

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

**FORM 8-K**

CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) **September 10, 2013**

**TEMPUR SEALY INTERNATIONAL, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation)

**001-31922**  
(Commission File Number)

**33-1022198**  
(I.R.S. Employer Identification No.)

**1000 Tempur Way**  
**Lexington, Kentucky 40511**  
(Address of principal executive offices) (Zip Code)

**(800) 878-8889**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 
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**Item 7.01. Regulation FD Disclosure**

On September 10, 2013, Tempur Sealy International, Inc. will host a webcast of its Investor Day. Attached as Exhibit 99.1 to this report and furnished under this Item 7.01 are copies of slides used by Tempur Sealy International, Inc. for the investor presentation at its Investor Day.

The information in this report (including Exhibit 99.1) shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits

<u>Exhibit</u>	<u>Description</u>
99.1	Tempur Sealy International, Inc. Investor Day Presentation

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 10, 2013

Tempur Sealy International, Inc.

By: /s/ DALE E WILLIAMS

Name: Dale E. Williams

Title: Executive Vice President and Chief Financial Officer

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## EXHIBIT INDEX

Exhibit  
[99.1](#)

Description  
Tempur Sealy International, Inc. Investor Day Presentation

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# TEMPUR+SEALY

Tempur Sealy International, Inc.

2013 Investor Day

September 10, 2013

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Mark Rupe  
Vice President

# Agenda

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**Welcome / Agenda**

**Mark Rupe**

**Overview & Growth Strategy**

**Mark Sarvary**

**Financial Overview**

**Dale Williams**

**Q&A**

*Webcast participants may email questions to:*  
[investor.relations@tempursealy.com](mailto:investor.relations@tempursealy.com)

September 10, 2013

# Forward-Looking Statements

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This investor presentation contains "forward-looking statements," within the meaning of federal securities laws, which include information concerning one or more of the Company's plans, objectives, goals, strategies, and other information that is not historical information. When used in this presentation, the words "estimates," "expects," "guidance," "anticipates," "projects," "plans," "proposed," "intends," "believes," 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 steps taken to respond to increased levels of industry competition, integration, cost synergies, revenue synergies and growth, and expectations regarding the Company's net sales, adjusted EBITDA, adjusted EPS, gross margin, operating margins and leverage ratio for 2013 and subsequent periods and related assumptions. All forward looking statements are based upon current expectations and beliefs and various assumptions. There can be no assurance that the Company will realize these expectations 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 those expressed as forward-looking statements. These risk factors include risks associated with the Company's capital structure and increased debt level, including the Company's ability to meet financial obligations and continue to comply with the terms of the Company's facilities; the ability to successfully integrate Sealy Corporation ("Sealy") into the Company's operations and realize cost and revenue synergies and other benefits from the transaction; general economic, financial and industry conditions, particularly in the retail sector, as well as consumer confidence and the availability of consumer financing; changes in interest rates; uncertainties arising from global events; the effects of changes in foreign exchange rates on the Company's reported earnings; consumer acceptance of the Company's products; industry competition; the efficiency and effectiveness of the Company's advertising campaigns and other marketing programs; the Company's ability to increase sales productivity within existing retail accounts and to further penetrate the Company's retail channel, including the timing of opening or expanding within large retail accounts and the timing of product launches; the Company's ability to expand brand awareness, distribution and new products; the Company's ability to continuously improve and expand its product line, maintain efficient, timely and cost-effective production and delivery of its products, and manage its growth; the Company's ability to reduce costs and operating expenses and improve manufacturing productivity; the effects of strategic investments on the Company's operations; the Company's ability to manage cash; changes in foreign tax rates and changes in tax laws generally, including the ability to utilize tax loss carry forwards; the outcome of various pending tax audits or other tax proceedings; changing commodity costs; the risk that the Company's final purchase price allocation relating to the Sealy acquisition could be significantly different from the Company's initial estimated purchase price allocation; and the effect of future legislative or regulatory changes.

Additional information concerning these and other risks and uncertainties are discussed in the Company's filings with the Securities and Exchange Commission, including without limitation the Company's 2012 Annual Report on Form 10-K and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013 and June 30, 2013 under the headings "Special Note Regarding Forward-Looking Statements" and "Risk Factors." Any forward-looking statement speaks only as of the date on which it is made, and the Company undertakes no obligation to update any forward-looking statements for any reason, including to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of anticipated or unanticipated events or circumstances.

**Note Regarding Trademarks, Trade Names and Service Marks:**

*TEMPUR, Tempur-Pedic, TEMPUR-Cloud, TEMPUR-Choice, TEMPUR-Weightless, TEMPUR-Contour, TEMPUR-Rhapsody, GrandBed, TEMPUR-Simplicity, TEMPUR-Ergo, TEMPUR-UP, TEMPUR-Neck, TEMPUR-Symphony, TEMPUR-Comfort, TEMPUR-Traditional, TEMPUR-Home, Sealy, Sealy Posturepedic, Stearns & Foster, 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.*



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Mark Sarvary  
President & Chief Executive Officer

# Key Topics

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- ◆ Introduction and Context
- ◆ Macro-Industry Update
- ◆ Tempur Sealy Overview
- ◆ Vision
- ◆ Growth Targets 2014 - 2016
- ◆ Drivers of Growth
- ◆ Revenue Synergies
- ◆ Summary

# **A Lot Has Happened In The Last 18 Months**

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## **February 2012 Investor Day:**

**Tempur-Pedic was a highly specialized, single technology company growing rapidly**

## **Two Major Events:**

- I. Significant change in the US specialty segment competitive environment**
- II. Major strategic acquisition**

## **Today:**

**Tempur Sealy is the largest bedding company in the world with an unmatched portfolio of brands and technologies**

# Update On Current Trends

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- ◆ As previously outlined, we are implementing strategic initiatives to drive improved performance in Tempur North America
  - ◆ Ask Me ad campaign
  - ◆ New product rollouts
  - ◆ More effective promotions
- ◆ Recent trends have been in line with our expectations
- ◆ We are encouraged by our brand portfolio's performance over the Labor Day holiday period

# Tempur Sealy Company Thesis

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- ◆ **Comprehensive Portfolio of Iconic Brands And Products**
- ◆ **The Largest Bedding Company And The Only Global One**
- ◆ **Integration Provides Significant Cost Synergies**
- ◆ **Significant Growth Potential**
  - **2016 Target Assumes 3-Year Sales CAGR of 6%**
  - **We believe there is \$500M+ Revenue Synergies Potential**
  - **Expect to Exit 2016 Approaching Double-Digit Growth**
- ◆ **Strong Financial Characteristics**
  - **2016 Target Assumes 3-Year CAGR of 10% Adj. EBITDA and 15%+ Adj. EPS**
  - **Expect Leverage of Less than 2.5x by End of 2016**

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Note 1: Adjusted EBITDA represents EBITDA adjusted for Sealy transaction and integration costs, and purchase price allocation ("PPA") inventory adjustments related to the Sealy acquisition. For more details regarding Adjusted EBITDA, please refer to the Company's SEC filings.

Note 2: Adjusted EPS is EPS adjusted for Sealy transaction and integration costs, interest and fees incurred in connection with debt refinancings, and normalized tax rate adjustments. For more details regarding Adjusted EPS, please refer to the Company's SEC filings.

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# Key Topics

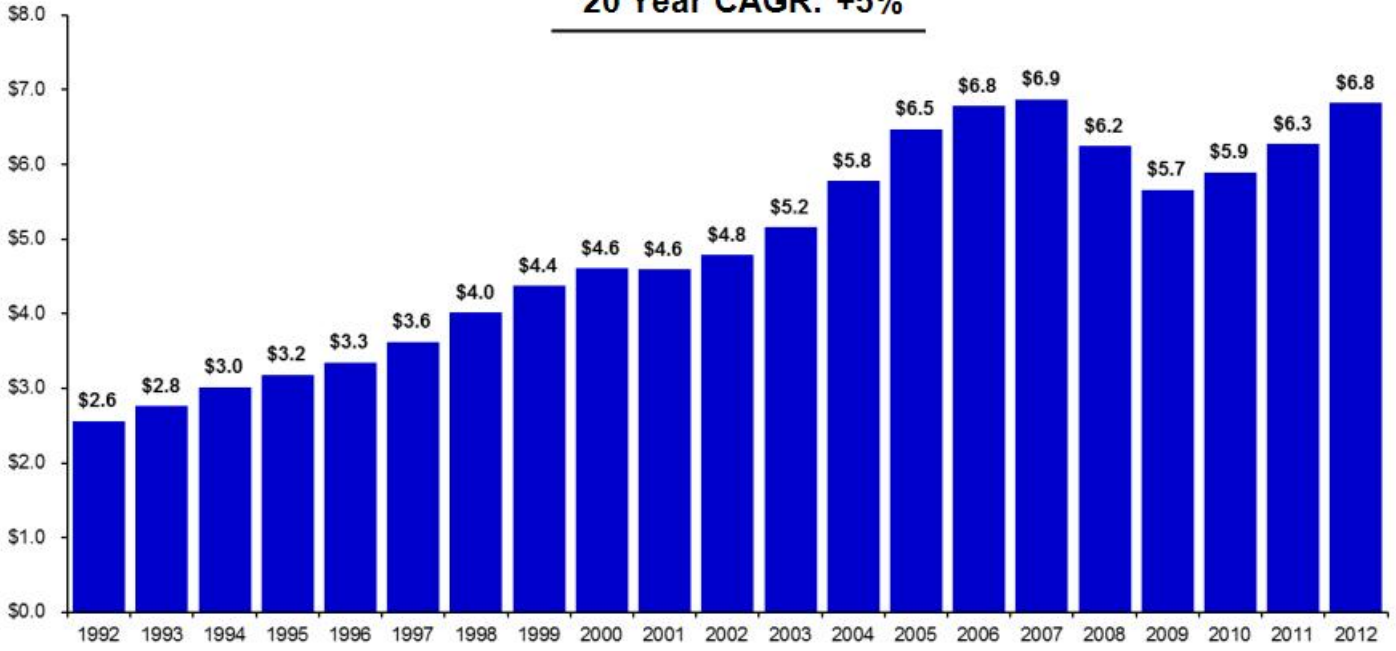
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# US Bedding Industry Sales

(\$ in billions at wholesale)

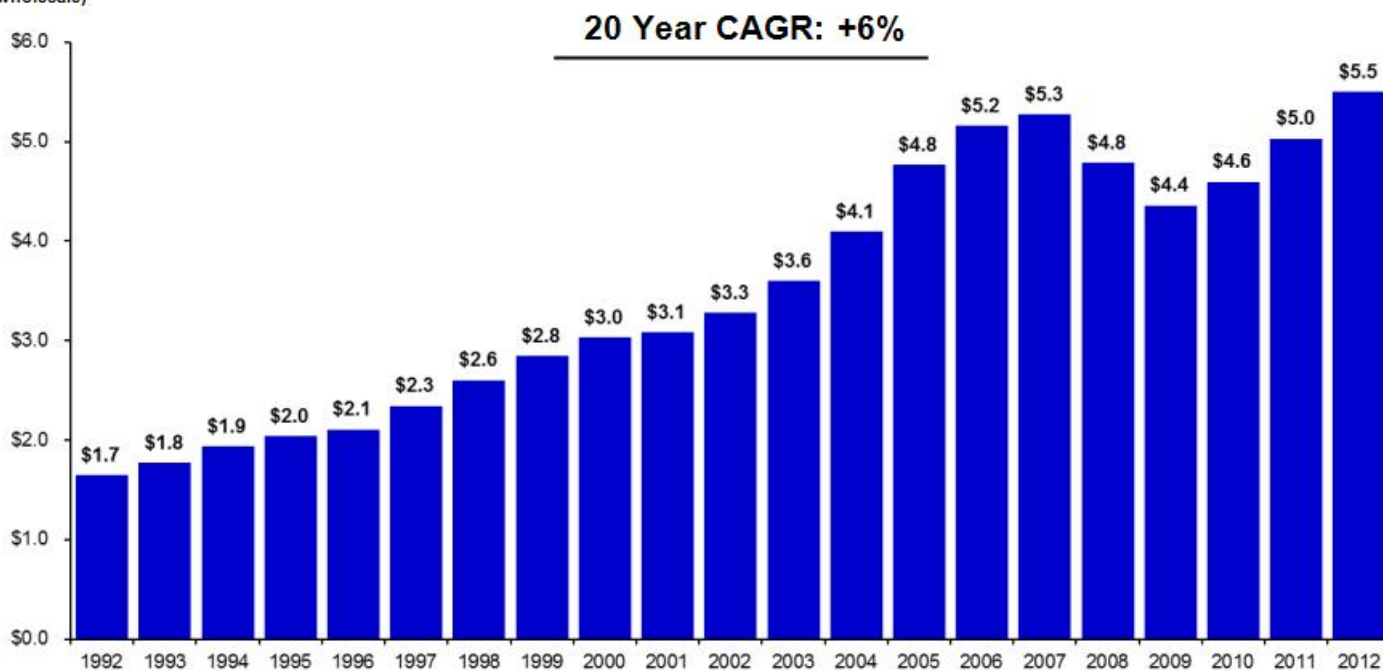
20 Year CAGR: +5%



Based on ISPA 2012 Mattress Industry Report of Sales & Trends, with ISPA revised representative sample for 2006 and 2011.

# US Mattress Industry Sales At Prior Peak

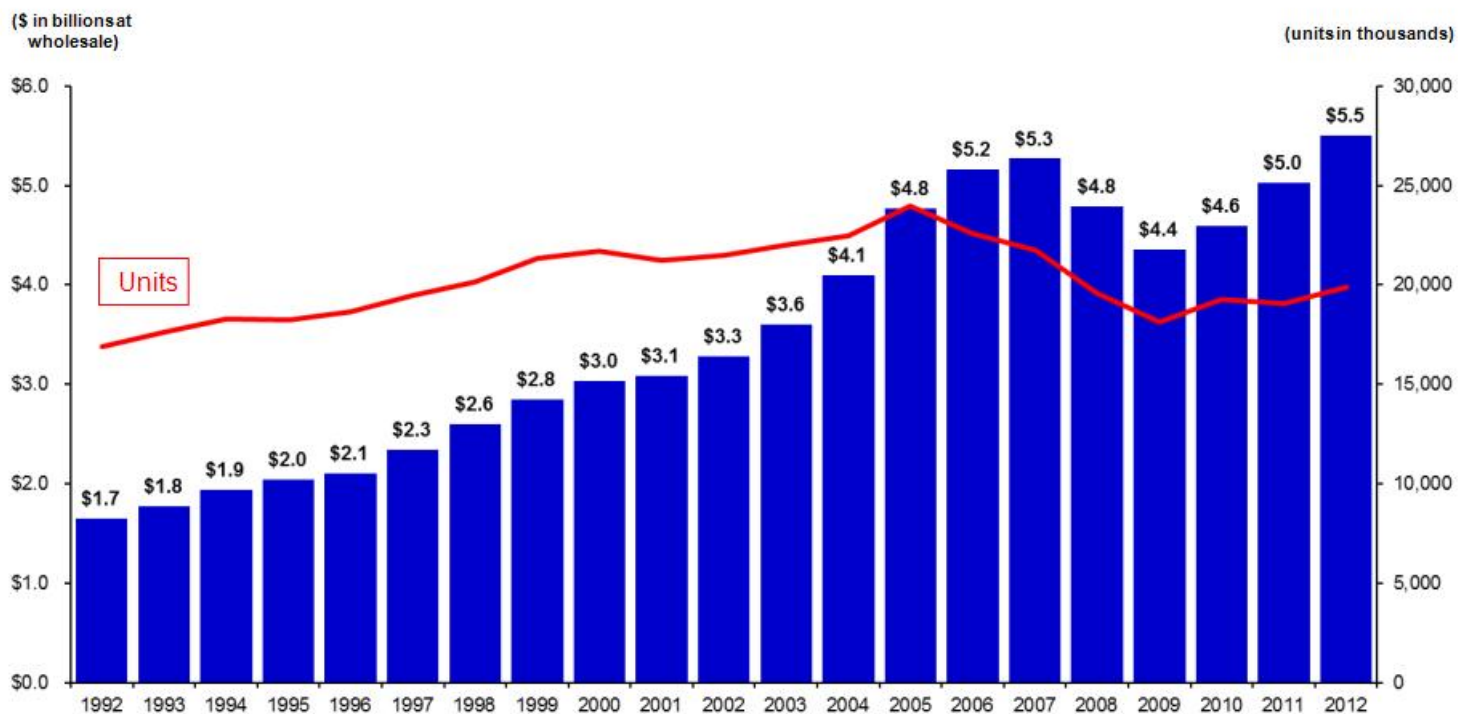
(\$ in billions at wholesale)



Based on ISPA 2012 Mattress Industry Report of Sales & Trends, with ISPA revised representative sample for 2006 and 2011.

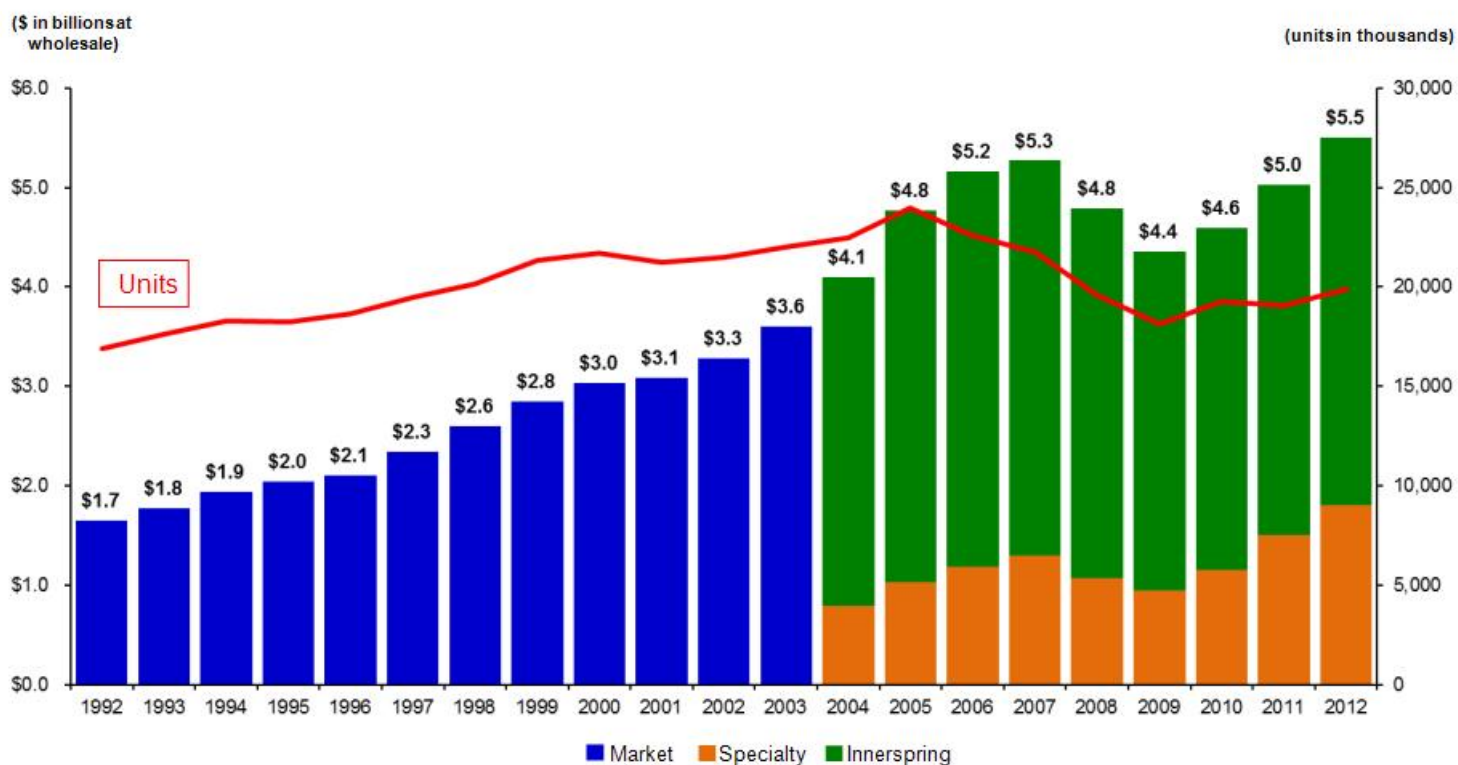


# US Mattress Industry Units Well Below Prior Peak



Based on ISPA 2012 Mattress Industry Report of Sales & Trends, with ISPA revised representative sample for 2006 and 2011.

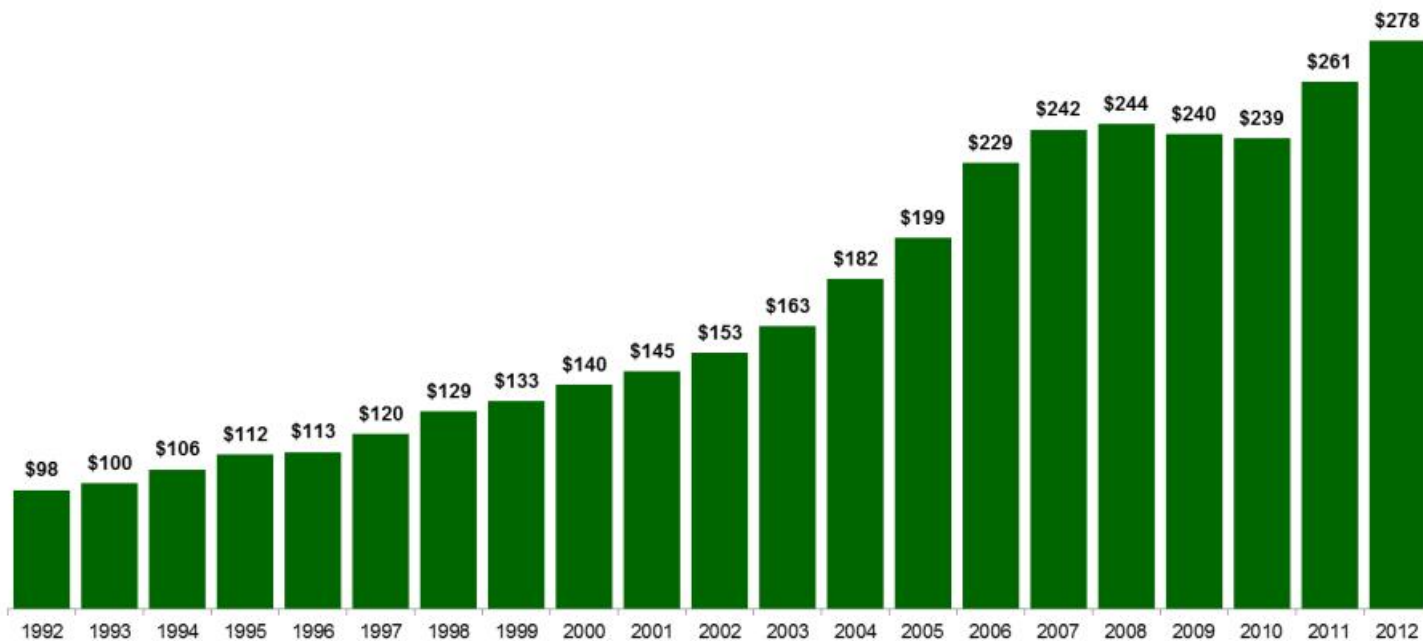
# Specialty Mattresses Have Led Recent Industry Growth



Based on ISPA 2012 Mattress Industry Report of Sales & Trends, with ISPA revised representative sample for 2006 and 2011. Specialty data not available prior to 2004.

# Growth In Industry Mattress Average Unit Price

(\$ at wholesale)



Based on ISPA 2012 Mattress Industry Report of Sales & Trends, with ISPA revised representative sample for 2006 and 2011.

# \$2,000+ Industry Price Points Under Pressure

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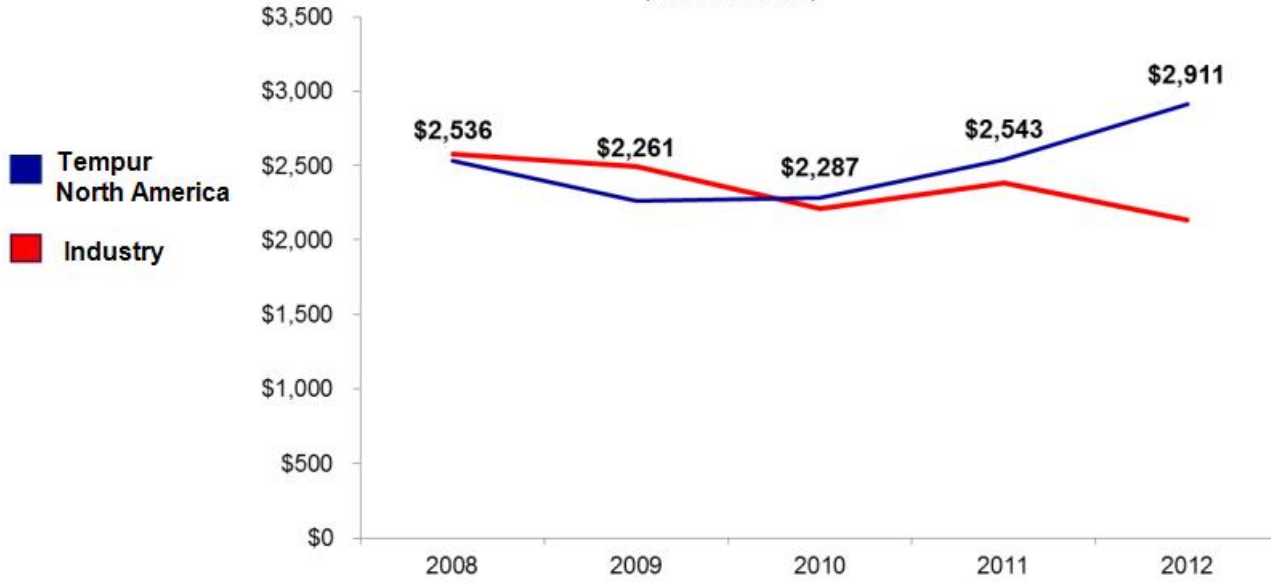
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Note 1: ISPA 2012 Mattress Industry Report of Sales & Trends  
Note 2: Average Retail ASP calculated by marking up 100% from wholesale.

# Tempur's \$2,000+ Price Points Are Increasing

Average Retail Selling Price  
\$2,000 and Above

(QueenFlat Set Price)



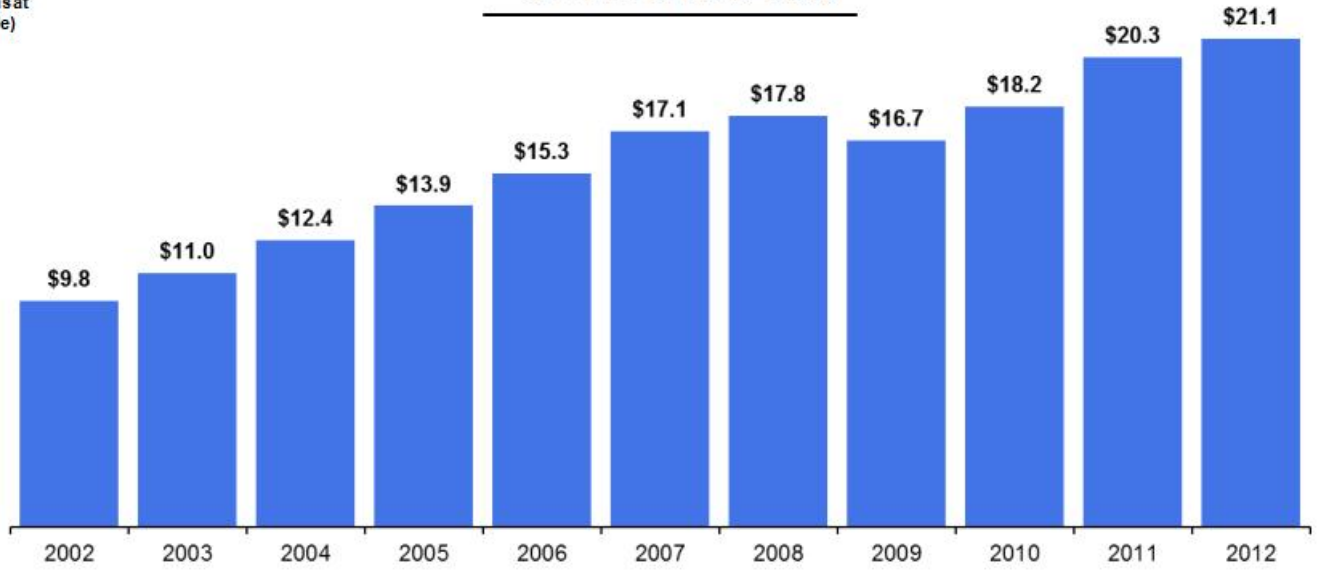
Note 1: ISPA 2012 Mattress Industry Report of Sales & Trends  
Note 2: Average Retail ASP calculated by marking up 100% from wholesale.

# Global Mattress Industry: A Growth Industry

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(\$ in billions at  
wholesale)

**10 Year CAGR: +8%**



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Note: CSIL World Mattress Report, 2013 (Top 30 Markets Mattress Consumption)

# Large Global Mattress Industry

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## 2012 Wholesale Bedding Sales by Region

(\$ in millions  
at wholesale)



10 Year CAGR:	NA	Asia/Australia	Europe	Rest of World
	+6%	+16%	+3%	+11%

Note 1: Based on CSIL World Mattress Report, 2013 (Top 30 Markets Mattress Consumption) and management estimates.  
Note 2: CAGR calculation 2002 - 2012

# Global Mattress Industry Continues to Evolve

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- ◆ Manufacturer consolidation
- ◆ Retailer consolidation
- ◆ Accelerating rate of innovation



# Key Topics

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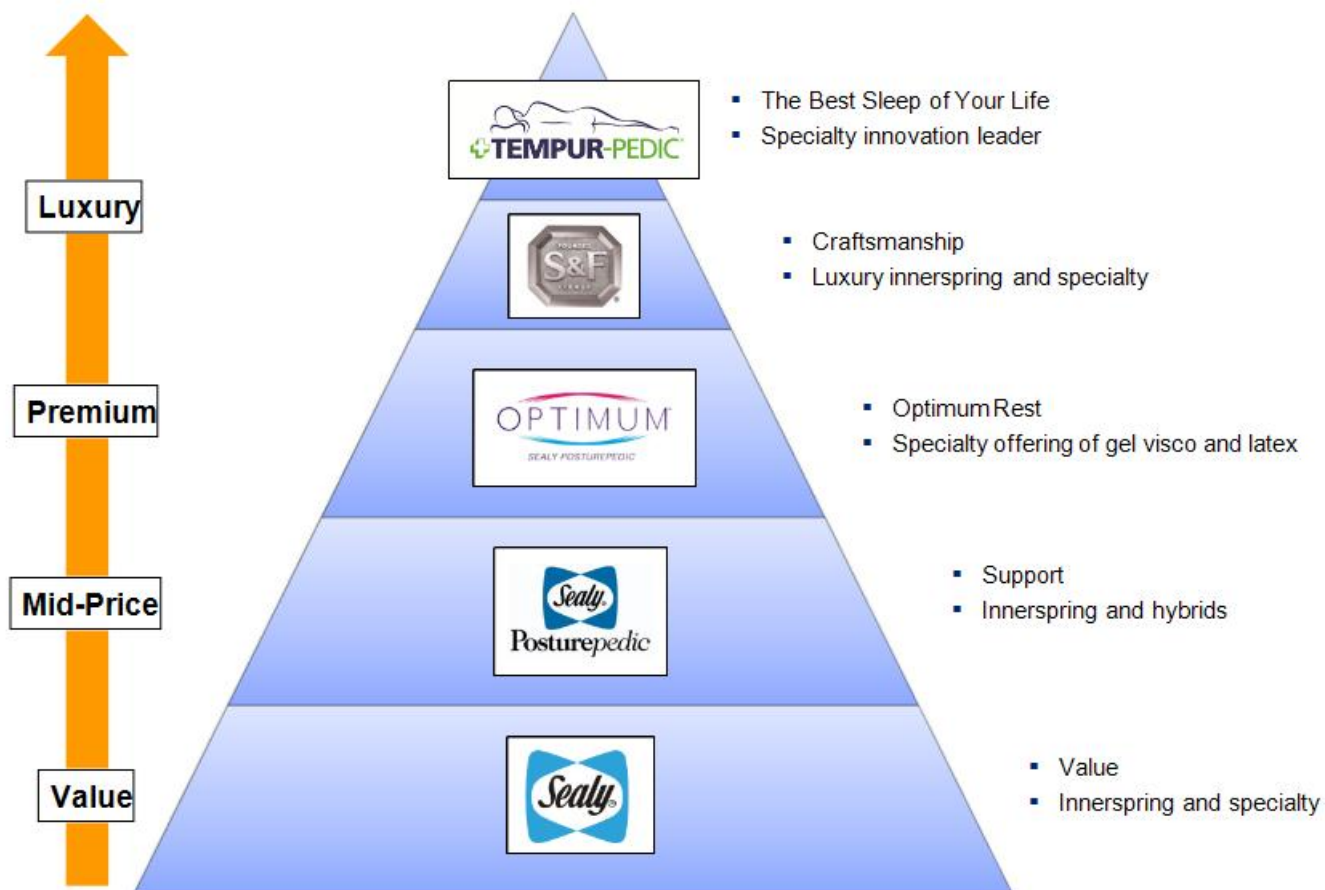
# TEMPUR+SEALY

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- ✓ Comprehensive Portfolio of Iconic Brands
- ✓ Complementary Product Offering
- ✓ Truly Global
- ✓ Significant Value Creation from Synergies
- ✓ Strong Management Team
- ✓ Strong Financial Characteristics

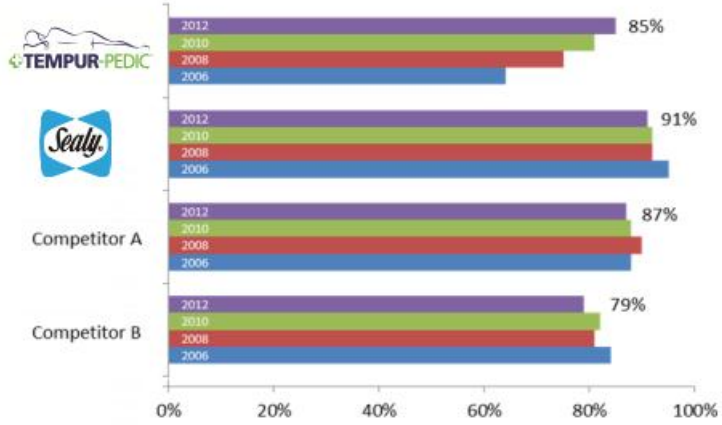


# Complete and Cohesive Portfolio of Brands

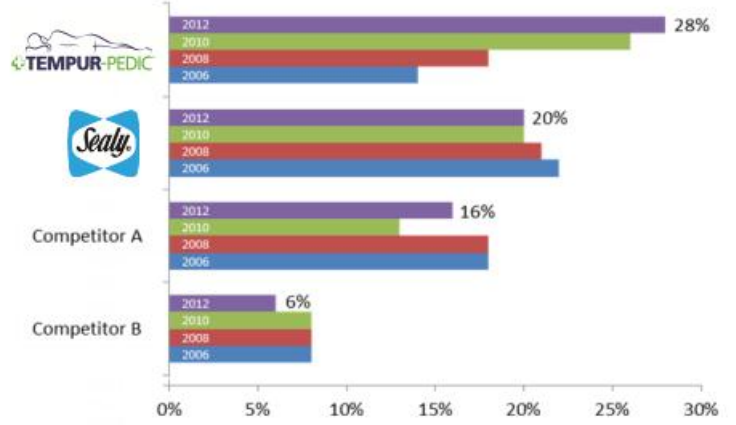


# Strongest Brands in the US

## Brand Awareness



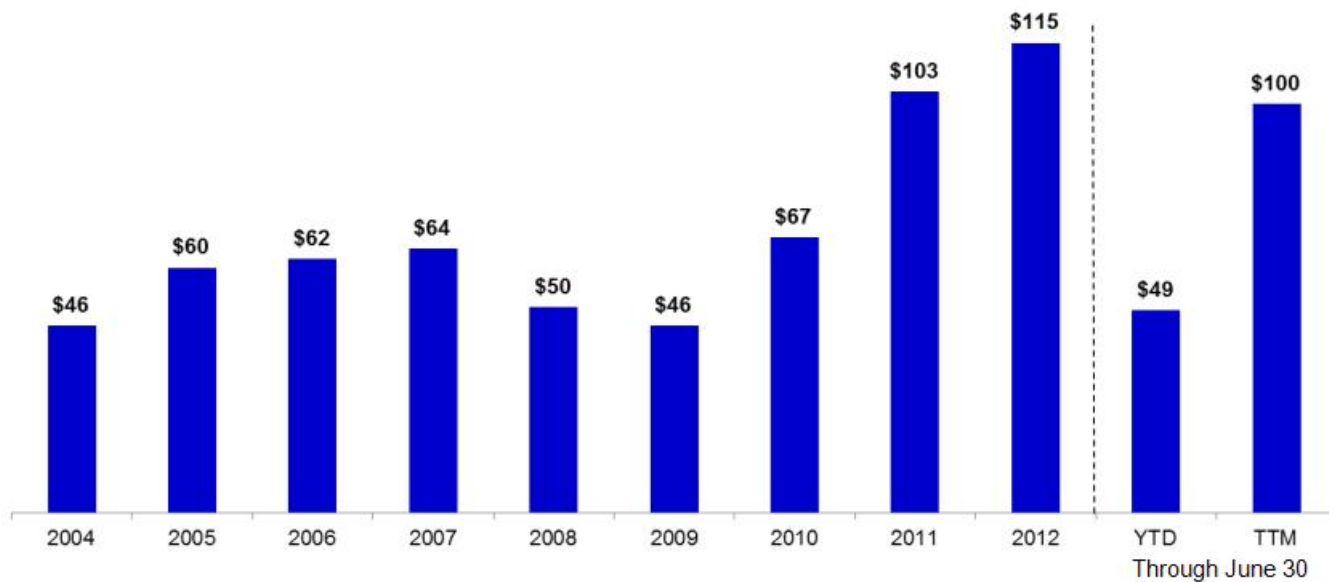
## Purchase Interest



# Driven by Sustained Investment in Advertising

(\$ in millions)

## Tempur North America Advertising



For a discussion of the Company's performance, please refer to the Company's SEC filings.

# Complete Range Of Mattress Technologies

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## Innerspring



*Stearns & Foster*

## Hybrid



*Posturepedic Hybrid*

## Adjustable Firmness



*TEMPUR-Choice*

## Latex



*Optimum Latex*

## Visco



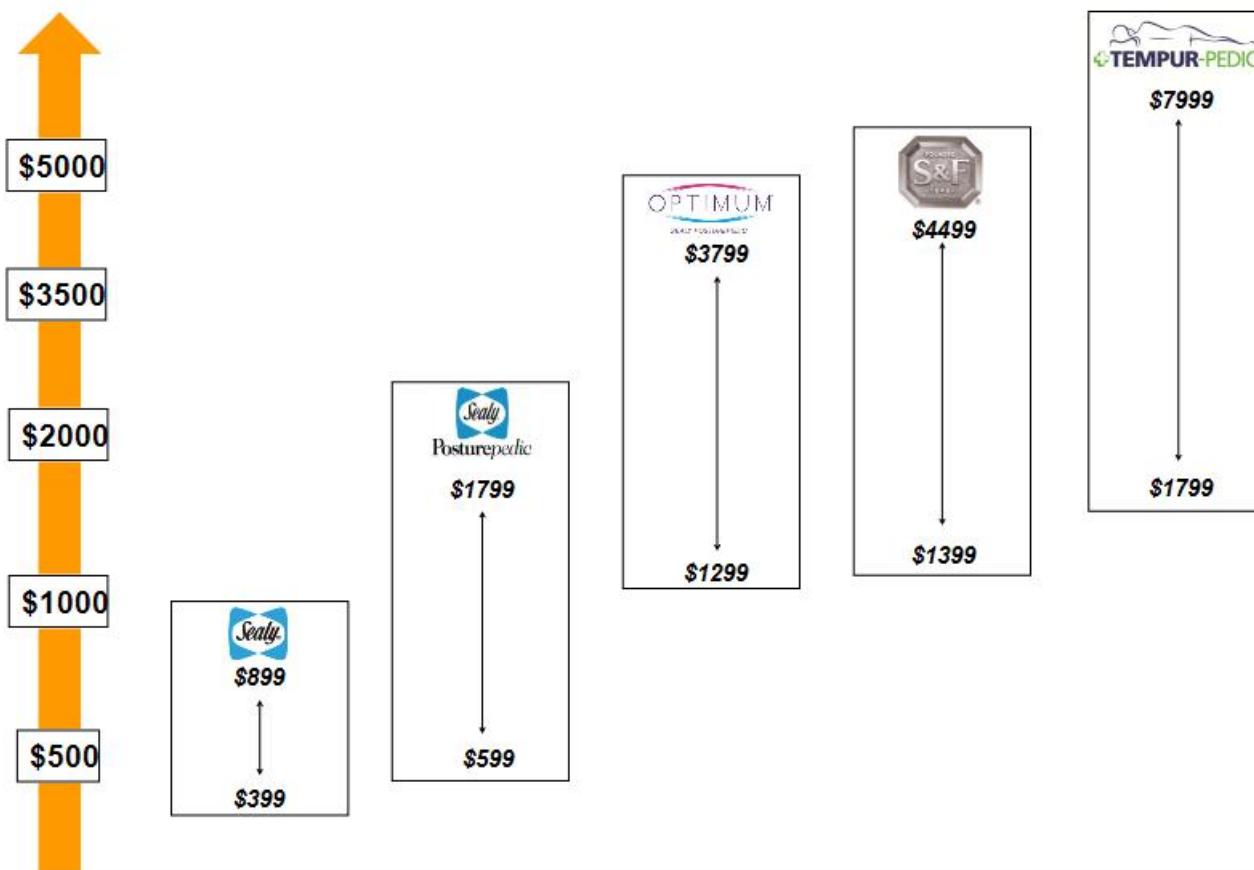
*Optimum Gel Visco*

## Tempur Material



*TEMPUR-Rhapsody  
Breeze*

# Complete Price Range



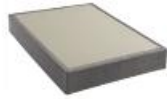
Retail list price point for queen set.

# Complete Range Of Bases and Accessories

## Adjustable Bases and Foundations



TEMPUR-UP



Sealy Foundation



TEMPUR-Ergo Plus



TEMPUR-Flat Foundation



TEMPUR-Ergo Premier



Sealy Adjustable Base



TEMPUR Superflex 2



TEMPUR ZERO G Series

## Pillows



TEMPUR-Neck Pillow



TEMPUR-Cloud Pillow



TEMPUR-Traditional Pillow



Sealy Pillows

## Accessories



TEMPUR® Mattress Deluxe Topper



TEMPUR Slippers



TEMPUR Travel Pillow

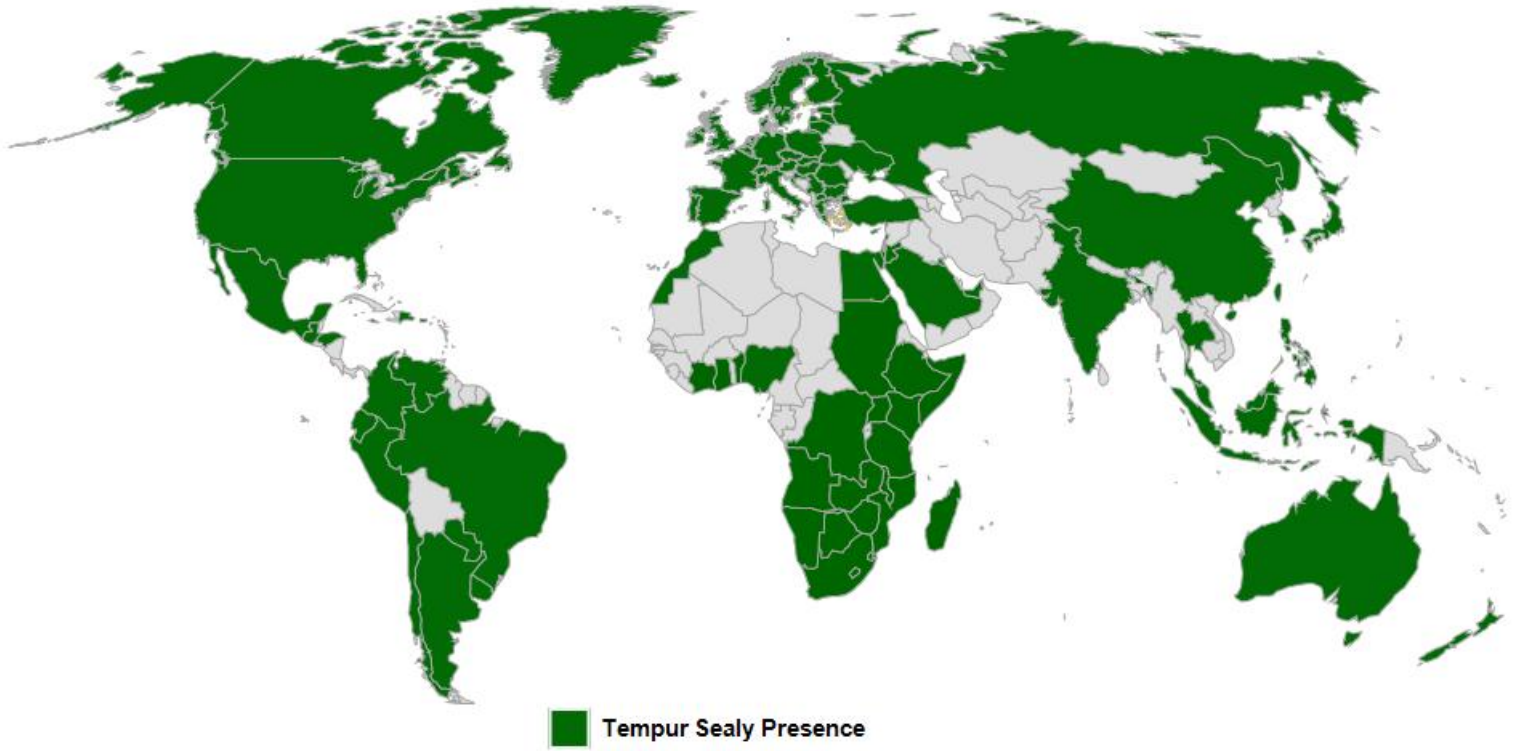


Sealy Topper



# The Industry's Only Truly Global Company

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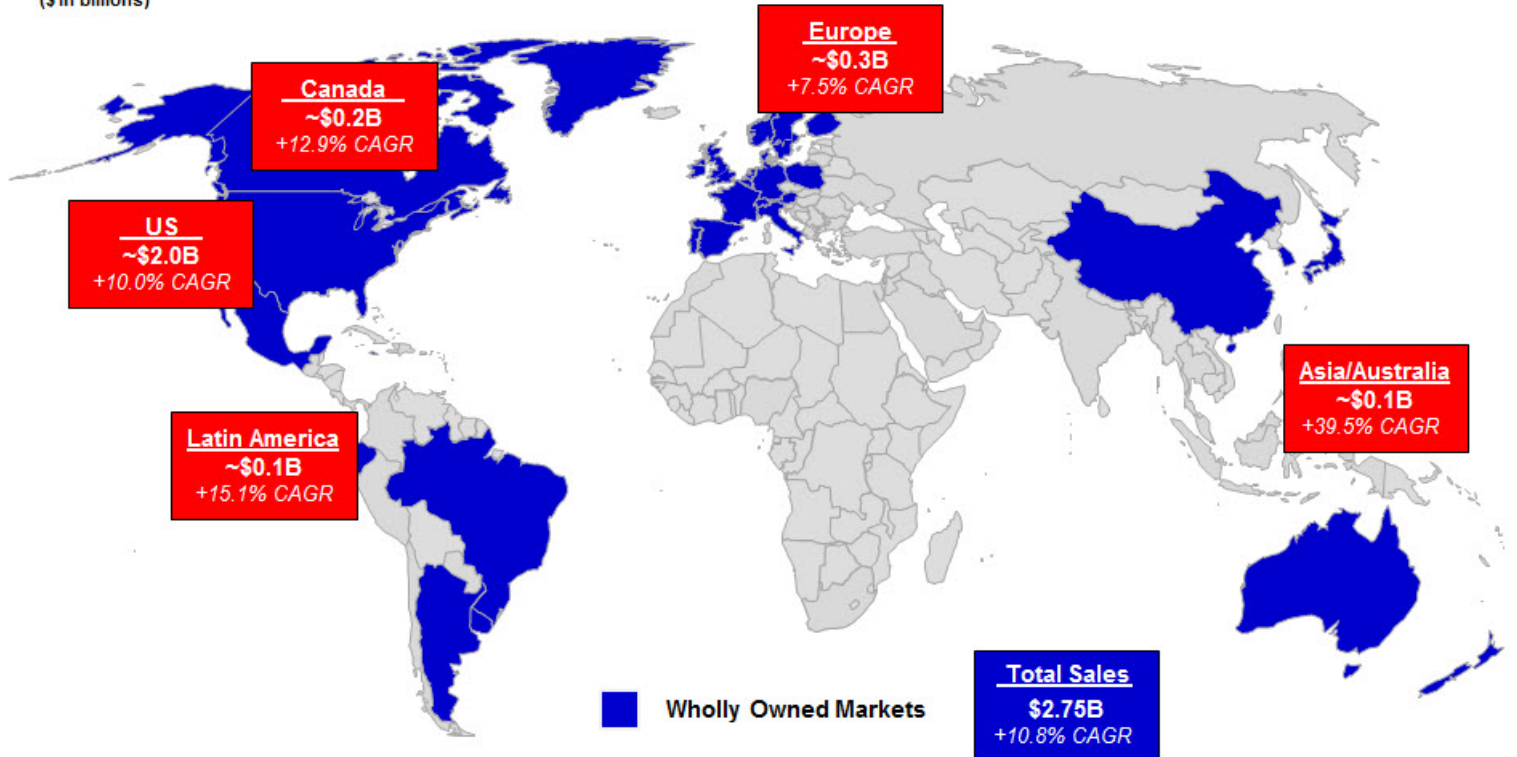


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Presence includes subsidiaries, joint ventures, third party, and licensee markets.

# Majority of Business from Wholly Owned Markets

(\$ in billions)



Note 1: Wholly owned markets are markets in which a wholly owned subsidiary of Tempur or Sealy sells mattresses.

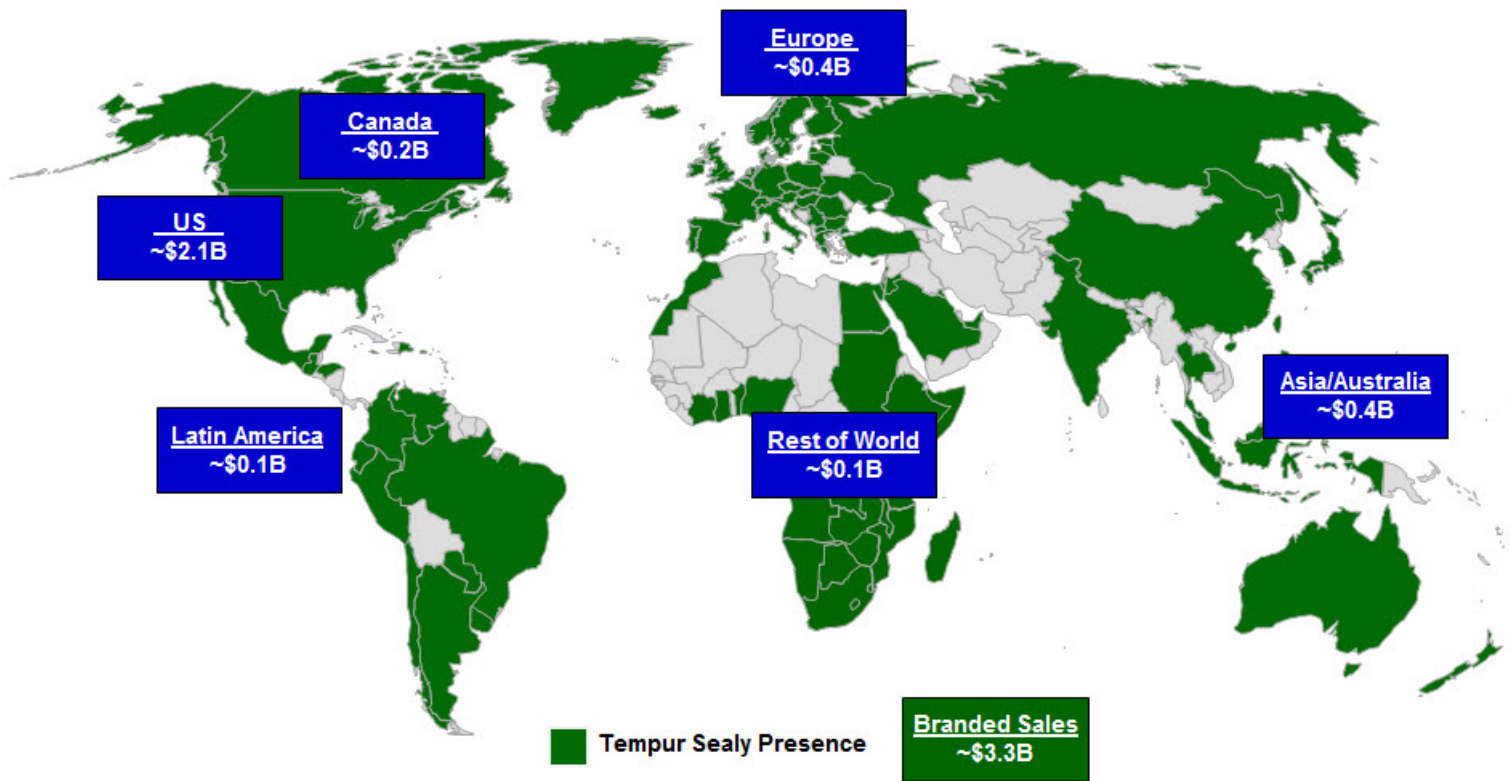
Note 2: Total sales represents a mathematical combination of Tempur for 2012 and Sealy for its fiscal year ending December 2, 2012.

Note 3: CAGR calculation based on mathematical combination of historical results for Tempur and Sealy for their respective 2009-2012 fiscal years. Historical growth rates are not necessarily indicative of financial performance in any future period.

Note 4: Sales figures for regions are approximations to show relative size. Latin America includes Mexico and South America.

# Total Branded Sales Including JVs, Licensees & 3<sup>rd</sup> Parties

(\$ in billions)



Note: Total branded sales represent sales recognized under the Company's brands whether owned or licensed, and are based on actual wholesale Tempur and Sealy sales and management estimates for sales by JVs, Licensees and Third Parties for 2012. Sales figures for regions are approximations to show relative size. Latin America includes Mexico and South America.

# Significant Value Creation from Integration

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- ◆ Warehouse and distribution
- ◆ Sourcing and manufacturing
- ◆ Corporate/Other SG&A expenses

## Prior Projection

*\$40M+ by end of 2015*

## Current Projection

***\$40M+ by end of 2014***

***\$70M+ by end of 2016***

***\$100M+ Annually Long-Term***

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Note 1: Cost synergies reflect annualized cost synergies realized from transaction.  
Note 2: Management estimates

## Strong, Established Management Team

Name	Position	Prior Experience	Prior Experience		Years with Tempur or Sealy
			Consumer Products	Inter'l	
Mark Sarvary	President and CEO	President, Campbell Soup North America CEO, J. Crew Group President, Stouffer's Frozen Food Division at Nestle	√	√	5
David Montgomery	EVP and President, International	President, Rubbermaid Europe VP, Black & Decker Europe, Middle East, Africa	√	√	10
Larry Rogers	CEO of Sealy	President and CEO, Sealy Corporation President, Sealy North America President, Sealy International	√	√	34
Dale Williams	EVP and CFO	CFO, Honeywell Control Products CFO, Saga Systems CFO, GE Information Systems	√	√	10
Tim Yaggi	COO	Group President, Masco Corporation EVP, Whirlpool Corporation Norelco (Philips)	√	√	Joined 2013

# Key Topics

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- ◆ Introduction and Context
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- ◆ Summary

**Leading the Transformation of the Global  
Bedding Industry**

# The Three Promises

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*Driving Sustained Profitable Growth to Enhance Stockholder Value*



# Tempur Sealy International Core Values

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- **We are passionate people**
  - We believe in our company, our brands and our team - and we have a bias for action
- **We think big**
  - We have high expectations of ourselves and our company
- **We think differently**
  - We seek innovation in every area of our business
- **We are focused on our consumers' needs and our customers' success**
  - We strive to understand our consumers' and customers' needs, and to exceed their expectations
- **We do the right thing**
  - We are uncompromising on integrity and ethics, and are environmentally and socially responsible
- **We care about each other**
  - We treat each other with respect, and we value diversity of thought
- **We are profit oriented**
  - We ensure our long term success by generating economic value

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# Our 3-Year Target

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## 2016 Target

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<b>Sales</b>	<b>\$3.3B</b>	<b>6% CAGR</b>
<b>Adj. EBITDA</b>	<b>\$550M</b>	<b>10% CAGR</b>
<b>Adj. EPS</b>	<b>\$4.00+</b>	<b>15%+ CAGR</b>
<b>Leverage</b>	<b>&lt;2.5x</b>	<b>2.0x+ Reduction</b>

◆ Expect to Exit 2016 Approaching Double-Digit Growth

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Note 1: Management estimates. Please refer to "Forward Looking Statements".

Note 2: CAGR calculated over period of 2013-2016. Sales and Adjusted EBITDA CAGRs are based on the mid-point of the Company's 2013 full year guidance adjusted for Sealy results during the pre-acquisition period from January 1, 2013 to March 17, 2013.

Note 3: Adjusted EBITDA represents EBITDA adjusted for Sealy transaction and integration costs, and purchase price allocation ("PPA") inventory adjustments related to the Sealy acquisition. Adjusted EPS is EPS adjusted for Sealy transaction and integration costs, interest and fees incurred in connection with debt refinancings, and normalized tax rate adjustments. Please refer to the Company's SEC filings for more information regarding the definition of adjusted EBITDA and adjusted EPS and the calculation of the leverage ratio for purposes of the Company's senior secured facility.

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# Cost Synergies Being Used to Support Growth

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- ◆ Warehouse and distribution
- ◆ Sourcing and manufacturing
- ◆ Corporate/Other SG&A expenses



**\$70M - \$100M**



**\$40M  
Margin Expansion**

**\$30M - \$60M  
Growth Investment**

- Marketing
- Product Innovation
- Supply Chain "Easier To Do Business With"

# Key Topics

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# Drivers of Growth

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## North America

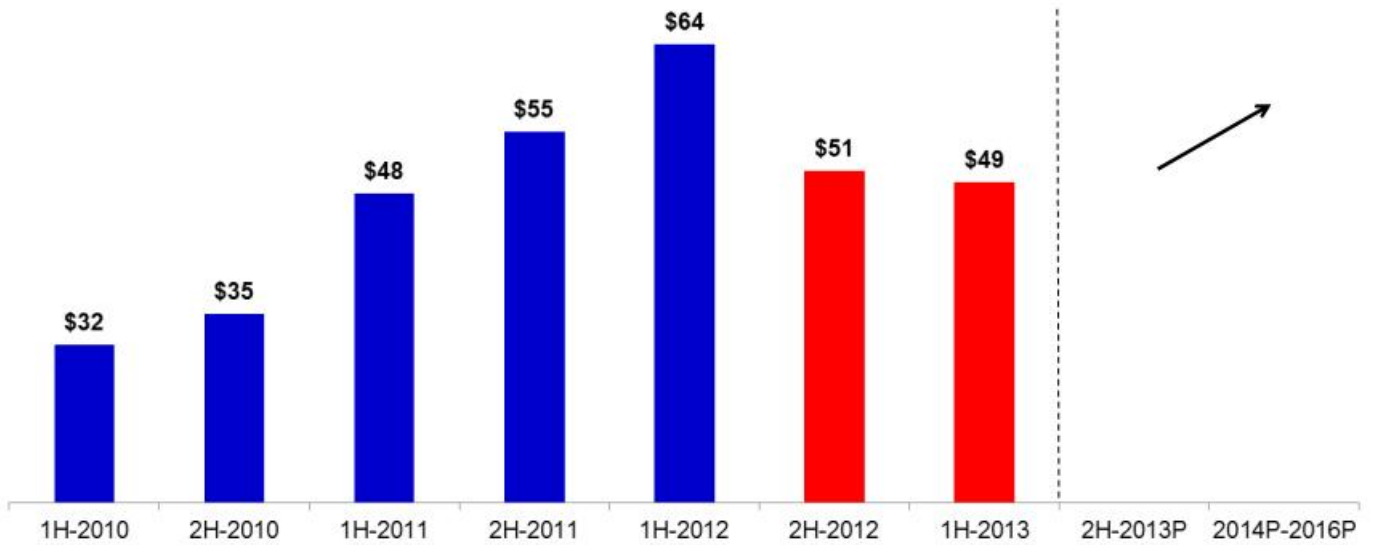
- ◆ Marketing
  - Advertising and promotions
  - In-store marketing
  - Direct
  
- ◆ Innovation
  - New products
  - New categories
  
- ◆ Supply Chain “Easier To Do Business With”

## International

- ◆ Marketing
  - Advertising and promotions
  - Distribution
  - Direct
  
- ◆ Innovation
  - New products
  - New categories
  
- ◆ New Market Expansion

# Tempur-Pedic Advertising Investment

(\$ in millions)



Note 1: Represents Tempur North America advertising expenses

Note 2: Expected increase in advertising investment for 2H-2013 is based on management estimates.

# Tempur-Pedic and Sealy Advertising

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Tempur-Pedic  
"Ask Me"



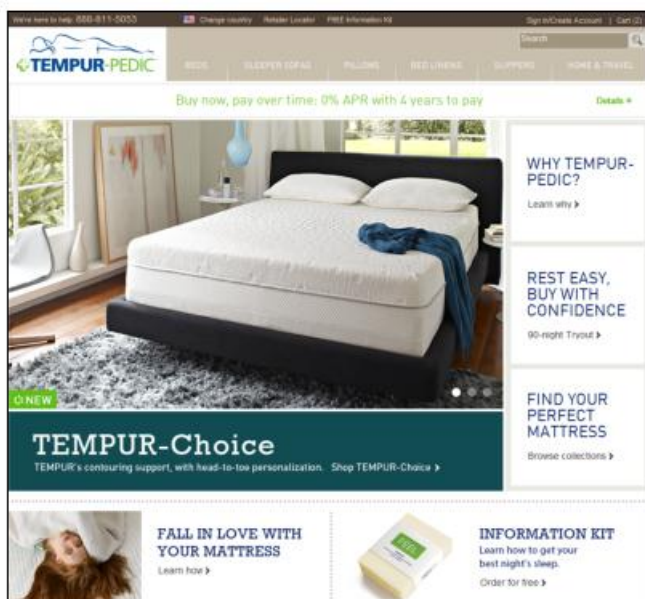
Sealy Posturepedic  
"Life Before Your Eyes"



# Promotions and In-Store Marketing



# Direct Marketing - Online



Tempurpedic.com



Sealy.com

# Direct Marketing - Flagship Stores



# Tempur Product Innovation

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 **TEMPUR-Choice™**  
COLLECTION



TEMPUR-Choice™  
Supreme  
\$3499



TEMPUR-Choice™  
Luxe  
\$3999

**TEMPUR-breeze™**  
TECHNOLOGY



TEMPUR-Cloud  
Supreme Breeze  
\$3499



TEMPUR-Rhapsody  
Breeze  
\$3999



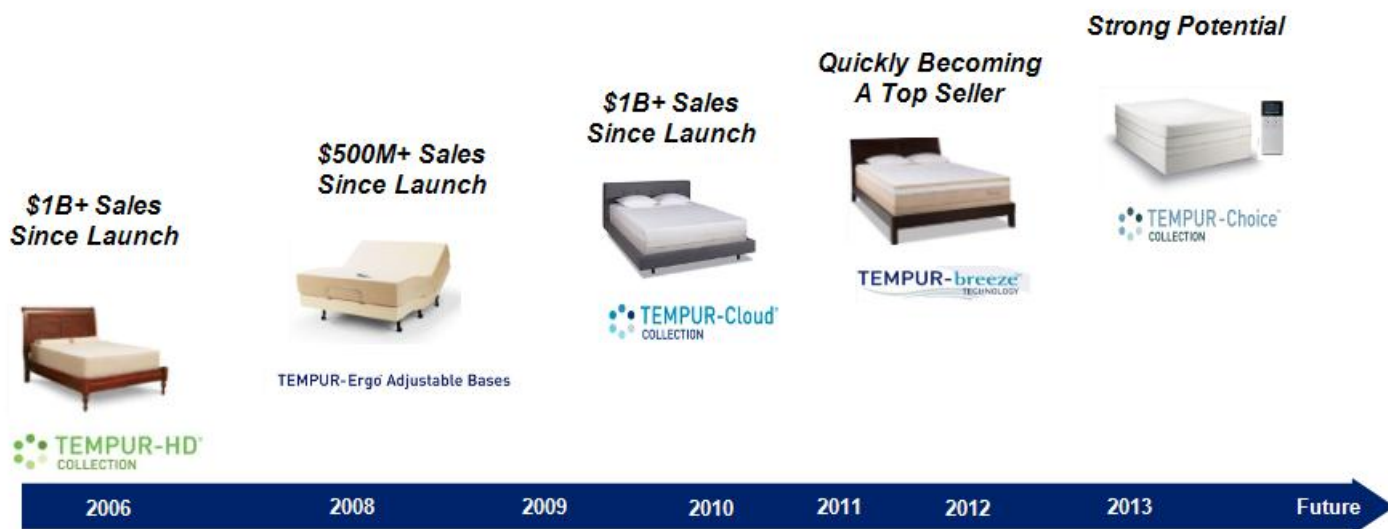
TEMPUR-Cloud  
Luxe Breeze  
\$4999



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Retail list price point for queen set.

# Innovation Drives Sales...And We Have A Track Record



Note 1: For a discussion of the Company's performance, please refer to the Company's SEC filings.  
 Note 2: All numbers are based on wholesale price.

# Sealy Product Innovation

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 **Posturepedic**  
HYBRID



**Hybrid**

Sealy Posturepedic  
Hybrid Collection  
\$1299-\$1799



**A \$300M Brand**

**OPTIMUM**  
SEALY POSTUREPEDIC



**Latex**

Optimum Latex  
\$1699-\$2999

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Note 1: Retail list price point for queen set  
Note 2: Based on wholesale price

# Innovation Beyond Mattresses

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## Adjustable Bases



TEMPUR-UP™ Foundation \$799



TEMPUR-Ergo™ Premier \$1999



Sealy Adjustable Base \$1699

## Pillows



TEMPUR-Cloud  
Pillow \$159



TEMPUR-Traditional  
Pillow \$99

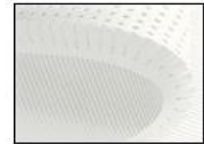
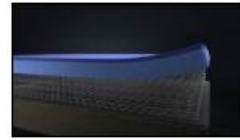
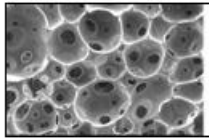
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Adjustable base prices represent retail list price point for queen size

# In House R&D Expertise

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- ◆ Multi-faceted R&D facilities in Denmark, Virginia, North Carolina, and Kentucky
- ◆ We have significantly increased our investment in R&D since 2008

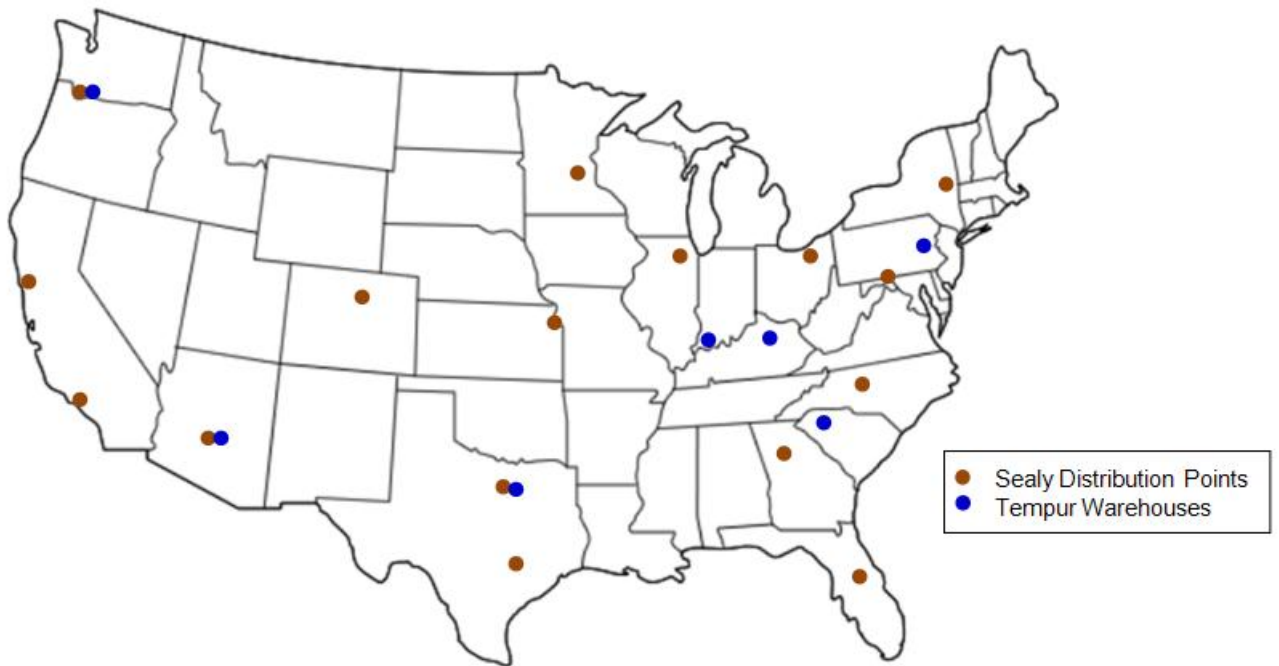




# “Easier To Do Business With”

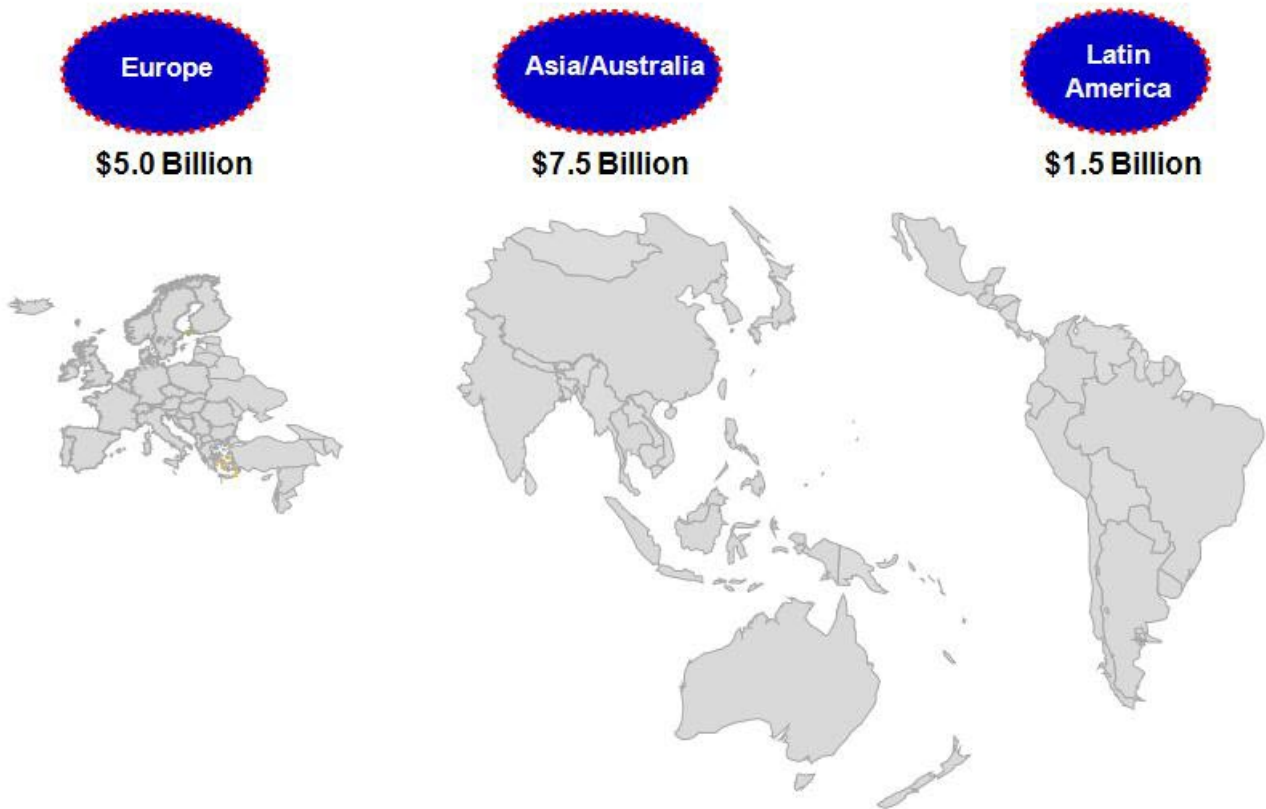
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- ◆ Significant opportunities to optimize service and support retail growth
- ◆ Distribution network to service national retailers with considerable efficiency opportunities



# International Opportunity is Significant

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Note: Based on CSIL World Mattress Report, 2013 (Top 30 Markets Mattress Consumption) and management estimates.

# International - Europe

- ◆ Tempur International outperforming the industry in a difficult European bedding market
  - Germany – Investment in advertising continues
  - France – Benefiting from expanded distribution and increased advertising
  - UK – Strengthening distribution
  - Benelux – Premium market challenged by weak consumer spending

\$5B Bedding Market, -2% CAGR since 2009  
~\$0.3B Tempur International Sales, +7.5% CAGR since 2009



UK "Weightless"  
Campaign



Tempur Holland Store



Tempur UK Flagship Store

Note 1: For a discussion of the Company's performance, please refer to the Company's SEC filings.

Note 2: Size of total market and CAGR based on CSIL World Mattress Report, 2013 (Top 30 Markets Mattress Consumption) and management estimates.

Note 3: Sales figure for Tempur International is based on representative sales for Tempur International in Europe for 2012 and is shown as an approximation to show relative size. CAGR calculation period is 2009-2012 and based on Tempur International historical sales.

# International – Asia/Australia

- ◆ Tempur International outperforming the industry, which is rapidly growing
  - Japan – Sales have returned to prior peak levels
  - Korea – Rapid growth driven by increased distribution
  - Australia – Adding distribution and increasing advertising
  - China – Starting to see good growth

\$7.5B Bedding Market, +18% CAGR since 2009  
~\$0.1B Tempur International Sales, +39.5% CAGR since 2009



Tempur Australia  
(Harvey Norman)



Tempur Tokyo Store



Tempur Korea  
(Lotte Jamsil)

China  
"Weightless"  
Campaign



Note 1: For a discussion of the Company's performance, please refer to the Company's SEC filings.

Note 2: Size of total market and CAGR based on CSIL World Mattress Report, 2013 (Top 30 Markets Mattress Consumption) and management estimates.

Note 3: Sales figure for Tempur International is based on representative sales for Tempur International in Asia/Australia for 2012 and is shown as an approximation to show relative size. CAGR calculation period is 2009-2012 and based on Tempur International historical sales.

# International - Latin America

- ◆ Sealy is outperforming the industry in key markets of Argentina and Mexico
  - Argentina - Strong market position driven by company owned stores
  - Mexico - Sealy is market leader and Tempur has small presence through distributor
  - Brazil and Ecuador - Tempur just entered

\$1.5B Bedding Market, +6% CAGR since 2009  
~\$0.1B TempurSealy Sales, +15.1% CAGR since 2009



Sealy Argentina Store



Tempur Brazil Store  
Ribeirão Preto



Sealy Mexico

Note 1: For a discussion of the Company's performance, please refer to the Company's SEC filings.

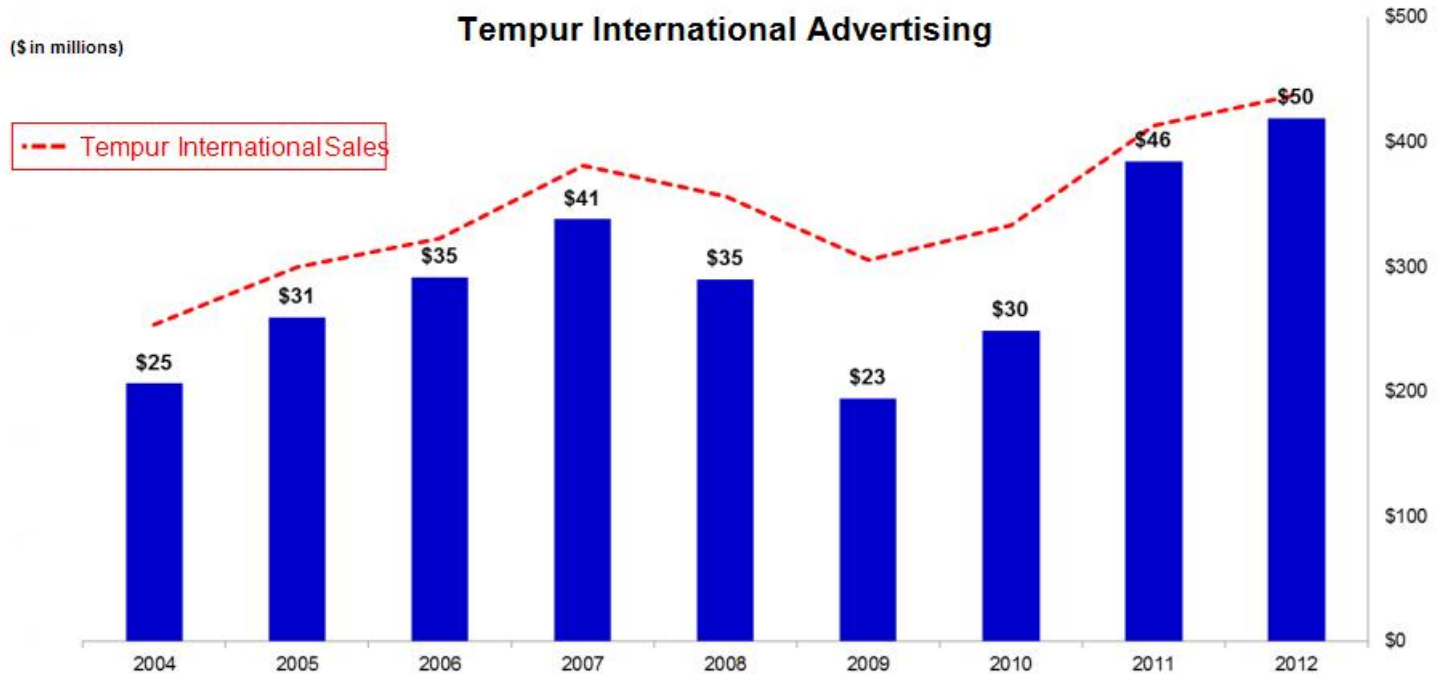
Note 2: Size of total market and CAGR based on CSIL World Mattress Report, 2013 (Top 30 Markets Mattress Consumption) and management estimates.

Note 3: Sales figure for Tempur Sealy is based on a mathematical combination of Tempur for 2012 and Sealy for its fiscal year ending December 2, 2012 and shown as an approximation to show relative size.

Note 4: CAGR calculation based on mathematical combination of historical results for Tempur and Sealy for their respective 2009-2012 fiscal years.

# International Advertising

- ◆ Will continue to focus advertising investments in Europe and Asia



For a discussion of the Company's performance, please refer to the Company's SEC filings.

# International Direct

- ◆ 100+ Company-owned stores across Europe, Asia and Latin America - And Growing
- ◆ 100+ JV/Licensee/Third Party company branded stores
- ◆ E-Commerce also growing rapidly and represents a significant opportunity



Norway



Singapore



Japan



China



Holland



For a discussion of the Company's performance, please refer to the Company's SEC filings.

# Key Topics

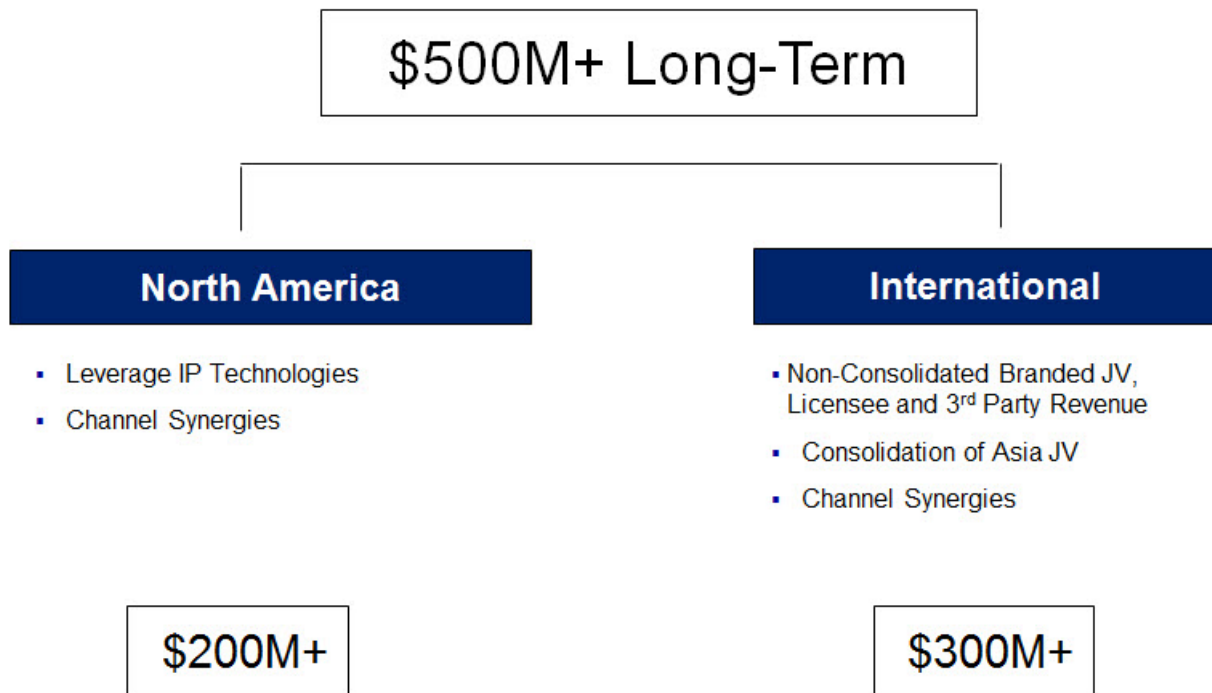
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- ◆ Introduction and Context
- ◆ Macro-Industry Update
- ◆ Tempur Sealy Overview
- ◆ Vision
- ◆ Growth Targets 2014 - 2016
- ◆ Drivers of Growth
- ◆ Revenue Synergies
- ◆ Summary



# Significant Long-Term Revenue Synergies

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# Leverage IP Technologies

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- ◆ Cross pollinate technologies to drive innovation

## Specialty

- Enhanced specialty offerings



## Traditional

- Enhanced traditional offerings



## Adjustables

- Increase adjustable attach rates




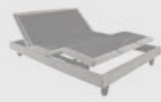




## Other

- New product categories

# Leverage IP Technologies

- ◆ Cross pollinate technologies to drive innovation

<p><u>Specialty</u></p> <ul style="list-style-type: none"><li>Enhanced specialty offerings</li></ul>  	<p><u>Traditional</u></p> <ul style="list-style-type: none"><li>Enhanced traditional offerings</li></ul> 
<p><b>\$100M+ Opportunity</b></p>	
<p><u>Adjustables</u></p> <ul style="list-style-type: none"><li>Increase adjustable categories</li></ul>   	

# North America Revenue – Channel Synergies

---

- ◆ Leverage capabilities to increase channel penetration

## Category Management

- Trade spending effectiveness
- Assortment
- Advertising

## Supply Chain “Easier To Do Business With”

- Ordering/Billing
- Delivery
- Inventory management

## Canada

- Sealy’s Canadian business is **five** times larger than Tempur’s



## Club, Department Stores and Hospitality

- Sealy has a \$300M+ annual business in Club, Department Stores, and Hospitality



# North America Revenue – Channel Synergies

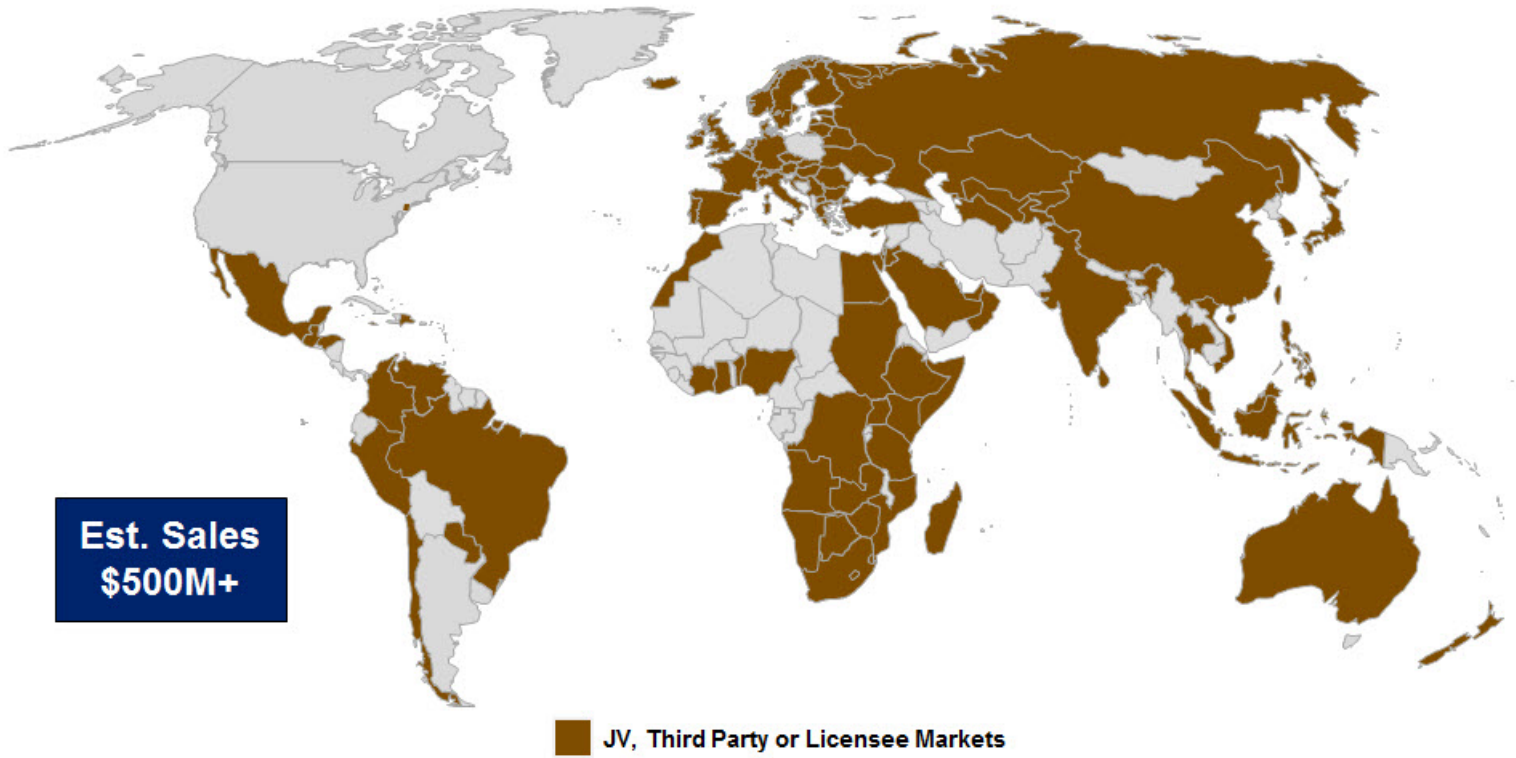
- ◆ Leverage capabilities to increase channel penetration

<p><u>Category Management</u></p> <ul style="list-style-type: none"> <li>Trade spending effectiveness</li> <li>Assortment</li> <li>Advertising</li> </ul>	<p><u>Supply Chain “Easier To Do Business With”</u></p> <ul style="list-style-type: none"> <li>Ordering/Billing</li> <li>Delivery</li> <li>Inventory Management</li> </ul>
<p><u>Canada</u></p> <ul style="list-style-type: none"> <li>Sealy’s Canadian business is 10 times larger than Tempur’s</li> </ul> 	<p><u>Costco, Club, Department Stores, and Hospitality</u></p> <p>10M+ annual business in Club, Department Stores, and Hospitality</p>    

\$100M+ Opportunity

# Non-Consolidated Branded JV, Licensee And 3<sup>rd</sup> Party Revenue

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Management estimates based on wholesale price.

# Non-Consolidated Branded JV, Licensee And 3<sup>rd</sup> Party Revenue

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**\$200M+**  
**Long Term**  
**Opportunity**

 **JV, Third Party or Licensee Markets**

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Management estimates. Please refer to "Forward Looking Statements".

# Consolidation of Asia JV

- ◆ Own 50% of Asia JV with option to purchase in 2020
- ◆ JV Partner is Sealy of Australia, a Sealy brand Licensee
- ◆ ~\$70 million in annual 2012 sales, with +30.5% CAGR since 2009
- ◆ Accretive EBIT margin profile

## Asia JV Markets

China  
Hong Kong  
India  
S. Korea  
Taiwan  
Malaysia  
Singapore  
Indonesia  
New Zealand



Sealy China

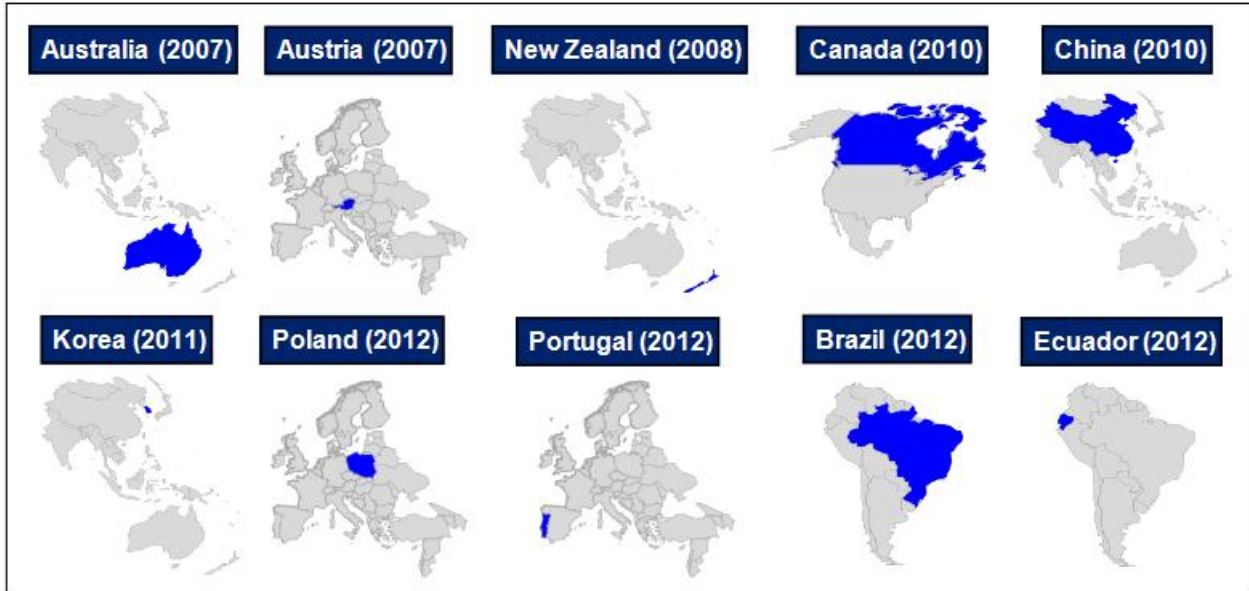


Note 1: Sales figure for Asia JV is based on 2012 sales (shown as approximation to show relative size).  
Note 2: CAGR calculation based on historical results for 2009-2012 period.



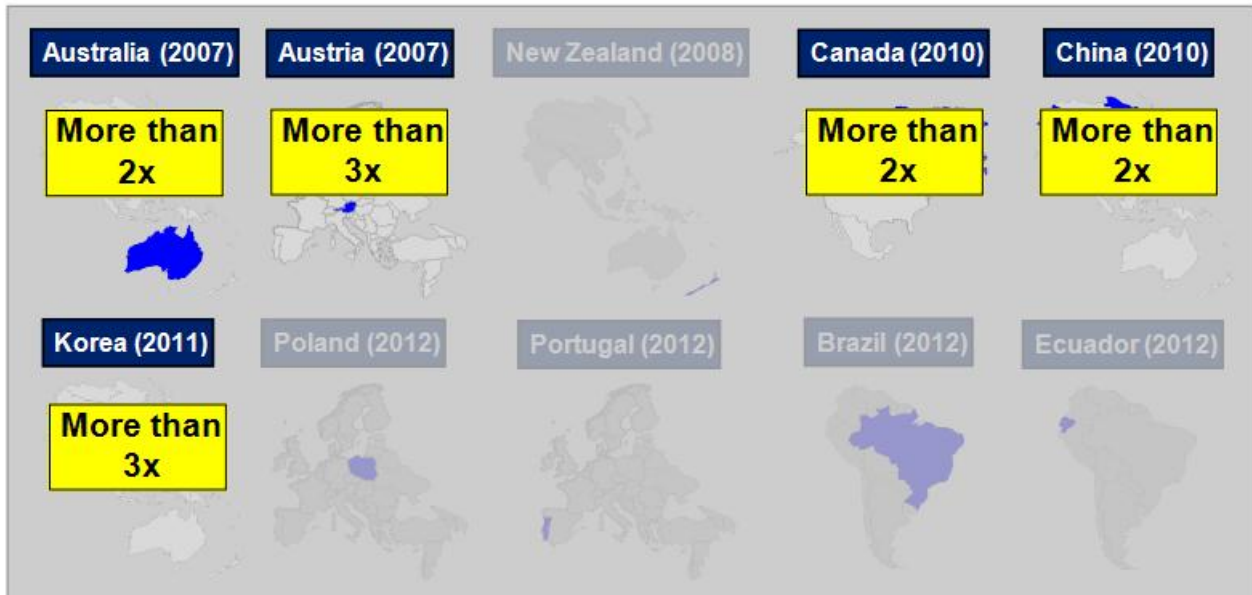
# We Have A Track Record

- ◆ In certain markets where there is no current option to purchase, we would need to negotiate and complete acquisitions of distributors or distribution rights
- ◆ Since 2006 we have acquired distributors or distribution rights in several key markets



# We Have A Track Record

- ◆ And in several of these markets have more than doubled sales



# International Revenue – Channel Synergies

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## ◆ Leverage existing infrastructures

### Argentina and Uruguay

- Sealy has a large and rapidly growing business in South America



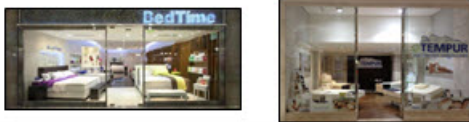
### Mexico

- Sealy is #1 in Mexico



### Direct and eCommerce

- Tempur has established eCommerce capability and 60+ company owned stores




### Broaden Distribution of Secondary Brands

- Tempur has established global infrastructure
- Optimum and Stearns & Foster are unlicensed in many countries



# International Revenue – Channel Synergies

## ◆ Leverage existing infrastructures

<p><u>Argentina and Uruguay</u></p> <ul style="list-style-type: none"><li>Sealy has a large and rapidly growing business in South America</li></ul> 	<p><u>Mexico</u></p> <ul style="list-style-type: none"><li>Sealy is #1 in Mexico</li></ul> 
<p><u>Direct and eCommerce</u></p> <ul style="list-style-type: none"><li>Tempur has established capability and 60+ company owned stores</li></ul>  	<p><u>Integration of Secondary Brands</u></p> <ul style="list-style-type: none"><li>Optimum and Stearns &amp; Foster are unlicensed in many countries</li></ul>  

# \$100M+ Opportunity

# Key Topics

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- ◆ Introduction and Context
- ◆ Macro-Industry Update
- ◆ Tempur Sealy Overview
- ◆ Vision
- ◆ Growth Targets 2014 - 2016
- ◆ Drivers of Growth
- ◆ Revenue Synergies
- ◆ Summary

# Tempur Sealy Company Thesis

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- ◆ Comprehensive Portfolio of Iconic Brands And Products
- ◆ The Largest Bedding Company And The Only Global One
- ◆ Integration Provides Significant Cost Synergies
- ◆ Significant Growth Potential
- ◆ Strong Financial Characteristics

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Dale Williams  
Executive Vice President & Chief Financial Officer

# Key Topics

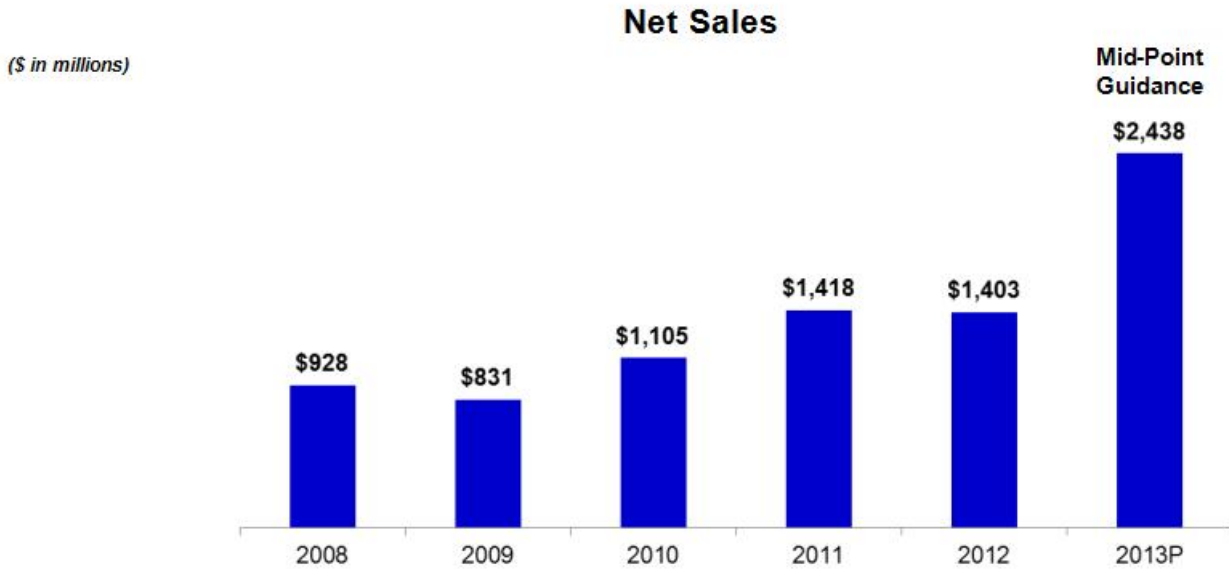
---

- ◆ Financial Overview
- ◆ Synergies
- ◆ Our 3-Year Target
- ◆ Capital Structure and Cash Flow
- ◆ Summary



# Acquisition of Sealy Doubled Our Size

- ◆ Completed acquisition of Sealy on March 18, 2013.
- ◆ Full year pro forma sales over \$2.7 billion, including full year of Sealy results.



Note 1: 2013P is mid-point of Company's FY 2013 net sales guidance of \$2.425 billion to \$2.45 billion. Includes Sealy results from March 18, 2013 acquisition date.  
Note 2: Periods 2008-2012 do not include Sealy.  
Note 3: For a discussion of the Company's performance, please refer to the Company's SEC filings.

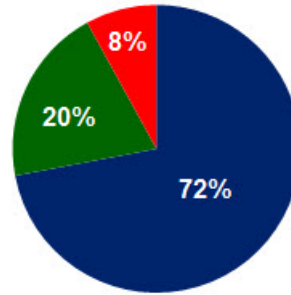
# Globally Diverse With Large US Presence

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## 2Q 2013 Sales

- US
- Canada
- Other International

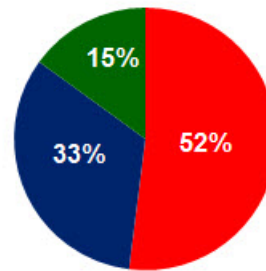
## By Geographic Region



## 2Q 2013 Sales

- Tempur North America
- Tempur International
- Sealy

## By Business Segment



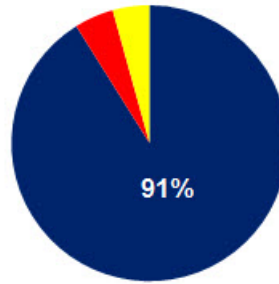
For a discussion of the Company's performance, please refer to the Company's SEC filings.

# Principally Distribute Through Retail Channel

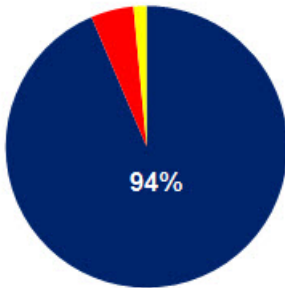
## 2Q 2013 Sales

- Retail
- Direct
- Other

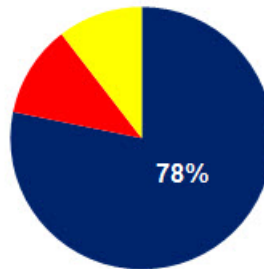
### Consolidated



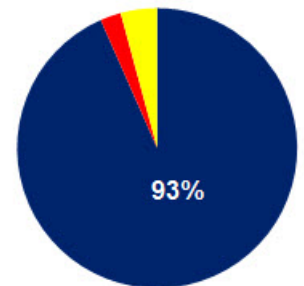
### Tempur North America



### Tempur International



### Sealy



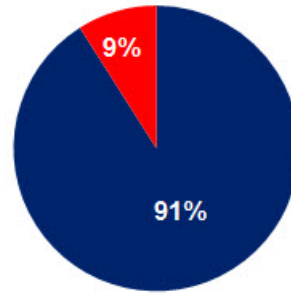
For a discussion of the Company's performance, please refer to the Company's SEC filings.

# Bedding Products Represent Majority Of Business

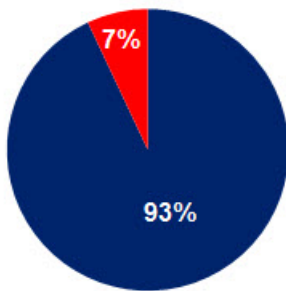
## 2Q 2013 Sales

- Bedding
- Other Products

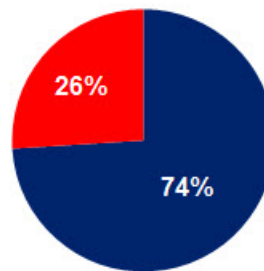
### Consolidated



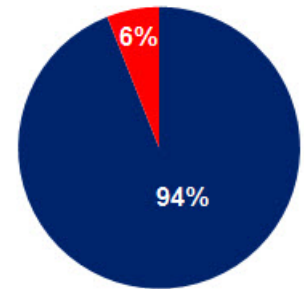
### Tempur North America



### Tempur International



### Sealy



For a discussion of the Company's performance, please refer to the Company's SEC filings.

# Key Topics

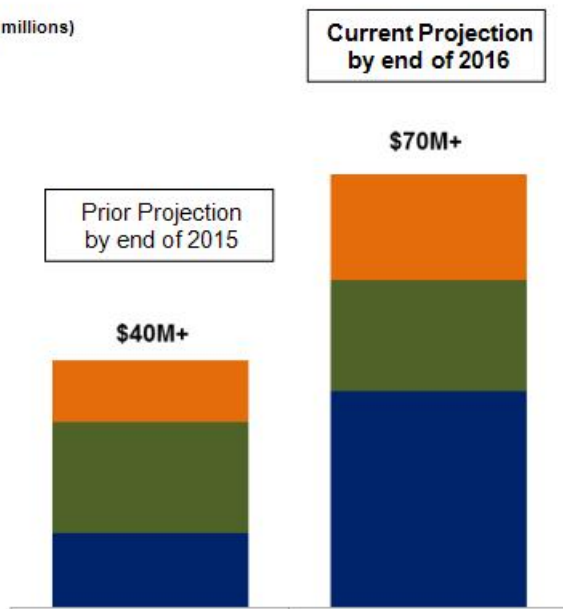
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- ◆ Financial Overview
- ◆ Synergies
- ◆ Our 3-Year Target
- ◆ Capital Structure and Cash Flow
- ◆ Summary

# Cost Synergies Update

- ◆ Higher cost synergies are being realized through sourcing and manufacturing
- ◆ Project in excess of \$100 million annually long-term

(\$ in millions)



## Corporate / Other SG&A Expenses

- ◆ Streamline corporate administration
- ◆ Professional fees
- ◆ Indirect costs across organization

## Warehouse/Distribution

- ◆ Backhaul/returns
- ◆ Logistics network optimization- distribution & route efficiency

## Sourcing/Manufacturing

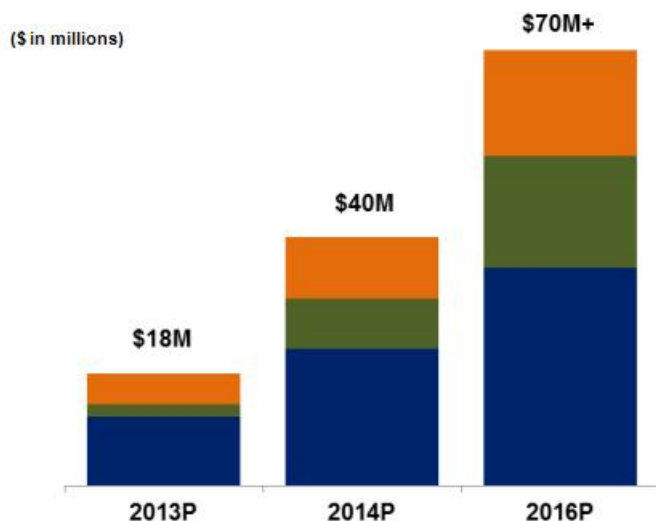
- ◆ Raw material purchase synergies
- ◆ Other purchase synergies
- ◆ Manufacturing synergies

Note 1: Cost synergies reflect annualized cost synergies realized from transaction.  
 Note 2: Management estimates. Please refer to "Forward Looking Statements".

# Cost Synergies - Timing and Composition

- ◆ Majority of cost synergies realized in 2013 are from raw material purchasing synergies

## Projected Cost Synergies



### Corporate / Other SG&A Expenses

- ◆ Streamline corporate administration
- ◆ Professional fees
- ◆ Indirect costs across organization

### Warehouse/Distribution

- ◆ Backhaul/returns account for majority of 2013 synergies
- ◆ Minimal synergies from delivery of products in 2013
- ◆ Logistics network optimization synergies to be realized in 2014-2016

### Sourcing/Manufacturing

- ◆ Raw material purchase synergies biggest driver in 2013
- ◆ Other synergies achieved in 2013
- ◆ Additional RM and other synergies in 2014-2016

Note 1: Cost synergies reflect annualized cost synergies realized from transaction.  
 Note 2: Management estimates. Please refer to "Forward Looking Statements".

# Key Topics

---

- ◆ Financial Overview
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# Our 3-Year Target

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## 2016 Target

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<b>Sales</b>	<b>\$3.3B</b>	<b>6% CAGR</b>
<b>Adj. EBITDA</b>	<b>\$550M</b>	<b>10% CAGR</b>
<b>Adj. EPS</b>	<b>\$4.00+</b>	<b>15%+ CAGR</b>
<b>Leverage</b>	<b>&lt;2.5x</b>	<b>2.0x+ Reduction</b>

◆ Expect to Exit 2016 Approaching Double-Digit Growth

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Note 1: Management estimates. Please refer to "Forward Looking Statements".

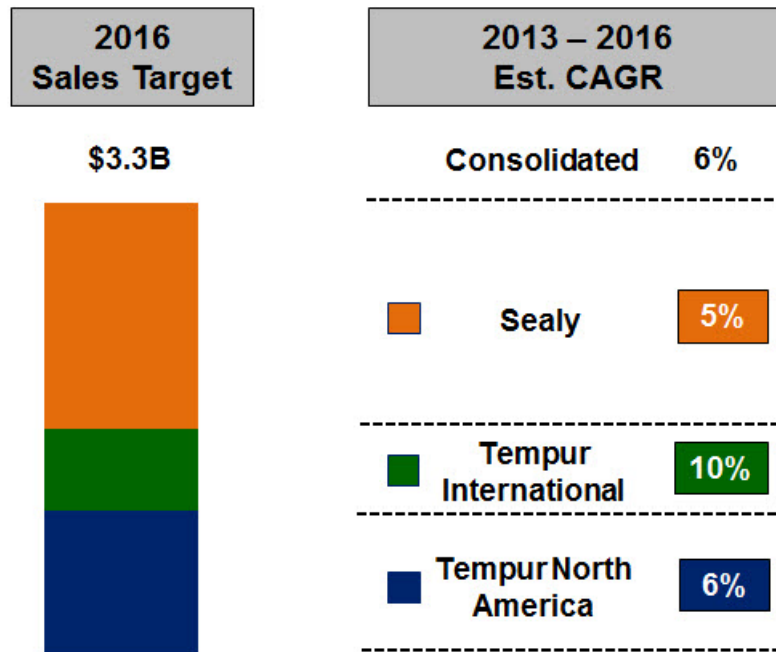
Note 2: CAGR calculated over period of 2013-2016. Sales and Adjusted EBITDA CAGRs are based on the mid-point of the Company's 2013 full year guidance adjusted for Sealy results during the pre-acquisition period from January 1, 2013 to March 17, 2013.

Note 3: Adjusted EBITDA represents EBITDA adjusted for Sealy transaction and integration costs, and purchase price allocation ("PPA") inventory adjustments related to the Sealy acquisition. Adjusted EPS is EPS adjusted for Sealy transaction and integration costs, interest and fees incurred in connection with debt refinancings, and normalized tax rate adjustments. Please refer to the Company's SEC filings for more information regarding the definition of adjusted EBITDA and adjusted EPS and the calculation of the leverage ratio for purposes of the Company's senior secured facility.

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# Target Implies Accelerating Growth Through 2016

- ◆ 2016 target assumes 6% consolidated sales CAGR over three year period



Note 1: CAGR calculated over period of 2013-2016. Sales CAGRs are based on the mid-point of the Company's 2013 full year guidance adjusted for Sealy results during the pre-acquisition period from January 1, 2013 to March 17, 2013.

Note 2: Management estimates. Please refer to "Forward Looking Statements".

Note 3: For a discussion of the Company's performance, please refer to the Company's SEC filings.

# Key EBITDA Assumptions

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## + 's

- Synergies
  - Expect \$40M of the cost synergies to flow through to operating earnings
- Volume Leverage / Scale
  - +6% net sales CAGR will drive operating leverage
- Productivity
  - Annual productivity improvements
- International Mix
  - International growth expected to outpace domestic

## - 's

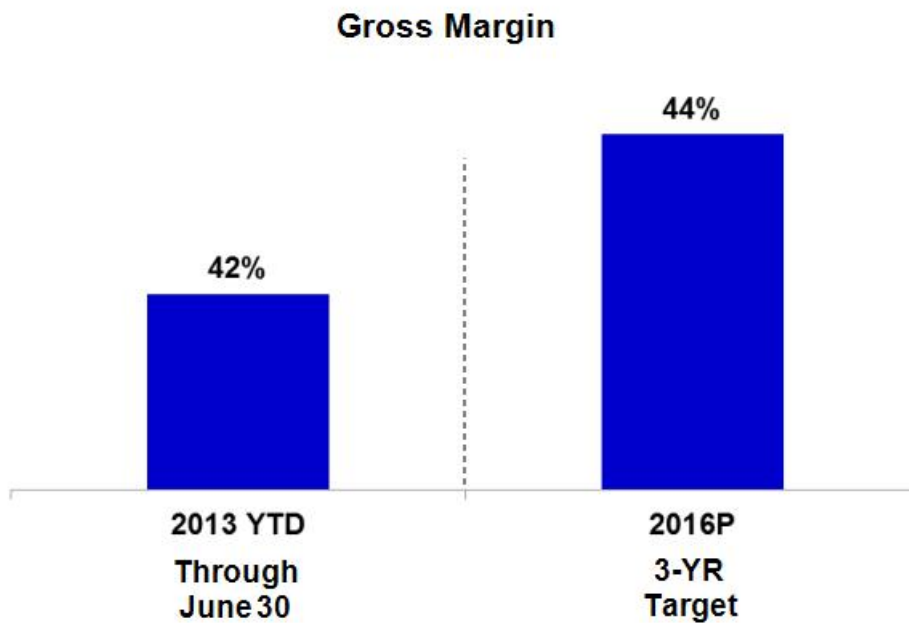
- Investing in Advertising and New Products
  - Plan assumes significant investment
- Customer Concentration
  - Top 5 customers accounted for 31.7% of sales during 2Q 2013
- Commodities
  - Steel/foam are key inputs and pricing is volatile
- Innovation
  - Recent innovation has featured more costly technologies (e.g. Breeze/Choice)

Note 1: For a discussion of the Company's performance, please refer to the Company's SEC filings.  
Note 2: Management estimates. Please refer to "Forward Looking Statements".

# Gross Margin

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- ◆ Acquisition of Sealy, which has lower margins, transformed consolidated margin profile
- ◆ Expect gross margin to benefit from cost synergies and volume leverage



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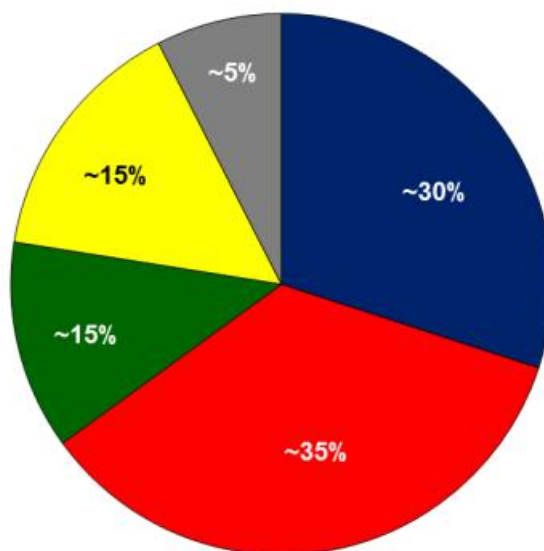
Note 1: 2013 YTD gross margin includes Sealy from March 18 to June 30, 2013.  
Note 2: Management estimates. Please refer to "Forward Looking Statements".  
Note 3: For a discussion of the Company's performance, please refer to the Company's SEC filings.

# Balanced Cost Of Goods Sold Mix

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## Consolidated

- Commodities (Foam/Steel)
- Other Materials
- Logistics
- Manufacturing/Overhead
- Labor



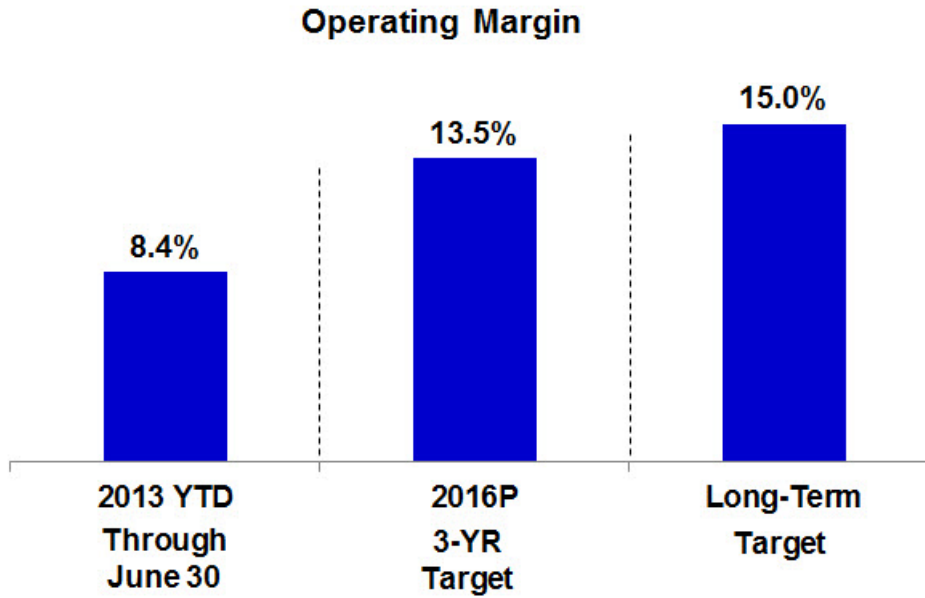
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Note 1: For a discussion of the Company's performance, please refer to the Company's SEC filings.  
Note 2: Management estimates.

# Operating Margin Targets

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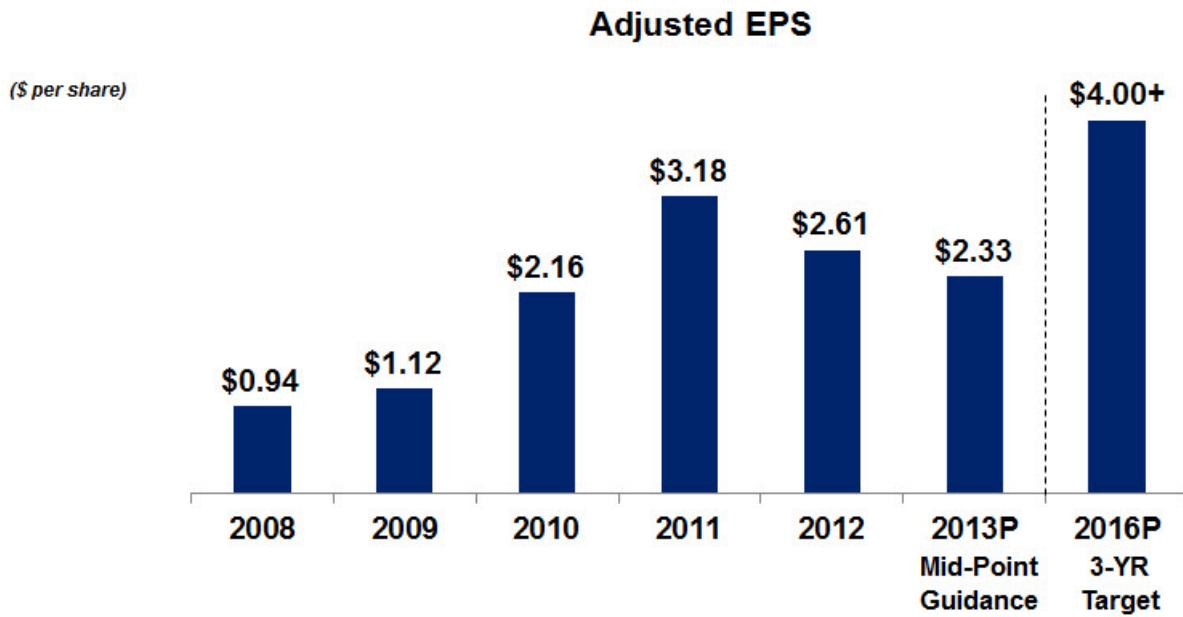
- ◆ Lower 2013 YTD operating margin reflects acquisition of Sealy and related transaction and integration costs (GAAP Reported Operating Margin).
- ◆ Establishing long-term operating margin target of 15.0%+



---

Note 1: 2013 YTD operating margin includes Sealy from March 18 to June 30, 2013.  
Note 2: Management estimates for periods after June 30, 2013.  
Please refer to "Forward Looking Statements".

# Adjusted Earnings Per Share



Note 1: 2013P is mid-point of Company's FY 2013 adjusted EPS guidance of \$2.25-\$2.40.

Note 2: 2013P includes Sealy from March 18 to June 30, 2013. Periods 2008-2012 do not include Sealy.

Note 3: Adjusted EPS is EPS adjusted for Sealy transaction and integration costs, interest and fees incurred in connection with debt refinancings, and normalized tax rate adjustments. For more details regarding Adjusted EPS, please refer to the Company's SEC filings.

Note 4: For a discussion of the Company's performance, please refer to the Company's SEC filings.

# Key Topics

---

◆ Financial Overview

◆ Synergies

◆ Our 3-Year Target

◆ Capital Structure and Cash Flow

◆ Summary



# Efficient Capital Structure

---

- ◆ Established efficient capital structure with Sealy acquisition
- ◆ Term A (July 2013) and Term B (May 2013) repricings further improved capital structure
- ◆ Leverage target 1.5x-2.0x

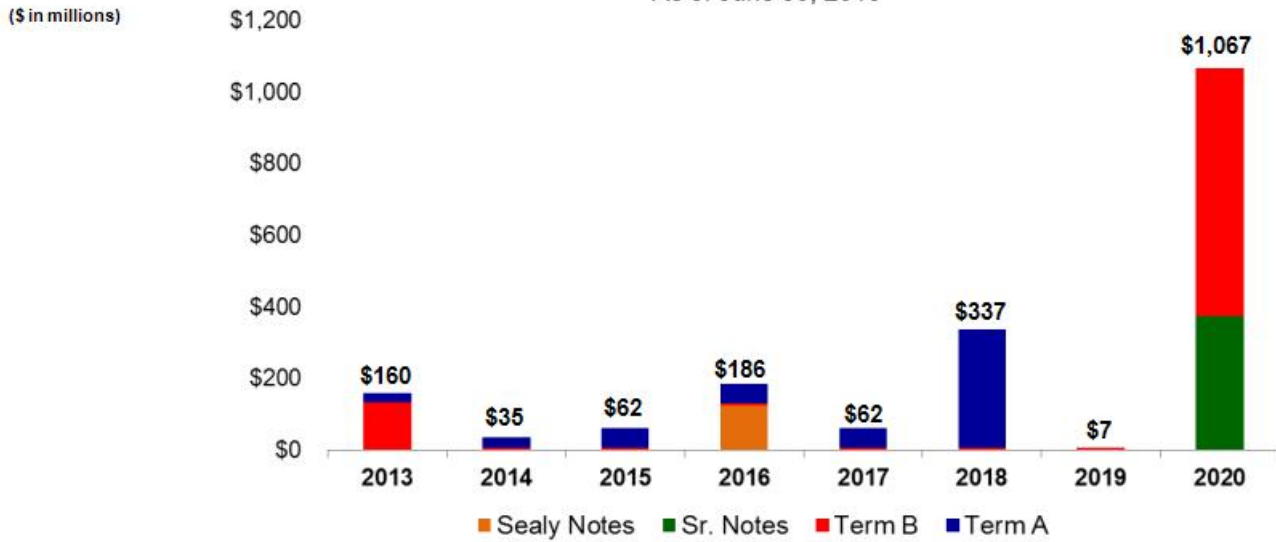
<b>Debt</b> (\$ in millions)	<b>June 30, 2013</b>	<b>Maturity</b>
Revolving credit facility	\$165.0	2018
Term A Facility	\$536.3	2018
Term B Facility	\$740.9	2020
Senior Notes (6.875%)	\$375.0	2020
Sealy Notes (8.0%)	\$97.3	2016
Capital lease obligations and other	\$28.2	
<b>Total</b>	<b>\$1,942.7</b>	

Note 1: Sealy 8% Notes outstanding is based on present value of notes still outstanding using a market discount rate. The principal amount of the notes accrete 8% per annum accruing semi-annually and mature on July 15, 2016. Note holders can convert the notes into cash at any time until maturity. For more information regarding the terms of the Sealy 8% Notes please refer to the Company's SEC filings.  
Note 2: Please refer to the Company's SEC filings for more information regarding the calculation of the leverage ratio for purposes of the Company's senior secured facility.

# No Significant Debt Maturities Until 2016

## Mandatory Maturity Profile

As of June 30, 2013



Maturity profile shown assumes no Sealy 8% Note holders convert into cash prior to maturity in 2016. Holders can convert the notes at any time until maturity.

# Strong Cash Flow Characteristics

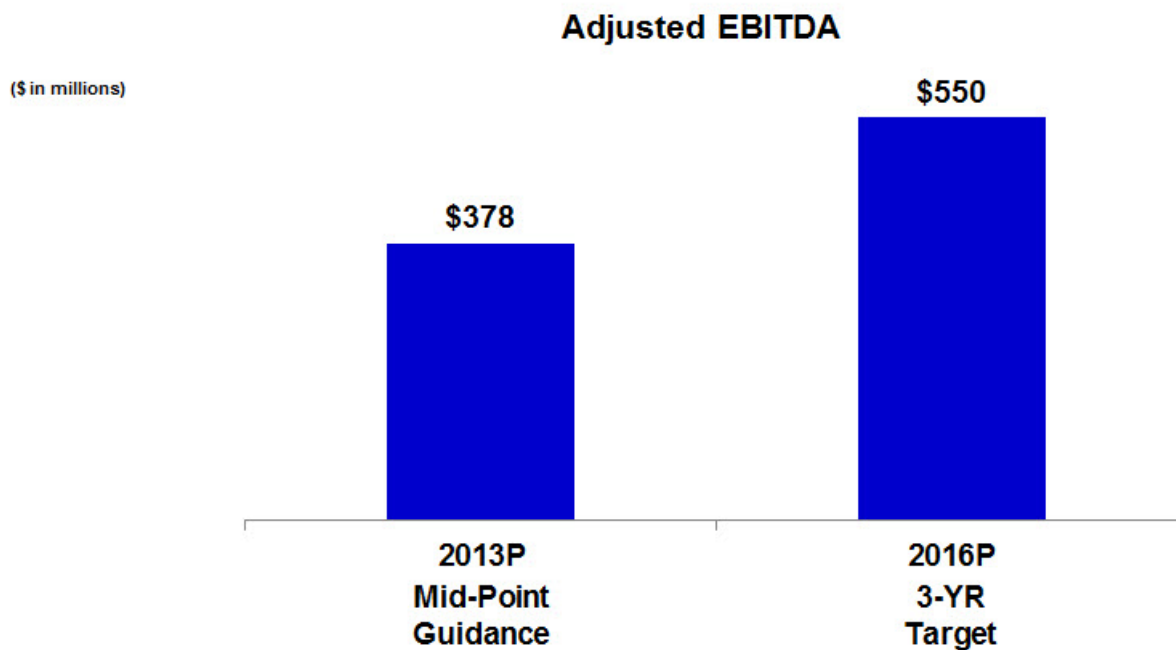
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- ◆ Multi-year add back to net income as D&A should continue to exceed Capex by \$30M+
- ◆ 2016 Target assumes free cash flow in excess of \$250M
- ◆ Efficient tax structure allows for greater than \$1 billion of future foreign cash flow to be used to reduce debt

# Adjusted EBITDA

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- ◆ 2013 adjusted EBITDA guidance reflects a stub year (partial year results for Sealy)



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Note 1: Adjusted EBITDA represents EBITDA adjusted for Sealy transaction and integration costs, and a purchase price allocation ("PPA") inventory adjustments related to the Sealy acquisition. For more details regarding Adjusted EBITDA, please refer to the Company's SEC filings.

Note 2: 2013P is based on mid-point of the Company's full year Adjusted EBITDA guidance of \$370 million to \$385 million.

Note 3: Management estimates. Please refer to "Forward Looking Statements".

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# Key Topics

---

- ◆ Financial Overview
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# Summary

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- ◆ Sealy Acquisition Doubled Size Of Business And Transformed Margin Structure
- ◆ Cost Synergies Are Expected To Be Larger Than Initially Anticipated
- ◆ 3-Year Target Assumes Significant Investments To Drive Growth
- ◆ Establishing 15.0%+ Long-Term Operating Margin Target
- ◆ Strong Cash Flow Characteristics
- ◆ Expect Leverage Of Less Than 2.5x By End Of 2016



TEMPUR+SEALY

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