

First Quarter Summary Financial Information

April 29, 2019



Leggett & Platt®

Forward-Looking Statements

Statements in this presentation that are not historical in nature are “forward-looking.” All such forward-looking statements are expressly qualified by the cautionary statements described in this provision. We do not have, and do not undertake, any duty to update any forward-looking statement. Forward-looking statements should not be relied upon as a prediction of actual future events or results. Any forward-looking statement reflects only the beliefs of Leggett at the time the statement is made. All forward-looking statements are subject to risks and uncertainties which might cause actual events or results to differ materially from the forward-looking statements. Some of these risks and uncertainties include: uncertainty of the financial performance, including sales and sales growth of ECS; inability to deleverage in the expected timeframe; the Company’s and ECS’s ability to achieve their respective operating targets; projections of Company sales, earnings, capital expenditures, dividends, cash from operations, tax rate and diluted shares; the impact of the Tax Cuts and Jobs Act, price and product competition, the amount of share repurchases, demand for the Company’s products, cost and availability of raw materials and labor, fuel and energy costs, general economic conditions, possible goodwill or asset impairment, anticipated restructuring-related costs, foreign currency fluctuation, litigation risks and other risk factors in Leggett’s Form 10-K, Form 10-Q and Form 8-Ks.

Overview

- ❑ Sales were up 12%, to \$1,155 million
 - Acquisitions added 13% slightly offset by 1% decline in organic sales
- ❑ Adj. EPS ¹ of \$.49, down vs. \$.57 in Q1-18
- ❑ Adj. EBIT ¹ of \$105 million, down 2% vs. Q1-18
- ❑ Adj. EBIT ¹ margin of 9.1% vs. 10.4% in Q1-18
- ❑ 2019 guidance unchanged
 - Sales of \$4.95–\$5.1 billion
 - Adj. EPS ² of \$2.45–\$2.65

¹ See slides 4 and 10 for calculation of adjusted EPS, adjusted EBIT and adjusted EBIT margin.

² See slide 13 for additional details on adjusted EPS.

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Q1 2019 Financial Highlights

<u>\$'s in millions (except EPS)</u>	<u>Reported</u> <u>Q1-19</u>	<u>Adj</u> <u>Adj ¹</u>	<u>Adj</u> <u>Q1-19</u>	<u>Reported</u> <u>Q1-18</u>	<u>Adj</u> <u>Adj ¹</u>	<u>Adj</u> <u>Q1-18</u>	<u>Change</u>
Sales	\$1,155		\$1,155	\$1,029		\$1,029	12%
EBIT	98	7	105	107		107	(2%)
EBIT Margin	8.5%		9.1%	10.4%		10.4%	(130 bps)
EPS	.45	.04	.49	.57		.57	(14%)
Cash from Operations	\$31		\$31	\$44		\$44	(29%)
EBITDA	145	7	152	141		141	8%
EBITDA Margin	12.5%		13.1%	13.7%		13.7%	(60 bps)

¹ See slide 26 for non-GAAP adjustments.

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Q1 2019 Sales & EBIT Bridge

Sales:	<u>mln \$'s</u>	<u>% change</u>
1 st Qtr 2018	\$1,029	
Approx volume decline	(25)	(3%)
Approx raw material-related pricing and currency impact	<u>19</u>	<u>2%</u>
Organic sales	(6)	(1%)
Acquisitions	<u>132</u>	<u>13%</u>
1 st Qtr 2019	\$1,155	12%
EBIT:		<u>margin</u>
1 st Qtr 2018	\$107	10.4%
Other: primarily improved metal margins in Steel Rod and ECS ¹ earnings more than offset by declines in several businesses	<u>(2)</u>	
Adjusted 1 st Qtr 2019 ²	\$105	9.1%

¹ Includes \$14m of purchase accounting charges, \$5m of which is non-recurring.

² See slide 4 for calculation of adjusted EBIT and adjusted EBIT margin.

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Q1 2019 Non-Operating & Taxes

\$'s in millions	Reported		Adj	Reported		Adj	Change
	Q1-19	Adj ¹	Q1-19	Q1-18	Adj ¹	Q1-18	
EBIT	\$98	\$7	\$105	\$107		\$107	(2%)
Net interest	20		20	12		12	
Pre-tax earnings	78	7	85	95		95	(10%)
Income taxes	17	2	19	17		17	
<i>Tax rate</i>			22.1%			18.3%	
Earnings	61	5	67	78		78	(15%)
Net earnings	61	5	67	78		78	(15%)
Non-controlling interests	—		—	—		—	
Net earnings attributable to L&P	61	5	67	78		78	(15%)
EPS	.45	.04	.49	.57		.57	(14%)

¹ See slide 26 for non-GAAP adjustments.

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Adjusted Working Capital

	3/31	12/31	3/31
\$'s in millions	<u>2019</u>	<u>2018</u>	<u>2018</u>
Cash & equivalents	\$263	\$268	\$495
Accounts receivable, net	665	572	658
Inventories, net	677	634	611
Other current assets	<u>54</u>	<u>51</u>	<u>51</u>
Total current assets	<u>1,659</u>	<u>1,525</u>	<u>1,814</u>
Current debt maturities	(51)	(1)	(154)
Current operating lease liabilities	(38)	—	—
Accounts payable	(431)	(465)	(433)
Accrued and other current liabilities	<u>(346)</u>	<u>(349)</u>	<u>(391)</u>
Total current liabilities	<u>(867)</u>	<u>(816)</u>	<u>(978)</u>
Working capital	792	709	836
% of annualized sales ¹	17.1%	16.9%	20.3%
W/C, excl. cash & current debt/lease	619	442	495
% of annualized sales ¹	13.4%	10.6%	12.0%
Shares outstanding (end of period)	131.2m	130.5m	131.2m

¹ Annualized sales: 1Q19: \$1,155x4=\$4,620; 4Q18: \$1,047x4=\$4,188; 1Q18: \$1,029x4=\$4,116

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Debt

	3/31	12/31	3/31
\$'s in millions	<u>2019</u> ¹	<u>2018</u>	<u>2018</u>
Long-term debt	\$2,410	\$1,168	\$1,239
Current maturities	<u>51</u>	<u>1</u>	<u>154</u>
Total debt	2,461	1,169	1,393
EBIT, trailing 12 months	428	437	459
Depreciation & amortization	<u>149</u>	<u>136</u>	<u>129</u>
EBITDA	577	573	588
Non-GAAP adjustments (pretax)	<u>43</u>	<u>36</u>	<u>(0)</u>
Leggett reported adjusted EBITDA, trailing 12 months	620	609	588
ECS pre-acquisition EBITDA ²	<u>65</u>		
Leggett & ECS pro forma adjusted EBITDA, trailing 12 months	685		
Total debt to Leggett reported 12-month adjusted EBITDA ³	4.0x	1.9x	2.4x
Total debt to Leggett & ECS 12-month pro forma adjusted EBITDA ³	3.6x		

¹ Leggett's 3/31/2019 reported adjusted EBITDA includes ECS from January 16 to March 31, 2019

² April 1, 2018 to January 16, 2019

³ These debt to adjusted EBITDA ratios are 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	1st Qtr		YTD	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net earnings	\$61	\$78	\$61	\$78
D&A	46	33	46	33
Impairment, write-offs & other	8	2	8	2
Other non-cash	8	9	8	9
Changes in working capital:				
Accounts receivable	(17)	(39)	(17)	(39)
Inventory	14	(21)	14	(21)
Other current assets	(3)	(1)	(3)	(1)
Accounts payable	(67)	(8)	(67)	(8)
Other current liabilities	<u>(19)</u>	<u>(9)</u>	<u>(19)</u>	<u>(9)</u>
Cash from operations	31	44	31	44
Capital expenditures	32	40	32	40
Acquisitions	1,244	86	1,244	86
Dividends	50	48	50	48
Share repurchases (issuances), net	2	55	2	55
Proceeds from asset sales	—	2	—	2
Additions (repayments) of debt, net	1,289	144	1,289	144

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YTD 2019 Financial Summary

<u>\$'s in millions (except EPS)</u>	<u>Reported</u> <u>2019</u>	<u>Adj</u> <u>Adj</u> ¹	<u>Adj</u> <u>2019</u>	<u>Reported</u> <u>2018</u>	<u>Adj</u> <u>Adj</u> ¹	<u>Adj</u> <u>2018</u>	<u>Change</u>
Sales	\$1,155		\$1,155	\$1,029		\$1,029	12%
EBIT	98	7	105	107		107	(2%)
EBIT Margin	8.5%		9.1%	10.4%		10.4%	(130 bps)
EPS	.45	.04	.49	.57		.57	(14%)
Cash from Operations	\$31		\$31	\$44		\$44	(29%)
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EBITDA Margin	12.5%		13.1%	13.7%		13.7%	(60 bps)

¹ See slide 26 for non-GAAP adjustments.

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YTD 2019 Sales & EBIT Bridge

Sales:	<u>mln \$'s</u>	<u>% change</u>
YTD 2018	\$1,029	
Approx volume decline	(25)	(3%)
Approx raw material-related pricing and currency impact	<u>19</u>	<u>2%</u>
Organic sales	(6)	(1%)
Acquisitions	<u>132</u>	<u>13%</u>
YTD 2019	\$1,155	12%
EBIT:		<u>margin</u>
YTD 2018	\$107	10.4%
Other: primarily improved metal margins in Steel Rod and ECS ¹ earnings more than offset by declines in several businesses	<u>(2)</u>	
Adjusted YTD 2019 ²	\$105	9.1%

¹ Includes \$14m of purchase accounting charges, \$5m of which is non-recurring.

² See slide 10 for calculation of adjusted EBIT and adjusted EBIT margin.

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YTD 2019 Non-Operating & Taxes

\$'s in millions	Reported		Adj	Reported		Adj	Change
	2019	Adj ¹	2019	2018	Adj ¹	2018	
EBIT	\$98	\$7	\$105	\$107		\$107	(2%)
Net interest	20		20	12		12	
Pre-tax earnings	78	7	85	95		95	(10%)
Income taxes	17	2	19	17		17	
<i>Tax rate</i>			22.1%			18.3%	
Earnings	61	5	67	78		78	(15%)
Net earnings	61	5	67	78		78	(15%)
Non-controlling interests	—		—	—		—	
Net earnings attributable to L&P	61	5	67	78		78	(15%)
EPS	.45	.04	.49	.57		.57	(14%)

¹ See slide 26 for non-GAAP adjustments.

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2019 Guidance

- ❑ Adjusted EPS unchanged at \$2.45–\$2.65
 - Excludes expected restructuring-related charges of \$.10
- ❑ Sales guidance unchanged at \$4.95–\$5.1 billion
 - 16-19% growth versus 2018
 - ECS acquisition should add ~\$650 million to sales (commencing from January 16th acquisition date)
 - Organic sales growth is expected to be flat to +3%
- ❑ Implied adjusted EBIT margin of 10.8%–11.2%
- ❑ Operating cash is expected to approximate \$550 million
- ❑ Cap-ex of ~\$195 million
- ❑ Depreciation and amortization of ~\$210 million
- ❑ Tax rate of ~24%
 - 1Q =22%; 2Q-4Q = ~24%
- ❑ Diluted shares of ~136 million

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Segments

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Q1 2019 Segment Summary

	Q1-19 Organic Sales Growth ¹	Q1-19 Adj. EBIT Margin ²	Δ vs Q1-18
Residential Products	3%	6.1%	-260bps
Industrial Products	10%	14.3%	+840bps
Furniture Products	(5%)	4.7%	-160bps
Specialized Products	(5%)	13.5%	-370bps
Total Consolidated	(1%)	9.1%	-130bps

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

² See slides 17, 21 and 26 for non-GAAP adjustments.

Residential Products

Total Sales:	<u>mln \$'s</u>	<u>% change</u>
1 st Qtr 2018	\$403	
Acquisitions	124	31%
Organic sales ¹	<u>12</u>	<u>3%</u>
1 st Qtr 2019	\$539	34%

¹ Primarily raw material-related price increases slightly offset by currency impact.

EBIT:		<u>margin</u>
1 st Qtr 2018	\$35	8.7%
Other: ECS earnings more than offset by lower volume in several businesses and other smaller factors	<u>(2)</u>	
Adjusted 1 st Qtr 2019 ²	\$33	6.1%

² Adjusted to exclude ECS transaction costs (\$1m).

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Residential – Key Points

- ❑ Q1 organic sales were up 3%:
 - Volume was essentially flat, with market share and content gains in U.S. Spring and growth in International Spring offset by declines in other businesses
 - Raw material-related price inflation, net of currency impact, increased sales 3%
- ❑ Organic sales trends excluding inflation and currency:
 - U.S. Spring sales increased 7%
 - International Spring sales up 4%
- ❑ ECS acquisition completed on January 16 added 27% to sales growth; two small geo components acquisitions increased sales 4%.
- ❑ Adjusted Q1 EBIT and EBIT margin decreased, with earnings from ECS (after \$14 million of purchase accounting charges) more than offset by lower volume in several businesses and other smaller factors.
 - Purchase accounting charges include a \$5 million non-recurring charge for acquired ECS inventories

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Industrial Products

Total Sales:	<u>mln \$'s</u>	<u>% change</u>
1 st Qtr 2018	\$152	
Organic sales ¹	<u>16</u>	<u>10%</u>
1 st Qtr 2019	\$168	10%

¹ Steel related price increases (19%) partially offset by lower volume (9%).

EBIT:		<u>margin</u>
1 st Qtr 2018	\$9	5.9%
Other: primarily improved metal margins at our steel rod mill	<u>15</u>	
1 st Qtr 2019	\$24	14.3%

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Industrial – Key Points

- ❑ Q1 organic sales were up 10%, from steel related price increases partially offset by lower volume.
- ❑ Q1 EBIT and EBIT margin increased, primarily from improved metal margins at our steel rod mill.

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Furniture Products

Total Sales:	<u>mln \$'s</u>	<u>% change</u>
1 st Qtr 2018	\$284	
Organic sales ¹	<u>(14)</u>	<u>(5%)</u>
1 st Qtr 2019	\$270	(5%)

¹ Lower volume (5%)

EBIT:		<u>margin</u>
1 st Qtr 2018	\$18	6.3%
Other: primarily lower volume	<u>(5)</u>	
Adjusted 1 st Qtr 2019 ²	\$13	4.7%

² Adjusted to exclude restructuring-related charges (\$6m).

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Furniture – Key Points

- ❑ Q1 organic sales were down 5%:
 - Volume was down 5%, with growth in Work Furniture more than offset by our decision to exit Fashion Bed, planned declines in Home Furniture and lower sales in Adjustable Bed
 - Raw material-related price inflation was offset by currency impact
- ❑ Organic sales trends excluding inflation and currency:
 - Adjustable Bed sales were down 5%
 - Work Furniture sales increased 6%
 - Home Furniture sales decreased 12%
- ❑ Adjusted Q1 EBIT and EBIT margins decreased, primarily from lower volume.

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Specialized Products

Total Sales:	<u>mln \$'s</u>	<u>% change</u>
1 st Qtr 2018	\$268	
Acquisitions	8	3%
Organic sales ¹	<u>(12)</u>	<u>(5%)</u>
1 st Qtr 2019	\$264	(2%)

¹ Primarily currency impact (3%) and lower volume (2%).

EBIT:		<u>margin</u>
1 st Qtr 2018	\$46	17.2%
Other: primarily lower volume and investment in Automotive	<u>(10)</u>	
1 st Qtr 2019	\$36	13.5%

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Specialized – Key Points

- ❑ Q1 organic sales decreased 5%:
 - Volume was down 2%, primarily from softer demand in Automotive
 - Currency impact, net of raw material-related price inflation, decreased sales 3%
- ❑ Organic sales trends excluding currency and inflation:
 - Automotive sales decreased 4%
 - Aerospace sales were up 2%
 - Hydraulic Cylinders sales were up 18% (February & March)
- ❑ PHC acquisition completed January 31, 2018 added 3% to sales growth.
- ❑ Q1 EBIT and EBIT margin decreased, primarily from lower volume and investment in Automotive product, program and strategy development to support long-term growth.

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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)	Q1-19	Q1-18	YTD 2019	YTD 2018
<u>Non-GAAP Adjustments (\$'s)</u> ¹				
Restructuring-related charges	6	—	6	—
Note impairment	—	—	—	—
ECS transaction costs	1	—	1	—
Non-GAAP adjustments (pre-tax \$'s)	7	—	7	—
Income tax impact	(2)	—	(2)	—
TCJA impact ²	—	—	—	—
Non-GAAP adjustments (after tax \$'s)	5	—	5	—
Diluted shares outstanding	135.0	136.3	135.0	136.3
EPS impact of non-GAAP adjustments	\$.04	\$—	\$.04	\$—

¹ Calculations impacted by rounding

² The Tax Cuts and Jobs Act enacted in December 2017.