



First Quarter Summary Financial Information and COVID-19 Response

May 4, 2020



Forward-Looking Statements

Statements in this presentation that are not historical in nature are “forward-looking.” These statements are identified either by the context in which they appear or by the use of words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “should,” “guidance” or the like. All such forward-looking statements are expressly qualified by the cautionary statements described in this provision. We do not have, and do not undertake, any duty to update any forward-looking statement. Forward-looking statements should not be relied upon as a prediction of actual future events or results. Any forward-looking statement reflects only the beliefs of Leggett at the time the statement is made. All forward-looking statements are subject to risks and uncertainties which might cause actual events or results to differ materially from the forward-looking statements. Some of these risks and uncertainties include: the adverse impact caused by the COVID-19 pandemic, including demand for our products, our manufacturing facilities ability to stay open, the functioning of our supply and distribution chains, employees costs, inability to collect receivables, goodwill and long-lived asset impairment, inability to issue commercial paper or borrow under the credit facility; uncertainty of the financial performance, including sales and sales growth; the Company’s ability to achieve its operating targets; projections of Company sales, earnings, EBIT margin, depreciation and amortization, capital expenditures, dividends, cash from operations, net interest expense, tax rate and diluted shares; price and product competition, cost and availability of raw materials and labor, fuel and energy costs, climate change regulations, environmental, social and governance risks, foreign currency fluctuation, cash repatriation, litigation risks and other risk factors in Leggett’s most recent Form 10-K and subsequent Form 8-Ks and 10-Qs.

Overview

- Sales decreased 9%, to \$1,045 million
 - Volume was down 9%; exited business -3%
 - Raw material-related price decreases and currency impact reduced sales 3%
 - Acquisitions added 3%
- Adj. EPS ¹ of \$.41, down \$.08 vs. adj. EPS ¹ of \$.49 in Q1-19
- Adj. EBIT ¹ of \$93 million, down \$12 million vs. Q1-19
- Adj. EBIT ¹ margin down 20 bps, to 8.9%, vs. 9.1% in Q1-19
- 2020 guidance suspended, as previously announced April 2nd

¹ See slide 4 and 23 for calculation for adjusted EPS, adjusted EBIT and adjusted EBIT margin

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Q1 2020 Financial Highlights

<u>\$'s in millions (except EPS)</u>	<u>Reported Q1-20</u>	<u>Adj¹</u>	<u>Adj Q1-20</u>	<u>Reported Q1-19</u>	<u>Adj¹</u>	<u>Adj Q1-19</u>	<u>Change</u>
Sales	\$1,045		\$1,045	\$1,155		\$1,155	(9%)
EBIT	81	12	93	98	7	105	(12%)
EBIT Margin	7.7%		8.9%	8.5%		9.1%	-20 bps
EPS	.34	.07	.41	.45	.04	.49	(16%)
Cash from Operations	\$10		\$10	\$31		\$31	(67%)
EBITDA	128	12	140	145	7	152	(8%)
EBITDA margin	12.3%		13.4%	12.5%		13.1%	30 bps

¹ See slide 23 for non-GAAP adjustments

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Q1 2020 Sales & EBIT Bridge

Sales:	<u>mln \$'s</u>	<u>% change</u>
1 st Qtr 2019	\$1,155	
Approx volume decline ¹	(100)	(9%)
Approx raw material-related pricing and negative currency impact	(37)	(3%)
Organic Sales	(137)	(12%)
Acquisitions	27	3%
1 st Qtr 2020	\$1,045	(9%)
 EBIT:		<u>margin</u>
Adjusted 1 st Qtr 2019 ²	\$105	9.1%
Other: primarily lower volume and higher bad debt expense partially offset by lower raw material costs	(12)	
Adjusted 1 st Qtr 2020 ²	\$93	8.9%

¹ -3% from exited business

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

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Q1 2020 Non-Operating & Taxes

\$'s in millions	Reported	Adj	Reported	Adj	Change		
	<u>Q1-20</u>	<u>Adj ¹</u>	<u>Q1-20</u>	<u>Q1-19</u>	<u>Q1-19</u>		
EBIT	\$81	\$12	\$93	\$98	\$7	\$105	(12%)
Net interest	20		20	20		20	
Pre-tax earnings	61	12	73	78	7	85	(15%)
Income taxes	15	3	18	17	2	19	
<i>Tax rate</i>			25%			22%	
Earnings	46	9	55	61	5	67	(18%)
Net earnings	46	9	55	61	5	67	(18%)
Non-controlling interests	—		—	—		—	
Net earnings attributable to L&P	46	9	55	61	5	67	(18%)
EPS	.34	.07	.41	.45	.04	.49	(16%)

¹ See slide 23 for non-GAAP adjustments

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Adjusted Working Capital

	3/31	12/31	3/31
\$'s in millions	<u>2020</u>	<u>2019</u>	<u>2019</u>
Cash & equivalents	\$506	\$248	\$263
Accounts receivable, net	568	592	665
Inventories, net	656	637	677
Other current assets	<u>53</u>	<u>62</u>	<u>54</u>
Total current assets	<u>1,782</u>	<u>1,538</u>	<u>1,659</u>
Current debt maturities	(51)	(51)	(51)
Current operating lease liabilities	(40)	(39)	(38)
Accounts payable	(429)	(463)	(431)
Accrued and other current liabilities	<u>(335)</u>	<u>(374)</u>	<u>(346)</u>
Total current liabilities	<u>(855)</u>	<u>(928)</u>	<u>(867)</u>
Working capital	927	610	792
% of annualized sales ¹	22.2%	13.3%	17.1%
W/C, excl. cash & current debt/lease	512	453	619
% of annualized sales ¹	12.3%	9.9%	13.4%

¹ Annualized sales: 1Q20: \$1,045x4=\$4,180; 4Q19: \$1,145x4=\$4,580; 1Q19: \$1,155x4=\$4,620

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Debt to Adjusted EBITDA

	3/31	12/31	3/31
\$'s in millions	<u>2020</u>	<u>2019</u>	<u>2019</u>
Long-term debt	\$2,415	\$2,067	\$2,410
Current maturities	<u>51</u>	<u>51</u>	<u>51</u>
Total debt	\$2,466	2,118	2,461
EBIT, trailing 12 months	496	513	428
Depreciation & amortization	<u>193</u>	<u>192</u>	<u>149</u>
EBITDA	689	705	577
Non-GAAP adjustments (pretax)	<u>21</u>	<u>16</u>	<u>43</u>
Leggett reported adjusted EBITDA, trailing 12 months	710	721	620
ECS pre-acquisition adjusted EBITDA ²		<u>1</u>	<u>72</u>
Leggett & ECS pro forma adjusted EBITDA, trailing 12 months		722	692
Total debt to Leggett reported 12-month adjusted EBITDA ³	3.48x	2.94x	3.97x
Total debt to Leggett & ECS 12-month pro forma adjusted EBITDA ³		2.93x	3.56x

¹ Leggett's reported adjusted EBITDA includes ECS from January 16, 2019

² 12/31/2019: January 1, 2019 to January 16, 2019; 3/31/2019: 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 8 of the press release.

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Cash Flow

\$'s in millions	1 st Qtr	
	2020	2019
Net earnings	\$46	\$61
D&A	47	46
Impairment, write-offs & other	26	8
Other non-cash	—	8
Changes in working capital:		
Accounts receivable	(7)	(17)
Inventory	(34)	14
Other current assets	(3)	(3)
Accounts payable	(28)	(67)
Other current liabilities	<u>(37)</u>	<u>(19)</u>
Cash from operations	10	31
Capital expenditures	24	32
Acquisitions	—	1,244
Dividends	53	50
Share repurchases (issuances), net	8	2
Proceeds from asset sales	1	—
Additions (repayments) of debt, net	340	1,289

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COVID-19 Response

Prioritizing Employee Health & Safety

- Cross-functional teams leveraged learning from our early experience in China to implement new safety protocols, interpret government orders and secure personal protective equipment
- Developed a comprehensive handbook documenting new work procedures and facility modifications necessary to facilitate proper social distancing
- Implementing training and change management initiatives to drive and maintain new ways of operating

Reduced Costs

- Aligned variable cost structure to current demand levels
- Reduced fixed costs, eliminated non-essential spending
- Postponed major projects
- Reduced executive officer salaries and Board of Director cash compensation by 50%

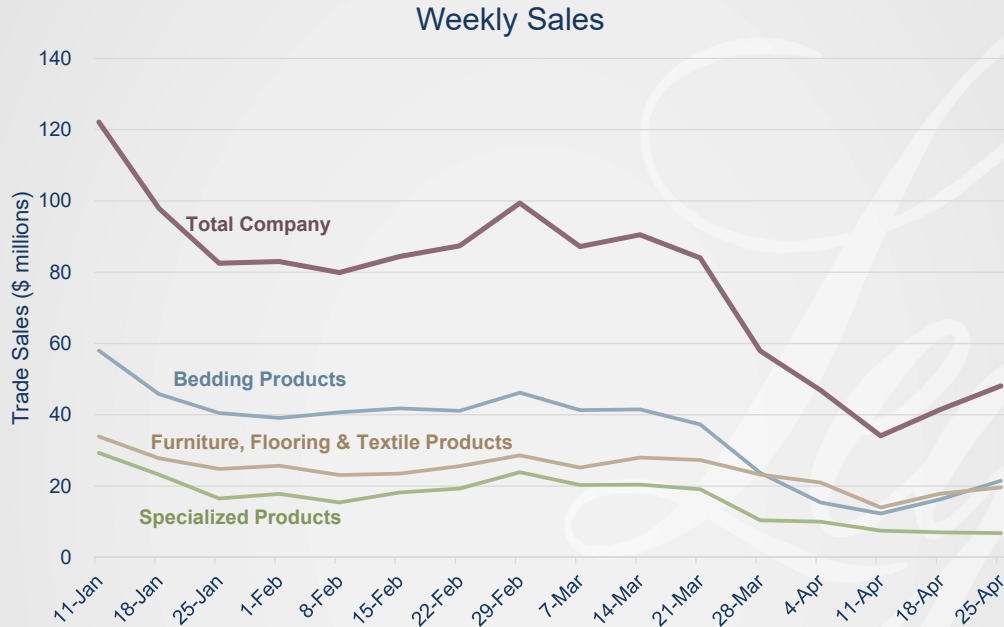
Optimizing Cash Flow

- Closely monitoring working capital, focusing on customer collections and controlling inventory
- Cut 2020 capital expenditures by over 60% to \$60 million

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Responding to Demand Declines

- Sales declined rapidly in final two weeks of 1Q
- Reduced production and staffing levels to match demand



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Liquidity Profile (as of 3/31/20)

Liquidity

- \$734 million of liquidity
 - \$506 million cash on hand
 - \$228 million available under our revolving credit facility

Debt Structure

- Total debt of \$2.5 billion
 - \$422 million commercial paper with a weighted average interest rate of 3.15% and weighted average maturity of ~30 days
 - \$450 million 5-year Tranche A term loan at a 2.11% rate (bears a variable interest rate)
 - \$1.6 billion in bonds at a weighted average coupon of 3.8%

Maturities

- No significant maturities until August 2022

Primary Financial Covenant

- \$1.2 billion unsecured revolving credit facility: $\leq 3.5x$ debt to trailing 12-months adjusted EBITDA
 - \$650 million maximum borrowing capacity
 - Currently working with our banks to amend the covenant

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Segments

Q1 2020 Segment Summary

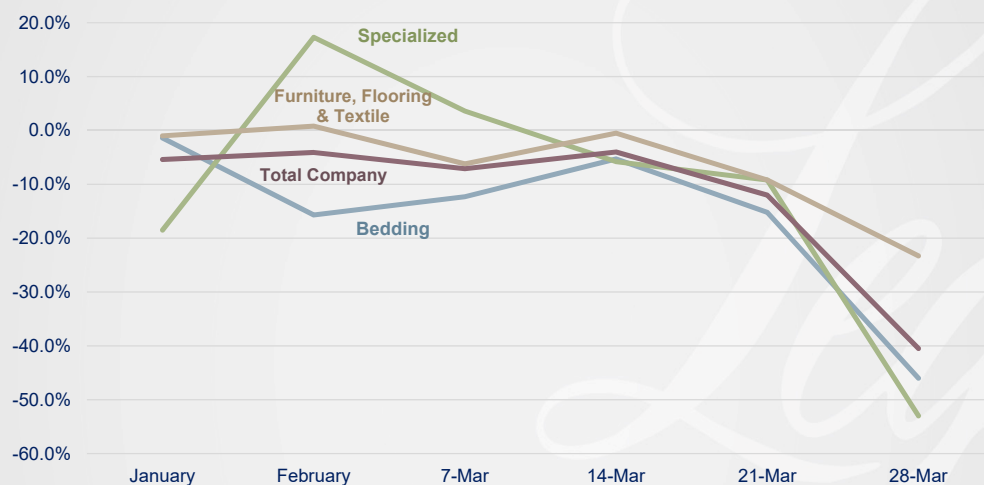
	Q1-20 Organic Sales Growth¹	Q1-20 Adj. EBIT Margin²	Δ vs Q1-19	Q1-20 Adj. EBITDA Margin²	Δ vs Q1-19
Bedding Products	(15%)	7.8%	-130 bps	13.3%	-30 bps
Specialized Products	(11%)	11.8%	-180 bps	16.6%	-90 bps
Furniture, Flooring & Textile Products	(7%)	8.3%	+260 bps	10.3%	+270 bps
Total Consolidated	(12%)	8.9%	-20 bps	13.4%	+30 bps

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

² See slides 16, 20, and 23 for non-GAAP adjustments

Segment Sales — Q1 2020 vs Q1 2019

Organic Sales Change ¹	January	February	March	1 st Qtr
Bedding Products	(1.4%)	(15.7%)	(24.6%)	(15.4%)
Specialized Products	(18.5%)	17.3%	(25.2%)	(10.8%)
Furniture, Flooring & Textile Products	(1.0%)	0.8%	(16.6%)	(6.9%)
Total Company	(5.4%)	(4.1%)	(22.4%)	(11.9%)



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

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Bedding Products

Trade Sales:	<u>mIn \$'s</u>	<u>% change</u>
1 st Qtr 2019	\$554	
Acquisitions	22	4%
Organic Sales ¹	(85)	(15%)
1 st Qtr 2020	\$491	(11%)

¹ Lower volume (11%) and raw material-related price decreases (4%)

<u>mIn \$'s</u>	<u>EBIT</u>	<u>EBIT</u>	<u>D&A</u>	<u>EBITDA</u>	<u>EBITDA</u>
	<u>margin</u>	<u>margin</u>		<u>margin</u>	<u>margin</u>
Adjusted 1 st Qtr 2019 ²	\$50	9.1%	\$25	\$75	13.6%
Change	(12)		2	(10)	
Adjusted 1 st Qtr 2020 ³	\$38	7.8%	\$27	\$65	13.3%

² Adjusted to exclude restructuring-related charges \$5m and ECS transaction costs \$1m

³ Adjusted to exclude note impairment \$8m

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Bedding – Key Points

- Q1 organic sales were down 15%:
 - Volume was down 11%, primarily from exited volume in Fashion Bed and the closure of a Drawn Wire facility and demand declines in U.S. Spring partially offset by growth in Adjustable Bed
 - Raw material-related pricing reduced sales 4%
- Organic sales trends excluding deflation and currency:
 - Steel Rod sales decreased 5%
 - Drawn Wire sales decreased 23%
 - U.S. Spring sales decreased 11%
 - Specialty Foam sales decreased 1%
 - Adjustable Bed sales were up 6%
 - International Spring sales decreased 5%
- ECS acquisition completed in January 2019 added 4% to sales growth
- Q1 adjusted EBIT decreased primarily from lower metal margin in our rod mill, increased bad debt expense and lower volume partially offset by the non-recurrence of a \$5 million charge related to ECS acquired inventories

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Specialized Products

Trade Sales:	<u>mIn \$'s</u>	<u>% change</u>
1 st Qtr 2019	\$263	
Organic Sales ¹	(28)	(11%)
1 st Qtr 2020	\$235	(11%)

¹ Lower volume (9%) and currency impact (2%)

mIn \$'s	<u>EBIT</u>	<u>EBIT margin</u>	<u>D&A</u>	<u>EBITDA</u>	<u>EBITDA margin</u>
1 st Qtr 2019	\$36	13.6%	\$10	\$46	17.5%
Change	<u>(8)</u>		<u>1</u>	<u>(7)</u>	
1 st Qtr 2020	\$28	11.8%	\$11	\$39	16.6%

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Specialized – Key Points

- Q1 organic sales decreased 11%:
 - Volume was down 9%, primarily from demand declines in Automotive and Hydraulic Cylinders
 - Currency impact decreased sales 2%
- Organic sales trends excluding currency:
 - Automotive sales decreased 10%
 - Aerospace sales decreased 3%
 - Hydraulic Cylinders sales decreased 19%
- Q1 EBIT decreased, primarily from lower volume

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Furniture, Flooring & Textile Products

Trade Sales:	<u>mIn \$'s</u>	<u>% change</u>
1 st Qtr 2019	\$338	
Acquisitions	6	2%
Organic Sales ¹	(24)	(7%)
1 st Qtr 2020	\$320	(5%)

¹ Lower volume (5%) and raw material-related price decreases and currency impact (2%)

mIn \$'s	<u>EBIT</u>	<u>EBIT</u>	<u>D&A</u>	<u>EBITDA</u>	<u>EBITDA</u>
	<u>margin</u>	<u>margin</u>		<u>margin</u>	<u>margin</u>
Adjusted 1 st Qtr 2019 ²	\$19	5.7%	\$7	\$26	7.6%
Change	<u>7</u>		<u>—</u>	<u>7</u>	
1 st Qtr 2020	\$26	8.3%	\$7	\$33	10.3%

² Adjusted to exclude restructuring-related charges \$1m

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Furniture, Flooring & Textile – Key Points

- Q1 organic sales were down 7%:
 - Volume was down 5%, primarily from lower demand in Work Furniture and Home Furniture
 - Raw material-related price decreases and currency impact reduced sales 2%
- Organic sales trends excluding deflation and currency:
 - Home Furniture sales decreased 10%
 - Work Furniture sales decreased 14%
 - Flooring sales decreased 3%
 - Textile sales were flat
- Q1 EBIT increased, primarily from lower raw material costs partially offset by lower volume in Work Furniture and Home Furniture

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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)	Q1-20	Q1-19	YTD 2020	YTD 2019
Non-GAAP Adjustments (\$'s)¹				
Note impairment ²	8	—	8	—
Stock write-off for prior year divestiture ³	4	—	4	—
Restructuring-related charges ⁴	—	6	—	6
ECS transaction costs ⁵	—	1	—	1
Non-GAAP adjustments (pre-tax \$'s)	12	7	12	7
Income tax impact	(3)	(2)	(3)	(2)
Non-GAAP adjustments (after tax \$'s)	9	5	9	5
Diluted shares outstanding	135.6	135.0	135.6	135.0
EPS impact of non-GAAP adjustments	\$.07	\$.04	\$.07	\$.04

¹ Calculations impacted by rounding

² Note impairment affected the following line item on the income statement: Q1-20/YTD 2020: SG&A \$8

³ Stock write-off affected the following line item on the income statement: Q1-20/YTD 2020: Other Expense \$4

⁴ Restructuring-related charges affected the following line items on the income statement: Q1-19/YTD 2019: COGS \$2, Other Expense \$4

⁵ ECS transaction costs affected the following line item on the income statement: Q1-19/YTD 2019: SG&A \$1