FOURTH QUARTER 2020 EARNINGS REVIEW

FEBRUARY 23, 2021



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: impacts from the COVID-19 pandemic and governmental responses to limit the further spread of COVID-19, including impacts on the company's operations, and the operations and businesses of its customers and vendors, including whether the company's operations and those of its customers and vendors will continue to be treated as "essential" operations under government orders restricting business activities or, even if so treated, whether site-specific health and safety concerns might otherwise require certain of the company's operations to be halted for some period of time; uncertainty with respect to the duration and severity of these impacts from the COVID-19 pandemic, including impacts on the general economy; other 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; uncertainties with respect to the company's ability to achieve anticipated growth within the semiconductor, life sciences, and other technology-enabled markets; 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; 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 10-Q, describe these and other risks and uncertainties in more detail. EnPro does not undertake to update any forward-looking statements made in the course of this presentation 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 non-GAAP measures to the most directly comparable GAAP equivalents is included as an appendix to this presentation.

Q4 2020 UPDATE

Marvin Riley – President & CEO



Q4 2020 HIGHLIGHTS



Financial Highlights

- Sales decreased 3.7% to $276.0M
- Adjusted EBITDA* increased 11.1% to $48.1M; adjusted EBITDA* margin increased 230 bps to 17.4%
- Strong balance sheet with net debt to adjusted EBITDA* of 1.6x and ample liquidity consisting of $230M cash and $389M available under revolver at quarter end; pro forma[1] net debt to adjusted EBITDA ratio would be comparable to the year-end reported level



Sealing Technologies

- Sales of $154.7 million decreased 11.3% due to a decline in demand in the general industrial and aerospace markets, partially offset by stronger demand in food and pharma and heavy-duty truck; also impacted by the divestiture of STEMCO's Air Springs manufacturing business in late November and the sale of STEMCO's Motor Wheel and Crewson businesses during Q3 2020
- Adjusted segment EBITDA* increased 5.4% to $34.9M; adjusted segment EBITDA margin* expanded 360 bps to 22.6%; driven primarily by production and operational cost-reduction initiatives



Advanced Surface Technologies

- Sales of $49.9 million increased 27.3%, driven primarily by the acquisition of Alluxa and continued strength in the balance of the segment
- Adjusted segment EBITDA* increased 57.1% to $15.4M; adjusted segment EBITDA margin* expanded 590 bps to 30.9%; driven primarily by the Alluxa acquisition and growth in the balance of the segment



Engineered Materials

- Sales of $73.6 million decreased 2.5%, primarily due to weakness in oil and gas, general industrial and petrochemical markets, partially offset by strength in the automotive and power generation markets
- Adjusted segment EBITDA* decreased 2.6% to $11.4M; adjusted segment EBITDA margin* remained flat at 15.5%; driven primarily by sales declines, partially offset by cost-reduction initiatives that included decreases in headcount and discretionary spending

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

[1] Pro forma net debt to adjusted EBITDA is based on 2020 actual results and includes Alluxa acquisition, the sale of GGB's bushing block business and the reshaping activities in Sealing Technologies segment as if those transactions had closed effective January 1, 2020

FOUR-PHASE RESPONSE TO NAVIGATE THE COVID-19 PANDEMIC

Our cross-functional COVID-19 Response & Support Team, made up of our global executive leadership team, is working around the clock to manage our business continuity plans and coordinated response

THE HEALTH AND SAFETY OF OUR EMPLOYEES, COMMUNITIES, CUSTOMERS, AND SUPPLIERS IS OUR NUMBER ONE PRIORITY

PHASE 1
Health and Safety

- Mobilized COVID-19 Response & Support Team
- Developed 'global safe work playbook', a standardized approach for COVID-19 pandemic preparedness and response
- Enacted preventative measures in line with recommendations from global and local authorities
- Implemented flexible and remote work options
- Enacted safe operating procedures, including temperature screenings, additional PPE, physical plexiglass workspace barriers, and enhanced visual management to support social distancing

PHASE 2
Business Stability and Progression

- Planned for several contingency scenarios
- Planned for running business in adverse conditions, resetting business to new demand levels, managing liquidity, and being responsive to customers
- Took decisive, informed actions to prevent the spread of COVID-19
- Developed playbooks to respond to changing demand levels
- Focused on supply chain stability, progression, and risk mitigation
- Enacted cost reductions resulting in full year **2020 savings of ~$30M**, estimate half will be sustainable annual savings moving forward

PHASE 3
Process and Cost Improvement

- Monitored and improved:
  - Processes
  - Procedures
  - New ways of working
- Found solutions to allow employees to thrive in new environment
- Enhanced customer experience

PHASE 4
Current and Post-pandemic Period

- Adapting to the new normal
- Refocusing on our core strategy
- Digital transformation of workplace and work routines
- Supply chain reconfiguration

Taking the Necessary Actions to Protect our People and Organization

ENPRO'S STRATEGY AND PORTFOLIO TRANSFORMATION

1. **Focusing on niche, high-margin materials science-related businesses with strong cash flow**
2. **Maintaining high aftermarket exposure and increasing exposure to faster growth businesses**
3. **Leveraging the EnPro Capability Center to increase margins and cash flow return on investment**
4. **Maximizing long-term shareholder returns through commitment to disciplined capital allocation**

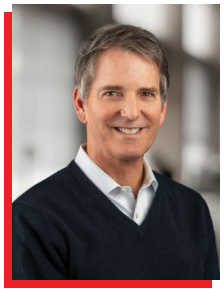


Successful Execution of Portfolio Shaping Actions Resulting in a More Durable Business Model

	Transaction	Strategic Rationale
Acquisitions	**Alluxa** *Closed 4Q20*	• Materials science • High-growth, high-margin business • Fragmented competitive base • Robust end market growth • Strong, experienced management team • Meets stated M&A criteria
	LeanTeq Co., Ltd. *Closed 3Q19*	
	The Aseptic Group *Closed 3Q19*	
Divestitures	**Air Springs** *Closed 4Q20*	• Non-core businesses and product lines • Reduces exposure to non-materials science-based sectors • Low return on operating capital
	Heavy-Duty Truck Product Lines *Announced/Completed 3Q19 – 3Q20*	
	Bushing Block *Closed 4Q20*	
	Fairbanks Morse *Closed 1Q20*	

OVERVIEW OF FINANCIAL RESULTS

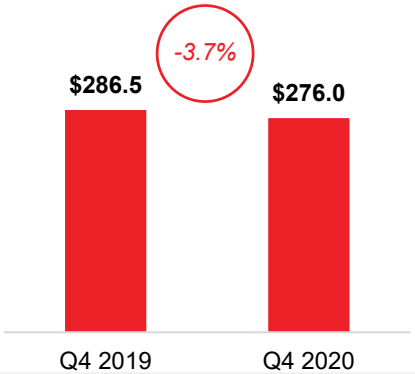
Milt Childress – Executive Vice President & CFO



Q4 2020 FINANCIAL PERFORMANCE

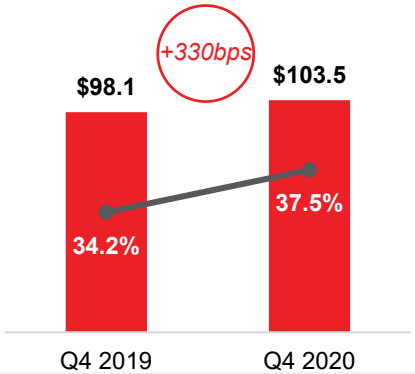
$ in millions, except per share data

Sales



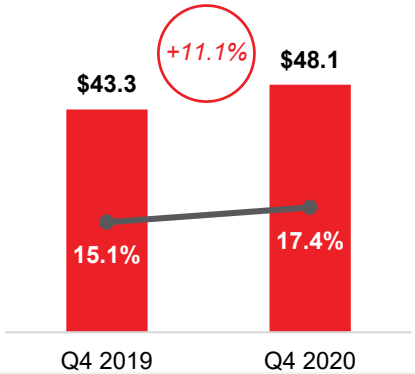
- Positive momentum in semiconductor, food and pharma, automotive, power generation, and heavy-duty truck markets, in addition to the contribution from Alluxa, was more than offset by weakness in oil and gas, general industrial, and aerospace markets
- While demand increased in the heavy-duty truck market, revenues declined as a result of portfolio reshaping actions
- Excluding the impact of foreign exchange translation and sales from acquired and divested businesses, sales declined 1.6%

Gross Profit & Margin



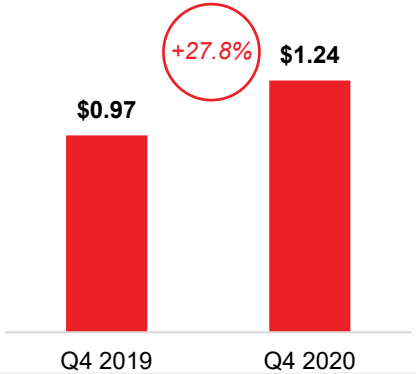
- Driven by the benefit of divesting low margin businesses as well as initiatives supported by the EnPro Capability Center, including supply chain and other company-wide cost reduction programs

Adj. EBITDA* & Margin*



- Increase was driven primarily by strategic acquisitions and previously announced cost reductions taken across the company in response to COVID
- Adjusted EBITDA margin* of 17.4%, increased 230 bps
- Corporate expenses of $10.6 million decreased 2.8%

Adj. Diluted EPS*



- Commencing this quarter, Adj. EPS will exclude after-tax acquisition-related intangible amortization to better reflect core operating results and offer a more meaningful measure for comparison against prior periods
- Updated estimated normalized tax rate used in determining adjusted net income and adjusted earnings per share to 30% from the previously used normalized rate of 33%, driven largely by portfolio reshaping moves that have resulted in a greater percentage of earnings in lower tax rate jurisdictions

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

ENVIRONMENTAL UPDATE

Overview:

- Recognized environmental charges of $22 million in Q4 2020, which led to GAAP net loss in the fourth quarter
- Charges were principally for reserve increases associated with estimated remediation costs for two legacy environmental matters where the company did not have sufficient information to estimate certain remediation costs until Q4
- The responsibility for these matters was contributed to EnPro at the time of the 2002 spin-off from Goodrich Corporation
- The company separately recorded an asset of $3.8 million related to an expected recovery from the U.S. government associated with one of these matters, which is included in other non-current assets

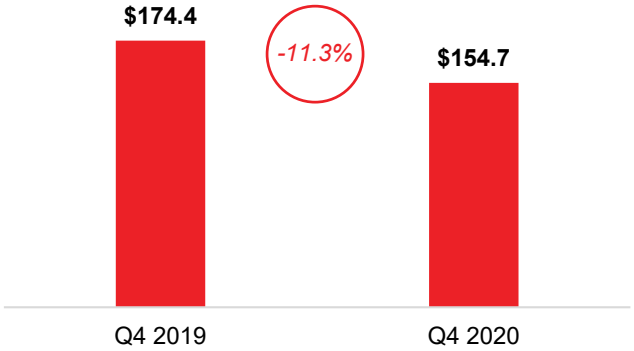
Cash Outlays:

- Cash outlays for all environmental matters were $33.8 million in 2020
- For 2021, the company expects environmental cash payments to decline to ~$13 million
- Beyond 2021, the company anticipates annual cash payments for the next four-to-five years to decline to low single digits, reflecting the significant progress made over the past two years in addressing and resolving the most significant legacy environmental liabilities

SEALING TECHNOLOGIES – Q4 2020 PERFORMANCE

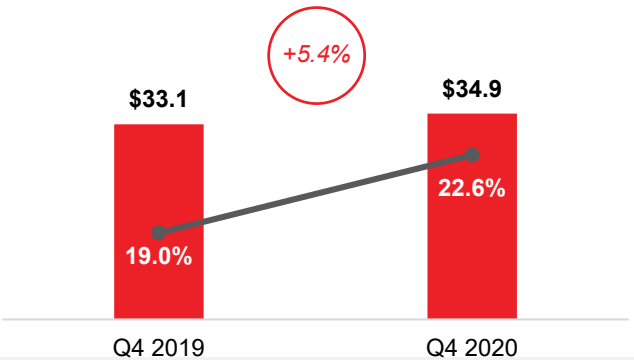
$ in millions

Sales



- Decline in demand in the general industrial and aerospace markets, partially offset by stronger demand in food and pharma and heavy-duty truck
- Impacted by the divestiture of STEMCO's Air Springs manufacturing business in late November and the sale of STEMCO's Motor Wheel and Crewson businesses during Q3 2020
- Excluding the impact of foreign exchange translation and sales from acquired and divested businesses, sales decreased 2.9%

Adj. Segment EBITDA* & Margin*



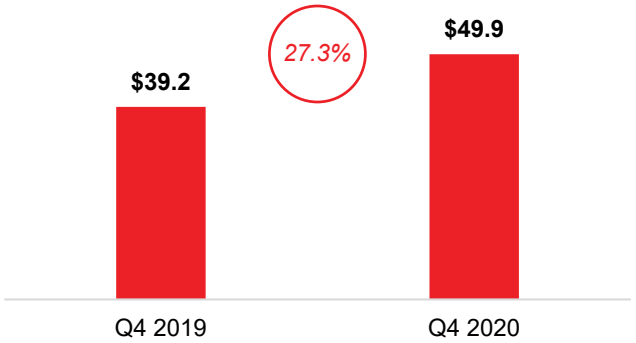
- Adjusted segment EBITDA* increased 5.4% to $34.9M
- Adjusted segment EBITDA margin* expanded 360 bps to 22.6%
- Driven primarily by production and operational cost-reduction initiatives and by portfolio reshaping in the segment
- Excluding the impact of foreign exchange translation, acquisitions, and divestitures, adjusted segment EBITDA increased 10.6%

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

ADVANCED SURFACE TECHNOLOGIES - Q4 2020 PERFORMANCE

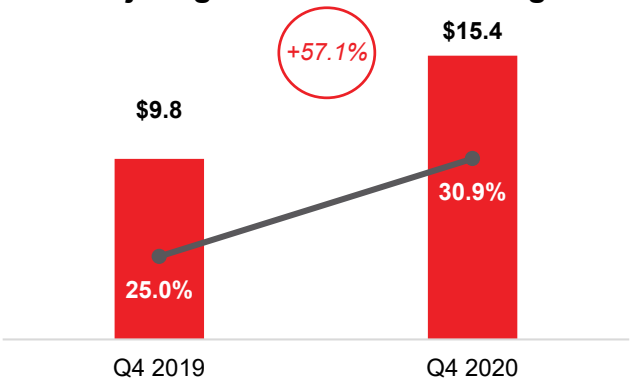
$ in millions

Sales



- Increase driven primarily by the acquisition of Alluxa and continued strength in the balance of the segment
- Excluding the impact of foreign exchange translation and sales from acquired businesses, sales increased 10.7%

Adj. Segment EBITDA* & Margin*



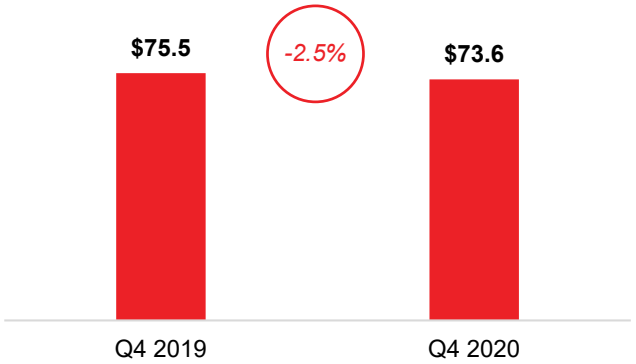
- Adjusted segment EBITDA* increased 57.1% to $15.4M
- Adjusted segment EBITDA margin* expanded 590 bps to 30.9%
- Driven primarily by the Alluxa acquisition and growth in the balance of the segment
- Excluding the impact of acquisitions, divestitures, and foreign exchange translation, adjusted segment EBITDA increased 10.2%

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

ENGINEERED MATERIALS – Q4 2020 PERFORMANCE

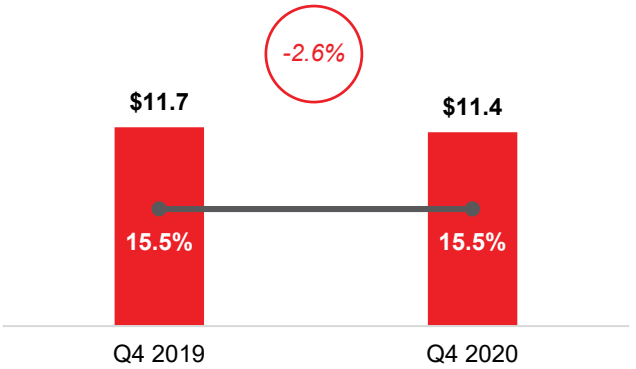
$ in millions

Sales



- Weakness in oil and gas, general industrial and petrochemical markets, partially offset by strength in the automotive and power generation markets
- Excling the impact of foreign exchange translation, sales decreased 5.6%

Adj. Segment EBITDA* & Margin*



- Adjusted segment EBITDA* decreased 2.6% to $11.4M
- Adjusted segment EBITDA margin* remained flat at 15.5%
- Driven primarily by sales declines, partially offset by cost-reduction initiatives that included decreases in headcount and discretionary spending
- Excluding the impact of foreign exchange translation, adjusted segment EBITDA decreased 7.7%

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

BALANCE SHEET, CASH FLOW & CAPITAL ALLOCATION

Net Leverage

Reported December 31, 2020 ($M)

	Credit Facility	**$0**
	Senior Notes[1]	**$346**
	Term Loan[2]	**$145**
	Capital Lease Obligations	**$0**
A	Debt Components	**$491**
B	Cash and Equivalents	**$230**
C = (A – B)	Net Debt	**$261**
D	2020 Adj. EBITDA*	**$168**
E = (C / D)	**Leverage Ratio**	**1.6x**

Commentary

- Strong balance sheet; net debt to adjusted EBITDA* of 1.6x and ample liquidity consisting of $230M cash and $389M [3] available under revolver
  - No debt coming due until 2024, subject to applicable reinvestment requirements related to the Fairbanks Morse and other divestitures
- Pro forma [4] net debt to adjusted EBITDA leverage ratio would be comparable to the year-end reported level
- 2020 free cash flow of $39.3M was down from $109.2M from the prior year
  - Excluding environmental and legal settlements, as well as tax payments in both years, free cash flow increased 12% from the prior year
- Paid $5.5M in dividends, or $0.26 per share in Q4 2020
  - In February 2021, Board of Directors approved 4% increase in the quarterly dividend, from $0.26 per share to $0.27 per share
- $50M remaining on share repurchase authorization

Strong and Flexible Balance Sheet Positions Company to Capitalize on Further Opportunities

[1] Includes impact from unamortized debt issue costs. [2] The Term Loan Facility amortizes on a quarterly basis in an annual amount equal to 2.50% of the original principal amount of the Term Loan Facility in each of years one through three, 5.00% of such original principal amount in year four, and 1.25% of such original principal amount in each of the first three quarters of year five, with the remaining outstanding principal amount payable at maturity. [3] Company has full availability of $400M revolver, less $11M in outstanding letters of credit. [4] Based on 2020 actual results and includes Alluxa acquisition, the sale of GGB's bushing block business and the reshaping activities in Sealing Technologies segment as if those transactions had closed effective January 1, 2020.

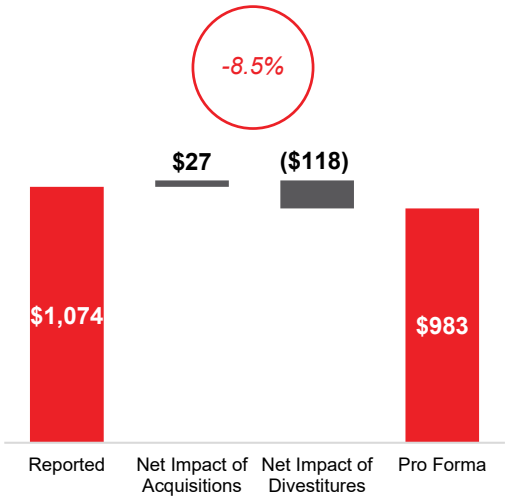
* Non-GAAP measure; refer to appendix for reconciliation to GAAP.

2020 PRO FORMA BRIDGE

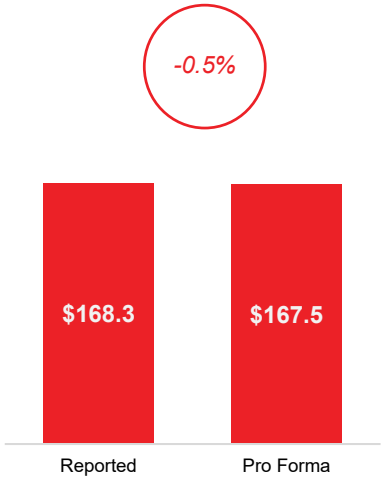
$ in millions

RESHAPING ACTIONS HAVE SIGNIFICANTLY ENHANCED PROFITABILITY OF THE PORTFOLIO

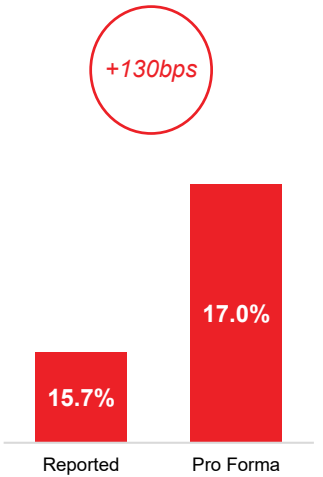
Sales



Adjusted EBITDA*



Adjusted EBITDA Margin*



Increases Exposure to More Resilient, Leading Edge, Advanced Technology and Materials Science-based Niche Markets Poised for Growth

Note: Based on 2020 actual results and includes Alluxa acquisition, the sale of GGB's bushing block business and the reshaping activities in Sealing Technologies segment as if those transactions had closed effective January 1, 2020.

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

2021 GUIDANCE

	2021 Guidance (as of 2/23/21)
Sales	$1.04B – $1.08B
Adjusted EBITDA *	$178M – $188M
Adjusted Diluted EPS *	$4.32 – $4.66

Assumptions:

- Anticipate slightly less than half of our full-year adjusted EBITDA and adjusted EPS guidance in H1 2021
- Amortization of acquisition-related intangible assets of $44M to $46M
- Depreciation and other amortization of $33M to $35M
- Net interest expense of $15M to $17M
- Normalized tax rate of 30%

2021 Interest Expense ($ in Millions)		
	Interest Expense, Before Net Investment Hedge	$23-$25
	Net Investment Hedge	($8)
A	Total Interest Expense	$15-$17
B	Interest Income	$0
C = A – B	Net Interest Expense	$15-$17

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

Full-year guidance excludes changes in the number of shares outstanding, impacts from future acquisitions, dispositions and related transaction costs, restructuring costs, incremental impacts of tariffs and trade tensions on market demand and costs subsequent to the end of the fourth quarter, the impact of foreign exchange rate changes subsequent to the end of the fourth quarter, impacts from further spread of COVID-19, and environmental and litigation charges.

CLOSING COMMENTS

Marvin Riley – President & CEO



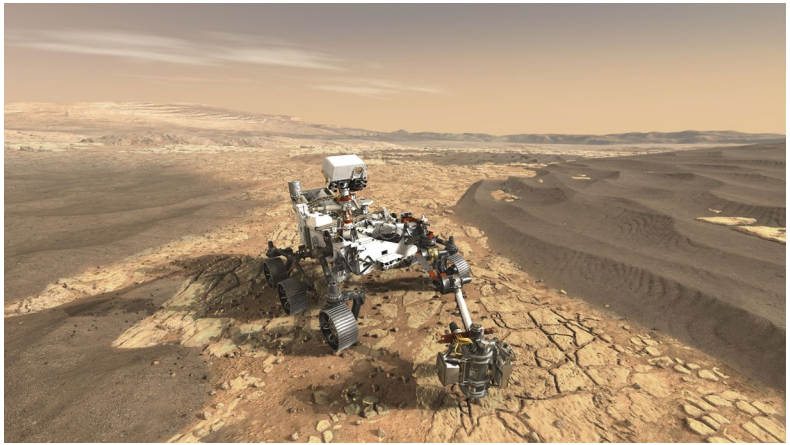
CLOSING COMMENTS

ENPRO IS A LEADING INDUSTRIAL TECHNOLOGY COMPANY USING MATERIALS SCIENCE TO PUSH BOUNDARIES IN SEMICONDUCTOR, LIFE SCIENCES, AND OTHER TECHNOLOGY-ENABLED SECTORS

- Tremendous progress made during 2020 in transforming EnPro into a leading industrial technology company
- Strategic achievements during 2020 have built solid foundation for profitable growth in 2021 and beyond
- Adapted well during the COVID-19 pandemic and we are positioned to capture growth as our markets recover
- Driving operational excellence by leveraging the EnPro Capability Center to reduce costs, improve productivity, and maintain high quality control across all our businesses, including those recently acquired

"EnPro's success will be determined by our adherence and commitment to our profitable growth strategy, our experienced leadership team, our increasingly diverse and dedicated workforce, our strong financial position, and our focus on driving long-term shareholder value"
– Marvin Riley, President and CEO

PROUD SUPPLIER TO PERSEVERANCE ROVER





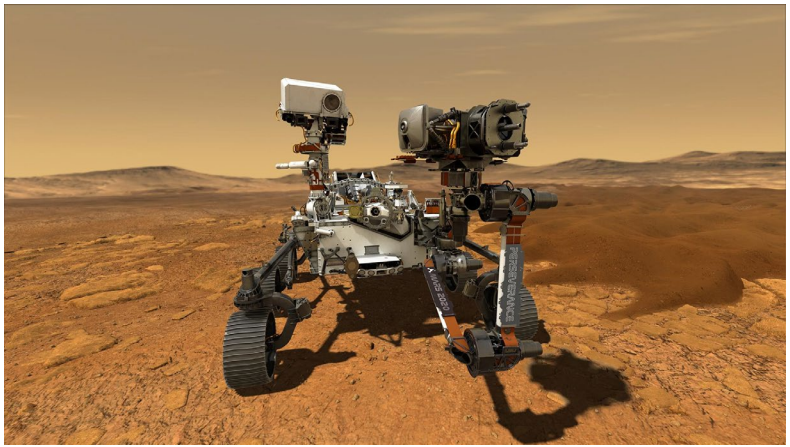


Image credit: NASA/JPL-Caltech

Q&A

APPENDIX

ENPRO (NYSE: NPO) | ATTRACTIVE PORTFOLIO OF BUSINESSES

Company Overview

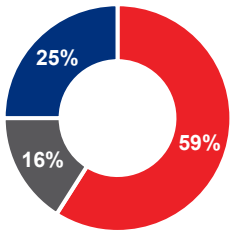
Headquarters	**Charlotte, NC**
Manufacturing Facilities	**22 primary**
Global Employees	**~4,400**

Financial Overview

Market-Cap[1]	**$1.6B**
Revenue[3]	**$1.1B**
Adjusted EBITDA (Margin)[2,3]	**$168M (15.7%)**
Aftermarket Revenue %[3]	**53%**
Dividend Yield[1]	**1.4%**

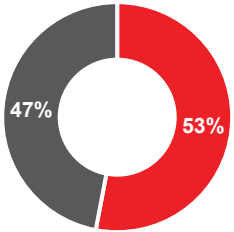
Revenue Contribution [3]

Sales by Segment



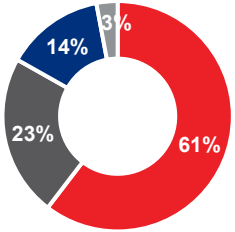
- Sealing Technologies
- Advanced Surface Technologies
- Engineered Materials

Sales by Channel



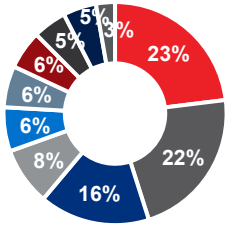
- Aftermarket
- OE

Sales by Geography



- North America
- Europe
- Asia
- RoW

Sales by Market



- MD/HD Truck
- General Industrial
- Semiconductor
- Oil & Gas
- Auto
- Petrochemical
- Power Generation
- Food & Pharma
- Aerospace
- Metals and Mining

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

[1] As of 2/19/21; [2] Refer to appendix for Non-GAAP reconciliation; [3] As of FY 2020; Note: Excludes Fairbanks Morse divestiture, which closed on January 21, 2020 and is now reported as a discontinued operation.

CONSOLIDATED ADJUSTED EBITDA

Reconciliation of Net Income (Loss) Attributable to EnPro Industries, Inc. to Adjusted EBITDA (Unaudited)

For the Quarters and Years Ended December 31, 2020 and 2019
(Stated in Millions of Dollars)

	Quarters Ended December 31,		Years Ended December 31,	
	2020	2019	2020	2019
Net income (loss) attributable to EnPro Industries, Inc.	$ (8.1)	$ 2.8	$ 184.4	$ 38.3
Adjustments to arrive at earnings before interest, income taxes, depreciation and amortization (EBITDA):				
Income from discontinued operations, net of taxes	(0.8)	(11.0)	(208.1)	(30.5)
Income attributable to redeemable non-controlling interest, net of taxes	(0.1)	-	0.4	-
Interest expense, net	3.5	5.7	14.9	18.2
Income tax (benefit) expense	(5.7)	(14.1)	(3.5)	(3.5)
Depreciation and amortization expense	19.3	20.1	70.8	67.9
EBITDA	8.1	3.5	58.9	90.5
Adjustments to arrive at earnings before interest, income taxes, depreciation, amortization and other selected items (Adjusted EBITDA):				
Restructuring and impairment expense	6.7	23.5	30.6	27.2
Environmental reserve adjustments	22.1	4.8	36.2	12.7
Costs associated with previously disposed businesses	0.6	0.1	2.0	1.8
Net loss on sale of businesses	0.6	1.1	2.6	16.3
Acquisition and divestiture expenses	6.7	1.0	11.2	8.9
Pension expense (income) (non-service cost)	(1.0)	0.9	(3.0)	3.3
Non-controlling interest compensation allocation**	1.3	0.5	2.9	0.5
Impairment of indefinite-lived trademarks	-	7.9	16.1	7.9
Legal settlement - legacy matter	0.1	-	7.5	-
Amortization of the fair value adjustment to acquisition date inventory	3.0	-	3.0	-
Other	(0.1)	-	0.3	0.3
Adjusted EBITDA	$ 48.1	$ 43.3	$ 168.3	$ 169.4

**Non-controlling interest compensation allocation represents compensation expense associated with a portion of the rollover equity from the acquisitions of LeanTeq and Alluxa being subject to reduction for certain types of employment terminations of the LeanTeq and Alluxa sellers. This expense is recorded in selling, general, and administrative expenses on our Consolidated Statements of Operations and is directly related to the terms of the respective acquisition. 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 occurred.

Supplemental disclosure: Adjusted EBITDA as presented also represents the amount defined as "EBITDA" under the indenture governing the Company's 5.75% Senior Notes due 2026. For the year ended December 31, 2020, approximately 71% 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

For the Quarters and Years Ended December 31, 2020 and 2019
(Stated in Millions of Dollars)

	Quarter Ended December 31, 2020			
	Sealing Technologies	Advanced Surface Technologies	Engineered Materials	Total Segments
Segment profit	$ 24.2	$ (1.9)	$ 2.2	$ 24.5
Acquisition and divestiture expenses	0.6	6.3	-	6.9
Non-controlling interest compensation allocation*	-	1.3	-	1.3
Amortization of the fair value adjustment to acquisition date inventory	-	3.0	-	3.0
Restructuring and impairment expense	1.3	-	5.4	6.7
Depreciation and amortization expense	8.8	6.7	3.8	19.3
Earnings before interest, income taxes, depreciation, amortization, and other selected items (Adjusted Segment EBITDA)	$ 34.9	$ 15.4	$ 11.4	$ 61.7
Adjusted Segment EBITDA Margin	22.6%	30.9%	15.5%	22.4%

	Quarter Ended December 31, 2019			
	Sealing Technologies	Advanced Surface Technologies	Engineered Materials	Total Segments
Segment profit	$ 17.6	$ 4.9	$ 5.7	$ 28.2
Acquisition and divestiture expenses	0.4	-	0.1	0.5
Non-controlling interest compensation allocation*	-	0.5	-	0.5
Restructuring costs	4.1	-	1.3	5.4
Depreciation and amortization expense	11.0	4.4	4.6	20.0
Adjusted segment EBITDA	$ 33.1	$ 9.8	$ 11.7	$ 54.6
Adjusted Segment EBITDA Margin	19.0%	25.0%	15.5%	19.1%

	Year Ended December 31, 2020			
	Sealing Technologies	Advanced Surface Technologies	Engineered Materials	Total Segments
Segment profit	$ 77.5	$ 14.3	$ 2.0	$ 93.8
Acquisition and divestiture expenses	2.8	6.8	-	9.6
Non-controlling interest compensation allocation*	-	2.9	-	2.9
Amortization of the fair value adjustment to acquisition date inventory	-	3.0	-	3.0
Restructuring and impairment costs	14.2	0.1	16.3	30.6
Depreciation and amortization expense	36.5	20.0	14.2	70.7
Adjusted segment EBITDA	$ 131.0	$ 47.1	$ 32.5	$ 210.6
Adjusted Segment EBITDA Margin	20.6%	27.5%	11.8%	19.6%

	Year Ended December 31, 2019			
	Sealing Technologies	Advanced Surface Technologies	Engineered Materials	Total Segments
Segment profit	$ 79.2	$ 9.5	$ 34.4	$ 123.1
Acquisition and divestiture expenses	1.1	6.5	0.8	8.4
Non-controlling interest compensation allocation*	-	0.5	-	0.5
Restructuring costs	6.1	-	2.6	8.7
Depreciation and amortization expense	45.0	7.0	15.9	67.9
Adjusted segment EBITDA	$ 131.4	$ 23.5	$ 53.7	$ 208.6
Adjusted Segment EBITDA Margin	17.2%	19.6%	16.2%	17.3%

For a reconciliation of Adjusted Segment EBITDA to income 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 acquisitions of LeanTeq and Alluxa being subject to reduction for certain types of employment terminations of the LeanTeq and Alluxa sellers. This expense is recorded in selling, general, and administrative expenses on our Consolidated Statements of Operations and is directly related to the terms of the respective acquisition. 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 occurred.

SEGMENT INFORMATION

For the Quarters and Years Ended December 31, 2020 and 2019
(Stated in Millions of Dollars)

Sales

	Quarters Ended December 31,		Years Ended December 31,	
	2020	2019	2020	2019
Sealing Technologies	$ 154.7	$ 174.4	$ 636.7	$ 762.4
Advanced Surface Technologies	49.9	39.2	171.2	120.2
Engineered Materials	73.6	75.5	275.0	331.3
	278.2	289.1	1,082.9	1,213.9
Less intersegment sales	(2.2)	(2.6)	(8.9)	(8.2)
	$ 276.0	$ 286.5	$ 1,074.0	$ 1,205.7

Earnings before interest, income taxes, depreciation, amortization, and other selected items (Adjusted Segment EBITDA)

	Quarters Ended December 31,		Years Ended December 31,	
	2020	2019	2020	2019
Sealing Technologies	$ 34.9	$ 33.1	$ 131.0	$ 131.4
Advanced Surface Technologies	15.4	9.8	47.1	23.5
Engineered Materials	11.4	11.7	32.5	53.7
	$ 61.7	$ 54.6	$ 210.6	$ 208.6

Adjusted Segment EBITDA Margin

	Quarters Ended December 31,		Years Ended December 31,	
	2020	2019	2020	2019
Sealing Technologies	22.6%	19.0%	20.6%	17.2%
Advanced Surface Technologies	30.9%	25.0%	27.5%	19.6%
Engineered Materials	15.5%	15.5%	11.8%	16.2%
	22.4%	19.1%	19.6%	17.3%

Reconciliation of Adjusted Segment EBITDA to Income (Loss) from Continuing Operations

	Quarters Ended December 31,		Years Ended December 31,	
	2020	2019	2020	2019
Adjusted Segment EBITDA	$ 61.7	$ 54.6	$ 210.6	$ 208.6
Acquisition and divestiture expenses	(6.9)	(0.5)	(9.6)	(8.4)
Non-controlling interest compensation allocation*	(1.3)	(0.5)	(2.9)	(0.5)
Fair value adjustment to acquisition date inventory	(3.0)	-	(3.0)	-
Restructuring and impairment expense	(6.7)	(5.4)	(30.6)	(8.7)
Depreciation and amortization expense	(19.3)	(20.0)	(70.7)	(67.9)
Segment profit	24.5	28.2	93.8	123.1
Corporate expenses	(10.6)	(10.9)	(37.9)	(36.4)
Interest expense, net	(3.5)	(5.7)	(14.9)	(18.2)
Other expense, net	(25.1)	(33.9)	(67.8)	(64.2)
Income (loss) from continuing operations before income taxes	(14.7)	(22.3)	(26.8)	4.3
Income tax benefit	5.7	14.1	3.5	3.5
Income (loss) from continuing operations	$ (9.0)	$ (8.2)	$ (23.3)	$ 7.8

Adjusted Segment EBITDA is segment profit excluding acquisition and divestiture expenses, restructuring and impairment expense, non-controlling interest compensation, fair value adjustment to acquisition of inventory, and depreciation and amortization.

Segment profit is total segment revenue reduced by operating expenses, restructuring and other costs identifiable with the segment. Corporate expenses include general corporate administrative costs. Expenses not directly attributable to the segments, corporate expenses, net interest expense, gains/losses related to the sale of assets, impairments of indefinite-lived tradenames, and income taxes are not included in the computation of segment profit. The accounting policies of the reportable segments are the same as those for the Company.

*Non-controlling interest compensation allocation represents compensation expense associated with a portion of the rollover equity from the acquisition of LeanTeq and Alluxa that is subject to reduction for certain types of employment terminations of the LeanTeq and Alluxa sellers and is directly related to the terms of the respective acquisition. 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 term inations have occurred.

CONSOLIDATED ADJUSTED NET INCOME

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

	Quarters Ended December 31,					
	2020			2019		
	$	Average common shares outstanding, diluted (millions)	Per share	$	Average common shares outstanding, diluted (millions)	Per share
Loss from continuing operations before income taxes	$ (14.7)			$ (22.3)		
Adjustments from selling, general, and administrative:						
Acquisition and divestiture expenses	6.7			1.0		
Non-controlling interest compensation allocation***	1.3			0.5		
Adjustments from other operating expense and cost of sales:						
Restructuring and impairment expense	6.7			23.5		
Amortization of the fair value adjustment to acquisition date inventory	3.0			-		
Impairment of indefinite-lived trademarks	-			7.9		
Legal settlement - legacy matter	0.1			-		
Adjustments from other non-operating expense:						
Environmental reserve adjustments	22.1			4.8		
Costs associated with previously disposed businesses	0.6			0.1		
Net loss on sale of businesses	0.6			1.1		
Pension expense (income) (non-service cost)	(1.0)			0.9		
Other adjustements:						
Amortization of acquisition-related intangible assets	10.9			11.1		
Other	(0.1)			-		
Adjusted income from operations before income taxes	36.2			28.6		
Adjusted income tax expense	(10.9)			(8.6)		
Loss from redeemable non-controlling interest, net of taxes	0.1			-		
Adjusted income from continuing operations attributable to EnPro Industries, Inc.	$ 25.4	20.6*	$ 1.24**	$ 20.0	20.7*	$ 0.97**

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 income from continuing operations attributable to EnPro Industries, Inc. and diluted earnings per share attributable to EnPro Industries, Inc., 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, acquisitions and divestitures, 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.

Other adjustments are included in selling, general, and adimistrative, cost of sales, and other operating expenses on the consolidated statements of operations.

The adjusted income tax expense presented above is calculated using a normalized company-wide effective tax rate excluding discrete items of 30.0% 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 potentially dilutive shares in the quarters ended December 31, 2020 and 2019 and 0.1 million potentially dilutive shares in the year ended December 31, 2020 that were excluded from the calculation of consolidated earnings per share in the respective period since they were antidilutive. These shares were added back for the purpose of calculating adjusting net income per share.

** Adjusted diluted earnings per share.

***Non-controlling interest compensation allocation represents compensation expense associated with a portion of the rollover equity from the acquisitions of LeanTeq and Alluxa that is subject to reduction for certain types of employment terminations of the LeanTeq and Alluxa sellers and is directly related to the terms of the respective acquisition. 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 occurred.

CONSOLIDATED ADJUSTED NET INCOME

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

	Years Ended December 31,					
	2020			2019		
	$	Average common shares outstanding, diluted (millions)	Per share	$	Average common shares outstanding, diluted (millions)	Per share
Income (loss) from continuing operations before income taxes	(26.8)			4.3		
Adjustments from selling, general, and administrative:						
Acquisition and divestiture expenses	11.2			8.9		
Non-controlling interest compensation allocation***	2.9			0.5		
Adjustments from other operating expense and cost of sales:						
Restructuring and impairment costs	30.6			27.2		
Impairment of indefinite-lived trademarks	16.1			7.9		
Legal settlement - legacy matter	7.5			-		
Amortization of the fair value adjustment to acquisition date inventory	3.0			-		
Adjustments from other non-operating expense:						
Environmental reserve adjustments	36.2			12.7		
Costs associated with previously disposed businesses	2.0			1.8		
Net loss on sale of businesses	2.6			16.3		
Pension expense (income) (non-service cost)	(3.0)			3.3		
Other adjustements:						
Amortization of acquisition-related intangible assets	37.8			32.7		
Other	0.3			0.3		
Adjusted income from continuing operations before income taxes	120.4			115.9		
Adjusted income tax expense	(36.1)			(34.8)		
Income from redeemable non-controlling interest, net of taxes	(0.4)			-		
Adjusted income from continuing operations attributable to EnPro Industries, Inc.	$ 83.9	20.6*	$ 4.07**	$ 81.1	20.8	$ 3.90**

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 income from continuing operations attributable to EnPro Industries, Inc. and diluted earnings per share attributable to EnPro Industries, Inc., 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, acquisitions and divestitures, 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.

Other adjustments are included in selling, general, and adimistrative, cost of sales, and other operating expenses on the consolidated statements of operations.

The adjusted income tax expense presented above is calculated using a normalized company-wide effective tax rate excluding discrete items of 30.0% 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 potentially dilutive shares in the quarters ended December 31, 2020 and 2019 and 0.1 million potentially dilutive shares in the year ended December 31, 2020 that were excluded from the calculation of consolidated earnings per share in the respective period since they were antidilutive. These shares were added back for the purpose of calculating adjusting net income per share.

** Adjusted diluted earnings per share.

***Non-controlling interest compensation allocation represents compensation expense associated with a portion of the rollover equity from the acquisitions of LeanTeq and Alluxa that is subject to reduction for certain types of employment terminations of the LeanTeq and Alluxa sellers and is directly related to the terms of the respective acquisition. 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 occurred.

FREE CASH FLOW

(Stated in Millions of Dollars)

Free Cash Flow - 2020

	Quarter ended				Year Ended
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	December 31, 2020
Net cash provided by operating activities of continuing operations	$ 0.3	$ 33.1	$ 15.0	$ 9.2	$ 57.6
Purchases of property, plant, and equipment	(5.2)	(3.7)	(2.9)	(6.5)	(18.3)
Free cash flow	$ (4.9)	$ 29.4	$ 12.1	$ 2.7	$ 39.3

Free Cash Flow - 2019

	Quarter ended				Year Ended
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	December 31, 2019
Net cash provided by (used In) operating activities of continuing operations	$ (1.3)	$ 34.9	$ 57.5	$ 39.7	$ 130.8
Purchases of property, plant, and equipment	(4.1)	(5.9)	(5.1)	(6.5)	(21.6)
Free cash flow	$ (5.4)	$ 29.0	$ 52.4	$ 33.2	$ 109.2

PRO FORMA CALCULATION

(Stated in Millions of Dollars)

	Year Ended December 31, 2020		
	EnPro	Pro forma Adjustments	Pro Forma
Net sales	$ 1,074	$ (91)	$ 983
Net income (loss) attributable to EnPro Industries, Inc.	$ 184	$ 21	$ 205
Adjustments to arrive at earnings before interest, income taxes, depreciation and amortization (EBITDA):			
Loss (income) from discontinued operations, net of taxes	(208)	-	(208)
Income attributable to redeemable non-controlling interest, net of taxes	-	-	-
Interest expense, net	15	-	15
Income tax expense	(3)	3	(1)
Depreciation and amortization expense	71	(3)	68
EBITDA	59	21	80
Adjustments to arrive at earnings before interest, income taxes, depreciation, amortization and other selected items (Adjusted EBITDA):			
Restructuring and impairment costs	31	(18)	13
Environmental reserve adjustments and other costs associated with previously disposed businesses	38	-	38
Net loss on sale of businesses	3	-	3
Acquisition and divestiture expenses	11	(3)	8
Pension expense (income) (non-service cost)	(3)	-	(3)
Non-controlling interest compensation allocation	3	-	3
Impairment of indefinite-lived tradenames	16	-	16
Legal settlement	7	-	7
Other	3	-	3
Adjusted EBITDA	$ 168	$ (1)	$ 168
Adjusted EBITDA Margin	15.7%		17.0%

Note: Based on 2020 actual results and includes Alluxa acquisition, the sale of GGB's bushing block business and the reshaping activities in Sealing Technologies segment as if those transactions had closed effective January 1, 2020.