





Third Quarter 2023 Earnings Review

October 31, 2023

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: economic conditions in the markets served by our businesses and the businesses of our customers, some of which are cyclical and experience periodic downturns; the impact of geopolitical activity on those markets, including instabilities associated with the armed conflicts in Ukraine and between Israel and Hamas, and any conflict or threat of conflict that may affect Taiwan; uncertainties with respect to the imposition of government embargoes, tariffs and trade protection measures, such as "anti-dumping" duties applicable to classes of products, and import or export licensing requirements, as well as the imposition of trade sanctions against a class of products imported from or sold and exported to, or the loss of "normal trade relations" status with, countries in which we conduct business, could significantly increase our cost of products or otherwise reduce our sales and harm our business; uncertainties with respect to prices and availability of raw materials, including as a result of instabilities from geopolitical conflicts; uncertainties with respect to our ability to achieve anticipated growth within the semiconductor, life sciences, and other technology-enabled markets, including uncertainties with respect to receipt of CHIPS Act support and the timing of completion of the new facility in Arizona; the impact of fluctuations in relevant foreign currency exchange rates or unanticipated increases in applicable interest rates; unanticipated delays or problems in introducing new products; the impact of any labor disputes; announcements by competitors of new products, services or technological innovations; changes in our pricing policies or the pricing policies of our competitors; risks related to the reliance of our Advanced Surface Technologies segment on a small number of significant customers; uncertainties with respect to our ability to identify and complete business acquisitions consistent with our strategy and to successfully integrate any businesses that we acquire; and uncertainties with respect to the amount of any payments required to satisfy contingent liabilities, including those related to discontinued operations, other divested businesses and discontinued operations of our predecessors, including liabilities for certain products, environmental matters, employee benefit and statutory severance obligations and other matters. Enpro's filings with the Securities and Exchange Commission, including its most recent Form 10-K and Form 10-Q reports, describe these and other risks and uncertainties in more detail. Enpro does not undertake to update any forward-looking statements made in this press release to reflect any change in management's expectations or any change in the assumptions or circumstances on which such statements are based.

Full-year guidance excludes changes in the number of shares outstanding, impacts from future and pending 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 third quarter, the impact of foreign exchange rate changes subsequent to the end of the third quarter, increases in interest rates beyond those assumed in the preparation of the guidance, impacts from pandemics or from geopolitical activity, including the outbreak (or threat of outbreak) of armed hostilities, and environmental and litigation charges.

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.



Q3 2023 Update

Eric Vaillancourt
President & Chief Executive Officer

ENPRO

Semiconductor Market Widely Expected to Double Over The Next Decade

Semiconductor Industry Trends*

Chip Architectures Evolving and Increasing in Complexity

Advanced Processing Nodes Enable Artificial Intelligence and Data Storage while Accelerating Computing Power

Fab Capacity Expansions Globally Drive Regionalization of Semiconductor Equipment Supply Chains

Process Yield Efficiency and Contamination Control Driving Life Cycle Management of Critical Tools

Internet of Things, Industrial and Automotive Electronics Increasing Chip Consumption

* See Appendix for Select Semiconductor Industry Outlook Commentary

AST Semiconductor Strategy

NxEdge – Technetics Semi – LeanTeq

Technology Differentiation

Vertical Integration

Regional Expansion

Building on a Foundation

Developing **New Technologies**

Infrastructure & Capacity **Investments**

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Overview of Financial Results

Milt Childress

Executive Vice President & Chief Financial Officer

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Q3 2023 Financial Performance

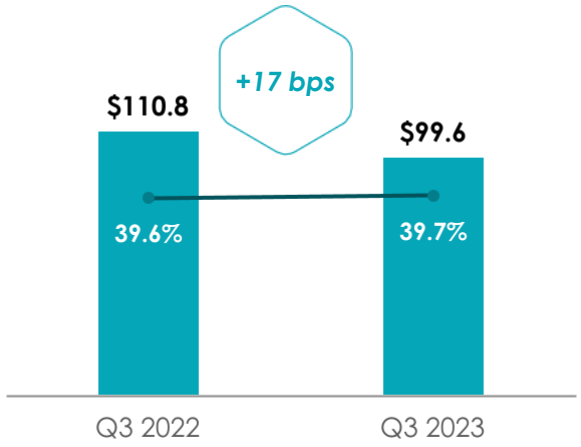
$ in millions, except per share data

Sales



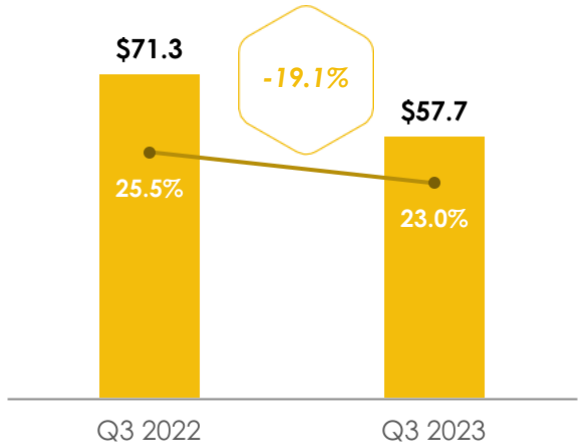
- Strong nuclear energy and commercial vehicle aftermarket sales, as well as the contribution from pricing actions, offset by the semiconductor industry slowdown, lower demand in commercial vehicle OEM, and destocking in food & pharma markets
- Organic sales decreased 10.8% year over year

Gross Profit & Margin



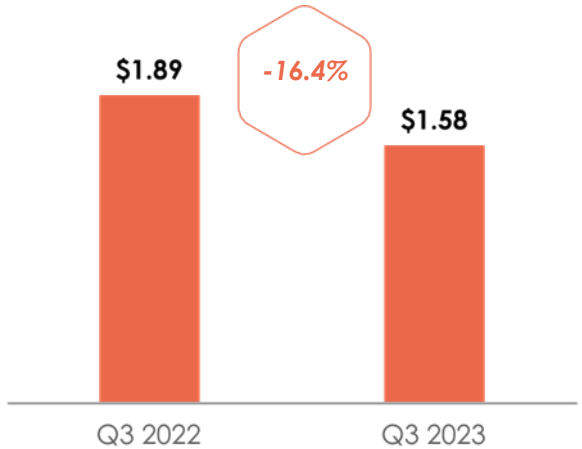
- Gross margin relatively flat as contribution from pricing actions and favorable mix in Sealing Technologies, was offset by market-driven volume declines and unfavorable mix in Advanced Surface Technologies

Adjusted EBITDA* & Margin*



- Adjusted EBITDA* of $57.7 million decreased 19.1% driven primarily by volume declines and unfavorable mix in Advanced Surface Technologies, partially offset by pricing gains, favorable mix, and cost controls in Sealing Technologies
- Adjusted EBITDA margin* of 23.0%, decreased 250 bps

Adjusted Diluted EPS*



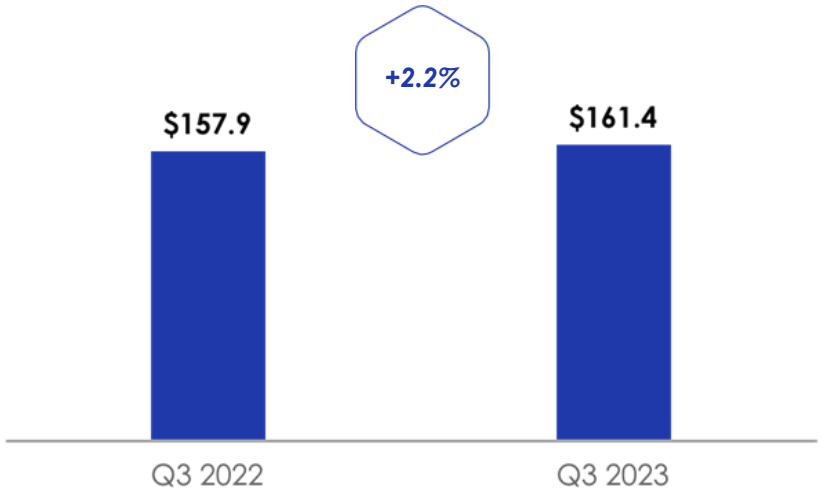
- Adjusted diluted earnings per share of $1.58 decreased 16.4% compared to the prior-year period driven by the factors impacting adjusted EBITDA, partially offset by lower net interest expense

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

Sealing Technologies – Q3 2023 Performance

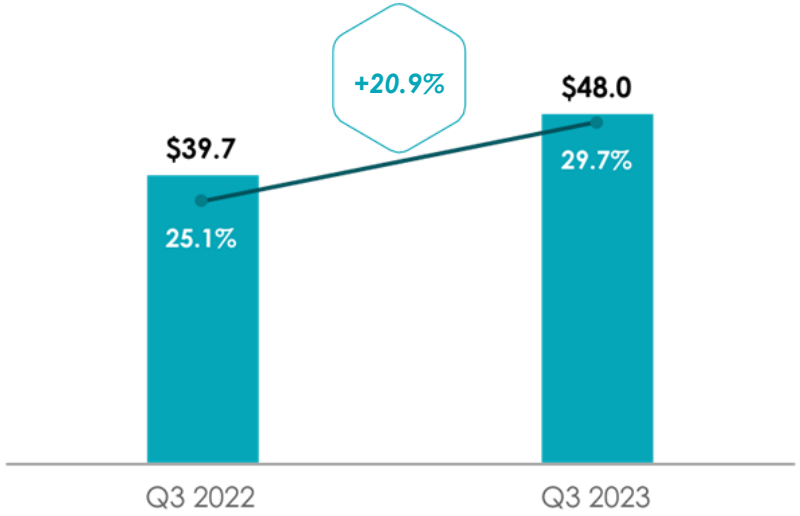
$ in millions

Sales



- Sales increase driven by pricing initiatives and strong demand in nuclear energy and commercial vehicle aftermarket, offset in part by destocking in food & pharma, a decline in commercial vehicle OEM demand, and some weakness in general industrial, particularly in Europe and China
- Organic sales increased 1.4%

Adjusted EBITDA & Margin

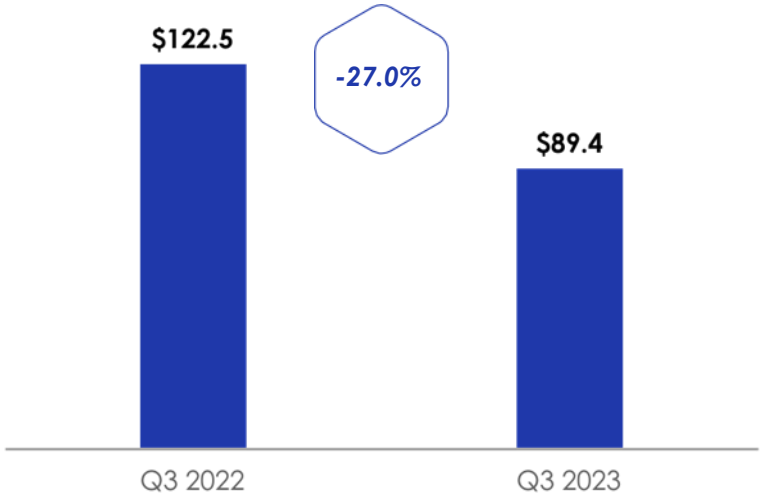


- Adjusted segment EBITDA of $48.0 million increased 20.9% compared to the prior-year period
- Adjusted segment EBITDA margin expanded 460 bps to 29.7% driven by favorable pricing and mix, offset in part by volume declines in certain markets and rising labor costs
- Adjusted segment EBITDA increased 20.2% on an organic basis

Advanced Surface Technologies – Q3 2023 Performance

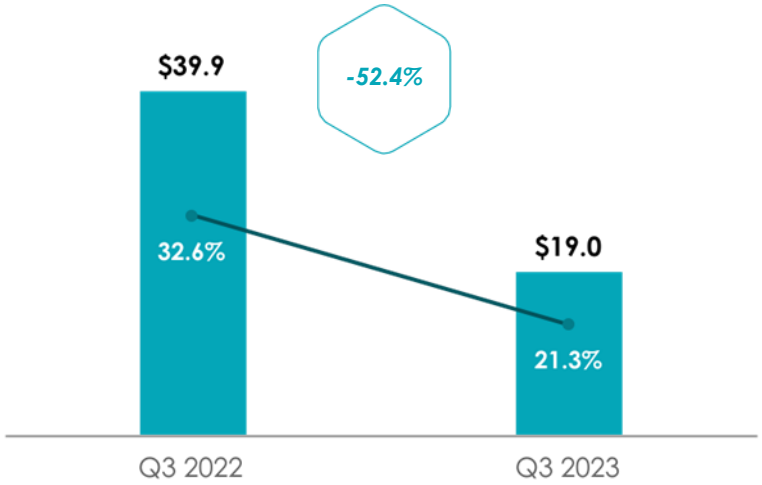
$ in millions

Sales



- Sales decrease driven primarily by the current slowdown in semiconductor capital equipment spending and wafer starts
- Organic sales decreased 26.5%

Adjusted EBITDA & Margin



- Adjusted segment EBITDA decrease driven primarily by the decline in volume, unfavorable mix, and, to a lesser extent, investments in long-term growth opportunities
- Adjusted segment EBITDA decreased 51.4% year-on-year on an organic basis

Balance Sheet, Cash Flow & Capital Allocation

$ in millions

Net Leverage

Reported September 30, 2023

	Revolving Credit Facility	$	—
	Term Loan[1,2]	$	301
	Senior Notes[1]	$	350
	Capital Lease Obligations	$	1
A	Debt Components	$	652
B	Cash, Equivalents, and Short-Term Investments[3]	$	331
C	Noncontrolling Interest[4]	$	18
D = (A – B + C)	Net Debt	$	339

Commentary

- Free cash flow* for the nine months ended September 30, 2023 was $134.1M, up from $101.4M in the prior year
- Strong balance sheet with ample liquidity
- Paid $18.3M in dividends in the nine months ended September 30, 2023
- Net leverage ratio of 1.4x at September 30, 2023[6]

[1] Includes impact from unamortized debt issue costs
[2] Includes one term loan facility, the Term Loan A-2 Facility, with outstanding balance at September 30, 2023 of $301.2 million. The Term Loan A-1 Facility was fully repaid on July 26, 2023. The Term Loan A-2 Facility amortizes on a quarterly basis in an annual amount equal to 2.5% of the original principal amount of the Term Loan A-2 Facility in each of years one through three, 5.0% 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] Includes $0.8M of short-term time deposits maturing in 2023 classified outside of cash and equivalents on our consolidated balance sheet
[4] Represents redeemable retained interest in Alluxa by previous ownership
[5] The $390.0M available for borrowing under revolver is net of $10.0M in letters of credit
[6] Net leverage is calculated by dividing net debt at September 30, 2023 by adjusted EBITDA for the 12 months ended September 30, 2023
* Non-GAAP measure; refer to appendix for reconciliation to GAAP.



Closing Comments

Eric Vaillancourt

President & Chief Executive Officer

ENPRO

Q&A





Appendix

Enpro (NYSE: NPO) | Best-in Class Portfolio of Leading-Edge Businesses

Company Overview

- Headquarters Charlotte, NC
- 13 Principal Manufacturing and Service Facilities
- Global Employees ~3,500

Financial Overview

Market-Cap[1]	**$2.4B**
LTM Q3 2023 Revenue	**$1.08B**
LTM Q3 2023 Adj. EBITDA (Margin)[2]	**$245M (22.6%)**
FY 2023 Aftermarket Rev. %	**53%**
Dividend Yield[1]	**1.0%**

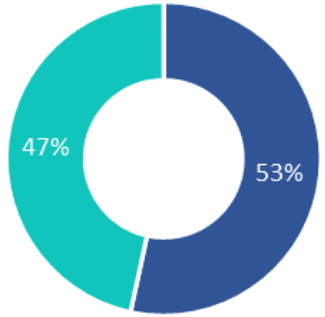
September 2023 YTD Revenue Contribution

Sales by Segment



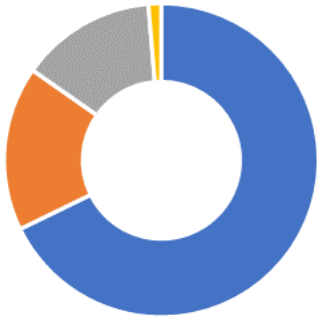
- Sealing Technologies 63%
- Advanced Surface Technologies 37%

Sales by Channel



- Aftermarket
- OE

Sales by Geography



- North America 68%
- Asia Pacific 17%
- Europe 14%
- RoW 1%

Sales by Market

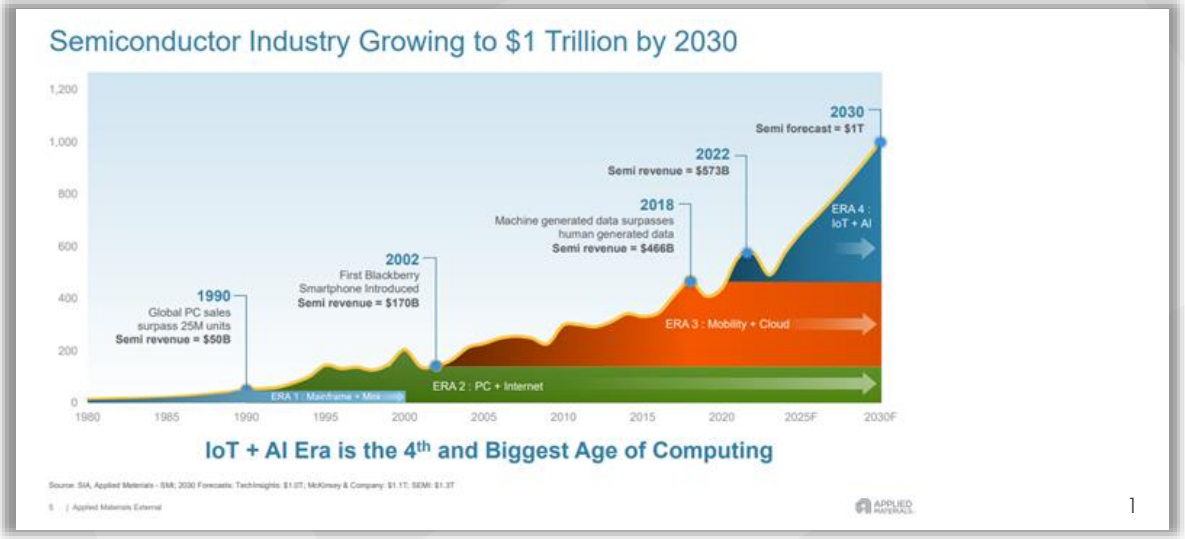


- Semiconductor 34%
- General Industrial 25%
- Commerical Vehicle 19%
- Food & Pharma 6%
- Power Generation 6%
- Aerospace 6%
- Petrochemical 4%

Strong Aftermarket Position Across Both Segments with Critical Products and Solutions

[1] As of 10/30/2023; [2] Refer to Non-GAAP reconciliation included in this appendix. Adjusted EBITDA margin for a period is calculated by dividing adjusted EBITDA for the period by revenue for the period.

Select Semiconductor Industry Outlook Commentary



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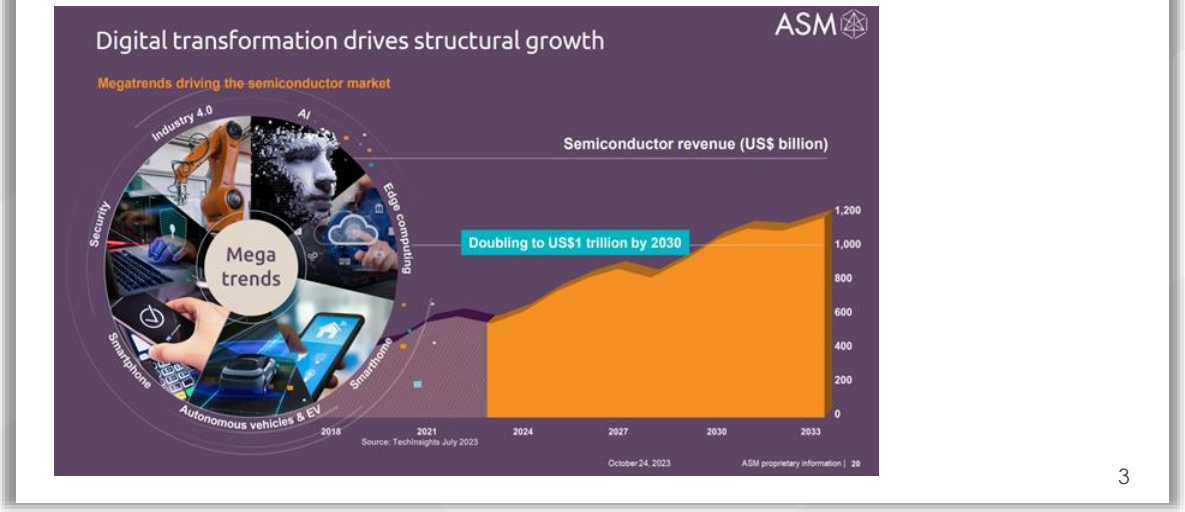

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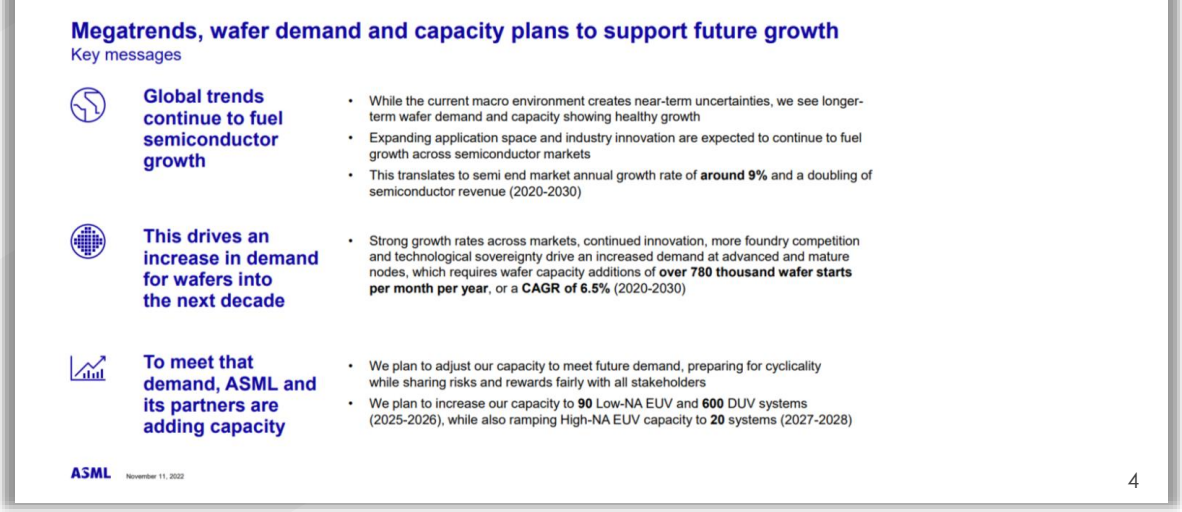
3



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1: Source: Applied Materials Q3 Fiscal 2023 Earnings Presentation, August 2023
2: Source: KLA Q1 Fiscal 2024 Earnings Presentation, October 2023
3: Source: ASM, Q3 2023 Earnings Presentation, Oct 2023
4: Source: ASML Investor Day 2022, November 2022

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Reconciliation of LTM Results

EnPro Industries, Inc. ($ in millions)	Revenue	Adjusted EBITDA	Adjusted EBITDA Margin
Nine Months Ended September 30, 2023	$ 810.2	$ 191.1	23.6%
Plus:			
Year Ended December 31, 2022	1,099.2	257.4	23.4%
Less:			
Nine Months Ended September 30, 2022	827.3	203.9	24.6%
LTM Ended September 30, 2023	$ 1,082.1	$ 244.6	22.6%

Consolidated Adjusted EBITDA (1/2)

For the Year Ended December 31, 2022
(In Millions)

	2022
Income from continuing operations attributable to EnPro Industries, Inc., net of tax	$ 6.7
Net income attributable to redeemable non-controlling interests	(2.8)
Income from continuing operations	3.9
Adjustments to arrive at earnings before interest, income taxes, depreciation, amortization, and other selected items ("Adjusted EBITDA"):	
Interest expense, net	33.9
Income tax expense	24.4
Depreciation and amortization expense	103.1
Restructuring and impairment expense	2.9
Environmental reserve adjustments	5.1
Costs associated with previously disposed businesses	0.3
Net loss on sale of business	0.6
Acquisition and divestiture expenses	1.2
Pension income (non-service cost)	(3.6)
Non-controlling interest compensation allocation[1]	(0.6)
Asbestos receivable adjustment	2.8
Amortization of the fair value adjustment to acquisition date inventory	13.3
Tax indemnification asset [2]	0.9
Goodwill impairment	65.2
Foreign exchange losses related to divestiture of GGB [3]	3.8
Other	0.2
Adjusted EBITDA	$ 257.4

1Non-controlling interest compensation allocation represents compensation expense associated with a portion of the rollover equity from the acquisitions of LeanTeq and Alluxa that was and 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. The LeanTeq non-controlling interests were acquired by EnPro in December 2022.

2 In connection with the acquisition of Aseptic in 2019, we recognized a liability for uncertain tax positions and a related indemnification asset for the portion of that liability recoverable from the seller. We determined the statute of limitations expired on some of the uncertain tax positions in 2022 and 2021 and, accordingly, removed a portion of the liability and receivable. The release of the related liability was recorded as part of our tax expense for the year ended December 31, 2022 and 2021 and the reversal of the related receivable was recorded as an expense in other non-operating income (expense) on our consolidated statement of operations.

3 In connection with the sale of GGB, accounted for as a discontinued operation, in the fourth quarter of 2022, we issued an intercompany note between a domestic and foreign entity that was denominated in a foreign currency. As a result of this note, we recorded a loss due to the change in exchange rate during December 2022. In January 2023, we hedged the outstanding notes and expect future gains or losses to be minimal.

Consolidated Adjusted EBITDA (2/2)

For the Quarters and Nine Months Ended September 30, 2023 and 2022
(In Millions)

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Income from continuing operations attributable to EnPro Industries, Inc.	$ 8.3	$ 26.2	$ 15.7	$ 64.2
Net income (loss) attributable to redeemable non-controlling interests	(0.1)	0.6	(4.3)	0.8
Income from continuing operations	8.2	26.8	11.4	65.0
Adjustments to arrive at earnings before interest, income taxes, depreciation, amortization, and other selected items ("Adjusted EBITDA"):				
Interest expense, net	7.1	9.3	23.6	23.9
Income tax expense	14.7	9.1	17.0	19.8
Depreciation and amortization expense	23.6	25.7	71.1	77.9
Restructuring and impairment expense	2.2	0.1	3.2	2.2
Environmental reserve adjustments	0.4	0.1	0.5	(0.2)
Costs associated with previously disposed businesses	0.4	0.2	0.8	0.8
Acquisition and divestiture expenses	—	—	0.1	1.0
Pension expense (income) (non-service cost)	0.4	(0.7)	1.1	(2.1)
Non-controlling interest compensation allocation[1]	—	(0.6)	(0.3)	(0.1)
Asbestos receivable adjustment	—	—	—	2.8
Amortization of the fair value adjustment to acquisition date inventory	—	1.0	—	12.3
Goodwill impairment	—	—	60.8	—
Foreign exchange losses related to the divestiture of a discontinued operation	0.5	—	1.5	—
Other	0.2	0.3	0.3	0.6
Adjusted EBITDA	$ 57.7	$ 71.3	$ 191.1	$ 203.9

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. The Leanteq non-controlling interests were acquired by Enpro in December 2022.

Segment Information (1/2)

For the Quarters and Nine Months Ended September 30, 2023 and 2022
(In Millions)

Sales

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Sealing Technologies	$ 161.4	$ 157.9	$ 511.4	$ 467.4
Advanced Surface Technologies	89.4	122.5	299.1	360.7
	250.8	280.4	810.5	828.1
Less: intersegment sales	(0.1)	(0.3)	(0.3)	(0.8)
	$ 250.7	$ 280.1	$ 810.2	$ 827.3

Income from continuing operations attributable to EnPro Industries, Inc.	$ 8.3	$ 26.2	$ 15.7	$ 64.2

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

	2023	2022	2023	2022
Sealing Technologies	$ 48.0	$ 39.7	$ 153.9	$ 118.1
Advanced Surface Technologies	19.0	39.9	72.6	112.6
	$ 67.0	$ 79.6	$ 226.5	$ 230.7

Adjusted Segment EBITDA Margin

	2023	2022	2023	2022
Sealing Technologies	29.7 %	25.1 %	30.1 %	25.3 %
Advanced Surface Technologies	21.3 %	32.6 %	24.3 %	31.2 %
	26.7 %	28.4 %	28.0 %	27.9 %

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

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Income from continuing operations attributable to EnPro Industries, Inc.	8.3	26.2	15.7	64.2
Plus: net income (loss) attributable to redeeming non-controlling interests	(0.1)	0.6	(4.3)	0.8
Income from continuing operations	8.2	26.8	11.4	65.0
Income tax expense	$ (14.7)	$ (9.1)	$ (17.0)	$ (19.8)
Income from continuing operations before income taxes	22.9	35.9	28.4	84.8
Acquisition and divestiture expense	—	—	—	0.4
Non-controlling interest compensation allocation[1]	—	(0.6)	(0.3)	(0.1)
Amortization of the fair value adjustment to acquisition date inventory	—	1.0	—	12.3
Restructuring and impairment expense	2.0	0.1	2.6	1.2
Depreciation and amortization expense	23.5	25.7	70.9	77.7
Corporate expenses	9.4	9.1	35.1	31.4
Interest expense, net	7.1	9.3	23.6	23.9
Goodwill impairment	—	—	60.8	—
Other income (expense), net	2.1	(0.9)	5.4	(0.9)
Adjusted Segment EBITDA	$ 67.0	$ 79.6	$ 226.5	$ 230.7

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. Adjusted segment EBITDA margin for a period is calculated by dividing adjusted segment EBITDA for the period by revenue for the period.
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. The LeanTeq non-controlling interests were acquired by Enpro in December 2022. The Leanteq non-controlling interests were acquired by Enpro in December 2022.

Segment Information (2/2)

For the Quarters and Nine Months Ended September 30, 2023 and 2022
(In Millions)

	Quarter Ended September 30, 2023		
	Sealing Technologies	Advanced Surface Technologies	Total Segments
Restructuring and impairment expense	$ 1.6	$ 0.4	$ 2.0
Depreciation and amortization expense	$ 6.2	$ 17.3	$ 23.5

	Quarter Ended September 30, 2022		
	Sealing Technologies	Advanced Surface Technologies	Total Segments
Non-controlling interest compensation allocation[1]	$ —	$ (0.6)	$ (0.6)
Amortization of the fair value adjustment to acquisition date inventory	$ —	$ 1.0	$ 1.0
Restructuring and impairment expense	$ 0.1	$ —	$ 0.1
Depreciation and amortization expense	$ 6.3	$ 19.4	$ 25.7

	Nine Months Ended September 30, 2023		
	Sealing Technologies	Advanced Surface Technologies	Total Segments
Non-controlling interest compensation allocation[1]	$ —	$ (0.3)	$ (0.3)
Restructuring and impairment expense	$ 1.7	$ 0.9	$ 2.6
Depreciation and amortization expense	$ 18.9	$ 52.0	$ 70.9

	Nine Months Ended September 30, 2022		
	Sealing Technologies	Advanced Surface Technologies	Total Segments
Acquisition and divestiture expenses	$ —	$ 0.4	$ 0.4
Non-controlling interest compensation allocation[1]	$ —	$ (0.1)	$ (0.1)
Amortization of the fair value adjustment to acquisition date inventory	$ —	$ 12.3	$ 12.3
Restructuring and impairment expense	$ 0.6	$ 0.6	$ 1.2
Depreciation and amortization expense	$ 19.9	$ 57.8	$ 77.7

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. The Leanteq non-controlling interests were acquired by Enpro in December 2022.

Consolidated Adjusted Net Income

(In Millions, Except Per Share Data)	Quarters Ended September 30,					
	2023			2022		
	$	Average common shares outstanding, diluted	Per Share	$	Average common shared outstanding, diluted	Per Share
Income from continuing operations attributable to EnPro Industries, Inc.	$ 8.3	21.0	$ 0.39	$ 26.2	20.9	$ 1.26
Net income (loss) from redeemable non-controlling interests	(0.1)			0.6		
Income tax expense	14.7			9.1		
Income from continuing operations before income taxes	22.9			35.9		
Adjustments from selling, general, and administrative:						
Non-controlling interest compensation allocations[1]	—			(0.6)		
Amortization of acquisition-related intangible assets	17.1			18.7		
Adjustments from other operating expense and cost of sales:						
Restructuring and impairment expense	2.2			0.1		
Amortization of the fair value adjustment to acquisition date inventory	—			0.9		
Adjustments from other non-operating expense:						
Environmental reserve adjustment	0.4			0.1		
Costs associated with previously disposed businesses	0.4			0.2		
Pension income (non-service cost)	0.4			(0.7)		
Foreign exchange losses related to the divestiture of a discontinued operation[2]	0.5			—		
Other adjustments:						
Other	0.2			0.2		
Adjusted income from continuing operations before income	44.1			54.8		
Adjusted income tax expense	(11.1)			(14.8)		
Net loss (income) from redeemable non-controlling interests	0.1			(0.6)		
Adjusted income from continuing operations	$ 33.1	21.0	$ 1.58 [3]	$ 39.4	20.9	$ 1.89 [3]

(In Millions, Except Per Share Data)	Nine Months Ended September 30,					
	2023			2022		
	$	Average common shares outstanding, diluted	Per Share	$	Average common shared outstanding, diluted	Per Share
Income from continuing operations attributable to EnPro Industries, Inc.	$ 15.7	21.0	$ 0.75	$ 64.2	20.9	$ 3.08
Net income (loss) from redeemable non-controlling interests	(4.3)			0.8		
Income tax expense	17.0			19.8		
Income from continuing operations before income taxes	28.4			84.8		
Adjustments from selling, general, and administrative:						
Acquisition and divestiture expenses	0.1			1.0		
Non-controlling interest compensation allocations[1]	(0.3)			(0.2)		
Amortization of acquisition-related intangible assets	51.5			56.3		
Adjustments from other operating expense and cost of sales:						
Restructuring and impairment expense	3.2			2.2		
Amortization of the fair value adjustment to acquisition date inventory	—			12.1		
Adjustments from other non-operating expense:						
Asbestos receivable adjustment	—			2.8		
Environmental reserve adjustment	0.5			(0.2)		
Costs associated with previously disposed businesses	0.8			0.8		
Pension income (non-service cost)	1.1			(2.1)		
Goodwill impairment	56.6			—		
Foreign exchange losses related to the divestiture of a discontinued operation[2]	1.5			—		
Other adjustments:						
Other	0.3			0.6		
Adjusted income from continuing operations before income taxes	143.7			158.1		
Adjusted income tax expense	(35.9)			(42.7)		
Net loss (income) from redeemable non-controlling interests	4.3			(0.8)		
Adjusted income from continuing operations	$112.1	21.0	$ 5.35 [3]	$114.6	20.9	$ 5.49 [3]

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., net of tax and diluted earnings per share from continuing operations 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 25.0% and 27.0% for 2023 and 2022, respectively. Per share amounts were calculated by dividing by the weighted-average shares of diluted common stock outstanding during the periods.

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. The LeanTeq non-controlling interests were acquired by Enpro in December 2022.

2 In connection with the sale of GGB, accounted for as a discontinued operation, in the fourth quarter of 2022, we issued an intercompany note between a domestic and foreign entity that was denominated in a foreign currency. As a result of this note, we recorded a loss due to the change in exchange rate in 2023. In January 2023, we hedged the outstanding notes in order to mitigate related gains or losses.

3 Adjusted diluted earnings per share.

Free Cash Flow

(In Millions)

Free Cash Flow - Nine Months Ended September 30, 2023		
Net cash provided by operating activities	$	154.8
Purchases of property, plant, and equipment		(20.7)
	$	134.1

Free Cash Flow - Nine Months Ended September 30, 2022		
Net cash provided by operating activities	$	111.6
Purchases of property, plant, and equipment		(10.2)
	$	101.4