

Second Quarter Summary Financial Information July 30, 2015



Leggett & Platt
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Forward Looking Statements

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2nd Quarter Highlights

\$'s in millions (except EPS)	<u>2Q15</u>	<u>2Q14¹</u>	Change	
			<u>\$'s</u>	<u>%</u>
Sales (cont. ops)	\$997	\$956	41	4%
EBIT (cont. ops)	119	102	17	17%
EBIT margin	12.0%	10.7%		130 bps
Earnings from cont. ops:				
Net earnings	\$77	\$70	7	10%
EPS	.53	.48	.05	10%
Earnings attributable to L&P:				
Net earnings	\$78	\$69 ²	9	13%
EPS	.54	.48 ²	.06	13%
Cash from Operations	\$95	\$103	(8)	(8%)
EBITDA (cont. ops)	146	132	14	11%

¹ 2014 amounts were adjusted to reflect Store Fixtures as discontinued operations.

² 2014 amounts were adjusted to exclude a \$93 million (after tax), or \$.65 per share, goodwill impairment charge in discontinued operations.

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2Q Sales & EBIT Bridge

	<u>mln \$'s</u>	<u>% change</u>
Sales (cont. ops):		
2 nd Qtr 2014 ¹	\$956	
Approx volume gains	38	4%
Approx raw material-related pricing and currency translation impact	<u>(45)</u>	<u>(5%)</u>
Same location sales	<u>(7)</u>	<u>(1%)</u>
Acquisitions	<u>48</u>	<u>5%</u>
2 nd Qtr 2015	\$997	4%
EBIT (cont. ops):		<u>margin</u>
2 nd Qtr 2014 ¹	\$102	10.7%
Other, primarily higher unit volume and pricing discipline	<u>17</u>	
2 nd Qtr 2015	\$119	12.0%

¹ 2014 amounts were adjusted to reflect Store Fixtures as discontinued operations.

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Non-Operating & Taxes

\$'s in millions	2Q15	2Q14 ¹	Change	
			\$'s	%
EBIT (cont. ops)	\$119	\$102	17	17%
Net interest	10	9	1	
Pre-tax earnings (cont. ops)	109	93	16	17%
Income taxes	32	23	9	
<i>Tax rate</i>	30%	25%		
Earnings from cont. ops	77	70	7	10%
Earnings from discontinued ops	2	- ²	2	
Net earnings	79	70 ²	9	13%
Non-controlling interests	(1)	(1)	-	
Net earnings attributable to L&P	78	69 ²	9	13%

¹ 2014 amounts were adjusted to reflect Store Fixtures as discontinued operations.

² 2014 amounts were adjusted to exclude a \$93 million (after tax) goodwill impairment charge in discontinued operations.

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Adjusted Working Capital

\$'s in millions	6/30	3/31	6/30
	2015	2015	2014
Cash & equivalents	\$275	\$262	\$304
Accounts receivable, net	550	532	604
Inventories, net	511	506	527
Other current assets	100	109	55
Total current assets	<u>1,436</u>	<u>1,409</u>	<u>1,490</u>
Current debt maturities	(202)	(202)	(181)
Accounts payable	(359)	(358)	(377)
Accrued and other current liabilities	(403)	(393)	(307)
Total current liabilities	<u>(964)</u>	<u>(953)</u>	<u>(865)</u>
Working capital	472	456	625
Less Store Fixtures w/c	(5)	(4)	(43)
Continuing ops working capital	<u>467</u>	<u>452</u>	<u>582</u>
Continuing ops working capital, excluding cash & current debt	394	392	459
% of annualized sales	9.9% ¹	10.1% ²	12.0%

¹ Excluding litigation accruals, working capital was 11.6%.

² Excluding litigation accruals, working capital was 12.3%.

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Debt & Equity

	6/30	3/31	6/30
\$'s in millions	2015	2015	2014
Long-term debt	\$832	\$798	\$926
Current maturities	202	202	181
Less: cash	<u>(275)</u>	<u>(262)</u>	<u>(304)</u>
Net debt	759	738	803
Long-term debt	832	798	926
Other long-term liabilities	238	236	190
Shareholders' equity	<u>1,110</u>	<u>1,116</u>	<u>1,262</u>
Total capital	2,180	2,150	2,378
Current maturities	202	202	181
Less: cash	<u>(275)</u>	<u>(262)</u>	<u>(304)</u>
Net capital	2,107	2,090	2,255
<i>Net debt to net capital</i>	<i>36.0%</i>	<i>35.3%</i>	<i>35.6%</i>
Shares outstanding (end of period)	136.8m	137.8m	137.2m

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Cash Flow

	2nd Qtr		YTD	
\$'s in millions	2015	2014	2015	2014
Net earnings	\$79	(\$23)	\$151	\$31
D&A	27	30	57	58
Impairment, write-offs & other	4	111	14	115
Other non-cash	7	(12)	21	5
Changes in working capital:				
Accounts receivable	(13)	(40)	(41)	(137)
Inventory	(6)	2	(43)	(25)
Other current assets	(3)	(3)	(3)	(5)
Accounts payable	(4)	24	(9)	42
Other current liabilities	<u>4</u>	<u>14</u>	<u>(20)</u>	<u>(1)</u>
Cash from operations	95	103	127	83
Capital expenditures	30	23	51	38
Acquisitions	(1)	49	11	51
Dividends	43	42	86	84
Share repurchases (issuances), net	54	64	115	109
Proceeds from asset sales	9	1	16	10
Additions (repayments) of debt, net	32	117	63	238

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YTD Highlights

\$'s in millions (except EPS)	2015	2014 ¹	Change	
	<u>YTD</u>	<u>YTD</u>	<u>\$'s</u>	<u>%</u>
Sales (cont. ops)	\$1,964	\$1,832	132	7%
EBIT (cont. ops)	231	188	43	23%
EBIT margin	11.8%	10.3%	150 bps	
Earnings from cont. ops:				
Net earnings	\$150	\$126	24	19%
EPS	1.03	.86	.17	20%
Earnings attributable to L&P:				
Net earnings	\$149	\$122 ²	27	22%
EPS	1.04	.85 ²	.19	22%
Cash from Operations	\$127	\$83	44	53%
EBITDA (cont. ops)	288	246	42	17%

¹ 2014 amounts were adjusted to reflect Store Fixtures as discontinued operations.

² 2014 amounts were adjusted to exclude a \$93 million (after tax), or \$.65 per share, goodwill impairment charge in discontinued operations.

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YTD Sales & EBIT Bridge

Sales (cont. ops):		
YTD 2014 ¹	<u>mln \$'s</u>	<u>% change</u>
	\$1,832	
Approx volume gains	113	6%
Approx raw material-related pricing and currency translation impact	<u>(70)</u>	<u>(4%)</u>
Same location sales	43	2%
Acquisitions	<u>89</u>	<u>5%</u>
YTD 2015	\$1,964	7%
EBIT (cont. ops):		
YTD 2014 ¹	\$188	<u>margin</u> 10.3%
Other, primarily higher unit volume and pricing discipline	<u>43</u>	
YTD 2015	\$231	11.8%

¹ 2014 amounts were adjusted to reflect Store Fixtures as discontinued operations.

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2015 Guidance

- ❑ Continuing Ops EPS of \$2.00-\$2.15
 - Prior range was \$1.95-\$2.10
- ❑ Sales of \$3.95-\$4.10 billion
 - +4% to +8% v. 2014: includes ~5% reduction from raw material-related price decreases and currency impacts
- ❑ Implied EBIT margin of ~11.3%-11.6%
- ❑ Operating cash should exceed \$350 million
- ❑ Cap-ex of approx. \$120 million
- ❑ Tax rate of approx. 29%
- ❑ Diluted share count roughly flat

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Segments

Residential Furnishings

Total Sales:	<u>mln \$'s</u>	<u>% change</u>
2 nd Qtr 2014	\$492	
Acquisitions	35	7%
Same location sales ¹	<u>13</u>	<u>3%</u>
2 nd Qtr 2015	\$540	10%

¹ Higher unit volume (+7%) partially offset by raw material-related price decreases and currency translation impact (-4%).

EBIT:		<u>margin</u>
2 nd Qtr 2014	\$49	10.1%
Other: benefit from higher unit volume largely offset by other factors including increased performance-based compensation expense	<u>2</u>	
2 nd Qtr 2015	\$51	9.5%

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Residential – Key Points

- ❑ 2Q same location sales grew 3%; higher unit volume (+7%) in most product categories was partially offset by raw material-related price decreases and currency translation impact (-4%).
- ❑ Same location sales trends for 2Q (excluding deflation and currency):
 - U.S. Spring component \$'s up 15%
 - Innerspring units up 17%; boxspring units up 7%
 - Comfort Core innerspring units up 71%
 - International Spring \$'s up 6%
 - Furniture group \$'s up 2%
 - Seating and sofa sleepers \$'s up 6%
 - Furniture hardware units (motion upholstery) up 2%
 - Sales also grew in Fabric Converting and Geo Components; volume decreased slightly in Carpet Cushion.
- ❑ EBIT increased slightly in 2Q, but EBIT margin declined, with the benefit from higher unit volume largely offset by other factors including increased performance-based compensation expense.
 - EBIT margin also reflects the impact of higher adjustable bed pass-thru sales and acquired facilities, both of which have lower than segment average margins.

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Commercial Products

Total Sales:	<u>mln \$'s</u>	<u>% change</u>
2 nd Qtr 2014 ¹	\$124	
Acquisitions	13	10%
Same location sales	<u>22</u>	<u>18%</u>
2 nd Qtr 2015	\$159	28%

EBIT:		<u>margin</u>
2 nd Qtr 2014 ¹	\$8	6.1%
Other: primarily higher sales	<u>3</u>	
2 nd Qtr 2015	\$11	6.8%

¹ 2014 amounts were adjusted to reflect Store Fixtures as discontinued operations.

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Commercial – Key Points

- ❑ 2Q same location sales increased 18%, primarily due to strong demand in Adjustable Bed.
 - Adjustable Bed units up 81%
 - Fashion Bed sales \$'s up 12%
 - Work Furniture same location sales \$'s down 5% reflecting currency translation impact, lower volume in our Chinese operation (that we're addressing), and a less favorable product mix.
- ❑ Acquired European private-label Work Furniture business in early March.
 - Strong complement to our North American operation; combined business enables us to support customers' global expansion.
- ❑ EBIT and EBIT margins increased in 2Q due to higher sales.
 - We are rapidly expanding production capacity to support strong demand in Adjustable Bed.

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Industrial Materials

Total Sales:	<u>mln \$'s</u>	<u>% change</u>
2 nd Qtr 2014	\$190	
Acquisitions	-	-%
Same location sales ¹	<u>(18)</u>	<u>(9%)</u>
2 nd Qtr 2015	\$172	(9%)

¹ Sales decline entirely from steel-related price decreases.

EBIT:		<u>margin</u>
2 nd Qtr 2014	\$9	4.7%
Other: primarily cost reductions and pricing discipline	<u>6</u>	
2 nd Qtr 2015	\$15	8.6%

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Industrial – Key Points

- ❑ 2Q sales decreased 9% from steel-related price reductions. Unit volumes were roughly flat with growth in Drawn Wire offset by lower trade sales from the rod mill.
 - Softer steel market and scheduled equipment upgrade at the rod mill resulted in fewer trade shipments (as anticipated) versus 2Q14
- ❑ EBIT and EBIT margins increased during the quarter primarily due to cost reductions and pricing discipline.

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Specialized Products

Total Sales:	<u>mln \$'s</u>	<u>% change</u>
2 nd Qtr 2014	\$242	
Acquisitions	-	-%
Same location sales ¹	<u>1</u>	<u>-%</u>
2 nd Qtr 2015	\$243	-%

¹ Higher unit volume (5%) offset by currency translation impact (-5%).

EBIT:		<u>margin</u>
2 nd Qtr 2014	\$37	15.0%
Other: primarily higher unit volume largely offset by increased performance-based compensation expense and several smaller factors	<u>1</u>	
2 nd Qtr 2015	\$38	15.5%

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Specialized – Key Points

- ❑ 2Q sales were flat with volume gains in Automotive, Aerospace, and Machinery offset by currency translation impact (-5%) and declines in CVP.
- ❑ Sales trends for 2Q, excluding currency:
 - Automotive up 11%
 - Aerospace up 10%
 - Machinery up 13%
 - CVP down 20%; decrease is largely the result of an industry change related to marketing programs for commercial vehicles.
- ❑ 2Q EBIT and EBIT margins increased modestly, with the benefit from higher unit volume largely offset by increased performance-based compensation expense and several smaller factors.

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