



Second Quarter Summary Financial Information and COVID-19 Update

August 3, 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 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, 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

- Sales decreased 30%, to \$845 million
 - Volume was down 29%
 - 2% attributable to exited business
 - Raw material-related price decreases and currency impact reduced sales 2%
 - Acquisitions added 1%
- Adj. EPS ¹ of \$.16, down \$.48 vs. EPS of \$.64 in Q2-19
- Adj. EBIT ¹ of \$51 million, down \$85 million vs. Q2-19
- Adj. EBIT ¹ margin down 520 bps, to 6.0%, vs. 11.2% in Q2-19
- 2020 guidance suspended, as previously announced April 2nd

¹ See slide 4 and 26 for calculation for adjusted EPS, adjusted EBIT and adjusted EBIT margin

3

Q2 2020 Financial Highlights

<u>\$'s in millions (except EPS)</u>	<u>Reported Q2-20</u>	<u>Adj¹</u>	<u>Adj Q2-20</u>	<u>Reported Q2-19</u>	<u>Adj¹</u>	<u>Adj Q2-19</u>	<u>Change</u>
Sales	\$845		\$845	\$1,213		\$1,213	(30%)
EBIT	23	28	51	136		136	(62%)
EBIT Margin	2.7%		6.0%	11.2%		11.2%	-520 bps
EPS	(.05)	.21	.16	.64		.64	(75%)
Cash from Operations	\$112		\$112	\$172		\$172	(35%)
EBITDA	69	28	98	186		186	(48%)
EBITDA margin	8.2%		11.5%	15.3%		15.3%	-380 bps

¹ See slide 26 for non-GAAP adjustments

4

Q2 2020 Sales & EBIT Bridge

Sales:	<u>mln \$'s</u>	<u>% change</u>
2 nd Qtr 2019	\$1,213	
Approx volume decline ¹	(357)	(29%)
Approx raw material-related pricing and negative currency impact	(21)	(2%)
Organic Sales ²	(378)	(31%)
Acquisitions	10	1%
2 nd Qtr 2020	\$845	(30%)
 EBIT:		<u>margin</u>
2 nd Qtr 2019	\$136	11.2%
Other: primarily lower volume partially offset by fixed cost reductions	(85)	
Adjusted 2 nd Qtr 2020 ³	\$51	6.0%

¹ -2% from exited business

² Excludes sales from acquisitions/divestitures in last 12 months

³ See slide 4 for calculation of adjusted EBIT and adjusted EBIT margin

5

Q2 2020 Non-Operating & Taxes

\$'s in millions	Reported		Adj	Reported		Adj	Change
	Q2-20	Adj ¹	Q2-20	Q2-19	Adj ¹	Q2-19	
EBIT	\$23	\$28	\$51	\$136	\$136	\$136	(62%)
Net interest	20		20	22		22	
Pre-tax earnings	2	28	31	114		114	(73%)
Income taxes	9		9	28		28	
<i>Tax rate</i>	354.2%		28.9%	24.4%		24.4%	
Earnings	(6)	28	22	86		86	(75%)
Non-controlling interests	—		—	—		—	
Net earnings attributable to L&P	(6)	28	22	86		86	(75%)
EPS	(.05)	.21	.16	.64		.64	(75%)

¹ See slide 26 for non-GAAP adjustments

6

Adjusted Working Capital

	6/30	3/31	6/30
\$'s in millions	<u>2020</u>	<u>2020</u>	<u>2019</u>
Cash & equivalents	\$209	\$506	\$290
Accounts receivable, net	577	568	700
Inventories, net	574	656	657
Other current assets	<u>50</u>	<u>53</u>	<u>56</u>
Total current assets	<u>1,410</u>	<u>1,782</u>	<u>1,703</u>
Current debt maturities	(51)	(51)	(51)
Current operating lease liabilities	(42)	(40)	(38)
Accounts payable	(361)	(429)	(453)
Accrued and other current liabilities	<u>(321)</u>	<u>(335)</u>	<u>(358)</u>
Total current liabilities	<u>(776)</u>	<u>(855)</u>	<u>(900)</u>
Working capital	635	927	803
% of annualized sales ¹	18.8%	22.2%	16.5%
W/C, excl. cash & current debt/lease	519	512	603
% of annualized sales ¹	15.4%	12.3%	12.4%

¹ Annualized sales: 2Q20: \$845x4=\$3,380; 1Q20: \$1,045x4=\$4,180; 2Q19: \$1,213x4=\$4,852

7

Net Debt to Adjusted EBITDA

	6/30	3/31	6/30
\$'s in millions	<u>2020</u>	<u>2020</u>	<u>2019</u> ¹
Long-term debt	\$2,083	\$2,415	\$2,364
Current maturities	<u>51</u>	<u>51</u>	<u>51</u>
Total debt	2,134	2,466	2,415
Less: Cash & equivalents	<u>(209)</u>	<u>(506)</u>	<u>(290)</u>
Net debt	1,926	1,960	2,125
EBIT, trailing 12 months	383	496	443
Depreciation & amortization	<u>190</u>	<u>193</u>	<u>165</u>
EBITDA	572	689	608
Non-GAAP adjustments (pretax)	<u>49</u>	<u>21</u>	<u>43</u>
Leggett reported adjusted EBITDA, trailing 12 months	621	710	651
ECS pre-acquisition adjusted EBITDA ²			<u>49</u>
Leggett & ECS pro forma adjusted EBITDA, trailing 12 months			700
Net debt to Leggett reported 12-month adjusted EBITDA ³	3.10x	2.76x	3.26x
Net debt to Leggett & ECS 12-month pro forma adjusted EBITDA ³			3.04x

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

² 6/30/2019: July 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.

8

Cash Flow

\$'s in millions	2 nd Qtr		YTD	
	2020	2019	2020	2019
Net earnings	(\$6)	\$86	\$40	\$147
D&A	47	50	94	96
Impairment, write-offs & other	30	5	57	13
Other non-cash	20	14	20	23
Changes in working capital:				
Accounts receivable	(6)	(41)	(13)	(58)
Inventory	81	19	47	33
Other current assets	5	(2)	1	(5)
Accounts payable	(62)	21	(90)	(46)
Other current liabilities	<u>4</u>	<u>19</u>	<u>(33)</u>	<u>—</u>
Cash from operations	112	172	123	204
Capital expenditures	19	39	43	71
Acquisitions	—	—	—	1,244
Dividends	53	50	106	99
Share repurchases (issuances), net	—	—	8	2
Proceeds from asset sales	3	2	4	2
Additions (repayments) of debt, net	(332)	(48)	8	1,241

9

YTD 2020 Financial Summary

\$'s in millions (except EPS)	2020			2019			Change
	Reported	Adj ¹	Adj	Reported	Adj ¹	Adj	
Sales	\$1,891		\$1,891	\$2,368		\$2,368	(20%)
EBIT	104	40	144	234	7	241	(40%)
EBIT Margin	5.5%		7.6%	9.9%		10.2%	-260 bps
EPS	.29	.28	.57	1.09	.04	1.13	(50%)
Cash from Operations	\$123		\$123	\$204		\$204	(40%)
EBITDA	198	40	238	331	7	338	(30%)
EBITDA margin	10.4%		12.6%	14.0%		14.3%	-170 bps

¹ See slide 26 for non-GAAP adjustments

10

YTD 2020 Sales & EBIT Bridge

Sales:	<u>mln \$'s</u>	<u>% change</u>
YTD 2019	\$2,368	
Approx volume decline ¹	(457)	(19%)
Approx raw material-related pricing and negative currency impact	(58)	(3%)
Organic Sales	(515)	(22%)
Acquisitions	38	2%
YTD 2020	\$1,891	(20%)
EBIT:		<u>margin</u>
Adjusted YTD 2019 ²	\$241	10.2%
Other: primarily lower volume partially offset by fixed cost reductions	(97)	
Adjusted YTD 2020 ²	\$144	7.6%

¹ -3% from exited business

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

11

YTD 2020 Non-Operating & Taxes

\$'s in millions	Reported		Adj	Reported		Adj	Change
	2020	Adj ¹	2020	2019	Adj ¹	2019	
EBIT	\$104	\$40	\$144	\$234	\$7	\$241	(40%)
Net interest	40		40	42		42	
Pre-tax earnings	63	40	103	192	7	200	(48%)
Income taxes	24	3	27	45	2	47	
<i>Tax rate</i>	37.2%		26.0%	23.3%		23.4%	
Earnings	40	37	76	147	5	153	(50%)
Non-controlling interests	—		—	—		—	
Net earnings attributable to L&P	40	37	76	147	5	153	(50%)
EPS	.29	.28	.57	1.09	.04	1.13	(50%)

¹ See slide 26 for non-GAAP adjustments

12

COVID-19 Update

Prioritizing Employee Health & Safety

- Developed a layered approach to manage the impact of the COVID-19 pandemic in order to effectively reach all levels of the company
 - Focused on four primary workstreams: safety and social distancing; communications, training and visual management; manufacturing layout; and governance and compliance

Managing Costs

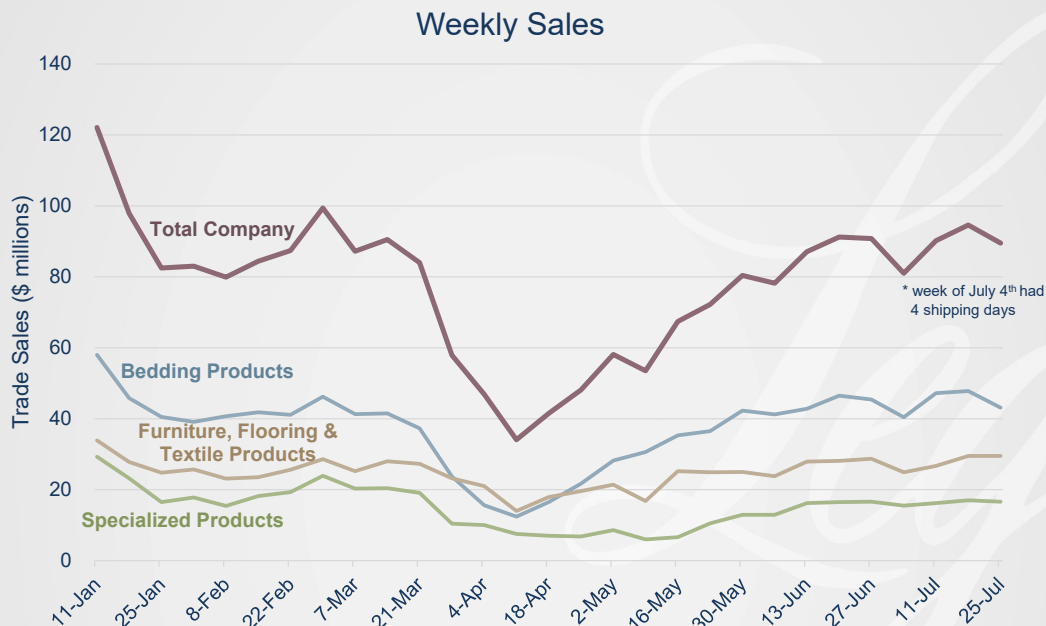
- Continue to closely monitor costs as demand returns
- Bringing back variable costs and some fixed costs in businesses where demand is recovering more quickly
- Expect fixed cost reductions of ~\$100 million in 2020
 - Q2 savings were ~\$35-\$40 million

Optimizing Cash Flow

- Closely monitoring working capital, including customer collections and inventory levels as demand improves
- Expect capital expenditures to be ~\$60 million (~60% lower than 2019)

Responding to Demand

- Sales improved throughout 2nd quarter from low in early April
- Aligning production and staffing levels to demand



Liquidity Profile (as of 6/30/20)

Liquidity

- \$1.3 billion of liquidity
 - \$209 million cash on hand
 - \$1.1 billion available under our revolving credit facility

Debt Structure

- Total debt of \$2.1 billion
 - \$102 million commercial paper with a weighted average interest rate of 0.4% and weighted average maturity of 6 days
 - \$437 million 5-year Tranche A term loan at a 3% 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 agreement amended 5/6/20
 - $\leq 4.75x$ net debt to trailing 12-months adjusted EBITDA through 3/31/21
 - Ratio reduced 0.5x every quarter until 3.25x (at 12/31/21 and thereafter)
 - \$1.2 billion maximum borrowing capacity

Segments

Q2 2020 Segment Summary

	Q2-20 Organic Sales Growth ¹	Q2-20 Adj. EBIT Margin ²	Δ vs Q2-19	Q2-20 Adj. EBITDA Margin ²	Δ vs Q2-19
Bedding Products	(28%)	5.2%	-570 bps	11.6%	-430 bps
Specialized Products	(47%)	4.0%	-1,150 bps	11.6%	-780 bps
Furniture, Flooring & Textile Products	(25%)	8.1%	-60 bps	10.2%	-30 bps
Total Consolidated	(31%)	6.0%	-520 bps	11.5%	-380 bps

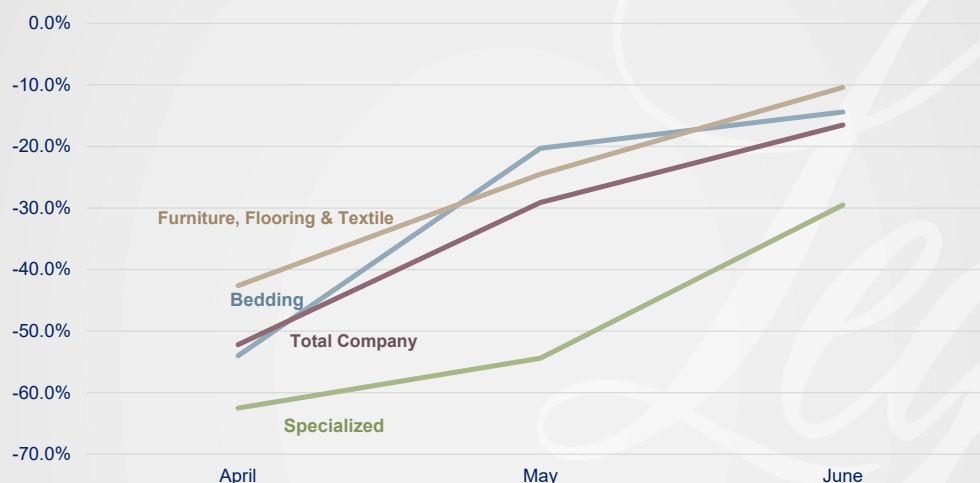
¹ Includes raw material-related selling price decreases and currency impact

² See slides 19, 21, 23 and 26 for non-GAAP adjustments

17

Segment Sales — Q2 2020 vs Q2 2019

Organic Sales Change ¹	April	May	June	2nd Qtr
Bedding Products	(54.0%)	(20.3%)	(14.4%)	(27.8%)
Specialized Products	(62.5%)	(54.4%)	(29.5%)	(47.3%)
Furniture, Flooring & Textile Products	(42.6%)	(24.5%)	(10.4%)	(25.0%)
Total Company	(52.2%)	(29.1%)	(16.5%)	(31.2%)



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

18

Bedding Products

Trade Sales:	<u>mln \$'s</u>	<u>% change</u>
2 nd Qtr 2019	\$568	
Organic Sales ¹	(158)	(28%)
2 nd Qtr 2020	\$411	(28%)

¹ Lower volume (25%), raw material-related price decreases (2%) and currency impact (1%)

mln \$'s	<u>EBIT</u>	<u>EBIT margin</u>	<u>D&A</u>	<u>EBITDA</u>	<u>EBITDA margin</u>
Adjusted 2 nd Qtr 2019 ²	\$62	10.9%	\$28	\$90	15.9%
Change	(41)		(2)	(43)	
Adjusted 2 nd Qtr 2020 ³	\$21	5.2%	\$26	\$48	11.6%

² Adjusted to exclude restructuring-related income \$2m

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

19

Bedding – Key Points

- Q2 organic sales were down 28%:
 - Volume was down 25%, primarily from COVID-related demand declines and exited volume in Fashion Bed and the closure of a Drawn Wire facility
 - Sales reduced 2% by raw material-related price decreases and 1% by currency impact
- Organic sales trends excluding deflation and currency:
 - Steel Rod sales decreased 15%
 - Drawn Wire sales decreased 37%
 - U.S. Spring sales decreased 9%
 - Specialty Foam sales decreased 16%
 - Adjustable Bed sales decreased 38%
 - International Spring sales decreased 34%
- Q2 adjusted EBIT decreased primarily from lower volume and lower metal margin in our rod mill, partially offset by fixed cost reductions

20

Specialized Products

Trade Sales:	<u>mIn \$'s</u>	<u>% change</u>
2 nd Qtr 2019	\$267	
Organic Sales ¹	(126)	(47%)
2 nd Qtr 2020	\$141	(47%)

¹ Lower volume (46%) and currency impact (1%)

<u>mIn \$'s</u>	<u>EBIT</u>	<u>margin</u>	<u>D&A</u>	<u>EBITDA</u>	<u>margin</u>
2 nd Qtr 2019	\$42	15.5%	\$10	\$52	19.4%
Change	(36)		—	(36)	
Adjusted 2 nd Qtr 2020 ²	\$6	4.0%	\$10	\$16	11.6%

² Adjusted to exclude goodwill impairment charge \$25m

21

Specialized – Key Points

- Q2 organic sales decreased 47%:
 - Volume was down 46%, primarily from COVID-related demand declines
 - Currency impact decreased sales 1%
- Organic sales trends excluding currency:
 - Automotive sales decreased 47%
 - Aerospace sales decreased 47%
 - Hydraulic Cylinders sales decreased 44%
- Q2 adjusted EBIT decreased, primarily from lower volume, partially offset by fixed cost reductions

22

Furniture, Flooring & Textile Products

Trade Sales:	<u>mln \$'s</u>	<u>% change</u>
2 nd Qtr 2019	\$378	
Acquisitions	10	3%
Organic Sales ¹	(94)	(25%)
2 nd Qtr 2020	\$294	(22%)

¹ Lower volume (24%) and raw material-related price decreases and currency impact (1%)

mln \$'s	<u>EBIT</u>	<u>margin</u>	<u>D&A</u>	<u>EBITDA</u>	<u>margin</u>
Adjusted 2 nd Qtr 2019 ²	\$33	8.7%	\$7	\$40	10.5%
Change	(9)		(1)	(10)	
Adjusted 2 nd Qtr 2020 ³	\$24	8.1%	\$6	\$30	10.2%

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

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

23

Furniture, Flooring & Textile – Key Points

- Q2 organic sales were down 25%:
 - Volume was down 24%, primarily from COVID-19 demand declines
 - Raw material-related price decreases and currency impact reduced sales 1%
- Organic sales trends excluding deflation and currency:
 - Home Furniture sales decreased 42%
 - Work Furniture sales decreased 39%
 - Flooring sales decreased 23%
 - Textile sales decreased 7%
- A small Geo Components acquisition completed in December 2019 added 3% to sales growth
- Q2 adjusted EBIT decreased, primarily from lower volume, partially offset by fixed cost reductions and lower raw material costs

24

Webcast replay is available at
www.leggett.com

FOR ADDITIONAL INFORMATION

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25

Non-GAAP Adjustments

(\$ millions, except EPS)	Q2-20	Q2-19	YTD 2020	YTD 2019
Non-GAAP Adjustments (\$'s)¹				
Goodwill impairment ²	\$25	\$—	\$25	\$—
Restructuring-related charges ³	3	—	3	6
Note impairment ⁴	—	—	8	—
Stock write-off for prior year divestiture ⁵	—	—	4	—
ECS transaction costs ⁶	—	—	—	1
Non-GAAP adjustments (pre-tax \$'s)	28	—	40	7
Income tax impact	—	—	(3)	(2)
Non-GAAP adjustments (after tax \$'s)	28	—	37	5
Diluted shares outstanding	135.7	135.2	135.7	135.1
EPS impact of non-GAAP adjustments	\$.21	\$—	\$.28	\$.04

¹ Calculations impacted by rounding

² Goodwill impairment affected the following line item on the income statement: Q2-20/YTD 2020: Other Expense \$25

³ Restructuring-related charges affected the following line items on the income statement: Q2-20/YTD 2020: COGS \$1, Other Expense \$2; YTD 2019: COGS \$2, Other Expense \$4

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