



# Company Update

## March 2022

LEG (NYSE)  
www.leggett.com



## Forward-Looking Statements

Statements in this presentation, either written or oral, that are not historical in nature are “forward-looking.” These statements are identified either by their context or by use of words such as “anticipate,” “believe,” “estimate or E,” “expect,” “forecasted,” “intend,” “may,” “plan,” “should,” “guidance” or the like and include margin improvement, sales and growth, volume growth, EPS, EBIT, depreciation and amortization, net interest expense, tax rate, diluted shares, operating cash, capital expenditures, dividends and yield, debt repayments, net earnings, return on invested capital, EBIT margins, segment EBIT margins, stock repurchases, acquisition spending, uses of cash, automotive compound annual growth rate and long-term growth, automotive market share, investment grade credit rating, and operating cash flow in excess of capital expenditures and dividends. 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 demand for our products; our ability to obtain raw materials and parts and their increased cost, maintain appropriate labor levels and ship finished products to customers due to supply chain disruptions; our ability to collect receivables in accordance with their terms; impairment of goodwill and long-lived assets; restructuring and related charges; access to the commercial paper market or borrowing under our credit facility; our ability to comply with restrictive financial covenants; changes in our capital needs; market conditions; disruption to our rod mill; our ability to manage working capital; antidumping duties; cybersecurity breaches; customer losses; price and product competition; cost and availability of raw materials and labor; fuel and energy; impacts from the Russian invasion of Ukraine; climate change regulations; ESG risks; foreign currency fluctuation; cash repatriation; privacy laws; litigation risks; and other risk factors in Leggett’s most recent Form 10-K and subsequent Form 10-Qs.

### Market and Industry Data

Unless we indicate otherwise, we base the information concerning our markets/industry contained herein on our general knowledge of and expectations concerning those markets/industry, on data from various industry analyses, on our internal research, and on adjustments and assumptions that we believe to be reasonable. However, we have not independently verified data from market/industry analyses and cannot guarantee their accuracy or completeness.

## Leggett Distinctives



**Strong** balance sheet and cash flow



**Disciplined** use of cash



>4% **dividend yield**; 50 consecutive annual increases



**Leader** in most markets; few large competitors



Opportunities for **long-term growth**

- Internal initiatives + market growth + acquisitions
- Large addressable markets

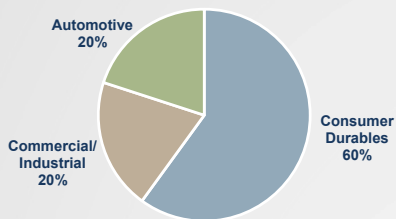


Management has **“skin in the game”**

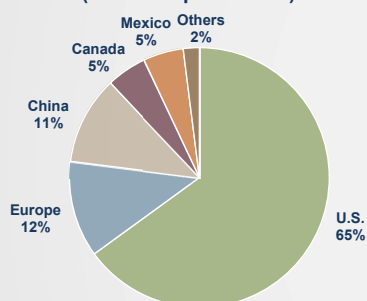
- Significant stock owners; forego comp in exchange for shares
- Incentive comp aligned with TSR focus

## Our Markets

**Macro Market Exposure**

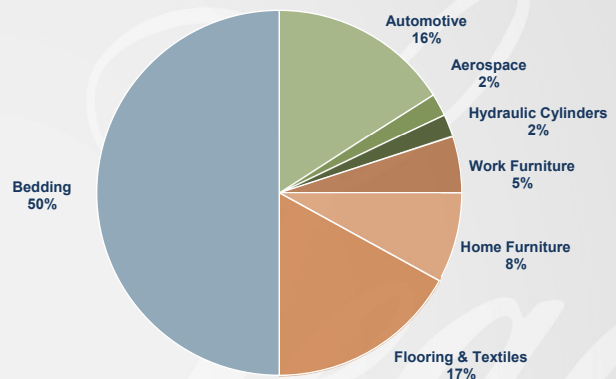


**Geographic Split (based on production)**



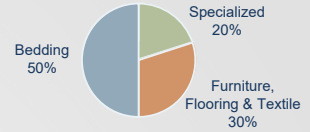
**Product Mix**

(based on 2022 estimated net trade sales)



# Segments

% of 2022e net trade sales



## Bedding Products

### Bedding

- Mattress springs
- Private label finished mattresses, mattress toppers, pillows
- Specialty bedding foams
- Foundations

### Wire

- Drawn steel wire
- Steel rod

### Adjustable Bed

- Adjustable beds

### Machinery

- Quilting & sewing machinery for bedding mfg.
- Mattress packaging and glue-drying equipment



## Specialized Products

### Automotive

- Auto seat support & lumbar systems
- Motors, actuators & cables

### Aerospace

- Tubing
- Tube assemblies
- Flexible joints

### Hydraulic Cylinders

- Hydraulic cylinders primarily for material handling, transportation & construction equipment



## Furniture, Flooring & Textile Products

### Home Furniture

- Recliner mechanisms
- Seating and sofa sleeper components

### Work Furniture

- Chair controls, bases, frames
- Private label finished seating

### Flooring & Textiles

- Flooring underlayment
- Textile converting
- Geo components



5

*Leggett & Platt*

Slide intentionally blank

6

# Long Term Value Creation

## Total Shareholder Return

SOURCES



**Revenue Growth**

Target:  
6–9% annually



**Margin Improvement**

Target:  
11.5–12.5%



**Dividend Yield**

Payout target:  
~50% of earnings



**Stock Buybacks**

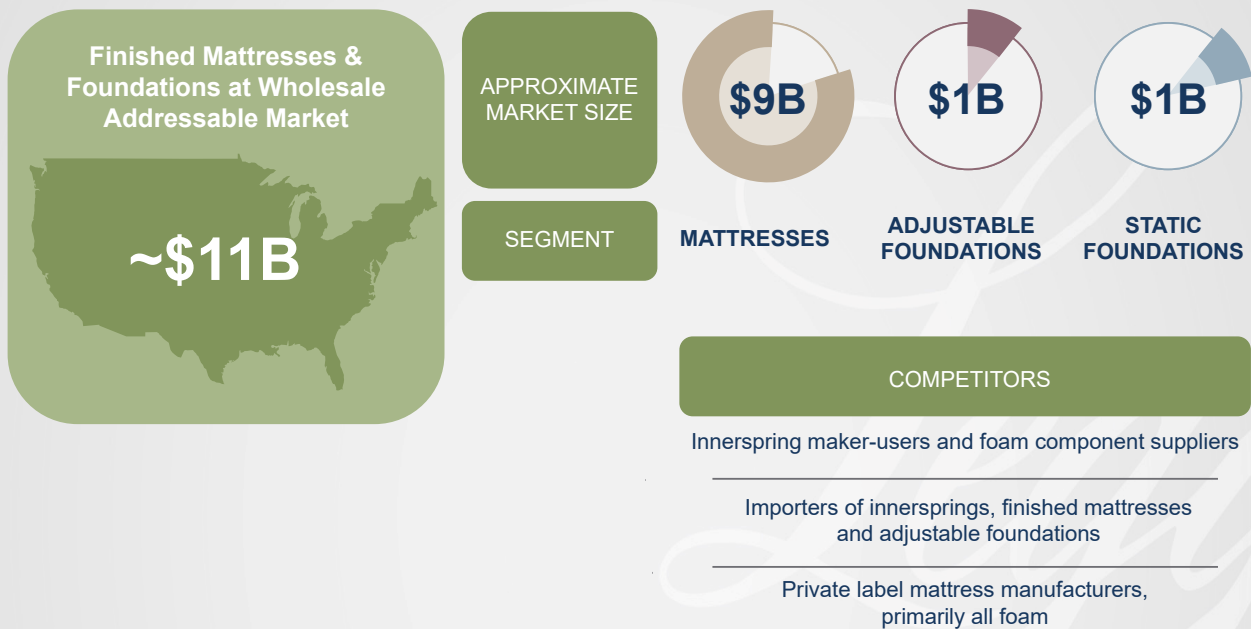
With available cash

$$\text{Total Shareholder Return} = (\Delta \text{ Stock Price} + \text{Dividends}) / \text{Initial Price}$$

## Growth Framework



## U.S. Bedding Market Overview



## Bedding Trends



### Consumers accept online purchasing and compressed mattresses

- Changed traditional mattress route-to-market, number of brands and product types
- Growth of hybrid mattresses
- Compressed mattresses roughly half of the market and growing



### Omnichannel presence is increasingly important

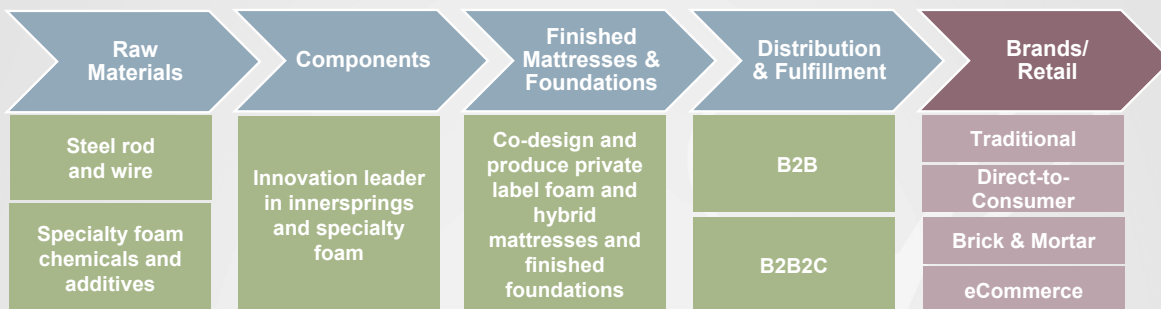


### Mattress replacement cycles have shortened



### Consumer focus on health and wellness supporting demand for premium mattresses

## L&P Bedding Value Chain



Supporting our customers from components to finished goods and fulfillment


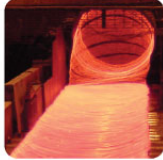


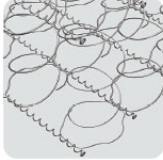


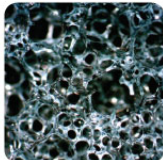






## Vertical Integration in Bedding Products

Each year at our rod mill in Sterling, Illinois, approximately 550,000 tons of steel scrap are melted and formed into billets. The billets are then used to make around 500,000 tons of steel rod.

The majority of the rod goes to our two domestic wire mills to be drawn into various gauges of wire, while most of the wire goes to our spring-making plants to be coiled into innersprings on wire-forming machines manufactured by our Spühl facility in Switzerland.

Our innersprings are sold to most U.S. bedding manufacturers and used in private-label finished hybrid compressed mattresses produced in our facilities across the country.

<b>MELTING FURNACE</b>	<b>FORMING STEEL ROD</b>	<b>DRAWING WIRE</b>	<b>FORMING SPRINGS</b>	<b>INNERSPRING CORE</b>	<b>COMPONENTS COMBINE IN HYBRID MATTRESSES</b>
					
<b>RAW STEEL TO SPRING CORES &gt;&gt;</b>					
<b>POLYOL CHEMISTRY TO SPECIALTY FOAM &gt;&gt;</b>					
<b>POLYOL LABORATORY</b>	<b>FOAM ADDITIVES</b>	<b>FOAM POURING</b>	<b>SPECIALTY FOAM</b>	<b>MATTRESS ASSEMBLY</b>	<b>COMPRESSING AND ROLL-PACKING</b>
					

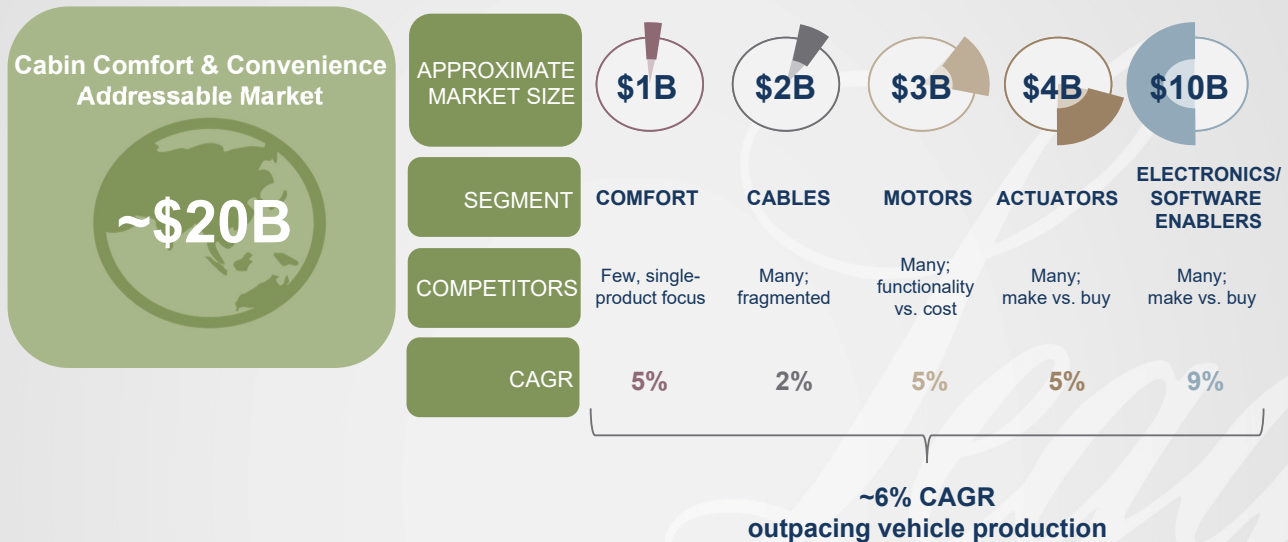
Polyols and foam additives that improve durability, increase airflow, and decrease odor are developed at Peterson Chemical Technology.

Specialty foam is produced at our pouring and fabrication facilities and either used in private-label fully finished products such as compressed mattresses, mattress toppers and pillows, or sold to bedding and furniture manufacturers.

## L&P Positioned to Win in Omni-Channel Environment

- Innovation and low-cost production advantage from integrated rod-wire-machinery-innerspring value chain
- Innovation advantage from ECS chemical-specialty foam value chain
- Innovation and value engineering advantage in private label finished mattress production, particularly innerspring and foam hybrids
- Pair with adjustable and static ready-to-assemble foundations
- Ability to ship direct-to-consumer on behalf of our customers

## Global Automotive Market Overview



## Market Trends

- Consumer demands for additional comfort, convenience, and connectivity
- Increasing global programs and platform sharing
- OEM directed sourcing
- Stricter standards drive innovation in lightweighting, efficiency, noise, and sustainability
- Large share of the value chain is shifting to C.A.S.E. (Conected, Autonomous, Shared, Electrification)
- Significant growth in electrification strategies and infrastructure commitments

Technological advances will have significant consumer and industry impacts over next 5-10 years – industry is transforming to our space in comfort and convenience



## Trends Play to our Strengths

### Advantages Are Rooted In Our Deep Industry Knowledge and Customer Engagement

- ✓ Brand Reputation in Comfort Products
- ✓ Vertical Integration
- ✓ Intellectual Property/ Trade Secrets
- ✓ Flexible Global Manufacturing

### The Results

The most complete seat comfort subsystem supplier

Long-term growth above industry production

Share leader in targeted segments

Share leader in fast growing SUV and CUV segments

Positioned for growth in convenience and electronics/ software enablers

## Acquisition Strategy

### Strong Strategic Fit

- Growth in attractive markets
- Sustainable competitive advantage
- Enhance current capabilities or product offerings
- Meaningful synergies
- Low risk of disruption

### Disciplined Financial Screen

- Solid, above-market growth opportunities
- Accretive to GAAP EPS and cash flow within one year of acquisition
- Returns well above WACC

### Cultural Alignment

- Ethics and integrity
- Safety prioritization
- Strong, committed leadership team
- Customer focus
- Continuous improvement

**Acquisitions are most often bolt-on to existing businesses but could also include opportunities in new markets that leverage our key competencies.**

## Sources of Margin Improvement

### Near-Term Opportunities

- **Maintaining pricing discipline** to recover cost inflation
- **Increasing volume** across our businesses as supply chain constraints improve
- **Improving operational efficiency** in businesses impacted by supply chain issues

### Ongoing Opportunities

- **Portfolio Management**
- **Growth in Attractive Markets**
- **Product Innovation**
- **Continuous Improvement**

## Long-Term Disciplined Use of Cash

**1** Fund organic growth

**2** Pay dividends

- **50-year history** of dividend increases
- A member of the *Dividend Kings*
- Payout target is **~50% of earnings**

**3** Fund strategic acquisitions

**4** Repurchase stock with available cash

## Debt, Liquidity, and Cash Flow

### Debt and Liquidity

- **Maintaining priority on Investment Grade** credit rating
- **\$1.2 billion revolving credit facility** in place
- Comfortably supports **dividend funding**

### Cash Flow

- Long history of **strong Operating Cash Flow**
- Exceeded capital expenditures + dividends in 32 of last 33 years
- Expect to exceed in 2022

Slide intentionally blank

# Sustainability

## Our Commitment to Enhancing Lives



Investing in  
our People to  
Attract and Retain  
Talent for  
Long-Term  
Success



Innovative  
Products Deliver  
Positive  
Sustainability  
Impact for our  
Customers



Focus on Resource  
Efficiency, Waste  
Reduction, and  
Renewables  
Protects  
Environment and  
Reduces Costs

**Enhancing Lives through our People, our Products, and our Processes**



## Investing in our People to Attract and Retain Talent for Long-Term Success

- 77% internal promotion rate for corporate officer positions over the last three years
- Newly created positions including our first Chief Human Resources Officer, Inclusion, Diversity, and Equity (ID&E) Director, and Sustainability Manager help bolster our human capital management, ID&E, and ESG efforts
- ID&E strategy and action plan designed to foster an inclusive and diverse culture that aligns with our values and priorities
- Global Frontline Supervisor Training Program designed to help managers in our operations build strong employee engagement



## Innovative Products Deliver Positive Sustainability Impact for our Customers

- Lightweight automotive components help to reduce overall vehicle weight, improve fuel efficiency, and reduce noise
- Specialty foam products meet the highest standards for chemical safety with CertiPUR-US® certification
- Carpet cushion products make a direct contribution towards Leadership in Energy and Environmental Design (LEED) green building certification, are Carpet and Rug Institute (CRI) Green Label Plus-certified, and are recyclable





## Focus on Resource Efficiency, Waste Reduction, and Renewables Protects Environment and Reduces Costs

- Produce over 90% of our steel rod from primarily locally-sourced, recycled steel scrap
- Over 40% of U.S. and over 80% of Canadian electric consumption is from sustainable power sources
- Voluntary partnership with U.S. Department of Energy (DOE) Better Buildings, Better Plants Program to drive energy efficiency
- Company-wide Environmental Management System drives continual improvement in environmental sustainability

## Governance/Directors

10 Non-Management Directors (out of 12 total)

Only Non-Management Directors on Key Board Committees

7 out of 12 Directors Diverse by Race/Ethnicity or Gender

Non-Management		Age	Joined	Position	Firm
Angela Barbee	◆	56	2022	Former SVP	Weber, Inc.
Mark Blinn	⌘ ◆	60	2019	Retired President & CEO	Flowserve
Robert Brunner	⌘ ◆	64	2009	Retired EVP	ITW
Mary Campbell	⌘ ☆	54	2019	President—Streaming and Digital Ventures	Quarate Retail, Inc.
Manuel Fernandez	◆ ☆	75	2014	Managing Director	SI Ventures
Joe McClanathan	◆ ☆	69	2005	Retired President & CEO	Energizer Household Products
Judy Odom †	◆ ☆	69	2002	Retired Chair & CEO	Software Spectrum
Srikanth Padmanabhan	⌘ ☆	57	2018	Vice President	Cummins Inc.
Jai Shah	⌘ ◆	55	2019	Group President	Masco
Phoebe Wood	⌘ ☆	68	2005	Principal	CompaniesWood
Management					
Karl Glassman		63	2002	Executive Chairman	Leggett & Platt
Mitch Dolloff		56	2020	President & CEO	Leggett & Platt

† Lead Director

Committees: ⌘ Audit ◆ Human Resources & Compensation ☆ Nominating, Governance & Sustainability

## Compensation Rewards Strong Performance

### Annual Incentive

- Based on current year **ROCE** and **free cash flow**

### Performance Stock Units

- Long-term equity-based, significant portion of total comp for execs
- Three-year performance period with two equal measures
  - **Relative TSR performance** (vs. peer group of ~300 companies)
  - Company or segment **EBIT CAGR**

### Deferred Comp Program

- Opportunity (in December) to **forego** a portion of next year's cash salary and bonus to **buy** stock units

Slide intentionally blank

## Current Topics

### 2021 Highlights

#### 4<sup>th</sup> Quarter:

- Sales were a quarterly record<sup>1</sup> \$1.33 billion, a 13% increase vs. Q4-20
  - Volume was down 5%
  - Raw material-related price increases and currency benefit added 16%
  - Acquisitions, net of divestitures, added 2% to sales
- EBIT of \$152 million, down \$4 million vs. Q4-20 EBIT of \$156 million
- Q4 EPS of \$.77, down \$.02 vs. EPS of \$.79 in Q4-20

#### Full Year:

- Sales were a record<sup>1</sup> \$5.07 billion, a 19% increase vs. 2020
  - Volume was up 4%
  - Raw material-related price increases and currency benefit added 14%
  - Acquisitions, net of divestitures, added 1% to sales
- Adj.<sup>2</sup> EBIT of \$568 million, up \$115 million vs. 2020
- Record adj.<sup>2</sup> EPS of \$2.78, up 29% vs. 2020
- Maintained ~\$80 million of ~\$90 million fixed cost savings taken in 2020
- Cash from operations was \$271 million
- Increased dividend for 50<sup>th</sup> consecutive year

<sup>1</sup> Record is from continuing operations

<sup>2</sup> See appendix for non-GAAP reconciliations

## 2022 Guidance (issued 2/7/22 and not updated since)

- Sales of \$5.3–\$5.6 billion; up 4%–10% versus 2021
  - Volume growth expected to be flat to mid-single digits, from:
    - Continued recovery in the businesses in Specialized Products that were most negatively impacted by the effects of the pandemic
    - Improved operating conditions and stabilized demand in Bedding
  - Continued inflationary impact primarily from raw material-related price increases implemented in 2021 expected to add sales growth
  - Acquisitions completed in 2021 expected to add 1% to sales
- EPS of \$2.70–\$3.00
  - Mid-point reflects higher volume and metal margins in our Steel Rod business to expand modestly, partially offset by increased transportation and labor costs and reduced overhead absorption as inventory levels are right-sized
- Implied EBIT margin of 10.5%–11.0%

33

## 2022 Guidance (continued)

- Depreciation and amortization ~\$200 million
- Net interest expense ~\$80 million
- Tax rate ~23%
- Diluted shares ~137 million
- Operating cash ~\$600 million
- Cap-ex ~\$150 million
- Dividends ~\$230 million

34

## Commodity Impact

### Steel

- Main categories are scrap, rod, and flat-rolled
- Impact from inflation/deflation
  - Typically pass through; lag is ~90 days
- Change in metal margin (mkt price for rod – mkt price for scrap) also impacts earnings
  - Our scrap cost and rod pricing moves with the market; large swings could cause Bedding Products segment earnings volatility

### Chemicals

- Main types are TDI, MDI, and polyols
- Impact from inflation/deflation
  - Typically pass through; lag is ~30 days

35

## Macro Indicators



### Consumer confidence

- More crucial than home sales since majority (~2/3rds) of bedding/furniture purchases are replacement of existing product
- “Large ticket” purchases that are deferrable



### Total housing turnover

- Combination of **new and existing** homes sales



### Employment levels



### Consumer discretionary spending




### Interest rate levels

36



## Key Take-Aways


 Strong businesses with compelling **market advantages**

 Opportunities for long-term **profitable growth**

 Maintaining **capital discipline**

 **Dividend growth** remains a top priority

- 50 years of annual increases
- Attractive yield >4%

 Commitment to **sustainability** through our people, our products, and our processes

37



## FOR ADDITIONAL INFORMATION

Ticker: LEG (NYSE)  
Website: [www.leggett.com](http://www.leggett.com)  
Email: [invest@leggett.com](mailto:invest@leggett.com)  
Phone: (417) 358-8131

Find our [Fact Book](#) and [Sustainability Report](#)  
at [www.leggett.com](http://www.leggett.com)

Susan McCoy Senior Vice President, Investor Relations  
Cassie Branscum Senior Director, Investor Relations

38

## Additional Information

### Cost Structure

- Costs are roughly 75% variable, 25% fixed
- Incremental/decremental volume
  - 25–35% contribution margin
- Cost of Goods Sold composition (approximate):
  - 60% Materials, composed of:
    - Steel ~25% of RMs
    - Chemicals ~15% of RMs
    - Woven & nonwoven fabrics ~15% of RMs
    - Foam scrap, fibers ~3% of RMs
    - Metals (titanium, nickel, stainless, chrome bar), wood – each ~2% of RMs
    - Others, including sub-assemblies, hardware, components, finished products purchased for resale, etc. ~40% of RMs
  - 20% Labor (includes all burden and overhead)
  - 20% Other, composed of:
    - Depreciation, supplies – each ~3% of COGS
    - Utilities, maintenance – each ~2% of COGS
    - Shipping/transportation ~10% of COGS
    - Other also includes rent, insurance, property tax, etc.

## Customers Include

### **In North America:**

Adient	General Motors	Lowe's	Sleep Number
Ashley Furniture	Haworth	Magna	Steelcase
Berkshire Hathaway	HNI	Mattress Firm	Stellantis
Best Home Furnishings	Home Depot	MCF	Tempur Sealy
Casper	JLG (Oshkosh)	MillerKnoll	Toyota Industrial Equip
Eaton	La-Z-Boy	Purple	Tuft & Needle
Ford	Lear	Resident Home	Walmart
GE Aviation	Lincoln Electric	Serta Simmons	

### **In Europe and Asia:**

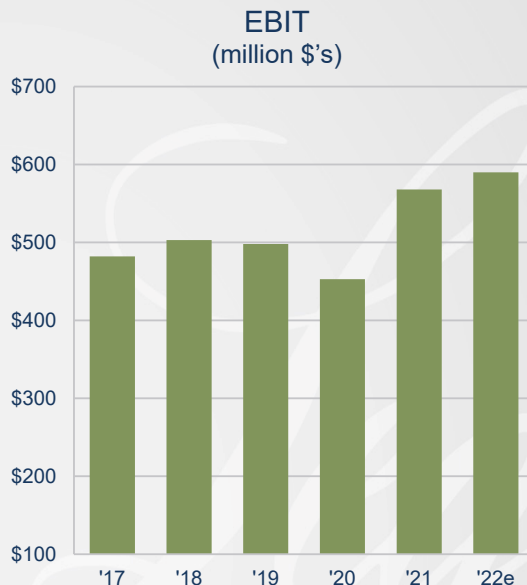
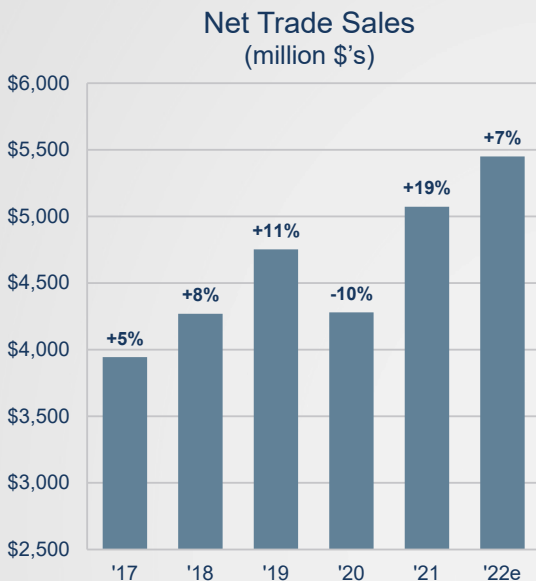
Bensons	Hay	Kuka	Sanyo
Dreams	Hilding Anders	Natuzzi	Silentnight Beds
Emma	Honda	Nissan	Sleepeeze
Faurecia	Howe	Profim	Toyota
Fritz Hansen	Hyundai	Recticel	Volkswagen

**Diverse Customer Base – Low Concentration**

Slide intentionally blank

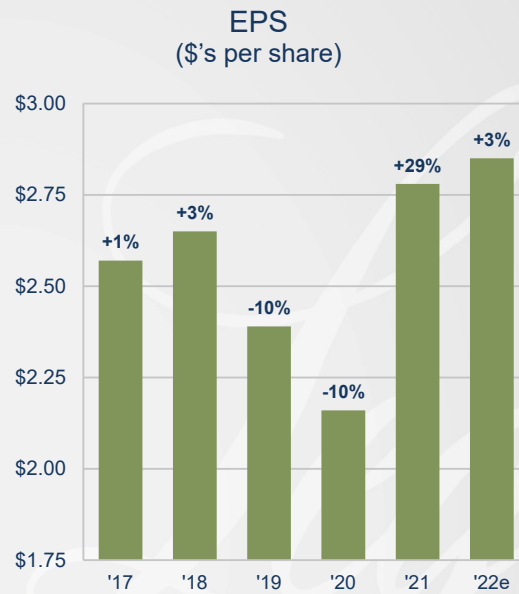
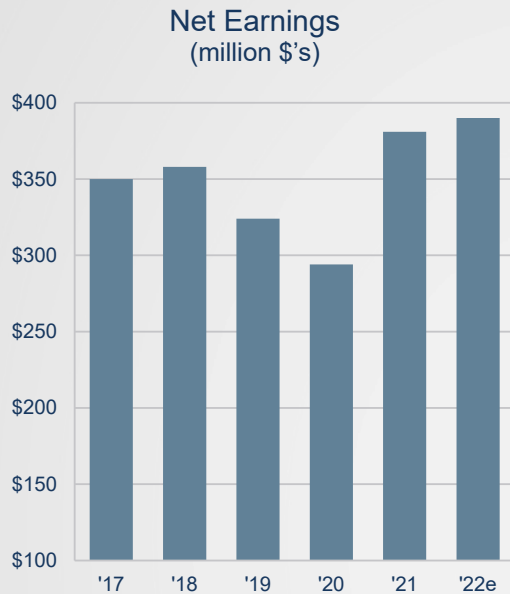
# Financial Information

## Sales and EBIT



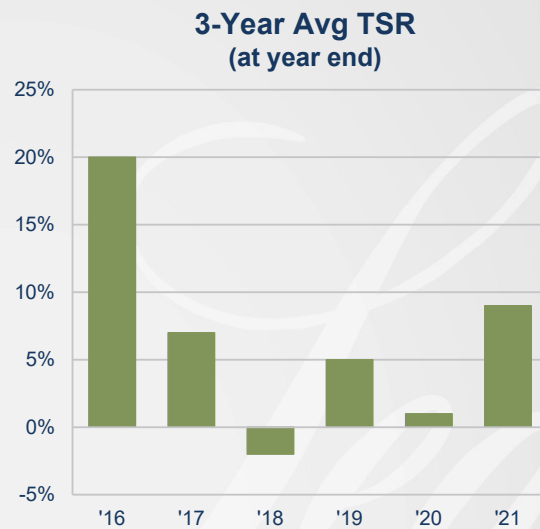
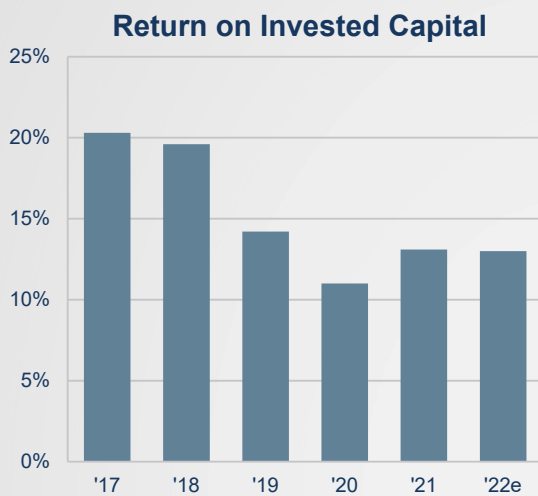
- Amounts are from continuing operations and exclude unusual items. See appendix for non-GAAP reconciliations.
- 2017–2020 financial data has been adjusted to apply the effects of the change from LIFO to FIFO
- 2022 estimates are based on mid-point of guidance

## Net Earnings and EPS



- Amounts are from continuing operations and exclude unusual items. See appendix for non-GAAP reconciliations.
- 2017–2020 financial data has been adjusted to apply the effects of the change from LIFO to FIFO
- 2022 estimates are based on mid-point of guidance

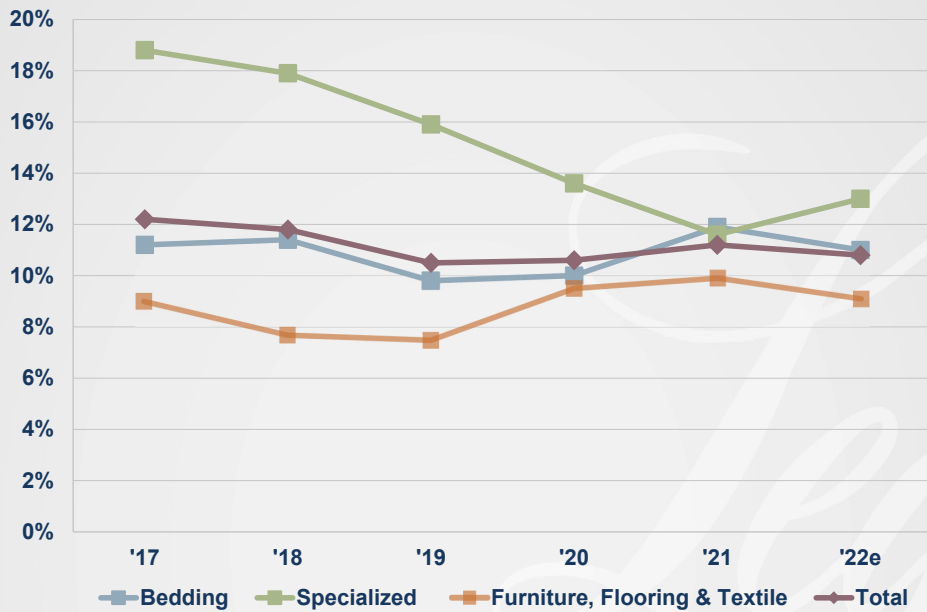
## Returns and TSR



- See appendix for return calculation
- TSR assuming dividends continually reinvested
- 2017–2020 financial data has been adjusted to apply the effects of the change from LIFO to FIFO
- 2022 estimates are based on mid-point of guidance

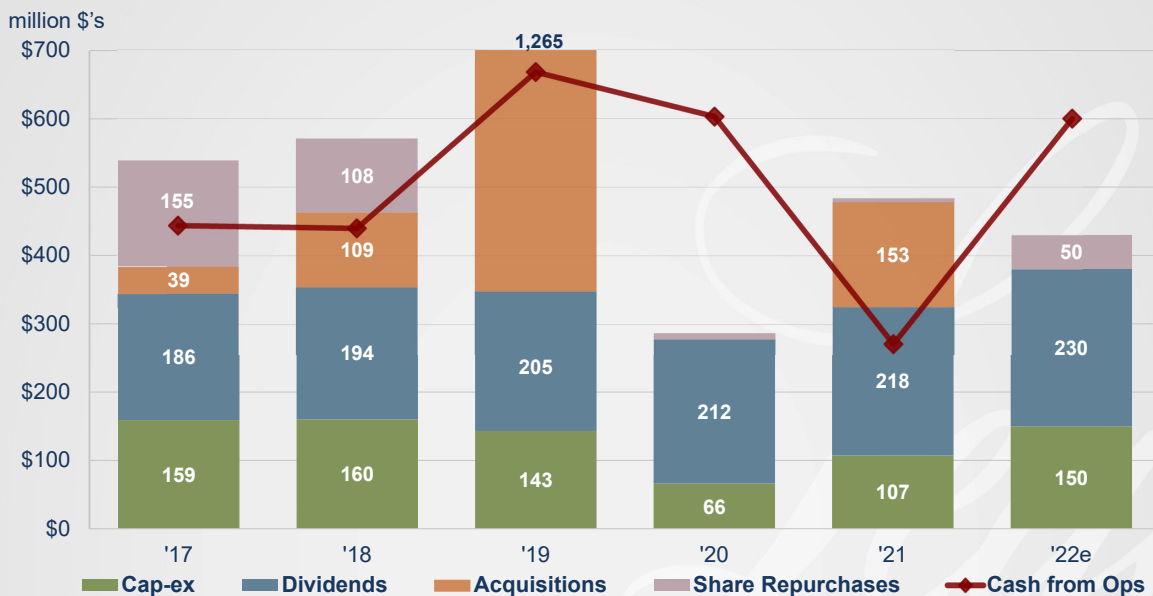


## Segment EBIT Margins



- Amounts exclude unusual items. See appendix for non-GAAP reconciliations.
- 2017–2020 financial data has been adjusted to apply the effects of the change from LIFO to FIFO
- 2022 estimates are based on mid-point of guidance

## Uses of Cash Flow



## Cash Flow Details

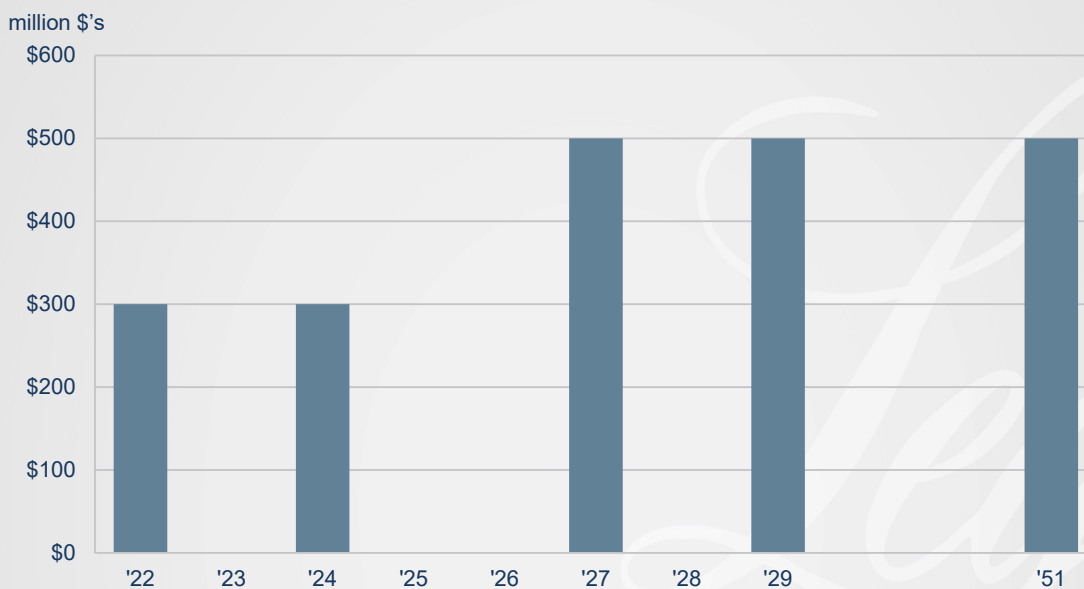
\$'s in millions	2017 <sup>1</sup>	2018 <sup>1</sup>	2019 <sup>1</sup>	2020 <sup>1</sup>	2021	2022e <sup>3</sup>
Net Earnings	307	324	314	253	403	390
Deprec & Amort	126	136	192	189	187	200
Def Income Taxes	17	3	1	(21)	(9)	—
Impairments	5	5	8	29	—	—
Working Capital	(99)	(77)	101	80	(338)	(20)
Other Non-Cash <sup>2</sup>	88	49	52	73	28	30
<b>Cash from Operations</b>	<b>444</b>	<b>440</b>	<b>668</b>	<b>603</b>	<b>271</b>	<b>600</b>
<b>Uses of Cash</b>						
Capital Expenditures	(159)	(160)	(143)	(66)	(107)	(150)
Dividends	(186)	(194)	(205)	(212)	(218)	(230)
Acquisitions	(39)	(109)	(1,265)	—	(153)	—
Share Repurchases	(155)	(108)	(7)	(9)	(6)	(50)

<sup>1</sup> Adjusted to apply the effects of the change from LIFO to FIFO

<sup>2</sup> 2017 Other Non-Cash includes \$67 million in deemed repatriation taxes as a result of the Tax Cuts and Jobs Act

<sup>3</sup> 2022 estimated net income is based on mid-point of guidance

## Debt Maturities



▪ Weighted average rate: 3.97%; Weighted average maturity: 10.8 years; excludes commercial paper borrowings

## Financial Metrics Defined

- **TSR: Total Shareholder Return**
  - Total benefit investor realizes from owning our stock
  - $(\Delta \text{ stock price} + \text{dividends}) / \text{initial stock price}$
- **EBIT CAGR: Compound Annual Growth Rate of EBIT**
- **ROCE: Return on Capital Employed**
  - Drives ~60% of annual bonus at operating level and corporate
  - $\text{EBIT} / (\text{working capital (ex cash \& current debt)} + \text{net PP\&E})$
- **FCF: Free Cash Flow**
  - Drives ~40% of annual bonus at operating level and corporate
  - $\text{EBITDA} - \text{capex} \pm \Delta \text{ working capital (ex cash \& current debt)}$

Slide intentionally blank

# Appendix

## Non-GAAP Reconciliations

### Non-GAAP Adjustments

(\$ millions, except EPS)	2017 <sup>4</sup>	2018 <sup>4</sup>	2019 <sup>4</sup>	2020 <sup>4</sup>	2021
<b>Non-GAAP Adjustments (\$'s)<sup>1</sup></b>					
Impairment charges	5	-	-	25	-
Note impairment	-	16	-	8	-
Stock write-off from 2008 divestiture	-	-	-	4	-
Restructuring-related charges	-	23	10	8	-
ECS transaction costs <sup>2</sup>	-	7	1	-	-
Gain from real estate sale	(20)	-	-	-	(28)
Pension settlement charge	15	-	-	-	-
Gain/loss from sale of business	-	-	-	-	-
Litigation settlement gain	-	-	-	-	-
<b>Non-GAAP adjustments (pre-tax \$'s)</b>	<b>-</b>	<b>46</b>	<b>11</b>	<b>45</b>	<b>(28)</b>
Income tax impact	-	(9)	(1)	(4)	7
TCJA impact <sup>3</sup>	50	(2)	-	-	-
Unusual tax items	(8)	-	-	-	-
<b>Non-GAAP adjustments (after tax \$'s)</b>	<b>42</b>	<b>35</b>	<b>10</b>	<b>41</b>	<b>(21)</b>
Diluted shares outstanding	137.3	135.2	135.4	135.9	136.7
<b>EPS impact of non-GAAP adjustments</b>	<b>\$.32</b>	<b>\$.26</b>	<b>\$.07</b>	<b>\$.30</b>	<b>\$(.16)</b>

<sup>1</sup> Calculations impacted by rounding

<sup>2</sup> 2018 includes \$4 million in SG&A charges and \$3 million of financing-related charges in interest expense

<sup>3</sup> Tax Cuts and Jobs Act of 2017

<sup>4</sup> Adjusted for effects of change from LIFO to FIFO

## Reconciliation of Adj EBIT, Adj EBIT Margin, Adj EBITDA, and Adj EBITDA Margin

(\$ millions, except EPS)	2017 <sup>2</sup>	2018 <sup>2</sup>	2019 <sup>2</sup>	2020 <sup>2</sup>	2021	2022e <sup>3</sup>
Net trade sales	\$3,944	\$4,270	\$4,753	\$4,280	\$5,073	\$5,450
EBIT (continuing operations)	\$482	\$460	\$487	\$408	\$596	\$590
Non-GAAP adjustments, pre-tax <sup>1</sup>	—	42	11	45	(28)	—
<b>Adjusted EBIT (cont. operations)</b>	<b>\$482</b>	<b>\$503</b>	<b>\$498</b>	<b>\$453</b>	<b>\$568</b>	<b>\$590</b>
<b>Adjusted EBIT margin</b>	<b>12.2%</b>	<b>11.8%</b>	<b>10.5%</b>	<b>10.6%</b>	<b>11.2%</b>	<b>10.8%</b>
Adjusted EBIT (cont. operations)	\$482	\$503	\$498	\$453	\$568	\$590
Depreciation & amortization	126	136	192	189	187	200
<b>Adjusted EBITDA (cont. operations)</b>	<b>\$608</b>	<b>\$639</b>	<b>\$690</b>	<b>\$642</b>	<b>\$755</b>	<b>\$790</b>
<b>Adjusted EBITDA margin</b>	<b>15.4%</b>	<b>15.0%</b>	<b>14.5%</b>	<b>15.0%</b>	<b>14.9%</b>	<b>14.5%</b>

<sup>1</sup> See slide 54 for adjustment details

<sup>2</sup> Adjusted for effects of change from LIFO to FIFO

<sup>3</sup> 2022 estimates are based on mid-point of guidance (issued 2/7/22)

55

## Reconciliation of Adj Earnings and Adj EPS

(\$ millions, except EPS)	2017 <sup>2</sup>	2018 <sup>2</sup>	2019 <sup>2</sup>	2020 <sup>2</sup>	2021	2022e <sup>3</sup>
Earnings (continuing operations)	\$307	\$324	\$314	\$253	\$403	\$390
Non-GAAP adjustments, after tax <sup>1</sup>	42	35	10	41	(21)	—
<b>Adjusted Earnings (cont. operations)</b>	<b>\$350</b>	<b>\$358</b>	<b>\$324</b>	<b>\$294</b>	<b>\$381</b>	<b>\$390</b>
Diluted EPS (continuing operations)	\$2.25	\$2.39	\$2.32	\$1.86	\$2.94	\$2.85
EPS impact from non-GAAP adjs <sup>1</sup>	.32	.26	.07	.30	(.16)	—
<b>Adjusted EPS (cont. operations)</b>	<b>\$2.57</b>	<b>\$2.65</b>	<b>\$2.39</b>	<b>\$2.16</b>	<b>\$2.78</b>	<b>\$2.85</b>

<sup>1</sup> See slide 54 for adjustment details

<sup>2</sup> Adjusted for effects of change from LIFO to FIFO

<sup>3</sup> 2022 estimates are based on mid-point of guidance (issued 2/7/22)

56

## Calculation of Return on Invested Capital

	2017 <sup>4</sup>	2018 <sup>4</sup>	2019 <sup>4</sup>	2020 <sup>4</sup>	2021	2022e <sup>5</sup>
<b>Adjusted EBIT (cont. operations)<sup>1</sup></b>	<b>\$482</b>	<b>\$503</b>	<b>\$498</b>	<b>\$453</b>	<b>\$568</b>	<b>\$590</b>
<i>Tax rate</i>	21.5%	21.0%	21.8%	21.2%	22.8%	23.0%
<b>Net Operating Profit After Tax (NOPAT)<sup>2</sup></b>	<b>379</b>	<b>397</b>	<b>389</b>	<b>357</b>	<b>438</b>	<b>454</b>
Total debt (long-term + current)	\$1,252	\$1,169	\$2,118	\$1,900	\$2,090	\$1,800
Operating lease liabilities <sup>3</sup>	-	-	161	165	198	200
Equity	1,222	1,207	1,342	1,425	1,649	1,750
Less: Cash & Cash equivalents	(526)	(268)	(248)	(349)	(362)	(350)
Invested Capital	\$1,948	\$2,108	\$3,373	\$3,141	\$3,575	\$3,400
<b>Average Invested Capital</b>	<b>\$1,869</b>	<b>\$2,028</b>	<b>\$2,740</b>	<b>\$3,257</b>	<b>\$3,358</b>	<b>\$3,487</b>
<b>Return on Invested Capital (ROIC)</b>	<b>20.3%</b>	<b>19.6%</b>	<b>14.2%</b>	<b>11.0%</b>	<b>13.1%</b>	<b>13.0%</b>

<sup>1</sup> See slide 54 for adjustment details

<sup>2</sup> NOPAT = Adjusted EBIT x (1 – tax rate)

<sup>3</sup> New lease accounting rules adopted January 1, 2019. Prior year data is not available.

<sup>4</sup> Adjusted for effects of change from LIFO to FIFO

<sup>5</sup> 2022 estimates are based on mid-point of guidance (issued 2/7/22)

57

## Calculation of Dividend Payout % of Adjusted EPS

	2017 <sup>2</sup>	2018 <sup>2</sup>	2019 <sup>2</sup>	2020 <sup>2</sup>	2021	2022e <sup>3</sup>
<b>Diluted EPS from cont. operations</b>	<b>\$2.25</b>	<b>\$2.39</b>	<b>\$2.32</b>	<b>\$1.86</b>	<b>\$2.94</b>	<b>\$2.85</b>
EPS impact from non-GAAP adjs <sup>1</sup>	.32	.26	.07	.30	(.16)	—
<b>Adjusted EPS from cont. operations</b>	<b>\$2.57</b>	<b>\$2.65</b>	<b>\$2.39</b>	<b>\$2.16</b>	<b>\$2.78</b>	<b>\$2.85</b>
<b>Annual dividend per share</b>	<b>\$1.42</b>	<b>\$1.50</b>	<b>\$1.58</b>	<b>\$1.60</b>	<b>\$1.66</b>	<b>\$1.74</b>
<b>Dividend payout % of diluted EPS from continuing operations</b>	<b>63%</b>	<b>63%</b>	<b>68%</b>	<b>86%</b>	<b>56%</b>	<b>61%</b>
<b>Dividend payout % of adjusted EPS</b>	<b>55%</b>	<b>57%</b>	<b>66%</b>	<b>74%</b>	<b>60%</b>	<b>61%</b>

<sup>1</sup> See slide 54 for adjustment details

<sup>2</sup> Adjusted for effects of change from LIFO to FIFO

<sup>3</sup> 2022 estimates are based on mid-point of guidance (issued 2/7/22)

58



## Non-GAAP Financial Measures

While we report financial results in accordance with accounting principles generally accepted in the U.S. (“GAAP”), this presentation includes non-GAAP measures. These include **adjusted EBIT**, **adjusted EBIT margin**, **adjusted EBITDA**, **adjusted EBITDA margin**, **adjusted earnings**, and **adjusted EPS**. We believe these non-GAAP measures are useful to investors in that they assist investors’ understanding of underlying operational profitability. Management uses these non-GAAP measures as supplemental information to assess the company’s operational performance.

We believe the presentation of **return on invested capital (ROIC)** provides investors a useful way to assess how efficiently the Company uses investors’ funds to generate income. Management uses this ratio as supplemental information to assess how effectively its invested capital is utilized.

The above non-GAAP measures may not be comparable to similarly titled measures used by other companies and should not be considered a substitute for, or more meaningful than, their GAAP counterparts.