



Third Quarter Summary Financial Information

November 2, 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, employee costs, inability to collect receivables, goodwill and long-lived asset impairment, inability to issue commercial paper or borrow under the credit facility; uncertainty of 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, restructuring-related 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 10-Qs.

Overview

- Quarterly record¹ EBIT, EBITDA, EPS and Operating Cash Flow
 - Adj.² EPS of \$.80, up \$.04 vs. adj.² EPS of \$.76 in Q3-19
 - Operating Cash Flow of \$261 million vs. \$213 million in Q3-19
- Adj.² EBIT of \$153 million, up \$5 million vs. Q3-19
- Adj.² EBIT margin up 80 bps, to 12.7%, vs. 11.9% in Q3-19
- Fixed cost savings ~\$30 million in Q3-20
 - YTD fixed cost savings of ~\$70 million
 - Expect full year savings ~\$100 million
- Sales decreased 3%, to \$1.208 billion
 - Volume was down 3%; exited business -1%
 - Raw material-related price decreases offset by currency benefit
 - Acquisitions and divestitures offset
- 2020 guidance suspended, as previously announced April 2nd

¹ Record EPS is from continuing operations

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

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Q3 2020 Financial Highlights

<u>\$'s in millions (except EPS)</u>	<u>Reported Q3-20</u>	<u>Adj¹</u>	<u>Adj Q3-20</u>	<u>Reported Q3-19</u>	<u>Adj¹</u>	<u>Adj Q3-19</u>	<u>Change</u>
Sales	\$1,208		\$1,208	\$1,239		\$1,239	(3%)
EBIT	147	6	153	144	4	148	3%
EBIT Margin	12.2%		12.7%	11.6%		11.9%	80 bps
EPS	.77	.03	.80	.74	.02	.76	5%
Cash from Operations	\$261		\$261	\$213		\$213	23%
EBITDA	194	6	200	193	4	196	2%
EBITDA margin	16.1%		16.6%	15.5%		15.8%	80 bps

¹ See slide 24 for non-GAAP adjustments

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Q3 2020 Sales & EBIT Bridge

Sales:	<u>mIn \$'s</u>	<u>% change</u>
3 rd Qtr 2019	\$1,239	
Approx volume decline ¹	(41)	(3%)
Approx raw material-related pricing and currency benefit	1	—%
Organic Sales	(40)	(3%)
Acquisitions, net of divestitures	9	—%
3 rd Qtr 2020	\$1,208	(3%)
 EBIT:		<u>margin</u>
Adjusted 3 rd Qtr 2019	\$148	11.9%
Other: primarily fixed cost reductions partially offset by lower volume and LIFO change	5	
Adjusted 3 rd Qtr 2020 ²	\$153	12.7%

¹ (1%) from exited business

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

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Q3 2020 Non-Operating & Taxes

\$'s in millions	<u>Reported</u>	<u>Adj</u>	<u>Reported</u>	<u>Adj</u>	<u>Reported</u>	<u>Adj</u>	<u>Change</u>
	<u>Q3-20</u>	<u>Adj ¹</u>	<u>Q3-20</u>	<u>Q3-19</u>	<u>Adj ¹</u>	<u>Q3-19</u>	
EBIT	\$147	\$6	\$153	\$144	\$4	\$148	3%
Net interest	20		20	21		21	
Pre-tax earnings	127	6	133	123	4	127	5%
Income taxes	22	1	23	23	0	24	
<i>Tax rate</i>	17.3%		17.5%	19.0%		18.8%	
Earnings	105	4	109	100	3	103	6%
Net earnings	105	4	109	100	3	103	6%
Non-controlling interests	—		—	—		—	
Net earnings attributable to L&P	105	4	109	100	3	103	6%
EPS	.77	.03	.80	.74	.02	.76	5%

¹ See slide 24 for non-GAAP adjustments

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Adjusted Working Capital

	9/30	6/30	9/30
\$'s in millions	<u>2020</u>	<u>2020</u>	<u>2019</u>
Cash & equivalents	\$245	\$209	\$242
Accounts receivable, net	642	577	677
Inventories, net	585	574	636
Other current assets	<u>46</u>	<u>50</u>	<u>50</u>
Total current assets	<u>1,518</u>	<u>1,410</u>	<u>1,605</u>
Current debt maturities	(51)	(51)	(51)
Current operating lease liabilities	(42)	(42)	(38)
Accounts payable	(494)	(361)	(467)
Accrued and other current liabilities	<u>(360)</u>	<u>(321)</u>	<u>(364)</u>
Total current liabilities	<u>(947)</u>	<u>(776)</u>	<u>(921)</u>
Working capital	571	635	684
% of annualized sales ¹	11.8%	18.8%	13.8%
W/C, excl. cash & current debt/lease	419	519	531
% of annualized sales ¹	8.7%	15.4%	10.7%

¹ Annualized sales: 3Q20: \$1,208x4=\$4,830; 2Q20: \$845x4=\$3,380; 3Q19: \$1,239x4=\$4,956

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Net Debt to Adjusted EBITDA

	9/30	6/30	9/30
\$'s in millions	<u>2020</u>	<u>2020</u>	<u>2019</u> ¹
Long-term debt	\$1,909	\$2,083	\$2,197
Current maturities	<u>51</u>	<u>51</u>	<u>51</u>
Total debt	1,960	2,134	2,248
Less: Cash & equivalents	<u>(245)</u>	<u>(209)</u>	<u>(242)</u>
Net debt	1,715	1,926	2,006
EBIT, trailing 12 months	386	383	462
Depreciation & amortization	<u>188</u>	<u>190</u>	<u>180</u>
EBITDA	574	572	642
Non-GAAP adjustments (pretax)	<u>51</u>	<u>49</u>	<u>47</u>
Leggett reported adjusted EBITDA, trailing 12 months	625	621	689
ECS pre-acquisition adjusted EBITDA ²			<u>25</u>
Leggett & ECS pro forma adjusted EBITDA, trailing 12 months			714
Net debt to Leggett reported 12-month adjusted EBITDA ³	2.74x	3.10x	2.91x
Net debt to Leggett & ECS 12-month pro forma adjusted EBITDA ³			2.81x

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

² 9/30/2019: October 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	3 rd Qtr		YTD	
	2020	2019	2020	2019
Net earnings	\$105	\$100	\$145	\$247
D&A	47	48	141	145
Impairment, write-offs & other	1	3	57	16
Other non-cash	(1)	7	19	30
Changes in working capital:				
Accounts receivable	(57)	13	(70)	(45)
Inventory	(8)	14	39	48
Other current assets	5	4	6	(0)
Accounts payable	128	16	38	(30)
Other current liabilities	<u>42</u>	<u>8</u>	<u>9</u>	<u>8</u>
Cash from operations	261	213	384	417
Capital expenditures	9	33	52	103
Acquisitions	—	—	—	1,244
Dividends	53	53	159	152
Share repurchases (issuances), net	1	2	9	4
Proceeds from asset sales	2	3	6	5
Additions (repayments) of debt, net	(173)	(166)	(165)	1,075

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YTD 2020 Financial Summary

\$'s in millions (except EPS)	Reported		Adj	Reported		Adj	Change
	2020	Adj ¹	2020	2019	Adj ¹	2019	
Sales	\$3,098		\$3,098	\$3,608		\$3,608	(14%)
EBIT	251	46	297	378	11	389	(24%)
EBIT Margin	8.1%		9.6%	10.5%		10.8%	-120 bps
EPS	1.06	.31	1.37	1.83	.06	1.89	(28%)
Cash from Operations	\$384		\$384	\$417		\$417	(8%)
EBITDA	392	46	438	523	11	534	(18%)
EBITDA margin	12.6%		14.1%	14.5%		14.8%	-70 bps

¹ See slide 24 for non-GAAP adjustments

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YTD 2020 Sales & EBIT Bridge

Sales:	<u>mln \$'s</u>	<u>% change</u>
YTD 2019	\$3,608	
Approx volume decline ¹	(498)	(14%)
Approx raw material-related pricing and currency impact	(58)	(1%)
Organic Sales	(556)	(15%)
Acquisitions, net of divestitures	46	1%
YTD 2020	\$3,098	(14%)
 EBIT:		<u>margin</u>
Adjusted YTD 2019 ²	\$389	10.8%
Other: primarily lower volume partially offset by fixed cost reductions	(92)	
Adjusted YTD 2020 ²	\$297	9.6%

¹ (2%) from exited business

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

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YTD 2020 Non-Operating & Taxes

\$'s in millions	Reported		Adj	Reported		Adj	Change
	2020	Adj ¹	2020	2019	Adj ¹	2019	
EBIT	\$251	\$46	\$297	\$378	\$11	\$389	(24%)
Net interest	61		61	63		63	
Pre-tax earnings	190	46	236	315	11	326	(28%)
Income taxes	46	5	50	68	2	70	
<i>Tax rate</i>	23.9%		21.2%	21.7%		21.6%	
Earnings	145	41	186	247	9	256	(27%)
Net earnings	145	41	186	247	9	256	(27%)
Non-controlling interests	—		—	—		—	
Net earnings attributable to L&P	145	41	186	247	9	256	(27%)
EPS	1.06	.31	1.37	1.83	.06	1.89	(28%)

¹ See slide 24 for non-GAAP adjustments

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Other Financial Details

Liquidity Profile (as of 9/30/20)

- \$1.4 billion of liquidity
 - \$245 million cash + \$1.2 billion available under revolving credit facility
- 2.74x net debt to trailing 12-months adjusted EBITDA
 - Covenant requirement $\leq 4.75x$
- No significant debt maturities until August 2022

Uses of Cash – Full Year 2020

- Capital expenditures of ~\$70 million
- Dividends of ~\$210 million
- Limiting Acquisitions

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Segments

Q3 2020 Segment Summary

	Q3-20 Organic Sales Growth¹	Q3-20 Adj. EBIT Margin²	Δ vs Q3-19	Q3-20 Adj. EBITDA Margin²	Δ vs Q3-19
Bedding Products	(1%)	12.6%	40 bps	17.1%	30 bps
Specialized Products	(9%)	15.0%	-160 bps	19.4%	-110 bps
Furniture, Flooring & Textile Products	(2%)	11.4%	320 bps	13.1%	320 bps
Total Consolidated	(3%)	12.7%	80 bps	16.6%	80 bps

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

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

Bedding Products

Trade Sales:	<u>mIn \$'s</u>	<u>% change</u>
3 rd Qtr 2019	\$601	
Divestitures	(4)	(1%)
Adjusted Q3-20 Sales	597	
Organic Sales ¹	(7)	(1%)
3 rd Qtr 2020	\$590	(2%)

¹ Lower volume (1%)

<u>mIn \$'s</u>	<u>EBIT</u>	<u>margin</u>	<u>D&A</u>	<u>EBITDA</u>	<u>margin</u>
Adjusted 3 rd Qtr 2019 ²	\$73	12.2%	\$28	\$101	16.8%
Change	<u>1</u>		<u>(1)</u>	<u>—</u>	
Adjusted 3 rd Qtr 2020 ³	\$74	12.6%	\$27	\$101	17.1%

² Adjusted to exclude restructuring-related charges \$3m

³ Adjusted to exclude restructuring-related charges \$1m

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Bedding – Key Points

- Q3 organic sales were down 1%:
 - Volume was down 1% with strong demand in ECS and U.S. and European Spring more than offset by lower volume in Adjustable Bed and exited volume in Drawn Wire
- Organic sales trends excluding raw materials and currency:
 - Steel Rod sales decreased 2%
 - Drawn Wire sales decreased 15%
 - U.S. Spring sales increased 2%
 - Specialty Foam sales increased 7%
 - Adjustable Bed sales decreased 7%
 - International Spring sales increased 10%
- Divestiture of a small operation in former Fashion Bed business reduced sales 1%
- Q3 adjusted EBIT increased primarily from fixed cost reductions partially offset by change in LIFO impact, lower metal margin in our rod mill, and higher freight costs

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Specialized Products

Trade Sales:	<u>mIn \$'s</u>	<u>% change</u>
3 rd Qtr 2019	\$267	
Organic Sales ¹	<u>(24)</u>	<u>(9%)</u>
3 rd Qtr 2020	\$243	(9%)

¹ Lower volume (10%) and currency benefit 1%

<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>
3 rd Qtr 2019	\$44	16.6%	\$10	\$55	20.5%
Change	<u>(8)</u>		<u>1</u>	<u>(8)</u>	
Adjusted 3 rd Qtr 2020 ²	\$36	15.0%	\$11	\$47	19.4%

² Adjusted to exclude restructuring charges \$4m

Specialized – Key Points

- Q3 organic sales decreased 9%:
 - Volume was down 10%, primarily from weak demand in Aerospace and Hydraulic Cylinders
 - Currency benefit increased sales 1%
- Organic sales trends excluding currency:
 - Automotive sales decreased 2%
 - Aerospace sales decreased 46%
 - Hydraulic Cylinders sales decreased 29%
- Q3 adjusted EBIT decreased, primarily from lower volume partially offset by fixed cost reductions

Furniture, Flooring & Textile Products

Trade Sales:	<u>mln \$'s</u>	<u>% change</u>
3 rd Qtr 2019	\$371	
Acquisitions	13	3%
Organic Sales ¹	(8)	(2%)
3 rd Qtr 2020	\$375	1%

¹ Lower volume (2%)

mln \$'s	<u>EBIT</u>	<u>margin</u>	<u>D&A</u>	<u>EBITDA</u>	<u>margin</u>
Adjusted 3 rd Qtr 2019 ²	\$30	8.2%	\$6	\$37	9.9%
Change	<u>13</u>		<u>—</u>	<u>13</u>	
Adjusted 3 rd Qtr 2020 ²	\$43	11.4%	\$6	\$49	13.1%

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

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Furniture, Flooring & Textile – Key Points

- Q3 organic sales were down 2%:
 - Volume was down 2% with strong demand in Fabric Converting, Geo Components, and Home Furniture more than offset by weak demand in Work Furniture and Flooring Products' hospitality business
- Organic sales trends excluding raw materials and currency:
 - Home Furniture sales increased 4%
 - Work Furniture sales decreased 24%
 - Flooring sales decreased 6%
 - Textile sales increased 8%
- A small Geo Components acquisition completed in December 2019 added 3% to sales growth
- Q3 adjusted EBIT increased, primarily from fixed cost reductions, lower raw material costs and favorable product mix

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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)	Q3-20	Q3-19	YTD 2020	YTD 2019
Non-GAAP Adjustments (\$'s)^{1,2}				
Goodwill impairment ³	\$—	\$—	\$25	\$—
Note impairment ⁴	—	—	8	—
Stock write-off for prior year divestiture ⁵	—	—	4	—
Restructuring-related charges ⁶	6	4	9	10
ECS transaction costs ⁷	—	—	—	1
Non-GAAP adjustments (pre-tax \$'s)	6	4	46	11
Income tax impact	(1)	(0)	(4)	(2)
Non-GAAP adjustments (after tax \$'s)	4	3	41	9
Diluted shares outstanding	136.1	135.4	135.8	135.2
EPS impact of non-GAAP adjustments	\$.03	\$.02	\$.31	\$.06

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

² Calculations impacted by rounding

³ Goodwill impairment affected the following line item on the income statement: YTD 2020: Other Expense \$25

⁴ Note impairment affected the following line item on the income statement: YTD 2020: SG&A \$8

⁵ Stock write-off affected the following line item on the income statement: YTD 2020: Other Expense \$4

⁶ Restructuring-related charges affected the following line items on the income statement: Q3-20: COGS \$1, Other Expense \$5; YTD 2020: COGS \$1, Other Expense \$8; Q3-19: COGS (\$1), Other Expense \$5; YTD 2019: COGS (\$1), Other Expense \$11

⁷ ECS transaction costs affected the following line item on the income statement: YTD 2019: SG&A \$1