CARLISLE®

THE BUILDING ENVELOPE LEADER

# Fourth Quarter and Full Year 2023 Earnings Call

February 6, 2024

# Forward Looking Statements & Non-GAAP Financial Measures

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally use words such as "expect," "foresee," "anticipate," "believe," "project," "should," "estimate," "will," "plans," "intends," "forecast," and similar expressions, and reflect our expectations concerning the future. Such statements are made based on known events and circumstances at the time of publication and, as such, are subject in the future to unforeseen risks and uncertainties. It is possible that our future performance may differ materially from current expectations expressed in these forward-looking statements, due to a variety of factors such as: increasing price and product/service competition by foreign and domestic competitors, including new entrants; technological developments and changes; the ability to continue to introduce competitive new products and services on a timely, cost-effective basis; our mix of products/services; increases in raw material costs that cannot be recovered in product pricing; domestic and foreign governmental and public policy changes including environmental and industry regulations; the ability to meet our goals relating to our intended reduction of greenhouse gas emissions, including our net zero commitments; threats associated with and efforts to combat terrorism; protection and validity of patent and other intellectual property rights; the identification of strategic acquisition targets and our successful completion of any transaction and integration of our strategic acquisitions; our successful completion of strategic dispositions; the cyclical nature of our businesses; the impact of information technology, cybersecurity or data security breaches at our businesses or third parties; the outcome of pending and future litigation and governmental proceedings; the emergence or continuation of widespread health emergencies such as the COVID-19 pandemic, including, for example, expectations regarding their impact on our businesses, including on customer demand, supply chains and distribution systems, production, our ability to maintain appropriate labor levels, our ability to ship products to our customers, our future results, or our full-year financial outlook; and the other factors discussed in the reports we file with or furnish to the Securities and Exchange Commission from time to time. In addition, such statements could be affected by general industry and market conditions and growth rates, the condition of the financial and credit markets and general domestic and international economic conditions, including inflation and interest rate and currency exchange rate fluctuations. Further, any conflict in the international arena, including the Russian invasion of Ukraine and the war in the Middle East, may adversely affect general market conditions and our future performance. Any forward-looking statement speaks only as of the date on which that statement is made, and we undertake no duty to update any forward-looking statement to reflect events or circumstances, including unanticipated events, after the date on which that statement is made, unless otherwise required by law. New factors emerge from time to time and it is not possible for management to predict all of those factors, nor can it assess the impact of each of those factors on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

The slides contained in this presentation refer to certain non-GAAP financial measures. The Company believes that providing these non-GAAP financial measures enhances the Company's and investors' understanding of the Company's and its segments' financial performance. Non-GAAP financial measures should not be considered replacements for, and should be read together with, the most comparable GAAP financial measures. Please refer to the appendix for the Company's definitions of its non-GAAP financial measures, which may not be comparable to similarly titled measures reported by other companies, and reconciliations of historical non-GAAP financial measures to the most comparable GAAP financial measures. The Company is not providing reconciliations for forward-looking non-GAAP financial measures because the Company does not provide GAAP financial measures on a forward-looking basis as the Company is unable to predict with reasonable certainty the ultimate outcome of adjusted items without unreasonable effort. These items are uncertain, depend on various factors, and could be material to the Company's financial results computed in accordance with GAAP.

# Full Year 2023 Overview

- Adj. EBITDA margin of 25.1%, down 40 bps y/y, demonstrating exceptional resilience
  - CWT margin increased 540 bps on stronger operating efficiencies and CCM margin of 30% held up well compared to prior year record levels
- Strong finish to 2023 – end of destocking
- Repurchased 3.5 million shares for $900 million
- Launched Vision 2030 strategy - $40+ Adj. EPS
- Signed agreement to sell CIT as critical last step in pivot to pure play building products portfolio

**$15.52**
Adj. EPS*

**~27%**
ROIC*

**$4.6B**
Revenue

**25.1%**
Adj. EBITDA Margin*

**20.2%**
FCF Margin*

**Exceptional Margin And Free Cash Flow Performance in Challenging Year**

* Reference the financial reconciliations of non-GAAP financial measures to the related GAAP financial measures.

# Vision 2030 Value Creation Drivers and Targets

- Vision 2030 builds on record of success and pivot to a pure play building products portfolio
- Mega trends around energy efficiency, labor savings and re-roofing demand
- Infrastructure in place to invest in innovation
- Results have demonstrated margin resilience through cycles
- Strong free cash flow to drive superior ROIC

## Vision 2030 Key Financial Targets*

**$40+**
Adjusted EPS

**25%+**
ROIC

**5%+**
Organic Revenue

**25%+**
Adj. EBITDA Margin

**15%+**
FCF Margin

* Reference the financial reconciliations of non-GAAP financial measures to the related GAAP financial measures.

# Why Vision 2030 is Positioned to Be Successful

**Exceeded Vision 2025 Target EPS of $15+**

**$40+ Adj. EPS* Vision 2030 Target**

### The "Pivot"

- Pivoted to pure play building products portfolio
- Simplified portfolio enhances sustainable growth prospects
- Improved profitability

### Superior Capital Allocation

- Robust FCF to sales* of 15%+
- Build on record of 25%+ ROIC with value-enhancing investments
- Active share repurchases

### Sustainable Margin Power

- Attractive industry and Carlisle's solid positioning driving 25%+ Adjusted EBITDA margins*
- Carlisle Experience provides value to contractors by delivering the right product to the right place at the right time

### Mega Trends Well Underway

- Need for energy-efficient, labor-saving and integrated solutions; pent-up reroofing demand
- LEED and STAR qualified buildings account for <10% of US buildings and expected to grow at a double-digit CAGR through 2030

### Favorable Exposure to Mega Trends

- ~65% of Carlisle revenues from LEED qualified products in 2022
- Leading market positions across wide range of integrated building envelope systems
- Re-roofing drives majority of revenue with dependable, non-discretionary replacement cycle

### Innovation Driven Organic Growth

- Innovation flywheel in place with aim to recycle the market with new products
- Scaling R&D to 3% of sales to fuel innovation that delivers energy-efficient and labor-saving solutions
- Recyclable products for sustainability
- Increasing dollars per sq. ft. sold

### Accretive M&A Opportunities

- Disciplined M&A approach focused on targets that can grow organically, have clear synergies, strong management team and execute our integration playbook
- Solid balance sheet to expand geographic presence across existing and adjacent building envelope categories
- Strong deal pipeline within ~$70B TAM

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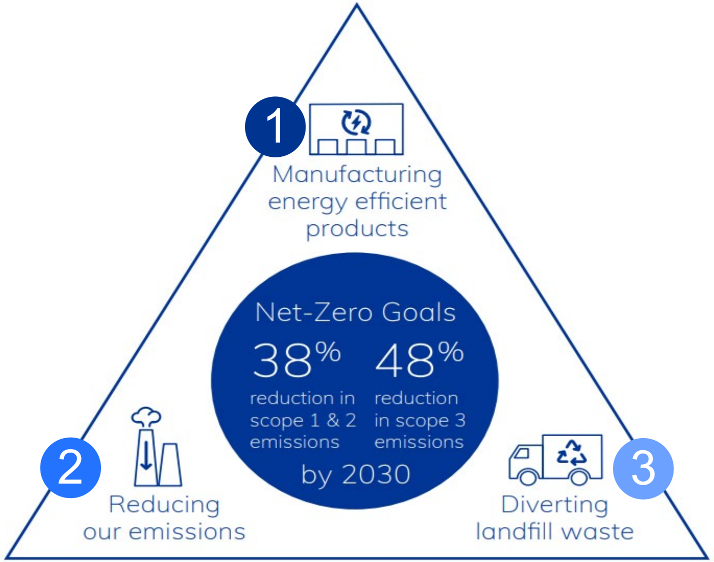
* Reference the financial reconciliations of non-GAAP financial measures to the related GAAP financial measures.

# Carlisle Is Committed To Achieve Net Zero GHG Emissions By 2050

## Our 3 Pillars And Near-Term Targets

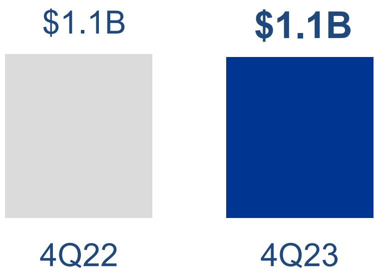



## 2023 Progress

1. Converted 50%+ of HFC spray foam products to HFO, avoiding 250K+ metric tons of GHGs
2. Polyiso plant secured ISCC+ certification, clearing Carlisle to manufacture and extend the credits of bio-based polyiso to customers
2. Obtained 5 additional ISO 14001 certifications through 2023, bringing the company total to 26
3. Carlisle's rooftop takeoff program diverted 1M square feet (120 metric tons) of reclaimed insulation and membrane from landfills

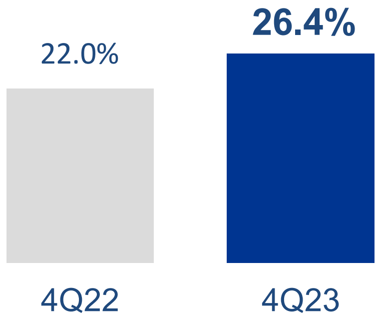
# 4Q23 Results

**Revenue**
-1.9% (-2.3% Organic*)



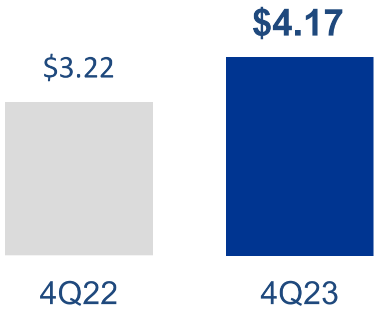

» End of inventory channel destocking and favorable weather were positives
» Residential new starts was a headwind but improving
» Industry landscape remains dynamic due to Fed actions

**Adj. EBITDA Margin***
+440 bps




» Adjusted EBITDA margin expansion driven by stronger CCM sales and better profitability at CWT
» Favorable input costs and stronger operating efficiencies

**Adj. EPS***
+29.5%

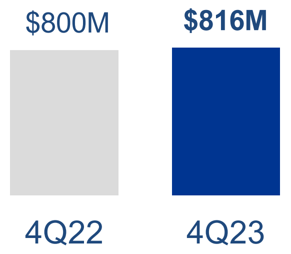



» Delivered 4th quarter record Adj. EPS, up 29.5% y/y
  - Strong EBITDA margin performance
  - Accretive share repurchases

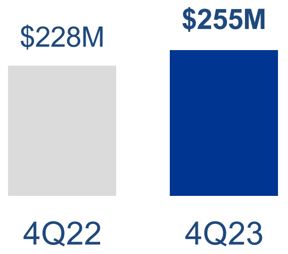
* Reference the financial reconciliations of non-GAAP financial measures to the related GAAP financial measures.

# Carlisle Construction Materials (CCM) Segment 4Q23 Performance

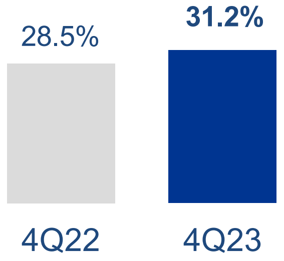
**Revenue**
+1.9% (+1.7% Organic*)




**Adj. EBITDA***
+11.8%




**Adj. EBITDA Margin***
+270 bps




**Notable Revenue Drivers:**

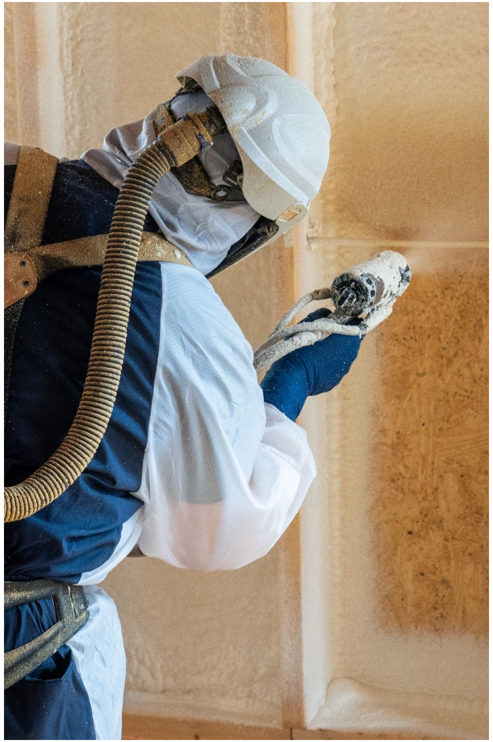
- Solid execution against strong backlog of projects, partly helped by favorable weather
- Channel destocking substantially complete at end of Q3
- Headwinds from higher interest rates and macro uncertainty

**Adjusted EBITDA Margin Increase:**

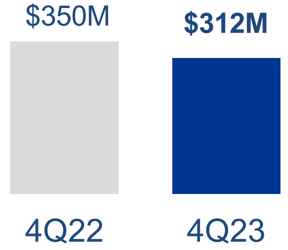
- Leverage on higher revenue
- Favorable input costs
- Operating efficiencies from COS

* Reference the financial reconciliations of non-GAAP financial measures to the related GAAP financial measures.

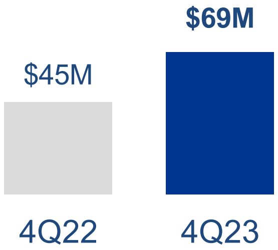
# Carlisle Weatherproofing Technologies (CWT) Segment 4Q23 Performance



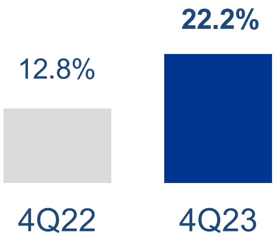
**Revenue**
-10.8% (-11.6% Organic*)




**Adj. EBITDA***
+54.3%




**Adj. EBITDA Margin***
+940 bps




**Notable Revenue Drivers:**

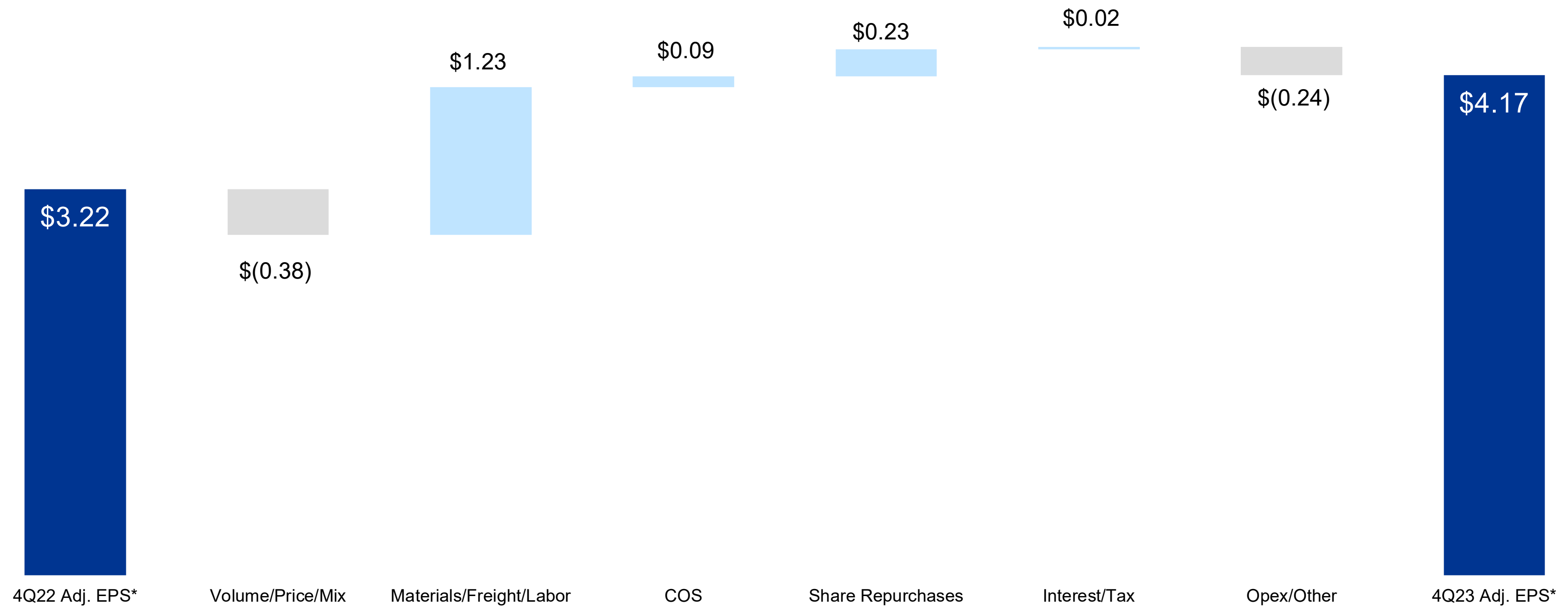
- » Residential demand weakness
- » Exit of a non core business

**Adjusted EBITDA Margin Increase:**

- » Efficiency gains through targeted restructuring actions and Henry synergies
- » Strong operational efficiencies through implementation of COS
- » Lower input costs from strategic sourcing

* Reference the financial reconciliations of non-GAAP financial measures to the related GAAP financial measures.

# 4Q23 Adjusted EPS* Bridge

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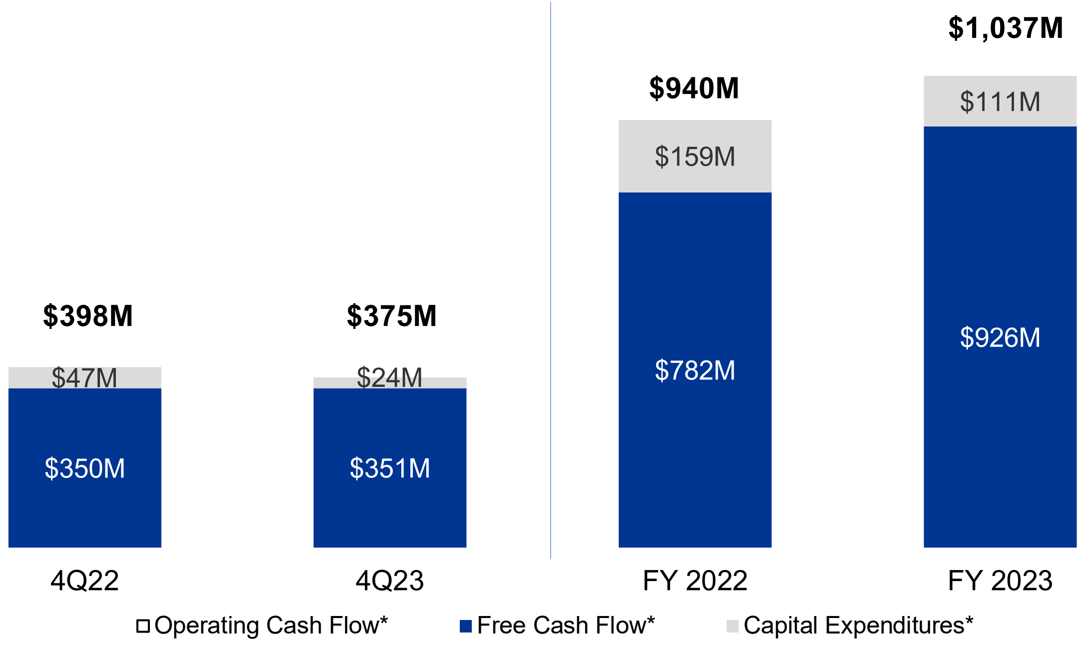
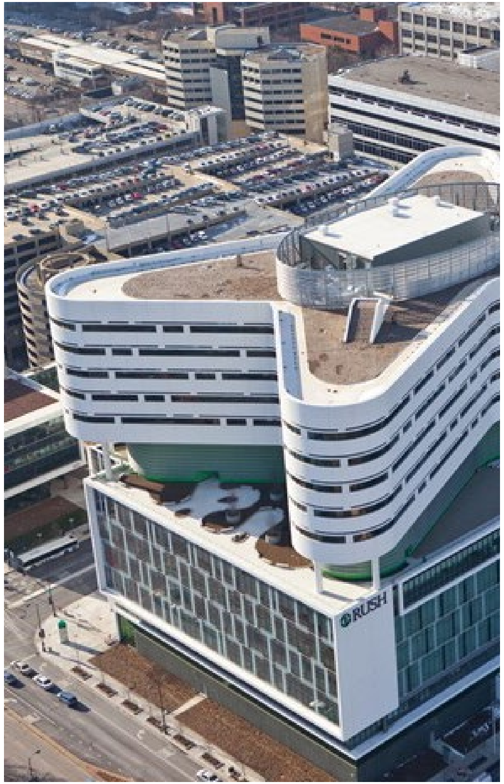
# Solid Cash Flow Performance from Continuing Operations



» 20% FCF margin* in 2023, aligned with 15%+ Vision 2030 target

* Continuing operations; Reference the financial reconciliations of non-GAAP financial measures to the related GAAP financial measures.

# Strong Balance Sheet to Execute Growth and High Return Capital Deployment Strategy

## Total Liquidity

**$1.6B**

Including cash of $577M and $1.0B available under revolver as of FY23

## Net Debt to Adj. EBITDA* Ratio

**1.3x**

Within 1.0x-2.0x target range as of FY23

## CIT Sale

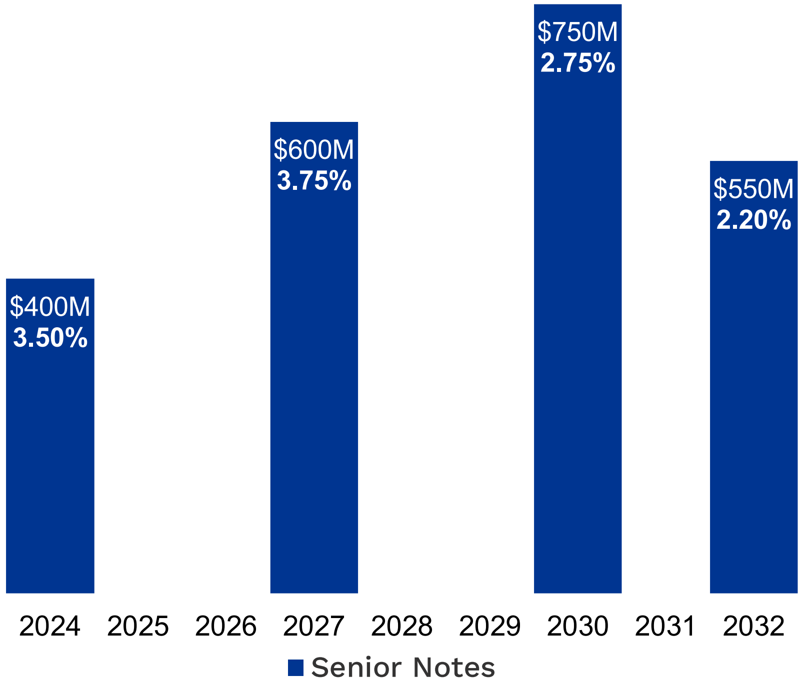
**~$2.0B**

Of estimated proceeds available to redeploy upon close

## Debt Profile

| 5.1 Years | 3.0% | 17.1x |
|---|---|---|
| Weighted Average Maturity | Weighted Average Interest Rate | EBITDA to Interest Ratio* |

## Long-Dated Debt Maturity Schedule

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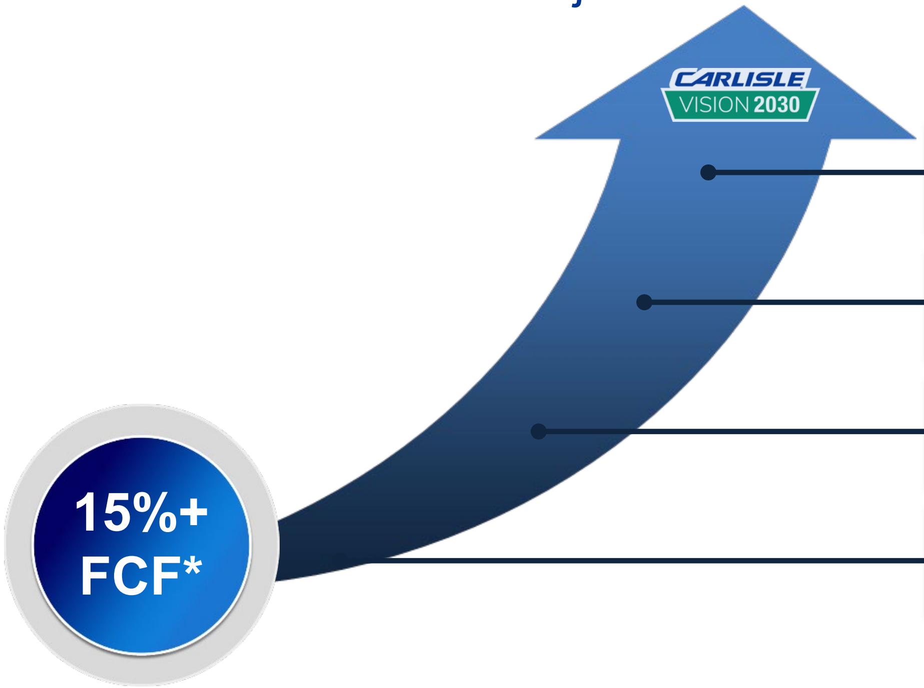
# Disciplined Capital Deployment Approach to Drive Superior Returns

**$40+** Adj. EPS* | **25%+** ROIC*




| | |
|---|---|
| **Share Repurchases** | • Repurchased 3.5M shares for $900M in FY23<br>• 7.4M shares remaining under authorization as of December 31, 2023 |
| **Dividends** | • $160M in dividends paid in FY23<br>• 47th straight year of dividend increases |
| **Acquisitions** | • Expand geographic presence across existing and adjacent building envelope categories<br>• Strong deal pipeline within ~$70B TAM |
| **Reinvestment** | • FY23 capex of $111M largely growth oriented<br>• Expanding R&D to 3% of sales through 2030 to drive innovation and above-market growth |

* Reference the financial reconciliations of non-GAAP financial measures to the related GAAP financial measures.

# 2024 Growth Outlook

## Full Year 2024 Outlook*

**~5%**
**Revenue Growth**

**+50 bps**
**Adj. EBITDA Margin Growth**

**25%+**
**ROIC**

**~15%**
**FCF Margin**

## Primary Drivers

- CCM revenue up ~6% y/y based on channel tailwinds following 2023 de-stocking, strong contractor backlogs and re-roof demand
- CWT revenue up ~4% y/y based on sales execution and stronger residential more than offsetting headwinds in new non-residential markets
- Additional Items:
  - Corporate & Unallocated Expense: ~$120M
  - Capital Expenditures: $160M to $180M
  - Depreciation and Amortization: ~ $160M
  - Net Interest Expense: ~ $20M
  - Base Tax Rate: 23-24%

**Expectation of FY24 Double-Digit Earnings Growth Aligned with Vision 2030 Objectives**

* Continuing operations; Reference the financial reconciliations of non-GAAP financial measures to the related GAAP financial measures.

VISION CARLISLE 2025
THE NEXT 100 YEARS

# Financial Reconciliations

# Non-GAAP Financial Metrics

This presentation includes the following financial measures that are not presented in accordance with generally accepted accounting principles in the United States of America (“GAAP”):

1. Adjusted EBITDA, which the Company defines as net income excluding income/loss from discontinued operations, interest expense, interest income, income tax expense, depreciation and amortization, inventory step-up amortization and transaction costs, impairment charges, gains and losses from acquisitions or divestitures, gains and losses from insurance, gains and losses from litigation, losses on extinguishment of debt;
2. Adjusted EBITDA Margin, which the company defines as the percentage that results from dividing Adjusted EBITDA by total revenues;
3. Adjusted net income, which the Company defines as net income excluding income/loss from discontinued operations, exit and disposal and facility rationalization costs, inventory step-up amortization and acquisition costs, impairment charges, gains and losses from acquisitions or divestitures, gains and losses from insurance, gains and losses from litigation, losses on extinguishment of debt, amortization of acquisition intangible assets, and discrete tax items;
4. Adjusted earnings per diluted share, which the Company defines as diluted earnings per share excluding exit and disposal and facility rationalization costs, inventory step-up amortization and acquisition costs, impairment charges, gains and losses from acquisitions or divestitures, gains and losses from insurance, gains and losses from litigation, losses on extinguishment of debt amortization of acquisition intangible assets, and discrete tax items; and the impact of including dilutive securities divided by diluted weighted average shares outstanding;
5. Organic revenue, which the Company defines as revenues excluding acquired revenues within the last 12 months and the impact of changes in foreign exchange rates versus the U.S. Dollar;
6. Free Cash Flow from Continuing Operations, which the Company defines as net cash provided by operating activities less capital expenditures and excludes operating activities and capital expenditures from discontinued operations;
7. Free Cash Flow / Sales, which the Company defines as free cash flow from continuing operations divided by revenues;
8. Net debt to EBITDA[1], which the Company defines as senior note debt less cash (net debt per debt covenants) divided by EBITDA per debt covenants (income from continuing operations excluding interest expense, income tax expense, depreciation, amortization, non-cash stock compensation expense and pro forma impact of any acquisition having an impact on net book value in excess of $10 million);
9. EBITDA[1] to interest, which the Company defines as EBITDA per debt covenants divided by interest expense;
10. Net debt to capital, which the Company defines as total debt less cash (net debt) divided by total shareholder’s equity plus net debt;
11. ROIC, which the Company defines as EBITA times one minus the tax rate divided by shareholders equity plus debt minus cash has adjusted invested capital to reflect the hypothetical sale of businesses held for sale.

Management believes that adjusted EBITDA, and adjusted EBITDA margin, adjusted diluted earnings per share, organic revenue and ROIC are useful to investors because they allow for comparison to the Company’s and its segments' performance in prior periods without the effect of items that, by their nature, tend to obscure core operating results due to potential variability across periods based on the timing, frequency and magnitude of such items. As a result, management believes that these measures enhance the ability of investors to analyze trends in the Company’s business and evaluate the Company’s performance relative to similarly-situated companies. Management also believes free cash flow, net debt to EBITDA, EBITDA to interest and net debt to capital are useful to investors as an additional way of viewing the Company's liquidity and provides a more complete understanding of factors and trends affecting the Company's cash flows and liquidity. However, non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation from, or solely as alternatives to, financial measures prepared in accordance with GAAP. In addition, these non-GAAP financial measures may differ from similarly named measures used by other companies. Reconciliations of the differences between these non-GAAP financial measures and their most directly comparable financial measures calculated in accordance with GAAP are set forth in this appendix.

[1] Debt covenant ratios use a credit agreement adjusted EBITDA and net debt definitions which differs slightly from standard adjusted EBITDA and net debt calculations.

# Reconciliation to Organic Revenue

| | Three Months Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| *(in millions, except percentages)* | CSL | | CCM | | CWT | |
| 2022 Revenue (GAAP) | $ 1,149.9 | | $ 800.4 | | $ 349.5 | |
| Organic | (26.6) | (2.3)% | 13.8 | 1.7 % | (40.4) | (11.6)% |
| Acquisitions | 2.4 | 0.2% | — | — % | 2.4 | 0.7% |
| FX impact | 1.8 | 0.2% | 1.7 | 0.2 % | 0.1 | 0.1% |
| Total change | (22.4) | (1.9)% | 15.5 | 1.9 % | (37.9) | (10.8)% |
| 2023 Revenue (GAAP) | $ 1,127.5 | | $ 815.9 | | $ 311.6 | |

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| *(in millions, except percentages)* | CSL | | CCM | | CWT | |
| 2022 Revenues (GAAP) | $ 5,449.4 | | $ 3,885.2 | | $ 1,564.2 | |
| Organic | (862.7) | (15.8)% | (633.0) | (16.3)% | (229.7) | (14.7)% |
| Acquisitions | 2.4 | —% | — | —% | 2.4 | 0.2% |
| FX impact | (2.2) | —% | 1.2 | —% | (3.4) | (0.2)% |
| Total change | (862.5) | (15.8)% | (631.8) | (16.3)% | (230.7) | (14.7)% |
| 2023 Revenues (GAAP) | $ 4,586.9 | | $ 3,253.4 | | $ 1,333.5 | |

# Reconciliation to Free Cash Flow

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| *(in millions)* | 2023 | 2022 | 2023 | 2022 |
| Operating cash flow (GAAP) | $ 388.9 | $ 412.3 | $ 1,201.3 | $ 1,000.9 |
| Less: operating cash flow from discontinued operations | 13.6 | 14.5 | 164.1 | 60.5 |
| Operating cash flow from continuing operations | $ 375.3 | $ 397.8 | $ 1,037.2 | $ 940.4 |
| Capital expenditures (GAAP) | $ (35.9) | $ (53.0) | $ (142.2) | $ (183.5) |
| Less: capital expenditures from discontinued operations | (11.6) | (5.7) | (30.9) | (24.7) |
| Capital expenditures from continuing operations | $ (24.3) | $ (47.3) | $ (111.3) | $ (158.8) |
| Operating cash flow from continuing operations | $ 375.3 | $ 397.8 | $ 1,037.2 | $ 940.4 |
| Capital expenditures from continuing operations | (24.3) | (47.3) | (111.3) | (158.8) |
| Free cash flow from continuing operations | $ 351.0 | $ 350.5 | $ 925.9 | $ 781.6 |

# Reconciliation to Adjusted EBITDA

| *(in millions, except percentages)* | Three Months Ended December 31, 2023 | Three Months Ended December 31, 2022 | Year Ended December 31, 2023 | Year Ended December 31, 2022 |
|---|---|---|---|---|
| Net income (GAAP) | $ 205.5 | $ 174.2 | $ 767.4 | $ 924.0 |
| Less: Income from discontinued operations (GAAP) | 13.8 | 21.2 | 48.5 | 66.0 |
| Income from continuing operations (GAAP) | 191.7 | 153.0 | 718.9 | 858.0 |
| Provision for income taxes | 52.8 | 44.6 | 211.5 | 265.7 |
| Interest expense, net | 18.6 | 18.3 | 75.6 | 85.9 |
| Interest income | (7.6) | (3.2) | (20.1) | (6.8) |
| EBIT | 255.5 | 212.7 | 985.9 | 1,202.8 |
| Exit and disposal, and facility rationalization costs | 3.3 | 0.1 | 7.8 | 0.2 |
| Inventory step-up amortization and transaction costs | 0.4 | 1.2 | 2.0 | 4.3 |
| Impairment charges | — | — | 1.8 | 25.3 |
| Losses from acquisitions and disposals | 1.0 | — | 2.8 | 0.1 |
| Losses from insurance | — | — | — | 0.3 |
| Losses from litigation | 1.6 | — | 1.4 | 0.1 |
| Total non-comparable items | 6.3 | 1.3 | 15.8 | 30.3 |
| Adjusted EBIT | 261.8 | 214.0 | 1,001.7 | 1,233.1 |
| Depreciation | 17.4 | 16.4 | 66.3 | 66.5 |
| Amortization | 17.9 | 22.3 | 84.8 | 92.1 |
| Adjusted EBITDA | $ 297.1 | $ 252.7 | $ 1,152.8 | $ 1,391.7 |
| Divided by: | | | | |
| Total revenues | $ 1,127.5 | $ 1,149.9 | $ 4,586.9 | $ 5,449.4 |
| Adjusted EBITDA margin | 26.4 % | 22.0 % | 25.1 % | 25.5 % |

# Reconciliation to Adjusted EBITDA

| | Three Months Ended December 31, 2023 | | |
|---|---|---|---|
| *(in millions, except percentages)* | CCM | CWT | Corporate and unallocated |
| Operating income (loss) (GAAP) | $ 238.3 | $ 45.5 | $ (30.2) |
| Non-operating (income) expense, net[(1)] | (0.4) | 0.2 | (1.7) |
| EBIT | 238.7 | 45.3 | (28.5) |
| Exit and disposal, and facility rationalization costs | 3.3 | — | — |
| Inventory step-up amortization and transaction costs | — | 0.5 | (0.1) |
| Losses from acquisitions and disposals | 0.9 | 0.1 | — |
| Losses from litigation | — | 1.5 | 0.1 |
| Total non-comparable items | 4.2 | 2.1 | — |
| Adjusted EBIT | 242.9 | 47.4 | (28.5) |
| Depreciation | 12.2 | 4.3 | 0.9 |
| Amortization | (0.2) | 17.6 | 0.5 |
| Adjusted EBITDA | $ 254.9 | $ 69.3 | $ (27.1) |
| Divided by: | | | |
| Total revenues | $ 815.9 | $ 311.6 | $ — |
| Adjusted EBITDA margin | 31.2 % | 22.2 % | NM |

(1) Includes other non-operating (income) expense, net, which may be presented in separate line items on the unaudited Consolidated Statements of Income.

# Reconciliation to Adjusted EBITDA

| (in millions) | Year Ended December 31, 2023 CCM | CWT | Corporate and unallocated |
|---|---|---|---|
| Operating income (loss) (GAAP) | $ 913.9 | $ 187.9 | $ (119.0) |
| Non-operating (income) expense, net[1] | (0.4) | 0.2 | (2.9) |
| EBIT | 914.3 | 187.7 | (116.1) |
| Exit and disposal, and facility rationalization costs | 5.1 | 2.7 | — |
| Inventory step-up amortization and acquisition costs | — | 0.5 | 1.5 |
| Impairment charges | — | 1.8 | — |
| Losses (gains) from acquisitions and disposals | 0.4 | 2.5 | (0.1) |
| Losses (gains) from litigation | — | 1.5 | (0.1) |
| Total non-comparable items | 5.5 | 9.0 | 1.3 |
| Adjusted EBIT | 919.8 | 196.7 | (114.8) |
| Depreciation | 45.0 | 17.5 | 3.8 |
| Amortization | 12.0 | 70.6 | 2.2 |
| Adjusted EBITDA | $ 976.8 | $ 284.8 | $ (108.8) |
| | | | |
| Total revenues | $ 3,253.4 | $ 1,333.5 | $ — |
| Adjusted EBITDA margin | 30.0 % | 21.4 % | NM |

(1) Includes other non-operating (income) expense, net, which may be presented in separate line items on the unaudited Consolidated Statements of Income.

# Reconciliation to Adjusted Diluted EPS

| (in millions, except per share amounts) | Three Months Ended December 31, 2023 | | | Three Months Ended December 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Pre-tax Impact | After-tax Impact(1) | Impact to Diluted EPS(2) | Pre-tax Impact | After-tax Impact(1) | Impact to Diluted EPS(2) |
| Net income (GAAP) | | $ 205.5 | $ 4.20 | | $ 174.2 | $ 3.33 |
| Less: Income from discontinued operations (GAAP) | | 13.8 | 0.29 | | 21.2 | 0.40 |
| Income from continuing operations (GAAP) | | 191.7 | 3.91 | | 153.0 | 2.93 |
| Exit and disposal, and facility rationalization costs | 3.3 | 2.3 | 0.05 | 0.1 | — | — |
| Inventory step-up amortization and transaction costs | 0.4 | 0.3 | 0.01 | 1.2 | 1.0 | 0.02 |
| Losses from acquisitions and disposals | 1.0 | 0.7 | 0.01 | — | — | — |
| Losses from litigation | 1.6 | 1.2 | 0.02 | — | — | — |
| Acquisition-related amortization(3) | 16.6 | 12.7 | 0.26 | 21.0 | 15.8 | 0.30 |
| Discrete tax items(4) | — | (4.5) | (0.09) | — | (1.5) | (0.03) |
| Total adjustments | | 12.7 | 0.26 | | 15.3 | 0.29 |
| Adjusted net income | | $ 204.4 | $ 4.17 | | $ 168.3 | $ 3.22 |

(1) The impact to net income reflects the tax effect of noted items, which is based on the statutory rate in the jurisdiction in which the expense or income is deductible or taxable.
(2) The per share impact of adjustments to each period is based on diluted shares outstanding using the two-class method.
(3) Acquisition-related amortization includes the amortization of customer relationships, technology, trade names and other intangible assets recorded in purchase accounting in connection with a business combination. These intangible assets contribute to revenue generation and the amortization of these assets will recur until such intangible assets are fully amortized.
(4) Discrete tax items include current period tax expense or benefit related to prior year items, the tax impact of foreign currency gains and losses, or changes in tax laws or rates.

# Reconciliation to Adjusted Diluted EPS

| *(in millions, except per share amounts)* | Year Ended December 31, 2023 Pre-tax Impact | Year Ended December 31, 2023 After-tax Impact(1) | Year Ended December 31, 2023 Impact to Diluted EPS(2) | Year Ended December 31, 2022 Pre-tax Impact | Year Ended December 31, 2022 After-tax Impact(1) | Year Ended December 31, 2022 Impact to Diluted EPS(2) |
|---|---|---|---|---|---|---|
| Net income (GAAP) | | $ 767.4 | $ 15.18 | | $ 924.0 | $ 17.56 |
| Less: Income from discontinued operations (GAAP) | | 48.5 | 0.96 | | 66.0 | 1.26 |
| Income from continuing operations (GAAP) | | 718.9 | 14.22 | | 858.0 | 16.30 |
| Exit and disposal, and facility rationalization costs | 7.8 | 5.6 | 0.11 | 0.2 | 0.1 | — |
| Inventory step-up amortization and acquisition costs | 2.0 | 1.5 | 0.03 | 4.3 | 3.3 | 0.06 |
| Impairment charges | 1.8 | 1.3 | 0.03 | 25.3 | 19.2 | 0.37 |
| Losses from acquisitions and disposals | 2.8 | 2.1 | 0.04 | 0.1 | 0.1 | — |
| Losses from insurance | — | — | — | 0.3 | 0.2 | — |
| Losses from litigation | 1.4 | 1.1 | 0.02 | 0.1 | 0.1 | — |
| Acquisition-related amortization(3) | 79.6 | 60.1 | 1.19 | 87.7 | 66.1 | 1.26 |
| Discrete tax items(4) | — | (6.3) | (0.12) | — | (6.3) | (0.12) |
| Total adjustments | | 65.4 | 1.30 | | 82.8 | 1.57 |
| Adjusted net income | | $ 784.3 | $ 15.52 | | $ 940.8 | $ 17.87 |

(1) The impact to net income reflects the tax effect of noted items, which is based on the statutory rate in the jurisdiction in which the expense or income is deductible or taxable.
(2) The per share impact of adjustments to each period is based on diluted shares outstanding using the two-class method.
(3) Acquisition-related amortization includes the amortization of customer relationships, technology, trade names and other intangible assets recorded in purchase accounting in connection with a business combination. These intangible assets contribute to revenue generation and the amortization of these assets will recur until such intangible assets are fully amortized.
(4) Discrete tax items include current period tax expense or benefit related to prior year items, the tax impact of foreign currency gains and losses, or changes in tax laws or rates.

# Reconciliation to ROIC

| *(in millions)* | Year Ended December 31, 2023 |
|---|---|
| Net income (GAAP) | $ 767.4 |
| Less: income from discontinued operations (GAAP) | 48.5 |
| Income from continuing operations (GAAP) | 718.9 |
| Provision for income taxes | 211.5 |
| Interest expense, net | 75.6 |
| Interest income | (20.1) |
| EBIT | 985.9 |
| Amortization | 84.8 |
| Earnings before interest, taxes and amortization | 1,070.7 |
| Less: tax impact[1] | 246.6 |
| Earnings before interest and amortization | $ 824.1 |

| *(in millions, except percentages)* | Year Ended December 31, 2022 | Year Ended December 31, 2023 | Average 2022 - 2023 |
|---|---|---|---|
| Stockholders' Equity | $ 3,024.4 | $ 2,829.0 | $ 2,926.7 |
| Debt | 2,582.8 | 2,289.4 | 2,436.1 |
| Less: cash | 364.8 | 576.7 | 470.8 |
| Less: equity of held for sale businesses | 2,089.2 | 1,506.8 | 1,798.0 |
| Invested Capital | $ 3,153.2 | $ 3,034.9 | $ 3,094.1 |
| ROIC | | | 26.6% |

(1) Tax impact reflects provision for income taxes plus the tax impact of interest expense, interest income and amortization at a base rate of 25%.

# Reconciliation of Unaudited Leverage Ratios and Net Debt to Capital Ratios

## Unaudited Leverage Ratios

| *(in millions, except ratios)* | LTM 12/31/2023 | |
|---|---|---|
| Income from continuing operations (GAAP) | $ | 718.9 |
| Income tax expense | | 211.5 |
| Interest expense | | 75.6 |
| Depreciation and amortization | | 151.1 |
| Non-cash stock based compensation expense | | 31.7 |
| Non-cash asset impairment | | 107.3 |
| Debt covenant defined EBITDA[1] | $ | 1,296.1 |
| | | |
| Consolidated interest expense | $ | 75.6 |
| | | |
| Short-term debt from senior notes | $ | 400.0 |
| Long-term debt from senior notes | | 1,900.0 |
| Total senior note debt | $ | 2,300.0 |
| Less: cash | | 576.7 |
| Net debt per debt covenants[1] | $ | 1,723.3 |
| | | |
| Net debt to EBITDA per debt covenants[1] | | 1.3x |
| EBITDA[1] per debt covenants to interest | | 17.1x |

[1] Debt covenant ratios use a credit agreement adjusted EBITDA and net debt definitions which differs slightly from standard adjusted EBITDA and net debt calculations.

## Net Debt to Capital Ratio

| *(in millions, except percentages)* | 12/31/2023 | |
|---|---|---|
| Long-term debt, including current portion (GAAP) | $ | 2,289.4 |
| Less: cash | | 576.7 |
| Net debt | $ | 1,712.7 |
| | | |
| Capital | | |
| Net debt | $ | 1,712.7 |
| Total stockholders' equity | | 2,829.0 |
| Total capital (net of cash) | $ | 4,541.7 |
| | | |
| Net debt to capital | | 38 % |