

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): April 1, 2019

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))

Indicate by check mark whether the Registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

On April 1, 2019, Tempur Sealy International, Inc. (the “Company”) released an investor presentation (the “Investor Presentation”). The Investor Presentation will be used from time to time in meetings with investors. A copy of the Investor Presentation is furnished herewith as Exhibit 99.1

The information disclosed pursuant to this Item 7.01 (including Exhibit 99.1) shall not be deemed “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 any such filing.

Item 8.01 Other Events.

On April 1, 2019, the Company completed its purchase through its affiliate Sleep Outfitters USA, LLC (“Sleep Outfitters USA”) of substantially all of the assets of Innovative Mattress Solutions, LLC (“iMS”). As previously disclosed, on January 11, 2019, iMS, a customer of the Company prior to the Transaction (as defined below), filed a voluntary petition in U.S. Bankruptcy Court for the Eastern District of Kentucky (the “Bankruptcy Court”) seeking relief under Chapter 11 of the U.S. Bankruptcy Code (the “iMS Chapter 11 Proceedings”). With approval from the Bankruptcy Court, Tempur World, LLC (“Tempur World”), an affiliate of the Company, provided debtor-in-possession financing (the “DIP Financing”) to iMS in connection with the iMS Chapter 11 Proceedings. On February 12, 2019, Tempur World submitted a stalking horse bid in the form of an asset purchase agreement (as amended, the “Asset Purchase Agreement”) pursuant to which it agreed, subject to certain conditions and the approval of the Bankruptcy Court, to purchase substantially all of the assets of iMS.

On March 22, 2019, the Bankruptcy Court authorized and approved the Asset Purchase Agreement and the transaction contemplated thereby (the “Transaction”). On April 1, 2019, Tempur World assigned all of its rights and obligations under the Asset Purchase Agreement to Sleep Outfitters USA. Consistent with the terms of the Asset Purchase Agreement, on April 1, 2019 (the “Closing Date”), the Transaction closed and iMS assigned all of its right, title and interest in and to substantially all of its assets and related contractual rights, other than certain specified excluded assets and contractual rights, to Sleep Outfitters USA in exchange for consideration consisting of (i) a credit bid of amounts outstanding as of the Closing Date under the DIP Financing including rolled up pre-petition obligations; (ii) assumption of certain liabilities of iMS; and (iii) a cash payment consisting of, among other things, contract assumption cure costs (collectively, the “Purchase Price”). Pursuant to the terms of the Asset Purchase Agreement, the Purchase Price totaling approximately \$24 million is contingent on, and subject to adjustment based on, events occurring up to, including and after the Closing Date.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit	Description
99.1	Investor Presentation dated April 1, 2019

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: April 1, 2019

Tempur Sealy International, Inc.

By: /s/ Bhaskar Rao

Name: Bhaskar Rao

Title: Executive Vice President & Chief Financial Officer



Sleep Outfitters (iMS) and Tempur Sealy

April 1, 2019

Sleep Outfitters⁽¹⁾

- **Background:** Independently owned from 1983-2019; acquired by Tempur Sealy April 2019
- **Headquarters:** Lexington, KY
- **Regional Branding:** Sleep Outfitters, Mattress Warehouse, Mattress King
- **Major Brands Sold:** Tempur, Sealy, Stearns & Foster
- **Annualized Retail Revenue:** Estimated to be \$80-\$90 million
- **Strategy:** Operate as an independent retailer
 - Phase 1 - Turn the business around
 - Phase 2 - Run the business at steady-state with retail EBITDA⁽²⁾ margins between 4-8%

*Sleep Outfitters (previously iMS), now includes:
Sleep Outfitters, Mattress Warehouse & Mattress King

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". Footnotes: Please refer to the footnotes at the end of this presentation.

© 2019 Tempur Sealy International





Lexington, KY

Highlights

- Concentrated footprint
 - KY, TN, OH, WV, AL
- 98 store doors
- 6 warehouses
- Access to Tempur Sealy programs, products and services will be made available on the same terms as similarly-sized third-party retail partners
- Success will be evaluated on standalone basis



Company-Owned North American Retail Strategy

High-End Targeted Opportunity



Tempur Retail Stores:

- 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⁽³⁾

Broad Based Opportunity – Strategic Representation

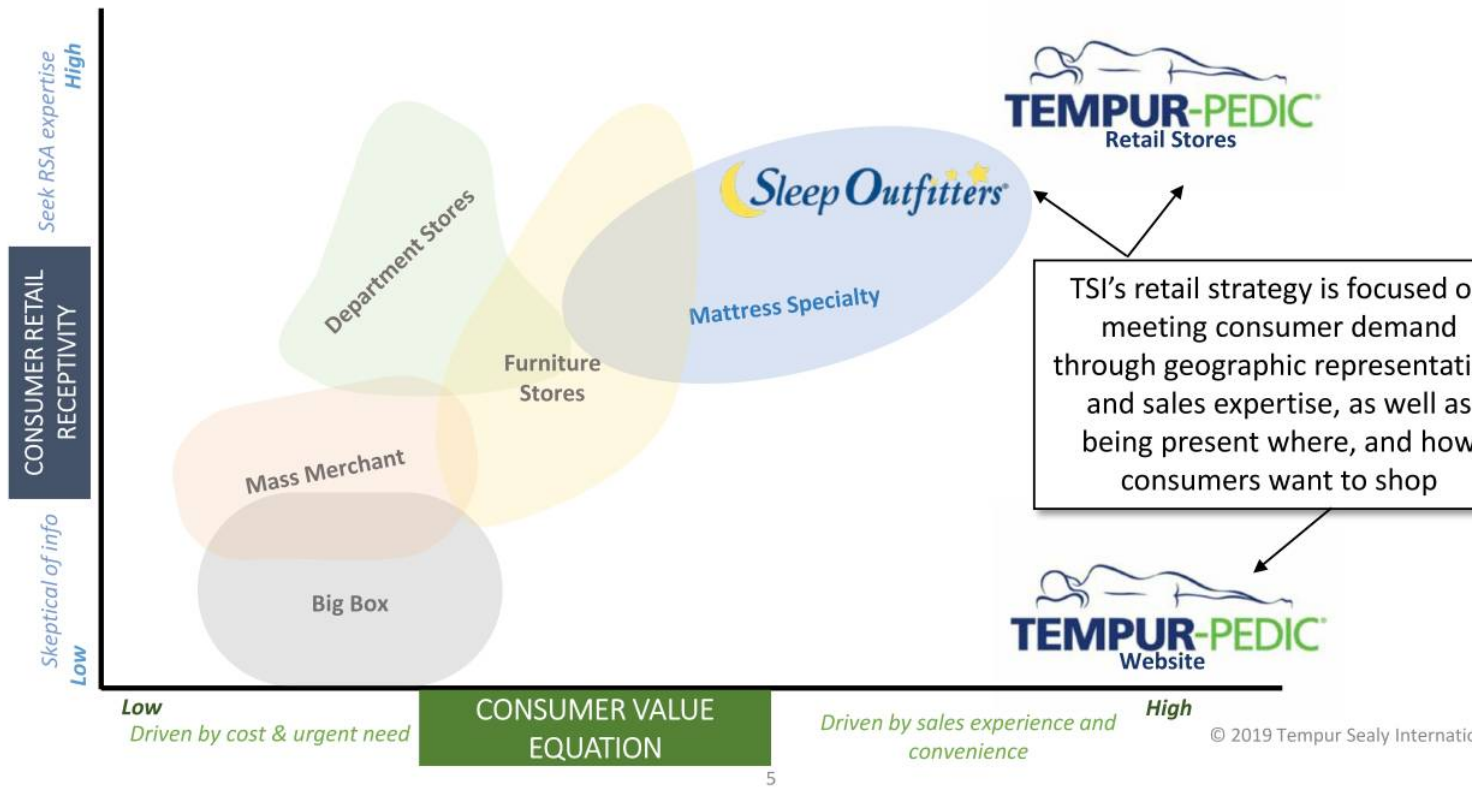
Sleep Outfitters:

- Regional bedding retailer that is strategically important to the markets it serves for TSI
- High market share for TSI brands within footprint
- Tempur, Sealy and Stearns & Foster merchandising
- Wide range of ASP products: \$300 - \$4,500
- Average revenue per store between \$0.8-\$0.9M



Retail Strategies Serve Different Consumer Needs

Consumers have broad based access to Tempur Sealy products, whether that consumer seeks low-touch, convenient purchases or premium, high-touch experiences at retail. ⁽³⁾



Transaction Overview

Acquisition Details

- Tempur Sealy International (TSI) was debtor-in-possession (DIP) lender “stalking horse” bidder
- Asset purchase transaction was approved by Bankruptcy Court and closed on April 1, 2019
- Will be consolidated into TSI results beginning April 1, 2019

Financial Profile

- Expected annual retail revenues of \$80-90M
- Expected 9 month retail EBITDA⁽²⁾ loss \$5M - \$8M in 2019
- Retail EBITDA⁽²⁾ expected to be breakeven or better after 12 months
- No new store openings planned at this time
- No material capital investment expected to be made in 2019

Operations

- To be run independently of TSI wholesale operations
- No plans of re-branding to Tempur Retail stores, due to the different customer base
- Decentralized, experienced management team responsible for day-to-day operations

Phases

1

Establish Sleep
Outfitters as a
profitable entity –
Completely separate
from the wholesale
business unit

2

Focus on improving
sales volume,
margins, and
determine steady
state profitability

3

Evaluate our
long-term
involvement

- Hold
- Grow
- Franchise
- Sell



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 information concerning one or more of Tempur Sealy International, Inc.’s (the “Company”) plans, objectives, goals, strategies, and other information that is not historical information. When used in this presentation, the words “will,” “expects,” “plans” 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 the financial profile, including expected annual revenues and EBITDA projections, and operation integration of the business it acquired in connection with its purchase of substantially all the assets of Innovative Mattress Solutions, LLC (“IMS”) through IMS’ bankruptcy proceedings under Chapter 11 of the U.S. Bankruptcy Code. Any forward-looking statements contained herein are based upon current expectations and beliefs and various assumptions. There can be no assurance that the Company will realize these expectations, meet its guidance, or that these beliefs will prove correct.

Numerous factors, many of which are beyond the Company’s control, could cause actual results to differ materially from any that may be expressed as forward-looking statements. These 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 segment 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 optimize 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 related 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 related problems experienced by other market participants; the Company’s ability to execute on its strategy to optimize and integrate the IMS assets purchased by the Company; 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 increased 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 our target leverage and the Company’s 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 1 of the Company’s Annual Report on Form 10-K for the year ended December 31, 2018. There may be other factors that could cause the Company’s actual results to differ materially from the forward-looking statements. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

Note Regarding Historical Financial Information:

In this investor presentation we provide or refer to certain historical information for the Company. For a more detailed discussion of the Company’s financial performance, please refer to the Company’s filings with the U.S. Securities and Exchange Commission (the “SEC”).

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-LUXE breeze™, TEMPUR Cloud®, TEMPUR-Choice®, TEMPUR-Weightless®, 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.

Footnotes

1. In this presentation, “iMS” refers to Innovative Mattress Solutions, LLC, a Delaware limited liability company; “Tempur Sealy,” “TSI” or the “Company” each refer to Tempur Sealy International, Inc., a Delaware corporation and its subsidiaries (as the context requires); and “Sleep Outfitters” refers to Sleep Outfitters USA, L Delaware limited liability company and wholly-owned indirect subsidiary of Tempur Sealy under which certain of the iMS assets purchased by Tempur Sealy are operated. On April 1, 2019, Tempur Sealy completed the purchase of substantially all of the assets of iMS in connection with iMS’ Chapter 11 bankruptcy proceedings as more fully described herein and in the Form 8-K filed by Tempur Sealy with the SEC on April 1, 2019 of which this presentation is a part.
2. Retail EBITDA is an internal measure used to project Sleep Outfitters’ performance on a standalone basis. This measure is used in connection with the Company’s projected outlook for Sleep Outfitters that is presented herein and is a non-GAAP financial measure that excludes or has otherwise been adjusted for items in order to ensure comparability. The Company is unable to reconcile this forward-looking non-GAAP financial measure to GAAP net income for Sleep Outfitters, 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 for Sleep Outfitters for the periods referenced but would nevertheless impact Sleep Outfitters’ retail EBITDA. Such items may include restructuring activities, income taxes and other items. The unavailable information could have a significant impact on Sleep Outfitters’ results for the applicable period(s).
3. Management estimates.

