M & A ANALYSIS · APRIL 2026

SOMNIGROUP ACQUIRES

LEGGETT & PLATT

$2.5B
Transaction value

100%
All-stock deal

$11.2B
Pro forma revenue

YE 2026
Expected close

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KEY THEMES

- Vertical integration completing the full mattress value chain
- 50-year supplier relationship converted into ownership
- Antitrust scrutiny as the binary outcome risk

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The Deal in One Page

WHAT

The final piece of vertical integration

Somnigroup acquires its component supplier for $2.5B in an all-stock deal. The combined entity now controls the full bedding value chain including steel, components, manufacturing, and retail.

WHY

Strategic logic is compelling for both sides

Somnigroup closes the last gap in vertical integration, tightens innovation cycles, and creates a competitive advantage as competitors must source components from a Somnigroup-controlled entity.
Legget exits structural decline, eliminates its largest customer dependency, and allows shareholders to participate tax-deferred.

RISK

Antitrust is the binary variable

A similar deal involving Leggett was blocked by the FTC. The combined entity will control the dominant US component supplier and the largest bedding retailer. Regulatory clearance is achievable as Somnigroup has committed to continue supplying existing customers under current agreements.

"Leggett meaningfully expands Somnigroup's control over key components including innersprings, foam, and adjustable bases... synergy targets are probably conservative given Leggett's integrated steel operations." — William Blair Analysts

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Transaction

$2.5B	0.1455x	9%	$50M
All-stock consideration	SGI shares per LEG share	LEG shareholder ownership	Run-rate synergy target

Acquirer	Somnigroup International Inc. (NYSE: SGI)
Target	Leggett & Platt, Incorporated (NYSE: LEG)
Consideration	100% all-stock - 0.1455 SGI shares per LEG share
Implied Equity Value	$2.5B based on SGI closing price, April 10, 2026 (14% premium to unaffected price)
Pro Forma Revenue	$11.2B net sales (after elimination of $293M intercompany)
Pro Forma Adj. EBITDA	$1.7B (Pro forma operating cash flow - $1.1B)
Synergies	$50M run-rate EBITDA - $10M in year one; fully realised in 3 years
Governance	L&P operates as separate business unit - Karl Glassman stays as CEO
Regulatory Approvals	L&P shareholder approval required - SGI shareholder approval not required
Expected Close	Year-end 2026 - unanimously approved by both boards

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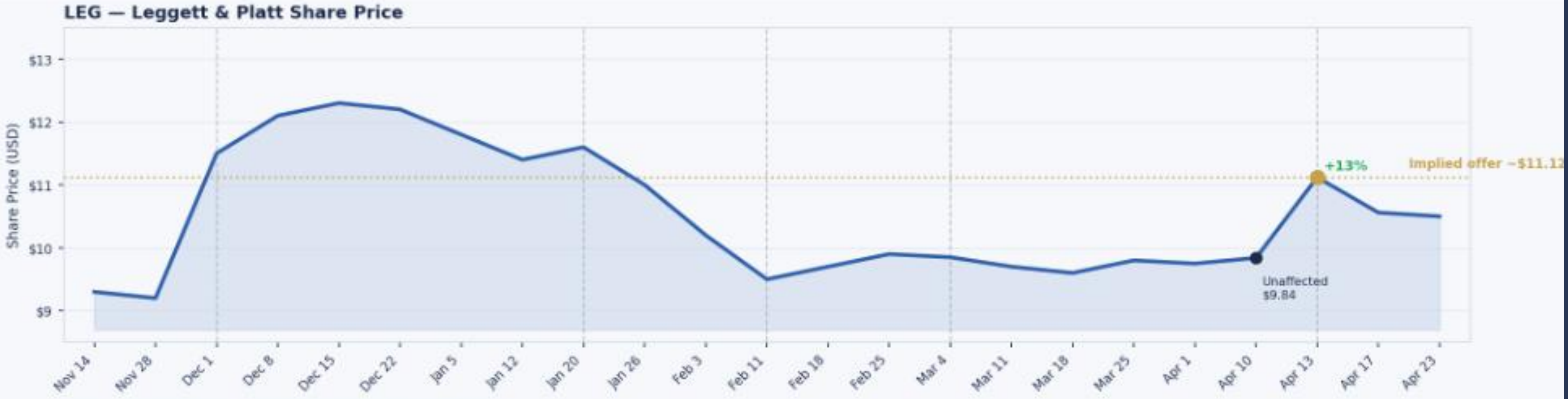
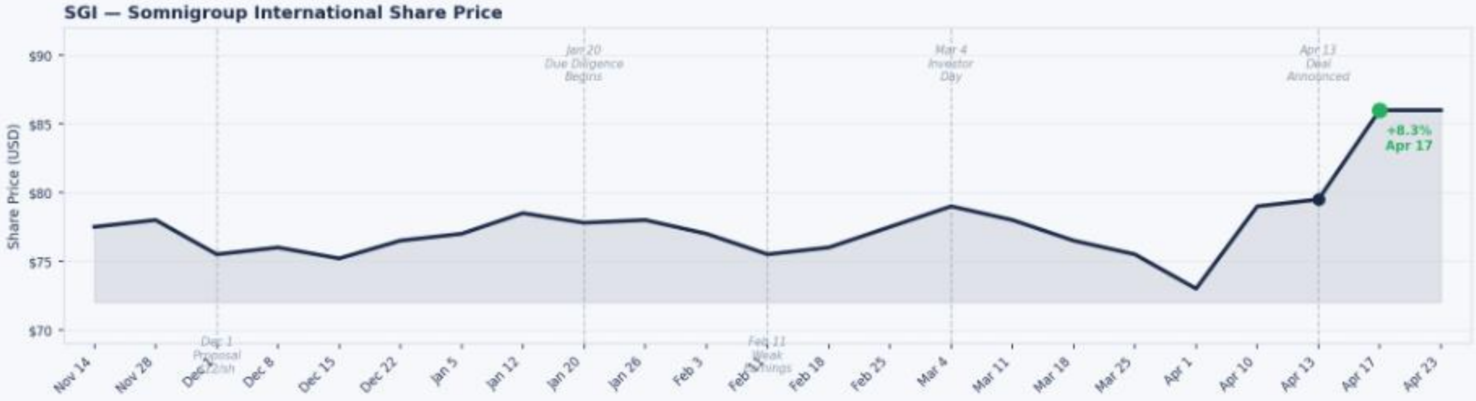
Share Price At Acquisition





MARKET READ

LEG rose 13% when the deal was announced, closing near the $11.12 offer price. SGI fluctuated between -1.7% and +3% as investors balanced dilution concerns with integration benefits, then jumped 8.3% on Apr 17 as confidence grew.

LEG did not reach the initial $12 proposal during due diligence, indicating uncertainty. The 13% premium to its $9.84 pre-deal price rewards LEG shareholders, while the all-stock deal helps SGI conserve cash and reduce debt.

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Leggett & Platt — DCF Valuation

DCF FAIR VALUE

$11.98

per share

+5.4% vs $11.36 offer price

KEY ASSUMPTIONS

WACC **9.1%** Discount rate	TERMINAL GROWTH **1.5%** Perpetuity rate
FORECAST PERIOD **6 yrs** Explicit model	EXIT MULTIPLE **5.3x** EV / EBITDA

COMMENTARY

Our discounted cash flow analysis yields an **equity value per share of $11.98**, closely aligned with LEG's closing share price on 20th April 2026, and broadly consistent with Somnigroup's offer, which implied a value of approximately $11.36 per share based on LEG's closing price on 10th April. The convergence of our intrinsic valuation with the prevailing market price lends confidence to our assumptions.

A **WACC of 9.1%** was derived from Bloomberg estimates, reflecting LEG's elevated financial risk given its significant debt burden and ongoing restructuring. A **terminal growth rate of 1.5%** was assumed, below the long-run US GDP growth rate, which we consider appropriate given LEG's exposure to cyclical end markets — particularly residential housing — and the structural headwinds facing its manufacturing operations amid ongoing geopolitical and trade tensions. Following the divestiture of its aerospace business, LEG's revenue base is more concentrated in these cyclical, lower-growth segments, further supporting a conservative terminal growth assumption.

The derived enterprise value of approximately **$2.5 billion** comprises 27.4% from the explicit forecast period and 72.6% from terminal value, consistent with a standard DCF composition for a mature industrial business. After deducting LEG's substantial net debt, the resulting equity value of approximately **$1.6 billion** closely aligns with the company's prevailing market capitalisation, providing additional validation of our valuation and suggesting the market is pricing LEG broadly in line with its intrinsic value

VALUATION READ Our DCF implies a fair value of $11.98 per share — slightly above the $11.36 implied offer price by Somnigroup. Our DCF analysis suggests the deal is fair market value for LEG shareholders, whilst being opportunistic and accretive for SGI, contingent on synergy delivery and housing market normalisation.

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Somnigroup International — The Acquirer

- Tempur Sealy International was rebranded as Somnigroup in February 2025 following the $5B acquisition of Mattress Firm, the US's largest mattress retailer.
- Positions itself as the world's leading vertically integrated bedding company, operating four business units. Tempur Sealy (manufacturing), Mattress Firm (US retail), Dreams (UK retail), and now Leggett & Platt (components).
- FY2025 revenues of $7.5B standalone, adjusted EBITDA of $1.3B. Leverage at 3.21x as of December 31, 2025, however, the Leggett deal is expected to reduce this ratio.
- CEO Scott Thompson pursued a strategy of owning every layer of the bedding value chain. Design, manufacturing, component supply, and direct-to-consumer retail.
- Portfolio of brands includes Tempur-Pedic, Sealy, Stearns & Foster, Cocoon, and Mattress Firm. Including 2,800 retail stores globally, 40+ e-commerce platforms.
- Leggett & Platt has been a Somnigroup supplier for nearly 50 years and represented 7% of Leggett's 2025 net sales.

$7.5B
FY2025 Revenue

$1.3B
Adj. EBITDA

2,800+
Retail stores

3.21x
Net leverage

"Leggett & Platt's engineering capabilities, diversified end users and cash-generating financial profile meaningfully enhance our global platform." — Scott Thompson, CEO

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Leggett & Platt — The Target

- Founded 1883 in Carthage, Missouri. For its first 50 years, the company made a single product, the spiral steel coil bedspring. Today it is a 143-year-old diversified manufacturer of engineered components. FY2025 net sales $4.1B, adjusted EBITDA $385M.
- Bedding Products represent 38% of sales as they are global leaders in innersprings, specialty foam, adjustable beds, and private-label finished mattresses. Holds 2 wire mills and 1 rod mill.
- Specialized Products (28% of sales) including automotive seat comfort systems and hydraulic cylinders. Aerospace divested in August 2025.
- Furniture, Flooring & Textiles (34% of sales) - home and work furniture components, geo components, flooring underlayment.
- Bedding volume is directly tied to housing market turnover. US home moves hit a 48-year low in 2025. This is a structural headwind not just a cyclical dip. As a result, Leggett reduced its bedding footprint from 50 to 30-35 facilities in 2024 to protect margins.
- Operating cash flow of $338M in FY2025 despite the challenging environment. The cash generation profile is what makes Leggett attractive to Somnigroup's balance sheet strategy.

2025 SALES MIX

38% Bedding Products

34% Furniture, Flooring & Textiles

28% Specialized Products

$4.1B	$338M	143yr
FY2025 sales	Op. cash flow	Heritage

Key Drivers Behind The Transaction

Vertical Integration

PRIMARY

Tempur Sealy acquired Mattress Firm in 2025 completing manufacturing-to-retail integration. The missing piece was component supply. Leggett has supplied Somnigroup for 50 years. The relationship, cultural familiarity, and strategic fit made this the most foreseeable acquisition in the bedding industry.

Leggett's Structural Challenges Made It Available

PRIMARY

Bedding demand is closely linked to housing turnover. In 2025, US home moves fell to a 48-year low, a structural headwind that drove about a 10% decline in Leggett’s revenue. After a 2024 restructuring and with rising financial leverage, the company’s growth outlook weakened, so the board preferred an all-stock merger to give shareholders upside from a future housing recovery instead of continuing alone in a difficult market.

Preparing For a Possible Recovery Phase

SECONDARY

The $120B global bedding market has been slowed down by weak housing activity. As mortgage rates normalise and the housing market recovers, mattress and component demand will rebound at some point in the future. Somnigroup is positioning itself to capture the full margin stack of that recovery rather than sharing it with an independent supplier.

Supply Chain Control in a Tariff-Volatile Environment

SECONDARY

US tariffs on imported steel and components have created cost unpredictability for bedding manufacturers. Leggett's vertically integrated steel operations with 2 wire mills and 1 rod mill provide security. William Blair noted this is why synergy estimates are likely conservative as the steel integration benefit is real but difficult to quantify in advance.

Why Somnigroup Did This Deal

1

The Final Piece of Vertical Integration

Somnigroup already owns design, manufacturing (Tempur Sealy), US retail (Mattress Firm), and UK retail (Dreams). With Leggett, it now owns innersprings, foam, adjustable bases, and the steel inputs. The combined entity controls the full production from raw material to consumer bedroom.

2

Faster Product Development

When component engineers and mattress designers work in separate companies, innovation is slower and costlier. Integrating Leggett's R&D (250,000+ sq ft across 5 development centres) directly into Somnigroup's pipeline accelerates time to market.

3

Competitive Advantage

Leggett supplies the entire bedding industry including Somnigroup's competitors. After closing, rivals will have very limited options to avoid relying on a Somnigroup-controlled entity for both components and retail distribution.

4

Financial Leverage Reduction & EPS Accretion

The all-stock structure requires no cash outlay. Leggett's $338M operating cash flow joins the group immediately, reducing leverage below the 3.21x entry point. The deal is expected to increase EPS before synergies in year one and the $50M run-rate target is considered conservative.

Why Leggett & Platt Did This Deal

An Exit from Structural Decline

Leggett's trajectory was declining. Bedding demand is closely linked to housing turnover. In 2025, US home moves fell to a 48-year low, a structural headwind that drove about a 10% decline in Leggett's revenue. After a 2024 restructuring and with rising financial leverage, the company's growth outlook weakened, so the board preferred an all-stock merger to give shareholders upside from a future housing recovery instead of continuing alone in a difficult market.

Eliminating Its Largest Customer Dependency

Somnigroup represented 7% of Leggett's 2025 net sales forming a dependency risk. The threat of Somnigroup internalising production or switching suppliers was a significant risk for Leggett. The acquisition converts that dependency into a permanent revenue relationship.

A Tax-Deferred Path to Value Participation

Rather than receiving cash at a depressed valuation, shareholders receive 0.1455 SGI shares a 14% premium based on April 10 closing prices, with upside tied to the combined entity's recovery. LEG stock rose 13% on announcement day, reflecting the market's support of the exchange.

Scale to Compete in a Technology-Driven Market

Smart sleep technology with adjustable bases, biometric tracking, and climate regulation requires sustained R&D investment difficult for a mid-cap manufacturer to self-fund. Under Somnigroup, Leggett's engineering gains access to 4 industry-leading labs and consumer data from 2,800+ retail stores.

The Somnigroup Group Structure Post-Close

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TEMPUR SEALY
Global manufacturer

MATTRESS FIRM
US retail leader

DREAMS
UK retail leader

LEGGETT & PLATT
Components mfg.

What makes this structure distinctive:

Decentralised but reinforcing	Each unit retains its own leadership and brand. Leggett keeps CEO Glassman and its Carthage HQ. Somnigroup acts as holding company reducing integration risk while preserving cultural continuity.
External supply relationships preserved	Somnigroup has committed to honour Leggett's supply agreements with rival manufacturers. A Leggett supplying only Somnigroup would lose the volume scale that makes its steel operations cost-competitive.
The competitive moat tightens over time	Competitors may have to buy parts from a company controlled by Somnigroup while also competing with it selling mattresses. As product development becomes more integrated, Somnigroup will have a growing advantage.

Key Risks

Antitrust Scrutiny

A similar deal was blocked by the FTC. The combined entity controls both the dominant US component supplier and the largest retail network. The FTC will assess whether rivals face discriminatory access to Leggett's supply and R&D.

Leverage on the Combined Balance Sheet

Somnigroup enters at 3.21x net leverage above its 2.0–3.0x target. Leggett's existing debt remains in place. The all-stock structure avoids new cash debt, but deleveraging is required.

Housing Market Recovery Dependency

The investment thesis requires housing turnover to normalise. US home moves hit a 48-year low in 2025. If mortgage rates stay elevated, the volume needed to fully convert synergy value could be delayed by years.

Competitor Adaptation

Rivals are accelerating in-house component development to reduce exposure to a Somnigroup-controlled supplier. If enough customers leave Leggett's order book, the manufacturing scale that supports the synergy weakens.

Overall Assessment

The Somnigroup acquisition of Leggett & Platt is the final point of a vertical integration strategy that began with the $5B Mattress Firm deal in early 2025. It completes the chain from raw material to consumer which is structurally unique in the global bedding industry.

For Somnigroup, the strategic case closes the last gap in the value chain, accelerates innovation by integrating component engineering with mattress design, and creates a competitive advantage that rivals cannot replicate without an equivalent acquisition of their own.

For Leggett, the deal offers an exit from structural decline on terms that are fair to shareholders. The all-stock structure provides tax deferral and upside participation in the combined entity.

The central risk is antitrust. A previous deal was blocked by the FTC, and the combined entity will control both the dominant component supplier and the largest retail network in US bedding. The regulatory assesment can be overcome as Somnigroup has committed to honour external supply agreements.

If clearance is obtained, value creation depends on three conditions. Housing market recovery, successful integration, and retention of external Leggett customers. The deal makes strategic sense. The question is whether regulators agree.

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Appendix (Hyperlinked)

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Gross Assumptions

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Revenue Assumption USD mn	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E
Bedding Products	2,039	2,456	2,356	1,965	1,752	1,558	1,480	1,495	1,525	1,571	1,618	1,667
% growth		*20.4%*	*-4.1%*	*-16.6%*	*-10.8%*	*-11.0%*	*-5.0%*	*1.0%*	*2.0%*	*3.0%*	*3.0%*	*3.0%*
% to total revenue	*47.6%*	*48.4%*	*45.8%*	*41.6%*	*40.0%*	*38.4%*	*37.4%*	*37.1%*	*37.0%*	*37.3%*	*37.5%*	*37.8%*
Specialised Products	891	999	1,118	1,280	1,239	1,122	1,156	1,191	1,226	1,263	1,301	1,340
% growth		*12.1%*	*12.0%*	*14.4%*	*-3.2%*	*-9.4%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
% to total revenue	*20.8%*	*19.7%*	*21.7%*	*27.1%*	*28.3%*	*27.7%*	*29.2%*	*29.5%*	*29.8%*	*30.0%*	*30.2%*	*30.4%*
Furniture, Floor & Textile Products	1,350	1,618	1,672	1,481	1,393	1,374	1,319	1,346	1,366	1,380	1,393	1,407
% growth		*19.9%*	*3.4%*	*-11.4%*	*-5.9%*	*-1.3%*	*-4.0%*	*2.0%*	*1.5%*	*1.0%*	*1.0%*	*1.0%*
% to total revenue	*31.5%*	*31.9%*	*32.5%*	*31.3%*	*31.8%*	*33.9%*	*33.4%*	*33.4%*	*33.2%*	*32.7%*	*32.3%*	*31.9%*
Total Revenue	**4,280**	**5,073**	**5,147**	**4,725**	**4,384**	**4,055**	**3,956**	**4,032**	**4,118**	**4,214**	**4,313**	**4,414**
% growth	*-10%*	*19%*	*1.5%*	*-8.2%*	*-7.2%*	*-7.5%*	*-2.4%*	*1.9%*	*2.1%*	*2.3%*	*2.3%*	*2.4%*

COGS Assumption USD mn	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E
Cost of goods	**3,376**	**4,034**	**4,170**	**3,872**	**3,635**	**3,311**	**3,309**	**3,413**	**3,444**	**3,504**	**3,564**	**3,626**
% to revenue	*78.9%*	*79.5%*	*81.0%*	*81.9%*	*82.9%*	*81.7%*	*83.7%*	*84.7%*	*83.7%*	*83.2%*	*82.7%*	*82.2%*
Gross Profit	**904**	**1,038**	**977**	**854**	**749**	**744**	**647**	**619**	**673**	**710**	**748**	**788**
Gross margin %	*21.1%*	*20.5%*	*19.0%*	*18.1%*	*17.1%*	*18.3%*	*16.3%*	*15.3%*	*16.3%*	*16.8%*	*17.3%*	*17.8%*

D&A and Capex Assumptions

Depreciation & Amortization schedule USD mn	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E
Depreciation	119	117	110	109	112	105	96.8	98.6	101	103	106	108
% to revenue	*2.8%*	*2.3%*	*2.1%*	*2.3%*	*2.6%*	*2.6%*	*2.4%*	*2.4%*	*2.4%*	*2.4%*	*2.4%*	*2.4%*
Amortization	70.0	70.8	69.6	71	23.6	17.7	17.2	16.5	15.8	14.6	8.8	8.8
% to revenue	*1.6%*	*1.4%*	*1.4%*	*1.5%*	*0.5%*	*0.4%*	*0.4%*	*0.4%*	*0.4%*	*0.3%*	*0.2%*	*0.2%*
Depreciation & Amortization	**189**	**187**	**180**	**180**	**136**	**122**	**114**	**115**	**117**	**118**	**114**	**117**
% to revenue	*4.4%*	*3.7%*	*3.5%*	*3.8%*	*3.1%*	*3.0%*	*2.9%*	*2.9%*	*2.8%*	*2.8%*	*2.7%*	*2.6%*

Capex Schedule USD mn	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E
Additions to PP&E	66.2	107	100	114	81.6	57.2	74.4	83.8	85.6	96.1	98	101
% to revenue	*1.5%*	*2.1%*	*1.9%*	*2.4%*	*1.9%*	*1.4%*	*1.9%*	*2.1%*	*2.1%*	*2.3%*	*2.3%*	*2.3%*
Total Capex	**66.2**	**107**	**100**	**114**	**81.6**	**57.2**	**74.4**	**83.8**	**85.6**	**96.1**	**98**	**101**

Working Capital Assumptions

Working Capital Assumption		2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E
Days		366	365	365	365	366	365	365	365	366	365	365	365
USD mn													
Trade receivables		535	620	609	565	503	434						
Other receivables		28.4	31.5	66.0	72.4	56.4	42.2						
Total receivables		**564**	**652**	**675**	**637**	**559**	**476**	**464**	**473**	**482**	**495**	**506**	**518**
Revenue		4,280	5,073	5,147	4,725	4,384	4,055	3,956	4,032	4,118	4,214	4,313	4,414
DSO	42.8	48.2	46.9	47.9	49.2	46.7	42.8	42.8	42.8	42.8	42.8	42.8	42.8
Inventories		**692**	**993**	**908**	**820**	**723**	**623**	**622**	**642**	**646**	**659**	**670**	**682**
COGS		3,376	4,034	4,170	3,872	3,635	3,311	3,309	3,413	3,444	3,504	3,564	3,626
DIO	68.6	75.0	89.9	79.4	77.3	72.8	68.6	68.6	68.6	68.6	68.6	68.6	68.6
Accounts payable		552	614	518	536	498	467						
Total payables		**552**	**614**	**518**	**536**	**498**	**467**	**466**	**481**	**484**	**494**	**502**	**511**
COGS		3,376	4,034	4,170	3,872	3,635	3,311	3,309	3,413	3,444	3,504	3,564	3,626
DPO	51.4	59.9	55.5	45.4	50.6	50.1	51.4	51.4	51.4	51.4	51.4	51.4	51.4

Discounted Cash Flow (DCF)

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Leggett & Platt Discounted cash flow Valuation as of 10/04/2026 USD mn			Apr-26 Dec-26 8.7 266	Jan-27 Dec-27 12 365	Jan-28 Dec-28 12 366	Jan-29 Dec-29 12 365	Jan-30 Dec-30 12 365	Jan-31 Dec-31 12 365	Terminal Year
EBIT			**98.6**	**72.9**	**147.8**	**195.3**	**249.5**	**278.1**	**282.2**
(-) Taxes			(20.7)	(15.3)	(31.0)	(41.0)	(52.4)	(58.4)	(59.3)
EBIAT			**77.9**	**57.6**	**116.8**	**154.3**	**197.1**	**219.7**	**223.0**
Depreciation and Amortisation			114.0	115.1	116.5	117.7	114.3	116.8	118.5
EBIAT + D&A			**191.9**	**172.7**	**233.3**	**272.0**	**311.4**	**336.4**	**341.5**
Change in working capital									
(Increase)/decrease in receivables			11.6	(8.9)	(8.8)	(12.6)	(11.6)	(11.9)	(12.1)
(Increase)/decrease in inventories			0.4	(19.5)	(4.1)	(12.9)	(11.4)	(11.6)	(11.8)
Increase/(decrease) in payables			(0.3)	14.6	3.1	9.7	8.5	8.7	8.8
Subtotal change in net working capital			**11.7**	**(13.8)**	**(9.8)**	**(15.9)**	**(14.5)**	**(14.8)**	**(15.0)**
(-) Capex			(74.4)	(83.8)	(85.6)	(96.1)	(98.3)	(100.6)	(102.1)
Free Cash flows (unlevered)			**129.2**	**75.1**	**137.9**	**160.1**	**198.7**	**221.0**	**224.3**
Terminal value	**Terminal Growth**	**1.5%**							2,952
Discount period			0.36	1.36	2.36	3.36	4.36	5.36	5.36
Discount factor	**WACC**	**9.1%**	0.97	0.89	0.81	0.75	0.68	0.63	0.63
Present value of free cash flows			**125.2**	**66.7**	**112.2**	**119.4**	**135.9**	**138.5**	**1,850**

Valuation Summary as of 10th April		USD mn
PV of projected free cash flows	27.4%	698
PV of terminal value	72.6%	1,850
Enterprise Value		**2,548**
(-) Total debt		(1,498)
(+) Cash and cash equivalents		587
(-) Noncontrolling interest		(1)
Equity Value		**1,637**
Diluted shares outstanding (millions)		136.7
Implied share price ($)		**$11.98**

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