



Q4 2019 Earnings Call

February 20, 2020



Forward-looking statements

Safe Harbor Statement

This presentation contains forward-looking statements, which concern our plans, objectives, outlook, goals, strategies, future events, future net sales or performance, capital expenditures, future restructuring, plans or intentions relating to expansions, business trends and other information that is not historical information. All forward-looking statements are based upon information available to us on the date of this release and are subject to risks, uncertainties and other factors, many of which are outside of our control, which could cause actual results to differ materially from the results discussed in the forward-looking statements. Risks and uncertainties that could cause such results to differ include: failure to capitalize on, volatility within, or other adverse changes with respect to the Company's growth drivers, including advanced mobility and advanced connectivity, such as delays in adoption or implementation of new technologies; uncertain business, economic and political conditions in the United States and abroad, particularly in China, South Korea, Germany, Hungary and Belgium, where we maintain significant manufacturing, sales or administrative operations; the trade policy dynamics between the U.S. and China reflected in trade agreement negotiations and the imposition of tariffs and other trade restrictions, including trade restrictions on Huawei Technologies Co., Ltd.; fluctuations in foreign currency exchange rates; the results of our research and development efforts; adverse competitive developments, including the extent to which our products are incorporated into end-user products and systems and the extent to which those products and systems achieve commercial success; business interruptions due to catastrophes or other similar events, such as natural disasters, war, terrorism or public health crises; business development transactions and related integration considerations, including failure to realize, or delays in the realization of anticipated benefits of such transactions; the outcome of ongoing and future litigation, including our asbestos-related product liability litigation; inability to obtain raw materials, including commodities, from single or limited source suppliers in a timely and cost effective manner; and changes in laws and regulations applicable to our business. For additional information about the risks, uncertainties and other factors that may affect our business, please see our most recent annual report on Form 10-K and any subsequent reports filed with the Securities and Exchange Commission, including quarterly reports on Form 10-Q. Rogers Corporation assumes no responsibility to update any forward-looking statements contained herein except as required by law.

Non-GAAP Information

This presentation includes the following financial measures that are not presented in accordance with generally accepted accounting principles in the United States of America ("GAAP"):

- (1) Adjusted net income, which the Company defines as net income excluding amortization of acquisition intangible assets and discrete items, such as acquisition and related integration costs, change in foreign jurisdiction tax regulation on equity awards attributable to a prior period, asbestos related charges, environmental accrual adjustment, gain from indemnity claim and antitrust litigation settlements, losses or gains on the sale or disposal of property, plant and equipment, pension settlement charges, purchase accounting inventory adjustment, restructuring, severance, impairment and other related costs and transition services, net (collectively, "Discrete Items")
- (2) Adjusted earnings per diluted share, which the Company defines as earnings per diluted share excluding acquisition-related amortization of intangible assets and Discrete items;
- (3) Adjusted operating expenses, which the Company defines as operating expenses excluding acquisition-related amortization of intangible assets and Discrete Items;
- (4) Adjusted operating income, which the Company defines as operating income excluding acquisition-related amortization of intangible assets and Discrete Items;
- (5) Adjusted operating margin, which the Company defines as operating margin excluding acquisition-related amortization of intangible assets and Discrete Items;
- (6) Adjusted EBITDA, which the Company defines as net income excluding interest expense, income tax expense, depreciation and amortization, stock-based compensation and Discrete Items; and
- (7) Adjusted EBITDA margin, which the Company defines as net income margin excluding interest expense, income tax expense, depreciation and amortization, stock-based compensation and Discrete Items.
- (8) Free Cash Flow, which the Company defines as net cash provided from operating activities less non-acquisition capital expenditures

Management believes that adjusted net income, adjusted earnings per diluted share, adjusted operating expenses, adjusted operating income, adjusted operating margin, adjusted EBITDA and adjusted EBITDA margin are useful to investors because they allow for comparison to the Company's performance in prior periods without the effect of items that, by their nature, tend to obscure the Company's core operating results due to potential variability across periods based on the timing, frequency and magnitude of such items. As a result, management believes that these measures enhance the ability of investors to analyze trends in the Company's business and evaluate the Company's performance relative to peer companies. Management also believes free cash flow is useful to investors as an additional way of viewing the Company's liquidity and provides a more complete understanding of factors and trends affecting the Company's cash flows. However, non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation from, or solely as alternatives to, financial measures prepared in accordance with GAAP. In addition, these non-GAAP financial measures may differ from similarly named measures used by other companies. Reconciliations of the differences between these non-GAAP financial measures and their most directly comparable financial measures calculated in accordance with GAAP are set forth in the appendix. Management also believes that providing net sales information on a constant currency or FX adjusted basis is useful to investors as it allows for the comparison of net sales for the current period to past periods without the impact of changes in exchange rates (from various local currencies into US dollars) which occurred during the intervening time. To calculate constant currency revenues, we converted current period local currency revenues to US dollars at prior period rates, and used the resulting US dollar revenues to calculate growth vs. the prior period reported revenues.

Introductions



Bruce Hoechner

President &
Chief Executive Officer



Mike Ludwig

Senior Vice President &
Chief Financial Officer



Bob Daigle

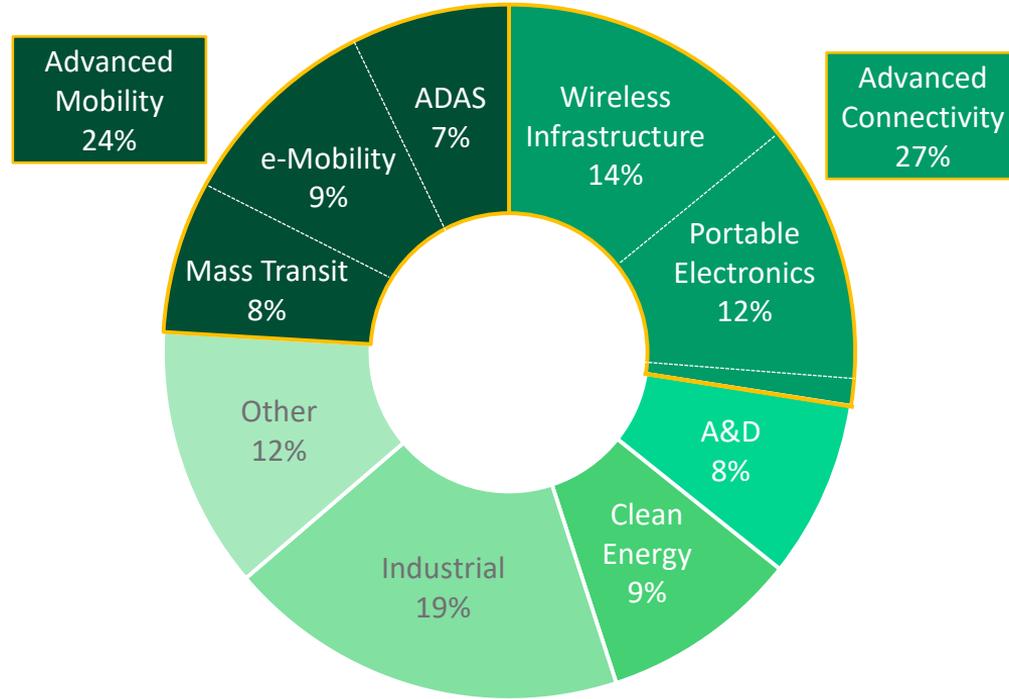
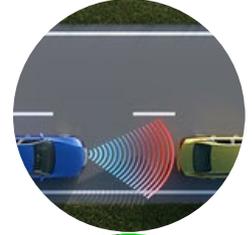
Senior Vice President &
Chief Technology Officer

2019 Summary

	FY 2019	Q4 2019
Results	<ul style="list-style-type: none">• Net sales of \$898M• Gross margin of 35.0%• Adjusted EPS* of \$6.14 per diluted share	<ul style="list-style-type: none">• Net sales of \$194M• Gross margin of 33.1%• Adjusted EPS* of \$1.14 per diluted share
Highlights	<ul style="list-style-type: none">• Advanced Mobility: Strong 2019 growth in power semiconductor substrates for EV/HEV; Solid ADAS growth• Advanced Connectivity: Portable electronics strong full year growth; Wireless infrastructure strong in 1H 2019• Aerospace and defense: Robust growth in Q4 and full year 2019• Continued improvements in PES operations and gross margin in Q4	
Challenges	<ul style="list-style-type: none">• Economic uncertainty led to softness in general industrial and traditional automotive markets• Trade tensions drove increased competition in 4G and 5G wireless infrastructure market• Impact of tariffs on market demand and gross margin	

*See reconciliations to adjusted metrics in the appendix: earnings per diluted share to adjusted earnings per diluted share.

Rogers 2019 Revenues by Market



Market-driven innovation leading to growth in diverse global markets

Growth Driver Update

Advanced Connectivity

5G Infrastructure Update:

- ~4M 5G base station deployments expected by 2023¹. 2020 deployments of 880K, subject to trade and coronavirus risks
- U.S. FCC taking steps to free up mid-band spectrum

Portable Electronics Update:

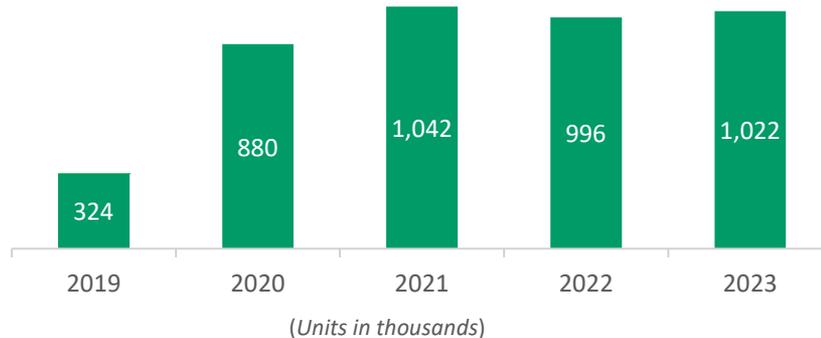
- Global smartphone sales expected to return to slight growth in 2020 driven by 5G handsets⁴

Advanced Mobility

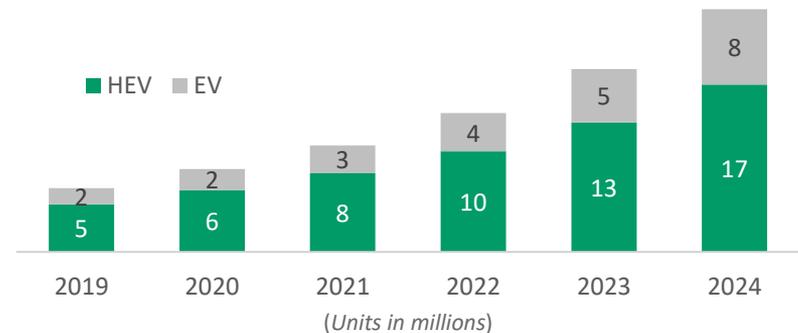
EV/HEV Market Update:

- Projected CAGR of ~30% through 2024²
- ~400 new battery EV models expected by 2025³
- Tesla: 2020 expected deliveries of >500K
- Volkswagen: 1 million EVs targeted by 2023
- General Motors: \$2.3B invested in EV battery JV

Projected global 5G base station shipments¹



Projected global EV and HEV sales²



Advanced Connectivity Solutions (ACS)



2019 Update

- Net sales of \$317M, up 8% YoY
- Growth in wireless infrastructure, aerospace & defense and ADAS
- Pause in 5G orders and decline in 4G in the second half of 2019
- Trade tensions driving increased competition in 4G and 5G wireless infrastructure market

Strategy

- Leverage innovation to capitalize on market opportunities in key areas:
 - Automotive safety sensors
 - Aerospace & Defense
- Maximize opportunity in global 5G rollout and emerging Low Earth Orbit (LEO) satellite terminals

Focused on growth in Wireless Infrastructure, ADAS, Aerospace & Defense

Elastomeric Material Solutions (EMS)

2019 Update

- Net sales of \$362M, up 6% YoY
- Growth from strong demand in portable electronics, mass transit, EV/HEV battery pads and recent acquisitions
- Softness in general industrial and traditional automotive demand

Strategy

- Capitalize on the large emerging market opportunity for EV/HEV battery pads and battery pack sealing solutions
- Maintain leadership in portable electronics, general industrial and aerospace markets
- Optimize acquisitions to expand profitable growth

Focused on growth opportunities in Advanced Mobility and Advanced Connectivity

Power Electronics Solutions (PES)



2019 Update

- Net sales of \$199M, down 11% YoY
- Strong growth in demand for power semiconductor substrates for EV/HEV applications
- Industrial power and traditional auto markets impacted by weak demand and inventory correction
- Progress on operational improvements in Q4

Strategy

- Leverage our proven technology to capitalize on strong market growth opportunities in Advanced Mobility applications
 - Invest in capacity to support accelerating demand for EV/HEV applications
 - Continue to execute on business improvement initiatives to increase profitability

**Strong outlook for Advanced Mobility demand
Focused on continuing improvements in operating performance**

Rogers Vision

Strategic Elements

Market-Driven
Organization

Innovation
Leadership

Synergistic
M&A

Operational
Excellence

Financial Objectives

Organic
growth:
5-10%

15%
Total
Revenue
Growth

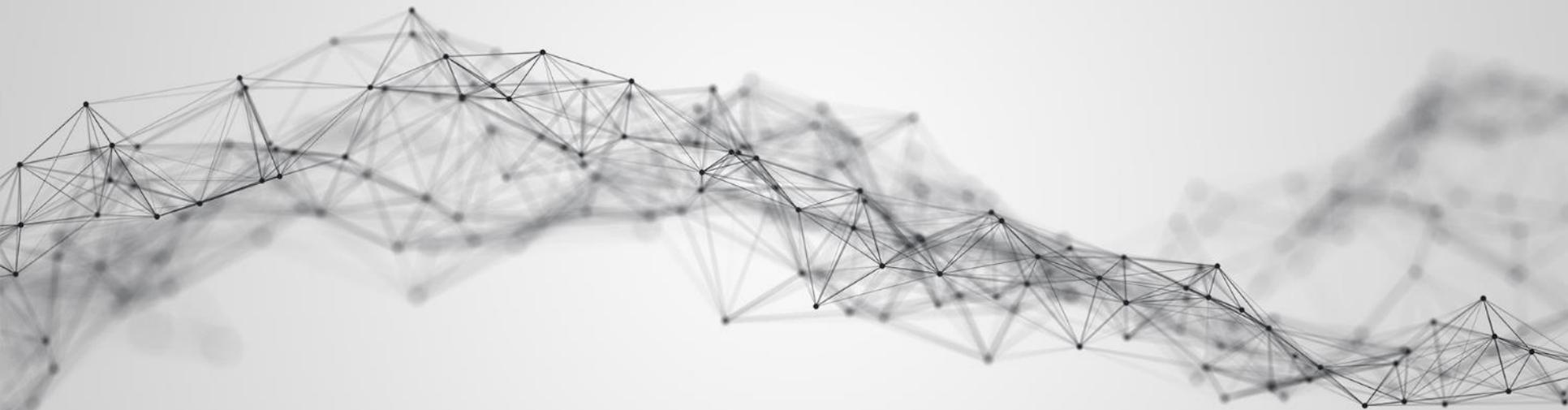
Synergistic
M&A growth:
5-10%

>20%
Adjusted operating margin

Capitalize on tailwinds in Advanced Mobility and Advanced Connectivity applications to drive profitable growth

Financial overview

Mike Ludwig, Sr. Vice President and Chief Financial Officer



Q4 2019 Financial highlights

(\$ in millions, except EPS)	Q4-2019	Q3-2019	Q4-2018
Net sales	\$193.8	\$221.8	\$222.9
Gross margin	\$64.2	\$78.9	\$78.4
Gross margin %	33.1%	35.6%	35.2%
Operating income	\$14.6	\$29.9	\$26.8
Operating margin %	7.5%	13.5%	12.0%
Adjusted operating income*	\$22.5	\$36.2	\$35.6
Adjusted operating margin %*	11.6%	16.3%	16.0%
Net income	(\$28.8)	\$23.4	\$24.5
Net income % of net sales	(14.8%)	10.5%	11.0%
Adjusted EBITDA*	\$34.5	\$47.4	\$46.7
Adjusted EBITDA margin %*	17.8%	21.4%	20.9%
EPS	(\$1.55)	\$1.25	\$1.31
Adjusted EPS*	\$1.14	\$1.51	\$1.67

**Net sales below the guidance range;
Gross Margin % and Adjusted EPS within guidance despite lower revenues**

*See reconciliations to adjusted metrics in the appendix: adjusted operating income to operating income, adjusted operating margin to operating margin, adjusted EBITDA to net income and adjusted earnings per diluted share to earnings per diluted share. Adjusted EBITDA for the fourth quarter of 2018 has been recast to reflect the add-back of stock-based compensation expense.

2019 Financial highlights

(\$ in millions, except EPS)	FY-2019	FY-2018
Net sales	\$898.3	\$879.1
Gross margin	\$314.3	\$310.8
Gross margin %	35.0%	35.4%
Operating income	\$110.5	\$112.7
Operating margin %	12.3%	12.8%
Adjusted operating income*	\$141.4	\$138.9
Adjusted operating margin %*	15.7%	15.8%
Net income	\$47.3	\$87.7
Net income % of net sales	5.3%	10.0%
Adjusted EBITDA*	\$188.2	\$184.8
Adjusted EBITDA margin %*	21.0%	21.0%
EPS	\$2.53	\$4.70
Adjusted EPS*	\$6.14	\$5.77

**Strong first half tempered by soft market demand in second half of 2019
Profitability impacted by PES operational challenges;**

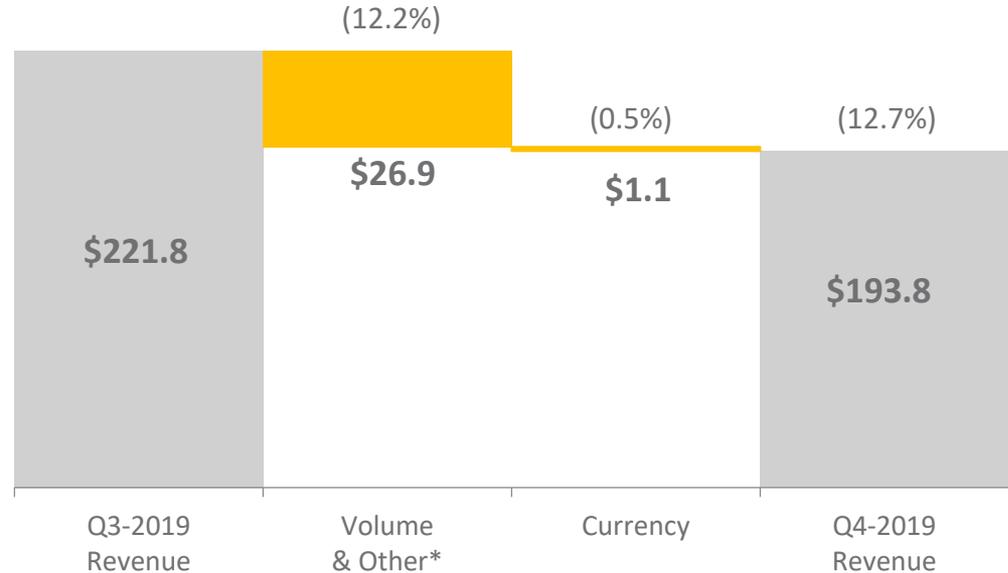
*See reconciliations to adjusted metrics in the appendix: adjusted operating income to operating income, adjusted operating margin to operating margin, adjusted EBITDA to net income and adjusted earnings per diluted share to earnings per diluted share. Adjusted EBITDA for 2018 has been recast to reflect the add-back of stock-based compensation expense.

Revenue bridge vs prior quarter

Q4-2019 Update

- Revenues of \$194 million or 12.7% decrease sequentially
- Volume & Other decline due to soft demand in ACS & EMS businesses; partially offset by modest PES growth
- Weaker CNY and Euro contributed to unfavorable currency impact

(\$ in millions)



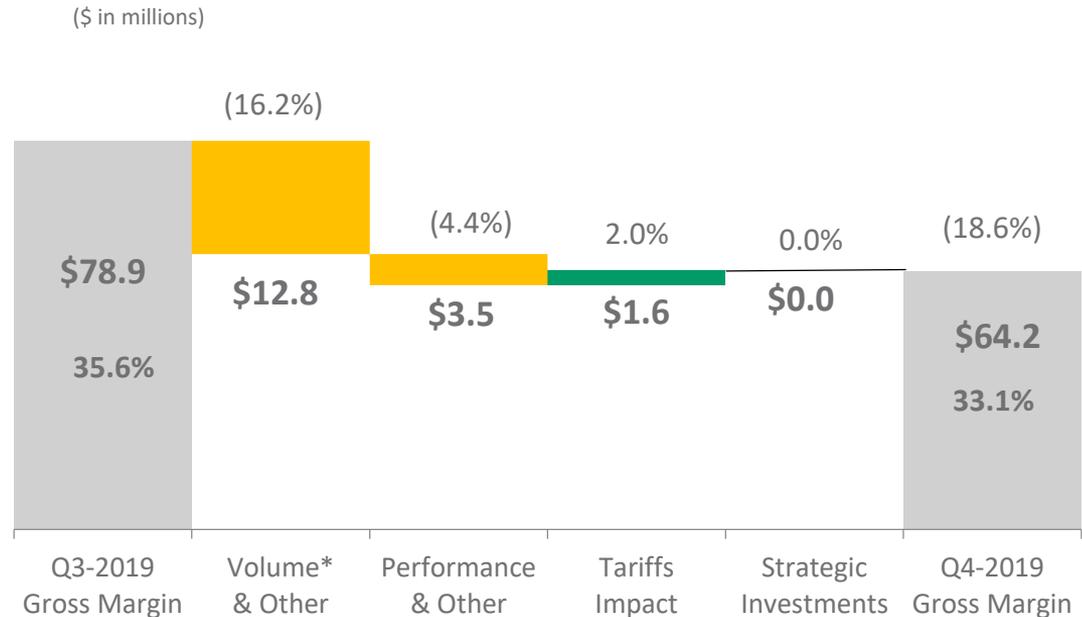
**Soft demand in Wireless Infrastructure and Industrial markets;
EV/HEV demand increased sequentially**

*Volume & Other of (\$26.9) million represents change in volume, price and mix excluding the impact of FX.

Gross margin bridge vs prior quarter

Q4-2019 Update

- ACS & EMS volumes decline: PES demand increased slightly
- Performance shortfall due to lower ACS & EMS throughput; partially offset by reduced manufacturing spend
- Tariffs decreased to 41 bps in Q4
- Carrying costs in anticipation of next 5G rollout is consistent with Q3



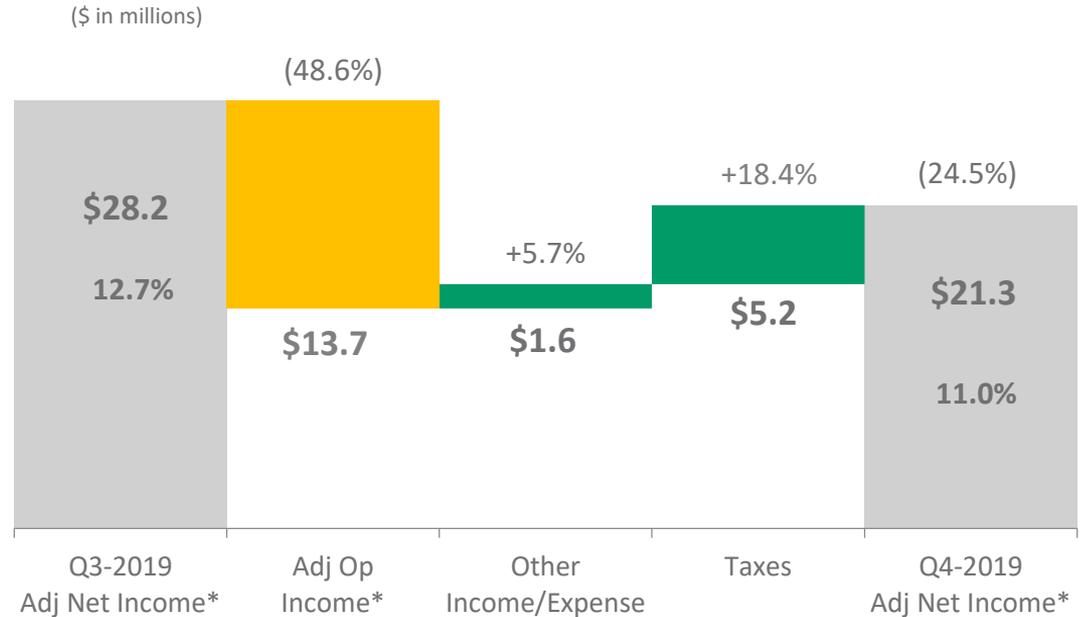
**Gross Margin % within guidance despite lower ACS & EMS volumes;
PES gross margin % improvement driven by execution of recovery plan & volume increase**

*Volume & Other of (\$12.8) million represents change in sales volume, price, mix and FX.

Adjusted net income* bridge vs prior quarter

Q4-2019 Update

- Adjusted Op Income* negatively impacted by lower revenues; partially offset by decrease in adjusted operating expense
- Other income/expense benefit from derivatives and lower interest expense
- Taxes decrease due to decline in profitability

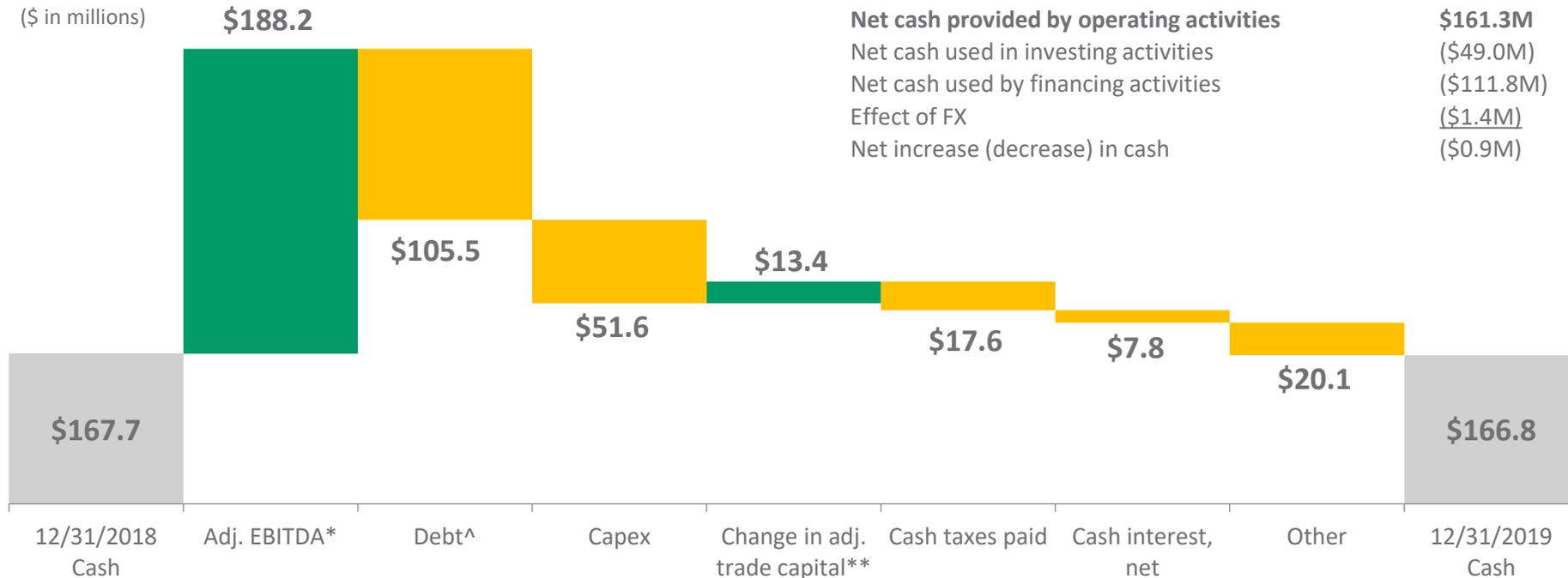


Adjusted Net Income* impacted by lower demand and throughput

*Reconciliation of adjusted net income to net income and adjusted operating income to operating income is included in the appendix.

Cash utilization

(\$ in millions)



Net cash provided by operating activities	\$161.3M
Net cash used in investing activities	(\$49.0M)
Net cash used by financing activities	(\$111.8M)
Effect of FX	(\$1.4M)
Net increase (decrease) in cash	(\$0.9M)

**Cash position remains strong;
Debt repayment and Capex investments funded by Adjusted EBITDA* performance**

*See reconciliations of adjusted EBITDA to net income in the appendix. **Change in Adjusted Trade Capital represents change in assets and liabilities, per the statement of cash flows. ^Repayment of debt principal and finance lease obligations is \$105.9 million per statement of cash flows. Finance lease obligations of approximately \$0.4 million included in "Other" category.

Q1-2020 guidance

(\$ in millions, except EPS)

Net sales	\$185M - \$200M
Gross Margin	32.5% - 33.5%
EPS	\$0.50 - \$0.70
Adjusted EPS*	\$0.75 - \$0.95



*See reconciliation of adjusted earnings per diluted share to earnings per diluted share in the appendix.



Appendix



Q4-2019: Adjusted operating income and operating margin reconciliation

(\$ in millions)	Q4-18(\$)	Q4-18(%)	Q3-19(\$)	Q3-19(%)	Q4-19(\$)	Q4-19(%)
Operating income and operating margin	\$26.8	12.0%	\$29.9	13.5%	\$14.6	7.5%
Restructuring, severance, impairment and other related costs	\$2.7	1.2%	\$1.3	0.6%	\$0.8	0.4%
Acquisition and related integration costs	\$0.4	0.2%	\$0.5	0.2%	\$0.5	0.3%
Asbestos-related charges	\$0.7	0.3%	-	-	\$1.7	0.9%
Environmental accrual adjustment	-	-	-	-	\$0.8	0.4%
Transition services, net	\$1.9	0.9%	\$0.1	0.0%	\$0.1	0.1%
Loss (gain) on sale or disposal of property, plant and equipment	-	-	-	-	\$0.4	0.2%
Gain from indemnity claim & antitrust litigation settlements	(\$1.3)	(0.6%)	-	-	(\$0.7)	(0.4%)
Total discrete items	\$4.4	2.0%	\$1.9	0.8%	\$3.6	1.9%
Operating income and operating margin, adjusted for discrete items	\$31.1	14.0%	\$31.8	14.3%	\$18.1	9.4%
Acquisition intangible amortization	\$4.4	2.0%	\$4.4	2.0%	\$4.4	2.3%
Adjusted operating income and operating margin	\$35.6	16.0%	\$36.2	16.3%	\$22.5	11.6%

Note: percentages and dollars may not add due to rounding.

Q4-2019: Adjusted EBITDA and adjusted EBITDA margin reconciliation

(\$ in millions)	Q4-18(\$)	Q4-18(%)	Q3-19(\$)	Q3-19(%)	Q4-19(\$)	Q4-19(%)
Net Income	\$24.5	11.0%	\$23.4	10.5%	(\$28.8)	(14.9%)
Interest expense, net	\$2.1	1.0%	\$1.8	0.8%	\$1.1	0.6%
Income tax expense	\$0.9	0.4%	\$5.3	2.4%	(\$9.5)	(4.9%)
Depreciation	\$10.3	4.6%	\$7.6	3.4%	\$7.6	3.9%
Amortization	\$4.4	2.0%	\$4.4	2.0%	\$4.4	2.3%
Stock-based compensation expense	\$2.7	1.2%	\$3.2	1.4%	\$3.0	1.5%
Restructuring, severance, impairment and other related costs	\$2.7	1.2%	\$1.3	0.6%	\$0.8	0.4%
Acquisition and related integration costs	\$0.4	0.2%	\$0.5	0.2%	\$0.5	0.3%
Asbestos-related charges	\$0.7		-	-	\$1.7	0.9%
Environmental accrual adjustment	-	-	-	-	\$0.8	0.4%
Transition services lease income	(\$0.7)	(0.3%)	(\$0.1)	0.0%	(\$0.1)	(0.1%)
Pension settlement charges	-	-	-	-	\$53.2	27.5%
Loss (gain) on sale or disposal of property, plant and equipment	-	-	-	-	\$0.4	0.2%
Gain from indemnity claim and antitrust litigation settlements	(\$1.3)	(0.6%)	-	-	(\$0.7)	(0.4%)
Adjusted EBITDA*	\$46.7	20.9%	\$47.4	21.4%	\$34.5	17.8%

Note: percentages and dollars may not add due to rounding

*Adjusted EBITDA for the fourth quarter of 2018 has been recast to reflect the add-back of stock-based compensation expense.

Q4-2019: Adjusted EPS reconciliation

	Q4-18 (\$)	Q3-19 (\$)	Q4-19 (\$)
GAAP earnings per diluted share	\$1.31	\$1.25	(\$1.55)
Restructuring, severance, impairment and other related costs	\$0.11	\$0.05	\$0.03
Acquisition and related integration costs	\$0.02	\$0.02	\$0.02
Transition services, net	\$0.08	\$0.01	\$0.01
Asbestos-related charge	\$0.03	-	\$0.07
Environmental accrual adjustment	-	-	\$0.03
Gain from indemnity claim and antitrust litigation settlements	(\$0.06)	-	(\$0.03)
Pension settlement charges	-	-	\$2.35
Loss (gain) on sale or disposal of property, plant and equipment	-	-	\$0.02
Impact of including dilutive securities ^(a)	-	-	\$0.01
Total discrete items	\$0.18	\$0.08	\$2.51
Earnings per diluted share adjusted for discrete items	\$1.49	\$1.33	\$0.96
Acquisition intangible amortization	\$0.18	\$0.18	\$0.18
Adjusted earnings per diluted share	\$1.67	\$1.51	\$1.14

Note: percentages and dollars may not add due to rounding.

^(a)This represents the dilutive effect of awards under equity compensation plans. See reconciliation of weighted average shares outstanding – diluted to Adjusted weighted average shares outstanding – diluted in the appendix.

Q4-2019: Adjusted net income reconciliation

(\$ in millions)	Q4-18 (\$)	Q4-18(%)	Q3-19 (\$)	Q3-19(%)	Q4-19 (\$)	Q4-19(%)
Net Income	\$24.5	11.0%	\$23.4	10.5%	(\$28.8)	(14.9%)
Restructuring, severance, impairment and other related costs	\$2.7	1.2%	\$1.3	0.6%	\$0.8	0.4%
Acquisition and related integration costs	\$0.4	0.2%	\$0.5	0.2%	\$0.5	0.3%
Asbestos-related charges	\$0.7	0.3%	-	-	\$1.7	0.9%
Environmental accrual adjustment	-	-	-	-	\$0.8	0.4%
Transition services, net	\$1.9	0.9%	\$0.1	0.0%	\$0.1	0.1%
Gain from indemnity claim and antitrust litigation settlements	(\$1.3)	(0.6%)			(\$0.7)	(0.4%)
Pension settlement charges	-	-			\$53.2	27.5%
Loss (gain) on sale or disposal of property, plant and equipment	-	-	-	-	\$0.4	0.2%
Acquisition intangible amortization	\$4.4	2.0%	\$4.4	2.0%	\$4.4	2.3%
Income tax effect of non-GAAP adjustments and intangible amortization	(\$2.1)	(0.9%)	(\$1.5)	(0.6%)	(\$11.1)	(5.7%)
Adjusted net income	\$31.2	14.0%	\$28.2	12.7%	\$21.3	11.0%

Note: percentages and dollars may not add due to rounding.

Q4-2019: Adjusted operating expenses reconciliation*

(\$ in millions)	Q4-18(\$)	Q4-18(%)	Q3-19(\$)	Q3-19(%)	Q4-19(\$)	Q4-19(%)
Operating expenses	\$51.6	23.1%	\$49.0	22.1%	\$49.7	25.6%
Restructuring, severance, impairment and other related costs	(\$2.7)	(1.2%)	(\$1.3)	(0.6%)	(\$0.8)	(0.4%)
Acquisition and related integration costs	(\$0.4)	(0.2%)	(\$0.5)	(0.2%)	(\$0.5)	(0.3%)
Asbestos-related charges	(\$0.7)	(0.3%)	-	-	(\$1.7)	(0.9%)
Environmental accrual adjustment	-	-	-	-	(\$0.8)	(0.4%)
Transition services, net	(\$1.9)	(0.9%)	(\$0.1)	0.0%	(\$0.1)	(0.1%)
Gain from indemnity claim and antitrust litigation settlements	\$1.3	0.6%			\$0.7	0.4%
Loss (gain) on sale or disposal of property, plant and equipment	-	-	-	-	(\$0.4)	(0.2%)
Total discrete items	(\$4.4)	(2.0%)	(\$1.9)	(0.8%)	(\$3.6)	(1.9%)
Operating expenses, adjusted for discrete items	\$47.2	21.2%	\$47.1	21.2%	\$46.1	23.8%
Acquisition intangible amortization	(\$4.4)	(2.0%)	(\$4.4)	(2.0%)	(\$4.4)	(2.3%)
Adjusted operating expenses	\$42.8	19.2%	\$42.7	19.2%	\$41.7	21.5%

Note: percentages and dollars may not add due to rounding

*Operating expenses include (i) selling, general and administrative expenses, (ii) research and development expenses, (iii) restructuring and impairment charges and (iv) other operating (income) expense, net per statement of operations.

Q4-2019: Free Cash Flow reconciliation*

(\$ in millions)	Q4-18(\$)	Q3-19(\$)	Q4-19(\$)
Net cash provided by operating activities	\$33.4	\$48.2	\$45.7
Capital expenditures	(\$10.6)	(\$14.8)	(\$12.8)
Free cash flow	\$22.8	\$33.4	\$32.9

Note: percentages and dollars may not add due to rounding

*Free cash flow defined as net cash provided from operating activities less non-acquisition capital expenditures per Statements of Cash Flows

Q4-2019: Weighted average shares outstanding–diluted reconciliation

(shares in thousands)	Q4-18	Q3-19	Q4-19
Weighted average shares outstanding – diluted	18,687	18,724	18,587
Dilutive effect of awards under equity compensation plans	-	-	118
Adjusted weighted average shares outstanding – diluted	18,687	18,724	18,705

2019: Adjusted operating income and operating margin reconciliation

(\$ in millions)	FY-18(\$)	FY-18(%)	FY-19(\$)	FY-19(%)
Operating income and operating margin	\$112.7	12.8%	\$110.5	12.3%
Restructuring, severance, impairment and other related costs	\$9.0	1.0%	\$7.7	0.9%
Acquisition and related integration costs	\$2.6	0.3%	\$1.9	0.2%
Purchase accounting inventory adjustment	\$0.3	-	-	-
Asbestos-related charges	\$0.7	0.1%	\$1.7	0.2%
Environmental accrual adjustment	-	-	\$0.8	0.1%
Transition services, net	\$2.6	0.3%	\$0.9	0.1%
Loss (gain) on sale or disposal of property, plant and equipment	(\$0.4)	(0.1%)	\$0.6	0.1%
Gain from indemnity claim and antitrust litigation settlements	(\$4.9)	(0.6%)	(\$0.7)	(0.1%)
Change in foreign jurisdiction tax regulation on equity awards attributable to a prior period	-	-	\$0.5	0.1%
Total discrete items	\$9.9	1.2%	\$13.4	1.5%
Operating income and operating margin, adjusted for discrete items	\$122.6	14.0%	\$123.9	13.8%
Acquisition intangible amortization	\$16.3	1.8%	\$17.6	2.0%
Adjusted operating income and operating margin	\$138.9	15.8%	\$141.4	15.7%

Note: percentages and dollars may not add due to rounding.

2019: Adjusted EBITDA and adjusted EBITDA margin reconciliation

(\$ in millions)	FY-18(\$)	FY-18(%)	FY-19(\$)	FY-19(%)
Net Income	\$87.7	10.0%	\$47.3	5.3%
Interest expense, net	\$6.6	0.8%	\$6.9	0.8%
Income tax expense	\$22.9	2.6%	\$7.8	0.9%
Depreciation	\$33.5	3.8%	\$31.4	3.5%
Amortization	\$16.5	1.9%	\$17.8	2.0%
Stock-based compensation expense	\$11.2	1.3%	\$12.3	1.4%
Restructuring, severance, impairment and other related costs	\$9.0	1.0%	\$7.7	0.9%
Acquisition and related integration costs	\$2.6	0.3%	\$1.9	0.2%
Purchase accounting inventory adjustment	\$0.3	-	-	-
Asbestos-related charges	\$0.7	0.1%	\$1.7	0.2%
Environmental accrual adjustment	-	-	\$0.8	0.1%
Transition services lease income	(\$0.9)	(0.1%)	(\$1.0)	(0.1%)
Loss (gain) on sale or disposal of property, plant and equipment	(\$0.4)	(0.1%)	\$0.6	0.1%
Gain from indemnity claim and antitrust litigation settlements	(\$4.9)	(0.6%)	(\$0.7)	(0.1%)
Pension settlement charges	-	-	\$53.2	5.9%
Change in foreign jurisdiction tax regulation on equity awards attributable to a prior period	-	-	\$0.5	0.1%
Adjusted EBITDA*	\$184.8	21.0%	\$188.2	21.0%

Note: percentages and dollars may not add due to rounding

*Adjusted EBITDA for 2018 has been recast to reflect the add-back of stock-based compensation expense.

2019: Adjusted EPS reconciliation

	FY-18 (\$)	FY-19 (\$)
GAAP earnings per diluted share	\$4.70	\$2.53
Restructuring, severance, impairment and other related costs	\$0.37	\$0.31
Acquisition and related integration costs	\$0.11	\$0.08
Purchase Accounting inventory adjustment	\$0.01	-
Asbestos-related charges	\$0.03	\$0.07
Environmental accrual adjustment	-	\$0.03
Transition services, net	\$0.11	\$0.04
Loss (gain) on sale or disposal of property, plant and equipment	(\$0.02)	\$0.03
Gain from indemnity claim and antitrust litigation settlement	(\$0.20)	(\$0.03)
Pension settlement charges	-	\$2.35
Change in foreign jurisdiction tax regulation on equity awards attributable to a prior period	-	\$0.02
Total discrete items	\$0.40	\$2.90
Earnings per diluted share adjusted for discrete items	\$5.10	\$5.42
Acquisition intangible amortization	\$0.67	\$0.72
Adjusted earnings per diluted share	\$5.77	\$6.14

Note: percentages and dollars may not add due to rounding.

2019: Adjusted net income reconciliation

(\$ in millions)	FY-18 (\$)	FY-18(%)	FY-19 (\$)	FY-19(%)
Net Income	\$87.7	10.0%	\$47.3	5.3%
Restructuring, severance, impairment and other related costs	\$9.0	1.0%	\$7.7	0.9%
Acquisition and related integration costs	\$2.6	0.3%	\$1.9	0.2%
Purchase accounting inventory adjustment	\$0.3	-	-	-
Asbestos-related charges	\$0.7	0.1%	\$1.7	0.2%
Environmental accrual adjustment	-	-	\$0.8	0.1%
Transition services, net	\$2.6	0.3%	\$0.9	0.1%
Acquisition intangible amortization	\$16.3	1.8%	\$17.6	2.0%
Gain on sale or disposal of property, plant and equipment	(\$0.4)	(0.1%)	\$0.6	0.1%
Gain from indemnity claim and antitrust litigation settlements	(\$4.9)	(0.6%)	(\$0.7)	(0.1%)
Pension settlement charges	-	-	\$53.2	5.9%
Change in foreign jurisdiction tax regulation on equity awards attributable to a prior period	-	-	\$0.5	0.1%
Income tax effect of non-GAAP adjustments and intangible amortization	(\$6.2)	(0.7%)	(\$16.7)	(1.9%)
Adjusted net income	\$107.7	12.2%	\$114.8	12.8%

Note: percentages and dollars may not add due to rounding.

2019: Adjusted operating expenses reconciliation*

(\$ in millions)	FY-18(\$)	FY-18(%)	FY-19(\$)	FY-19(%)
Operating expenses	\$198.1	22.5%	\$203.8	22.7%
Restructuring, severance, impairment and other related costs	(\$9.0)	(1.0%)	(\$7.7)	(0.9%)
Acquisition and related integration costs	(\$2.6)	(0.3%)	(\$1.9)	(0.2%)
Asbestos-related charges	(\$0.7)	(0.1%)	(\$1.7)	(0.2%)
Environmental accrual adjustment	-	-	(\$0.8)	(0.1%)
Transition services, net	(\$2.6)	(0.3%)	(\$0.9)	(0.1%)
Gain on sale or disposal of property, plant and equipment	\$0.4	0.1%	(\$0.6)	(0.1%)
Gain from indemnity claim and antitrust litigation settlements	\$4.9	0.6%	\$0.7	0.1%
Change in foreign jurisdiction tax regulation on equity awards attributable to a prior period	-	-	(\$0.5)	(0.1%)
Total discrete items	(\$9.5)	(1.1%)	(\$13.4)	(1.5%)
Operating expenses, adjusted for discrete items	\$188.6	21.4%	\$190.4	21.2%
Acquisition intangible amortization	(\$16.3)	(1.8%)	(\$17.6)	(2.0%)
Adjusted operating expenses	\$172.2	19.6%	\$172.9	19.3%

Note: percentages and dollars may not add due to rounding

*Operating expenses include (i) selling, general and administrative expenses, (ii) research and development expenses, (iii) restructuring and impairment charges and (iv) other operating (income) expense, net per statement of operations.

2019: Free Cash Flow reconciliation*

(\$ in millions)	FY-18(\$)	FY-19(\$)
Net cash provided by operating activities	\$66.8	\$161.3
Capital expenditures	(\$47.1)	(\$51.6)
Free cash flow	\$19.7	\$109.7

Note: percentages and dollars may not add due to rounding

*Free cash flow defined as net cash provided from operating activities less non-acquisition capital expenditures per Statements of Cash Flows

2019: Weighted average shares outstanding–diluted reconciliation

(shares in thousands)	YTD-18	YTD-19
Weighted average shares outstanding – diluted	18,659	18,713
Dilutive effect of awards under equity compensation plans	-	-
Adjusted weighted average shares outstanding – diluted	18,659	18,713

Q1-2020: Guidance reconciliation

	Q1-20 (\$)
GAAP earnings per diluted share	\$0.50 – \$0.70
Discrete items	\$0.10
Acquisition intangible amortization	\$0.15
Adjusted earnings per diluted share	\$0.75 - \$0.95

Note: percentages and dollars may not add due to rounding.