TEMPUR + SEALY

Tempur Sealy International, Inc. (TPX)

"Success is strengthening our Iconic Brands while driving higher ROIC through focused execution"

TEMPUR + SEALY

Tempur Sealy International, Inc. (TPX)

Overview:

- Strong global brands serving all price points
- Omni-channel distribution balanced between wholesale and direct to consumer
- Global manufacturing footprint
- Structural growth industry, with high ROIC and robust free cash flow
- Industry is relatively concentrated in US and fragmented globally

	TPX Consolidated	North America	International
3Q19 Sales	$821 100%	$682 83%	$139 17%

Forward-Looking Statements: This investor presentation contains statements that may be characterized as "forward looking" within the meaning of federal securities laws. Please review carefully the cautionary statements and other information included in the appendix under "Forward looking Statements". Non-GAAP Financial Information: This presentation includes non-GAAP financial measures. Please refer to the footnotes and the explanations about such non-GAAP financial measures, including reconciliations to the corresponding GAAP financial measures, in the appendix at the end of this presentation. Footnotes: Please refer to the footnotes at the end of this presentation.

Long-term Focused

Key initiatives:

- Develop the highest quality bedding products in all the markets we serve
- Promote our worldwide brands with compelling marketing
- Optimize our powerful omni-distribution platform to be where consumers want to shop
- Drive increases in EBITDA(1)

(1) This financial measure is not recognized under U.S. Generally Accepted Accounting Principles ("GAAP"). Please refer to "Use of Non-GAAP Financial Measures & Constant Currency Information" in the appendix.

TEMPUR + SEALY

Global Manufacturing Footprint

22
North American
Facilities

35
International
Facilities

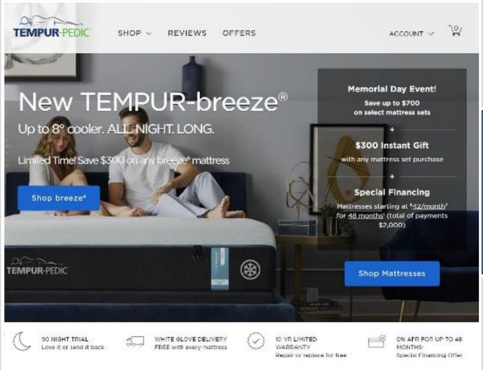
Wholly owned and Joint Venture
Tempur-Pedic Facility
Joint Venture
Licensee

Powerful Omni-Distribution Platform

Wholesale

- Largest pillar of world-wide distribution
- In process with significant distribution gains

DTC Web



- Significant worldwide revenue growth
- Highly profitable and expanding gross margins

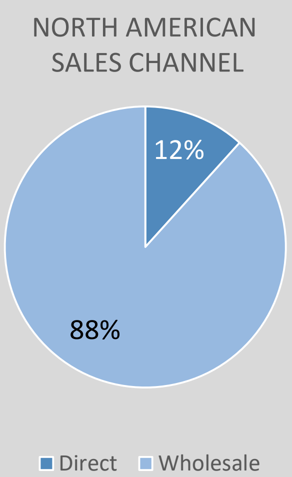
DTC Company Owned Stores

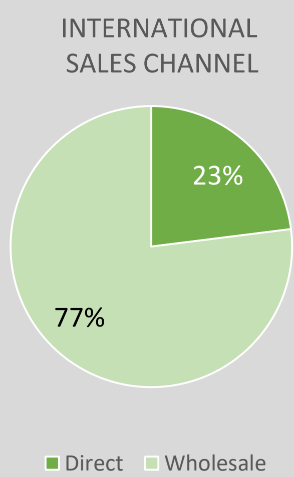
- Luxury showroom experience
- Significant worldwide revenue growth
- Highly profitable

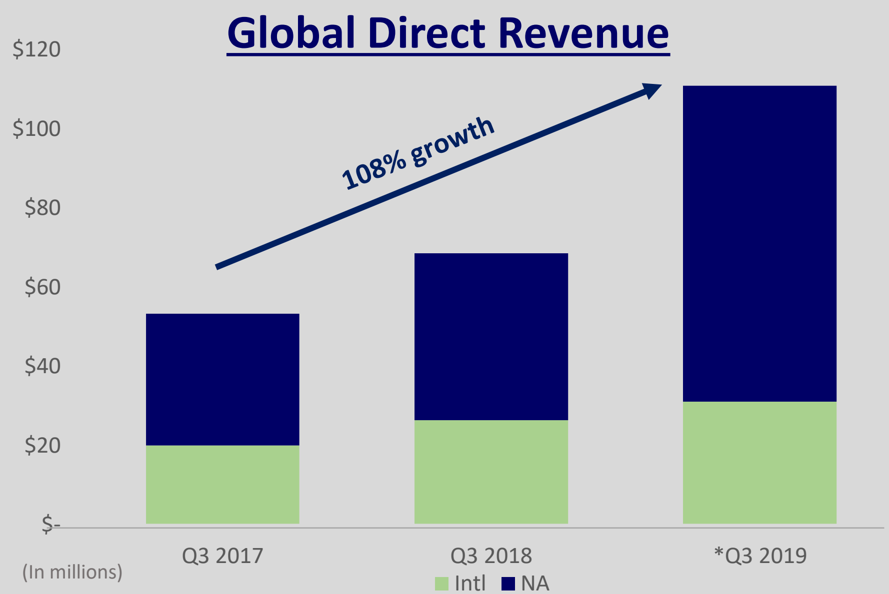
TEMPUR+SEALY

Direct to Consumer

- Distribution network made up of high growth, high margin, Web, Call Center, and Company-owned stores
- Strong growth within the direct channel, growing 62% in the third quarter of 2019
- Long-term direct target: 25% of consolidated net sales







Q3 global direct channel sales grew 108% over 2 years

**Excluding Sleep Outfitters, Q3 global direct channel sales grew 67% over 2 years*

TEMPUR + SEALY

Winning Online

TempurPedic.com

Most profitable online bedding company in the world

High growth and high margins

Alternative Channels (Web-based Retailers)

Dedicated sales team with focus on eMarketplace sales growth

High growth and stable margins

Traditional Retailers Online

TPX proprietary Retail Edge training providing shopper-focused solutions

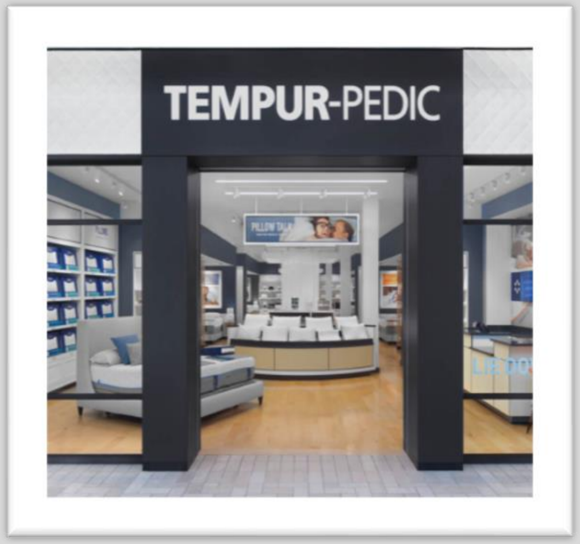
High growth and stable margins

Compressed Bedding Products

High-end	Mid-level	Value
Tempur Cloud® *(Testing)*	Cocoon by Sealy™ *(Significant growth)*	Sealy-to-go *(Significant growth)*

Company-Owned North American Store Strategy

High-End Targeted Opportunity



Tempur Retail Stores®:

- 50 High-end retail destinations, with complementary co-tenants, in high demographic areas
- Strategic market placement (125-150 store vision)
- Brand Ambassadors - Tempur-Pedic only products
- Consumer niche – prefer direct from manufacturer
- Premium ASP offering: $2,000 - $4,500
- Average revenue per store between $1.5-$2.0M(2)

Broad Based Opportunity – Strategic Representation

Sleep Outfitters®:

- Regional bedding retailer that is strategically important to the markets it serves for Tempur Sealy
- Store count: 98
- Tempur, Sealy and Stearns & Foster merchandising
- Wide range of ASP products: $300 - $4,500
- Average revenue per store between $0.8-$0.9M(2)

TEMPUR+SEALY

BRANDS & PRODUCTS

TEMPUR+SEALY

TEMPUR-PEDIC

Sealy

STEARNS & FOSTER

Product Segments

Three Months Ended September 30, 2019	Bedding Products	Other Products	Net Sales
Consolidated *YoY Growth*	\$ 752M 12.1%	\$ 69M *18.2%*	\$ 821M *12.5%*
North America *YoY Growth*	\$ 641M 13.8%	\$ 41M *26.2%*	\$ 682M *14.5%*
International *YoY Growth*	\$ 112M 3.0%	\$ 27M *7.9%*	\$ 139M *4.0%*

Nine Months Ended September 30, 2019	Bedding Products	Other Products	Net Sales
Consolidated *YoY Growth*	\$ 2,045M 10.6%	\$ 190M *6.7%*	\$ 2,235M *10.3%*
North America *YoY Growth*	\$ 1,709M 13.0%	\$ 105M *9.4%*	\$ 1,814M *12.8%*
International *YoY Growth*	\$ 336M -0.1%	\$ 85M *3.5%*	\$ 421M *0.6%*

U.S. Portfolio of Products

TEMPUR MATERIAL

TEMPUR BREEZE®

TEMPUR ADAPT™

HYBRID

TEMPUR®

SEALY HYBRID®

STEARNS & FOSTER®

INNERSPRING

STEARNS & FOSTER®

SEALY RESPONSE®

MEMORY FOAM

SEALY CONFORM®

SEALY
(Bed in a Box)

COCOON BY SEALY
(Bed in a Box)

OTHER SPECIALTY

ADJUSTABLE BASES

PILLOWS

TEMPUR + SEALY

TEMPUR-PEDIC®

Launched the innovative, new breeze°, completes the largest rollout in Tempur history…

…designed to improve product mix, with all night cooling.

TEMPUR+SEALY

STRONGEST **TEMPUR-PEDIC** PRODUCT OFFERING

TEMPUR-ADAPT® FAMILY			TEMPUR-BREEZE® FAMILY	
ADAPT™	PRO**ADAPT®**	LUXE**ADAPT™**	PRObreeze°™	LUXEbreeze°™
	SOFT	SOFT		SOFT
MEDIUM	MEDIUM		MEDIUM	
	FIRM	FIRM		FIRM
HYBRID	HYBRID		HYBRID	
$2,199	**$2,999**	**$3,699***	**$3,999***	**$4,699***

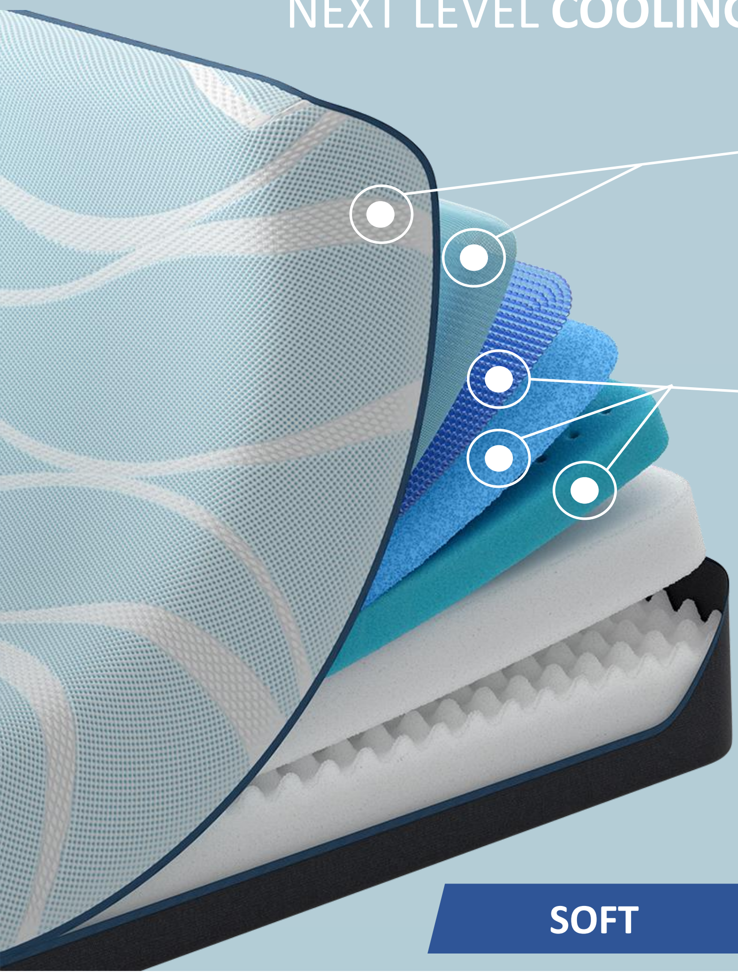
Product Launched in 2018

Product Launched early 2019

* Pricing updates to go into effect February 2020

NEW TEMPUR-LUXEbreeze°™

NEXT LEVEL COOLING COMFORT – Up to 8° cooler*



13" PROFILE

$4,699 SRP**

SOFT | **FIRM**

OUTSIDE

SMARTCLIMATE® MAX DUAL COVER SYSTEM

An enhanced zip-off cover with double the cool-to-touch power combined with a super-stretch inner layer so you feel cooler when you lie down

INSIDE

PURECOOL+™ Phase Change Material

Exclusive, next-generation technology absorbs excess heat so you feel cooler while you fall asleep

TEMPUR-CM+™ Material

Advanced TEMPUR® Material redesigned with maximum airflow for all-night cooling comfort

Ventilated TEMPUR-APR® Material

Our most pressure –relieving material ever – now with an all-new, ultra-breathable design for all-night cooling comfort

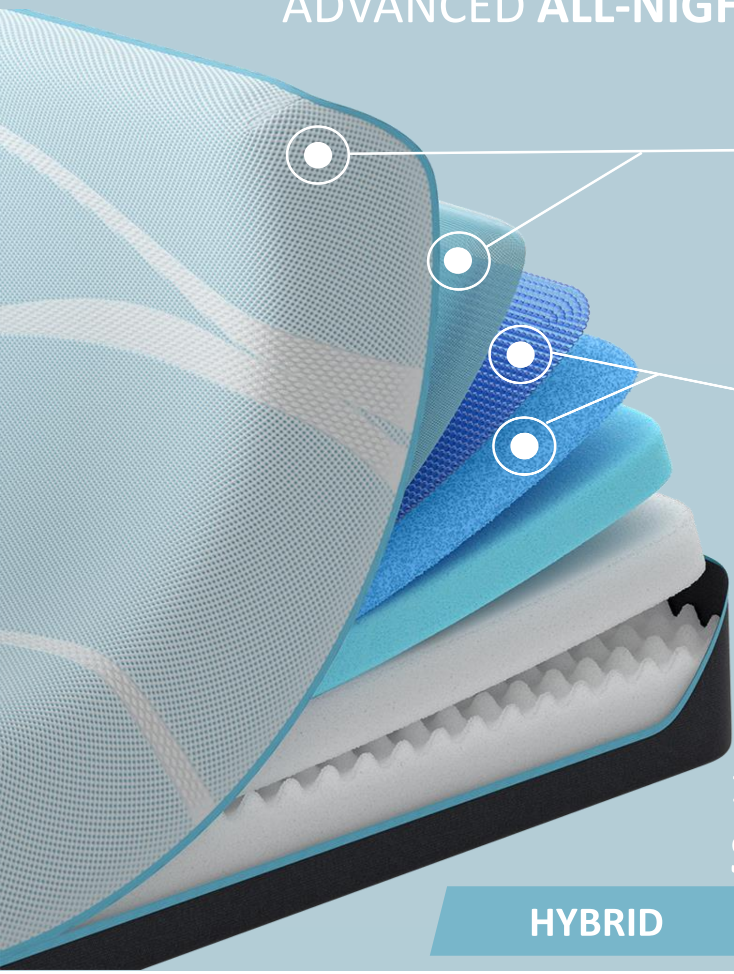
*Ave. heat index v. TEMPUR-ProAdapt® models

**Pricing updates to go into effect February 2020

TEMPUR+SEALY

NEW **TEMPUR**-PRO**breeze**°™

ADVANCED **ALL-NIGHT** COOLING - **Up to 3° cooler***



OUTSIDE

SMARTCLIMATE® DUAL COVER SYSTEM

A zip-off, cool-to-touch outer layer combined with a super-stretch inner layer so you feel cooler when you lie down

INSIDE

PURECOOL+™ Phase Change Material

Exclusive, next-generation technology absorbs excess heat so you feel cooler while you fall asleep

TEMPUR-CM+™ Material

Advanced TEMPUR® Material redesigned with maximum airflow for all-night cooling comfort

12" PROFILE

$3,999 SRP**

HYBRID **MEDIUM**

*Ave. heat index v. TEMPUR-ProAdapt® models (excludes PRObreeze°™ firm)

**Pricing updates to go into effect February 2020

TEMPUR+SEALY

STEARNS & FOSTER

2019 New Products

Stearns & Foster Reinvented

ALL-NEW & EXCLUSIVE Coil Technologies

PROPRIETARY and EXCLUSIVE Memory Foam engineered by: TEMPUR-PEDIC®

ALL-NEW Natural Cooling System

NEW Stearns & Foster Collection:

ESTATE™ *Starting at $1,499*

LUX ESTATE® *Starting at $2,299*

LUX ESTATE HYBRID™ *Starting at $2,799*

RESERVE™ *Starting at $3,999*

RECENT MANAGEMENT COMMENTS

TEMPUR SEALY

TEMPUR + SEALY

Third Quarter 2019 Highlights

- Net Sales Increased 13%, Direct Channel Sales Increased 62%
- Margins Expanded, Net Income, EBITDA(1) and EPS Up Significantly Versus Third Quarter 2018

Three Months Ended September 30th

	2019	2018	Reported %Change	%Change Constant Currency(1)
Net Sales	$821.0	$729.5	12.5%	13.4%
Net Income	73.3	42.3	73.3%	75.4%
EBITDA(1)	150.7	112.7	33.7%	34.9%
EPS	1.31	0.77	70.1%	72.7%
Adjusted EBITDA(1)	**$149.9**	**$127.7**	**17.4%**	**18.5%**
Adjusted EPS(1)	**1.30**	**1.02**	**27.5%**	**29.4%**

($ in millions, except for EPS and % values)

(1) This financial measure is not recognized under U.S. Generally Accepted Accounting Principles ("GAAP"). Please refer to "Use of Non-GAAP Financial Measures & Constant Currency Information" in the appendix.

Amended Credit Facility

- The new facility decreases our borrowing costs, provides increased operating flexibility and significantly extends our debt maturities
- This transaction represents the lowest interest rate spread on a like for like leverage in the company's history

	Prior Structure	New Amended
Facilities	Combination of Revolving and Term Loan	Same
Maturities	5 Years / 2021	5 Years / 2024
Accordion	$500 million	Unlimited provided Leverage Ratio < 2.50x, plus $550 million
LTM Net Leverage Ratio of 3.65x	> 3.50x is Libor + 175.0 bps	> 3.50x is Libor + 162.5 bps
Financial Covenants	Maximum Senior Secured: 3.50x Maximum Total: 5.00x Minimum Interest Coverage 3.00x	Same

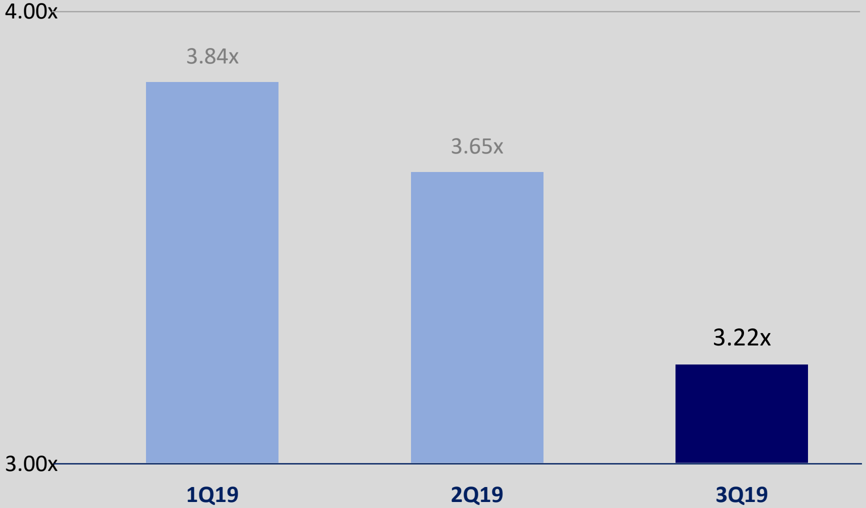
**with other generally borrower friendly provisions*

TEMPUR+SEALY

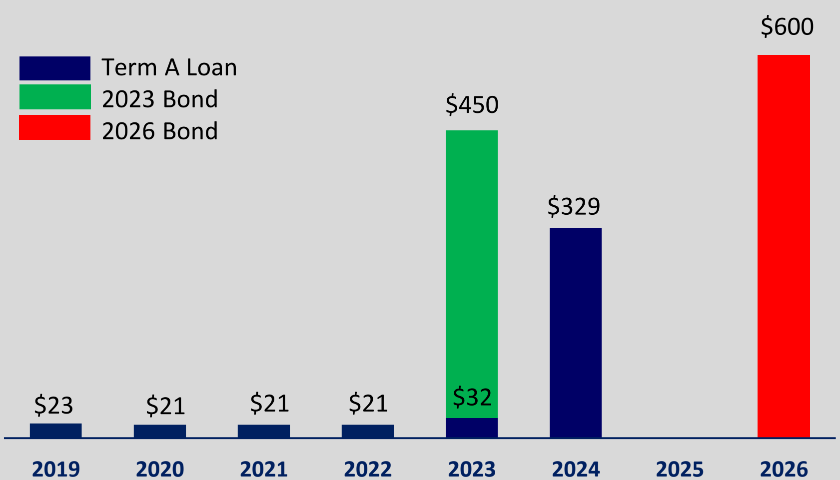
Debt Structure

- Leverage ratio [3] moving to lower end of 3.0x to 4.0x range
- Fixed rate debt represents around 2/3 of total debt; capital structure contains long dated maturities
- Capital Allocation: Invest in the highest ROIC opportunities
  - We believe in a consistent measured share repurchase pace and maintaining future optionality

LEVERAGE[3]



MANDATORY MATURITY PROFILE[4]



Rating Agency Ratings
- S&P: BB- reaffirmed as of October 2019
- Moody's: Ba3 reaffirmed as of October 2019

(1) This financial measure is not recognized under U.S. Generally Accepted Accounting Principles ("GAAP"). Please refer to "Use of Non-GAAP Financial Measures & Constant Currency Information" in the appendix.

TEMPUR + SEALY

Revised 2019 Targets

2019 Financial Targets[3] and Assumptions	
Adjusted EBITDA[1]	$485 to $500 M
Depreciation & Amortization	$115 to $120 M
Capital Expenditures	$80 M ($60 M Maintenance)
Interest Expense	$85 to $90 M
U.S. Federal Tax Rate Range	27% to 28%
Diluted Share Count	56 M Shares

(1) This financial measure is not recognized under U.S. Generally Accepted Accounting Principles ("GAAP"). Please refer to "Use of Non-GAAP Financial Measures & Constant Currency Information" in the appendix.

Environmental, Social, and Governance

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

Environment

- In 2018, 72% of our North American facility waste was recycled
  - 16,066 Barrels of Oil
  - 51,152 Trees
  - 16,070,577 KW Hours
  - 3,009 Tons of CO_2
  - 21,062,772 Gallons of water

Social

- Community Engagement
  - Since 2011, donated nearly $300M of mattresses to charity
  - Since 2017, more than $4M in product donated to victims of natural disasters
- Tempur Sealy Foundation
  - Supporting charities that assist children and families in Central Kentucky

Governance

- Majority of Directors on the Board are Independent
- Subject executives to significant stock ownership guidelines and holding requirements
- Global Code of Business Conduct and Ethics
- Internal Enterprise Risk Management
- International ethics hotline
- Zero tolerance policy towards improper payments and bribes

Thank you for your interest in Tempur Sealy International

TEMPUR-PEDIC Sealy STEARNS & FOSTER

TEMPUR+SEALY

APPENDIX

Aspirational Plan[5]

➢ On August 7, 2017, the Company implemented a new Aspirational Program in the form of performance restricted stock units tied to challenging performance targets. This Aspirational Program builds on the challenging goals and the structure established in our original Aspirational Program adopted in 2015, with slightly revised performance goals and new performance periods, as we aligned the management team around our new aspirational targets following the termination with our largest customer in 2017.

- Performance restricted stock units ("PRSUs") for approximately 1.5 million shares of the Company's common stock were granted to over 150 employees
- PRSUs will vest based on adjusted EBITDA[1] performance measured on a rolling 4 quarter basis during two performance periods -- 2018 and 2019; and 2020
- If the minimum performance target is met for the applicable period, awards become payable shortly after the applicable period. If an officer or employee leaves for any reason prior to vesting, all of his or her PRSUs will be forfeited, subject to certain limited exceptions

Achievement Schedule

	% of Total Grant of PRSUs That Will Vest
Adjusted EBITDA	January 1, 2018 – December 31, 2019 (Period 1)
≥ $650	100%
$600	66%
< $600	0%

- Measured quarterly on a trailing four quarter period
- If an award is earned in the first period the program ends, subject to a change of control provision
- If an award is not earned in the first period, then ½ of the award lapses and ½ of the award remains available for vesting based on performance in the second period
- Prorated based on performance between $600 & $650, but is only payable at the end of the respective period

(adjusted EBITDA[1] target $ in millions)

For more information please refer to the Company's Form 8-K filed on August 7, 2017

Forward-Looking Statements

This investor presentation contains statements that may be characterized as “forward-looking” within the meaning of the federal securities laws. Such statements might include those containing information concerning one or more of the Company’s plans; guidance; objectives; goals; strategies and other information that is not historical information. When used in this presentation, the words "assumes," “may,” "estimates," "expects," “guidance,” “anticipates,” “projects,” “plans,” “proposed,” “targets,” “intends,” “believes,” “will” and variations of such words or similar expressions are intended to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to the Company’s expectations regarding adjusted EBITDA for 2019 and performance generally for 2019 and subsequent periods and the Company’s expectations for product launches over the next few quarters, increasing sales growth, optimizing worldwide distribution, expanding the direct-to-consumer business (including the Company’s Tempur-branded retail store presence) and ongoing productivity initiatives. 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 to be correct.

Numerous factors, many of which are beyond the Company's control, could cause actual results to differ materially from those that may be expressed as forward-looking statements in this presentation. These risk factors include the impact of the macroeconomic environment in both the U.S. and internationally (including the impact of highly inflationary economies) on the Company’s business segments and expectations regarding growth of the mattress industry; uncertainties arising from global events; the effects of strategic investments on the Company’s operations, including efforts to expand its global market share; the ability to develop and successfully launch new products; the efficiency and effectiveness of the Company’s advertising campaigns and other marketing programs; the ability to increase sales productivity within existing retail accounts and to further penetrate the retail channel, including the timing of opening or expanding within large retail accounts and the timing and success of product launches; the ability to continuously improve and expand the Company’s product line, maintain efficient, timely and cost-effective production and delivery of products, and manage growth; the effects of consolidation of retailers on revenues and costs; competition in the Company’s industry; consumer acceptance of the Company’s products; the effects of discontinued operations on the Company’s operating results and future performance; general economic, financial and industry conditions, particularly conditions relating to the financial performance and related credit issues present in the retail sector; financial distress among the Company’s business partners, customers and competitors; financial solvency and related problems experienced by other market participants; the Company’s ability to execute on its strategy to optimize and integrate the assets of Innovative Mattress Solutions, LLC (“iMS”) acquired by the Company’s affiliate Sleep Outfitters USA, LLC (“Sleep Outfitters”); the Company’s reliance on information technology and the associated risks involving potential security lapses and/or cyber-based attacks; the outcome of pending tax audits or other tax, regulatory or investigation proceedings and pending litigation; changes in foreign tax rates and changes in tax laws generally, including the ability to utilize tax loss carryforwards; the Company’s capital structure and debt level, including its ability to meet financial obligations and continue to comply with the terms and financial ratio covenants of its credit facilities; changes in interest rates; effects of changes in foreign exchange rates on the Company’s reported earnings; changing commodity costs; disruptions in the supply of raw materials, or loss of suppliers; expectations regarding the Company’s target leverage and share repurchase program; sales fluctuations due to seasonality; the effect of future legislative or regulatory changes, including changes in international trade duties, tariffs and other aspects of international trade policy; the Company’s ability to protect its intellectual property; and disruptions to the implementation of the Company’s strategic priorities and business plan caused by abrupt changes in its executive management team.

Other potential risk factors include the risk factors discussed under the heading "Risk Factors" under ITEM 1A of Part I of the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 and under ITEM 1A of Part II of the Company’s Quarterly Report on Form 10-Q for the period ended September 30, 2019. There may be other factors that cause the Company’s actual results to differ materially from any of those expressed as forward-looking statements herein.

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-Simplicity™, TEMPUR-Ergo®, TEMPUR-UP™, TEMPUR-Neck™, TEMPUR-Symphony™, TEMPUR-Comfort™, TEMPUR-Traditional™, TEMPUR-Home™, SEALY®, SEALY POSTUREPEDIC®, STEARNS & FOSTER®, COCOON by Sealy™ and OPTIMUM™ 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 October 31, 2019. 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.

Footnotes

1. Adjusted Net Income, EBITDA, adjusted EBITDA, leverage, leverage ratio, and constant currency are non-GAAP financial measures. Please refer to the "Use of Non-GAAP Financial Measures and Constant Currency Information" on slide 30 for more information regarding the definitions of adjusted Net Income, EBITDA, adjusted EBITDA, leverage, leverage ratio, and constant currency, including the adjustments (as applicable) from the corresponding GAAP information. Amounts shown for 2019 financial targets on slide 23 represent management estimates of adjusted EBITDA performance based on the Company's guidance provided on October 31, 2019. Please refer to "Forward-Looking Statements" and "Limitations on Guidance" on slide 28. The Company notes that it is unable to reconcile this forward-looking non-GAAP financial measure to GAAP net income, 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 GAAP net income in 2019 but would not impact adjusted EBITDA. These items that impact comparability may include restructuring activities, the impact of the termination of contracts with customers, foreign currency exchange rates, income taxes, and other items. The unavailable information could have a significant impact on the Company's full year 2019 GAAP financial results.
2. Management estimates.
3. Based on the Company's 2019 financial targets provided in the press release dated October 31, 2019 and the related earnings call on October 31, 2019. Please refer to "Forward-Looking Statements" and "Limitations on Guidance".
4. Based on debt outstanding at September 30, 2019. Excludes revolving debt, foreign loans and receivables securitization. Term A Loan matures on October 16, 2024 provided that the 2023 Senior Notes are repaid or refinanced at least 180 days prior to maturity. For more information please refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2018 and the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2019.
5. For more information about the aspirational plan and the terms of the aspirational PRSUs, please refer to the Company's SEC filings. In addition, please refer to "Forward Looking Statements".

Use of Non-GAAP Financial Measures and Constant Currency Information

In this investor presentation and certain of its press releases and SEC filings, the Company provides information regarding adjusted net income, EBITDA, adjusted EBITDA, consolidated funded debt less qualified cash, leverage and leverage ratio 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 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 of 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.

Constant Currency Information

In this presentation the Company refers to, and in other communications with investors the Company may refer to, net sales or earnings or other historical financial information on a "constant currency basis," which is a non-GAAP financial measure. These references to constant currency basis do not include operational impacts that could result from fluctuations in foreign currency rates. To provide information on a constant currency basis, the applicable financial results are adjusted based on a simple mathematical model that translates current period results in local currency using the comparable prior corresponding period's currency conversion rate. This approach is used for countries where the functional currency is the local country currency. This information is provided so that certain financial results can be viewed without the impact of fluctuations in foreign currency rates, thereby facilitating period-to-period comparisons of business performance.

EBITDA and Adjusted EBITDA

A reconciliation of the Company's GAAP net income to EBITDA and adjusted EBITDA is provided on slide 31. Management believes that the use of EBITDA and adjusted EBITDA provides investors with useful information with respect to the Company’s operating performance and comparisons from period to period.

Adjusted Net Income

A reconciliation of the Company's GAAP net income to adjusted net income and a calculation of adjusted EPS are provided on slide 32. 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.

Leverage

Consolidated indebtedness less netted cash to adjusted EBITDA, which the Company may refer to as leverage, is provided on slide 33 and is calculated by dividing consolidated indebtedness less netted cash, as defined by the Company’s senior secured credit facility, by adjusted EBITDA. 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 reducing its leverage.

Adjusted EBITDA Reconciliation

(in millions)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Trailing Twelve Months Ended September 30, 2019
GAAP Net income	$ 73.3	$ 42.3	$ 155.6
Interest expense, net	20.8	23.6	88.5
Income taxes	26.1	15.6	74.0
Depreciation and amortization	30.5	31.2	115.8
EBITDA	150.7	112.7	433.9
Adjustments			
(Gain) loss from discontinued operations, net of tax (1)	(0.8)	2.7	7.7
Customer-related charges (2)	-	-	21.2
Restructuring costs (3)	-	7.8	9.1
Acquisition-related costs and other (4)	-	-	6.1
Supply chain transition costs (5)	-	4.5	2.8
Other Income (6)	-	-	(7.2)
Adjusted EBITDA	$ 149.9	$ 127.7	$ 473.6

Notes

(1) Certain subsidiaries in the International business segment are accounted for as discontinued operations and have been designated as unrestricted subsidiaries in the 2016 Credit Agreement. Therefore, these subsidiaries are excluded from our adjusted financial measures for covenant compliance purposes.

(2) On January 11, 2019, iMS, a customer, prior to its April 1, 2019 acquisition, filed a voluntary petition in U.S. Bankruptcy Court for the Eastern District of Kentucky seeking relief under Chapter 11 of the U.S. Bankruptcy Code. In the fourth quarter of 2018, we recorded charges of $21.2 million associated with certain iMS-related assets on our Consolidated Balance Sheet as of December 31, 2018, primarily made up of trade and other receivables, to fully reserve this account at that time.

(3) In the third quarter of 2018, we recorded $7.8 million of restructuring costs. These costs included $7.4 million of charges related to the operational alignment of a joint venture that was wholly acquired in the North America business segment. Restructuring costs also included $0.4 million of expenses in the International business segment related to International simplification efforts, including headcount reduction and professional fees. In the fourth quarter of 2018, we recorded $9.1 million of restructuring costs. These costs included $4.7 million of expenses in the International business segment related to International simplification efforts, including headcount reduction, professional fees, store closures and other costs, and $2.9 million of Corporate professional fees related to restructuring activities. Restructuring costs also included $1.5 million of charges related to the operational alignment of a joint venture that was wholly acquired in the North America business segment, including $0.2 million of other expense, net.

(4) In the first half of 2019, the Company recorded $6.1 million of acquisition-related and other costs, primarily related to post acquisition restructuring charges and professional fees incurred in the acquisition of substantially all of the net assets of iMS by an affiliate of the Company.

(5) In the third quarter of 2018, we recorded $4.5 million of supply chain transition costs which represent charges incurred to consolidate certain manufacturing and distribution facilities, including $0.8 million of other expense. In the fourth quarter of 2018, the Company recorded $2.8 million of supply chain transition costs which represent charges incurred to consolidate certain manufacturing and distribution facilities.

(6) We recorded $7.2 million of other income related to the sale of its interest in a subsidiary of the Asia-Pacific joint venture.

For additional information regarding the calculations above please refer to the Company's SEC Filings.

Adjusted Net Income and Adjusted EPS

(in millions, except per share amounts)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018
GAAP net income	$ 73.3	$ 42.3
(Gain) loss from discontinued operations, net of tax (1)	(0.8)	2.7
Restructuring costs (2)	-	10.4
Supply chain transition costs (4)	-	4.5
Tax adjustments (4)	-	(3.8)
Adjusted net income	72.5	56.1
Adjusted earnings per common share, diluted	$ 1.30	$ 1.02
Diluted shares outstanding	55.8	55.1

Notes

(1) Certain subsidiaries in the International business segment are accounted for as discontinued operations and have been designated as unrestricted subsidiaries in the 2016 Credit Agreement. Therefore, these subsidiaries are excluded from our adjusted financial measures for covenant compliance purposes.

(2) In the third quarter of 2018, we recorded $10.4 million of restructuring costs. These costs included $10.0 million of charges related to the operational alignment of a joint venture that was wholly acquired in the North America business segment, including $2.6 million of depreciation expense and $1.0 million of other expense. Restructuring costs also included $0.4 million of expenses in the International business segment related to International simplification efforts, including headcount reduction and professional fees.

(3) In the third quarter of 2018, we recorded $4.5 million of supply chain transition costs which represent charges incurred to consolidate certain manufacturing and distribution facilities, including $0.8 million of other expense.

(4) Tax adjustments represent adjustments associated with the aforementioned items and other discrete income tax events.

For additional information regarding the calculations above please refer to the Company's SEC Filings.

Leverage Reconciliation

(in millions, except ratio)		**3Q 19**
Total debt, net	$	1,569.6
Plus: Deferred financing costs[1]	$	6.5
Consolidated indebtedness		1,576.1
Less: Netted cash [2]		51.2
Consolidated indebtedness less netted cash	$	1,524.9
Adjusted EBITDA[3]	$	473.6
Leverage		**3.22x**

Notes

(1) The Company presents deferred financing costs as a direct reduction from the carrying amount of the related debt in the Consolidated Balance Sheets. For purposes of determining total indebtedness for financial covenant purposes, the Company has added these costs back to total debt, net as calculated per the Consolidated Balance Sheets.

(2) Netted cash includes cash and cash equivalents for domestic and foreign subsidiaries designated as restricted subsidiaries in the 2019 Credit Agreement. For purposes of calculating leverage ratios, netted cash is capped at $200.0 million.

(3) Represents Adjusted EBITDA for the trailing twelve-month period ended with the referenced quarter. A reconciliation of GAAP net income to Adjusted EBITDA with respect to the twelve-month period ended with the referenced quarter is set forth below.