

# **Appendix**

## **Non-GAAP Adjustments**

## Reconciliation of Reported (GAAP) to Adjusted (non-GAAP) Financial Measures

(Dollar amounts in millions, except per share data)

	2005	2006	2007 <sup>1</sup>	2008 <sup>2</sup>	2009 <sup>3</sup>	2010	2011 <sup>4</sup>	2012 <sup>5</sup>	2013 <sup>6</sup>	2014 <sup>7</sup>	2015 <sup>8</sup>	2016 <sup>9</sup>	2017 <sup>10</sup>	2018 <sup>11</sup>	2019 <sup>12</sup>	
<b>Non-GAAP adjustments, Continuing Operations</b>																
Gain/loss from sale of real est and/or businesses	\$ -	\$ (4)	\$ (9)	\$ (13)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (27)	\$ (20)	\$ -	\$ -	
Unusual worker's compensation charges	21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Discontinued ops overhead	-	12	12	-	-	-	-	-	-	-	-	-	-	-	-	
Unusual bad debt expense	-	-	-	7	8	-	-	-	-	-	-	-	-	-	-	
Note write-off from divested business	-	-	-	-	11	-	-	-	-	-	-	-	-	-	-	
Benefit from litigation settlement proceeds	-	-	-	-	-	-	-	-	-	-	-	(7)	-	-	-	
Impairment charges	-	-	145	10	-	-	-	-	67	-	6	4	5	-	-	
Pension settlement charge	-	-	-	-	-	-	-	-	-	-	12	-	15	-	-	
Litigation accrual	-	-	-	-	-	-	-	-	-	54	6	-	-	-	-	
Acquisition-related bargain purchase gain	-	-	-	-	-	-	-	-	(9)	-	-	-	-	-	-	
Note impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	16	-	
Acquisition-related transaction costs	-	-	-	-	-	-	-	-	-	-	-	-	-	7	1	
Restructuring-related charges	44	18	24	34	-	-	15	-	-	-	-	-	-	16	15	
Stock write-off from prior year divestiture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Non-GAAP adjustments, pre-tax</b>	<b>65</b>	<b>26</b>	<b>172</b>	<b>38</b>	<b>19</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>58</b>	<b>54</b>	<b>23</b>	<b>(30)</b>	<b>(0)</b>	<b>39</b>	<b>16</b>	
Income tax impact	(22)	(8)	(28)	(14)	(6)	-	(5)	-	(21)	(21)	(9)	12	(0)	(7)	(2)	
Special tax items	(10)	(11)	13	(1)	6	-	-	(27)	-	-	-	-	43	(2)	-	
<b>Non-GAAP adjustments, after tax</b>	<b>\$ 33</b>	<b>\$ 7</b>	<b>\$ 157</b>	<b>\$ 23</b>	<b>\$ 19</b>	<b>\$ -</b>	<b>\$ 10</b>	<b>\$ (27)</b>	<b>\$ 37</b>	<b>\$ 33</b>	<b>\$ 15</b>	<b>\$ (18)</b>	<b>\$ 42</b>	<b>\$ 30</b>	<b>\$ 14</b>	

Diluted shares outstanding

193.6 186.8 179.8 168.2 160.0 153.3 147.0 146.0 147.2 143.2 142.9 140.0 137.3 135.4

**EPS impact of non-GAAP adjustments**

**\$ 0.17** **\$ 0.04** **\$ 0.87** **\$ 0.14** **\$ 0.12** **\$ -** **\$ 0.07** **\$ (0.18)** **\$ 0.25** **\$ 0.23** **\$ 0.09** **\$ (0.13)** **\$ 0.32** **\$ 0.22** **\$ 0.10**

<sup>1</sup> 2007 adjustments were primarily in 4Q.

<sup>2</sup> 2008 adjustments were primarily in 4Q.

<sup>5</sup> 2009 adjustments: Bad debt expense was in 1Q, write-down of divestiture note was in 2Q, and unusual tax items were in 4Q.

<sup>4</sup> 2011 adjustments were in 4Q.

<sup>5</sup> 2012 adjustments were in 4Q.

<sup>6</sup> 2013 adjustments: Impairment charge was in Specialized Products - 4Q; acq-related purch gain was below segments - 3Q.

<sup>7</sup> 2014 adjustments: Litigation accrual was in Residential Products - \$32m in 3Q and \$22m in 4Q.

<sup>8</sup> 2015 adjustments: Litigation accrual was in Furniture, Flooring & Textile Products - \$2m in 2Q and \$4m in 4Q;

Impairment charge was in Bedding Products - 1Q; and pension buyout was below segments - 4Q.

<sup>9</sup> 2016 adjustments: Divestiture gains of \$11m in Specialized Products - 2Q and \$16m in Bedding Products - 4Q;

Impairment charge in Specialized Products - 2Q; and litigation settlement gain in Furniture, Flooring & Textile Products - 2Q.

<sup>10</sup> 2017 adjustments: Divestiture loss of \$3m in Specialized Products - 3Q and real estate gain of \$23m in Specialized Products - 4Q; Impairment charge in Bedding Products - 3Q;

Divestiture tax benefit in Specialized Products of \$6m in 3Q and \$2m in 4Q; pension settlement charge was below segments - 4Q and Tax Cuts and Jobs Act impact of \$50m - 4Q.

<sup>11</sup> 2018 adjustments: Note impairment and acquisition-related transaction costs (\$4m in SG&A & \$3m in interest expense) in Bedding Products - 4Q;

Restructuring-related charges of \$9m in Furniture, Flooring & Textile Products and \$7m in Bedding Products - 4Q; Tax Cuts and Jobs Act benefit of \$2m - 3Q.

<sup>12</sup> 2019 adjustments: Acquisition-related transaction costs of \$1m in Bedding Products - 1Q; Restructuring-related charges in Bedding Products - \$5m in 1Q, (\$1m) in 2Q, \$3m in 3Q and \$2m in 4Q;

Restructuring-related charges in Furniture, Flooring & Textile Products - \$1m in 1Q, \$1m in 2Q, \$1m in 3Q and \$3m in 4Q.

<sup>13</sup> 2020 adjustments: Impairment charge was in Specialized Products - \$25m in 2Q; Impairment related to a note receivable of \$8m in Bedding Products - 1Q;

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

(\$ millions, except EPS)	2015	2016	2017	2018	2019	2020	2021e <sup>1</sup>
Net trade sales	\$3,917	\$3,750	\$3,944	\$4,270	\$4,753	\$4,280	\$4,750
EBIT (continuing operations)	\$487	\$522	\$468	\$437	\$513	\$401	\$512
Non-GAAP adjustments, pre-tax	23	(30)	—	36	16	46	—
<b>Adjusted EBIT (cont. operations)</b>	<b>\$510</b>	<b>\$492</b>	<b>\$468</b>	<b>\$473</b>	<b>\$529</b>	<b>\$446</b>	<b>\$512</b>
<b>Adjusted EBIT margin</b>	<b>13.0%</b>	<b>13.1%</b>	<b>11.9%</b>	<b>11.1%</b>	<b>11.1%</b>	<b>10.4%</b>	<b>10.8%</b>
Adjusted EBIT (cont. operations)	\$510	\$492	\$468	\$473	\$529	\$446	\$512
Depreciation & amortization	113	115	126	136	192	189	195
<b>Adjusted EBITDA (cont. operations)</b>	<b>\$623</b>	<b>\$607</b>	<b>\$594</b>	<b>\$609</b>	<b>\$721</b>	<b>\$636</b>	<b>\$707</b>
<b>Adjusted EBITDA margin</b>	<b>15.9%</b>	<b>16.2%</b>	<b>15.1%</b>	<b>14.3%</b>	<b>15.2%</b>	<b>14.9%</b>	<b>14.9%</b>

<sup>1</sup> 2021 estimates are based on mid-point of guidance (issued 2/8/21)

## Reconciliation of Adj Earnings and Adj EPS

(\$ millions, except EPS)	2015	2016	2017	2018	2019	2020	2021e <sup>1</sup>
Earnings (continuing operations)	\$328	\$367	\$294	\$306	\$334	\$248	\$335
Non-GAAP adjustments, after tax	15	(18)	42	30	14	41	—
<b>Adjusted Earnings (cont. operations)</b>	<b>\$343</b>	<b>\$349</b>	<b>\$336</b>	<b>\$336</b>	<b>\$348</b>	<b>\$289</b>	<b>\$335</b>
Diluted EPS (continuing operations)	\$2.27	\$2.62	\$2.14	\$2.26	\$2.47	\$1.82	\$2.45
EPS impact from non-GAAP adjs <sup>1</sup>	.09	(.13)	.32	.22	.10	.31	—
<b>Adjusted EPS (cont. operations)</b>	<b>\$2.36</b>	<b>\$2.49</b>	<b>\$2.46</b>	<b>\$2.48</b>	<b>\$2.57</b>	<b>\$2.13</b>	<b>\$2.45</b>

<sup>1</sup> 2021 estimates are based on mid-point of guidance (issued 2/8/21)

## Calculation of Return on Invested Capital

	2015	2016	2017	2018	2019	2020	2021e <sup>3</sup>
<b>Adjusted EBIT (cont. operations)</b>	<b>\$510</b>	<b>\$492</b>	<b>\$468</b>	<b>\$473</b>	<b>\$529</b>	<b>\$446</b>	<b>\$512</b>
<i>Tax rate</i>	27.7%	23.7%	22.2%	20.7%	22.1%	21.2%	23.0%
<b>Net Operating Profit After Tax (NOPAT)<sup>1</sup></b>	<b>369</b>	<b>375</b>	<b>364</b>	<b>375</b>	<b>412</b>	<b>352</b>	<b>394</b>
Total debt (long-term + current)	\$945	\$960	\$1,252	\$1,169	\$2,118	\$1,900	\$1,849
Operating lease liabilities <sup>2</sup>	-	-	-	-	161	165	165
Equity	1,098	1,094	1,191	1,158	1,313	1,390	1,506
Less: Cash & Cash equivalents	(253)	(282)	(526)	(268)	(248)	(349)	(328)
<b>Invested Capital</b>	<b>\$1,790</b>	<b>\$1,772</b>	<b>\$1,917</b>	<b>\$2,059</b>	<b>\$3,343</b>	<b>\$3,106</b>	<b>\$3,192</b>
<b>Average Invested Capital</b>	<b>\$1,788</b>	<b>\$1,781</b>	<b>\$1,844</b>	<b>\$1,988</b>	<b>\$2,701</b>	<b>\$3,225</b>	<b>\$3,149</b>
<b>Return on Invested Capital (ROIC)</b>	<b>20.6%</b>	<b>21.1%</b>	<b>19.7%</b>	<b>18.9%</b>	<b>15.3%</b>	<b>10.9%</b>	<b>12.5%</b>

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

<sup>2</sup> New lease accounting rules adopted January 1, 2019. Prior year data is not available.

<sup>3</sup> 2021 estimates are based on mid-point of guidance (issued 2/8/21)

## Calculation of Dividend Payout % of Adjusted EPS

	2017	2018	2019	2020
<b>Diluted EPS from cont. operations</b>	<b>\$2.14</b>	<b>\$2.26</b>	<b>\$2.47</b>	<b>\$1.82</b>
EPS impact from non-GAAP adjs	.32	.22	.10	.31
<b>Adjusted EPS from cont. operations</b>	<b>\$2.46</b>	<b>\$2.48</b>	<b>\$2.57</b>	<b>\$2.13</b>
<b>Annual dividend per share</b>	<b>\$1.42</b>	<b>\$1.50</b>	<b>\$1.58</b>	<b>\$1.60</b>
<b>Dividend payout % of diluted EPS from continuing operations</b>	<b>66%</b>	<b>66%</b>	<b>64%</b>	<b>88%</b>
<b>Dividend payout % of adjusted EPS</b>	<b>58%</b>	<b>60%</b>	<b>61%</b>	<b>75%</b>

## 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.