



CHURCH & DWIGHT CO., INC.

Barclays Global Consumer Staples Conference 2023



SAFE HARBOR STATEMENT

This presentation contains forward-looking statements, including, among others, statements relating to net sales and earnings growth; the impact of the COVID-19 pandemic and the Company's response; gross margin changes; trade, marketing, and SG&A spending; sufficiency of cash flows from operations; earnings per share; cost savings programs; consumer demand and spending; the effects of competition; expectations regarding inflation; the effect of product mix; volume growth, including the effects of new product launches into new and existing categories; the impact of acquisitions (including earn-outs); and capital expenditures. Other forward-looking statements in this release may be identified by the use of such terms as "may," "could," "expect," "intend," "believe," "plan," "estimate," "forecast," "project," "anticipate," "to be," "to make" or other comparable terms. These statements represent the intentions, plans, expectations and beliefs of the Company, and are based on assumptions that the Company believes are reasonable but may prove to be incorrect. In addition, these statements are subject to risks, uncertainties and other factors, many of which are outside the Company's control and could cause actual results to differ materially from such forward-looking statements. Factors that could cause such differences include a decline in market growth, retailer distribution and consumer demand (as a result of, among other things, political, economic and marketplace conditions and events); including those relating to the outbreak of contagious diseases; other impacts of the COVID-19 pandemic and its impact on the Company's operations, customers, suppliers, employees, and other constituents, and market volatility and impact on the economy (including causing recessionary conditions), resulting from global, nationwide or local or regional outbreaks or increases in infections, new variants, and the risk that the Company will not be able to successfully execute its response plans with respect to the pandemic or localized outbreaks and the corresponding uncertainty; the impact of regulatory changes or policies associated with the COVID-19 pandemic, including continuing or renewed shutdowns of retail and other businesses in various jurisdictions; the impact of continued shifts in consumer behavior, including accelerating shifts to online shopping; unanticipated increases in raw material and energy prices or other inflationary pressures; delays and increased costs in manufacturing or distribution; increases in transportation costs; labor shortages; the impact of price increases for our products; the impact of supply chain disruptions; the impact of inclement weather on raw material and transportation costs; adverse developments affecting the financial condition of major customers and suppliers; changes in marketing and promotional spending; growth or declines in various product categories and the impact of customer actions in response to changes in consumer demand and the economy, including increasing shelf space of private label products; consumer and competitor reaction to, and customer acceptance of, new product introductions and features; the Company's ability to maintain product quality and characteristics at a level acceptable to our customers and consumers; disruptions in the banking system and financial markets; foreign currency exchange rate fluctuations; implications of the United Kingdom's withdrawal from the European Union; transition to, and shifting economic policies in the United States; potential changes in export/import and trade laws, regulations and policies of the United States and other countries, including any increased trade restrictions or tariffs, including the actual and potential effect of tariffs on Chinese goods imposed by the United States; increased or changing regulation regarding the Company's products in the United States and other countries where it or its suppliers operate; market volatility; issues relating to the Company's information technology and controls; the impact of natural disasters, including those related to climate change, on the Company and its customers and suppliers, including third party information technology service providers; the integration of acquisitions or divestiture of assets; the outcome of contingencies, including litigation, pending regulatory proceedings and environmental matters; and changes in the regulatory environment.

For a description of additional factors that could cause actual results to differ materially from the forward-looking statements, please see Item 1A, "Risk Factors" in the Company's annual report on Form 10-K and quarterly reports on Form 10-Q. The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by the U.S. federal securities laws. You are advised, however, to consult any further disclosures the Company makes on related subjects in its filings with the United States Securities and Exchange Commission.

This presentation also contains non-GAAP financial information. Management uses this information in its internal analysis of results and believes that this information may be informative to investors in gauging the quality of the Company's financial performance, identifying trends in its results and providing meaningful period-to-period comparisons. The Company has included reconciliations of these non-GAAP financial measures to the most directly comparable financial measure calculated in accordance with GAAP. See the end of this presentation for these reconciliations. These non-GAAP financial measures should not be considered in isolation or as a substitute for the comparable GAAP measures. In addition, these non-GAAP financial measures may not be the same as similar measures provided by other companies due to potential differences in methods of calculation and items being excluded. They should be read in connection with the Company's financial statements presented in accordance with GAAP.

Agenda

Who We Are and Why We Are Winning

Financials

Category Insights and Trends

International Story

Specialty Products Division

How We Run the Company





Matt Farrell

Chairman, President and Chief Executive Officer

**WHO WE ARE AND WHY
WE ARE WINNING**

Historical Total Shareholder Return

10 YEAR:

13.3%

5 YEAR:

11.4%

3 YEAR:

5.9%

2022:

(20.4%)

2023 YTD*:

19.4%



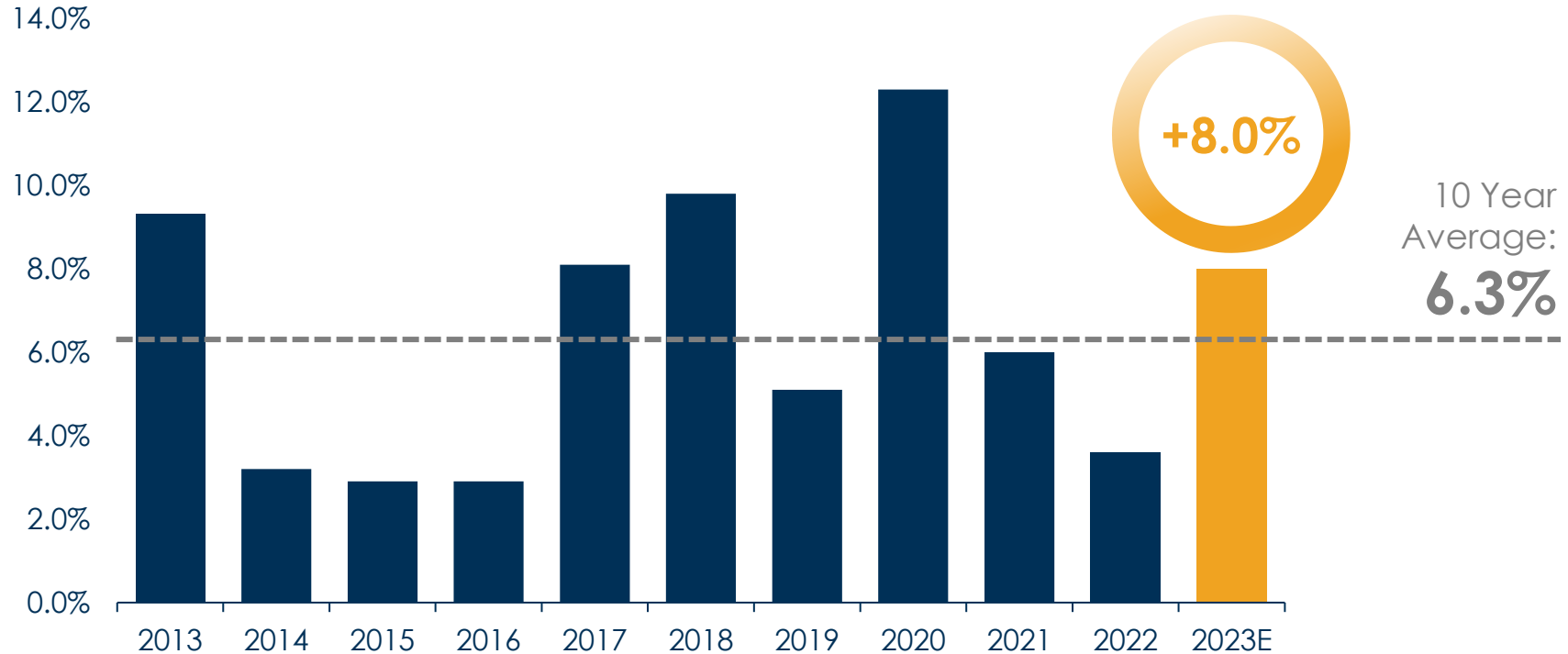
*2023 YTD is through September 1, 2023

Evergreen Model



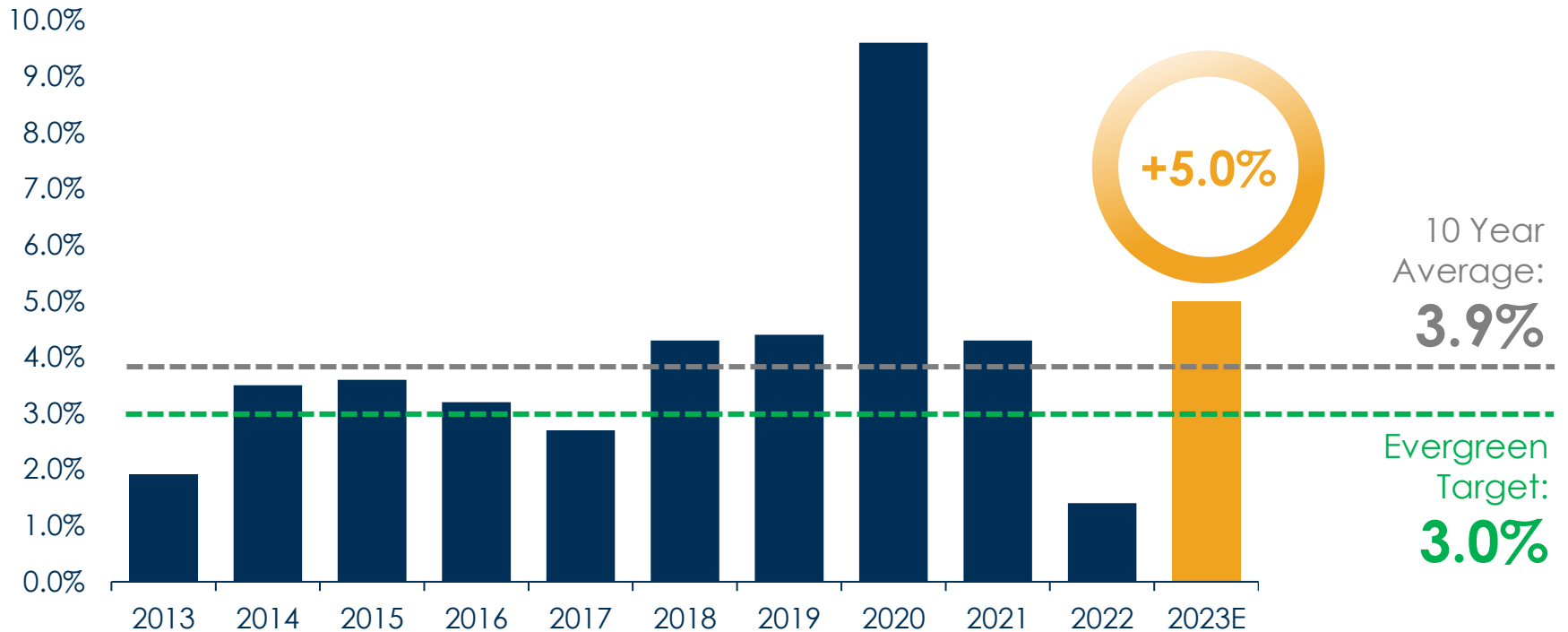
Organic Sales	+3%
Gross Margin	+25 bps
Marketing	FLAT
SG&A	-25 bps
Operating Margin	+50 bps
EPS Growth	+8%

Reported Sales Growth: 10 Year History



Outlook as of July 28, 2023

Organic Sales Growth: 10 Year History



Organic sales is a non-GAAP measure. Refer to the Appendix for a reconciliation to the most directly comparable GAAP measures.
Outlook as of July 28, 2023



POWER BRANDS

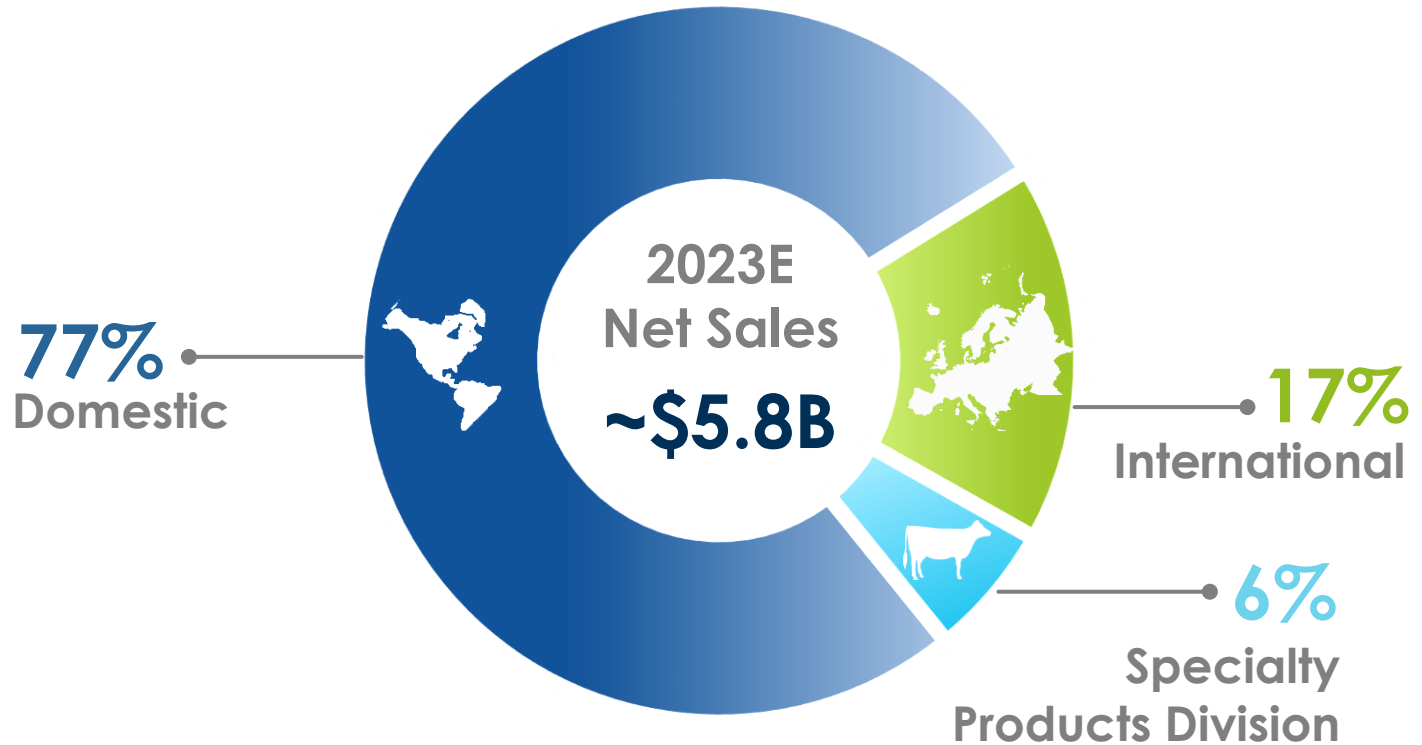
more than

85%

of sales & profits are
represented by these

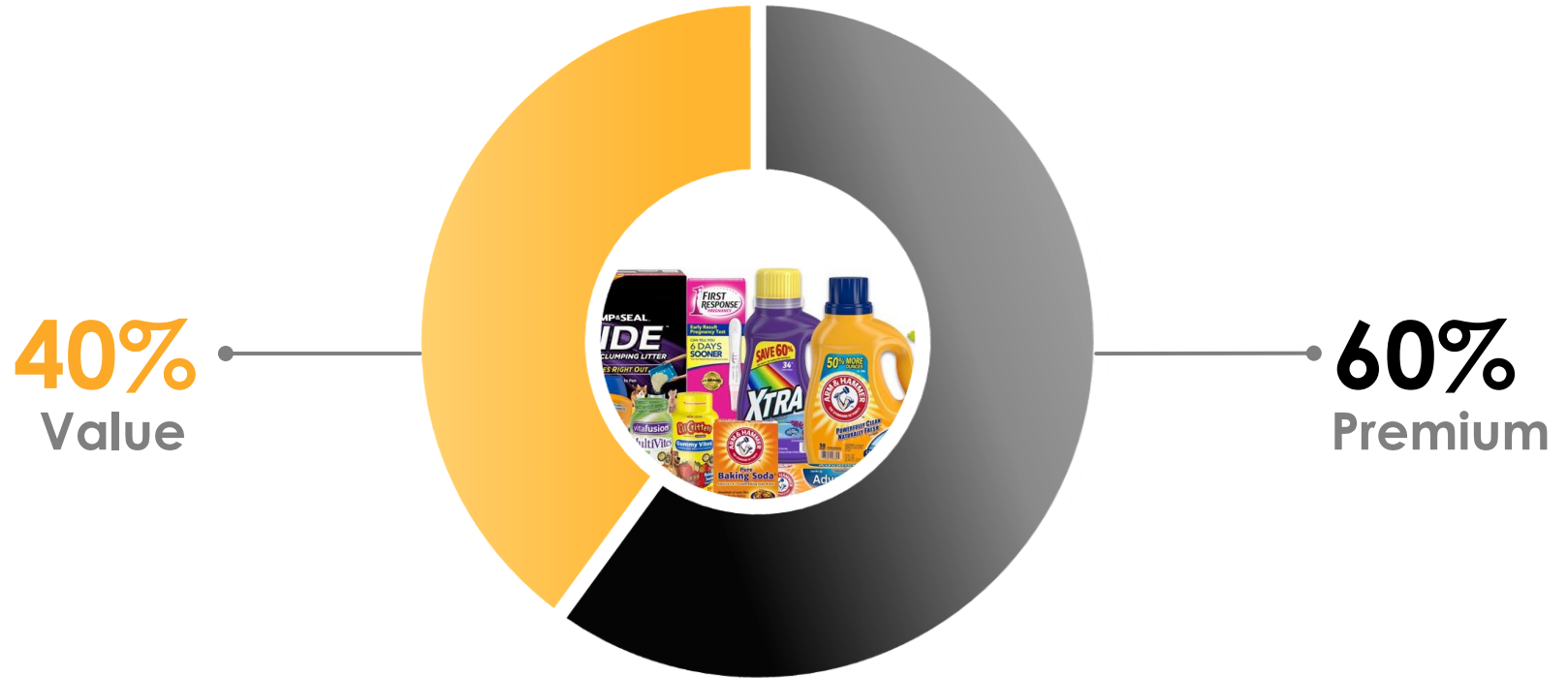
14 POWER BRANDS

CHURCH & DWIGHT'S Business Segments



Outlook as of July 28, 2023

Product Portfolio of Both Value and Premium Products



We Have a Winning Formula



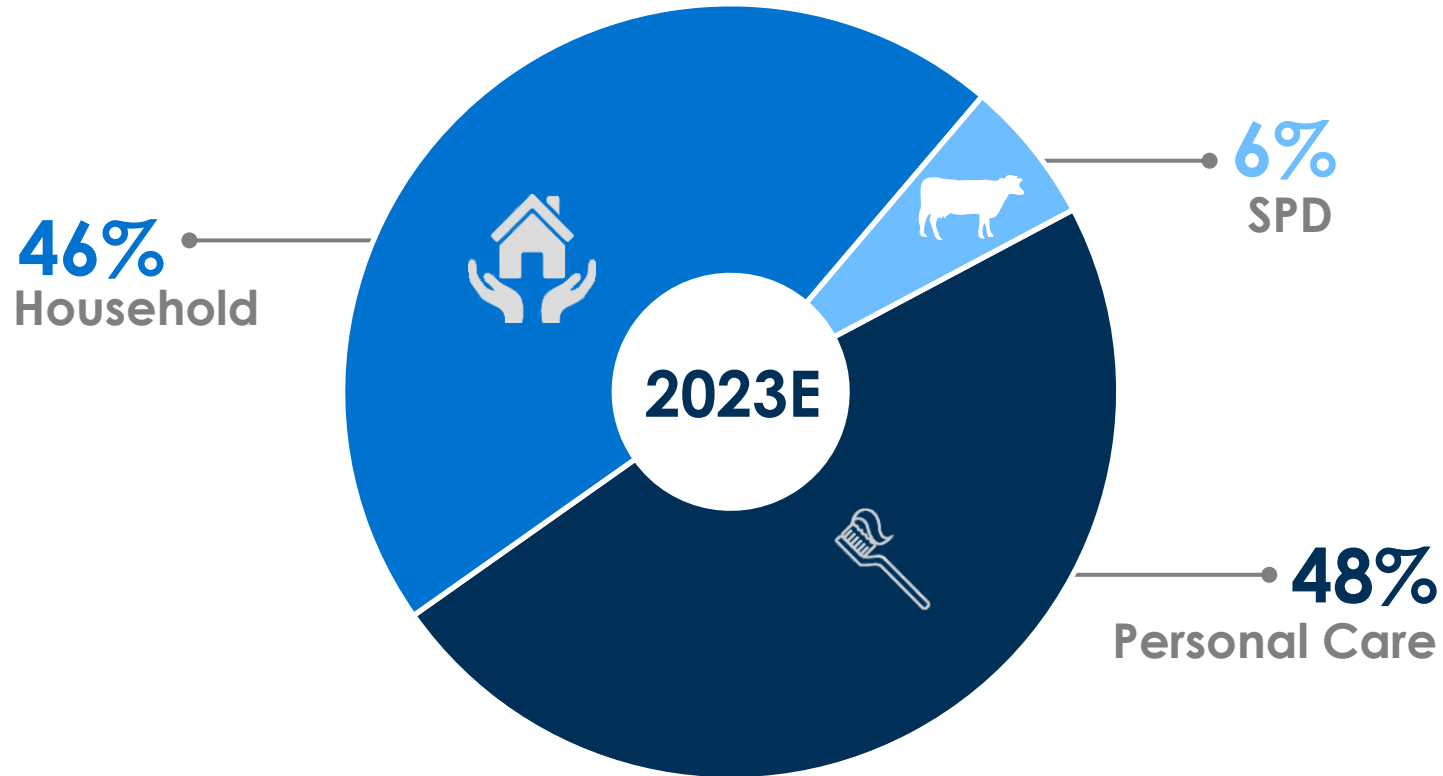
1. A Balanced And Diversified Portfolio

2. Low Private Label Exposure

3. Strong and Consistent Innovation

4. We are an Acquisitive Company

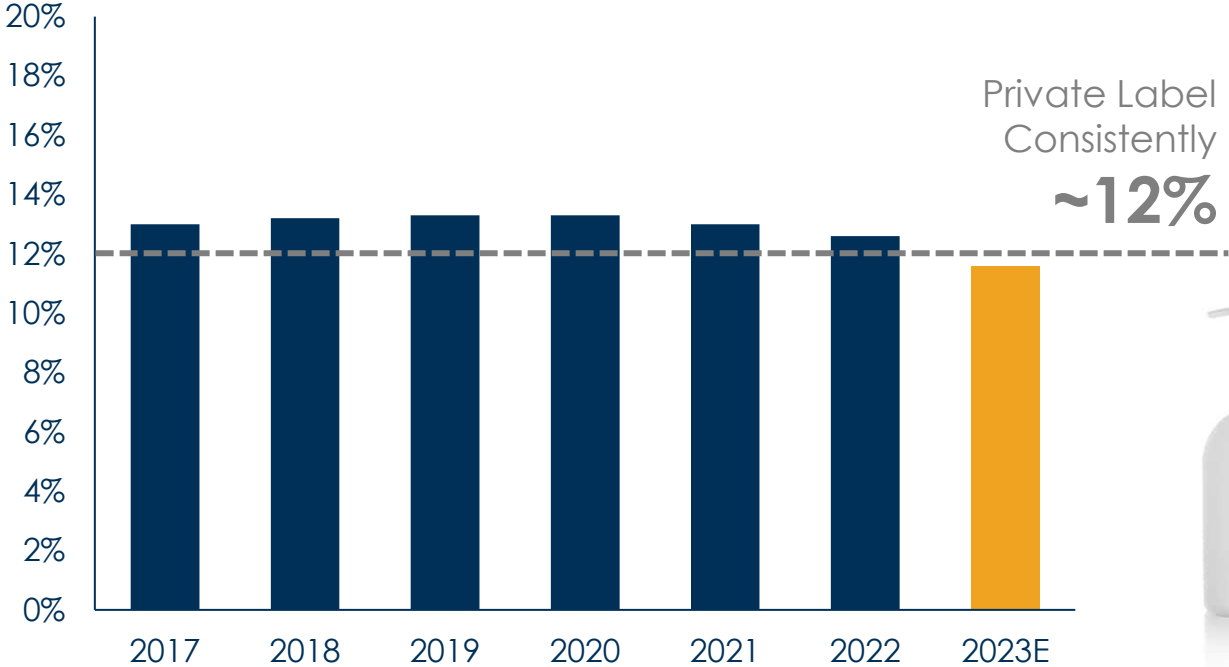
1. A Balanced and Diversified Portfolio



Outlook as of July 28, 2023

2. Low Private Label Exposure

Weighted Average Private Label Share of Our Categories



Source: Nielsen Total U.S. AOC
Outlook as of July 28, 2023

Private Label Exposure

PREGNANCY TEST KITS



BAKING SODA



GUMMY VITAMINS



TOOTHACHE



CLUMPING LITER



MOUTHWASH



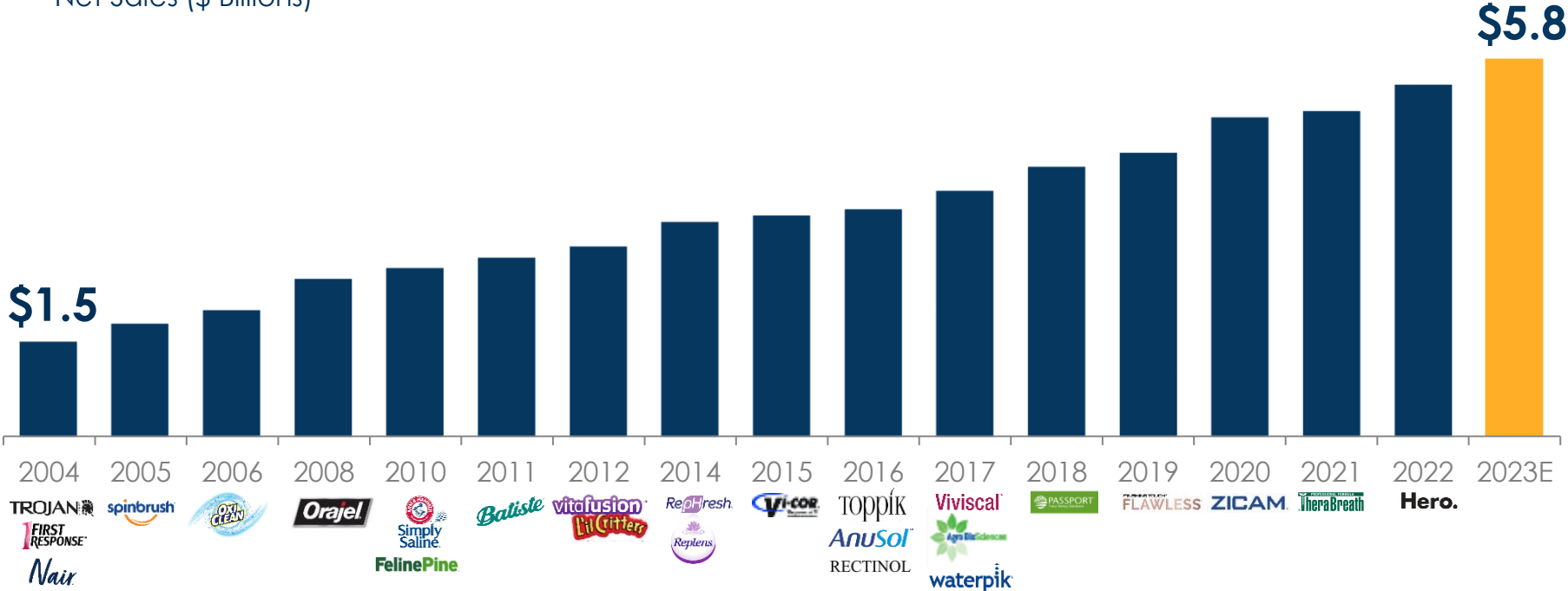
Source: Circana thru 6/25/23
 Outlook as of July 28, 2023

3. Strong and Consistent Innovation



4. We are an Acquisitive Company

Net Sales (\$ Billions)



Note: Trojan, Nair and First Response acquired in two parts – 2001 and 2004.
 Outlook as of July 28, 2023

Acquired 13 of 14 Power Brands Since 2001



Source: Nielsen Total U.S. AOC

We Have Clear Acquisition Criteria



Primarily #1
or #2 share
brands



High growth and
high margin
brands that are
**fast moving
consumables**



Asset
light



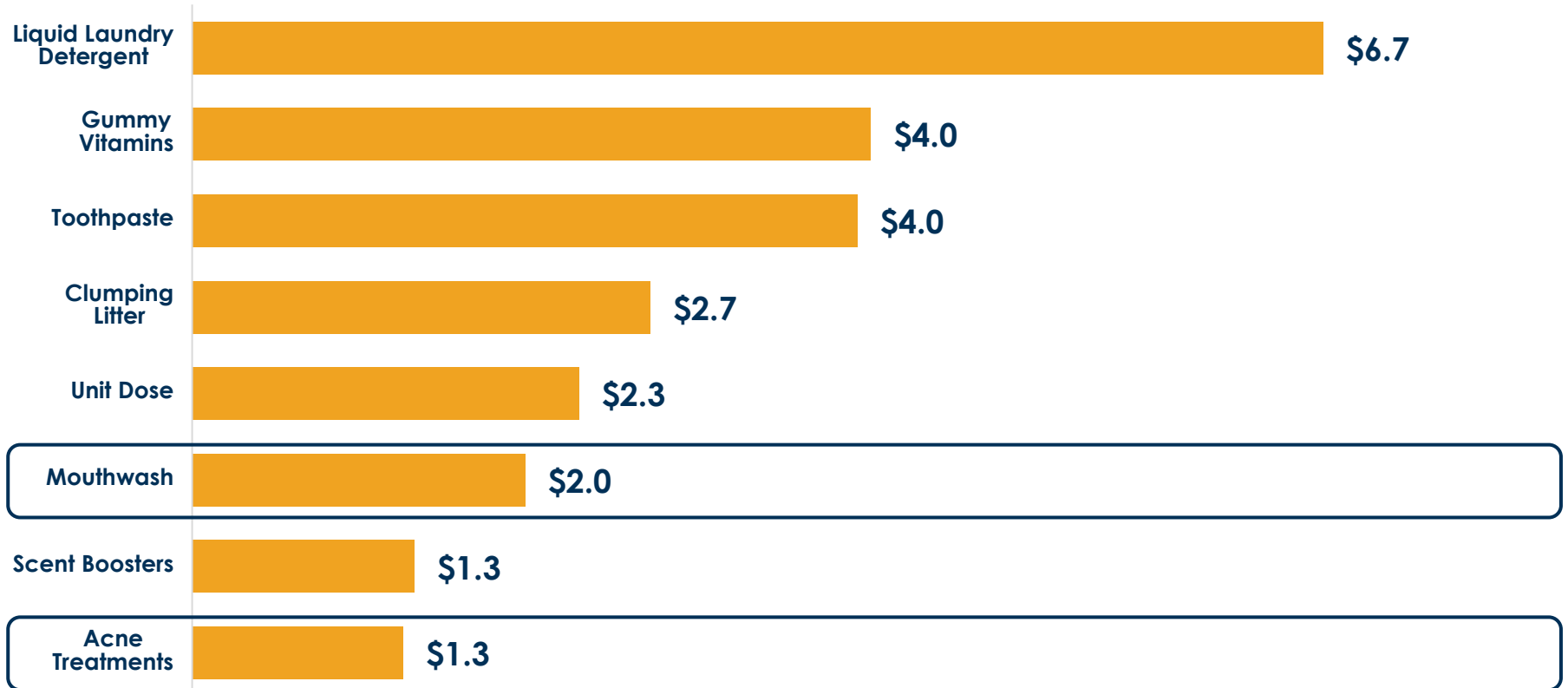
Leverage C&D
manufacturing,
logistics and
purchasing



Deliver
sustainable
competitive
advantage

Entering Two More Billion Dollar Categories

Category size (\$ Billions)



Sources: Circana and Company data

Our Recent Acquisitions Have Room to Run



Acquired December 2021

- #5 most loved brand by Gen Z
- New distribution +Waterpik Hygienist Detailing + International Expansion = Big Growth Runway
- Doubling distribution since acquisition



Source: Numerator

Our Recent Acquisitions Have Room to Run

Hero.

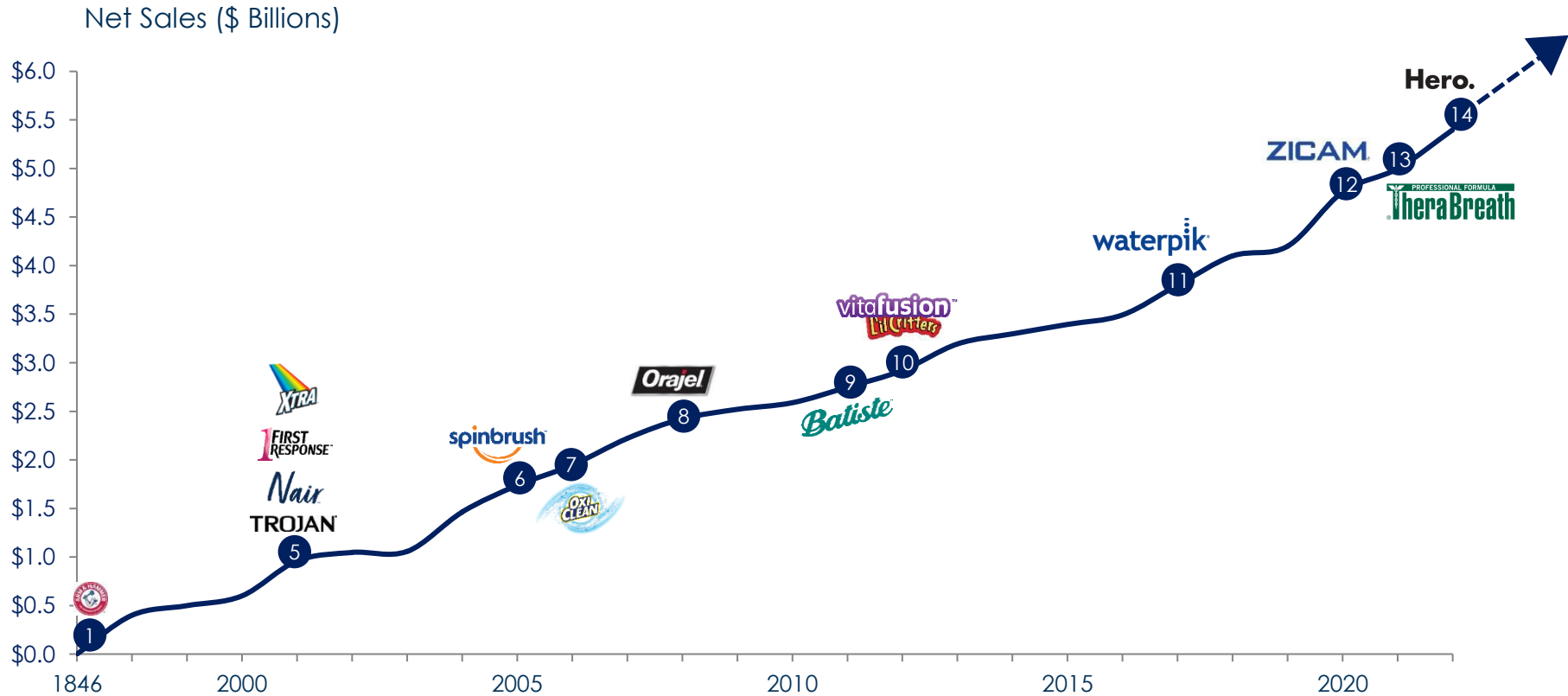
Acquired October 2022



- #1 most loved brand by Gen Z
- New distribution + International Expansion = Big Growth Runway
- Tripling distribution since acquisition

Source: Numerator

14 Power Brands Today, 20 Tomorrow



Note: Trojan, Nair and First Response acquired in two parts – 2001 and 2004.



Rick Dierker

Chief Financial Officer and Head of Business Operations

FINANCIALS

Evergreen Model

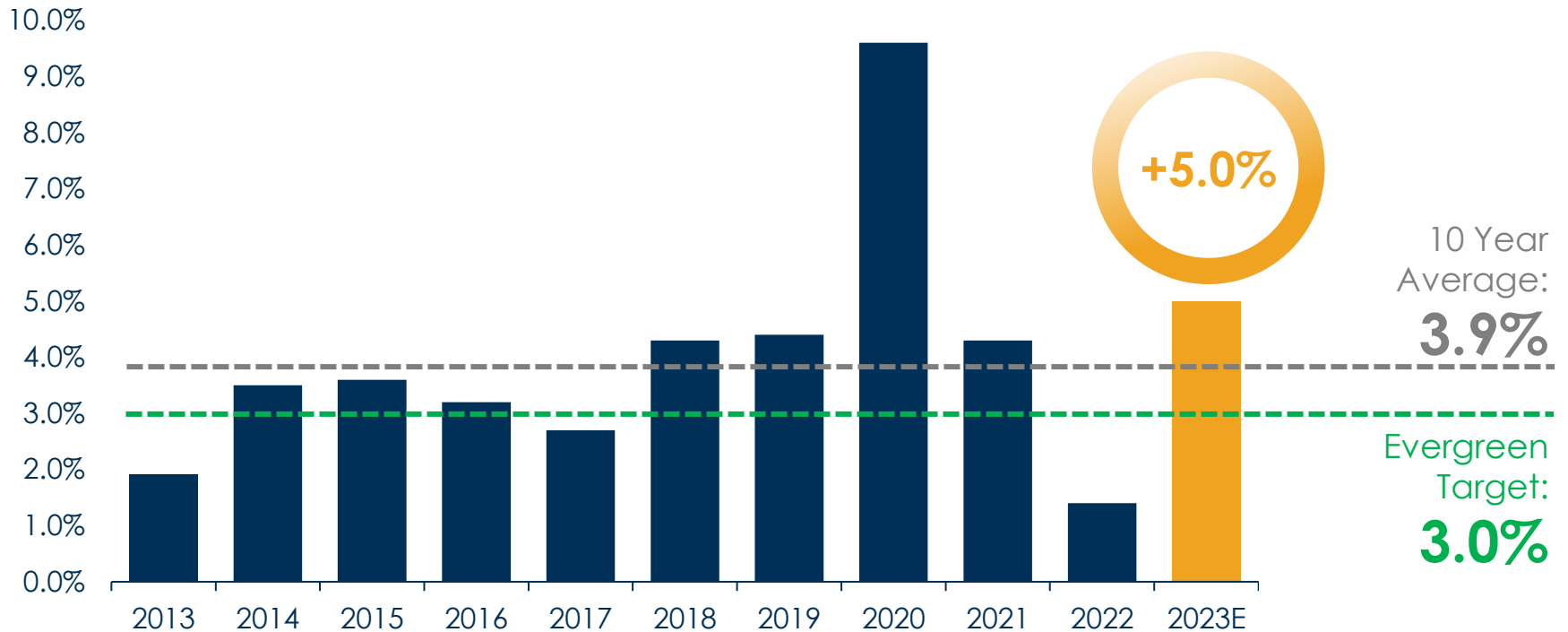


Organic Sales	+3%
Gross Margin	+25 bps
Marketing	FLAT
SG&A	-25 bps
Operating Margin	+50 bps
EPS Growth	+8%

Outlook Progression

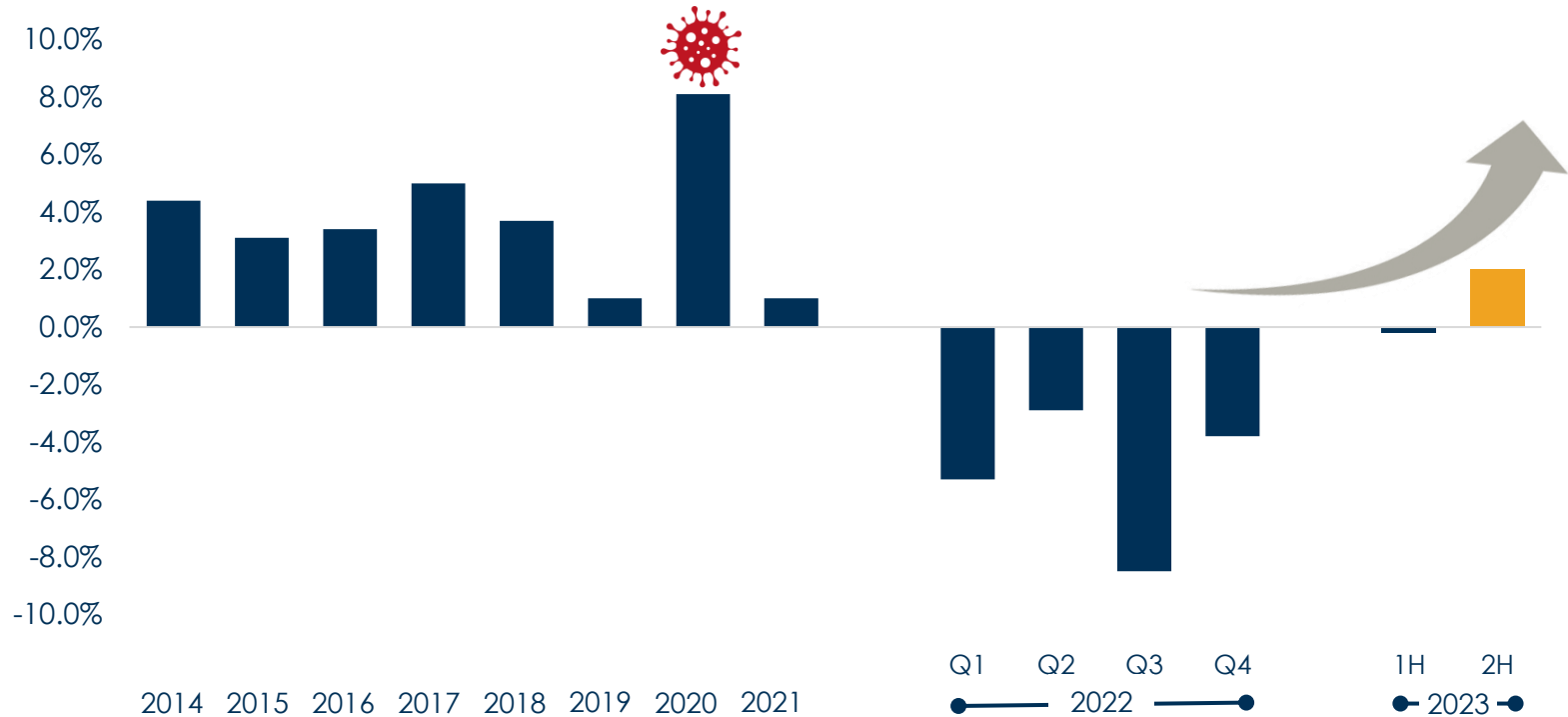
	FY OUTLOOK (as of February 3)	FY OUTLOOK (as of April 27)	FY OUTLOOK (as of July 28)
Reported Sales Growth	5-7%	6-7%	~8%
Organic Sales Growth	2-4%	3-4%	~5%
Gross Margin	+100 to +120 bps	+120 bps	+200 bps
Adjusted EPS	0-4%	2-4%	~6%
Cash from Operations	\$925MM	\$950MM	\$1B

Organic Sales Growth: 10 Year History



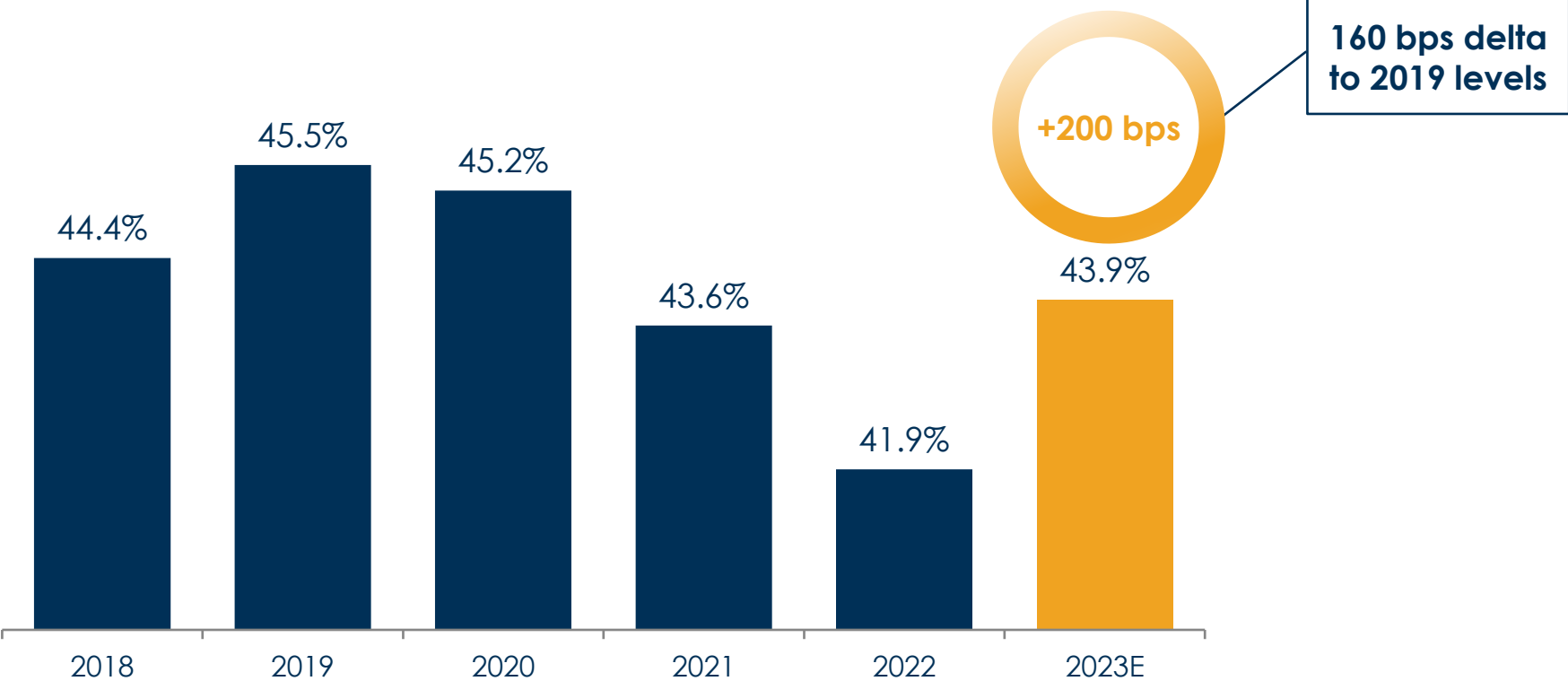
Organic sales is a non-GAAP measure. Refer to the Appendix for a reconciliation to the most directly comparable GAAP measures.
Outlook as of July 28, 2023

Volume Trend Improving



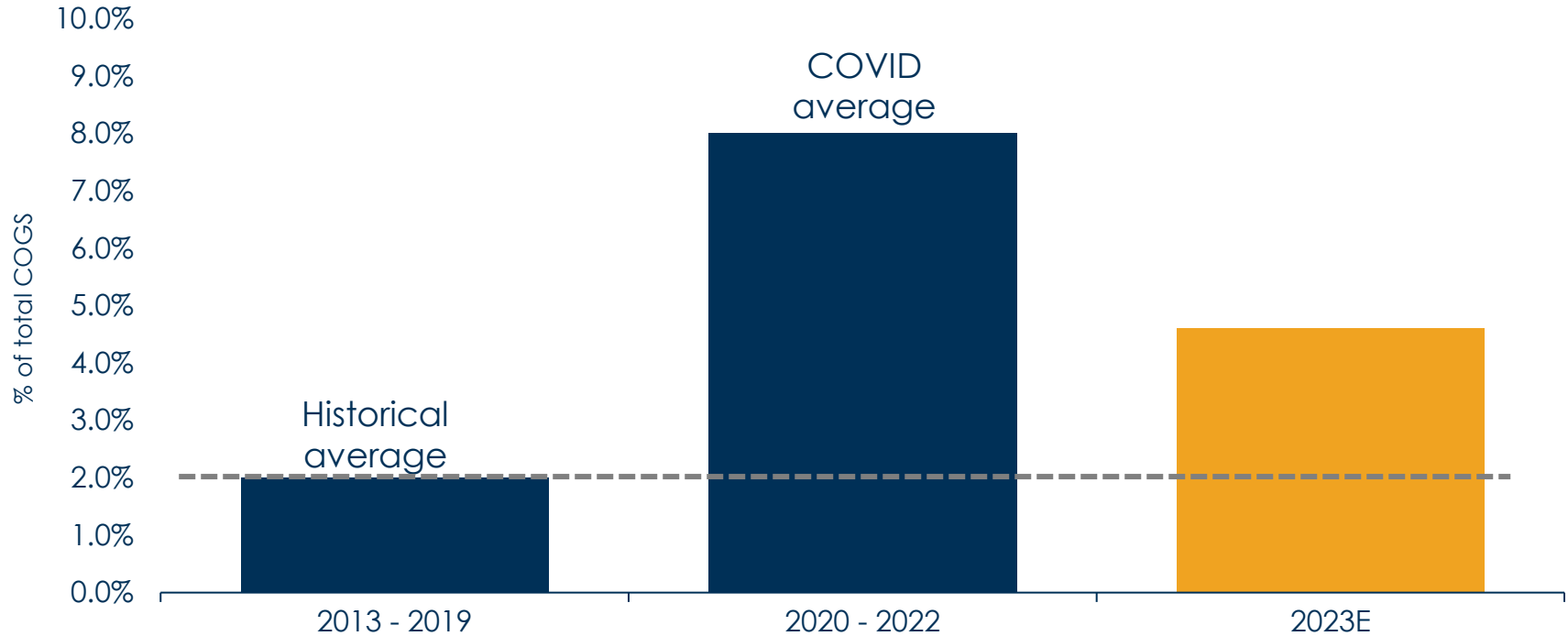
Outlook as of July 28, 2023

2023 Focus On Gross Margin



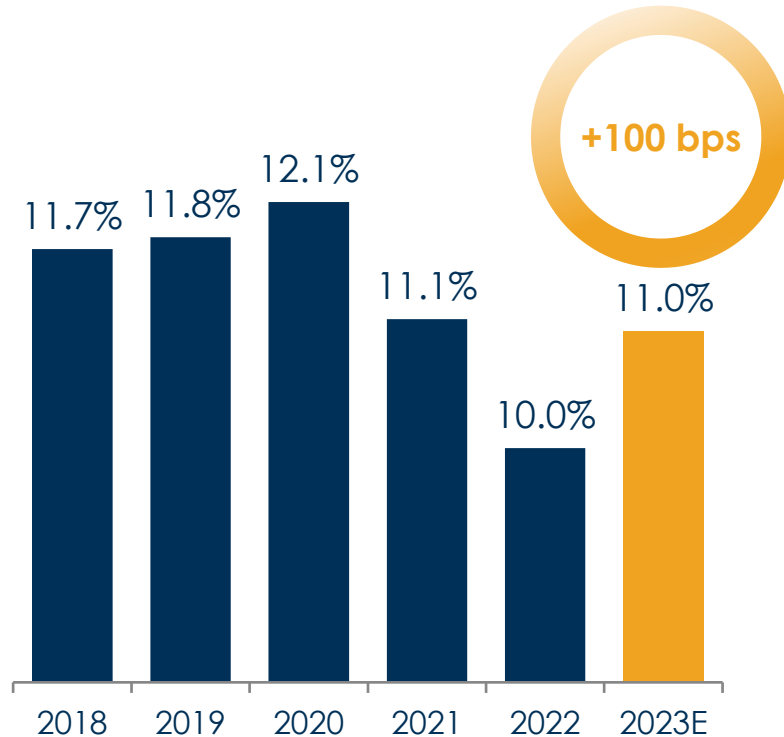
Outlook as of July 28, 2023

Return To Historical Inflation Will Drive Continued Margin Expansion



Outlook as of July 28, 2023

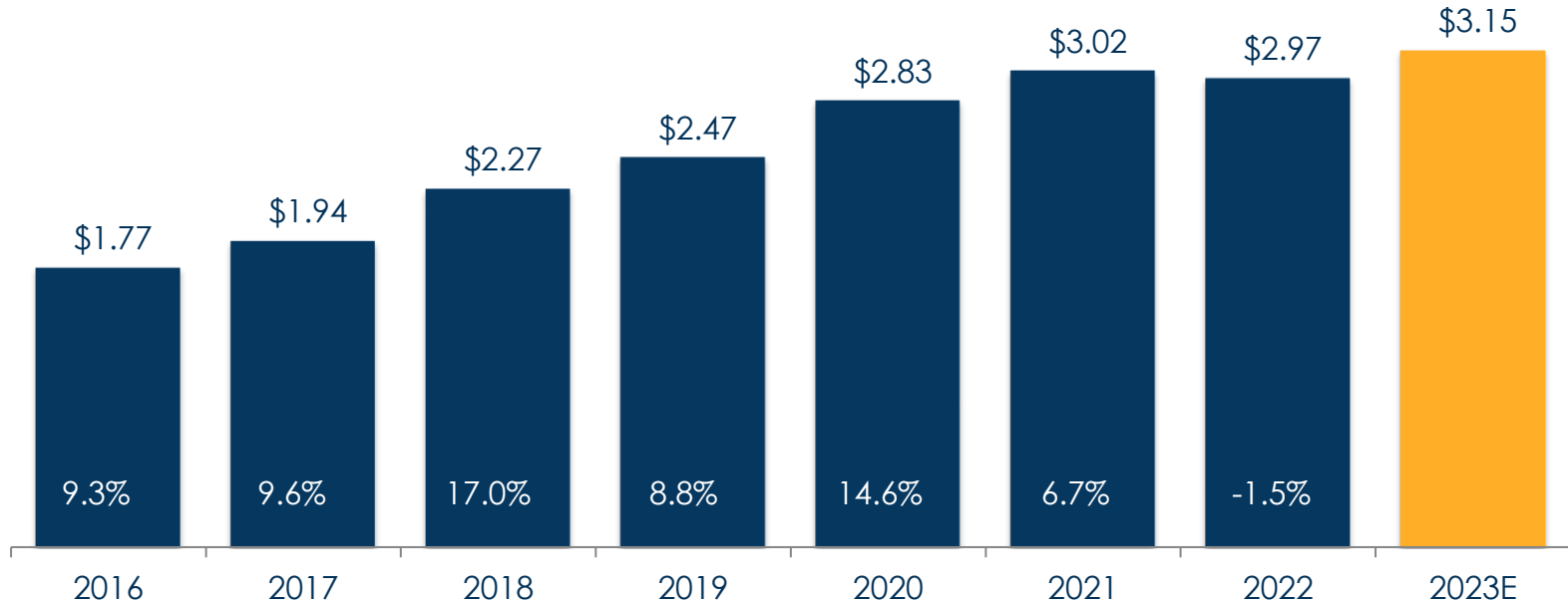
Ramping Back Marketing Spend in 2023



11.0% represents \$60MM YOY increase in marketing investment

Outlook as of July 28, 2023

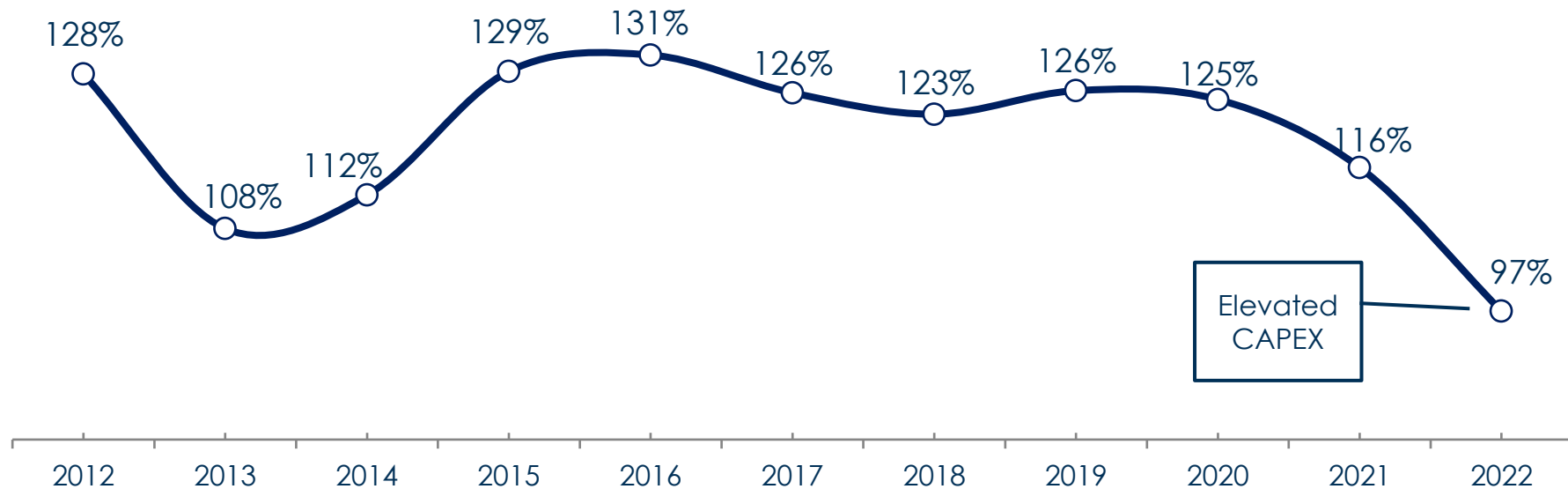
Consistent Strong Adjusted EPS Growth



Note: Adjusted EPS growth is a non-GAAP measure. Refer to the Appendix for a reconciliation to the most comparable GAAP measures. Outlook as of July 28, 2023

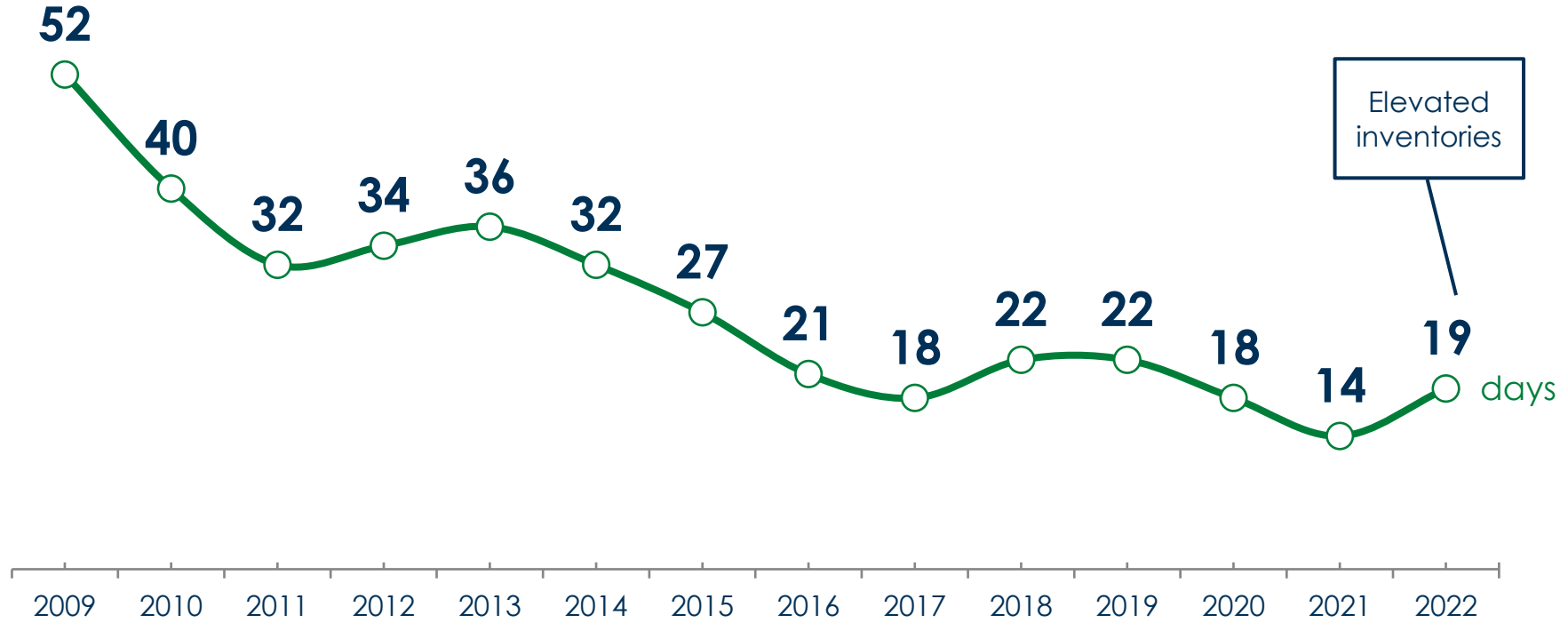
“Best In Class” FCF Conversion

10 Year Average: 119%



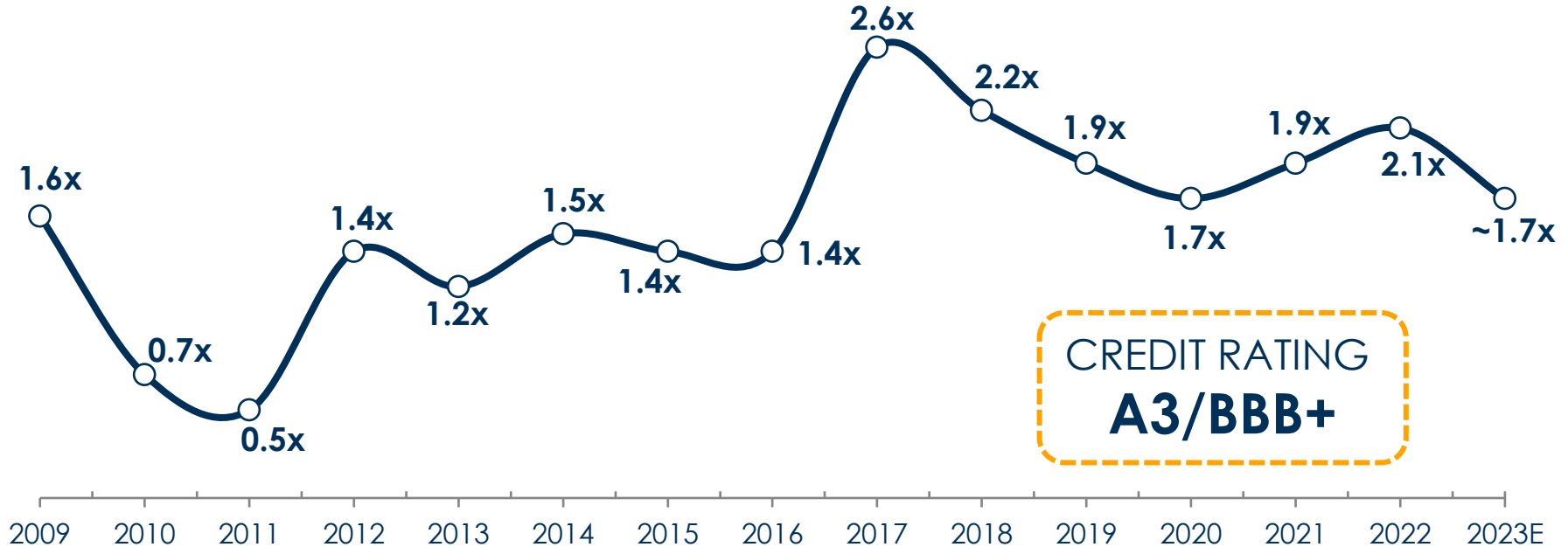
Refer to the Appendix for a reconciliation to the most directly comparable GAAP measures.

Cash Conversion Cycle: Tight Control Of Working Capital Drives Cash Conversion Cycle Improvement



Strong Balance Sheet

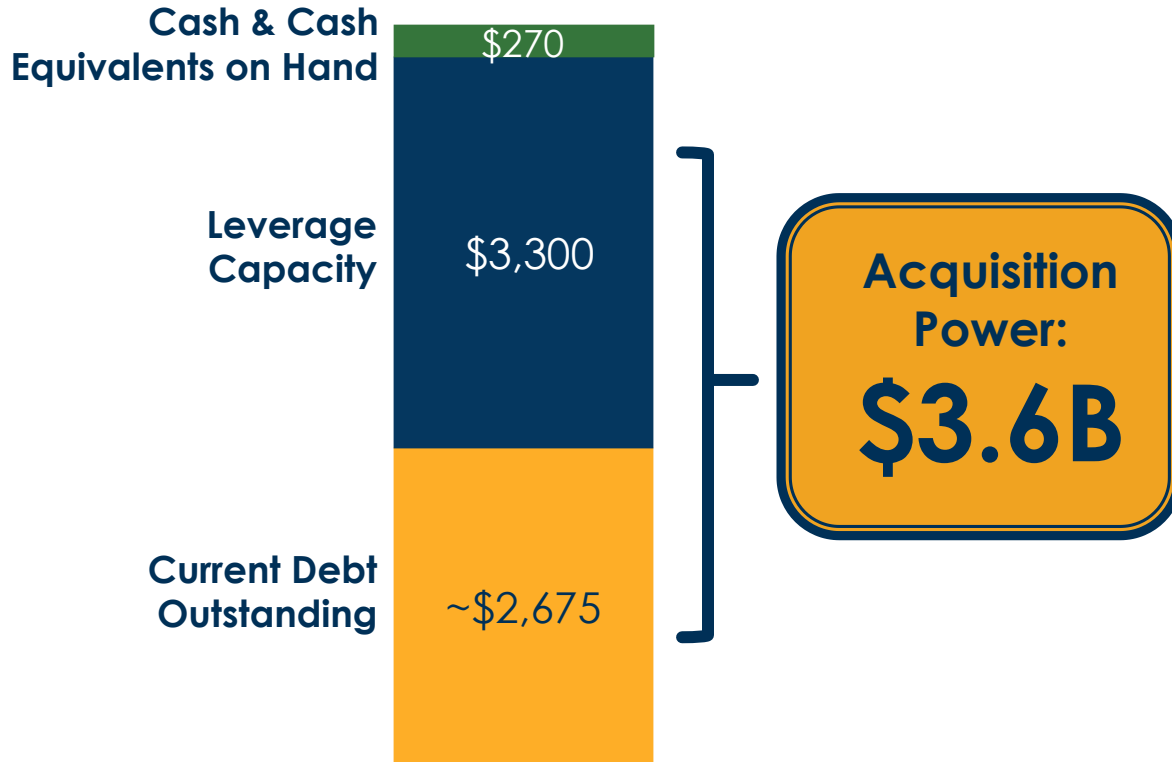
TOTAL DEBT/BANK EBITDA



Note: Total debt/EBITA is a non-GAAP measure. Refer to the Appendix for a reconciliation to the most comparable GAAP measures.
Outlook as of July 28, 2023

Significant Financial Capacity

(in \$millions)



- 2022 TTM Bank EBITDA = \$1,308M
- Example: Acquisition EBITDA multiple of 12x

*as of December 31, 2022

Prioritized Uses Of Free Cash Flow

1

TSR-Accretive M&A

2

Capex For Organic Growth & G2G

3

New Product Development

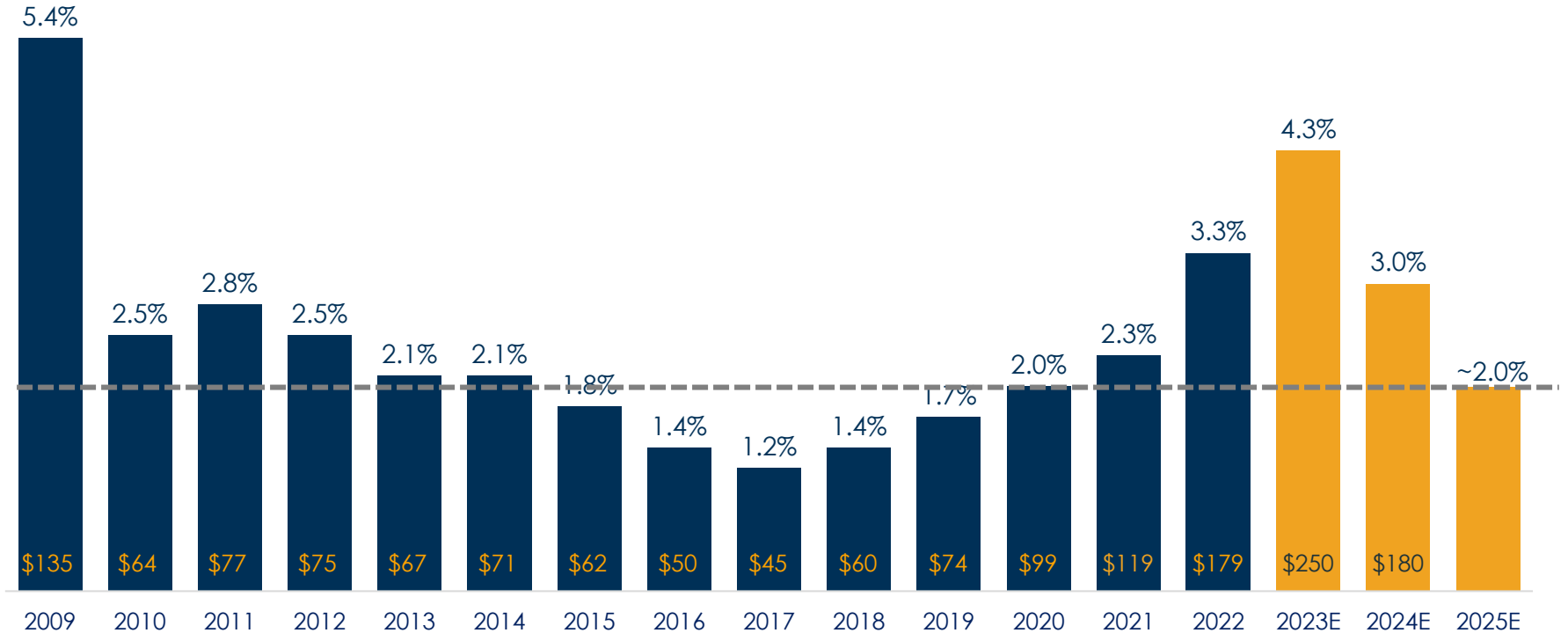
4

Debt Reduction

5

Return Of Cash To Shareholders

Minimal Capital Investment Capital Expenditures as a % of Sales



Outlook as of July 28, 2023

Ensuring A Steady Supply For Our Categories

2021 - 2024



LLD



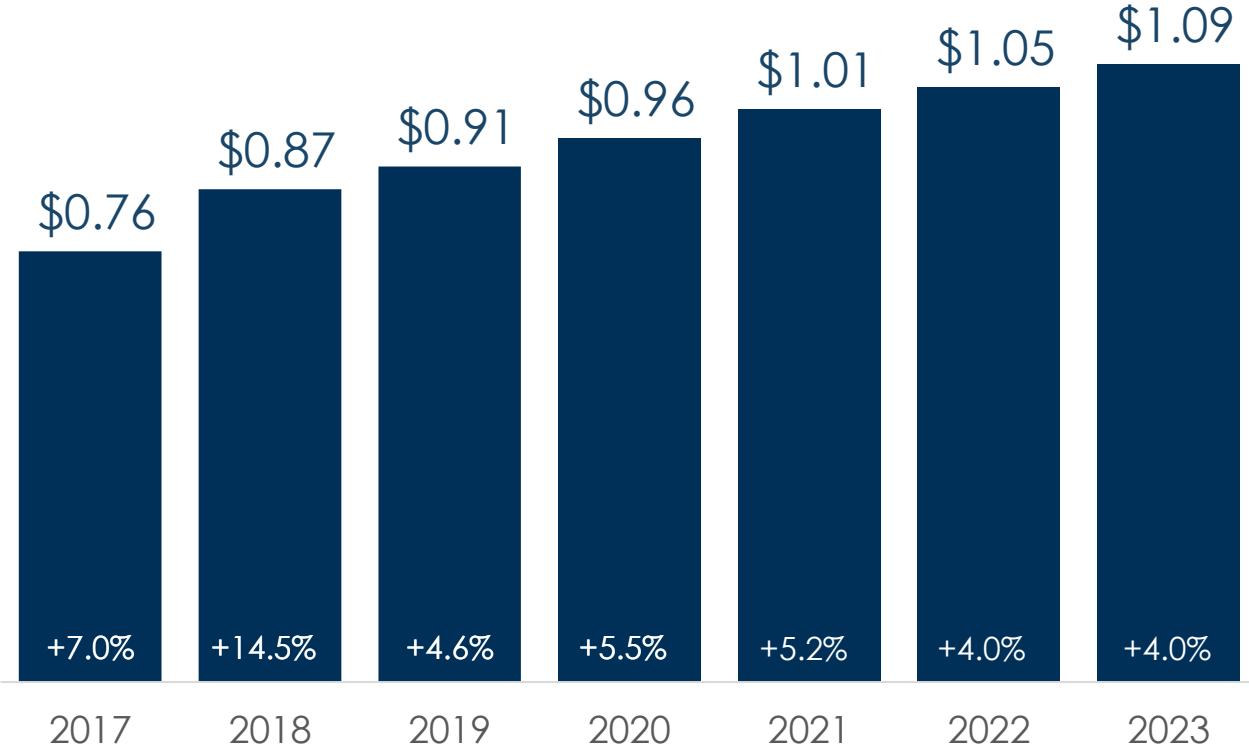
Litter



VMS

4% Dividend Increase In 2023

122
consecutive
years of
dividends





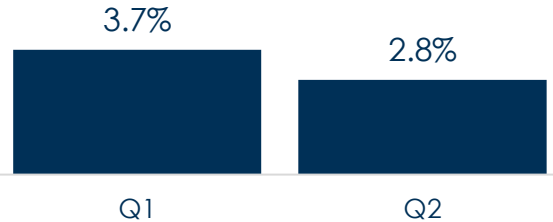
Barry Bruno

EVP, CMO & U.S. President

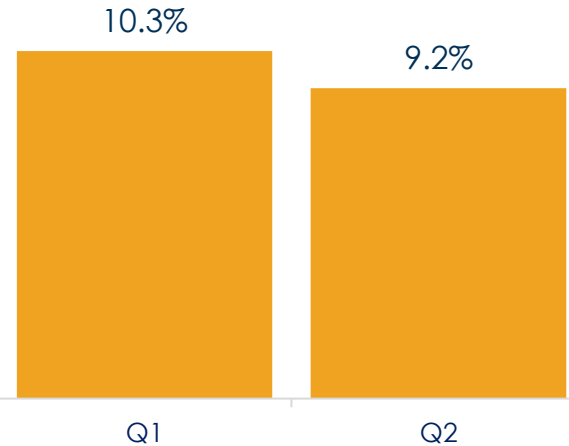
**CATEGORY INSIGHTS
AND TRENDS**

LIQUID LAUNDRY DETERGENT

LLD CATEGORY \$ % Chg vs. YAG 2023



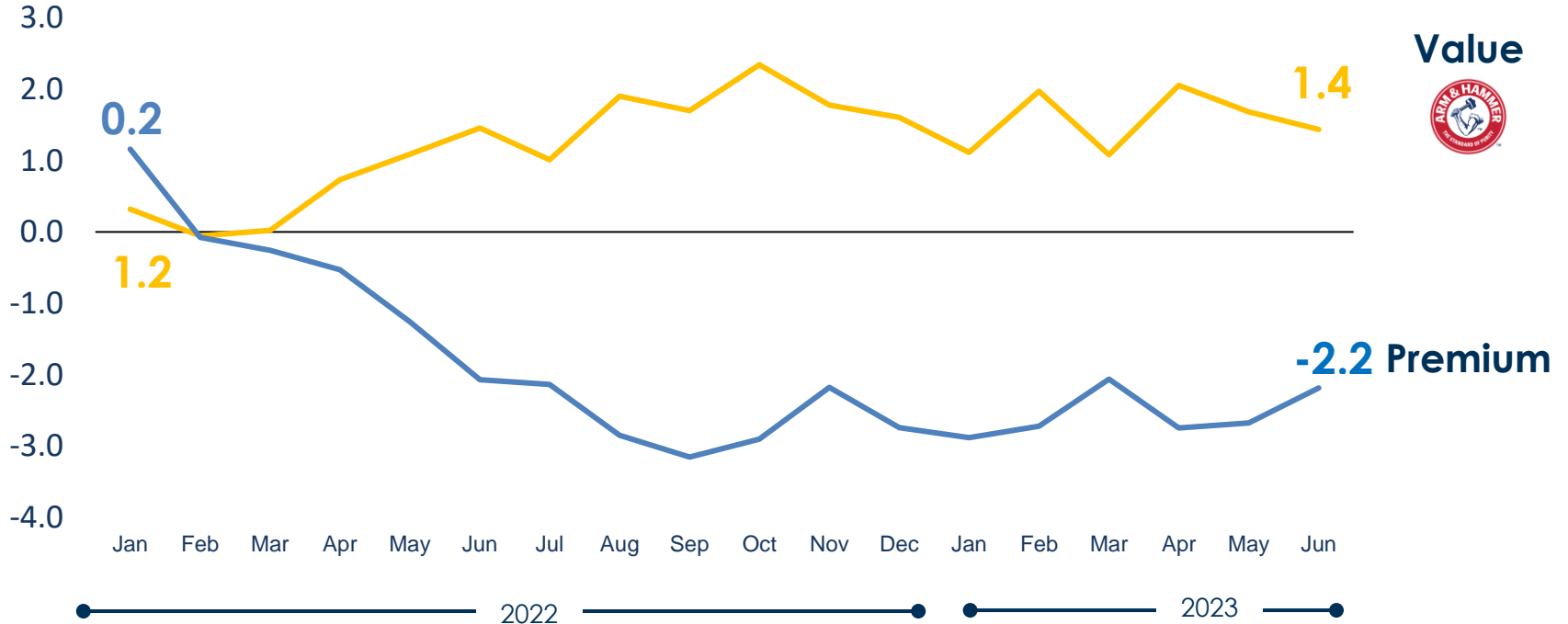
\$ % Chg vs. YAG 2023



LLD category growing +~3%
while ARM & HAMMER consumption is 3X at +~9%

Fabric Care Category: Migration to Value Continues

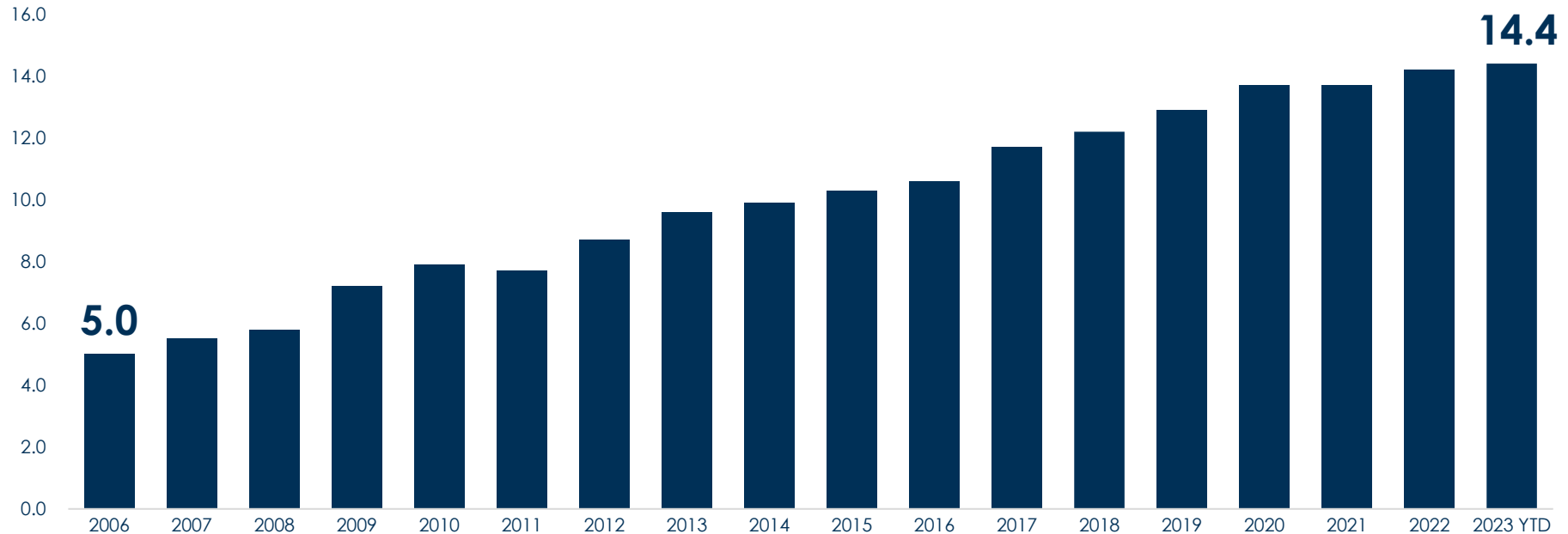
Liquid Laundry Detergent - Value vs Premium Dollar Share Change vs YA
Total US - Multi Outlet



Source: IRI Total MULO Liquid Laundry Sales, data through 6/30/2023

ARM & HAMMER Laundry: Converting and Retaining Consumers Over the Long Term

ARM & HAMMER Liquid Laundry Detergent Market Share

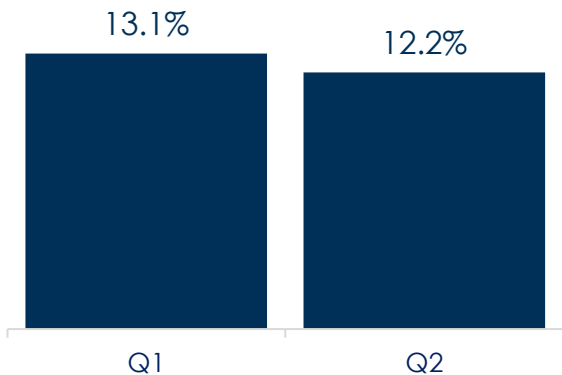


“Give It The Hammer” The Right Message for Today

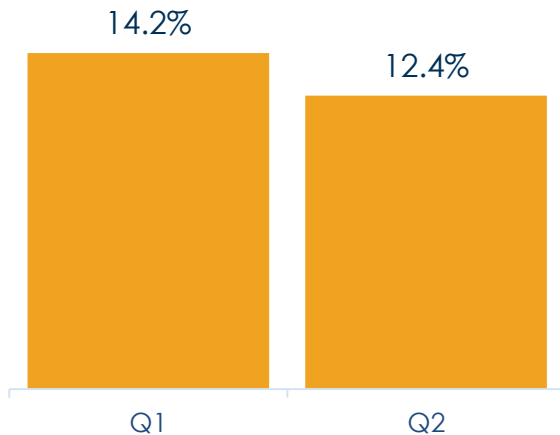


CAT LITTER

LITTER CATEGORY \$ % Chg vs. YAG 2023



\$ % Chg vs. YAG 2023



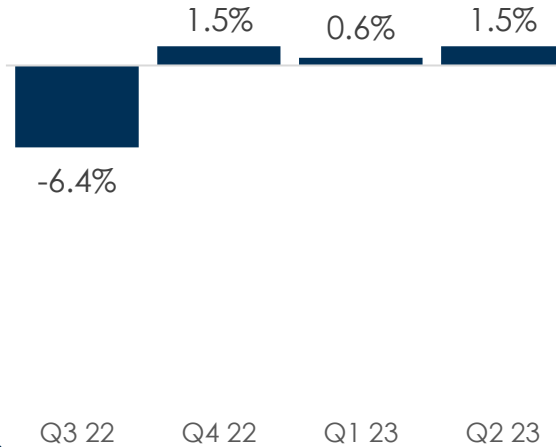
Strong category growth fueled in part by double-digit ARM & HAMMER consumption



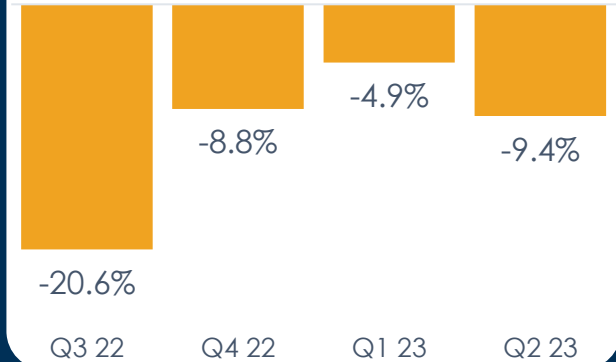


VMS

ADULT GUMMY CATEGORY \$ % Chg vs. YAG

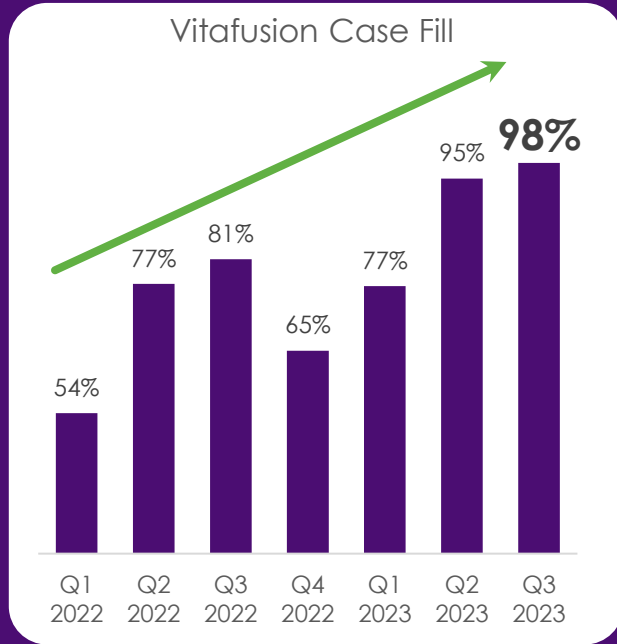


vitafusion™ \$ % Chg vs. YAG



Category has grown 2x vs. pre-Covid and has now stabilized. Vitafusion struggling in 2023 as a consequence of 2022 supply issues.

Vitafusion Has Returned to Healthy Supply



Q3 QTD has achieved highest case fill since 2020

*Q3 2023 is QTD

NEW Advertising & Packaging

New brand positioning has led to:

- New Advertising Campaign
- New & Higher-Impact Display Program



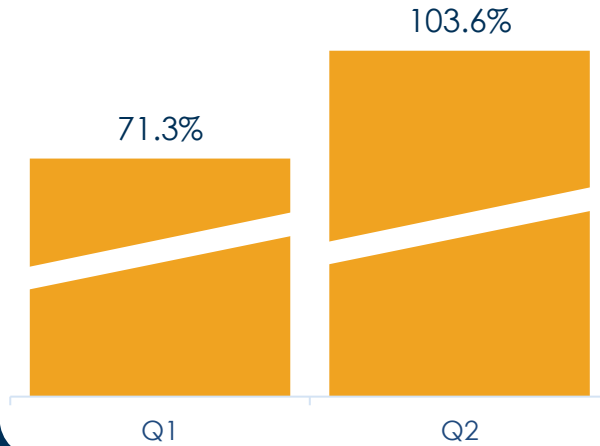


ALCOHOL-FREE MOUTHWASH

ALCOHOL-FREE MOUTHWASH
CATEGORY
\$ % Chg vs. YAG
2023



TheraBreath™
\$ % Chg vs. YAG
2023

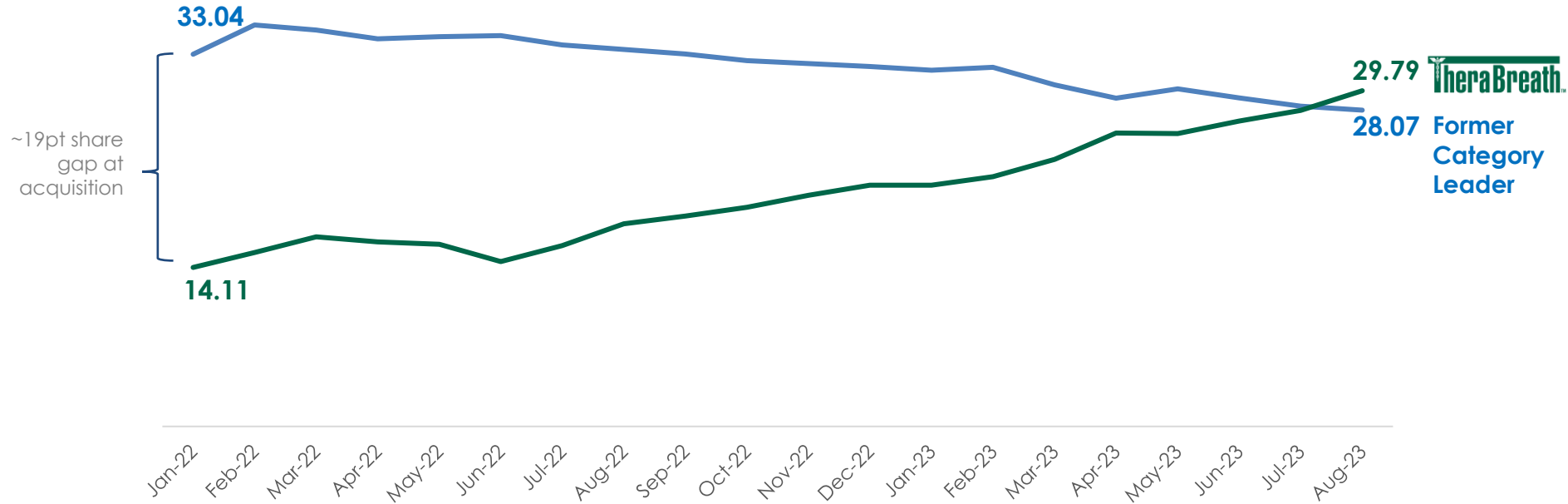


Strong category growth fueled primarily by explosive TheraBreath consumption ...



In August TheraBreath became the #1 Alcohol-Free Mouthwash!

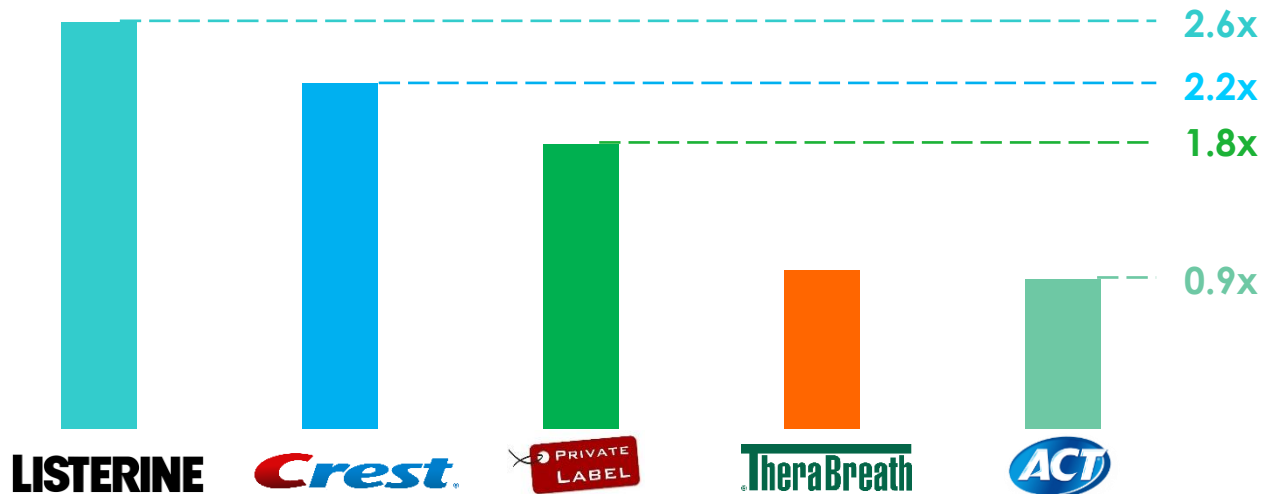
Total US - Dollar Share - Alcohol-Free Segment



Source: Circana Rolling 4/4/5 Weeks W/E 8.20.23

TheraBreath Has Grown Distribution +50% YoY with Plenty of Runway Ahead

Total Points of Distribution



Total Points of Distribution	2,026.9	1,723.1	1,417.8	790.5	745.8
TDP Change vs YA	+2.8%	-8.4%	+7.7%	+52.9%	-0.1%

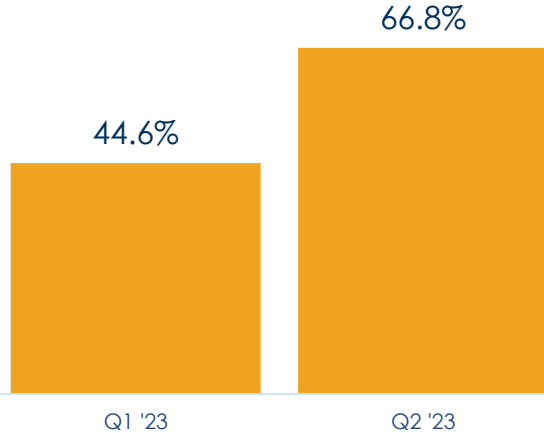
Source: IRI, Total US – Multi Outlet, L13W W/E 07/30/2023

ACNE TREATMENT

ACNE TREATMENT CATEGORY
\$ % Chg vs. YAG
2023



Hero.
\$ % Chg vs. YAG
2023

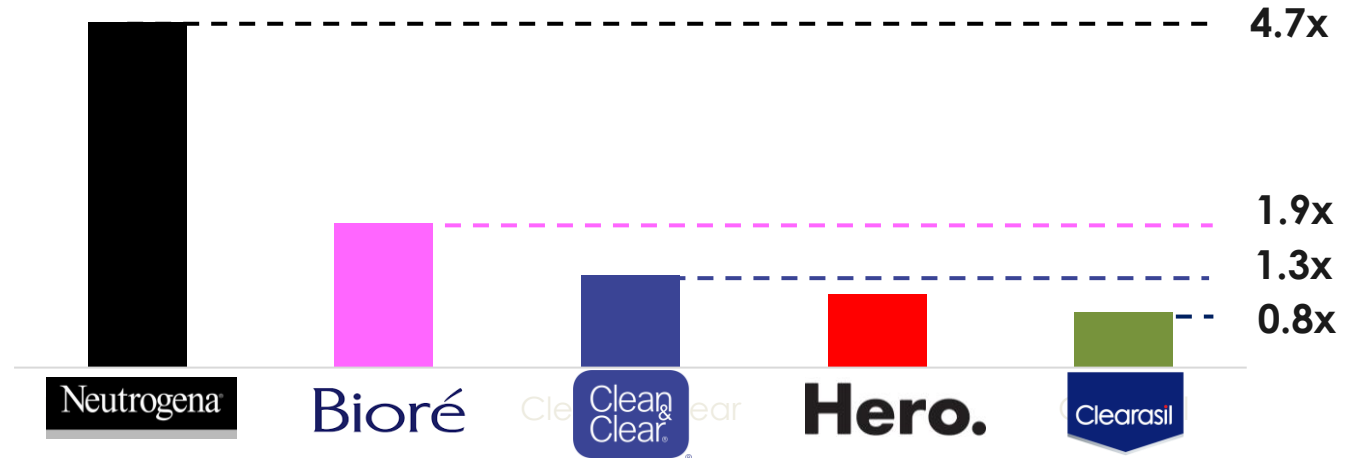


Strong category growth fueled primarily
By HERO consumption ...



Hero Has Grown Distribution +200% YoY ...

Total Points of Distribution



Total Points of Distribution	1,967	822	527	421	316
TDP Change vs YA	+9.7%	-5.2%	-15.3%	+199.6%	+8.1%

Source: Circana Total US MULO - L13 w/e 7/30/23

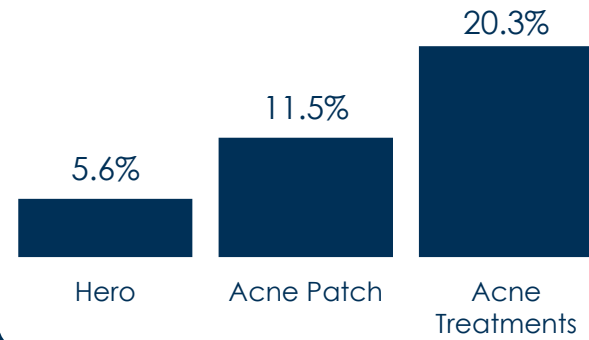


HERO Cosmetics Room to Keep Running

Hero.

HHP

June 2023



Source: Numerator Data



Innovation





POWER SHEETS

laundry detergent

No drips. No spills. No plastic bottles. Just a **POWERFUL CLEAN.**

Available on Amazon and Walmart.com







Thera Breath[®] for KIDS!

- Builds healthy oral care habits among kids ages 6-12
- Dentist-formulated rinses are free of dyes
- Made with certified organic flavors



Hero.

MIGHTY PATCH™

Micropoint XL for Blemishes

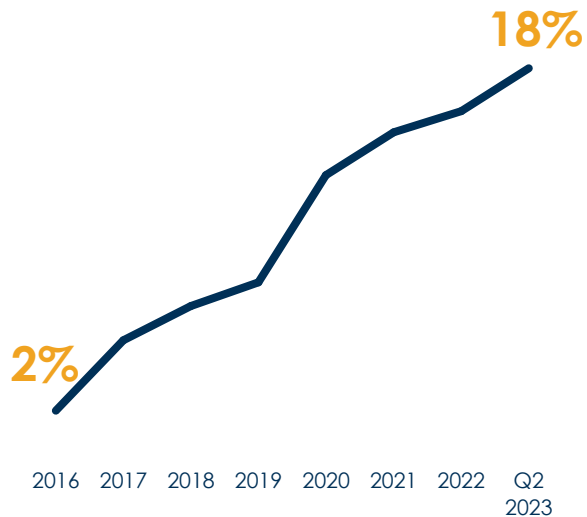
- Featuring over 1,000 dissolving Micropoints
- Which target early-stage blemish clusters
- Specially contoured to fit jawline, cheeks and chin

Digital Acceleration



WE CONTINUE TO GROW ONLINE & WIN SHARE

% OF NET SALES

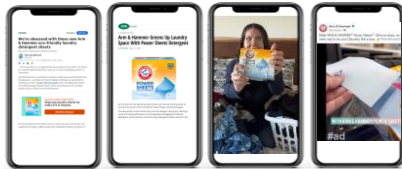


#1 amazon BRANDS



CONNECTING WITH CONSUMERS & BUILDING CAPABILITIES

ONLINE-FIRST LAUNCHES



USING SOCIAL AS A PRIMARY TOOL

TheraBreath



vitafusion

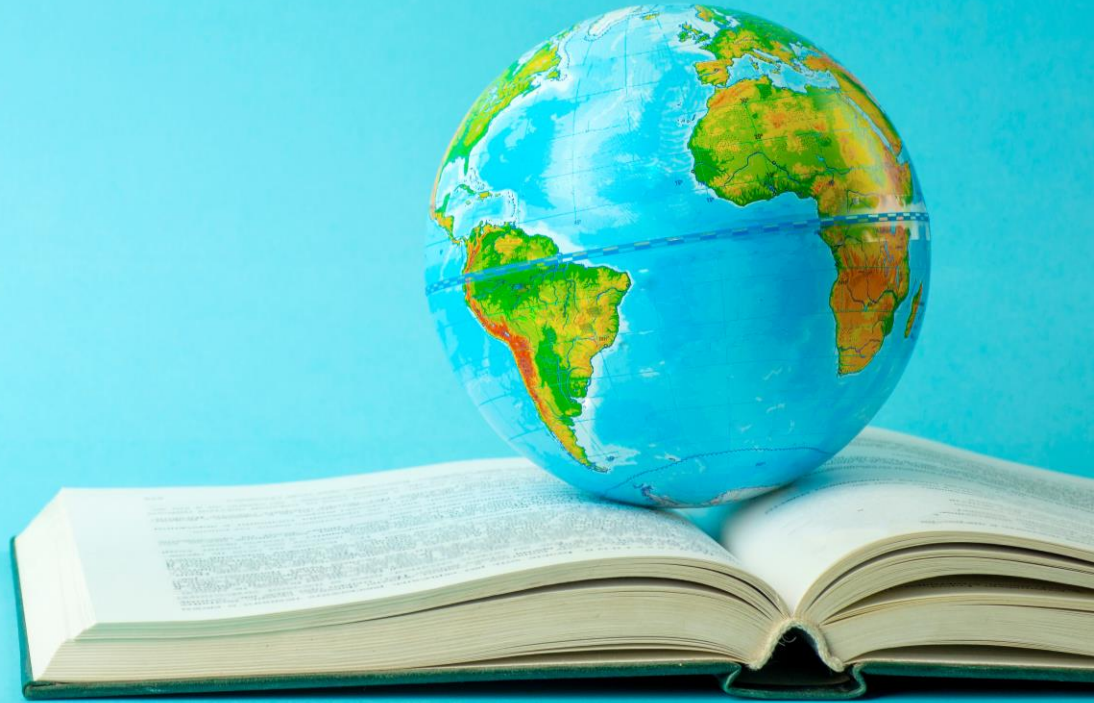


BUILDING INTERNAL CAPABILITIES



~75% of our media spend is now digital, driven by CTV, Retail Media & Social

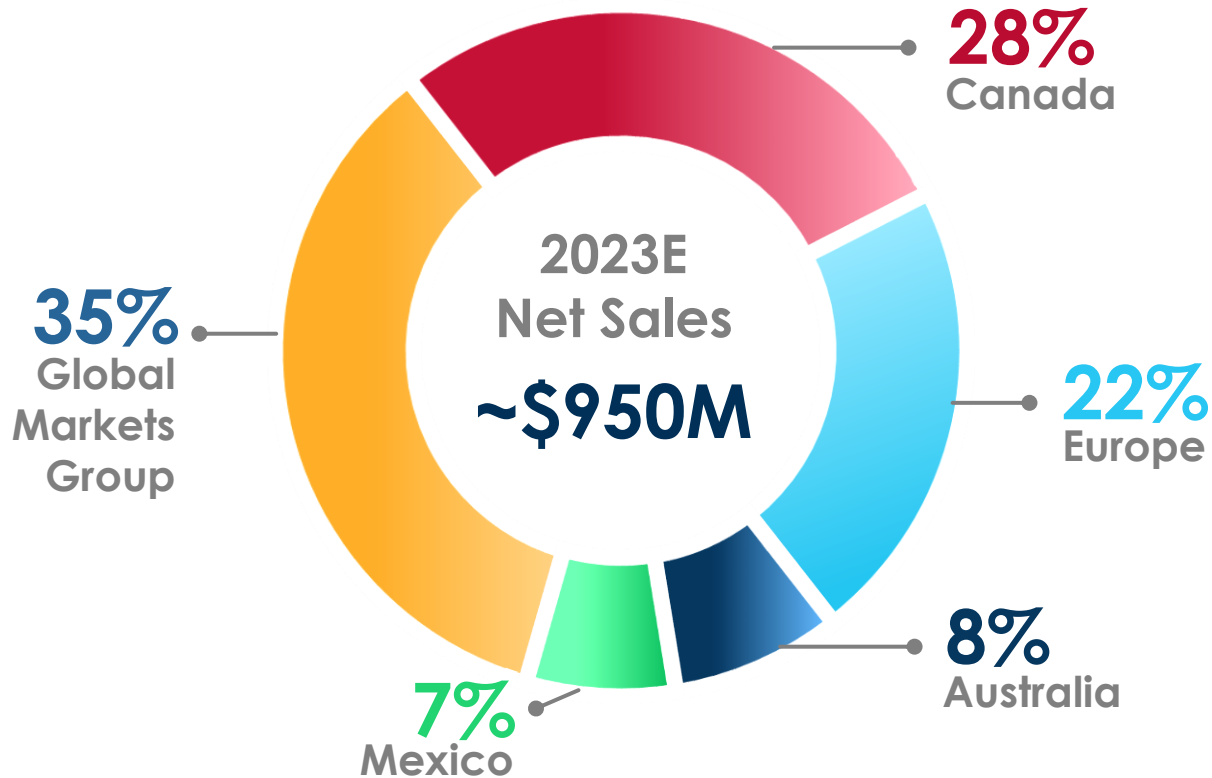
International Story



International Organic Sales Evergreen Target: +6%



International Today: Sales By GMG + Subsidiaries




Outlook as of July 28, 2023

6 Subsidiaries & 5 Global Markets Group Offices


International Subsidiaries



Global Markets Group (GMG): 400+ Distributors and > 100 Countries



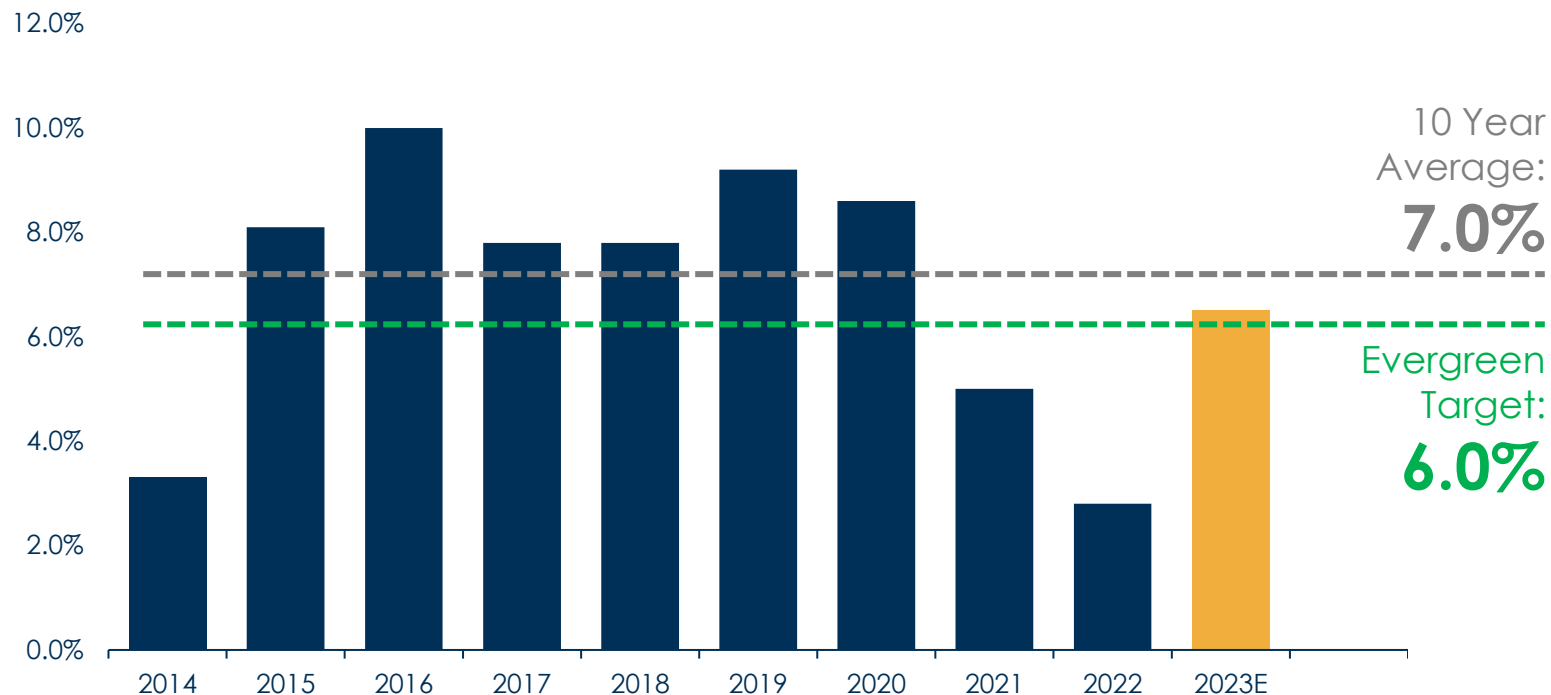
Shanghai Singapore Panama City London Mumbai



China APAC LATAM EMEA IME



Historical Organic Performance vs. Evergreen Target



Organic sales is a non-GAAP measure. Refer to the Appendix for a reconciliation to the most directly comparable GAAP measures.
Outlook as of July 28, 2023



Brands Consumers Love That Travel The Globe



U.S. Power Brand
Expansion and
Leveraging Innovation

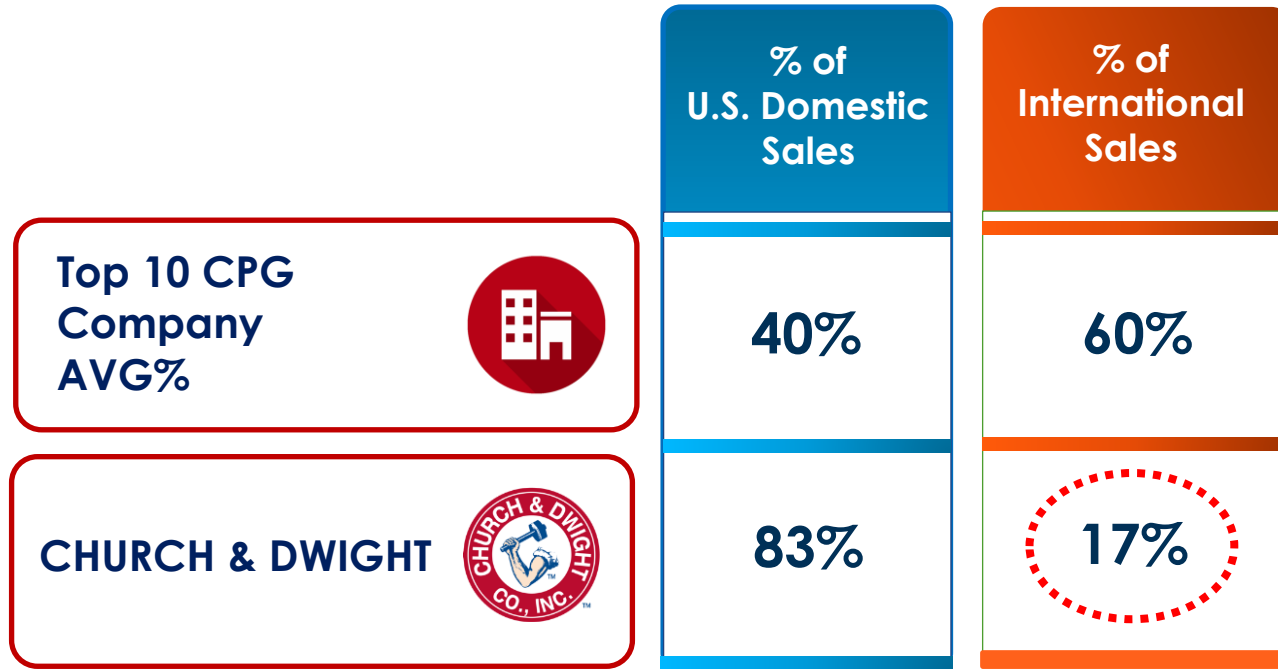


International OTC &
Personal Care
Portfolio



Acquisition
Acceleration

Geographic Expansion....International Runway Ahead



Committed To International Organic Growth

- Long international runway for existing brands



- Leverage newly acquired brands

TheraBreath **Hero.**

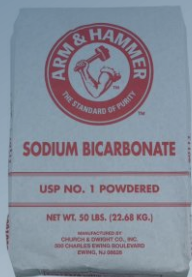
- GMG fueled by Emerging Markets



- Investments in Resources & Capabilities



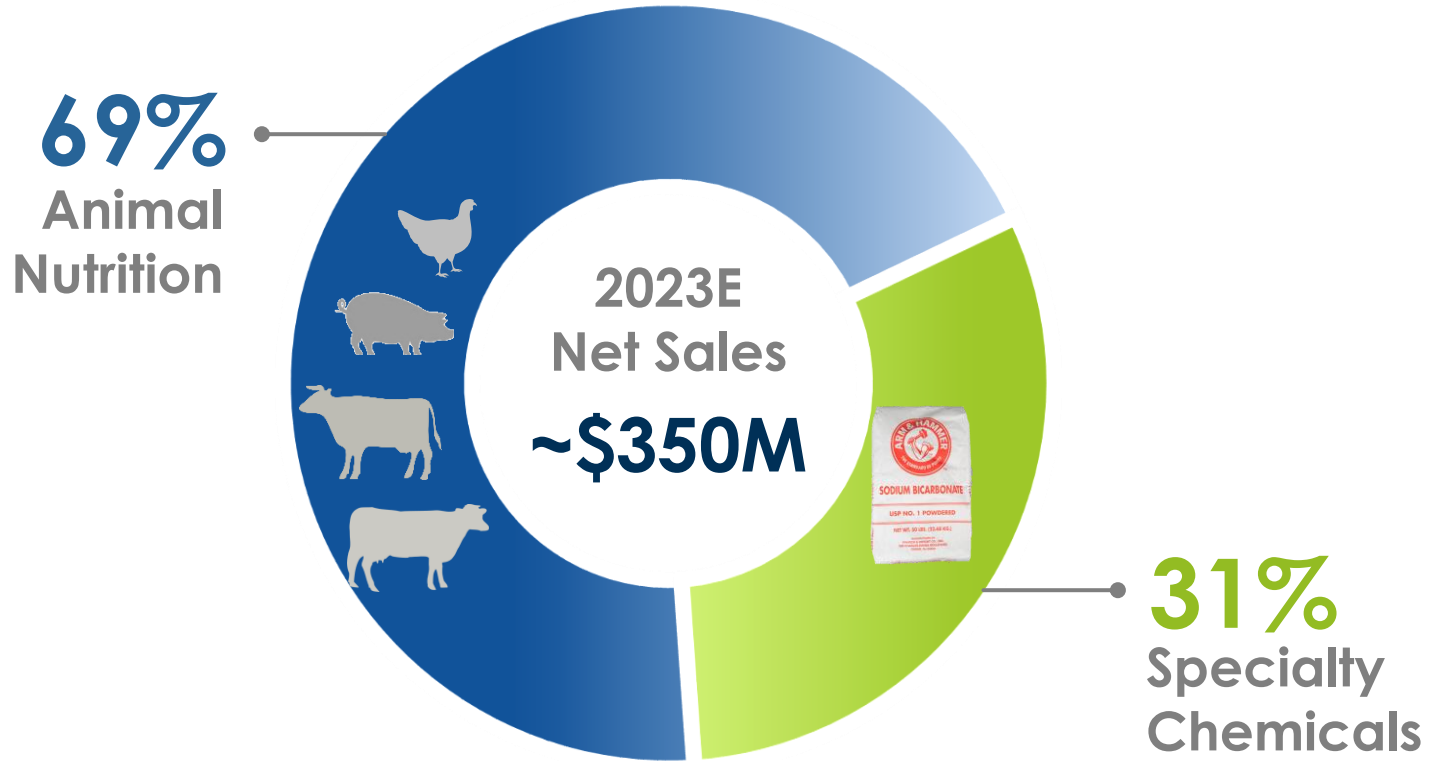
Specialty Products Division



SPD Organic Sales Evergreen Target: 5%



Specialty Products Division



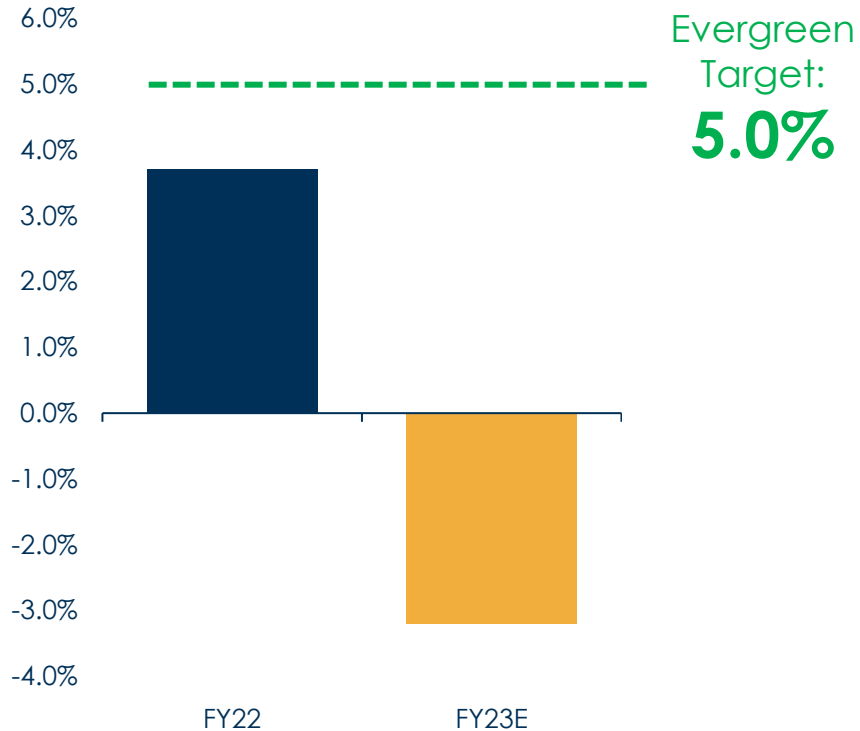
Outlook as of July 28, 2023

Animal Productivity: Pre-Biotics, Pro-Biotics, & Food Processing Safety

Powered By
Microbial *Terroir*



SPD Organic Growth



- Return of low cost imports
- Weakening dairy and poultry markets



Outlook as of July 28, 2023

Positioned For Organic Growth

- Trusted brand



- Aligned with consumer trends



- Diversified to multiple species



- Global growth runway



How We Run the Company

SUPPORT

TEAM

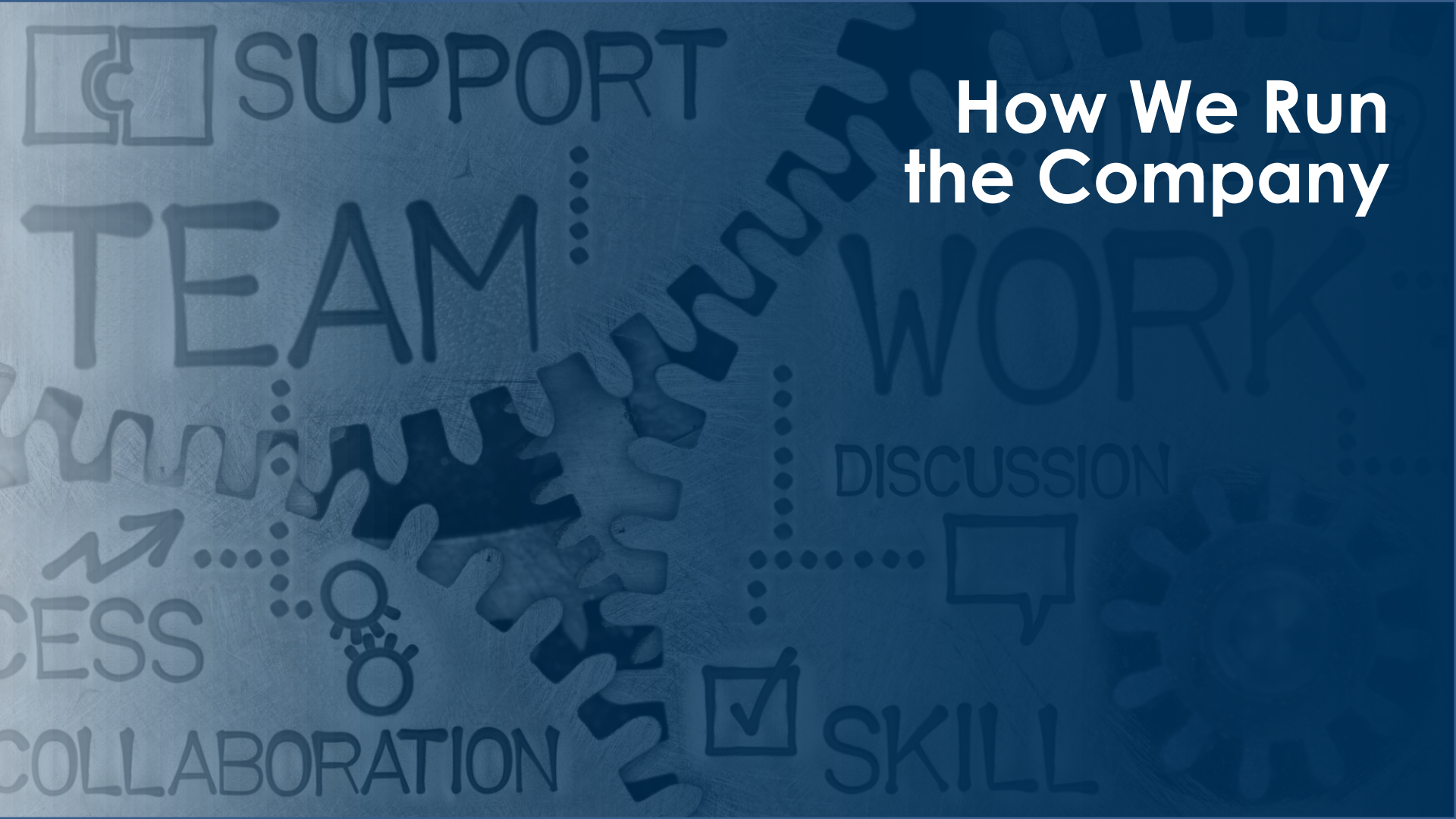
WORK

PROCESS

COLLABORATION

DISCUSSION

SKILL



Diversified Portfolio



FABRIC CARE



HOME CARE



HEALTH & WELL-BEING



HAIR & SKIN CARE



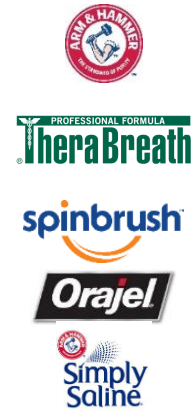
PERSONAL CARE



WATERPIK



INTERNATIONAL



We Have Five Operating Principles

1



Leverage Brands

Brands consumers love around the world

2



Friend of the Environment

Long history of being a friend to the environment

3



Leverage People

Highly productive people in a place where people matter

4



Leverage Assets

We strive to be asset light

5



Leverage Acquisitions

Good shareholder returns become **great** shareholder returns

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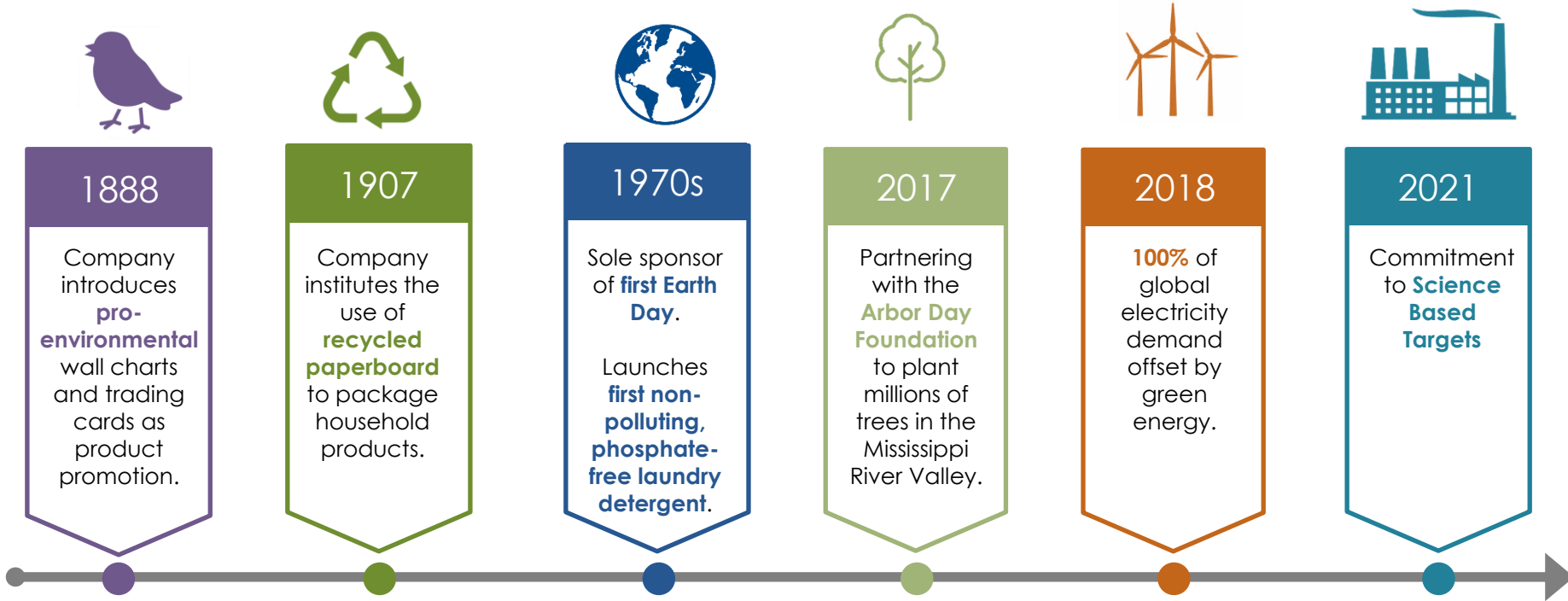
5



Leverage Acquisitions

Good shareholder returns become **great** shareholder returns

CHURCH & DWIGHT's Environmental Heritage



Environmental Goals

AIR



100% carbon neutral
via offsets by 2025

Committed to 1.5°C
science-based targets
over the next 10 years for
scope 1 and 2*

* Well below 2°C for scope 3
** Normalized

WATER



10% reduction of
water use annually**

SOLID WASTE



75% recycling rate

Our ESG Scores Continue to Improve

MSCI



2020	CCC	B	BB	BBB	A	AA	AAA
2021	CCC	B	BB	BBB	A	AA	AAA
2022	CCC	B	BB	BBB	A	AA	AAA
2023	CCC	B	BB	BBB	A	AA	AAA

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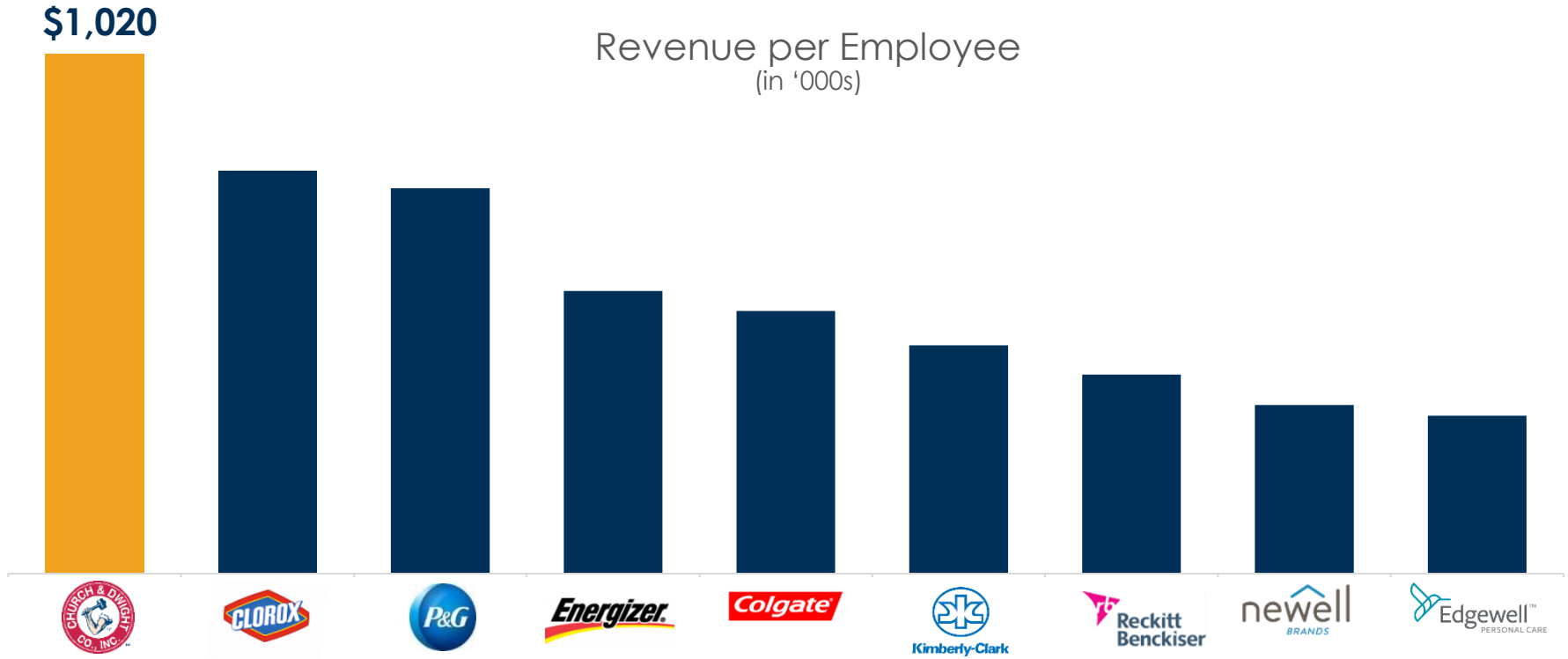
5



Leverage Acquisitions

Good shareholder returns become **great** shareholder returns

Industry Leading Revenue Per Employee



Source: Most recent 10K filings

Simple Compensation Structure

- **Bonuses are tied 100% to business results.**
- **Management is required to be heavily invested in company stock.**



All CHURCH & DWIGHT Employees Focus On Gross Margin

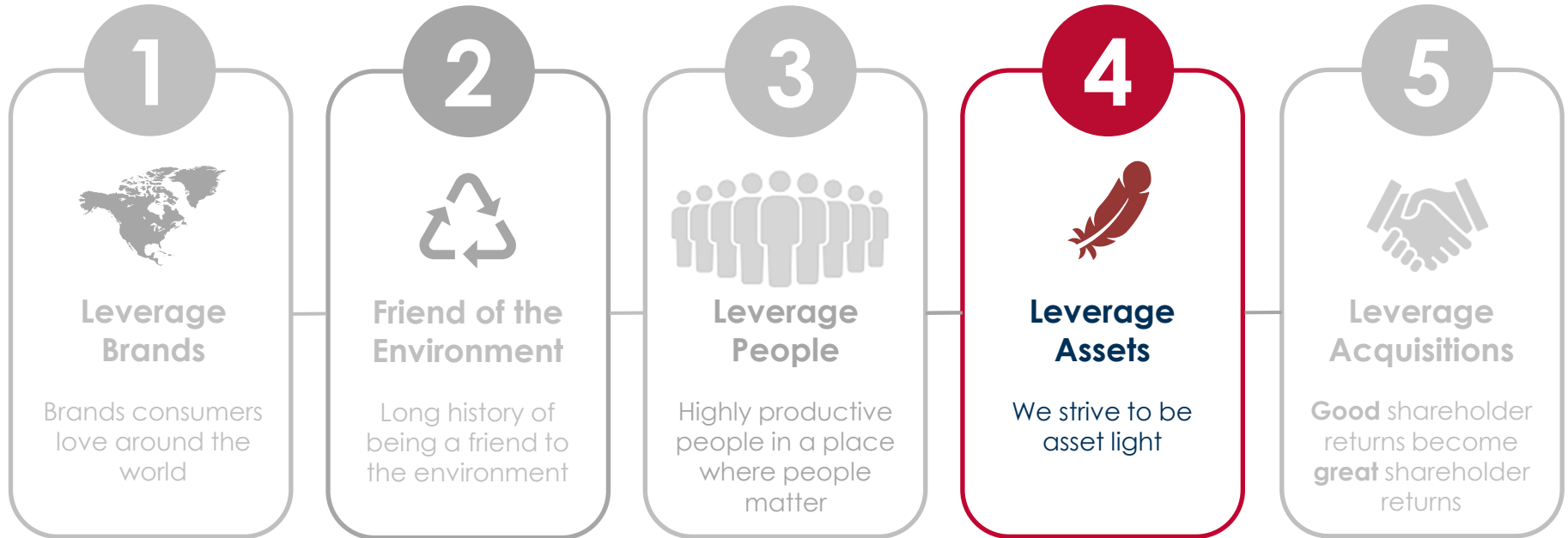
Gross margin is **20%** of all employees' annual bonus.



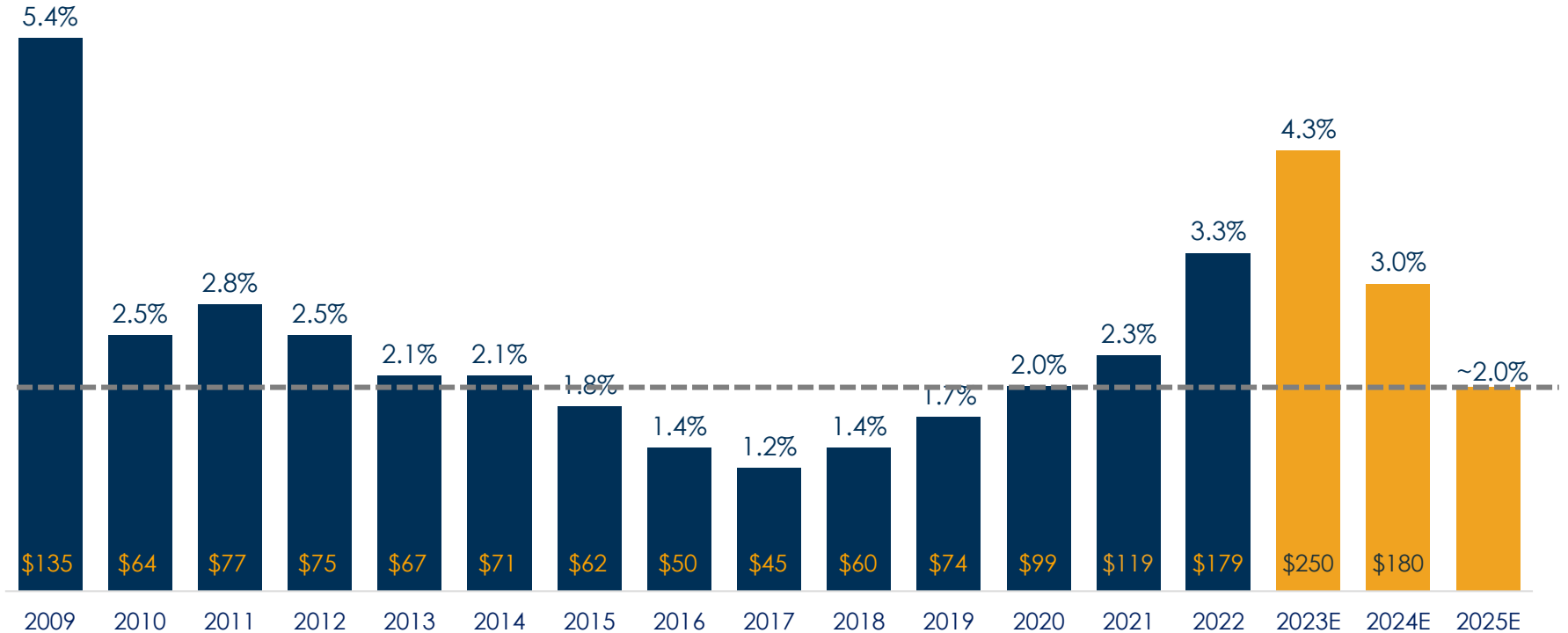
Key Gross Margin Growth Drivers



We Have Five Operating Principles



Minimal Capital Investment Capital Expenditures as a % of Sales



Outlook as of July 28, 2023

We Have Five Operating Principles

1



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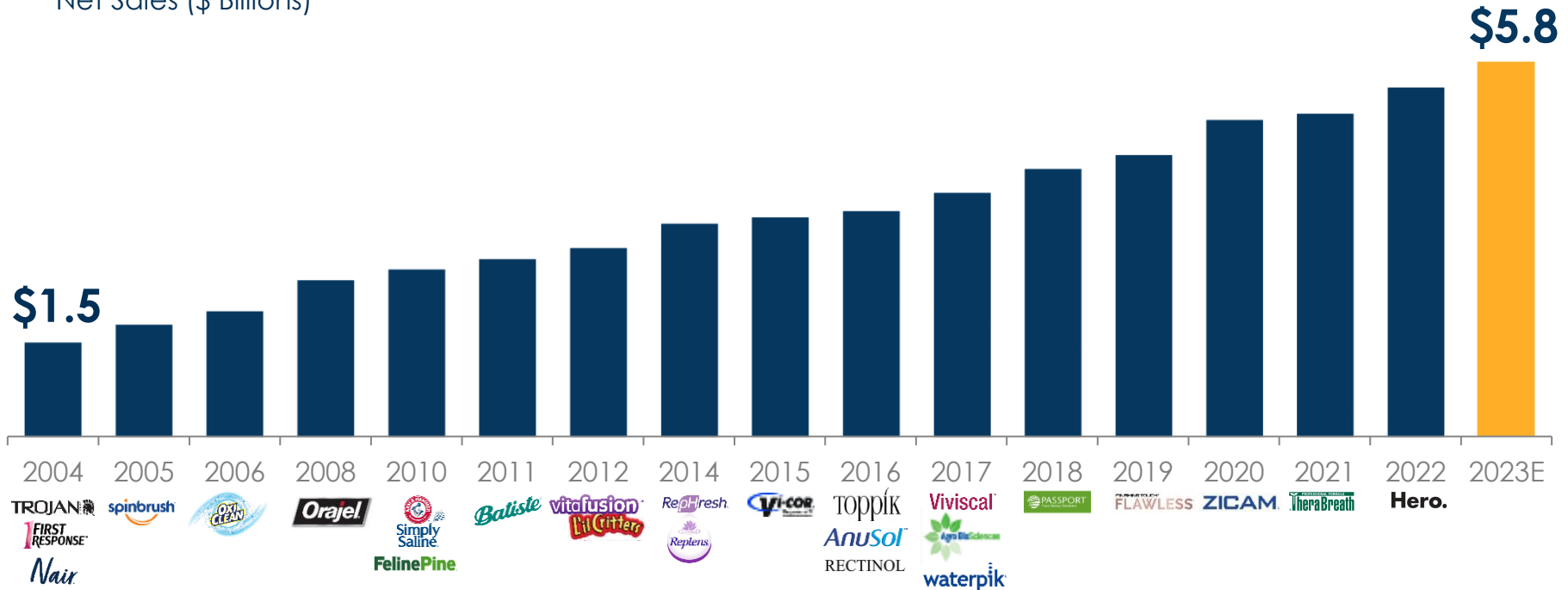


Leverage Acquisitions

Good shareholder returns become **great** shareholder returns

Long History of Growth Through Acquisitions

Net Sales (\$ Billions)



Note: Trojan, Nair and First Response acquired in two parts – 2001 and 2004.
Outlook as of July 28, 2023



Reconciliation of GAAP and Non-GAAP Financial Measures

Reconciliation of GAAP and Non-GAAP Financial Measures

The following pages provide definitions of the non-GAAP measures used in this presentation and reconciliations of these non-GAAP measures to the most directly comparable GAAP measures. These non-GAAP financial measures should not be considered in isolation from or as a substitute for the comparable GAAP measures, but rather as supplemental information to more fully understand our business results. The following non-GAAP measures may not be the same as similar measures provided by other companies due to differences in methods of calculation and items and events being excluded.

The non-GAAP measures provided are (1) Organic Sales Growth, (2) Adjusted EPS, (3) Free Cash Flow and (4) Bank EBITDA/Debt. We believe these measures provide useful perspective of underlying business trends and results and provide a more comparable measure of year over year results.

Reconciliation of GAAP and Non-GAAP Financial Measures

Organic Sales Growth

The presentation provides information regarding organic sales growth, namely net sales growth excluding the effect of acquisitions, divestitures and foreign exchange rate changes, from year-over-year comparisons. Management believes that the presentation of organic sales growth is useful to investors because it enables them to assess, on a consistent basis, sales trends related to products that were marketed by the Company during the entirety of relevant periods, without the effect of changes that are out of the control of, or do not reflect the performance of, management.

TOTAL COMPANY

Year	Reported	FX	Acquisitions & Divestitures	System Upgrade	Organic
2022	3.6%	1.0%	-3.2%	0.0%	1.4%
2021	6.0%	-0.9%	-0.8%	0.0%	4.3%
2020	12.3%	0.1%	-2.8%	0.0%	9.6%
2019	5.1%	0.5%	-1.2%	0.0%	4.4%
2018	9.8%	0.0%	-5.5%	0.0%	4.3%
2017	8.1%	0.0%	-5.4%	0.0%	2.7%
2016	2.9%	1.2%	-0.9%	0.0%	3.2%
2015	2.9%	2.7%	-2.0%	0.0%	3.6%
2014	3.2%	0.5%	-0.2%	0.0%	3.5%
2013	9.3%	0.5%	-7.6%	-0.3%	1.9%



Reconciliation of GAAP and Non-GAAP Financial Measures

Earnings Per Share

This presentation discloses reported EPS excluding the following, namely, earnings per share calculated in accordance with GAAP adjusted to exclude significant one-time items that are not indicative of the Company's period-to-period performance. We believe that this metric provides investors a useful perspective of underlying business trends and results and provides useful supplemental information regarding our year-over-year earnings per share growth. The excluded items are as follows:

2022: Excludes a \$1.26 FLAWLESS impairment charge and a \$0.03 charge related to restricted stock issued in the HERO acquisition.

2021: Excludes a \$0.30 per share positive impact from the FLAWLESS acquisition earn-out estimate.

2020: Excludes a \$0.28 per share positive impact from the FLAWLESS acquisition earn-out estimate and a \$0.01 per share positive impact from the gain on sale of an international brand.

2019: Excludes a \$0.02 positive impact from an earn-out reversal from the acquisition of Passport Food Safety Solutions, Inc., \$0.03 negative impact from the loss on the sale of the consumer Brazil business, and \$0.02 negative impact from the FLAWLESS acquisition earn-out estimate.

2017: Excludes a (\$0.12 per share) charge associated with the settlement of a foreign pension plan, a (\$0.01 per share) charge associated with the sale of the Company's chemical business in Brazil, a tax benefit of \$0.03 per share from a prior year joint venture impairment charge and a one-time tax benefit (non-cash) of \$1.06 per share to adjust deferred tax accounts and reflect deemed repatriation of foreign subsidiary earnings as a result of the Tax Cuts and Jobs Act (TCJA).

2016: Excludes the impact of a plant impairment charge of \$4.9 million at the Company's Brazilian subsidiary.



Reconciliation of GAAP and Non-GAAP Financial Measures

	For the year ending December 31,						
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Adjusted EPS Reconciliation</u>							
EPS - Reported	\$ 1.68	\$ 3.32	\$ 3.12	\$ 2.44	\$2.27	\$ 2.90	\$1.75
Pension Settlement Charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.12	\$ -
Brazil Charge	\$ -	\$ -	\$ -	\$ 0.03	\$ -	\$ 0.01	\$0.02
Joint Venture Impairment Tax Benefit	\$ -	\$ -	\$ -	\$ -	\$ -	\$(0.03)	\$ -
Natronx Charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. TCIA Tax Reform	\$ -	\$ -	\$ -	\$ -	\$ -	\$(1.06)	\$ -
Gain on Sale of International Brand	\$ -	\$ -	\$(0.01)	\$ -	\$ -	\$ -	\$ -
Passport Earn-out Reversal	\$ -	\$ -	\$ -	\$(0.02)	\$ -	\$ -	\$ -
Flawless Earn-out Adjustment	\$ -	\$(0.30)	\$(0.28)	\$ 0.02	\$ -	\$ -	\$ -
Flawless Impairment	\$ 1.26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hero Restricted Stock	\$ 0.03	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EPS - Adjusted (Non-GAAP)	<u>\$ 2.97</u>	<u>\$ 3.02</u>	<u>\$ 2.83</u>	<u>\$ 2.47</u>	<u>\$2.27</u>	<u>\$ 1.94</u>	<u>\$1.77</u>

Reconciliation of GAAP and Non-GAAP Financial Measures

Free Cash Flow

Free cash flow (a non-GAAP measure) is defined as cash from operating activities (a GAAP measure) less capital expenditures (a GAAP measure). Management views free cash flow as an important measure because it is one factor in determining the amount of cash available for dividends and discretionary investment.

Free Cash Flow as a Percent of Net Income (Free Cash Flow Conversion)

Free cash flow as percent of net income is defined as the ratio of free cash flow to net income. Management views this as a measure of how effective the Company manages its cash flow relating to working capital and capital expenditures.

Reconciliation of GAAP and Non-GAAP Financial Measures

Total Debt to Bank EBITDA

Total Debt to Bank EBITDA is a ratio used in our debt agreements. Bank EBITDA (a non-GAAP measure) is a form of adjusted EBITDA, and represents earnings from Income (a GAAP measure), excluding interest income, interest expense, and before income taxes, depreciation, and amortization (EBITDA) and certain other adjustments per the Company's Credit Agreement.

Total Debt is defined as short- and long-term debt as defined by GAAP, plus items that are classified as debt by the Company's credit agreement. These items include Letters of Credit, Capital and Synthetic Lease Obligations, and certain Guarantees.

Management believes the presentation of Total Debt to Bank EBITDA provides additional useful information to investors about liquidity and our ability to service existing debt.

	2022	2021	2020	2019	2018	2017	2016
Total Debt as Presented ⁽¹⁾	\$ 2,673.6	\$ 2,596.9	\$ 2,163.9	\$ 2,063.1	\$ 2,107.1	\$ 2,374.3	\$ 1,120.1
Other Debt per Covenant ⁽²⁾	43.3	1.0	1.5	15.9	56.7	59.2	75.1
Total Debt per Credit Agreement	\$ 2,716.9	\$ 2,597.9	\$ 2,165.4	\$ 2,079.0	\$ 2,163.8	\$ 2,433.5	\$ 1,195.2
Net Cash from Operations	\$ 885.2	\$ 993.8	\$ 990.3	\$ 864.6	\$ 763.6	\$ 681.5	\$ 655.3
Interest Paid	86.0	51.8	58.8	70.6	74.9	33.3	25.6
Current Tax Provision	109.4	204.2	162.2	152.2	139.8	186.9	222.0
Change in Working Capital and other Liabilities	186.6	95.0	37.3	(33.2)	(14.2)	(0.8)	30.0
Adjustments for Significant Acquisitions/Dispositions (net)	41.2	31.6	46.2	17.9	-	50.2	(74.4)
Adjusted EBITDA (per Credit Agreement)	\$ 1,308.4	\$ 1,376.4	\$ 1,294.8	\$ 1,072.1	\$ 964.1	\$ 951.1	\$ 858.5
Ratio	2.1	1.9	1.7	1.9	2.2	2.6	1.4

Notes:

⁽¹⁾ Net of Deferred Financing Costs per ASC 2015-03, "Simplifying the Presentation of Debt Issuance Costs"

⁽²⁾ Includes Letters of Credit, Capital and Synthetic Lease Obligations, Acquisition Liabilities and certain Guarantees.



Reconciliation of GAAP and Non-GAAP Financial Measures

Total Debt to Bank EBITDA, Continued

Total Debt to Bank EBITDA is a ratio used in our debt agreements. Bank EBITDA (a non-GAAP measure) is a form of adjusted EBITDA, and represents earnings from Income (a GAAP measure), excluding interest income, interest expense, and before income taxes, depreciation, and amortization (EBITDA) and certain other adjustments per the Company's Credit Agreement.

Total Debt is defined as short- and long-term debt as defined by GAAP, plus items that are classified as debt by the Company's credit agreement. These items include Letters of Credit, Capital and Synthetic Lease Obligations, and certain Guarantees.

Management believes the presentation of Total Debt to Bank EBITDA provides additional useful information to investors about liquidity and our ability to service existing debt.

	2015	2014	2013	2012	2011	2010	2009
Total Debt as Presented ⁽¹⁾	\$ 1,050.0	\$ 1,086.6	\$ 797.3	\$ 895.6	\$ 246.7	\$ 333.3	\$ 816.3
Other Debt per Covenant ⁽²⁾	83.5	88.0	90.3	79.1	45.9	11.7	16.5
Total Debt per Credit Agreement	\$ 1,133.5	\$ 1,174.6	\$ 887.6	\$ 974.7	\$ 292.6	\$ 345.0	\$ 832.8
Net Cash from Operations	\$ 606.1	\$ 540.3	\$ 499.6	\$ 523.6	\$ 437.8	\$ 428.5	\$ 400.9
Interest Paid	29.0	25.7	26.4	9.7	9.2	29.3	35.6
Current Tax Provision	201.0	198.3	192.3	179.5	125.6	108.7	125.6
Excess Tax Benefits on Option Exercises	15.8	18.5	13.1	14.6	12.1	7.3	5.0
Change in Working Capital and other Liabilities	(38.6)	(13.5)	16.1	(75.4)	11.0	(31.6)	(35.4)
Adjustments for Significant Acquisitions/Dispositions (net)	-	-	-	46.8	3.9	6.8	(22.9)
Adjusted EBITDA (per Credit Agreement)	\$ 813.3	\$ 769.3	\$ 747.5	\$ 698.8	\$ 599.6	\$ 549.0	\$ 508.8
Ratio	1.4	1.5	1.2	1.4	0.5	0.7	1.6

Notes:

⁽¹⁾ Net of Deferred Financing Costs per ASC 2015-03, "Simplifying the Presentation of Debt Issuance Costs"

⁽²⁾ Includes Letters of Credit, Capital and Synthetic Lease Obligations, Acquisition Liabilities and certain Guarantees.



Reconciliation of GAAP and Non-GAAP Financial Measures

Forecasted Reported and Organic Sales Reconciliation

	For the Quarter Ended September 30, 2023	For the Year Ended December 31, 2023
Reported Sales Growth	8.0%	8.0%
Less: Acquisition	-3.8%	-3.3%
Add: FX / Other	-0.2%	0.3%
Organic Sales Growth	4.0%	5.0%

Forecasted Adjusted Diluted Earnings Per Share Reconciliation

	For the year ended December 31, 2023	For the year ended December 31, 2022	Change
Diluted Earnings Per Share - Reported	\$ 3.03	\$ 1.68	80.4%
Hero Restricted Stock	0.12	0.03	
Flawless Impairment	0.00	1.26	
Diluted Earnings Per Share - Adjusted (non-GAAP)	\$ 3.15	\$ 2.97	6.1%

