ENPRO INDUSTRIES

FOURTH QUARTER AND FULL YEAR 2019 EARNINGS REVIEW

FEBRUARY 25, 2020



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 EnPro's businesses, some of which are cyclical and experience periodic downturns; prices and availability of its raw materials; the impact of fluctuations in relevant foreign currency exchange rates; unanticipated delays or problems in introducing new products; announcements by competitors of new products, services or technological innovations; changes in pricing policies or the pricing policies of competitors; the impact of the acquisition of LeanTeq on its existing customer relationships; impacts from further spread of the Coronavirus; and the amount of any payments required to satisfy contingent liabilities related to discontinued operations of its predecessors, including liabilities for certain products, environmental matters, employee benefit obligations and other matters. EnPro's filings with the Securities and Exchange Commission, including its most recent Form 10-K and Form 10-Q, describe these and other risks and uncertainties in more detail. EnPro does not undertake to update any forward-looking statements made in this press release 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 historical non-GAAP measures to the most directly comparable GAAP equivalents is included as an appendix to this presentation.

SUCCESSFUL EXECUTION OF PORTFOLIO SHAPING ACTIONS



Fairbanks Morse Divestiture

(Closed Q1 2020)

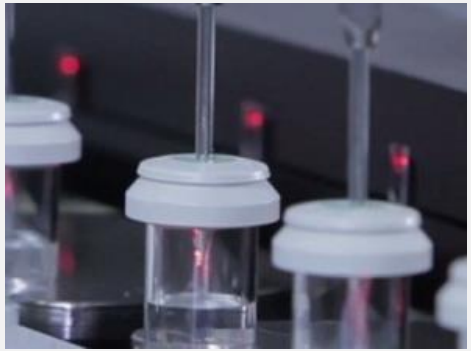
- Produces large medium-speed diesel engines, primarily for the U.S. Navy
- Divestiture exits a capital-intensive business with lumpy cash flows and customer concentration



Brake Shoe Business Divestiture

(Closed Q4 2019)

- Manufactures brake shoes and brake kits for heavy-duty and medium-duty trucks
- Divestiture exits a product line with weak differentiation, dilutive margins, and poor cash flow returns on capital



The Aseptic Group Acquisition

(Closed Q3 2019)

- Distributes, designs, and manufactures aseptic fluid transfer products
- Acquisition increases aftermarket presence in the growing pharmaceutical and biopharmaceutical markets



LeanTeq Co., Ltd. Acquisition

(Closed Q3 2019)

- Provides cleaning and other refurbishment services for critical components and assemblies used in state-of-the-art semiconductor equipment
- Acquisition increases aftermarket presence in the growing semiconductor wafer production market

ENPRO (NYSE: NPO) | ATTRACTIVE PORTFOLIO OF BUSINESSES

COMPANY OVERVIEW

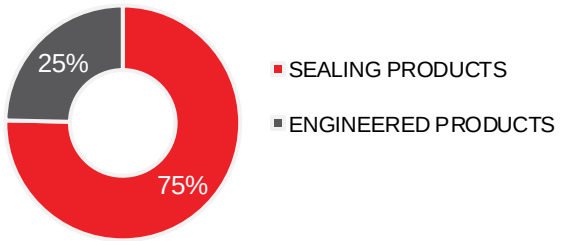
Headquarters	**Charlotte, NC**
Manufacturing Facilities	**27 primary**
Global Employees	**~5,000**
Customers	**50,000+**

FINANCIAL OVERVIEW

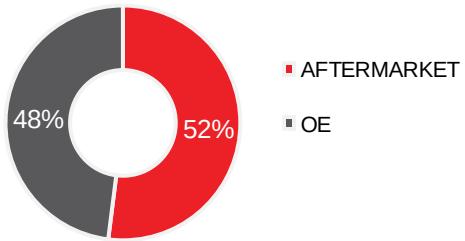
Market-Cap[1]	**$1.3B**
Revenue[2]	**$1.2B**
Adj. EBITDA (Margin)*,[2]	**$169M (14.0%)**
2019 Aftermarket Rev.	**52%**
Dividend Yield[1]	**1.7%**

2019 REVENUE CONTRIBUTION

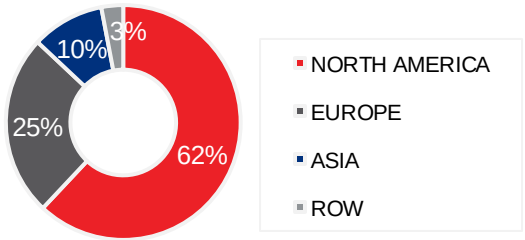
SALES BY SEGMENT



SALES BY CHANNEL



SALES BY GEOGRAPHY



Leading Provider of Highly-Engineered Solutions for Mission Critical Applications with #1-3 Market Positions

[1] Trading metrics as of 2/21/20; [2] Full Year 12/31/19; Note: Excludes Fairbanks Morse, which is now reported as a discontinued operation; * Non-GAAP measure; refer to appendix for reconciliation to GAAP

Q4 2019 HIGHLIGHTS

Marvin Riley – President & Chief Executive Officer

Q4 HIGHLIGHTS



- Positive momentum in aerospace, semiconductor, food and pharma, nuclear, and oil and gas
- Q4 2019 segment profit and consolidated adjusted EBITDA* were up 145% and 28%, respectively, versus the prior year period



- Evaluated structural competitiveness of several product lines within the HD/MD truck business and reducing overall exposure to the sector
  - Ceased operations of three product lines, including TrailerTail
- Cut SG&A costs, reduced freight charges, and optimized manufacturing processes to improve quality control systems
- Evaluating the manufacturing network to reduce footprint, optimizing staffing levels to support lower levels of demand, and renegotiating contracts with suppliers



- Continue to see benefits of optimized cost structure in response to volume declines
- Actions taken this year include rightsizing workforce, improving plant overhead, and decreasing SG&A spending

* Non-GAAP measure; refer to appendix for reconciliation to GAAP

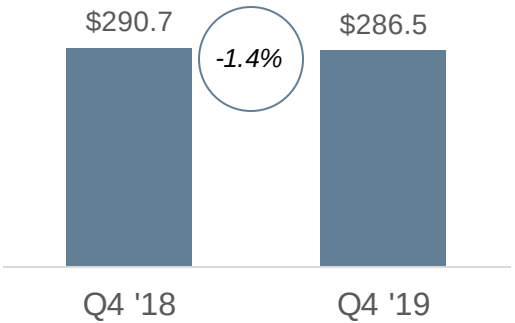
OVERVIEW OF FINANCIAL RESULTS

Milt Childress – Executive Vice President & CFO

Q4 2019 FINANCIAL PERFORMANCE

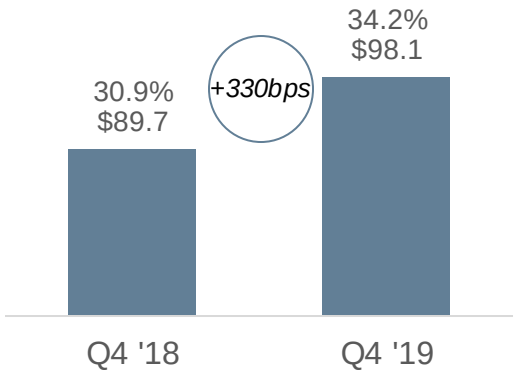
$ in millions

Sales



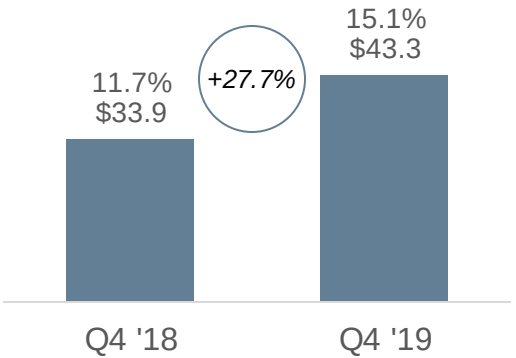
- Growth in aerospace, semiconductor, food and pharma, nuclear, and oil and gas, including contribution from acquired businesses, more than offset by weakness in the heavy-duty truck, general industrial, and automotive markets
- Excluding impact of foreign currency and sales from acquired and divested businesses, organic sales declined 2.1%

Gross Profit & Margin



- Benefit from LeanTeq and The Aseptic Group acquisitions
- Improvements in the heavy-duty truck business driven by cost reductions and sale of the brake shoe operation

Adjusted EBITDA* & Margin



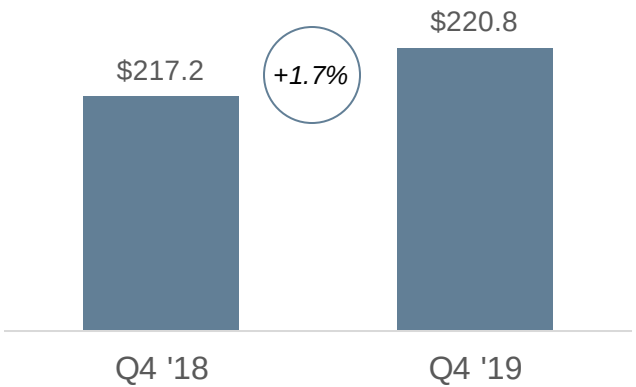
- Increase driven by:
  - Exit from the HD/MD truck brake shoe business
  - LeanTeq and The Aseptic Group acquisitions
  - Cost reduction efforts
- Excluding the impact of foreign exchange translation and acquisitions and divestitures, adjusted EBITDA increased 3.6%

* Non-GAAP measure; refer to appendix for reconciliation to GAAP

SEALING PRODUCTS – Q4 2019 FINANCIAL PERFORMANCE

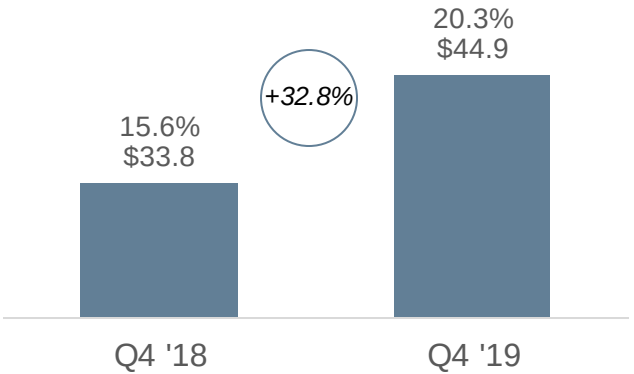
$ in millions

Sales



- Favorable demand in the aerospace, food and pharma, nuclear, oil and gas, and semiconductor markets
- Benefit from acquisitions of LeanTeq and The Aseptic Group
- Excluding the impact of foreign exchange translation and acquisitions and divestitures, sales were relatively flat compared to the prior-year period

Segment Adjusted EBITDA* & Margin



- Improvements in the heavy-duty truck business driven by cost reductions and sale of the brake shoe operation as well as acquisitions
- Excluding the impact of foreign exchange translation and acquisitions and divestitures, segment adjusted EBITDA increased 1.8% compared to the prior-year period

Impairment Charge in Q4

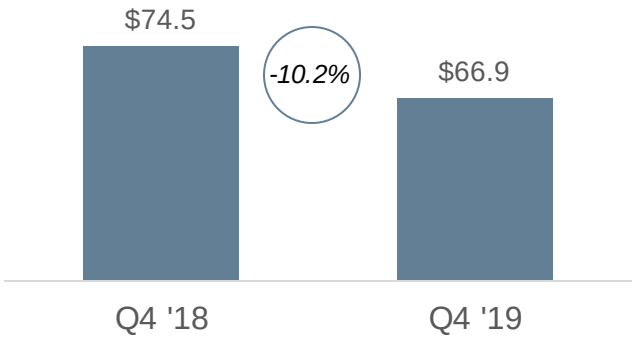
- Recorded a $25.7 million non-cash impairment charge in connection with the ongoing review of our heavy-duty truck business
- Charge is reflected on the income statement in "other operating expenses" and excluded from segment profit in order to provide clarity on comparisons with prior periods, consistent with past practice

* Non-GAAP measure; refer to appendix for reconciliation to GAAP

ENGINEERED PRODUCTS – Q4 2019 FINANCIAL PERFORMANCE

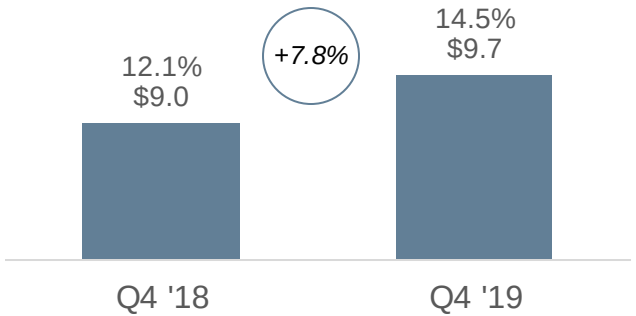
$ in millions

Sales



- Weakness in the automotive and general industrial markets
- Excluding the impact of foreign exchange translation, sales decreased 8.3% compared to the prior-year period

Segment Adjusted EBITDA* & Margin



- Increase primarily due to cost reduction initiatives implemented in response to market challenges
- Excluding the impact of foreign exchange translation, segment adjusted EBITDA increased 10.9% compared to the prior-year period

* Non-GAAP measure; refer to appendix for reconciliation to GAAP

LEGACY ENVIRONMENTAL UPDATE

- Resolved several discrete environmental matters transferred to EnPro at time of spin-off from Goodrich in 2002:
  - Water Valley, Mississippi:
    - In Q3 2019, resolved claims brought by 24 private property owners regarding the contamination in Water Valley, Mississippi
    - In Q4 2019, reached favorable settlement of a claim brought by the local county regarding the contamination in Water Valley, Mississippi
    - The settlement with the county and costs to expand the remediation system at the Water Valley site resulted in a reserve increase of $4.7 million
  - Additionally, within past year, resolved Lake Onondaga claims by Honeywell
- Significant steps in resolving these open pre-spin environmental matters, reducing risks to future cash flows, and allowing focus on profitable growth

NET DEBT SUMMARY

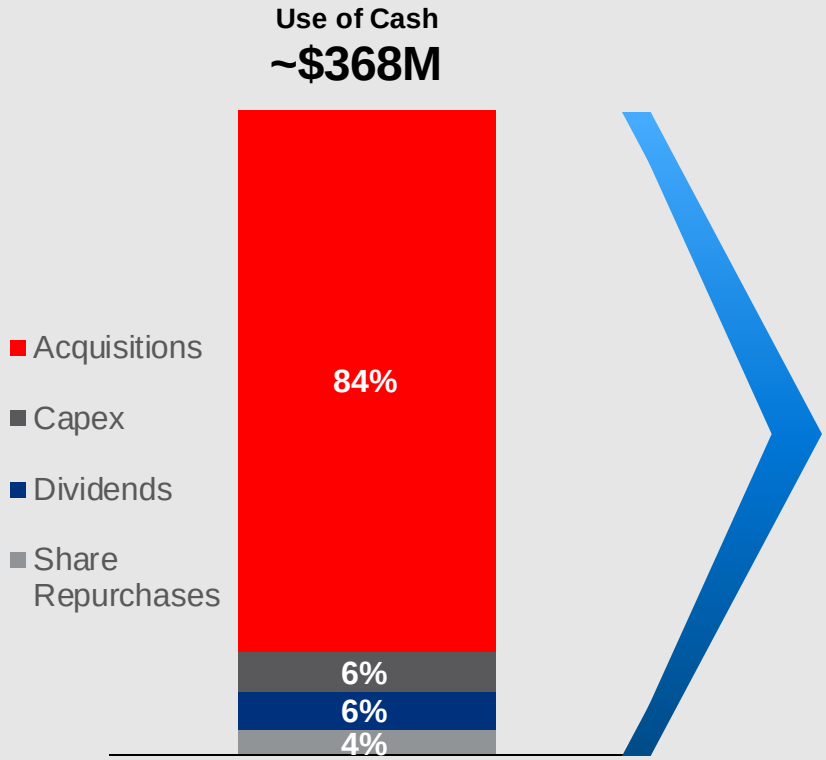
Net Debt in 2019

- At year end, the company had a cash balance of approximately $121M and total borrowings of approximately $629M
- Including the estimated net cash proceeds from the sale of Fairbanks Morse of $380 million, leverage ratio at year end would have been 0.8x

	Reported December 31, 2019 ($M)		Adjustments for FM Proceeds (2)	Pro Forma
	Credit Facility	$134	-$134	$0
	Senior Notes(1)	$345		$345
	Term Loan	$149		$149
	Capital Lease Obligations	$1		$1
A	Debt Components	$629		$495
B	Cash and Equivalents	$121	+$246	$367
C = (A – B)	Net Debt	$508		$128
D	December 31, 2019 Adjusted EBITDA*	$169		$169
E = (C / D)	Leverage Ratio	3.0x		0.8x

(1) Includes impact from unamortized debt issue costs
(2) Assumes $380M net after-tax proceeds from sale of Fairbanks Morse
* Non-GAAP measure; refer to appendix for reconciliation to GAAP
Note: FY 2019 Adjusted EBITDA includes two quarters of contribution from The Aseptic Group acquisition and one quarter contribution from LeanTeq acquisition

2019 CAPITAL ALLOCATION OVERVIEW



- During 2019, generated $109M of free cash flow from continuing operations compared to $99M in 2018 (1), excluding the benefit in 2018 of $78M of net tax proceeds
- Spent $311M on acquisitions of LeanTeq and The Aseptic Group
- Invested $22M in capex, compared to $36M during the prior-year
- Paid $20.9M in dividends, or $1.00 per share in 2019
- Repurchased $15M of shares during 2019; plan to resume open market share repurchases under existing authorization during next open window

(1) For 2019, the company generated $131 million of cash flow from continuing operations, or $109 million of free cash flow net of capital expenditures of $22 million. This compares to $213 million of cash flow from continuing operations, or $177 million of free cash flow net of capital expenditures of $36 million, in the prior year period when the company benefited from net tax proceeds of $78 million (net free cash flow of $99 million in 2018)

GUIDANCE

Marvin Riley – President & Chief Executive Officer

2020 GUIDANCE

	2020 Guidance as of 2/25/20
Adjusted EBITDA*	$180M – $190M
Adjusted EPS*	$2.82 – $3.14

Assumptions:

- Anticipate approximately 18-20% of our full-year adjusted EBITDA* in 1Q20
- Anticipate impact to adjusted EBITDA* of approximately $3M for 2020 as a result of the Coronavirus outbreak; guidance does not reflect the potential full-year impact of the Coronavirus beyond effects of which we are currently aware
- Depreciation & amortization of $73M to $75M
- Interest expense of $14M to $16M
- Tax rate of 33%

2020 Interest Expense ($ in Millions)		
	Interest Expense, Before Net Investment Hedge	$26-$28
	Net Investment Hedge	($9)
A	Total Interest Expense	$17-$19
B	Interest Income	$3
C = A – B	Net Interest Expense	$14-$16

* Non-GAAP financial measure

CLOSING COMMENTS

Marvin Riley – President & Chief Executive Officer

SUCCESSFUL EXECUTION OF PORTFOLIO SHAPING ACTIONS



Fairbanks Morse Divestiture

(Closed Q1 2020)

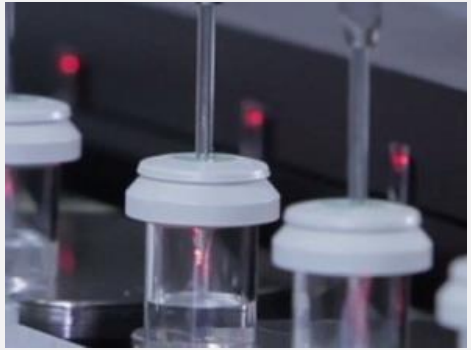
- Produces large medium-speed diesel engines, primarily for the U.S. Navy
- Divestiture exits a capital-intensive business with lumpy cash flows and customer concentration



Brake Shoe Business Divestiture

(Closed Q4 2019)

- Manufactures brake shoes and brake kits for heavy-duty and medium-duty trucks
- Divestiture exits a product line with weak differentiation, dilutive margins, and poor cash flow returns on capital



The Aseptic Group Acquisition

(Closed Q3 2019)

- Distributes, designs, and manufactures aseptic fluid transfer products
- Acquisition increases aftermarket presence in the growing pharmaceutical and biopharmaceutical markets



LeanTeq Co., Ltd. Acquisition

(Closed Q3 2019)

- Provides cleaning and other refurbishment services for critical components and assemblies used in state-of-the-art semiconductor equipment
- Acquisition increases aftermarket presence in the growing semiconductor wafer production market

Q&A

APPENDIX

CONSOLIDATED ADJUSTED EBITDA

Reconciliation of Net Income (Loss) to Adjusted EBITDA (Unaudited)

For the Quarters and Years Ended December 31, 2019 and 2018
(Stated in Millions of Dollars)

	Quarters Ended December 31,		Years Ended December 31,	
	2019	2018	2019	2018
Net income (loss)	$ 2.8	$ (27.1)	$ 38.3	$ 19.6
Adjustments to arrive at earnings before interest, income taxes, depreciation and amortization (EBITDA):				
Income from discontinued operations, net of taxes	(11.0)	(12.7)	(30.5)	(24.3)
Interest expense, net	5.7	6.5	18.2	27.3
Income tax benefit (expense)	(14.1)	6.0	(3.5)	19.8
Depreciation and amortization expense	20.1	15.8	68.0	66.1
EBITDA	3.5	(11.5)	90.5	108.5
Adjustments to arrive at earnings before interest, income taxes, depreciation, amortization and other selected items (Adjusted EBITDA):				
Restructuring and impairment costs	31.4	15.3	35.1	22.1
Environmental reserve adjustments and other costs associated with previously disposed businesses	4.9	11.0	14.5	13.4
Loss on sale of business	1.1	-	16.3	-
Loss on extinguishment of debt	-	18.1	-	18.1
Acquisition and divestiture expenses	1.0	0.4	8.9	2.0
Pension expense (income) (non-service cost)	0.9	(0.2)	3.3	11.9
Non-controlling interest compensation allocation**	0.5	-	0.5	-
Other	-	0.8	0.3	2.1
Adjusted EBITDA	$ 43.3	$ 33.9	$ 169.4	$ 178.1

* Adjusted EBITDA as presented also represents the amount defined as "EBITDA" under the indenture governing the Company's 5.75% Senior Notes due 2026.

**Non-controlling interest compensation allocation represents compensation expense associated with a portion of the rollover equity from the acquisition of LeanTeq being subject to reduction for certain types of employment terminations of the LeanTeq sellers. This expense is recorded in selling, general, and administration expenses on our Consolidated Statement of Operations and is directly related to the terms of the acquistion of LeanTeq. This expense will continue to be recognized as compensation expense over the term of the put and call options associated with the acquisition unless certain employment terminations have occured.

Supplemental disclosure: For the year ended December 31, 2019, approximately 60% of the adjusted EBITDA as presented above was attributable to EnPro's subsidiaries that do not guarantee the Company's 5.75% Senior Notes due 2026

SEGMENT ADJUSTED EBITDA

Reconciliation of Segment Profit to Adjusted Segment EBITDA (Unaudited)

For the Quarters and Years Ended December 31, 2019 and 2018
(Stated in Millions of Dollars)

	Quarter Ended December 31, 2019		
	Sealing Products	Engineered Products	Total Segments
Segment profit	$ 24.2	$ 4.0	$ 28.2
Acquisition expenses	0.5	-	0.5
Non-controlling interest compensation allocation*	0.5	-	0.5
Restructuring and impairment costs	4.1	1.3	5.4
Depreciation and amortization expense	15.6	4.4	20.0
Earnings before interest, income taxes, depreciation, amortization, and other selected items (adjusted segment EBITDA)	$ 44.9	$ 9.7	$ 54.6
Adjusted segment EBITDA margin	20.3%	14.5%	19.1%

	Year Ended December 31, 2019		
	Sealing Products	Engineered Products	Total Segments
Segment profit	$ 93.8	$ 29.3	$ 123.1
Acquisition and divestiture expenses	7.7	0.7	8.4
Non-controlling interest compensation allocation*	0.5	-	0.5
Restructuring and impairment costs	6.6	2.1	8.7
Depreciation and amortization expense	53.1	14.8	67.9
Adjusted segment EBITDA	$ 161.7	$ 46.9	$ 208.6
Adjusted segment EBITDA margin	17.7%	15.7%	17.3%

	Quarter Ended December 31, 2018		
	Sealing Products	Engineered Products	Total Segments
Segment profit	$ 6.3	$ 5.2	$ 11.5
Acquisition expenses	0.2	-	0.2
Restructuring costs	15.1	0.2	15.3
Depreciation and amortization expense	12.2	3.6	15.8
Adjusted segment EBITDA	$ 33.8	$ 9.0	$ 42.8
Adjusted segment EBITDA margin	15.6%	12.1%	14.7%

	Year Ended December 31, 2018		
	Sealing Products	Engineered Products	Total Segments
Segment profit	$ 85.2	$ 40.1	$ 125.3
Acquisition expenses	1.8	0.1	1.9
Restructuring costs	21.4	0.7	22.1
Depreciation and amortization expense	50.7	15.4	66.1
Adjusted segment EBITDA	$ 159.1	$ 56.3	$ 215.4
Adjusted segment EBITDA margin	16.7%	17.4%	16.9%

For a reconciliation of segment profit to income (loss) from continuing operations, please refer to the Segment Information (Unaudited) schedule.

*Non-controlling interest compensation allocation represents compensation expense associated with a portion of the rollover equity from the acquisition of LeanTeq being subject to reduction for certain types of employment terminations of the LeanTeq sellers. This expense is recorded in selling, general, and administration expenses on our Consolidated Statement of Operations and is directly related to the terms of the acquistion of LeanTeq. This expense will continue to be recognized as compensation expense over the term of the put and call options associated with the acquisition unless certain employment terminations have occured.

CONSOLIDATED ADJUSTED NET INCOME

Reconciliation of Net Income (Loss) to Adjusted Net Income from Continuing Operations and Adjusted Diluted Earnings Per Share (Unaudited)

(Stated in Millions of Dollars, Except Per Share Data)

	Quarters Ended December 31,					
	2019			2018		
	$	Average common shares outstanding, diluted (millions)	Per share	$	Average common shares outstanding, diluted (millions)*	Per share
Net income (loss)	$ 2.8	20.6	$ 0.14	$ (27.1)	20.7	$ (1.31)
Income from discontinued operations, net of taxes	11.0			12.7		
Income tax benefit (expense)	14.1			(6.0)		
Loss from continuing operations before income taxes	(22.3)			(33.8)		
Adjustments:						
Restructuring and impairment costs	31.4			15.3		
Environmental reserve adjustments and other costs associated with previously disposed businesses	4.9			11.0		
Loss on sale of business	1.1			-		
Loss on extinguishment of debt	-			18.1		
Acquisition and divestiture expenses	1.0			0.4		
Pension expense (income) (non-service cost)	0.9			(0.2)		
Non-controlling interest compensation allocation***	0.5			-		
Other	-			0.8		
Adjusted income from operations before income taxes	17.5			11.6		
Adjusted income tax expense	(5.8)			(3.8)		
Adjusted net income from continuing operations	$ 11.7	20.7	$ 0.57**	$ 7.8	21.0	$ 0.37**

Management of the Company believes that it would be helpful to the readers of the financial statements to understand the impact of certain selected items on the Company's reported net income and earnings per share, including items that may recur from time to time. The items adjusted for in this schedule are those that are excluded by management in budgeting or projecting for performance in future periods, as they typically relate to events specific to the period in which they occur. This presentation enables readers to better compare EnPro Industries, Inc. to other diversified industrial manufacturing companies that do not incur the sporadic impact of restructuring activities, costs associated with previously disposed of businesses, or other selected items. Management acknowledges that there are many items that impact a company's reported results and this list is not intended to present all items that may have impacted these results.

The environmental reserve adjustments and other costs associated with previously disposed businesses, loss on sale of business, loss on extinguishment of debt and pension expense (settlement and other non-service cost) are included as part of other expense. The non-controlling interest compensation allocation, acquisition and divestiture expenses, and other costs are included in selling, general, and administrative and other operating expenses. Restructuring and impairment costs are included as part of other operating expense and cost of sales.

The adjusted income tax expense presented above is calculated using a normalized company-wide effective tax rate excluding discrete items of 33.0% for continuing operations. Per share amounts were calculated by dividing by the weighted-average shares of diluted common stock outstanding during the periods.

*There were 0.1 million of potentially diluted shares excluded from the calculation of consolidated earnings per share for the quarter ended December 31, 2019, 0.3 million of potentially diluted shares excluded from the calculation of consolidated earnings per share for the quarter ended December 31, 2018, and there were 0.2 million potentially dilutive shares excluded from the calculation of consolidated earnings per share for the year ended December 31, 2018 since they were antidilutive. These shares were added back for the purposes of calculating adjusted net income per share for that period.

** Adjusted diluted earnings per share.

***Non-controlling interest compensation allocation represents compensation expense associated with a portion of the rollover equity from the acquisition of LeanTeq that is subject to reduction for certain types of employment terminations of the LeanTeq sellers and is directly related to the terms of the acquisition of LeanTeq. This expense will continue to be recognized as compensation expense over the term of the put and call options associated with the acquisition unless certain employment terminations have occured.

CONSOLIDATED ADJUSTED NET INCOME

Reconciliation of Net Income (Loss) to Adjusted Net Income from Continuing Operations and Adjusted Diluted Earnings Per Share (Unaudited)

(Stated in Millions of Dollars, Except Per Share Data)

	Years Ended December 31,					
	2019			2018		
	$	Average common shares outstanding, diluted (millions)	Per share	$	Average common shares outstanding, diluted (millions)	Per share
Net income (loss)	$ 38.3	20.8	$ 1.85	$ 19.6	20.9	$ 0.94
Income from discontinued operations, net of taxes	30.5			24.3		
Income tax expense	3.5			(19.8)		
Income from continuing operations before income taxes	4.3			15.1		
Adjustments:						
Restructuring and impairment costs	35.1			22.1		
Environmental reserve adjustments and other costs associated with previously disposed businesses	14.5			13.4		
Loss on sale of business	16.3			-		
Loss on extinguishment of debt	-			18.1		
Acquisition and divestiture expenses	8.9			2.0		
Pension expense (non-service cost)	3.3			11.9		
Non-controlling interest compensation allocation***	0.5			-		
Other	0.3			2.1		
Adjusted income from operations before income taxes	83.2			84.7		
Adjusted income tax expense	(27.5)			(28.0)		
Adjusted net income from continuing operations	$ 55.7	20.8	$ 2.68**	$ 56.7	21.1	$ 2.69**

Management of the Company believes that it would be helpful to the readers of the financial statements to understand the impact of certain selected items on the Company's reported net income and earnings per share, including items that may recur from time to time. The items adjusted for in this schedule are those that are excluded by management in budgeting or projecting for performance in future periods, as they typically relate to events specific to the period in which they occur. This presentation enables readers to better compare EnPro Industries, Inc. to other diversified industrial manufacturing companies that do not incur the sporadic impact of restructuring activities, costs associated with previously disposed of businesses, or other selected items. Management acknowledges that there are many items that impact a company's reported results and this list is not intended to present all items that may have impacted these results.

The environmental reserve adjustments and other costs associated with previously disposed businesses, loss on sale of business, loss on extinguishment of debt and pension expense (settlement and other non-service cost) are included as part of other expense. The non-controlling interest compensation allocation, acquisition and divestiture expenses, and other costs are included in selling, general, and administrative and other operating expenses. Restructuring and impairment costs are included as part of other operating expense and cost of sales.

The adjusted income tax expense presented above is calculated using a normalized company-wide effective tax rate excluding discrete items of 33.0% for continuing operations. Per share amounts were calculated by dividing by the weighted-average shares of diluted common stock outstanding during the periods.

*There were 0.1 million of potentially diluted shares excluded from the calculation of consolidated earnings per share for the quarter ended December 31, 2019, 0.3 million of potentially diluted shares excluded from the calculation of consolidated earnings per share for the quarter ended December 31, 2018, and there were 0.2 million potentially dilutive shares excluded from the calculation of consolidated earnings per share for the year ended December 31, 2018 since they were antidilutive. These shares were added back for the purposes of calculating adjusted net income per share for that period.

** Adjusted diluted earnings per share.

***Non-controlling interest compensation allocation represents compensation expense associated with a portion of the rollover equity from the acquisition of LeanTeq that is subject to reduction for certain types of employment terminations of the LeanTeq sellers and is directly related to the terms of the acquisition of LeanTeq. This expense will continue to be recognized as compensation expense over the term of the put and call options associated with the acquisition unless certain employment terminations have occured.