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Leggett & Platt, Inc. (LEG)

Q3 2020 Earnings Call

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Keith Hughes
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Robert A. Friedner
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MANAGEMENT DISCUSSION SECTION

Operator: Greetings and welcome to the Leggett & Platt Third Quarter 2020 Conference Call. At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. [Operator Instructions] As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Susan McCoy, Senior Vice President of Investor Relations. Thank you. You may begin.

Susan McCoy
Senior Vice President-Investor Relations, Leggett & Platt, Inc.

Good morning and thank you for taking part in Leggett & Platt's third quarter conference call. We are conducting the call from different locations again this quarter. Please bear with us if you experience minor delays or mixed audio quality. On the call today are Karl Glassman, Chairman and CEO; Mitch Dolloff, President and COO; Jeff Tate, Executive Vice President and CFO; Steve Henderson, EVP and President of the Specialized Products and Furniture, Flooring and Textile Products segments; Cassie Branscum, Senior Director of IR; and Tarah Sherwood, Director of IR.

The agenda for our call this morning is as follows. Karl will start with a summary of the main points we made in yesterday's press release, Mitch will discuss operating results, and Jeff will cover financial details. 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 is available from the IR portion of Leggett's website. We posted to the Investor Relations portion of the website yesterday's press release and a set of

PowerPoint slides that contain summary financial information along with segment details. Those documents supplement the information we discuss on the call including non-GAAP reconciliations.

I need to remind you that remarks today 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'll now turn the call over to Karl.

Karl G. Glassman

Chairman & Chief Executive Officer, Leggett & Platt, Inc.

Good morning and thank you for joining us today. First and foremost, I would like to thank our employees for their continued commitment to keeping each other safe and healthy while serving our customers. We are pleased to deliver strong third quarter results in these uncertain times, and this could not have happened without the dedication and hard work of our people.

As we reported yesterday, third quarter earnings per share were a quarterly record of $0.77. This included $6 million of restructuring charges incurred primarily from pandemic-related cost reductions. Third quarter 2019 EPS was $0.74 and included $0.02 per share of restructuring-related charges. Excluding these items, third quarter adjusted earnings of $0.80 were up $0.04 from adjusted 2019 third quarter earnings.

The third quarter EBIT was a quarterly record $147 million. EBIT increased in the quarter versus third quarter last year primarily due to lower fixed cost partially offset by lower volume and a change in LIFO impact. EBIT margin increased 60 basis points to 12.2% while adjusted EBIT margin increased 80 basis points to 12.7% and adjusted EBITDA margins increased 80 basis points to 16.6%.

Third quarter sales were $1.208 billion, down 3% versus third quarter of 2019. Continued strong demand in residential end markets was more than offset by weaknesses in aerospace and work furniture. Operating cash flow in the quarter was a record $261 million. Adjusted working capital as percent of annualized sales for the quarter improved to a notable 8.7% versus 10.7% in the third quarter of 2019. As we also reported yesterday, our board of directors declared a $0.40 per share fourth quarter dividend. At an annual dividend of $1.60 per share, we have increased our annual dividend for 49 consecutive years. We remain committed to our position as a dividend aristocrat.

At the end of October, we received positive news related to the US mattress industry's anti-dumping petition on mattress importers from seven countries including Vietnam, Indonesia and Cambodia. The Department of Commerce made a preliminary determination that mattresses were being sold at prices that violate the US trade laws and imposed preliminary duties that range from 3% to 990%. Also, in the quarter, the Department of Commerce imposed preliminary countervailing duties of 98% on China. We anticipate final determinations in these investigations in 2021, likely during second quarter. This should allow domestic mattress producers to compete on a more level playing field.

The company remains well-positioned both competitively and financially to capitalize on long-term opportunities in various end markets. Our enduring long-term fundamentals give us confidence in our ability to continue to create value for our shareholders. I'll now turn the call over to Mitch.

J. Mitchell Dolloff

President & Chief Operating Officer, President-Bedding Products, Leggett & Platt, Inc.

Thank you, Karl, and good morning, everyone. As we discussed last quarter, our operational priorities for the third quarter included increasing production to meet strong bedding demand, tackling widespread labor shortages especially in the US, managing supply chain issues associated with a global shortage of non-woven fabric stemming from a surge in demand for medical PPE applications, responding to evolving government restrictions on production capacity in various parts of the world, and monitoring changes in demand signals and responding rapidly to control cost and optimize cash flow.

While challenges remain in most of these areas, we continue to make headway and will provide more detail as we discuss each segment. Sales in our Bedding Products segment were down 2% in the third quarter. Strong demand throughout the quarter in the bedding market drove sales growth in ECS, US spring and European spring. This growth was more than offset by lower volume in adjustable bed and exited volume in fashion bed and drawn wire. We continue to increase production while managing supply challenges with non-woven fabrics and labor shortages. We found some alternative non-woven fabrics but they are less efficient in constrained production and are higher cost. We also incurred significant additional cost to airfreight non-woven materials in an effort to better meet demand. At our US spring business, staffing is above pre-COVID levels and we continue adding employees in response to strong demand.

During the quarter, we also began to face supply constraints on TDI, a chemical used in the production of foam. Producers of TDI declared force majeure and significantly reduced supply of the chemical. While the supply constraints have relaxed to a degree, we expect to see reduced supply through at least the end of the year. Within the last month, we have also seen shortages of polyols and MDI, a chemical more widely used in our specialty foams. Producers have pointed to equipment outages and hurricanes in the Gulf as well as raw material availability as impediments to production. We anticipate a tight supply of these chemicals through mid-2021. Our supply chains have also been hampered by congested ports especially on the West Coast of the US. We are working diligently to address these issues and increase production so that we can better meet growing levels of market demand.

Sales in our Specialized Products segment were down 9% in the third quarter primarily from weak demand in aerospace and hydraulic cylinders. We expect demand in aerospace to be challenged over the next few years given the disruption in air travel and resulting buildup of aircraft and supply chain inventories. In our automotive business, sales for the quarter were roughly flat as demand trends continue to improve throughout the quarter. We are currently operating at near pre-COVID capacity levels in all regions.

Sales in our Furniture, Flooring & Textiles Products segment were up 1% in the third quarter driven by continued strong demand in fabric converting, geotextile components and home furniture. Recovery in work furniture continues to lag the other businesses in the segment as the industry has been heavily impacted by the effects of the pandemic. In Flooring products, residential sales held up well but hospitality sales have been weak due to disruptions in the travel industry.

Across our businesses, we continue to focus on controlling costs by keeping our variable cost structure aligned with current demand levels and maintaining as much fixed cost savings as practical. The fixed cost actions we took earlier in the year reduced our third quarter cost by approximately $30 million, and we expect full year fixed cost savings of nearly $100 million.

In the last few weeks, COVID-19 infections again began to surge across much of North America and Europe, reinforcing that we remain in an uncertain economic environment. Our first priority is to keep our employees safe and healthy, and I'm pleased that the safety protocols our team has developed and implemented are working very well. We cannot control the impacts of broad-based community spread however. We continue to closely monitor government orders and demand signals across our markets and stand ready to rapidly respond to control costs and optimize cash flow should economic conditions decline. For now, we'll continue to do all that we can to bridge supply and demand gaps particularly in our Bedding business.

I want to thank our employees for their dedication, ingenuity and resilience. Your actions are the key to our success, and your efforts to overcome the many challenges that have developed this year are greatly appreciated. I'll now turn the call over to Jeff.

Jeffrey L. Tate

Executive Vice President & Chief Financial Officer, Leggett & Platt, Inc.

Thank you, Mitch, and good morning, everyone. Throughout the third quarter, our primary financial focus has been on maximizing liquidity, generating cash and disciplined uses of cash. As previously mentioned, cash from operations was a record $261 million in the third quarter, an increase of $48 million versus the same quarter last year primarily due to working capital improvements. We ended the quarter with adjusted working capital as a percentage of annualized sales at 8.7%, an outstanding result reflecting our continued priority on closely controlling all elements of working capital.

Our balance sheet remains strong, and we ended the quarter with total liquidity of $1.4 billion comprised of $245 million in cash on hand and $1.2 billion in available capacity under the $1.2 billion revolving credit facility. In the quarter, we reduced debt by $173 million including a $60 million prepayment of a portion of our Term Loan A. As of September 30, our net debt to trailing 12-month EBITDA was 2.74 times, an improvement over second quarter's 3.1 times.

As it relates to the tax rate, the company benefited from new tax guidance issued in the third quarter related to global intangible low-taxed income, commonly referred to as GILTI, G-I-L-T-I, which lowered our adjusted tax rate to approximately 18%. These newly-issued regulations reduced the amount of tax in certain situations where companies are paying high rates of foreign tax. The changes were retroactively applied to the beginning of 2018 when the GILTI rules were first put in place.

From a uses of cash perspective, we continue to deploy our cash in a balanced and disciplined manner. We expect our capital expenditures to approximate $70 million for the year, dividends should require approximately $210 million for the full year, our scheduled debt repayments for the remainder of the year are approximately $12 million, and we continue to limit our acquisition activity. In summary, we're committed to maintaining our long-held financial strength and investment grade debt ratings. This discipline, along with the hard work and dedication of all of our employees, allows us to withstand these uncertain times and capture long-term opportunities.

With those comments, I'll turn the call back over to Susan.

Susan McCoy

Senior Vice President-Investor Relations, Leggett & Platt, Inc.

That concludes our prepared remarks. We thank you for your attention and we'll be glad to answer your questions. Karl will direct our Q&A session as the group answers your questions. Jessie, we're ready to begin the Q&A session.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from the line of Susan Maklari with Goldman Sachs. Please proceed with your question.

Susan Maklari
Analyst, Goldman Sachs & Co. LLC

Q

Thank you. Good morning, everyone.

Susan McCoy
Senior Vice President-Investor Relations, Leggett & Platt, Inc.

A

Good morning.

Susan Maklari
Analyst, Goldman Sachs & Co. LLC

Q

My first question is just I know that you gave us a little bit more color on some of the constraints that you're facing in the beddings supply chains there. And I guess just diving a little bit deeper into that, can you give us some sense of the efforts that you are taking across some of those different areas, the non-wovens, the chemicals, and how you're thinking, looking out, about some of that alleviating? I know that you mentioned that it should kind of be a pressure through the second quarter of next year. But what are some of the things that could help you to kind of maybe get ahead of that a little bit earlier than that as we kind of look out?

Karl G. Glassman
Chairman & Chief Executive Officer, Leggett & Platt, Inc.

A

Mitch, you want to take it?

J. Mitchell Dolloff
President & Chief Operating Officer, President-Bedding Products, Leggett & Platt, Inc.

A

Sure, Karl. Thanks. Hi, Susan. Yeah, we're doing a lot to be honest with you. So there's a number of factors that are at play really. The primary issue is the lack of non-woven material availability as it's been redirected to medical PPE applications. We went from having a handful of sort of top-tier non-woven suppliers in the US to completely redoing our supply chain to have to find alternative types of material that we can run. As I mentioned, those types – that material is typically less-efficient and we have to slow down our machines to run it, so it does constrain our supply. But we've added – gone from four or five suppliers to a pretty large number across the globe. We mentioned that we airfreighted product to get it here to help meet demand. So we really are doing everything that we can to try and overcome those hurdles, but it remains a challenge and will continue to be a challenge as long as the primary spunbond non-woven product that we really like to use is redirected.

In addition, we're doing all we can to add more labor. I mentioned that we're ahead of our pre-COVID staffing levels. We continue to ramp-up our staffing in an effort to get to four shifts in all our major facilities that are running 24/7. But it is a challenge to find that labor, but we are making headway. The chemical shortages, there has been force majeure declared on TDI, MDI and polyol all fairly recently. We would basically continue to search and bring in all the chemical that we can find, but there's simply not a lot of availability out there. The teams work on formulations and doing all that they can to conserve them. We're also adding additional equipment to produce our ComfortCore products. We expect that to start coming in early next year and continue to – we expect to be able to continue to increase our production, but there's no sort of magic wand that gives us an overnight tremendous impact.

Susan Maklari
Analyst, Goldman Sachs & Co. LLC
Q

Okay. That's very helpful color, Mitch. Thank you. And then following-up, can you talk a little bit about pricing? Obviously given a lot of these headwinds that you're facing, how are you thinking about offsetting some of those as well as some of the inflation that we are seeing in underlying input costs? Just talk about your efforts there and how that's coming together.

J. Mitchell Dolloff
President & Chief Operating Officer, President-Bedding Products, Leggett & Platt, Inc.
A

Okay. Thanks. So, yeah, we have been – the impacts on the non-woven pricing is so significant, we have had to pass those on to our customers, continue to work with them to try and reach a fair outcome there. The same thing on chemical costs; they've been increasing. We have been successful in passing those along.

Susan Maklari
Analyst, Goldman Sachs & Co. LLC
Q

Okay. Thank you, guys, and good luck with everything.

Karl G. Glassman
Chairman & Chief Executive Officer, Leggett & Platt, Inc.
A

Thank you, Susan.

Operator: Thank you. Our next question comes from Bobby Griffin with Raymond James. Please proceed with your question.

Bobby Griffin
Analyst, Raymond James & Associates, Inc.
Q

Good morning, everybody. Thank you for taking my questions. I hope everyone's staying safe and healthy.

Karl G. Glassman
Chairman & Chief Executive Officer, Leggett & Platt, Inc.
A

Yeah. Thank you, Bobby. Same with you.

Bobby Griffin
Analyst, Raymond James & Associates, Inc.
Q

I guess, Mitch, maybe to circle back first on Susan's question. Can you maybe just help us put into context kind of the progression of the bedding production and supply constraints over the quarter versus the July commentary of sales up 1%? And fully understand three weeks of commentary is not a full 13-week quarter, but did the fabric and woven supply constraints get worse throughout the quarter and that offset the gains you made in labor and stuff like that? Or any additional color to kind of help us understand the puts and takes of why the quarter ended up maybe down in sales versus starting up when the industry probably at least got a little better throughout the quarter, at least from a pure beddings perspective?

J. Mitchell Dolloff
President & Chief Operating Officer, President-Bedding Products, Leggett & Platt, Inc.

A

Yeah. Sure, Bobby, and you got it pretty close to right there. So a couple of things, too. From a finished goods inventory standpoint, at the end of September we're well less than half of what our finished goods inventory would've been in January or March. So we're basically shipping what we're producing at this point, so that obviously impacts sales from a sort of year-over-year and a normal year perspective. You are right that even as we ramped up our head count from taking it really down deep during the March and April timeframe and continue to make gains there, the quarter was also the worst impact for us on availability of non-wovens as we had sort of last minute what we thought supply that we could count on diverted from us. And so that absolutely did impact our production. We're still in difficult times but getting a little bit more inventory that is having less impact on our production from a non-woven standpoint from just availability, but still less efficient as we're having to run needle punch instead of spunbond in many areas. So from a sequential standpoint, we still continue to make gains throughout the quarter. But when we look year-over-year, particularly in September, we were down a bit.

Bobby Griffin
Analyst, Raymond James & Associates, Inc.

Q

Okay. And then maybe to put it in like – I understand we don't talk about pure unit numbers, but just to put it in context or something is is the amount of innersprings you can produce today in October better than September or August? Or anything around that to help us think about kind of the improvement? And if you want or if you can, can you give us something as of -compared to last year, is it running 90% of production versus last year or 85%, something like that?

J. Mitchell Dolloff
President & Chief Operating Officer, President-Bedding Products, Leggett & Platt, Inc.

A

I think that we're, Bobby, probably pretty close to where we were last year with a lot more hours and a lot more effort.

Bobby Griffin
Analyst, Raymond James & Associates, Inc.

Q

Okay, okay. And then to pivot off that, clearly some inefficiencies and stuff running through the P&L that way with more hours from overtime, airfreighting things, but still record level EPS and record level EBIT in the quarter. So if we were to think out when things get back to more normal, should the Leggett enterprise earn more money, earn more EBIT on 2019 sales? If we got back to the prior peak in sales, would it earn a higher operating income than it had before given these fixed cost reductions could be permanent? Is that the right way to think about all this just for context to help us in bridging what 2021 could be like?

Susan McCoy
Senior Vice President-Investor Relations, Leggett & Platt, Inc.

A

Hey, Bobby.

Karl G. Glassman
Chairman & Chief Executive Officer, Leggett & Platt, Inc.

A

Bobby.

Susan McCoy
Senior Vice President-Investor Relations, Leggett & Platt, Inc.

A

Go ahead.

Karl G. Glassman
Chairman & Chief Executive Officer, Leggett & Platt, Inc.

A

Go ahead, Susan.

Susan McCoy
Senior Vice President-Investor Relations, Leggett & Platt, Inc.

A

Okay. Bobby, I was just going to just reinforce our long-term margin target is still 11.5% to 12%. We appreciate how strong our margins were this quarter. I mean, a great quarter, pushing close to 13%. It's been a while since we've seen that level of performance, but we're not changing that long-term 11.5% to 12.5% target based upon this quarter's performance.

Karl G. Glassman
Chairman & Chief Executive Officer, Leggett & Platt, Inc.

A

Okay. Bobby, with that said though, and I do agree with what Susan said. But based on the efficiencies that we've been able to develop and exhibit from a cost reduction perspective that's primarily embodied in overhead, we expect the cost efficiency to be sustainable. So the basic – the answer to your question is on the same amount of volume in 2019 – extrapolate that this is not a guidance, it's just an example – in 2021, based on today's cost structure and the ability, our belief of our ability to maintain that cost efficiency going forward, will you, as a result, be more profitable? And the answer is, without question, yes. So said differently, while we haven't changed our long-term targets, we would certainly have every expectation to run on the high end of those targets going forward, and we'll dig more deeply into that as we develop guidance for 2021.

Bobby Griffin
Analyst, Raymond James & Associates, Inc.

Q

Yeah. That's very helpful, Karl. You explained it a lot better than I think I asked the question so thank you, appreciate that. That's exactly what I was looking for. I appreciate the details. I'll jump back in the queue. Thank you.

J. Mitchell Dolloff
President & Chief Operating Officer, President-Bedding Products, Leggett & Platt, Inc.

A

Thanks, Bobby.

Karl G. Glassman
Chairman & Chief Executive Officer, Leggett & Platt, Inc.

A

Thanks, Bobby.

Operator: Thank you. Our next question comes from Keith Hughes with Truist Securities. Please proceed with your question.

Keith Hughes
Analyst, Truist Securities, Inc.

Q

Thank you. A couple questions. First, your [ph] specialty foam (00:25:24) sales were up as you noted in the slides. Given some of these force majeures on various chemicals, is growth going to deteriorate there in the fourth quarter as a result of the actions that occurred?

Karl G. Glassman
Chairman & Chief Executive Officer, Leggett & Platt, Inc.

A

Boy. Mitch, do you want to handle it? It's to be determined. Based on chemical availability, it's going to be tight. But Mitch, do you want to elaborate?

J. Mitchell Dolloff
President & Chief Operating Officer, President-Bedding Products, Leggett & Platt, Inc.

A

Yeah. I mean, I think that's the best way to answer it, Karl. We're on allocation of all those chemicals under force majeure. There's been a number of issues that have popped up from mechanical issues, to availability of raw materials, to hurricanes and tropical storms that have all impacted these things. So I think we're getting by but it's tight and it's hard to predict how long those will last. So I think at this point, I wouldn't put a negative spin on the fourth quarter but it's going to be tight.

Keith Hughes
Analyst, Truist Securities, Inc.

Q

Okay. And if we switch over to home furniture, it's up 4% in the quarter. That's another area where we've heard just kind of surge in sales. Is there – were there operational issues there or production issues there? Or where do you think you stand versus market growth?

Karl G. Glassman
Chairman & Chief Executive Officer, Leggett & Platt, Inc.

A

Yeah. Why don't I start and then Steve, if you want to pile on. Remember, if you look at the whole segment of FF&T, through the first three weeks of July we told you that sales were up 7% and then they ended up being 1%. And I don't want anyone to think that's a call on home furniture in that home furniture was up strongly in early July because in 2020, the home furniture producers in the United States produced as opposed to taking their normal always the 4th of July week and sometimes two weeks of July, so the comp was exceeded significantly. Home furniture demand subsequent to those first three weeks of the quarter continue to be strong. Our customers have been somewhat impacted by labor availability issues; so have we. To a lesser degree, they have been impacted by the TDI issue that was most acute in September that Mitch made reference to. So furniture demand is strong. We are very comfortable with our market share position and the position that the industry holds. Said differently, there's a backlog in home furniture that is consistent with the backlog in bedding. So all is well in home furniture. But Steve I jumped in front of you.

Steven K. Henderson
Executive Vice President & President-Specialized Products and Furniture, Flooring & Textile Products, Leggett & Platt, Inc.

A

Karl, I think you said virtually what I would say, yeah. We had some labor constraints in China and the US in the quarter which are gradually improving. So we ended the quarter with a backlog as did most of the downstream players in the supply chain, and that unfulfilled demand will push into Q4. And on top of that, orders increased through the quarter, adding to that. So we're going to see demand strong through the first quarter of next year and probably into the second quarter as companies are placing their orders out further and further as they get some clarity, and that's the upside. And then on the other side, the seating business in the US is running at about 90% of pre-COVID levels due to depressed sleeper sofa demand which is primarily driven by the hospitality industry slowdown, and we are making all that our customers can take in that space as well.

Keith Hughes
Analyst, Truist Securities, Inc.

Q

Okay. Thank you.

Karl G. Glassman
Chairman & Chief Executive Officer, Leggett & Platt, Inc.

A

Thank you, Keith.

Operator: Thank you. Our next question comes from Robert Friedner with Piper Sandler. Please proceed with your question.

Robert A. Friedner
Analyst, Piper Sandler & Co.

Q

Good morning, everybody. It's Bobby on for Peter this morning. Just wanted to first ask about trends in the auto business, that you see stabilization versus Q2. Are you seeing steady sequential month-over-month improvement in auto-related sales still? And looking ahead, do you have any visibility into auto dealers' inventory replenishment as current inventory levels appear to be sitting at multi-year lows? Thanks.

Karl G. Glassman
Chairman & Chief Executive Officer, Leggett & Platt, Inc.

A

Steve, you want to take that?

Steven K. Henderson
Executive Vice President & President-Specialized Products and Furniture, Flooring & Textile Products, Leggett & Platt, Inc.

A

Yeah, for sure. Good morning. First, I have to say we're really, really proud of the automotive team for the diligent efforts to keep our customers running, and they have done that. In auto, we've seen significant monthly growth from May through September. We expect that to peak and come off some in the last two months of the year as the holidays impact the calendar. We don't have real-time visibility into OEM inventories, but we do know they're at very low levels in US and China and they're trying to rebuild them to normal levels, and that's particularly true for trucks and SUVs.

So in North America, September inventory ended at about 2.6 million units or only 49 days of supply, which is down significantly from the normal range. And in China, we've now seen five consecutive months of year-over-year sales growth which is pulling on those inventories, and that's partially due to government incentives. And these will drive the higher production into the first half of 2021, again particularly in China and North America where those sales have been strong. But eventually, the normalized sales levels will not support these production levels that we've seen in Q3 and Q4. We will come back to a normalized production to sales ratio.

Robert A. Friedner
Analyst, Piper Sandler & Co.

Q

All right. Appreciate that detail. And then just as a second question. Just given the supply chain constraints you're seeing across different categories, wondering if you could touch on just the feedback you're hearing from customers. And do you see any longer-term risk perhaps with customers looking to diversify their suppliers just given some of the bottlenecks going on?

Karl G. Glassman
Chairman & Chief Executive Officer, Leggett & Platt, Inc.

A

Yeah, Booby. This is Karl. I'll take a swing at it and then ask Mitch to chime in. The supply chain issues, the non-woven challenges that Mitch spoke of, the labor constraints, they are not Leggett-only issues; it is a global issue. Demand in Europe is extremely strong, so there is no spring manufacturer anywhere in the world that has excess capacity. So yes, our customers are working diligently to try to fill gaps. It's very, very difficult for them to do that, and there is no spring manufacturer globally that can recover through these short-term issues as well as Leggett. We have the best machinery available in the world. We're backwardly integrated. We have strong IP. So there's people trying to kind of fill gaps which we respect. But from a long-term perspective, we're not concerned. This is a temporary set of circumstances that our people are doing a Herculean task of recovering from, and we'll get ahead of this thing. And I'm not long-term concerned, that nobody can handle these issues better than Leggett. And Mitch, I don't...

Robert A. Friedner
Analyst, Piper Sandler & Co.
Q

All right. Thanks, Karl. Appreciate it.

Karl G. Glassman
Chairman & Chief Executive Officer, Leggett & Platt, Inc.
A

Yeah.

Operator: Thank you. We have no additional questions at this time, so I'd like to pass the floor back to management for any additional closing comments.

Susan McCoy
Senior Vice President-Investor Relations, Leggett & Platt, Inc.

We'll just say thank you for joining the call today and we'll talk to you next quarter.

Operator: Ladies and gentlemen, this does conclude today's teleconference and webcast. We thank you for your participation and you may disconnect your lines at this time.