S&P Global
Market Intelligence

Leggett & Platt, Incorporated NYSE:LEG

FQ2 2025 Earnings Call Transcripts

Friday, August 1, 2025 12:30 PM GMT

S&P Global Market Intelligence Estimates

	-FQ2 2025-			-FQ3 2025-	-FY 2025-	-FY 2026-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.30	0.30	(3.23 %)	0.32	1.10	NA
Revenue (mm)	1059.80	1058.00	(0.17 %)	1052.77	4154.19	NA

Currency: USD
Consensus as of Jul-15-2025 5:35 AM GMT

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	- EPS NORMALIZED -		
	CONSENSUS	ACTUAL	SURPRISE
FQ3 2024	0.33	0.32	1 (3.03 %)
FQ4 2024	0.20	0.21	2 5.00 %
FQ1 2025	0.22	0.24	3 9.09 %
FQ2 2025	0.30	0.30	4 (3.23 %)

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Call Participants

EXECUTIVES

Benjamin M. Burns
Executive VP & CFO

J. Tyson Hagale
Executive VP & President of Bedding Products

Karl G. Glassman
President, CEO & Chairman

Robert Samuel Smith
EVP, President of the Furniture, Flooring & Textile Products and President of Specialized Products

Steve West
Vice President of Investor Relations

ANALYSTS

Charles Perron-Piché
Goldman Sachs Group, Inc., Research Division

Keith Brian Hughes
Truist Securities, Inc., Research Division

Peter Jacob Keith
Piper Sandler & Co., Research Division

Robert Kenneth Griffin
Raymond James & Associates, Inc., Research Division

Presentation

Operator

Greetings, and welcome to the Leggett & Platt's Second Quarter 2025 Webcast and Earnings Conference Call. [Operator Instructions] As a reminder, this conference is being recorded. It is now my pleasure to introduce your host, Steve West, Vice President of Investor Relations. Thank you. You may begin.

Steve West

Good morning, everyone, and welcome to Leggett & Platt's Second Quarter 2025 Earnings Call.

With me today are Karl Glassman, CEO; Ben Burns, CFO; Tyson Hagale, President of the Bedding Products segment; Sam Smith, President of the Specialized Products and Furniture, Flooring & Textile Products segments; and Cassie Branscum, Vice President of Financial Planning and Analysis.

This conference call is being recorded for Leggett & Platt and is copyrighted material. This call may not be transcribed, recorded or broadcast without our express permission. A replay will be available on the Investor Relations section of our website.

Yesterday, we posted our press release and a set of slides that contain summary financial information along with segment details, a tariff overview and a restructuring update. Those documents supplement the information we will discuss this morning, including non-GAAP reconciliations. Remarks concerning future expectations, events, objectives, strategies, trends or results constitute forward-looking statements. Actual results or events may differ materially due to a number of risks and uncertainties, and the company undertakes no obligation to update or revise these statements.

For a summary of these risk factors and additional information, please refer to yesterday's press release and the sections in our most recent 10-K and subsequent 10-Q entitled Risk Factors and Forward-Looking Statements.

I will now turn the call over to Karl.

Karl G. Glassman
President, CEO & Chairman

Thank you, Steve, and good morning, everyone. I would like to start by introducing Steve West, who recently joined us as our new Vice President of Investor Relations. Steve brings more than 20 years of experience as both a sell-side equity analyst and a corporate IR leader at multiple companies in the consumer discretionary sector, including Panera Bread Company and DICK's Sporting Goods. We're excited to have him on board, and I know he is looking forward to engaging with all of you.

I would also like to announce that Cassie Branscum was promoted to a new senior leadership role as Vice President of our Financial Planning and Analysis Group. With this new focus, Cassie will continue to collaborate closely with Investor Relations while also playing a critical role in the formation and execution of our financial strategy. This appointment reflects her strong cross-functional expertise, strategic insight and continued dedication to advancing our financial goals.

Turning to our second quarter results. I am pleased we grew our earnings versus last year and continue to strengthen our balance sheet and cash flow generation. Our team has done a terrific job driving these results through the execution of our restructuring plan and disciplined cost management as well as making progress on our priorities of improving operational execution and paying down debt.

In Bedding, activities related to our announced restructuring plan are now largely complete. In Flooring Products, we made steady progress on Phase 2 of our consolidation efforts. In Hydraulic Cylinders, we continued implementation of manufacturing efficiency improvements. We expect company-wide restructuring activity to be substantially complete by year-end. We are also continuing to make progress on our strategic business review and optimization efforts. At the end of May, we sold a small operation in Work Furniture in Mexico, which enables the team to focus on larger core operations.

We also remain on track to close the Aerospace transaction this year after the required regulatory approvals. As we execute our strategic priorities, we continue to navigate a very dynamic tariff landscape with discipline and agility across our businesses.
Given the prominence of tariffs in the market today, let me provide an overview of how they are affecting our businesses. As a reminder, prior to the recently implemented tariffs, our U.S. businesses sourced approximately $400 million annually from trade and intercompany suppliers located in foreign countries, including approximately $100 million from China.

While tariff impacts vary across our businesses, in aggregate, given what we know today, the recent tariff changes are a net positive for us. However, we remain concerned that wide-ranging tariffs will drive inflation, hurt consumer confidence and pressure consumer demand. We continue to be actively engaged with customers and suppliers, taking steps to mitigate tariff impacts, whether by leveraging our global footprint to shift production and sourcing to less impacted regions or implementing pricing actions where appropriate. We're also pursuing increased demand opportunities domestically as a result of increased tariffs.

Although reciprocal tariffs have the potential to support U.S. mattress demand by creating a more level playing field between domestic and foreign producers, enforcement remains a key unknown. Historically, duties led to transshipment of mattresses to avoid higher rates, but recent comments by the administration appear to contemplate duties for those activities. This will be an important consideration for actual impact of reciprocal tariffs.

Within our Bedding segment, 232 steel tariffs have led to expanded metal margins and increased demand for our steel rod and rod and wire operations, but we have not yet seen a noticeable improvement in our innerspring demand. In contrast, our domestic adjustable bed business continues to face significant tariff exposure. However, our Mexican adjustable bed operation is a strategic asset that should continue to be cost competitive, assuming the reciprocal tariff exemption of USMCA compliant products remains in place.

Within Specialized Products, our Automotive business continues to have the largest potential indirect tariff exposure. The implementation of the auto parts tariffs has not directly impacted us, but could cause lower demand with our Tier 1 and OEM customers if consumer affordability becomes an issue. They will need to reduce production. Additionally, there is emerging disruption risk of the critical rare earth minerals supply chain which feeds into Chinese sourced magnets used in semiconductors and electronics and vehicles. While this has impacted some of our customers, it has had minimal impact on us to date.

In Furniture, Flooring & Textile Products, tariffs impact our businesses to varying degrees. In Home Furniture, we experienced meaningful disruptions early in the second quarter. Our Chinese operations faced shipment delays, order cancellations and customer shutdowns, which began to normalize later in the quarter with the postponement of the tariffs. We are making progress on setting up production within another low-cost country that will help mitigate our tariff exposure and anticipate beginning production later this year.

Within our Work Furniture business, our teams are pursuing new opportunities with customers who are looking for regionally supplied finished furniture and components. Finally, our Textiles business continues to mitigate most tariff exposure by shifting to alternative sources in countries with lower tariffs. Our other businesses, including Aerospace, have minimal impact from various tariffs in effect today.

We're consistently executing against our priorities of strengthening the balance sheet, enhancing profitability and driving operational efficiency, while positioning the company for long-term growth. This focus has enabled us to deliver improved margins and reduce our debt despite softness in many of our end markets and reinforces our confidence in navigating ongoing macroeconomic and trade-related uncertainties.

I'll now turn the call over to Ben.

Benjamin M. Burns
Executive VP & CFO

Thank you, Karl, and good morning, everyone. Second quarter sales were $1.1 billion, down 6% versus second quarter of 2024, resulting from continued soft demand in residential end markets, Automotive and Hydraulic Cylinders as well as restructuring-related sales attrition. These declines were partially offset by strength in trade wire and rod sales, Textiles, Work Furniture and Aerospace.

Looking at sales by segment, Bedding Products sales decreased 11% compared to the second quarter of last year. Additionally, Specialized Products declined 5% and Furniture, Flooring & Textile Products sales were down 2%. Digging deeper into Bedding Products, strong trade rod and wire sales were offset by weakness in mattresses and adjustable bases. Innerspring volume was in line with domestic mattress production, which we believe was down mid- to high single digits, but sales weakness at a certain customer and retailer merchandising changes contributed to year-over-year volume declines in specialty foam and adjustable bed. We expect these merchandising changes will remain as headwinds through the remainder of the year.

U.S. mattress industry production improved sequentially versus the first quarter. While we are encouraged to see the sequential improvement as the industry continues to look for a positive inflection to the multiyear downturn, second quarter volume remained soft outside of key promotional periods. We estimate total mattress consumption was down low single digits year-over-year. Mattress market volume is still expected to modestly improve on a sequential basis in the second half, resulting in full year volume down mid-single digits and domestic production down high single digits.

Within our Specialized Products segment, Aerospace growth of 6% year-over-year was more than offset by sales declines in Automotive and Hydraulic Cylinders. While Automotive sales declined year-over-year, given the challenging industry backdrop compounded by the dynamic tariff environment, we are pleased with our team's efforts to manage our pricing and closely control manufacturing costs.

And finally, within our Furniture, Flooring & Textile Products segment, Work Furniture and Textiles showed positive sales growth versus the second quarter of last year, which was more than offset by year-over-year declines in home furniture and flooring products. We expect demand strength in civil construction to continue to support our Geo Components business as we move through the third quarter on normal positive seasonality. However, aggressive competitive discounting, particularly in Flooring and Textiles, has led to pricing adjustments, which began late last year, and we expect to continue through the rest of the year.

Second quarter EBIT was $90 million and adjusted EBIT was $76 million, up $4 million versus second quarter 2024 adjusted EBIT, primarily due to metal margin expansion, restructuring benefit and disciplined cost management, partially offset by lower volume. Second quarter earnings per share were $0.38. On an adjusted basis, second quarter EPS was $0.30, a 3% increase from second quarter 2024 adjusted EPS of $0.29.

Second quarter operating cash flow was $84 million, a decrease of $10 million versus second quarter 2024. This decrease was primarily driven by less benefit from working capital and noncash earnings items. We ended the quarter with adjusted working capital as a percentage of annualized sales of 14.7%, a decrease of 20 basis points versus second quarter 2024.

Moving to the balance sheet. We reduced total debt by $143 million in the second quarter to $1.8 billion, which includes $297 million of commercial paper outstanding. At June 30, total liquidity was $878 million, comprised of $369 million of cash on hand and $509 million in capacity remaining under our revolving credit facility. This led to a decrease in our net debt to trailing 12-month adjusted EBITDA to 3.5x. As a reminder, our credit facility covenant calculation is more favorable than our publicly stated leverage ratio.

And I'm pleased to say last week, with the endorsement of our strong and supportive bank group, we amended our revolving credit facility agreement. The amended agreement provides for a borrowing capacity of $1 billion, down from $1.2 billion. We believe the credit facility is appropriately sized to meet our liquidity needs and allows us to optimize borrowing costs. We will continue to use the facility as a backup to our commercial paper program. The financial covenant requires net debt to trailing 12-month adjusted EBITDA to be at or below 3.5x. The facility now matures in July 2030.

We expect to fully repay our commercial paper balance later this year using a combination of after-tax proceeds from the Aerospace divestiture, which are expected to be approximately $240 million and cash generated by operations. In the near term, we plan to continue to use most of our excess cash flow to reduce net debt, while also considering other uses such as small strategic acquisitions and opportunistic share repurchases. Longer term, our priorities for use of cash remain consistent, investing in organic growth, strategic acquisitions and returning cash to shareholders through dividends and share repurchases.

Moving to our restructuring update. We now expect restructuring costs of $15 million to $25 million in 2025, down from our prior estimate of $30 million to $40 million. Total restructuring costs are now projected at $65 million to $75 million, also down from our prior estimate of $80 million to $90 million, all to be incurred by year-end 2025. This reduction is due largely to our decision to retain a small number of facilities that were previously identified for closure. We anticipate $35 million to $40 million in incremental EBIT benefits this year with an additional $5 million to $10 million in 2026, bringing the total annualized benefit to $60 million to $70 million.

We also expect $45 million in related sales attrition in 2025 and $5 million in 2026, with total attrition now estimated at $65 million versus our prior expectation of $80 million. And we now estimate real estate proceeds associated with our restructuring to be $70 million to $80 million versus our prior estimate of $60 million to $80 million. To date, we have realized approximately $40 million of proceeds and expect up to $10 million in the second half of 2025 with the remainder in 2026.

And finally, as announced yesterday, we maintained our full year 2025 sales and adjusted EPS guidance including sales in the range of $4.0 billion to $4.3 billion or down 2% to 9% versus 2024. Earnings per share is now $0.88 to $1.17 versus $0.85 to $1.26 previously. Our GAAP EPS includes approximately $0.08 to $0.13 per share of negative impact from restructuring costs, $0.11 per share of fourth quarter impact from a noncash settlement charge related to the termination of a pension plan and $0.12 to $0.16 per share gain from sales of real estate.

Adjusted earnings per share is still expected to be $1 to $1.20. The midpoint reflects metal margin expansion and restructuring benefit, partially offset by lower volume. Adjusted EBIT margin range is expected to be between 6.5% and 6.9%, and cash from operations remains at $275 million to $325 million.

With that, I'll turn the call back over to Karl for his closing remarks.

Karl G. Glassman
President, CEO & Chairman

Thank you, Ben. As we near completion of our restructuring plan, which is strengthening our profitability and balance sheet, the question I often get is, what's next? I'm proud of what this company has achieved in a short amount of time. It hasn't been easy, and the tariff volatility has only added to that challenge. As you all know, it's hard to predict the future. That said, when the consumer reengages, I am extremely confident this company is in a position of strength to leverage all the hard work that has been done. We are more efficient, more agile and more financially sound.

We are well positioned for long-term profit and cash flow growth, and we are ready to take advantage of our strengthened position. As we continue to deleverage, we will utilize our cash to reinvest in organic growth. We will also look for strategic acquisitions and evaluate the merits of returning cash to shareholders by reengaging our existing share repurchase program. I would like to thank all of our shareholders who have supported us on this journey and our employees for all their hard work and dedication to this great company.
Operator, we're now ready to begin Q&A.

Question and Answer

Operator

[Operator Instructions] The first question is from Bobby Griffin from Raymond James.

Robert Kenneth Griffin
Raymond James & Associates, Inc., Research Division

Steve, official welcome to the IR function there at Leggett. Look forward to working with you. I'll probably give you a few days before I start doing the line-by-line modeling questions quite yet but good to meet you over the phone.

Karl, I guess to start, I wanted to kind of maybe zero in on the Bedding business. You guys, I think, called out a consumption number that you kind of estimate for the quarter. If there's a way you can connect that consumption to your U.S. volume number and kind of what was the difference there? I understand there's some sales attrition from the restructuring, but just anything there to help us kind of connect the 2 figures would be helpful to start.

Karl G. Glassman
President, CEO & Chairman

Bobby, thanks for the question. It is complicated because there's moving parts between the U.S. innerspring side of things and specialty foam and aggregating it through and rolling it up to a segment. But Tyson, if you don't mind, would you try to unwind all of that.

J. Tyson Hagale
Executive VP & President of Bedding Products

Sure thing. Let me start with U.S. Spring. That's probably actually the easiest to compare to the U.S. market, U.S. domestic production market. So if you think about U.S. Spring, we showed year-over-year volume down 9%. And like we've talked about for quite a few quarters in a row, that's impacted negatively by grid volume. But if you get to mattress cores, it was down a little bit less than that, but also about 1/3 of that 9% related to sales attrition to our restructuring, specifically our Mexican spring operation.

So really, U.S. Spring that's going into mattress cores down mid-single digits. So pretty comparable to what we think the domestic market was actually probably more at the higher end of that estimate. Then when you get to our specialty foam and adjustable bed business, they were impacted by some pretty specific factors: one, a common customer that we share to both, that's had some sales challenges and it's a large customer for both of those businesses.

And then also another common customer at retail, where we've had some challenges in adjustable bed with the promotional base that we source and distribute from Asia, just some inventory work downs and a change -- at least from our observation, a change in the way that product is being promoted. And then also specifically there at our specialty foam business where we have a private label finished mattress that we sell that's being converted to an internal production. So it probably trades off over the mid- to long term into a component opportunity for us, but it's a trade down for finished mattresses and specialty foam.

Karl G. Glassman
President, CEO & Chairman

Yes. And Bobby, I think it's important what Tyson said. When we look at it strictly from a U.S. Spring standpoint, it may look like we're losing share. We are not losing share. It's the melt off of the Mexican business, which was a good decision for us to get out of that operation was relatively small. But if anything, I think we're starting to regain share.

Robert Kenneth Griffin
Raymond James & Associates, Inc., Research Division

Very good. That's helpful. And that's good to hear on the starting to regain share part. Maybe can we switch over to the metal margin. It looks like that is a bright spot here. I think it was called out in the EBIT bridge. Just curious, are you seeing that accelerate today? And is that -- is there a way to dive in -- is that starting to show the benefit of some of the tariffs against the rod, the imported rod? Or are we still kind of just at probably what the metal margin was doing before this tariff impact starts to show up and that potential expansion is still to come?

Karl G. Glassman

President, CEO & Chairman

I think it's expanding sequentially. It's expanding year-on-year now. It's expanding as we enter the third quarter. It is being impacted by the 232 tariffs, and I don't want anybody to think that the metal margins is usurious in any way. It's finally back to a point where it makes sense for the U.S. steel manufacturers, and Bobby, we think that the metal margin expansion is sustainable. That as the administration has talked about tariffs, obviously, a lot this week, that the one thing that seems to be sacred is the 232 steel, aluminum related tariffs. So we would expect for the duration of the current administration that the U.S. steel industry for defense purposes will continue to be protected.

Robert Kenneth Griffin
Raymond James & Associates, Inc., Research Division

Very good. And I guess lastly for me, Karl. Just -- I think in the prepared remarks, it was referenced keeping a few facilities that maybe were up for sale or divestiture in the original restructuring plan. So just any further detail on what might have changed? Is it demand coming back a little better or just customer demographics? Or what might have changed in that decision-making?

Karl G. Glassman
President, CEO & Chairman

Yes, there was -- they were small. There was one in the Bedding side of things and one in Hydraulics. As we continue to evaluate customer relationships that we need to continue to lean into those geographies.

J. Tyson Hagale
Executive VP & President of Bedding Products

Yes, Karl, I guess I'll throw out just from Bedding, which is the largest part of this. We're just looking at the landscape and all the changes that are happening in the market and things are moving in a pretty dynamic way. And looking at our plan and then how we think about the longer term and balancing out the risk and opportunities that we have, we felt like they were the right decisions. So it's just really updating our thinking on where we saw the market and our opportunities and risks, and it made sense for us to make some adjustments.

Karl G. Glassman
President, CEO & Chairman

Yes. It's just indicative that the market is ever changing, Bobby. The restructuring plan was developed in the fourth quarter of 2023, the business changes.

Operator

The next question is from Susan Maklari from Goldman Sachs.

Charles Perron-Piché
Goldman Sachs Group, Inc., Research Division

This is Charles Perron on for Susan. First, I want to talk about what you're seeing on the health of the consumer. What are you hearing from your key customers as the macro uncertainty remains elevated? And how does this inform your expectations for volume and demand through the second half across your businesses?

Karl G. Glassman
President, CEO & Chairman

Yes, trying to do an assessment of the health of the consumers is a challenge. If we look at our residential businesses, so specifically Bedding and Furniture and to some degree, the Flooring side of things, that what we saw was as business exited the first quarter, things were relatively soft. We had a tough April. We had just passed through Liberation Day, and there was uncertainty from a demand perspective, the consumer didn't know what tariff impacts would have, and they really effectively stopped purchasing.

And then as we -- so April was very soft. As we moved through the second quarter, we started to see a little bit of uptick, probably steeped in consumer confidence. And maybe fears of longer-term tariff impacts around the Memorial Day holiday. So Memorial Day was pretty strong. I think it's important to note that holidays are strong, but there's troughs behind holidays that people don't always capture. And then as we moved into the 4th of July selling holiday, it was promotional and the consumer was out and about, and it was relatively good. So as we exited second quarter, we're certainly more optimistic going into the third quarter than we were than -- when we exited the first quarter.

But we don't know -- as you saw, the consumer confidence statistics stepped up a little bit. At the end of the day, it's going to depend on the inflationary impacts that are driven by tariffs. The consumer hasn't seen them yet. They've seen actually input cost break on energy recently. So we'll see. But overall, we think it's helpful that -- the health of the consumer is more positive today than it was 3 months ago for sure.

Charles Perron-Piché
Goldman Sachs Group, Inc., Research Division

Got it. That makes a lot of sense. Second, I just want to touch on the price cost dynamics you see across the different segments. Obviously, you've talked a lot about the impact of tariffs and how you're mitigating those impacts through sourcing strategies. But how do you approach the decision to implement pricing to offset some of those and protect your price cost relationship across segments?

Karl G. Glassman
President, CEO & Chairman

On purchased product, we're working with the suppliers, trying to get them to absorb as much of that tariff exposure as possible. When that doesn't work, we're passing through that pricing. We do not believe in any way that tariffs will be negative, actually counter to that tariffs, as we said in the prepared remarks, should be positive to us in total, but it varies by each one of our business units. But I don't want anybody to think that we don't have pricing power as it relates to tariff impact. Our customers understand that pass-through, and we're very active in engaging in those conversations.

Charles Perron-Piché
Goldman Sachs Group, Inc., Research Division

Got it. That's good color. And maybe lastly, maybe for Ben. I appreciate all the color you provided in your prepared remarks, but can you help us walking through the guide by segment and your expectations for operating margin specifically?

Benjamin M. Burns
Executive VP & CFO

Yes. Sure thing, Charles. I'll kind of hit the sales volume and margins for you by segment. So first, in Bedding, we'd expect the midpoint sales to be down low double digits with volume down mid-teens. But our margins, we would expect to be up 150 basis points. On the Specialized side, we'd expect sales and volumes to both be down mid-single digits and our margins to be up about 100 basis points. And then in Furniture, Flooring & Textiles, we would expect sales and volume to be down low single digits and margins to be down about 100 basis points.

Operator

The next question is from Peter Keith from Piper Sandler.

Peter Jacob Keith
Piper Sandler & Co., Research Division

I want to kick it off with Bedding. There's kind of a lot of numbers thrown around in terms of your depiction of the quarter, whether it's the total industry versus U.S. production. So I guess two questions are, do you think the bedding industry got better in Q2 as a whole? And it sounds, Karl, like looking forward, you're a little more optimistic on the consumer, but the Bedding guidance is coming down on a volume basis. Is that reduction from the customer change that you're -- you've been referencing?

Karl G. Glassman
President, CEO & Chairman

Yes. Short answer is yes, that -- we think that the bedding demand certainly was stronger in 2Q than it was in 1Q. And our guide is based on those adjustments. But Tyson, anything that...

J. Tyson Hagale
Executive VP & President of Bedding Products

Sure. Peter, agree with Karl. Second quarter was definitely better than the first. The first quarter was very challenged, and we talked a lot about that in our last call with the tariff uncertainty and coming off a better end to 2024. But at least kind of walking you through the quarter. In April, it was still pretty weak. Momentum wasn't great exiting the first quarter. We saw that in the early part of April. But we did start to see the market improve towards the end of April and definitely going through May, leading up to Memorial Day and did hear it from a lot of our customers, they felt better about Memorial Day and the promotion than we had from some prior holiday periods, especially President's Day.

And then the follow-through post-Memorial Day was still improved from definitely what we saw in the first quarter. So felt more positive about the market for sure in the second quarter, but we do expect additional headwinds like Karl mentioned in the back half of the year in adjustable bed and specialty foams from the factors you mentioned. But general mattress consumption, similar in the third quarter, probably to what we saw in the second quarter and then the seasonal slowdown in the fourth quarter, but also has improved from what we saw in the first quarter.

Peter Jacob Keith
Piper Sandler & Co., Research Division

Okay. That's very helpful. And Karl, you were talking about mattress imports and how tariffs could help slow that. I think we've all been wanting to see import activity slow for a number of years. And I do agree that the enforcement is the key. Could you maybe expand on what you're seeing? I think you're referencing duties and there's tariffs kind of mixed in. I was getting a little bit confused. So maybe you could unpack if you think import flow is going to come down or kind of hold steady?

Karl G. Glassman
President, CEO & Chairman

Peter, we are really optimistic as regards the impact that the recently announced, as recently as last night, tariffs may have on the finished mattress imports. So think of it this way, that of the mattresses that are imported into the U.S. in recent months, greater than 50% of them have come from Indonesia. There is not an antidumping tariff or duty on Indonesia at this point. So if the Indonesians have to pay now a 19% duty, and as you know, Indonesia, Malaysia, Vietnam, are all in that 19% to 20% range. South Korea at 15% and Laos at 40%. All significant exporters of product into the United States.

What's most important to us though is, I don't believe, and I'll say I on this one that very many of those mattresses are produced in those countries. They are Chinese produced. They are transshipped, and the administration's focus on transshipment even in the executive order of last night, this proposed 40% penalty for transshipment. If the administration has the ability through customs or commerce to really control that process, the fact that they're focusing on it and they are, let's call it, threatening those countries to stop that facilitation is really important.

J. Tyson Hagale
Executive VP & President of Bedding Products

And Karl, I'll throw in one other thing that I think is also -- could be really helpful, but the change in the exemption on de minimis shipments into the U.S. It's sort of a black hole. It's hard to track even how many mattresses might have been coming in underneath that threshold. But certainly, there were a lot. And I think that change is also a potentially beneficial update for -- to the U.S. market.

Karl G. Glassman
President, CEO & Chairman

And Peter, to go down one more rabbit hole with you. I can't help myself, I apologize. We believe that about 75% of the mattresses through our own testing that have come into this country do not meet the U.S. flammability laws. And there has been increased rigor by the CPSC to enforce those regulations as well. So not only are these products being transshipped and dumped, they're not meeting the U.S. flammability regulations. And the CPSC has become more aggressive in administration. So all we want -- all the U.S. manufacturing industry wants is a level playing field. And we may be starting to see that in the not-too-distant future.

Peter Jacob Keith
Piper Sandler & Co., Research Division

Okay. That's very detailed and encouraging. Maybe I'll address my last question to Ben. Within the model, the SG&A leverage in the quarter was notable. It's the first time you've levered SG&A in several years. The SG&A stepped down from Q1. Anything to call out there in terms of changes that you might be able to hold this lower level for a while?

Benjamin M. Burns
Executive VP & CFO

Yes, Peter, thanks for the question. So you might recall, late last year, we talked about some G&A reductions that we've made as part of our overall restructuring plan. So what you're starting to see is that flow through. And so yes, we feel really good about that continuing to hold, and as we move through the year, I would expect that to be consistent and maybe even expand a little bit as we go forward.

Operator

The next question is from Keith Hughes from Truist Securities.

Keith Brian Hughes
Truist Securities, Inc., Research Division

My question is in the Home Furniture. Since you're restructuring a couple of years ago, they have been performing better than Bedding cousins. It took a little bit of a step down in the second quarter. Could you talk more of what's going on and what you're kind of expecting in the next 6 months or so?

Karl G. Glassman
President, CEO & Chairman

Yes. Thanks for bringing that up, Keith. Sam, why don't you dive into it?

Robert Samuel Smith
EVP, President of the Furniture, Flooring & Textile Products and President of Specialized Products

Yes. Thanks, Keith, for the question. So when -- you're right, our volume was up pretty significantly in Q2. And when we look at Home Furniture business, there is an absolute bifurcation in that business right now. Our customers who are making higher price point furniture, their business is pretty decent. Their attitudes and outlooks are pretty solid. And our business with those guys, both in the U.S. and in Europe, is really solid as well. So that part of the business looks good.

Now when you start moving down the price point, the market starts looking a lot differently. And I'll just share a few factors that really impacted our volume in Q2. So for our large U.S. kind of bellwether mid-price point customers, this year, just year-over-year, they were simply making less volume. And so that was impactful to us. Just the drop in volume impacted us. And if you take another step down in price point, and we go back to the April tariffs that we talked about, when those tariffs came out on Southeast Asia and China on April 2, it was as if somebody turned the switch from one day to the next.

Business just ground to a halt in Asia. And we've got a sizable operation in China. That services primarily Asian customers with a little bit of export to the U.S. And when that -- those tariffs went into place, our U.S. customers who buy from China also tapped the brakes. And what we were hearing specifically from our Asian customers was that U.S. retailers were telling them, we're not going to pay 40%, 50-plus percent tariffs because we have plenty of inventory to try to last this thing out and see what happens.

So over the course of a week or so, Southeast Asia, Vietnam, particularly, the tariffs dropped from 46% to 10%. Manufacturers in Southeast Asia started ramping back up. Our Chinese customers who have operations in Southeast Asia started moving more production out of China down to Southeast Asia. And business started to get back to normal. But as we went through the quarter and got into late May and into June, when that 90-day pause was looking like it was going to be over, some of those retailers said, "Hey, let's pause shipments again, because we don't want to get stuck with goods on the water, and then we have to pay a 46% tariff out on Vietnam."

So it's really kind of start and stop with our Asian operations throughout the quarter. Things seem to be in a better place now that we changed the trade policy with Vietnam and those Southeast Asian countries, at least we know what the playing field looks like. So we anticipate that to continue to improve as we move through the back half of the year.

Keith Brian Hughes
Truist Securities, Inc., Research Division

Okay. Well, that's really complicated.

Robert Samuel Smith
EVP, President of the Furniture, Flooring & Textile Products and President of Specialized Products

It's super complicated. Yes.

Operator
This concludes the question-and-answer session and today's teleconference. You may all disconnect your lines at this time. Thank you for your participation.