

Leggett & Platt (NYSE: LEG) is a diversified manufacturer that conceives, designs and produces a broad variety of engineered components and products that can be found in most homes and automobiles. The 134-year-old company is comprised of 17 business units, 21,000 employee-partners, and 130 manufacturing facilities located in 19 countries.

Leggett & Platt is the leading U.S. manufacturer of the following: a) components for residential furniture; b) components for bedding; c) carpet cushion; d) adjustable beds; e) components for work furniture; f) high-carbon drawn steel wire; g) automotive seat support and lumbar systems; and h) bedding industry machinery.

### STRATEGY:

- Total Shareholder Return (TSR) is our primary financial objective. [TSR=(Change in Stock Price + Dividends) / Beginning Stock Price]
- Goal is TSR in the top third of S&P 500
- TSR derived from: 1) revenue growth, 2) margin improvement, 3) dividend yield, and 4) stock buyback.
- Business units each have a specific “role” in portfolio (Grow, Core, Fix, or Divest) based on their competitive advantages, market position, and financial health.
- Business unit bonus is tied to return on assets.

### GROWTH FRAMEWORK:

- Targeting 6-9% average annual revenue growth (organic + acquisition).
- Three avenues of growth:
  1. Recent growth sources should continue for next few years.
  2. Growth Identification Process used to generate profitable growth initiatives in current markets.
  3. Styles of Competition used longer term to uncover new attractive markets.

### CASH USE PRIORITIES:

1. Fund capital expenditures.
2. Increase dividends.
3. Fund selective growth (acquisitions and new growth platforms).
4. Use excess cash flow (if any) to repurchase stock.

### DIVIDENDS:

- Dividend payout target is 50-60% of net earnings.
- 203-fold growth since 1971 via 46 consecutive annual increases at a 13% CAGR.
- One of the best dividend growth records in the S&P 500.
- Dividend yield is ~ 2.8% (on a \$49 stock price).

### RECOGNITION:

- Included as one of the Standard & Poor's “Dividend Aristocrats”
- Included in *Mergent's Dividend Achievers* list of consistent dividend growers