products Segment
 - Inflationary impact expected primarily from raw material-related price increases, including those implemented as we moved through 2021
 - Currency expected to negatively impact sales
 - Acquisitions completed in 2021 are expected to mostly offset divestitures
- EPS lowered to \$2.65–\$2.80 (vs. prior range of \$2.70–\$3.00)
 - Change reflects lower volume partially offset by metal margin expansion in our Steel Rod business
- Implied EBIT margin of 10.5%–10.7%

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2022 Guidance (continued)

- Depreciation and amortization ~\$200 million
- Net interest expense ~\$80 million
- Tax rate ~23%
- Operating cash \$550–\$600 million (vs. ~\$600 million)
- Cap-ex ~\$130 million (vs. ~\$150 million)
- Dividends ~\$230 million
- Diluted shares ~137 million

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Segments

Q2 2022 Segment Summary

	<u>Q2-22 Organic Sales Growth</u> ^{1, 2}	<u>Q2-22 EBIT Margin</u>	<u>Δ vs Q2-21 Adj. EBIT Margin</u> ²	<u>Q2-22 EBITDA</u> ² <u>Margin</u>	<u>Δ vs Q2-21 Adj. EBITDA</u> ² <u>Margin</u>
Bedding Products	—%	11.3%	-60 bps	15.6%	-60 bps
Specialized Products	8%	8.2%	-310 bps	12.0%	-440 bps
Furniture, Flooring & Textile Products	10%	11.1%	+40 bps	12.4%	+30 bps
Total Consolidated	5%	10.7%	-60 bps	14.1%	-100 bps

¹ Includes raw material-related selling price impact and currency impact

² See slides 17, 19, 21 and 24 for non-GAAP reconciliations

Bedding Products

Trade Sales:	<u>mln \$'s</u>	<u>% change</u>
2 nd Qtr 2021	\$609	
Organic Sales ¹	(1)	—%
Acquisitions, net of divestitures	5	1%
	<hr/>	<hr/>
2 nd Qtr 2022	\$613	1%

¹ Lower volume (15%) and currency (1%) offset by raw material-related price increases 16%

mln \$'s	<u>EBIT</u>	<u>margin</u>	<u>D&A</u>	<u>EBITDA</u>	<u>margin</u>
Adjusted 2 nd Qtr 2021 ²	\$72	11.9%	\$26	\$99	16.2%
Change	(3)		—	(3)	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2 nd Qtr 2022	\$69	11.3%	\$26	\$95	15.6%

² Adjusted to exclude gain on sale of real estate (\$28m)

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Bedding – Key Points

- Q2 organic sales were flat
 - Volume decreased 15%, primarily from demand softness in U.S. and European bedding markets partially offset by strong trade demand in Steel Rod and Drawn Wire
 - Raw material-related selling price increases added 16%
 - Currency impact decreased sales 1%
- The Kayfoam acquisition, net of divestitures of small operations in Drawn Wire and International Bedding, increased sales 1%

■ Q2 sales trends:

	<u>Organic Sales</u>	<u>Volume¹</u>
Steel Rod	114%	61%
Drawn Wire	54%	16%
U.S. Spring	(8%)	(25%)
Specialty Foam	(27%)	(34%)
Adjustable Bed	13%	1%
International Bedding	(9%)	(13%)

¹ Volume represents organic sales excluding raw material-related selling price impact and currency impact

- Q2 EBIT decreased primarily from lower volume and lower absorption as production and inventory levels were adjusted to meet reduced demand, mostly offset by higher metal margin

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Specialized Products

Trade Sales:	<u>mln \$'s</u>	<u>% change</u>
2 nd Qtr 2021	\$242	
Organic Sales ¹	18	8%
Acquisitions	—	—%
2 nd Qtr 2022	\$260	8%

¹ Higher volume 11% and raw material-related selling price increases 3% partially offset by currency (6%)

<u>mln \$'s</u>	<u>EBIT</u>	<u>margin</u>	<u>D&A</u>	<u>EBITDA</u>	<u>margin</u>
2 nd Qtr 2021	\$27	11.3%	\$12	\$40	16.4%
Change	(6)		(2)	(8)	
2 nd Qtr 2022	\$21	8.2%	\$10	\$31	12.0%

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Specialized – Key Points

- Q2 organic sales were up 8%:
 - Volume was up 11%, driven by sales growth in Automotive, Aerospace and Hydraulic Cylinders
 - Raw material-related selling price increases added 3%
 - Currency impact decreased sales 6%

- Q2 sales trends:

	<u>Organic Sales</u>	<u>Volume¹</u>
Automotive	4%	8%
Aerospace	17%	26%
Hydraulic Cylinders	21%	15%

¹ Volume represents organic sales excluding raw material-related selling price impact and currency impact

- Q2 EBIT decreased primarily from higher raw material and transportation costs, labor inefficiencies, and currency impact, partially offset by higher volume

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Furniture, Flooring & Textile Products

Trade Sales:	<u>mIn \$'s</u>	<u>% change</u>
2 nd Qtr 2021	\$419	
Organic Sales ¹	42	10%
Acquisitions	1	—%
2 nd Qtr 2022	\$462	10%

¹ Raw material-related price increases 13% partially offset by lower volume (2%) and currency (1%)

mIn \$'s	<u>EBIT</u>	<u>margin</u>	<u>D&A</u>	<u>EBITDA</u>	<u>margin</u>
2 nd Qtr 2021	\$45	10.7%	\$6	\$51	12.1%
Change	6		—	6	
2 nd Qtr 2022	\$51	11.1%	\$6	\$57	12.4%

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Furniture, Flooring & Textile – Key Points

- Q2 organic sales were up 10%:
 - Volume was down 2%, with declines in Home Furniture, Textiles, and Flooring partially offset by growth in Work Furniture
 - Raw material-related selling price increases added 13%
 - Currency impact decreased sales 1%

- Q2 sales trends:

	<u>Organic Sales</u>	<u>Volume¹</u>
Home Furniture	flat	(11%)
Work Furniture	24%	19%
Flooring	6%	(10%)
Textiles	9%	(5%)

¹ Volume represents organic sales excluding raw material-related selling price impact and currency impact

- Q2 EBIT increased primarily from pricing discipline partially offset by lower volume

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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)	Q2-22	Q2-21	YTD 2022	YTD 2021
Non-GAAP Adjustments (\$'s)^{1,2}				
Gain on sale of real estate ³		(\$28)		(\$28)
Non-GAAP adjustments (pre-tax \$'s)	—	(28)	—	(28)
Income tax impact		7		7
Non-GAAP adjustments (after tax \$'s)	—	(21)	—	(21)
Diluted shares outstanding		136.8		136.8
EPS impact of non-GAAP adjustments	—	(\$.16)	—	(\$.16)

¹ For additional non-GAAP reconciliation information, see page 7 of the press release

² Calculations impacted by rounding

³ Gain on sale of real estate is included in the following line item on the income statement: Q2-21/YTD 2021: Other Income \$28