



# Fourth Quarter Summary Financial Information

## February 6, 2023



## Forward-Looking Statements

Statements in this presentation that are not historical in nature are “forward-looking.” These statements include future EPS, sales, volume for the Company and per segment, raw material-related price decreases, currency impacts, acquisition and divestitures impacts, depreciation and amortization, net interest expense, tax rate, diluted shares outstanding, operating cash, capital expenditures, amount of dividends, and implied EBIT margin. 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. These risks and uncertainties include: the Russian invasion of Ukraine; global inflationary impacts; macro-economic impacts; the COVID-19 pandemic; demand for our products and our customers’ products; our manufacturing facilities’ ability to remain open and fully operational; goodwill and long-lived asset impairment; inability to issue commercial paper or borrow under the credit facility; inability to collect receivables; inability to pass along raw material price increases; inability to maintain profit margins; conflict between China and Taiwan; changes in our capital needs; our capital expenditures; changing tax rates; market conditions; increased trade costs; foreign country operational risks; price and product competition; cost and availability of raw materials and labor and energy costs; cash generation to pay the dividend; political risks; ability to grow acquired businesses; amount of share repurchases; disruption to our rod mill; disruption to our operations and supply chain from weather-related events and other impacts; restructuring-related costs; foreign currency fluctuation; our ability to manage working capital; anti-dumping duties; data privacy; cybersecurity breaches; customer bankruptcies and losses; climate change regulations; ESG risks; cash repatriation; litigation risks; and other risk factors in Leggett’s most recent Form 10-K and subsequent 10-Qs.

## Overview

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

- Sales were \$1.2 billion, a 10% decrease vs. Q4-21
  - Volume was down 12%
  - Negative currency impact of 2% offset by raw material-related price increases of 2%
  - Acquisitions, net of divestitures, added 2% to sales
- EBIT of \$91 million, down \$61 million vs. Q4-21 EBIT of \$152 million
- EBIT margin of 7.6%, down 380 bps vs. Q4-21 EBIT margin of 11.4%
- Q4 EPS of \$.39, down \$.38 vs. Q4-21 EPS of \$.77

### Full Year:

- Sales were a record<sup>1</sup> \$5.15 billion, a 1% increase vs. 2021
  - Volume was down 7%
  - Raw material-related price increases added 9%
  - Currency impact decreased sales 2%
  - Acquisitions, net of divestitures, added 1% to sales
- EBIT of \$485 million, down \$83 million vs. adj.<sup>2</sup> 2021 EBIT
- EPS of \$2.27, down 18% vs. adj.<sup>2</sup> 2021 EPS
- Cash from operations was \$441 million, up 63% vs. 2021
- 2023 EPS guidance of \$1.50–\$1.90 on sales of \$4.8–\$5.2 billion

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

<sup>2</sup> See slides 10 and 24 for calculation of adjusted EPS, adjusted EBIT, and adjusted EBIT margin

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## Q4 2022 Financial Highlights

<u>\$'s in millions (except EPS)</u>	<u>Q4-22</u>	<u>Q4-21</u>	<u>Change</u>
Sales	\$1,196	\$1,333	(10%)
EBIT	91	152	(40%)
EBIT Margin	7.6%	11.4%	(380 bps)
EPS	.39	.77	(49%)
Cash from Operations	247	191	29%
EBITDA	137	199	(31%)
EBITDA margin	11.4%	14.9%	(350 bps)

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## Q4 2022 Sales & EBIT Bridge

<b>Sales:</b>	<b><u>mIn \$'s</u></b>	<b><u>% change</u></b>
4 <sup>th</sup> Qtr 2021	\$1,333	
Approx volume decrease	(154)	(12%)
Approx raw material-related pricing and currency impact	(11)	(—%)
Organic Sales	(165)	(12%)
Acquisitions, net of divestitures	28	2%
4 <sup>th</sup> Qtr 2022	\$1,196	(10%)
 <b>EBIT:</b>		<b><u>margin</u></b>
4 <sup>th</sup> Qtr 2021	\$152	11.4%
Primarily lower volume and lower overhead absorption partially offset by higher metal margin	(61)	
4 <sup>th</sup> Qtr 2022	\$91	7.6%

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## Q4 2022 Earnings

<b>\$'s in millions</b>	<b><u>Q4-22</u></b>	<b><u>Q4-21</u></b>	<b><u>Change</u></b>
EBIT	\$91	\$152	(40%)
Net interest	22	18	
Pre-tax earnings	69	134	(48%)
Income taxes	16	28	
<i>Tax rate</i>	23.5%	21.1%	
Net earnings	53	106	(50%)
Noncontrolling interests	—	—	
Net earnings attributable to L&P	53	106	(50%)
EPS	.39	.77	(49%)

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## Adjusted Working Capital

	<b>12/31</b>	<b>9/30</b>	<b>12/31</b>
<b>\$'s in millions</b>	<b><u>2022</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Cash & equivalents	\$317	\$226	\$362
Accounts receivable, net	675	730	652
Inventories, net	908	976	993
Other current assets	59	69	59
Total current assets	1,958	2,001	2,065
Current debt maturities	(9)	(7)	(301)
Current operating lease liabilities	(50)	(45)	(45)
Accounts payable	(518)	(513)	(614)
Accrued and other current liabilities	(391)	(400)	(377)
Total current liabilities	(968)	(965)	(1,336)
Working capital	990	1,036	730
% of annualized sales <sup>1</sup>	20.7%	20.0%	13.7%
W/C, excl. cash & current debt/lease	732	862	713
% of annualized sales <sup>1</sup>	15.3%	16.6%	13.4%

<sup>1</sup> Annualized sales: 4Q22: \$1,196x4=\$4,783; 3Q22: \$1,294x4=\$5,178; 4Q21: \$1,333x4=\$5,332

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## Net Debt to Adjusted EBITDA

	<b>12/31</b>	<b>9/30</b>	<b>12/31</b>
<b>\$'s in millions</b>	<b><u>2022</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Long-term debt	\$2,074	\$2,134	\$1,790
Current maturities	9	7	301
Total debt	2,084	2,141	2,090
Less: Cash & equivalents	(317)	(226)	(362)
Net debt	1,767	1,915	1,729
EBIT, trailing 12 months	485	546	596
Depreciation & amortization	180	181	187
EBITDA	665	727	783
Non-GAAP adjustments (pretax)	—	—	(28)
Adjusted EBITDA, trailing 12 months	665	727	755
Net debt to 12-month adjusted EBITDA <sup>1</sup>	2.66x	2.63x	2.29x

<sup>1</sup> 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	4 <sup>th</sup> Qtr		YTD	
	2022	2021	2022	2021
Net earnings	\$53	\$106	\$310	\$403
D&A	46	46	180	187
Impairment, write-offs & other	9	2	20	10
Other non-cash	2	7	10	9
Changes in working capital:				
Accounts receivable	82	50	(27)	(75)
Inventory	80	(27)	96	(305)
Other current assets	(1)	4	(4)	(7)
Accounts payable	(4)	8	(102)	64
Other current liabilities	(20)	(4)	(42)	(14)
Cash from operations	247	191	441	271
Capital expenditures	35	31	100	107
Acquisitions	21	—	83	153
Dividends	58	56	229	218
Share repurchases (issuances), net	—	—	60	6
Proceeds from asset sales	1	—	4	39
Additions (repayments) of debt, net	(48)	20	5	185

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## 2022 Financial Summary

<u>\$'s in millions (except EPS)</u>	<u>2022</u>	<u>Reported</u> <u>2021</u>	<u>Adj</u> <sup>1</sup>	<u>Adj</u> <u>2021</u>	<u>Change</u>
Sales	\$5,147	\$5,073		\$5,073	1%
EBIT	485	596	(28)	568	(15%)
EBIT Margin	9.4%	11.7%		11.2%	(180 bps)
EPS	2.27	2.94	(.16)	2.78	(18%)
Cash from Operations	441	271		271	63%
EBITDA	665	783	(28)	755	(12%)
EBITDA margin	12.9%	15.4%		14.9%	(200 bps)

<sup>1</sup> See slide 24 for non-GAAP adjustments

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## 2022 Sales & EBIT Bridge

<b>Sales:</b>	<b><u>mIn \$'s</u></b>	<b><u>% change</u></b>
2021	\$5,073	
Approx volume decrease	(373)	(7%)
Approx raw material-related pricing and currency impact	386	7%
Organic Sales	13	—%
Acquisitions, net of divestitures	61	1%
2022	\$5,147	1%
<b>EBIT:</b>		<b><u>margin</u></b>
Adjusted <sup>1</sup> 2021	\$568	11.2%
Primarily lower volume, lower overhead absorption, and inefficiencies partially offset by higher metal margin and pricing discipline	(83)	
2022	\$485	9.4%

<sup>1</sup> See slide 10 for calculation of adjusted EBIT and adjusted EBIT margin

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## 2022 Earnings

<b>\$'s in millions</b>	<b><u>2022</u></b>	<b><u>Reported</u></b>	<b><u>Adj</u></b>	<b><u>2021</u></b>	<b><u>Change</u></b>
		<b><u>2021</u></b>	<b><u>Adj 1</u></b>		
EBIT	\$485	\$596	(\$28)	\$568	(15%)
Net interest	81	74		74	
Pre-tax earnings	404	522	(28)	494	(18%)
Income taxes	94	120	(7)	113	
<i>Tax rate</i>	23.2%			22.8%	
Net earnings	310	403	(21)	381	(19%)
Noncontrolling interests	—	—		—	
Net earnings attributable to L&P	310	403	(21)	381	(19%)
EPS	2.27	2.94	(.16)	2.78	(18%)

<sup>1</sup> See slide 24 for non-GAAP adjustments

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## 2023 Guidance

- Sales: \$4.8–\$5.2 billion; down 7% to up 1% versus 2022, reflecting macro uncertainty across our markets
  - Volume at the mid-point expected to be down low single digits:
    - Down low single digits in Bedding Products Segment
    - Up high single digits in Specialized Products Segment
    - Down low single digits in Furniture, Flooring & Textile Products Segment
  - Raw material-related price decreases and currency impact combined expected to reduce sales mid-single digits
  - Acquisitions completed in 2022 expected to add ~3% to sales
- EPS: \$1.50–\$1.90
  - Mid-point reflects lower metal margins in our Steel Rod business, lower volume in some of our businesses, and moderate pricing pressure from deflation
  - 1Q23 earnings expected to be down meaningfully from 4Q22, primarily due to timing of performance-based compensation accruals and normal seasonality in some of our businesses
- Implied EBIT margin of 7.5%–8.0%

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## 2023 Guidance (continued)

- Depreciation and amortization ~\$200 million
- Net interest expense ~\$85 million
- Tax rate ~24%
- Operating cash \$450–\$500 million
- Cap-ex ~\$100 million
- Dividends ~\$240 million
- Diluted shares ~137 million
- Minimal acquisitions and share repurchases

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# Segments

## Q4 2022 Segment Summary

	<u>Q4-22 Organic Sales Growth</u> <sup>1, 2</sup>	<u>Q4-22 EBIT Margin</u>	<u>Δ vs Q4-21 EBIT Margin</u>	<u>Q4-22 EBITDA Margin</u>	<u>Δ vs Q4-21 EBITDA Margin</u>
Bedding Products	(19%)	5.8%	-590 bps	10.8%	-510 bps
Specialized Products	5%	8.7%	-300 bps	12.1%	-330 bps
Furniture, Flooring & Textile Products	(13%)	8.8%	-200 bps	10.4%	-180 bps
<b>Total Consolidated</b>	<b>(12%)</b>	<b>7.6%</b>	<b>-380 bps</b>	<b>11.4%</b>	<b>-350 bps</b>

<sup>1</sup> Includes raw material-related selling price impact and currency impact

<sup>2</sup> See slides 17, 19, and 21 for non-GAAP reconciliations



## Bedding Products

<b>Trade Sales:</b>	<b><u>mIn \$'s</u></b>	<b><u>% change</u></b>
4 <sup>th</sup> Qtr 2021	\$647	
Divestitures	(3)	—%
Adjusted Q4-21 sales	644	
Organic Sales <sup>1</sup>	(122)	(19%)
Acquisitions	—	—%
4 <sup>th</sup> Qtr 2022	\$522	(19%)

<sup>1</sup> Lower volume (19%) and currency (1%) partially offset by raw material-related selling price increases 1%

<b>mIn \$'s</b>	<b><u>EBIT</u></b>	<b><u>margin</u></b>	<b><u>D&amp;A</u></b>	<b><u>EBITDA</u></b>	<b><u>margin</u></b>
4 <sup>th</sup> Qtr 2021	\$76	11.7%	\$27	\$103	15.9%
Change	(46)		(1)	(47)	
4 <sup>th</sup> Qtr 2022	\$30	5.8%	\$26	\$56	10.8%

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## Bedding – Key Points

- Q4 organic sales were down 19%:
  - Volume decreased 19% from continued demand softness in U.S. and European bedding markets and lower demand in Steel Rod and Drawn Wire
  - Currency impact of 1% offset by raw material-related selling price increases of 1%

<b>Sales trends:</b>	<b>Q4</b>	<b>Q4</b>	<b>2022</b>	<b>2022</b>
	<b><u>Organic Sales</u></b>	<b><u>Volume<sup>1</sup></u></b>	<b><u>Organic Sales</u></b>	<b><u>Volume<sup>1</sup></u></b>
Steel Rod	(50%)	(49%)	35%	9%
Drawn Wire	(5%)	(12%)	42%	10%
U.S. Spring	(15%)	(21%)	(6%)	(22%)
Specialty Foam	(27%)	(19%)	(22%)	(26%)
Adjustable Bed	(12%)	(15%)	1%	(10%)
International Bedding	(9%)	(3%)	(10%)	(11%)

<sup>1</sup> Volume represents organic sales excluding raw material-related selling price impact and currency impact

- Q4 EBIT decreased primarily from lower volume and lower overhead absorption as we intentionally cut production in our Steel Rod business below demand to reduce inventory levels. These decreases were partially offset by metal margin expansion.

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## Specialized Products

<b>Trade Sales:</b>	<b><u>mln \$'s</u></b>	<b><u>% change</u></b>
4 <sup>th</sup> Qtr 2021	\$264	
Organic Sales <sup>1</sup>	12	5%
Acquisitions	27	10%
4 <sup>th</sup> Qtr 2022	\$303	15%

<sup>1</sup> Higher volume 10% and raw material-related selling price increases 4% partially offset by currency (9%)

<b>mln \$'s</b>	<b><u>EBIT</u></b>	<b><u>EBIT margin</u></b>	<b><u>D&amp;A</u></b>	<b><u>EBITDA</u></b>	<b><u>EBITDA margin</u></b>
4 <sup>th</sup> Qtr 2021	\$31	11.7%	\$10	\$41	15.4%
Change	(5)		—	(5)	
4 <sup>th</sup> Qtr 2022	\$26	8.7%	\$10	\$37	12.1%

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## Specialized – Key Points

- Q4 organic sales were up 5%:
  - Volume was up 10% from sales growth across the segment
  - Raw material-related selling price increases added 4%
  - Currency impact decreased sales 9%
- Hydraulic Cylinders acquisition, completed in August, added 10% to sales
- Sales trends:

	<u>Q4</u>	<u>Q4</u>	<u>2022</u>	<u>2022</u>
	<u>Organic Sales</u>	<u>Volume<sup>1</sup></u>	<u>Organic Sales</u>	<u>Volume<sup>1</sup></u>
Automotive	3%	10%	6%	10%
Aerospace	16%	23%	18%	25%
Hydraulic Cylinders	11%	7%	19%	12%

<sup>1</sup> Volume represents organic sales excluding raw material-related selling price impact and currency impact

- Q4 EBIT decreased primarily from currency impact and higher raw material and labor costs, partially offset by higher volume

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## Furniture, Flooring & Textile Products

<b>Trade Sales:</b>	<b><u>mIn \$'s</u></b>	<b><u>% change</u></b>
4 <sup>th</sup> Qtr 2021	\$422	
Organic Sales <sup>1</sup>	(55)	(13%)
Acquisitions	4	1%
4 <sup>th</sup> Qtr 2022	\$371	(12%)

<sup>1</sup> Lower volume (14%) and currency (1%) partially offset by raw material-related price increases 2%

<b>mIn \$'s</b>	<b><u>EBIT</u></b>	<b><u>margin</u></b>	<b><u>D&amp;A</u></b>	<b><u>EBITDA</u></b>	<b><u>margin</u></b>
4 <sup>th</sup> Qtr 2021	\$45	10.8%	\$6	\$51	12.2%
Change	(13)		—	(13)	
4 <sup>th</sup> Qtr 2022	\$33	8.8%	\$6	\$38	10.4%

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## Furniture, Flooring & Textile – Key Points

- Q4 organic sales were down 13%:
  - Volume was down 14%, primarily from declines in Home Furniture, Fabric Converting, and Work Furniture
  - Raw material-related selling price increases added 2%
  - Currency impact decreased sales 1%
- Textiles acquisitions added 1% to sales
- Sales trends:

	<u>Q4</u>	<u>Q4</u>	<u>2022</u>	<u>2022</u>
	<u>Organic Sales</u>	<u>Volume<sup>1</sup></u>	<u>Organic Sales</u>	<u>Volume<sup>1</sup></u>
Home Furniture	(35%)	(33%)	(11%)	(18%)
Work Furniture	(10%)	(10%)	12%	8%
Flooring	—%	(3%)	4%	(7%)
Textiles	(3%)	(7%)	7%	(4%)

<sup>1</sup> Volume represents organic sales excluding raw material-related selling price impact and currency impact

- Q4 EBIT decreased primarily from lower volume partially offset by pricing discipline

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Webcast replay is available at  
[www.leggett.com](http://www.leggett.com)

## FOR ADDITIONAL INFORMATION

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## Non-GAAP Adjustments

(\$ millions, except EPS)	Q4-22	Q4-21	2022	2021
<b>Non-GAAP Adjustments (\$'s)<sup>1,2</sup></b>				
Gain on sale of real estate <sup>3</sup>				(\$28)
<b>Non-GAAP adjustments (pre-tax \$'s)</b>	—	—	—	(28)
Income tax impact				7
<b>Non-GAAP adjustments (after tax \$'s)</b>	—	—	—	(21)
Diluted shares outstanding				136.7
<b>EPS impact of non-GAAP adjustments</b>	—	—	—	(\$.16)

<sup>1</sup> For additional non-GAAP reconciliation information, see page 8 of the press release

<sup>2</sup> Calculations impacted by rounding

<sup>3</sup> Gain on sale of real estate is included in the following line item on the income statement: 2021: Other expense (income) (\$28)