ENPRO INDUSTRIES

SECOND QUARTER 2019 EARNINGS REVIEW

July 30, 2019



FORWARD LOOKING STATEMENTS

Statements made in the course of this presentation that express a belief, expectation or intention, as well as those that are not historical fact, are forward-looking statements under the Private Securities Litigation Reform Act of 1995. They involve a number of risks and uncertainties that may cause actual events and results to differ materially from such forward-looking statements. These risks and uncertainties include, but are not limited to: general economic conditions in the markets served by our businesses, some of which are cyclical and experience periodic downturns; prices and availability of raw materials; the impact of fluctuations in relevant foreign currency exchange rates; uncertainties with respect to the timing of the closing of the acquisition of LeanTeq, including when and whether all conditions to closing will be satisfied; uncertainties with respect to the future performance of LeanTeq following its acquisition by EnPro, including the impact of the acquisition on existing customer relationships; unanticipated delays or problems in introducing new products; the incurrence of contractual penalties for the late delivery of long lead-time products; announcements by competitors of new products, services or technological innovations; changes in our pricing policies or the pricing policies of our competitors; and the amount of any payments required to satisfy contingent liabilities related to discontinued operations of our predecessors, including liabilities for certain products, environmental matters, employee benefit obligations and other matters. Our filings with the Securities and Exchange Commission, including the Form 10-K for the year ended December 31, 2018, describe these and other risks and uncertainties in more detail. We do not undertake to update any forward-looking statement made in this presentation or during the course of the conference call to reflect any change in management's expectations or any change in the assumptions or circumstances on which such statements are based.

We own a number of direct and indirect subsidiaries and, from time to time, we may refer collectively to EnPro and one or more of our subsidiaries as “we” or to the businesses, assets, debts or affairs of EnPro or a subsidiary as “ours.” These and similar references are for convenience only and should not be construed to change the fact that EnPro and each subsidiary is an independent entity with separate management, operations, obligations and affairs.

This presentation also contains certain non-GAAP financial measures as defined by the Securities and Exchange Commission. A reconciliation of these measures to the most directly comparable GAAP equivalents is included as an appendix to this presentation.

AGENDA

1. Leadership Transition
2. Second Quarter Highlights
3. Overview of Financial Results
   - Quarterly Results
   - Capital Allocation
   - Net Debt & Liquidity
4. Guidance

LEADERSHIP TRANSITION

Steve Macadam – Outgoing President & Chief Executive Officer

SECOND QUARTER HIGHLIGHTS

Marvin Riley – Incoming President & Chief Executive Officer

SECOND QUARTER OPERATIONS HIGHLIGHTS

- Substantial year-over-year increase in profitability that resulted primarily from:
  - Strength in aftermarket parts and services in Power Systems
  - Productivity improvements and lower warranty charges due to unusual warranty charges in the prior-year period that did not recur in Sealing Products
  - Cost control measures across the company

- Second quarter adjusted EBITDA was up 29% year-over-year

SECOND QUARTER ACQUISITION OVERVIEW

- In support of our growth strategy and our commitment to disciplined strategic investments, we recently announced the addition of two new businesses to the EnPro portfolio within pharma and semiconductor:
  - The Aseptic Group
    - Completed on July 2
    - The Aseptic Group is a distributor, designer, and manufacturer of sterile fluid transfer products for the pharmaceutical and biopharmaceutical industries
    - Will become part of The Garlock Family of Companies
  - LeanTeq
    - Announced plans to acquire on July 22
    - LeanTeq primarily provides cleaning, testing and verification services for critical components and assemblies used in state-of-the-art semiconductor equipment. This equipment is used to produce the latest and most technologically advanced microchips for smartphones, autonomous vehicles, high-speed wireless connectivity (5G), artificial intelligence, and other leading-edge applications
    - Will become part of The Technetics Group

LEANTEQ ADDS SIGNIFICANT VALUE TO OUR PORTFOLIO

Strengthens and expands EnPro's existing $100M+ presence in the semiconductor industry, with a primary focus on the aftermarket	Adds proprietary technology, capabilities and a highly differentiated service offering for semiconductor manufacturing equipment	Aligns with EnPro's growth strategy and fits its acquisition criteria with a focus on technical expertise, niche markets, mission-critical applications and significant aftermarket contribution	Compelling growth and margin profile with consistent cash generation track record	Expected to be accretive to adjusted EPS in the first full year following closing



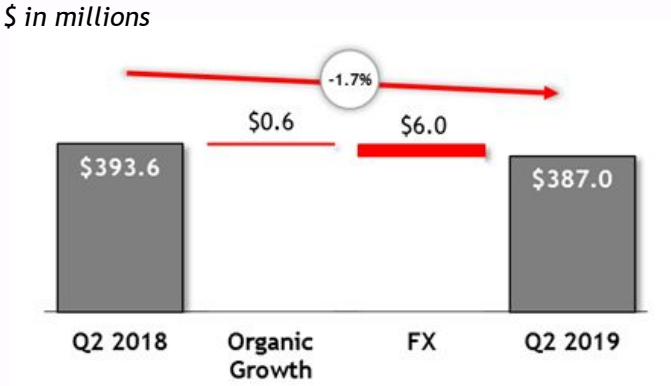
OVERVIEW OF FINANCIAL RESULTS

Milt Childress – Executive Vice President & CFO

SALES & ADJUSTED EBITDA

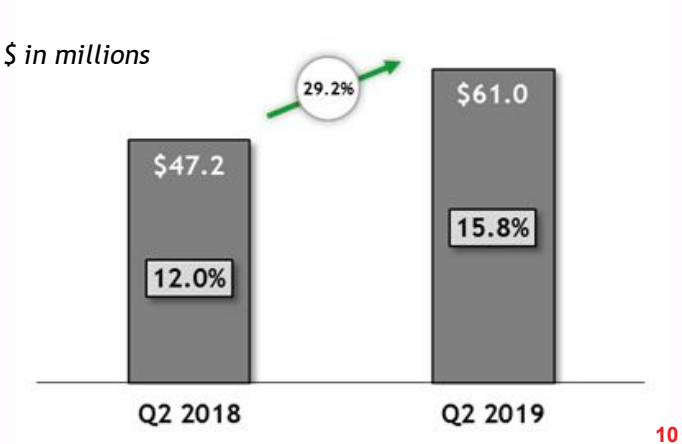
SALES

- Sales were relatively flat compared to the second quarter of 2018



ADJUSTED EBITDA

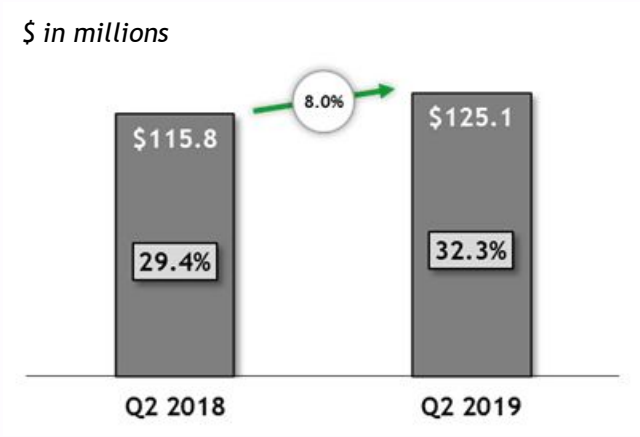
- Excluding foreign exchange translation and the impact of foreign exchange on the EDF contract in both periods, adjusted EBITDA was up 17.6% in the second quarter compared to the prior year period
  - Strength in aftermarket parts and services in Power Systems
  - Productivity improvements and lower warranty charges due to unusual warranty charges in the prior-year period that did not recur in Sealing Products
  - Cost control measures across the company



GROSS MARGIN

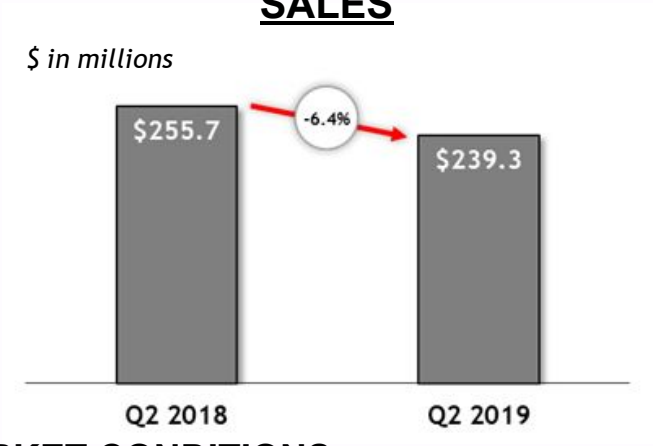
GROSS PROFIT & MARGIN

- Gross profit margin increase of 2.9 percentage points compared to the second quarter of 2018
  - Year-over-year parts volume increase in Power Systems
  - Productivity improvements and lower warranty charges due to unusual warranty charges in the prior-year period that did not recur in Sealing Products
  - Cost control measures across the company

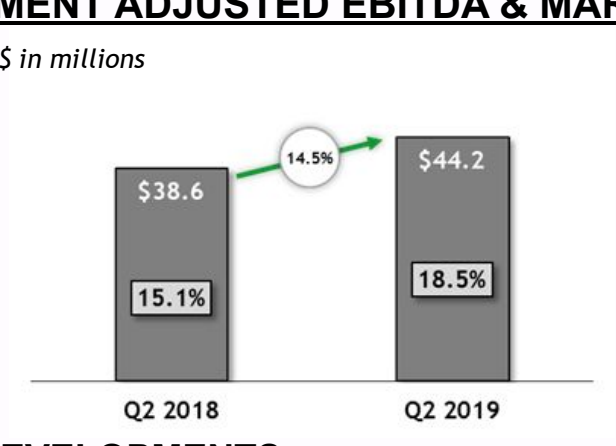


SEALING PRODUCTS

SALES



SEGMENT ADJUSTED EBITDA & MARGIN



MARKET CONDITIONS

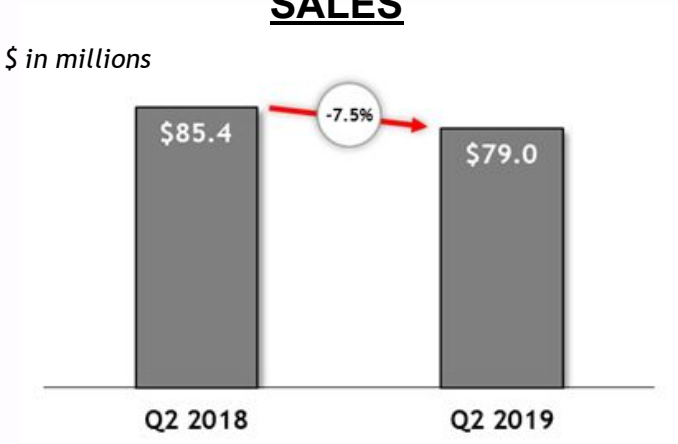
- Sales decreased 5.4% excluding impact of FX translation
  - Strength in the aerospace and midstream oil and gas markets
  - Softness in the semiconductor capital equipment and heavy-duty trucking markets, and last year's exit from the industrial gas turbine business

KEY DEVELOPMENTS

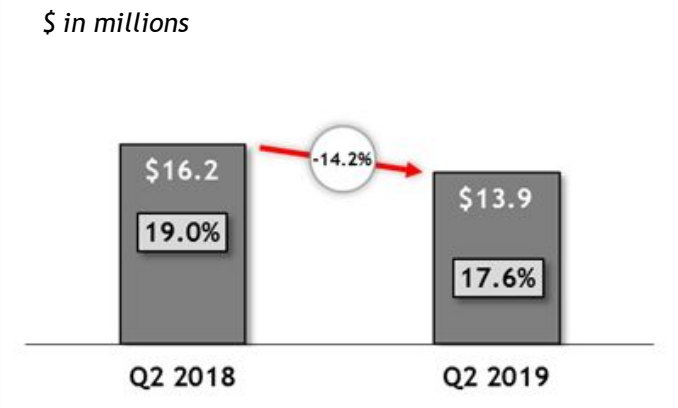
- Excluding impact of FX translation, segment adjusted EBITDA increased 15.7%
  - Driven primarily by productivity improvements, cost control measures, lower warranty charges due to the non-recurrence of prior year unusual charges, and the benefit from our exit from the industrial gas turbine market in 2018

ENGINEERED PRODUCTS

SALES



SEGMENT ADJUSTED EBITDA & MARGIN



MARKET CONDITIONS

- Sales decreased 3.5% excluding impact of FX translation
  - Driven primarily by weakness in automotive and general industrial markets

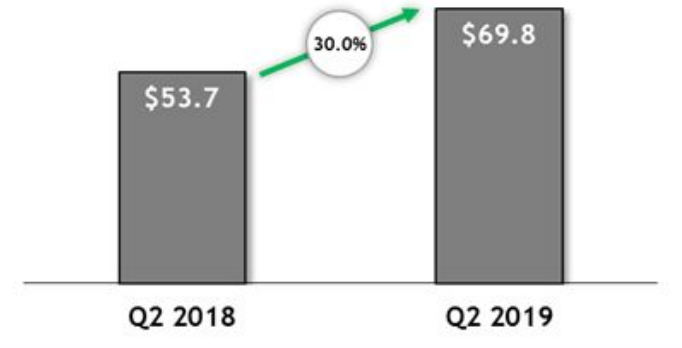
KEY DEVELOPMENTS

- Excluding impact of FX translation, segment adjusted EBITDA decreased 9.5%
  - Decrease primarily due to lower sales volume

POWER SYSTEMS

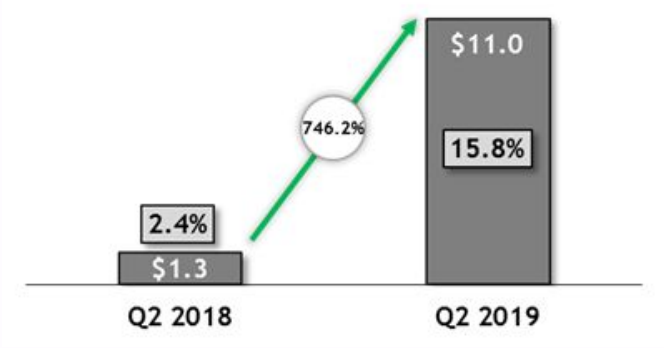
SALES

$ in millions



SEGMENT ADJUSTED EBITDA & MARGIN

$ in millions



MARKET CONDITIONS

- The sales increase was due to strong aftermarket parts and military marine engine sales, partially offset by lower sales to the power generation market

KEY DEVELOPMENTS

- Excluding the impact of foreign exchange on the EDF contract in both periods, segment adjusted EBITDA was up 123% over the second quarter of last year
- Production of EDF engines is now 88% complete
- On track to ship the remaining 6 engines by year end

FAIRBANKS MORSE
AN ENPRO INDUSTRIES COMPANY

ADJUSTED DILUTED EARNINGS PER SHARE

- Adjusted diluted EPS in Q2 2019 of $1.32/share was up 83.3% compared to the second quarter of the prior year

ADJUSTED DILUTED EARNINGS PER SHARE

($ and shares in millions, except per share data)	Q2 2018	Q2 2019
Adjusted EBITDA	**$47.2**	**$61.0**
Less: Net Interest Expense	(7.1)	(4.2)
Less: Adjusted Income Tax Expense	(6.3)	(11.2)
Less: Depreciation & Amortization Expense	(18.4)	(18.2)
Adjusted Net Income	**$15.4**	**$27.4**
Average Diluted Shares Outstanding	21.1	20.8
Adjusted Diluted Earnings Per Share	**$0.72**	**$1.32**

CAPITAL ALLOCATION OVERVIEW

CAPITAL EXPENDITURES

- Invested $8.8 million in facilities, equipment, and software compared to $14.5 million in the prior year period

DIVIDENDS

- Paid $0.25/share dividend totaling $5.2M

SHARE REPURCHASES

- Repurchased ~195K shares for a total value of ~$12.7 million under the $50 million program authorized by the Board last October

NET DEBT & LIQUIDITY SUMMARY

LIQUIDITY IN 2019

- Q2 2019 cash balance of approximately $124M
- Q2 2019 total borrowings of approximately $428M

$ millions		June 30, 2019
	Credit Facility	$82
	Senior Notes[(1)]	$345
	Capital Lease Obligations	$1
A	**Debt Components**	**$428**
B	**Cash and Equivalents**	**$124**
C = (A – B)	**Net Debt**	**$304**
D	**LTM June 30, 2019 Adjusted EBITDA**	**$223**
E = (C / D)	**Leverage Ratio**	**1.4x**

(1) Includes impact from unamortized debt issue costs.

GUIDANCE

Marvin Riley – Incoming President & Chief Executive Officer

2019 GUIDANCE

GUIDANCE COMMENTARY (1)

- Expect full-year adjusted EBITDA to be between $225 and $229 million and adjusted diluted EPS to be between $4.45 to $4.59

	2019 Guidance(1)	
	Low	High
Adjusted EBITDA	$225M	$229M
Adjusted EPS	$4.45	$4.59

(1) Ranges exclude changes in the number of shares outstanding, impacts from future acquisitions and acquisition-related costs, restructuring costs, incremental impacts of tariffs and trade tensions on market demand and costs subsequent to the end of the second quarter, the impact of foreign exchange rate changes subsequent to the end of the second quarter, and environmental and legacy litigation charges

QUESTIONS

APPENDIX

LTM EBITDA CALCULATION

(Stated in Millions of Dollars)

	Adjusted EBITDA
Six Months Ended June 30, 2019 (A)	$ 104.1
Year Ended December 31, 2018	217.4
Less: Six Months Ended June 30, 2018 (A)	98.6
Trailing Twelve Months Ended June 30, 2019	$ 222.9

(A) For reconciliations of net income to adjusted EBITDA for the six months ended June 30, 2018 and June 30, 2019, please refer to our second quarter earnings release dated July 29, 2019 and available at our website. For reconciliations of net income to adjusted EBITDA for the year ended December 31, 2018, please refer to our fourth quarter earnings release dated February 13, 2019, also available at our website.