Leggett & Platt Inc. (NYSE:LEG)

SELL: $33,79 (-10,25%)

Equity Research Division | 9th May 2022

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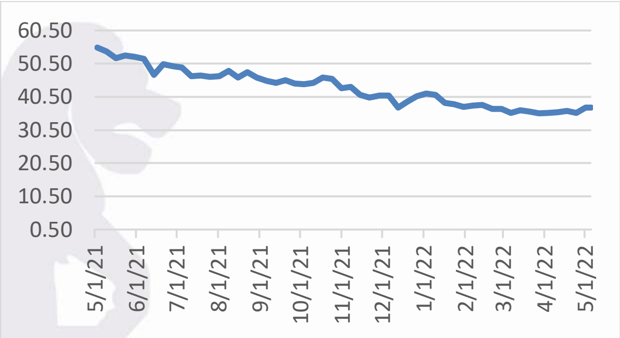
Basic Information	
Last Closed Price	$37,25
12M Target Price	$33,79
+/- Potential	-10,25%
Bloomberg Ticker	NYSE:LEG
GICS Sector	Consumer discretionary
GICS Sub-Industry	Home Furnishings

12 months Price performance (Yahoo Finance)



Company Description

Leggett & Platt, Inc. engages in the manufacture and distribution of furniture, engineered components and products among homes, offices, automobiles, and commercial aircraft. It operates through the following segments: Bedding, Flooring, Furniture & Textile, and Specialized Products. The company was founded by J. P. Leggett and C. B. Platt in 1883 and is headquartered in Carthage, MO. Other products include automotive seating components (wire seat suspensions, motors and actuators for vehicle power systems) and tubing used in aerospace fluid conveyance systems. The US accounts for approximately 65% of sales.

Data provider

FACTSET

Key Financials	
Market Cap	$4,81B
Basic Shares O/S	134M
52-Wk High	$55,35
52-Wk Low	$35,53
Fiscal Year End	31-Dec-2021

USD(M)	FY18A	FY19A	FY20A	FY21A	FY22F
Revenue	4.267	4.755	4.281	5.063	5.392
EBITDA	575	699	600	723	766,8
Margin (%)	*13,5%*	*14,7%*	*14,0%*	*14,3%*	*14,2%*
EBIT	450	518	415	539	541
Margin (%)	*10,5.%*	*10,9%*	*9,7%*	*10,6%*	*10%*
Net Income	306	334	253	402	366

Key Executives	
J. Mitchell Dolloff	Chief Executive Officer
Jeffrey L. Tate	Chief Financial Officer

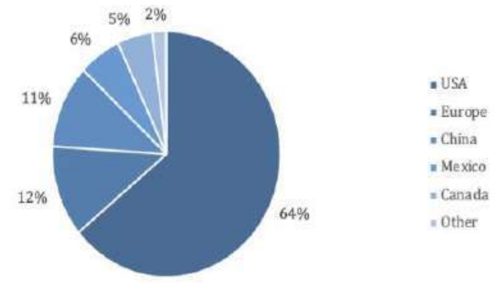
2022 Annual Announcements Highlights

- L&P announced a dividend of $0,42 per share for the first quarter, an increase of 5% versus the first quarter of 2021.
- The company reported sales of $1,32 billion for Q1 2022, a 15% increase versus first quarter last year.
- Q1 EBIT was $138 million, up 8% from Q1 2021 EBIT.
- Q1 2022 EPS was $0,66, EPS increased $0,02 versus Q1 2021.

Summary

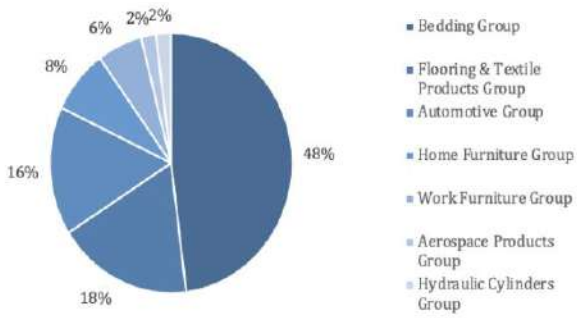
Given Leggett & Platt's recent poor performance in the stock market, this report aims to assess the consistency of growth opportunities associated with the target company. First of all, we conduct a firm-specific and industry overview to examine post-pandemic financial performance and future prospects. Then, we execute a financial statement analysis and company valuation, employing an FCFF model. Finally, we perform a conclusive valuation employing stock market multiples. The target price obtained from absolute valuation models is $37,08, which, standalone, would lead to a "Hold" recommendation. However, by performing a relative valuation, we notice a significant overvaluation implicit in all the multiples typically employed to evaluate non-financial companies. More specifically, while current multiples would suggest a more optimistic valuation, forward multiples would make the overvaluation apparent, due to both weak forecasts in terms of profitability and scarce growth perspectives. From that standpoint, the only exception concerns the P/E multiple, which is adjusted by computing the PEG ratio and, hence, isolating the role of growth expectations. By matching the outcome coming from the two valuation techniques, we end up with a final target price of $33,79. As a consequence, the study suggests that the stock is currently overpriced. The result is confirmed through a critical assessment of past financial statements that highlights: first, the crucial role of leverage in sustaining the ROE and its decreasing sustainability; second, the problematic dynamic of working capital, despite the growth in sales. For all the above reasons, our final recommendation is "Sell".

Figure 1. Turnover share by geography



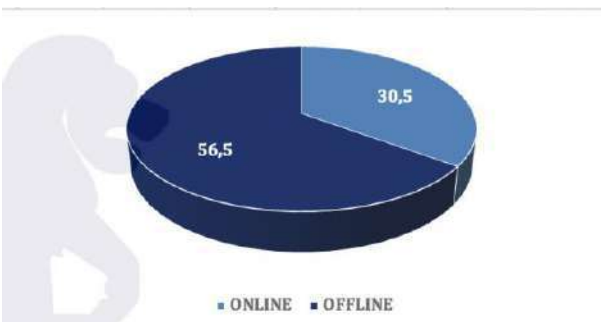
Source: Company 2021 Financial Report

Figure 2. Turnover share by product



Source: Company 2021 Financial Report

Figure 3. Global market size by channel (in Bln $)



Source: Grand View Research

Company Overview

Leggett & Platt, Inc. is an international manufacturer that conceives, designs, and produces a wide range of engineered components and 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. The company has approximately 20.300 employees working in 135 manufacturing facilities in 18 countries. The operations are organized into 15 business units, divided into seven groups under three segments: Bedding Products, whose sales represent about half of the total company turnover; Specialized Products, which has a higher percentage of trade sales manufactured outside the United States; and Furniture, Flooring & Textile Products.

Leggett & Platt is listed on the New York Stock Exchange. Major shareholders include Capital Research & Management, with 10,8% of shares, followed by The Vanguard Group (8,94%) and SSGA Funds Management, Inc. (8,00%). In 2021, the company achieved several milestones, such as records in sales ($5,1 billion, up 19% vis-à-vis 2020) and adjusted EPS ($2,78, up 29%). Moreover, the firm raises the annual dividend for the 50th consecutive year in 2021. As a result of this commitment over many decades, it is now members of a select group of companies referred to as Dividend Kings. Furthermore, the company's mission statement is "to create innovative products that enhance people's lives, generate exceptional returns for our shareholders, and provide sought-after jobs in communities around the world". The values that guide the company are inclusion, diversity, and equity (ID&E).

During last year, operating cash flow decreased dramatically primarily from inflationary impacts and planned working capital investments to rebuild inventory in Steel Rod, Drawn Wire, and the U.S. Spring businesses following severe depletion in 2020. They also bought back offshore cash totaling $247 million. According to documents released by the company, L&P expects to achieve the growth target through a combination of sources, including increasing content and new programs, particularly in the bedding products and specialized products segments; expanding addressable markets; identifying strategic acquisitions that complement current products or capabilities.

Regarding Leggett & Platt's share price, after the March 2020 crash following the outbreak of the Covid-19 pandemic, we can see how the stock, following an apparent recovery, started to fall from May 2021, without giving any more signs of an upturn. With the aim to add specialty foam and private label finished mattress capabilities and expand its position in the bedding market, in 2019 Leggett & Platt acquired market leader Elite Comfort Solutions for total consideration of approximately $1,25 billion, and last year, in 2021, they bought Kayfoam Woolfson for $120 million, another manufacturer serving the UK and Irish marketplace. Finally, on December 2021, Leggett & Platt's stock was transferred from the S&P 500 to the S&P Mid-Cap 400 Index.

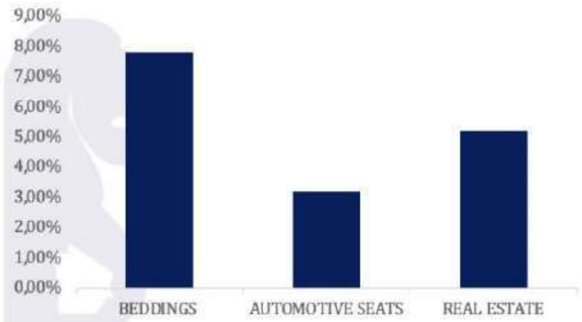
Industry Outlook

Leggett & Platt operates in three different macro-industries, described hereafter.

Home Bedding Industry

The bedding industry, in the U.S., has an estimated value of 21,4 billion for 2021, showing encouraging signals of growth after the pandemic. If, on the one hand, the lockdowns had resulted in a decrease in sales, on the other, it must be noticed how online sales had grown incredibly fast over the last two years. This is made even clearer by the numbers, which show a year-to-year increase in sales of 30% for October 2020. Furthermore, forecasts for the industry are extremely positive, showing a CAGR in the market size for the U.S. market equal to 7,8% between 2022 and 2030. What is interesting to notice is that, within this industry, sub-industries grow at a different pace, acquiring or losing relative importance: if the mattress compart will still be the most important one in 2030, it will grow at a slower pace relative to the bed linen's one.

Figure 4. Global CAGR market size by industry



Source: Grand View Research

Not surprisingly, the U.S. accounts for a big part of the global market, whose current estimated value is $87,1 billion. This notwithstanding, the growth of the market is mainly driven by the Asia-Pacific region, which, with an expected CAGR of around 30% for the same period, is expected to heavily contribute to the 2030 global forecast of revenues, amounting to $172,36 billion. Another strong driver of this growth is the increasing demand for heavy blankets coming from cold countries, especially the U.S, Canada, Russia, and the U.K. Even if the industry might look extremely "static", it must be noticed that it is extremely driven by specific trends and emerging demand. For instance, a very strong trend which has been growing since the pre-Covid era is related to natural products and sustainability, with the spread of unordinary materials, such as plastic found in the oceans. Another strong trend, emerged mainly in developing countries, regards the request for smart beds, which can satisfy the demand for quality sleeping without excessive price or logistic problems. Finally, one further evolution of the marker concerns the role played by the luxury segment in the industry.

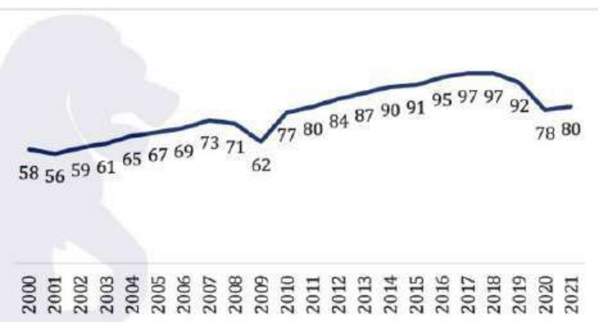
Specialized product for automotive

With the aim of discussing the second segment L&P operates in, we can classify the products into two further sub-segments: i) automotive seats and ii) mechanical cables.

As for the former, it has achieved a market size of $51,5 billion in 2021 and CAGR is forecasted to be equal to 3,2% by 2030. Understandably, the path of the segment will closely follow the path of the automotive sector and, hence, their growth dynamics are very similar. As far as the geographical standpoint is concerned, Asia is expected to be the area that will contribute more to the automotive seats' growth. The reason is twofold:

- First, the huge demographic growth characterizing the continent.
- Second, the fact that many nations in the area are developing countries, with higher growth expectations on the aggregated demand for cars.

Figure 5. Global production of vehicles YoY (in Mln units)



Source: Statista

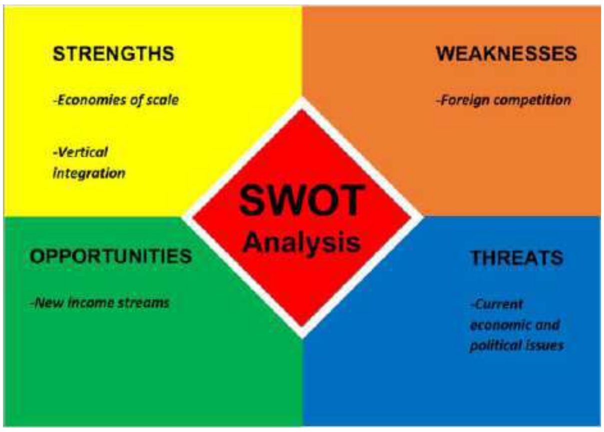
In particular, the country which is expected to lead this trend in China. Moreover, the industry is mainly divided based on the material used to manufacture the seats, with synthetic leather representing by far the most important sub-group. As for emerging trends, in the last years we have observed an increase in the demand for ventilated, heated, and power seats, which are becoming every year a more important part of the whole market. As opposed to the previous sub-segment, the whole industry can be seen as a quite concentrated environment, where players such as Aisin Seiki Co. Ltd, Toyota Boshoku Corporation, and Adient have a predominant market share.

As for the mechanical cable industry, the market is extremely heterogeneous, with plenty of players delivering different products for different applications. First of all, the market is massively dominated by North America, which accounts for a consistent part of

Figure 6. Automotive seat markets: Revenue share by technology

Source: Mordor Intelligence

Figure 7. SWOT Analysis



Source: Minerva Investment Society Est.

the $8,8 billion global value. The CAGR is forecasted to be equal to 5,1% in the next 5 years, with China and India likely to be leading this expansion. Market trends suggest the increasing importance of airplane and military industries. Lastly, the competitive landscape can be described as not concentrated: the biggest players operate in the U.S., with some exceptions (e.g., in Germany and U.K.).

Furniture, Flooring & Textile Furnitures

Again, the industry taken into consideration looks extremely heterogeneous and composed of a huge number of different products, applications, and players. Therefore, the only meaningful analysis regards the outlook of the industry that leads the growth in this sector: the real estate market. Since the financial crisis, in the U.S. the industry has been constantly growing, until Covid-19 hit. While, on the one hand, it has not significantly impacted the multi-family market; on the other hand, the office and retail segment has seen a drop in the rent and an increasing vacancy. Nevertheless, the outlook appears encouraging: even if it is undeniable that the introduction and spread of smart working have led to a decrease in the demand for office spaces, all the indicators signal a healthy market, also helped by government subsidy and funds.

SWOT Analysis

Strengths

Economies of scale

Leggett & Platt is the largest US-based manufacturer, in terms of revenue, in many of the businesses in which it operates. In general, the company's competitors tend to be smaller, private companies. The difference in size in relation to its competitors allows the company to remain price competitive in most of its business units, as a result of large-scale purchasing of raw materials and commodities, logistics and distribution efficiencies, and other economies of scale.

Vertical integration

The company has a high degree of vertical integration. Products offered range from raw materials all the way to private label finished goods and delivery to the consumer. The company supplies its own raw materials for many of the products it makes. For example, it operates a steel rod mill in the U.S. with a historical annual output of about 500.000 tons, which represents a substantial majority of its domestic steel rod requirements. As a result of that, the company is less reliant on its suppliers and is able to achieve higher levels of efficiency.

Weakness

Foreign competition

The company continues facing pressure from foreign competitors, as some of its customers source a portion of their components and finished products offshore. Foreign competitors can benefit from lower labor rates and lower raw material costs. In addition to that, they may also benefit from more lenient regulatory climates.

Opportunities

New income streams

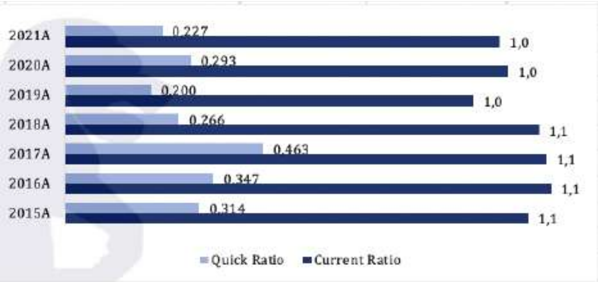
New consumer behavior patterns, as well as the application of the company's knowledge in new sectors, will present a wonderful chance to diversify and establish new income streams. This potential is provided by stable free cash flow. The corporation can invest in both new technologies and new product sectors. Leggett & Platt should be able to expand into new product areas because of this: after years of recession and a poor growth rate in the sector, the company seeks an opportunity to gain new clients and expand its market share. Leggett & Platt has also gained additional sales channels because of its investment in e-commerce infrastructure in recent years.

Threats

Current economic and political issues

Because the firm operates in several countries, it is vulnerable to currency changes, particularly given the turbulent political atmosphere in various regions throughout the world, such as the one in Turkey. Over the previous two years, stable profitability has expanded the number of participants in the market, putting downward pressure on not only profitability but on overall sales. Leggett & Platt's profitability may be threatened by rising raw material costs. Also, the supply of these items is irregular, resulting in high and low swings in sales numbers over time. The demand for highly profitable items is seasonal, and any unforeseen occurrence during the peak season might have a short- to medium-term impact on the company's profitability. Leggett & Platt's product is also threatened by counterfeit and low-quality imitations, particularly in emerging and low-income regions.

Figure 8. Liquidity

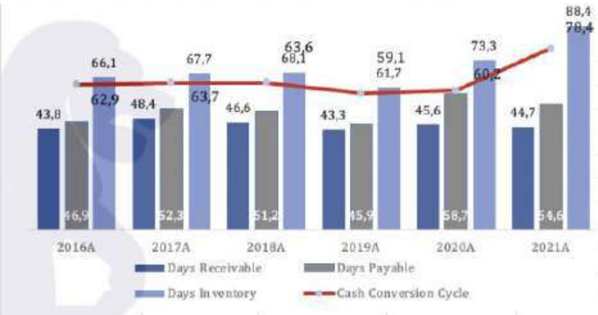


Source: Minerva Investment Society Est.

Financial Analysis

Performing a financial statement analysis of the target company allows us to investigate its nature by adopting a backward-looking perspective to support the conclusions drawn in the following section devoted to valuation. In other words, this section of the report aims to examine some historical performance indicators to assess the overall financial performance of the company and, consequently, increase the significance of the forward-looking recommendation presented at the end of this work. The analysis is conducted by employing the most relevant ratios and measures used in the target industry, assessing liquidity, cash conversion cycle, solvency, and profitability. In order to visualize these ratios, we make a comparison with other companies operating in the same industry. Given the large number of competitors selected in this report, we decide to focus our attention on cross-sectional, rather than time-series comparisons, to present the results in a simple, yet complete manner.

Figure 9: Cash Conversion Cycle



Source: Minerva Investment Society Est.

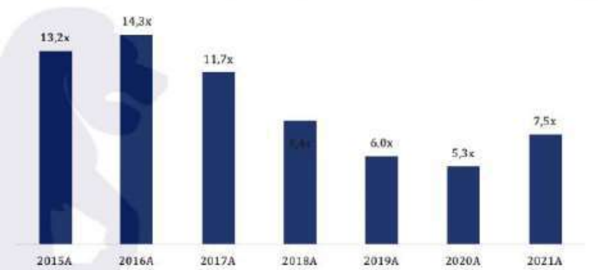
Liquidity

For Leggett & Platt, we choose to look at a 7-year period from 2015 to 2021, to have a better overlook of the structural changes of the company. The company has shown a fairly constant current ratio over the observed period, ranging from approximately 1,0 to 1,1. From a liquidity standpoint, short-term liabilities are barely covered by short-term assets over the time horizon, except for 2019, when the ratio dropped to approximately 0,95. Moreover, concentrating on the nature of the items and neglecting the timing dynamics, we notice a similar pattern in the growth of accounts receivables and payables. Therefore, we reject the hypothesis that this result could be justified by a bargaining power argument.

As far as the quick ratio is concerned, we mention that:

- The exclusion of inventory (and pre-paid expenses) would cause a dramatic drop in the liquidity coverage dynamics. Nevertheless, this is deemed understandable given the business Leggett & Platt operates in and the crucial role inventory plays.
- The exclusion of inventory increases, albeit narrowly, the volatility of the ratio.

Figure 10. Interest Coverage Ratio



Source: Minerva Investment Society Est.

Cash Conversion Cycle

As far as the working capital management is concerned, the trend regarding non-cash working capital has been stable until last year, when an increase of approximately $331 millions took place. Given the linearity between the growth trend of accounts receivables and payables, we investigate more in-depth the determinants of

Table 11. D/E, ROE, and ROA in the industry

2021	D/E	ROE	ROA
Leggett & Platt	40,05%	26,18%	10,15%
Ethan Allen Interiors	2,13%	17,66%	13,90%
Mohawk Industries	26,71%	12,18%	12,10%
Tempur Sealy Intl	41,85%	NA	17,90%
La-Z-Boy	13,27%	14,35%	8,10%
Herman Miller	68,93%	-3,89%	-0,40%
Xilinmen Furniture A	18,90%	18,27%	8,90%
Nobia	30,21%	15,76%	7,00%
Recticel SA	19,79%	13,63%	6,00%
HNI	14,58%	10,13%	4,20%
Interface Inc	70,57%	16,01%	9,80%
Fortune Brands Home & Sec	25,17%	26,45%	14,40%
Masco	17,27%	20,40%	17,30%
Materion	32,36%	10,53%	5,00%
Whirlpool Corporation	21,40%	37,45%	8,44%
Average	28,80%	16,07%	9,47%
Median	23,29%	15,76%	8,67%

Source: Minerva Investment Society Est

Figure 12. EBITDA & Profit Margins

Source: Minerva Investment Society Est.

Figure 13. DuPont Analysis

Source: Minerva Investment Society Est.

inventory, which was, in fact, the major component of the observed increase in net working capital. As a matter of fact, inventory has increased notably in the last two years. In 2020, this effect was offset by the contemporaneous increase in account payables, due to Covid-19.

According to Leggett & Platt's most recent annual report, increased inventories in 2021 were primarily driven by:

- Inflationary impacts and acquisitions.
- Softening demand in the bedding market in the last quarter of 2021, along with the management's decision to postpone the reheat furnace replacement at its steel rod mill until the late first quarter of 2022.

In 2020, inventory increased primarily as a result of the lower cost of goods sold due to lower volumes associated with pandemic-related economic declines in the first half of the year. Another point worth mentioning is that as of January 1, 2021, the company changed its method for valuing given inventories to the first-in, first-out (FIFO) cost method from the last-in, first-out (LIFO) cost method. In effect, this would result in improved comparability with industry peers, above all the ones adopting IFRS accounting principles, which do not allow the LIFO cost method. Nevertheless, this change in accounting principles has a negligible impact from a cash-flow standpoint in 2021, with an outlay of approximately $11 millions. However, it is to be mentioned that by computing the cost of goods sold under LIFO, the average company in the average period typically gets a slightly higher result than we would under FIFO. Therefore, this option must be taken with a grain of salt. Needless to say, similar considerations apply to the analysis of the Cash Conversion Cycle, which is presented in Figure 9.

Solvency

As previously stated, Leggett & Platt has had some structural changes over the past years, the most prominent being the acquisition of ECS (a player in the production of proprietary specialized foam used primarily for the bedding and furniture industries), for total consideration of approximately $1,25 billion, executed in January 2019. Looking at the evolution of the Debt-to-Equity ratio, the leverage doubled between 2018 and 2019, which, despite the slight reduction in 2020 and 2021, is still permanently above 100%.

With the aim of drawing the first conclusion concerning the relationship between solvency and profitability and assessing whether the dynamic of debt is sufficiently covered by the income generated by the operating activities, we look at the Interest Coverage Ratio. Although EBIT increased in 2019, mainly as a consequence of the new acquisition, the Interest Coverage Ratio decreased in the same year, entailing that the income generated by the operating activities grew to a lesser extent relative to the increase in interest expense. In 2021, Leggett & Platt showed a slight increase in the Interest Coverage Ratio, which, however, is still lower than the one observed in 2018 (i.e., before the acquisition).

Finally, we also take into consideration the solvency of Leggett and Platt's competitors to get a cross-sectional in the last year. Table 11 shows that relative to the 14 competitors considered, Leggett & Platt presented the fourth-highest leveraged in 2021. Furthermore, the discrepancy between ROE and ROA signals a significant impact of the leverage in boosting the return for shareholders, given the mediocrity of the ROA.

Profitability

To assess the profitability of Leggett & Platt, we choose to look at the return it produced relative to its assets and equity. At the same time,

Figure 14. DCF Model – Summary

Cost of Equity	9,66%
TV Growth Rate	1,86%
Discounted Cash Flows	1.364
Discounted TV	5.583
Equity Value	4.965
Net Debt	1.926
EV core	6.947
N° of Shares (in millions)	134
Share Price Target (DCF)	$37,08

Source: Minerva Investment Society Est. & Refinitiv Eikon (data as of May 6th)

Figure 15. Sensitivity Analysis

		WACC								
	37,08	7,76%	7,71%	7,66%	7,61%	**7,56%**	7,51%	7,46%	7,41%	7,36%
g	1,75%	34,88	35,21	35,55	35,89	36,24	36,60	36,96	37,33	37,70
	1,78%	35,06	35,39	35,73	36,08	36,43	36,79	37,15	37,52	37,90
	1,80%	35,23	35,57	35,91	36,26	36,62	36,98	37,35	37,72	38,10
	1,83%	35,41	35,75	36,10	36,45	36,81	37,17	37,54	37,92	38,30
	1,86%	35,66	36,01	36,36	36,71	**37,08**	37,45	37,82	38,20	38,59
	1,90%	35,95	36,30	36,66	37,02	37,39	37,76	38,14	38,53	38,93
	1,93%	36,14	36,49	36,85	37,21	37,58	37,96	38,35	38,74	39,14
	1,95%	36,32	36,68	37,04	37,41	37,78	38,16	38,55	38,95	39,35
	1,98%	36,51	36,87	37,23	37,60	37,98	38,37	38,76	39,16	39,57
	2,00%	36,70	37,06	37,43	37,80	38,18	38,57	38,97	39,37	39,78

Source: Minerva Investment Society Est.

we observe the EBITDA and Profit Margins during the same period, as displayed in Figure 12. By parsing EBITDA and Net Margin standalone, a fairly stable trend arises, although the slight decrease in these measures driven by the Covid-19 crisis continues to have negative impacts, when looking at 2021 figures. This signals a quite solid cost structure, given that the level of Sales has been increasing since 2016 (except for 2020).

The most insightful observation concerns the classic decomposition of ROE (i.e., the so-called DuPont Analysis). Three main effects aim to explain the observed reduction in ROE (even before Covid-19):

- First, ROA has been dropping, signaling a decreasing level of value generated by operating activities, which, ceteris paribus, reduces the ROE.
- Second, Asset Turnover has been decreasing, i.e., the percentage of Sales relative to Assets over the periods has been decreasing, which, ceteris paribus, decreases the ROE.
- Third, Leverage has been increasing relative to the equity (as shown by the increasing Equity multiplier), which, ceteris paribus, increases the ROE.

It is evident that ROE would have dropped even more if the company had not decided to increase leverage. That is not necessarily bad news. However, the previosly-mentioned information concerning solidity and capital structure suggests prudence in assessing the sustainability of debt from a long-term perspective.

Valuation

Final Target Price: $33,79

Our analysis follows two main approaches:

- An intrinsic valuation regarding the asset-side DCF model (Free-Cash-Flow to the Firm approach)
- Relative valuation with stock market multiples of comparable companies

Free Cash Flow to Firm Approach

Firstly, we choose the DCF asset-side model to conduct the analysis. This method allows us to estimate the value of an asset based on its expected future cash flows. With this approach, we compute the Enterprise Value. The value of equity is then calculated by adding Financial Investments and subtracting Net Debt, Minority Interest, and Non-Operating Payables. The target price obtained is $37,08, around the current market price, leading to a "Hold" recommendation. Proceeding step by step, the first element we compute is the cost of equity, based on the following assumptions:

Risk-free rate (1,93%)
Given the period of high volatility currently experienced in the bond market, we decide not to use current yields; on the contrary, we choose to compute an average of the 10-Year US Treasury Bond yield over the last five years.

Equity Risk Premium (5,23%)
According to Damodaran's equity risk premium computation, the latter represents the premium an investor would demand to invest in the stock rather than in the risk-free security,

Beta (1,48)
This value defines the level of systematic, non-diversifiable risk of L&P. With the aim of computing such a parameter, we apply the so-called bottom-up approach. In particular, we first compute the levered beta of the comparable firms, we then use the Hamada's equation to unlever the latter and calculate the average unlevered beta of the sector, and, finally, we use the firm-specific debt ratio (40,05%) and marginal tax rate (21,00%) to get the levered beta of

Table 16. Current EV/SALES

EV/SALES Current	
Tempur Sealy	1,53
La-Z-Boy	0,53
Ethan Allen Interiors	0,76
Mohawk Industries	1,01
Herman Miller	1,46
Xilinmen Furniture Co	1,40
Nobia	0,61
Recticel	1,26
HNI	0,79
Interface	0,99
Fortune Brands	1,62
Masco	1,85
Materion	1,48
Whirlpool	0,62

		EV	ND	Non-Op Payables	FI	Minorities	Equity Value
Average	1,1						
Median	1,1	5.757	1.926	56	1	1	3.77
Smoothed Average	1,1	5.719	1.926	56	1	1	3.73
						NOSH	13
						28,20	27,9

Source: Minerva Investment Society Est. & Refinitiv Eikon

Table 17. Forward EV/SALES

EV/SALES Forward	
Tempur Sealy	1,39
La-Z-Boy	0,40
Ethan Allen Interiors	0,66
Mohawk Industries	0,95
Herman Miller	0,92
Xilinmen Furniture Co	1,14
Nobia	0,56
Recticel	1,98
HNI	0,67
Interface	0,91
Fortune Brands	1,52
Masco	1,72
Materion	1,22
Whirlpool	0,61

		EV	ND	Non-core Payables	FI	Minorities	Equity Value
Average	1,0						
Median	0,9	5.051	1.926	56	1	1	3.06
Smoothed Average	1,0	5.524	1.926	56	1	1	3.54
						NOSH	13
						22,92	26,4

Source: Minerva Investment Society Est. & Refinitiv Eikon

Graph 18. Value Map EV/SALES – SALES CAGR

Source: Minerva Investment Society Est. & Refinitiv Eikon

the firm. This approach focuses more on fundamental determinants of risk rather than historical returns. Additionally, since multiple cross-sectional comparisons are run instead of a single regression, as in the classic approach, the standard error in the estimate is reduced. The value of the beta calculated with this method is 1.48. We also compute the beta by running a regression against the S&P 500. This method is easier to implement relative to the former one, and it determines the level of systematic risk by confronting the return offered by the target stock with the one displayed by the so-called market portfolio (e.g., the S&P 500). By applying this approach, we obtain an adjusted beta equal to 1,34 (namely, after executing the so-called Blume adjustment). However, we choose to adopt exclusively the beta obtained through the bottom-up approach in our computation of the cost of equity as this value, being strictly referred to fundamentals, turns out to be more reliable than any other value obtained employing alternative methodologies.

Cost of Debt (2,34%)
Based on the synthetic rating obtained with the interest coverage ratio (A+).

Cost of Equity and WACC
We use the Capital Asset Pricing Model (CAPM), a theory based on stock's volatility and level of risk compared to the general market. Thus, we assumed that the expected cost of capital Ke is: Ke $= rf + \beta \times [E(rm) - rf]$ = 9,66%.
Where rf is the expected return of a risk-free asset, $E(rm) - rf$ is the equity risk premium, and β is calculated following the bottom-up approach described above. The cost of debt is computed by adding the risk-free rate (1,93%) and the default spread of 1,03%, derived from the synthetic rating. We then use the marginal tax rate (21%), to estimate the tax advantage and get an after-tax cost of debt of 2,34%. Finally, we are able to calculate the WACC as the weighted average of the cost of equity and cost of (net) debt, resulting in 7,27%

Assumptions and Findings
In the valuation, we apply a two-stage growth model. We assume an annual growth rate of 6,50% for revenue during the high-growth period, based on the geometric average of revenue growth rate in the last 5-year period. For the stable growth period, we use the fundamental approach to estimate a long-term growth rate of 1,86%, slightly lower than the risk-free rate, reflecting that no firm can grow forever at a rate higher than the growth rate of the economy in which it operates. After calculating the FCFF and the Terminal Value, we use the WACC to discount them, thus obtaining the Enterprise Value. This value is then decreased by Net Debt, Minority Interests, and Non-Operating Payables and increased by Financial Investments to get the Equity Value.

Multiples approach

In order to check the results obtained through the DCF model, we perform a market multiples approach analysis.
We focus on the medium-wide group of international peers, already presented in the section devoted to the financial statement analysis, that would best reflect Leggett & Platt's diversification in terms of both geographic sales and business model, while at the same time targeting similar-sized companies. Among the multiples chosen, we opt for both asset-side and equity-side multiples to obtain a broader and more complete view of the firm's value. Considering the choice of asset-side multiples, we choose to use both current and forward EV/SALES that, being a revenue multiple, guarantees easier comparisons across international companies with different accounting systems. The second asset side multiple we pick is EV/EBITDA (again, current and forward). This is preferred to EV/EBIT because, while different accounting choices on depreciation and amortization may affect operating income, they do not change EBITDA, which is, therefore, a more reliable measure.

The decision to strengthen valuation by adding forward multiples is due both to the fact that this is critical for the analysis to be forward-looking, and because they help us analyze companies that have not yet recovered in the presence of a k-shaped recovery, that phenomenon whereby, following the pandemic crisis, financial markets have recovered more quickly than "real" markets.

To find the share price from the asset side multiples, we adopt the same bridge-to-equity applied in the DCF analysis. Then, we divide the result by the number of outstanding common shares to finally derive the intrinsic share price. As shown in Figure 16, with EV/SALES, we achieve a price range from $27,91 considering the smoothed average (obtained by arithmetically averaging the competitors' multiples by removing the highest and lowest value) to $28,20 with the median; whereas for EV/EBITDA, a range from $29,29 to $30,38 is obtained. As regards forward multiples, we note that the results are lower than the previous ones, with ranges from $22,92 to $26,45 for EV/SALES, and from $25,61 to $27,31 for EV/EBITDA. The EV/EBITDA computations are reported in the appendix.

It is therefore apparent that these results lead us to assume that the stock is still overvalued, since the price ranges calculated so far, especially those obtained with forward multiples, tend to be lower than the current stock market price. Finally, to provide the reader with a qualitative snapshot of the ongoing situation, we perform a regression of EV/SALES based on the 3-year Sales CAGR. What we see, as the Graph 18 clarifies, is that L&P (green bullet) is positioned above the regression line. Hence, compared to its competitors, L&P has a high multiple concerning its turnover growth expectations relative to the actual profitability, which reinforces our previous consideration about its overvaluation.

Focusing on equity-side multiples, while all the analysis carried on so far seems to suggest that the firm is overvalued. L&P's current P/E, equal to 13,98x, is lower than the (smoothed) average one of 16,7x, signaling an implied stock price of approximately $50,19 per share, which would suggest buying the stock. Conceptually, P/E is the ratio between the market value of the firm and its ability to generate net income. The main weakness of this multiple is the assumption whereby it does not distinguish between firms whose net income is expected to grow fast and constantly in the following years and firms which have already reached their peak. As a result, it is helpful to compute the so-called PEG, which, in fact, excludes the dynamic of expected growth from the P/E analysis. To this aim, P/E ratios are divided by the forecasted 3-year CAGR of EPS for all the companies under assessment, including L&P.

In the L&P case, it is evident that the firm, seen as undervalued from the P/E analysis, is instead overvalued if we take into account the stagnancy of its profits, whose growth is expected to be much slower than the competitors'. As shown in Table 20, L&P's PEG is the highest of the list, which, entailing an implied market value lower than the current one, suggests an overvaluation (or at the very least correct valuation) narrative.

For the sake of completeness, we also compute the forward P/E and the P/SALES multiple (both current and forward) and report them in the appendix. The whole set of results gathered across the study is reported in the football field in Figure 21. Taking the average between the result coming from the DCF standalone ($37,08) and the overall result coming from the multiples ($30,49), the final equity value per share is approximately equal to **$33,79** (i.e., 10,25% lower than the current market price) thereby entailing a SELL recommendation.

Table 19. Current P/E

P/E Current			
Tempur Sealy	15,37		
La-Z-Boy	12,73		
Ethan Allen Interiors	11,33		
Mohawk Industries	12,19		
Herman Miller	16,40		
Xilinmen Furniture Co	17,06		
Nobia	13,04		
Recticel	23,66		
HNI	26,46		
Interface	17,03		
Fortune Brands	12,69		
Masco	23,61		
Materion	25,25		
Whirlpool	8,34		
Average	16,8		Equity Value
Median	15,9		6.392
Smoothed Average	16,7		6.719
		NOSH	134
		47,75	50,19

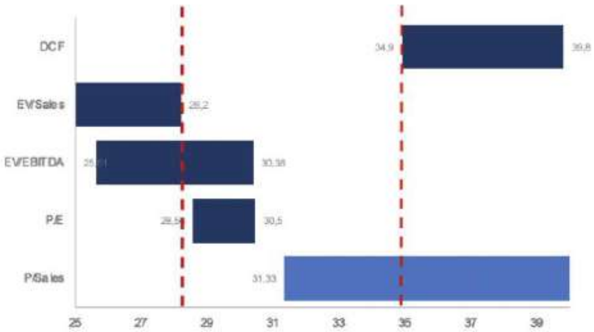
Source: Minerva Investment Society Est. & Refinitiv Eikon

Table 20. PEG Cross-sectional comparison

	P/E Current	Current EPS	Forward EPS (3Y)	CAGR	CAGR *100	PEG
Tempur Sealy	15,37	3,19	4,17	9%	9,34	1,65
La-Z-Boy	12,73	2,62	3,67	12%	11,89	1,07
Ethan Allen Interiors	11,33	2,37	3,16	10%	10,06	1,13
Mohawk Industries	12,19	14,86	20,07	11%	10,54	1,16
Herman Miller	16,40	3,33	4,50	11%	10,56	1,55
Xilinmen Furniture Co	17,06	1,45	3,09	29%	28,69	0,59
Leggett & Platt	13,98	2,78	3,31	6%	5,99	2,33
Nobia	13,04	4,18	6,86	18%	17,95	0,73
Recticel	23,66	0,98	0,88	-4%	17,95	1,32
HNI	26,46	1,63	3,35	27%	-3,52	NA
Interface	17,03	1,23	1,49	7%	27,14	0,63
Fortune Brands	12,69	5,73	8,25	13%	6,60	1,92
Masco	23,61	3,70	5,14	12%	12,92	1,83
Materion	25,25	3,81	5,93	16%	11,58	2,18
Whirlpool	8,34	18,55	26,48	13%	15,89	0,52
Average	16,61					1,25
Smoothed Average	16,49					1,31

Source: Minerva Investment Society Est. & Refinitiv Eikon

Figure 21. Football Field



Source: Minerva Investment Society Est.

Investment Risks

Foreign competition. The continuous pressure from foreign competitors, along with the trend of the business L&P operates in, must be accurately taken into consideration. Indeed, foreign competitors can benefit from lower labor rates, lower raw material costs, and more lenient regulatory climates.

Current economic and political issues. Operating in several countries, L&P is vulnerable to currency changes, particularly given the turbulent political atmosphere in various regions throughout the world (e.g., in Turkey). In particular, the target's profitability may be threatened by rising raw material costs. Also, the supply of these items is irregular, resulting in high and low swings in sales numbers over time. The demand for highly profitable items is seasonal, and any unforeseen occurrence during the peak season might have a short- to medium-term impact on the company's profitability. Leggett & Platt's product is also threatened by counterfeit and low-quality imitations, particularly in emerging and low-income regions.

Increase in inventory. An increasing trend in non-cash working capital is not always bad news. Essentially, it depends on the reasons why that happened. In the case of L&P, this has been provoked not only by the unmanageable impact of inflation, but also by the negative consequences of recent acquisitions and declining demand in the bedding segment.

Scarce growth expectations. The analysis of the PEG ratio confirmed L&P's low level of growth in EPS in the medium-term. Therefore, backward-looking and forward-looking results recommend the same conclusion.

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APPENDIX

Income Statement

	DEC '15	DEC '16	DEC '17	DEC '18	DEC '19	DEC '20	DEC '21
Sales	**3.920,4**	**3.760,7**	**3.942,4**	**4.267,5**	**4.755,2**	**4.281,3**	**5.063,0**
Cost of Goods Sold (COGS) incl. D&A	**3.016,1**	**2.869,5**	**3.081,2**	**3.396,3**	**3.767,3**	**3.441,1**	**4.102,0**
COGS excluding D&A	2.911,8	2.762,8	2.965,2	3.271,5	3.586,5	3.256,5	3.918,0
Depreciation & Amortization Expense	**104,3**	**106,7**	**116,0**	**124,8**	**180,8**	**184,6**	**184,0**
Depreciation	83,5	86,8	95,3	104,3	117,5	119,4	116,5
Amortization of Intangibles	20,8	19,9	20,7	20,5	63,3	65,2	67,5
Gross Income	**904,3**	**891,2**	**861,2**	**871,2**	**987,9**	**840,2**	**961,0**
SG&A Expense	**416,9**	**396,8**	**400,5**	**421,1**	**469,7**	**424,4**	**422,1**
Other SG&A	416,9	396,8	400,5	421,1	469,7	424,4	422,1
EBIT (Operating Income)	**487,4**	**494,4**	**460,7**	**450,1**	**518,2**	**415,8**	**538,9**
Nonoperating Income - Net	**7,3**	**32,2**	**16,8**	**28,7**	**13,6**	**6,2**	**51,4**
Nonoperating Interest Income	4,4	3,9	7,6	8,4	7,4	3,1	2,6
Other Income (Expense)	2,9	28,3	9,2	20,3	6,2	3,1	48,8
Interest Expense	**37,0**	**34,6**	**39,3**	**53,4**	**86,3**	**78,2**	**72,0**
Gross Interest Expense	37,7	35,2	39,3	53,4	86,3	78,2	72,0
Interest Capitalized	0,7	0,6	0,0	0,0	0,0	0,0	0,0
Unusual Expense - Net	**7,9**	**4,9**	**6,2**	**41,0**	**15,4**	**15,9**	**-3,8**
Impairments	**6,3**	**4,1**	**4,9**	**21,4**	**7,8**	**29,4**	**0,0**
Goodwill	4,1	3,7	1,3	0,0	0,0	25,4	0,0
Property,Plant & Equipment	2,2	0,4	3,6	5,4	7,8	4,0	0,0
Financial Fixed Assets				16,0			
Restructuring Expense	1,6	0,8	1,3	19,6	7,6	7,9	-0,3
Excpl Chrgs - Others						**-21,4**	**-3,5**
Other Unusual Expense						-21,4	-3,5
Pretax Income	**449,8**	**487,1**	**432,0**	**384,4**	**430,1**	**327,9**	**522,1**
Income Taxes	**121,8**	**120,0**	**138,4**	**78,3**	**96,2**	**74,8**	**119,5**
Income Taxes - Current Domestic	70,7	59,8	79,8	26,1	39,9	44,7	68,5
Income Taxes - Current Foreign	40,0	42,5	43,2	55,6	48,7	51,0	59,5
Income Taxes - Deferred Domestic	9,7	15,4	3,2	-3,2	8,1	-17,6	-11,6
Income Taxes - Deferred Foreign	1,4	2,3	12,2	-0,2	-0,5	-3,3	3,1
Consolidated Net Income	**328,0**	**367,1**	**293,6**	**306,1**	**333,9**	**253,1**	**402,6**
Minority Interest	4,1	0,4	0,1	0,2	0,1	0,1	0,2
Net Income	**323,9**	**366,7**	**293,5**	**305,9**	**333,8**	**253,0**	**402,4**

Balance Sheet

	DEC '15	DEC '16	DEC '17	DEC '18	DEC '19	DEC '20	DEC '21
Assets							
Cash & Short-Term Investments	**253,2**	**281,9**	**526,1**	**268,1**	**247,6**	**348,9**	**361,7**
Cash Only	253,2	281,9	526,1	268,1	247,6	348,9	361,7
Short-Term Receivables	**520,2**	**486,6**	**595,1**	**571,6**	**591,9**	**563,6**	**651,5**
Accounts Receivables, Net	**448,7**	**450,8**	**522,3**	**545,3**	**564,4**	**535,2**	**620,0**
Accounts Receivables, Gross	458,0	458,0	527,1	550,5	572,9	554,4	634,9
Bad Debt/Doubtful Accounts	-9,3	-7,2	-4,8	-5,2	-8,5	-19,2	-14,9
Other Receivables	71,5	35,8	72,8	26,3	27,5	28,4	31,5
Inventories	**504,6**	**519,6**	**571,1**	**633,9**	**636,7**	**691,5**	**993,2**
Finished Goods	242,8	255,7	285,6	331,6	308,7	303,8	429,1
Work in Progress	42,6	52,6	53,0	49,6	54,4	47,2	66,9
Raw Materials	241,8	245,1	283,4	334,9	323,5	340,5	497,2
Progress Payments & Other	-22,6	-33,8	-50,9	-82,2	-49,9	0,0	0,0
Other Current Assets	**33,2**	**36,8**	**74,2**	**51,0**	**61,9**	**54,1**	**58,9**
Prepaid Expenses	32,6		28,5	5,6			
Miscellaneous Current Assets	0,6	36,8	45,7	45,4	61,9	54,1	58,9
Total Current Assets	1.311,2	1.324,9	1.766,5	1.524,6	1.538,1	1.658,1	2.065,3
Net Property, Plant & Equipment	**540,8**	**565,5**	**663,9**	**728,5**	**993,9**	**950,0**	**977,9**
Property, Plant & Equipment - Gross	**1.687,3**	**1.730,9**	**1.877,2**	**1.980,9**	**2.314,4**	**2.345,9**	**2.447,6**
Buildings	548,2	559,4	626,0	656,8	719,0	740,9	772,1
Land & Improvements	40,0	37,7	40,6	42,4	43,5	43,6	44,1
Machinery & Equipment	1.099,1	1.133,8	1.210,6	1.281,7	1.388,8	1.396,2	1.435,0
Leases					4,3	3,6	3,8
Operating Lease Right-of-Use Assets					158,8	161,6	192,6
Accumulated Depreciation	1.146,5	1.165,4	1.213,3	1.252,4	1.320,5	1.395,9	1.469,7
Total Long-Term Investments	**7,1**	**32,2**	**33,1**	**17,9**	**13,6**	**0,5**	**0,6**
LT Investment - Affiliate Companies	7,1	7,1	7,1	7,1	4,3	0,0	0,0
Other Long-Term Investments	0,0	0,0	0,2	0,2	0,3	0,2	0,0
Long-Term Note Receivable		25,1	25,8	10,6	9,0	0,3	0,6
Intangible Assets	**993,6**	**954,7**	**989,5**	**1.009,9**	**2.170,3**	**2.090,4**	**2.157,4**
Goodwill	806,1	791,3	822,2	833,8	1.406,3	1.388,8	1.449,6
Other Intangible Assets	187,5	163,4	167,3	176,1	764,0	701,6	707,8
Deferred Tax Assets	33,3	23,9	21,4	20,2	11,5	11,0	8,6
Other Assets	**81,6**	**82,9**	**76,4**	**80,9**	**89,0**	**90,0**	**97,5**
Deferred Charges	6,1	2,6	4,0	4,2	1,4	0,9	2,8
Tangible Other Assets	75,5	80,3	72,4	76,7	87,6	89,1	94,7
Total Assets	2.967,6	2.984,1	3.550,8	3.382,0	4.816,4	4.800,0	5.307,3
Liabilities & Shareholders' Equity							
Current							
ST Debt & Curr. Portion LT Debt	3,4	3,6	153,8	1,2	90,4	93,3	345,1
Accounts Payable	327,9	368,9	441,3	476,0	473,8	553,8	614,1
Income Tax Payable							
Other Current Liabilities	**369,9**	**334,1**	**381,1**	**338,5**	**363,9**	**358,9**	**376,5**
Dividends Payable	43,5	45,4	47,5	49,6	52,7	53,0	56,0
Accrued Payroll	129,0	125,5	160,9	120,7	123,8	122,6	120,3
Miscellaneous Current Liabilities	197,4	163,2	172,7	168,2	187,4	183,3	200,2
Total Current Liabilities	701,2	706,6	976,2	815,7	928,1	1.006,0	1.335,7
Long-Term							
Long-Term Debt	**945,4**	**956,2**	**1.097,9**	**1.167,8**	**2.188,1**	**1.971,4**	**1.942,7**
Long-Term Debt excl Lease Obligations	942,2	951,2	1.097,9	1.164,1	2.063,4	1.846,6	1.786,8
Capital and Operating Lease Obligations	3,2			3,7	124,7	124,8	155,9
Provision for Risks & Charges	103,6	94,7	131,8	81,7	99,5	109,7	79,1
Deferred Tax Liabilities	38,6	54,3	83,0	85,6	214,2	205,4	217,4
Other Liabilities	**81,1**	**78,3**	**71,1**	**73,6**	**74,0**	**82,4**	**83,8**
Other Liabilities (excl. Deferred Income)	81,1	78,3	71,1	73,6	74,0	82,4	83,8
Total Liabilities	1.869,9	1.890,1	2.360,0	2.224,4	3.503,9	3.374,9	3.658,7
Equity							
Common Equity	**1.086**	**1.092**	**1.190**	**1.157**	**1.312**	**1.425**	**1.648**
Common Stock Par/Carry Value	2	2	2	2	2	2	2
Additional Paid-In Capital/Capital Surplus	530	506	515	527	536	543	558
Retained Earnings	2.209	2.411	2.511	2.614	2.735	2.797	2.973
Cumulative Translation Adjustment	-5	-39	41	-27	-22	6	-12
Other Appropriated Reserves	-86	-75	-50	-51	-55	-59	-27
Treasury Stock	-1.564	-1.714	-1.828	-1.908	-1.884	-1.865	-1.847
Total Shareholders' Equity	1.086	1.092	1.190	1.157	1.312	1.425	1.648
Accumulated Minority Interest	12	2	1	1	1	1	1
Total Equity	1.098	1.094	1.191	1.158	1.313	1.425	1.649
Total Liabilities & Shareholders' Equity	**2.968**	**2.984**	**3.551**	**3.382**	**4.816**	**4.800**	**5.307**

DCF Analysis

	2022	2023	2024	2025	2026	Terminal value
Revenue	5.392	5.743	6.116	6.513	6.937	
Revenue Growth Rate	6,50%	6,50%	6,50%	6,50%	6,50%	
EBITDA	767	817	870	926	986	
% margin	*14,22%*	*14,22%*	*14,22%*	*14,22%*	*14,22%*	
- D&A	226	241	256	273	291	
EBIT	**541**	**576**	**613**	**653**	**696**	
- Tax on EBIT	114	121	129	137	146	
NOPAT	**427**	**455**	**484**	**516**	**550**	
Add D&A	226	241	256	273	291	
- Capex	359	383	408	434	462	
- Δ NWC	(170)	39	41	44	47	
FCFF	464	274	292	311	331	8039
Timing	1	2	3	4	5	
Discount factor	1,08	1,16	1,24	1,34	1,44	
Discounted FCFF	**431**	**237**	**234**	**232**	**230**	**5583**

Valuation	
Discounted cash flows	1.364
Discounted TV	5.583
Enterprise value	**6.947,38 €**

Enterprise Value	6.947
-Net Debt	[illegible].926
+ Financial Investmen	[illegible]
-Non-operating payab	[illegible]56
-Minority Interests	[illegible]
Equity Value	4.965
# shares	[illegible]34
Share Price	**37,08 €**

Assumptions	
Tax Rate	21,0%
WACC	7,56%
Terminal Growth Rate	1,86%
Cost of Equity	9,66%

Regression beta Leggett & Platt – S&P500

L&P - S&P500

Regression Statistics	
Multiple R	0,663470966
R Square	0,440193723
Adjusted R Square	0,430541891
Standard Error	0,076691244
Observations	60

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0,2682413	0,2682413	45,6072699	7,6007E-09
Residual	58	0,34112972	0,00588155		
Total	59	0,60937102			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95,0%*	*Upper 95,0%*
Intercept	-0,013222833	0,01015005	-1,30273522	0,19781401	-0,03354037	0,00709471	-0,03354037	0,00709471
X Variable 1	**1,51**	0,22354746	6,75331547	7,6007E-09	1,06220766	1,95716538	1,06220766	1,95716538

Beta Adjusted	**1,34**

EV/EBITDA Multiples

EV/EBITDA Current							
Tempur Sealy	6,66						
La-Z-Boy	4,88						
Ethan Allen Interiors	5,83						
Mohawk Industries	5,83						
Herman Miller	10,16						
Xilinmen Furniture Co	10,42						
Nobia	4,63						
Recticel	11,87						
HNI	9,39						
Interface	6,99						
Fortune Brands	9,49						
Masco	9,66						
Materion	16,14						
Whirlpool	4,75						
Average	8,3	EV	ND	Non-core Payables	FI	Minorities	Equity Value
Median	8,2	6.049	1.926	56	1	1	4.067
Smoothed Average	8,0	5.904	1.926	56	1	1	3.922
						NOSH	134
						30,38	29,29

EV/EBITDA Forward							
Tempur Sealy	6,99						
La-Z-Boy	4,29						
Ethan Allen Interiors	3,8						
Mohawk Industries	5,97						
Herman Miller	10,18						
Xilinmen Furniture Co	9,14						
Nobia	3,95						
Recticel	15,98						
HNI	7,21						
Interface	6,62						
Fortune Brands	9,01						
Masco	9,12						
Materion	10,94						
Whirlpool	5,37						
Average	7,8	EV	ND	Non-core Payables	FI	Minorities	Equity Value
Median	7,1	5.411	1.926	56	1	1	3.429
Smoothed Average	7,4	5.639	1.926	56	1	1	3.657
						NOSH	134
						25,61	27,31

P/E Forward

P/E Forward				
Tempur Sealy	8,58			
La-Z-Boy	9,11			
Ethan Allen Interiors	7,03			
Mohawk Industries	9,6			
Herman Miller	17,79			
Xilinmen Furniture Co	12,67			
Nobia	7,02			
Recticel	29,18			
HNI	12,14			
Interface	10,22			
Fortune Brands	10,63			
Masco	12,37			
Materion	15,65			
Whirlpool	7,6			
Average	12,1			Equity Value
Median	10,4			3.824
Smoothed Average	11,1			4.077
			NOSH	134
			28,56	30,46

P/S Multiples

P/S Current				
Tempur Sealy	1,95			
La-Z-Boy	1,16			
Ethan Allen Interiors	0,99			
Mohawk Industries	1,12			
Herman Miller	1,15			
Xilinmen Furniture Co	1,94			
Nobia	0,67			
Recticel	0,95			
HNI	0,66			
Interface	0,78			
Fortune Brands	1,21			
Masco	2,10			
Materion	1,26			
Whirlpool	0,65			
Average	1,2			Equity Value
Median	1,1			5.757
Smoothed Average	1,2			5.850
			NOSH	134
			43,00	43,70

P/S Forward				
Tempur Sealy	0,92			
La-Z-Boy	0,5			
Ethan Allen Interiors	0,79			
Mohawk Industries	0,78			
Herman Miller	0,6			
Xilinmen Furniture Co	0,95			
Nobia	0,45			
Recticel	1,76			
HNI	0,57			
Interface	0,59			
Fortune Brands	1,14			
Masco	1,39			
Materion	0,85			
Whirlpool	0,46			
Average	0,8			Equity Value
Median	0,8			4.194
Smoothed Average	0,8			4.248
			NOSH	134
			31,33	31,73