

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
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): January 24, 2020

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:

- 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, \$0.01 par value	TPX	New York Stock Exchange

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 January 24, 2020, Tempur Sealy International, Inc. (the "Company") released an updated 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 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 any such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Tempur Sealy International, Inc. January 2020 Investor Presentation.
104.1	Cover page interactive data file (embedded within the Inline XBRL document).

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: January 24, 2020

Tempur Sealy International, Inc.

By: /s/ Bhaskar Rao
Name: Bhaskar Rao
Title: Executive Vice President & Chief Financial Officer

TEMPUR+SEALY

Tempur Sealy International, Inc. (TPX)

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



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

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”.

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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-channel 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"). Management believes that the use of EBITDA provides investors with useful information with respect to the Company's operating performance and comparisons from period to period. For a more detailed discussion of this non-GAAP financial measure, including a reconciliation to the closest GAAP financial measure, please refer to the Company's SEC filings.

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BRANDS & PRODUCTS

TEMPUR+SEALY

TEMPUR+SEALY



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STEARNS & FOSTER



TEMPUR+SEALY

Voted 2019

BEST FIRM MATTRESS
by
**GOOD
HOUSEKEEPING**



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STEARNS & FOSTER®

TEMPUR-PEDIC™



Voted 2019
BEST FIRM MATTRESS
by
GOOD HOUSEKEEPING



CHOICE

Tempur rated #1 Most Reliable and
#1 Highest Customer Satisfaction
by Australian consumers

2020 NEW PRODUCTS & SALES INITIATIVES

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TEMPUR-Ergo[®] Smart Base

Powered by *Sleeptracker*[®] AI



TEMPUR-Ergo[®] Smart Base

Powered by *Sleeptracker*[®] AI

**ADVANCED SLEEP SENSING
POWERED BY CLOUD AI
NONINTRUSIVE
& SECURE**

TEMPUR+SEALY



Powerful Omni-Channel Platform



Tempur Sealy's wholesale business strategy:

- grow market share with existing customers
- win new business
- expand into new channels of distribution

Undergoing the largest expansion of doors in the Company's history

TEMPUR+SEALY





RetailEdge provides **SHOPPER-FOCUSED** solutions that deliver a **CONNECTED** and **PERSONALIZED** experience across all phases of the purchase journey.

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OMNI-CHANNEL

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Powerful Omni-Channel 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 Retail Store Footprint



Company-Owned North American Store Strategy

← High-End Targeted Opportunity



Tempur® Retail Stores:

- 56 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⁽¹⁾

→ Broad Based Opportunity – Strategic Representation

Sleep Outfitters®:

- Regional bedding retailer that is strategically imported to the markets it serves for Tempur Sealy
- Store count: 97
- Tempur, Sealy and Stearns & Foster merchandising
- Wide range of ASP products: \$300 - \$4,500
- Average revenue per store between \$0.8-\$0.9M⁽¹⁾



(1) Management estimates

Winning Online: Traditional Retail and DTC

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

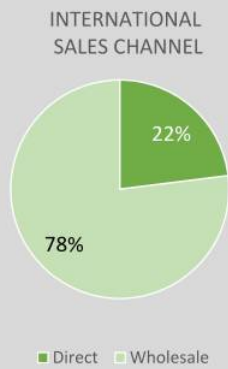
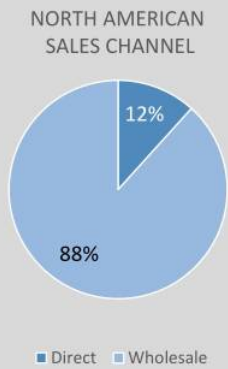
TPX proprietary RetailEdge training providing shopper-focused solutions
High growth and stable margins

Compressed Bedding Products

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

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*



MARKET UPDATE

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Complimentary Product Strategy

*Tempur Sealy has
historically competed in*
Branded Bedding

Majority of Revenues and Profits



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Opportunity with
Non-Branded Bedding

Incremental Revenues and Profits

Strength Together

TEMPUR+SEALY

- Strong balance sheet and cash flow
- Best in class supply agreement and logistics
- Iconic brands and consumer preferred products
- Powerful omni-channel platform

SHERWOOD® BEDDING

- Historically solid profitability
- Exceptional, seasoned management
- Efficient operating model for making entry level, high velocity products
- Ability to produce full breadth of products resulting in high margins to retailers

Both Companies

- ✓ Shared value for customer service
- ✓ Shared goal of becoming a one-stop solution of branded, non-branded products, service, and marketing

Sherwood Bedding Company

- **Background:** Sherwood is a top 10 US bedding manufacturer primarily focused on private label and OEM bedding with 4 plants across the US. In addition, Sherwood produces branded products for certain customers.
- **Financial Overview:** Annualized wholesale revenues estimated to be over \$150 million⁽¹⁾, historically solid profitability.
- **Go-Forward Strategy:** Operate and go-to market as an independent business unit within the Tempur Sealy enterprise. Leverage Tempur Sealy scale for synergistic opportunities to strengthen low-cost producer status.



Transaction Overview



Acquisition Details

- On January 24, 2020, Tempur Sealy International entered into an agreement to acquire 80% ownership
- The transaction will be structured as a cash purchase of approximately \$40 million or about 4x EBITDA⁽¹⁾
- An experienced management team is responsible for day-to-day operation with a governing board

Financial Profile

- Sherwood Bedding is a top 10 US bedding producer, with estimated annual wholesale revenues of over \$150 million⁽²⁾
- Expected to self fund its future growth

Long Term Outlook

- Build upon existing relationships to deliver more value than either business could on its own by leveraging our strong combined assets
- No personnel reductions are expected and, over time, the Company believes that other cost synergies can be realized to benefit all brands and customers

(1) This financial measure is not recognized under U.S. Generally Accepted Accounting Principles ("GAAP"). Management believes that the use of EBITDA provides investors with useful information with respect to the Company's operating performance and comparisons from period to period. For a more detailed discussion of this non-GAAP financial measure, including a reconciliation to the closest GAAP financial measure, please refer to the Company's SEC filings.

(2) Management estimates

2019 A Year in Review

Completed the launch of the all-new line of Tempur-Pedic products



Announced that we were expanding our distribution with a new supplier agreements



Focused on executing the largest expansion of new doors in the Company's history



Many other workstreams were ongoing through 2019 to support long-term initiatives

Marketing asset creation and deployment to address the changing consumer

International growth, despite country-specific headwinds that the Company expects to continue into 2020

Operations driving for improved efficiencies

IT department preparing Company for new ERP in 2020

2020 Commentary

The Company expects to provide full year financial guidance during the fourth quarter earnings call in February 2020. In advance of this, the Company has provided the following comments on 2020.

The Company expects a favorable bedding market in the U.S. In addition to this, the Company expects:

- The expanded distribution will continue to be a material benefit in the first three quarters of 2020
- To continue to expand the direct business through new doors and capturing share online
- For Sleep Outfitters, which was executing a turnaround in 2019, to be profitable in 2020
- For Sherwood Bedding, when acquired, to be accretive to the existing business
- To continue investing in R&D, as well as investing a record amount of advertising dollars which is expected to be slightly up on a rate basis for the full year
- For commodities and compensation to be favorable to EBITDA⁽¹⁾ in 2020 versus 2019
- Favorable product launch expenses from the benefits of a longer product life cycle

(1) This financial measure is not recognized under U.S. Generally Accepted Accounting Principles ("GAAP"). Management believes that the use of EBITDA provides investors with useful information with respect to the Company's operating performance and comparisons from period to period. For a more detailed discussion of this non-GAAP financial measure, including a reconciliation to the closest GAAP financial measure, please refer to the Company's SEC filings.

Thank you for
your interest in
Tempur Sealy
International



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For more information please email: investor.relations@tempursealy.com



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Appendix

Environmental, Social, and Governance

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



Environmental

- 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 CO₂, 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

Aspirational Program⁽¹⁾

- The Company has an Aspirational Program which is a unique long-term program designed to provide extraordinary compensation for extraordinary performance. The Company seeks to accomplish these goals in a way that rewards performance that is aligned with its stockholders' interest as exemplified by the Company's Aspirational Program.
 - Performance restricted stock units ("PRSUs") for approximately 1.7 million shares of the Company's common stock were granted to over 150 employees as of 12/31/19
 - PRSUs will vest based on adjusted EBITDA⁽²⁾ 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

January 1, 2020 – December 31, 2020 (Period 2)			
Adjusted EBITDA	% of Total Grant of PRSUs That Will Vest	# Shares That Will Vest	Full Year Dilution Impact*
≥ \$650	50%	850,000	1.5%
\$600	33%	570,000	1.0%
< \$600	0%	0	0.0%

- 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
- Prorated based on performance between \$600 & \$650, but is only payable at the end of the respective period

(1) For more information about the Aspirational Plan and the terms of the aspirational PRSUs, please refer to the Company's SEC filings, including the Company's Form 8-K filed on August 7, 2017. In addition, please refer to "Forward Looking Statements".

(2) This financial measure is not recognized under U.S. GAAP. Management believes that the use of Adjusted EBITDA provides investors with useful information with respect to the Company's operating performance and comparisons from period to period. For a more detailed discussion of this non-GAAP financial measure, including a reconciliation to the closest GAAP financial measure, please refer to the Company's SEC filings.

*Assumed share count as of 12/31/19

Forward-Looking Statements

This investor presentation contains statements that may be characterized as "forward-looking" within the meaning of the federal securities laws, which includes 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 release, the words "assumes," "vision," "may," "strategy," "estimate," "expects," "guidance," "anticipates," "seeks," "projects," "plans," "proposed," "targets," "intends," "goals," "believes," "will," and variations of such words or similar expressions are intended to identify such statements. These forward-looking statements include, without limitation, statements relating to the Company's expectations regarding performance generally for 2020 and subsequent periods, as well as the performance of Sleep Outfitters USA, LLC ("Sleep Outfitters") in 2020, the Company's expectations relating to Sherwood Acquisition Holdings LLC's ("Sherwood Bedding") on-going operations and future growth, cost synergies, personnel and the impact of the potential acquisition on the Company's brands, products, customer base, results of operations or financial position, the Company's expectations regarding optimizing worldwide distribution, expanding the direct-to-consumer business (including the Company's Tempur-branded retail store presence), investment in research and development, favorable commodity prices, favorable product launch expenses and the length of the product life cycle, the Company's Aspirational Program 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 or that these beliefs will prove correct. The Company undertakes no obligation to update any forward-looking statement contained herein to reflect events or circumstances after the date on which such statement is made.

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 and the related expenses and life cycles of such 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 of 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 generally and in connection with the new or expanded supply agreements with Mattress Firm, Inc., Big Lots, Inc. and Beter Bed Holding N.V.; the effects of consolidation of retailers on revenues and cost of competition in the Company's industry; consumer acceptance of the Company's products; 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; whether the potential acquisition of Sherwood Bedding will occur; risks associated with Sherwood Bedding's ongoing operations and the possibility that the expected benefits of the potential acquisition are not realized when expected or at all; 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. 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.

