

MOVING FORWARD  
**FOCUSED**  
and **AGILE**



*Leggett & Platt®*



**2020 was a year of unprecedented challenges, but with challenges come opportunities. Opportunities for our people to work together for the health and safety of fellow employees and our communities, agility in responding to rapid demand changes, and an intense focus on preserving our balance sheet. We exited the year as a stronger company in a solid financial position and focused on the future.**

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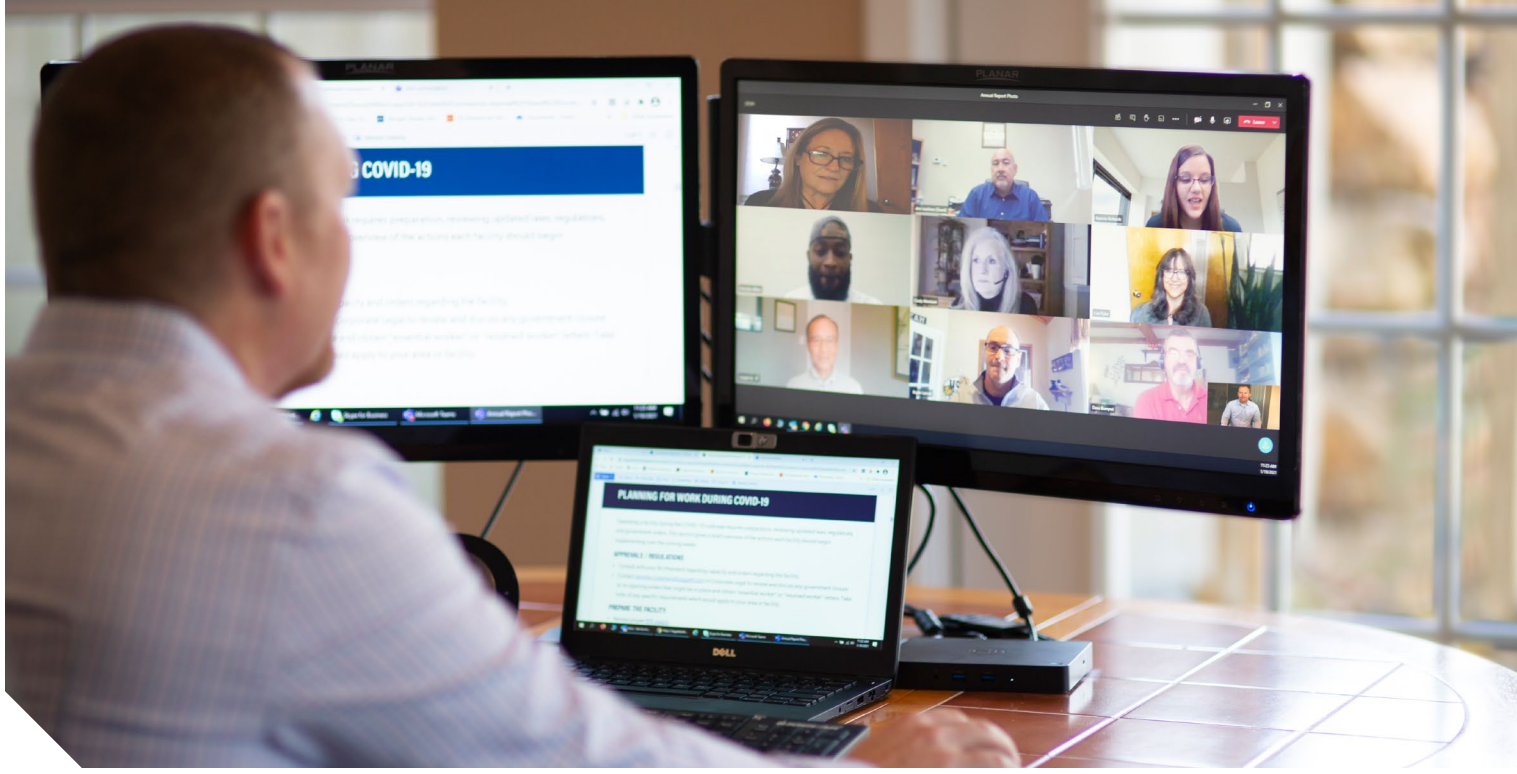
Corporate Information .....inside back cover

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Leggett & Platt at a Glance.....back cover

Top left: In 2020, Cedric Cortez achieved 50 years of continuous service at our Wire Mill in Carthage, Missouri. Thank you Cedric for your dedication, commitment, and hard work.





## ONE TEAM, ALIGNED

Our primary concern has been and will always be ensuring the health and safety of employees and their families, along with our customers and suppliers. We quickly took steps to limit the impact of the global COVID-19 pandemic on our people and our operations.

In a matter of weeks, our employees completely redesigned the way we work while maintaining and even increasing productivity. We formed a cross-functional crisis response team to establish and implement new safety protocols across our businesses and to share best practices. We also found many ways to serve others and give back to our communities, which we have highlighted in the sidebars.

Ultimately, our employees navigated the challenges as a team, and we are a stronger company today because of their extraordinary efforts.



In just one week, Peterson Chemical Technology researched, developed formulas, obtained certification, and began producing hand sanitizer. PCT develops and produces specialty chemicals used to make foam.



In addition to being distributed within Leggett, the hand sanitizer has been donated to local schools, clinics, grocery stores, correctional facilities, and homeless shelters.



Genesis Seating produced face masks for government and non-profit healthcare organizations. Genesis produces private label finished furniture for homes and offices.



At the onset of the pandemic, Hanes Fabrics donated fabric for thousands of face masks. Hanes is a converter and distributor of nonwoven fabrics.

## FOCUSED AND AGILE

Our teams had to think and act creatively to adjust our operating models as the pandemic created dramatic shifts in the markets we serve. Following steep market declines in late March, increased consumer spending on the home drove strong demand in our Bedding, Home Furniture, and Textiles businesses. We navigated production and supply chain constraints in our Bedding business as we worked to meet a strong surge in market demand.

We anticipated a long-term trend toward online sales of compressed mattresses when we acquired ECS in early 2019, and the pandemic accelerated that shift. Retailers and mattress brands have increased their compressed mattress offerings to include multiple options in both product construction and ways to buy. Our investment in ECS positioned us to participate in these market changes.

We remain focused on capturing strategic opportunities across our businesses and will continue to pursue initiatives most valuable to the Company's future.





## SOLID FINANCIAL FOOTING

Our employees did a remarkable job focusing on working capital, especially customer collections and inventory management. These efforts coupled with market demand recovering sooner than expected benefited earnings and cash flow.

In conjunction with the sharp decrease in market demand early in the year, we significantly reduced fixed costs and capital expenditures. As demand returned, we only brought back costs and investments necessary to meet increasing volumes and to secure future growth opportunities. We also amended the covenant in our revolving credit agreement to provide additional liquidity.

As a result of these actions, we exited 2020 in a strong financial position, with a commitment to our long-held priority on balance sheet strength, dividend growth, and investment grade debt ratings.



In just two months, Spühl constructed a machine that produces about 30,000 face masks per week for Leggett employees. Spühl produces wire forming equipment used to make innersprings.



By sourcing and ordering equipment such as face masks, disinfectants, gloves, and alcohol wipes, Corporate Procurement has helped to protect our essential workers with vital PPE.

# Letter to Shareholders

## FELLOW SHAREHOLDERS,

Like most companies, we faced a wide variety of challenges this past year stemming from the COVID-19 pandemic. From the onset of the outbreak, our primary mission has been to keep our people safe and our facilities operating, and to manage the extreme swings in demand that we experienced during the year. An incredible group of employees came together across our corporate functions and businesses to develop highly effective protocols to manage the crisis and to serve our customers and shareholders.

To all of our employees – thank you for your dedication, ingenuity, and tenacity. We are extremely proud of all you accomplished, and we ended 2020 as a stronger company as a result of your extraordinary efforts. We are honored and proud to be on your team.

## 2020 MARKET VOLATILITY: CHALLENGES AND OUR RESPONSE

The impact began in January, directly affecting our operations in China, as well as the global supply chain. The crisis accelerated, impacting virtually all geographies by mid-March. We quickly took action to:

- Implement comprehensive safety protocols,
- Monitor and manage supply chain risks,
- Align our variable cost structure to demand levels,
- Significantly reduce fixed costs and cut capital expenditures,
- Prioritize accounts receivable collections and inventory management, and
- Amend the financial covenant in our revolving credit facility to provide additional liquidity.

These efforts helped to strengthen cash flow and protect our balance sheet as we moved through the year.

By mid-second quarter, we began to see rapid recovery in businesses serving home-related markets. With consumers spending less on travel and entertainment, they began investing more in their homes. This benefited our Bedding, Home Furniture, Flooring, and Textiles businesses.

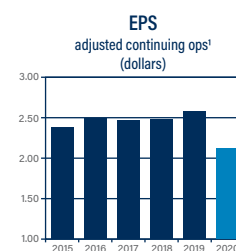
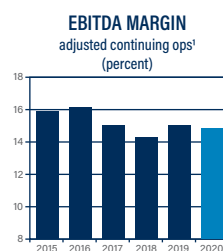
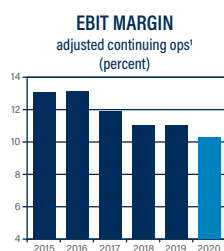
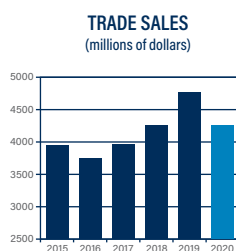
In addition, the long-term trends in the bedding market that led us to acquire ECS in early 2019 accelerated as a result of the pandemic. Consumers are increasingly buying compressed mattresses, including hybrids, online and through various retail channels. We are benefiting from this shift to an omni-channel environment.

As demand recovered in Bedding, we began to face global constraints.

- **Nonwoven fabrics** used in the production of ComfortCore® innersprings were diverted into use for face masks, hospital gowns, and other personal protective equipment.
- **Labor availability** was impacted by the pandemic itself, as well as government restrictions and relief programs. Labor issues were amplified by the rapid change in our production needs. Our operations shifted from a near shutdown in early April to customer demand in excess of pre-pandemic levels in a matter of weeks across many of our businesses.
- **Chemical shortages** emerged as producers of the chemicals used to make foam were impacted by tropical storms and hurricanes and reported a variety of equipment and production issues.

We made progress on both the nonwoven fabrics and labor shortages as we moved through 2020. Chemical shortages are ongoing, and are expected to continue through at least mid-2021.

As sales recovered, we maintained most of the fixed cost reductions, adding costs only to support higher volumes and future growth opportunities. Margins benefited from this cost discipline. We ended the year with fixed cost savings of approximately \$90 million.



## 2020 FINANCIAL REVIEW

Our financial results were heavily impacted by COVID-19 early in the year but began to recover by mid-year. We ended 2020 with fourth quarter sales, EBIT, and earning per share (EPS) positive versus fourth quarter 2019.

For the full year (versus 2019):

- Sales decreased 10%, to \$4.28 billion from COVID-related demand declines across most of our operations.
- EBIT decreased \$113 million, and adjusted<sup>1</sup> EBIT decreased \$83 million, primarily from lower sales and a change in LIFO impact partially offset by fixed cost reductions.
- EBIT margin was 9.4% and adjusted<sup>1</sup> EBIT margin was 10.4%, down from 2019's adjusted<sup>1</sup> EBIT margin of 11.1%.
- EBITDA<sup>1</sup> margin was 13.8% and adjusted EBITDA<sup>1</sup> margin was 14.9%, down from 2019's adjusted EBITDA<sup>1</sup> margin of 15.2%.
- EPS was \$1.82, a decrease of 26% versus EPS of \$2.47 in 2019. Adjusted<sup>1</sup> EPS was \$2.13, a decrease of 17% versus adjusted<sup>1</sup> EPS of \$2.57 in 2019.

Cash from operations was \$603 million. This strong performance reflects our priority on closely controlling all elements of working capital. We also brought back offshore cash totaling \$188 million.

Uses of cash in 2020 included:

- \$66 million for capital expenditures, down from \$143 million in 2019,
- \$212 million for dividend payments, and
- \$228 million to reduce debt.

In May, we amended our revolving credit agreement to change our financial covenant to a 4.75x net debt to trailing 12-month EBITDA metric (from 3.5x total debt). This change increased availability under our revolving credit facility, which serves as back-up for our commercial paper program. We ended 2020 with full availability under the \$1.2 billion credit facility.

## LONG-TERM OPPORTUNITIES

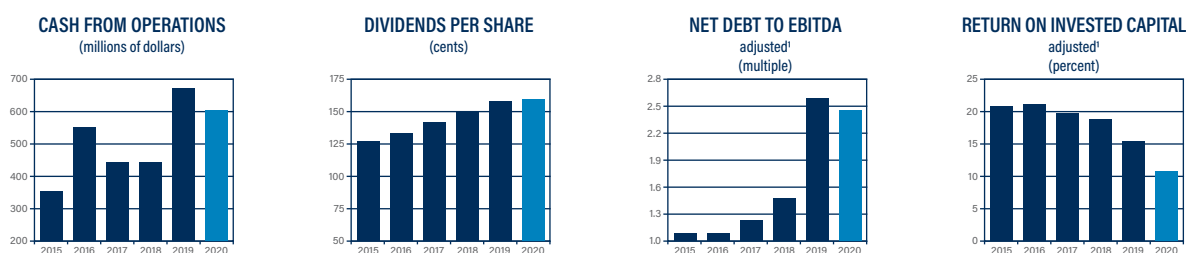
Our markets are evolving, and we are working to ensure we capture opportunities that result from those changes.

The integrated capabilities of our Bedding business are unmatched. With the technology, manufacturing expertise, and fulfillment capability to serve the bedding market – from innerspring and specialty foam components to private label finished compressed mattresses and adjustable beds, through any retail channel that consumers buy – we are uniquely positioned for long-term growth in the \$10 billion addressable market we serve.

In the automotive industry, the focus on comfort and convenience continues, supporting long-term growth in our global business. The CASE (Connected, Autonomous, Shared, Electrified) trends also remain relevant long-term and we are closely aligned with those trends. Our capabilities in reducing size, weight, and noise are important advantages in an electric vehicle where energy consumption is a crucial factor. We will invest in technology that complements our existing capabilities, allowing us to continue adding content and outperforming market growth over time.

Our long-term fundamentals have not changed. We continue to be leaders in most of our markets, focused on innovation and working closely with our customers to provide more of what they need to be successful. We will continue to invest in businesses with sustainable competitive advantages in large addressable markets with opportunities to grow and add value over time.

Consistent with that objective, on January 31, 2021, we acquired an Aerospace business located in the UK that specializes in metallic ducting systems, flexible joints, and components for military and commercial applications for \$27 million. With annual sales of approximately \$17 million, this acquisition expands our Aerospace product offering to include key components, such as flexible joints and bellows, that are frequently used in fluid conveyance systems.



# Letter continued

## TSR FRAMEWORK

Our primary financial goal is to achieve Total Shareholder Return, or TSR<sup>2</sup>, that ranks in the top third of the S&P 500 over rolling 3-year periods. Our TSR was below the 11-14% target over the most recent 3-year period. Over those same years, the TSR of the S&P 500 at 14% was well above historical averages. As a result, our recent 3-year averages did not meet our top-third goal. For the 3-year period that ended on December 31, 2020, our TSR performance of 1% placed us in the bottom third of the S&P 500.

Revenue Growth Target: 6-9% annually on average over time, through a combination of growth from GDP (+2%), acquisitions (+2%), and the remainder coming from content and share gains that allow us to grow faster than our markets.

Margin Target: Long-term sustainable EBIT margins should be in the range of 11.5-12.5%, and EBITDA<sup>1</sup> margins should be in the range of 15.5-16.5%.

## LONG-TERM CAPITAL PRIORITIES

Our long-term priorities for use of cash are:

1. Fund organic growth
2. Pay dividends
3. Fund strategic acquisitions
4. Repurchase stock with available cash

Our commitment to **dividend growth** has not changed. In 2020, our dividend increased for the 49th consecutive year, to an annual rate of \$1.60 per share from \$1.58 per share in 2019. Based on the December 31, 2020 closing share price of \$44.30, the yield was 3.6%. This was one of the highest yields among the 64 companies that comprise the S&P 500 *Dividend Aristocrats*. With our strong cash generation, we expect to comfortably support continued dividend increases.

For the near term we are prioritizing debt repayment after funding organic growth and dividends as we continue to reduce leverage. We are making progress. We ended 2020 with net debt to trailing 12-months adjusted EBITDA<sup>1</sup> of 2.44x.

We expect a few small bolt-on acquisitions, expanding products or capabilities that align with long-term strategies of our businesses. Large acquisitions and share repurchases are not expected while we work to reduce debt.

Our focus on **balance sheet strength** and commitment to **investment grade debt ratings** have not changed. Maintaining this discipline helps ensure access to the credit markets at favorable interest rates and enables us to withstand economic cycles and capture investment opportunities.

## OUR CULTURE AND SUSTAINABILITY

We are proud of the culture Leggett & Platt has sustained over many decades – a culture based on our commitment to **Enhancing Lives** through the betterment of people, communities, and the planet. We will continue to foster a culture of inclusion, diversity, and equity in which everyone is respected, valued, and has an equal opportunity to contribute, thrive, and advance. Our commitment is unwavering, and we are steadfast in maintaining our focus on building a workforce that represents the many customers we serve and the communities in which we operate around the world.

In 2021, we will issue our inaugural sustainability report to provide our stakeholders with a better understanding of our business practices as they relate to Environmental, Social, and Governance (ESG) factors. Going forward we will continually evaluate these business practices, set goals, and measure the impact of those goals.

## CONCLUSION

We want to again thank our employees for their continued commitment to keeping each other safe and healthy while serving our customers and shareholders. Your flexibility, commitment, and endurance made all the difference as we navigated 2020. Your actions are the key to our success, and your efforts to overcome the many challenges that have developed are sincerely appreciated. Finally, we want to thank our customers and investors for your support and commitment.



**Karl Glassman**  
Chairman and CEO  
February 24, 2021



**Mitch Dolloff**  
President and COO  
February 24, 2021



(Dollar amounts in millions, except per share data)	2020	2019	2018	2017	2016	2015
<b>Total Shareholder Return, or TSR <sup>(1)</sup></b>						
L&P 3-year TSR Rank among S&P 500 (1% is best)	<b>67%</b>	67%	76%	56%	11%	31%
Leggett & Platt - annual TSR	<b>(9%)</b>	47%	(22%)	1%	20%	1%
S&P 500 Index - annual TSR	<b>18%</b>	31%	(4%)	22%	12%	1%
<b>Summary of Continuing Operations</b>						
Trade sales	<b>\$ 4,280</b>	\$ 4,753	\$ 4,270	\$ 3,944	\$ 3,750	\$ 3,917
EBIT (earnings before interest and taxes)	<b>401</b>	513	437	468	522	487
Adjusted EBIT <sup>(2)</sup>	<b>446</b>	529	473	468	492	510
EBIT margin	<b>9.4%</b>	10.8%	10.2%	11.9%	13.9%	12.4%
Adjusted EBIT margin <sup>(2)</sup>	<b>10.4%</b>	11.1%	11.1%	11.9%	13.1%	13.0%
<b>Summary of Earnings</b>						
Net earnings from continuing operations	<b>248</b>	334	306	294	367	328
Net earnings attributable to L&P	<b>248</b>	334	306	293	386	325
EPS (earnings per diluted share) from continuing operations	<b>1.82</b>	2.47	2.26	2.14	2.62	2.27
Adjusted EPS from continuing operations <sup>(2)</sup>	<b>2.13</b>	2.57	2.48	2.46	2.49	2.36
EPS (including discontinued operations)	<b>1.82</b>	2.47	2.26	2.13	2.76	2.28
<b>Common Stock Data</b>						
Cash dividends declared per share	<b>1.60</b>	1.58	1.50	1.42	1.34	1.26
Dividend yield (based on stock price at start of year)	<b>3.1%</b>	4.4%	3.1%	2.9%	3.2%	3.0%
Dividend payout ratio <sup>(2)</sup>	<b>75%</b>	61%	60%	58%	54%	53%
End-of-year shares outstanding (millions)	<b>132.6</b>	131.8	130.5	131.9	133.5	135.6
Average diluted shares outstanding (millions)	<b>135.9</b>	135.4	135.2	137.3	140.0	142.9
<b>Year-End Financial Position</b>						
Cash and cash equivalents	<b>\$ 349</b>	\$ 248	\$ 268	\$ 526	\$ 282	\$ 253
Total assets	<b>4,754</b>	4,816	3,382	3,551	2,984	2,964
Long-term debt + current debt maturities	<b>1,900</b>	2,118	1,169	1,252	960	945
Equity	<b>1,390</b>	1,313	1,158	1,191	1,094	1,098
Net debt to adjusted EBITDA <sup>(2)</sup>	<b>2.4x</b>	2.6x	1.5x	1.2x	1.1x	1.1x
Return on invested capital <sup>(2)</sup>	<b>10.9%</b>	15.3%	18.9%	19.7%	21.1%	20.6%
<b>Cash Flow Components</b>						
Net cash provided by operating activities	<b>\$ 603</b>	\$ 668	\$ 440	\$ 444	\$ 553	\$ 359
Dividends paid	<b>212</b>	205	194	186	177	172
Capital expenditures	<b>66</b>	143	160	159	124	103
Acquisitions, net of cash acquired	<b>-</b>	1,265	109	39	30	11
Stock repurchases, net	<b>9</b>	7	108	155	193	183

<sup>(1)</sup> TSR = (change in stock price + dividends) / beginning stock price; assumes dividends are reinvested. Company goal is to be in the top third of the S&P 500 over rolling 3-year periods.

<sup>(2)</sup> For non-GAAP reconciliations, please refer to page 144.

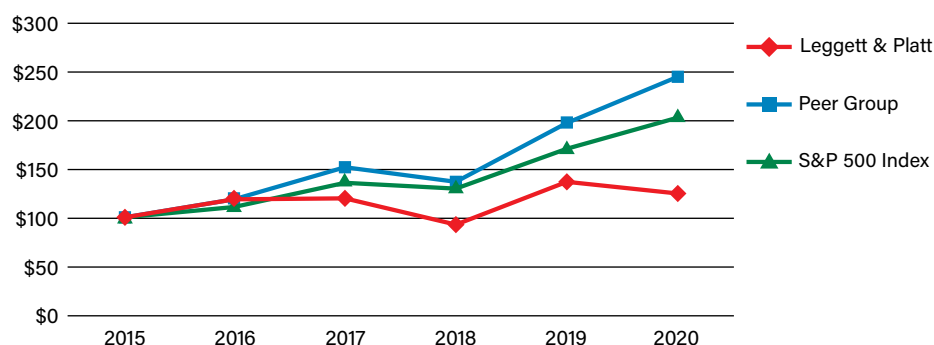
## Stock Performance

The following graph and data table show the cumulative total shareholder return for five years (ending December 31, 2020) for Leggett & Platt, the S&P 500 Composite Index, and our Peer Group. These figures assume dividends are reinvested and are based on initial investments of \$100 on December 31, 2015. The Peer Group consists of manufacturing companies that, though involved in different industries, resemble Leggett & Platt in diversification, strategy, growth objectives, acquisitiveness, customer breadth, and geographic extent.

### Peer Group

Carlisle Companies (CSL)  
 Danaher Corporation (DHR)  
 Dover Corporation (DOV)  
 Eaton Corporation (ETN)  
 Emerson Electric Co. (EMR)  
 Illinois Tool Works (ITW)  
 Ingersoll-Rand (IR)  
 Masco Corporation (MAS)  
 Pentair plc (PNR)  
 PPG Industries (PPG)

### Cumulative Total Return



	Dec 15	Dec 16	Dec 17	Dec 18	Dec 19	Dec 20
Leggett	\$ 100	\$ 120	\$ 120	\$ 93	\$ 137	\$ 125
Peers	100	119	152	137	198	245
S&P 500	100	112	136	130	171	203

## Dividend Information

### Dividend Policy

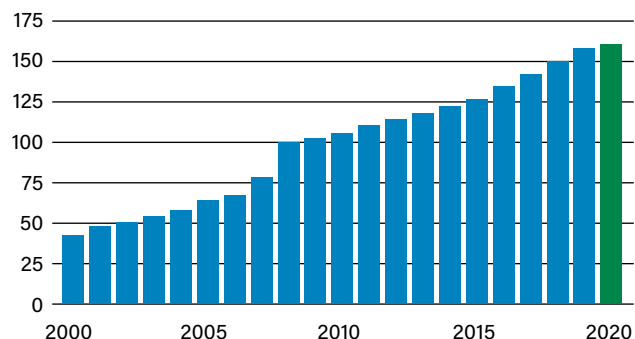
Leggett & Platt believes in consistently paying dividends, is proud of its dividend growth record, and intends to extend that record into the future. The Company targets dividend payout (over the long term) of approximately 50% of continuing operations adjusted EPS. Quarterly dividends are usually declared in February, May, August, and November, and paid about two weeks after the start of the following quarter. For 2021, the Company's anticipated payment dates are April 15, July 15, October 15, and January 14 (of 2022).

### Dividend Record

- 49 Consecutive Annual Increases (from 1971 to 2020)
- Member of S&P 500 "Dividend Aristocrats"
- One of highest yields among the "Dividend Aristocrats"

Dividends have been paid on the Company's common stock each year since 1939. With \$1.60 per share of declared dividends, 2020 was our 49th consecutive year of dividend growth, a record that only ten S&P 500 companies currently exceed.

### Annual Dividend (cents per share)



**Mailing Address:**

Leggett & Platt, Incorporated  
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Carthage, MO 64836-0757  
(417) 358-8131

**Website:**

www.leggett.com

**Transfer Agent and Registrar:**

EQ Shareowner Services  
Attn: Leggett & Platt, Inc.  
P.O. Box 64854  
Minneapolis, MN 55164-0854  
Phone: (800) 468-9716  
www.shareowneronline.com

**Form 10-K:**

The Company's Form 10-K is part of this document. The exhibits to the Form 10-K are available on Leggett & Platt's website or may be obtained from Investor Relations for a reasonable fee.

**Independent Registered Public Accounting Firm:**

PricewaterhouseCoopers LLP  
St. Louis, Missouri

**Annual Meeting:**

May 25, 2021 at 10:00 a.m. (local time)  
The event will be virtual.

**Contacting Investor Relations:**

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Carthage, MO 64836

**Contacting the Audit Committee:**

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Carthage, MO 64836  
Phone: (888) 401-0536

## Corporate Officers

**Senior Executives:**

Karl G. Glassman	<i>Chairman, CEO</i>
J. Mitchell Dolloff	<i>President, COO, Bedding Products</i>
Jeffrey L. Tate	<i>Exec. VP, CFO</i>
Steven K. Henderson	<i>Exec. VP, Specialized Products and Furniture, Flooring &amp; Textile Products</i>
Scott S. Douglas	<i>Sr. VP, General Counsel and Secretary</i>
Susan R. McCoy	<i>Sr. VP, Investor Relations</i>
Tammy M. Trent	<i>Sr. VP, Chief Accounting Officer</i>

**Corporate Vice Presidents:**

Andrew C. Bender	<i>Treasurer</i>
Michael W. Blinzler	<i>Chief Information Officer</i>
Benjamin M. Burns	<i>Business Support Services</i>
Jennifer J. Coleman	<i>Deputy General Counsel</i>
Charles P. Hutchins	<i>Chief Tax Officer</i>
Lindsey N. Odaffer	<i>Internal Audit and Due Diligence</i>
Marcus T. Olsen	<i>Procurement</i>
Darrel E. Wild	<i>Chief Credit Officer</i>

**Operating Vice Presidents:**

Jerry W. Greene, Jr.	<i>Fabric and Geo Components</i>
Simon R. Prior	<i>Aerospace</i>
Jay M. Thompson	<i>Adjustable Bed</i>
Kyle S. Williams	<i>Work Furniture</i>



## Financial Goals & Dividend Policy

- Total Shareholder Return (TSR<sup>1</sup>) is primary performance metric
- Goal is TSR in top third of S&P 500 over rolling 3-year periods
  - » 3-year TSR (2018-2020) in bottom third of S&P 500
- Average annual TSR of 11-14%, from four sources:
  - » 6-9% from revenue growth
  - » 1% from margin increase (~ 10 basis points)
  - » 3% from dividend yield
  - » 1% from reduced share count (via stock buyback)
- Steady dividend increases; ~ 50% payout of adjusted earnings

## Growth Framework

- Targeting 6-9% average annual revenue growth (organic + acquisition)
- Three avenues of growth:
  1. Increasing content and new programs
  2. Expanding addressable markets
  3. Identifying new growth platforms

## Cash Use Priorities

1. Fund organic growth
  2. Pay dividends
  3. Fund strategic acquisitions
  4. Repurchase stock with available cash
- With the increase in leverage from the ECS acquisition, we are prioritizing debt repayment after funding organic growth and dividends

## Capital Structure

- About \$6.0 billion market cap; \$7.5 billion enterprise value
- 132.6 million shares outstanding at December 31, 2020
- Authorization to repurchase up to 10 million shares annually

## 2020 Highlights

- 2020 sales were \$4.3 billion, down 10% vs 2019
- Adjusted<sup>2</sup> EPS decreased 17% to \$2.13
- Adjusted<sup>2</sup> EBIT margin decreased to 10.4%
- Adjusted<sup>2</sup> EBITDA margin decreased to 14.9%
- Cash from operations was \$603 million

## Stock Information

- Listed on NYSE; ticker = LEG
- Approximately 35,000 shareholders
- Current indicated annual dividend of \$1.60 per share
  - » Dividend yield = 3.6% (on \$44.30 year-end stock price)
  - » Dividends increased for 49 consecutive years
- One of Standard & Poor's "Dividend Aristocrats"
- 2020 price range of \$22.03 - \$51.76
- About 10-12% of stock owned by management and employees, directors, retirees, acquisition partners, and their family members

## Quick Facts

- Financial stability, strong balance sheet, solid operating cash flow
- Strong market positions
- Broad customer base; mainly manufacturers
- Few large competitors; almost none are public
- Management with "skin in the game"
- 3 reporting segments; 7 groups; 15 business units
- ~20,000 employees, 135 manufacturing facilities in 17 countries
- On *Fortune's* list of World's Most Admired Companies

## Profile

S&P 500 diversified manufacturer that conceives, designs, and produces a wide range of engineered components and products. Leading U.S.-based manufacturer of a variety of products including:

- Components for bedding
- Automotive seat support and lumbar systems
- Specialty bedding foams and private-label finished mattresses
- Components for home furniture and work furniture
- Flooring underlayment
- Adjustable beds
- Bedding industry machinery

<sup>1</sup> TSR = (change in stock price + dividends)/beginning stock price; assumes dividends are reinvested.

<sup>2</sup> For non-GAAP reconciliations, please refer to page 144.