



Third Quarter Summary Financial Information *October 31, 2022*



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, inflationary impact from raw material price increases, 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 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

- Q3 sales were \$1.29 billion, a 2% decrease vs. Q3-21
 - Volume was down 8%
 - Raw material-related price increases added 8% to sales
 - Currency impact decreased sales 3%
 - Acquisitions, net of divestitures, contributed 1% to sales
- Q3 EBIT of \$113 million, down \$31 million vs. Q3-21 EBIT
- EBIT margin 8.7%, down 220 bps vs. Q3-21 EBIT margin of 10.9%
- Q3 EPS of \$.52, down \$.19 vs. Q3-21 EPS of \$.71
- 2022 guidance unchanged from October 10 announcement
 - Sales: \$5.1–\$5.2 billion
 - EPS: \$2.30–\$2.45

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Q3 2022 Financial Highlights

<u>\$'s in millions (except EPS)</u>	<u>Q3-22</u>	<u>Q3-21</u>	<u>Change</u>
Sales	\$1,294	\$1,319	(2%)
EBIT	113	144	(21%)
EBIT Margin	8.7%	10.9%	(220 bps)
EPS	.52	.71	(27%)
Cash from Operations	\$65	\$50	31%
EBITDA	157	191	(18%)
EBITDA margin	12.2%	14.5%	(230 bps)

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Q3 2022 Sales & EBIT Bridge

Sales:	<u>mIn \$'s</u>	<u>% change</u>
3 rd Qtr 2021	\$1,319	
Approx volume decrease	(101)	(8%)
Approx raw material-related pricing and currency impact	67	5%
Organic Sales	(34)	(3%)
Acquisitions, net of divestitures	9	1%
3 rd Qtr 2022	\$1,294	(2%)
 EBIT:		<u>margin</u>
3 rd Qtr 2021	\$144	10.9%
Primarily lower volume, lower overhead absorption, and inefficiencies partially offset by higher metal margin	(31)	
3 rd Qtr 2022	\$113	8.7%

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Q3 2022 Earnings

\$'s in millions	<u>Q3-22</u>	<u>Q3-21</u>	<u>Change</u>
EBIT	\$113	\$144	(21%)
Net interest	20	18	
Pre-tax earnings	93	126	(26%)
Income taxes	22	29	
<i>Tax rate</i>	23.5%	22.7%	
Net earnings	71	97	(27%)
Noncontrolling interests	—	—	
Net earnings attributable to L&P	71	97	(27%)
EPS	.52	.71	(27%)

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Adjusted Working Capital

	9/30	6/30	9/30
\$'s in millions	<u>2022</u>	<u>2022</u>	<u>2021</u>
Cash & equivalents	\$226	\$270	\$235
Accounts receivable, net	730	723	699
Inventories, net	976	1,027	970
Other current assets	69	72	80
Total current assets	<u>2,001</u>	<u>2,092</u>	<u>1,984</u>
Current debt maturities	(7)	(301)	(300)
Current operating lease liabilities	(45)	(45)	(44)
Accounts payable	(513)	(602)	(607)
Accrued and other current liabilities	(400)	(383)	(387)
Total current liabilities	<u>(965)</u>	<u>(1,331)</u>	<u>(1,338)</u>
Working capital	1,036	760	646
% of annualized sales ¹	20.0%	14.2%	12.2%
W/C, excl. cash & current debt/lease	862	837	755
% of annualized sales ¹	16.6%	15.7%	14.3%

¹ Annualized sales: 3Q22: \$1,294x4=\$5,178; 2Q22: \$1,334x4=\$5,336; 3Q21: \$1,319x4=\$5,276

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Net Debt to Adjusted EBITDA

	9/30	6/30	9/30
\$'s in millions	<u>2022</u>	<u>2022</u>	<u>2021</u>
Long-term debt	\$2,134	\$1,790	\$1,766
Current maturities	7	301	300
Total debt	<u>2,141</u>	<u>2,091</u>	<u>2,066</u>
Less: Cash & equivalents	(226)	(270)	(235)
Net debt	1,915	1,821	1,831
EBIT, trailing 12 months	546	577	600
Depreciation & amortization	181	183	189
EBITDA	<u>727</u>	<u>760</u>	<u>789</u>
Non-GAAP adjustments (pretax)	—	—	(28)
Adjusted EBITDA, trailing 12 months	<u>727</u>	<u>760</u>	<u>761</u>
Net debt to 12-month adjusted EBITDA ¹	2.63x	2.39x	2.41x

¹ 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	
	2022	2021	2022	2021
Net earnings	\$71	\$97	\$257	\$297
D&A	44	47	134	141
Impairment, write-offs & other	3	2	11	8
Other non-cash	(8)	9	7	2
Changes in working capital:				
Accounts receivable	(16)	(4)	(109)	(125)
Inventory	72	(86)	16	(278)
Other current assets	7	1	(3)	(11)
Accounts payable	(103)	(2)	(98)	56
Other current liabilities	(5)	(14)	(21)	(10)
Cash from operations	65	50	194	80
Capital expenditures	25	27	66	76
Acquisitions	63	—	63	152
Dividends	59	56	171	162
Share repurchases (issuances), net	3	—	60	7
Proceeds from asset sales	—	8	3	39
Additions (repayments) of debt, net	51	34	53	165

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YTD 2022 Financial Summary

<u>\$'s in millions (except EPS)</u>	<u>2022</u>	<u>Reported</u> <u>2021</u>	<u>Adj</u> ¹	<u>Adj</u> <u>2021</u>	<u>Change</u>
Sales	\$3,951	\$3,740		\$3,740	6%
EBIT	394	444	(28)	416	(5%)
EBIT Margin	10.0%	11.9%		11.1%	(110 bps)
EPS	1.88	2.17	(.16)	2.01	(6%)
Cash from Operations	\$194	\$80		\$80	142%
EBITDA	528	585	(28)	556	(5%)
EBITDA margin	13.4%	15.6%		14.9%	(150 bps)

¹ See slide 24 for non-GAAP adjustments

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YTD 2022 Sales & EBIT Bridge

Sales:	<u>mIn \$'s</u>	<u>% change</u>
YTD 2021	\$3,740	
Approx volume decrease	(220)	(6%)
Approx raw material-related pricing and currency impact	398	11%
Organic Sales	178	5%
Acquisitions, net of divestitures	33	1%
YTD 2022	\$3,951	6%
EBIT:		<u>margin</u>
Adjusted ¹ YTD 2021	\$416	11.1%
Primarily lower volume, lower overhead absorption, and inefficiencies partially offset by higher metal margin and pricing discipline	(22)	
YTD 2022	\$394	10.0%

¹ See slide 10 for calculation of adjusted EBIT and adjusted EBIT margin

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YTD 2022 Earnings

\$'s in millions	<u>2022</u>	<u>Reported</u>	<u>Adj</u>	<u>Change</u>
		<u>2021</u>	<u>Adj 1</u>	<u>2021</u>
EBIT	\$394	\$444	(\$28)	\$416 (5%)
Net interest	59	56		56
Pre-tax earnings	335	388	(28)	360 (7%)
Income taxes	78	91	(7)	84
<i>Tax rate</i>	23.2%			23.4%
Net earnings	257	297	(21)	276 (7%)
Noncontrolling interests	—	—		—
Net earnings attributable to L&P	257	297	(21)	276 (7%)
EPS	1.88	2.17	(.16)	2.01 (6%)

¹ See slide 24 for non-GAAP adjustments

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2022 Guidance Unchanged from October 10 Announcement

- Sales: \$5.1–\$5.2 billion (vs. prior range of \$5.2–\$5.4 billion); roughly flat to up 2% versus 2021
 - Volume expected to be down high single digits (vs. down low-to-mid single digits):
 - Down mid-teens (vs. low double digits) in Bedding Products Segment
 - Up low double digits (unchanged) in Specialized Products Segment
 - Down low single digits (vs. roughly flat) in Furniture, Flooring & Textile Products Segment
 - Inflationary impact primarily from raw material-related price increases (including those implemented as we moved through 2021), net of currency impact, expected to mostly offset volume declines
 - Acquisitions, net of divestitures, expected to add ~1% to sales
- EPS: \$2.30–\$2.45 (vs. prior range of \$2.65–\$2.80)
 - Change reflects lower volume, reduced production, slower than anticipated cost recovery in Automotive, and operational inefficiencies in Specialty Foam
- Implied EBIT margin of 9.5%–10.0%

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2022 Guidance (continued)

- Depreciation and amortization ~\$180 million (vs. ~\$200 million)
- Net interest expense ~\$80 million
- Tax rate ~23%
- Operating cash \$400–\$450 million (vs. \$550–\$600 million)
- Cap-ex ~\$115 million (vs. ~\$130 million)
- Dividends ~\$230 million
- Diluted shares ~137 million

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Segments

Q3 2022 Segment Summary

	<u>Q3-22 Organic Sales Growth</u> ^{1, 2}	<u>Q3-22 EBIT Margin</u>	<u>Δ vs Q3-21 EBIT Margin</u>	<u>Q3-22 EBITDA Margin</u>	<u>Δ vs Q3-21 EBITDA Margin</u>
Bedding Products	(12%)	7.5%	-470 bps	12.0%	-430 bps
Specialized Products	19%	10.7%	+120 bps	14.1%	-40 bps
Furniture, Flooring & Textile Products	—%	9.1%	-70 bps	10.4%	-80 bps
Total Consolidated	(3%)	8.7%	-220 bps	12.2%	-230 bps

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

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

Bedding Products

Trade Sales:	<u>mln \$'s</u>	<u>% change</u>
3 rd Qtr 2021	\$664	
Divestitures	(2)	—%
Adjusted Q3-21 sales	662	
Organic Sales ¹	(80)	(12%)
Acquisitions	—	—%
3 rd Qtr 2022	\$582	(12%)

¹ Lower volume (20%) and currency (1%) partially offset by raw material-related price increases 9%

mln \$'s	<u>EBIT</u>	<u>EBIT margin</u>	<u>D&A</u>	<u>EBITDA</u>	<u>EBITDA margin</u>
3 rd Qtr 2021	\$81	12.2%	\$27	\$108	16.3%
Change	(37)		(1)	(38)	
3 rd Qtr 2022	\$44	7.5%	\$26	\$70	12.0%

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Bedding – Key Points

- Q3 organic sales were down 12%:
 - > Volume decreased 20% from continued demand softness in U.S. and European bedding markets partially offset by trade sales growth in Steel Rod and Drawn Wire
 - > Raw material-related selling price increases added 9%
 - > Currency impact decreased sales 1%

- Q3 sales trends:

	<u>Organic Sales</u>	<u>Volume¹</u>
Steel Rod	81%	65%
Drawn Wire	30%	6%
U.S. Spring	(14%)	(25%)
Specialty Foam	(27%)	(30%)
Adjustable Bed	(12%)	(22%)
International Bedding	(18%)	(14%)

¹ Volume represents organic sales excluding raw material-related selling price impact and currency impact

- Q3 EBIT decreased primarily from lower volume, lower absorption as production and inventory levels were adjusted to meet reduced demand, and operational inefficiencies in Specialty Foam, partially offset by higher metal margin

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Specialized Products

Trade Sales:	mln \$'s	% change
3 rd Qtr 2021	\$236	
Organic Sales ¹	44	19%
Acquisitions	11	5%
3 rd Qtr 2022	\$291	24%

¹ Higher volume 22% and raw material-related selling price increases 5% partially offset by currency (8%)

mln \$'s	EBIT	EBIT	D&A	EBITDA	EBITDA
	margin	margin		margin	margin
3 rd Qtr 2021	\$22	9.5%	\$12	\$34	14.5%
Change	9		(2)	7	
3 rd Qtr 2022	\$31	10.7%	\$10	\$41	14.1%

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Specialized – Key Points

- Q3 organic sales were up 19%:
 - Volume was up 22%, driven by sales growth in Automotive, Aerospace, and Hydraulic Cylinders
 - Raw material-related selling price increases added 5%
 - Currency impact decreased sales 8%
- Hydraulic Cylinders acquisition, completed August 26, added 5% to sales
- Q3 sales trends:

	<u>Organic Sales</u>	<u>Volume¹</u>
Automotive	20%	25%
Aerospace	18%	26%
Hydraulic Cylinders	27%	21%

¹ Volume represents organic sales excluding raw material-related selling price impact and currency impact

- Q3 EBIT increased primarily from higher volume partially offset by currency impact, higher raw material costs, and labor inefficiencies

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Furniture, Flooring & Textile Products

Trade Sales:	<u>mln \$'s</u>	<u>% change</u>
3 rd Qtr 2021	\$420	
Organic Sales ¹	—	—%
Acquisitions	1	—%
3 rd Qtr 2022	\$421	—%

¹ Raw material-related price increases 7% offset by lower volume (6%) and currency (1%)

mln \$'s	<u>EBIT</u>	<u>margin</u>	<u>D&A</u>	<u>EBITDA</u>	<u>margin</u>
3 rd Qtr 2021	\$41	9.8%	\$6	\$47	11.2%
Change	(3)		—	(3)	
3 rd Qtr 2022	\$38	9.1%	\$6	\$44	10.4%

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Furniture, Flooring & Textile – Key Points

- Q3 organic sales were flat:
 - Volume was down 6% with declines in Home Furniture, Fabric Converting, and Flooring partially offset by growth in Geo Components and Work Furniture
 - Raw material-related selling price increases added 7%
 - Currency impact decreased sales 1%

- Q3 sales trends:

	<u>Organic Sales</u>	<u>Volume¹</u>
Home Furniture	(20%)	(24%)
Work Furniture	7%	5%
Flooring	5%	(3%)
Textiles	8%	(1%)

¹ Volume represents organic sales excluding raw material-related selling price impact and currency impact

- Q3 EBIT decreased primarily from lower volume partially offset by pricing discipline

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Webcast replay is available at
www.leggett.com

FOR ADDITIONAL INFORMATION

Ticker: LEG (NYSE)
 Website: www.leggett.com
 Email: invest@leggett.com
 Phone: (417) 358-8131

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

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

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Non-GAAP Adjustments

(\$ millions, except EPS)	Q3-22	Q3-21	YTD 2022	YTD 2021
Non-GAAP Adjustments (\$'s)^{1,2}				
Gain on sale of real estate ³				(\$28)
Non-GAAP adjustments (pre-tax \$'s)	—	—	—	(28)
Income tax impact				7
Non-GAAP adjustments (after tax \$'s)	—	—	—	(21)
Diluted shares outstanding				136.8
EPS impact of non-GAAP adjustments	—	—	—	(\$.16)

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

² Calculations impacted by rounding

³ Gain on sale of real estate is included in the following line item on the income statement: YTD 2021: Other Income \$28