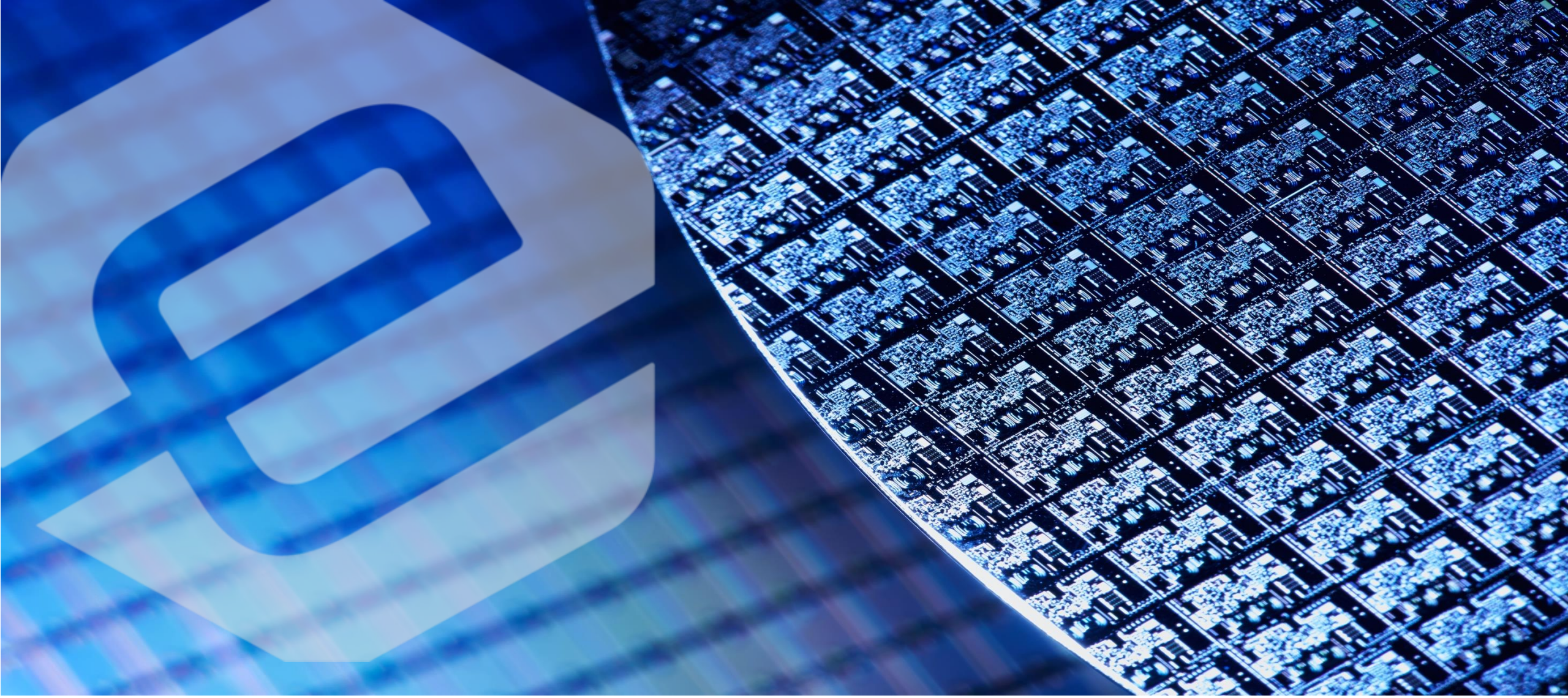


Third Quarter 2021 Earnings Review & Strategic Acquisition of NxEdge

November 5, 2021

ENPRO

Forward-Looking Statements

Statements in 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 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 and the markets served by the company's customers, including international markets that may not recover at the same pace as markets in the United States; the extent to which the impacts from the COVID-19 pandemic could result in a reduction in demand for the company's products and services, which could also result in asset impairment charges, including for goodwill; other economic conditions in the markets served by Enpro's businesses and those of its customers, some of which are cyclical and experience periodic downturns and disruptions, such as disruptions in the pricing of oil and gas; 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; the impact of any pending or potential labor disputes; 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, including those related to discontinued operations, other divested businesses and the discontinued operations of its predecessors, including liabilities for certain products, environmental matters, employee benefit and statutory severance obligations and other matters. In addition, statements with respect to the announced disposition of the CPI business and acquisition of NxEdge, including the anticipated timing of and impact from the completion of each such transaction, are subject to risks and uncertainties including, among others, the possibility that necessary regulatory approvals may not be obtained or that other conditions to closing each such transaction may not be satisfied such that the transaction will not close or that the closing may be delayed; the possibility of unexpected costs, liabilities or delays in connection with each such transaction; risks that either such transaction disrupts current plans and operations of Enpro; the ability to recognize the benefits of each such transaction; the amount of the costs, fees, expenses and charges related to the respective transaction; the outcome of any legal proceedings that may arise with respect to such transaction; and the occurrence of any event, change or other circumstances that could give rise to the termination of the relevant agreements for the sale of CPI or acquisition of NxEdge. 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 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 historical non-GAAP measures to the most directly comparable GAAP equivalents is included as an appendix to this presentation.



Introduction & Third Quarter Highlights

Eric Vaillancourt

Interim President & Chief Executive Officer

ENPRO

Third Quarter 2021 Strategic & Financial Highlights



- Announced agreements to sell CPI and to acquire NxEdge subsequent to quarter end; Divested polymer components business in 3Q:21
- Sales increased 5.5% to $283.1M; On an organic basis, sales increased 15.8% driven primarily by stronger demand in general industrial, semiconductor, petrochemical, heavy-duty truck and food & pharma markets
- Adjusted EBITDA* increased 22.3% to $51.5M; adjusted EBITDA* margin increased 250 bps to 18.2%
- Solid balance sheet at quarter end; net debt to adjusted EBITDA* of 0.8x with strong free cash flow



- Sales of $146.9M increased 15.7% organically; Strong demand in petrochemical, heavy-duty truck, food & pharma and general industrial markets were the key drivers
- Adjusted segment EBITDA increased 26.5% compared to the prior-year period, excluding the impact of foreign exchange translation and divestitures, driven primarily by operating leverage on volume growth and increased pricing, despite raw material inflation and SG&A costs



- Sales of $64.3M increased 44.2%, driven by strong demand in the semiconductor market and the addition of Alluxa
- Adjusted segment EBITDA increased 44.8% to $19.4M; adjusted segment EBITDA margin of 30.2% was relatively flat compared to a year ago, reflecting transactional foreign exchange headwinds and start-up costs to support strong LeanTeq growth



- Sales of $73.8M increased 9.0%, driven primarily by sales in general industrial markets, partially offset by the weakness in power generation, oil & gas and automotive markets
- Adjusted segment EBITDA increased 11.4% to $8.8M; adjusted segment EBITDA margin was largely flat year over year with material cost headwinds and higher SG&A offsetting the benefit of higher volumes and pricing initiatives

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



Overview of Third Quarter 2021 Financial Results

Milt Childress

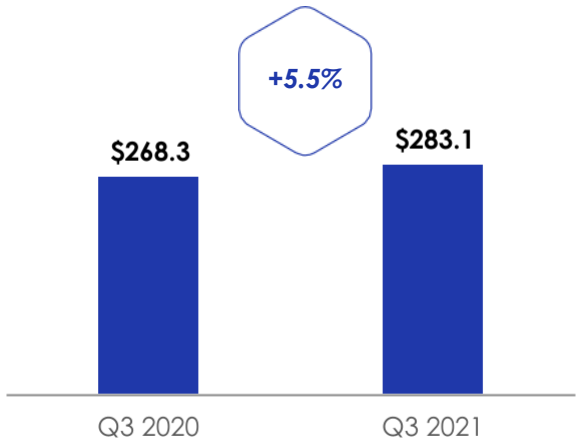
Executive Vice President & Chief Financial Officer

ENPRO

Enpro Q3 2021 Financial Performance

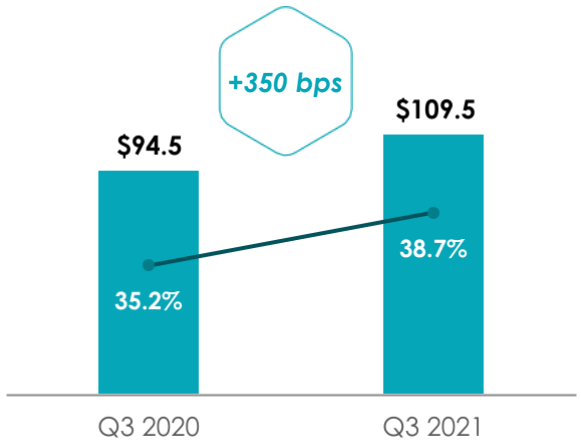
$ in millions, except per share data

Sales



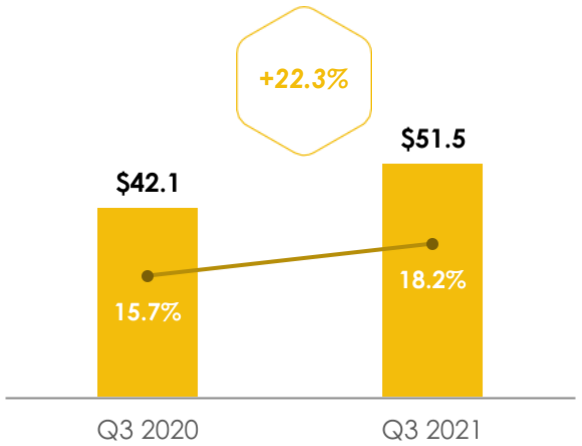
- Momentum across most major end markets as well as the addition of Alluxa contributed to top line growth, partially offset by the reduction in sales due to last year's divestitures and weakness in power generation, oil & gas and automotive markets
- Excluding the impact of foreign exchange translation and acquired and divested businesses, sales increased 15.8%

Gross Profit & Margin



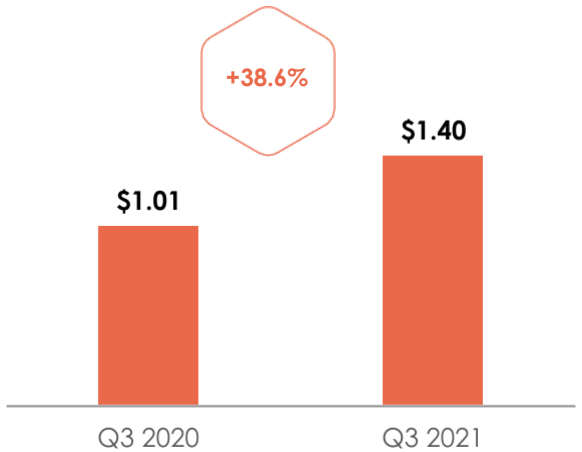
- Gross profit margin increased 350 bps versus the prior-year period
- The increase was driven primarily by strong organic sales growth, increased pricing, the benefit of divesting lower margin businesses and the addition of Alluxa, partially offset by increased raw material costs

Adjusted EBITDA* & Margin*



- Adjusted EBITDA* increased 22.3% year over year as a result of operating leverage on organic sales growth, the benefit of reshaping actions completed in 2020 and pricing initiatives, partially offset by increased raw material costs
- Adjusted EBITDA margin* of 18.2%, increased 250 bps
- Corporate expenses of $11.6M were essentially flat from $11.7M last year

Adjusted Diluted EPS*

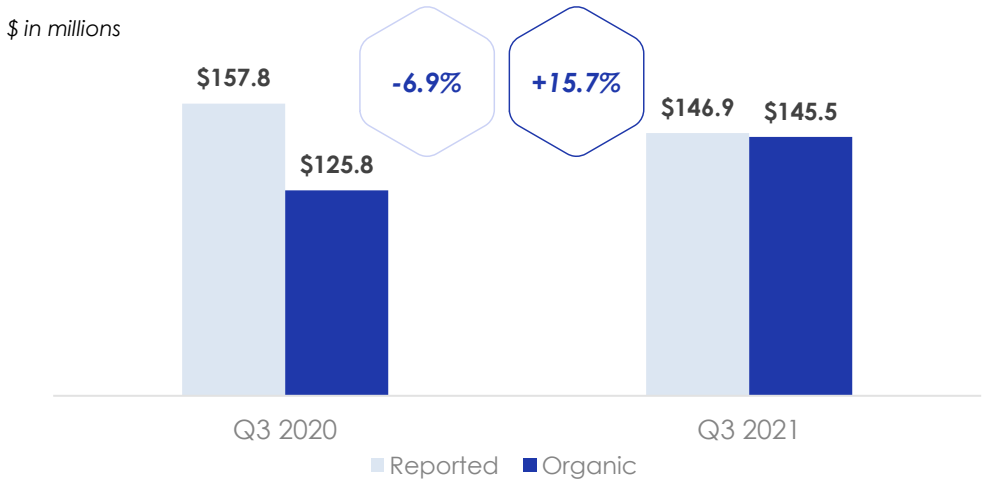


- As of Q4 2020, Adjusted EPS* excludes after-tax acquisition-related intangible amortization to better reflect operating results and offer a more meaningful measure for comparison against prior periods, which have been conformed
- Normalized tax rate of 30% used in determining adjusted net income

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

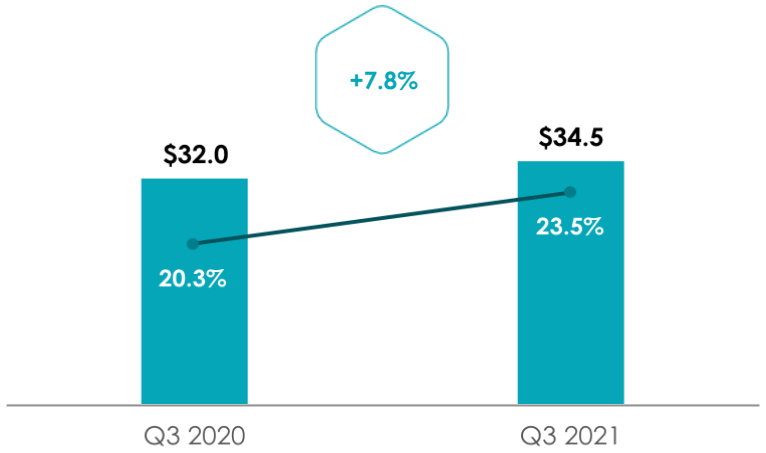
Sealing Technologies – Q3 2021 Performance

Sales



- Reported sales decrease driven by divestitures completed in 2020. Excluding the impact of foreign exchange translation and completed divestitures, sales increased 15.7%
- Strong demand in petrochemical, heavy-duty truck, food & pharma and general industrial markets was partially offset by stagnant aerospace and power generation markets

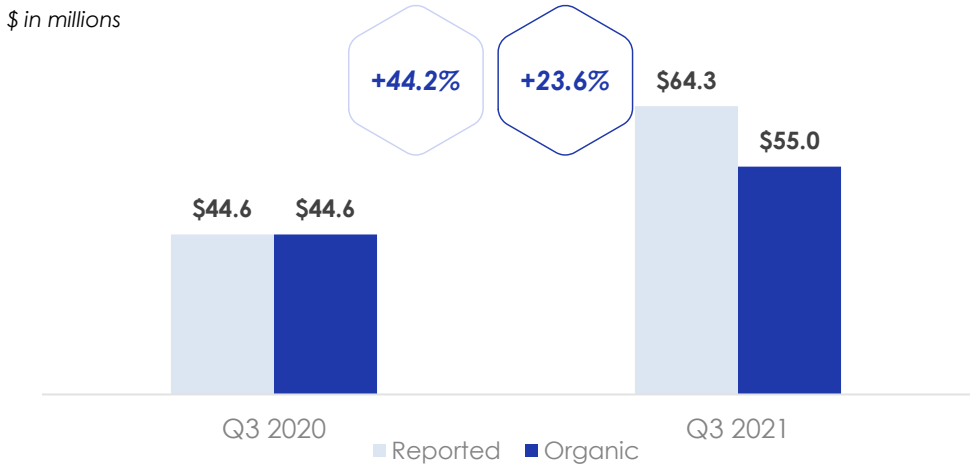
Adjusted EBITDA & Margin



- Adjusted segment EBITDA increased 7.8% to $34.5M and adjusted segment EBITDA margin expanded 320 bps to 23.5%
- The margin expansion was driven primarily by the operating leverage on volume growth, portfolio reshaping actions completed over the prior year and select pricing actions, partially offset by increased raw material costs and SG&A expenses
- Excluding the impact of foreign exchange translation and divestitures, adjusted segment EBITDA increased 26.5%

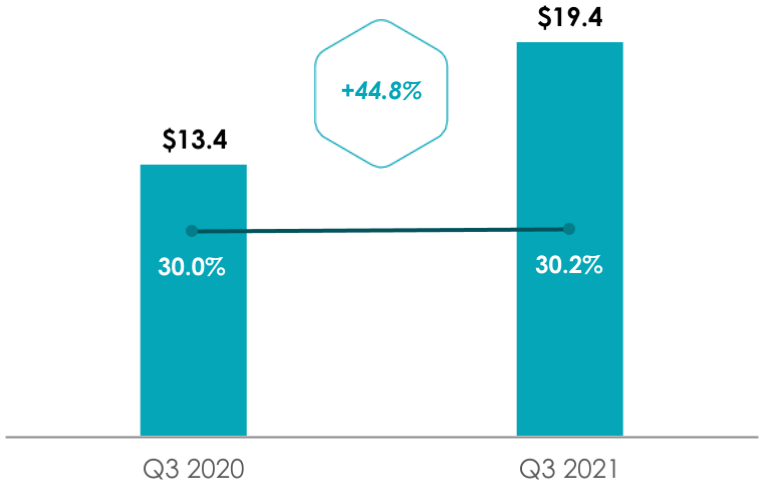
Advanced Surface Technologies – Q3 2021 Performance

Sales



- Sales increased 44.2% driven primarily by strong demand in the semiconductor market and the addition of Alluxa
- Excluding the impact of foreign exchange translation and the acquisition of Alluxa, sales increased 23.6%

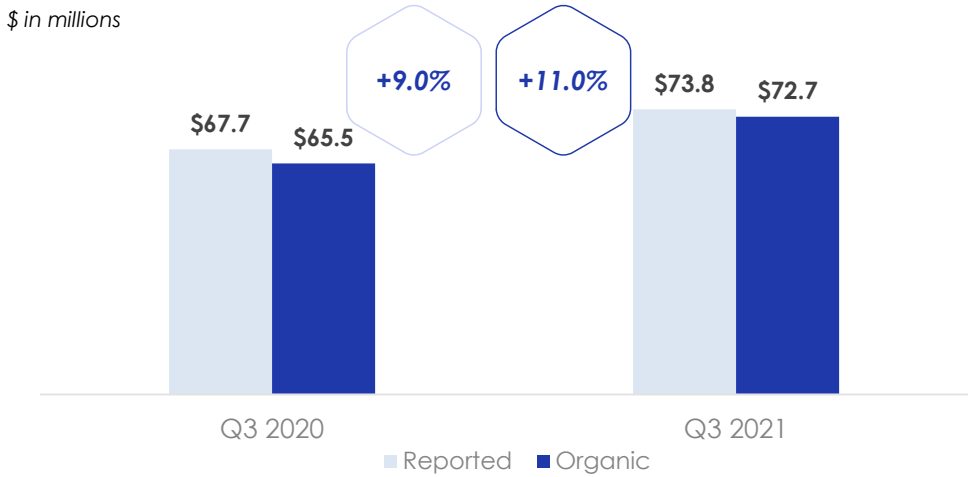
Adjusted EBITDA & Margin



- Adjusted segment EBITDA increased 44.8% to $19.4 and adjusted segment EBITDA margin was relatively flat compared to a year ago
- Excluding the impact of foreign exchange translation and the acquisition of Alluxa, adjusted segment EBITDA increased 8.2%, reflecting transactional foreign exchange headwinds, and start-up costs of a new facility in Taiwan to support strong LeanTeq growth
- Sequentially, adjusted EBITDA margins improved 380 bps

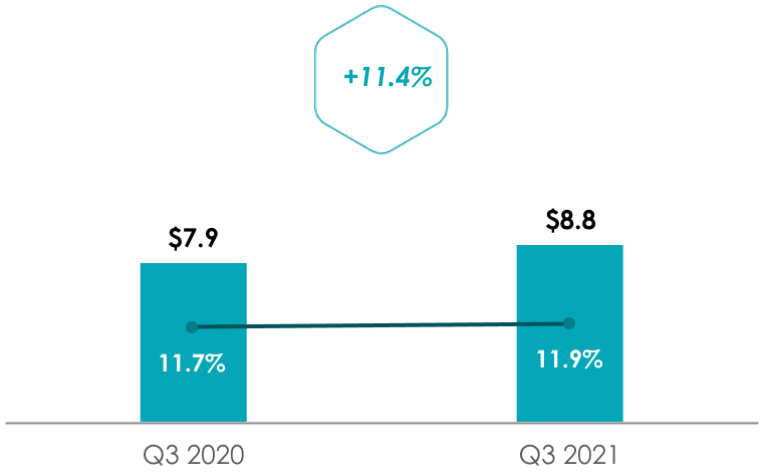
Engineered Materials – Q3 2021 Performance

Sales



- Sales increased 9.0% driven primarily by stronger sales in general industrial market, partially offset by tepid power generation, oil & gas and automotive markets
- Excluding the impact of foreign exchange translation and the divestiture of the GGB bushing block business in the fourth quarter of last year, sales increased 11.0%

Adjusted EBITDA & Margin



- Adjusted segment EBITDA increased 11.4% over the prior year period to $8.8 million and adjusted segment EBITDA margin was essentially flat. The year-over-year increase in EBITDA was primarily the result of operating losses incurred in the prior year related to the divested bushing block business
- Excluding the impacts of foreign exchange translation and the bushing block divestiture, adjusted EBITDA was relatively flat, reflecting material cost headwinds and higher SG&A that offset the benefit of higher volumes and pricing initiatives

Balance Sheet, Cash Flow & Capital Allocation

Net Leverage

Reported September 30, 2021

$ in millions	Credit Facility	$	—
	Senior Notes[1]	$	346
	Term Loan[2]	$	143
	Capital Lease Obligations	$	1
A	Debt Components	$	489
B	Cash and Equivalents	$	330
C = (A – B)	Net Debt	$	159
D	LTM Adjusted EBITDA*	$	209
E = (C / D)	**Leverage Ratio**		**0.8x**

Commentary

- Strong balance sheet; net debt to adjusted EBITDA* of 0.8x, a sequential decline from 1.1x reported at the end of the second quarter
- Liquidity consisting of $330.0M cash and $388.5M[3] available under revolver
- Free cash flow* for the nine months ended September 30, 2021 was $84.4M, up from $36.6M in the prior year period, driven primarily by higher operating profits, offset by working capital investments supporting higher sales
- Paid $16.8M in dividends for the nine months ended September 30, 2021, a 3.7% increase versus the prior year

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 $11.5M in outstanding letters of credit.
* Non-GAAP measure; refer to appendix for reconciliation to GAAP.

Current 2021 Guidance

	Previous 2021 Guidance* *(as of 8/3/21)*	**Current 2021 Guidance*** *(as of 11/5/21)*
Sales	$1.075B – $1.125B	**$1.085B - $1.120B**
Adjusted EBITDA	$200M – $210M	**$202M – $208M**
Adjusted Diluted EPS	$5.16 – $5.50	**$5.35 – $5.55**

Assumptions:

- Guidance updated to reflect Polymer Components business divestiture completed in 3Q:21
- Acquisition of NxEdge immaterial to 2021 guidance; sale of CPI expected to close by the end of 1Q:22
- Amortization of acquisition-related intangible assets of $44M to $46M
- Depreciation and other amortization of $28M to $30M
- Net interest expense of $13M to $15M
- 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	$2
C = A – B	Net Interest Expense	$ 13 –$15

* Full-year guidance excludes changes in the number of shares outstanding, impacts from future acquisitions, dispositions and related transaction costs, restructuring costs, and costs subsequent to the end of the third quarter, the impact of foreign exchange rate changes subsequent to the end of the third quarter, impacts from further spread of COVID-19, impacts from any pending or potential labor disputes, and environmental and litigation charges.



Enpro Transformation & Strategic Acquisition of NxEdge

Eric Vaillancourt
Interim President & Chief Executive Officer

ENPRO

Significant Portfolio Reshaping Progress

Key Enpro Strategies

1. Focusing on high-growth, high-margin industrial technology-related businesses with strong cash flow
2. Investing in faster growing markets, including technology, while maintaining a strong aftermarket exposure
3. Leveraging the Enpro Capability Center to increase margins and cash flow return on investment
4. Maximizing shareholder returns through commitment to sustainability and disciplined capital allocation

Successful Execution of Portfolio Reshaping Actions Result in a More Durable Business Model

	Transaction	Strategic Rationale
 Acquisitions	**NxEdge** *Expected to close by end of 2021*	• Industrial technology-related • High-growth, high-margin • Fragmented competitive base • Robust end market growth • Strong, experienced management • Meets our M&A criteria
	**Alluxa** *Closed 4Q20*	
	**LeanTeq Co., Ltd.** *Closed 3Q19*	
	**The Aseptic Group** *Closed 3Q19*	
 Divestitures	**Compressor Products Int'l (CPI)** *Expected to close by end of 1Q22*	• Non-core businesses and product lines • Reduces cyclical exposure in slower-growth markets • Low return on operating capital
	**Polymer Components** *Closed 3Q21*	
	**Air Springs** *Closed 4Q20*	
	**Heavy-Duty Truck Product Lines** *Announced/Completed 3Q19 – 3Q20*	
	**Bushing Block** *Closed 4Q20*	
	**Fairbanks Morse** *Closed 1Q20*	

Enpro + NxEdge: Transformation Continues

NxEdge Overview

- Advanced manufacturing, cleaning, coating and refurbishment business serving the semiconductor industry
- Produces and supports components used in advanced nodes (<14nm) for leading-edge semiconductor processes
- Offers technically advanced coatings and surface treatments, along with refurbishment services and spare parts, directly exposed to IDMs and OEMs
- Focuses on highly consumable key parts used inside the chamber, all directly impacted by wafer starts and IDM capacity utilization
- Comprehensive design-build solutions working with OEM channels on next generation products as a Tier 1 supplier – a primary advantage to the vertical integration strategy

NxEdge + Enpro

- With vertically integrated capabilities across the semiconductor value chain, including a robust aftermarket business, NxEdge will broaden our solutions portfolio
- Will enhance our footprint ahead of new capacity and supply chain development in the United States
- Will bring AST more opportunities to earn process of record qualifications with key customers

End-to-End Solutions



Advanced Manufacturing



Anodizing & Plating



Cleaning & Metrology



Advanced Coatings & Analytics

Advanced Surface Technologies: Geographic Footprint



Compelling Strategic and Financial Benefits

Aligned with Acquisition Criteria

- ✓ Secular growth markets driving >5% annual growth
- ✓ High degree of aftermarket exposure / recurring revenue
- ✓ Experienced & committed management team
- ✓ Ability to integrate with Enpro culture and values of Safety, Excellence, and Respect
- ✓ EBITDA margins >20%
- ✓ CFROI >20%

Enhances scale and breadth of offerings across the semiconductor value chain, from advanced manufacturing through cleaning, coating, refurbishments, replacements and new components

Adds complementary critical coating capabilities, with a leading range of coating materials and technically advanced coating capabilities in the global semiconductor market

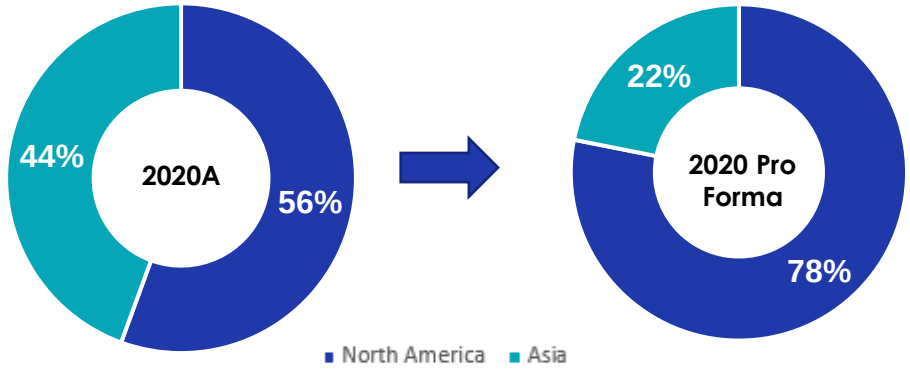
Provides customer and geographic expansion with incremental opportunities to participate in semiconductor supply chain development domestically

Drives higher margin growth through focus on full lifecycle management and vertically integrated model

More Aftermarket & Broader Geography for AST

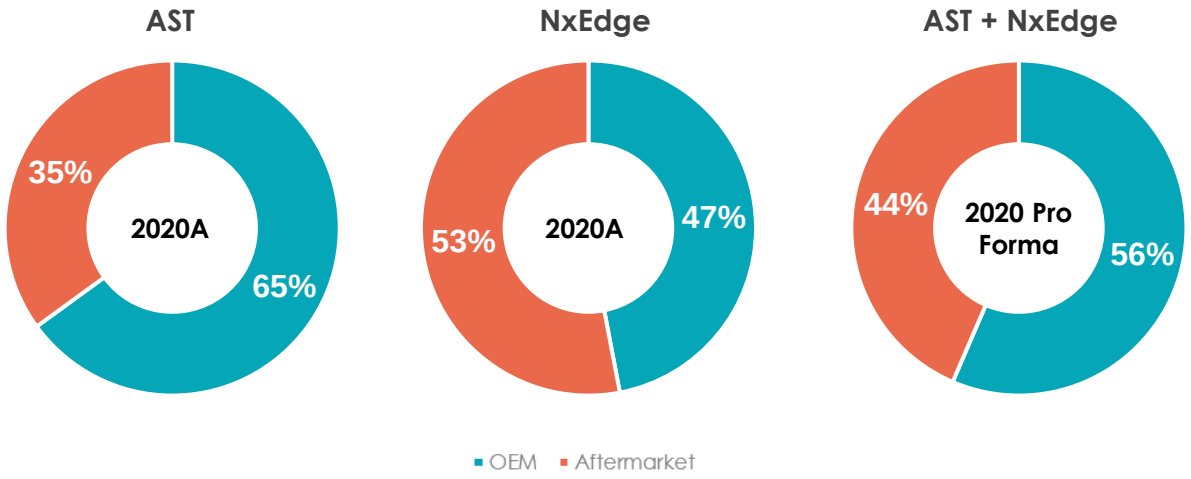
Sales by Geography

- AST's Asia-based capabilities will now have broader global access to leverage expertise on the most advanced nodes
- Differentiated coating offerings across all AST businesses can be leveraged globally
- As semiconductor capacity and supply chain development expands in the U.S., our vertical integration strategy will emerge as a major advantage in reducing lead times
- Mitigates some geopolitical risk



Sales by Channel

- Cleaning, Coating and Refurbishment (CCR) services with our expanded footprint creates valuable long-term, recurring revenue streams
- The combination of NxEdge, with the existing AST businesses, would result in aftermarket/recurring revenue increasing from 35% to 44% of 2020 pro forma AST sales
- Vertical integration strategy for next generation products and replacement/spare parts drives a greater installed base for our CCR capabilities globally



Competitive Differentiator: Vertical Integration

With its vertical integration and broad scope of solutions, NxEdge is unique in providing customers with improved supply chain efficiency and resulting benefits to their total returns

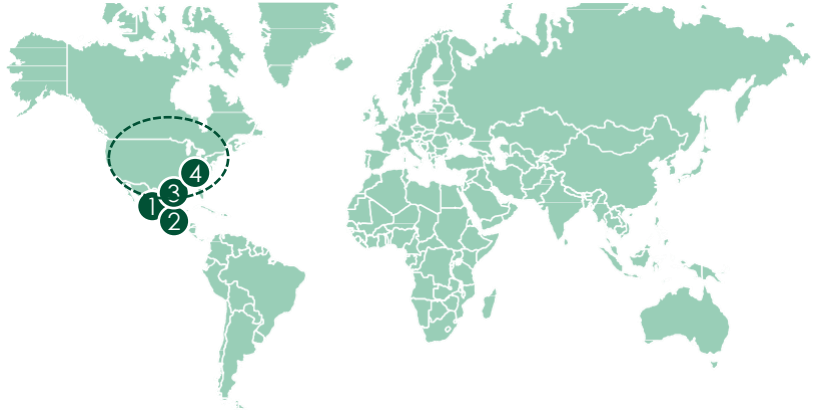
Segregated Supply Chain (Competitors)



110 day
Lead Time

- ✘ Transportation Disruptions
- ✘ Transcontinental Shipping
- ✘ Numerous Handoffs
- ✘ Lack of Accountability
- ✘ Higher Costs
- ✘ Potential IP Compromises

Integrated Supply Chain (NxEdge)



55 day
Lead Time

- ✓ Reduced Lead Times
- ✓ Lower Costs
- ✓ No Handoffs
- ✓ Full IP Protection
- ✓ Maximum Accountability
- ✓ Maximum Transparency

Integrated Design Build Team (IDBT)

Design & Build

Process Teams

Benefits from Integrated Model

Real-time inputs from engineering teams

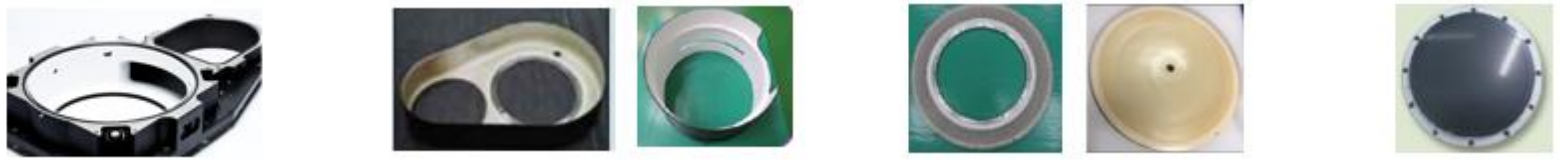
Ability to **iterate design** prior to product launch

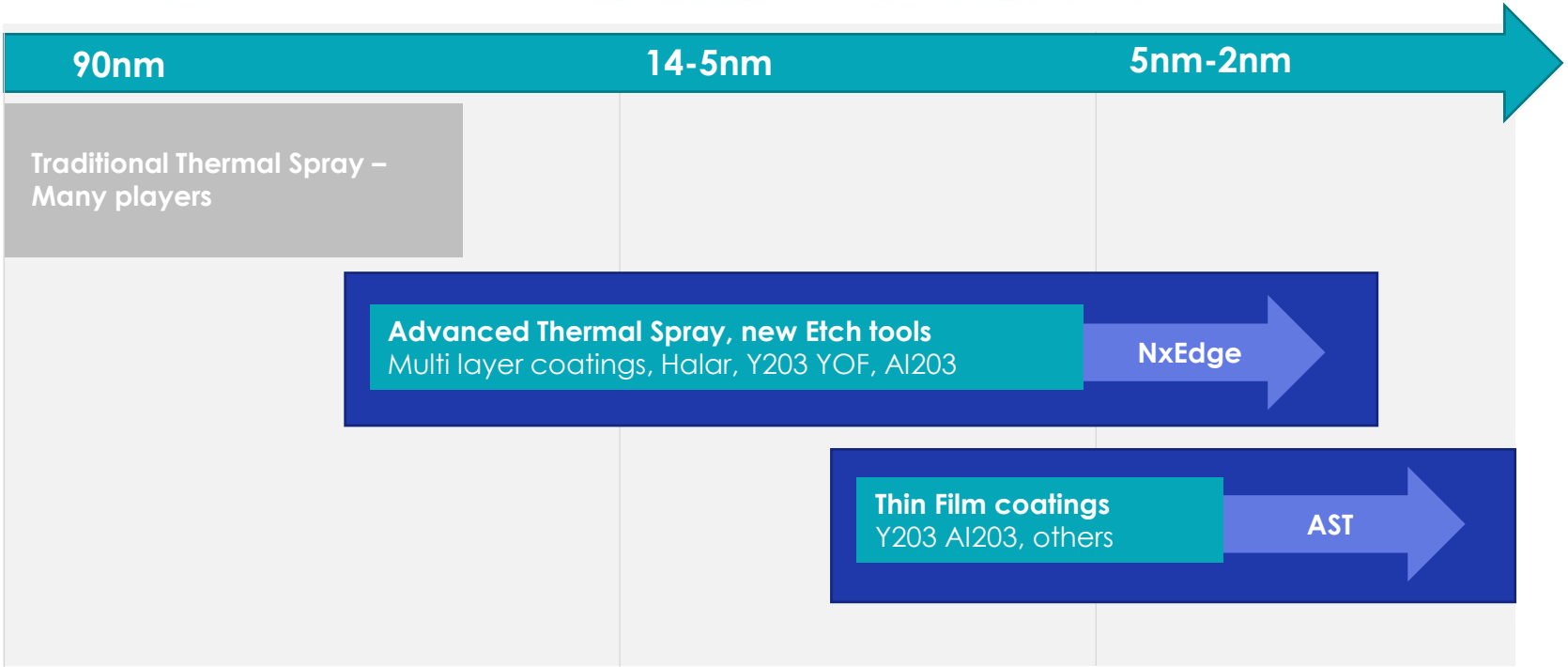
Ability to **scale rapidly** once design is finalized

Competitive Differentiator: Coatings

AST Coating Roadmap Validated by Leading OEMs & IDMs

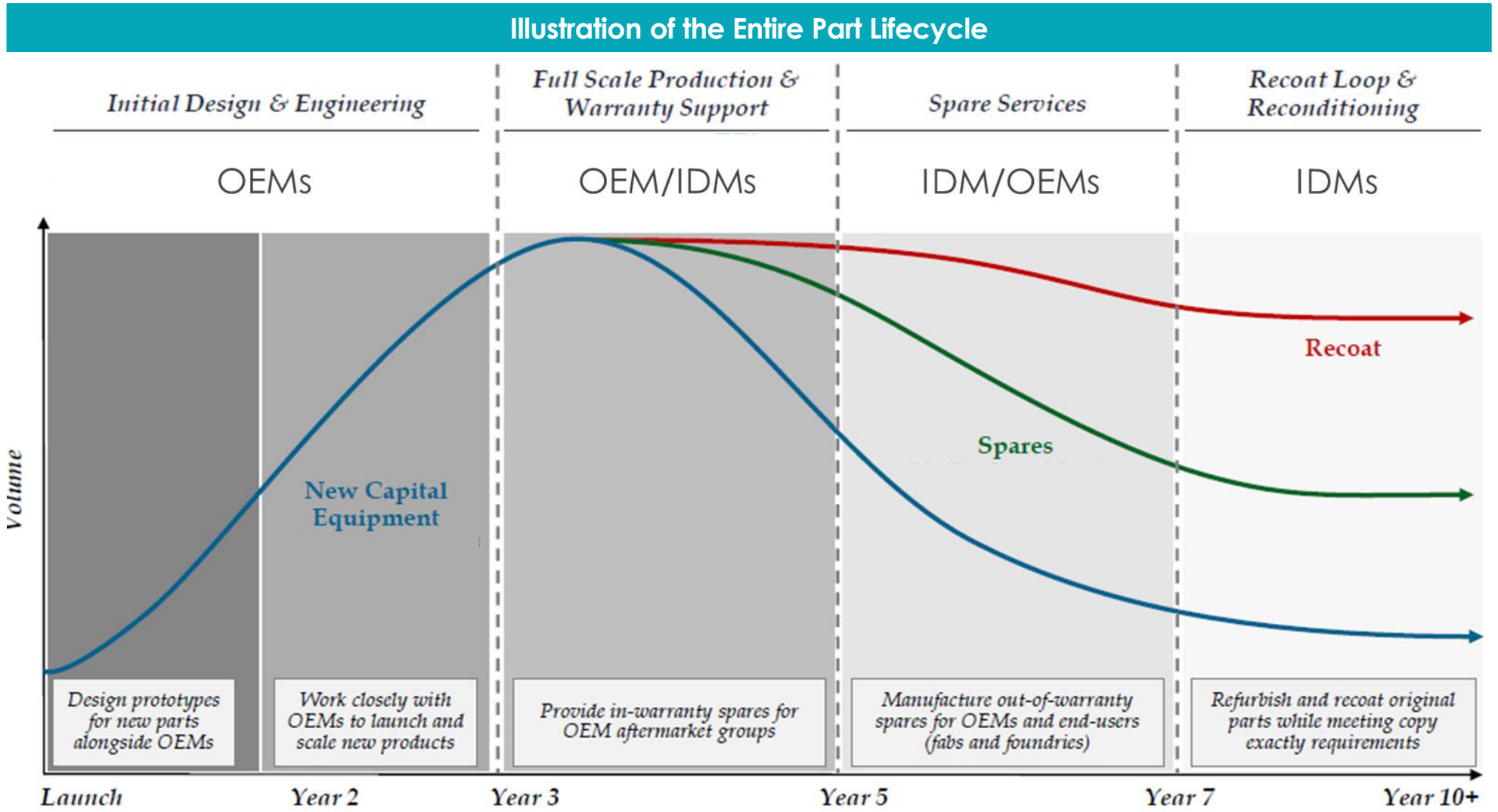
Ongoing Material Development Enables Critical Sub-14 nm Advanced Nodes Globally





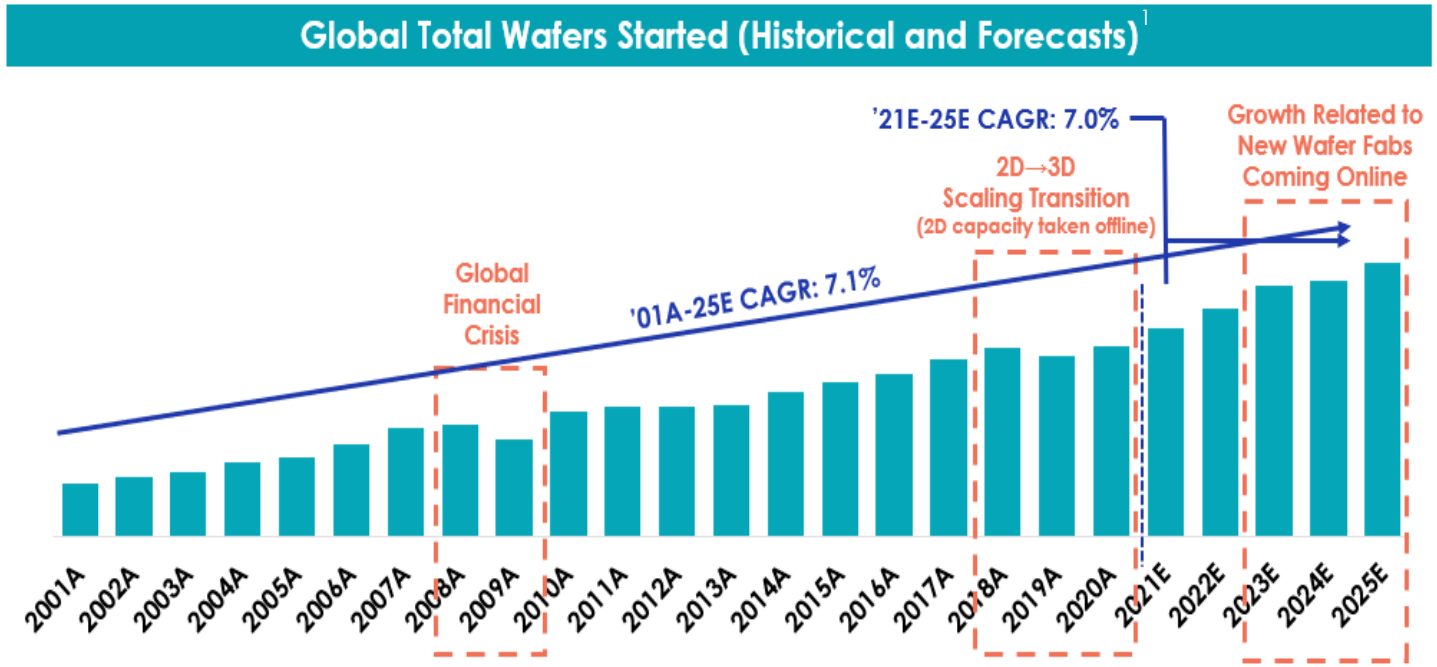
- Together, AST & NxEdge will offer the widest range of coating materials available in the Semi market
- Coating process and capabilities run from traditional thermal spray (legacy applications) to leading-edge, high-density processes
- Multi-layer, and Thin Film coatings are targeting <7 nm advanced nodes

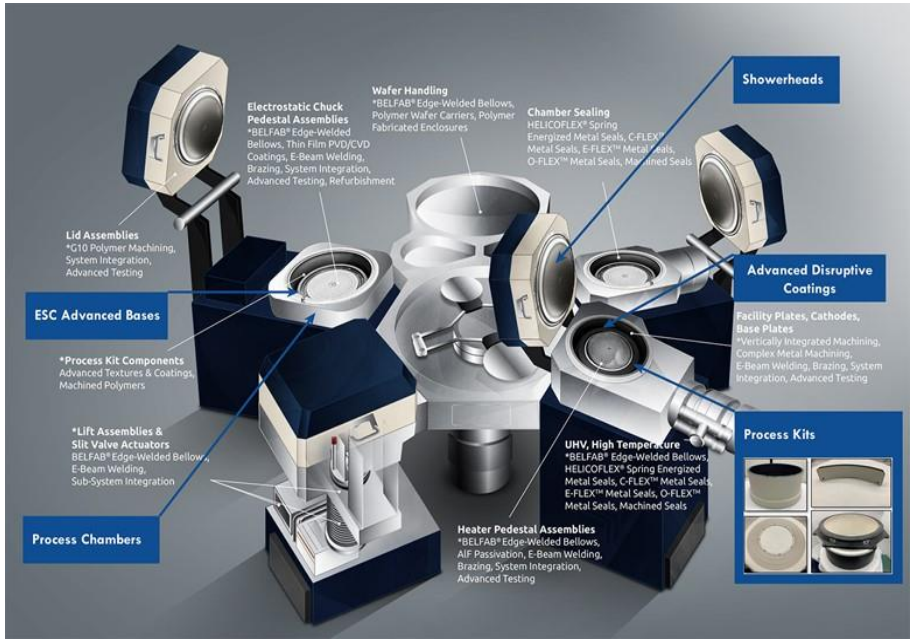
Enpro AST + NxEdge: Full Lifecycle Management



Steady Growth in Wafer Starts Since 2001

- NxEdge will provide more content into high value chamber parts for AST
- Combining our Cleaning, Coating & Refurbishment (CCR) offerings is also a unique differentiator
- Spares and Refurbishment service opportunity correlates with wafer starts. Proliferation of electronic technology using semiconductor devices creates strong secular tailwinds. History shows this NOT a cyclical trend
- Wafer starts have grown at a 6.6% CAGR between 2001-20 and are projected to grow at 7.8% CAGR between 2020-25[1]
- The semiconductor industry meets most of its integrated circuit unit demand by increasing wafer starts, not by increasing the number of devices per wafer. In turn, demand for refurbished and aftermarket components is directly tied to growth in demand for integrated circuits



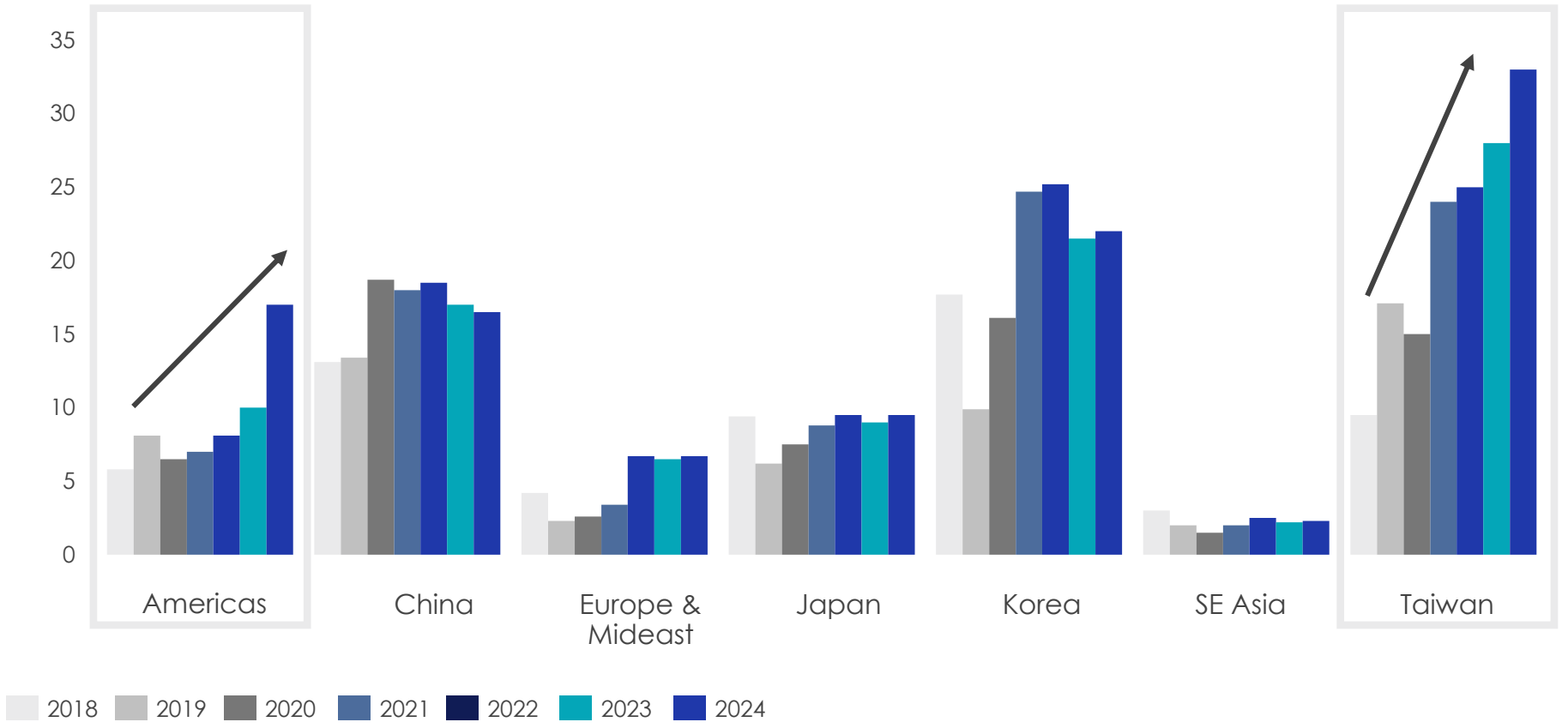


1 Source: Global Total Wafers Started based on Gartner September 2021. "Wafer start" refers to the initiation of manufacturing services with respect to a wafer

Fab Equipment Spending Accelerates into 2024 in US and Taiwan

- Our combined position in the United States and Taiwan positions us in regions where spending is expected to accelerate
- Well-positioned OEM business drives longer-term recurring revenue opportunities for replacement parts and cleaning, coating and refurbishment solutions

Fab Equipment Spending By Region[1] — Billions



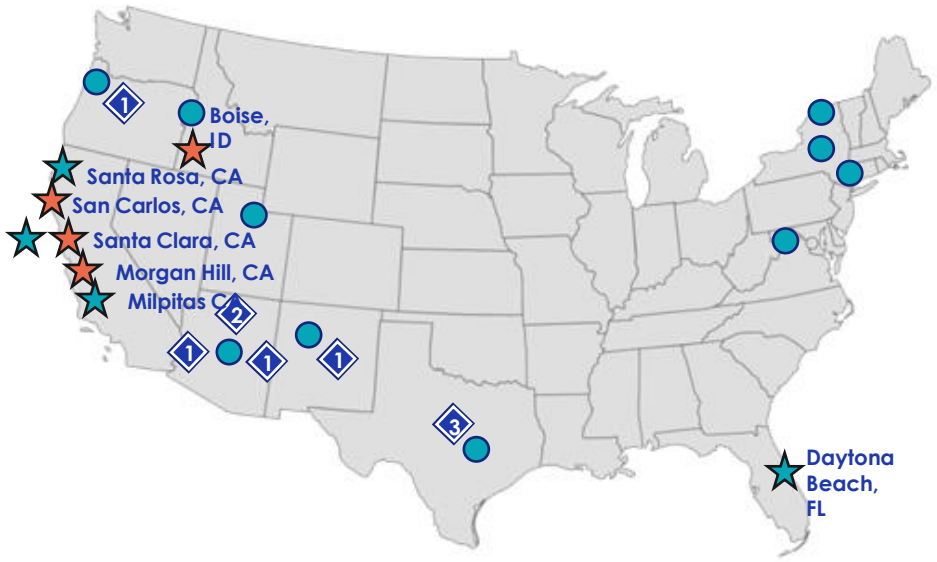
1 Source: SEMI World Fab Forecast, June 2021

Semiconductor Investments Accelerating in the U.S.

New fabs and foundries in the U.S. will create incremental, step-change revenue opportunities for new capital equipment and subsequently drive demand for refurbished and aftermarket components

Enpro with NxEdge will be well positioned to win business for both aftermarket and new fab builds in the U.S. with our unique CCR service offerings

Overview of Front-End Semiconductor Fabs and Foundries in the U.S.



Key New Fabs Announced in the U.S.

1 intel

2 new fabs in Arizona, 1 fab expansion in Oregon and 1 fab upgrade in New Mexico
Investment: $26.5Bn
Operational by 2024
Current Fab Capacity: 380k
New Capacity: 161k

2 tsmc

Multi-fab campus in Arizona
Investment: $35.0Bn
Operational by 2024
Current Capacity: No advanced nodes capacity
New Capacity: 225k

3 SAMSUNG

1 new fab in Texas
Investment: $17.0Bn
Operational by 2023
Current Fab Capacity: 173k
New Capacity: 124k

Domestic Fab / Foundry Update

"Intel's new [CEO] is doubling down on chip manufacturing in the United States and Europe. Patrick Gelsinger [Intel CEO] said that he planned to spend $20 billion on two new factories near existing facilities in Arizona. He also vowed that Intel would become a major manufacturer of chips for other companies, in addition to producing the processors that it has long designed and sold"
NY Times, 3/23/21

"Contract chipmaker TSMC said on Thursday it plans to invest $100 billion over the next three years to increase capacity at its plants, days after Intel Corp announced a $20 billion plan to expand its advanced chip making capacity."
Reuters, 3/31/21

"Samsung plans to invest about $17 billion in a cutting-edge semiconductor facility in the U.S. …production would be up and running by the fourth quarter of 2023."
Bloomberg, 3/3/21

Note: Intel Arizona fab capacity estimated based on $20B total investment and $350MM investment per 1k wafer capacity for leading edge technology. Assumes 2.3x factor for wafer capacity conversion to 200mm equivalents.



NxEdge Transaction Details

Milt Childress

Executive Vice President & Chief Financial Officer

ENPRO

Transaction Summary

Terms

- $850 million, all cash purchase price, subject to limited closing adjustments including working capital
- NxEdge will join Enpro's Advanced Surface Technologies Segment
- Key managers, including Founder & CEO Jackson Chao, will continue leading NxEdge
- The transaction is expected to close by the end of 2021, following regulatory approvals

Financing

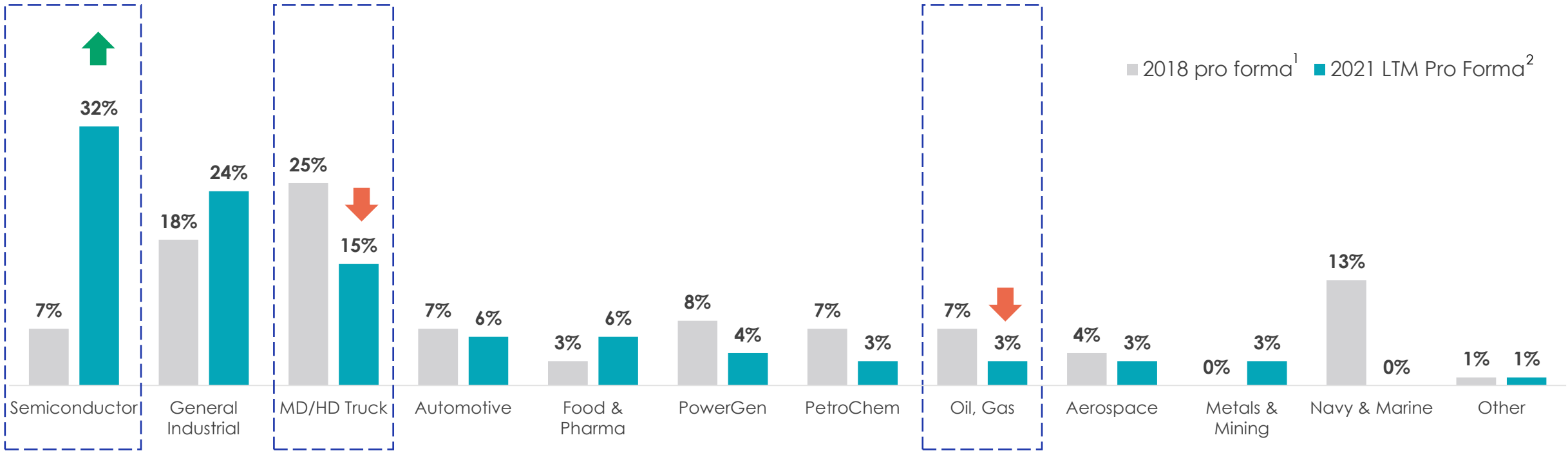
- Mix of cash, borrowings from our revolving credit facility and additional term loan debt
- Proceeds from sale of Compressor Products International (CPI), expected to close by the end of 1Q:22, will be used to partially pay down debt

Financial Expectations

- NxEdge is expected to generate sales and adjusted EBITDA in 2021 of approximately $190 million and $70 million, respectively
- Annual revenue growth over the next five years, on average, is expected to be in the high-single, low double-digit range, based on global semiconductor benchmarks, announced capacity expansions in the United States and the soon to be combined capabilities of NxEdge within our AST segment
- Expect NxEdge to contribute approximately $1.70 in adjusted diluted earnings per share in 2022 at current interest rates, approximately 30% above the mid-point of our 2021 guidance range

Enpro End Market Evolution

Meaningful Change in End Market Exposure



1 2018 pro forma is based on sales including Fairbanks Morse, which was divested in 1Q:20 and treated as a discontinued operation.
2 Pro forma sales based on LTM 9/30/21 results, includes estimated 2021 sales from NxEdge, excluding LTM sales of CPI, the polymer components business and adjusted for LTM sales from reshaping activities in 2020

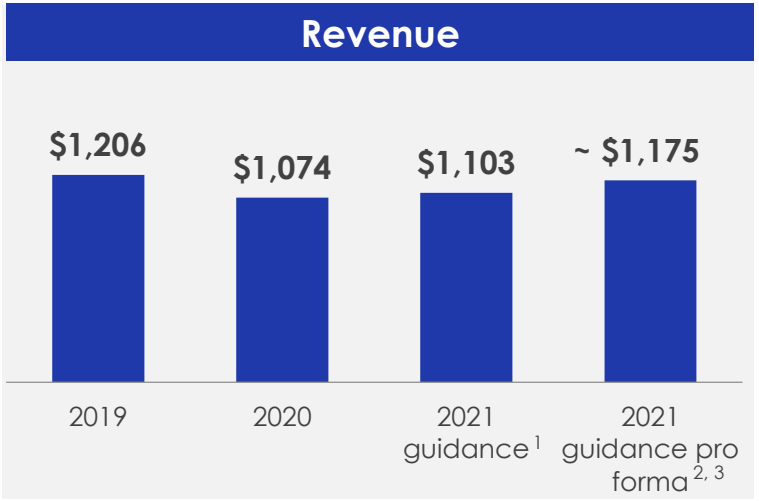
Margin Expansion & Leverage Step-Down

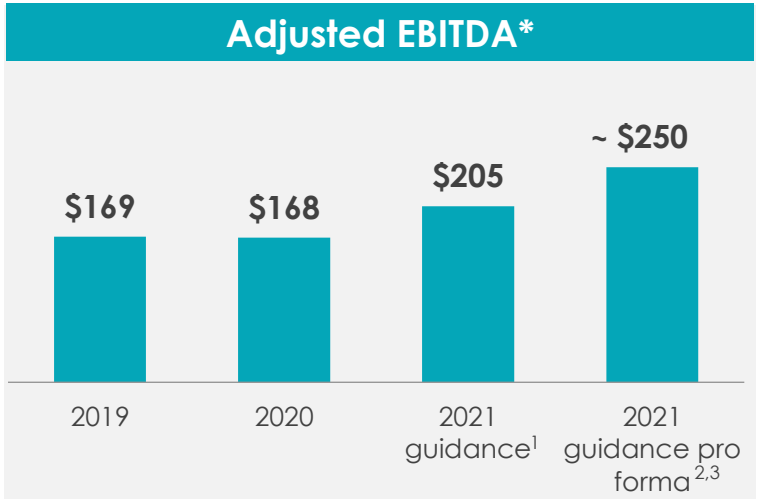
Margin Expansion

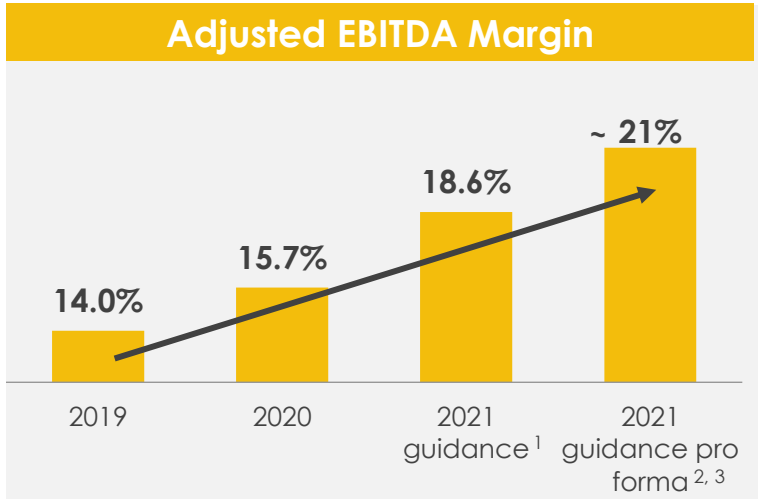
- Material adjusted EBITDA margin expansion since 2019 resulting from portfolio reshaping actions optimizing our profit margins
- Adjusted EBITDA margin in 2021 is estimated to be approximately 21% on a pro forma[2,3] basis, ~240 basis points expansion from 18.6% of 2021 guidance midpoint[1]

Leverage Ratio

- Following the completion of the NxEdge acquisition, estimated leverage ratio will be approximately 3.7x; declining to approximately 3.3x, subsequent to the completion of the CPI divestiture by the end of first quarter of 2022[4]
- Confident in our ability to bring leverage ratio down to our targeted level of 2.0x through operating cash flow and possible further portfolio optimization







*Non-GAAP measure; refer to appendix for reconciliation to GAAP for historical periods
1 Based on the midpoint of sales and adjusted EBITDA of 2021 guidance as of Nov 5, 2021
2 2021 pro forma is based on 2021 guidance midpoint and includes NxEdge acquisition, the sale of the polymer components business within Sealing Technologies segment, the planned divestiture of Compressor Products International (CPI) as if those transactions had closed effective January 1, 2021
3 Pro forma financial information with respect to the acquisition of NxEdge reflects financial information of NxEdge prepared at the basis of generally accepted accounting principles applicable to privately held companies
4 The timing of CPI divestiture is subject to regulatory and works council approvals

Q&A





Appendix

Reconciliation of LTM Results

EnPro Industries, Inc. ($ in millions)	Revenue	Adjusted EBITDA	Adjusted EBITDA Margin
Plus:			
Nine Months Ended September 30, 2021	$ 861.0	$ 160.8	18.7%
Year Ended December 31, 2020	1,074.0	168.3	15.7%
Less:			
Nine Months Ended September 30, 2020	798.0	120.2	15.1%
LTM Ended September 30, 2021	$ 1,137.0	$ 208.9	18.4%

Consolidated Adjusted EBITDA (1/2)

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

	2020	2019
Income (loss) from continuing operations attributable to EnPro Industries, Inc.	$ (23.7)	$ 7.8
Net income attributable to redeemable non-controlling interests	0.4	—
Income (loss) from continuing operations	(23.3)	7.8
Adjustments to arrive at earnings from continuing operations before interest, income taxes, depreciation, amortization, and other selected items ("Adjusted EBITDA"):		
Interest expense, net	14.9	18.2
Income tax benefit	(3.5)	(3.5)
Depreciation and amortization expense	70.8	67.9
Restructuring and impairment expense	30.6	27.2
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
Acquisition and divestiture expenses	11.2	8.9
Pension expense (income) (non-service cost)	(3.0)	3.3
Non-controlling interest compensation allocation[1]	2.9	0.5
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	—
Other	0.3	0.3
Adjusted EBITDA	$ 168.3	$ 169.4

1Non-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 acquisitions. This expense will continue to be recognized as compensation expense over the term of the put and call options associated with the acquisitions 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.

Consolidated Adjusted EBITDA (2/2)

For the Quarters and Nine Months Ended September 30, 2021 and 2020
(Stated in Millions of Dollars)

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Income (loss) from continuing operations attributable to EnPro Industries, Inc.	$ 27.5	$ (21.6)	$ 74.8	$ (14.8)
Net income (loss) attributable to redeemable non-controlling interests	0.1	0.3	0.1	0.5
Income (loss) from continuing operations	27.6	(21.3)	74.9	(14.3)
Adjustments to arrive at earnings from continuing operations before interest, income taxes, depreciation, amortization, and other selected items ("Adjusted EBITDA"):				
Interest expense, net	2.6	3.9	10.2	11.4
Income tax expense	15.1	(7.3)	21.1	2.2
Depreciation and amortization expense	18.4	17.1	55.9	51.5
Restructuring and impairment expense	0.8	5.0	5.4	23.9
Environmental reserve adjustments	4.5	14.0	4.5	14.0
Costs associated with previously disposed businesses	0.3	0.8	0.7	1.5
Net loss (gain) on sale of businesses	(19.5)	3.1	(17.5)	2.0
Acquisition and divestiture expenses	1.4	3.2	2.1	4.5
Pension income (non-service cost)	(2.0)	(0.7)	(6.2)	(2.0)
Non-controlling interest compensation allocation[1]	1.3	0.5	4.1	1.6
Impairment of indefinite-lived trademarks	—	16.1	—	16.1
Legal settlement - legacy matter	—	7.4	—	7.4
Amortization of the fair value adjustment to acquisition date inventory	1.0	—	5.8	—
Other	—	0.3	(0.2)	0.4
Adjusted EBITDA	$ 51.5	$ 42.1	$ 160.8	$ 120.2

1Non-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 acquisitions. This expense will continue to be recognized as compensation expense over the term of the put and call options associated with the acquisitions 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 nine months ended September 30, 2021, approximately 65% 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 Information (1/2)

For the Quarters and Nine Months Ended September 30, 2021 and 2020
(Stated in Millions of Dollars)

Sales

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Sealing Technologies	$ 146.9	$ 157.8	$ 455.9	$ 482.0
Advanced Surface Technologies	64.3	44.6	178.2	121.3
Engineered Materials	73.8	67.7	234.2	201.4
	285.0	270.1	868.3	804.7
Less: intersegment sales	(1.9)	(1.8)	(7.3)	(6.7)
	$ 283.1	$ 268.3	$ 861.0	$ 798.0

Income (loss) from continuing operations attributable to EnPro Industries, Inc.	$ 27.5	$ (21.6)	$ 74.8	$ (14.8)

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

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Sealing Technologies	$ 34.5	$ 32.0	$ 110.8	$ 96.1
Advanced Surface Technologies	19.4	13.4	52.3	31.7
Engineered Materials	8.8	7.9	34.4	21.1
	$ 62.7	$ 53.3	$ 197.5	$ 148.9

Adjusted Segment EBITDA Margin

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Sealing Technologies	23.5 %	20.3 %	24.3 %	19.9 %
Advanced Surface Technologies	30.2 %	30.0 %	29.3 %	26.1 %
Engineered Materials	11.9 %	11.7 %	14.7 %	10.5 %
	22.1 %	19.9 %	22.9 %	18.7 %

Reconciliation of Adjusted Segment EBITDA to Income (Loss) from Continuing Operations Attributable to EnPro Industries, Inc.

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Adjusted Segment EBITDA	$ 62.7	$ 53.3	$ 197.5	$ 148.9
Acquisition and divestiture expenses	(0.3)	(1.3)	(0.4)	(2.6)
Non-controlling interest compensation allocation[1]	(1.3)	(0.5)	(4.1)	(1.6)
Amortization of the fair value adjustment to acquisition date inventory	(1.0)	—	(5.8)	—
Restructuring and impairment expense	(0.7)	(5.0)	(5.2)	(23.9)
Depreciation and amortization expense	(18.3)	(17.0)	(55.6)	(51.5)
Corporate expenses	(11.6)	(11.7)	(36.0)	(27.3)
Interest expense, net	(2.6)	(3.9)	(10.2)	(11.4)
Other income (expense), net	15.8	(42.5)	15.8	(42.7)
Income (loss) from continuing operations before income taxes	42.7	(28.6)	96.0	(12.1)
Income tax expense	(15.1)	7.3	(21.1)	(2.2)
Income (loss) from continuing operations	27.6	(21.3)	74.9	(14.3)
Less: net income (loss) attributable to redeemable non-controlling interests	0.1	0.3	0.1	0.5
Income (loss) from continuing operations attributable to EnPro Industries, Inc.	$ 27.5	$ (21.6)	$ 74.8	$ (14.8)

Adjusted Segment EBITDA is total segment revenue reduced by operating expenses and other costs identifiable with the segment, excluding acquisition and divestiture expenses, restructuring and impairment expense, non-controlling interest compensation, amortization of the fair value adjustment to acquisition date inventory, and depreciation and amortization.
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, and income taxes are not included in the computation of Adjusted Segment EBITDA. The accounting policies of the reportable segments are the same as those for the Company.
1Non-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 acquisitions. This expense will continue to be recognized as compensation expense over the term of the put and call options associated with the acquisitions unless certain employment terminations have occurred.

Segment Information (2/2)

For the Quarters and Nine Months Ended September 30, 2021 and 2020
(Stated in Millions of Dollars)

	Quarter Ended September 30, 2021			
	Sealing Technologies	Advanced Surface Technologies	Engineered Materials	Total Segments
Acquisition and divestiture expenses	$ 0.3	$ —	$ —	$ 0.3
Non-controlling interest compensation allocation[1]	$ —	$ 1.3	$ —	$ 1.3
Amortization of the fair value adjustment to acquisition date inventory	$ —	$ 1.0	$ —	$ 1.0
Restructuring and impairment expense	$ (0.2)	$ —	$ 0.9	$ 0.7
Depreciation and amortization expense	$ 7.7	$ 7.7	$ 2.9	$ 18.3

	Quarter Ended September 30, 2020			
	Sealing Technologies	Advanced Surface Technologies	Engineered Materials	Total Segments
Acquisition and divestiture expenses	$ 0.9	$ 0.4	$ —	$ 1.3
Non-controlling interest compensation allocation[1]	$ —	$ 0.5	$ —	$ 0.5
Restructuring and impairment expense	$ (2.9)	$ —	$ 7.9	$ 5.0
Depreciation and amortization expense	$ 9.0	$ 4.5	$ 3.5	$ 17.0

	Nine Months Ended September 30, 2021			
	Sealing Technologies	Advanced Surface Technologies	Engineered Materials	Total Segments
Acquisition and divestiture expenses	$ 0.4	$ —	$ —	$ 0.4
Non-controlling interest compensation allocation[1]	$ —	$ 4.1	$ —	$ 4.1
Amortization of the fair value adjustment to acquisition date inventory	$ —	$ 5.8	$ —	$ 5.8
Restructuring and impairment expense	$ 1.8	$ —	$ 3.4	$ 5.2
Depreciation and amortization expense	$ 23.2	$ 23.2	$ 9.2	$ 55.6

	Nine Months Ended September 30, 2020			
	Sealing Technologies	Advanced Surface Technologies	Engineered Materials	Total Segments
Acquisition and divestiture expenses	$ 2.2	$ 0.4	$ —	$ 2.6
Non-controlling interest compensation allocation[1]	$ —	$ 1.6	$ —	$ 1.6
Restructuring and impairment expense	$ 13.0	$ —	$ 10.9	$ 23.9
Depreciation and amortization expense	$ 27.7	$ 13.4	$ 10.4	$ 51.5

[1]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 acquisitions. This expense will continue to be recognized as compensation expense over the term of the put and call options associated with the acquisitions unless certain employment terminations have occurred.

Consolidated Adjusted Net Income

(Stated in Millions of Dollars, Except Per Share Data)	Quarters Ended September 30,						Nine Months Ended September 30,					
	2021			2020			2021			2020		
	$	Average common shares outstanding, diluted (millions)	Per Share	$	Average common shared outstanding, diluted (millions)	Per Share	$	Average common shares outstanding, diluted (millions)	Per Share	$	Average common shares outstanding, diluted (millions)	Per Share
Income (loss) from continuing operations attributable to EnPro Industries, Inc.	$ 27.5	20.7	$ 1.33	$(21.6)	20.5	$(1.05)	$ 74.8	20.8	$ 3.61	$(14.8)	20.5	$(0.72)
Net income from redeemable non-controlling interests	0.1			0.3			0.1			0.5		
Income tax expense (benefit)	15.1			(7.3)			21.1			2.2		
Income (loss) from continuing operations before income taxes	42.7			(28.6)			96.0			(12.1)		
Adjustments from selling, general, and administrative:												
Acquisition and divestiture expenses	1.4			3.2			2.1			4.5		
Non-controlling interest compensation allocations[1]	1.3			0.5			4.1			1.6		
Amortization of acquisition-related intangible assets	11.2			9.0			33.7			27.0		
Adjustments from other operating expense and cost of sales:												
Restructuring and impairment expense	0.8			5.0			5.4			23.9		
Amortization of the fair value adjustment to acquisition date inventory	1.0			—			5.8			—		
Impairment of indefinite-lived trademarks	—			16.1			—			16.1		
Legal settlement - legacy matter	—			7.4			—			7.4		
Adjustments from other non-operating expense:												
Environmental reserve adjustment	4.5			14.0			4.5			14.0		
Costs associated with previously disposed businesses	0.3			0.8			0.7			1.5		
Net loss (gain) on sale of businesses	(19.5)			3.1			(17.5)			2.0		
Pension income (non-service cost)	(2.0)			(0.7)			(6.2)			(2.0)		
Other adjustments:												
Other	—			0.3			(0.2)			0.4		
Adjusted income from operations before income taxes	41.7			30.1			128.4			84.3		
Adjusted income tax expense	(12.5)			(9.0)			(38.5)			(25.3)		
Net income from redeemable non-controlling interests	(0.1)			(0.3)			(0.1)			(0.5)		
Adjusted income from continuing operations attributable to EnPro Industries, Inc.	$ 29.1	20.7	$ 1.40 [2]	$ 20.8	20.6[3]	$ 1.01 [2]	$ 89.8	20.8	$ 4.33 [2]	$ 58.5	20.6[3]	$ 2.84 [2]

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 administrative, 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.

1Non-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 acquisitions. This expense will continue to be recognized as compensation expense over the term of the put and call options associated with the acquisitions unless certain employment terminations have occurred.

2 Adjusted diluted earnings per share.

3There were 0.1 million potentially dilutive shares that were excluded from the computation of diluted earnings per share for the quarter and nine months ended September 30, 2020 because they were antidilutive. These shares were included in the computation of adjusted diluted earnings per share for that period.

Free Cash Flow

(Stated in Millions of Dollars)

Free Cash Flow - Nine Months Ended September 30, 2021		
Net cash provided by operating activities of continuing operations	$	97.8
Purchases of property, plant, and equipment		(13.4)
Free cash flow	$	84.4

Free Cash Flow -Nine Months Ended September 30, 2020		
Net cash provided by operating activities of continuing operations	$	48.4
Purchases of property, plant, and equipment		(11.8)
Free cash flow	$	36.6