



TEMPUR+SEALY

TEMPUR SEALY  
INTERNATIONAL, INC., TPX

“ We continue to demonstrate the resilience of our business model by generating healthy profits, investing in our business and returning capital to shareholders, while consistently enhancing our competitive position.”

- Scott Thompson, Chairman & CEO

## PURPOSE

# To Improve the Sleep of More People, Every Night, All Around the World

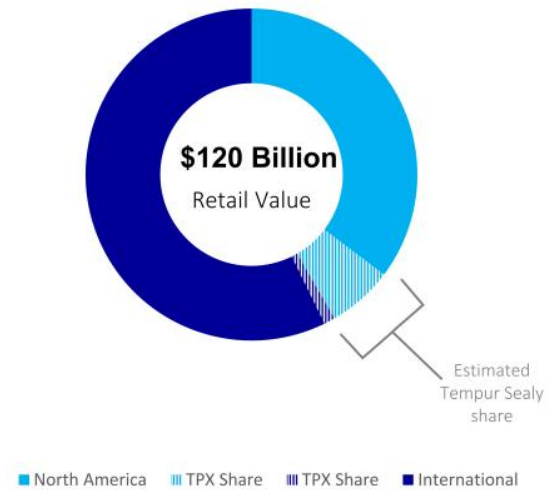
### Who We Are

Tempur Sealy is committed to improving the sleep of more people, every night, all around the world. As a leading designer, manufacturer, distributor and retailer of bedding products worldwide, we know how crucial a good night of sleep is to overall health and wellness. Utilizing over a century of knowledge and industry-leading innovation, we deliver award-winning products that provide breakthrough sleep solutions to consumers in over 100 countries.

Our highly recognized brands include Tempur-Pedic®, Sealy® and Stearns & Foster® and our popular non-branded offerings consist of value-focused private label and OEM products. At Tempur Sealy we understand the importance of meeting our customers wherever and however they want to shop and have developed a strong omni-channel retail strategy. Our products allow for complementary merchandising strategies and are sold through third-party retailers, our 750+ Company-owned stores worldwide and our e-commerce channels. With the range of our offerings and variety of purchasing options, we are dedicated to continuing to turn our mission to improve the sleep of more people, every night, all around the world into a reality.

Importantly, we are committed to carrying out our global responsibility to protect the environment and the communities in which we operate. As part of that commitment, we have established the goal of achieving carbon neutrality for our global wholly owned operations by 2040.

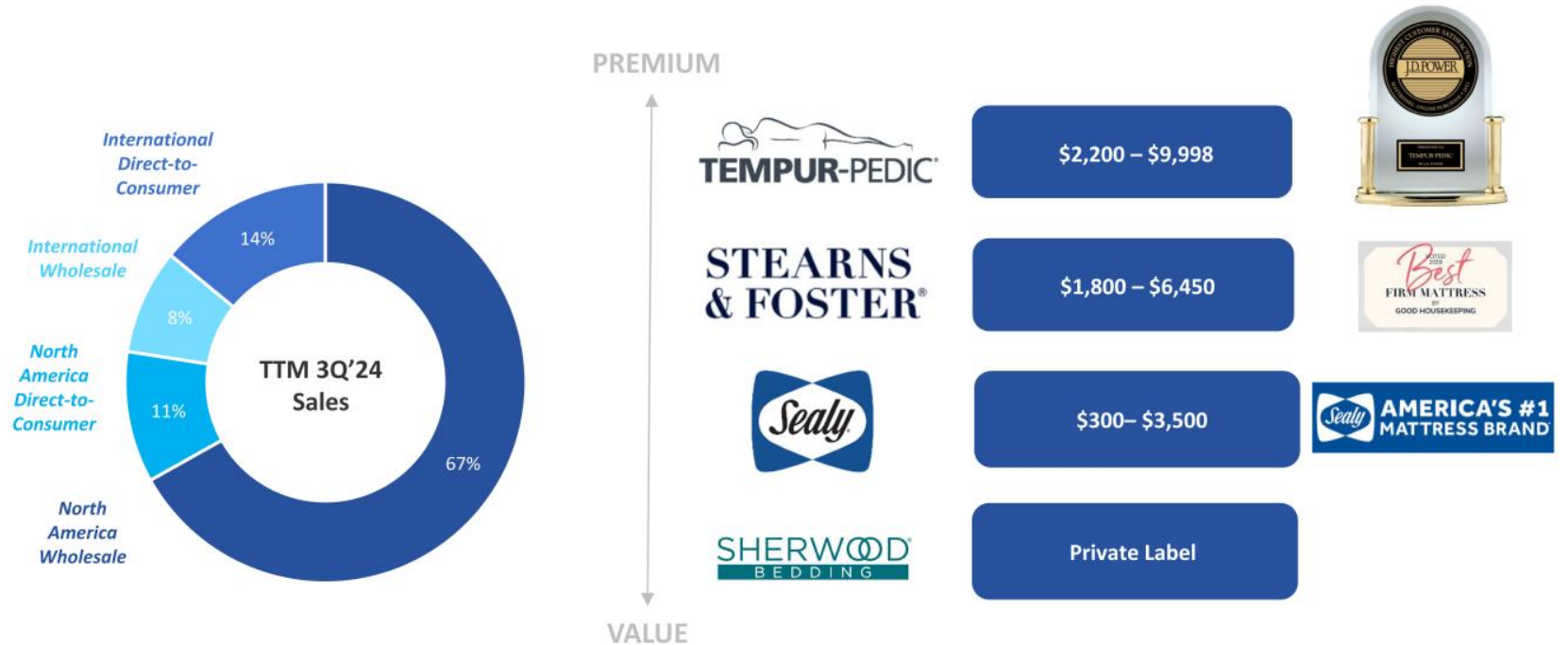
### Global Bedding Industry<sup>1</sup>



*Estimated global bedding market includes mattresses, foundations, pillows and other bedding products*

# A Premium Leader in the Bedding Industry

- Headquartered in Lexington, KY, Tempur Sealy International, Inc. is the leading global bedding products company, with a portfolio of iconic brands including Tempur-Pedic, Sealy and Stearns & Foster
- TPX manufacturers mattresses, pillows and related accessories across price points and distributes its products through multiple channels, including third-party brick & mortar retailers, its owned websites and third-party online platforms, as well as its owned stores
- TPX focuses on premium bedding with its Tempur-Pedic and Stearns & Foster brands



# TPX at a Glance

## Industry

- Represents ~\$120 billion<sup>1</sup> in retail value globally and has historically experienced consistent growth.
- U.S. bedding averages mid-single digit growth annually, driven by units and dollars.<sup>1</sup>
- International bedding is highly fragmented and about 40% larger than the size of the U.S. market.<sup>1</sup>

## Consumer

- Recent enhanced focus on health has boosted consumer spending on wellness and related industries.
- Consumers continue to make the connection between a good night's sleep and health & wellness.
- Consumer confidence, consumer spending, the housing market, and the wealth effect correlate with the bedding industry.

## Tempur Sealy

- Global omni-channel distribution strategy to be where the consumer wants to shop.
- Track record of developing and marketing differentiated products through consumer-centric innovation for the total global bedding market.
- Robust free cash flow<sup>2</sup> and fortified balance sheet provides flexibility to take advantage of industry and market opportunities and return capital to shareholders.

# Investment Thesis

The leading vertically integrated global bedding company with iconic brands and extensive manufacturing capabilities

Over the long term, the bedding industry has consistently grown through ASP and unit expansion

History of market share gains across global omnichannel distribution

Legacy of strong value creation via capital allocation including share buybacks and acquisitions

Seasoned, well-aligned management with proven track record

# Experienced Team's Value Creation

- Since management change in 2015, sales have increased 55%, adjusted EBITDA<sup>2</sup> has increased over 80%, and adjusted EPS<sup>2</sup> has increased over 200% under current leadership

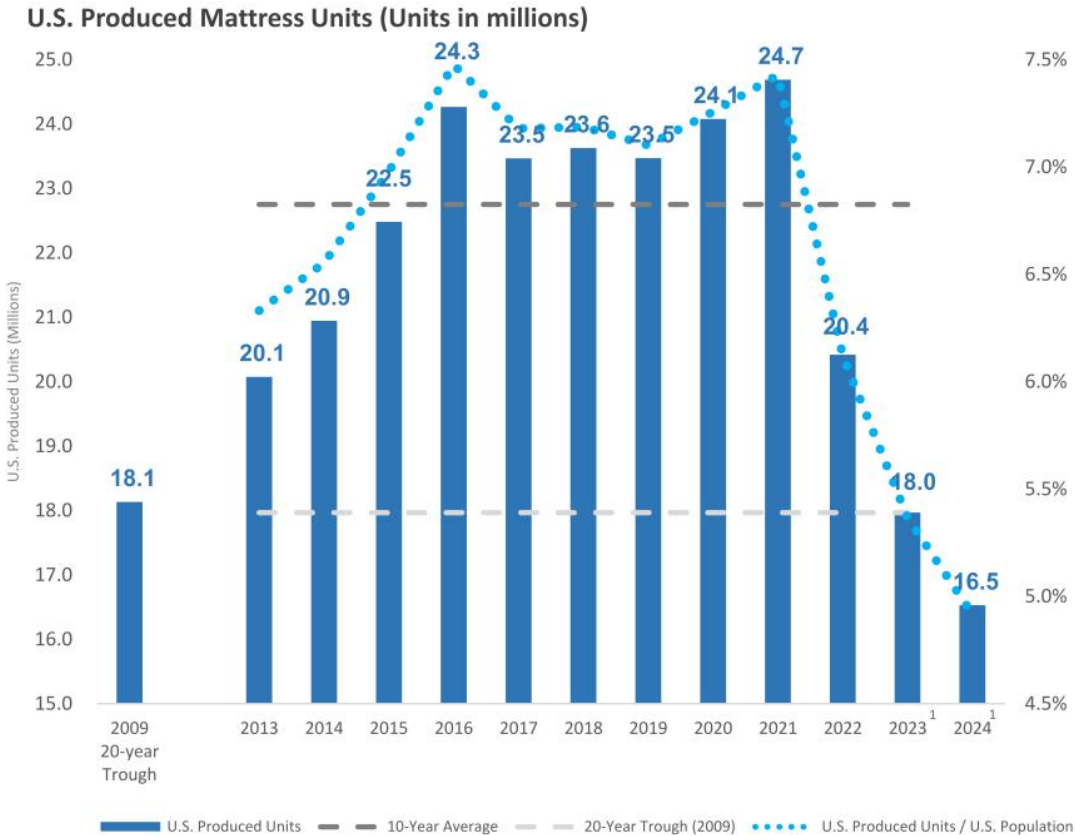
Current TPX Management Track Record Since 2015				
(in millions, except percentages, multiples, and per common share amounts)	Year Ended December 31, 2015	Trailing Twelve Months Ended September 30, 2024	CAGR	Total Growth
<b>Net Sales</b>	\$3,151	\$4,894	5%	55%
<b>Net Income</b>	\$65	\$390	23%	504%
<b>Adjusted Net Income<sup>2</sup></b>	\$200	\$442	9%	121%
<b>Adjusted EBITDA<sup>2</sup></b>	\$456	\$907	8%	99%
<b>GAAP EPS</b>	\$0.26	\$2.19	28%	750%
<b>Adjusted EPS<sup>2</sup></b>	\$0.80	\$2.48	14%	210%

**>195 YEARS**  
COMBINED TPX EXPERIENCE

**17 YEARS**  
AVERAGE TPX TENURE

# Current Industry Trends

## U.S. Industry Historical Volumes<sup>1</sup>



Source: ISPA, U.S. ITC, management estimates

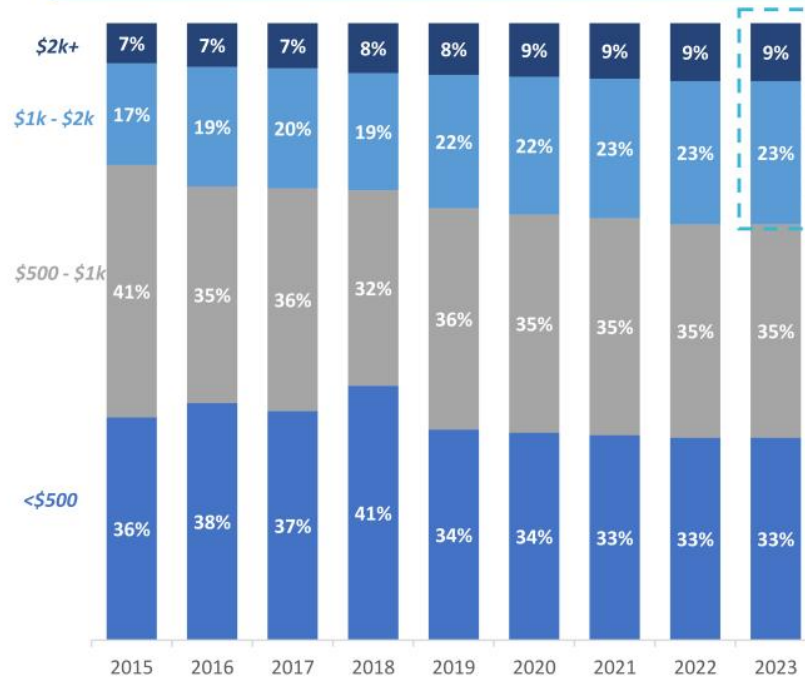
- U.S. produced units declined -27% from 2021 to 2023
- 2022 and 2023 volumes were well below the industry 20-year average of 21.7M units
- U.S. produced units as a percent of total U.S. population is also trending at a 10-year trough – down 5.4% in 2023 relative to the 10-year average of 7.0%
- 2022 and 2023 unit demand was a significant deviation from the U.S. produced mattress unit CAGR of 2.5% between 2011 – 2021
- Anticipate units will be down high single digits in 2024
- U.S. import units are also pressured, with reported YTD import volumes down 22% through August

# Current Industry Trends

## U.S. Bedding Industry Premiumization

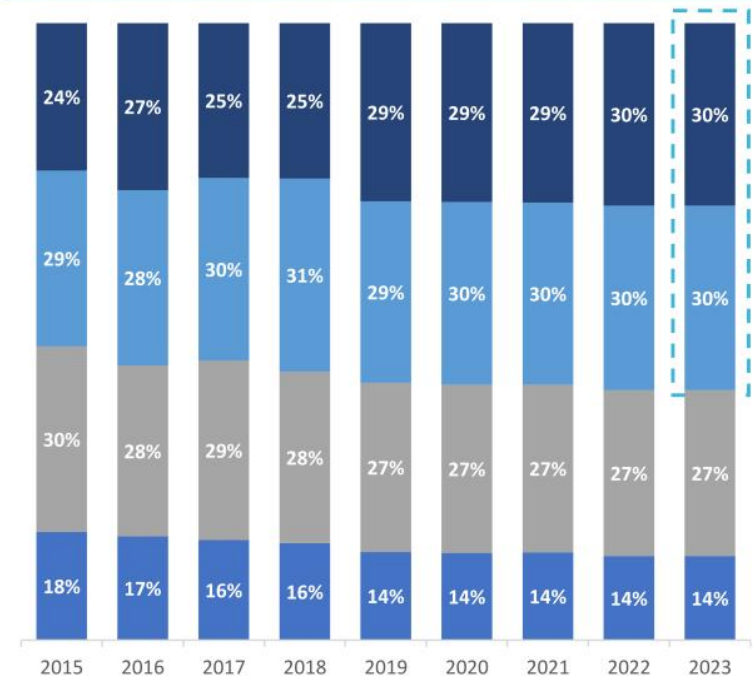
- The \$1,000+ ASP segment of the market has grown unit share by 8% and dollar share by 7% since 2015
- \$2,000+ premium segment has grown more rapidly than \$1,000 – \$2,000 segment, with 30% dollar share, up from 24% in 2015

**U.S. Mattress Market Segmentation (Units)**



Source: ISPA

**U.S. Mattress Market Segmentation (Dollars)**





# Strategic Advantages



# Portfolio of Global Brands

- From its founding, Tempur-Pedic pursued a direct advertising strategy that touted the clear benefits of its proprietary Tempur material, creating a luxury aura – generating strong same sales velocity in premium products.
- Over the last 15 years, Tempur-Pedic spent ~\$2.5B on direct advertising, significantly more than other top brands in the category. The premium brand that was built through direct advertising and R&D allows for sustainable ROICs well above traditional mattress peers.



## Tempur-Pedic®: leading worldwide premium bedding brand

- Tempur-Pedic® uniquely adapts, supports, and aligns to you to deliver truly life-changing sleep.  
\$2,200-\$9,998\*



## Stearns & Foster®: high-end-targeted brand

- The world's finest beds that are made with exceptional materials, time-honored craftsmanship, and impeccable design.  
\$1,800-\$6,450\*



## Sealy®: #1 bedding brand<sup>3</sup>

- Combines innovation, engineering, and industry-leading testing to ensure quality and durability.  
\$300-\$3,500\*

**AMERICA'S #1 MATTRESS BRAND**

Based on Sealy's family of brand offerings, including Stearns & Foster®



## Private Label Offerings: customized product

- Offers products for the value-oriented consumer.

\*Retail prices for a standard queen mattress

# World-Class Manufacturing Capabilities

33 NORTH AMERICAN FACILITIES | 38 INTERNATIONAL FACILITIES



## R&D Innovation

- 75,000 square feet of research & development
- 4 state-of-the art product-testing locations

## Leading Manufacturing Capabilities

- 71 manufacturing facilities
- 20 million square feet of manufacturing & distribution operations

# Successful Omni-Distribution Platform

## Wholesale

- Third-party retailers are our largest distribution channel
- Significant private label opportunity
- Valued win-win relationships with retailers



## Ecommerce

- Significant worldwide sales growth
- Highly profitable and rapidly expanding
- Direct customer relationships



## Company-Owned Stores

- Luxury Tempur-Pedic®, Dreams, and multi-branded showroom experiences
- Operate over 750 stores worldwide and expanding direct customer relationships
- Highly profitable



# Vertical Integration

## Owned Manufacturing



Tempur-Pedic manufacturing



Sealy / S&F manufacturing



Private label manufacturing



Dreams manufacturing

## Portfolio of Product Brands



## Brick & Mortar & E-Commerce DTC Retail



Mono-brand retail



Multi-brand retail



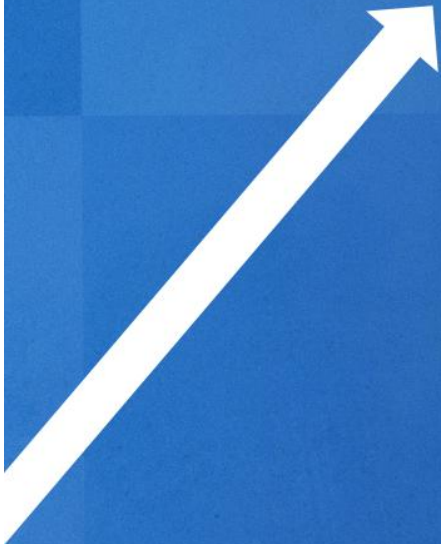
E-commerce

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# Growth Potential



# Building Blocks to Future Growth



Invest in innovation to meet customer demand.

Grow wholesale through existing and new retail relationships.

Expand into OEM market.

Invest in U.S. Stearns & Foster product and marketing.

Expand direct-to-consumer through ecommerce and company-owned stores.

Increase total addressable market internationally through new product launches in Europe & APAC.

Execute on capital allocation strategy.



# Innovative Technologies



Snoring



Support



Climate



Sleep-Health  
Metrics



Natural



Comfort



# Wholesale

## Third-Party Retailers

- Largest pillar of our omni-channel distribution strategy, grounded in win-win relationships
- Broad-based worldwide distribution through over 5,400 retail partners
- Global sales force of over 500 people supporting our portfolio of brands
- While we are well-represented today, we continue to pursue opportunities to further expand our third-party retail presence



## U.S. OEM Expansion

- Our OEM business leverages global manufacturing expertise, diversifies sales streams and realizes the manufacturing profits of the bedding brands it produces
- Expanded into OEM market through the acquisition of Sherwood Bedding in 2020; a 3rd generation American manufacturer of private label innerspring mattresses, and subsequently began exploring opportunities to leverage foam-pouring capabilities to manufacture private label foam mattresses
- Opportunity to serve as a provider for third-party bedding brands (including retailers' private label brands) at value-end price points
- Expected to drive down like-for-like cost per unit
- We see an opportunity to grow our OEM operations to \$600 million<sup>1</sup> of annualized sales

# Stearns & Foster Opportunity

With more than 175 years of history, Stearns & Foster is positioned to become the luxury leader in innerspring beds. We have several initiatives underway with an objective of growing Stearns & Foster to be our next billion-dollar brand.

- We launched an all-new collection of Stearns & Foster products in 2023. This updated portfolio features superior innovation, an elevated design and enhanced step-up opportunities, all intended to further differentiate Stearns & Foster.
- After years of no direct advertising, we supported Stearns & Foster with record advertising beginning in 2022 and continued investments through 2024. These campaigns are designed to increase consumer awareness and desire to purchase a premium innerspring mattress.
- We have meaningfully expanded Stearns & Foster's omni-channel presence through 20% slot growth at third-party retailers in 2023, combined with the expansion of Stearns & Foster into DTC e-commerce in late 2022.

## Dual-Approach to Luxury Bedding

Leading Luxury Specialty Foam Brand

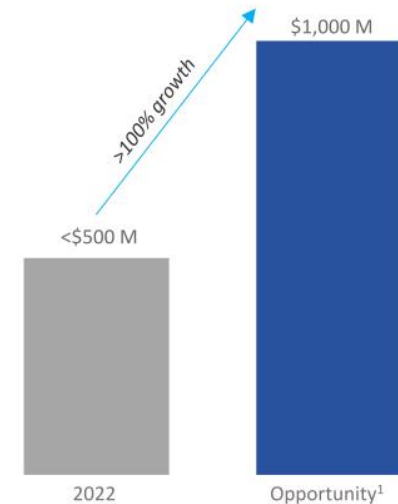


Portfolio Midpoint  
\$3,650\*

Leading Luxury Innerspring Brand

**STEARNS & FOSTER\***

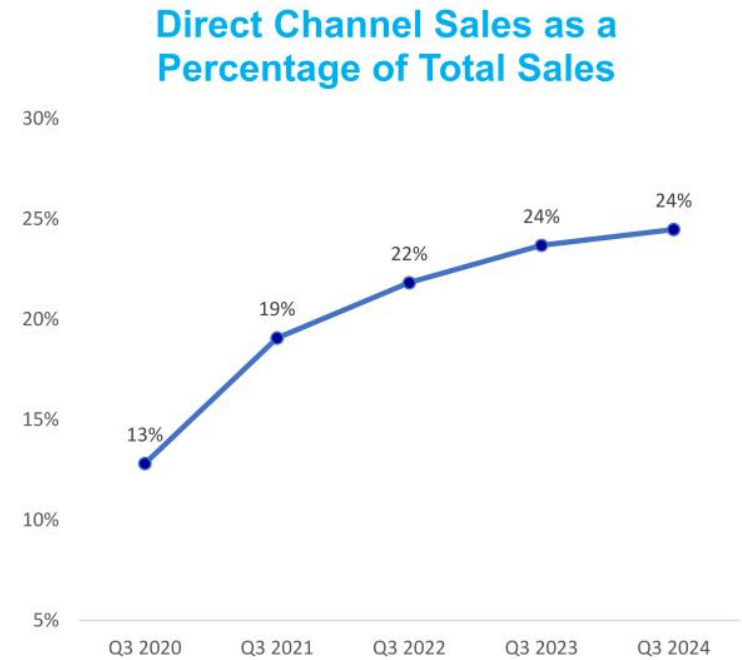
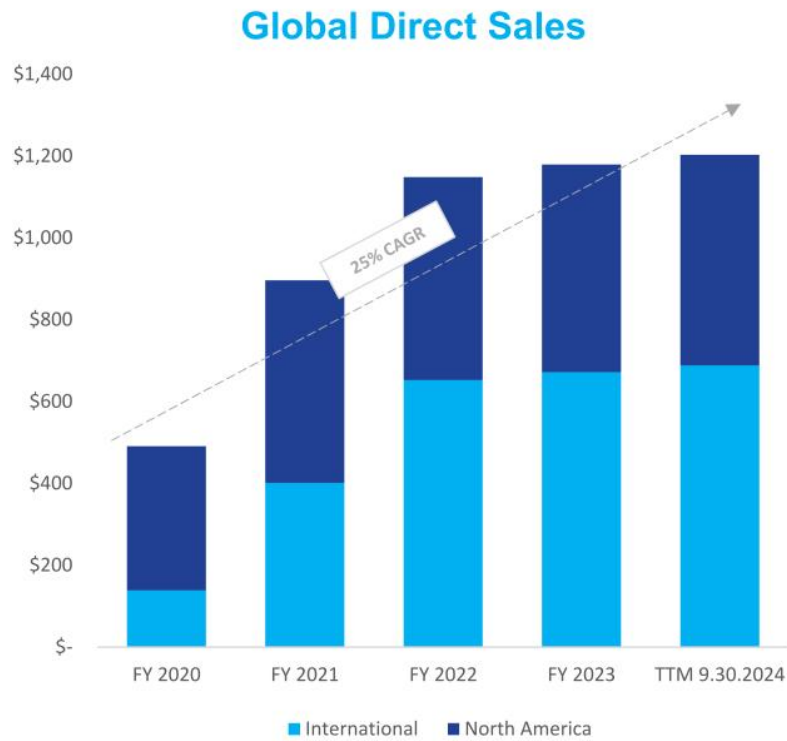
Portfolio Midpoint  
\$3,300\*



\*Retail prices for a standard queen mattress

# Direct to Consumer

- Strong, long-term growth of high-margin sales from web, call center, and company-owned stores
- Ability to own customer relationship allows for market insights that we leverage for innovation process and growth strategy



# Company-Owned Store Strategy

## Operating Over 750 Retail Stores Globally

Tempur-Pedic® U.S.



Dreams UK



Tempur-Pedic® Mexico



TEMPUR® Asia



Sealy® Gallery Asia



Sleep Outfitters® U.S.



TEMPUR® Europe



SOVA® Sweden



*We see an opportunity to organically increase our store count through opening an average of 60+ new stores per year.*

# International Markets

**FY 2023**

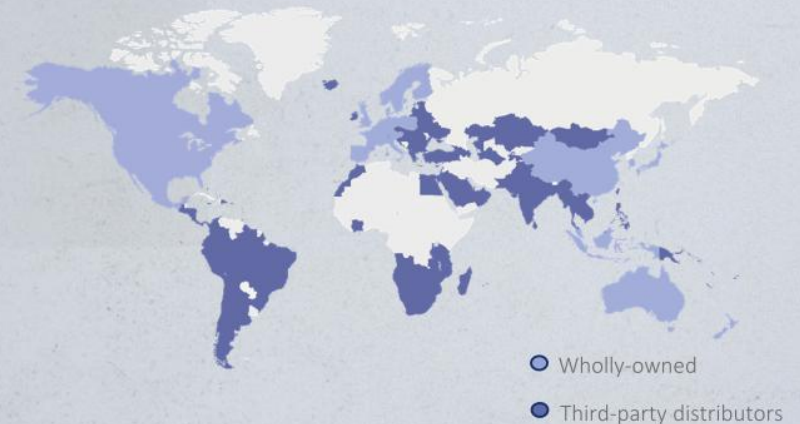
Four-Pronged Strategy		Total Brand Sales	Realized by TPX
<b>Wholly-Owned TEMPUR Wholesale</b>	Our traditional wholesale business operating in 22 key markets throughout Europe and Asia	\$398M	\$398M
<b>Wholly-Owned Direct (Dreams Retail, TEMPUR Retail, TEMPUR E-commerce)</b>	Our UK-based Dreams retailer represents approximately 75% of our international wholly-owned direct sales	\$672M	\$672M
<b>Sealy Joint Ventures</b>	Our Sealy joint venture operation reported \$333M of FY23 sales, of which Tempur Sealy receives 50% related income under equity accounting	\$333M	Realized income associated with 50% of the \$333M
<b>Brand &amp; Manufacturing Licensing</b>	We utilize our portfolio brands to generate licensing revenues and extend brand awareness worldwide	\$350M	\$32M

**\$1.8B Total International Brand Sales\***

\*Total international brand sales represents the total sales associated with our brands in international markets in FY23. Our wholly-owned wholesale and direct sales, which includes royalty income from licensing, are included in 'Net Sales' in our income statement. We recognize our 50% ownership of Sealy joint venture income as 'Equity Income in Earnings of Unconsolidated Affiliates' in our income statement.

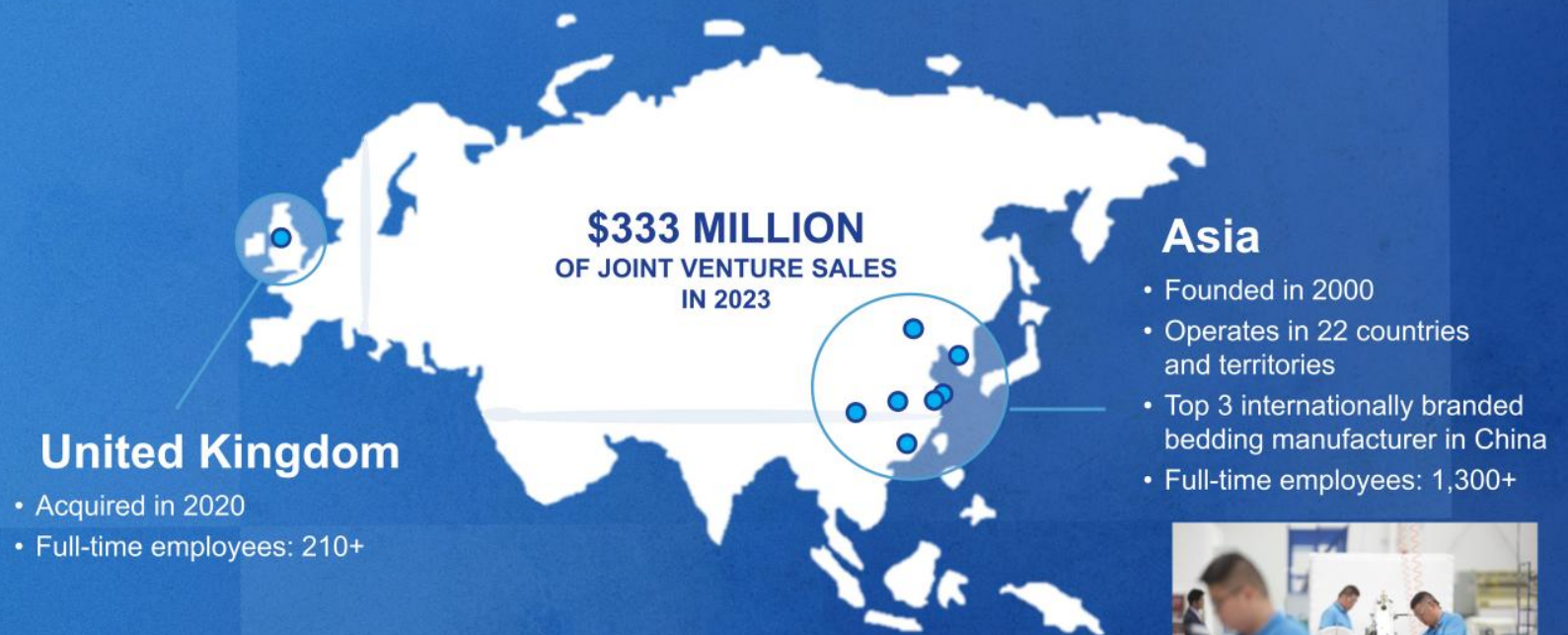
# International Markets: Wholly-Owned Market Share Growth Opportunity

- Broad geographic presence, established leading position at the cutting edge of sleep technology in highly fragmented global bedding market
  - TEMPUR sold in 90+ countries, 22 key markets served through wholly owned subsidiaries and the rest by distributors
  - Acquired Dreams, the leading bedding retailer in the UK in 2021
- Increasing total addressable market internationally through new product launches in Europe & APAC
  - Continue to grow as a leader, while broadening our product assortment to address a wider range of consumer needs
  - Seeding markets for growth with incremental advertising and launch investments



# International Markets: Sealy Joint Venture

## Market Share Growth Opportunity



### United Kingdom

- Acquired in 2020
- Full-time employees: 210+

### Asia

- Founded in 2000
- Operates in 22 countries and territories
- Top 3 internationally branded bedding manufacturer in China
- Full-time employees: 1,300+



# Expanding Global Licensing Sales

## Brand Extension Licensees:

- We license our Tempur-Pedic, Sealy and Stearns & Foster brands across North America, Europe and Asia, to drive incremental profits and expand brand awareness
- Licensed products are complementary to our core operations and include sleep-adjacent categories such as bedding, pajamas, and pet sleep



## Sealy Manufacturing Licensees:

- Our 27 licensee manufacturing facilities generate high return on investment
- They represent a low-risk opportunity to introduce our brands and products in regions in which we do not currently operate, primarily across EMEA, APAC, and Latin America

**Significantly increases global brand awareness  
and drives incremental profits**



# Generative Artificial Intelligence AI Driving for Success

Tempur Sealy utilizes artificial intelligence to avoid cost, increase effectiveness, and gain new insights across a variety of functions. AI strategy as a fast follower.

	New Insights	Cost Avoidance	Effectiveness
DTC E-commerce & Marketing	✓	✓	
Product Development	✓	✓	
IT Security		✓	✓
Operations		✓	✓
Corporate Functions		✓	✓

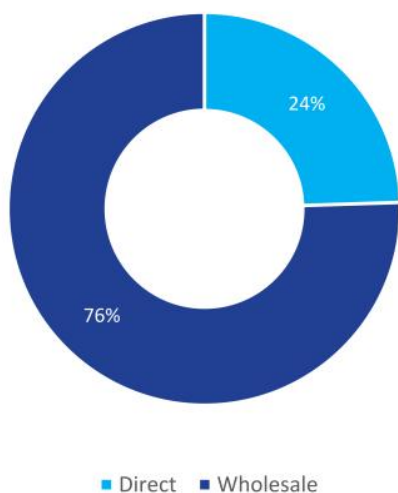
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# Recent Performance



# Third Quarter Performance

Q3'24 Sales by Channel

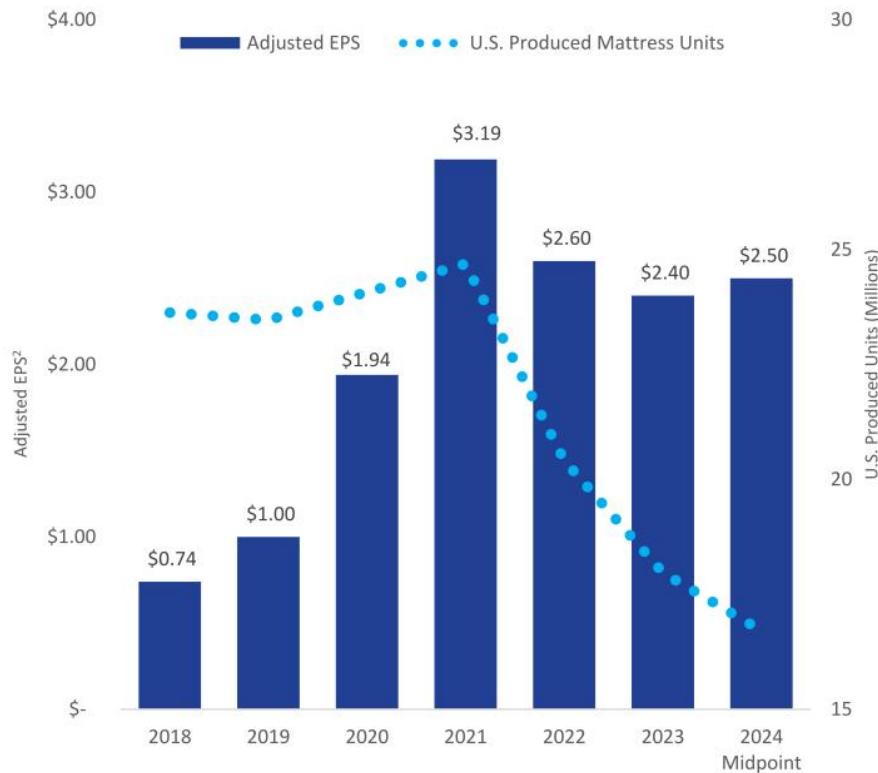


(in millions, except percentages and per common share amounts)	Three Months Ended			Trailing Twelve Months Ended		
	September 30, 2024	September 30, 2023	% Change	September 30, 2024	September 30, 2023	% Change
<b>Net Sales</b>	\$1,300.0	\$1,277.1	1.8%	\$4,893.5	\$4,942.3	-1.0%
<b>Net Income</b>	\$130.0	\$113.3	14.7%	\$389.5	\$392.7	-0.8%
<b>Adjusted Net Income<sup>2</sup></b>	\$146.5	\$136.8	7.1%	\$441.8	\$427.9	3.2%
<b>EBITDA<sup>2</sup></b>	\$252.9	\$228.2	10.8%	\$826.4	\$813.3	1.6%
<b>Adjusted EBITDA<sup>2</sup></b>	\$274.8	\$259.7	5.8%	\$906.8	\$877.6	3.3%
<b>GAAP EPS</b>	\$0.73	\$0.64	14.1%	\$2.19	\$2.21	-0.9%
<b>Adjusted EPS<sup>2</sup></b>	\$0.82	\$0.77	6.5%	\$2.48	\$2.42	2.5%

# 2024 Outlook<sup>4</sup>

Expect full-year adjusted EPS<sup>2</sup> between \$2.45 and \$2.55

Projected Adjusted EPS<sup>2</sup> CAGR of 22% 2018-2024



Our 2024 expectations include:

- Sales slightly below the prior year, driven by execution of our initiatives, offset by U.S. industry dollars down mid-single digits
- Advertising spend of approximately \$465M
- Adjusted EBITDA<sup>2</sup> of approximately \$915 million at the midpoint

Other Modeling Assumptions	
Depreciation & Amortization	\$200M - \$205M
Capital Expenditures	~\$125M
Interest Expense	\$125M - \$130M
U.S. Federal Tax Rate	24%
Diluted Share Count	179M shares

# Flexible Cost Structure<sup>1</sup>

## Cost of Goods Sold Variability

Variable 85%

Fixed 15%

## Operating Expense Variability

Variable 45%

Fixed 55%

- The business model is highly-variable, with 85% of COGS and 45% of operating expenses flexing with sales
- In total, the variability of our operating cost structure is approximately 70%
- Our business model also provides opportunity for costs to further flex with sales

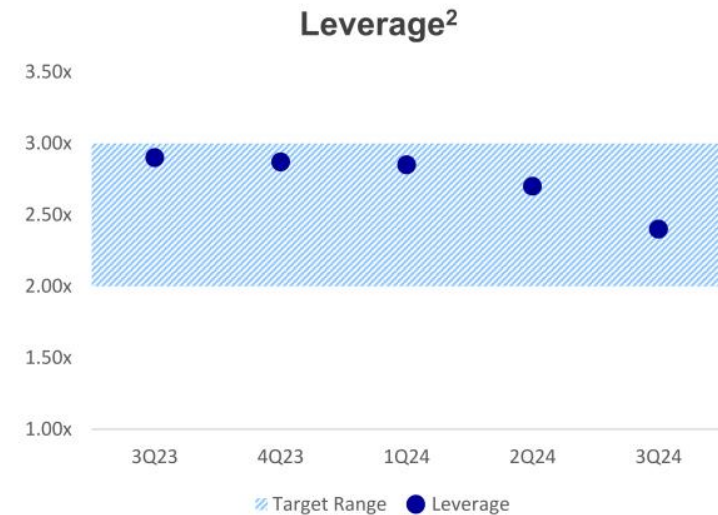
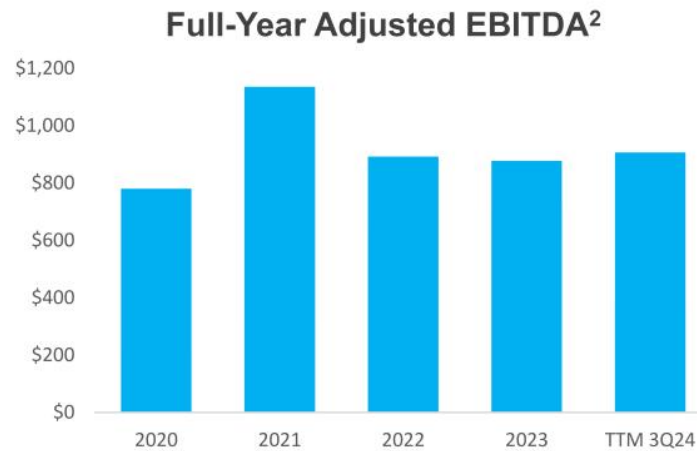
\*Including discretionary cost cuts, we estimate a total of 80% of expenses could flex with sales



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**Leading  
Balance Sheet  
& Cash Flow**

# Strong Balance Sheet & Cash Flow



Credit ratings:

Fitch: BB+ (August 2021)

Moody's: Ba1 (September 2021)

S&P: BB (August 2023)

# Capital Structure

- In October 2023, we refinanced our credit facilities, which include a \$1.15B revolving credit facility and a \$500M term loan facility
- In February 2024 and October 2024\*, we entered amendments under the same terms and conditions that provides for increased term loan commitments of over \$2.2 million and a \$40 million increase in availability on the existing incremental revolving loan. This financing is in connection with our strategy to fund the pending acquisition of Mattress Firm.
- Favorable borrowing rates, over \$1 billion of liquidity, and no meaningful maturities until 2028.

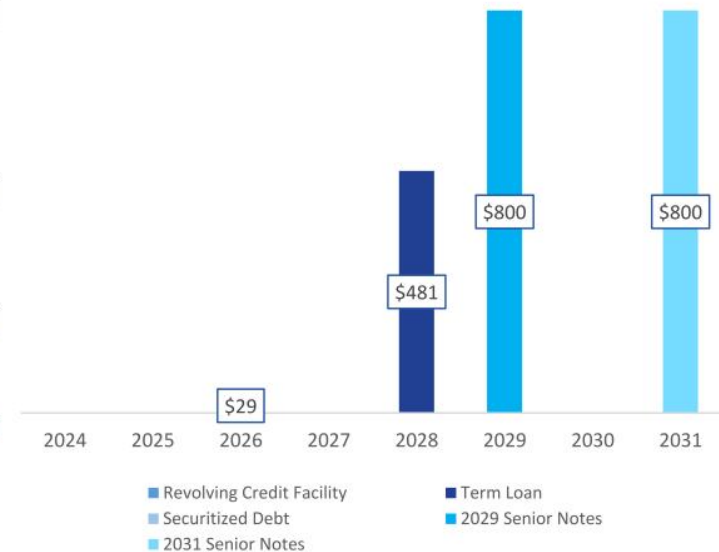
As of September 30, 2024 (in millions, except percentages and leverage ratios)				
	Amount	Maturity	Interest Rate	Leverage <sup>2</sup>
Cash	\$104.2			
Revolving Credit Facility Availability	1,189.2			
<b>Liquidity</b>	<b>\$1,293.4</b>			
<b>\$1.15B Revolving Credit Facility</b>	<b>\$0.0</b>	<b>October 2028</b>	<b>(1)</b>	
<b>Term Loan</b>	<b>481.3</b>	<b>October 2028</b>	<b>(1)</b>	
<b>Securitized Debt</b>	<b>28.8</b>	<b>October 2026</b>	<b>(2)</b>	
Finance Lease Obligations	93.5	Various		
Other secured debt	53.0	Various		
<b>Total Secured Debt</b>	<b>\$656.6</b>			<b>0.7x</b>
2029 Senior Notes	\$800.0	April 2029	4.000%	
2031 Senior Notes	800.0	October 2031	3.875%	
Other unsecured debt	31.2	Various		
<b>Total Unsecured Debt</b>	<b>\$1,631.2</b>			<b>1.8x</b>
Consolidated Indebtedness	\$2,287.8			
Less: Netted Cash	104.2			
<b>Net Debt</b>	<b>\$2,183.6</b>			<b>2.4x</b>

1 Interest at one-month SOFR index +10 basis points of credit spread adjustment +applicable margin of 1.250%

2 Interest at one-month SOFR index +10 basis points of credit spread adjustment +85 basis points

\*The \$1.6M Term Loan B is interest at one-month SOFR index + 2.50% spread and matures in October 2031

## Debt Maturities

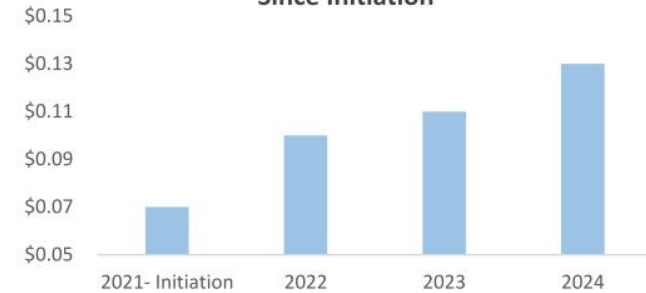




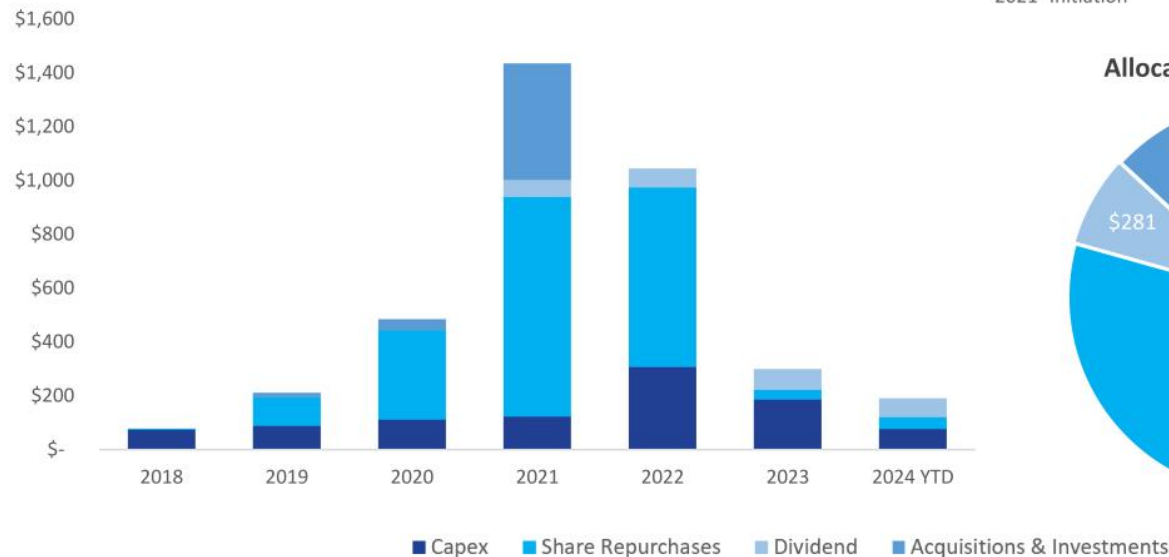
# Balanced Capital Allocation Strategy

- Long-term target leverage ratio of 2.0 – 3.0x<sup>2</sup>
- Continue to invest in the business, including a new domestic foam-pouring plant that became operational in 2023
- Disciplined approach to long-term shareholder returns includes a quarterly dividend and opportunistic share repurchases
- Maintain capacity for strategic acquisitions

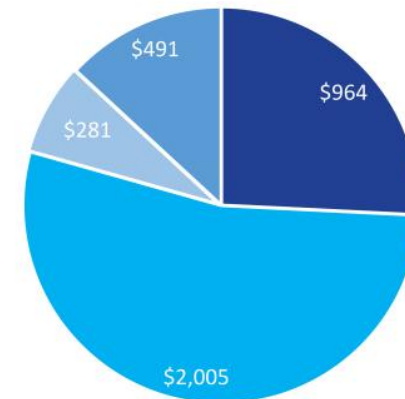
Consistent Dividend Growth Since Initiation



Capital Allocation



Allocated \$3.7B Since 2018





# Mattress Firm Agreement

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Mattress Firm is the largest mattress specialty retailer in the U.S., operating over 2,300 brick and mortar retail locations and a growing e-commerce platform

# Transaction Rationale

1

Expands consumer touchpoints to enhance ability to keep pace with evolving consumer preferences

2

Accelerates U.S. omni-channel strategy, enabling a seamless consumer experience

3

Simplifies consumer purchase journey, reducing friction at each touchpoint

4

Aligns new product development and testing, facilitating consumer-centric innovation

5

Streamlines operations and enhances supply chain management, resulting in operational efficiencies

6

Drives adjusted EPS<sup>2</sup> accretion

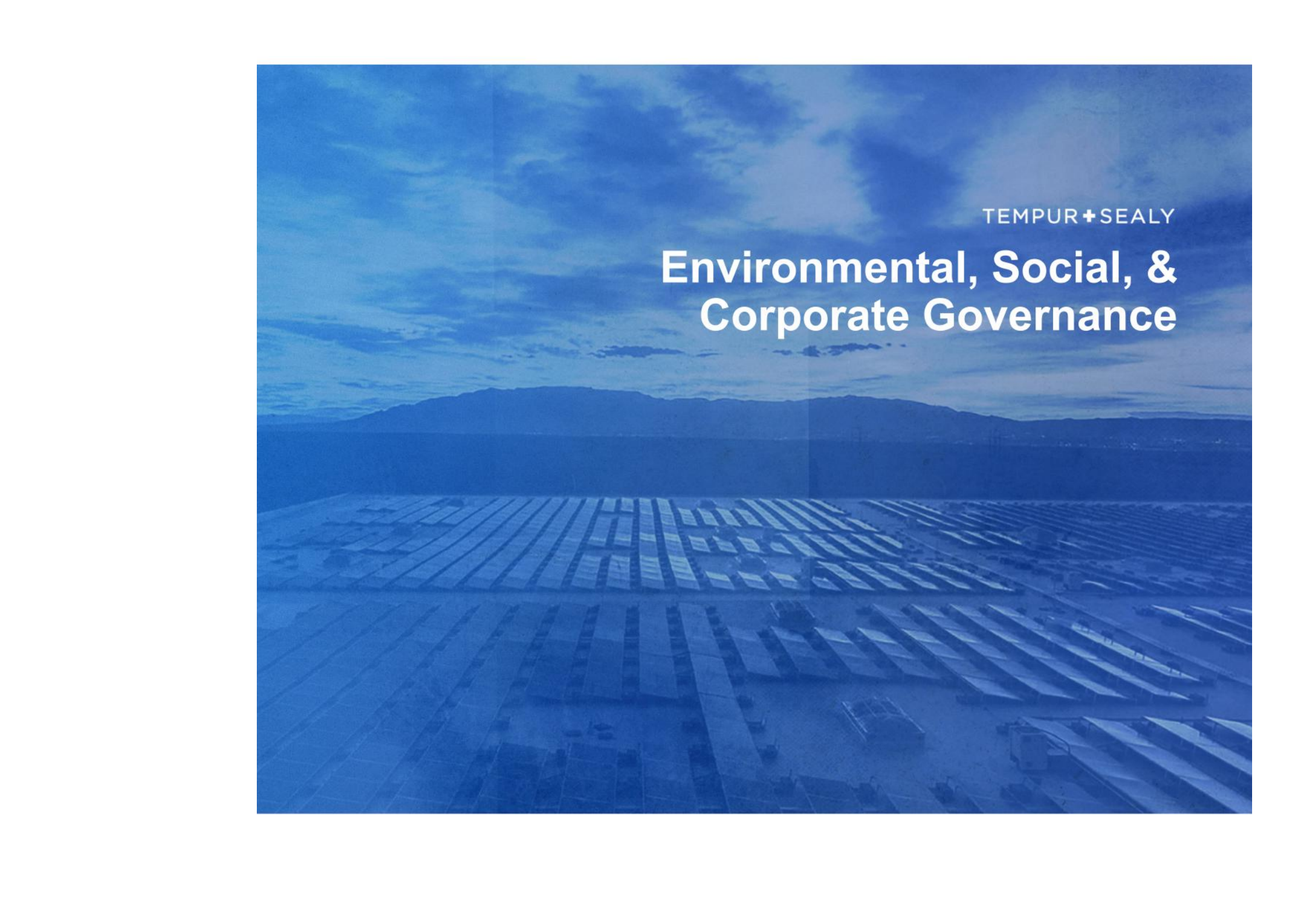
# TPX Go-Forward Investment Thesis

- ✓ Leading, vertically-integrated global company with iconic brands and extensive manufacturing and direct-to-consumer capabilities
- ✓ Serves \$120 billion<sup>1</sup> growing bedding market
- ✓ Proven historical growth through organic and inorganic initiatives
- ✓ Proven ability to successfully operate worldwide omni-channel distribution
- ✓ Legacy of disciplined capital allocation, including dividends, share repurchases, and acquisitions
- ✓ Seasoned, well-aligned management team with track record of success

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# Transaction Summary

<b>Consideration</b>	<ul style="list-style-type: none"> <li>Total purchase price of approximately \$4.0B comprising:             <ul style="list-style-type: none"> <li>\$2.7B of cash consideration</li> <li>\$1.3B of stock consideration, based on 34.2M shares issued at \$37.62 per share as of the closing share price on May 8, 2023</li> </ul> </li> </ul>
<b>Pro Forma Ownership<sup>5</sup></b>	<ul style="list-style-type: none"> <li>83.4% TPX shareholders</li> <li>16.6% Mattress Firm shareholders</li> </ul>
<b>Financial Impact</b>	<ul style="list-style-type: none"> <li>Accretive to adjusted EPS<sup>2</sup> in Year 1</li> <li>Increased operating cash flow in Year 1</li> <li>Cost synergies of \$100M by Year 4<sup>1</sup></li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>Expect to fund the cash payment to Mattress Firm shareholders and to repay Mattress Firm's debt using a combination of cash on hand and proceeds from new senior secured and senior unsecured debt</li> <li>Net leverage estimated between 3.0x-3.25x at closing after giving effect to the transaction. Expect to return to target leverage ratio range of 2.0x-3.0x in the first twelve months after closing.<sup>1</sup> <ul style="list-style-type: none"> <li>Deleveraging driven by expected strong operating cash flow and adjusted EBITDA<sup>2</sup> growth</li> </ul> </li> </ul>
<b>Management and Governance</b>	<ul style="list-style-type: none"> <li>Mattress Firm to be operated as a separate business unit</li> <li>TPX Board to be expanded to include 2 Mattress Firm directors</li> </ul>
<b>Timing and Approvals</b>	<ul style="list-style-type: none"> <li>Anticipated to close in late 2024 or early 2025</li> <li>Subject to the satisfaction of customary closing conditions, including applicable regulatory approvals</li> </ul>



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# Environmental, Social, & Corporate Governance

# Environmental, Social, & Governance

Tempur Sealy is committed to protecting and improving our communities and environment.



# Environmental, Social, & Governance

## 2023 updates and progress towards our goals

### Environmental

- Achieved zero waste to landfill status at our Canadian and Mexican manufacturing operations and maintained our zero waste to landfill status at our U.S. and European manufacturing operations
- Achieved zero waste to landfill status at 75% of our corporate offices and R&D labs, in line with our goal to achieve zero landfill waste at our corporate offices and R&D labs by 2025
- Progressed towards our goal of achieving carbon neutrality by 2040 through reducing greenhouse gas emissions at our wholly owned manufacturing and logistics operations by 4%\* compared to the prior year
- Summarized and published our approach to comprehensive chemical supply management in a Chemical Safety Policy

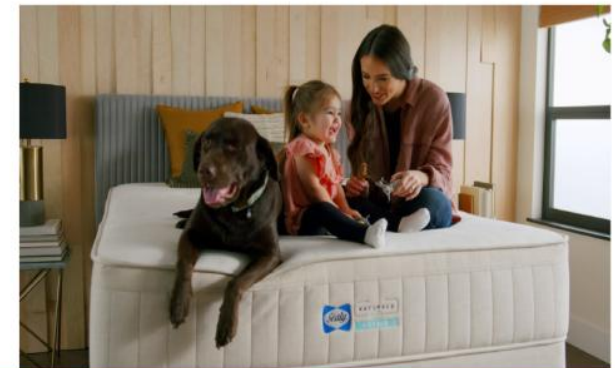
### Purpose

- Continued to bring industry-leading innovation to market that provides consumers with access to higher quality sleep at a variety of price points, including the new U.S. product launches of TEMPUR-Breeze®, TEMPUR-Ergo® Smart Base, and Stearns & Foster, and the new international launches of TEMPUR® products
- Contributed approximately \$800,000 through the Tempur Sealy Foundation and donated more than 12,100 mattresses worth approximately \$16.9 million, bringing our ten-year donation total to over \$100 million

### People

- Increased transparency and expanded disclosures around Employee Health & Safety, Ethics Line, and Employee Satisfaction & Engagement
- Embedded ESG performance as a factor in executive leadership's 2023 compensation program

\*This excludes the impact of new facilities opened in the trailing twelve-month period. Including the impact of new facilities, we reduced greenhouse gas emissions at our wholly owned manufacturing and logistics operations by 1% compared to the prior year.





# Thank You for Your Interest in Tempur Sealy International

For more information, please email: [investor.relations@tempursealy.com](mailto:investor.relations@tempursealy.com)



STEARNS  
& FOSTER®

Dreams



SHERWOOD  
BEDDING  
a TEMPUR+SEALY company



SOVA





TEMPUR+SEALY

# Appendix

# Forward-Looking Statements

This investor presentation contains statements regarding the announced Mattress Firm acquisition including the related regulatory approval process, to the Company's quarterly cash dividend, the Company's expectations regarding geopolitical events (including the war in Ukraine and the conflict in the Middle East), the Company's share repurchase targets, the Company's expectations regarding net sales and adjusted EPS for 2024 and subsequent periods and the Company's expectations for increasing sales growth, product launches, channel growth, acquisitions and commodities outlook, and expectations regarding supply chain disruptions and the macroeconomic environment. Any forward-looking statements contained herein are based upon current expectations and beliefs and various assumptions. There can be no assurance that the Company will realize these expectations, meet its guidance, or that these beliefs will prove correct.

Numerous factors, many of which are beyond the Company's control, could cause actual results to differ materially from any that may be expressed herein as forward-looking statements. These potential risks include the factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, and in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024. There may be other factors that may cause the Company's actual results to differ materially from the forward-looking statements. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

Note Regarding Historical Financial Information:

In this investor presentation we provide or refer to certain historical information for the Company. For a more detailed discussion of the Company's financial performance, please refer to the Company's SEC filings.

Note Regarding Trademarks, Trade Names, and Service Marks:

TEMPUR®, Tempur-Pedic®, the Tempur-Pedic & Reclining Figure Design®, TEMPUR-Adapt®, TEMPUR-ProAdapt®, TEMPUR-LuxeAdapt®, TEMPUR-PRObreeze®, TEMPUR-LUXEbreeze®, TEMPUR-Cloud®, TEMPUR-Contour™, TEMPUR-Rhapsody™, TEMPUR-Flex®, THE GRANDBED BY Tempur-Pedic®, TEMPUR-Ergo®, TEMPUR-UP™, TEMPUR-Neck™, TEMPUR-Symphony™, TEMPUR-Comfort™, TEMPUR-Traditional™, TEMPUR-Home™, Sealy®, Sealy Posturepedic®, Stearns & Foster®, COCOON by Sealy™, SealyChill™, and Clean Shop Promise® are trademarks, trade names, or service marks of Tempur Sealy International, Inc., and/or its subsidiaries. All other trademarks, trade names, and service marks in this presentation are the property of the respective owners.

Limitations on Guidance: The guidance included herein is from the Company's press release and related earnings call on August 6, 2024. The Company is neither reconfirming this guidance as of the date of this investor presentation nor assuming any obligation to update or revise such guidance. See above.

# Use of Non-GAAP Financial Measures Information

In this investor presentation and certain of its press releases and SEC filings, the Company provides information regarding adjusted net income, adjusted EPS, EBITDA, adjusted EBITDA, free cash flow, consolidated indebtedness less netted cash, and leverage, which are not recognized terms under U.S. Generally Accepted Accounting Principles ("GAAP") and do not purport to be alternatives to net income and earnings per share as a measure of operating performance, an alternative to cash provided by operating activities as a measure of liquidity, or an alternative to total debt. The Company believes these non-GAAP measures provide investors with performance measures that better reflect the Company's underlying operations and trends, including trends in changes in margin and operating expenses, providing a perspective not immediately apparent from net income and operating income. The adjustments management makes to derive the non-GAAP measures include adjustments to exclude items that may cause short-term fluctuations in the nearest GAAP measure, but which management does not consider to be the fundamental attributes or primary drivers of the Company's business.

The Company believes that exclusion of these items assists in providing a more complete understanding of the Company's underlying results from continuing operations and trends, and management uses these measures along with the corresponding GAAP financial measures to manage the Company's business, to evaluate its consolidated and business segment performance compared to prior periods and the marketplace, to establish operational goals and management incentive goals, and to provide continuity to investors for comparability purposes. Limitations associated with the use of these non-GAAP measures include that these measures do not present all the amounts associated with the Company's results as determined in accordance with GAAP. These non-GAAP measures should be considered supplemental in nature and should not be construed as more significant than comparable measures defined by GAAP. Because not all companies use identical calculations, these presentations may not be comparable to other similarly titled measures of other companies. For more information regarding the use of these non-GAAP financial measures, please refer to the reconciliations on the following pages and the Company's SEC filings.

## EBITDA and Adjusted EBITDA

A reconciliation of the Company's GAAP net income to EBITDA and adjusted EBITDA per credit facility (which we refer to in this investor presentation as adjusted EBITDA) is provided on the subsequent slides. Management believes that the use of EBITDA and adjusted EBITDA per credit facility provides investors with useful information with respect to the Company's operating performance and comparisons from period to period as well as the Company's compliance with requirements under its credit agreement.

## Adjusted Net Income and Adjusted EPS

A reconciliation of the Company's GAAP net income to adjusted net income and a calculation of adjusted EPS are provided on subsequent slides. Management believes that the use of adjusted net income and adjusted EPS also provides investors with useful information with respect to the Company's operating performance and comparisons from period to period. Forward-looking Adjusted EPS is a non-GAAP financial measure. The Company is unable to reconcile this forward-looking non-GAAP measure to EPS, its most directly comparable forward-looking GAAP financial measure, without unreasonable efforts, because the Company is currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact EPS in 2024.

## Leverage

Consolidated indebtedness less netted cash to adjusted EBITDA per credit facility, which the Company may refer to as leverage, is provided on a subsequent slide and is calculated by dividing consolidated indebtedness less netted cash, as defined by the Company's senior secured credit facility, by adjusted EBITDA per credit facility. The Company provides this as supplemental information to investors regarding the Company's operating performance and comparisons from period to period, as well as general information about the Company's progress in managing its leverage.

## QTD Adjusted Net Income<sup>2</sup> and Adjusted EPS<sup>2</sup>

<i>(in millions, except per share amounts)</i>	Three Months Ended	
	September 30, 2024	September 30, 2023
Net income	\$ 130.0	\$ 113.3
Transaction costs <sup>(1)</sup>	13.7	15.7
Supply chain transition costs <sup>(2)</sup>	8.2	—
Cybersecurity event <sup>(3)</sup>	—	13.5
Operational start-up costs <sup>(4)</sup>	—	2.3
Adjusted income tax provision <sup>(5)</sup>	(5.4)	(8.0)
Adjusted net income	<u>\$ 146.5</u>	<u>\$ 136.8</u>
Adjusted earnings per common share, diluted	<u>\$ 0.82</u>	<u>\$ 0.77</u>
Diluted shares outstanding	<u>178.2</u>	<u>177.6</u>

- (1) In the third quarter of 2024, we recorded \$13.7 million of transaction costs associated with the pending acquisition of Mattress Firm. Cost of sales included \$2.4 million of charges related to customer-specific inventory. Operating expenses primarily included legal and professional fees associated with the pending acquisition of Mattress Firm. In the third quarter of 2023, we recorded \$15.7 million of transaction costs primarily associated with the pending acquisition of Mattress Firm.
- (2) In the third quarter of 2024, we recorded \$8.2 million of supply chain transition costs associated with the consolidation of certain manufacturing facilities, primarily recorded in cost of sales.
- (3) In the third quarter of 2023, we recorded \$13.5 million of costs associated with the cybersecurity event identified on July 23, 2023.
- (4) In the third quarter of 2023, we recorded \$2.3 million of operational start-up costs related to the capacity expansion of its manufacturing and distribution facilities in the U.S., including personnel and facility related costs.
- (5) Adjusted income tax provision represents the tax effects associated with the aforementioned items.

\*For a reconciliation net income to adjusted net income and adjusted EPS in prior reporting periods, please refer to the Company's SEC filings.

## TTM Adjusted Net Income<sup>2</sup> and Adjusted EPS<sup>2</sup>

<i>(in millions, except per common share amounts)</i>	<b>Trailing Twelve Months Ended September 30, 2024</b>	
Net income	\$	389.5
Transaction costs <sup>(1)</sup>		53.3
Fair value remeasurement <sup>(2)</sup>		11.0
Supply chain transition costs <sup>(3)</sup>		8.2
Operational start-up costs <sup>(4)</sup>		7.1
Cybersecurity event <sup>(5)</sup>		0.8
Adjusted income tax provision <sup>(6)</sup>		(28.1)
Total adjustments	\$	52.3
Adjusted net income	\$	441.8
Adjusted earnings per share, diluted	\$	2.48

(1) In the trailing twelve months ended September 30, 2024, we recognized \$53.3 million of transaction costs associated with the pending acquisition of Mattress Firm.

(2) In the trailing twelve months ended September 30, 2024, we recorded a fair value remeasurement of \$11.0 million related to a strategic investment in a product innovation initiative.

(3) In the trailing twelve months ended September 30, 2024, we recorded \$8.2 million of supply chain transition costs associated with the consolidation of certain manufacturing facilities, primarily recorded in cost of sales.

(4) In the trailing twelve months ended September 30, 2024, we recognized \$7.1 million of operational start-up costs.

(5) In the trailing twelve months ended September 30, 2024, we recorded \$0.8 million of costs associated with the cybersecurity event identified on July 23, 2023.

(6) Adjusted income tax provision represents the tax effects associated with the aforementioned items.

\*For a reconciliation net income to adjusted net income and adjusted EPS in prior reporting periods, please refer to the Company's SEC filings.

## QTD Adjusted EBITDA<sup>2</sup>

<i>(in millions)</i>	Three Months Ended	
	September 30, 2024	September 30, 2023
Net income	\$ 130.0	\$ 113.3
Interest expense, net	30.8	32.6
Income taxes	40.8	36.8
Depreciation and amortization	51.3	45.5
EBITDA	\$ 252.9	\$ 228.2
Adjustments:		
Transaction costs <sup>(1)</sup>	13.7	15.7
Supply chain transition costs <sup>(2)</sup>	8.2	—
Cybersecurity event <sup>(3)</sup>	—	13.5
Operational start-up costs <sup>(4)</sup>	—	2.3
Adjusted EBITDA	\$ 274.8	\$ 259.7

- (1) In the third quarter of 2024, we recorded \$13.7 million of transaction costs associated with the pending acquisition of Mattress Firm. Cost of sales included \$2.4 million of charges related to customer-specific inventory. Operating expenses primarily included legal and professional fees associated with the pending acquisition of Mattress Firm. In the third quarter of 2023, we recorded \$15.7 million of transaction costs primarily associated with the pending acquisition of Mattress Firm.
- (2) In the third quarter of 2024, we recorded \$8.2 million of supply chain transition costs associated with the consolidation of certain manufacturing facilities, primarily recorded in cost of sales.
- (3) In the third quarter of 2023, we recorded \$13.5 million of costs associated with the cybersecurity event identified on July 23, 2023.
- (4) In the third quarter of 2023, we recorded \$2.3 million of operational start-up costs related to the capacity expansion of its manufacturing and distribution facilities in the U.S., including personnel and facility related costs.

\*For a reconciliation net income to EBITDA and Adjusted EBITDA in prior reporting periods, please refer to the Company's SEC filings.

# TTM Adjusted EBITDA<sup>2</sup>

<i>(in millions)</i>	<b>Trailing Twelve Months Ended September 30, 2024</b>	
Net income	\$	389.5
Interest expense, net		129.4
Loss on extinguishment of debt <sup>(1)</sup>		3.2
Income tax provision		105.4
Depreciation and amortization		198.9
EBITDA	\$	826.4
Adjustments:		
Transaction costs <sup>(2)</sup>		53.3
Fair value remeasurement <sup>(3)</sup>		11.0
Supply chain transition costs <sup>(4)</sup>		8.2
Operational start-up costs <sup>(5)</sup>		7.1
Cybersecurity event <sup>(6)</sup>		0.8
Adjusted EBITDA	\$	906.8
Consolidated indebtedness less netted cash	\$	2,183.6
Ratio of consolidated indebtedness less netted cash to adjusted EBITDA		2.41 times

- (1) In the trailing twelve months ended September 30, 2024, we recognized \$3.2 million of loss on extinguishment of debt associated with the refinancing of its senior secured credit facilities.
- (2) In the trailing twelve months ended September 30, 2024, we recognized \$53.3 million of transaction costs associated with the pending acquisition of Mattress Firm.
- (3) In the trailing twelve months ended September 30, 2024, we recorded a fair value remeasurement of \$11.0 million related to a strategic investment in a product innovation initiative.
- (4) In the trailing twelve months ended September 30, 2024, we recorded \$8.2 million of supply chain transition costs associated with the consolidation of certain manufacturing facilities, primarily recorded in cost of sales.
- (5) In the trailing twelve months ended September 30, 2024, we recognized \$7.1 million of operational start-up costs.
- (6) In the trailing twelve months ended September 30, 2024, we recorded \$0.8 million of costs associated with the cybersecurity event identified on July 23, 2023.

\*For a reconciliation net income to EBITDA and Adjusted EBITDA in prior reporting periods, please refer to the Company's SEC filings.



# Leverage<sup>2</sup> Reconciliation

<i>(in millions)</i>	<b>September 30, 2024</b>
Total debt, net	\$ 2,273.5
Plus: Deferred financing costs <sup>(1)</sup>	14.3
Total debt	2,287.8
Less: Netted cash <sup>(2)</sup>	104.2
Consolidated indebtedness less netted cash	\$ 2,183.6

- (1) We present deferred financing costs as a direct reduction from the carrying amount of the related debt in the Condensed Consolidated Balance Sheets. For purposes of determining total debt for financial covenant purposes, the Company has added these costs back to total debt, net as calculated per the Condensed Consolidated Balance Sheets.
- (2) Netted cash includes cash and cash equivalents for domestic and foreign subsidiaries designated as restricted subsidiaries in the 2023 Credit Agreement.

\*For a reconciliation of leverage to consolidated indebtedness less netted cash in prior reporting periods, please refer to the Company's SEC filings.

# Footnotes

<sup>1</sup> Management estimates, informed by equity research notes and other industry reports.

<sup>2</sup> Adjusted net income, EBITDA, adjusted EBITDA, adjusted EPS, leverage, and free cash flow are non-GAAP financial measures. Please refer to the “Use of Non-GAAP Financial Measures Information” on a previous slide for more information regarding the definitions of adjusted net income, EBITDA, adjusted EBITDA, adjusted EPS, leverage, and free cash flow, including the adjustments (as applicable) from the corresponding GAAP information. Please refer to “Forward-Looking Statements” and “Limitations on Guidance” on a previous slide.

<sup>3</sup> Sealy® was ranked number one on Furniture Today’s list of the Top 20 U.S. Bedding Producers in June 2021. See Furniture Today’s Top 20 U.S. Bedding Producers methodology that includes Sealy® and Stearns & Foster® products in Sealy ranking. Tempur-Pedic® was ranked number two on Furniture Today’s list of the Top 20 U.S. Bedding Producers in June 2021. Tempur-Pedic® brand was awarded #1 in Customer Satisfaction for the Online Mattress category in the J.D. Power 2023 Mattress Satisfaction Report.

<sup>4</sup> Based on the Company’s financial targets provided in the press release dated November 7, 2024, and the related earnings call on November 7, 2024. Please refer to “Forward-Looking Statements” and “Limitations on Guidance.” The Company is unable to reconcile forward-looking adjusted EPS, a non-GAAP financial measure, to EPS, its most directly comparable forward-looking GAAP financial measure, without unreasonable efforts, because the Company is currently unable to predict with a reasonable degree of certainty the type and extent of certain items that would be expected to impact EPS in 2024.

<sup>5</sup> Pro-forma ownership is based on shares outstanding at signing.



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Thank You

