

Third Quarter Summary Financial Information October 28, 2019



Leggett & Platt®

Forward-Looking Statements

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Overview

- ❑ Sales were up 14%, to \$1,239 million
 - Acquisitions added 16%
 - Volume was down 1%; exited business -4%
 - Absent declines from exited business, volume up 3%
 - Raw material-related pricing and currency impact decreased sales 1%
- ❑ Adj. EPS ¹ of \$.76, up vs. adj. EPS ¹ of \$.66 in Q3-18
- ❑ Adj. EBIT ¹ of \$148 million, up \$24 million vs. Q3-18
- ❑ Adj. EBIT ¹ margin of 11.9% vs. 11.4% in Q3-18
- ❑ Raised 2019 EPS guidance and narrowed sales guidance
 - Adj. EPS ² of \$2.48–\$2.63
 - Sales of \$4.7–\$4.8 billion; 10–12% increase vs. 2018
- ❑ Investor Day – Monday, November 18, 2019 in NYC

¹ See slide 4 and 10 for calculation for adjusted EPS, adjusted EBIT and adjusted EBIT margin

² See slide 13 for additional details on adjusted EPS guidance

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Q3 2019 Financial Highlights

| <u>\$'s in millions (except EPS)</u> | <u>Reported</u> <u>Q3-19</u> | <u>Adj</u> <u>Adj</u> ¹ | <u>Adj</u> <u>Q3-19</u> | <u>Reported</u> <u>Q3-18</u> | <u>Adj</u> <u>Adj</u> ¹ | <u>Adj</u> <u>Q3-18</u> | <u>Change</u> |
|--------------------------------------|---------------------------------|---------------------------------------|----------------------------|---------------------------------|---------------------------------------|----------------------------|---------------|
| Sales | \$1,239 | | \$1,239 | \$1,092 | | \$1,092 | 14% |
| EBIT | 144 | 4 | 148 | 124 | | 124 | 19% |
| EBIT Margin | 11.6% | | 11.9% | 11.4% | | 11.4% | 50 bps |
| EPS (cont. ops) | .74 | .02 | .76 | .67 | (.01) | .66 | 15% |
| Cash from Operations | \$213 | | \$213 | \$127 | | \$127 | 68% |
| EBITDA | 192 | 4 | 196 | 158 | | 158 | 24% |
| EBITDA margin | 15.5% | | 15.8% | 14.5% | | 14.5% | 130 bps |

¹ See slide 26 for non-GAAP adjustments

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Q3 2019 Sales & EBIT Bridge

| Sales: | <u>mln \$'s</u> | <u>% change</u> |
|--|-----------------|-----------------|
| 3 rd Qtr 2018 | \$1,092 | |
| Approx volume decline ¹ | (10) | (1%) |
| Approx raw material-related pricing and negative currency impact | <u>(14)</u> | <u>(1%)</u> |
| Organic sales | (24) | (2%) |
| Acquisitions | <u>172</u> | <u>16%</u> |
| 3 rd Qtr 2019 | \$1,239 | 14% |
| | | |
| EBIT: | | <u>margin</u> |
| 3 rd Qtr 2018 | \$124 | 11.4% |
| Other: primarily ECS ² earnings, lower steel costs (including LIFO benefit) and improved earnings in Furniture Products | <u>24</u> | |
| Adjusted 3 rd Qtr 2019 ³ | \$148 | 11.9% |

¹ -4% from exited business

² Includes \$12m of amortization expense

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

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Q3 2019 Non-Operating & Taxes

| \$'s in millions | Reported | | Adj | Reported | | Adj | Change |
|----------------------------------|----------|------------------|-------|----------|------------------|-------|--------|
| | Q3-19 | Adj ¹ | Q3-19 | Q3-18 | Adj ¹ | Q3-18 | |
| EBIT | \$144 | \$4 | \$148 | \$124 | | \$124 | 19% |
| Net interest | 21 | | 21 | 11 | | 11 | |
| Pre-tax earnings | 123 | 4 | 127 | 113 | | 113 | 12% |
| Income taxes | 23 | 1 | 24 | 23 | 2 | 25 | |
| <i>Tax rate</i> | | | 19% | | | 22% | |
| | | | | | | | |
| Earnings | 100 | 3 | 103 | 90 | (2) | 88 | 17% |
| | | | | | | | |
| Net earnings | 100 | 3 | 103 | 90 | (2) | 88 | 17% |
| Non-controlling interests | — | | — | — | | — | |
| | | | | | | | |
| Net earnings attributable to L&P | 100 | 3 | 103 | 90 | (2) | 88 | 17% |
| EPS | .74 | .02 | .76 | .67 | (.01) | .66 | 15% |

¹ See slide 26 for non-GAAP adjustments

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Adjusted Working Capital

| | 9/30 | 6/30 | 9/30 |
|---------------------------------------|--------------------|--------------------|--------------------|
| \$'s in millions | <u>2019</u> | <u>2019</u> | <u>2018</u> |
| Cash & equivalents | \$242 | \$290 | \$364 |
| Accounts receivable, net | 677 | 700 | 626 |
| Inventories, net | 636 | 657 | 634 |
| Other current assets | <u>50</u> | <u>56</u> | <u>44</u> |
| Total current assets | <u>1,605</u> | <u>1,703</u> | <u>1,667</u> |
| Current debt maturities | (51) | (51) | (4) |
| Current operating lease liabilities | (38) | (38) | — |
| Accounts payable | (467) | (453) | (429) |
| Accrued and other current liabilities | <u>(364)</u> | <u>(358)</u> | <u>(353)</u> |
| Total current liabilities | <u>(921)</u> | <u>(900)</u> | <u>(785)</u> |
| Working capital | 684 | 803 | 882 |
| % of annualized sales ¹ | 13.8% | 16.5% | 20.2% |
| W/C, excl. cash & current debt/lease | 531 | 603 | 522 |
| % of annualized sales ¹ | 10.7% | 12.4% | 12.0% |

¹ Annualized sales: 3Q19: \$1,239x4=\$4,956; 2Q19: \$1,213x4=\$4,852; 3Q18: \$1,092x4=\$4,368

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Debt to Adjusted EBITDA

| | 9/30 | 6/30 | 9/30 |
|---|---------------------------------|---------------------------------|--------------------|
| \$'s in millions | <u>2019</u> ¹ | <u>2019</u> ¹ | <u>2018</u> |
| Long-term debt | \$2,197 | \$2,364 | \$1,353 |
| Current maturities | <u>51</u> | <u>51</u> | <u>4</u> |
| Total debt | 2,248 | 2,415 | 1,357 |
| EBIT, trailing 12 months | 462 | 443 | 473 |
| Depreciation & amortization | <u>180</u> | <u>165</u> | <u>133</u> |
| EBITDA | 642 | 608 | 606 |
| Non-GAAP adjustments (pretax) | <u>47</u> | <u>43</u> | <u>(8)</u> |
| Leggett reported adjusted EBITDA, trailing 12 months | 689 | 651 | 598 |
| ECS pre-acquisition adjusted EBITDA ² | <u>25</u> | <u>49</u> | |
| Leggett & ECS pro forma adjusted EBITDA, trailing 12 months | 714 | 700 | |
| Total debt to Leggett reported 12-month adjusted EBITDA ³ | 3.3x | 3.7x | 2.3x |
| Total debt to Leggett & ECS 12-month pro forma adjusted EBITDA ³ | 3.15 x | 3.45x | |

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

² 9/30/2019: October 1, 2018 to January 16, 2019; 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.

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Cash Flow

| \$'s in millions | 3 rd Qtr | | YTD | |
|-------------------------------------|---------------------|-------------|-------------|-------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| Net earnings | \$100 | \$90 | \$247 | \$253 |
| D&A | 48 | 34 | 145 | 101 |
| Impairment, write-offs & other | 3 | 2 | 16 | 7 |
| Other non-cash | 7 | (12) | 29 | 12 |
| Changes in working capital: | | | | |
| Accounts receivable | 13 | 10 | (45) | (76) |
| Inventory | 14 | 8 | 48 | (46) |
| Other current assets | 4 | 9 | (1) | 1 |
| Accounts payable | 16 | (21) | (30) | (1) |
| Other current liabilities | <u>8</u> | <u>6</u> | <u>8</u> | <u>—</u> |
| Cash from operations | 213 | 127 | 417 | 251 |
| Capital expenditures | 33 | 41 | 103 | 123 |
| Acquisitions | — | 18 | 1,244 | 108 |
| Dividends | 53 | 49 | 152 | 144 |
| Share repurchases (issuances), net | 2 | 1 | 4 | 108 |
| Proceeds from asset sales | 3 | 2 | 5 | 4 |
| Additions (repayments) of debt, net | (166) | (91) | 1,075 | 100 |

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YTD 2019 Financial Summary

| <u>\$'s in millions (except EPS)</u> | <u>Reported</u> <u>2019</u> | <u>Adj</u> ¹ | <u>Adj</u> <u>2019</u> | <u>Reported</u> <u>2018</u> | <u>Adj</u> ¹ | <u>Adj</u> <u>2018</u> | <u>Change</u> |
|--------------------------------------|--------------------------------|-------------------------|---------------------------|--------------------------------|-------------------------|---------------------------|---------------|
| Sales | \$3,608 | | \$3,608 | \$3,223 | | \$3,223 | 12% |
| EBIT | 378 | 11 | 389 | 353 | | 353 | 10% |
| EBIT Margin | 10.5% | | 10.8% | 11.0% | | 11.0% | (20 bps) |
| EPS | 1.83 | .06 | 1.89 | 1.87 | (.01) | 1.86 | 2% |
| Cash from Operations | \$417 | | \$417 | \$251 | | \$251 | 66% |
| EBITDA | 523 | 11 | 534 | 454 | | 454 | 18% |
| EBITDA Margin | 14.5% | | 14.8% | 14.1% | | 14.1% | 70 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 | \$3,223 | |
| Approx volume decline ¹ | (97) | (3%) |
| Approx raw material-related pricing and negative currency impact | <u>6</u> | <u>—%</u> |
| Organic sales | (91) | (3%) |
| Acquisitions | <u>476</u> | <u>15%</u> |
| YTD 2019 | \$3,608 | 12% |
| | | |
| EBIT: | | <u>margin</u> |
| YTD 2018 | \$353 | 11.0% |
| Other: primarily lower steel costs (including LIFO benefit) and ECS ² earnings partially offset by lower volume and other smaller items | <u>36</u> | |
| Adjusted YTD 2019 ³ | \$389 | 10.8% |

¹ -3% from exited business

² Includes \$38m of purchase accounting charges, of which \$5m is non-recurring

³ 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 | \$378 | \$11 | \$389 | \$353 | | \$353 | 10% |
| Net interest | 63 | | 63 | 37 | | 37 | |
| Pre-tax earnings | 315 | 11 | 326 | 316 | | 316 | 3% |
| Income taxes | 68 | 2 | 70 | 63 | 2 | 65 | |
| <i>Tax rate</i> | | | 22% | | | 21% | |
| | | | | | | | |
| Earnings | 247 | 9 | 256 | 253 | (2) | 251 | 2% |
| | | | | | | | |
| Net earnings | 247 | 9 | 256 | 253 | (2) | 251 | 2% |
| Non-controlling interests | — | | — | — | | — | |
| | | | | | | | |
| Net earnings attributable to L&P | 247 | 9 | 256 | 253 | (2) | 251 | 2% |
| EPS | 1.83 | .06 | 1.89 | 1.87 | (.01) | 1.86 | 2% |

¹ See slide 26 for non-GAAP adjustments

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2019 Guidance

- ❑ Adj. EPS raised to \$2.48–\$2.63 (vs. prior range of \$2.40–\$2.60)
 - Excludes expected restructuring-related charges of \$.08
- ❑ Sales guidance narrowed to \$4.7–\$4.8 billion (vs. prior range of \$4.7–\$4.85 billion); 10–12% growth vs. 2018
 - Organic sales expected to decline -3% to -5%; including -3% from exited business in Fashion Bed and Home Furniture
 - Acquisitions should add 15%
- ❑ Implied adjusted EBIT margin of 11.0%–11.3%
- ❑ Operating cash is expected to exceed \$550 million
- ❑ Cap-ex of ~\$160 million
- ❑ Depreciation and amortization of ~\$200 million
- ❑ Net interest expense of ~\$85 million
- ❑ Tax rate of ~22%
 - 1Q = 22%; 2Q = 24%; 3Q = 19%; 4Q = ~24%
- ❑ Diluted shares of ~136 million

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Assumptions at Guidance Mid-Point vs. Full Year 2018

| Segment | 2019 Sales Change | 2019 Margin Change | Notes |
|----------------------|-------------------------|--------------------|---|
| Residential Products | Flat organic sales | Down ~150 bps | Adjusted for restructuring ¹ |
| Industrial Products | Down high-single-digits | Up ~600 bps | Adjusted for restructuring ¹ |
| Furniture Products | Down high-single-digits | Up ~200 bps | Adjusted for restructuring ¹ |
| Specialized Products | Flat | Down ~150 bps | |

¹ See slide 13 for additional details on restructuring-related charges

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Segments

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Q3 2019 Segment Summary

| | Q3-19 Organic Sales Growth ¹ | Q3-19 Adj. EBIT Margin ² | Δ vs Q3-18 | Q3-19 Adj. EBITDA Margin ² | Δ vs Q3-18 |
|---------------------------|--|--|-----------------------|--|-----------------------|
| Residential Products | 3% | 8.7% | -90bps | 12.8% | +70 bps |
| Industrial Products | (17%) | 16.1% | +160 bps | 18.0% | +200 bps |
| Furniture Products | (8%) | 9.4% | +470 bps | 10.8% | +470 bps |
| Specialized Products | 6% | 16.6% | -50 bps | 20.4% | -60 bps |
| Total Consolidated | (2%) | 11.9% | +50 bps | 15.8% | +130 bps |

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

² See slides 17, 19, 21 and 26 for non-GAAP adjustments

Residential Products

| Total Sales: | <u>mln \$'s</u> | <u>% change</u> |
|----------------------------|-----------------|-----------------|
| 3 rd Qtr 2018 | \$450 | |
| Acquisitions | 172 | 38% |
| Organic sales ¹ | <u>14</u> | <u>3%</u> |
| 3 rd Qtr 2019 | \$636 | 41% |

¹ Higher volume 4% partially offset by raw material-related price decreases and currency impact -1%

| mln \$'s | EBIT | | D&A | EBITDA | |
|--|-------------|---------------|-----------|---------------|---------------|
| | <u>EBIT</u> | <u>margin</u> | | <u>EBITDA</u> | <u>margin</u> |
| 3 rd Qtr 2018 | \$43 | 9.6% | \$11 | \$54 | 12.1% |
| Change | <u>12</u> | | <u>15</u> | <u>27</u> | |
| Adjusted 3 rd Qtr 2019 ² | \$55 | 8.7% | \$26 | \$81 | 12.8% |

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

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Residential – Key Points

- ❑ Q3 organic sales were up 3%:
 - Volume was up 4%, primarily from market share and content gains in U.S. Spring
 - Raw material-related selling price decreases and currency impact reduced sales 1%
- ❑ Organic sales trends excluding raw material effects and currency:
 - U.S. Spring sales increased 6%
 - International Spring sales were up 1%
- ❑ ECS acquisition completed on January 16 added 36% to sales growth; a small geo components acquisition increased sales 2%
- ❑ Q3 EBIT increased, with ECS earnings (after \$12 million of amortization expense) partially offset by other factors

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Industrial Products

| Total Sales: | <u>mln \$'s</u> | <u>% change</u> |
|----------------------------|-----------------|-----------------|
| 3 rd Qtr 2018 | \$173 | |
| Organic sales ¹ | <u>(29)</u> | <u>(17%)</u> |
| 3 rd Qtr 2019 | \$144 | (17%) |

¹ Lower volume -12% and steel related price decreases -5%

| <u>mln \$'s</u> | <u>EBIT</u> | | <u>D&A</u> | <u>EBITDA</u> | |
|--|-------------|---------------|----------------|---------------|---------------|
| | <u>EBIT</u> | <u>margin</u> | | <u>EBITDA</u> | <u>margin</u> |
| 3 rd Qtr 2018 | \$25 | 14.5% | \$3 | \$28 | 16.0% |
| Change | <u>(2)</u> | | <u>—</u> | <u>(2)</u> | |
| Adjusted 3 rd Qtr 2019 ² | \$23 | 16.1% | \$3 | \$26 | 18.0% |

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

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Industrial – Key Points

- ❑ Q3 organic sales were down 17% from weak trade demand for steel rod and wire (12%) and raw material-related selling price decreases of 5%
- ❑ Q3 EBIT decreased, primarily from lower volume partially offset by a prior-year divestiture-related earnout (\$2 million)

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Furniture Products

| | | |
|----------------------------|-----------------|-----------------|
| Total Sales: | <u>mIn \$'s</u> | <u>% change</u> |
| 3 rd Qtr 2018 | \$298 | |
| Organic sales ¹ | <u>(24)</u> | <u>(8%)</u> |
| 3 rd Qtr 2019 | \$274 | (8%) |

¹ Lower volume -8%

| mIn \$'s | EBIT | | D&A | EBITDA | |
|--|-------------|---------------|----------|---------------|---------------|
| | <u>EBIT</u> | <u>margin</u> | | <u>EBITDA</u> | <u>margin</u> |
| 3 rd Qtr 2018 | \$14 | 4.7% | \$4 | \$18 | 6.1% |
| Change | <u>12</u> | | <u>—</u> | <u>12</u> | |
| Adjusted 3 rd Qtr 2019 ² | \$26 | 9.4% | \$4 | \$30 | 10.8% |

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

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Furniture – Key Points

- ❑ Q3 organic sales were down 8%:
 - Volume was down 8%, primarily from our decision to exit Fashion Bed and planned declines in Home Furniture, partially offset by growth in Work Furniture and Adjustable Bed
 - Raw material-related selling price increases were offset by currency impact
- ❑ Organic sales trends excluding inflation and currency:
 - Home Furniture sales decreased 8%
 - Adjustable Bed sales up 2%
 - Work Furniture sales increased 6%
- ❑ Q3 EBIT increased, primarily from improved pricing and lower fixed costs attributable to restructuring activity

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Specialized Products

| | | |
|----------------------------|------------------------|------------------------|
| Total Sales: | <u>mIn \$'s</u> | <u>% change</u> |
| 3 rd Qtr 2018 | \$254 | |
| Organic sales ¹ | <u>14</u> | <u>6%</u> |
| 3 rd Qtr 2019 | \$268 | 6% |

¹ Higher volume 7% partially offset by currency impact net of raw material-related price increases -1%

| mIn \$'s | EBIT | | D&A | EBITDA | |
|--------------------------|-------------|---------------|----------|---------------|---------------|
| | <u>EBIT</u> | <u>margin</u> | | <u>EBITDA</u> | <u>margin</u> |
| 3 rd Qtr 2018 | \$43 | 17.1% | \$10 | \$53 | 21.0% |
| Change | <u>1</u> | | <u>1</u> | <u>2</u> | |
| 3 rd Qtr 2019 | \$44 | 16.6% | \$11 | \$55 | 20.4% |

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Specialized – Key Points

- ❑ Q3 organic sales increased 6%:
 - Volume was up 7%, from growth in Automotive
 - Currency impact, net of raw material-related selling price increases in Hydraulic Cylinders, decreased sales 1%
- ❑ Organic sales trends excluding currency and inflation:
 - Automotive sales increased 8%
 - Aerospace sales were flat
 - Hydraulic Cylinders sales decreased 12%
- ❑ Q3 EBIT increased, primarily from higher volume in Automotive partially offset by underperformance at our French aerospace operation

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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) | Q3-19 | Q3-18 | YTD 2019 | YTD 2018 |
|---|--------------|----------------|--------------|----------------|
| Non-GAAP Adjustments (\$'s) ¹ | | | | |
| Restructuring-related charges ² | 4 | — | 10 | — |
| Note impairment | — | — | — | — |
| ECS transaction costs ³ | — | — | 1 | — |
| Non-GAAP adjustments (pre-tax \$'s) | 4 | — | 11 | — |
| Income tax impact | (1) | — | (2) | — |
| TCJA impact ⁴ | — | (2) | — | (2) |
| Non-GAAP adjustments (after tax \$'s) | 3 | (2) | 9 | (2) |
| Diluted shares outstanding | 135.4 | 134.7 | 135.2 | 135.4 |
| EPS impact of non-GAAP adjustments | \$.02 | \$(.01) | \$.06 | \$(.01) |

¹ Calculations impacted by rounding

² Restructuring-related charges affected the following line items on the income statement: Q3-19: COGS (\$1), Other Expense \$5; YTD 2019: COGS (\$1), Other Expense \$11

³ ECS transaction costs affected the following line item on the income statement: YTD 2019: SG&A \$1

⁴ The Tax Cuts and Jobs Act enacted in December 2017