

InVision

A look **inside**.
A look **ahead**.

Socios en el Progreso

Các cộng tác viên cùng tiến lên

合作伙伴

Partners in Progress

Partnerek a Haladásban

Partneri u napretku

Partnere i fremskridt

Partnerzy w postępie

مدقتلایفءاكرش

Partenaires pour le progrès

Partners in ontwikkeling

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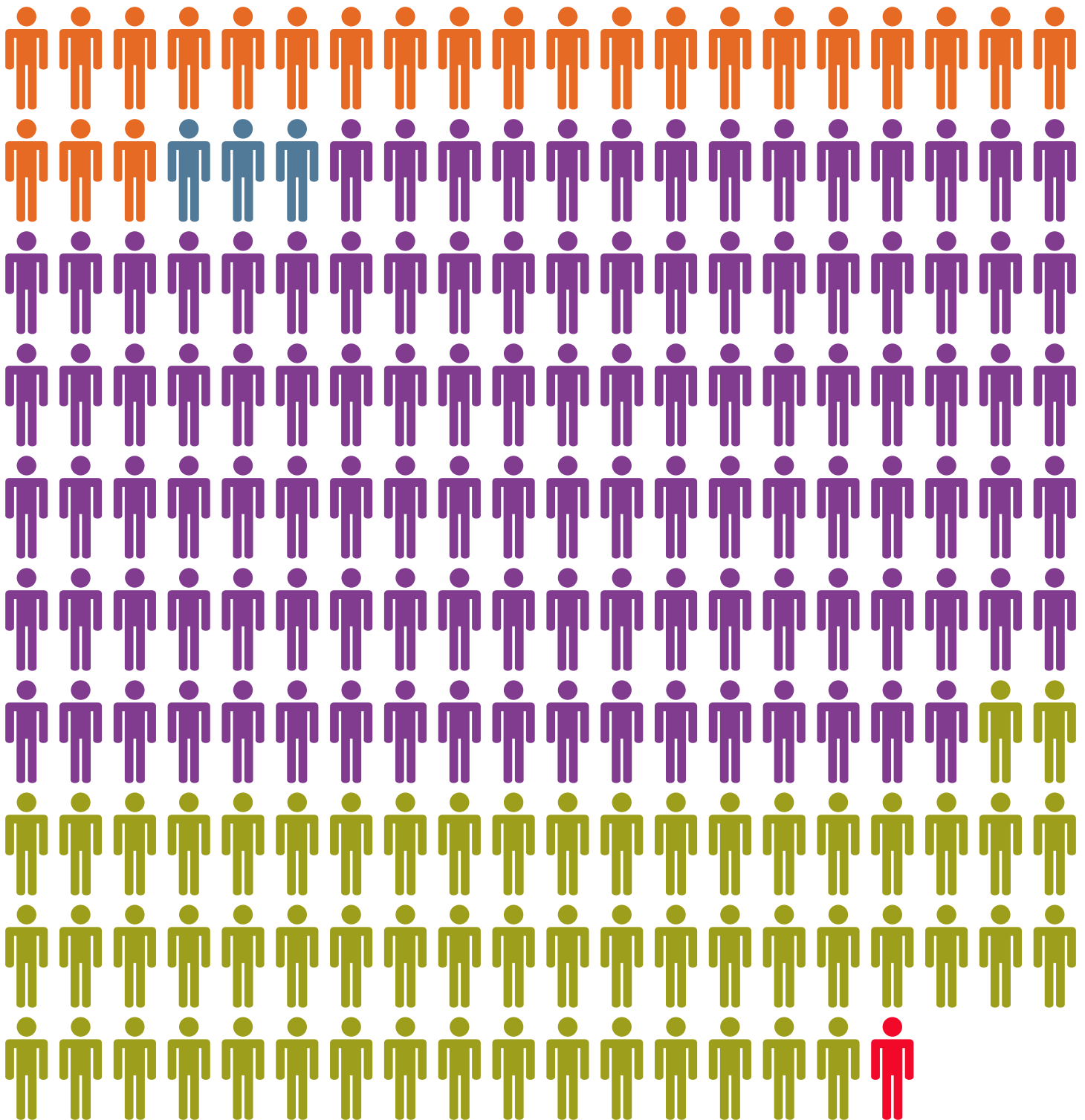
वकिस मे साझेदार

PARTNER NEL PROGRESSO

Colaboradores em progresso

같이 진전하는 파트너

Vennote in Vooruitgang



Europe 2,320 Employees South America 305 Employees North America 11,244 Employees Asia 5,791 Employees Africa 122 Employees Oceania 1 Employee

InVision Staff: Travis Almandinger, David Ballew, Kristen Beerly, Joshua DeSonier, Alisha Smith, Meaghan Younker and Cody Langford. We welcome your feedback and ideas for future issues: InVision@leggett.com



Although Leggett & Platt has been in business for over 130 years, only in the past two decades have we extended our production beyond North America. The United States represents a mere 5% of global consumers, so expanding into Europe, Asia, South America and Africa has been a great way to grow our businesses.

To meet the demands of our international customers, Leggett now has employees in 24 countries. Last year marked the first time in our history that a majority of our employees work outside the United States. But with all our growth and diversification, we have more in common than you might imagine.

I remember one visit to Denmark in particular, when my then 12-year-old son was traveling with me. During the 30-minute drive through the countryside to Leggett's recently acquired spring plant in Tistrup, he said, "Dad, I'm not sure what I expected from Denmark, but this looks just like Missouri!"

The similarities didn't end with the rural setting. I spoke with the local managers about the new partnership with Leggett and with the production workers about their equipment and processes. While I saw many differences at their facility, I felt right at home with this industrious, highly skilled and proud group of people.

I've had this experience over and over at our international locations. Many of them don't share the small town feel of a Carthage, Missouri, or a Tistrup, Denmark. But I always recognize the work ethic and company loyalty that distinguish our people around the globe.

Karl Glassman
President and COO

PARTNERING WITH TRIO LINE

Work Furniture Extends its Private Label Business in Europe

In March, Leggett acquired a majority interest in Trio Line Polska, which manufactures high-end upholstered furniture for some of the most recognized European furniture brands, including Fritz Hansen, Bene, Varier and Hay.

"When a furniture brand has a strong production partner like Trio Line," said Dennis Park, President of the Commercial Products Segment, **"the brand can focus its time and resources on design and marketing."**

The addition of Trio Line expands Leggett's presence in the European private-label finished-furniture market. "Together with Genesis Seating, Trio Line is part of a developing global supply chain we would like to offer our customers," said Kyle Williams, President of the Work Furniture Group.

Strong Management

Bjorn Bahnsen heads the Trio Line management team. In 1999, Bjorn purchased his family's Danish furniture company, Trio Line A/S. Four years later, he started Trio Line Polska to gradually shift production from Denmark to Poland. Since 1999, Bjorn has grown the business from 6 employees to over 500.

Producing finished goods in Poznan, Poland, provides Trio Line with additional advantages. Poznan is situated in the center of Europe and in a relatively low-cost area, which allows Trio Line to cost-effectively serve customers all across the continent.

Skilled Workforce

To achieve the quality Trio Line customers demand, production employees must be highly skilled and well-trained. New employees spend two to three weeks at Trio Line

Academy before they are allowed to work on the production line. "This is where we make sure they have the mentality for the work – which is the most important thing – as well as the proper talent with their hands," said Bjorn. "After two or three weeks, we know whether we can deploy them to production."

Because it has developed a large group of skilled employees, Trio Line is able to provide customers the quality of a small boutique shop while meeting higher volume demands. "It's rare to find an operation of this scale doing this level of craftsmanship," said Niels Mossbeck, Vice President – Business Development.

Promising Partnership

The partnership with Leggett will allow Trio Line to continue its growth. "Over the last 11 years, we have developed from a small workshop to a medium-size production company," said Bjorn. "To take the next step in the development of the company, we needed a strong partner. We believe we've found a great match with Leggett."



For many of Trio Line's products, such as the iconic Fritz Hansen Egg Chair, the training doesn't end with Trio Line Academy. "It takes one to two years to learn to make the chair – to achieve the quality we need," said Bjorn. Trio Line builds the Egg according to its original 1958 specifications, and each Egg takes 10 hours to build. "It's a classic chair, and it's made the traditional way – hand-sewn all around."

ADJUSTABLES AND AUTOMOTIVE IN JUAREZ

An Unlikely Combination

Adjustable bed bases and automotive lumbar supports appear to have little in common. But a cross-segment partnership of two Leggett business units in Juarez, Mexico, is a testament to Leggett's common culture bridging the gap between these very different businesses.



Outstanding Growth – A Good Problem to Have

Leggett's Adjustable Bed business has experienced rapid growth, pushing its Georgetown, Kentucky, facility past capacity. However, the size of the adjustable bases create challenges in shipping the product—only 100 bases can fit on one truck, making it costly to transport large quantities cross country.

To reduce shipping costs, the Adjustable Bed Unit wanted to expand into a second facility in the western United States. Jay Thompson, President of the Adjustable Bed Unit, wanted to find a strong labor force, experienced managers and transportation access. After considering several U.S. locations, Jay and his team found that Juarez, Mexico, just across the border from El Paso, Texas, met all their criteria in a wonderful way.



Putting It All Together

Like any expansion project, a building was purchased and renovated, and new equipment was procured and installed. But unlike many other expansion projects, the property was acquired and outfitted smoothly and in record time. In October this venture was only an idea and by March adjustable bed bases were rolling off the production line.

The collaboration between Adjustable Bed and Automotive is much more than two businesses sharing a space. Adjustable Bed retains all design, sales forecasting and shipping responsibilities out of a facility in El Paso, Texas, while Automotive manages assembly and quality control in Juarez. This cooperation and allocation of risk makes this a unique endeavor for Leggett.

Partners in Problem Solving

Jay started working with Mitch Dolloff, President of the Automotive Group, to explore Juarez as a possibility. The Automotive Group has produced lumbar supports in Juarez for five years, growing at roughly 25% per year. With this facility's vast experience in shipping across the U.S./Mexico border, all the pieces seemed to be in place for a cross-company venture.

To make it happen, Jay and Mitch needed to engage the right people in Juarez. Jack Pikaart, Automotive's local Director of Operations, visited the Adjustable Bed facility in Georgetown to understand this new product and the assembly processes. Jack discovered an instant bond with his partners in Kentucky, explaining, "We share a common culture in our desire to satisfy the customer and support top-end growth."

No individual claims the spotlight in this success story. While both Mitch and Jay have high praise for Jack's leadership, Jack, in turn gives credit to Andreas Fuchs, the Adjustable Bed Group Manager, and the whole team in Juarez. "We had strong teamwork and focus from all people involved. We couldn't be happier with the results."

RIGHT: A ribbon-cutting ceremony was held on March 23, 2015, at the 82,000-square-foot facility in the Rio Bravo Industrial Park in Juarez. The new operation employs an additional 100 production workers and, at full capacity, will produce 650 adjustable bed bases per day. BOTTOM: Jack Pikaart and Andreas Fuchs cutting the ribbon.



FURNITURE HARDWARE ASIA

Improving a Strong Position

Leggett & Platt's Home Furniture Components Group (HFC) is the world's leading supplier of hardware to make chairs and sofas recline, rock, glide or convert to a bed. Our Asian Division supplies two-thirds of those units and one-third of HFC's total sales. While it's already a major contributor, the Division's recent process improvements and production enhancements are making it an even stronger performer.

Making a United Effort

"Our unique model of manufacturing in the U.S. and China gives customers more choices and constant supply, but it takes close partnership and product conformity between our domestic and overseas divisions," said HFC President, Randy Ford. "This industry grew up in the United States, and our leadership drives global success, but high volume in China makes growth and innovation possible."

Raising Standards

Product development and manufacturing have been U.S.-led for several years, but over the last 18 months, the Asian Division has upgraded to Leggett systems including Sales & Operations Planning, LP9000 Quality Management and Continuous Improvement (CI).

"These disciplines make us more consistent and team-driven," said Division President James Mao. "Demand and supply planning prepare us to meet customer needs on time in different scenarios, while keeping inventory under control. Quality and continuous improvement require us to closely examine and document how we work and might improve."

James relies on Operations Director Carl Huang to direct day-to-day quality and CI. He's helped to cultivate an environment where employees are encouraged to suggest improvements. He also leads weekly department and CI committee meetings to review opportunities and manage ongoing projects. These have generated millions in annual savings—like energy cost reductions from burning wood pellets instead of gas to cure paint, and distribution savings from switching to reusable shipping cartons.

Purchasing improvements have also saved millions in raw material costs. "Price fluctuations in the market and limited supplier choices were constant challenges," said James. "By purchasing more from a smaller number of quality suppliers, we've negotiated volume and promotional discounts."

Increasing Capabilities

The Taizhou plant has nearly completed project North Star: a major investment in equipment to stamp steel parts previously sourced from outside suppliers. General Manager Carl Sha described many benefits: "It will reduce our cost and dependence on suppliers while protecting our intellectual property from competitors. With our new capacity and reliable labor force, we'll be able to run another shift. That will make us more profitable and let us relieve capacity constraints at Jiaxing."

Preparing for the Future

While the Asian Division currently exports most of its products, China's internal demand for motion furniture is expected to grow significantly over the coming decade. As it does, Asian Furniture Hardware will be ready to meet those needs.

In the meantime, supplying existing customers is a full-time job. "We're busy," said James. "We made a record number of units last month, and aren't slowing down anytime soon."

Leaders

LEFT TO RIGHT: Carl Huang, Operations Director – Jiaxing and Huizhou; James Mao, Division President; Carl Sha, General Manager – Taizhou



With combined Leggett experience of nearly 20 years and diverse backgrounds—in business ownership and development, engineering, manufacturing, sales and marketing, and operations management—the leadership team does an outstanding job managing the business in a fast-changing and complex market.

Locations

Furniture Hardware Asia includes nearly 1,400 employee-partners at production facilities in (1) Taizhou and (2) Jiaxing and a distribution center in (3) Huizhou.



L&P AEROSPACE

Expanding Our Horizons

In 2012, Leggett & Platt took to the sky with the acquisition of Western Pneumatic Tube (WPT) and Valley Metals, establishing an exciting new growth platform making engineered products for the aerospace industry. With that foundation, we set lofty goals of growing our Aerospace presence by expanding our holdings to companies offering different types of tubing and extending our technical capabilities to include increasingly complex assemblies.



New Geographies and New Capabilities

The Aerospace platform is off to a strong start, and those plans are becoming a reality. Two more key acquisitions—David Hart Aerospace Pipes (DHAP) in England and Specitubes in France—have expanded our footprint and customer base. Our products can now be found across the globe (and in the stratosphere) in military and commercial airplanes, business jets and rockets made by Airbus, Boeing, Augusta Westland, Bombardier and SpaceX.

According to Chuck Kallil, Aerospace and Wire Products Group President, the addition of DHAP marks a new stage in the evolution of Leggett's Aerospace platform. Western, Valley and Specitubes produce welded and seamless tubes. "But DHAP stands apart by moving us ahead in the value chain of suppliers to the OEMs," explained Chuck. "DHAP excels in bending, welding and assembling tubing components to precise customer specifications."

Accelerating the Pace of Success

Since DHAP captures a unique market among Leggett's Aerospace platform, the runway has been cleared for takeoff. "We're growing it as fast as we possibly can," says Simon Prior, the Aerospace Business Unit President. And indeed, since its acquisition one year ago, DHAP has increased sales by a whopping 63%, with more growth in sight. DHAP's Managing Director, Simon Dootson, reported that they've recently added extra shifts and hope to expand into a second factory.

DHAP has undergone many changes since joining Leggett in 2013. "Some of those changes are difficult," Simon Dootson admitted, "but having the resources, reach and ambitions of a global company have enabled us to expand at a pace that would not have been possible only a few years ago. Our growth opportunities are phenomenal."

DHAP supplies fabricated assemblies to companies throughout the United Kingdom, Germany, France, the Netherlands, Israel, the U.S. and Mexico. "We've got quite a large global footprint," noted Simon Dootson. "And growth is a common theme among our customers."

A Plan Worth Pursuing

"We're very pleased with the way our Aerospace business is developing," said Chuck. "Our current group of specialty tube manufacturers—Western, Valley and Specitubes—are well positioned to support our customers' growing platforms. DHAP is our first 'value-added' company in the Aerospace Unit.

"Our excellent experience with Simon Dootson and his team has reaffirmed our plans to grow in this category of suppliers. We look forward to adding more companies like DHAP throughout North America and Europe to increase our Aerospace Business Unit footprint."

TOP: Simon Dootson, a founder and Managing Director of David Hart Aerospace Pipes



Leggett's aerospace businesses make titanium, nickel and stainless steel tubing for a variety of applications including:

- Ducts for engine air-bleed systems
- Hydraulic pipes that activate the undercarriage
- Hydraulic pipes within the fuselage

EXCITING TIMES IN BRAZIL

Introducing Gustavo Lemos

Although Brazil is considered one of the world's most promising markets, its volatile economy has proven frustrating for many businesses. According to Eric Rhea, President of Leggett's Bedding Group, "Establishing a business in Brazil can be risky, but managing a successful business there can be even more challenging. After years of fighting unfavorable conditions, we've recently turned a corner and want to seize the opportunities we've developed."

"We found the kind of leader who confronts such difficulties head on with Gustavo Lemos," said Eric. Gustavo joined Leggett this past November as the South America President of Leggett & Platt de Brasil, a branch with 305 employees that manufactures residential furniture and components.

Gustavo has wasted no time. Since being hired he's made significant strides in adapting to a rocky economic environment while strengthening the branch's potential. His vision for Leggett in Brazil is clear: grow the business.



Gustavo Lemos comes to Leggett with an engineering background, an MBA and years of experience as an Operational Director with 3M.

Immediate Actions, Immediate Results

One of Gustavo's first steps was to hire additional employees. "By expanding our workforce," he said, "we were able to increase production capacity and grow sales by 30% in January and February."



Gustavo's plan for immediate growth also includes strengthening bonds with existing customers. "To provide first-class service to our customers, we are implementing 'out-of-the-shelf' delivery," Gustavo explained. "Nine times out of ten, we'll be able to deliver products the day after orders come in."

Additionally, Gustavo emphasizes product quality. "Several initiatives have made our quality assessment more robust and focused. This led to a significant decrease in our customer complaints. I'm proud to say that this February, complaints were at an all-time low."

Future Opportunities for Growth

Gustavo continues to evaluate long-term options for future growth in the business. A significant opportunity is to keep investing the workforce. "Our people have really responded to recent training in safety procedures and Lean Manufacturing techniques," Gustavo said. "More employees are taking ownership of responsibilities and morale is up."

He also plans to keep open communication lines with branch employees. "I want them to be engaged and aware of how we are doing by sharing our recent performance, evaluating current projects and detailing future goals."

Another exciting opportunity is expanding the business into Northeastern Brazil to be closer to several large customers and benefit from regional tax incentives. If plans go accordingly, the new operation will be in place next year.

Finally, Gustavo wants to further emphasize Leggett & Platt's brand with consumers, which would ideally trigger increased sales and better margins. "A larger presence in the market and targeted visits to our customers would make us a household name," he explained. "At the end of the day, we want people to ask specifically for Leggett & Platt springs in their mattresses."