S&P Global
Market Intelligence

Leggett & Platt, Incorporated NYSE:LEG
FQ4 2024 Earnings Call Transcripts

Friday, February 14, 2025 1:30 PM GMT

S&P Global Market Intelligence Estimates

	-FQ4 2024-			-FQ1 2025-	-FY 2024-			-FY 2025-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS
EPS Normalized	0.20	0.21	▲5.00	0.24	1.04	1.05	▲0.96	1.15
Revenue (mm)	1027.61	1056.40	▲2.80	1051.55	4354.81	4383.60	▲0.66	4285.86

Currency: USD
Consensus as of Feb-13-2025 11:56 PM GMT

- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ1 2024	0.24	0.23	▼1 (4.17 %)
FQ2 2024	0.30	0.29	▼2 (3.33 %)
FQ3 2024	0.33	0.32	▼3 (3.03 %)
FQ4 2024	0.20	0.21	▲4 5.00 %

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Call Participants

EXECUTIVES

Benjamin M. Burns
Executive VP & CFO

Cassie J. Branscum
Vice President of Investor Relations

J. Tyson Hagale
Executive VP & President of Bedding Products

Karl G. Glassman
President, CEO & Chairman

R. Samuel Smith
Executive VP and President of the Furniture, Flooring & Textile Products & Specialized Products

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Piper Sandler & Co., Research Division

Robert Kenneth Griffin
Raymond James & Associates, Inc., Research Division

Susan Marie Maklari
Goldman Sachs Group, Inc., Research

Keith Hughes
Truist Securities

Presentation

Operator

Greetings, and welcome to the Leggett & Platt Fourth Quarter 2024 Earnings Conference Call and Webcast. [Operator Instructions] As a reminder, this conference is being recorded. It's now my pleasure to turn the call over to your host, Cassie Branscum, Vice President, Investor Relations. Cassie, please go ahead.

Cassie J. Branscum
Vice President of Investor Relations

Good morning, and welcome to Leggett & Platt's Fourth Quarter and Full Year 2024 Earnings Call. With me on the call today are Karl Glassman, CEO; Ben Burns, CFO; Tyson Hagale, President of the Bedding Products segment; Sam Smith, President of the Specialized Products and Furniture, Flooring and Textile Products segment; and Kolina Talbert, Manager of Investor Relations. The agenda for our call this morning is as follows: Karl will discuss highlights from 2024, including a restructuring update, demand trends and our priorities for 2025, and Ben will cover our operating results and additional financial details and our 2025 guidance and the group will answer any questions you have. The conference call is being recorded for Leggett & Platt and is copyrighted material. This call may not be transcribed, recorded or broadcast without our express permission.

A replay will be available on the Investor Relations section of our website. 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 and a restructuring update. Those documents supplement the information we 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.

For a summary of these risk factors and additional information, please refer to yesterday's press release in 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 & Chairman

Good morning, and thank you for joining our call today. First, I would like to congratulate Sam Smith, who has been promoted to President of the Specialized Products segment. Sam has been instrumental in driving operational efficiency improvement projects in specialized products since mid-2024 and is already well versed in each of these businesses.

Additionally, he will continue in his role as Executive Vice President and President of Furniture, Flooring and Textile products. 2024 was a year of significant change for our company, and I am deeply grateful for the hard work and dedication of our employees who continue to show resiliency and the drive to improve even in a daunting macro environment. Last January, we announced a restructuring plan that primarily focused on our Bedding Products segment with smaller actions in home furniture and flooring products.

We later expanded the plan to include restructuring activity in hydraulic cylinders and improvements in our general and administrative cost structure. Throughout the year, our teams did an excellent job advancing the plan and consistently driving results that met or exceeded our expectations.

We realized a total of $22 million of EBIT benefit including $3 million from G&A actions we initiated in the fourth quarter and exceeded our expectation of $10 million to $15 million. We incurred $48 million of restructuring costs within our expected range of $40 million to $50 million. We had $15 million of sales attrition in line with our latest expectations and well below our initial estimate of $40 million.

We realized $20 million of cash proceeds and restructuring-related real estate sales, in line with our latest expectations, but above our initial estimate of $0 million to $10 million. We reduced our Bedding footprint by 14 locations. We successfully consolidated our U.S. innerspring manufacturing facilities with 0 customer interruptions. We closed one facility in Home Furniture and shifted production to other locations.

We closed one facility in flooring products and substantially completed Phase 1 of restructuring activity in that business and we made solid progress on restructuring initiatives in hydraulic cylinders. As expected, restructuring activities will continue throughout 2025, in bedding, all Innerspring restructuring is complete, but we continue to work through other initiatives, primarily in specialty foam.

In Flooring products, we are finalizing Phase 1 of restructuring activity and still expect the facility consolidations of Phase 2 will be completed by year-end.

In Hydraulic cylinders, manufacturing efficiency improvement activities are expected to be fully implemented by year-end. Despite demand challenges and the extensive effort required to execute a complex restructuring plan, product innovation remains a core strength and deep focus. We have healthy product pipelines across our businesses. I'd like to recognize our teams on a few areas of outstanding product development and sales growth from last year.

In Bedding products, we saw continued OEM adoption of our semi-finished products, including CombiCore™,, Eco-Base® and our recently launched pre-foam-in cased ComfortCore® unit reflecting the value these products provide our customers. We also partnered with multiple leading mattress OEMs as they incorporated Innerspring and specialty foam technologies in innovative product line refreshes.

Our Home Furniture team continued to see success with their focused partnership and innovation strategy, which focuses on new product introductions with trend-setting customers. In flooring products, our team partnered with the Make A Wish Foundation to launch branded carpet cushion products that will be sold through the end of 2025. A portion of these product sales will be used to support the organization and its missions.

Finally, our Geo Components business generated robust project pipeline growth year-over-year, and our fabric converting business achieved modest growth in markets, including filtration, building products and hospitality, which helped to partially offset weakness in core residential markets.

Looking at the year ahead, we expect our demand to remain under pressure as existing home sales remain near multi-decade lows, and consumers face ongoing affordability issues and further uncertainty about inflation.

In the long term, we believe sustained improvement in these macro drivers will eventually lead to a multiyear recovery for our residential businesses, which have been most impacted by these factors in recent years.

Turning to market trends and demand expectations. The U.S. mattress market was likely down low single digits in 2024 with domestic production down mid-single digits and consumption of imported mattresses up low single digits. In the last few years, the mattress market has become increasingly bifurcated, high-volume cheap imports have dominated online sales in pressured opening and mid-tier price points for traditional domestic OEMs.

In 2025, we expect market volume will be flat with domestic production down low to mid-single digits as a result of continued import pressure. Demand in our Bedding Products segment is expected to be down mid-single digits at the midpoint of our guidance this year, primarily from restructuring-related sales attrition, lapping the exit of a specialty foam customer and lower volume in adjustable bed. The industry forecast for global automotive production assumes major markets will be down low single digits in 2025.

Volatility related to the growth of Chinese EV manufacturers and multinational OEM market share challenges will likely continue to impact the industry. Delays in EV programs in Europe and changing expectations for internal combustion engines to EV program transitions in North America add an additional layer of uncertainty to OEM demand.

Our Specialized Products segment demand is expected to be down mid-single digits at the midpoint of guidance this year. In automotive, we expect lower volume year-over-year as industry softness is further compounded by our customer mix and product trade downs related to consumer affordability issues. Additionally, annual revenue from new programs awarded in recent years is below the revenue levels of older programs being phased out.

Hydraulic Cylinders is expected to continue to experience weak demand. Headwinds in Automotive and Hydraulic Cylinders should be partially offset by continued growth in Aerospace. In our Furniture, Flooring and Textile Products segments, we expect demand to be down low single digits at the midpoint of guidance in 2025. We anticipate that our residential businesses in this segment will continue to face soft demand, but demand in our textiles business will be stable.

As we plan to navigate another year of demand pressure, we continue to prioritize balance sheet strength, operational efficiency and margin improvement and changes that position the company for profitable long-term growth. Activities to support these initiatives include: continuing our portfolio review work including the exploration of a sale of our aerospace business, driving strong cash flow and using cash from real estate sales and any divestitures to accelerate debt reduction, pursuing operational improvement and automation activities across our businesses, cultivating strong customer relationships and driving product innovation to solve customer and consumer needs and proactively identifying risk and mitigation plans related to tariff threats. We are encouraged by the significant progress that we made in 2024 and are confident in the ability of our teams to continue driving progress in 2025 and beyond. I'll now turn the call over to Ben.

Benjamin M. Burns
Executive VP & CFO

Thank you, Karl, and good morning, everyone. Fourth quarter sales were $1.1 billion, down 5% versus the fourth quarter of 2023, resulting from continued weak demand in residential end markets, the expected exit of a specialty foam customer and soft demand in our Automotive and Hydraulic Cylinders, strength in trade rod and wire and aerospace, along with modest volume improvement in textiles, partially offset demand declines.

Compared to fourth quarter 2023, sales in our Bedding Products segment decreased 6%. Sales in specialized products declined 5%, and sales in Furniture, Flooring and Textile Products were down 4%. Fourth quarter EBIT was $44 million and adjusted EBIT was $56 million, down $10 million versus fourth quarter 2023, primarily due to metal margin compression, lower volume and other smaller items, partially offset by lower amortization expense, operational efficiency improvements and restructuring benefit.

Fourth quarter earnings per share was $0.10. On an adjusted basis, fourth quarter EPS was $0.21, a 19% decrease from fourth quarter 2023 adjusted EPS of $0.26. For the full year, 2024 sales decreased 7% to $4.4 billion primarily from continued weak demand in residential end markets, the expected exit of a specialty foam customer, demand softening in automotive and hydraulic cylinders in the second half of the year and raw material-related selling price decreases.

These declines were partially offset by stronger trade rod sales and improved demand in aerospace. EBIT decreased $340 million, primarily from $676 million in goodwill impairment charges. Adjusted EBIT decreased $67 million to $267 million, primarily from lower volume and unfavorable sales mix, raw material-related pricing adjustments, metal margin compression and other higher expense items such as bad debt and medical, partially offset by lower amortization expense, operational efficiency improvements and restructuring benefit.

Full year EPS was a loss of $3.73 and adjusted EPS was $1.05, a 24% decrease from 2023 adjusted EPS of $1.39. In 2024, operating cash flow was $306 million, a decrease of $191 million versus 2023. This decrease was primarily driven by lower earnings and less benefit from working capital. We ended the year with adjusted working capital as a percentage of annualized sales of 13.0%, a decrease of 90 basis points versus 2023. We reduced total debt by $126 million in 2024 to $1.9 billion, including $368 million of commercial paper outstanding.

As planned, we repaid $300 million of notes that matured in November with our commercial paper program. Net debt to trailing 12-month adjusted EBITDA decreased to 3.76x at year-end. As of December 31, total liquidity was $793 million, comprised of $350 million of cash on hand and $443 million in capacity remaining under our revolving credit facility.

In 2025, we expect to continue moving toward our long-term leverage target of 2x but anticipate an uptick in leverage earlier in the year due to lower earnings and normal seasonality of working capital investments. As a reminder, this will be our first full year at a lower quarterly dividend. Cash previously allocated for the dividend, along with proceeds from real estate sales and any potential divestitures will continue to be used to accelerate our deleveraging efforts as we prioritize debt reduction and funding organic growth in the near term.

However, our long-term priorities for use of cash remain consistent: funding organic growth, funding strategic acquisitions and returning cash to shareholders through dividends and share repurchases. As Karl mentioned earlier, we made significant progress on our restructuring plan last year. Our current expectations for restructuring plan financial impacts are as follows.

This year, we expect restructuring costs of approximately $30 million to $40 million versus our prior estimate of $25 million to $35 million. Total restructuring costs are now expected to range from $80 million to $90 million versus our prior estimate of $65 million to $85 million. All costs are still expected to be incurred by the end of 2025. We expect incremental EBIT benefit of approximately $35 million to $40 million in 2025 with improvements each quarter and an additional $5 million to $10 million of benefit in 2026.

We now expect annualized EBIT benefit of $60 million to $70 million once all initiatives are fully implemented in late 2025 compared to our prior estimate of $50 million to $60 million of benefit. The increase in both cost and benefit is related to our restructuring activities in hydraulic cylinders and G&A initiatives. We anticipate approximately $45 million in incremental restructuring related sales attrition in 2025 with an additional $20 million in 2026. Total annual sales attrition related to the plan is still expected to be approximately $80 million.

Finally, we expect to generate $15 million to $40 million in cash proceeds from the sale of real estate associated with the plan this year with the balance in 2026 versus our prior expectation of sales being substantially complete by the end of 2025 due to the timing of listing properties. Total restructuring-related real estate proceeds are still expected to be between $60 million and $80 million.

2025 sales are expected to be $4.0 billion to $4.3 billion, or down 2% to 9% versus 2024. Volume is expected to be down low to mid-single digits with volume at the midpoint, down mid-single digits in bedding products, down mid-single digits in specialized products and down low single digits in furniture, flooring and textile products.

Deflation in currency combined are expected to reduce sales low single digits. 2025 earnings per share are expected to be $0.83 to $1.24, including approximately $0.16 to $0.22 per share of negative impact from restructuring costs and $0.05 to $0.20 per share gain from the sale of real estate. Full year adjusted earnings per share are expected to be $1 to $1.20. The midpoint reflects increased restructuring benefit and operational efficiency improvements partially offset by lower volume.

We expect normal seasonality in our 2025 results with lower sales and earnings in the first and fourth quarters. Based upon this guidance framework, our 2025 full year adjusted EBIT margin range is expected to be 6.4% to 6.8%. Cash from operations is expected to be $275 million to $325 million in 2025 with first quarter representing the low point of the year due to typical seasonal factors.

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 current guidance for 2025 does not include any net tariff impact. Our teams continue to analyze multiple tariff scenarios are qualifying alternative suppliers and are evaluating potential geographic shifts in production.

Our most significant direct tariff exposure at this time includes adjustable bed production in Mexico and textiles purchases from China. Indirectly, our automotive, home furniture, and work furniture customers face the most significant tariff impacts from importing our products or from selling their foreign-produced products containing our foreign-produced components into the U.S.

While the duration, extent and magnitude of tariffs remains uncertain, our teams are working hard to ensure we minimize risks and capitalize on opportunities.

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

Karl G. Glassman
President, CEO & Chairman

Thank you, Ben. Although we anticipate demand challenges in 2025, I am optimistic about the progress we expect to make on our key initiatives this year. To our employees, again, thank you for all that you're doing each day to drive our company forward to our investors, customers and other external stakeholders, thank you for your patience and support as we execute these initiatives.

I am confident that the actions that we are taking will improve profitability and create long-term shareholder value.
Operator, we are now ready to begin Q&A.

Question and Answer

Operator

[Operator Instructions] Our first question is coming from Susan Maklari from Goldman Sachs.

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

I want to start on the bedding side of things. In your comments, you mentioned the dynamics between imports relative to U.S. production. Can you talk a bit more about that bifurcation in the bedding market with the higher end relative to the mid and lower price points?

And what that perhaps could mean for the market and for Leggett as we do start to perhaps see the return of demand and things moving off the trough?

Karl G. Glassman
President, CEO & Chairman

Yes. Susan, happy to try to answer that. I don't think that the investment community understands the magnitude of the imported finished mattresses that are primarily being sold on the marketplaces. So call it Amazon, Wayfair, those folks. At the end of the year, it was approaching near 50% of units. So it's significant.

So there's this kind of low end, some would call it a throwaway mattress, and then there's not much in the middle and then there's a step up in price. So if you stop with the low end, it -- the high end of the low end would be about $250 a queen and then there's a gap to about $495 a queen and then you get to mid-price points and then it starts to expand from there. They're perceived by the customers 2 different purchases. But Tyson to the degree that I haven't already muddied this up.

J. Tyson Hagale
Executive VP & President of Bedding Products

It's an interesting question for sure, especially as it relates to the potential implications for the recovery. And the imported finished mattresses is not really a dynamic that we've dealt with in past recoveries. But if you think about just the time period that we've been in this slowdown in the bedding market, some -- it's a deferrable purchase, but there is some level of replacement that is necessary.

And I think with other inflationary pressures and just distraction with consumers, there's been some level of probably move towards some of the more like Karl said, disposable type purchase. This will get me through for a while. So it will be interesting to see how it plays out. But I think one way we look at it is as the market does recover, that you'll see consumers want to get back into buying a quality product with more comfort and longer term expectation for the cycle of replacement.

So give us a little bit more optimism for recovery moving back towards mid and higher price points.

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

Okay. That's great color. And then maybe moving on to restructuring, it's really nice to see you increasing the expectations for the EBIT benefit from all the work that's going on there. Can you perhaps talk a little bit more about what's driving that? And I guess in the period of no good deed goes unpunished, do you think we could continue to see some upside to those benefits coming through?

Karl G. Glassman
President, CEO & Chairman

Susan, it's a good question. And first off, I've got to stop and thank our teams. The restructuring activities were and continue to be a very, very heavy lift. And to your point, I mean, the execution has been sometimes painful, but it's been flawless. And our people have been at it for a long time, more than a year now and have done just such terrific work.

Theoretically, there's some upside. When we think of contribution margins long term, we historically have said 25% to 35% across all our businesses. In U.S. Spring is an example as we've shrunk our manufacturing footprint. If we can run more volume through these now more efficient assets, the overhead contribution should be on the high end of that. So we're optimistic, but at this point, we just need volume.

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

Okay. Okay. That's helpful. And then maybe one for Ben. Ben, can you just walk us through how you're thinking about the margins for the segments as we look to 2025, and you mentioned in your commentary, a bit about first quarter or fourth quarter, how we should be thinking about those -- that seasonality flowing through.

And you also talked a bit about first quarter leverage relative to the full year. Can you just walk us through all of that?

Benjamin M. Burns
Executive VP & CFO

Yes. Sure thing Susan and thanks for the question. First, let me start with the midpoints for volume and margin expectations for the segment. So for bedding, we'd expect volumes to be down mid-single digits. But despite that, we would expect margins to be up about 150 basis points. On the specialized products side, we'd expect volumes to be down around mid-single digits.

And again, despite that, we'll expect that margins will remain flat. And then on the Furniture, Flooring and Textile side, we expect volumes to be down low-single digits and would expect margins to be down about 50 basis points there. As it relates to the quarters, we expect a typical seasonality for our business that we've seen historically.

So we'll expect Q1 and Q4 to be lower from a sales and earnings perspective as compared to Q2 and Q3. I would also say in Q1, in addition to that normal seasonality, we also have some other things that may impact earnings. So one, we've got some higher stock comp expense that we would expect as we have our normal incentive plans come through. We've got a high number of folks who are retirement eligible. And when that happens, the awards vest immediately. So we recognize a higher level of expense in the first quarter.

Also expect to see some bad weather impacting Q1 and possibly some pull forward from Q4 -- into Q4 ahead of some potential tariffs. So all of that obviously impacts the bottom line. And then as it relates to cash, cash flow, Susan, all those things would impact that as well. And we also have some higher cash needs in the first quarter related to our incentive payments that come through in the first quarter.

And then as I mentioned before, our 2Q and 3Q is really our higher sales quarters. But as we go through Q1, we'd expect to see a little bit higher level of investment in inventories as we prepare for those higher sales quarters. So all of that will impact cash flow. And then like you said, that also has an impact on our leverage, where we would expect to see maybe a little bit of uptick in leverage here early part of the year but have high confidence in our continuing ability to drive leverage down over the course of the year.

Operator

Next question is coming from Bobby Griffin from Raymond James.

Robert Kenneth Griffin
Raymond James & Associates, Inc., Research Division

I guess, Karl, I want to start on bedding, a lot of progress made on the restructuring. So I think reduced the footprint by about 14 locations. Can you maybe talk how the new footprint works with -- in line with like the sterling steel facility and where that is from a capacity standpoint and kind of that whole value pitch that we know of Leggett being fully integrated. And I know that asset needs to be used to kind of make the cash flow works.

So maybe just talk about where we are in that journey and how these new -- the new footprint of manufacturing is going to work with all that.

Karl G. Glassman
President, CEO & Chairman

Yes, Tyson, if you don't mind, will you take that and kind of unravel it. And included in that, Tyson, if you don't mind, comment on the potential tariff impact on steel and the probable positive impact it has on the steel mill, but then the reciprocal negative on sort of theoretically the products. So unwind all that, if you don't mind.

J. Tyson Hagale
Executive VP & President of Bedding Products

Sure thing. There definitely are a lot of moving pieces there. But you're right. Obviously, we need to run sterling as full as possible just given the fixed cost nature of the mill. It's a similar trend of what we've talked about in some of our past calls and conversations. We do right now and would expect in the future to need more trade rod to continue running at full.

But we've been doing a good job with that of late and still have really strong focus on the right outlets and pricing discipline to continue to make sure we're running that as profitably as we can. But as it relates to the footprint, as you mentioned, now we have in our innerspring business 4 larger innerspring plants, they're still the same historic locations that we've had, but they're still well positioned from a geographic standpoint.

Our wire mills are in the same locations. And probably the other difference you'd see is just our distribution of our consolidating into some larger distribution facilities, but remaining really in a good spot to service our customers and do it on the right time frame.

Going back to a couple of other things that Karl had also referenced. In terms of contribution margin back to -- if you think about spring, with the restructuring efforts that 25% to 35% historic range is still a good range for us. But like I mentioned, with us looking at more trade rod and wire applications to keep those mills running full. Those would be some different mixes than we've seen historically. So that would be something just also to factor in.

And then finally, with the tariff impacts, it's certainly something that we're watching closely. But just to think about, it's probably a positive development for steel pricing in the U.S., and that would apply to Sterling as well. But from so far, at least what we've seen with tariff conversations it doesn't cover downstream applications.

So you have to think about what that could potentially do to the competitiveness or at least price gap between U.S. steel and foreign steel likely would create an increasing gap and probably putting more pressure on global pricing for downstream products, things like innerspring and other products as well. It's not just limited to the innerspring market. So it is something that we watch closely, but that would definitely be an offset to any positivity that we would get from pricing of the steel mill.

So that's a lot -- I apologize, but a lot going on there.

Robert Kenneth Griffin
Raymond James & Associates, Inc., Research Division

No, that's helpful. And maybe just a follow up on the contribution margin aspect. If you're having to rely more on trade sales than maybe what we are historically used to with this business, does that bring you closer to the 25% versus the 35% and I guess that could change theoretically just depending on what the spread is between Rod and scrap, I guess, right?

J. Tyson Hagale
Executive VP & President of Bedding Products

Yes, I think that's right, Bobby. I mean there's definitely some variables that would impact that. But spring, yes, definitely on the higher end. But the trade rod would bring -- and wire would bring that down closer into the lower end of the range. I think that's a safe assumption. But lots of variables at play there.

Robert Kenneth Griffin
Raymond James & Associates, Inc., Research Division

Okay. And then, I guess, maybe sticking with the bedding side of the industry. Karl, maybe can we -- can we unpack kind of -- I think you mentioned mid-single-digit decline for the domestic side. I guess your guys' spring volumes for the year were down 11%, but there is a customer, some sales restructuring in there probably worth a point or so.

So can we maybe just unpack a little bit of the delta there and kind of where that journey will go for 2025 on basically the spread between what you think Leggett's U.S. spring volumes can do and what we look at is domestic manufacturing, consumption or whatnot?

Karl G. Glassman
President, CEO & Chairman

Yes. Bobby, there's a lot of puts and takes. So we with a call of flat units that we are regaining some previously lost share from the innerspring side. We haven't fully anniversaried the loss of the foam customer. That won't happen until the end of the first quarter. The mix of wire rod and billet sales and all of that also impact as you roll the whole segment up.

So it really is a situation where we just need more volume. Any order is a good order at this point. But I'm confident that we're well positioned in the efforts that the teams have gone through we're kind of just all dressed up and ready to go. We need some volume.

J. Tyson Hagale
Executive VP & President of Bedding Products

Yes. And Karl, if I can jump in on that, just to add a little bit more for Bobby. If you looked at the 2024 volume numbers and specific to spring, I think that's what you were referencing also. But we've talked about this before, but our ComfortCore® volumes have and continue to track kind of where the domestic manufacturing market has been.

Where we've seen the gap really develop has been on open coil and I think that -- we're attributing that to a lot of what we talked about earlier with the imported finished mattresses really taking a large bite and really kind of owning the lower end of the mattress market in the U.S., and that's a lot of the application for open coil.

So it's more of just that addressable part of the market moving to an import and finished mattress. And then grids, which is the consumer preference and kind of moving away from that product category that's influencing a lot and kind of detracts away from what our volume number is showing versus kind of market expectations.

And for the most part, moving the year, Karl covered it well. But kind of continuation of ComfortCore® tracking at or above and then kind of some of the similar dynamics with open coils and grids, but probably reaching more of a bottom at some point this year.

Robert Kenneth Griffin
Raymond James & Associates, Inc., Research Division

And then it looks like if I back out the one customer specialty foam, it looks like that business from a sales or volume standpoint probably outperformed the industry, if I'm just using the rough ISPA numbers to try to guess of what the industry did for '24 even in the quarter. Is that fair? And is there some green shoots that you're seeing there ex the one customer loss?

J. Tyson Hagale
Executive VP & President of Bedding Products

I don't know if -- we probably don't term it green shoots, Bobby, but we've talked about it's really important for us to diversify our customer base, and we've been leaning heavily on that. Seeing some progress there, and that's helping offset the loss of that customer and then some other retail bankruptcies.

Also some mix -- we have been selling more specialty foam components and also even some specialty chemicals and that helps as well. But those factors are helping us offset some of the loss of the customer.

Robert Kenneth Griffin
Raymond James & Associates, Inc., Research Division

Okay. Very good. I appreciate the time. Sorry for spending so much time on just one segment, but this has all been helpful, and best of luck here to start the year.

Operator

Next question is coming from Keith Hughes from Truist Securities.

Keith Hughes
Truist Securities

This is building on Bobby's question a little bit. In the 2025 guide, the delta in bedding the delta between the flat industry and your negative 5, we talked about the loss of the customer. Large foam customer sales restructuring. But you said something about adjustable beds, Karl, and that's what I wanted to dig into. What's going on there?

Karl G. Glassman
President, CEO & Chairman

There's somewhat of a product mix issue. The promotional end is selling at a faster rate than the higher end. In 2024, we were actually positive on units and negative on dollars. So it's mix as much as anything.

Keith Hughes
Truist Securities

So you think that mix -- that negative mix is going to continue. Is that what you're saying?

Karl G. Glassman
President, CEO & Chairman

Based on all the macroeconomic factors that we look at, we were concerned about demand. I know that people are optimistic. And some may be a little critical in thinking that our guidance was -- is conservative. We don't think so. It's based on a macroeconomic call related to the state of the consumer, and they're not company issues.

I want to make sure that the listener understands that they're not company issues. They are things that we look at, like consumer confidence weakening, inflation, reigniting, interest rates leveling out, the 10-year rate increasing, household affordability issues and low housing turnover and uncertainty around government policy.

So you take that all together, and we don't see anything that would make 2025 significantly better than 2024 from a macro perspective. I think our teams are doing a really good job of managing what we can control, but the external pieces we can't control.

Keith Hughes
Truist Securities

Well, I mean, just based on that guide for -- you're going to be underperforming the bedding industry. I mean, that's what you're saying for those very specific reasons.

I mean that's part of the issue going on here, correct?

Karl G. Glassman
President, CEO & Chairman

Some of it is, as we've detailed, Keith, a lot of its mix. If we look at it from a U.S. spring perspective, then I don't think we underperformed the industry at all. But when you look at it in aggregate as a segment, I think that's correct. But Tyson, any?

J. Tyson Hagale
Executive VP & President of Bedding Products

Yes. Just to walk it through a little bit more, Keith. So the sales attrition from some restructuring activity -- from some of our restructuring activity is definitely impactful, and that's an offset to the market. Lapping the customer exit in specialty foam and then also what I've talked about before, just some of the product headwinds with open cooling grids, but not so much related to kind of where we've been with ComfortCore® and some of the other products.

And then also being offset by some of our semi-finished product growth. But those would be the major factors and the delta between our expectations on the market and our Bedding segment sales.

Keith Hughes
Truist Securities

I'm still confused on adjustable bed because in the slides, it talks about volume in the fourth quarter being off 12% and sales being up 12%, same for the full year. You said something about some positive units. What are we referring to there?

J. Tyson Hagale
Executive VP & President of Bedding Products

Yes, Keith. Really it's the way we calculate that. It is just a higher mix of lower average unit selling price basis more so than actual units.

Operator

Next question is coming from Peter Keith from Piper Sandler.

Peter Jacob Keith
Piper Sandler & Co., Research Division

And good to see a lot of you at Las Vegas market a few weeks ago. I was hoping you could maybe just talk about your sense of the industry trend for bedding and furniture over the last 3 months, let's say, since the election, because it felt like the tone at Las Vegas market was generally one of maybe cautious optimism. A lot of industry players felt like trends were getting better in recent months.

And yet your volume trends in Q4 were pretty consistent with Q3 and then you're kind of guiding for the same trend in 2025. So maybe just provide some feedback on what you heard at market, what you think the industry is doing and put that context into your results and outlook.

Karl G. Glassman
President, CEO & Chairman

Yes, Peter, thank you. If you look at the residential markets in aggregate, so bedding and home furniture, we would say October was extremely soft. November strengthened certainly post-election moving into Black Friday, and December was actually abnormally strong. So we saw that same trend that you alluded to. We do have some concern that there was a pull forward of demand related to theoretic and potential tariffs. We don't yet know that.

I think that there was optimism in Las Vegas because new product refreshes people being back together. Retailers are optimistic by nature. But I think all of those things together, certainly, we agree. There was positive momentum. We're concerned about all those macro drivers that I spoke to. We'll see what happens. We think that bedding as an example, will continue to be strong around promotional periods.

So we'll see what happens this weekend as an example with President's Day, but there are significant troughs between those holidays. And we don't expect that, that will do anything but continue because of the challenging health of the consumer.

Peter Jacob Keith
Piper Sandler & Co., Research Division

Okay. Fair enough. And then I wanted to circle back on the tariff issue. And maybe this is -- it's always just trying to understand your industrial rod and wire business better. But I was thinking with tariffs that your scrap prices are going to hold flat. So the stuff you're buying is holding steady and then prices in rod and wire will go up.

So in theory, shouldn't your metal margin expand in 2025, which in turn could help overall EBIT margins.

Karl G. Glassman
President, CEO & Chairman

Yes. Peter, the answer is yes. That's what happened with round 1 of tariffs. The problem became then it's basic economic supply and demand. So the U.S. steel prices go up, U.S. steel is not competitive. There's a lack of demand then for European steel until the administration attacks downstream products. Those downstream products based on an input of lower domestic steel prices, so call it Europe or China, it doesn't matter.

Those components flow into the United States and then offset the benefit that we get at the steel mills. So you'll see it not only in our bedding products, but you'll see it in home furniture, work furniture. The country will see it across everything related to metal inputs. You've got to manage the downstream or you've only got 1/2 of the equation.

But we do agree. The steel mill in itself, if we were only a pure-play U.S. steel manufacturer, we would be saying these tariffs are really well placed because it's -- in its essence, protectionism. But that's not the way the world works.

Peter Jacob Keith
Piper Sandler & Co., Research Division

Okay. And just maybe just to distill that down. So it could be a margin benefit, but volume headwinds as a result of the tariffs. So just make it very simplistic. Okay.

And lastly, on the import issue within bedding this -- we are very well aware of imports. And you guys have been pretty vocal about the issues around foam bed-in-the-box products coming in.

Maybe missing something, but I feel like this is the first time you're talking about big headwinds with open coil, innerspring finished mattresses. So is this a new dynamic that has emerged in recent months or quarters? And those antidumping duties that are on a wide number of countries, does that have any impact on the finished innerspring beds? Or is that just on foam beds?

J. Tyson Hagale
Executive VP & President of Bedding Products

Well, Peter, no, we don't think it's a new dynamic. Maybe it's a different way we characterize it for you. But no, I mean, they definitely -- the imported finished mattresses are most impactful at the low end, whether it's foam or an innerspring import. And yes, the coverage is pretty wide on countries now, but we have seen new countries sprouting up and being part of the import list now. And so whether it's a foam mattress or an imported innerspring mattress. They both are basically priced at the extreme low end of the market, and that's where we think it's having the biggest impact on the open coil products. So that and the conversion of open coil to ComfortCore®, which is also a long-term trend.

Operator

Next question is a follow-up from Susan Maklari from Goldman Sachs.

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

I wanted to shift the conversation and talk a bit about specialized. In your comments, you mentioned some of the differing dynamics in there with the headwinds in Auto and Hydraulics relative to some growth in Aerospace. Can you just talk more about how that is building to that segment forecast? And how we should be thinking about the different trends that are emerging in those businesses?

Karl G. Glassman
President, CEO & Chairman

Yes. Thanks, Susan. I'm sure Sam was worried that he wasn't going to get any questions. So Sam, good news -- you're up.

R. Samuel Smith
Executive VP and President of the Furniture, Flooring & Textile Products

Okay. Thanks, Karl. Thank you, Susan. So I'll start off with aerospace. Our volumes there were up year-over-year in '24, and we anticipate that to continue being the same going forward. Then on Hydraulics, Karl mentioned earlier that some of the problems we're facing are really not Leggett-specific problems there. They're industry problems, they're macro problems. And that's really what's happening in Hydraulics. In '21 and '22, we saw a really, really substantial run up in cylinder demand and forklift demand and articulated dump truck demand, all of that.

And what that set us up for was a kind of a high-water mark from a volume standpoint in '23. So when we hit '24, those backlogs that have developed over those couple of years were pretty much gone. And the demand coming from the downstream customers of the OEMs really dropped off. So that demand turned around rapidly for the OEMs to turn around rapidly for us and really got worse throughout the year.

Now right before the end of the year, we saw our orders stabilize. And so far this year, they're still stable. And feedback from the OEMs is that we're really in a flatter demand environment now instead of a falling demand environment, but I think it's going to take a little bit more time to see how that holds up. And if you think about it from a comp perspective, we started the year off stronger. We ended the year at a lower volume rate.

So that's why we're kind of anticipating continued volume reduction there. And then I'll skip over to automotive. And Karl referred to customer mix. He talked about the growth of the Chinese EV manufacturers and the challenges the multinationals are facing. So I'd like to just unpack that a little bit in terms of what the overall major market production looked like in '23 versus '24, and I think that will help you.

But by major market, I mean, cars that are produced in North America, Europe, excluding Russia, because we don't sell in Russia, cars that are producing in China, Japan and Korea. And that encompasses all major multinationals and all the Chinese players. So in '24, the total major market production dropped 1.1 million units or about 1.5% versus '23. So I'm going to throw a lot of numbers at you, but I'll summarize it.

And if we step down and look at what happened by region, every region, except for China shrank last year. And China's production was up about 800,000 units or about 3%. And if you step down another level and look at the mix inside China, the Chinese OEMs were up by about 2.8 million units and the multinationals were down by about 2 million. And the Chinese OEMs were really driven by those EV manufacturers. So to summarize all that, the major market production was down by 1.1 million.

The Chinese really driven by the EV manufacturers were up 2.8 million. So what that means is everybody else in the world was down by about 4 million units or 7% and all of that comes from market data that we follow. And we saw that shift the strongest in the second half 2024 follows through to 2025. And the struggles that the multinationals have faced and are facing have been well publicized and their situations really directly impact us. And let me go ahead and answer this question. Yes, we do have content with the new Chinese EV players, but our content levels with the multinationals and with their JV partners in China is higher than our content with Chinese EV players.

And a part of that market shift, Karl mentioned it, I mentioned it little bit early is the shift from ICE to EV. And that's been very impactful. In China, that shift was fast. It was pronounced and it had really strong government support from the manufacturers all the way down the consumer level. And the rest of the world, it's kind of been stop and start.

And that's led to program delays as the OEMs kind of tap the brakes on launches of EV vehicles. And also just affordability continues to be an issue, as Karl mentioned, and that's led to some product trade downs or a little decontenting. Hopefully, that gives you a little bit better insight to the market there.

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

Yes. No, that's incredibly helpful, Sam. And then maybe one last question, which is just when you step back and you think about the health of consumer overall coming into this year? And is it different macro trends that we have going on out there and the potential that we could see some more inflation this year. Just across your consumer-focused businesses, how are you thinking about the price elasticity and their ability or their willingness even to handle some of this pressure that could come through and what that could imply for demand across these various end markets.

Karl G. Glassman
President, CEO & Chairman

Susan, that's what you alluded to is our biggest concern that with what we believe to be relative poor health of the consumer, we have a concern that it could get worse. We'll see as the year unfolds. Our businesses, call it, our asset base is so volume sensitive. That's -- I mean you hit on our concern that we need volume. Most of the products that we sell, not every, but most of them are very much deferrable.

Some of them in their own are correlated to housing demand. So it's a challenge. Consumer confidence is important to us. And you've seen consumer confidence drop as interest rates have flattened and inflation is reignited. So it's a concern. We'll just continue to manage everything that we can internally.

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

Yes. Okay. I appreciate all that. Well, now that everyone has gotten some speaking time, I think I'll wrap it up there, good luck with everything.

Karl G. Glassman
President, CEO & Chairman

Thanks for giving everybody a shot, Susan. Thank you. Thank you all.

Operator

We've reached end of our question-and-answer session. I'd like to turn the floor back over for any further or closing comments.

Cassie J. Branscum
Vice President of Investor Relations

Thank you for joining us and your interest in Leggett & Platt, and everybody, have a great weekend.

Operator
Thank you. That does conclude today's teleconference and webcast. You may disconnect your line at this time, and have a wonderful day. We thank you for your participation today.